

# UPPER COTTONWOOD CREEK METROPOLITAN DISTRICT NO. 5

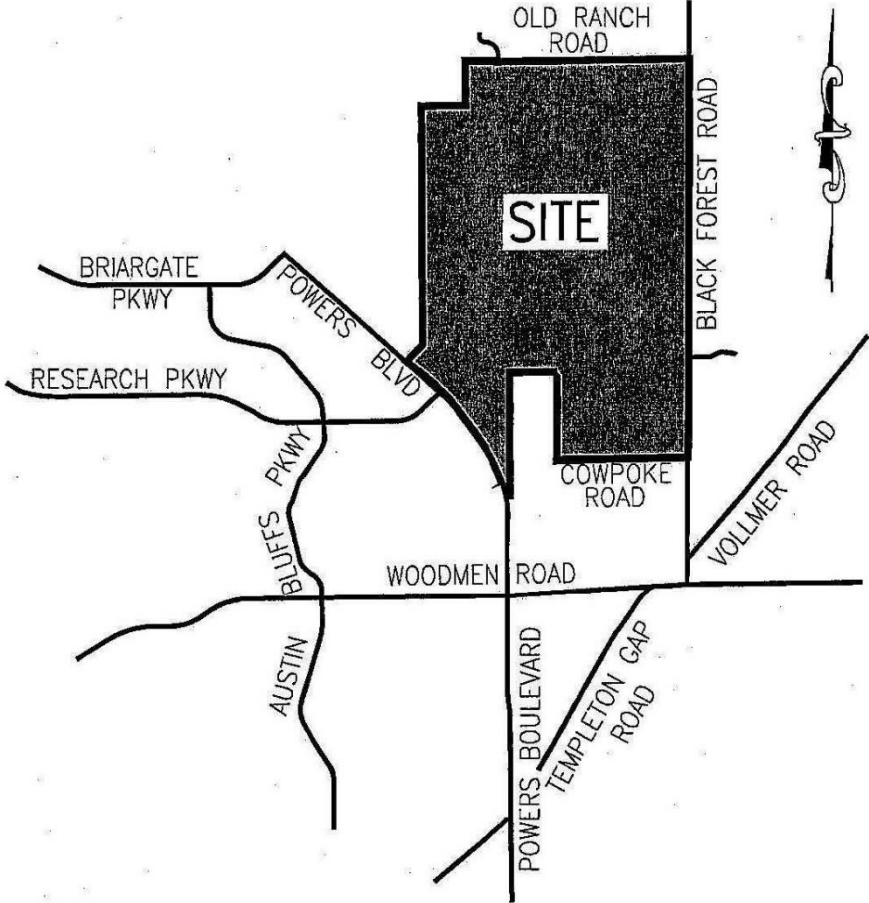
Colorado Springs Budget Committee Meeting  
October 25, 2022



SpencerFane®

# District Location

*Wolf Ranch*



# District Boundaries



# Summary

- Compliant with new Model Service Plan
- District 5 formed together with Upper Cottonwood Creek Metropolitan District Nos. 2-4 in 2006
- District Nos. 2-4 are almost entirely developed and all have issued debt; District 5 is largely undeveloped and has not issued debt
- Original boundaries consisted of 25.4 acres; current boundaries consist of 413 acres
- Request to increase debt authorization to \$72,000,000



## Public Improvement Cost Estimates

Grading	\$900,000
Sanitary Sewer	\$9,900,000
Water	\$12,100,000
Drainage	\$13,300,000
Concrete	\$11,600,000
Paving	14,700,000
Traffic Control	\$200,000

Streetscape	\$2,800,000
Neighborhood Parks	\$1,700,000
Community Wall	\$300,000
<b>TOTAL</b>	<b>\$67,500,000</b>



# Financial Plan

- Maximum Debt Mill Levy: **50 mills** (per model)
- Maximum O&M Mill Levy for Residential District: **20 mills** (per model)
- Maximum Debt Authorization Limitation: **\$72,000,000** (\$28,650,000 currently authorized, all unissued)
- Maximum Debt Mill Levy Imposition for Residential Districts: **40 years** (per model)
- Impact on \$800,000 Residence:
  - Total Mill Levy: 60 mills
    - Calculation:  
 $\$800,000 \times 0.0715 = \$57,200$  (assessed valuation)  
 $\$57,200 \times 0.060 = \mathbf{\$3,432 \text{ taxes owed per year}}$   
 $= \mathbf{\$286 \text{ taxes owed each month}}$

The service plan amendment would modify the existing District service plan to conform to the City's model service plan. The financial plan has been developed based upon information provided by the developer as follows:

- Total Residential Units: **1,110**
- Average Market Value: **\$960,342**
- Estimated Buildout: **2023 - 2030**

The Financial Plan has been modified based upon the estimated residential buildout as follows:

- Debt Mill Levy Max: **50 Mills**
- O&M Mill Levy Max: **20 Mills**
- Estimated Total Debt Capacity: **\$70,260,000**
  
- Estimated Senior Bond Par Amount: **\$59,100,000**
- Senior Bond Estimated Interest Rate: **6.00%**
- Senior Bond Maturity Date: **12/1/2054**
  
- Estimated Subordinate Bond Par Amount: **\$11,160,000**
- Subordinate Bond Estimated Interest Rate: **8.00%**
- Subordinate Bond Maturity Date: **12/2/2054**

## Bond Issuance Summary

### Financing Summary

#### Sources and Uses

Sources	2024	2027	2033	Total
Senior Bonds	32,000,000	17,600,000	9,500,000	59,100,000
Subordinate Bonds	3,200,000	1,700,000	6,260,000	11,160,000
Other				-
<b>Total Sources</b>	<b>35,200,000</b>	<b>19,300,000</b>	<b>15,760,000</b>	<b>70,260,000</b>

Uses	2024	2027	2033	Total
<b>Project Fund</b>	<b>25,920,900</b>	<b>15,208,040</b>	<b>13,163,000</b>	<b>54,291,940</b>
Debt Service Reserve Fund	2,463,100	1,760,000	950,000	5,173,100
Capitalized Interest Fund	5,760,000	1,752,960	1,174,200	8,687,160
Estimated Issuance Costs (3.00%)	1,056,000	579,000	472,800	2,107,800
<b>Total Uses</b>	<b>35,200,000</b>	<b>19,300,000</b>	<b>15,760,000</b>	<b>70,260,000</b>

#### Development Assumptions

<b>Residential Units</b>	<b>1,110</b>
Average Market Value per Unit (Uninflated)	960,342
Total Residential Market Value (Uninflated)	1,065,980,000
<b>Total Residential Assessed Value (Uninflated)</b>	<b>74,085,610</b>
<b>Commercial Sq Ft</b>	<b>-</b>
Average Market Value per Sq Ft (Uninflated)	-
Total Commercial Market Value (Uninflated)	-
<b>Total Commercial Assessed Value (Uninflated)</b>	<b>-</b>
Total Market Value (Uninflated)	1,065,980,000
<b>Total Assessed Value (Uninflated)</b>	<b>74,085,610</b>

#### Senior Debt Service Summary

Principal	59,100,000
Interest	69,991,800
Total Principal & Interest	129,091,800
Less: Capitalized Interest (Principal & Earnings @ 0%)	(8,687,160)
Less: Debt Service Reserve Fund (Principal & Earnings @ 0%)	(5,173,100)
Net Debt Service	115,231,540
Maximum Annual Net Debt Service	4,840,700

#### Subordinate Debt Service Summary

Principal	11,160,000
Interest	20,956,341
Total Principal & Interest	32,116,341
Less: Debt Service Reserve Fund (Principal & Earnings @ 0%)	N/A
Net Debt Service	32,116,341
Maximum Annual Net Debt Service	N/A

#### Other Assumptions

<b>Debt Mill Levy (Maximum 50 Mills)</b>	<b>50.000 Mills</b>
Operations Mill Levy (Maximum 20 Mills)	10.000 Mills
<b>Total Mill Levy</b>	<b>60.000 Mills</b>
<b>Specific Ownership Tax %</b>	<b>8.00%</b>
<b>Maximum Total Mill Levy Allowed</b>	<b>70.000 Mills</b>
Property Tax Collection Costs	2.00%
Commercial Assessment Rate	29.00%
Residential Assessment Rate	<b>6.95%</b>
<b>Biennial Reappraisal Change</b>	<b>4.00%</b>
<b>Minimum Coverage Requirement</b>	<b>1.15-1.25</b>
<b>Actual Coverage at Stabilization (2033)</b>	<b>1.20</b>



# Cashflows – 10 Year Summary

Cash Flow Summary											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>Property Tax Revenue Information</b>											
Beginning Assessed Value	-	-	3,336,380	13,732,820	27,864,808	46,456,236	63,705,145	76,994,310	81,266,334	86,669,685	86,669,685
Additions	-	3,336,380	10,262,985	14,131,988	17,476,836	17,248,909	10,740,959	4,272,023	2,152,698	-	-
Reappraisal Adjustments	-	-	133,455	-	1,114,592	-	2,548,206	-	3,250,653	-	3,466,787
<b>Ending Assessed Value</b>	<b>-</b>	<b>3,336,380</b>	<b>13,732,820</b>	<b>27,864,808</b>	<b>46,456,236</b>	<b>63,705,145</b>	<b>76,994,310</b>	<b>81,266,334</b>	<b>86,669,685</b>	<b>86,669,685</b>	<b>90,136,472</b>
<b>D/S Mill Levy</b>	<b>50.000</b>	<b>50.000</b>	<b>50.000</b>	<b>50.000</b>	<b>50.000</b>	<b>50.000</b>	<b>50.000</b>	<b>50.000</b>	<b>50.000</b>	<b>50.000</b>	<b>50.000</b>
% Reappraisal Growth	-	-	4.00%	-	4.00%	-	4.00%	-	4.00%	-	4.00%
D/S Property Tax Revenue	-	166,819	686,641	1,393,240	2,322,812	3,185,257	3,849,716	4,063,317	4,333,484	4,333,484	4,506,824
Specific Ownership Taxes @ 8.00%	-	13,346	54,931	111,459	185,825	254,821	307,977	325,065	346,679	346,679	360,546
Treasurer's Fee- 2.00%	-	(3,603)	(14,831)	(50,094)	(50,173)	(68,802)	(83,154)	(87,768)	(93,603)	(93,603)	(97,347)
<b>Total Revenue for Debt Service</b>	<b>-</b>	<b>176,561</b>	<b>726,741</b>	<b>1,474,606</b>	<b>2,458,464</b>	<b>3,371,276</b>	<b>4,074,539</b>	<b>4,300,614</b>	<b>4,586,560</b>	<b>4,586,560</b>	<b>4,770,022</b>
<b>Senior Debt Service Information</b>											
Debt Service	-	1,920,000	1,920,000	1,920,000	2,976,000	3,516,000	3,518,600	3,594,100	3,833,000	3,830,100	4,403,900
Capitalized Interest	-	(1,920,000)	(1,920,000)	(1,920,000)	(918,720)	(707,520)	(126,720)	-	-	-	(444,600)
DSR Fund	-	-	-	-	-	-	-	-	-	-	-
<b>Total Net Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,057,280</b>	<b>2,808,480</b>	<b>3,391,880</b>	<b>3,594,100</b>	<b>3,833,000</b>	<b>3,830,100</b>	<b>3,959,300</b>
D/S Coverage Ratio	-	-	-	-	1.20	1.20	1.20	1.20	1.20	1.20	1.20
D/S Coverage Ratio at Max Levy of 50.000 Mills	-	-	-	-	1.20	1.20	1.20	1.20	1.20	1.20	1.20
<b>Revenue After Senior D/S</b>	<b>-</b>	<b>176,561</b>	<b>726,741</b>	<b>1,474,606</b>	<b>401,184</b>	<b>562,796</b>	<b>682,659</b>	<b>706,514</b>	<b>753,560</b>	<b>756,460</b>	<b>810,722</b>
<b>Surplus Fund Deposits = \$2,420,000</b>	<b>-</b>	<b>176,561</b>	<b>726,741</b>	<b>1,474,606</b>	<b>42,092</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Revenue After Surplus Fund Deposit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>359,092</b>	<b>562,796</b>	<b>682,659</b>	<b>706,514</b>	<b>753,560</b>	<b>756,460</b>	<b>810,722</b>
<b>Subordinate Bond Information</b>											
Beginning Balance	-	3,200,000	3,456,000	3,732,480	5,731,078	5,830,473	5,734,114	5,510,185	5,244,485	4,910,484	10,806,863
Additions	3,200,000	-	-	1,700,000	-	-	-	-	-	-	6,260,000
Interest Rate	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Interest	-	256,000	276,480	298,598	458,486	466,438	458,729	440,815	419,559	392,839	864,549
Payments	-	-	-	-	(359,092)	(562,796)	(682,659)	(706,514)	(753,560)	(756,460)	(810,722)
<b>Ending Balance</b>	<b>3,200,000</b>	<b>3,456,000</b>	<b>3,732,480</b>	<b>5,731,078</b>	<b>5,830,473</b>	<b>5,734,114</b>	<b>5,510,185</b>	<b>5,244,485</b>	<b>4,910,484</b>	<b>10,806,863</b>	<b>10,860,690</b>
<b>Revenue After Subordinate D/S</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus Fund Information</b>											
Deposits	-	176,561	726,741	1,474,606	42,092	-	-	-	-	-	-
Interest at 0.00%	-	-	-	-	-	-	-	-	-	-	-
<b>Ending Balance</b>	<b>-</b>	<b>176,561</b>	<b>903,302</b>	<b>2,377,908</b>	<b>2,420,000</b>	<b>2,420,000</b>	<b>2,420,000</b>	<b>2,420,000</b>	<b>2,420,000</b>	<b>2,420,000</b>	<b>2,420,000</b>
<b>O&amp;M Mill Summary Information</b>											
Assessed Value	-	3,336,380	13,732,820	27,864,808	46,456,236	63,705,145	76,994,310	81,266,334	86,669,685	86,669,685	90,136,472
<b>O&amp;M Mill Levy</b>	<b>-</b>	<b>10.000</b>	<b>10.000</b>	<b>10.000</b>	<b>10.000</b>	<b>10.000</b>	<b>10.000</b>	<b>10.000</b>	<b>10.000</b>	<b>10.000</b>	<b>10.000</b>
O&M Property Tax Revenue	-	33,364	137,328	278,648	464,562	637,051	769,943	812,663	866,697	866,697	901,365
Specific Ownership Taxes @ 8.00%	-	2,669	10,986	22,292	37,165	50,964	61,595	65,013	69,336	69,336	72,109
Treasurer's Fee- 2.00%	-	(721)	(2,966)	(6,019)	(10,035)	(13,760)	(16,631)	(17,554)	(18,721)	(18,721)	(19,469)
<b>O&amp;M Property Tax Revenue</b>	<b>-</b>	<b>35,312</b>	<b>145,348</b>	<b>294,921</b>	<b>491,693</b>	<b>674,255</b>	<b>814,908</b>	<b>860,123</b>	<b>917,312</b>	<b>917,312</b>	<b>954,004</b>
O&M Expenses	-	35,000	142,000	289,000	482,000	661,000	799,000	843,000	899,000	899,000	935,000
<b>Net Cash Flow</b>	<b>-</b>	<b>312</b>	<b>3,348</b>	<b>5,921</b>	<b>9,693</b>	<b>13,255</b>	<b>15,908</b>	<b>17,123</b>	<b>18,312</b>	<b>18,312</b>	<b>19,004</b>

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