

SPECIAL CITY COUNCIL MEETING

MONDAY, MARCH 3, 1997 AT 6:30 P.M.

1. Pledge of Allegiance
2. Roll Call
3. Purpose of Special Meeting:
 - A. Councillor's Bill No. re Sales & Use Tax Refunding and Improvement Bonds
 - B. Councillor's Bill No. re Special Purpose Sales & Use Tax Revenue Bonds (POST Project)
 - C. Second Reading of Councillor's Bill No. 14 re King Soopers Assistance Package (Dixon-Allen)
4. Adjournment

February 26, 1997

To All Members of City Council

A special meeting of the City Council has been set for Monday, March 3, 1997 at 6:30 P.M. for the following purposes:

Councillor's Bill re Sales & Use Tax Refunding and Improvement Bonds

Councillor's Bill re Special Purpose Sales & Use Tax Revenue Bonds (POST Project)

Second Reading of Councillor's Bill No. 14 re King Soopers Assistance Package

Sincerely,

Michele Kelley, CMC
City Clerk

February 26, 1997

Michele Kelley, City Clerk
City of Westminster
4800 West 92nd Avenue
Westminster, CO 80030

Dear Michele:

Please call a special meeting of the City Council for Monday, March 3, 1997 at 6:30 P.M. for the following purposes:

Councillor's Bill re Sales & Use Tax Refunding and Improvement Bonds

Councillor's Bill re Special Purpose Sales & Use Tax Revenue Bonds (POST Project)

Second Reading of Councillor's Bill No. 14 re King Soopers Assistance Package

Sincerely,

Nancy M. Heil
Mayor

CITY OF WESTMINSTER, COLORADO
SPECIAL CITY COUNCIL MEETING
MONDAY, MARCH 3, 1997 AT 6:30 P.M.

ROLL CALL:

Present at roll call were Mayor Heil and Councillors Allen, Harris, Scott and Smith. Also present were Alan Miller, Acting City Manager; Martin McCullough, City Attorney; and Michele Kelley, City Clerk. Absent were Mayor Pro Tem Dixon and Councillor Merkel.

PLEDGE OF ALLEGIANCE:

Mayor Heil led Council, Staff and the audience in the Pledge of Allegiance.

PURPOSE OF SPECIAL MEETING:

The Mayor stated that the purpose of the special City Council meeting is to consider Councillor's Bill No. 19 re Sales & Use Tax Refunding and Improvement Bonds; Councillor's Bill No. 20 re Special Purpose Sales & Use Tax Revenue Bonds (POST project) and second reading of Councillor's Bill No. 14 re King Soopers Assistance Package.

ORDINANCE NO. 2496 - SALES & USE TAX REFUNDING/IMPROVEMENT BONDS:

A motion was made by Harris and seconded by Allen to adopt Councillor's Bill No. 19 as an emergency ordinance authorizing the issuance of approximately \$30.190 million in Sales and Use Tax Revenue Bonds, and authorizing the Mayor to execute the proposed Escrow Agreement, Paying Agent and Registrar Agreement, Continuing Disclosure Certificate, and all other documents necessary to accomplish these transactions, all in substantially the same form as filed with the City Clerk and approved by the City Attorney. Finance Director Mary Ann Parrot was present to address Council. Upon roll call vote, the motion carried unanimously.

ORDINANCE NO. 2497 - SPECIAL PURPOSE SALES & USE TAX REVENUE BONDS:

A motion was made by Allen and seconded by Scott to adopt Councillor's Bill No. 20 as an emergency ordinance authorizing the issuance of approximately \$23.350 million in Special Purpose Sales and Use Tax Revenue Bonds, and authorizing the Mayor to execute the Paying Agent and Registrar Agreement, Continuing Disclosure Certificate, and all other documents necessary to accomplish these transactions, all in substantially the same form as filed with the City Clerk and approved by the City Attorney. Upon roll call vote, the motion carried unanimously.

ORDINANCE NO. 2498 - KING SOOPERS ASSISTANCE PACKAGE:

A motion was made by Harris and seconded by Allen to adopt Councillor's Bill No. 14 on second reading authorizing the City Manager to execute and implement the Assistance Agreement with King Soopers. Upon roll call vote, the motion carried unanimously.

ADJOURNMENT:

The meeting was adjourned at 6:40 P.M.

ATTEST:

Mayor

City Clerk

Date: March 3, 1997

Subject: Councillor's Bills re Sales & Use Tax Refunding Bonds and Special Purpose (POST) Bonds

Prepared by: C.L. Cargill-Warner, Financial Manager

Introduction

City Council is requested to adopt the attached two Councillor's Bills as emergency ordinances authorizing the issuance of approximately \$30.605 million in Sales and Use Tax Revenue Bonds for the purpose of refunding a portion of the Sales and Use Tax Revenue Bonds, Series 1992A and to finance the construction of street improvements within the City payable solely from the revenues derived from the City's 3.0% Sales and Use Tax. Further, City Council is requested to authorize the issuance of approximately \$23.395 million Sales and Use Tax Revenue Bonds payable solely from the revenues derived from the City's .25% Sales and Use Tax (Parks, Open Space, and Trails Tax) to finance the acquisition of additional open space and parkland, develop and enhance parks and recreational facilities, and develop and extend trails throughout the City.

Summary

Rates in the Municipal bond market are currently low enough to offer an estimated savings of \$1,058,353 over the next fifteen years by refunding a portion of the outstanding Sales and Use Tax Revenue Bonds, Series 1992A represented by the 6.25% Term Bonds Due December 1, 2012. This equates to a net present value savings of \$534,807 or 3.73% of the bonds, net of the costs of issuance of the new bonds. Refunding these bonds at the same time a new issue is sold will avoid duplicating much of the costs of new issuance.

Issuance of \$15 million Sales and Use Tax Revenue Bonds (Streets Issue) was approved by a 3 to 1 margin of the City's registered electors voting at the November 5, 1996 general election, authorizing a debt increase of \$15 million and maximum repayment cost of \$32.7 million.

Issuance of \$23.395 million Special Purpose Sales and Use Tax Revenue Bonds (POST Issue) was also approved by a 3 to 1 margin of the City's registered electors voting at the November 5, 1996, general election. The election question relating to the issuance of the Bonds authorizes a debt increase of \$26 million and maximum repayment cost of \$48 million.

Time is of the essence because bond market conditions change daily. The proposed bonds are slated to be dated April 2, 1997, or earlier. Staff will be able to provide City Council with the interest rate of the bonds later in the week since the bonds are being marketed on Wednesday, February 26.

Staff Recommendation

1. Adopt Councillor's Bill No. as an emergency ordinance authorizing the issuance of approximately \$30.190 million in Sales and Use Tax Revenue Bonds, and authorizing the Mayor to execute the proposed Escrow Agreement, Paying Agent and Registrar Agreement, Continuing Disclosure Certificate, and all other documents necessary to accomplish these transactions, all in substantially the same form as filed with the City Clerk and approved by the City Attorney.
2. Adopt Councillor's Bill No. as an emergency ordinance authorizing the issuance of approximately \$23.350 million in Special Purpose Sales and Use Tax Revenue Bonds, and authorizing the Mayor to execute the proposed Escrow Agreement, Paying Agent and Registrar Agreement, Continuing Disclosure Certificate, and all other documents necessary to accomplish these transactions, all in substantially the same form as filed with the City Clerk and approved by the City Attorney.

Background Information

During February of this year, Hanifen Imhoff, Inc., the City's Financial Advisor, apprised the City that rates in the municipal bond market were sufficiently low enough to offer savings on a portion of the existing Sales and Use Tax Revenue Bonds, Series 1992A. Hanifen has subsequently analyzed all other outstanding City debt, but to date, the 6.25% Term Bond portion of the Series 1992A bonds are the only bonds that offer sufficient savings to refund.

The Sales and Use Tax Revenue Bonds, Series 1992A were issued to finance the acquisition, construction, and installation of various capital improvements including street improvements and a municipal golf course. They are secured by revenues derived solely from the City's 3.25% Sales and Use Tax after deducting 7.69% which is deposited to the City's Open Space Fund and all costs of administering and collecting the Sales and Use Tax.

The Colorado Constitution allows refunding of bonds without voter approval if the result is a lower interest rate. The interest rate for the outstanding bonds to be refunded is 6.25%; the interest rate used in the projections for the proposed refunding issue is 3.5% to 5.5%. The refunding bonds would be paid off in 2012, the same time as the original issue. The net present value of the savings the City would realize is estimated to be over \$500,000. The actual dollars saved annually would be between \$31,000 and \$87,000 per year through 2011 and a savings in 2012 of over \$900,000.

Since the City is also proposing going to market with a new 1997A Streets Issue (\$15 million) secured with a parity lien on eligible Sales and Use Tax Revenues to the 1992A issue, the refunding can be added to the new issue to avoid much of the issuance costs associated with refunding on a separate basis.

The total bond par amount is \$15,665,000; the par amount of the term bonds to be refunded is \$14,315,000. The refunding is termed an advance refunding: an escrow account would be set aside comprised of the newly issued amount, then used to pay off the 1992 bonds as they mature. Bond counsel, disclosure counsel, and the City's financial advisor have all concurred with the issuance. The two agencies providing ratings on the proposed 1997A Streets issue have been notified and confirmed refunding the 6.25% term bond portion of the 1992A issue will have no impact on the rating of the new bonds.

Issuance of \$15 million Sales and Use Tax Revenue bonds was approved by a large margin of the City's registered electors voting in the November 5, 1996 general election for the purpose of financing the construction of street improvements within the City to relieve existing traffic congestion through street improvements.

These improvements include projects such as: widening 88th Avenue, 92nd Avenue, and Sheridan Boulevard; designing street extensions to relieve traffic congestion such as extending Harlan Street north to connect with Pierce Street at 104th Avenue; and extending arterial streets to relieve traffic congestion such as extending Pierce Street north to 112th Avenue. The maximum repayment cost of this project was approved to \$32,700,000; with current market projections, the anticipated repayment cost is \$29,439,913.

The Sales and Use Tax Revenue Refunding and Improvement Bonds, Series 1997A will be special revenue obligations of the City payable exclusively from the 3.25% Sales and Use Tax fund after deducting 7.69% of such revenue which is deposited to the City's Open Space Fund and all costs of administering and collecting the Sales and Use Tax.

The bonds constitute an irrevocable first lien on the Pledged Revenue; but not necessarily an exclusive lien. The owners of the Bonds may not look to any general or other revenue of the City for the payment of debt service on the Bonds.

The Special Purpose Sales and Use Tax Revenue Bonds (Post Project) Series 1997B were approved by a large margin of the City's registered electors voting in the November 5, 1996 general election for the purpose of financing the acquisition of more open space and parkland throughout the City, developing and enhancing neighborhood parks and other parks in the City, developing and extending trails throughout the City, and developing and enhancing recreational facilities in the City. The maximum repayment cost of this project was approved to \$48 million; with current market projections, the anticipated repayment cost is \$43,684,797.

The Special Purpose Sales and Use Tax Revenue Bonds (POST Project) Series 1997B are a special revenue obligation of the City payable exclusively from the first 7.69% of the 3.25% Sales and Use Tax Fund deposited to the City's Open Space Fund. The bonds constitute an irrevocable first lien on the Pledged Revenue; but not necessarily an exclusive lien. The owners of the Bonds may not look to any general or other revenue of the City for the payment of debt service on the Bonds. The bonds have been assigned a rating of A+ by Fitch and A- by Standard and Poors; it is, therefore, anticipated that the bonds will be insured by a Financial Guaranty to enhance their marketability.

When issuing bonds, market timing is critical. The Special Purpose Sales and Use Tax Revenue Bonds (Post Project) Series 1997B are proposed to be dated March 12, 1997, or before. The Sales and Use Tax Revenue Refunding and Improvement Bonds, Series 1997A are proposed to be dated April 2, 1997, or before.

This proposed transaction has been reviewed with and is being recommended by the City's financial advisor, Hanifen, Imhoff Inc. Dee Wisor, of Sherman & Howard, has acted as bond counsel and Tom Peltz, of Kutak, Rock, has acted as disclosure counsel for this transaction.

Respectfully submitted,

William M. Christopher, City Manager

Attachment