

# Flying Horse Metropolitan District No. 2- 2020 Debt Issuance

City Council Work Session  
May 11, 2020

Carl Schueler, Comprehensive Planning Manager  
Russ Dykstra, District Representative  
Kyle Thomas, D.A. Davidson



# Summary



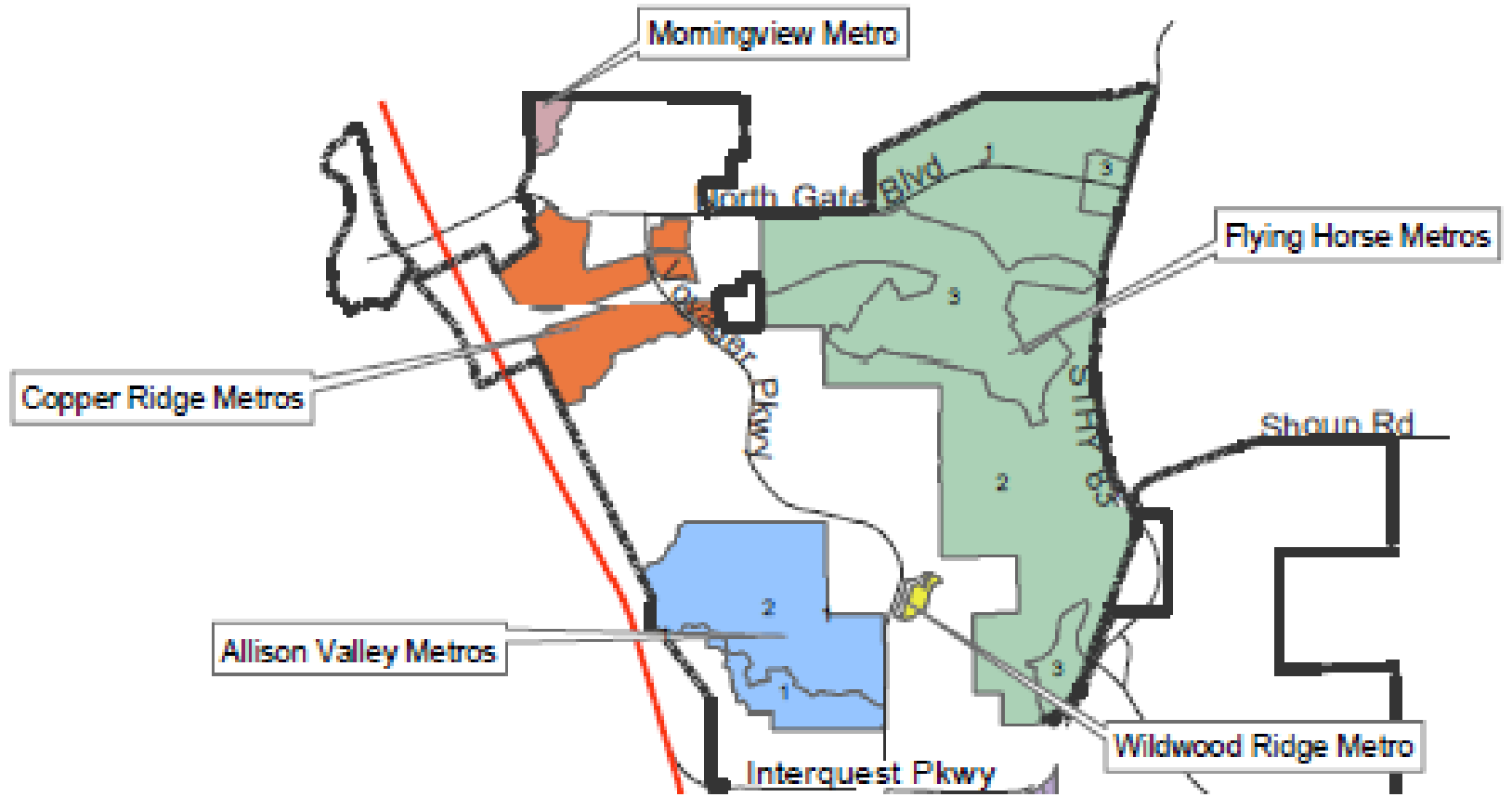
| <b>Flying Horse MD 2</b>                                        |                     |                     |                 |
|-----------------------------------------------------------------|---------------------|---------------------|-----------------|
| <b>Series 2020 Summary of Sources and Uses of Bond Proceeds</b> |                     |                     |                 |
| <b>Sources:</b>                                                 |                     |                     |                 |
|                                                                 | <u>Series 2020A</u> | <u>Series 2020B</u> | <u>Combined</u> |
| Bonds Proceeds                                                  | \$39,516,381        | \$8,790,000         | \$48,306,381    |
| Funds on Hand                                                   | \$2,110,000         |                     | \$2,110,000     |
| Total                                                           | \$41,626,381        | \$8,790,000         | \$50,416,381    |
| <b>Uses:</b>                                                    |                     |                     |                 |
| Refinancing of Series 2013A                                     |                     | \$7,500,000         |                 |
| Refinancing of Series 2013B                                     |                     | \$16,724,411        |                 |
| FHMD 1 Series 2005 Payoff                                       |                     | \$18,106,270        |                 |
| FHMD1 Developer Reimbursement                                   |                     | \$3,257,517         |                 |
| Additional Costs to be Certified                                |                     | \$4,828,183         |                 |
| Total                                                           |                     | \$50,416,381        |                 |

# Summary- Continued



- Series 2020A
  - \$39.5 Million total with premium
  - Rated and marketed; 4.12% average interest
- Series 2020B
  - \$8.79 Million
  - Marketed but unrated; cash flow bonds; 8.5% anticipated interest rate
- Combined Not-to-exceed amount of \$52,000,000 (par amount)

# Vicinity Map



# Districts Background and History



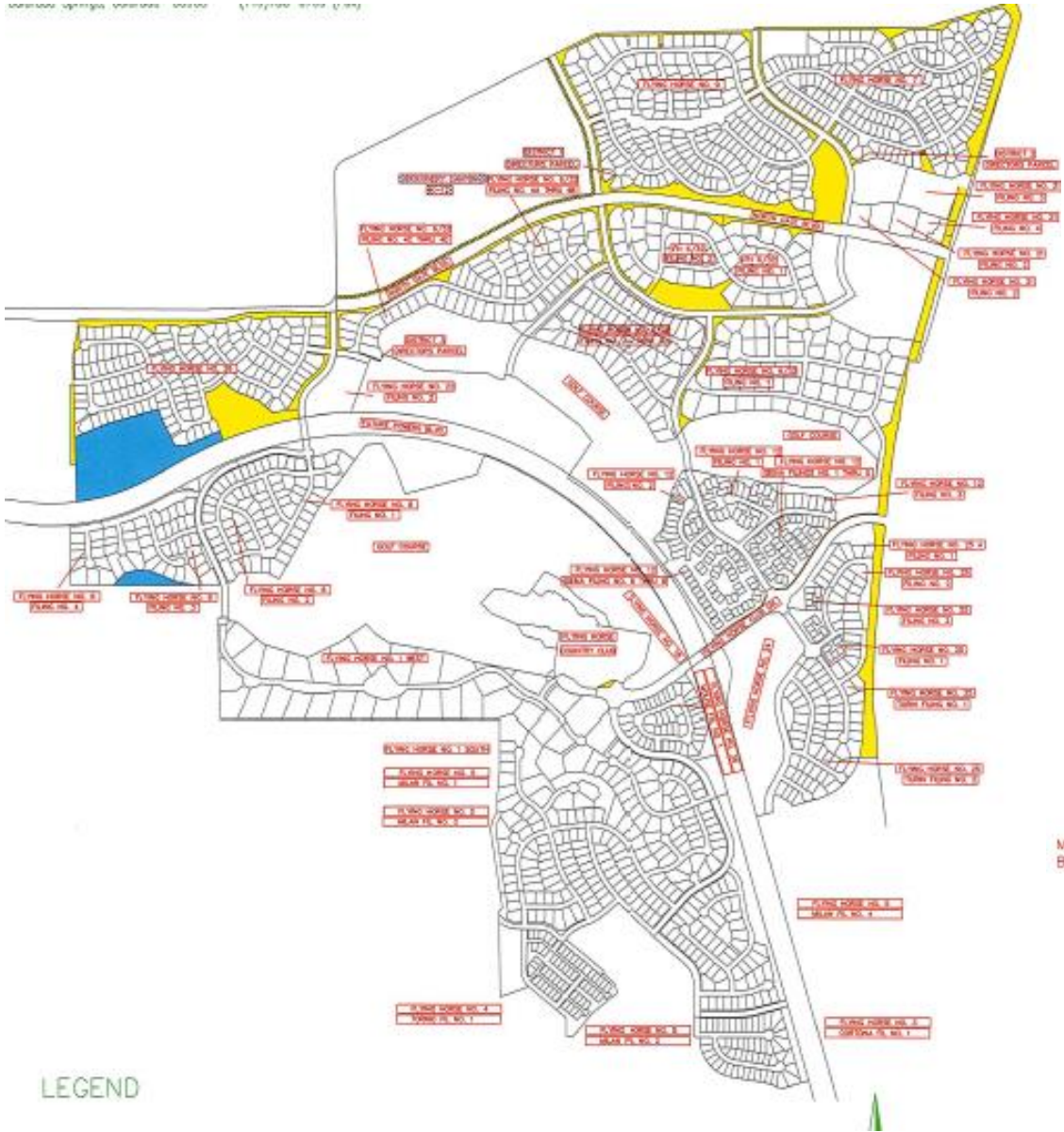
- Districts created in 2004
  - District 1 – Operating district
  - District 2 – original residential district
  - District 3 – original commercial district
- Debt originally issued in 2005 (some remaining)
- 2008 Council debt approval-- not acted upon
- 2013 District No. 2 Series A and B bonds approved and issued
- Gallagher-adjusted operational mill levy increase approved in 2017
- Council approval of District No. 3 refunding debt issuance in 2019
  - Refunded that Districts debt and took down a portion of 2005 District No. 1 debt

# Additional Information



- Current debt service mill levy for this district is 33.124 mills (Gallagher adjusted from 30 mills)
- Expected maturity dates of 2050
  - “A” bonds currently have no required discharge date, and “B” bonds currently have a 2060 date.
  - Pre-2006 service plan with no 40-year debt service mill levy imposition term
- New bonds would be refundable
  - -Series A bonds in 10 years
  - -Series B bonds in 5 years
- Pre-2006 service plan without a now-standard maximum debt authorization
  - See May 1, 2020 response on authorized debt and calculated totals to be outstanding

# District Properties



## LEGEND

- OWNED AND MAINTAINED BY THE FLYING HORSE METROPOLITAN DISTRICT NO. 1
- OWNED AND MAINTAINED BY DISTRICT, DIRECTORS PARCEL
- OWNED BY FLYING HORSE METROPOLITAN DISTRICT NO. 1
- MAINTAINED BY THE FLYING HORSE HOMEOWNERS ASSOCIATION, INC.
- OWNED BY CITY OF COLORADO SPRINGS
- AESTHETIC SURFACE LANDSCAPING, FENCE, AND WALKS WILL BE MAINTAINED BY THE FLYING HORSE METROPOLITAN DISTRICT NO. 1
- OWNED BY SCHOOL DISTRICT NO. 20 AND MAINTAINED BY THE FLYING HORSE FLYING HORSE METROPOLITAN DISTRICT NO. 1

MEDIANS AND ISLANDS WITHIN FLYING HORSE CLUB DRIVE AND NORTH GATE BOULEVARD ARE MAINTAINED BY THE FLYING HORSE METROPOLITAN DISTRICT NO. 1

## LEGEND



# Budget Committee



- Item introduced on April 28, 2020
- Asked clarifying questions
  - On District and HOA board composition
  - On mixed residential/commercial uses in both District Nos. 2 and 3
  - More information forthcoming on maximum authorized debt
- Discussed need for a \$4 Million not-to-exceed buffer for the B bonds
- Discussion about bond maturity/discharge dates and related debt service mill levy imposition terms re: pre-2006 service plan
- Response provided and attached- May 1, 2020



# Supporting Materials



- Transmittal letter
- Follow-up May 1, 2020 response
- City resolution
- Term Sheet
- District bond resolution
- Form of District counsel opinion
- Draft indenture
- Financial projections
- Summary of additional costs to be reimbursed

# Next Steps and Questions?



- May 26, 2020 hearing
- Maximum of one year to issue
- Not-to-exceed language included in resolution
- Private placement would require additional approval
- Six affirmative votes required