



2021 Dedicated Tax Revenue Bonds:
National Western Center Campus
and
Colorado Convention Center Expansion

Finance and Governance Committee
February 23, 2021

Agenda

- Council Request
- Revenue Bonds Overview
 - 2C Ballot Measure
 - Pledged Revenues – Performance Update & Projected Debt Service Coverage
 - Key Financing Objectives
- Use of Proceeds
 - National Western Center Campus (NWC)
 - Colorado Convention Center Expansion (CCC)
- Proposed Debt Issuance (Key Financing Terms and Timetable)

Council Request: 21-0190

Authorizes the issuance of City and County of Denver Dedicated Tax Revenue Bonds, Series 2021A-B, in a par amount not to exceed \$273.83 million for the purpose of funding:

1. The continued buildout of the National Western Center Campus
2. The Colorado Convention Center Expansion Project
3. Debt service reserve fund and associated costs of issuance (attorney fees, rating agencies fees, underwriter fees, etc.)

Revenue Bond Overview

Capital Funding Roadmap

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

Revenue Bond Overview

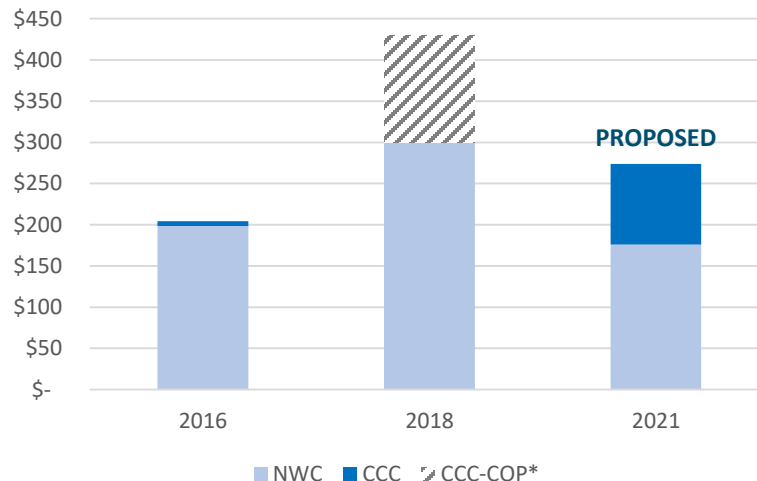
Multi-Year Financing Tools

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

* Requires approval of majority of Denver voters

2C Ballot Measure

- Ballot Measure 2C approved by Denver voters in November 2015:
 - Authorized \$778 million of debt (par amount) for funding toward the National Western Center Campus and Colorado Convention Center Expansion Project
 - Repealed expiration in 2023 of the 1.75% portions of the City's Lodger's Tax and Short-Term Auto Rental Tax
- Proposed issuance is the **final** issuance under the 2C voter authorization



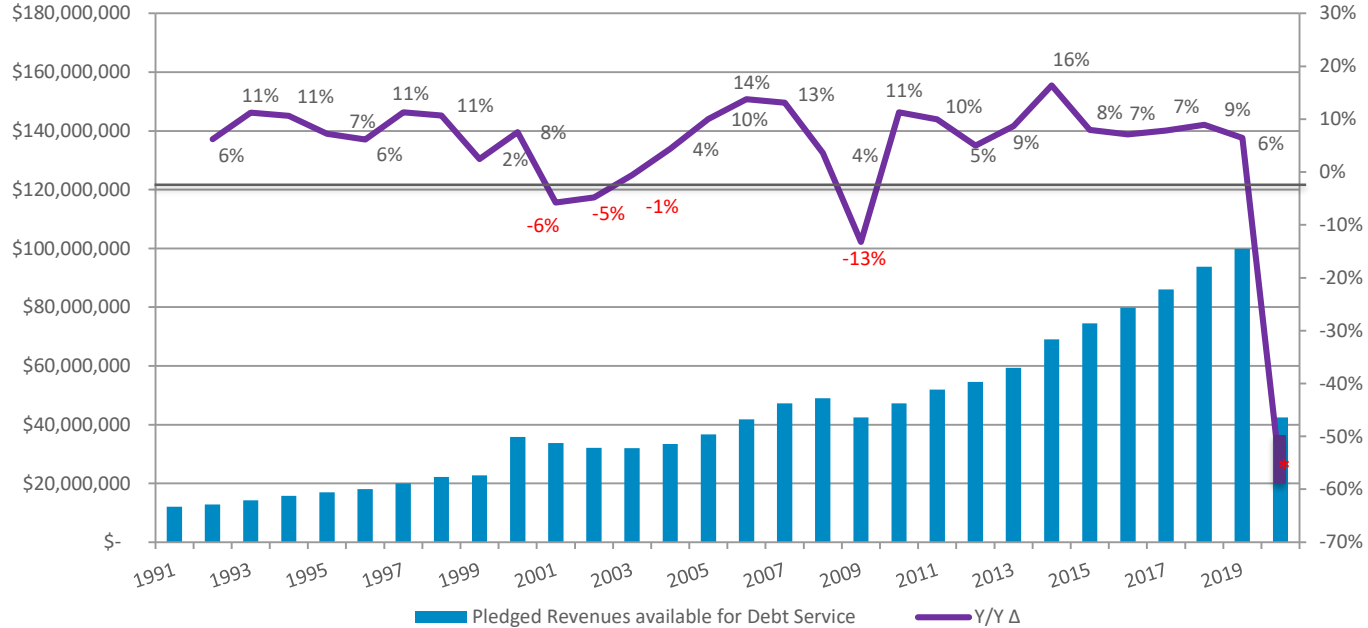
Shown in millions, par

**CCC-COP not issued under 2C voter authorization. Voter approval not required for COPS.*

Dedicated Tax Revenue Bonds Overview

- Excise (Dedicated) Tax Bonds are repaid from specific excise taxes:
 - ✓ 8.0% of total 10.75% CCD Lodger's Tax
 - ✓ Full 7.25% CCD Short-Term Auto Rental Tax
 - ✓ 0.50% of total 4.00% CCD Prepared Food & Beverage Tax
- \$589.4M of existing Excise Tax Revenue Bonds outstanding as of 12/31/20:
 - \$498.3M issued for NWC (\$495.7M par outstanding)
 - \$6M issued for CCC Expansion Project (\$5.85M par outstanding)
 - \$193.14M issued for the original 2001 CCC expansion (\$87.86M par outstanding)
- Must be voter authorized (TABOR)
- Pledged revenues and financial covenants (i.e. debt service coverage ratio) limit bonding capacity

Pledged Revenues - Performance Update*

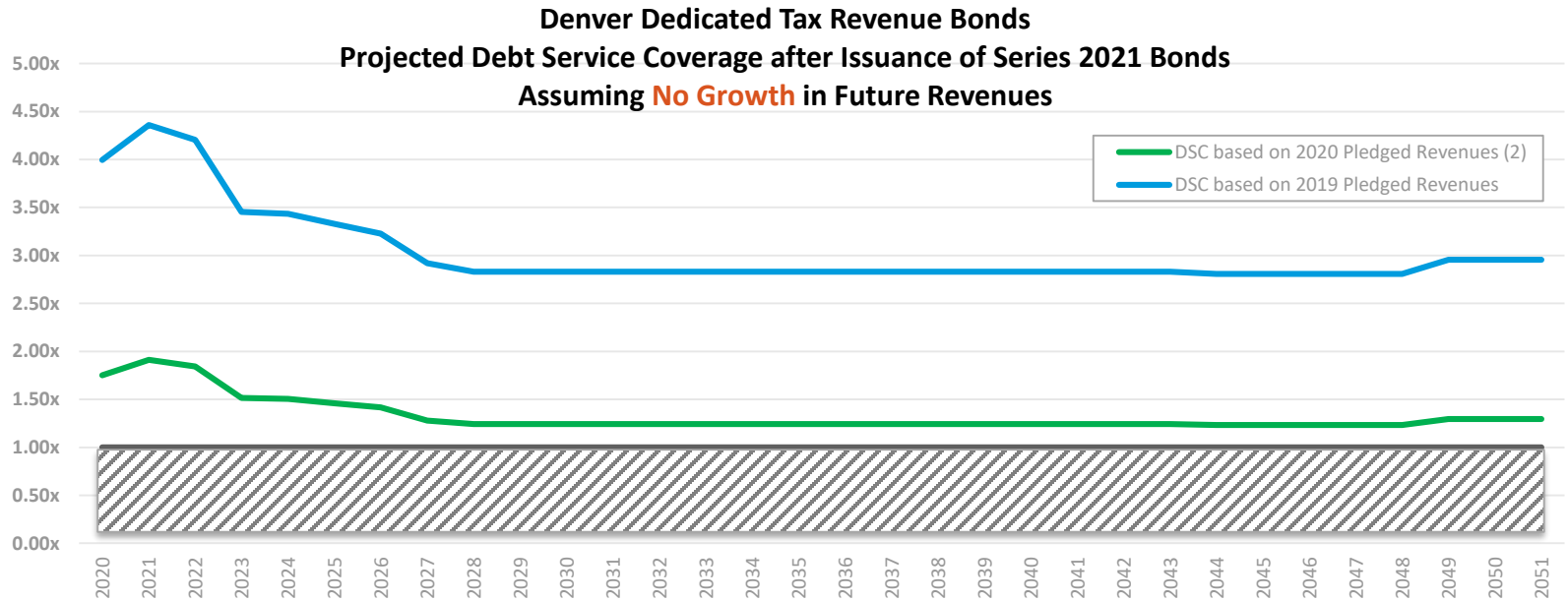


DOF partners with Visit Denver on data inputs for City's financial modeling

- Anticipate recovery to start later in 2021 and to return to 2019 levels by 2024

*2020 pledged revenue decline is **estimated** as of the date of this presentation based on YTD performance; information will be updated over the next few weeks by the Controller's Office.

Projected Debt Service Coverage ^(1,2)



2020 revenues expected to cover Maximum Annual Debt Service⁽¹⁾, including the proposed 2021 issuance, by an estimated 1.23x

(1) Debt service for Series 2021 Bonds estimated as of February 16, 2021 and is subject to change until pricing of the bonds. Debt Service Coverage is the ratio of pledged revenues to debt service (annual for each respective year)

(2) 2020 Pledged Revenues are estimated, unaudited and subject to change.

Key Financing Objectives

Conservative structuring of overall 2C Plan of Finance:

- ✓ Ensure funding to both NWC and CCC projects to fulfill 2C voter authorization
- ✓ Protect the annual transfer to the General Fund
- ✓ Conservative financial modeling assumptions and enhanced credit structure to protect against volatility in Pledge Revenues
- ✓ Maximize financial flexibility via structuring, tax-exempt and taxable mix, and call options

Proposed 2021 Bond Issuance:

- ✓ Takes advantage of currently very strong market conditions to minimize financial risks and lock in funding for both NWC and CCC-XP projects
- ✓ No incremental debt service in 2021 or 2022, partial (~50%) debt service in 2023, ramping back to 100% debt service by 2024 to provide cash flow relief, further protecting the General Fund and allowing time for pledged revenue recovery
- ✓ Does not increase existing Maximum Annual Debt Service over 30-year Plan of Finance
 - Coverage is sufficient even with no growth in 2020 revenues

2C Plan of Finance Reserves:

- ✓ Replenish 2C Overperformance Fund; Debt Service Reserve Fund; program-level reserves



National Western Center

Building A Unique Campus

- 250-acres at buildout
- A place that honors our past and celebrates our future
- A location with a local to global reach
- Bridge between rural and urban interests
- Year-round uses for entertainment, education and agri-business
- Flexible spaces to enable programming and activation for events such as:
Concerts, festivals, farmers' markets, sporting events, trade shows, conventions, classes, etc.



A Shared Vision:

Be the global destination for agricultural heritage and innovation

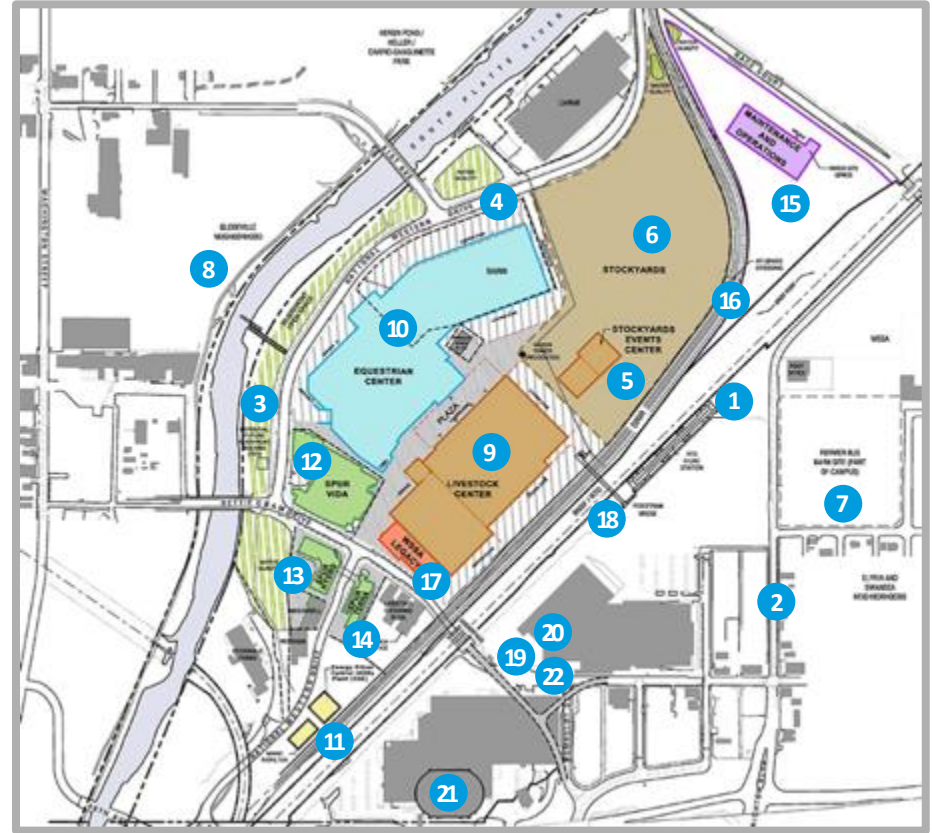
A Defining Mission:

Convene the world at the National Western Center to lead, inspire, create, educate, and entertain in pursuit of global food solutions



NWC Campus Plan

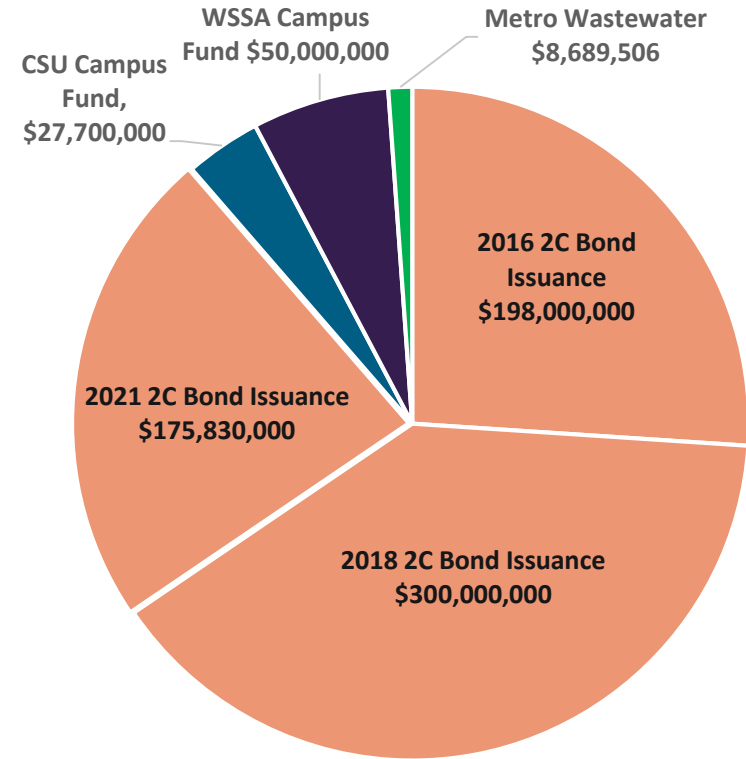
1. RTD Transit Station
2. Brighton Blvd. – 47th to Race Court
3. South Platte Riverfront
4. New National Western Drive
5. Stockyards Events Center
6. The Yards Multi-Use Space
7. Campus-related transit-oriented development (TOD)
8. New Bridges Near 48th & 51st Avenues
9. Livestock Center
10. Equestrian Center
11. District energy system's central utility plant (CUP)
12. CSU System Spur: Vida (health)
13. CSU System Spur: Hydro (water)
14. CSU System Spur: Terra (food)
15. Maintenance & Operations Facility
16. DRIR Rail Corridor
17. WSSA Legacy Building HQ
18. Pedestrian Bridge
19. Arena
20. Expo Hall
21. 1909 Rehabilitation
22. Supporting Development



NWC Program Financial Summary

Dedicated Funding Sources

- \$674M* from Voter Approval of 2015 Measure 2C (tourism tax revenues)
- \$27.7M from CSU campus funding
- \$50M from WSSA campus funding
- \$8.7M from Metro Wastewater for the Delgany Interceptor
- Regional Tourism Act (RTA) revenues



**Will include allocation of approximately \$14M of future bond premium and investment earnings for programmatic support as part of SteerCom approved budget to maintain capital project investment levels. Bond issuances include cost of issuance and debt service reserve funding.*

Program Milestones

- Campus Master Plan
- HB 15-1344
- Ballot Measure 2C
- RTA Award
- Framework Agreement
- Revised Site Plan
- Program Baseline (Scope, Schedule, Budget)
- Contract Procurements
- Structure Removal & Clean-up
- Campus Energy RFI
- Rail Agreement Complete
- RTA IGA (DURA)
- Brighton Blvd. Complete
- M&O Construction
- NWC Rezoning
- Horizontal Construction
- Established Public Art Commission

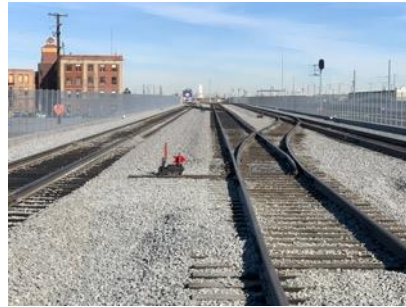


- Mayor's Office of the National Western Center Formation
- Program Management Team Selection
- Authority Board Formed
- Placemaking Begins
- Horizontal Design & Construction
- Vertical Design
- Metro Wastewater IGA
- Structural Assessments (water tower and sheep bridge)
- 1909 Studies
- EDC Commencement for Substantial Work
- Horizontal Construction
- M&O Complete
- SYEC Construction
- CSU construction begins
- Campus Energy Agreement
- Water Tower Move Complete

Campus Progress To Date

The Capital Build program is approximately 50% complete. Construction began in 2018 and continues with horizontal infrastructure and vertical construction. Major, visible efforts to date include:

- **Brighton Boulevard** from 48th Avenue to Race Court is now open to vehicles, pedestrians and cyclists to enjoy.
- The new **RTD N line** at the National Western Center Station is open and gives residents of Elyria-Swansea and Globeville easy access to Union Station, Commerce City, Northglenn and Thornton.
- The consolidation and relocation of almost three miles of **railroad tracks** away from the river is complete.
- The **maintenance & operations** facility renovation transformed this existing facility into fleet maintenance shops, offices, indoor and outdoor storage yard
- The **historic water tower** was placed in its new location on the campus in the heart of the stockyards and the remaining pens and brick were salvaged for future use throughout the campus.



Campus Progress Moving Forward

Program progress anticipated for 2021 as we track towards Stock Show 2022 and beyond. Some exciting progress to look forward to include:

- **Stockyards Event Center:** On schedule for completion this summer
- **Livestock Center:** Design and early construction efforts
- **Riverfront open space:** With the rail removed, site work continues
- **Delgany Wastewater Pipes:** Relocation of the pipe along the river is underway
- **National Western Drive:** Site enabling work is underway
- **51st Ave. Bridge:** Construction to connect Washington St. to National Western Drive
- **Campus Energy:** Construction efforts are mobilizing on the campus energy system that uses sewer heat recovery technology
- **CSU System:** Significant progress on the CSU System's three-building CSU Spur campus



NWC Redevelopment Project Economic Impact



4,500+
jobs



\$328 million
in labor income



\$790 million in
anticipated sales

NWC Workforce & Small Business Program

HIC Pilot Workforce Program

- Reporting
- Workforce coordinator
- Targeted zip codes and populations
- WORKNOW/DED0

Vertical Apprenticeship Program

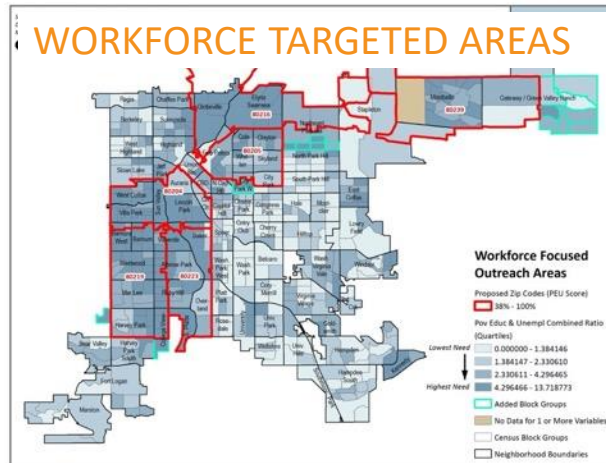
- Overall Apprenticeship Requirement
 - 15% / 25% / 25%
- Workforce coordinator
- Targeted zip codes and populations
- WORKNOW/DED0

Mentor Protégé

- Hensel Phelps / Sky Blue Builders / True Crew

Small Business Utilization

- M/WBE goals
- Reporting, Training & Best Practices



- To date, 1251 horizontal and vertical workers have been onsite performing work
- Approximately 300 individuals daily working on various elements of the program



Colorado Convention Center Expansion Project

CCC Expansion Project Update

Design/Construction

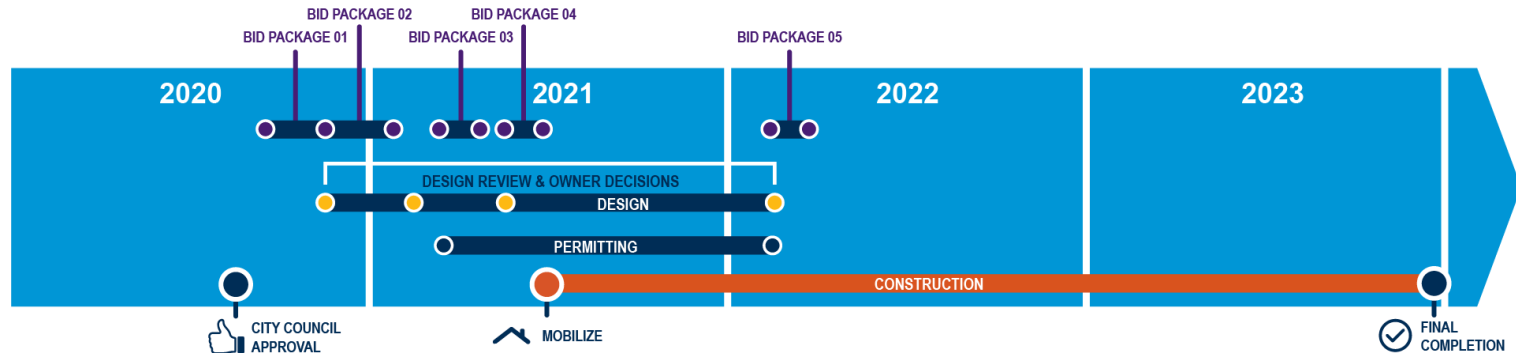
- Project is on schedule and within budget
- Currently in Design phase
- Construction starts Summer 2021
- Xcel Steam & Chilled Water Amendments - Council April/May

M/WBE

- Goals/Commitment: 22% Design, 17% Construction
- Actual Contracted: 22% Design, 0% Construction (Not yet Contracted)
- Payments are being paid within Prompt Pay timelines.

Workforce

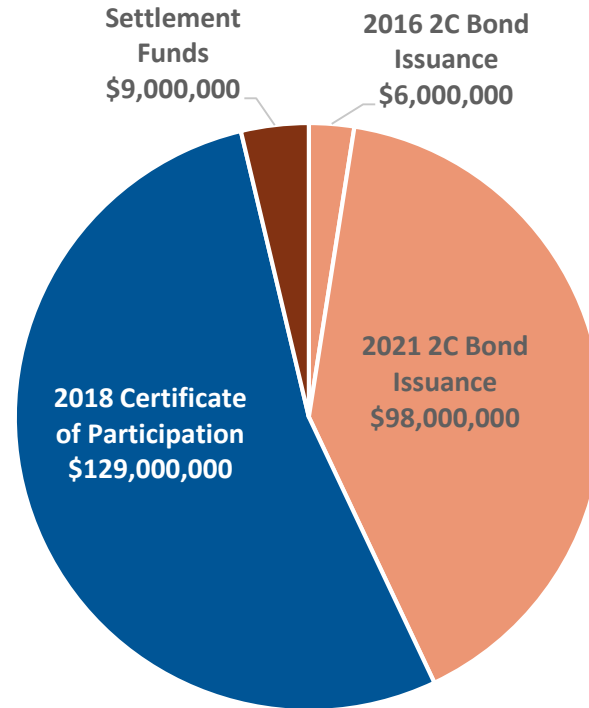
- Outreach is progressing as planned
- Interns (x2) – Arrupe Jesuit High School



CCC-XP Program Financial Summary

Dedicated Funding Sources

- \$104M from Voter Approval of 2015 Measure 2C (tourism tax revenues)
- \$129M from Certificate of Participation (COP) that pledged Tourism Improvement District, Seat Tax, and CCC Hotel Revenues
- \$9M from settlement funding



**Investment earnings may be allocated for programmatic support in the future*



PROPOSED DESIGN - VIEW FROM TERRACE LOOKING TOWARDS WEST





PROPOSED DESIGN - VIEW NEAR SPEER & STOUT INTERSECTION

Convention Center Expansion Project

Economic Impact

2,691 jobs



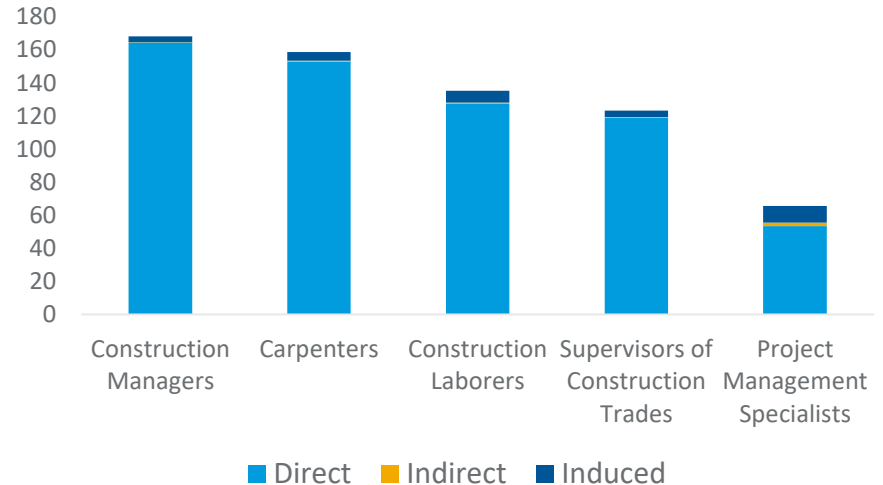
\$195 million
in labor income



\$475 million
in anticipated sales



Occupations with Greatest Jobs Impact



Key Financing Terms

	Series 2021A-B Dedicated Tax Revenue Bonds
Par Amount*	Up to \$273.83 million
Purpose/Use of Proceeds	Funding toward NWC and CCC Expansion Projects
Pledged Revenues	Lodger's Tax: 8.00% Short-Term Auto Rental Tax: 7.25% Prepared Food & Beverage Tax: 0.50%
Interest Rate*	Not to exceed 5.75%; fixed rate <i>(current All-In Interest Cost is approximately 3.0% *)</i>
Term	Not to exceed 30 years; prepayment options
Anticipated Credit Ratings	Currently AA- / Aa3 / AA (S&P/Moody's/Fitch); TBD
Tax Status*	Bond Ordinance includes flexibility to add taxable series; subject to further tax analysis

*The final par amount, interest rate, and tax-exempt/taxable mix will be determined closer to and/or on the day of pricing and is dependent on market conditions.

Tentative Financing Timetable

Feb 12	Submit Ordinance Request
Feb 22	Reading of 20-93 at Council
Feb 23	Finance & Governance Committee
Mar 2	Mayor Council
Mar 3	Filing bond documents
Mar 8	First Reading
Mar 15	Second Reading
Mar 16-29	Investor Marketing
March 30	Pricing*
Apr 15	Closing*

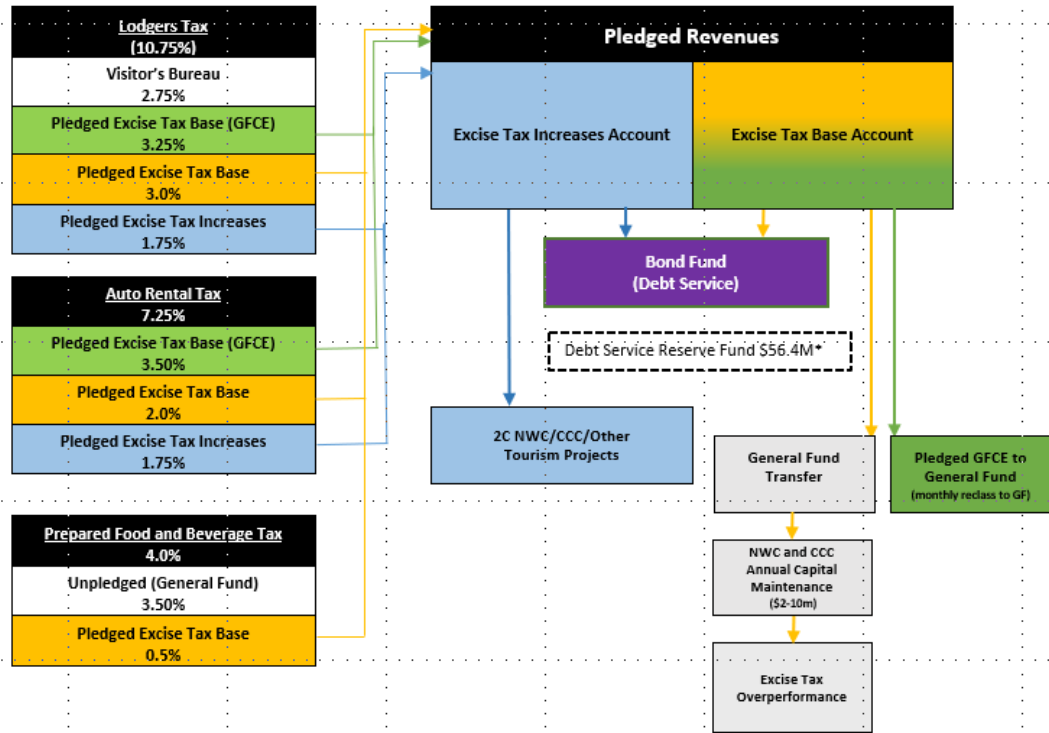
*Subject to market conditions



Questions?

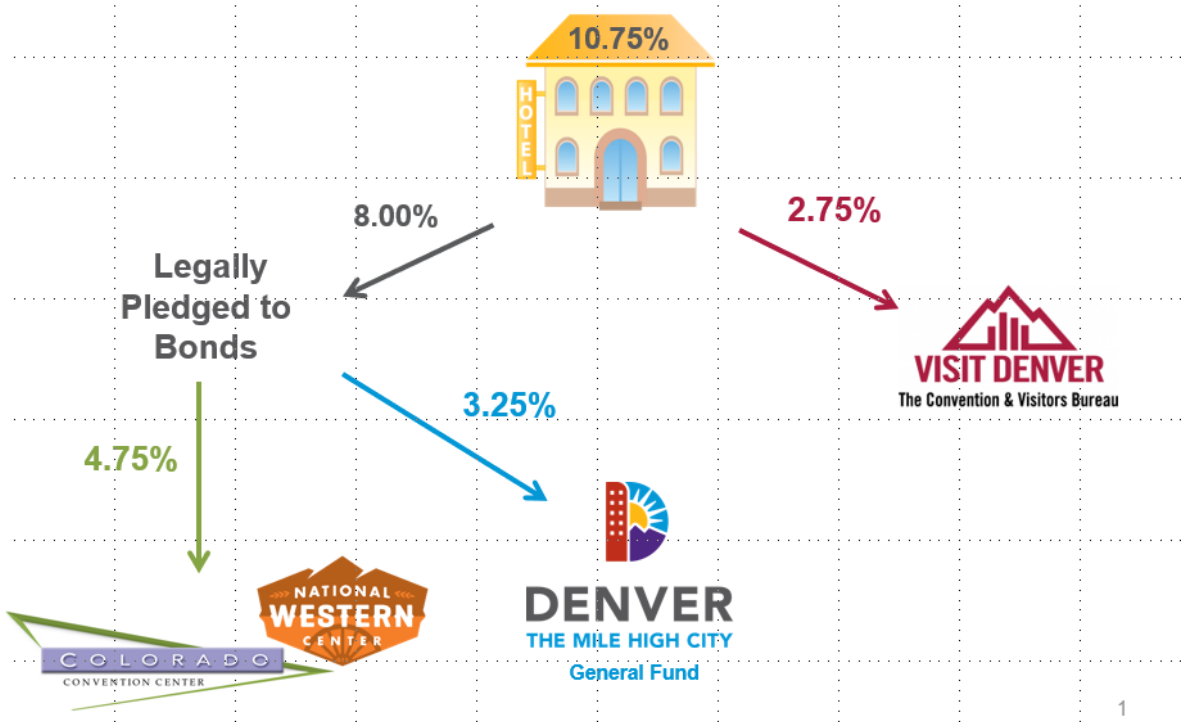
Supplemental Information

Dedicated Tax Flow of Funds



* Estimated, including proposed 2021 issuance.

Lodger's Tax Allocation



1

Outstanding Excise (Dedicated) Tax Bonds

Outstanding Excise (Dedicated) Tax bonds, repayable by portions of the City's Lodger's, Short-Term Auto Rental, and Food & Beverage Taxes, are summarized below:

Original Issuance Year	Purpose	Principal Amount Outstanding as of 12/31/20	Final Maturity
2001	Expansion of Colorado Convention Center	\$87,865,000	2029
2016	National Western Center and Colorado Convention Center Improvements	\$204,170,000	2046
2018	National Western Center Improvements	\$297,394,984	2048
TOTAL		\$589,429,984	