

**Third Amendment to the Service Plan  
Finance Plan for Series 2020A-1 and 2020 A-2/B-2 Bonds  
Colorado Crossing Metropolitan District Nos. 1, 2 and 3**

**UPDATED – OCTOBER 13, 2020**



**Otis Moore, III Principal**  
**Westside Investment**  
**Partners, Inc.**  
**(303) 984-9800**  
**omoore@westsideinv.com**



**Megan Becher, Esq.**  
**McGeady Becher, P.C.**  
**(303)592-4380**  
**mbecher@specialdistrictlaw.com**

# Follow-Up Questions

1. Assumptions / necessity behind request for increase in Debt Limit
2. Explain Necessity for District Overlap and Confirm Compliance with Mill Levy Caps
3. In and Out Property Status
4. Clarify District Operations Responsibilities
5. Net Present Value Savings related to Refunding of Current Bonds

# Why Increase Debt Limit to \$60mil

- Cost Escalation
- Modified Development Assumptions  
Resulting in Changed Infrastructure Plans
- Added Infrastructure in Field of Dreams Area
- Financing Costs

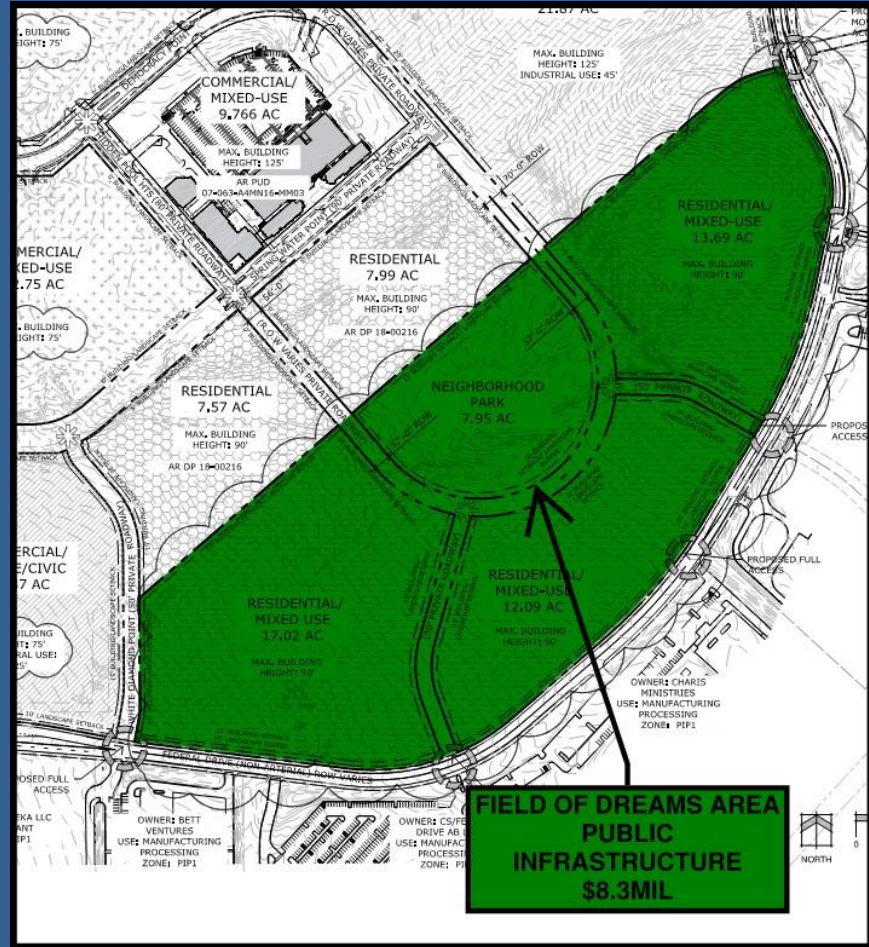
# Increase Debt Limit - Cost Escalation

State of Colorado			
Colorado Construction Cost Index Report			
Colorado Department of Transportation			
<a href="https://www.codot.gov/business/eema/construction-cost-index">https://www.codot.gov/business/eema/construction-cost-index</a>			
	Q2-2006	Q1-2020	Total Increase
Earthwork (\$/CY)	\$ 10.68	\$ 20.76	94%
Hot Mix Asphalt (\$/TON)	\$ 58.85	\$ 93.02	58%
Concrete Pavement (\$/SY)	\$ 28.40	\$ 62.82	121%
Structural Concrete (\$/CY)	\$ 426.20	\$ 805.97	89%
Reinforcing Steel (\$/LB)	\$ 1.11	\$ 1.22	10%
Roadway Cost per 1/4 Mile	\$ 438,052	\$ 846,865	93%

Note: Roadway Cost excludes landscaping, lighting and utilities that are not covered by the Colorado Construction Cost Index Report

# Increase Debt Limit – Field of Dreams Infrastructure

- Field of Dreams Area adds \$8.3 mil infrastructure cost.



# Increase Debt Limit - Financing Costs

## Debt Limit Calculations

	<u>Rates / Estimated Rates</u>	<u>Principal / New Money Principal</u>	<u>Less Reserve Fund</u>	<u>Less Capitalized Interest</u>	<u>Less Cost of Issuance</u>	<u>Net Project Funds / Estimated Net Project Funds</u>
2017 Transaction	7.50%	\$14.8mm	\$0.0mm	\$0.0mm	-\$0.8mm	\$14.0mm
Proposed 2020A-2/B-2 Transaction	5.875% / 8.25%	\$26.0mm	-\$2.1mm	-\$2.6mm	-\$1.0mm	\$20.3mm
Potential 2027 Transaction	4.50% / 8.00%	<u>\$11.8mm</u>	-\$0.7mm	\$0.0mm	-\$0.3mm	<u>\$10.7mm</u>
		\$52.5mm				\$45.0mm
Plus 15% Contingency*		\$7.9mm				
<b>Total Debt Limit</b>		<b>\$60.4mm</b>				

\*Contingency accounts for potential increases in market rates, market demand for certain structures (i.e., discount bonds), changes in project development plans and estimated project costs.

# Overlap of Boundaries and Mill Levy Caps

- ◉ Goal is to Ensure there will never be the possibility of exceeding stated Service Plan Mill Levy caps:
  - Commercial property mills limited to 50 mills, adjusted for Gallagher
  - Residential property mills limited to 30 mills, adjusted for Gallagher
  - Residential mills limited to imposition for 40 years

# Overlap of Boundaries and Mill Levy Caps

## Colorado Crossing Metropolitan Districts Proposed Series 2020 Bonds

**District No. 1:** Maximum 20 debt mills

- Commercial property only
- Overlaps commercial portions of District No. 2 (so commercial levy across Districts equals 50)

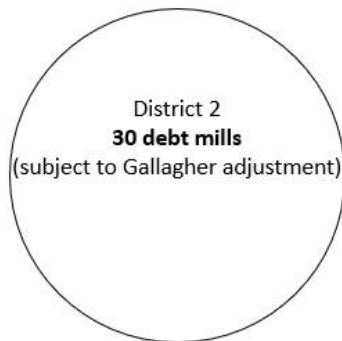
**District No. 2:** Maximum 30 debt mills (subject to Gallagher adjustment)

- Contains residential property
- If commercial use, property overlapped by District No. 1

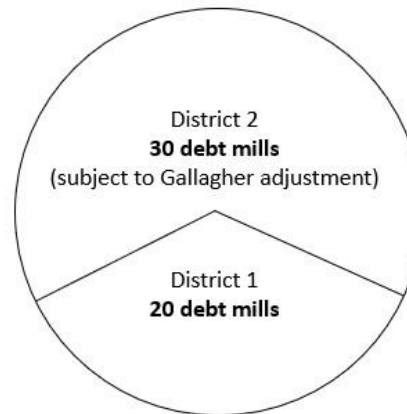
**District No. 3:** Maximum 50 debt mills

- Contains commercial property only

Residential Property:  
Total 30 Debt Mills

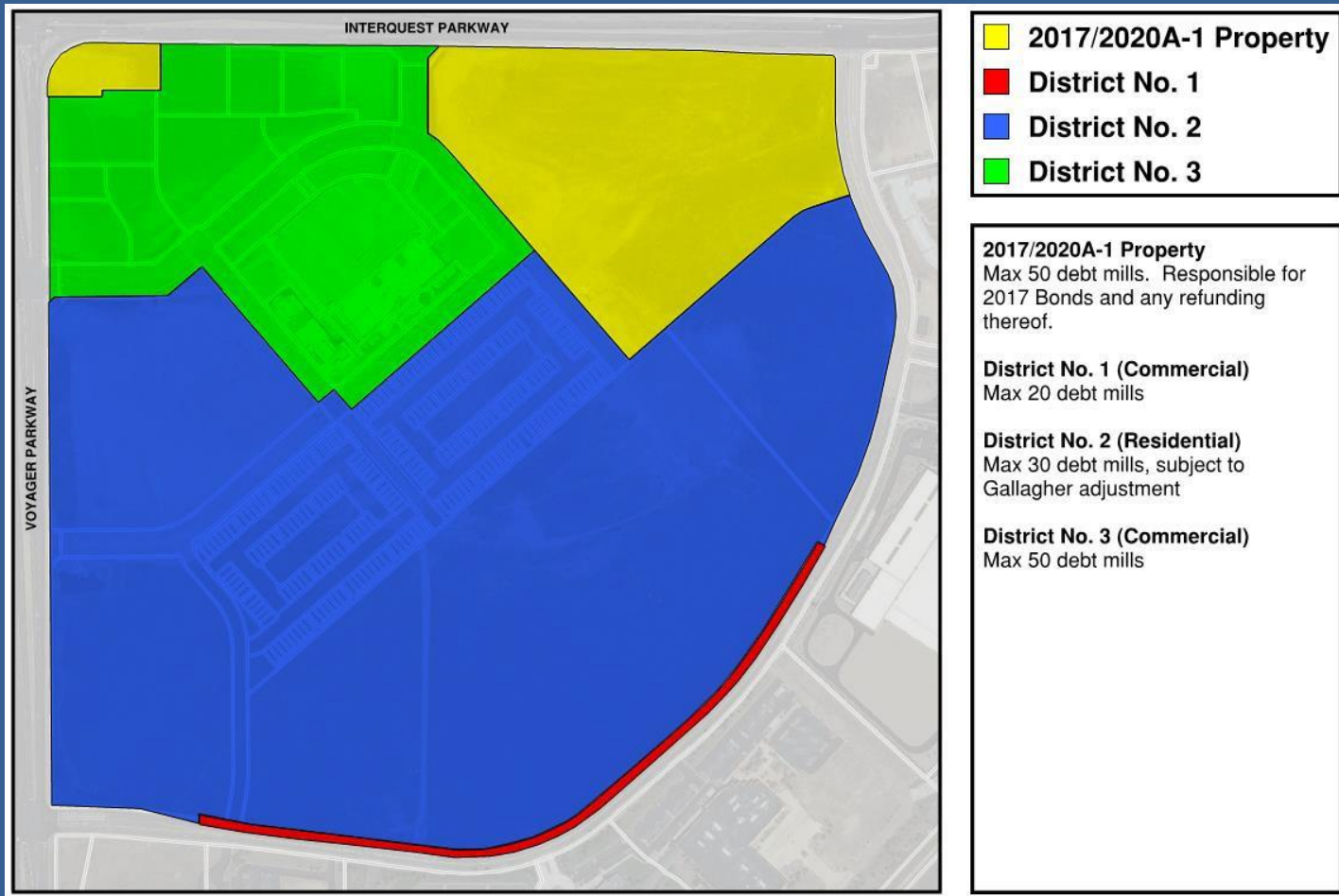


Commercial Property:  
Total 50 Debt Mills

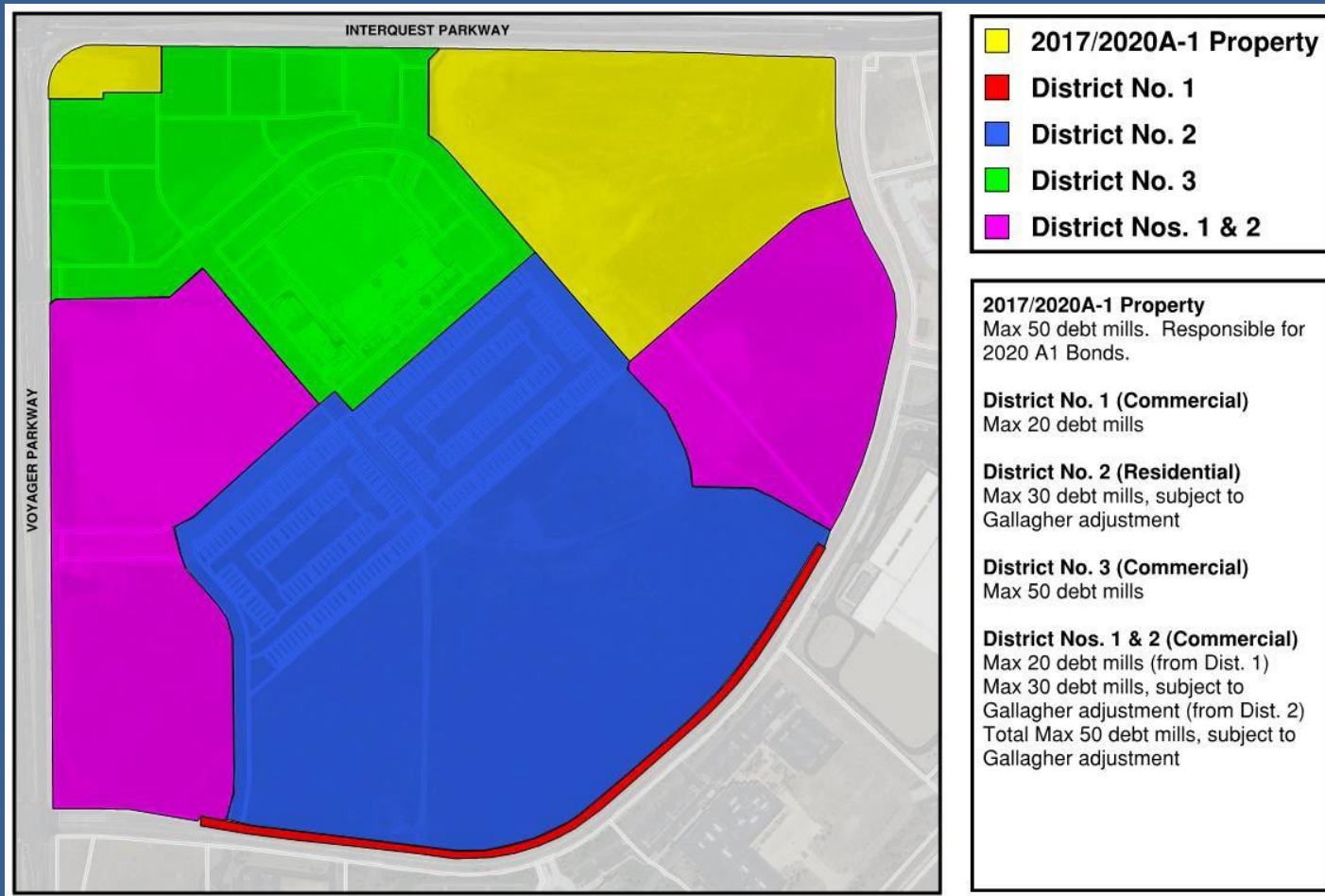




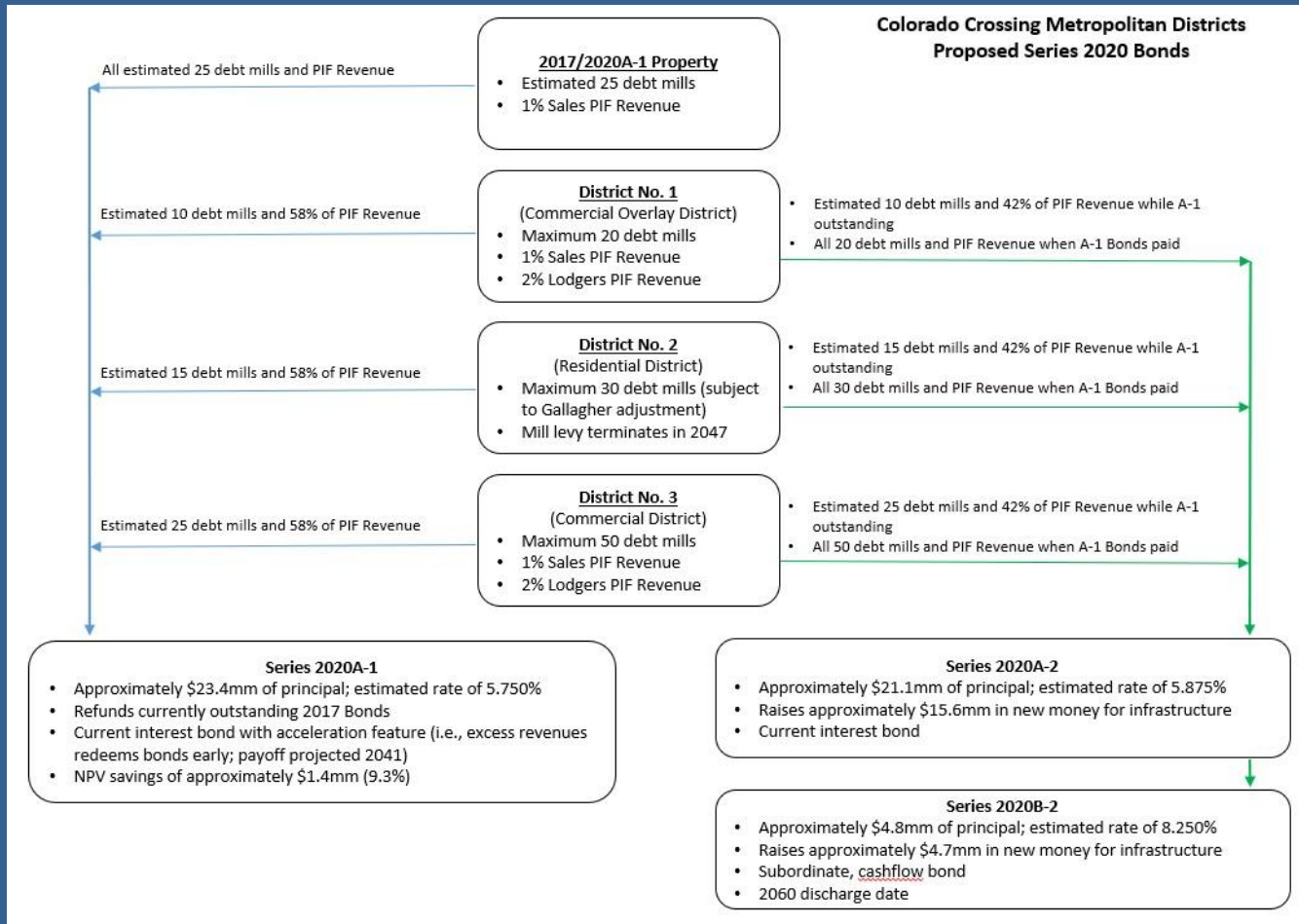
# Current District Boundaries



# Projected District Boundaries



# Pledged Revenues



# Overlap of Boundaries and Mill Levy Caps

Bond Documents Specifically Provide the following:

- In no event may the Required Mill Levy be established at a mill levy which would constitute a material departure from the requirements of the Service Plan, or cause a district to derive tax revenue in any year in excess of the maximum tax increases permitted by electoral authorization; and
- In no event may the Required Mill Levy be imposed on any taxable property developed for residential use for a period beyond the Maximum Debt Mill Levy Imposition Term unless the conditions set forth in the Service Plan have been satisfied or such Service Plan provision has been eliminated

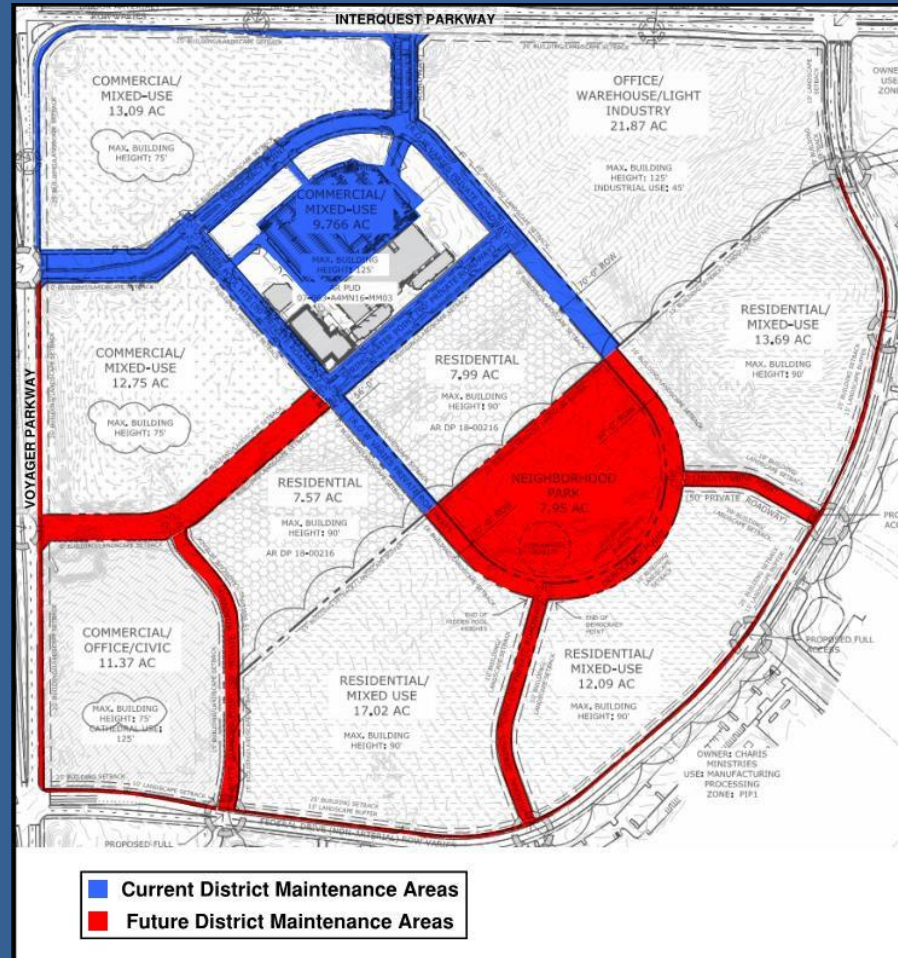
# INO PROJECT

- To incentivize unique opportunity, as a result of exclusion from district boundaries, INO is only responsible for repayment of 2017 bonds and refundings thereof
- Series 2020A-1 Bonds being issued separately to recognize this
- Debt Service Mills and PIF from INO will be pledged to 2020A-1 Bonds
- INO still responsible for O&M contributions

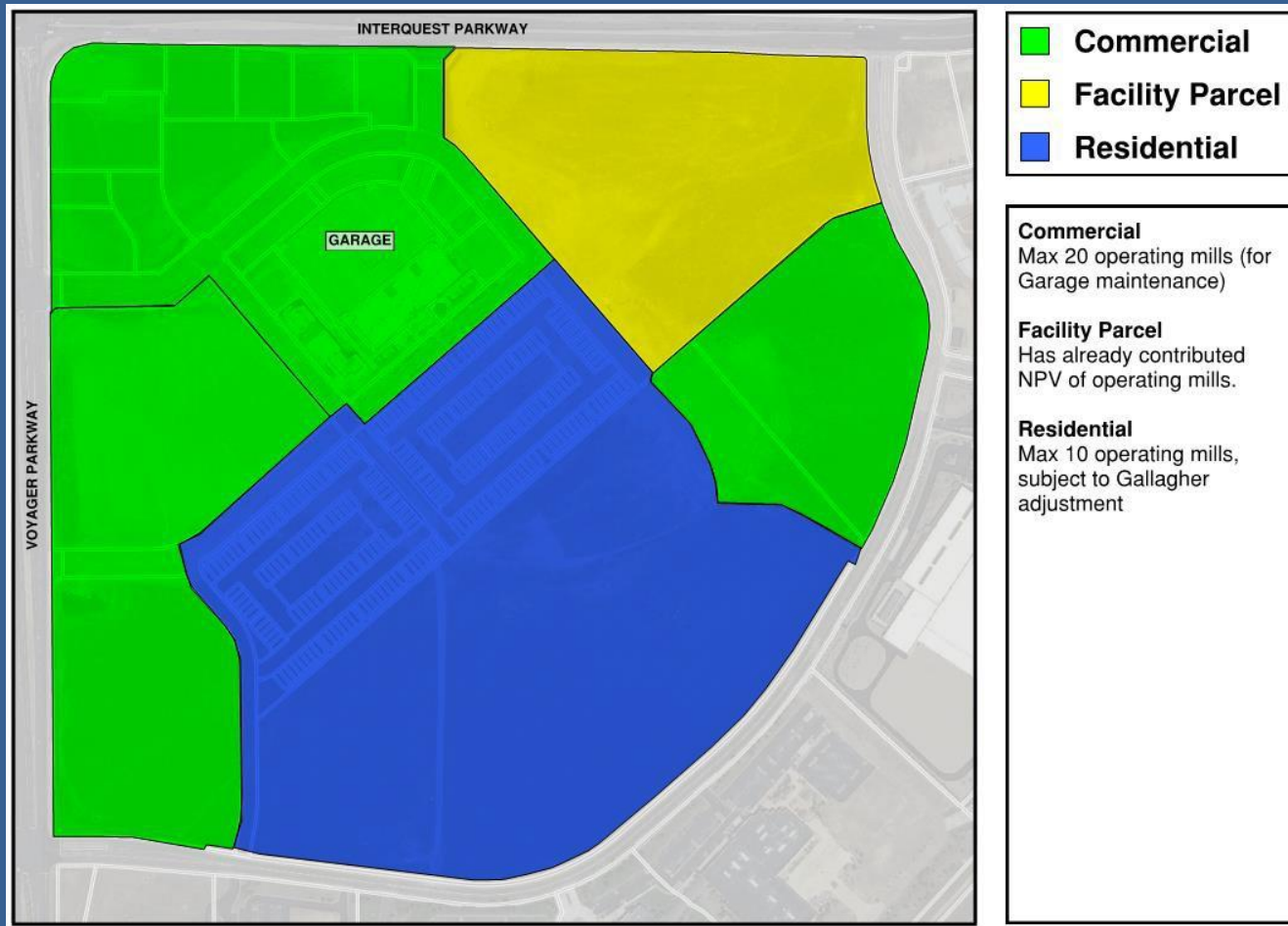
# District Operations

- District No. 1, as Management District, coordinates operations of District infrastructure throughout entire development
- Maintenance Responsibilities Include:
  - Public Parking Structure
  - Roadways, sidewalks not accepted by City
  - Future Public Park
- Commercial properties pay higher mills so long as Districts responsible for Parking Structure maintenance

# Projected Maintenance Areas



# Projected Operations Mills





# Net Present Value Savings – Refunding Bonds

## Net Present Value Savings

- **Step one:** Calculate the difference between the present value of (1) the projected payments on the 2017 Bond (cashflow) and (2) the debt service schedule on 2020A-1 Bond

- **Step two:** subtract funds on hand from present value differential (~\$207k in bond fund)

- **Step three:** add assets created in 2020A-1 financing, including reserve fund and capitalized interest fund

- **Step four:** result is net present value of the savings, here the result is \$1.4mm net PV savings or 9.25% of the refunded bonds

### Savings Summary

PV of savings from cash flow	-2,615,204.76
Less: Prior funds on hand	-207,367.76
Plus: Refunding funds on hand	4,189,973.76
Net PV Savings	1,367,401.24

GFOAA recommends refinancing when the new transaction generates at least 3% savings of refunded bonds