



CITY AND COUNTY OF DENVER

DEPARTMENT OF FINANCE

MARGARET DANUSER
MANAGER OF FINANCE

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DENVER, COLORADO 80202

Michael B. Hancock
Mayor

May 31, 2023

Honorable Jamie Torres
Denver City Council President
City and County Building, Room 451
Denver, CO 80202

Dear Council President:

In keeping with the provisions of Section 20-93 of the Denver Revised Municipal Code (the "DRMC"), I am hereby notifying you of the Department of Finance's intent to enter into an amended Lease Purchase Agreement in one of two alternate forms and approve a corresponding form of Indenture to allow the Trustee of the Leasing Trust to issue Certificates of Participation in a par amount not to exceed \$300 million in total principal for either form of amended Lease Purchase Agreement. The proceeds will be used to 1) fund the update and remodel of the Wellington E. Webb Municipal Office Building ("Webb Building"), 2) under one form of Lease to also currently refund the outstanding Refunding Certificates of Participation (Wellington E. Webb Municipal Office Building), Series 2008A1-A3 ("2008A COPs") related to the original Webb Building construction including terminating Swap agreements associated with the outstanding 2008A1-A3 Webb Certificates of Participation (if economical) and 3) paying associated costs of issuance expenses.

Under this financing structure, 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 Certificates of Participation evidencing proportionate interests in the lease rental payments.

The requirement that the City pay the annual rental/lease payments for the 2023 Certificates does not constitute an obligation of the City for which it must levy taxes or apply its general resources beyond the current fiscal year. The 2023 Certificates do not constitute General Obligation indebtedness of the City and are not multiyear financial obligations of the City. The requirement that the City make the lease payments constitutes a currently budgeted expenditure of the City payable only if funds are appropriated by the City Council each year.

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

Sincerely,

Margaret Danuser
Manager of Finance

Attachment

CC: Honorable Tim O'Brien, Auditor
Paul D. Lopez, Clerk and Recorder
Jeannine Shaw, City Council Liaison
Laurie Heydman, City Attorney's Office

Attachment A
**DESCRIPTION OF THE SERIES 2023 CERTIFICATES OF PARTICIPATION
IN A PAR AMOUNT NOT TO EXCEED \$300 MILLION**

I. The Proposed Financing

The Department of Finance intends to enter into an annually renewable Lease Purchase Agreement with the Civic Center Office Building as Landlord, Assignor, and, through its Manager, the Denver Public Facilities Leasing Trust 2003 with, Zions Bancorporation, National Association as Trustee. The Trustee, on behalf of the Leasing Trust, will execute and deliver tax-exempt Series 2023 Certificates of Participation (COPs) in an amount not to exceed \$300 million whether all new Certificates or whether combined with existing Certificates for the purpose of funding the update and remodel of the Wellington E. Webb Municipal Office Building, current refunding of the outstanding Refunding Certificates of Participation (Wellington E. Webb Municipal Office Building) (if economical), Series 2008A1-A3 and termination of related swaps (if economical).

Under the financing structure, the City will lease from the Trust the Webb Building which it will continue to occupy.

The Series 2023 COPs will be tax-exempt, bear a fixed interest rate not to exceed 5%, will have a term not to exceed 20 years. The final par amount and interest rate will be determined on the day of Certificate pricing and costs associated with the transaction will be paid for by the proceeds of the COPs.

The Lease payments will be subject to annual appropriation by the City Council and the payments will be sufficient for the Trustee to pay the Certificates and neither the Lease nor the Certificates of Participation constitute a multiple year fiscal obligation of the City. On an annual basis the City may elect to terminate the lease by not appropriating funds to make the lease payments. If that occurs, the Trust will take possession of the Webb Building and its furniture fixtures and equipment for the benefit of the Certificate holders.

II. The Sale Process

The COPs will be sold in a negotiated sale process whereby a syndicate of underwriting firms were selected through a competitive RFP process. BofA Securities, Inc. will serve as Senior Manager and lead book runner, J.P. Morgan Securities LLC, Ramirez & Co, Inc, and Academy Securities Inc. will serve as Co- Managers. The City uses the financial advisory services of Hilltop Securities for City financings and Qualified Independent Representative advisory services of Frasca and Associates on swap matters.

III. The Proposed Timetable of Events

Major events are contained in the tentative transaction timetable below:

<i>Date</i>	<i>Event</i>
May 23, 2023	Finance & Governance Committee
May 30, 2023	Mayor Council
June 5, 2023	Reading of the 20-93 Notice at Council
June 12, 2023	First Council reading of the Ordinance
June 20, 2023	Second Council reading of the Ordinance
Week of July 17, 2023	Price Transaction (Tentative)
Week of July 31, 2023	Close Transaction (Tentative)

IV. Counsel

Sherman & Howard LLC serves as Special Counsel and Disclosure Counsel and Kutak Rock LLP serves as Swap Counsel on the COPs. Firms were selected through a competitive process conducted through the City Attorney's Office.

V. 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.