



WESTMINSTER

Westminster Economic Development Authority

TO: The Westminster Economic Development Authority Board Members
DATE: July 31, 2013
SUBJECT: WEDA Post City Council Meeting Agenda for August 5, 2013
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 2nd Quarter 2013 Financial Update

EXECUTIVE SESSION

None at this time.

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
August 5, 2013



SUBJECT: Westminster Economic Development Authority 2nd 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 June 30, 2013.

Background Information

WEDA currently includes seven separate URA's. This report presents the financial activity as of June 30, 2013. Included in the report are the following for each URA:

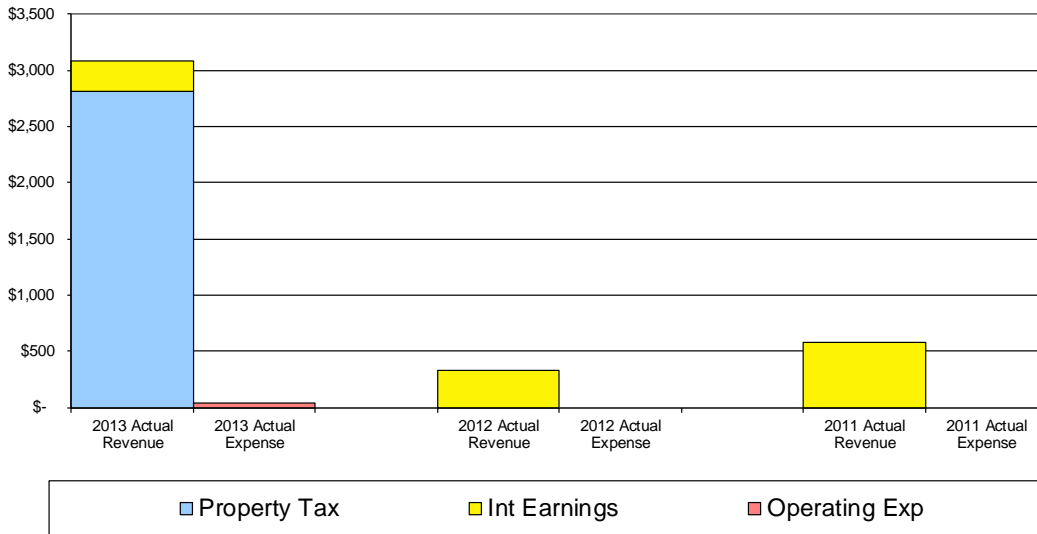
- Year-to-date comparative graphs showing three years of operating revenues and expenses and debt service, as of June 30; and
- A chart with an at-a-glance look at the changes in revenues and expenses for comparable reporting periods from 2012 to 2013.

Additionally, attached are:

- A chart summarizing the unaudited financial position as of June 30, 2013; and
- A list of all current outstanding obligations of the URAs.

Holly Park URA

Holly Park URA Comparative Revenues vs Expenses as of 6/30/13

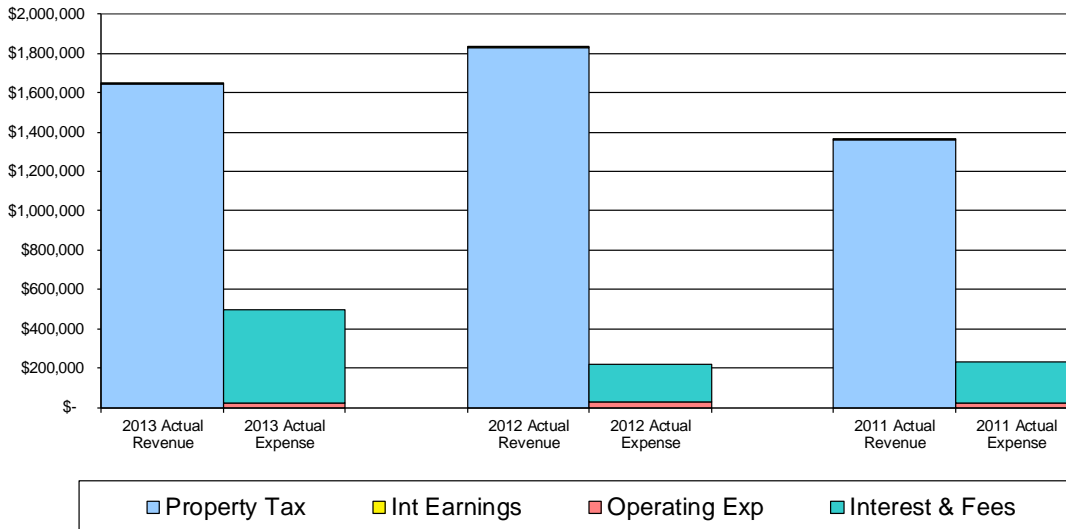


Description	2013	2012	Change
Property tax increment	\$ 2,815	\$ -	\$ 2,815
Interest Earnings	265	328	(63)
Operating Exp	42	0	42

- 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 6/30/13

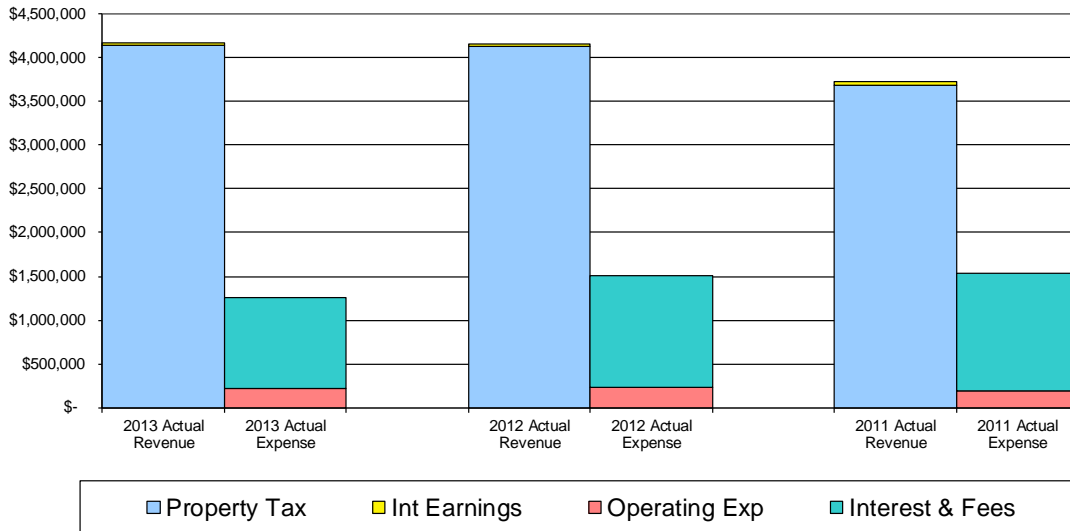


Description	2013	2012	Change
Property tax increment	\$1,645,275	\$1,830,822	\$(185,547)
Interest Earnings	1,493	1,662	(169)
Operating Exp	24,679	27,462	(2,783)
Interest and Fees	471,238	193,190	278,048

- Incremental assessed valuation decreased in 2013 from 2012 resulting in a decrease in property tax increment collections.
- 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.
- 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.
- 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.

North Huron URA

North Huron URA Comparative Revenues vs Expenses as of 6/30/13

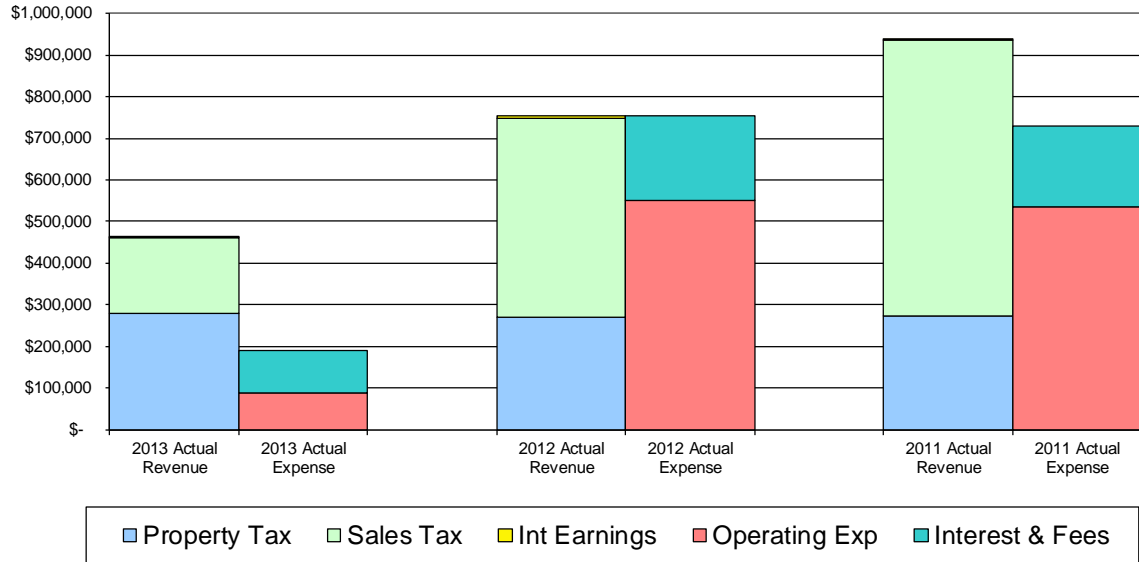


Description	2013	2012	Change
Property tax increment	\$4,149,294	\$4,134,754	\$ 14,540
Interest Earnings	15,020	14,837	183
Operating Exp	217,952	225,614	(7,662)
Interest and Fees	1,035,709	1,282,413	(246,704)

- 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 increased slightly in 2013 from 2012 due to the increase in funds at the Trust for the Orchard Parkway project.
- Total operating expenses decreased in 2013 from 2012 due to lower intergovernmental cooperation agreement (ICA) payments in 2013 offset by an increase in the collection fee paid to the county treasurer, consistent with the increase in property tax increment revenues.
- Debt service expenditures decreased in 2013 from 2012 due to reduced interest expense as anticipated with the new debt schedule.

South Sheridan URA

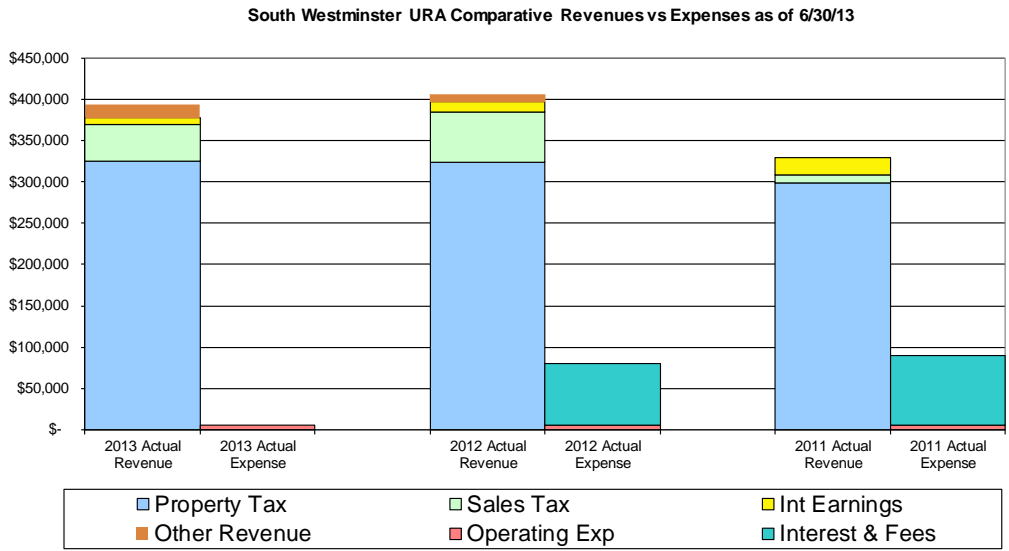
South Sheridan URA Comparative Revenues vs Expenses as of 6/30/13



Description	2013	2012	Change
Property tax increment	\$ 279,008	\$ 271,705	\$ 7,303
Sales tax increment	183,578	477,820	(294,242)
Interest Earnings	2,771	4,826	(2,055)
Operating Exp	88,343	549,578	(461,235)
Interest and Fees	101,005	205,565	(104,560)

- 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 substantially in 2013 from 2012 consistent with the reduced increment sent to the Trust in 2013
- Operating expenses decreased primarily due to the completion of an EDA, somewhat offset by an increase in the collection fee paid to the county treasurer, consistent with the increase in property tax increment revenues.
- As a result of refinancing the debt, debt service expenditures decreased substantially in 2013 from 2012. In September 2012, the interest rate on the loan was reset, which caused a decrease in the interest paid for that year. Additionally, the new debt service schedule provides for substantially lower interest over the life of the loan that is noticeable in 2013, the first full year under the new debt service schedule.

South Westminster URA



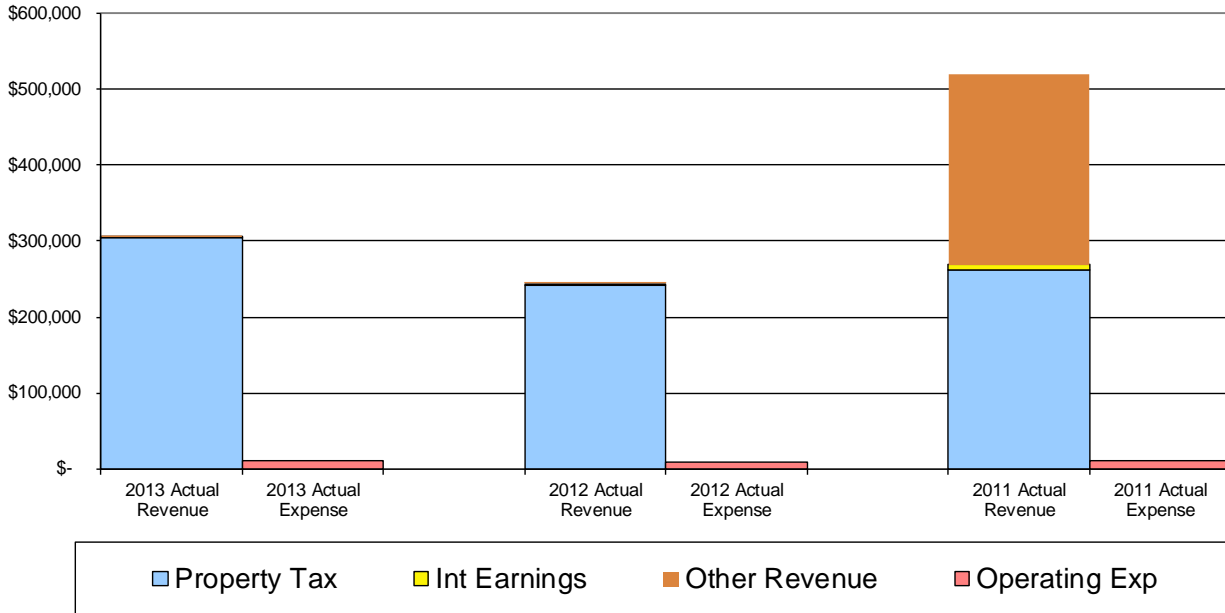
Description	2013	2012	Change
Property tax increment	\$ 326,179	\$ 323,775	\$ 2,404
Sales tax increment	43,441	61,045	(17,604)
Interest Earnings	8,529	12,367	(3,838)
Other Revenue	16,331	10,005	6,326
Operating Exp	4,893	4,857	36
Interest and Fees	-	74,765	(74,765)

- Incremental assessed valuation increased in 2013 from 2012 resulting in

- slightly higher property tax increment collections in 2013 from 2012.
- 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 as of the 2nd quarter of 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.

Westminster Center East URA

Westminster Center East URA Comparative Revenues vs Expenses as of 6/30/13

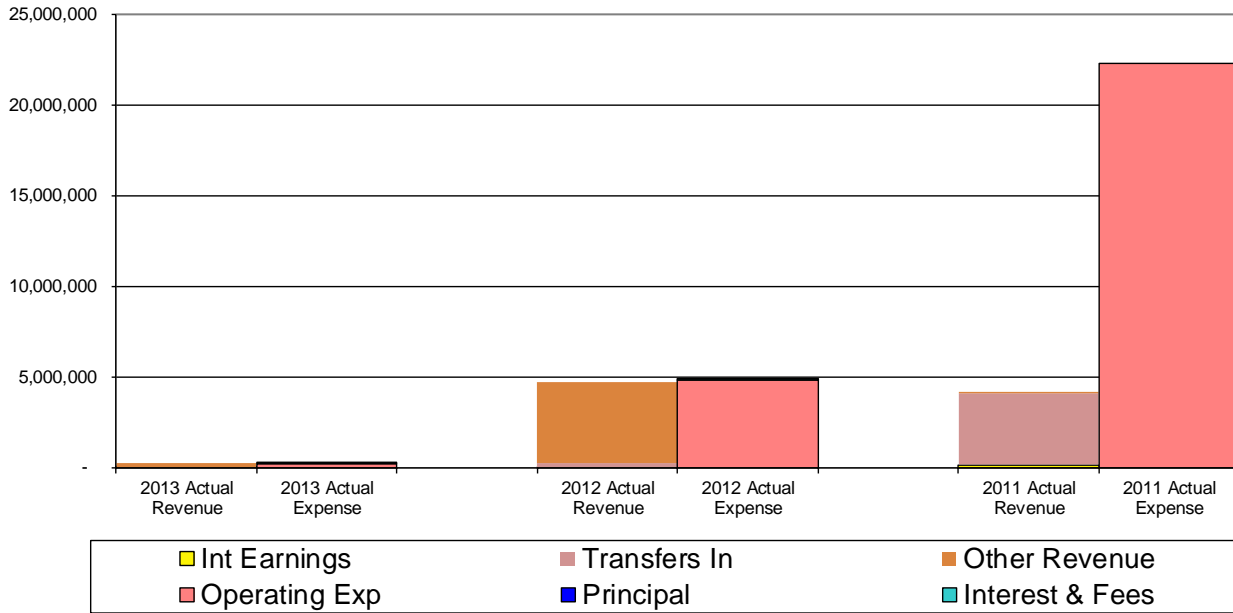


Description	2013	2012	Change
Property tax increment	\$ 304,080	\$ 242,010	\$ 62,070
Interest Earnings	1,493	1,832	(339)
Other Revenue	156	129	27
Operating Exp	9,742	7,921	1,821

- Incremental assessed valuation increased in 2013 from 2012, resulting in an increase in property tax increment in 2013 from 2012.
- No sales tax increment was realized in the first quarter of 2013 or 2012, since the base sales tax amount for this URA has not been met.
- 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.
- 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 6/30/13



Description	2013	2012	Change
Interest Earnings	\$ 14,945	\$ 20,725	\$ (5,780)
Transfers in	-	250,000	(250,000)
Other Revenue	205,400	4,472,087	(4,266,687)
Operating Exp	242,490	4,843,172	(4,600,682)

On April 13, 2009, City Council approved Resolution 12, Series 2009, which established the Westminster Center Urban Reinvestment Project Area (WURP) and the Reinvestment Plan. Tax increment financing approval was not requested at that time.

- Interest earnings decreased in 2013 from 2012 due to spend down of project cash.
- Transfers-in decreased in 2013 from 2012 as a transfer from the City was not budgeted for 2013.
- 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. It is important to note that land purchase expenses reclassified as inventory – land held for resale - for financial reporting purposes are not reflected in the chart above. Land held for resale additions were \$4,200,000 in 2012 and \$21,800,000 in 2011.
- This URA has no financed debt obligations.

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 Unaudited and Unadjusted Financial Statements for period ending 6/30/13
- WEDA Obligations at 6/30/13

**Westminster Economic Development Authority
Obligations at 6/30/13**

	URA	Outstanding Balance as of 1/1/13	2013		Outstanding Balance as of 6/30/13
			Add	(Delete)	
<i>Debt-Principal only</i>					
2009 WEDA Bonds	South Westminster	\$ 3,340,000	\$ -	\$ -	\$ 3,340,000
2012 WEDA Loan	N Huron	59,000,000	-	-	59,000,000
2012 WEDA Bonds	Mandalay	27,750,000	-	-	27,750,000
2012 WEDA Loan	South Sheridan	7,130,000	-	-	7,130,000
2012 WEDA Loan	WURP	4,200,000	-	-	4,200,000
Total Debt		<u>\$ 101,420,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,420,000</u>

Interfund loans

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	-	-	1,625,000
Total Interfund loans		<u>\$ 2,870,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,870,000</u>

	URA	Maximum Payable per EDA	2013	Outstanding
			Expense	liability as of 6/30/13
<i>Economic Development Agreement (EDA)</i>				
Shoenberg Ventures assigned to Wal-Mart	South Sheridan	\$ 84,158	\$ (84,158)	\$ -
Total EDA		<u>\$ 84,158</u>	<u>\$ (84,158)</u>	<u>\$ -</u>

Westminster Economic Development Authority
Unaudited and Unadjusted Financial Statements
For the period ending June 30, 2013

	Holly Park	Mandalay Gardens	North Huron	South Sheridan	South Westminister	Westminister Center East	Westminister Center Urban Reinvestment Area	Total
Revenues								
<i>Property Tax</i>	\$ 2,815	\$ 1,645,275	\$ 4,149,294	\$ 279,008	\$ 326,179	\$ 304,080	\$ -	\$ 6,706,651
<i>Sales Tax</i>	-	-	-	183,578	43,441	-	-	227,019
<i>Interest</i>	265	1,493	15,020	2,771	8,529	1,493	14,945	44,516
<i>Miscellaneous</i>	-	-	-	-	16,331	156	205,400	221,887
Total Revenues	3,080	1,646,768	4,164,314	465,357	394,480	305,729	220,345	7,200,073
Expenses								
<i>Operating</i>	42	24,679	217,952	88,343	4,893	9,742	-	345,651
<i>Capital Project -proj exp</i>	114	-	75,669	-	-	-	242,490	318,273
<i>Principal</i>	-	-	-	-	-	-	-	-
<i>Interest & Fees</i>	-	471,238	1,035,709	101,005	-	-	62,851	1,670,803
<i>Transfers Out</i>	-	-	-	-	-	-	3,409	3,409
Total Expenses	156	495,917	1,329,330	189,348	4,893	9,742	308,750	2,338,136
<i>Revenues Over(under) Exp</i>	2,924	1,150,851	2,834,984	276,009	389,587	295,987	(88,405)	4,861,937
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**	\$ (333,556)	\$ 5,867,391	\$ 18,859,225	\$ 2,283,857	\$ 549,661	\$ 536,040	\$ 32,584,431	\$ 60,347,049
**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	-	5,838,339	11,107,451	1,940,098	549,661	-	94,156	19,529,705
Restricted: Capital Improvements	-	-	7,740,458	-	-	-	-	7,740,458
Committed: Urban Renewal	20,516	-	-	-	-	-	2,979,031	2,999,547
Assigned: Urban Renewal	-	29,052	11,316	343,759	-	536,040	260,721	1,180,888
Unassigned	(1,204,072)	-	-	-	-	-	-	(1,204,072)
Total Fund Balance	\$ (333,556)	\$ 5,867,391	\$ 18,859,225	\$ 2,283,857	\$ 549,661	\$ 536,040	\$ 32,584,431	\$ 60,347,049