

ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor's Legislative Team

at MileHighOrdinance@DenverGov.org by **3:00pm on Monday**. Contact the Mayor's Legislative team with questions

Date of Request: May 9, 2022

Please mark one: ☒ Bill Request or ☐ Resolution Request

1. Type of Request:

☐ Contract/Grant Agreement ☐ Intergovernmental Agreement (IGA) ☐ Rezoning/Text Amendment
☐ Dedication/Vacation ☐ Appropriation/Supplemental ☐ DRMC Change

X Other:

2. **Title:** (Start with *approves*, *amends*, *dedicates*, etc., include name of company or contractor and indicate the type of request: grant acceptance, contract execution, contract 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 Subordinate Revenue Bonds, Series 2022 in an amount not to exceed \$3.98 billion for the purposes of funding Airport capital improvements, refunding airport bonds, paying costs of terminating swaps funding capitalized interest, funding bond reserves and paying costs of issuance expenses.

3. **Requesting Agency:** Department of Finance

4. Contact Person:

Contact person with knowledge of proposed ordinance/resolution	Contact person to present item at Mayor-Council and Council
Name: Guadalupe Gutierrez-Vasquez	Name: Guadalupe Gutierrez-Vasquez
Email: lupe.gutierrez@denvergov.org	Email: lupe.gutierrez@denvergov.org

5. General description or background of proposed request. Attach executive summary if more space needed:

The proposed ordinance supports two debt management objectives, which include securing financing to fund projects for DEN as part of its 2018-2022 and 2023-2027 Capital Improvement Plans and refunding of existing bonds to realize interest rate savings, addressing mandatory tender dates on variable rate bonds that come due in 2022 and refunding bonds associated with interest rate swaps to reduce interest rate risk. The 2022 bonds will be issued as fixed rate subordinate lien obligations. The final par-amount and rate of interest will be determined on the day of pricing and is dependent on market conditions.

This ordinance request should be read in conjunction with the ordinance request being submitted simultaneously requesting authorization to issue senior airport bonds up to the same amount for the same purposes. The Department of Finance would like to retain the flexibility to allocate between the senior and subordinate liens, based on what is most economically prudent, as we closer approach the bond sale. In order to facilitate this flexibility two ordinances for substantially the same amount and purpose – one authorizing senior bonds and the other authorizing subordinate bonds, but the aggregate amount of senior and subordinate bonds issued under these ordinances will not exceed the maximum amount listed in each ordinance.

6. **City Attorney assigned to this request (if applicable):** Everett Martinez

7. **City Council District:** District 11- Stacie Gilmore

To be completed by Mayor's Legislative Team:

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Date Entered: _____

8. ****For all contracts, fill out and submit accompanying Key Contract Terms worksheet****

Key Contract Terms

Type of Contract: (e.g. Professional Services > \$500K; IGA/Grant Agreement, Sale or Lease of Real Property):
Bond Financing

Vendor/Contractor Name: N/A

Contract control number: N/A

Location: bond projects will be located at DEN, which is located in Council District 11

Is this a new contract? N/A ☐ Yes ☐ No **Is this an Amendment?** N/A ☐ Yes ☐ No **If yes, how many?** _____

Contract Term/Duration (for amended contracts, include existing term dates and amended dates):
Term of the Bonds will not exceed 30 years

Contract Amount (indicate existing amount, amended amount and new contract total): N/A

<i>Current Contract Amount</i>	<i>Additional Funds</i>	<i>Total Contract Amount</i>
<i>(A)</i>	<i>(B)</i>	<i>(A+B)</i>
<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>

Scope of work: N/A

Was this contractor selected by competitive process?

The bonds are being sold via a negotiated process with underwriters who were competitively selected.
If not, why not?

Has this contractor provided these services to the City before? N/A ☐ Yes ☐ No

Source of funds: Bonds will be repaid solely by revenues/fees of the Airport

Is this contract subject to: ☐ W/MBE ☐ DBE ☐ SBE ☐ XO101 ☐ ACDBE ☒ N/A

WBE/MBE/DBE commitments (construction, design, Airport concession contracts):
MWBE firms will be allocated a percentage of the transaction

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Who are the subcontractors to this contract? N/A



CITY AND COUNTY OF DENVER

DEPARTMENT OF FINANCE

BRENDAN J. HANLON
MANAGER OF FINANCE

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

Executive Summary- An Ordinance to Issue multiple Series 2022 Airport System (Subordinate) Revenue Bonds

The proposed ordinance authorizes the Manager of Finance to issue a par-amount not to exceed \$3.98 billion Airport System Subordinate Revenue Bonds, Series 2022, for the purposes of executing the 2022 plan of finance transactions which will provide funding for capital improvement projects of the airport, refunding existing Airport bonds and notes, paying for costs of terminating certain swaps, funding capitalized interest, funding bond reserve requirements and paying the costs associated with the issuance of the 2022 bonds.

2022 plan of finance transactions include:

Item	Purpose	Maximum Maturity	Par Amount*	Not to Exceed Rate	Expected Lien
1	Refund 2021 Interim Notes (June 30 maturity)	2054	\$800M	6.00%	Senior
2	New money to complete 2018-2022 CIP	2054	\$1,125M	6.00%	Senior
3	New money for 2023-2027 CIP	2055	\$865M	6.00%	Undetermined
4	Refund Series 2019D Bonds	2031	\$85M	6.00%	Senior
5	Refund Series 2012A-B	2043	\$365M	6.00%	Senior
6	Refund Series 2007G1-G2 Bonds	2031	\$100M	6.00%	Senior
7	Refund Series 2013A-B Bonds	2048	\$635M	6.00%	Subordinate
			\$3.98B		

***Estimated par is not by purpose, but adds to total authorization for FY2022**

The new money financing will secure long-term debt financing in order to complete the airports funding needs for its 2018-2022 CIP and to fund portions of its 2023-2027 CIP. The refundings listed are being done to: realize interest rate savings, address certain mandatory tender dates on its variable rate obligations and potentially fixing the rate on certain bonds and terminating associated swaps. The City's Chief Financial Officer will ensure financing limits/terms in bond ordinance limits are met/not exceeded and that the aggregate amount of senior & subordinate bonds do not exceed \$3.98 billion.

This request should be read in conjunction with the ordinance request being submitted simultaneously requesting authorization to issue airport senior revenue bonds up to the same amount for the same purposes. The Department of Finance would like to preserve the flexibility to allocate between the senior and subordinate lien of the airport based on what is most financially advantageous as we closer approach the bond pricing. Therefore, we are presenting two ordinances for substantially the same amounts and purpose- one authorizing senior bonds and the other authorizing subordinate bonds, but the aggregate amount of senior and subordinate bonds issued under these ordinances will not exceed \$3.98 billion.

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The final par amount and interest rate of the 2022 Bonds will be determined at the time of the bond pricing (to occur after City Council approval) but will in no event exceed the authorized amounts. The 2022 bonds will be issued as fixed rate obligations with a term not to exceed 35 years. Except with respect to the refunding of short-term interim financing, the term of the refunded bonds is not expected be extended.

The Airport's current underlying senior and subordinate bond ratings are A1/A+/AA- and A2/A/A+, respectively, by Moody's, Standard and Poor's, and Fitch. The 2022 bonds will be evaluated by the three major rating agencies and we expect a final rating prior to posting of the preliminary official statement.

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. Subordinate lien 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 subordinate lien 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 Airport System Revenue Bonds.

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