



Legislation Text

File #: 21-1388, Version: 1

Finance Item/Grant Request Template

Date Submitted: 11-8-21

Requesting Agency: Finance
Division:

Subject Matter Expert Name:

Name: Guadalupe Gutierrez-Vasquez
Email: lupe.gutierrez@denvergov.org

Item Title & Description:

(Do not delete the following instructions)

*These appear on the Council meeting agenda. Initially, the requesting agency will enter a 2-3 sentence description. Upon bill filling, the City Attorney's Office should enter the title above the description (the title should be in **bold** font).*

*Both the title and description must be entered between the red "title" and "body" below. Do **not** at any time delete the red "title" or "body" markers from this template.*

A bill for an ordinance concerning the Airport Facilities of the City and County of Denver; authorizing the incurrence of the Interim Note Subordinate Obligation under the General Subordinate Bond Ordinance in a maximum aggregate principal amount not to exceed \$700,000,000 in connection with a note purchase agreement to be entered into for the purposes of defraying the costs of certain approved projects, and providing other details in connection therewith; providing the maximum rate and other terms and other details of the Interim Note Subordinate Obligation, which shall be evidenced by a note purchase agreement and a note; authorizing the execution of certain related agreements; ratifying action previously taken; providing for other related matters; and providing the effective date of this ordinance.

Authorizes 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 Interim Note Obligations, in a principal amount not to exceed \$700 million for the purpose of providing interim funding for projects in the Airports existing 2018-2022 Capital Improvement Plan and paying costs of

issuance expenses. The last regularly scheduled Council meeting within the 30-day review period is on 12-20-21. The Committee approved filing this item at its meeting on 11-17-21.

Affected Council District(s) or citywide? Council District 11

Executive Summary with Rationale and Impact:

Detailed description of the item and why we are doing it. This can be a separate attachment.

The proposed ordinance authorizes the Manager of Finance, on behalf to the Department of Aviation, to issue subordinate Note Obligations to be directly purchased by Bank of America for the purpose of securing interim funding of up to \$700 million. The Subordinate Note Obligations will serve as an interim financing vehicle for DEN to fund immediate needs for remaining projects identified in the 2018-2022 Capital Improvement Plan (CIP), most notably the gate expansion project and Great Hall Phases 1-2. This transaction enables progress to continue for the remaining 2018-2022 CIP projects by providing funding; while providing flexibility for DEN as it develops it's next 5-year capital improvement plan. The City expects to refund the interim financing facility with long-term fixed rate bonds in June 2022, transaction which will also be subject to City Council approval.

The Note Obligations constitute a subordinate contract obligation, authorized under the Airports General Subordinate Bond Ordinance. The direct purchaser of the Note Obligations is, Bank of America, was selected via a competitive selection process. Bank of America will not require a rating or disclosure document for the transaction.

Key terms:

Principal Amount: \$700 million

Interest Rate: SIFMA* + fixed spread (11 basis points)

Tax status: AMT and Non-AMT

Terms: not to extend beyond 2022

(1) SIFMA is the Securities Industry and Financial Markets Association's SIFMA municipal swap index. The index is calculated weekly based upon the trading of 7-day high-grade variable rate municipal bonds. On October 27, 2021 the SIFMA index was set at 0.05%.

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 Airport System Revenue Bonds and Obligations such as these Subordinate Note Obligations are special obligations of the City, for and on behalf of the Department of Aviation, payable solely from and secured by a subordinate 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 or Obligations.

Type (choose one: Grant; Supplemental; Fund Creation; Fund Rescission; Fund Transfer; Appropriation; Other):

Amount:

Budget Year:

Fund and Funding Source (Fund/Org/Grant Number, if applicable):

Grantor (if applicable):

Fund Matching Requirements (if applicable):

Fiscal Impact: