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File Nos. 5114580-0002; 5114581.0002

January 28, 2021

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 – 2021 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 March 2021 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 2021 (the “District No. 3 2021 Bonds”); (b) the financing plan for the District No. 3 2021 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 2021 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 bond, Series 2021 (the “District No. 4 2021 Bonds”); the financing plan for the District No. 4 2021 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 2021 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 2021 Bonds and the bond amount will not exceed \$6,475,000. The anticipated interest rate will be 6.0% on the District No. 4 2021 Bonds and the bond amount will not exceed \$5,095,000. The District No. 3 2021 Bonds will be repaid by a mill levy of approximately 33.397 mills per year, subject to Gallagher adjustments. The District No. 4 2021 Bonds will be repaid by a mill levy of approximately 33.397 mills per year, subject to Gallagher adjustments. The District No. 3 2021 Bonds and the District No. 4 2021 Bonds will have a 30-year term and will finally mature in 2050.

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 2021 Bonds and the District No. 4 2021 Bonds, respectively, to finance such public improvements. The public improvements the Districts intend to finance with the District No. 3 2021 Bonds and the District No. 4 2021 Bonds include water, sanitation, street, storm drainage, and park and recreation improvements. Enclosed herewith is a description of the public improvements the bond proceeds are anticipated to finance. RBC Capital Markets, LLC will privately place the District No. 3 2021 Bonds and the District No. 4 2021 Bonds.

District No. 3 issued bonds on December 17, 2019 in the amount of \$7,200,000. The Service Plan authorizes District No. 3 to issue a maximum of \$35,000,000 in debt. The District No. 3 2021 Bonds will be *parity* bonds and not subordinate to the 2019 Bonds. District No. 4 does not have any outstanding indebtedness. The Service Plan authorizes District No. 4 to issue a maximum of \$30,000,000 in debt.

At your earliest convenience, please have City Council review the enclosed documents to ensure that the District No. 3 2021 Bonds and the District No. 4 2021 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 23, 2021. If you have any questions, or need anything further, please do not hesitate to contact this office.

Sincerely,

*/s/ Russell W. Dykstra*

Russell W. Dykstra

Enclosures