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File No. 5022841.0011

August 4, 2017

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

Re: Letter of Intent in Support of Formation of Proposed Peterson Gateway Metropolitan District

Mr. Fitzpatrick:

The proposed formation of the Peterson Gateway Metropolitan District (the "District") encompasses three parcels of land generally located to the South and East of the intersection of Peterson Boulevard and Space Village Avenue, to the South of Highway 24 and in the vicinity of Peterson Air Force Base ("Peterson Gateway Property"). The Peterson Gateway Property includes approximately 4.58 acres of land used for commercial purposes, consisting of approximately 20,310,000 square feet of commercial development (with no residential development planned). The Peterson Gateway Property lies entirely within the boundaries of El Paso County, Colorado (the "County")

We respectfully request consideration of the District on the next possible public hearing of the Board of County Commissioners (the "Board") of the County in order to meet the requirements of a formation election in November 2017.

One of the primary purposes of the District is to provide for the completion of over an estimated \$1,100,000 of on and off-site public improvements including, but not limited to, on and off-site streets, roadway, entrance features and landscaping improvements and services and powers provided for metropolitan districts authorized by the Special District Act, pursuant to Title 32, C.R.S. and provided within similar districts within the County. To the extent any of the authorized facilities and improvements are dedicated to and accepted by the County, or to the State of Colorado, as appropriate, the County or the State shall own, operate and maintain such accepted facilities and related improvements. The District shall be authorized to own, operate and maintain any facilities and improvements not otherwise dedicated to and accepted by any applicable public entity acting as a Provider Jurisdiction (as defined in the proposed Service Plan), subject to any County rules and regulations. Additionally, it is possible that certain landscaping improvements, if approved by the County, will be maintained by the District going forward, subject to any further agreements with the County.

The owner of the property is Space Village Retail LLC. Preparation of the District's supporting documentation was provided by the District's organizers. The Developer of the Peterson Gateway 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; it should be noted, though, that such costs estimates are

preliminary in nature and the ultimate costs may increase or decrease depending on numerous factors, many of which are out of Developer's control.

Developer representatives will make up the initial District Board in order to complete the proposed public improvements in accordance with approved development plans with the County. It is expected that Public Improvement Fee ("PIF") revenues will be utilized to cover the costs of the proposed public improvements. In particular, the plan is that the PIF will consist of a fee of 1.5% on all non-fuel sales, to be collected on a monthly basis in arrears. It is expected that the entire costs of the proposed public improvements will be covered by PIF revenues such that it is not anticipated that the District will issue any debt. Accordingly, no debt mill levy is requested.

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

I. Service Plan Letter of Intent.

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

- a. There is sufficient existing and projected need for continued organized service in the area to be served by the District;
- b. The existing service in the area to be served by the District is not adequate for present and projected needs without the organization of the District;
- c. The District is capable of providing economical and sufficient services to the area it intends upon serving and/or financing the public improvements which shall be dedicated to and accepted by the County, or other Provider Jurisdiction;
- d. The area to be included within the District has, or will have the financial ability to support the existence of the District and the costs of the proposed public improvements of the District on a reasonable basis through the proposed use of PIF revenues and the proposed operations and maintenance mill levy cap, as well as restrictions provided by the County rules and regulations.
- e. The proposed service plan shall be consistent with applicable elements of the El Paso County Master Plan and Special District Policies.

II. Major Service Plan Points for Peterson Gateway Metropolitan District.

- Approximately 4.58 acres of property in the boundaries, all within El Paso County.

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- Completion of over an estimated \$1,100,000 of on and off-site public improvements including, but not limited to on and off-site streets, roadway and landscaping improvements.
- Upon full completion, approximately 20,310 square feet of commercial space. No expected residential development.
- Anticipated that PIF revenues will fully support the estimated costs of the public improvements.
- Public Improvements are not anticipated to require additional financing (beyond use of PIF revenues) from the District to complete. So, no debt expected to be issued by the District.
- Maximum Mill Levy of 10 mills solely for operations and administration is proposed.
- Requested Debt Authorization of \$3,000,000 (based upon total available PIF revenue available through 2051 according to information provided in financing plan alternatives).
- 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 2016.
- There are no current residents within the District and no debt or bonds have been issued.
- Mill levies, interest rate limitations, term limitations and underwriting discounts will be consistent with the present County imposed limitations with other service plans approved by the County.

The Peterson Gateway Metropolitan District Service Plan will serve the best interests of the taxpayers, property owner and commercial development within the Peterson Gateway Property. The formation of the District will allow for the completion of needed public improvements that will directly benefit the Peterson Gateway Property, with the costs of such public improvements being supported through PIF revenues without over-burdening the property within the District.

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

Sincerely,
SPENCER FANE LLP

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

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