



**Downtown Development Authority of Colorado Springs
Board of Directors Public Hearing
Nov. 13, 2018 at 8 am
111 S. Tejon St., Plaza of the Rockies North Tower, Suite 703**

Board members present: Carrie Bartow, Aaron Briggs, Jordan Empey, Jeff Finn, Dave Lux, Jessica Modeer, Darsey Nicklasson, Ingrid Richter and Tony Rosendo

Staff: Susan Edmondson, Sarah Humbargar, Alex Armani-Munn, Margo Baker and Ana Valdez

Guests: Kevin Butcher, Sam Cameron, Stuart Coppedge, Breanna Danner, Chris Jenkins, David Neville and Carolynne White

Welcome and Call to Order

Ingrid Richter called the meeting to order at 8:05 a.m. In open session at 8:06 a.m., Jordan Empey moved to go into Executive Session, seconded by Carrie Bartow and approved unanimously.

Board emerged from executive session at 8:25 a.m. Carrie Bartow moved to open the DDA board meeting, seconded by Jordan and approved unanimously.

Staffing update

Susan Edmondson reminded the board of her previous notice that Sarah Humbargar has resigned her position effective December 21, 2018, and there will be a farewell happy hour for her on January 16, 2019. Sarah has stated her strong desire to continue work in Colorado Springs, and she will continue some work with the DDA on contract for key projects in the new year; her position has been posted.

Minutes

Board reviewed minutes dated October 9, 2018. Following a motion by Darsey Nicklasson, seconded by Carrie, minutes were approved unanimously.

Old Business

Cottonwood Center for the Arts – On a motion by Carrie, seconded by Jeff Finn, board voted unanimously that the Downtown Development Authority sanctions transfer of the Cottonwood Center for the Arts property under terms that allow Cottonwood to reacquire the property at a future date and further that the DDA Executive Director is authorized to sign any agreements pertaining to this matter, as reviewed by legal counsel.

Mineral rights - On a motion by Carrie, seconded by Jeff, board voted unanimously to authorize staff to utilize legal counsel to pursue sale of purported mineral rights in Texas by specified quantum of interest (as opposed to all of DDA's right, title and interest) to Permico. Additionally, board authorizes staff to utilize legal counsel to follow up with Parsley Energy regarding funds likely held in suspense for the Lucy Ross estate and owed DDA. Final sales price or other matters related to closing out this prospect shall be subject to review and approval by the board chair.

Financials

Board reviewed financials dated October 31, 2018. Jeff moved to accept financials, seconded by Jessica Modeer and approved unanimously.

TIF fee structure - Sarah explained that she, Susan, Ingrid, and Carrie have met twice to review in detail all Downtown TIF fees and processes. Given that the first TIF reimbursement payment was made only in 2017, the entire TIF project lifecycle has come full circle, and the review was helpful to ensure efficiencies and accuracy in the process.

Board reviewed a memo proposing adjustments in TIF applications fees, which include initiating a \$3,000 application fee, charging to recoup ongoing legal fees over the initial \$3,000, increasing the administrative fee, and a recommendation to engage third-party consultants on project certifications and payment processing.

Board held a robust discussion concerning each proposed change. The high volume of staff processing time should be accounted for, especially if an applicant decides to not pursue an application after staff has processed and researched the application. If an applicant has several rounds of contract changes, the legal fees can get excessive. The board also discussed what fees are reasonable and fair given the wide variety of project sizes and complexities.

Ingrid moved to approve a \$1,500 application fee, with an administrative fee of 5 percent for the first five years from certificate of occupancy, followed by a ratchet down after the first five years to 2.5 percent administrative fee for the remainder of the project. Board continued to discuss.

Guests from Cameron Butcher arrived to the meeting at 9:11 a.m.

Darsey made an amendment to the motion to reduce the 5 percent administrative fee for the first year of TIF, to 2.5%. She explained that the majority of costs to administer occur upon certificate of occupancy, then minimize in future years. There was more board discussion.

Tony Rosendo amended Ingrid's motion to implement a new TIF fee schedule and legal process as follows:

- \$1,500 application fee.
- An administrative fee of 5 percent for the first four years following certificate of occupancy, then ratcheted down to 2.5 percent for the remaining years. If the TIF generated on a project is \$250,000 or greater annually, then the administrative fee may be negotiated further downward.
- A \$3,000 legal fee paid as a retainer, intended to cover one round of contract negotiations; if further negotiations ensue, the applicant will continue to be obligated reimburse legal fees to the DDA.
- Have final certification completed by a third-party CPA and engineer.

The motion was seconded by Darsey and approved unanimously.

Board agreed to revisit in two years to see if the new process is accomplishing its desired goals.

Guests from Nor'wood Development arrived to the meeting at 9:25 a.m.

TIF Reimbursement Proposals

501 S. Weber St. – First Presentation – Sarah introduced Sam Cameron, Kevin Butcher and Breanna Danner from Cameron Butcher. The company has purchased the former Salvation Army building at 501 S. Weber St. and is in the process of gutting the interior of the building. Their plans call for a mixed-use project for the two-story building with anticipated construction to begin next spring. Following board discussion, Carrie noted that the project meets several Experience Downtown Colorado Springs goals and moved to authorize Cameron

Butcher to submit a full TIF Reimbursement Application, seconded by Jordan and approved unanimously. Darsey disclosed that she is in partnership with Cameron Butcher on another project entirely separate from this one.

Stuart Coppedge left the meeting at 9:30 a.m.

421 S. Nevada Ave. – Sarah referred board to a memo with updates regarding the Kinship Landing TIF reimbursement application. She reminded the board that it had approved a 60 percent reimbursement on the project and authorized staff to pursue any potential arrangement with the school district to mitigate TIF reimbursement costs. Since that time, the school district has indicated it is not currently in a position to consider changes to the TIF reimbursement situation. However, as staff reworked projections to account for the new D-11 mill levy override, there is now increased TIF projected for the project. Staff also reassessed the greenhouse and reduced the eligibility cap to reflect reduced costs for the exterior. Staff recommends that the 60 increment remain the same, given that the actual projected dollars going to the project have increased.

Jessica moved to authorize staff to amend the eligible costs for Kinship Landing to remove any costs associated with the \$400,000 greenhouse which are not exterior elements and then enter into a term sheet to move forward with the applicant at 60 percent reimbursement, seconded by Carrie, and approved unanimously. Darsey, Tony and Jordan recused themselves from voting.

Grants

Grant terminations - Susan reported that two grants were terminated and removed from the books. Carter Payne had been approved for a grant for their exterior deck and despite numerous contract extensions they have not been able to accomplish the project; additionally, the Winfield Scott building did not have the utility undergrounding done.

Bike share allocation –Susan reminded board that during the June 2017 board meeting \$100,000 was approved by board for PikeRide capital costs based upon receiving additional sponsors. The payment will be made before year end to be reflected in 2018 books. These funds are separate from the line of credit that the board authorized.

New business

Urban Renewal Authority: Ingrid welcomed Chris Jenkins, Carolynne White, and David Neville. Chris presented information about the proposed Museum and Park Urban Renewal Authority (previously known as the Southwest Downtown Urban Renewal Area). Board reviewed a memo from Susan giving background about discussions to date with Nor'wood, the master developer; the memo proposes DDA shall receive increment on 2 of its mills for the 25-year duration of the MPURA, with the project retaining increment on the remaining 3 DDA mills; additionally, the MPURA is seeking a grant of \$1 million to support streetscapes adjacent to the URA boundary.

Tony left the meeting at 10:02 a.m.

The \$1 million grant request is for streetscape of one block of Vermijo outside of but adjacent to the URA boundary (the County Courthouse). That block is estimated to cost \$3.2 million, which includes upgrading utilities and stormwater infrastructure.

Board discussion ensued. Jeff and Carrie disclosed that they will abstain from voting, Jeff due to his employment with Nor'wood and Carrie due to her service as CPA to the URA. Because of the short time left in

the meeting, board determined to hold a special meeting to discuss this proposal in depth before the end of the month.

Dave Lux left the meeting at 10:15 a.m.

Adjourn

Carrie moved to adjourn, seconded by Jessica and approved unanimously. Meeting adjourned at 10:25 a.m.