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File No. 5028126.0002

February 12, 2018

VIA ELECTRONIC MAIL

Carl Schueler
Comprehensive Planning Division
City Administration Building
30 S. Nevada Avenue
Colorado Springs, Colorado 80903

Re: Dublin North Metropolitan District No. 2 (the "District") Proposed Bonds

Dear Mr. Schueler:

Attached to the email with this letter are: (a) the financial plan for the bonds as prepared by DA Davidson & Company; and (b) a draft opinion letter from Spencer Fane LLP. We have provided you with the bond indentures and pledge agreements in a prior communication. The "2018 Bonds" will be repaid by a mill levy that will not exceed 30 mills per year, subject to Gallagher adjustments. The following is a preliminary proposal for the bond issues, which is subject to adjustment at the time the bonds are issued.

2018A

Par Amount: \$3,625,000 (estimated)
Refunding: \$1,863,397 (estimated)
Project Fund: \$1,255,356 (estimated) reimbursements to developer.
Interest Rate: 5.375% fixed (estimated)

1. Revenues generated by the District's required debt service mill levy of 30 mills (Gallagherize to today) and specific ownership tax generated by the required mill levy; and
2. Revenues derived by the District pursuant to a pledge agreement with District No. 3 (the "Pledge District"), pursuant to which the Pledge District will agree to impose a debt service mill levy of 30 mills (Gallagherized to today) and, remit those revenues plus specific ownership tax generated by such debt service mill levy to the District.

2018B

Par Amount: \$654,000 (estimated) reimbursements to the developer
Interest Rate: 7.75% fixed (estimated)

The bonds are structured as cash flow bonds that pay each year on December 15th. Any senior pledged revenue available to the subordinate bonds will be used to pay current interest, accrued interest, and then principal.

2018 Developer Note

Par Amount: \$891,000 (estimated)
Interest Rate: 8% fixed (estimated)

DN 2934280.1

The Note will be structured as cash flow note that will pay each year on December 15th. Any senior pledged revenue available after payments on the senior and subordinate bonds will be used to pay current interest, accrued interest, and then principal.

In accordance with the Special District Policy:

A. Present and future property owners within District Nos. 2 and 3 ("Districts") will not be burdened with debt service mill levies higher than the limited debt service mill levy set forth in the Service Plan. The Service Plan contains a maximum debt service mill levy 30 mills, which has been adjusted due to a change in the rate off assessing residential property as allowed for in the Service Plan. The enclosed tax levy analysis completed by DA Davidson reflects an anticipated debt service mill levy amount of 33.166 mills.

B. Repayment of principal and interest on the 2018 Bond is limited to ad valorem property taxes and a portion of the specific ownership tax collected by the Districts.

C. The 2018 Bonds will not default for nonpayment if the Districts are levying the maximum allowed mill levy.

D. The public improvements to be financed by the 2018 Bonds consist of street, water, sewer, and park and recreation improvements, together with all necessary incidental, and appurtenant facilities, equipment, land and easements and extension of any improvements to said facilities.

In accordance with the Special District Policy, issuance of the 2018 Bonds will not occur until the enclosed documents have been reviewed by City Council to ensure compliance with City policy.

District No. 2 previously entered into a loan in the amount of \$2,000,000 and the 2018 Bonds will total approximately \$5,170,000, resulting in \$7,170,000 in total debt issued by District No. 2. The District No. 3 Pledge Agreements are intergovernmental agreements whereby District No. 3 will transfer money to District No. 2 to pay debt service on the 2018 Bonds, because the money is being used to pay the 2018 Bonds, they are really the same debt and will not count against the service plan debt authorization. Additionally, the 2018 Bonds will refund the remaining loan amount of approximately \$1,863,397, reducing the total amount of debt issued by the Districts to \$5,306,603, which is within the debt limitation of \$10,000,000 established in the Districts' Service Plan.

At your earliest convenience, please have City Council review the enclosed documents to ensure that the 2018 Bond is being issued in compliance with the Special District Policy. The District would like to close the transaction as soon as possible.

If you have any questions, or need anything further, please do not hesitate to contact this office.

Sincerely,

George M. Rowley

GMR/
Enclosures

