

October 15, 2021

City of Colorado Springs City Council
107 North Nevada Avenue Suite 300
Colorado Springs, Colorado 80903

Re: Creekwalk Marketplace Business Improvement District

Dear Council Members:

The Creekwalk Marketplace Business Improvement District (BID) is proposing the issuance of additional bonds to finance public improvements within the South Nevada Avenue Urban Renewal Area. Bond proceeds will be used to fund the following costs estimated at \$11,550,000:

1. Acquire approximately 2 acres of land (Tract) for a Public Parking Facility - \$7,000,000
2. Install/relocate and upgrade utility infrastructure \$2,000,000
3. Construct an underground storm water facility \$750,000
4. Improve the Public Parking Facility (curb, gutter asphalt, parking lot lighting) \$1,000,000
5. Install Streetscape along South Nevada Avenue & Ramona Avenue - \$500,000
6. Fund Environmental Remediation and Demolition Costs - \$300,000

Additional bonds can be supported based on projected revenue from new development in Creekwalk Marketplace North including a new Sprouts Farmers Market as well as 11,000 square feet of additional retail. The 2019 bonds are held by a single investor who has agreed to purchase the new bonds.

The 2019 bonds are secured by the district revenues consisting of a mill levy not to exceed 50 mills, a 2.5% Public Improvement Fee as well as property and sales tax increment revenues. The proposed 2021 bonds would be secured by the same revenues with the additional assumption that the sales tax increment revenues would increase from 1.5% to 2.0%. The 2021 issue would include two series of bonds on a parity basis with the 2019 bonds with the following terms:

1. \$11,740,000 of Series A Senior bonds
 - a. \$990,000 maturing 12/1/2029 at 5.00%
 - b. \$4,775,000 maturing 12/1/2039 at 5.5%
 - c. \$5,975,000 maturing 12/1/2049 at 5.75%;
2. \$2,900,000 of Series B Subordinate bonds maturing 12/15/2049 at 8%;
3. Final maturity date of 2049;
4. Debt Service Reserve Funds of \$1,080,394;
5. Capitalized interest of \$1,500,000;
6. Early redemption provision allowing the bonds to be refinanced starting December 1, 2024 at 103%;
7. Discharge date of December 31, 2059 after which date any unpaid principal or interest would be cancelled.

Stifel, Nicolaus & Company, Incorporated is a financial services firm that specializes in financing public projects throughout the United States. We are acting as investment banker for this bond issuance. Based on our experience and understanding of the financial markets, we are confident that the projected revenues are sufficient to repay the outstanding 2019 and proposed 2021 bonds. We believe the terms are reasonable for the bonds based on risk, development status and bond market conditions. The rest of the financing and legal team includes:

1. Spencer Fane – District General Counsel
2. Greenberg Traurig – Bond and Disclosure Counsel
3. Butler Snow – Counsel to Stifel
4. King & Associates – Market Study
5. Simmons & Wheeler – Cash Flow Projections
6. UMB – Bond Trustee

Thank you. Let me know if you have any questions or need additional information.

Sincerely,

A handwritten signature in blue ink, appearing to read "Alan Matlosz".

Alan Matlosz
Managing Director