EAST CREEK METROPOLITAN DISTRICT NO. 1

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NOTICE OF WORK SESSION AND AGENDA

Board of Directors:	Office:	Term/Expiration:
Greg Wright	President	2025/May 2025
Martin Corley	Treasurer	2025/May 2025
Cameron Nelson	Assistant Secretary	2023/May 2023
VACANT		2023/May 2023
VACANT		2025/May 2023
Peggy Ripko	Secretary	

DATE: November 17, 2022

TIME: 3:00 P.M.

PLACE: VIA ZOOM If you experience technical difficulties, email Peggy Ripko at pripko@sdmsi.com.

Join Zoom Meeting:
https://us02web.zoom.us/j/86267550643?pwd=V3RnRGRtWkRyUlZZc1VMWTJFZjFHdz09
Meeting ID: 862 6755 0643
Passcode: 987572
Call In Number: 1-719-359-4580

I. ADMINISTRATIVE MATTERS

A. Confirm posting of Notice of Work Session and Agenda.

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B. Public Comment.

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II. FINANCIAL MATTERS

A. Discuss the potential refunding of the District’s General Obligation (Limited Tax Convertible to Unlimited Tas) Bonds, Series 2019A in the amount of $4,010,000 and Subordinate General Obligation Limited Tax Bonds, Series 209B in the amount of $584,000 (enclosure).

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III. ADJOURNMENT ***THERE ARE NO MORE REGULAR MEETINGS SCHEDULED FOR 2022.***

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October 24th, 2022

East Creek Metropolitan District

c/o Paula Williams
McGeady Becher, P.C.
450 E 17th Ave, Suite 400
Denver, Colorado 80203

Refunding Analysis for East Creek Metropolitan District

Dear Paula:

Below please find a summary as it relates to our refunding analysis for the Districts' 2019 bonds. While municipal interest rates have risen recently, there is an on-going opportunity to refinance the District's debt, and potentially lower current taxpayer's debt service mill levy from 55.664 mills, down to an average mill levy through maturity of 36.045 mills. For a typical home valued at $570,000 within the development, this would be an annual property tax reduction of $633.84 per household.

Please note, based on what we have gathered in terms of the future development being marketed by the East Creek Development, the financial plan that we are presenting has been updated with August assessed valuations from the assessor's office. This financial plan does not contemplate any of the future contemplated development/growth, for conservancy. Given the current outstanding debt, our estimates on conservative assessed value growth, and the resulting mill levy revenue (even at the reduced level), we have considered a Cinderella loan which anticipates a Q1 2023 closing, with an assumed taxable rate of 6% to 12/1/2023, 4.75% tax-exempt rate to 12/1/2042, and an assumed post-maturity rate of 4.50%.

Cinderella Scenario:

This scenario results in a negative PV savings of ($115,168.93). However, refinancing the overall debt of the 2019A and 2019B bonds at a lower collective rate, as well as bringing each homeowner's mill levy rate down by an average of 19.6 mills on average until 2052 may be something that homeowners may be interested in exploring. By conservatively modeling without any further development/growth, our projected Coverage at the Mill Levy Cap is around 1.46x, so we feel several banks should have good interest in this. This plan would extend the final maturity date 4 years longer to 12/1/2052, 4 years longer than the 2019 final maturity of 12/1/2048, however, and as mentioned, would result in significant annual resident tax savings for the taxpayers within the district:

General Obligation Refunding Loan, Series 2022	
Principal Amount	$4,525,000
Final Maturity	12/1/2042
Refunded Principal	**$4,790,436**
Net PV Savings $	**$(115,168.93**
Taxable Rate/Tax-Exempt Rate/Assumed Post Maturity Rate	**6.00%/4.75%/4.50%**

Base Case:

In the second attached plan, we have prepared an 'existing debt plan' to use as a baseline comparison using new Assessed Values (all plans were updated with August Assessed Values).

As noted earlier, our model is based on the original development plan (in terms of absorption and prices), and recent August 2022 preliminary Assessed valuations from the assessor's office. We can further fine tune our analysis once we receive updated information regarding the development assumptions from the Developer within the commercial District (Metropolitan District No. 2), as well as investigate any other scenarios that you find appropriate. Thank you in advance for your consideration of this opportunity; the Piper Sandler team looks forward to putting our capabilities to work on behalf of the District.

Best regards,

P. Jonathan Heroux

P. Jonathan Heroux
Managing Director

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Disclosure

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East Creek Metropolitan District

Comparison of Existing Debt to Proposed Refinancing
October 24, 2022

	Existing Debt	**Proposed Refinancing: Bank Loan**
Outstanding Debt	2019A and 2019B	Series 2023
Maturity	Series 2019A: 12/1/2048 Series 2019B: 12/15/2048	December 1, 2042
Amortization	Series 2019A: 12/1/2048 Series 2019B: 12/15/2048	December 1, 2052
Tax Status	Tax-Exempt	Taxable Converting to Tax-Exempt
Taxable Rate[1]	N/A	6.00%
Tax-Exempt Rate[1]	Series 2019A: 5.25% Series 2019B: 8.00%	4.75%
Prepayment Features	Callable in June 2024 @ 103%	TBD
Annual Inflation in Home Values	1%	1%
Savings:		
Existing Debt Service Mill Levy	55.6 mills	55.6 mills
2023 Mill Levy	57.2 mills	36.05 mills
2023 Annual Estimated Savings per $570k home	$0	$633.84
Average Mill Levy through Maturity	55.6 mills	34.5 mills
Present Value Savings	$0	-$115k (-2.6% of refunded bonds)

[1]Estimated based off current market rates (subject to rate lock)

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Estimated Mill Levies

October 24th, 2022