USAFA Visitor's Center BID 2019 Debt Authorization

City Council Work Session
October 7, 2018

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Matt Dalton, Esq. : representing the petitioner

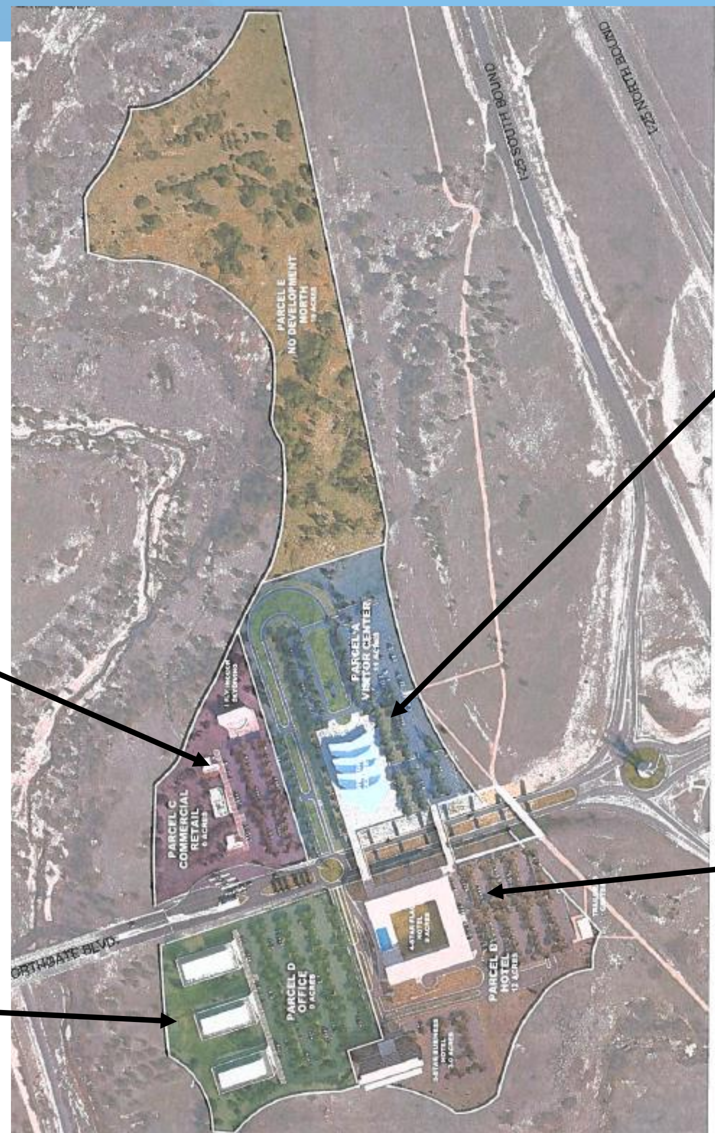
Summary

- Formal District debt issuance requires Council approval

- USAFA Visitor's Center BID proposes to issue debt in late 2019 or early 2020

- Special Revenue Bonds
  - Up to $20,000,000 in Series 2019A tax-exempt bonds- for public improvements
  - Up to $52,000,000 in Series 2019B taxable bonds- for Visitors Center
  - Up to $15,000,000 in Subordinate Series 2019C tax-exempt bonds- for public improvements

Project Proposal



Visitor Center

Commercial
- Retail

Hotel

Office

Additional Information and Background

- 2020 Operating Plan and Budget and 2019 Amended Operating Plan and Budget contemplate this request
- Pledged Revenues for all bonds:
  - 50 mill debt service mill levy, plus specific ownership tax
  - Retail, service and lodging PIFs
  - Regional Tourism Act TIF
  - Urban renewal area TIF (property and City/County sales taxes)
  - Payments in lieu of taxes (PILOT) possible

Distinctions Among Bonds

- Series B bond proceeds earmarked first for the Visitors Center
  - Taxable due to regulations governing federally owned facilities
- Series A and C bond proceeds for other improvements and eligible costs
- Series A and B bonds are at parity
  - Series C bonds are subordinate
    - Allowing coverage ratios for A and B bonds

Interest Rates and Terms

- Series A- not to exceed 7.0%

  Maturity no later than 2051

- Series B- not to exceed 8.5%

  Maturity no later than 2051

- Series C- not to exceed 10%

  Maturity no later than 2059

Prior redemption to be allowed – date and terms TBD

Supporting Materials

- ✓ Cover memo
- ✓ Draft Council resolution
- ✓ District bond resolution
- ✓ Indentures
- ✓ District/URA pledge agreement
- ✓ Draft opinion of bond counsel
- ✓ Cost estimates
- ✓ Market study

Recommendation and Next Steps

- Approval
  - One year to issue debt
- October 22, 2018 Council Hearing
  - Six (6) affirmative votes required