

**FALCON FIELD
METROPOLITAN DISTRICT**

EL PASO COUNTY, COLORADO

DRAFT
May 31, 2019

SERVICE PLAN
FOR
FALCON FIELD
METROPOLITAN DISTRICT

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Submitted: May 31, 2019

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I. EXECUTIVE SUMMARY

The following is a summary of general information regarding the proposed District 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 District:	Falcon Field Metropolitan District (the “District”).
Property Owner:	Falcon Field LLC
Developer:	Falcon Field LLC
Description of Development:	The proposed Falcon Field Development consists of an approximately 58 acres, located wholly within El Paso County, and will consist of a mix of commercial uses.
Proposed Improvements Financed:	Water, streets, traffic and safety controls, parks and recreation, drainage, including storm water drainage, sanitary sewer, and related grading, plus television relay and translation and mosquito control.
Proposed Ongoing Services:	It is anticipated that any Public Improvements not conveyed to the County, Woodman Hills Metropolitan District, other appropriate jurisdiction or an owners’ association will be owned, operated and maintained by the District. Specifically, the District anticipates providing storm drainage/detention ponds, and covenant control for the Project and properties included within the District’s boundaries.
Infrastructure Capital Costs:	Approximately \$13,110,000
Maximum Debt Authorization:	\$ 20,000,000
Proposed Debt Mill Levy:	30 Mills, subject to the Gallagher Adjustment
Proposed O & M Mill Levy:	5 Mills, subject to the Gallagher Adjustment
Proposed Special Purpose Mill Levy:	1 Mill, subject to the Gallagher Adjustment
Proposed Maximum Mill Levies:	36 Mills, subject to the Gallagher Adjustment

Proposed Fees:

All fees, rates, tolls, penalties, or charges as authorized in Section 32-1-1001(1)(j)(I), C.R.S. Capital facility fee/development fee and operations, maintenance and administrative fees may be imposed by the Districts. The developer may also impose a project improvement fee on retail sales within the District and pledge those funds to the District.

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.

Additional Inclusion Areas: means real property located within a 5 mile radius of the combined area described in Exhibit A.3. and as depicted in Exhibit A.2 that may be included upon petition of the property owners thereof.

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: means the board of directors of the District.

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

Conventional Representative District: means a Title 32 special district, which is structured to allow all residents and property owners to participate in elections for the Board of Directors, as otherwise allowed by Statute.

County: means El Paso County, Colorado

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

Developer Funding Agreement: means 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: means the department of the County formally charged with administering the development regulations of the County.

District: means the Falcon Field Metropolitan District as described in this Service Plan.

District Boundaries: means the initial boundaries of the District as described in Section III.J.1, depicted on the map in Exhibit A.2, and as legally described in the legal description found at Exhibit A. 3.

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 and has not been otherwise engaged to provide services in connection with the transaction related to the applicable Debt.

Financial Plan: means the Financial Plan as provided in Exhibit D attached hereto and as described in Section VI that describes generally: (i) the manner in which the Public Improvements are to be financed; (ii) the manner in which the Debt is expected to be incurred; and (iii) the estimated operating revenue to be derived from property taxes for the first budget year.

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 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 District's organizational election is held.

Inclusion Agreement: means the Inclusion and Service Agreement, by and between, the Woodmen Hills Metropolitan District and Falcon Field LLC, dated March 29, 2019.

Local Public Improvements: means facilities and other improvements which are or will be dedicated to the State, 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: means the maximum combined ad valorem mill levy the District may certify against any property within the District for any purposes.

Maximum Debt Authorization: means the maximum principal amount of Debt that the District may have outstanding at any time, which under this Service Plan is \$ 25,200,000.

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

Maximum Operational Mill Levy: means the maximum ad valorem mill levy the District may certify against any property within the 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 the maximum ad valorem mill levy which is allowed in addition to the allowable Maximum Debt Service Mill Levy and the Maximum Operational Mill Levy, which the District is required to impose and certify against any property within the District and remit to WHMD, as more particularly described in Section VI.C.3.

Public Improvements: means those improvements constituting Regional Public Improvements and Local Public Improvements collectively.

Project: means the fifty-eight (58) acre area planned for commercial development, commonly known as Falcon Field development contained within the District's boundaries.

Regional Public Improvements: means facilities and other improvements which are or will be dedicated to the State, 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 District.

Special District Act: means Section 32-1-101, et seq., of the Colorado Revised Statutes, as amended from time to time.

State: means the State of Colorado.

Special Purpose Mill Levy: means the ad valorem mill levy the District is required to impose and certify against any property within the District and remit to WHMD, as more particularly described in Section VI.C.3.

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 District and its 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.

WHMD: means the Woodmen Hills Metropolitan District.

III. INTRODUCTION

A. Background.

The District is being formed to construct, install, finance, operate and maintain certain public improvements to serve the needs of the Project.

In anticipation of the submittal of this Service Plan, the Project, consisting of the District Boundaries, was included into WHMD boundaries, pursuant to an Order for Inclusion processed in accordance with Sections 32-1-401 *et seq.*, C.R.S., and granted by the County District Court and recorded with the County Clerk and Recorder on April 29, 2019 at Reception No. 219044856. The inclusion is subject to the terms and conditions set forth in the Inclusion and Service Agreement, entered into by WHMD and the Developer, on March 29, 2019 (the “**Inclusion Agreement**”).

Upon formation of the District, the District will be within WHMD’s boundaries and therefore is deemed an “Overlapping District” pursuant to Section 32-1-107, C.R.S. As evidenced in the Inclusion Agreement and in accordance with Section 32-1-107(3)(b)(IV), C.R.S., the District received WHMD’s consent as an overlapping special district authorized to provide the same services as the District, pursuant to the terms set forth in the Inclusion Agreement.

As contemplated in this Service Plan and set forth in the Inclusion Agreement, it is anticipated that the District will finance and construct, certain off-site and on-site, sanitary and water facilities to serve both the District and WHMD, in exchange for WHMD providing the sanitary and water services to the District Boundaries. In addition, the District is authorized to finance and construct parks and recreation facilities, but shall not provide parks and recreation services, such services will be provided by WHMD. Pursuant to the terms of the Inclusion Agreement, it is further anticipated, that the water and sewer facilities financed and constructed by the District will be conveyed to WHMD for operations and maintenance.

B. Overall Purpose and Intent.

The District will be created pursuant to the Special District Act, and is being organized as a Conventional Representative District under El Paso County policies. The District is an independent unit 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, its 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 District, in its 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 “Falcon Field” (the “Project”). The Public Improvements will be constructed for the use and benefit of all anticipated inhabitants, property owners and taxpayers of the District. The primary purpose of the District will be to finance the construction of these Public Improvements. Additional major purposes will include any ongoing operation and maintenance of the Public Improvements within the District not otherwise dedicated to WHMD, the County, the State or third party entities for ownership and/or ongoing operation and maintenance, including but not limited to, stormwater detention ponds and channel improvements.

C. Need For The District.

There are currently no private parties or other governmental entities, located in the immediate vicinity of the District that consider it desirable, feasible or practical to undertake the planning, design, acquisition, construction installation, relocation, redevelopment and financing of the Public Improvements needed for the Project. Formation of the District is therefore necessary in order for the Public Improvements required for the Project to be provided in the most economic manner possible.

D. County Objectives in Forming the District.

The County recognizes this District as an independent quasi-municipal entity which is duly authorized for the purposes and functions identified in the Service Plan. Future County involvement in the affairs of the District 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 District and the County in the future.

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

It is the additional objective of the County to allow for this District to provide for the identified ongoing services which either cannot or will not be provided by the County and/ or other districts.

In approving this District as a Conventional Representative District, it is also an objective of the County to maximize opportunities for full representative participation on the part of future eligible electors. However, because many of the critical financing decisions will be made prior to the existence of resident electors, it is the further intent of the County to accommodate and

allow for reasonable and constructive ongoing notice to future property owners of the probable financial impacts associated with owning property within the District.

E. Specific Purposes -Facilities and Services.

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

1. Water. The design, acquisition, construction, installation and operation and maintenance of a complete water and irrigation water system, including but not limited to water rights, water quality, treatment, storage, pumping, transmission and distribution systems for domestic and other public or private purposes, together with all necessary and proper treatment facilities, wells, water rights, equipment and appurtenances incident thereto which may include, but shall not be limited to, transmission lines, distribution mains and laterals, storage facilities, land and easements, together with extensions of and improvements to said systems, but excluding private on-site development.

Pursuant to the conditions set forth in the Inclusion Agreement, it is anticipated the District will provide for the financing, design, permitting, construction and installation of the off-site and on-site water Public Improvements. All water Public Improvements constructed in connection to the Inclusion Agreement are anticipated to be dedicated to WHMD. Any water improvements not conveyed to WHMD, the County, other appropriate jurisdiction or an owners' association will be owned and maintained by the District.

While it is anticipated that the WHMD will provide the water service to end-users, it is the District's intent for the organization of the District and the development of the Project to comply with the policies set forth in the El Paso County Water Master Plan. In addition, the District does not intend to join the El Paso County Water Authority following formation.

2. Sanitation. The design, acquisition, construction, installation, relocation, operation and maintenance of sanitation improvements including, but not limited to, sanitary sewer transmission lines, wastewater systems, wastewater treatment, storm drainage, detention/retention ponds, together with all necessary, incidental and appurtenant facilities, land and easements, and all extensions of and improvements to said facilities.

Pursuant to the conditions set forth in the Inclusion Agreement, it is anticipated the District will provide for the financing, design, permitting, construction and installation of the off-site and on-site sanitation and wastewater Public Improvements. All sanitation and wastewater Public Improvements constructed in connection to and pursuant to the terms of the Inclusion Agreement are anticipated to be dedicated to WHMD. Any storm drainage, and detention improvements not conveyed to WHMD, the County, other appropriate jurisdiction or an owners' association will be owned and maintained by the District.

3. Street Improvements. The design, acquisition, installation, construction and operation and maintenance of improvements to existing roadways as well as new roadway

improvements, including but not limited to curbs, sidewalks, bridges, underpasses, streets, medians, roundabouts, islands, paving, lighting, sleeving, grading, landscaping, and other street improvements, together with all necessary, incidental, and appurtenant facilities, together with extensions of and improvements to said facilities. It is anticipated that street improvements will be conveyed to the County; however, those street improvements not conveyed to the County, other appropriate jurisdiction or an owners' association will be owned and maintained by the District.

4. Transportation. The design, acquisition, installation, construction and operation and maintenance of a system to transport the public by bus, rail or any other means of conveyance, or any combination thereof, including but not limited to, bus stops and shelters, park and ride facilities, parking facilities, bike storage facilities, together with all necessary, incidental and appurtenant facilities, land easements, and all extensions of and improvements to said facilities. It is anticipated that transportation improvements not conveyed to the State, County, or other appropriate or owners' association will be owned and maintenance by the District.

5. Safety Protection. The design, acquisition, installation and construction of traffic and safety protection facilities and services through traffic and safety controls and devices on streets and highways,, as well as other facilities and improvements including but not limited to, speed control devises, signalization at intersections, traffic signs, area identification signs, directional assistance, and driver information signs, together with all necessary, incidental, and appurtenant facilities, extensions of and improvements to said facilities. It is anticipated that safety protection improvements will be conveyed to the State or County; however, those safety protection improvements not conveyed to the State or County, other appropriate jurisdiction or an owners' association will be owned and maintained by the District.

6. Drainage. The design, acquisition, construction, installation, relocation and operation and maintenance of drainage improvements including, but not limited to, storm sewers, channels, flood and surface drainage, gutters, culverts, and other drainage facilities such as detention ponds, retaining walls, and all necessary or proper equipment and appurtenances, together with all necessary, incidental and appurtenant facilities, and all necessary extensions of and improvements to said facilities or systems. It is anticipated that drainage improvements not conveyed to WHMD, the County, other appropriate jurisdiction or an owners' association will be owned and maintained by the District.

Pursuant to the conditions set forth in the Inclusion Agreement, it is anticipated the District will provide for the financing, design, permitting, construction and installation of the off-site and on-site drainage Public Improvements. Any drainage improvements not conveyed to WHMD, the County, other appropriate jurisdiction or an owners' association will be owned and maintained by the District.

7. Parks and Recreation. The design, acquisition, construction, installation and operation and maintenance of public park and recreation facilities including, but not limited to, pocket parks, paths, trails, fencing, open space, common areas, play structures, community pool and recreation center, street trees, streetscapes, entry features, landscaping and irrigation,

weed control, outdoor lighting, together with all necessary, incidental and appurtenant facilities, and all necessary extensions of and improvements to said facilities or systems. It is anticipated that parks and recreation improvements will be conveyed to the County; however, those parks and recreation improvements not conveyed to the County, other appropriate jurisdiction or an owners' association will be owned and maintained by the District.

Pursuant to the conditions set forth in the Inclusion Agreement, the District will not provide recreation programs or services, but may only finance and construct park and recreation facilities. It is anticipated that all park and recreation facilities constructed by the District will be dedicated to WHMD. Any Parks and Recreation improvements not conveyed to WHMD, the County, other appropriate jurisdiction or an owners' association will be owned and maintained by the District.

8. 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.

9. Television Relay and Translation. The design, acquisition, construction, installation, and operation and maintenance of television relay and translation facilities and programs, together with all necessary, incidental and appurtenant facilities, land and easements, and all extensions of and improvements to said facilities.

10. Covenant Enforcement and Design Review. Subject to the provisions of Section 32-1-1004(8), C.R.S., the District shall have the power to furnish covenant enforcement and design review services within the Service Area.

11. Security Services. Subject to the provisions of Section 32-1-1004(7), C.R.S., the District shall have the power to furnish security services within the Service Area.

12. Solid Waste Disposal. Subject to the provisions of Section 32-1-1006(6) and (7) C.R.S., the District shall have the power to furnish solid waste disposal facilities or collection and transportation of solid waste.

F. Other Powers.

1. Operations and Maintenance. The District shall be authorized to operate and maintain the Public Improvements not conveyed to the County, WHMD, other governmental entities having proper jurisdiction, or an owners' association.

2. Amendments. The District 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.

3. Authority to Modify Implementation of Financing Plan and Public Infrastructure. Without amending this Service Plan, the District 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 District.

G. Other Statutory Powers.

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

The power of eminent domain and/or dominant eminent domain shall be limited to the acquisition of property that the District intends to own, control or maintain by the 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 District is authorized to enter into IGAs to the extent permissible by law. It is anticipated that the District and WHMD will enter into an IGA to memorialize the terms of the Inclusion Agreement, including the imposition of the Special Purpose Mill Levy to be imposed by the District, as further described in Section VI.C.3 of this Service Plan.

J. Description of Proposed Boundaries and Service Area.

1. District Boundaries. A vicinity map showing the general location of the District is included as Exhibit A.1. A map of the initially included properties is included at Exhibit A.2, with a legal description of its boundaries are found at Exhibit A.3.

2. Additional Inclusion Areas. At this time, Additional Inclusion Areas are not anticipated in addition to the initially included properties. However, in order to accommodate the needs of Project phasing and/or change in Development Plans, the boundaries of the District may be adjusted via inclusion or exclusion, and the District shall be authorized to include territory within the Additional Inclusion Area, upon petition of the property owner thereof, in accordance with applicable provisions of the Special District Act.

3. Extraterritorial Service Areas. The District does not anticipate providing services to areas outside of the District Boundaries and Additional Inclusion Areas. WHMD provides water, sewer and parks and recreation services to the property within the District Boundaries. While the District plans on providing for the financing and construction of the off-site water and sewer facilities, as specified in the Inclusion Agreement, the District will not be providing water, sewer or parks and recreation services.

4. Analysis of Alternatives. The Project is not presently served with the facilities proposed to be provided by the District, and neither the County nor any other special district have plans to provide such facilities within a reasonable time and on a comparable basis. There are currently no other governmental entities, including WHMD and the County, located in the immediate vicinity of the District that consider it desirable, feasible or practical to undertake the planning, design, acquisition, construction, installation, relocation, redevelopment and financing of the Public Improvements needed for the Project.

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 District, 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 (30) 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 the District of any property over a five (5) mile radius from the combined area of the District Boundaries and the property described in Exhibit A.3 unless explicitly contemplated in this Service Plan.

IV. DEVELOPMENT ANALYSIS

A. Existing Developed Conditions.

There is currently no development within the District boundaries.

B. Total Development at Project Buildout.

The project area consists of approximately fifty-eight (58) acres of land. The project is anticipated to include 275,500 square feet of commercial development.

C. Development Phasing and Absorption.

Absorption of the project is projected to take 5 years, beginning in 2021 and ending in 2026 and is further described in the Development Summary Table found at Exhibit B.

D. Status of Underlying Land Use Approvals.

Rezoning of the property within the District Boundaries to CS Commercial will occur concurrently with the approval process for this Service Plan.

V. INFRASTRUCTURE SUMMARY

Attached as Exhibit C is summary of the estimated costs of Public Improvements which are anticipated to be required within this District. A general description of the categories of Public Improvements is included in Section III.E. of this Service Plan. The total costs of the Public Improvement is estimated to be approximately \$13,110,000, in year 2019 dollars. It is estimated that the District will finance approximately all of this estimated amount, but the amount ultimately financed, or reimbursed, by the District 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.

The Financial Plan, attached as Exhibit D, provides a summary of development assumptions, projected assessed valuation, description of revenue sources (including applicable mill levies and fees, and any other legally available revenue) 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 District is capable of providing sufficient and economic service within the Project, and that the District has or will have the financial ability to discharge the District's Debt on a reasonable basis. The financial model attached as Exhibit D is an example of the manner in which the District may finance the Public Improvements. The specific structure for financing the Public Improvements shall be determined in the discretion of the Board of Directors of the District, subject to the limitations set forth in this Service Plan. The parameters in the Financial Plan are based upon current estimates and will change based on actual development of the Project.

The Financial Plan is one projection of the issuance of Debt by the District based on certain development assumptions. It is expected that actual development (including, but not limited to product types, market values, and absorption rates) will vary from that projected and illustrated in the Financial Plan, which variations and deviations shall not constitute a material modification of this Service Plan. Notwithstanding anything in this Service Plan to the contrary, the projections set forth in this Service Plan and the Financial Plan are projections based upon current market conditions. The actual amounts, interest rates, and terms of any Debt will likely change from that reflected in the Financial Plan and each issue of Debt will be based upon the actual conditions existing at the time of issuance, subject to the limitations of the Service Plan.

B. Maximum Authorized Debt.

The District is authorized to issue Debt up to \$20,000,000 million in principal amount. The Districts shall not issue Debt in excess of the Maximum Authorized Debt; provided, however, any refunding Debt shall not count against the Maximum Authorized Debt. The Maximum Authorized Debt established in this Service Plan accounts for future changes due to market changes, changes in development approvals, and inflation and is intended to provide sufficient flexibility without the need for future amendments to this Service Plan.

C. Maximum Mill Levies.

1. Maximum Debt Service Mill Levy. The Maximum Debt Service Mill Levy shall be fifty (50) mills, subject to Gallagher Adjustment. All Debt issued by the District 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 shall be ten (10) mills, subject to Gallagher Adjustment.

3. Maximum Special Purpose Mill Levy. The District shall impose the Special Purpose Mill Levy at a rate not to exceed one (1) mill, subject to Gallagher Adjustment, and remit the revenues received to WHMD, to allocate towards its Park and Recreation Fund. The Special Purpose Mill Levy shall not count against the Maximum Debt Service Mill Levy or the Maximum Operational Mill Levy.

It is anticipated that the District and WHMD will memorialize the District's imposition of the Special Purpose Mill Levy in an intergovernmental agreement. Such intergovernmental agreement will provide, among other things, the procedure and timing of remittance of revenues to WHMD.

4. Maximum Combined Mill Levy. The Maximum Combined Mill Levy is 51 Mills, subject to Gallagher Adjustment.

Increases to or removal of any of the Maximum Mill Levies, excluding the WHMD Contribution Mill Levy, shall be subject to Board of County Commissioners 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 (30) 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 District is 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 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 District in addition to recovery of the eligible costs associated with creation of this District. It is anticipated that in the formative years the District will have shortfalls in funding its capital costs and monthly operations and maintenance expenses. The Developer may fund these obligations for the District 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 (20) years from the date the District 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 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 District 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 shall obtain the certification of an External Financial Advisor in substantially the same form as follows: We are [I am] an External Financial Advisor within the meaning of the District's 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 District shall also be permitted to issue Revenue Obligations in such amount as the District 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 2019 mill levies are as follows:

El Paso County	7.738 mills
El Paso County Road and Bridge	.330 mills
School District No. 49	43.044 mills
Pikes Peak Library District	4.000 mills
Falcon Fire Protection District	14.886 mills
El Paso Conservation	0.000 mills
Upper BLK Squirrel CRK Ground Water	1.082 mills
WHMD	0.000 mills

Total Existing Mill Levy: 71.080 mills

The total mill levy including the initially proposed District mill levy is 107.080 mills.

The District does not anticipate any adverse impacts to the listed entities in this Section. Because the District and WHMD overlap and have water, sewer and park and recreation powers, their relationship and coordination of such facilities and services will be governed pursuant to the conditions sets forth in the Inclusion Agreement and this Service Plan.

B. Neighboring Jurisdictions.

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

4-Way Ranch Metro #1
4-Way Ranch Metro #2
Banning Lewis Ranch Metro #3
Banning Lewis Ranch Metro #4
Banning Lewis Ranch Regional Metro
Bent Grass Metropolitan
Black Forest Fire Protection
Bobcat Meadows Metropolitan
Central Colorado Conservation
City Of Colorado Springs
El Paso County
El Paso County Conservation
El Paso County Pid #2
El Paso County School No 49
Falcon Fire Protection
Falcon Highlands Metropolitan
Falcon Regional Transportation Metro
Meridian Ranch Metro 2018 Subdistrict
Meridian Ranch Metropolitan
Paint Brush Hills Md- Subdistrict A
Paint Brush Hills Metropolitan
Peyton Fire Protection
Peyton School No 23
Pikes Peak Library
Southeastern Colo Water Conservancy
Sterling Ranch Metro #1
Upper Blk Squirrel Crk Ground Water
Westmoor Water & Sanitation

Woodmen Hills Metropolitan
Woodmen Road Metropolitan

The District does not anticipate any adverse impacts to the listed entities in this Section.

VIII. DISSOLUTION

A. Dissolution. Upon an independent determination of the Board of County Commissioners that the purposes for which the District was created have been accomplished, the 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 District 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 C.R.S. 32-1-207(3)(d) and as further articulated by Board of County Commissioners Resolution No. 07-273.

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 District:

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 District, and in conjunction with final platting of any properties within the proposed District, the applicable Board of Directors of the District shall prepare a notice acceptable to the Development Services Department Staff informing all purchasers of property within the District of the District's 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. 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 which 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 District 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.

XI. CONCLUSION

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

A. There is sufficient existing and projected need for organized service in the area to be serviced by the proposed District;

B. The existing service in the area to be served by the proposed District is inadequate for present and projected needs;

C. The proposed District is capable of providing economical and sufficient service to the Project;

D. The area to be included in the proposed District 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 District are compatible with the facility and service standards of the County;

G. The proposal is in substantial compliance with the County master plan; and

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

EXHIBIT A

MAPS AND LEGAL DESCRIPTIONS

EXHIBIT A.1

VICINITY MAP

EXHIBIT A.2
DISTRICT BOUNDARY MAP

EXHIBIT A.3

LEGAL DESCRIPTION OF DISTRICT BOUNDARIES

EXHIBIT B

DEVELOPMENT SUMMARY

EXHIBIT C

ESTIMATED INFRASTRUCTURE CAPITAL COSTS

EXHIBIT D

FINANCIAL PLAN SUMMARY

EXHIBIT E

ANNUAL REPORT AND DISCLOSURE FORM

