



4201 East Arkansas Avenue, Room 235  
Denver, CO 80222

## MEMORANDUM

**TO: TRANSPORTATION COMMISSION**  
**FROM: COLORADO STATE INFRASTRUCTURE BANK (SIB) COMMITTEE**  
**DATE: SEPTEMBER 18, 2014**  
**SUBJECT: SIB LOAN APPLICATION FOR GREELEY-WELD COUNTY AIRPORT**

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### Purpose

To provide background information related to the Greeley-Weld County Airport SIB loan application and to review the SIB Committee's recommendation for approval.

### Action

The TC is being asked to review and approve the Greeley-Weld County Airport \$1.0 million loan request.

### Background

The Greeley-Weld County Airport Authority wants to upgrade its taxiways in the west area of the airport which houses 97 of 114 total hangers on the property. The hangers located in this area generate approximately 85% of the airport's total revenue through private lease contracts. The SIB loan will be used to improve the west area taxiways by fixing the storm water drainage system and replacing asphalt that is over 30 years old. The damage caused by poor drainage of storm water has impacted the subgrade and caused the asphalt to unravel at the joints creating a serious safety issue. Due to the nature and extent of the damage, cracking or fog sealing the surface is no longer an option to salvage the asphalt. These repairs will allow aircraft to enter and exit the taxiways with ease while reducing damage caused by asphalt debris. If approved, the project is expected to begin during the 2015 construction season.

### Details

Revenue from oil and gas operations is identified as the primary source used to repay the SIB loan. This option for revenue generation has become popular, with both the Front Range Airport and Denver International Airport generating significant revenues from oil and gas leases. While oil & gas revenues are not typically used to secure aviation SIB loans, there are no SIB rules or guidelines that disallow pledging revenues of oil and gas leases. Given that these revenues are a relatively new source of income for other area airports, the SIB Committee's concern is that these are not long-term stable revenue streams since the production level of wells fluctuates over time.

In order to address this issue of volatility, the SIB Committee tentatively agreed to approve the Greeley-Weld County SIB loan application only if additional language is added to the application requiring the airport to maintain cash reserves equal to or in excess of the outstanding principal. The additional language would guarantee repayment of the SIB loan. Department staff will develop a process to analyze the cash balance versus the outstanding loan principal on a quarterly basis.



The airport currently has \$1.7 million in a capital reserve fund. While this could be used to build the taxiway project, the airport authority board is seeking the SIB loan in order to take a more conservative approach and keep the reserve fund intact. The Department staff views capital reserve funds as more than adequate coverage and consider the risk level no different from other airport loans that are subject to air carrier traffic fluctuation, fuel prices and changing economic conditions. The Greeley-Weld County Airport Authority is requesting a 5 year loan at the approved SIB interest rate of 2.75%.

### Key Benefits

Funding the taxiway improvements in the west complex area of the Greeley-Weld County Airport will address an increasingly serious safety issue. By repairing the drainage system and replacing damaged asphalt, aircrafts will be able to enter and exit the taxiways with ease while reducing damage to the aircrafts that is caused by asphalt debris. In the long term, repairing this section of the taxiway will ensure that the hangers in the west complex area continue to be a primary source of revenue for the airport.

### Options and Recommendation

1. Approve the \$1.0 million loan to Greeley-Weld County Airport contingent upon a written agreement that requires the airport to maintain cash reserves always equal to or in excess of the outstanding principal. SIB Committee recommendation.
2. Request additional information and delay for a future month.
3. Deny SIB loan request.

### Next Steps

If the loan is approved, the application will be updated to include a written agreement that requires the airport to maintain cash reserves always equal to or in excess of the outstanding principal. Once the application has been updated, The Division of Accounting and Finance (DAF), Office of Financial Management and Budget (OFMB), will complete the loan process. The Department will work closely with the Greeley-Weld County Airport to develop a process to periodically review the cash balance versus the outstanding loan principal on a quarterly basis.



**Transportation Commission of Colorado  
September 18, 2014**

**Resolution Number TC-**

**WHEREAS**, the Colorado State Infrastructure Bank (bank) is a transportation investment bank with the ability to make loans to public and private entities for the formation of public transportation projects within the state; and

**WHEREAS**, the General Assembly passed Legislation (43-1-113.5 CRS) that made certain provisions for the bank and established within the bank, a highway account, a transit account, an aviation account and a rail account; and

**WHEREAS**, a loan application has been submitted by the Greeley-Weld County Airport (borrower), to borrow \$1,000,000 from the aviation account to correct drainage issues and resurface taxiways; and

**WHEREAS**, the Transportation Commission has adopted rules, pursuant to 43-1-113.5 CRS, in 2 CCR 605-1 regarding the eligibility requirements, disbursement of funds, interest rates, and repayments of loans from the bank; and

**WHEREAS**, pursuant to 2 CCR 605-1, Rule VI, Section 4 the Colorado State Infrastructure Bank Committee has reviewed and is in support of the application; and

**WHEREAS**, 2 CCR 605-1, Rule VI, Section 6 (2) provides “loan agreements for construction will specify that funds will be disbursed in their entirety to a third party fiduciary or escrow agent” unless the Transportation Commission provides a specific exemption; and

**WHEREAS**, the borrower has expressed its intent to attain Wells Fargo (the agent) as the third party fiduciary, escrow, or administrative agent to confirm proper documentation from the borrower for loan draws, with the Department’s Division of Aeronautics, directly disbursing funds to the borrower upon receipt of the agent’s confirmation; and

**WHEREAS**, the Division of Aeronautics and the Colorado Aeronautic Board has technically approved this aviation project; and

**WHEREAS**, a sufficient amount is available to loan in the aviation account;

**NOW THEREFORE BE IT RESOLVED**, the Transportation Commission authorizes the Department, under the guidance and direction of the Chief Financial Officer, to execute a loan agreement with the borrower in an amount of \$1,000,000 under the terms and provisions set forth in the adopted rules.

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Herman Stockinger, Secretary  
Transportation Commission of Colorado