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File No. 5030538.2300

April 17, 2026

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

**Re: Letter of Intent in Support of the Amended and Restated Service Plan for
Rock Creek Metropolitan District**

Dear Ms. Parsons:

This office represents the Rock Creek Metropolitan District (the “District”). The El Paso County Board of County Commissioners approved the Service Plan for the District on January 23, 2018 (the “Original Service Plan”). The El Paso County District Court granted the Order and Decree organizing the District on June 20, 2018. The District encompasses approximately 70.77 acres of land generally located south of the Cheyenne Mountain Air Force Base. The District is located in El Paso County, with a portion (48.24 acres) located within the City of Colorado Springs (the “City”). We hereby submit the enclosed Amended and Restated Service Plan, which is intended to fully amend and supersede in its entirety the Original Service Plan.

El Paso County remains the approving authority for the District even though a portion of the District is located within the City. Pursuant to C.R.S. § 32-1-204.7, the board of directors of the District would have the authority to petition the City Council to accept the designation of the approving authority for the District only if the remaining property within the District that is located within unincorporated El Paso County is annexed or otherwise included into the City.

A. Purpose of the District and the Amended and Restated Service Plan

The District was organized to finance, construct, operate, and maintain public improvements for the benefit of the residents, property owners, and taxpayers of the District. The District has constructed significant public improvements, including water, sewer, and roadway improvements, to develop the properties within the District’s boundaries in accordance with the Original Service Plan. However, the public improvements that are needed to support the development known as “Rock Creek” have changed and expanded because of substantial modifications to the development plan. Further, additional property within the boundaries of the District was annexed into the City through Annexation Plats for Rock Creek Mesa Addition Nos. 1-6 that were approved by the City in 2025. Pursuant to such annexation plats, approximately 55 acres were annexed into the City, a substantial amount of

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which is located within the boundaries of the District. These changes, which are discussed further below, are material, and therefore the District would like to request approval of the Amended and Restated Service Plan to allow for changes to the District's infrastructure capital and financial plans.

Following the formation of the District, the District engaged in extensive negotiations with the City to secure water and sewer service to the properties within the District's service area. As conditions of service, the City has required the District to upsize the water and sewer main lines throughout the District's service area and build in redundancies throughout the system. The area's challenging geography and topography make the construction and installation of essential water and sewer improvements extraordinarily costly. At the time the District was formed in 2018, the District anticipated all public improvements needed for the project would cost approximately \$4,600,000 (in 2017 dollars). Today, the District estimates that it will cost approximately \$37,806,649 (in 2025 dollars) to construct the public improvements needed to serve the current and future boundaries of the District. All public improvements listed in Exhibit C to the Amended and Restated Service Plan are eligible public improvements.

To finance as much of the public improvements, including the required water and sewer improvements, through the District as possible, the District will need to modify its financing program and likely rely on cost sharing agreements with nearby properties. The District issued General Obligation Limited Tax and Special Revenue Bonds in the amount of \$6,110,000 and Special Revenue Bonds in the amount of \$3,432,000 in 2021 to finance certain public improvements. As part of the Amended and Restated Service Plan, the District is requesting to increase its general obligation debt authorization from \$8,000,000 to \$48,000,000 to finance the remaining public improvements to be constructed. As the City, through Colorado Springs Utilities, will be the water and sewer provider for the property within the District, the District will no longer impose and collect tap fees, which were the primary source of revenue pledged to the District's Special Revenue Bonds. As demonstrated in the updated financial plan attached to the Amended and Restated Service Plan, the District's future bonds will be repaid primarily with the District's property tax revenues in addition to certain fee revenue. As both the development plan and District boundaries have changed since the District's formation, the District's ability to support the revised financing plan for the new public improvement costs has also had a corresponding increase.

As part of the Amended and Restated Service Plan, the District is also requesting that the Maximum Operational Mill Levy be increased from 10 mills to 20 mills. The County's Special District Policy allows for Maximum Operational Mill Levies of up to 15 mills but allows for a mill levy limit in excess of such cap provided that specific and comprehensive justifications are provided based on the unique needs and circumstances of the District. We request that the Maximum Operational Mill Levy be increased from 10 mills to 20 mills for the following reasons:

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1. The District requests that the Maximum Operational Mill Levy be increased in order to support the high costs related to operating and maintaining public facilities, including, water quality/detention facilities, parks, landscaping, and trails. As noted previously, the project has expanded since the Original Service Plan was approved, which will result in higher operational costs.
2. The District has experienced a sustained increase in operations and maintenance costs due to inflation, including higher expenses for labor, utilities, and contracted services, which has reduced the purchasing power of revenue available from the 10 mills and created a need for additional funding to maintain current service levels.
3. Insurance premiums and risk management expenses related to infrastructure have increased.
4. Maintaining adequate operational funding ensures that the District can respond quickly should public improvements malfunction, which will minimize public health risks and service disruptions.

An updated Financial Plan is included in the Amended and Restated Service Plan which projects the revenue the District would collect from a 20 mill operations and maintenance mill levy. A separate pro forma prepared by DA Davidson enclosed herewith shows the difference of the revenue the District would collect from a 10 mill operations and maintenance mill levy.

Due to the need for the increase in the Maximum Operational Mill Levy, the District is also requesting to increase its Maximum Combined Mill Levy from 65 mills to 75 mills. The County's Special District Policy allows for the Maximum Combined Mill Levy to be over sixty (60) mills provided specific and comprehensive justifications are provided based on the unique needs and circumstances of the District. The requested increase to the Maximum Combined Mill Levy from 65 mills to 75 mills is necessary to maintain internal consistency within the Service Plan and to ensure the District can sustainably meet its ongoing operational obligations. This request is directly tied to the proposed increase in the Maximum Operational Mill Levy from 10 mills to 20 mills.

As the Maximum Combined Mill Levy represents the aggregate cap across debt service, operations and maintenance, and special purpose levies, the current 65 mill limit does not provide sufficient capacity to accommodate a higher Maximum Operational Mill Levy while preserving flexibility for the District's other essential funding needs. Without a corresponding increase to the overall cap, raising the Operational Mill Levy would effectively constrain the District's ability to levy for debt service or other authorized purposes, potentially undermining financial stability and long-term planning. By increasing the Maximum Combined Mill Levy to 75 mills, the District preserves balanced flexibility across all levy categories. Importantly, this request does not mandate that the full 75 mills be levied in any given year; rather, it establishes a revised upper limit that allows the District to allocate mill levies among debt service, operations, and special purposes as circumstances require, subject to annual budgeting and statutory constraints. Please note, however, if the District contains only

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commercial property, the maximum debt service mill levy will remain 35 mills as set forth in the Original Service Plan.

Please also be advised that the Amended and Restated Service Plan includes a Maximum Mill Levy Imposition Term as now required by C.R.S. § 32-1-202. The Maximum Mill Levy Imposition Term that is included in the Amended and Restated Service Plan is the same as the term that is included in the County's Model Service Plan except that the District is requesting that the 40-year term be measured from the year in which the District refinances its outstanding bonds or issues additional general obligation bonds rather than the date of the initial imposition of a debt service mill levy on a property. This request is driven by development conditions that have not met original projections. Specifically, the pace of development within the District has been slower than anticipated, resulting in assessed valuation growth and corresponding property tax revenues that are materially lower than initially forecasted. Further, as previously stated, the project has expanded.

Under these circumstances, strict application of a 40-year term measured solely from the initial imposition of the Debt Mill Levy may limit the District's ability to refinance debt to achieve more favorable terms. This outcome would be inconsistent with El Paso County's policy objectives of promoting reasonable tax burdens and prudent financial management. The requested provision provides a limited and appropriate degree of flexibility by allowing the term to reset in connection with refinancing or new debt issuance, thereby aligning repayment obligations with actual development absorption and revenue generation. This approach will allow for more efficient debt structuring and potential interest cost savings and long-term financial sustainability of the District. The requested modification to the Maximum Mill Levy Imposition Term does not eliminate the forty (40)-year limitation but rather ties its application to updated financing events that reflect current economic realities.

B. Current Financial Status

The assessed value of the property within the District's boundaries for the 2026 budget year is \$510,680. For the 2026 budget year, the District imposes 53.703 mills to pay its Series 2021A-1(3) Limited Tax General Obligation Bonds, and the District imposes 10.755 mills for operations and maintenance. The District's current outstanding debt is approximately \$9,542,000 (not including interest), which consists of its Series 2021A-1(3) Limited Tax General Obligation Bonds issued on May 20, 2021 in the amount of \$6,110,000, which will mature on December 1, 2050; and its Series 2021A-2 Special Revenue Bonds issued on May 20, 2021 in the amount of \$3,432,000, which will mature on December 2, 2050 (collectively, the "Series 2021 Bonds"). The District currently imposes capital fees, which previously included water and sewer fees, all of which are pledged to the Series 2021 Bonds.

C. Summary of the Changes in the Amended and Restated Service Plan

The Amended and Restated Service Plan includes the following updated information and changes:

1. Due to changes in the development plan, the District's boundaries are being revised to reflect past inclusions and exclusions that were done in accordance with Section 32-1-101, *et seq.*, C.R.S. The District's boundaries currently consist of approximately 70.77 acres and are reflected in an updated Exhibit A, which includes a Legal Description and a Boundary Map showing the current boundaries of the District as well as the Future Inclusion Area.

2. Exhibit B (Development Summary) has been updated to reflect the current development plan, which anticipates approximately 265 single family homes, 196 townhomes and duplexes, and a 456 unit apartment building.

3. The Amended and Restated Service Plan includes an updated Exhibit C (Estimated Infrastructure Capital Costs) that describes and depicts the public improvements the District must now finance and construct to serve the Rock Creek development.

4. To demonstrate how the District will finance the additional public improvements, an updated Exhibit D (Financial Plan) has been prepared. Correspondingly, the District is requesting to increase the total debt authorization limit from \$8,000,000 to \$48,000,000 to finance the additional public improvements.

5. The Amended and Restated Service Plan increases the Maximum Operational Mill Levy from 10 mills to 20 mills in order to support the high operating costs of the District.

6. The Amended and Restated Service Plan increases the Maximum Combined Mill Levy from 65 mills to 75 mills due to the increase in the Maximum Operational Mill Levy from 10 mills to 20 mills. Please note, however, if the District contains only commercial property, the maximum debt service mill levy will remain 35 mills as set forth in the Original Service Plan, and the aggregate mill levy would be 60 mills.

7. Pursuant to El Paso County's Special District Policy, the District has also included updated language to conform with El Paso County's current model service plan, which includes:

a. The provision regarding the prohibition of regulating the concealed carrying of handguns.

b. The addition of a forty-year debt service mill levy imposition period. As the District's initial financing plan, including its Series 2021 Bonds, did not

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contemplate or plan for a debt service mill levy imposition period, the District is proposing to initiate such period when the District implements the new financial plan, as presented in the updated Exhibit D.

8. The Amended and Restated Service Plan replaces the definition of “Gallagher Adjustment” with a definition for “Assessment Rate Adjustment,” which matches the definition in the County’s current model service plan except that it includes the base year of 2018 from the Original Service Plan.

9. The financial plan presented in Exhibit D describes the fees that the District may impose:

- System Development Fee, which is expected to consist of (i) \$4,000 per single-family detached unit, (ii) \$2,500 per single-family attached unit, and (iii) \$2,500 per multi-family unit, which are paid at the time a building permit is issued.
- Capital Recovery Fee that will be paid by the owner of the Cheyenne Mountain Estates mobile home park. The fee will range from \$135,324 - \$185,316 per year.
- Capital Recovery fee to be paid by Rock Creek Mesa Water District to be paid annually.
- Traffic Impact Fee, consisting of \$300 per unit

D. Compliance with County Master Plans

The District will provide the facilities and services needed for the property within the boundaries of the District (the “Property”), along with representation and the flexibility to respond to the unique needs of the property. This Amended and Restated Service Plan does not propose to deviate from any of El Paso County’s master plans.

1. Compliance with Your EPC Master Plan

The District will construct and provide public services in compliance with Your EPC Master Plan as discussed further below.

A. Core Principle: Land Use & Development. The County’s Master Plan categorizes the future land use placetype for the Property as “Mountain Interface.” This categorization provides a collection of land uses that include mainly single-family detached homes and limited commercial retail. It is anticipated that 265 single family homes with an average value of \$542,000 will be constructed within the District, will provide options at varying for families and individuals looking to purchase single-family homes. The District will also

allow for construction of 100 duplexes, 96 townhomes, and 456 apartment units.

The formation of the District will allow “development to pay for itself,” as the properties within the District’s boundaries will contribute to the financing of the public infrastructure serving such properties.

- B. Core Principle: Housing & Communities. The development of this area will serve growing housing needs and a need for diversity of housing products in El Paso County, especially Fort Carson to the east.
- C. Core Principle: Economic Development. The creation of approximately 265 additional residential units at different price points will help support economic development in the area.
- D. Core Principle: Transportation & Mobility. The District will finance, construct, and install sidewalks and streets. The District will also rehabilitate a trail. This transportation network will promote safe and efficient travel throughout the District and to roads that provide broader access to the community. The public financing tools available to the District will provide a cost-efficient method of funding transportation infrastructure and maintenance.
- E. Core Principle: Community Facilities & Infrastructure: The District will coordinate the provision of services with surrounding entities, including the City to provide high-quality community facilities, services, and infrastructure to enhance the quality of life for the community. The District will also ensure adequate utilities, including water and wastewater, are provided to manage growth and development and will coordinate the financing of such utilities and infrastructure. The project will bring reliable water and wastewater services to an area lacking these utilities.
- F. Core Principle: Recreation & Tourism. The District will support sustainable outdoor recreation through the construction of sidewalks and parks. The District will also rehabilitate a trail. The District will own, operate, and maintain parks within the District.
- G. Core Principle: Environment & Natural Resources. The environmental impacts from development of the property will be considered and best practices with regard to development and infrastructure will be promoted.

2. Compliance with Water Master Plan

It is anticipated that the City will become the overall water provider for the Property. The City has sufficient supply to serve the Property and a proven record of providing quality water to its customers.

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The laboratory of Colorado Springs Utilities is state-certified and uses advanced technology to operate 365 days a year, collecting and analyzing more than 12,000 samples annually.

3. Compliance with EPC Major Transportation Corridor Plan

The roads are being designed to El Paso County standards. Sidewalks will be built throughout the Property. A trail will be provided in the open space tracts in the development, which will connect to internal sidewalks and the open space areas surrounding the Property.

The Traffic Impact Study submitted with the Rock Creek Mesa Annexation Plan PUD demonstrates that the project can be constructed with minimal impacts to the existing transportation network.

4. Compliance with EPC Parks Master Plan

The development complies with the EPC Parks Master Plan. Sidewalks are provided throughout the Property. The District will allow for construction of a park, establishment of a trail, and will provide for open space tracts.

E. Amended and Restated Service Plan Conformity

The District intends that the Amended and Restated 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:

1. *There is sufficient existing and projected need for continued organized service in the area to be served by the District.*

The purpose of the District is to finance and construct certain public improvements and to provide other additional services necessary to support the Property. 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. As stated previously, to develop the area, significant investment is needed in public infrastructure, including but not limited to water and sanitary sewer infrastructure; street and road improvements; storm drainage and detention facilities; and park and recreation improvements. Financing and constructing these public improvements through the District will lower costs and ensure the costs are spread among those in the community that will benefit from such development.

2. *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.*

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, within a reasonable time and on a comparable basis, as no other governmental entities, including the County, 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 significant public improvements needed to serve the Property.

Rock Creek Mesa Water District (“RCMWD”) is located near to the District and some of the properties located within the District currently overlap with the boundaries of the RCMWD. Most of the property that was originally in both RCMWD and the District was previously excluded from the boundaries of RCMWD to allow the property to be served by Colorado Springs, as RCMWD is unable to provide service to the property within the District. A copy of the exclusion order is enclosed herewith.

We have submitted a Petition for Exclusion to the Southwestern Highway 115 Fire Protection District requesting that the property that is located within the City be excluded from such district. We are waiting to receive a response regarding the date of the hearing.

As stated in the Amended and Restated Service Plan, following the formation of the District, the District engaged in substantial negotiations City regarding the provision of water and sewer services to the properties within the District’s service area. As conditions of service, the City has required the District to upsize the water and sewer main lines throughout the District’s service area and build in redundancies throughout the system. Among the road, stormwater, and park and recreation improvements the District must finance and construct, the District must install several miles of 8-inch and 12-inch water main lines, a hydropneumatics pump, sanitary sewer improvements, a lift station, and several miles of 6-inch and 8-inch sewer mains through Cheyenne Mountain State Park to the Rock Creek development. The costs are costly to construct and install the required water and sewer improvements due to the geography and topography of this area.

3. *The District is capable of providing economic 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 City, County, or other Provider Jurisdiction, as applicable.*

The District will ensure that the public improvements and other services are sufficient to support the community. The proposed improvements and services that have been or will be



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constructed by the District include water and sanitary sewer infrastructure; street and road improvements, storm drainage and detention facilities; and park and recreation improvements. The District will also ensure that public improvements are constructed within a reasonable period of time, benefiting property owners, taxpayers, and residents in the community. In addition, the public financing tools available to the District, including tax-exempt financing, will help lower the costs of the public improvements.

4. *The area to included within or to be included within the District has, or will have, the financial ability to discharge the proposed indebtedness of the District on a reasonable basis, within the mill levy caps and restrictions provided by the County's rules and regulations.*

The District's anticipated issuance of debt in 2026 and repayment will be based on the projected development within the District's boundaries, which will enable the District to finance the facilities identified in the Amended and Restated Service Plan and discharge the proposed indebtedness on a reasonable basis. The financial plan attached to the Amended and Restated Service Plan demonstrates one example of how the District may finance the public improvements.

As shown in the financial plan, it is anticipated that the District may impose the following fees:

- System Development Fee, which is expected to consist of (i) \$4,000 per single-family detached unit, (ii) \$2,500 per single-family attached unit, and (iii) \$2,500 per multi-family unit, which are paid at the time a building permit is issued.
- Capital Recovery Fee that will be paid by the owner of the Cheyenne Mountain Estates mobile home park. The fee will range from \$135,324 - \$185,316 per year.
- Capital Recovery fee to be paid by Rock Creek Mesa Water District to be paid annually.
- Traffic Impact Fee, consisting of \$300 per unit.

The Board of County Commissioners may also consider in its discretion the following criteria:

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 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, within a reasonable time and on a comparable basis, as no other governmental entities, including the County, located in the immediate vicinity of the Districts that consider

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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 Property.

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

All proposed facilities and services will be constructed following the standards and specifications of El Paso County, the State of Colorado, the City of Colorado Springs, and any other appropriate jurisdictions, as applicable.

3. *The proposal is in substantial compliance with the County Master Plan.*

The Developer has reviewed the County's Master Plan and is aware of the County's desire to, among other things, encourage cooperation and planning among water service providers, protect and preserve water supplies, and promote water-conscious developments. 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's master plan.

4. *The proposal complies with any duly adopted county, city, regional, or state long-range water quality management plan for the area.*

The District complies with all duly adopted county, city, regional, and state long-range water quality management plans. It is intended that the City, through Colorado Springs Utilities, will be the water and sewer provided for the property within the District. It is anticipated that the proposed water sources for this project are either renewable or meet the 300-year rule for quantity.

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

As discussed above, 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, within a reasonable time and on a comparable basis, as no other governmental entities, including the County, 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 to serve the Property. The District 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 located in the community. In addition, the District will use its best efforts to limit any

unnecessary or excess costs in order to keep the overall debt of the District as limited as possible. Finally, the District will use all resources available in order to secure the most favorable terms for any debt financing available.

F. Summary of Major Points Regarding the Amended and Restated Service Plan

- Approximately 70.77 acres of property are currently within the boundaries of the District, with a portion (48.24 acres) located within the City.
- Upon completion of the Rock Creek development, there are anticipated to be approximately 265 single family homes with an average value of \$542,000, 196 townhomes and duplexes with an average value of \$450,000, and a 456-unit apartment building with each apartment anticipated to be valued at approximately \$325,000.
- Public improvements in the amount of \$37,806,649 (in 2025 dollars), including streets, water, sewer and storm drainage, traffic and safety, and parks and recreation.
- The Amended and Restated Service proposes increasing the debt limit from \$8,000,000 to \$48,000,000.
- An increase of the Maximum Operational Mill Levy from 10 mills to 20 mills in order to support the high operating costs of the District.
- An increase of the Maximum Combined Mill Levy from 65 mills to 75 mills due to the increase in the Maximum Operational Mill Levy from 10 mills to 20 mills.
- The following clarification is provided regarding Maximum Debt Service Mill Levies in the Amended and Restated Service Plan.
 - It is anticipated that the Debt Service Mill Levy will be 50 mills because the District contains residential property.
- The Maximum Special Purpose Mill Levy of 5 mills (for covenant enforcement and design review) remains the same.
- Provides an updated Financial Plan.
- Provides an updated map and legal description.
- Public Improvements thus far have been constructed to County and other applicable standards and specifications.

G. Conclusion

The Amended and Restated Service Plan will serve the best interests of taxpayers, property owners, and the development of the property within the Property will minimize obligations to non-interested parties and will maximize both development and absorption within the Districts and County without delays in development.

The District requests that the enclosed Amended and Restated Service Plan be presented to the El Paso County Board of County Commissioners at the next available meeting for consideration and further action. Please do not hesitate to contact this office if you have any questions or need



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anything further. We appreciate your assistance in this matter and we look forward to working with you toward approval of the proposed Amended and Restated Service Plan.

Best regards,

SPENCER FANE LLP

/s/ Nicole Peykov
Nicole Peykov

Enclosures