

Morningview Metropolitan District Bond Issue

City Council Work Session

August 21, 2017

- Carl Schueler, Comprehensive Planning Manager
- Metro District Representatives



Summary

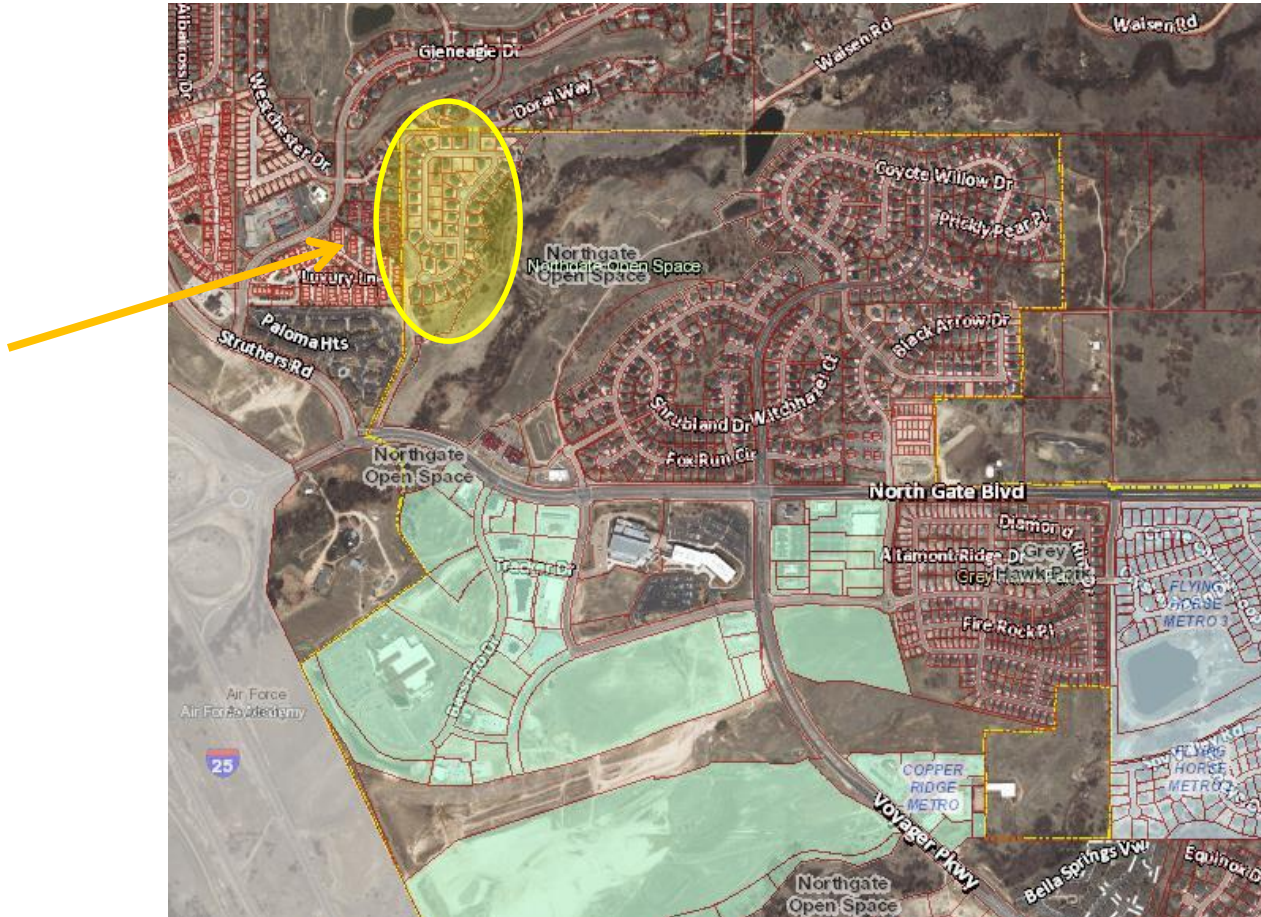


- Formal issuance of debt by metropolitan districts requires authorization by City Council
- Primary standard is compliance with Council- approved service plan (and 2006 Special District Policy)
- \$1,236,078 in principal amount (not-to-exceed \$1.3M)
 - Reimburse prior public improvement expenses
 - Supported by property tax of 30 mills
- Privately placed with developer
- Additional requirement for approval of 2/3 of entire City Council (per City Charter)
- Council approves the “form” of the bond documents
 - we get the final versions after closing
- Check for consistency with service plan and “limited default” language

Vicinity Map



District



Background on this District



- Created in 2013
- Small single residential district
 - About 24 acres; 49 lots
- Almost entirely built out
- Capped debt service mill levy of 30.0
- Up to \$2,000,000 in authorized debt

Background on Bond Issuance



- First (and only?) formal debt issuance by this district
- Approximately \$1.266 Million with costs of issuance
- Tax exempt bonds; privately placed with the developer
- Converting promissory note to long term debt obligation
- 5.3% interest
- 38.5 year term (somewhat unique)

Public Improvements to be Financed



- Streets
- Water and sewer
- Storm drainage
- Streetscape and common areas

Unique Topics and Issues



- Private placement
 - There will be an eventual opportunity for a resident board to refinance the debt
 - Letter from external advisor
- Extended term (38.5 versus more typical 30 years)
 - Falls within 40 year maximum debt service mill levy limitation
 - See above regard refinancing option

Supporting Materials



- Staff report
- Draft City Council resolution
- “Bond documents”
 - Transmittal letter
 - Draft district bond resolution
 - Certification of Public improvement costs
 - Certification of external financial consultant
 - Financial projections
 - Draft opinion from general counsel

Recommendation and Next Steps



- Approval
- New Business September 12, 2017
 - Or September 26, 2017
- Later bond closing and receipt of documents
- One year to issue