

To: The City of Colorado Springs

Subject: Lowell Metropolitan District Refunding

February 13, 2023

The District is seeking to refinance a portion of the Refunded Bonds in the form a tax-exempt bank loan and a subordinate bond. The loan and bond will be secured by a pledge of the District constituting an ad valorem tax of 40.00 mills, gallagherized to 49.490 mills on all taxable property within the District. As outlined in this memo, the District mill levy pledge is not sufficient to pay principal and interest on the currently outstanding bonds and the District is behind on payments. The current bond holder has agreed to forgive some of the past due interest and principal so that the District can refund the current bond and size the refunding loan/bonds in an amount and using an amortization schedule that is projected to payoff within 30 years.

The following pages provide more information on the current situation and the proposed refunding. I am available to answer any questions that the City may have and can also provide additional information if needed.

Sincerely,

Piper Sandler & Co.



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Current Bond Structure

Series 2004

Date of issuance: December 1, 2004

Original Principal Amount: \$9,300,000

Interest Rate: 7.25%

Original Maturity Date: December 1, 2033

Mill Levy Discharge Date: None

Current Principal Outstanding: \$7,940,000

Balance of Unpaid Interest: \$3,270,978

Estimated Payoff Date: Based on the projected development remaining in the district and its current tax base, it is projected that the revenues will never catch up with the amount of outstanding principal and interest. Since there is not a discharge date, the mill levy will remain in place in perpetuity.

Proposed Bond Structure (all terms below are preliminary and subject to change)

Series 2023A (bank loan) Series 2023B Subordiante Bonds

Date of issuance: March 2023

<u>Estimated Principal Amount:</u>	Series 2023A \$3,665,000
	Series 2023B \$2,806,000

<u>Estimated Interest Rate:</u>	Series 2023A 4.50%
	Series 2023B 8.50%

Maturity Date: December 1, 2053

Mill Levy Discharge Date: December 1, 2063

Bonds Refunded: \$5,890,520

Balance of Bonds Forgiven: \$5,282,541

District and Development Overview

Residential development within the District currently consist of 120 senior-living apartments, 74 townhomes, 14 lofts, and one condominium. Other development within the District includes 10 commercial condominium units, an industrial site owned by Nanbar LLC who operates Central Linen Services, and Peak Vista Community Health Center. All of the 120 senior-living apartments are tax-exempt and the Peak Vista Community Health Center is partially tax-exempt. In 2021 (for collection in 2022), Peak Vista Community Health Center had a taxable assessed value of \$311,510. Construction in the District halted in 2009 with the

completion of Peak Vista Community Health Center and until August 2021, there had been no additional development in the District. On August 16, 2021, the Pikes Peaks Regional Building Department issued six building permits for six new apartment buildings with a total of approximately 59-units. The units, located between 311-391 E. Eio Grande St, have commenced construction and are anticipated to be complete in 2022. Two additional apartment buildings, located at 810 and 820 S. Weber Street and consisting of 30-units, received a building permit on February 28, 2022. Dirt work has begun on the site and such units are anticipated to be complete in 2023.

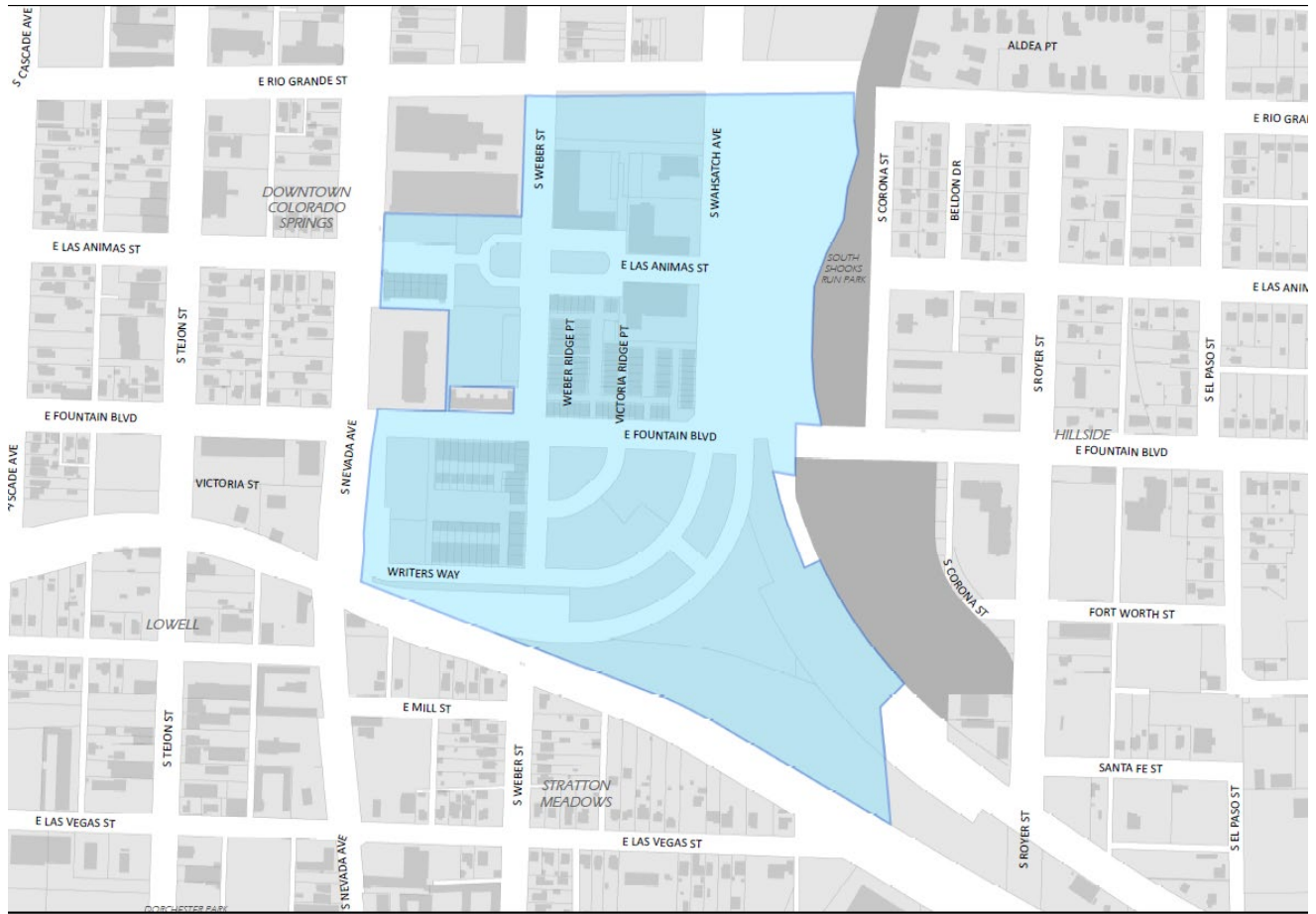
The District currently levies 49.110 mills for debt service obligations and 5.00 mills for general operations. The December certified assessed value for the District in 2021 for 2022 collections is \$6,498,530.

A history of the District assessed value and mill levies is shown in the below chart:

Lowell Metropolitan District				
History of District's Assessed Valuation and Mill Levies				
Levy/Collection Year	Assessed Valuation	General Fund	Debt Service	Total Mill Levy
2016/2017	\$4,520,710	5.00	43.940	48.940
2017/2018	4,696,240	5.00	49.110	54.110
2018/2019	4,629,580	5.00	49.110	54.110
2019/2020	5,167,590	5.00	49.110	54.110
2020/2021	5,274,940	5.00	49.110	54.110
2021/2022	6,498,530	5.00	49.110	54.110

Source: State of Colorado Department of Local Affairs Division Lowell Metropolitan District Certification of Tax Levies, 2016-2021, and the County Assessor's Office.

District Boundary Map & Aerial



District Boundary Map



Google Satellite Image (satellite capture date unknown)

Red = Approximate District boundaries

Blue = Sites for new apartment buildings