



WESTMINSTER

Staff Report

TO: The Mayor and Members of the City Council
DATE: May 7, 2009
SUBJECT: Briefing and Post-City Council Briefing Agenda for May 11, 2009
PREPARED BY: J. Brent McFall, City Manager

Please Note: Study Sessions and Post City Council briefings are open to the public, and individuals are welcome to attend and observe. However, these briefings are not intended to be interactive with the audience, as this time is set aside for City Council to receive information, make inquiries, and provide Staff with policy direction.

Looking ahead to Monday night's Briefing and Post-City Council meeting briefing, the following schedule has been prepared:

Dinner	6:00 P.M.
Council Briefing (<i>The public is welcome to attend.</i>)	6:30 P.M.
CITY COUNCIL MEETING	7:00 P.M.
POST BRIEFING (<i>The public is welcome to attend.</i>)	

PRESENTATIONS

1. Centennial Celebration
2. Discussion on an exception to the investment policy to have the City invest in a WEDA Bond for the South Westminster URA

CITY COUNCIL REPORTS

1. Report from Mayor (5 minutes)
2. Reports from City Councillors (10 minutes)

EXECUTIVE SESSION

1. Discuss strategy and progress on negotiations related to the Westminster Urban Center Redevelopment project and provide instructions to the City's negotiators as authorized by WMC 1-11-3(C)(4), WMC 1-11-3(7) and CRS 24-6-402(4)(e) - ***Verbal***

INFORMATION ONLY STAFF REPORTS – do not require City Council action

None at this time.

Items may come up between now and Monday night. City Council will be apprised of any changes to the post-briefing schedule.

Respectfully submitted,

J. Brent McFall
City Manager



WESTMINSTER

Staff Report

City Council Post Meeting
May 11, 2009



SUBJECT: Centennial Celebration

PREPARED BY: Katie Harberg, Public Information Officer

Recommended City Council Action:

Staff is requesting Council's direction in planning for the City's Centennial Celebration in 2011.

Summary Statement:

- On April 4, 2011 the City of Westminster will observe the 100th anniversary of a vote by 35 citizens that incorporated the municipality and gave it the name "Westminster."
- In anticipation of the next two-year budget cycle, 2011-2012, and to anticipate the lead time needed for the observance of the anniversary, staff has assembled a suggested list of events and activities to commemorate this important milestone in the City's history.
- Recognition of historic milestones in a City's evolution is an important cultural event for communities, contributing to a sense of place that is sometimes missing in modern cities, where individual neighborhood identities are often the focal point of community life.

Expenditure Required: \$0

Source of Funds: N/A

Background Information:

The expense and workload of coordinating a community-wide celebration can be substantial, requiring either significant community volunteerism and fundraising or the hiring of paid staff whose role it is to manage the myriad of details associated with such large events. The current financial climate has made resources for such purposes as observing anniversary events very scarce. Staff has given consideration to how an event of such importance as a City's centennial can be effectively observed while addressing the shortcomings of money and volunteer resources. This staff report suggests relying largely on event calendars, staffing and budgets that are already in place in order to maximize exposure to the centennial anniversary.

The basic structure of staff's recommendation is that a large-scale anniversary "branding" campaign be overlaid on existing City programs, thereby reaching significant numbers of City residents. An obvious example of this would be the regular annual events sponsored by the Department of Parks, Recreation and Libraries like the July 4th fireworks celebration and the Westminster Faire. In order to have maximum impact, all City departments have given consideration to how the centennial might be incorporated into their area of operation during the course of 2011. This staff report will summarize those suggestions.

In addition to City of Westminster observations, it is also recommended that other community institutions be officially invited by the Westminster City Council to observe the City's centennial through their own individual systems of planning and events, utilizing their own staffs and budgets. An example of this would be to invite all schools in the City to celebrate the 100th anniversary in a way of their choosing during 2011.

Staff recommends making a budget request for the 2010 budget update for the creation of a centennial logo/identity that will be used throughout the anniversary celebration year in conjunction with City-funded events and programs. Other than money for a logo/identity, the only other budget allocation Staff recommends is for the funding of a special event on the actual anniversary of incorporation in April of 2011. The details of such an event have not been conceptualized, but could be something like a public reception/birthday party. These budget items would be in addition to the \$10,000 that has already been approved for the development of an anniversary publication now in the planning stages by a citizen committee.

Examples of programs, events and activities already staffed and budgeted that could get the centennial touch include:

- *all components of the City's communication program, including City Edition, Channel 8, the website, Weekly Edition, any special publications prepared in the anniversary year, the bus kiosk advertising program, speeches and presentations prepared in the anniversary year, City stationery, the parks and recreation activities guide, media placements, signage and banners;

- *all regular events and programs of the Department of Parks and Recreation, including the July 4th celebration, the Westminster Faire, the Easter Eggstravaganza, the Armed Forces Tribute Garden special events, the holiday lighting ceremony at City Hall, the Holy COW Trail Stampede, the summer concert series, the movies in the park program, the summer reading program and story hours;

- *all events and programs associated with the Fire and Police departments' community outreach, including the Fire and Police citizen academies, the fire station open houses, the fishing derby and the Fire Chief Ale events, the National Night Out program;

- *all Council Community Outreach programming, with special event development designed around topics pertaining to the centennial;
- *the Business Appreciation Event, the economic development newsletter; and
- *all internal employee events, including all employee recognition events and programs, parties and gatherings throughout the year.

This list is only a representation of the breadth of exposure the anniversary could receive when incorporated into existing City programs and events and demonstrates the level of awareness that it is possible to raise.

Examples of community institutions that could be officially invited to observe the anniversary:

- *Adams County School District 50, Adams 12 Five Star Schools, Jefferson County R-1 Schools;
- *Front Range Community College;
- *Corporate and Business Citizens (MetroNorth Chamber of Commerce);
- *Hyland Hills Parks and Recreation;
- *The Westminster Window;
- *The Legacy Foundation;
- *Service Clubs;
- *Faith-based organizations;
- *Pillar of Fire;
- *South Westminster Arts Group; and
- *Westminster Historical Society

To handle the additional workload the coordination of the anniversary celebration would entail, staff is working on the development of a volunteer position that would work out of the City Manager's Office.

Respectfully submitted,

J. Brent McFall
City Manager



WESTMINSTER

Staff Report

City Council Post Meeting

May 11, 2009



SUBJECT: Investment in Westminster Economic Development Authority Refunding Bonds

PREPARED BY: Tammy Hitchens, Finance Director
Robert Smith, Treasury Manager
Bob Byerhof, Senior Financial Analyst

Recommended City Council Action:

Direct Staff to present a Council Resolution authorizing an investment of City funds outside the parameters of the City's Investment Policy and a related resolution authorizing the investment in tax increment revenue refunding bonds to be issued by the Westminster Economic Development Authority (WEDA) in an amount not to exceed \$5,330,000.

Summary Statement:

- WEDA's South Westminster Urban Renewal Area (URA) issued \$6,460,000 in tax increment revenue bonds in 1997, which are currently supported by a Letter of Credit (LOC) Agreement through Allied Irish Bank (Bank). In November 2008, Staff was given notice from the Bank that it would not renew the LOC after the contract expires in June 2009.
- Staff presented to the City Manager's office various options under consideration to resolve the LOC issue surrounding the 1997 WEDA bonds. From this discussion, Staff is recommending that WEDA issue refunding bonds in the amount of the current principal outstanding, \$5,330,000, which would be purchased as an investment by the City.
- The recommended action would be an investment outside the City's Investment Policy parameters; however, Staff believes that the proposed investment in the WEDA refunding bonds is a prudent action, benefitting not only the City but the Utility Fund and the South Westminster URA.
- Council may approve this exception to the Investment Policy and expressly find that Council has the requisite authority to do so under Article XX of the Colorado Constitution, and that it is not precluded from doing so under City Charter section 9.9.

Expenditure Required: \$5,330,000

Source of Funds: City Pooled cash and Investments

Policy Issue:

Should the City invest in the South Westminster Tax Increment Revenue Refunding Bonds?

Alternatives:

1. Do not direct Staff to prepare a resolution for Council for approval concerning an exception of an investment outside the City's Investment Policy parameters and a separate resolution for approval concerning the purchase of the 2009 WEDA refunding bonds. This is not recommended. Given the solutions investigated, the recommended action provides a long-term solution and provides WEDA and the City with flexibility not provided under the terms of the existing Indenture and Reimbursement Agreement.
2. Let the existing 1997 Bonds become Bank Bonds. This is not recommended. Given current revenue and expense forecasts, this action would lead to a potential event of default under the terms of the Indenture and Reimbursement Agreement with Allied Irish Bank. If this were to occur, Council must consider if it would fulfill the terms of the City's Moral Obligation to fund the Debt Service Reserve in the event that trust balances are insufficient under the Indenture's terms.
3. Request a Letter of Credit extension from Allied Irish Bank. This is not recommended. Preliminary discussions with the Bank indicate that this would cost an additional \$25,000 for a three-month extension period. Since Staff is recommending a long-term solution, the expense seems unnecessary.
4. Obtain a loan and refund the existing bonds with the assistance from an investment advisor/underwriter. This is not recommended due to the anticipated high transaction costs associated to complete a refunding via this means. Additionally, the anticipated interest rate on the refunded bonds is higher than under the proposed solution.

Background Information:

In 1997, the South Westminster URA issued \$6,460,000 in tax increment revenue bonds with an underlying LOC agreement to guarantee debt service payment to bond holders. The current LOC provider, Allied Irish Bank, gave notice to WEDA that it would not be renewing the agreement after the current contract period ends on June 10, 2009. Staff researched various options to resolve the pending issue as mentioned previously. After analyzing the Pro's and Con's of each option Staff's recommendation is that the City purchase refunded bonds directly from WEDA.

Staff is requesting Council approval to submit two separate resolutions written by the City's Bond Counsel, Sherman & Howard, to authorize an exception for the purchase of an investment outside the parameters of the City's Investment Policy and to authorize the purchase of WEDA's South Westminster URA refunding bonds. Separate WEDA board action will be sought for approval of a resolution for WEDA to issue the refunding bonds.

A resolution to request an investment purchase outside the parameters of the City's Investment Policy is necessary due to restrictions that would otherwise prohibit the purchase as follows:

- a. Maturities on securities should not exceed 3 years – The proposed refunding bonds have maturities until 2017 to match the current URA term and maximize increment revenues.

- b. Ratings of an investment being at least AA – All WEDA bonds are non-rated and until now have been otherwise supported by a Letter of Credit provider.
- c. There is a 10% maximum for overall holdings of state and local government debt, with not more than 3% per issuer – At the current principal outstanding, the 3% maximum of the total pooled investments would be breached. The projected pooled investments' balance will be approximately \$152,500,000 after debt service obligations paid through June 1, 2009 which indicates a maximum investment by issuer of \$4,575,000.

Staff is requesting the exception rather than adopting a change to the existing Investment Policy in order to preserve the Policy. This course of action then ensures that any future similar investment be brought before Council for approval on a case-by-case basis. The City's investment policy follows State Statutes; however, as a Home Rule City, the Council is able to modify investment decisions when an opportunity arises that is prudent. Overall, the investment policy is very conservative by design as to maximize diversification and liquidity.

As of April 30, 2009, the City's current portfolio size was approximately \$150,000,000. Staff is recommending the purchase of the bonds as a means to capture a market yield for similar term and credit rated investments. Overall, Staff feels that the City's investment in the WEDA bonds is acceptable given our knowledge of activities within the URA. Thus, it is an investment that comes with an understanding of the underlying risks associated with revenue and expense projections, which are updated semi-annually.

In summary, Staff is recommending exception to the investment policy based on the following:

- a. Staff projected an interest rate paid on the bonds between 3-4%, which is based on current market rates for a similar investment horizon term on an A rated investment.
- b. Staff tracks the revenues in the South Westminster URA carefully, with updates semi-annually, which allows for oversight relative to WEDA's ability to pay the debt. Staff believes there will be sufficient funds for repayment of the bonds. Currently, Staff's pro-forma indicates an interest rate of 3.6%. Finance will continue the semi-annual forecast updates with CMO in order to keep CMO and the Council apprised of revenue projections relative to the repayment of the refunding bonds.
- c. In addition to the earnings on the bonds, the City is further made whole on other subordinated obligations within the URA. Under any of the other solutions reviewed, the City would potentially contribute \$1,201,223 towards existing Economic Development Assistance obligations over the next six years with repayment at best not until 2017.

WEDA and the City would benefit from the flexibility inherent in this refunding. With the refunding, WEDA would no longer be restricted by the covenants in the Indenture or Reimbursement Agreement with the Bank. These documents place restrictions on the use of cash balances and the implications if minimum balances are not held on specific dates. The immediate impact of this is that the restricted cash balance positions structured in the Indenture would be removed, thereby, giving WEDA the flexibility to pay obligations without concern of dipping below minimum balances in the Debt Service Reserve Fund or Revenue Fund. The City benefits as the Moral Obligation associated with the existing bonds ceases. This is particularly important since, even if the Bank decided to extend the LOC through 2017, forecasts project that the Moral Obligation would be called upon in 2010 as the Revenue Fund balance would carry an insufficient balance to cover the projected debt service in 2010 plus the Minimum Revenue Fund requirement of \$300,000.

Staff Report – Investment in WEDA Refunding Bonds

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Staff will be on hand at the Post Meeting to answer any questions the Council may have regarding the recommended action. Since time is of the essence, it is the intent of Staff to bring the recommended resolutions to Council and the WEDA board for formal approval on May 18, 2009 since the deadline to inform the Trust of WEDA's intention to issue refunding bonds to pay off the existing bonds is May 21, 2009.

Respectfully submitted,

J. Brent McFall
City Manager