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BASE VILLAGE METROPOLITAN DISTRICT
POST-CLOSING FINANCING SUMMARY
PREPARED JANUARY 16, 2017

On December 22, 2016, Base Village Metropolitan District No. 2 successfully closed a two-series refinancing that accomplished the six financing goals identified in early fall as detailed below.

Six Refinancing Goals Achieved

1) Capitalize on long-term interest rates at historic lows with a refinancing of the existing Series 2013A Loan. The Series 2013A Loan is structured with a 2020 bullet maturity, subjecting the Districts to interest rate risk in 2020. **General obligation bond interest rates were lower in December 2016 than they have been 91.1% of the time since January 1980. The interest rates on the Series 2016A and 2016B Bonds were 5.66% and 6.50% respectively. This compares to interest rates of 3.05%, 6.50%, 8% and 10% on the four tranches of prior District debt. It is worth noting that the 3.05% rate on the 2013A Loan was only fixed through 2020 and subjected the District to interest rate risk upon reset in 2020.**

2) Facilitate the planned real estate closing, including the orderly and complete exit of Related from the Base Village Metropolitan District asset. **The real estate closing occurred on December 22nd.**

3) Lower District 2's current debt burden of $63.725 million ($48.918 million in principal and $14.807 million in accrued unpaid interest). **The refinancing succeeded in lowering the District's debt burden from $63.725 million to $44.590 million, a decrease of over $19 million (30% reduction) due primarily to debt forgiveness by the developer.**

4) Shift the financial burden of annual operations and maintenance to District 1, eliminating the operations and maintenance mill levy as soon as District 1 assessed valuation supports full payment of such expenses. **Under the two growth cases examined by North Slope Capital, 2% and 6% biennial reassessment, the financial burden of annual operations and maintenance is expected to be shouldered solely by District 1 by the year 2020. This anticipated elimination of the 6 mill O&M levy for District 2**

represents a reduction in the property tax mill levy assessed by District 2 of approximately 14% beginning in 2020.

5) Achieve property tax savings (debt service and operations and maintenance) equal to or exceeding the Government Finance Officers' Association ("GFOA") minimum recommended savings target. The GFOA recommends present value savings, net of transactions costs, of more than 3% of the principal amount financed (or $1.394 million in District 2's case). **Projected present value savings based on the final interest rates and bond sizing for Series 2016A and 2016B Bonds range from $1.435 to $5.598 million depending on the assumed biennial reassessment rate.**

6) Position District 2 for a potential future investment grade refinancing on the lower principal amount than would otherwise be outstanding on District 2's current course. **Without the refinancing and the developer debt forgiveness, District 2 would not likely have the potential for a future investment grade refinancing, due to an outstanding debt ratio above the acceptable threshold for investment grade debt. See goal #3 above.**

Feel free to contact North Slope Capital with any additional questions regarding the final Series 2016A and Series 2016B bond refinancing results at 303-953-4101, or by email to steph@northslopecapital.com and nick@northslopecapital.com.