

## PREDEVELOPMENT AGREEMENT

THIS PREDEVELOPMENT AGREEMENT is entered into this 6<sup>th</sup> day of AUGUST 2014, between **THE COLORADO SPRINGS URBAN RENEWAL AUTHORITY** (the "Authority"), and **Golden Cycle Investments, LLC**, (the "Developer").

### RECITALS:

The parties hereto recite and declare as follows:

A Conditions Survey, Impact Report and an Urban Renewal Plan will be completed by the Developer for the property (the "Property") described in The Gold Hill Mesa Commercial District Urban Renewal Plan that will be presented for adoption by the City of Colorado Springs' City Council in 2014 (the "Plan"). An amended plan will also be prepared for the existing Gold Hill Mesa Urban Renewal Area to reflect the removal of the commercial area from the plan (the "Amended Plan").

Golden Cycle Investments, LLC is the owner of all of the private Property (or has obtained agreements with all other property owners for the inclusion of their properties in the Plan) and all such Property is subject to the Plan and the Amended Plan.

Developer has agreed to develop the Property in accordance with the uses to be specified in the Plan.

The parties anticipate that a Development Agreement and other supporting documentation and agreements (the "Gold Hill Mesa Commercial District Agreements", as defined below) will be negotiated, drafted and entered into in the future setting forth in detail the agreements between the Authority and the Developer relating to development of the Property and use of the Tax Increment Financing generated by the Property.

NOW THEREFORE, in consideration of the above recitals and the covenants and conditions of this Agreement, the parties agree as follows:

1. The Developer shall pay to the Authority, upon the execution of this Predevelopment Agreement, an administrative fee in the amount of \$12,000 which will compensate the Authority for project management, financial analysis and legal fees associated with the processing and review of the conditions study, impact report and urban renewal plan (Exhibit A). This will include but not be limited to: plan reviews, CSURA Board meetings, Planning Commission presentation, Impact Report discussions with El Paso County and School District #11 as well as City Council presentation of the proposed plan.
2. The Developer will also pay the Authority a retainer deposit in the amount of \$20,000 (the "Deposit"). The Deposit is intended to secure the obligation of the Developer to pay all reasonable costs and expenses of the Authority in connection with the, negotiation, drafting, execution and performance of (i) the Development Agreement, (ii) a Sales Tax Cooperation Agreement with the City of Colorado Springs, (iii) other inter-governmental agreements between the Authority, Developer, City, County and/or School Districts, (iv) financing, loan, bond or other forms of financing agreements, and (v) other agreements arising out of or related to the foregoing (collectively the "Gold Hill Mesa Commercial District Agreements").
3. The Authority will deposit the Deposit into a separate bank account owned by the Authority. If the account is an interest-bearing account, all interest will accrue and be added to the amount of the Deposit.
4. The Authority shall be entitled to withdraw funds from the Deposit from time to time, subject to the provisions of Section 5, for reasonable costs and expenses incurred in connection with the Gold Hill Mesa Commercial District Agreements. Such expenses shall include, but shall not be limited to, studies (such as economic impact reports, market feasibility studies, etc.), legal fees, time allocated by Authority's staff to the Gold Hill Mesa Commercial District project (billed at the following initial rates, subject to reasonable increases from time to time upon notice to Developer: Legal Fees \$200 per hour, Executive staff \$120.00 per hour, Administrative office staff \$35.00 per hour, plus 15% of the foregoing hourly rates for office overhead), hard costs and expenses, and other third-party consultants' fees and expenses.
5. The Authority shall periodically (but no less often than quarterly) send to Developer a written reconciliation summary of its use of the Deposit. At such time as the initial Deposit is less than \$3000.00, (or reasonably projected to be less than \$3000.00 based upon anticipated necessary expenditures in connection with the Gold Hill Mesa Commercial Area Agreements), the Authority shall notify Developer of the amount of additional funds needed to replenish the Deposit. The Developer shall pay such additional amount within ten (10) days of the date of such notice. Any such payments will be made

pursuant to the provisions of Section 5 regarding a scope of work (the "Scope") agreed to among the parties to this Agreement. The parties to this agreement understand that the total cost for any Scope may not be known in advance. However, the Authority will provide an estimate of cost for each Scope, which shall not be binding on the Authority but which will provide the Developer and the District with an estimate for their budgeting purposes. The Authority (its staff and consultants) shall be entitled to cease all work on the Gold Hill Mesa Commercial District project until such time as the additional funds have been received. Upon completion of the Gold Hill Mesa Commercial District Agreements, or earlier upon a written agreement which specifically supersedes the payment provisions of this Predevelopment Retainer Agreement, any funds remaining in the Authority's Gold Hill Mesa Commercial District account shall be returned to the Developer.

6. Upon payment of the Deposit, the parties hereto will proceed with good faith and reasonable diligence to finalize and sign a Development Agreement setting forth in detail the terms, conditions and obligations of the parties relating to development of the Property, and thereafter proceed with the additional Gold Hill Mesa Commercial District Agreements.

The Authority and the Developer agree that work necessary to the documentation and implementation of the Plan should proceed based upon a mutually agreed upon Scope. The purpose is to allow both parties to focus their efforts on the agreements, studies, financial analysis and other work products deemed timely, to direct the financial resources towards the costs associated with each scope of work and to allow the parties to make reasonable estimates regarding the funding requirements of Section 4 above. The initial Scope shall include:

- A. Preparation and approval of the Conditions Survey, Impact Report and Urban Renewal Plan and the Amended Plan.
- B. Preparation and execution of a Cooperation Agreement between the City of Colorado Springs and the Authority.
- C. Preparation and execution of a Development Agreement between the Authority and the Developer.

The Authority and the Developer agree that preparation and execution of these documents should precede all other activities contemplated under this Agreement. Upon completion of the execution of the agreements listed in (A), (B) and (C), a subsequent

Scope will be prepared for approval by both parties if required.

7. In the event Developer fails or refuses to pay the additional sums required pursuant to Section 4 above, in addition to the Authority's right to cease all further work on the Gold Hill Mesa Commercial District project, to the extent the Authority is obligated to pay (or entitled to reimbursement of sums reasonably incurred in furtherance of this Predevelopment Agreement, the Authority shall be entitled to collect all such sums from Developer, and Developer and District shall be jointly and severally liable to pay such amounts to the Authority. Additionally the Authority shall be awarded all costs and expenses incurred by the Authority in connection with such collection action, including its reasonable attorneys' fees and costs.
8. This Predevelopment Agreement shall specifically survive the execution and performance of the Gold Hill Mesa Commercial District Agreements (except as specifically set forth therein), and shall be binding upon the parties hereto and their respective heirs, successors and assigns.

IN WITNESS WHEREOF the parties have entered into this Predevelopment Agreement effective this 6<sup>th</sup> day of AUG, 2014.

THE COLORADO SPRINGS URBAN RENEWAL AUTHORITY

By: 

David Neville, Chair

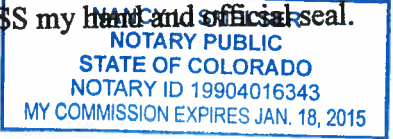
Golden Cycle Investments, LLC

By: 

Its: 

The foregoing instrument was acknowledged before me this 22<sup>nd</sup> day of Oct., 2014, by David M. Dwyer as Chair of Colorado Springs Urban Renewal Authority.

WITNESS my hand and official seal.



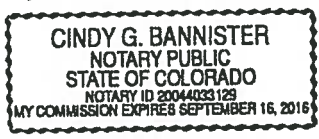
SEAL

Nancy Smelser  
Notary Public  
My Commission Expires: 1/18/2015

STATE OF COLORADO )  
 )ss.  
COUNTY OF EL PASO )

The foregoing instrument was acknowledged before me this 6<sup>th</sup> day of August, 2014, by Monte C. McKeen as Sr Asst Manager of Golden Cycle Investments, LLC.

WITNESS my hand and official seal.



SEAL

Cindy G. Bannister  
Notary Public  
My Commission Expires: 9/16/2016

STATE OF COLORADO )  
 )ss.  
COUNTY OF EL PASO )

Golden Cycle Investments, LLC

142 South Raven Mine Drive  
Suite 200  
Colorado Springs, CO 80905  
719-444-0330

Vectra Bank Colorado  
111 S Tejon St  
Colorado Spgs, CO 80903  
719-577-9100

23-315

1020

2120

DATE 8/7/2014

Reference:

PAY The Colorado Spgs Urban Renewal Authority

\$ **32,000.00**

Thirty-Two Thousand and 00/100\*\*\*\*\* DOLLARS

TO THE ORDER OF  
The Colorado Spgs Urban Renewal Authority  
PO Box 1575, MC 640  
Colorado Springs, CO 80901-1575

Memo Adminstrative Fee & Retainer



⑈ 2 1 20 ⑈ ⑆ 10 2003 1 54 ⑆ 44 70065 790

Golden Cycle Investments, LLC

2120

The Colorado Spgs Urban Renewal Authority

8/7/2014

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
8/7/2014	Bill	Retainer	32,000.00	32,000.00		32,000.00
					Check Amount	32,000.00

Vectra 4470065790 Adminstrative Fee & Retainer 32,000.00

Golden Cycle Investments, LLC

2120

The Colorado Spgs Urban Renewal Authority

8/7/2014

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
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