



WESTMINSTER

Westminster Economic Development Authority

TO: The Westminster Economic Development Authority Board Members
DATE: January 29, 2014
SUBJECT: WEDA Study Session Agenda for February 3, 2014
PREPARED BY: J. Brent McFall, Executive Director

Please Note: WEDA Study Sessions and Post meetings are open to the public, and individuals are welcome to attend and observe. WEDA was created by the Westminster City Council for the purpose of moving forward with strategic redevelopment of key areas of the City. WEDA Study Sessions and Post meetings are not intended to be interactive with the audience, as this is time set aside for WEDA Board Members to receive information, make inquiries, and to provide Staff with policy direction.

ROLL CALL

PRESENTATIONS

None at this time

INFORMATION ONLY

1. Westminster Economic Development Authority 4th Quarter 2013 Financial Update

EXECUTIVE SESSION

1. Discuss strategy and progress on negotiations related to the South Westminster TOD and Station Projects and potential property acquisitions and provide instructions to the Authority's negotiators as authorized by CRS 24-6-402 (4)(a) and 24-6-402(4)(e)

Items may come up between now and Monday night. The WEDA Board will be apprised of any changes to the agenda.

Respectfully submitted,

J. Brent McFall
Executive Director



WESTMINSTER

Staff Report

WEDA Information Only Staff Report
February 3, 2014



SUBJECT: Westminster Economic Development Authority 4th Quarter 2013 Financial Update

PREPARED BY: Barb Dolan, Sales Tax Manager
Karen Creager, Special District Accountant

Summary Statement

This report is for information only and requires no action by the Board. The report represents the unaudited financial position for each of the Westminster Economic Development Authority's (WEDA) Urban Renewal Areas (URAs) as of December 31, 2013.

Background Information

WEDA currently includes seven separate URA's. This report presents the financial activity as of December 31, 2013. Included in the report are the following for each URA:

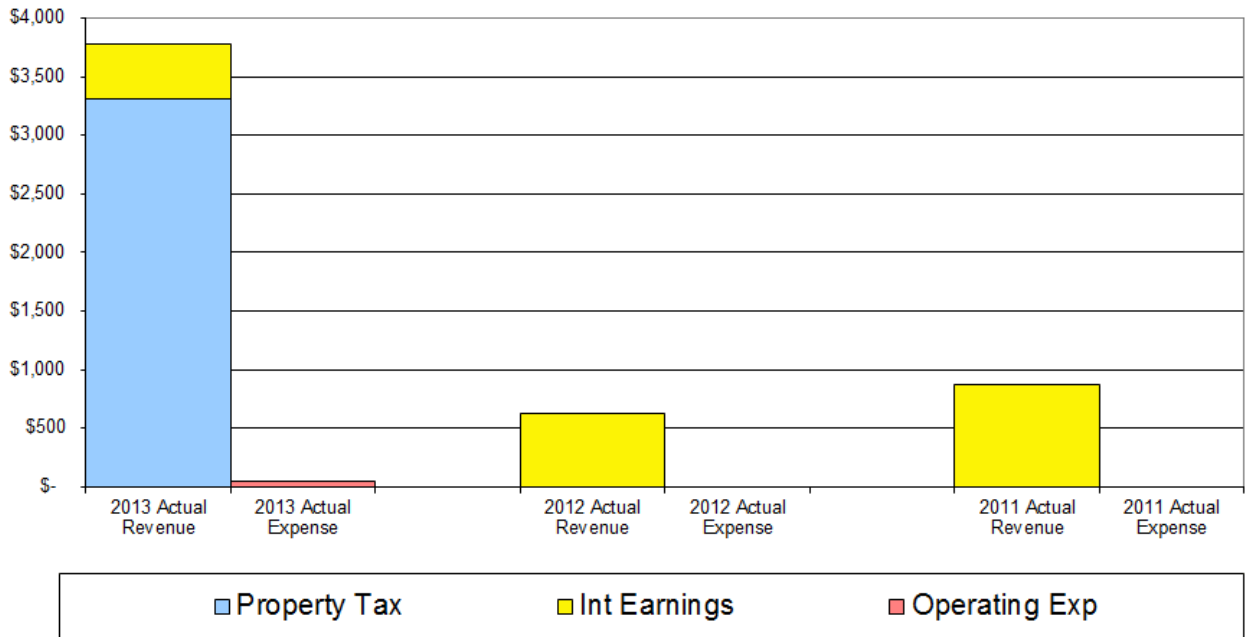
- Year-to-date comparative graphs showing three years of operating revenues and expenses and debt service, as of December 31; and
- A chart with an at-a-glance look at the changes in revenues and expenses for comparable reporting periods from 2012 to 2013.

Additionally, attached are:

- A chart summarizing the unaudited financial position as of December 31, 2013; and
- A list of all current outstanding obligations of the URAs.

Holly Park URA

Holly Park URA Comparative Revenues vs Expenses as of 12/31

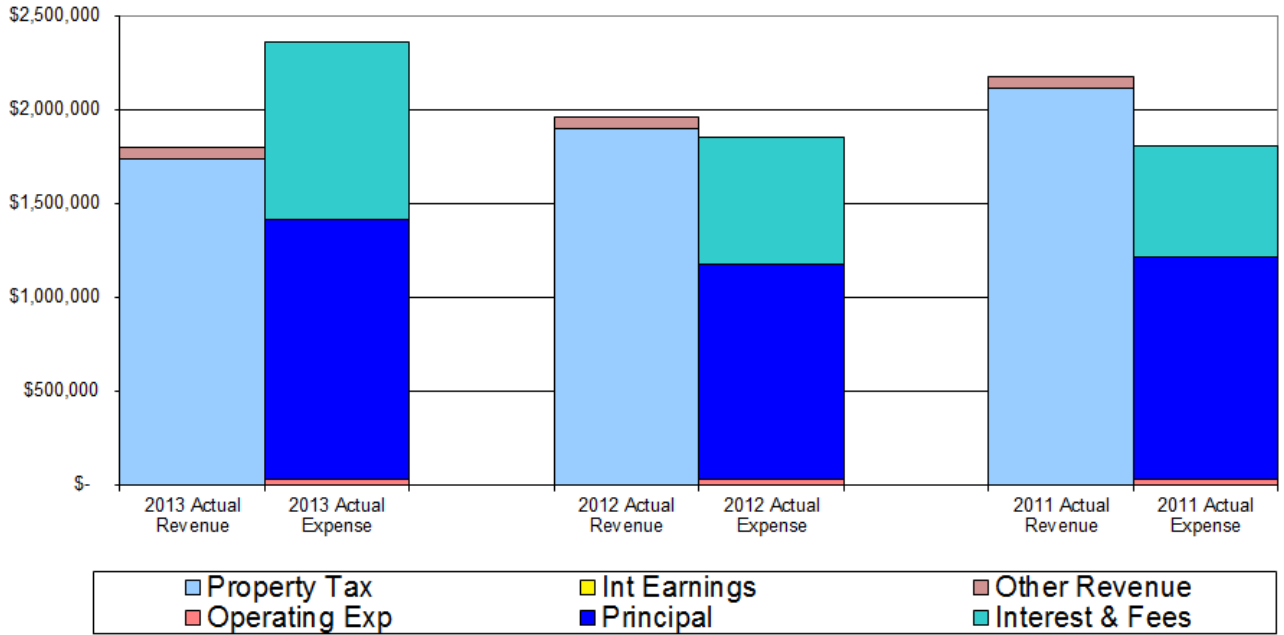


Description	2013	2012	Change
Property tax increment	\$ 3,308	\$ -	\$ 3,308
Interest Earnings	475	620	(145)
Operating Exp	49	-	49

- The General Fund and General Capital Improvement Fund loaned \$120,000 and \$1,125,000, respectively, to this URA to fund the capital project for the clean-up of the Holly Park property to ready it for resale. It is anticipated that any proceeds received from the future sale of property would be used to repay the loans.
- Tax year 2012 payable in 2013 is the first tax year that this URA's total assessed valuation is above the base valuation. Therefore, property tax increment increased in 2013 from 2012.
- Interest earnings decreased slightly in 2013 from 2012 due to continued spend down of project funds.
- Operating expenses increased in 2013 from 2012 due to the increase in the collection fee paid to the county treasurer, consistent with the increase in the property tax increment revenue.

Mandalay Gardens URA (Shops at Walnut Creek)

Mandalay Gardens URA Comparative Revenues vs Expenses as of 12/31



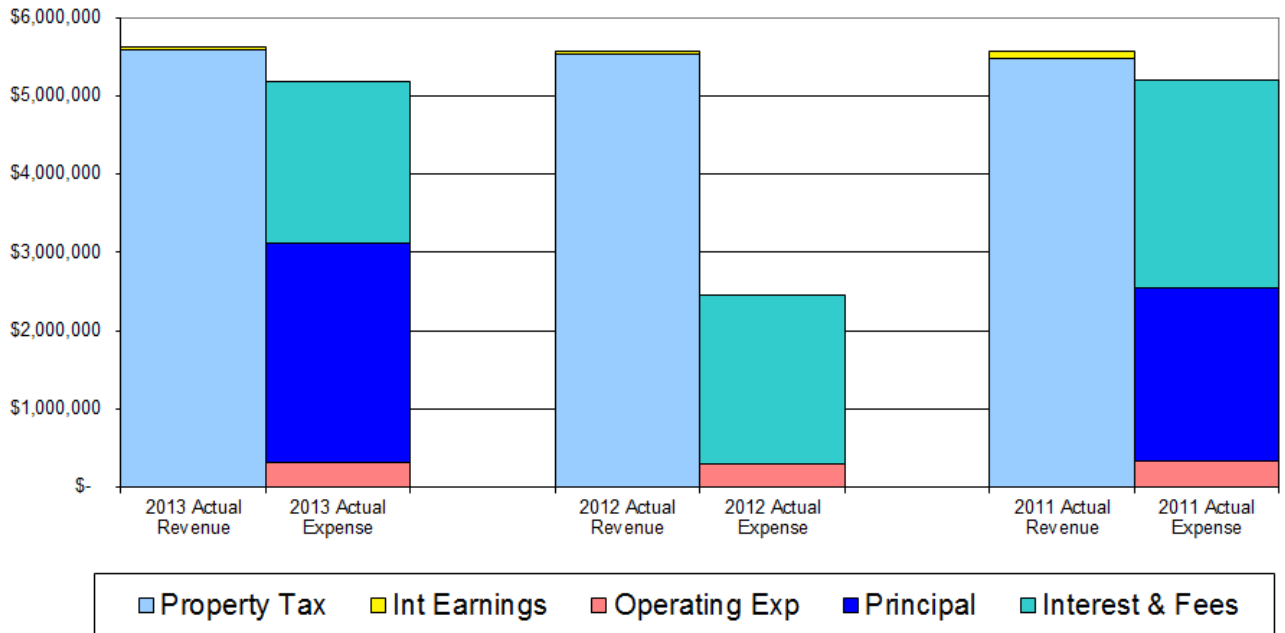
Description	2013	2012	Change
Property tax increment	\$ 1,740,305	\$ 1,898,968	\$ (158,663)
Interest Earnings	2,428	3,060	(632)
Other Revenue	54,700	57,000	(2,300)
Operating Exp	26,105	30,621	(4,516)
Principal	1,390,000	1,150,000	240,000
Interest and Fees	943,975	673,592	270,383

- Incremental assessed valuation decreased in 2013 from 2012 resulting in a decrease in property tax increment collections. Additionally, abatements authorized by Jefferson County related to taxes paid in previous years were refunded in 2013 reducing current year increment even further.
- The sales tax pledge has been 0% since March 2010 as funds on deposit with US Bank Trust along with anticipated property tax increment is sufficient to meet debt service requirements. Therefore, all sales tax revenue received from this URA was retained by the City.
- The Federal Reserve policy to maintain a Federal Funds rate between zero and .25 percent through 2012 kept interest rates on investable funds low in 2012. The balance of Trust funds was slightly lower in 2013 from 2012 due to the fluctuation of the property tax receipts. The lower cash balance caused interest earnings to be slightly lower in 2013 over the same period in 2012.
- Other revenue is slightly lower in 2013 from 2012 due to the reduced amount available in the Mandalay Town Center General Improvement District to transfer to the URA to assist with the repayment of debt.
- Year-to-date operating expenses decreased slightly in 2013 from 2012 due to a decrease in the collection fee paid to the county treasurer, consistent with the decrease in property tax increment revenue.
- Debt service expenditures increased in 2013 from 2012. This is the first full year of the new fixed rate debt service schedule. While interest costs increased in 2013 compared to the same period in 2012, interest costs over the remaining life of the bonds will decrease under the new schedule.

- In 2014, the floating sales tax pledge will increase to meet the increased principal and interest payments.

North Huron URA

North Huron URA Comparative Revenues vs Expenses as of 12/31

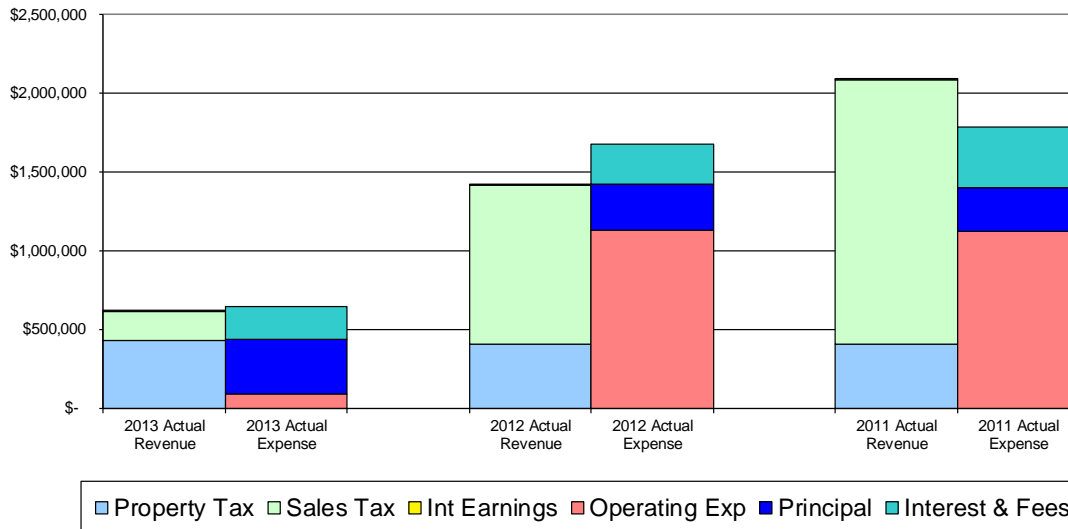


Description	2013	2012	Change
Property tax increment	\$ 5,605,305	\$ 5,546,020	\$ 59,285
Interest Earnings	30,014	31,835	(1,821)
Operating Exp	301,220	299,337	1,883
Principal	2,811,000	-	2,811,000
Interest and Fees	2,071,163	2,163,039	(91,876)

- Incremental assessed valuation increased in 2013 from 2012, resulting in an increase in property tax increment.
- The sales tax pledge has been 0% since March 2010 as funds on deposit with Compass Bank along with anticipated property tax increment are sufficient to meet debt service requirements. Therefore, all sales tax revenue received from this URA was retained by the City.
- Interest earnings decreased slightly in 2013 from 2012 due to fluctuations in the balances of funds at the Trust during the period of refinancing in 2012.
- Total operating expenses increased slightly in 2013 from 2012 due to an increase in the collection fee paid to the county treasurer, consistent with the increase in property tax increment revenues; offset by lower intergovernmental cooperation agreement (ICA) payments in 2013.
- Debt service expenditures increased in 2013 from 2012 due to an increased principal payment in 2013 due to the refinancing of the debt in 2012. While the debt service payments are higher in 2013 than 2012, the URA will realize significant savings over the remaining life of the loan as well as benefit from an established debt service schedule through maturity in 2028.

South Sheridan URA

South Sheridan URA Comparative Revenues vs Expenses as of 12/31

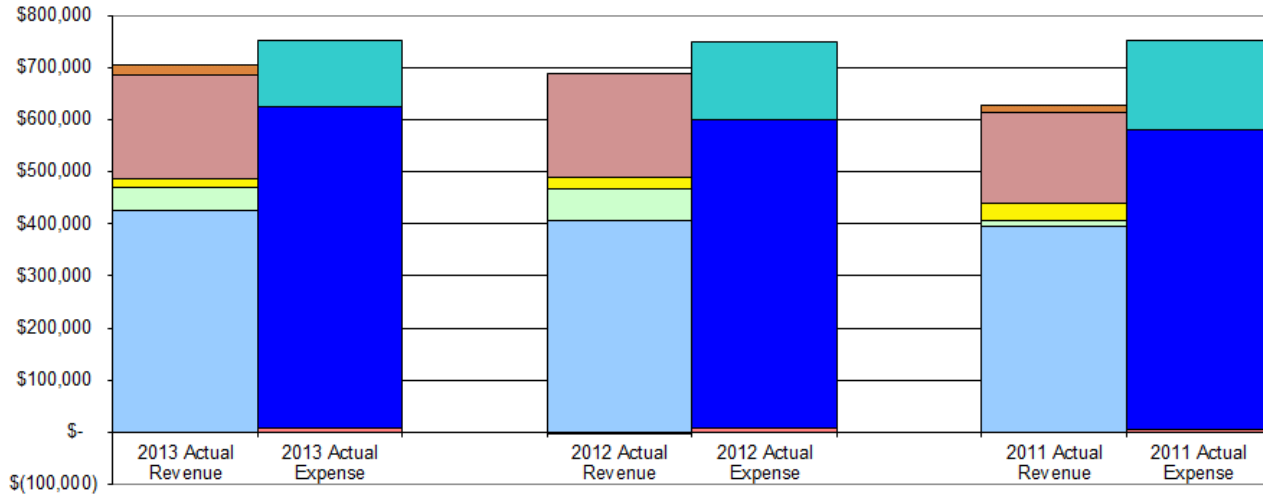


Description	2013	2012	Change
Property tax increment	\$ 428,548	\$ 404,617	\$ 23,931
Sales tax increment	183,578	1,010,480	(826,902)
Interest Earnings	5,293	7,486	(2,193)
Operating Exp	90,586	1,132,978	(1,042,392)
Principal	350,000	290,000	60,000
Interest and Fees	202,515	252,067	(49,552)

- Incremental assessed valuation increased in 2013 from 2012 resulting in slightly higher property tax increment collections in 2013 from 2012.
- The sales tax pledge was 3% in January and February 2011, reduced to 2.3% through February 2012 and reduced again to 1.2% in May 2012. In March 2013, the pledged was decreased to 0% with property tax increment sufficient to meet URA obligations. Therefore, the City now retains all sales tax revenue received from this URA.
- Interest earnings decreased in 2013 from 2012 consistent with the reduced increment sent to the Trust in 2013.
- Operating expenses decreased substantially due to the completion of an EDA; there was an increase in the collection fee paid to the county treasurer, consistent with the increase in property tax increment revenues.
- Debt service expenditures increased slightly in 2013 from 2012. This debt was refinanced in 2012 and 2013 was the first full year under the new debt service schedule. While the total debt service payments are slightly higher in 2013 from 2012, the new debt service schedule provides for substantially lower interest over the life of the loan.

South Westminster URA

South Westminster URA Comparative Revenues vs Expenses as of 12/31



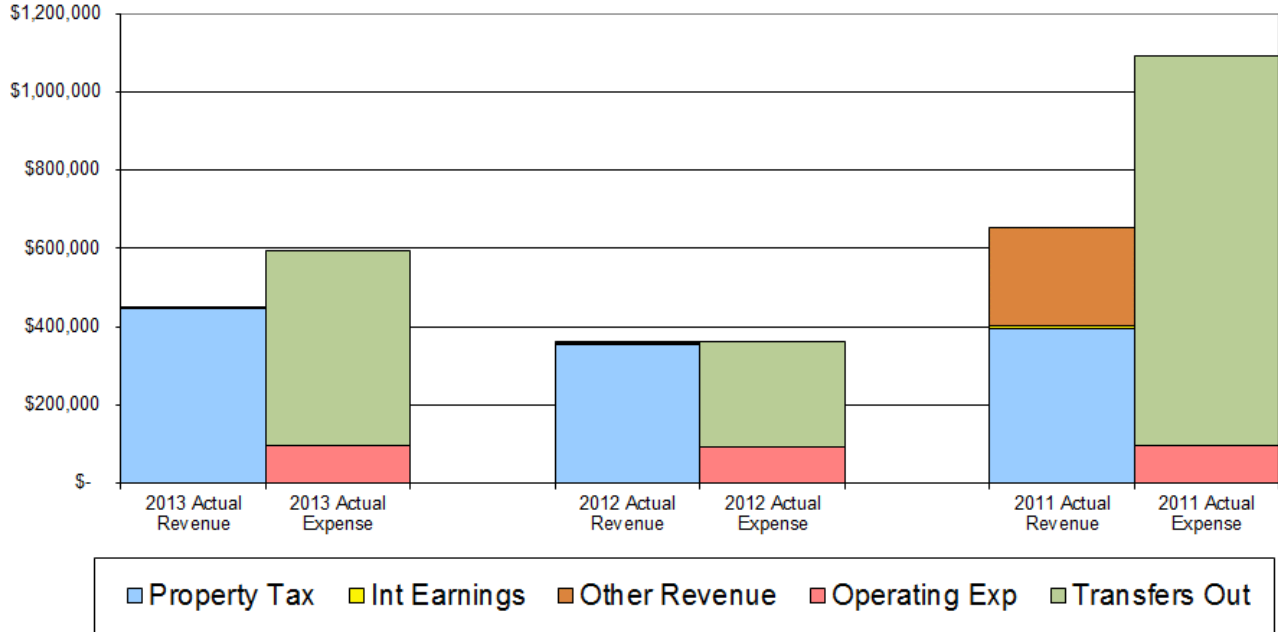
Property Tax	Sales Tax	Int Earnings	Transfers In
Other Revenue	Operating Exp	Principal	Interest & Fees

Description	2013	2012	Change
Property tax increment	\$ 425,775	\$ 405,672	\$ 20,103
Sales tax increment	43,441	61,045	(17,604)
Interest Earnings	17,588	22,859	(5,271)
Transfers in	200,000	200,000	-
Other Revenue	19,745	(224)	19,969
Operating Exp	6,387	6,085	302
Principal	620,000	595,000	25,000
Interest and Fees	126,920	149,530	(22,610)

- Incremental assessed valuation increased in 2013 from 2012 resulting in an increase in property tax increment collections in 2013.
- Sales tax increment decreased in 2013 from 2012 due to declining sales at some of the larger businesses within Phase I of the URA. Phase II did not meet the sales tax base for the increment year ending December 31, 2013.
- Interest earnings decreased in 2013 from 2012 as a result of a lower cash balance in the URA.
- Other revenue increased due to restructuring of the Colorado Rural Housing Development Corporation note.
- Operating expenditures consisting of the collection fee paid to the county treasurer increased slightly in 2013 from 2012, consistent with the increase in property tax increment revenues.
- Debt service expenditures increased slightly in 2013 from 2012. In accordance with the debt service schedule, the annual debt service payment will fluctuate slightly from year to year until the bonds are paid off on December 1, 2017.

Westminster Center East URA

Westminster Center East URA Comparative Revenues vs Expenses as of 12/31

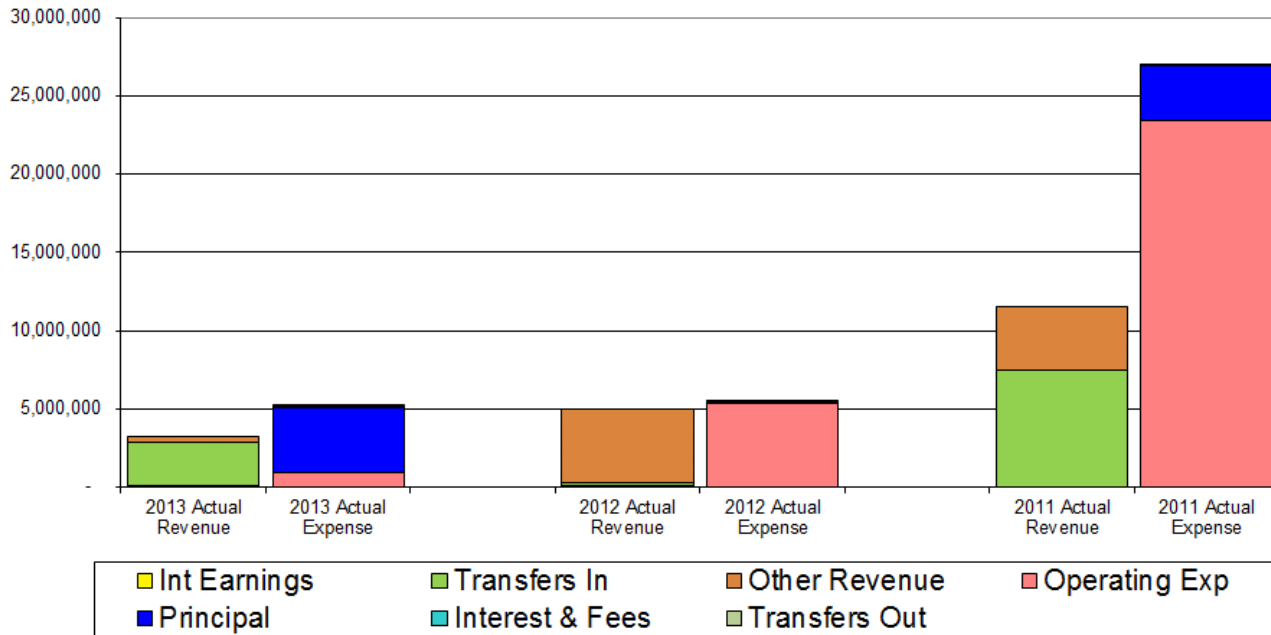


Description	2013	2012	Change
Property tax increment	\$ 445,251	\$ 355,722	\$ 89,529
Interest Earnings	2,574	3,509	(935)
Other Revenue	173	149	24
Operating Exp	94,445	92,309	2,136
Transfers out	500,000	268,000	232,000

- Incremental assessed valuation increased in 2013 from 2012, resulting in an increase in property tax increment in 2013 from 2012.
- Interest earnings decreased in 2013 from 2012 due to the lower cash balance in the URA.
- Operating expenses increased in 2013 from 2012 due to the increase of collection fees paid to the county treasurer, consistent with the increase in property tax increment revenues.
- Transfers out increased in 2013 from 2012 due to a larger payment to the City’s General Fund in accordance with an ICA between WEDA (Westminster Center East URA) and the City.
- This URA has no financed debt obligations.

Westminster Center Urban Reinvestment Project Area

Westminster Center Urban Reinvestment Plan Area Comparative Revenues vs Expenses as of 12/31



Description	2013	2012	Change
Interest Earnings	\$ 25,251	\$ 37,367	\$ (12,116)
Transfers in	2,768,000	250,000	2,518,000
Other Revenue	416,000	4,670,749	(4,254,749)
Operating Exp	890,390	5,355,980	(4,465,590)
Principal	4,200,000	-	4,200,000
Interest and Fees	83,920	116,312	(32,392)
Transfers out	3,409	6,598	(3,189)

- The Westminster Center Urban Reinvestment Plan was amended on October 27, 2013 to authorize the utilization of tax increment financing to finance the projects undertaken in furtherance of the plan.
- Interest earnings decreased in 2013 from 2012 due to spend down of project cash.
- Transfers-in increased in 2013 from 2012 resulting from a transfer from the City to repay the loan for the purchase of the Sears property.
- Other revenue decreased in 2013 from 2012 primarily due to the receipt of loan proceeds in 2012.
- Operating expenses for this URA include expenses for the redevelopment of the former Westminster Mall site. Expenses decreased in 2013 from 2012 due to reduced operating costs with the completion of site demolition and the expenses related to the 2012 purchase of the Sears property. It is important to note that land purchase expenses are reclassified as “inventory – land held for resale” for financial reporting purposes as part of the year-end audit work. Amounts reclassified as “inventory - land held for resale” were \$4,200,000 in 2012 and \$21,800,000 in 2011. These amounts are included in the operating expense category in the graph above.
- Transfers out decreased slightly in 2013 from 2012 due to a reduction in the insurance costs paid to the Property and Liability Fund.

- Principal and interest costs increased in 2013 from 2012 as a result of the repayment of the loan for the purchase of the Sears property.

This financial update assists the City in meeting the following Strategic Plan Goals: Strong Balanced Local Economy, Financially Sustainable City Government Providing Exceptional Services, Vibrant Neighborhoods in One Livable Community, and Beautiful and Environmentally Sensitive City by reporting to the Board the changes in the revenues and expenses in the URAs in order to monitor the development and redevelopment efforts in the City.

Respectfully submitted,

J Brent McFall
Executive Director

Attachments

- WEDA Obligations at 12/31/13
- WEDA Unaudited and Unadjusted Financial Statements for period ending 12/31/13

	URA	Outstanding Balance as of 1/1/13	2013		Outstanding Balance as of 12/31/13
			Add	(Delete)	
<i>Debt-Principal only</i>					
2009 WEDA Bonds	South Westminster	\$ 3,340,000	\$ -	\$ (620,000)	\$ 2,720,000
2012 WEDA Loan	N Huron	59,000,000	-	(2,811,000)	56,189,000
2012 WEDA Bonds	Mandalay	27,750,000	-	(1,390,000)	26,360,000
2012 WEDA Loan	South Sheridan	7,130,000	-	(350,000)	6,780,000
2012 WEDA Loan	WURP	4,200,000	-	(4,200,000)	-
Total Debt		<u>\$ 101,420,000</u>	<u>\$ -</u>	<u>\$ (9,371,000)</u>	<u>\$ 92,049,000</u>

<i>Interfund loans</i>					
Gen Capital Improv Fund	Holly Park	\$ 1,125,000	\$ -	\$ -	\$ 1,125,000
General Fund	Holly Park	120,000	-	-	120,000
Utility Fund	South Westminster	1,625,000	-	(200,000)	1,425,000
Total Interfund loans		<u>\$ 2,870,000</u>	<u>\$ -</u>	<u>\$ (200,000)</u>	<u>\$ 2,670,000</u>

	URA	Maximum Payable per EDA	2013 Expense	Outstanding liability as of 12/31/13
Shoenberg Ventures assigned to Wal-Mart	South Sheridan	\$ 84,158	\$ (84,158)	\$ -
Total EDA		<u>\$ 84,158</u>	<u>\$ (84,158)</u>	<u>\$ -</u>

Unaudited and Unadjusted Financial Statements
For the period ending December 31, 2013

	Holly Park	Mandalay Gardens	North Huron	South Sheridan	South Westminster	Westminster Center East	Westminster Center Urban Reinvestment Area	Total
Revenues								
<i>Property Tax</i>	\$ 3,308	\$ 1,740,305	\$ 5,605,306	\$ 428,548	\$ 425,775	\$ 445,251	\$ -	\$ 8,648,493
<i>Sales Tax</i>	-	-	-	183,578	43,441	-	-	227,019
<i>Interest</i>	475	2,428	30,014	5,293	17,588	2,574	25,250	83,622
<i>Miscellaneous</i>	-	-	-	-	19,745	173	409,790	429,708
<i>Intergovernmental</i>	-	54,700	-	-	-	-	6,211	60,911
<i>Other Financing Source*</i>	-	-	-	-	-	-	-	-
<i>Transfers In</i>	-	-	-	-	200,000	-	2,768,000	2,968,000
Total Revenues	3,783	1,797,433	5,635,320	617,419	706,549	447,998	3,209,251	12,417,753
Expenses								
<i>Operating</i>	49	26,105	301,221	90,586	6,387	94,445	-	518,793
<i>Capital Project -proj exp</i>	9,263	-	236,833	-	-	-	890,390	1,136,486
<i>Principal</i>	-	1,390,000	2,811,000	350,000	620,000	-	4,200,000	9,371,000
<i>Interest & Fees</i>	-	943,975	2,071,163	202,515	126,920	-	83,920	3,428,493
<i>Transfers Out</i>	-	-	-	-	-	500,000	3,409	503,409
Total Expenses	9,312	2,360,080	5,420,217	643,101	753,307	594,445	5,177,719	14,958,181
<i>Revenues Over(under) Exp</i>	(5,529)	(562,647)	215,103	(25,682)	(46,758)	(146,447)	(1,968,468)	(2,540,428)
Beginning Fund Balance	(336,480)	4,716,540	16,024,241	2,007,848	160,074	240,053	32,672,836	55,485,112
Ending Fund Balance**	\$ (342,009)	\$ 4,153,893	\$ 16,239,344	\$ 1,982,166	\$ 113,316	\$ 93,606	\$ 30,704,368	\$ 52,944,684

**Ending fund balance includes the following reserved amounts that can be spent only as indicated in the line description below:

Nonspendable: Inventory	\$ 850,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,250,523	\$ 30,100,523
Restricted: Debt Service	-	4,125,715	8,642,132	1,636,888	113,316	-	-	14,518,051
Restricted: Capital Improvements	-	-	7,584,091	-	-	-	-	7,584,091
Committed: Urban Renewal	11,367	-	-	-	-	-	972,217	983,584
Assigned: Urban Renewal	-	28,178	13,121	345,278	-	93,606	481,628	961,811
Unassigned	(1,203,376)	-	-	-	-	-	-	(1,203,376)
Total Fund Balance	\$ (342,009)	\$ 4,153,893	\$ 16,239,344	\$ 1,982,166	\$ 113,316	\$ 93,606	\$ 30,704,368	\$ 52,944,684