



## Legislation Details (With Text)

<b>File #:</b>	21-277	<b>Version:</b>	1	<b>Name:</b>	Greenways MD No. 1
<b>Type:</b>	Resolution	<b>Status:</b>		<b>Mayor's Office</b>	
<b>File created:</b>	5/13/2021	<b>In control:</b>		<b>City Council</b>	
<b>On agenda:</b>	6/22/2021	<b>Final action:</b>		<b>6/22/2021</b>	

**Title:** A Resolution authorizing issuance of debt by the Greenways Metropolitan District No. 1 in an issued principal amount not to exceed \$17,500,000. (This project is located in Springs Ranch area east of the intersection of Powers Boulevard and North Carefree Circle)

Presenter:

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

Peter Wysocki, Planning and Community Development Director

### Sponsors:

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

### Code sections:

**Attachments:** 1. Resolution\_GreenwaysMDNo1, 2. powerpoint, 3. District Budget Committee Presentation 5.25.21, 4. 1- Bond Issuance Cover Letter - Greenways MD Nos. 1-3, 5. 2- Greenways MD#1-3 Financial Plan, May18, 6. 3- Greenways District Cost Assumptions 5-18-20, 7. 4- Draft Bond Resolution - 05-18-21, 8. 5- Draft Indenture Greenways MD- 05-18-21, 9. 6- Draft Capital Pledge Agreement (05-18-21), 10. 7- Draft Form Bond Counsel Opinion, 11. 8- DRAFT Greenways MD Nos. 1-3 GC Opinion, 12. Signed Resolution 85-21

Date	Ver.	Action By	Action	Result
6/22/2021	1	City Council	adopted	Pass
6/7/2021	1	Council Work Session		

A resolution authorizing issuance of debt by the Greenways Metropolitan District No. 1 in an issued principal amount not to exceed \$17,500,000. (This project is located in Springs Ranch area east of the intersection of Powers Boulevard and North Carefree Circle)

### Presenter:

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

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### Summary:

This is a request to approve issuance of formal debt in an aggregate amount not to exceed \$17,500,000 in the anticipated form of marketed, tax-exempt General Obligation Limited Tax Cash Flow Bonds, Series 2021A(3) to be repaid from a combination of property tax and associated revenues. The amount of bonds is anticipated to be about \$15,900,000. This debt would be issued by District No. 1, but with a pledge of revenues from District Nos. 2 and 3. The City's Special District Policy and the Districts' service plan require that City Council's approval be obtained prior to issuing any debt. These bonds are anticipated to have a "cash flow" structure, with interest accumulating in the early years, until such time as assessed valuation (AV) becomes sufficient to make interest and then principal payments.

The net revenues from these issuances will be used to fund existing and anticipated public improvements costs for this project area, including streets, trails, parks, detention facilities, water, sewer and non-potable water system improvements. The draft Council resolution includes limits related to discharge dates, call dates and maximum amount for the overall debt issuance.

The Series A bonds are expected to carry an interest rate of approximately 5.00% per market conditions. The actual rate will be set immediately 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 item was introduced at a May 25, 2021 meeting of the City Council Budget Committee

**Background:**

The Greenways Metropolitan Districts are intended to provide financing and a source of reimbursement for qualifying public improvements within a development located in the north central Springs Ranch area of the City. These districts were created in 2020. In this structure, District No. 1 functions as the commercial district, with District Nos. 2 and 3 functioning as residential districts.

Development has recently gotten underway in this infill project.

The proceeds from these bonds would be used to reimburse public improvements costs. Overall zoning and development approvals are in place to support primarily residential development, with limited commercial uses. Approximately 900 single-family and multi-family units are planned for this property with an anticipated buildout by the 2025 timeframe.

The service plan authorizes up to \$24,000,000 in debt authorization for District Nos. 1 and 3 and an additional \$7,000,000 for District No. 2.

These issuances have a term of 30 years, with an anticipated maturity date of December 2051. Because there will be residential uses in the pledging districts, the bonds are now structured to have discharge dates of no later than December 2061, after which there would be no further obligation of taxpayers, regardless of whether any principal or interest was outstanding at that time. This will maintain consistency with service plan provision for the Maximum Debt Service Mill Levy Imposition Term of no longer than 40 years. These Districts have yet to certify a debt service mill levy, with one expected to be certified in late 2021 (for collection in 2022).

The debt service mill levy available to service these bonds is limited to a "Gallagher adjusted" 30 mills for District Nos. 2 and 3 (along with associated specific ownership tax). The current debt service mill levy is 33.398 mills. The pledged mill levy for District No. 1 (the commercial district) would be capped at 50.00 mills- Gallagher adjusted.

These Series 2021 bonds will be structured to be "callable", such that a future potentially resident board might possibly be in a position to refinance these obligations, subject to future financial conditions. The bonds are anticipated to be structured pursuant to market conditions, to allow for refunding at a premium in as few as 5 years.

Financial projections are attached, along with an exhibit depicting the public improvements costs to

be reimbursed from available bond proceeds.

The City Council Budget Committee discussed this request at their May 25, 2021 meeting. City staff and District representatives described the bond structure. The Committee asked questions including on the IGA among the issuing district (District No. 1) and the pledging districts (District Nos. 2 and 3). It was stated that the current IGA could be terminated at some point in the future by any of the Districts with respect to management and operations, but not with respect to bond obligations.

Included as attachments are the following documents:

- Draft Council resolution
- Transmittal letter from District
- Applicant PowerPoint presentation
- District bond resolution
- Draft indenture
- Draft pledge agreement
- Financial revenue model
- Draft opinions from District and bond counsels
- Summary of costs to be financed

**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 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 service plan for the Greenways Metropolitan District Nos. 1-3 on July 28, 2020 (Resolution 60-20). Planned Unit Development zoning and related approvals are in place to support the anticipated land uses.

**Alternatives:**

- Approve the resolution as presented
- Deny the resolution

- Approve the resolution with modifications to the bond issuance

**Proposed Motion:**

Move to adopt a resolution authorizing the Greenways Metropolitan District No. 1 to issue debt in the form of limited tax general obligation cash flow bonds in an issued principal amount not to exceed \$17,500.000.

N/A