Legislation Details (With Text)

File #:	19-530	**Version:** 1	**Name:**	Upper Cottonwood Creek MD No. 3	
Type:	Resolution		**Status:**	Mayor's Office	
File created:	8/26/2019		**In control:**	City Council	
On agenda:	10/22/2019		**Final action:**	10/22/2019	
Title:	A resolution approving the issuance of debt in the form of Limited Tax General Obligation Bonds not to exceed $7,200,000 for the Upper Cottonwood Creek Metropolitan District No. 3 Presenter Carl Schueler, Comprehensive Planning Manager, Planning and Community Development				
Sponsors:					
Indexes:	Issuance of Debt, Metropolitan District				
Code sections:					
Attachments:	1. Resolution_UpperCottonwoodCreekMetroDistNo3, 2. Attachment 1- UCC No. 3 - Bond Submittal Cover Letter, 3. Attachment 2-UCC No. 3 - Resolution and Form of Bond, 4. Attachment 3- UCC No. 3 - General Counsel Letter, 5. Attachment 4- UCC No. 3 - Bond Counsel Letter, 6. Attachment 5- UCC No. 3 - RBC Letter, 7. Signed Resolution 109-19.pdf				

Date	Ver.	Action By	Action	Result
10/22/2019	1	City Council	adopted	Pass
10/7/2019	1	Council Work Session	referred	

A resolution approving the issuance of debt in the form of Limited Tax General Obligation Bonds not to exceed $7,200,000 for the Upper Cottonwood Creek Metropolitan District No. 3

Presenter
Carl Schueler, Comprehensive Planning Manager, Planning and Community Development

Summary:
The attached resolution will approve the issuance by the Upper Cottonwood Creek Metropolitan District No. 3 (“the District”) of Limited Tax General Obligation Bonds, Series 2019 in an amount not to exceed $7,200,000 and the related bond documents. These bonds will be privately placed with the developer with an interest rate of 6.0%.

The City’s Special District Policy requires that City Council approval be obtained prior to issuing of any formal debt for metropolitan districts. This bond issue is contemplated by the District’s Council-approved service plan. Copies of the bond documents and associated supporting materials are attached.

Note: A summary of this item is provided with the PowerPoint included with the prior agenda item (debt issuance by District No. 2).

This item was introduced at a Council Work Session on October 7, 2019. There were no outstanding

questions or requests for follow-up information as a result of that meeting.

BACKGROUND:

Metropolitan districts are created under Colorado Statute and City Policy to finance and/or maintain certain public improvements in commercial and residential areas primarily utilizing a property tax mill levy as the revenue source. These districts are a separate legal entity from the City, with independently elected boards.

The public improvements to be financed by this 2019 Bond consist a portion of eligible street, water, sewer, and park and recreation improvements. A high level summary of these costs is provided as an attachment to the immediately preceding agenda item. Essentially, this District No. 3 will be allocated an additional share of the remaining eligible costs for the overall Wolf Ranch project.

The Council-imposed $35,000,000 limit on the aggregate total principal debt amount allowable for this District No. 3, will not be exceeded, as this will be the first debt issuance by this District. The 2019 Bond will be repaid by a mill levy that will not exceed 33.166 mills per year, subject to additional Gallagher adjustments as described in the draft Bond Resolution. The 2019 Bond will bear interest at 6%, and will finally mature on December 1, 2049.

Present and future property owners within the District will not be burdened with debt service mill levies of the District higher than the limited debt service mill levy set forth in the Service Plan. The Service Plan contains a “Gallagher adjusted” maximum debt service mill levy 30 mills, which is being adjusted due to a change in the rate of assessment for residential property as allowed for in the Service Plan. The enclosed tax levy analysis completed by RBC Capital Markets Corporation reflects an anticipated debt service mill levy amount of 33.397 mills.

Because the assessment rate for residential property has decreased as a proportion of market value, the net impact of the higher mill levy is effectively neutral in terms of the amount of tax generated from a given amount of market value.

PREVIOUS COUNCIL ACTION:

The Wolf Ranch Master Plan was approved in 2001. In 2002, City Council first approved a joint service plan for the Upper Cottonwood Creek and Old Ranch Metropolitan Districts (Resolution 144-02). Council approved a consolidated service plan for the Upper Cottonwood Creek Metropolitan District Nos. 2, 3, 4 and 5 on March 28, 2006 (Resolution 38-06). On March 22, 2016 Council approved an Amendment to Service Plan to increase the Maximum Operating Mill Levy for Upper Cottonwood Creek Metropolitan District Nos. 3, 4, and 5 from 10.0 mills to 20.0 mills for so long as District Nos. 3, 4, and 5 continue to provide their respective current levels of service (Resolution 30-16). The 2016 operational mill levy increase does affect this District No. 3.

Financial Implications:

Pursuant to the District service plan, the City Special District Policy, and the bond documents themselves, the issuance of these bonds does not constitute a financial obligation of the City. The bond documents contain the limitations required by the City’s Special District Policy. A draft opinion has been provided by the bond counsel for this metropolitan district that the bond documents are consistent with the approved service plan and with the City Special District Policy. Because these bonds will be privately placed, and therefore not subject to competitive marketing, a letter has also been provided by an external advisor with an opinion that the tax-exempt interest rate of 6% is

reasonable.

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 no comments have been received.

Alternatives:
City Council could choose to approve, not approve or modify the proposed resolution.

Proposed Motion:
Move to adopt a resolution approving the issuance of debt in the form of Limited Tax General Obligation Bonds not to exceed $7,200,000 for the Upper Cottonwood Creek Metropolitan District No. 3.

Summary of Ordinance Language
N/A