

# Banning Lewis Ranch Metropolitan District No. 3 Bond Refinancing

City Council Work Session  
October 12 2020

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District Board Representatives



# Summary



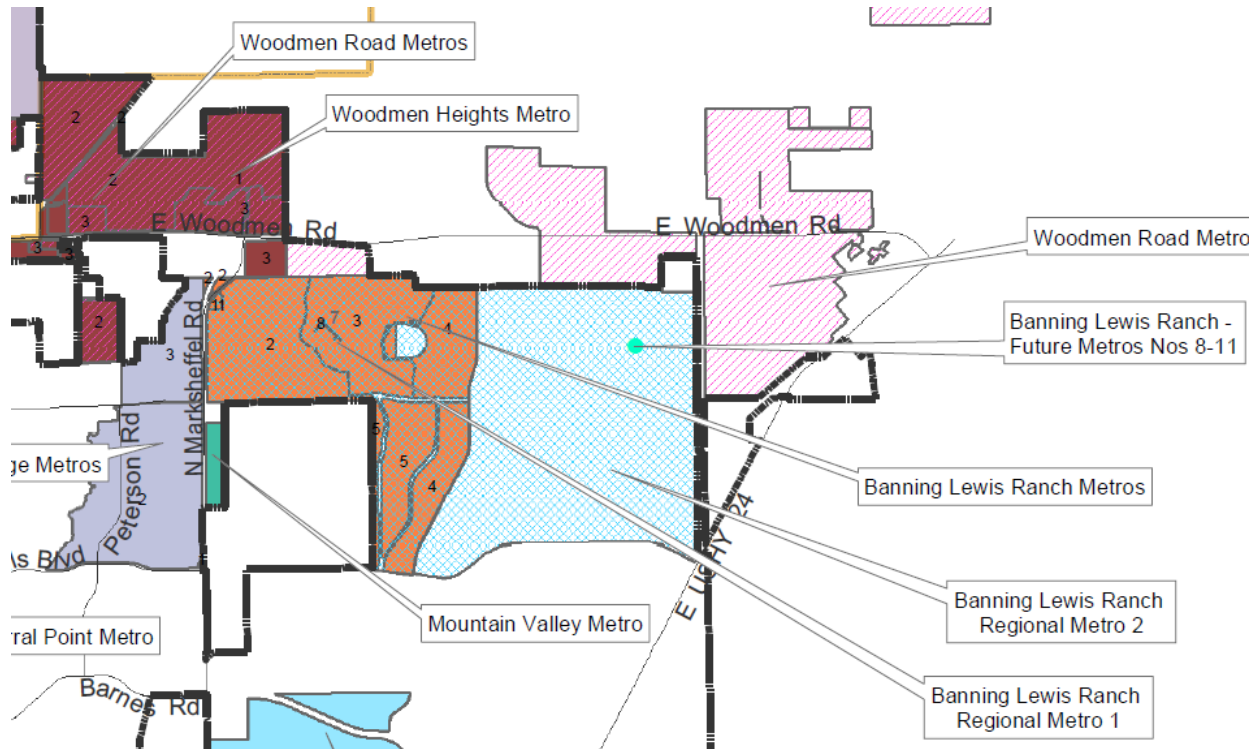
- Refinancing of existing "A" and "B" bond debt to take advantage of increase AV and current interest rate market
- Substantial NPV benefit (as much as \$3.75M)
- Opportunity to substantially lower debt service mill levy
- Supported by resident- controlled board

# Background



- BLR Metropolitan District No. 3 originally created in 2008, but more recently deployed by Oakwood for this phase of development
- Existing bonds issued in 2015
  - 2015A \$8,455,000 outstanding – 6.125%
  - 2015B \$1,620,000 outstanding – 7.75%
- District is now largely built out
- No more developer debt to be issued

# Area and district map



# District No. 3



- Residential, Oakwood second phase
- About 258 acres
- District residential development is completed
- Gallagher-adjusted Mill levy 50-60 mills
  - 30.0 debt (33.39)
  - 20.0 operations (22.3)
  - 10.0 Regional (BLR Regional Metropolitan District No. 1) (11.131)

# 2020 Bonds



- \$10,000,000
- Tax-exempt
- 2.67% TIC interest rate
- 2030 call date at par
- 2045 final maturity (same as 2015 bonds)

# Mill Levy Impacts



- Full 30 mills – Gallagher adjusted to be pledged
- But opportunity to reduce debt service mill levy from 33.39 to as low as 19.65

# Budget Committee



- September 22, 2020
- Questions on the proposed \$13,000,000 not to exceed limit
  - Note: The District now agrees to a NTE cap of \$11M (reflected in resolution)



# Supporting Materials



- Council Resolution
- Transmittal letter
- D.A, Davidson (District Board) PowerPoint
- Term sheet
- Financing plan
- Bond indenture
- Form of District counsel opinion

# Recommendation and Next Steps



- Approval
- New Business on October 27, 2020
- Six affirmative votes needed
- Closing to follow
- Debt service ML reduction could occur as early as 2021
- Consent?