

**ECONOMIC DEVELOPMENT COMMISSION
MEETING SUMMARY**

December 7, 2018
7:00 a.m. – 9:00 a.m.

MEETING DATE

December 7, 2018
1600 Broadway, Suite 2500
Denver, CO 80202

MEETING PARTICIPANTS

A. Commission Members

Carrie Schiff, Robert Price, Tara Marshall, Jay Seaton, Denise Brown, Benita Duran, Chris Franz, Karen Blumenstein, Lisa Reeves, Rob Brown, and Tom Clark.

B. Guests

Jariah Walker, Bob Cope, Charlie Sweet, David Neville, Nick Regan, Laura Newman, Steve Strunk, and Ed Sealover.

C. Staff

Stephanie Copeland, Jeff Kraft, LeeAnn Morrill, Ken Jensen, Che Sheehan, Jill McGranahan, and Virginia Davis.

DECISION/ACTION ITEMS

1. The Economic Development Commission approved the EDC Meeting Summary from the October 17, 2018 meeting.

A. Meeting Called to Order

Schiff called the meeting to order.

B. Regional Tourism Act (RTA): Jeff Kraft, Ken Jensen

Colorado Springs/City For Champions

Kraft said we will be discussing two C4C project elements, the UCCS Hybl Center first. We will be asking for two motions. One would be modifying the resolution and the other would be approval of Commencement of Substantial Work for the Hybl Center.

The second part of the call today is to give the Commission a chance to discuss and ask questions about the business plan for the sports and entertainment center that has the two components to it, the UCCS indoor arena and the outdoor stadium.

UCCS Hybl Center

Kraft provided an update noting the plans from the bond proceeds. The bonds were sold above par value for a total of \$72.7M with \$60.8M planned to be used for the Hybl Center and another \$3.1M to be used for the North Nevada infrastructure. Also, please note the construction schedule and timeline that has been provided. These documents are the primary updates since Sweet was here in September.

Kraft provided a list of indicia that substantial work has commenced towards the goals specified in Colorado

Springs' application for the UCCS Sports Medicine and Performance Center ("UCCS Center") project element of the City for Champions Regional Tourism Act ("RTA") Project:

- The CU Board of Regents approved naming the UCCS Sports Medicine and Performance Center after noted local civic leader William J. Hybl on February 17, 2017. (Milestone 1)
- The CU Board of Regents Resolution approved the Hybl Center program plan and provided spending authority for construction on June 16, 2017. The CU Board of Regents committed that "A 30 year bond will fund the building." (Milestone 2)
- The Colorado General Assembly Capital Development Committee (CDC) approved the Cash Needs list on June 21, 2017. (Milestone 3)
- UCCS has attested that they signed a twenty year lease with Centura Health as the primary tenant of the Hybl Center and required that the lease revenues be pledged as an auxiliary revenue stream for the UCCS Bonds on January 2018. (Milestone 4)
- The awardee has designed a Project Element that is consistent with the goals specified in the original RTA application and approved by the EDC in Resolution No 3. Section 5 of the resolution requires several conditions must be satisfied to ensure the Project Element meets the goals specified in the application. The following required conditions have all been met by the applicant and verified by the EDC:
 - Satisfied the approximate and minimum size requirements listed in Resolution No. 3 Exhibit B;
 - Obtained letters certifying that the Center's component clinics, institutes, and/or faculty members have ongoing professional relationships with at least ten (10) Sport's National Governing Bodies and/or not-for-profit organizations dedicated to U.S. Armed Forces Veterans recovery for providing some combination of specialized training, research, rehabilitation, or related services to elite athletes and recovering disabled Veterans;
 - That the Project Element architect and an executive official at U.C.C.S. have certified in writing to the Commission that all of the design elements required by Subsection 5(J) have been included in the Project Element design plans. We should move this to be the last milestone (Milestone 5)
- UCCS has entered into a Guaranteed Maximum Price Agreement with a general contractor, JE Dunn Construction Company on February 12, 2018 and UCCS issued a notice to proceed on February 15, 2018. (Milestone 6)
- On August 31, 2018 the University of Colorado Design Review Board approved the schematic design and On September 13, 2018 the University of Colorado Design Review Board approved the design development. (Milestone 7)
- The Regents of the University of Colorado closed on the issuance of revenue bonds with a par value of \$64,360,000 on October 17, 2018 and the sources and uses tables in the bond documents show that \$60,896,524.75 in Bond proceeds will be used to construct the Hybl Sports Medicine project (which is the UCCS Sports Medicine and Performance Center Project Element) and \$3,121,107.40 for the North Nevada infrastructure which supports the UCCS Sports Medicine and Performance Center. This fully funds the construction of the UCCS Sports Medicine and Performance Center. (Milestone 8)
- On October 18, 2018, UCCS held a ceremonial ground breaking at the Project Element Site. (Milestone 9)

- UCCS issued notice to proceed on allowing general contractor JE Dunn to execute subcontracts on October 22, 2018. (Milestone 10)
- As of October 31, 2018, UCCS has attested that \$2,280,000 was billed by the contractor for pre-construction and design costs. (Milestone 11)
- Colorado Springs Utilities has pulled the underground electric line that ran under the project site. (Milestone 12)
- The construction site is being mobilized with a construction trailer placed on the site, fencing is being delivered, and the parking lot which is part of the site has been closed. (Milestone 13)
- A Letter from UCCS treasurer dated November 30, 2018 that certifies that the Centura lease payments and CSURA RTA reimbursements from the UCCS Sports Performance Center Sub-Account was pledged as an auxiliary revenue stream to the October 17, 2018 revenue bonds. (Milestone 14)

How the above indicia of commencement of substantial work for the UCCS Center align closely with the factors established by the “Program Guidelines, Policies, Procedures and Controls for Monitoring Awardees in the Regional Tourism Act Program” (“RTA Guidelines”):

- If an entity other than the Financing Entity has issued bonds or other debt instruments and the amount of those instruments and the percentage of those instruments secured by RTA awards. (Milestones 8,14)
- If the awardee has obtained the governmental permits, approvals and authorizations required to complete the project. (Milestones 2,3,7)
- If the awardee has started incurring costs for Eligible Improvements, including but not limited to actual development or predevelopment activities, such as erecting permanent structures, excavating the ground to lay foundations, mass grading of the site, or work of a similar description that manifests an intention and purpose to complete the project. (Milestones: 11,12,13)
- If the awardee has performed other work contemplated in the statute or demonstrates other actions that moves the project toward completion. (Milestones: 1,5,6,9,10)
- If the physical construction performed is directly related to the project. (Milestones: 12,13)
- If the awardee has demonstrated that its construction activities are consistent with the timeline it has submitted to the EDC and that its construction activities are being diligently pursued, have continued on a regular, ongoing basis, and that evidence of significant delays or interruptions have not occurred and are not expected to occur, so that the project will reach timely completion. (Milestones: 12,13)
 - If the awardee has entered into contracts for design and construction that cannot be easily exited. (Milestones 4,6,10)
 - If the awardee has secured a commitment from its major tenant, anchor or user. (Milestone: 4)

OEDIT staff’s recommendation to the EDC regarding whether the December 16, 2018 deadline to commence substantial work has been met for the UCCS Center and, relatedly, whether any modifications to Resolution No. 3 are necessary in light of the fact that the bonds issued by the CU Board of Regents, while intended to fund construction of the UCCS Center, are not “Bonds” within the meaning of the RTA

and Resolution No. 3 because they are not backed by a pledge of dedicated state sales tax increment revenue:

- OEDIT staff has reviewed the Project Element milestones described above compared to the factors of evidence outlined in the RTA Guidelines. As part of this review, OEDIT staff evaluated whether the UCCS Center has commenced development, and matched the milestones described above to the factors established by the RTA Guidelines. These milestones provided evidence that substantial work toward the goals specified in the RTA application has commenced for the UCCS Center. While none of the above findings alone is dispositive, each is consistent with the application that Colorado Springs originally submitted to the EDC, as well as with Resolution No. 3 governing the City for Champions RTA Project. Accordingly, OEDIT staff recommends that the EDC determine that commencement of substantial work has occurred using these unique sets of milestones and factors specific to the UCCS Center, including the fact that the recent bond issuance fully funds the construction of the Center, which may not be equally applicable to all other project elements of the City for Champions RTA Project, or any other approved RTA Project.
- As a separate but related matter, OEDIT staff considered the fact that, while it has the greatest confidence that the proceeds of the bonds issued by the CU Board of Regents were intended to and will in fact fund construction of the UCCS Center, those bonds are not “Bonds” within the meaning of the RTA and Resolution No. 3 because they are not issued by the financing entity and backed by a pledge of dedicated state sales tax increment revenue. Accordingly, to safeguard the State’s investment in the UCCS Center, OEDIT staff recommends that, before voting to approve that substantial work has commenced for the UCCS Center, the EDC vote to modify Resolution No. 3 to include new conditions of approval requiring: (1) an amount equal to at least \$16.87 million from a combination of the proceeds of the bonds issued by the CU Board of Regents and the Sub-Account of the Financing Entity for the UCCS Center must be spent to construct the UCCS Center by October 31, 2019; (2) CSURA must certify as eligible costs receipts for construction costs provided by UCCS totaling at least \$16.87 million to OEDIT and the EDC by December 31, 2019; (3) if either or both conditions fail to obtain, then the EDC may modify the RTA award to the City for Champions Project in a manner that includes but is not limited to reducing the “Percentage of State Sales Tax Increment Revenue” dedicated to the Project by the “MEAP” associated with the UCCS Center, as both terms are defined by Resolution No. 3, and/or halting payment of future reimbursements of eligible costs for the UCCS Center.

D. Brown moved that we modify Resolution No. 3 to include the new conditions of approval recommended by OEDIT staff effective as of December 7, 2018, and direct OEDIT staff and legal counsel to work with Colorado Springs and CSURA to memorialize the modifications in a written amendment to Resolution No. 3 to be adopted by the EDC nunc pro tunc at a later meeting. Marshall seconded the motion. Motion passed unanimously.

M/S/P – D. Brown, Marshall – Modification of Resolution No. 3 as proposed by legal counsel and staff was approved.

Franz said, based on OEDIT staff’s Project Element Status Summary and Recommendations for the UCCS Center, I move that we approve that substantial work toward the goals specified in Colorado Springs’ application for the UCCS Center project element of the City for Champions RTA Project has commenced, and direct OEDIT staff and legal counsel to work with Colorado Springs and CSURA to prepare a written

resolution memorializing the same to be adopted by the EDC nunc pro tunc at a later meeting. Marshall seconded the motion. Motion passed unanimously.

M/S/P – Franz, Marshall – Substantial Work toward the goals specified in Colorado Springs' application for the UCCS Center project element of the City for Champions RTA Project has commenced.

Business Plan for the Sports and Entertainment Center

Kraft directed the board to Resolution No. 3 5. H. "Before any Dedicated Revenue may be used to pay for the Eligible Costs of the Colorado Sports and Event Center, and before any Bonds may be issued or incurred to finance this Project Element, the Project Element Sponsor must develop a business plan which includes hosting pre-Olympic and amateur sporting events, such as Olympic Time Trials, Qualifiers, Playoffs, and World Championship events that will draw net new out of state visitors to Colorado, or other events and meetings associated with National Governing Bodies, including events that have not been hosted in Colorado within the last five (5) years. The Applicant or Project Element Sponsor must provide the documents required by this Subsection (H) to the Commission for review and express approval. Such approval shall not be unreasonably withheld.

The Business Plan was provided to the EDC at the September 20th EDC meeting along with the presentation that was made by the Colorado Springs contingent.

Staff provided some questions to CSEC and Summit Economics that have been answered. Summit Economics team is unavailable until next week to provide answers to direct questions.

Cope highlighted some of the questions.

Q: Who will own the stadium? What is the breakout of ownership?

How much staff do you anticipate it will take to attract the number of events listed in the business plan and where are those staff salaries accounted for? In each of the two venue's pro forma? In the Sports Authority? If in the Sports Authority, how will the personnel be funded?

A: While a final determination of the stadium ownership has not been made, it is anticipated that the Colorado Springs Sports Authority will own the stadium. It is also anticipated that a Weidner Apartment Homes-Colorado Springs Switchbacks partnership will own the land. The stadium ownership structure is being analyzed by the City, the Switchbacks and Weidner Apartment Homes with property tax mitigation as one of the prominent factors. The Business Plan identified a minimum of two paid staff, one employed by the Switchback and one employed by Colorado College. Their salaries are included in the "Salaries and Benefits" line item from the proformas on page 19 of the Business Plan. Currently it is not anticipated that the Spoils Authority will have paid staff. although paid staff will always be an option. Any paid staff of the Authority would be funded through agreements between the Authority and the Switchbacks and Colorado College.

Q: Tell us more about your strategy for attracting marquee events such as national championships and Olympic qualifying events.

A: The Business Plan identifies specific marketing techniques including traditional advertising and promotion, social media and e-marketing. More importantly, Colorado Springs has a strong and well established sports ecosystem. This ecosystem consists of organizations such as the Sports Corporation, the Colorado Springs Convention and Visitor Bureau, the Colorado Chamber and EDC (which has an active

Sports Economy Team) the US Olympic Committee, the US Olympic Training Center and approximately one half of all National Governing Bodies. These organizations will be formally engaged in an ongoing process to attract numerous events including marquee events. In many cases, these organizations will have decision making authority in determining the location of existing events and the creation of new events. The desire of these organizations to hold events in Colorado Springs was the impetus for "Olympisizing" the Colorado Sports and Event Center in the RTA Application. The interest and desire to hold events at the CSEC is further evidenced by the NGB video shown to the EDC on September 20th and the numerous letters from NGBs and other sports organizations provided to the EDC.

Q: Per the resolution and EDC questions, please explain in detail how the Sports Authority will oversee the operation of the Colorado Sports and Event Center? We will need to understand the contractual commitments made by each venue owner to the Sports Authority. What happens contractually if the Switchbacks exit the Colorado Springs market? We expect a mechanism for a single point contact to market and book both venues for large multi-venue events. Who will be that single point of contact?

A: The Articles and Bylaws of the Colorado Springs Sports Authority are substantially complete. Once finalized, they will be submitted to OEDIT and the EDC for review prior to filing them with the State. The primary purpose of the Sports Authority is to assure compliance with Resolution No. 3. The primary area of focus in relation to compliance with the Resolution is assuring the implementation and execution of the Business Plan. The Sports Authority will be entering into separate agreements with the Colorado Springs Switchbacks and Colorado College. These individual agreements will include specific obligations to actively support, participate, implement and execute the business plan. The agreement between the Sports Authority and the Colorado Springs Switchbacks for the use and operation of Weidner Stadium will include provisions typical to agreements of this nature to address contingencies such as the unlikely event of the Switchbacks exiting the market. While there will be a very collaborative, broad based and community based effort to market and book these venues, the Colorado Springs Switchbacks have agreed to establish and resource the single point of contact within their organization. This single point of contact mechanism will include dedicated staff and a web based presence.

D. Brown asked that there be some clarification to the single-point of contact making sure that they have the booking authority.

Cope said that will be covered in the agreement between the Sports Authority and Colorado College and we can specify that.

Q: Subject to Section 5(K) in the Resolution, will any of the MEAP for the Colorado Sports & Event Center be utilized for Eligible Improvements to the Southwest Colorado Springs Downtown Infrastructure and if so how much?

A: No

Q: Is Weidner stadium still considered to be part of the Southwest Downtown?

A: Geographically it could be. It's not technically in the Southwest Downtown Urban Renewal area which has been renamed. Weidner Stadium will not be relying upon the required Eligible Southwest Colorado Springs Downtown Infrastructure Improvements shown on Exhibit B.

Q: Based on the current USOM plan do you believe that all of section 5(K) requirements can be met? Specifically, the “required Eligible Southwest Colorado Springs Downtown Infrastructure Improvements as shown in Exhibit B”?

A: The Required Eligible Southwest Colorado Springs Downtown Infrastructure Improvements set forth in Section 5(K) and Exhibit B will be satisfied as established in Resolution No. 3-A, Submission C.

Q: What is the status of the Colorado Springs Stadium Authority? Are there any documents available that we could review?

A: The Colorado Springs Sports Authority Articles and Bylaws are substantially complete. The final documents will be submitted to OEDIT for review prior to them being filed with the State.

Cope addressed the concerns regarding availability of Robson Arena and the other facilities at CC to host the events that generate the net-new out of state visitors (NNOSV).

While the Colorado College academic calendar fills 213 days of the year leaving only 152 non-academic calendar days, the estimated total available days for the CSSA is closer to 200 days as there are academic days where Robson Arena would be available. Furthermore, there are available days that have no conflicts with the academic calendar in every month; the number of Net New Out-of-State Visitors (NNOSVs) presented in the business plan are readily achievable within the available schedule; the peak season for top echelon USA Olympic National Governing Body (NGB) events corresponds well with the available dates given the academic calendar.

Cope explained the methodology and a sample/hypothetical schedule based on the actual academic calendar in a real year was provided.

D. Brown said, will there be a floor of available dates in the final documentation.

Kraft said that we have contemplated that and a document like this should help us do that. If we do put a floor we would work with Cope and make sure the Sports Authority’s agreement with CC would include that as well.

Blumenstein asked about splitting the venues. Did you look at conflicts where both venues wouldn’t be available at the same time and did that show any concerns for you?

Cope said he would need to defer to Summit Economics for that question. As there is no one from Summit available for this meeting we will need to get back to you.

Q: Please provide additional back up or detail pertaining to the bonding/borrowing capacity of the RTA Dedicated Revenue as it relates to the sources and uses of funds for the capital cost of building the two venues. This request is in response to citizen comments received by OEDIT and the EDC.

A: Bonding capacity is adequate as evidenced in the Sources and Uses of funds provided in the Business Plan. In accordance with Resolution No. 3, the Minimum Element Allocation Percentage (MEAP) for the Colorado Sports and Event Center Project Element is 23% or approximately \$27.7 million. Two thirds or

approximately \$18.5 million is allocated to Weidner Stadium. One third or approximately \$9.2 million is allocated to Robson Arena.

For Weidner Stadium, the “State TIF” line item of \$12,000,000 refers to the estimated present value of the \$18.5 million allocated to that project. Investment bankers and direct lenders that have actual knowledge and experience with the C4C RTA SSTW revenue stream, have indicated that based upon current market conditions, a bond or traditional loan would result in a range of \$10 to \$12 million in project funds.

Q: Elaborate on the parking strategies that will be employed in the implementation of the Business Plan.

A: Colorado College has completed a rigorous parking study related to the future construction of Robson Arena on the CC campus. OEDIT staff has reviewed this study. The study analyzed parking demand, parking capacity and other pertinent data. Some of the more significant findings are listed below:

- Attendance at a sold out event is 3,000
- Student attendance at a hockey event is projected at 500. Study assumes that students
- will walk to events at Robson Arena since over 85% of the CC students live on campus.
- Study projects auto occupancy at 2.9 people per car. Auto occupancy based upon
- research into other Colorado sports facilities:
 - Coors Field — 2.4 per car
 - Pepsi Center — 2.2 per car
 - Mile High — 3.0 per car
 - Dicks Sporting Goods Park — 2.8 per car
- Estimated parking demand for a sold out event is approximately 825 vehicles

Parking strategies have also been provided.

Public Comment

Strunk said, he has worked with several of the players involved in the COS/RTA project and just wanted to show his support for this project and the team heading it up.

Kraft said, staff and the project will provide more answers at the December 20th meeting. Pending getting some satisfactory answers from Summit and validating the NNOTV numbers and how they work, OEDIT is leaning toward recommending approval of the Business Plan at the next meeting. This would be another milestone met. We can then focus on issues like the Commencement of Substantial Work for these two projects and final modifications to the Resolution. Just as a recap, the EDC approved a year extension for them to Commence at the last meeting. We are slowly working our way through these steps towards getting everything lined up.

Cope deferred to his document provided that outlines some of the milestones that have occurred toward Commencement.

Kraft asked if the proposal is that Commencement start when the latter of the two sites have done the grading and the utilities?

Cope said it would have to have happened for both venues.

Kraft said, that is along the lines of what we have discussed previously. Because it’s a unified element the whole element needs to commence.

I am assuming before the mass grading occurred, would the CSURA have issued specific bonds for Weidner Stadium as well.

Cope said, in this case, we are not anticipating that big-b bonds would be issued. We are most likely looking at a pledge of two-thirds of the revenue to a direct lender for a loan. I think that can happen at any point, it's just having a clear path to Commencement so the lender knows that this is going to occur.

Kraft asked, when you do issue the privately placed bond or a loan, based on the two-thirds of the revenue stream, would that RTA revenue stream be the primary or only element being pledged to support that loan or private bond?

Cope said, I believe so. There could be some additional funding that would probably be separate from that. I want to leave the door open that there might be some additional revenue added to that.

Kraft said that could potential qualify as a big-b bond which would give you another strong argument for Commencement. So solidifying the plans for financing is something that we should work on collectively as well as the other issues still outstanding to work on making Commencement happen.

Blumenstein asked why would this go to a bank instead of issuing bonds?

Cope said its cheaper and quicker to go directly to the bank.

Blumenstein asked for an idea on what portion of the overall development budget mass grading and underground utility installation would be on each of the two venues.

Cope said he would work on that and get back to the Commission on this.

With all items discussed, the meeting was adjourned.