



## Legislation Details (With Text)

**File #:** 17-1253      **Version:** 1      **Name:** Interquest South  
**Type:** Resolution      **Status:** Mayor's Office  
**File created:** 9/11/2017      **In control:** City Council  
**On agenda:** 10/24/2017      **Final action:** 10/24/2017  
**Title:** Authorization of Interquest South Business Improvement District to issue up to \$4,000,000 in debt as Limited Property Tax and Public Improvement Fee Revenue Bonds. (Legislative Item)

**Presenter:**  
 Conrad Olmedo, Comprehensive Planner II, Planning & Community Development  
 Carl Schueler, Comprehensive Planning Manager, Planning & Community Development

**Sponsors:**

**Indexes:** BID

**Code sections:**

**Attachments:** 1. City\_Council\_Resolution, 2. District\_Bond\_Resolution, 3. Draft\_District\_Bond\_Opinion, 4. FINAL PROJECT VALUE 9-05-2017, 5. Indenture\_of\_Trust\_ISBID, 6. Letter re Prop. Tax an PIF Bonds, 7. Signed Resolution 116-17, 8. Development\_Projection

Date	Ver.	Action By	Action	Result
10/24/2017	1	City Council	adopted	Pass
10/9/2017	1	City Council Work Session	referred	

Authorization of Interquest South Business Improvement District to issue up to \$4,000,000 in debt as Limited Property Tax and Public Improvement Fee Revenue Bonds. (Legislative Item)

**Presenter:**

Conrad Olmedo, Comprehensive Planner II, Planning & Community Development  
 Carl Schueler, Comprehensive Planning Manager, Planning & Community Development

**Summary:**

This is a request to approve issuance of debt in the initial principal amount of \$3,485,000 with an authorization of up to \$4,000,000 by the Interquest South Business improvement District (“District”) in the form of a Series 2017 bond, to be repaid from a combination of limited 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. 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.

This item is related to the previous agenda item pertaining to an exclusion of property from this District.

This item will be presented for action at the October 24<sup>th</sup>, 2017 City Council meeting.

### **Previous Council Action:**

The BID was established pursuant to Ordinance 04-238 adopted by Council on October 26, 2004, which Ordinance approved the initial operating plan and budget ("Operating Plan") for the BID. In 2009 City Council approved Ordinance 09-21 including additional property into this BID. On September 22, 2015, Council approved a resolution temporarily appointing two members to this board (Resolution 93-15). On this same date, City Council approved Ordinance 15-71 in order to authorize that special appointment process. On May 9, 2017 City Council approved a resolution appointing members to the Board of Directors (Resolution 54-17). The BID's Operating Plan has been approved annually since that time in accordance with Section 31-25-1211, C.R.S., and most recently in October 2016. Council has not approved issuance of any other debt by this BID.

On October 9, 2017, this item was introduced to City Council during the Work Session.

### **Background:**

BIDs are created under Colorado Statute and City Policy to finance and/or maintain certain public improvements in non-residential areas, utilizing a property tax mill levy 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 District's original 2004 Operating Plan and Budget and subsequent annually-approved Operating Plan and Budget stipulate a maximum of \$24,000,000 in indebtedness unless the District obtains City Council's approval of an amendment to the Operating Plan.

Although authorized to levy up to 50.0 mills for debt service, to-date the BID has only certified a levy of 1.0 mills for operational purposes. It is anticipated that this District will certify a debt service mill in December 2017. This will be the first issuance of debt by this District; however it has accumulated developer advances.

Neither this issuance of debt, nor the use of a public improvement fee (PIF) is contemplated in the 2017 Operating Plan and Budget for this BID (as approved by City Council in October 2016). The District notes that the properties and the District plans have been in transition. There is a language in the 2017 Plan to allow discrete City approval of the use of a PIF. The pending 2018 Operating Plan and Budget is being updated to be consistent with currently-proposed actions.

The draft bond resolution is attached. This debt is anticipated to be a marketed bond with an anticipated interest rate of approximately 5.5% (maximum of 8%) and have an anticipated debt service mill levy amount of 5.0 to 10.0 mills. The bond documents allow for a 30-mill debt service cap, which is below the City Council- authorized cap of 50.0. A PIF of 1.5% will also be pledged as revenue to service this debt. The BID has indicated they will voluntarily provide notice to retail purchasers.

The final maturity date is anticipated to be December 1, 2047. 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, sidewalks and curb, street lights, landscaping, pavement, and water line 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. 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.

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

**Board/Commission Recommendation:**

The City's staff-level Special District Committee has been provided copies of these materials. All comments received have been in support and/or with no stated concerns.

**Stakeholder Process:**

N/A

**Alternatives:**

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

**Proposed Motion:** (for October 24, 2017)

Move adoption of the resolution authorizing the Interquest South Business Improvement District to issue debt of \$3,485,000, not to exceed \$4,000,000, in the form of Limited Property Tax and Public Improvement Fee Revenue Bonds.