

June 26, 2025

Honorable Amanda P. Sandoval  
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 (DRMC), I am notifying you of the Department of Finance's intent to enter into a financing transaction by and on behalf of the Denver Downtown Development Authority (DDDA), consisting of two coordinated agreements with PNC Bank, National Association:: (1) a fixed-rate Loan Agreement and (2) a Revolving Credit Agreement (RLOC), both with PNC Bank, National Association.

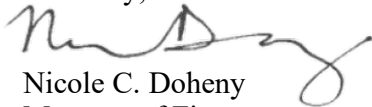
This structure was designed to provide flexibility, align with project readiness, and manage both short-term and long-term debt capacity. It leverages a strong and growing tax increment financing (TIF) base projected to generate approximately \$40 million annually. Both instruments are taxable, preserving flexibility in the use of proceeds across a broad range of eligible projects.

The Loan Agreement will be in an amount not to exceed \$160 million, carry a fixed interest rate, and mature December 1, 2038, aligned with the DDDA's current statutory term. The RLOC will be in an amount not to exceed \$50 million, carry a variable interest rate pegged to 1-month SOFR + 40 basis points, and will expire December 31, 2025, with up to five possible annual renewals. Draws under the RLOC that are repaid by the end of the fiscal year will not count against any debt authorization capacity approved by voters in November 2024 or November 2008—preserving more authorization for permanent financing of priority projects.

Proceeds will finance projects authorized under the Amended and Restated DDDA Plan of Development and applicable state statute. These obligations will be secured solely by tax increment revenues collected within the DDDA boundaries and deposited into the applicable dedicated City Special Funds. They do not constitute general obligations of the City and are not backed by the full faith and credit of the City.

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

Sincerely,



Nicole C. Doheny  
Manager of Finance

**Attachment**

CC: Honorable Tim O'Brien, Auditor  
Paul D. Lopez, Clerk and Recorder  
Luke Palmisano, Senior Legislative Policy Analyst  
Alyssa Ferreira, City Council Secretary  
Angela Casias, Legislative Director  
Brad Neiman, City Attorney's Office  
Carmen Jackson-Brown, City Attorney's Office

Denver Department of Finance  
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*Attachment A*  
**DESCRIPTION OF THE 2025 DDDA FINANCING TRANSACTION**

Proposed Financing Overview

The City and County of Denver, acting by and on behalf of the DDDA, intends to enter into a Loan Agreement and optional Revolving Credit Agreement (RLOC) with PNC Bank, National Association, to implement a voter-approved financing strategy for downtown development.

The sole source of repayment for both the fixed-rate loan and RLOC are tax increment revenues generated within the boundaries of the DDDA. First quarter 2025 sales TIF revenues demonstrated growth (+1.6% over prior year), and current projections estimate approximately \$40 million annually, growing to approximately \$43 million by 2038. Based upon this revenue base, the 2026 debt service coverage ratio (DSCR) is projected at 2.27x, meaning revenues are more than double the amount required for annual debt payments. Given the fixed-rate loan structure—and depending on when the RLOC becomes outstanding—TIF revenues would need to decline by approximately 35% to 50% for coverage to fall below 1.0x.

This two-part financing package will:

- Provide capital for new development projects within the DDDA boundaries, as amended from time to time, consistent with the Amended and Restated Plan of Development adopted in 2024.
- Authorize the prepayment of the City's 2017 DDDA Loan Agreement, as amended (originally entered into in the principal amount of \$197.3 million).

*Loan Agreement*

- Amount not to exceed: \$160 million
- Tax Status: Taxable, to preserve flexibility in project eligibility and timing.
- Interest Rate: Fixed
- Maturity Date: No later than December 1, 2038
- Security: Tax increment revenues deposited in the City's applicable dedicated Special Funds
- Obligation Type: Special and limited obligation; not a general obligation of the City
- If projected DSCR falls below 1.25x, annual revenues will be placed into a reserve account to bring the ratio back into compliance, and excess funds may be otherwise expended for eligible purposes. If the coverage ratio remains above 1.25x for two consecutive years, then the reserve account is dissolved, and the funds are otherwise released. This reserve structure is a remedy under the agreement and does not constitute a default.
- The City is not obligated to backstop the loan. Only TIF revenues generated within the DDDA boundaries are pledged.

*Revolving Credit Agreement*

- Amount not to exceed: \$50 million
- Tax Status: Taxable, allowing funds to be used across a wide range of Amended and Restated Plan-authorized redevelopment activities without federal tax law restrictions.
- Interest Rate: Variable (1M SOFR + 40bps)
- Term: Expires December 31, 2025, with the option to renew for up to five additional annual terms
- Impact on Authorization: Provided that all draws are repaid within the then-current fiscal year, draws will not count against the \$570 million in voter-approved long-term debt capacity, preserving flexibility for future financing needs.
- Security: Tax increment revenues in the City applicable dedicated Special Funds
- Obligation Type: Special and limited obligation; not a general obligation of the City
- Option: RLOC is optional, and approval does not obligate the City to draw funds
- If repayment cannot be made in full by the end of a fiscal year, the City may convert any remaining balance into a long-term obligation amortized through 2038, which would count toward the \$570 million voter-authorized cap.

### *Voter Authorization*

This financing is authorized by the ballot measure approved by 77% of DDDA electors in the November 2024 election, which allows the City to issue up to \$570 million in debt by and on behalf of the DDDA, with a total repayment cost not to exceed \$847 million, secured by DDDA TIF revenues and without raising taxes.

Of the total remaining approximate \$619 million in voter-authorized long-term debt capacity (approximately \$49 million from the 2008 authorization and \$570 million from the 2024 authorization), \$459 million is projected to remain available following this transaction. This reflects the full use of the remaining \$49 million from 2008 and a portion of the 2024 authorization. Of this amount, \$50 million is expected to be reserved by the City in the event the RLOC needs to be converted to long-term debt and will remain unpledged for so long as the RLOC remains outstanding. Any subsequent financings will be evaluated based on project need and the capacity to repay debt, and there are currently no specific plans in place for additional issuances.

### The Proposed Timetable of Events

Major events are contained in the tentative transaction timetable below:

<b>Date</b>	<b>Event</b>
June 24	Finance & Governance
June 30	Reading of 20-93
July 1	Mayor Council
July 14	First Council Reading
July 21	Second Council Reading
Week of July 28	Document Signatures
August 7	Close/Fund Financing

### Legal Counsel

Butler Snow LLP serves as Bond Counsel. Legal firms were selected via a competitive process.

### 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.