

Interquest Town Center BID 2020 Debt Authorization

City Council Work Session
June 8, 2020

Carl Schueler, Comprehensive Planning Manager
Russ Dykstra, Esq. : representing the applicant



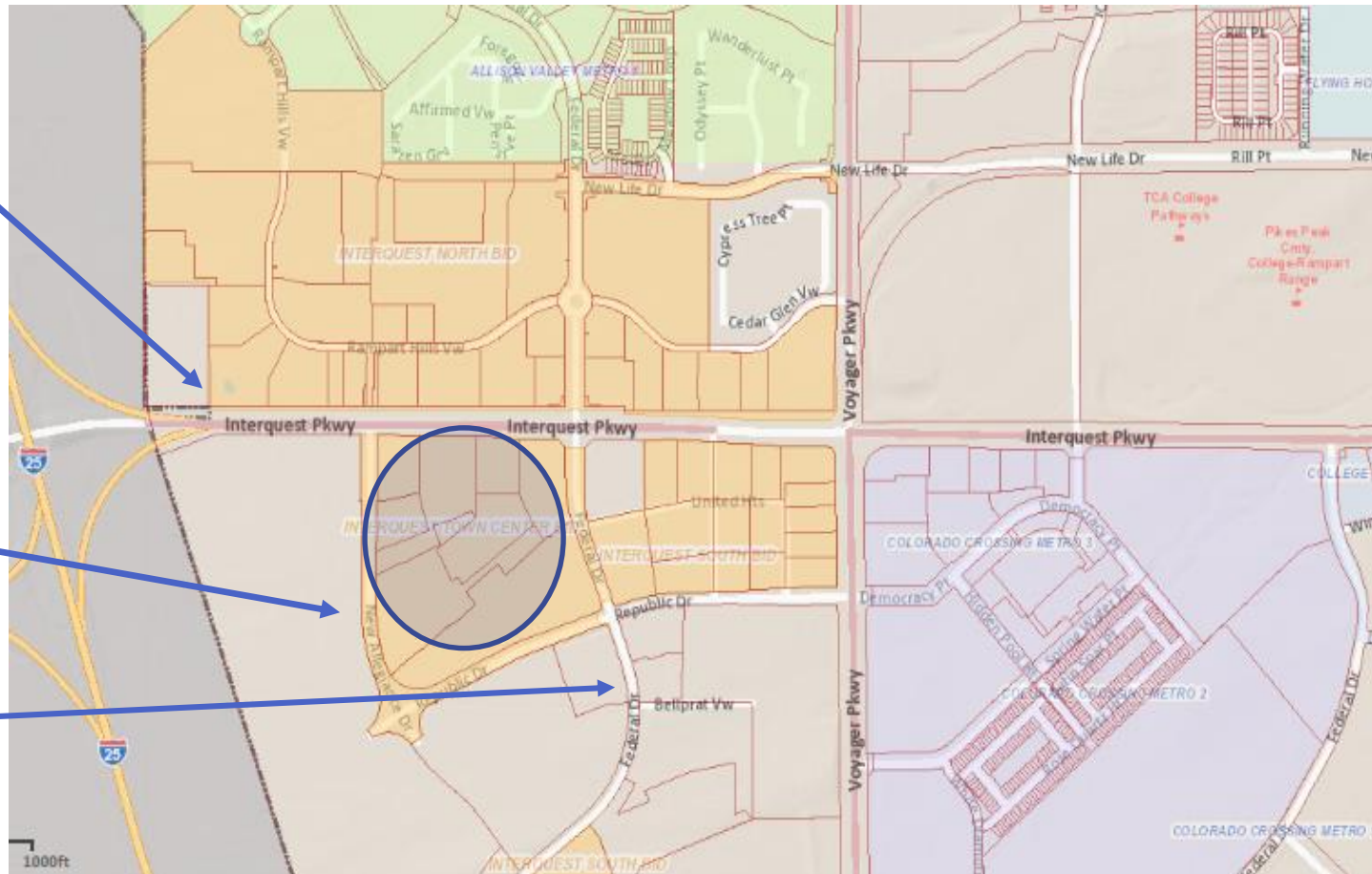
BID Vicinity



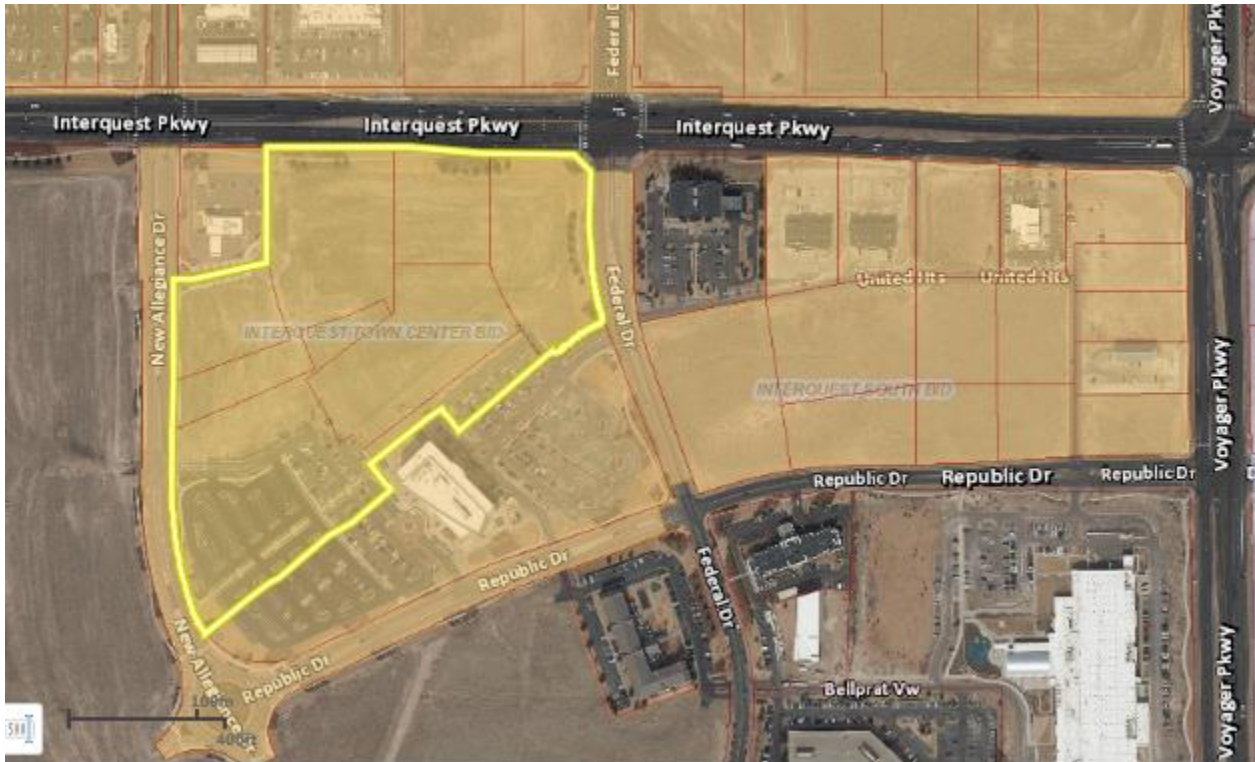
Interquest Parkway

New Allegiance Dr.

Federal Dr.



BID Boundaries



Summary



- Formal district debt issuance requires Council approval
- Limited Tax General Obligation Bonds, Series 2020
 - \$2,860,000
- First debt issued by this district
- Privately placed with developer
- 7.0% Interest
- 50.0 mills pledged, but only 7.0 mills modeled as needed
 - Expectation that current debt service mill levy of 40.0 will be reduced in the coming year
- 1.5% PIF

Summary- Continued



- Bond proceeds will be used to reimburse prior costs and fund future improvements
 - Water, sewer and streets
- Project about 25% built out
- First few years as capitalized interest
- 30- year term
- Within maximum debt authorization cap of \$4,000,000

Public Improvements to be Financed



- Legend**
- Internal Road Improvements
 - City Road Improvements - Acceleration/Deceleration Lanes

Budget Committee



- May 26, 2020
- Asked clarifying questions
- Requested additional cost documentation
- Requested additional discussion of 7.0% interest rate and asked staff for information on interest rates approved for other recent privately placed bond issue
 - See Attachment 10
 - Since 2015 privately placed rates have varied from 5.3 to 8.0%(not to exceed 10%)

Supporting Materials



- ✓ Cover memo
- ✓ Draft Council resolution
- ✓ District bond resolution
- ✓ Draft opinion of district counsel
- ✓ External advisor opinion
- ✓ Financial projections
- ✓ Cost estimates

Next Steps/ Questions or Comments?



- One year to issue the debt
- Capped interest rate of 7.0%
- June 23, 2020 Council Hearing
- Six (6) affirmative votes required