



## Legislation Details (With Text)

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<b>File created:</b>	2/11/2021	<b>In control:</b>		<b>City Council:</b>	City Council
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<b>Title:</b>	Resolution authorizing issuance of debt by the Barnes Center Metropolitan District in a combined principal amount not to exceed \$1,237,120				
	<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, 2. 1- PowerPoint, 3. 2- BCMD City bond process cover letter final, 4. 3- Barnes Center MD Financial Plan 02.17.21 (1), 5. 4- BCMD 2021 - Authorizing Resolution, 6. 5- Barnes Center Cert-02162021123039, 7. 6- BCMD Public Improvements mapping, 8. 7- EFA Cert, Barnes Center MD, 9. Signed Resolution 43-21				

Date	Ver.	Action By	Action	Result
3/23/2021	1	City Council	adopted	Pass
3/8/2021	1	Council Work Session	referred	

Resolution authorizing issuance of debt by the Barnes Center Metropolitan District in a combined principal amount not to exceed \$1,237,120

**Presenter:**

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

**Summary:**

This is a request to approve issuance of formal debt in an aggregate amount not to exceed \$1,237,120 in the form of privately placed and taxable Limited Tax General Obligation Bonds, Series 2021 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 completed public improvements costs for this project area. The draft Council resolution includes limits related to discharge dates, call dates and maximum interest rates,

The bonds will carry an interest rate of 5%.

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 February 23, 2021 Council Work Session, during which there were no requests for follow-up actions.

**Background:**

The Barnes Center Metropolitan District provides financing and a source of reimbursement for qualifying public improvements within a development located just west of Powers Boulevard near Barnes Road. This district was originally created in 2017 with the expectation that it would be limited to commercial uses. However, this particular service plan was approved with a self-imposed limit of 30.0 mills for debt service rather than the normal 50.0 for commercial districts. Recently, the proposed uses have been changed to a combination of multi-family and a hotel. Therefore, the maximum Gallagher adjusted debt service mill levy for this district must be limited to no more than 30.0 mills in any case.

This is expected to be the first and potentially only bond issuance by this District. The proceeds from these bonds would be used to reimburse public improvements costs primarily related to extension of the roadway and utilities necessary to develop this site. Zoning and development approvals are in place to support the multi-family and hotel development anticipated to be completed with the next few years. The service plan authorizes up to \$3,000,000 in debt authorization.

The Series 2021 bonds would not be rated or marketed, and instead would be privately placed with this developer with a coupon interest rate of 5.0 percent. An opinion of an External Financial Advisor, as the competitiveness of this rate and terms has been provided as required by the service plan and Special District Policy.

This issuance has a term of 30 years, with an anticipated maturity date of December 2050. Because there will be residential uses in this district, the bonds are now structured to have discharge dates of no later than December 2058, after which there would be no further obligation of taxpayers, regardless of whether any principal or interest was outstanding at that time. This will maintain consistency with service plan provision for the Maximum Debt Service Mill Levy Imposition Term of no longer than 40 years. This District first certified a debt mill levy in 2018 for collection in 2019.

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 20 mills.

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 bonds will be structured to allow for refunding in as few as 5 years.

Financial projections are attached, along with an exhibit depicting the public improvements costs to be reimbursed from bond proceeds.

The City Council Budget Committee discussed this request at their February 23, 2021 meeting and had questions and requests. The District representative provided a summary of the costs broken out by category, and this is attached. The Committee also asked about prospects for the planned hotel and implications for District bond financing if this were not to move forward. It was noted, there would be options for repurposing this site, including to multi-family uses.

Included as attachments are the following documents:

- Draft Council resolution
- Transmittal letter from District
- District bond resolution
- Financial projections
- Cost summary
- Draft opinion from District bond counsel
- External advisor opinion
- Summary and map of additional 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 Barnes Center Metropolitan District on September 12, 2017 (Resolution 99-17)

**Alternatives:**

- Approve the resolution as presented
- Deny the resolution
- Approve the resolution with modifications to the bond issuance

**Proposed Motion:**

Move adoption of the resolution approving the authorization for the Barnes Center Metropolitan District to issue debt in the form of limited tax general obligation bonds in a combined principal amount not to exceed \$1,237,120.

N/A