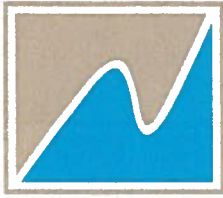


*Peer into the future before
it becomes the present*



Applied Economics

Summit Economics, LLC

August 14, 2015

**Jim Rees
Executive Director
Colorado Springs Urban Renewal Authority
P.O. Box 1575, MC 640
Colorado Springs, CO 80901**

Dear Jim:

This is a proposed letter of engagement for the preparation of an analysis to assess the economic, demographic and government revenue impacts/effects of the commercial, office, industrial and residential development in six of the nine urban renewal areas within the City of Colorado Springs. The analysis to include an assessment of the effects and impacts stemming from current development as well as projected effects/impacts at build-out of each project.

The urban renewal areas to be studied ("study Areas") will include: Lowell Neighborhood; Gold Hill Mesa; University Village; Ivywild Neighborhood; Southwest Downtown; and Copper Ridge. Estimates of the direct, indirect and induced economic impacts stemming from current/projected employment in those areas will be prepared as well as the impacts of past/projected construction spending in each study Area.

Additionally, a general description of the status and anticipated future development will be prepared for three other urban renewal areas in the City that are currently inactive. Those three areas include: City Auditorium Block; CityGate; and the Vineyard Property.

SCOPE OF WORK

Task 1: Prepare a profile of current development within each Urban Renewal Study Area

Deliverables/Approach:

Utilizing data from the El Paso County Assessor's database, collect base information regarding the characteristics of the commercial, office, industrial and residential development currently within each of the six study Areas. Prepare a profile of current development within the study area to include: total square feet by use, total single family dwelling units, total multi-family dwelling units, market value, assessed value, zoning, etc. Separate profiles will be prepared for each land use type: retail, office, commercial, industrial, residential. Data already assembled by the Colorado Springs Urban Renewal Authority regarding the past/current development activity of each study Area will also be collected and analyzed.

Task 2: Prepare estimates of current employment, by industry, within each Urban Renewal Study Area

Deliverables/Approach:

A listing of all employers currently located within each of the six study Areas will be prepared. The listing will be assembled from a combination of commercially available databases and field surveys of each Area. The listing of employers will be sorted by industry (NAICS code). An estimate of current employment by industry (NAICS code) will be developed utilizing commercially available databases (e.g. Esri, Reference USA), company annual reports/10k SEC filings, and industry averages for total square feet per employee. Total wages and salaries paid will also be estimated through the use of IMPLAN (Input-output Modeling for PLANning) economic impact software developed by the IMPLAN Group and through data contained in the Colorado Department of Labor's Quarterly Census of Employment and Wages.

The estimates of employment in the study area will include workers at all office, industrial and commercial buildings within each study Area.

Task 3: Develop estimates of population and households residing within each Urban Renewal Study Area and their demographic characteristics

Deliverables/Approach:

Current estimates of population and households residing in each study Area will be prepared utilizing data from: PPACG, 2010 Census, commercially available demographic databases; and field surveys of each Area. A socioeconomic profile of the population and households in each Area will also be prepared including household income, household composition, and race/sex/ethnicity.

Task 4: Compile detailed data regarding new construction activity that has occurred within each Study Area since designation as an Urban Renewal Area

Deliverables/Approach:

All available Pikes Peak Regional Building Department data regarding building permits for new construction within each of the six Urban Renewal Study Areas will be collected. Key information, including the estimated dollar value of the new construction, will be extracted and summarized. To the extent reliable building permit data for each study Area is not available, estimates of past construction spending in each Area will be prepared by applying industry averages for construction cost per square foot by use.

Task 5: Estimate indirect and induced economic effects resulting from the direct employment, households, and new construction activity occurring within each Urban Renewal Study Area

Deliverables/Approach:

The IMPLAN (Input-output Modeling for PLANning) economic impact software will be employed to estimate the indirect and induced effects of: direct employment identified in Task 2; and, new construction expenditures in each study Area. Separate IMPLAN analyses will be prepared for each major NAICS industry group for which there currently is employment or economic activity within each study Area.

Outputs from the modeling will include total, direct, and indirect:

Output – total sales or revenues generated by firms, governments and households

Value-added – newly created goods and services resulting from revenues and expenditures (analogous to gross domestic product)

Labor Income – employee salaries and benefits and self-employment income

Employment – total full-time and part-time jobs generated

Task 6: Develop estimates of current economic impacts/effects (direct, indirect and induced) of each Urban Renewal Study Area

Deliverables/Approach:

The estimates of current direct economic impact/effect within each study area as identified in Tasks 2-4 will be combined with the estimates of indirect and induced impacts calculated in Task 5 to yield estimates of total economic impact.

Task 7: Prepare estimates of tax revenue (not subject to TIF) to State and local governments generated by the construction activity in each Urban Renewal Study Area

Deliverables/Approach:

Total earnings and consumption spending by the direct, indirect, and induced employment resulting from the spending on new construction in each study Area will be used to generate estimates of State and local sales taxes, use taxes, income taxes, and property taxes attributable to those jobs. Additionally, any readily identifiable sales and property tax revenues generated within each study Area that are not subject to TIF will be quantified.

Task 8: Prepare a profile of development within each Urban Renewal Study Area at full build-out

Deliverables/Approach:

Review existing urban renewal plans and other planning documents for each of the six study Areas. Interview the principal developer(s) of each Urban Renewal Area to gain an understanding of their future plans for development as well as their vision as to the mix of uses at build-out projects in the Area. Prepare a profile of development at build-out within each study Area to include: total square feet by use, total single family dwelling units, total multi-family dwelling units. Separate profiles will be prepared for each land use type: retail, office, commercial, industrial, residential.

Task 9: Prepare estimate of indirect and induced economic effects resulting from the direct employment, households, and new construction activity occurring within each Urban Renewal Area at full build-out

Deliverables/Approach:

Prepare estimates of employment at build-out, by industry, within each Urban Renewal Area. Similarly, estimates of population and households projected to reside within each Urban Renewal Area at build-out will be prepared. The IMPLAN (Input- output Modeling for PLANning) economic impact software will be employed to estimate the indirect and induced effects of: direct employment identified in Task 8; and, new construction expenditures to build-out in each study Area.

Task 10: Prepare a general description of current and future development plans for each of the City Auditorium Block, CityGate, and Vineyard Property Urban Renewal Areas.

Deliverables/Approach:

Review existing urban renewal plans and other planning documents for each of the three urban renewal areas that are currently inactive. Interview the principal developer/landowner(s) of each area to gain an understanding of their future plans for development as well as their vision as to the mix of uses at build-out projects in the Area. Prepare a general description of the current status of development and future anticipated development activity in each of the three urban renewal areas.

Task 11: Prepare summary report of findings

Deliverables/Approach:

A report describing the methodology and key findings of Tasks 1-9 will be prepared. The report will include an executive summary that provides a description of each of the six Urban Renewal Study Areas, the current status of development in Area, and summarized economic and fiscal impacts. The report will also include a general description of the other three inactive urban renewal areas and a summary of future development plans (if any) obtained through interviews with the principal landowners/developer of those areas.

Deliverables

1. A report describing the methodology and key findings of Tasks 1-10. The report will include an executive summary. The final report will be provided in electronic PDF format.
2. One preliminary presentation of key findings will be delivered by Summit Economics project team members to Colorado Springs Urban Renewal Authority staff. A final presentation will be made to the Authority Board and/or Colorado Springs City Council.

Limits on Use of Report

None of the material contained in the report produced in this assignment may be used in any type of prospectus for any type of securities offering without prior written permission from Summit Economics, LLC.

Project Team

The project team principal for this project will be Mike Anderson. Graham Anderson will provide technical/analytic services. Brief biographies of each are attached.

Cost

Work covered by this agreement will be performed on a fixed fee basis. The total cost for the work will be \$9,400, plus reimbursable expenses.

Out of pocket expenses (data purchases, copy services, delivery charges) will not exceed \$1,100 and will be billed at cost.

An initial deposit of \$4,700 is required at the commencement of work on the project, with the remaining balance paid in monthly draws commensurate with progress made in completing the work tasks in the scope of work.

Invoices shall be payable upon receipt. There shall be a late payment charge of 1.0% per month for any invoice that is more than 30 days past due. If an unpaid balance is referred to an attorney for collection, all attorneys' fees, court costs and collection expenses incurred shall become part of the total balance owed.

Completion

Work can begin as soon as a signed engagement letter is received. We can complete the assignment described in Tasks 1-10 within 100 days, or sooner, from start.

Termination

Either party may terminate this agreement upon written notice. Payment shall be based on work completed satisfactorily at time termination notice is received.

Sincerely,



Michael L. Anderson
Senior Partner, Summit Economics

Agreed and accepted:

By: 

August 31, 2015
Date

Summit Economics

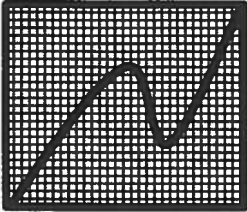
Project Team Profiles

Specializing in empirical research and rigorous analysis in support of sound business decisions, Summit Economics LLC provides research and consulting services in applied economics, real estate, market research, municipal finance, public policy, and business strategy development. Summit was formed in 2008 by the principals of Dave Bamberger & Associates, which has provided economic research and consulting services in Colorado since 1981. The five partners of Summit Economics have a combined total of over 160 years of relevant experience in the field. The company's clients include global corporations, homebuilders, land development firms, small businesses, local governments, financial institutions, utilities, educational institutions and non-profit organizations and associations. The company's most valuable assets include its decades of experience, creativity, technical capabilities and the relationships they have built over the years with their clients. Summit is well suited to deliver the desired services.

Mike Anderson, Senior Partner, will serve as the Project Lead for this project. Mr. Anderson has over 32 years of experience in fiscal/economic impact analysis, municipal budgeting, public finance, and municipal management. His career has included serving as a financial analyst, financial economist and city manager for local government. Mr. Anderson also served as a municipal budget director for over a decade. In that capacity he managed the annual city budget development process and was responsible for capital improvements planning and budgeting, multi-year revenue and expenditure forecasting, fiscal impact analysis, negotiation of the fiscal aspects of annexation agreements, debt management, management of special districts, and strategic planning. He has specialized experience and expertise in financial feasibility studies, fiscal impact analysis, economic development, and public policy. Additionally, Mr. Anderson is also recognized as an expert in infrastructure finance and has been directly involved in scores of projects resulting in the successful issuance of over \$900 million of bonds and other financial instruments used for the finance of public infrastructure necessary for municipal projects, urban renewal, and economic development. Having managed a large full-service municipality, he brings a unique perspective and wealth of knowledge that will be applied in this project.

Graham Anderson, Analyst, will provide technical assistance with the collection and analysis of inputs for the economic impact analyses for this project. Graham has extensive experience in the conduct of economic impact and real estate market studies, real estate financial structuring, feasibility analysis, and has special skills in the conduct of topic-specific research and data collection for economic and fiscal impact analyses. He is also an experienced user of the IMPLAN economic impact modeling software. Graham earned an A.B. in History magna cum laude from Brown University in 2010, where he also completed extensive coursework in urban studies and, with special faculty approval, performed graduate coursework in the History and in the Urban Studies departments in completion of his undergraduate studies.

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Summit EconomicsLLC
5431 Majestic Drive
Colorado Springs, CO 80919

www.SummitEconomics.com

Applied Economics

August 14, 2014

Jim Rees
Executive Director
Colorado Springs Urban Renewal Authority
P.O. Box 1575, MC 640
Colorado Springs, CO 80901

Dear Jim:

INVOICE

Preparation of an analysis to assess the economic, demographic and government revenue impacts/effects of development in the nine urban renewal areas within the City of Colorado Springs. .

Amount Due (deposit) \$4,700

THANK YOU

Employer Identification Number: 26-3242023