



Legislation Text

File #: 17-0809, Version: 1

Other/Miscellaneous Request Template (Appointments; ROW; Code Changes; Zoning Action, etc.)

Date Submitted: 07-18-17

Requesting Agency: Department of Finance
Division:

- **Name:** Michael Kerrigan - Sr. Financial Analyst
- **Phone:** 720-913-5550
- **Email:** Michael.Kerrigan@denvergov.org <mailto:Michael.Kerrigan@denvergov.org>

Item Title & Description:

(Do not delete the following instructions)

*These appear on the Council meeting agenda. Initially, the requesting agency will enter a 2-3 sentence description. Upon bill filling, the City Attorney's Office should enter the title above the description (the title should be in **bold** font).*

*Both the title and description must be entered between the red "title" and "body" below. Do **not** at any time delete the red "title" or "body" markers from this template.*

A bill for the Council of the City and County of Denver, sitting ex-officio as the Board of Directors of the Denver 14th Street General Improvement District, making certain findings and approving the issuance of \$4 million principal amount of Refunding Revenue Notes; and approving and adopting a supplement to the Work Plan and Amended Budget for the 2017 fiscal year.

Approves the issuance of \$4 million principal amount of refunding revenue notes, imposes capital charges, and approves and adopts an amended budget for the 2017 fiscal year by City Council sitting in its capacity as the ex-officio Board of Directors of the Denver 14th Street General Improvement District in Council District 9. The Committee approved filing this bill by consent on 7-25-17.

Affected Council District(s) or citywide? Council District 9

Executive Summary with Rationale and Impact:

Detailed description of the item and why we are doing it. This can be a separate attachment.

Ordinance to authorize refunding of the 14th Street General Improvement District's \$4,000,000 bonds issued in 2010.

The Denver 14th Street General Improvement District (GID), a Title 31 Special District, was created by

Council and approved by the electors within the GID in response to the "14th Street Initiative", creating a partnership between the Downtown Denver Partnership and the City and County of Denver to create Downtown's "Ambassador Street." The initiative visualized 14th Street between Market and Colfax as both a thriving pedestrian promenade and a major gateway to Downtown for vehicular traffic. The plan contemplated streetscape enhancements and related public infrastructure improvements. The creation ordinance for the GID provides that City Council is the ex-officio board of directors for the District, it also provides for the creation of the District Advisory Board who generally oversees day to day management of the District. The District's board of directors has retained management and control for several specific items including debt approval.

At a TABOR election in 2009 a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$4,000,000. Subsequent to the TABOR election the District issued a \$4,000,000 bond in 2010 and used the debt proceeds to fund a portion of the costs for the streetscape enhancements related to infrastructure improvements to achieve the 14th Street Initiative vision.

Wanting to capitalize on lower financing costs, in the spring of 2017 the District Advisory Board requested proposals from bank solicitors to help in its refunding efforts for its existing debt. RBC Capital Markets, LLC was chosen as the bank solicitor. RBC obtained refunding proposals from six local lenders; after review of the proposals the District Advisory Board has recommended for approval to the District board of directors the Vectra Bank proposal.

Vectra Bank proposal highlights

- Par Amount: \$4,000,000 no new money
- Term: 17-year term, matures 2034, aligns with term of originally issued bonds in 2010.
- Rate Lock: Interest rate locked at 2.73% to August 25, 2017.
- Interest Rate: fixed for 15 years at 2.73%, subject to annual resets starting in 2032 (year 16) at the then 1-year FHLB rate, in any event no greater than 10%.
- Present Value Savings: \$605,176 in present value savings, assuming 7% interest during reset period (7% is current 2010 bond interest rate). Present value savings represents 17.11% of refunded bonds.
- Prepayment/Call Options:
 - Years 1-6 callable at 101.5%
 - Years 6-10 callable at 101%
 - Years 11-15 callable at 100.5%
 - Years 16-17 callable at par.

Attached is the City Council schedule.

Consent agenda requested based on conversations with CW Kniech and CM Brooks' offices. The fixed interest rate being offered by Vectra Bank is fixed until August 25th, due to crowded Council Committee schedules, we are requesting this item be placed on the consent agenda. Doing so will allow the Council legislative process to conclude by August 14th leaving one week buffer for contingency.

Address/Location (if applicable):

Legal Description (if applicable):

Denver Revised Municipal Code (D.R.M.C.) Citation (if applicable):

Draft Bill Attached?