



DENVER
THE MILE HIGH CITY

Michael B. Hancock
Mayor

CITY AND COUNTY OF DENVER

DEPARTMENT OF FINANCE

BRENDAN J. HANLON
MANAGER OF FINANCE

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

October 24, 2016

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 2016A and Series 2016B, for an on behalf of its Department of Aviation, in an amount not to exceed \$308.5 million and \$115 million, respectively, for the of purpose of refunding various series of existing Airport bonds. The Series 2016A Bonds will be issued as fixed rate senior lien obligations with final maturity of 2032. The Series 2016B Bonds will be issued as floating rate notes with a final maturity date of 2031. Neither the Series 2016A or 2016B Bonds 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 2016A and Series 2016B Bonds are special obligations of the City, for and on behalf of the Department of Aviation, payable solely from and secured by a 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 2016A and 2016B 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 Obrien, Auditor
Debra Johnson, Clerk and Recorder
Shelly Smith, City Council Liaison
Xavier DuRan, City Attorney's Office

Attachment A:

DESCRIPTION OF THE AIRPORT SYSTEM REVENUE BONDS, SERIES 2016A and SERIES 2016B

I. The Proposed Financing

The Series 2016A Bonds will be issued as senior lien fixed rate bonds in an amount not to exceed \$308.5 million, at an interest rate not to exceed 5.5%. The Series 2016A Bonds will refund the Series 2006, 2007B and 2007E bonds for the purpose of achieving interest cost savings. As of October 2016 savings are estimated to be in excess of \$50 million or 18% present value savings. The final par amount and interest rate will be fixed upon pricing of the transaction. The final maturity date on the Series 2016A Bonds will not exceed the original term of the bonds, which is 2032.

The Series 2016B Bonds will be issue as senior lien floating rate notes in an amount not to exceed \$115 million, at an initial rate based on 70% of 1M-LIBOR plus a fixed spread, with a max rate of 12% (which would only apply in the event of a failed remarketing). The Series 2016B bond will refund the Series 2014A bonds, which carry a mandatory tender date of 12/11/2016, which the City is required to take action on. The final par amount, interest rate, spread and term will be determined upon pricing of the transaction. The final maturity of the Series 2016B bonds will not exceed the original term of the bonds, which is 2031.

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 2016A and Series 2016B 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 2016A and Series 2016B bonds will be sold in a negotiated process; with RBC serving as senior manager and Loop Capital, Morgan Stanley, and U.S. Bank serving as co-managers on the Series 2016A Bonds. Bank of America will serve as senior manager for the Series 2016B 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:

<i>Date</i>	<i>Event</i>
October 19, 2016	Business Committee-Series 2016A and 2016B
October 24, 2016	20-93 Notification read to Council-Series 2016A and 2016B
October 31, 2016	First Council reading of the Ordinances-Series 2016A and 2016B
November 7, 2016	Second Council reading of the Ordinances- Series 2016A and 2016B
November 16, 2016	Price Series 2016A
December 1, 2016	Close on Series 2016A
December 6, 2016	Price Series 2016B
December 31, 2016	Close on Series 2016B

V. Counsel

Hogan & Lovells and Becker Stowe Partners serve as co-Bond Counsel on the Series 2016A and 2016B 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.