

October 27, 2025

Honorable Amanda P. Sandoval
Denver City Council President
City and County Building, Room 451
Denver, CO 80202

Dear Council President:

In accordance with Section 20-93 of the Denver Revised Municipal Code (DRMC), I previously notified you on June 26, 2025 of the Department of Finance's intent to enter into a financing transaction by and on behalf of the Denver Downtown Development Authority (DDDA). This transaction consists of two coordinated agreements with PNC Bank, National Association: (1) a fixed-rate Loan Agreement and (2) a Revolving Credit Agreement (RLOC). Since that notice, the terms of the proposed transactions have been refined, and this letter provides an updated notice pursuant to Section 20-93 of the DRMC.

This financing structure was designed to provide flexibility, align with project readiness, and manage both short-term and long-term debt capacity. It leverages a strong and growing tax increment financing (TIF) base projected to generate approximately \$40 million annually. Both instruments are taxable, preserving flexibility in the use of proceeds across a broad range of eligible projects.

The Loan Agreement will be in an amount not to exceed \$160 million, carry a fixed interest rate for two years before converting to a variable rate, and mature December 1, 2029, prior to the end of the DDDA's current statutory TIF collection term. This approach provides flexibility to refinance the loan to meet future DDDA needs. The RLOC will be in an amount not to exceed \$50 million, carry a variable interest rate pegged to 1-month SOFR plus 40 basis points, and will expire December 31, 2025, with up to five possible annual renewals. Draws under the RLOC must be repaid by the fiscal year-end and, therefore, will not count against any voter-approved debt authorization capacity from the November 2024 Election or November 2008 Election - preserving that capacity for long-term financing of priority projects.

Proceeds will finance projects authorized under the Amended and Restated DDDA Plan of Development and applicable state statute. These obligations will be secured solely by tax increment revenues collected within the DDDA boundaries and deposited into the applicable dedicated City Special Funds. They do not constitute general obligations of the City and are not backed by the full faith and credit of the City.

The accompanying *Attachment A* contains a more detailed description of the financing as required by Section 20-93(b) of the DRMC.

Sincerely,


Nicole C. Doheny
Manager of Finance

Attachment

CC: Honorable Tim O'Brien, Auditor
Paul D. Lopez, Clerk and Recorder
Luke Palmisano, Senior Legislative Policy Analyst
Alyssa Ferreira, City Council Secretary
Angela Casias, Legislative Director
Brad Neiman, City Attorney's Office
Carmen Jackson-Brown, City Attorney's Office

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Attachment A
DESCRIPTION OF THE 2025 DDDA FINANCING TRANSACTION

Proposed Financing Overview

The City and County of Denver, acting by and on behalf of the DDDA, intends to enter into a Loan Agreement and Revolving Credit Agreement (RLOC) with PNC Bank, National Association, to implement a voter-approved financing strategy for downtown development.

The sole source of repayment for both the fixed-rate loan and RLOC are tax increment revenues generated within the DDDA boundaries. First quarter 2025 sales TIF revenues demonstrated growth (+1.6% over prior year), and current projections estimate approximately \$40 million annually, growing to approximately \$43 million by 2038. Based upon this revenue base, the 2026 debt service coverage ratio (DSCR) is projected at 2.27x, meaning revenues are more than double the amount required for annual debt payments. Under the fixed-rate loan structure, and depending on when the RLOC is drawn, TIF revenues would need to decline by roughly 35% to 50% for coverage to fall below 1.0x.

This two-part financing package will:

- Provide capital for new development projects within the DDDA boundaries, as amended from time to time, consistent with the Amended and Restated Plan of Development adopted in 2024.
- Authorize the prepayment of the City's 2017 DDDA Loan Agreement, as amended, originally entered into in the principal amount of \$197.3 million.

Loan Agreement

- Amount: Not to exceed \$160 million
- Tax Status: Taxable, to preserve flexibility in project eligibility and timing
- Interest Rate: Fixed for 2 years, then variable (1M SOFR plus a marginal rate of interest applicable to the outstanding loan amount plus up to 75 bps)
- Maturity Date: No later than December 1, 2029
- Security: Tax increment revenues deposited in the City's applicable dedicated Special Funds
- Obligation Type: Special and limited obligation; not a general obligation of the City
- Reserve Requirement: If projected DSCR falls below 1.25x, annual revenues will be placed into a reserve account until compliance is restored. Excess funds may be otherwise expended for eligible purposes. If the coverage ratio remains above 1.25x for two consecutive years, then the funds are otherwise released. This reserve structure is a remedy under the agreement and does not constitute a default.
- The City is not obligated to backstop the loan. Only TIF revenues generated within the DDDA boundaries are pledged.

Revolving Credit Agreement

- Amount not to exceed: \$50 million
- Tax Status: Taxable, allowing proceeds to be used across a wide range of Amended and Restated Plan-authorized redevelopment activities without federal tax law restrictions.
- Interest Rate: Variable (1M SOFR + 40bps)
- Term: Expires December 31, 2025, with the option to renew for up to five additional annual terms
- Impact on Authorization: Draws must be repaid within the then-current fiscal year and will not count against the \$570 million in voter-approved long-term debt capacity, preserving flexibility for future financing needs.
- Security: Tax increment revenues in the City applicable dedicated Special Funds
- Obligation Type: Special and limited obligation; not a general obligation of the City
- Option: Use of the RLOC is optional, and approval does not obligate the City to draw funds

Voter Authorization

This financing is authorized by the ballot measure approved by 77% of DDDA electors in the November 2024 election, which allows the City to issue up to \$570 million in debt by and on behalf of the DDDA, with a total repayment cost not to exceed \$847 million, secured by DDDA TIF revenues and without raising taxes.

Following this transaction, approximately \$459 million of the \$619 million in remaining voter-authorized capacity (approximately \$49 million from 2008 and \$570 million from 2024) is projected to remain available. This reflects the full use of the 2008 authorization and a portion of the 2024 authorization. Of this amount, up to \$50 will remain unissued by the City in the event the RLOC needs to be taken out with long-term debt. Any subsequent financings will be evaluated based on project need, the capacity to repay debt, and refinancing any existing debt.

The Proposed Timetable of Events

Major events are contained in the tentative transaction timetable below:

Date	Event
June 24	Finance & Governance Committee
June 30	Reading of 20-93
July 1	Mayor Council
November 3	Reading of Updated 20-93
November 3	First Council Reading
November 10	Second Council Reading
Week of November 17	Document Signatures
November 26	Close/Fund Financing

Legal Counsel

Butler Snow LLP serves as Bond Counsel.

Other Information

I know of no event at this time that will affect the financing as described herein. In keeping with the intent of the 20-93 of the DRMC, the President of Council will be notified promptly of any material change to the financing. I do not anticipate formally communicating technical changes of an immaterial nature or minor changes in the timetable.