



Legislation Details (With Text)

File #: 22-130 **Version:** 1 **Name:** MW Retail BID
Type: Resolution **Status:** Mayor's Office
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On agenda: 4/12/2022 **Final action:** 4/12/2022

Title: A resolution of the City of Colorado Springs, Colorado approving the issuance of special revenue bonds by the MW Retail Business Improvement District in an amount not to exceed \$5,000,000 for a project located at the intersection of Woodmen and Marksheffel Roads.

(Legislative Item)

Presenter:
Carl Schueler, Comprehensive Planning Manager, Planning & Community Development
Peter Wysocki, Planning and Community Development Director

Sponsors:

Indexes: BID, Issuance of Debt

Code sections:

Attachments: 1. Resolution MW BID Debt Issuance, 2. Applicant Presentation MW Retail BID - City Council Finance, 3. Applicant Bond Issuance Cover Letter- MW Retail BID, 4. 2022-02-22 MW Retail BID Financing Analysis - v5, 5. Retail Civil Cost, 6. MW Retail BID 2022 - Draft Bond Resolution, 7. MW Retail BID - Finance Plan Cover Letter, RBC Capital Markets., 8. Draft Bond Counsel Opinion - MW Retail BID, 9. Draft GC Bond Opinion, 10. Signed Resolution No. 41-22.pdf

Date	Ver.	Action By	Action	Result
4/12/2022	1	City Council	adopted	Pass
3/21/2022	1	Council Work Session	referred	

A resolution of the City of Colorado Springs, Colorado approving the issuance of special revenue bonds by the MW Retail Business Improvement District in an amount not to exceed \$5,000,000 for a project located at the intersection of Woodmen and Marksheffel Roads.

(Legislative Item)

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Summary:

This is a request to approve issuance of debt by the MW Retail Business improvement District ("District") in the form of Series 2022 special revenue bonds, to be repaid primarily from revenues associated with a 3.0% public improvement fee (PIF). The bonds will be in a principal amount expected to be \$4,190,000 and not to exceed \$5,000,000. These tax exempt and marketed bonds are anticipated to have an interest rate of 6.00%, with the exact rate to be set prior to closing. The City's Special District Policy and the District's approved Operating Plan and Budget require that City Council's approval be obtained prior to issuing any debt.

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 Section 7-100.

This BID is located in City Council District No. 6 with the developer being MW Retail LLC.

This item was presented to the City Council Budget Committee on March 8, 2022, and then introduced at a Council Work Session on March 21, 2022, at which time there were no requests for changes or further information.

Note: a PowerPoint presentation summarizing this request is attached with a prior property inclusion agenda item.

Background:

BIDs are created under Colorado Statute and City Policy to finance and/or maintain certain public improvements in non-residential areas, typically utilizing a property tax mill levy as the revenue source. In this case, due primarily to the existence of an overlapping metropolitan district (Woodmen Heights Metropolitan District No. 3) with a debt service mill levy and its own outstanding debt obligation, this BID has no debt service property tax authority at this time. BIDs are separate legal entities from the City, but their Operating Plans and the Special District Policy require City Council approval of all formal BID debt. The standard of review of the debt instruments is consistency with the Operating Plan and all applicable laws. The District's original 2021 Operating Plan and Budget and subsequent annually-approved Operating Plan and Budget stipulate a maximum of \$10,000,000 in indebtedness unless the District obtains City Council's approval of an amendment to the Operating Plan.

This BID is not authorized to levy property taxes for debt service and is limited at this time to 1.0 mills for operational purposes.

The issuance of this debt is generally anticipated in the 2021 and 2022 Operating Plans and Budgets for this BID.

The term of these bonds will be 30 years. The improvements to be financed from the usable proceeds of this issuance will be selected from a list of costs which are summarized in an attachment. These costs predominantly consist of paving/parking, wet utilities, stormwater and landscaping.

This item was presented at the March 8, 2022, Budget Committee meeting, along with the preceding property inclusion and exclusion requests. There were a number of questions including about the comparative interest rate. District counsel noted that yet-to-be-developed retail projects that will rely solely on PIF revenues, have a higher financing risk compared with financing associated with property taxed derived from established assessed valuation. The petitioners were also asked for a rationale for their requested \$5,000,000 not to exceed amount. The response was that PIF revenue modeling was still underway based on the emerging mix of retail uses. Finally, the District was asked about the potential for reducing the prior debt service cap of \$10,000,000 since it was based on the original 35-acre BID area. It was noted, for this and other BIDs, this topic could be revisited with the 2023 BID Operating Plans and Budgets.

Financial Implications:

Pursuant to the District's operating plan, the City Special District Policy, 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. Particular to this debt issuance, BID counsel has affirmatively represented that the complete bond documents will provide no recourse for the bond holder to obligate the BID to either certify any property tax for this purpose, or increase the PIF above 3.0%

City Charter Section 7-100 provides that the total debt of any special district may not exceed ten percent (10%) of the total assessed valuation of the taxable property within the district unless such debt is approved by at least a two-thirds vote of the entire Council.

The bond documents are structured so that any risk beyond the maximum PIF pledge, will not accrue to the property owners.

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 with no stated concerns.

Stakeholder Process:

The manager for the overlapping Woodmen Heights Metropolitan District No 3 and Woodmen Road Metropolitan District has been made aware to this request, and there have been no comments as of the date of this cover memo.

Alternatives:

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

Previous Council Action:

The BID with its initial operating plan and budget, was established in 2019 by Ordinance 19-62.

This BID's Operating Plan and Budgets have been approved annually since that time in accordance with C.R.S. Section 31-25-1211, and most recently in October 2021.

Proposed Motion: (for April 12, 2022)

Adopt a resolution of the City of Colorado Springs, Colorado approving the issuance of special revenue bonds by the MW Retail Business Improvement District in an amount not to exceed \$5,000,000 for a project located at the intersection of Woodmen and Marksheffel Roads.