

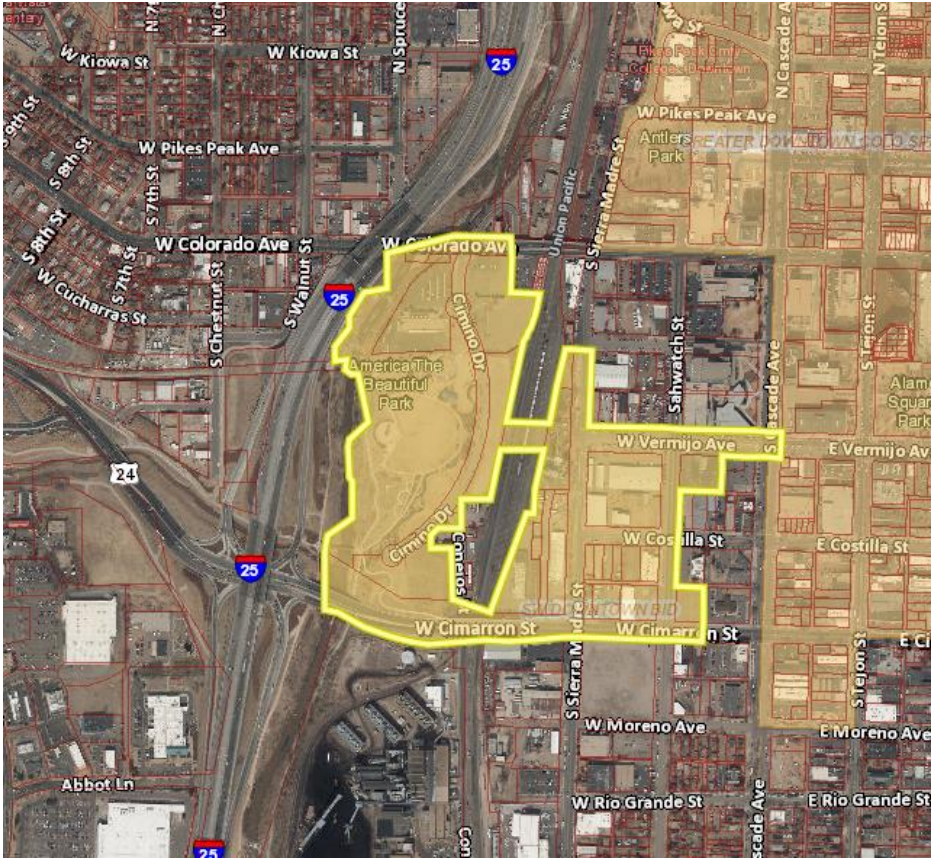
Southwest Downtown BID 2020 Debt Authorization

City Council Work Session
January 27, 2020

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Jeff Finn, Nor'wood
Russ Dykstra, Esq. : representing the applicant



BID Location and Vicinity



Summary



- Formal district debt issuance requires Council approval
- SWDT BID requesting approval of “Master Trust Indenture” to allow issuance of up to \$50,000,000 in bonds
- Limited Tax Supported and Special Revenue Senior Bonds
 - “Master Indenture” approach for a total of \$50,000,000 in authorization
 - Phase 1A (Series A) issuance planned for \$28,275,000

Summary- Continued



- Bond proceeds will be used to reimburse prior costs and fund future improvements
- Cash flow bonds
 - Limited immediately available revenues
 - Anticipated rapid first phase development
- Privately placed with a consortium of investors
 - Including developer
- Tax-exempt bonds
- 8.00% interest with a refunding option
- 30- year term; 40-year maximum repayment period
- Within maximum debt authorization cap of \$105,000,000

Additional Information and Background



- Pledged revenue for these bonds will be:
 - BID debt service mill levy of 20 mills, with up to 50 mills pledged (Gallagher adjusted)
 - Specific ownership tax
 - Property tax TIF
 - 30 mill Gallagher-adjusted revenue pledge from the two SWDT Metropolitan Districts
 - Sales tax TIF (2.75% total); Use tax TIF
- Public improvement fee (PIF) revenue will not be pledged toward these bonds
- Several other sources of public improvement funding are being leverage for Phase 1 improvements (e.g. Regional Tourism Act bonds, DDA, PPRTA)

Public Improvements to be Financed



- Project and cost summary attached
- Active district management role related to improvements
- Reimbursements and future project costs
- To include demolition, pedestrian bridge share, parking, streets, streetscape, utilities, stormwater, utilities, alleys, parks and recreation, etc.

Residential Development and Metropolitan Districts



- Residential development will be incorporated in one of the two metropolitan districts
- Metropolitan district revenues will be pledged to these bonds (by separate agreement)

Bond Term and Refunding Options



- Cash flow bonds
 - Interest to accrue until property tax and TIF revenues are established
- 30- year term of these bonds could be extended in the event revenues were insufficient
- Conversely, the expectation in this case would be to refund at a potentially lower interest rate after vertical development is established
- 40-year maximum repayment period in any case

Budget Committee



- Item to be presented and discussed at February 28, 2020 meeting for further discussion prior to City Council hearing

Supporting Materials



- ✓ Cover memo
- ✓ Draft Council resolution
- ✓ District bond resolution
- ✓ Indentures
- ✓ Draft Metro Districts pledge agreement
- ✓ Draft opinion of bond counsel
- ✓ External advisor opinion
- ✓ Cost estimates

Next Steps/ Questions or Comments?



- Four years to issue all the debt
 - Normally there is a one-year deadline
- Capped interest rate
- February 11, 2020 Council Hearing
- Six (6) affirmative votes required