



March 11, 2022

VIA EMAIL

Mr. Carl Schueler
Comprehensive Planning Manager
City of Colorado Springs
30 S. Nevada Avenue, Suite 105
Colorado Springs, CO. 80903
carl.schueler@coloradosprings.gov

Re: Colorado Crossing Metropolitan District No. 2 – Issuance of Debt Instrument

Mr. Schueler:

On behalf of the Board of Directors, this letter shall serve as Colorado Crossing Metropolitan District No. 2's ("**District No. 2**") request to the City of Colorado Springs City Council (the "**City Council**") for approval of its proposed debt financing for public improvements within the service area of the District. Pursuant to Section V.A.10 of the Consolidated Service Plan for the Colorado Crossing Metropolitan District No. 1, District No. 1 and Colorado Crossing Metropolitan District No. 3, approved by the City Council on August 1, 2006, as amended by the First Amendment thereto approved by the City Council on October 25, 2016, the Second Amendment thereto approved by the City Council on December 11, 2018, and the Third Amendment thereto approved by the City Council on November 10, 2020 (collectively, the "**Service Plan**"), the issuance of bonds or other debt instruments of the Districts shall be subject to the approval of the City Council. It is the intent of District No. 2 to seek and obtain the City Council's review and approval of the proposed debt issuance to ensure compliance with the Service Plan and all applicable laws. Concurrently with this request for approval, the Districts are processing a Fourth Amendment to Service Plan (the "**Fourth Amendment**") to recognize the increased costs of Public Improvements necessary within the Service Area of the Districts, a resultant increase in the Total Debt Issuance Limitation, and the authority for the Districts to organize Special Improvement Districts with the authorization to impose Assessments and issue Special Assessment Bonds supported by such Assessments which would also, resultantly, increase the maximum amount of Debt the Districts may issue for such purposes. This request for approval assumes the Fourth Amendment will be processed and considered by the City Council concurrently with this submittal ("**Fourth Amendment Application**").

Attached for review and consideration of the City Council and City staff is the following information:

1. Draft Term Sheet and Financial Forecast;
2. Draft Indenture; and

3. Statement of Service Plan Compliance.

As indicated in the submitted documents, it is anticipated District No. 2 will issue the following series of bonds: (1) approximately \$10,645,961 of Special Improvement District Nos. 1 and 2 Special Assessment Revenue Bonds, Series 2022 (the “**Bonds**”¹). The exact par amount of the Bonds will be determined at the time of sale. The net proceeds of the Bonds will be utilized to finance the costs for public improvements associated with the construction of Public Improvements within the boundaries of and for the benefit of property within the boundaries of the Special Improvement Districts. Repayment of the Bonds will be supported by solely by revenues generated from the Special Assessments imposed by District No. 2 within the boundaries of the newly organized Special Improvement Districts. The enclosed information provides pertinent information about the more specific terms and conditions of the financing, the proposed uses of the funds, and the forecasted build-out of residential projects within the service area of District No. 2 and, specifically, the Special Improvement Districts. Also enclosed is an initial public improvement budget that will evidence the anticipated use of proceeds of the proposed Bonds. Upon your review, to the extent there is any additional information that would be useful, or to the extent any questions arise, please do not hesitate to let us know.

The Districts appreciate the City Council’s review of the enclosed information and will be available to discuss any questions or comments concerning this proposed financing at the City Council’s convenience.

Very truly yours,

MCGEADY BECHER P.C.

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Megan Becher, District Counsel

Enclosures

c: Colorado Crossing Metropolitan District Nos. 1, 2 and 3, Boards of Directors
Zach Bishop and Matt Chorske, Piper Sandler
Dave Lucas, Sherman & Howard L.L.C.

¹ All par amounts are estimated. Final amounts to be determined at time of sale of the Bonds.