

CITY AND COUNTY OF DENVER  
Department of Revenue

Airport Special Facility Revenue Bond Review and Processing Procedure

- I. All applicants for special facility revenue bond financing must request approval from the Manager of Revenue and the Manager of the Department of Aviation (“Manager of Aviation”), their successors or designees. All applicants shall be required to follow the general terms and conditions, fee arrangements and general format for the application as detailed in the Denver International Airport Special Facility Revenue Bond Application and Guidelines Statement. These procedures are subject to change at the discretion of the Manager of Revenue and the Manager of Aviation.
- II. The following application procedures shall apply:
  - A. All applicants should request an application from the Manager of Revenue which will provide details on the specific format required and the expenses and fees that will apply to the application process.
  - B. Ten hard copies and one electronic version of a completed application must be submitted to the Manager of Revenue. The Manager of Revenue will distribute the copies to the Airport’s Finance and City Attorney’s Offices, Bond Counsel, and Financial Advisor.
  - C. The City will use its best efforts to inform the applicant, within ten working days of receipt of the application, whether the project satisfies threshold federal tax, state law, and financial requirements. The City, under certain circumstances, may require more than 10 working days to complete the review. If additional time is required for the review, the City will notify the applicant within 10 working days of an approximate date for which the City expects the review to be completed.
  - D. Applicants who fail to satisfy the City’s legal or financial criteria for financing may modify the application to address the City’s objections and be eligible for acceptance.
- III. The Manager of Revenue shall select a Financial Advisor and the City Attorney shall select Bond Counsel to assist in reviewing the application and negotiating the terms of the financing.
- IV. The Manager of Revenue must approve all underwriters, underwriter’s counsel, escrow agents, financial printer, and any other participants in the financing chosen by the applicant. Approval of the underwriter’s counsel will be in conjunction with the City Attorney.
- V. A representative from the Manager of Revenue’s office will attend all meetings and participate in all conference calls on the issue.

- VI. The City, its Bond Counsel and its Financial Advisor should receive and review copies of the following documents prepared by the underwriter's counsel and provide comments or questions as necessary:
  - A. The Private Placement Agreement/Bond Purchase Agreement or its equivalent.
  - B. The Preliminary and/or Final Official Statements or the Preliminary and/or Final Private Placement Memorandum.
  
- VII. The City's Bond Counsel in conjunction with the City Attorney shall prepare the following ordinances and agreements. The City, its Financial Advisor and Underwriter's Counsel will review the following documents and provide comments or questions as necessary.
  - A. A Notification of City Council that the City may be issuing Airport Special Facility Bonds (May be drafted and submitted to City Council in accordance with Den. Rev. Mun. Code 20-93);
  - B. An Inducement Resolution (may be necessary if Applicant desires reimbursement of immediate costs incurred before closing);
  - C. A Manager's Resolution;
  - D. A Special Facilities and Ground Lease;
  - E. An Ordinance Authorizing the Issuance of the Bonds and the execution of the Lease;
  - F. Indenture of Trust (if appropriate);
  - G. A Manager's Certificate; and
  - H. Guaranty.
  
- VIII. The Manager of Revenue shall select a Paying Agent and Registrar, if needed.
  
- IX. The Manager of Revenue shall coordinate the City Council process including but not limited to the following:
  - A. Prepare and submit 20-93 Notice and Request for Ordinance;
  - B. Set up presentation at appropriate City Council committee;
  - C. Set Ordinance on City Council meeting agenda for first and second readings; and
  - D. Confirm publication of both readings in the City's designated notification outlet.
  
- X. The Manager of Revenue shall coordinate the closing process, including necessary document execution by City officials.

## DENVER INTERNATIONAL AIRPORT

### Special Facility Revenue Bond Application and Guidelines

#### General Criteria

All applicants for special facility revenue bond financing for facilities to be located at Denver International Airport (“Airport”) must receive approval by the City of Denver’s Manager of Revenue and by the Manager of Aviation. The review process is conducted at the discretion of the City and the Airport. There is no obligation on the part of the City to issue bonds. In general, projects will be considered for financing based upon the following criteria:

1. Nature of the facility: The City reserves the right to consider the type of facility to be financed, its purpose in the applicant’s operations, whether it is consistent with the Airport’s Master Plan and general development scheme for the Airport, the economic benefits to the City associated with the project, and other factors in determining whether to make Airport special facilities revenue bond financing available. Other factors that may be taken into account are the presence of similar, competing facilities and the impact, if any, on the Airport revenue and operations that may result from the construction, financing or refinancing of the proposed facility.
2. Credit considerations: Airport Special Facility Revenue Bonds are not backed by the City’s or the Airport’s credit and will not be secured by any interest in the financed facilities. The Bonds will be repaid from lease rentals to be paid by the applicant. (See the attached memorandum re: Federal Tax Law Aspects of Financing Airport Special Facilities with Tax-Exempt Bonds for a summary of other legal and tax issues.) It is the responsibility of the applicant to arrange the terms of the financing, subject to these guidelines and to applicable state and/or local law. The City reserves the right, on a case by case basis, to make an independent credit or feasibility analysis of the applicant or the proposed project, and to propose changes to the financing structure to meet the City’s concerns. In cases where the City deems it necessary or appropriate, the City may require the use of credit enhancement to assure acceptable levels of creditworthiness, require that the Bonds be issued in higher denominations, require the establishment of debt service reserve funds, require monthly deposit of lease payments, impose limitations on the type of sale (e.g., private placement) to mitigate credit risk or otherwise require terms and conditions to cause the attainment of acceptable credit standards for any bonds issued.
3. Compliance with laws: All projects will be required to meet applicable local, state and federal laws. Upon submission to the City, applications will be forwarded to the City’s Bond Counsel for a determination that the project satisfies all requirements of federal tax law.
4. It is the policy of the City and County of Denver that Minority and Women-Owned Business Enterprises shall have the maximum opportunity to participate in the performance of contracts with the City. Applicants will be required to include, with their application, a statement from their organization as to its policies on affirmation action, and discuss what efforts they have undertaken to subcontract with Minority and Women-

Owned Business Enterprises on other projects. Minority and Women-Owned Business Enterprises should identify themselves as such on their applications. The design and construction of airport special facilities will be subject to the City's local ordinance, DRMC Chapter 28, Article III (MBE/WBE Ordinance) which prohibits discrimination in the awarding of contracts and subcontracts and directs the DSBO Director to establish goals for MBE and WBE participation in the design and construction of City-owned facilities.

5. All financings will be subject to documentation to be drafted or reviewed by the City and its Bond Counsel.
6. The City will not certify the accuracy of any information in the offering documents, except for information contained in the offering document section entitled "The City."
7. Questions about leases, facilities or the financing process may be directed to:

Deputy Manager of Aviation - Business and  
Technologies  
Denver International Airport  
8500 Pena Boulevard  
Denver, CO 80249

#### General Terms and Conditions

Applicants will be required, as part of the application process to acknowledge, in writing, the following:

1. All financings shall require the approving opinion of Bond Counsel and Co-Bond Counsel of the City's choosing.
2. The City may retain the services of a Financial Advisor and Co-Financial Advisor to assist the City in reviewing and negotiating the terms of financing.
3. All preferences of the applicant regarding underwriters, underwriters' counsel and any other participants to the financing or to the design and the construction of the project are subject to the approval of the City. Paying agents, trustees, and escrow agents will be designated by the City.
4. Until the terms of a financing are established by an approved and executed bond purchase agreement, the City has no obligation to provide revenue bond financing for any project.
5. The applicant shall be responsible for, and the City shall have no responsibility for, any costs, fees or other payments required with respect to the financing or the project, including the fees and expenses of Bond Counsel and the City's Financial Advisor.

Except for design and preliminary costs, no costs related to the project and incurred before the adoption by the City Council of a resolution or other similar official action approved by

the City's Bond Counsel may be recovered in a financing. (See attached memorandum from the Bond Counsel re: Federal Tax Law Aspects of Financing Airport Special Facilities with Tax-Exempt Bonds.)

7. Applicant will be required to comply with the Airport's Tenant Development Guidelines governing tenant activities. The Tenant Development Guidelines are available at [www.flydenver.com](http://www.flydenver.com).
8. The applicant shall indemnify and hold harmless the City, its employees and officials against all lawsuits, claims or costs arising out of, caused by, or related to the acquisition or construction of the facilities, the issuance of the bonds or the application therefore.
9. The terms of the special facilities lease must be acceptable to the City and meet the requirements of its standard leasing policy.

### Fees and Expenses

Applicants agree to pay the following:

1. at the time of application, a non-refundable application fee of \$15,000 to the City. The purposes of the application fee are:
  - A. to compensate the City for costs related to reviewing the application; and
  - B. to reimburse the City's Bond Counsel for costs incurred in the preliminary determination of legal sufficiency and drafting of the City bond ordinance, trust indenture and Manager's resolution.The application fee will be credited at closing against the amounts described in (2) and (5) below;
2. the fees, as determined by the City from time to time, of the City's Bond Counsel and Financial Advisor, such amounts to be payable at closing or as they are incurred and within 30 days of being invoiced by the City;
3. all zoning, application, land use, inspection and other fees, charges and assessments or taxes related to the projects as they become due;
4. all other costs incurred by the City;
5. a program administrative fee to compensate the City for the cost of administering the Airport special facilities revenue bond program, in an amount equal to one-eighth of one percent (.125%) of the face amount of the bonds issued, but not less than \$25,000 nor more than \$250,000, which amount is payable at closing;
6. any reasonable annual expenses incurred by the City after closing and through the final maturity or redemption of all the bonds resulting from the administration of the financing;
7. all expenses and costs of trustees, paying agents and escrow agents, and

8. if the financing is not completed, all reimbursable costs (items 2, 3, 4, 7) incurred by the City, the City's Bond Counsel, the City's Financial Advisor and any other party to the transaction engaged by the City will be reimbursed within 30 days of being invoiced by the City.

Attachments: Application

Issuance Timetable

Memorandum re: Federal Tax Law Aspects of Financing Airport Special Facilities with Tax-Exempt Bonds

CITY AND COUNTY OF DENVER, COLORADO  
DENVER INTERNATIONAL AIRPORT

APPLICATION FOR SPECIAL FACILITY REVENUE BOND FINANCING

I. Provide for Applicant and Parent Entity:

- A. Name, address, telephone, email address and fax of contact person;
- B. State and date of incorporation if corporation or formation of partnership or proprietorship;
- C. General description of nature of Applicant's business;
- D. To the extent not provided in response to any other part of this application, officers or partners of Applicant; and
- E. Applicant's legal counsel and accountants (name, address, telephone, email and fax)

III. Description of Proposed Project:

- A. State if the Bonds will be used to fund a new project or refund existing Bonds. If Bonds are being issued for refunding purposes, identify the Bonds to be refunded (for new projects, complete items B through E);
- B. Physical description and location (list items to be purchased or constructed and type of business);
- C. Construction schedule or date facility to be acquired or completed;
- D. Purpose/intended usage of facilities;
- E. Anticipated useful life of each distinct component for which financing is sought; and
- F. Proposed financing cost of facilities with allocations of costs to component parts.

IV. Financial Information

- A. Attach, for Applicant and parent, if any:
  - 1. annual financial statements for the past five years (audited, if available);
  - 2. recent unaudited financial statement (within 120 days);
  - 3. Two year pro forma;
  - 4. Credit rating of Applicant's debt securities (if applicable);

5. To the extent available, the most recent Form 10-K annual report and 10-Q quarterly report; and
6. Major contractual obligations generally incurred or to be entered into at the Airport.

V. Bond Issue:

- A. Amount of financing required;
- B. Preferred banker or underwriter;
- C. Itemization of costs to acquire or construct the facilities to be financed (list architect's, design and other "soft" costs, reserves and contingencies separately);
- D. Itemization of other costs to be financed (e.g., capitalized interest during construction; debt to be refunded);
- E. Proposed structure of the financing (long or short-term; fixed or variable rate) and proposed term of bonds and proposed amortization schedule;
- F. Security provisions being provided to guarantee repayment;
- G. Applicants expected method of marketing bonds;
  1. private placement information (names and addresses of individuals and institutional investors, etc.); and
  2. public offering.
- H. Desired sale and closing schedule.

VI. The expenses of the City are payable by the Applicant as described in the Guidelines under "Fees and Expenses".

Ten hard copies of the application and one electronic version, all required documents and application fee should be sent to:

Manager of Revenue  
Department of Revenue  
144 West Colfax, Room 209  
Denver, CO 80202

Email: [margaret.danuser@ci.denver.co.us](mailto:margaret.danuser@ci.denver.co.us)

CITY AND COUNTY OF DENVER, COLORADO  
DENVER INTERNATIONAL AIRPORT

SPECIAL FACILITY REVENUE BONDS  
ISSUANCE TIMETABLE AND SCHEDULE OF CITY ACTIONS

The following is a simplified timetable for special facility revenue bond financings. It is intended primarily to indicate the estimated time in which official action by the City can be expected to occur. Depending on, among other things, the degree to which an applicant has complied with the City's procedures and finalized its projects plans, the actual time to complete a financing can deviate substantially from this timetable.

Upon Acceptance of Application, payment of Application Fee, and completion of documents required by the City Attorney's office for City Council consideration, the general timeline is as follows:

- Week 1
  - Declaration of Official Intent if needed (Inducement Resolution)
  - Briefing on the proposed financing for Mayor and Economic Development Committee of City Council. Currently, DIA matters are presented to the City Council's Economic Development Committee which meets the first and third Wednesday of each month.
  
- Week 2
  - Inducement Resolution filed with City Council  
Note: The Inducement Resolution establishes the date following which most costs of a project can be recovered from bond proceeds. It is non-binding. The City may, but is not required to, adopt an Inducement Resolution prior to approving an application for special facility revenue bond financing.
  - Mayor Council presentation
  
- Week 3
  - Inducement Resolution passed by City Council
  - City circulates first draft of financing documents to applicant
  
- Weeks 4-7
  - Meetings of parties to review/revise financing documents (lease agreement, bond ordinance and official statement)
  - Notice of hearing to obtain public approval (if required)—“TEFRA notice”—published  
Note: Notice of TEFRA hearing required to be published at least 14 days prior to the TEFRA hearing
  
- Week 8
  - Brief Mayor and Economic Development Committee on Bond Ordinance
  - TEFRA hearing
  
- Week 9
  - Mayor Council presentation
  - File Bond Ordinance

- Week 10
  - First reading of Bond Ordinance
- Week 11
  - Second reading of Bond Ordinance
  - Bond Ordinance signed by Mayor and published
  - Price and award Bonds
- Week 12
  - Close