



## Legislation Text

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**File #:** 21-647, **Version:** 1

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A resolution of the City Council of the City of Colorado Springs, Colorado approving the issuance of the Westgate Metropolitan District Limited Tax General Obligation Bonds, Series 2021 in the amount not to exceed \$13,000,000 and related bond documents for a district located south of Platte Avenue and west of Powers Boulevard

**Presenter:**

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

Peter Wysocki, Planning and Community Development Director

**Summary:**

This is a request to approve issuance of formal debt in an approximate aggregate amount of \$11,560,000 and not to exceed \$13,000,000 in the form of General Obligation Limited Tax 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.

This will be the first issuance of debt by this district. The net proceeds from this issuance will be used to repay existing developer advances, with the balance used for near term future public improvements including a bridge over Sand Creek.

The bonds are anticipated to be tax-exempt, externally marketed and carry an interest rate of about 4.5% (to be set prior to closing).

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 discussed at an October 26, 2021 Council Work City Council Budget Committee meeting.

This property is located in Council District No. 4.

**Background:**

The Westgate Metropolitan District was originally created in 2013 and provides financing and a source of reimbursement for qualifying public improvements within this approximately 56-acre development. This development in the Troy Hill Road area has recently begun vertical development, with one convenience store constructed to-date. A total of about 440 multi-family dwelling units, and 218,000 square feet of commercial space are anticipated at buildout, which is expected occur in the 2025 time frame.

These bonds would be rated and marketed with an expected total interest rate of about 4.5%.

The bonds have a term of 30 years, with anticipated maturity dates of 2051. This district first certified a debt service (contractual obligation) mill levy in 2017 for collection in 2018. Because residential metropolitan districts have a maximum 40-year debt service mill levy imposition term, there are discharge dates built into the Council resolution.

The anticipated par amount of the bonds is \$11,560,000. The District's draft bond resolution includes a "not-to-exceed" cap of \$13,000,000. This limit is also incorporated within the draft City Council resolution.

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 30 mills.

This will be the first issuance of debt by this district. Its 2013 service plan includes a maximum debt authorization of \$25,000,000.

These Series 2021 bonds will be structured to be "callable", such that a future potentially resident board might be in a position to refinance these obligations subject to future financial conditions. The call date is December 1, 2026.

Financial projections are attached.

The City Council Budget Committee discussed this request at their October 26, 2021 meeting. Clarifying questions were asked and there was request for an overall City context map, and identification of the Council district this project is located in (now provided).

Included as attachments are the following documents:

- Draft Council resolution
- Term sheet
- District bond resolution
- Draft indenture
- Financial projections
- Draft opinion from District general counsel
- Applicant PowerPoint which includes a summary of costs to be reimbursed

### **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/indenture 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 Westgate Metropolitan District (Resolution 69-13), on July 19, 2013.

**Alternatives:**

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

**Proposed Motion:**

Move adoption of the resolution approving the authorization for the Westgate Metropolitan District to issue debt in the form of general obligation limited tax bonds in a combined principal (par) amount not to exceed \$13,000,000.

N/A