



Legislation Text

File #: 23-291, **Version:** 1

A RESOLUTION AUTHORIZING A PUBLIC IMPROVEMENT INTERGOVERNMENTAL AGREEMENT WITH PEAK METROPOLITAN DISTRICT NO. 3

Presenter:

Troy Stover, Business Park Development Director, Colorado Springs Airport

Summary:

This matter concerns a proposed Public Improvement Intergovernmental Agreement (the "IGA") with Peak Metropolitan District No. 3 (the "District") and also a related Availability of Funds and Step-in Rights Agreement ("Step-in Rights Agreement") among the Airport, District, and a property purchaser in Peak Innovation Park. These agreements concern the construction of infrastructure in Peak Innovation Park.

Background:

City Council passed Resolution 35-23, which approved the Airport's sale of surplus City property, being 12.693 acres, more or less, situated south of Milton E. Proby Parkway in Peak Innovation Park (the "Property"). As a part of the sale, the Airport was required to negotiate a "Development Agreement" with the Property buyer concerning the Airport's construction of infrastructure. The Property is in a new section of Peak Innovation Park, and the required infrastructure, serving the Property and other real estate, is estimated to cost approximately \$14 million.

Although the infrastructure construction is an Airport obligation under the Development Agreement, the construction is actually financed and undertaken by the District through a Facilities Acquisition and Payment Agreement (construction agreement) with UFCS Airport, LLC. The IGA, and associated Step-In Rights Agreement, will permit the Property buyer to complete the infrastructure construction in the event of a default in the construction obligations. Moreover, these agreements will provide certain financial assurances through the District necessary to release the Airport from financial assurances it has provided under an Escrow Agreement. The IGA will also serve as a blueprint for continuing construction contracting by the District on Airport property for Peak Innovation Park.

The Development Agreement, Escrow Agreement, and Facilities Acquisition and Payment Agreement are attached as exhibits for review.

Previous Council Action:

City Council approved the disposal of surplus City property to Project Raptor on March 14, 2023, by Resolution 35-23.

Financial Implications:

The Airport has agreed to place \$14,075,681.00 in escrow to cover the costs of infrastructure construction in the event the Property buyer were to take over construction after default. Unless a substitute financial assurance is provided through the IGA and related Step-in Rights Agreement, the

escrow funds will be unavailable for use by the Airport until the construction is completed and paid for by the District.

City Council Appointed Board/Commission/Committee Recommendation:

N/A

Stakeholder Process:

N/A

Alternatives:

N/A

Proposed Motion:

Motion to approve the resolution authorizing the IGA with Peak Metropolitan District No. 3 and related Step-in Rights Agreement.

This matter does not require an associated ordinance. Reference the resolution (as part of the packet).