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MEMORANDUM

TO: Members of Town Council
 Town of Castle Rock, Colorado

FROM: White, Bear, Ankele, Tanaka & Waldron
 General Counsel to Crystal Valley Metropolitan District Nos. 1 and 2

DATE: December 10, 2015

RE: Castle Valley Metropolitan District Nos. 1 and 2
 Proposed Series 2015 Refunding Loan

Crystal Valley Metropolitan District Nos. 1 and 2 (the “Districts” or “District No. 1” and “District No. 2” respectively) are proposing to refund a portion of existing bonds outstanding in District No. 1 to take advantage of lower interest rates and anticipated acceleration in the overall repayment of the debt (the “Series 2015 Refunding Loan”).

The Districts currently have the following outstanding debt:

District No. 1

- Series 2004A Bonds – Revenue Bonds \$10,400,000 at 3.36%
- Series 2004B Bonds – Revenue Sub. Bonds \$9,681,000 at 9.00%

District No. 2

- G.O. Refunding Sub. Bonds 2014A \$28,370,000 at 5.50%
- G.O. Refunding Sub. Bonds 2014B \$10,000,000 at 0.00%

The proceeds of the proposed Series 2015 Refunding Loan would be used to refund all of the District No. 1 2004A Bonds and a portion of the 2014B Bonds. The refunded debt would be issued at an approximate rate of 3.41%, as opposed to the current rates on the Series 2004A and 2004B Bonds of 3.36% and 9.00%, respectively. Subsequent to issuance of the Series 2015 Refunding Loan, the Districts would have the following outstanding debt:

District No. 1

- Series 2004B – Revenue Sub. Bonds \$5,485,000 at (approx.)
9.00%

District No. 2

- G.O. Refunding Sub. Bonds 2014A \$28,370,000 at 5.50%
- G.O. Refunding Sub. Bonds 2014B \$10,000,000 at 0.00%
- Series 2015 Refunding Loan \$17,100,000 at (approx.)
3.41%

Under the financial modeling for the proposed refunding, the debt service mill levy for both Districts would remain at 45.940 mills until all debt has been repaid. However, with the increased assessed valuations in the Districts and lower interest rates, it is projected that the overall repayment of the debt will be accelerated from current projections under the existing debt structure. Rather than a discharge of all debt in 2049, as was anticipated with the original restructuring approved by the Town in 2014, assuming issuance of the Series 2015 Refunding Loan, the Districts are projected to discharge all outstanding debt in 2036.