



**DENVER**  
THE MILE HIGH CITY

# **Series 2017A**

## **Refunding Certificates of Participation (COPs)**

Department of Finance  
Denver Botanic Gardens

January 24, 2017

- Certificates of Participation (COPs) Overview
- Refunding Transaction
- Financing Overview
  - Requested Ordinances
  - Key Financing Terms
- Timetable

- A lease purchase (“rent-to-own”) transaction subject to annual appropriation by City Council; not subject to voter approval
- A City-owned asset serves as the collateral for the transaction
  - Collateral is released when COPs retire
  - If the City fails to appropriate the lease payment, the Trustee takes possession of the asset for the benefit of the COP holders

### Debt Policy for COPs:

- Long lived assets with high acquisition costs that would otherwise be disruptive if financed with cash are best candidates of COP financings
- Project to be financed must be deemed “essential” and necessary to the City
- New revenue stream and/or measureable cost savings dedicated to annual lease payments on the COPs
- Annual lease payments shall not exceed 5% of acquiring fund’s annual revenues

## Series 2008B COPs

- In November 2008, the City executed a COP Lease Purchase Agreement; proceeds were used to construct the parking garage at DBG at York Street
  - DBG parking garage serves as collateral

## Series 2017A Refunding COPs

- To advance refund the outstanding Series 2008B COPs to achieve interest costs savings
  - Present value savings are estimated at \$2.1 million
  - DBG parking garage to continue to serve as collateral



## Requested Ordinances

- 1) **Bill Request 2017-0042:** *Authorizes the Manager of Finance, on behalf of the Denver Botanic Gardens, to amend the Site Lease and the site License for the Children's Garden to the renamed 2017A Trust, and to amend the Lease Purchase Agreement where the Trustee will enter into a refunding Certificates of Participation transaction, Series 2017A, in a principal amount not to exceed \$17,600,000, to advance refund the outstanding Series 2008B Certificates of Participation lease purchase to generate interest cost savings and to pay costs of issuance.*
  - 2) **Bill Request 2017-0043:** *Authorizes a fourth amendment to the Cooperative Agreement between the City and County of Denver and Denver Botanic Gardens, Inc., in conjunction with the refunding Certificates of Participation lease purchase transaction, Series 2017A.*
  - 3) **Resolution Request 2017-0052:** *Authorizes amendment to the Escrow Agreement among the City and County of Denver, Denver Botanic Gardens, Inc., and UMB Bank, N.A., in conjunction with the refunding Certificates of Participation lease purchase transaction, Series 2017A.*
- Ordinance Requests #2 and #3 are administrative matters in conjunction with the Series 2017A refunding COPs

- To be sold as a private placement transaction to UMB Financial
  - UMB was selected through a competitive bid process
  - Fixed interest rate of 2.50%
- Series 2017A COP terms are essentially unchanged
  - No extension to maturity
  - No additional proceeds will be raised
  - Callable at any time with no prepayment penalties
- Lease payments subject to annual appropriation by City Council
- Repayment from revenues generated by DBG
  - No General Fund moneys have been used to pay the annual lease payments on the Series 2008B COPs
  - DBG to continue to pay the new annual lease payments in full
- Costs associated with the transaction to be paid from proceeds

Date*	
January 24	Finance & Governance Committee
January 26	Filing of Documents with City Council
January 30	1 <sup>st</sup> Reading of Refunding and Cooperative Agreement Amendment Bills
January 31	Mayor Council for Resolution Request 2017-0052
February 6	2 <sup>nd</sup> Reading of Refunding and Cooperative Agreement Amendment Bills <u>and</u> 1 <sup>st</sup> Reading of Escrow Amendment Resolution ( <i>One Reading Resolution</i> )
February 9	Publication of Ordinances
February 16	Closing of COP Refunding

\*Tentative

# DENVER BOTANIC GARDENS