

CSURA

UNITED STATES OLYMPIC MUSEUM FINANCING

PROPOSAL SUMMARY REVIEW AND HIGHLIGHTS BY NORTH SLOPE CAPITAL ADVISORS

MARCH 28, 2016

George K Baum

- + Detailed project and structuring considerations evidence the firm's experience working on the financing to date.
- + Recommended dual-track approach to bank loan and bond financing. Recommend seeking an indicative private credit rating which would allow for proper evaluation of lowest cost versus lowest risk alternatives and determination of most flexible distribution channel for financing the project.
- + Numerous plan of finance scenarios, revenue estimates, revenue sensitivities and draft term sheets have been prepared by the firm.

Finance plan narrative calls out construction risk and museum performance risk not mentioned in other proposals including risk of an extraordinary call in the event the project is not completed. These risks should be discussed further and painted in proper light so as not to create an unnecessary yield penalty and/or onerous covenants.

Proposed timetable calls for RFP to be on street for 14 days – a tight timeframe for preliminary credit approval and most aggressive terms given the complexities of the financing.

- + Thorough and thoughtful discussion on fundraising and timing considerations and transparent discussion of proposed "termination fee" for work done to date.
- + Financing team, led by Robyn Moore with 20+ years of experience, is prepared to restart work immediately with little to no lost time.
- Bank direct purchase risk discussion silent on certain harder to mitigate risks such as increased cost provisions, overly broad defined events of defaults, and onerous remedies such as acceleration.

Proposed "fully loaded" fee of \$9.50/\$1,000 for a private placement and \$5.75/\$1,000 for a bond financing.

North Slope notes that, generally speaking, placement agent fees are less than underwriting fees on transactions of similar size, structure, and credit quality.

DA Davidson

- + Demonstrated understanding of the relevant credit and structuring considerations including history of Colorado Springs retail sales and the pronounced sensitivities of TIF in good and bad economic climates.
- + Proposal included illustrative bond and bank financing scenarios covering security features, flow of funds, estimated interest rates, and estimated bond or bank loan proceeds to be extracted from \$62.5 MM in TIF revenue based on other recent relevant financings.

Proposed timetable calls for RFP to be on street for 14 days - a tight timeframe for preliminary credit approval and most aggressive terms given the complexities of the financing.

- + Financing team led by Sam Sharp, head of DADCO's special district group, selected by Governor to serve on working group to repair HB1348 TIF legislation.
- + Firm has 61% and 70% Colorado special district market share over last decade and last year respectively, including 9 years' service to CSURA and 8 Colorado Springs special districts. DADCO has financing 611 sales tax and TIF financings totaling \$9.3 billion over last five years.

Fees for underwriting long-term bond issue range from \$5 to \$20/\$1,000 for a rated versus non-rated bond issue and \$5 to \$15/\$1,000 for a non-rated private placement depending on security features, credit quality and structure.

- Wider fee range than other proposals received given same uncertainty in final structure vis-à-vis security features, rating (if any), distribution channel, etc.

RBC

- + Thoughtful write up of credit strengths and weaknesses of the proposed financing including credit rating factors by weighting and differences in three rating agencies' criteria and approach to rating.

No dual track recommended due to RBC estimated low likelihood of an investment grade rating before 3-5 years' increment history and minimum 1.3 debt service coverage.

Cost of non-rated bond deal estimated to be 5.5% to 6.5% limiting the amount that could be financed; proposal promotes bank direct purchase with a 30-year amortization with 5-year rate resets.

Proposed timetable calls for RFP to be on street for 12 days – potentially too tight a timeframe for preliminary credit approval and most aggressive terms given the complexities of the financing.

- Discussion of risks of bank loan versus bond issue cursory and not tailored to USOM project.
- + RBC ranked as #1 Colorado underwriter in 2015 with \$1.29 billion in senior managed volume; significant TIF experience.

Michael Persichitte designated team lead - \$7 billion in Colorado financing experience.

Aggressive \$4/\$1,000 for either private placement or bond issue.

Stifel Nicolaus

- + Thoughtful discussion of security features, cash traps, revenue “shock” scenarios, modeling of various low investment grade and non-rated scenarios with different payment profiles. Customized credit approach designed to get financing to low investment grade.
- + Recent experience detailed in case studies on the National Western Stock Show financing, another RTA recipient, and Thornton and Fountain TIF financings.

Extended pre-marketing period recommended regardless of distribution channel.

Stifel expressed a more bullish view of low investment grade bond financing opportunities. Estimated average interest of a 30-year non-rated financing in low to mid-5% range.

- Minimal discussion of process to solicit bank direct purchase bids as an alternative to bond financing.
- + Stifel was the #1 ranked TIF firm in the country for 2015 with over 145 financings totaling over \$3.9 billion.

Josh Benninghoff, 15 years’ banking experience, designated as team lead with Mike Imhoff as lead underwriter.

- + Private placement flat fee of \$50,000 regardless of size, structure or credit. Proposed underwriting fee range of \$6.50 to \$9.50/\$1,000 for rated to non-rated bond issue.