

A Presentation to the

City Council Budget Committee



ENHANCED USE LEASING PROJECT

UNITED STATES
AIR FORCE ACADEMY
(USAFA)



January 18, 2021

BLUE & SILVER
DEVELOPMENT PARTNERS, LLC

Matrix
DESIGN GROUP

Development Plan



Land Use	Site Area (acres)	GFA (sf)
Visitors Center	7.0	32,000
Hotel	10.0	300,000
Commercial Retail	6.0	25,000
Office	8.0	180,000
Public Infrastructure	4.0	
Future Development	16.0	
Site Totals	51.0	537,000

Visitors Center – TrueNorth Commons Project Update

COVID-19 caused a collapse in the Financial Markets

- \$80 Million Offering Memorandum to the Bond Market on February 6, 2020
- >\$200 Million in Indications of Interest by March 10, 2020
- Vanguard, Northern Trust, Nuveen, Invesco, MFS
- Buyers Pulled Back Offers March 11, 2020

Negotiated Bond Sales Between RBC Capital Markets & Bond Purchasers

- Between now and March 2021

RBC to Bring the Bonds Back to the Retail Bond Market

- In 1st or 2nd Quarter 2021

Project Extensions

- State Economic Development Commission Board - December 31, 2021
- Air Force Academy SDL - December 31, 2021
- City of Colorado Springs - October 2021

All Project Development Elements Continue to be Advanced

- Project is Shovel Ready

Public Finance Update and Request

Reasons for Increased Capacity Request

- Bond issuance approved by city council at \$80M in October 2019
- February 2020 BID bond offering was right at \$80MM
- New bond offering will take place in 2021, 18 +/- months after initial offering
- Request increase of issuance amount to \$90MM to accommodate up to 2 years of cost escalation
- Cost escalation items include construction, legal fees, design fees and supporting study updates
- The project team is working to control costs and minimize project cost escalation

Increase BID Bond Capacity to \$90MM Aggregate/Proposed Structure

- \$30MM – Series 2021A Tax Exempt - Public Improvements
 - Not to Exceed 7% with Maturity NLT 2053
- \$60MM – Series 2021B Taxable - Visitors Center
 - Not to Exceed 8.5% with Maturity NLT 2053
- \$30MM – Series 2021C Tax Exempt - Public Improvements
 - Not to Exceed 10% with Maturity NLT 2058
- Bond capacity limits within the three series allows for flexibility during final negotiations with buyers
- \$90MM Bond Cap in Aggregate
- Will only Issue Debt consistent with Project Needs/Requirements

Request Bond Authorization Extension To December 31, 2021

- Consistent with Extensions from AF and OEDIT

Other Project Finance Elements

- LART Contribution
- BID Operating Plan Amendment – Targeting City Council Approval on February 23, 2021

Predevelopment Costs and Other Bond Elements

Predevelopment Costs - \$5.4MM

- Planning and Entitlements
- Environmental (Environmental Assessment)
- Engineering/Architecture
- Pre-Construction Costs
- Marketing/Presentations
- Market Studies
- URA Costs and Fees
- Legal Fees
- Accounting Fees
- BID Administration and Program Management
- Jurisdictional Fees

Other Bond Cost Elements – \$22.8MM (See Bond Proforma for Details)

- Supplemental Project Contingency Fund
- Supplemental Reserve Fund
- Debt Service Reserve Fund
- Capitalized Interest
- Capitalized URA Admin Fee
- Issuance Costs

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