



## Legislation Details (With Text)

**File #:** 22-158      **Version:** 1      **Name:** Dublin North No. 2 MD  
**Type:** Resolution      **Status:** Mayor's Office  
**File created:** 3/3/2022      **In control:** City Council  
**On agenda:** 4/26/2022      **Final action:** 4/26/2022  
**Title:** A resolution of the City Council of the City of Colorado Springs, Colorado approving the issuance of Dublin North Metropolitan District No. 2 Limited Tax General Obligation Loans Series 2022(A-1) and Series 2022 (A-2) in an aggregate amount not to exceed \$5,500,000 for properties located north of Dublin Boulevard and east of Templeton Gap Road

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

**Sponsors:**

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

**Code sections:**

**Attachments:** 1. Resolution, 2. Staff PowerPoint- Dublin North Debt Issuance, 3. Dublin North MD2 - Budget Committee Presentation 3.22.pdf, 4. Applicant Cover Letter to City, 5. Term Sheet - Dublin North MD No. 2 (as of 3.17.22), 6. Dublin North MD#2 Financial Plan, TXL Refg+TFL New, IF, Mar4, 7. Dublin North MD 2022 - Draft Loan Agreement, 8. General Counsel Opinion Form, 9. Signed Resolution No. 49-22

Date	Ver.	Action By	Action	Result
4/26/2022	1	City Council	adopted	Pass
4/11/2022	1	Council Work Session	referred	

A resolution of the City Council of the City of Colorado Springs, Colorado approving the issuance of Dublin North Metropolitan District No. 2 Limited Tax General Obligation Loans Series 2022(A-1) and Series 2022 (A-2) in an aggregate amount not to exceed \$5,500,000 for properties located north of Dublin Boulevard and east of Templeton Gap Road

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**Summary:**

This is a request to approve issuance of two Limited Tax General Obligation Loans in a total amount of about \$5,065,000. These loans will be issued by Dublin North Metropolitan District No. 2 with a pledge of revenues from District No. 3. The loans will be repaid from a combination of property tax and associated revenues. This refinancing is expected to reduce the current debt service mill levy from 33.3398 to about 25.250 mills.

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 of these loans will be used to entirely refinance previously issued 2018 debt of this District in the form of A and B bonds, along with a subordinate note. Additionally, about \$70,000 of these proceeds will be used to reimburse advances for landscaping associated with the final phase of this project.

The larger 2022 Series A-1 loan will initially be taxable and then convert to being tax-exempt after 2023. The reason for the initial taxable status of the A-1 loan has to do with a call date still being in effect for one of the 2018 issuances. Both the A-1 and A-2 loans have been externally marketed through the solicitation of bids from banks. Interest rates are expected to be about 3.0% after the A-1 loan converts to tax-exempt status (with the exact rate to be set prior to closing).

Approval of this debt issuance will require a two-thirds majority of the entire City Council (at least six affirmative votes) due to the requested authorization exceeding 10% of the existing valuation of the property as required by City Charter Article 7-100.

This agenda item was presented at the March 22, 2022, City Council Budget Committee, at which time there were no major comments or requests for additional information. The item was then introduced at a Council Work Session on April 11, 2022, at which time there were also no major comments or requests for additional information.

This property is located in Council District No. 6, and these metropolitan districts support several of the Dublin North residential subdivisions.

### **Background:**

The Dublin North Metropolitan Districts consist of District No.1 which was originally a small operating district, District No. 2, the residential district issuing this debt, and District No.3, which was originally anticipated for commercial but has been developed as residential. District No. 1 is no longer affiliated with District Nos. 2 and 3 by any intergovernmental agreement (IGA).

The Districts were originally created in 2008 under a consolidated service plan. The districts provide financing and a source of reimbursement for qualifying public improvements within this approximately 114-acre portion of the Dublin North development. This portion of Dublin North is platted for 627 residential lots and is nearing build-out with a few lots remaining for residential development.

Discharge dates and call dates are built into the Council resolution. The discharge dates correspond with the 40-year Maximum Debt Service Mill Levy Imposition Term required for residential metropolitan districts.

The debt service mill levy available to service these loans is limited to a "Gallagher adjusted" 30 mills with an operating mill levy of 10 mills as outlined in the 2008 consolidated service plan. This service plan also permits a combined total debt issuance limitation of \$10,000,000 for the three districts.

A financial plan and projections are attached to this memo.

The City Council Budget Committee discussed this request on March 22, 2022, at which time there were clarifying questions, but no major comments or requests for additional information. It was noted that district representatives have indicated that each of these districts currently has a resident member of their board of directors, who is not affiliated with the developer. It was represented that

one or more additional unaffiliated resident board members will be added to these boards in May 2022.

Included as attachments are the following documents:

- City Council resolution
- Applicant presentation
- Term Sheet
- Financial plan and projections
- Draft District loan resolution
- Draft general counsel opinion letter

**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 loans will be marketed to third party financial institutions.

The bond documents are 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:**

The Dublin North Metropolitan District Nos. 1-3 were established by election in May 2008, following approval by Council of a service plan on March 8, 2008 (Resolution No. 53-08). In 2012, Council made special appointments to the board of this District because it no longer had any eligible sitting board members. In 2014, Council approved an Inclusion of Property (Resolution 107-14) and an Issuance of Debt for \$2,000,000 (Resolution 110-14). On April 10, 2018, Council authorized issuance of A and B bonds and a subordinate note for this District (Resolution 29-18). Council has also approved a variety of land use actions for this project area during the past few years.

**Alternatives:**

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

**Proposed Motion:**

Move adoption of the resolution approving the issuance of Dublin North Metropolitan District No. 2 Limited Tax General Obligation Loans Series 2022(A-1) and Series 2022 (A-2) in an aggregate amount not to exceed \$5,500,000 for properties located north of Dublin Boulevard and east of

Templeton Gap Road.

N/A