**Staff Notes Agenda Item 6:**

In your packet today is a draft resolution along with an amended waiver and release for extended the bonding portion of the USAFA Visitors Center Project. As it sits now, the bonds were to be issued by end of year 2020 but due to the pandemic, bonds have yet to be secured for the project. This new and updated waiver will extend out the deadline for one more calendar year so the project is able to hopefully get financed in a more natural bonding market.

With city review and EDC edits still needing to take place, it is possible that this version in front of you gets updated (either prior to our meeting or shortly after). With that being said, I don’t anticipate any change that would significantly alter what we have at the moment.

You will see added background on this amendment process (below) that we went through with the state in April of this year.

**Background from OEDIT Staff on USAFA Visitor Center Project Element**

With regard to the United States Air Force Academy (“USAFA”) Gateway Visitor Center Project Element of the City for Champions Regional Tourism Act Project (“Visitor Center Project Element”), and based on conversations with and documents provided by the Project Element Developer and related stakeholders, OEDIT staff understands:

* On November 21, 2019, the Colorado Economic Development Commission (“Commission”) adopted a motion modifying its approval of the Visitor Center Project Element that, among other things, imposed the following five new conditions of approval that must each be fulfilled by or before March 31, 2020:

(1) The Financing Entity shall enter into a written pledge agreement with the USAFA Visitor Center Business Improvement District (“BID”) in which the Financing Entity agrees to remit all Dedicated Revenue allocated to the Visitor Center Project Element by Resolution No. 3, as amended, to the Bond Trustee. This pledge agreement shall specify that 6% of the 16% of Dedicated Revenue in the flexible Sub-Account of the Special Fund is included in the pledge; and

(2) The BID, that was formed with the approval of the Colorado Springs City Council, shall issue Bonds that will generate at least $50 million in net proceeds (thus qualifying the Visitor Center as a Bond Funded Element), to finance the design and construction of the Visitor Center and associated infrastructure improvements; and

(3) The net proceeds of the Series B Bonds must total at least $25 million, must be held in a Proceeds Account (the “Series B Proceeds Account”) maintained by the Bond Trustee and, except as hereinafter provided, must be disbursed solely to pay for or reimburse the Eligible Costs of designing and constructing the physical building in which the Visitor Center will be housed subject to the exception set forth in paragraph 6(a) below. Disbursement of the Series B Bonds proceeds shall only occur upon receipt by the Bond Trustee of a requisition signed by the BID and the Financing Entity, together with certifications by an independent engineer and an independent certified public accountant as required by Resolution No. 3, as amended; and

(4)  The Project Element Developer and the BID must enter into a sublease agreement in which the Project Element Developer, among other things, leases the physical site of the Visitor Center to the BID, and the BID agrees to design and construct the Visitor Center, and a copy of such executed sublease is delivered to the Commission; and

(5) The City and/or CSURA will deliver, or cause to be delivered, to the Commission a fully executed copy of the guaranteed maximum price construction contract between the BID and its general contractor for the construction of the Visitor Center that has been reviewed and approved by the Visitor Center Project Element Sponsor.

* In the midst of the City and CSURA’s diligent efforts to fulfill all of the conditions of approval in Resolution No. 3, as previously amended through and including November 21, 2019, by or before the March 31, 2020 deadline, Governor Jared Polis verbally declared a disaster emergency due to the presence of coronavirus disease 2019 (“COVID-19”) in Colorado on March 10, 2020, and the next day issued Executive Order D 2020 003 declaring a disaster emergency due to the presence of COVID-19 in Colorado; and
* The Governor’s declaration of a disaster emergency in Colorado coincided with nationwide and worldwide declarations of disaster emergencies due to the COVID-19 pandemic, which in turn triggered significant turmoil in global, national, and local financial markets, including an usually high degree of bond market volatility, just as the BID was preparing to offer the Bonds for sale; and
* The City and CSURA have requested that the Commission modify the condition of approval in Resolution No. 3, as previously amended through and including November 21, 2019, requiring the BID to issue at least $65,185,000.00 in Bonds to support the USAFA Visitors Center and related master infrastructure improvements by the March 31, 2020 deadline by further extending the deadline through December 31, 2020 to allow the unusually high degree of bond market volatility to subside; and
* The City and CSURA timely completed the three new conditions of approval listed above in paragraphs (1), (4), and (5) before the March 31, 2020 deadline.

With the above information as background, OEDIT staff recommends that the Commission consider and approve the following written motion:

**April 16, 2020 motion for consideration by the Commission:**

I move that the Commission modify its approval of the Visitor Center Project Element of the City for Champions Regional Tourism Act Project (“Project”) as follows and direct OEDIT staff and legal counsel to incorporate the following new conditions of approval and other related provisions that apply only to the Visitor Center Project Element into an amended Resolution No. 3 for adoption by the Commission *nunc pro tunc* at a later meeting:

1. Unless otherwise specified in this motion, all capitalized terms in this motion have the same meaning as defined by and used in the Colorado Regional Tourism Act, §§ 24-46-301 through -310, C.R.S, Resolution No. 3, as amended through and including November 21, 2019, or both.

2. The following conditions of approval for the Visitor Center Project Element must be fulfilled by or before December 31, 2020:

(a) The USAFA Visitor Center Business Improvement District (the “BID”), that was formed with the approval of the Colorado Springs City Council, shall issue Bonds that will generate at least $50 million in net proceeds (thus qualifying the Visitor Center as a Bond Funded Element), to finance the design and construction of the Visitor Center and associated infrastructure improvements; and

(b) The net proceeds of the Series B Bonds must total at least $25 million, must be held in a Proceeds Account (the “Series B Proceeds Account”) maintained by the Bond Trustee and, except as hereinafter provided, must be disbursed solely to pay for or reimburse the Eligible Costs of designing and constructing the physical building in which the Visitor Center will be housed subject to the exception set forth in paragraph 6(a) of the November 21, 2019 motion adopted by the Commission. Disbursement of the Series B Bonds proceeds shall only occur upon receipt by the Bond Trustee of a requisition signed by the BID and the Financing Entity, together with certifications by an independent engineer and an independent certified public accountant as required by Resolution No. 3, as amended through and including April 16, 2020.

3. Except as expressly modified by this motion, all of the terms and conditions of approval of Resolution No. 3, as amended through and including November 21, 2019, shall remain in full force and effect.