

September, 2016

To: Jim Rees, URA

From: Sam Guadagnoli, Manager and Ray O'Sullivan, Devp. Manager

Re: Project update and Capital Call

Dear Jim and Members of the COSURA,

Here is a brief update of our plans and timing for start/completion. I have forwarded some renderings, etc. for your review as well.

Updates: **2016 plans:**

1. 1605 So. Tejon, LLC: Prime Steakhouse

This project is under construction and we anticipate a "soft opening" for the restaurant around the first week of November. We have committed about \$500K of capital/equity and have tentative loan approval for \$1.7M from 5-Star Bank/Herring Bank/SBA (SBA formal approval is expected next week). 5-Star is funding our current draw for August and we hope to open the restaurant without further capital requirements. Current appraisal of \$2.5M

2. Ramona Retail: Strip Center and pad sites at Nevada and Ramona Ave's.

This project has been funded with \$895K of capital/equity and we have an A&D loan from Central Bank & Trust. We have cleared most of the site (demo and abatement of 5 structures, removal of several trees) and expect to demo the last two buildings (Taste of Philly and the Cheyenne Hotel) in the next few weeks. We are working with several tenants now (5 Guys Burgers, European Waxing Spa, Firehouse Subs, etc.) and are preparing lease agreements for same. Our bank is anticipating our construction loan request(s) as soon as we finalize Letters of Intent with our potential tenants. We are hoping that we have met all capital requirements and can use our construction loans to complete the project. Allen Dill (our contractor) is working on construction budgets based on the tenant agreements. John Nelson (our Architect) is working on an updated conceptual plan for building/parking layouts based on the tenant

mix, etc. I will share updated info and a pro forma as we advance (estimated value at \$5M, with approximately \$5M in gross revenues. We hope to start site work and building renovations in the next couple of months. There are two buildings that will be new construction and the planning and permitting should take less than 6 months for approvals and maybe another 6 months to build and occupy.

3. **Ivywild Apartments:** 50 units in 2, 25 unit buildings (phase I). Additional 40+ units at St. Elma/Mt. Washington in 2018.

This project has been engineered and the first building has been designed and is “permit ready”. The second building is identical and is being finalized for permitting, probably about 90-120 days behind building 1. We are working with Midland Bank and they have given us tentative loan approval for building out the first phase of the project (50 units), subject to a few final items (updated appraisal, a Phase I, environmental report, and some minor financial items). There is approximately \$1,100,000 in cash/equity in the project and the Bank should lend us all of the construction and development costs going forward. We expect to pull the first building permit in the first week of October and complete the 50 units in under 18 months (stabilized by December, 2017). Current appraisal is \$9.85M (stabilized).

4. Canyon Creek Townhomes: 19 units of “for sale” townhomes.

This project should commence in the first week of October and we hope to be built out by the end of 2017. It consists of 6 buildings (5 @ 3-plex and 1 @ 4-plex). Sales prices estimated at \$350-450K.

We want to do a first round of bonds based on these first 4 projects in the first quarter of 2017.

2017 Plans:

1. **Core:** Tejon Street “mixed use”

We intend to advance the design and permitting of the “Core” (hotel, restaurants, apartments, retail, amenities, etc.) in the 1st Quarter of

2017. We hope to start construction of this project in September of 2017 and complete by Q3 of 2018.

2. Ivy/Ramona Townhomes: 7, 11 and 15 E. Ramona Ave

We purchased 7 E. Ramona Ave. in July and are getting proposals to have a site plan done on this property together with 11 and 15 for approximately 6 luxury Townhomes. We hope to have this project mapped and approved by summer of 2017 and commence construction by September, 2017. Probably an 18 month project to complete, based on sales. We should be able to leverage this project with our banks for the construction loan but may need to capitalize the Architectural, Engineering and Entitlements (estimating \$100K).

3. 1515 So. Tejon: Winery/Restaurant?? May re-purpose into another use.

This project is planned for 2017. We have good designs and are finalizing concepts. We intend to work with the same banks/SBA as we have on 1605.

4. Navajo/Brookside: Temporary Parking/future development (Apts./ Retail). We anticipate another 140+ apartments on this site above a parking structure. Probably a 2018/19 project.

Bonds: TIF (sales tax), TIF (property tax), Metro District, PIF

We are modeling our first “traunch” of bonds based on the Steakhouse, Ramona Retail and the St. Elmo Apartments for a potential issue in Q1 of 2017.

Creek/Trail: We have been working with the Parks Department at the City of Colorado Springs on our trail plan. They have offered to participate with TOPS funds (lottery money) in 2018 to help pay for our concrete trail as well as a couple of ped-bridges for creek crossings. They may offer us other incentives as well.

Best Regards,

Ray O'Sullivan, Development Manager
Ivywild Development I, LLC