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November 29, 2022

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

Re: Chapel Heights Metropolitan District – 2023 Debt Issuance

Dear Mr. Schueler:

This office represents the Chapel Heights Metropolitan District (the “District”). The District anticipates issuing debt in the form of a loan agreement and promissory note in the near future and is seeking approval from the Colorado Springs City Council per the Colorado Springs Special District Policy and the District’s Service Plan. The funds from the loan agreement will help finance the public improvements that will serve the property located within the District’s boundaries. As discussed further below, the payment of the loan agreement will be secured by revenues pledged from the District’s debt service mill levy.

Enclosed, please find copies of the following:

- (a) Draft resolution for the Series 2023 Limited General Obligation Refunding Term Loan;
- (b) Draft Loan Agreement for the 2023 Limited General Obligation Refunding Term Loan (“2023 Loan”);
- (c) Financing plan for the 2023 Loan;
- (d) Draft opinion letter from Greenberg Traurig, LLP as bond counsel confirming that the proposed debt issuance is consistent with applicable law and regulations;
- (e) Draft opinion letter from Spencer Fane LLP as general counsel confirming that the proposed debt issuance is consistent with the District’s Service Plan, the City of Colorado Springs’s current policy relating to special districts, and applicable law; and
- (f) Estimated costs of the public improvements anticipated to be funded with the loan proceeds.

The application fee in the amount of \$1,100 will be delivered to the City Clerk.



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The 2023 Loan is for the purpose of funding the public infrastructure for the development within the District's boundaries. The amount of the 2023 Loan will not exceed \$6,500,000, which amount accommodates the current volatility in the interest rate market, and the interest rate will be approximately 5%. It is anticipated that the District will receive approximately \$1,500,000 of the funds at closing and will subsequently draw the remaining funds as the District's assessed valuation increases, in accordance with the 2023 Loan. The 2023 Loan will be repaid by a debt service mill levy imposed by the District. The promissory note for the 2023 Loan will mature on December 1, 2042.

The District intends to construct certain public improvements, as provided for in the District's Service Plan. The public improvements the District intends to finance with the bonds include but are not limited to the following improvements: sewer, water, street, traffic and safety protection, stormwater and drainage, park and recreation, and landscaping improvements and facilities.

At your earliest convenience, please have City Council review the enclosed documents to ensure that the 2023 Loan and corresponding promissory note are being issued in compliance with the District's Service Plan and applicable law. If you have any questions, or need anything further, please do not hesitate to contact this office.

Best regards,

SPENCER FANE LLP

*/s/ Nicole Peykov*  
Nicole Peykov

Enclosures