



## Legislation Text

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**File #:** 15-00393, **Version:** 2

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Ordinance No. 15-56 authorizing the issuance by the City of Colorado Springs, Colorado, of its Parking System Revenue Refunding Bonds, Series 2015 in the aggregate principal amount of not to exceed \$11,000,000 for the purpose of refunding all of the City's outstanding Parking System Revenue Bonds, Series 1999, and Parking System Revenue Bonds, Series 2006; providing the form, terms and conditions of said Series 2015 Bonds, the manner and terms of their issuance, the manner of their execution, the method of paying them and the security therefor from the net pledged revenues of the parking system; providing for the sale of said Series 2015 Bonds; providing other details concerning said Series 2015 Bonds, and providing other matters relating thereto; and approving other documents relating thereto.

**From:**

Kara Skinner, Chief Financial Officer  
Tom Florczak, Deputy City Attorney  
Greg Warnke, Parking Manager

**Summary:**

Attached is a DRAFT Parking System Bond Ordinance ("Bond Ordinance") to authorize the City to issue no more than \$11.0 million in Parking System Refunding Revenue Bonds, Series 2015 (the "2015 Bonds").

The purpose of the refunding bonds is to (a) refund all of the City's outstanding Parking System Revenue Bonds, Series 1999 (the "1999 Bonds") and Parking System Revenue Bonds, Series 2006 (the "2006 Bonds"); (b) pay costs of issuing the 2015 Bonds; and (c) fund the Reserve Fund. The final Bond Ordinance will be presented for City Council consideration on August 11, 2015.

This refunding will allow the Parking System to take advantage of low interest rates and reduce its overall debt service costs. Based on the current estimates prepared by the City's financial advisor and the underwriter and depending upon the final bond rating and sale prices, the Parking System will save between \$600,000 and \$740,000 on a net present value basis over the life of the bonds. The City's financial advisor and the underwriter anticipate the 2015 Bonds will receive a rating of A- or BBB+. The 2015 Bonds are expected to have a true interest cost of approximately 3.0% (+/- depending on actual market conditions at the time of offering/sale). Currently, the debt service structure of the 2006 Bonds is such that the annual payments through 2018 (when the 1999 Bonds are retired) are "wrapped around" the debt service schedule of the 1999 Bonds, such that the combined annual debt service payment is approximately \$1.05 million. This refunding is expected to result in annual net debt service savings, at a minimum, of approximately \$45,000. In addition, the current plan of finance proposes to structure the new debt similarly to the outstanding debt, with the final maturity in 2027, the same date the 2006 Bonds are scheduled to retire.

Along with City Finance, the City Attorney's Office and the Parking Enterprise, the City has assembled a financing team comprised of the following external members:

- Financial Advisor - Public Financial Management, Jill Jaworski
- Bond Counsel - Kutak Rock LLP, Mario Trimble and Bob Irvin
- Disclosure Counsel - Stradling Yocca Carlson & Rauth, a Professional Corporation, Scott Shaver
- Underwriter -George K. Baum Co., Robyn Moore

Based upon the proposal of the underwriter and the recommendation of the City's financial advisor, the City is pursuing two financing options:

1. Competitive private placement - issuing an informal Request for Proposal (RFP) to financial institutions requesting private placement proposals.
2. Public Offering - marketing and public sale of Parking System Revenue Refunding Bonds.

On July 2, 2015, the City issued an informal RFP to financial institutions requesting private placement proposals. The RFP is scheduled to close on July 22, 2015. When proposals are received, the financing team will evaluate the proposals against anticipated results from a public offering and make a recommendation as to whether to accept a private placement proposal or proceed with the public offering.

With City Council approval of the bond ordinance, as presented on August 11th, the City will move forward with the refunding process. A bond ordinance is a contract with bondholders that establishes the rights and obligations of the issuer (the City) and the bondholders. The only revenues pledged for repayment of Parking System Revenue Bonds are the Parking System Net Revenues as defined in the bond ordinance. In general, revenue from parking meters and parking garages within the Parking Enterprise comprise the pledged revenue. The bonds are NOT a general obligation of the City, and no other funds of the City are committed for repayment.

**Previous Council Action:**

On February 23, 1999, City Council approved Ordinance No. 99-28 authorizing the sale of the Colorado Springs Parking System Revenue Bonds, Series 1999, in a principal amount not to exceed \$9,300,000.

On January 24, 2006, City Council approved Ordinance No. 06-12 authorizing the sale of the Colorado Springs Parking System Revenue Bonds, Series 2006, in a principal amount not to exceed \$7,750,000.

**Background:**

The Parking System issued the 1999 Bonds in the amount of \$9,300,000, for the purposes of constructing certain parking facilities and related improvements and acquiring necessary property. The significant project was the construction of the Cascade Avenue parking garage along with eighteen (18) block faces of downtown streetscape improvements. The current principal amount outstanding is \$2,560,000 and the 1999 Bonds are scheduled to be retired in 2018.

The Parking System issued the 2006 Bonds, in the amount of \$7,665,000, for the purposes of constructing certain parking facilities and related improvements and acquiring necessary property. The significant project was the construction of an expansion of the City Administration Building

Parking Garage. The current principal amount outstanding is \$7,490,000 and the 2006 Bonds are scheduled to be retired in 2027.

**Financial Implications:**

Based on the current estimates prepared by the City's financial advisor and the underwriter and depending upon the final bond rating and sale prices, the Parking System will save between \$600,000 and \$740,000 on a net present value basis over the life of the bonds. The City's financial advisor and the underwriter anticipate the 2015 Bonds will receive a rating of A- or BBB+. The 2015 Bonds are expected to have a true interest cost of approximately 3.0% (+/- depending on actual market conditions at the time of offering/sale). This refunding is expected to result in annual net debt service savings, at a minimum, of approximately \$45,000.

**Board/Commission Recommendation:**

N/A

**Stakeholder Process:**

N/A

**Alternatives:**

N/A

**Proposed Motion:**

At the August 11, 2015 Regular Council meeting, recommend move approval of an AN ORDINANCE AUTHORIZING THE ISSUANCE BY THE CITY OF COLORADO SPRINGS, COLORADO, OF ITS PARKING SYSTEM REVENUE REFUNDING BONDS, SERIES 2015 IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$11,000,000 FOR THE PURPOSE OF REFUNDING ALL OF THE CITY'S OUTSTANDING PARKING SYSTEM REVENUE BONDS, SERIES 1999, AND PARKING SYSTEM REVENUE BONDS, SERIES 2006; PROVIDING THE FORM, TERMS AND CONDITIONS OF SAID SERIES 2015 BONDS, THE MANNER AND TERMS OF THEIR ISSUANCE, THE MANNER OF THEIR EXECUTION, THE METHOD OF PAYING THEM AND THE SECURITY THEREFOR FROM THE NET PLEDGED REVENUES OF THE PARKING SYSTEM; PROVIDING FOR THE SALE OF SAID SERIES 2015 BONDS; PROVIDING OTHER DETAILS CONCERNING SAID SERIES 2015 BONDS, AND PROVIDING OTHER MATTERS RELATING THERETO; AND APPROVING OTHER DOCUMENTS RELATING THERETO.

AN ORDINANCE AUTHORIZING THE ISSUANCE BY THE CITY OF COLORADO SPRINGS, COLORADO, OF ITS PARKING SYSTEM REVENUE REFUNDING BONDS, SERIES 2015 IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$11,000,000 FOR THE PURPOSE OF REFUNDING ALL OF THE CITY'S OUTSTANDING PARKING SYSTEM REVENUE BONDS, SERIES 1999, AND PARKING SYSTEM REVENUE BONDS, SERIES 2006; PROVIDING THE FORM, TERMS AND CONDITIONS OF SAID SERIES 2015 BONDS, THE MANNER AND TERMS OF THEIR ISSUANCE, THE MANNER OF THEIR EXECUTION, THE METHOD OF PAYING THEM AND THE SECURITY THEREFOR FROM THE NET PLEDGED REVENUES OF THE PARKING SYSTEM; PROVIDING FOR THE SALE OF SAID SERIES 2015 BONDS; PROVIDING OTHER DETAILS CONCERNING SAID SERIES 2015 BONDS, AND PROVIDING OTHER MATTERS RELATING THERETO; AND APPROVING OTHER DOCUMENTS RELATING THERETO.