

State Legislator Briefing: Revenue Bond Financing for Smart Infrastructure

Proof of Concept — Legs 1 & 2 (Platte Alley + Colfax to Golden)

1. Purpose of the Initiative

Colorado has an opportunity to lead the nation in next-generation of Smart Infrastructure. This Proof of Concept (POC) demonstrates how the State can participate in a no-tax, no-appropriation financing model that builds critical infrastructure while preserving public ownership.

The POC is designed to:

- Validate the financial performance of Smart Infrastructure systems
- Establish a repeatable funding model using Revenue Bonds
- Build State–City alignment before full corridor deployment
- Protect taxpayers while enabling long-term economic growth

2. Why Revenue Bonds

Revenue Bonds allow Colorado to build major infrastructure without raising taxes or increasing general-fund obligations.

Key advantages:

- Self-funding: Debt service is paid entirely from system revenues
- No impact on State credit rating
- Predictable 30-year financing
- Public ownership at bond maturity
- Flexible structure that can be applied to multiple technologies

Each technology is modeled as a \$100 million project, financed like a 30-year, 3% mortgage with annual debt service of \$5,059,248.

3. Public Ownership and Public Benefit

At the end of the 30-year term:

- The State owns 100% of the infrastructure
- All future revenues become public revenues
- Colorado gains long-term control over strategic assets in AI, water, energy, and transportation

This model builds permanent public value without requiring upfront public capital.

4. Example: Smart-Grid AI Personal Agents

This technology illustrates the revenue potential of the corridor.

Population Base

- Approx. 1,000,000 residents within one mile of Legs 1 & 2

Revenue Model

- 10% adoption within 5 years
- \$100/month subscription
- \$120 million annual revenue
- 15% profit margin → \$18 million annual surplus

This surplus covers debt service and generates dividends for the State and development partners.

Additional Revenue Streams

- Pay-per-use services
- Commercial AI applications (higher margins)
- Revenue growth expected to double by Year 10

5. Profit Distribution Framework

After operating expenses and debt service:

Bondholders

- Receive guaranteed debt service
- Plus an estimated additional 5% return during early operations

Remaining Surplus (50/50 split)

- State of Colorado
 - Compensation for rights-of-way, regulatory authority, and operational jurisdiction
- Developers / Prime Contractors / Bingham Labs
- Compensation for innovation, construction, and system management

This ensures the State receives ongoing revenue without assuming financial risk.

6. Revenue Potential Across All Technologies

High-Revenue Systems

- AI Media Factories

- Expected to be the largest profit center
- Strong commercial demand

Moderate-Revenue Systems

- Atmospheric Water Generation
- Carbon Capture

- Strong alignment with environmental and federal priorities

Transportation

- Required backbone for all systems
- Larger capital requirement
- Long-term stable revenue

Together, these systems create a diversified revenue portfolio for the State.

7. Banking Consortium and Financial Readiness

Bingham Labs is working on a five-bank consortium to jointly fund each \$100 million Revenue Bond during the Proof-of-Concept phase.

Scaling Plan

- \$1 billion Revenue Bond for each technology in the full corridor
- \$5 billion+ for Transportation
- Expansion occurs only after revenue validation on Legs 1 & 2

This phased approach protects the State and ensures financial viability before large-scale deployment.

8. Legislative Relevance

This initiative aligns with key legislative priorities:

- Economic development without new taxes
- Long-term public ownership of critical infrastructure
- Environmental stewardship (water, carbon, energy)
- Innovation leadership in AI and advanced technologies
- Job creation through construction and long-term operations
- Rural and urban benefit as the corridor expands

Legislators are not being asked for appropriations—only for partnership, regulatory alignment, and rights-of-way cooperation.

9. What the State Gains

- A permanent revenue stream
- Ownership of multi-billion-dollar infrastructure
- National leadership in Smart Infrastructure
- Economic development across multiple sectors
- A model that can be replicated statewide

10. Conclusion

The Revenue Bond model offers Colorado a fiscally responsible, low-risk, high-return pathway to build the nation's first integrated Smart Infrastructure corridor. The Proof of Concept on Legs 1 and 2 allows the State to validate performance before scaling, ensuring prudent stewardship of public resources while unlocking long-term economic and technological leadership.