

CITY AND COUNTY OF DENVER

DEPARTMENT OF FINANCE

BRENDAN J. HANLON
MANAGER OF FINANCE

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

Michael B. Hancock
Mayor

June 10, 2019

Honorable Jolon Clark
Denver City Council President
City and County Building, Room 405
Denver, CO 80202

Dear Council President Clark:

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 2019A-D, for an on behalf of its Department of Aviation, in an amount not to exceed \$500 million, for the of purpose of refunding various series of existing Airport bonds and addressing required mandatory tenders. The Series 2019A Bonds will be issued as AMT fixed rate obligations, the Series 2019B Bonds will be issued as taxable fixed rate lien obligations, and the Series 2019C and 2019D Bonds will be issued as non-AMT fixed rate obligations. The term of the refunded bonds will not be extended and have final maturity date of 2036.

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 2019A-D 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 2019A-D 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
Jonathan Griffin, City Council Liaison
Xavier DuRan, City Attorney's Office

Attachment A:

DESCRIPTION OF THE AIRPORT SYSTEM REVENUE BONDS, SERIES 2019A-D

I. The Proposed Financing

The Series 2019A-D Bonds are being issued as fixed rate bonds in an amount not to exceed \$500 million, at a true interest cost not to exceed 5% and 6% for tax-exempt and taxable bonds, respectively. The proceeds of the bonds will be used to refund outstanding bonds, if market conditions are favorable at the time of pricing. The Series 2019A are designated as Alternative Minimum Tax (AMT)* bonds, the Series 2019B are designated as taxable bonds the Series 2019C and 2019D will be designated as non-AMT* bonds. As of May 2019, the refunding would produce net \$30 million NPV savings. The final par amount and interest rates will be fixed upon pricing of the transaction. The final maturity date on the Series 2019A-D Bonds will not exceed the 2036.

** 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 2019A-D 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 pledge of the Net Revenues of the Airport System. None of the properties of the Airport System are 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 2019A-D bonds will be sold in a negotiated process. The Series 2019A-B will be privately placed with State Street Bank, who was selected via a competitive RFP process in May of 2019. The Series 2019 C-D Bonds will be sold via a public sale with Barclays serving as senior manager and book runner, RBC, Estrada Hinojosa, and Ramirez and Co. serving as co-managers. Underwriting firms for the 2019C-D bonds 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>
June 5, 2019	Business Committee
June 10, 2019	20-93 Notification read to Council
June 24, 2019	First Council reading of the Ordinances
July 8, 2019	Second Council reading of the Ordinances
August 7, 2019	Pricing
August 20, 2019	Closing

V. Counsel

Hogan & Lovells serves as Bond Counsel on the Series 2019A-D Bond transaction. The Firm was 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.