

CASTLE ROCK WATER

ORDINANCE AUTHORIZING THE EXECUTION OF A STORMWATER ENTERPRISE BANK LOAN AGREEMENT

DECEMBER 17, 2019



BANK LOAN ORDINANCE

BACKGROUND

- **2020 Rates and Fees approved**
 - \$10M debt financing legacy stormwater projects
 - No stormwater rate increase
- **Bank loan Request for Proposals Summary of Results**
 - Received seven proposals - \$9.5M Bank Loan
 - Interest rates ranged 1.79% to 2.58%
 - 2 proposals had rate locked 2.16 to 2.39%
 - Various call options
 - Draw schedules generally fixed
 - All bank qualified
- **Reimbursement Resolution passed on November 5, 2019**
- **JP Morgan Chase Bank proposal recommended (1.92% interest rate locked)**

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KEY ORDINANCE AND LOAN AGREEMENT DETAILS

- **Ordinance**
 - Loan shall not mature later than December 31, 2030
 - Maximum principal amount will be \$9.5M
 - Loan interest rate shall not exceed 2.25%
 - Loan payable solely from Stormwater Enterprise net revenues
 - Irrevocable lien but not exclusive lien
 - Once approved ordinance is irrevocable
- **Loan Agreement**
 - Drawdown bond – interest only on drawn funds
 - Draw schedule fixed - \$4.5M at closing (Dec 2019), \$4.5M Sept 30, 2020, \$0.5M Sept 30, 2021
 - Principal payments start Dec 1, 2022
 - Bond non-callable for 10 year term
 - Bank qualified loan
 - Loan and bond payable solely from Stormwater Enterprise net revenues
 - Tax exempt bond

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DETAILS OF RECOMMENDED PROPOSAL

- **JP Morgan Chase Bank**
- **1.92% Interest Rate – locked**
- **Interest only on drawn funds**
- **Total repayment cost at the locked interest rate \$10,720,106**
- **Non-callable**
- **Draw schedule fixed - \$4.5M at closing (Dec 2019), \$4.5M Sept 30, 2020, \$0.5M Sept 30, 2021**
- **Bank qualified**
- **Upfront legal fees \$10,000**
- **Legal counsel is Kutak Rock - Denver**

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SUMMARY

- **Budget**
 - 1st Quarter Budget Amendment for \$9.5M Bank Loan
 - Total repayment costs \$10,720,106
 - \$49,500 in loan costs from loan revenues
- **Schedule**
 - Council 1st Reading tonight
 - Water Commission recommendation on December 11, 2019
 - Council 2nd Reading December 17, 2019 – Emergency Adoption
 - Closing December 19, 2019
- **Recommendations**
 - Staff
 - Water Commission
- **Questions**



THANK YOU

I MOVE TO APPROVE THE ORDINANCE AS INTRODUCED
BY TITLE ON SECOND READING PROVIDING FOR
EMERGENCY ADOPTION

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SUMMARY OF LEGACY STORMWATER PROJECTS

- The need for these projects
 - Improve / maintain water quality
 - Protect the safety of the public
 - Comply with / minimize cost of regulatory compliance
 - Prevent private property damage
 - Prevent public infrastructure damage
 - Minimize future stormwater infrastructure cost
- Touch at least 10 different major projects through 2021
- Just part of the five year capital plan
 - Loan allows 5 other projects to move forward in 5 year window
 - Total estimated 5 year investments of \$20.7M

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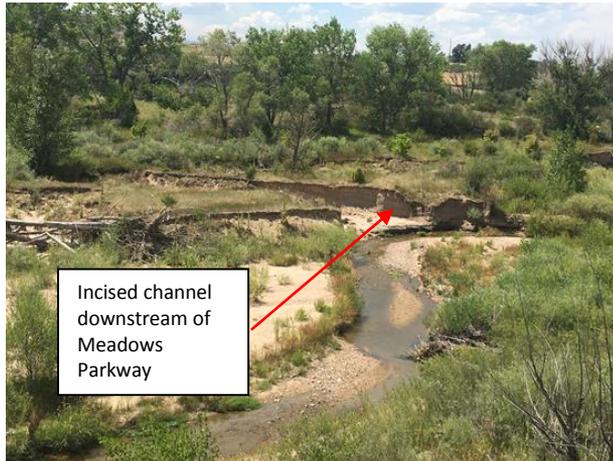
SUMMARY OF LEGACY STORMWATER PROJECTS



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EAST PLUM CREEK - MEADOWS

- Timing = 2020
- Estimated Cost = \$1.125M



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EAST PLUM CREEK – CR1

- Timing 2020 - 2021
- Estimated Cost = \$1.95M



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HANGMANS GULCH

- Timing 2020 to 2024
- Design in 2020
- Estimated Cost = \$2.1M



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6400 EAST TRIBUTARY – PAINTBRUSH PARK

- Timing 2020 to 2021
- Estimated Cost = \$0.855M



Signs of early degradation where stabilization can prevent the type of deep cuts we see elsewhere



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6400 SOUTH TRIBUTARY

- Timing 2020 to 2021
- Estimated Cost = \$2.2M



What happens if we don't address early – trail and railroad as well as several water and sewer crossings impacted



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OMNI TRIBUTARY – RED HAWK

- Timing 2020 to 2021
- Estimated Cost = \$0.891M



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PARKVIEW TRIBUTARY

- Timing 2020 and 2024
- Estimated Cost = \$0.816M



Vertical erosion in many locations in the tributary presenting safety risks as well as infrastructure and water quality risks

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CRAIG AND GOULD NORTH

- Timing 2020
- Estimated Cost = \$1.332M



Lack of stormwater infrastructure leads to damage to property, roads, etc.



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VILLAGE NORTH

- Timing 2020
- Estimated Cost = \$1.93M



Several businesses below street level with no stormwater sewer at high risk for flooding



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MCMURDO GULCH

- Timing 2020 to 2024
- Estimated Cost = \$1.881M



Early signs of channel erosion that can be stopped if we act soon rather than creating a more expensive fix later

