

Board: On November 4th, I asked William Mutch to represent us at the Capitol for this meeting. This is a report for us by William.

Yesterday, I attended the first Governor's task force meeting on clarifications to last session's HB-1348. The general tone was to find compromise and there were some positive signs of a general willingness to work together to find solutions and a common concern that it was not in any of the parties best interests to impede the ability of urban renewal projects to obtain financing and be successful. In short, no one said they wanted urban renewal projects to fail by making them impossible to finance. However, a lot of the conversation focused on questions to the bankers on the task force working to determine why the now current law from HB-1348 created obstacles for financing.

A discussion DRAFT of a potential legislative remedy for the 2016 session was distributed for discussion and I have attached the legislative language for your review. While this was the starting place for yesterday's discussions -- and the attached DRAFT is likely to be changed due to the two items outlined below -- the conversation focused on two main areas for agreement among the group:

1) Drafting some type of "hold harmless" language to maintain certainty for urban renewal financing. Sam Sharp with D.A. Davidson and Bruce Alexander, Vectra Bank, both made very strong arguments about the real issues contained in current law, from 1348, that would substantially chill capital investment in urban renewal projects. After discussion among the bankers and other participants -- mostly between Carolynne White for Brownstein and David Broadwell with the City of Denver with additional comments from Rich Sokol for Fire Districts and Steve Johnson, a Larimer County Commissioner, there was general agreement that none of the parties wanted to make it impossible to finance urban renewal projects. As a result, members from the banking team would begin drafting additional language around this concept.

2) Carolynne White articulated the issue with what determines "substantial modifications" to urban renewal plans voicing concerns about having to re-open negotiations on current projects over small issues -- such as an urban renewal authority making small purchases. The county and special district representatives continued to raise objections to a process they feel is outside their control where urban renewal projects could have major changes, especially additional uses that could impact County and Special District finances, without the ability of the County of Special Districts to raise objections or be part of the process. A concept was discussed to better define the term "substantial modifications" to clearly include such items as "adding additional territory" to an urban renewal zone, "changes to revenues contributed," etc. as meeting the "substantial" definition, thus clarifying terms and solving some of the confusion around the language included in HB-1348. The discussion was to attempt to create a "bright line" that would clearly define where items would require a renegotiation among the various parties, versus those that would simply be considered part of on-going projects and operations, needing no further discussion. This item was also closely tied to the financing problem noting that all revenue streams associated with an on-going approved project would need to be clearly allocated to the project without the ability for other parties to jeopardize the certainty of previously pledged revenues.

On a final note, House Speaker Hullinghorst attended the session and made comments to the task force stating that she had not yet "agreed" to the attached DRAFT language, but she was interested in the process and wanted to review language produced by the Governor's group. She was also accompanied by her Chief of Staff. Yesterday's comments based upon the previous reports that the Speaker was unwilling to look at any modifications to HB-1348 during the 2016 session, certainly signal a potential change in her position to now at least being open to the discussion and taking time from her other leadership responsibilities to attend the entire session, listening to the discussion, and being accompanied by her senior staff.

With items now being drafted around concepts 1 and 2, the task force will be coming together for another meeting in an attempt to reach agreement on specific language and then have that language reviewed by the Speaker in an effort to gain her approval. In the meantime, Kevin Bommer with the Colorado Municipal

League commented that there is also another effort between CML, CCI, and Special Districts, to reach resolution on other clarifying issues within HB-1348.

As a next step for our group, I have secured a **meeting with the Senate Majority Leader, Mark Scheffel, for 10:30 AM on December 17th**, at the State Capitol in Denver. At that time, we can update Senator Scheffel on where we all stand on the various legislative language being circulated, and where we believe changes need to be made to clarify the current law for urban renewal. The main Senate Republican legislative sponsor was Senator Kevin Grantham who also represents a portion of El Paso County. I would suggest we also organize a meeting with Senator Grantham so he is aware of our concerns as I would expect Senator Grantham to be a likely prime Senate sponsor of any legislative remedy we would pursue.

Please give me a call with any questions.

I have also copied an email from the Governor's office identifying the members of the task force:

Ladies & Gentlemen: Thank you for agreeing to serve on the HB 15-1348 working group of technical experts. The Governor's Office appreciates your willingness to serve, and the time you will be giving. The members of the group are: Bruce Alexander, David Broadwell, Larry Hoyt, John Huggins, Michael Johnson, Steve Johnson, Bob Murphy, Sam Sharp, Nancy Sharpe, Henry Sobanet, Rich Sokol and Carolynne White. I will facilitate the group meetings.

In order to accommodate the schedule of Speaker Hullinghorst, the first meeting of the working group will be held on Wednesday, November 4, from 3:30 - 5:00 p.m. in the Capitol, the Governor's Office, conference room 136. Because of space constraints in that room, we ask that only you attend. If you absolutely cannot make it at this time, don't worry--there will be an opportunity for you to provide your input and expertise even if you cannot make it. You can also send a delegate in your place--just email me and Adam Zarrin, copied above, in advance and let us know who that person is.

As the Governor's signing statement said, the purpose of this group is to assist with proposed legislation that (1) is consistent with the intended effect of HB 15-1348, (2) will distinguish between urban renewal projects that are materially affected by a substantial modification and those that are unaffected, for which the mediation provisions should not be invoked, and (3) reaffirms HB 15-1348's intent; that it is not designed to impair existing rights.

The specific goals for this group are to:

1. provide non-binding input on whether the attached pre-existing legislative proposal for 2016 to alleviate perceived technical, implementation or interpretation issues with HB 15-1348 advances the above goals;
2. monitor implementation of HB 15-1348 and report whether it is being implemented in practice in accordance with the plain meaning of the statutory text; and
3. examine and evaluate practical implementation issues that may arise.

For our first meeting, we will be focused on Number 1 above. Attached to this email is draft language that the Speaker's Office and Governor's Office believe helps alleviate perceived technical/implementation/interpretation issues with Section 4 by distinguishing between urban renewal projects that are materially affected by a substantial modification and those that are unaffected, for which the mediation provisions should not be invoked. It also reaffirms that HB 15-1348 is not designed to impair existing rights. This is our starting point, and the group's task for November 4 will be to provide drafting input on whether this language meets those goals, or can be improved for practitioners, given the framework established by HB 15-

1348. This will be the only substantive agenda item for our first working group meeting.

As you know, the scope of this group is limited. Any additional legislative suggestions beyond what is described above should be advanced through the legislative process. We will also be reaching out to stakeholder groups and encouraging them to attend these meetings, and to work collaboratively with working group members to provide input.

Thank you again for serving on this working group. Please RSVP to Adam Zarrin (me), copied above. If you have any logistical questions regarding location, RSVPs, etc., please contact Adam. If you have substantive questions, please feel free to reach out to me directly.

For your reference, I have also attached HB 15-1348 and the Governor's signing statement.

Sincerely,

David Spector
Director - Colorado High Performance Transportation Enterprise



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