

## Stocker, Allison D

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**From:** Stocker, Allison D  
**Sent:** Monday, July 7, 2025 11:24 AM  
**To:** Donelson, Dave  
**Cc:** Walker, Kevin; Montgomery, Michael G; Evans, Emily S.  
**Subject:** FW: Questions regarding MW Retail BID  
**Attachments:** B.2 MW Retail BID Financial Plan 05.16.25.pdf; 2024-10-18-02 Reimbursement Resolution of MWRBID - Reimb Req No. 2(9329010.3).pdf; Schedio Group\_Engineer's Report and Verification of Costs No. 3\_MW Retail BID.pdf; 2024-10-18-01 Reimbursement Resolution of MWRBID - Reimb Req No. 1(9331634.4).pdf

Good morning –

Please refer to the below responses to your questions in blue and the supporting attachments from MW Retail Business Improvement District's representation.

Thank you,



**Allison Stocker** (she/ her/ hers), AICP  
**Senior Planner / Streamside Reviewer**  
City Planning Department  
Direct Line: (719) 385-5396  
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[Why Pronouns?](#)

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**From:** Desmond, Brenden <bdesmond@spencerfane.com>  
**Sent:** Monday, July 7, 2025 11:15 AM  
**To:** Stocker, Allison D <Allison.Stocker@coloradosprings.gov>  
**Cc:** Walker, Kevin <Kevin.Walker@coloradosprings.gov>; OLeary, David <doleary@spencerfane.com>  
**Subject:** RE: Questions regarding MW Retail BID

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Allison,

Please find the BIDs responses to the Councilmember's questions, below and the referenced Financial Plan and Cost Certifications, attached. Please note that the third Cost Certification has not yet been reviewed or approved by the BID, but we anticipate doing so.

Please let me know if the Council has any other questions.

Thank you,

Brenden Desmond

**Brenden Desmond** | Attorney

Spencer Fane LLP

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**From:** Montgomery, Michael G <[Michael.Montgomery@coloradosprings.gov](mailto:Michael.Montgomery@coloradosprings.gov)>

**Sent:** Wednesday, July 2, 2025 1:16 PM

**To:** Stocker, Allison D <[Allison.Stocker@coloradosprings.gov](mailto:Allison.Stocker@coloradosprings.gov)>

**Cc:** Evans, Emily S. <[Emily.Evans@coloradosprings.gov](mailto:Emily.Evans@coloradosprings.gov)>; Donelson, Dave <[Dave.Donelson@coloradosprings.gov](mailto:Dave.Donelson@coloradosprings.gov)>;

Walker, Kevin <[Kevin.Walker@coloradosprings.gov](mailto:Kevin.Walker@coloradosprings.gov)>

**Subject:** FW: Questions regarding MW Retail BID

Allison,

Please see below from Councilmember Donelson, can you please pass along to Piper Fane?

Sincerely,

**Michael Montgomery**

Deputy City Council Administrator

City Council and Legislative Services

City of Colorado Springs

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**From:** Donelson, Dave <[Dave.Donelson@coloradosprings.gov](mailto:Dave.Donelson@coloradosprings.gov)>

**Sent:** Wednesday, July 2, 2025 1:14 PM

**To:** Walker, Kevin <[Kevin.Walker@coloradosprings.gov](mailto:Kevin.Walker@coloradosprings.gov)>

**Cc:** Evans, Emily S. <[Emily.Evans@coloradosprings.gov](mailto:Emily.Evans@coloradosprings.gov)>; Montgomery, Michael G

<[Michael.Montgomery@coloradosprings.gov](mailto:Michael.Montgomery@coloradosprings.gov)>

**Subject:** Questions regarding MW Retail BID

Good afternoon Kevin,

Would you please pass these questions to Piper Fane regarding the MW Retail BID. My apologies if some of these are redundant to what I asked at the Work Session.

1. The 2023 Operation Plan and Budget state the area of the BID is 22.36. Acres:

*3. BOUNDARIES, INCLUSIONS AND EXCLUSIONS*

*The District currently includes approximately 22.36 acres, with boundaries as depicted in Exhibit C. The District does not anticipate any inclusions or exclusions in 2023.*

But the 2025 Amended Operation Plan and Budget state the area of the BID is 18.6 acres:

*3. BOUNDARIES, INCLUSIONS AND EXCLUSIONS*

*The District currently includes approximately 18.6 acres, with boundaries as depicted in Exhibit C. The District does not anticipate any inclusions or exclusions in 2025.*

The 2025 Amended Operation Plan and Budget does not include any mention of any inclusions or exclusions which are addressed in the City Staff's Powerpoint presentation (the exclusion of residential property and the inclusion of additional property). This District's expansion and contraction history should be included in the Plan.

What was the size of the excluded residential property, when was it excluded, were any District funds used to improve the property prior to its exclusion, and if so, were those District funds refunded to the District upon exclusion?

Please provide to the Council the approvals and the documentation on the specific exclusion and inclusion.

This looks to be a typographical error in the 2023 Operating Plan as we are unable to confirm the 22.36 acres originally cited. The current acreage comes from adding the individual lots in the final plat. There were inclusions and exclusions by City Ordinance No. 22-19 and 22-20 on April 26, 2022. No District funds were used on the excluded property. The excluded residential property was approximately 17 acres.

2. What is the current status of the indebtedness of the District?

- a. How much in Developer Advances have been made and are currently outstanding? *There are no current Developer Advances. All work was constructed by the Developer and then deeded to the District after the issuance of the Bonds.*
- b. What is your projection of future Developer Advances? *No additional Developer Advances are contemplated.*
- c. Who are the owners of PKW Capital, LLC, the assignees of the Facilities Funding and Acquisition Agreement and the Reimbursement Agreement with the District? *Spencer Fane represents the BID and not PKW Capital.*
- d. Are the current Special Revenue Bonds, Series 2024 in the PAR amount of \$4,190,000 @ 6.0% issued on October 31, 2024 sold to a Related Party Privately Placed? Who owns these bonds? *No. They were sold publicly to a mutual fund.*
- e. Please send the Council the Payments Schedule for this issuance. *Net Debt Service on the 2024 Bonds is shown in the gray column on page 5 of the attached.*

3. Who will be the purchaser of the new Series 2025B \$3,505,000 Subordinate Cash Flow Bonds – a Related Party Private Purchase? **No. They will be publicly traded as well.**
  - a. Please send to the Council the anticipated Payment Schedule for this issue. **This information is included in the Financial Plan attached to the proposed amendment.**
  - b. The Staff Powerpoint states the exact amount of the future bond issue(s) is not determined nor is its timing. Are there more bonds anticipated in addition to the \$3.5M Series 2025B? **No.**
  - c. Do you anticipate issuing more bonds up to the \$10M limit, and are those supported by the projections in the 2025 Amended Financial Plan? If so, where are they shown? **No.**
4. The Staff Powerpoint states that future bond issuance could include costs for parking. Are you planning to build any parking lots on private property? If so, will the property owner be reimbursing the District for these costs? Will ALL the parking lots be paid for by the District's funds and if not, which property owners will have their lots paid for with public money and which will not? **There are no parking lots owned by the District.**
5. What is the status of the public improvements (PI)?
  - a. Are they all currently constructed? If not, what are remaining? **All are currently constructed.**
  - b. Please explain the Cost Summary on page 6 of the Staff Powerpoint.
    - i. Have \$7.656M of costs been constructed of which \$5.059M have been certified as PI? **Yes.**
    - ii. The difference between these amounts is \$2.597M but this amount is not shown on the columns. Please explain the columns. **The District employs a third-party independent engineer to review the construction costs associated with the project and determined that \$5,059,406.80 were public improvements. It is our understanding that there are an additional \$549,770.65 of public improvement costs outstanding that have not been approved or accepted by the District.**
  - c. How did the Engineer determine and separate the private costs from the public costs? Were construction contracts and plans reviewed? **Yes. The District's third-party independent engineer has significant experience in reviewing construction contracts, plans, as well as actual costs to determine whether improvements are public or private.**
  - d. Did the developer mix public and private costs inside the same construction contracts? **If any costs were mixed, the District Engineer determined what portion of the total construction cost were for public improvements.**
6. Have any public funds been spent on private property? **No.**
  - a. Were any of the water lines, sanitary lines, storm sewer lines, gas lines, or electric lines installed inside private lots included in the costs allocated to the District?
  - b. If so, will the District be the recipient of reimbursements for costs made on behalf of private owners?
  - c. Has the developer/seller of the private lots received reimbursements for these improvements via its private sale agreements?
7. What Public Improvements are remaining to be constructed and at what cost? **None.**
  - e. Was the \$4.19M of 2024 Bonds used for certified PIs? If so, please provide the Certification. **Yes. These are being provided.**
  - f. Is the \$5.059M of PI in addition = \$9.249M total? **No. Including the Third Cost Certification, which has not been accepted by the District, the total cost of Public Infrastructure on the project is \$5,609,177.45.**
  - g. The Spencer Fane Powerpoint (last page) seems to indicate that the "threshold" be raised to \$9.0M. If this means that \$9.0M of PI have been/will be constructed, please submit the details of all

the construction costs – past and projected, public and private. It does not. This is in reference to total amount of bond issuances.

- h. Spencer Fane’s financial plan of 16 May 2025 (page1) indicates that the second anticipated bond issuance of \$3.5M in 2025 will bring the total Project Fund for the District up to \$6.427M (with the total bond issuance of \$7.695M). What are the total amount of PIs to be constructed by the District? Please submit an accurate detail of these costs. \$5,609,177.45. See the Cost Certifications, provided.

8. Comparing the 22 Feb 2022 Financial Plan by RBC Capital Markets (page 2) and the 16 May 2025 Financial Plan by Piper Sandler (pages 2,3,4): Piper Sandler’s Financial Plan was informed by project buildout and development assumptions which are verified by a 3<sup>rd</sup> party market study provider.

<u>RBC Capital Markets</u>		<u>Piper Sandler</u>
105,000 sf of retail space	vs	138,752 sf on the same acreage
\$17.4M in total stabilized sales	vs	\$17.9M total stabilized sales
No storage or daycare	vs	\$1.7M storage sales and \$3.3M daycare

- a. Do the storage facility and daycare pay sales tax on their services without any sales of tangible items? Yes. Will they pay the 3% PIF? Yes.
- b. If all the sales are taxable, then the total taxable sales are nearly equal in both financial plans. How does the Piper Sandler plan add more bond capacity? The issuance of a subordinate bond allows for the “Released Revenue” shown on page 5 to be securitized. The previously issued senior bonds did not capture all the forecasted revenues due to market constraints.
- c. What is “Released Revenue” on Piper Sandler’s page 6? Revenue forecasted to be available after repayment of all outstanding bonds. Why doesn’t the PIF end after the bonds are paid off? This was included for modeling purposes only. The expectation would be that the imposition of the PIF would end after all bonds are repaid.

If the anticipated Subordinate \$3.5M bonds are Related Party purchased, why is there a call provision (page 9)? Subordinate Bonds are expected to be publicly offered. Potential purchasers require call protection to ensure they are not immediately refinanced out of their investment if the interest rate environment improves.

Thank you,

Dave

**Dave Donelson**  
Councilman District 1

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