Colorado Springs Urban Renewal Authority
University Village Project
Series 2008 Refunding Analysis
March 17, 2016

Current Bond Terms:

- 2008A Senior Bonds
  - $42,050,000 outstanding par as of 12/1/15
  - 7% Interest Rate
  - Callable 12/1/17 at par plus accrued and past due interest
  - Structured principal and interest schedule based on revenue expectations in 2008
  - Failure to pay principal and interest when due is an Event of Default
  - Existing debt plan shows these pay by maturity and get out of default in 2021
- 2008B Subordinate Bonds
  - ~$9,666,000 outstanding par and past due interest
  - 7.5% Interest Rate
  - Callable 12/1/17 at 102% of par plus accrued and past due interest
  - Structured principal and interest schedule based on revenue expectations in 2008
  - Failure to pay principal and interest when due is an Event of Default
  - Existing debt plan shows these pay in 2029 and stay in default until that point.
- 2008 UCCS Sub Note
  - ~$3,400,000 outstanding par and $1,400,000 back interest
  - 4.5% Interest Rate
  - Callable anytime
  - Maturity recently extended
  - Existing debt plan shows payoff in 2030
  - Pays in 2030 with $2M of surplus cashflow

Goals:

- Cure current default and make future defaults unlikely
- Fund Authority operations from annual revenues and from refunding proceeds
- Repay all outstanding obligations before the end of the TIF period
- Lower the interest rate as much as possible

Refunding Terms:

- Series 2016 Loan refunding
  - 2016A Loan - $56M par
    - Projected payoff in 2029
    - Balloon maturity in 2026 of ~$18M remaining par
    - 3.71% swap to 2030 w costless termination at 2026 maturity if needed.
    - Structured debt schedule

        - Failure to pay principal and interest on schedule will be a “rate increase event”
    - 2016B Subordinate Bonds - $5M par
        - 6.75-7.75% Interest rate estimated
        - Cashflow bond that pays from avail rev only, projected to pay off in 2023
        - No default for failure to pay
    - UCCS Note
        - Projected payments starting in 2028, pays in full with $11.4M of surplus cashflow

- Other Considerations:
    - Refunding before December 2017 will incur expense of negative arbitrage (~$2.8M)
    - Rates are currently below historic averages
    - Potential HB 1348 implications
    - Property tax administrator changes
    - Projected impacts based on model assumptions:
        - 2% biennial reassessment on tax base
        - 3% annual sales tax growth
        - 58 mills
        - 2% sales tax
        - $50,000/year Authority deduction
        - $250,000 upfront Authority fee