



# Commerce City

7887 E. 60th Ave.  
Commerce City, CO 80022  
c3gov.com

## Council Communication

File Number: Res 2021-31

**Agenda Date:** 4/19/2021

**Version:** 1

**Status:** ATS Review

**In Control:** City Council

**File Type:** Resolution

### A RESOLUTION GRANTING WAIVER OF SERVICE PLAN REQUIREMENT RELATING TO DEBT ISSUANCE FOR LEGATO METROPOLITAN DISTRICT NOS. 1-7

#### Summary:

The Legato Metropolitan Districts (Numbers 1-7) (Legato) were formed last year following Council's approval of their consolidated service plan at the August 17, 2020, meeting. Legato is now requesting a waiver to section VI.A.2 of their service plan. This section requires Legato to submit financing documents to the City for comment within 60 days before Legato can issue debt. In order to take advantage of favorable interest rates and good weather and maximize time available for construction, Legato is requesting a waiver in order to issue debt by approximately June 2, 2021, and begin construction shortly thereafter. The debt is to be issued by the newly formed Legato Community Authority, which will coordinate efforts across districts. Staff is recommending approval of this waiver as Legato has provided nearly all details of the debt issuance required by the Service Plan, can provide additional information at the time of debt issuance, the City does not have the power to deny the debt issuance, favorable interest rates will benefit future property owners, and the advancement of construction will further the City's economic development.

#### Background:

Resolution 2021-31 grants Legato a waiver of the requirements of Section VI.A.2 of the Legato Consolidated Service Plan, which requires Legato to submit financing documents to the City for comment within 60 before Legato can issue any debt. Importantly, this section does not grant the City a right to approve or deny the financing, solely to give comments.

Legato is planning on issuing debt through the Legato Community Authority, as described in Legato's written request and the Authority's Establishment Agreement in the packet. The Authority is a newly-formed entity created by the Legato districts that will oversee and coordinate operations across all seven districts. Districts will pledge mill levies to the Authority, which will use the funds to service debt used to provide improvements across all districts and also to perform operations. Currently, only four of the seven districts (two residential, one mixed use, and one commercial) are pledging mill levy revenue as part of the Authority's debt issuance. The remaining districts will pledge mill levy related to future debt issuances by the Authority for construction of future phases; these districts are also a mix of residential and commercial. The Authority is structured in such a way that it can be

resident controlled in the future; each district elects one member to the board of the Authority. Importantly, all residents, not just property owners, are eligible electors. The This provision means that residents in multi-family unit districts can control their board and elect a resident member to the Authority. Additionally, districts can opt out of the Authority freely, although they are still obligated to repay any debt issued while they were part of the Authority; a district is not obligated to pay for additional expenses incurred after the district leaves the Authority.

The debt to be issued through the Authority is within the limits permitted by the Consolidated Service Plan, as follows: Limited Tax Supported Revenue (District Nos. 1, 2, 3 and 7) Bonds, Series 2021A-1 in the estimated par amount of \$22,555,000, at an estimated 5.5% interest rate; Limited Tax Supported Convertible Capital Appreciation Revenue (District Nos. 1, 2, 3, and 7) Bonds, Series 2021A-2 in the estimated par amount of \$4,898,190.60, at an estimated interest rate of 6%; and Subordinate Limited Tax Supported Revenue (District Nos. 1, 2, 3, and 7) Bonds, Series 2021B(3) in the estimated par amount of \$4,527,000, at an estimated interest rate of 8.5%. Each is estimated to mature in 2051, and to require the pledge of 55 mills for residential districts and 25 mills for commercial districts, within the limits of the Consolidated Service Plan. This issuance is approximately one-third of the total debt allowed for Legato; it will fund Phase 1, which will be the entry to the development and serve both residential and commercial development. This issuance will be a market offering and will solely be used for construction, not to repay a developer advance.

**Recommendation:**

Staff is recommending approval of the waiver. Legato has already submitted almost all of the required debt issuance information for the City to review, excepting the formal offering memo and the bond counsel opinion, which the City can get after the fact. Since the City can only offer comments on the debt issuance, not approve or deny it, so delaying the issuance by not granting this waiver will not benefit the City. Favorable interest rates will benefit future property owners, and the advancement of construction will further the City's economic development.

**Financial Impact:** N/A

**Funding Source:** N/A

**Staff Responsible:** John Bourjaily; Robert Sheesley

**Staff Member Presenting:** Robert Sheesley

**Suggested Motion:** I move to approve resolution 2021-31.