

To: Carl Schueler at the City of Colorado Springs (the “City”)
 From: Stifel
 Date: April 29, 2019
 Subject: Copper Ridge Metropolitan District, Tax Increment and Sales Tax Supported Revenue Bonds, Series 2019 (the “Series 2019 Bonds”)

MEMO

This memo and the attachments present information pertaining to a proposed above-referenced Series 2019 Bonds to be issued by the Copper Ridge Metropolitan District (the “District”). The District is seeking approval to issue approximately \$60.00 million of the Series 2019 Bonds.

Development of the District is continuing at a steady pace. Over 60 businesses are open within the District, including Bourbon Brothers Presents, OrangeTheory, Earthwise Pet Supply, Sprg, and Executive Custom Construction, which are a few of the businesses that opened within the past 12 months. A number of additional tenants have initiated and/or announced additional facilities within the District. Consistent with the District Service Plan and other project documents, the District is responsible for funding construction of public improvements required to support ongoing development.

The transaction documents will allow the District to borrow approximately \$60.00 million for authorized public improvements, including design and construction of the North Powers Boulevard on State Highway 21 (“SH 21”) between Voyager Parkway and Interstate 25 (“I-25”) and an interchange at SH 21 and I-25. The total project cost is estimated to be \$62,604,711.53, and will be funded with the following sources of funds:

Total URA Funds Appropriated to Date	\$3,731,811.53
Water Quality Grant	\$6,300,000.00
Available URA Funds	\$3,275,729.26
Bond Proceeds	\$49,297,230.74
Total Project Cost for Phase I	\$62,604,711.53

The proceeds from the bond sale will be used as follows¹:

Project Fund Deposit	\$50,000,000.00
Cost of Issuance	\$1,438,022.10
Reserves	5,306,977.90

The Series 2019 Bonds will be secured by certain funds and accounts created under the Indenture of Trust pursuant to which such bonds will be issued and by property tax increment, sales tax increment and the City’s shared sales tax payable to the District pursuant to the Cooperation Agreement dated as of October 22, 2013, as amended by the First Amendment dated as of March 12, 2019, among the City of Colorado Springs, the Colorado Springs Urban Renewal Authority and the District. Upon issuance, the Series 2019 Bonds will be the only debt of the District secured by such pledged revenue. However, in order to complete the Powers Boulevard project, the Indenture of Trust authorizes the issuance of additional series of bonds on parity with the Series 2019 Bonds or on a subordinate lien basis.

Stifel has been retained by the District to serve as underwriter of the Series 2019 Bonds. Ballard Spahr will serve as bond counsel and disclosure counsel and Peter Susemihl serves as the District’s Counsel.

The general terms of the Series 2019 Bonds are as follows:

- Term of 30 years
- Interest rate will be fixed for the term of the issue and set at the time of pricing
- Secured by property tax increment and sales tax increment revenues and shared sales taxes of the City
- Debt Service Reserve Fund will be required
- An offering statement and a continuing disclosure agreement will be required
- Estimated closing will be June 2019

Included with this memo are the following attachments:

1. Term Sheet
2. Revenue Model
3. Indenture of Trust
4. Form of District Counsel Opinion

¹ Preliminary; subject to change.