

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

File No. 5022841.0005

comments included on the
development report also
apply to the LOI.

May 14, 2020

please review the Special District Policies
available on our website. The letter of
intent has not identified how the request is
in compliance with these policies. Please
review entire document and revise LOI to
address the specific criteria and policies.

El Paso County
Planning and Community Development
Attn: Kari Parsons

2880 International Circle
Colorado Springs, CO 80910
unless you are proposing private ROW, a
district is not necessary for construction of
the roadways.

no underlying zoning

**Re: Letter of Intent in Support of Formation of Proposed Crossroads Metropolitan
District Nos. 1 & 2**

Dear Ms. Parsons:

include parcel
numbers here

The proposed formation of Crossroads Metropolitan District Nos. 1 & 2 (collectively, the "Districts") encompasses one parcel of land located southwest of the intersection of Highway 24 and Highway 94 and contains approximately 29.04 acres and another parcel of land located northwest of the intersection of Highway 94 and Marksheffel Road and contains approximately 45.042 acres ("Crossroads Property"). The first parcel of land, which will be within the boundaries of Crossroads Metropolitan District No. 1 ("District No. 1"), is anticipated to be developed into mixed use retail and medical office or apartment buildings. The second parcel of land, which will be within the boundaries of Crossroads Metropolitan District No. 2 ("District No. 2"), is anticipated to be developed into retail, restaurants, and potentially a sports park in the future. The planned development remains an estimate and may be altered depending on the final outcome of the development approval process. The Crossroads Property lies entirely within the boundaries of El Paso County, Colorado (the "County").

We respectfully request consideration of the Districts at the next possible public hearing of the Board of County Commissioners (the "Board") of the County in order to meet the requirements of a formation election in November of 2020. One of the primary purposes of the Districts is to provide for the construction, installation, completion, financing and possible ownership, operation and maintenance of public improvements including, but not limited to, on and off-site streets, roadway, water and sanitary sewer, drainage, traffic and safety, and park and recreation improvements, and services and powers provided for metropolitan districts authorized by the Special District Act, pursuant to Title 32, C.R.S. and provided within similar districts within the County. To the extent any of the authorized facilities and improvements are dedicated to and accepted by the County or other entities having jurisdiction, the County or other entities shall own, operate and maintain such accepted facilities and related improvements. The 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

be aware that the
comments are
substantial and we
are not scheduling
the item at this time

the proposed district is adjacent to other districts who may provide the
same service. please address proliferation of districts and why the
creation of a new district is necessary.

this indicates the formation of the district may be premature. the financial may not work out if the figures and schedule is wrong.

Provider Jurisdiction (as defined in the proposed Service Plan), subject to any County rules and regulations.

The owner of the property to be within the Districts is Colorado Springs Equities LLC. Preparation of the Districts' supporting documentation was provided by the Districts' organizers. The Developer of the Crossroads Property is The Equity Group LLC. Cost estimates for the proposed public improvements were generated by Developer representatives who have experience in the completion of similar improvements. 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. In particular, these initial cost estimates only include the public improvement portion of costs and the total project improvement costs may be significantly higher.

Developer representatives will make up the initial Boards of Directors of the Districts in order to complete the proposed public improvements in accordance with approved development plans. The new Districts will help pay for and structure the financing of public improvements for the Crossroads Property.

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

previously you indicate the district will provide.

I. Service Plan Letter of Intent.

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

- a. There is sufficient existing and projected need for continued organized service in the area to be served by the Districts;
- b. The existing service in the area to be served by the Districts is not adequate for present and projected needs without the organization of the Districts;

without underlying zoning there is no need

- c. The Districts are capable of providing economical and sufficient services to the area it intends upon serving and/or financing the public improvements which shall be dedicated to and accepted by the County or other Provider Jurisdiction;
- d. The areas to be included within the Districts have, or will have the financial ability to discharge the proposed indebtedness of the Districts on a reasonable basis within the mill levy caps and restrictions provided by the County rules and regulations.
- 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 Crossroads Metropolitan District Nos. 1 & 2.

- Approximately 74.082 acres of property within the boundaries of the Districts.
- Completion of an estimated \$48,500,000 of on and off-site public improvements including, but not limited to on and off-site streets, roadway, water and sanitary, drainage, traffic and safety, and park and recreation improvements.
- Anticipated development of approximately 373,000 commercial square feet.
- The estimated initial assessed value at time of complete build-out is \$12,112,942 (based upon an estimated initial market value at time of complete build-out of \$41,768,765 times 29%).
- The initial estimated cost of the public improvements needed for the project is \$48,500,000. The foregoing estimates are preliminary in nature and the ultimate costs may increase or decrease depending on numerous factors, many of which are out of Developer's control. In particular, these initial cost estimates only include the public improvement portion of costs and the total project improvement costs (including items such as dry utilities, etc.) will be significantly higher and will materially increase the overall costs.
- Public Improvements need additional financing from the Districts to complete.
- Debt is proposed to be issued in one or more series of bond issuances to allow for financing of constructed infrastructure and expedient completion of the overall project.
- Maximum Mill Levy of 60 mills, inclusive of debt (50 mills) and operations and administration (10 mills), is proposed.

Is this combined for both districts or proposed for each?

substantial difference, needs
additional justification

- Total current projected mill levy of 50 mills for debt, 10 mills for operations and maintenance and a public improvement fee of 2% allows for financing of up to approximately \$36,270,000 based upon initial estimates.
- Requested Debt Authorization of \$52,000,000 allows for contingencies and financing variations based upon changes to construction costs, development build out and absorption of the project.
- Maximum voted interest rate of 12%, maximum underwriting discount of 5%.
- Metropolitan district powers allowed by the Special District Act and consistent with other El Paso County metropolitan districts.
- Formation Election after approval of the Service Plan in November 2020.
- There are no current residents within the Districts and no debt or bonds have been issued.
- Mill levies, interest rate limitations, term limitations and underwriting discounts will be consistent with the present County imposed limitations with other service plans approved by the County.
- Maximum term of any bond issue is 30 years for General Obligation Bonds.
- Crossroads Metropolitan District Nos. 1 & 2 shall develop and finance its own property.

Service Plan
indicates District 1 is
the district over
development

Crossroads Metropolitan District Nos. 1 & 2 Service Plan will serve the best interests of the taxpayers, property owners and development of the property within the Crossroads Property, will minimize non-interested party obligations, and will maximize both development and absorption within the Districts and County without delays in development. The formation of the Districts will allow for financing and development to pay for only those improvements and costs which are a direct benefit to the property within the Districts.

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

Sincerely,
SPENCER FANE LLP

/s/ Russell W. Dykstra

Russell W. Dykstra, General Counsel

Clarification needed, the public infrastructure summary attached shows a wide difference in the amounts for district areas, but the max debt is combined with same mills, this indicates that both districts will pay for all improvements, regardless of district number.

LOI_V1.pdf Markup Summary

be aware that the comments are substantial and we are not scheduling the item at this time (1)



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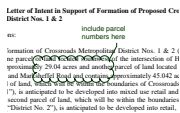
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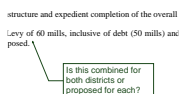
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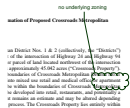
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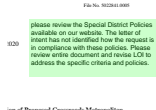
no underlying zoning (1)



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no underlying zoning

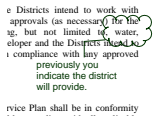
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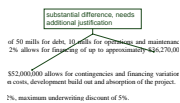
Service Plan indicates District 1 is the district over development (1)



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Service Plan indicates District 1 is the district over development

substantial difference, needs additional justification (1)



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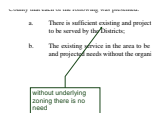
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