

April 6<sup>th</sup>, 2023

Ridge at Sand Creek Metropolitan District, City of Colorado Springs, El Paso County, Colorado

c/o Mr. Carl Schueler, City Manager  
City of Colorado Springs  
El Paso County, ColoradoRe: The Ridge at Sand Creek Metropolitan District, City of Colorado Springs, Colorado  
Proposed Issuance of Limited Tax General Obligation Bonds, Series 2023, in the principal amount of \$2,590,000 (the "Bonds")

Dear Mr. Schueler,

Piper Sandler represents The Ridge at Sand Creek Metropolitan District (the "District") as its' placement agent for its' upcoming 2023 bond issuance. The District anticipates issuing bonds on or about April 2023. To address the City Counsel's comments, we have listed out our responses to your questions below:

1. *"I noticed the call date is still 10 years-As noted and as we have discussed, the new Policy is clear on the 5 years for this category of debt. Although you may be able to make the legal argument that the standard for review is compliance with the 2019 service plan approved under the prior Policy, our standard resolution refers to the new Policy, and moreover, this issue of privately placed related party debt has been at the forefront State-wide and was a major topic of our recent City Special District Working Group process."*

Understood, we have updated our latest financial plan, "1.2" to reflect a 5-year call feature/date.

2. *"Even though the answer is obvious and this service plan does not have this limitation, it would be helpful to verify that your proposed interest rate is well below the new standard for privately placed debt (no more than 400 basis points above our index rate)"*

The interest rate within our attached "1.2" Financial plan is 4.125%. We find this rate of 4.125% is below the following parameters in reference to the Colorado Springs Special District Formation Checklist; "Interest rate shall be no more than the AAA 30-year MMD (Municipal Market Data) index interest rate plus 400 basis points". As the current rate of 4.125% for the Ridge at Sand Creek Metropolitan District's proposed 2023 bonds is 92.5 basis points above the current 30 YR MMD rate of 3.20%, as of closing on 4/5/2023, there is no question that this certainly falls within the parameters. Current and similar Colorado Metropolitan District bonds to the Ridge at Sand Creek Metropolitan District that are currently being sold in the 'public market' to institutional investors, are being marketed and sold at levels closer to 7%-7.50%. In result, the cost of borrowing within the Ridge at Sand Creek Metropolitan District is much lower in comparison to these current levels.

3. *"Term and rate are customary/comparable for the market/verify the external MA information and reasonableness of the proposal, terms, interest rate and repayment terms."*

Please see the attached external Municipal Advisor Certificate from MuniCap, Inc.

4. *"There appears to be a minor discrepancy between the mill levy you model and the mill levy I see in your certification (have we fixed this discrepancy in mill levy rate of the model and what is certified currently (or projected to be in the future?)."*

The Debt Service mill levy applied within our model fluctuates based on the specific year for several reasons:

- The Debt Service Mill Levy is due to the Gallagherization of the 30 mills (currently 33.398 mills, as adjusted from January 1, 2006).
- The change in the Assessment rate of 6.950% (in 2023) and 6.765% (in 2024) affects the debt service mill rate in the years of 2023 and 2024, and in result the Debt Service mill levy will change to 34.359 and 35.297, respectively.

Please let us know if you have any further questions/comments.

Best regards,



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