



September 18, 2023

VIA EMAIL TRANSMISSION: MICHAEL.TASSI@COLORADOSPRINGS.GOV

Mr. Michael Tassi
Assistant Director
Planning and Community Development
City of Colorado Springs
30 S. Nevada Avenue, Suite 105
Colorado Springs, CO 80903

Re: Amended Debt Request
Copper Ridge Metropolitan District; 2023 Loan

Dear Mr. Tassi:

On behalf of the Board of Directors of Copper Ridge Metropolitan District (the “**District**”), this letter is intended to serve as an **amended** request to the City Council (the “**City Council**”) of the City of Colorado Springs (the “**City**”) for approval of the District’s proposed debt issuance related to the financing of public improvements. Pursuant to Section V.A.10 of the District’s Service Plan, approved by the City Council on March 11, 2008 (the “**Service Plan**”), the District’s issuance of bonds or other debt instruments shall be subject to the approval of the City Council. On July 25, 2023 the City Council approved a Resolution (“**Original Resolution**”) authorizing the District’s issuance of a Tax-Exempt Bank Loan (“**Loan**”). At the time of approval of the Original Resolution, it was anticipated the Loan would be issued in a principal amount of up to \$20,770,000 at an interest rate not in excess of 6.6%. Since approval of the Original Resolution, the District has received formal bids for the Project (described below) and the interest rate anticipated to be applicable to the Loan has increased as a result of market conditions. The District desires to seek and obtain the City Council’s review and approval of the proposed debt issuance with the amended and updated assumptions to ensure compliance with the Service Plan and all applicable laws.

Attached for review and consideration of the City Council and City’s staff is the following information:

1. Draft Term Sheet
2. Draft Loan Agreement and Promissory Note
3. Form of General Counsel Opinion
4. Draft Financial Plan
5. Public Improvement Description and Map

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As indicated in the updated documents, it is anticipated the District will finance the public improvements with its Tax-Exempt Bank Loan, Series 2023, in an amount up to \$22,300,000 (the “**Loan**”). Proceeds of the Loan will be used to finance the costs for the construction and installation of certain public improvements, including the following (the “**Project**”):

- Full Voyager Parkway cross section
- Completion of grading to the west, including walls
- Relocation of CSU water, gas, electric & sanitary sewer
- Relocation of multitude of fiber lines

Project Cost Estimate (Based upon final bid costs): \$18,500,000

For reference, the original cost estimate for the Project, at the time of the City’s approval of the Original Resolution, was \$17,000,000 and the original par amount of the Loan was \$20,700,000. As a result of the final bids for the project and as a result of increase in the rate anticipated to be applicable to the Loan, the parameters in the Original Resolution will be exceeded so the District is requesting an updated approval of the City.

The remaining material provisions of the Loan remain unchanged. Loan proceeds will fund capitalized interest, the Loan’s Reserve Fund, and its cost of issuance. Repayment of the Loan will be supported by revenues produced from the imposition of a debt service mill levy of up to 50 mills, as adjusted, a 1% add-on public improvement fee on all taxable retail sales within the District, and the District’s share of the Pikes Peak Regional Transportation Authority funds from 2025 through 2034. The enclosed information provides pertinent information about the more specific terms and conditions of the financing and uses of the funds. 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.

To ensure no additional City approvals will be necessary prior to issuance, and to recognize the possibility of continued market fluctuation prior to issuance, the District respectfully requests the amended City Resolution include parameters with a slight cushion above the stated Term Sheet amounts. The District’s Placement Agent has recommended a not to exceed par amount of \$24,530,000 (10% above Term Sheet), and an interest rate not to exceed 8.2% (which would be +100 bps above current Term Sheet).

Piper Sandler has been retained by the District as Placement Agent. Ballard Spahr serves as Bond Counsel and McGeedy Becher PC serves as the District’s General Counsel. In addition, the District will obtain the certification of an External Financial Advisor, as is required by the District’s Service Plan.

We understand an informal presentation to the Budget Committee will be required in advance of City Council consideration. We are hopeful to be on the agenda to make the informal presentation to the City Council Budget Committee on September 26, 2023, followed by City Council consideration on October 9, 2023. The District appreciates 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

Megan Becher, District Counsel

cc: Copper Ridge Metropolitan District, Board of Directors
Michael Lund, Piper Sandler & Co.
Anastasia Khokhryakova, Ballard Spahr LLP
DA Andrews, Senior City Attorney

