

Consideration of Purchase of the BCH Site



JULY 14, 2015

What is Being Proposed



Request for Council consideration of a motion approving an agreement in principle for the city to purchase the Boulder Community Health Broadway campus for \$40 Million and authorizing the City Manager to enter into negotiations for a purchase and sales agreement.

Full recommended motion can be found in the agenda memo.

Balsam Ave

1100 Balsam Avenue
Main hospital facility,
295,000 sq ft
404 surface parking spots

Broadway

Alpine Ave

1155 Alpine Avenue
Medical pavillion
64,000 sq ft

1136 Alpine Avenue
Brenton Building
21,0532 sq ft

1135 North St
5,345 sq ft
1125 North St
5,345 sq ft

2655 Broadway
Offices/Parking Garage
407 parking spaces

9th Street

10th Street

**Boulder Community Health Facility
Available Properties**
Boulder County assessed value of
approximately \$56.3 million



Specific Items to Consider for this Proposed Financing

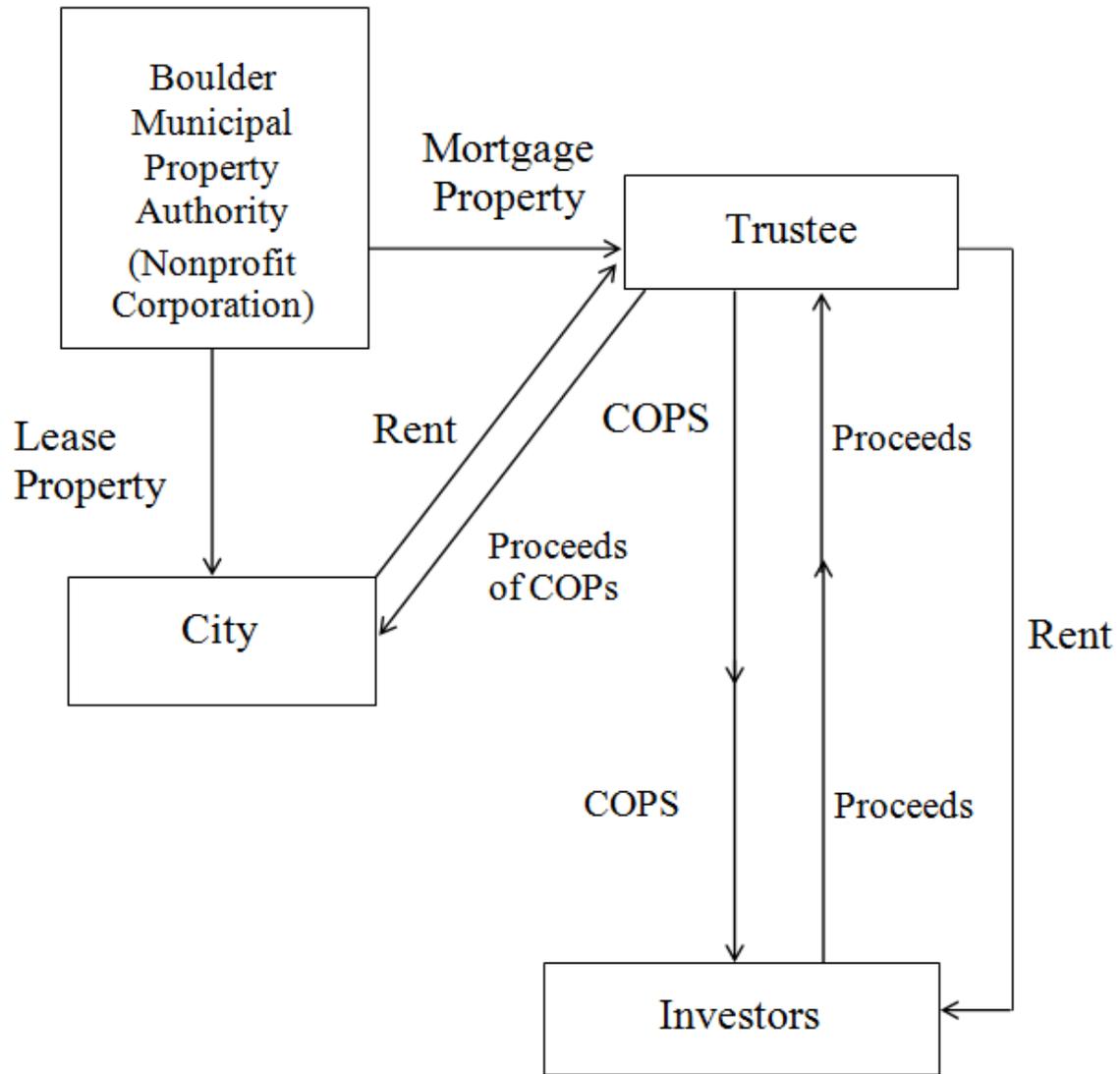


- Very stringent restrictions for who may benefit when tax exempt financing is used to purchase or improve a site
- Flexibility needed in the future to be able to partner with anyone in the public or the private sector
- Number of unknowns and the eventual use of the site and by whom during the length of the COPs makes it difficult to use tax exempt financing
- The compressed timing for when the proceeds will be needed

Proposed Method to Fund the Purchase



- Certificates of Participation: a form of financing used by municipal or government entities which allows an individual to buy a share of the lease revenue of an agreement made by these entities.
- Different than a Bond – Subject to annual appropriations
- Used previously by the COB
 - 1997 Public Safety Building
 - 1998 East Boulder Recreation Center



Staff Recommendation



- Issue COPs by competitive sale
 - Taxable COPs
 - Maximum of 30 years
 - Asset transfer COPs
 - ✦ to have maximum flexibility for land use at the BCH site
- Use a Parameter Bond Finance Ordinance process - Authorized in State law change in 2000
 - allows authorization by council to designate a pricing officer (City Manager) to sell the COPs within the parameter set by council
 - Council sets the:**
 - Type of sale
 - Maximum interest rate
 - Maximum maturity date
 - Maximum amount that can issued (\$40M plus COI)

After the pricing, officer informs council of the actual parameters attained.

Annual Lease Payments



- Taxable sale around \$3M annually - 30 years
 - Options for paying the annual payments will become clearer as the 2016 budget process unfolds.

- Potential sources current and future
 - Anticipated general fund revenue increments
 - Rents received from other users on the site
 - Sale of part of the site or other assets

Proposed Schedule

July 14, 2015	Council approval of agreement in principle
July 15, 2015	BCH Board approval of agreement in principle Deposit of \$3 million earnest money payment
July 27, 2015	BCH and City execute formal Purchase and Sale Agreement
September 1, 2015	Council consideration of ordinance allowing use of Certificates of Participation for purchase of the property
October 1, 2015	Effective date of the ordinance allowing use of COPs
Late October, 2015	Sale of COPs
Late November, 2015	Closing on the COPs
December 3 or 4, 2015	Closing on purchase of BCH property

Conditions



- Council approval by motion presented in this agenda item;
- An acceptable assessment of environmental conditions;
- Satisfactory negotiation of a purchase and sale agreement;
- An acceptable building condition inspection, to be completed within 30 days of acceptance;
- Acceptable title; and
- Agreement by the seller to maintain and insure any buildings during the seller's occupancy.

BCH LAND USE AND ZONING



City-led process concurrent with BVCP update

- Evaluation of land use integral part of BVCP process
- Timing: August through early 2016.
- Process for BCH area would be tailored to include appropriate community engagement process:
 - ✦ **Establish Vision**
 - ✦ **Address Issues-** land use, intensity, character, connectivity, relationship to adjacent areas, etc.
 - ✦ **Guide Redevelopment-** guiding principles, design guidelines, etc.
- BVCP adoption mid-2016
- Implementation follows (rezoning, form-based code, etc.)

Question



Does Council want to proceed with the approval of the agreement in principle to purchase the BCH site?