

February 29, 2024

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 a Lease Purchase Agreement and Facilities Lease and to acknowledge 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 \$25 million, Series 2024B. The proceeds will be used to 1) acquire the property and building at 7525 E. Hampden Ave., 2) reimburse the City for qualified expenditures associated with the acquisition to meet the essential needs of a shelter or housing facility funded from the Department of Finance, Capital, Planning and Programming budget and 3) paying associated costs of issuance expenses.

Under this financing structure, the City intends to enter into an 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 2024B 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 2024B 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 an annually 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,



Nicole C. Doheny
Manager of Finance

Attachment

CC: Honorable Tim O’Brien, Auditor
Paul D. Lopez, Clerk and Recorder
Angela Casias, City Council Liaison
Laurie Heydman, City Attorney’s Office

Denver Department of Finance
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Attachment A
**DESCRIPTION OF THE SERIES 2024B CERTIFICATES OF PARTICIPATION
IN A PAR AMOUNT NOT TO EXCEED \$25 MILLION**

The Proposed Financing

The Department of Finance intends to enter into a Facility Lease (“Facilities Lease”) to and an annually renewable Lease Purchase Agreement (“Lease”) back from the 2024B Denver Public Facilities Leasing Trust, with Zions Bancorporation, National Association serving as Trustee. The Trustee, on behalf of the Leasing Trust, will execute and deliver taxable Series 2024B Certificates of Participation (COPs) in an amount not to exceed \$25 million for the purpose of funding the acquisition of the property and building located at 7525 East Hampden Avenue, Denver, CO, reimbursing the City for qualified expenditures associated with the acquisition and paying associated cost of issuance expenses. Under the financing structure, the City will lease back from the Trust the building which it will continue to utilize to meet the sheltering and housing needs of the City.

The Series 2024B COPs will be taxable, bear a fixed interest rate not to exceed 7%, and will have a term not to exceed 10 years. The final base rentals/lease payments and interest rate will be determined on the day of the COP rate lock.

The Lease payments are expected to be funded from the Homelessness Resolution Fund and will be subject to annual appropriation by the City Council and the payments will be sufficient for the Trustee to pay the Certificates and none of the Facilities Lease, the Lease, or 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 can take possession of the property for the benefit of the Certificate holders.

The Sale Process

The COPs will be sold via a private placement to J.P. Morgan Securities LLC, who was selected through a competitive RFP process conducted by the Department of Finance. The City uses the financial advisory services of Hilltop Securities for City financings.

The Proposed Timetable of Events

Major events are contained in the tentative transaction timetable below:

Date	Event
February 27	Finance & Governance Committee
March 4	Reading of 20-93 at City Council
March 5	Mayor Council
March 11	First Reading
March 18	Second Reading
Week of March 25	Rate Lock with Bank
Week of April 8	Real Estate Closing and COP

Counsel

Ballard & Spahr LLC serves as Special Counsel on the COPs. Firms were selected through a competitive process conducted through the City Attorney’s Office.

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.