



Community and Economic Development in North Carolina and Beyond Blog: Many Mini-Bonds in the Mile High City

By CED Guest Author

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\$12 million in one hour: That's not a report of the ticket sales for the Garth Brooks and Trisha Yearwood's Greensboro show last week. That is how much the City of Denver raised directly from the citizens of Colorado for the final phase of its Better Denver capital campaign. This past August, the City of Denver offered general obligation bonds in \$500 increments to Colorado residents, and they bought them right up! Approximately 1,000 Colorado residents purchased an average of 24 mini-bonds apiece. The City anticipated a five day sale. They were turning people away after one hour.

The funds will be used by the City to restore, rehabilitate, refurbish, and replace the City's infrastructure from libraries to animal shelters, museums and roads. The bonds were only available to Colorado residents, and individual bond sales were limited to \$20,000 (or 40 bonds). The City divided the sale of the compound interest bonds in half: one half, or \$6 million worth, was sold at a 4.38% interest rate with a nine year maturity. The other half was sold at a 4.89% interest rate with a fourteen year maturity. That means that your average citizen could loan its City \$500 and seek a return of \$750 in 2023 or \$1,000 in 2028 from a AAA-rated entity.

Against a \$550 million capital campaign, \$12 million seems like a drop-in-the-bucket, but Denver most likely did not issue the public bonds for financial reasons. In fact, a comment anonymously posted on the Denver Post's news article about the sell-out likely captures the benefit they were going for:

"Since when did government bonds get sold-out like they were rock-star concert tickets, or seats at a top sporting event? Holy cow! I figured I could leisurely stop by the bank at lunch and pick a couple up just for grins and to support my local govt. Boy was I wrong...."

"I'm glad to see that Denver has such strong support, that folks are racing to the door to fund their own government. A long time ago, it used to be War Bonds that folks would buy to support their govt. I hope they get a chance to do more offerings like this. It is a good way to get folks literally invested in their own govt."

Offering small increment bonds directly to the public has great potential in raising awareness and commitment to government projects. It's an opportunity for education about the costs and benefits of capital projects and provides a mechanism for fiscal engagement beyond paying taxes.

Could this be done in North Carolina? Probably, but it wouldn't be done for pure efficiency's sake. Selling to that many individuals would require a lot more record keeping. And, as all debt in North Carolina, it would be subject to approval by the North Carolina Local Government Commission.



But with large infrastructure needs looming on the nation's horizon, many mini-bonds may be an important innovative strategy in engaging the public.

For details on Denver's recent mini-bond issuance, see the [Official Statement](#).

Mary Tiger was formerly on staff with the UNC Environmental Finance Center.

Resources:

[Crowdfunding Fans Are Crazy About Denver's Mini-Bonds](#)

[Denver Raises 12 Million with 'Mini Bonds'](#)