

ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor's Legislative Team

at MileHighOrdinance@DenverGov.org by **3:00pm on Monday**. Contact the Mayor's Legislative team with questions

Date of Request: November 2, 2020

Please mark one: ☐ Bill Request or ☒ Resolution Request

1. Type of Request:

- ☐ Contract/Grant Agreement ☐ Intergovernmental Agreement (IGA) ☐ Rezoning/Text Amendment
- ☐ Dedication/Vacation ☐ Appropriation/Supplemental ☐ DRMC Change
- ☒ Other: Certificate of Participation Lease Purchase Refunding Transaction

2. **Title:** (Start with *approves*, *amends*, *dedicates*, etc., include name of company or contractor and indicate the type of request: grant acceptance, contract execution, contract amendment, municipal code change, supplemental request, etc.)

Authorizes the Manager of Finance, on behalf of the City, to amend and restate the 2010A Lease Purchase Agreement for the purpose of refunding all the outstanding Series 2010A and Series 2010B Certificates of Participation, including paying costs of issuance, with the proceeds of Series 2020A-1(taxable) and Series 2020A-2 (tax-exempt) Certificates of Participation, in a principal amount not to exceed \$20.5 million.

3. **Requesting Agency:** Department of Finance

4. Contact Person:

Contact person with knowledge of proposed ordinance/resolution	Contact person to present item at Mayor-Council and Council
Name: Guadalupe Gutierrez-Vasquez	Name: Kiki Turner / Guadalupe Gutierrez-Vasquez
Email: lupe.gutierrez@denvergov.org	Email: Kiki.Turner@denvergov.org

5. General description or background of proposed request. Attach executive summary if more space needed:

The proposed resolution authorizes amendments to both, the 2010A Facilities Lease and 2010A Lease Purchase Agreement for the purpose executing and delivering Series 2020A-1 (taxable) and Series 2020A-2 (tax-exempt) certificates of participation to refund outstanding Series 2010A and 2010B certificates of participation in an amount not to exceed \$20.5 million. The refunding will achieve the following objectives:

1. Address the end of the initial rate term of the 2010A certificates which expires on 12/1/2020 by fixing the interest rate through maturity;
2. Terminate and release the 2010B Lease Purchase Agreement and related leased property; and
3. Provide lease payment savings in 2020 and 2021 by deferring payments.

This refunding will not raise additional proceeds for new projects. The final maturity of the 2020A-1(taxable) and 2020A-2(tax-exempt) obligations will not exceed December 1, 2030. The refunding is expected to generate approximately 6% (\$1 million) net present value savings. The Central Platte Campus property located at 1271 W. Bayaud currently pledged as part of the Series 2010A COPs will continue to serve as leased property under the Series 2020A1-A2 COPs. See executive summary for additional details.

6. **City Attorney assigned to this request (if applicable):** Laurie Heydman

7. **City Council District:** Citywide

8. ****For all contracts, fill out and submit accompanying Key Contract Terms worksheet****

To be completed by Mayor's Legislative Team:

Resolution/Bill Number RR20 1306

Date Entered: _____

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Key Contract Terms

Type of Contract: (e.g. Professional Services > \$500K; IGA/Grant Agreement, Sale or Lease of Real Property): N/A;
Certificate of Participation (COP) Lease Purchase Financing Refunding Transaction

Vendor/Contractor Name: N/A

Contract control number: N/A

Location: N/A

Is this a new contract? ☒ Yes ☐ No **Is this an Amendment?** ☐ Yes ☒ No **If yes, how many?**

Contract Term/Duration (for amended contracts, include existing term dates and amended dates): N/A-
Final lease payment for maturity of the 2020A1-A2 COPs will not exceed 2030

Contract Amount (indicate existing amount, amended amount and new contract total):

<i>Current Contract Amount</i> (A)	<i>Additional Funds</i> (B)	<i>Total Contract Amount</i> (A+B)
<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>

- Was this contractor selected by competitive process? **If not, why not?** N/A

Has this contractor provided these services to the City before? ☐ Yes ☐ No N/A

Source of funds: N/A

Is this contract subject to: ☐ W/MBE ☐ DBE ☐ SBE ☐ XO101 ☐ ACDBE ☒ N/A

WBE/MBE/DBE commitments (construction, design, Airport concession contracts): N/A

Who are the subcontractors to this contract? N/A

Executive Summary

To be completed by Mayor's Legislative Team:

Resolution/Bill Number RR20 1306

Date Entered: _____

Resolution to Authorize Refunding Certificates of Participation (COPs), Series 2020A-1(taxable) and Series 2020A-2 (tax-exempt) Lease Purchase Transaction

The proposed resolution authorizes the Manager of Finance on behalf of the City to amend and restate both its 2010A Facilities Lease and 2010A Lease Purchase Agreement to enter into a transaction with the Central Platte Campus Facilities Leasing Trust 2020 (the Trust) for the purpose undertaking a refunding transaction, the Series 2020A-1 (taxable) and A-2 (tax-exempt) Refunding Certificates of Participation, in accordance with an amended and restated Indenture of Trust for the purpose of:

1. Refunding to a fixed interest rate the Series 2010A COPs in order to address the end of the initial term period that comes due on 12/1/2020;
2. Terminate and release the 2010B Lease Purchase Agreement and related leased property currently pledged under the 2010B COPs and
3. Provide lease payment savings in 2020 and 2021 by deferring payments

The principal amount of the refunding transaction will not exceed \$20.5 million and is expected to generate 6% (approximately \$1 million) of aggregate net present value savings. The Series 2020A-1 (taxable) and A-2 (tax-exempt) COPs will bear a fixed interest rate not to exceed 2% with the final rate to be set upon City Council approval. The Series 2020A-1 (taxable) and 2020A-2 (tax-exempt) COPs will be sold via a private placement to JP Morgan Chase, who is the current holder of the 2010A COPs which allows for an additional refunding flexibility for the City and allows the City to close the transaction by the December 1 conversion date of the Series 2010A COPs. The refunding transaction will not raise proceeds for projects and the final maturity will not exceed December 1, 2030.

The structure consists of an amendment and restatement of the facilities lease under which the City, as lessor, leased the Central Platte Campus property to the Trust, as lessee; as well as the amendment and restatement of the annually renewable lease purchase agreement under which the City, as lessee, will enter into a transaction with the Central Platte Campus Facilities Leasing Trust 2020, as the lessor to lease such property back. The lessor will execute and deliver the Series 2020A-1 (taxable) and A-2 (tax-exempt) COPs in an amount sufficient to repay the outstanding Series 2010A-B COPs and to pay for any costs of issuance expenses.

The lease payments used to pay the Series 2020A-1 (taxable) and A-2 (tax-exempt) COPs will be subject to annual appropriation by City Council and neither the lease nor the COPs constitute a multiple year fiscal obligation of the City. The sources of funds for the annual lease payment will remain unchanged and consists of the General Fund, Capital Improvement Fund, the Zoo and the Denver Museum of Nature and Science. 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 trustee on behalf of Trust can take possession of the lease of the facility for the benefit of the Certificate holders.

The leased facilities located at 1271 W. Bayaud on the Central Platte Campus currently pledged as part of the 2010A certificates will continue to serve as leased property under the 2020A-1 and 2020A-2 COPs. The refunding will allow for the release of the 2010B leased property and the deeding of title back to the City for the Wastewater building and the DOTI facilities at 5440 Roslyn currently pledged under the 2010B COPs.

To be completed by Mayor's Legislative Team: