Oversight Committee Meeting 5

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Agenda

- **Welcome**
- **Addressing Questions**
- **Solutions Team**

Addressing Questions

Q: GID Revenue Model – How Other Developments Contribute?

A: **Planned funding approach:** Future development across the greater West Greeley area contributes to the GID over time.

- Primary contribution mechanisms (original concept):
  - Per-lot assessments (tied to benefited/regional infrastructure)
  - ~10 mills in property tax

Q: Who contributes (examples)?

A: Cascadia and Delantero properties (and other future WG development).

- Current direction / refinement: WG Solutions Team is working to *reduce or eliminate reliance* on the GID for Catalyst financing by *identifying alternative infrastructure funding*.

Q: Why were contributions assumed?

A: Developments benefit from regional "Catalyst" infrastructure, so they were expected to fund a portion of it through the GID.

Addressing Questions

Q: What is the effect on the financial modeling if bond term is shortened from 40 years to 30 years?

A: Interest rate assumptions (illustrative; not finalized):

- 40-year starting points: 5.25% tax-exempt, 6.25% taxable
- 30-year starting points (reasonable estimate): ~5.10% tax-exempt, ~6.10% taxable
- Final rates would require market price discovery once documents are finalized and a rating is assigned

Debt service / affordability impact:

- Debt service was structured to increase over time to align with projected revenue growth
- Moving to 30-year amortization increases average annual debt service ~$13M
- Required Economic Development Payment increases to ~$27M (from ~$12M)

Overall trade-off:

- Shorter term reduces total repayment by >$500M
- But the annual payment increase is significant (lower lifetime cost vs. higher annual affordability pressure)

Addressing Questions

Q: What is the effect on the financial modeling if bond term is shortened from 40 years to 30 years?

A: Core premise: The venues are modeled as long-term community assets that must be continuously maintained and periodically upgraded to remain competitive over the full financing horizon (hotel, waterpark, plaza, arena, YHC).

Built-in "replacement reserve" for FF&E (ongoing lifecycle costs):

- Hotel: FF&E "reserve for replacement" funded from operating cash flow; modeled to ramp to 4.0% of total sales (Year 3+), after 2.0% (Year 1) and 3.0% (Year 2).
- Arena: "Reserve for replacement" set aside for periodic replacement of furniture, fixtures, and equipment; modeled to ramp to 3% of total revenue (Year 3+), after 1% (Year 1) and 2% (Year 2).

Operational assumption that drives the reserves: The feasibility work assumes *ongoing periodic FF&E replacement* to maintain venue condition/experience over time.

End-of-term alignment: At the end of the bond term, the **City is positioned to benefit from the asset and excess cash flow**, creating a strong incentive to sustain long-term facility condition and visitor experience (as described in the Oversight Q&A narrative).

Addressing Questions

Q: Revenue generation from the three sheets of ice/youth hockey?

A: Projected revenue streams (H&LA):

- **Hourly ice rentals:** ~$1.74M (Year 1) → ~$1.90M (Stabilized Year 3)
- **Programs & ancillary (net):** hockey + skating programs, skate rentals, snack shop revenue share ~$0.98M/year
- **Total annual youth ice rink revenue:**~$2.7M–$2.9M (order of magnitude; contract revenue shares apply)

Rate setting / market support: Modeled at ~$350/hour per sheet, **consistent with regional market ranges** (~$225–$300 municipal/off-peak; ~$325–$400 newer/high-amenity).

Facility / capacity: 3 NHL-regulation sheets (200’ × 85’) totaling ~8,008 rentable hours/year.

Utilization assumption (addresses “vacancies”): ~62% utilization ⇒ ~4,965 hours rented/year (remaining hours available for other programming / off-peak demand).

Demand foundation / operational assumptions: professionally managed (OVG) and Colorado Eagles as primary tenant (supports baseline usage; other users fill remaining time)

Addressing Questions

A: Primary Customer Base:

- Northern Colorado Youth Hockey Association (NCYH) — 1,200+ youth players, based at NOCO Ice Center and EPIC
- Greeley Youth Hockey Association (GYHA / Greeley Bears) — year-round tenant
- Colorado Junior Eagles (USPHL Premier) — practices, home games, tournaments
- Adult recreational leagues — 90–100 teams operating seasonally in NoCo, selling out available ice slots within weeks
- Figure skating clubs, public skating, camps/clinics, tournaments, adaptive/sled hockey, curling
- The facility will house Northern Colorado Youth Hockey league offices and Junior Eagles youth hockey league offices on-site

Addressing Questions

Q: Minimum hotel occupancy rates needed to meet debt service?

A: No single "minimum occupancy" number: Required occupancy is highly sensitive to ADR (room rates) and dynamic pricing, so occupancy alone does not determine debt-service capacity (profitability / NOI is the key driver).

H&LA occupancy ramp (planning baseline):

- Opening year occupancy: 72%
- Stabilized occupancy: ~79% (stabilization timing shifted in the final feasibility assumptions)

Rule-of-thumb / operating target: Hotels generally aim to be ~65%+ occupied to support healthy operations—but the goal is to hit the needed occupancy while remaining profitable at the achieved ADR (i.e., occupancy and rate must work together).

Additional Sensitivity Analysis May be Needed: Additional sensitivity analysis (occupancy × ADR × expense assumptions) to identify the minimum revenue/NOI needed to cover operations + reserves + debt service (and meet target coverage ratios).

Addressing Questions

Q: Closing the Infrastructure Funding Gap (~$127M)?

A: Mitigation Mechanisms Under Evaluation:

- **Reduce interchange cost (US 34 / CR 17)**: Pursue design/engineering refinements and value engineering to lower total design + construction cost for the grade-separated interchange.
- **Decouple & defer non-critical scope (131st Mobility Hub):** Separate ("decouple") the Mobility Hub scope from near-term Catalyst delivery and defer it (e.g., ~5 years) to better align timing with funding capacity and readiness.
- **Municipal partnering / cost sharing (IGA approach):** Evaluate intergovernmental partnerships (IGAs) with other beneficiaries (e.g., agencies/municipalities/county) to share interchange costs and reduce the City's standalone burden.
- **Increase design maturity to reduce delivery/finance risk:** Completing designs enables a shift from higher-risk delivery assumptions (e.g., Design-Build-type uncertainty) toward more defined construction pricing, improving cost certainty and potentially reducing financing/bonding risk premiums.

Solutions Team

- What is it?
- Why is it needed?
- Who is on the team?
- What is their charter and mission?
- What have they been doing?
- Brainstorm and evaluate potential approaches and solutions including partnership opportunities

Thank You