

March 3, 2021

**TERM SHEET
Private Placement
Commerce City E470 Commercial General Improvement District
General Obligation
Qualified Tax-Exempt Loan;**

(Subject to Final Credit Approval / Not A Commitment)

This Term Sheet shall serve as a guide for the general terms and structure for a Direct Purchase by Zions Bancorporation, N.A dba Vectra Bank Colorado of a private placement of the Series 2021 Commerce City E470 Commercial General Improvement District General Obligation Loan. The terms within this Term Sheet may be amended and adjusted going forward by agreement between the Parties as due diligence on the transaction is completed and new issues or concerns arise regarding covenants, structure, financial ratio levels, and Loan mechanics, amortization, etc.

The terms outlined in this Term Sheet are for discussion purposes only. The credit has not yet been formally approved by the Bank and does not obligate the Bank or Commerce City E470 Commercial General Improvement District to enter into the proposed financing. The issuance of a commitment is subject to the District's satisfying the Bank's credit standards and internal policies, and formally approving the financing request. Therefore, the Bank shall not be liable to the District for damages or specific performance as a result of this letter or its attachments. The terms and conditions proposed in this Term Sheet are confidential and may not be shown or disclosed by you except to those individuals who have a need to know as a result of being involved in the proposed transaction.

<u>Par Amount:</u>	\$14,960,000
<u>Issuer:</u>	Commerce City E470 Commercial General Improvement District ("the District")
<u>Obligor:</u>	Commerce City E470 Commercial General Improvement District ("the District")
<u>Purchaser:</u>	Zions Bancorporation, N.A. dba Vectra Bank Colorado (the "Bank")
<u>Placement Agent:</u>	D.A. Davidson & Co.
<u>Bond Counsel:</u>	Butler Snow
<u>Bank Counsel:</u>	Sherman & Howard
<u>Paying Agent:</u>	Zions Trust
<u>Tax Status:</u>	Tax-Exempt
<u>Maturity:</u>	12/1/2026
<u>Amortization:</u>	The loan will pay interest semi-annually on the first day of June and December, commencing June 1 st , 2021, and principal annually commencing on December 1 st , 2021 with the final principal and interest due on the Maturity Date. The District may choose up to a thirty (30) year amortization.



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<u>Interest Rate:</u>	2.03% (The rate is priced based off of the five-year Des Moines FHLB index + 1.50%). Should the District not sign a rate lock agreement, the rate will remain variable until 5 business days before the closing date. The tax-exempt minimum coupon rate will be 2.0%.
<u>Rate Lock:</u>	The 60-day rate lock fee is \$43,890 . The rate lock fee will be applied to the commitment fee should the loan close within 60 days of term sheet acceptance. Rate lock fees are priced daily until the rate lock agreement is executed.
<u>Default Interest Rate:</u>	Upon a material default of the Notes that remains uncured for 30 days after receipt of notice of default, the Notes, at the option of the Bank, shall accrue interest at a Default Rate, which shall not exceed a rate equal to the lesser of the Wall Street Journal Prime Rate plus 4.00%, or 18%. In no event, shall the annual and total repayment costs of the 2021 Note exceed the amount authorized by the District voters.
<u>Commitment Fee:</u>	One half of one percent (0.50%) of the initial principal amount of the 2021 Note. The commitment fee to be paid at closing.
<u>Prepayment Fee:</u>	N/A. The District may prepay the loan without penalty.
<u>Parity Debt:</u>	No parity debt is permitted without Bank approval
<u>Subordinate Debt:</u>	No subordinate debt will be permitted without Bank approval
<u>Debt Service Reserve Fund:</u>	The District will establish a debt service reserve fund, to be held at Zions Trust, in the amount of \$400,000.
<u>Actual Assessed Value</u>	Will be based upon the actual Assessor valuation used in the Certification of Assessed Value of the land and improvements in the District and increased by 2% bi-annually.
<u>Debt Service Coverage:</u>	Debt Service Coverage shall be calculated as: Pledged Revenue received divided by actual debt service in any given year calculated at the applicable rate.
<u>Required Mill Levy:</u>	Annually, the District will calculate, for the subsequent year, the projected revenue based upon the sum of; Projected District Property Tax Revenue resulting from a mill levy sufficient to meet scheduled debt service.
<u>Flow of Funds:</u>	<p>The District shall cause all pledged revenue to be deposited into the Revenue Account maintained by the District with the Paying Agent immediately upon receipt from the Adams County Treasurer. Upon receipt by the Paying Agent, funds from the Debt Service Fund shall be applied as follows:</p> <ol style="list-style-type: none">To the payment of Paying Agent feesTo the payment of all past due interest, and principal, and any other collection or other fees due the Bank under the Loan Agreement.To the Payment of all current interest and principal.

- iv. To the prepayment of principal in increments of \$5,000 or greater beginning with the final principal payment due on 12/01/2026 and continuing forward in reverse chronological order.

The following representations, warranties and covenants shall be part of the agreement to be entered into by the District and the Bank with respect to the 2021 Loan (the "2021 Loan Agreement"). Other additional covenants may be added, or these may be adjusted going forward by agreement between the Parties as new issues or concerns arise regarding 2021 Loan covenants, structure, financial ratio levels, etc. 2021 Loan covenant compliance will be tested in the manner and at the times as set forth in the 2021 Loan Agreement.

Primary Reps, Warranties and Covenants:

- i. The District will execute all documentation necessary to convey to the Bank a security interest in all revenues pledged to the Development Agreement.
- ii. The District shall represent and warrant to the Bank and provide an Opinion of Enforceability from the District Counsel, in form acceptable to Bank Counsel.
- iii. The District will not grant any lien or otherwise encumber the pledged revenues.
- iv. Annually, no later than December 15th, the District shall certify a mill levy equal to the mill levy sufficient to meet the scheduled debt service requirement of the subsequent year, subject to statutory limitation, and provide a copy of such together with a copy of the annual budget of the District.
- v. Annually, the District shall provide the Bank with copies of its unqualified annual audit not later than 240 days following the end of each fiscal year.
- vi. Within 90 days of quarter-end, the District shall submit to the Bank internal financial statements including a statement of revenues and expenses including an annual budget, and a schedule of assets and liabilities including the General Fund and all sub Funds.
- vii. As soon as available, but in no event later than August 30 of each year, the District shall furnish to the Bank the preliminary certified "actual value" and assessed valuation of all property subject to the Required Mill Levy (including taxable property within the District and excluded property subject to the Required Mill Levy) for such calendar year;
- viii. as soon as available, but in no event later than December 15 of each year, the District shall furnish to the Bank the final certified assessed valuation of all property subject to the Required Mill Levy (including taxable property within the District and excluded property subject to the Required Mill Levy), as calculated, recorded and certified by the Assessor on or before December 15 of such calendar year;
- ix. The District shall continuously cooperate with the Bank and make a good faith effort to determine that all Pledged Revenues correctly allocated to the Debt Service Fund and subsequently paid to the Paying Agent.
- x. The District will not cooperate with nor support the conversion of any real property within the District to tax exempt status except for the completion of required public improvements.

- xi. Other covenants considered standard for this type of transaction and industry to be negotiated in good faith between the Parties during the due diligence period and 2021 Note approval and documentation process.

Events of Default:

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

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

Other Provisions:

Required Approvals and Closing Conditions.

The approval and subsequent closing of the Transaction will be subject to the completion of the following: (i) Lender's underwriting and corresponding due diligence of Borrower and the Transaction, (ii) satisfaction by Borrower of Lender's conditions to the closing of the Transaction, and (iii) the execution and delivery of loan documentation satisfactory to Lender, in its sole and absolute discretion. Specific due diligence requirements, closing conditions, and/or loan documentation requirements will be further set forth in a term sheet or commitment letter from Lender to Borrower.

Due Diligence.

The due diligence process will consist of, among other things, Lenders thorough review and acceptance of the Borrower, General Contactor(s), other sponsors and/or loan parties, local market information, the Property's viability, the Property's condition of title, the equity contributions, Borrower and financial information, review of the ballot questions, review of the public construction budget, review of the financial advisor's valuation of the District.

Waiver:

The 2021 Loan Agreement will contain, among other things, a provision to the effect that: except for harm arising from the Bank's willful misconduct, gross negligence or bad faith, and without waiving governmental immunity, the District, to the extent allowed by law, indemnifies and agrees, to defend and hold the Bank harmless from any and all losses, costs, damages, claims and expenses of any kind suffered by or asserted against the Bank relating to claims by third parties as a result of, or arising out of, the negligence or other misconduct of the Districts, or any claim made against the District, in connection with the financing provided under the 2021 Loan Agreement and other 2021 Note financing documents. To the extent permitted by law, such indemnification and hold harmless provision will survive the termination of the 2021 Loan Agreement and financing documents and the satisfaction of the Districts obligations to the Bank thereunder.



Document Imaging:

The Bank shall be entitled, in its sole discretion, to image all or any selection of the instruments, other loan documents, items and records governing, arising from or relating to any of Borrower's loan or loans, and may destroy or archive the paper originals. The parties hereto waive any right to insist the Bank produce paper originals, agree that such images shall be accorded the same force and effect as the paper originals, and further agree that the Bank is entitled to use such images in lieu of destroyed or archived originals for any purpose, including as admissible evidence in any demand, presentment or proceedings.



Term Sheet Acceptance

By signing below, we hereby accept the Terms and Conditions outlined within this Term Sheet, subject to normal adjustments agreed upon by both parties.

By: Megan Severs

Megan Severs
Vice President
Public Sector Finance
Vectra Bank Colorado

Accepted and agreed to this _____ day of _____, 2021

Commerce City E470 General Improvement District

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____