



ICENOGLE SEAVER POGUE

May 14, 2024

VIA ELECTRONIC UPLOAD

El Paso County
Planning and Community Development
2880 International Circle
Colorado Springs, CO 80910

Attn: Kari Parsons

Re: Letter of Intent Concerning Formation of Overlook at Homestead
Metropolitan District

To Whom It May Concern:

On behalf of PT Overlook, LLC (the “Applicant”), we are submitting this letter of intent to form a Title 32 metropolitan district in El Paso County (the “County”) to be known as “Overlook at Homestead Metropolitan District” (the “District”). The Applicant is concurrently seeking approval of a residential subdivision to be known as Overlook at Homestead, situated on property owned by the Applicant located north of Sweet Road and east and contiguous with Elbert Road. The proposed Overlook at Homestead subdivision is expected to contain 62 single family residential units on 5 acre lots, to be constructed within the District’s boundaries consisting of 350.811 acres.

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

A. Purpose of the District

The District will be organized to provide, finance, construct, own, manage, and operate public improvements, infrastructure and services related to the development of the residential subdivision to be known as “Overlook at Homestead”. The District will have the power and authority to provide the public improvements and related operation and maintenance services as such power and authority is described in the Special District Act, and other applicable statutes, common law and the Constitution, including, but not limited to, the following: water, sanitation, storm drainage, street and roadway improvements, transportation improvements, traffic and safety controls, parks and recreation improvements, mosquito control, fire protection for fire cisterns only if needed, television relay and translation facilities, covenant enforcement, security services, and solid waste disposal, subject to the limitations of the District’s Service Plan as described therein.

The overall need for creation of this District is that there are currently no other governmental entities located in the immediate vicinity of the District 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 Overlook at Homestead subdivision. The existing metropolitan districts within the vicinity of the proposed District were formed in connection with specific subdivisions. It would not be in the financial interests of the residents and property owners within these existing metropolitan districts to undertake the funding of the public improvements within the District based on their respective service plan limitations. It could adversely affect the current residents and property owners within those metropolitan districts who do not wish to fund public improvements from which they will not receive any services or benefit.

The proposed District is within the boundaries of the Upper Black Squirrel Creek Ground Water District. However, the Upper Black Squirrel Ground Water District will not be financing or constructing any capital facilities for the Overlook subdivision. The District will utilize onsite wastewater treatment systems (OWTS) for the property. Winsome Metropolitan District Nos. 1 & 4 are not adjacent to the proposed District, but are the closest existing metropolitan districts to the District. However, the Overlook at Homestead project is outside the service area of the Winsome Metropolitan District Nos. 1 & 4 and Winsome Metropolitan District Nos. 1 & 4 are not willing to undertake the public improvements for the Overlook at Homestead subdivision.

Formation of the District is necessary to provide the public improvements required for the Overlook at Homestead subdivision in the most economic manner possible by spreading the costs of the public improvements among those property owners who will benefit from the public improvements being constructed. The public improvements that the District intends to finance and construct within the Overlook subdivision include, but are not limited to, on-site roadway improvements consisting of erosion control, grading, base course, and asphalt paving, safety protection, on-site drainage facilities, landscaping and open space, which is planned to include trailhead parking, mailboxes and kiosk, and a fire cistern. Additional major purposes of the District will include ongoing operation and maintenance of six full spectrum detention/water quality ponds and associated drainage ways, and open space, which is planned to include trailhead parking, mailboxes and kiosk, and a fire water cistern. In addition, since there is no homeowner's association, the District will provide covenant enforcement and design review services.

B. Justification

The Service Plan proposes a Maximum Combined Mill Levy of 65 mills, consisting of a Debt Mill Levy of up to 50 mills, an Operational Mill Levy of up to 10 mills and a Special Purpose Mill Levy of up to 5 mills for the purpose of funding covenant enforcement and/or maintenance of common facilities in lieu of a homeowners' association (all subject

Alicia J. Corley | *acorley@isp-law.com* | *Direct 303.867.3007*

to the Maximum Combined Mill Levy of 65 mills), with a Maximum Debt Authorization of \$10,000,000. This amount is larger than the estimated cost of the Public Improvements (total estimated improvement costs of \$7,965,287 (in 2024 dollars), of which it is estimated that \$6,194,233 (in 2024 dollars) are district eligible) to allow for inflation, contingencies, and unanticipated changes from the date of approval of this Service Plan (*e.g.*, at the estimated time of build out in 2032, assuming an inflation rate of 5%, the District eligible expenses would be \$10,000,000). The Maximum Combined Mill Levy of 65 mills is justified because the District will be performing covenant enforcement and/or maintenance of common facilities in lieu of a homeowners' association. The District will generate most of the tax revenue through the imposition of the foregoing mill levies sufficient to pay the costs of the public improvements and create several benefits for the residents of the Overlook subdivision and the County. In general, those benefits are: (a) administration of the design, acquisition, installation, construction, financing, operations, and/or maintenance of public improvements, and delivery of those public improvements in a timely manner; (b) maintenance of a reasonable tax burden on all residents of the District through proper management of the financing and operation of public improvements; and (c) assurance that public improvements required by the County are designed, acquired, installed, constructed, financed, operated, and/or maintained in a timely and cost effective manner by which to protect residents, bondholders, and the County from the risk of development. In addition to the on-site roadway improvements, traffic control and safety protection facilities, and on-site drainage improvements, the District will provide fire protection facilities consisting of a fire cistern, and park and recreation improvements consisting of landscaping and open space, which is planned to include an entrance sign, an onsite trail, trailhead parking and access, mailboxes and kiosk. The District will also perform covenant enforcement and design review and/or maintenance of common facilities since there is no homeowners association.

C. Justification for District Formation in conjunction with Land Use Approval Process

The Applicant wishes to seek approval of the formation of the District contemporaneously with the County's consideration of the underlying land use applications. The property comprising the District is currently zoned RR-5. On January 11, 2024, the Board of County Commissioners approved a rezone from A-35: Agricultural (35 acres) to RR-5: Residential (5 acres) (Resolution No. 24-30). An application for the Overlook at Homestead Preliminary Plan (SP238) to include 62 single-family residential lots on the site was submitted in 2023. The Final Plat and associated construction plans will be submitted to the County in 2024.

The Applicant is requesting that the County consider the District's formation in conjunction with the land approval process so that following the organizational election which will be held on November 5, 2024, the District can then move forward with public financing

Alicia J. Corley | acorley@isp-law.com | Direct 303.867.3007

to fund the public improvements that will be constructed in accordance with the approved development plan.

D. Development and Financial Plans

The property comprising the District is owned by the Applicant, PT Overlook, LLC, and is currently undeveloped. The Service Plan contains an estimate of the total infrastructure capital costs in the amount of \$7,965,287 (in 2024 dollars), of which it is estimated that \$6,194,233 (in 2024 dollars) are district-eligible public improvement costs. This cost estimate was prepared by representatives of the Applicant and reviewed by civil engineers. The financing model attached to the Service Plan is an example of the manner in which the District may finance those public improvements, which anticipates an initial Debt issuance with a period of maturity that does not exceed thirty (30) years, and a refunding after the initial Debt issuance with a period of maturity for the refunded Debt that does not exceed thirty (30) years. It is anticipated that the provision of public facilities and services by the District will be primarily financed by the issuance of bonds, secured by the District's *ad valorem* taxing authority. This model demonstrates that the District is capable of providing sufficient and economic service within the Overlook at Homestead subdivision, and that the District has or will have the financial ability to discharge the District's debt on a reasonable basis. Prior to the issuance of any debt, costs for public improvements, organizational costs and funding for operations and maintenance may be paid by the Applicant and subsequently reimbursed to the Applicant by the District. It is anticipated that in the formative years the District will have shortfalls in funding its capital costs and monthly operations and maintenance expenses. The Applicant may fund these obligations for the District to promote the development subject to the Applicant being repaid from future District revenues. The amount of debt issued by the District to finance the public improvements will be in accordance with the limitations of the approved Service Plan.

The District intends to fund and/or construct the Public Improvements consisting of on-site roadway improvements, traffic control and safety protection facilities, on-site drainage improvements, fire protection facilities, and park and recreation improvements consisting of landscaping and open space, which is planned to include an entrance sign, an onsite trail, trailhead parking and access, mailboxes and kiosk, and the fire cistern. The District will also perform covenant enforcement and design review and/or maintenance of common facilities since there is no homeowners association.

E. Compliance with County Master Plan

The land use proposed for the property within the District is in general conformance with the policies of the Your EPC Master Plan. Specifically, the Overlook at Homestead subdivision proposed for the property within the District is denoted as a Rural place type in the Your EPC Master Plan. This place type consists of Farm/Homestead Residential,

Alicia J. Corley | acorley@isp-law.com | Direct 303.867.3007

Parks/Open Space and Agriculture. The proposed 5-acre lots align with the Supporting Use of Estate Residential (Minimum 1-unit/5-acres) of the Your EPC Master Plan. The development within the District will provide further contiguity in the County's land use by connecting two currently separated Large-Lot Residential developments – one to the west (Apex Ranch) and one to the south (Reata Subdivision). The Rural place type in this part of the County continues to transition towards large-lot residential around the Peyton Rural Center and this development would progress that trend.

In the Areas of Change chapter of the County Master Plan, the Overlook at Homestead property is identified as a “Minimal Change: Undeveloped Area”. The County Master Plan states that Minimal Change: Undeveloped Areas will experience some development of select underutilized or vacant sites adjacent to other built out sites but will be limited in scale so as not to alter the essential character. The proposed 5-acre lot development within the District would maintain the large lot size currently present to the south and would transition the Apex Ranch PUD to the north and west, which is higher density and includes lots smaller than 5-acres. A good portion of the lots within the District will exist on top of the rocky outcropping on the east portion of the site and would do little to change the sites' character outside of the homes' footprint and internal roadways.

The proposed District and underlying Overlook at Homestead subdivision meets Core Principle 1, Land Use and Development, seeking to “Manage growth to ensure a variety of compatible land uses that preserve all character areas of the county,” and Goal 1.1 seeking to “Ensure compatibility with established character and infrastructure capacity.” The proposed 5-acre lots within the District will continue the rural density approved with the adjacent subdivisions in the County and will provide a transition from the PUD (Apex Ranch, with a gross density of 1 D.U. per 4.946 acres) to the existing RR-5 residences south of the District. The traffic study submitted in connection with the Overlook at Homestead Preliminary Plan indicates that the development within the District can be accommodated with minimal impact to traffic operations for the existing and surrounding roadway system.

The proposed District and Overlook at Homestead subdivision within the District is also consistent with Core Principle 4, Transportation & Mobility, seeking to “Connect all areas of the County with a safe and efficient multimodal transportation system”, as well as Goals 4.1 and 4.2 which respectively seek to, “Establish a transportation network that connects all areas to one another, emphasizing east-west routes, reducing traffic congestion, promoting safe and efficient travel” and, “Promote walkability and bikability where multimodal transportation systems are feasible.” The proposed trail easement within the District's boundaries would accomplish these goals by connecting more homes to an east-west trail that directly links with a nearby regional open space. When built, the trail moving through the proposed District and Apex Ranch would be only two parcels away from connecting to the EPC Woodlake Trailhead.

Alicia J. Corley | acorley@isp-law.com | Direct 303.867.3007

Water Master Plan

This project straddles the 4a and 4c regions of the EPC Water Master Plan. The District property is not within any of the growth areas identified for Regions 4a and 4c. The homes proposed at Overlook at Homestead within the District will be served by individual domestic wells that pull from the Dawson Aquifer and will rely on existing water rights. This provides the proposed subdivision within the District with a sufficient and reliable water source to meet the County's 300-year supply requirement. With much of the vegetation and grade on the site to remain largely undisturbed, the Dawson Aquifer should continue to receive infiltration across the site at similar to historic levels.

2040 Major Transportation Corridor Plan (MTCP)

The 2040 MTCP identifies Elbert Road, which runs along the western side of the District boundary as a Minor Arterial. A future extension of Hodgen Road, which currently dead ends into Eastonville Road, is shown to continue to Elbert Road on the 2040 Improvements Map. This portion of Hodgen Road is identified as a collector. The 2060 Preservation Map identifies the need to preserve additional right-of-way along Elbert Road to accommodate future road improvements. These requirements of the MTCP are taken into account in the proposed underlying development of the property.

El Paso County Parks Master Plan

The County's Parks Master Plan identifies a future primary regional trail connection through the center of the Overlook at Homestead property to connect the surrounding area with the Homestead Ranch Park to the east. It is anticipated that the County will construct a regional trail connection within the boundaries of the proposed District. In order to blend with the Regional Open Space to the east (Homestead Ranch Park), the proposed development would have a trail easement spanning from east to west and connecting with similar tracts existing in the Apex Ranch development. This trail accommodation aligns with the Trails Master Plan put forth by the County. Homestead Ranch Park is currently only accessible from the east via Golihar Road. This trail connection would not only improve overall access to the park, but when combined with other future trails it would provide residents with a safer and quicker route to the nearby town of Peyton. Conversely, the addition of this public trail also provides neighboring residents with exposure to the views and natural features present on the Overlook at Homestead property.

F. Service Plan Conformity

The Service Plan for the proposed District is in conformance with the statutory requirements for a service plan, as well as the County's Special District Policies. The Service Plan further contains evidence of each of the following necessary for the Board of County Commissioners to approve the Service Plan pursuant to Colorado law and the County's Land Development Code:

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

The demand for housing in the area is high, and the District will provide for the construction of those public improvements needed to sufficiently serve the future residents of the Overlook subdivision, which include, but are not limited to, street improvements, traffic control and safety protection, drainage facilities, fire protection facilities, and park and recreation facilities. Specifically, the anticipated public improvements consist of drainage channels, detention/water quality ponds, streets and associated drainage, and open space, which is planned to include such improvements as an entrance monument, an onsite trail, trailhead parking and access, landscaping, and a fire water cistern. The District will also provide for ongoing operations and maintenance of the six detention/water quality ponds and associated minor drainage ways within the subdivision.

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

There are currently no other governmental or special district entities located in the vicinity that consider it desirable, feasible or practical to undertake the planning, design, acquisition, construction, and financing of the public improvements needed for the Overlook subdivision. The proposed District will provide funding for the provision of the required public improvements, as well as a funding mechanism for the perpetual maintenance needs. The District will perform continues operation and maintenance of the six (6) full spectrum detention/water quality ponds and associated natural drainage ways (to convey stormwater from roadways to ponds). The District will also be responsible for maintenance of the open space, which is planned to include an entrance monument, an onsite trail, trailhead parking and access, mailboxes and kiosk, landscaping and fire water cistern. In addition, since there is no homeowner's association, the District will provide covenant enforcement and design review services.

3. The proposed District is capable of providing economical and sufficient service to the Project.

The District will provide those public improvements and services necessary for the Overlook subdivision. The District can finance these improvements and services through an ad valorem tax on the property within the District, which reduces the end home price for potential buyers. The District's proposed mill levy is in line with comparable districts in the general area. The Financial Plan attached to the Service Plan for the proposed District anticipates an initial Debt issuance, with a period of maturity of not more than thirty (30) years, and then a subsequent refunding or restructuring of the initial Debt issuance, with a period of maturity for the refunding or restructured Debt no greater than thirty (30) years from the date of the issuance of the refunded or restricted Debt. The District will ensure that public improvements are constructed in a reasonable and timely manner, and as mentioned above, the District will further provide adequate and perpetual maintenance of the six detention/water quality ponds and associated drainage ways within the subdivision, as well as covenant enforcement.

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

The Financial Plan attached to the Service Plan demonstrates that the District has the financial ability to discharge the debt that the District intends to incur to finance the public improvements on a reasonable basis. Based upon the development assumptions provided by the Applicant and the financial assumptions contained in the projected Financial Plan for the proposed District, the projected revenue is sufficient to retire all anticipated debt within the restrictions set forth in the District's Service Plan, including but not limited to the maximum debt mill levies and maximum maturity period. The Applicant anticipated that the Final Plat and Construction Documents will be approved in 2024. Lot sales in the Overlook at Homestead subdivision are expected to commence once the roads have graded and base course installed, which is anticipated to occur in mid-2025. The Applicant anticipates home construction to be completed between 2027 and 2032.

5. 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.

There are no existing governmental entities or special districts located in the vicinity of the District who are willing or capable of providing the necessary public improvements and services that the District will provide in a reasonable time and on a comparable basis. There are no immediately adjacent metropolitan districts to the proposed District. The only existing metropolitan districts within a three-mile radius of the proposed District, the Winsome Metropolitan District Nos. 1 & 4, do not consider it desirable,

Alicia J. Corley | *acorley@isp-law.com* | *Direct 303.867.3007*

feasible or practical to undertake the provision of facilities and services to the property within the proposed District. The District can facilitate this development that may otherwise not be possible.

6. The facility and service standards of the proposed District are compatible with the facility and service standards of the County.

The public improvements will be designed and constructed in accordance with the applicable county standards, as well as 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). The proposed District plans to finance and/or construct 14,230 linear feet of public roadways for the Project. It is anticipated that most of the foregoing street improvements, except underground utilities and private driveways serving individual lots or parcels, will be dedicated to the County upon completion and, following acceptance by the County, the County will own, operate, and maintain such street improvements. The six (6) detention/water quality ponds and associated drainage ways will not be dedicated to the county for operations and maintenance; the district will operate and maintain these drainage facilities. The Developer will provide a twenty-five (25') easement for a future eight foot (8') regional trail. If the County does not move forward with the regional trail immediately, the District will finance and/or construct a smaller gravel trail in the interim, as well as a section of onsite trail for the benefit of District residents.

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

The proposed District will consist of residential development and is contiguous to existing residential subdivisions. This is consistent with the County master plan which encourages infill development that complements and transitions to existing uses. El Paso County School District 43 ("District 43") has not made any specific request with relation to this development. District 43 will receive Impact Fees paid at the time of subdivision and will also collect a mill levy of 24.419 mills from property owners within the District to fund any capacity issues.

8. The creation of the proposed District is in the best interests of the area proposed to be served.

The District will provide the needed infrastructure to develop the property consistent with the option to finance those improvements through the issuance of bonds secured by the District's *ad valorem* taxing authority, without placing an undue burden on the existing infrastructure of the County or other special districts. The District would ensure there is an orderly and planned development of the proposed public improvements.

Major Service Plan Points

Alicia J. Corley | acorley@isp-law.com | Direct 303.867.3007

- Approximately 350.830 acres of property within the boundaries of the District
- Anticipated development of 62 single family residential units.
- Completion of an estimated \$7,965,287 (in 2024 dollars) of public improvements, of which it is estimated that \$6,194,233 (in 2024 dollars) are district-eligible public improvement costs, including on-site roadway improvements, safety protection, on-site drainage facilities, and park and recreation facilities.
- Requested debt authorization of \$10,000,000 to allow for inflation, contingencies, and unanticipated changes from the date of approval of the District's Service Plan.
- 30-year maximum period of maturity for issuance of any Debt (except for Developer Funding Agreements)
- Maximum Combined Mill Levy of 65 mills, consisting of a Debt Mill Levy of up to 50 mills, an Operational Mill Levy of up to 10 mills and a Special Purpose Mill Levy of up to 5 mills (all subject to the Maximum Combined Mill Levy of 65 mills)
- Public Improvements to be constructed to County and other applicable standards and specifications
- An Annual Report and Disclosure Form will be submitted to the County regarding the District's activities, and filed with the Division of Local Government and the State Auditor
- District will perform covenant enforcement and design review and/or maintenance of common facilities in the absence of a Homeowners Association.

G. Conclusion

The organization of the Overlook at Homestead Metropolitan District is in the best interests of the future residents of the area proposed to be served by the District. The District will ensure that construction of the public improvements occurs in a timely manner

Alicia J. Corley | acorley@isp-law.com | Direct 303.867.3007

El Paso County Planning and Community Development Department
May 14, 2024
Page 11 of 11

and in accordance with applicable standards. The District will further generate the tax revenue sufficient to pay for the costs of those public improvements, services and ongoing maintenance.

Sincerely,

ICENOGL SEAVER POGUE
A Professional Corporation
Alicia J. Corley
Alicia J. Corley

Enclosures
cc: Andrew Biggs
Joe DesJardin