WBA
Local Government Law

July 31, 2026

Planning and Community Development
El Paso County, Colorado
Attention: Kari Parsons
2880 International Circle, Suite 110
Colorado Springs, CO 80910

Re: Letter of Intent for the Amended and Restated Service Plan for Waterbury Metropolitan District No. 1 (f/k/a 4-Way Ranch Metropolitan District No. 2) and Service Plan for Waterbury Metropolitan District Nos. 2-5

Dear Ms. Parsons:

This Letter of Intent is being submitted on behalf of ACM ALF VIII JV SUB II LLC (the "**Developer**"), for the amendment and restatement of the service plan for the existing Waterbury Metropolitan District No. 1 (f/k/a 4-Way Ranch Metropolitan District No. 2) ("**District No. 1**") and the organization of Waterbury Metropolitan District Nos. 2-5 (individually, "**District No. 2**," "**District No. 3**," "**District No. 4**," and "**District No. 5**," and collectively with District No. 1, the "**Districts**") located wholly within the County of El Paso, Colorado (the "**County**"). The Developer and Districts intend to comply with all limitations and requirements set forth in the Service Plan, and no material deviations are proposed through this Letter of Intent.

The Districts shall be organized pursuant to and in accordance with the provisions in Title 32 of the Colorado Revised Statutes, Chapter Nine of the El Paso County Land Development Code, and the El Paso County Special District policies. District No. 1 was originally organized in 2005 as 4-Way Ranch Metropolitan District No. 2 pursuant to the Consolidated Service Plan for 4-Way Ranch Metropolitan District Nos. 1 & 2. On September 23, 2025, the District Court for El Paso County issued an order changing the name of District No. 1 to Waterbury Metropolitan District No. 1, in order to align with the marketing of the project. The purpose of this filing is to amend and restate the service plan for District No. 1 and to create District Nos. 2-5 to accommodate the phased development of the property and to ensure that public improvements are constructed in the most efficient and cost-effective manner.

The Districts' boundaries will consist of approximately 275 acres of land located north of Stapleton Drive, south of Eastonville Road, and east of 4-Way Ranch Subdivision Filing No. 1, in El Paso County, Colorado (the "**Project**"). The Developer, ACM ALF VIII JV SUB II LLC, owns the property within the Project. The Project is anticipated to consist of approximately 1,063 single-family detached residential units with an average anticipated market value of $557,200 per unit and 300 single-family attached residential units with an average anticipated market value of $450,000 per unit, in 2026 dollars. Enclosed with this Letter of Intent is a PDF version of the proposed Amended and Restated Service Plan with the Exhibits, a Word version of the Amended and Restated Service Plan, and a Word redline version of the Amended and Restated Service Plan.

We respectfully request consideration of the Amended and Restated Service Plan for the Districts by the Planning Commission and then the Board of County Commissioners.

A. Purpose of the Districts

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 the 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 necessary and appropriate for the development of the Project within the unincorporated County. 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.

All five Districts are anticipated to consist of residential development, including approximately 1,063 single-family detached homes and 300 single-family attached units. The multi-district structure is designed to accommodate phased development and to ensure equitable allocation of public improvement costs among the properties within the Project. District No. 1, as the existing district, will continue to own, operate, and maintain the central water system currently serving the 4-Way Ranch area and will provide water and wastewater services for the Project and 4-Way Metropolitan District No. 1 ("**4-Way District No. 1**").

The Districts intend to finance and construct public improvements within the Project including, but not limited to, roadway, water, sanitary sewer, stormwater and drainage, and parks and recreation improvements and facilities. Notably, the Districts will jointly finance the construction of a project lift station and force water main necessary for the Project and future developments. Additional major services will include the Districts' power to furnish covenant enforcement and design review services within the Districts' boundaries, and any ongoing operation and maintenance of the public improvements within the Districts not otherwise dedicated to the County or third-party entities for ownership and/or ongoing operation and maintenance.

The Project is not presently served with the facilities and/or services proposed to be provided by the Districts, nor does the County nor any other special district have any plans to provide such services within a reasonable time and on a comparable basis. There are currently no private parties or other governmental entities 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. 4-Way Ranch District No. 1 and 4-Way Commercial Metropolitan District (collectively, the "**Adjacent Districts**") are adjacent to the Project; however, the Adjacent Districts are not willing or able to undertake the planning, design, acquisition, construction, installation, relocation, redevelopment, and financing of the public improvements that are necessary to serve the Project. Also enclosed with this Letter of Intent is the written consent from 4-Way Ranch Metropolitan District No. 1 to the Amended and Restated Service Plan of Waterbury

Metropolitan District No. 1 and proposed Service Plan for Waterbury Metropolitan District Nos. 2-5.

The Developer anticipates that Falcon Fire Protection District will provide fire protection services to the Districts' properties following construction of the public improvements. District No. 1 will provide ongoing water and wastewater services to the Project. The Districts' water and wastewater systems are designed to serve the Project at full buildout and will be constructed and operated in accordance with applicable County and State standards.

B. Justification for Multiple District Structure

The Project encompasses approximately 275 acres and is anticipated to be developed over several years. All five Districts are anticipated to include residential development, consisting of single-family detached and single-family attached dwelling units. A multi-district structure is proposed to allow the development to occur in phases and to promote equitable allocation of public improvement costs among properties within the Project, ensuring that neither high-density nor low-density areas bear a disproportionate burden of debt and operating costs.

Formation of the Districts is necessary in order for the public improvements and regional public improvements required for the proposed development within the Districts to be provided in the most economical manner possible and so as to not preclude development of the subject property. The Districts will be able to construct the public improvements and regional public improvements and produce the required revenue to fund the public improvements and regional public improvements. The Districts intend to enter into one or more intergovernmental agreements among themselves and other governmental entities to address cost sharing, service provision, and coordination of construction, operations, and maintenance of public improvements, including regional improvements such as the lift station and force water main.

C. Development and Financial Plans

The property within the Project is currently largely undeveloped. District No. 1 currently owns and operates an existing water system that was constructed and dedicated as part of the original 4-Way Ranch development, including wells, a water filtration plant building, piping, fire hydrants, and a 522,000-gallon potable water storage tank. The Amended and Restated Service Plan contemplates an estimated total infrastructure cost of approximately $90,564,880 (in 2026 dollars). The Developer prepared the infrastructure cost estimates. These initial cost estimates are preliminary in nature and may fluctuate due to external forces outside of the Developer's control. The Exhibit D of the Amended and Restated Service Plan's financing model provides an example of how the Districts may finance the public improvements.

It is anticipated that all five Districts would assess a 50 mill debt service mill levy on assessed properties within the respective districts. It is anticipated that the Districts would assess up to a 15 mill operations mill levy. The Districts may also assess up to a 5 mill special purpose mill levy for covenant enforcement and design review services. The requested Special Purpose Mill Levy of 5 mills, which brings the Districts' Maximum Combined Mill Levy to 70 mills, is justified under Section III.F.6 of the County's Special District Policies. That section authorizes up

to 5 additional mills as a Special Purpose Mill Levy where covenant enforcement and maintenance of common facilities will be undertaken by the Districts in the absence of a Homeowners Association. The Districts will assume responsibility for covenant enforcement and design review. This structure is more financially sustainable for the community: Districts have a reliable, mandatory revenue source through ad valorem mill levies, whereas homeowners' associations must rely on the voluntary or contested collection of association dues, which is a materially less dependable funding mechanism for ongoing enforcement and maintenance obligations. The Developer respectfully requests that the Board find this increase in the Maximum Combined Mill Levy above the standard 60-mill threshold justified on this basis. Per the Amended and Restated Service Plan, 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. 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. Any privately placed debt will comply with the Service Plan requirement for review and certification by an External Financial Advisor.

The financing model 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 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 proposed mill levies are structured to ensure that the costs of public improvements are borne equitably by the properties benefiting from such improvements. The Amended and Restated Service Plan contemplates a maximum debt authorization of $121,500,000 for all of the Districts combined. Any debt issued will be in accordance with the Amended and Restated Service Plan's limitations. In addition to property tax revenues, the Districts may impose fees and charges, including but not limited to capital facilities fees, operations and maintenance fees, and system development fees, as permitted by the Service Plan and applicable law. The Districts may also utilize special assessments within authorized improvement areas, as permitted by the Service Plan and Colorado law.

Prior to the issuance of any debt, the Developer may pay for the public improvement costs, organizational costs, and operations and maintenance costs and subsequently may be reimbursed by the Districts. It is anticipated that in the formative years the Districts will have shortfalls in funding their capital costs and monthly operations and maintenance expenses. The Developer and the District may enter into one or more Developer Funding Agreements with the Districts to fund these obligations and promote the Project's development, subject to the Developer being repaid from future District revenues. Any such agreements will comply with the limitations set forth in the Service Plan, including restrictions on interest rates and repayment terms.

D. Compliance with County Master Plans

The Districts will provide the facilities and services needed to serve the Project, along with representation and the flexibility to respond to the unique needs of the Project. The development

aligns with the goals and policies of Your El Paso Master Plan by ensuring adequate water supply, dependability, and quality as per the Water Master Plan. The Districts' formation will ensure the proper construction and maintenance of stormwater facilities, proposed road expansions and improvements, open space, and water quality treatments.

Specifically, the development meets the following Goals and Policies of the Your El Paso County Master Plan:

Goal LU1: Ensure compatibility with established character and infrastructure capacity

Objective LU1-1: Some areas of the County should be planned for new development, while other areas should be preserved, protected, or see little new development

Goal LU3: Encourage a range of development types to support a variety of land uses

Objective LU3-1: Development should be consistent with the allowable land uses set forth in the placetypes first and second to their built form guidelines

Objective LU3-3: The Suburban Residential Placetype should be characterized by predominantly residential areas with mostly single-family detached housing

Goal LU4: Continue to encourage policies that ensure "development pays for itself"

Objective LU4-1: Promote development patterns that are fiscally responsible and in which "development pays for itself"

Goal HC1: Promote development of a mix of housing types in identified areas

Objective HC1-4: In Suburban Residential areas, clustered development should be encouraged to increase density while also preserving open spaces and such development should consist of a mix of single-family detached and single-family attached units

Goal TM1: Establish a transportation network that connects all areas to one another, emphasizing east-west routes, reducing traffic congestion, promoting safe and efficient travel

Objective TM1-1: Ongoing coordination should continue to occur at all levels of government in order to maintain open lines of communication and to ensure transportation projects align with the desires of the community

Goal CF13: Ensure adequate provision of utilities to manage growth and development

Objective CF13-2: Promote urban level development in areas served by centralized utilities

Objective CF13-5: Continue to improve coordination with fire districts, developers, and other groups to ensure that new development provides appropriate fire suppression water supplies and infrastructure

Objective CF13-9: Ensure wastewater treatment systems will be properly operated and maintained and that they will not exceed the maximum treatment capacity if future growth is planned

Goal CF14: Use best management practices to protect water quality, conserve water, minimize impacts of flooding and beautify El Paso County

Objective CF14-16: Stormwater detention, retention ponds, or other best management practices (BMPs) should be required to minimize flooding, maximize infiltration, and minimize water quality impacts from impervious surface contaminants

The proposed development is situated within the Suburban Residential Placetype and is predominantly comprised of single-family detached homes complemented by single-family attached units, parks, and open spaces. The residential components of the proposed development fall within a priority development area, reflective of the County's intention to prioritize these areas for residential growth.

1. Compliance with Water Master Plan

The Project is located within the unincorporated County. District No. 1 currently owns and operates an existing central water system serving the 4-Way Ranch area, which includes wells, a water filtration plant, piping, fire hydrants, and a 522,000-gallon potable water storage tank. Under the Amended and Restated Service Plan, District No. 1 will continue to provide water and wastewater services to the Project and to 4-Way District No. 1. The Districts will jointly finance the construction of a project lift station and force water main necessary for the Project and future developments.

The water system is designed with appropriately redundant equipment and backup power generation for critical facilities to ensure dependability. The Project will incorporate restrictions on irrigated landscaping per residential lot, and open spaces will be predominantly native vegetation. Parks will be designed to incorporate xeric landscaping as much as possible.

2. Compliance with EPC Major Transportation Corridor Plan

The Project's roads will be designed and constructed to El Paso County standards. Any public roadway will be owned and maintained by El Paso County unless otherwise stated as part of future subdivision processes. The Districts will finance and construct necessary road improvements within and adjacent to the Project in coordination with the County's Major Transportation Corridor Plan.

3. Compliance with EPC Parks Master Plan

The Project's proposed development meets the requirements defined in the EPC Parks Master Plan by providing open space and parks within the residential communities. The parks and open spaces will be owned and maintained by the Districts or homeowners' associations as appropriate. The Project will preserve natural features by utilizing significant drainage-ways as trail and open space corridors.

E. Service Plan Conformity

The Districts' Amended and Restated Service Plan conforms with the statutory requirements as well as the County's Special District Policies. The Service Plan further contains evidence of

each of the following factors necessary for the Board of County Commissioners to approve the Service Plan:

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

   The Districts' purposes are to finance and construct certain public improvements and to provide additional services as necessary to support the Project. The Project is not presently served with the facilities and/or services proposed to be provided by the Districts, nor does the County nor any other special district have any plans to provide such services within a reasonable time and on a comparable basis. To develop the Project, a significant investment in public infrastructure is required, including, but not limited to, water system improvements, sanitary sewer and storm drainage improvements, street and roadway improvements, and parks and recreation improvements. The Districts' formation is therefore necessary to provide the most economic development of the public improvements required for the Project.

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

   There are currently no private parties or other governmental entities 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. The Adjacent Districts (4-Way District No. 1 and 4-Way Commercial Metropolitan District) are adjacent to the Project; however, the Adjacent Districts are not willing or able to undertake the planning, design, acquisition, construction, installation, relocation, redevelopment, and financing of the public improvements that are necessary to serve the Project. There is currently no option for annexation into a municipality to obtain municipal services due to a lack of contiguity with the municipalities in the area.

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

   The Districts will provide public improvements and services necessary for the Project and will ensure the public improvements are constructed in a reasonable and timely manner. The public improvements will be constructed for the use and benefit of all anticipated inhabitants, property owners, and taxpayers of the Districts. Further, public financing tools available to the Districts will help lower the costs of the public improvements.

4. 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;

   The estimated costs of the improvements and facilities to be constructed are set forth in the Service Plan. Based on the development assumptions and financial assumptions contained in the Financial Plan for the Districts, the projected revenue is sufficient to allow the Districts to discharge the proposed indebtedness on a reasonable basis.

The Board of County Commissioners may consider the following measures:

1. 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 Project is not presently served with the facilities and services proposed to be provided by the Districts, nor does the County nor any other special district have any plans to provide such services within a reasonable time and on a comparable basis. While there are existing special districts in the vicinity of the Project, these districts have either already issued debt or have plans to issue debt in the near future. If the Project were included within the boundaries of these existing districts, it would be subject to their debt service mill levies but would not have an opportunity to benefit from the issuance of such debt in a way that is consistent with the Developer's timing and plans for development.

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

The proposed facilities and services will be constructed in accordance with the County's standards and specifications, as applicable, as well as any other appropriate jurisdictions.

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

The Developer has reviewed the County's Master Plans and maintains the Project is compatible with the County's policies and desires for future sustainable growth. Additional information about the proposal's compliance with the County's Master Plans is discussed in Section D above.

4. The proposal is in compliance with any duly adopted county, regional, or state long-range water quality management plan for the area.

District No. 1 is anticipated to provide water and wastewater services to the Project on an ongoing basis. Additional information about the proposal's compliance with the water quality management is discussed in Section D above.

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

The Project is not presently served with the facilities and/or services proposed to be provided by the Districts, nor does the County nor any other special district have any plans to provide such services within a reasonable time and on a comparable basis. The Districts' formation is therefore necessary to provide the most economic development of the public improvements required for the Project.

Major Service Plan Points

- The Districts' boundaries encompass approximately 275 acres of land located north of Stapleton Drive, south of Eastonville Road, and east of 4-Way Ranch Subdivision Filing No. 1 in El Paso County, Colorado.
- Anticipated development of approximately 1,063 single-family detached homes and 300 single-family attached units.
- Completion of approximately $90,564,880 (in 2026 dollars) of public improvements, including water, sanitation, streets, transportation, safety protection, drainage, parks and recreation, mosquito control, fire protection, television relay and translation, covenant enforcement and design review services, security services, and solid waste disposal.
- Requested combined maximum debt authorization of $121,500,000 for all of the Districts to allow for inflation, contingencies, and unanticipated changes from the date of approval of the Districts' Service Plan.
- 30-year maximum period of maturity for issuance of any Debt (excluding Developer Funding Agreements). 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.
- Maximum Aggregate Mill Levy of 70 mills, consisting of a Debt Service Mill Levy of 50 mills, an Operational Mill Levy of 15 mills, and a Special Purpose Mill Levy of 5 mills.
- Public improvements will be constructed in accordance with County and other applicable standards and specifications.
- An Annual Report and Disclosure Form will be submitted to the County regarding the Districts' activities, and filed with the Division of Local Government and the State Auditor.

F. Conclusion

The organization of the Districts is in the best interests of the future residents of the area proposed to be served by the Districts. The Districts will ensure that construction of the public improvements occurs in a timely manner and in accordance with applicable standards. The Districts will provide required disclosure to prospective purchasers regarding the Districts' existence, purpose, and potential financial obligations, consistent with the Service Plan and County requirements. The Districts will further generate tax revenue sufficient to pay for the costs of those public improvements, services, maintenance, and operations.

Sincerely,

Kristin J. Bowers
Shareholder