

ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor’s Legislative Team  
At [MileHighOrdinance@DenverGov.org](mailto:MileHighOrdinance@DenverGov.org) by 3:00pm on Monday.

*\*All fields must be completed.\**

*Incomplete request forms will be returned to sender which may cause a delay in processing.*

Date of Request: January 19, 2016

Please mark one:       Bill Request                      or                       Resolution Request

1. Has your agency submitted this request in the last 12 months?

Yes                       No

If yes, please explain:

2. **Title:** (Include a concise, one sentence description – please include name of company or contractor and contract control number - that clearly indicates the type of request: grant acceptance, contract execution, amendment, municipal code change, supplemental request, etc.)

Authorizes the issuance of City and County of Denver Excise Tax Revenue Bonds, Series 2016A-B in a par amount not to exceed \$425,000,000 for the purpose of funding initial costs related to the development of the National Western Center and improvements at the Colorado Convention Center, to refund existing Excise Tax Revenue Bonds Series 2005A and 2009A, and to pay costs of issuance.

3. **Requesting Agency:** Department of Finance

4. **Contact Person:** (With actual knowledge of proposed ordinance/resolution.)

- **Name:** Michelle Wang
- **Phone:** 720-913-9353
- **Email:** [michelle.wang@denvergov.org](mailto:michelle.wang@denvergov.org)

5. **Contact Person:** (With actual knowledge of proposed ordinance/resolution who will present the item at Mayor-Council and who will be available for first and second reading, if necessary.)

- **Name:** Michelle Wang
- **Phone:** 720-913-9353
- **Email:** [michelle.wang@denvergov.org](mailto:michelle.wang@denvergov.org)

6. **General description of proposed ordinance including contract scope of work if applicable:**

The proposed ordinance authorizes the issuance of up to \$425,000,000 of City and County of Denver, Excise Tax Revenue Bonds, Series 2016A-B. The 2016A-B Bonds will be fixed-rate obligations consisting of both new money and refunding bonds. New money bonds in a par amount of up to \$225,000,000 will finance initial costs related to the development of the National Western Center, improvements at the Colorado Convention Center primarily related to initial design and project management costs, and to pay costs of issuance. Refunding bonds of up to \$200,000,000 will refund existing Excise Tax Revenue Bonds Series 2005A and 2009A for present value savings and to amend the existing pledged revenues and flow of funds. The 2016A-B Bonds will include both taxable and tax-exempt portions. Taxable bonds will be issued in order to provide flexibility for anticipated private business use on the National Western Center site and to allow for the advanced refunding for the Series 2005A Bonds. The final par amount and tax-exempt/taxable mix will be determined closer to the day of pricing and is dependent on market conditions.

*\*\*Please complete the following fields: (Incomplete fields may result in a delay in processing. If a field is not applicable, please enter N/A for that field – please do not leave blank.)*

- a. **Contract Control Number:** N/A
- b. **Duration:** Term of the 2016 Bonds will not exceed 30 years
- c. **Location:** Bond funded projects will be located at the National Western Center and the Colorado Convention Center
- d. **Affected Council District:** Council District 9
- e. **Benefits:** Funds voter-authorized improvements at the National Western Center and Colorado Convention Center
- f. **Costs:** Costs associated with the transaction will be paid from the proceeds of the bond transaction

7. **Is there any controversy surrounding this ordinance?** (Groups or individuals who may have concerns about it?) **Please explain.**  
None known.

To be completed by Mayor’s Legislative Team:

SIRE Tracking Number: \_\_\_\_\_

Date Entered: \_\_\_\_\_



**DENVER**  
THE MILE HIGH CITY

MICHAEL B. HANCOCK  
Mayor

# CITY AND COUNTY OF DENVER

DEPARTMENT OF FINANCE

CARY KENNEDY  
CHIEF FINANCIAL OFFICER

201 W. COLFAX AVE. Dept. 1010  
DENVER, COLORADO 80202  
PHONE: (720) 913-5000

## Executive Summary

### An Ordinance to Issue Excise Tax Revenue Bonds, Series 2016A-B

The proposed ordinance authorizes the Manager of Finance to issue a par amount of up to \$425 million of Excise Tax Revenue Bonds, Series 2016A-B, for the purpose of funding initial costs related to the development of the National Western Center and improvements at the Colorado Convention Center, to refund existing Excise Tax Revenue Bonds Series 2005A and 2009A, and to pay costs of issuance.

#### Use of Proceeds:

2016A-B Bond proceeds will be used as follows:

- 1) Up to \$200,000,000 for initial costs related to the development of the National Western Center, primarily related to land acquisition costs and other early project tasks and associated expenses. Note that the Land Acquisition Ordinance has already been approved by City Council in December 2015.
- 2) Up to \$6,000,000 for initial costs related to improvements at the Colorado Convention Center, including expenses for a project management team and staffing, planning and programming, and initiation of design development.
- 3) Up to \$200,000,000 for the refunding of existing Excise Tax Revenue Bonds Series 2005A and 2009A, both originally issued in 2001 to fund the Convention Center expansion project. The refunding of these existing Excise Tax Revenue Bonds (the only ones outstanding) will generate present value savings and will allow for the amendment and strengthening of the existing pledged revenues and flow of funds.
- 4) To pay costs of issuance expenses and a deposit to the debt service reserve fund if determined to be necessary by the Manager of Finance prior to pricing.

#### Financing Structure:

The 2016A-B Bonds will be issued as fixed-rate obligations with a term not to exceed 30 years. The 2016A-B Bonds will include both tax-exempt and taxable portions. Taxable bonds will be issued in order to provide flexibility for anticipated private business use on the National Western Center site and to allow for the advanced refunding for the Series 2005A Bonds, taking advantage of historically low spreads between tax-exempt and taxable municipal bonds currently.

The allocation between Series A (Tax-Exempt) and Series B (Taxable) is still being determined; however, the total amount of bond proceeds will remain the same regardless of the allocation between each series. The final par amount and tax-exempt/taxable mix will be determined close to the day of pricing and is dependent on market conditions.

#### Pledged Revenues:

The 2016 Bonds will be special and limited obligations of the City payable solely from and secured by a pledge of portions of the City's lodger's tax, prepared food and beverage tax, and auto rental tax as further detailed below. The Bonds are not general obligations of the City nor are they payable in whole or in part from the proceeds of general property taxes, nor is the full faith and credit of the City pledged to pay the Bonds.

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In order to enhance the credit structure of the 2016 Bonds (resulting in higher ratings from the credit agencies, lower cost of funds, and better market access through economic cycles), the City will pledge portions of the Lodger's Tax and Auto Rental Tax to the Series 2016A-B Bonds that were not previously pledged to the Series 2005A and Series 2009A Bonds.

The addition of the currently unpledged revenues is a credit enhancement tool only and is not anticipated to be used toward the debt service on the 2016 Bonds or toward the debt service on any future National Western Center or Convention Center improvement bonds.

A comparison of the pledged revenues under the existing 2005A and 2009A Bonds and the proposed new pledge on the 2016A-B Bonds is as follows:

<u>Existing Pledge to Excise Tax Revenue Bonds</u>		<u>New Pledge to Excise Tax Revenue Bonds</u>	
<b><u>Lodger's Tax (10.75% to CCD)</u></b>		<b><u>Lodger's Tax (10.75% to CCD)</u></b>	
Pledged Excise Tax Base	3.00%	Pledged Excise Tax Base	6.25%
<u>Pledged Excise Tax Increases</u>	<u>1.75%</u>	<u>Pledged Excise Tax Increases</u>	<u>1.75%</u>
<i>Total Pledged</i>	<i>4.75%</i>	<i>Total Pledged</i>	<i>8.00%</i>
Unpledged (General Fund)	3.25%	Unpledged (Visit Denver)	2.75%
Unpledged (Visit Denver)	2.75%		
 <b><u>Auto Rental Tax (7.25% to CCD)</u></b>		 <b><u>Auto Rental Tax (7.25% to CCD)</u></b>	
Pledged Excise Tax Base	2.00%	Pledged Excise Tax Base	5.50%
<u>Pledged Excise Tax Increases</u>	<u>1.75%</u>	<u>Pledged Excise Tax Increases</u>	<u>1.75%</u>
<i>Total Pledged</i>	<i>3.75%</i>	<i>Total Pledged</i>	<i>7.25%</i>
Unpledged (General Fund)	3.50%		
 <b><u>Prepared Food and Beverage (4.00% to CCD)</u></b>		 <b><u>Prepared Food and Beverage (4.00% to CCD)</u></b>	
<u>Pledged Excise Tax Base</u>	<u>0.50%</u>	<u>Pledged Excise Tax Base</u>	<u>0.50%</u>
<i>Total Pledged</i>	<i>0.50%</i>	<i>Total Pledged</i>	<i>0.50%</i>
Unpledged (General Fund)	3.50%	Unpledged (General Fund)	3.50%

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