

City of Littleton

CERTIFICATES OF PARTICIPATION

May 19, 2026

Laurie Matta, Finance Director

DESCRIPTION

An Ordinance of the Council of the City of Littleton

Authorizing the Leasing of Certain City Property and the Execution and Delivery by the City of a Site Lease, a Lease Agreement, and Other Documents and Matters — to finance the acquisition, construction, installation, equipping, and improvement of Main Street in the downtown area of the City and other capital improvements (the "Project"). Primary use of proceeds is the Main Street project; any remaining proceeds may be applied to the Belleview Service Center project — previously approved by Council for COP financing.

FIRST READING

May 5, 2026



As part of consent agenda

SECOND READING — TONIGHT

May 19, 2026

Final adoption following public hearing

SUMMARY

IMPLEMENTING COUNCIL DIRECTION FROM APRIL 28, 2026

The project is design-ready: the City is prepared to award the cost estimator contract, review the construction agreement, and proceed upon close.

FINANCING TEAM

BOND COUNSEL

Butler Snow LLP

MUNICIPAL ADVISOR

UMB Financial Services

SENIOR UNDERWRITER

Piper Sandler & Co.

FINANCE DIRECTOR

City of Littleton

CITY ATTORNEY

City of Littleton

COPs are tax-exempt securities that allow investors to participate in lease payments without creating a general obligation debt of the City. The structure is common for construction of government facilities, using existing City property as collateral, with lease payments subject to annual appropriation.

The Authorizing Ordinance is a **parameters ordinance**. It approves the form of the financing documents and sets maximum (not-to-exceed) terms within which staff is authorized to execute. Actual pricing terms will be inside those caps and are expected to come in below the maximums.

KEY POINTS

AGGREGATE PRINCIPAL

\$30M

Maximum aggregate principal amount of Base Rentals.

ANNUAL MAXIMUM

\$2.6M

Maximum annual repayment amount of Base Rentals.

LIFETIME MAXIMUM

\$65M

Maximum total repayment amount over the life of the financing.

Repayment

Base Rentals payable from the City's legally available revenues, subject to annual appropriation. Source of repayment is intended to be the Capital & Improvement Sales Tax.

Collateral

Five expected City-owned properties are (Bemis Library, Municipal Courthouse, Police/Municipal Admin., Littleton Historical Museum). Aggregate value approx. \$30.2M. Substitution permitted with comparable value.

Term, prepayment & rate cap

Documents authorize a term ending no later than 12/31/2056 (Site Lease 12/31/2066). Optional prepayment without penalty no later than 12/1/2036. Maximum net effective interest rate 5.25%. **Note: Plan is to issue with 20-year term, with term ending (12/31/46).**

Project scope & delegation

Primary use of proceeds is Main Street downtown improvements; any remaining proceeds may be applied to other Council approved projects, including Belleview Service Center. Pricing authority delegated to City Manager or Finance Director for one year from adoption.

DOCUMENTS FOR REVIEW

FIVE DOCUMENTS IN THE FINANCING PACKAGE

Authorizing Ordinance

The action before Council tonight. Sets the not-to-exceed parameters of the financing: Aggregate principal NTE \$32M, max annual Base Rentals NTE \$2.6M, max total repayment NTE \$65M, max net effective interest rate 5.25%, Lease term NLT 12/31/2056 (Site Lease NLT 12/31/2066), optional prepayment without penalty NLT 12/1/2036, and approves the forms of the documents below.

Continuing Disclosure Certificate

Commits the City to ongoing annual financial and operating disclosure and material event notices filed with the MSRB, satisfying SEC Rule 15c2-12(b)(5). Administered by the Finance Director.

Indenture of Trust

Between U.S. Bank Trust Company, N.A. (as Trustee) and the certificate holders. Establishes the Trustee for this COP issuance and defines the Trustee's duties in holding funds in trust and making principal and interest payments to certificate holders.

Lease Purchase Agreement

Between the Trustee (lessor) and the City (lessee). The Trustee leases the property back to the City; the City pays Base Rentals subject to annual appropriation and retains continuous use of the property.

Site Lease Agreement

Between the City (lessor) and the Trustee (lessee). Defines what the funds can be used for: primarily the Main Street project downtown, with any remaining funds available for Council approved projects. Provides maximum flexibility in selecting the Main Street design.

REASONS TO APPROVE

- ✓ **Immediate project advancement.** Following adoption, staff will award contracts, develop design options, select a design concept, and proceed to construction.
- ✓ **Preserves GO bond capacity.** Retains the City's Charter General Obligation bond capacity for future voter-approved projects.
- ✓ **Prepayment flexibility.** Allows the City to prepay the COP without penalty on or before December 1, 2036, should revenues exceed projections.
- ✓ **Substitution rights.** Permits substitution of leased property in the future provided substitute property is of comparable value, preserving flexibility for future financings.
- ✓ **No TABOR election required.** Not "debt" under Colorado constitutional or statutory debt limits because payments are subject to annual appropriation.

DISADVANTAGES

CONSIDERATIONS AND OBLIGATIONS

- **Annual rental commitment and risk of non-payment.** The City agrees to make annual rental payments for the term of the Lease, subject to annual appropriation, in order to continue using the City property pledged as collateral.

- **Ongoing disclosure obligations.** Commits the City to annual continuing disclosure requirements under SEC Rule 15c2-12 — audited financials, operating data, and material event notices filed with the MSRB.

- **Borrowing cost.** The City pays interest over the life of the financing in addition to the principal financed.

FINANCIAL IMPLICATIONS

MAXIMUM ANNUAL APPROPRIATION

\$2,600,000

REPAYMENT SOURCE

Legally Available Funds

Subject to annual appropriation; source of repayment is expected to the Capital & Improvement Sales Tax revenues.

ANTICIPATED PRICING DATE

July 7, 2026

Negotiated sale; Piper Sandler & Co. as Sole Managing Underwriter.

TARGET CLOSING DATE

July 21, 2026

Project funds available upon close; first fiscal year of debt service is FY 2027.

Actual annual debt service is expected to come in below the \$2.6M cap based on the final par amount and market rates at pricing.

RECOMMENDED MOTION

MOTION

“ I move to adopt on second reading Ordinance No. 13-2026, an Ordinance of the Council of the City of Littleton Authorizing the Leasing of Certain City Property and the Execution and Delivery by the City of a Site Lease, a Lease Agreement, and Other Documents and Matters. ”

STAFF RECOMMENDATION

Adoption of the Authorizing Ordinance on second reading. Without this approval, the City will not be in a position to fund the Main Street Capital Improvement Project on the current schedule.