



Banning Lewis Ranch Metro. District No. 2 Bond Issue

City Council Work Session
April 7, 2014

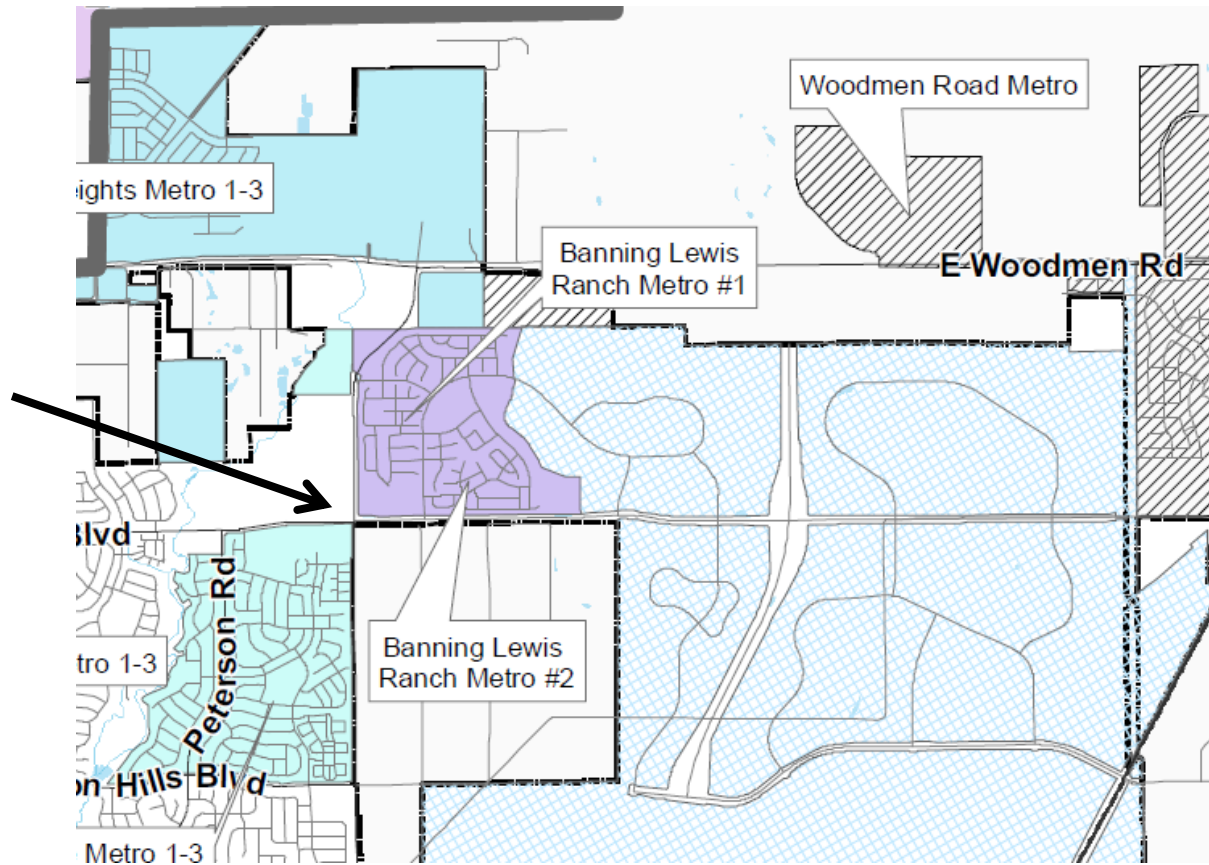
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Summary:

- Approval of Debt Issuance for BLR Metropolitan District No. 2
- Council Approval Required
 - Standard is compliance with service plan and Policy
- Subordinate Bond- Not to Exceed \$3M
 - Second and last issuance for this district
 - Conversion of portion of developer advance
 - Related party transaction

Location Map

Corner of
Marksheffel
and Dublin



Background

- BLR annexed in 1988
- Metropolitan districts first created in 2005
- Various ownership changes
- Master district structure
 - District No. 1 is the master district
 - District No. 2 is the first-phase residential district
 - 30 Mills for debt service/ 20 Mills for operations
- Accumulating reimbursement agreement
 - (about \$70M)
- 2013
 - District No. 2 boundaries reduced to Village One area
 - \$8.25M Series A bond (loan) issued (\$7.6M balance)

Key Aspects

- Subordinate to 2013 \$8.25 Million bank loan
- Interest rate of 6.5% for new bond
 - Previous rate was/is 7.0% for developer advances
- Pledge of 30.0 mills (adjusted)
 - Subject to 40-year Maximum Mill Imposition Term
- Maximum 33-year term
- Existing plus near term development sufficient to provide revenues
 - Interest will accrue for first few years
- No obligation to General City

Considerations

- Related Party Relationships
 - Will reduce overall BLR District interest cost
 - Required letter from external advisor
- Exposure to District No. 2 property owners
 - Extinguishment of further District No. 2 debt obligations
 - Limiting any prospect of future “end user debt service fees”

Supporting Materials

- City Council resolution
- Draft loan agreement
- Bond/loan counsel opinion
- External advisor opinion on interest rate
- Revenue, assessed value, term sheet documentation etc.

Staff Recommendation and Next Steps

- Approval as Submitted
- 1 Year to Issue
- Language in Council Resolution Addressing:
 - Extinguishment of further developer obligations
 - Limitation on “end user” capital debt service fees
- New Business Item for April 22, 2014