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File Nos. 5114580-0002; 5114581.0002

February 3, 2023

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

Re: Upper Cottonwood Creek Metropolitan District Nos. 3 & 4 – 2023 Bond Issuance

Dear Mr. Schueler:

This office represents the Upper Cottonwood Creek Metropolitan District No. 3 (“District No. 3”) and the Upper Cottonwood Creek Metropolitan District No. 4 (“District No. 4”) (collectively, the “Districts”). The Districts would like to issue bonds in the immediate future and are seeking approval from the Colorado Springs City Council.

On behalf of District No. 3, please find enclosed copies of: (a) the draft resolution and form of bond for the Limited Tax General Obligation Bond, Series 2023 (the “District No. 3 2023 Bonds”); (b) the financing plan for the District No. 3 2023 Bonds; (c) a certification of RBC Capital Markets, LLC, an External Financial Advisor, regarding the fairness and feasibility of the interest rate and the structure of the District No. 3 2023 Bonds; (d) a draft opinion letter from Mr. Arnold Kaplan at Spencer Fane LLP as bond counsel confirming that the proposed bond issuance is consistent with applicable law and regulations; and (e) a draft opinion letter from Mr. Russell Dykstra at Spencer Fane LLP as District counsel confirming that the proposed bond issuance is consistent with the District’s Service Plan, the City of Colorado Springs’s current policy relating to special districts, and applicable law. In addition, the application fee in the amount of \$1,100 will be delivered to the City Clerk.

On behalf of District No. 4, please find enclosed copies of: (a) the draft resolution and form of bond for the Limited Tax General Obligation Draw-Down Bond, Series 2023 (the “District No. 4 2023 Bonds”); (b) the financing plan for the District No. 4 2023 Bonds; (c) a certification of RBC Capital Markets, LLC, an External Financial Advisor, regarding the fairness and feasibility of the interest rate and the structure of the District No. 4 2023 Bonds; (d) a draft opinion letter from Mr. Arnold Kaplan at Spencer Fane LLP as bond counsel confirming that the proposed bond issuance is consistent with applicable law and regulations; and (e) a draft opinion letter from Mr. Russell Dykstra at Spencer Fane LLP as District counsel confirming that the proposed bond issuance is consistent with the District’s Service Plan, the City of Colorado Springs’s current policy relating to special districts, and applicable law. In addition, the application fee in the amount of \$1,100 will be delivered to the City Clerk.

The anticipated interest rate will be 6.0% on the District No. 3 2023 Bonds and the bond amount will not exceed \$4,115,000. The District No. 3 2023 Bonds will be repaid by a mill levy of approximately 34.274 mills per year, subject to adjustment. The District No. 3 2023 Bonds will have a 30-year term and will finally mature in 2052.

The District No. 4 2023 Bonds will be draw-down bonds, with the first draw anticipated to occur in 2023, the second draw anticipated to occur in 2024, and the third draw anticipated to occur in 2025. The anticipated interest rate will be 6.0% on the District No. 4 2023 Bonds and the bond amount will not exceed \$23,375,000. The District No. 4 2023 Bonds will be repaid by a mill levy of approximately 34.133 mills per year, subject to adjustment. The District No. 4 2023 Bonds will have a 30-year term and will finally mature in 2052. RBC Capital Markets, LLC will privately place the District No. 3 2023 Bonds and the District No. 4 2023 Bonds.

The Districts have constructed certain public improvements, as provided for in the Districts' Service Plan, and will use the funds from the District No. 3 2023 Bonds and the District No. 4 2023 Bonds to finance such public improvements. The public improvements the Districts intend to finance with the District No. 3 2023 Bonds and the District No. 4 2023 Bonds include water, sanitation, street, storm drainage, and park and recreation improvements.

District No. 3 issued bonds on December 17, 2019 in the amount of \$7,200,000, on March 26, 2021 in the amount of \$6,475,000, and on January 4, 2022 in the amount of \$4,710,000 (collectively, the "Previously Issued District No. 3 Bonds"). The Service Plan authorizes District No. 3 to issue a maximum of \$22,500,000 in debt; accordingly, upon the issuance of the District No. 3 2023 Bonds, District No. 3 will not have any service plan debt authorization remaining. The District No. 3 2023 Bonds will be *parity* bonds and not subordinate to the Previously Issued District No. 3 Bonds.

District No. 4 issued bonds on March 29, 2021 in the amount of \$5,095,000 and on January 5, 2022 in the amount of \$5,530,000 (collectively, the "Previously Issued District No. 4 Bonds"). The Service Plan authorizes District No. 4 to issue a maximum of \$34,000,000 in debt; accordingly, upon the issuance of the District No. 4 2023 Bonds, District No. 4 will not have any service plan debt authorization remaining. The District No. 4 2023 Bonds will be *parity* bonds and not subordinate to the Previously Issued District No. 4 Bonds.

At your earliest convenience, please have City Council review the enclosed documents to ensure that the District No. 3 2023 Bonds and the District No. 4 2023 Bonds are being issued in compliance with the Special District Policy. If possible, we would like to request these items be scheduled for the Budget Committee meeting on February 28, 2023. If you have any questions, or need anything further, please do not hesitate to contact this office.

Sincerely,
/s/ Nicole Peykov
Nicole Peykov

Enclosures