

Colorado Crossing Metropolitan District Nos. 1, 2 and 3  
c/o CliftonLarsonAllen LLP  
8390 East Crescent Parkway, Suite 500  
Greenwood Village, Colorado 80111-2811

March 24, 2017

VIA Via Email

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

Re: Colorado Crossing Metropolitan District Nos. 1, 2 and 3 – Issuance of Debt Instrument

Mr. Schueler:

This letter shall serve as Colorado Crossing Metropolitan District No. 1 (“**District No. 1**”), Colorado Crossing Metropolitan District No. 2 (“**District No. 2**”), and Colorado Crossing Metropolitan District No. 3’s (“**District No. 3**”, together with District No. 1 and District No. 2, collectively, the “**Districts**”) request to the Colorado Springs City Council (the “**City Council**”) for approval of their proposed debt financing for public improvements within the service area of the Districts. Pursuant to Section V.A.10 of the Consolidated Service Plan for the Districts, 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 (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 the Districts 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.

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, Capital Pledge Agreement and Bond Resolution;
3. Statement of Service Plan Compliance.

As indicated in the submitted documents, it is anticipated District No. 2 will issue approximately \$14,600,000<sup>1</sup> of Limited Property Tax Supported Revenue Bonds (the “**Bonds**”). The exact par amount of the Bonds will be determined at the time of sale. Proceeds of the Bonds

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<sup>1</sup> Estimated amount. Final amount to be determined at time of sale of the Bonds.

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will be utilized for public improvements associated with the phased construction costs necessary to provide services to the Districts' future residents and businesses. Repayment of the Bonds will be supported by certain mill levy, public improvement fee, specific ownership tax and capital fee revenue of the 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 and commercial projects within the service area of the Districts. We are finalizing an initial public improvement budget that will evidence anticipated use of proceeds of the proposed Bonds and are awaiting receipt of a final Market Study that will evidence reasonableness of the build-out assumptions in the Financial Forecast. We will provide you with those two materials as soon as they are available. 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.

We understand an informal presentation will be required in advance of a City Council meeting to consider approval of the issuance of the Bonds. We are hopeful to be on the agenda to make the informal presentation to the City Council at the April 24, 2017 City Council study session, followed by formal consideration of approval at the May 9, 2017 City Council meeting. 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.  
Megan Becher, District Counsel

Cc: Colorado Crossing Metropolitan District Nos. 1, 2 and 3, Boards of Directors  
Zach Bishop, DA Davidson  
Anastasia Khokhryakova, Ballard Spahr

Enclosures:

Draft Term Sheet  
Draft Financial Forecast  
Statement of Service Plan Compliance  
Draft Indenture, Capital Pledge Agreement and Bond Resolution