



June 5, 2018

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Re: YES Pueblo

Gentleman:

As you all know, PEDCO was asked to vet the financials of the owner/developer of this project. Specifically, we were tasked to perform a due diligence on the owner/developer's ability to perform on the following items.

- Secure financing to construct and operate the owner/developer's proposed hotels
- Develop the travelling baseball tournament business
- Continue to operate the minor league baseball team

This letter will address these items. Please remember, we were tasked to vet these items and not take a position on the project as a whole. Thus, nothing in this letter should be deemed as either for or against the project.

OWNER/DEVELOPER'S ABILITY TO SECURE FINANCING TO CONSTRUCT AND OPERATE THE PROPOSED HOTELS

The owner/developer has a number of hotel development projects outside the State of Colorado. A review of these projects with the economic development professionals as well as elected officials in these communities have been positive. Specifically, the owner developer has delivered as promised. The owner/developer is ahead of schedule on these projects and is fully financed by a reputable lender. These projects are financed in the mid eight figure level.

It is anticipated the same lender will be the lender on the YES Pueblo project as well. After numerous discussions with the lender as well as information received from the lender, we see no reason why the owner/developer would not be able to secure financing to construct and



operate the anticipated hotels.

It is important to note, the owner/developer's other hotel projects are under a major hotel brand. Per the lender, who specializes in the hospitality industry, the vetting process to operate under this brand is significant.

In conclusion, as the project has been explained to us orally as well as in writing, we feel it is very likely the owner/developer will be able to obtain financing to construct and operate the proposed hotels.

DEVELOP TRAVELING YOUTH BASEBALL TOURNAMENTS HOSTED IN PUEBLO

This is a little more difficult to vet as the owner/developer does not have any direct experience running traveling youth baseball tournaments. The owner/developer does have significant experience in youth as well as minor league baseball.

The market for this is vast as the youth sports industry is estimated to be a \$9 billion industry. There are 2.8 million little leaguers in the United States. We have looked at other communities that have invested large amounts of money and time in these types of projects and have found many communities have been very successful in this market.

These youth tournaments are from 3 days, to 5 days to 1 week in duration. Entry fees run from \$250 - \$1000 per player. Examples of successful programs are Cooperstown Dreams Park, Cooperstown All-Star Village, Youth Nationals, Triple Crown Baseball and Ballparks of America.

The Pueblo Plan would be as follows:

- 14 weeks of tournaments
 - 1 week underprivileged
 - 2 weeks 8u
 - 2 weeks 10u
 - 9 weeks 12U
- 32 teams per tourney
- 6 guaranteed games
- Eleven players and two coaches per team
- One game in professional stadium
- Participation wood bats and rings
- Pin trading
- Live concert for all teams
- One ticket to minor league game
- \$300 per player/\$4000 per team

Considering the overall market for traveling youth baseball, the owner/developer's relationship with professional baseball and the uniqueness of this model, we feel it is likely the owner/developer will be successful bringing traveling youth baseball tournaments to Pueblo. It



is estimated it will take approximately 3 years for this model to be successful.

OWNER/DEVELOPERS ABILITY TO CONTINUE TO OPERATE A MINOR LEAGUE BASEBALL TEAM

The owner/developer has for a number of years enjoyed a successful relationship with affiliated minor league baseball. He is in good standing with Minor League Baseball and per the general counsel of Minor League Baseball, this owner was fully vetted by the affiliated league, the President of Minor League Baseball as well as reviewed by the Office of the Commissioner of Baseball. The review process includes a full review of financials, background checks as well as a full review of operational plans.

The owner/developer also enjoys a strong relationship with the league the team is affiliated with. The owner/developer also serves on the affiliated league's Board of Directors and enjoys an equal strong reputation on this Board.

Accordingly, we do not see any reason why the owner/developer would not be able to continue to operate the minor league team if brought to Pueblo. This conclusion assumes the owner/developer would enjoy the same attendance as currently exists in the city and state the team is currently located in. We make no representations on these assumptions.

We appreciate the hard work all parties have put in on this project. It has been a pleasure working with you as well as the owner/developer in this vetting process. Please let me know if you should have any other questions or concerns.

Sincerely,



Jeffrey C. Shaw
President/CEO