

William P. Ankele, Jr.
Jennifer Gruber Tanaka
Clint C. Waldron
Kristin Bowers Tompkins
Robert G. Rogers
Blair M. Dickhoner

Of Counsel:
Kristen D. Bear
K. Sean Allen
George M. Rowley



Zachary P. White
Trisha K. Harris
Heather L. Hartung
Megan J. Murphy
Eve M. G. Velasco
Allison C. Fogg
Jennifer C. Rogers
Laura S. Heinrich
Audrey G. Johnson
Christopher T. McMichael

July 30, 2020

VIA E-MAIL

Board of County Commissioners
El Paso County, Colorado
200 South Cascade Ave., Suite 150
Colorado Springs, CO 80903
Attention: Kristy Smart, Clerk to Board
Email: KristySmart@elpasoco.com

Planning and Community Development
El Paso County, Colorado
2880 International Circle, Suite 110
Colorado Springs, CO 80910
Attention: Nina Ruiz, Project Manager
Email: NinaRuiz@elpasoco.com

Re: Proposed Second Consolidated Amended and Restated Service Plan for Mayberry, Colorado Springs Metropolitan District Nos. 1 and 2, and Service Plan for Mayberry, Colorado Springs Metropolitan District Nos. 3-8

Dear Commissioners and Ms. Ruiz:

Our firm serves as general counsel to Mayberry, Colorado Springs Metropolitan District Nos. 1 and 2 (each, “**District No. 1**” and “**District No. 2**”), which are existing Title 32 metropolitan districts located within El Paso County, Colorado (the “**County**”). On May 28, 2020, we provided a letter of intent, and an electronic copy of the proposed Second Consolidated Amended and Restated Service Plan for Mayberry, Colorado Springs Metropolitan District No. 1 and No. 2 and Service Plan for Mayberry, Colorado Springs Metropolitan District Nos. 3-8 (the “**Service Plan**”), as our formal submittal for consideration by the Board of County Commissioners of El Paso County (the “**BOCC**”). Per the Planning and Community Development’s (“**PCD**”) comments to our first submittal, on behalf of the Applicant, we resubmitted a revised service plan and letter of intent on June 30, 2020 and on July 7, 2020. Additional comments have been discussed between PCD and the Applicant, accordingly, we resubmit this revised letter of intent and electronic copy of the revised Service Plan, for your consideration. As part of our previous submittal, payments in the amount of \$4,537.00 for the Planning and Community Development submittal fee, and in the amount \$250.00 for the BOCC for its review fee, were sent via mail. Both of these payments have been received by and acknowledged by the County. Enclosed, is an electronic copy of the Service Plan and the DLG-60 required by Title 32.

I. BACKGROUND

District No. 1 was formed pursuant to the Service Plan for Ellicott Town Center Metropolitan District, as approved by the Board of County Commissioners on June 29, 2006 (the “**Original District No. 1 Service Plan**”) for the construction, installation, financing, operation and maintenance of public infrastructure to support the needs of the 550-acre Ellicott Town Center residential development contained within its boundaries (the “**Prior Project**”).

The Original District No. 1 Service Plan was amended by the First Amendment to the Service Plan for Ellicott Town Center Metropolitan District and was approved by the Board of County Commissioners on June 14, 2014 (the “**First Amendment**,” together with the Original District No. 1 Service Plan the “**Original Service Plan**”).

The First Amendment set forth that, simultaneously, with the application of a Final Subdivision Plat or Final Planned Unit Development Plan approval, the District shall seek a material modification of the Original Service Plan to adopt an updated financing plan that would correspond with the anticipated development within the project.

With revitalized development activity within District No. 1, the Developer revised the land use plans and build out projections for the Project, and submitted the Consolidated Amended and Restated Service Plan for Mayberry, Colorado Springs Metropolitan District No. 1 and Service Plan for Mayberry, Colorado Springs Metropolitan District No. 2, which was approved by the Board of County Commissioners on July 23, 2019 (the “**Amended and Restated Service Plan**”). The Amended and Restated Service Plan incorporated an updated financial plan and estimated infrastructure costs for the anticipated development. In addition, the Amended and Restated Service Plan bifurcated the Project into two special districts; District No. 1 to encompass the residential use portion of the Project, and District No. 2 to encompass the commercial and industrial use portion of the Project.

II. NEED FOR ADDITIONAL METROPOLITAN DISTRICTS

In order to accommodate the different phasing required for the development, and to ensure the Public Improvements are constructed in the most efficient and cost-effective manner, the Boards of Districts of District Nos. 1 and 2 have determined it necessary to further divide the Project and accommodate the creation of six additional special districts; Mayberry, Colorado Springs Metropolitan District Nos. 3-8.

Accommodating additional districts will facilitate residential development within the Project that provides future residential property owners an increased level of independence from debt and operation and maintenance obligations incurred for the primary benefit of property owners within the commercial portions of the project. District Nos. 1, 3, 4, 5, 6 & 7 will encompass the residential use portions of the Project (collectively, the “**Residential Districts**”), and District Nos. 2 & 8 will encompass the commercial and industrial use portions of the Project (collectively the “**Commercial Districts**”). As a result, this Service Plan will entirely replace and supersede the Amended and

Restated Service Plan, in order to recognize the organization of District Nos. 3-8. The material provisions of the Amended and Restated Service Plan, are entirely restated herein, including the financial plan, the financial provisions, and estimated infrastructure costs, as approved by the Board of County Commissioners on July 23, 2019.

In anticipation of the submittal of this Service Plan and the creation of District Nos. 3-8, District No. 1 excluded property from District No. 1's boundaries, which consists of the Residential Inclusion Property, pursuant to an Order for Exclusion dated April 23, 2020, and recorded at the El Paso County Clerk and Recorder on April 27, 2020 at Reception No. 220056861. The completion of this exclusion allows for the inclusion of those properties to form the initial boundaries of District Nos. 3-8. Moreover, because District Nos. 3-8 initial districts' boundaries are small the districts can accommodate future phased development and financing as the Project is built-out.

District No. 8, is anticipated to consist of commercial development. It is anticipated that as the Phase 1 residential development is completed, the commercial development within the Project will begin and continue to be developed on an incremental basis throughout the life of the Project. It is further anticipated, that the Commercial Inclusion Area, will be included into the boundaries of District Nos. 2 or 8, and will consist of commercial services, including retail and small office space. The Commercial Inclusion Property is anticipated to be zoned for commercial use. There is a known need for the services and facilities to be provided by District No. 8 at this time, as was recognized in the County's approval of the Original Service Plan.

The addition of District Nos. 3-8 is necessary in order to accommodate the different phasing required for the development and to ensure the Public Improvements are constructed in the most efficient and cost-effective manner. The Boards of Districts of District Nos. 1 and 2 have determined it necessary to further divide the Project and accommodate the creation of six additional special districts. Accommodating the additional districts will facilitate residential development within the Project that provides future residential property owners an increased level of independence from debt and operation and maintenance obligations incurred for the primary benefit of property owners within the commercial portions of the project.

III. STRUCTURE OF DISTRICTS

In accordance with and subsequent to the approval of the Amended and Restated Service Plan, District No. 1 and District No. 2 entered into the District Coordinating Services Agreement dated December 5, 2019 (the "**District IGA**"), which evidenced the coordination of the administrative services, and operation and maintenance services as between District No. 1 and District No. 2. Pursuant to the District IGA, District No. 1 as the "Coordinating District" is charged with the performance of all administrative services associated with the operation of a metropolitan district and will own, operate, and maintain all Public Improvements, with the exception of water and sewer, on behalf of District No. 2. District No. 2, as the "Financing District" provides the tax revenue, to the extent possible, for the payment of such services.

Upon the approval of the Service Plan, it is anticipated that the Districts will amend the current District IGA, to accommodate the addition of District Nos. 3-8. It is anticipated that District No. 1 will continue to serve as the Coordinating District, performing the administrative services on behalf of all the Districts, and will own, operate, and maintain all Public Improvements, with the exception of the water and sewer infrastructure. District No. 2 will own, operate, and maintain the water and sewer infrastructure and provide such services, to and on behalf of all the Districts. In addition District No. 2 and District Nos. 3-8 will act as a Financing Districts to support the costs associated with the administrative responsibilities and the ownership, operation and maintenance of the Public Improvements.

IV. FINANCIAL TERMS UNCHANGED FROM AMENDED AND RESTATED SERVICE PLAN

It is important to note, that the Service Plan, as submitted, and with the exception of adding District Nos. 3-8, is the exact same as previously approved by the BOCC on July 23, 2019. The only changes made in the Service Plan are for the addition of the additional districts. A simply analogy is we are requesting that the same pie be cut into 8 pieces of pie instead of 2—the overall pie and all ingredients remain the same. Further, the Service Plan materially adheres to the County's model service plan, and authorizes the Districts to finance and construct the public improvements located within and/or serving the Project within the prescribed limitations of the model, and as previously approved by the BOCC on July 23, 2019. The financial provisions proposed in the Service Plan are the same as proposed in the Amended and Restated Service Plan, and within the parameters of the model service plan and are similar to those utilized by other metropolitan districts within the area.

For the Residential Districts, the debt mill levy is capped at 50 mills and the operational mill levy is capped at 10 mills, as adjusted by the Gallagher adjustment, consistent with the mill levies previously approved in the Original Service Plan and as set forth in the County's Code. For the Commercial Districts, the debt service mill levy is capped at 25 mills and the operational mill levy is capped at 10 mills. Consistent with the Amended and Restated Service Plan, the proposed combined debt limit of the Districts is \$161,250,000; provided, however, that if the property commonly referred to as the Gillespie Property (as defined in the Service Plan) is included into either or both of the Districts, then the proposed combined debt limit of the Districts is \$178,200,000. The Service Plan provides straight-forward terms which allow for the financing and construction of the public improvements necessary for the Project, sufficient flexibility to ensure the Project is completed in the most cost-effective and efficient manner, all while providing protections for future homeowners from unruly financing terms.

V. UNDERLYING LAND USE APPROVALS

District No. 1 is comprised of Ellicott Town Center Phase 1, which is zoned PUD for residential use. The Phase 1 Preliminary Plan was approved in May 2006. This Phase is to be divided into two filings, Filing No. 1 and future Filing No. 4. Filing No. 1 was originally approved in April 2007 and has been the subject of several time extensions; the most recent being a one-year

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extension granted in November 2019. The Filing No. 1 Final Plat Extension (SF-18-25) has been working through the final engineering plan approval since late 2018. It is anticipated that the engineering documents and plans for Filing No. 1 will be approved within the next couple months, and Filing No. 1 Final Plat Extension is anticipated to be recorded at the end of 2020. Filing No. 4 Final Plat is in the early stages of preparation for submittal.

District No. 2 is comprised of Filing No. 2 (SF-19-10) and the western portion of future Filing No. 3. The rezone of this area from PUD to Commercial Service (CS) was approved by the Planning Commission on June 2, 2020, and the Board of County Commissioners on June 22, 2020. Filing No. 2 is still under review and is anticipated to be recorded by the first quarter of 2021. A Preliminary Plan and Final Plat for Filing No. 3 is in the early stages of preparation for submittal. In addition, the State Engineer has confirmed water sufficiency for Filing No. 1 and Filing No. 2.

The Applicant is in process of receiving all necessary Underlying Land Use Approvals for the Project. The intent is for the project to consist of eight (8) residential and two (2) commercial districts; however, ultimate uses and zoning, will be determined by the final Underlying Land Use Approvals. It is necessary for this Service Plan to be processed prior to final action on underlying land use approvals in order for the Districts to meet the statutory deadlines associated with the organization and election in November 2020.

VI. NOVEMBER 2020 ELECTION AND STATUTORY DEADLINES

The District and the developer propose the approval of the Service Plan by the BOCC in sufficient time to submit the question of the organization of District Nos. 3-8 to voters at the November 3, 2020, election. In order to meet the statutory deadlines associated with the organization and election in November 2020, the Districts will need to have the Service Plan approved by the BOCC no later than the BOCC's September 17, 2020, meeting. This date is the absolute last date that would allow the Districts to fulfill the organizational and election statutory requirements in time for the November 2020 election. To allow for additional flexibility within the organizational and election timeline, we respectfully request the Planning Commission to consider recommending approval of the Service Plan at its September 3, 2020 meeting, and for the BOCC to consider approval of the Service Plan at its September 8, 2020 meeting.

We look forward to working with you and the BOCC on this project. Should you have any questions, please do not hesitate to contact me. In the meantime, we look forward to moving forward and receiving your thoughts on the proposed Service Plan.

Board of County Commissioners

El Plaso County, Colorado

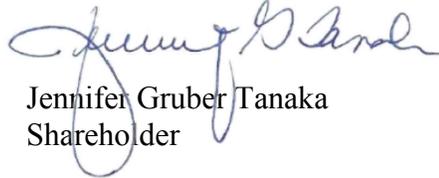
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Sincerely,

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

A handwritten signature in blue ink, appearing to read "Jennifer Gruber Tanaka". The signature is fluid and cursive, with a large loop at the end.

Jennifer Gruber Tanaka
Shareholder

cc: Lori Seago, Esq., County Attorney
Mayberry, Colorado Springs Metropolitan District Nos. 1 and 2, Boards of Directors
Randy Goodson, Accretive Investments, Inc.
Shelby Turner, D.A. Davidson & Co.
Bradley A. Simons, PE, District Engineer

Enclosures:

- A. Complete PDF Service Plan
- B. Redlined Copy Compared to Previous Service Plan Submittal in Word Format
- D. DLG-60