



Legislation Details (With Text)

File #:	18-0775	Version:	1
Type:	Bill	Status:	Passed
File created:	7/10/2018	In control:	Business, Arts, Workforce, & Aeronautical Services Committee
On agenda:	7/30/2018	Final action:	

Title: A bill for an ordinance concerning the Airport Facilities of the City and County of Denver; authorizing the issuance of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2018A" in the maximum aggregate principal amount of \$3,100,000,000 for the purposes of paying the costs of the Series 2018A Project, the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2018B" in the maximum aggregate principal amount of \$400,000,000 for the purposes of paying the costs of the Series 2018B Project, and the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2018C" in the maximum aggregate principal amount of \$3,100,000,000 for the purposes of paying the costs of the Series 2018C Project, provided that the total maximum aggregate principal amount of the Series 2018A Bonds and the Series 2018C Bonds shall not exceed \$3,100,000,000, and providing other details in connection therewith; providing the amount, terms and other details of such bonds; 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 issuance of City and County of Denver, for and on behalf of its Department of Aviation, Airport Subordinate Revenue Bonds, Series 2018A-C in an amount not to exceed \$3.5 billion for funding Airport capital improvements, refunding airport bonds and paying costs of issuance expenses. The last regularly scheduled Council meeting within the 30-day review period is on 8-20-18. The Committee approved filing this item at its meeting on 7-18-18.

Sponsors:

Indexes: Zach Rothmier

Code sections:

Attachments: 1. BR18 0775 DOF 2018 Series A-C Bond, 2. 2018 DEN Bonds Biz Committee Final, 3. 18-0775 Doc. 1 Bond Purchase Agreement, 4. 18-0775 Doc. 2 Preliminary Official Statement, 5. 18-0775 Doc. 3 Continuing Disclosure Undertaking, 6. 18-0775 Doc. 4 Escrow Agreement, 7. 18-0775 Doc. 5 Paying Agent and Bond Registrar Agreement, 8. 18-0775 Filed Ordinance_2018A-C Supplemental Bond, 9. 18-0775 Filed Ordinance_2018A-C Supplemental Bond.pdf, 10. 18-0775 - signed, 11. 18-0775 Filed for Ordinance concerning Airport Facilities of City

Date	Ver.	Action By	Action	Result
8/8/2018	1	Mayor	signed	
8/7/2018	1	Council President	signed	
8/6/2018	1	City Council	placed upon final consideration and do pass	Pass
7/30/2018	1	City Council	ordered published on first reading	
7/18/2018	1	Business, Arts, Workforce, & Aeronautical Services Committee	approved for filing	Pass

Other/Miscellaneous Request Template (Appointments; ROW; Code Changes; Zoning Action, etc.)

Date Submitted: 7-10-18

Requesting Agency: Finance
Division:

Subject Matter Expert:

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 issuance of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2018A" in the maximum aggregate principal amount of \$3,100,000,000 for the purposes of paying the costs of the Series 2018A Project, the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2018B" in the maximum aggregate principal amount of \$400,000,000 for the purposes of paying the costs of the Series 2018B Project, and the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2018C" in the maximum aggregate principal amount of \$3,100,000,000 for the purposes of paying the costs of the Series 2018C Project, provided that the total maximum aggregate principal amount of the Series 2018A Bonds and the Series 2018C Bonds shall not exceed \$3,100,000,000, and providing other details in connection therewith; providing the amount, terms and other details of such bonds; 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 issuance of City and County of Denver, for and on behalf of its Department of Aviation, Airport Subordinate Revenue Bonds, Series 2018A-C in an amount not to exceed \$3.5 billion for funding Airport capital improvements, refunding airport bonds and paying costs of issuance

expenses. The last regularly scheduled Council meeting within the 30-day review period is on 8-20-18. The Committee approved filing this item at its meeting on 7-18-18.

Affected Council District(s) or citywide?

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 to issue a par-amount not to exceed \$3.5 billion Airport System Subordinate Revenue Bonds, Series 2018A-C, for the purpose of funding capital projects, refunding existing Airport bonds, and paying the costs associated with the issuance of the Series 2018A-C bonds.

Use of Series 2018A-C Bond Proceeds

Project Financing

Bond proceeds will be used to fund projects identified as part of the Airport's 2018-2022 Capital Improvement Plan (CIP). The proposed financing would fund up to \$2.6 billion of projects. Major projects financed include Concourse A, B and C gate expansions and Great Hall Improvements. Bond proceeds will also be used to pay capitalized interest, cost of issuance expenses, and a deposit to the debt service reserve fund.

Refunding

If market conditions are favorable at the time of issuance, all or a portion of the Series 2007F1 and 2007F2 may be refunded and associated swaps will be terminated, to lock-in the interest rates on the bonds and achieve interest cost saving and/or reduce risks for the City. All or a portion of the Series 2017C Bonds may also be refunded to lock-in fixed interest rate for permanent financing for the projects financed by the Series 2017C Bonds.

The Series 2018A (AMT*) and Series 2018C (Taxable) Bonds

The Series 2018A Bonds will be designated as Alternative Minimum Tax (AMT*) bonds and The Series 2018C Bonds will be designated as taxable bonds. Together, the Series 2018A and 2018C Bonds will be issued in a par amount not to exceed \$3.1 billion. The **Series 2018C Bond will only be issued in lieu of the Series 2018A** bonds if at the time of pricing taxable interest rates are more economical than that of AMT bonds.

The Series 2018B (Non-AMT*) Bonds

The Series 2018B Bonds are not subject to the Alternative Minimum Tax (AMT*) and will be issued in a par amount not to exceed \$400 million.

** 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 what the IRS designates as private activity projects such as terminal projects are.*

The Series A-C bonds will be issued as fixed rate, subordinate lien obligations with a term not to exceed 30 years. The subordinate lien is being used to preserve and protect the senior lien financial metrics and ratings while taking advantage of the low-cost difference between senior and subordinate transactions.

The allocation between Series A (AMT*) Series B (Non-AMT) and Series C (Taxable) is still being refined; however, the total maximum par amounts listed above will remain unchanged regardless of the allocation between each series. The final par amount and interest rate of the 2018A-C Bonds will be determined at the time of the bond pricing (to occur after City Council approval).

The Airport's current underlying subordinate bond ratings are A2/A/A respectively by Moody's, Standard and Poor's, and Fitch. The Series 2018A-C as currently being evaluated by the three major rating agencies and will expect a final rating prior to posting of the preliminary official statement, slated for 8/6/2018.

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 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 with a lien only subordinate to Senior Airport System Revenue Bonds. Neither the full faith and credit, nor the taxing power of the City, will be pledged in payment of Airport System Revenue Bonds.

Address/Location (if applicable):

Legal Description (if applicable):

Denver Revised Municipal Code (D.R.M.C.) Citation (if applicable):

Draft Bill Attached?