Moving Montrose Forward
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City of Montrose
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Overview of Presentation
- Deferred Street Maintenance
- Need for new infrastructure
- General Fund Debt analysis
- Financing

2018 Street Maintenance
$5M Over Two Years

2018 City Infrastructure Investment

URA OVERVIEW
Several Smaller Taxing Entities

Empowered cities and towns, united for a strong Colorado.
Empowered cities and towns, united for a strong Colorado.

Contents of this presentation reflects the view of the presenter, not of CML.

Financing

- Loans from General Fund and Water Fund
- Tax Increment Financing
  - Sales, use and excise taxes
  - Property taxes
- Outside Financing
Legal Considerations

- Financing Options
- Lease-Purchase Structuring Considerations
- Transaction Timeframe and Components
- Steps to Funding

“When You Come to a Fork in the Road, Take It” - Yogi Berra

- The City had adequate general fund revenues to service annual appropriation obligation
  - Was not dependent on needing to raise additional tax revenues that would have required voter approval
- D. A. Davidson assisted the City in quantifying cost differential between the two financing options

The Right Relationship

- The City engaged D.A. Davidson as Placement Agent in late August, 2017
- Objective – find a lender for $10MM fixed rate, tax-exempt, bank-qualified COP transaction
  - Fully amortizing over 20-years
  - Lease/lease-back structure secured by annually appropriated lease rental payments
    - leased properties: Town Hall and Pavilion Event Center

Details, details …

- At the end of August, RFP sent to 30 Colorado, regional, and national banks
  - Result: 16 proposals from 7 different banks
    - Wide variety of terms, covenants, relationship requirements, call features, and rate lock duration
    - Interest rates varied from 2.72% to 4.35%
  - Good time to approach the bank market
    - Coincidentally, prior to Tax Bill that was passed at the end of 2017
      - Robust bank demand created competition
      - Banks willing to provide longer-term commitments

Conclusion

- The City selected most favorable proposal
  - Fixed rate for first 15 years; variable rate thereafter
  - 60-day rate-lock, which ended up saving the City more than $10,000 in annual interest cost
- Transaction successfully executed in short two months