

ORDINANCE NO. 18-___
(2018)

AN ORDINANCE ADOPTING A PLAN FOR THE DEFEASANCE AND PAYMENT OF THE CITY OF COLORADO SPRINGS AIRPORT SYSTEM REVENUE REFUNDING BONDS, SERIES 2014, ISSUED BY THE CITY OF COLORADO SPRINGS, COLORADO, ACTING BY AND THROUGH ITS AIRPORT ENTERPRISE; AND AUTHORIZING AND APPROVING RELATED DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH.

WHEREAS, the City of Colorado Springs (the “City”), in the County of El Paso and the State of Colorado (the “State”), is a municipal corporation duly organized and existing as a home rule city under Article XX of the Constitution of the State and the home rule charter of the City (the “Charter”); and

WHEREAS, under the Charter, the City is possessed of all powers which are necessary, requisite or proper for the government and administration of its local and municipal affairs, all powers which are granted to home rule municipalities by the Colorado Constitution, and all rights and powers that now or hereafter may be granted to municipalities by the laws of the State; and

WHEREAS, the City owns and operates certain municipal airport facilities (the “Airport System”); and

WHEREAS, the Airport System is an “enterprise” as defined in Article X, Section 20 of the Constitution of the State and as defined in Section 7-90 of the Charter (the “Airport Enterprise”); and

WHEREAS, the City Council of the City (the “City Council”) also operates as the governing body of the Airport Enterprise; and

WHEREAS, the City, acting by and through its Airport Enterprise, previously issued its Airport System Revenue Refunding Bonds, Series 2014 (the “2014 Bonds”) in the initial principal amount of \$11,185,000, of which \$6,330,000 is expected to remain outstanding as of December 17, 2018, pursuant to Ordinance No. 92-116 (the “General Ordinance”), as supplemented by Ordinance No. 13-79 (the “Supplemental Ordinance” and together with the General Ordinance, the “2014 Bond Ordinance”), adopted by the City Council, acting as the governing body of the Airport Enterprise; and

WHEREAS, debt service requirements on the 2014 Bonds are payable at the principal corporate trust office of Wells Fargo Bank, National Association, in Denver, Colorado, as paying agent for the 2014 Bonds (the “2014 Paying Agent”); and

WHEREAS, the Airport Enterprise desires to defease the 2014 Bonds for the purposes of modifying or eliminating restrictive contractual limitations appertaining to the 2014 Bonds and the Airport System and reducing the net effective interest rate of the 2014 Bonds; and

WHEREAS, the Airport Enterprise has moneys legally available to it which will enable it to establish an escrow account with sufficient funds for the payment of the remaining principal of, and the interest on, the 2014 Bonds, as they become due; and

WHEREAS, the City has engaged George K. Baum & Company, as financial advisor for the City (the “Financial Advisor”), Kutak Rock LLP, as bond counsel for the City (“Bond Counsel”), and the City Attorney to work with the Airport Enterprise to develop a timetable and a plan for the defeasance and payment of the 2014 Bonds (the “Defeasance Plan”); and

WHEREAS, there has also been presented at this meeting a form of the Escrow Agreement, to be dated on or about December 17, 2018 (the “Escrow Agreement”), between the City, acting by and through the Airport Enterprise, and U.S. Bank National Association, as escrow agent (the “Escrow Agent”) providing for the establishment of an escrow account, funded with moneys legally available to the Airport Enterprise, which moneys and the investments to be purchased with such moneys will provide for the defeasance and the payment in full of the 2014 Bonds as they become due; and

WHEREAS, the City Council, sitting as the governing body of the Airport Enterprise, wishes to approve the Defeasance Plan, to approve the form of the Escrow Agreement, and to authorize the appropriation of otherwise legally available moneys of the City for deposit into the escrow account pursuant to the Escrow Agreement, all to provide for the defeasance and payment in full of the 2014 Bonds; and

WHEREAS, the City Council, sitting as the governing body of the Airport Enterprise, has considered the Defeasance Plan, and has determined that it is in the best interests of the residents of the City that the Defeasance Plan be implemented without undue delay;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS, COLORADO:

Section 1. Approval of Defeasance Plan Generally. The City Council, sitting as the governing body of the Airport Enterprise, hereby approves and authorizes the execution of the Defeasance Plan, along the approximate timetable presented at this meeting.

Section 2. Defeasance of the 2014 Bonds. The City Council, sitting as the governing body of the Airport Enterprise, hereby approves and authorizes the defeasance and payment in full of the 2014 Bonds, and authorizes and directs the Mayor, the City Clerk of the City, the Chief Financial Officer of the City and the Airport Director (together, the “Authorized Officials”), in conjunction with the Financial Advisor, Bond Counsel and the City Attorney (together, the “Associated Professionals”), to take action or to cause the 2014 Paying Agent to take action to accomplish such defeasance and payment in accordance with the 2014 Bond Ordinance.

Section 3. Approval of Escrow Agreement. The City Council, sitting as the governing body of the Airport Enterprise, hereby approves the Escrow Agreement, in substantially the form presented at this meeting, and authorizes and directs the Mayor to execute and deliver the Escrow Agreement for and on behalf of the Airport Enterprise, in substantially the form and with substantially the content as presented at this meeting, but with

such changes, modifications, additions and deletions therein as the City Attorney and the Authorized Official executing the Escrow Agreement shall deem necessary, desirable or appropriate (execution thereof to constitute conclusive evidence of the approval of any and all such changes, modifications, additions or deletions).

Section 4. Supplemental Appropriation; Deposit of Moneys into the Escrow Account.

(a) Ordinance No. 17-116 is hereby amended by increasing the Airport Bond Fund expenditure appropriation by \$2,251,021. The sources of funds are the Bond Reserve and the Bond Fund available fund balance. Additionally, Ordinance No. 17-116 is hereby amended by increasing the Airport Gross Revenue Fund expenditure appropriation by \$4,567,538. The sources of funds are the Renewal/Replacement fund and the Operating and Maintenance fund.

(b) The City Council, sitting as the governing body of the Airport Enterprise, hereby authorizes and directs the deposit of sufficient funds, in an amount not to exceed \$7,310,000, from the legally available funds of the Airport Enterprise, including the amounts described in this Section, into the escrow account established pursuant to the Escrow Agreement. The amount so deposited shall at all times be at least sufficient to pay the principal of and interest on the 2014 Bonds as they become due in accordance with the schedule set forth in the special report of a certified public accountant (the "Verification Report") prepared for such purposes. The City Council hereby authorizes the preparation of the Verification Report and directs the use of such moneys for the complete payment of the 2014 Bonds, in accordance with the Escrow Agreement.

Section 5. Additional Documents and Actions. The Authorized Officials are hereby authorized and directed to execute and deliver for and on behalf of the City and the Airport Enterprise any and all additional certificates, documents, opinions or other papers, and to perform all other acts as they may deem necessary or appropriate in order to implement and carry out the intent and purpose of this Ordinance.

Section 6. Repeals. All ordinances, resolutions, motions, orders, by-laws, rules or regulations, or parts thereof, in conflict with this Ordinance are hereby repealed only to the extent of such inconsistency.

Section 7. Severability. If any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining parts or provisions of this Ordinance.

Section 8. Publication. This Ordinance may be published by title and summary written by the City Clerk, together with a statement that the Ordinance is available for public inspection and acquisition in the office of the City Clerk as provided by the Charter.

Section 9. Effective Date. This Ordinance shall be in full force and effect from and after its final adoption and publication as provided by the Charter.

INTRODUCED, READ, PASSED ON FIRST READING AND ORDERED
PUBLISHED BY TITLE THIS 13TH DAY OF NOVEMBER, 2018.

By: _____
Richard Skorman, Council President

FINALLY PASSED ON THIS ____ DAY OF NOVEMBER, 2018.

By: _____
Richard Skorman, Council President

Attest:

By: _____
Sarah B. Johnson, City Clerk

By: _____
John W. Suthers, Mayor