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File No. 5025420.0002

May 1, 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 – Follow Up to  
April 23 Submittal

Dear Carl:

Thank you for the opportunity to discuss the District's proposed bond issuance with the City council budget committee. In your email correspondence of April 28, 2020 you summarized these questions (paraphrased) as follows:

- 1) what is the District's position/interpretation of the District's service plan in regard to a debt issuance limitation;
- 2) what was the first year that the District imposed a debt mill levy; and
- 3) what discharge / maturity limitations dates are in place for the bonds and what is the total combined authorization sought?

In response to the questions raised at the committee meeting, the District submits the following response.

- 1) The District's combined service plan (with Flying Horse Metropolitan District Nos. 1 and 3) was approved prior to the current City policy in regard to Districts. It does not contain a set debt limit but does mention a proposed bond structure of up to \$71.4 million and proposed voted authorization of \$75 million. With no specific set limit the District's position is that its approved service plan has no debt issuance limit; however, for reference, debt limits in service plans only apply to "new" money bond issuances and to date the Flying Horse Districts have only issued a combined total of \$49,059,606. The remainder of the Districts' issuances have been for refunding purposes. The following chart depicts all of the District issuances to date including the proposed 2020 issuances. An updated chart of the sources and uses for the 2020 bonds is also provided.



Flying Horse Metropolitan Districts Summary of Bond Issues			
Issuing District	Series	Par Amount	Use
District 1	2005	\$17,600,000	New Money
District 2	2005A	\$4,000,000	New Money
	2005B	\$9,235,000	New Money
District 3	2005	\$5,895,000	New Money
District 2	2013A	\$8,500,000	Refunding D2 Series 2005A/B
	2013B	\$5,977,724	Refunding D2 Series 2005B
	2013B	\$5,172,715	New Money
District 3	2019	\$17,800,000	Refunding D3 Series 2005 & D1 Series 2005 (Partial)
District 2	2020A	\$35,455,000	Refunding D2 Series 2013A/B & D1 Series 2005 (Partial)
	2020B	\$1,369,409	Refunding D1 Series 2005 (Remainder)
	2020B	\$7,156,891	New Money (D1 Developer Reimbursement)
<b>Total New Money</b>		<b>\$49,059,606</b>	

Flying Horse MD 2 Series 2020 Summary of Sources and Uses of Bond Proceeds			
<b>Sources:</b>			
	<u>Series 2020A</u>	<u>Series 2020B</u>	<u>Combined</u>
Bonds Proceeds	\$39,516,381	\$8,790,000	\$48,306,381
Funds on Hand	\$2,110,000		\$2,110,000
<b>Total</b>	<b>\$41,626,381</b>	<b>\$8,790,000</b>	<b>\$50,416,381</b>
<b>Uses:</b>			
Refinancing of Series 2013A		\$7,500,000	
Refinancing of Series 2013B		\$16,724,411	
FHMD 1 Series 2005 Payoff		\$18,106,270	
FHMD1 Developer Reimbursement		\$7,156,891	
Cost of Issuance		\$928,809	
<b>Total</b>		<b>\$50,416,381</b>	

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- 2) The District first certified a debt service mill levy for collection in tax year 2006 in support of its Series 2005A and 2005B bonds. The resolution approving that certification is attached for reference.
- 3) The proposed issuance authorization is broken down as follows with revised maximum amounts:

**Series 2020A Limited Tax General Obligation Refunding Bonds**

Estimated Principal plus Premium: \$39,500,000

**Series 2020B Subordinate Limited Tax General Obligation Refunding Bonds**

Estimated Principal: \$8,790,000

**Combined par amount not to exceed: \$52 million**

In addition, the District has revised its bond term sheet to be consistent with the bond issuance approved for Flying Horse Metropolitan District No. 3 in 2019 by including a bond maturity date of 2050 and a final discharge date of 2059. We believe this addresses the concern expressed at budget committee regarding an unlimited term for the bonds. A revised term sheet prepared by DA Davidson is attached.

Please provide this correspondence and attachment to City Council for their review prior to the work session scheduled for this submittal. If you have any questions, or need anything further, please do not hesitate to contact me.

Best regards,

SPENCER FANE LLP

//s//

Russell Dykstra, Esq.

Enclosure



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