



Legislation Text

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A Resolution Amending Resolution 52-19 to Allow an Increase in the Maximum Amount Debt Authorized by Copper Ridge Metropolitan District in the Form of Tax Increment and Sales Tax Supported Revenue Bonds. (Legislative)

Presenters:

Peter Wysocki, AICP, Planning and Community Development Director
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Summary:

On May 28, 2019, by Resolution 52-19, Council authorized the Copper Ridge Metropolitan District (the "District") to issue formal debt in an aggregate amount of up to \$61,000,000 in Tax Increment and Sales Tax Supported Revenues Bonds, Series 2019 to be repaid from a combination of property tax and sales tax increment financing (TIF) revenues, as well as a portion of the City's sales tax after expiration of the TIF period. This amendment would allow an increase in the maximum amount of authorized debt from \$61,000,000 to \$70,000,000. The increase is needed because project bids came in higher than expected. An updated financial model is provided indicating that revenues are projected to be sufficient to support this higher bond amount. The net available proceeds will continue to be used to complete Phase I of the Powers Boulevard extension from I-25 to Voyager Parkway.

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 item was discussed at an August 19, 2019 meeting of the City Council Budget Committee and introduced to Council at a Work Session on August 26, 2019.

Previous Council Action:

The District was established by an election held 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). On June 14, 2016 additional debt of \$11,250,000 was approved in the form of Resolution No. 61-16. On February 13, 2018 Council authorized issuance of up to \$6,000,000 in additional debt in the form of another bank loan (Resolution No. 8-18). City Council has also approved a number of actions pertinent to the urban renewal designation for this area.

On May 28, 2019, Council approved Resolution No, 52-19 authorizing this debt to be issued an amount not-to-exceed \$61,000,000. The current request to increase this authorization to up to \$70,000,000, was discussed by the City Council Budget Committee at an August 19, 2019 special

meeting.

Background:

Metropolitan districts are created under Colorado Statute and City Policy to finance and/or maintain certain public improvements in commercial areas, ordinarily utilizing a property tax mill levy as the revenue source, but also accessing other revenues in some cases. 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.

This proposed debt was originally anticipated to be in the form of \$56,855,000 in tax-exempt bonds that will be repaid solely from property and sales tax increment financing (TIF) revenues available from the urban renewal area that overlies this property. The May 2019 maximum approved debt authorization of \$61,000,000 reflected a 10% contingency over and above that number. Project bids came in much higher than expected, such that the total required bonding amount is now projected to be close to \$70,000,000 in order to generate the proceeds necessary to complete construction. The District has provided updated financial projections to demonstrate that adequate coverage ratios can be maintained with this higher bonding amount.

Staff proposes that a new resolution be approved that references the previously approved Resolution No. 52-19 as otherwise remaining in force and effect, but authorizing an increase in the authorized debt based on updated documentation and testimony. A draft of this amending resolution will be provided at the hearing.

On August 19, 2019, the City Council Budget Committee was briefed on this request, and concurred with an expedited process, given the limited but important focus of the requested amendment. No issues or concerns were raised at the August 26, 2019 Work Session, and Council recommended this item be placed on today's consent agenda.

Financial Implications:

Pursuant to the District's Service Plan, the City Special District Policy, and the 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. This will be marketed to third party investors.

The bond indenture is structured so that any risk beyond the pledged TIF and sales tax agreement revenues, 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:

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 this resolution amending Resolution 52-19 to allow an increase in the maximum amount of debt authorized by Copper Ridge Metropolitan District not to exceed \$70,000,000 in the form of Tax Increment and Sales Tax Supported Revenue Bonds.

N/A