

# Amended Special District Policy and Model Plans- Council Hearing Update

City Council Hearing  
August 9, 2022

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Director  
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# Summary



- Single resolution adopting:
  - Amended special district policy
  - Metropolitan district model service plans, and
  - Model business improvement district (BID) operating plan and budget

# Changes Since Work Session



- Limited to final formatting, editing and consistency changes
- Two continuances
  - From July 12, 2022 to July 26, 2022 to provide draft documents that were fully up to date
  - From July 26, 2022 to August 9, 2022, to allow for a vote by full City Council

# Work Session Follow-up



- Interest in future education for neighborhood groups (i.e. district board involvement)
- Metro District Education Coalition (MDEC) and Council of Neighbors and Organizations (CONO) have offered to participate

# Questions or Comments?



# Back-up Slides- Key Definitions



**Debt** - Any bond, note debenture, contract or other multiple year financial obligation of a District which is payable in whole or in part from, or which constitutes an encumbrance on, the proceeds of ad valorem property tax or End User Debt Service Fee imposed by the District, or pledged for the purposes of meeting the obligation. (Debt specifically excludes Developer Funding Agreements)

- **Developer Funding Agreements** Short or long -term obligations of Districts entered into between Districts and developers related to advancement or reimbursement of Public Improvements or operations and maintenance costs. Such agreements may or may not accrue interest, but do not qualify as formally issued Debt as defined under this Policy or under TABOR.

# Back-up Slide – Key Definitions



- 1. Privately Placed Debt** - Debt that is not marketed to multiple independent accredited investors as defined in rule 501(a) promulgated under the securities Act of 1933 by a registered bond underwriter or placed directly with a chartered lending institution or credit union. This definition includes any placement of Debt with a party related to the District as well as placements negotiated or renegotiated with a single investor unrelated to the District.
  
- 2. Related Party Privately Placed Debt** - Privately Placed Debt that is or will be placed with and directly held by a party related to the issuing District.

# Back-up Slide



## Possible Policy Edit

### Policy

#### Section H.5 Interest Rates

1. Notwithstanding the provisions of this Policy that may or may not be more limiting, Districts shall also adhere to any Interest Rate provisions included in C.R.S § 32-1-101 et. seq. or other applicable laws or regulations.
2. The Interest Rate on any Debt shall reflect or be below the market interest rate at the time the Debt is issued.
3. The maximum Interest Rate applied to Developer Funding Agreements shall be limited to no more than the Index Interest Rate plus 400 Basis Points, with no compounding of interest allowed.
4. The Interest Rate for ~~Related Party~~ Privately Placed Debt shall not exceed the Index Interest Rate by more than 400 Basis Points at the time of issuance.
5. ~~Related Party~~ Privately Placed Debt shall not be issued unless it has an optional call date of no more than five (5) years after the date of issuance, at which time the board(s) of any District(s) obligated for repayment of the ~~Related Party~~ Privately Placed Debt shall be notified of the options for financing.
6. All Debt that is not rated as investment grade, shall be issued in minimum denominations of \$100,000 and sold either to accredited investors as defined in rule 501(a) promulgated under the securities Act of 1933 or to the developer(s) of the project.



# Back-up Slide



## Possible Single District Model Plan Edit

### **Single District Model Service Plan (Sections V.A.7 and 8)**

~~Related Party~~ Privately Placed Debt shall be issued subject to an optional call date of no more than five (5) years from the original date of issuance, at which time the board of any District(s) obligated for repayment shall be notified of the options for refinancing.

### **~~Related Party~~ Privately Placed Debt Interest Rate Limitation**

The Interest Rate for any ~~Related Party~~ Privately Placed Debt, shall not exceed the Index Rate by more than 400 Basis Points at the time of issuance without prior written consent of City Council.

# Back-up Slide



## Possible Multi-District Model Plan Edit

### Multiple District Model Service Plan (Sections V.A.7 and 8)

~~Related Party~~ Privately Placed Debt shall not be issued unless it has an optional call date of no more than five (5) years after the date of issuance, at which time the board(s) of any District(s) obligated for repayment of the ~~Related Party~~ Privately Placed Debt shall be notified of the options for financing.

7. ~~Related Party~~ Privately Placed Debt Interest Rate Limitation.

~~In addition to the limitations on Privately Placed Debt in V.A.7 above, T~~he interest rate for ~~Related Party~~ Privately Placed Debt shall not exceed the Index Rate by more than 400 Basis Points at the time of issuance without the prior written consent of City Council.

# Back-up Slide



## Possible BID Model Plan Edit

### Model BID Plan (Section 6.F)

#### Privately Placed Debt and Related Party Privately Placed Debt

Prior to the issuance of any Privately Placed Debt for capital related costs, the District shall obtain the certification of an External Financial Advisor regarding the fairness and feasibility of the interest rate and the structure of the Debt. The Interest Rate for ~~Related Party~~ Privately Placed Debt shall not exceed the Index Rate by more than 400 basis points. ~~Related Party~~ Privately Placed Debt shall not be issued with an optional call date of greater than five (5) years from the date of issuance.