

USAFA Visitor Center District Project: Q&A

Where is the project located, and who is the landowner?

The project is located west of and adjacent to I-25 along Northgate Boulevard in Colorado Springs, CO. The property is owned by the US Air Force (USAF). The USAF will be granting a long-term lease over the property to Blue and Silver Development Partners, LLC for the purposes of developing the 58-acre parcel, which includes the US Air Force Academy (USAFA) Visitor Center.

Who is the project developer?

Blue and Silver Development Partners, LLC.
Contact: Dan Schnepf, President
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How will Blue & Silver obtain the right to develop on USAFA property?

Blue & Silver is negotiating a long-term lease agreement (75 years +) with the USAF for the rights to develop the 58-acre parcel. In consideration of the lease, Blue & Silver will construct the USAFA Visitor Center at no cost to the USAF.

What are the proposed land uses?

USAFA Visitor Center, Hotel, Retail, Office, Restaurant and Recreation

What is the anticipated scope of public improvements?

The primary public improvement will be a new USAF Academy Visitor Center. The Visitor Center is proposed to be a 28,000 square foot facility at the north gateway to Colorado Springs. The visitor center will also include a 15,000 square foot outdoor plaza.

Public infrastructure improvements include extensions of water, sanitary sewer, gas and electric service to the property along with roadway improvements to Northgate Boulevard. Utilities for the project originate east of I-25 and will be extended 4,000' +/- to the west to serve the development. Roadway improvements along Northgate Boulevard will include a new intersection, traffic signal and right/left turn auxiliary lanes.

How does the project relate to City for Champions?

The USAFA Visitor Center is one of four City of Champions projects and is partially funded through the Regional Tourism Act.

What is the anticipated schedule for all Project approvals by the City?

Major project schedule milestones:

- Business Improvement District (BID) Formation: November 2018
- Annexation into the City of Colorado Springs: December 2018
- Urban Renewal Authority (URA) District Formation: February 2019
- Public Finance Funding: May 2019
- Construction of Public Infrastructure Improvements: June 2019 to November 2019
- Subarea Development (Hotel, Retail, Office, Restaurant, Recreation): September 2019 to 2025
- Visitor Center Construction: 2022 – 2023

Why is the creation of a BID being requested now?

The BID must be established now in order to have it in place so that it may hold a TABOR election in November of 2018. This requires that the BID be established by September 1, 2018 in order to start the necessary paperwork to hold a tax, spending and debt election as required by TABOR. If these deadlines are not met, the next available election opportunity is November of 2019, thus delaying for a full year the BID's ability to finance the improvements necessary to support the development.

Why is the initial BID request for property located distant from the project?

There was no other immediately available option. The development is not yet within the City limits and thus by law cannot be included in any BID. A member of the development team is a partner in the firm that owns the currently described BID area that is in the City, where a BID can be formed as a temporary location. It will be excluded from within the BID when the 58-acre parcel is annexed to the City and into the BID itself.

Has creation and relocation of a BID ever been done in Colorado? Where?

Though not exactly the same, in Castle Rock Spencer Fane recently oversaw the creation of a BID on a small parcel before all of the intended service areas had been acquired, and before development agreements with the Town had been finalized for the property. Again, this was for the sole purpose of establishing a BID in advance of the November 2016 TABOR election so that there would not be a one-year delay in the BID's ability to

finance infrastructure. The development area was subsequently acquired and included as part of the BID's boundaries, well after the TABOR election was held.

What elements have to be included in the initial BID to allow a November 2018 TABOR election?

The BID's establishment by ordinance including the appointment of the initial board of directors, and an Operating Plan that allows the BID to comply with the ordinance and Colorado law to establish itself and pay for and hold the election. The current Petition and Operating Plan limit the proposed BID's activities to those purposes, and no other, until the proposed annexation of the 58-acre parcel is completed, when another Operating Plan must be submitted for Council review and approval.

Why do maximum BID mills need to be set now in the BID Operating Plan?

The purpose of setting them now is to inform the City Council of the proponent's intentions. The legal reality is that a subsequent Operating Plan will have to be submitted after the AFA property is annexed and the BID's financial requirements become more clear, but it should be emphasized that the receipt of all of the revenues described in the current financial projections is vital for the BID's success. Current estimates also indicate that the City's 10 mill O&M cap, that will generate approximately \$100,000 annually for the near future, is insufficient to meet expected expenditures. But all of these matters will be the subject of further discussions and Council approvals in the annexation process.

Can the BID Operating Plan set a maximum debt authorization and provide justification?

Yes

Will any mills be levied for 2018? 2019?

The BID could certify a 2018 mill levy for collection in 2019 but will not do so as there will be no real or personal property to assess in 2019. It is possible that the BID will certify a mill levy in 2019 for collection in 2020.

Will the project request a Public Improvement Fee (PIF) within the BID? For what use?

We are anticipating a PIF up to 3% to fund infrastructure and provide for an escrow for project demolition at the end of the USAF lease, as required by the EUL process.

Why does the BID Operating Plan anticipate the creation of a Special Improvement District?

By statute, the BID is authorized to create one. The Petition merely states that fact, while the draft Operating Plan states that the BID will not do so without Council's consent. We have removed the statement from the Petition as now submitted.

Will the BID board continue as Council-appointed, or will it be elected in the future?

It is intended that the Board will be elected in the future but in any case there would have been no Board election in 2019 (off-year). So their appointment is necessary at this point in time.

Will the creation of a BID now bind the City to future approvals?

No.

Will the project be annexed to Colorado Springs? Why?

The property will be annexed into the City of Colorado Springs. Annexation provides direct access to CSU water and sanitary sewer service; allows for the formation of a BID; and, allows for the formation of a URA district. Formation of these taxing districts is critical to the overall viability of the project.

Has federal property ever been annexed in Colorado? Where?

Colorado mountain towns have annexed US Forest Service property. There may be other examples.

Will the project request URA designation and tax increment funding? Why?

The project may require URA designation and tax increment financing to complete the public infrastructure and visitor center. We are in the process of completing a public finance model over the next few weeks to establish bonding capacity of the C4C and BID tax revenues. The tax increment financing request could include:

- Sales Tax—up to 2.5% (updated from 7-9-18 council presentation)
- Property Tax—up to 72 mills (updated from 7-9-18 council presentation)
- Lodging Tax—up to 2%

What are the project financial benefits to the City?

As noted in the City's proposal for Regional Tourism Act funding, the USAFA visitor center is one of the four C4C projects that will contribute to increased tourism sales and lodging tax across Colorado Springs. The goal is to restore USAFA visitation from post-2001 levels to 700,000 annual visits and beyond. These visitors will stay longer in the

City, purchasing goods, eating in restaurants, and staying in hotels. This City economic projection was endorsed by the State of Colorado in its state sales tax sharing agreement for the C4C projects.

Over time, the project area itself will also create new sales, property, and lodging taxes within the City. If the tax increment is shared with the project for public facility construction, the project will begin contributing to the City and other units of government after bonds are retired. This long-term revenue opportunity for the City is unique. If this project is not built, the property will remain in USAFA government use and future tax revenues from the site will be zero.