



Kristin J. Bowers
Shareholder

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July 8, 2025

Via Email (mhyman@crgov.com)

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

RE: Anticipated Issuance of Dawson Trails Metropolitan District No. 1, Subordinate Limited Tax General Obligation Bonds, Series 2025B

Dear Mr. Hyman:

White Bear Ankele Tanaka & Waldron serves as general counsel to Dawson Trails Metropolitan District No. 1 (f/k/a Dawson Ridge Metropolitan District No. 1) (the “**District**”), which services the project commonly known as Dawson Trails (the “**Project**”). The District operates pursuant to an Amended and Restated Service Plan approved by the Town of Castle Rock (the “**Town**”) on September 6, 2022 (the “**Service Plan**”), which governs the District as well as Dawson Trails Metropolitan District Nos. 2-7 (f/k/a Dawson Ridge Metropolitan District Nos. 2-5 and Westfield Metropolitan District Nos. 1-2, and together with the District, the “**Districts**”). The District intends on issuing its Subordinate Limited Tax General Obligation Bonds, Series 2025B in the approximate principal amount of \$66,000,000 (the “**2025 Bonds**”) for the purpose of funding public improvement costs authorized by the Service Plan. The Dawson Trails Metropolitan District Nos. 2-7 (collectively, the “**Pledge Districts**”) will separately pledge revenues generated from their respective debt service mill levies toward repayment of the 2025 Bonds. The debt service mill levy imposed by each of the Districts will be within the permitted limits set forth in the Service Plan.

The Service Plan governs the parameters within which each of the Districts can issue Debt. Section V.A.9 of the Service Plan provides:

The Districts shall not issue Debt in excess of \$1,062,390,000, in the aggregate. 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, so long as the principal amount of the Debt after such refunding or restructuring does not exceed the principal amount of the Debt that was refunded.

Section VII.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 VI.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 64.044 mills, subject to future Assessed Valuation Adjustments. Each Assessed Valuation Adjustment shall be determined by the Board in good faith, with such determination to be binding and final. The Maximum Debt Mill Levy shall not apply to the assessment of mill levies to recoup or pay County-imposed refunds or abatements.

Each of the Districts is permitted under the Service Plan to impose up to 64.044 mills, as adjusted, for debt service purposes and has determined to impose a debt service mill levy of 64.044 mills, as adjusted, pursuant to the indenture governing the 2025 Bonds (and the 2024 Bonds) and the pledge agreements entered into by the Pledge Districts to secure the 2025 Bonds on a basis subordinate to the 2024 Bonds.

The 2025 Bonds will be issued for the purpose of funding public improvements necessary to serve the Project and paying costs of issuance for the 2025 Bonds.

After issuance of the 2025 Bonds, the Districts, collectively, will have approximately \$854,743,112 of Debt Limit remaining under the Service Plan.

Key financial terms of the 2025 Bonds are as follows:

	Service Plan	2024 Bonds	2025 Bonds
Debt Cap	\$1,062,390,000	\$141,646,888.20	\$66,000,000
Interest Rate (all-in TIC)	18% (maximum)	7.00% (estimated)	9.25% (estimated)
Term/Maturity	Mill levy imposition term is 50 years	2074 (50 Years)	2055 (30 Years)

	Service Plan	2024 Bonds	2025 Bonds
Mill Levy Cap	64.044, as adjusted	64.044, as adjusted and aggregated with 2025 Bonds Mill Levy	64.044, as adjusted and aggregated with 2024 Bonds Mill Levy

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 2025 Bonds are in compliance with the Service Plan. The District and the Pledge Districts will hold a properly noticed public meeting, at which each will discuss the proposed 2025 Bonds and consider authorizing the transaction to move forward. The 2025 Bonds are currently scheduled to close August 12, 2025.

Attached hereto is the Districts' Financing Submission required by Section 11.020.110 of the Town Code, which includes a certificate of the Districts that the 2025 Bonds and pledge agreements further securing repayment thereof are authorized by and in compliance with the Service Plan. Per the Town Code, approval or authorization of the 2025 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 Districts do not have a separate agreement with the Town requiring Town approval of the 2025 Bonds.

The Districts respectfully request the Town review the Financing Submission and execute the attached Acknowledgment at its regular meeting scheduled for July 15, 2025, but no later than thirty days from the date of this submission, as required by the Town Code. Alternatively, each

Michael J. Hyman, Esq.

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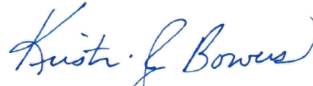
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of the Districts is agreeable to the Town waiving its review as authorized by the Town Code. In the past, these submissions have been fairly routine, with the Town Attorney preparing the staff report and presenting at council meetings.

The Districts and their consultants are available to answer any questions you may have.

Sincerely,

WBA LOCAL GOVERNMENT LAW



Kristin J. Bowers
Shareholder

Enclosures

cc: Board of Directors, Dawson Trails Metropolitan District No. 1
Board of Directors, Dawson Trails Metropolitan District No. 2
Board of Directors, Dawson Trails Metropolitan District No. 3
Board of Directors, Dawson Trails Metropolitan District No. 4
Board of Directors, Dawson Trails Metropolitan District No. 5
Board of Directors, Dawson Trails Metropolitan District No. 6
Board of Directors, Dawson Trails Metropolitan District No. 7
Shelby Noble and Katie Cooksey, Piper Sandler
Kim Casey, Esq., Casey Parrot