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Finance and Governance Committee (Item #19-1072)

- **Ordinance Request Summary**
- **General Obligation Bond Overview**
- **Elevate Denver Bond Program**
 - Program Update
- **Third Issuance Ordinance Request (Item #19-1072)**
 - Financing Structure
 - Ordinance Request
 - Key Financing Terms
 - Tentative Financing Timeline

- **Seeking approval for:**

- Item #19-1072 Authorization of the issuance of City and County of Denver General Obligation (GO) Bonds, Series 2019C, in a par amount not to exceed \$118 million.

- Funding for Citywide capital projects within Elevate Denver Bond Program (authorized under the 2017 election)



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General Obligation Bonds Overview



Pay-As-You-Go

- Capital Improvement Fund

Multi-Year Financing Tools

- General Obligation Bonds
- Revenue Bonds
- Certificates of Participation, Capital Leases

Multi-Year Financing Tools Overview

Financing Mechanism	Description	Revenue Repayment Source
General Obligation (GO) Bonds*	Long-term obligation, secured by the full faith and credit of the City	Ad valorem taxes (dedicated Property Tax Mill Levy)
Revenue Bonds • Excise Tax Bonds* • Enterprise: DEN, Golf, Wastewater	Issued for a specific capital project and repaid solely by an associated revenue stream	New or renewed special taxes or fees (seat, lodgers, food & beverage, car rental, occupational privilege, fees)
Certificates of Participation (COPs) & Capital Leases	Lease purchase with City asset used as collateral. Subject to annual appropriation	Existing revenues; new fees, new revenue increment, program savings
Commercial Paper	Short-term unsecured debt obligation primarily used for interim financing	Generally repaid with bond proceeds



* Requires approval of majority of Denver voters.



What is a Municipal Bond?

- A long-term debt obligation issued by state and local governments/authorities to fund public purpose capital improvements such as roads and public facilities.
- Bonds constitute a formal agreement to pay between borrower (issuer) and lender (investor).
- Municipal bonds are generally issued as tax-exempt obligations because of the public purpose nature of the projects being financed.

Why do governments issue bonds?

- Allows the City to acquire assets without waiting for sufficient cash to purchase them outright.
- Spreads the cost of acquiring assets to those who benefit from it both today and in the future.
- Allows the City to leverage its limited resources by accessing the capital market generally at a lower cost than if it were to obtain a private loan from a bank.

Who buys municipal bonds?

- Buyers include large institutional investors, retail investors, property and casualty companies, trust departments, and others.
- The City is working towards a Mini-Bond issuance in 2020. The City's goal for the Elevate Denver Mini-Bond issuance is to provide Denver- and Colorado-residents with an investment opportunity, with low-denominations, to fund city-wide projects.

General Obligation Bonds Overview

General Obligation Bond Program History

- General Obligation Bonds are a long-term financing obligation backed by the full faith and credit of the city and payable from dedicated property tax mill levies.
 - Must be voter authorized (TABOR)
 - City Charter limits GO debt to 3% of actual real and personal property value (\$4.2B as of 2018)
- City’s GO Bonds are rated AAA (highest ratings by the three nationally recognized rating agencies).
- Denver voters have authorized major general obligation bond issues every 9 years or so to restore, replace, and expand our existing capital assets.

1989 GO Bond Issuance	\$241.7M
1998 GO Bond Issuance (<i>Neighborhood Bonds</i>)	\$98.6M
2007 GO Bond Issuance (<i>Better Denver Bond</i>)	\$549.7M
2017 GO Bond Issuance (<i>Elevate Denver Bond</i>)	\$937.4M



Ballot Questions

- Organized by purpose and outline legal requirements for use of funding
- TABOR requirements (dollar limits and property tax language)
- State law and charter requirements for GO Bonds
- Financial parameters

Companion Ordinance

- Designates purposes and level of funding to be undertaken with proceeds of GO bonds.
- Addition or removal of a line item project requires City Council approval.

IRS Requirements

- Bond funds are tax-exempt and therefore subject to IRS rules and regulations
- Once debt is issued, funds must be spent in three years
- Projects must be eligible



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Elevate Denver Bond Program Update

Project List Development

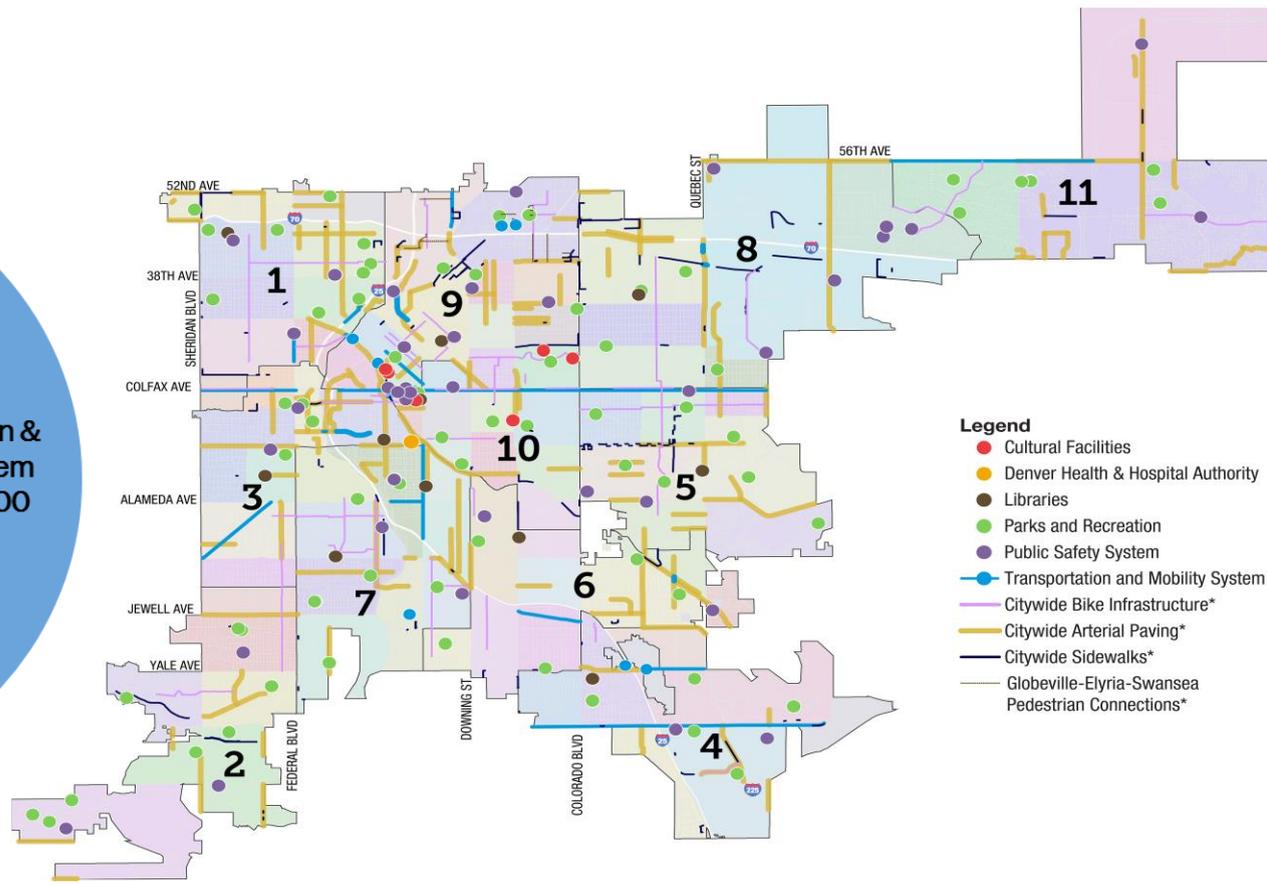
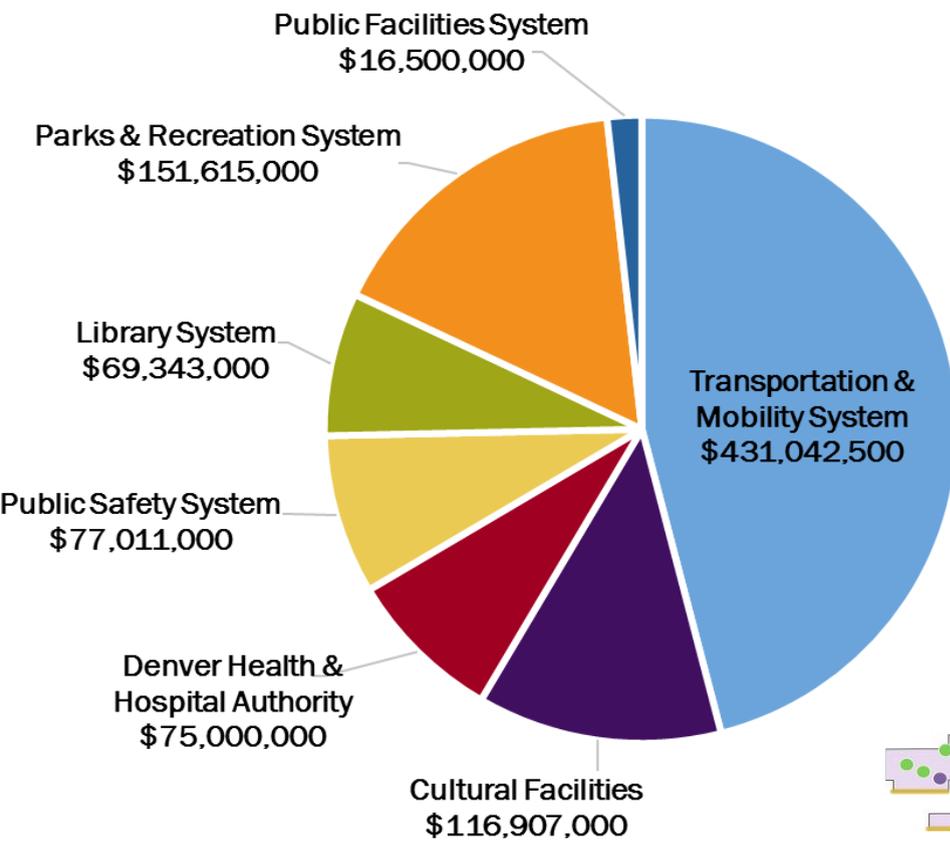
- Gathered list of potential projects
 - *Elevate 2020* (Six Year Capital Improvement Plan)
 - Cultural institutions on city owned land and DHHA
 - City Council and public

Project List Evaluation and Recommendation

- External stakeholder committee recommendations
- Mayor and Council review recommendations
- Recommendations shared with public
- Council hearings and unanimous referral to November 2017 ballot

Program Update

Program Overview



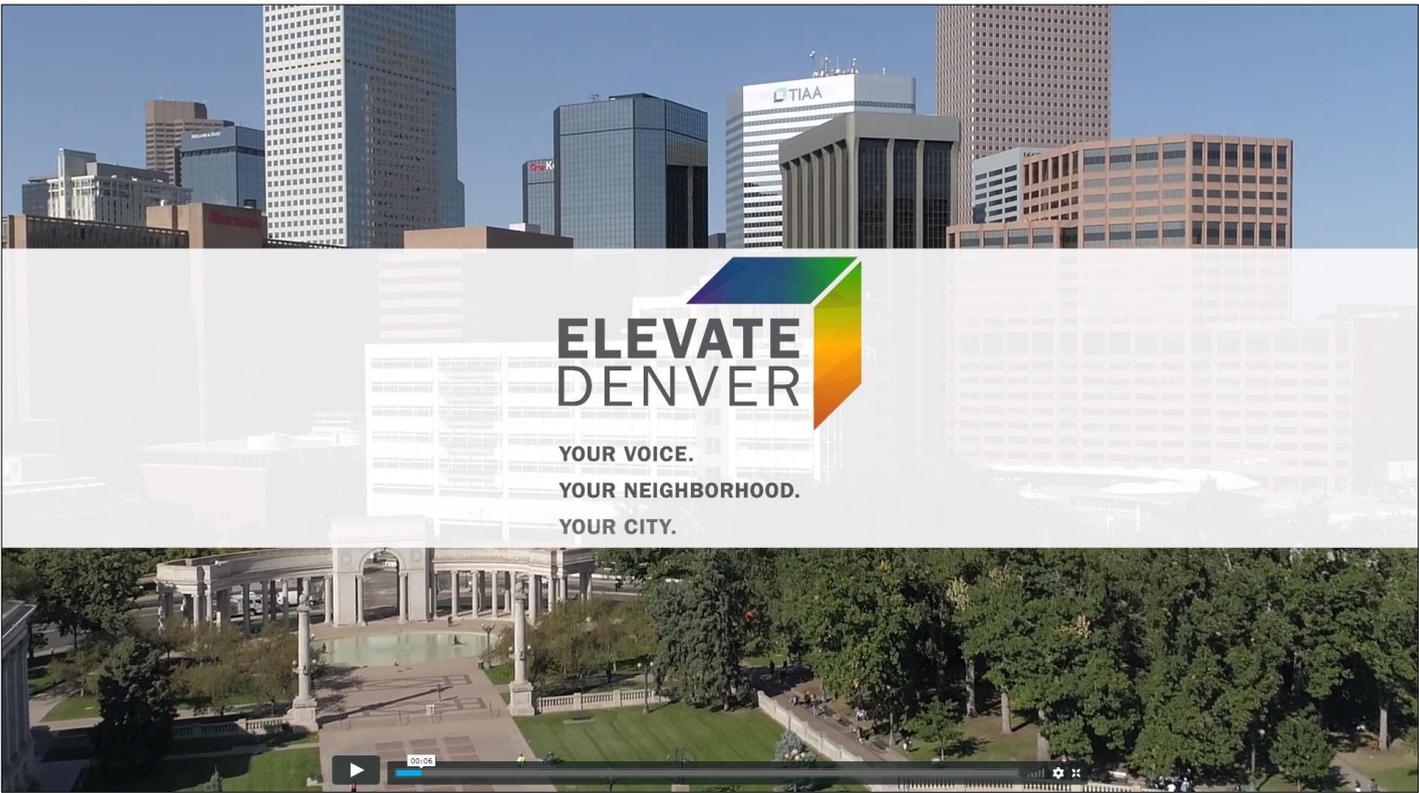
Program Update

Financial Progress to Date

PURPOSE	TOTAL ELEVATE DENVER FUNDING	PROPOSED THIRD ISSUANCE	CUMULATIVE FUNDING THROUGH THIRD ISSUANCE
Transportation and Mobility	\$431,042,500	\$49,662,000	\$90,843,000
Cultural Facilities	\$116,907,000	Complete	\$116,907,000
Denver Health	\$75,000,000	Complete	\$75,000,000
Public Safety	\$77,011,000	\$10,411,000	\$15,849,000
Libraries	\$69,343,000	\$19,190,000	\$24,502,000
Parks and Recreation	\$151,615,000	\$28,079,000	\$58,604,000
Public Facilities	\$16,500,000	\$9,923,000	\$10,550,000
Totals	\$937,418,500	\$117,265,000	\$392,255,000

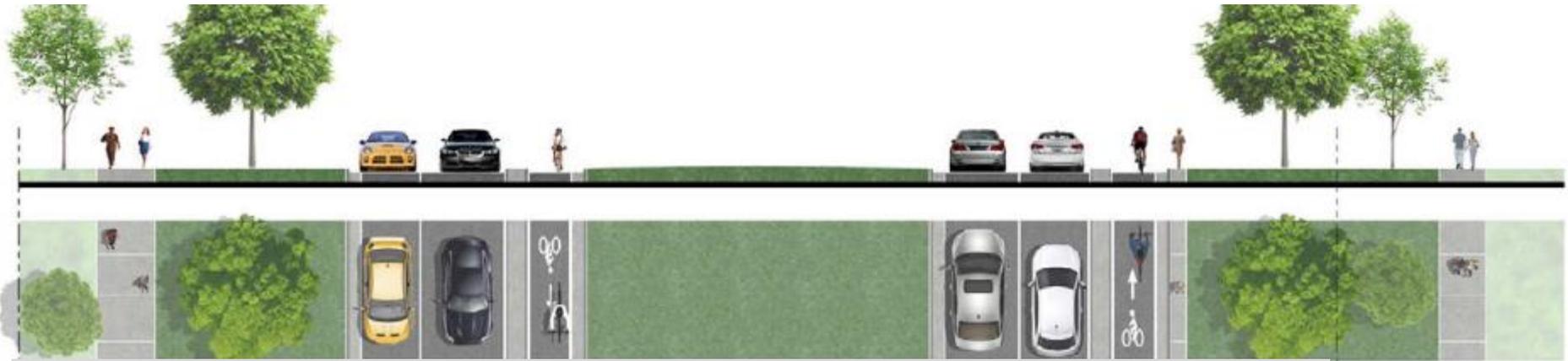


Elevate Denver Program Video



Program Update

2019 Accomplishments – Development and Design



High Comfort Bike Lanes – Held public meetings to receive input/feedback



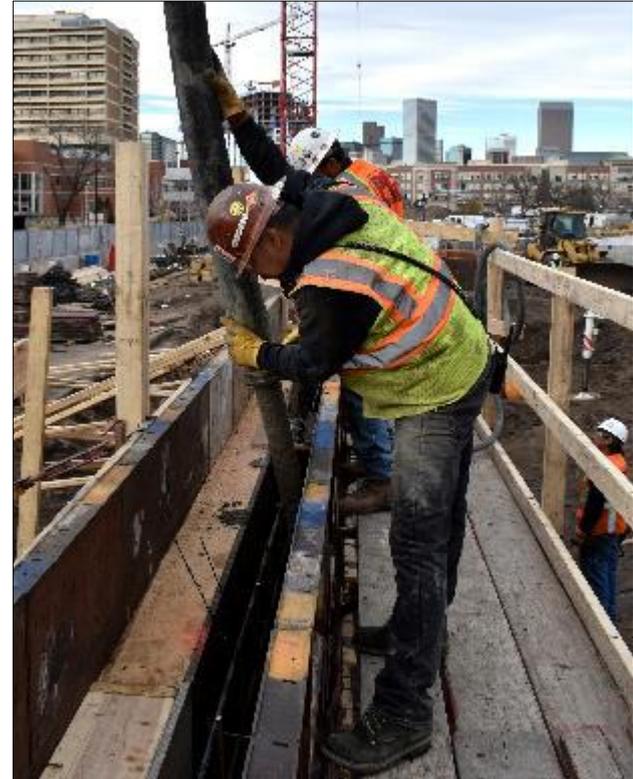
Program Update

2019 Accomplishments – Construction

Denver Zoo:
Animal Hospital
groundbreaking



**Denver Botanic
Gardens:**
Freyer – Newman
Center Topping Off

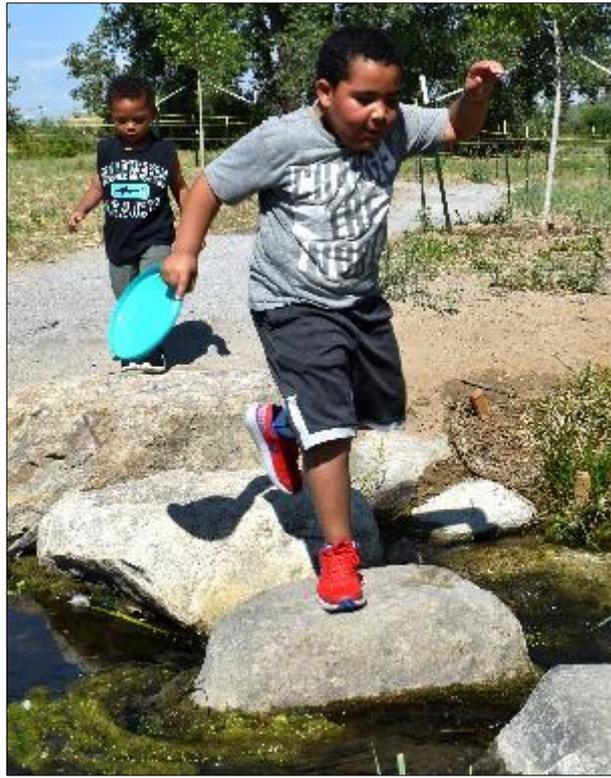


Denver Health:
Outpatient Medical Center
construction



Program Update

2019 Accomplishments – Completion



First Creek Park – Ribbon cutting and grand opening



Elevate Denver Pilot Projects		Additional Pilot Projects
City Led Projects	Partner Projects	
<ul style="list-style-type: none">• 47th and York Bike Pedestrian Bridge**• 56th Ave (Peoria to Peña)*• Broadway Corridor Multimodal*• Central Branch Library Renovation*• Green Valley Ranch Pool*• Police District 5 Replacement*• Washington Street Reconstruction*• 16th Street Mall**	<ul style="list-style-type: none">• Denver Health Outpatient Medical Center• Denver Art Museum• Denver Botanic Gardens• Denver Center for the Performing Arts• Denver Museum of Nature & Science• Denver Zoo	<ul style="list-style-type: none">• Colorado Convention Center Expansion*• DEN Pena Blvd Phase 1*• National Western Campus:<ul style="list-style-type: none">- Equestrian Center*-- Livestock Center*- Horizontal Integration Construction

* Project has 15% apprenticeship hours requirement.

** Project has or may have OJT requirements.





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Third Debt Issuance Series 2019C Bonds

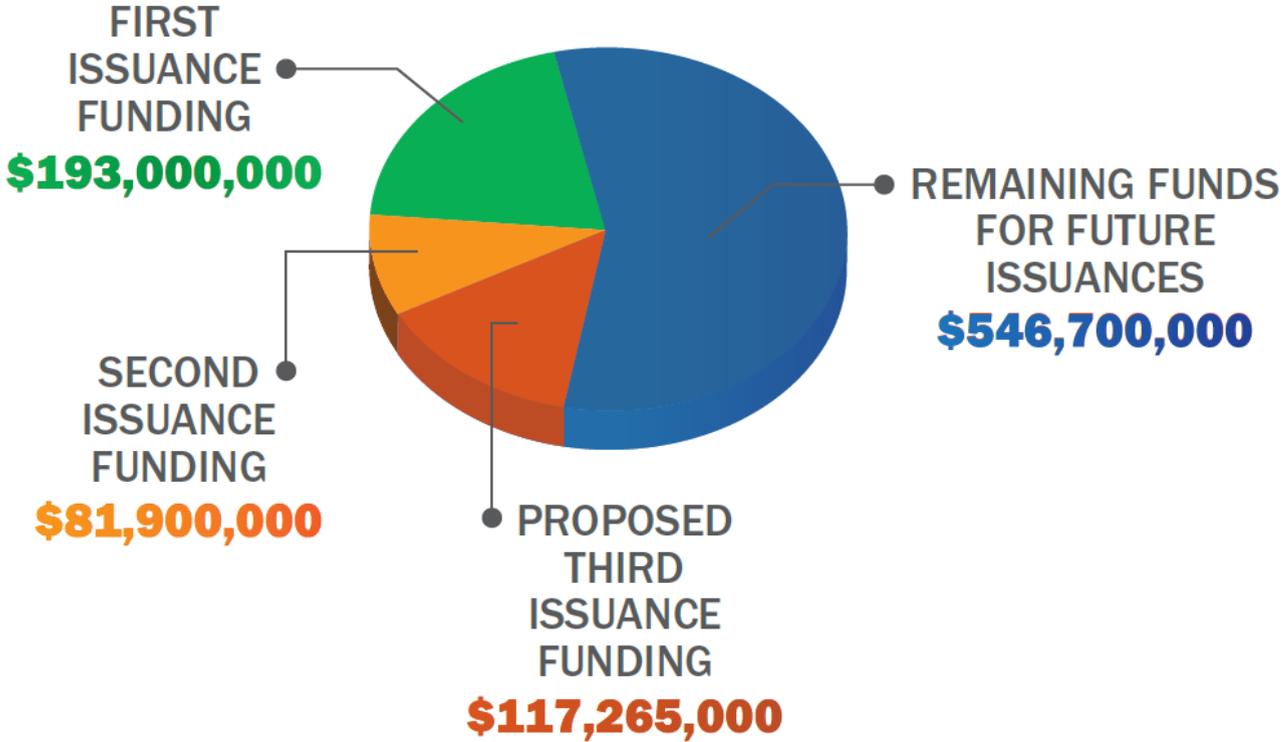
- **Debt authorized under the Elevate Denver Bond Program will be phased and will result in multiple bond issuances over time.**
 - Timing to align with project readiness and ability to deliver
 - IRS requirements to spend down proceeds for tax-exempt bonds
 - Economic and market conditions could impact timing
 - All debt authorized by the ballot questions should be issued within a period of 10 years
- **Each issuance must be approved by City Council.**

Authorizes the issuance of City and County of Denver GO Bonds, Series 2019C in a principal amount not to exceed \$118 million for the purpose of funding:

1. Toward Citywide Elevate Denver Bond projects
2. Associated costs of issuance (attorney fees, rating agencies fees, underwriter fees, etc.)

Nearly \$118 million of the 2019C Bond proceeds will go towards approximately 100 projects across the City.

- Fourth issuance anticipated by Q3 2020
- Several Bond projects progressing into Construction phase



	Series 2019C – New Money Elevate Denver Bonds
Par Amount*	\$118 million
Purpose	Funding towards citywide Elevate Denver Bond projects
Interest Rate* (Tax-Exempt)	Not to exceed 4.5% <i>(current All-In Interest Cost is approximately 1.8%*)</i>
Term	Not to exceed 20 years
Expected Ratings	Unchanged from existing AAA / Aaa / AAA
Method of Sale	Competitive sale to achieve lowest cost of funds for the City

*Based on current market conditions. The final par amount and interest rate will be determined on the day of pricing and is dependent on market conditions.



Third Debt Issuance

Tentative Financing Timeline

- October 7**..... Communication of 20-93
- October 15** Finance & Governance Committee
- October 22** Mayor Council
- October 24** Filing of documents
- October 28** First Reading
- November 4** Second Reading
- November 13*** Bond Pricing
- November 21*** Bond Closing
- Q3 2020*** Anticipated Fourth Issuance

** Tentative, subject to market conditions*





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Questions?