



Legislation Details (With Text)

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Title:	RESOLUTION APPROVING AGREEMENT FOR COMPROMISE AND SATISFACTION OF BOND OBLIGATION OF THE PV WATER AND SANITATION METROPOLITAN DISTRICT ACTING BY AND THROUGH ITS WATER ACTIVITY ENTERPRISE AND AUTHORIZING INCIDENTAL ACTIONS IN CONNECTION THEREWITH				

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Attachments: 1. Resolution, 2. Bonds Settlement Agreement, 3. Second Amendment to 2006 IGA

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RESOLUTION APPROVING AGREEMENT FOR COMPROMISE AND SATISFACTION OF BOND OBLIGATION OF THE PV WATER AND SANITATION METROPOLITAN DISTRICT ACTING BY AND THROUGH ITS WATER ACTIVITY ENTERPRISE AND AUTHORIZING INCIDENTAL ACTIONS IN CONNECTION THEREWITH

Summary and Background Information:

The City of Commerce City ("City"), the PV Water and Sanitation Metropolitan District, acting in an enterprise capacity pursuant to the PV Water and Sanitation Metropolitan District Water Activity Enterprise (collectively, "PV"), and South Adams County Water and Sanitation District acting in an enterprise capacity pursuant to its Water and Sewer Enterprise (collectively, "SACWSD"), are parties to an Intergovernmental Water Resources Agreement dated February 8, 2006 ("2006 IGA"), as amended by the First Amendment to Intergovernmental Water Resources Agreement dated November 16, 2015, by which PV dedicated certain water to SACWSD and SACWSD issued to PV the right to purchase certain Equivalent Residential Unit Water Connections and Sanitary Sewer Connections ("PV ERUs"). PV issued bonds in 2006 for the purpose of financing the purchase by PV of those water rights and easements that were concurrently conveyed to the SACWSD in exchange for the PV ERUs ("2006 Bonds") that PV anticipated selling from time to time to the City and other third parties.

The 2006 IGA has been fully performed by PV with regard to the conveyance of water rights and easements. PV has not, however, sold a substantial portion of the PV ERUs, is in default on the related mandatory sinking fund payments on the 2006 Bonds, and the unsold PV ERUs are the sole asset available to satisfy the debt service on the 2006 Bonds. The 2006 Bonds matured on December 15, 2017, and PV does not currently have, and does not expect to ever have, sufficient moneys to satisfy and discharge the total amount of principal of and interest due on the 2006

Proposed Settlement: To settle all outstanding matters with respect to the 2006 Bonds and related

matters, PV, SACWSD, the City, and BOKF, NA d/b/a Colorado State Bank and Trust, as trustee for the benefit of the 2006 Bond owners ("Trustee"), have negotiated an Agreement for Compromise and Satisfaction of Bond Obligation of the PV Water and Sanitation Metropolitan District Acting By and Through Its Water Activity Enterprise ("Settlement Agreement"), by which, among other things, the remaining PV ERUs will be conveyed to a trust for the benefit of the 2006 Bond owners in exchange for the defeasance and cancellation of the 2006 Bonds and discharge of the related indenture. In conjunction with the Settlement Agreement, PV, SACWSD, and the City have negotiated a second amendment to the 2006 IGA to exclude PV from the 2006 IGA but to allow the 2006 IGA to continue with respect to certain PV ERUs sold to the City and third parties that are not converted to SACWSD ERU Water or Sanitary Sewer Connections ("Second Amendment"). The Trustee and SACWSD will enter into a new Water Resources Agreement to govern the 3,608.836 of the PV ERUs not previously sold by PV as contemplated by the 2006 IGA, which new agreement will include requirements for the use of the PV ERUs on eligible properties similar to those requirements included in the 2006 IGA and expressly name the City as a third party beneficiary of those requirements.

Effect: Council approval of the resolution will authorize execution by the City of the Settlement Agreement and Second Amendment.

Staff Responsible (Department Head): Robert Sheesley, City Attorney

Staff Member Presenting: Robert Sheesley, City Attorney

Financial Impact: n/a

Funding Source: n/a

Staff Recommendation: Approve.