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PRELIMINARY LIMITED OFFERING MEMORANDUM DATED _____, 2019.

NEW ISSUE - BOOK ENTRY ONLY

NOT RATED

In the opinion of Greenberg Traurig, LLP, Bond Counsel, assuming the accuracy of certain certifications and continuing compliance with certain covenants, interest on the Series 2019 Bonds is excludable from gross income of the owners thereof under federal income tax laws, pursuant to existing statutes, regulations, rulings and court decisions. Interest on the Series 2019 Bonds is not a tax preference item for purposes of the alternative minimum tax imposed on individuals. Bond Counsel is further of the opinion that, for any period during which interest on the Series 2019 Bonds is excludable from gross income for federal income tax purposes, that interest on the Series 2019 Bonds is excludable from taxable income for purposes of the State of Colorado income tax and State of Colorado alternative minimum tax. See "TAX MATTERS" herein.

CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT (IN THE CITY OF COLORADO SPRINGS, COLORADO)

\$ _____ * Limited Tax Supported and Special Revenue Senior Bonds Series 2019A

\$ _____ * Limited Tax Supported and Special Revenue Subordinate Bonds Series 2019B

Dated: Date of Delivery

Due: December 1 and 15, as shown on the inside cover

Creekwalk Marketplace Business Improvement District (the "District") is issuing its Limited Tax Supported and Special Revenue Senior Bonds, Series 2019A (the "Series 2019A Bonds") and its Limited Tax Supported and Special Revenue Subordinate Bonds, Series 2019B (the "Series 2019B Bonds") and, together with the Series 2019A Bonds, the "Series 2019 Bonds" pursuant to two separate Trust Indentures to be dated as of _____ 1, 2019, between the District and UMB Bank, n.a., Denver, Colorado, as trustee. The Trustee will also act as Registrar and Paying Agent for the Series 2019 Bonds, and DTC will act as securities depository for the Series 2019 Bonds. The Series 2019 Bonds will be issued in book-entry-only form, and purchasers of the Series 2019 Bonds will not receive certificates evidencing their ownership interests in the Series 2019 Bonds. Capitalized terms used on the cover page of this Limited Offering Memorandum are defined herein.

The Series 2019A Bonds are limited tax and special revenue obligations, secured and payable solely from and to the extent of the Revenues, generally consisting of (a) Pledged Tax Increment Revenues; (b) Required Mill Levy Revenues; (c) Specific Ownership Tax Revenues collected as a result of the imposition of the Required Mill Levy; (d) the PIF Revenues; (e) any other legally available amounts that the District may designate by resolution of the Board, to be paid to the Trustee for deposit in to the Revenue Fund, or otherwise held under the Senior Indenture; and (f) all income or other gain, if any, from any investment of the foregoing. The Series 2019A Bonds are also secured by the Senior Reserve Fund, which will initially be funded with proceeds of the Series 2019A Bonds in the amount of \$ _____ *, and the Surplus Fund, which will not be funded as of the date of issuance of the Series 2019A Bonds, and will instead be funded over time with available Revenues in accordance with the terms of the Senior Indenture. A portion of interest in on the Series 2019A Bonds through _____ * will be funded with amounts on deposit in the Capitalized Interest Account of the Project Fund with proceeds of the Series 2019A Bonds in the amount of \$ _____ *. Pursuant to the Senior Indenture, the District has covenanted to impose an ad valorem mill levy upon all property subject to taxation by the District in the amount of the Required Mill Levy (as defined herein), but in no event in excess of ___ mills (subject to adjustment for changes occurring after the Closing Date in the method of calculating assessed valuation).

The Series 2019B Bonds are limited tax and special revenue obligations, secured and payable solely from and to the extent of the Subordinate Pledged Revenues, generally consisting of (a) Subordinate Pledged Tax Increment Revenues; (b) Subordinate Required Mill Levy Revenues; (c) Specific Ownership Tax Revenues collected as a result of the imposition of the Subordinate Required Mill Levy; (d) the Subordinate Pledged PIF Revenues; and (e) any other legally available amounts that the District may designate by resolution of the Board, to be paid to the Trustee for deposit in to the Revenue Fund, or otherwise held under the Subordinate Indenture. Pursuant to the Subordinate Indenture, the District has covenanted to impose an ad valorem mill levy upon all property subject to taxation by the District in the amount of the Subordinate Required Mill Levy (as defined herein), but in no event in excess of ___ mills (subject to adjustment for changes occurring after the Closing Date in the method of calculating assessed valuation).

The Series 2019 Bonds are being issued initially in denominations of \$100,000 or any integral multiple of \$1,000 in excess thereof, as fully registered bonds. Interest on the Series 2019A Bonds is payable semiannually on June 1 and December 1 each year, commencing June 1, 2019, at the rates set forth on the inside cover. Interest on the Series 2019B Bonds is payable annually, to the extent of Subordinate Pledged Revenues available therefor, on December 15 each year, commencing December 15, 2019, at the rates set on the inside cover. The Series 2019 Bonds are subject to redemption prior to maturity as described herein.

Proceeds from the sale of the Series 2019A Bonds will be used to (a) finance certain Public Improvements related to the Development; (b) fund the Senior Reserve Fund in the amount of \$ _____*; (c) fund capitalized interest to come due on the Series 2019A Bonds through _____, 20__*; and (d) pay the costs of issuing the Series 2019 Bonds. Proceeds from the sale of the Series 2019B Bonds will be used to finance certain Public Improvements related to the Development.

REPAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES 2019 BONDS IS SPECULATIVE IN NATURE AND INVOLVES A HIGH DEGREE OF INVESTMENT RISK. EACH PROSPECTIVE INVESTOR IS ADVISED TO READ "RISK FACTORS" HEREIN FOR A DISCUSSION OF CERTAIN RISK FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SERIES 2019 BONDS.

THE SERIES 2019 BONDS ARE BEING OFFERED AND SOLD ONLY TO "QUALIFIED INSTITUTIONAL BUYERS," AS DEFINED UNDER RULE 144A OF THE SECURITIES ACT OF 1933, AS AMENDED.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THE ISSUE. POTENTIAL INVESTORS SHOULD READ THIS ENTIRE LIMITED OFFERING MEMORANDUM TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION, AND SHOULD GIVE PARTICULAR ATTENTION TO THE SECTION ENTITLED "RISK FACTORS."

The Series 2019 Bonds are not obligations of the Colorado Springs Urban Renewal Authority, the City of Colorado Springs, or the State of Colorado.

The Series 2019 Bonds are offered when, as, and if issued by the District, subject to prior sale, withdrawal or modification of the offer without notice and subject to the approval of legality by Greenberg Traurig, LLP, Denver, Colorado, as Bond Counsel, and certain other conditions. Butler Snow LLP, Denver, Colorado, has acted as counsel to the Underwriter. Certain matters will be passed upon by Spencer Fane LLP, Denver, Colorado, as General Counsel to the District. The Series 2019 Bonds are expected to be available for delivery through the facilities of DTC on or about _____, 2019.

George K. Baum & Company

This Limited Offering Memorandum is dated _____, 2019.

* Preliminary; subject to change.

Maturity Schedule
Series 2019A Bonds
Serial Bonds

Maturing (December 1)	Principal Amount [*]	Interest Rate	Yield	Price	CUSIP [®] Number [†]
	\$				

Term Bonds

\$ _____^{*} ____% Term Bond due December 1, 20__^{*} Price ____% CUSIP[®] No. _____[†]

Series 2019B Bonds

Term Bonds

\$ _____^{*} ____% Term Bond due December 15, 20__^{*} Price ____% CUSIP[®] No. _____[†]

^{*} Preliminary; subject to change.

[†] Copyright 2019 CUSIP Global Services. CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by S&P Capital IQ. CUSIP numbers are provided for convenience of reference only. None of the Issuer, the Trustee, or the Underwriter assumes any responsibility for the accuracy of such numbers.

USE OF INFORMATION IN THIS LIMITED OFFERING MEMORANDUM

This Limited Offering Memorandum, which includes the cover page and the appendices, does not constitute an offer to sell the Series 2019 Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, salesperson or other person has been authorized by the District or the Underwriter to give any information or to make any representations other than those contained herein, and if given or made, such information must not be relied upon as having been authorized by the District or the Underwriter.

The information contained in this Limited Offering Memorandum has been obtained from the District and from other sources believed to be reliable, but is not guaranteed as to accuracy or completeness. The Underwriter has provided the following sentence for inclusion in this Limited Offering Memorandum. The Underwriter has reviewed the information in this Limited Offering Memorandum in accordance with, and as part of, its responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information, and this Limited Offering Memorandum is not to be construed as the promise or guarantee of the Underwriter.

The order and placement of materials in this Limited Offering Memorandum, including the appendices, are not to be deemed a determination of relevance, materiality or importance, and this Limited Offering Memorandum, including the appendices, must be considered in its entirety. The captions and headings in this Limited Offering Memorandum are for convenience only and in no way define, limit, or describe the scope or intent, or affect the meaning or construction, of any provisions or sections of this Limited Offering Memorandum. The offering of the Series 2019 Bonds is made only by means of this entire Limited Offering Memorandum.

The information, estimates, and expressions of opinion contained in this Limited Offering Memorandum are subject to change without notice, and neither the delivery of this Limited Offering Memorandum nor any sale of the Series 2019 Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the District, or in the information, estimates, or opinions set forth herein, since the date of this Limited Offering Memorandum. This Limited Offering Memorandum Statement has been prepared only in connection with the original offering of the Series 2019 Bonds and may not be reproduced or used in whole or in part for any other purpose.

The Series 2019 Bonds have not been registered with the Securities and Exchange Commission due to certain exemptions contained in the Securities Act of 1933, as amended. In making an investment decision, investors must rely on their own examination of the District, the Series 2019 Bonds, and the terms of the offering, including the merits and risks involved. Neither the Securities and Exchange Commission nor any state securities regulatory authority has approved or disapproved of the Series 2019 Bonds or passed upon the adequacy or accuracy of this Limited Offering Memorandum.

This Limited Offering Memorandum is being provided to prospective purchasers in electronic form only.

FORWARD-LOOKING STATEMENTS

This Limited Offering Memorandum, including, but not limited to the information contained under the headings entitled “INTRODUCTION,” “RISK FACTORS,” “THE DISTRICT,” and “THE DEVELOPMENT,” contains statements relating to future results that may be considered “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Limited Offering Memorandum, the words “estimate,” “anticipate,” “forecast,” “project,” “intend,” “propose,” “plan,” “expect,” “assume” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statement. Inevitably, some assumptions used to develop the forward-looking statement will not be realized and unanticipated events and circumstances will occur. Therefore, it can be expected that there will be differences between forward-looking statements and actual results, and those differences may be material.

**CREEKWALK MARKETPLACE BUSINESS IMPROVEMENT DISTRICT
(IN THE CITY OF COLORADO SPRINGS, COLORADO)**

Board of Directors

Danny Mientka, President
Rebecca Mientka, Vice President/Assistant Secretary
Melissa Harrison, Treasurer/Assistant Secretary
Deirdre Aden-Smith, Secretary
Kelly S. Nelson, Assistant Secretary

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UMB Bank, n.a.
Denver, Colorado

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Underwriter's Counsel

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Denver, Colorado

Counsel to the City

Colorado Springs, Colorado

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Colorado Springs, Colorado

TABLE OF CONTENTS

INTRODUCTION	1		
THE DISTRICT	1	ADMINISTRATION OF THE SILOS AND ALLOCATION OF TAX INCREMENT	
THE AUTHORITY AND THE URBAN RENEWAL PLAN	2	REVENUE	76
THE DEVELOPMENT AND DEVELOPER	4	THE REDEVELOPMENT AGREEMENT	77
THE SERIES 2019 BONDS	4	THE DISTRICT	81
MARKET STUDY AND FINANCIAL FORECAST	8	ORGANIZATION AND DESCRIPTION	81
TAX STATUS	8	DISTRICT POWERS; REQUISITE CITY COUNCIL APPROVAL	81
FINANCIAL STATEMENTS	9	GOVERNING BOARD	83
CONTINUING DISCLOSURE	9	ADMINISTRATION AND MANAGEMENT	84
INVESTMENT CONSIDERATIONS AND RISKS	9	AGREEMENTS OF THE DISTRICT	84
OFFERING AND DELIVERY INFORMATION	9	FACILITIES AND SERVICES PROVIDED BY THE DISTRICT	85
ADDITIONAL INFORMATION	10	THE DEVELOPMENT AND DEVELOPER	87
MISCELLANEOUS	10	THE DEVELOPER	87
RISK FACTORS	11	DEVELOPMENT TEAM	87
NO CREDIT RATING FOR THE SERIES 2019 BONDS	11	DEVELOPMENT OVERVIEW	88
LIMITED OFFERING OF THE SERIES 2019 BONDS; RESTRICTIONS ON		ENTITLEMENTS AND PUBLIC APPROVALS	93
PURCHASE; INVESTOR SUITABILITY	11	STATUS AND FUNDING OF PUBLIC INFRASTRUCTURE	93
NO ASSURANCE OF SECONDARY MARKET	12	ACQUISITION; ENCUMBRANCES ON LAND	93
RESTRICTIONS ON TRANSFER	12	ENVIRONMENTAL MATTERS	94
LIMITED SECURITY FOR THE SERIES 2019A BONDS; NO MORTGAGE	12	MARKETING AND ADVERTISING	95
NO ASSURANCE OF FUNDING LEVEL OF THE SURPLUS FUND; RELEASE		COMPETITION	95
FROM THE SURPLUS FUND	13	DISTRICT REVENUES	96
LIMITED SECURITY FOR THE SERIES 2019B BONDS; NO MORTGAGE	13	AUTHORITY TO RAISE REVENUE	96
“CASH FLOW” NATURE OF SERIES 2019B BONDS; SUBORDINATE LIEN		AD VALOREM PROPERTY TAXES	97
OF THE SERIES 2019B BONDS	14	TAX INCREMENT FINANCING REVENUES	101
AUTHORITY TO ISSUE ADDITIONAL BONDS ON PARITY WITH THE		AD VALOREM PROPERTY TAX DATA	102
SERIES 2019A BONDS	15	SPECIFIC OWNERSHIP TAXES	105
CONTINUED DEVELOPMENT NOT ASSURED	15	OTHER REVENUES; OPERATIONAL MILL LEVY	105
RISKS INHERENT IN MARKET STUDY AND FINANCIAL FORECAST	18	DISTRICT FINANCIAL INFORMATION	107
RISKS RELATED TO PROPERTY TAX REVENUE	19	ACCOUNTING POLICIES	107
RISKS RELATED TO TAX INCREMENT REVENUES PAYABLE UNDER THE		FINANCIAL STATEMENTS	107
REDEVELOPMENT AGREEMENT	20	BUDGET AND APPROPRIATION PROCEDURE	107
RISKS RELATED TO PROPERTY TAX TIF REVENUES	21	BUDGET SUMMARY; LIMITED FINANCIAL INFORMATION AVAILABLE	108
RISKS RELATED TO SALES TAX TIF REVENUES	25	DEPOSIT AND INVESTMENT OF DISTRICT FUNDS	108
RISKS RELATED TO PIF REVENUES	26	RISK MANAGEMENT	108
DIRECTORS’ PRIVATE INTERESTS	27	REVENUE AND SPENDING LIMITATIONS	109
LACK OF OPERATING HISTORY; RELIANCE ON DEVELOPER TO FUND		DEBT STRUCTURE	112
OPERATIONS AND MAINTENANCE EXPENSES	27	DEBT RESTRICTIONS	112
LEGAL CONSTRAINTS ON DISTRICT OPERATIONS	28	GENERAL OBLIGATION DEBT	113
LIMITATIONS ON REMEDIES	28	LEGAL MATTERS	116
FUTURE CHANGES IN LAW	28	SOVEREIGN IMMUNITY	116
RISK OF INTERNAL REVENUE SERVICE AUDIT	29	NO PENDING AND THREATENED LITIGATION INVOLVING THE DISTRICT	
USE OF PROCEEDS AND DEBT SERVICE REQUIREMENTS	30	AND THE AUTHORITY	117
USE OF BOND PROCEEDS	30	RECENT COLORADO LITIGATION RELATING TO URBAN RENEWAL	
DEBT SERVICE REQUIREMENTS	30	AUTHORITIES	118
THE SERIES 2019A BONDS	32	POLICE POWER	118
DESCRIPTION	32	TAX MATTERS	119
AUTHORIZED DENOMINATIONS OF THE SERIES 2019A BONDS	32	GENERAL	119
PAYMENT OF PRINCIPAL AND INTEREST	32	ORIGINAL ISSUE DISCOUNT AND PREMIUM	120
REDEMPTION	33	INFORMATION REPORTING AND BACKUP WITHHOLDING	120
SECURITY FOR THE SERIES 2019A BONDS	36	CHANGES IN FEDERAL AND STATE TAX LAW	121
SENIOR FUNDS AND ACCOUNTS	40	MISCELLANEOUS	122
ADDITIONAL OBLIGATIONS	46	NO RATING	122
EVENTS OF DEFAULT AND REMEDIES	49	REGISTRATION OF BONDS	122
CERTAIN INDENTURE PROVISIONS	51	CONTINUING DISCLOSURE	122
THE SERIES 2019B BONDS	55	INTEREST OF CERTAIN PERSONS NAMED IN THIS LIMITED OFFERING	
DESCRIPTION	55	MEMORANDUM	122
AUTHORIZED DENOMINATIONS OF THE SERIES 2019B BONDS	55	UNDERWRITING	122
PAYMENT OF PRINCIPAL AND INTEREST	55	ADDITIONAL INFORMATION	123
“CASH FLOW” NATURE OF SERIES 2019B BONDS	56	LIMITED OFFERING MEMORANDUM CERTIFICATION	124
REDEMPTION	57	APPENDIX A - SELECTED DEFINITIONS	A-1
SECURITY FOR THE SERIES 2019B BONDS	58	APPENDIX B - MARKET STUDY	B-1
SUBORDINATE FUNDS AND ACCOUNTS	60	APPENDIX C - FORECASTED STATEMENT OF SOURCES AND	
ADDITIONAL OBLIGATIONS	63	USES OF CASH	C-1
EVENTS OF DEFAULT AND REMEDIES	66	APPENDIX D - ECONOMIC AND DEMOGRAPHIC	
CERTAIN INDENTURE PROVISIONS	68	INFORMATION	D-1
URBAN RENEWAL	72	APPENDIX E - BOOK-ENTRY-ONLY SYSTEM	E-1
THE AUTHORITY	72	APPENDIX F - FORM OF BOND COUNSEL OPINION	F-1
THE URBAN RENEWAL PLAN	74	APPENDIX G - FORM OF CONTINUING DISCLOSURE	
THE URBAN RENEWAL AREA	75	AGREEMENT	G-1
		APPENDIX H - DISTRICT BUDGET	H-1

INDEX OF TABLES

TABLE I Estimated Sources and Uses of Proceeds.....

TABLE II Series 2019 Bonds Debt Service Requirements.....

TABLE III District Board of Directors.....

TABLE IV Summary of Existing and Planned Development in the District

TABLE V State Property Appraisal System

TABLE VI History of Assessed Valuation of the Urban Renewal Area.....

TABLE VII Assessed Valuation by Classification of Property

TABLE VIII Largest Taxpayers in the Urban Renewal Area

TABLE IX Largest Taxpayers in the District.....

TABLE X Historical Mill Levies Applicable to Property within the District.....

TABLE XI Estimated Overlapping General Obligation Debt

TABLE XII Selected District Debt Ratios Following the Issuance of the Series 2019 Bonds

REGIONAL MAP

DEVELOPMENT AERIAL PHOTOGRAPH

INTRODUCTION

This Limited Offering Memorandum is furnished in connection with the issuance by the Creekwalk Marketplace Business Improvement District (the “District” or the “Issuer”) of its \$_____* Limited Tax Supported and Special Revenue Senior Bonds, Series 2019A (the “Series 2019A Bonds”) and \$_____* Limited Tax Supported and Special Revenue Subordinate Bonds, Series 2019B (the “Series 2019B Bonds” and together with the Series 2019A Bonds, the “**Series 2019 Bonds**”), each pursuant to a separate Trust Indenture dated ____ 1, 2019 (respectively, the “Senior Indenture” and the “Subordinate Indenture” and collectively, the “**Indentures**”) by and between the District and UMB Bank, n.a., as trustee (the “**Trustee**”). The offering of the Series 2019 Bonds is made only by way of this Limited Offering Memorandum, which supersedes any other information or materials used in connection with the offer or sale of the Series 2019 Bonds. This Limited Offering Memorandum speaks only as of its date, and the information contained herein is subject to change.

The information set forth in this Limited Offering Memorandum has been obtained from the District, the Developer (hereinafter defined), and from other sources believed to be reliable but is not guaranteed as to accuracy or completeness. This Limited Offering Memorandum, including the appendices hereto, contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized. See “FORWARD-LOOKING STATEMENTS.” Any capitalized terms not defined herein have the respective meanings set forth in APPENDIX A hereto, unless the context clearly indicates a contrary meaning.

While a single Limited Offering Memorandum is being used in connection with the offer and sale of the Series 2019A Bonds and the Series 2019B Bonds, each such series of the Series 2019 Bonds is secured by a separate Indenture—the Senior Indenture and the Subordinate Indenture, respectively—and separate sources of revenue available to the District—the Senior Pledged Revenues and the Subordinate Pledged Revenues, respectively—all as more particularly described herein. The use of a single Limited Offering Memorandum does not imply that the Owners of the Series 2019A Bonds and the Series 2019B Bonds are secured by the same revenue sources, funds or covenants. Owners of the Series 2019A Bonds and the Series 2019B Bonds are afforded different rights under the Senior Indenture and the Subordinate Indenture, respectively. Potential purchasers of the Series 2019 Bonds are cautioned to review carefully the provisions herein describing the Senior Indenture and the Subordinate Indenture as applicable to the Series 2019 Bonds to be purchased.

The following introductory material is only a brief description of, and is qualified by, the more complete information contained throughout this Limited Offering Memorandum. A full review should be made of the entire Limited Offering Memorandum and the documents summarized or described herein.

The District

Formation and Governance. The District is a quasi-municipal corporation and political subdivision of the State of Colorado (the “**State**”) formed pursuant to the provisions of Title 31, Article 25, Part 12, Colorado Revised Statutes, as amended (“**C.R.S.**”) (the “**Business**

Improvement District Act). The District was created by the City Council (the “**City Council**”) of the City of Colorado Springs (the “**City**”) pursuant to Ordinance No. 16-18, adopted on February 25, 2016, for the purpose of making and financing public improvements and providing services to the proposed commercial development located within the District and known as “Creekwalk” (the “**Development**”), in accordance with the District’s operating plan (as the same is amended each year and from time to time, the “Operating Plan”), as more particularly described herein. The District is governed by a Board of Directors (the “**Board**”) comprised of up to five (5) members appointed by the City Council, and serving at the pleasure of the City Council.

Description, Location, and Maps. The District’s boundaries encompass approximately _____ acres located south of the City’s downtown. See “REGIONAL MAP” and “DEVELOPMENT AERIAL PHOTOGRAPH.” Pursuant to the Business Improvement District Act, business improvement districts, such as the District, may encompass only commercial property within their boundaries at formation.

District Election and Operating Plan Debt Limit. At the District’s authorizing election held on May 3, 2016 (the “**Election**”), the qualified electors of the District voting at the Election approved a total of \$500,000,000 in indebtedness to finance the costs of acquiring, constructing, relocating, installing, completing and otherwise providing the Public Improvements and an additional \$50,000,000 for the purpose of refunding or refinancing such indebtedness. Pursuant to its Operating Plan, however, the District may not issue debt (within the meaning of the Operating Plan) in the aggregate in excess of \$50,000,000.

The Authority and the Urban Renewal Plan

The Colorado Springs Urban Renewal Authority (the “**Authority**”) was formed by the City Council on February 24, 1970, pursuant to Sections 31-25-101 et seq., C.R.S. (the “Urban Renewal Law”). On November 24, 2015, by Resolution No. 120-15, the City Council adopted the South Nevada Avenue Area Urban Renewal Plan (the “**Urban Renewal Plan**”), which established the South Nevada Avenue Area Urban Renewal Area (the “**Urban Renewal Area**”). The Urban Renewal Area consists of approximately 151 acres of property located in the southern portion of the City, of which approximately 99 acres are developable and approximately 52 acres of which consist of interstate highway right-of-way, street right-of-way, and other non-developable uses. The Urban Renewal Area currently contains commercial property, residential property and vacant property planned for redevelopment. The Authority currently oversees twelve urban renewal plans in various parts of the City, including the Urban Renewal Plan. In addition, the Authority serves as the financing entity to the City for the “City for Champions” project, which is operated pursuant to the Colorado Regional Tourism Act. See “URBAN RENEWAL.”

The Urban Renewal Area has been partitioned into four areas, or silos, referred to herein as Silos 1-4. The Development is located within Silo 3. See “URBAN RENEWAL–The Authority–Tax Increment Allocation Policy.”

The Urban Renewal Plan authorizes the implementation of tax increment financing for the Urban Renewal Area for the purpose of facilitating an urban renewal project more

particularly described therein. As a result, in accordance with the Urban Renewal Law, until the 25th anniversary of the Urban Renewal Plan (i.e. November 24, 2040), all ad valorem property taxes and a portion of the municipal sales taxes (87.5% of the municipal sales tax until November 24, 2020, and 75% of the municipal sales tax thereafter until the 25th anniversary of the Urban Renewal Plan) in excess of the Base Amount (defined herein) collected within the Urban Renewal Area are to be remitted to the Authority.

The Authority and the Developer have entered into an Urban Renewal Agreement for Redevelopment of the South Nevada Avenue Area Urban Renewal Plan dated as of December 16, 2015 (as the same may be amended from time to time, the “**Agreement for Redevelopment**”). The Authority and the District have entered into a Cooperation Agreement dated _____, 2019 (the “**Cooperation Agreement**”). The Developer has also executed a Consent of Developer dated _____, 2019 (the “**Consent of Developer**”) pursuant to which the Developer consents to the Cooperation Agreement and the assignment therein of certain rights under the Agreement for Redevelopment. Collectively, the Agreement for Redevelopment, the Cooperation Agreement, and the Consent of Developer are herein referred to collectively as the “**Redevelopment Agreement.**”

Pursuant to the Redevelopment Agreement, the Authority has agreed to remit the Pledged Tax Increment Revenues (consisting of the Pledged Property Tax TIF Revenues and the Pledged Sales Tax TIF Revenues) to the District, less an annual administrative fee. The amount of Pledged Tax Increment Revenues payable from the Authority to the District is limited to Reimbursable Project Costs, estimated to be approximately \$[56,974,000]. See “THE SERIES 2019A BONDS—Security for the Series 2019A Bonds—*Pledged Tax Increment Revenues*,” “THE SERIES 2019B BONDS—Security for the Series 2019B Bonds—*Revenues Available after Application to the Series 2019A Bonds*,” and “URBAN RENEWAL.”

The Authority’s Reimbursement Obligation shall terminate on the first to occur of (a) payment in full of the Authority’s Reimbursement Obligation, or (b) the right of the District to receive the Pledged Tax Increment Revenues under the Act or any revenues legally available as a payment obligation in lieu of or as replacement for such Pledged Tax Increment Revenues.

Pursuant to the Urban Renewal Plan and the Urban Renewal Law, until the 25th anniversary of the Urban Renewal Plan (i.e., November 24, 2040), all ad valorem property taxes resulting from the imposition of ad valorem property taxes on the assessed value of all taxable property in the Urban Renewal Area (including all of the property within the boundaries of the District and all of the property planned for the Development) in excess of the base assessed valuation thereof (i.e., the incremental assessed valuation) collected within the Urban Renewal Area are to be remitted by the County to the Authority. The base assessed valuation and incremental assessed valuation of the Urban Renewal Area are to be calculated and adjusted from time to time by the County Assessor in accordance with State law. Only that portion of the Pledged Property Tax TIF Revenues resulting from such property tax increment revenues within the District is pledged to the Series 2019 Bonds. See “RISK FACTORS—Risks Related to Tax Increment Revenues Payable Under the Redevelopment Agreement” and “—Risks Related to Property Tax TIF Revenue.”

The Development and Developer

The Development is being undertaken by SNA Development, LLC, a Colorado limited liability company (the “**Developer**”). Entities related to the Developer have been acquiring property within the Development since the 1980s. The Developer has completed certain land entitlements, platting and engineering activities, as more particularly described herein.

Summary of Existing Development and Planned/Anticipated Development within the District. As of the date hereof, the Development contains (a) an approximately 8,215-square foot Family Dollar Store, (b) an approximately 1,500-square foot Dunkin Donuts, (c) an approximately 7,772-square foot strip center, and (d) an approximately 900-square foot salon. The Development is also planned to include an additional approximately 51,000 square feet of retail space.

The planned development described herein is consistent with the Creekwalk Development Plan (the “**CDP**”) approved by the City.

Notwithstanding any of the foregoing, the actual use of property within the Development is subject to change within the parameters set forth in the CDP. Furthermore, other than as required pursuant to the Redevelopment Agreement, neither the Developer nor any other party is contractually obligated to pursue development as described herein, or at all.

The Series 2019 Bonds

Purpose. Proceeds from the sale of the Series 2019A Bonds will be used to (a) finance certain Public Improvements related to the Development, (b) fund the Senior Reserve Fund in the amount of \$ _____*, (c) fund capitalized interest to come due on the Series 2019A Bonds through _____, 202_*, and (d) pay the costs of issuing the Series 2019 Bonds. Proceeds from the sale of the Series 2019B Bonds will be used to finance certain Public Improvements related to the Development. See “USE OF PROCEEDS AND DEBT SERVICE REQUIREMENTS–Application of Series 2019 Bond Proceeds.”

Authority for Issuance. The Series 2019 Bonds are issued in full conformity with the constitution and laws of the State of Colorado (the “**State**”), including Part 2 of Article 57 of Title 11, C.R.S. (the “**Supplemental Public Securities Act**”) and the Business Improvement District Act, pursuant to an authorizing resolution adopted by the District’s Board of Directors (the “**Board**”) prior to the issuance of the Series 2019 Bonds (the “**Bond Resolution**”), the Senior Indenture, and pursuant to the Election.

Security for the Series 2019A Bonds. The Series 2019A Bonds constitute limited tax and special revenue obligations of the District payable solely from and to the extent of the Revenues described in “THE SERIES 2019A BONDS–Security for the Series 2019A Bonds,” which may or may not be sufficient to pay the principal of and interest on the Series 2019A Bonds. The Series 2019A Bonds constitute an irrevocable and first lien upon the Revenues, but not necessarily an exclusive first lien on the Revenues. The Series 2019A Bonds are additionally secured by the Senior Reserve Fund, which will initially be funded with proceeds of the

Series 2019A Bonds in the amount of \$_____ * (the “**Senior Reserve Fund Requirement**”), and by the Surplus Fund, which will not be funded as of the date of issuance of the Series 2019A Bonds, but will be funded with excess Revenues, if any, up to a maximum amount of \$_____ † (the “**Maximum Surplus Fund Amount**”). See “THE SERIES 2019A BONDS–Senior Funds and Accounts.”

“Revenues” is defined in the Senior Indenture as the following moneys, or as applicable, the moneys derived by the District from the following sources (a) the Pledged Tax Increment Revenues; (b) Required Mill Levy Revenues; (c) the Specific Ownership Tax Revenues; (d) the PIF Revenue (excluding any revenues pledged to any Subordinate Bonds or Junior Bonds); (e) any other legally available amounts that the District may designate by resolution of the Board, to be paid to the Trustee for deposit into the Revenue Fund, or otherwise held under the Senior Indenture; and (f) all income or other gain, if any, from any investment of the foregoing.

The Senior Indenture defines “Required Mill Levy Revenue” as revenues generated from the imposition by the District of the Required Mill Levy, net of collection costs; provided, however, that the Required Mill Levy Revenue does not include Specific Ownership Taxes. Pursuant to the Senior Indenture, the District has covenanted to impose an ad valorem mill levy upon all property subject to taxation by the District in the amount of the Required Mill Levy, as defined herein, but in no event in excess of 50 mills.

In no event will the Owners of the Series 2019A Bonds or the Trustee be entitled to require the District to impose ad valorem property taxes at a rate in excess of the Required Mill Levy. In no event does the Required Mill Levy convert to an unlimited tax pledge.

The Pledged Tax Increment Revenues generally consists of (a) the Pledged Property Tax TIF Revenues which are generated from the incremental increase in value of property within the boundaries of the District, and (b) the Pledged Sales Tax TIF Revenues generated solely from the incremental increase in municipal sales taxes within the boundaries of the District.

Specific Ownership Taxes mean the specific ownership tax imposed on all registered motor vehicles and which is collected by the County and remitted to a taxing entity, pursuant to Section 42-3-107, C.R.S., or any successor statute. Only the portion of the Specific Ownership Taxes which are collected as a result of the imposition of the Required Mill Levy by the District and remitted to the District is pledged to the payment of the Series 2019A Bonds and any outstanding Additional Bonds as Specific Ownership Tax Revenues.

PIF Revenue means, generally, the revenue derived from the imposition of a public improvement fee in the amount of two and fifty one-hundredths percent (2.50%) imposed on PIF Sales within portions of the District, pursuant to the PIF Covenant. *The PIF Covenant is not recorded against and no PIF Revenues will be collected from the Dunkin Donuts, Family Dollar, or the strip center.*

* Preliminary; subject to change

† Preliminary; subject to change

Further description of the Revenues is available under the caption “THE SERIES 2019A BONDS–Security for the Series 2019A Bonds.”

Security for the Series 2019B Bonds. The Series 2019B Bonds constitute subordinate “cash flow” special revenue obligations of the District payable solely from and to the extent of the Subordinate Pledged Revenues described in “THE SERIES 2019B BONDS–Security for the Series 2019B Bonds,” which may or may not be sufficient to pay the principal of and interest on the Series 2019B Bonds. The Series 2019B Bonds constitute an irrevocable and first lien upon the Subordinate Pledged Revenues, but not necessarily an exclusive first lien on the Subordinate Pledged Revenues.

“Subordinate Pledged Revenues” is defined in the Subordinate Indenture as the following moneys, or as applicable, the moneys derived by the District from the following sources (a) the Subordinate Required Mill Levy Revenues, (b) the Specific Ownership Tax Revenues, (c) the Subordinate Pledged PIF Revenues (excluding any revenues pledged to any Subordinate Bonds or Junior Bonds), (d) the Subordinate Pledged Tax Increment Revenues, (e) any other legally available amounts that the District may designate by resolution of the Board, to be paid to the Trustee for deposit into the Revenue Fund, or otherwise held under the Subordinate Indenture, and (f) all income or other gain, if any, from any investment of the foregoing.

The Subordinate Indenture defines “Subordinate Required Mill Levy Revenue” as revenues generated from the imposition by the District of the Subordinate Required Mill Levy, net of collection costs; provided, however, that the Subordinate Required Mill Levy Revenue does not include Specific Ownership Taxes. Pursuant to the Subordinate Indenture, the District has covenanted to impose an ad valorem mill levy upon all property subject to taxation by the District in the amount of the Subordinate Required Mill Levy, as defined herein, but in no event in excess of 50 mills.

*In no event will the Owners of the Series 2019B Bonds or the Trustee be entitled to require the District to impose ad valorem property taxes at a rate in excess of the Subordinate Required Mill Levy. **In no event does the Subordinate Required Mill Levy convert to an unlimited tax pledge.***

The Subordinate Pledged Tax Increment Revenues consists only of that portion of revenue from Pledged Tax Increment Revenues remaining after deduction of any amount thereof used, paid, pledged or otherwise applied to the payment of debt service on any Senior Bonds in accordance with the Senior Indenture

Specific Ownership Taxes mean the specific ownership tax imposed on all registered motor vehicles and which is collected by the County and remitted to a taxing entity, pursuant to Section 42-3-107, C.R.S., or any successor statute. Only the portion of the Specific Ownership Taxes which are collected as a result of the imposition of the Subordinate Required Mill Levy by the District and remitted to the District is pledged to the payment of the Series 2019B Bonds and any outstanding Additional Bonds as Specific Ownership Tax Revenues.

Subordinate Pledged consists only of that portion of the PIF Revenues after deduction of any amount thereof used, paid, pledged or otherwise applied to the payment of debt service on Senior Bonds in accordance with the Senior Indenture.

Further description of the Subordinate Pledged Revenues is available under the caption “THE SERIES 2019A BONDS–Security for the Series 2019A Bonds.”

The Series 2019B Bonds are structured as “cash flow” bonds, meaning that the Subordinate Indenture contains no scheduled payments of principal of the Series 2019B Bonds. Instead, principal is payable on each December 15 from, and to the extent of, Subordinate Pledged Revenues, if any. *As demonstrated in the Financial Forecast, it is not anticipated that there will be any Subordinate Pledged Revenues available to pay accrued interest on the Series 2019B Bonds until 20__*, and it is not anticipated that there will be Subordinate Pledged Revenues sufficient to result in the payment of any portion of principal of the Series 2019B Bonds until 20__*. The Financial Forecast is based on certain assumptions more particularly set forth therein. There is no assurance that Subordinate Pledged Revenues will be sufficient to make payment on the Series 2019B Bonds as projected in the Financial Forecast, or ever. See “RISK FACTORS,” “THE SERIES 2019B BONDS–“Cash Flow” Nature of the Series 2019B Bonds,” “THE SERIES 2019B BONDS–Security for the Series 2019B Bonds” and “DEBT STRUCTURE.”*

THE SERIES 2019 BONDS ARE SOLELY THE OBLIGATIONS OF THE DISTRICT. UNDER NO CIRCUMSTANCES SHALL ANY OF THE SERIES 2019 BONDS BE CONSIDERED OR HELD TO BE AN INDEBTEDNESS, OBLIGATION OR LIABILITY OF THE AUTHORITY, THE CITY OF AURORA, THE DISTRICT, THE STATE OF COLORADO OR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE DISTRICT.

Prior Redemption. The Series 2019A Bonds are subject to redemption prior to maturity at the option of the District and are also subject to mandatory sinking fund Redemption, all as more particularly described in “THE SERIES 2019A BONDS–Redemption.”. The Series 2019B Bonds are subject to redemption prior to maturity at the option of the District, as more particularly described in “THE SERIES 2019B BONDS–Redemption.”.

Book-Entry-Only Registration. The Series 2019 Bonds will be issued in fully registered form and will be registered initially in the name of “Cede & Co.” as nominee for The Depository Trust Company, New York, New York (“DTC”), a securities depository. Beneficial ownership interests in the Series 2019 Bonds may be acquired in Authorized Denominations through participants in the DTC system (the “Participants”). Such beneficial ownership interest will be recorded in the records of the Participants. Persons for which Participants acquire interests in the Series 2019 Bonds (the “Beneficial Owners”) will not receive certificates evidencing their interests in the Series 2019 Bonds. So long as DTC or its nominee is the registered owner of the Series 2019 Bonds, payments of principal, premium, if any, and interest on the Series 2019 Bonds, as well as notices and other communications made by or on behalf of the District pursuant to the Indentures, will be made to DTC or its nominee only. Disbursement of such payments, notices, and other communications by DTC to Participants, and by Participant to the Beneficial Owners, is the responsibility of DTC and the Participants pursuant to rules and

procedures established by such entities. See “APPENDIX E–BOOK-ENTRY-ONLY SYSTEM” for a discussion of the operating procedures of the DTC system with respect to payments, registration, transfers, notices, and other matters.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE SERIES 2019 BONDS, REFERENCES IN THIS LIMITED OFFERING MEMORANDUM TO THE OWNERS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

None of the District, the Trustee, or the Underwriter has any responsibility or obligation to any Beneficial Owner with respect to (a) the accuracy of any records maintained by DTC or any DTC Participant, (b) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the Owners of the Series 2019 Bonds under the respective Indentures, (c) the payment by DTC or any DTC Participant of any amount received under the respective Indentures with respect to the Series 2019 Bonds, (d) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2019 Bonds or (e) any other related matter.

Market Study and Financial Forecast

The District retained King & Associates, Denver, Colorado, to prepare a Market Study, dated as of _____, 2019 (the “**Market Study**”). The Market Study contains an assessment of the possible and recommended uses of land within the Development. The Market Study is attached hereto as APPENDIX B and should be read in its entirety by prospective purchasers of the Series 2019 Bonds.

The District retained CliftonLarsenAllen LLP, Denver, Colorado to prepare a Forecasted Statement of Sources and Uses of Cash, dated as of _____, 2019 (the “**Financial Forecast**”). The Financial Forecast is attached hereto as APPENDIX C and should be read in its entirety by prospective purchasers of the Series 2019 Bonds.

Additional discussion of the Financial Forecast is contained under the caption entitled “RISK FACTORS–Risks Inherent in Market Study and Financial Forecast.”

Tax Status

In the opinion of Greenberg Traurig, LLP, Bond Counsel, assuming the accuracy of certain certifications and continuing compliance with certain covenants, interest on the Series 2019 Bonds is excludable from gross income of the owners thereof under federal income tax laws, pursuant to existing statutes, regulations, rulings and court decisions. Interest on the Series 2019 Bonds is not a tax preference item for purposes of the alternative minimum tax imposed on individuals. Bond Counsel is further of the opinion that, for any period during which interest on the Series 2019 Bonds is excludable from gross income for federal income tax purposes, that interest on the Series 2019 Bonds is excludable from taxable income for purposes of the State of Colorado income tax and State of Colorado alternative minimum tax. See “TAX MATTERS.”

Financial Statements

The financial information of the District is to be prepared in accordance with generally accepted accounting principles (“GAAP”) for governmental units as prescribed by the Governmental Accounting Standard Board. Due to its recent formation, the District has had limited financial activity to date and an audit of its financials has not been prepared; however, the District expects to have its financials audited for each year in which the Series 2019 Bonds or any bonds refunding the Series 2019 Bonds remain outstanding.

Continuing Disclosure

The Series 2019 Bonds are exempt from the requirements of the Securities and Exchange Commission Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12). The District and the Developer have, however, agreed to use their commercially reasonable best efforts to obtain and to provide certain information to the Trustee for public dissemination, all as more particularly provided in a Continuing Disclosure Agreement, a form of which is attached as APPENDIX G to this Limited Offering Memorandum. See also “MISCELLANEOUS–Continuing Disclosure.”

Investment Considerations and Risks

AN INVESTMENT IN THE SERIES 2019 BONDS INVOLVES SIGNIFICANT RISK. Prospective purchasers are urged to read this Limited Offering Memorandum in its entirety, giving particular attention to the matters discussed under “RISK FACTORS.”

Offering and Delivery Information

The offering of the Series 2019 Bonds is being made to a limited number of knowledgeable and experienced investors which are not purchasing with a view to distributing the Series 2019 Bonds. Each purchaser must be a “Qualified Institutional Buyer” as defined in Rule 144A of the Securities Act of 1933, as amended. The Series 2019 Bonds are offered when, as, and if issued by the District and accepted by George K. Baum & Company (the “Underwriter”), subject to prior sale, approval of legality and other matters by Bond Counsel and certain other conditions. It is expected that the Series 2019 Bonds will be available for delivery through the facilities of DTC on or about _____, 2019.

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Additional Information

ALL OF THE SUMMARIES OF THE STATUTES, RESOLUTIONS, INDENTURES, OPINIONS, CONTRACTS, AND AGREEMENTS DESCRIBED IN THIS LIMITED OFFERING MEMORANDUM ARE SUBJECT TO THE ACTUAL PROVISIONS OF SUCH DOCUMENTS. The summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are either publicly available or available upon request and the payment of a reasonable copying, mailing, and handling charge from:

Creekwalk Marketplace Business
Improvement District
c/o Russell W. Dykstra
Spencer Fane LLP
1700 Lincoln Street, Suite 2000
Denver, CO 80203
Telephone: (303) 839-3845

George K. Baum & Company,
Attn: Alan Matlosz
1400 Wewatta, 8th Floor
Denver, CO 80202
Telephone: (303) 292-1600

Miscellaneous

This Limited Offering Memorandum is not to be construed as a contract or agreement between the District or the Underwriter and the Owners or Beneficial Owners of any of the Series 2019 Bonds.

The foregoing information is qualified in its entirety by reference to the detailed information contained in this limited offering memorandum. Each prospective investor should read this limited offering memorandum in its entirety.

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RISK FACTORS

THE SERIES 2019 BONDS ARE NOT APPROPRIATE FOR ALL INVESTORS. INVESTMENT IN THE SERIES 2019 BONDS IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. PROSPECTIVE INVESTORS IN THE SERIES 2019 BONDS SHOULD READ THIS ENTIRE LIMITED OFFERING MEMORANDUM AND CAREFULLY CONSIDER ALL POSSIBLE FACTORS WHICH MAY AFFECT THEIR INVESTMENT DECISION. THE FACTORS SET FORTH BELOW, AMONG OTHERS, MAY AFFECT THE SECURITY FOR THE SERIES 2019 BONDS. THE INFORMATION BELOW DOES NOT PURPORT TO BE A COMPREHENSIVE OR EXHAUSTIVE DISCUSSION OF ALL RISKS OR OTHER CONSIDERATIONS THAT MAY BE RELEVANT TO AN INVESTMENT IN THE SERIES 2019 BONDS. IN ADDITION, THE ORDER IN WHICH THE FOLLOWING INFORMATION IS PRESENTED IS NOT INTENDED TO REFLECT THE RELATIVE IMPORTANCE OF ANY SUCH CONSIDERATIONS. ADDITIONAL RISK FACTORS RELATING TO THE PURCHASE AND OWNERSHIP OF THE SERIES 2019 BONDS ARE DESCRIBED THROUGHOUT THIS LIMITED OFFERING MEMORANDUM, WHETHER OR NOT SPECIFICALLY DESIGNATED AS RISK FACTORS. FURTHERMORE, ADDITIONAL RISK FACTORS NOT PRESENTLY KNOWN, OR CURRENTLY BELIEVED TO BE IMMATERIAL, MAY ALSO MATERIALLY AND ADVERSELY AFFECT, AMONG OTHER THINGS, THE SOURCES OF PAYMENT OF AND SECURITY FOR THE SERIES 2019 BONDS. THERE CAN BE NO ASSURANCE THAT OTHER RISKS OR CONSIDERATIONS NOT DISCUSSED HEREIN ARE OR WILL NOT BECOME MATERIAL IN THE FUTURE.

EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT WITH ITS OWN LEGAL, TAX, AND FINANCIAL ADVISORS TO DETERMINE WHETHER AN INVESTMENT IN THE SERIES 2019 BONDS IS APPROPRIATE IN LIGHT OF ITS INDIVIDUAL LEGAL, TAX AND FINANCIAL SITUATION.

No Credit Rating for the Series 2019 Bonds

The Series 2019 Bonds do not have a credit rating from any source and are not suitable investments for all investors. Each prospective purchaser is responsible for assessing the merits and risks of an investment in the Series 2019 Bonds and must be able to bear the economic risk of such investment in the Series 2019 Bonds.

Limited Offering of the Series 2019 Bonds; Restrictions on Purchase; Investor Suitability

By purchasing the Series 2019 Bonds, each purchaser represents that it is a “Qualified Institutional Buyer” as defined in Rule 144A of the Securities Act of 1933, as amended, with sufficient knowledge and experience in financial and business matters, including the purchase and ownership of non-rated tax-exempt obligations, to be able to evaluate the merits and risks of an investment in the Series 2019 Bonds. Moreover, the Series 2019 Bonds are being issued in minimum initial denominations of \$100,000.

The foregoing standards are minimum requirements for prospective purchasers of the Series 2019 Bonds. The satisfaction of such standards does not necessarily mean that the

Series 2019 Bonds are a suitable investment for a prospective investor. Accordingly, each prospective investor is urged to consult with its own legal, tax, and financial advisors to determine whether an investment in the Series 2019 Bonds is appropriate in light of its individual legal, tax and financial situation.

No Assurance of Secondary Market

No assurance can be given concerning the future existence of a secondary market for the Series 2019 Bonds, and prospective purchasers of the Series 2019 Bonds should therefore be prepared, if necessary, to hold the Series 2019 Bonds to maturity or prior redemption. Even if a secondary market exists Series 2019 Bonds as with any marketable securities, there can be no assurance as to the price for which the Series 2019 Bonds may be sold. Such price may be lower than that paid by the initial purchaser of the Series 2019 Bonds depending on the progress of the Development and existing real estate and financial market conditions. See also “-Restrictions on Transfer” below.

Restrictions on Transfer

By their acceptance of the Series 2019 Bonds, each Owner or Beneficial Owner acknowledges that the Series 2019 Bonds may be sold, transferred, or otherwise disposed of only in Authorized Denominations. See “THE SERIES 2019A BONDS—Authorized Denominations of the Series 2019A Bonds” and “THE SERIES 2019B BONDS—Authorized Denominations of the Series 2019B Bonds.” Further, the Series 2019 Bonds may only be sold, transferred, or otherwise disposed of to “Qualified Institutional Buyers” as defined in Rule 144A of the Securities Act of 1933, as amended. See also “-Limited Offering of the Series 2019 Bonds; Restriction on Purchase; Investor Suitability” above.

Limited Security for the Series 2019A Bonds; No Mortgage

The Series 2019A Bonds are limited tax and special revenue obligations of the District and are payable solely from and to the extent of the Revenues in accordance with the terms of the Senior Indenture. The Series 2019A Bonds also are secured by the Reserve Fund and the Surplus Fund. Although the Authority has contractually agreed to share certain limited revenue with the District, the Series 2019A Bonds are not obligations of the Authority.

In the event that the Revenues is insufficient to pay the Series 2019A Bonds when due, the unpaid principal will continue to bear interest, and the unpaid interest will compound semiannually on each June 1 and December 1, at the interest rate(s) borne by the Series 2019A Bonds; provided, however, that, notwithstanding anything in the Senior Indenture to the contrary, the District is not obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Series 2019A Bonds. *During this period of accrual, the District will not be in default on the payment of such principal and interest, and the Owners will have no recourse against the District to require such payments (other than to require the District to continue to assess and enforce the Required Mill Levy under the circumstances set forth in the Senior Indenture).* In addition, the District will not be liable to Owners of the Series 2019A Bonds for unpaid principal and interest beyond the amount permitted by law, and

all Series 2019A Bonds will be deemed defeased and no longer outstanding upon payment by the District of such amount.

The Series 2019A Bonds state that by accepting the Series 2019A Bonds, the owner thereof agrees and consents to all of the limitations in respect of the payment of the principal of and interest on the Series 2019A Bonds contained in the Senior Indenture, in the Bond Resolution, and in the Operating Plan.

Payment of the principal of and interest on the Series 2019A Bonds is not secured by any deed of trust, mortgage or other lien on or security interest in any property within the Development or assets of the District other than the lien on the Revenues.

No Assurance of Funding Level of the Surplus Fund; Release from the Surplus Fund

The Series 2019A Bonds are payable, if necessary, from amounts on deposit in the Surplus Fund. The Surplus Fund will not be funded from proceeds of the Series 2019 Bonds, but rather is to be funded solely from and to the extent of any Revenues remaining after required deposits are made to the Bond Fund, the Reserve Fund, and any similar funds and accounts created in connection with any Additional Senior Bonds. Consequently, there can be no assurance as to the amount that will be on deposit in the Surplus Fund at any particular time. The Financial Forecast projects that the Surplus Fund will be funded in the amount of the Maximum Surplus Fund Amount (\$_____*) in 202_.† THE SERIES 2019B BONDS ARE NOT SECURED BY THE SURPLUS FUND.

Further, on the Surplus Release Date (the date on which _____), all amounts on deposit in the Surplus Fund shall be transferred by the Trustee to the Extraordinary Mandatory Redemption Fund and used to redeem Series 2019A Bonds in accordance with the extraordinary mandatory redemption provisions of the Senior Indenture (see “—Redemption--Extraordinary Mandatory Redemption” above). See “THE SERIES 2019A BONDS—Senior Funds and Accounts—*The Surplus Fund.*”

Limited Security for the Series 2019B Bonds; No Mortgage

The Series 2019B Bonds are limited tax and special revenue obligations of the District and are payable solely from and to the extent of the Subordinate Pledged Revenues in accordance with the terms of the Subordinate Indenture. Although the Authority has contractually agreed to share certain limited revenue with the District, the Series 2019A Bonds are not obligations of the Authority.

Under the Subordinate Indenture, the Subordinate Required Mill Levy may only be imposed in an amount greater than zero if the Senior Bond Mill Levy (which includes the Required Mill Levy) is below 50 mills in any year, which may only occur if the amount on deposit in the Surplus Fund equals the Maximum Surplus Amount, as set forth in the Senior Indenture, and less than 50 mills are needed to pay the principal of and interest on the Senior Bonds (which includes the Series 2019A Bonds). *Accordingly, the Subordinate Required Mill*

* Preliminary, subject to change.

† Preliminary, subject to change.

Levy will be zero for any year in which the Senior Bond Mill Levy (which includes the Required Mill Levy) equals or exceeds 50 mills.

To the extent that the Subordinate Pledged Revenues are insufficient to pay the Series 2019B Bonds when due, the unpaid principal will continue to bear interest, and the unpaid interest will compound annually on each December 15, at the interest rate(s) borne by the Series 2019B Bonds; provided, however, that, notwithstanding anything in the Subordinate Indenture to the contrary, the District is not obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Series 2019B Bonds. *During this period of accrual, the District will not be in default on the payment of such principal and interest, and the Owners will have no recourse against the District to require such payments (other than to require the District to continue to assess and enforce the Subordinate Required Mill Levy under the circumstances set forth in the Subordinate Indenture).* In addition, the District will not be liable to Owners of the Series 2019B Bonds for unpaid principal and interest beyond the amount permitted by law, and all Series 2019B Bonds will be deemed defeased and no longer outstanding upon payment by the District of such amount.

The Series 2019B Bonds state that by accepting the Series 2019B Bonds, the owner thereof agrees and consents to all of the limitations in respect of the payment of the principal of and interest on the Series 2019B Bonds contained in the Subordinate Indenture, in the Bond Resolution, and in the Operating Plan.

Payment of the principal of and interest on the Series 2019B Bonds is not secured by any deed of trust, mortgage or other lien on or security interest in any property within the Development or assets of the District other than the lien on the Subordinate Pledged Revenues.

“Cash Flow” Nature of Series 2019B Bonds; Subordinate Lien of the Series 2019B Bonds

The Series 2019B Bonds are structured as “cash flow” bonds, meaning that the Subordinate Indenture contains no scheduled payments of principal of the Series 2019B Bonds. Instead, principal is payable on each December 15 from, and to the extent of, Subordinate Pledged Revenues, if any. No payments will be made on the Series 2019B Bonds unless the Surplus Fund equals the Maximum Surplus Amount. Financial Forecast projects that the Surplus Fund will reach the Maximum Surplus Amount in 20__^{*}, but this expectation may not be achieved at such time, or at all. Therefore, the Financial Forecast does not anticipate that there will be any Subordinate Pledged Revenues available to pay accrued interest on the Series 2019B Bonds until ____[†], and does not anticipate that there will be Subordinate Pledged Revenues sufficient to pay any portion of principal of the Series 2019B Bonds until ____[‡]. Thereafter, payments on the Series 2019B Bonds are to be made annually from and to the extent of Subordinate Pledged Revenues after all payments required to be paid with respect to any Senior Bonds (including the Series 2019A Bonds) in such calendar year have been made.

* Preliminary; subject to change.

† Preliminary; subject to change.

‡ Preliminary; subject to change.

No representation is made by the District or the Underwriter that the Subordinate Pledged Revenues will be sufficient to pay the principal of and interest on the Series 2019B Bonds. See “THE SERIES 2019B BONDS–“Cash Flow” Nature of the Series 2019B Bonds,” “THE SERIES 2019B BONDS–Security for the Series 2019B Bonds,” “DISTRICT REVENUES” and “DEBT STRUCTURE.”

Authority to Issue Additional Bonds on Parity with the Series 2019A Bonds

The District may issue or incur additional obligations secured by the Revenues on parity with the lien thereon of the Series 2019A Bonds (“Additional Senior Bonds”) without the consent of the Owners of the Series 2019A Bonds, subject to the satisfaction of certain conditions described in the “THE SERIES 2019A BONDS–Additional Obligations.” Additionally, the District may issue or incur Additional Senior Bonds without the consent of the Owners of the Series 2019B Bonds, subject to the satisfaction of certain conditions described in the “THE SERIES 2019B BONDS–Additional Obligations–*Additional Senior Bonds*.” The District’s issuance of Additional Senior Bonds is also subject to the limitations of the Operating Plan and electoral authorization. The issuance of Additional Senior Bonds would potentially dilute the security available for the Series 2019A Bonds.

Continued Development Not Assured

General. The repayment of the Series 2019 Bonds is dependent upon an increase in the assessed valuation of property in the District comprising the Development to provide a tax base from which ad valorem property tax revenues will be collected, including revenues derived from the imposition of the Required Mill Levy, the Subordinate Required Mill Levy. Such increase in assessed valuation is dependent upon development within such areas, which in turn is (a) dependent upon the completion of public infrastructure necessary to support such planned development, and (b) also subject to market demand, market conditions and a variety of other factors beyond the control of the District, the Developer and other owners of such property.

The repayment of the Series 2019 Bonds is also dependent upon the level of retail sales within the Development upon which the municipal sales tax (generating Sales Tax TIF) or the PIF is collected. Such increase in retail sales is dependent on the completion of the Development and the opening of business by retailers within the Development, the level of leasing of Development space, the level of sales by retailers within the Development, and the level of compliance by retailers within the Development of their PIF and sales tax collection and remittance obligations.

Early Stage of Development. The property in the District is currently in an early stage of development. As of the date hereof, the Development contains (a) an approximately 8,215-square foot Family Dollar Store, (b) an approximately 1,500-square foot Dunkin Donuts, (c) an approximately 7,772-square foot strip center, and (d) an approximately 900-square foot salon. Certain public improvements have been constructed on a portion of the undeveloped property within the Development, but additional vertical construction of the approximately 51,000 square feet of planned retail space has yet to be completed. There can be no assurance that a greater tax base will ever be established. The Developer currently expects the completion of the Development will occur in generally the manner described in “THE DEVELOPMENT AND

THE DEVELOPER” and reflected in the Market Study and the Financial Forecast. *There is no assurance, however, that all or any portion of the remainder of the Development will be completed as currently planned or anticipated by the Developer or as projected in the Market Study, or at all. Neither the Developer nor any other property owners in the District are obligated to further develop the property in the District.*

Neither the District nor the Underwriter can make any representation regarding projected development plans in the District or the sufficiency of the Developer’s or any other private party’s financial resources to complete additional development.

Any obligation that may be entered into by potential tenants or purchasers of property being marketed by the Developer will be subject to certain conditions. Based upon the Market Study and projected build out schedule described herein, and certain other assumptions specified therein, the Financial Forecast included in APPENDIX C hereto provides certain forecasts of Revenues. *While the foregoing and more detailed descriptions of the planned development provided elsewhere in this Limited Offering Memorandum reflect the beliefs of the Developer as to the anticipated build out of the Development, based in part on the Developer’s understanding of the intended completion dates of the third parties undertaking a portion of such Development, no assurance can be given that the conditions to consummation of the development plans described herein will be satisfied or that build out will occur as presently planned, within the presently anticipated timeframes and resulting in the presently anticipated product values. No third party has assessed the reasonableness of the development assumptions provided by the Developer. All development projections, including, without limitation, square footage and the valuation of property to be constructed in the Development, are dependent upon market activity, governmental regulations, general economic conditions, and other factors over which the District, the Developer, and any other owner of property in the District have no control. Furthermore, other than as required pursuant to the Redevelopment Agreement, neither the Developer nor any other party is contractually obligated to pursue development as described herein, or at all. See “–Risks Inherent in Market Study and Financial Forecast” below, “THE DEVELOPMENT AND DEVELOPER,” APPENDIX B, and APPENDIX C.*

Development must comply with the term and conditions of the CDP, including the present planned and anticipated uses and densities. However, property within the Development will require approval of building permits and related construction documents. The approval of building permits and related construction documents is not assured. The substance and timing of submission of building permit applications, and related construction documents is entirely subject to the discretion of the Developer and any other owners of property in the Development.

Public Infrastructure. As of the date of this Limited Offering Memorandum, Public Improvements serving the Development having a total cost of approximately \$_____ have been completed. These Public Improvements include street, water, and sanitation improvements. All such infrastructure costs expended to date have been funded by the District or by the Developer, subject to the reimbursement of District-eligible costs from available revenues of the District, as described in “THE DISTRICT-Agreements of the District-Developer Facilities Funding and Acquisition Agreement.”

The Developer estimates the total cost of the Public Improvements required for the Development is approximately \$_____. Such estimate is based on present plans for the Development as described herein (which are subject to change), present costs and, in some cases, includes estimated costs for Public Improvements which have not yet been designed and engineered. No assurance is given that the costs of Public Improvements and private infrastructure necessary to serve the Development will not exceed such estimate. The costs of Public Improvements are subject to many factors not within the control of the District, the Developer or other owners of property in the Development, including but not limited to, labor conditions, access to and cost of building supplies, energy costs, availability and costs of fuel, transportation costs and economic conditions generally. As a result, the actual costs of Public Improvements may vary from such estimate and such variance may be material.

All of the approximately \$_____ in estimated costs of remaining Public Improvements are expected to be funded or reimbursed from net proceeds of the Series 2019 Bonds (including net proceeds of the Series 2019 Bonds expected to be paid to the Developer in reimbursement of previously expended costs of Public Improvements and subsequently applied by the Developer to additional costs of Public Improvements). In the event that proceeds of the Series 2019 Bonds are not sufficient, or that such proceeds of the Series 2019 Bonds are not available at the times and in the amounts required by the progression of development, there can be no assurance that the Developer will determine to continue to fund infrastructure costs, or that the financial resources of the Developer will be adequate to do so. No independent investigation has been made of the financial resources of the Developer or any other owner of property in the Development.

There can be no assurance that the construction of the remaining Public Improvements required for the Development will occur in any particular time or manner presently, or at all. If the public infrastructure necessary to fully support the Development is not completed as anticipated by the Developer and, as a result, build out of the Development is not completed in the time and manner reflected in the Financial Forecast, the assessed valuation forecasted for the District will not be realized in the manner forecasted which could have a material, adverse effect on the District's ability to repay the Series 2019 Bonds.

The foregoing estimates do not include the costs of private infrastructure or vertical construction of any portion of the Development.

Other Factors Affecting Rate of Development. Many unpredictable factors could influence the actual rate of development within the Development, including competing developments, prevailing interest rates, availability of development and construction funding, economic conditions generally, development and supply of residential housing in the area, availability of mortgages, availability of property insurance, construction costs, labor conditions and unemployment rates, access to and cost of building supplies, availability and costs of fuel, transportation costs, and severe weather and acts of god, among other things. See also "THE DEVELOPMENT AND DEVELOPER," "APPENDIX B," and "APPENDIX C."

Financial Condition of the Developer and Other Property Owners. There has been no independent investigation of and no representation is made in this Limited Offering Memorandum regarding the financial soundness of the Developer or of its managerial capability

to develop and market its remaining property within the Development as planned. Moreover, the financial circumstances of the Developer can change from time to time. Continued development within the Development is dependent upon the continued implementation by the Developer of the development plans contemplated herein, as described above in “*–Early Stage of Development.*” Furthermore, neither the Developer nor any other owner of property in the Development is under a binding obligation to develop its property within the Development as described herein or at all, nor is there any restriction on the right of the Developer to sell any or all of its remaining property within the Development or to withdraw completely from the Development.

In addition, there has been no independent investigation of and no representation is made in this Limited Offering Memorandum regarding the financial soundness of or any other entities that may undertake development within the Development, or of their respective capabilities to satisfy any contingencies to and otherwise carry out the acquisition, funding and construction of their planned respective portions of the Development as described herein.

Prospective investors are urged to make such investigation as deemed necessary concerning the financial soundness of the Developer and other owners and potential owners of property within the Development and the ability of such entities to implement the plan of the Development as described herein.

Risks Inherent in Market Study and Financial Forecast

The Market Study set forth in APPENDIX B hereto contains certain projections regarding the possible uses of land within the Development, which are based on certain assumptions more particularly set forth therein. The Market Study provides an assessment of market values based on market conditions at the time of the Market Study, which conditions are comprised solely of those specifically identified in the Market Study. The Market Study does not address or evaluate other factors which could impact whether the Development proceeds as contemplated therein, including the availability of funding, the receipt of government approvals, the completion of Public Improvements to serve the Development, and other matters described in “*–Development Not Assured*” above. *The Market Study is dated _____, 2019 and has not been further updated since the date upon which it was prepared. Conditions may have changed since that date which could impact the conclusions presented in the Market Study.*

The Financial Forecast (attached hereto as APPENDIX C) sets forth a projection of payment of debt service on the Series 2019 Bonds based on assumed valuations for the Development. Actual rates of development will be affected by many factors. The Financial Forecast is also based, in part, on certain other important assumptions more particularly described in the Financial Forecast. While the Developer has stated that, based on the information available to it, the Developer believes the assumptions contained within the Financial Forecast relating to the rate of development and the valuation of properties and constructed improvements within the Development to be reasonable, no assurance can be given that the actual rate of development and valuations will be as presented in the Financial Forecast.

The information presented in Market Study and the Financial Forecast attached hereto as APPENDIX B and APPENDIX C, respectively, are inherently subject to variations between the

assumptions and actual results and those variations could be material. See “–Continued Development Not Assured” above, “–Risks Related to Property Tax Revenue” below and “FORWARD-LOOKING STATEMENTS.”

The Market Study and the Financial Forecast attached hereto as APPENDIX B and APPENDIX C, respectively, are integral parts of this Limited Offering Memorandum. Investors are encouraged to read the entire Limited Offering Memorandum, including the Financial Forecast and Market Study, to obtain information essential to the making of an informed investment decision. None of the Underwriter, the District, or the Developer are responsible for the information contained or conclusions presented in the Financial Forecast or the Market Study; provided, however, that the Underwriter, the District, and the Developer have no reason to believe that such information or conclusions are inherently inaccurate or incomplete.

Risks Related to Property Tax Revenue

Generally. A source of security for the Series 2019 Bonds will be property taxes imposed by the District. The level of property tax revenues generated by the District’s imposition of the Required Mill Levy and the Subordinate Required Mill Levy depends upon the assessed valuation of the property within the District and its ability to collect property taxes.

Assessed Valuation Procedures and Factors; Market Value of Land. The assessed value of the property in the District is determined according to a procedure described under “DISTRICT REVENUES–Ad Valorem Property Taxes.” Assessed valuations may be affected by a number of factors beyond the control of the District. For example, State law allows property owners to challenge the valuations of their property each year, and no assurance can be given that owners of property in the Development will not do so. In certain circumstances, property may be eligible for a reduction in or exemption from property taxes based on its ownership and use. Should the actions of property owners result in lower assessed valuations of property in the Development, the security for the Series 2019 Bonds would be diminished, increasing the risk of nonpayment. Regardless of the actions of property owners, the values of finished lots and houses may be reduced if market prices decline due to economic factors. See also “–Foreclosures” below.

Regardless of the level at which property is assessed for tax purposes, the taxing entities’ ability to enforce and collect their respective property taxes is dependent upon the property subject to such taxes having sufficient fair market value to support the taxes which are imposed. No assurance can be given as to the future market values of property in the Development.

Foreclosures. The District’s ability to collect property tax revenue for timely payment of the Series 2019 Bonds depends, among other things, upon development within the District and the maintenance of an adequate tax base from which the District can collect sufficient property tax revenue from the imposition of the Required Mill Levy and the Subordinate Required Mill Levy, respectively. If property within the District comes into the possession of a lending institution as a result of a foreclosure, such property is likely to be resold in the market at a depressed price, resulting in a decrease in assessed valuation of the foreclosed property. In addition, a home foreclosure may have an immediate and/or long-term effect of depressing home prices in the surrounding area. The number of foreclosed homes reentering the market at lower

prices may result in a reduction of demand for new construction housing, including property within the District. Increased foreclosure rates could also cause lenders to tighten their lending practices and decrease their approvals of home loans, making it more difficult for potential homebuyers to finance home acquisitions. Such changes in lending practices could have an impact on the rate and price of home sales within the District. See also “APPENDIX D—Economic and Demographic Information.”

Enforcement of Tax Collections by County. The duty to pay property taxes does not constitute a personal obligation of the property owners within the Development. Rather, the obligation to pay property taxes is tied to the specific properties taxed, and if timely payment is not made, the obligation constitutes a lien against the specific properties for which taxes are unpaid. To enforce property tax liens, the County Treasurer is obligated to cause the sale of tax liens upon the property that is subject to the delinquent taxes, as provided by law, and the revenue derived from such sales, if any, is applied to the delinquent taxes. The County Treasurer has the power to foreclose on and cause the sale of the property that is subject to the delinquent tax, after the period allowed for the property owner to redeem such taxes, as provided by law. Such redemption period is currently three years, during which a property owner may pay all taxes due and prevent such foreclosure. Foreclosure can be a time-consuming and expensive process and does not necessarily result in recovery of all amounts due and unpaid.

In addition, the ability of the County Treasurer to enforce tax liens could be delayed by bankruptcy laws and other laws affecting creditor’s rights generally. During the pendency of any bankruptcy of any property owner, the parcels owned by such property owner could be sold only if the bankruptcy court approves the sale. There is no assurance that property taxes would be paid during the pendency of any bankruptcy; nor is it possible to predict the timeliness of such payment.

Taxpayer Concentration. Most property within the District is presently owned by the Developer. Since it is not expected that property in the District will be held by more than ten (10) entities or persons upon completion of the development described herein, the District will be dependent upon a limited number of taxpayers for timely payment of property taxes. Property taxes on land are not personal obligations of any property owner. Property taxes on land are not personal obligations of these property owners or any other property owners. Should the Developer or any future taxpayer in the District delay their payment of taxes, or default in their payment of such taxes, the payment of debt service on the Series 2019 Bonds could be materially negatively impacted. *No taxpayer has guaranteed the payment of the principal of or interest on the Series 2019 Bonds.*

Risks Related to Tax Increment Revenues Payable Under the Redevelopment Agreement

General. A source of security for the Series 2019 Bonds will be the Pledged Tax Increment Revenues. The availability of such revenues is dependent upon the level of development that occurs in the District (see “—Continued Development Not Assured” above), as well as a variety of factors that are beyond the control of the District, the Developer or any other owner of property in the Development, including, but not limited to, economic conditions in the City and the State, and changes in State law and federal law. See also “—Risks Related to Property Tax Revenue” above and “—Risks Related to Property Tax TIF Revenue” below.

In addition, receipt of the Pledged Tax Increment Revenues is dependent upon the ability and willingness of the Authority to adhere to the terms of the Redevelopment Agreement and to collect the required revenues and deposit such revenues as required by the Redevelopment Agreement. The obligations of the Authority under the Redevelopment Agreement are not secured by any lien on Authority's assets or revenues, other than the Pledged Tax Increment Revenues identified therein. If the Authority defaults under the Redevelopment Agreement, the District's remedy is to file suit against the Authority, including an action in mandamus to compel the Authority to perform.

Pledged Tax Increment Revenues Cap. The total amount of revenues payable by the Authority to the District is limited as described under the caption "URBAN RENEWAL–The Redevelopment Agreement–*Authority Financing.*"

Limited Duration of the Pledged Tax Increment Revenues and Subordinate Pledged Tax Increment Revenues. The Urban Renewal Law limits the availability of the incremental tax revenue to the Authority to 25 years from the effective date of the Urban Renewal Plan. See "URBAN RENEWAL." The Urban Renewal Plan was adopted on November 24, 2015. Accordingly, The Pledged Tax Increment Revenues and Subordinate Pledged Tax Increment Revenues will not be available as a revenue source after November 24, 2040. The final maturity of the 2019A Bonds is December 1, 2048, and the maturity date of the 2019B Bonds is December 15, 2047. After November 24, 2040, debt service on the 2019A Bonds must be paid by sources of the Revenues other than the Pledged Tax Increment Revenues, and debt service on the 2019B Bonds must be paid by sources of Subordinate Pledged Revenue other than the Subordinate Pledged Tax Increment Revenues.

For purposes of the Financial Forecast, no Pledged Tax Increment Revenues or Subordinate Pledged Tax Increment Revenues are assumed to be payable after _____.

Urban Renewal Law Legislation and Interpretation. It is possible that legislation could be enacted in the State which would limit the availability of tax increment financing to entities such as the Authority, reduce or eliminate the property tax which taxing jurisdictions are permitted to impose, or limit the rates authorized to be imposed. Any one or more of such occurrences may have the effect of reducing the amount of Pledged Tax Increment Revenues available to pay the principal of and interest on the Series 2019 Bonds. The Urban Renewal Law has been amended numerous times over the past five decades. Currently, various Colorado counties have advocated for an amendment pursuant to which taxes approved by voters of overlapping entities in elections occurring after an urban renewal plan is adopted would not be part of the property tax increment available to the urban renewal authority. No assurance can be made whether any such legislation will be introduced or adopted, or whether other unknown legislation will be introduced or adopted.

Risks Related to Property Tax TIF Revenues

General. The Pledged Tax Increment Revenues and Subordinate Pledged Tax Increment Revenues include the Pledged Property Tax TIF Revenues which, generally, pursuant to the Urban Renewal Law, is generated from the imposition of property taxes assessed on the incremental value of taxable property within the District. Potential purchasers of the Series 2019

Bonds should also review the risks described under the captions “–Risks Related to Property Tax Revenue” and “–Risks Related to Tax Increment Revenues Payable Under the Redevelopment Agreement.” See “THE SERIES 2019A BONDS–Security for the Series 2019A Bonds” and “THE SERIES 2019B BONDS–Security for the Series 2019B Bonds.”

The amount of Property Tax TIF generated in the District and available for payment of the Series 2019 Bonds is dependent upon (a) an increase in the gross assessed valuation of property within the District, which is dependent upon growth in the Development and other risks more particularly described in “–Continued Development Not Assured;” and (b) the calculation by the County of the “incremental assessed valuation” of the Urban Renewal Area and resulting revenues payable to the Authority in accordance with the Urban Renewal Law, which is subject to the risks more particularly described below.

Property Tax Base Amount. The County Treasurer is not obligated to pay any Incremental Property Tax Revenue to the Authority until the assessed valuation of the Urban Renewal Area exceeds the Property Tax Base Amount (which is \$14,244,400 for levy year 2017 / collection year 2018). The Property Tax Base Amount is subject to increase based upon the apportionment of increases in assessed valuation of the property within the Urban Renewal Area between the Property Tax Base Amount and the incremental increase after the adoption of the Urban Renewal Plan. Increases in valuation resulting from general reassessments in accordance with State law will result in an increase in the Property Tax Base Amount and such increases will not be part of the Pledged Property Tax TIF Revenue available to the District. There is no assurance that the total assessed valuation of the property in the Urban Renewal Area will exceed the Property Tax Base Amount. As blighted property is demolished for redevelopment, it is possible that the assessed valuation will be less than the Property Tax Base Amount, resulting in no Pledged Property Tax TIF Revenue. For the first two years following the formation of the Urban Renewal Area, this has occurred. See the table “History of Assessed Valuation for the Urban Renewal Area” in “DISTRICT REVENUES–Ad Valorem Property Tax Data–Assessed Valuation and Statutory “Actual” Value.” Although the total assessed valuation is expected to increase beyond the Property Tax Base Amount in future years as additional property is redeveloped, there is no guarantee that this will occur. The Financial Forecast projects that the total assessed valuation of the Urban Renewal Area is expected to increase beyond the Property Tax Base Amount beginning in collection year 20___. See Appendix C.

Impact of Silos on Distribution of Incremental Property Tax Revenue. In the Redevelopment Agreement, only a portion of the property tax increment revenue available to the Authority pursuant to the Urban Renewal Plan is payable to the District (the Pledged Property Tax TIF Revenues). Under State law, the property tax increment is calculated based only on the entire Urban Renewal Area, and not just on the Property within the District (which is located within Silo 3). Property tax increment revenue will be available to the Authority only if the assessed value of the entire Urban Renewal Area exceeds the Property Tax Base Amount, regardless of the assessed value of the Property within the District. Therefore, it is possible that even if the Property within the District is developed in a manner similar to the manner projected and described herein and in the Market Study and the Financial Forecast, the Pledged Property Tax TIF Revenues will continue to be zero because the combined assessed value of the property in all four Silos is less than the Property Tax Base Amount. The amount of Pledged Property Tax TIF Revenues, therefore, depends not only on the assessed value of the Property within the

District, but also on the assessed value of the entire Urban Renewal Area. The Developer does not own any property other than the Property in Silos 3 and 4, therefore the Developer has no control over the future development or valuation of Silos 1, 2, and 4. If the Authority receives property tax increment revenue from the Urban Renewal Area, it is required by the terms of the Redevelopment Agreement and the Allocation Policy to allocate the revenue to each of Silos 1-4. See “URBAN RENEWAL—Administration of the Silos and Allocation of Tax Increment Revenues.” The Pledged Property Tax TIF Revenues consists only of the portion allocable to property within the District. The Authority has recently adopted the Allocation Policy in order to set forth the procedures by which this allocation will be made. [To date, however, no property tax increment revenue has been received and the procedures in the Allocation Policy have not yet been implemented.] It is possible that unforeseen problems could occur in the implementation of the Allocation Policy which could result in less revenue being allocated to Silo 3 (and thus to property within the District) than is currently projected.

Projected Increase in Incremental Assessed Valuation Not Assured; Risk of Decreasing Assessed Valuation in Surrounding Areas of Urban Renewal Area. The property within the boundaries of the District (approximately ___ acres) represents only a portion of the approximately 151-acre Urban Renewal Area. The Pledged Tax Property Tax TIF payable to the Authority in accordance with the Urban Renewal Law is calculated based upon the total assessed valuation of property within the Urban Renewal Area and the “base” assessed valuation of the entire Urban Renewal Area, as opposed to a portion of the “base” allocable to the District and the assessed valuation of property in the District. As a result, it is possible that, notwithstanding an increase in the assessed valuation of the District, if the assessed valuation of surrounding areas within the Urban Renewal Area were to decrease below the assessed valuation thereof at the time of determination of the original base assessed valuation of the Urban Renewal Area (i.e., the certified assessed valuation of such areas as of tax year 2017), as such portion of the base is subsequently adjusted in accordance with the Urban Renewal Law, then the increase in assessed valuation of property in the District would only constitute “increment” to the extent in excess of the amount by which the then current assessed valuation for surrounding areas was below the assessed valuation for such surrounding areas in tax year 2017 (as adjusted in accordance with the Urban Renewal Law). In other words, in such event it is possible that the District’s assessed valuation increase would first be treated as base assessed valuation until the assessed valuation of the surrounding areas plus the assessed valuation of the District equaled the Urban Renewal Area current base assessed valuation, and only the remaining increase in assessed valuation of the District would constitute increment generating Pledged Tax Property Tax TIF payable to the Authority. Notwithstanding the foregoing, the original base assessed valuation for the Urban Renewal Area of \$14,244,400 (for tax year 2017). The present base assessed valuation for the Urban Renewal Area is \$_____ (for tax year 2018), of which \$_____ is attributable to property in the District. As a result, it is estimated that the maximum amount of incremental assessed valuation of the District which could potentially be treated as base as a result of a reduction in the assessed valuation of other properties in the Urban Renewal Area is \$_____ (subject to change as a result of adjustments to the calculation of base assessed valuation in accordance with the Urban Renewal Law). See, however, “—Future Changes in Laws.”

Risk of Reductions in Overlapping Mill Levies; Importance of School District to the Pledged Property Tax TIF Revenues. Numerous governmental entities (the “Overlapping

Taxing Entities”) which impose a mill levy currently overlap the District. A list of the current Overlapping Taxing Entities is provided in “DISTRICT REVENUES-Ad Valorem Property Tax Data.” Pledged Property Tax TIF Revenues payable by the Authority to the District are derived from the imposition of ad valorem property taxes by the Overlapping Taxing Entities on property within the District.

The largest of the Overlapping Taxing Entities is a school district (Colorado Springs School District No. 11, referred to herein as the School District). The combined total mill levy of the Overlapping Taxing Entities within the District for mill levy year 2018 (collection year 2019) is 73.375 mills. Of this total, the School District levied 56.084 mills in 2018, constituting the largest Overlapping Tax Entity. Because such a large percentage of the property tax increment revenue potentially payable to the District is derived from the School District, any substantial decrease in their mill levies could have a material impact on such property tax increment revenue, including the Pledged Property Tax TIF Revenues. Mill levies imposed by Colorado school districts are subject to various constitutional and statutory requirements. From time to time the Colorado General Assembly has proposed changing the way in which school districts are financed in Colorado. While there is no current proposal to reduce school districts’ reliance on property taxes as a revenue source, any such proposal which might be adopted in the future could have a material negative impact on the Pledged Property Tax TIF Revenues.

There is no guarantee that such taxing entities will continue to maintain their mill levies at the current or higher rates, and such mill levy may decrease. No assurance is given that the mill levy of the City, or any other overlapping taxing entity, will not be lowered in the future for any of a number of reasons, including limitations imposed by TABOR. See “DISTRICT REVENUES–Ad Valorem Property Taxes” and “DISTRICT FINANCIAL INFORMATION–Revenue and Spending Limitations.”

Potential Revisions to Assessors’ Reference Library. The State Property Tax Administrator (the “Administrator”) publishes the Assessors’ Reference Library (the “**ARL**”), which provides guidance and instruction to the various county assessors within the State as to how to value property for taxation purposes and how to allocate valuation to various taxing entities. The ARL includes guidance to county assessors as to how to apply the provisions of the Urban Renewal Law relating to incremental property tax revenues allocable to urban renewal authorities such as the Authority.

If future changes are adopted with respect to the ARL or other legal authorities with respect to the allocation of assessed valuation or property tax revenue between the “base” and “increment” portions of urban renewal areas, such changes could materially decrease the Pledged Property Tax Increment Revenue available to pay the Series 2019 Bonds. The District and the Authority has no ability to prevent the Administrator or the El Paso County Assessor from modifying the allocation of assessed valuation within the Urban Renewal Area in a manner that diminishes the Pledged Tax Increment Revenue available to repay the Series 2019 Bonds, subject to the provisions of the Urban Renewal Law.

Other Risks. The availability of portions of the Pledged Tax Increment Revenue consisting of Pledged Property Tax TIF Revenues is further subject to the risks generally associated with the assessment and collection of ad valorem property taxes, as well as risks

associated with all revenues payable under the Redevelopment Agreement. See also “–Risks Related to Property Tax Revenue” and “–Risks Related to Tax Increment Revenues Payable Under the Redevelopment Agreement” above and “–Future Changes in Law.”

Risks Related to Sales Tax TIF Revenues

General. The Pledged Tax Increment Revenues and Subordinate Pledged Tax Increment Revenues include the Pledged Sales Tax TIF Revenues which, generally, pursuant to the Urban Renewal Law, is generated from the imposition of property taxes assessed on the incremental value of taxable property within the District. Potential purchasers of the Series 2019 Bonds should also review the risks described under the caption “–Risks Related to Tax Increment Revenues Payable Under the Redevelopment Agreement.” See “THE SERIES 2019A BONDS–Security for the Series 2019A Bonds” and “THE SERIES 2019B BONDS–Security for the Series 2019B Bonds.”

Business Factors. The amount of Pledged Sales Tax TIF Revenues depends directly upon the amount of future retail sales activities within the District, in addition to a number of business, economic and administrative factors which are not within the control of the District, some of which are described below. The mix of retailers may be determined by the Developer and other property owners in the District through their leasing and sales activities, and the amount of sales made by these retailers is a function of the type and price of products and services offered and the ability of the retailers and lodging providers to operate their businesses successfully. The inability to maintain an adequate level of occupied retail space in the Development, business failures or a decline of retail sales as the result of competition from other retail establishments or other factors could have a significant, adverse effect on future amounts of Pledged Sales Tax TIF Revenues. The amount of Pledged Sales Tax TIF Revenues could also be affected by the degree to which differences in the total rate of sales taxes and public improvement fees applicable within the Development and competing shopping or lodging venues affect consumers’ behavior.

Economic Factors. Sales subject to the Pledged Sales Tax TIF are a function of consumer spending, which in turn is determined by the demand for particular goods and services and the prices of such goods and services. Other factors that may impact consumer spending include national, regional and local economic conditions, levels of personal and disposable income, consumer confidence, consumer trends, unemployment rates and population growth, among others. Many of these factors are cyclical in nature, and thus the levels of sales can be expected to fluctuate in direct relation to economic cycles. *Neither the District nor the Developer are able to predict future economic conditions or the degree to which they will affect future sales or Pledged Sales Tax TIF Revenues.*

Other Risks. The availability of portions of the Pledged Tax Increment Revenue consisting of Pledged Sales Tax TIF Revenues is further subject to the risks generally associated with the assessment and collection of ad valorem property taxes, as well as risks associated with all revenues payable under the Redevelopment Agreement. See also “–Risks Related to Tax Increment Revenues Payable Under the Redevelopment Agreement” above and “–Future Changes in Law.”

Risks Related to PIF Revenues

General. The Revenues and the Subordinate Pledged Revenues include the PIF Revenues, which are generated pursuant to the PIF Covenant. The PIF Covenant is dated _____ and was recorded in the real property records of the County on _____ at Reception No. _____ against the property in the Development. See “THE SERIES 2019A BONDS–Security for the Series 2019A Bonds” and “THE SERIES 2019B BONDS–Security for the Series 2019B Bonds.”

The PIF Covenant is not recorded against and no PIF Revenues will be collected from the Dunkin Donuts, Family Dollar, or the strip center.

No retail sales have occurred within the portions of the Development against which the PIF Covenant is recorded since the recording of the PIF Covenant and, therefore, no PIF Revenue has been collected as of the date hereof.

The PIF is a private fee and is not a tax in any form. The PIF is not imposed through the exercise by the County, the City, the District, or any other governmental entity of any governmental taxing power. The PIF is not secured by a lien on the property in the District or any other property, and the District does not have the ability to foreclose on any property in order to enforce collection and payment of the PIF.

Business Factors. The amount of PIF Revenues depends directly upon the amount of future retail sales activities within the District, in addition to a number of business, economic and administrative factors which are not within the control of the District, some of which are described below. *Currently, there are no retailers operating in the portions of the District against which the PIF Covenant has been recorded. There is no guarantee that any retailers will locate within such areas of the District.* The mix of retailers may be determined by the Developer and other property owners in the District through their leasing and sales activities, and the amount of sales made by these retailers is a function of the type and price of products and services offered and the ability of the retailers and lodging providers to operate their businesses successfully. The inability to maintain an adequate level of occupied retail space in the Development, business failures or a decline of retail sales as the result of competition from other retail establishments or other factors could have a significant, adverse effect on future amounts of PIF Revenues. The amount of PIF Revenues could also be affected by the degree to which differences in the total rate of sales taxes and public improvement fees applicable within the Development and competing shopping or lodging venues affect consumers’ behavior.

Economic Factors. Sales subject to the PIF are a function of consumer spending, which in turn is determined by the demand for particular goods and services and the prices of such goods and services. Other factors that may impact consumer spending include national, regional and local economic conditions, levels of personal and disposable income, consumer confidence, consumer trends, unemployment rates and population growth, among others. Many of these factors are cyclical in nature, and thus the levels of sales can be expected to fluctuate in direct relation to economic cycles. *Neither the District nor the Developer are able to predict future economic conditions or the degree to which they will affect future sales or PIF Revenues.*

Administrative Factors. The amount of PIF Revenues available for payment of the Series 2019 Bonds is also dependent on the timely collection and remittance by retailers of PIF Revenues pursuant to the PIF Covenant. The ability to collect PIF Revenues from retailers in the event of a delinquency could be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights.

Directors' Private Interests

Pursuant to State law, the District directors are required to disclose to the Colorado Secretary of State and the Board potential conflicts of interest or personal or private interests which are proposed or pending before the Board. According to disclosure statements executed by each director prior to taking any official action relating to the Series 2019 Bonds, all of the directors have potential or existing personal or private interests relating to the issuance or delivery of the Series 2019 Bonds as a result of their formal or informal relationships with the Developer. It is anticipated that a portion of the proceeds of the Series 2019 Bonds will be used to partially reimburse the Developer for amounts owed by the District to the Developer in accordance with the Developer Funding and Acquisition Agreement. See "THE DISTRICT—Governing Board" and "—Agreements of the District-Developer Facilities Funding and Acquisition Agreement."

Lack of Operating History; Reliance on Developer to Fund Operations and Maintenance Expenses

The District has had limited operations since being organized in 2016. Until the District's assessed valuations increase to sufficient levels to generate tax revenues to pay all of its operational expenses, which is not guaranteed to occur, the District expects to fund its operational expenses from advances made by the Developer in accordance with the ORA (defined below). See "THE DISTRICT—Agreements of the District—*Operations Reimbursement Agreement*." The Financial Forecast projects the amount of property tax revenues anticipated to be collected by the District as a result of its imposition of an operations and maintenance mill levy, subject to the assumptions more particularly set forth in such Financial Forecast. Assuming the availability of such property tax revenues of the District and based upon the District's present estimates of general, administrative, operations and maintenance costs related to the Development (which are subject to change, in particular, given the early stage of operations and the lack of operating history for the District), the District anticipates that it will be dependent upon the Developer to fund deficits in its operation and maintenance expenses (to the extent such expenses exceed revenues) through 20___. The District has entered into an agreement with the Developer requiring the funding of such expenses for such period, as more particularly described in "THE DISTRICT—Agreements of the District—*Operations Reimbursement Agreement*." There can be no assurance that the Developer will have adequate financial resources with which to make such advances and no independent investigation has been made of such financial resources.

In addition, there are Operating Plan, statutory, and constitutional limits on the District's ability to increase its mill levy for operations and maintenance expenses. Notwithstanding, the District's ability to increase its mill levy for payment of operations and maintenance expenses may also be limited by Board action. Moreover, increase of the District's current operations and

maintenance mill levy in excess of the ___ mills reflected in the Financial Forecast could affect the sale and vertical construction of land in the Development and, consequently, the forecasted tax revenues set forth in the Financial Forecast. See “APPENDIX C.”

Legal Constraints on District Operations

Various State laws and constitutional provisions govern the assessment and collection of ad valorem property taxes; impose limitations on revenues and spending of the State and local governments, including the District; and limit rates, fees and charges imposed by such entities. State laws, constitutional provisions and federal laws and regulations apply to the obligations created by the issuance of the Series 2019 Bonds. There can be no assurance that there will not be changes in interpretation of, or additions to, the applicable laws and provisions which would have a material adverse effect, directly or indirectly, on the affairs of the District, and, as a result, the ability of the District to generate the revenues required to pay, and apply such revenues to the payment of, the Series 2019 Bonds.

Limitations on Remedies

No Acceleration; No Payment Default. The Indentures provide that acceleration of the Series 2019 Bonds is not an available remedy for an Event of Default under the respective Indentures. In addition, the District’s failure to pay principal and interest on the Series 2019 Bonds when due does not constitute an Event of Default under the respective Indentures so long as the District is otherwise in compliance with the covenants and other provisions relating to the Revenues and the Subordinate Pledged Revenues, respectively. See “THE SERIES 2019A BONDS—Events of Default and Remedies” and “THE SERIES 2019B BONDS—Events of Default and Remedies” for a more detailed description of the events and occurrences that constitute an Event of Default under the respective Indentures.

Bankruptcy. The remedies available to the Owners of the Series 2019 Bonds upon the occurrence of an Event of Default are in many respects dependent upon judicial action, which is often subject to discretion and delay under existing constitutional law, statutory law, and judicial decisions, including specifically the federal Bankruptcy Code. The legal opinions to be delivered concurrently with delivery of the Series 2019 Bonds will be qualified as to enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, and insolvency or other similar laws affecting the rights of creditors generally, now or hereafter in effect; to usual equity principles which may limit the specific enforcement under State law of certain remedies, including, but not limited to, specific performance; to the exercise by the United States of America of the powers delegated to it by the federal constitution; and to the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies, in the interest of serving an important public purpose.

Future Changes in Law

Various State laws, constitutional provisions and federal laws and regulations (including, but not limited to the Business Improvement District Act and the Urban Renewal Law) apply to the obligations created by the issuance of the Series 2019 Bonds, the Revenue, the Subordinate

Pledged Revenues, and various agreements described herein. There can be no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, regulations and provisions which would have a material effect, directly or indirectly, on the affairs of the District, the Authority, the City, the Developer, the Revenues, or the Subordinate Pledged Revenues. See “URBAN RENEWAL.”

Risk of Internal Revenue Service Audit

The Internal Revenue Service (the “**Service**”) has announced a program of auditing tax-exempt bonds which can include those issued by special purpose governmental units, such as the District, for the purpose of determining whether the Service agrees (a) with the determination of bond counsel that interest on the Series 2019 Bonds is tax-exempt for federal income tax purposes or (b) that the District is in or remains in compliance with Service regulations and rulings applicable to governmental bonds such as the Series 2019 Bonds. The commencement of an audit of the Series 2019 Bonds could adversely affect the market value and liquidity of the Series 2019 Bonds, regardless of the final outcome. An adverse determination by the Service with respect to the tax-exempt status of interest on the Series 2019 Bonds could be expected to adversely impact the secondary market, if any, for the Series 2019 Bonds, and, if a secondary market exists, would also be expected to adversely impact the price at which the Series 2019 Bonds can be sold. The Indentures do not provide for any adjustment to the interest rates borne by the Series 2019 Bonds in the event of a change in the tax-exempt status of the Series 2019 Bonds. Owners of the Series 2019 Bonds should note that, if the Service audits the Series 2019 Bonds, under current audit procedures the Service will treat the District as the taxpayer during the initial stage of the audit, and the owners of the Series 2019 Bonds will have limited rights to participate in such procedures. There can be no assurance that the District will have revenues available to contest an adverse determination by the Service. No transaction participant, including none of the District, the Underwriter or Bond Counsel is obligated to pay or reimburse the owner of any Series 2019 Bond for audit or litigation costs in connection with any legal action, by the Service or otherwise, relating to the Series 2019 Bonds.

There can be no assurance that an audit by the Service of the Series 2019 Bonds will not be commenced. However, the District has no reason to believe that any such audit, if commenced, would result in a conclusion of noncompliance with any applicable Service position, regulation or ruling. No rulings have been or will be sought from the Service with respect to any federal tax matters relating to the issuance, purchase, ownership, receipt or accrual of interest upon, or disposition of the Series 2019 Bonds. See also “TAX MATTERS” herein.

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USE OF PROCEEDS AND DEBT SERVICE REQUIREMENTS

Use of Bond Proceeds

General. Proceeds from the sale of the Series 2019 Bonds will be used to (a) finance certain Public Improvements related to the Development, (b) fund the Senior Reserve Fund in the amount of \$ _____*, (c) fund capitalized interest to come due on the Series 2019 Bonds through _____, 202_*, and (d) pay the costs of issuing the Series 2019 Bonds.

Estimated Sources and Uses of Proceeds. The estimated uses of the proceeds of the Series 2019 Bonds and funds available from other sources are as follows:

TABLE I

Estimated Sources and Uses of Proceeds

	<u>Series 2019A</u>	<u>Series 2019B</u>	<u>Total</u>
	<u>Bonds</u>	<u>Bonds</u>	
Sources:			
Par Amount of the Series 2019 Bonds			
TOTAL			
Uses:			
Deposit to the Restricted Account of the Project Fund ⁽¹⁾			
Deposit to the Unrestricted Account of the Project Fund			
Deposit to the Capitalized Interest Account ...			
Deposit to the Senior Reserve Fund.....			
Costs of issuance, including underwriting discount and legal fees ⁽²⁾			
TOTAL			

(1) Such amount is expected to be released and transferred to the Unrestricted Account of the Project Fund upon satisfaction of certain conditions relating to the issuance of Building Permits and Commercial Building Space Certificates for portions of the Development located within the boundaries of the District. See “THE SERIES 2019 BONDS–Certain Indenture Provisions– Project Fund–Transfers from Restricted Account to Unrestricted Account.”

(2) See “MISCELLANEOUS–Underwriting.”
Source: The Underwriter

Debt Service Requirements

Set forth in the following table are the debt service requirements for the Series 2019 Bonds.

* Preliminary; subject to change.

TABLE II

Series 2019 Bonds Debt Service Requirements

Year	Series 2019A Bonds ⁽¹⁾		Series 2019B Bonds ^{(1), (2)}		Estimated Annual Total
	Principal*	Interest	Estimated Principal*	Estimated Interest	
2019	\$	\$	\$	\$	\$
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					
2047					
2048					
TOTAL	\$	\$	\$	\$	\$

- (1) Assumes no redemptions, other than mandatory sinking fund redemptions, prior to maturity. Figures have been rounded and may differ from actual debt service payments.
- (2) Principal and interest on the Series 2019B Bonds are payable solely from and to the extent of Subordinate Pledged Revenues. There are no scheduled principal payments on the Series 2019B Bonds until final maturity. Furthermore, it is anticipated that no Subordinate Pledged Revenues will be available to pay accrued interest on the Series 2019B Bonds until _____* or the principal thereof until _____*. The amounts set forth herein reflect the projected principal and interest payments on the Series 2019B Bonds as determined by the District. No assurance is given that the level of Subordinate Pledged Revenues projected in the Financial Forecast will be achieved, or that payment of the principal of or interest on the Series 2019B Bonds will be paid as set forth in this table. Failure to pay the amounts set forth above with respect to the Series 2019B Bonds will not constitute an event of default under the Senior Indenture or the Subordinate Indenture. See “THE SERIES 2019B BONDS–Cash Flow Nature of Series 2019B Bonds.”

Source: The Underwriter

* Preliminary; subject to change.

THE SERIES 2019A BONDS

Description

General. The Series 2019A Bonds will be issued in the principal amount, and will be dated and will mature as indicated on the cover page of this Limited Offering Memorandum. For a complete statement of the details and conditions of the Series 2019A Bonds, reference is made to the Senior Indenture, a copy of which is available from the Underwriter prior to delivery of the Series 2019A Bonds. See “INTRODUCTION–Additional Information.”

The Series 2019A Bonds are authorized, issued, and secured by and in accordance with the Bond Resolution and the Senior Indenture. No other covenant, agreement, or provision of the Senior Indenture secures or is otherwise made by the District or the Trustee for the benefit of the Owners of the Series 2019A Bonds.

THE SERIES 2019A BONDS ARE SOLELY THE OBLIGATIONS OF THE DISTRICT. UNDER NO CIRCUMSTANCES SHALL ANY OF THE SERIES 2019A BONDS BE CONSIDERED OR HELD TO BE AN INDEBTEDNESS, OBLIGATION OR LIABILITY OF THE AUTHORITY, THE CITY, THE COUNTY, THE STATE OF COLORADO OR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE DISTRICT.

Authorization. The Series 2019A Bonds are issued under authority of the constitution and laws of the State, particularly the Business Improvement District Act and the Supplemental Act, and pursuant to the Bond Resolution and the Senior Indenture. Authorization for the issuance of the Series 2019A Bonds has also been obtained from the District’s electorate as discussed in “DEBT STRUCTURE–Required Elections.”

Authorized Denominations of the Series 2019A Bonds

The Series 2019A Bonds are issued solely as fully registered certificates in the denomination of \$100,000, and any integral multiple of \$1,000 in excess thereof.

Payment of Principal and Interest

The Series 2019A Bonds will bear interest at the rates set forth on the cover page hereof (computed on the basis of a 360-day year of twelve 30-day months). Interest is payable semi-annually on June 1 and December 1, each year, commencing June 1, 2019.

To the extent principal of any Series 2019A Bond is not paid when due, including, without limitation on the maturity date for such Series 2019A Bond, such principal shall remain outstanding until paid. To the extent interest on any Series 2019A Bond is not paid when due, such interest shall compound semiannually on each June 1 and December 1 at the rate then borne by such Series 2019A Bonds. Notwithstanding anything in the Senior Indenture to the contrary, the District shall not be obligated to pay more than the amount permitted by law and the electoral authorization (including the Election) in repayment of the Series 2019A Bonds, including all payments of principal, premium, if any, and interest.

The principal, redemption price or interest of any Series 2019A Bond shall be payable when due, upon surrender of such Series 2019A Bond, in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts, at the principal office of any Paying Agent. Interest on any Series 2019A Bond on each Interest Payment Date in respect thereof shall be payable by check mailed to the address of the person entitled thereto as such address shall appear in the Bond Register, or, at the request of an Owner of \$1,000,000 or more in principal amount of Series 2019A Bonds, by wire transfer to an account designated in writing by such Owner.

Interest on any Bond which is payable, and is punctually paid or duly provided for, on an Interest Payment Date shall be paid to the person in whose name that Series 2019A Bond is registered at the close of business on the Regular Record Date for such interest. Any interest on any Series 2019A Bond which is payable, but is not punctually paid or provided for, on any Interest Payment Date shall forthwith cease to be payable to the Owner of such Series 2019A Bond on the relevant Regular Record Date or Interest Payment Date by virtue of having been such owner, and such unpaid interest shall be paid to the person in whose name the Series 2019A Bond is registered at the close of business on a Special Record Date to be fixed by the Trustee, such date to be no more than 15 nor fewer than 10 days prior to the date of proposed payment. The Trustee shall cause notice of the proposed payment of such unpaid interest and the Special Record Date therefor to be mailed, first class postage prepaid, to the Bond Registrar and the Paying Agent and to each Series 2019A Bondholder at his address as it appears in the Bond Register, not fewer than 10 days prior to such Special Record Date.

Subject to the foregoing provisions, each Series 2019A Bond delivered under the Senior Indenture upon registration of transfer of or exchange for or in lieu of any other Series 2019A Bonds shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Series 2019A Bonds.

Payments for the principal of and interest on the Series 2019A Bonds will be made as described in APPENDIX E attached hereto.

Redemption*

Optional Redemption. The Series 2019A Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on December 1, 20__, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 20__, to November 30, 20__	3.00%
December 1, 20__, to November 30, 20__	2.00
December 1, 20__, to November 30, 20__	1.00
December 1, 20__, and thereafter	0.00

* Preliminary; subject to change.

Mandatory Sinking Fund Redemption. The Series 2019A Bonds maturing December 1, 20__ are subject to mandatory sinking fund redemption prior to the maturity date of such Bonds, in part, by lot, upon payment of par and accrued interest, without redemption premium, on December 1 in the years and amounts set forth below:

Year	Amount \$
------	--------------

†

†Final maturity, not a sinking fund redemption

The Series 2019A Bonds maturing December 1, 20__ are subject to mandatory sinking fund redemption prior to the maturity date of such Bonds, in part, by lot, upon payment of par and accrued interest, without redemption premium, on December 1 in the years and amounts set forth below:

Year	Amount \$
------	--------------

†

†Final maturity, not a sinking fund redemption

With respect to each maturity of the Series 2019A Bonds subject to mandatory sinking fund redemption, on or before 45 days prior to each sinking fund installment date for such maturity as set forth above, the Trustee shall select for redemption, by lot in such manner as the Trustee may determine, from the Outstanding Bonds of that maturity, a principal amount of such Bonds equal to the applicable sinking fund installment.

The amount of the applicable sinking fund installment for any particular date and maturity may be reduced by the principal amount of any Bonds of that maturity which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and cancelled and not theretofore applied as a credit against a sinking fund installment. Such reductions, if any, shall be applied in such year or years as may be determined by the District.

Special Mandatory Redemption (Unspent Senior Project Funds). If there are any moneys remaining in the Senior Project Fund on the third anniversary of the Closing Date for the Series 2019A Bonds, or upon the payment of all Project Costs payable from the Senior Project Fund, to be evidenced by a certificate of the Authorized Representative delivered to the Trustee, the Series 2019A Bonds shall be subject to mandatory redemption in part in the maximum principal amount that may be redeemed from amounts required to be applied to such redemption from the Senior Project Fund, in accordance with the Senior Indenture for a redemption price equal to the principal amount of the Series 2019A Bonds so redeemed plus all accrued and unpaid interest thereon to the redemption date. Such redemption shall occur on the next Interest Payment Date that is at least 30 days from the date of the occurrence of the applicable event. See “—Senior Funds and Accounts—*The Senior Project Fund*” below. Notice of such special mandatory redemption shall be provided by the Trustee pursuant to the Senior Indenture.

Extraordinary Mandatory Redemption. As set forth in the section of the Senior Indenture described in “—Senior Funds and Accounts—*Extraordinary Mandatory Redemption Fund*” below, the Series 2019A Bonds are subject to extraordinary mandatory redemption prior to maturity on any date, in whole or in part, from moneys on deposit in the Extraordinary Mandatory Redemption Fund (which is funded with amounts released from the Surplus Fund), at a redemption price equal to the principal amount of Series 2019A Bonds so redeemed plus accrued interest thereon to the redemption date. Notice of such extraordinary mandatory redemption is required to be provided by the Trustee pursuant to the Senior Indenture.

Redemption Procedure and Notice. If it is provided that the Trustee shall call Bonds (consisting of the Series 2019A Bonds and any Additional Bonds) by “lot” or if less than all of any Series of Bonds are to be redeemed, the particular Bonds to be called for redemption shall be selected at the direction of the District. The Trustee shall treat any Bond of a denomination greater than the minimum Authorized Denomination as representing that number of separate Bonds each of that minimum Authorized Denomination (and if any Bond is not in a denomination that is an integral multiple of the minimum Authorized Denomination, one separate Bond of the remaining principal amount of the Bond) as can be obtained by dividing the actual principal amount of such Bond by that minimum Authorized Denomination. In case a Bond is of a denomination larger than the Authorized Denomination, a portion of such Bond may be redeemed provided that the remaining portion of the Bond shall be in an Authorized Denomination, except for the final remaining maturity amount of the Bond of any Series which may be in an amount less than the Authorized Denomination.

The notice of redemption may include a statement that such redemption is conditioned upon receipt of all moneys necessary for the redemption by the Trustee prior to the date fixed for redemption. The notice shall be given by the Trustee on behalf of the District by mailing a copy of the redemption notice by first class mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption, to the [Owner] of each Bond subject to redemption in whole or in part at the [Owner’s] address shown on the Bond Register on the 15th day preceding that mailing. Failure to receive notice, or any defect in that notice, as to any Bond, shall not affect the validity of the proceedings for the redemption of any other Bond for which proper notice has been given. Notices of redemption shall also be mailed to the Paying Agent.

The Trustee is required to send notice of redemption of the Series 2019A Bonds only to Cede & Co. (or subsequent nominee of DTC) as the Owner thereof. Receipt of such notice initiates DTC’s standard call. In the event of a partial call, the Beneficial Ownership Interests to be redeemed will be determined in accordance with the rules and procedures of the DTC book-entry system as discussed in “APPENDIX E—BOOK-ENTRY-ONLY SYSTEM.” DTC Participants are responsible for notifying the Beneficial Owners of the redemption of their Beneficial Ownership Interests and for remitting the redemption price thereof to such Beneficial Owners. Any failure by DTC or DTC Participants to notify a Beneficial Owner of any such notice of redemption and its content or effect will not affect the validity of the redemption of the Series 2019A Bonds properly called for redemption or any other action premised on that notice.

Security for the Series 2019A Bonds

The Trust Estate. The Series 2019A Bonds are limited tax and special revenue obligations of the District secured and payable solely from the “Trust Estate” which includes (a) all Funds and accounts created under the Senior Indenture except the Rebate Fund; (b) all right, title, and interest of the District in and to the Revenues; (c) to the extent not otherwise within the scope of (a) or (b), and only to the extent related directly to the Revenues, all accounts and accounts receivable, general intangibles, contract rights, documents, chattel paper, and instruments (all as defined in Article 9 of the Colorado Uniform Commercial Code), licenses, accounting and bookkeeping records, together with proceeds of the foregoing; (d) any and all other interests in real and personal property of every name and nature granted to the Trustee from time to time after the date of issuance of the Series 2019A Bonds by delivery or by writing of any kind specifically mortgaged, pledged, or hypothecated as and for additional security under the Senior Indenture by the District in its sole discretion pursuant to an authorizing resolution of the Board or with its written consent in favor of the Trustee, which is authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Senior Indenture; and (e) all rights to enforce the Cooperation Agreement and the PIF Covenant. The Series 2019A Bonds constitute an irrevocable and first lien upon the Trust Estate, but not necessarily an exclusive such lien.

“Revenues” is defined in the Senior Indenture as the following moneys, or as applicable, the moneys derived by the District from the following sources (a) the Pledged Tax Increment Revenues; (b) Required Mill Levy Revenues; (c) the Specific Ownership Tax Revenues; (d) the PIF Revenues (excluding any revenues pledged to any Subordinate Bonds or Junior Bonds); (e) any other legally available amounts that the District may designate by resolution of the Board, to be paid to the Trustee for deposit into the Revenue Fund, or otherwise held under the Senior Indenture; and (f) all income or other gain, if any, from any investment of the foregoing.

The Series 2019A Bonds are not secured directly by any lien on property located within the District or the Urban Renewal Area; rather they are secured by the District’s covenant to impose the Required Mill Levy, as well as by the other components of the Revenues. The Required Mill Levy creates a statutory tax lien which may be enforced to the extent that taxes are delinquent in a given year. See “RISK FACTORS–Limited Security for the Series 2019A Bonds; No Mortgage; No Conversion of Series 2019A Bonds to Unlimited Tax Obligations” and “–Risks Related to Property Tax Revenues.”

Amounts, if any, accumulated in the Surplus Fund also secure payment of the Series 2019A Bonds. Available Revenues, if any, are to be accumulated in the Surplus Fund, in accordance with the Senior Indenture, up to the Maximum Surplus Fund Amount (\$_____*). At such time as the Senior Debt to Assessed Ratio is less than 50%, all moneys in the Surplus Fund shall be applied to redemption of the Series 2019A Bonds in accordance with the Senior Indenture. See “THE SERIES 2019A BONDS–Redemption–*Extraordinary Mandatory Redemption*” and “–Senior Funds and Accounts–*Surplus Fund*.”

* Preliminary; subject to change.

The Series 2019A Bonds are also secured by amounts on deposit in the Senior Reserve Fund, which is required to be maintained at all times in the amount of the Senior Reserve Fund Requirement (\$_____*) and will be fully funded upon the issuance of the Series 2019A Bonds from the proceeds thereof. See “THE SERIES 2019A BONDS–Senior Funds and Accounts–*The Senior Reserve Fund*” and “APPLICATION OF BOND PROCEEDS AND DEBT SERVICE REQUIREMENTS.”

In the event that Additional Bonds are issued in accordance with the provisions of the Senior Indenture, the Senior Indenture provides that such Additional Bonds are to be secured by the same Revenues as are pledged to the payment of the Series 2019A Bonds, on parity with the Series 2019A Bonds. [Furthermore, any Additional Bonds shall be secured by the Senior Bond Fund and the Senior Reserve Fund (but not the Surplus Fund) in the same manner as the Series 2019A Bonds.] See “The Series 2019A Bonds–Additional Obligations–*Additional Senior Bonds*.”

THE SERIES 2019A BONDS ARE SOLELY THE OBLIGATIONS OF THE DISTRICT. UNDER NO CIRCUMSTANCES SHALL ANY OF THE SERIES 2019A BONDS BE CONSIDERED OR HELD TO BE AN INDEBTEDNESS, OBLIGATION OR LIABILITY OF THE AUTHORITY, THE CITY, THE COUNTY, THE STATE OF COLORADO OR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE DISTRICT.

Definition of Required Mill Levy Revenue. The Senior Indenture defines “Required Mill Levy Revenue” as revenues generated from the imposition by the District of the Required Mill Levy, net of collection costs; provided, however, that the Required Mill Levy Revenue does not include Specific Ownership Taxes. The Senior Indenture defines “Required Mill Levy” as an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed by the District upon all property subject to taxation by the District each year in an amount calculated as follows:

(a) an amount sufficient (taking into account amounts then on deposit in the Capitalized Interest Account, the Surplus Fund, and the Senior Bond Fund available for payment of the applicable Senior Bonds and the Projected Revenue expected to be received in the immediately succeeding calendar year) to pay the principal of, premium if any, and interest on the Senior Bonds, as the same become due and payable, and to replenish the Senior Reserve Fund to the Senior Reserve Fund Requirement, and to fund the Surplus Fund to the Maximum Surplus Fund Amount until such time as the Surplus Fund has been closed in accordance with the Senior Indenture, but not in excess of _____ mills, subject to adjustment as provided in paragraph (b) below [and, not less than _____ mills, subject to adjustment as provided in paragraph (b) below;] and

(b) *provided, however,* that the [minimum levy amount of _____ mills (where applicable, as provided in (a) above), and] the levy cap of _____ mills (where applicable, as provided in paragraph (a) above) shall be adjusted to take into account legislative or constitutionally imposed adjustments in assessed values or the method of their calculation after the Closing Date, such adjustments to be determined by the Board

* Preliminary; subject to change.

in good faith (such determination to be binding and final), so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes; among other adjustments, a change in the ratio of actual valuation of assessable property shall be deemed to be a change in the method of calculating assessed valuation; and

(c) *provided, further, however,* notwithstanding anything herein to the contrary, in no event may the Required Mill Levy be established at a mill levy amount which would cause the District to derive tax revenue in any year in excess of the maximum tax increases permitted by its electoral authorization, and if the Required Mill Levy as calculated pursuant to the foregoing would cause the amount of taxes collected in any year to exceed the maximum tax increase permitted by the District's electoral authorization, the Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded.

Covenant to Impose the Required Mill Levy. In the Senior Indenture, the District agrees to levy on all property subject to taxation by the District, in addition to all other taxes, direct annual taxes in _____ and in each year thereafter so long as any Series 2019A Bonds remain outstanding, in the amount of the Required Mill Levy. Nothing in the Senior Indenture shall be construed to require the District to impose an ad valorem property tax levy in excess of the Required Mill Levy.

Specific Ownership Tax Revenues. Specific Ownership Taxes mean the specific ownership tax imposed on all registered motor vehicles and which is collected by the County and remitted to a taxing entity, pursuant to Section 42-3-107, C.R.S., or any successor statute. Pursuant to Section 42-3-107, C.R.S., Specific Ownership Tax is collected by all counties and distributed to every taxing entity within a county in the proportion that the taxing entity's ad valorem taxes represents of the cumulative amount of ad valorem taxes levied county-wide. Such Specific Ownership Taxes is currently imposed at a graduated rate which varies from 2.1% of taxable value in the first year of ownership to \$3 per year in the tenth year of ownership and thereafter. Changes in State law pursuant to which the Specific Ownership Tax is collected and distributed are not within the control of the District, and could result in a decrease in the present Specific Ownership Tax rates and, as a result, the amount of Specific Ownership Tax received by the District.

Only the portion of the Specific Ownership Taxes which are collected as a result of the imposition of the Required Mill Levy by the District and remitted to the District is pledged to the payment of the Series 2019A Bonds and any outstanding Additional Bonds as Specific Ownership Tax Revenues.

Pledged Tax Increment Revenues. Generally, "**Pledged Tax Increment Revenues**" means, collectively, all of the following revenue sources, which are to be paid to the District by the Authority pursuant to the terms and conditions of the Redevelopment Agreement, including, without limitation, the provisions thereof concerning the applicable conditions that must be met in order for the Authority to commence disbursing such amounts:

- (d) the Pledged Property Tax TIF Revenues; and

(e) the Pledged Sales Tax TIF Revenues.

Pursuant to the Redevelopment Agreement, the Property Tax TIF Revenues shall be those revenues, if any, from the property tax levy of those taxing bodies that levy such taxes against the increment portion of the property tax assessment roll attributable to property in the District as calculated and allocated the Authority to property within the District each year as part of the total property tax increment revenue, if any, received by the Authority from the entire Urban Renewal Area in accordance with the Urban Renewal Law. For further discussion of the Pledged Property Tax TIF Revenues, see “RISK FACTORS–Risks related to Tax Increment Revenues Payable Under the Redevelopment Agreement,” “–Risks related to Property Tax TIF Revenues,” and “URBAN RENEWAL–The Redevelopment Agreement.”

Pursuant to the Redevelopment Agreement, the Sales Tax TIF Revenues shall be those revenues, if any, described in the City-Authority Agreement generated from taxable sales on or from the property within the District, if any, as calculated and allocated by the Authority to the property in the District each year as part of the total municipal sales tax increment revenue, if any, received by the Authority from the entire Urban Renewal Area in accordance with the Urban Renewal Law and the City-Authority Agreement. For further discussion of the Pledged Sale Tax TIF Revenues, see “RISK FACTORS–Risks related to Tax Increment Revenues Payable Under the Redevelopment Agreement,” “–Risks related to Sales Tax TIF Revenues,” and “URBAN RENEWAL–The Redevelopment Agreement.”

The total amount of revenues payable by the Authority to the District is limited as described under the caption “URBAN RENEWAL–The Redevelopment Agreement– *Authority Financing.*”

PIF Revenues. “*PIF Revenues*” means that portion of the Public Improvement Fee Revenue allocable to the imposition of such fee at the rate of 2.5%, together with any monies derived from the bringing of an action to foreclose any statutory or contractual lien of the PIF Covenant which may exist in connection therewith and including the revenue derived from the sale or other disposition of property acquired by the District from any action to enforce the collection of PIF Revenues.

The PIF was imposed by the Developer by recording a Declaration of Covenants Imposing and Implementing the Creekwalk Public Improvement Fee dated as of December 31, 2017 and recorded against all property in the Development (except for _____) (the “**PIF Property**”) in the real property records of the County on December 20, 2017 (the “**PIF Covenant**”). The PIF Covenant runs with the land and is a burden upon the property in the District against which it is recorded. Pursuant to the PIF Collection Agreement which will be entered into in connection with the issuance of the Series 2019 Bonds, _____ is expected to collect and disburse the PIF Revenue to the District, which is required in turn to remit such funds to the Trustee for payment of principal and interest on the Series 2019 Bonds.

The PIF is imposed on all PIF Sales that occur on the PIF Property. The PIF Covenant defines “PIF Sales” as any and all retail sales transactions by any retailer of services or tangible personal property initiated, consummated, conducted, transacted or otherwise occurring from or with into any portion of the PIF Property, which retail sales transactions are, following the date

of recording of the PIF Covenant, subject to the sales tax, plus any and all retail sales transactions by any retailer of tangible personal property initiated, consummated, conducted, transacted or otherwise occurring from or within any portion of the PIF Property which are from time to time in the future subject to a retail sales tax, but excluding any retail sales transactions specified as exempt from the definition of PIF Sales in the guidelines established by the District from time to time pursuant to the PIF Covenant. Notwithstanding the foregoing, all services offered by retailers within the PIF Property are considered PIF Sales to the extent that such services are specifically defined in the guidelines established by the District from time to time pursuant to the PIF Covenant.

The PIF is a private fee and is not a tax in any form. The PIF is not imposed by the County, the District or any other governmental entity or by means of any governmental taxing power. The PIF is not secured by a lien on the property in the District or any other property, and the District does not have the ability to foreclose on any property in order to enforce collection and payment of the PIF.

Additional Security for Only the 2019A Bonds

The 2019A Bonds are also secured by capitalized interest, by the Senior Reserve Fund, and by the Senior Surplus Fund. See “THE 2019A BONDS—Senior Funds and Accounts.” These funds do not secure the 2019B Bonds.

Senior Funds and Accounts

Creation of Senior Funds and Accounts. Under the Senior Indenture, there are created and established the following funds and accounts, which shall be established with and maintained by the Trustee in accordance with the provisions of the Senior Indenture: (a) the Revenue Fund; (b) the Senior Project Fund (and, therein, the Capitalized Interest Account); (c) the Senior Bond Fund; (d) the Senior Reserve Fund; (e) the Surplus Fund; (f) the Extraordinary Mandatory Redemption Fund; (g) the Rebate Fund; and (h) the Cost of Issuance Fund. The provisions of the Senior Indenture pertaining to the principal funds are described below.

Application of Revenues; the Revenue Fund. Pursuant to the Senior Indenture, the District agrees to deposit or cause to be deposited all Revenues with the Trustee promptly after its receipt thereof, and the Trustee is to deposit all Revenues, promptly upon receipt, in the Revenue Fund. In order to assure the proper application of moneys constituting Revenues, on and after the date of issuance of any other Bonds, Subordinate Bonds, or Junior Bonds, the District shall also transfer to the Trustee all moneys pledged to the payment of such Senior Bonds, Subordinate Bonds or Junior Bonds which are derived from the Revenues and any such moneys will constitute part of the Trust Estate.

The Trustee shall make transfers from the Revenue Fund to the following Funds and accounts in the amounts and in the order of priority set forth below; provided, however for purposes of the following: (a) when credits to more than one fund, account, or purpose are required at any single priority level, such credits shall rank *pari passu* with each other, and (b) when credits are required to go to funds or accounts which are not held by the Trustee under

the Senior Indenture, the Trustee may rely upon written instructions of the District with respect to the appropriate funds or accounts to which such credits are to be made:

FIRST: on each Calculation Date, to the Rebate Fund, in an amount equal to any deposits required to be made therein pursuant to the Senior Indenture;

SECOND: at least ten days prior to each Interest Payment Date, to the Senior Bond Fund, an amount equal to the interest to become due on the Outstanding Bonds in the current Bond Year, taking into account the amount to be transferred from the Capitalized Interest Account during such Bond Year pursuant to the Senior Indenture;

THIRD: at least ten days prior to each December 1, to the Senior Bond Fund, an amount equal to the amount of principal and premium, if any, payable on the Series 2019A Bonds on December 1 of the current Bond Year, whether pursuant to maturity or any scheduled mandatory sinking fund redemption established for a Series of Bonds;

FOURTH: at least ten days prior to each December 1, to the Senior Reserve Fund the amount necessary, if any, for the amount on deposit therein to equal the Senior Reserve Fund Requirement for the Series 2019A Bonds;

FIFTH: on December 1 of each Bond Year, to the Trustee to pay its fees and expenses as the same become due and payable;

SIXTH: after all deposits in the required amounts have been made under “first” through “fifth” above, amounts in the Revenue Fund for such Bond Year shall be transferred to the Surplus Fund, to the extent the Surplus Fund has not been closed in accordance with the terms of the Senior Indenture in the amount necessary, if any, for the amount on deposit therein to equal the Maximum Surplus Fund Amount, in accordance with the section of the Senior Indenture described in “—*Surplus Fund*” below;

SEVENTH: while any Subordinate Bonds are Outstanding, after all deposits in the required amounts have been made for the current Bond Year under “first” through “sixth” above and if and as long as the Surplus Fund is funded in an amount equal to the Maximum Surplus Fund Amount, amounts in the Revenue Fund for such Bond Year shall be transferred on December 1 of each Bond Year to any other fund or account established for the payment of the principal of, premium if any, and interest on such Subordinate Bonds, including any sinking fund, reserve fund or similar fund or account established therefor, the amounts required by a Subordinate Bonds trust indenture, or any resolution or other agreement or enactment authorizing the issuance of such Subordinate Bonds;

EIGHTH: while any Junior Bonds are Outstanding, after all deposits in the required amounts have been made for the current Bond Year under “first” through “seventh” above and if, and as long as the Surplus Fund is funded in an amount equal to the Maximum Surplus Fund Amount, amounts in the Revenue Fund for such Bond Year shall be transferred on December 16 of each Bond Year to any other fund or account established for the payment of the principal of, premium if any, and interest on such

Junior Bonds, the amounts required by the trust indenture, resolution, or other agreement or enactment authorizing the issuance of such Junior Bonds; and

NINTH: if the Surplus Fund is funded in an amount equal to the Maximum Surplus Fund Amount, the balance of amounts remaining in the Revenue Fund following the foregoing distributions shall be transferred to the District to be used for any lawful purpose.

The Senior Project Fund. Moneys deposited in the Capitalized Interest Account shall be transferred to the Senior Bond Fund prior to each Interest Payment Date, in the amount of interest payable on the Series 2019A Bonds on such Interest Payment Date or such lesser amount as is then on deposit in the Capitalized Interest Account.

The Trustee shall make payment from the Restricted Account of the Senior Project Fund (the “**Restricted Account**”) for the Authority Public Improvements in the amount requested on or before the third Business Day immediately following receipt of a Project Fund (Restricted Account) Disbursement Request (“**Restricted Account Request**”) in the form attached to the Senior Indenture to the extent there are funds available in the Restricted Account. In paying any Restricted Account Request, unless the Trustee has actual knowledge to the contrary, the Trustee may conclusively rely as to the completeness and accuracy of all statements in such Restricted Account Request if such Restricted Account Request is signed by the Authorized Representative and the District’s Account, and the Trustee shall not be required to make any independent investigation in connection therewith. The execution of any Restricted Account Request by an Authorized Representative and the District’s Account shall constitute, unto the Trustee, an irrevocable determination that all conditions precedent to the payments requested have been completed. If any amounts remain in the Restricted Account following payment in full of all Authority Public Improvements as certified to the Trustee by an Authorized Representative of the Issuer, such amount shall be transferred from the Restricted Account to the Unrestricted Account of the Senior Project Fund.

The Trustee shall make payment from the Unrestricted Account in the amount requested on or before the third Business Day immediately following receipt of a Senior Project Fund Disbursement Request to the extent that there are funds available therein. In paying any such Senior Project Fund Disbursement Request, unless the Trustee has actual knowledge to the contrary, the Trustee may conclusively rely as to the completeness and accuracy of all statements in such Senior Project Fund Disbursement Request if such Senior Project Fund Disbursement Request is signed by the Authorized Representative and the District’s Accountant, and the Trustee shall not be required to make any independent investigation in connection therewith. The execution of any Senior Project Fund Disbursement Request by an Authorized Representative and the District’s Accountant shall constitute, unto the Trustee, an irrevocable determination that all conditions precedent to the payments requested have been completed.

If there are any moneys remaining in the Restricted Account or the Unrestricted Account of the Senior Project Fund on the third anniversary of the Closing Date for the Series 2019A Bonds, or upon the payment of all Project Costs payable from the Senior Project Fund, to be evidenced by a certificate of the Authorized Representative delivered to the Trustee, any moneys remaining in the Senior Project Fund shall be transferred to the Senior Bond Fund and applied by

the Trustee, without any direction of the District, to the redemption of Series 2019A Bonds, pursuant to the special mandatory redemption provisions of the Senior Indenture described in “—Redemption—*Special Mandatory Redemption*” above. Any amounts representing investment earnings on the amounts in the Senior Project Fund between the date when a notice of redemption is given pursuant to the Senior Indenture and the date fixed for redemption in such notice, to the extent such amounts are not used for such redemption, shall be applied by the Trustee to pay maturing principal or interest on the Series 2019A Bonds.

Upon the occurrence and continuance of an Event of Default, the Trustee will cease transferring moneys from the Restricted Account to the Unrestricted Account and cease disbursing moneys from the Unrestricted Account, but shall instead apply such moneys in the manner provided in the Senior Indenture as described under the caption “—Events of Default and Remedies.”

In the event that additional Bonds are issued in accordance with the provisions of the Senior Indenture, the Senior Indenture provides that such additional Bonds are to be secured by the Senior Project Fund in the same manner as the Series 2019A Bonds. See “—Additional Obligations—*Additional Senior Bonds*” below.

The Senior Bond Fund. Moneys deposited from time to time in the Senior Bond Fund, and amounts transferred thereto from the Surplus Fund, the Senior Project Fund or the Senior Reserve Fund (in such order of priority), shall be applied by the Trustee to pay principal and interest on all Bonds Outstanding as they become due. The Trustee may create subaccounts in the Senior Bond Fund for the payment of principal and interest. Moneys deposited in the Senior Bond Fund from sources other than investment earnings on any account created therein shall be spent within a 13-month period beginning on the date of deposit, and any amount received from the investment of money held in or transferred to any Fund created or permitted in the Senior Indenture shall be spent within one year beginning on the date of receipt. For purposes of the foregoing sentence, money deposited in any account or subaccount of the Senior Bond Fund shall be deemed spent on a first-in, first-out basis.

The Trustee shall deposit from the Revenue Fund in accordance with the Senior Indenture the amounts required to pay the mandatory sinking fund payments on the Series 2019A Bonds in the Senior Bond Fund at such time as the mandatory sinking fund payments are to be paid. See “THE SERIES 2019A BONDS—Redemption—*Mandatory Sinking Fund Redemption*.”

In the event that additional Bonds are issued in accordance with the provisions of the Senior Indenture, the Senior Indenture provides that such Bonds are to be secured by the Senior Bond Fund in the same manner as the Series 2019A Bonds. See “—Additional Obligations—*Additional Senior Bonds*” below.

The Senior Reserve Fund. On any Interest Payment Date, in the event that a deficiency exists in the Senior Bond Fund, the Trustee shall transfer funds on deposit in the Senior Reserve Fund to the Senior Bond Fund in the amount necessary to satisfy any deficiency that may exist in such Fund, but only to the extent the amounts in the Surplus Fund have first been transferred to the Senior Bond Fund and are not available to satisfy such deficiency.

The Trustee shall give timely notice to the District at any time when the balance of money in the Senior Reserve Fund is less than the Senior Reserve Fund Requirement (\$_____*)).

Any moneys at any time in the Senior Reserve Fund in excess of the Senior Reserve Fund Requirement, including investment earnings derived from amounts on deposit in the Senior Reserve Fund, may (and as may be necessary to comply with the tax covenants set forth in the Senior Indenture shall) be withdrawn therefrom and transferred to the Senior Bond Fund for payment of the principal of and interest on the Series 2019A Bonds.

If at any time the aggregate amount of funds available in the Senior Reserve Fund (subject to any restriction on the application of such accounts set forth above), together with amounts available in the Bond Fund and the Surplus Fund (subject to the provisions described above in “—Surplus Fund”) are sufficient to pay principal and interest on all Bonds then Outstanding, such amounts in the Senior Reserve Fund shall be transferred to the Senior Bond Fund and applied to payment of such Bonds in accordance with the Senior Indenture. Furthermore, upon the final maturity date or the date on which a Series of Bonds is paid or defeased in full, there is to be released from the Senior Reserve Fund an amount equal to the Senior Reserve Fund Requirement for such Series of Bonds, or such lesser amount as would result in their remaining on deposit in the Senior Reserve Fund the Senior Reserve Fund Requirement for all other Series of Bonds remaining Outstanding.

In the event that additional Bonds are issued in accordance with the provisions of the Senior Indenture, the Senior Indenture provides that such additional Bonds are to be secured by the Senior Reserve Fund in the same manner as the Series 2019A Bonds. See “—Additional Obligations—*Additional Senior Bonds*” below.

The Surplus Fund. Pursuant to the Senior Indenture, there is established with the Trustee the Surplus Fund that shall be maintained by the Trustee in the amounts required by the Senior Indenture as described in the paragraph below. The Trustee shall apply all moneys deposited to the Surplus Fund, without the necessity of the District’s direction, to the Senior Bond Fund in an amount equal to the difference between the amount on deposit in the Senior Bond Fund and the full amount required to be deposited therein to pay on a pro rata basis (based on the Outstanding principal amounts of each Series of Bonds) the principal or redemption price of, or interest on the Series 2019A Bonds, when due. Such deposit shall be made prior to any transfer from the Senior Reserve Fund.

Subject to the receipt of sufficient Revenues, the Surplus Fund shall be funded in an amount up to the Maximum Surplus Fund Amount (\$_____*). The Surplus Fund shall be funded solely as provided in the Senior Indenture and except as provided therein, the District has no obligation to fund the Surplus Fund in any amount. See “—Senior Funds and Accounts—Application of Revenues; the Revenue Fund.”

In the event that additional Bonds are issued in accordance with the provisions of the Senior Indenture, the Senior Indenture provides that such additional Bonds are to be secured by

* Preliminary; subject to change.

* Preliminary; subject to change

the Surplus Fund in the same manner as the Series 2019A Bonds. See “—Additional Obligations—Additional Senior Bonds” below.

On the Surplus Release Date, all amounts on deposit in the Surplus Fund shall be transferred by the Trustee to the Extraordinary Mandatory Redemption Fund and used to redeem Series 2019A Bonds in accordance with the extraordinary mandatory redemption provisions of the Senior Indenture. The calculations demonstrating that _____ required by the definition of “Surplus Release Date” shall be made by the District’s Accountant and set forth in a written certificate signed by the District and the District’s Accountant and delivered to the Trustee. After such transfer of all money in the Surplus Fund, it shall be closed by the Trustee.

Refunding Bonds issued to refund a portion of the Series 2019A Bonds which are secured by the Surplus Fund may be secured by the Surplus Fund in the same fashion as the Series 2019A Bonds remaining Outstanding after issuance of such Refunding Bonds, and if so secured, such Refunding Bonds will have a claim upon the Surplus Fund which ranks *pari passu* with the claim of the Series 2019A Bonds remaining Outstanding after issuance of such Refunding Bonds

The Extraordinary Mandatory Redemption Fund. Revenues on deposit in the Extraordinary Mandatory Redemption Fund pursuant to the transfer made in accordance with the section of the Senior Indenture described in “—Surplus Fund” above, are to be applied by the Trustee to redeem Series 2019A Bonds in Authorized Denominations on any date as provided in the Senior Indenture, at par, plus accrued interest. The particular Series 2019A Bonds to be called for such redemption are to be selected at the direction of the District.

Moneys deposited in the Extraordinary Mandatory Redemption Fund from sources other than investment earnings on any account created therein are to be spent within a 13-month period beginning on the date of deposit, and any amount received from the investment of money held in or transferred to any fund created or permitted in the Senior Indenture is required to be spent within one year beginning on the date of receipt. For purposes of this provision, money deposited in Extraordinary Mandatory Redemption Fund will be deemed spent on a first-in, first-out basis.

Investment of Funds. Interest and income received upon investment of moneys in the Rebate Fund shall be deposited into the Revenue Fund. Interest and income received upon investment of moneys in the Senior Reserve Fund (to the extent the Senior Reserve Fund Requirement has been achieved) and the Extraordinary Mandatory Redemption Fund shall be deposited in the Senior Bond Fund and used in accordance with the requirements of the Senior Indenture. Interest and income received upon investment of moneys in the Surplus Fund (to the extent the Maximum Surplus Fund Amount has been achieved) shall be deposited in the Senior Bond Fund. Otherwise the interest and income received upon such investments of any fund or account and any profit or loss resulting from the sale of any investment shall be added or charged to such fund or account.

Additional Obligations

No Superior Lien Bonds. Nothing in the Senior Indenture permits the District to issue bonds or other securities or incur other obligations having a lien on the Revenues superior to the lien thereon of the Series 2019A Bonds, and any such bonds or other securities or other obligations are prohibited. Furthermore, the District is not to issue or incur bonds, notes, or other obligations payable in whole or in part from, or constituting a lien upon, the Revenues or any debt service mill levy of the District, other than Additional Senior Bonds, Refunding Bonds, Subordinate Bonds, and Junior Bonds issued in accordance with the provisions described below, and obligations subject to annual appropriation. See also “THE SERIES 2019B BONDS—Additional Obligations—*Additional Senior Bonds.*”

Additional Senior Bonds. Pursuant to the Senior Indenture, the District is permitted to issue an additional series of Senior Bonds (pursuant to a Supplemental Senior Indenture) with the prior written consent of all of the Bondholders of the then Outstanding Senior Bonds, or without such consent subject to the following conditions:

(a) the District is in substantial compliance with all of the covenants of the Senior Indenture and no Event of Default has occurred and is continuing;

(b) delivery by the District to the Trustee of the following (i) a certificate of an Authorized Representative (A) setting forth the aggregate annual Debt Service on the Outstanding Bonds after giving effect to the issue of such Additional Senior Bonds, and (B) establishing that the amount of Revenues available to the District in the most recently concluded Fiscal Year equaled or exceeded [150]% of the annual Debt Service on the Outstanding Bonds in such Fiscal Year, and (ii) a Revenue Study setting forth the projected Revenues for each Fiscal Year following the issuance of the Additional Senior Bonds, together with a certificate of an Authorized Representative to the effect that, based on the Revenue Study, the amount of Revenues that will be available to the District during each of the future Fiscal Years will equal or exceed 125% of the annual Debt Service on the all Bonds that will then be Outstanding following the issuance of the Additional Bonds;

(c) on the date of the issuance of the proposed series of Additional Bonds, the Trustee shall be in receipt of the originally executed counterparts of a Supplemental Indenture, designating the new Series to be created and prescribing expressly or by reference to the Series 2019A Bonds of such Series: (i) the principal amount of such Series; (ii) the terms of such Series; (iii) the maturity dates thereof, which shall be a December 1; (iv) the rate or rates of interest and the date from which, and the date or dates on which, interest is payable, which shall be the same dates as the Interest Payment Dates for the Series 2019A Bonds; (v) provisions as to redemption; (vi) provisions regarding any debt service fund; (vii) provisions regarding any surplus fund; (viii) any additional security to be provided for such Bonds; (ix) any other provisions necessary to describe and define such Series within the provisions and limitations of the Senior Indenture; and (x) any other provisions and agreements in respect thereof provided, or not prohibited, by the Senior Indenture;

(d) on the date of the issuance of the proposed new Series of Bonds, the Trustee shall be in receipt of an opinion or opinions of Bond Counsel acceptable to the Trustee to the effect that (i) all instruments furnished to the Trustee conform to the requirements of the Senior Indenture and constitute sufficient authority under the Senior Indenture for the Trustee to authenticate and deliver the new Series of Bonds then proposed to be issued, (ii) the new Series of Bonds then proposed to be issued, when issued, will be secured by the lien of the Senior Indenture, as supplemented by the Supplemental Indenture, to the extent provided in the Senior Indenture and in the Supplemental Indenture, and (iii) any exclusion from gross income for federal income tax purposes of the interest on the Outstanding Tax-Exempt Bonds will not be impaired by the issuance of the Additional Bonds then proposed to be issued;

(e) evidence of compliance with the Senior Reserve Fund Requirement with respect to each Outstanding Series of Bonds and the Series of Bonds proposed to be issued; and

(f) evidence that the Surplus Fund is funded up to the Maximum Surplus Fund Amount.

Refunding Bonds. Notwithstanding any other provision contained in the Senior Indenture, Refunding Bonds may be issued as Bonds in such principal amount as may be necessary to refund a Series of the Outstanding Bonds or Subordinate Bonds, provided that such Refunding Bonds do not increase the District's Debt Service (there shall be excluded from the definition of Debt Service to become due with respect to the proposed Refunding Bonds in their final maturity, the proceeds thereof deposited in the Senior Reserve Fund or any other reserve fund and anticipated to be available for payment on such Refunding Bonds at their final maturity) in any year during which the Refunding Bonds and any other Bonds are Outstanding, and the maturity date of the Refunding Bonds is no later than the maturity date of the Outstanding Bonds being refunded (unless at least 51% in aggregate principal amount of the Outstanding Subordinate Bond owners agree in writing to a later maturity date), if prior thereto or simultaneously therewith there are filed with the Trustee:

(a) on the date of the issuance of the proposed series of Refunding Bonds, the Trustee shall be in receipt of the originally executed counterparts of a Supplemental Indenture, designating the new Series to be created and prescribing expressly or by reference to the Series 2019A Bonds of such Series: (i) the principal amount of such Series; (ii) the terms of such Series; (iii) the maturity dates thereof, which shall be a December 1; (iv) the rate or rates of interest and the date from which, and the date or dates on which, interest is payable, which shall be the same dates as the Interest Payment Dates for the Series 2019A Bonds; (v) provisions as to redemption; (vi) provisions regarding any debt service fund; (vii) provisions regarding any surplus fund; (viii) any additional security to be provided for such Bonds; (ix) any other provisions necessary to describe and define such Series within the provisions and limitations of the Senior Indenture; and (x) any other provisions and agreements in respect thereof provided, or not prohibited, by the Senior Indenture;

(b) on the date of the issuance of the proposed Series of Refunding Bonds, the Trustee shall be in receipt of an opinion or opinions of Bond Counsel acceptable to the Trustee to the effect that (i) all instruments furnished to the Trustee conform to the requirements of the Senior Indenture and constitute sufficient authority under the Senior Indenture for the Trustee to authenticate and deliver the Series of Refunding Bonds then proposed to be issued, (ii) the Series of Refunding Bonds then proposed to be issued, when issued, will be secured by the lien of the Senior Indenture, as supplemented by the Supplemental Indenture, to the extent provided in the Senior Indenture and in the Supplemental Indenture, and (iii) any exclusion from gross income for federal income tax purposes of the interest on the Outstanding Tax-Exempt Bonds will not be impaired by the issuance of the Refunding Bonds then proposed to be issued;

(c) evidence of compliance with the Senior Reserve Fund Requirement with respect to each Outstanding Series of Bonds and the Series of Bonds proposed to be issued;

(d) evidence that the Surplus Fund is funded up to the Maximum Surplus Fund Amount;

(e) if any Senior Bonds to be refunded are to be call for prior redemption at the option of the District, a certificate of the Authorized Representative that irrevocable instructions to give due and timely notice of such redemption have been given; and

(f) a certificate of the Authorized Representative that either (i) moneys in an amount sufficient to effect payment of the Debt Service of the Series 2019A Bonds to be refunded, as the same became due, are held (or are required to be deposited) in an escrow account or with the Trustee in trust for such purpose, or (ii) Government Obligations as are permitted by the Senior Indenture are held (or are required to be deposited) in an escrow account or with the Trustee in such principal amounts, of such maturities, bearing such interest, if any, and otherwise having such terms and qualifications as are set forth in the Senior Indenture, to provide, together with any moneys so held (or required to be deposited), for the payment of the debt service of the Series 2019A Bonds to be refunded, as the same become due, which federal securities and moneys are held (or are required to be deposited) in trust in accordance with the Senior Indenture.

Permitted Subordinate Bonds. The Senior Indenture permits the District to issue one or more issues of Subordinate Bonds, in addition to the Series 2019B Bonds. The terms of the Subordinate Bonds shall be as provided in the documents pursuant to which they are issued; provided that:

(a) the maximum mill levy which the District can impose for payment of the Subordinate Bonds is [50] mills, less the Required Mill Levy pledged to Senior Bonds (the “Subordinate Required Mill Levy”), provided, however, that such maximum levy amount of [50] mills shall be adjusted to take into account legislative or constitutionally imposed adjustments in assessed values or the method of their calculation after the Closing Date, such adjustments to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax

revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes; among other adjustments, a change in the ratio of actual valuation of assessable property shall be deemed to be a change in the method of calculating assessed valuation; and

(b) the Subordinate Bonds shall be payable as to both principal and interest on an annual basis, on a date which is after the final principal or interest payment date due in that calendar year on all Bonds.

A written certificate from the President or Vice President or Treasurer of the District that the conditions for issuance of the Subordinate Bonds set forth above are met shall conclusively determine the right of the District to authorize, issue, sell, and deliver Subordinate Bonds in accordance with the Senior Indenture.

Permitted Junior Bonds. The Senior Indenture also permits the District to issue one or more issues of Junior Bonds. The terms of the Junior Bonds shall be as provided in the documents pursuant to which they are issued; provided that:

(a) the Junior Bonds are expressly payable solely from the Revenues on a basis subordinate to the Senior Bonds and from the Subordinate Pledged Revenues on a basis subordinate to the Subordinate Bonds;

(b) the Junior Bonds shall not give the owners thereof or any other person any rights to impair, affect, or consent to issuance, amendment, or refinancing of the Senior Bonds or the Subordinate Bonds, which issuance, amendment, or refinancing shall be on such terms and conditions as determined by the Board in accordance with the Senior Indenture; and

(c) the Junior Bonds shall be payable as to both principal and interest on an annual basis, on a date which is after the final principal or interest payment date due in that calendar year on all Senior Bonds and after payment in full of all outstanding Subordinate Bonds.

A written certificate from the President or Vice President or Treasurer of the District that the conditions for issuance of the Junior Bonds set forth above are met shall conclusively determine the right of the District to authorize, issue, sell, and deliver Junior Bonds in accordance with the Senior Indenture.

Events of Default and Remedies

Events of Default under the Senior Indenture. The Senior Indenture provides that the occurrence of any one or more of the following events or the existence of any one or more of the following conditions shall constitute an “**Event of Default**” under the Senior Indenture (whatever the reason for such event or condition and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree, rule, regulation, or order of any court or any administrative or governmental body), and there shall be no default or Event of Default under the Senior Indenture except as provided below:

(a) The District fails to impose the Required Mill Levy as provided in the Senior Indenture; or

(b) The District fails to collect the Revenues or apply the Revenues as required by the Senior Indenture for a period of 45 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the District by the Trustee, or to the District and the Trustee by the Required Holders; or

(c) If the District shall fail to observe or perform any covenant or agreement on its part under the Senior Indenture other than those covenants and agreements listed under subsection (a) above, for a period of 60 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the District by the Trustee, or to the District and the Trustee by the Required Holders, provided, however, that if the breach of covenant or agreement is one which cannot be completely remedied within the 60 days after written notice has been given, it shall not be an Event of Default with respect to such Series as long as the District has taken active steps within the 60 days after written notice has been given to remedy the failure and is diligently pursuing such remedy; or

(d) If the District shall institute proceedings to be adjudicated as bankrupt or insolvent, or shall consent to the institution of bankruptcy or insolvency proceedings against it, or shall file a petition or answer or consent seeking reorganization or relief under the Bankruptcy Code or any other similar applicable federal or state law, or shall consent to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee or sequestrator (or other similar official) of the District or of any substantial part of its respective property, or shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due; or

It is acknowledged that due to the limited nature of the Revenues, the failure to pay the principal of or interest on the Series 2019A Bonds when due shall not, in and of itself, constitute an Event of Default under the Senior Indenture, if the District is otherwise in compliance with all provisions thereof.

Remedies upon Occurrence of Events of Default under the Senior Indenture. Except as may be provided in a Supplemental Indenture applicable to a Series of Bonds Outstanding under the Senior Indenture, there shall be no rights of acceleration with respect to the Series 2019A Bonds. Following the occurrence of an Event of Default, the Trustee may enforce each and every right granted to the District or the Trustee under the Senior Indenture. In exercising such rights and the rights given the Trustee under the Senior Indenture, the Trustee is required to take such action as, in the judgment of the Trustee applying the standards described in the Senior Indenture, would best serve the interests of the Owners.

Legal Proceedings by Trustee. If any Event of Default has occurred and is continuing, the Trustee in its discretion may, and upon the written request of the Majority Interest and receipt of indemnity to its satisfaction, shall, in its own name (a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners, including the right to require the

District any rights under the Senior Indenture, the Redevelopment Agreement, the PIF Covenant, and the PIF Collection Agreement and to require the District to carry out any other provisions of the Senior Indenture for the out any provisions of the Senior Indenture for the benefit of the Owners, and (b) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners. If any proceeding commenced by the Trustee on account of any Event of Default is discontinued or is determined adversely to the Trustee, then the District, the Trustee, and the Owners and Beneficial Owners shall be restored to their former positions and rights under the Senior Indenture as though no proceedings had been commenced.

Limitations on Actions by Owners of the Series 2019A Bonds. No Owner shall have any right to pursue any remedy under the Senior Indenture unless: (a) the Trustee shall have been given written notice of an Event of Default; (b) the Majority Interest shall have requested the Trustee, in writing, to exercise the powers granted by the Senior Indenture or to pursue such remedy in its or their name or names; (c) the Trustee shall have been offered indemnity satisfactory to it against costs, expenses and liabilities; and (d) the Trustee shall have failed to comply with such request within a reasonable time.

Certain Indenture Provisions

The following is a description of certain provisions of the Senior Indenture and is subject in all respects to the more specific provisions of the Senior Indenture.

Redevelopment Agreement. The District agrees that, without the prior written consent of the Majority Interest, it will not consent to any amendment of or modification to the Redevelopment Agreement that would in any manner adversely impact the pledge of revenue for, or the payment of Debt Service with respect to the Series 2019A Bonds or other Senior Bonds.

Tax Covenants. The District covenants in the Senior Indenture for the benefit of the Owners of the Tax-Exempt Bonds that, notwithstanding any other provision of the Senior Indenture or any other instrument, it will make no investment or other use of the proceeds of the Tax-Exempt Bonds which would cause such Bonds to be arbitrage bonds under Section 148 of the Code and the regulations thereunder, and it further covenants that it will comply with the requirements of such Section and regulations. The foregoing covenants shall extend throughout the term of the Tax-Exempt Bonds, to all Funds created under the Senior Indenture and all moneys on deposit to the credit of any such Fund, and to any other amounts which are Tax-Exempt Bond proceeds for purposes of Section 148 of the Code, and the regulations thereunder. See "TAX MATTERS."

Amendments or Supplements to the Senior Indenture. The Senior Indenture may be amended or supplemented at any time and from time to time, without the consent of the Series 2019A Bondholders, by a Supplemental Indenture between the District and the Trustee, for one or more of the following purposes:

- (a) to add additional covenants of the District or to surrender any right or power in the Senior Indenture conferred upon the District;

(b) to cure any ambiguity or formal defect or omission in the Senior Indenture;

(c) to correct or supplement any provision in the Senior Indenture which may be inconsistent with any other provision in the Senior Indenture, or to make any other provisions with respect to matters or questions arising under the Senior Indenture that shall not materially adversely affect the interests of the Series 2019A Bondholders;

(d) for any purpose not inconsistent with the terms of the Senior Indenture or to cure any ambiguity or to correct or supplement any provision contained in the Senior Indenture or in any Supplemental Indenture which may be defective or inconsistent with any other provision contained in the Senior Indenture or in any Supplemental Indenture, or to make such other provisions in regard to matters or questions arising under the Senior Indenture which shall not be inconsistent with the provisions of the Senior Indenture and which, in each case, shall not adversely affect the interests of the holders of the Series 2019A Bonds, including the appointment and duties of a Co-Paying Agent, Bond Registrar or Authenticating Agent;

(e) to modify, eliminate or add to the provisions of the Senior Indenture to such extent as shall be necessary to effect the qualification of the Senior Indenture under the Trust Indenture Act of 1939 or under any similar federal statute enacted after issuance of the Series 2019A Bonds, and to add to the Senior Indenture such other provisions as may be expressly permitted by the Trust Indenture Act of 1939, as from time to time amended;

(f) to provide details in connection with the issuance of any Series of Bonds the Senior Indenture;

(g) to modify, eliminate or add to the provisions of the Senior Indenture to such extent as shall be necessary to obtain an investment grade rating on the Series 2019A Bonds;

(h) to grant to or confer or impose upon the Trustee for the benefit of the owners of the Series 2019A Bonds any additional rights, remedies, powers, authority, security, liabilities or duties which may lawfully be granted, conferred or imposed and which are not contrary to or inconsistent with the Senior Indenture as theretofore in effect, including to provide for a debt service reserve fund;

(i) to permit the appointment of a Co-Trustee under the Senior Indenture;

(j) to authorize different Authorized Denominations of the Series 2019A Bonds and to make correlative amendments and modifications to the Senior Indenture regarding exchangeability of the Series 2019A Bonds of different Authorized Denominations, redemptions of portions of the Series 2019A Bonds of particular Authorized Denominations and similar amendments and modifications of a technical nature;

(k) to modify, alter, supplement or amend the Senior Indenture to comply with changes in the Code affecting the status of interest on the Series 2019A Bonds as excluded from gross income for federal income tax purposes or the obligations of the District in respect of Section 148 of the Code;

(l) to remove the Trustee in accordance with the Senior Indenture;

(m) to accommodate the technical, operational and structural features of Series 2019A Bonds which are issued or are proposed to be issued to finance or refinance Authorized Projects which have been authorized or are proposed to be authorized, including, but not limited to, changes needed to accommodate bond anticipation notes, commercial paper, and other discounted or compound interest Series 2019A Bonds or other forms of indebtedness which the District from time to time deems appropriate to incur;

(n) to provide for the issuance of a Series of Bonds so long as such issuance complies with the terms of the Senior Indenture;

(o) to make any amendments appropriate or necessary to provide for any insurance policy, irrevocable transferable letter of credit, guaranty, surety bond, line of credit, revolving credit agreement or other agreement or security device delivered to the Trustee and providing for (i) payment of the principal, interest and redemption premium on the Series 2019A Bonds or a portion thereof; (ii) payment of the purchase price of the Series 2019A Bonds; or (iii) both clauses (i) and (ii), provided however, that if such agreement or security device is for a specific Series of Bonds, the use of such agreement or security device does not materially adversely affect the interests of the Bondholders of any other Bonds (including the Series 2019A Bonds);

(p) to modify, alter, amend or supplement the Senior Indenture in any other respect which is not materially adverse to the Bondholders.

Before the District and the Trustee shall enter into any Supplemental Indenture pursuant to the foregoing, there shall have been delivered to the Trustee an opinion of Bond Counsel stating that such Supplemental Indenture is authorized or permitted by law and is authorized under the Senior Indenture, that such Supplemental Indenture will, upon the execution and delivery thereof, be valid and binding upon the District in accordance with its terms and will not adversely affect the exclusion from gross income of the interest on the Series 2019A Bonds for federal income tax purposes.

Other than amendments permitted as described above, the Senior Indenture may be amended from time to time, by a Supplemental Indenture approved by a Majority Interest, including the modification of (1) the principal, premium, if any, or interest payable upon the Series 2019A Bonds or (2) the dates of maturity or redemption provisions of the Series 2019A Bonds; provided that no amendment shall be made which adversely affects one or more but less than all the Series 2019A Bonds without the consent of the owners of at least 51% of all Outstanding Series 2019A Bonds so affected. No amendment of the amendment provisions of

the Senior Indenture described in this “—Amendments or Supplements to the Senior Indenture” section may be effected without the consent of Bondholders of all Outstanding Senior Bonds.

Before the District and the Trustee shall enter into any Supplemental Indenture pursuant to the foregoing, there shall have been delivered to the Trustee an opinion of Bond Counsel stating that such Supplemental Indenture is authorized or permitted by law and is authorized under the Senior Indenture, that such Supplemental Indenture will, upon the execution and delivery thereof, be valid and binding upon the District in accordance with its terms and will not adversely affect the exclusion from gross income of the interest on the Series 2019A Bonds for federal income tax purposes.

Book-Entry Only System. The Series 2019A Bonds will be available only in book-entry form in the principal amount of \$100,000 or any other Authorized Denomination. DTC will act as the initial securities depository for the Series 2019A Bonds. The ownership of one fully registered Series 2019A Bond for each maturity and interest rate, as set forth on the cover page of this Limited Offering Memorandum, in the aggregate principal amount of such maturity and interest rate coming due thereon, will be registered in the name of Cede & Co., as nominee for DTC. See “APPENDIX E—BOOK-ENTRY-ONLY SYSTEM.”

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE SERIES 2019A BONDS, REFERENCES IN THIS LIMITED OFFERING MEMORANDUM TO THE OWNERS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

Neither the District nor the Trustee will have any responsibility or obligation to DTC’s Direct Participants or Indirect Participants (defined in APPENDIX E), or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, the Indirect Participants or the beneficial owners of the Series 2019A Bonds as further described in “APPENDIX E—BOOK-ENTRY-ONLY SYSTEM” to this Limited Offering Memorandum.

None of the District, the Trustee or the Underwriter has any responsibility or obligation to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC or any DTC Participant, (ii) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the Owners of the Series 2019A Bonds under the Indenture, (iii) the payment by DTC or any DTC Participant of any amount received under the Indenture with respect to the Series 2019A Bonds, (iv) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2019A Bonds or (v) any other related matter.

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THE SERIES 2019B BONDS

Description

General. The Series 2019B Bonds will be issued in the principal amount, and will be dated and will mature as indicated on the cover page of this Limited Offering Memorandum. For a complete statement of the details and conditions of the Series 2019B Bond issue, reference is made to the Subordinate Indenture, a copy of which is available from the Underwriter prior to delivery of the Series 2019B Bonds. See “INTRODUCTION–Additional Information.”

The Series 2019B Bonds are authorized, issued, and secured by and in accordance with the Indenture. No covenant, agreement, or other provision of the Subordinate Indenture secures or is otherwise made by the District or the Trustee for the benefit of the Owners of the Series 2019B Bonds.

THE SERIES 2019B BONDS ARE SOLELY THE OBLIGATIONS OF THE DISTRICT. UNDER NO CIRCUMSTANCES SHALL ANY OF THE SERIES 2019B BONDS BE CONSIDERED OR HELD TO BE AN INDEBTEDNESS, OBLIGATION OR LIABILITY OF THE AUTHORITY, THE CITY AND COUNTY OF COLORADO SPRINGS, THE STATE OF COLORADO OR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE DISTRICT. SEE “SECURITY FOR THE SERIES 2019B BONDS,” “DISTRICT REVENUES,” AND “DISTRICT FINANCIAL INFORMATION.”

Authorization. The Series 2019B Bonds are issued under authority of the constitution and laws of the State, particularly the Business Improvement District Act and the Supplemental Act, and pursuant to the Bond Resolution and the Subordinate Indenture. Authorization for the issuance of the Series 2019B Bonds has also been obtained from the District’s electorate as discussed in “DEBT STRUCTURE–Required Elections.”

Authorized Denominations of the Series 2019B Bonds

The Series 2019B Bonds are issued solely as fully registered certificates in the denomination of \$500,000, and any integral multiple of \$1,000 in excess thereof.

Payment of Principal and Interest

The Series 2019B Bonds will bear interest at the rates set forth on the front cover hereof (computed on the basis of a 360-day year of twelve 30-day months). Interest is payable annually on December 15, each year, commencing December 15, 2019.

To the extent principal of any Series 2019B Bond is not paid when due in accordance with the Subordinate Indenture, including, without limitation on the maturity date for such Series 2019B Bond, such principal shall remain outstanding until paid. To the extent interest on any Series 2019B Bond is not paid when due, such interest shall compound annually on each December 15 at the rate then borne by such Series 2019B Bonds. Notwithstanding anything in the Subordinate Indenture to the contrary, the District shall not be obligated to pay more than the amount permitted by law and the electoral authorization (including the Election) in repayment of the Series 2019B Bonds, including all payments of principal, premium, if any, and interest.

The principal, redemption price or interest of any Series 2019B Bond shall be payable when due, upon surrender of such Series 2019B Bond, in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts, at the Principal Office of any Paying Agent. Interest on any Series 2019B Bond on each Interest Payment Date in respect thereof shall be payable by check mailed to the address of the person entitled thereto as such address shall appear in the Bond Register, or, at the request of an Owner of \$1,000,000 or more in principal amount of Series 2019B Bonds, by wire transfer to an account designated in writing by such Owner.

Interest on any Bond which is payable, and is punctually paid or duly provided for, on an Interest Payment Date shall be paid to the person in whose name that Series 2019B Bond is registered at the close of business on the Regular Record Date for such interest. Any interest on any Series 2019B Bond which is payable, but is not punctually paid or provided for, on any Interest Payment Date shall forthwith cease to be payable to the Owner of such Series 2019B Bond on the relevant Regular Record Date or Interest Payment Date by virtue of having been such owner, and such unpaid interest shall be paid to the person in whose name the Series 2019B Bond is registered at the close of business on a Special Record Date to be fixed by the Trustee, such date to be no more than 15 nor fewer than 10 days prior to the date of proposed payment. The Trustee shall cause notice of the proposed payment of such unpaid interest and the Special Record Date therefor to be mailed, first class postage prepaid, to the Bond Registrar and the Paying Agent and to each Series 2019B Bondholder at his address as it appears in the Bond Register, not fewer than 10 days prior to such Special Record Date.

Subject to the foregoing provisions, each Series 2019B Bond delivered under the Subordinate Indenture upon registration of transfer of or exchange for or in lieu of any other Series 2019B Bonds shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Series 2019B Bonds.

Payments for the principal of and interest on the Series 2019B Bonds will be made as described in “APPENDIX E—BOOK-ENTRY-ONLY SYSTEM.”

“Cash Flow” Nature of Series 2019B Bonds

The Series 2019B Bonds are structured as “cash flow” bonds, meaning that there are no scheduled payments of principal thereof prior to the final maturity date. Rather, principal on the Series 2019B Bonds is payable on December 15 from, and to the extent of, Subordinate Pledged Revenues available therefor, if any, in accordance with the terms of the Subordinate Indenture, pursuant to a special mandatory redemption more particularly described in “—Redemption—*Mandatory Redemption*” below and “—Certain Subordinate Indenture Provisions—*The Subordinate Project Fund; Special Mandatory Redemption.*” *As demonstrated in the Financial Forecast, it is not anticipated that there will be any Subordinate Pledged Revenues available to pay accrued interest on the Series 2019B Bonds until 20__*, and it is not anticipated that there will be Subordinate Pledged Revenues sufficient to result in the payment of any portion of principal of the Series 2019B Bonds until 20__*. The Financial Forecast is based on certain assumptions more particularly set forth therein. There is no*

* Preliminary; subject to change

assurance that Subordinate Pledged Revenues will be sufficient to make payment on the Series 2019B Bonds as projected in the Financial Forecast, or ever. See also the Financial Forecast, attached as APPENDIX C hereto.

Redemption

Optional Redemption. The Series 2019B Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on December 1, 20__, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption*</u>	<u>Redemption Premium</u>
December 1, 20__, to November 30, 20__	3.00%
December 1, 20__, to November 30, 20__	2.00
December 1, 20__, to November 30, 20__	1.00
December 1, 20__, and thereafter	0.00

Special Mandatory Redemption (Unspent Subordinate Project Funds). If there are any moneys remaining in the Subordinate Project Fund on the third anniversary of the Closing Date for the Series 2019B Bonds, or upon the payment of all Project Costs payable from the Subordinate Project Fund, to be evidenced by a certificate of the Authorized Representative delivered to the Trustee, the Series 2019B Bonds shall be subject to mandatory redemption in part in the maximum principal amount that may be redeemed from amounts required to be applied to such redemption from the Subordinate Project Fund, in accordance with the Subordinate Indenture for a redemption price equal to the principal amount of the Series 2019B Bonds so redeemed plus all accrued and unpaid interest thereon to the redemption date. Such redemption shall occur on the next Interest Payment Date that is at least 30 days from the date of the occurrence of the applicable event. See “—Subordinate Funds and Accounts—*The Subordinate Project Fund*” below. Notice of such special mandatory redemption shall be provided by the Trustee pursuant to the Subordinate Indenture.

Redemption Procedure and Notice. If it is provided that the Trustee shall call Bonds (consisting of the Series 2019B Bonds and any Additional Bonds) by “lot” or if less than all of any Series of Bonds are to be redeemed, the particular Bonds to be called for redemption shall be selected at the direction of the District. The Trustee shall treat any Bond of a denomination greater than the minimum Authorized Denomination as representing that number of separate Bonds each of that minimum Authorized Denomination (and if any Bond is not in a denomination that is an integral multiple of the minimum Authorized Denomination, one separate Bond of the remaining principal amount of the Series 2019B Bond) as can be obtained by dividing the actual principal amount of such Bond by that minimum Authorized Denomination. In case a Bond is of a denomination larger than the Authorized Denomination, a portion of such Bond may be redeemed provided that the remaining portion of the Series 2019B Bond shall be in an Authorized Denomination, except for the final remaining maturity amount of

* Preliminary; subject to change.

the Series 2019B Bond of any Series which may be in an amount less than the Authorized Denomination.

The notice of redemption may include a statement that such redemption is conditioned upon receipt of all moneys necessary for the redemption by the Trustee prior to the date fixed for redemption. The notice shall be given by the Trustee on behalf of the District by mailing a copy of the redemption notice by first class mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption, to the [Owner] of each Bond subject to redemption in whole or in part at the [Owner's] address shown on the Bond Register on the 15th day preceding that mailing. Failure to receive notice, or any defect in that notice, as to any Bond, shall not affect the validity of the proceedings for the redemption of any other Bond for which proper notice has been given. Notices of redemption shall also be mailed to the Paying Agent.

The Trustee is required to send notice of redemption of the Series 2019B Bonds only to Cede & Co. (or subsequent nominee of DTC) as the Owner thereof. Receipt of such notice initiates DTC's standard call. In the event of a partial call, the Beneficial Ownership Interests to be redeemed will be determined in accordance with the rules and procedures of the DTC book-entry system as discussed in "APPENDIX E-BOOK-ENTRY-ONLY SYSTEM." DTC Participants are responsible for notifying the Beneficial Owners of the redemption of their Beneficial Ownership Interests and for remitting the redemption price thereof to such Beneficial Owners. Any failure by DTC or DTC Participants to notify a Beneficial Owner of any such notice of redemption and its content or effect will not affect the validity of the redemption of the Series 2019B Bonds properly called for redemption or any other action premised on that notice.

Security for the Series 2019B Bonds

The Subordinate Trust Estate. The Series 2019B Bonds are special revenue obligations of the District secured and payable solely from the "Subordinate Trust Estate" which includes (a) all Funds and accounts created under the Subordinate Indenture except the Rebate Fund, (b) all right, title, and interest of the District in and to the Subordinate Pledged Revenues, (c) to the extent not otherwise within the scope of (a) or (b), and only to the extent related directly to the Subordinate Pledged Revenues, all accounts and accounts receivable, general intangibles, contract rights, documents, chattel paper, and instruments (all as defined in Article 9 of the Colorado Uniform Commercial Code), licenses, accounting and bookkeeping records, together with proceeds of the foregoing, (d) any and all other interests in real and personal property of every name and nature granted to the Trustee from time to time after the date of issuance of the Series 2019B Bonds by delivery or by writing of any kind specifically mortgaged, pledged, or hypothecated as and for additional security under the Subordinate Indenture by the District in its sole discretion pursuant to an authorizing resolution of the Board or with its written consent in favor of the Trustee, which is authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Subordinate Indenture, and (e) all rights to enforce the Cooperation Agreement and the PIF Covenant on a basis subordinate to the Senior Bonds. The Series 2019B Bonds constitute an irrevocable and first lien upon the Subordinate Trust Estate, but not necessarily an exclusive such lien.

“Subordinate Pledged Revenues” is defined in the Subordinate Indenture as the following moneys, or as applicable, the moneys derived by the District from the following sources (a) the Subordinate Required Mill Levy Revenues, (b) the Specific Ownership Tax Revenues, (c) the Subordinate Pledged PIF Revenues (excluding any revenues pledged to any Subordinate Bonds or Junior Bonds), (d) the Subordinate Pledged Tax Increment Revenues, (e) any other legally available amounts that the District may designate by resolution of the Board, to be paid to the Trustee for deposit into the Revenue Fund, or otherwise held under the Subordinate Indenture, and (f) all income or other gain, if any, from any investment of the foregoing.

The Series 2019B Bonds are not secured directly by any lien on property located within the District; rather they are secured by the District’s covenant to impose the Subordinate Required Mill Levy, as well as by the other components of the Revenues. The Subordinate Required Mill Levy creates a statutory tax lien which may be enforced to the extent that taxes are delinquent in a given year. See “RISK FACTORS–Limited Security for the Series 2019B Bonds; No Mortgage” and “–Risks Related to Property Tax Revenues.”

THE SERIES 2019B BONDS ARE SOLELY THE OBLIGATIONS OF THE DISTRICT. UNDER NO CIRCUMSTANCES SHALL ANY OF THE SERIES 2019B BONDS BE CONSIDERED OR HELD TO BE AN INDEBTEDNESS, OBLIGATION OR LIABILITY OF THE AUTHORITY, THE CITY, THE COUNTY, THE STATE OF COLORADO OR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE DISTRICT.

Definition of Subordinate Required Mill Levy Revenue. The Subordinate Indenture defines “Subordinate Required Mill Levy Revenue” as revenues generated from the imposition by the District of the Subordinate Required Mill Levy, net of collection costs; provided, however, that the Subordinate Required Mill Levy Revenue does not include Specific Ownership Taxes. The Subordinate Indenture defines “Subordinate Required Mill Levy” as an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed by the District upon all property subject to taxation by the District each year in an amount calculated as follows:

(a) subject to adjustment as provided in paragraph (b) below (i) _____ mills, less the amount of the Senior Bond Mill Levy, or (ii) such lesser mill levy which, when combined with other Subordinate Pledged Revenues legally available in the Subordinate Bond Fund, will permit the Subordinate Bond Fund to be fully funded for the next Bond Year and pay all of the principal and interest on the Subordinate Bonds in full.;

(b) *provided, however,* that the levy amount of _____, (as provided in paragraph (a) above) shall be adjusted to take into account legislative or constitutionally imposed adjustments in assessed values or the method of their calculation after the Closing Date, such adjustments to be determined by the Board in good faith (such determination to be binding and final) so that, to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes; among other adjustments, a change in the ratio of actual valuation of assessable property shall be deemed to be a change in the method of calculating assessed valuation; and

(c) *provided, further, however,* notwithstanding anything herein to the contrary, in no event may the Subordinate Required Mill Levy be established at a mill levy amount which would cause the District to derive tax revenue in any year in excess of the maximum tax increases permitted by its electoral authorization, and if the Subordinate Required Mill Levy as calculated pursuant to the foregoing would cause the amount of taxes collected in any year to exceed the maximum tax increase permitted by the District's electoral authorization, the Subordinate Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded.

Covenant to Impose the Subordinate Required Mill Levy. In the Subordinate Indenture, the District agrees to levy on all property subject to taxation by the District, in addition to all other taxes, direct annual taxes in 2020 and in each year thereafter so long as any Series 2019B Bonds remain outstanding, in the amount of the Subordinate Required Mill Levy. Nothing in the Subordinate Indenture shall be construed to require the District to impose an ad valorem property tax levy in excess of the Subordinate Required Mill Levy.

Specific Ownership Tax. See "THE SERIES 2019A BONDS–Security for the Series 2019A Bonds–*Specific Ownership Tax*" for a description of the Specific Ownership Tax. Only the portion of the Specific Ownership Tax which is collected as a result of the imposition by the District of the Subordinate Required Mill Levy is pledged to the payment of the Series 2019B Bonds pursuant to the Subordinate Indenture.

Revenues Available after Application to the Series 2019A Bonds. See "THE SERIES 2019A BONDS–Security for the Series 2019A Bonds–*Pledged Tax Increment Revenues*" and "*–PIF Revenues,*" respectively for a description of the Pledged Tax Increment Revenues and PIF Revenue. Any such revenues remaining after deduction of all amounts thereof used, paid, pledged, or otherwise applied to the payment of Senior Bonds are to be applied to the payment of the Series 2019B Bonds.

Subordinate Funds and Accounts

Creation of Subordinate Funds and Accounts. Under the Subordinate Indenture, there are created and established the following funds and accounts, which shall be established with and maintained by the Trustee in accordance with the provisions of the Subordinate Indenture: (a) the Subordinate Revenue Fund; (b) the Project Fund; (c) the Subordinate Bond Fund; (d) the Rebate Fund; and (e) the Cost of Issuance Fund. The provisions of the Subordinate Indenture pertaining to the principal funds are described below.

Application of Revenues; the Subordinate Revenue Fund. Pursuant to the Subordinate Indenture, while the Senior Bonds are outstanding under the Senior Indenture, the Trustee shall deposit all Subordinate Pledged Revenues into the Subordinate Revenue Fund. If no Senior Bonds are outstanding under the Senior Indenture, the District shall deposit or cause to be deposited all Subordinate Pledged Revenues with the Trustee and the Trustee shall deposit all such moneys in the Subordinate Revenue Fund. The District shall also deposit or cause to be deposited with the Trustee all moneys described in subsection (e) of the definition of Subordinate Pledged Revenues and the Trustee shall deposit all such moneys in the Subordinate Revenue Fund.

At least ten days prior to each December 15, the Trustee shall make transfers from the Subordinate Revenue Fund to the following Funds and accounts in the amounts and in the order of priority set forth below:

FIRST: on each Calculation Date, to the Rebate Fund, in an amount equal to any deposits required to be made therein pursuant to the Subordinate Indenture;

SECOND: to the Trustee to pay its fees and expenses as the same become due and payable;

THIRD: to the Subordinate Bond Fund, an amount equal to interest which has accrued on the Outstanding Series 2019B Bonds and any other Outstanding Subordinate Bonds in the current Bond Year;

FOURTH: to the Subordinate Bond Fund, an amount equal to the amount of principal and premium, if any, due and payable on the Series 2019B Bonds and any other Subordinate Bonds on the next succeeding December 15, and all remaining Subordinate Pledged Revenues then on deposit in the Subordinate Revenue Fund to the extent the same may be applied to the special mandatory redemption provisions of the Subordinate Indenture on the next succeeding December 15; and

FIFTH: while any Junior Bonds are Outstanding, after all deposits in the required amounts have been made for the current Bond Year under “first” through “fourth” above, amounts in the Revenue Fund for such Bond Year shall be transferred on December 16 of each Bond Year to any other fund or account established for the payment of the principal of, premium if any, and interest on such Junior Bonds, the amounts required by the trust indenture, resolution, or other agreement or enactment authorizing the issuance of such Junior Bonds.

The Subordinate Project Fund.

The Trustee shall make payment from the Subordinate Project Fund in the amount requested on or before the third Business Day immediately following receipt of a Subordinate Project Fund Disbursement Request to the District that there are funds available therein. In paying any Subordinate Project Fund Disbursement Request, unless the Trustee has actual knowledge to the contrary, the Trustee may conclusively rely as to the completeness and accuracy of all statements in such Subordinate Project Fund Disbursement Request if such Request is signed by the Authorized Representative and the District’s Accountant, and the Trustee shall not be required to make any independent investigation in connection therewith. The execution of any Subordinate Project Fund Disbursement Request by an Authorized Representative and the District’s Accountant shall constitute, unto the Trustee, an irrevocable determination that all conditions precedent to the payments requested have been completed.

If there are any moneys remaining in either account of the Subordinate Project Fund on the third anniversary of the Closing Date for the Series 2019B Subordinate Bonds, or upon the payment of all Project Costs payable from the Subordinate Project Fund, to be evidenced by a certificate of the Authorized Representative delivered to the Trustee, any moneys remaining in the Subordinate Project Fund shall be applied by the Trustee, without any direction of the

District, to the redemption of Series 2019B Subordinate Bonds, pursuant to the special mandatory redemption provisions of the Subordinate Indenture. Unless there shall be delivered to the Trustee a Favorable Opinion of Bond Counsel and a direction of the Authorized Representative respecting investments, any amounts held in the Subordinate Project Fund after the third anniversary of the Closing Date of the Series 2019B Subordinate Bonds shall not be invested at a yield in excess of the yield on Series 2019B Subordinate Bonds. Any amounts representing investment earnings on the amounts in the Subordinate Project Fund between the date when a notice of redemption is given pursuant to the Subordinate Indenture and the date fixed for redemption in such notice, to the extent such amounts are not used for such redemption, shall be applied by the Trustee to pay maturing principal or interest on the Series 2019B Subordinate Bonds.

Upon the occurrence and continuance of an Event of Default, the Trustee will cease disbursing moneys from the Subordinate Project Fund, but instead shall apply such moneys in the manner provided by provisions of the Subordinate Indenture, as described in “—Events of Default and Remedies—Remedies on Occurrence of Event of Default” below.

The Subordinate Bond Fund. Moneys deposited from time to time in the Subordinate Bond Fund, and amounts transferred thereto from the Surplus Fund, the Subordinate Project Fund or the Senior Reserve Fund (in such order of priority), shall be applied by the Trustee to pay principal and interest on all Bonds Outstanding as they become due. The Trustee may create subaccounts in the Subordinate Bond Fund for the payment of principal and interest. Moneys deposited in the Subordinate Bond Fund from sources other than investment earnings on any account created therein shall be spent within a 13-month period beginning on the date of deposit, and any amount received from the investment of money held in or transferred to any Fund created or permitted in the Subordinate Indenture shall be spent within one year beginning on the date of receipt. For purposes of the foregoing sentence, money deposited in any account or subaccount of the Subordinate Bond Fund shall be deemed spent on a first-in, first-out basis.

When Subordinate Bonds are redeemed or purchased, the amount, if any, in the Subordinate Bond Fund representing interest thereon shall be applied to the payment of accrued interest in connection with such redemption or purchase. Whenever the amount in the Subordinate Bond Fund is sufficient to redeem all of the Outstanding Subordinate Bonds of the applicable Series and to pay interest accrued to the redemption date, the District will cause the Trustee to redeem all such Subordinate Bonds on the applicable redemption date specified by the District. Any amounts remaining in the Subordinate Bond Fund after payment in full of the principal or redemption price, premium, if any, and interest on the Subordinate Bonds (or provision for payment thereof) and the fees, charges and expenses of the District, the Trustee and any paying agents, shall be paid to the Subordinate Revenue Fund.

Investment of Funds. Interest and income received upon investment of moneys in the Subordinate Rebate Fund shall be deposited into the Subordinate Revenue Fund. The interest and income received upon such investments of any other Fund or account and any profit or loss resulting from the sale of any investment shall be added or charged to such Fund or account.

Additional Obligations

Additional Senior Bonds. Except for the Series 2019A Bonds (which are permitted by the Subordinate Indenture), the District may issue Additional Senior Bonds only if the Owners of 100% in aggregate principal amount of the Subordinate Bonds then outstanding consent to the issuance of such Additional Senior Bonds; provided, however, that the issuance of Additional Senior Bonds which refund outstanding Senior Bonds (and the proceeds of which may also refund Subordinate Bonds) shall not require the consent of any Owners of Subordinate Bonds so long as:

(a) The maturity date of the refunding Senior Bonds is no later than the maturity date of the Senior Bonds being refunded.

(b) Annual debt service on such refunding Senior Bonds is no greater than the annual debt service (there shall be excluded from such debt service to become due on such proposed refunding Senior Bonds on their final maturity date, the proceeds thereof, or other moneys on deposit, in any reserve fund which is anticipated to be available for payment of such refunding Senior Bonds at their final maturity) on the refunded Series of Senior Bonds in any year in which the proposed Additional Senior Bonds or any Subordinate Bonds would remain Outstanding.

(c) No additional reserve funds, surplus funds, sinking funds, or other similar funds or accounts are created for the additional security of such refunding obligations if such funds or accounts are funded or replenished from any Revenues (as defined in the Senior Indenture); provided that (i) the refunding obligations may be secured by the Senior Reserve Fund in the same fashion as the Series 2019A Bonds, as provided in the Senior Indenture so long as the "Senior Reserve Fund Requirement" (as defined in the Senior Indenture) is not increased; (ii) the refunding obligations may be secured by the Surplus Fund in the same fashion as the Series 2019A Bonds, as provided in the Senior Indenture so long as the "Maximum Surplus Fund Amount" (as defined in the Senior Indenture) is not increased; and (iii) nothing in the Subordinate Indenture shall be construed as prohibiting the creation of any such additional reserve funds, surplus funds, sinking funds, or other similar funds or accounts which are funded and replenished solely from sources of revenue other than any Revenues (as defined in the Senior Indenture).

(d) Such refunding obligations are payable on the same day or days of the calendar year as the Senior Bonds being refunded, and are not subject to acceleration.

(e) The ad valorem mill levy pledged to the payment of the refunding obligations shall be no higher than and subject to the same deductions and adjustments as the ad valorem mill levy pledged to the payment of the Senior Bonds being refunded.

(f) The remedies for defaults under such refunding obligations are substantially the same as the remedies applicable to the Senior Bonds being refunded.

(g) Refunding Bonds issued to refund Senior Bonds may also include amounts to refund a portion of the Subordinate Bonds so long as the foregoing tests are met with respect to the Senior Bonds being refunded.

Refunding Bonds. Notwithstanding any other provision contained in the Subordinate Indenture, Refunding Bonds may be issued in such principal amount as may be necessary to refund a Series of the Outstanding Subordinate Bonds, provided that such Refunding Bonds do not increase the District's debt service (there shall be excluded from such debt service to become due with respect to the proposed Refunding Bonds on their final maturity date the proceeds thereof deposited, or other moneys on deposit, in any reserve fund which is anticipated to be available for payment of such Refunding Bonds at their final maturity) in any year during which any Senior Bonds, the Refunding Bonds and any other Bonds are Outstanding, if prior thereto or simultaneously therewith there are filed with the Trustee:

(a) On the date of the issuance of the proposed series of Refunding Bonds, the Trustee shall be in receipt of the originally executed counterparts of a Supplemental Indenture, designating the new Series to be created and prescribing expressly or by reference to the Refunding Bonds of such Series (i) the principal amount of such Series, (ii) the terms of such Series, (iii) the maturity dates thereof, which shall be a December 15, (iv) the rate or rates of interest and the date from which, and the date or dates on which, interest is payable, which dates shall be the same as the Interest Payment Dates for the Series 2019B Bonds, (v) provisions as to redemption, (vi) any additional security to be provided for such Refunding Bonds, (vii) any other provisions necessary to describe and define such Series within the provisions and limitations of the Subordinate Indenture, and (viii) any other provisions and agreements in respect thereof provided, or not prohibited, by the Subordinate Indenture.

(b) On the date of the issuance of the proposed new Series of Refunding Bonds, the Trustee shall be in receipt of an opinion or opinions of Bond Counsel acceptable to the Trustee to the effect that (i) all instruments furnished to the Trustee conform to the requirements of the Subordinate Indenture and constitute sufficient authority hereunder for the Trustee to authenticate and deliver the new Series of Refunding Bonds then proposed to be issued, (ii) the new Series of Refunding Bonds then proposed to be issued, when issued, will be secured by the lien of the Subordinate Indenture, as supplemented by the Supplemental Indenture, and (iii) any exclusion from gross income for federal income tax purposes of the interest on the Outstanding Tax-Exempt Bonds will not be impaired by the issuance of the Additional Subordinate Bonds then proposed to be issued.

(c) If any Subordinate Bonds to be refunded are to be called for prior redemption at the option of the District, a certificate of the Authorized Representative that irrevocable instructions to give due and timely notice of such redemption have been given; and

(d) A certificate of the Authorized Representative that either (i) moneys in an amount sufficient to effect payment of the debt service of the Subordinate Bonds to be refunded, as the same became due, are held (or are required to be deposited) in an escrow account or with the Trustee in trust for such purpose, or (ii) Government Obligations as are permitted by the Subordinate Indenture are held (or are required to be deposited) in an escrow account or with the Trustee in such principal amounts, of such maturities, bearing such interest, if any, and otherwise having such terms and qualifications as are set forth in

the Subordinate Indenture, to provide, together with any moneys so held (or required to be deposited), for the payment of the debt service of the Subordinate Bonds to be refunded, as the same become due, which federal securities and moneys are held (or are required to be deposited) in trust in accordance with the Subordinate Indenture.

Additional Subordinate Bonds. Pursuant to the Subordinate Indenture, the District is permitted to issue an additional series of Subordinate Bonds (pursuant to a Supplemental Indenture) with the prior written consent of all of the Bondholders of the then Outstanding Subordinate Bonds, or without such consent subject to the following conditions:

(a) The District is in substantial compliance with all of the covenants of the Subordinate Indenture and the Senior Indenture and no Event of Default hereunder or event of default under the Senior Indenture shall have occurred and is continuing.

(b) On the date of the issuance of the proposed series of Subordinate Bonds, the Trustee shall be in receipt of the originally executed counterparts of a Supplemental Indenture, designating the new Series to be created and prescribing expressly or by reference to the Subordinate Bonds of such Series (i) the principal amount of such Series, (ii) the terms of such Series, (iii) the maturity dates thereof, which shall be a December 15, (iv) the rate or rates of interest and the date from which, and the date or dates on which, interest is payable, which dates shall be the same as the Interest Payment Dates for the Series 2019B Bonds, (v) provisions as to redemption, (vi) any additional security to be provided for such Subordinate Bonds, (vii) any other provisions necessary to describe and define such Series within the provisions and limitations of the Subordinate Indenture, and (viii) any other provisions and agreements in respect thereof provided, or not prohibited, by the Subordinate Indenture.

(c) On the date of the issuance of the proposed new Series of Subordinate Bonds, the Trustee shall be in receipt of an opinion or opinions of Bond Counsel acceptable to the Trustee to the effect that (i) all instruments furnished to the Trustee conform to the requirements of the Subordinate Indenture and constitute sufficient authority hereunder for the Trustee to authenticate and deliver the new Series of Subordinate Bonds then proposed to be issued, (ii) the new Series of Subordinate Bonds then proposed to be issued, when issued, will be secured by the lien of the Subordinate Indenture, as supplemented by the Supplemental Indenture, and (iii) any exclusion from gross income for federal income tax purposes of the interest on the Outstanding Tax-Exempt Bonds will not be impaired by the issuance of the Additional Subordinate Bonds then proposed to be issued.

Permitted Junior Bonds. The Subordinate Indenture also permits the District to issue one or more issues of Junior Bonds. The terms of the Junior Bonds shall be as provided in the documents pursuant to which they are issued; provided that:

(a) the Junior Bonds are expressly payable solely from the Revenues (as defined in the Senior Indenture) on a basis subordinate to the Senior Bonds and from the Subordinate Pledged Revenues on a basis subordinate to the Subordinate Bonds;

(b) the Junior Bonds shall not give the owners thereof or any other person any rights to impair, affect, or consent to issuance, amendment, or refinancing of the Senior Bonds or the Subordinate Bonds, which issuance, amendment, or refinancing may be such terms and conditions as may be determined by the Board in its absolute discretion;

(c) no Junior Bonds may be issued if any payment of principal of or interest on the Senior Bonds or the Subordinate Bonds is due and unpaid, or an Event of Default shall have occurred and be continuing; and

(d) the Junior Bonds shall be payable as to both principal and interest on an annual basis, on a date which is after the final principal or interest payment date due in that calendar year on all Senior Bonds and after payment in full of all Series 2019B Subordinate Bonds.

A written certificate from the President or Vice President or Treasurer of the District that the conditions for issuance of the Junior Bonds set forth above are met shall conclusively determine the right of the District to authorize, issue, sell, and deliver Junior Bonds in accordance with the Subordinate Indenture.

Events of Default and Remedies

Events of Default under the Subordinate Indenture. The Subordinate Indenture provides that the occurrence of any one or more of the following events or the existence of any one or more of the following conditions shall constitute an “**Event of Default**” under the Subordinate Indenture (whatever the reason for such event or condition and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree, rule, regulation, or order of any court or any administrative or governmental body), and there shall be no default or Event of Default under the Subordinate Indenture except as provided below:

(a) The District fails to impose the Subordinate Required Mill Levy as provided in the Subordinate Indenture; or

(b) The District fails to collect and apply the Subordinate Pledged Revenues in accordance with the Subordinate Indenture for a period of 45 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the District by the Trustee, or to the District and the Trustee by the Required Holders; or

(c) If the District shall fail to observe or perform any covenant or agreement on its part under the Subordinate Indenture other than those covenants and agreements listed under subsection (a) above, for a period of 60 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the District by the Trustee, or to the District and the Trustee by the Required Holders, provided, however, that if the breach of covenant or agreement is one which cannot be completely remedied within the 60 days after written notice has been given, it shall not be an Event of Default with respect to such Series as long as the District has taken active

steps within the 60 days after written notice has been given to remedy the failure and is diligently pursuing such remedy; or

(d) If the District shall institute proceedings to be adjudicated as bankrupt or insolvent, or shall consent to the institution of bankruptcy or insolvency proceedings against it, or shall file a petition or answer or consent seeking reorganization or relief under the Bankruptcy Code or any other similar applicable federal or state law, or shall consent to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee or sequestrator (or other similar official) of the District or of any substantial part of its respective property, or shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due.

It is acknowledged that due to the limited nature of the Revenues, the failure to pay the principal of or interest on the Series 2019B Bonds when due shall not, in and of itself, constitute an Event of Default under the Subordinate Indenture, if the District is otherwise in compliance with all provisions thereof.

Remedies upon Occurrence of Events of Default under the Subordinate Indenture. Except as may be provided in a Supplemental Indenture applicable to a Series of Bonds Outstanding under the Subordinate Indenture, there shall be no rights of acceleration with respect to the Series 2019B Bonds. Following the occurrence of an Event of Default, the Trustee may enforce each and every right granted to the District or the Trustee under the Subordinate Indenture. In exercising such rights and the rights given the Trustee under the Subordinate Indenture, the Trustee is required to take such action as, in the judgment of the Trustee applying the standards described in the Subordinate Indenture, would best serve the interests of the Owners.

Legal Proceedings by Trustee. If any Event of Default has occurred and is continuing, the Trustee in its discretion may, and upon the written request of the Majority Interest and receipt of indemnity to its satisfaction, shall, in its own name: (a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners, including the right to require the District any rights under the Subordinate Indenture, the Redevelopment Agreement, the PIF Covenant and the PIF Collection Agreement and to require the District to carry out any other provisions of the Subordinate Indenture for the out any provisions of the Subordinate Indenture for the benefit of the Owners; and (b) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners. If any proceeding commenced by the Trustee on account of any Event of Default is discontinued or is determined adversely to the Trustee, then the District, the Trustee, and the Owners and Beneficial Owners shall be restored to their former positions and rights under the Subordinate Indenture as though no proceedings had been commenced.

Limitations on Actions by Owners of the Series 2019B Bonds. No Owner shall have any right to pursue any remedy under the Subordinate Indenture unless: (a) the Trustee shall have been given written notice of an Event of Default; (b) the Majority Interest shall have requested the Trustee, in writing, to exercise the powers granted by the Subordinate Indenture or to pursue such remedy in its or their name or names; (c) the Trustee shall have been offered

indemnity satisfactory to it against costs, expenses and liabilities; and (d) the Trustee shall have failed to comply with such request within a reasonable time.

Certain Indenture Provisions

The following is a description of certain provisions of the Subordinate Indenture and is subject in all respects to the more specific provisions of the Subordinate Indenture.

Redevelopment Agreement. The District agrees that, without the prior written consent of the Majority Interest, it will not consent to any amendment of or modification to the Redevelopment Agreement that would in any manner adversely impact the pledge of revenue for, or the payment of Debt Service with respect to the Series 2019B Bonds or other Bonds.

Tax Covenants. The District covenants in the Subordinate Indenture for the benefit of the Owners of the Tax-Exempt Bonds that, notwithstanding any other provision of the Subordinate Indenture or any other instrument, it will make no investment or other use of the proceeds of the Tax-Exempt Bonds which would cause such Bonds to be arbitrage bonds under Section 148 of the Code and the regulations thereunder, and it further covenants that it will comply with the requirements of such Section and regulations. The foregoing covenants shall extend throughout the term of the Tax-Exempt Bonds, to all Funds created under the Subordinate Indenture and all moneys on deposit to the credit of any such Fund, and to any other amounts which are Tax-Exempt Bond proceeds for purposes of Section 148 of the Code, and the regulations thereunder. See "TAX MATTERS."

Amendments or Supplements to the Subordinate Indenture. The Subordinate Indenture may be amended or supplemented at any time and from time to time, without the consent of the Bondholders, by a Supplemental Indenture between the District and the Trustee, for one or more of the following purposes:

- (a) to add additional covenants of the District or to surrender any right or power in the Subordinate Indenture conferred upon the District;
- (b) to cure any ambiguity or formal defect or omission in the Subordinate Indenture;
- (c) to correct or supplement any provision in the Subordinate Indenture which may be inconsistent with any other provision in the Subordinate Indenture, or to make any other provisions with respect to matters or questions arising under the Subordinate Indenture that shall not materially adversely affect the interests of the Bondholders;
- (d) for any purpose not inconsistent with the terms of the Subordinate Indenture or to cure any ambiguity or to correct or supplement any provision contained in the Subordinate Indenture or in any Supplemental Indenture which may be defective or inconsistent with any other provision contained in the Subordinate Indenture or in any Supplemental Indenture, or to make such other provisions in regard to matters or questions arising under the Subordinate Indenture which shall not be inconsistent with the provisions of the Subordinate Indenture and which, in each case, shall not adversely

affect the interests of the holders of the Series 2019B Bonds, including the appointment and duties of a Co-Paying Agent, Bond Registrar or Authenticating Agent;

(e) to modify, eliminate or add to the provisions of the Subordinate Indenture to such extent as shall be necessary to effect the qualification of the Subordinate Indenture under the Trust Indenture Act of 1939 or under any similar federal statute enacted after issuance of the Series 2019B Bonds, and to add to the Subordinate Indenture such other provisions as may be expressly permitted by the Trust Indenture Act of 1939, as from time to time amended;

(f) to provide details in connection with the issuance of any Series of Bonds the Subordinate Indenture;

(g) to modify, eliminate or add to the provisions of the Subordinate Indenture to such extent as shall be necessary to obtain an investment grade rating on the Series 2019B Bonds;

(h) to grant to or confer or impose upon the Trustee for the benefit of the owners of the Series 2019B Bonds any additional rights, remedies, powers, authority, security, liabilities or duties which may lawfully be granted, conferred or imposed and which are not contrary to or inconsistent with the Subordinate Indenture as theretofore in effect, including to provide for a debt service reserve fund;

(i) to permit the appointment of a Co-Trustee under the Subordinate Indenture;

(j) to authorize different Authorized Denominations of the Series 2019B Bonds and to make correlative amendments and modifications to the Subordinate Indenture regarding exchangeability of the Series 2019B Bonds of different Authorized Denominations, redemptions of portions of the Series 2019B Bonds of particular Authorized Denominations and similar amendments and modifications of a technical nature;

(k) to modify, alter, supplement or amend the Subordinate Indenture to comply with changes in the Code affecting the status of interest on the Series 2019B Bonds as excluded from gross income for federal income tax purposes or the obligations of the District in respect of Section 148 of the Code;

(l) to remove the Trustee in accordance with the Subordinate Indenture;

(m) to accommodate the technical, operational and structural features of Series 2019B Bonds which are issued or are proposed to be issued to finance or refinance Authorized Projects which have been authorized or are proposed to be authorized, including, but not limited to, changes needed to accommodate bond anticipation notes, commercial paper, and other discounted or compound interest Series 2019B Bonds or other forms of indebtedness which the District from time to time deems appropriate to incur;

(n) to provide for the issuance of a Series of Bonds so long as such issuance complies with the terms of the Indenture;

(o) to make any amendments appropriate or necessary to provide for any insurance policy, irrevocable transferable letter of credit, guaranty, surety bond, line of credit, revolving credit agreement or other agreement or security device delivered to the Trustee and providing for (i) payment of the principal, interest and redemption premium on the Series 2019B Bonds or a portion thereof; (ii) payment of the purchase price of the Series 2019B Bonds; or (iii) both clauses (i) and (ii), provided however, that if such agreement or security device is for a specific Series of Bonds, the use of such agreement or security device does not materially adversely affect the interests of the Bondholders of any other Bonds (including the Series 2019B Bonds);

(p) to confirm to the Trustee amounts pledged under the Subordinate Indenture as Revenues, including amounts payable to the District as a result of modifications in the Operating Plan; or

(q) to modify, alter, amend or supplement the Subordinate Indenture in any other respect which is not materially adverse to the Bondholders.

Before the District and the Trustee shall enter into any Supplemental Indenture pursuant to the foregoing, there shall have been delivered to the Trustee an opinion of Bond Counsel stating that such Supplemental Indenture is authorized or permitted by law and is authorized under the Subordinate Indenture, that such Supplemental Indenture will, upon the execution and delivery thereof, be valid and binding upon the District in accordance with its terms and will not adversely affect the exclusion from gross income of the interest on the Series 2019B Bonds for federal income tax purposes.

Other than amendments permitted as described above, the Subordinate Indenture may be amended from time to time, by a Supplemental Indenture approved by a Majority Interest, including the modification of (a) the principal, premium, if any, or interest payable upon the Subordinate Bonds or (b) the dates of maturity or redemption provisions of the Subordinate Bonds; provided that no amendment shall be made which adversely affects one or more but less than all the Subordinate Bonds without the consent of the owners of at least 51% of all Outstanding Subordinate Bonds so affected. No amendment of the amendment provisions of the Subordinate Indenture described in this “—Amendments or Supplements to the Subordinate Indenture” section may be effected without the consent of Bondholders of all Outstanding Bonds.

Before the District and the Trustee shall enter into any Supplemental Indenture pursuant to the foregoing, there shall have been delivered to the Trustee an opinion of Bond Counsel stating that such Supplemental Indenture is authorized or permitted by law and is authorized under the Subordinate Indenture, that such Supplemental Indenture will, upon the execution and delivery thereof, be valid and binding upon the District in accordance with its terms and will not adversely affect the exclusion from gross income of the interest on the Series 2019B Bonds for federal income tax purposes.

Book-Entry Only System. The Series 2019B Bonds will be available only in book-entry form in the principal amount of \$100,000 or any other Authorized Denomination. DTC will act as the initial securities depository for the Series 2019B Bonds. The ownership of one fully registered Series 2019B Bond for each maturity and interest rate, as set forth on the cover page of this Limited Offering Memorandum, in the aggregate principal amount of such maturity and interest rate coming due thereon, will be registered in the name of Cede & Co., as nominee for DTC. See “APPENDIX E–BOOK-ENTRY-ONLY SYSTEM.”

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE SERIES 2019B BONDS, REFERENCES IN THIS LIMITED OFFERING MEMORANDUM TO THE OWNERS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

Neither the District nor the Trustee will have any responsibility or obligation to DTC’s Direct Participants or Indirect Participants (defined in APPENDIX E), or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, the Indirect Participants or the beneficial owners of the Series 2019B Bonds as further described in “APPENDIX E–BOOK-ENTRY-ONLY SYSTEM” to this Limited Offering Memorandum.

None of the District, the Trustee or the Underwriter has any responsibility or obligation to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC or any DTC Participant, (ii) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the Owners of the Series 2019B Bonds under the Indenture, (iii) the payment by DTC or any DTC Participant of any amount received under the Indenture with respect to the Series 2019B Bonds, (iv) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2019B Bonds or (v) any other related matter.

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URBAN RENEWAL

The Authority

The Colorado Springs Urban Renewal Authority (the “**Authority**”) was formed by the City Council on February 24, 1970, pursuant to Sections 31-25-101 et seq., C.R.S. (the “Urban Renewal Law”). On November 24, 2015, by Resolution No. 120-15, the City Council adopted the South Nevada Avenue Area Urban Renewal Plan (the “**Urban Renewal Plan**”), which established the South Nevada Avenue Area Urban Renewal Area (the “**Urban Renewal Area**”). The Urban Renewal Area consists of approximately 151 acres of property located in the southern portion of the City, of which approximately 99 acres are developable and approximately 52 acres of which consist of interstate highway right-of-way, street right-of-way, and other non-developable uses. The Urban Renewal Area currently contains commercial property, residential property and vacant property planned for redevelopment. The Authority currently oversees twelve urban renewal plans in various parts of the City, including the Urban Renewal Plan. In addition, the Authority serves as the financing entity to the City for the “City for Champions” project, which is operated pursuant to the Colorado Regional Tourism Act. See “URBAN RENEWAL” and “THE DEVELOPMENT.”

The Urban Renewal Area has been partitioned into four areas, or silos, referred to herein as Silos 1-4. The Development is located within Silo 3.

Authority Powers. The Authority has all the powers necessary or convenient to carry out and effectuate the purposes and provisions of the Urban Renewal Law, including but not limited to the power to sue and be sued; to undertake urban renewal activities and to make and execute all contracts and other instruments necessary or convenient to its purposes, including contracts for advances, loans, grants, and contributions; to arrange for the furnishing or repair by any person or public body of services, facilities or utilities in connection with an activity of the Authority; to dedicate its property for public works; to arrange with the City or other public body to plan, replan, zone, or rezone land areas in connection with an activity of the Authority; to acquire any property by purchase, lease, gift, or to otherwise acquire any interest in property by condemnation and to hold, improve, clear, or prepare such property for redevelopment; to mortgage or otherwise encumber or dispose of its property; to provide for insurance of any property or operations of the Authority; to sell, lease, or otherwise transfer real property or any interest therein as part of an urban renewal plan at not less than fair value, as determined by the Authority, or to negotiate for the sale, lease, or other transfer of such property for redevelopment or rehabilitation; to borrow money and to give such security as may be required; to make appropriations and expenditures and to establish such funds and accounts necessary for Authority purposes; to submit proposed plans to the Council for appropriate action of the Council’s necessary to carry out the Authority’s purposes; to make reasonable relocation payment to or with respect to individuals, families, and business concerns in an urban renewal area which may be displaced as a result of the Urban Renewal Plan; and to issue bonds, notes, or other evidences of indebtedness and to expend the proceeds thereof for lawful purposes. Further, no provision of any other law with respect to the planning or undertaking of projects or the acquisition, clearance, or disposition of property by public bodies shall restrict the Authority with respect to a project of the Authority unless the General Assembly specifically so states. The Authority does

not have the power to levy or assess any ad valorem taxes, personal property taxes, sales taxes, or any other forms of taxes, including special assessments, against any property.

Cooperation with Other Public Bodies. Pursuant to the Urban Renewal Law, any public body (defined as the State of Colorado or any municipality, quasi municipal corporation, board, commission, authority, or other political subdivision or public corporate body of the state) is entitled, within the scope of its own powers, to aid the Authority in its undertakings. Upon such terms as may be developed, such public body may sell, convey, lease, grant easements, licenses, or other rights or privileges in property of the public body to the Authority; incur expenses of any public improvement made by such public body in exercising these cooperative powers; do all things necessary to aid or cooperate with the Authority in planning and undertaking its activities; enter into agreements with respect to cooperative activities; cause public improvements, services, and facilities which the public body is entitled to undertake to be furnished or otherwise improved within the urban renewal area; plan, rep lan, zone, or rezone any area under the jurisdiction of the public body; or cause administrative or other services to be furnished to the Authority.

Authority Agreements. On December 16, 2015, the Authority entered into a Cooperation Agreement (South Nevada Area Urban Renewal Project) with the City (the “**City-Authority Agreement**”). Pursuant to the City-Authority Agreement, the City acknowledges that pursuant to the Urban Renewal Law, property tax increment will be paid to the Authority. In addition, the City acknowledges that a portion of the increment revenues from a portion of the City’s sales tax will be paid to the Authority. Specifically, from the revenue generated by the City’s 2.0% general fund sales tax which is in excess of the sales tax base amount, 87.5% (i.e., 1.75% of the 2.0%) will be allocated to the Authority for the first five years after the approval of the Urban Renewal Plan (until November 24, 2020), and 75% (i.e., 1.5% of the 2.0%) will be allocated to the Authority for the remaining 20 years (until November 24, 2040) after the approval of the Urban Renewal Plan.

Pursuant to the City-Authority Agreement, the Authority agrees to carry out the South Nevada Area Urban Renewal Project in accordance with the Urban Renewal Plan, and the City agrees to cooperate with the Authority to achieve the construction of public improvements required to complete the South Nevada Area Urban Renewal Project. The parties agree that the sales tax increment and property tax increment revenues will be deposited into a Tax Increment Revenue Fund. The Authority may pledge to any developer or owner or metropolitan district or other entity, the tax increment revenues. The City agrees to cooperate with the Authority and developers by timely acting upon applications for City permits and licenses, by timely reviewing all plans, plats, agreements, and other submissions to the City, and by vacating streets, granting easements, accepting dedications of property, and similar actions.

The City-Authority Agreement states that the Indentures shall not constitute a debt, liability or obligation of any nature of the City or the Authority, but shall be payable solely from amounts pledged therefor and received by any owner or developer, any metropolitan district or other entity, or any lender, as applicable.

Tax Increment Allocation Policy. On April 17, 2018, the Authority adopted the Allocation Policy in order to clarify the allocation of tax increment revenue among the

Redevelopers. The Allocation Policy is described below in “–Administration of the Silos and Allocation of Tax Increment Revenues.”

The Urban Renewal Plan

The Urban Renewal Plan authorizes the implementation of tax increment financing for the Urban Renewal Area for the purpose of facilitating an urban renewal project more particularly described therein. As a result, in accordance with the Urban Renewal Law, until the 25th anniversary of the Urban Renewal Plan (i.e. November 24, 2040), all ad valorem property taxes and a portion of the municipal sales taxes (87.5% of the municipal sales tax until November 24, 2020, and 75% of the municipal sales tax thereafter until the 25th anniversary of the Urban Renewal Plan) in excess of the Base Amount (defined herein) collected within the Urban Renewal Area are to be remitted to the Authority.

The Authority and the Developer have entered into an Urban Renewal Agreement for Redevelopment of the South Nevada Avenues Area Urban Renewal Plan dated as of December 16, 2015 (as amended, the “**Agreement for Redevelopment**”). The Authority and the District have entered into a Cooperation Agreement dated _____, 2019 (the “**Cooperation Agreement**”). The Developer has also executed a Consent of Developer dated _____, 2019 (the “**Consent of Developer**”). Collectively, the Agreement for Redevelopment, the Cooperation Agreement, and the Consent of Developer are herein referred to collectively as the “**Redevelopment Agreement.**”

The Authority’s Reimbursement Obligation shall terminate on the first to occur of (a) payment in full of the Authority’s Reimbursement Obligation, or (b) the right of the District to receive the Pledged Tax Increment Revenues under the Act or any revenues legally available as a payment obligation in lieu of or as replacement for such Pledged Tax Increment Revenues.

Pursuant to the Urban Renewal Plan and the Urban Renewal Law, until the 25th anniversary of the Urban Renewal Plan (i.e., November 24, 2040), all property taxes resulting from the imposition of ad valorem property taxes on the assessed value of all taxable property in the Urban Renewal Area (including all of the property within the boundaries of the District and all of the property planned for the Development) in excess of the base assessed valuation thereof (i.e., the incremental assessed valuation) collected within the Urban Renewal Area are to be remitted by the County to the Authority. The base assessed valuation and incremental assessed valuation of the Urban Renewal Area are to be calculated and adjusted from time to time by the County Assessor in accordance with State law. The Pledged Property Tax TIF Revenues pledged to the Series 2019 Bonds are derived from only the incremental property tax revenues generated from property within the District. See “RISK FACTORS–Risks Related to Tax Increment Revenues Payable Under the Redevelopment Agreement” and “–Risks Related to Property Tax TIF Revenue.”

Pursuant to the Urban Renewal Plan and the Urban Renewal Law, until the 25th anniversary of the Urban Renewal Plan (i.e., November 24, 2040), a portion of the municipal sales taxes in excess of the base amount thereof (i.e., the incremental sales tax) collected within the Urban Renewal Area are to be remitted by the County to the Authority. The Pledged Sales Tax TIF Revenues pledged to the Series 2019 Bonds are derived from only the

incremental municipal sales tax revenues generated from retail sales within the District. See “RISK FACTORS–Risks Related to Tax Increment Revenues Payable Under the Redevelopment Agreement” and “–Risks Related to Sales Tax TIF Revenue.”

Pursuant to the Redevelopment Agreement, the Authority has agreed to remit the Pledged Tax Increment Revenue (consisting of the Pledged Property Tax TIF Revenues and the Pledged Sales Tax TIF Revenues) to the District, in accordance with the Urban Renewal Plan.

The Pledged Tax Increment Revenues payable by the Authority under the Redevelopment Agreement are subject to the limitations described therein. See “THE SERIES 2019A BONDS–Security for the Series 2019A Bonds.”

For information relating to the historical ad valorem property taxes imposed by the City and other governmental entities within the District, see “DISTRICT REVENUES–Ad Valorem Property Tax Data.” No assurance is given that the mill levies described therein, which ultimately generate a portion of the Pledged Property Tax TIF Revenues, will remain at the present levels, or will continue to be imposed at all. See “RISK FACTORS–Risks Related to Property Tax Revenue,” “–Risks Related to Property Tax TIF Revenue.”

The Urban Renewal Area

Generally. On November 24, 2015, the City Council adopted the South Nevada Avenue Area Urban Renewal Plan (the “**Urban Renewal Plan**”). The stated purpose of the Urban Renewal Plan is to reduce, eliminate and prevent the spread of blight within the South Nevada Avenue Urban Renewal Area (the “**Urban Renewal Area**”). The Urban Renewal Area consists of approximately 151 acres of property located in the southern portion of the City, of which approximately 99 acres are developable and approximately 52 acres of which consist of interstate highway right-of-way, street right-of-way, and other non-developable uses. The Urban Renewal Area is located along South Nevada Avenue in southern Colorado Springs, Colorado.

Redevelopment Agreements and Silos. The Authority has entered into the Redevelopment Agreements with three developers of property within the Urban Renewal Area, including the Developer. The areas within the Urban Renewal Area owned by each developer are referred to as Silos 1, 2, and 3. The property within the Urban Renewal Area which is not within Silos 1, 2, and 3 is referred to as Silo 4.

Silo 1. EVC-HD South Nevada, LLC is the developer of property in Silo 3. Redevelopment of Silo 3 was substantially completed in 2017. Development within Silo 3 consists of an approximately 15,000 square foot Natural Grocers store which opened in late 2017, approximately 10,000 square feet of inline retail space which is currently under construction, and a Chik-Fil-A restaurant currently under construction.

Silo 2. Ivywild Core Development, Inc. is the developer of property in Silo 2. Development within Silo 2 consists of a 135-room planned hotel, 9,000 square feet of retail space, 45 townhomes, and 99 apartments.

Silo 3. Silo 1 is the Development.

Silo 4. Silo 4 is owned by numerous property owners and the Authority is unaware of any redevelopment plans. Existing property uses in Silo 4 include both residential and commercial uses, including the Southern Cross Shopping Center and Lakeside Auto Brokers.

Administration of the Silos and Allocation of Tax Increment Revenue

Pursuant to the Allocation Policy, only a portion of the property tax increment revenue available to the Authority pursuant to the Urban Renewal Plan is pledged and comprises the Pledged Property Tax TIF Revenues.

Allocation to Silos. Under State law, the property tax increment is calculated based on the entire Urban Renewal Area, and not just on property within the District (which is within Silo 3). Property tax increment revenue will be available to the Authority only if the assessed value of the entire Urban Renewal Area exceeds the Property Tax Base Amount, regardless of the assessed value of the property within the District. Therefore, it is possible that even if the property within the District is developed as projected and as described herein and in the Market Study, the Incremental Property Tax Revenue and, consequently, the Pledged Property Tax TIF Revenues, will be zero because the assessed value of the property in Silos 1, 2, and 4 is not higher than the Property Tax Base Amount. The amount of Pledged Property Tax Increment Revenue, therefore, depends not only on the assessed value of the property within Silo 1, but also on the assessed value of the entire Urban Renewal Area. The Developer does not own any property other than the property in Silo 3 and portions of Silo 4 and therefore has no control over the future development or valuation of the property in Silos 1, 2, and 4.

In addition to the Redevelopment Agreement, the Authority has entered into redevelopment agreements with two other owners of property within the Urban Renewal Area: the Urban Renewal Agreement with EVC-HD South Nevada, LLC (“**EVC**”), dated as of December 16, 2015 (as the same may be amended or restated from time to time, the “**Silo 1 Redevelopment Agreement**”); the Urban Renewal Agreement with Ivywild Core Development, Inc. (“**Ivywild**”) dated as of December 16, 2015, as amended and restated as of June 21, 2018 (as the same may be amended or restated from time to time, the “**Silo 2 Redevelopment Agreement**”, and together with the Redevelopment Agreement and the Silo 1 Redevelopment Agreement, the “**Authority Agreements**”). The Developer, EVC, and Ivywild are herein referred to together as the “**Redevelopers.**”

Pursuant to the Authority Agreements, the Authority is obligated to pay to each Redeveloper certain property tax increment revenue and sales tax increment generated within that Redeveloper’s portion of the Urban Renewal Area. In order to implement the allocation pursuant to the Authority Agreements, the Authority adopted a “Policy Regarding Allocation of Tax Increment Revenue among Redevelopment Areas in the South Nevada Avenue Area Urban Renewal Plan Area” on April 17, 2018 (the “**Allocation Policy**”). The Allocation Policy states that each year, the Authority will separate any property tax increment revenue it receives from the Urban Renewal Area into four portions, reflecting amounts due to Silos 1-4, respectively. *Only the portion of the total property tax increment revenue allocable to property within the District constitutes the Pledged Property Tax TIF Revenues pledged to the Series 2019A Bonds.*

Pursuant to the Allocation Policy, the Authority agrees to administer the division and payment of property tax increment revenue each year and establish an account within the statutory special fund for each of Silos 1-3 (any property tax increment revenue attributable to Silo 4 remains with the Authority). Each year, the Authority will review and administer the property tax increment revenue as follows:

(a) The County Assessor has established the base value of the Urban Renewal Area. Each of Silos 1-3 is allocated that portion of the base value of the properties within the respective Silo.

(b) Each year, the assessed valuation of the Urban Renewal Area must be above the base value for the Urban Renewal Area. If not, then pursuant to the Urban Renewal Law, there will be no property tax increment revenue for any of the Silos even if one or more of the Silos is or are above the base valuation of that Silo or Silos.

(c) If the total assessed value of the Urban Renewal Area for the current year is above the base value (as adjusted by the Assessor), those Silos that have assessed value above the part of the base valuation of the properties within that Silo are eligible for property tax increment revenue distribution based on the amount of property tax increment revenue produced by the tax levy against the increment valuation within that Silo.

(d) If one or more of the Silos falls below its allocated base value, no revenue is paid into the account for that Silo for that year.

(e) To the extent that a Silo qualifies under (b) and (c) above, any property tax increment revenue produced within that Silo is paid into the account established for that Silo each year and distributed to pay eligible project debt obligations in or allocated to that Silo by the relevant redevelopment agreement.

The Allocation Policy also states that the Authority is due an administrative fee in the amount of \$60,000 annually. Pursuant to the Allocation Policy, this fee is payable from the aggregate property and sales tax increment revenue of the entire Urban Renewal Area, proportionally by the developers of Silos 1, 2, and 3.

The Redevelopment Agreement

General. The Authority and the Developer have entered into an Urban Renewal Agreement for Redevelopment of the South Nevada Avenue Area Urban Renewal Plan dated as of December 16, 2015 (as the same may be amended from time to time, as previously defined, the “**Agreement for Redevelopment**”). The Authority and the District have entered into a Cooperation Agreement dated _____, 2019 (as previously defined, the “**Cooperation Agreement**”). The Developer has also executed a Consent of Developer dated _____, 2019 (as previously defined, the “**Consent of Developer**”) pursuant to which the Developer consents to the Cooperation Agreement and the assignment therein of certain rights under the Agreement for Redevelopment. Collectively, the Agreement for Redevelopment, the Cooperation Agreement, and the Consent of Developer are herein referred to collectively as the “**Redevelopment Agreement.**”

The purpose of the Redevelopment Agreement is to further the goals and objectives of the Urban Renewal Law and the Urban Renewal Plan by eliminating blight and providing for the development and redevelopment of the Property. The Redevelopment Agreement is the agreement pursuant to which tax increment revenue is distributed from the Authority to the District, and also pursuant to which public improvements are constructed and financed.

Pledge and Distribution of Tax Increment Revenue. Pursuant to the Redevelopment Agreement, the Authority agrees to pay to the District all Property Tax TIF and Sales Tax TIF it receives that are generated by or from the property within the District. Pursuant to the Redevelopment Agreement, the Authority has irrevocably pledged the Property Tax TIF and the Sales Tax TIF to the payment of the Authority's Reimbursement Obligation. The Sales Tax TIF and Property Tax TIF, when and as received by the Authority shall be subject to the lien of such pledge and shall be paid over to the District to be applied to the Series 2019 Bonds.

Construction of Authority Public Improvements. In the Redevelopment Agreement, the Developer agrees to finance and to construct, or, cause to be constructed, the Authority Public Improvements. For purposes of the Redevelopment Agreement, "**Authority Public Improvements**" is defined as a list of specified public improvements (including but not limited to underground utilities, public sidewalks, road improvements, signalization costs, street lighting, landscaping, streetscape improvements, and signage) which may be financed by the Authority under State law.

Construction of Private Improvements. In the Redevelopment Agreement, the Developer is also obligated to construct the private improvements in accordance with a concept plan, which is superseded by the CDP. The Developer agrees to finance and construct all private improvements and the Authority Public Improvements.

Developer Financing. The Developer is required to obtain financing for the costs of constructing the Authority Public Improvements. The Redevelopment Agreement requires the Developer to obtain the Authority's prior written consent to such financing, which consent shall not be unreasonably withheld, conditioned, or delayed. The Developer has received the Authority's consent to the issuance of the Series 2019 Bonds.

Authority Financing. The Redevelopment Agreement provides that the sole financing provided by the Authority for the redevelopment of property within the District is the reimbursement of [actual reimbursable project costs] from the Property Tax TIF and the Sales Tax TIF that are generated by or from property within the District. The use of the Sales Tax TIF is governed by the City-Authority Agreement.

Developer Reimbursement. In order to be reimbursed for eligible construction costs from the Authority, the Developer is required to submit a request to the Authority, including a certification from a professional that the costs were actually incurred and have not previously been reimbursed.

Authority Administrative Fee. The Redevelopment Agreement provides that a fee (the "**Administrative Fee**") in the amount of \$60,000 shall be retained annually by the Authority from the total tax increment revenue collected in the Urban Renewal Area. The Administrative

fee is collected proportionally from the tax increment revenue attributable to the property in each of Silos 1-3.

Restrictions on Transfer of Property. The Developer agrees that it will not sell or transfer its rights under the Redevelopment Agreement or the Property without prior written approval of the Authority.

Developer Events of Default. Any of the following events constitutes an event of default on the part of the Developer: (a) the Developer, in violation of the Redevelopment Agreement, assigns or attempts to assign or transfer the Redevelopment Agreement or control of property within the District, or any rights in either; (b) there is any change in the ownership of the Developer or in the identity of the parties in control of the Developer that violates the Redevelopment Agreement; (c) subject to a grace period, the Developer fails to provide the evidence of the Developer's financing as required by the Redevelopment Agreement; (d) subject to a grace period, the Developer fails to commence, diligently pursue and complete construction of the private improvement and Authority Public Improvements for each phase of the redevelopment of property within the District as required; (e) a holder of a mortgage or deed of trust exercises any remedy provided by loan documents, law or equity that materially interferes with the construction of private improvements or the Authority Public Improvements; or (f) subject to a grace period, the Developer fails to observe or perform any material and substantial covenant, obligation or agreement required of it under the Redevelopment Agreement or to make good faith efforts to obtain the Developer's financing.

Authority Events of Default. The following constitutes an event of default on the part of the Authority: subject to a grace period, the Authority fails to observe or perform any material and substantial covenant, obligation or agreement required of it under the Redevelopment Agreement.

Remedies on Default. Whenever any default occurs under the Redevelopment Agreement and, if applicable, is not cured, the non-defaulting party may take any one or more of the following actions:

- (a) except as otherwise provided in the Redevelopment Agreement, suspend performance under the Redevelopment Agreement until it receives assurances from the defaulting party that the defaulting party will cure its default;
- (b) prior to commencement of construction by the Developer, terminate the Redevelopment Agreement as to any portion of the Property where commencement of construction has not occurred;
- (c) in the case of the Authority, withhold the Certificate of Completion (as defined in the Redevelopment Agreement); or
- (d) take whatever legal or administrative action or institute such proceedings as may be necessary or desirable in its opinion to enforce observance or performance, including, but not limited to, specific performance or to seek any other right or remedy at law or in equity, including damages.

Effect of Termination. If the Redevelopment Agreement is terminated, the covenants and obligations that survive such termination remain in full force and effect and the parties agree to execute such mutual releases or other instruments reasonably required to effectuate and give notice of such termination. If the Redevelopment Agreement is terminated, the Authority shall retain all tax increment revenue until all obligations of the Authority created pursuant to the Urban Renewal Plan are satisfied and apply those funds to such uses or expenses as the Authority deems appropriate.

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THE DISTRICT

Organization and Description

Pursuant to the Business Improvement District Act, public improvements may be financed through the creation of business improvement districts. Such districts are taxing units created by ordinance of the governing body of the municipality in which the business district is located. Such districts are quasi-municipal corporations and political subdivisions of the State with the limited proprietary powers set forth in the Business Improvement District Act.

Formation of the District was preceded by the filing of a petition for organization signed by persons who owned taxable real or personal property in the proposed District is required by State statute. The District was created by the City Council pursuant to Ordinance No. 16-18, adopted on February 25, 2016.

Pursuant to Ordinance No. 16-18, the District was organized for the purpose of providing certain public improvements and services to and for the benefit of the properties within the District. Pursuant to the Operating Plan, the District is authorized to provide, among others, water services, safety protection devices, sanitation services, marketing, streetscape improvements, street improvements, curbs, gutters, culverts, drainage facilities, sidewalks, parking facilities, paving, lighting, grading, landscaping, and storm and wastewater management facilities and associated land acquisition and remediation. Pursuant to the Operating Plan, the District is authorized to provide for the operation, and maintenance of District facilities as activities of the District itself or by contract with other units of government or the private sector. Notwithstanding the foregoing, the activities of the District are subject to the approval of the City Council, as evidenced by approval of an annual operating plan and budget of the District, as more particularly described below in “–District Powers; Requisite City Council Approval.”

The boundaries of the District include approximately _____ acres. Subject to compliance with statutory procedures, owners of property proposed to be included into or excluded from the District may file a petition in writing with the City Council requesting that such property be included in or excluded from the District. If the change in boundaries of the District does not adversely affect the District and if the petition is granted, the City Council is to adopt an ordinance to that effect, and after compliance with certain statutory procedures, the property is to be included into or excluded from the District.

District Powers; Requisite City Council Approval

The rights, powers, privileges, authorities, functions and duties of the District are established by the laws of the State, District particularly the Business Improvement District Act, and the District’s Operating Plan. Pursuant to the foregoing, the District has the power: to have perpetual existence; to have and use a corporate seal; to sue and be sued and to be a party to suits, actions, and proceedings; to enter into contracts and agreements affecting the affairs of the District, including contracts with the United States and any of its agencies or instrumentalities; to borrow money and incur indebtedness for the purposes of the District and evidence the same by certificates, warrants, notes, and debentures, and to issue negotiable bonds; to acquire, construct, finance, install, and operate the improvements contemplated by the Business Improvement

District Act and all property, rights, or interests incidental or appurtenant thereto and to dispose of real and personal property and any interest therein, including leases and easements in connection therewith; to refund bonds of the District; to have the management, control, and supervision of all the business and affairs of the District and of the acquisition, construction, financing, installation, and operation of District improvements and the financing and operation of District services therein; to construct and install improvements across or along any public street, alley, or highway, and to construct works across any stream of water or watercourse in accordance with law; to fix and from time to time increase or decrease rates, tolls, or charges for any services or improvements, furnished by the District and to pledge such revenue for the payment of any bonds of the District; to appoint an advisory board of owners of property within the boundaries of the District and to provide for the duties and functions thereof; to hire employees or retain agents, engineers, consultants, attorneys, and accountants; to adopt and amend bylaws not in conflict with the Colorado Constitution and laws of the State or with the ordinances of the municipality affected for carrying on the business, objects and affairs of the board of the District; to exercise all rights and powers necessary or incidental to or implied from the specific powers granted; and to levy and collect ad valorem taxes on or against all taxable commercial property within the District.

The District may provide services which include consulting with respect to planning and managing development activities; maintenance of improvements; promotion and marketing of District activity; organization, promotion, marketing and management of public events; activities in support of business recruitment, management, and development; security for businesses and public areas located within the District; snow removal or refuse collection; and providing design assistance. The District has the power to construct, maintain, and operate safety measures that are necessary to allow the municipality to restrict sounding of locomotive horns at highway-rail grade crossings in accordance federal and State laws. The District may establish special improvement districts within the boundaries of the District and may impose special assessments wholly or in part upon real property within the District in order to defray all or any portion of the costs of the improvements provided by the District.

Notwithstanding the foregoing, pursuant to the Business Improvement District Act, the District is not permitted to issue bonds, levy taxes, fees, or assessments or provide improvements or services unless the City Council has approved an Operating Plan and budget for the District. The District adopts an Operating Plan and budget each year. See also "DISTRICT FINANCIAL INFORMATION-Budget and Appropriation Procedure." Pursuant to the Business Improvement District Act, the Operating Plan or budget is to specifically identify the services or improvements to be provided by the District, the taxes, fees, or assessments to be imposed by the District, the estimated principal amount of bonds to be issued by the District, and such additional information as the City may require. The District is to file an Operating Plan and its proposed budget for the next fiscal year with the City Clerk no later than September 30 of each year. All business records of the District (not including business records of the owners of property in the District) are to promptly be made available to the City upon request. The City may require the District to supplement the District's Operating Plan or budget where necessary. The City is required to approve or disapprove the Operating Plan and budget within thirty days after receipt of such Operating Plan and budget and all requested documentation relating thereto, but not later than December 5 of the year in which such documents are filed. Thereafter, the services, improvements, and financial arrangements of the District are required to conform so far as

practicable to the Operating Plan and the budget; provided that the Operating Plan and the budget may, from time to time, be amended by the District with the approval of the City in substantially the same manner as the process for formulating the Operating Plan and budget for each year. Any material departure from the Operating Plan and the budget, as originally approved or amended from time to time, may be enjoined by an order of the City filed with the Board.

By Resolution No. 18-0411, adopted on October 23, 2018, the City Council approved the 2019 Operating Plan and Budget for the District, which contemplates, among other matters, the issuance of bonds in an aggregate principal amount not to exceed \$50,000,000, for the purpose of funding costs to construct certain public improvements for the Development. Such 2019 Operating Plan and Budget contemplates that the District has all powers authorized under the Business Improvement District Act and does not provide any specific limitations on the use of such powers except as set forth in the Operating Plan. The exercise of the District’s powers continues to be subject to City Council approval and the District’s annual Operating Plan(s) and Budget(s) in future years.

Governing Board

Pursuant to the Operating Plan, the District’s Board of Directors (the “**Board**”) is comprised of five (5) members. The members must be electors of the District as defined by State law and are elected to alternating four-year terms of office at successive biennial elections. However, pursuant to H.B. 18-1039, business districts whose governing boards follow the rules of metropolitan districts are required to move their biennial elections from even years to odd years beginning in 2023. Accordingly, the Board terms commencing in 2020 and 2022 shall be for a term of three years, returning to four-year Board terms in 2023 and 2025. Vacancies on the Board are filled by appointment of the remaining directors, the appointee to serve until the next regular election, at which time the vacancy is filled by election for any remaining unexpired portion of the term. Pursuant to statute, with certain exceptions, no non-judicial elected official of any political subdivision of the State can serve more than two consecutive terms in office; however, such term limitation may be lengthened, shortened or eliminated pursuant to voter approval. Voters in the District have voted to waive the statutory term limits, and therefore the Board is not subject to such limitations. The present membership of the board is as follows:

TABLE III

District Board of Directors

<u>Name</u>	<u>Office</u>	<u>Principal Occupation</u>
Danny Mientka	President	Developer
Rebecca Mientka	Vice President/Assistant Secretary	Developer
Melissa Harrison	Treasurer/Assistant Secretary	Developer
Deirdre Aden-Smith	Secretary	Developer
Kelly S. Nelson	Assistant Secretary	Developer

Conflicts of Interest. Pursuant to State law, directors are required to disclose to the Colorado Secretary of State and the Board any potential conflicts of interest or personal or

private interests which are proposed or pending before the Boards. Board members with an undisclosed potential conflicting interest in an District transaction may not act directly or indirectly for the Board in the inspection, operation, administration, or performance of any contract related to the transaction. According to disclosure statements filed with the Secretary of State and the District by members of the Board prior to taking any official action relating to the Series 2019 Bonds, all of the directors have potential or existing personal or private interests relating to the issuance or delivery of the Series 2019 Bonds or the expenditure of the proceeds thereof. See “RISK FACTORS-Directors’ Private Interests.”

Administration and Management

The Board is responsible for the overall management and administration of the affairs of the District. The District is not expected to have employees, and all administrative functions are expected to be furnished by contract with private entities. The Board also presently retains the following consultants: Spencer Fane LLP, Denver, Colorado, as general counsel to the District, and CliftonLarsenAllen LLP, as accountant to the District.

Agreements of the District

The Business Improvement District Act authorizes the District to enter into agreements and contracts affecting the affairs of the District. Accordingly, the District is not a party to any agreements which materially affect its financial status or operations, except as described below. Copies of these agreements are available from the District as provided in “INTRODUCTION–Additional Information.”

Operation Funding Agreement. The District and the Developer have entered into a Reimbursement Agreement dated _____ (the “ORA”). The ORA provides that the Developer will advance funds to the District for the purpose of paying the operating expenses of the District until December 31, 2018, and are automatically renewed for successive one (1) year periods unless terminated by either the Developer or the District. The District agreed to reimburse such advances, respectively, together with interest thereon, subject to annual appropriation and budget approval, from legally available funds within any fiscal year and not otherwise required for operations, capital improvements, and debt service costs and expenses of the District. Since payment of such reimbursement obligation is subject to annual appropriation, they are subordinate to all bonded indebtedness of the District, whenever issued, including the obligations of the District under the Indentures.

Under the District ORA, as of _____, 2019, the District owes the Developer approximately \$_____, in the aggregate, of which no amount will be paid from the proceeds of the Series 2019 Bonds. [TO BE CONFIRMED.]

Facilities Funding and Reimbursement Agreement. The District and the Developer have entered into a Facilities Funding and Reimbursement Agreement dated as of June 1, 2016 (as the same may be amended from time to time, the “FFRA”). The FFRA provides that, upon application of the District, the Developer may (a) construct Public Improvements within the District on behalf of the District, subject to future acquisition and reimbursement by the District, or (b) may provide advances up to the amount of the certified construction related expenses (as

more particularly described therein) to the District so that the District is able to construct Public Improvements. The District agreed to reimburse such advances, together with interest thereon (at a rate equal to 6%), subject to annual appropriation and budget approval, bonds or other legally available revenue to repay such costs. In the event that the District is unable to reimburse the Developer for any such advance of the acquisition of Public Improvements within thirty (30) years from the date of such advance, any amount of principal and accrued interest outstanding at such time shall be deemed to be forever discharged and satisfied in full. Since payment of such reimbursement obligation is subject to annual appropriation, they are subordinate to all bonded indebtedness of the District, whenever issued (including the obligations of the District under the Indentures). The FFRA terminates on December 31, 2046, unless terminated earlier by mutual written agreement of the parties thereto.

Under the FFRA, as of the date of this Limited Offering Memorandum, the District owes the Developer approximately \$_____ (including principal and interest), of which approximately \$_____*

Facilities and Services Provided by the District

The purpose of the District is to finance, acquire, construct, complete, install, replace, and/or operate and maintain public improvements consisting of certain water services, safety protection devices, sanitation services, marketing, streetscape improvements, street improvements, curbs, gutters, culverts, drainage facilities, sidewalks, parking facilities, paving, lighting, grading, landscaping, and storm and wastewater management facilities and associated land acquisition and remediation within and without the boundaries of the District (as previously defined, the “Public Improvements”). The District may, and does, own and operate Public Improvements, and has undertaken direct responsibility to the Developer to reimburse allocated costs of Public Improvements to the extent funded by the Developer. See “–Agreements of the District–Developer Facilities Funding and Acquisition Agreement” above.

Certain of the Public Improvements are owned, or upon completion and acceptance are anticipated to be owned, by the City. All Public Improvements constructed thus far have been completed by, and it is anticipated that all remaining Public Improvements required to support development within the District will be completed by, the District and/or the Developer; provided, however, that the District will be responsible, to the extent of available moneys therefor, for the reimbursement of such costs expended by the Developer in accordance with the Developer Funding and Acquisition Agreement described above.

Status of Funding and Construction of Public Improvements. For information concerning the Developer’s estimated costs of public infrastructure required to serve the Development, the present status of construction and projected funding sources, see “THE DEVELOPMENT AND DEVELOPER-Status and Funding of Public Infrastructure.” See also “–Agreements of the District–Developer Facilities Funding and Acquisition Agreement” above.

Services to be Provided by other Governmental Entities. Owners of properties in the District will be provided a wide range of services by various entities other than the District. The

* Preliminary; subject to change.

City provides water and sewer services, natural gas service, electrical service, police protection, and fire protection.

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THE DEVELOPMENT AND DEVELOPER

The following information has been supplied by the Developer.

Neither the District, the District's advisors nor the Underwriter makes any representation regarding projected development plans within the Development, the financial soundness or the managerial ability of the Developer or any other owner, or anticipated purchaser, of property within the Development to complete development in accordance with the plans described herein, nor the assessed valuation presently anticipated to be certified with respect to certain of such properties, and other than the express representations of the Developer set forth herein, the Developer makes no such representations. Without limiting the generality of the foregoing, no assurance of success is provided for the Development. See "-The Developer" below. The development of the property within the District may be affected by factors such as governmental policies with respect to land development, the availability of water and other utilities, the availability of energy, construction costs, interest rates, competition from other developments, and other political, legal, and economic conditions. Further, while certain information is provided herein with respect to existing and anticipated encumbrances of the property, in particular encumbrances recorded by other property owners and disclosed to the Developer, property within the Development may presently or in the future be subject to additional encumbrances as security for obligations of the Developer or other future property owners payable to various parties, the default of which could adversely affect development and construction activity. See "RISK FACTORS—Continued Development Not Assured."

The Developer

The Development is being undertaken by SNA Development, LLC, a Colorado limited liability company (as previously defined, the "**Developer**"). Entities related to the Developer have been acquiring property within the Development since the 1980s. The Developer has completed certain land entitlements, platting and engineering activities, as more particularly described herein.

The Developer was formed in 2015 and is affiliated with The Equity Group LLC, a Colorado limited liability company ("TEG"). Since 1985, TEG has developed, leased, and managed real estate in the Colorado Springs area. TEG is a privately-held company with over \$29 million dollars in revenue since 2016. TEG has developed or redeveloped approximately 850,000 square feet of commercial property and 278 acres of land since its founding.

Development Team

Danny Mientka is the Principal of TEG. His education includes a Master's in Business Administration with an emphasis in Marketing and undergraduate degrees in Business Administration and Accounting. Daniel M. Mientka has worked in the real estate investment management, commercial leasing., and land development in the Colorado Springs area since 1985. He is a Licensed Real Estate Broker in the State of Colorado and has extensive experience in land development, investment syndication, commercial property management, leasing and real estate brokerage activities.

Melissa Harrison is the Controller of TEG. She has a Master's degree in business Administration and holds undergraduate degrees in accounting and marketing. Ms. Harrison has and will continue to support, manage and oversee the development's financial pro forma, bonding, construction financing, and property management activities.

Kevin Kratt is the President of Kratt Commercial Properties. He has developed over 2 million square feet of retail shopping center projects in Colorado Springs and he has consistently secured credit quality tenants, paying the highest per square foot rental rates while maintaining nearly 100% occupancy in multiple shopping centers ranging from 50,000 to 650,000 square feet within the Colorado Springs market. In addition to supporting the development with consulting advice, Mr. Kratt and an associate broker will exclusively market and lease the Development.

R. Perry Lewis, AIA, with RTA Architects in Colorado Springs is the lead architect for the Development and brings his design experience from over 60 master planned retail and mixed-use developments. Mr. Lewis has generated the development's comprehensive sign plan and has created a high-quality retail design theme that will transition the development's natural setting along 700 liner feet of Cheyenne Creek to the urban street frontage along South Nevada Avenue.

Jim Houk, Principal and lead planner with Thomas & Thomas, is directing the land use entitlements, development plans, landscaping design and Cheyenne Creek restoration. Thomas & Thomas has delivered some of Colorado Springs' highest profile land planning efforts including Cheyenne Mountain State Park and America the Beautiful Park in addition to quality urban design developments. Jim has a Master's in Landscape Architecture and is a registered Landscape Architect.

Richard Wray, PE with Kiowa Engineering, has been a member of the development team throughout all of the Schematic and Design Development phases of the project and is supporting the Developer's planning group with all civil engineering, hydrology/hydraulics, utility & stormwater management facilities design and construction documents. Kiowa engineering has completed multiple FEMA mapping projects within the Southwest Area Drainage Basin and completed the restoration of Seven Falls following major flooding in 2013. Kiowa's experience with creek restoration projects in other communities offers the Development a unique opportunity to deliver on a special experience with the planned Cheyenne Creek restoration.

Development Overview

Summary of Existing Development and Planned/Anticipated Development within the District. As of the date hereof, the Development contains (a) an approximately 8,215-square foot Family Dollar Store, (b) an approximately 1,500-square foot Dunkin Donuts, (c) an approximately 7,772-square foot strip center, and (d) an approximately 900-square foot salon. The Development is also planned to include an additional approximately 51,000 square feet of retail space.

The planned development described herein is consistent with the CDP approved by the City.

Existing Development. The Development contains an approximately 8,215-square foot structure which was built in 1992. This property is owned by Roslin Net Lease IV, LLC, a Colorado limited liability company, Kaplan Investments II, LLC, a Colorado limited liability company, and Oxford Orion Investments I, LLC, a Colorado limited liability company (collectively, “**Roslin**”) and is occupied by Family Dollar. *The PIF Covenant is not recorded against this property and no PIF Revenues will be received from any activity on such property. No assurance is provided that such property will continue to be operated as a Family Dollar store, or at all.*

The Development also contains an approximately 7,712-square foot strip center which was built in 1986. This property is owned by Roslin and contains four businesses (the Laundry Basket, the Laundro Mutt, Yakitori, and Rocky Road). *The PIF Covenant is not recorded against this property and no PIF Revenues will be received from any activity on such property. No assurance is provided that such property will continue to be operated as the current businesses, or at all.*

The Development includes an approximately 1,500-square foot structure which was built in 2018. This property is owned by 1609 South Nevada Avenue LLC, a ___ limited liability company, and is occupied by Dunkin Donuts. *The PIF Covenant is not recorded against this property and no PIF Revenues will be received from any activity on such property. No assurance is provided that such property will continue to be operated as a Dunkin Donuts, or at all.*

The Development contains an approximately 900-square foot structure which was built in 1909 and renovated in 2017. This property is owned by the Developer and is occupied by Blush Dry Bar Salon.

Planned Development. The Developer plans to construct five (5) building consisting of approximately 51,000 square feet of retail space in the aggregate. The Developer anticipates that the retail buildings will be completed in the fourth quarter of 2020. *No assurance is provided that the retail space will be completed and open in such timeframe or at all.*

Approximately 3,000 square feet of the planned retail space in Building D is subject to a lease between the Developer and The Little Wine Barrel (“**LWB**”), pursuant to which LWB will lease such space for the purpose of operating a liquor store.

Approximately [4,000] square feet of the planned retail space in Building C is subject to a letter of intent between the Developer and Veda (“**Veda**”), pursuant to which Veda would lease such space for the purpose of operating a salon.

Approximately 3,160 square feet of the planned retail space Building D is subject to a [letter of intent] between the Developer and Orange Theory Fitness (“**Orange Theory**”), pursuant to which Orange Theory would lease such space for the purpose of operating a fitness gym.

Approximately [3,300] square feet of the planned retail space Building B is subject to a letter of intent between the Developer and Pacific Dental (“**Pacific Dental**”), pursuant to which Pacific Dental would lease such space for the purpose of operating a dental practice.

Approximately 3,500 square feet of the planned retail space Building C is subject to a letter of intent between the Developer and Urban Egg (“**Urban Egg**”), pursuant to which Urban Egg would lease such space for the purpose of operating a restaurant. [TO BE CONFIRMED.]

Approximately 3,500 square feet of the planned retail space Building A is subject to a letter of intent between the Developer and Wag ‘N Wash (“**Wag ‘N Wash**”), pursuant to which Wag ‘N Wash would lease such space for the purpose of operating a dog grooming business. [TO BE CONFIRMED.]

Approximately 1,675 square feet of the planned retail space Building A is subject to a letter of intent between the Developer and International Poke (“**International Poke**”), pursuant to which International Poke would lease such space for the purpose of operating a restaurant. [TO BE CONFIRMED.]

Approximately 1,900 square feet of the planned retail space Building B is subject to a letter of intent between the Developer and Menchie’s Frozen Yogurt (“**Menchie’s**”), pursuant to which Menchie’s would lease such space for the purpose of operating a frozen yogurt shop. [TO BE CONFIRMED.]

The letters of intent memorialize only the stated intent of the parties as to the purchase and sale of land as of the date of its execution and is not a legally binding agreement. Neither the Developer nor the prospective tenants have any obligation to consummate the transactions contemplated by such letters of intent. Furthermore, there is no guarantee that any of the prospective tenants will construct tenant improvements on the subject property as planned, or at all. No letter of intent constitutes a binding contract for lease. Descriptions of the letters of intent are included herein only to reflect current interest in the Development by prospective tenants. There is no assurance, however, that any such potential tenant will decide to lease property in the Development, or if they do, whether such potential tenant and the Developer will successfully negotiate a lease. Any future leases are expected to be subject to various contingencies and conditions and there is no guarantee that any future leases will actually close.

Subject to the leases and contracts described herein, the Developer is continuing with the marketing, leasing, and development of property within the Development.

Notwithstanding any of the foregoing, the actual use of property within the Development is subject to change within the parameters set forth in the CDP. Furthermore, other than as required pursuant to the Redevelopment Agreement, neither the Developer nor any other party is contractually obligated to pursue development as described herein, or at all.

The following table summarizes the existing and planned development within the Development.

TABLE IV

Summary of Existing and Planned Development in the District

<u>Project Description</u>	<u>Property Owner</u>	<u>Facility Size (approximate)</u>	<u>Entitlement Status</u>	<u>Anticipated Completion Date</u>
<i>Existing Development</i>				
Family Dollar		8,215 sf	Complete	Complete
Dunkin Donuts		7,712 sf	Complete	Complete
Salon		1,500 sf	Complete	Complete
Strip Center		900 sf	Complete	Complete
<i>Planned Development ⁽¹⁾</i>				
Retail Building A	Developer	9,375 sf	Complete	
Retail Building B	Developer	[19,235] 16,363 sf	Complete	
Retail Building C	Developer	11,000 sf	Complete	
Retail Building D	Developer	6,160 sf	Complete	
Retail Building E	Developer	5,916 sf	Complete	

(1) As set forth in the Market Study.

Source: The Developer, the CDP, and the Market Study

Completion of the planned retail/commercial projects described above is subject to the satisfaction of a variety of conditions including, but not limited to (a) the issuance of applicable building permits (excluding the constructed properties for which building permits have been obtained), (b) securing construction financing for the private improvements, and (c) with respect to the retail to be constructed or ground-leased by the Developer, securing a minimum level of leasing commitments. No assurance is given that any of the foregoing conditions will be satisfied in a timeframe necessary to achieve the projected development schedules set forth herein, or at all. *No assurance is given that the parties to any agreement concerning leasing, purchasing, financing, constructing or otherwise providing for any portion of the remaining planned development, or the infrastructure required therefor, will perform their respective obligations thereunder. Finally, no assurance is given that such development will be completed in the manner and the timeframes, or will result in the anticipated values, described above and in the Financial Forecast, or at all. See “RISK FACTORS–Continued Development Not Assured.”*

The map on the following page shows the planned layout of the Development. *No assurance is given that the Development will be completed as described on such map, or at all.*

Parcel MAP

Entitlements and Public Approvals

Annexation, Zoning, and Entitlements. All of the property comprising the Development is located within the City. As of the date of this Limited Offering Memorandum, the City has approved the Creekwalk Development Plan (as previously defined, the “**CDP**”) for the Development, all of the undeveloped property within the Development is fully entitled pursuant to the terms and conditions of the CDP, and final plats and contextual site plans have been approved for the undeveloped property within the Development. However, building permits have not yet been approved for the undeveloped property within the Development (comprising Retail Buildings A-E).

Status and Funding of Public Infrastructure

As of the date of this Limited Offering Memorandum, there had been completed Public Improvements serving the Development having a total cost of approximately \$_____ have been completed; provided, however, that [no] such costs have been certified to or verified by the District. Such amount excludes the costs of any onsite work not reimbursable by the District, for which no information is available. Such costs have been funded by the Developer (subject to reimbursement by the District in accordance with the Developer Funding and Acquisition Agreement described herein). See “THE DISTRICT–Agreements of the District–Facilities Funding and Acquisition Agreement.”

The Developer estimates the total cost of the Public Improvements required for the Development is approximately \$_____. Such estimate is based on present plans for the Development as described herein (which are subject to change), present costs and, in some cases, includes estimated costs for Public Improvements which have not yet been designed and engineered. The actual costs of Public Improvements may vary from such estimate and such variance may be material.

It is anticipated that a total of \$_____ * will be available from net proceeds of the Series 2019 Bonds to fund Public Improvements. However, such net proceeds are not restricted to funding the remaining Public Improvements but, rather, may also be applied to reimburse the Developer for previously expended costs of Public Improvements. See “RISK FACTORS–Continued Development Not Assured–Public Infrastructure.”

The foregoing estimates do not include the costs of private infrastructure or vertical construction of any portion of the Development.

Acquisition; Encumbrances on Land

The following describes certain encumbrances presently existing on all or portions of the property comprising the Development, to the extent known by the Developer. Such property is also subject to various easements and rights of way of record which, to the extent of record only, the Developer has reviewed, and the Developer does not believe is inconsistent with the development of the property as described herein. Property within the Development may be subjected to additional encumbrances as development progresses, including, but not limited to,

* Preliminary; subject to change.

liens securing financial obligations of the Developer or owners or users of such property. No assurance is given that encumbrances will not be recorded against portions of the Development which impact the ability of the Development to be carried out as presently planned.

Land Acquisition and Ownership; Related Encumbrances. The Developer's interest in the land is secured by a series of deeds of trust recorded in the records of the El Paso County Clerk and Recorder (the "Deeds of Trust"). The Deeds of Trust encumbers all of the land in the Development owned by the Developer[, except for the salon]. The Developer intends to pay off all of the debt associated with the Deeds of Trust following the issuance of the Series 2019 Bonds.

The Developer and other entities that may own land in the Development, whether now or in the future, are not precluded from using any portion of such property as security for financial obligations in the future. While third party landowners within the Development may presently or in the future encumber their respective properties with liens securing financial obligations, the Developer has no knowledge of any such present encumbrances.

Easements. Land within the Development is subject to various easements recorded in the records of El Paso County Clerk and Recorder. The Developer does not believe that any recorded easement burdening the property within the Development has a material impact on the Development as described herein.

Other Encumbrances. Except as expressly stated herein, the Developer has no information with respect to any encumbrances may have recorded may have recorded against such property after its sale by the Developer. Furthermore, property within the Development may be subjected to additional encumbrances as development progresses. No assurance is given that encumbrances will not be recorded against portions of the Development which impact the ability of the Development to be carried out as presently planned. The property is also subject to easements and rights of way of record.

Environmental Matters

Environmental Site Assessment. No third-party assessments relating to the potential of environmental conditions which would preclude construction in the Development were provided by the Developer.

Geotechnical Evaluations. CTL Thompson, Inc. prepared a Preliminary Geotechnical Investigation Creekwalk Project S. Nevada Avenue & E. Cheyenne Road Colorado Springs, Colorado and presented its findings in a report and supplemental letter each dated October 23, 2017 (collectively, the "**Geotechnical Report**"). No third-party assessments relating to the potential of geotechnical conditions which would preclude construction in the Development were provided by the Developer. The Geotechnical Report concluded that no geologic hazards or geotechnical constraints were identified that CTL Thompson, Inc. believes preclude development of the site examined (which includes the undeveloped property in the District) for construction of commercial/retail structures, as planned.

Endangered Species. No third-party assessments relating to the potential of any portion of the Development constituting a habitat for endangered species were provided by the Developer.

Floodplain and Wetland Matters. No third-party assessments relating to the potential existence of wetlands or inclusion of any portion of the Development in the floodplain were provided by the Developer.

Other Property Assessments. The foregoing describes assessments conducted on behalf of the Developer with respect to the property comprising the Development. It is possible that, either before or after the sale of property in the Development, potential purchasers may obtain geotechnical and other studies and/or assessments of the property for the purpose of identifying conditions of the subject property that may impact development and making recommendations for the appropriate course of particular development activities. However, no such reports (if any) have been made available to District, or the Developer.

Marketing and Advertising

Marketing of the Development is expected to include customary marketing tools, including social media, print advertising, sign advertising, and an individual website (<https://creekwalkcos.com/>).

Competition

The Development will compete with a number of active projects, as well as future developments, in and around the Development and the metro area, some of which are more particularly described in the Market Study attached as APPENDIX B.

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DISTRICT REVENUES

Authority to Raise Revenue

General. The Business Improvement District Act authorizes the District to fix rates, tolls or charges for any services or improvements furnished by the District, to levy and collect ad valorem property taxes on and against all taxable commercial property within the boundaries of the District, to impose special assessments against property benefited by improvements constructed within special improvement districts created within the District, and to enter into contracts and agreements concerning the affairs of the District, subject to any limitations of the District's Operating Plan from time to time, or any ordinance of the City Council approving the same. Pursuant to the District's Operating Plan (previously approved by City Council), the District is authorized to levy a mill levy and to impose, collect and spend rates, tolls, charges, special assessments, and any and all fees and revenue from other sources legally available to the District in order to fund operational costs, and the District is authorized to issue all, none or some of the bonds or other debt associated with the Project upon compliance with the applicable conditions in the Redevelopment Agreement. The District is not permitted to impose a mill levy less than or in excess of 50 mills for any purpose without City approval. Eligible electors of the District have voted to allow the District to collect, retain, and spend all revenues received in excess of certain state law limitations, as more particularly described in “-Constitutional Amendment Limiting Taxes and Spending” below.

It is anticipated that the costs of the District's operations, maintenance, and administrative costs are to be paid through a variety of revenue sources, including ad valorem taxes and fees, as deemed necessary by the Board; provided, however, that none of the Revenues or the Subordinate Pledged Revenues will be used to pay such District costs.

Security for the Series 2019A Bonds. The Series 2019A Bonds are payable from, among other sources, revenues resulting from ad valorem property taxes required to be levied against all property subject to taxation by the District at a rate equal to the Required Mill Levy, and certain ad valorem property taxes imposed by the City and other governmental entities within the boundaries of the District and payable to the District by the Authority pursuant to the Redevelopment Agreement. See “THE SERIES 2019A BONDS–Security for the Series 2019A Bonds–*Definition of Property Tax Revenues,*” “–*Specific Ownership Tax,*” “–*Pledged Tax Increment Revenues,*” “–*PIF Revenues.*”

Security for the Series 2019B Bonds. The Series 2019B Bonds are payable from, among other sources, revenues resulting from ad valorem property taxes required to be levied against all property subject to taxation by the District at a rate equal to the Subordinate Required Mill Levy, and certain ad valorem property taxes imposed by the City and other governmental entities within the boundaries of the District and payable to the District by the Authority pursuant to the Redevelopment Agreement. See “THE SERIES 2019B BONDS–Security for the Series 2019B Bonds–*Definition of Subordinate Required Mill Levy,*” “–*Specific Ownership Tax,*” and “–*Revenues Available after Application to the Series 2019A Bonds.*”

Ad Valorem Property Taxes

General. The Board has the power, subject to constitutional and statutory guidelines, to certify a mill levy for collection of ad valorem taxes against all taxable property within the District. Similarly, other governmental entities have the power, subject to constitutional and statutory guidelines, to certify a levy for collection of ad valorem taxes against all taxable property within the boundaries of the applicable taxing entity. Property taxes are uniformly levied against the assessed valuation of all taxable property of the applicable taxing entity. The property subject to taxation, the assessment of such property, and the property tax procedure and collections are discussed below. *References herein to the procedures applicable to the assessment of taxable property within the District, imposition of taxes by the District, and collection of District property taxes are similarly applicable to the taxable property and property taxes of other taxing entities.*

Operating Plan Limitations. The District's Operating Plan provides a "Mill Levy Cap" which is the maximum mill levy the District is permitted to impose upon the taxable property within the District for any purposes. The Mill Levy Cap is 50 mills.

Property Subject to Taxation. Both real and personal property located within the boundaries of the District, unless exempt, are subject to taxation by the District. The State Board of Equalization supervises the administration of all laws concerning the valuation and assessment of taxable property and the levying of property taxes.

Assessment of Property. Taxable property is first appraised by the County's assessor (the "**County Assessor**") to determine its statutory "actual" value. This amount is then multiplied by the appropriate assessment percentage to determine each property's assessed value. The mill levy of each taxing entity is then multiplied by this assessed value to determine the amount of property tax levied upon such property by such taxing entity. Each of these steps in the taxation process is explained in more detail below.

Determination of Statutory "Actual" Value. The County Assessor annually conducts appraisals in order to determine, on the basis of statutorily specified approaches, the statutory "actual" value of all taxable property within the County based upon its condition on June 30. Most property is valued using a market approach, a cost approach or an income approach. Residential property is valued using the market approach, and agricultural property, exclusive of building improvements thereon, is valued by considering the earning or productive capacity of such lands during a reasonable period of time, capitalized at a statutory rate.

The statutory actual value of a property is not intended to represent its current market value, but, with certain exceptions, is determined by the County Assessor utilizing a "level of value" ascertained for each two-year reassessment cycle from manuals and associated data published by the State Property Tax Administrator for the statutorily-defined period preceding the assessment date. Real property is reappraised by the County Assessor's office every odd numbered year. The statutory actual value is based on the "level of value" for the period one and one-half years immediately prior to the July 1 preceding the beginning of the two-year reassessment cycle (adjusted to the final day of the data-gathering period). For example, values for levy year 2018 / collection year 2019 are based on an analysis of sales and other information

for the period January 1, 2015 to June 30, 2016. The following table sets forth the State Property Appraisal System for property tax levy years 2016 through 2019:

TABLE V

State Property Appraisal System

Collection Year	Levy Year	Value Calculated As Of	Based on the Market Period
2017	2016	June 30, 2014	Jan. 1, 2013 to June 30, 2014
2018	2017	June 30, 2016	Jan. 1, 2015 to June 30, 2016
2019	2018	June 30, 2016	Jan. 1, 2015 to June 30, 2016
2020	2019	June 30, 2018	Jan. 1, 2017 to June 30, 2018

If there were insufficient sales during the stated market period to accurately determine the level of value, the County Assessor may also consider market sales from the 18-month period preceding the market period.

Oil and gas leaseholds and lands, producing mines and other lands producing nonmetallic minerals are valued based on production levels rather than by the base year method. Public utilities are valued by the State property tax administrator based upon the value of the utility’s tangible property and intangibles (subject to certain statutory adjustments), gross and net operating revenues and the average market value of its outstanding securities during the prior calendar year.

Adjustment of Assessed Ratio. The assessed value of taxable property is then determined by multiplying the “actual” value (determined as described in the immediately preceding paragraph) times an assessment ratio. The assessment ratio of residential property changes from year to year based on a constitutionally mandated requirement to keep the ratio of the assessed value of commercial property to residential property at the same level as it was in the property tax year commencing January 1, 1985 (the “**Gallagher Amendment**”). The Gallagher Amendment requires that statewide residential assessed values must be approximately 45% of the total assessed value in the State with commercial and other assessed values making up the other 55% of the assessed values in the State. See “DISTRICT FINANCIAL INFORMATION - Revenue and Spending Limitations.”

Compliance with the Gallagher Amendment is generally maintained by adjusting the residential assessment ratio, leaving all other assessment ratios constant. The assessment ratio for residential property for tax years 2017 and 2018 is 7.20% of statutory “actual” value. For each tax levy year from 2007 through 2016, the assessment ratio for residential property was 7.96% of statutory “actual” value. For each tax levy year from 2007 to 2018, the non-residential property assessment ratio was and is 29.0% of statutory “actual” value. Vacant land (other than agricultural land), which includes land upon which no buildings, structures or fixtures are located, but may include land with site improvements, is also assessed at 29% of statutory “actual” value. Producing oil and gas property is generally assessed at 87.5% of statutory “actual” value.

Statewide Review. The Colorado General Assembly is required to cause a valuation for assessment study to be conducted each year in order to ascertain whether or not county assessors statewide have complied with constitutional and statutory provisions in determining statutory actual values and assessed valuations for that year. The final study, including findings and conclusions, must be submitted to the Colorado General Assembly and the State Board of Equalization by September 15th of the year in which the study is conducted. Subsequently, the Board of Equalization may order a county to conduct reappraisals and revaluations during the following property tax levy year. Accordingly, the District's assessed valuation may be subject to modification following any such annual assessment study.

Exemptions.

Homestead Exemption. A homestead property tax exemption is available to qualifying senior citizens and qualifying disabled veterans. For such citizens, 50% of the first \$200,000 of actual value of residential real property that is owner-occupied is exempt from property taxation. Since the State is required to reimburse all local governments for the reduction in property tax revenue resulting from this exemption, it is not expected that the exemption will result in a loss of revenue to the District.

Governmental and Exempt Entities. Certain types of property are also exempt from ad valorem property taxes. Exempt property generally includes property of the United States of America; property of the State and its political subdivisions; public libraries; public school property; charitable property; religious property; cemeteries; irrigation ditches, canals and flumes; household furnishings; personal effects; intangible personal property; inventories of merchandise and materials and supplies which are held for consumption by a business or are held primarily for sale; livestock; agricultural and livestock products; and agricultural equipment which is used on the farm or ranch in the production of agricultural products.

Potential for Creation of Other Tax Increment Entity. Various Colorado statutes allow the formation of tax increment entities, such as urban renewal authorities, downtown development authorities and transportation authorities. Upon the inclusion of the property in the District within any such entity, the assessed valuation of the property in the District would not increase beyond the amount existing at the time of such inclusion (other than by means of the general reassessment). Any increase above this amount would be paid to the tax increment entity. The District is unaware of any plans to include the property within its boundaries in any tax increment entity other than the Authority.

Taxation Procedure. The assessed valuation and statutory "actual" valuation of taxable property within the District is required to be certified by the County Assessor to the District no later than August 25 each year. Such value is subject to recertification by the county assessor prior to December 10. The Board then determines a rate of levy which, when levied upon such certified assessed valuation, and together with other legally available revenues, will raise the amount required annually by the District for its general fund and bond fund to defray its expenditures during the ensuing fiscal year. In determining the rate of levy, the Board must take

into consideration the limitations on certain increases in property tax revenues. The Board must certify the District's levy to the board of county commissioners no later than December 15.

Upon receipt of the tax levy certification of the District and other taxing entities within the City, the City Council of the City levies the applicable property taxes against the assessed valuation of all taxable property within the county. No later than December 22nd of each year, the City Council of the City is required to certify to the County Assessor the levy for all taxing entities within the City. If such certification is not made, it is the duty of the County Assessor to extend the levies of the previous year. Further revisions to the assessed valuation of property may occur prior to the final step in the taxing procedure, which is the delivery by the County Assessor of the tax list and warrant to the County Treasurer.

Protests, Appeals, Abatements and Refunds. Property owners are notified of the valuation of their land or improvements, or taxable personal property and certain other information related to the amount of property taxes levied, in accordance with statutory deadlines. Property owners are given the opportunity to object to increases in the statutory actual value of such property, and may petition for a hearing thereon before the County Board of Equalization. Upon the conclusion of such hearings, the County Assessor is required to complete the assessment roll of all taxable property and, no later than August 25th each year, prepare an abstract of assessment therefrom. The abstract of assessment and certain other required information is reviewed by the State Property Tax Administrator prior to October 15th of each year and, if necessary, the State Board of Equalization orders the County Assessor to correct assessments. The valuation of property is subject to further review during various stages of the assessment process at the request of the property owner, by the State Board of Assessment Appeals, the State courts or by arbitrators appointed by the Commissioners. On the report of an erroneous assessment, an abatement or refund must be authorized by the Commissioners; however, in no case will an abatement or refund of taxes be made unless a petition for abatement or refund is filed within two years after January 1 of the year in which the taxes were levied. Refunds or abatements of taxes are prorated among all taxing entities which levied a tax against the property.

Property Tax Collections; Tax Liens; Tax Sale. Property taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2019 will be collected in 2020. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (not later than the last day of April) or in two equal installments (not later than the last day of February and June 15th) without interest or penalty. Interest accrues on unpaid first installments at the rate of 1% per month from March 1st until the date of payment unless the whole amount is paid by April 30th. If the second installment is not paid by June 15th, the unpaid installment will bear interest at the rate of 1% per month from June 16th until the date of payment. Notwithstanding the foregoing, if the full amount of taxes is to be paid in a single payment after the last day of April and is not so paid, the unpaid taxes will bear penalty interest at the rate of 1% per month accruing from the first day of May until the date of payment. The County Treasurer collects current and delinquent property taxes, as well as any interest or penalty, and after deducting a statutory fee for such collection, remits the balance to the District on a monthly basis.

All taxes levied on property, together with interest thereon and penalties for default, as well as all other costs of collection, constitute a perpetual lien on and against the property taxed from January 1st of the property tax levy year until paid. Such lien is on parity with the tax liens of other general taxes. It is the County Treasurer's duty to enforce the collection of delinquent real property taxes by tax sale of the tax lien on such realty. Delinquent personal property taxes are enforceable by distraint, seizure and sale of the taxpayer's personal property. Tax sales of tax liens on realty are held on or before the second Monday in December of the collection year, preceded by a notice of delinquency to the taxpayer and a minimum of four weeks of public notice of the impending public sale. Sales of personal property may be held at any time after October 1st of the collection year following notice of delinquency and public notice of sale.

Tax liens may not necessarily be bid on and sold, and the proceeds of tax liens sold may not necessarily be sufficient to produce the amount required with respect to property taxes levied by the District and property taxes levied by overlapping taxing authorities, as well as any interest or costs due thereon. If a tax lien is not sold, the County Treasurer removes the property from the tax rolls and delinquent taxes are payable when the property is sold or redeemed. When any real property has been stricken off to the City and there has been no subsequent purchase, the taxes on such property may be determined to be uncollectible after a period of six years from the date of becoming delinquent and they may be canceled by the City after that time.

Tax Increment Financing Revenues

Authorization for Tax Increment Areas Generally. State law authorizes municipalities to establish both urban renewal authorities and downtown development authorities for the purpose of financing improvements to areas that have been designated by the respective governing bodies of municipalities as being blighted or, with respect to downtown development authorities, subject to deterioration of property values or structures (a "tax increment area"). In general, each taxing entity within a tax increment area does not derive the benefit of increases in the assessed valuation of its taxable property beyond the amount existing in the year prior to the adoption of the applicable urban renewal plan (other than by means of the general reassessment). Rather, any increase above such "base" amount (referred to as the "tax increment") is paid to the urban renewal authority or downtown development authority, as applicable.

The Urban Renewal Area. All of the property presently within the boundary of the District is located within the boundaries of a larger urban renewal area (as previously defined, the "**Urban Renewal Area**") designated in the South Nevada Avenue Urban Renewal Plan adopted by the City on November 24, 2015 (as previously defined, the "**Urban Renewal Plan**"). As a result, in accordance with the Urban Renewal Law (Section 31-25-101, et seq., C.R.S.), until November 24, 2040, all property taxes resulting from imposition of ad valorem property taxes on the assessed valuation of all taxable property in the Urban Renewal Area (encompassing all of the Development) in excess of the base assessed valuation thereof (i.e., the incremental assessed valuation) are to be remitted by the County to the Authority. See "URBAN RENEWAL." The Authority has agreed to remit a portion of such revenues to the District as more fully described in "SERIES 2019A BONDS-Security for the Series 2019A Bonds-Pledged Tax Increment Revenues." See also "RISK FACTORS-Risks Related to Property Tax TIF Revenue." For purposes of the Financial Forecast, no Pledged Tax Increment Revenues are assumed to be payable after 20__.

Base Calculations. As described above, the property tax increment revenues to be remitted to the Authority each year are dependent, in part, on the calculation of the “base” assessed valuation for the Urban Renewal Area. The “base” assessed valuation is to be calculated and adjusted from time to time by the County Assessor in accordance with State law. In particular, the Urban Renewal Law provides that, in the event there is a general reassessment of taxable property valuations in any county including all or part of an urban renewal area, the portions of valuations constituting base and increment are to be proportionately adjusted in accordance with such reassessment or change. Pursuant to the Urban Renewal Law, the manner and methods by which such adjustments are to be made by county assessors are set forth from time to time in manuals, appraisal procedures, and instructions, as applicable, prepared and published by the State property tax administrator. Such manuals, appraisal procedures, and instructions are subject to interpretation and modification from time to time. See “RISK FACTORS–Risks Related to Property Tax TIF Revenue.”

Ad Valorem Property Tax Data

Assessed Valuation and Statutory “Actual” Value. The District was formed in 2017. As such, 2018 was the first year in which the District can impose a mill levy upon property within the District, for purposes of operations or otherwise. Accordingly, the District has not yet had any ad valorem property tax collections. According to the County Assessor’s Office, the District’s gross assessed valuation for levy year 2018 was \$1,017,240 and its statutory “actual” valuation for levy year 2018 was \$3,089,858. Since the date of the 2018 assessed valuation and statutory “actual” valuation for the District, additional property has been included in the District which is not reflected in such values. See “–Ad Valorem Property Taxes–Assessment of Property” above for a description of the assessment of taxable property. The Financial Forecast (attached hereto as APPENDIX C) assumes that the assessed valuation for property within the District will inflate biennially as set forth therein; however, no assurance is given that the assessed valuation of property within the District will increase in any year, if at all.

Assessed Valuation of the Authority. The Authority has no taxing power, but is permitted by the terms of the Urban Renewal Law and the Urban Renewal Plan to receive certain property tax increment revenue in the Urban Renewal Area. Only that portion of the property tax increment revenue available to the Authority from property located within the District is payable to the District and pledged to the Series 2019 Bonds. The allocation of property tax increment revenue is described under the caption “URBAN RENEWAL–Administration of Silos and Allocation of Tax Increment Revenues–Allocation to Silos.” The following table sets forth the history of the assessed valuation of the property within the Urban Renewal Area since its creation.

TABLE VI

History of Assessed Valuation for the Urban Renewal Area

Levy Year/Collection Year	Property Tax Base Amount	Total Assessed Valuation	Assessed Valuation Allocable to Increment
2015/2016	\$12,944,640	\$12,944,640	--

2016/2017	12,922,620	12,805,320	\$(117,300)
2017/2018	14,244,400	14,023,440	(220,960)
2018/2019			

- (1) The Urban Renewal Plan was approved by the City on November 24, 2015; accordingly, the initial base valuation for the Urban Renewal Area was certified on August 25, 2015.
- (2) The amounts in this column are negative for levy years 2016-2017 because the total assessed valuation in each of those years is less than the Property Tax Base Amount. The result is that there was no assessed valuation allocable to the increment during those years.

Source: County Assessor.

Classification of Taxpayers. The following table sets forth the assessed valuation of specific classes of real and personal property within the District and the Urban Renewal Area, based upon the 2018 certified assessed valuation.

TABLE VII

Assessed Valuation by Classification of Property – 2018

Class	The District		Urban Renewal Area	
	2018 Assessed Valuation	Percentage	2018 Assessed Valuation	Percentage
	\$	%	\$	%
Vacant				
Commercial				
Residential				
Agricultural				
State Assessed				
Industrial				
Personal Property				
Total		100.00%		100.00%

Source: County Assessor

Largest Taxpayers. Based on the most recent information available from the County Assessor, the following tables represent the ten largest taxpayers within the Urban Renewal Area and the _____ largest taxpayers within the District. A determination of the largest taxpayers can be made only by manually reviewing individual tax records. Therefore, it is possible that owners of several small parcels may have an aggregate assessed value in excess of those set forth in the following tables. Furthermore, the taxpayers shown in the following tables may own additional parcels within the Urban Renewal Area or the District which are not included herein. No independent investigation has been made of and consequently there can be no representation as to the financial conditions of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the Urban Renewal Area or the District.

TABLE VIII

Largest Taxpayers in the Urban Renewal Area

<u>Taxpayer Name</u>	<u>2018 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
	\$	%
<hr/>		
Total		%

(1) Based on 2018 assessed valuation of \$ _____.
Source: County Assessor

TABLE IX

Largest Taxpayers in the District

<u>Taxpayer Name</u>	<u>2018 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
	\$	%
<hr/>		
Total		%

(1) Based on 2018 assessed valuation of \$ _____.
Source: County Assessor

Overlapping Mill Levy Information. In addition to the District’s ad valorem property tax levy, owners of property within the District are obligated to pay ad valorem property taxes to other taxing entities in which their property is located. The County Assessor reports that there are numerous entities currently overlapping the District (as previously defined, the “**Overlapping Taxing Entities**”). The following table sets forth a five-year history of the mill levies of the Overlapping Taxing Entities is set forth in the following table. The Pledged Property Tax TIF Revenues and Subordinate Pledged Property Tax TIF Revenues are based upon the mill levies established by the Overlapping Taxing Entities. The table does not reflect all mill levies in place upon all property within the District, but rather a sample area.

TABLE X

Historical Mill Levies Applicable to Property within the District

Taxing Entity ⁽¹⁾	Mill Levy ⁽²⁾				
	2014	2015	2016	2017	2018
El Paso County	7.791	7.869	7.919	7.965	8.068
City of Colorado Springs	4.279	4.279	4.279	4.279	4.279
Colorado Springs Schools District No. 11	43.165	40.803	40.878	52.499	56.084
Pikes Peak Library	4.000	3.857	3.957	3.812	4.000
Southeaster Colorado Water Conservancy	0.940	.0941	0.940	0.939	0.944
Total Overlapping Sample Mill Levy	60.197	58.249	58.973	70.494	73.375
The District	--	--	--	51.000	51.000
Total Overlapping Sample Mill Levy	60.197	58.249	58.973	121.494	123.375

(1) The Authority also overlaps the District, but does not assess a mill levy.

(2) One mill equals 1/10 of one percent. Mill levies certified in one year result in the collection of property taxes in the following year.

Source: El Paso County Assessor's Office.

The Financial Forecast assumes that the Overlapping Taxing Entities will continue to impose aggregate mill levies equal to or above the rate shown above for tax year 2018. **No assurance is given that the Overlapping Taxing Entities will continue to impose such mill levies at the assumed levels. See "RISK FACTORS—Risks Related to Property Tax TIF Revenue—Risk of Reductions in Mill Levies."**

Specific Ownership Taxes

Specific ownership tax represents the amounts received by the District from the State pursuant to statute primarily on motor vehicle licensing. Such tax is collected by all counties and distributed to every taxing entity within a county, such as the District, in the proportion that the taxing entity's ad valorem taxes represents the cumulative amount of ad valorem taxes levied county-wide. Those portions of Specific Ownership Tax which are allocable to the Required Mill Levy are pledged to the payment of the Series 2019A Bonds and are not available for other purposes. Those portions of Specific Ownership Tax which are allocable to the Subordinate Required Mill Levy are pledged to the payment of the Series 2019B Bonds and are not available for other purposes. See "THE SERIES 2019A BONDS—Security for the Series 2019A Bonds—*Specific Ownership Tax.*" And "THE SERIES 2019B BONDS—Security for the Series 2019B Bonds—*Specific Ownership Tax.*"

Other Revenues; Operational Mill Levy

The District may apply other legally available funds and revenues to the payment of debt service on the Series 2019 Bonds, and upon the application of such other funds and revenues, the debt service mill levy may, to that extent, be diminished, subject to the requirements of the Required Mill Levy. However, the Series 2019 Bonds do not constitute a lien or encumbrance on such other revenues. Other revenues available to the District include interest and other

earnings on investments and, to the extent not prohibited by other contractual obligations, fees for services and facilities allowed under the Operating Plan.

In December 2018, the District imposed a mill levy of _____ mills (_____ mills for debt/contractual obligations and _____ mills for operations), for collection in 2018. However, the District can use different combinations of these two mill levies provided that the Mill Levy Cap for debt of 50.000 mills is not exceeded (as adjusted). See “THE DISTRICT–Operating Plan Authorizations and Limitations.”

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DISTRICT FINANCIAL INFORMATION

The following sets forth information concerning the financial policies and procedures applicable to the District.

Accounting Policies

The accounting policies of the District conform to generally accepted accounting principles as applicable to governments. The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Such funds are segregated for the purpose of accounting for the operation of specific activities or attaining certain objectives. The District currently plans to maintain three governmental funds, the General Fund, the Debt Service Fund and the Capital Projects Fund. The General Fund is the main operating fund of the District and is used to account for all financial resources not accounted for in another fund. The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt. The Capital Projects Fund is used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities or other assets.

Financial Statements

In accordance with Section 29-1-603, C.R.S., an annual audit is required to be made of the District's financial statements at the end of the fiscal year unless an exemption from audit has been granted by the State Auditor's Office. The audited financial statements must be filed with the Board within six months after the end of the fiscal year and with the State Auditor 30 days thereafter. Failure to comply with this requirement to file an audit report may result in the withholding of the District's property tax revenue by the County Treasurer pending compliance. For the year ended December 31, 2017, the District applied to the State Auditor for an exemption from audit. The District expects to have its financials audited for each year in which the Series 2019 Bonds or any bonds refunding the Series 2019 Bonds remain outstanding.

Budget and Appropriation Procedure

Generally. The District's budgets are prepared on a calendar year basis as required by Section 29-1-101, et seq., C.R.S. The budget must present a complete financial plan for the District, setting forth all estimated expenditures, revenues, and other financing sources for the ensuing budget year, together with the corresponding figures for the previous fiscal year.

On or before October 15 of each year, the District's budget officer must submit a proposed budget to the Board for the next fiscal year. Upon receipt of the proposed budget, the Board must publish notice of the proposed budget, stating, among other things, the date and time of the hearing at which adoption of the proposed budget will be considered, that the proposed budget is open for inspection by the public, and that interested electors may file or register any objection to the budget prior to its adoption.

Before the beginning of the fiscal year, the Board must enact an appropriation resolution which corresponds with the budget. The income of the District must be allocated in the amounts

and according to the funds specified in the budget for the purpose of meeting the expenditures authorized by the appropriation resolution. District expenditures may not exceed the amounts appropriated, except in the case of an emergency or a contingency which was not reasonably foreseeable. Under such circumstances, the Board may authorize the expenditure of funds in excess of the budget by a resolution adopted by a majority vote of the Board following proper notice. If a District receives revenues which were unanticipated or unassured at the time of adoption of the budget, the Board may authorize the expenditure thereof by adopting a supplemental budget and appropriation resolution after proper notice and a hearing thereon. The transfer of budgeted and appropriated moneys within a fund or between funds may be accomplished only in accordance with State law.

Requisite City Council Approval for the District. In addition to the foregoing, the District's annual budget is subject to the approval of the City Council, as more particularly described in "THE DISTRICT—General Powers of the District; Requisite City Council Approvals."

2019 Budget. The Board timely adopted the District's 2019 budget and appropriation resolution pursuant to the above described procedure, received City Council approval, and filed the same with the State Department of Local Affairs.

Budget Summary; Limited Financial Information Available.

Set forth and attached hereto as APPENDIX H is the 2019 budget adopted by the District. As the District's existence began in 2016, there are limited financial statements available for the District.

Deposit and Investment of District Funds

State statutes set forth requirements for the deposit of District funds in eligible depositories and for the collateralization of such deposited funds. The District also may invest available funds in accordance with applicable State statutes. The investment of the proceeds of the Series 2019 Bonds also is subject to the provisions of the Code and the Indentures. See "TAX MATTERS."

Risk Management

The Board acts to protect the District against loss and liability by maintaining certain insurance coverages which the District's Board believes to be adequate. Currently, the District maintains insurance through the Colorado Special Districts Property and Liability Pool ("CSDPLP"). CSDPLP was established by the Special District Association of Colorado to provide special districts with general liability, auto/property liability, and public officials' liability insurance coverage as an alternative to the traditional insurance market. CSDPLP also offers workers' compensation insurance. The District's current policy expires on [January 1, 2020]. However, there can be no assurance that the District will continue to maintain its current levels of coverage.

Revenue and Spending Limitations

It is through the preparation of the budget and by taking into consideration all sources of revenue, costs of construction, expenses of operating the District, and the debt service requirements of the District's outstanding bonds and other obligations that the rate of mill levy is determined each year. Pursuant to the provisions of Section 20 of Article X of the Colorado Constitution, the District is subject to tax revenue limitations as described below, but has received voter approval to waive such limitations.

TABOR. Article X, Section 20 to the Colorado Constitution, referred to therein as the Taxpayer's Bill of Rights ("**TABOR**"), applies to the State and any local governments, including the District (but excluding government-owned enterprises as defined in TABOR), and among other things contains restrictions regarding taxes, spending, revenue increases and borrowing. The applicable limitations established pursuant to TABOR may be exceeded with prior voter approval.

With certain exceptions, TABOR requires the District to obtain voter approval prior to the imposition of any new tax, tax rate increase, mill levy above that for the prior year, assessed valuation ratio increase, extension of an expiring tax or a tax policy change directly causing a net revenue gain to the District. Exceptions to this requirement include tax increases required to meet debt service requirements on general obligation debt outstanding at the time TABOR was adopted or general obligation debt subsequently issued to refinance such outstanding bonds. Exceptions are also provided for tax increases imposed when annual district revenue is less than annual payments on general obligation bonds, pensions and final court judgments, and emergency taxes.

Prior voter approval also is required for the creation of any multiple fiscal year direct or indirect debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years, except for refinancing at a lower interest rate or adding new employees to existing pension plans. As discussed in "THE SERIES 2019A BONDS–Description" and "THE SERIES 2019B BONDS–Description," authorization for the issuance of the Series 2019 Bonds was obtained from the District's electorate at the Election. See also "DEBT STRUCTURE."

Unless otherwise approved by the voters, TABOR also limits the annual percentage increases in both property tax revenue and local government "fiscal year spending," with certain adjustments, to inflation (defined as the Denver-Boulder consumer price index) in the prior calendar year plus "local growth." Local growth is defined as the net percentage change in actual value of all real property in the District from construction of improvements and additions to taxable real property less destruction of improvements and deletions to taxable real property. Fiscal year spending includes all District expenditures and reserve increases and excludes reserve transfers or expenditures, refunds made in the current or next fiscal year, gifts, federal funds, collections for another government, pension contributions by employees and pension fund earnings, damage awards and property sales.

At the Election, District electors (a) authorized an increase in District ad valorem property taxes of \$5,000,000 annually, or by such lesser amount as may be necessary to pay the

District's operations, maintenance and other expenses, with the revenue from such taxes and investment income thereon to constitute voter-approved revenue changes and be collected and spent by the District each year without regard to any spending, revenue-raising or other limitation contained within TABOR or Section 29-1-301, C.R.S. (see "*Property Tax Revenue Limitations*" below); and (b) authorized the District to collect, retain and spend any and all amounts annually from any revenue sources whatsoever other than ad valorem property taxes, including, but not limited to, tap fees, facility fees, services charges, inspection charges, administrative charges, grants or any other fee, rate, toll, penalty, income or charge imposed, collected or authorized by law to be imposed and collected by the District, with such revenues to be collected and spent by the District without regard to any spending, revenue-raising or other limitation contained within TABOR and without limiting in any year the amount of other revenues that may be collected and spent by the District.

Any revenue collected in excess of the limit on spending and property tax revenue is required to be refunded during the next fiscal year. The District may use any reasonable method for refunds and refunds need not be proportional when prior payments are impracticable to identify or return. Debt service changes, reductions, refunds and voter-approved revenue changes are dollar amounts that are exceptions to, and not part of, any District base.

TABOR requires the District to establish emergency reserves that must equal at least 3% of fiscal year spending (as defined in TABOR) excluding bonded debt service; however, the District may not use its emergency reserves to compensate for economic conditions, revenue shortfalls or salary or fringe benefit increases.

Many of the provisions of TABOR are ambiguous and have and will continue to require judicial interpretation. There have been numerous lawsuits regarding TABOR. Other litigation regarding TABOR may be filed in the future, and questions may be raised in such litigation that bear upon the operations and financial condition of governmental entities such as the District.

Property Tax Revenue Limitations. Subject in all cases to compliance with TABOR, Title 29, Article 1, Part 3, C.R.S., provides, subject to certain exceptions, that the District may not impose a property tax levy or levies that will generate revenue that exceeds the amount received in the preceding year plus 5.5% plus the amount of revenue abated or refunded by the District by August 1 of the current year less the amount of revenue received by the District by August 1 of the current year as taxes paid on any taxable property that had previously been omitted from the assessment roll of any year. The District is permitted to request authority from its electorate to impose a levy in excess of the 5.5% limit, subject to compliance with TABOR. The District submitted such a question to and received approval thereof from its electorate at the Election as discussed in "*TABOR*" above.

Other. The District may not levy any property tax for purposes that are exempt from the 5.5% limit in an amount that is greater than the amount of revenues required to be raised for such purposes during any year as specified by the provisions of any contract entered into by the District or any schedule of payments established for the payment of any obligation incurred by the District. Where bonds, contractual obligations or capital expenditures have been approved but actual revenues required for such purposes are not known at the time the levy is set, the

District may base its levy on the estimated revenues that are so required for one year only and in subsequent years the levy is to be based on the actual revenues that are so required.

At the Election, voters of the District approved an election question allowing the District to collect, retain and spend the full amount of all taxes, tax increment revenues, tap fees, park fees, facility fees, service charges, inspection charges, administrative charges, grant or any other fee, rate, toll, penalty or charge authorized by law or contract to be imposed, collected or received by the District during 2016 and each fiscal year thereafter without regard to the revenue and spending limitations of TABOR.

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DEBT STRUCTURE

The following is a discussion of the District’s authority to incur general obligation indebtedness and other financial obligations and the amount of such obligations presently outstanding.

Debt Restrictions

The following is a discussion of the District’s authority to incur indebtedness and other financial obligations.

Required Elections and Voter-Approved Borrowing Authority. Various State constitutional and statutory provisions require voter approval prior to the incurrence of general obligation indebtedness by the District. Among such provisions, TABOR requires that, except for refinancing bonded debt at a lower interest rate, the District must have voter approval in advance for the creation of any multiple fiscal year direct or indirect district debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years. See “THE SERIES 2019A BONDS–Description–Authorization,” “THE SERIES 2019B BONDS–Description–Authorization,” and “DISTRICT FINANCIAL INFORMATION—Revenue and Spending Limits–TABOR.”

At the Election, the qualified electors of the District voting at the Election approved a total of \$500,000,000 in indebtedness to finance the costs of acquiring, constructing, relocating, installing, completing and otherwise providing public infrastructure (which authorization is in varying amounts for various subcategories of public infrastructure) and an additional \$50,000,000 for the purpose of refunding or refinancing outstanding obligations, plus additional authorization for indebtedness relating to the funding of operation costs.

At the Election, District electors also authorized the District to enter into one or more intergovernmental agreements with any political subdivision of the State for the purpose of jointly financing the costs of any public improvements, facilities, systems, programs or projects which the District may lawfully provide, or for the purpose of providing for the operations and maintenance of the District and its facilities and properties, which agreements may constitute a debt or indebtedness and a multiple-fiscal year obligation of the District to the extent provided therein and otherwise authorized by law, and in connection therewith authorized the District to make covenants regarding the establishment and use of ad valorem taxes, rates, fees, tolls, penalties and other charges or revenues of the District, as well as covenants, representations and warranties as to other matters arising under the agreements.

Operating Plan Debt Limit. The Operating Plan imposes a debt limitation on the District in the aggregate of \$50,000,000. Upon the issuance of the Series 2019 Bonds, the District will have issued a total of \$_____* of debt under the Operating Plan, resulting in remaining authorization under the Operating Plan of \$_____.*

* Preliminary; subject to change.

General Obligation Debt

Outstanding and Authorized but Unissued Debt. At the Upon issuance, the Series 2019 Bonds will constitute the only outstanding bonds of the District. As a result, upon the issuance of the Series 2019 Bonds, the District will have approximately \$_____* in authorized, but unissued, general obligation indebtedness for capital purposes. The District will also have additional general obligation indebtedness authorization available for refunding purposes, plus additional authorization for intergovernmental agreement constituting multiple fiscal year indebtedness, and indebtedness relating to the funding of operations costs.

Estimated Overlapping General Obligation Debt. In addition to the District, other taxing entities overlap or partially overlap the boundaries of the District. The following table sets forth the estimated overlapping general obligation debt of Overlapping Taxing Entities chargeable to properties within the District as of the date of this Limited Offering Memorandum. The District is not financially or legally obligated with regard to any of the indebtedness shown on the immediately following table. Although the District has attempted to obtain accurate information as to the outstanding debt of the entities which overlap the District, it does not warrant its completeness or accuracy as there is no central reporting entity which is responsible for compiling this information.

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* Preliminary; subject to change.

TABLE XI

Estimated Overlapping General Obligation Debt - District

<u>Overlapping Entity ⁽¹⁾</u>	<u>2018 Assessed Valuation ⁽²⁾</u>	<u>Outstanding General Obligation Debt</u>	<u>Estimated Amount Allocable to Properties in the District</u>	
			<u>Percent ⁽³⁾</u>	<u>Amount</u>
Colorado Springs School District No. 11 ⁽⁴⁾	\$	%	%	\$
Southeastern Colorado Water Conservancy District ⁽⁵⁾				
Total				<u>\$</u>

- (1) The following entities also overlap with the District but they have no reported general obligation debt outstanding: the Authority, the City of Colorado Springs, El Paso County, and the Pikes Peak Library District.
- (2) The 2018 assessed valuation figure is certified by the County Assessor for collection of ad valorem property taxes in 2019.
- (3) The percentage of an overlapping entity's outstanding debt chargeable to properties in the District is calculated by comparing the current gross assessed valuation (i.e., not reduced by amounts attributable to a tax increment district) of the overlapping property to the total current gross assessed valuation of the overlapping entity. Such percentage is subject to fluctuation in accordance with future changes in assessed valuations.
- (4) As of June 30, 2018. Colorado Springs School District No. 11 reports its outstanding debt as of the close of its fiscal year.
- (5) As of December 31, 2018. The Southeastern Colorado Water Conservancy District ("SCWCD") is comprised of portions of nine Colorado counties. SCWCD's debt consists of a contractual obligation with the U.S. Bureau of Reclamation for payment of the reimbursable costs of the Fryingpan-Arkansas Project. The project's primary purpose is to divert water from the Colorado River tributaries for use in water-short areas. Revenues to meet payments are provided via an ad valorem mill levy applied against property within the nine counties and via fees charged for sale and storage of water. SCWCD dedicates nine-tenths of its mill levy to the contractual obligation.

Source: County Assessor's Office and the Overlapping Taxing Entities

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Debt Ratios. Set forth in the following table are projected bonded debt ratios for the District following the issuance of the Bonds.

TABLE XII

Selected District Debt Ratios Following the Issuance of the Series 2019 Bonds

The Series 2019 Bonds	\$*	
Estimated overlapping debt ⁽¹⁾	\$	
District 2019 certified assessed valuation ⁽³⁾	\$	
District 2019 certified statutory actual value ⁽²⁾	\$	
Ratio of District debt to 2019 certified assessed valuation.....		%*
Ratio of District debt to 2019 certified statutory actual value.....		%*
Ratio of District and overlapping debt to 2019 certified assessed valuation		%*
Ratio of District and overlapping debt to 2019 certified statutory actual value		%*

- (1) See “Estimated Overlapping General Obligation Debt” above.
- (2) See “DISTRICT REVENUES – Ad Valorem Property Tax Data.”

Other Financial Obligations. The District also has the authority to issue obligations payable from the net revenue of District revenue producing facilities, if any, to enter into obligations which do not extend beyond the current fiscal year and to incur certain other obligations, none of which constitute indebtedness for purposes of Article XI, Section 6 of the Colorado Constitution but may require prior voter approval in accordance with TABOR. See “THE DISTRICT-District Agreements.”

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* Preliminary; subject to change.

LEGAL MATTERS

Legal matters relating to the issuance of the Bonds, as well as the treatment of interest on the Series 2019 Bonds for purposes of federal and State income taxation, are subject to the approving legal opinion of Greenberg Traurig, LLP, Denver, Colorado, as Bond Counsel. Such opinion, the form of which is attached hereto as APPENDIX F, will be dated as of and delivered at closing. Certain legal matters pertaining to the organization and operation of the District will be passed upon by its general counsel, Spencer Fane LLP, Denver, Colorado. Legal fees to Bond Counsel and Underwriter's counsel are contingent upon the sale and delivery of the Series 2019 Bonds, and the District expects to pay Bond Counsel's and Underwriter's counsel's fees from proceeds of the Series 2019 Bonds.

The legal opinions to be delivered concurrently with the delivery of the Series 2019 Bonds express the professional judgment of the attorneys rendering the opinions as to legal issues expressly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment, or of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Sovereign Immunity

The Colorado Governmental Immunity Act, Title 24, Article 10, Part 1, C.R.S. (the "**Governmental Immunity Act**"), provides that, with certain specified exceptions, sovereign immunity acts as a bar to any action against a public entity, such as the District, for injuries which lie in tort or could lie in tort.

The Governmental Immunity Act provides that sovereign immunity does not apply to injuries occurring as a result of certain specified actions or conditions. In general, public entities will be held liable for willful and wanton acts or omissions or willful and wanton acts or omissions of its public employees which occurred during the performance of their duties and within the scope of their employment. However, if a plaintiff can meet the burden of proof required to show that any one of the exceptions specified in the Governmental Immunity Act applies, the public entity may be liable for injuries arising from an act or omission of the public entity, or an act or omission of its public employees, which was not willful and wanton, and which occur during the performance of their duties and within the scope of their employment. The maximum amounts that may be recovered under the Governmental Immunity Act, whether from one or more public entities and public employees, are as follows (a) for any injury to one person in any single occurrence, the sum of \$387,000, and (b) for an injury to two or more persons in any single occurrence, the sum of \$1,093,000, except in such instance, no person may recover in excess of \$387,000. Suits against both the District and a public employee do not increase such maximum amounts which may be recovered. The District may not be held liable either directly or by indemnification for punitive or exemplary damages. In the event that the District is required to levy an ad valorem property tax to discharge a settlement or judgment, such tax may not exceed a total of 10 mills per annum for all outstanding settlements or judgments.

The District may be subject to civil liability and may not be able to claim sovereign immunity for actions founded upon various federal laws. Examples of such civil liability include, but are not limited to, suits filed pursuant to 42 U.S.C. Section 1983 alleging the deprivation of federal constitutional or statutory rights of an individual. In addition, the District may be enjoined from engaging in anticompetitive practices which violate the antitrust laws. However, the Governmental Immunity Act provides that it applies to any action brought against a public entity or a public employee in any Colorado State court having jurisdiction over any claim brought pursuant to any federal law, if such action lies in tort or could lie in tort.

No Pending and Threatened Litigation Involving the District and the Authority

In connection with the issuance of the Series 2019 Bonds, general counsel to the District is expected to render an opinion stating that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, which has been served on the District or, to the knowledge of the District's general counsel, threatened, which in any way questions the powers of the District to issue the Series 2019 Bonds or the powers of the District to execute and delivery the "Bond Documents" (including the Indentures and the Continuing Disclosure Agreement) or perform its obligations thereunder, or the validity of any proceeding taken by the District in connection with the issuance of the Series 2019 Bonds, or wherein an unfavorable decision, ruling or finding could materially adversely affect the transactions contemplated by the Bond Documents, or which, in any way, could adversely affect the validity or enforceability of the Bond Documents.

In addition, it is anticipated that, in connection with the issuance of the Series 2019 Bonds, the District will execute a certificate stating that there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body which has been served on the District or, to the knowledge of the applicable District, threatened against or affecting the applicable District: (a) to restrain or enjoin the District's participation in, or in any way contesting the existence of the District or the powers of the District with respect to, the consummation of the transactions contemplated by the Bond Documents, including but not limited to the validity of the Election or the authority of the District to impose and collect ad valorem property taxes, or (b) which, if successful, would materially and adversely affect the financial condition or operations of the District, or the District's power to issue and deliver the Series 2019 Bonds or the District's power to perform its obligations under the Bond Documents.

Counsel to the Authority is expected to render an opinion upon delivery of the Series 2019 Bonds stating that, to his/her knowledge, no legal proceedings are pending against the Authority, or threatened against the Authority contesting or adversely affecting in any material respect the obligations of the Authority under the Cooperation Agreement, the adoption or validity of the "Authority Proceedings" (the approving resolutions of the governing body of the City and the Authority and the related minutes of the meetings during which the Urban Renewal Plan was adopted and the Cooperation Agreement was approved) or the validity or enforceability of the Cooperation Agreement (including without limitation the pledge of the Pledged Tax Increment Revenue thereunder), or the ability of the Authority to perform its obligations and carry out the transactions contemplated thereunder. In addition, it is anticipated that, in connection with the issuance of the Series 2019 Bonds, the Authority will execute a certificate stating that, to the knowledge of the official signing such certificate, there is no action,

suit, proceeding or investigation at law or in equity, before or by any court or any federal, state or local governmental authority or agency, pending or, to the knowledge of the Authority, threatened against the Authority, nor to the Authority's knowledge is there any basis therefor, contesting or adversely affecting (a) the adoption or validity of the proceedings authorizing the Cooperation Agreement or the City's approval of the Urban Renewal Plan (as amended through the date thereof) of the Cooperation Agreement, (b) the validity or enforceability of the Urban Renewal Plan (as amended through the date thereof) or the Cooperation Agreement, or the Authority or ability of the Authority to perform its obligations under, the Cooperation Agreement, or (c) the existence or powers or the territorial jurisdiction of the Authority or its governing body or officials.

Recent Colorado Litigation Relating to Urban Renewal Authorities

The United States Court of Appeals for the 10th Circuit (the "**10th Circuit**") has issued a recent opinion regarding urban renewal authorities, M.A.K. Investment Group, LLC v. City of Glendale, No. 16-1492 (10th Cir. May 14, 2018, en banc July 31, 2018) (the "**Glendale Case**"). The Glendale Case involved a challenge to a blight determination by the City of Glendale in connection with an urban renewal project by the Glendale Urban Renewal Authority ("**GURA**"). The City of Glendale made a blight determination regarding certain real property owned by M.A.K Investment Group, LLC ("**MAK**"), the first step towards condemnation for the benefit of GURA. The City of Glendale failed to directly notify MAK that MAK's property received a blight designation until after the expiration of a 30-day period during which the Urban Renewal Law allows property owners to seek judicial review of a blight determination. The 10th Circuit ruled that, unless MAK had otherwise learned about the blight determination, due process generally required that direct notice of the blight determination be provided to MAK by mail, email, or personal service.

The Urban Renewal Plan does not authorize the Authority or any other entity to condemn property in furtherance of the Urban Renewal Plan, and no property within the District has been condemned by the Authority.

Police Power

The obligations of the District are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of America of the powers delegated to it by the Federal Constitution, including bankruptcy.

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TAX MATTERS

General

The Internal Revenue Code of 1986, as amended (the “Code”), includes requirements which the District must continue to meet after the issuance of the Series 2019 Bonds in order that the interest on the Series 2019 Bonds be and remain excludable from gross income for federal income tax purposes. The District’s failure to meet these requirements may cause the interest on the Series 2019 Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2019 Bonds. The District has covenanted in the Indenture to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Series 2019 Bonds.

In the opinion of Bond Counsel, assuming the accuracy of certain representations and certifications of the District and continuous compliance by the District with the tax covenants referred to above, under existing statutes, regulations, rulings and court decisions, the interest on the Series 2019 Bonds is excludable from gross income of the owners thereof for federal income tax purposes. Interest on the Series 2019 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Bond Counsel is further of the opinion that, to the extent interest on the Series 2019 Bonds is excludable from gross income for federal income tax purposes, such interest is excludable from taxable income for purposes of the State of Colorado income tax and State of Colorado alternative minimum tax.

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the receipt or accrual of the interest on the Series 2019 Bonds, or the ownership or disposition of the Series 2019 Bonds. Prospective purchasers of Series 2019 Bonds should be aware that the ownership of Series 2019 Bonds may result in other collateral federal tax consequences, including (a) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2019 Bonds, (b) the reduction of the loss reserve deduction for property and casualty insurance companies by the applicable statutory percentage of certain items, including the interest on the Series 2019 Bonds, (c) the inclusion of the interest on the Series 2019 Bonds in the earnings of certain foreign corporations doing business in the United States for purposes of a branch profits tax, (d) the inclusion of the interest on the Series 2019 Bonds in the passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year, and (e) the inclusion of interest on the Series 2019 Bonds in the determination of the taxability of certain Social Security and Railroad Retirement benefits to certain recipients of such benefits. The nature and extent of the other tax consequences described above will depend on the particular tax status and situation of each owner of the Series 2019 Bonds. Prospective purchasers of the Series 2019 Bonds should consult their own tax advisors as to the impact of these other tax consequences.

Bond Counsel’s opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel’s attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel’s opinions are

not a guarantee of a particular result, and are not binding on the IRS or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

Original Issue Discount and Premium

Certain of the Series 2019 Bonds ("**Discount Bonds**") may be offered and sold to the public at an original issue discount ("**OID**"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond determined under Code Section 1273 or 1274 (i.e., for obligations issued for money in a public offering, the initial offering price to the public (other than to bond houses and brokers) at which a substantial amount of the obligation of the same maturity is sold pursuant to that offering). For federal tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (a) is interest excludable from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Series 2019 Bonds, and (b) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale, or other disposition of the Discount Bond.

Certain of the Series 2019 Bonds ("**Premium Bonds**") may be offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity (or earlier for certain Premium Bonds callable prior to maturity). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually (or over a shorter permitted compounding interval selected by the owner thereof). No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond.

Owners of Discount Bonds and Premium Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable in any period with respect to the Discount Bonds or the Premium Bonds and as to other federal tax consequences, and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

Information Reporting and Backup Withholding

Interest paid on tax-exempt bonds such as the Series 2019 Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable

obligations. This reporting requirement does not affect the excludability of interest on the Series 2019 Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Series 2019 Bonds, under certain circumstances “backup withholding” at the rates set forth in the Code, with respect to payments on the Series 2019 Bonds and proceeds from the sale of Series 2019 Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Series 2019 Bonds. This withholding generally applies if the owner of Series 2019 Bonds (a) fails to furnish the payor such owner’s social security number or other taxpayer identification number (“TIN”), (b) furnished the payor an incorrect TIN, (c) fails to properly report interest, dividends, or other “reportable payments” as defined in the Code, or (d) under certain circumstances, fails to provide the payor or such owner’s securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Series 2019 Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals suggested, debated, introduced or pending in Congress or in the State legislature that, if enacted into law, could alter or amend one or more of the federal tax matters, or state tax matters, respectively, described above including, without limitation, the excludability from gross income of interest on the Series 2019 Bonds, adversely affect the market price or marketability of the Series 2019 Bonds, or otherwise prevent the holders from realizing the full current benefit of the status of the interest thereon. It cannot be predicted whether or in what form any such proposal may be enacted, or whether, if enacted, any such proposal would affect the Series 2019 Bonds. Prospective purchasers of the Series 2019 Bonds should consult their tax advisors as to the impact of any proposed or pending legislation.

In addition, there are certain tax-related risks with respect to the Series 2019 Bonds. See “RISK FACTORS – Risk of Internal Revenue Service Audit.”

PROSPECTIVE PURCHASERS OF THE SERIES 2019 BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE SERIES 2019 BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES 2019 BONDS.

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MISCELLANEOUS

No Rating

No rating has been or will be applied for with respect to the Series 2019 Bonds.

Registration of Bonds

Registration or qualification of the offer and sale of the Series 2019 Bonds (as distinguished from registration of the ownership of the Series 2019 Bonds) is not required under the federal Securities Act of 1933, as amended, the Colorado Securities Act, as amended, or the Colorado Municipal Bond Supervision Act, as amended, pursuant to exemptions from registration provided in such acts. THE DISTRICT ASSUMES NO RESPONSIBILITY FOR QUALIFICATION OR REGISTRATION OF THE SERIES 2019 BONDS FOR SALE UNDER THE SECURITIES LAWS OF ANY JURISDICTION IN WHICH THE SERIES 2019 BONDS MAY BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED, OR OTHERWISE TRANSFERRED.

Continuing Disclosure

The Series 2019 Bonds are exempt from the requirements of the Securities and Exchange Commission Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12). The District and the Developer have, however, agreed to use their commercially reasonable best efforts to obtain and to provide certain information to the Trustee for dissemination to the public, as more particularly provided in the Continuing Disclosure Agreement, a form of which is attached as APPENDIX G to this Limited Offering Memorandum. A failure by the District to comply with the requirements of the Continuing Disclosure Agreement will not constitute an Event of Default under the Indentures (although Bond owners will have any available remedy at law or in equity). The District has not previously entered into a continuing disclosure agreement for purposes of Rule 15c2-12.

Interest of Certain Persons Named in this Limited Offering Memorandum

The legal fees to be paid to Bond Counsel and Underwriter's Counsel are contingent upon the sale and delivery of the Series 2019 Bonds.

Underwriting

The Series 2019 Bonds are being sold by the District to the Underwriter, pursuant to a purchase contract. See "USE OF PROCEEDS AND DEBT SERVICE REQUIREMENTS." Expenses associated with the issuance of the Series 2019 Bonds are being paid by the District from proceeds of the issue. The right of the Underwriter to receive compensation in connection with this issue is contingent upon the actual sale and delivery of the Series 2019 Bonds.

The Underwriter has initially offered the Series 2019 Bonds at the prices set forth on the cover page of this Limited Offering Memorandum, plus accrued interest from the date of the Series 2019 Bonds. Such price may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other investment banking firms in offering the Series 2019 Bonds.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and its affiliates may in the future perform, various investment banking services for the District and its affiliates for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

Additional Information

Copies of statutes, resolutions, opinions, contracts, agreements, financial and statistical data, and other related reports and documents described in this Limited Offering Memorandum are either publicly available or available upon request and the payment of a reasonable copying, mailing, and handling charge from the sources noted in the “Introduction” hereto.

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Limited Offering Memorandum Certification

The preparation of this Limited Offering Memorandum and its distribution have been authorized by the Board. This Limited Offering Memorandum is hereby duly approved by the Board as of the date on the cover page hereof. This Limited Offering Memorandum is not to be construed as an agreement or contract between the District and the purchasers or owners of any Bond.

CREEKWALK MARKETPLACE BUSINESS
IMPROVEMENT DISTRICT

By _____
President

APPENDIX A

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SELECTED DEFINITIONS

“**Accountant**” means an Independent certified public accountant or firm of such accountants duly licensed to practice and practicing as such under the laws of any state of the United States or of the District of Columbia.

“**Act**” or “**Business Improvement District Act**” means Title 31, Article 25, Part 12, C.R.S.

“**Additional Senior Bonds**” means Senior Bonds issued from time to time hereafter pursuant to the Senior Indenture and the terms of a Supplemental Indenture.

“**Additional Subordinate Bonds**” means Subordinate Bonds issued from time to time hereafter pursuant to the Subordinate Indenture and the terms of a Supplemental Indenture.

“**Authenticating Agent**” means any agent so designated in and appointed pursuant to the Indentures.

“**Authority**” means the Colorado Springs Urban Renewal Authority

“**Authority Administrative Fee**” is defined as an amount payable to the Authority for its administrative expenses related to the Series 2019 Bonds, such fee to equal \$_____ in 2018 and which shall increase 1% year-over-year while any Series 2019 Bonds are Outstanding.

“**Authority Public Improvements**” means that portion of the Authorized Projects which are for the Colorado Springs Utility electrical undergrounding, the widening of Cheyenne Road, the streetscape improvements to South Nevada Avenue and Cheyenne Road, and the organization, planning and related soft costs of the Authority with respect to _____.

“**Authorized Denominations**” means (a) with respect to the Series 2019 Bonds, \$100,000 and any integral multiple of \$1,000 in excess thereof, and (b) with respect to any other Bonds, the denomination or denominations defined as such in a Supplemental Indenture authorizing such other Bonds.

“**Authorized Projects**” means the improvements and facilities which are public improvement as described in the District’s Operating Plan, the debt for which was approved at the Election, and which are to be financed with proceeds of the Series 2019 Bonds.

“**Authorized Representative**” means the President or any Secretary of the District or any other Person designated in writing signed by the President or any Secretary to act on behalf of the District. The specimen signature of the Person or Persons designated as Authorized Representative of the District shall be contained in or be attached to such designating instrument and such designation shall be furnished to the Trustee. The designation of an Authorized Representative shall remain effective until a new written instrument is filed with or actual notice is given to the other parties and the Trustee that such designation has been revoked.

“**Bankruptcy Code**” means Title 11 of the United States Code, as amended from time to time.

“**Bankruptcy Counsel**” means counsel experienced in bankruptcy matters selected by the District.

“**Beneficial Owner**” is defined in the Senior Indenture when the Bonds are in the Book-Entry System and otherwise means the Bondholder.

“**Board**” means the Board of Directors of the District.

“**Senior Bonds**” means the Series 2019A Bonds and any Additional Senior Bonds issued hereunder in accordance with the Senior Indenture on parity with the lien of the Series 2019A Bonds.

“**Bond Counsel**” means an attorney at law or a firm of attorneys of nationally recognized standing in matters pertaining to the issuance of bonds or other obligations by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America, and, except as otherwise provided in the Indentures, selected by the District and acceptable to the Trustee.

“**Bond Register**” and “**Bond Registrar**” have the respective meanings specified in the Indentures.

“**Bond Year**” means (a) with respect to any Series of Bonds, including the Series 2019A Bonds, the period commencing on December 2 of each calendar year and ending on December 1 inclusive, of the next calendar year, and (b) with respect to any Subordinate Bonds, including the Series 2019B Bonds, the period commencing December 16 of each calendar year and ending on December 15 inclusive, of the next calendar year.

“**Bondholder**” or “**holder of Bonds**” or “**owner of Bonds**” means the registered owner of any Bond.

“**Book-Entry System**” means the system maintained by the Securities Depository and described in the Indentures.

“**Business Day**” means a day which is not (a) a Saturday, Sunday or legal holiday on which banking institutions in (i) the State, (ii) the State of New York or (iii) the state of the operational office of the Trustee (initially, Missouri) are authorized or required by law to close or (b) a day on which the New York Stock Exchange is closed.

“**Calculation Date**” means the first day of each Bond Year and the date of the final payment of the Tax-Exempt Bonds.

“**Capitalized Interest Account**” means the trust account of that name within the Project Fund created pursuant to the Senior Indenture.

“**Capitalized Interest Amount**” means \$ _____, being the amount of interest to accrue on all of the Series 2019A Bonds from the Closing Date for the Series 2019A Bonds to and including _____ 1, 20__.

“**City**” means the City of Colorado Springs, Colorado.

“**City Council**” the city council of the City.

“**Closing Date**” means the date on which there is an exchange of a Series of Bonds for the proceeds representing the purchase price of a Series of Bonds.

“**Code**” means the Internal Revenue Code of 1986, or its successor provisions as amended at the time in question and the regulations promulgated thereunder.

“**Continuing Disclosure Agreement**” means the Continuing Disclosure Agreement dated _____ 1, 2019 among the District, the Developer and the Trustee, as the dissemination agent, as amended and supplemented from time to time.

“**Cooperation Agreement**” _____

“**Costs of Issuance Fund**” means the trust account by such name created pursuant to each Indenture.

“**County**” means the County of El Paso.

“**County Assessor**” means the assessor of the County of El Paso.

“**County Treasurer**” means the treasurer of the County of El Paso.

“**Debt Service**” means, with respect to a Series of Bonds, the amount of payments required to be made for principal of and interest on such Series, including mandatory sinking fund redemptions to be made by the District, scheduled to come due within a specified calculation period, computed as follows:

(a) in determining the amount of principal to be funded in each calculation period, payment shall (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made on Outstanding Bonds in accordance with any amortization schedule established by the governing documents setting forth the terms of such Bonds; and in determining the amount of interest to be funded in each period, interest payable at a fixed rate shall (except to the extent any other subsection of this definition applies) be assumed to be made at such fixed rate and on the required funding dates; and

(b) except for any historical period for which the actual rate or rates are determinable and except as otherwise provided herein, interest due and payable on a Series of Bonds that bears interest at a variable rate (whether or not an interest rate swap or similar arrangement applies to such Bonds), shall be calculated at the maximum rate permitted to be borne by such Bonds as provided in the related Supplemental Indenture.

“**Developer**” means SNA Development LLC.

“**Development Agreement**” means the Urban Renewal Agreement for Development of the South Nevada Area Urban Renewal Plan dated December 16, 2015, by and between the Authority and the Developer.

“**District**” or “**Issuer**” means the Creekwalk Business Improvement District.

“**DTC**” has the meaning set forth in the Senior Indenture.

“**Election**” means the District’s election on _____, 201_.

“**EMMA**” means the MSRB’s Electronic Municipal Market Access system.

“**Event of Default**” means any of the events described in the Senior Indenture or the Subordinate Indenture.

“**Excess Investment Earnings**” means, with respect to an issue of Tax-Exempt Bonds, the amount described in Section 148(f)(2) of the Code.

“**Extraordinary Mandatory Redemption Fund**” means the trust fund so designated which is established pursuant to the Senior Indenture.

“**Final Assessed Valuation**” shall mean the final assessed valuation of all taxable property subject to the Required Mill Levy, as certified by the County Assessor in December of each year.

“**Fiscal Year**” means each 12-month period beginning January 1 and ending December 31, or as otherwise designated by the Board’s resolution.

“**Funds**” means, collectively, the Costs of Issuance Fund, the Project Fund, the Revenue Fund, the Rebate Fund, the Senior Bond Fund, the Senior Reserve Fund, and the Surplus Fund, and the accounts, if any, established therein.

“**Funds**” means, collectively, the Costs of Issuance Fund, the Project Fund, the Subordinate Revenue Fund, the Rebate Fund, the Subordinate Bond Fund, and the accounts, if any, established therein.

“**Government Obligations**” means noncallable direct full faith and credit obligations of the United States of America or noncallable obligations the payment of principal of and interest on which is unconditionally guaranteed by the full faith and credit of the United States of America.

“**Incremental Property Tax Revenue**” is defined as Property Tax Revenue in excess of an amount equal to the ad valorem property taxes produced by the levy at the rates fixed for such year by or for the governing bodies of the various taxing jurisdictions within or overlapping the Urban Renewal Area upon a valuation for assessment equal to the Property Tax Base Amount.

“Independent” means, with respect to any Person, one who is not and does not have a partner, director, officer, member or substantial stockholder (each, a “controlling person”) who is a member of the Board, or an officer or employee of the District, or the Developer. A Person who is or has a controlling person who is an officer or member of the Board (but not an employee of the District) may nevertheless be deemed Independent, if notice thereof is given to the holders of the Series 2019 Bonds.

“Insurance Consultant” means an Independent insurance consultant or agency selected by the District, which is licensed as such under the laws of the State and who is not an employee of the District, Developer, or their respective affiliates.

“Interest Account” means the trust account of that name within the Senior Bond Fund created under the Senior Indenture.

“Interest Account” means the trust account of that name within the Subordinate Bond Fund created under the Subordinate Indenture.

“Interest Payment Date” means with respect to any Series of Senior Bonds, including the Series 2019A Bonds, each June 1 and December 1, commencing June 1, 2019 for the Series 2019A Bonds.

“Interest Payment Date” means with respect to the Subordinate Bonds, including the Series 2019B Bonds, each December 15, commencing December 15, 2019.

“Issuance Costs” means all costs incurred in the process of issuing the Series 2019 Bonds and any other Series of Bonds hereunder, including but not limited to, the costs and fees of the District, the Underwriter, and the Trustee and each of their counsel, Bond Counsel, title insurance fees, the recording fees, filing fees, appraisal, survey and accountants’ fees, printing costs relating to a disclosure document prepared in connection with offering and sale of a Series of Bonds, publication costs associated with the financing proceedings, costs of market studies and feasibility studies necessary to the issuance of a Series of Bonds and such other costs as may be designated in a Supplemental Indenture. The Issuance Costs shall not include Project Costs.

“Junior Bonds” means the District’s bonds, or other indebtedness subordinate and junior to the Senior Bonds and the Subordinate Bonds, including any notes, bonds, bond anticipation notes, commercial paper and other securities, contracts or obligations incurred through lease, installment purchase or other agreements or certificates of participation therein having a lien on all or a portion of the Revenues subordinate and junior to the lien thereon of the Senior Bonds and the Subordinate Bonds, and permitted to be issued under the Senior Indenture.

“Letter of Representations” means a letter of representation in customary form with respect to the Series 2019 Bonds executed by the District and delivered to DTC and each substitute Securities Depository.

“Majority Interest” means the Bondholders of at least 51% in aggregate principal amount of the Senior Bonds Outstanding or all Subordinate Bonds then Outstanding, as the context may require.

“Maximum Surplus Fund Amount” means \$_____ with respect to the Series 2019A Bonds and, with respect to any other Series of Senior Bonds, an amount, if any, as stated in the Supplemental Indenture pursuant to which such additional Series of Senior Bonds is issued.

“MSRB” means the Municipal Securities Rulemaking Board.

“Operating Plan” means, collectively, each Operating Plan filed annually by the District with the City Clerk of the City pursuant to the Act; as of the date of the Senior Indenture, the 2019 Operating Plan is the most recent Operating Plan which has been so filed by the District.

“Opinion of Counsel” means a written opinion of Independent legal counsel, who may be counsel to the District or the Trustee.

“Outstanding” in connection with Senior Bonds (or a Series of Senior Bonds) means, as of the time in question, all Senior Bonds (or all Senior Bonds of such Series) authenticated and delivered under the Senior Indenture, except:

(a) Senior Bonds for the payment or redemption of which the necessary amount shall have been or shall concurrently be deposited with the Trustee or for which provision for the payment of which shall have been made in accordance with the Senior Indenture; provided that, if such Senior Bonds are being redeemed prior to maturity, the required notice of redemption shall have been given or provisions satisfactory to the Trustee shall have been made therefor;

(b) Senior Bonds in substitution for which other Senior Bonds have been authenticated and delivered pursuant to the Senior Indenture; and

(c) For purposes of any consent or other action to be taken by the owners of a majority or a specified percentage of Senior Bonds hereunder, Senior Bonds held by or for the account of the District or any Person controlling, controlled by or under common control with the District.

“Outstanding” in connection with Subordinate Bonds (or a Series of Bonds) means, as of the time in question, all Subordinate Bonds (or all Subordinate Bonds of such Series) authenticated and delivered under the Subordinate Indenture, except:

(a) Subordinate Bonds for the payment or redemption of which the necessary amount shall have been or shall concurrently be deposited with the Trustee or for which provision for the payment of which shall have been made in accordance with the Subordinate Indenture; provided that, if such Subordinate Bonds are being redeemed prior to maturity, the required notice of redemption shall have been given or provisions satisfactory to the Trustee shall have been made therefor;

(b) Subordinate Bonds in substitution for which other Subordinate Bonds have been authenticated and delivered pursuant to the Subordinate Indenture; and

(c) For purposes of any consent or other action to be taken by the owners of a majority or a specified percentage of Subordinate Bonds hereunder, Subordinate Bonds held by or for the account of the District or any Person controlling, controlled by or under common control with the District.

“Participant” means one of the entities which deposit securities, directly or indirectly, in the Book-Entry System and for which DTC holds the Series 2019 Bonds.

“Paying Agent” or **“Co-Paying Agent”** means, in respect of a particular Series of Bonds, the Person or Persons authorized by the District to pay the principal of (and premium, if any, on), and interest on, such Bonds on behalf of the District.

“Permitted Investments” means any of the following investments to the extent permitted under the laws of the State, as amended from time to time, for the investment of the District’s money, as may be further limited by resolutions of the Board, certified copies of which may be delivered to the Trustee from time to time:

(a) Government Obligations; and

(b) any other investment that is a legal investment for District funds under Colorado Revised Statutes § 24-75-601.1, et seq.

“Permitted Junior Bonds” means Junior Bonds which may be issued by the District pursuant to the Subordinate Indenture.

“Person” or **“Persons”** means an individual, firm, partnership, company, association, joint stock company, trust, body politic or any other unincorporated organization or any trustee, receiver, assignee, or other similar representative thereof.

“PIF” means the public improvement fee in the amount of two and fifty one-hundredths percent (2.50%) of PIF Sales as set forth in the PIF Covenant.

“PIF Collection Agreement” means that certain Agreement for Collection of Public Improvement Fees by and among the District, the Trustee, and _____ (**“PIF Collection Agent”**) dated as of _____, 2019, and any supplements, amendments, or successor agreements thereto.

“PIF Covenant” means, collectively, (a) the Declaration of Covenants Imposing and Implementing the Creekwalk Marketplace Public Improvement Fee dated as of _____, __, 2019, recorded on _____, __, 2019 in the records of El Paso County, and (b) the Declaration of Covenants Imposing and Implementing the Creekwalk Marketplace Public Improvement Fee dated as of _____, __, 2019, recorded on _____, __, 2019 in the records of El Paso County.

“PIF Receiving Party” has the meaning assigned to such term in the PIF Covenant; initially, and for so long as the PIF Revenue is a component of Revenues hereunder, the PIF Receiving Party is the District.

“**PIF Revenue**” means the revenue derived from the imposition of the PIF, net of the costs of collection.

“**PIF Sales**” has the meaning set forth in the PIF Covenant.

“**Pledged Tax Increment Revenues**” means collectively, the Pledged Property Tax TIF Revenues and the Pledged Sales Tax TIF Revenues.

“**Pledged Property Tax TIF Revenue**” means the Property Tax TIF revenue generated solely from the incremental increase in value of property within the boundaries of the District.

“**Pledged Sales Tax TIF Revenue**” means the Sales Tax TIF revenue generated solely from the incremental increase in municipal sales taxes within the boundaries of the District.

“**Principal Account**” means the trust account of that name created pursuant to the Senior Indenture.

“**Principal Account**” means the trust account of that name created pursuant to the Subordinate Indenture.

“**Project Costs**” means the costs listed in the Indentures.

“**Property Tax TIF**” has the meaning set forth in the Development Agreement.

“**Public Trustee**” means the public trustee in and for the County of El Paso, Colorado.

“**Principal Account**” means the trust account of that name created pursuant to each of the Indentures.

“**Projected Revenue**” means Pledged Tax Increment Revenues [and PIF Revenue] expected to be received in the ensuing calendar year, determined using: (i) the most recent Final Assessed Valuation of the District; (ii) the most recent applicable Property Tax Base Amount; and (iii) the most recent municipal sales tax rate imposed by the City upon taxable sales or rentals and services within the boundaries of the District.

“**Property Tax Revenue**” is defined as, for each Fiscal Year, that portion of ad valorem property taxes produced by the levy at the rates fixed each year by or for the governing bodies of the various taxing jurisdictions within or overlapping the Urban Renewal Area (referred to herein as the Overlapping Taxing Entities) upon that portion of the valuation for assessment of all taxable property within the Urban Renewal Area; provided, however, that such revenue shall be reduced by any lawful collection fee charged by the County; and provided further, however, that in the event of a general reassessment of taxable property in the Urban Renewal Area, the valuation for assessment of taxable property within the Urban Renewal Area shall be proportionately adjusted in accordance with such general reassessment.

“**Property Tax Base Amount**” is defined as such amount as shall be certified by the County Assessor of the County as the valuation for assessment of all taxable property within the Urban Renewal Area last certified by the County Assessor of the County prior to the adoption of

the Urban Renewal Plan, as such amount may be proportionately adjusted for general reassessments in accordance with Colorado law. As of the Closing Date, the Property Tax Base Amount is \$14,244,400.

“Rebate Fund” means the trust account of that name created by each of the Indentures.

“Refunding Bonds” means any Series of Bonds issued pursuant to the Senior Indenture to refund, pay, and discharge all or any portion of any other Series of Bonds.

“Refunding Bonds” means any Series of Subordinate Bonds issued pursuant to the Subordinate Indenture to refund, pay, and discharge all or any portion of any other Series of Subordinate Bonds.

“Regular Record Date” means (a) with respect to any Series of Senior Bonds, including the Series 2019A Bonds, the fifteenth day (whether or not a Business Day) of the calendar month next preceding each Interest Payment Date, and (b) with respect to any Subordinate Bonds, including the Series 2019B Bonds, the first day (whether or not a Business Day) of the calendar month in which an Interest Payment Date occurs.

“Required Holders” means Holders of at least 25% in aggregate principal amount of Bonds then Outstanding.

“Required Holders” means Holders of at least 25% in aggregate principal amount of Subordinate Bonds issued under the Subordinate Indenture and any Supplemental Indenture then Outstanding, if any.

“Required Mill Levy” means an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed by the District upon all property subject to taxation each year in an amount calculated as follows:

(a) an amount sufficient (taking into account amounts then on deposit in the Capitalized Interest Account, the Surplus Fund, and the Senior Bond Fund available for payment of the applicable Senior Bonds and the Projected Revenue expected to be received in the immediately succeeding calendar year) to pay the principal of, premium if any, and interest on the Senior Bonds, as the same become due and payable, and to replenish the Senior Reserve Fund to the Senior Reserve Fund Requirement, and to fund the Surplus Fund to the Maximum Surplus Fund Amount until such time as the Surplus Fund has been closed in accordance with the Senior Indenture, but not in excess of _____ mills, subject to adjustment as provided in paragraph (b) below [and, not less than _____ mills, subject to adjustment as provided in paragraph (b) below;] and

(b) *provided, however,* that the [minimum levy amount of _____ mills (where applicable, as provided in (a) above), and] the levy cap of _____ mills (where applicable, as provided in paragraph (a) above) shall be adjusted to take into account legislative or constitutionally imposed adjustments in assessed values or the method of their calculation after the Closing Date, such adjustments to be determined by the Board in good faith (such determination to be binding and final), so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor

enhanced Pas a result of such changes; among other adjustments, a change in the ratio of actual valuation of assessable property shall be deemed to be a change in the method of calculating assessed valuation; and

(c) *provided, further, however,* notwithstanding anything herein to the contrary, in no event may the Required Mill Levy be established at a mill levy amount which would cause the District to derive tax revenue in any year in excess of the maximum tax increases permitted by its electoral authorization, and if the Required Mill Levy as calculated pursuant to the foregoing would cause the amount of taxes collected in any year to exceed the maximum tax increase permitted by the District's electoral authorization, the Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded.

“Required Mill Levy Revenues” means revenues generated from the imposition by the District of the Required Mill Levy, net of collection costs; provided, however, that the Required Mill Levy Revenue does not include Specific Ownership Taxes.

“Restricted Account” means the Restricted Account of the Project Fund created pursuant to the Senior Indenture.

“Restricted Fund Request” means a request of the District for disbursements from the Restricted Account of the Senior Project Fund pursuant to the Senior Indenture and prepared in accordance with the form attached to the Senior Indenture.

“Revenues” means collectively, Pledged Tax Increment Revenues, Required Mill Levy Revenues, Specific Ownership Tax Revenues, PIF Revenues (excluding any revenues pledged to any Subordinate Bonds or Junior Bonds), any other legally available amounts that the District may designate by resolution of the Board, to be paid to the Trustee for deposit into the Revenue Fund, or otherwise held under the Senior Indenture, and all income or other gain, if any, from any investment of the foregoing.

“Revenue Fund” means the trust account of that name created pursuant to the Senior Indenture.

“Revenue Study” means a written report from an Independent consultant selected by the District with experience in forecasting sales tax revenues, property tax revenues, specific ownership tax revenues, public improvement fee revenues and other revenues generally available to quasi-municipal corporations and political subdivisions of the State of Colorado, projecting the amount of Revenues available to the District.

“Pledged Sales Tax TIF” has the meaning set forth in the Development Agreement.

“Sales Tax TIF” has the meaning set forth in the Development Agreement.

“Securities Depository” means DTC or its nominee and the successors and assigns of such nominee, or any successor appointed under the Indentures.

“**Senior Bond Fund**” means the trust account of that name created pursuant to the Senior Indenture.

“**Senior Bond Mill Levy**” means the ad valorem mill levy required to be imposed in connection with any Senior Bonds by the Senior Indenture or any other documents pursuant to which Senior Bonds are issued and secured.

“**Senior Bonds**” means the Series 2019A Bonds and any additional bonds issued on parity with the lien of the Series 2019A Bonds pursuant to the Senior Indenture.

“**Senior Indenture**” means the Trust Indenture dated as of _____ 1, 2019 by and between the District and the Trustee, pursuant to which the District is issuing the Series 2019A Bonds, as amended or supplemented at the time in question.

“**Senior Project Fund**” means the trust account titled Project Fund created pursuant to the Senior Indenture.

“**Senior Project Fund Disbursement Request**” means a request of the District for disbursements from the Unrestricted Account Senior Project Fund pursuant to the Senior Indenture and prepared in accordance with the form attached to the Senior Indenture.

“**Senior Reserve Fund**” means the trust account of that name created pursuant to the Senior Indenture.

“**Senior Reserve Fund Requirement**” means, with respect to the Series 2019A Bonds \$_____ and, with respect to any other Series of Senior Bonds, an amount equal to half of the lesser of (i) 10% of the stated principal amount of such additional Series of Senior Bonds, (ii) the maximum annual principal and interest requirements of such additional Series of Senior Bonds, and (iii) 125% of the average annual Debt Service of such additional Series of Senior Bonds, as set forth and designated as such in a Supplemental Indenture relating to such Senior Bonds.

“**Series**” means the Senior Bonds designated in the Senior Indenture or a separate Supplemental Indenture and any Senior Bonds authenticated and delivered in lieu of or in substitution for such Senior Bonds pursuant to the Senior Indenture or any Supplemental Indenture.

“**Series**” or “**Series of Bonds**” means the Subordinate Bonds designated in the Subordinate Indenture or a separate Supplemental Indenture and any Subordinate Bonds authenticated and delivered in lieu of or in substitution for such Subordinate Bonds pursuant to the Subordinate Indenture or any Supplemental Indenture.

“**Series 2019 Bonds**” means the Series 2019A Bonds and the Series 2019B Bonds

“**Series 2019A Bonds**” means the District’s Limited Tax Supported and Special Revenue Senior Bonds, Series 2019A.

“**Series 2019B Bonds**” means the District’s Limited Tax Supported and Special Revenue Subordinate Bonds, Series 2019B.

“**Special Record Date**” means, in respect of a particular Series of Bonds, such date as may be fixed for the payment of defaulted interest in accordance with the Senior Indenture.

“**Special Record Date**” means, in respect of a particular Series of Bonds, such date as may be fixed for the payment of defaulted interest in accordance with the Subordinate Indenture.

“**Specific Ownership Taxes**” means the portion of the specific ownership taxes on motor vehicles imposed by the State attributable to the Required Mill Levy imposed by the District.

“**Specific Ownership Tax Revenues**” means revenues received by the District from the State from Specific Ownership Taxes.

“**State**” means the State of Colorado.

“**Subordinate Bonds**” means the Series 2019B Bonds and any District bonds, or other indebtedness subordinate to the Senior Bonds, including any notes, bonds, bond anticipation notes, commercial paper and other securities, contracts or obligations incurred through lease, installment purchase or other agreements or certificates of participation therein having a lien on all or a portion of the Revenues subordinate to the lien thereon of the Senior Bonds, as permitted to be issued under the Senior Indenture.

“**Subordinate Bond**” or “**Subordinate Bonds**” or “**Bonds**” shall mean the Series 2019B Bonds and any Additional Subordinate Bonds issued hereunder on parity with the lien of the Series 2019B Bonds, having a lien on all or a portion of the revenues pledged to the Senior Bonds subordinate to the lien thereon of the Senior Bonds.

“**Subordinate Bond Fund**” has the meaning set forth in the Subordinate Indenture.

“**Subordinate Indenture**” means the Trust Indenture dated as of _____ 1, 2019 by and between the District and the Trustee, pursuant to which the District is issuing the Series 2019B Bonds, as amended or supplemented at the time in question.

“**Subordinate Pledged PIF Revenues**” means only that portion of the PIF Revenues after deduction of any amount thereof used, paid, pledged or otherwise applied to the payment of debt service on Senior Bonds in accordance with the Senior Indenture.

“**Subordinate Pledged Revenues**” means the moneys derived by the District from the following sources, net of any cost of collection:

- (a) the Subordinate Required Mill Levy Revenues;
- (b) Subordinate Specific Ownership Taxes;
- (c) Subordinate Pledged PIF Revenues and Subordinate Pledged Tax Increment Revenues; and

(d) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenues.

“Subordinate Pledged Tax Increment Revenues” means only that portion of revenue from Pledged Tax Increment Revenues remaining after deduction of any amount thereof used, paid, pledged or otherwise applied to the payment of debt service on any Senior Bonds in accordance with the Senior Indenture.

“Subordinate Project Fund” means the trust account titled Project Fund created pursuant to the Subordinate Indenture.

“Subordinate Project Fund Disbursement Request” means a request of the District for disbursements from the Subordinate Project Fund pursuant to the Subordinate Indenture and prepared in accordance with the form attached to the Subordinate Indenture.

“Subordinate Revenue Fund” means the trust account of that name created pursuant to the Subordinate Indenture.

“Subordinate Required Mill Levy” means an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed by the District upon all taxable property within its boundaries each year in an amount calculated as follows:

(a) subject to adjustment as provided in paragraph (b) below (i) _____ mills, less the amount of the Senior Bond Mill Levy, or (ii) such lesser mill levy which, when combined with other Subordinate Pledged Revenues legally available in the Subordinate Bond Fund, will permit the Subordinate Bond Fund to be fully funded for the next Bond Year and pay all of the principal and interest on the Subordinate Bonds in full.

(b) *provided, however,* that the levy amount of _____, (as provided in paragraph (a) above) shall be adjusted to take into account legislative or constitutionally imposed adjustments in assessed values or the method of their calculation after the Closing Date, such adjustments to be determined by the Board in good faith (such determination to be binding and final) so that, to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes; among other adjustments, a change in the ratio of actual valuation of assessable property shall be deemed to be a change in the method of calculating assessed valuation; and

(c) *provided, further, however,* notwithstanding anything herein to the contrary, in no event may the Subordinate Required Mill Levy be established at a mill levy amount which would cause the District to derive tax revenue in any year in excess of the maximum tax increases permitted by its electoral authorization, and if the Subordinate Required Mill Levy as calculated pursuant to the foregoing would cause the amount of taxes collected in any year to exceed the maximum tax increase permitted by the District’s electoral authorization, the Subordinate Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded.

“Subordinate Specific Ownership Taxes” means the portion of the specific ownership taxes on motor vehicles imposed by the State attributable to the Subordinate Required Mill Levy.

“Subordinate Trust Estate” means (a) all Funds and accounts created under the Subordinate Indenture except the Rebate Fund, and all Funds and accounts created hereunder are to be used only for the purposes and in accordance with the instructions and provisions set forth in the Subordinate Indenture, (b) all right, title and interest of the District in and to the Subordinate Pledged Revenues, (c) the extent not otherwise within the scope of Granting Clause First, and Second, and only to the extent related directly to the Subordinate Pledged Revenues, all accounts and accounts receivable, general intangibles, contract rights, documents, chattel paper and instruments (all as defined in Article 9 of the Colorado Uniform Commercial Code), licenses, accounting and bookkeeping records, together with proceeds of the foregoing, (d) any and all other interests in real and personal property of every name and nature granted to the Trustee from time to time hereafter by delivery or by writing of any kind specifically mortgaged, pledged or hypothecated as and for additional security hereunder by the District in its sole discretion pursuant to an authorizing resolution of the Board or with its written consent in favor of the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof, and (e) all rights to enforce the Cooperation Agreement and the PIF Covenant on a basis subordinate to the Senior Bonds.

“Supplemental Act” means the Supplemental Public Securities Act constituting Title 11, Part 2, Article 57 of Colorado Revised Statutes, as amended.

“Supplemental Indenture” means any indenture supplementing or amending the Senior Indenture that is executed and delivered pursuant to the Senior Indenture.

“Supplemental Indenture” means any indenture supplementing or amending the Subordinate Indenture that is executed and delivered pursuant to the Subordinate Indenture.

“Surplus Fund” means the trust fund so designated which is established pursuant to the Senior Indenture.

“Surplus Release Date” means the date on which _____, as set forth in a certificate described in the Senior Indenture.

“Tax Certificate” means any tax certificate executed by the District on the date of the issuance of any Series of Tax-Exempt Bonds.

“Tax-Exempt Bonds” means the Series 2019A Bonds and any other Senior Bonds the interest on which is excludable from gross income of the holder for purposes of federal income tax.

“Term” means the duration of the Senior Indenture, which is from the execution and delivery hereof to the date the District has satisfied all of its obligations under the Senior Indenture, unless sooner terminated in accordance with the provisions hereof.

“Term” means the duration of the Subordinate Indenture, which is from the execution and delivery hereof to the date the District has satisfied all of its obligations under the Subordinate Indenture, unless sooner terminated in accordance with the provisions hereof.

“Trustee” means UMB Bank, n.a., in its capacity as trustee hereunder, and its successor for the time being in the trust hereunder and any Co-Trustee appointed in accordance with the Indentures.

“Trust Estate” means (a) all Funds and accounts created under the Senior Indenture except the Rebate Fund; (b) all right, title, and interest of the District in and to the Revenues; (c) to the extent not otherwise within the scope of (a) or (b), and only to the extent related directly to the Revenues, all accounts and accounts receivable, general intangibles, contract rights, documents, chattel paper, and instruments (all as defined in Article 9 of the Colorado Uniform Commercial Code), licenses, accounting and bookkeeping records, together with proceeds of the foregoing; (d) any and all other interests in real and personal property of every name and nature granted to the Trustee from time to time [hereafter] by delivery or by writing of any kind specifically mortgaged, pledged, or hypothecated as and for additional security under the Senior Indenture by the District in its sole discretion pursuant to an authorizing resolution of the Board or with its written consent in favor of the Trustee, which is authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Senior Indenture; and (e) all rights to enforce the Cooperation Agreement and the PIF Covenant.

“Underwriter” means George K. Baum & Company, the original purchaser of the Series 2019 Bonds.

“Unrestricted Account” means the Unrestricted Account of the Project Fund created pursuant to the senior Indenture.

APPENDIX B
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MARKET STUDY

[Attached]

APPENDIX C

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FORECASTED STATEMENT OF SOURCES AND USES OF CASH

[Attached]

APPENDIX D

ECONOMIC AND DEMOGRAPHIC INFORMATION

This Appendix contains general information concerning historic economic and demographic conditions in and surrounding the City. It is intended only to provide prospective investors with general information regarding the community near the Issuer. The information has been obtained from the sources indicated and is limited to the time periods indicated. The Issuer makes no representation as to the accuracy or completeness of data from parties other than the Issuer. The information is historic in nature; it is not possible to predict whether the trends shown will continue in the future.

Population

The following tables sets forth certain population statistics for the City of Colorado Springs, El Paso County, and the United States.

Population

Year	City of Colorado Springs		El Paso County		State of Colorado	
	Population	Change	Population	Change	Population	Change
1990	281,140		397,014		3,304,042	--
2000	360,890	28.4%	516,929	30.2%	4,338,801	31.3%
2010	420,714	16.6	627,232	21.3	5,050,332	16.4
2011	427,863	1.7	638,272	1.8	5,120,686	1.4
2012	433,580	1.3	646,934	1.4	5,193,097	1.4
2013	438,468	1.1	656,285	1.5	5,272,677	1.5
2014	442,940	1.0	663,443	1.1	5,356,626	1.6
2015	450,587	1.7	674,993	1.7	5,448,871	1.7
2016	460,018	2.1	689,082	2.1	5,534,240	1.6
2017	467,108	1.5	701,283	1.8	5,609,445	1.4

Sources: Colorado Department of Local Affairs, State Demography Office

Age Distribution – 2017

Age Groups	Percent of Population			
	City of Colorado Springs	El Paso County	State of Colorado	United States
Under 15	19.6%	20.2%	18.7%	18.8%
15-24	14.3	15.0	13.1	13.3
25-34	16.5	15.6	15.5	13.8
35-44	12.4	12.8	13.6	12.7
45-54	11.6	12.0	12.8	13.0
55-64	11.5	11.8	12.6	12.9
65+	13.9	12.5	13.8	15.5

Source: U.S. Census Bureau, 2017 American Community Survey. Totals may not add due to rounding.

Income

The following tables set forth annual per capita personal income levels for El Paso County and the State of Colorado. Personal income is a comprehensive measure of the income of all persons from all sources. In addition to wages and salaries, it includes employer-provided health insurance, dividends and interest income, social security benefits and other types of income. Per capita personal income is calculated as the personal income of the residents of a given area divided by the resident population of the area.

Per Capita Personal Income in Current Dollars

Years	El Paso County	State of Colorado
2011	\$40,098	\$43,502
2012	41,215	45,637
2013	41,272	47,308
2014	43,284	50,746
2015	44,758	52,228
2016	45,026	52,372
2016	46,511	54,646

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Housing; New Construction; and Foreclosures

The following table sets forth the estimated housing units in El Paso County.

Estimated Housing Units

Year (July 1)	El Paso County			
	Total Housing Units	Change	Vacant Housing Units	Rate
2011	253,873	--	12,088	4.7%
2012	256,061	0.9	10,805	4.2
2013	258,772	1.1	10,069	2.9
2014	261,819	1.2	10,309	3.9
2015	264,853	1.2	9,002	3.4
2016	267,888	1.2	6,752	2.5
2017	271,183	1.2	5,319	2.0

Source: Colorado Department of Local Affairs, State Demography Office

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The following table shows a five-year history of new building permit activity in Broomfield.

History of Building Permit Activity – Colorado Springs

Year	Single Family		Multi-Family		Commercial/Industrial	
	Permits	Valuation	Permits	Valuation	Permits	Valuation
2011						
2012						
2013						
2014						
2015						
2016						
2017						
2018						

Source:

The following tables set forth new privately-owned housing starts in the Colorado Springs Metropolitan Statistical Area (containing El Paso County and Teller County) and the State of Colorado.

New Privately-Owned Housing Units Authorized

Year	Colorado Springs MSA				Colorado			
	Single Family Detached (1 Unit)	Single Family Attached (2-4 Units)	Multi-Family (5+ Units)	Total Units	Single Family Detached (1 Unit)	Single Family Attached (2-4 Units)	Multi-Family (5+ Units)	Total Units
2011	1,616	2	657	2,275	8,723	393	4,386	13,502
2012	2,410	4	597	3,011	12,617	401	10,283	23,301
2013	2,885	18	684	3,587	15,772	556	11,189	27,517
2014	2,662	28	983	3,673	17,104	678	10,916	28,698
2015	3,022	12	631	3,665	20,025	621	11,225	31,871
2016	3,610	8	1,548	5,166	21,577	798	16,599	38,974
2017	3,852	7	1,106	4,695	24,338	759	15,576	40,673

Source: U.S. Census Bureau.

The following table sets forth recent foreclosure statistics for El Paso County as compiled by the Division of Housing of the Colorado Department of Local Affairs. The data in the table includes single family homes, condominiums and townhomes, as well as agricultural, industrial, commercial and multi-family properties and vacant land. However, the Division of Housing reports that the number of nonresidential foreclosures included in these statistics is nominal. In addition, the table presents the total number of foreclosures filed, including foreclosures that were filed and subsequently redeemed or withdrawn.

The foreclosure “filing” is the event that begins the foreclosure process. In general, when a borrower is at least three months delinquent and in default, the borrower will receive a “notice of election and demand” from the Public Trustee of the county in which the property is located. At this point, the property is in foreclosure. A foreclosure filing can be “cured” and “withdrawn”

before the home is sold at auction, meaning that not all foreclosure filings result in a final foreclosure sale. Approximately 120 days after the initial filing, the property may be sold at the Public Trustee auction to a third party or to the mortgage company. Once the foreclosure sale takes place, eviction proceedings will proceed during the next several weeks.

Foreclosure Filings and Sales

El Paso County				
Year	Foreclosure Filings	% Change	Foreclosure Sales at Auction	% Change
2011		--		--
2012				
2013				
2014				
2015				
2016				
2017				

Source: Colorado Division of Housing Quarterly Foreclosure Reports

Employment

The U.S. Department of Labor, Bureau of Labor Statistics, estimates that the national unemployment rate was 3.9% in December, 2018. The following tables set forth recent labor force, employment, and unemployment statistics for El Paso County and the State of Colorado.

Local Area Employment Statistics (Not seasonally adjusted)

Year ⁽¹⁾	El Paso County				State of Colorado			
	Labor Force		Unemployed		Labor Force		Unemployed	
	Number	Change	Number	Rate	Number	Change	Number	Rate
2011	307,563	--	28,021	9.1%	2,736,079	--	228,814	8.4%
2012	307,002	(0.2)%	27,176	8.9	2,757,222	0.8	217,281	7.9
2013	306,761	(0.1)	24,178	7.9	2,767,153	0.4	189,597	6.6
2014	306,425	(0.1)	18,384	6.0	2,799,491	1.2	140,017	5.0
2015	307,567	04	14,114	4.6	2,824,759	0.9	109,700	3.9
2016	314,615	2.3	11,758	3.7	2,893,268	2.4	94,340	3.3
2017	326,663	3.8	10,666	3.3	2,992,307	3.4	84,839	2.8
2018	333,825	2.2	15,884	4.5	3,310,637	10.7	120,048	3.8

(1) Data for years 2011-2018 are annual averages. Current year data is as of December 2018.

Source: Colorado Department of Labor and Employment

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[TO BE ADDED: EMPLOYMENT BY INDUSTRY; TOP EMPLOYERS;
TRANSPORTATION.]

APPENDIX E

BOOK-ENTRY-ONLY SYSTEM

As used in this Appendix E, “Bonds” refers to the Series 2019 Bonds.

The information in this section concerning The Depository Trust Company (“DTC”) New York, NY and DTC’s book-entry-only system has been obtained from DTC, and the Issuer and the Underwriter take no responsibility for the accuracy thereof.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the Bonds, as set forth on the cover page hereof, in the aggregate principal amount of each maturity of the Bonds and deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation & Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries

made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book entry-system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants remain responsible for keeping accounts of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds are to be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such

other name as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to Tender or Remarketing Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to Tender or Remarketing Agent. The requirement for physical delivery of the Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit for tendered Bonds to Tender or Remarketing Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

APPENDIX F
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FORM OF BOND COUNSEL OPINION

APPENDIX G
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FORM OF CONTINUING DISCLOSURE AGREEMENT

APPENDIX H
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DISTRICT BUDGET