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# **Series 2025 Certificates of Participation (COP) - Colorado Convention Center Fire Alarm Project**

Finance and Governance Committee | July 8, 2025

# Agenda

Requested City Council Action

Project Background

Financing Terms

Questions?



# Requested Council Action

BR 25-0934 | Request authorization for the city to enter a Lease Purchase where rents are based on the Trust's execution and delivery of Series 2025 Certificates of Participation (COPs), in a principal amount not to exceed \$108 million for the purpose of funding capital costs for the replacement of the existing Colorado Convention Center (CCC) fire alarm system, reimbursing the City for certain preliminary expenditures and associated costs of issuance expenses (attorney fees, rating agencies fees, underwriter fees, etc.)



# Background – Colorado Convention Center

- Located in downtown Denver, the Colorado Convention Center is an important economic engine to both Denver and Colorado and is home to more than 200 events annually
- It is an essential asset of the city, generating more than \$500 million in annual economic impact, and an expected \$3 billion in economic impact through 2034 based on future bookings
- The 2.2 million square foot Colorado Convention Center currently consists of 584,000 square feet of contiguous exhibit space, meeting rooms, ballroom space, a 5,000-seat theatre, and 671 parking spaces located in an adjacent parking facility



# Colorado Convention Center Expansion

Expansion of approximately 250,000 sf:

- Multi-function ballroom, pre-function space, rooftop terrace, and kitchen/support space
- Improvements to Lobby Spaces D & E (to accommodate access to rooftop expansion)
- Interior and exterior wayfinding



# Fire Alarm Replacement Project

## Rationale:

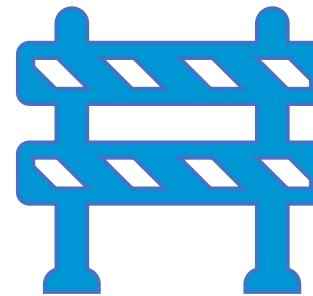
- A new assessment of the fire alarm system in the Colorado Convention Center identified a need to replace the system
- Existing system is nearing end of its useful life
- The city also needs to invest in the fire alarm system to obtain a certificate of occupancy (C/O) for the Expansion

## Context:

- The city has an existing Temporary C/O for the Expansion, conditional on this work being completed
  - We must follow the same requirements for city facilities that we would expect of a private facility
- The fire alarm system is operational and is inspected on a regular basis, and we have worked closely with DFD to ensure safety for current events

# Fire Alarm Replacement Project Scope

- Install new system backbone network and integrate smoke control processes into the new network
- Install new devices, test zones, and integrate with the system in the Convention Center Expansion
- Following testing of all zones, demolish the existing system (remove old devices, leave existing system conduit pathways for potential future use)



# Independent Cost Estimate

- Independent cost estimate submitted to Department of Transportation and Infrastructure
- Hensel Phelps (HP) bid also submitted to DOTI, which facilitated reconciliation meetings to align quantities and cost, resulting in final price within 3% of independent cost estimate
- HP, the existing contractor, has the expertise to do this work and is already on the ground, meaning they can move quickly. HP is contractor of record for C/O
- Moving quickly allows us to act before costs increase (e.g., tariffs, inflation) -- the risk of tariffs and inflation is transferred to HP -- and obtain our C/O

# Certificates of Participation (COP)

- For the form of a lease-leaseback agreement transaction: Certificates represent an interest in lease payments made by a state or local government to a trust, who holds a leasehold interest or title to the financed assets on behalf of the investors
- Are typically used for the purchase or construction of real property
- Are not considered city debt
- Lease-back payments are subject to annual appropriation by City Council
- Must have a city-owned asset as leased property
  - Lease is released when the COP is retired
  - If the city fails to appropriate the annual COP lease payment, the Trustee takes possession of the property pursuant to the Lease for the benefit of the COP holders

# Series 2025 COP Financing Terms

New Series	Tax Status	Estimated Par Amount*	Interest Rate*	Estimated Annual Lease Payment*	Purpose	Term	Final Maturity	Facilities Leased Property
2025	Tax-Exempt	\$108M	Not to exceed 5.25%	\$7.9M	Replacement of existing fire alarm system	Not to exceed 20 years	12/1/2044	Convention Center Parking Garage and Denver Performing Arts Complex Parking Garage

\*final par amount, interest rate, and annual lease payments will be determined on the day of pricing and is dependent on market conditions.

- Costs associated with the transaction will be paid from the proceeds of the financing
- Repayment sources include the Convention Center Capital Fund, Capital Improvement Fund, and the Facilities Development Admissions Tax Fund (seat tax)
- City lease-back rental payments are subject to annual appropriation by City Council; do not require voter approval
- Two city-owned assets serve as the leased property for the transaction
  - If the city fails to appropriate lease-back rental payments, the Trust can take possession of the asset(s) through its lease for the benefit of the COP holders

# Series 2025 Financing Objectives

Lease-back structured to optimize sources while managing risk and market conditions:

- ✓ Meets debt policy guidelines
- ✓ Rental payments will be fully funded from asset lease and no expected contribution from General Fund
- ✓ Timing of lease financing prevents impact to CCC operations, including the risk of losing revenue and economic activity generated from the Convention Center events
- ✓ Flexible structure – COP can be refinanced by the Trust in 10 years, lowering rental payments for the city, if interest rates decline or prepayment without penalty



# Financing & Legislative Timeline



Fire alarm construction must start in June to minimize cost, maintain resource continuity, and meet DFD-accepted completion dates. Pre-construction efforts are currently underway and will be ready to deploy COP proceeds after close. The city will use the Hensel Phelps Design/Build contract, which was adopted in 2020

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# Questions?