

CML
COLORADO MUNICIPAL LEAGUE

Moving Montrose Forward

October 3, 2018

City of Montrose	D.A. Davidson & Co. <i>Member FINRA & SIPC</i>	Kutak Rock LLP
William Bell, City Manager Shani Wittenberg, Finance Director	Alexandra Iseman Senior Vice President	Thomas Peltz Bond Counsel

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

Overview of Presentation

- Deferred Street Maintenance
- Need for new infrastructure
- General Fund Debt analysis
- Financing

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MOVING MONTROSE FORWARD

MOVEMO.CO
Moving Montrose Forward

- Scott Murphy
- Ryan Cushenan
- Jim Scheid

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2018 Street Maintenance

\$5M Over Two Years

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2018 City Infrastructure Investment

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URA OVERVIEW

+ Several Smaller Taxing Entities


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PUBLIC INFRASTRUCTURE

- ▶ 3 PROJECTS
 - Upland Development
 - Rec Trail
 - River Improvements

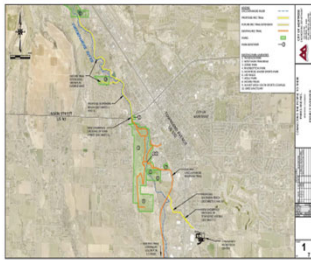



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PUBLIC INFRASTRUCTURE

Recreation Trail





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PUBLIC INFRASTRUCTURE

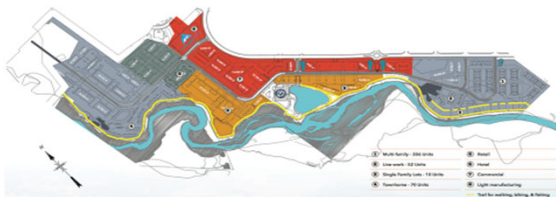
River Improvements




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DEVELOPMENT UPDATE



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DEVELOPMENT UPDATE




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Financing


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

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Legal Considerations


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



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“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



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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



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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



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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



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