

ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor’s Legislative Team
At MileHighOrdinance@DenverGov.org by 3:00pm on Monday.

All fields must be completed.
Incomplete request forms will be returned to sender which may cause a delay in processing.

Date of Request: October 10, 2016

Please mark one: X Bill Request or Resolution Request

1. Has your agency submitted this request in the last 12 months?

Yes No

If yes, please explain:

2. Title: (Include a concise, one sentence description – please include name of company or contractor and contract control number - that clearly indicates the type of request: grant acceptance, contract execution, amendment, municipal code change, supplemental request, etc.)

An ordinance to authorize the Manager of Finance, Chief Financial Officer to issue City and County of Denver, for and on behalf of its Department of Aviation, Airport Revenue Refunding Bonds, Series 2016B in a par amount not to exceed \$115 million for the purpose of refunding outstanding Airport Revenue bonds, and paying costs of issuance expenses.

3. Requesting Agency: Department of Finance

4. Contact Person: (With actual knowledge of proposed ordinance/resolution.)

- Name: Guadalupe Gutierrez
Phone: 720-913-9370
Email: lupe.gutierrez@denvergov.org

5. Contact Person: (With actual knowledge of proposed ordinance/resolution who will present the item at Mayor-Council and who will be available for first and second reading, if necessary.)

- Name: Guadalupe Gutierrez
Phone: 720-913-9370
Email: lupe.gutierrez@denvergov.org

6. General description of proposed ordinance including contract scope of work if applicable:

The proposed ordinance would authorize a refunding of the airports currently outstanding Series 2014A index rate floating rate bonds, to take required action to address the upcoming December 11, 2016 mandatory tender date of the bonds. The Series 2016B refunding bonds will be issued as senior floating rate note obligations and will be sold by Bank of America, who was selected via a competitive process. The final rate, term and par amount will be determined on the day of pricing. No new money/debt will be added as part of this refunding transaction.

**Please complete the following fields: (Incomplete fields may result in a delay in processing. If a field is not applicable, please enter N/A for that field – please do not leave blank.)

- a. Contract Control Number: N/A
b. Duration: Term of the 2016B bonds will not exceed the original term of the bonds being refunded, which have a final maturity date of 2031
c. Location: N/A
d. Affected Council District: DIA is located in Council District 11
e. Benefits: Allows the City to take required action to address upcoming mandatory tender date
f. Costs: Costs associated with the transaction will be paid from the proceeds of the bond transaction

7. Is there any controversy surrounding this ordinance? (Groups or individuals who may have concerns about it?) Please explain. There is no identified controversy surrounding this ordinance. NO

(Completed by Mayor’s Office): Ordinance Request Number: Date:

To be completed by Mayor’s Legislative Team:

SIRE Tracking Number: Date Entered:



CITY AND COUNTY OF DENVER

DEPARTMENT OF FINANCE

BRENDAN J. HANLON
CHIEF FINANCIAL OFFICER

201 W. COLFAX AVE. Dept. 1010
DENVER, COLORADO 80202
PHONE: (720) 913-5000

MICHAEL B. HANCOCK
Mayor

Executive Summary **An Ordinance to Refund Series 2014A Airport System Revenue Bonds**

The proposed ordinance authorizes the Manager of Finance on behalf of its Department of Aviation, to issue up to \$115 million Airport System Revenue Refunding Bonds, Series 2016B, for the purpose of refunding Series 2014A bonds previously issued by the City, for and on behalf of the Department of Aviation, in order to address an upcoming mandatory tender date on the 2014 bonds, slated for December 11, 2016.

The Refunding

In 2014 the City entered into a transaction with Bank of America “BOA” (via a competitive process) for the issuance and purchase of Series 2014A bonds. The 2014A bonds were structured with a mandatory tender, at the discretion of the City, that require the holder (BOA) sell the bonds back to the City on the tender date, December 11, 2016. Given current market conditions, the City has decided it will not renew the direct purchase with Bank of America as it is financially advantageous to exercise a bond tender to refund the underlying bonds.

The Series 2016B Bonds will be issued as tax-exempt floating rate note obligations in a par amount not to exceed \$115 million. The rate on the refunding bonds is expected to be under 1.5%, but in any event will not exceed 3%. The final rates, term and par amount will be determined on the date of pricing and will be subject to market conditions, but will not exceed the amounts authorized by this ordinance. The refunding will not extend the original maturity date of the bonds, which is 2031.

It is important to note that no new money for capital projects will be included as part of this transaction. This transaction is being done to allow the City to take required action to address the mandatory tender date on the Series 2014A bonds, which is slated for December 11, 2016

The Airport’s current underlying Senior bond ratings are A1/A+/A+ respectively by Moody’s, Standard and Poor’s, and Fitch. 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. Senior Airport System Revenue 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. 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 Airport System Revenue Bonds.

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