

**LETTER OF INTENT
TO ENTER INTO MEMORANDUM OF UNDERSTANDING**

This Letter of Intent (LOI) is made as of _____, 2016 by and between the City of Colorado Springs (City) and the United States Olympic Museum, a Colorado Nonprofit Corporation (USOM). For the purposes of the LOI, each party may be referred to as a “Party” or collectively as the “Parties”.

WHEREAS, on December 16, 2013, the Colorado Economic Development Commission (EDC) approved an application filed by the City for the “City for Champions Project” for dedication of new state sales tax revenue to support regional tourism projects pursuant to the Colorado Regional Tourism Act (the Act); and

WHEREAS, in accordance with the Act, the EDC adopted its RESOLUTION NO. 3 (the Resolution) specifying conditions of approval of the City’s application imposed by the EDC; and

WHEREAS, the Resolution, among other provisions, established the following Minimum Element Allocation Percentages (MEAPs) of Dedicated Revenue for each project element:

- i. USOM: 42%
- ii. Colorado Sports & Events Complex: 23%
- iii. U.C.C.S. Sports Medicine and Performance Center: 14%
- iv. U.S. Air Force Academy Gateway Visitor’s Center: 5%
- v. Flexible Allocation: 16%

and

WHEREAS, the Resolution contemplates the substantial completion of the USOM and certain Southwest Colorado Springs Downtown Infrastructure Improvements as a condition to continued receipt of the entire percentage of state sales tax increment revenue. The required Eligible Southwest Colorado Springs Downtown Infrastructure Improvements include a pedestrian bridge, appropriate parking facilities, streetscape improvements, utility upgrades and right of way vacation as appropriate.

WHEREAS, the Resolution provides that up to 25% of the MEAP for the USOM may be utilized for Eligible Improvements to the Southwest Colorado Springs Downtown Infrastructure; and

WHEREAS, the Resolution provides that the 16% Flexible Allocation shall be pledged to or among any Project Element, including Eligible Improvements to the Southwest Colorado Springs Downtown Infrastructure; and

WHEREAS, in order to promote efficiency and reduce overall costs of issuance, the Parties intend to cooperate with each other and with the Colorado Springs Urban Renewal Authority with respect to a single bond issuance for partial funding of both the USOM project element and the Southwest Downtown Colorado Springs Infrastructure Improvements; and

WHEREAS, the terms and anticipated net proceeds from the single bond issuance are unknown, making a final allocation of the bond issue proceeds between the USOM project element and the Southwest Downtown Colorado Springs Downtown Infrastructure Improvements uncertain at this time;

NOW THEREFORE, at such time as reasonably reliable information concerning the terms and proceeds of the single bond issue is available, the Parties hereby express their mutual intent to enter into a definitive Memorandum of Understanding (MOU) which contains essentially the following terms:

1. **Bonding.** In the interest of efficiency regarding the cost associated with bond issuance and to generate the maximum amount of net bond proceeds available for project costs, the Parties agree that, upon and subject to consultation by the City with the Colorado Springs Urban Renewal Authority (CSURA), as Financing Entity (Financing Entity), the 42% MEAP associated with the USOM and 10% of the 16% Flexible MEAP Allocation may be combined and pledged to repayment of a single bond issuance resulting in a total dedication of 52% of MEAP allocation; provided, however, that any such issuance of bonds and pledge is subject to the provisions of Section 6 of that certain Agreement Delineating the Relationship and Decision-Making Authority for the City for Champions Project between the City and Financing Entity dated June 26, 2015 (City-URA Agreement).
2. **Bond Proceeds.** The Parties agree that, subject to the provisions of the City-URA Agreement, the net proceeds from the bond issuance described in Section 1 above shall be distributed as follows:
 - i. The first amount of net proceeds up to \$20,000,000, as a first in priority use of net proceeds, shall be dedicated to the USOM.
 - ii. The next amount of net proceeds up to \$6,700,000, as a second in priority use of net proceeds, shall be dedicated to Southwest Colorado Springs Downtown Infrastructure.
 - iii. Any additional amount of net proceeds in excess of \$26,700,000, as a third in priority use of net proceeds, shall be apportioned with 75% being dedicated to the USOM, and 25% being dedicated to Southwest Colorado Springs Downtown Infrastructure.
3. **Debt Service Reserve Funds and Debt Service Coverage Surplus.** The bond issuance described above is based upon estimated financial market conditions at the time of execution of this LOI. In the event of a bond issuance and/or public placement that reduces or eliminates the Debt Service Reserve Fund requirement or the Debt Service Coverage Ratio requirement, and which results in net bond proceeds greater than anticipated at the time of execution of this LOI, then the amount of any increase in net

bond proceeds over \$26,700,000 shall be distributed in accordance with Section 2 (iii) above.

4. **Approval.** The financing described in Section 1, including manner of issuance and all material terms, to include interest rate, maturity, amount of proceeds, and call provisions, are subject to and contingent upon approval by City, acting through its Mayor; such approval may be withheld, delayed or conditioned in the sole discretion of the Mayor.
5. **USOM Infrastructure.** USOM on-site and off-site infrastructure, with an estimated cost of \$2,500,000, including but not limited to the eastern landing of the pedestrian bridge, alleyway, utilities, on-site streetscape and on-site plaza, shall be funded entirely by the net proceeds dedicated to the USOM as set forth in Section 2 above and shall not be funded by the net proceeds dedicated to Southwest Colorado Springs Downtown Infrastructure. Southwest Colorado Springs Downtown Infrastructure shall be funded entirely by the net proceeds dedicated to the Southwest Colorado Springs Downtown Infrastructure as set forth in Section 2 above and shall not be funded by the net proceeds dedicated to the USOM. After reasonably reliable information is available concerning the anticipated amount of net proceeds, the committed sources and uses of funding for the USOM, the committed sources and uses of funding for Southwest Colorado Springs Downtown Infrastructure, and the Parties are reasonably able to estimate the cost of on-site and off-site infrastructure for the USOM, the Parties will consult with each other and CSURA to address funding USOM infrastructure costs in excess of \$2,500,000 (“Excess USOM Infrastructure Costs”). Any agreement among the Parties concerning Excess USOM Infrastructure Costs shall be reduced to writing and set forth in the definitive MOU.
6. All communications to the City of Colorado Springs under this LOI shall be made by mailing same via US Mail, postage prepaid, or by overnight express courier, addressed as follows:

City of Colorado Springs
Economic Development Division
30 S. Nevada Ave., Suite 604
Mail Code 640
Colorado Springs, Colorado 80903

With a copy to:

City of Colorado Springs
c/o City Attorney
30 S, Nevada, Suite 501
Colorado Springs, CO 80903

All communications to the United States Olympic Museum under this LOI shall be made by mailing same via US Mail, postage prepaid, or by overnight express courier, addressed as follows:

City of Colorado Springs

By: _____
Title: _____ Date _____

United States Olympic Museum

By: _____
Title: _____ Date _____

Acknowledged:

Colorado Springs Urban Renewal Authority

By: _____
Wynne Palermo, Chair