



## Legislation Details (With Text)

<b>File #:</b>	21-239	<b>Version:</b>	1	<b>Name:</b>	Chaparral Point MD
<b>Type:</b>	Resolution	<b>Status:</b>		<b>Mayor's Office:</b>	Mayor's Office
<b>File created:</b>	4/21/2021	<b>In control:</b>		<b>City Council:</b>	City Council
<b>On agenda:</b>	6/8/2021	<b>Final action:</b>		<b>6/8/2021:</b>	6/8/2021
<b>Title:</b>	A Resolution authorizing issuance of debt not to exceed \$1,400,000 by the Chaparral Pointe Metropolitan District located west of Powers Boulevard north of Barnes Road				
	<p>Presenter: Carl Schueler, Comprehensive Planning Manager, Planning &amp; Community Development Department</p>				
<b>Sponsors:</b>					
<b>Indexes:</b>	Issuance of Debt, Metropolitan District				
<b>Code sections:</b>					
<b>Attachments:</b>	1. Resolution_ChaparralPointe, 2. PowerPoint- ChaparralPointe, 3. 1-Transmittal Letter -Chaparral Pointe, 4. 2-Term Sheet - Chaparral Pointe MD- 4.19.21, 5. 3-Chaparral Pointe MD Financial Plan, Apr19, 6. 4-Chaparral Pointe Metropolitan District Costs, 7. 5-Draft Bond Resolution- 5-7-21, 8. 6-Senior Indenture - Chaparral Pointe MD 05-06-21, 9. 7-Chaparral Pointe MD - 2021 Bonds - GC Opinion Letter, 10. 8-Form Bond Counsel Opinion_ChaparralPointe, 11. 9- Applicant PowerPoint Chaparral Pointe_5.11.21, 12. Signed Resolution 82-21				

Date	Ver.	Action By	Action	Result
6/8/2021	1	City Council		
5/24/2021	1	Council Work Session	referred	

Resolution authorizing issuance of debt not to exceed \$1,400,000 by the Chaparral Pointe Metropolitan District located west of Powers Boulevard north of Barnes Road

**Presenter:**

Carl Schueler, Comprehensive Planning Manager, Planning & Community Development Department

**Summary:**

This is a request to approve issuance of formal debt in an approximate aggregate amount of \$1,272,000 and not to exceed \$1,400,000 in the form of Limited Tax Senior Cash Flow General Obligation Bonds, Series 2021A(3) to be repaid from a combination of property tax and associated revenues. The City’s Special District Policy and the District’s service plan require that City Council’s approval be obtained prior to issuing any debt.

The net revenues from these issuances will be used to reimburse the costs of completed or soon-to-be completed public improvements.

The bonds are anticipated to be tax-exempt, externally marketed and to carry an average interest rate of about 5.25% (rate to be set prior to closing).

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 Article 7-100.

This agenda item was introduced at a May 24, 2021 Council Work Session. There were no major questions or requests for additional information, and Council directed this item be placed on the consent agenda.

**Background:**

The Chaparral Pointe Metropolitan District was created in 2018 and provides financing and a source of reimbursement for qualifying public improvements within this small residential development. This District is located along Powers Boulevard, and is actively developing. A total of about 68 single-family and duplex dwelling units are anticipated at buildout, which is expected to be complete by 2022.

The bonds would be rated and marketed with an expected total interest rate of 5.25%. The bonds will be structured and marketed as “cash flow bonds” thereby not requiring capitalized interest or a reserve fund.

The bonds have a term of 30 years, with anticipated maturity dates of 2051.

The anticipated par amount of the bonds is \$1,272,000. The District’s draft bond resolution includes a “not-to-exceed” cap of \$1,400,000. This limit is incorporated within the draft City Council resolution.

The debt service mill levy available to service these bonds is limited to a “Gallagher adjusted” 30 mills (along with associated specific ownership tax). The current debt service mill levy is 33.397 mills.

This will be the first issuance of debt by this district. Its 2018 service plan includes a maximum debt authorization of \$5,000,000.

These Series 2021 bonds will be structured to be “callable”, such that a future potentially resident board might possibly be in a position to refinance these obligations subject to future financial conditions. The call date is June 1, 2026.

There is also “discharge date” language included in the Council resolution. This ensures a debt service mill levy will not be pledged to this debt at this time, for a period extending beyond the maximum 40-year debt service mill levy imposition term included as part of this District’s service plan.

Financial projections are attached.

The City Council Budget Committee discussed this request at their April 27, 2021 meeting, and there were no major issues or requests for additional information.

Included as attachments are the following documents:

- Draft Council resolution
- Transmittal Letter
- Term sheet
- District bond resolution
- Draft indenture
- Financial projections
- Draft opinions from District general and bond counsel

- Summary of costs to be financed

**Financial Implications:**

Pursuant to the District's Service Plan, the City Special District Policy, and the loan documents, the issuance of this debt does not constitute a financial obligation of the City. The documents will contain the "limited default" provisions required by the City's Special District Policy. These bonds will be marketed to third party investors.

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 Article 7-100 requires that the total debt of any proposed district shall not exceed ten percent (10%) of the total assessed valuation of the taxable property within the District unless approved by at least a two-thirds vote of the entire Council.

**Board/Commission Recommendation:**

N/A

**Stakeholder Process:**

The staff-level Special District Committee has been provided with the materials associated with this request. As of the date of this staff report, there have been no comments or questions from the Committee on this request.

**Previous Council Action:**

City Council approved a consolidated service plan for the Chaparral Pointe Metropolitan District (Resolution 102-18), on September 11, 2018.

**Alternatives:**

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

**Proposed Motion:**

Move adoption of the resolution approving the authorization for the Chaparral Pointe Metropolitan District to issue debt in the form of general obligation limited tax bonds in a combined principal (par) amount not to exceed \$1,400,000.

N/A