REQUEST FOR PROPOSALS FOR BOND UNDERWRITING SERVICES
OR
BANK DIRECT PURCHASE OF THE
UNITED STATES OLYMPIC MUSEUM FINANCING

COLORADO SPRINGS
URBAN RENEWAL AUTHORITY

March 25, 2016

STIFEL

1125 17th Street, Suite 1600
Denver, CO 80202

Request for Proposals
Colorado Springs Urban Renewal Authority
United States Olympic Museum Financing

March 25, 2016

Ms. Steph Chichester
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Ms. Chichester and Mr. Taylor,

On behalf of Stifel, Nicolaus & Company, Incorporated ("Stifel"), we are pleased to submit the enclosed response to the Colorado Springs Urban Renewal Authority (the "Authority" or "CSURA") for their Request for Proposals for Bond Underwriting Services or Bank Direct Purchase of the United States Olympic Museum Financing (the "Project"). With details herein, we highlight the following aspects of our firm's proposal response, which we believe make our team best-suited to serve the Authority:

- **#1 Ranked Development/TIF Firm Nationally.** Stifel is the number #1 underwriter of tax-increment financings in the country. Stifel served as lead underwriter on 147 transactions totaling over $3.9 billion in 2015. These transactions represented 51.5% of all 2015 TIF par (Source: Thomson Reuters). Our underwriters are in the market more than any other firm, selling more TIF bonds than our competitors combined.
- **Recent and Relevant Experience in Colorado.** Earlier this week, Stifel was pleased to serve as co-senior manager to the City and County of Denver on its inaugural $397MM Dedicated Tax financing for the National Western Center project, which is also a RTA funding recipient. Stifel's role included revising the Excise Tax nomenclature to 'Dedicated Tax', making the transaction more palatable for investors, assisting with credit and structuring decisions, and providing direct pricing feedback and alternative ideas with the City, Financial Advisor and the banking syndicate throughout the week of pricing. In addition, Stifel served as sole manager on the City of Thornton Development Authority's Series 2015A and 2015B Tax Increment Revenue Bonds totaling $41 million, of which $18 million was purchased by Stifel Colorado retail accounts. Stifel also served Fountain Urban Renewal Authority in 2015 on two Urban Renewal Authority transactions totaling $47 million.
- **Largest Public Finance Team in Colorado.** Stifel has nine offices throughout Colorado, including the firm's lead underwriting office, managed by Mike Imhoff, and public finance banking in Denver. Standing in contrast to other local public finance firms, Stifel has demonstrated a commitment to this market by strategically adding bankers to better serve our clients. ***Since 2012, Stifel has added seven investment bankers to our Denver office alone, with two added in 2015.*** Stifel was recently hired as placement agent for Colorado Springs School District 11, is in Colorado Springs Utilities' underwriting pool, and is a proud member of the Regional Business Alliance of Colorado Springs.
- **Retail Distribution Capabilities.** Nationwide, Stifel maintains a retail brokerage force of more than 2,800 investment executives in 343 domestic offices managing over 940,000 client accounts with over $175 billion in client assets, including approximately $21 billion in municipal bonds. Stifel has more than ***14,800 client accounts within Colorado, managing more than $3.1 billion in assets, including $202.6 million in assets under management in our Colorado Springs office***.

We look forward to the opportunity to serve the Authority in marketing its bonds at the lowest cost of borrowing, and believe our response reflects our desire and ability to perform as underwriter or placement agent on the Authority's transaction.

Regards,

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RFP Exemption Disclosure

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1. The Firm

The Stifel team presented below is entirely based out of the firm's Denver office, the only Top-10 firm proposing to serve the Authority with a banking and underwriting Colorado presence.

Lead Contact: Josh Benninghoff, Managing Director
Firm's Legal Name: Stifel, Nicolaus & Company, Incorporated
1125 17th Street, Suite 1600, Denver CO 80202

ROLE, NAME	RELEVANT EXPERIENCE
Co-Lead Banker Josh Benninghoff Managing Director p: (303) 291-5240 benninghoffj@stifel.com	▪ 14 years of experience in public finance banking for over $18 billion of senior managed par ▪ Lead banker to the City and County of Denver on its inaugural $397MM Dedicated Tax financing ▪ Colorado clients include: the State of Colorado, Colorado Springs Utilities, Denver Public Schools, Colorado DOT, and RTD. Outside of Colorado, Mr. Benninghoff actively covers large cities, such as the City of New York, the District of Columbia and Kansas City, as well as the States of Illinois, Nevada, Oklahoma and Kansas
Co-Lead Banker Bryan Stelmack Director p: (303) 291-5288 stelmackb@stifel.com	▪ 11 years of experience in public finance banking, sales and technical analysis for over 175 transactions with $9.7 billion of par ▪ Co-lead on Denver's Dedicated Tax financing ▪ Lead banker on recent Thornton URA transactions ▪ Served in a leading role to approve two CDOT SIB Loans for the Colorado Springs Airport, promoting additional growth at COS and in the Colorado Springs Area ▪ Additional TIF/URA/Assessment experience includes; the City of Aurora, the City of Lakewood, the City of Westminster, the Town of Steamboat Springs, the City of Helena (MT), the City of Billings (MT), the City of Tulsa Ballpark and the Denver Public Schools Series 2013C transaction within the Stapleton Redevelopment Area
Lead Underwriter Mike Imhoff Managing Director p: (303) 291-5383 mimhoff@stifel.com	▪ 30 years of expertise in pricing and selling Colorado bond issues and the firm's lead underwriter and manager for all public finance transactions ▪ Lead underwriter on Denver, Thornton URA, and Fountain URA transactions ▪ Directly involved pricing more Colorado financings than any other individual in the municipal industry
Quantitative Analysis Les Willson, Director P: (303) 291-5368 willsonl@stifel.com	▪ 30 years of experience in public finance ▪ Structured over 1,000 issues for clients totaling over $10 billion ▪ Deep experience with general obligation bonds, complex revenue bonds, RANs, large refundings, and COPs
Analyst - Banking Support Greg Ellingson, Analyst p: (303) 291-5333 ellingsong@stifel.com	▪ Transaction support throughout all phases of transaction execution ▪ 2015 Master of Public Policy graduate of the University of Chicago

2. Financing Cost by Distribution Channel

Stifel is proposing to serve as either underwriter or placement agent, and strives to deliver the lowest possible cost financing whether that is a bond financing, bank/private placement or "hybrid" approach, using both methods to achieve the best execution for CSURA.

Stifel's Independent Advocacy: Essential to our recommended approach is our firm's foundation as an independent market voice. Without our own commercial banking division, Stifel is able to garner market intelligence from banking institutions across our national footprint. Large institutions with a commercial banking division may choose not to work with another commercial bank, and regional firms may only cover a regional distribution network. The most cost effective solution could be a "hybrid" of both a bank placement and bond offering, and Stifel has substantial local market expertise on the best method of merging these two approaches. From both a documentation standpoint and a credit view, each method has its own benefits, and Stifel's experience suggests that the leverage created by one market over the other could prove to be beneficial to the Authority.

Current Analysis Suggests that only the Bond Market Offers Full Term Financing: Because of the substantial, incremental revenue steam already achieved by CSURA, Stifel believes a bond financing is more likely to provide the most beneficial long-term financing for the project at this time. A bond financing is also likely to be the only method of achieving known, fixed long-term interest costs to the full term of the project and revenue stream. Due to the appetite of banks looking to purchase securities for their own portfolios, private placement transactions are most cost-effective when the transaction is relatively small, under $10 million, with a short maturity under 10 years. Given this credit structure and issue size, a private placement may not be nearly as prudent in achieving the lowest cost of capital for the entire term of the project.

Reasons for Issuing Private Placements

There are several reasons for issuers to pursue a private placement over a public sale. Last week, Stifel was retained by Colorado Springs School District #11 as placement agent for a financing need of $2-3MM, which is more suited to the bank market. Several main reasons are as follows:

1) **Costs of Issuance.** In a bond sale, the relative cost of issuance becomes burdensome on a small issue, whereas a private placement has less cost requirements due to the lack of need for rating(s) and a disclosure document.
2) **Time Commitment.** A public bond offering requires an increased time commitment from staff and administration to meet with the rating agencies, prepare an offering document, be present for the sale, as well as other additional tasks. A private placement is useful if staff does not have the ability to devote ample time to a bond offering process and prefers to close the transaction within a shorter time frame.
3) **Timing.** Due to the requirements mentioned above, it takes approximately 8-12 weeks to complete a public sale financing. A private placement can be completed much quicker period, in approximately 4-8 weeks.

Reasons for Conducting a Public Offering

Acknowledging the merits of a private placement, this particular financing will encounter more push back from potential banks, when compared to a shorter and smaller, "typical" private placement. Several main reasons to conduct a public offering are as follows:

1) **Certainty vs Refinancing Risk.** A public sale will allow the Authority to issue the full term of the bonds desired at market rates on the day of sale. Many banks will not extend past a 10-12 year financing term, and if they do so, will often substantially increase their interest rates. Having a "bullet" maturity from a bank 5, 7, or 10 years from the day of issuance will expose the Authority to substantial market risk and make the debt beholden to the market conditions at the time of the bullet maturity or call date.
2) **Flexibility.** A public sale will typically come with a 10 year par call option that will allow the Authority to restructure or refinance at lower rates, once the project revenues are better understood and sustained for a longer term (hopefully leading to a rating increase and lower refinancing costs).
3) **Additional Borrowing.** If the Authority intends to use the credit and pledged revenues for more than one series of bonds or more than one loan, a public sale allows for clear

parameters for the issuance of additional bonds without approval from a single lender. Banks can often impose strict parameters about additional bonding and impose prohibitive cross-collateral provisions into their loan documents.

Indicative Interest Rate Scales: As requested and subject to the commentary found in Stifel's responses to Questions 3 and 4, the following table presents a comparison of our proposed interest rate scales for a non-rated transaction against a "BBB" rated structure.

- Achieving an investment grade rating promotes the ability to use serial bonds, which are likely to increase demand from individual retail investors as well as a broader universe of institutional accounts.
- If CSURA moves ahead with a non-rated structure, it will reduce the upfront costs of issuance (due to the lack of rating) and may also allow for more flexible legal parameters.

Proposed Scales[1]

BBB Rated					***Non-rated***				
(12/1)	**CPN**	**YLD**	**SPD**	**MMD (3/17/2016)**	**(12/1)**	**CPN**	**YLD**	**SPD**	**MMD (3/17/2016)**
2016	2.00	1.26	0.80	0.46	2016				
2017	5.00	1.53	0.90	0.63	2017				
2018	5.00	1.78	1.00	0.78	2018				
2019	5.00	2.02	1.10	0.92	2019				
2020	5.00	2.27	1.20	1.07	2020				
2021	5.00	2.53	1.30	1.23	2021				
2022	5.00	2.74	1.35	1.39	2022				
2023	5.00	2.97	1.40	1.57	2023				
2024	5.00	3.17	1.45	1.72	2024				
2025	5.00	3.34	1.50	1.84	2025				
2026	5.00	3.45	1.50	1.95	2026	5.00	4.45	2.50	1.95
2027					2027				
2028					2028				
2029					2029				
2030					2030				
2031					2031				
2032					2032				
2033					2033				
2034					2034				
2035					2035				
2036	5.00	4.09	1.50	2.59	2036	5.50	5.34	2.75	2.59
2037					2037				
2038					2038				
2039					2039				
2040					2040				
2041					2041				
2042					2042				
2043					2043				
2044					2044				
2045					2045				
2046	5.00	4.34	1.50	2.84	2046	5.50	5.59	2.75	2.84

[1] The interest rate and rating assumptions assumed in this presentation are based on current market conditions and similar credits. The actual results may differ, and Stifel makes no commitment to underwrite at these levels.

3. THE CREDIT

Stifel's approach to CSURA's credit will be to focus on the demonstrated, realized increment as a means of marketing and structuring this financing akin to a conventional sales tax offering, rather than emphasizing the need for growth under the tax increment.

Credit Analysis, Evaluation, and Recommended Approach: The following table highlights Stifel's credit analysis of this financing package, and accordingly, informs our approach to marketing CSURA's credit first to the rating agencies, and secondly, to investors. **As discussed herein, Stifel believes CSURA should target and request "Baa" ratings from Moody's (investment grade), and potentially a second rating from another agency. While this rating may not be ultimately achieved by the Authority, Stifel is confident in the ability of this credit's marketability as a non-rated credit.**

Tax-Backed Credit Scorecard Analysis: One method of evaluating CSURA's ability to obtain investment grade ratings is to use the rating agencies' internal tools to evaluate the credit.

- Moody's publishes its internal scorecard, below, which can be used to estimate an issue's credit rating. As shown below, CSURA's credit will rank highly in the taxable base/pledge and the legal structure. While it will be relatively weaker on the MADS coverage test and the increment nature of the pledge, Stifel is encouraged by the existing credit strength and geographic breadth of the tax base. While CSURA cannot cure the increment aspect of the credit pledge, it should be able to heavily market the other strong positives of the credit structure.

Rating Factors	Sub-Factors		Aaa	Aa	A	Baa	SG
1. TAXABLE BASE AND PLEDGE - 30%	Economic Strength	15%	Very strong and very well diversified economic base with solid growth **OR** PCI/MFI is 200% or greater of national median for primarily residential bases	Strong and well diversified economic base with solid growth **OR** PCI/MFI is 125% - 200% of national median for primarily residential bases	Developed and reasonably diversified economic base with average growth **OR** PCI/MFI is 75% - 125% of national median for primarily residential bases	Small to evolving economy with modest diversification and some concentration with slow to declining growth **OR** PCI/MFI is 50% to 75% of national median for primarily residential bases	Deteriorating economic base with very little diversification or significant concentration with declining growth **OR** PCI/MFI is 50% or below of national median for primarily residential bases
	Nature of the Special Tax Pledge	15%	Very Broad (e.g. Sales, Utility, Income, and Gas Taxes, Motor Vehicle Registration Fees; Fixed Payments from the State depending on State's Rating)	Broad (e.g. Sales, Utility, Income, and Gas Taxes, Motor Vehicle Registration Fees; Fixed Payments from the State depending on State's Rating)	Average (e.g. Sales, Utility, Income, and Gas Taxes, Motor Vehicle Registration Fees)	Narrow (e.g. Hotel, Car Rental, Meals, Lottery, Liquor, and Cigarette Taxes)	Very Narrow (e.g. Document Stamp, Hotel, Car Rental, Meals, Lottery, Liquor, and Cigarette Taxes)
Rating Factors	Sub-Factors		Aaa	Aa	A	Baa	SG
2. LEGAL STRUCTURE - 30%	Additional Bonds Test (ABT)	20%	3.0x or higher OR a closed lien	1.76x to 2.99x	1.26x to 1.75x	1.0x to 1.25x	NO LIMIT
	Debt Service Reserve Fund Requirement	10%	DSRF funded at level greater than 1-year of MADS	DSRF funded at 1-year of MADS	DSRF funded at lesser of standard 3-prong test	DSRF funded at level less than 3-prong test or a springing DSRF	NO DSRF (or DSRF funded with low rated to below investment grade surety provider)
Rating Factors	Sub-Factors		Aaa	Aa	A	Baa	SG
3.FINANCIAL METRICS - 40%	Maximum Annual Debt Service Coverage	20%	Over 4.5x	2.51x to 4.5x	1.51x to 2.5x	1.1x to 1.5x	Less than 1.1x
	Revenue Trend	10%	Significantly improving with one to no historic declines	Generally improving with few historic declines	Stable with some historic declines	Declining	Rapidly Declining
	Revenue Volatility	10%	Has never declined	Negative fluctuations generally within 0% to 5%	Negative fluctuations generally within 5% to 10%	Negative fluctuations generally within 10% to 15%	Negative fluctuations greater than 15%

- While S&P is more favorably inclined towards some sectors, their approach can be weaker on special tax credits. S&P's current "AA+" rating on the City of Colorado Springs's outstanding sales tax bonds suggests they have favorable opinions about CSURA's tax base, however. This negativity from S&P arose in Denver's transaction, as well, although given the size of its financing, Denver elected to employ all three agencies.
- Fitch often may rate a notch higher than Moody's, but this arises on a case-by-case basis. If the financing team believes that two ratings would be beneficial, Stifel would encourage CSURA to consider the merits of either Fitch or S&P. At present, Stifel believes a single rating from Moody's to be sufficient for investor marketing and cost-effective for market acceptance.

- Stifel would encourage CSURA to consider the merits of using the agencies' "indicative rating" process which would allow for a "test rating" without a publication. While there is a cost of this service, it is also one of the only methods of creating a dialogue with the credit agencies on various structuring and credit decisions.

Stifel's approach to differentiating CSURA's credit and targeting investment-grade ratings will be focused on the following three points:

1. Existing Increment: The broad sales tax support under the RTA offers substantial credit strength, despite the increment nature of the aggregate pledge. The single biggest strength of the credit is the existing and demonstrated "increment" that has occurred since the baseline was set in November 2013. The existing increment serves three critical functions:
   a. **Documented Revenues:** First, it allows Stifel to market the revenue stream as a demonstrated sales tax revenue, rather than purely an "upside" case regarding "to be generated" revenues. The incremental tourism associated with the Project alone is unlikely to garner investment grade ratings, but the aggregate trajectory of the credit pledge is substantially stronger due to the existing increment above the base.
   b. **Funds on Hand:** Second, based on the Authority's year end 2015 audit, Stifel understands that over $1.2 MM of revenues have already been generated under the 42% pledge dedicated to the Museum Project.
   c. **Revenue Shock Scenario Testing:** Lastly, the existing revenue allows for the offering to stand up to a sales tax shock within the first few years after the sale of the bonds. Stifel understands that the City suffered a sales tax revenue drop of over 10% from 2007 to 2009.

Year	City of Colorado Springs Sales Tax Collection[2]	Growth
2006	111,079,474	
2007	113,680,758	2.34%
2008	106,320,165	-6.47%
2009	101,873,238	-4.18%
2010	108,592,208	6.60%

   Given current revenues projected for 2016, Stifel estimates that the Authority could suffer a 7% drop in revenue from 2016 to 2017 and still maintain sufficient pledged revenue to meet the interest payments from a potential bond offering. This "shock" scenario will be the focus of rating agencies and investors, and is the driving cause for several of the structural enhancements Stifel has proposed in Question 4.
2. Closed Lien for the Museum: CSURA's success in the RTA process is already a strong validation of the voracity of the incremental revenues to be generated. On this week's Denver transaction, Stifel used the public RTA application materials, as an additional means of marketing the potential financial impact to the City. However, bond investors are notably wary of projected revenue claims, given recent credit issues related to the recession. Stifel's credit analysis reports that CSURA should market two important aspects of the credit:
   a. The terms of the RTA sales tax revenues only allow for this allocable share to be used on the Museum Project, but allow revenues to be captured and retained until the aggregate $120MM target has been achieved. Question 4 discusses how Stifel would structure a credit waterfall and flow of funds to best achieve investment grade ratings.
   b. The credit lien, as described in Question 4, can be "closed" and need not remain open for additional projects under this share of the aggregate revenue stream. Accordingly, investors are not subject to dilution from an "Additional Bonds Test."

[2] Source: City of Colorado Springs 2014 Disclosure

3. Highly Rated, Broad Sales Tax Base: Currently rated "AA+" and "Aa3," the City's broad sales tax is highly regarded by investors and the rating agencies. The strength of the existing, conventional tax base helps to address the rating agencies' question about revenue volatility.

RTA Funded Project - Case Study: Stifel is pleased to provide the following case study on Denver's financing related to the National Western Center Redevelopment and Convention Center. As described herein, Stifel was integral to the execution of this inaugural credit as the co-senior manager. Most notably, Stifel "named" the transaction "Dedicated Tax Revenue Bonds," rather than "Excise Tax Bonds" – a change which proved instrumental to delivering tight credit spreads. As a parallel to Stifel's approach to marketing the demonstrated revenue "base" of CSURA's increment, this minor change in approach or naming can be critical to the overall success of a financing package.

$397,310,000
CITY AND COUNTY OF DENVER, COLORADO
DEDICATED TAX REVENUE REFUNDING AND IMPROVEMENT BONDS
Series 2016A and Taxable Series 2016B
Stifel: Co-Senior Manager

PROJECTS/USE OF PROCEEDS

- **Refunding the City and County of Denver's (the "City" or "Denver") outstanding Series 2005A and 2009A**: The City refunded outstanding amounts of $97,735,000 and $73,630,000, respectively, to achieve refunding savings and to place all bonds outstanding on pledged revenues at an equal lien. The Series 2005A refunding was done on a taxable basis.
- **National Western Center ("NWC") Campus Improvements:** In November 2015, Denver voters authorized the issuance of up to $778 million of bonds for the purpose of redeveloping the National Western Center campus. This first round of financing is allowing the City to redevelop and improve the 270-acre campus, including the construction of new facilities and the acquisition of land, as well as restoring and preserving historical sites and public park open spaces.
- **Colorado Convention Center ("CCC") Improvements:** The voters also authorized CCC improvements in November 2015. These include enhancements and an expansion of the CCC, including rooftop flexible multi-use space, lobby enhancements, arrival improvements and necessary technological upgrades.

CREDIT AND PLEDGED REVENUES

- **Tax Base:** The City used its Excise Tax credit revenue pledge consisting of existing Lodger's Tax, Auto Rental Tax, and Food and Beverage Tax. While these taxes are considered narrow due to their volatility and dependence on tourism, the volume of revenue was enough to consist of almost 10% of the City's General Fund revenues.
- **Increased Excise Taxes:** In order to achieve upgrades from all three ratings agencies (A to AA- from S&P, A1 to Aa3 from Moody's, and AA- to AA from Fitch), the City pledged additional amounts of the City's Lodger's Tax and the City's Auto Rental Tax in order to achieve total coverage over 2.50x on 2015 revenues across the life of these bonds and their future bonding.

PRICING PERFORMANCE AND STRUCTURING RESULTS

- **Couponing:** The City structured the transaction to attract different pockets of demand through dynamic couponing structures. The City bifurcated the coupons on the 2022 and 2023 maturities in order to bring in incremental retail demand seeking a 2.00% coupon. At Stifel's suggestion, the City converted a 2042 term bond into serialized maturities in 2041 and 2042 with a 3.375% coupon and 5.00% coupon, respectively. This allowed for investors seeking a discount bond to demand the 2041 maturity while larger institutional investors seeking a 5.00% coupon could target the larger 2042 maturity.

- **Pricing:** Overall, the City found robust demand for their credit, despite a volatile week coinciding with the terrorist attack in Brussels. Once the initial order period concluded, demand for the Bonds exceeded the available supply by over a factor of nine. The City was able to tighten spreads on most of their tax-exempt bonds by over 10 basis points once the initial order period had concluded. The longest bonds in 2044 and 2046 priced 30 basis points and 70 basis points off of MMD, respectively, for a 5.00% and 4.00% coupon. While the bookrunning underwriter originally intended to pre-market the bonds at 55 basis points and 85 basis points off of MMD, Stifel's underwriters' original projections of 32 basis points and 70 basis points off of MMD proved to be much more in line with ultimate market reception of the Bonds.
- **Nomenclature:** Stifel encouraged Denver to rename the credit and signal to investors that the pledged revenues to the Dedicated Tax bonds represented a different type of pledge than a traditional excise or hotel tax transaction. This headline credit description provided incremental value to the City, as the transaction priced tighter than similarly-rated general obligation and state-appropriation credits that came to the market on the same day.

4. Structure and Credit Enhancements

As discussed in Question 3, Stifel's credit analysis reveals that CSURA's weakest credit component is its potential exposure to an immediate revenue shock because of the "increment" component of the credit. As revenues can be captured into a "cashtrap" account in later years, this shock exposure is most pronounced in the earliest years. Accordingly, Stifel has designed a custom credit structure for CSURA to achieve the lowest possible interest rates from the broadest universe of investors. Specifically, this strategy has two key components:

1. **Revenue Shock Mitigation:** Stifel would recommend CSURA consider creating a Revenue Stabilization Fund (RSF) as an additional reserve account. While a standard "DSRF" also insulates debt service payments from revenue volatility, some past indentures treated accessing the DSRF as an event of default which has caused investors and rating agencies to take a more conservative view on how DSRF funds are perceived. Accordingly, creating an RSF as an additional cashtrap mechanism will allow CSURA to improve its credit structure. Creating an RSF also allows additional revenues to be captured and recycled to the top of the credit waterfall, rather than simply accumulating at the bottom of the flow of funds.
   - The RSF can be funded in three ways; from existing revenues generated to date, from incremental revenues received during a period of capitalized interest, or from incremental revenues received during a non-amortizing, "interest only" repayment period.
2. **Cash-Trap Mechanism and Early Redemption:** Given that the RTA monies must accumulate on a project-specific basis until the $120.5 million cap is hit, Stifel has proposed a flow-of-funds designed to allow CSURA to use a long-term financing, but subject the repayment to early redemption via an optional call feature. While the proposed financing is long-dated, the "expected" final maturity could be much shorter.
3. **Marketing:** Given the unique credit and the nature of the Authority's other outstanding obligation, any credit and structuring has to be associated with broad investor outreach. Stifel would recommend a NetRoadShow and other active investor engagement strategies in order to explain the credit, differentiate this offering from the Authority's other distressed obligations, and engage our institutional and retail salesforce with known investors in this type of credit. Denver utilized a NetRoadShow for their financing and received 56 unique views of the presentation by over 40 different investors.

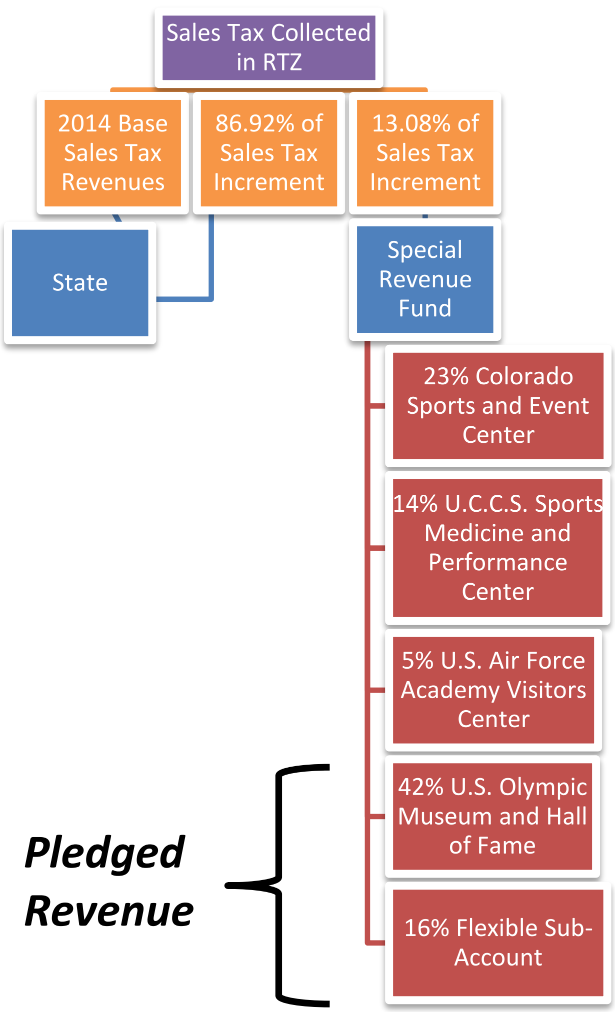
Revenues Generated to Date:

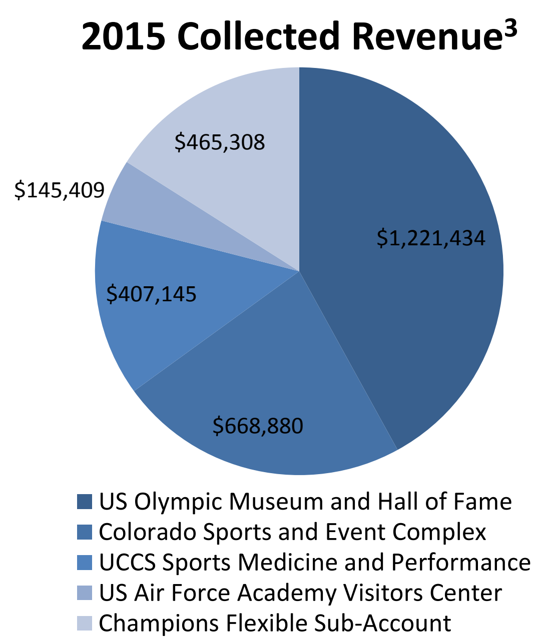
The Authority has exceeded anticipated incremental revenue over the expected performance thus far in collecting their State Regional Tourism Act funding for this project.

- Calendar year 2015 saw the Authority collect $2,908,175 of their allocated $120.5 million from the State[3].
- In 2016, the Authority is budgeting a collection of $4,246,388 using their sales tax projected growth rate of 2.5%. Given the Authority's legal allocation for the RTA project funds, 42% of these revenues are reserved for the US Olympic Museum and Hall of Fame. This amounts to $1.22 million in 2015 and $1.78 million in 2016 before accounting for administration costs[3].

Ability to Supplement Revenues:

The Authority also retains flexibility to use the City for Champions Flexible Sub-Account for multiple projects. This amounts to $465,308 in 2015 and $679,422 in 2016[3]. This existing collection of revenues is essential to the credit for a bond offering, as the Authority could demonstrate a "no-growth" scenario of revenues and still be able to pay principal and interest across the life of the bond offering (similar to the structures Stifel worked on for the Denver Series 2016AB Bonds and the Thornton Development Authority Series 2015B Bonds, 144th Project Area). Given these parameters, the Authority should consider the following criteria when determining how to best structure the proposed bond offering.





[3] (Source: CSURA Q4 Continuing Disclosure Report)

Criteria	Stifel's Approach
Pledged Revenue	• The Authority will achieve the best credit rating and pricing by maximizing the pledged revenue to repay the obligations. Given legal parameters regarding the expenditure of RTA funds, the US Olympic Museum and Hall of Fame fund and the Flexible Sub-Account are the only available pledged revenues, totaling 58% of the Authority's RTA funds. • Given 2016 projected revenue, this amounts to a revenue pledge of approximately \$2.46 million in 2016[4]. While the Authority only anticipates using 10% of the Flexible Sub-Account for this project, if this is the only financing using RTA funds, the unused pledged revenues could be used for other projects. If the Authority only pledged 10% of the Flexible Sub-Account, pledged revenues would equal approximately \$2.2 million in 2016.
Mandatory Cash Trap	• Due to the capped RTA fund collection of \$120.5 million from the State for all of the City for Champions projects, any revenue exceeding projected performance, essentially transfers a future dollar of revenue to the present repayment of debt service. Because of this, future bonds will need to be secured by a collection of additional revenues in a cash trap account. This cash trap does not have to collect all of the pledged revenue, and the Authority could pledge the full 58% of revenue available to be pledged, while still only collecting the budgeted 52% of revenues into a mandatory cash trap.
Interest Only Period	• Given the revenue sensitivity and tight coverage in the early years of this credit, the Authority could structure maturity payments beginning in 2018 or 2019 in order to accumulate funds in the mandatory cash trap account. This would allow for the establishment of additional fund balances in the early years of the cash flow, to support additional debt service repayment in the future.
Debt Service Reserve Fund	• Rating agencies will respond the most positively to Debt Service Reserve Funds with initial funding at maximum annual debt service (or at a minimum the standard three prong test). This will provide the rating agencies and investors the assurance of payment in years of revenue underperformance.
Revenue Stabilization Fund	• Given the potential default from drawing on a Debt Service Reserve Fund, the Authority can structure their mandatory cash trap as a Revenue Stabilization Fund (RSF), where the bonds will be secured by pledged current year revenue flow and the pledged RSF holdings. This structure allows for early revenue exceeding expectations to insulate the bondholders from future risk factors like economic downturn. This would come with a designed indenture that states that accessing the RSF would not be an event of default.
Capitalized Interest Fund	• Given the existing revenue stream, Stifel does not recommend the usage of capitalized interest, unless the Authority would like to establish a substantial reserve prior to the repayment of interest or principal.
Short Call Options	• Given the State-mandated fund usage by 2023, the Authority will not see the benefit of funding additional projects from refinancing savings using a traditional 10-year bond par call. Because of this, a shorter 5-year call feature could allow the Authority to allocate savings to new projects prior to 2023 and refinance the credit once substantial RSF reserves have accumulated and the credit is established.
Turbo/Super-Sinker Bond	• The alternative to trapping over performing revenues with this credit is pricing a Turbo or "Super-Sinker" bond, which allows for the Authority to prepay the longest bonds at par at any time when revenues exceed expectations. While this can be a creative way to trap revenues and manage future debt obligations, there is a very limited pool of investors interested in this type of feature.

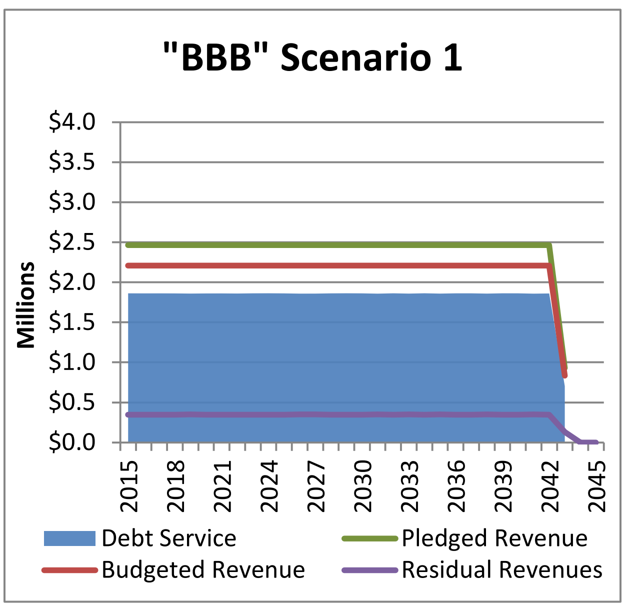
[4] (Source: CSURA Q4 Continuing Disclosure Report)

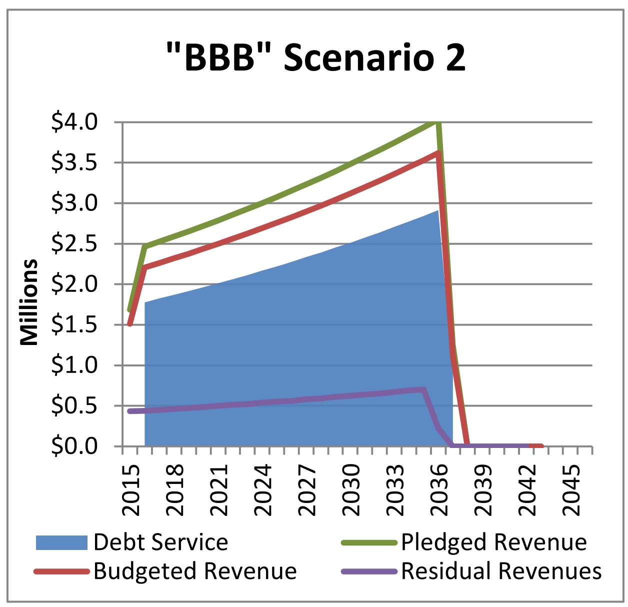
Criteria	Stifel's Approach
Insurance	• While the municipal market has turned away from insurance since the last recession, Stifel firmly supports determining the validity of bond insurance and conducting thorough cost analysis in situations where it makes economic sense. For this credit, achieving an insurance policy (and/or a DSRF surety policy) could result in a substantial pricing benefit and additional economics to the transaction, Stifel would welcome assessing the cost with this potential benefit if the situation arises.

Using the "BBB" and non-rated interest rate scales from Section 2, Stifel structured the bonds assuming two revenue growth scenarios.

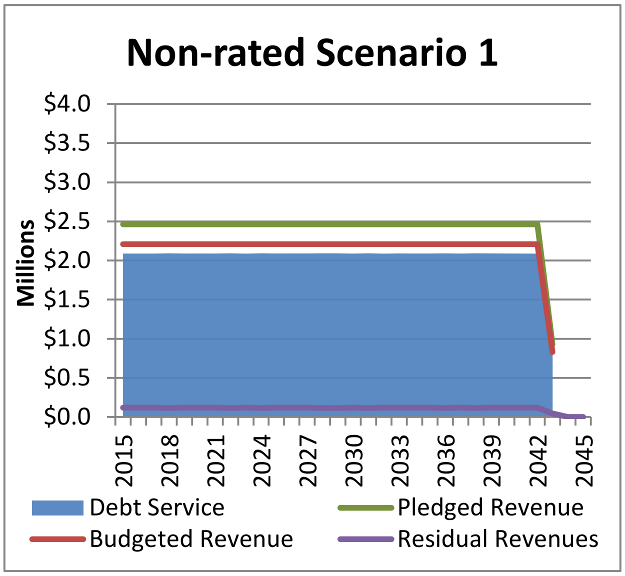
- In **Scenario 1**, we assume zero revenue growth from 2016 projected revenue and level debt service across the life of the bonds. In this scenario, the Authority receives RTA funding from the State until reaching the $120.5 million in 2044.
- In **Scenario 2,** we assume an annual revenue growth estimate of 2.5% each year and structure increasing debt service to correspond with that growth. In this scenario, the Authority receives RTA funding from the state until 2037. The subsequent charts and tables reflect debt service, revenue performance, and bond statistics across both scenarios and interest rate scales.

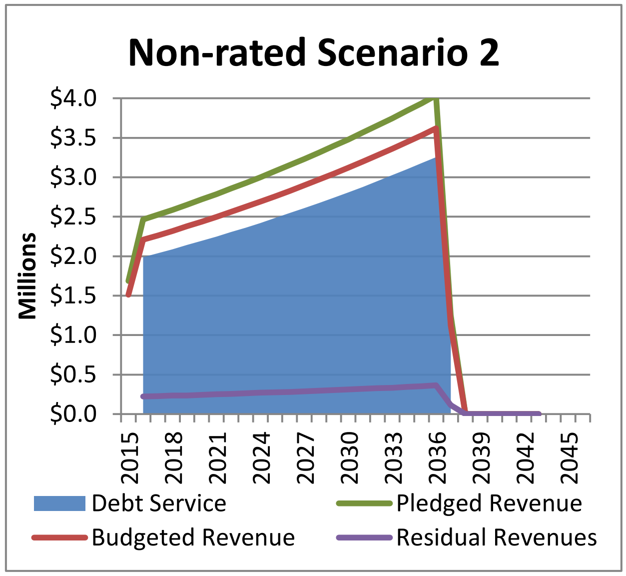
All scenarios assume the funding of a debt service reserve fund at maximum annual debt service and the contribution of 2015 revenues from the 52% budgeted amount for the museum[5]. Pledged revenue is the 58% of the Authority's RTA funds and Budgeted Revenue is the 52% of the Authority's RTA funds. Stifel has provided coverage estimates on both revenue pledges to give the Authority a sense of the coverage amount that results from their revenue pledge decision.





[5] The interest rate and rating assumptions assumed in this presentation are based on current market conditions and similar credits. The actual results may differ, and Stifel makes no commitment to underwrite at these levels.





Bond Statistics[6]				
	"BBB" Scenario 1	Non-rated Scenario 1	"BBB" Scenario 2	Non-rated Scenario 2
Last Maturity	12/1/2044	12/1/2044	12/1/2037	12/1/2037
True Interest Cost	4.39%	5.41%	4.20%	5.27%
Average Coupon	5.00%	5.46%	5.00%	5.44%
Average Life	16.95 Years	17.13 Years	13.66 Years	13.80 Years
Par Amount	28,595,000	30,640,000	29,270,000	31,455,000
Total Debt Service	52,811,400	59,306,425	48,243,600	55,048,525
Maximum Annual Debt Service	1,863,000	2,092,325	2,914,750	3,254,725
Pledged Revenue Coverage	1.32x	1.17x	1.38x	1.24x
Budgeted Revenue Coverage	1.18x	1.06x	1.24x	1.11x

Structuring Alternatives: In order to create additional coverage for a rating agency, the Authority could also consider extending the term of the bonds until 2046, where coverage would be increased across the life of the bonds. Additionally, the Authority could use an interest only period in the first few years in order to accumulate additional reserves. These strategies would increase coverage and reserves, but they would also increase interest and total repayment costs.

5. Timing Considerations

The proposed size/credit/structure of the financing should insulate the marketing of the bonds to other more traditional supply interests and high-grade credit considerations, normally associated with a larger transaction within the State of Colorado. This financing will also benefit from being in a niche market, with generally lower supply and strong demand in the market. For example, both Thornton Development Authority financings, referenced in question 7, were received exceptionally well in the market, the incremental yield on the bonds (above a 'AA' rated City) created very strong demand for the credit, with investors also benefiting from the moral obligation credit support from the City of Thornton. Stifel has also seen similar pricing benefits for scarce credits around the region and would expect this

[6] The interest rate and rating assumptions assumed in this presentation are based on current market conditions and similar credits. The actual results may differ, and Stifel makes no commitment to underwrite at these levels.

transaction to benefit as well and remain somewhat isolated from more traditional market moving factors. **<u>No matter the timing, Stifel would strongly encourage CSURA to include a full two-week investor marketing period.</u>**

With the understanding that market dynamics will have a muted effect on the pricing and timing for this transaction; remaining aware of both national and Colorado market supply, the economic calendar/data, changing views from the FOMC on monetary policy and projected economic conditions will ensure the best execution for the transaction. The following sections provide commentary on each consideration provided by Stifel's Denver based underwriting desk, our Fixed Income Strategy Department (lead by Jim DeMasi)[7] and our Chief Economist (Lindsey Piegza)[8].

<u>Timing Considerations:</u> The Colorado market thus far in 2016 has been relatively light in supply, with overall rates reacting more to supply and demand, rather than technical relationships. With the global economy sputtering, market spreads across most municipal credits have been tightening with investor demand exceeding available supply. The Authority's ability to achieve aggressive pricing spreads is best achieved by efficient market access in consideration of:

1) National Market Supply, which has been able to digest $6-9 billion weekly, but remains exposed to larger issuance volumes.
2) Colorado supply, which is noted by two large (>$350MM) transactions for Denver's National Western Center (Stifel serving as co-senior manager, which priced during the 3rd week of March) and Aurora's Prairie Waters Refunding Bonds (to be executed following Denver, sometime in the early summer).
3) Technical factors, despite being a lesser impact, can increase volatility in financial markets creating both windows of opportunity, as well as the potential to mute investor demand. As shown in the following chart, there is both a FOMC meeting at the end of April and in the middle of June. While FOMC events have not recently shocked the market, they remain a market-focus and tend to push supply into the preceding and succeeding weeks. Counterintuitively, in some cases, Stifel has worked with borrowers to target those weeks to take advantage of the more limited competing supply.

Week of	Economic Announcements	
April 4, 2016	• Factory Orders • International Trade ★	• FOMC Minutes ★ • Jobless Claims ★
April 11, 2016	• Import/Export Prices • Treasury Budget	• Retail Sales ★ • Consumer Price Index ★ • Jobless Claims ★
April 18, 2016	• Housing Starts/Existing Home Sales • Jobless Claims ★	• Philadelphia Fed Business Outlook ★ • PMI Manufacturing Index
April 25, 2016	• New Home Sales ★ • Durable Goods Orders ★ • Consumer Confidence • **FOMC Meeting Announcement** ★	• Personal Income and Outlays ★ • GDP ★ • Jobless Claims ★ • Consumer Sentiment
May 2, 2016	• ISM Manufacturing • Vehicle Sales • ISM Non-Manufacturing • Jobless Claims ★	• Construction Spending ★ • International Trade ★ • Nonfarm Payrolls/Unemployment ★
May 9, 2016	• Inventories ★ • PPI • Jobless Claims ★	• Retail Sales ★ • Consumer Sentiment

[7] *March 16th FOMC Meeting Analysis, Jim DeMasi, 3/16/2016*
[8] *Stifel Economic Commentary, Lindsey Piegza, 3/16/2016*

May 16, 2016	• Manufacturing • CPI ★ • Jobless Claims ★	• Housing Starts • Existing Home Sales
May 23, 2016	• New Home Sales • Personal Consumption	• GDP ★ • Jobless Claims ★
May 30, 2016	• Personal Income/Spending ★ • Beige Book • Nonfarm Payrolls/Unemployment ★ • Jobless Claims ★	• Consumer Confidence ★ • Trade Balance ★ • Factory Orders
June 6, 2016	• Productivity ★ • Inventories	• Jobless Claims ★ • Consumer Sentiment ★
June 13, 2016	• Retail Sales ★ • Business Inventories • CPI ★	• Jobless Claims ★ • **FOMC Meeting Announcement** ★ • Housing Starts
June 20, 2016	• Existing Home Sales • New Home Sales	• Jobless Claims ★ • Consumer Sentiment
June 27, 2016	• GDP ★ • Personal Consumption ★ • PCE ★ • Nonfarm Payrolls/Unemployment ★	• Consumer Confidence • Personal Income ★ • Jobless Claims ★

★ Market Moving Indicator

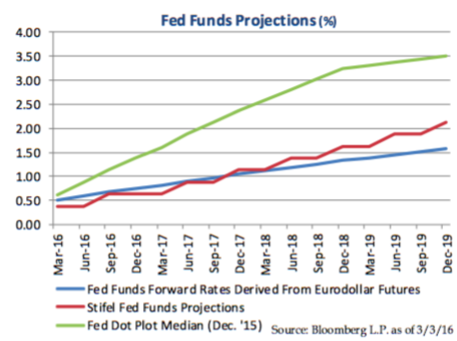
Macro-Economic Data and Calendar Perspective: Desperate to reignite sluggish economic activity and inflation, central banks around the world have engaged in ample stimulus measures including additional QE and (further) negative interest rate policy while here at home, the Fed contemplates further rate *hikes*. Early indications of ongoing turmoil in the global marketplace carrying over into February sent yields to a near one-year low; however, with one eye still on international developments, a welcome round of "*moderate*" but positive domestic data helped yields recover through the end of the month, furthermore, increasing expectations the Fed will *not* remain on the sideline indefinitely. While still less than a 10% implied probability of a near-term rate increase, with further improvements in inflation coupled with continued growth in employment, market participants appear to be warming up to the notion the Fed could and will continue to remove accommodation throughout the year. The outlook for 2016 can be summarized by the following four key macro-economic factors:

- **Economy**: A U. S recession is unlikely in 2016, but global cross-currents will continue to restrain GDP growth. Stifel's base-case scenario envisions another year of sluggish growth near the average rate for this recovery of 2.1%.
- **Fed Policy**: Weak global growth, a strong U.S. Dollar, low inflation expectations, and deteriorating financial conditions should keep the Fed on hold until at least September. Stifel is forecasting only one 25 bps rate hike this year (discussed in more detail below).
- **Treasury Yields:** Rates should increase modestly from current levels as the flight-to-quality bid subsides but finish little changed on a year-over year basis.
- **Bond Market Performance**: The broad market, investment-grade bond indices appear fairly valued and municipal bonds should continue to out-perform taxable debt on a risk- adjusted basis due to a combination of favorable fundamental and technical factors.

FOMC Monetary Policy: There are several important takeaways from last week's Fed meeting. Policy makers are clearly in no hurry to raise short- term interest rates and do not intend to follow a calendar based approach to tightening policy. The decision to raise rates in December was based on 6.5 years of cumulative progress toward the Fed's dual mandate (rather than one or two quarters of economic data) and did not signal the beginning of a time-based sequence of additional rate hikes. Further policy moves will depend on a variety of factors, including sustained progress toward the Fed's dual mandate, global economic growth, and global financial market conditions.

The Fed's message last week to the bond market was clear and unmistakable. It has no intention of committing a major policy error by raising interest rates too quickly or too aggressively, given the weak outlook for global economic growth and the associated negative implications for achieving its dual mandate. A closer alignment of the Fed's forward guidance with the bond market's expectations should keep interest rates well anchored. The range-bound Treasury market should have little trouble absorbing one 25 basis point rate hike this year, which remains Stifel's base-case outlook. The Fed will likely maintain a dovish bias until at least the June FOMC meeting, before returning to a balanced risk assessment in preparation for a rate move in the second half of the year. Given this favorable near-term policy backdrop, investors should not view the Fed as an impediment to extending portfolio duration and capturing higher yields through the end of the second quarter.

<u>Interest Rate Projections:</u> The Fed's forward guidance (green line) calls for 100 bps of rate increases per year over the next three years. The bond market (blue line) expects the Fed to move much less aggressively, with futures pricing in only one rate hike 1.00 per year, on average. Stifel's forecast (red line) is much closer to the market's expectations.



Speaking in New York City this week, Federal Reserve Bank of St. Louis President James Bullard said the Federal Reserve may be getting close to raising interest rates again after opting to remain sidelined in March. *"The relatively minor downgrades contained in the March SEP suggest that the next rate increase may not be far off provided that the economy evolves as expected."* Additionally, earlier this week, in an interview with *Bloomberg News*, Bullard said policy makers should consider another rate hike as early as the April FOMC meeting.

Atlanta Fed President Dennis Lockhart, San Francisco Fed leader John Williams and Philadelphia's Patrick Harker have all called for continued tightening in comments this week, keeping June - and even April - as possible dates for a second hike.

Bottom Line: At this point, the Fed is looking for further improvement in the domestic economy based on a continuation of "*moderate*" conditions in the market place; thus far, however, "*moderate*" growth has only led to further "*moderate*" growth. In other words, the catalyst to better, above-trend activity remains unclear, particularly as this morning's report shows businesses continue to par back spending and investment. Stifel expects one rate hike this year (September FOMC meeting) followed by two increases annually in 2017, 2018, and 2019.

Treasury Yield Curve Projections

	1Q16	2Q16	3Q16	4Q16
Fed Funds - Upper Bound	0.50%	0.50%	0.75%	0.75%
2-year	0.80%	0.90%	1.00%	1.10%
5-year	1.40%	1.50%	1.60%	1.70%
10-year	1.95%	2.00%	2.10%	2.25%
30-year	2.75%	2.80%	2.90%	3.05%
2s to 10s	+115 bps	+110 bps	+110 bps	+115 bps

**Updated February 1, 2016*

Source: Jim DeMasi, Chief Fixed Income Strategist.
All projections are as of the end of the respective quarters.
Fed funds represents the upper bound of the FOMC's target range.

6. Schedule of Financing Activities

The following sample calendars reflect the timing considerations and pace of the respective financing options. These calendars reflect a financing decision made at the beginning of Week 1. These schedules can vary depending on the type of transaction and the ability of all parties to complete their respective assignments.

Underwriting Sample Calendar

	Event	Party
Week 1	Begin document and POS preparation	Bond Counsel & Authority
Week 3	Circulation of first draft bond DOCs and POS	Bond Counsel
Week 3	Document Review Session	All
Week 4	Circulation of revised bond documents and POS	Authority
Week 4	Document comments due to bond counsel	All
Week 4	Send documents to rating agency	Stifel
Week 5	Rating agency call	Stifel & Authority
Week 6	Board meets to adopt parameters resolution	Authority
Week 7	Receive ratings	Stifel
Week 8	Post POS	Authority
Week 9	Investor Marketing	Stifel
Week 10	Price bonds	All
Week 10	Post final OS	Stifel
Week 11	**Closing**	**All**

Potential Private Placement Calendar

	Event	Party
Week 1	First Round of Document Distribution	Bond Counsel
Week 2	Document Review Session	All
Week 3	Second Round of Document Distribution	Bond Counsel
Week 4	Final Comments Due	All
Week 5	Board Meets to Approve Loan Documents	All
Week 6	Pre-Closing	All
Week 6	**Closing (Conference Call)**	**All**

7. Stifel Credentials

#1 RANKED TAX INCREMENT FINANCING EXPERIENCE

As shown in the following table, no other firm served on more negotiated Tax Increment Financings than Stifel in 2015 (147 transactions), nor more TIF bonds ($3.94 billion) than Stifel[9]. These transactions represented 36.3% of all 2015 TIF transactional volume and 51.5% of all 2015 TIF par. Our underwriters are in the market more than any other firm, and we sell more TIF bonds than our competitors combined.

[9] Source: (Thomsen Reuters, 2015)

This experience allows us to market to the complete spectrum of potential investors, develop a targeted outreach program and leverage demand to provide the best pricing.

Municipal Senior Managers Negotiated TIF Par, 2015 ($mil)			
Rank	**Firm**	**Number of Issues**	**Par**
1	***Stifel***	***147***	***3,944.2***
2	Piper Jaffray	26	540.0
3	Citi	15	488.1
4	Morgan Stanley	4	392.5
5	Hilltop Holdings	18	327.2
6	RBC	11	231.2
7	FMSbonds	26	201.0
8	Raymond James	13	178.0
9	Jefferies	15	178.0
10	MBS	14	171.1

Source: Thomson Reuters as of 12/31/15.

TAX INCREMENT FINANCING CASE STUDIES:

$13,900,000
THORNTON DEVELOPMENT AUTHORITY
TAX INCREMENT REVENUE REFUNDING BONDS
SERIES 2015A

$27,580,000
THORNTON DEVELOPMENT AUTHORITY
TAX INCREMENT REVENUE BONDS
SERIES 2015B

TRANSACTION SUMMARY

Stifel was pleased to assist the City of Thornton (the “City” or “Thornton”) and the Thornton Development Authority (the “Authority” or “TDA”) with two Urban Renewal Authority transactions in 2015. The Series 2015A Bonds refinanced existing obligations related to the North Washington Project Area at I-25 and E-470; the Series 2015B Bonds were issued to reimburse the City for prior expenditures related to the 144th Avenue and 1-25 Project Area and to finance future infrastructure improvements within the project area.

The Series 2015A Bonds refinanced outstanding bonds related to the Larkridge development in northern Thornton, with primary tenants including Costco and Home Depot. Executing the refunding resulted in net present value savings of $1,950,521 or 12.3%. The Series 2015B Bonds were issued to reimburse outstanding loans to the City from the initial development of The Grove shopping area, including the Cabela’s, which opened in 2013.

BONDHOLDER SECURITY

The Series 2015A Refunding Bonds included pledged revenue of all available property and sales tax revenue within in the URA, based upon the mature nature of the project area and the structuring of uniform savings on the refunding. With the expected current and future growth related to The Grove shopping area and the significant related incremental revenue, the City and Authority wanted to create a more flexible 'flow of funds' for the Series 2015B Bonds. The City and Authority decided to utilize an adjustable pledge of revenues from the 144th/I-25 Project Area. The pledge to bondholders was calculated at 1.50x coverage on annual debt service from annual property and sales tax within the URA, with any additional revenue generated on an annual basis flowing directly to the City's general fund. This approach was well-received by both Standard and Poor's and the investor community. The bonds also carried the City's moral obligation and were additionally secured by a debt service reserve fund.

MARKETING EXECUTION

Between the two transactions for Thornton, Stifel was able to place the bonds with a variety of local and national investors including; Colorado retail investors **(Over $18 million of TDA holdings),** Bank Trust Accounts, Money Market Accounts and Insurance Companies. It is important to note, insurance company participation in transactions rated below 'AA' is very rare, the interest in the Thornton transactions was generated from the general economic growth of Colorado. Stifel was also able to execute both transactions with a mix of coupons throughout the term of the loan, generating a diverse combination of investors to drive down the cost of borrowing for TDA.

$41,930,000
FOUNTAIN URBAN RENEWAL AUTHORITY
TAX INCREMENT REVENUE REFUNDING AND IMPROVEMENT BONDS
SERIES 2015A

$5,070,000
FOUNTAIN URBAN RENEWAL AUTHORITY
TAXABLE PUBLIC IMPROVEMENT FEE REVENUE REFUNDING BONDS
SERIES 2015B

TRANSACTION SUMMARY

Stifel was pleased to assist the City of Fountain (the "City" or "Fountain") and the Fountain Urban Renewal Authority (the "Authority" or "FURA") with two Urban Renewal Authority transactions in 2015. The Fountain Urban Renewal Authority is a body created by the City of Fountain, Colorado in order to plan and implement the urban renewal project. The Project consisted of developing the Shopping Center in Fountain, Colorado located on the northwest quadrant of I-25 and South Academy Boulevard in the City. Phase One contains approximately 350,000 square feet of retail uses and will consist of the Walmart Supercenter, the Sam's Club, and an additional six outparcel development of approximately 55,000 square feet of retail and hotel uses. These facilities opened earlier this summer. The Bonds from both Series 2015A and 2015B were used to refund bonds previously issued in 2014, as well as fund project improvements of the Phase Two Project.

BONDHOLDER SECURITY

The Bonds are special limited revenue obligations of the Authority, paid for by the pledged revenues from both Walmart and Sam's Club. The pledged revenues incorporate Sales Tax

TIF Revenues from the Anchor Site, the Remaining Outparcel Sites, and the Net Transportation Tax. After 2039, when the TIF term expires, the pledged revenues consist of the Net Transportation Sales Tax Revenue and the Net Appropriated Sum as a part of the City of Fountain's moral obligation agreement with the Authority. The bonds are also secured by a reserve fund.

MARKETING EXECUTION

Due to the unrated credit in this transaction, Stifel structured the two deals as term bonds with maturities of 2029, 2037, and 2044. The Series 2015B taxable portion was a single term bond maturing on 2044. The term bonds on the Series 2015A tax-exempt portion bear interest rates of 4.50, 5.25, and 5.50 percent, respectively, and were all priced as discount bonds with corresponding yields slightly above their coupons. The Series 2015B bond was also sold at a discount and has an interest rate of 7.00%. On the day of pricing, Stifel was able to price all of the bonds with an optional redemption in 2025, even on the 2044 taxable bond. Stifel's investor pool for this transaction brought in a mix of institutional and retail buyers. Stifel saw substantial participation from its retail distribution network with over $14 million in bonds for FURA now in Stifel retail accounts.

PLACEMENT AGENT SERVICES COMPLEMENTED BY UNDERWRITING EXPERIENCE

Stifel's ability to serve our clients as placement agent is enhanced by our experience as an underwriting firm. Mike Imhoff, Stifel's national director of underwriting, has constant access to the market and insight to investor demands. When finding a purchaser for a private placement, Mr. Imhoff is available to add credibility to verify that pricing levels received by interested banks are appropriate as compared the current municipal market.

Additionally, by having a team of bankers that also participate in public offerings on a regular basis, we will be able to conduct a cost-benefit analysis of the total cost of borrowing of a private placement versus a public sale, taking into account all costs of issuance.

- ***City of Arvada, CO***. In 2014, as Stifel was serving as Financial Advisor to the City of Arvada, we conducted a cost-benefit analysis of refunding their 2005 COPs with a private placement structure and a public sale structure. At the time, we found that the public sale was estimated to result in more present value savings than the private placement, however, the City decided to pursue a private placement for other factors mentioned above; the ability to access the market quicker and less required actions, such as the preparation of the offering document and rating agency meetings.

PLACEMENT AGENT EXPERIENCE

Within the past year, Stifel has served as placement agent on nine Colorado transactions, ranging from under $1 million to over $17 million. We have developed relationships with banks throughout Colorado that participate in private placement transactions, and know how to identify purchasers that will deliver the lowest cost of borrowing for the District.

Stifel's team also serves as financial advisor on private placement transactions to certain clients. Our recent financial advisor experience on private placements includes the following:

- Colorado High Performance Transportation Enterprise (HPTE) – Financial Advisor on $23.63 million Toll Revenue Notes, Series 2016 (2/24/16)
- City of Arvada, CO – Financial Advisor on $11.8 million Refunding Certificates of Participation, Series 2014 (1/22/15)
- Colorado High Performance Transportation Enterprise (HPTE) – Financial Advisor on $31 million Toll Revenue Notes, Series 2014 (12/19/14)

8. Underwriting and Placement Agent Fees

Stifel has recommended an aggressive fee schedule designed to provide a strong incentive for broad investor demand. As shown in the following table, Stifel has only included a placement fee proposal on the non-rated structure, as Stifel believes that a rated transaction is most likely to access the bond market. Most private placement banks do not prefer or need a credit rating. The following bond underwriting fee proposal is "all inclusive" and Stifel will cover its traditional costs of issuance, including underwriter's counsel, DALCOMP/Dalnet, Ipreo, day loan and CUSIPs.

	Rated	Non-rated
Private Placement Fee	N/A	$50,000
Negotiated Offering Fee ($/Bond)	$6.50/Bond	$9.50/Bond

Takedown by Maturity: Stifel proposes the following takedown by maturity for the following years of the yield curve assuming a 30 year issuance and the amortization schedule of Scenario 1 for both the Rated and Non-Rated scales.

Years	Rated	Non-Rated
1-5	3.75	6.25
6-10	5.00	7.50
11-15	5.00	7.50
16-20	6.25	7.50
21-30	6.25	10.00

9. Direct Purchase

Stifel is not proposing to purchase the financing directly.

10. Additional Information

Stifel brings the local presence and market experience to each transaction we underwrite

- **In 2015, Stifel underwrote over half of all Tax-Increment Bonds in the United States**
- **Stifel is currently engaged locally with Colorado Springs District 11 and in Colorado Springs Utilities' Underwriting Pool**
- **Stifel has recent Colorado Tax-Increment Experience in Thornton and Fountain**
- **Stifel was the only local underwriter to serve on the most recent RTA project underwriting for Denver's Dedicated Tax Revenue Bonds**

Stifel was founded in 1890 and incorporated in 1900, is a wholly-owned subsidiary of Stifel Financial Corp., an independent publicly traded broker-dealer specializing in municipal finance based out of St. Louis, Missouri. Stifel Financial is traded on the New York Stock Exchange under the ticker symbol 'SF' with nearly 6,400 employees, including over 2,100 brokers in 324 offices. Stifel is fully licensed to perform underwriting and brokerage (institutional and retail) services in Colorado. Stifel provides securities brokerage, investment banking, trading, investment advisory, and related financial services through its wholly owned subsidiaries to individual investors, professional money managers, businesses, and municipalities.

Underwriting from Denver: As a firm, Stifel underwrites more negotiated transactions than any other firm (811 in 2015[10]). As the firm's lead underwriter and manager of each of Stifel's six commitment centers, Mike Imhoff has been underwriting Colorado issues, from Denver, for 30 years. No other individual in the market has more Colorado expertise. Stifel's roots within the Denver community date back to 1927, as investment banking firm E.A. Hanifen, later to become Hanifen Imhoff, and acquired by Stifel in 2000.

Colorado Presence for Banking, Underwriting, Trading and Retail: Stifel has **nine offices in Colorado**, covering more than **14,800 Colorado retail accounts holding more than $3.1 billion in client assets**. Within the state Stifel has 37 retail and 73 additional Colorado-based employees. In addition to our retail presence, Stifel maintains a strong and growing public finance presence, with 12 public finance banking professionals within Colorado, all based in our Denver office.

A Colorado Presence Benefits the Authority	
Active Market Feedback	Most top 10 firms only price one or two Colorado transactions annually, as opposed to Stifel, which has senior managed an average of 23 issuances over the past 3 years, along with 8 Colorado co-managed transactions annually. Less active firms underwrite based on stale information and pricing suffers accordingly.
Secondary Market Trading	Last year, Stifel traded $491.3 million of Colorado bonds in the secondary market. As the most active firm in the Colorado market, Stifel is a known market-maker in the industry. Accordingly, investors are more comfortable with aggressive primary market pricings, as they have come to expect Stifel to support the secondary market on the issues we lead.
Retail Holdings	Stifel's $2.8 billion of Colorado assets under management includes over $500 million of Colorado tax-exempt bonds

Colorado Underwriting Performance: Stifel has grown its historic status in Colorado and the Denver Metropolitan area over the past three years. For 2014 in the State of Colorado, Stifel served as underwriter for more negotiated volume than any other firm. Since the beginning of 2013, Stifel has served as sole or lead manager on 69 Colorado transactions totaling over $1.59 billion in par. As co-manager, Stifel has served on 23 Colorado transactions since 2013 totaling over $2.44 billion in par.

Active Secondary Market Participation in Colorado: Stifel is a market leader in Colorado, and we demonstrate that expertise by maintaining an active trading relationship with investors. ***In 2015, Stifel traded $27.2 billion on the secondary market nationally, and $491.3 million in the State of Colorado.*** Stifel recommends the Authority evaluate its syndicate's secondary market trading activity, as it is a sign of market commitment. Because of Stifel's long-term approach within the market, investors are more likely to accept aggressive primary-market pricing on a Stifel-led transaction in Colorado.

Stifel Municipal Secondary Market Participation					
	2011	**2012**	**2013**	**2014**	**2015**
National	$15.6B	$20.9B	$21.9B	$23.2B	$27.2B
Colorado	$462.7MM	$516.0MM	$360.2MM	$421.5MM	$491.3MM

[10] *Source: Thomsen Reuters*

11. Conflicts of Interest and Legal Information

Stifel, Nicolaus & Company, Incorporated ("Stifel") is an investment banking and securities firm providing investment services to individuals and institutional clients, investment banking, and related services including the day-to-day purchase and sale of securities. Stifel is a wholly-owned subsidiary of Stifel Financial Corp. (SF). In the normal course of business, at any given time, Stifel is subject to a number of claims and disputes, as well as regulatory matters including examinations, reviews, investigations, or formal actions. All required disclosures of material litigation and regulatory matters are made in Stifel Financial Corp.'s public filings with the SEC and other regulatory authorities, such as its Form 10-K and the most recent Form 10-Q filed with the U.S. Securities and Exchange Commission (the "SEC"), 8-K's, and in other regulatory filings, such as Form B/D, as amended. You are further referred to the FINRA website, where you can access Broker Check reports for Stifel, Nicolaus & Company, Incorporated which may be located with the following hyperlink: http://brokercheck.finra.org/Firm/Summary/793. This contains the regulatory reports on Stifel's disciplinary disclosures. We are not aware of any conflicts of interest that would impair our ability to serve as the Authority's underwriter.