



## Legislation Details (With Text)

**File #:** 16-270      **Version:** 1      **Name:** Interquest North  
**Type:** Resolution      **Status:** Mayor's Office  
**File created:** 3/29/2016      **In control:** City Council  
**On agenda:** 5/24/2016      **Final action:** 5/24/2016  
**Title:** Authorization of Interquest North Business Improvement District to issue up to \$4,765,000 in debt as a Limited Tax General Obligation Bond. (Legislative Item)

**Presenter:**  
 Carl Schueler, Comprehensive Planning Manager, Planning and Community Development

**Sponsors:**

**Indexes:** BID, Issuance of Debt

**Code sections:**

**Attachments:** 1. Figure 1- Resolution- Interquest North Bond Issuance, 2. Figure 2- IQNBIDcoverletter3-24-16 (4-8-16revision), 3. Figure 3- Draft Bond Resolution, 4. figure 4- External Advisor Letter and Financial Data, 5. Figure 5 InterquetNBIDCostAllocation, 6. Resolution 54-16.pdf

Date	Ver.	Action By	Action	Result
5/24/2016	1	City Council	adopted	Pass
5/9/2016	1	City Council Work Session	referred	

Authorization of Interquest North Business Improvement District to issue up to \$4,765,000 in debt as a Limited Tax General Obligation Bond. (Legislative Item)

**Presenter:**

Carl Schueler, Comprehensive Planning Manager, Planning and Community Development

**Summary:**

This is a request to approve issuance of formal debt in an aggregate amount of up to \$4,765,000 by the Interquest North Business Improvement District (“District”) in the form of a Series 2016 bond, to be repaid from a combination of property tax and public improvement fee (PIF) revenues. The City’s Special District Policy and the District’s approved Operating Plan and Budget require that City Council’s approval be obtained prior to issuing any debt.

This item will be presented for action at the May 24, 2016 Council meeting.

Approval of this debt issuance will require a 2/3rds majority of the entire City Council (at least six affirmative votes) pursuant to City Charter Section 7-100.

**Previous Council Action:**

The District was established by an election on November, 2004, following adoption by Council of an

ordinance creating the District on October 26, 2004 (Ordinance No. 04-237). In 2007, City Council approved an ordinance (Ordinance No. 07-147) including approximately 24 acres into the District. In October 2010, Council authorized issuance of Series 2010 Limited Tax General Obligation Bonds in the principal amount of \$6,500,000 (Resolution No. 185-10). On an annual basis, Council approves the Operating Plan and Budget for this District.

**Background:**

Business Improvement Districts (BIDs) are created under Colorado Statute and City Policy to finance and/or maintain certain public improvements in commercial areas, primarily utilizing a property tax mill levy and/or public improvements fees (PIFs) as the revenue source. BIDs are separate legal entities from the City, but their Operating Plans and the Special District Policy require City Council approval of all formal BID debt. The standard of review of the debt instruments is consistency with the Operating Plan and all applicable laws.

The draft bond resolution is attached. This debt is anticipated to be in the form of a tax-exempt bond. The interest rate will be 6.5%. The bond will be repaid from the existing debt service mill levy of 50.0 mills along with applicable specific ownership tax revenue, and revenue from the currently established PIF (1.25%) applicable to sales within the District. The 2016 bond will be subordinate to the previously issued bonds.

With this issuance, the District's total combined debt issuance will be approximately \$10,800,000. The District's original 2005 Operating Plan and Budget and subsequent annually-approved Operating Plan and Budget stipulated a maximum of \$9,900,000 in indebtedness unless the District obtains City Council's approval of an amendment to the Operating Plan. The District had a debt authorization election in 2005 which provided for a maximum indebtedness of \$9,900,000 for street-related improvements and an additional \$3,100,000 specifically for water and/or wastewater improvements (for a total of \$13,000,000). The petitioners also note that expected public improvements costs within the District have increased during the period since initial formation.

In order to fully reconcile approval of this issuance with the Operating Plan and Budget, an amendment to that document is being processed immediately prior to this agenda item. If that amendment to the Operating Plan and Budget is approved, the proposed debt issuance will comply with the Operating Plan.

The improvements to be financed have been selected from among a larger list of costs determined by the District to be eligible for reimbursement and are summarized in an attachment. These costs predominantly consist of street, parking and certain water improvements.

**Financial Implications:**

Pursuant to the District's operating plan, the City Special District Policy, bond documents, the issuance of this debt does not constitute a financial obligation of the City. The documents will contain the limitations required by the City's Special District Policy. Because the debt will be placed privately with related parties, letters have been provided by an external financial advisor with an opinion regarding the "fairness and feasibility of the interest rate and the structure of the debt".

The bond resolution is structured so that any risk beyond the maximum capped mill levy, and the associated specific ownership tax will not accrue to the property owners.

City Charter Section 7-100 provides that the total debt of any special district may not exceed ten percent (10%) of the total assessed valuation of the taxable property within the district unless such debt is approved by at least a two-thirds vote of the entire Council.

**Board/Commission Recommendation:**

The Special District Committee has been provided copies of these materials, and there have been no comments or concerns provided.

**Stakeholder Process:**

N/A

**Alternatives:**

City Council could choose to approve, deny or modify the proposed resolution.

**Proposed Motion:**

Move adoption of the resolution authorizing the Interquest North Business Improvement District to issue debt not to exceed \$4,765,000 in the form of Limited Tax General Obligation Bond.

N/A