DENVER
DEPARTMENT OF FINANCE

DDDA 2025 Financing Structure Overview

Acting based on voters' authorization of up to $570 million for Downtown Revitalization efforts, the City and County of Denver (city), acting on behalf of the Denver Downtown Development Authority (DDDA), is pursuing a coordinated financing package consisting of a $160 million fixed-rate loan and a $50 million revolving line of credit (RLOC) with PNC Bank. This structure supports priority redevelopment projects within the DDDA boundaries while leveraging tax increment financing (TIF) revenues. Below is a summary of the payment strategies and safeguards in place.

TIF Revenues and Repayment Strategy

The city is committed to ensuring that any draw on the RLOC is supported by a clear repayment plan prior to issuance. The Department of Finance (DOF) tracks TIF collections on a monthly basis, allowing for timely monitoring of performance and a rapid response to any material changes in revenue.

- The sole source of repayment for both the fixed-rate loan and RLOC are property tax TIF and sales tax TIF revenues generated within the boundaries of the DDDA.
- The TIF base is stable and consistent; first quarter 2025 sales TIF revenues increased by +1.6% compared to the prior year.
- Current TIF revenue projections are approximately $40 million annually, based on the existing DDDA area (Denver Union Station and Market Station), and are expected to grow through 2038 to approximately $43 million.
    - Given the fixed-rate loan structure—and depending on when the RLOC becomes outstanding—TIF revenues would need to decline by approximately 35% to 50% for the debt service coverage ratio (DSCR) to fall below 1.0x, meaning revenues would no longer fully cover annual payments.
- These projections do not include any revenue from potential TIF generated within the newly expanded DDDA investment area.

$160M Fixed Rate Loan with $16.9M Estimated Annual Loan Payment

- Projected DSCR in 2026 is 2.27x. This means projected revenues are more than double the amount needed to make the annual loan payment, providing a strong financial cushion.
- The city has no obligation to contribute non-TIF funds for this loan. The only pledged revenues are the TIF revenues generated within the DDDA boundaries. Remedy provisions in the loan agreement include temporarily creating a reserve account, as described below.
- If DSCR is projected to fall below 1.25x, a reserve account will be established using annual revenues to restore coverage to that level.
- PNC holds the current 2017 loan for the DDDA, which, up to December 2, 2024, required an overperformance provision to mitigate default risk. That provision directed excess TIF, up to $19.7 million annually, to be automatically applied toward outstanding principal and interest. PNC is not requiring an overperformance provision in the new agreement, reflecting their increased confidence in the DDDA TIF performance based on historical revenue performance.
- Any future issuances under the $570 million voter-approved debt authorization will be evaluated based on project need and the projected capacity to repay the debt. There are currently no specific plans in place for future issuances. This limited first tranche of issuance preserves $459[1] million of debt capacity, allowing for future projects to advance towards readiness to submit an application and signal that this is not a first-come, first-served program.

[1] $49 million (2008) remaining plus $570 million (2024) minus $160 million issuance equals $459 million of remaining debt capacity.

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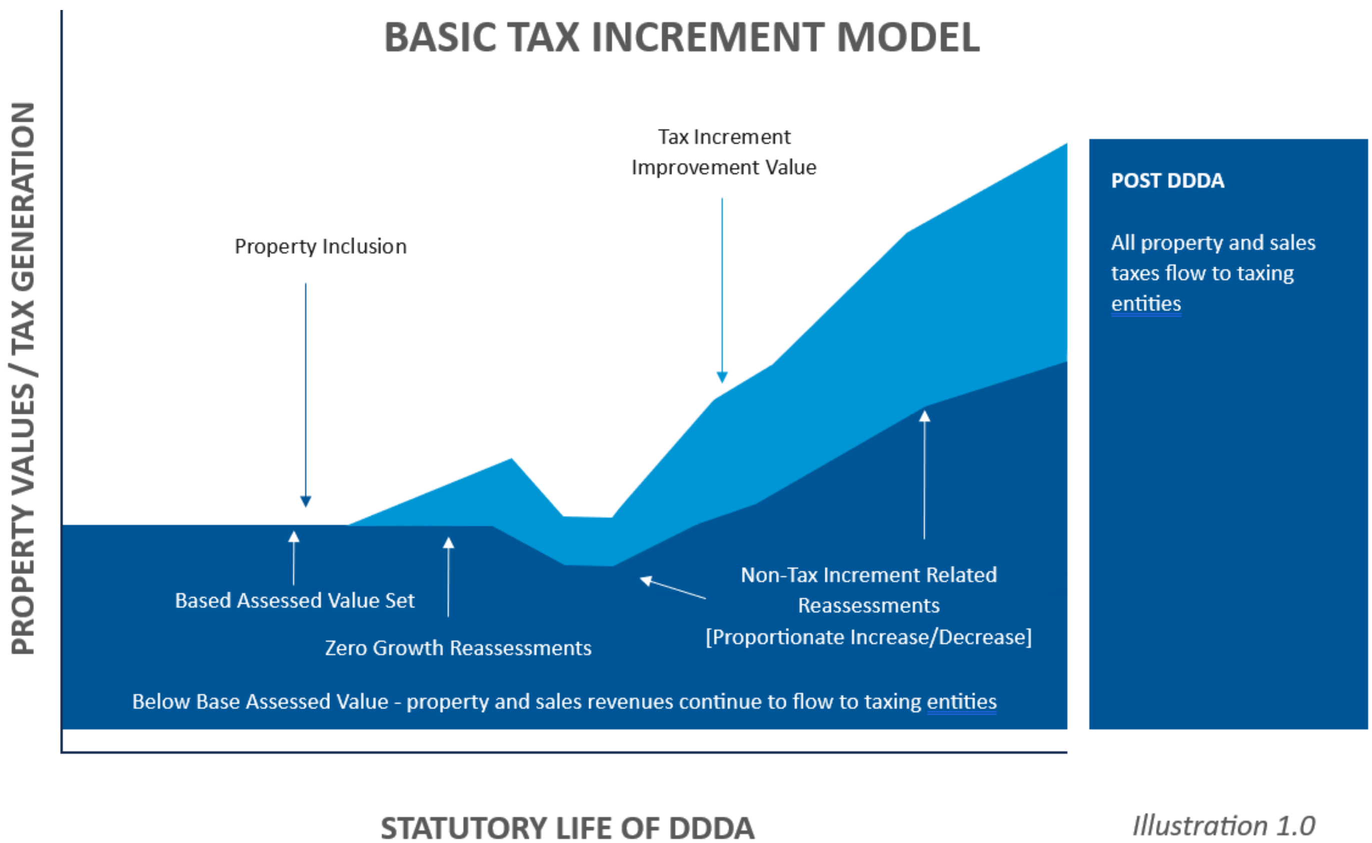
$50M Revolving Line of Credit (RLOC)

- Execution of the RLOC is optional, based on short-term project needs and repayment capacity.
- RLOC expires December 31, 2025, with the option to renew.
- Intended to fund short-term, eligible project costs.
- Because the RLOC matures within the same fiscal year, it does not count against the $570 million in voter-approved long-term debt capacity if repaid by year-end.
- If funds are not available at year-end to repay draws, the city may convert the outstanding balance into a long-term obligation amortized through 2038.
- If an approved project does not require up-front funding that would require a draw from the RLOC, excess revenue will be utilized to limit fees and interest due on debt issuance.

This financing structure is designed to maintain flexibility, limit long-term obligations, and preserve voter-authorized debt capacity while advancing key downtown redevelopment goals.



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