



WESTMINSTER

Westminster Economic Development Authority

TO: The Westminster Economic Development Authority Board Members

DATE: November 14, 2012

SUBJECT: WEDA Agenda for November 19, 2012

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.

EXECUTIVE SESSION

1. Discussion of strategy and progress on negotiations related to the Westminster Urban Center Redevelopment and the possible sale, acquisition, trade or exchange of property interests, and provide instructions to the Authority's negotiators as authorized by CRS 24-6-402 (4)(a) and 24-6-402(4)(e) – (*Verbal*)

INFORMATION ONLY

1. Westminster Economic Development Authority 3rd Quarter 2012 Financial Update

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

Respectfully submitted,

J. Brent McFall
Executive Director



WESTMINSTER

Staff Report

WEDA Information Only Staff Report
November 19, 2012



SUBJECT: Westminster Economic Development Authority 3rd Quarter 2012 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 September 30, 2012.

Background Information

WEDA currently includes seven separate URA's. This report presents the financial activity as of September 30, 2012. 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 September 30; and
- A chart with at-a-glance looks at the changes in revenues and expenses for comparable reporting periods from 2011 to 2012.
- The graphs and charts referenced above do not include the sources and uses related to the debt refinancings.

Additionally, attached are:

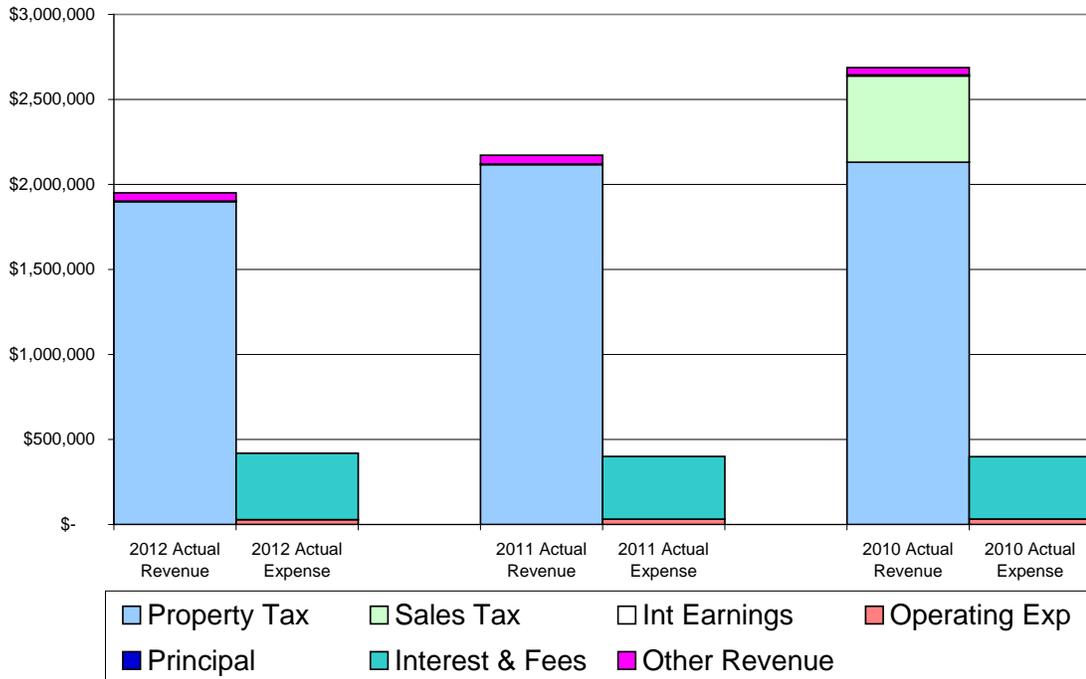
- A chart summarizing the unaudited financial position as of September 30, 2012 including the sources and uses of funds related to the debt refinancings; and
- A list of all current outstanding obligations of the URAs.

Holly Park URA

- 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 the interfund loans will be repaid when the property is sold.
- Interest earnings, the only revenue recorded in this URA to-date, decreased by \$254 in 2012 from 2011.
- Due to minimal operating activity in the URA, no comparison table is included.

Mandalay Gardens URA (Shops at Walnut Creek)

Mandalay Gardens URA Comparative Revenues vs Expenses as of 9/30/12

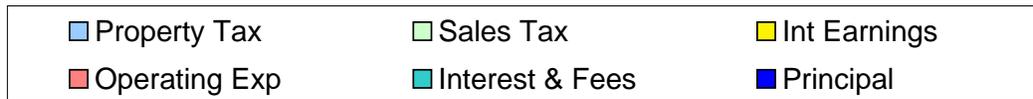
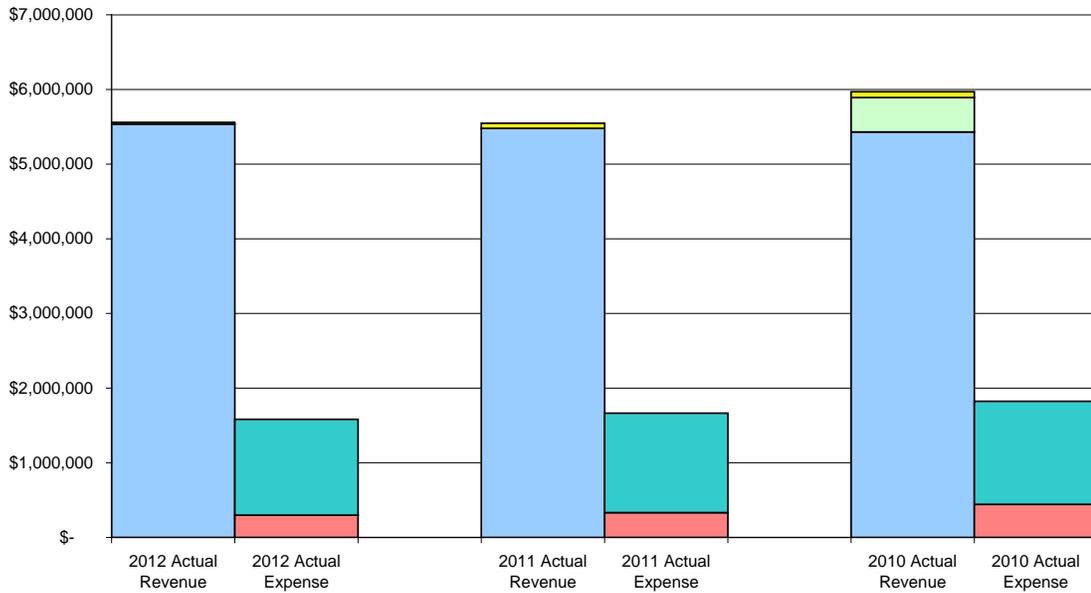


Description	2012	2011	Change
Property tax increment	\$ 1,898,968	\$ 2,116,754	\$ (217,786)
Interest Earnings	2,718	3,190	(472)
Other Revenue	49,000	52,000	(3,000)
Operating Exp	28,485	31,751	(3,266)
Interest and Fees	390,525	368,132	22,393

- Incremental assessed valuation decreased in 2012 from 2011 resulting in lower property tax increment collections in 2012 from 2011.
- The sales tax pledge was 3% from October 2009 through February 2010. From March 2010 through current, the pledge decreased to 0%, as funds already on deposit with US Bank Trust along with anticipated property tax increment were sufficient to meet debt service requirements. Therefore, all sales tax revenue received from this URA was retained by the City.
- Due to the low interest rate earnings environment on funds at the Trust, the interest earnings on the funds invested at the US Bank Trust are low relative to historic performance.
- Other revenue is slightly lower in 2012 from 2011 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.
- In August, 2012, the Mandalay Gardens variable rate bonds were refinanced to fixed rate bonds securing a true interest cost of 2.98%. Based on the new finance structure, estimated debt service expenditures for 2012 are expected to be slightly higher than in 2011. However, as a result of the refinancing the URA will still realize significant savings over the remaining life of the bonds as well as benefit from an established debt service schedule through maturity in 2028.
- Year-to-date operating expenses decreased slightly in 2012 from 2011 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 9/30/12



Description	2012	2011	Change
Property tax increment	\$ 5,534,221	\$ 5,478,868	\$ 55,353
Interest Earnings	24,371	68,276	(43,905)
Operating Exp	299,160	332,704	(33,544)
Interest and Fees	1,282,454	1,332,320	(49,866)

- Incremental assessed valuation increased in 2012 from 2011 resulting in higher property tax increment in 2012 from 2011.
- The sales tax pledge was 1% from June 2009 through February 2010. From March 2010 through current, the pledge decreased to 0%, as funds already on deposit with Compass Bank along with anticipated property tax increment were sufficient to meet debt service requirements. Therefore, all sales tax revenue received from this URA was retained by the City.
- Interest earnings decreased in 2012 from 2011 as a result of an error in the rate of interest paid by the Trust in 2011. The correction reduced the amount of interest paid by the Trust in 2012.
- Total operating expenses decreased in 2012 from 2011 due to the completion of an economic development agreement (EDA) in 2011, lower intergovernmental cooperation agreement (ICA) payments in 2012, somewhat offset by an increase in the collection fee paid to the county treasurer, consistent with the increase in property tax increment revenues.
- In August, 2012 the North Huron loan was refinanced to a fixed rate loan and the associated swap agreement was terminated. Proposed debt service expenditures under the new debt schedule will be slightly lower in 2012 from 2011 due to decreased principal and interest payments. As a result of the refinancing, 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 9/30/12

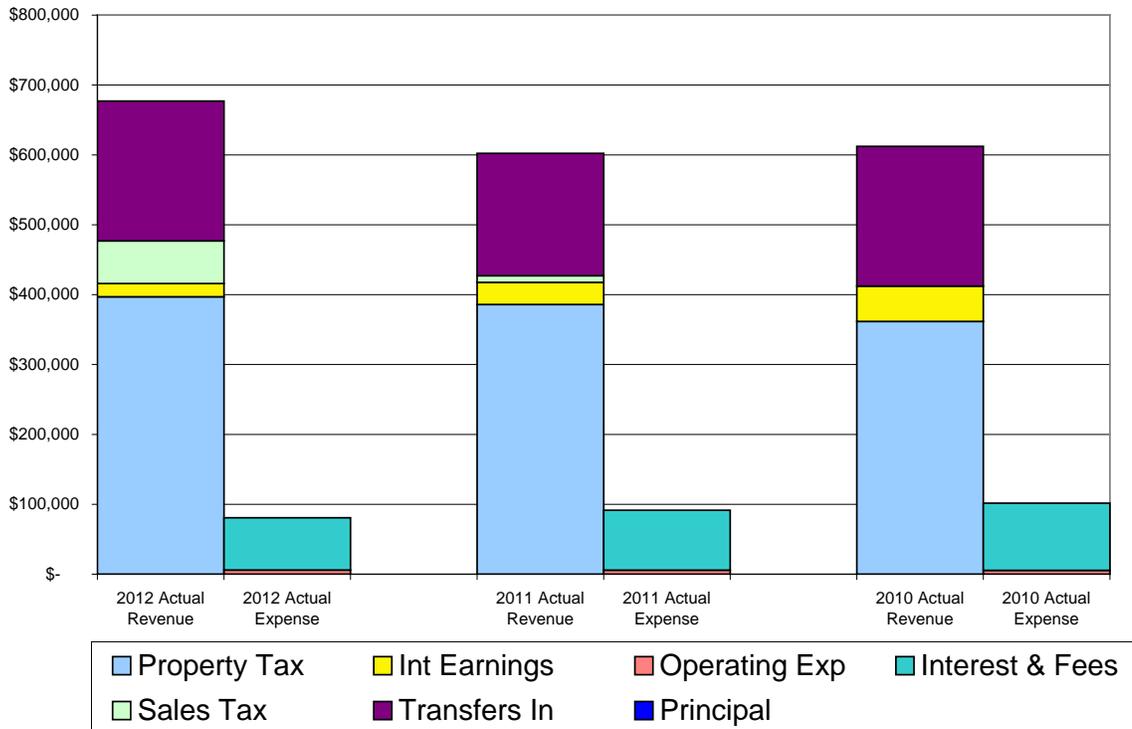


Description	2012	2011	Change
Property tax increment	\$ 404,617	\$ 401,178	\$ 3,439
Sales tax increment	747,589	1,172,726	(425,137)
Interest Earnings	6,661	7,800	(1,139)
Operating Exp	845,516	831,532	13,984
Interest and Fees	189,642	192,612	(2,970)

- Assessed valuation decreased in 2012 from 2011. However, actual property tax collections fluctuate from month to month. Therefore, property tax increment collections increased slightly in the 3rd quarter of 2012 from the 3rd quarter of 2011.
- The sales tax pledge was 3% in January and February 2011. From March 2011 through February 2012, the pledge decreased to 2.3% resulting in a decrease in sales tax increment. Beginning when the sales tax base was met in May 2012, the pledge decreased to 1.2% and the City retained 1.8% of the sales tax collections, thereby further reducing the sales tax increment in the URA.
- Interest earnings remained consistent in 2012 from 2011.
- Operating expenses increased due to increased (EDA) expenses.
- In September 2012, the South Sheridan loan was refinanced with a variable rate structure due to the expiration of the then existing loan agreement. Currently, the interest rate on the new loan is fixed at 2.8% until September 2017. At that time, Staff will reevaluate resetting the rate. As a result, financing is secured through the original term in 2028. Under the new debt service schedule, proposed debt service expenditures are anticipated to decrease slightly in 2012 from 2011.

South Westminster URA

South Westminster URA Comparative Revenues vs Expenses as of 9/30/12

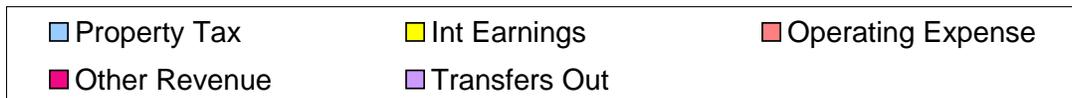
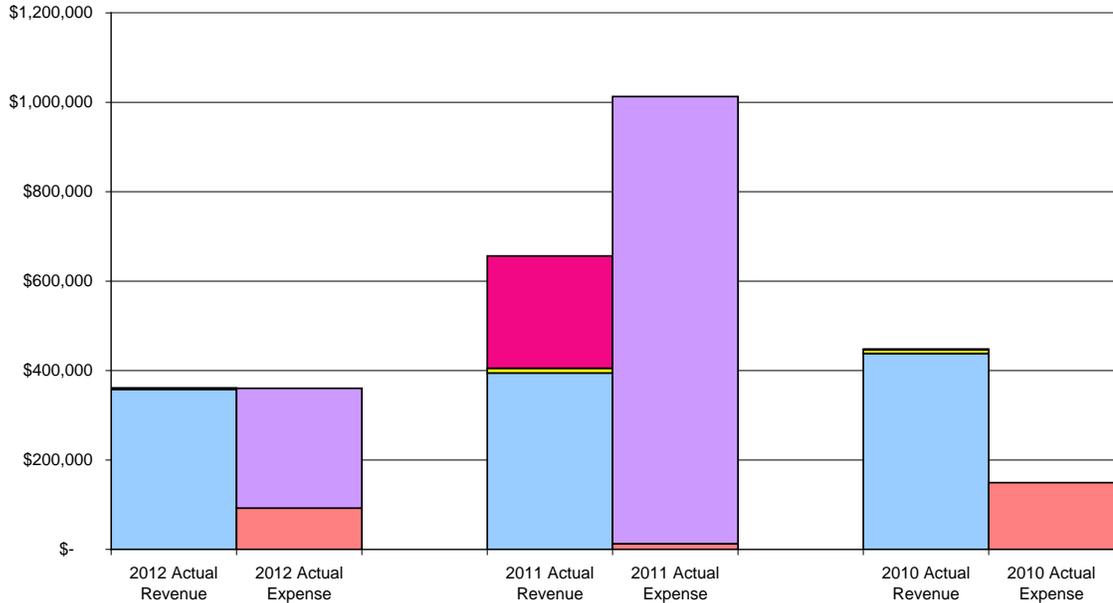


Description	2012	2011	Change
Property tax increment	\$ 396,945	\$ 385,976	\$ 10,969
Sales tax increment	61,045	9,579	51,466
Interest Earnings	19,004	31,604	(12,600)
Transfers in	200,000	175,000	25,000
Operating Exp	5,954	5,790	164
Interest and Fees	74,765	85,690	(10,925)

- Incremental assessed valuation increased in 2012 from 2011. Therefore, property tax increment increased slightly in 2012 from 2011.
- Sales tax increment increased in 2012 from 2011 due to increased sales at some of the larger businesses within Phase I of the URA.
- Interest earnings decreased in 2012 from 2011 as a result of a lower cash balance in the URA.
- The collection fee paid to the county treasurer increased in 2012 from 2011, consistent with the slight increase in property tax increment revenues.
- Transfers in increased slightly in 2012 from 2011 due to additional funds available in 2012 from General Fund carryover to assist this URA in fulfilling its obligations in 2012.
- Year-to-date debt service expenditures were lower in 2012 from 2011 consistent with a lower scheduled interest payment reflective of a reduced principal balance.

Westminster Center East URA

Westminster Center East URA Comparative Revenues vs Expenses as of 9/30/12

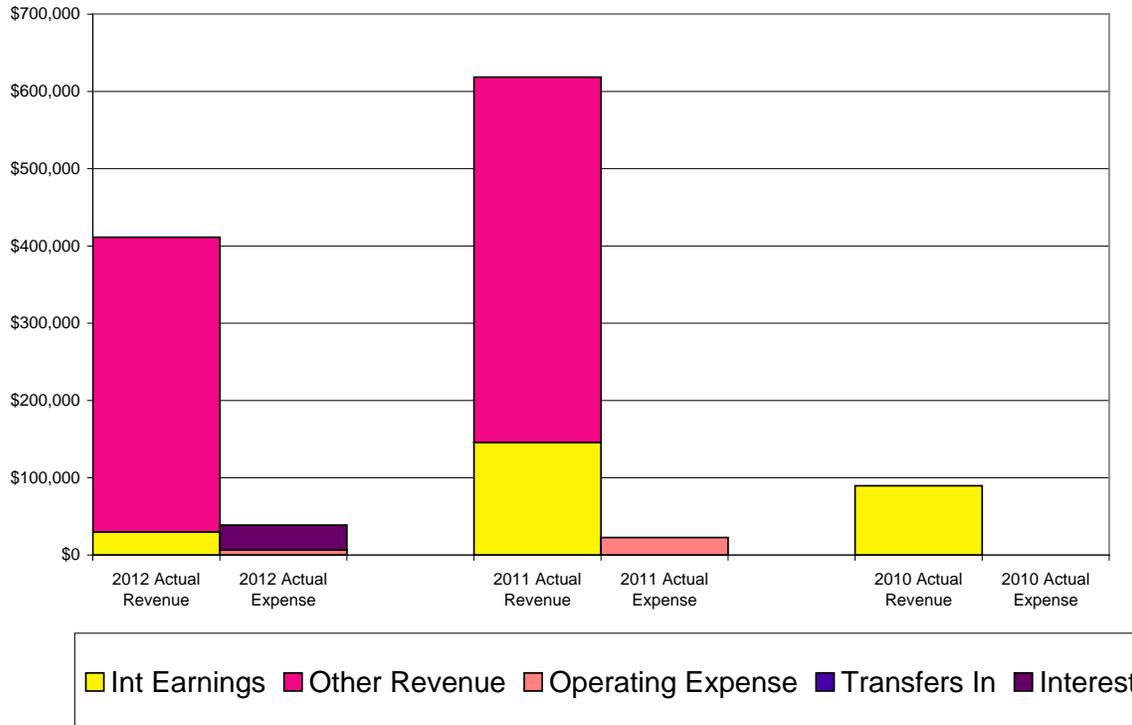


Description	2012	2011	Change
Property tax increment	\$ 358,126	\$ 394,564	\$ (36,438)
Interest Earnings	3,067	10,550	(7,483)
Other Revenue	150	251,191	(251,041)
Operating Exp	92,345	12,856	79,489
Transfers out	268,000	1,000,000	(732,000)

- Incremental assessed valuation decreased in 2012 from 2011, resulting in a decrease in property tax increment in 2012 from 2011.
- No sales tax increment was realized in the third quarter of 2012 or 2011, since the base sales tax amount for this URA has not been met. Property tax increment was sufficient to meet the URA's third quarter obligations.
- Interest earnings decreased in 2012 from 2011 due to the lower cash balance in the URA.
- Other revenue decreased substantially in 2012 from 2011. This decrease resulted from the return of funds in 2011 that were previously rebated under an EDA because the business ceased operations in the City prior to the required length of time stipulated in the EDA.
- Operating expenses decreased in 2012 from 2011 due to the timing of an ICA payment and the reduction of collection fees paid to the county treasurer, consistent with the decrease in property tax increment revenues. Total operating expenses for 2012 are anticipated to be consistent with 2011 expenses.
- Transfers out decreased due to reduced scheduled payments in accordance with an ICA with the City.
- This URA has no bonded debt obligations.

Westminster Center Urban Reinvestment Project Area

Westminster Center Urban Reinvestment Plan Area Comparative Revenues vs Expenses as of 9/30/12



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.

- While the above chart reflects only operating activity in this URA, it is important to note that City participation funds of \$31,312,408 have been transferred to the WURP URA for redevelopment capital project expenditures. Currently, there is \$3,169,206 available in the WURP capital project.
- This URA has received revenue and other financing sources consisting of interest earnings, rent from tenants, additional participation funds from the City and a loan for property acquisitions made during the year. A portion of these revenues was appropriated to the redevelopment project during the first quarter of 2012.

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 9/30/12
- WEDA Obligations at 9/30/12

**Westminster Economic Development Authority
Obligations at 9/30/12**

	URA	Outstanding Balance as of 09/30/12	Estimated 2012 Expense
<i>Debt-Principal only</i>			
2009 WEDA Bonds	South Westminster	\$ 3,935,000	\$ 595,000
2012 WEDA Loan	N Huron	59,000,000	-
2012 WEDA Bonds	Mandalay	28,900,000	1,150,000
2012 WEDA Loan	South Sheridan	7,420,000	290,000
Total Debt		<u>\$ 99,255,000</u>	<u>\$ 2,035,000</u>

<i>Interfund loans</i>			
Gen Capital Improv Fund	Holly Park	\$ 1,125,000	\$ -
General Fund	Holly Park	120,000	-
Utility Fund	South Westminster	1,825,000	-
Total Interfund loans		<u>\$ 3,070,000</u>	<u>\$ -</u>

	URA	Maximum Payable per EDA	Estimated 2012 Expense
<i>Economic Development Agreement (EDA)</i>			
Shoenberg Ventures assigned to Wal-Mart	South Sheridan	1,210,217	1,133,000
Total EDA		<u>\$ 1,210,217</u>	<u>\$ 1,133,000</u>

Westminster Economic Development Authority
Unaudited and Unadjusted Financial Statements
For the period ending September 30, 2012

	Holly Park	Mandalay Gardens	North Huron	South Sheridan	South Westminister	Westminister Center East	Westminister Center Urban Reinvestment Area	Total
Revenues								
<i>Property Tax</i>	\$ -	\$ 1,898,968	\$ 5,534,221	\$ 404,617	\$ 396,945	\$ 358,126	\$ -	\$ 8,592,877
<i>Sales Tax</i>	-	-	-	747,589	61,045	-	-	808,634
<i>Interest</i>	496	2,718	24,371	6,661	19,004	3,067	30,097	86,414
<i>Miscellaneous</i>	-	-	-	-	11,321	150	381,191	392,662
<i>Intergovernmental</i>	-	49,000	-	-	-	-	-	49,000
<i>Other Financing Source*</i>	-	30,589,169	59,000,000	7,420,000	-	-	4,200,000	101,209,169
<i>Transfers In</i>	-	-	-	-	200,000	-	250,000	450,000
Total Revenues	496	32,539,855	64,558,592	8,578,867	688,315	361,343	4,861,288	111,588,756
Expenses								
<i>Operating</i>	-	28,485	299,160	845,516	5,954	92,345	6,598	1,278,058
<i>Capital Project -proj exp</i>	2,079	-	40,084	3,063	-	-	5,156,342	5,201,568
<i>Principal</i>	-	-	-	-	-	-	-	-
<i>Interest & Fees</i>	-	390,525	1,282,454	189,642	74,765	-	32,116	1,969,502
<i>Other Financing Uses*</i>	-	33,735,337	61,129,557	7,561,605	-	-	-	102,426,499
<i>Transfers Out</i>	-	-	-	-	-	268,000	-	268,000
Total Expenses	2,079	34,154,347	62,751,255	8,599,826	80,719	360,345	5,195,056	111,143,627
<i>Revenues Over(under) Exp</i>	(1,583)	(1,614,492)	1,807,337	(20,959)	607,596	998	(333,768)	445,129
Beginning Fund Balance	(333,208)	7,756,747	14,778,978	2,388,175	221,337	240,982	28,993,610	54,046,621
Ending Fund Balance**	\$ (334,791)	\$ 6,142,255	\$ 16,586,315	\$ 2,367,216	\$ 828,933	\$ 241,980	\$ 28,659,842	\$ 54,491,750

*Other Financing Sources and Other Financing Uses represent all amounts necessary to complete refinancing the previous debt including interest, fees, paydown of principal and payment to the refunding agent to payoff the previous outstanding debt. These amounts are not reflected in the operating tables throughout the Staff Report.

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

Restricted: Debt Service	\$ -	\$ 6,112,280	\$ 8,723,777	\$ 2,254,959	\$ 828,933	\$ -	\$ 219,978	\$ 18,139,927
Restricted: Capital Improvements	-	-	7,853,849	63,788	-	-	-	7,917,637
Committed: Urban Renewal	22,443	-	-	-	-	-	2,949,228	2,971,671
Nonspendable: Inventory	850,000	-	-	-	-	-	25,050,523	25,900,523
Total Earmarked Fund Balance	\$ 872,443	\$ 6,112,280	\$ 16,577,626	\$ 2,318,747	\$ 828,933	\$ -	\$ 28,219,729	\$ 54,929,758