

EL PASO  **COUNTY**
COLORADO

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PLANNING AND COMMUNITY DEVELOPMENT DEPARTMENT
CRAIG DOSSEY, EXECUTIVE DIRECTOR

TO: El Paso County Planning Commission
Brain Risley, Chair

FROM: Kari Parsons, Planner III
Craig Dossey, Executive Director

RE: Project File #: ID-20-001
Project Name: Crossroads Metropolitan District Nos. 1-2
Parcel Nos.: 54080-07-005, 54080-01-029, 54080-01-034, 54080-01-008,
54080-01-042, 54080-01-041, 54080-01-050, 54080-01-033, 54080-01-
032, 54080-01-051, and 54080-01-052

APPLICANT:	REPRESENTATIVE:
The Equity Group, LLC 90 South Cascade Avenue Colorado Springs, CO 80903	Spencer Fane, LLC Pat Hrbacek P.C. 2154 E. Commons Avenue, Ste 2000 Centennial, CO 80122

Commissioner District: 2

Planning Commission Hearing Date:	10/01/2020
Board of County Commissioners Hearing Date:	10/13/2020 and 10/27/2020

EXECUTIVE SUMMARY

A request by The Equity Group, LLC, for approval of a Colorado Revised Statutes Title 32 Special District service plan, with a multiple district configuration, for the Crossroads Metropolitan District Nos. 1-2. The parcels proposed for inclusion into the Districts total 70.46 acres and are located along both the north and south side of Highway 24 at the intersection with Highway 94, and are within Section 8 Township 14 South, Range 65 West of the 6th P.M. The properties are not included within a small area plan. The applicant is proposing the following: a maximum debt authorization of \$52 million, a debt

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service mill levy of 50 mills for commercial, and an operations and maintenance mill levy of 10 mills, for total maximum combined levy of 60 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 Districts' 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 \$52 million, a debt service mill levy of 50 mills for commercial, and an operations and maintenance mill levy of 10 mills, for a total maximum combined mill levy of 60 mills for commercial. 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.

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 60 mills for any commercial property within the Crossroads Metropolitan District Nos. 1-2, with no more than 50 mills devoted to commercial debt service, no more than 10 mills devoted to operations and maintenance, 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 Crossroads Metropolitan District Nos. 1-2 shall be limited to \$52 million

until and unless the Districts receive Board of County Commissioner approval to increase the maximum authorized debt.

3. The approval of the service plan for the Crossroads Metropolitan District Nos. 1-2 includes the ability of the Crossroads Metropolitan District Nos. 1-2 to use eminent domain powers for the acquisition of property to be owned, controlled, or maintained by the Crossroads Metropolitan District Nos. 1-2 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 Crossroads Metropolitan District Nos. 1-2 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, future annexation of territory, excluding the adjacent City of Colorado Springs owned property (schedule nos. 54080-07-005, 54080-02-003, 54080-02-002, and 54080-02-014) proposed to be a recreational park, under by the Crossroads Metropolitan District Nos. 1-2 (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 Crossroads Metropolitan District Nos. 1-2 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. County staff is authorized to administratively approve updates of the disclosure form to reflect current contact information and calculations.
6. The Crossroads Metropolitan District Nos. 1-2 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)(I).

7. As stated in the attached service plan, approval of the proposed service plan hereby gives the Crossroads Metropolitan District Nos. 1-2 the express authority of covenant enforcement, including the imposition of fees for such enforcement without the additional 5 mills.
8. As stated in the attached service plan, the Crossroads Metropolitan District Nos. 1-2 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.
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 such final plat(s) must be recorded prior to undertaking land disturbing activities, 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.
11. The Crossroads Metropolitan District Nos. 1-2 shall not be authorized to issue debt until and unless the underlying zoning for the proposed Crossroads development is approved by the Board of County Commissioners.
12. A material departure from the land use assumptions identified in this service plan shall require an amendment(s) to the service plan.

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 Crossroads Metropolitan District Nos. 1-2 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 parcels proposed for inclusion into the Districts total 70.46 acres and are located along both the north and south side of Highway 24 at the intersection with Highway 94. The parcel proposed to be included within the Crossroads Metropolitan District No. 1 and located north of highway 24 is zoned CR (Commercial Regional); no rezone (map amendment) request is anticipated. The parcels proposed to be included within the Crossroads Metropolitan District No. 2 are located south of Highway 24, north of Highway 94, and west of Marksheffel Road are zoned CR (Commercial Regional), M (Industrial-Obsolete), I-2 (Industrial), with CAD-O (Commercial Airport District- Overlay). A rezone (map amendment) application for those parcels zoned M and I-2 to the CR zoning district is anticipated to be submitted in September 2020. A preliminary plan for this area within the proposed District No. 2 is also anticipated to be submitted in Fall of 2020.

An additional inclusion area of 19.6 acres located at the western boundary of District No. 2 may be proposed within the Crossroads Metropolitan District No. 2, which is owned by the City of Colorado Springs. The applicant is currently negotiating a long-term lease with the City of Colorado Springs for a proposed sports park. The applicant has provided correspondence that the terms of the lease require the formation of the Crossroads Special District Nos. 1-2.

As stated above, a portion of the area to be included within the Service Plan area is not presently zoned for the proposed use(s) identified within the service plan. Additionally, no preliminary plan or sketch plan has been submitted to provide additional detail to allow staff and the Board of County Commissioners to adequately analyze the financial plan to determine if the debt may be paid off as proposed. For this reason, the applicant provided a conceptual layout which provides details regarding how they anticipate this area to be developed (see pages 13-14 of the applicant's letter of intent). This conceptual layout is what the applicant and staff utilized to determine the anticipated debt payoff schedule. The conceptual layout depicts approximately 31 acres north of Highway 24, to be placed in District No. 1 inclusively, and approximately 44 acres south of Highway 24, to be placed in District No.2 inclusively, and conceptually depicts the following: 6 acres of detention area; 68 acres of commercial (373,000

commercial building square-feet); and 0.76 acres of public right-of-way. The additional inclusion area of 19.6 acres is depicted on the conceptual layout as a sports park; however, the land use is not included in the land use table on the conceptual layout. A rezone and preliminary plan are anticipated to be submitted for the proposed development area south of Highway 24 in September 2020. The applicant has not indicated when a preliminary plan is proposed to be submitted for the development area north of Highway 24. Subsequent map amendment(s), preliminary plan(s), and final plat(s) are required to initiate the land uses proposed within the special district area.

A water will serve letter was submitted in support of the Crossroads Metropolitan District Nos. 1-2 application and is attached to this report (page 10 of the applicant's letter of intent). The Cherokee Metropolitan District has indicated they have available water supply capacity to provide adequate water service to the development within the Crossroads Metropolitan District Nos. 1-2 area. The letter states that the water need for the uses depicted in the conceptual layout is 116.3 acre-feet of water per year. Cherokee Metropolitan District has proposed to have available wastewater service capacity to serve the development.

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 conceptual drawing submitted in conjunction with this request includes 6 acres of detention area; 68 acres of commercial; and 0.76

acres of public right-of-way. A regional connection of Meadowbrook Parkway to Peterson Road is anticipated to be required with this development. The extension of Cherokee Metropolitan District's existing water and wastewater infrastructure under Highway 24 and under Highway 94 are also anticipated to be required to serve the development.

The applicant is currently negotiating a long-term lease with the City of Colorado Springs for an additional inclusion area totaling 19.6 acres. Crossroads District No. 2 would be responsible to develop the infrastructure necessary to facilitate the sports park pursuant to the formation of the District. The applicant's service plan (page 12) notes that the additional inclusion area is subject to City Council approval prior to inclusion into Crossroads Metropolitan District No. 2. The applicant identifies (page 14) that the City is requiring formation of the Districts prior to the finalization of the long-term lease contract.

The applicant is required to submit applications for approval of a map amendment (rezone) from M and I-2 to a zoning district(s) that will allow for the proposed development. Approval of preliminary plan(s) and final plat(s) will also be required, and the final plat(s) will need to be recorded prior to initiation of those uses and densities identified in the conceptual layout.

Approval of development applications which would result in 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 Crossroads Metropolitan District Nos. 1-2. The subject parcels require approval of the above applications prior to development.

- II. Existing service is inadequate for present and projected needs**
- Cherokee Metropolitan District is currently providing water and wastewater services to the developed areas adjacent to the subject area, north of Highway 24. The subject parcels are located within the boundaries of the Cherokee Metropolitan District. Cherokee Metropolitan District is proposed to provide water and wastewater services to future development; however, no water or wastewater infrastructure exists at this time to serve the area south of Highway 24,

north of Highway 94, and west of Marksheffel Road. The infrastructure is proposed to be extended under Highway 24 and under Highway 94 to serve the development area. The applicant states in their letter of intent and in the proposed service plan that it would not be financially feasible for Cherokee Metropolitan District, or Meadowbrook Crossing Metropolitan District to finance construction of the public improvements, needed to serve the Crossroads development due to the additional debt the districts would incur and their limited debt capacity.

The creation of the Crossroads Metropolitan District Nos. 1-2 isolates the costs of the necessary infrastructure to the Crossroads development.

There is no physical connection of Cherokee's infrastructure from the area south of Highway 24, north of Highway 94, and west of Marksheffel Road that could be used to serve the proposed development within the proposed Crossroad Metropolitan District No. 2. The applicant has provided a map of Cherokee's existing water and wastewater infrastructure (page 11 of the letter of intent). The proposed Crossroads Metropolitan District Nos. 1-2 will need to extend these services under Highway 24 and under Highway 94 and into the proposed development. After construction, the wastewater infrastructure is anticipated to be dedicated to the Cherokee Metropolitan District for ownership and ongoing maintenance.

The incorporated boundaries of the City of Colorado Springs are southerly and southeasterly adjacent to Crossroads Metropolitan District 2. However, the subject area is within the Cherokee Metropolitan District service area, not the service area of Colorado Springs Utilities. The applicant has not requested, nor is anticipated to request annexation into the City of Colorado Springs at this time. Cherokee Metropolitan District has physically and financially planned for this area to be developed within the Cherokee Metropolitan District service area. There is no public entity available that has suitable debt capacity and the capability to construct and maintain 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 cost per commercial square footage range based on the conceptual drawings provided in the service plan using 2020 rates, an assessment year. The financial plan summary is independent of each of the Crossroad Metropolitan Districts. The financial plan summary projects District No. 1 value rates as a range from pharmacy at \$104.00 per square foot to retail at \$533.00 per square foot in District No. 1. A value range in the base price of the commercial square footage from big box stores at \$43.00 per square foot to retail at \$308.00 per square foot is predicted for District No. 2 in the DA Davidson financial plan summary. A 30-year debt service is proposed, which is a typical limitation (as noted in EPC Financial Services email comments). Pursuant to the analysis and conclusions within the Districts' financial plan, a summary of which is included as Exhibit D of the service plan, the Districts propose to provide services within the service area in an economic and sufficient manner.

IV. Financial ability to discharge proposed indebtedness

The Districts' financial plan indicates that the Districts would have the ability to discharge the proposed indebtedness pursuant to the commercial land use set forth in the conceptual layout provided in the applicant's letter of intent (pages 13-14), if approved. It is important to note that the plan relies upon a development build-out schedule beginning in 2022 and ending in 2025. The applicant is assuming that full build-out will capitalize on the growing need for commercial land uses created by the accelerated growth rate for single-family homes in the region. The service plan states,

“There is no way to accurately predict absorption due to variables such as the economic factors, housing demand, land use approval timing, building supply chains, and labor availability. In view of these factors, the bond underwriter projects the potential ability of the Districts to discharge the proposed debt per the statutory requirement.”

Furthermore, a recent *Metrostudy* report focused on anticipated annual closings in the Colorado Springs market suggests that the number of annual closings over the next 10 years are anticipated to be approximately 3,500 units per year. In 2019, there were 3,515

annual starts of single-family detached and attached new home starts and 3,536 new closings in the Colorado Springs market. Assuming the *Metrostudy* report is accurate, the single-family home growth in the region may result in more availability of laborers (growing workforce), which is likely to support commercial development in this area of the County, which may be anticipated to support the absorption rate proposed in the financial summary plan.

Assuming a direct correlation between the residential growth and commercial growth, the applicant's anticipated build-out schedule, and absorption rate appear to be consistent with the current market trends.

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 within Crossroads Metropolitan Districts Nos. 1-2 is located within the boundaries of Cherokee Metropolitan District. Cherokee Metropolitan District has committed to serve water and wastewater service if the infrastructure is extended by the proposed Districts. The Crossroads Metropolitan District Nos. 1-2 are anticipated to extend services from the current terminus' at Meadowbrook Parkway and south of Highway 94, to the proposed Crossroads development south of Highway 24 and north of Highway 94. After construction, the water and wastewater infrastructure within the Crossroads development is anticipated to be dedicated to the Cherokee Metropolitan District for ownership and ongoing maintenance.

There is no public entity available that has available debt capacity and is capable of constructing the required water and wastewater infrastructure.

The other proposed services can be provided without the creation of the new Districts. The developer could construct the necessary infrastructure (roadways, sidewalks, drainage facilities, parks and open space areas, etc.) and create a business owners' association that would be responsible for the ongoing maintenance of the open space areas and permanent water quality features (detention ponds). 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 are traditional reasons for forming special districts.

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), El Paso County Water Master Plan (2018), is recommended as discussed below.

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 \$52 million. The proposed public improvement costs are estimated at \$45,500,000.00 (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 a planned extension of the Meadowbrook Parkway from the current terminus with Highway 94 to an intersection with Peterson Road to the west. The surrounding area to the south and west are not developed; the areas to the south and west are limited to well and on-site wastewater treatment facilities unless the water and wastewater infrastructure is extended. It is anticipated that the areas to the south and west will be developed after the extension of infrastructure is completed, which is consistent with the policy.

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 purposes of the Crossroads Metropolitan District Nos. 1-2 are to finance and construct water and wastewater lines and facilities, roadway and street improvements, and drainage and stormwater facilities, park lands, and to provide television relay and translation and mosquito control, 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 Meadowbrook Parkway to Peterson Road could enable development of the surrounding vacant properties west of the crossroad (District No.1) development and south the Highway 24 Corridor.

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 provided conceptual drawing and find that they are reasonable, as further detailed above. The plan also proposes a 30-year debt pay off which is typical. The assumptions are based on the regions anticipated residential and commercial development. It should be noted that future market conditions could create a situation that may significantly or adversely affect the proposed Districts' ability to discharge debt.

The applicable polices 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.

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 6.0.3 – Encourage water and wastewater infrastructure projects to be sited and designed in a manner which promotes compatibility with adjoining uses and provides reasonable mitigation of any adverse visibility and other environmental impacts.

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

The subject property is located within Region 5, Cherokee Metropolitan District Service Area, which is not expected to

experience significant growth in the County by 2060. Specifically, the Plan states:

“Region 5 consists of areas served by the Cherokee Metropolitan District and is not expected to experience significant growth by 2060. But the District could consider expanding water and sewer service to growth areas outside of Region 5. No specific growth map was created for Region 5; these areas are shown on other maps.”

Region 5 has a current water supply of 4,849 acre feet per year and a current demand of 4,396 acre feet per year. The 2040 water supply is projected to be 6,800 acre feet per year and the projected demand is 6,468 acre feet.

Cherokee Metropolitan District participated in the water provider surveys in conjunction with developing the Water Master Plan. The needs analysis in the Plan quantifies that the District will need to obtain additional water supplies required for the 2040 and 2060 horizons compared to the supplies currently available today. The District’s participation in the planning effort indicates that the District is very aware of their future water needs and anticipates adding water supplies incrementally to meet the growing and projected demands.

The Cherokee Metropolitan District has provided a water and wastewater commitment letter to serve the development (page 10 of the letter of intent). The majority of the District’s water supply comes from the Upper Black Squirrel Creek Designated Groundwater Basin, which is considered a renewable resource. However, the District also receives supplies from the Sundance Ranch well field which draws from the Denver Basin aquifers, a nonrenewable water source. The District assumes that the Denver Basin will not be reliable beyond 2050. Therefore, the District has implemented three methods to provide a sustainable water supply to its customers:

- a. Water efficiency: The District set a goal of reducing demand by 3 to 5 percent per capita and already has one of the lowest per capita usages in the state.

- b. Water reuse: The District recharges the Upper Black Squirrel Creek aquifer with the wastewater provided by the District and by Meridian Service Metropolitan District via intergovernmental agreement.
- c. Additional renewable water supplies: The District is part of the Pikes Peak Regional Water Authority; whose goal is to provide water suppliers with a new regional water supply system.

As stated in the applicants will serve letter, this development is projected to demand 116.3 acre-feet of water per year. As of 2018, the District had a surplus of 319.803 acre-feet per year, so accounting for this development, the District will be left with a surplus of 168.903 acre-feet per year for future developments. Staff notes that the District's accounting of current water demands and water supply, which have been provided for year 2018, should be updated annually in order to appropriately evaluate the District's ability to increase water resources in conjunction with development applications and to show that the District is taking steps to address future projected water supply deficiencies.

A request for finding of water sufficiency in regard to quantity, dependability, and quality is not being requested, nor is it required, with the proposed Crossroads Metropolitan District Nos. 1-2 but would occur at the later subdivision stage. The applicant is proposing the subject development to be served by the Cherokee Metropolitan District. The extension of central water service to this area is anticipated to promote urban level development, provide cooperation with the existing service provider, Cherokee Metropolitan District which supports many of the goals and policies of the Water Master Plan.

c. Small Area Plan Analysis

The property is located not located within the boundaries of a small area 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 that wastewater treatment service for the anticipated development will be provided by the Cherokee Metropolitan District if the Crossroads Metropolitan District Nos. 1-2 extend the water and wastewater infrastructure from the current terminuses to the Crossroads development. The applicant will design, finance and construct the wastewater infrastructure, which is anticipated to be dedicated to Cherokee 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 Policies

(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 two (2) new Title 32 Special Districts. The creation of the proposed Districts will not result in service provision redundancy in the area.

There are currently no other governmental entities, including the County, located in the immediate vicinity of the Crossroads Metropolitan District

Nos. 1-2 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 two other districts, including Cherokee Metropolitan District and Meadowbrook Crossing Metropolitan District. It is not feasible, however, for those districts, to include this development within their service areas. 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 Cherokee Metropolitan District and Meadowbrook Crossing Metropolitan District. Likewise, the Cherokee Metropolitan District and Meadowbrook Crossing Metropolitan District service plans do not allow for sufficient debt capacity to account for the debt necessary to fund the needed infrastructure. Based on the foregoing, formation of the Crossroads Metropolitan District Nos. 1-2 is necessary in order to provide the public improvements needed for the development in the most economic manner possible.

The applicant is not proposing for the Crossroads Metropolitan District Nos. 1-2 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 Cherokee Metropolitan District from the north and west into the Crossroads development. The infrastructure is then anticipated to be dedicated to Cherokee Metropolitan District for ongoing ownership and maintenance.

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 southern and southeastern boundaries of the proposed Crossroads District No. 2 is adjacent to the City of Colorado Springs. The applicant

has provided the following statements as to why it is not feasible for annexation.

“While the Hillcrest Acres Subdivision is adjacent to the Colorado Springs Utilities Water Treatment Plant, therefore satisfying the required contiguity for annexation, the costs for extending water from CSU’s infrastructure vs. Cherokee’s infrastructure is nearly the same as outlined on the attached cost estimates. Accordingly, there is no significant financial advantage to annexation.

All of the property within the proposed Crossroads Districts lie within the Cherokee Metropolitan District Service Area and the Manager for Cherokee has stated that the development of the land is expected to occur within Cherokee’s District. Any attempt to annex will be challenged by Cherokee.

For these two (2) primary reasons, in addition to the required time to process an annexation application, I have elected to avoid annexation.”

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 60 mills for commercial, including 50 mills devoted for commercial debt service, and 10 mills for operations and maintenance for residential and commercial. The Board of County Commissioners policies limit the maximum combined total 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 not requesting an additional 5 mills for covenant enforcement although the Crossroads Metropolitan District Nos. 1-2 may perform covenant enforcement pursuant to their statutory authority.

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 two (2) districts. The proposed district configuration is known as a multiple district. District Nos. 1-2 are both proposed to function as the control district, which is responsible for managing the construction, acquisition, installation, financing, and operation of the Public Improvements. 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 applicants service plan identifies that the two-district configuration is the minimum necessary to facilitate phased development of the Crossroads 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 Crossroads Metropolitan District Nos. 1-2 is \$52 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. The applicant is requesting a thirty (30) year period of maturity for any issued debt.

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

Cherokee Metropolitan District has provided a will-serve letter to provide water service. The proposed Crossroads Metropolitan District Nos. 1-2 are requesting authority to finance, design, and construct water service lines into and within the Crossroads development. The infrastructure will be dedicated to the Cherokee Metropolitan District for ongoing maintenance and ownership after it is constructed and operational.

2. WASTEWATER

Cherokee Metropolitan District has provided a will-serve letter to provide wastewater service. The proposed Crossroads Metropolitan District Nos. 1-2 are requesting authority to finance, design, and construct wastewater service lines into and within the Crossroads development. The infrastructure will be dedicated to the Cherokee Metropolitan District for ongoing maintenance and ownership after it is constructed and operational.

3. TRANSPORTATION

Approval of the proposed service plan would authorize the Crossroads Metropolitan District Nos. 1-2 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 Crossroads Metropolitan District Nos. 1-2 located outside of the dedicated right-of-way shall be maintained by the Crossroads Metropolitan District Nos. 1-2. 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 that that fee applies.

4. DRAINAGE

Approval of the proposed service plan would authorize the Crossroads Metropolitan District Nos. 1-2 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 Crossroads Metropolitan District Nos. 1-2, but all plans and designs must first be submitted to Planning and Community Development Department for technical review, comment, and approval. The majority of the subject area is within the Sand Creek Drainage Basin. The eastern portion of the Crossroads Metropolitan District No. 2 is within the Jimmy Camp Creek Drainage Basin. The applicant is proposing channel improvements where necessary and full-spectrum drainage facilities to detain development runoff to historic rates.

Drainage and bridge fees will be due upon subsequent plat(s) recordings.

5. PARKS AND RECREATION

As stated in the proposed service plan, the Crossroads Metropolitan District Nos. 1-2 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. The applicant is currently negotiating a long-term lease with the City of Colorado Springs for a proposed 19.6-acre sports park. The applicant has provided correspondence that the terms of the lease require the formation of the Crossroads Special District Nos. 1-2.

6. FIRE PROTECTION

The Cimmaron Hills Fire Protection District will serve the development with the proposed District No. 1 area. The District was sent a referral and have no objections or concerns with the request. The proposed area with District No.2 is not with a fire protection district.

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

Colorado Springs Utilities 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 Districts.

I. RELATIONSHIPS TO OTHER DISTRICTS OR MUNICIPALITIES

The Crossroads Metropolitan District Nos. 1-2 is within the boundaries of the Cherokee Metropolitan District. Cherokee Metropolitan District will provide water and wastewater services to the area within the Districts' upon completion of the water and wastewater infrastructure.

J. SCHOOL DISTRICT IMPACTS OR CONCERNS

School District No. 11 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 post the property on September 9, 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 (includes Will Serve Letter, Conceptual Drawings, and Existing Utility Map)

Proposed Service Plan and Attachments

2007 El Paso County Special District Polices

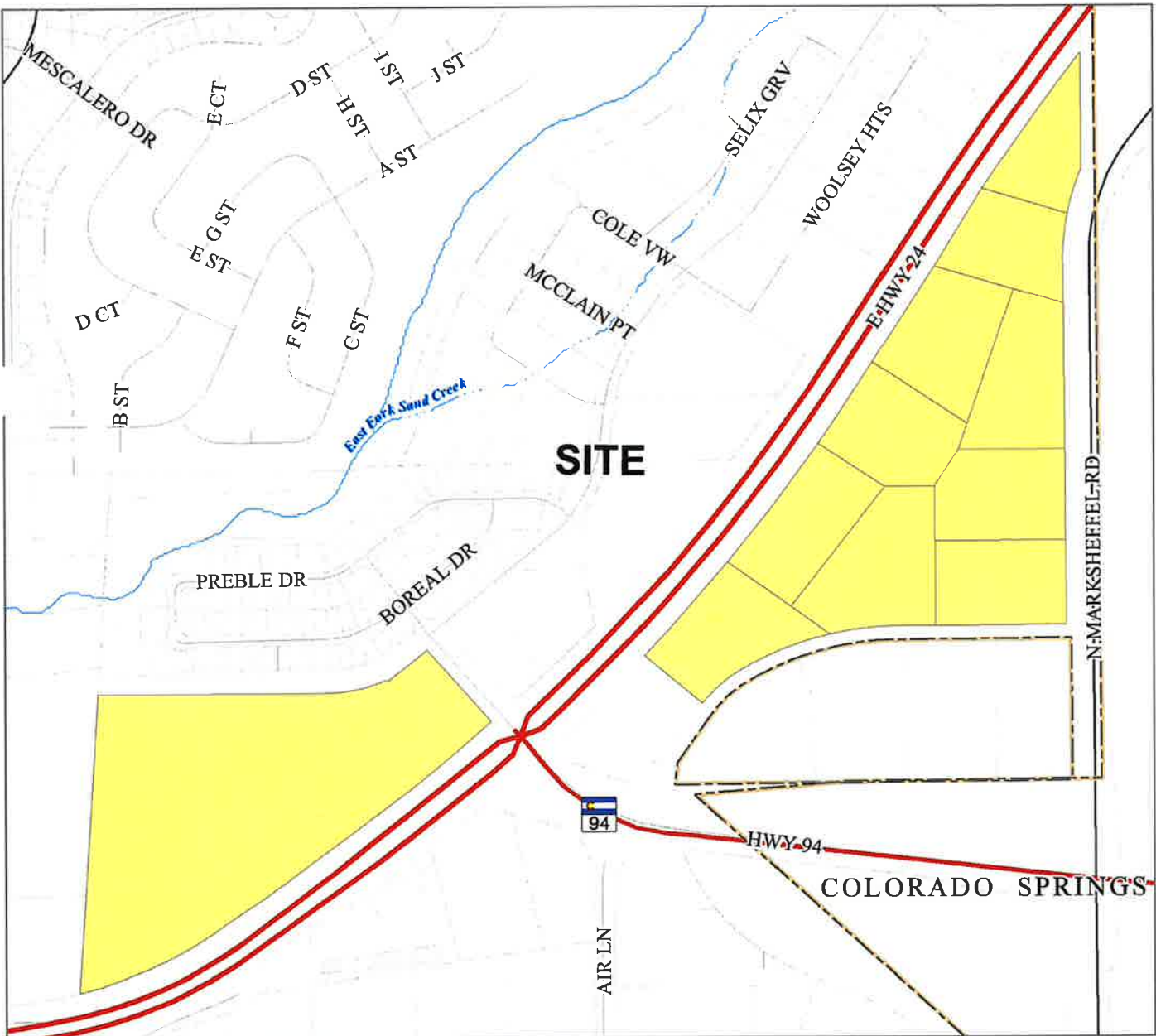
El Paso County Parcel Information

File Name: ID-20-001

Zone Map No. --

Date: September 9, 2020

PARCEL	NAME
5408001008	COLORADO SPRINGS EQUITIES LLC
5408001042	COLORADO SPRINGS EQUITIES LLC
5408001029	COLORADO SPRINGS EQUITIES LLC
5408007005	COLORADO SPRINGS EQUITIES LLC
5408001052	COLORADO SPRINGS EQUITIES LLC
5408001051	COLORADO SPRINGS EQUITIES LLC
5408001032	COLORADO SPRINGS EQUITIES LLC
5408001050	COLORADO SPRINGS EQUITIES LLC
5408001033	COLORADO SPRINGS EQUITIES LLC
5408001034	COLORADO SPRINGS EQUITIES LLC
5408001041	COLORADO SPRINGS EQUITIES LLC



Please report any parcel discrepancies to:
 El Paso County Assessor
 1675 W. Garden of the Gods Rd.
 Colorado Springs, CO 80907
 24 (719) 520-6600



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SpencerFane

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

File No. 5022841.0005

August 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 Crossroads
Metropolitan District Nos. 1 & 2**

Dear Ms. Parsons:

On behalf of The Equity Group LLC, we are submitting this letter of intent to form the proposed Crossroads Metropolitan District Nos. 1 & 2 (collectively, the “Districts”). The boundaries of the proposed Crossroads Metropolitan District No. 1 (“District No. 1”) encompasses one parcel of land located southwest of the intersection of Highway 24 and Highway 94 and contains approximately 29.04 acres (Schedule Number 5408007005). The boundaries of the proposed Crossroads Metropolitan District No. 2 (“District No. 2”) encompasses property located northwest of the intersection of Highway 94 and Marksheffel Road and contains approximately 41.42 acres (Schedule Numbers: 5408001029, 5408001034, 5408001008, 5408001042, 5408001041, 5408001050, 5408001033, 5408001032, 5408001051, 5408001052). The property located within the Districts is collectively referred to herein as the “Crossroads Property.” The Crossroads Property lies entirely within the boundaries of El Paso County, Colorado (the “County”). The Crossroads Property is not located within the City of Colorado Springs. The property identified as the additional inclusion area in the Service Plan, the property Colorado Springs Airport owns, is located within the City of Colorado Springs. Such property will be proposed to be within District No. 2 if the City of Colorado Springs approves the inclusion and approves the proposal to improve the land for use as a sports park.

The property located within District No. 1 is anticipated to be developed into mixed use retail and medical office buildings and the property located within District No. 2 is anticipated to be developed into retail, restaurants, and potentially a sports park in the future. The planned development remains an estimate and may be altered depending on the final outcome of the development approval process.

We respectfully request consideration of the Districts at 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.

A. Purpose of the Districts

One of the primary purposes of the Districts 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, traffic and safety, 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. The creation of the Districts is necessary to serve the Crossroads Property because 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 to serve the Crossroads Property. Cherokee Metropolitan District (“Cherokee”) is anticipated to be the water and sewer provider to the Crossroads Property, however, Cherokee, along with other special districts in the vicinity of the Crossroads Property, are unable to provide or fund the public improvements. The Meadowbrook Crossing Metropolitan District, which is located adjacent to the Crossroads Property, is a residential district that does not have the ability or desire to undertake a new development as it could adversely affect the current residents and property owners. Furthermore, the creation of the Districts will ensure the costs of the public improvements are shared by the property owners and taxpayers directly benefitting from such public improvements.

The public improvements District No. 1 may finance and construct include but are not limited to the following: an extension to Meadowbrook Parkway, installation of a roundabout, construction of a large underground water detention facility, and construction of a community park. District No. 2 is anticipated to enter into a long-term lease agreement with Colorado Springs Airport to lease approximately 20 acres for development and maintain the proposed sports park. District No. 2 is also anticipated to redevelop Air Lane, the existing platted public right-of-way, including mass over lot grading and installation of utility mains. Further, both Districts are anticipated to fund and construct certain regional improvements, including street and traffic improvements.

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 Districts 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.

B. Justification and Information Regarding Multi-District Structure

A multi-district structure is being utilized for this project to allow the development to occur in phases. The creation of two districts will ensure that the construction, financing, and operation of

each phase of development will be administered consistent with a long-term construction, financing, and operations program. The multiple district structure will also promote the equitable allocation of the costs of capital improvements and operations within the Crossroads Property. Each District will have authority to manage the construction, acquisition, installation, and operation of the public improvements and will be responsible for providing the funding and tax base needed to support the project. The Districts may enter into an inter-district agreement further governing this relationship.

C. Development and Financial Plans

The owner of the property located within the Districts is Colorado Springs Equities LLC. The Districts' organizers prepared the Districts' supporting documentation. The Developer of the Crossroads Property is The Equity Group LLC. Cost estimates for the proposed public improvements were generated by Developer representatives who have experience in the completion of similar improvements and the estimates have been reviewed by MS Civil Engineers. Concept planning for both Districts are enclosed. It should be noted, though, that such 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, e.g., increased construction costs and inflation. In particular, these initial cost estimates only include the public improvement portion of costs and the total project improvement costs may be significantly higher. To demonstrate the Districts' ability to finance the public improvement portion of costs of the project, a financial plan is attached to the Service Plan as Exhibit D. This financial plan and the cost estimates provided in Exhibit C to the Service Plan are meant to show the capacity of the Districts to issue debt. Any debt the Districts issue will be within the limitations of the text of the Service Plan.

D. Justification for District Formation Prior to Completion of Zoning and Land Use Approvals

The property located within District No. 1 is zoned commercial regional zoning and does not require a change. The property located within District No. 2 is zoned commercial regional and industrial. The Developer is consolidating all zoning within District No. 2 to commercial regional zoning and the proposed uses within District No. 2 include retail, big box retail, quick serve restaurants, drug store, and medical office. The submittal is scheduled for the week of August 31, 2020.

We are requesting that the Districts' formation be considered in conjunction with the zoning and land use approval process for several reasons. First, the Districts' formation is part of a larger master development plan that will serve the surrounding area. For example, the County has been interested in the construction of Meadowbrook Parkway through to Peterson Road to help facilitate planning and growth in the area. This public improvement is one of four major offsite public improvements the Developer seeks to develop within the master-planned commercial developments the Districts are intended to serve. The other three public improvements include: (i) the extension of water and wastewater through the Hillcrest Subdivision (in District No. 2), which requires borings under both U.S. Highway 24 and Colorado Highway 94; (ii) the development of an underground stormwater detention facility that will result in a park-like landscape entry along U.S. Highway 24; and (iii) massive over lot grading of the District No. 2 property aggregation in

support of both the private development and the potential sports park referenced above. A concept plan demonstrating the development is enclosed herewith. In order to finance the extension of Meadowbrook Parkway within District No. 1 and the mass over lot grading and utility mains within District No. 2, the Districts must be formed.

These on and offsite public improvements generally need to be completed prior to additional development. Moreover, as these improvements are significant, development of such will need to rely on the public financing tools that will be available to the Districts and the Developer cannot move forward on any of the pre-development District-related improvements without such financing. The prolonged election cycle (next TABOR election does not occur until November 2021) and market uncertainty necessitate the formation of the Districts this year to allow for the financing for these types of improvements to materialize.

Second, the Developer is actively preparing the necessary land use submittals for the project. The Developer has completed the Early Assistance meetings for the properties within both Districts and is currently preparing the Preliminary Plat and zoning submittals (zoning submittals are only needed for District No. 2). Due to the overall size and scope of the project, the Developer is completing additional land planning and civil engineering to establish the placement of access roads, detention improvements, and other improvements before finalizing the Preliminary Plat. The Developer anticipates submitting the Preliminary Plat and zoning submittals by August 21, 2020.

Third, the Developer is currently negotiating with the Colorado Springs Airport for a long-term lease of 20 acres (anticipated to be approximately 50 years), which is intended to be redeveloped as a sports park. District No. 2 is intended to be the lessee and therefore must be formed before the parties can enter into the lease and for the Colorado Springs Airport to cooperate on the sports park. The Developer and District No. 2 must be in a position to show the Colorado Springs Airport a financial structure to accomplish the plans for development of the sports park. Therefore timely formation of the Districts is needed to complete this aspect of the plan for development and cannot afford to wait another complete year to be accomplished.

We are therefore requesting that the County allow the Developer to achieve the master-planned approach for this entry corridor, which will help fulfill the County's vision for this area, by allowing the parallel formation of the Districts. To further establish the Developer's intention to obtain all necessary zoning and land use approvals, we propose that the BOCC Resolution approving the Service Plan contain language that requires such land use and zoning approvals prior to the Districts imposing a debt service mill levy or issuing any debt. We also propose including a deadline for the Developer to obtain such approvals, after which the District must initiate dissolution proceedings or petition the County for an amended service plan.

Following approval of the land use and zoning submittals and consistent with the proposed Service Plan, the Developer and the Districts 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 Districts including, but not limited to, water, wastewater/sewer and fire protection services. Cherokee is anticipated to provide water and sewer services to the Crossroads Property pursuant to its development guidelines and rules and regulations. The Districts will fund and construct the necessary improvements and convey such improvements to Cherokee for ownership,

operations, and maintenance as the service provider. The roads will be conveyed to the County and certain public improvements, including stormwater, drainage, and park and recreation improvements, will be owned by the Districts or the County as appropriate and subject to County requirements. A utility plan for the project is enclosed (a lift station is not required). Additionally, the Developer and the Districts 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 Districts.

E. Service Plan Conformity

The proponents for the formation of the Districts 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 Districts.

The purpose of the Districts is to finance and construct certain public improvements and to provide other additional services necessary to support the Crossroads Property. Without the formation of the Districts, these improvements and services as well as regional improvements will not be developed. Further, the proposed improvements and services are not available to the community through the County or other existing quasi-municipal corporations, including special districts, within a reasonable time and on a comparable basis. To develop the area, significant investment is needed in public infrastructure, both within and without the boundaries of the Districts, including but not limited to water system improvements, sanitary sewer and storm drainage improvements, streets and roadway improvements, and park and recreation improvements. Financing and constructing these improvements through the Districts will lower cost and ensure the costs are spread among those in the community that will benefit from such development.

- b. The existing service in the area to be served by the Districts is not adequate for present and projected needs without the organization of the Districts.

The proposed improvements and services are not and will not be available to the community through the County or other existing municipality or quasi-municipal corporations, including special districts such as Meadowbrook Crossing Metropolitan District, within a reasonable time and on a comparable basis. Meadowbrook Crossing Metropolitan District and Cherokee do not have the ability or the desire to undertake new development. Once the infrastructure is built for the water and sewer systems, the Districts will convey the improvements to Cherokee. See the enclosed Water Sufficiency Letter from Cherokee demonstrating adequate water supply.

- c. The Districts are 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.

The formation of the Districts will ensure that the public improvements and other services are sufficient to support the community. The Districts will also ensure the public improvements are constructed within a reasonable period of time for the benefit of the property owners, taxpayers, and residents located in the community. In addition, the public financing tools available to the Districts will help lower the costs of the public improvements.

- d. The areas to be included within the Districts have, or will have the financial ability to discharge the proposed indebtedness of the Districts on a reasonable basis within the mill levy caps and restrictions provided by the County rules and regulations.

The estimated costs of the improvements and facilities to be constructed, installed, and/or acquired by the Districts are set forth in the Service Plan. The Districts will be limited to issuing debt within the confines of the Service Plan and limited to the amount the Districts can reasonably pay from the revenue derived from the debt service mill levy and other legally available revenue. In other words, the anticipated issuance of debt and repayment will be based upon the projected development within the Districts' boundaries, which will allow the Districts to finance the facilities and improvements identified in the Service Plan and allow the Districts to discharge the proposed indebtedness on a reasonable basis. In addition, the financial plan indicates that the Districts will have the ability to discharge the proposed indebtedness pursuant to the densities following approval of the required land use submittals.

- 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.

The proposed public improvements and services the Districts will provide are not available to the area through the County or other existing municipality or quasi-municipal corporation, including special districts, within a reasonable time and on a comparable basis. Cherokee has committed to serve the water and sewer services following construction of the necessary infrastructure by the Districts. Additionally, upfront public financing is needed to construct the proposed infrastructure.

- f. The facility and service standards of the proposed Districts are compatible with the facility and service standards of the County.

All proposed facilities and services will be constructed and provided in accordance with the standards and specifications of El Paso County, the State of Colorado, and any other appropriate jurisdictions.

- g. The proposed service plan shall be consistent with applicable elements of the El Paso County Master Plan.

The Crossroads Property is located within Region 5, Cherokee Metropolitan District. The Water Sufficiency Letter from Cherokee, as the service provider for the Crossroads Property, is enclosed herewith demonstrating Cherokee's compliance with the El Paso County Master Plan and adequate supply of water to serve the Crossroads Property. The developer contends that the project is compatible with the County's vision for the future and complies with the policies necessary to achieve sustainable growth within the County as expressed in the County master plan.

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

The proposed public improvements and services necessary to serve the Crossroads Property are not and will not be available to the area through the County or other existing municipality or quasi-municipal corporation, including special districts, within a reasonable time and on a comparable basis. The formation of the Districts will ensure that the public improvements and services are sufficient and constructed within a reasonable period of time for the benefit of the property owners and residents located in the community.

F. Major Service Plan Points

- Approximately 70.46 acres of property within the boundaries of the Districts.
- Completion of an estimated \$48,500,000 of on and off-site public improvements including, but not limited to on and off-site streets, roadway, water and sanitary, drainage, traffic and safety, and park and recreation improvements.
- Anticipated development of approximately 373,000 commercial square feet.
- The rate of absorption provided in the Service Plan is a projection based on information from the developer and is used for estimating the financial plan. There is no way to accurately predict absorption due to variables such as the economic factors, market demand, land-sue approval timing, building supply chains, and labor availability. In view of these factors, the bond underwriter projects the potential ability of the Districts to discharge the proposed debt per the statutory requirement. If absorption is delayed or accelerated, the bond issuance parameters will reflect those changes at the time of issuance.

- The estimated initial assessed value at time of complete build-out is \$12,112,942 (based upon an estimated initial market value at time of complete build-out of \$41,768,765 times 29%).
- The initial estimated cost of the public improvements needed for the project is \$48,500,000. 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 Districts 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 60 mills for each District, inclusive of debt (50 mills) and operations and administration (10 mills), is proposed.
- Total current projected mill levy of 50 mills for debt, 10 mills for operations and maintenance and a public improvement fee of 2% allows for financing of up to approximately \$36,270,000 based upon initial estimates. As mentioned above, this is an example of the Districts' capacity to finance the public infrastructure and is subject to change, subject to the limitations in the Service Plan.
- Requested Debt Authorization of \$52,000,000 allows for contingencies and financing variations based upon changes to construction costs, development build out and absorption of the project (see estimated cost of \$48,500,000 for public improvements above).
- 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 Districts 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 example financial plan attached to the Service Plan anticipates a bond issuance in 2022 for both Districts and a potential refunding in 2032. If bonds are issued in the early part of a project as proposed, the interest rate is generally higher due to the reliance on future projected

development. As that development is completed, there is less risk to the bond holders and the initial bonds are refunding and replaced with lower interest rate “permanent” bonds in order to lower the impact on residents. This is a common structure for new development bonds.

G. Conclusion

Crossroads Metropolitan District Nos. 1 & 2 Service Plan will serve the best interests of the taxpayers, property owners and development of the property within the Crossroads Property, will minimize non-interested party obligations, and will maximize both development and absorption within the Districts and County without delays in development. The formation of the Districts will allow for financing and development to pay for only those improvements and costs which are a direct benefit to the property within the Districts. Allocation of improvement costs between the Districts will be determined at the time of construction and funding. Each District will help fund the costs within its boundaries and contribute a proportionate share of the costs for regional or shared improvements.

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

Sincerely,
SPENCER FANE LLP

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

Encl.



CHEROKEE METROPOLITAN DISTRICT

6250 Palmer Park Blvd., Colorado Springs, CO 80915-2842

Telephone: (719) 597-5080 Fax: (719) 597-5145

October 16, 2019

Danny Mientka

Colorado Springs Equities, LLC

90 S. Cascade Ave, Ste. 1500

Colorado Springs, CO 80903

Sent via email: kelly@theequitygroup.net

Original to follow by US Mail

Re: Sufficiency Statement for Colorado Springs Equities, LLC

Dear Colorado Springs Equities, LLC,

As requested, this document will serve as a sufficiency statement from the Cherokee Metropolitan District that it will have sufficient water and sewer capacity for Colorado Springs Equities' three developments located around the intersection of State Highway 94 and U.S. Route 24. The proposed location for this development is located within the District's established boundaries and is therefore eligible for service connections from the District.

Cherokee Metropolitan District staff have determined that the developments will require the following water supply:

Development	Demand (AF/yr)
Meadowbrook Park Residential	20.2
Village at Meadowbrook (NW of US24)	25.4
Crossroads Commercial (SE of US24)	90.9
Total	134.4

The District is actively developing new water supplies to meet the demands of our growing customer base. Based on our water supply development schedule and the anticipated buildout of other developments in the District we will have sufficient water to support partial buildout and construction flows during 2020 and will have sufficient water to fully supply all three parts of the development by the end of 2020. The water demand estimates presented here are upper boundaries for our own planning and final water use may be reduced by installation of low flow fixtures and water efficient landscaping.

CROSSROADS - 45 ACRES SITE UTILITY EXHIBIT

- LEGEND**
- EXISTING CSU FORCE MAIN
 - EXISTING WATER MAIN CHEROKEE MD
 - EXISTING GRAVITY SANITARY SEWER CHEROKEE MD
 - PROPOSED GRAVITY SANITARY SEWER CHEROKEE MD
 - PROPOSED WATER MAIN CHEROKEE MD
 - PROPOSED CSU FORCE MAIN RELOCATION
 - REAGAN RANCH FORCE MAIN (2)
 - EXISTING FIBER OPTIC
 - EXISTING OVERHEAD ELECTRIC
 - EXISTING GAS
 - EXISTING WATER WELL
 - EXISTING STORM SEWER
 - EXISTING STORM SEWER MANHOLE
 - EXISTING UNDERGROUND ELECTRIC
 - EXISTING UNDERGROUND TELEPHONE
 - EXISTING WATER
 - TEST HOLE

UTILITY PROVIDER

- GAS - COLORADO SPRINGS UTILITIES
- ELECTRIC - COLORADO SPRINGS UTILITIES
- WATER - CHEROKEE METRO DISTRICT
- STORM SEWER - CHEROKEE METRO DISTRICT
- STORM SEWER - EL PASO COUNTY

CROSSROADS - 45 ACRES
SITE UTILITY EXHIBIT
18-001

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APRIL 7, 2020

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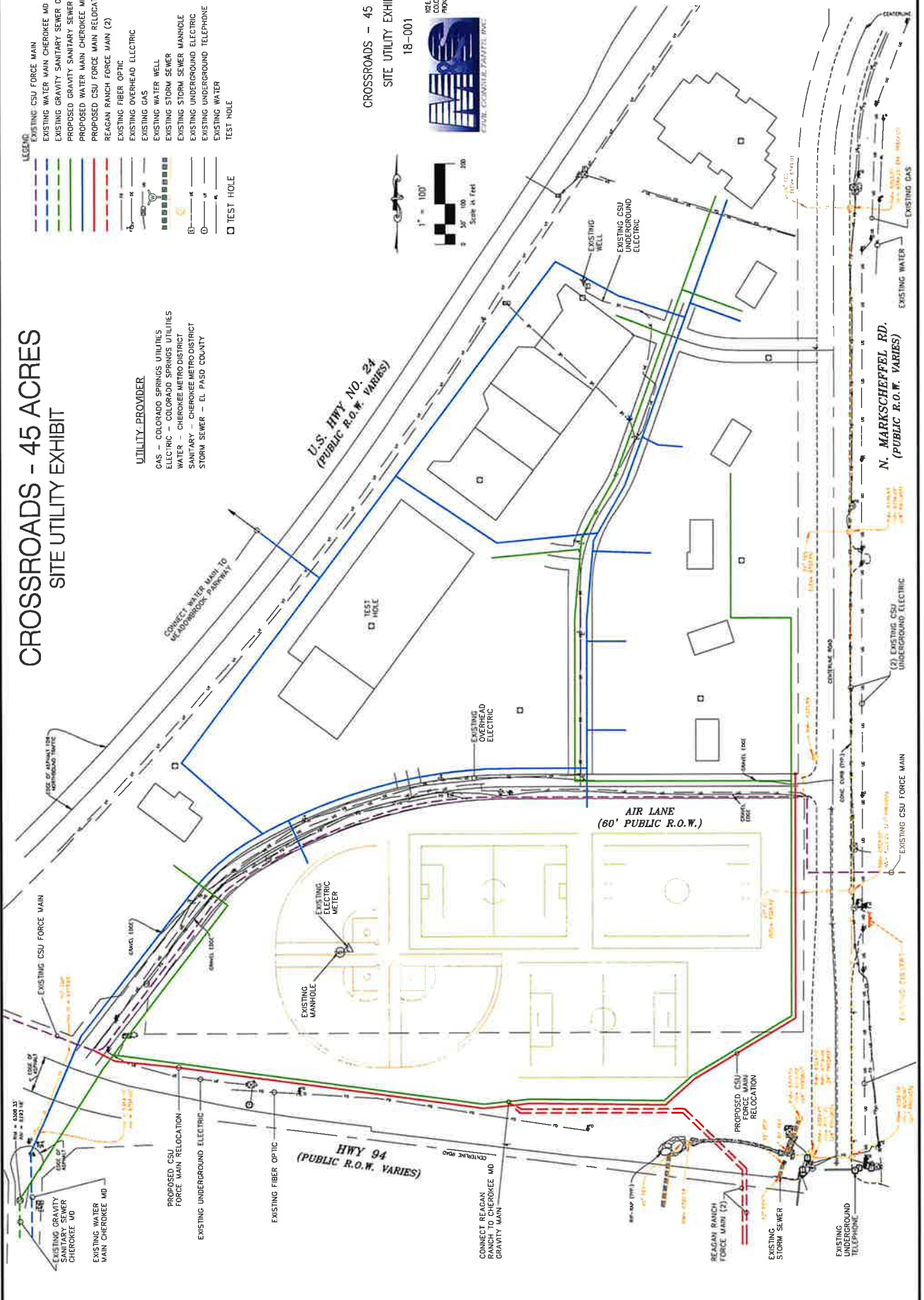
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Scale in feet

1" = 100'

100
200
300
Scale in feet

1" = 100'

100
200
300
Scale in feet



PROJECT NO. 18-001
 DESIGNED BY: WMS
 DRAWN BY: WMS
 CHECKED BY: WMS
 DATE: 1-20-2020
 SHEET 1 OF 1

CIVIL CONSULTANTS INC.

 102 E. MAIN ST. SUITE 200
 COLOMBO, CO. 80501
 PHONE: 719.555.5545

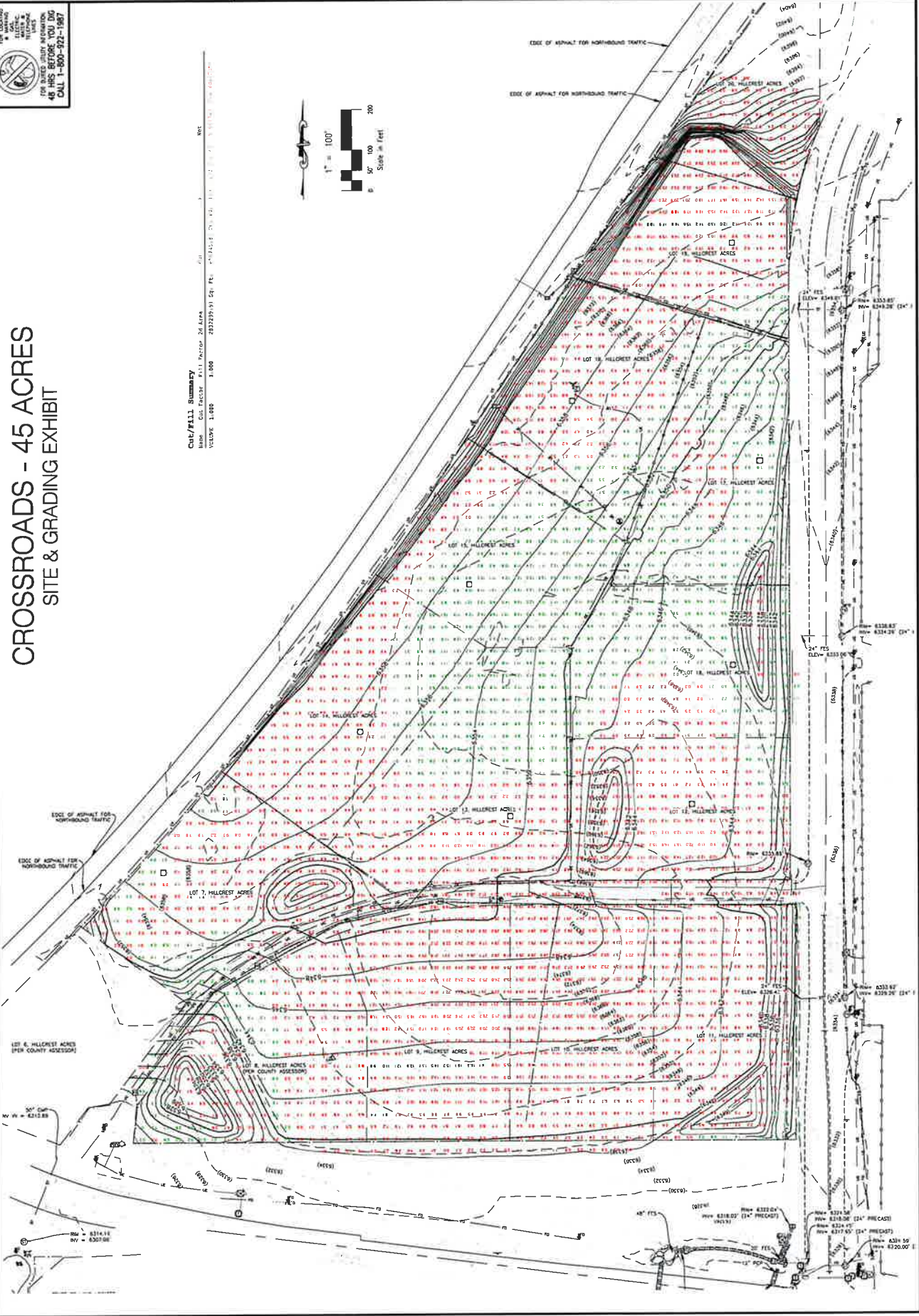
NO. 18-001
 SHEET NO. 1 OF 1
 PROJECT: CROSSROADS - 45 ACRES

THE ENGINEER HAS REVIEWED THESE PLANS AND HAS NOT BE RESPONSIBLE FOR THE ACCURACY OF THE DATA OR THE FIELD SURVEY. ALL CHANGES TO THE PLANS WILL BE THE RESPONSIBILITY OF THE CLIENT. THE ENGINEER HAS NOT BEEN ADVISED OF ANY CHANGES TO THE PLANS SINCE THE DATE OF THE ORIGINAL DESIGN. THE ENGINEER HAS NOT BEEN ADVISED OF ANY CHANGES TO THE PLANS SINCE THE DATE OF THE ORIGINAL DESIGN.



Cut/Fill Summary
 Mass Cut/Fill: 111,260 cu yd
 Volume: 1,000
 Scale: 1" = 100'

CROSSROADS - 45 ACRES SITE & GRADING EXHIBIT





USE	SITE AREA	BUILDING AREA	PARKING	SITE UTILIZATION
M.O.B	13,355 AC	25,675 SF	64	
M.O.B	28,138 SF	28,138 SF	70	
M.O.B	28,474 SF	28,474 SF	71	8.20%
RESTAURANT	2,969 AC	9,702 SF	33	12.40%
RETAIL	1,484 AC	10,200 SF	102	16.50%
DRIVE THUR	1,248 AC	13,240 SF	53	7.57%
DRIVE THUR	1,028 AC	2,900 SF	29	6.05%
COFFEE	0,879 AC	2,400 SF	24	4.12%
DRIVE THUR	1,412 AC	4,180 SF	42	6.72%
DETENTION	3,775 AC	-	-	7.36%
ENTRANCE DRIVE	0.383 AC	-	-	-
TOTAL	30.249 AC	169,081 SF	561	12.63%

SCALE: 1" = 100'

NORTH



CROSSROADS METROPOLITAN DISTRICT NOS. 1 & 2

EL PASO COUNTY, COLORADO

Date: August 26, 2020

SERVICE PLAN
FOR
CROSSROADS METROPOLITAN DISTRICT NOS. 1 & 2

Prepared by:

SPENCER FANE LLP
Attention: Russell W. Dykstra
1700 Lincoln Street, Suite 2000
Denver, CO 80203-4554
Phone: 303-839-3845
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DRAFT: August 26, 2020

Applicant

Developer:

The Equity Group LLC
Attention: Danny Mientka
90 South Cascade Avenue, Suite 1500
Colorado Springs, CO 80903

Proposed Initial Directors:

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—
—

Consultants:

Engineers –
Underwriter – D.A. Davidson

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EXHIBITS

- A. Maps and Legal Descriptions
 - 1. Vicinity Map
 - 2. Initial District Boundaries Legal Descriptions
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 - 5. Additional Inclusion Areas Map
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- 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:	Crossroads Metropolitan District Nos. 1 & 2
Property Owner:	Colorado Springs Equities LLC Schedule Numbers: 5408007005, 5408001029, 5408001034, 5408001008, 5408001042, 5408001041, 5408001050, 5408001033, 5408001032, 5408001051, 5408001052
Developer:	The Equity Group LLC
Description of Development:	The boundaries of the proposed District No. 1 consist of approximately 29.04 acres of land located southwest of the intersection of Highway 24 and Highway 94 and the boundaries of the proposed District No. 2 consist of approximately 41.42 acres of land located northwest of the intersection of Highway 94 and Marksheffel Road in El Paso County. The property within the boundaries of District No. 1 is intended to be developed into mixed use development, including approximately 50,000 square feet of retail and a medical office building (see Page 3 of the financial plan information for District No. 1 provided as part of Exhibit D). The property within the boundaries of District No. 2 is intended to be developed into approximately 323,000 square feet of retail and restaurants, and possibly a sports park (see Page 3 of the financial plan information for District No. 2 provided as part of Exhibit D). The amount of commercial square footage remains an estimate and may be altered depending on the final outcome of the development approval process.
Proposed Improvements to be Financed:	Proposed completion of an estimated \$48,500,000 of on and off-site public improvements including, but not limited to, on and off-site streets, roadway, water and sanitary sewer, drainage, traffic and safety, 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 the Developer's control, e.g., increased construction costs and inflation. 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.

Proposed Ongoing Services: The Developer and the proposed 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, wastewater, streets, drainage, fire protection services, and parks and recreation. 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 to provide water, wastewater, and fire protection services once the necessary improvements are constructed. It is anticipated that Cherokee Metropolitan District will provide water and sanitary sewer services. More information can be provided once determined and known. Additionally, the proposed Districts shall have the power and authority to provide other services as authorized under the Special District Act.

Infrastructure
Capital Costs: Approximately \$48,500,000

Maximum Debt Authorization: \$52,000,000 (combined for both Districts)

Proposed Maximum Debt Mill Levy: 50 Mills for each District

Proposed Maximum O & M Mill Levy: 10 Mills for each District

Proposed Maximum Mill Levies: 60 Mills inclusive of debt (up to 50 mills) and operations and maintenance (10 mills) for each District

Proposed Fees: None anticipated at this time.

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: means the property described in Section J of Article III, legally described in **Exhibit A.4**, and depicted on the map found in **Exhibit A.5** that is anticipated for future inclusion into the boundaries of the Districts, together with other real property located within a five (5) mile radius of the combined area described in **Exhibits A.4, A.5, and A.6** that may be included upon petition of the property owners thereof.

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.

Conventional Representative District: means a Title 32 special district, which is structured to allow all residents and property owners to participate in elections for the Board of Directors, as otherwise allowed by Statute.

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 Crossroads Metropolitan District No. 1 as described in this Service Plan.

District No. 2: means the Crossroads Metropolitan District No. 2.

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.

Gallagher Adjustment: means an allowed adjustment to the Maximum Debt Service Mill Levy or Maximum Operational 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.3** and as legally described in the legal description found at **Exhibit A.2**.

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 \$52,000,000.

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.

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, water and sanitary sewer, drainage,

traffic and safety, 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 Conventional Representative 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 “Crossroads” (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 consist of park and recreation purposes, including a sports park.

The Districts are both anticipated to include commercial development. Each District is expected to construct the Public Improvements and produce the required revenue to fund the Public Improvements and any operations and maintenance costs.

B. Need For The Districts.

There is a need for creation of the Districts. First, the Districts’ formation is part of a

larger master development plan that will serve the surrounding area. This master development plan will include the development of major Regional Public Improvements, including the extension of Meadowbrook Parkway through to Peterson Road, a project the County has an interest in seeing completed. A multiple district structure is needed to facilitate the development of the considerable Public Improvements, as such development will need to occur in multiple phases. In addition, phasing of development will allow for more efficient financing for the overall project. Second, as the Public Improvements are significant, the development of the Public Improvements will need to rely on the public financing tools that are available to special districts. Third, 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. Special districts that are in the vicinity of the project are unable to provide or fund the significant public improvements needed to serve the project. Meadowbrook Crossing Metropolitan District, which is located adjacent to the Districts, is a residential district and does not have the ability or the desire to undertake a new development as it could adversely affect the current residents and property owners. 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 Districts.

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 reasonable access to public tax-exempt financing for reasonable costs associated with the generally identified Public Improvements and to allow the applicant 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.

In approving these Districts as a Conventional Representative Districts, it is also an objective of the County to maximize opportunities for full representative participation on the part of future eligible electors. However, because many of the critical financing decisions will be made prior to the existence of resident electors, it is the further intent of the County to accommodate and allow for reasonable and constructive ongoing notice to future property owners of the probable financial impacts associated with owning property within the Districts.

D. Multiple District Structure.

1. Multiple District Structure. Multiple Districts are being proposed for the Project in order to permit the provision of the Public Improvements according to the phasing and pace of development as discussed further below. This structure will also promote the equitable allocation of the costs of the Public Improvements and related services among properties within the Project.

Each District will have the authority to manage the construction, acquisition, installation and operation of the Public Improvements and will 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 Districts will consist of commercial development. 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 the Districts as appropriate to deliver the improvements and services to the property within the Project.

Due to the interrelationship between the Districts and the Project as a whole, 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 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 a multiple district structure 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. Intergovernmental agreements will 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. Allocation of public improvement costs between the Districts will be determined at the time of construction and funding. Each District will help fund the costs within its boundaries and will contribute a proportionate share of the costs for regional or shared improvements.

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 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 anticipated that Cherokee Metropolitan District will provide water services to the property within the Districts' boundaries pursuant to its development guidelines and rules and regulations. The Districts will fund and construct the necessary water improvements and convey such improvements to Cherokee for ownership, operations, and maintenance as the service provider.

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. It is anticipated that the Districts will construct the sanitary sewer improvements and then convey such improvements, including the water and sewer mains, to Cherokee Metropolitan District, which will provide sanitation services to the property within the

Districts' boundaries pursuant to its development guidelines and rules and regulations. The Districts will fund and construct the necessary sewer improvements and convey such improvements to Cherokee for ownership, operations, and maintenance as the service provider. End users will own service lines per the rules and regulations of Cherokee Metropolitan District. Notwithstanding the foregoing, the Districts shall not assess tap fees for services Cherokee Metropolitan District provides to the properties within the Districts.

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 most of the foregoing street improvements, except underground utilities, 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. 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.

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

11. 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 to provide water, wastewater, and fire protection services, including Cherokee Metropolitan District, once the necessary improvements are constructed. 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 between 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. As noted earlier, the multiple district structure fits within an intended multiple phase development plan. The phasing of development will allow for more efficient financing for the overall project.

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 **Exhibit A.1**. A map of the initially included properties is included as **Exhibit A.3**, with a legal description of boundaries included as **Exhibit A.2**. The property located within the Initial District Boundaries does not include property that has been

annexed into the City of Colorado Springs.

2. Additional Inclusion Areas/Boundary Adjustments. Additional inclusion areas are anticipated in addition to the initially included properties or outside of the Project. A map of the Additional Inclusion Areas is included as **Exhibit A.5**, with a legal description of the boundaries attached as **Exhibit A.4**. 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. Notwithstanding the foregoing, the Districts are prohibited from including additional property within the Districts' boundaries if the property is within the corporate limits of the City of Colorado Springs without express prior consent of the City of Colorado Springs.

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. 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 nor any other public entity is available or willing to provide the Public Improvements required. Further, there are no other quasi-municipal corporations in the vicinity with sufficient debt capacity authorization to finance the infrastructure that is needed for the Project, which is anticipated to be both significant and costly. There are also not any quasi-municipal corporations in the area that have a vested interest in ensuring that the Project develops and the infrastructure functions as proposed.

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

f. 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 approximately 50,000 square feet of commercial development in District No. 1 (see Page 3 of the financial plan information for District No. 1 provided as part of Exhibit D) and approximately 323,000 square feet of commercial development in District No. 2, and which may also include a sports park (see Page 3 of the financial plan information for District No. 2 provided as part of Exhibit D). The rate of absorption is a projection based on information from the developer and is used for estimating the financial plan. There is no way to accurately predict absorption due to variables such as the economic factors, housing demand, land-use approval timing, building supply chains, and labor availability. In view of these factors, the bond underwriter projects the potential ability of the Districts to discharge the proposed debt per the statutory requirement. If absorption is delayed or accelerated, the bond issuance parameters will reflect those changes at the time of issuance.

C. Development Phasing And Absorption.

Absorption of the project is projected to take approximately four (4) years, estimated to begin in 2022 (year) and be completed in 2025 (year) and is further described in the Development Summary Table found at **Exhibit B**.

D. Status of Underlying Land Use Approvals.

The property located within District No. 1 is zoned Commercial Regional Zoning and does not require a zoning change. The property located within District No. 2 is currently zoned Commercial Regional and Industrial. The Developer is consolidating all zoning in District No. 2 to Commercial Regional and the proposed uses include retail, big box retail, quick serve restaurants, drug store, and medical office. The Developer is actively preparing the necessary land use submittals for the project and the submittal is scheduled for the week of August 31, 2020. The Developer has completed the Early Assistance meetings for the properties within both Districts and is currently preparing the Preliminary Plat and zoning submittals (zoning submittals are only needed for District

No. 2). Due to the overall size and scope of the project, the Developer is completing additional land planning and civil engineering to establish the placement of access roads, detention improvements, and other improvements before finalizing the Preliminary Plat. The Developer will submit the Preliminary Plat and zoning submittals prior to the public hearing on the Service Plan. The underlying land use and zoning submittals will align with the proposed development discussed herein and the County's Master Plan.

It is requested that the service plan approval process proceed in conjunction with the land use and zoning approval process. As discussed above, the Districts' formation is part of a larger master development plan that is intended to serve the surrounding area and therefore the Districts will support both on and offsite improvement development. This master-planned approach cannot succeed without the parallel formation of the Districts, as the Districts will provide the public financing tools needed to fund the project and major offsite public improvements must be completed prior to additional improvement. The Districts therefore need to be formed this year to allow for such financing for these types of improvements to materialize. Without such financing, the Developer will be unable to move forward on any of the pre-development District-related improvements. Additionally, the developer is currently negotiating with the Colorado Springs Airport for a long term lease of 20 acres, which is intended to be redeveloped as a sports park. District No. 2 is intended to be the lessee and therefore must be timely formed to demonstrate to Colorado Springs Airport a viable financing structure to accomplish the plans for development of the sports park. Further, if the organizational and debt election occurs this November, future purchasers will receive disclosure of the existence of the Districts. As such, 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 and have been reviewed by civil engineers. 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 \$48,500,000 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 \$36,270,000 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 \$52,000,000 in principal amount (total combined for all Districts). The debt issuance authorization is based upon the proposed completion of an estimated \$48,500,000 of on and off-site public improvements including, but not limited to, on and off-site streets, roadway, water and sanitary sewer, drainage, traffic and safety, 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 items such 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 for each District 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 Combined Mill Levy. The Maximum Combined Mill Levy for each District is 60 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. The Districts must be authorized to refund or restructure existing Debt within these confines because if bonds are issued in the early part of a project as proposed, the interest rate is generally higher due to the reliance on future projected development. As that development is completed, there is less risk to the bond holders and the initial bonds are refunded and replaced with lower interest rate “permanent” bonds in order to lower the tax impact on residents. This is a common structure for new development bonds.

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 for District No. 1 are as follows:

El Paso County	.007222
El Paso County Road and Bridge	.000330
Colorado Springs School No. 11	.051558
Pikes Peak Library District	.003731
Cimarron Hills Fire Protection District	.016200
Cherokee Metropolitan District	.000000
Total Existing Mill Levy:	<u>.079041</u>

The total mill levy including the initially proposed District’s mill levy is .139041 mills.

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

The directly overlapping taxing entities and their respective year 2019 mill levies for District No. 2 are as follows:

El Paso County	.007222
El Paso County Road and Bridge	.000330
Colorado Springs School No. 11	.051558
Pikes Peak Library District	.003731
Cherokee Metropolitan District	.000000
Total Existing Mill Levy:	<u>.062841</u>

The total mill levy including the initially proposed District's mill levy is .122841 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):

BANNING LEWIS RANCH REGIONAL METROPOLITAN DISTRICT NO. 1
CENTRAL COLORADO CONSERVATION DISTRICT
CENTRAL MARKSHEFFEL METROPOLITAN DISTRICT
CHEROKEE METROPOLITAN DISTRICT
CIMARRON HILLS FIRE PROTECTION DISTRICT
CITY OF COLORADO SPRINGS
COLORADO SPRINGS SCHOOL DISTRICT NO. 11
CONSTITUTION HEIGHTS METROPOLITAN DISTRICT
EL PASO COUNTY
EL PASO COUNTY CONSERVATION DISTRICT
EL PASO COUNTY PUBLIC IMPROVEMENT DISTRICT NO. 2
EL PASO COUNTY SCHOOL DISTRICT NO. 49
ELLCOTT METROPOLITAN DISTRICT
ELLCOTT SCHOOL DISTRICT NO. 22
FALCON FIRE PROTECTION DISTRICT
FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT
FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2
HARRISON SCHOOL DISTRICT NO. 2
MEADOWBROOK CROSSING METROPOLITAN DISTRICT
PATRIOT PARK METROPOLITAN DISTRICT NOS. 1 & 2
PETERSON GATEWAY METROPOLITAN DISTRICT
PIKES PEAK HEIGHTS METROPOLITAN DISTRICT
PIKES PEAK LIBRARY DISTRICT
SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
THE SANDS METROPOLITAN DISTRICT NOS. 1-4
WESTGATE METROPOLITAN DISTRICT
WIDEFIELD SCHOOL DISTRICT NO. 3

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.

VIII. 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. 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,