

WILLIAM P. ANKELE, JR.
JENNIFER GRUBER TANAKA
CLINT C. WALDRON
KRISTIN BOWERS TOMPKINS
ROBERT G. ROGERS
BLAIR M. DICKHONER
GEORGE M. ROWLEY

OF COUNSEL:
KRISTEN D. BEAR
K. SEAN ALLEN
TRISHA K. HARRIS
ZACHARY P. WHITE



HEATHER L. HARTUNG
MEGAN J. MURPHY
EVE M. G. VELASCO
LAURA S. HEINRICH
AUDREY G. JOHNSON
CAREY S. SMITH V
ERIN K. STUTZ
JON WAGNER

July 20, 2021

Via Email (mhyman@crgov.com)

Michael J. Hyman, Esq.
Town of Castle Rock
100 North Wilcox Street
Castle Rock, CO 80104

RE: Castleview Metropolitan District No. 1

Dear Mr. Hyman:

White Bear Ankele Tanaka & Waldron serves as general counsel to the Castleview Metropolitan District No. 1 (the “**District**”), which services the project commonly known as Oaks at Castle Rock (the “**Project**”). The District operates pursuant to a Consolidated Amended and Restated Service Plan approved by the Town of Castle Rock (the “**Town**”) on August 21, 2018 (the “**Service Plan**”), which governs the District as well as the Castleview Metropolitan District No. 2 (“**District No. 2**,” together with the District, the “**Districts**”). The District intends on issuing its Limited Tax Senior Cash Flow General Obligation Bonds, Series 2021A₍₃₎ in the approximate principal amount of \$18,817,000 (the “**2021 Bonds**”) for the purpose of funding public improvement costs authorized by the Service Plan.

The Service Plan governs the parameters within which the District can issue Debt. Section VII.A.7 of the Service Plan provides:

The Districts shall not issue Debt in excess of Forty-Five Million Dollars (\$45,000,000). The Total Debt Issuance Limitation shall not apply to bonds, loans, notes or other instruments issued for the purpose of refunding, refinancing, reissuing or restructuring outstanding Debt; provided, however, that if the aggregate principal amount of the refunding Debt exceeds the outstanding aggregate principal amount of the refunded Debt, the increase in principal amount shall be counted against the Debt Limit.

Section VIII.B of the Service Plan further provides:

The interest rate on any Debt is expected to be the market rate at the time the Debt is issued. In the event of a default, the proposed maximum interest rate on any Debt is not expected

to exceed eighteen percent (18%). The proposed maximum underwriting discount will be five percent (5%). Debt, when issued, will comply with all relevant requirements of this Service Plan, State law and Federal law as then applicable to the issuance of public securities.

Finally, section VIII.C of the Service Plan provides:

The Maximum Debt Mill Levy shall be the maximum mill levy a District is permitted to impose upon the taxable property within such District for payment of Debt, and shall be determined as follows: The Maximum Debt Mill Levy shall not exceed sixty-three and six tenths (63.600) mills provided that if, on or after January 1, 2018, changes are made in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement; the mill levy limitation applicable to such Debt may be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted for changes occurring after January 1, 2018, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in residential rate as defined in Section 39-1-104.2, C.R.S. shall be deemed to be a change in the method of calculating assessed valuation.

The District is permitted under the Service Plan to impose up to 63.600 mills, as adjusted, for debt service purposes. With the adjustments made for recent changes in the residential assessment ratio, this debt service mil levy limit, as adjusted, is currently 64.044. The proposed financing anticipates the District pledging 64.044 mills., which complies with the Service Plan.

The 2021 Bonds will be issued for the purpose of funding public improvements necessary to serve the Project and paying costs of issuance for the 2021 Bonds.

The District has engaged the services of North Slope Capital Advisors to serve as a municipal advisor and as an independent External Financial Advisor to evaluate options and alternatives with respect to the 2021 Bonds and to assist in establishing the structure of the 2021 Bonds. Simultaneous with closing on the 2021 Bonds, North Slope Capital Advisors will certify to the District the market reasonableness relative to the interest rate, structure, and redemption features for the 2021 Bonds.

After issuance of the 2021 Bonds, the Districts, collectively, will have approximately \$22,474,000 of Debt Limit remaining under the Service Plan.

Key financial terms of the 2021 Bonds are as follows:

	Service Plan	2021 Bonds
Debt Cap	\$45,000,000, not including refundings	\$22,474,000 (after issuance)
Interest Rate (all-in TIC)	18% (maximum)	5.25 % (estimated) – 2021A ₍₃₎
Term/Maturity	As Determined by the Board; maximum mill levy imposition term is 35 years	2051 (30) Years – 2021A ₍₃₎
Mill Levy Cap	63.600 mills, as adjusted (currently 64.044)	63.600 mills, as adjusted (currently 64.044 mills) – 2021A ₍₃₎
Projected Mill Levy for Repayment	N/A	64.044 mills – 2021A ₍₃₎

Section 11.02.110 of the Town of Castle Rock Municipal Code provides:

A District shall not issue any indebtedness or refinance any outstanding indebtedness without first submitting the proposed financing to the Town for *review and comment*. The submission shall include the dollar amount of the issue, the interest rate and other financing costs, the type of revenues pledged to repayment, including the amount of the mill levy pledged, and a description of the credit enhancements, together with any preliminary official statement or other prospectus for the debt issue. The submission shall be accompanied by a certification of the Board that the proposed issuance or refinance of indebtedness is authorized by and in compliance with the service plan for the District. *The Town Council shall review such proposed financing at a regular meeting within thirty (30) days of receipt of the required submittal and forward any comments to the Board within ten (10) days of such meeting. The approval or authorization of the Town Council for the proposed financing is not required under this Section, unless required under the express terms of the service plan or intergovernmental agreement. The Town Council at the request of the Board or of its own initiative may waive the review, in its discretion.* Upon request, an officer of the Town shall certify to the Board or its underwriter when compliance with this Section has been met. The failure of a District to substantially comply with this Section shall empower the Town Council to impose the sanctions authorized in Section 11.02.230 of this Chapter. *(emphasis added)*

As you can see, the terms of the 2021 Bonds are in compliance with the Service Plan. The District plans to hold a properly noticed public meeting in August 2021, to consider the proposed 2021

Michael J. Hyman, Esq.
Page 4
July 20, 2021

Bonds and authorize moving forward with the transaction. 2021 Bonds are currently scheduled to close September 2021.

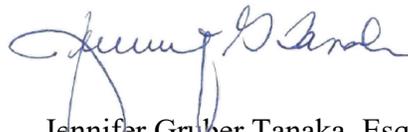
Attached hereto is the District's Financing Submission required by Section 11.020.110 of the Town Code, which includes a certificate of the District that the 2021 Bonds are authorized by and in compliance with the Service Plan. Per the Town Code, approval or authorization of the 2021 Bonds is not required from the Town Council; rather, the Town is to review at a meeting within 30 days of receipt of the Financing Submission, and provide any comments within 10 days thereafter. The District does not have a separate agreement with the Town requiring Town approval of the 2021 Bonds.

The District respectfully requests the Town review the Financing Submission and execute the attached Acknowledgment at its regular meeting scheduled for August 17, 2021, but no later than thirty days from the date of this submission, as required by the Town Code. Alternatively, the District is agreeable to the Town waiving its review as authorized by the Town Code. In the past, these submissions have been fairly routine, with the Town Attorney preparing the staff report and presenting at council meetings.

The District and its consultants are available to answer any questions you may have.

Sincerely,

WHITE BEAR ANKELE TANAKA & WALDRON



Jennifer Gruber Tanaka, Esq.
Shareholder

Enclosures

cc: Board of Directors, Castleview Metropolitan District No. 1
Ms. Brooke Hutchens, D.A. Davidson & Co.
Kristine Lay, Esq., Kutak Rock LLP