

Colorado Crossing Metropolitan Districts Service Plan Amendment and Debt Issuance

City Council Work Session
October 26, 2020

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Summary

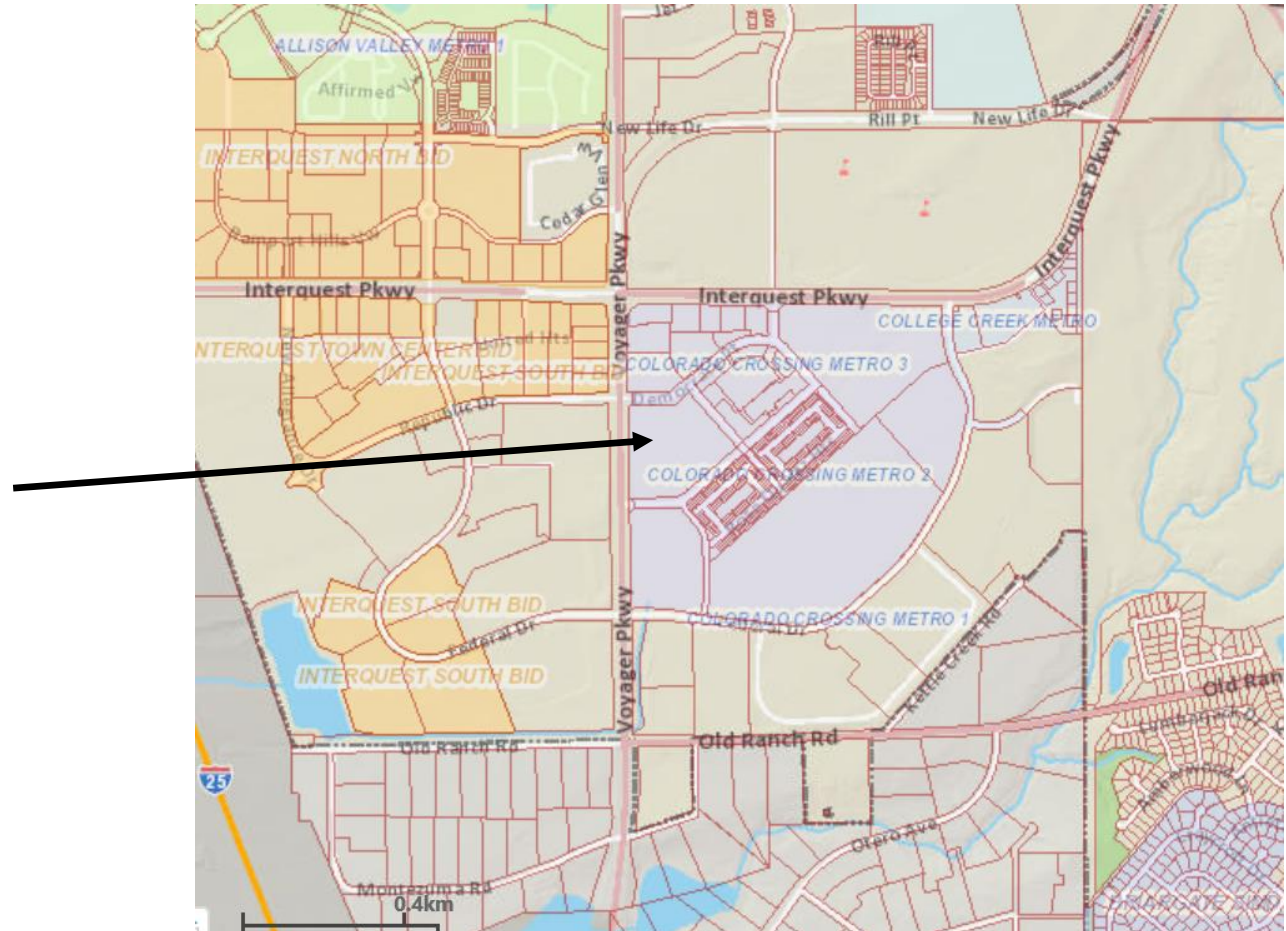


- Increase in service plan debt authorization from \$35M to \$50M (Third Amendment of Service Plan)
 - Limited amendment document; balance of the service plan would remain in force and effect
- Issue about \$44M in refunding and “new money” debt
 - \$23.395 Million (Series 2020A-1) to refund existing 2017 debt (est. 5.75% interest)
 - \$16.89 Million (Series 2020A-2) to finance additional costs (est. 5.875% interest)
 - \$5.028 Million (Series 2020B-2) to finance other additional costs (est. 8.25% interest)
 - Subordinate to bonds
- Budget Committee Questions

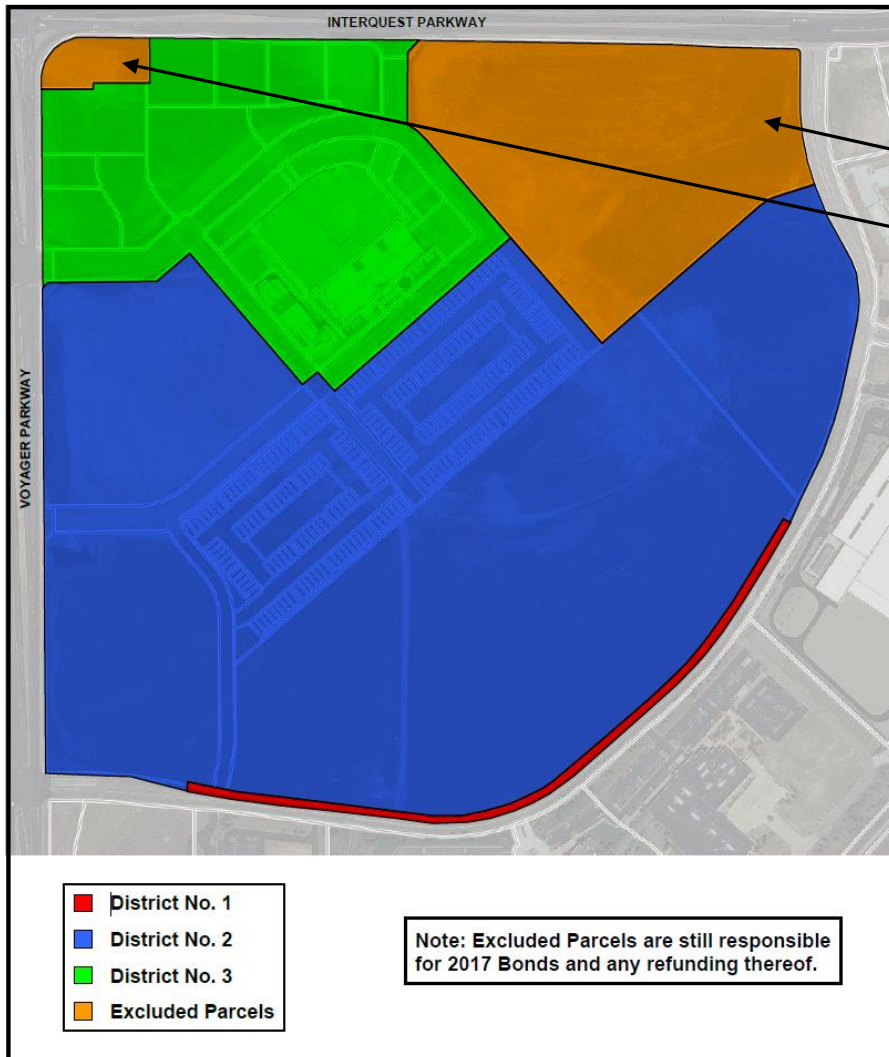
Area and district context



Colorado
Crossing
Metropolitan
Districts

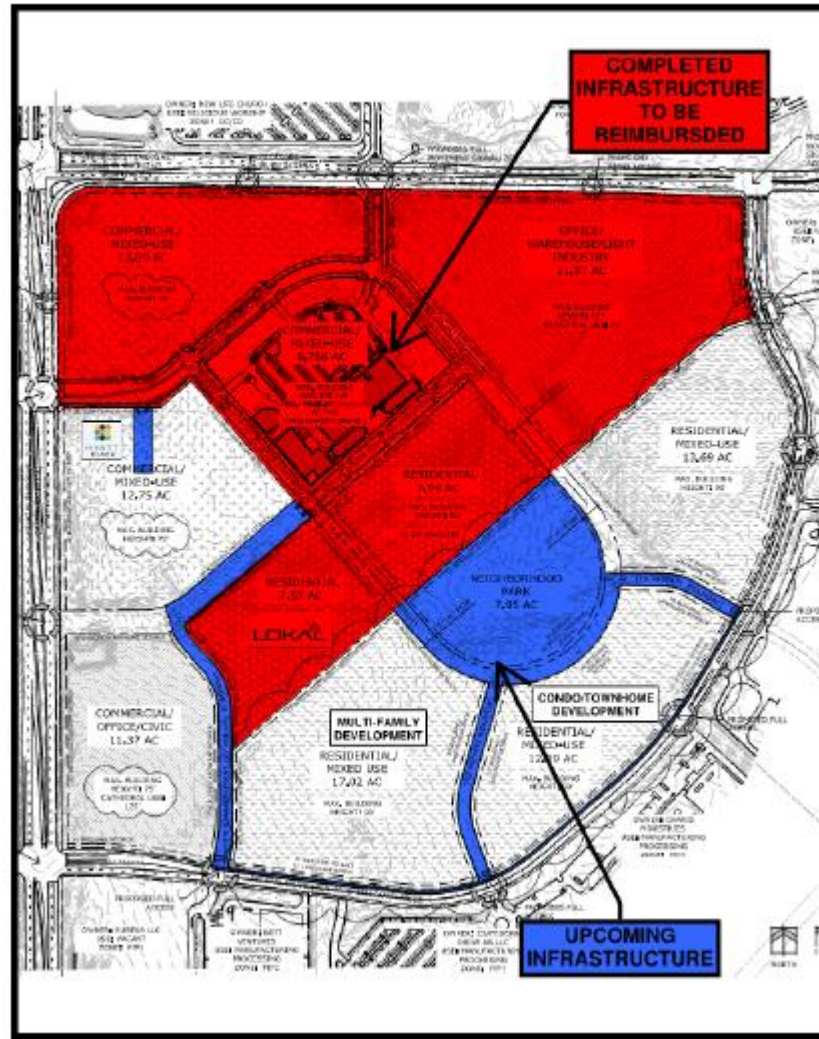


District Boundary Map

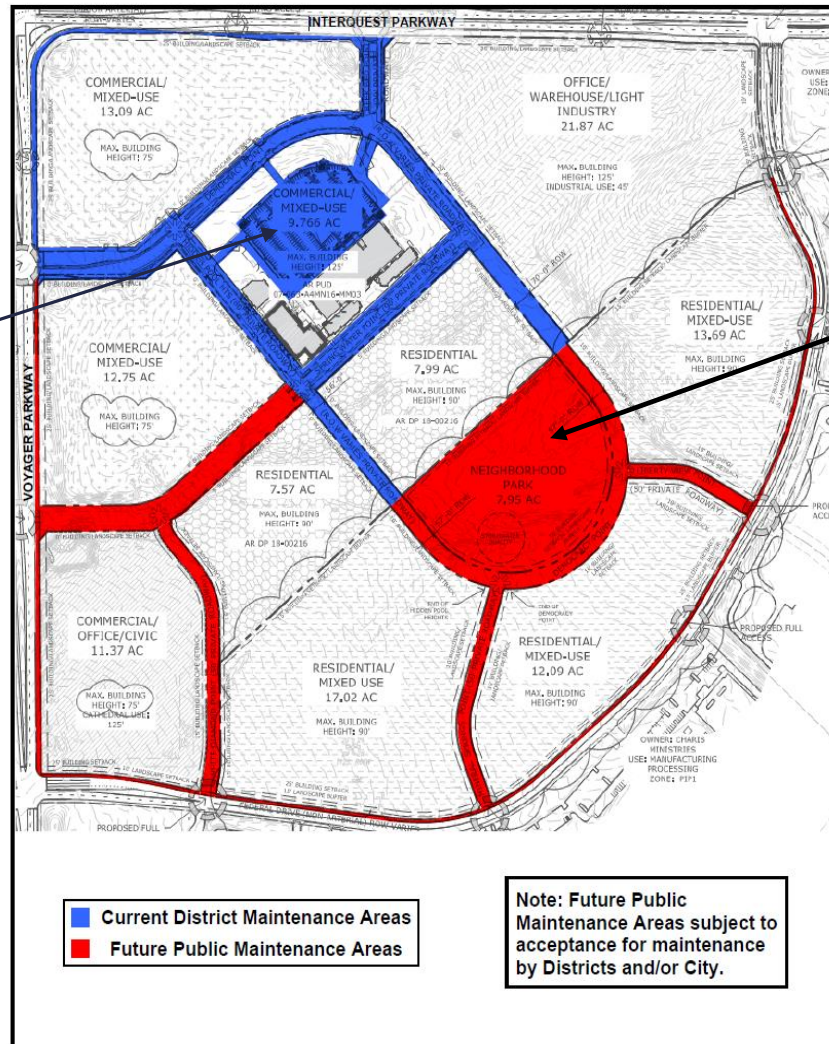


In and Out
Burger Parcels

Completed and pending infrastructure



District owned and maintained parcels



Parking Garage

Park

Background



- Project now called "Victory Ridge"
- Mixed use development approved in 2005
- Districts approved in 2006
 - District No. 1 Operating and now Commercial
 - District No. 2 Residential
 - District No. 3 Commercial
- Conformed with Model Service Plan
- October 2016 Frist Amendment to allow increase of operating mill levy to 20.0 mills/ maintenance of parking structure
- December 2018 Second Amendment allowing street maintenance as an operations and maintenance function
- 2017 Bond issuance of \$14,781,000

2017 Bonds



- Issued by District 2
 - \$14,781,000 original principal amount
 - 7.5% interest
 - Cash flow bonds; interest has been accumulating
 - Discharge/ termination date of 2057
 - Property tax and PIF pledged revenues

2020 Bonds



- **Series 2020A-1 \$23,395,000**
 - Refund 2017 bonds
 - With accumulated interest, capitalized interest, reserve, and costs of issuance
 - 5.75% interest (est.)
 - Net present value analysis provided
- **Series 2020A-2 \$16,890,000**
 - Additional public improvement costs
 - 5.875% interest (est.)
- **Series 2020B-2 \$5,208,000**
 - Additional public improvement costs
 - 8.25% interest (est.)
 - Subordinate cash flow bonds

Pledged Revenues



- Property taxes and specific ownership taxes
- 1.0% Retail add-on PIF
- 2.0% lodging add-on PIF

(Pledged property tax and PIF amounts vary by bond series and issuance; Excluded In and Out Burger Property only liable for Series A-1 Bond)

- Capital pledge agreements limit District No. 2 (residential district) mill levy to 30 mills, and that district's debt service mill levy imposition term to 2057

Existing and anticipated mill levies



- District 1
 - Debt service currently 18.659
 - Operations currently 10.000
- District 2
 - Debt service currently 18.659
 - Operations currently 10.477
- District 3
 - Debt service currently 50.000
 - Operations currently 20.000

Call Dates, Maturities and Discharge Dates



- Call date of 2025 for all bonds (subject to declining premium)
- 2047 maturity for A-1 Bonds; 2050 for A-2 and B-2
- Discharge date of 2060 for B-1 Bonds
- Other discharge dates to be clarified

Net Present Value Calculation for A-1 Bonds

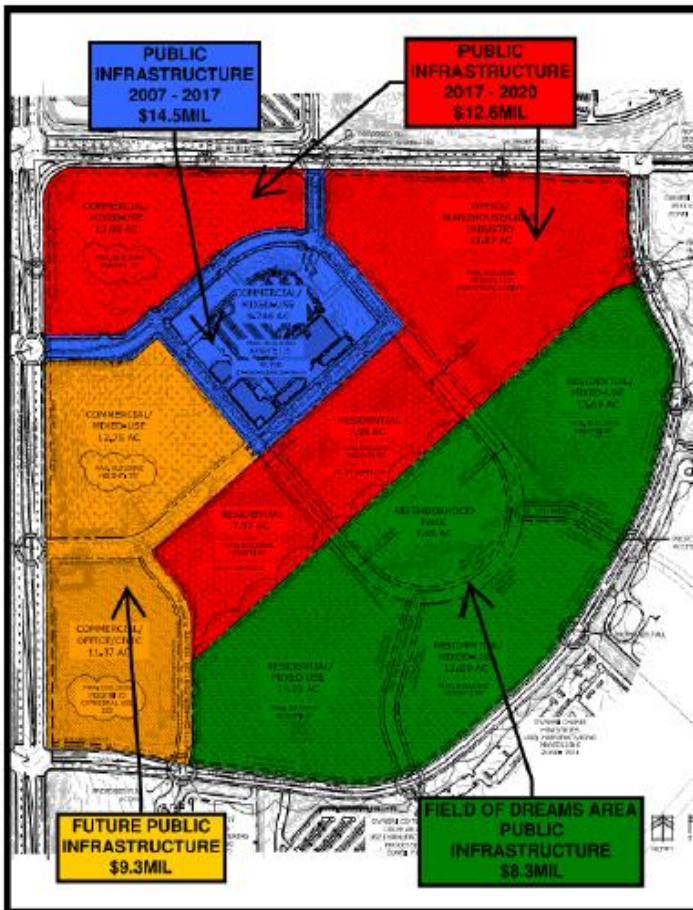


- \$1.4M calculated savings
- Calculation attached

Public Improvements Costs



COLORADO CROSSING METRO DISTRICTS PUBLIC IMPROVEMENTS EXHIBIT



- About \$44,700,000 total costs
- Balance of \$50,000,000 debt limit is additional costs of issuance and contingency
- Not all costs may be recoverable under this revised limit
- Additional detail at meeting

Budget Committee



- September 22, 2020
- Initial questions on:
 - Justification for \$60M maximum debt authorization
 - District No. 1 and 2 overlap
 - Proportional benefits between districts
 - In-N-Out Burger status
 - Operations and maintenance functions
 - Net present value questions

Budget Committee Follow-up Meeting



- October 20, 2020
 - District presentation attached
 - Agreement to reduce new limit to \$50M
 - Sufficient to support these 2020 bonds, but not necessarily a future (~2027) issuance
 - Agreement to provide addition cost detail
 - Discussed necessity of district overlap
 - Clarified In-N-Out Burger exclusion
 - Further explained net present value questions

Additional Discussion



- This service plan amendment is required prior to authorization of debt issuance
- Limited service plan amendment format
 - Remainder of 2006 service plan (and first 2016) and second (2018) amendments would remain in force and effect

Supporting Materials for Service Plan Amendment



- Staff memo
- Draft resolution
- District transmittal letter
- 2018 petition
- Proposed third service plan amendment (revised to \$50M)
- Cost exhibits
 - Additional detail to be provided at meeting

Supporting Materials for Debt Issuance



- Staff memo
- Draft resolution
- District transmittal letter
- Term sheets
- Financial forecasts
- Indentures
- Capital pledge agreements (available)
- Form of general counsel opinion
- Bonds anticipated use exhibit
- Present value calculation for A-1 bonds

Next Steps



- For both items
- November 10, 2020 Agenda
 - Service Plan amendment need to precede debt authorization
- Six affirmative votes for debt authorization
- Districts property owner meeting planned for October 28, 2020