



ICENOGLE SEAVER POGUE

MEMORANDUM

TO: Town Council, Town of Castle Rock

FROM: Jennifer L. Ivey, General Counsel to Bella Mesa Metropolitan District

DATE: February 12, 2020

RE: Resolution Approving an Amendment to the Service Plan for the Bella Mesa Metropolitan District and Certifying Compliance with Town Code Section 11.02.110

Bella Mesa Metropolitan District, formerly known as the Vistas at Rock Canyon Metropolitan District (hereinafter referred to as the “District”), is a special district located within the Town of Castle Rock. The Town Council originally approved the Service Plan for the District on August 24, 2004. The District’s Service Plan was amended in 2006 and again in 2018.

The District is in the process of preparing to issue general obligation bonds this year. The District’s Service Plan requires that it comply with Section 11.02.110 of the Town Code pertaining to special districts before issuing any indebtedness. That provision of the Town Code requires that the District submit any proposed financing to the Town for review and comment. The submission must include the dollar amount of the issue, the interest rate and other financing costs, the type of revenues pledged to repayment, including the amount of the mill levy pledged, and a description of the credit enhancements, together with any preliminary official statement or other prospectus for the debt issue and a certification of the Board of Directors of the District that the proposed issuance of indebtedness is authorized by and in compliance with the service plan for the District.

The District submitted a draft of the term sheet and financial plan for the proposed indebtedness to the Town for review. District representatives met with Town Staff on January 28, 2020 to review the foregoing documents and discuss the proposed financing. At that time, Town Staff requested that the District remove any subordinate debt. In addition, Town Staff requested that the general obligation bonds meet the following three (3) criteria: (1) that the mill levy pledged for repayment of the bonds will not exceed the Mill Levy Cap in the Service Plan of 55.664 mills, subject to adjustment; (2) the bonds, inclusive of any refundings, shall discharge no later than 40 years from the date of issuance; and (3) the bonds are subject to redemption at par not later than the 10th anniversary of the date of issuance.



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The District revised the terms of the proposed financing to comply with the foregoing requests of Town Staff and resubmitted the relevant financial documents to the Town. The District submitted to the Town a term sheet dated February 6, 2020 that includes the dollar amount of the issue, the interest rate and other financing costs, the type of revenues pledged to repayment, including the amount of the mill levy pledged, and a description of the credit enhancements. The District further submitted to the Town a draft dated February 7, 2020 of the preliminary limited offering memorandum for the proposed debt issuance and a certification of the Board dated February 3, 2020 stating that the proposed debt issuance is authorized by and in compliance with the Service Plan for the District. The District requests that the Town certify that the District has complied with Section 11.02.110 of the Town Code and no further approval is needed for the District to proceed with issuance of the general obligation bonds.

During this process, Town Staff and the District realized that due to the passage of time and changes in the development plan for the District, the Financial Plan attached as Exhibit E to the District's Service Plan did not accurately reflect the District's current Financial Plan. As such, the Town and the District wish to update the District's Financial Plan. The District respectfully requests that the Town Council approve an administrative amendment to the Service Plan to replace Exhibit E to the Service Plan with the District's current, updated Financial Plan.