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File No. 5022841.0005

July 21, 2020

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

this does not read well. District 1 is X acres, district 2 is x acres collectively the District is XX acres....IS there no overlap with a control district?

area (multiple parcels)

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

Dear Ms. Parsons:

this really appears to premature- the financial plan is admittedly iffy and there is no underlying zoning for the proposed uses, nor a sketch plan.

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 (Schedule Number 5408007005) and another parcel of land located northwest of the intersection of Highway 94 and Marksheffel Road and contains approximately 45.042 acres (Schedule Numbers: 5408001029, 5408001034, 5408001008, 5408001042, 5408001041, 5408001050, 5408001033, 5408001032, 5408001051, 5408001052) (collectively, the “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.

address the proposed district within City jurisdiction? or correct map and state that that is not the case.

**A. Purpose of the Districts**

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

, Doesn't the same applicant control the district across the street?

the Special District Act, pursuant to Title 32, C.R.S. and provided within similar districts within the County. The creation of the Districts is necessary to serve the Crossroads Property because there are currently no other governmental entities, including the County, 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 to serve the Crossroads Property. Cherokee Metropolitan District ("Cherokee") is anticipated to be the water and sewer provider to the Crossroads Property, however, Cherokee, along with other special districts in the vicinity of the Crossroads Property, are unable to provide or fund the public improvements. Furthermore, the creation of the Districts will ensure the costs of the public improvements are shared by the property owners and taxpayers directly benefitting from such public improvements.

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 Districts 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.

I'm totally confused. The maps separate the Districts completely 1 is north of hwy 24 and 2 is south...? **B. Justification and Information Regarding Multi-District Structure**

A multi-district structure is being utilized for this project to allow the development to occur in phases. The creation of two districts will ensure that the construction, financing, and operation of each phase of development will be administered consistent with a long-term construction, financing, and operations program. Use of District No. 1 as the Control District to facilitate this program will help assure that the areas within the Crossroads Property are responsible for funding their fair and equitable share of the costs of capital improvements and operations. District No. 2 will be authorized to perform the same functions, however, it is anticipated that District No. 2 will be responsible for providing the funding and tax base needed to support the program (together with District No. 1) while District No. 1 will be the district responsible for managing the construction, acquisition, installation, and operation of the public improvements. The Districts will enter into an inter-district agreement further governing this relationship.

### C. Development and Financial Plans

why is the district needed without underlying land use? its very early with so much uncertainty.

The owner of the property located within the Districts is Colorado Springs Equities LLC. The Districts' organizers prepared the Districts' supporting documentation. 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, e.g., increased construction costs and inflation. In particular, these initial cost estimates only include the public improvement portion of costs and the total project improvement costs may be significantly higher. To demonstrate the Districts' ability to finance the public improvement portion of costs of the project, a financial plan is attached to the Service Plan as Exhibit D. This financial plan and the cost estimates provided in Exhibit C to the Service Plan are meant to show the capacity of the Districts to issue debt. Any debt the Districts issue will be within the limitations of the text of the Service Plan.

how can you know what the estimates are when the concept for landuse changed just 45 days ago and nothing is approved? Did the financial plan get updated? Attach a recent concept plan to this LOI for a reference.

what is that plan?  
provide it and state  
that its not approved  
nor submitted...

nothing has been  
submitted.

#### D. Justification for District Formation Prior to Completion of Zoning and Land Use Approvals

We are requesting that the Districts' formation be considered in conjunction with the zoning and land use approval process for several reasons. First, the Districts' formation is part of a larger master development plan that will serve the surrounding area. For example, the County has been interested in the construction of Meadowbrook Parkway through to Peterson Road to help facilitate planning and growth in the area. This public improvement is one of four major offsite public improvements the Developer seeks to develop within the master-planned commercial developments the Districts are intended to serve. The other three public improvements include: (i) the extension of water and wastewater through the Hillcrest Subdivision (now referred to as Crossroads North), which requires borings under both U.S. Highway 24 and Colorado Highway 94; (ii) the development of an underground stormwater detention facility that will result in a park-like landscape entry along U.S. Highway 24; and (iii) massive over lot grading of the Crossroads North aggregation in support of both the private development and the potential sports park referenced above. A concept plan demonstrating the development is enclosed herewith.

no official application with  
that name

These on and offsite public improvements generally need to be completed prior to additional development. Moreover, as these improvements are significant, development of such will need to rely on the public financing tools that will be available to the Districts. However, the uncertainty of both the market due to COVID-19 and the prolonged election cycle necessitate the formation of the Districts this year to allow for the financing for these types of improvements to materialize.

i think the uncertainty mentioned  
here adds to lack of need...

Second, the Developer is actively preparing the necessary land use submittals for the project. The Developer has completed the Early Assistance meetings for the properties within both Districts and is currently preparing the Preliminary Plat and zoning submittals (zoning submittals are only needed for District No. 2). Due to the overall size and scope of the project, the Developer is completing additional land planning and civil engineering to establish the placement of access roads, detention improvements, and other improvements before finalizing the Preliminary Plat. The Developer anticipates submitting the Preliminary Plat and zoning submittals by August 21, 2020.

plan

In addition, although the Developer is aware and understands the importance of having the land use and zoning approvals in place, the Developer is currently negotiating for the sale of 13 acres for development of a Class A multi-family complex. The purchase and sale agreement for the property includes 120 days of due diligence review, which will be subject to Final Plat approvals and a PUD zoning application. The Developer must maintain the existing commercial zoning until the land sale contingencies are satisfied to protect against undesirable or unintended outcomes.

this will require  
rezoning of District 1

Third, the Developer is currently negotiating with the Colorado Springs Airport for a long-term lease of 19 acres, which is intended to be redeveloped as a sports park. District No. 2 is intended to be the lessee and therefore timely formation of the Districts is needed to complete this aspect of the plan for development.

city jurisdiction?

i though that concept  
went away in July??

We are therefore requesting that the County allow the Developer to achieve the master-planned approach for this entry corridor, which will help fulfill the County's vision for this area, by allowing the parallel formation of the Districts. To further establish the Developer's intention to obtain all necessary zoning and land use approvals, we propose that the BOCC Resolution approving the Service Plan contain language that requires such land use and zoning approvals prior to the Districts imposing a debt service mill levy or issuing any debt. We also propose including a deadline for the Developer to obtain such

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uses.

why does this need to got Nov 2020 election? why not Spring- You have not mentioned it and its going to be critical to the need with o approvals.

IGA? District builds, does Cherokee take over and maintain or just provided water wastewater?

approvals, after which the District must initiate dissolution proceedings or petition the County for an amended service plan.

Following approval of the land use and zoning submittals and 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.

**E. Service Plan Conformity**

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: Does Cherokee even have supply and demand for this project? what water will they need to obtain to serve this? were does water come form?

a. Detention will be in Districts hands correct? ROW built to County standards would be owned by County. What about water? wastewater infrastructure? is a life station needed?

There is sufficient existing and projected need for continued organized service in the area to be served by the Districts;

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;

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;

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.

the LOI talks about the uncertainty of the finance plan so how does this get met?

The proposed service plan shall be consistent with applicable elements of the El Paso County Master Plan and Special District Policies.

Policy Plan Water Master Plan is discussed where? In the Service plan pages X? or in the LOI?

**F. Major Service Plan Points**

- 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.

above you say multi-family....

- 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 for each District, inclusive of debt (50 mills) and operations and administration (10 mills), is proposed.
- 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. As mentioned above, this is an example of the Districts' capacity to finance the public infrastructure and is subject to change, subject to the limitations in the Service Plan.
- 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 (see estimated cost of \$48,500,000 for public improvements above).
- 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.

## G. Conclusion

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

Encl.



BANNING LEWIS RANCH  
3.5 MILES  
8,919 RESIDENTS

FALCON, COLORADO  
4 MILES  
9,259 HOUSEHOLDS

CSU WATER TREATMENT FACILITY



Kimley»Horn

CROSSROADS & MEADOWBROOK  
MASTERPLAN - HOME IMPROVEMENT



Also the major low drainage area...  
CDOT LICENSE REQUEST

PROPOSED EXTENSION  
PLANNED RESIDENTIAL

COMMERCIAL

U.S. HIGHWAY 24

U.S. HIGHWAY 24

N. MARKSHEFFEL RD

MEADOWBROOK PARKWAY

MEADOWBROOK PARKWAY

COLORADO HIGHWAY 94



# LOI V\_2 redlines.pdf Markup Summary 8-6-2020

dsdparsons (26)



**Subject:** Callout  
**Page Label:** 1  
**Author:** dsdparsons  
**Date:** 8/6/2020 2:07:00 PM  
**Status:**  
**Color:** ■  
**Layer:**  
**Space:**

this does not read well. District 1 is X acres, district 2 is x acres collectively the District is XX acres....IS there no overlap with a control district?



**Subject:** Callout  
**Page Label:** 1  
**Author:** dsdparsons  
**Date:** 8/6/2020 2:08:50 PM  
**Status:**  
**Color:** ■  
**Layer:**  
**Space:**

address the proposed district within City jurisdiction? or correct map and state that that is not the case.



**Subject:** Callout  
**Page Label:** 1  
**Author:** dsdparsons  
**Date:** 8/6/2020 2:14:15 PM  
**Status:**  
**Color:** ■  
**Layer:**  
**Space:**

this really appears to premature- the financial plan is admittedly iffy and there is no underlying zoning for the proposed uses, nor a sketch plan.



**Subject:** Callout  
**Page Label:** 1  
**Author:** dsdparsons  
**Date:** 8/6/2020 2:15:17 PM  
**Status:**  
**Color:** ■  
**Layer:**  
**Space:**

area (multiple parcels)



**Subject:** Callout  
**Page Label:** 2  
**Author:** dsdparsons  
**Date:** 8/6/2020 2:17:09 PM  
**Status:**  
**Color:** ■  
**Layer:**  
**Space:**

, Doesn't the same applicant control the district across the street?



**Subject:** Callout  
**Page Label:** 2  
**Author:** dsdparsons  
**Date:** 8/6/2020 2:19:26 PM  
**Status:**  
**Color:** ■  
**Layer:**  
**Space:**

I'm totally confused. The maps separate the Districts completely 1 is north of hwy 24 and 2 is south...?





the Districts have, or will have the financial ability to...  
be consistent with applicable elements of the 21 Plan...  
within the boundaries of the...  
of on and off-site public improvements including, but...  
way, water and sanitary, drainage, traffic and safety, and...  
by 375,000 commercial square feet.

**Subject:** Callout  
**Page Label:** 4  
**Author:** dsdparsons  
**Date:** 8/6/2020 2:41:17 PM  
**Status:**  
**Color:** ■  
**Layer:**  
**Space:**

Policy Plan Water Master Plan is discussed where? In the Service plan pages X? or in the LOI?

to be consistent with applicable elements of the 21 Plan...  
The Districts have, or will have the financial ability to...  
be consistent with applicable elements of the 21 Plan...  
within the boundaries of the...  
of on and off-site public improvements including, but...  
way, water and sanitary, drainage, traffic and safety, and...  
by 375,000 commercial square feet.

**Subject:** Callout  
**Page Label:** 4  
**Author:** dsdparsons  
**Date:** 8/6/2020 2:44:18 PM  
**Status:**  
**Color:** ■  
**Layer:**  
**Space:**

the LOI talks about the uncertainty of the finance plan so how does this get met?

to be consistent with applicable elements of the 21 Plan...  
The Districts have, or will have the financial ability to...  
be consistent with applicable elements of the 21 Plan...  
within the boundaries of the...  
of on and off-site public improvements including, but...  
way, water and sanitary, drainage, traffic and safety, and...  
by 375,000 commercial square feet.

**Subject:** Callout  
**Page Label:** 4  
**Author:** dsdparsons  
**Date:** 8/6/2020 2:44:42 PM  
**Status:**  
**Color:** ■  
**Layer:**  
**Space:**

Detention will be in Districts hands correct? ROW built to County standards would be owned by County. What about water? wastewater infrastructure? is a life station needed?

to be consistent with applicable elements of the 21 Plan...  
The Districts have, or will have the financial ability to...  
be consistent with applicable elements of the 21 Plan...  
within the boundaries of the...  
of on and off-site public improvements including, but...  
way, water and sanitary, drainage, traffic and safety, and...  
by 375,000 commercial square feet.

**Subject:** Callout  
**Page Label:** 4  
**Author:** dsdparsons  
**Date:** 8/6/2020 2:46:21 PM  
**Status:**  
**Color:** ■  
**Layer:**  
**Space:**

Does Cherokee even have supply and demand for this project? what water will they need to obtain to serve this? where does water come from?

to be consistent with applicable elements of the 21 Plan...  
The Districts have, or will have the financial ability to...  
be consistent with applicable elements of the 21 Plan...  
within the boundaries of the...  
of on and off-site public improvements including, but...  
way, water and sanitary, drainage, traffic and safety, and...  
by 375,000 commercial square feet.

**Subject:** Callout  
**Page Label:** 4  
**Author:** dsdparsons  
**Date:** 8/6/2020 2:47:19 PM  
**Status:**  
**Color:** ■  
**Layer:**  
**Space:**

above you say multi-family....

to be consistent with applicable elements of the 21 Plan...  
The Districts have, or will have the financial ability to...  
be consistent with applicable elements of the 21 Plan...  
within the boundaries of the...  
of on and off-site public improvements including, but...  
way, water and sanitary, drainage, traffic and safety, and...  
by 375,000 commercial square feet.

**Subject:** Callout  
**Page Label:** 4  
**Author:** dsdparsons  
**Date:** 8/6/2020 2:48:50 PM  
**Status:**  
**Color:** ■  
**Layer:**  
**Space:**

why does this need to get Nov 2020 election? why not Spring- You have not mentioned it and its going to be critical to the need with o approvals.



**Subject:** Callout  
**Page Label:** 7  
**Author:** dsdparsons  
**Date:** 8/6/2020 2:54:28 PM  
**Status:**  
**Color:** ■  
**Layer:**  
**Space:**

Add the major row, drainage anticipated...lift stations, sewer, water lines something to show where these things may go and what is proposed for context...  
The texts talks about multi-family but none shown. How unlikely is it to have 2 home improvements centers next to each other Seems off.



**Subject:** Cloud+  
**Page Label:** 5  
**Author:** dsdparsons  
**Date:** 8/6/2020 2:56:05 PM  
**Status:**  
**Color:** ■  
**Layer:**  
**Space:**

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.