

Banning Lewis Ranch Metropolitan District No. 2 Service Plan Amendment and Refinancing

City Council Work Session
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Summary



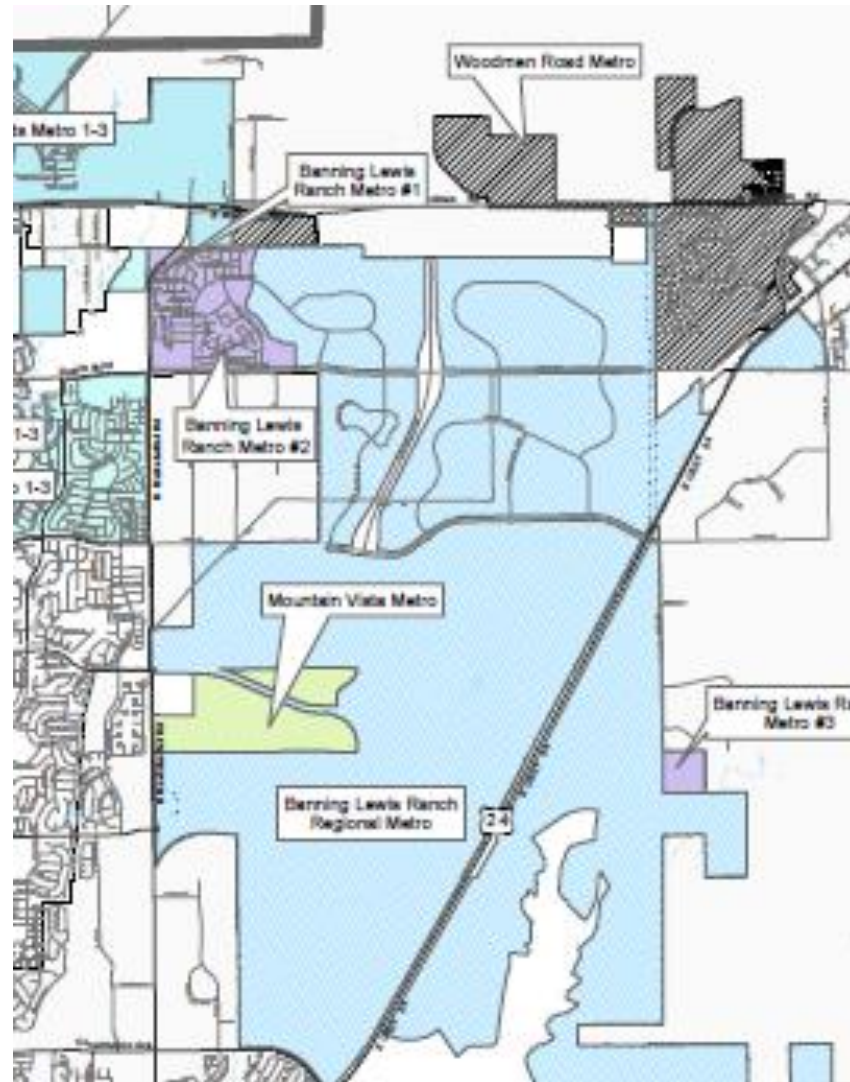
- Two related agenda items:
 - Service plan amendment to allow removal of mill levy cap
 - Relief from 3% of market value limitation
- Limited amendment process
- Authorization of issuance of refinancing debt

Background



- BLR Metro. District No. 2 is largely built out and has existing debt
- No more developer debt to be issued
- Resident/ property owner board control
- Refinancing and mill levy reduction opportunity
 - But requires removal of debt service cap

Area and district map



District No. 2



- Residential, Oakwood first phase
- About 316 acres
- About 892 homes
- 50-60 mills
 - 30 debt
 - 20 operations
 - 10 regional (wastewater)
- Two recent bond issues/ loans
 - Total ~ \$10.8M
 - 2014 ~\$2.750,000 -6.5%
 - 2013~\$8,020,000- variable %

Trade-off Risk



- “Cushion” of about 24% in AV to get back to 30.0 mills
- Depression beyond that could trigger ML increases above 30.0

Special District Committee



- Questions and concerns from one member
 - Concern with protection and precedent

Refinancing



- Standard would be consistency with amended service plan
- Tax advantage to property owners
- Usual one year to issue
- No typical “limited default” language

Supporting Materials



- 2 Resolutions
- Amendment
- Excerpt from Model Service Plan
- District Presentations
- Bond documents

Recommendation and Next Steps



- Approval, based on reliance on resident directors to represent risk tolerance of impacted taxpayers
- New Business on November 8, 2016
- Closing to follow
- Debt service ML reduction
- Possible future Policy change