



September 25, 2020

CSURA – North Nevada  
c/o D.A. Davidson & Co.  
Attn: Kyle Thomas  
1550 Market Street, Suite 300  
Denver, CO 80202

Dear Mr. Thomas:

U.S. Bank National Association is pleased to consider your request to provide financing to CSURA – North Nevada. A summary of some of the terms U.S. Bank is considering for this financing package is as follows:

**Borrower:** Colorado Springs Urban Renewal Authority – North Nevada

**Facility:** Tax-exempt, non-bank qualified, term loan

**Purpose:** Extension of the 2016 Loan, refunding of Series 2016B Bonds, refunding all of the outstanding notes, funding infrastructure improvements, funding of a Debt Service Reserve Fund and for payment of closing costs

**Maturity:** December 1, 2030

**Amount:** Up to \$53,360,000

**Amortization:** Principal payments will be due in accordance with the following schedule:

Payment Date	Principal Reduction
12/1/2020	\$ 0
12/1/2021	\$ 3,070,000
12/1/2022	\$ 3,200,000
12/1/2023	\$ 3,350,000
12/1/2024	\$ 3,515,000
12/1/2025	\$ 3,650,000
12/1/2026	\$ 3,775,000
12/1/2027	\$ 3,890,000
12/1/2028	\$ 4,000,000
12/1/2029	\$ 4,125,000
12/1/2030	\$ 2,750,000

**Interest Rate:** A fixed rate determined by U.S. Bank as of the date of initial funding. An example of such rate, if funded today September 24, 2020, would be 2.00% per annum; such rate to be adjusted by U.S. Bank prior to the Borrower signing a Rate Lock Agreement.



All calculations of interest and fees shall be made on the basis of actual number of days elapsed in a 360-day year.

**Mandatory Prepayment:** The Borrower shall continue to be required to prepay senior debt on an annual basis. The amount of the required prepayment will be capped per the Prepayment Limits described below.

**Prepayment Limits:** The following schedule outlines the amount of senior debt service that must be paid prior to any payment of subordinated debt:

<b>Fiscal Year(s)</b>	<b>Annual Senior Payment Cap</b>
2021 - 2023	\$6,200,000
2024 – 2028	\$6,300,000
2029	\$6,000,000
2030*	\$6,750,000

\*Inclusive of the Debt Service Reserve Fund

**Prepayment:** Borrower shall be required, upon acceleration or prepayment of all or part of the principal amount before its scheduled due date, to pay Bank a prepayment indemnity ("Prepayment Fee") equal to the greater of zero, or that amount, calculated on any date of acceleration or prepayment ("Prepayment Date"), which is derived by subtracting: (a) the principal amount of the Loans or portion of the Loans accelerated or to be prepaid from (b) the Net Present Value of the Loans or portion of the Loans accelerated or to be prepaid on such Prepayment Date; provided, however, that the Prepayment Fee shall not in any event exceed the maximum prepayment fee permitted by applicable law.

"Net Present Value" shall mean the amount which is derived by summing the present values of each prospective payment of principal and interest which, without such full or partial prepayment, could otherwise have been received by Bank over the shorter of the remaining contractual life of the Loans or next repricing date if Bank had instead initially invested the Loan proceeds at the Initial Money Market Rate. The individual discount rate used to present value each prospective payment of interest and/or principal shall be the Money Market Rate at Prepayment for the maturity matching that of each specific payment of principal and/or interest.

"Initial Money Market Rate" shall mean the rate per annum, determined solely by Bank as of the Rate Lock Date, at which Bank would be able to borrow funds in Money Markets for the amount of the Loan and with an interest payment frequency and principal repayment schedule as provided in this Agreement, adjusted for any unpaid charges carried over into the Obligations arising from amending or restating any prior fixed rate loan documents before the scheduled maturity date, and adjusted for any reserve requirement and any subsequent costs arising from a change in government regulation. Borrower acknowledges that Bank is under no obligation to actually purchase and/or match funds for the Initial Money Market



#### Rate of the Loan.

"Rate Lock Date" shall mean the date on which Borrower and Bank entered into a written agreement to lock the interest rate for the Loan, or if no such written agreement was entered into, the date on which the interest rate was locked, as reflected in the records of the bank, or, if the Loan has been repriced, the date on which the interest rate was locked for the most recent repricing.

"Money Market Rate at Prepayment" shall mean that zero-coupon rate, calculated on the Prepayment Date, and determined solely by Bank, as the rate at which Bank would be able to borrow funds in Money Markets for the prepayment amount matching the maturity of a specific prospective Loan payment or repricing date, adjusted for any reserve requirement and any subsequent costs arising from a change in government regulation. A separate Money Market Rate at Prepayment will be calculated for each prospective interest and/or principal payment date.

"Money Markets" shall mean one or more wholesale funding markets available to and selected by Bank, including negotiable certificates of deposit, commercial paper, Eurodollar deposits, bank notes, federal funds, interest rate swaps or others.

In calculating the amount of such Prepayment Fee, Bank is hereby authorized by Borrower to make such assumptions regarding the source of funding, redeployment of funds and other related matters, as Bank may deem appropriate. If Borrower fails to pay any Prepayment Fee when due, the amount of such Prepayment Fee shall thereafter bear interest until paid at the default rate specified in this Agreement (computed on the basis of a 360-day year, actual days elapsed). Any prepayment of principal shall be accompanied by a payment of interest accrued to date thereon; and said prepayment shall be applied, in whole or in part, to principal, interest and other amounts due or to become due under the Loan Documents in any order which Bank elects, provided that any amount applied to principal installments in the inverse order of their maturities. All prepayments shall be in an amount of at least \$100,000 or, if less, the remaining entire principal balance of the Loan. Bank's internal records of applicable interest rates shall be determinative in the absence of manifest error.

Borrower hereby acknowledges that Borrower shall be required to pay the Prepayment Fee with respect to any portion of the principal balance accelerated or paid before its scheduled due date, whether voluntarily, involuntarily, or otherwise, including without limitation any principal payment made following default, demand for payment, acceleration, collection proceedings, foreclosure, sale or other disposition of collateral, bankruptcy or other insolvency proceedings, eminent domain, condemnation, application of insurance proceeds or otherwise. Such Prepayment Fee shall at all times be an Obligation as well as an undertaking by Borrower to Bank whether

arising out of acceleration or a voluntary or mandated prepayment.

**Allowed Prepayments without Prepayment Fee.** Notwithstanding any other prepayment limitations in this Agreement, during the 12-month period beginning on the date hereof and during each 12-month period thereafter beginning on the same date of the same month, Borrower may prepay an amount totaling in the aggregate up to 20% of the outstanding principal amount as of the first day of each 12-month period, without paying the Prepayment Fee. Borrower may not prepay any amount in excess of the stated percentage in any said 12-month period without the consent of Bank and without paying the Prepayment Fee described herein. In calculating the Prepayment Fee on any such excess prepayment, Bank shall not be required to reduce the principal components of the calculation by amounts that, under the terms of this paragraph, Borrower either (i) could have prepaid without indemnity in past 12-month periods but did not or (ii) would have been able to prepay without indemnity in future 12-month periods. Prepayments within the stated percentage are not subject to the \$100,000 minimum prepayment restriction.

Rate Increase Event:	During the term of the Facility, the Rate Increase Event will be the Interest Rate plus 5.00% up to the amount listed in the Prepayment Limits schedule
Covenants:	The existing trailing twelve month sales tax revenue covenant of \$3,600,000 will remain unchanged from the 2016 Loan Agreement.
Payment Dates:	Interest will be paid monthly on each June 1 and December 1. Principal will be paid annually on each December 1.
Pledged Revenue:	The Bank will continue to have a senior pledge on the following: <ol style="list-style-type: none"><li>1. Revenues produced from the overlapping mill levy within the North Nevada Corridor Urban Renewal Area less a \$50,000 carve out for operating expenses</li><li>2. Revenues produced from the sales tax within the North Nevada Corridor Urban Renewal Area</li><li>3. Proposed Debt Service Reserve Fund</li><li>4. All other legally available monies at the District's discretion</li></ol>
Debt Service Reserve Fund:	The District will deposit an additional \$90,000 into the Debt Service Reserve Fund and maintain a Reserve Fund Requirement equal to \$3,440,000
Additional Debt:	No additional parity debt without prior bank consent. Subordinated debt may be issued without bank consent and can only be paid on an annual basis after 1) the scheduled payment of senior debt service, 2) the replenishment of the DSRF, and 3) any Mandatory Prepayments per the Flow of Funds

Flow of Funds: Annual Pledged Revenue will be managed by the following flow of funds:

1. Payment of senior interest, principal and any other applicable Bank fees
2. An amount necessary to replenish the Debt Service Reserve Fund to the Reserve Fund Requirement, if needed
3. A prepayment to the senior facility in an amount equal to the Prepayment Limit
4. Any remaining amount may be used for the payment of subordinated debt service or for any legally acceptable purpose

Reporting Requirements:

1. Audited financial statements within 270 days of each fiscal year end
2. Certificate of No Default within 270 days of each fiscal year end
3. Preliminary certificate of Assessed Value no later than 9/30 of each year
4. Final certificate of Assessed Value no later than 12/31 of each year
5. Overlapping Mill Levy report by 1/31 of each year
6. Annual budget due by 1/31 of each year
7. Report of year to date sales taxes collected due at the end of every calendar quarter

Nondisclosure by Borrower or any affiliate: By accepting delivery of this summary of terms and conditions, the Borrower hereby agrees that it will not disclose to any person (and will ensure that none of its affiliates disclose to any person) any of the terms contained herein or the fact that this summary of terms and conditions exists. Notwithstanding the foregoing, the Borrower may disclose any of the foregoing to any of its employees, advisors, or attorneys to whom, in each case, it is necessary to disclose such information so long as any such employee, advisor, or attorney is instructed to keep such information confidential in accordance with the requirements hereof.

Legal & Other Fees: All costs and expenses incurred to underwrite and close the transaction completed herein including Bank counsel fees shall be paid by the Borrowers.

As we obtain more information, additional substantive conditions will be required and terms may be changed or be supplemented. In addition, upon completion of our analysis and due diligence and if we obtain credit approval of this proposal, we will prepare loan documentation which will include terms and conditions customary to U.S. Bank, as well as warranties and covenants specific to this transaction.



**To that end, this letter is an expression of interest only, and it is not a contract, commitment nor intent to be bound. U.S. Bank does not intend that this letter or discussions relative to the terms of this letter create any legal rights or obligations, implicit or explicit, in favor of or against the other party. Also, no oral discussions and/or written agreements shall be in place of or supersede written loan agreements executed by your business and accepted by U.S. Bank.**

Thank you for discussing your financing needs with U.S. Bank. Should you wish us to continue to consider your credit request, you will be responsible for all of U.S. Bank's out-of-pocket expenses related to this financing request. We look forward to the opportunity to consider your credit request. If you have any questions regarding this letter, please contact me at 720-581-1138.

Sincerely,

U.S. BANK NATIONAL ASSOCIATION

Jason Edrington  
Vice President

