



## Legislation Details (With Text)

**File #:** 22-041      **Version:** 1      **Name:** USAFA Visitors Center BID  
**Type:** Resolution      **Status:** Mayor's Office  
**File created:** 12/30/2021      **In control:** City Council  
**On agenda:** 1/11/2022      **Final action:** 1/11/2022

**Title:** A Resolution Extending the Deadline for Issuance of the USAFA Visitors Center Business Improvement District Series A, B and C Bonds Previously Authorized by Resolution Nos. 103-19, 94-20 and 18-21

(Legislative Item)

**Presenter:**  
 Carl Schueler, Comprehensive Planning Manager, Planning & Community Development  
 Peter Wysocki, Director of Planning and Community Development  
 Bob Cope, Chief Economic Development Officer

**Sponsors:**

**Indexes:** BID, Issuance of Debt

**Code sections:**

**Attachments:** 1. Resolution, 2. PowerPoint, 3. Resolution 18-21, 4. Resolution 94-20, 5. Resolution 103-19, 6. Signed Resolution 07-22

Date	Ver.	Action By	Action	Result
1/11/2022	1	City Council	adopted	Pass
1/10/2022	1	Council Work Session	referred	

A Resolution Extending the Deadline for Issuance of the USAFA Visitors Center Business Improvement District Series A, B and C Bonds Previously Authorized by Resolution Nos. 103-19, 94-20 and 18-21

(Legislative Item)

**Presenter:**

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**Summary:**

This is a request to extend the deadline for issuance of Series A, B and C bonds by the USAFA Visitors Center Business Improvement District (“District”) previously authorized by City Council. The most recent Council-approved deadline of December 31, 2021 is proposed to be further extended to be synchronous with Air Force and Colorado Office of Economic Development deadlines that are anticipated to also be extended to no later than February 28, 2022. The District is in the final process of pricing and issuing these bonds, but this will not have been completed by year end 2021.

Other than extending this deadline by not more than 2 months, all provisions of Resolution No. 18-21 (and the prior resolutions that resolution refers to) will otherwise remain applicable. Specifically, the

not-to-exceed limit for the BID three bonds would remain unchanged at \$90,000,000.

District representatives will be available to provide details on the exact status of the issuance and reasons for the delay.

**Background:**

In October of 2019 this BID agreed to a combined aggregate par amount of no more than \$80,000,000 for their Series A, B, C bond issues, and this limit was included in Resolution 103-19. This limit was increased to no more than \$90,000,000 and the deadline to issue was extended to December 31, 2021 by Resolution No. 18-21. The BID is now requesting a further extension of up to two additional months to complete the final process of bond pricing and closing. Similar extensions are being processed with the United States Air Force Academy and the Colorado Office of Economic Development.

These previously authorized bonds will be repaid from a combination of limited property tax, specific ownership tax, public improvement fees (PIFs) and property and sales tax increment financing (TIF) revenues from both the overlying urban renewal area, and the State Regional Tourism Act. PILOT (Payment in Lieu of Taxes) revenues from agreements with non-profit ownerships or businesses within the BID may also be available. The Series A and B bonds will be issued at parity with each other.

The Series C bonds will be subordinate to the A and B bonds. In addition to these BID bonds, there are separate bonds in the process of being issued in association with the hotel project. All of these bonds would be marketed to unrelated investors, with interest rates to be set at the time of bond pricing.

The Series A bonds will be tax exempt with their proceeds used primarily for public infrastructure. The District anticipates that the par amount of this issuance would be about \$30,000,000.

The Series B bonds would be taxable, because their proceeds will be earmarked specifically for Visitor's Center costs not eligible for tax exempt financing. The anticipated par amount of these bonds could be as much as \$60,000,000 to allow for upward flexibility.

The taxable Subordinate Series C bonds could be as high as \$30,000,000 for purposes of flexibility

Altogether, the individual combined total for the three anticipated Series would be \$120,000,000. The combined cap of no more than \$90,000,000 effectively allows flexibility up to and including major reduction or even elimination of either the A or C Series bonds.

The original "Bond Documents" reviewed by City Council in association with their October 22, 2019 authorization may be found with the original agenda item at:

<https://coloradosprings.legistar.com/View.ashx?M=A&ID=655148&GUID=EC93EEB6-A5E3-45F1-BE4D-65B2A13F3D71>

(Refer to Item 11.C on this 10/22/19 agenda).

BIDs are created under Colorado Statute and City Policy to finance and/or maintain certain public improvements in non-residential areas, utilizing a property tax mill levy as one revenue source. BIDs are separate legal entities from the City, but their Operating Plans and the Special District Policy

require City Council approval of all formal BID debt. The standard of review of the debt instruments is consistency with the Operating Plan and all applicable laws.

The bond documents continue to allow for a 50-mill debt service cap, which is equal to the City Council- authorized maximum cap. Add-on retail and service public improvement fees (PIFs) of 3.0% will also be pledged as revenue to service this debt, along and expected lodging PIF of 2.0%. Also pledged will be urban renewal area property tax TIF (tax increment financing) revenues and a sales tax TIF of 1.75% for the allowable periods.

**Previous Council Action:**

Council approved the initial Operating Plan and Budget for this BID on August 24, 2018 (Ordinance 18-77). A 2020 Operating Plan and Budget was approved by Council by motion on October 22, 2020), and this original debt authorization was approved by City Council on October 22, 2019 (by Resolution No.103-19). On October 22, 2019 Council extended the date by which this debt must be issued to October 22, 2020 (Resolution No. 94-20). On February 9, 2021, Council approved Resolution No. 18-21 which increase the not-to-exceed amount of this issuance from \$80,000,000 to \$90,000,000, and further extended the deadline to issue to no later than December 31, 2021. The most recent 2022 Operating Plan and Budget for this BID was approved by Council in October of 2021, and it anticipates this issuance.

On July 9, 2019 the Council approved an urban renewal plan and cooperation agreement related to this project, and his Board took action to approve the urban renewal TIF pledge subject to the provisions of the cooperation agreement.

**Financial Implications:**

Pursuant to the District's operating plan, the City Special District Policy, and the bond documents, the issuance of this debt does not constitute a financial obligation of the City. The documents will contain the limitations required by the City's Special District Policy. City Charter Section 7-100 provides that the total debt of any special district may not exceed ten percent (10%) of the total assessed valuation of the taxable property within the district unless such debt is approved by at least a two-thirds vote of the entire Council.

The bond documents are structured so that any risk beyond the maximum capped mill levy, the associated specific ownership tax as well as the TIF and PIF and LART requirements, will not accrue to the property owners.

**Board/Commission Recommendation:**

The City's staff-level Special District Committee has been informed of this potential extension. All comments received have been in support and/or with no stated concerns.

**Stakeholder Process:**

N/A

**Alternatives:**

City Council could choose to approve, deny or modify the proposed resolution.

**Proposed Motion:** (for January 11, 2022)

Move to adopt a resolution extending the deadline for issuance of USAFA Visitors Center Business Improvement District Series A, B and C Bonds previously authorized by Resolution Nos. 103-19, 94-

20 and 18-21