

Upper Cottonwood Creek Metro District No. 3 and No. 4 Debt Issuances City Council Work Session

March 13, 2023

**Carl Schueler, Comprehensive
Planning Manager**



Summary

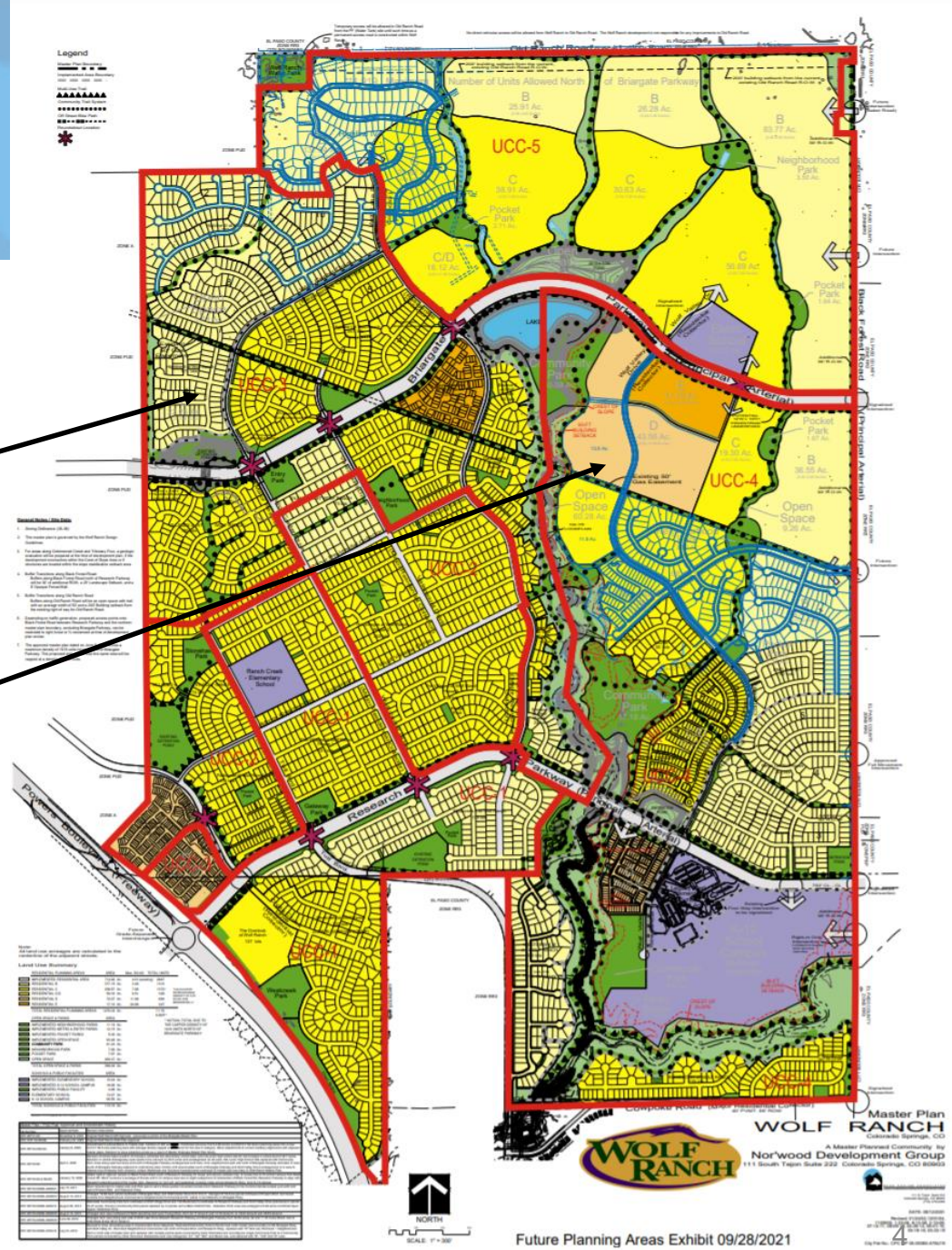


- Approval of Two Bond Issues
 - **Upper Cottonwood Creek Metropolitan District No. 3**
 - \$4,115,000 Series 2023 Bonds
 - 34.274 debt service mills, subject to future Gallagher Adjustments
 - Fourth and presumably last issuance by this district (\$7,200,000 in 2019 and \$6,475,000 in 2021 and \$4,710,000 in 2022)
 - **Upper Cottonwood Creek Metropolitan District No. 4**
 - \$23,375,000 Series 2023 Bonds
 - Draw down bonds, with 2023, 2024 and 2025 draws expected
 - 34.133 debt service mills, subject to future Gallagher Adjustments
 - Third issuance by this district (\$5,095,000 in 2021 and \$5,530,000 in 2022)
- 6% interest; tax exempt
- Both privately placed with this developer
- Final maturity 2052
- Optional redemption dates of December 1, 2027
- Discharge dates tied to 40-year debt service mill levy imposition term
- Two separate Council resolutions

District Boundaries

District No. 3

District No. 4



Master Plan
WOLF RANCH
A Master Planned Community by
Norwood Development Group
111 South Tejon Suite 202 Colorado Springs, CO 80903

District History/Evolution



- 2001 – Original Wolf Ranch MP
- 2002 – Old Ranch and Upper Cottonwood Creek Metro. District
 - Old Ranch (servicing/master)
 - UCC (financing)
 - 20 mill (Gallagher-adjusted) overall ML cap
 - 3.5 mills for operations (Gallagher adjusted)
- 2006 – UCC Districts No. 2-5
 - City Council Special District Policy and Model Plans
 - Consolidated service plan for Districts No. 2-5
 - Districts 2-4 residential/ District 5 commercial
 - 10.0 mills for operations

District History/Evolution, cont'd



- 2007- Initial Debt by Old Ranch Metro. District- pledge from Upper Cottonwood Creek District ("No. 1")
- 2010 – Council authorizes issuance of debt up to \$2,350,000.00 for District 2
- 2016 – Council approves Amendment to Service Plan to increase Maximum Operating Mill Levy from 10.0 mills to 20.0 mills for Nos. 3, 4, and 5
(note: not applicable to District No. 2)
- 2018 – Council authorized additional debt of up to \$7,800,000 by District No. 2
- 2019 – Council authorized initial debt of up to \$7,200,000 by District No. 3

District History/Evolution, cont'd



- March 2021- Council authorizes second debt issuance by District No. 3 and first by District No. 4
- October 2021- Council approves a second amendment of the service plan for District Nos. 2-5, changing the district structure and re-allocating maximum debt limits among the districts
- November 2021- Council authorizes third issuance by District No. 3 and second by District No. 4

Additional Information



- Maximum authorized debt for District No. 3 is now \$22,500,000
 - \$7,200,000 Series 2019 + \$6,475,000 Series 2021 + \$4,710,000 Series 2022 = \$18,385,000
 - About \$4,115,000 available for this issuance)
- Maximum authorized debt for District No. 4 is now \$34,000,000
 - \$5,095,000 series 2021 + \$5,530,000 Series 2022 = \$10,625,000
 - About \$23,375,000 available for this issuance)
- External advisor letter required due to private placement
- Interest rates and amounts can be fixed due to private placement
- Bond proceeds will reimburse completed and certified public improvements costs now subject to a reimbursement agreement between the developer and the Old Ranch District
 - Proportions allocated to each financing district

- February 28, 2023
 - Clarifications on district locations, buildout and status of improvements to be funded
 - Question on external advisor opinion letter
 - District resident board of director member update:
 - District counsel stated District No. 3 has one unaffiliated resident director, who voted for the budget including this proposed debt.
 - District counsel later clarified that District No. 4 currently has no resident board members
 - For both districts, individual notice was provided re” self nomination for May 2023 elections, with no interested individuals
 - BOD composition therefore likely to remain the same through 2025.

Supporting Materials



- City Council resolutions
- District transmittal letter
- Forms of bond resolutions
- Summary totals of costs
- Financial projections
- Opinion letters from external financial advisor
- Form of District counsel opinions

Next Steps



- 1 Year to Issue/Close (March 28, 2024)
- New Business/ Consent?- March 28, 2023
- At Least **Six** Affirmative Votes Required
 - City Charter 7-100(a) -> exceeds 10% of total assessed valuation