

February 20th, 2019

Ivywild Grantor Trust
Raymond O'Sullivan
Sam Guadagnoli

Re: Indication of Interest for Proposed Financing of Ivywild Grantor Trust

Zions Bancorporation, N.A. dba Vectra Bank Colorado ("Lender"), is pleased to present this letter to you as the Lender's initial indication of interest in exploring a potential financing transaction for the Ivywild Project ("Transaction"). This Letter should not be construed as any type of commitment to provide financing or term sheet; rather it expresses Lender's interest to further examine all aspects of the Transaction.

Pursuant to our discussions, we submit this Indication of Interest letter ("Letter"), which outlines the following general terms and conditions with respect to the Transaction:

General Loan Terms and Structure. A tax-increment financing ("Note") from Lender to the Grantor Trust in the principal amount of up to \$1,300,000. Repayment of the Loan would be secured by an irrevocable pledge of the Redevelopment Agreement between the Developer and the Colorado Springs Urban Renewal Authority, pledging all sales tax and sales PIF revenues.

Grantor: Ivywild Core Development, Inc ("Ivywild")

Obligors: Ivywild Grantor Trust (name subject to change)

Collateral: Redevelopment Agreement, Canyon Creek Public Improvement Fee, and the Pledged Revenues thereunder

Purchaser: Zions Bancorporation, N.A. dba Vectra Bank Colorado (the "Bank")

Development Agency: Colorado Springs Urban Renewal Authority ("CSURA")

Bank Counsel: TBD

Paying Agent: Zions First National Bank Trust Department

Tax Status: Taxable

Par Value: \$1,300,000

Initial Draw: \$1,300,000

Maturity: Twenty-one (21) years from Date of Closing; 12/1/2040. The rate will refix after five years.

Amortization: The loan will pay interest semi-annually on the first day of June and December, commencing December 1st, 2019, and principal annually commencing on December 1st 2021 with the final principal and interest due on the Maturity Date.



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The amortization of the Note will be twenty-one (21) years from the initial closing.

Interest Rate:

The Taxable Rate shall be equal to the sum of the Des Moines Federal Home Loan Bank Long-Term, Fixed-Rate Advances Five Year Bullet Rate plus 350 basis points, currently 6.38% as of February 11th, 2019.

Option Reprice:

On the Refix Date, December 1, 2024, and every five-year anniversary thereafter until the Loan is repaid in full, the Taxable Rate will refix at a rate equal to the Des Moines Federal Home Loan Bank Long-Term, Fixed-Rate Advances Five Year Bullet Rate plus 350 basis points.

Default Interest Rate:

Upon a material default of the Note that remains uncured for 30 days after receipt of notice of default, the Note, at the option of the Bank, shall accrue interest at a Default Rate, which shall not exceed a rate equal to the lesser of the Wall Street Journal Prime Rate plus 4.00%, or 18%.

Commitment Fee:

One percent (1%) of the initial principal amount of the 2019 Note; payable on the first draw at closing.

Prepayment Fee:

- The Note shall be subject to the following prepayment restrictions
- i. Commencing with the closing of the Note until the third anniversary, the note will not be repayable.
 - ii. Subsequent to the third anniversary the Note shall be fully pre-payable without penalty thereafter, until the next refix date.
 - iii. All prepayments occurring by application of Excess Revenues shall occur without penalty or restriction.

Additional Parity Debt:

The proposed Loan amount, \$1,300,000 is based upon the projected sales tax & PIF revenue averaging \$314 per square foot on 15,790 square feet of commercial space. If additional construction is completed, resulting in greater sales tax and PIF revenue, the Bank may, subject to credit approval, purchase additional series of Parity Notes. Should the Bank decline to purchase additional parity notes under similar credit criteria to the current note, then the lockout and total prepayment requirement are waived, and the Grantors may prepay the Note in its entirety without prepayment fee.

Projected Sales Tax Revenue:

Will be calculated based upon projections of Bank accepted tenants open in Completed Buildings, projected forward at 1% annual increase. The Bank may in its sole discretion, advance against projected sales tax PIF of non-bank qualified tenants upon receipt of sufficient financial information. For the purposes of this Interest Letter we have used the average of \$314 sales per square foot sales which will be finalized in due diligence. The advance will be sized for a 1.50x coverage ratio.

Debt Service Coverage:

Debt Service Coverage shall be calculated as: Pledged Revenue received divided by actual debt service in any given year calculated at the then current taxable rate.

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PV Calculation:

The initial draw will be based upon the Present Value calculation of projected Pledged Revenue at the projected sales tax valuation divided as appropriate by the debt service coverage ratio. The projected revenue will be increased by a 1% annual appreciation, and the Present Value will be calculated at the greater of; 6.50% or the current Taxable Rate.

Flow of Funds:

The Trust shall cause all pledged revenue to be deposited into the Revenue Account maintained by the Trustee with the Paying Agent immediately upon receipt from the El Paso County Treasurer. Upon receipt by the Paying Agent, funds from the Debt Service Fund shall be applied as follows:

- i. To payment of Paying Agent fees.
- ii. To payment of Non-Use Fees.
- iii. To the payment of all past due interest, and principal, and any other collection or other fees due the Bank under the Loan Agreement.
- iv. To the Payment of all current interest and principal.
- v. To the prepayment of principal in increments of \$5,000 or greater beginning with the final principal payment due on 12/01/2040 and continuing forward in reverse chronological order.

The following representations, warranties and covenants shall be part of the agreement to be entered into by Grantor and the Bank with respect to the Loan. Other additional covenants may be added or these may be adjusted going forward by agreement between the Bank and Grantor as new issues or concerns arise regarding Loan covenants, structure, financial ratio levels, etc. Loan covenant compliance will be tested in the manner and at the times as set forth in the Trust.

Primary Reps, Warranties and Covenants:

- i. Grantor will execute all documentation necessary to convey to the Bank an irrevocable interest in the Redevelopment Agreement and all Pledged Revenues from the PIC and obtain an estoppel and consent in form required by the Bank executed and acknowledged by the CSURA.
- ii. CSURA has consented to the hypothecation of the Redevelopment Agreement between CSURA and Ivywild, and further state that Ivy has fulfilled all requirements of the agreement to receive such pledge revenues and CSURA will remit all received pledged revenues to the Paying Agent upon receipt.
- iii. Grantor shall represent and warrant to the Bank, and provide an Opinion of Enforceability from Grantor's Counsel on such matters as the Bank may require including, without limitation, that Grantor are duly formed, have the requisite power and authority to execute and deliver all required Loan documents and that such Loan documents are binding and enforceable against Grantor.
- iv. Grantor will not grant any further lien or otherwise encumber the Pledged Revenues. The Bank and the Grantor's land lender shall execute and intercreditor agreement that will include this covenant.
- v. Annually, the Grantor shall provide the Bank with copies of its unqualified annual audit not later than 180 days following the end of each fiscal year.



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- vi. Within 90 days of quarter-end, Grantor shall submit to the Bank internal financial statements, including a statement of itemized monthly PIF revenues including the annual budget.
- vii. Grantor shall continuously cooperate with the Bank and make a good faith effort to determine that all Pledged Revenues correctly allocated to the Revenue Account and subsequently paid to the Trustee.
- viii. Other covenants considered standard for this type of transaction and industry to be negotiated in good faith among Grantor and the Bank during the due diligence period and Loan approval and documentation process.

Events of Default:

Events of Default for this loan include but not limited to:

- i. Failure of Trust to pay the principal or interest on the Loan when due or any other amount due and payable to the Bank under the Trust or the Loan documents;
- ii. Any pledge or other security interest pledged as security for the loan fails to be fully enforceable with the priority required hereunder;
- iii. Failure of CSURA to pay Pledged Revenues into the Revenue Account or cooperate with the Bank to verify same; and
- iv. Any other actions or in-actions by the Grantor that would otherwise constitute a breach of the provisions of the Trust or the Loan documents, including such actions or in-actions that, with the passage of time, would constitute a breach thereunder.

Specific loan terms and conditions will be further set forth in a term sheet or commitment letter provided from Lender to Borrower.

1. Required Approvals and Closing Conditions. The approval and subsequent closing of the Transaction will be subject to the completion of the following: (i) Lender's underwriting and corresponding due diligence of Borrower and the Transaction, (ii) satisfaction by Borrower of Lender's conditions to the closing of the Transaction, and (iii) the execution and delivery of loan documentation satisfactory to Lender, in its sole and absolute discretion. Specific due diligence requirements, closing conditions, and/or loan documentation requirements will be further set forth in a term sheet or commitment letter from Lender to Borrower.
2. Due Diligence. The due diligence process will consist of, among other things, Lenders thorough review and acceptance of the Borrower, General Contactor(s), other sponsors and/or loan parties, local market information, the Property's viability, the Property's condition of title, the equity contributions, Borrower and financial information, review of the Redevelopment Agreement, and anything else deemed appropriate by the Lender.

This Letter is not a term sheet, commitment to lend, either expressed or implied, and does not impose any obligation on Lender. Borrower acknowledges that Lender has not approved the Loan and acknowledges that such approval may not be obtained, or, if obtained, may be conditioned on additional terms or conditions. Please be advised that a commitment to lend on the part of the Lender will arise only upon the issuance of a written commitment and the execution of written loan documents by the Lender.

This letter is intended only for the use of the individual or entity to which it is addressed and/or potential borrower or applicant. This Letter contains information that is privileged and confidential and its dissemination or distribution is strictly prohibited.

Sincerely,

ZB, N.A. dba Vectra Bank Colorado



Megan Severs
Assistant Vice President

ACKNOWLEDGED BY BORROWER: *Irywild Core Development, Inc.*



Date: 2-21-19

Its: *President*

Sam Guadagnoli
For Irywild Core Development, Inc.

