

TAXI Drive Loan Amendment: Q&A

The following questions and answers are derived from preliminary conversations with council members and the administration. Please let us know if you have additional questions that we can answer.

Q: What collateral will OED have in the project?

A: OED will have a lien on the land (appraised \$2.4M) behind a lien from the Bank of Midwest for \$457,000, leaving \$1.9M in net equity. Mickey Zeppelin will also provide a personal guaranty

Q: What is the justification for valuing the land at TAXI Drive at \$2.4M?

A: The \$2.4M value comes from an appraisal done in 2008. Recent appraisals at TAXI and surrounding sites suggest the value of the land has since increased.

Q: Will TAXI Drive consist entirely of leasable commercial space?

A: Yes

Q: Why do you believe there is a demand to lease at TAXI Drive?

A: The strongest market indication is that the existing TAXI development is 100% leased (175,000+ sq. ft.) and has a waiting list. Three TAXI buildings totaling 45,000 sq. ft. were completed within the last 18 months and opened fully occupied. Furthermore, Zeppelin has future tenants identified for 10,000-15,000 (30-40%) sq. ft. of the 38,000 sq. ft. building. LOI's are forth coming.

Q: Will TAXI Drive have an industry focus?

A: The primary focus is on new economy firms (tech and creative) consistent with the tenant mix that already exists at the TAXI site. This tenant new economy mix is reflected in the current LOIs with software (Mersive), interactive (Cirro), computer science/aerospace (Alpha Data), Engineering (Deerns) The developer has expressed a special interest in locating water industry firms at the site. Among the tenants being discussed are the Colorado School of Mines, Water for People and other water-related businesses.

Q: How can Brown Field Economic Development Initiative (BEDI) funds be used? Are they only for environmental remediation?

A: BEDI funds can be used for former, present and potential future brown field sites. BEDI's may be used for remediation but are most commonly used to secure the Section 108 loan and help with financing fees. In the case of TAXI III, the site was clean prior to the initial purchase of the site and the BEDI is being used for construction hard costs and financing.

Q: Will Zeppelin collect developer fees, commissions and/or closing costs?

A: Yes, Zeppelin will collect a developer fee of \$180,000, which is considerably less than the industry standard of 3-5%. Zeppelin's brokerage division may also realize commissions, predicated on delivering signed leases/. The commission budget assumes an industry standard of \$1 per sq. ft. per year of the term for the listing agent and \$1 per sq. ft. per year of the term for the outside broker.

Q: How much has the developer spent out of pocket on the project to date?

A: Zeppelin has spent roughly \$1.5M on design, construction consultation and carrying costs for the project.

