

**WINSOME
METROPOLITAN DISTRICT NOS. 1, 2, 3 and 4**

EL PASO COUNTY, COLORADO

April 1, 2019

SERVICE PLAN
FOR
WINSOME
METROPOLITAN DISTRICT NOS. 1-4

Prepared by:

ICENOGLE SEAVER POGUE, P.C.
4725 South Monaco Street, Suite 360
Denver, Colorado 80237
Telephone: (303) 292-9100
Email: jivey@isp-law.com

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Applicant

ProTerra Properties, LLC
1864 Woodmoor Drive, Suite 100
Monument, Colorado 80132

Consultants(s)

Financial Advisor

D.A. Davidson & Co.
1600 Broadway, Suite 1100
Denver, Colorado 80202

District Counsel

Icenogle Seaver Pogue, P.C.
4725 S. Monaco Street, Suite 360
Denver, Colorado 80237

Planner

N.E.S. Inc.
619 North Cascade Ave., Suite 200
Colorado Springs, Colorado 80903

Engineer

The Vertex Companies, Inc.
2420 W 26th Avenue #100-D
Denver, Colorado 80211

Water Attorney

Monson, Cummins & Shohet, LLC
13511 Northgate Estates Dr., Ste. 250
Colorado Springs, Colorado 80921

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I. EXECUTIVE SUMMARY

The following is a summary of general information regarding the proposed Districts provided for the convenience of the reviewers of this Service Plan. Please note that the following information is subject in all respects to the more complete descriptions contained elsewhere in this Service Plan.

Proposed Districts:	Winsome Metropolitan District Nos. 1, 2, 3 and 4
Property Owner(s):	McCune Ranch, LLC
Developer(s):	ProTerra Properties, LLC
Description of Development:	767 acres located at the northwest corner of Hodgen Road and Meridian Road in northern El Paso County. The proposed Project is estimated to contain 143 single family residential units and one 7-acre lot of 30,000 square feet for commercial development
Proposed Improvements to be Financed:	Water, storm drainage, streets, transportation and safety protection, traffic control, park and recreation facilities, television relay and translation
Proposed Ongoing Services:	Maintenance of stormwater facilities, open space, trails, noxious weeds, covenant enforcement and design review, mosquito control, security services
Infrastructure Capital Costs:	The gross development cost estimate including relevant fees, entitlement and engineering costs is approximately \$10.8 million. The gross cost estimate of the Public Improvements costs is approximately \$7.8 million in 2019 dollars
Maximum Debt Authorization:	\$20,000,000.00 (combined for all Districts)
Proposed Debt Mill Levy:	55.277 Mills
Proposed O & M Mill Levy:	10.000 Mills
Proposed Special Purpose Mill Levy:	5.000 Mills for covenant enforcement and design review and/or maintenance of common facilities in the absence of a Homeowners Association
Proposed Maximum Mill Levies:	70.277 Mills
Proposed Fees:	None at this time.

II. DEFINITIONS

The following terms are specifically defined for use in this Service Plan. For specific definitions of terms not listed below please also refer to the El Paso County Special District Policies, the El Paso County Land Development Code and Colorado Revised Statutes, as may be applicable.

Annual Report and Disclosure Statement: means the statement of the same name required to be filed annually with the Board of County Commissioners pursuant to Resolution 06-472 as may be amended.

Board(s): means the board of directors of any District, or in the plural, the boards of directors of all the Districts.

Board of County Commissioners: means the Board of County Commissioners of El Paso County.

Control District: means District No. 1, which is intended to include property owned by the organizers of the Districts, and whose Board of Directors is intended to be occupied by representatives of the organizers of the Districts, in order to direct the activities of the Districts to achieve an overall development plan for Public Improvements. References to “District No. 1” shall be deemed to refer to the Control District.

County: means El Paso County, Colorado

Debt: means bonds or other obligations for the payment of which one or more of the Districts have promised to impose an *ad valorem* property tax mill levy without such promise being subject to annual appropriation.

Developer Funding Agreement: An agreement of any kind executed between a special district and a Developer as this term is specifically defined below, including but not limited to advance funding agreements, reimbursement agreements or loans to the special district from a Developer, where such an agreement creates an obligation of any kind which may require the special district to re-pay the Developer. The term “Developer” means any person or entity (including but not limited to corporations, venture partners, proprietorships, estates and trusts) that owns or has a contract to purchase undeveloped taxable real property greater than or equal to ten percent (10%) of all real property located within the boundaries of the special district. The term “Developer Funding Agreement” shall not extend to any such obligation listed above if such obligation has been converted to Debt issued by the special district to evidence the obligation to repay such Developer Funding Agreement, including the purchase of such Debt by a Developer.

Development Services Department: The department of the County formally charged with administering the development regulations of the County.

Revise to Planning and Community Development Department

District No. 1: means the Winsome Metropolitan District No. 1 (also known as the Control District) as described in this Service Plan.

District No. 2: means the Winsome Metropolitan District No. 2.

District No. 3: means the Winsome Metropolitan District No. 3.

District No. 4: means the Winsome Metropolitan District No. 4.

External Financial Advisor: means a consultant that: (i) advises Colorado governmental entities on matters relating to the issuance of securities by Colorado governmental entities, including matters such as the pricing, sales and marketing of such securities and the procuring of bond ratings, credit enhancement and insurance in respect of such securities; (ii) shall be an underwriter, investment banker, or individual listed as a public finance advisor in the Bond Buyer's Municipal Market Place; and (iii) is not an officer or employee of the District for which External Advisor Services are being rendered, and (iv) has not been otherwise engaged to provide services in connection with the transaction related to the applicable Debt.

Financing Districts: means District Nos. 2-4, which are expected to include residential and/or commercial development that will produce the required revenue to fund the Public Improvements and any operations and maintenance costs.

Gallagher Adjustment: means an allowed adjustment to the Maximum Debt Service Mill Levy, Maximum Operational Mill Levy, or Maximum Special Mill Levy intended to offset the effect of adjustments to the ratio between market value and assessed value of taxable property within the applicable District that would cause a reduction in the revenue otherwise produced from such Maximums based on the ratio between market value and assessed value as of January 1 in the year in which the applicable District's organizational election is held.

Initial District Boundaries: means the combined area of the initial boundaries of the Districts as described in Section III.I.1 depicted on the map in Exhibit A.2 and as legally described for each individual District in the legal description and map found at Exhibit A.3.

Local Public Improvements: means facilities and other improvements which are or will be dedicated to the County or another governmental or quasi-governmental entity for substantially public use, but which do not qualify under the definition of Regional Public Improvements. Examples would include local streets and appurtenant facilities, water and sewer lines which serve individual properties and drainage facilities that do not qualify as reimbursable under adopted drainage basin planning studies.

Material Modification: has the meaning described in Section 32-1-207, C.R.S., as it may be amended from time to time.

Maximum Combined Mill Levy: The maximum combined ad valorem mill levy the applicable District may certify against any property within said District for any purposes.

Maximum Debt Authorization: means the maximum principal amount of Debt that the Districts combined may have outstanding at any time, which under this Service Plan is \$20,000,000.00.

Maximum Debt Service Mill Levy: The maximum ad valorem mill levy the applicable District may certify against any property within said District for the purpose of servicing any Debt incurred by or on behalf of said District.

Maximum Operational Mill Levy: The maximum ad valorem mill levy the applicable District may certify against any property within said District for the purposes providing revenues for ongoing operation, maintenance, administration or any other allowable services and activities other than the servicing of Debt. This Maximum Operational Mill Levy is exclusive of any Maximum Special Mill Levy which might be separately authorized.

Maximum Special Purpose Mill Levy: means maximum ad valorem mill levy which is allowed in addition to the allowable Maximum Debt Service Mill Levy and the Maximum Operational Mill Levy for the purposes of covenant enforcement.

Public Improvements: Those improvements constituting Regional Public Improvements and Local Public Improvements collectively.

Regional Public Improvements: Facilities and other improvements which are or will be dedicated to the County or another governmental or quasi-governmental entity for substantially public use, and which serve the needs of the region.

Revenue Obligations: means bonds or other obligations not subject to annual appropriation that are payable from a pledge of revenues other than *ad valorem* property taxes.

Service Plan: means this Service Plan for the Districts.

Special District Act: means Sections 32-1-101, *et seq.*, C.R.S., as amended from time to time.

State: means the State of Colorado.

Underlying Land Use Approvals: means Board of County Commissioners approval of the applicable land use plans that form the basis for the need for the Districts and their proposed financing plan and/or services. Such approvals may be in the form of one or a combination of Sketch Plans, Generalized Planned Unit Development (PUD) Development Plans, site-specific PUD plans, or subdivision plans.

III. INTRODUCTION

A. Overall Purpose and Intent.

The Districts will be created pursuant to the Special District Act and are being created with a Control District/Financing Districts structure under El Paso County policies. The Districts are independent units of local government, separate and distinct from the County, and, except as may otherwise be provided for by State or local law or this Service Plan, their activities are subject to review by the County only insofar as they may deviate in a material matter from the requirements of the Service Plan. It is intended that the Districts, in their discretion, will provide a part or all of various Public Improvements necessary and appropriate for the development of a project within the unincorporated County to be known as “Winsome” (the “Project”). The Public Improvements will be constructed for the use and benefit of all anticipated inhabitants, property owners and taxpayers of the Districts. The primary purpose of the Districts will be to finance the construction of these Public Improvements. Additional major purposes will include covenant enforcement and design review, ongoing service and maintenance of stormwater facilities, open space, trails, noxious weeds and mosquito control.

District No. 1 is proposed to be the Control District and is expected to coordinate the financing and construction of all Public Improvements. District Nos. 2 – 4 are proposed to be the Financing Districts and are expected to include residential and/or commercial development that (under the direction of District No. 1) will produce the required revenue to fund the Public Improvements and any operations and maintenance costs.

B. Need For The Districts.

There are currently no other governmental entities 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 for the Project. Formation of the Districts is therefore necessary in order for the Public Improvements required for the Project to be provided in the most economic manner possible.

C. County Objectives In Forming The Districts.

The County recognizes the Districts as independent quasi-municipal entities which are duly authorized for the purposes and functions identified in the Service Plan. Future County involvement in the affairs of the Districts will generally be limited to functions as required by the Colorado Revised Statutes, reporting and disclosure functions, determinations as to compliance with the limits as set forth in this Service Plan or any conditions attached to its approval, as well as additional activities or relationships as may be stipulated in any intergovernmental agreements which may be entered in to between the Districts and the County in the future.

In approving this Service Plan the objectives of the County include an intent to allow the applicant reasonable access to public tax-exempt financing for reasonable costs associated with the generally identified Public Improvements and to allow the applicant the ability to prudently

obligate future property owners for a reasonable share of the repayment costs of the Public Improvements which will benefit the properties within the Districts.

It is the additional objective of the County to allow for the Districts to provide for the identified ongoing services which either cannot or will not be provided by the County and/or other governmental or quasi-governmental entities.

D. Multiple District Structure.

1. Multiple District Structure. This Service Plan sets forth the general parameters for the working relationship between District No.1 (as the Control District) and the Financing Districts. This structure is intended to provide for the fair and equitable allocation of the costs of the Public Infrastructure and related services within the various development areas of the Project.

District No. 1 is expected to be responsible for managing the construction, acquisition, installation and operation of the Public Improvements. The Financing Districts are expected to be responsible for providing the funding and tax base needed to support the plan for financing the Public Improvements and for operation, maintenance and administrative costs. The allocation of responsibility for all such functions among the Districts may occur in any combination based upon the best interests of the property owners and residents within the Project.

Each District will be authorized to provide improvements and services, including but not limited to acquisition of completed improvements, to the property within and without their respective legal boundaries, as they may be amended from time to time. Debt may be issued by either District No. 1 and/or the Financing Districts as appropriate to deliver the improvements and services to the property within the Project.

Due to the interrelationship between the Districts, various agreements are expected to be executed by one or more of the Districts clarifying the respective responsibilities and the nature of the functions and services to be provided by each District. The agreements will be designed to help assure the orderly development of essential services and facilities resulting in a community that is aesthetic and an economic asset to the County.

2. Benefits of Multiple District Structure. The use of a multiple district structure as described in this Service Plan serves the best interests of the County, the applicant(s) and the future taxpayers within the Districts. The benefits of using the multiple district structure include: (a) coordinated administration of construction and operation of public improvements and delivery of those improvements in a timely manner; and (b) assurance that improvements required by the County are constructed in a timely and cost-effective manner.

a. Coordinated Services. As presently planned, development of the Project will proceed in phases, which will require the extension of public services and facilities. The multiple district structure will assure that the construction and operation of each phase of Public Improvements will be administered consistent with a long-term construction and operations program. Use of District No. 1 to direct financing, construction, acquisition and installation of

improvements and for management of operation and maintenance needs will facilitate a well-planned financing effort through all phases of construction, which will assist in the coordinated extension of services.

b. Debt Allocation. Allocation of the responsibility for paying debt for capital improvements will be managed through development of a unified financing plan for these improvements and through development of an integrated operating plan for long-term operations and maintenance for those improvements that are not dedicated to and accepted by the County but retained by the Districts as appropriate. Use of District No. 1 to manage these functions will help assure that no area within the Project becomes obligated for more than its share of the costs of capital improvements and operations. Neither high nor low-density areas will bear a disproportionate burden of debt and operating costs. Additionally, equity is also promoted due to the fact that there must be a rational relationship between the land that is subject to a district's mill levy and the improvements or services being funded.

E. Specific Purposes -Facilities and Services.

The Districts are authorized to provide the following facilities and services, both within and without the boundaries of the Districts as may be necessary:

1. Water. The retention of water rights and accounting activities related to water usage. The Districts shall not design, acquire, install, construct, finance, operate or maintain any water system, water well or water treatment or storage works or facilities. It is anticipated that the Districts will deed the water rights to the respective property owners upon the sale of each lot. The Districts will maintain responsibility for reporting all meter results to the Ground Water Commission. The Districts do not intend to join the El Paso County Water Authority following formation.

2. Storm Drainage. The design, acquisition, installation, construction, financing, operation, and maintenance of storm sewers, flood and surface drainage improvements including but not limited to, culverts, dams, retaining walls, access ways inlets, detention ponds and paving, roadside swales and curb and gutter, and all necessary or proper equipment and appurtenances incident thereto, together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extensions of and improvements to said facilities or systems. The Districts shall not design, acquire, install, construct, finance, operate or maintain any sewer treatment or disposal works or facilities.

3. Street Improvements, Transportation and Safety Protection. The design, acquisition, installation, construction, financing, operation, and maintenance of street and roadway improvements, including but not limited to curbs, gutters, culverts, storm sewers and other drainage facilities, detention ponds, retaining walls and appurtenances, as well as sidewalks, bridges, parking facilities, paving, lighting, grading, landscaping, undergrounding of public utilities, snow removal equipment, or tunnels and other street improvements, together with all necessary, incidental, and appurtenant facilities, land and easements, together with extensions of and improvements to said facilities.

The design, acquisition, installation, construction, financing, operation, and maintenance of traffic and safety protection facilities and services through traffic and safety controls and devices on arterial streets and highways, as well as other facilities and improvements including but not limited to, signalization at intersections, traffic signs, area identification signs, directional assistance, and driver information signs, together with all necessary, incidental, and appurtenant facilities, land easements, together with extensions of and improvements to said facilities.

The design, acquisition, installation, construction, financing, operation, and maintenance of public transportation system improvements, including, but not limited to, transportation equipment, park and ride facilities and parking lots, parking structures, roofs, covers, and facilities, including structures for repair, operations and maintenance of such facilities, together with all necessary, incidental, and appurtenant facilities, land and easements, and all necessary extensions of and improvements to said public improvements.

4. Parks and Recreation. The design, acquisition, installation, construction, financing, operation, and maintenance of public park and recreation facilities or programs including, but not limited to, grading, soil preparation, sprinkler systems, playgrounds, playfields, bike and hiking trails, pedestrian trails, pedestrian bridges, picnic areas, swimming pools, basketball courts, fitness centers, resident clubhouse facilities, volleyball courts, common area landscaping and weed control, outdoor lighting of all types, community events, and other facilities, together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extensions of and improvements to said facilities or systems.

The Districts shall not have the authority to apply for or utilize any Conservation Trust (“Lottery”) funds without the express prior consent of the Board of County Commissioners. The Districts shall have the authority to apply for and receive any other grant funds, including, but not limited to, Great Outdoors Colorado (GOCO) discretionary grants. Such approval, although required, is not considered to be a material modification which would require the need to revise this Service Plan.

5. Mosquito Control. Provide for the eradication and control of mosquitoes, including but not limited to elimination or treatment of breeding grounds and purchase, lease, contracting or other use of equipment or supplies for mosquito control.

6. Fire Protection. The Districts shall not be authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, operate, or maintain fire protection facilities or services, unless such facilities and services are provided pursuant to an Intergovernmental Agreement with the Falcon Fire Protection District. The authority to plan for, design, acquire, construct, install, relocate, redevelop, or finance fire hydrants and related improvements installed as part of any water system shall not be limited by this provision.

7. Television Relay and Translation. The design, acquisition, construction, completion, installation, financing, and/or operation and maintenance of television relay and translator facilities, including but not limited to cable television and related communication facilities, satellite television facilities, Internet and other telecommunication facilities, together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary

extensions of and improvements to said facilities.

8. Covenant Enforcement and Design Review. The Districts shall have the power to provide covenant enforcement and design review services within the Districts if the Districts and the governing body of a master association or similar body contract for such services, or if the declaration, rules and regulations, or any similar document containing the covenants to be enforced for the area within the Districts name the Districts as the enforcement or design review entity. The Districts shall have the power to provide covenant enforcement and design review services only if revenues used to provide such services are derived from the area in which the service is furnished.

The covenant enforcement and design review services will be coordinated through District No. 1 on behalf of all of the Districts pursuant to an agreement to be executed by the Districts.

9. Security Services. The Districts shall have the power to furnish security services for any area within the Districts' Boundaries. Prior to furnishing any security services, the Districts shall provide written notification to, consult with, and obtain the prior written consent of the city's chief of police and any applicable master association or similar body having authority in its charter or declaration to furnish security services within the Districts' Boundaries.

F. Other Powers.

1. Amendments. The Districts shall have the power to amend this Service Plan as needed, subject to appropriate statutory procedures as set forth in Section 32-1-207, C.R.S.;

2. Authority to Modify Implementation of Financing Plan and Public Infrastructure. Without amending this Service Plan, the Districts may defer, forego, reschedule or restructure the financing and construction of certain improvements and facilities, to better accommodate the pace of growth, resources availability, and potential inclusions of property within the Districts.

G. Other Statutory Powers.

The Districts may exercise such powers as are expressly or impliedly granted by Colorado law, if not otherwise limited by the Service Plan or its conditions of approval.

H. Eminent Domain.

The Districts may exercise the power of eminent domain or dominant eminent domain only as necessary to further the clear public purposes of the Districts.

The power of eminent domain and/or dominant eminent domain shall be limited to the acquisition of property that the applicable District intends to own, control or maintain by the applicable District or other governmental entity and is for the material use or benefit of the general public. The term "material use or benefit for the general public" shall not include the acquisition of

property for the furtherance of an economic development plan, nor shall it include as a purpose an intent to convey such property or to make such property available to a private entity for economic development purposes. The phrase “furtherance of an economic development plan” does not include condemnation of property to facilitate public infrastructure that is necessary for the development of the Project.

I. Intergovernmental Agreements (IGAs).

The Districts are authorized to enter into IGAs to the extent permissible by law. As of the date of approval of this Service Plan, one or more IGAs are expected to be entered into between and/or among the Districts.

J. Description of Proposed Boundaries and Service Area.

1. Initial District Boundaries. A vicinity map showing the general location of the area that may be served by the Districts is included as Exhibit A.1. A map of the combined area of the Initial District Boundaries is included at Exhibit A.2, with a legal description and map of each individual District found at Exhibit A.3.

2. Additional Inclusion Areas/Boundary Adjustments. Additional inclusion areas are not anticipated outside of the combined area of the Initial District Boundaries. In order to accommodate the needs of Project phasing and other contingencies, the boundaries of the Districts may be adjusted via the inclusion or exclusion of property within the combined area of the Initial District Boundaries as shown on Exhibit A.2 in accordance with the applicable provisions of the Special District Act.

3. Extraterritorial Service Areas. The Districts do not anticipate providing services to areas outside of the Initial District Boundaries.

4. Analysis of Alternatives. The establishment of District No. 1 as the Control District, which is anticipated to coordinate the financing and construction of the Public Improvements, and the establishment of District No. 2, District No. 3 and District No. 4 as the Financing Districts, which will generate the majority of the tax revenue sufficient to pay the costs of the Public Improvements, will create several benefits for the inhabitants of the development and the County. In general, those benefits are: (a) coordinated 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 reasonably uniform mill levies and reasonable tax burdens on all areas of the Districts 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.

5. Material Modifications/Service Plan Amendment. Material modifications of this Service Plan shall, at a minimum, trigger the need for prior approval of the Board of County Commissioners at an advertised public hearing and may require a need for a complete re-submittal

of an amended Service Plan along with a hearing before the County's planning commission. For the purpose of this Service Plan the following changes shall be considered material modifications:

- a. Any change in the basic services provided by the Districts, including the addition of any types of services not authorized by this Service Plan.
- b. Any other matter which is now, or may in the future, be described as a material modification by the Special District Act.
- c. Imposition of a mill levy in excess of any of the Maximum Mill Levies as authorized in this approved Service Plan.
- d. Issuance of Debt in excess of the Maximum Debt Authorization authorized in this Service Plan
- e. Issuance of any Debt with a maturity period of greater than thirty years, from the date of issuance of such Debt.
- f. Creation of any sub-districts as contemplated in the Special District Act.
- g. Inclusion into any District of any property over five miles from the combined area of the Initial District Boundaries and the property described in Exhibit A.3 unless explicitly contemplated in this Service Plan.

IV. DEVELOPMENT ANALYSIS

A. Existing Developed Conditions.

The property located within the Project is currently undeveloped.

B. Total Development at Project Buildout.

At complete Project build-out, development within the Districts is planned to consist of 143 single family residential lots and 30,000 square feet of commercial property. The prices of homes in the Project are expected to average between \$600,000.00 and \$1,200,000.00 in year 2019 dollars. The total estimated population of the Districts upon completion of development is 358.

C. Development Phasing and Absorption.

Absorption of the Project is projected to take 7 years, beginning in 2020 and ending in 2026 and is further described in the Development Summary Table found at Exhibit B.

D. Status of Underlying Land Use Approvals.

Entitlements consisting of rezoning 350 acres to RR2.5 (2.5-acre minimum lot size, rural residential), rezoning 7 acres to Commercial Community, and Preliminary Plan for all 767 acres Rural Residential and Neighborhood commercial development has been submitted to El Paso County. Anticipated approval is June, 2019.

The approval of the Districts' Service Plan and the Preliminary Plan is a condition precedent to the purchase and closing of the land by the Developer.

V. INFRASTRUCTURE SUMMARY

Attached as Exhibit C is summary of the estimated costs of Public Improvements which are anticipated to be required within these Districts. A general description of the categories of Public Improvements is included in Section III.D. of this Service Plan. The total costs of the Public Improvements are estimated to be approximately \$7.8 million, in year 2019 dollars. It is estimated that one or more of the Districts will finance approximately 100% of this estimated amount, but the amount ultimately financed by the Districts will be subject to the Maximum Authorized Debt limit.

All Public Improvements will be designed and constructed in accordance with 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), and otherwise in accordance with applicable El Paso County standards. The composition of specific Public Improvements will be determined in connection with applicable future land use and development approvals required by El Paso County rules and regulations.

VI. FINANCIAL PLAN SUMMARY.

A. Financial Plan Assumptions and Debt Capacity Model.

Attached at Exhibit D is a summary of development assumptions, projected assessed valuation, description of revenue sources (including applicable mill levies and fees) and expenses for both operations and debt service, and an overall debt capacity model associated with projected future development of the Project. The model demonstrates that the Districts are capable of providing sufficient and economic service within the Project, and that the Districts have or will have the financial ability to discharge the Districts' Debt on a reasonable basis. The financial model attached as Exhibit D is an example of the manner in which the Districts may finance the Public Improvements. The specific structure for financing the Public Improvements shall be determined in the discretion of the Boards of Directors of the Districts, subject to the limitations set forth in this Service Plan.

In addition to the capital costs of the Public Improvements, the Districts will require operating funds for administration and to plan and cause the Public Improvements to be constructed and maintained. The first year's combined operating budget is estimated to be \$40,0000 which is anticipated to be derived from property taxes and other revenues as described in Exhibit D.

B. Maximum Authorized Debt.

The Districts are authorized to issue Debt up to \$20,000,000 in principal amount (total combined for all Districts). This amount is larger than the estimated cost of the Public Improvements to allow for inflation, contingencies, and unanticipated changes from the date of approval of this Service Plan..

C. Maximum Mill Levies.

1. Maximum Debt Service Mill Levy. The Maximum Debt Service Mill Levy shall be 55.277 Mills, subject to Gallagher Adjustment. All Debt issued by the Districts must be issued in compliance with the requirements of Section 32-1-1101, C.R.S. and all other requirements of State law.

2. Maximum Operational Mill Levy. The Maximum Operational Mill Levy Cap for each District shall be 10.000 Mills, subject to Gallagher Adjustment.

3. Maximum Special Purpose Mill Levy. The Maximum Special Purpose Mill Levy for each District is 5.000 Mills, subject to Gallagher Adjustment.

4. Maximum Combined Mill Levy. The Maximum Combined Mill Levy for each District is 70.277 Mills, subject to Gallagher Adjustment.

Increases to or removal of any of the Maximum Mill Levies shall be subject to Board of County Commissioner approval without the need for a formal Service Plan Amendment (unless the Board otherwise requires).

D. Maximum Maturity Period For Debt.

The period of maturity for issuance of any Debt (but not including Developer Funding Agreements) shall be limited to no more than thirty years without express, prior approval of the Board of County Commissioners. Such approval, although required, is not considered to be a Material Modification of the Service Plan which would trigger the need to amend said Service Plan. However, the Districts are specifically authorized to refund or restructure existing Debt so long as the period of maturity for the refunding or restructured Debt is no greater than thirty (30) years from the date of the issuance thereof.

E. Developer Funding Agreements.

The Developer does intend to enter into Developer Funding Agreements with the Districts in addition to recovery of the eligible costs associated with creation of the Districts. It is anticipated that in the formative years the Districts will have shortfalls in funding its capital costs and monthly operations and maintenance expenses. The Developer may fund these obligations for the Districts to promote the Project's development subject to the Developer being repaid from future District revenues.

Developer Funding Agreements may allow for the earning of simple interest thereon, but under no circumstances shall any such agreement permit the compounding of interest. The Developer Funding Agreements may permit an interest rate that does not exceed the prime interest rate plus two points thereon.

The maximum term for repayment of a Developer Funding Agreement shall be twenty years from the date the District entering into such agreement becomes obligated to repay the Developer Funding Agreement under the associated contractual obligation. For the purpose of this provision, Developer Funding Agreements are considered repaid once the obligations are fully paid in cash or when converted to bonded indebtedness of the applicable District (including privately placed bonds). Any extension of such term is considered a Material Modification and must be approved by the Board of County Commissioners.

Required disclosure notices shall clearly identify the potential for the Districts to enter into obligations associated with Developer Funding Agreements.

F. Privately Placed Debt Limitation.

Prior to the issuance of any privately placed Debt, the District proposing such issuance shall obtain the certification of an External Financial Advisor substantially as follows: We are [I am] an External Financial Advisor within the meaning of this Service Plan.

We [I] certify that (1) the net effective interest rate (calculated as defined in Section 32-1-103(12), C.R.S.) to be borne by [insert the designation of the Debt] does not exceed a reasonable current [tax-exempt] [taxable] interest rate, using criteria deemed appropriate by us [me] and based upon our [my] analysis of comparable high yield securities; and (2) the structure of [insert designation of the Debt], including maturities and early redemption provisions, is reasonable considering the financial circumstances of the District.

G. Revenue Obligations. The Districts shall also be permitted to issue Revenue Obligations in such amount as the Districts may determine. Amounts issued as Revenue Obligations are not subject to the Maximum Debt Authorization.

VII. OVERLAPPING TAXING ENTITIES, NEIGHBORING JURISDICTIONS

A. Overlapping Taxing Entities.

The directly overlapping taxing entities and their respective year 2018 mill levies are as follows:

El Paso County	8.068
El Paso County School District 49	43.044

Pikes Peak Library District	4.000
Falcon Fire Protection District	14.886
Kiowa Conservation	0.000

Total Existing Mill Levy: 69.998

The total mill levy including the initially proposed District’s mill levy is 140.275 mills.

B. Neighboring Jurisdictions.

The following additional taxing and or service providing entities include territory within three miles of the Initial District Boundaries.

- Academy School District No. 20
- Black Forest Fire Protection District
- Elbert Fire Protection District
- Lewis-Palmer School District No. 38
- Peyton Fire Protection District
- Peyton School District No. 23
- The Sanctuary Metropolitan District
- Upper Black Squirrel Creek Ground Water Management District

VIII. DISSOLUTION

A. Dissolution. Upon an independent determination of the Board of County Commissioners that the purposes for which a particular District was created have been accomplished, such District agrees to file a petition in the appropriate District Court for dissolution, pursuant to the applicable State statutes. In no event shall dissolution occur until the District has provided for the payment or discharge of all of its outstanding indebtedness and other financial obligations as required pursuant to State statutes.

B. Administrative Dissolution. The Districts shall be subject to administrative dissolution by the Division of Local Government as set forth in Section 32-1-710, C.R.S.

IX. COMPLIANCE

A. An Annual Report and Disclosure Form will be required and submitted as described in Section 32-1-207(3)(d), C.R.S. and as further articulated by Board of County Commissioners Resolution No. 07-273 (a single report may be issued for all the Districts).

B. Material Modifications of this Service Plan shall be subject to the provisions contained in Section 32-1-207, C.R.S., relating to approvals and notices thereof.

X. MISCELLANEOUS.

The following is additional information to further explain the functions of the Districts:

A. Special District Act.

The contemplated municipal services are under the jurisdiction of the Special District Act and not the Public Utilities Commission.

B. Disclosure to Prospective Purchasers.

After formation of the Districts, and in conjunction with final platting of any properties within a particular District, the Developer shall prepare a notice acceptable to the Development Services Department Staff informing all purchasers of property within one or more of the Districts of the Districts' existence, purpose and debt, taxing, and other revenue-raising powers and limitations. Such notice obligation shall be deemed satisfied by recording the notice with this Service Plan and each final plat associated with the Project, or by such other means as the Development Services Department approves. Such notice shall be modified to address the potential for future Debt issuance which may be required to meet the obligations associated with loans incurred by the District. Additionally, the notice shall disclose the limited representation elements associated with the Control District/Financing District structure. In conjunction with subsequent plat recordings, Development Services Department staff is authorized to administratively approve updates of the disclosure form to reflect current information.

C. Local Improvements.

Prior to the financing of Local Public Improvements, and if required by County policy uniformly applied, agreements shall be in place to prevent a loss of sales tax revenue from sales of construction materials that would otherwise accrue to the County.

D. Service Plan not a Contract.

The grant of authority contained in this Service Plan does not constitute the agreement or binding commitment of the Districts enforceable by third parties to undertake the activities described, or to undertake such activities exactly as described.

E. Land Use and Development Approvals.

Approval of this Service Plan does not imply approval of the development of a specific area within the Project, nor does it imply approval of the number of residential units or the total site/floor area of commercial or industrial buildings identified in this Service Plan or any of the exhibits attached thereto. All such land use and development approvals shall be processed and obtained in accordance with applicable El Paso County rules, regulations and policies.

F. Citizens Advisory Council.

If required at a subsequent date by the Board of County Commissioners, the Districts shall cooperate with the County in the formation of a Citizens' Advisory Council appointed by the Board of County Commissioners consisting of five eligible electors within the legal boundaries of the Financing Districts. Council membership shall be open to otherwise eligible electors of any of the Financing Districts. Meetings will be held at times and in locations convenient to the Council members, and such meetings and the Council's functions shall be supported by the Financing Districts, subject to applicable law. Formation of a Council shall not be required until there are at least one hundred dwelling units constructed within the Financing Districts. Continuance of the Council shall be at the sole discretion of the Board of County Commissioners, and in the event of insufficient interest in Council membership, appropriate justification presented by the Board of Directors of one or more of the Districts, or for any other reason, the Board of County Commissioners, at its sole discretion, shall have the right to eliminate the requirement to have the Council at any time.

XI. CONCLUSION

It is submitted that this Service Plan for the Districts establishes that:

- A. There is sufficient existing and projected need for organized service in the area to be serviced by the proposed Districts;
- B. The existing service in the area to be served by the proposed Districts is inadequate for present and projected needs;
- C. The proposed Districts are capable of providing economical and sufficient service to the Project;
- D. The area to be included in the proposed Districts does have, and will have, the financial ability to discharge the proposed indebtedness on a reasonable basis;
- E. 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;
- F. The facility and service standards of the proposed Districts are compatible with the facility and service standards of the County;
- G. The proposal is in substantial compliance with the County master plan.
- H. The creation of the proposed Districts is in the best interests of the area proposed to be served.