



HOTEL & LEISURE ADVISORS

---

**HOTEL & LEISURE ADVISORS**  
**RESPONSE LETTER TO THE**  
**NEWMARK VALUATION & ADVISORY FEASIBILITY STUDY AND**  
**ECONOMIC IMPACT REVIEW SUMMARY LETTER**  
**DATED JANUARY 12, 2026**  
**FOR THE**  
**PROPOSED ROCKY MOUNTAIN GRAND INDOOR**  
**WATERPARK RESORT AND CASCADIA ARENA**  
**GREELEY, WELD COUNTY, COLORADO**

---

Date of Report:

January 28, 2026

For

Mr. John Herge  
Strategy Director  
City Manager's Office  
City of Greeley  
1000 10th Street, Greeley CO 80631



## HOTEL & LEISURE ADVISORS

January 28, 2026

Mr. John Herge  
Strategy Director  
City Manager's Office  
City of Greeley  
1000 10th Street, Greeley CO 80631

**RE: Response Letter to Newmark Valuation & Advisory Feasibility Study and Economic Impact Review Summary Letter dated January 12, 2026**

Dear Mr. Herge,

Hotel & Leisure Advisors (H&LA) completed a market feasibility and financial analysis study and an economic impact study for the proposed Rocky Mountain Grand Indoor Waterpark Resort and Cascadia Arena in reports dated December 19, 2025 (H&LA reports).

This addendum letter reflects our responses to the January 12, 2026 review letter prepared by Newmark Valuation & Advisory (Newmark letter) regarding the proposed Catalyst hotel, indoor waterpark, and arena project in Greeley, Colorado. We respect Newmark's experience and acknowledge the importance of critical review in evaluating complex, publicly oriented developments. However, several of the observations presented in the review mischaracterize the scope, intent, assumptions, and conclusions of the H&LA study. The purpose of this letter is to clarify our methodology, address key critiques, and provide appropriate context for our conclusions.

The standard conditions and extraordinary assumptions of our market feasibility and financial analysis study also apply to this addendum letter. This letter and its contents are intended solely for the information of our client for internal use in developing discussion points to better address the community members' questions or concerns about the H&LA letter. The letter should not be relied upon for any other purpose. Neither our letter nor any of its contents nor any reference to Hotel & Leisure Advisors, LLC (H&LA) may be disseminated online or included or quoted in any document, offering circular, registration statement, prospectus, sales brochure, other appraisal, or other agreement without our prior written approval. Such permission will not be unreasonably withheld.

We can provide additional consulting services on this proposed property as the scope of the development is finalized. We appreciate the opportunity to be of service to your organization and look forward to working with you again.

Respectfully submitted,

**Hotel & Leisure Advisors, LLC**



David J. Sangree, MAI, ISHC  
President



Stephen Szczygiel, CHIA  
Senior Associate

## Scope of Analysis

Hotel & Leisure Advisors (H&LA) was retained by the City of Greeley to evaluate the market feasibility, financial performance, and economic impact of the proposed indoor waterpark resort and arena planned as part of the Greeley West Side development or Cascadia development. The assignment assessed market demand, developed supportable operating revenue and expense projections, and quantified potential economic and fiscal impacts assuming the project is constructed. The findings of these reports (collectively the "H&LA reports") are found within the Market Feasibility and Financial Analysis and the Economic Impact Study reports dated December 19, 2025.

The purpose of this addendum letter is to provide H&LA's responses relating to the conclusions presented within the Newmark letter because its critique directly addresses H&LA's analyses and, in doing so, it mischaracterizes the purpose, assumptions, and conclusions therein. This response is intended to clarify the scope and methodology of H&LA's assignment, address inaccuracies related to the arena and resort components and ensure that decision-makers clearly understand the intent, justifications, and in some cases, limitations of the H&LA studies.

Our analysis included:

- A thorough review of the findings presented in the Newmark letter dated January 12, 2026
- A review of documents submitted by Greeley Deserves Better to the members of the Greeley City Council dated January 18, 2026
- A review of the We Are Greeley Executive Committee's analysis of the Mattel licensing option and the points discussed therein
- A review of the *Analysis of City-Commissioned Studies vs. Newmark Review Zonda, EPS, HLA Feasibility, HLA Economic Impact* as compiled by the We Are Greeley Executive Committee

## General Comments

- The Newmark letter repeatedly cites H&LA's statement that the project "does not appear financially feasible at this time" while omitting critical context, resulting in a misleading interpretation.
- H&LA's analysis demonstrates that the facilities are operationally viable and capable of generating substantial EBITDA, but that this EBITDA alone is insufficient to fully service debt under a 100% publicly financed structure during early operating years. The H&LA study did not incorporate the substantial projected tax revenue, which the City of Greeley will receive upon opening the development that could be dedicated to the debt service gap. This tax revenue was calculated in the economic impact study our firm prepared for the City of Greeley.
- The identified funding gap reflects the need for supplemental revenue sources during the ramp-up period, which is common for large-scale public projects such as arenas and convention facilities.
- Identification of a funding gap is not an admission of project failure, but a necessary disclosure intended to inform financing structure and public policy decisions.

- H&LA did not conclude that the project lacks market demand or operational viability. Rather, our analysis indicates strong usage levels for the resort, indoor waterpark, and arena.

### **Hotel and Indoor Waterpark**

- The Newmark letter correctly acknowledges that H&LA's indoor waterpark resort assumptions are generally consistent with CBRE's findings and more conservative than certain operator-driven scenarios.
- H&LA's forecasts are grounded in actual performance data from:
  - Comparable local hotel properties
  - Regional indoor waterpark resorts
  - National hospitality benchmarks
- Assumptions incorporate:
  - A realistic stabilization and ramp-up period
  - Achievable occupancy and ADR levels
  - Expense ratios consistent with comparable properties
  - Expected performance under competent management and normal market conditions, not aggressive or speculative outcomes

### **Arena and Youth Hockey Ice Facility**

- The Newmark letter characterizes H&LA's arena analysis as overly reliant on Oak View Group (OVG) projections. This characterization is incomplete.
- OVG's projections were considered as an operator-informed baseline reflecting facility-specific programming, staffing, and revenue strategies.
- H&LA utilized proposed operating agreements with OVG and the Colorado Eagles as our basis for the financial analysis, as their contracts are in finalized stages of completion. We did not assume a different contract form, tenant, or management company.
- H&LA supplemented OVG inputs with:
  - Independent benchmarking of comparable minor-league and mid-sized arenas
  - Regional demand drivers
  - Tenant characteristics, including the Colorado Eagles
  - The presence of a stable AHL tenant, which materially differentiates the subject arena from many peer facilities
- The H&LA analysis results in higher revenue and EBITDA than the CBRE study as the older CBRE study did not have all information about the scope of development or who its operator and tenant will be.
- The results in the H&LA study are well-supported but reflect the conclusion that the arena will require significant municipal support to pay off debt service.

- Assertions that revenues are overstated and expenses understated are presented without supporting quantitative analysis or facility-level financial data.
- Comparative tables included in the Newmark letter rely on broad, generalized examples and do not adjust for differences in:
  - Facility age
  - Market size
  - Tenant quality
  - Programming intensity
  - Amenity mix
  - Number of sheets of ice
- Newmark’s analysis effectively relies on two primary benchmarks, the Maverik Center in West Valley City, Utah, and the Blue Arena in Loveland, the latter of which was considered in the H&LA study.
- The Maverik Center:
  - Opened in 1997 and is an aging facility
  - Is anchored by an ECHL tenant (Utah Grizzlies)
  - The ECHL is a lower-tier league relative to the AHL, which serves as the NHL’s primary feeder system.
- The Colorado Eagles:
  - Compete within the AHL
  - Finished first in the Pacific Division in the 2024–25 season
  - Ranked among the league’s top teams with 94 points
  - Demonstrate strong and consistent attendance, including frequent sellouts
- League quality directly impacts:
  - Ticket pricing
  - Attendance potential
  - Sponsorship demand (more limited commercial appeal for the ECHL compared to the AHL or NHL anchored venues)
  - Premium seating performance
  - Media exposure and revenue generation
- Reliance on ECHL-anchored facilities materially understates the revenue potential of a modern arena supported by higher-caliber tenancy, stronger programming, and four rinks.
- With the lack of detailed financial adjustments, the Newmark letter does not provide sufficient analytical support for its conclusions that the H&LA report has overstated revenues by approximately \$2 to \$3 million.

### **Development Costs**

- The development budgets presented in the H&LA report reflect the hard and soft costs associated with constructing the physical facilities, including:
  - Arena
  - Hotel and indoor waterpark
  - Parking, landscaping, and site improvements directly related to these components
- The higher RBC total of \$847.1 million includes financing-related items such as:
  - \$126.8 million in capitalized interest
  - \$33.9 million in debt service reserves
  - \$11.5 million in operating reserves
  - Other financing and contingency items
- These financing-related costs are typically excluded when evaluating operating feasibility and construction cost benchmarks.
- H&LA did not represent that net operating income alone would fully cover long-term public debt service without supplemental revenue sources. Any interpretation suggesting otherwise misstates the study's conclusions.

### **Reserve for Replacement Assumptions**

- H&LA applied:
  - A 3.0% reserve of total revenue for the arena beginning in the third year and beyond.
  - A 4.0% reserve of total revenue for the hotel beginning in the third year and beyond.
- These assumptions reflect early-stage stabilization periods and prevailing industry practice for newly constructed assets.
- The ISHC 2023 CapEx Study indicates that reported capital expenditures were materially impacted by the COVID-19 pandemic, particularly during 2020–2021.
- The Newmark letter's suggestion of using a 9% replacement reserve for a proposed project is far outside the range of reasonableness for a new construction development.
- H&LA also assumed a 4% property operations and maintenance expense in both studies that accounts for routine and preventative maintenance under competent management.
- The stabilized (2032) reserve per available room of \$7,523 assumed by H&LA in the resort study is well above the average Capex spending per available room of \$5,147 that is shown in the ISHC study, indicating that our assumptions are conservative.

- H&LA acknowledges that capital requirements increase as assets mature and that reserve levels may need to rise over time, but the rates that we utilized are commonly used for a variety of hospitality and sports developments.

### **Public Incentives and Other Issues**

- Public participation is commonly required for arena and indoor waterpark resort developments due to their substantial economic and community benefits.
- H&LA's studies do not advocate for or against any specific incentive level or financing structure. Rather, the study documents:
  - Market precedents
  - Feasibility conditions
  - Potential economic outcomes
  - Project direct and indirect output, employment, and tax revenues
- The H&LA Economic Impact Study indicates that the City of Greeley will generate \$462,950,000 in tax revenues over a 30-year period. This substantial tax contribution can provide a portion of the public side funding of this public-private-partnership envisioned for the Cascadia development.
- Economic impact studies commissioned by public agencies almost exclusively report gross impacts, consistent with industry practice. Net impact analysis requires speculative assumptions regarding substitution and leakage that are not reliably quantifiable.
- The absence of a formal valuation conclusion reflects the study's defined scope, not an analytical omission.
- The Newmark letter does recognize that additional development is forecasted to occur in the neighborhood around the proposed development including additional retail and residential. These will generate additional tax revenues for the City of Greeley that may not be accounted for in the economic impact study.
- Determination of financing structure, public return on investment, and acceptable risk levels appropriately rests with the City of Greeley and its financial advisors and was not stated in the H&LA study.

### **Equity Return**

During our presentation to the Greeley City Council, H&LA stated that typically an equity investor will expect an approximately 20% return on their investment for a new development. A discussion occurred regarding this comment and the expectations from a private investor versus a municipal entity.

- Typically, ground-up hotel development carries significantly higher risk than investing in stabilized hospitality assets due to construction uncertainty, extended timelines, financing complexity, and the lack of near-term cash flow prior to stabilization.
- As a result, investors generally require higher return targets to justify committing capital to these projects. Investments in hotels are commonly underwritten to internal rates of return (IRRs) for the equity investor in the 15% to 25% range to

compensate for the additional risk involved in hotels as compared to more stable assets such as apartments.

- The equity return is a portion of the overall financing stack for a hotel project. Typically a hotel investment will include debt financing of between 60% to 80% of the total value and equity financing of 20% to 40% of the total value. Debt financing will have an interest rate between 5% and 10% while the equity return is higher. An overall capitalization rate for a hotel will typically be between 7% and 10%.
- For large-scale hotel and resort projects in strong markets, equity investors target IRRs that frequently approach 20% over typical 5- to 10-year holding periods. In practice, sophisticated investors, including private equity sponsors and experienced developers, clearly communicate these expectations upfront. For projects with substantial equity at risk before cash flow begins, a 20% annualized return target is widely viewed as market-consistent, aligning risk with reward and supporting capital deployment into large-scale hospitality developments.
- For the subject development, the resort project on its own could achieve a typical equity return but the arena does not, as is typical of many arena developments in the United States. As the study considered the combined resort and arena financial return, they do not generate the level of return that a private company would be willing to invest in. In our opinion, a private developer would consider developing the proposed indoor waterpark resort with some municipal incentives but they would not develop the arena on their own even with incentives. They would expect the municipality to develop the arena.

## Conclusion

While H&LA disagrees with several elements of the Newmark letter and its ultimate conclusions of the project's feasibility, the review does raise certain issues that warrant consideration as part of the City of Greeley's broader decision making process. Constructive scrutiny of assumptions, financing structure, and risk allocation is appropriate for a project of this scale and complexity. However, the Newmark letter overstates its conclusions and, in several instances, presents an incomplete or inaccurate critique of the analyses prepared by H&LA.

Most notably, the critique of the arena component fails to appropriately reflect how public arenas are commonly developed and operated. Across the United States, arenas are frequently municipally owned assets developed in partnership with professional sports tenants and third-party management companies, such as Oak View Group. These facilities rarely function as standalone, profit-maximizing investments and instead rely on varying levels of public support. The H&LA study evaluates the arena within this framework and does not assume that the arena independently services project debt absent other revenue sources.

Conversely, indoor waterpark resorts are more typically developed by private entities, and in this case we forecast the resort component to produce strong returns through its cash flow that supports the debt service repayment for the broader project. The H&LA study demonstrates that the resort and waterpark generate strong and relatively stable operating results, which help to offset some of the inherent limitations of the arena component when viewed in the context of it being an isolated asset.

When taken together, the H&LA studies (feasibility analysis and economic impact analysis) provide a market-supported assessment of operating performance and economic contribution to inform policy and financing decisions. When evaluated in this context, the Newmark letter does not invalidate the core conclusions of the H&LA study and should be viewed as one input among many in the City of Greeley's consideration of the project's structure and public objectives.

## **CERTIFICATION**

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, conclusions, and recommendations.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- David J. Sangree, MAI, ISHC and Stephen Szczygiel, CHIA made a personal inspection of the property that is the subject of this report on September 17, 2025.
- As of the date of this report, David J. Sangree, MAI, ISHC has completed the continuing education program for Designated Members of the Appraisal Institute.



David J. Sangree, MAI, ISHC  
President



Stephen Szczygiel, CHIA  
Senior Associate