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Contact: Kristi Pollard, Catalyst Public Affairs
(970) 270-5594
kpollard@catalystpublicaffairs.com

Southshore Metropolitan District Rallies Behind Residents Decision for a New Rec Center: Financing Accomplished Despite Market Volatility Due to COVID-19

Aurora, Colorado –Southshore Metropolitan District announced on Wednesday, March 8th that it has secured \$21.5M in new financing which will allow it to build a state-of-the-art recreation center for its residents.

Despite the odds, in May of 2018, the Southshore Metropolitan District asked its residents to approve new financing to build a second recreation center for its community of what will be over 2,000 single family residences. During the May 2018 election, Southshore Metropolitan District residents voted nearly 4-1 to approve the question and move immediately to secure the financing that would allow them to start construction of the rec center in the spring of 2021 and ultimately save its residents money by reducing the interest rate from 6.97% to 3.6%.

“This was a project that required innovation from the very beginning,” said Brooke Hutchens, Senior Vice President for D.A. Davidson’s Special District Group.” After the development saw 262 closings in 2019 alone, Southshore Metropolitan District was able to obtain an investment grade rating, which led to a decision in January of 2020 to refund all of the district’s debt with a combination of taxable and tax-exempt bonds. “We began marketing the three series of bonds on March 10th, then the world changed due to COVID-19,” said Hutchens.

“COVID-19 created some significant challenges in the municipal market, so we needed to think outside the box and surround ourselves with partners that would also think innovatively around solutions,” said Sam Sharp, Managing Director for Public Finance at D.A. Davidson. The municipal market for taxable bonds, which represented close to half of the total financing for Southshore Metropolitan District, effectively came to a stand-still. Partners like BBVA , Build America Mutual, Butler Snow, Kutak Rock, Sherman & Howard, Piper Sandler, Collins, Cockrel & Cole and Simmons & Wheeler worked together to quickly pivot the taxable portion of the financing from publicly offered municipal bonds to a direct placement of debt with the bank, BBVA Mortgage Corporation which allowed the project to move forward on the same timeline, but also create a significant savings to the residents of the Southshore Metropolitan District.

“D.A. Davidson and the whole financing team did a great job achieving the District’s goals in a tumultuous credit environment,” said Jerry Richmond, District Board Member.

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