CITY AND COUNTY OF DENVER

DENVER
THE MILE HIGH CITY

Michael B. Hancock
Mayor

DEPARTMENT OF FINANCE

BRENDAN J. HANLON
MANAGER OF FINANCE

DEPARTMENT 1010
201 W. COLFAX AVE.
DENVER, COLORADO 80202

November 6, 2017

Honorable Albus Brooks
Denver City Council President
City and County Building, Room 451
Denver, CO 80202

Dear Council President Brooks:

In keeping with the provisions of Section 20-93 of the Denver Revised Municipal Code (the "DRMC"), I am hereby notifying you of the Department of Finance's intent to issue Airport System Revenue Bonds, Series 2017A and Series 2017B, for an on behalf of its Department of Aviation, in an amount not to exceed $325 million and $30 million, respectively, for the of purpose of refunding various series of existing Airport bonds. The Series 2017A Bonds will be issued as AMT fixed rate senior lien obligations with final maturity of 2030, and the Series 2017B Bonds will be issued as Non-AMT fixed rate senior lien obligations with a final maturity date of 2033. Neither the Series 2017A nor Series 2017B will exceed the original term of the bonds being refunded.

The City has by ordinance designated the Department of Aviation as an Enterprise within the meaning of the TABOR Amendment to the Colorado State Constitution. The Series 2017A and Series 2017B Bonds are special obligations of the City, for and on behalf of the Department of Aviation, payable solely from and secured by a senior pledge of the Net Revenues of the Airport System. Neither the full faith and credit, nor the taxing power of the City, will be pledged in payment of the Series 2017A and 2017B Bonds.

In keeping with the intent of 20-93(b) of the DRMC, the President of Council will be notified promptly of any material change. The accompanying *Attachment A* contains a more detailed description of the financing. I do not anticipate formally communicating technical changes in the financing.

Sincerely,

Brendan J. Hanlon
Chief Financial Officer, Manager of Finance

Attachment

Cc: Honorable Timothy O'Brien, Auditor
Debra Johnson, Clerk and Recorder
Debra Bartleson, City Council Liaison
Xavier DuRan, City Attorney's Office

Attachment A:
DESCRIPTION OF THE AIRPORT SYSTEM REVENUE BONDS, SERIES 2017A AND SERIES 2017B

I. The Proposed Financing

The Series 2017A-B Bonds are being issued as senior lien fixed rate bonds in an amount not to exceed $355 million, at an interest rate not to exceed 6%, for the purpose of achieving interest cost savings. The Series 2017A Bonds, which are subject to the Alternative Minimum Tax (AMT)* will refund the Series 2007A and 2007D bonds. The Series 2017B Bonds will refund series 2007C bonds and are not subject to AMT*. As of October 2017, savings are estimated to be in excess of $45 million or 13% present value. The final par amount and interest rates will be fixed upon pricing of the transaction. The final maturity date on the Series 2017A and Series 2017B Bonds will not exceed the original term of the bonds, which is 2030 and 2033, respectively.

** AMT bonds are tax-exempt obligations that are subject to taxation for certain higher income investors defined by Internal Revenue Service regulations. Bonds that fund governmental purpose projects, such as airfield improvements are generally not subject to AMT, while bonds issued to fund private activity projects such as terminal projects are.*

II. Security for the Bonds

The City has by ordinance designated the Department of Aviation as an Enterprise within the meaning of the TABOR Amendment to the Colorado State Constitution. The Series 2017A-B Bonds are special obligations of the City, issued for and on behalf of the Department of Aviation. The bonds are payable solely from and secured by a senior lien pledge of the Net Revenues of the Airport System. None of the properties of the Airport System is subject to any mortgage or other lien for the benefit of the owners of the Bonds. Neither the full faith and credit, nor the taxing power of the City, will be pledged in payment of the Bonds.

III. The Sale Process

The Series 2017A-B bonds will be sold in a negotiated process; with Raymond James serving as senior manager and book runner, U S Bank serving as Co-senior manager, and Harvestons Securities Inc., Stifel, and Ramirez and Co. Inc. serving as co-managers on the Series 2017A-B Bonds. Underwriting firms were selected from the City's existing underwriter pool, which was developed via a competitive process conducted through the Department of Finance. The City uses the financial advisory services of Frasca & Associates LLC for Airport financings.

IV. The Proposed Timetable of Events

Major events in the proposed timetable are noted below:

Date		*Event*
November 1, 2017		Business Committee
November 6, 2017		20-93 Notification read to Council
November 13, 2017		First Council reading of the Ordinances
November 20, 2017		Second Council reading of the Ordinances
November 28, 2017		Pricing
December 4, 2017		Closing

V. Counsel

Hogan & Lovells and Becker Stowe Partners serve as co-Bond Counsel on the Series 2017A-B Bond transactions. Firms were selected through a competitive process conducted through the City Attorney's Office.

VI. Other Information

I know of no event that will affect the financing as described herein. In keeping with the intent of the 20-93 of the DRMC, the President of Council will be notified promptly of any material change to the financing. I do not anticipate formally communicating technical changes of an immaterial nature or minor changes in the timetable.