



## Legislation Details (With Text)

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**Type:** Resolution      **Status:** Mayor's Office  
**File created:** 4/9/2019      **In control:** City Council  
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**Title:** A Resolution Approving the Issuance of Debt by Copper Ridge Metropolitan District in the Form of Tax Increment and Sales Tax Supported Revenue Bonds. (Legislative)

**Presenter:**

Carl Schueler, Comprehensive Planning Manager, Planning and Community Development

**Sponsors:**

**Indexes:** Issuance of Debt, Metropolitan District

**Code sections:**

**Attachments:** 1. RES\_CopperRidge, 2. Attachment 1- Copper Ridge MD Transmittal Memo\_Series 2019 (1), 3. Attachment 2- Copper Ridge MD- Indenture, 4. Attachment 3- Copper Ridge MD -Term Sheet, 5. Attachment 4- Copper Ridge MD- Revenue Model, 6. Attachment 5- Copper Ridge MD - General Counsel Opinion, 7. Attachment 6- Polaris Pointe Map 020619, 8. Attachment 7- Properties and Businesses in CRMD 040119, 9. Attachment 8- Phase I map 040119, 10. Powerpoint, 11. Signed Resolution 52-19

Date	Ver.	Action By	Action	Result
5/28/2019	1	City Council	adopted	Pass
5/13/2019	1	Council Work Session	referred	

A Resolution Approving the Issuance of Debt by Copper Ridge Metropolitan District in the Form of Tax Increment and Sales Tax Supported Revenue Bonds. (Legislative)

**Presenter:**

Carl Schueler, Comprehensive Planning Manager, Planning and Community Development

**Summary:**

This is a request to approve issuance of 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. 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.

The proceeds from this anticipated debt issuance would be used to finance completion of the segment of Powers Boulevard from Voyager Parkway to I-25.

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.

### **Previous Council Action:**

The District was established by an election 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.

This item was introduced to Council at a Work Session on May 13, 2019. There were no requests for additional information or follow-up

### **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.

The proposed debt is 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 maximum requested debt authorization reflects a 10% contingency over and above the number. The term of the bonds will be approximately 25 years. After the TIF period expires in 2035, the City will continue to make available the sales tax increment for the District for an additional 9 year (the "TIF Period"), however such sales tax sharing will be subject in all respects subject to annual appropriation action by City Council. The interest rate will be formally established at the time of closing but is expected to be approximately 5.5%. The term of the bonds will be approximately 24 years from closing.

The net proceeds from these bonds will be used solely for funding Phase I of the extension of Powers Boulevard from Interstate 25 to Voyager Parkway as depicted in an attached map. As described in more detail in the attached transmittal letter, the total project cost is expected to be \$62,604,712, to be funded by a combination of about \$50.0 Million in net proceeds from this issuance, about \$3.7 Million in Copper Ridge Urban Renewal Area ("URA") funds already expended, about \$6.3 Million in the form of a Federal Water Quality Grant, and about \$3.28 Million in remaining URA tax increment financing (TIF) balance.

The bonds will be repaid solely from property and sales tax TIF (tax increment financing) revenues for the periods they are available. The District's Service Plan authorizes a maximum of \$85,000,000 in indebtedness. As of the beginning of 2019 the District has approximately \$16,170,000 in outstanding debt in the form of 2016 and 2018 commercial bank loans. (The prior 2013 and 2014 District issuances have been refinanced). With this 2019 issuance, the combined aggregate debt of the District will approach but not exceed the service plan limit. If the second and final phase of the

Powers Boulevard extension were to ultimately be financed through this District, a minor service plan amendment may be required at that time, depending on the specific interpretation of debt under the District's approved service plan.

It should be noted that the revenue sources and uses of funds associated with this bond issue will be entirely distinct from the other financial obligations of this District. The 2016 and 2018 debt obligations are repaid from property tax, public improvement fee (PIF) and related revenues, whereas these bonds will be repaid from a combination of urban renewal property and sales tax increment financing (TIF) revenues both of which are limited to the purpose of financing Powers Boulevard improvements.

Attached are a map and summary of District properties along with their development status. It is noted that as of early 2019, the total assessed valuation of the District is about \$24.8 Million.

District representatives have indicated this first phase of the Powers extension could be completed within 15-18 months following closing on the bond issue. Funding for the second and final missing link of Powers (connecting Voyager to Highway 83) has not been fully secured; however a request for additional sales tax TIF from the County is in process. A preliminary estimate of the costs of that segment is \$74 Million.

At the May 13, 2019 Council Work Session, Mr. Gary Erickson answered questions about the project schedule and funding and specifically addressed recent communication with the County regarding funding for the second phase of the project.

**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 the resolution approving the authorization for the Copper Ridge Metropolitan District to issue debt in the form of tax increment bonds in the principal amount of up to \$61,000,000.

N/A