

**MORNINGVIEW METROPOLITAN DISTRICT
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June 26, 2017

Mr. Carl Schueler
City of Colorado Springs

The Morningview Metropolitan District Service Plan was approved by the City Council of Colorado Springs on July 23, 2013 by Resolution No. 72 – 13. The District is located east of Interstate 25 and North of North Gate Road. There are 49 single family homes on 24.32 acres in the District. Since approval of the Service Plan, the Developer, Lorson South Land Corp., completed all of the public improvements and finished all of the lots in 2014.

All of the 49 lots have been sold and homes have been constructed on all of the lots. Of the 49 homes, 47 have been sold to homeowners and 2 are under contract with the Builder to close in July.

The District had the eligible public improvement costs verified and certified by CliftonLarsonAllen, CPA's. Their report dated October 17, 2016 is attached.

The District also had the Civil Engineering firm of Core Engineering Group, LLC verify that the costs of the public improvements were consistent with the Service Plan and were competitive for similar services in the Colorado Springs Area and that the construction was completed. Their report dated December 11, 2015 is attached.

The costs of the public improvements verified by the CPAs and the Engineer are as follows:

Street improvements	\$562,182.23
Water system	205,218.10
Sanitary Sewer system	163,407.80
Storm Drainage system	129,817.00
Parks and Recreation	<u>175,453.69</u>
Total	\$1,236,078.82

The District accepted these public improvements at its Board meeting on December 8, 2016, under the authority of the Infrastructure Acquisition and Reimbursement Agreement and the Funding and Reimbursement Agreement entered into between the Developer and the District, both dated February 13, 2014. Under these Agreements, the

District agreed to accept the public improvements, to be paid with future legally available revenues of the District, including but not limited to the execution and issuance of one or more loans, reimbursement notes, bonds or other instruments payable to or at the direction of the Developer. The District executed a Promissory Note for the improvements. However, in order to reduce the interest costs and convert the promissory note to a long term obligation, the District desires to issue a Bond for the balance due on the promissory note. The Developer is interested in acquiring the Bond as a Developer Bond.

The proposed terms of the Bond are intended to be in compliance with the terms of the Service Plan and are as follows:

Principal	\$1,236,079.00
Cost of Issuance	\$30,000 – to be paid from existing reserves
Interest Rate	5.3%
Maturity	December 1, 2055
Term	38.5 years
Debt Service Revenue:	
Debt Mill Levy	30 Mills – maximum permitted by the Service Plan
Specific Ownership Tax	10% of Debt Mill Levy, estimated

The applicable Service Plan provisions governing these terms are:

Sec. V.A.11. The District shall not issue Debt in the aggregate principal amount in excess of \$2,000,000.

Sec. VI.E.1.(a) The Maximum Debt Mill Levy shall be 30 mills;

Sec. VI.F. The Maximum Debt Mill Levy Imposition Term is 40 years after the year of the initial imposition of such Debt Service mill Levy. (The first year that the District imposed the Debt Service Mill Levy was 2015. 40 years after that year is 2055)

The District has obtained a certification from an External Financial Advisor to the District as required by Sec. V.A.6. of the Service Plan, a copy of which is attached.

The District has complied with all of the requirements of the Service Plan for issuance of the proposed Bond. The Morningview subdivision is complete with only 2 homes remaining to be sold and it is a valuable asset to the City and a great community for the homeowners. The District respectfully requests approval of the proposed Bond from each of the members of the Colorado Springs City Council.

Board of Directors
Morningview Metropolitan District