

PAT HRBACEK
DIRECT DIAL: 303-839-3895
phrbacek@spencerfane.com

File No. 5023421.0002

July 21, 2020

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

Re: Allison Valley Metropolitan District No. 1 General Obligation Limited Tax Refunding Bonds, Series 2020 (“AVMD No. 1 2020 Bonds”) and Allison Valley Metropolitan District No. 2 General Obligation Limited Tax Refunding Bonds, Series 2020 (“AVMD No. 2 2020 Bonds”) and together with the AVMD No. 1 Bonds, collectively referred to herein as the “Bonds”) – 2020 Bond Issuance

Dear Mr. Schueler:

This office represents Allison Valley Metropolitan District No. 1 (“AVMD No. 1”) and Allison Valley Metropolitan District No. 2 (“AVMD No. 2 and together with AVMD No. 1, collectively referred to herein as the “Districts”). The Districts anticipate issuing bonds in or about October 2020 and are seeking approval from the Colorado Springs City Council pursuant to the Districts’ Service Plan and the City’s Special District Policy.

As previously discussed, in anticipation of the upcoming Budget Committee meeting on Tuesday, July 28, and on behalf of the Districts, please find enclosed copies of:

- (a) the form of bond resolution for the AVMD No. 1 2020 Bonds;
- (b) the form of Indenture of Trust and form of Bond for the AVMD No. 1 2020 Bonds (“AVMD No. 1 Indenture”);
- (c) the form of bond resolution for the AVMD No. 2 2020 Bonds; and
- (d) the form of Indenture of Trust and form of Bond for the AVMD No. 2 2020 Bonds (“AVMD No. 2 Indenture”).

July 21, 2020
Page 2

The application fee for one of the districts in the amount of \$1,100 has been delivered to the City Clerk. The remaining application fee for the other district, also in the amount of \$1,100, will be delivered as soon as possible.

The AVMD No. 1 2020 Bonds are being issued for the purpose of refunding all of the currently outstanding amounts of certain 2017 loans entered into by AVMD No. 1 and as further described in the AVMD No. 1 Indenture. The AVMD No. 2 2020 Bonds are being issued for the purpose of refunding all of the currently outstanding amounts of certain 2015 loans entered into by AVMD No. 2 and as further described in the AVMD No. 2 Indenture. The Districts have determined that issuance of the Bonds is beneficial on several fronts: attractive, lower interest rates that are likely to result in significant savings to the Districts; the ability to lock in interest rates that will insulate the Districts from market fluctuations going forward; and, the overall project development is at a stage where re-financing makes strategic sense, including the fact that land sales, public improvements either constructed or under construction and sales to third party users are all at or past the 50% completion mark. Moreover, infrastructure for the overall development is nearing completion. For all these reasons, the Districts believe issuance of the Bonds at this time makes both strategic and economic sense.

The anticipated interest rate of the AVMD No. 1 2020 Bonds will not exceed 6.5%, the final date of maturity is December 1, 2047, and the bond amount will not exceed \$10,000,000. The anticipated interest rate of the AVMD No. 2 2020 Bonds will not exceed 6.5%, the final date of maturity is December 1, 2047, and the bond amount will not exceed \$13,500,000. The Bonds will be repaid by mill levies imposed by the Districts that, subject to Gallagher adjustments, will not exceed the maximum debt mill levy amounts authorized by the Amended and Restated Consolidated Service Plan of the Districts approved by the City Council of the City of Colorado Springs on September 8, 2015.

At your earliest convenience, please have City Council review the enclosed documents to ensure that the Bonds are being issued in compliance with the Special District Policy and the Service Plan. Please feel free to contact me with any questions or if you need anything further.



SpencerFane®

July 21, 2020
Page 3

Best regards,
SPENCER FANE LLP

/s/ Pat Hrbacek
Pat Hrbacek

Enclosures