

ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor's Legislative Team

at MileHighOrdinance@DenverGov.org by **11:00am on Monday**. Contact the Mayor's Legislative team with questions

Date of Request: May 15, 2023

Please mark one: ☒ Bill Request or ☐ Resolution Request

1. Type of Request:

- ☐ Contract/Grant Agreement ☐ Intergovernmental Agreement (IGA) ☐ Rezoning/Text Amendment
- ☐ Dedication/Vacation ☐ Appropriation/Supplemental ☐ DRMC Change
- ☒ Other: Certificate of Participation Lease Purchase Financing Transaction

2. **Title:** (Start with *approves*, *amends*, *dedicates*, etc., include name of company or contractor and indicate the type of request: grant acceptance, contract execution, contract amendment, municipal code change, supplemental request, etc.)

Amends the Lease with Civic Center Office Building, Inc. for the Lease Purchase of the Wellington E. Webb Municipal Building and authorizes the Manager of Finance, on behalf of the City, to select for the City between alternate forms of a 2023 Lease Purchase Agreement and approves related alternate Indentures and Preliminary Official Statements, and take other necessary action in relation thereto.

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

4. Contact Person:

Contact person with knowledge of proposed ordinance/resolution	Contact person to present item at Mayor-Council and Council
Name: Hannah Stewart	Name: Josh Rosenblum
Email: hannah.stewart@denvergov.org	Email: joshua.rosenblum@denvergov.org

5. General description or background of proposed request. Attach executive summary if more space needed:

Amends the Lease with Civic Center Office Building, Inc. for the Lease Purchase of the Wellington E. Webb Municipal Building and authorizes the Manager of Finance, on behalf of the City, to select for the City between alternate forms of a 2023 Lease Purchase Agreement. One form of 2023 Lease purchase agreement will modify into a single repayment schedule, and one would keep the original rental schedule and add a second additional rental schedule. Both forms of 2023 Lease will extend the term of the existing Webb Lease, and both will result in a total payment, should all lease payments be made for the ultimate purchase of the Webb building in rentals not to exceed \$600,000,000. The alternate 2023 Leases will each require Council to approve corresponding alternate forms of Preliminary Official Statement and amend the existing Indenture. Under one form of Indenture the Trustee will execute and deliver Series 2023 Certificates of Participation in a par amount not to exceed \$300,000,000 for the purposes of 1. funding the improvements and renovations to the Wellington E. Webb Municipal Office Building; 2. refunding the outstanding Refunding Certificates of Participation, Series 2008A including the termination of swap agreements associated with the Refunding Certificates of Participation, if economical and; 3. paying costs of issuance expenses. Under the alternate form of Indenture the Trustee will execute and deliver Series 2023 Certificates of Participation in a par amount not to exceed \$134,500,000 for the purposes of 1. funding the improvements and renovations to the Wellington E. Webb Municipal Office Building; and 2. paying costs of issuance expenses.

The City will lease the renovated and refurbished Wellington E. Webb Municipal Office Building, which it will continue to occupy. See Executive Summary for additional details.

6. **City Attorney assigned to this request (if applicable):** Laurie Heydman

7. **City Council District:** District 9

8. ****For all contracts, fill out and submit accompanying Key Contract Terms worksheet****

To be completed by Mayor's Legislative Team:

Resolution/Bill Number: _____

Date Entered: _____

Key Contract Terms

Type of Contract: (e.g. Professional Services > \$500K; IGA/Grant Agreement, Sale or Lease of Real Property): Certificate of Participation (COP) Lease Purchase Financing Agreement

Vendor/Contractor Name: N/A

Contract control number: N/A

Location: COP proceeds will fund improvements at the Wellington E. Webb Municipal Office Building (Council District 9)

Is this a new contract? ☒ Yes ☐ No **Is this an Amendment?** ☐ Yes ☒ No **If yes, how many?** ____ N/A

Contract Term/Duration (for amended contracts, include existing term dates and amended dates): Term of the 2023 COPs not to exceed 20 years

Contract Amount (indicate existing amount, amended amount and new contract total): N/A

<i>Current Contract Amount (A)</i>	<i>Additional Funds (B)</i>	<i>Total Contract Amount (A+B)</i>
<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>

Scope of work: N/A

Was this contractor selected by competitive process? The COPs will be sold in a negotiated process with underwriting firms selected via a competitive RFP process.

If not, why not?

Has this contractor provided these services to the City before? ☐ Yes ☐ No N/A

Source of funds: COP Lease Payments will be paid from a combination of the City's Capital Improvement Fund and General Fund.

Is this contract subject to: ☐ W/MBE ☐ DBE ☐ SBE ☐ XO101 ☐ ACDBE ☒ N/A

WBE/MBE/DBE commitments (construction, design, Airport concession contracts): N/A

Who are the subcontractors to this contract? N/A

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CITY AND COUNTY OF DENVER

DEPARTMENT OF FINANCE

MARGARET DANUSER
MANAGER OF FINANCE

201 W. COLFAX AVE.
DEPT. 1010
DENVER, COLORADO 80202

Executive Summary

An Ordinance to Authorize Execution and Delivery of Series 2023 Certificates of Participation and Lease Purchase Transaction

The proposed ordinance amends the Lease with Civic Center Office Building, Inc. for the Lease Purchase of the Wellington E. Webb Municipal Building and authorizes the Manager of Finance, on behalf of the City, to select for the City between alternate forms of a 2023 Lease Purchase Agreement One form of 2023 Lease purchase agreement will modify into a single repayment schedule and one would keep the original rental schedule and add a second additional rental schedule. Both forms of 2023 Lease will extend the term of the existing Webb Lease and both will result in a total payment, should all lease payments be made for the ultimate purchase of the Webb building in rentals not to exceed \$600,000,000. The alternate 2023 Leases will each require Council to approve corresponding alternate forms of Preliminary Official Statement and amend the existing Indenture. Under one form of Indenture the Trustee will execute and deliver Series 2023 Certificates of Participation (“COPs”) in a par amount not to exceed \$300,000,000 for the purposes of 1. funding the improvements and renovations to the Wellington E. Webb Municipal Office Building; 2. refunding the outstanding Refunding Certificates of Participation, Series 2008A including the termination of swap agreements associated with the Refunding Certificates of Participation, if economical and; 3. paying costs of issuance expenses. Under the alternate form of Indenture the Trustee will execute and deliver Series 2023 Certificates of Participation in a par amount not to exceed \$134,500,000 for the purposes of 1. funding the improvements and renovations to the Wellington E. Webb Municipal Office Building; and 2. paying costs of issuance expenses. The Manager of Finance will approve the 2023 Lease form which is the most economical.

The update and remodel of the Webb Building is being done to consolidate staff utilization efficiencies, upgrade dated and worn-out finishes, meet current building codes, and meet necessary ADA requirements.

The market opportunity to reduce the risk profile of a portion of the City’s outstanding debt portfolio is being contemplated by refunding the outstanding Series 2008A1-A3 COP’s and terminating the associated interest rate swaps, if economical at the time of pricing.

Financing Structure

The Webb Building, which currently serves as the leased property for the 2008A1-3 COP’s, will also serve as leased property for the 2023 COP’s. The 2023 COP’s will be issued through an indenture on the rental payments from the Lease Purchase in an Indenture by Civic Center Office Building as Landlord, Assignor, through its Manager, the Denver Public Facilities Leasing Trust 2003 and Zions Bancorporation, National Association as Trustee. The City intends to enter into an amended and restated annually renewable Lease Purchase Agreement with a Leasing Trust, as lessor, and the City and County of Denver, as lessee, under which the base rentals payments are subject to the annual appropriation by the City Council. The Leasing Trust will execute and deliver

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Revised 03/02/18

Certificates of Participation evidencing proportionate interests in the lease rental payments. The term of the COPs will not exceed 20 years. The final par amount and interest rate will be determined on the day of Certificate pricing and is dependent on market conditions. The costs associated with the transaction will be paid for by the proceeds of the COPs. The COPs will be sold in a negotiated process with underwriting firms selected via a competitive RFP process.

After the issuance of the Series 2023 COPs, the combined annual lease payments associated with the Webb building is expected to be approximately \$26 million through 2031 and \$24 million through 2037, subject to annual appropriation. The expected source of funds for the annual lease payment is a combination of the City's Capital Improvement Fund and General Fund.

If the City fails to appropriate the lease payment, the Trust can take possession of the Webb Building and the furniture fixtures and equipment in for the benefit of the Certificate holders. Neither the Lease nor the COPs constitute a multiple year fiscal obligation of the City.

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