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# Debt Management

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## DEBT MANAGEMENT

Debt is defined as a liability that places a future contractual or other obligation against future revenues of the Town. This type of funding is restricted to capital improvements and is not to be used for current or annual operations. The following are summaries of the Town's debt as of the end of 2011.

The Town of Frisco issued Certificates of Participation (COPs) on May 25, 2002 in the principal amount of \$2,500,000 for the purpose of financing improvements to the Frisco Bay Lakefront Park and Marina, other parks and recreation projects and other capital improvements. These COPs were refunded in 2010; see next paragraph.

The Town refunded the 2002 COPs at the par amount of \$1,950,000 and issued new COPs at the par amount of \$2,500,000, for a total of \$4,450,000, on June 11, 2010 for the purpose of financing the Frisco Adventure Park on Town-owned property known as the Peninsula Recreation Area (PRA). The tax-exempt refunded bonds have a true interest cost of 3.44% with final maturity of 12/1/2021. The newly issued bonds are taxable Build America Bonds with a true interest cost of 4.01% (after 35% subsidy) with final maturity of 12/1/2030. Principal and interest payment dates are December 1 of each year.

The Town entered into a five-year lease agreement with Caterpillar Financial Services Corporation in October of 2008 to purchase one Caterpillar loader at a total cost of \$190,335.00, with a 4.75% interest rate. Payments are due in October of each year; final payment is in 2012.

The Town entered into a five-year lease agreement with Tymco, Inc. in March of 2010 to purchase a Tymco 600 Street Sweeper at a total cost of \$149,825.00, with a 3.89% interest rate. Payments are due in May of each year; final payment is in 2014.

The Town entered into a five-year lease agreement with California First National Bank in July of 2010 to purchase two Kenworth Dump Trucks at a total cost of \$216,744.00, with a 3.58% interest rate. Payments are due in July of each; final payment is in 2014.

## Legal Limits

Colorado State Statute limits the total amount of General Obligation debt to three percent (3%) of the jurisdiction's actual property value. The Town of Frisco has only an 9.95% level of debt that is applicable to this margin. The table below illustrates the computation of the Town's legal debt margin:

### Legal Debt Margin

Estimated Actual Value (determined by County Assessor)	\$1,412,770,420
Debt Limit: 3% of Actual Value	42,383,113
Amount of Outstanding Debt Applicable to Debt Limit: (Total Bonded Debt)	<u>4,215,000</u>
Legal Debt Margin	\$38,168,113
Total Net Debt Applicable to Limit as a % of Debt Limit	9.95%

**TOWN OF FRISCO**  
**Lease-Purchase Agreements**

**Certificates of Participation, Series 2010**

**Lease Price: \$4,450,000 (Principal)**

<b>UMB</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Total Due as of 12/31/11:	\$4,215,000.00	\$2,576,696.00	\$6,791,696.00
Total payments due in 2012	165,000.00	203,449.00	368,449.00
Total payments due in 2013	170,000.00	200,149.00	370,149.00
Total payments due in 2014	170,000.00	196,749.00	366,749.00
Total payments due in 2015	175,000.00	192,499.00	367,499.00
Total payments due in 2016	180,000.00	187,249.00	367,249.00
Total payments due in 2017	185,000.00	181,399.00	366,399.00
Total payments due in 2018	195,000.00	174,924.00	369,924.00
Total payments due in 2019	200,000.00	167,611.50	367,611.50
Total payments due in 2020	210,000.00	160,111.50	370,111.50
Total payments due in 2021	215,000.00	151,711.50	366,711.50
Total payments due in 2022	225,000.00	141,311.50	366,311.50
Total Payments 2023-2030	2,125,000.00	619,532.00	2,744,532.00

**Caterpillar Loader 938H purchased October 2008**

**Lease Price: \$190,335.00**

**Life Expectancy: 120 Months**

**Caterpillar Financial Services Corporation**

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Total Due as of 12/31/11:	\$19,128.79	\$907.65	\$20,036.44
Payment Due 10/12	19,128.79	907.65	20,036.44

**Tymco Street Sweeper Model 600 purchased March 2010**

**Lease Price: \$149,825.00**

**Life Expectancy: 120 Months**

**Tymco , Inc.**

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Total Due as of 12/31/11:	\$89,807.79	\$7,075.92	\$96,883.71
Payment Due 5/12	28,801.05	3,493.52	32,294.57
Payment Due 5/13	29,921.41	2,373.16	32,294.57
Payment Due 5/14	31,085.33	1,209.24	32,294.57

**(2) Kenworth Dump Trucks purchased July 2010**

**Lease Price: \$216,744.00**

**Life Expectancy: 120 Months**

**California First National Bank**

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Total Due as of 12/31/11:	\$128,327.39	\$10,269.73	\$138,597.12
Payment Due 2/12	41,129.63	5,069.41	46,199.04
Payment Due 2/13	42,754.40	3,444.64	46,199.04
Payment Due 2/14	44,443.36	1,755.68	46,199.04

**Total Lease Payments**

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Total Due as of 12/31/11	\$4,452,263.97	\$2,594,949.30	\$7,047,213.27
Total Payments Due 2012	254,059.47	212,919.58	466,979.05
Total Payments Due 2013	242,675.81	205,966.80	448,642.61
Total Payments Due 2014	245,528.69	199,713.92	445,242.61
Total Payments Due 2015-2030	3,710,000.00	1,976,349.00	5,686,349.00