


EL PASO COUNTY
COLORADO

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PLANNING AND COMMUNITY DEVELOPMENT DEPARTMENT
 CRAIG DOSSEY, EXECUTIVE DIRECTOR

TO: Planning Commission
Brian Risley, Chair

FROM: Kari Parsons, Planner III
Jeff Rice, P.E. Engineer II
Craig Dossey, Executive Director

RE: Project File #: ID-19-006
Project Name: The Ranch Metropolitan Districts Nos. 1-4
Parcel Nos.: 52000-00-321, 52000-00-323, and 52000-00-324

APPLICANT:	REPRESENTATIVE:
PRI #4, LLC 2138 Flying Horse Club Drive Colorado Springs, CO 80921	Spencer Fane, LLC Pat Hrbacek P.C. 2154 E. Commons Avenue, Ste 2000 Centennial, CO 80122

Commissioner District: 2

Planning Commission Hearing Date:	07/7/2020
Board of County Commissioners Hearing Date:	07/28/2020

EXECUTIVE SUMMARY

A request by PRI #4, LLC, for approval of a Colorado Revised Statutes Title 32 Special District service plan, with a multiple district configuration, for the Ranch Metropolitan District Nos. 1-4. The parcels included within the proposed Districts are located north of Woodmen Road, south of Stapleton Drive and east of Raygor Road and are within Section 35, Township 12 South, Range 65 West of the 6th P.M. The properties are included within the Falcon/Peyton Small Area Master Plan (2006) and Black Forest Preservation Plan (1998). The applicant is proposing the following: a maximum debt authorization of \$43 million, a debt service mill levy of 50 mills for residential and 35 mills for commercial, an operations and maintenance mill levy of 10 mills, and 5 mills for covenant enforcement and design, for total maximum combined levy of 65 mills. The statutory purposes of the Districts include the provision of the following: 1) street



improvements and safety protection; 2) design, construction, and maintenance of drainage facilities; 3) design, land acquisition, construction, and maintenance of recreation facilities; 4) mosquito control; 5) design, acquisition, construction, installation, and operation and maintenance of television relay and translation facilities; 6) covenant enforcement; and 7) design, construction, and maintenance of public water and sanitation systems.

Title 32 of the Colorado Revised Statutes grants extensive powers and authorities to special districts, such as the power of perpetual existence, the ability to incur debt, the ability to charge fees and adopt ad valorem mill levies, and the ability to perform covenant enforcement and design review. With that said, the applicant has decided to expressly limit the District's authorities under state statute with respect to the ability to exercise eminent domain powers by stating the following in the proposed service plan:

"The District may exercise the power of eminent domain or dominant eminent domain only as necessary to further the clear public purposes of the District.

The power of eminent domain and/or dominant eminent domain shall be limited to the acquisition of property that the District intends to own, control or maintain by the District or other governmental entity and is for the material use or benefit of the general public. The term 'material use or benefit for the general public' shall not include the acquisition of property for the furtherance of an economic development plan, nor shall it include as a purpose an intent to convey such property or to make such property available to a private entity for economic development purposes. The phrase 'furtherance of an economic development plan' does not include condemnation of property to facilitate public infrastructure that is necessary for the development of the Project."

Staff is proposing Recommended Condition of Approval No. 3 below, which requires prior approval by the Board of County Commissioners at an open and public hearing before the Districts can exercise eminent domain powers.

If it is determined that the request complies with the El Paso County Land Development Code, the adopted El Paso County Special District Policies, and the criteria within the Colorado Revised Statutes for a Title 32 Special District Service Plan, and if a motion for approval is made, then staff recommends including the Recommended Conditions and Notations identified in Section C below.

A. PLANNING COMMISSION SUMMARY

Request Heard:

Recommendation:

Waiver Recommendation:

Vote:

Vote Rationale:

Summary of Hearing:

Legal Notice:

B. REQUEST/WAIVERS/AUTHORIZATION

Request: A request for approval of a Colorado Revised Statute Title 32 Special Districts service plan with a maximum debt authorization of \$43 million, a debt service mill levy of 50 mills for residential and 35 mills for commercial, an operations and maintenance mill levy of 10 mills, and 5 mills for covenant enforcement and design, for total maximum combined mill levy of 65 mills. The statutory purposes of the Districts include the provision of the following: 1) street improvements and safety protection; 2) design, construction, and maintenance of drainage facilities; 3) design, land acquisition, construction, and maintenance of recreation facilities; 4) mosquito control; 5) design, acquisition, construction, installation, and operation and maintenance of television relay and translation facilities; 6) covenant enforcement; and 7) design, construction, and maintenance of public water and sanitation systems.

Authorization to sign: N/A

C. RECOMMENDED CONDITIONS AND NOTATIONS

It is noted that the majority of the conditions essentially paraphrase existing language in the service plan and formalize them as conditions.

CONDITIONS OF APPROVAL

1. As stated in the proposed service plan, the maximum combined mill levy shall not exceed 65 mills for any property within the Districts, with no more than 50 mills devoted to residential debt service, with no more than 35 mills devoted to commercial debt service, no more than 10 mills devoted to operations and maintenance, and 5 mill for covenant enforcement until and unless the Districts receive Board of County Commissioner approval to increase the maximum mill levy.
2. As stated in the attached service plan, the maximum authorized debt for the Districts shall be limited to \$43 million until and unless the Districts receive Board of County Commissioner approval to increase the maximum authorized debt.
3. The approval of the Districts includes the ability of the Districts to use eminent domain powers for the acquisition of property to be owned, controlled, or maintained by the Districts or another public or non-profit entity and is for the material use or benefit of the general public. The Districts may not use the power of eminent domain without an approval by the Board of County Commissioners at a publicly noticed hearing that the use of eminent domain is necessary in order for the Districts to continue to provide service(s) within the Districts' boundaries and that there are no other alternatives that would not result in the need for the use of eminent domain powers.

4. As stated in the attached service plan, any future annexation of territory by the Districts (any territory more than five (5) miles from any District boundary line) shall be considered a material modification of the service plan and shall require prior approval by the Board of County Commissioners.
5. The Districts shall provide a disclosure form to future purchasers of property in a manner consistent with the approved Special District Annual Report form. The developer shall provide written notation on each subsequent final plat associated with the development of the annually filed public notice and include reference to the El Paso County Planning and Community Development website where the most up-to-date notice can be found. County staff is authorized to administratively approve updates of the disclosure form to reflect current contact information and calculations.
6. The Districts are expressly prohibited from creating separate sub-districts except upon prior notice to the Board of County Commissioners, and subject to the Board of County Commissioners right to declare such creation to be a material modification of the service plan, pursuant to C.R.S. § 32-1-1101(1)(f)(l).
7. As stated in the attached service plan, approval of the proposed service plan hereby gives the Districts the express authority of covenant enforcement, including the imposition of fees for such enforcement.
8. As stated in the attached service plan, the Districts shall not have the authority to apply for or utilize any Conservation Trust ("Lottery") funds without the express prior consent of the Board of County Commissioners. The District shall have the authority to apply for and receive any other grant funds, including, but not limited to, Great Outdoors Colorado (GOCO) discretionary grants.
9. Approval of this application shall not constitute relinquishment or undermining of the County's authority to require the developer to complete subdivision improvements as required by the Land Development Code and Engineering Criteria Manual and to require subdivision improvement agreements or development agreements and collateral of the developer to guarantee the construction of improvements.
10. Any future proposed development of the subject parcels will require approval of a map amendment (rezone), preliminary plan and final plat(s), and the final plat(s) must be recorded prior to land disturbance, unless approval a pre-development site grading request is granted by the Board

of County Commissioners at the preliminary plan stage or as a separate, stand-alone request.

NOTATIONS

1. Approval of this service plan shall in no way be construed to infer a requirement or obligation of the Board of County Commissioners to approve any future land use requests within the boundaries of the Districts.
2. Any expansions, extensions, or construction of new facilities by the Districts will require prior review by the Planning and Community Development Department to determine if such actions are subject to the requirements of Appendix B of the Land Development Code, Guidelines and Regulations for Areas and Activities of State Interest (a.k.a. "1041 Regulations).

D. BACKGROUND AND STATUS OF LAND USE APPROVALS

The property was initially zoned A-4 (Agricultural) in 1965. Subsequent nomenclature changes to the El Paso County Land Development Code renamed the A-4 zoning district to the RR-5 (Residential Rural) zoning district. The property was rezoned (P-03-016) from the RR-5 (Rural Residential) zoning district to the RR-2.5 (Residential Rural) zoning district on September 9, 2004.

The Ranch Sketch Plan (SKP-18-006) received approval by the Board of County Commissioners on August 27, 2019. The Ranch Sketch Plan includes 610 acres and was approved for the following: 389 acres of urban density single-family residential development ranging from 3-12 dwelling units per acre; 52 acres of rural residential single-family ranging from 1-2.5 dwelling units per acre; 109 acres of parkland, buffer, and open space; 3 acres of commercial; 10 acres institutional (school) land uses; and 46 acres of public right-of-way. The Ranch Sketch Plan has a maximum residential unit density cap of 2,144 units.

The water and wastewater resources reports submitted in support of The Ranch Sketch Plan, state that the Sterling Ranch Metropolitan District has available water supply capacity to provide adequate water service to the development within the sketch plan area. In addition, Sterling Ranch Metropolitan District has available wastewater service capacity via intergovernmental agreements (IGA's) with both Woodmen Hills Metropolitan District and Meridian Ranch Metropolitan District.

Section III.B of the proposed service plan cites the need for potential intergovernmental agreements with overlapping service providers for water and wastewater services. There is no specific reference to an IGA with Sterling Ranch Metropolitan District within the service plan, although such IGA is anticipated. The applicant has indicated that placing specific language

within the proposed service plan would be premature given that until the Districts are formed, there is no certainty. Circumstances may change over time which would require flexibility and negotiation with Sterling Ranch or other potential service providers. The applicant has provided a will-serve letter from Sterling Ranch Metropolitan District stating that an IGA is anticipated between the Districts which is attached to this report.

The Falcon Fire Protection District is anticipated to serve the area within the sketch plan area. The service plan does not include emergency and fire protection services as a purpose of the districts.

E. APPLICABLE RESOLUTIONS:

Approval Page: 37

Disapproval Page: 38

F. STATUS OF MAJOR ISSUES

No major issues remain with the proposed service plan. The service plan is consistent with the Board of County Commissioners' June 2007, Special District Policies and with the requirements for use of a Multiple District Model Service Plan. The applicant has sufficiently addressed all of the issues identified by staff through the review and resubmittal process.

G. APPROVAL CRITERIA

1. STATUTORY COMPLIANCE

The following is a summary of staff's analysis of the compliance of this request with the standards and criteria in Section 32-1-203(1) of the Colorado Revised Statutes.

Required findings

I. Sufficient existing and projected need

The applicant received approval of a sketch plan for 610 acres to create a maximum of 2,144 single-family residential units, 46 acres of right-of-way, 3 acres of planned commercial development, 10 acres institutional (school) land uses, and 109 acres of open space, trail corridor, utilities and detention tracts, by the Board of County Commissioners on August 27, 2019.

The applicant is required to submit applications for approval of a map amendment (rezone) from the RR 2.5 zoning district to zoning district(s) that will allow for the proposed density pursuant to the approved sketch plan. Approval of preliminary plan(s) and final plat(s) will also be required and the final plat(s) will need to be recorded.

Development of the lots, streets, drainage improvements, and trails, along with platting and providing ongoing maintenance of the

associated open space tracts, trails and drainage improvements establishes sufficient need for the proposed Districts. The subject parcels require approval of the above applications prior to development.

II. Existing service is inadequate for present and projected needs

The Paintbrush Hills Metropolitan District is currently providing water and wastewater services to the developed areas north of the subject area. The developed parcels to the east and south are served by well and on-site wastewater systems. The subject parcels are not located within the boundaries of the Paintbrush Hills Metropolitan District. The applicant states in their letter of intent and in the proposed service plan that it would not be financially feasible for Paint Brush Hills Metropolitan District, Woodmen Hills Metropolitan District, or Sterling Ranch Metropolitan District to finance the costly public improvements needed for the Ranch Development. The creation of the Ranch Special Districts isolates the costs of the necessary infrastructure to the Ranch development. Additionally, the Paint Brush Hills Metropolitan District, Woodmen Hills Metropolitan District, and Sterling Ranch Metropolitan District do not have sufficient debt capacity authorization to finance the necessary infrastructure for the Ranch development. Pursuant to the Ranch Sketch Plan application submittal, the applicant obtained a water and wastewater commitment to serve the overall development from the Sterling Ranch Metropolitan District. There is no physical connection of Sterling Ranch infrastructure across the parcels to the west that could be used to serve the proposed development. Therefore, the proposed Ranch Metropolitan District will need to extend these services across the parcels and into the proposed development.

Sterling Ranch Metropolitan District has committed to providing water and wastewater service but has not committed to constructing the infrastructure needed to bring the facilities into and throughout the proposed development. After construction, the water and wastewater infrastructure is anticipated to be dedicated to the Sterling Ranch Metropolitan District for ownership and ongoing maintenance based upon an anticipated intergovernmental agreement. The incorporated boundaries of Colorado Springs are located approximately one mile to the southwest and are not directly adjacent to the subject parcels; therefore, annexation into the City is not possible at this time. There is no public entity available that has available debt capacity and that is capable of constructing and maintaining the required water and wastewater infrastructure, street and safety improvements, drainage facilities, covenant control, mosquito control, and recreation facilities.

III. District is capable of providing economical and sufficient service

The applicants financial plan summary prepared by DA Davidson assumes a base home price of \$375,000 in 2018, an assessment year. New home sales are assumed to inflate at 2-percent per year. Biennial Reassessment on existing property is assumed to be 6-percent. Pursuant to the analysis and conclusions within the District's financial plan, a summary of which is included as Exhibit D of the service plan, the District proposes to provide services within the service area in an economic and sufficient manner.

IV. Financial ability to discharge proposed indebtedness

The District's financial plan indicates that the District would have the ability to discharge the proposed indebtedness pursuant to the densities set forth in the Ranch Sketch Plan approval. It is important to note that the plan relies upon a development build-out schedule beginning in 2023 and ending in 2044 with approximately 100 single-family homes being constructed every year beginning in 2023 at an approximate value of \$450,000.00. Additionally, 26,000 square feet of commercial use is proposed to be built out in 2023. Commercial property is assumed to be valued at \$200.00 per square feet in 2018, an assessment year. The applicant is assuming that full build-out will capitalize on the growing need of single-family homes in the region. DA Davidson assumes growth rate assumptions which concluded that the pace of annual delivery of new homes in the nearby Sterling Ranch development has increased significantly over the last year and as of first quarter, 2020, the annual new home start pace was 111 homes per year. In a recent *Metrostudy* report looking at anticipated annual closings in the Colorado Springs market, the number of annual closings over the next 10 years are anticipated to be approximately 3,500 units per year. At a projection of 100 new home starts per year, this would represent a 2.8% market share. In 2019, there were 3,515 annual starts of single-family detached and attached new home starts and 3,536 closings in the Colorado Springs market.

The applicant's build-out schedule appears to be consistent with the market trends within El Paso County.

Discretionary findings

The following findings are discretionary on the part of the Board of County Commissioners:

I. Adequate service is not or will not be available through other sources

The area proposed to be included in the Districts is not located within the boundaries of another district. Sterling Ranch Metropolitan District has committed to serve water and wastewater services if the

infrastructure is extended by the Ranch Special District Nos. 1-4 from the Sterling Ranch development to the Ranch development area. The Ranch Metropolitan District nos. 1-4 are anticipated to extend services from the west (Sterling Ranch development) and throughout the proposed Ranch development area. After construction, the water and wastewater infrastructure is anticipated to be dedicated to the Sterling Ranch Metropolitan District for ownership and ongoing maintenance. The will-serve letter attached to this report indicates that an intergovernmental agreement is anticipated to be entered into by the Districts' pursuant to the Ranch Special District Nos. 1-4 creation.

The other proposed services can be provided without the creation of the new District. The developer could construct the necessary infrastructure (roadways, sidewalks, drainage facilities, parks and open space areas, etc.) and create a homeowners' association that would be responsible for the ongoing maintenance of the open space areas and permanent water quality features (detention ponds), as well as providing covenant enforcement. Staff does acknowledge, however, that the desire to secure upfront financing to construct the proposed infrastructure and the need to generate ongoing funds to support maintenance efforts and covenant enforcement are traditional reasons for forming a special district.

II. Facility and service standards compatible

Any public facilities to be constructed and dedicated to El Paso County will need to meet the applicable El Paso County standards.

III. Compliance with the Master Plan

A finding of general conformity with the El Paso County master plan, including the El Paso County Policy Plan (1998), the Falcon/Peyton Small Area Comprehensive Plan (2008), and the Black Forest Preservation Plan (1987) was made by the Board of County Commissioners with approval of the Ranch Sketch Plan.

a. El Paso County Policy Plan

The El Paso County Policy Plan (1998) has a dual purpose; it serves as a guiding document concerning broader land use planning issues and provides a framework to tie together the more detailed sub-area elements of the County Master Plan. Relevant policies are as follows:

Goal 14.1

Recognize and promote the essential role of special financing districts in the provision and maintenance of public facilities and services in unincorporated areas.

The BOCC has adopted policies and procedures to provide a framework for the evaluation of applications for new, amended and updated special district service plans as authorized by Title 32 of the Colorado Revised Statutes. The applicant has submitted a draft service plan in support of the formation of special districts in accordance with these provisions.

Policy 14.1.3

Discourage the use of special districts as a vehicle to fund substantial amounts of required infrastructure in predominantly undeveloped areas and require the conservative phasing of infrastructure construction during the initial phases of development.

The service plan proposes a maximum indebtedness of \$43 million. The proposed public improvement costs are estimated at \$34,321,640 million (Year 2020 dollars). The phasing of the subject development includes extensions of water and wastewater services, design and construction of principal arterials and collectors to include an extension of the Stapleton Road corridor from the current to the terminus south of the Paint Brush Hills Development to the west, eventually connecting to the Sterling Ranch Development. This surrounding area to the north, south, and east is developed, however, much of the development within the area is limited to well and on-site wastewater treatment facilities.

Policy 14.1.4

Encourage special districts to comprehensively plan for the resources and facilities they will need to accommodate potential future growth.

The intended purpose of the Districts are to finance and construct, water and wastewater lines and facilities, roadway and street improvements, and drainage and stormwater facilities, park lands, provide television relay and translation, mosquito control, and covenant enforcement, all of which support future development within the proposed service area.

Availability of centralized water and wastewater services in conjunction with completion of the east-west Stapleton Corridor could enable redevelopment of the surrounding rural properties.

Policy 14.1.5

Encourage the careful preparation and review of special district service plans in order to ensure that development and financial assumptions are reasonable, all plausible alternatives have been

considered, services and boundaries are well-defined, and contingencies have been anticipated.

Staff has reviewed the service plan with supporting development analysis financial assumption summaries pursuant to the approved Ranch Sketch Plan and find that they are generally reasonable. The assumptions are based on anticipated residential and commercial development. It should be noted that while future market conditions could create conditions that may significantly or adversely affect the proposed Districts' ability to discharge debt.

The applicable policies in Section 14 of the El Paso County Policy Plan (1998), as they relate to the creation of Title 32 Special Districts, are addressed in detail above and have generally been met.

b. El Paso County Water Master Plan

The El Paso County Water Master Plan (2018) has three main purposes; better understand present conditions of water supply and demand; identify efficiencies that can be achieved; and encourage best practices for water demand management through the comprehensive planning and development review processes. Relevant goals and policies are as follows:

Goal 1.1 – Ensure an adequate water supply in terms of quantity, dependability and quality for existing and future development.

Goal 1.2 – Integrate water and land use planning

Goal 3.1 – Promote cooperation among water providers to achieve increased efficiencies on infrastructure.

Policy 5.3.1- Discourage individual wells for new subdivisions with 2.5 acres or smaller average lot sizes, especially in the near-surface aquifers, when there is reasonable opportunity to connect to an existing central system, alternatively, or construct a new central water supply system when the economics of scale to do so can be achieved.

Goal 6.0.11- Continue to limit urban level development to those areas served by centralized services.

The subject property is located within Region 3, Falcon Area, which is expected to have growth demand in the County by 2040. Specifically, the Plan states:

“Region 3 contains four growth areas west of Falcon projected to be completed by 2040. Other areas of 2040 growth are projected for the north-central part of the region west of Highway 24 extending from Falcon to 4-Way Ranch. North of Falcon along Highway 24, growth is projected by 2060 on both sides of the highway. Just west of Falcon, another small development is projected by 2060 on the north and south sides of Woodmen Road. On the east side of Highway 24, three separate areas of growth are projected for development by 2060, with the largest of the three spanning from south of Judge Orr Road to east of Peyton Highway into Region 4c. This development will likely consist of 35-acre lots that will require individual wells to use Denver Basin groundwater. The other two growth areas will be located on the north and south sides of Falcon Highway directly east of Falcon.”

For Region 3, the Water Master Plan identifies a current water demand of 4,494 acre feet (AF) and a current supply of 7,164 AF, resulting in a surplus of water (decreed water rights) of 2,670 AF. The area in which The Ranch is located is projected in the Water Master Plan as likely to reach build out by year 2040. For year 2040, the Plan projects a water demand of 6,403 AF for Region 3 versus a projected supply of 7,921 AF, resulting in a reduced surplus of only 761 AF. When considering additional development in Region 3, it is important to note that the Plan ultimately projects a water supply deficit for the Region of 1,143 AF by year 2060.

A request for finding of water sufficiency in regard to quantity, dependability, and quality is not being requested with the proposed Districts but would occur at the later subdivision stage. The applicant is proposing the subject development will be served by Sterling Ranch Metropolitan District pursuant to an anticipated intergovernmental agreement with The Ranch Special District Nos. 1-4. The application for a preliminary plan may include this request, but if not included with a preliminary plan, then it must accompany a final plat request. The Sterling Ranch Metropolitan District committed to serve the subject development with water and wastewater services at the time of The Ranch Sketch Plan approval. The proposed districts are intended to expand the centralized water services to the south of the Stapleton Corridor and approximately a mile north of Woodmen Road, thereby supporting many of the goals and policies of the Water Master Plan.

c. Small Area Plan Analysis

The property is located within the Falcon/Peyton Small Area Master Plan (2008). The Plan states:

“The primary purpose of this plan is to set forth a framework within which proposed new land uses may be analyzed. This document describes the characteristics and features which are unique to this planning area. The plan is intended to serve as an advisory planning tool to guide future land use decisions.” (Page 1)

Figure 4-5 - Recommendations Plan, shows this area as being recommended for urban density development. The Plan defines “Urban Density” as:

“Parcel sizes are less than 2.5 acres, typically less than 1 acre. These areas are served by urban level infrastructure, including roadways, water distribution, and wastewater treatment.”

More specifically the subject parcel is within the Stapleton-Curtis Corridor sub-area. Section 4.4.7, of the Plan states:

“The Stapleton-Curtis corridor includes several existing and proposed road extensions that form a unified corridor through the Planning Area. Curtis Road enters the Planning Area on the southern end and extends up to Judge Orr Road. A planned extension of Curtis will bend westward, intersect with US Highway 24, and connect with Stapleton Drive. The existing stretch of Stapleton Road extends west from Eastonville Road to Goodson Road, where a planned extension will eventually lead westward where it exits the planning area on the western edge. Stapleton Drive is planned to eventually connect with Briargate Parkway and eventually, Interstate 25. Generally, the corridor would include areas within 1/4 mile of the road, but could include other areas influenced by road noise, traffic impacts, or access controls.”

Stapleton Drive is proposed to extend through the development from the northeast corner to the western boundary, connecting to Briargate Parkway within the Sterling Ranch Development as depicted on the sketch plan. Staff recommends that the property should also be considered as being within the Stapleton/Curtis Corridor. The Districts proposed to provide the necessary services, connecting the water and wastewater services from the Sterling Ranch development located west of the Ranch development. The

Districts are also proposing to design and construct the roadways within the development including Stapleton Drive. Staff recommends that the proposed service plan for The Ranch Special District Nos. 1-4 can be found in general conformance with the Plan.

The property is also located within the Black Forest Preservation Plan (1987). More specifically, the property is within the Southern Transitional Area Sub-Area of the Plan, which states:

“This planning unit is described as that area east of Black Forest Road, south of the timbered area and west of the drainage divide between Sandcreek and Upper Black Squirrel Creek Basins. The appropriate mix and phasing of development is dependent on the ultimate alignment of major transportation corridors through this area. A key element in this unit is a low-density residential buffer area. This buffer would originate along a line one-quarter ($\frac{1}{4}$) mile north of a major corridor, if such a roadway is constructed and located within two miles of Woodmen Road. Open space and single-family development are appropriate north of this line. Overall densities are expected to decrease rapidly from approved densities at the line to one dwelling unit per five acres at the timbered area edge....If a major parkway or expressway is constructed along the Stapleton alignment, the mix of uses to the north of it, but south of the buffer, should incorporate a campus like design...Regardless of what configuration of major transportation corridors ultimately develops, no urban density uses should be approved unless development is properly phased and can be provided with adequate, and cost effective urban services...when evaluating whether the timing and phasing of a project in this unit is appropriate the following factors should be considered:

- Whether the project phasing is consistent with that of urban density projects to the west (Briargate), south (Stetson Ridge, and Banning Lewis Ranch), and east Woodmen Hills and Paint Brush Hills. It should be noted that none of these projects are presently built out in the areas adjacent to the planning unit.
- Whether the project is in proximity to major transportation corridors for which design, financing and construction plans have been developed.

- Whether the project can connect to the facilities of operating water and sanitation service providers.”

The Stapleton/Briargate corridor originates at the northeast corner of this property and follows a southwesterly direction towards the center of the subject property and then extends westerly in the direction of the Banning Lewis Ranch and Sterling Ranch developments. The approved sketch plan depicts one (1) acre rural residential lots and open space at the northwestern corner, which is consistent with the recommendation in the Plan regarding the one-quarter (¼) mile buffer area north of the expressway corridor. There is no timbered area on the subject property or near the surrounding developments; therefore, the policy requiring tapering of densities from five acres to urban residential is not applicable in this situation.

As recommended in the Plan, the three factors of the Sub Area were considered when staff evaluated the proposed service plan. The Ranch Metropolitan District Nos. 1-4 proposes to construct central water and wastewater infrastructure to serve the development area. The Districts also propose to construct Stapleton Drive through the sketch plan area. Staff recommends that the request for The Ranch Special District Nos. 1-4 can be found in general conformance with the Plan.

IV. Compliance with water quality management plan

Section 3.6, Wastewater Treatment Facilities, of the Pikes Peak Area Council of Government’s Water Quality Management Plan 2010 Update, which was in effect at the time of application submittal, states that, “If it is economically feasible wastewater service will be provided in regional and sub regional publicly owned wastewater treatment facilities, and small privately owned facilities will be avoided.” The applicant is proposing wastewater treatment service for the anticipated development to be provided by the Sterling Ranch Metropolitan District pursuant to an anticipated intergovernmental agreement between the Districts. The applicant will design, finance and construct the water and wastewater infrastructure, which is anticipated to be dedicated to Sterling Ranch Metropolitan District after construction for ongoing maintenance.

V. In the best interests of the area to be served

See other service provision discussions in this staff report.

2. COMPLIANCE WITH 2007 SPECIAL DISTRICT POLICIES
(The County’s Special District Policies, dated June 25, 2007, are included as an attachment. The following is a summary of the analysis of those policies as they apply to this request.)

I. Conformity with statutory standards
(See Statutory Compliance discussion above)

II. Conformity with County Master Plan and Polices
(See the Discretionary Findings discussion above and below)

III. Content in conformance with statutes
To the knowledge of staff, the process followed to this point has been consistent with the requirements of Colorado statutory law.

IV. Applicants responsible for meeting timelines
The applicant submitted the service plan application in a timely manner to allow staff adequate time to properly review the application.

V. Limiting proliferation of districts
Approval of this service plan will allow for the creation of four (4) new Title 32 Special Districts. The creation of the proposed Districts will not result in service provision redundancy in the area. The applicant has stated the following:

“There are currently no other governmental entities, including the County, located in the immediate vicinity of the Districts that consider it desirable, feasible or practical to undertake the planning, design, acquisition, construction, installation, relocation, redevelopment, and financing of the Public Improvements needed for the Project. It is acknowledged that the Districts are located in the vicinity of several other districts, including Sterling Ranch Metropolitan District Nos. 1-3 (“Sterling Ranch”), Paint Brush Hills Metropolitan District (“Paint Brush Hills”), and Woodmen Hills Metropolitan District (“Woodmen Hills”). It is not feasible, however, to become part of Sterling Ranch, Paint Brush Hills or Woodmen Hills for several reasons. For example, a separate district is needed to support and pay for the Public Improvements to be associated with the Project including, but not necessarily limited to, streets, roadway and drainage improvements. The contemplated Public Improvements are anticipated to be both significant and costly. Additionally, the property owners/developers of the property within the Project have no authority or control in connection with the governance or operations of Sterling Ranch, Paint Brush Hills or Woodmen Hills. Likewise, the Sterling Ranch, Paint Brush Hills and Woodmen Hills service plans likely do not provide for either (a) the additional infrastructure

contemplated by this Service Plan, or (b) sufficient debt capacity authorization to cover such infrastructure. Based on the foregoing, formation of the Districts is necessary in order for the Public Improvements required for the Project to be provided in the most economic manner possible.”

The surrounding adjacent properties to the south, east and west are served by individual wells and on-site wastewater treatment systems. The applicant is not proposing for the Ranch Special District Nos. 1-4 to provide water and wastewater services, but instead is requesting authority to finance, construct, and install the physical infrastructure needed to extend the water and wastewater services of the Sterling Ranch Metropolitan District from the west into the Ranch development. The infrastructure is then anticipated to be dedicated to Sterling Ranch Metropolitan District for ongoing ownership and maintenance. The applicant is proposed to have covenant enforcement authority, which would be geographically limited to only those properties located within the Districts’ boundaries.

VI. Coordination with other elected officials and departments

The applicant has fully coordinated with all applicable departments and has provided sufficient lead time to allow for a technical review of the proposed service plan.

VII. Address potential for annexation

The boundaries of the proposed Districts are not adjacent or within close proximity to any municipal service provider. The City of Colorado Springs’ incorporated boundar is located is roughly one mile to the southwest.

VIII. Development Analysis

A development analysis has been provided consistent with the adopted Board of County Commissioners policies. A summary of the development analysis is included in Section IV of the service plan. Please see the discussion of the Districts’ financial plan in the Required Findings section of this report, specifically subsection IV Financial Ability to Discharge Proposed Indebtedness, above as it relates to the assumptions for development.

IX. Mill Levy Caps

The applicant is requesting approval of a maximum combined mill levy cap of 65 mills, including 50 mills devoted for residential debt service, 35 mills devoted for commercial debt service, and 10 mills for operations and maintenance. The Board of County Commissioners policies limit the maximum mills to 60 mills with an additional Special Purpose Mill Levy of 5 mills being allowed if covenant enforcement

authority is being proposed. The applicant is requesting an additional 5 mills for covenant enforcement. In the event that the Districts elect to provide covenant enforcement services, it is anticipated that the Districts will need sufficient revenues available, as necessary, to pay for the expenses of the covenant enforcement and design review services, plus ongoing operations and maintenance expenses, and debt service obligations. As such, each District may be permitted to impose the maximum special purpose mill levy, which, when combined with the maximum debt service mill levy and the maximum operational mill levy, increases the maximum combined mill levy cap for each District to sixty-five (65) mills, subject to the Gallagher Adjustment. Notwithstanding the foregoing, if the Districts do not provide covenant enforcement services and/or design review services, the maximum combined mill levy cap shall be sixty (60) mills, subject to Gallagher Adjustment.

X. Master Districts

The proposed service plan does not include a master district configuration. Therefore, this policy is not applicable.

XI. Multiple Districts

Multiple Districts are defined by the El Paso County Special District Policies as:

“Any combination of two (2) or more districts as part of a consolidated service plan for the purpose(s) of phasing the relinquishment of control by a developer-controlled board of directors and/or phasing the issuance of debt in accordance with phased land use plan and/or accommodation of differential mill levies within the consolidated service area.”

The proposed service plan anticipates the formation of four (4) Districts. The proposed district configuration is known as a multiple district with control arrangement. District No. 1 is proposed to function as the control district, which is responsible for managing the construction, acquisition, installation, and operation of the Public Improvements. District Nos. 2-4 are proposed as the financing districts. District Nos. 2 and 3 are proposed to be the financing district for the residential property. District No. 4 is proposed to be the financing district for the commercial property. The County Special District Policies require the applicant “provide justification that the total number of proposed districts is the minimum necessary to effectively manage the infrastructure and operational needs of the service area.” The applicant states that the four-district configuration is the minimum necessary to facilitate phased development of the Ranch development and to provide “(a) coordinated administration of construction and

operation of public improvements and delivery of those improvements in a timely manner; and (b) assurance that improvements required by the County are constructed in a timely and cost-effective manner.”

XII. Skeletal Service Plans

This is a complete service plan. Therefore, this policy is not applicable.

XIII. Authorization of Debt and Issuance of Bonds

The proposed maximum amount of indebtedness for the District is \$43 million. The period of maturity for any issued debt, not including developer funding agreements, is limited to no more than thirty (30) years without prior approval from the Board of County Commissioners.

6. COMPLIANCE WITH COUNTY PROCEDURES AND GUIDELINES

Staff recommends the submittal is in compliance with all adopted procedures and guidelines.

7. OTHER FACTORS

Not applicable with this request.

H. SERVICES

1. WATER

The Sterling Ranch Metropolitan District has provided a will-serve letter. Water service is anticipated to be provided by the Sterling Ranch Metropolitan District via intergovernmental agreement with the Districts to memorialize the terms of the inclusion agreement. The proposed Districts are requesting authority to finance, design, and construct water service lines into and within the Ranch development. The infrastructure will be dedicated to the Sterling Ranch Metropolitan District for ongoing maintenance and ownership.

2. WASTEWATER

The Sterling Ranch Metropolitan District has provided a will-serve letter. Sterling Ranch Metropolitan District, Woodmen Hills Metropolitan District and Meridian Service Metropolitan District have entered into an intergovernmental agreement for wastewater treatment service. The proposed Districts are requesting authority to finance, design, and construct wastewater service lines into and within the Ranch development. The infrastructure will be dedicated to the Sterling Ranch Metropolitan District for ongoing maintenance and ownership after it is constructed and operational. An intergovernmental agreement between the Sterling Ranch Metropolitan District and The Ranch Districts to memorialize the terms of the inclusion agreement is anticipated if the Ranch Special District Nos. 1-4 are created.

3. TRANSPORTATION

Approval of the proposed service plan would authorize the Districts to finance, design, and construct arterial, collector and local level street improvements and any bridges, fences, trails, lighting, landscaping, and traffic and safety controls and devices. The applicant's intent and the County's requirement is to construct any street improvements to applicable County standards. The applicant is proposing to dedicate such facilities to the County for ongoing ownership and maintenance. All improvements constructed by the Districts located outside of the dedicated right-of-way shall be maintained by the Districts. The County Road Impact Fee Program BoCC Resolution 19-471 applies to this development, any future request for a preliminary plan and final plat will require plat notes indicating the said fee applies.

4. DRAINAGE

Approval of the proposed service plan would authorize the Districts to finance, design, construct, and maintain drainage facilities, including detention ponds, culverts, pipes, channels, and swales. All on-site and off-site drainage facilities are to be owned and maintained by The Ranch Metropolitan Districts, but all plans and designs must first be submitted to Planning and Community Development Department for technical review, comment, and approval. The subject area is within the Geick Ranch Drainage Basin. The Basin is studied; however, the drainage basin planning study is pending approval. The anticipated approval date is unknown. Drainage and bridge fees will apply and will be assessed at the final plat stage, any fees will be required to be paid at time of recording the final plat.

5. PARKS AND RECREATION

As stated in the proposed service plan, the Districts shall not have the authority to apply for or utilize Conservation Trust ("Lottery") funds without the express prior approval of the Board of County Commissioners, but shall have the authority to apply for and receive any other grant funds, such as Great Outdoors Colorado (GOCO) discretionary grants.

6. FIRE PROTECTION

The Falcon Fire Protection District will serve the development. The District was sent a referral and have no objections or concerns with the request.

7. COMMUNITY FACILITIES

See the Parks and Recreation section above for a discussion of public/community facilities and amenities that will be provided by the applicant. No other community facilities are proposed with this service plan.

8. OTHER FACILITIES OR SERVICES

Black Hills Energy will provide natural gas service and Mountain View Electric Association (MVEA) will provide electrical service to the anticipated development within the service area of the proposed District.

I. RELATIONSHIPS TO OTHER DISTRICTS OR MUNICIPALITIES

The Districts anticipate entering into an intergovernmental agreement with Sterling Ranch Metropolitan District to memorialize the terms of the inclusion agreement, including the imposition of the special purpose mill levy to be imposed by the proposed Districts.

J. SCHOOL DISTRICT IMPACTS OR CONCERNS

Falcon School District No. 49 was sent a request for comment for the proposed service plan. No comments have been received to date.

K. PUBLIC COMMENT AND NOTICE

There are no posting or mailing requirements for hearings before the Planning Commission on Colorado Revised Statutes Title 32 Special District service plans; PCD staff did notify 58 adjacent property owners by mail on June 19, 2020. However, there are notice requirements for hearings before the Board of County Commissioners. The applicant was required to notify all taxing jurisdictions within three (3) miles of the District's boundaries as required by state statute prior to the Board of County Commissioners hearing. In addition, published notice was provided by County staff in the Shopper Press.

L. OUTSTANDING CONCERNS

There are no outstanding issues.

M. ATTACHMENTS

Vicinity Map
Letter of Intent
Proposed Service Plan and Attachments
2007 El Paso County Special District Polices
Will-Serve Letter

El Paso County Parcel Information

File Name: ID-19-006

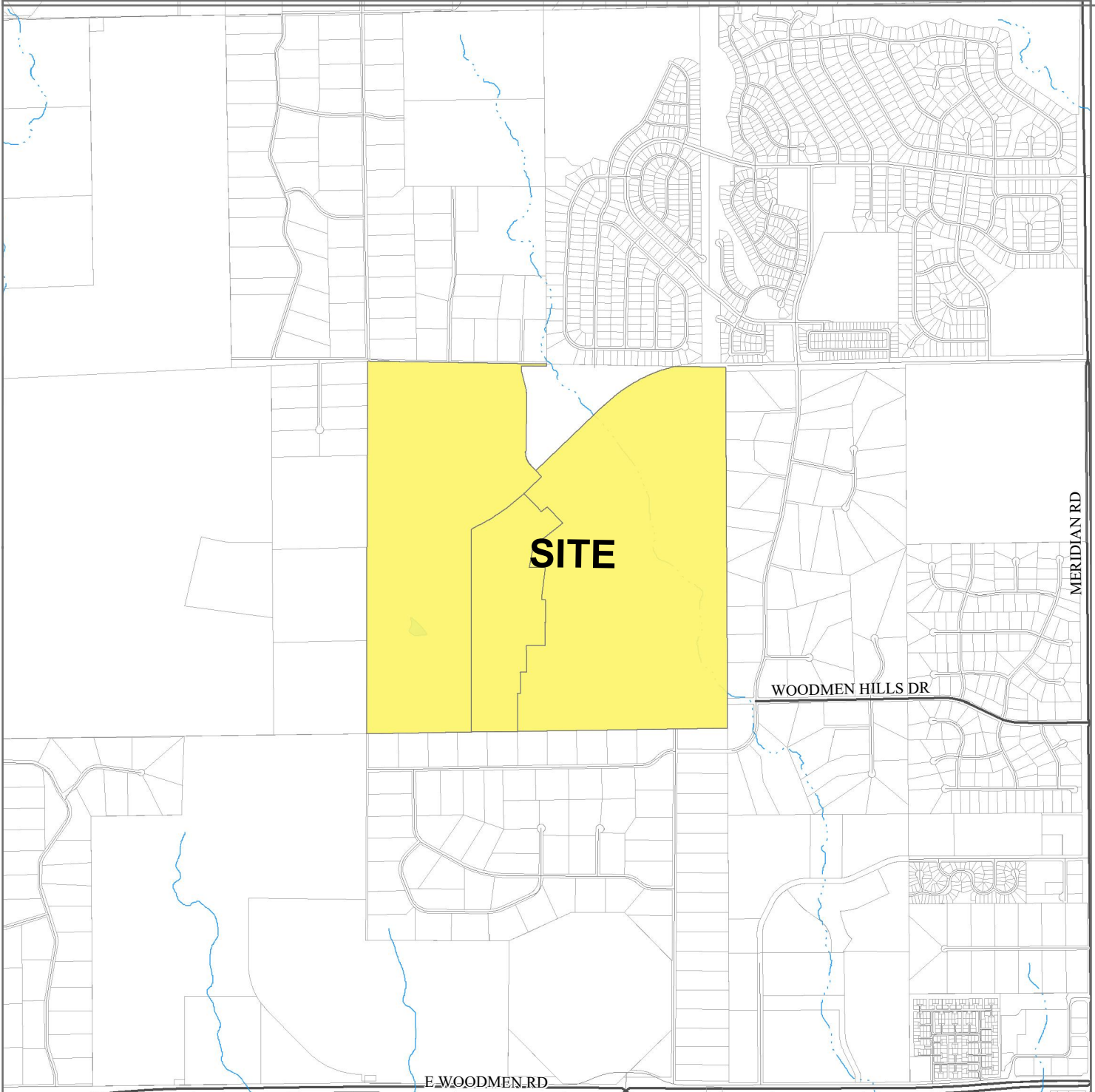
Zone Map No. --

PARCEL	NAME
5200000321	PRI #4 LLC
5200000323	PRI #4 LLC
5200000324	PRI #4 LLC

Date: June 18, 2020

ADDRESS	CITY	STATE
2138 FLYING HORSE CLUB DR	COLORADO SPRINGS	CO
2138 FLYING HORSE CLUB DR	COLORADO SPRINGS	CO
2138 FLYING HORSE CLUB DR	COLORADO SPRINGS	CO

ZIP	ZIPLUS
80921	
80921	
80921	



Please report any parcel discrepancies to:
 El Paso County Assessor
 1675 W. Garden of the Gods Rd.
 Colorado Springs, CO 80907
 (719) 520-6600



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RUSSELL W. DYKSTRA, PARTNER
DIRECT DIAL: (303) 839-3845
rdykstra@spencerfane.com

File No. 5024688.0002

June 26, 2020

El Paso County
Planning and Community Development
Attn: Kari Parsons
2880 International Circle
Colorado Springs, CO 80910

Re: Letter of Intent in Support of Formation of Proposed The Ranch Metropolitan District Nos. 1-4

Ms. Parsons:

The proposed formation of The Ranch Metropolitan District Nos. 1-4 (collectively, the “District”) encompasses multiple parcels of land generally located to the South of Stapleton Drive and to the East of Raygor Road (“Ranch Property”). The initial District boundary includes approximately 610 acres of land. Ultimately the District is anticipated to consist of up to approximately 2,150 single-family residential units and up to approximately 26,000 square feet of commercial development. The Ranch Property lies entirely within the boundaries of El Paso County, Colorado (the “County”).

We respectfully request consideration of the District on the next possible public hearing of the Board of County Commissioners (the “Board”) of the County in order to meet the requirements of a formation election in November of 2020. One of the primary purposes of the District is to provide for the construction, installation, completion, financing and possible ownership, operation and maintenance of public improvements including, but not limited to, on and off-site streets, roadway, water and sanitary sewer, drainage, and park and recreation improvements, and services and powers provided for metropolitan districts authorized by the Special District Act, pursuant to Title 32, C.R.S. and provided within similar districts within the County. To the extent any of the authorized facilities and improvements are dedicated to and accepted by the County or other entities having jurisdiction, the County or other entities shall own, operate and maintain such accepted facilities and related improvements. The District shall be authorized to own, operate and maintain any facilities and improvements not otherwise dedicated to and accepted by any applicable public entity acting as a Provider Jurisdiction (as defined in the proposed Service Plan), subject to any County rules and regulations.

There are currently no other governmental entities, including the County, that consider it desirable, feasible or practical to undertake the planning, design, acquisition, construction, installation, relocation, redevelopment, and financing of the public improvements needed for the Project. It is acknowledged that the Districts are located in the vicinity of several other districts, including Sterling Ranch Metropolitan District Nos. 1-3 (“Sterling Ranch”), Paint Brush Hills Metropolitan District (“Paint Brush Hills”), and Woodmen Hills Metropolitan District (“Woodmen Hills”). It is not feasible, however, for the property to become part of Sterling Ranch, Paint Brush Hills or Woodmen Hills for several reasons. A separate district is needed to support and pay for the public improvements to be associated with the project including, but not necessarily limited to, streets, roadway and

drainage improvements. The contemplated public improvements are anticipated to be both significant and costly and the creation of the District will isolate those costs to the Property instead of burdening existing residents and property owners within those existing entities. Likewise, the Sterling Ranch, Paint Brush Hills and Woodmen Hills service plans likely do not provide for either (a) the additional infrastructure contemplated by this Service Plan, or (b) sufficient debt capacity authorization to cover such infrastructure and it is reasonable to assume that the residents and property owner in those districts would vote to increase their debt to facilitate the funding of the improvements necessary to serve the Property. Based on the foregoing, formation of the Districts is necessary in order for the Public Improvements required for the project to be provided in the most economic manner possible.

The owner of the property is PRI #4, LLC. Preparation of the District's supporting documentation was provided by the District's organizers. The Developer of the Ranch Property is Elite Properties of America, Inc. Cost estimates for the proposed public improvements were generated by Developer representatives, with the assistance of consultants Classic Engineering, who have experience in the completion of similar improvements; it should be noted, though, that such costs estimates are preliminary in nature and the ultimate costs may increase or decrease depending on numerous factors, many of which are out of Developer's control. In particular, these initial cost estimates only include the public improvement portion of costs and the total project improvement costs may be significantly higher.

Developer representatives will make up the initial District Board in order to complete the proposed public improvements in accordance with approved development plans. The new District will help pay for and structure the financing of public improvements for the Ranch Property.

Consistent with the proposed Service Plan, the Developer and the District intend to work with applicable service providers to obtain the necessary consents and/or approvals (as necessary) for the provision of necessary public services to the District including, but not limited to, water, wastewater/sewer, drainage and fire protection services. Additionally, the Developer and the District intend to coordinate the completion of the necessary public improvements in compliance with any approved development plans obtained by, or for the benefit of, the District.

I. Service Plan Letter of Intent.

The proponents for the formation of the District intend that this Service Plan shall be in conformity with the applicable standards contained in C.R.S. 32-1-203 and shall be compliant with all applicable County rules and regulations including, but not limited to County requirements for notice, publication, hearings and policies and procedures of the County for approval of a metropolitan district service plan. All pertinent facts, matters and issues shall be submitted to the County and evidence satisfactory to the County that each of the following was presented:

- a. There is sufficient existing and projected need for continued organized service in the area to be served by the District;
- b. The existing service in the area to be served by the District is not adequate for present and projected needs without the organization of the District;
- c. The District is capable of providing economical and sufficient services to the area it intends upon serving and/or financing the public improvements which shall be dedicated to and accepted by the County, or other Provider Jurisdiction;

- d. The area to be included within the District has, or will have the financial ability to discharge the proposed indebtedness of the District on a reasonable basis within the mill levy caps and restrictions provided by the County rules and regulations.
- e. The proposed service plan shall be consistent with applicable elements of the El Paso County Master Plan and Special District Policies.

II. Major Service Plan Points for The Ranch Metropolitan District Nos. 1-4.

- Approximately 610 acres of property within the boundaries of the District.
- Completion of an estimated \$34,321,640 of on and off-site public improvements including, but not limited to on and off-site streets, roadway, water and sanitary, and landscaping improvements.
- Anticipated development of up to approximately 2,150 single-family residential units and up to approximately 26,000 square feet of commercial development.
- The estimated initial assessed value at time of complete build-out is \$117,860,596 (based upon an estimated initial market value at time of complete build-out of \$1,648,399,950 times 7.15%).
- The initial estimated cost of the public improvements needed for the project is \$34,321,640. The foregoing estimates are preliminary in nature and the ultimate costs may increase or decrease depending on numerous factors, many of which are out of Developer's control. In particular, these initial cost estimates only include the public improvement portion of costs and the total project improvement costs (including items such as dry utilities, etc.) will be significantly higher and will materially increase the overall costs.
- Public Improvements need additional financing from the District to complete.
- Debt is proposed to be issued in one or more series of bond issuances to allow for financing of constructed infrastructure and expedient completion of the overall project.
- Maximum Mill Levy of 65 mills inclusive of debt (50 mills – residential districts (District Nos. 1, 2 and/or 3); 35 mills – commercial district (District No. 4 only)), operations and administration (10 mills), and covenant enforcement and design review (up to 5 mills, if provided by the District), is proposed.
- Total current projected mill levy of 50 mills for debt (residential districts (District Nos. 1, 2 and/or 3)), 35 mills for debt (commercial district (District No. 4 only)), 10 mills for operations and maintenance, and up to 5 mills for covenant enforcement and design review (if provided by the District) allows for financing of up to approximately \$43,000,000 based upon initial estimates.
- Requested Debt Authorization of \$43,000,000 allows for contingencies and financing variations based upon changes to construction costs, development build out and absorption of the project.
- Maximum voted interest rate of 12%, maximum underwriting discount of 5%.

- Metropolitan district powers allowed by the Special District Act and consistent with other El Paso County metropolitan districts.
- Formation Election after approval of the Service Plan in November 2020.
- There are no current residents within the District and no debt or bonds have been issued.
- Mill levies, interest rate limitations, term limitations and underwriting discounts will be consistent with the present County imposed limitations with other service plans approved by the County.
- Maximum term of any bond issue is 30 years for General Obligation Bonds.
- The Ranch Metropolitan District Nos. 1-4 shall develop and finance its own property.

The Ranch Metropolitan District Nos. 1-4 Service Plan will serve the best interests of the taxpayers, property owners and development of the property within the Ranch Property, will minimize non-interested party obligations, and will maximize both development and absorption within the District and County without delays in development. The formation of the District will allow for financing and development to pay for only those improvements and costs which are a direct benefit to the property within the District.

We look forward to working with the County on this matter.

Sincerely,
SPENCER FANE LLP

/s/Russell W. Dykstra
Russell W. Dykstra, General Counsel

ph/

**THE RANCH
METROPOLITAN DISTRICT NOS. 1-4**

EL PASO COUNTY, COLORADO

**REVISED DRAFT
(June 18, 2020)**

SERVICE PLAN
FOR
THE RANCH
METROPOLITAN DISTRICT NOS. 1-4

Prepared by:

SPENCER FANE LLP
Attention: Russell W. Dykstra
1700 Lincoln Street, Suite 2000
Denver, CO 80203-4554
Phone: 303-839-3845
E-mail: rdykstra@spencerfane.com

REVISED DRAFT (June 18, 2020)

Applicant(s)

Developer:

Elite Properties of America, Inc.
6385 Corporate Drive, Suite 200
Colorado Springs, CO 80919

Proposed Initial Directors:

Andrew Balsick
George Lenz
Joseph Loidolt
Jerald Richardson
Douglas Stimple

Consultants(s)

- Engineer – Classic Engineering
- Underwriter – D.A. Davidson- Zach Bishop

TABLE OF CONTENTS

I. EXECUTIVE SUMMARY1

II. DEFINITIONS2

III. INTRODUCTION.....5

A. Overall Purpose and Intent5

B. Need for The District6

C. County Objectives in Forming The District6

D. Multiple District Structure7

E. Specific Purposes - Facilities and Services.....8

 1. Water.....8

 2. Sanitation8

 3. Street Improvements, Transportation and Safety Protection9

 4. Drainage.....9

 5. Parks and Recreation9

 6. Mosquito Control9

 7. Fire Protection.....10

 8. Television Relay and Translation10

 9. Covenant Enforcement and Design Review10

 10. Security Services.....10

 11. Solid Waste Disposal10

 12. General.....10

F. Other Powers.....10

 1. Amendments10

 2. Authority to Modify Implementation of Financing Plan
 and Public Infrastructure.....11

G. Other Statutory Powers11

H. Eminent Domain11

I. Intergovernmental Agreements (IGAs)11

J. Description of Proposed Boundaries and Service Area.....11

 1. Initial District Boundaries.....11

 2. Additional Inclusion Areas11

 3. Extraterritorial Service Areas12

 4. Analysis of Alternatives.....12

 5. Material Modifications/Service Plan Amendment12

IV. DEVELOPMENT ANALYSIS13

A. Existing Developed Conditions13

B. Total Development at Project Buildout13

C. Development Phasing and Absorption13

D. Status of Underlying Land Use Approvals13

V. INFRASTRUCTURE SUMMARY13

VI.	FINANCIAL PLAN SUMMARY	14
A.	Financial Plan Assumptions and Debt Capacity Model	14
B.	Maximum Authorized Debt	14
C.	Maximum Mill Levies	14
1.	Maximum Debt Service Mill Levy	14
2.	Maximum Operational Mill Levy	14
3.	Maximum Special Purpose Mill Levy Cap.....	14
4.	Maximum Combined Mill Levy	15
D.	Maximum Maturity Period For Debt	15
E.	Developer Funding Agreements	15
F.	Privately Placed Debt Limitation.....	16
G.	Revenue Obligations.....	16
VII.	OVERLAPPING TAXING ENTITIES, NEIGHBORING JURISDICTIONS	16
A.	Overlapping Taxing Entities	16
B.	Neighboring Jurisdictions	17
VIII.	CONSOLIDATION/DISSOLUTION	18
A.	Consolidation	18
B.	Dissolution	18
C.	Administrative Dissolution	18
IX.	COMPLIANCE.....	18
X.	MISCELLANEOUS	18
A.	Special District Act.....	18
B.	Disclosure to Prospective Purchasers	18
C.	Local Improvements	19
D.	Service Plan Not a Contract.....	19
E.	Land Use and Development Approvals	19
XI.	CONCLUSION	19

EXHIBITS

- A. Maps and Legal Descriptions
 - Vicinity Map and Surrounding Neighborhood
 - 5-Mile Radius Map
 - Legal Description
- B. Development Summary
- C. Infrastructure Capital Costs
- D. Financial Plan Summary
- E. Annual Report and Disclosure Form

I. EXECUTIVE SUMMARY

The following is a summary of general information regarding the proposed Districts provided for the convenience of the reviewers of this Service Plan. Please note that the following information is subject in all respects to the more complete descriptions contained elsewhere in this Service Plan.

Proposed Districts:	The Ranch Metropolitan District Nos. 1-4
Property Owner(s):	PRI #4, LLC (Schedule Nos. 5200000321, 5200000323 and 5200000324)
Developer(s):	Elite Properties of America, Inc.
Description of Development:	<i>Approximately 610 total acres within the proposed District boundaries in El Paso County, with the development within the Districts anticipated to consist of up to approximately 2,150 single family homes with an average value of \$450,000, and up to approximately 26,000 square feet of potential neighborhood commercial development (see Pages 4 and 5 of the financial plan information provided as part of Exhibit D). The proposed development encompasses multiple parcels of land generally located to the South of Stapleton Drive and to the East of Raygor Road. The number of anticipated homes remains an estimate and may be altered depending on the final outcome of the development approval process. At this stage, it is anticipated that all developed lots will be subject to the same mill levies based upon the overall services to be provided to the development as a whole.</i>
Proposed Improvements to be Financed:	<i>Proposed completion of an estimated \$34,321,640 of on and off-site public improvements including, but not limited to, on and off-site streets, roadway, water and sanitary sewer, and park and recreation improvements. The foregoing cost estimates are preliminary in nature and the ultimate costs may increase or decrease depending on numerous factors, many of which are out of Developer's control. In particular, these initial cost estimates only include the public improvement portion of costs and the total project improvement costs (including items such as dry utilities, etc.) will be significantly higher and will materially increase the overall development costs.</i>
Proposed Ongoing Services:	<i>The Developer and the Districts intend to work with existing overlapping service providers to obtain the necessary consents and/or approvals for the provision of necessary services to the Districts including, but not limited to, water,</i>

wastewater, streets, drainage, parks and recreation, and fire protection services. Because the overall development remains in its infancy, the specific services and potential overlapping service providers have yet to be determined. Based on current information, it is anticipated that the Districts will ultimately utilize other service providers for provisions of at least the following services (once public improvements have been constructed): water, wastewater and fire protection services. More information can be provided once determined and known. Additionally, the Districts shall have the power and authority to provide other services as authorized under the Special District Act including, but not limited to, mosquito control, television relay and translation, covenant enforcement and design review, and security services.

- Infrastructure
Capital Costs: Approximately \$34,321,640
- Maximum Debt Authorization: \$43,000,000 (combined for all Districts)
- Proposed Maximum Debt Mill Levy: 50 Mills – residential districts (District Nos. 1, 2 and/or 3); 35 Mills – commercial district (District No. 4 only)
- Proposed Maximum O & M Mill Levy: 10 Mills
- Proposed Special Purpose
Mill Levy; Covenant enforcement and design review – if provided by the District may require an additional mill levy of up to 5 mills
- Proposed Maximum Mill Levies: 65 Mills inclusive of debt (up to 50 mills – residential districts (District Nos. 1, 2 and/or 3); up to 35 mills – commercial district (District No. 4 only), operations and administration (10 mills), and covenant enforcement (up to 5 mills, if provided by the District)
- Proposed Fees: Development fees of up to \$2,000 per single family equivalent units and \$1,000 per multi-family units (anticipated to be collected upon initial sale of lots). Such fees will help pay for, among other things, the costs of providing services and any District owned public facilities, services and improvements, as well as their administration.

II. DEFINITIONS

The following terms are specifically defined for use in this Service Plan. For specific definitions of terms not listed below please also refer to the El Paso County Special District Policies, the El Paso County Land Development Code and Colorado Revised Statutes, as may be applicable.

Additional Inclusion Areas: Not applicable.

Annual Report and Disclosure Statement: means the statement of the same name required to be filed annually with the Board of County Commissioners pursuant to Resolution 06-472 as may be amended.

Board(s): means the board of directors of any District, or in the plural, the boards of directors of all the Districts.

Board of County Commissioners: means the Board of County Commissioners of El Paso County.

Control District: means District No. 1, which is intended to include property owned by the organizers of the Districts, and whose Board of Directors is intended to be occupied by representatives of the organizers of the Districts, in order to direct the activities of the Districts to achieve an overall development plan for Public Improvements. References to “District No. 1” shall be deemed to refer to the Control District.

County: means El Paso County, Colorado

Debt: means bonds or other obligations for the payment of which the Districts have promised to impose an *ad valorem* property tax mill levy without such promise being subject to annual appropriation.

Developer Funding Agreement: An agreement of any kind executed between a special district and a Developer as this term is specifically defined below, including but not limited to advance funding agreements, reimbursement agreements or loans to the special district from a Developer, where such an agreement creates an obligation of any kind which may require the special district to re-pay the Developer. The term “Developer” means any person or entity (including but not limited to corporations, venture partners, proprietorships, estates and trusts) that owns or has a contract to purchase undeveloped taxable real property greater than or equal to ten percent (10%) of all real property located within the boundaries of the special district. The term “Developer Funding Agreement” shall not extend to any such obligation listed above if such obligation has been converted to Debt issued by the special district to evidence the obligation to repay such Developer Funding Agreement, including the purchase of such Debt by a Developer.

District No. 1: means the The Ranch Metropolitan District No. 1 (also known as the Control District) as described in this Service Plan.

District No. 2: means the The Ranch Metropolitan District No. 2.

District No. 3: means The Ranch Metropolitan District No. 3.

District No. 4: means The Ranch Metropolitan District No. 4.

External Financial Advisor: means a consultant that: (i) advises Colorado governmental entities on matters relating to the issuance of securities by Colorado governmental entities, including matters such as the pricing, sales and marketing of such securities and the procuring of bond ratings, credit enhancement and insurance in respect of such securities; (ii) shall be an underwriter, investment banker, or individual listed as a public finance advisor in the Bond Buyer's Municipal Market Place; and (iii) is not an officer or employee of the District for which External Advisor Services are being rendered, and (iv) has not been otherwise engaged to provide services in connection with the transaction related to the applicable Debt.

Financing Districts: means District Nos. 2-4, which are expected to include residential and/or commercial development that will produce the required revenue to fund the Public Improvements and any operations and maintenance costs.

Gallagher Adjustment: means an allowed adjustment to the Maximum Debt Service Mill Levy, Maximum Operational Mill Levy, or Maximum Special Mill Levy intended to offset the effect of adjustments to the ratio between market value and assessed value of taxable property within the applicable District that would cause a reduction in the revenue otherwise produced from such Maximums based on the ratio between market value and assessed value as of January 1 in the year in which the applicable District's organizational election is held.

Initial District Boundaries: means the initial boundaries of the Districts as described in Exhibit A and as legally described in the legal description found at Exhibit A.

Local Public Improvements: means facilities and other improvements which are or will be dedicated to the County or another governmental or quasi-governmental entity for substantially public use, but which do not qualify under the definition of Regional Public Improvements. Examples would include local streets and appurtenant facilities, water and sewer lines which serve individual properties and drainage facilities that do not qualify as reimbursable under adopted drainage basin planning studies.

Material Modification: has the meaning described in Section 32-1-207, C.R.S., as it may be amended from time to time, which, among other things, outlines what constitutes a material modification and the procedure for making a modification to a service plan.

Maximum Combined Mill Levy: The maximum combined ad valorem mill levy the applicable District may certify against any property within said District for any purposes.

Maximum Debt Authorization: means the maximum principal amount of Debt that the Districts combined may have outstanding at any time, which under this Service Plan is

\$43,000,000.

Maximum Debt Service Mill Levy: The maximum ad valorem mill levy the applicable District may certify against any property within said District for the purpose of servicing any Debt incurred by or on behalf of said District.

Maximum Operational Mill Levy: The maximum ad valorem mill levy the applicable District may certify against any property within said District for the purposes providing revenues for ongoing operation, maintenance, administration or any other allowable services and activities other than the servicing of Debt. This Maximum Operational Mill Levy is exclusive of any Maximum Special Mill Levy which might be separately authorized.

Maximum Special Purpose Mill Levy: means maximum ad valorem mill levy which is allowed in addition to the allowable Maximum Debt Service Mill Levy and the Maximum Operational Mill Levy, to be used for covenant enforcement (if provided by the District).

Planning and Community Development Department: The department of the County formally charged with administering the development regulations of the County.

Public Improvements: Those improvements constituting Regional Public Improvements and Local Public Improvements collectively including, but not limited to, on and off-site improvements such as on and off-site streets, roadway, drainage, water and sanitary sewer, and park and recreation improvements.

Regional Public Improvements: Facilities and other improvements which are or will be dedicated to the County or another governmental or quasi-governmental entity for substantially public use, and which serve the needs of the region.

Revenue Obligations: means bonds or other obligations not subject to annual appropriation that are payable from a pledge of revenues other than *ad valorem* property taxes.

Service Plan: means this Service Plan for the Districts.

Special District Act: means Section 32-1-101, *et seq.*, of the Colorado Revised Statutes, as amended from time to time.

State: means the State of Colorado.

Underlying Land Use Approvals: means Board of County Commissioners approval of the applicable land use plans that form the basis for the need for the Districts and its proposed financing plan and/or services. Such approvals may be in the form of one or a combination of Sketch Plans, Generalized Planned Unit Development (PUD) Development Plans, site-specific PUD plans, or subdivision plans.

III. INTRODUCTION

A. Overall Purpose and Intent.

The Districts will be created pursuant to the Special District Act, and are being created with a Control District/Financing District structure under El Paso County policies. The Districts are independent units of local government, separate and distinct from the County, and, except as may otherwise be provided for by State or local law or this Service Plan, their activities are subject to review by the County only insofar as they may deviate in a material matter from the requirements of the Service Plan. It is intended that the Districts, in their discretion, will provide a part or all of various Public Improvements, as defined herein, necessary and appropriate for the development of a project within the unincorporated County to be known as “The Ranch” (the “Project”). The Public Improvements will be constructed for the use and benefit of all anticipated inhabitants, property owners and taxpayers of the Districts. The primary purpose of the Districts will be to finance the construction of these Public Improvements. Additional major purposes may include covenant enforcement, design review and park and recreation purposes.

District No. 1 is proposed to be the Control District, and is expected to coordinate the financing and construction of all Public Improvements. District Nos. 2 - 4 are proposed to be the Financing Districts, and are expected to include residential and/or commercial development that (in coordination with District No. 1) will produce the required revenue to fund the Public Improvements and any operations and maintenance costs.

B. Need For The District.

There is a need for creation of the Districts. There are currently no other governmental entities, including the County, located in the immediate vicinity of the Districts that consider it desirable, feasible or practical to undertake the planning, design, acquisition, construction, installation, relocation, redevelopment, and financing of the Public Improvements needed for the Project. It is acknowledged that the Districts are located in the vicinity of several other districts, including Sterling Ranch Metropolitan District Nos. 1-3 (“Sterling Ranch”), Paint Brush Hills Metropolitan District (“Paint Brush Hills”), and Woodmen Hills Metropolitan District (“Woodmen Hills”). It is not feasible, however, to become part of Sterling Ranch, Paint Brush Hills or Woodmen Hills for several reasons. For example, a separate district is needed to support and pay for the Public Improvements to be associated with the Project including, but not necessarily limited to, streets, roadway and drainage improvements. The contemplated Public Improvements are anticipated to be both significant and costly. Additionally, the property owners/developers of the property within the Project have no authority or control in connection with the governance or operations of Sterling Ranch, Paint Brush Hills or Woodmen Hills. Likewise, the Sterling Ranch, Paint Brush Hills and Woodmen Hills service plans likely do not provide for either (a) the additional infrastructure contemplated by this Service Plan, or (b) sufficient debt capacity authorization to cover such infrastructure. Based on the foregoing, formation of the Districts is necessary in order for the Public Improvements required for the Project to be provided in the most economic manner possible.

C. County Objectives In Forming The District.

The County recognizes the Districts as independent quasi-municipal entities which are duly authorized for the purposes and functions identified in the Service Plan. Future County involvement in the affairs of the Districts will generally be limited to functions as required by the Colorado Revised Statutes, reporting and disclosure functions, determinations as to compliance with the limits as set forth in this Service Plan or any conditions attached to its approval, as well as additional activities or relationships as may be stipulated in any intergovernmental agreements which may be entered in to between the Districts and the County in the future.

In approving this Service Plan the objectives of the County include an intent to allow the applicant(s) reasonable access to public tax-exempt financing for reasonable costs associated with the generally identified Public Improvements and to allow the applicant(s) the ability to prudently obligate future property owners for a reasonable share of the repayment costs of the Public Improvements which will benefit the properties within the Districts.

It is the additional objective of the County to allow for the Districts to provide for the identified ongoing services which either cannot or will not be provided by the County and/ or other districts.

D. Multiple District Structure.

1. Multiple District Structure. This Service Plan sets forth the general parameters for the working relationship between District No.1 (as the Control District) and the Financing Districts. This structure is intended to provide for the fair and equitable allocation of the costs of the Public Infrastructure and related services within the various development areas of the Project. The multiple district structure will support the phased development of the Project, as well as the fact that one of the Districts will consist solely of commercial development while the remaining Districts will consist of residential development.

District No. 1 is expected to be responsible for managing the construction, acquisition, installation and operation of the Public Improvements. The Financing Districts (Districts Nos. 2 through 4) are expected to be responsible for providing the funding and tax base needed to support the plan for financing the Public Improvements and for operation, maintenance and administrative costs. It is anticipated that the Financing Districts will consist primarily of residential units, and the commercial uses will be located in one or more of the Financing Districts. The allocation of responsibility for all such functions among the Districts may occur in any combination based upon the best interests of the property owners and residents within the Project.

Each District will be authorized to provide improvements and services, including but not limited to acquisition of completed improvements, to the property within and without their respective legal boundaries, as they may be amended from time to time. Debt may be issued by either District No. 1 and/or the Financing Districts as appropriate to deliver the improvements and services to the property within the Project.

Due to the interrelationship between the Districts, various agreements are expected to be executed by one or more of the Districts clarifying the respective responsibilities and the nature of the functions and services to be provided by each District. The agreements will be designed to help assure the orderly development of essential services and facilities resulting in a community that is an aesthetic and economic asset to the County.

2. Benefits of Multiple District Structure. The use of a multiple district structure as described in this Service Plan serves the best interests of the County, the applicant(s) and the future taxpayers within the Districts. The benefits of using the multiple district structure include: (a) coordinated administration of construction and operation of public improvements and delivery of those improvements in a timely manner; and (b) assurance that improvements required by the County are constructed in a timely and cost effective manner.

a. Coordinated Services. As presently planned, development of the Project will proceed in phases, which will require the extension of public services and facilities. The multiple district structure will assure that the construction and operation of each phase of Public Improvements will be administered consistent with a long-term construction and operations program. Use of District No. 1 to direct financing, construction, acquisition and installation of improvements and for management of operation and maintenance needs will facilitate a well planned financing effort through all phases of construction, which will assist in the coordinated extension of services.

b. Debt Allocation. Allocation of the responsibility for paying debt for capital improvements will be managed through development of a unified financing plan for these improvements and through development of an integrated operating plan for long-term operations and maintenance for those improvements that are not dedicated to and accepted by the County or other governmental entity, but retained by the Districts as appropriate. Use of District No. 1 to manage these functions will help assure that no area within the Project becomes obligated for more than its share of the costs of capital improvements and operations. Neither high nor low-density areas will bear a disproportionate burden of debt and operating costs. Additionally, equity is also promoted due to the fact that there must be a rational relationship between the land that is subject to a district's mill levy and the improvements or services being funded.

3. Transition to Single District Structure. Once the Districts have achieved full development, including completion of (i) the necessary on and off-site public improvements; (ii) the contemplated residential and commercial development components; and (iii) repayment of all outstanding debt, the Districts may thereafter take the appropriate steps to transition to a single district structure.

E. Specific Purposes - Facilities and Services.

Each of the Districts are authorized to provide the following facilities and services and those further described in the Special District Act, both within and without the boundaries of the Districts as may be necessary:

1. Water. The Districts shall have the power and authority to finance, design,

construct, acquire, install, maintain, and provide for potable water and irrigation water facilities and systems, including, but not limited to, water rights, water supply, treatment, storage, transmission, and distribution systems for domestic, irrigation, fire control, and other public purposes, together with all necessary and proper reservoirs, treatment facilities, wells, equipment, and appurtenances incident thereto, which may include, but shall not be limited to, transmission lines, pipes, distribution mains and laterals, storage facilities, and ditches, with all necessary and incidental and appurtenant facilities, land and easements, together with extensions and improvements thereto. The Districts shall have the power and authority to contract with other private or governmental entities to provide any or all of the services the Districts are authorized or empowered to provide. To the extent necessary, the Districts shall dedicate any necessary improvements to one or more governmental entities that provide service (“Provider Jurisdiction”) in accordance with the Provider Jurisdiction rules and regulations.

It is not determined yet whether or to what extent the Districts intend to join the El Paso County Water Authority following formation.

2. Sanitation. The Districts shall have the power and authority to finance, design, construct, acquire, install, maintain, assess tap or other facility fees, and provide for sanitary sewers and to transport wastewater to an appropriate wastewater treatment facility, with all necessary and incidental and appurtenant facilities, land and easements, together with extensions and improvements thereto. To the extent necessary, the Districts shall dedicate any necessary improvements to one or more governmental entities that provide service (“Provider Jurisdiction”) in accordance with the Provider Jurisdiction rules and regulations.

3. Street Improvements, Transportation and Safety Protection. The Districts shall have the power and authority to finance, design, construct, acquire, install, maintain, and provide for arterial and collector streets and roadway improvements including, but not limited to, bridges, curbs, gutters, culverts, storm sewers and drainage facilities, retaining walls and appurtenances, sidewalks, paving, lighting, grading, landscaping, streetscaping, placement of underground utilities, snow removal, tunnels, and other street improvements, and architectural enhancements to any or all of the above, with all necessary and incidental and appurtenant facilities, land and easements, together with extensions and improvements thereto. It is anticipated that the foregoing street improvements will be dedicated by the Districts to the County upon completion and, following acceptance by the County, the County will own, operation and maintain such street improvements.

4. Drainage. The Districts shall have the power and authority to finance, design, construct, acquire, install, maintain, and provide for flood and surface drainage improvements, including, but not limited to, culverts, dams, retaining walls, access way inlets, detention and retention ponds, paving, roadside swales, curbs and gutters, disposal works and facilities, water quality facilities, and all necessary and proper equipment, with all necessary and incidental and appurtenant facilities, land and easements, together with extensions and improvements thereto. To the extent necessary, the Districts shall dedicate any necessary improvements to one or more governmental entities that provide service (“Provider Jurisdiction”) in accordance with the Provider Jurisdiction rules and regulations.

5. Parks and Recreation. The Districts shall have the power and authority to finance, design, construct, acquire, install, maintain, and provide for public park and public recreation centers and other recreation facilities, services, or programs including, but not limited to, grading, soil preparation, landscaping, sprinkler systems, fencing, pavilions, playgrounds, playing fields, open space, bike trails, pedestrian trails, pedestrian bridges, picnic areas, common area landscaping, streetscaping, storage buildings and facilities, weed control, paving, decorative paving, outdoor functional and decorative lighting, community events, and other services, programs and facilities, with all necessary and incidental and appurtenant facilities, land and easements, together with extensions and improvements thereto. To the extent necessary, the Districts shall dedicate any necessary improvements to one or more governmental entities that provide service (“Provider Jurisdiction”) in accordance with the Provider Jurisdiction rules and regulations.

The Districts shall not have the authority to apply for or utilize any Conservation Trust (“Lottery”) funds without the express prior consent of the Board of County Commissioners. The Districts shall have the authority to apply for and receive any other grant funds, including, but not limited to, Great Outdoors Colorado (GOCO) discretionary grants. Such approval, although required, is not considered to be a material modification which would require the need to revise this Service Plan.

6. Mosquito Control. The Districts shall have the power and authority to finance, design, construct, acquire, install, operate, maintain, and provide for systems and methods for the eradication and control of mosquitoes, including but not limited to elimination or treatment of breeding grounds and purchase, lease, contracting or other use of equipment or supplies for mosquito control.

7. Fire Protection. The Districts shall not be authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain fire protection facilities or services, unless such facilities and services are provided pursuant to an intergovernmental agreement with the applicable Fire District. The authority to plan for, design, acquire, construct, install, relocate, redevelop or finance fire hydrants and related improvements installed as part of the water system shall not be limited by this provision.

8. Television Relay and Translation. The Districts shall have the power and authority to finance, design, construct, install, acquire, operate, and maintain television relay and translator facilities, with all necessary and incidental and appurtenant facilities, land and easements, together with extensions and improvements thereto.

9. Covenant Enforcement and Design Review. The Districts shall have the power and authority to provide covenant enforcement and design review services subject to the limitations set forth in C.R.S. § 32-1-1004(8), as it may be amended from time to time, which addresses covenant enforcement and design review services as additional powers of a metropolitan district under certain circumstances. If utilized, the covenant enforcement and design review powers will be coordinated through District No. 1 on behalf of all of the Districts pursuant to a Master Intergovernmental Agreement to be executed by the Districts.

10. Security Services. The Districts shall have the power and authority to

provide security services within the boundaries of the Districts, subject to the limitations set forth in C.R.S. § 32-1-1004(7), as it may be amended from time to time, which addresses security services as an additional power of a metropolitan district under certain circumstances. In no way is this power and authority intended to limit or supplant the responsibility and authority of local law enforcement (i.e., the El Paso County Sheriff's Department) within the boundaries of the Districts.

11. Solid Waste Disposal. The Districts have no plans to provide solid waste disposal services.

12. General. Because the overall development remains in its infancy, the specific services and potential overlapping service providers have yet to be determined. Based on current information, it is anticipated that the Districts will ultimately utilize other service providers for provisions of at least the following services (once public improvements have been constructed): water, wastewater and fire protection services. More information can be provided once determined and known. Further, to the extent any of the above referenced facilities, improvements and services are dedicated and accepted by the County, the County shall own, operate and maintain such accepted facilities and related improvements. The Districts shall be authorized to own, operate and maintain any facilities, improvements and appurtenances not otherwise dedicated to and accepted by any Provider Jurisdiction, subject to any applicable County rules and regulations.

F. Other Powers.

1. Amendments. The Districts shall have the power to amend this Service Plan as needed, subject to appropriate statutory procedures as set forth in Section 32-1-207, C.R.S., as it may be amended from time to time, which, among other things, outlines what constitutes a material modification and the procedure for making a modification in a service plan.

2. Authority to Modify Implementation of Financing Plan and Public Infrastructure. Without amending this Service Plan, the Districts may defer, forego, reschedule or restructure the financing and construction of certain improvements and facilities, to better accommodate the pace of growth, resources availability, and potential inclusions of property within the Districts.

G. Other Statutory Powers.

The Districts may exercise such powers as are expressly or impliedly granted by Colorado law, if not otherwise limited by the Service Plan or its conditions of approval.

H. Eminent Domain.

The Districts may exercise the power of eminent domain only as necessary to further the clear public purposes of the Districts. Currently, the Districts do not expect to use the power of eminent domain.

The power of eminent domain shall be limited to the acquisition of property that the applicable District intends to own, control or maintain by the applicable District or other

governmental entity and is for the material use or benefit of the general public. The term “material use or benefit for the general public” shall not include the acquisition of property for the furtherance of an economic development plan, nor shall it include as a purpose an intent to convey such property or to make such property available to a private entity for economic development purposes. The phrase “furtherance of an economic development plan” does not include condemnation of property to facilitate public infrastructure that is necessary for the development of the Project.

I. Intergovernmental Agreements (IGAs).

The Districts are authorized to enter into IGAs to the extent permissible by law. As of the date of approval of this Service Plan, and as noted below, the Districts intend to enter into an intergovernmental agreement which shall govern the relationships by and among the Districts with respect to the financing, construction and operation of the improvements contemplated herein. The Districts will establish a mechanism whereby any one or more of the Districts may separately or cooperatively fund, construct, install and operate the improvements.

J. Description Of Proposed Boundaries And Service Area.

1. Initial District Boundaries. A vicinity map showing the general location of the area that may be served by the Districts is included as part of Exhibit A. A map of the initially included properties is included as part of Exhibit A, with a legal description of boundaries also found as part of Exhibit A.

2. Additional Inclusion Areas/Boundary Adjustments. Additional inclusion areas are not anticipated in addition to the initially included properties or outside of the Project. The Districts shall be authorized to include territory in accordance with applicable provisions of the Special District Act. Further, in order to accommodate the needs of Project phasing and other contingencies, the boundaries of the Districts may be adjusted via the inclusion or exclusion within the combined area of the Initial District Boundaries in accordance with the applicable provisions of the Special District Act.

3. Extraterritorial Service Areas. The Districts do not anticipate providing services to areas outside of the Initial District Boundaries and Additional Inclusion Areas.

4. Analysis Of Alternatives. It is anticipated that the Districts, collectively, will undertake the financing and construction of the improvements contemplated herein. Specifically, the Districts shall enter into an intergovernmental agreement which shall govern the relationships between and among the Districts with respect to the financing, construction and operation of the improvements contemplated herein. The multiple district structure will support the phased development of the Project, as well as the fact that one of the Districts will consist solely of commercial development while the remaining Districts will consist of residential development. The Districts will establish a mechanism whereby any one or more of the Districts may separately or cooperatively fund, construct, install and operate the improvements. As stated, neither the County or any other public entity is available or willing to provide the Public Improvements required.

5. Material Modifications/Service Plan Amendment. Material modifications of

this Service Plan shall, at a minimum, trigger the need for prior approval of the Board of County Commissioners at an advertised public hearing and may require a need for a complete re-submittal of an amended Service Plan along with a hearing before the County's planning commission. For the purpose of this Service Plan the following changes shall be considered material modifications:

a. Any change in the basic services provided by the Districts, including the addition of any types of services not authorized by this Service Plan.

b. Any other matter which is now, or may in the future, be described as a material modification by the Special District Act.

c. Imposition of a mill levy in excess of any of the Maximum Mill Levies as authorized in this approved Service Plan.

d. Issuance of Debt in excess of the Maximum Debt Authorization authorized in this Service Plan

e. Issuance of any Debt with a maturity period of greater than thirty (30) years, from the date of issuance of such Debt.

f. Creation of any sub-districts as contemplated in the Special District Act.

g. Inclusion into any District of any property over five (5) miles from the combined area of the Initial District Boundaries.

IV. DEVELOPMENT ANALYSIS

A. Existing Developed Conditions.

At the present time there are no public improvements within the boundaries of the proposed Districts and there is no population.

B. Total Development At Project Buildout.

At complete Project build-out, development within the Districts is planned to consist of up to approximately 2,150 single family homes, with values of homes in the project expected to average \$450,000 in year 2020 dollars; and, up to approximately 26,000 square feet of neighborhood commercial development (see Pages 4 and 5 of the financial plan information provided as part of Exhibit D). The total estimated population of the Districts upon completion of development is 5,375 people (2,150 residential units x 2.5 persons per residential unit).

C. Development Phasing And Absorption.

Absorption of the project is projected to take approximately 22 years, estimated to

begin in 2023 (year) and end in 2044 (year) and is further described in the Development Summary Table found at Exhibit B.

D. Status of Underlying Land Use Approvals.

The underlying land use approval process is progressing; the Sketch Plan has been approved. It is requested that the service plan approval process move forward so that the organizational and debt election can occur in November, 2020. This will allow future purchasers to receive disclosure of the existence of the Districts. Additionally, approval of the Districts at this stage will facilitate the planning, implementation and financing of the engineering, design, intergovernmental agreements and other related activities necessary for this project to move forward.

V. INFRASTRUCTURE SUMMARY

Attached as Exhibit C is a summary of the estimated costs of Public Improvements which are anticipated to be required within these Districts. A general description of the categories of Public Improvements is included in Section III.D. of this Service Plan. The total costs of the Public Improvement is estimated to be approximately \$34,321,640, in year 2020 dollars. It should be noted, though, the foregoing costs estimates are preliminary in nature and the ultimate costs may increase or decrease depending on numerous factors, many of which are out of Developer's control. In particular, these initial cost estimates only include the public improvement portion of costs and the total project improvement costs (including items such as dry utilities, etc.) will be significantly higher and will materially increase the overall costs. It is estimated that the Districts will finance up to approximately \$43,000,000, but the amount ultimately financed by the Districts will be subject to the Maximum Authorized Debt limit.

All Public Improvements will be designed and constructed in accordance with the standards of the governmental entity to which such Public Improvements will be dedicated (including, with respect to storm sewer and drainage facilities, the applicable NPDES standards), and otherwise in accordance with applicable El Paso County standards. The composition of specific Public Improvements will be determined in connection with applicable future land use and development approvals required by El Paso County rules and regulations.

VI. FINANCIAL PLAN SUMMARY.

A. Financial Plan Assumptions and Debt Capacity Model.

Attached at Exhibit D is a summary of development assumptions, projected assessed valuation, description of revenue sources (including applicable mill levies and fees) and expenses for both operations and debt service, and an overall debt capacity model associated with projected future development of the Project. The model demonstrates that the Districts are capable of providing sufficient and economic service within the Project, and that the Districts have or will have the financial ability to discharge the Districts' Debt on a reasonable basis. The financial model attached as Exhibit D is an example of the manner in which the Districts may finance the Public Improvements. The specific structure for financing the Public Improvements shall be determined in the discretion of the Boards of Directors of the Districts, subject to the limitations set forth in this

Service Plan.

B. Maximum Authorized Debt.

The Districts are authorized to issue Debt up to \$43,000,000 in principal amount (total combined for all Districts). The debt issuance authorization is based upon the proposed completion of an estimated \$34,321,640 of on and off-site public improvements including, but not limited to, on and off-site streets, roadway, water and sanitary sewer, and park and recreation improvements. The cost estimates are preliminary in nature and the ultimate costs may increase or decrease depending on numerous factors, many of which are out of Developer's control. In particular, the initial cost estimates only include the public improvement portion of costs and the total project improvement costs (including such items as dry utilities, etc.) which may well be significantly higher and will likely materially increase the overall development costs.

C. Maximum Mill Levies.

1. Maximum Debt Service Mill Levy. The Maximum Debt Service Mill Levy shall be fifty (50) mills, subject to Gallagher Adjustment. All Debt issued by the Districts must be issued in compliance with the requirements of State law including, but not limited to, Section 32-1-1101, C.R.S., as it may be amended from time to time, which outlines the various financial powers of a special district.

2. Maximum Operational Mill Levy. The Maximum Operational Mill Levy Cap for each District shall be ten (10) mills, subject to Gallagher Adjustment.

3. Maximum Special Purpose Mill Levy. The Maximum Special Purpose Mill Levy for each District is five (5) Mills, subject to Gallagher Adjustment.

4. Maximum Combined Mill Levy. The Maximum Combined Mill Levy for each District is 65 Mills, subject to Gallagher Adjustment.

Increases to or removal of any of the Maximum Mill Levies shall be subject to Board of County Commissioner approval without the need for a formal Service Plan Amendment (unless the Board otherwise requires).

D. Maximum Maturity Period For Debt.

The period of maturity for issuance of any Debt (but not including Developer Funding Agreements) shall be limited to no more than thirty (30) years without express, prior approval of the Board of County Commissioners. Such approval, although required, is not considered to be a Material Modification of the Service Plan which would trigger the need to amend said Service Plan. However, the Districts are specifically authorized to refund or restructure existing Debt so long as the period of maturity for the refunding or restructured Debt is no greater than 30 years from the date of the issuance thereof.

E. Developer Funding Agreements.

The Developer does intend to enter into Developer Funding Agreements with the Districts in addition to recovery of the eligible costs associated with creation of the Districts. It is anticipated that in the formative years the Districts will have shortfalls in funding its capital costs and monthly operations and maintenance expenses. The Developer may fund these obligations for the Districts to promote the Project's development subject to the Developer being repaid from future District revenues.

Developer Funding Agreements may allow for the earning of simple interest thereon, but under no circumstances shall any such agreement permit the compounding of interest. The Developer Funding Agreements may permit an interest rate that does not exceed the prime interest rate plus two points thereon.

The maximum term for repayment of a Developer Funding Agreement shall be twenty (20) years from the date the District entering into such agreement becomes obligated to repay the Developer Funding Agreement under the associated contractual obligation. For the purpose of this provision, Developer Funding Agreements are considered repaid once the obligations are fully paid in cash or when converted to bonded indebtedness of the applicable District (including privately placed bonds). Any extension of such term is considered a Material Modification and must be approved by the Board of County Commissioners.

Required disclosure notices shall clearly identify the potential for the Districts to enter into obligations associated with Developer Funding Agreements.

F. Privately Placed Debt Limitation.

Prior to the issuance of any privately placed Debt, the District proposing such issuance shall obtain the certification of an External Financial Advisor substantially as follows: We are [I am] an External Financial Advisor within the meaning of this Service Plan.

We [I] certify that (1) the net effective interest rate (calculated as defined in Section 32-1-103(12), C.R.S., as it may be amended from time to time, which defines "net effective interest rate" for purposes of the Special District Act) to be borne by [insert the designation of the Debt] does not exceed a reasonable current [tax-exempt] [taxable] interest rate, using criteria deemed appropriate by us [me] and based upon our [my] analysis of comparable high yield securities; and (2) the structure of [insert designation of the Debt], including maturities and early redemption provisions, is reasonable considering the financial circumstances of the District.

G. Revenue Obligations. The Districts shall also be permitted to issue Revenue Obligations in such amount as the Districts may determine. Amounts

issued as Revenue Obligations are not subject to the Maximum Debt Authorization.

VII. OVERLAPPING TAXING ENTITIES, NEIGHBORING JURISDICTIONS

A. Overlapping Taxing Entities.

The directly overlapping taxing entities and their respective year 2019 mill levies (collected in 2020) are as follows:

El Paso County	.007222
El Paso County Road and Bridge	.000330
Falcon School District No. 49	.043189
Pikes Peak Library District	.003731
Falcon Fire Protection District	.014886
Upper Black Squirrel Creek Ground Water	.001029
Total Existing Mill Levy:	<u>.070387</u>

The total mill levy including the initially proposed District’s mill levy is .135387 mills.

It is not anticipated that there will be any significant financial impacts to these entities.

B. Neighboring Jurisdictions.

The following additional taxing and/or service providing entities include territory within three (3) miles of the Initial District Boundaries (based upon information provided by the County Assessor’s Office):

- ACADEMY SCHOOL DISTRICT NO. 20
- BANNING LEWIS RANCH METROPOLITAN DISTRICT NOS. 1 – 5 AND 8 – 11
- BANNING LEWIS RANCH REGIONAL METROPOLITAN DISTRICT NOS. 1 – 2
- BENT GRASS METROPOLITAN DISTRICT
- BLACK FOREST FIRE/RESCUE PROTECTION DISTRICT
- CENTRAL COLORADO CONSERVATION DISTRICT
- CITY OF COLORADO SPRINGS
- EL PASO COUNTY
- EL PASO COUNTY CONSERVATION DISTRICT
- EL PASO COUNTY PUBLIC IMPROVEMENT DISTRICT NO. 2
- EL PASO COUNTY SCHOOL DISTRICT NO. 49
- FALCON FIRE PROTECTION DISTRICT
- FALCON HIGHLANDS METROPOLITAN DISTRICT
- FALCON REGIONAL TRANSPORTATION METROPOLITAN DISTRICT
- MERIDIAN RANCH METROPOLITAN DISTRICT

MERIDIAN RANCH METROPOLITAN DISTRICT 2018 SUBDISTRICT
 MERIDIAN SERVICE METROPOLITAN DISTRICT
 MOUNTAIN VALLEY METROPOLITAN DISTRICT
 PAINT BRUSH HILLS METROPOLITAN DISTRICT
 PAINT BRUSH HILLS METROPOLITAN DISTRICT SUBDISTRICT A
 PARK FOREST WATER DISTRICT
 PIKES PEAK LIBRARY DISTRICT
 SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
 STERLING RANCH METROPOLITAN DISTRICT NOS. 1 – 3
 STETSON RIDGE METROPOLITAN DISTRICT NOS. 2 – 3
 THE SANCTUARY METROPOLITAN DISTRICT
 UPPER BLACK SQUIRREL CREEK GROUNDWATER MANAGEMENT DISTRICT
 WESTMOOR WATER & SANITATION DISTRICT
 WOODMEN HEIGHTS METROPOLITAN DISTRICT NOS. 1 – 3
 WOODMEN HILLS METROPOLITAN DISTRICT
 WOODMEN ROAD METROPOLITAN DISTRICT
 4-WAY RANCH METROPOLITAN DISTRICT NOS. 1 – 2

Anticipated relationships and impacts to these entities: As noted previously, the Developer and the Districts intend to work with any overlapping service providers to obtain the necessary consents and/or approvals for the provision of necessary services to the Districts including, but not limited to, water, wastewater and fire protection services. For example, the Districts anticipate receiving wastewater services through one or more IGAs with a neighboring Provider Jurisdiction.

VIII. CONSOLIDATION/DISSOLUTION

A. Consolidation. It is the intent of the Districts to consolidate or dissolve upon payment or defeasance of all Debt incurred, as well as when the Districts have been fully developed, all public improvements provided for in the Service Plan have been completed, or upon a court determination that adequate provision has been made for the payment of all Debt, and adequate provision for continuation or assignment and assumption of all operations and maintenance responsibilities for the District improvements and at such time as the District(s) do not need to remain in existence to discharge their financial obligations or perform their services.

B. Dissolution. Upon an independent determination of the Board of County Commissioners that the purposes for which a particular District was created have been accomplished, such District agrees to file a petition in the appropriate District Court for dissolution, pursuant to the applicable State statutes. In no event shall dissolution occur until the District has provided for the payment or discharge of all of its outstanding indebtedness and other financial obligations as required pursuant to State statutes.

C. Administrative Dissolution. The Districts shall be subject to administrative dissolution by the Division of Local Government as set forth in Section 32-1-710, C.R.S., as it may be amended from time to time.

IX. COMPLIANCE

A. An Annual Report and Disclosure Form will be required and submitted as described in C.R.S. 32-1-207(3)(d), as it may be amended from time to time, and as further articulated by Board of County Commissioners Resolution No. 07-273, which Resolution adopted the County's model service plan.

B. Material Modifications of this Service Plan shall be subject to the provisions contained in Section 32-1-207, C.R.S., as it may be amended from time to time, and relates to approvals and notices thereof.

X. MISCELLANEOUS.

The following is additional information to further explain the functions of the Districts:

A. Special District Act.

The contemplated municipal services are under the jurisdiction of the Special District Act and not the Public Utilities Commission.

B. Disclosure to Prospective Purchasers.

After formation of the Districts, and in conjunction with final platting of any properties within a particular District, the applicable Board of Directors of the District shall prepare a notice acceptable to the Planning and Community Development Department Staff informing all purchasers of property within the District of the District's existence, purpose and debt, taxing, and other revenue-raising powers and limitations. Such notice obligation shall be deemed satisfied by recording the notice with this Service Plan and each final plat associated with the Project, or by such other means as the Planning and Community Development Department approves. Such notice shall be modified to address the potential for future Debt issuance which may be required to meet the obligations associated with loans incurred by the District. Additionally, the notice shall disclose the limited representation elements associated with the Control District/Financing District structure. In conjunction with subsequent plat recordings, Planning and Community Development Department Staff is authorized to administratively approve updates of the disclosure form to reflect current information.

C. Local Improvements.

Prior to the financing of Local Public Improvements, and if required by County policy uniformly applied, agreements shall be in place to prevent a loss of sales tax revenue from sales of construction materials that would otherwise accrue to the County.

D. Service Plan not a Contract.

The grant of authority contained in this Service Plan does not constitute the agreement or binding commitment of the Districts enforceable by third parties to undertake the activities described, or to undertake such activities exactly as described.

E. Land Use and Development Approvals.

Approval of this Service Plan does not imply approval of the development of a specific area within the Project, nor does it imply approval of the number of residential units or the total site/floor area of commercial or industrial buildings identified in this Service Plan or any of the exhibits attached thereto. All such land use and development approvals shall be processed and obtained in accordance with applicable El Paso County rules, regulations and policies.

XI. CONCLUSION

It is submitted that this Service Plan for the Districts establishes that:

A. There is sufficient existing and projected need for organized service in the area to be serviced by the proposed Districts;

B. The existing service in the area to be served by the proposed Districts is inadequate for present and projected needs;

C. The proposed Districts are capable of providing economical and sufficient service to the Project;

D. The area to be included in the proposed Districts does have, and will have, the financial ability to discharge the proposed indebtedness on a reasonable basis;

E. Adequate service is not, and will not be, available to the area through the County or other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis;

F. The facility and service standards of the proposed Districts are compatible with the facility and service standards of the County;

G. The proposal is in substantial compliance with the County master plan.

H. The creation of the proposed Districts is in the best interests of the area proposed to be served.

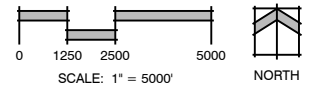
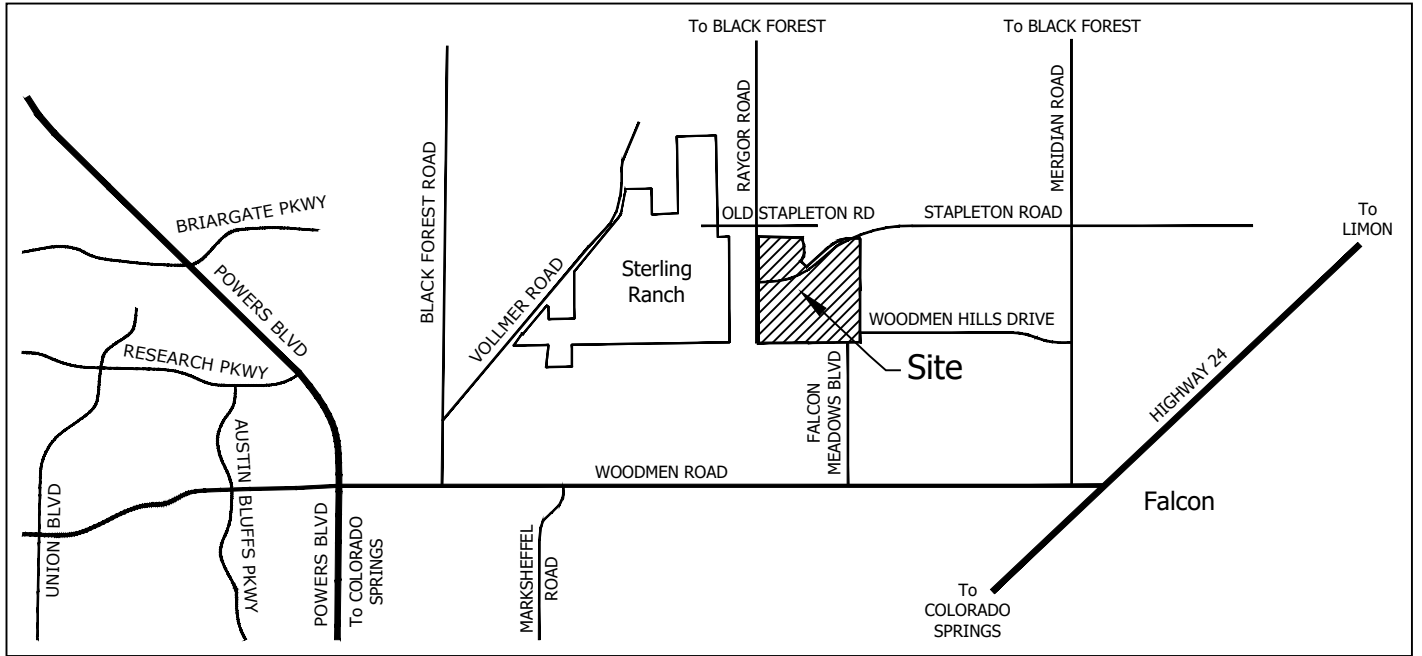
EXHIBIT A

MAPS AND LEGAL DESCRIPTIONS

- Vicinity Map and Surrounding Neighborhood
- 5-Mile Radius Map
- Legal Description

EXHIBIT A – VICINITY MAP AND SURROUNDING NEIGHBORHOOD

VICINITY MAP



THE RANCH VICINITY MAP

DATE: 5-10-19



N.E.S. Inc.
619 N. Cascade Ave.
Suite 200
Colorado Springs, CO 80903

Tel. 719.471.0073
Fax 719.471.0267

www.nescolorado.com

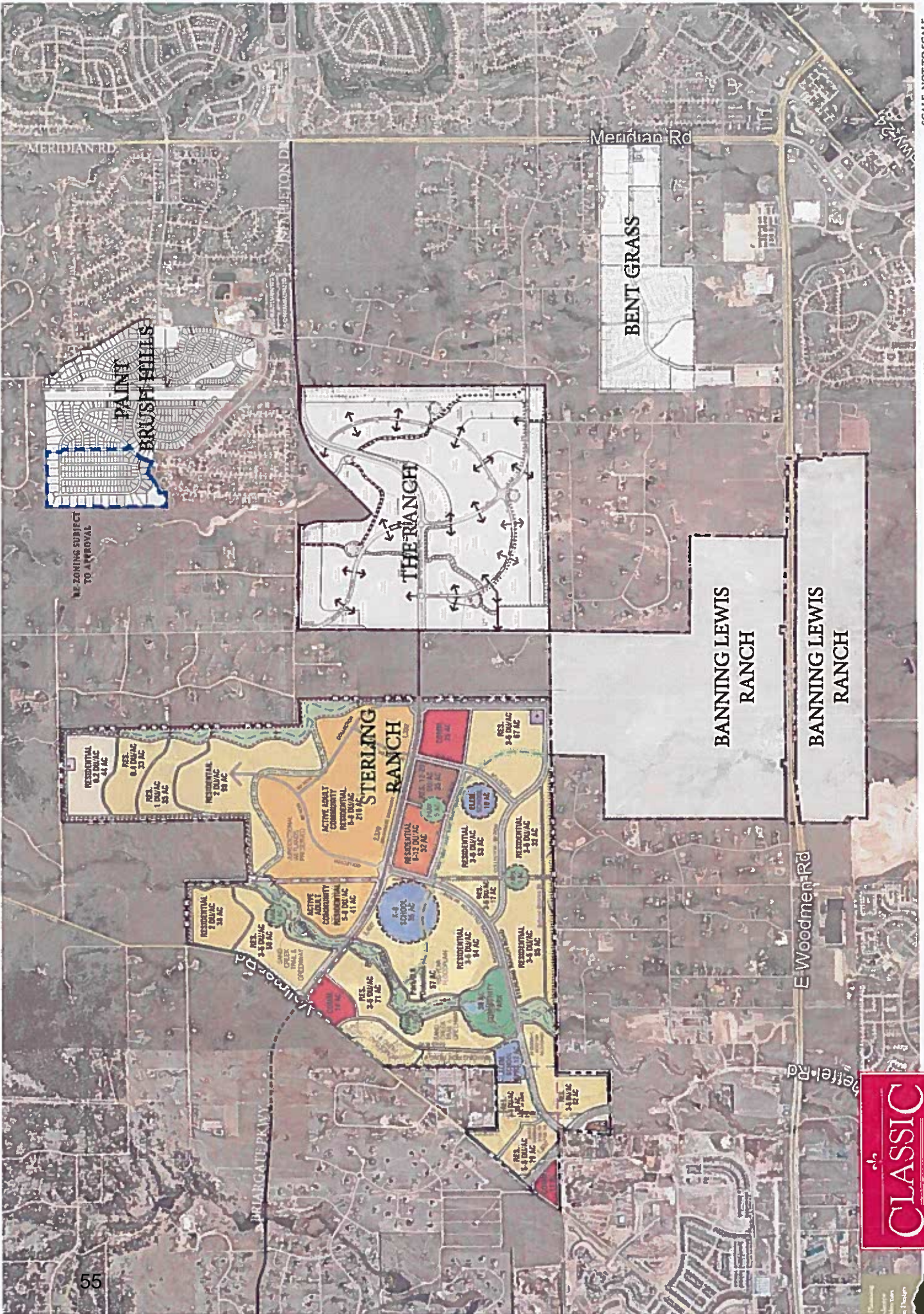
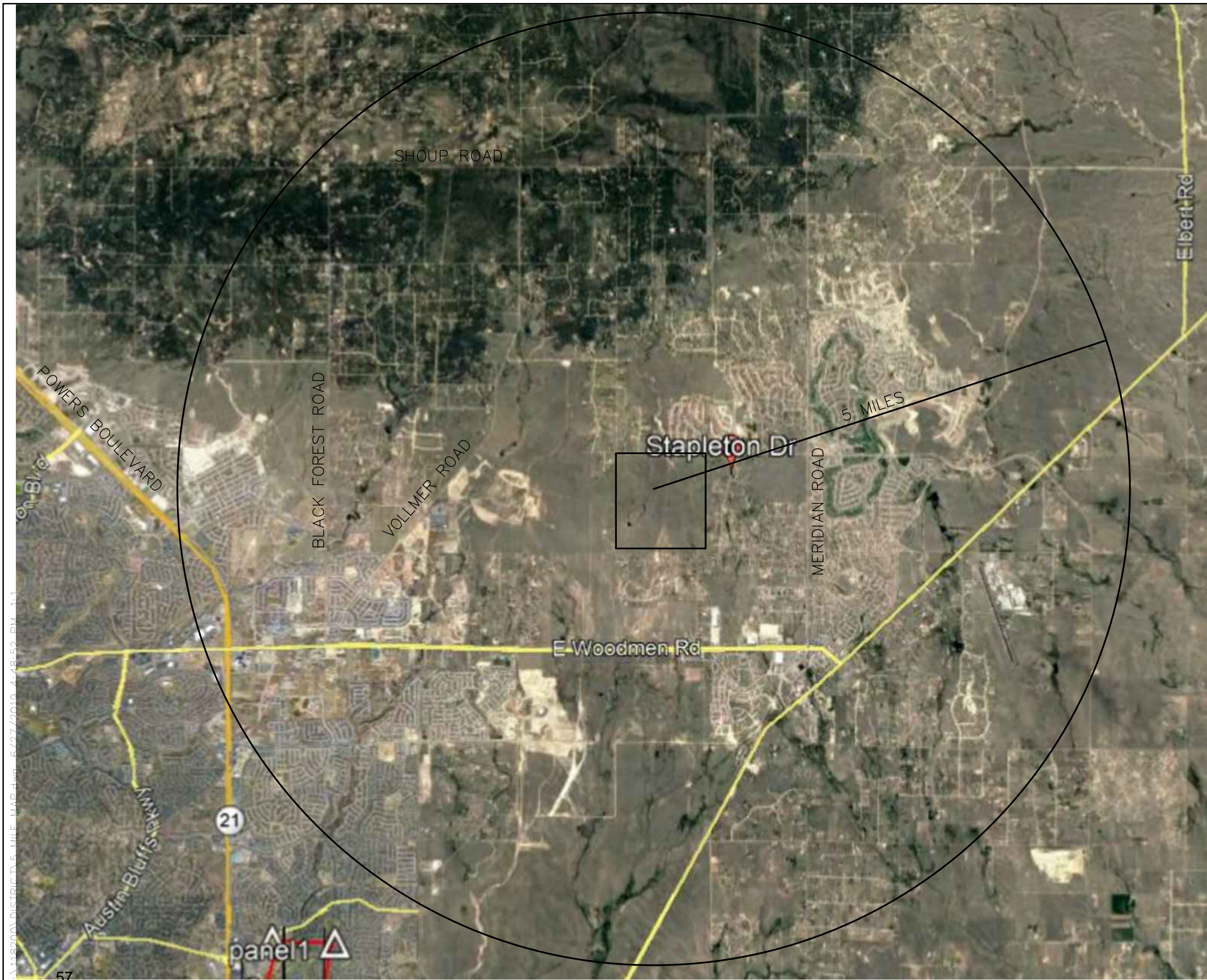
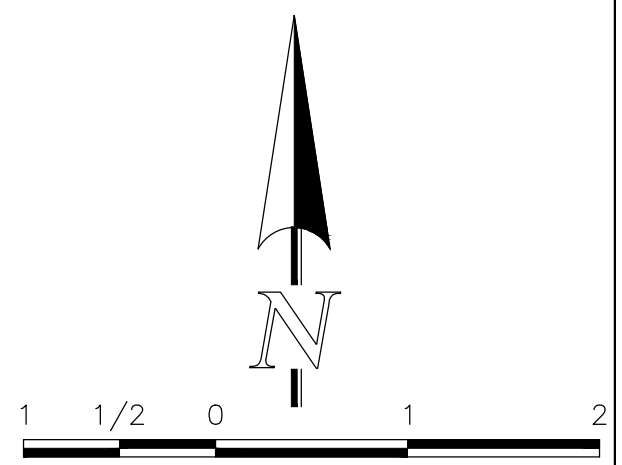


EXHIBIT A – 5-MILE RADIUS MAP



1182000.DISTRICT IN 5 MILE MAP.dwg 6/27/2019 4:48:52 PM 1:1
 57



SCALE: 1" = MILE

THE RANCH
 JOB NO. 1182.00
 JUNE 27, 2019
 SHEET 1 OF 1



619 N. Cascade Avenue, Suite 200
 Colorado Springs, Colorado 80903
 (719)785-0790
 (719)785-0799 (Fax)

EXHIBIT A – LEGAL DESCRIPTION



619 N. Cascade Avenue, Suite 200
Colorado Springs, Colorado 80903

(719)785-0790
(719) 785-0799(Fax)

JOB NO. 1182.10-01
OCTOBER 17, 2018
PAGE 1 OF 2

LEGAL DESCRIPTION: THE RANCH

A PARCEL OF LAND BEING A PORTION OF SECTION 35, TOWNSHIP 12 SOUTH, RANGE 65 WEST OF THE SIXTH PRINCIPAL MERIDIAN, EL PASO COUNTY, COLORADO, BEING DESCRIBED AS FOLLOWS:

BASIS OF BEARINGS: THE EAST LINE OF THE NORTHEAST QUARTER OF SECTION 35, TOWNSHIP 12 SOUTH, RANGE 65 WEST OF THE SIXTH PRINCIPAL MERIDIAN, BEING MONUMENTED AT BOTH ENDS BY A 3-1/4" ALUMINUM SURVEYORS CAP STAMPED "PLS 12103" IS ASSUMED TO BEAR S00°17'23"E, A DISTANCE OF 2643.90 FEET;

COMMENCING AT THE NORTHEAST CORNER OF SECTION 35, TOWNSHIP 12 SOUTH, RANGE 65 WEST OF THE SIXTH PRINCIPAL MERIDIAN, EL PASO COUNTY, COLORADO, SAID POINT ALSO BEING THE NORTHWESTERLY CORNER OF THE MEADOWS FILING NO. 3 RECORDED UNDER RECEPTION NO. 200135677, SAID POINT BEING THE POINT OF BEGINNING;

THENCE S00°17'23"E, ON THE EAST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 35 AND THE WESTERLY BOUNDARY LINE OF SAID THE MEADOWS FILING NO. 3, A DISTANCE OF 2643.90 FEET TO THE EAST QUARTER CORNER OF SAID SECTION 35;

THENCE S00°17'12"E, ON THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 35 AND THE WESTERLY BOUNDARY LINE OF SAID THE MEADOWS FILING NO. 3, A DISTANCE OF 2643.60 FEET TO THE SOUTHEAST CORNER OF SAID SECTION 35 BEING ALSO AN ANGLE POINT IN BOUNDARY OF SAID THE MEADOWS FILING NO. 3; THENCE S89°05'09"W, ON THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 35, THE NORTHERLY BOUNDARY LINE OF SAID THE MEADOWS FILING NO. 3 AND THE NORTHERLY BOUNDARY LINE OF THE MEADOWS FILING NO. 2 RECORDED IN PLAT BOOK O-3 AT PAGE 94, A DISTANCE OF 2638.11 FEET TO THE SOUTH QUARTER CORNER OF SAID SECTION 35;

THENCE S89°05'09"W, ON THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 35, AND THE NORTHERLY BOUNDARY LINE OF SAID THE MEADOWS FILING NO. 2 A DISTANCE OF 2637.91 FEET TO THE SOUTHWEST CORNER OF SAID SECTION 35;

THENCE N00°13'03"E, ON THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 35, A DISTANCE OF 2730.10 FEET TO THE WEST QUARTER CORNER OF SAID SECTION 35;

THENCE N00°13'53"E, ON THE WEST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 35 AND THE EASTERLY BOUNDARY OF BOW VALLEY SUBDIVISION RECORDED IN PLAT BOOK N-3 AT PAGE 08, A DISTANCE OF 2699.16 FEET TO A POINT ON A LINE 30.00 FEET SOUTH OF AND PARALLEL TO THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 35, SAID LINE BEING THE SOUTHERLY BOUNDARY LINE OF A PARCEL OF LAND DESCRIBED IN A DOCUMENT RECORDED IN BOOK 3615 AT PAGE 387;

THENCE S89°02'35"E, ON SAID LINE 30.00 FEET SOUTH OF AND PARALLEL TO THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 35 AND SAID PARCEL OF LAND DESCRIBED IN A DOCUMENT RECORDED IN BOOK 3615 AT PAGE 387, A DISTANCE OF 2245.83 FEET TO THE NORTHWESTERLY CORNER OF A PARCEL OF LAND DESCRIBED IN A DOCUMENT RECORDED UNDER RECEPTION NO. 205048348;

THENCE ON THE WESTERLY AND SOUTHEASTERLY BOUNDARY OF SAID PARCEL OF LAND DESCRIBED IN A DOCUMENT RECORDED UNDER RECEPTION NO. 205048348 THE FOLLOWING (9) NINE COURSES;

1. S00°29'45"E, A DISTANCE OF 39.98 FEET TO A POINT OF CURVE;
2. ON THE ARC OF A CURVE TO THE LEFT HAVING A DELTA OF 14°24'42", A RADIUS OF 300.00 FEET AND A DISTANCE OF 75.46 FEET TO A POINT OF TANGENT;
3. S 14°54'27"E, A DISTANCE OF 267.87 FEET TO A POINT OF CURVE;
4. ON THE ARC OF A CURVE TO THE RIGHT HAVING A DELTA OF 14°24'42", A RADIUS OF 300.00 FEET AND A DISTANCE OF 75.46 FEET TO A POINT OF TANGENT;
5. S00°29'45"E, A DISTANCE OF 820.43 FEET TO A POINT OF CURVE;
6. ON THE ARC OF A CURVE TO THE LEFT HAVING A DELTA OF 44°09'43", A RADIUS OF 300.00 FEET AND A DISTANCE OF 231.23 FEET TO A POINT OF TANGENT;
7. S44°39'25"E, A DISTANCE OF 101.04 FEET;
8. N45°20'35"E, A DISTANCE OF 1419.92 FEET TO A POINT OF CURVE;
9. ON THE ARC OF A CURVE TO THE RIGHT HAVING A DELTA OF 31°45'34", A RADIUS OF 2060.00 FEET AND A DISTANCE OF 1141.88 FEET TO A POINT ON THE NORTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 35 BEING ALSO A POINT ON THE SOUTHERLY BOUNDARY LINE OF PAINT BRUSH HILLS FILING NO. 11 RECORDED UNDER RECEPTION NO. 204080282;

THENCE S89°02'11"E, ON THE NORTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 35, THE SOUTHERLY BOUNDARY LINE OF SAID PAINT BRUSH HILLS FILING NO. 11 AND THE SOUTHERLY BOUNDARY LINE OF PAINT BRUSH HILLS FILING NO. 10 RECORDED UNDER RECEPTION NO. 203174940, A DISTANCE OF 729.82 FEET TO THE POINT OF BEGINNING.

CONTAINING A CALCULATED AREA OF 610.475 ACRES

LEGAL DESCRIPTION STATEMENT:

I, DOUGLAS P. REINELT, A LICENSED PROFESSIONAL LAND SURVEYOR IN THE STATE OF COLORADO, DO HEREBY STATE THAT THE ABOVE LEGAL DESCRIPTION WAS PREPARED UNDER MY RESPONSIBLE CHARGE AND ON THE BASIS OF MY KNOWLEDGE, INFORMATION AND BELIEF, IS CORRECT.

DOUGLAS P. REINELT, PROFESSIONAL LAND SURVEYOR
COLORADO P.L.S. NO. 30118
FOR AND ON BEHALF OF CLASSIC CONSULTING,
ENGINEERS AND SURVEYORS, LLC.

DATE

EXHIBIT B

DEVELOPMENT SUMMARY

Up to approximately 2,150 single family homes are anticipated to be developed and completed over a period of 22 years beginning in 2023, with values of the single family homes expected to average approximately \$450,000 in year 2020 dollars. As noted in the Financial Plan contained in Exhibit D, it is currently estimated that 100 total residential units will be added per year commencing in 2023 and through 2043, with 50 total residential units estimated to be added in 2044. Additionally, there is anticipated to be up to approximately 26,000 square feet of potential neighborhood commercial development (see Pages 4 and 5 of the financial plan information provided as part of Exhibit D). Also as noted in the Financial Plan contained in Exhibit D, it is currently estimated that such commercial development will be completed in full in 2032. Regarding public improvements, overall costs of approximately \$34,321,640 are currently anticipated, as outlined in Exhibit C. The current cost estimates include, but are not limited to, street and related improvements costs in excess of \$18,300,000; park and related improvements costs in excess of \$8,300,000; water related improvements costs in excess of \$300,000; sanitary sewer related improvements costs of approximately \$1,300,000; and, detention and drainage related improvements costs of approximately \$6,000,000. The contemplated on and off-site public improvements include, but are not limited to, on and off-site streets, roadway, water and sanitary sewer, and park and recreation improvements. As noted in the Service Plan, the cost estimates remain preliminary in nature and the ultimate costs may be altered depending on numerous factors, many of which are out of Developer's control. In particular, the initial cost estimates only include the public improvement portion of costs and the total project improvement costs (including items such as dry utilities, etc.) could be significantly higher which would result in a material increase in the overall development costs.

EXHIBIT C

ESTIMATED INFRASTRUCTURE CAPITAL COSTS

Include tabular summary of estimated infrastructure costs by category (e.g., streets, water, sewer, drainage, park/open space/landscaping, etc.)

Include, as applicable, estimated costs of acquiring land, engineering services, and other related costs (per Special District Act).

THE RANCH, District Cost Assumptions

Doug S

5.13.2020

ROADS	Quantity	Unit	Unit Cost	Total Cost
Stapleton Dr. (Principal Arterial 150' ROW)	7,800	lf	\$ 1,272.00	\$ 9,921,600
Woodmen Hills Dr. (Residential Collector 80' ROW)	4,720	lf	\$ 742.00	\$ 3,502,240
Raygor Rd. (Residential Collector 60" ROW)	1,180	lf	\$ 530.00	\$ 625,400
Residential Collector, 60' ROW	8,080	lf	\$ 530.00	\$ 4,282,400
Subtotal				\$ 18,331,640

PARKS				
Community Parks	22	acre	\$ 150,000.00	\$ 3,360,000
Trail Construction and associated amenities				\$2,500,000
Community Center/Pavilion				\$2,500,000
Subtotal				\$ 8,360,000

WATER				
Extend Water Main From Sterling Ranch	6,000	lf	\$ 55.00	\$ 330,000
Subtotal				\$ 330,000

SEWER				
Sanitary Sewer Lift Stations	2	ea	\$ 650,000.00	\$ 1,300,000
Subtotal				\$ 1,300,000

DETENTION				
Multiple On-Site Detention Facilities and Drainages				\$ 6,000,000

TOTAL \$ 34,321,640

EXHIBIT D

FINANCIAL PLAN SUMMARY

Financial Plan Summary must contain:

Statement of Assumptions Contained in Plan

Assessed Value Projections

Revenue Projections by type of revenue (e.g. Debt Service Mill Levy, Operations Mill Levy, Special Purpose Mill Levy, Non Tax Revenue (e.g. fees and charges), and developer advances

Proposed operating revenue in first budget year, and other major expenses relating to the organization and initial operations of the Districts (e.g., legal, administrative, etc.) (per Special District Act)

Schedule of proposed debt issuance (both general obligation and revenue based), including interest rates and discounts (per Special District Act)

THE RANCH METROPOLITAN DISTRICT Nos. 1-4

Development Projection at 50.000 (target) District Mills for Debt Service, plus Fees -- 05/13/2020

Series 2033, G.O. Bonds, Pay & Cancel Refg of (proposed) Series 2023 + New Money, Non-Rated, 100x @ target, 30-yr. Maturity -- SERVICE PLAN

YEAR	<<<<<<< Residential >>>>>>>>>			< Platted/Developed Lots >		<<<<<<<<< Commercial >>>>>>>>>>>>					Total Assessed Value	District	District	District	Total Facility Fees Collections	Total Available Revenue
	Total Res'l Units	Mkt Value Biennial Reasses'mt @ 6.0%	Cumulative Market Value	As'ed Value @ 7.15% of Market (2-yr lag)	Cumulative Market Value	As'ed Value @ 29.00% of Market (2-yr lag)	Total Comm'l Sq. Ft.	Mkt Value Biennial Reasses'mt @ 6.0%	Cumulative Market Value	As'ed Value @ 29.00% of Market (2-yr lag)		D/S Mill Levy [50,000 Target] [50,000 Cap]	D/S Mill Levy Collections @ 98%	S.O. Taxes Collected @ 6%		
2022	0	0	0	0	4,500,000	0	0	0	0	0	\$0	50.000	\$0	\$0	0	\$0
2023	100		45,000,000	0	4,500,000	0	0	0	0	0	0	50.000	0	0	200,000	200,000
2024	100	2,700,000	93,600,000	0	4,500,000	1,305,000	0	0	0	0	1,305,000	50.000	63,945	3,837	200,000	267,782
2025	100		140,418,000	3,217,500	4,500,000	1,305,000	0	0	0	0	4,522,500	50.000	221,603	13,296	200,000	434,899
2026	100	8,425,080	196,597,440	6,692,400	4,500,000	1,305,000	0	0	0	0	7,997,400	50.000	391,873	23,512	200,000	615,385
2027	100		245,306,887	10,039,887	4,500,000	1,305,000	0	0	0	0	11,344,887	50.000	555,899	33,354	200,000	789,253
2028	100	14,718,413	309,708,937	14,056,717	4,500,000	1,305,000	0	0	0	0	15,361,717	50.000	752,724	45,163	200,000	997,888
2029	100		360,386,245	17,539,442	4,500,000	1,305,000	0	0	0	0	18,844,442	50.000	923,378	55,403	200,000	1,178,780
2030	100	21,623,175	433,700,275	22,144,189	4,500,000	1,305,000	0	0	0	0	23,449,189	50.000	1,149,010	68,941	200,000	1,417,951
2031	100		486,424,947	25,767,617	5,020,000	1,305,000	0	0	0	0	27,072,617	50.000	1,326,558	79,593	200,000	1,606,152
2032	100	29,185,497	569,389,610	31,009,570	4,500,000	1,305,000	26,000	0	6,214,481	0	32,314,570	50.000	1,583,414	95,005	200,000	1,878,419
2033	100		624,244,359	34,779,384	4,500,000	1,455,800	0	0	6,214,481	0	36,235,184	50.000	1,775,524	106,531	200,000	2,082,055
2034	100	37,454,662	717,650,864	40,711,357	4,500,000	1,305,000	0	372,869	6,587,350	1,802,200	43,818,557	50.000	2,147,109	128,827	200,000	2,475,936
2035	100		774,721,745	44,633,472	4,500,000	1,305,000	0	0	6,587,350	1,802,200	47,740,671	50.000	2,339,293	140,358	200,000	2,679,650
2036	100	46,483,305	879,417,348	51,312,037	4,500,000	1,305,000	0	395,241	6,982,591	1,910,332	54,527,368	50.000	2,671,841	160,310	200,000	3,032,152
2037	100		938,793,892	55,392,605	4,500,000	1,305,000	0	0	6,982,591	1,910,332	58,607,936	50.000	2,871,789	172,307	200,000	3,244,096
2038	100	56,327,634	1,055,685,601	62,878,340	4,500,000	1,305,000	0	418,955	7,401,547	2,024,951	66,208,292	50.000	3,244,206	194,652	200,000	3,638,859
2039	100		1,117,460,958	67,123,763	4,500,000	1,305,000	0	0	7,401,547	2,024,951	70,453,715	50.000	3,452,232	207,134	200,000	3,859,366
2040	100	67,047,657	1,247,519,479	75,481,520	4,500,000	1,305,000	0	444,093	7,845,640	2,146,449	78,932,969	50.000	3,867,715	232,063	200,000	4,299,778
2041	100		1,311,790,560	79,898,458	4,500,000	1,305,000	0	0	7,845,640	2,146,449	83,349,907	50.000	4,084,145	245,049	200,000	4,529,194
2042	100	78,707,434	1,456,054,497	89,197,643	4,500,000	1,305,000	0	470,738	8,316,378	2,275,235	92,777,878	50.000	4,546,116	272,767	200,000	5,018,883
2043	100		1,522,922,129	93,793,025	2,250,000	1,305,000	0	0	8,316,378	2,275,235	97,373,261	50.000	4,771,290	286,277	200,000	5,257,567
2044	50	91,375,328	1,648,399,950	104,107,897	0	1,305,000	0	498,983	8,815,361	2,411,750	107,824,646	50.000	5,283,408	317,004	100,000	5,700,412
2045	0		1,648,399,950	108,888,932	0	652,500	0	0	8,815,361	2,411,750	111,953,182	50.000	5,485,706	329,142	0	5,814,848
2046		98,903,997	1,747,303,947	117,860,596	0	0	0	528,922	9,344,282	2,556,455	120,417,051	50.000	5,900,435	354,026	0	6,254,462
2047			1,747,303,947	117,860,596	0	0	0	0	9,344,282	2,556,455	120,417,051	50.000	5,900,435	354,026	0	6,254,462
2048		104,838,237	1,852,142,184	124,932,232	0	0	0	560,657	9,904,939	2,709,842	127,642,074	50.000	6,254,462	375,268	0	6,629,729
2049			1,852,142,184	124,932,232	0	0	0	0	9,904,939	2,709,842	127,642,074	50.000	6,254,462	375,268	0	6,629,729
2050		111,128,531	1,963,270,715	132,428,166	0	0	0	594,296	10,499,235	2,872,432	135,300,598	50.000	6,629,729	397,784	0	7,027,513
2051			1,963,270,715	132,428,166	0	0	0	0	10,499,235	2,872,432	135,300,598	50.000	6,629,729	397,784	0	7,027,513
2052		117,796,243	2,081,066,958	140,373,856	0	0	0	629,954	11,129,190	3,044,778	143,418,634	50.000	7,027,513	421,651	0	7,449,164
2053			2,081,066,958	140,373,856	0	0	0	0	11,129,190	3,044,778	143,418,634	50.000	7,027,513	421,651	0	7,449,164
2054		124,864,017	2,205,930,975	148,796,287	0	0	0	667,751	11,796,941	3,227,465	152,023,752	50.000	7,449,164	446,950	0	7,896,114
2055			2,205,930,975	148,796,287	0	0	0	0	11,796,941	3,227,465	152,023,752	50.000	7,449,164	446,950	0	7,896,114
2056		132,355,859	2,338,286,834	157,724,065	0	0	0	707,816	12,504,757	3,421,113	161,145,178	50.000	7,896,114	473,767	0	8,369,881
2057			2,338,286,834	157,724,065	0	0	0	0	12,504,757	3,421,113	161,145,178	50.000	7,896,114	473,767	0	8,369,881
2058		140,297,210	2,478,584,044	167,187,509	0	0	0	750,285	13,255,043	3,626,380	170,813,888	50.000	8,369,881	502,193	0	8,872,073
2059			2,478,584,044	167,187,509	0	0	0	0	13,255,043	3,626,380	170,813,888	50.000	8,369,881	502,193	0	8,872,073
2060		148,715,043	2,627,299,086	177,218,759	0	0	0	795,303	14,050,345	3,843,962	181,062,722	50.000	8,872,073	532,324	0	9,404,398
2061			2,627,299,086	177,218,759	0	0	0	0	14,050,345	3,843,962	181,062,722	50.000	8,872,073	532,324	0	9,404,398
2062		157,637,945	2,784,937,031	187,851,885	0	0	0	843,021	14,893,366	4,074,600	191,926,485	50.000	9,404,398	564,264	0	9,968,662
2063			2,784,937,031	187,851,885	0	0	0	0	14,893,366	4,074,600	191,926,485	50.000	9,404,398	564,264	0	9,968,662
	2,150	1,590,585,265					26,000	8,678,885				189,116,316	11,346,979	4,300,000		204,763,295

THE RANCH METROPOLITAN DISTRICT Nos. 1-4

Development Projection at 50.000 (target) District Mills for Debt Service, plus Fees -- 05/13/2020

Series 2033, G.O. Bonds, Pay & Cancel Refg of (proposed) Series 2023 + New Money, Non-Rated, 100x @ target, 30-yr. Maturity -- SERVICE PLAN

YEAR	Net Available for Debt Svc	Ser. 2023	Ser. 2033	Total	Funds on Hand ^[1] Used as Source	Surplus			Debt/ Assessed Ratio	Debt/ Act'l Value Ratio	Cov. of Net DS: @ 50.000 Cap
		\$37,655,000 Par [Net \$27.528 MM]	\$92,720,000 Par [Net \$37.256 MM]			Net Debt Service	Net Debt Service	Net Debt Service			
2022	\$0			\$0					n/a	n/a	0%
2023	200,000	\$0		0		200,000		3,626,000	2885%	38%	0%
2024	267,782	0		0		267,782	0	3,893,782	833%	26%	0%
2025	434,899	0		0		434,899	0	4,328,680	471%	19%	0%
2026	615,385	0		0		615,385	0	4,944,065	332%	15%	0%
2027	789,253	1,882,750		1,882,750		(1,093,497)	0	3,850,569	245%	12%	42%
2028	997,888	1,882,750		1,882,750		(884,862)	0	2,965,706	200%	10%	53%
2029	1,178,780	1,882,750		1,882,750		(703,970)	0	2,261,737	161%	9%	63%
2030	1,417,951	1,882,750		1,882,750		(464,799)	0	1,796,938	139%	8%	75%
2031	1,606,152	1,882,750		1,882,750		(276,598)	0	1,520,339	117%	6%	85%
2032	1,878,419	1,882,750		1,882,750		(4,331)	0	1,516,008	104%	6%	100%
2033	2,082,055	1,882,750		1,882,750	1,710,000	(1,510,695)	0	8,424,313	298%	18%	111%
2034	2,475,936	[Ref'd by Ser. '33]	2,330,344	2,330,344		145,592	0	8,569,905	272%	17%	106%
2035	2,679,650		2,330,344	2,330,344		349,306	0	8,919,211	237%	15%	115%
2036	3,032,152		2,330,344	2,330,344		701,807	0	9,621,019	220%	14%	130%
2037	3,244,096		4,636,000	4,636,000		(1,391,904)	0	8,229,115	193%	12%	70%
2038	3,638,859		4,636,000	4,636,000		(997,141)	0	7,231,974	180%	11%	79%
2039	3,859,366		4,636,000	4,636,000		(776,634)	0	6,455,340	160%	10%	83%
2040	4,299,778		4,636,000	4,636,000		(336,222)	0	6,119,118	150%	9%	93%
2041	4,529,194		4,636,000	4,636,000		(106,806)	0	6,012,312	133%	8%	98%
2042	5,018,883		4,816,000	4,816,000		202,883	0	6,215,195	125%	8%	104%
2043	5,257,567		5,057,000	5,057,000		200,567	0	6,415,762	111%	7%	104%
2044	5,700,412		5,595,500	5,595,500		104,912	0	6,520,674	105%	7%	102%
2045	5,814,848		5,811,000	5,811,000		3,848	0	6,524,523	95%	6%	100%
2046	6,254,462		6,253,250	6,253,250		1,212	0	6,525,734	91%	6%	100%
2047	6,254,462		6,250,250	6,250,250		4,212	0	6,529,946	83%	6%	100%
2048	6,629,729		6,628,000	6,628,000		1,729	0	6,531,675	79%	5%	100%
2049	6,629,729		6,627,250	6,627,250		2,479	0	6,534,155	71%	5%	100%
2050	7,027,513		7,025,750	7,025,750		1,763	0	6,535,918	66%	5%	100%
2051	7,027,513		7,023,250	7,023,250		4,263	0	6,540,181	58%	4%	100%
2052	7,449,164		7,448,500	7,448,500		664	0	6,540,845	53%	4%	100%
2053	7,449,164		7,444,750	7,444,750		4,414	0	6,545,258	45%	3%	100%
2054	7,896,114		7,892,000	7,892,000		4,114	0	6,549,372	42%	3%	100%
2055	7,896,114		7,892,250	7,892,250		3,864	0	6,553,236	36%	2%	100%
2056	8,369,881		8,366,250	8,366,250		3,631	0	6,556,866	33%	2%	100%
2057	8,369,881		8,369,750	8,369,750		131	0	6,556,997	28%	2%	100%
2058	8,872,073		8,869,500	8,869,500		2,573	0	6,559,570	24%	2%	100%
2059	8,872,073		8,870,000	8,870,000		2,073	0	6,561,644	19%	1%	100%
2060	9,404,398		9,399,250	9,399,250		5,148	0	6,566,791	15%	1%	100%
2061	9,404,398		9,400,000	9,400,000		4,398	0	6,571,189	10%	1%	100%
2062	9,968,662		9,966,500	9,966,500		2,162	0	6,573,351	5%	0%	100%
2063	9,968,662		9,964,500	9,964,500		4,162	6,577,512	0	0%	0%	100%
	204,763,295	13,179,250	195,141,533	208,320,783	1,710,000	(5,267,488)	6,577,512				

[C]May1320 20nrsp[C]

[C]May1319 30nr23n[C]

[1] Estimated balance (tbd)

[*] Assumes \$3.426M Deposit @ Ser. 2023 closing (tbd)

[*] Assumes \$8.419M Deposit @ Ser. 2033 closing (tbd)

THE RANCH METROPOLITAN DISTRICT Nos. 1-4
Operations Revenue and Expense Projection -- 05/13/2020

YEAR	Total Assessed Value	Oper'n's Mill Levy	Total Collections @ 98%	Specific Ownership Tax @ 6%	Total Available For O&M	Total Mills
2022	\$0		\$0	\$0	\$0	50.000
2023	0	10.000	0	0	0	60.000
2024	1,305,000	10.000	12,789	767	13,556	60.000
2025	4,522,500	10.000	44,321	2,659	46,980	60.000
2026	7,997,400	10.000	78,375	4,702	83,077	60.000
2027	11,344,887	10.000	111,180	6,671	117,851	60.000
2028	15,361,717	10.000	150,545	9,033	159,578	60.000
2029	18,844,442	10.000	184,676	11,081	195,756	60.000
2030	23,449,189	10.000	229,802	13,788	243,590	60.000
2031	27,072,617	10.000	265,312	15,919	281,230	60.000
2032	32,314,570	10.000	316,683	19,001	335,684	60.000
2033	36,235,184	10.000	355,105	21,306	376,411	60.000
2034	43,818,557	10.000	429,422	25,765	455,187	60.000
2035	47,740,671	10.000	467,859	28,072	495,930	60.000
2036	54,527,368	10.000	534,368	32,062	566,430	60.000
2037	58,607,936	10.000	574,358	34,461	608,819	60.000
2038	66,208,292	10.000	648,841	38,930	687,772	60.000
2039	70,453,715	10.000	690,446	41,427	731,873	60.000
2040	78,932,969	10.000	773,543	46,413	819,956	60.000
2041	83,349,907	10.000	816,829	49,010	865,839	60.000
2042	92,777,878	10.000	909,223	54,553	963,777	60.000
2043	97,373,261	10.000	954,258	57,255	1,011,513	60.000
2044	107,824,646	10.000	1,056,682	63,401	1,120,082	60.000
2045	111,953,182	10.000	1,097,141	65,828	1,162,970	60.000
2046	120,417,051	10.000	1,180,087	70,805	1,250,892	60.000
2047	120,417,051	10.000	1,180,087	70,805	1,250,892	60.000
2048	127,642,074	10.000	1,250,892	75,054	1,325,946	60.000
2049	127,642,074	10.000	1,250,892	75,054	1,325,946	60.000
2050	135,300,598	10.000	1,325,946	79,557	1,405,503	60.000
2051	135,300,598	10.000	1,325,946	79,557	1,405,503	60.000
2052	143,418,634	10.000	1,405,503	84,330	1,489,833	60.000
2053	143,418,634	10.000	1,405,503	84,330	1,489,833	60.000
2054	152,023,752	10.000	1,489,833	89,390	1,579,223	60.000
2055	152,023,752	10.000	1,489,833	89,390	1,579,223	60.000
2056	161,145,178	10.000	1,579,223	94,753	1,673,976	60.000
2057	161,145,178	10.000	1,579,223	94,753	1,673,976	60.000
2058	170,813,888	10.000	1,673,976	100,439	1,774,415	60.000
2059	170,813,888	10.000	1,673,976	100,439	1,774,415	60.000
2060	181,062,722	10.000	1,774,415	106,465	1,880,880	60.000
2061	181,062,722	10.000	1,774,415	106,465	1,880,880	60.000
2062	191,926,485	10.000	1,880,880	112,853	1,993,732	60.000
2063	191,926,485	10.000	1,880,880	112,853	1,993,732	60.000
			37,823,263	2,269,396	40,092,659	

THE RANCH METROPOLITAN DISTRICT Nos. 1-4
Development Summary
 Development Projection -- Buildout Plan (updated 5/13/20)

Product Type	Residential Development		Commercial Development	
	SFD		Retail	
Base \$ ('23)	\$450,000		\$200/sf	
		Res'l Totals		Comm'l Totals
2022	-	-	-	-
2023	100	100	-	-
2024	100	100	-	-
2025	100	100	-	-
2026	100	100	-	-
2027	100	100	-	-
2028	100	100	-	-
2029	100	100	-	-
2030	100	100	-	-
2031	100	100	-	-
2032	100	100	26,000	26,000
2033	100	100	-	-
2034	100	100	-	-
2035	100	100	-	-
2036	100	100	-	-
2037	100	100	-	-
2038	100	100	-	-
2039	100	100	-	-
2040	100	100	-	-
2041	100	100	-	-
2042	100	100	-	-
2043	100	100	-	-
2044	50	50	-	-
2045	-	-	-	-
	2,150	2,150	26,000	26,000
MV @ Full Buildout (base prices;un-infl.)	\$967,500,000	\$967,500,000	\$5,200,000	\$5,200,000

notes:
 Platted/Dev Lots = 10% MV; one-yr prior
 Base MV \$ inflated 2% per annum
 Res'l SFDs Fac. Fees = \$2,000 unit

SOURCES AND USES OF FUNDS

**THE RANCH METROPOLITAN DISTRICT Nos. 1-4
GENERAL OBLIGATION BONDS, SERIES 2023
50.000 (target) Mills
Non-Rated, 100x, 30-yr. Maturity
(SERVICE PLAN: 2033 Growth + 6.00% Bi-Reassessment Projections)
[Preliminary -- for discussion only]**

Dated Date	12/01/2023
Delivery Date	12/01/2023

Sources:

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Bond Proceeds:	
Par Amount	37,655,000.00
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	37,655,000.00
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Uses:

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Project Fund Deposits:	
Project Fund	27,527,650.00
Other Fund Deposits:	
Capitalized Interest Fund	5,648,250.00
Delivery Date Expenses:	
Cost of Issuance	300,000.00
Underwriter's Discount	753,100.00
	<hr/>
	1,053,100.00
Other Uses of Funds:	
Deposit to Surplus Fund (New)	3,426,000.00
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	37,655,000.00
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BOND SUMMARY STATISTICS

THE RANCH METROPOLITAN DISTRICT Nos. 1-4 GENERAL OBLIGATION BONDS, SERIES 2023 50.000 (target) Mills

Non-Rated, 100x, 30-yr. Maturity

**(SERVICE PLAN: 2033 Growth + 6.00% Bi-Reassessment Projections)
[Preliminary -- for discussion only]**

Dated Date	12/01/2023
Delivery Date	12/01/2023
First Coupon	06/01/2024
Last Maturity	12/01/2053
Arbitrage Yield	5.000000%
True Interest Cost (TIC)	5.149420%
Net Interest Cost (NIC)	5.000000%
All-In TIC	5.210165%
Average Coupon	5.000000%
Average Life (years)	23.673
Weighted Average Maturity (years)	23.673
Duration of Issue (years)	13.808
Par Amount	37,655,000.00
Bond Proceeds	37,655,000.00
Total Interest	44,570,000.00
Net Interest	45,323,100.00
Bond Years from Dated Date	891,400,000.00
Bond Years from Delivery Date	891,400,000.00
Total Debt Service	82,225,000.00
Maximum Annual Debt Service	4,074,000.00
Average Annual Debt Service	2,740,833.33
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	20.000000
Total Underwriter's Discount	20.000000
Bid Price	98.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	Average Maturity Date	PV of 1 bp change
Term Bond due 2053	37,655,000.00	100.000	5.000%	23.673	08/03/2047	58,365.25
	37,655,000.00			23.673		58,365.25

	TIC	All-In TIC	Arbitrage Yield
Par Value	37,655,000.00	37,655,000.00	37,655,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-753,100.00	-753,100.00	
- Cost of Issuance Expense		-300,000.00	
- Other Amounts			
Target Value	36,901,900.00	36,601,900.00	37,655,000.00
Target Date	12/01/2023	12/01/2023	12/01/2023
Yield	5.149420%	5.210165%	5.000000%

BOND DEBT SERVICE

**THE RANCH METROPOLITAN DISTRICT Nos. 1-4
GENERAL OBLIGATION BONDS, SERIES 2023
50.000 (target) Mills**

Non-Rated, 100x, 30-yr. Maturity

**(SERVICE PLAN: 2033 Growth + 6.00% Bi-Reassessment Projections)
[Preliminary -- for discussion only]**

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2024			941,375	941,375	
12/01/2024			941,375	941,375	1,882,750
06/01/2025			941,375	941,375	
12/01/2025			941,375	941,375	1,882,750
06/01/2026			941,375	941,375	
12/01/2026			941,375	941,375	1,882,750
06/01/2027			941,375	941,375	
12/01/2027			941,375	941,375	1,882,750
06/01/2028			941,375	941,375	
12/01/2028			941,375	941,375	1,882,750
06/01/2029			941,375	941,375	
12/01/2029			941,375	941,375	1,882,750
06/01/2030			941,375	941,375	
12/01/2030			941,375	941,375	1,882,750
06/01/2031			941,375	941,375	
12/01/2031			941,375	941,375	1,882,750
06/01/2032			941,375	941,375	
12/01/2032			941,375	941,375	1,882,750
06/01/2033			941,375	941,375	
12/01/2033			941,375	941,375	1,882,750
06/01/2034			941,375	941,375	
12/01/2034	390,000	5.000%	941,375	1,331,375	2,272,750
06/01/2035			931,625	931,625	
12/01/2035	545,000	5.000%	931,625	1,476,625	2,408,250
06/01/2036			918,000	918,000	
12/01/2036	720,000	5.000%	918,000	1,638,000	2,556,000
06/01/2037			900,000	900,000	
12/01/2037	755,000	5.000%	900,000	1,655,000	2,555,000
06/01/2038			881,125	881,125	
12/01/2038	945,000	5.000%	881,125	1,826,125	2,707,250
06/01/2039			857,500	857,500	
12/01/2039	990,000	5.000%	857,500	1,847,500	2,705,000
06/01/2040			832,750	832,750	
12/01/2040	1,205,000	5.000%	832,750	2,037,750	2,870,500
06/01/2041			802,625	802,625	
12/01/2041	1,265,000	5.000%	802,625	2,067,625	2,870,250
06/01/2042			771,000	771,000	
12/01/2042	1,500,000	5.000%	771,000	2,271,000	3,042,000
06/01/2043			733,500	733,500	
12/01/2043	1,575,000	5.000%	733,500	2,308,500	3,042,000
06/01/2044			694,125	694,125	
12/01/2044	1,835,000	5.000%	694,125	2,529,125	3,223,250
06/01/2045			648,250	648,250	
12/01/2045	1,930,000	5.000%	648,250	2,578,250	3,226,500
06/01/2046			600,000	600,000	
12/01/2046	2,220,000	5.000%	600,000	2,820,000	3,420,000
06/01/2047			544,500	544,500	
12/01/2047	2,330,000	5.000%	544,500	2,874,500	3,419,000
06/01/2048			486,250	486,250	
12/01/2048	2,650,000	5.000%	486,250	3,136,250	3,622,500
06/01/2049			420,000	420,000	
12/01/2049	2,785,000	5.000%	420,000	3,205,000	3,625,000
06/01/2050			350,375	350,375	
12/01/2050	3,140,000	5.000%	350,375	3,490,375	3,840,750
06/01/2051			271,875	271,875	
12/01/2051	3,300,000	5.000%	271,875	3,571,875	3,843,750
06/01/2052			189,375	189,375	
12/01/2052	3,695,000	5.000%	189,375	3,884,375	4,073,750
06/01/2053			97,000	97,000	
12/01/2053	3,880,000	5.000%	97,000	3,977,000	4,074,000
	37,655,000		44,570,000	82,225,000	82,225,000

NET DEBT SERVICE

**THE RANCH METROPOLITAN DISTRICT Nos. 1-4
GENERAL OBLIGATION BONDS, SERIES 2023
50.000 (target) Mills
Non-Rated, 100x, 30-yr. Maturity
(SERVICE PLAN: 2033 Growth + 6.00% Bi-Reassessment Projections)
[Preliminary -- for discussion only]**

Period Ending	Principal	Interest	Total Debt Service	Capitalized Interest Fund	Net Debt Service
12/01/2024		1,882,750	1,882,750	1,882,750	
12/01/2025		1,882,750	1,882,750	1,882,750	
12/01/2026		1,882,750	1,882,750	1,882,750	
12/01/2027		1,882,750	1,882,750		1,882,750
12/01/2028		1,882,750	1,882,750		1,882,750
12/01/2029		1,882,750	1,882,750		1,882,750
12/01/2030		1,882,750	1,882,750		1,882,750
12/01/2031		1,882,750	1,882,750		1,882,750
12/01/2032		1,882,750	1,882,750		1,882,750
12/01/2033		1,882,750	1,882,750		1,882,750
12/01/2034	390,000	1,882,750	2,272,750		2,272,750
12/01/2035	545,000	1,863,250	2,408,250		2,408,250
12/01/2036	720,000	1,836,000	2,556,000		2,556,000
12/01/2037	755,000	1,800,000	2,555,000		2,555,000
12/01/2038	945,000	1,762,250	2,707,250		2,707,250
12/01/2039	990,000	1,715,000	2,705,000		2,705,000
12/01/2040	1,205,000	1,665,500	2,870,500		2,870,500
12/01/2041	1,265,000	1,605,250	2,870,250		2,870,250
12/01/2042	1,500,000	1,542,000	3,042,000		3,042,000
12/01/2043	1,575,000	1,467,000	3,042,000		3,042,000
12/01/2044	1,835,000	1,388,250	3,223,250		3,223,250
12/01/2045	1,930,000	1,296,500	3,226,500		3,226,500
12/01/2046	2,220,000	1,200,000	3,420,000		3,420,000
12/01/2047	2,330,000	1,089,000	3,419,000		3,419,000
12/01/2048	2,650,000	972,500	3,622,500		3,622,500
12/01/2049	2,785,000	840,000	3,625,000		3,625,000
12/01/2050	3,140,000	700,750	3,840,750		3,840,750
12/01/2051	3,300,000	543,750	3,843,750		3,843,750
12/01/2052	3,695,000	378,750	4,073,750		4,073,750
12/01/2053	3,880,000	194,000	4,074,000		4,074,000
	37,655,000	44,570,000	82,225,000	5,648,250	76,576,750

BOND SOLUTION

THE RANCH METROPOLITAN DISTRICT Nos. 1-4 GENERAL OBLIGATION BONDS, SERIES 2023 50.000 (target) Mills

Non-Rated, 100x, 30-yr. Maturity
(SERVICE PLAN: 2033 Growth + 6.00% Bi-Reassessment Projections)
[Preliminary -- for discussion only]

Period Ending	Proposed Principal	Proposed Debt Service	Debt Service Adjustments	Total Adj Debt Service	Revenue Constraints	Unused Revenues	Debt Serv Coverage
12/01/2024		1,882,750	-1,882,750		67,782	67,782	
12/01/2025		1,882,750	-1,882,750		234,899	234,899	
12/01/2026		1,882,750	-1,882,750		415,385	415,385	
12/01/2027		1,882,750		1,882,750	589,253	-1,293,497	31.29749%
12/01/2028		1,882,750		1,882,750	797,888	-1,084,862	42.37884%
12/01/2029		1,882,750		1,882,750	978,780	-903,970	51.98674%
12/01/2030		1,882,750		1,882,750	1,217,951	-664,799	64.68999%
12/01/2031		1,882,750		1,882,750	1,406,152	-476,598	74.68605%
12/01/2032		1,882,750		1,882,750	1,678,419	-204,331	89.14719%
12/01/2033		1,882,750		1,882,750	1,882,055	-695	99.96311%
12/01/2034	390,000	2,272,750		2,272,750	2,275,936	3,186	100.14018%
12/01/2035	545,000	2,408,250		2,408,250	2,479,650	71,400	102.96483%
12/01/2036	720,000	2,556,000		2,556,000	2,832,152	276,152	110.80405%
12/01/2037	755,000	2,555,000		2,555,000	3,044,096	489,096	119.14271%
12/01/2038	945,000	2,707,250		2,707,250	3,438,859	731,609	127.02405%
12/01/2039	990,000	2,705,000		2,705,000	3,659,366	954,366	135.28155%
12/01/2040	1,205,000	2,870,500		2,870,500	4,099,778	1,229,278	142.82454%
12/01/2041	1,265,000	2,870,250		2,870,250	4,329,194	1,458,944	150.82986%
12/01/2042	1,500,000	3,042,000		3,042,000	4,818,883	1,776,883	158.41167%
12/01/2043	1,575,000	3,042,000		3,042,000	5,057,567	2,015,567	166.25796%
12/01/2044	1,835,000	3,223,250		3,223,250	5,600,412	2,377,162	173.75047%
12/01/2045	1,930,000	3,226,500		3,226,500	5,814,848	2,588,348	180.22155%
12/01/2046	2,220,000	3,420,000		3,420,000	6,254,462	2,834,462	182.87900%
12/01/2047	2,330,000	3,419,000		3,419,000	6,254,462	2,835,462	182.93248%
12/01/2048	2,650,000	3,622,500		3,622,500	6,629,729	3,007,229	183.01530%
12/01/2049	2,785,000	3,625,000		3,625,000	6,629,729	3,004,729	182.88908%
12/01/2050	3,140,000	3,840,750		3,840,750	7,027,513	3,186,763	182.97242%
12/01/2051	3,300,000	3,843,750		3,843,750	7,027,513	3,183,763	182.82961%
12/01/2052	3,695,000	4,073,750		4,073,750	7,449,164	3,375,414	182.85766%
12/01/2053	3,880,000	4,074,000		4,074,000	7,449,164	3,375,164	182.84644%
	37,655,000	82,225,000	-5,648,250	76,576,750	111,441,041	34,864,291	

SOURCES AND USES OF FUNDS

**THE RANCH METROPOLITAN DISTRICT Nos. 1-4
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2033
Pay & Cancel Refunding of (proposed) Series 2023 + New Money
50.000 (target) Mills
Assumes Non-Rated, 100x @ Cap, 30-yr. Maturity
(SERVICE PLAN: Full Growth + 6.00% Bi-Reassessment Projections)
[Preliminary -- for discussion only]**

Dated Date	12/01/2033
Delivery Date	12/01/2033

Sources:

<hr/>	
Bond Proceeds:	
Par Amount	92,720,000.00
Other Sources of Funds:	
Funds on Hand*	1,710,000.00
	<hr/>
	94,430,000.00
	<hr/> <hr/>

Uses:

<hr/>	
Project Fund Deposits:	
Project Fund	39,207,169.58
Refunding Escrow Deposits:	
Cash Deposit*	37,655,000.00
Other Fund Deposits:	
Capitalized Interest	7,094,430.42
Delivery Date Expenses:	
Cost of Issuance	200,000.00
Underwriter's Discount	<u>1,854,400.00</u>
	2,054,400.00
Other Uses of Funds:	
Deposit to Surplus Fund (New)	8,419,000.00
	<hr/>
	94,430,000.00
	<hr/> <hr/>

[*] Estimated balances (tbd).

BOND SUMMARY STATISTICS

**THE RANCH METROPOLITAN DISTRICT Nos. 1-4
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2033
Pay & Cancel Refunding of (proposed) Series 2023 + New Money
50.000 (target) Mills
Assumes Non-Rated, 100x @ Cap, 30-yr. Maturity
(SERVICE PLAN: Full Growth + 6.00% Bi-Reassessment Projections)
[Preliminary -- for discussion only]**

Dated Date	12/01/2033
Delivery Date	12/01/2033
First Coupon	06/01/2034
Last Maturity	12/01/2063
Arbitrage Yield	5.000000%
True Interest Cost (TIC)	5.149838%
Net Interest Cost (NIC)	5.000000%
All-In TIC	5.166260%
Average Coupon	5.000000%
Average Life (years)	23.585
Weighted Average Maturity (years)	23.585
Duration of Issue (years)	13.770
Par Amount	92,720,000.00
Bond Proceeds	92,720,000.00
Total Interest	109,338,500.00
Net Interest	111,192,900.00
Bond Years from Dated Date	2,186,770,000.00
Bond Years from Delivery Date	2,186,770,000.00
Total Debt Service	202,058,500.00
Maximum Annual Debt Service	9,966,500.00
Average Annual Debt Service	6,735,283.33
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	20.000000
Total Underwriter's Discount	20.000000
Bid Price	98.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	Average Maturity Date	PV of 1 bp change
Term Bond due 2060	92,720,000.00	100.000	5.000%	23.585	07/02/2057	143,716.00
	92,720,000.00			23.585		143,716.00

	TIC	All-In TIC	Arbitrage Yield
Par Value	92,720,000.00	92,720,000.00	92,720,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-1,854,400.00	-1,854,400.00	
- Cost of Issuance Expense		-200,000.00	
- Other Amounts			
Target Value	90,865,600.00	90,665,600.00	92,720,000.00
Target Date	12/01/2033	12/01/2033	12/01/2033
Yield	5.149838%	5.166260%	5.000000%

BOND DEBT SERVICE

**THE RANCH METROPOLITAN DISTRICT Nos. 1-4
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2033
Pay & Cancel Refunding of (proposed) Series 2023 + New Money
50.000 (target) Mills
Assumes Non-Rated, 100x @ Cap, 30-yr. Maturity
(SERVICE PLAN: Full Growth + 6.00% Bi-Reassessment Projections)
[Preliminary -- for discussion only]**

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2034			2,318,000	2,318,000	
12/01/2034			2,318,000	2,318,000	4,636,000
06/01/2035			2,318,000	2,318,000	
12/01/2035			2,318,000	2,318,000	4,636,000
06/01/2036			2,318,000	2,318,000	
12/01/2036			2,318,000	2,318,000	4,636,000
06/01/2037			2,318,000	2,318,000	
12/01/2037			2,318,000	2,318,000	4,636,000
06/01/2038			2,318,000	2,318,000	
12/01/2038			2,318,000	2,318,000	4,636,000
06/01/2039			2,318,000	2,318,000	
12/01/2039			2,318,000	2,318,000	4,636,000
06/01/2040			2,318,000	2,318,000	
12/01/2040			2,318,000	2,318,000	4,636,000
06/01/2041			2,318,000	2,318,000	
12/01/2041			2,318,000	2,318,000	4,636,000
06/01/2042			2,318,000	2,318,000	
12/01/2042	180,000	5.000%	2,318,000	2,498,000	4,816,000
06/01/2043			2,313,500	2,313,500	
12/01/2043	430,000	5.000%	2,313,500	2,743,500	5,057,000
06/01/2044			2,302,750	2,302,750	
12/01/2044	990,000	5.000%	2,302,750	3,292,750	5,595,500
06/01/2045			2,278,000	2,278,000	
12/01/2045	1,255,000	5.000%	2,278,000	3,533,000	5,811,000
06/01/2046			2,246,625	2,246,625	
12/01/2046	1,760,000	5.000%	2,246,625	4,006,625	6,253,250
06/01/2047			2,202,625	2,202,625	
12/01/2047	1,845,000	5.000%	2,202,625	4,047,625	6,250,250
06/01/2048			2,156,500	2,156,500	
12/01/2048	2,315,000	5.000%	2,156,500	4,471,500	6,628,000
06/01/2049			2,098,625	2,098,625	
12/01/2049	2,430,000	5.000%	2,098,625	4,528,625	6,627,250
06/01/2050			2,037,875	2,037,875	
12/01/2050	2,950,000	5.000%	2,037,875	4,987,875	7,025,750
06/01/2051			1,964,125	1,964,125	
12/01/2051	3,095,000	5.000%	1,964,125	5,059,125	7,023,250
06/01/2052			1,886,750	1,886,750	
12/01/2052	3,675,000	5.000%	1,886,750	5,561,750	7,448,500
06/01/2053			1,794,875	1,794,875	
12/01/2053	3,855,000	5.000%	1,794,875	5,649,875	7,444,750
06/01/2054			1,698,500	1,698,500	
12/01/2054	4,495,000	5.000%	1,698,500	6,193,500	7,892,000
06/01/2055			1,586,125	1,586,125	
12/01/2055	4,720,000	5.000%	1,586,125	6,306,125	7,892,250
06/01/2056			1,468,125	1,468,125	
12/01/2056	5,430,000	5.000%	1,468,125	6,898,125	8,366,250
06/01/2057			1,332,375	1,332,375	
12/01/2057	5,705,000	5.000%	1,332,375	7,037,375	8,369,750
06/01/2058			1,189,750	1,189,750	
12/01/2058	6,490,000	5.000%	1,189,750	7,679,750	8,869,500
06/01/2059			1,027,500	1,027,500	
12/01/2059	6,815,000	5.000%	1,027,500	7,842,500	8,870,000
06/01/2060			857,125	857,125	
12/01/2060	7,685,000	5.000%	857,125	8,542,125	9,399,250
06/01/2061			665,000	665,000	
12/01/2061	8,070,000	5.000%	665,000	8,735,000	9,400,000
06/01/2062			463,250	463,250	
12/01/2062	9,040,000	5.000%	463,250	9,503,250	9,966,500
06/01/2063			237,250	237,250	
12/01/2063	9,490,000	5.000%	237,250	9,727,250	9,964,500
	92,720,000		109,338,500	202,058,500	202,058,500

NET DEBT SERVICE

**THE RANCH METROPOLITAN DISTRICT Nos. 1-4
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2033
Pay & Cancel Refunding of (proposed) Series 2023 + New Money
50.000 (target) Mills
Assumes Non-Rated, 100x @ Cap, 30-yr. Maturity
(SERVICE PLAN: Full Growth + 6.00% Bi-Reassessment Projections)
[Preliminary -- for discussion only]**

Period Ending	Principal	Interest	Total Debt Service	Capitalized Interest	Net Debt Service
12/01/2034		4,636,000	4,636,000	2,364,810.14	2,271,189.86
12/01/2035		4,636,000	4,636,000	2,364,810.14	2,271,189.86
12/01/2036		4,636,000	4,636,000	2,364,810.14	2,271,189.86
12/01/2037		4,636,000	4,636,000		4,636,000.00
12/01/2038		4,636,000	4,636,000		4,636,000.00
12/01/2039		4,636,000	4,636,000		4,636,000.00
12/01/2040		4,636,000	4,636,000		4,636,000.00
12/01/2041		4,636,000	4,636,000		4,636,000.00
12/01/2042	180,000	4,636,000	4,816,000		4,816,000.00
12/01/2043	430,000	4,627,000	5,057,000		5,057,000.00
12/01/2044	990,000	4,605,500	5,595,500		5,595,500.00
12/01/2045	1,255,000	4,556,000	5,811,000		5,811,000.00
12/01/2046	1,760,000	4,493,250	6,253,250		6,253,250.00
12/01/2047	1,845,000	4,405,250	6,250,250		6,250,250.00
12/01/2048	2,315,000	4,313,000	6,628,000		6,628,000.00
12/01/2049	2,430,000	4,197,250	6,627,250		6,627,250.00
12/01/2050	2,950,000	4,075,750	7,025,750		7,025,750.00
12/01/2051	3,095,000	3,928,250	7,023,250		7,023,250.00
12/01/2052	3,675,000	3,773,500	7,448,500		7,448,500.00
12/01/2053	3,855,000	3,589,750	7,444,750		7,444,750.00
12/01/2054	4,495,000	3,397,000	7,892,000		7,892,000.00
12/01/2055	4,720,000	3,172,250	7,892,250		7,892,250.00
12/01/2056	5,430,000	2,936,250	8,366,250		8,366,250.00
12/01/2057	5,705,000	2,664,750	8,369,750		8,369,750.00
12/01/2058	6,490,000	2,379,500	8,869,500		8,869,500.00
12/01/2059	6,815,000	2,055,000	8,870,000		8,870,000.00
12/01/2060	7,685,000	1,714,250	9,399,250		9,399,250.00
12/01/2061	8,070,000	1,330,000	9,400,000		9,400,000.00
12/01/2062	9,040,000	926,500	9,966,500		9,966,500.00
12/01/2063	9,490,000	474,500	9,964,500		9,964,500.00
	92,720,000	109,338,500	202,058,500	7,094,430.42	194,964,069.58

BOND SOLUTION

THE RANCH METROPOLITAN DISTRICT Nos. 1-4
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2033
Pay & Cancel Refunding of (proposed) Series 2023 + New Money
50.000 (target) Mills
Assumes Non-Rated, 100x @ Cap, 30-yr. Maturity
(SERVICE PLAN: Full Growth + 6.00% Bi-Reassessment Projections)
[Preliminary -- for discussion only]

Period Ending	Proposed Principal	Proposed Debt Service	Debt Service Adjustments	Total Adj Debt Service	Revenue Constraints	Unused Revenues	Debt Serv Coverage
12/01/2034		4,636,000	-2,364,810	2,271,190	2,275,936	4,746	100.20896%
12/01/2035		4,636,000	-2,364,810	2,271,190	2,479,650	208,461	109.17848%
12/01/2036		4,636,000	-2,364,810	2,271,190	2,832,152	560,962	124.69902%
12/01/2037		4,636,000		4,636,000	3,044,096	-1,591,904	65.66213%
12/01/2038		4,636,000		4,636,000	3,438,859	-1,197,141	74.17728%
12/01/2039		4,636,000		4,636,000	3,659,366	-976,634	78.93369%
12/01/2040		4,636,000		4,636,000	4,099,778	-536,222	88.43353%
12/01/2041		4,636,000		4,636,000	4,329,194	-306,806	93.38210%
12/01/2042	180,000	4,816,000		4,816,000	4,818,883	2,883	100.05986%
12/01/2043	430,000	5,057,000		5,057,000	5,057,567	567	100.01122%
12/01/2044	990,000	5,595,500		5,595,500	5,600,412	4,912	100.08779%
12/01/2045	1,255,000	5,811,000		5,811,000	5,814,848	3,848	100.06622%
12/01/2046	1,760,000	6,253,250		6,253,250	6,254,462	1,212	100.01938%
12/01/2047	1,845,000	6,250,250		6,250,250	6,254,462	4,212	100.06738%
12/01/2048	2,315,000	6,628,000		6,628,000	6,629,729	1,729	100.02609%
12/01/2049	2,430,000	6,627,250		6,627,250	6,629,729	2,479	100.03741%
12/01/2050	2,950,000	7,025,750		7,025,750	7,027,513	1,763	100.02509%
12/01/2051	3,095,000	7,023,250		7,023,250	7,027,513	4,263	100.06070%
12/01/2052	3,675,000	7,448,500		7,448,500	7,449,164	664	100.00891%
12/01/2053	3,855,000	7,444,750		7,444,750	7,449,164	4,414	100.05929%
12/01/2054	4,495,000	7,892,000		7,892,000	7,896,114	4,114	100.05212%
12/01/2055	4,720,000	7,892,250		7,892,250	7,896,114	3,864	100.04896%
12/01/2056	5,430,000	8,366,250		8,366,250	8,369,881	3,631	100.04339%
12/01/2057	5,705,000	8,369,750		8,369,750	8,369,881	131	100.00156%
12/01/2058	6,490,000	8,869,500		8,869,500	8,872,073	2,573	100.02901%
12/01/2059	6,815,000	8,870,000		8,870,000	8,872,073	2,073	100.02337%
12/01/2060	7,685,000	9,399,250		9,399,250	9,404,398	5,148	100.05477%
12/01/2061	8,070,000	9,400,000		9,400,000	9,404,398	4,398	100.04678%
12/01/2062	9,040,000	9,966,500		9,966,500	9,968,662	2,162	100.02169%
12/01/2063	9,490,000	9,964,500		9,964,500	9,968,662	4,162	100.04176%
	92,720,000	202,058,500	-7,094,430	194,964,070	191,194,731	-3,769,338	

SUMMARY OF BONDS REFUNDED

THE RANCH METROPOLITAN DISTRICT Nos. 1-4
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2033
Pay & Cancel Refunding of (proposed) Series 2023 + New Money
50.000 (target) Mills
Assumes Non-Rated, 100x @ Cap, 30-yr. Maturity
(SERVICE PLAN: Full Growth + 6.00% Bi-Reassessment Projections)
[Preliminary -- for discussion only]

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
5/13/20: Ser 23 NR SP, 5.00%, 100x, 50.00mils, PG+6% BiRE:					
TERM53	12/01/2034	5.000%	390,000.00	12/01/2033	100.000
	12/01/2035	5.000%	545,000.00	12/01/2033	100.000
	12/01/2036	5.000%	720,000.00	12/01/2033	100.000
	12/01/2037	5.000%	755,000.00	12/01/2033	100.000
	12/01/2038	5.000%	945,000.00	12/01/2033	100.000
	12/01/2039	5.000%	990,000.00	12/01/2033	100.000
	12/01/2040	5.000%	1,205,000.00	12/01/2033	100.000
	12/01/2041	5.000%	1,265,000.00	12/01/2033	100.000
	12/01/2042	5.000%	1,500,000.00	12/01/2033	100.000
	12/01/2043	5.000%	1,575,000.00	12/01/2033	100.000
	12/01/2044	5.000%	1,835,000.00	12/01/2033	100.000
	12/01/2045	5.000%	1,930,000.00	12/01/2033	100.000
	12/01/2046	5.000%	2,220,000.00	12/01/2033	100.000
	12/01/2047	5.000%	2,330,000.00	12/01/2033	100.000
	12/01/2048	5.000%	2,650,000.00	12/01/2033	100.000
	12/01/2049	5.000%	2,785,000.00	12/01/2033	100.000
	12/01/2050	5.000%	3,140,000.00	12/01/2033	100.000
	12/01/2051	5.000%	3,300,000.00	12/01/2033	100.000
	12/01/2052	5.000%	3,695,000.00	12/01/2033	100.000
	12/01/2053	5.000%	3,880,000.00	12/01/2033	100.000
			37,655,000.00		

ESCROW REQUIREMENTS

THE RANCH METROPOLITAN DISTRICT Nos. 1-4
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2033
Pay & Cancel Refunding of (proposed) Series 2023 + New Money
50.000 (target) Mills
Assumes Non-Rated, 100x @ Cap, 30-yr. Maturity
(SERVICE PLAN: Full Growth + 6.00% Bi-Reassessment Projections)
[Preliminary -- for discussion only]

Dated Date 12/01/2033
 Delivery Date 12/01/2033

Period Ending	Principal Redeemed	Total
12/01/2033	37,655,000.00	37,655,000.00
	37,655,000.00	37,655,000.00

PRIOR BOND DEBT SERVICE

**THE RANCH METROPOLITAN DISTRICT Nos. 1-4
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2033
Pay & Cancel Refunding of (proposed) Series 2023 + New Money
50.000 (target) Mills
Assumes Non-Rated, 100x @ Cap, 30-yr. Maturity
(SERVICE PLAN: Full Growth + 6.00% Bi-Reassessment Projections)
[Preliminary -- for discussion only]**

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2034			941,375	941,375	
12/01/2034	390,000	5.000%	941,375	1,331,375	2,272,750
06/01/2035			931,625	931,625	
12/01/2035	545,000	5.000%	931,625	1,476,625	2,408,250
06/01/2036			918,000	918,000	
12/01/2036	720,000	5.000%	918,000	1,638,000	2,556,000
06/01/2037			900,000	900,000	
12/01/2037	755,000	5.000%	900,000	1,655,000	2,555,000
06/01/2038			881,125	881,125	
12/01/2038	945,000	5.000%	881,125	1,826,125	2,707,250
06/01/2039			857,500	857,500	
12/01/2039	990,000	5.000%	857,500	1,847,500	2,705,000
06/01/2040			832,750	832,750	
12/01/2040	1,205,000	5.000%	832,750	2,037,750	2,870,500
06/01/2041			802,625	802,625	
12/01/2041	1,265,000	5.000%	802,625	2,067,625	2,870,250
06/01/2042			771,000	771,000	
12/01/2042	1,500,000	5.000%	771,000	2,271,000	3,042,000
06/01/2043			733,500	733,500	
12/01/2043	1,575,000	5.000%	733,500	2,308,500	3,042,000
06/01/2044			694,125	694,125	
12/01/2044	1,835,000	5.000%	694,125	2,529,125	3,223,250
06/01/2045			648,250	648,250	
12/01/2045	1,930,000	5.000%	648,250	2,578,250	3,226,500
06/01/2046			600,000	600,000	
12/01/2046	2,220,000	5.000%	600,000	2,820,000	3,420,000
06/01/2047			544,500	544,500	
12/01/2047	2,330,000	5.000%	544,500	2,874,500	3,419,000
06/01/2048			486,250	486,250	
12/01/2048	2,650,000	5.000%	486,250	3,136,250	3,622,500
06/01/2049			420,000	420,000	
12/01/2049	2,785,000	5.000%	420,000	3,205,000	3,625,000
06/01/2050			350,375	350,375	
12/01/2050	3,140,000	5.000%	350,375	3,490,375	3,840,750
06/01/2051			271,875	271,875	
12/01/2051	3,300,000	5.000%	271,875	3,571,875	3,843,750
06/01/2052			189,375	189,375	
12/01/2052	3,695,000	5.000%	189,375	3,884,375	4,073,750
06/01/2053			97,000	97,000	
12/01/2053	3,880,000	5.000%	97,000	3,977,000	4,074,000
	37,655,000		25,742,500	63,397,500	63,397,500

EXHIBIT E

ANNUAL REPORT AND DISCLOSURE FORM
(Sample attached)

**EL PASO COUNTY SPECIAL DISTRICTS
ANNUAL REPORT and DISCLOSURE FORM**

1.	Name of District(s):	The Ranch Metropolitan District Nos. 1-4
2.	Report for Calendar Year:	2020
3.	Contact Information	SPENCER FANE LLP Attention: Russell W. Dykstra 1700 Lincoln Street, Suite 2000 Denver, CO 80203-4554 Phone: 303-839-3845 E-mail: rdykstra@spencerfane.com
4.	Meeting Information	Meeting information can be found by contacting the contact person listed above.
5.	Type of District(s)/ Unique Representational Issues (if any)	Colorado Revised Statutes Title 32 Metropolitan District
6.	Authorized Purposes of the District(s)	The Service Plan authorizes all permissible purposes as allowed under Colorado Revised Statutes Title 32
7.	Active Purposes of the District(s)	Proposed design, construction and completion of an estimated \$34,321,640 of on and off-site public improvements including, but not limited to, on and off-site streets, roadway, water and sanitary sewer, and park and recreation improvements
8.	Current Certified Mill Levies a. Debt Service b. Operational c. Other d. Total	a. 50 Mills (as may be Gallagher adjusted) b. 10 Mills (as may be Gallagher adjusted) c. 5 Mills (as may be Gallagher adjusted) d. 65 Mills (as may be Gallagher adjusted)
9.	Sample Calculation of Current Mill Levy for a Residential and Commercial Property (as applicable).	Assume a residential property with a value of \$300,000 x 7.15% = \$21,450 (assessed value); \$21,450 x .065 = \$1,394 taxes per year due to the District Assume a commercial property with a value of \$500,000 x 29% = \$145,000 (assessed value); \$145,000 x .070 = \$9,425 taxes per year due to the District
10.	Maximum Authorized Mill Levy Caps (Note: these are maximum allowable mill levies which could be certified in the future unless there was a change in state statutes or Board of County Commissioners approvals) a. Debt Service b. Operational c. Other d. Total	a. 50 Mills (as may be Gallagher adjusted) b. 10 Mills (as may be Gallagher adjusted) c. 5 Mills (as may be Gallagher adjusted) d. 65 Mills (as may be Gallagher adjusted)

11.	Sample Calculation of Mill Levy Cap for a Residential and Commercial Property (as applicable).	See #9 above.
12.	Current Outstanding Debt of the Districts (as of the end of year of this report)	N/A
13.	Total voter-authorized debt of the Districts (including current debt)	N/A
14.	Debt proposed to be issued, reissued or otherwise obligated in the coming year.	N/A
15.	Major facilities/ infrastructure improvements initiated or completed in the prior year	N/A
16.	Summary of major property exclusion or inclusion activities in the past year.	N/A

Reminder:

A. As per Colorado Revised Statutes, Section 32-1-306, as it may be amended from time to time (which, among other things, outlines requirements to be met following organization of a district), the special district shall maintain a current, accurate map of its boundaries and shall provide for such map to be on file with the County Assessor.

Name and Title of Respondent

Signature of Respondent

Date

RETURN COMPLETED FORM TO: El Paso County Board of County Commissioners
Attention: Clerk to the Board
200 South Cascade Avenue
Colorado Springs, Colorado 80903

****NOTE:** As per CRS Section 32-1-104(2), which outlines certain requirements related to the filing of an annual notice, a copy of this report should also be submitted to:

County Assessor - 1675 West Garden of the Gods Road, Suite 2300, Colorado Springs, Colorado 80907

County Treasurer - 1675 West Garden of the Gods Road, Suite 2100, Colorado Springs, Colorado 80907

RESOLUTION NO. 07-272
EXHIBIT A
SPECIAL DISTRICT POLICIES

I. PURPOSE, INTENT AND APPLICATION

- A. Purpose.** The purpose of these policies is to provide a framework for the evaluation of applications for new, amended and updated special district service plans as authorized by C.R.S. Title 32 and which are under the jurisdiction of the El Paso County Board of County Commissioners.
- B. Intent.** It is the intent that applications for new and revised service plans should be drafted to both address and be consistent with these policies. However, the applicant(s) for a proposed district or districts, or amendment to any existing service plan shall have the right to seek relief or modification from any of these stated policies, based on proper justification, to the extent allowable by law. The County, for its part, maintains its discretion to apply additional evaluation criteria, policies and limitations to the formation of new and revised districts, as the County may deem applicable.
- C. Model Service Plans.** New service plans and any major amendments thereof shall adhere to the applicable Model Service Plan formats as further addressed in Resolution No. 07-273 (June 25, 2007) as may be amended. The purposes of the model plan approach include standardizing the organization of information, and inclusion of standard language and limitations consistent with current Board policy. Additionally, this approach is intended to focus on variations from standard language and/or policy. The appropriate Model Service Plan template (i.e. Single District, Multiple District, and Master District) should be utilized and then modified as appropriate to address the particular needs and circumstances associated with a given application. Title 32 Special Districts which are not metropolitan districts should adhere to the Model Service Plan template to the extent possible.
- D. Required Hearings.** Prior to a hearing of the Board of County Commissioners, all service plans for new Title 32 Special Districts and Major Amendments thereof shall first be considered at a hearing of the Planning Commission in accordance with Colorado Revised Statutes and as further described in the El Paso County Land Development Code and its accompanying Procedures Manual. Any request

for a service plan amendment which does not meet the definition of a Major Amendment does not require a hearing by the Planning Commission unless a need for this hearing is specifically determined by the Development Services Department Director. The above policy is intended to apply retroactively to any previously approved Service Plans which may have had conditions requiring all requests for Material Modifications to first be heard by the Planning Commission.

E. Special Justification. Certain matters shall be specifically and comprehensively justified based on the unique needs and circumstances associated with the particular Service Plan application. Matters requiring special justification include but are not necessarily limited to the following, as further addressed in these policies:

1. Use of Master Districts;
2. Authorization of mill levy caps in excess of the caps as set forth in Section III.F;
3. Specific authorization of special purpose mill levy caps which have the effect of increasing the Maximum Combined Mill Levy Cap above 60 (sixty) mills as set forth in Section III.F.5 and 6;
3. Processing of service plans prior to approval of underlying land use approvals as set forth in Section III.I.;
4. Use of a district or districts for covenant enforcement in lieu of Homeowners Associations (HOAs), where a Master District arrangement is proposed and/or where the district or districts are not otherwise being used to provide ongoing services.

F. Procedures. The detailed procedures governing the application process for new and amended service plans shall be maintained by the Development Services Director in a Procedures Manual (to be subsequently adopted by the BoCC and as may be amended).

II. BACKGROUND

A. History. Prior to 2007, El Paso County followed Special District policies which were initially adopted on September 2, 2004, and subsequently amended on September 22, 2005, and on December 28, 2006 to address limited changes. El Paso County has processed approximately 40 new and amended Service Plan Applications between 2000 and mid- 2007, involving about 70 separate districts. During this period, policy issues have continued to evolve. In October of 2006

the Board of County Commissioners directed the Long Range Planning Division Staff to review the County's existing policy language for additional updates and pursue the adoption of a Model Service Plan approach.

- B. Formation of Special District Task Force.** Since the County recognizes the value Special Districts provide in developing community infrastructure and services, a Special District Task Force was formed in early 2007, comprised of special district attorneys and managers, members of the development community, El Paso County Administration and Commissioners, and citizen representatives.
- C. Objectives of Special District Task Force.** The initial, 2006 objectives of the Task Force were (1) to recommend an updated Annual Report form; and (2) make a policy recommendation pertaining to developer advances. Additional objectives for 2007 included revising existing County policy and preparation of Model Service Plans. It was contemplated the Task Force may also be utilized to provide beneficial input regarding potential future legislative and technological changes. The importance of using the County Web site as a vehicle for communication and disclosure was also agreed upon.
- D. Outcome of Special District Task Force.** An updated Annual Report Form was prepared to include a single combined Annual Report and Disclosure form, approved by the Board of County Commissioners on December 18, 2006. County staff worked together to reference this document on the Assessor's tax bill and allow for internet availability. The developer funding agreement policy was proposed and approved by the Board of County Commissioners on December 28, 2006. Special District Model Service Plans and revised Policies were approved by the Board of County Commissioners on June 25, 2007.

III. **OVERALL SERVICE PLAN POLICIES**

- A. Conformity.** All proposed service plans shall be evaluated by both the applicant and County staff for conformity with the applicable standards contained in C.R.S. 32-1-203. Evaluation shall consist of more than a simple listing of the standards and/or statement that the service plan complies.
- B. Consistency.** All proposed service plans shall also be evaluated by the County for consistency with applicable elements of the El Paso County Master Plan, and with respect to these Special District Policies.

- C. Applicable Statutes and El Paso County Preferences.** It shall be the responsibility of the applicant to assure that service plans are drafted to meet all of the minimum requirements contained in C.R.S. Title 32, specifically including C.R.S. 32-1-202 (2) as well as all other applicable State requirements.
1. Districts which include water supply as one of their purposes shall be strongly encouraged to join the El Paso County Water Authority upon formation.
 2. The preference of El Paso County is for the formation of conventional districts which accord full electoral representation to residents and property owners within the district(s) and/or service area(s).
- D. Application and Schedule.** Although the County will endeavor to be reasonably flexible in accommodating the scheduling needs of special district applicants, it is the ultimate responsibility of the applicants to allow sufficient time to meet the County's procedural guidelines and requirements for application processing.
- E. Review.** Service plans shall be drafted and processed in a manner that allows for coordination and input of all affected elected officials and County departments and other external agencies, specifically including the Clerk and Recorder, the Assessor and the Treasurer.
- F. Mill Levy Caps**
1. All proposed districts that rely significantly on future development to meet financing projections shall include mill levy caps as part of their service plans. To the extent permitted by law, such caps may be lifted once the district achieves the ratios of assessed valuation to debt and other requirements which would allow these caps to be removed. However, actual removal of a Board-imposed mill levy cap is subject to approval of the Board of County Commissioners at the time the cap is proposed to be removed. Removal of mill levy caps should be supported by justifications including, but not limited to, data establishing ratios of assessed valuation to debt that meet statutory criteria for the issuance of bonds without a mill levy cap, and enhancement of a district's ability to refinance debt at a more favorable rate (if proposed in connection with a refunding of debt).
 2. The Maximum Debt Service Mill Levy Cap for Full Service Districts shall normally be 50 (fifty) mills, subject to Gallagher adjustment as permitted by law. Debt Service Caps for Limited Service Districts should be

correspondingly lower based generally on the proportion of services and facilities the district will be providing compared with a Full Service District.

3. A Maximum Operational Mill Levy Caps of up to 10 (ten) mills shall be allowed if supported by the Service Plan and accompanying Development and Financial analyses. Unless a special district has been “de-TABORED” with respect to its operational mill levy, the Maximum Operational Mill Levy Cap shall not subject to Gallagher adjustment.
4. All service plans for metropolitan districts shall specify a Maximum Combined Mill Levy cap. Unless otherwise provided for and justified below, the Maximum Combined Mill Levy shall be 60 (sixty) mills
5. If justified and fully documented by supporting information, an increase in the Maximum Operational, Debt Service and/or Maximum Combined Mill Levy Caps to allow up to 15 (fifteen) additional mills may be specifically authorized for the purpose of funding ongoing fire protection services where either the District itself will be providing these services or the District(s) propose to contract with another district to provide these services. Such additional mill levy caps shall only be allowed in cases where the property within the proposed district is not presently included in an organized fire protection district.
6. If justified and fully documented by supporting information, an increase in the Maximum Combined Mill Levy Caps of up to 5 (five) additional mills may be specifically authorized as a Special Purpose Mill Levy for the purpose of funding ongoing covenant enforcement and/or maintenance of common facilities in the absence of a Homeowners Association, or if such covenant enforcement, in the alternative, is to be undertaken by the District.
7. In cases where districts are subject to a mill levy cap and will be relying significantly on future development to meet financing projections, notice shall be provided in the service plan or its approval to the effect that repayment periods for bonds and/or other district obligations are subject to extension in the event revenues come in at a rate lower than anticipated.

G. Disclosure, Notice and Annual Reports

1. It is the policy of El Paso County to further and encourage full, balanced, clear, convenient and constructive disclosure of special district information to all potentially effected parties especially including existing and potential future residential property owners.
2. Notice and disclosure should specifically address topics including but not necessarily limited to unique representational issues (e.g. master districts), dissemination of contact and basic financial information to property owners, and apprising tax and rate payers of their potential maximum financial risk and exposure associated with owning property in the district(s)
3. All districts shall file an Annual Report and Disclosure form in accordance with Resolution 06-472, as may be amended.

H. Non-Proliferation and Need for Districts. Notwithstanding the many factors which may create a justification to form one or more new and independent special district(s), it is the policy of the County to discourage the unnecessary proliferation of additional districts in the County.

1. All proposals for new districts shall clearly and comprehensively justify their need compared with alternatives including using existing districts or non-special district options.
2. Plans for new districts shall be designed and implemented to allow reasonable options for inclusion of additional property; thereby reducing the necessity of creating additional districts in the future.
3. Although the County supports the reasonable and judicious inclusion of additional territory by existing and proposed new districts, conditions should be placed on new and revised service plans to limit the potential for inclusion of remote properties unless these actions were anticipated in the original service plan.
4. Service Plans should be written with contingences that contemplate eventual annexation of territory by a municipality, in cases where this is a significant possibility.

I. Land Use Approvals. Applicants for developer-initiated districts are encouraged to obtain Underlying Land Use Approvals prior to, or at a minimum, in conjunction with service plan application. In those cases where an applicant desires to process a service plan prior to final action on underlying land use approvals, the

burden shall be on the applicant to justify the necessity of this timing, sufficient conditions shall be placed on the service plan to address potential subsequent denial or modification of the land use applications, and notations shall be added making it clear that the County has no obligation whatsoever to approve subsequent land use applications in cases where applicants may chose to process service plans in advance of obtaining underlying land use approvals.

J. Fees. Within the limits of State Statutes, it is the policy of the County to establish and charge fees commensurate with the actual cost of processing and reviewing of new and amended service plans. Such fees are established by separate Board resolution, and may be waived or reduced by the Board of County Commissioners either in advance of or in conjunction with the hearing on a given service plan. Justifications for fee waiver or reduction include, but are not limited to:

1. County-initiated or partnered service plans.
2. Reduced fee based on limited non-controversial modification to an existing Service Plan.
3. Processing of service plans for volunteer initiatives and/or for districts with limited proposed indebtedness and revenue generation.

IV. SERVICE PLAN REQUIREMENTS & PROCEDURES

A. Development and Financial Analysis. A development analysis shall be required prior to formation or full authorization of all proposed districts which rely significantly on future development to meet financial projections

1. At a minimum, the development analysis shall include a summary of the anticipated development within the district described by applicable category and with development absorption projected throughout the applicable forecast period.
2. A summary financial analysis shall be provided to correspond with the development analysis. This financial analysis shall include, a first year revenue budget, a summary of projected revenues, expenditures, and proposed debt issuances over the forecast period, and at a minimum shall address the requirements of C.R.S. 32-1-202 (2) (b) and (f).
3. The development analysis and financial plan shall address the “most probable” market absorption assumptions at a minimum, but shall also specifically address contingencies in the event initial development is

significantly delayed and/or market absorption occurs at significantly lower rates than anticipated.

4. Service Plans for newly developing areas shall specifically address the potential vulnerability of the development forecasts to short-term market downturns at the beginning of the forecast period.

B. Eligible Improvements.

1. It is the policy of the County to encourage the use of financing districts for Regional Public Improvements which provide a benefit to a significant share of residents and businesses within a larger development and/ or to areas outside the development.
2. Special districts may be authorized to fund Local Public Improvements, where a need is demonstrated, and if a plan for this financing can be justified in the Service Plan.
3. Districts shall not be authorized to finance non-public improvements, nor shall district facilities be used for non-public purposes without proper remuneration to the district(s).
4. In cases where districts are used to finance Local Public Improvements which are tied to the subdivision process, any Service plans and/or subdivision agreements shall be structured in order to prevent a loss of sales tax revenue from sales of construction materials which would otherwise accrue to the County or other local government taxing entities.

C. Acquisitions and Eminent Domain

1. The policy of the County is to generally discourage the use of districts as a mechanism to reimburse developers for the cost of facilities or other costs already committed to a land development project unless such reimbursement was contemplated in previous County approvals.
2. The contemplated use of eminent domain and/or dominant eminent domain should be addressed in the service plan with reasonable limits placed on thereon, based on the intended use of the district(s). Such limits may include the requirement for express prior approval of the Board for any purposes not explicitly identified in the service plan.
3. In no case shall the authorized eminent or dominant eminent domain powers of the district(s) be used to acquire land or other assets for the purpose of private economic development of such property, where such

acquisition is not clearly necessary to support the essential facility and service provision purposes of the districts (s).

4. Pursuant to Colorado Revised Statutes, districts shall not be authorized to acquire water rights by condemnation.

D. Authorization of Debt and Issuance of Bonds

1. Districts shall be encouraged to prudently phase the issuance of debt, especially in situations where future development will be substantially relied upon for to generate revenue to pay such debt.
2. The pre-authorization of debt shall be reasonably limited.
3. In cases where there will be a Master District arrangement, consideration may be given to limitations which require prior Board of County Commissioners approval for re-authorization of debt if and when the original authorization expires.
4. Districts shall evaluate their proposed mill levy and debt in relationship to the current and potential future combined mill levies and debt which may be levied by all overlapping and eligible taxing entities for the affected area.
5. Where applicable and appropriate, districts are encouraged to rely on a combination of property taxes, fees and charges both to diversify their revenue sources and to reduce some of the repayment impact on future property owners, particularly in the case where the district(s) will be used to fund Local Public Improvements.
6. Districts are encouraged to limit the term of bond issuances to the shortest time period that is reasonable and practical. The term of each individual bond issue should be limited to thirty (30) years or less unless specific justification for a longer duration is provided.
7. In cases where developers or other directly interested parties may be purchasing developer-held bonds, an opinion letter from an external financial advisor shall be provided to ensure that interest rates for these bonds are competitive as compared with bonds sold on the open market.
8. Districts shall not be authorized to directly accept sales or use tax revenues (i.e. from tax increment financing arrangements) without express prior approval of the Board).

- E. Developer Funding Agreements.** Districts shall be allowed to prudently use developer funding agreements and/or capitalized interest as a means of compensating for delays in receipt of property tax and other revenues in newly developing districts.
1. The proposed and potential use of Developer Funding Agreements shall be addressed as part of the Service Plan for new districts and Major Amendments, as well as for other non-Major Amendments if this topic is deemed by the Development Services Director to be pertinent to the amendment.
 2. To the extent Developer Funding Agreements are included in an approved Service Plan (or any amendment thereof), such Agreements may provide for the earning of simple interest thereon, but under no circumstances shall any such Agreement permit the compounding of interest. The Service Plan may permit an interest rate that does not exceed the prime interest rate plus two points thereon
 3. Unless specifically addressed in the original Service Plan or a Board of County Commissioners-approved amendment of the Service Plan, the maximum term for repayment of a Developer Funding Agreement shall be twenty (20) years from the date the Special District becomes obligated to repay the Developer Funding Agreement under the associated contractual obligation. For the purpose of this provision, Developer Funding Agreements are considered repaid once the obligations are fully paid in cash or when converted to bonded indebtedness of the Special District (including privately placed bonds). Any extension of such term must be approved by the Board.
 4. Required disclosure notices shall clearly identify the potential for a Special District to enter into obligations associated with Developer Funding Agreements.

F. Multiple Districts.

1. Multiple District Service Plans shall include the following:
 - a. Provide justification that the total number of proposed districts is the minimum necessary to effectively manage the infrastructure and operational needs of the service area.

- b. Clearly and comprehensively address the relationships among separate districts, including proposed intergovernmental agreements and contingencies for potential dissolution or combination.
 - c. Clearly address intent to fairly and equitably distribute costs and benefits among separate districts.
- 2. If justified in the Service plan(s) the Board may consider Multiple District concepts for the following purposes:
 - a. Accommodating the phasing of infrastructure financing for distinct major phases of a larger land development project
 - b. Allowing for differential mill levies between non-residential and residential areas within a larger project for the purposes of addressing the impact of the Gallagher Amendment.

G. Master Districts. Service plans which contemplate Master District concepts shall provide justification that the total number of proposed districts is the minimum necessary to effectively manage the infrastructure and operational needs of the service area. Master District approvals shall be allowed subject to specific justification of the unique need for these limited representation arrangements.

- 1. The preference of El Paso County is for the formation of conventional districts that accord full electoral representation to residents and property owners within the district(s) and/or service area(s).
- 2. Service Plans that contemplate Master District concepts shall provide justification that the total number of proposed districts is the minimum necessary to effectively manage the infrastructure and operational needs of the service area.
- 3. In cases where one or more Master Districts will provide services or facilities to a larger defined service area, the applicants for the district shall use reasonable means (including mailings and/or informational meeting) to inform existing property owners of the proposed district arrangement.
- 4. Board of County Commissioners appointed Citizen Advisory Councils (CACs) should be actively considered as a means to allow a more formal role in the affairs of the Controlling Board of Directors, including, where appropriate, consideration of establishing the Chair of the CAC as either

an ex-officio or formal voting member of the Controlling Board of Directors.

5. If not initially required as a condition of Service Plan approval, and if so provided as part of such approval, at any time during the existence of the Controlling Board of Directors, the Board of County Commissioners, either on its own initiative or in response to citizen input, may exercise their prerogative to require the creation a Citizen Advisory Council (CAC) if it is determined to be in the best interest of the County, and/or the property owners within the service area. The Board may establish the Chair of the CAC as either an *ex-officio* or formal voting member of the Controlling Board of Directors.
6. Other than responsibility for the appointment process, the Controlling Board of Directors shall have responsibility for support of any CACs, which may be required.
7. In the event of insufficient interest in CAC membership, appropriate justification presented by the Controlling District Board of Directors, or for any other reason, the Board of County Commissioners, at its sole discretion, shall have the right to eliminate a prior requirement for a CAC.
8. Service plans which contemplate Master District arrangements shall include provisions to accommodate a transition back to a conventional district once the area served by the district(s) is fully developed.

H. Covenant Enforcement and Homeowner's Association Functions.

1. Any intent or reserved option to use the proposed District(s) for Homeowners Association (HOA) functions, including covenant enforcement or common area maintenance should be clearly described in the Service Plan. Such description should specify whether there is intent to use the District(s) in lieu of one or more HOAs or to contract with HOA(s) for provision of certain services.
2. Use of district(s) for ongoing covenant enforcement purposes should be specifically discouraged if there are expected to be no other ongoing needs for the perpetual existence of the District(s).

I. Service Plan Amendments & Material Modifications.

1. The Board of County Commissioners reserves the discretion to impose review standards and hearing requirements as deemed appropriate and

necessary for any application for amendment of an existing Service Plan, as otherwise allowed under State Statute.

2. In cases where one or more Major Amendments are proposed to be made to an existing Service Plan, a revised Service Plan submittal shall be required with hearings to be scheduled before both the Planning Commission and the Board of County Commissioners consistent with the review of a Service Plan for a new district, except where these procedures may be clearly inapplicable. Final action on a Major Amendment shall consist of approval of the new Service Plan which will have the effect of replacing the previous one, and any conditions or notations which may have been imposed on that plan by the Board of County Commissioners.
3. In cases where one or more Minor Amendments are proposed to be made to an existing Service Plan, the submittal shall not normally require a complete new Service Plan, but only those materials necessary to support and justify the amendment as determined by the Development Services Department Director in consultation with the County Attorney's Office. The hearing or hearings addressing Minor Amendments shall be scheduled directly before the Board of County Commissioners. Final action on a Minor Amendment shall consist of approval of a resolution specifically amending the language included in the existing Service Plan or the conditions or notations imposed on that plan by the Board of County Commissioners.
4. Material Modifications may be processed as either Major or Minor Amendments at the discretion of the Development Services Department Director in consultation with the County Attorney's Office.
5. Administrative amendments to approved Service Plans shall only be approved administratively (by the Development Services Department Director in consultation with the County Attorney's Office) in those cases where this authority is expressly delegated by the Board of County Commissioners.
6. Determinations as to the use and applicability of the Major or Minor Amendment process, as outlined above, shall be made by the Development Services Department Director for all Service Plans

approved prior to the date of adoption of these policies, based on a determination of the need for and appropriateness of the Minor versus Major Amendment processes.

7. Any administrative decisions concerning IV. J. 2-6 above may be appealed to the Board of County Commissioners pursuant to applicable procedures as outlined in the El Paso County Land Development Code, or as otherwise provided for in State Statute.

V. **DEFINITIONS**

The following terms are defined specifically and solely for use in conjunction with these El Paso County Special District Policies. The definitions may or may not completely correspond with definitions in State Statutes, the El Paso County Land Development Code, or other relevant documents:

- Board – The Board of County Commissioners of El Paso County, unless otherwise specified
- Citizens Advisory Council (CAC) – A five (5) member advisory board appointed by the Board of County Commissioners for the purpose of providing input to the Commissioners and to the Controlling Board(s) in the case of Master District arrangements.
- Complete Service Plan – A complete service plan filed in accordance with C.R.S. Title 32 and County requirements and these Policies, and specifically including a complete financial plan as well as a market study, if applicable
- Controlling Board of Directors – The board or boards of directors of that have the ability to directly influence the major financial decisions of a district or combination of related districts.
- Conventional Representative District – One or more Title 32 special districts, each of which is structured to allow all residents and property owners to participate in elections for the Controlling Board(s) of Directors, as otherwise allowed by Statute.
- County – El Paso County, Colorado, as represented by its Board of County Commissioners.
- Developer Funding Agreement – An agreement of any kind executed between a Special District (“District”) and a Developer as this term is specifically defined below, including but not limited to advance funding agreements, reimbursement agreements or loans to the District from a Developer, where such an agreement creates an obligation of any kind which may require the District to re-pay the Developer. The term “Developer” means any person or entity (including but not limited to corporations, venture partners,

proprietorships, estates and trusts) that owns or has a contract to purchase undeveloped taxable real property greater than or equal to ten percent (10%) of all real property located within the boundaries of the District. The term “Developer Funding Agreement” shall not extend to any such obligation listed above if such obligation has been converted to any bonds issued by the District to evidence the obligation to repay such Developer Funding Agreement, including the purchase of these bonds by a Developer.

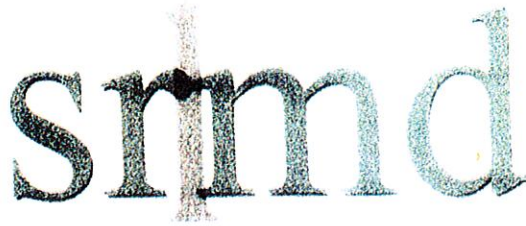
- District(s) – Any district or districts duly organized or contemplated to be organized under C.R.S. Title 32.
- Dominant Eminent Domain – Condemnation action undertaken by one governmental entity with respect to property owned by another governmental entity.
- External Financial Advisor – A consultant that: (i) advises Colorado governmental entities on matters relating to the issuance of securities by Colorado governmental entities, including matters such as the pricing, sales and marketing of such securities and the procuring of bond ratings, credit enhancement and insurance in respect of such securities; (ii) shall be an underwriter, investment banker, or individual listed as a public finance advisor in the Bond Buyer’s Municipal Market Place; and (iii) is not an officer or employee of the District for which External Advisor Services are being rendered, and (iv) has not been otherwise engaged to provide services in connection with the transaction related to the applicable Debt.
- Full Service District – A 32 district which may be a metropolitan district and which provides a substantially full range of facilities and services to normally include central water and sewer, along with a combination of other purposes which may include road improvements, parks and recreation, and drainage. A Full Service District may contract or otherwise arrange with other entities to provide some of these facilities and services.
- Gallagher Adjustment – An allowed adjustment to the Maximum Debt Service Mill Levy, Maximum Operational Mill Levy, or Maximum Special Mill Levy intended to offset the effect of adjustments to the ratio between market value and assessed value of taxable property within the applicable District that would cause a reduction in the revenue otherwise produced from such Maximums based on the ratio between market value and assessed value as of January 1 in the year in which the applicable District’s organizational election is held.
- Limited Service District – A Title 32 district that may be a metropolitan district and which provides a more limited range of facilities, services or purposes than a Full Service

District, such that either other entities or the individual property owner are responsible for providing a significant share of the facility and service needs of the development.

- Local Public Improvements – Facilities and other improvements which are or will be dedicated to the County or another governmental or quasi-governmental entity for substantially public use, but which do not qualify under the definition of Regional Public Improvements. Examples would include local streets and appurtenant facilities, water and sewer lines which serve individual properties and drainage facilities that do not qualify as reimbursable under adopted drainage basin planning studies.
- Major Amendment – An amendment to an existing approved Service Plan which is considered substantial enough to warrant the submittal of a revised Service Plan and the requirement for hearings by both the Planning Commission and the Board of County Commissioners, as determined by the Development Services Department Director in consultation with the County Attorney's Office. Such Amendments specifically include but are not limited to those amendments which are expressly stipulated as being Major Amendments, either in the text of the existing Service Plan or in the conditions or notations attached to its approval.
- Material Modification – Any variance or deviation from an existing approved Service Plan which meets the definition of this term as it is defined in C.R.S. 32-1-207 (2) and/or any other variance or deviation which is specifically identified as a Material Modification either in the text of the existing approved Service Plan or the conditions or notations attached to its approval. The procedure for Board of County Commissioners approval of Material Modifications may involve either a Minor or a Major Amendment as addressed in these policies.
- Master District – Any arrangement of districts with the intent of using one or more small directors parcels for the purpose of retaining control of the key financial decisions of the districts such that the majority of future property owners who will receive facilities and/or services of the district(s) will not be eligible to participate in the election of the Controlling Board of Directors.
- Maximum Debt Service Mill Levy Cap – The maximum Gallagher-adjusted ad valorem mill levy the district, or combination of districts which are part of a consolidated service plan, may certify against any property within the district(s) for the purpose of servicing any debt incurred by or on behalf of the districts (s).
- Maximum Operational Mill Levy Cap – The maximum Gallagher-adjusted ad valorem mill levy the district, or combination of districts which are part of a consolidated service

plan, may certify against any property within the district(s) for the purposes providing revenues for ongoing services, administration or any other allowable activities other than the servicing of debt.

- Maximum Combined Mill Levy Cap – The maximum combined Gallagher-adjusted ad valorem mill levy the district, or combination of districts which are part of a consolidated service plan, may certify against any property within the district(s) for any purposes.
- Minor Amendment – An amendment to an existing approved Service Plan which is not considered substantial enough to warrant the requirement for submittal of a complete revised Service Plan and the requirement for hearings by both the Planning Commission and the Board of County Commissioners, as determined by the Development Services Department Director in consultation with the County Attorney's Office. Such Amendments specifically include but are not limited to those amendments which are expressly stipulated as being Minor Amendments either in the text of the existing Service Plan or the conditions or notations attached to its approval.
- Model Service Plan – The applicable standardized format and content for a service plan as currently adopted by the Board of County Commissioners.
- Multiple Districts – Any combination of two (2) or more districts as part of a consolidated service plan for the purpose(s) of phasing the relinquishment of control by a developer-controlled board of directors and/or phasing the issuance of debt in accordance with a phased land use plan and/or accommodation of differential mill levies within the consolidated service area.
- Planning Commission – The El Paso County Planning Commission.
- Regional Public Improvements – Facilities and other improvements which are or will be dedicated to the County or another governmental or quasi-governmental entity for substantially public use, and which serve the needs of the region.
- TABOR and deTABOR – “TABOR” is an acronym which refers to the Taxpayer Bill of Rights found in Article 10, Section 20 of the Colorado Constitution.
- Underlying Land Use Approvals – Any pre-existing approvals by the Board of County Commissioners of one or more sketch plans, generalized planned unit development (PUD) Plans, site-specific PUD plans, conventional rezonings, preliminary plans, final plats, or any combinations of the foregoing which are consistent with and support the development assumptions included in the Service Plan.



Sterling Ranch Metropolitan District No. 1

November 29, 2017

PRI#4, LLC
% Doug Stimple
6385 Corporate Drive
Colorado Springs, CO 80919

Re: Water & Wastewater Services

Dear Mr. Stimple:

Please be advised that Sterling Ranch Metropolitan District No. 1 (the "District") is willing to provide water and wastewater services to your proposed development. The property to be served is described on Attachment A hereto (the "Property"). Because the Property is adjacent to Sterling Ranch, these services would involve a logical extension of the District's infrastructure.

It is our understanding that it is your intent to organize a special district to provide services to your project. The preferred mechanism for the provision of water and wastewater services would be through an intergovernmental agreement ("IGA") between the District and your new district for service to the estimated 2,400 single family equivalents for both water and wastewater. A wastewater force main shall be constructed to the Property by the District. The cost of connecting to the force main, including necessary lift stations and appurtenances, shall not be the responsibility of the District. The IGA will necessarily set forth details of the provision of these services, such as timing, connection points and other capital requirements, but the District hereby commits to providing water and sewer services to the Property at the same rates, fees and charges as those paid by the District's customers. We will be happy to work with you and your new district on such an agreement and look forward to working with you.

Sincerely,

A handwritten signature in blue ink, appearing to read "James Morley". The signature is fluid and cursive, with a long, sweeping tail on the final letter.

James Morley
President
Sterling Ranch Metropolitan District No. 1

20 Boulder Crescent, 2nd Floor, Colorado Springs, Colorado 80903