

October 24, 2024

Honorable Amanda Sandoval

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

Dear Council President Sandoval:

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 an Airport System Tax-Exempt Interim Revolving Note Subordinate Obligation (the Note), for and on behalf of its Department of Aviation, in an amount not to exceed \$500 million for the purpose of providing cash flow for current projects in the Airports existing 2023-2035 Capital Improvement Plan. The 2024A Note will be issued as a subordinate lien obligation.

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 2024A Note is a special obligation 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 2024A Note.

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,



Nicole Doheny
Chief Financial Officer, Manager of Finance

Attachment

Cc: Honorable Timothy O’Brien, Auditor
Honorable Paul D. Lopez, Clerk and Recorder
Jonathan Griffin, City Council Counsel
Everett Martinez, City Attorney’s Office (DEN)

Attachment A:

DESCRIPTION OF THE AIRPORT SYSTEM TAX-EXEMPT INTERIM REVOLVING NOTE SUBORDINATE OBLIGATION, SERIES 2024A

The Proposed Financing

The Airport System Tax-Exempt Interim Revolving Note Subordinate Obligation, Series 2024A (the “Note”) is being issued in an amount not to exceed \$500 million for the purpose of securing interim funding for the next year. The Note will serve as an interim financing vehicle for DEN to fund immediate needs in the 2023-2035 Capital Improvement Plan (CIP). The Note will be issued as a variable rate obligation. The interest rate for amounts drawn under the facility will be set/reset at 79% of the One Month Secured Overnight Financing Rate (SOFR¹) index plus a fixed 28.56 basis points each month the Note is outstanding. There is a 10-basis point standby fee for amounts which are available, but not drawn under the facility. The final maturity of the Note is 12 months from date of closing. The tax status of the Note will allow for Alternative Minimum Tax² (AMT) and Non-AMT projects.

¹The Secured Overnight Financing Rate (SOFR) is a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities. One month term SOFR is a forward-looking rate for the following one-month period.

² Alternative Minimum Tax (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 “Private Activity” projects such as terminal and concourse improvements which are primarily used by airlines or concessionaires are subject to AMT while governmental purpose projects, such as airfield and runway improvements are generally not subject to AMT.

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 2024A Note is a special obligation of the City, issued for and on behalf of the Department of Aviation. The Note is 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 Note. The Series 2024A Note will be issued as subordinate lien obligation.

The Sale Process

The Series 2024A Note will be sold via a private placement with Truist Commercial Equity, Inc. They were selected via a competitive process conducted through the Department of Finance. Truist will not require a rating or disclosure document for the transaction. The City uses the financial advisory services of Frasca & Associates LLC for Airport financings. The Truist term sheet for this transaction is valid through December 3, 2024.

...Continued on next page...

The Proposed Timetable of Events

Major events in the proposed timetable are noted below:

<i>Date</i>	<i>Event</i>
October 23, 2024	Business Committee
October 28, 2024	20-93 Notification read to Council
November 4, 2024	First Council reading of the Ordinance
November 12, 2024	Second Council reading of the Ordinance
November 26, 2024	Closing

Counsel

Hogan Lovells US LLP serves as Bond Counsel on the Series 2024A Note transaction. The Firm was selected through a competitive process conducted through the City Attorney's Office.

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.