



June 3, 2022

Via email to mhyman@crgov.com

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

RE: Hillside at Castle Rock Metropolitan District
Proposed 2022 Bond Transaction

Dear Mr. Hyman:

Hillside at Castle Rock Metropolitan District (“District”) is proposing to issue limited tax general obligation bonds (anticipated to consist of senior and subordinate bonds) in a total maximum principal amount of \$6,441,000 (“2022 Bonds”) pursuant to, among other things, the authority granted to the District under its Service Plan and its voted authorization. The District is providing this letter to comply with Section 11.02.110 of the Town of Castle Rock Municipal Code (“Code”) and requests that the Town Council review the information herein at a regular meeting within 30 days of receipt of this letter and forward any comments to the Board of Directors of the District within 10 days of such meeting.

The Service Plan for the District (“Service Plan”) was approved by the Town of Castle Rock (“Town”) by resolution 2016-054 on May 3, 2016. Subsequently, the Town approved a First Amendment to the Service Plan (“Amendment”) by resolution 2018-067 on July 17, 2018. The Amendment increased the anticipated debt issuance of the District and the estimated costs of the Public Improvements. Additionally, the District’s financial advisor increased anticipated assessed valuation information which provided the basis for the debt authorization increase. To date, the District has not issued any general obligation debt.

The District is permitted to issue general obligation bonds meeting the requirements of Section 32-1-1101(6) and of article 59 of title 11, Colorado Revised Statutes, secured by the ad valorem taxing authority of the District and subject to the Debt Mill Levy Cap (as defined in the Service Plan). The Debt Mill Levy Cap in the Service Plan is 50 mills, adjusted to take

To: Mr. Michael Hyman, Esq., Town of Castle Rock
Re: Hillside at Castle Rock Proposed Financing
Date: June 3, 2022
Page 2 of 2

into account legislative or constitutionally imposed adjustments in assessed values or the method of their calculation, or any mandated tax credit, cut or abatement, so that to the extent possible the actual tax revenues generated by the mill levy and available for debt service, as adjusted, are neither diminished nor enhanced as a result of such determination. Applying legislative adjustment to the Debt Mill Levy Cap, the debt service mill levy is anticipated in the financing plan to be 55.664 mills. However, the District may further adjust the Debt Mill Levy Cap as permitted by the Service Plan.

The District's proposed 2022 Bonds are in compliance with the provisions of the Service Plan and Amendment. The following table summarizes the Service Plan/Amendment provisions and the anticipated 2022 bond issuance:

	Service Plan / Amendment	2022 Bonds
Debt Amount	\$6,441,000 authorized	\$6,441,000 total maximum par amount, consisting of approximately: \$5,080,000 senior \$1,361,000 subordinate
Interest Rate	18%	5.75% average coupon senior 9.00% subordinate
Discharge	30 years from issuance	not to exceed 30 years from the date of issuance, currently 7/1/2052 senior 7/15/2052 subordinate
Debt Mill Levy Cap	55.664 as adjusted	50 (adjusted to 55.664)
Operations Mill Levy Cap	11.1 mills as adjusted	10 mills shown in financial plan

The 2022 Bonds will be secured by a pledge of ad valorem property taxes at the rate set forth in the table above, specific ownership tax revenues remitted to the District as a result of its imposition of the required debt service mill levy, and any other legally available moneys which the District determines, in its absolute discretion, to deliver to the Trustee for the payment of the 2022 Bonds (although no such moneys are currently anticipated). There will

To: Mr. Michael Hyman, Esq., Town of Castle Rock
Re: Hillside at Castle Rock Proposed Financing
Date: June 3, 2022
Page 3 of 2

be no credit enhancements for the 2022 Bonds and a preliminary offering document for the 2022 Bonds has not yet been prepared.

Attached hereto is a certificate of the Board signed by the President of the Board of Directors stating that the proposed issuance is authorized by and in compliance with the Service Plan and Amendment for the District. Also attached is the financing plan for the proposed 2022 Bonds, the Service Plan and the Amendment to Service Plan for the District. This letter and the attachments hereto constitute the submission described in Section 11.02.110 of the Code (“Financing Submission”).

The Board of Directors respectfully requests that the Town review this Financing Submission at a regular meeting on or before July 3, 2022 and forward any comments to the Board within 10 days of such meeting. Upon such review, the District requests as permitted under Section 11.02.110 of the Code, that an officer of the Town certify to the Board when compliance with Section 11.02.110 has been met. Or, if the Town Council determines to waive review of the Financing Submission, please advise the District at your first opportunity. Further, it should be noted that Section 11.02.110 of the Code does not require the approval or authorization of the Town Council for the proposed financing, unless required under the express terms of the service plan or intergovernmental agreement. None of the Service Plan, First Amendment, or the Master Intergovernmental Agreement by and between the Town and the District dated February 1, 2017, require such approval or authorization.

We appreciate your time and effort in reviewing this letter and the documents provided. My firm and the financial consultants to the District are available should you have any questions.

Very truly yours,

MILLER & ASSOCIATES LAW OFFICES

Dianne D. Miller

Enclosures