City and County of Denver

City and County Building
1437 Bannock St.
Denver, CO 80202

Legislation Details (With Text)

File #:	19-0543 **Version:** 1		
Type:	Bill	**Status:**	Passed
File created:	5/28/2019	**In control:**	Business, Arts, Workforce, Climate & Aviation Services Committee
On agenda:	7/8/2019	**Final action:**	7/8/2019

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 2019A" in the maximum aggregate principal amount of $210 million for the purposes of paying the costs of the Series 2019A Subordinate Refunding Project, the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2019B" in the maximum aggregate principal amount of $30 million for the purposes of paying the costs of the Series 2019B Subordinate Refunding Project, the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2019C" in the maximum aggregate principal amount of $160 million for the purposes of paying the costs of the Series 2019C Subordinate Refunding Project, and the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2019D" in the maximum aggregate principal amount of $100 million for the purposes of paying the costs of the Series 2019D Subordinate Refunding Project, 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 Manager of Finance to issue City and County of Denver, for and on behalf of its Department of Aviation, Airport Subordinate Revenue Bonds, Series 2019A-D in an amount not to exceed $500 million for the purpose of refunding airport bonds, paying costs of terminating swaps and paying costs of issuance expenses. The last regularly scheduled Council meeting within the 30-day review period is on 7-15-19. The Committee approved filing this item at its meeting on 6-5-19.

Sponsors:

Indexes: Jonathan Griffin

Code sections:

Attachments: 1. BR19 0543 DOF SUBORDINATE Bonds, 2. DEN Series 2019 Financings Presentation-FINAL, 3. 19-0543 Doc. A Underwriters Bond Purchase Agreement, 4. 19-0543 Doc. B Initial Purchasers Bond Purchase Agreement, 5. 19-0543 Doc. C Preliminary Official Statement, 6. 19-0543 Doc. D Continuing Disclosure Undertaking, 7. 19-0543 Doc. E Escrow Agreement, 8. 19-0543 Doc. F Paying Agent and Bonds Registrar Agreement, 9. 19-0543 Doc. G Remarketing Agreement, 10. 19-0543 Doc. H Credit Facility and Reimbursement Agreement, 11. 19-0543 Filed Ordinance_ Series 2019A-D Subordinate Supplemental, 12. 19-0543 Filed Ordinance_ Series 2019A-D Subordinate Supplemental.pdf, 13. 19-0543 - signed.pdf, 14. 19-0543 Filed 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, Colora

Date	Ver.	Action By	Action	Result
7/10/2019	1	Mayor	signed	
7/9/2019	1	Council President	signed	
7/8/2019	1	City Council	placed upon final consideration and do pass	Pass
6/24/2019	1	City Council	ordered published on first reading	

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6/5/2019	1	Business, Arts, Workforce, Climate & Aviation Services Committee	approved for filing	Pass

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

Date Submitted: 5-28-19

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 issuance of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2019A" in the maximum aggregate principal amount of $210 million for the purposes of paying the costs of the Series 2019A Subordinate Refunding Project, the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2019B" in the maximum aggregate principal amount of $30 million for the purposes of paying the costs of the Series 2019B Subordinate Refunding Project, the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2019C" in the maximum aggregate principal amount of $160 million for the purposes of paying the costs of the Series 2019C Subordinate Refunding Project, and the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2019D" in the maximum aggregate principal amount of $100 million for the purposes of paying the costs of the Series 2019D Subordinate Refunding Project, 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 Manager of Finance to issue City and County of Denver, for and on behalf of its Department of Aviation, Airport Subordinate Revenue Bonds, Series 2019A-D in an amount not to exceed $500 million for the purpose of refunding airport bonds, paying costs of terminating swaps and paying costs of issuance expenses. The last regularly scheduled Council meeting within the 30-day review period is on 7-15-19. The Committee approved filing this item at its meeting on 6-5-19.

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 to issue a par-amount not to exceed $500 million Airport System Subordinate Revenue Bonds, Series 2019A-D, for the purpose of refunding existing Airport bonds, paying for costs of terminating certain swaps and paying the costs associated with the issuance of the Series 2019A-D bonds.

Use of Series 2019A-D Bond Proceeds

The refunding of certain bond series listed below are being done as part of the ordinary course of debt administration, which requires the City to address certain mandatory tender dates on its variable rate obligations. Current market conditions are favorable to allow for fixing the rate on these bonds and terminating associated swaps. Additionally, the City is capturing the opportunity to refund currently callable bonds in order to realize interest rate savings.

The Series 2019A (AMT*)- Par Amount not to Exceed $210 million

The Series 2019A Bonds will be designated as Alternative Minimum Tax (AMT*) bonds. These bonds will be used to refund the Series 2008C2-3 bonds, which have a mandatory tender date of August 29, 2019.

The Series 2019B (Taxable)- Par Amount not to Exceed $30 million

The Series 2019B Bonds will be designated as taxable bonds and will be used for terminating swaps associated with the Series 2008C2-3 bonds, that were not integrated for tax purposes.

The Series 2019C (Non-AMT*)- Par Amount not to Exceed $160 million

The Series 2019C Bonds are not subject to the Alternative Minimum Tax (AMT*) and will be used to refund the Series 2009A Bonds for interest rate savings. Based on current rates, savings are estimated to exceed $30 million.

The Series 2019D(Non-AMT*)- Par Amount not to Exceed $100 million

The Series 2019D bond are not subject to the Alternative Minimum Tax (AMT*) and will be used to refund the Series 2016B bonds which have a mandatory tender date of November 15, 2019 and to pay costs associated with terminating associated swaps.

* 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

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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.

This 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 preserve the flexibility to allocate between the senior and subordinate lien of the airport based on what is most finically 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 $500 million. The final par amount and interest rate of the 2019A-D 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 Series A-D bonds will be issued as fixed rate obligations with a term not to exceed 30 years. The term of the refunded bonds will not be extended.

The Airport's current underlying subordinate bond ratings are A2/A/A+ respectively by Moody's, Standard and Poor's, and Fitch. The Series 2019A-D will be evaluated by the three major rating agencies and we expect a final rating prior to posting of the preliminary official statement, slated for 7/29/2019.

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 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.

Address/Location (if applicable):

Legal Description (if applicable):

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

Draft Bill Attached?

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