



Board Summary Report

File #: 21-729

Agenda Date: 10/26/2021

Agenda #:

To: Board of County Commissioners

Through: N/A

Prepared By:

Todd Weaver, Finance Director & John Christofferson, Deputy County Attorney

Presenter: Todd Weaver, Finance Director

Subject:

Refinancing Lease Purchase Agreement - Lima Plaza

Purpose and Request:

The purpose of the public hearing is to adopt a resolution to refinance the Lease Purchase Agreement for the Lima Plaza complex and authorizing officials and staff of Arapahoe County to take all action necessary to carry out the transactions contemplated hereby.

Background and Discussion: In February of 2011, the Board of County Commissioners adopted Resolution No. 110097 to approve financing to acquire property at Lima Plaza and to remodel and/or complete interior finish for several buildings through a Lease Purchase Agreement and associated documents.

County staff has been working with the County's financial advisors, Hilltop Securities Inc. in relation to this refinancing proposal as well as bond counsel at Butler Snow LLP. The County has an opportunity to reduce the interest rate on this outstanding obligation and lower the annual lease payment made by the County as well as reducing the number of buildings encumbered. Staff presented information on the refunding proposal at a July 26, 2021 study session where the Board approved staff to move forward with these preparations.

County staff is working with the financial advisors and bond counsel to prepare the various documents associated with this refinancing transaction. The refinancing of the Lease Purchase Agreement was through a competitive bid process in order to get the lowest interest rate. It is necessary to have all of the documentation

prepared, in order for the transaction to proceed. The intended closing date for the refinancing is December 1, 2021.

Fiscal Impact: The proposal to refinance the Lease Purchase Agreement is an effort to lower the interest rate from 4.54% to 1.1545% and realize savings as well as unencumber some of the buildings at the Lima Plaza complex. At this time, it is estimated that the refinancing could reduce ongoing lease payments by an average of approximately \$75,000 per year.

Alternatives: The County cannot move forward with the refinancing unless such a resolution is adopted by the Board. If this resolution is not adopted, then there would be no changes and the existing lease obligation and the payments will be paid in accordance with their terms at the interest rate established at the time of the original Lease Purchase Agreement in 2011.

Alignment with Strategic Plan:

- Be fiscally sustainable
- Provide essential and mandated service
- Be community focused

Staff Recommendation: Staff would recommend approving this resolution to refinance the lease and lower annual payments.

Concurrence: N/A

Suggestion Motion(s): Recommended motion is attached.

Resolution: Recommended draft resolution is attached.