



4201 East Arkansas Avenue, Room 235  
Denver, CO 80222

## MEMORANDUM

**TO: TRANSPORTATION COMMISSION**  
**FROM: COLORADO STATE INFRASTRUCTURE BANK (COSIB) COMMITTEE**  
**DATE: FEBRUARY 18, 2016**  
**SUBJECT: COSIB LOAN APPLICATION FOR COLORADO SPRINGS AIRPORT**

---

### Purpose

To provide background information related to the Colorado Springs Airport COSIB loan application and to review the SIB Committee's recommendation for approval.

### Action

The TC is being asked to review and approve the Colorado Springs Airport \$3,341,183 loan request.

### Background

The Colorado Springs Municipal Airport wants to rehabilitate two major taxiways and several connector taxiways throughout the airport as well as purchase new fleet vehicles. The taxiways were constructed over 25 years ago with Portland Cement Concrete pavement and no major reconstruction or rehabilitation has been performed on these taxiways since then. Consequently, these taxiways are experiencing moderate distresses, including surface map cracking, longitudinal and corner cracking and spalling, and the creation of Foreign Object Debris from large fragments of deteriorated concrete surfaces. These projects will assist in preserving the safety of passenger carriers and other aircraft utilizing these sections of the taxiways described by mitigating potential hazards to aircraft caused from the pavement deterioration. If approved, the project is expected to begin during the 2016 construction season. The airport also seeks to purchase several new pieces of equipment, including Tracking Tow Brooms and Police vehicles, which are reaching the end of their useable lives and making it difficult to maintain Movement Areas and other essential airport areas in safe and secure operating conditions.

### Details

Revenue from the Passenger Facility Charges (PFC) that the airport receives is identified as the primary source of funds that will be used to secure the COSIB loan. This option for revenue generation is common at all public use airports. The PFC program allows commercial service airports enplaning more than 2,500 passengers annually to charge each enplaning passenger a facility charge in accordance with Federal Aviation Administration (FAA) regulations. The PFC is levied on the ticket, collected by the airlines, and forwarded to the airport. An airport can only utilize PFCs upon receipt of an approved, Final Agency Decision (FAD) from the FAA. In order to obtain a FAD, an airport must first consult with the airlines to obtain their approval and comments, which are included in the PFC application. A PFC application may be submitted for eligible projects that are already completed, under construction, or will be completed in the future. Allowable costs are the reasonable and necessary costs of carrying out an approved project including costs prior to and subsequent to the approval to impose a PFC and making payments for debt service including financing costs incurred to carry out such projects.



The airport is currently using PFCs to repay a COSIB loan that it received in 2014. In addition to PFC revenues, the airport has agreed to adding additional language in the proposed loan agreement that will secure jet fuel sales and use tax revenue refunds in the event of non-appropriation of PFC revenues towards debt service in any given year. The COSIB Committee views this as more than adequate coverage (as shown in attachment A) and consider the risk level no different from other airport loans that have been issued in the past.

#### Key Benefits

Funding the taxiway rehabilitations and the fleet vehicle purchases will address an increasingly serious safety hazards. By repairing and reconstructing the concrete on the taxiways, aircrafts will be able to enter and exit the taxiways with ease while reducing damage to the aircrafts that is caused by concrete debris. The airports will also be able to maintain Movement Areas and other essential airport areas, ensuring they stay in safe and secure operating conditions.

#### Options and Recommendation

1. Approve the \$3,431,183 loan to Colorado Springs Airport. **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 Division of Administration and Finance (DAF) will complete the loan process. The Department will work closely with the Colorado Springs Airport to ensure that the loan is disbursed quickly in order to keep the airport on schedule to complete its repairs in the 2016 construction season.

#### Attachments:

Attachment A: Colorado Springs Airport Loan Analysis



## Colorado State Infrastructure Bank of Loan Request

### General Information About the Sponsor:

Sponsor's Name..... Colorado Springs Municipal Airport

Application date..... January 13, 2016

CO SIB Priority..... Single

Transportation Region..... Region 2

### Financial Information Concerning the Sponsor:



Statement of Net Assets		Statement of Revenues, Expenses and Change in Net Assets	
Cash, Investments and Receivables	\$ 29,438,268.00	Total Revenue	\$ 30,636,642.00
Other Current Assets	215,060.00	Operating Expenses	\$ 27,489,660.00
Total Current Assets	<u>\$ 29,653,328.00</u>	EBI	<u>\$ 3,146,982.00</u>
Fixed and Other Assets	<u>259,003,401.00</u>	Interest Expenses	
Total Assets	<u>\$ 288,656,729.00</u>	Net Income	<u>\$ 3,146,982.00</u>
Current Liabilities	7,560,158.00	Source: Colorado Springs Airport, 2014 Financial Statements, December 31, 2014	
Long-term Liabilities	24,148,414.00		
Total Liabilities	<u>\$ 31,708,572.00</u>		
Net Assets	<u>\$ 256,948,157.00</u>		

### Financial Totals:

Total Assets..... \$ 288,656,729.00

Total Liabilities..... \$ 31,708,572.00

Total Revenue..... \$ 30,636,642.00

Total Expense..... \$ 27,489,660.00

**Loan Provisions:**

Requested Loan Amount.....	\$ 3,431,183.00
Rate of Interest on the Loan.....	2.50%
Period.....	10 years <span style="float: right;">10</span>
Loan Repayment Basis.....	Annual
Beginning Payment Date.....	1-Apr-2017
Repayment Source(s).....	Passenger Facility Charge (PFC) Revenues
Previous CO SIB Loan Balance.....	\$2,127,491.53

**Amortization Schedule:**

	Payment Due Dates	Annual Payment Amounts	Interest	Principal	Outstanding Balance
1	April-17	411,889.89	90,122.17	321,767.72	3,283,118.92
2	April-18	411,889.89	82,077.97	329,811.92	2,953,307.00
3	April-19	411,889.89	73,832.68	338,057.21	2,615,249.79
4	April-20	411,889.89	65,381.24	346,508.64	2,268,741.14
5	April-21	411,889.89	56,718.53	355,171.36	1,913,569.78
6	April-22	411,889.89	47,839.24	364,050.64	1,549,519.14
7	April-23	411,889.89	38,737.98	373,151.91	1,176,367.23
8	April-24	411,889.89	29,409.18	382,480.71	793,886.52
9	April-25	411,889.89	19,847.16	392,042.73	401,843.79
10	April-26	411,889.89	10,046.09	401,843.79	(0.00)

**Project Information:**

Project Description.....	Reconstruct taxiways and purchase additional fleet equipment.
Type of Project.....	Aviation
Total Project Cost.....	\$ 26,313,183.00
Leverage Ratio.....	0.130
% Funded by Other Sources.....	87.0%
Benefit.....	Safety
Plan.....	Yes
Technical Approval.....	Yes, approved by the Colorado Aeronautical Board

**Financial Analysis:**

The companies long term debt to its assets are favorable. Liquidity ratio is also favorable.

**Debt-Equity Ratios:**

Long-term Debt Ratio.....	0.086 =	Long-term Liabilities divided by Long-term Liabilities plus Net Assets
Debt-Equity Ratio.....	0.094 =	Long-term Liabilities divided by Net Assets
Total Debt Ratio.....	0.1098 =	Total Assets divided by Total Liabilities

**Liquidity Ratios:**

Net Working Capital to Total Assets Ratio....	0.077 =	Current Assets minus Current Liabilities divided by Total Assets
Current Ratio.....	3.922 =	Current Assets divided by Current Liabilities
Quick Ratio.....	3.894 =	Cash, Investments and Receivables divided by Current Liabilities
Interval Measure (in days).....	391 =	Cash, Investments and Receivables divided by Operating Expenses divided by 365

**Transportation Commission of Colorado  
February 18, 2016**

**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 Colorado Springs Municipal Airport (borrower), to borrow \$3,431,183.00 from the aviation account to rehabilitate taxiways and purchase additional fleet equipment; 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 U.S. Bank Global Corporate Trust Services (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 Aeronautical Board has technically approved this aviation project; and**

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

**WHEREAS, the term of the loan is ten (10) years with a 2.50% interest rate, set by the Transportation Commission semi-annually; 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 \$3,431,183.00 under the terms and provisions set forth in the adopted rules.**

---

**Herman Stockinger, Secretary  
Transportation Commission of Colorado**