



4201 East Arkansas Avenue, Room 235
Denver, CO 80222

MEMORANDUM

TO: COLORADO TRANSPORTATION COMMISSION
FROM: MARIA SOBOTA, ACTING CHIEF FINANCIAL OFFICER
DATE: JUNE 18, 2015
SUBJECT: CENTRAL CITY STATE INFRASTRUCTURE BANK LOAN AGREEMENT UPDATE

Purpose

To provide an update on the Central City State Infrastructure Bank (SIB) loan that was approved by the Transportation Commission (TC) in February 2015 (Resolution TC-15-2-6).

Action

Based on the recommendation from the SIB Committee, the TC is being asked to review and approve the Central City Transportation Enterprise SIB loan request, totaling \$1,521,693.

Background & Details

After working with the State Attorney General's office and the City's attorneys, it was determined that the City of Central was in violation of TABOR, as the loan was originally approved. The City had entered into a multi-year fiscal obligation without having cash funds pledged irrevocably to repay the outstanding balance of the loan. In order to mitigate this violation, the City established the City of Central Transportation Enterprise. The Enterprise has also identified a new Escrow agent since its original application was approved in February. The City of Central Transportation Enterprise has updated its original application that was approved in February 2015, changing the name of the applicant and identifying UMB Banks as its new Escrow agent.

If the Commission wishes to review additional loan documentation including, Central City Revenues, the Central City Council Resolution Establishing Transportation Enterprise, the Transportation Device Fee Revenue Description, a copy of Article V: Device Fee Definition, City of Central Transportation Enterprise Fund SIB Application Cover Memos or the Escrow Agent Confirmation Letter, please contact Maria Sobota at maria.sobota@state.co.us for copies.

Key Benefits

The requested SIB loans will allow improvements to several different structures and roadways in Central City in addition to mitigating future damages caused by rock fall and storm water. The funds will ease maintenance burdens and provide safer travel to tourists visiting Central City, which will potentially create more gaming and device fee revenue for the State of Colorado.

Options and Recommendations

1. Approve the new resolution for the \$1,521,693 loan to the City of Central Transportation Enterprise with the recommended changes. **Staff Recommendation.**
2. Request additional information from OFMB and/or delay for a future month.
3. Deny SIB loan request.

Next Steps

If the loan is approved, OFMB will submit a loan agreement to the City of Central and issue the approved loan for \$1,521,639.



**Transportation Commission of Colorado
June 18, 2015**

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 City of Central (borrower), to borrow \$1,521,639 to correct drainage issues and mitigate rockslide incidents; 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 Review 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 UMB Bank (the agent) as the third party fiduciary, escrow, or administrative agent to confirm proper documentation from the borrower for loan draws and pay a 0.75% origination fee, with the Department’s Division of Highways, directly disbursing funds to the borrower upon receipt of the agent’s confirmation; and

WHEREAS, the Division of Project Support has reviewed and acknowledged the highway projects significance to transportation goals for which the Borrower requests to borrow funds; and

WHEREAS, a sufficient amount is available to loan in the highway account; and

WHEREAS, the Colorado Transportation Commission previously approved an application for a loan for an equal amount for the same projects to the City of Central in Resolution #TC-15-2-6; and

WHEREAS, the term of the loan is ten (10) years with a 2.50% interest rate, set by the Transportation Commission semi-annually, the Borrower must allow CDOT to have consent rights to any new parity obligations before issued by the City; and provide CDOT the ability to retain any gaming revenues to be rebated back to the City in the event of non-appropriation; and

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 \$1,521,639 under the terms and provisions set forth in the adopted rules.

Herman Stockinger, Secretary
Transportation Commission of Colorado

Date