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General Obligation Bonds: Elevate Denver Fourth Issuance and Better Denver Refunding

**Finance and Governance Committee
October 13, 2020**

Committee Agenda

- Council Request and Better Denver Bond Refunding
- Elevate Denver Bond Program Overview
- Proposed Fourth Debt Issuance

**Council Request:
Better Denver Refunding and
Elevate Denver Fourth Issuance**

Authorizes the issuance of City and County of Denver General Obligation (GO) Bonds, Series 2020A-B in a principal amount not to exceed \$465 million for the purpose of funding:

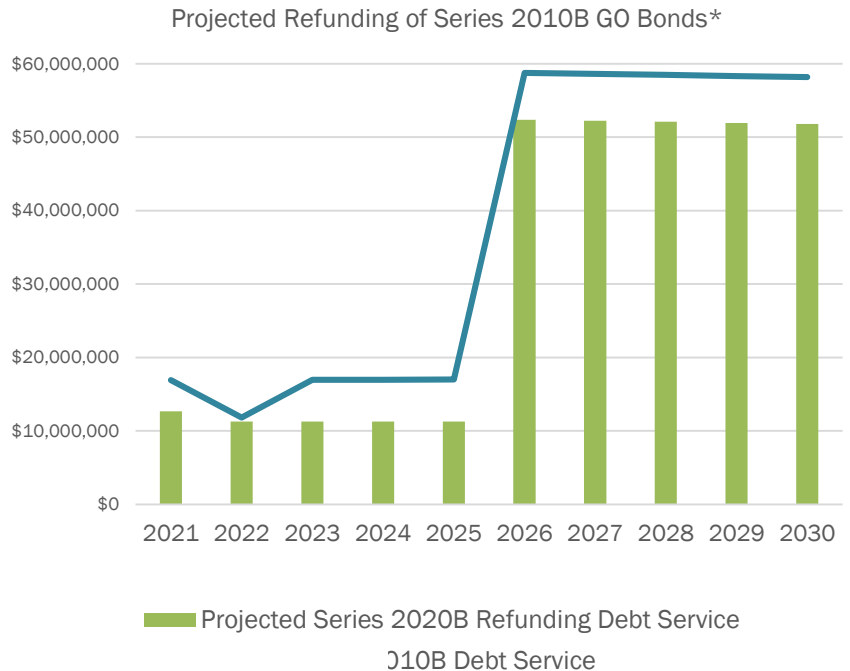
1. Approximately \$170 million toward Elevate Denver bond projects
2. Up to \$295 million for the refunding of Series 2010B Better Denver Bonds to achieve interest cost savings
3. Associated costs of issuance (attorney fees, rating agencies fees, underwriter fees, etc.)

Authorization Request and Key Financing Terms:

Authorizes up to \$295 million for the refunding of Series 2010B Better Denver Bonds to achieve interest cost savings.

	Series 2020B – Refunding
Par Amount	Up to \$295 million
Purpose	Refunding of all existing Series 2010B Better Denver GO Bonds
Interest Rate* (Tax-Exempt)	Not to exceed 2.5% (vs. 3.8% effective rate on prior bonds)
Expected Savings	Net Present Value savings of \$57 million* (19.7%* of refunded bonds)
Term	Matures 8/1/2030 (no change to existing term)

*Based on current market rate (All-In TIC of 0.9%). The final par amount and interest rate will be determined on the day of pricing and is dependent on market conditions.





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Elevate Denver Overview

Elevate Denver Bond Program

Program Acceleration

In an effort to boost a declining economy due to negative impacts from COVID-19, the City will accelerate Elevate Denver. The proposed fourth issuance stimulates the economy and expands workforce and business development.

Between Elevate Denver and the City's Capital Improvement Program, more than \$478 million will be invested into neighborhood improvements over the next three years.

PROJECT LIFE CYCLE



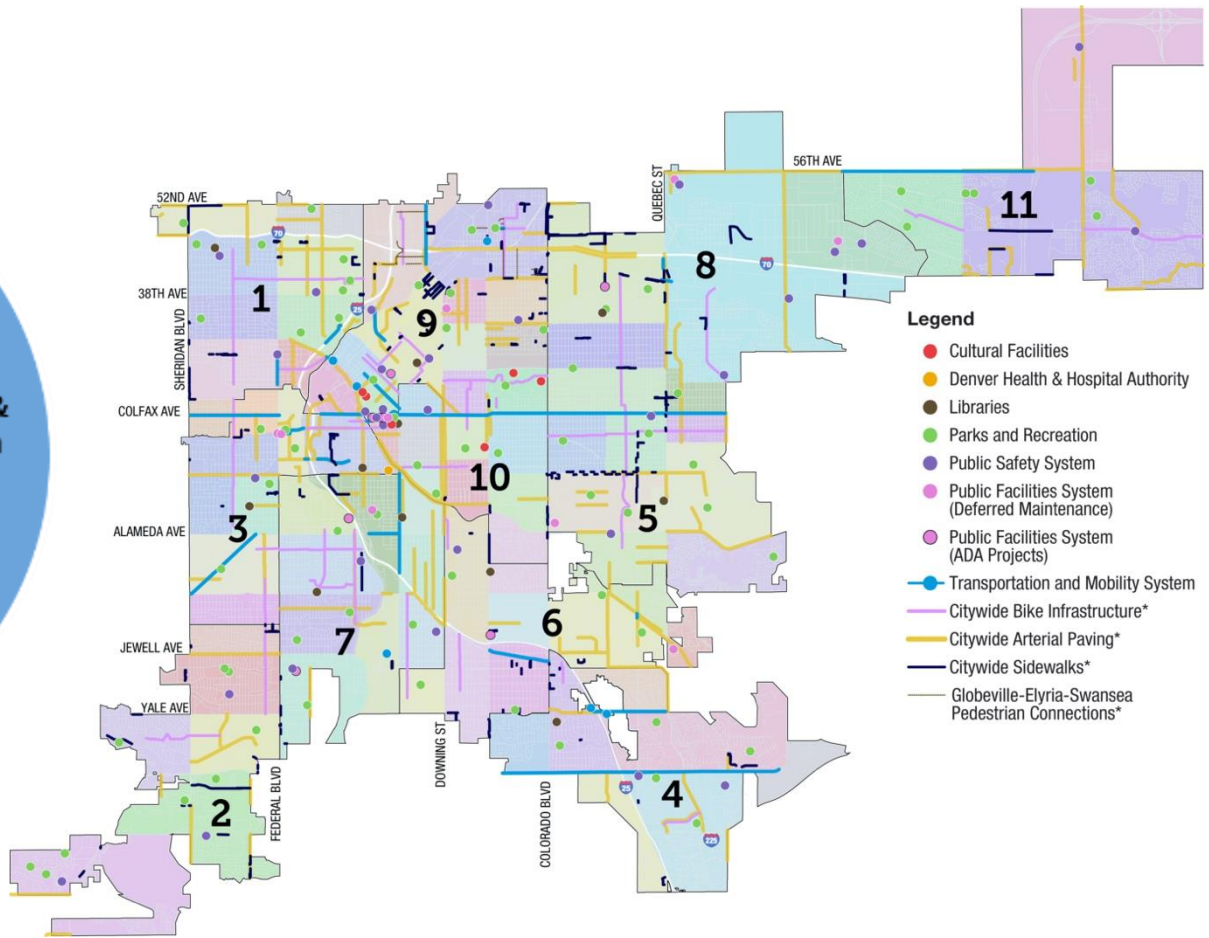
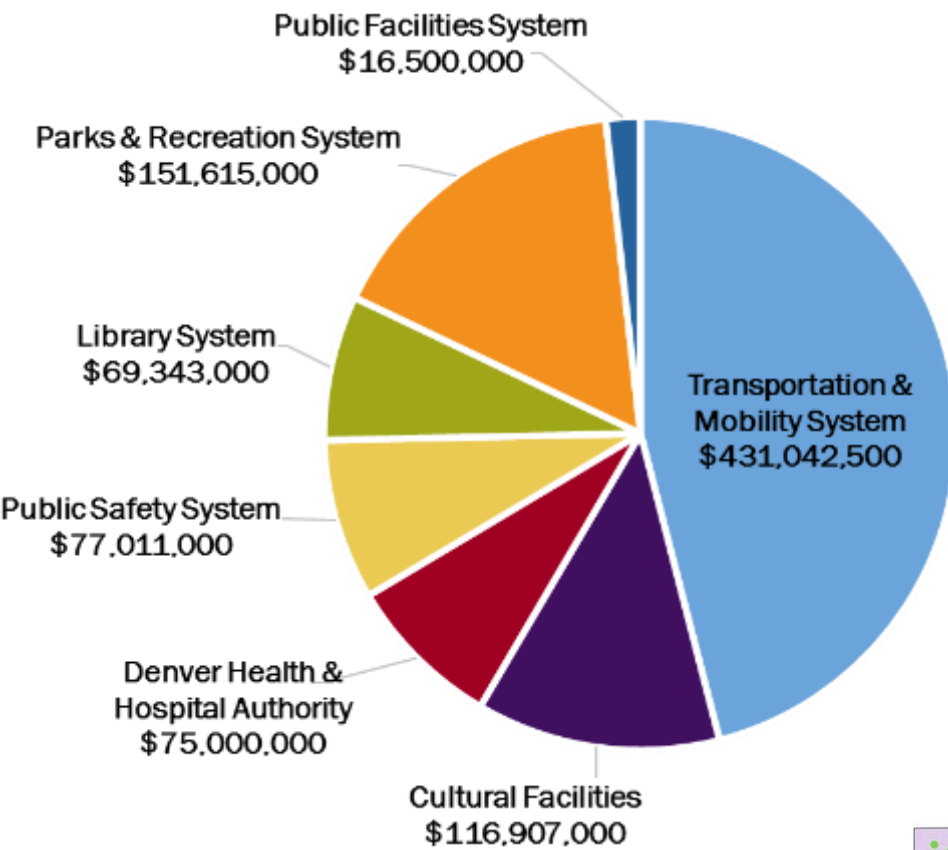
The City ran a regional input-output economic model to forecast direct, indirect, and induced impacts as a result of Elevate Denver’s proposed \$170 million issuance.

PROJECTED ECONOMIC IMPACT



Elevate Denver Bond Program

Program Overview



Elevate Denver strengthens workforce training opportunities to help build livelihoods for thousands of residents, particularly those in historically marginalized communities.

- The Denver Construction Career Pilot (DCCP) builds Denver's workforce of the future and puts wealth back into neighborhoods. The Pilot focuses on priority populations, including:
 - Historically marginalized neighborhoods
 - Veterans
 - Formerly incarcerated
 - Colorado Works (TANF) program participants
 - Those exiting the foster care system
 - And people who have experienced homelessness
- In 2019, **more than 4,900 workers** from traditionally under resourced communities and populations, helped build Elevate Denver projects across the city through the **DCCP**.

COMPLIANCE OVERSIGHT – ALL BOND PROJECTS

M/WBE Subcontractors Actively Working on Projects:

- Professional Services – 39*
- Construction Services – 166*

**Multiple firms are performing on several projects*

SBEs Performing as Prime Contractors (SBE Defined Pool):

- 17 firms
- \$5,754,253*

*Total contract award

Total M/WBE Committed Amount To-Date:

- Professional Services - \$3,589,849 (23%)
- Construction Services - \$87,365,637 (20%)





Shekinah joined the Denver Construction Career Pilot in May 2019 after attending a City job fair. She applied to an apprenticeship program and was constructing air ducts for Denver Health's Outpatient Medical Center that Fall.

"I wanted a more stable career where I could work with my hands," Shekinah said. "I love being able to see my job at the end of the day and say, I built that."

Job stability has become more important than ever, as has the work she performs.

"We are the lungs of every building. We constantly change air ducts and rearrange how the building is breathing. As essential workers, we're keeping the city going."



Bob is the president of a local general construction firm and has been doing business with the City for over 25 years.

“I’ve been working on bond-funded projects a long time. At first, I didn’t realize the full impact of these projects,” Bob said. “Over the years, I saw how involved residents were in supporting and advocating for these projects.”

Bob is an active Small Business Enterprise, working on a handful of Elevate Denver projects.

“I love working on Elevate Denver bond projects because I get to work and build things all over the city I grew up in,” Bob said. “Nobody appreciates a bond project more than we do – it’s our bread and butter, working for the city and doing these projects.”

Fast Facts:

- Of the nearly 500 distinct projects in the Program, 106 are in design or under construction
 - 52 are in design
 - 54 are in construction
- 71 projects have been completed to date
- 40 projects have been completed in 2020



The 47th and York Bike Pedestrian Bridge was completed in 2020 and provides a safe and reliable route for children going to and from school and adults going to and from work. This project was also the recipient of the 2020 American Public Works Association, Colorado Chapter in the Large Structures category .

Elevate Denver Bond Program

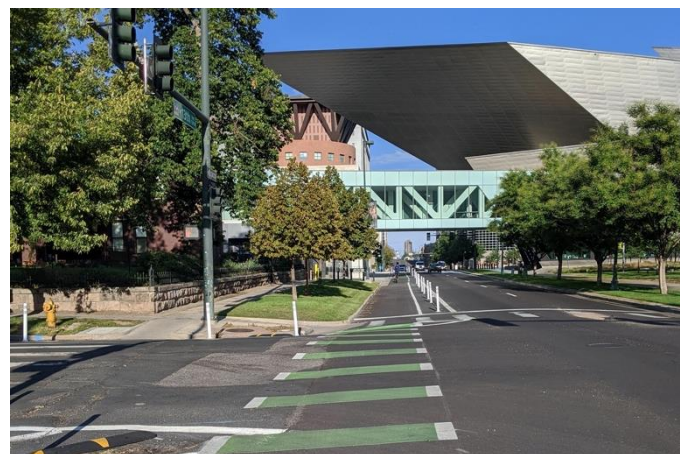
Project Highlights: West 13th Ave. and 13th/14th Ave. Bike Lanes

Elevating Roads and Pedestrian Routes in Sun Valley

- IGA with Denver Housing Authority (DHA)
- Project will connect Sun Valley to surrounding Denver communities, enhance 13th Ave. and Holden Place as green connections to parks and trails, and create a street network that supports economic development

Elevating Bike Transportation Through Major Downtown Artery

- New high-comfort bike lanes provide cyclists with a protected lane from vehicle traffic and improve multimodal connectivity for the Sun Valley community
- Elevate Denver funds included a section of this project extending from Mariposa to Speer
- Fourth issuance funding will continue to complete bike lanes throughout the city



Elevating Experiences Throughout Denver



Stairway inside the Denver Art Museum (DAM)

- **Five** of the **six Culturals** and **Denver Health** have successfully received and spent 100% of their Elevate Denver funding
- These projects will be available to the community or close to opening by early 2021
- Projects include:
 - **Denver Art Museum**
 - **Denver Botanic Gardens**
 - **Denver Zoo**
 - **Denver Center for Performing Arts**
 - **Denver Museum of Nature and Science**
 - **Denver Health and Hospital Authority**
- Approximately \$185M has been executed from Elevate Denver to deliver these projects for Denver residents

Elevating Play for All Ages in the West Colfax Area



- Completed with a ribbon cutting ceremony in September 2020
- Paco Sanchez Park Phase II has created a space where all ages can engage and interact in healthy activities outdoors at a time when the community needs it most

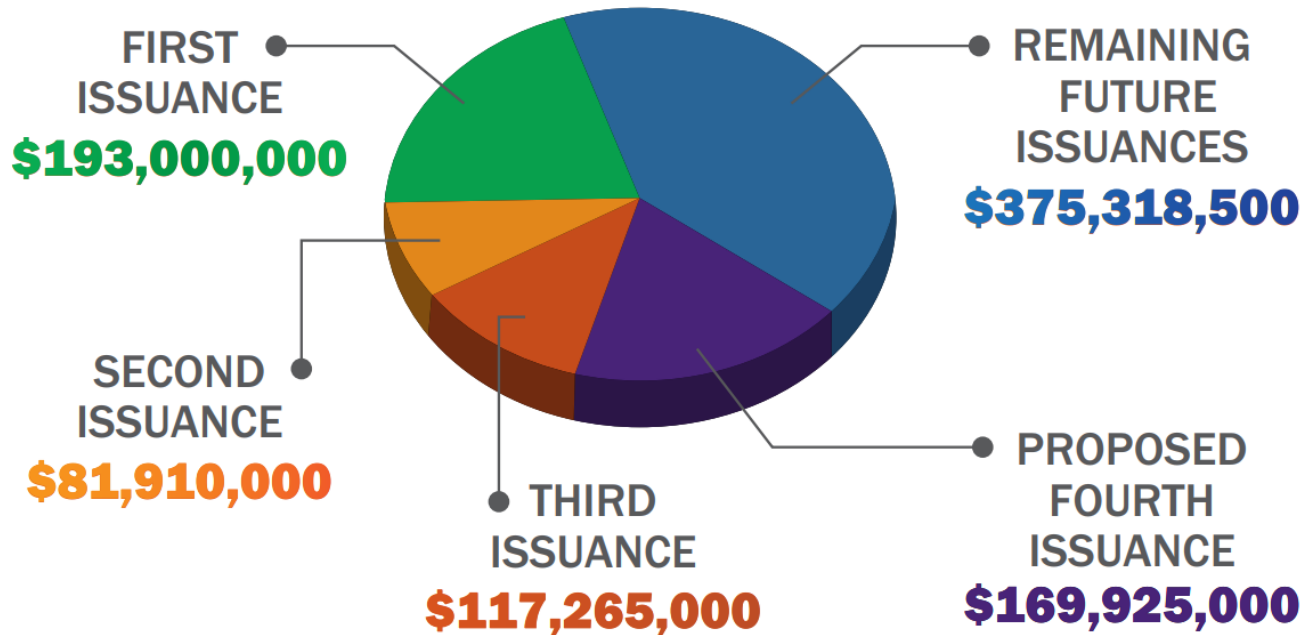


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Fourth Debt Issuance

Nearly \$170 million will go toward implementing Elevate Denver projects

- Of that, \$125 million is for construction or construction-related projects



Note: All dollars are shown in par value



Fourth Debt Issuance

Proposed Purpose Amounts

PURPOSE	TOTAL ELEVATE DENVER AUTHORIZED AMOUNTS	ISSUANCE AMOUNT RECEIVED TO DATE	PROPOSED FOURTH ISSUANCE AMOUNT
Transportation and Mobility	\$431,042,500	\$90,843,000	\$95,410,000
Cultural Facilities	\$116,907,000	\$116,907,000	\$0
Denver Health	\$75,000,000	\$75,000,000	\$0
Public Safety	\$77,011,000	\$15,849,000	\$18,050,000
Libraries	\$69,343,000	\$24,505,000	\$26,905,000
Parks and Recreation	\$151,615,000	\$58,604,000	\$29,060,000
Public Facilities	\$16,500,000	\$10,550,000	\$500,000
Totals	\$937,418,500	\$392,258,000	\$169,925,000



Note: All dollars are issuance amounts received to date



Fourth Debt Issuance

Project List: Transportation and Mobility

TRANSPORTATION AND MOBILITY PROJECT	COUNCIL DISTRICT	FUNDED PHASE	FOURTH ISSUANCE
8th Ave. Bridge Reconstruction	3	Construction	\$8,100,000
56th Ave. (Peoria to Pena)	11	Design/Construction	\$23,740,000
Broadway Corridor Multimodal Improvements (Colfax to I-25)	7, 10	Property Acquisition	\$300,000
Buchtel & Colorado Blvd. Intersection Improvements	4, 6	Design	\$1,500,000
Connecting Auraria (Auraria Downtown Connection Vision Plan)	9	Design	\$80,000
Federal Blvd. Pedestrian Improvements	1	Design	\$430,000
Globeville Elyria-Swansea Pedestrian Connectivity Improvements	9	Design/Construction	\$4,400,000
High Line Canal Connections	4	Design	\$900,000
Morrison Rd. Improvements	3	Design	\$1,000,000
W. 13th Ave. Multimodal Reconstruction	3	Design/Prop Acq/Construction	\$15,100,000
Washington St. Reconstruction (47th to 52nd)	9	Design/Property Acquisition	\$5,680,000
W. Colfax Transit Enhancements	1, 3	Design/Property Acquisition	\$570,000



Fourth Debt Issuance

Project List: Transportation and Mobility Continued

TRANSPORTATION AND MOBILITY PROJECT	COUNCIL DISTRICT	FUNDED PHASE	FOURTH ISSUANCE
Citywide Bike Infrastructure	Citywide	Construction	\$10,478,000
Street Paving	Citywide	Construction	\$3,750,000
Curb and Gutter	Citywide	Construction	\$1,250,000
Bridge Rehabilitation	Citywide	Design/Property Acquisition	\$1,400,000
Citywide Sidewalk Construction	Citywide	Design/Construction	\$12,800,000
Contingency – Transportation and Mobility			\$3,932,000
Transportation and Mobility Proposed Total			\$95,410,000



Fourth Debt Issuance

Project List: Public Safety and Public Facilities

PUBLIC SAFETY PROJECT	COUNCIL DISTRICT	FUNDED PHASE	FOURTH ISSUANCE
Fire Station Restrooms and Kitchen Upgrades	Citywide	Design/Construction	\$1,000,000
Police District 5 Replacement	8	Construction	\$14,050,000
Contingency – Public Safety			\$3,000,000
Public Safety Proposed Total			\$18,050,000

PUBLIC FACILITIES PROJECT	COUNCIL DISTRICT	FUNDED PHASE	FOURTH ISSUANCE
ADA Projects	Citywide	Design	\$500,000
Public Facilities Proposed Total			\$500,000



Fourth Debt Issuance

Project List: Libraries

LIBRARY PROJECT	COUNCIL DISTRICT	FUNDED PHASE	FOURTH ISSUANCE
Central Library Renovation	Citywide	Construction	\$23,000,000
Pauline Robinson Branch Library Renovation	8	Design	\$400,000
Ross Barnum Branch Library Renovation	3	Design	\$400,000
Contingency – Library			\$3,105,000
Library Proposed Total			\$26,905,000



Fourth Debt Issuance

Project List: Parks and Recreation

PARKS AND RECREATION PROJECT	COUNCIL DISTRICT	FUNDED PHASE	FOURTH ISSUANCE AMOUNT
Downtown Park Acquisition & Existing Park Improvements – Skyline Park	9	Design	\$250,000
Green Valley Ranch Indoor Pool	11	Construction	\$14,100,000
Inspiration Point Playground	1	Construction	\$1,885,000
Irrigation Renovation Projects	Citywide	Construction	\$2,150,000
Neighborhood Park Improvements	Citywide	Design/Construction	\$3,635,000
Recreation Center Renovations and Improvements	Citywide	Design/Construction	\$1,865,000
Swansea Recreation Center Indoor Pool	9	Design	\$2,000,000
Westwood Recreation Center	3	Design	\$300,000
Contingency - Parks and Recreation Center			\$2,875,000
Parks and Recreation Proposed Total			\$29,060,000



Fourth Debt Issuance

Key Financing Terms

	<u>Series 2020A – New Money</u> (Elevate Denver Bond Program)	<u>Series 2020B – Refunding</u> (Better Denver Bond Program)
Par Amount	Approx. \$170 million	Up to \$295 million
Purpose	Funding toward Elevate Denver bond projects	Refunding of all existing Series 2010B Better Denver GO Bonds
Interest Rate* (Tax-Exempt)	Not to exceed 4.5% <i>(current All-In Interest Cost is approximately 2.4%*)</i>	Not to exceed 2.5% <i>Produces Net Present Value savings of \$57 million* or 19.7%* of refunded bonds</i>
Term	Matures 8/1/2039	Matures 8/1/2030 (no extension to existing term)
Credit Ratings	Currently AAA / Aaa / AAA	

***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.**



Fourth Debt Issuance

Tentative Financing Timeline

- October 12** Communication of 20-93
- October 13** Finance & Governance Committee
- October 20** Mayor Council
- October 21** Filing of documents
- October 26** First Reading
- November 2** Second Reading
- November 17*** Bond Pricing
- December 3*** Bond Closing

*Subject to market conditions



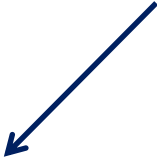


Questions?

Appendix:

General Obligation Bond Overview

DENVER CAPITAL PROJECTS



Capital Improvement Fund

- Pay-as-you-go

Multi-Year Financing Tools

- 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

General Obligation Bond Overview

Multi-Year Financing Tools

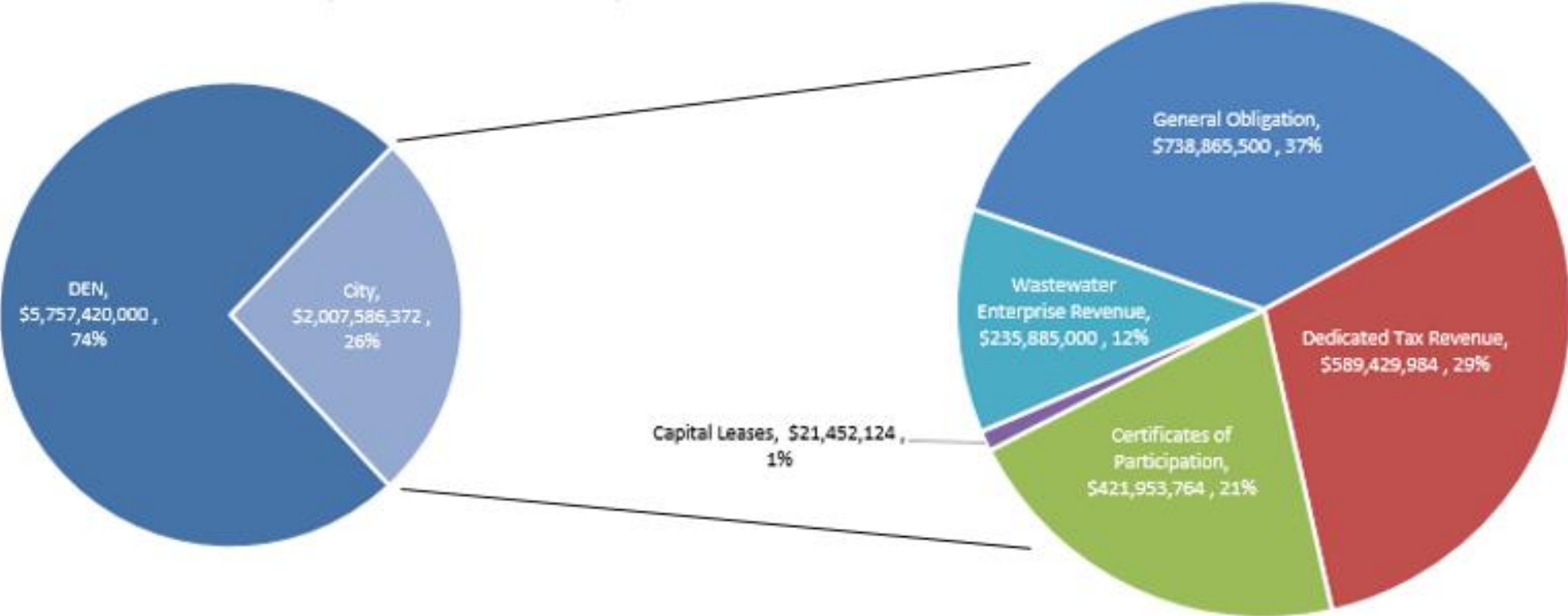
Financing Mechanism	Description	Revenue Repayment Source
General Obligation (GO) Bonds*	Long-term obligation, secured by the full faith and credit of the City	Ad valorem taxes (dedicated Property Tax Mill Levy)
Revenue Bonds <ul style="list-style-type: none">• Excise/Dedicated Tax Bonds*• Enterprise: DEN, Golf, Wastewater	Issued for a specific capital project and repaid solely by an associated revenue stream	New or renewed special taxes or fees (i.e. lodger's, food & beverage, short term auto rental, fees, airline & non-airline revenues, etc.)
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

- Bonds constitute a formal agreement to pay between borrower (City) and lender (investors)
- Municipal bonds are generally issued as tax-exempt bonds, which are subject to IRS rules and regulations
- Once debt is issued, funds should be spent in three years
- Funds must be spent on eligible (capital) expenditures
 - Cannot fund operations
 - Cannot benefit private interests
 - Useful life of asset must align with term of financing

General Obligation Bond Overview

Existing Debt Snapshot

\$7.8 billion total debt portfolio as of 9/30/2020

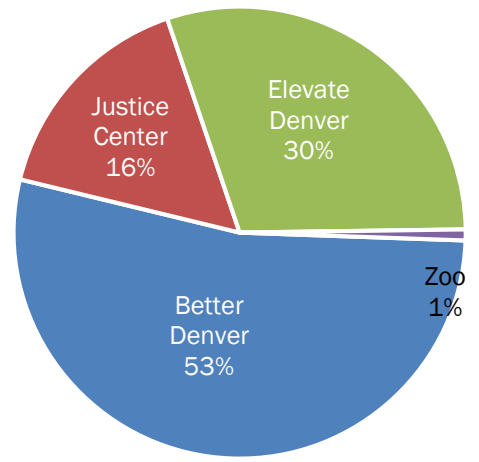
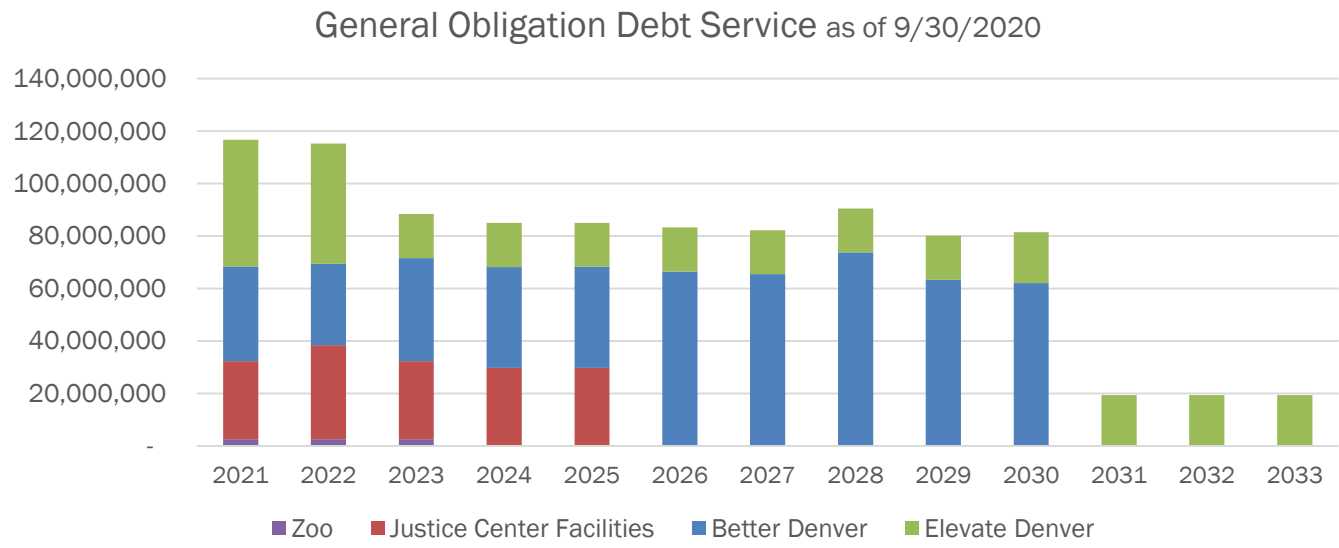


*Does not include special district & other conduit financings

General Obligation Bond Overview

General Obligation Bond Debt

- Backed by the full faith and credit of the City and payable from dedicated property tax mill levies
- City Charter limits GO debt to 3% of actual real and personal property value (\$5.1B as of 2019)
- Must be voter authorized (TABOR):
 - Authorized debt should be issued within a period of 10 years
 - Term of each issuance varies depending on market conditions, assets being financed and other considerations



General Obligation Bond Overview

General Obligation Bond Debt Mill Levy

2019 Mill Levy for 2020 Collection

	<u>Mill Levy</u>
General Fund	7.451
Social Services	2.479
Bond Principal	4.500
Bond Interest	2.000
Fire Pension Fund	1.042
Developmentally Disabled	1.011
Police Pension Fund	1.243
Capital Maintenance	2.528
Capital Improvement	1.809
Affordable Housing	<u>0.392</u>
City and County of Denver Total	24.455
DPS	46.664
Urban Drainage	<u>0.997</u>
Total Mill Levy	72.116

- Total GO Mill Levy is 6.50 mills
 - Reduced from 8.433 mills in 2018 (for 2019 collection)
- In 2020, median residential single-family home (valued at \$432,000) could expect a property tax bill of \$2,228. Of that bill, was \$201 (about 9%) was related to Denver’s GO Bonds.

