

RUSSELL DYKSTRA
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File No. 5025420.0002

April 15, 2020

Carl Schueler
Comprehensive Planning Manager
City Administration Building
30 S. Nevada Avenue, Suite 105
Colorado Springs, Colorado 80903

Re: Flying Horse Metropolitan District No. 2 – 2020 Bond Issuance

Dear Mr. Schueler:

This office represents the Flying Horse Metropolitan District No. 2 (the “District”). The District anticipates issuing bonds in July 2020 and is seeking approval from the Colorado Springs City Council per the District’s Service Plan.

Enclosed, please find copies of:

- (a) The financing plan for the General Obligation Limited Tax Refunding and Improvement Bonds, Series 2020A (“Series 2020A Bonds”), and the Subordinate General Obligation Limited Tax Bonds, Series 2020B (“Series 2020B Bonds”) (collectively, the “2020 Bonds”); and
- (b) Term Sheet for the 2020 Bonds, which provides additional details regarding the purpose and structure of the 2020 Bonds.

We will supplement this submittal with the following documents on or before April 23:

- (a) The form of bond resolution and form of bond for the 2020 Bonds;
- (b) Drafts of the Trust Indentures for the 2020 Bonds;
- (c) Certification of D.A. Davidson & Co., an External Financial Advisor to the District, explaining the structure of the overall financing plan and the fairness and feasibility of the interest rate and the structure of the 2020 Bonds;
- (d) Draft opinion letter from Sherman & Howard LLC as bond counsel confirming that the proposed bond issuance is consistent with applicable law and regulations; and
- (e) Draft opinion letter from Spencer Fane LLP as District counsel confirming that the proposed bond issuance is consistent with the District’s Service Plan, the City



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of Colorado Springs's current policy relating to special districts, and applicable law.

In addition, the application fee in the amount of \$1,100 was mailed to your office on April 15, 2020, a copy of which is enclosed herewith.

The District intends to issue the 2020 Bonds pursuant to the documents to be provided. The total amount of the Series 2020A Bonds will not exceed \$45,000,000 with an interest rate not to exceed 5%, and the total amount of the Series 2020B Bonds will not exceed \$13,000,000 with an interest rate not to exceed 9.5%. The 2020 Bonds are for the purpose of refinancing existing District debt and to reimburse the Developer for previously funded capital improvements. The 2020 Bonds will be repaid by a mill levy that will not exceed 30 mills (subject to Gallagher adjustments), and will be structured so that they cannot default as long as the District is imposing the required maximum allowed debt service mill levy. The 2020 Bonds are anticipated to have a 30-year term and to finally mature in 2050. The 2020 Bonds that are not rated as investment grade will be issued in minimum denominations of \$100,000 and sold only to either accredited investors as defined in rule 501(a) promulgated under the Securities Act of 1933 or to the developer(s) of property within the District.

At your earliest convenience, please have City Council review the enclosed documents to ensure that the 2020 Bonds are being issued in compliance with the District's Service Plan. If you have any questions, or need anything further, please do not hesitate to contact this office.

Best regards,

SPENCER FANE LLP

/s/ Russell Dykstra, Esq.

Russell Dykstra, Esq.

Enclosures