



## Legislation Details (With Text)

**File #:** 20-550      **Version:** 1      **Name:** USAFA Visitor Center  
**Type:** Resolution      **Status:** Mayor's Office  
**File created:** 9/16/2020      **In control:** City Council  
**On agenda:** 10/27/2020      **Final action:** 10/27/2020

**Title:** Resolution Approving an Extension of Time for the USAFA Visitors Center Business Improvement District to Issue Series A, B and C Bonds Previously Authorized by Resolution No. 103-19

(Legislative)

**Presenter:**  
Carl Schueler, Comprehensive Planning Manager, Planning & Community Development  
Bob Cope, Economic Development Officer

**Sponsors:**

**Indexes:** BID

**Code sections:**

**Attachments:** 1. RES\_USAFAVisitorsCenterBIDExtension10-27-revision, 2. RES\_USAFAVisitorsCenterBIDExtension, 3. 1- Transmittal Letter 9-25-20, 4. 2- Resolution 103-19, 5. PowerPoint, 6. Signed Resolution 94-20.pdf

Date	Ver.	Action By	Action	Result
10/27/2020	1	City Council	adopted	Pass
10/12/2020	1	Council Work Session	referred	

Resolution Approving an Extension of Time for the USAFA Visitors Center Business Improvement District to Issue Series A, B and C Bonds Previously Authorized by Resolution No. 103-19

(Legislative)

**Presenter:**

Carl Schueler, Comprehensive Planning Manager, Planning & Community Development  
Bob Cope, Economic Development Officer

**Summary:**

This is a request to extend the deadline for issuance of debt by the USAFA Visitors Center Business Improvement District (“District”) as originally approved by Resolution No. 103-19, from no later than October 22, 2020 to no later than October 22, 2021.

This previously authorized debt issuance would be in the form of marketed Series A, Series B and Series C 2019 bonds in an aggregate combined limit of no more than \$80,000,000 for all three issues. With the exception of this extension of the customary one year to issue, the prior approval would remain in force and effect including the requirement for this debt to be issued in a manner substantially consistent with the draft bond documents as previously reviewed by Council.

If the District were to need to substantially restructure the terms of these debt issuances, subsequent

Council authorization would be required.

This item was introduced at a October 12, 2020 Council Work Session, at which time Council requested language be added to resolution limiting the term of this extension to one year from the date of Council approval, but also no later than the Colorado Economic Development Commission deadline for access to Regional Tourism Act funding, noting that deadline may be extended. A revised resolution is attached.

At the Work Session a Council member also requested an update on the overall continued viability of the project and specifically asked for information on whether there is expected to be any significant change to the originally forecasted interest rates.

Staff notes that Council Resolution No. 103-19 did not establish not-to-exceed interest rates for the three proposed issuances, although the submitted draft District bond resolution included not-to-exceed caps of 7.0%, 8.5% and 10.0 % for the Series A,B and C bonds, respectively.

District representatives will be available to answer further questions at the hearing.

**Background:**

As represented by the BID, following Council authorization October of 2019, the BID required a period of month to finalize this complex debt issuance. They report they were on the threshold of issuance, on “oversubscribed” with potential bond purchasers, when the virus pandemic impacts hit in earnest. Investments in the lodging and tourism area have been particularly impacted. Therefore, this BID will not be in a position to issue this debt until after October 22, 2020.

The “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>

With this proposed extension of time to issue, the District would continue to be required to issue this debt in a form

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. The Series A bonds will be in the approximate principal amount of \$20,000,000 the Series B bonds will be in the approximate principal amount of \$52,000,000, and the Subordinate Series C bonds are expected to be in the amount of \$15,000,000. Resolution 103-19 also includes an aggregate limit of no more than \$80,000,000 in principal amount for all three combined issues.

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 the 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 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.

This proposed extension of time was discussed by the City Council Budget Committee on September 22, 2020, and was generally supported. The Committee did ask the BID and staff to clarify and potentially reconcile this deadline with State Economic Development Commission -Regional Tourism Act deadlines.

Finally, this BID reports they have applied for what would effectively be a short term “bridge loan” for this project related to federal CARES Act stimulus funding. If successful, this loan would provide more favorable financing terms during the critical first phases of this project when it has limited valuation and revenue generating capacity. In the event the BID is successful, this would require a probable reassessment of this current Council debt authorization.

**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 the same date by Resolution No.103-19.

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.

**City Council Appointed Board/Commission/Committee 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:**

Approve a resolution for an extension of time for the USAFA Visitors Center Business Improvement District to issue Series A, B and C Bonds previously authorized by Resolution No. 103-19.

N/A