

# E-470 COMMERCIAL AREA GID

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## 2025 ADOPTED BUDGET

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October 21, 2024

President and Members of the Board

City of Commerce City E-470 Commercial Area General Improvement District (ECAGID)

### **SECTION 1: Introduction**

The proposed budget beginning January 1, 2025 and ending on December 31, 2025 is hereby submitted.

As required by Colorado statutes, this proposed budget is in balance with anticipated and existing revenues equal to or greater than the 2025 proposed expenditures.

### **SECTION 2: Authorization to Increase Debt**

On November 5, 2013, the electors of the ECAGID approved a series of ballot questions to issue debt in the amount of \$2,000,000,000 for improvements to the district as deemed necessary for the benefit of the District.

### **SECTION 3: ECAGID and ERAGID Agreements**

Three related agreements pertaining to these GIDs were entered into in 2021. These three agreements are all an outpouring from the Annexation and Inclusion Agreement for Third Creek West finalized in 2019. The three agreements are further detailed below.

1. Intergovernmental Agreement (IGA) between Third Creek Metropolitan District No. 1 (Third Creek), the ECAGID, and the ERAGID – These three parties entered into this agreement to complete needed projects related to sanitary sewer, waterline, storm sewer, street, and landscaping improvements. Estimated costs for the improvements is \$16,555,340. Per the agreement, the maximum ECAGID contribution is \$7 million, the maximum ERAGID contribution is \$6.8 million, for a total of \$13.8 million to be contributed by the GIDs. The balance of the estimated project costs will be covered by Third Creek.
2. Loan Agreement between the ECAGID (lender) and ERAGID (borrower) – These two parties entered into this agreement, so that the ECAGID can cover the contribution of the ERAGID, which currently has very little taxable valuation and therefore, cannot yet cover its own contribution. The ECAGID will cover the cost of the entire \$13.8 million in contributions to Third Creek detailed in the IGA, \$7 million for the ECAGID and \$6.8 million for the ERAGID. The ERAGID will reimburse the ECAGID for its \$6.8 million contribution over time as its pledged revenues, which include property taxes, specific ownership taxes, and any other legally available moneys which the District determines, become available. The ERAGID began making semi-annual interest payments totaling \$149,834.48 in 2024 that will continue until maturity in 2051.
3. Loan Agreement between the ECAGID and Zions Bancorporation – The ECAGID obtained a \$14.125 million bank loan to enable it to cover the ECAGID and ERAGID cost contributions detailed in the IGA along with closing costs associated with obtaining the bank loan. The ECAGID will make the entire \$13.8 million in contributions to Third Creek from the bank loan proceeds. The ECAGID will repay the bank loan through its pledged property tax revenues. Per the loan agreement, the ECAGID recorded \$400,000 in escrow reserves as restricted. Also, unspent loan proceeds are also reported as restricted cash and appropriately factored into the calculation of net investment in capital assets.

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## **SECTION 4: Series 2022 Loan**

On May 4, 2022, the ECAGID acquired a loan for \$14,125,000 with Zions Bancorporation. The loan will be used for project expenditures (streets, park & recreation, water, sanitation, transportation, and refunding). This directly relates to the third agreement detailed in the preceding Section 3.

## **SECTION 5: The 2025 Budget Process**

The proposed budget expenditures total \$14,626,344. These expenditures include \$13,800,000 in planned project contributions to Third Creek Metropolitan District No. 1. While City staff and the developer originally anticipated these funds to be utilized in-part by this time, unforeseen challenges with water infrastructure and easements have delayed the project. It is anticipated that these challenges will be overcome soon, which will allow construction and reimbursement expenditure to start in 2025. Revenues are estimated at \$3,196,877. These revenues combined with an estimated use of fund balance in the amount of \$11,429,467 are required to meet proposed expenditure needs.

The proposed budget is scheduled for public hearing on Monday, October 21, 2024, with a continuation of the public hearing to November 4, 2024. Following the November 4<sup>th</sup> public hearing, the ECAGID budget is scheduled for adoption. The ECAGID does not have any authorized staff.

Respectfully Submitted,

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Theresa Wilson, Chief Financial Officer

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## SUMMARY OF FINANCIAL SOURCES AND USES

Financial Sources		2025 BUDGET	
Revenues	\$		3,196,877
Transfer from Fund Balance			11,429,467
<b>Total</b>	<b>\$</b>		<b>14,626,344</b>
Financial Uses			
Administrative Cost	\$		45,323
Project Expenditures			13,800,000
Debt Service			781,021
<b>Total</b>	<b>\$</b>		<b>14,626,344</b>

## 2025 ADOPTED BUDGET

	2023 Actual	2024 Adopted	As of 9/30/24	2025 Budget
<b>Beginning Fund Balance</b>	<b>\$ 13,280,982</b>	<b>\$ 15,188,159</b>		<b>\$ 15,188,159</b>
<b>Revenues</b>				
Earnings On Investments	\$ 705,387	\$ 30,000	\$ 262,989	\$ 150,000
Taxes Property	1,732,556	2,997,738	2,880,219	2,821,542
Taxes Specific Ownership	113,350	60,000	79,130	75,000
Taxes Delinquent	1,289	-	544	500
Interest Payment from ERAGID	149,835	149,835	-	149,835
Agreements	16	-	-	-
Transfer From Fund Balance	-	11,392,351	-	11,429,467
<b>Total Revenues</b>	<b>\$ 2,702,433</b>	<b>\$ 14,629,924</b>	<b>\$ 3,222,882</b>	<b>\$ 14,626,344</b>
<b>Expenditures</b>				
Auditing Fees	\$ 225	\$ 1,000	\$ -	\$ 500
Legal Fees	2,664	2,500	1,332	2,500
Property Tax Collection Fee	26,004	44,966	43,211	42,323
Project Expenditures	-	13,800,000	-	13,800,000
2021 Loan - Fees	500	500	500	500
2021 Loan - Interest	300,863	290,958	145,479	280,521
2021 Loan - Principal	465,000	490,000	-	500,000
<b>Total Expenditures</b>	<b>\$ 795,256</b>	<b>\$ 14,629,924</b>	<b>\$ 190,522</b>	<b>\$ 14,626,344</b>
<b>Net Position</b>	<b>\$ 15,188,159</b>	<b>\$ 15,188,159</b>		<b>\$ 15,188,159</b>

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## 2021 GENERAL OBLIGATION LIMITED TAX TAX-FREE LOAN

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On May 4, 2021 the ECAGID acquired a loan for \$14,125,000 with Zions Bancorporation. The loan will be used for streets, park & recreation, water, sanitation, transportation, and refunding. The interest rate is 2.13%. Annual principal and interest payments are due December 1st, with the principal maturing December 1, 2026. Annual debt service requirements to amortize this debt, as of December 31, 2024 follow:

### **2021 ECAGID General Obligation Limited Tax Tax-Free Loan**

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	500,000	280,521	780,521
2026	12,670,000	269,871	12,939,871
<b>Total</b>	<b>\$ 13,170,000</b>	<b>\$ 550,392</b>	<b>\$ 13,720,392</b>