



Legislation Details (With Text)

File #: 22-111 **Version:** 1 **Name:** Vistas at West Mesa MD
Type: Resolution **Status:** Mayor's Office
File created: 2/4/2022 **In control:** City Council
On agenda: 3/22/2022 **Final action:** 3/22/2022

Title: A resolution of the City Council of the City of Colorado Springs, Colorado approving the issuance of the Vistas at West Mesa Metropolitan Senior Cash-Flow Bonds in an amount not to exceed \$1,700,000 and related bond documents for a district located east of Centennial Boulevard and north of Fillmore Road.

Presenter:
Hannah Van Nimwegen, Senior Planner, Planning & Community Development Department
Peter Wysocki, Planning and Community Development Director

Sponsors:

Indexes: Issuance of Debt, Metropolitan District

Code sections:

Attachments: 1. Resolution, 2. Staff Powerpoint, 3. Financial Plan & Projections, 4. Vistas at West Mesa Cost Estimates 2-14-2022 v2, 5. Draft Bond Resolution, 6. Draft Indenture, 7. Draft General Counsel Opinion Letter, 8. Draft Bond Counsel Opinion Letter, 9. Signed Resolution 29-22

Date	Ver.	Action By	Action	Result
3/22/2022	1	City Council	adopted	Pass
3/7/2022	1	Council Work Session	referred	

A resolution of the City Council of the City of Colorado Springs, Colorado approving the issuance of the Vistas at West Mesa Metropolitan Senior Cash-Flow Bonds in an amount not to exceed \$1,700,000 and related bond documents for a district located east of Centennial Boulevard and north of Fillmore Road.

Presenter:

Hannah Van Nimwegen, Senior Planner, Planning & Community Development Department
Peter Wysocki, Planning and Community Development Director

Summary:

This is a request to approve issuance of formal debt in an approximate aggregate amount of \$1,543,000 and not to exceed \$1,700,000 in the form of General Obligation Limited Tax Bonds (Cash-Flow), Series 2022 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.

This will be the first issuance of debt by this district. The net proceeds from this issuance will be used to reimburse developer advances and fund anticipated public improvements costs as described in the submitted materials.

The bonds are anticipated to be tax-exempt, externally marketed, and carry an interest rate of about

5.75% (to be set prior to closing).

Approval of this debt issuance will require a two-thirds majority of the entire City Council (at least six affirmative votes) due to the requested authorization exceeding 10% of the existing valuation of the property as required by City Charter Article 7-100.

This agenda item was presented at the February 22, 2022, City Council Budget Committee meeting. No questions, comments, or concerns were brought forward.

This property is located in Council District No. 1.

Background:

The Vistas at West Mesa Metropolitan District was originally created in 2021 and provides financing and a source of reimbursement for qualifying public improvements within this approximately 6.6-acre development. The subject development was approved for 105 townhome units. Earthwork has begun, but vertical construction has yet to start.

These bonds would be rated and marketed with an expected total interest rate of about 5.75%.

The bonds have a term of 30 years, with anticipated maturity dates of 2051. This district first certified a debt service mill levy in 2021 for collection in 2022. Because residential metropolitan districts have a maximum 40-year debt service mill levy imposition term, there is a discharge date built into the Council resolution.

The anticipated par amount of the bonds is \$1,543,000. The District's draft bond resolution includes a "not-to-exceed" cap of \$1,700,000. This limit is also incorporated within the City Council resolution.

The debt service mill levy available to service these bonds is limited to a "Gallagher adjusted" 30 mills with an operating mill levy of 10 mills which may go up to 20 mills after resident control.

This will be the first issuance of debt by this district. Its 2021 service plan includes a maximum debt authorization of \$4,500,000.

These Series 2021 bonds will be structured to be "callable", such that a future potentially resident board might be in a position to refinance these obligations subject to future financial conditions. The call date is March 1, 2027.

Financial projections are attached.

The subject request was presented to the City Council Budget Committee at their February 22, 2022, meeting, where there were no questions, comments, or concerns.

Included as attachments are the following documents:

- City Council resolution
- Financial plan and projections
- Cost estimates
- Draft bond resolution
- Draft indenture

- Draft General counsel opinion letter
- Draft Bond counsel opinion letter

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/indenture 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 service plan for the Vistas at West Mesa Metropolitan District (Resolution 123-21), on September 14, 2021.

Alternatives:

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

Proposed Motion:

Move adoption of the resolution approving the issuance of the Vistas at West Mesa Metropolitan Senior Cash-Flow Bonds in an amount not to exceed \$1,700,000 and related bond documents for a district located east of Centennial Boulevard and north of Fillmore Road.

N/A