



## Legislation Text

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**File #:** 15-00773, **Version:** 2

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Ordinance No. 16-20 of the Board of Directors of the Colorado Springs Cottonwood General Improvement District to Approve the Dissolution of Said District

**Presenter:**

Kara Skinner, Chief Financial Officer

**Summary:**

Council sits as the Board of Directors of the Colorado Springs Cottonwood General Improvement District (District). State law requires formal action in accord with C.R.S. § 31-25-625 be taken to dissolve the District.

**Previous Council Action:**

Council created this District in 1985 (Ordinance No. 85-112) and has performed annual financial actions as its board, since that time. The Board approved refinancing this District's bonds in 2010 in the amount of \$3,900,000 (Ordinance No. 10-57). Since creation of the District, the Board has annually set and certified the mill levy, adopted the budget, and appropriated the funding for the District.

The Board approved the District's 2014 budget appropriation of \$729,800 for required debt service payments and related expenditures, which was sufficient to make the final bond payments in 2015 without collecting additional tax revenue. Therefore, with the anticipated payoff of the existing bond debt in December 2015, the 2014 levy was set at zero (0.000) mills for taxes payable in 2015, which was a change from the 2013 mill levy of 6.500 mills for taxes payable in 2014.

Prior to presentation of this ordinance the Board held a Public Hearing to hear any protests against or objections to dissolution of the District in accord with C.R.S. § 31-25-625. Public notice as required by C.R.S. § 31-25-606 was given to property owners in the District by a postcard mailing in late December 2015 to each property owner in the District, providing information on the City's website about the Public Hearing and dissolution, and publishing the Notice of Public Hearing on January 29, 2016.

**Background:**

On August 10, 2010, the Cottonwood GID Board approved the refinancing of this District's bonds. At that time the refinancing was anticipated to result in present value savings of approximately \$220,000 over the remaining life of the bonds with 5.5% present value savings or approximately \$70,000 per year. With the sale of the bonds completed on September 21, 2010, the actual savings to the District each year was approximately \$82,000. The final true interest cost on the bonds was 1.37% over the five-year term, which equates to a present value savings of 6.83% or \$283,000.

Final payment of the bonds was made on December 1, 2015. Given the District now has no mill levy and the bonds that funded the infrastructure projects have been retired, the District may be dissolved.

**Financial Implications:**

The District mill levy was set to zero for 2014 taxes payable in 2015 as there was no need to collect additional revenue to be deposited into the bond fund and there was sufficient fund balance to make the final debt service payment and for minor expenditures related to closure of the district - printing and mailing of notices. There is currently no revenue source for the district nor additional planned expenditures.

**Board/Commission Recommendation:**

N/A

**Stakeholder Process:**

Prior to presentation of this ordinance the Board held a Public Hearing to hear any protests against or objections to dissolution of the District in accord with C.R.S. § 31-25-625. Public notice as required by C.R.S. § 31-25-606 was given to property owners in the District by a postcard mailing in late December 2015 to each property owner in the District, providing information on the City's website about the Public Hearing and dissolution, and publishing the Notice of Public Hearing on January 29, 2016.

**Alternatives:**

**Proposed Motion:**

Move approval of the ordinance of the Board of Directors of the Colorado Springs Cottonwood General Improvement District to approve the dissolution of said District.

An Ordinance of the Board of Directors of the Colorado Springs Cottonwood General Improvement District to Approve the Dissolution of Said District