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File No. 5025302.0002

July 12, 2024

Kevin Walker
Interim Director, Planning and Neighborhood Services
City Administration Building
30 S. Nevada Avenue, Suite 105
Colorado Springs, Colorado 80903

Re: Creekwalk Marketplace Business Improvement District – 2024 Bond Issuance

Dear Mr. Walker:

This office represents the Creekwalk Marketplace Business Improvement District (the “District”). The District would like to issue bonds in September and is seeking approval from the Colorado Springs City Council per the District’s Operating Plan. In conjunction with the bond issuance, the District also seeks approval to amend its operating plan to increase its debt authorization and to adjust its boundaries. On behalf of the District, please find enclosed copies of the following documents pertaining to the bond issuance:

- (a) the draft resolution and form of bond for the Limited Tax Supported and Special Revenue Refunding and Improvement Bonds, Series 2024A (“Senior Bonds”) and the Limited Tax Supported Special Revenue Refunding and Improvement Subordinate Bonds, Series 2024B (“Subordinate Bonds,” and together with the Senior Bonds, the “2024 Bonds”);
- (b) a preliminary financing plan for the 2024 Bonds;
- (c) a draft opinion letter from Greenberg Traurig as bond counsel confirming that the proposed bond issuance is consistent with applicable law and regulations;
- (d) a draft opinion letter from Spencer Fane as District counsel confirming that the proposed bond issuance is consistent with the District’s Operating Plan and Budget, the City of Colorado Springs’s current policy relating to special districts, and applicable law; and
- (e) a map showing the public improvement costs for the entire project.

The District has constructed certain public improvements and will construct additional public improvements, as provided for in the District’s Operating Plan. The District will use the funds from the 2024 Bonds to finance such improvements and also to refund all outstanding bonds. The public improvements the District intends to finance with the 2024 Bonds include but

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are not limited to the following improvements: parking, utilities, storm and wastewater, and street facilities and improvements.

The anticipated interest rate of the Senior Bonds will be approximately 5.75% and the anticipated interest rate of the Subordinate Bonds will be approximately 8.00%. The 2024 Bonds will be repaid by a mill levy of approximately 50 mills per year, subject to adjustment, a 2.5% public improvement fee, and property and sales tax increment revenues. The 2024 Bonds will have a thirty-year term with a maximum repayment period of forty years.

The District issued its Series 2019A Limited Tax Supported and Special Revenue Senior Bonds in the amount of \$24,230,000 and its Series 2019B Subordinate Bonds in the amount of \$2,500,000 on July 31, 2019. On December 23, 2021, the District issued its Series 2021A Limited Tax Supported and Special Revenue Senior Bonds in the principal amount of \$11,040,000 and its Series 2021B Limited Tax Supported and Special Revenue Subordinate Bonds in the principal amount of \$2,500,000. The District's current initial maximum debt authorization pursuant to the Operating Plan is \$50,000,000. Following the issuance of the bonds in 2019 and 2021, the District has \$9,730,000 in remaining debt authorization.

Additionally, the District would like to submit to the City the enclosed Petition for Inclusion of Property on behalf of the property owner, SNA Equities LLC. The inclusion of the property described in the Petition for Inclusion (the "Inclusion Property") and the revenue derived therefrom will help support the funding needed to pay the 2024 Bonds. The Inclusion Property will be developed for commercial purposes and is located within the South Nevada Avenue Urban Renewal Area. The District therefore requests to include the Inclusion Property into its boundaries pursuant to Sections 31-25-1203(10) and 1220, C.R.S. We are also enclosing the following documents which relate to the Petition for Inclusion:

1. Draft Notice of Inclusion;
2. Draft Ordinance of the City accepting and approving the Petition for Inclusion of Property; and
3. A map showing the location of the Property and the current District boundaries.

The District would also like to submit to the City the enclosed Petition for Exclusion of Property on behalf of the property owner, Creekwalk North LLC. The property to be excluded from the District (the "Exclusion Property") is anticipated to be part of a residential development consisting of approximately 400 multi-family units. The parcels will be subsequently included into the boundaries of the Creekwalk Metropolitan District, which was created to support the residential development. As part of the approval of the service plan for Creekwalk Metropolitan District's, it was acknowledged that the Exclusion Property would need to be excluded from the



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District before it may be included into the boundaries of Creekwalk Metropolitan District. Accordingly, the enclosed Petition for Exclusion of Property petitions the City Council of the City of Colorado Springs in accordance with the provisions of Sections 31-25-1208 and 1220, C.R.S. for exclusion of the Exclusion Property from the District. Enclosed please find the following documents for consideration:

1. Draft Notice of Exclusion;
2. Draft Ordinance Excluding Certain Property from the Boundaries of the Creekwalk Marketplace Business Improvement District; and
3. A map showing the location of the Property and the current District boundaries.

Finally, we are also requesting that the City approve the enclosed Amended 2024 Operating Plan. The District would like to amend its 2024 Operating Plan and Budget to allow for an increase to the debt authorization from \$50,000,000 to \$65,000,000 and to set forth the District's intentions to process an inclusion petition and exclusion petition in 2024. The District requests that the enclosed Amended 2024 Operating Plan and Budget also be presented to the City Council. The District is requesting an increase to the debt authorization for the following reasons. First, with the inclusion of the Inclusion Property into the District's boundaries, additional public improvements will be needed, which increases the total cost of the public improvements budget. Second, the original cost estimates of the public improvements have increased since the District's formation, such that the cost of the public improvements is anticipated to exceed \$50,000,000. Without a corresponding increase to the District's debt authorization, the District will not be able to finance all of the public improvements that are needed to complete the project.

At your earliest convenience, please have City Council review the enclosed documents. If possible, we would like to request that these items be scheduled for the Budget Committee meeting on July 23, 2024. If you have any questions, or need anything further, please do not hesitate to contact this office. Please also confirm the amount of the application fee for this request so we can deliver the fee to the City Clerk.

Best regards,

SPENCER FANE LLP

/s/ Nicole R. Peykov

Nicole R. Peykov

Enclosures