SpencerFane

Memorandum

To:	City of Colorado Springs
From:	David S. O'Leary and Brenden Desmond, Spencer Fane LLP
Re:	Proposed MW Retail Business Improvement District Operating Plan Amendment
Date:	May 30, 2025

The MW Retail Business Improvement was organized by the City of Colorado Springs ("City") in 2019 and consists of 18.6 acres at the southeast corner of Marksheffel Road and East Woodmen Road.

The City has approved the District's Operating Plans every year since 2019. The District requests that the City amend the current 2025 Operating Plan to allow the District to issue additional debt to pay for Public Improvements.

Specifically, the current Operating Plan allows the District to issue up to $10,000,000 in debt to fund Public Improvements. Yet, the Operating Plan limits debt issuances to what was reflected in the Financing Plan included in the 2023 Operating Plan, which reflected a debt issuance of up to $4,190,000. The District issued Special Revenue Bonds, Series 2024, in the PAR amount of $4,190,000 on October 31, 2024, but has a higher bonding capacity than what was anticipated in the 2023 Operating Plan and additional Public Improvements to pay for. Therefore, the District is proposing to amend the 2025 Operating Plan to allow for an additional debt issuance that generally conforms with an updated Financing Plan submitted with the proposed 2025 Amended Operating Plan.

The District's second debt issuance will pay for the remaining costs of the District's Public Improvements, which have been completed. These Public Improvements support the following businesses that are currently open or that will be opened in the near future and as shown in the aerial photograph below:

- Red Rocks Self-Storage;
- Kindercare;
- Advance Auto Parts;
- Dutch Bros.;
- Brakes Plus; and
- a car wash

The District has installed over $7,565,831.56 in improvements, for which the District's Engineer has certified that $5,059,406.80 were Public Improvements to be accepted by the District:

	TOT AMT VER VER NOS 1 - 2	TOT PREV AMT VER VER NO 1	TOT CUR AMT VER VER NO 2
SOFT AND INDIRECT COSTS			
CAPITAL			
Streets	$ 285,615.65	$ 241,544.79	$ 44,070.86
Water	$ 171,279.84	$ 166,069.79	$ 5,210.04
Sanitary Sewer	$ 171,134.84	$ 165,924.79	$ 5,210.04
Parks and Recreation	$ 45,567.10	$ 43,462.98	$ 2,104.12
TOTAL SOFT AND INDIRECT COSTS -->	$ 673,597.42	$ 617,002.36	$ 56,595.06
HARD COSTS			
CAPITAL			
Streets	$ 3,498,068.80	$ 797,143.98	$ 2,700,924.82
Water	$ 633,402.79	$ 571,146.43	$ 62,256.36
Sanitary Sewer	$ 254,337.79	$ 214,345.43	$ 39,992.36
Parks and Recreation	$ -	$ -	$ -
TOTAL HARD COSTS -->	$ 4,385,809.37	$ 1,582,635.84	$ 2,803,173.54
SOFT AND INDIRECT + HARD COSTS			
CAPITAL			
Streets	$ 3,783,684.46	$ 1,038,688.77	$ 2,744,995.68
Water	$ 804,682.62	$ 737,216.22	$ 67,466.40
Sanitary Sewer	$ 425,472.62	$ 380,270.22	$ 45,202.40
Parks and Recreation	$ 45,567.10	$ 43,462.98	$ 2,104.12
TOTAL SOFT AND INDIRECT + HARD COSTS -->	$ 5,059,406.80	$ 2,199,638.20	**$ 2,859,768.60**

Figure 1 – Summary of Verified Soft, Indirect, and Hard Costs Segregated by Service Plan Category

The District currently has sufficient capacity to reimburse the District's developer for these Public Improvements that have been dedicated to the District or the City, as shown in the updated Financing Plan:

Bond Assumptions	Series 2024	Series 2025B	Total
Closing Date	10/31/2024	8/5/2025	
First Call Date	12/1/2029	12/1/2029	
Final Maturity	12/1/2054	12/15/2054	
Sources of Funds			
Par Amount	4,190,000	3,505,000	7,695,000
Total	4,190,000	3,505,000	7,695,000
Uses of Funds			
Project Fund	3,227,650	3,199,850	6,427,500
Capitalized Interest	252,098	0	252,098
Reserve Fund	358,000	0	358,000
Cost of Issuance	352,252	305,150	657,402
Total	4,190,000	3,505,000	7,695,000
Debt Features			
Projected Coverage at Mill Levy Cap	1.95x	1.00x	
Tax Status	Tax-Exempt	Tax-Exempt	
Interest Payment Type	Current	Cash Flow	
Rating	Non-Rated	Non-Rated	
Coupon (Interest Rate)	6.000%	6.250%	
Annual Trustee Fee	$3,500	$3,000	
Tax Authority Assumptions			
Sales Tax Revenue			
Add-on PIF	3.00%		
PIF Collection Fee	1.50%		

Therefore, the District requests that the City amend the District's Operating Plan to allow for the issuance of the Series 2025B Bonds or Series 2026B Bonds as outlined in the accompanying Financing Plan. This request is in the best interests of the taxpayers and property owners within the District, will minimize non-interested party obligations, and will maximize the District's development. The 2025 Amended Operating Plan will also allow for financing and development to pay for only those improvements and costs that directly benefit the property within the District.

We would appreciate you scheduling the public hearing for a date in the near future. Please let us know if you have any questions or need any further information. We look forward to working with the City on this matter.