



# CITY AND COUNTY OF DENVER

DEPARTMENT OF FINANCE

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DENVER, COLORADO 80202

BRENDAN J. HANLON  
MANAGER OF FINANCE

Michael B. Hancock  
Mayor

July 9, 2018

Honorable Albus Brooks  
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 a certificates of participation lease purchase transaction in a par amount not to exceed \$129,000,000, the proceeds of which will be used to fund the Colorado Convention Center Expansion Project.

Under the financing structure, the City will enter into a Lease Purchase Agreement with a Leasing Trust and lease into the Trust a portion of the Colorado Convention Center which it will lease back and continue to occupy without interruption. The Trustee, on behalf of the Leasing Trust, will execute and deliver Series 2018A Certificates of Participation in a par amount not to exceed \$129 million.

The requirement that the City pay the annual rental/lease payments for the 2018A 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 2018A 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,

A handwritten signature in black ink, appearing to read "Brendan J. Hanlon".

Brendan J. Hanlon  
Manager of Finance

Attachment

C: Honorable Tim O'Brien, Auditor  
Debra Johnson, Clerk and Recorder  
Shelley Smith, City Council Liaison

*Attachment A*  
**DESCRIPTION OF THE SERIES 2018A CERTIFICATES OF PARTICIPATION  
IN A PAR AMOUNT NOT TO EXCEED \$129 MILLION**

**I. The Proposed Financing**

The Department of Finance intends to enter into an annually renewable Lease Purchase Agreement with the Denver Public Facilities Leasing Trust 2018A. The Trustee, on behalf of the Leasing Trust, will execute and deliver tax-exempt Series 2018A Certificates of Participation (COPs) in an amount not to exceed \$129 million for the purpose of funding the Colorado Convention Center Expansion project.

Under the financing structure, the City will lease into the Trust a portion of the Colorado Convention Center which it will continue to occupy.

The Series 2018A COPs will be tax-exempt, bear a fixed interest rate not to exceed 5%, will have a term not to exceed 30 years. The final par amount and interest rate will be determined on the day of pricing and costs associated with the transaction will be paid for by the proceeds of the COPs.

The COP payments will be subject to annual appropriation by the City Council 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 lease of the facilities 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. George K. Baum will serve as Senior Manager and lead book runner, Loop Capital will serve as Co-Senior Manager, and Stern Brothers will serve as Co-Manager. The City uses the financial advisory services of Hilltop Securities for City financings.

**III. The Proposed Timetable of Events**

Major events are contained in the tentative transaction timetable below:

<i>Date</i>	<i>Event</i>
July 9, 2018	Reading of the 20-93 Notice at Council
July 10, 2018	Finance & Governance Committee
July 17, 2018	Mayor Council
July 23, 2018	First Council reading of the Ordinance
July 30, 2018	Second Council reading of the Ordinance
August 8, 2018	Price Transaction (Tentative)
August 21, 2018	Close Transaction (Tentative)

**IV. Counsel**

Becker Stowe Partners is serving as Special Counsel on the COPs, 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.