



Legislation Details (With Text)

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Title: A Resolution Approving the Issuance of Debt by Copper Ridge Metropolitan District in the Form of a Limited Tax General Obligation Loan. (Legislative Item)

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

Sponsors:

Indexes: Issuance of Debt, Metropolitan District

Code sections:

Attachments: 1. Figure 1 -Resolution-CopperRidge-2016-04-28, 2. Figure 2 Copper Ridge transmittal memo, 3. Figure 3 Copper Ridge Term Sheet 4.15.16, 4. Figure 4 Copper Ridge Opinion letter 2016 (2), 5. Figure 5 Copper Ridge fin advisor loan agreement opinion (2), 6. Figure 6-Copper Ridge Loan Agreement, 7. Signed Resolution 61-16

Date	Ver.	Action By	Action	Result
6/14/2016	1	City Council	adopted	Pass
5/9/2016	1	Council Work Session	referred	

A Resolution Approving the Issuance of Debt by Copper Ridge Metropolitan District in the Form of a Limited Tax General Obligation Loan. (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 \$11,250,000 by the Copper Ridge Metropolitan District ("District") in the form of a commercial bank loan, 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 service plan 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 Article 7-100.

Previous Council Action:

On May 9, 2016, City Council referred this item to the regular session.

The District was established by an election in May 2008 following adoption by Council of a resolution authorizing creation of the District (Resolution No. 51-08). In 2010 City Council approved an urban

renewal plan for the area where the District is located. In 2013, Council approved an initial debt issuance of \$1,850,000 in the form of a general obligation loan (Resolution No, 111-13). In 2014, Council authorized issuance of up to \$3,000,000 in debt as an additional loan (Resolution No, 63-14).

Background:

Metropolitan districts 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 as the revenue source. These districts are separate legal entities from the City, but their service plans require City Council approval of all formal debt. The standard of review of the debt instruments is consistency with the Operating Plan and all applicable laws.

The proposed debt is anticipated to be in the form of a tax-exempt commercial bank loan that will both refinance the existing debt for the District and provide approximately \$6,500,000 in additional proceeds to be used to reimburse additional eligible public improvements costs. The interest rate will be formally established at the time of closing but is expected to be approximately 3.11%. The term of the new loan will be 20 years. For the component of the loan involving refinancing existing debt, the proposed loan will extend the term of that debt from what was originally 12 years to 20 or 25 years. The loan will be repaid from the existing debt service mill levy of 22.0 mills along with applicable specific ownership tax revenue, and revenue from the currently established 1.00% PIF applicable to sales within the District. The 2016 debt will be subordinate to the previously issued bonds. The District's Service Plan authorizes a maximum of \$85,000,000 in indebtedness.

The improvements to be financed have been selected from among a larger list of costs determined by the metropolitan district to be eligible for reimbursement.

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 limitations required by the City's Special District Policy. This debt has been marketed to third party financial institutions. A letter has 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 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.

City staff notes that the total proposed debt equals on the order of 100% of the current assessed valuation; however the AV is increasing rapidly.

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 stated no concerns.

Stakeholder Process:

N/A

Alternatives:

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

Proposed Motion:

Move adoption of the resolution approving the issuance of debt by the Copper Ridge Metropolitan District in the form of Limited Tax General Obligation Loan.

Resolution Approving the Issuance of Debt by Copper Ridge Metropolitan District in the Form of a Limited Tax General Obligation Loan

N/A