



**CONTACT:**  
Cindy Aubrey  
Chief Communications Officer  
(719) 385-5254  
(719)492-0234

**NEWS RELEASE**  
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## **City Ordered Inspection of Urban Renewal Authority Completed; City and URA Pledge to Work Together to Promote Future Urban Development in Colorado Springs**

In response to concerns raised earlier this year regarding the Ivywild project and the University Village project, Mayor Steve Bach authorized Chief of Staff, Laura Neumann, to conduct an inspection of the Colorado Springs Urban Renewal Authority Board.

The City retained Hogan Lovells to conduct the work. On behalf of the City the firm conducted an objective and thorough inquiry into the role of the URA, its policies and practices, its finances and management of funds, and its involvement on several well-known projects in the past few years, including University Village, Ivywild, and Copper Ridge. In the course of the inquiry, the firm reviewed hundreds of pages of documents from both URA and other persons, and held discussions with dozens of persons involved with the URA, including URA Board members, URA staff, the URA attorney, the URA outside audit firm, private developers on URA projects, private attorneys with URA experience, persons with experience in URA projects in other comparable communities.

Hogan Lovells completed their inquiry on the City's behalf, and has provided a report to Chief of Staff Laura Neumann regarding the inspection of URA (attached). Mayor Steve Bach and Chief of Staff Laura Neumann recently met with URA Board representatives to discuss the findings and recommendations that have come from the inquiry, and provided a copy of the report to URA and its Board for their consideration.

Mayor Bach said, "I appreciate this thorough study of the URA efforts in our City's urban development, and support the findings and the many thoughtful recommendations contained in the report. There are a number of areas where the City and URA can work together to improve the efforts of URA, to use resources more efficiently, and to promote coordinated,

effective, and successful urban development in our community. I look forward to a collaborative working relationship with URA going forward.”

Chair of the URA Board, Susan Wood Ellis, said, “The URA was created under Colorado’s statutory Urban Renewal laws. Our organization’s primary goal and mission is to strive to find ways to help redevelop and rehabilitate deteriorating areas of the community and thereby create safe and economically vibrant neighborhoods and areas of commerce. We welcome the opportunity to work with the City of Colorado Springs in a synergistic fashion in order to continue our statutory mission of helping to implement redevelopment projects to improve this community and also advance the goals of the City. We look forward to working together for the benefit of our community.”

The City will be engaging in meetings with the URA Board and its staff to begin a conversation on how the City and URA can work together to better promote redevelopment in the City of Colorado Springs.

The following are the some of the key findings and recommendations of the inspection:

#### University Village –

Two bonds were issued to finance certain public improvement costs related to the construction of University Village and improvements to Nevada Avenue. For a number of reasons, although clearly a vibrant and successful retail center, the project has not yet generated sufficient property and sales tax revenues to make payments on the bonds. As previously reported, the “B Series” bond has exhausted the bond reserve fund of \$750,000 and has been declared in default on the bondholder payments. In addition, however, the inquiry discovered that the “A Series” bonds reserves was (or soon will be) also exhausted in an amount in excess of \$4.5 million. The Series B bonds will likely continue to be in default in the future. Efforts are now underway to avoid a default on the Series A bondholder payments. The City and the URA have no obligation nor risk with regard to either the Series A or Series B bonds, or any default thereof. The inquiry recommended that URA learn from the lessons of University Village to better structure future projects and future bond offerings.

### Ivywild Development –

The difficulties of communication between the developers and URA, and the misunderstanding with regard to the URA fees were areas that the inquiry suggested could benefit from improvement. The City has recommended that URA take a careful look at its fees and its costs, and consider the practices of other urban renewal authorities in structuring its fees and setting the amounts of the fees to ensure that developers receive clear direction and are only charged the necessary fees. The City has offered to work together with the URA, and to have City staff work with URA staff, to improve consistent communications and support for developers on URA supported projects.

### City Collaboration on URA Administrative Costs –

Related to fees, the City inquiry suggested areas where the City and URA can work together on personnel, services, and physical space in order to help URA operate more efficiently and reduce fees. Some of these suggestions include: (1) housing URA offices and staff at the City Administration Building (CAB) (2) having space at the CAB available for URA Board Meetings, (3) offering to have City staff assist URA with urban studies, blight assessment, or project analysis (especially experienced staff from the Planning Department), and (4) offering to provide City legal or finance assistance to URA from City staff.

### Coordination of Efforts and Preparation of a City Redevelopment Plan –

Two additional key recommendations from the inquiry were: (1) The City and URA should work together to develop a City-Sanctioned Redevelopment Plan that would incorporate the City's comprehensive planning efforts and help direct and prioritize the URA efforts; and (2) The City and URA should work together to coordinate all the various entities involved in urban development (including the Downtown Development Authority, the Downtown Partnership, the Regional Business Alliance and the Mayor's Solutions Teams) in order to maximize available resources and support cohesive development efforts.

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