



Legislation Text

File #: 17-1382, **Version:** 1

An Ordinance Authorizing and Approving The Lease-Purchase Of Certain Property and the Execution of Documents Related Thereto by the City of Colorado Springs, Colorado, in Connection With the Issuance of Refunding Certificates of Participation, Series 2018, in an Aggregate Principal Amount of Not To Exceed \$30,000,000; Ratifying Action Previously Taken Concerning Such Matters; And Providing For Other Matters Related Thereto.

Presenter:

Charae McDaniel, Chief Financial Officer
Tom Florczak, Deputy City Attorney

Summary:

Attached is a USOC Lease Refinance Ordinance to authorize the issuance of refunding Certificates of Participation, Series 2018, in an aggregate principal amount not to exceed \$30,000,000, in order to execute the purchase option under the City of Colorado Springs Public Facilities Authority (the "Authority") Certificates of Participation, Series 2009 (the "Series 2009 Certificates") and pay cost of issuance of the 2018 Certificates.

Previous Council Action:

On August 28th, 2009, City Council approved Ordinance No. 09-106 authorizing and approving the lease-purchase of certain property and documents in connection with issuance by the Colorado Springs Public Facilities Authority of Certificates of Participation in an aggregate principal amount of not to exceed \$38,000,000.

Background:

The Series 2009 Certificates were issued in the aggregate principal amount of \$31,470,000 and are currently outstanding in the aggregate principal amount of \$29,815,000. The 2009 Certificates will mature on November 1, 2039, and are subject to redemption prior to maturity beginning November 1, 2019.

Pursuant to the Lease Purchase Agreement dated October 1, 2009, between the Authority, as lessor, and the City, as lessee, the City leased certain property owned by the Authority consisting of the City's Police Operations Center, including the related parking garage, and Fire Station 8.

By executing the new agreement and issuing the Series 2018 Certificates, the City will acquire fee simple ownership of the 2009 Leased Property from the Authority upon defeasance of the outstanding Series 2009 Certificates and the exercise of the City's purchase option under the 2009 Lease.

Financial Implications:

This refunding will allow the City to take advantage of historically low interest rates without extending the end date of the lease.

The aggregate amount of the principal component of Base Rentals (as defined in the Lease) shall not exceed \$30,000,000. The interest shall accrue at the net effective interest rate not to exceed 4.00% per annum, and the final maturity of the Series 2018 Certificates will be no later than December 1, 2039.

The City's execution and delivery of the Lease shall result in a present value savings of not less than three (3) percent, expressed as a percentage change in the aggregate amount of the Base Rentals, and computed based upon the arbitrage yield for the Series 2018 Certificates to the date of delivery, assuming semi-annual compounding.

Board/Commission Recommendation:

N/A

Stakeholder Process:

N/A

Alternatives:

N/A

Proposed Motion:

Move to approve the attached Ordinance Authorizing and Approving The Lease-Purchase Of Certain Property and the Execution of Documents Related Thereto by the City of Colorado Springs, Colorado, in Connection With the Issuance of Refunding Certificates of Participation, Series 2018, in an Aggregate Principal Amount of Not To Exceed \$30,000,000; Ratifying Action Previously Taken Concerning Such Matters; And Providing For Other Matters Related Thereto

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