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August 26, 2026

El Paso County
Planning and Community Development Department
Attn: Kari Parsons, Senior Planner
2880 International Circle
Colorado Springs, CO 80910
kariparsons@elpasoco.com

Re: **Letter of Intent for Proposed Amended and Restated Service Plan**

Dear Ms. Parsons,

We are writing on behalf of our client, Woodmen Hills Metropolitan District (the "District"), that is proposing an amended and restated service plan for the District (the "Proposed A&R Service Plan"). Please accept this as the District's letter of intent as to the submission of the Proposed A&R Service Plan.

Overview

As a preliminary introduction, we would like to highlight a few important points relating to the submittal of the Proposed A&R Service Plan. Specifically:

1. There is sufficient existing and projected need for continued service in the area to be serviced by the District as the District currently has approximately 4,970 residential and 58 commercial service customers who utilize the District's water and/or wastewater services.

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

3. The District is capable of continuing to provide economical and sufficient service.

4. The area currently included in the District does have, and will have, the financial ability to discharge indebtedness on a reasonable basis.

5. 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 on a comparable basis.

6. The facility and service standards of the District are compatible with the facility and service standards of the County.

7. The proposal is in substantial compliance with the applicable elements of the El Paso County Master Plan, including but not limited to Your El Paso Master Plan (2021), the El Paso County Water Master Plan (2018), the El Paso County Parks Master Plan (2013), the El Paso County Major Transportation Corridors Plan, and with these Special District Policies.

8. The District is in the best interests of the area to be served.

9. Submission of the Proposed A&R Service Plan does not contribute to a "proliferation of metropolitan districts" because the District has been in existence since 1995. This is not a matter of a "new" district.

10. The District will not be providing any covenant enforcement or architectural review services.

11. The District will not impose a debt or an operations and maintenance mill levy, and is not authorized to impose either such mill levy. The District will impose service fees to pay expenses associated with certain District services, including, water, sanitation and parks and recreational services.

Introduction – District Organization in 1995

The District has been in existence and operating continuously since 1995 and has been in compliance with the applicable State law and County policies regarding special districts since that time. The El Paso County Board of County Commissioners (the "BOCC") approved the District's original service plan on June 29, 1995 (the "Service Plan") by Resolution No. 95-221. An election was then held the same year whereby the organization of the District was approved by the eligible electors. The District Court of El Paso County issued an Order and Decree Organizing the District on November 8, 1995. The original Service Plan was subsequently amended on April 24, 1997, and March 27, 2000.

The District is submitting the Proposed A&R Service Plan that specifically follows the County's new model service plan. This, upon approval, will supersede and replace the original Service Plan and the subsequent amendments.

Introduction – Capital Costs

When the original Service Plan was approved in 1995, it was estimated that the capital costs associated with infrastructure would be approximately $5.0 million. This was interpreted as the original revenue-based debt limit for the District. This was amended by the March 27, 2000, amendment to the original Service Plan which increased the revenue-based debt limit to $16.2 million. Based on the costs estimates performed in 2000, it was anticipated that a revenue-based debt capacity of $16.2 million would be adequate to meet the District's immediate needs to finance certain improvements related to water, sanitation, drainage, street, transportation, safety protection, drainage, security, and parks and recreation service. The District was not authorized under the original Service Plan to issue "Debt" as defined in the Amended and Restated Service Plan or to impose a debt or operations and maintenance mill levy. All infrastructure and operations and maintenance costs have been funded by revenue bonds issued through the District's various enterprise funds or through the imposition of service fees for water, wastewater and parks and recreation services.

Due to the size of the District, maintenance requirements for aging infrastructure, current and projected future state regulations, the current economic environment with high interest rates, increased demands on the supply chain and increased costs for construction materials, the amended revenue-based debt capacity cap is insufficient to meet the needs of the District. Currently, estimated capital costs for the improvements to the District's current water, wastewater, and parks and recreation infrastructure, as substantiated by the District's engineer and detailed in Exhibit C to the Proposed A&R Service Plan, are approximately $64.7 million. Given the disparity between the cost estimates in 2000 of $16.2 million and those today of $64.7 million, the District needs to expand its borrowing capacity and is seeking to eliminate its revenue-based debt cap to finance the required improvements that will allow the District to continue to provide services in the same manner as over the prior thirty years. The District is not requesting authorization to issue "Debt" as defined in the Proposed A&R Service Plan or impose a debt or operation and maintenance mill levy and would continue to fund infrastructure and operations and maintenance costs through service fees.

Approval of the Proposed A&R Service Plan will bring the District into compliance with the current El Paso County Model Service Plan, eliminating the revenue-based debt cap and allowing the District to finance the upgrades to its improvements in compliance with policy goals established by the County Special District Policies, which is necessary to account for increases in estimated costs due to inflation and other economic factors. Such approval will enable the District to continue to fulfill the purposes for which it was organized in 1995.

Introduction – District Boundaries

The District's boundaries consist of approximately 2,255 acres of developed land generally located south of Stapleton Drive and northwest of Highway 24, encompassing Woodmen Hills

Filing Nos. 1-11 and additional included properties as fully identified on Exhibit A-2 of the Proposed A&R Service Plan.

Introduction – Service Boundaries

The District provides the services as identified in the original Service Plan to residents within and without its boundaries, including approximately 3,304 residential and 41 commercial service customer properties within the boundaries of the District. The District additionally provides extraterritorial water and/or wastewater services to approximately 1,666 residential and 17 commercial service customer properties outside of the District's boundaries.

Introduction – Compliance

The Proposed A&R Service Plan is in compliance with the provisions in Title 32 of the Colorado Revised Statutes and with Chapter 9 of the El Paso County Land Development Code (the "Land Development Code") and with all other applicable policies and regulations of the County. Pursuant to Section 9.2.2(A) of the Land Development Code, we are submitting this Letter of Intent with the Planning and Community Development Department along with the Proposed A&R Service Plan.

Continued Purposes of the District

The continued primary purpose of the District remains the same as originally intended – that is to provide services and operate in accordance with the terms set forth in the original Service Plan, as may be amended by the Proposed A&R Service Plan. The District anticipates the continued financing public improvements related to water, sanitation, street improvements, transportation and safety protection, drainage, security and parks and recreation (the "Public Improvements"). The District anticipates providing services related to the construction and ongoing operation and maintenance of certain Public Improvements within the District not otherwise dedicated to the County or to third-party entities for ownership and/or ongoing operation and maintenance.

Furthermore, as was the case in connection with the original Service Plan there are currently no 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 continued support of the District's existing infrastructure. The Proposed A&R Service Plan is therefore necessary in order for the District to continue to construct and maintain the Public Improvements in the most economic manner possible.

The District will not provide covenant enforcement or architectural review services.

Development and Financial Plans

The cost estimates for the proposed Public Improvements are provided as Exhibit C to the Proposed A&R Service Plan. As seen in the cost difference between the original Service Plan and the Proposed A&R Service Plan, costs may increase or decrease in the future depending on numerous factors, many of which are out of the District's control. To demonstrate the District's ability to finance the proposed Public Improvements, a financial plan is attached to the Proposed A&R Service Plan as Exhibit D. This financial plan and the cost estimates provided are meant to show the capacity of the District to support the issuance of additional revenue bonds.

Compliance with County Master Plan

The District is fully built out and there is no "Developer" as contemplated in the El Paso County Model Service Plan. The land use for the property within the District is in conformance with the policies of the County Master Plan. Specifically, the property within the District is primarily denoted as a Suburban Residential place type. This place type consists of predominantly single family attached, single family detached and multifamily residential areas, and is supportive of commercial retail and commercial service, parks and open space and institutional land uses. This place type reflects the current buildout of the District.

The District also contains a small portion of the Regional Center place type. This place type consists of predominantly restaurants, commercial retail and service, entertainment, and multifamily residential land uses and is supportive of supports office, institutional, mixed use and single-family attached residential land uses.

In the Areas of Change chapter of the County Master Plan, the District resides in the "Minimal Change: Developed" area. Developed areas of minimal change have already undergone development and have an established character. These areas are largely built out but may include isolated pockets of vacant or underutilized land. These key sites are likely to see more intense infill development with a mix of uses and scale of redevelopment that will significantly impact the character of an area.

Compliance with Water Master Plan

Current and future Public Improvements will be consistent with the County Water Master Plan in so far as the development review process will address adequacy of water service, coordination of water service and other related matters.

The District is located within Region 3, Falcon Area, which contains four growth areas west of Falcon, projected to be completed by 2040. Other Areas of 2040 growth are projected for the north-central party of the region west of highway 24 and extending from Falcon to 4-Way Ranch. Current water supply for Region 3 is 7,164 acre feet per year, this is expected to increase to 7,921 acre feet per year by 2040 and 8,284 acre feet per year by 2060.

Consistent with the County Water Master Plan, the District provides water and wastewater services to the properties within its boundaries and additionally provides extraterritorial wastewater services to several neighboring special districts including Paint Brush Hills Metropolitan District and Falcon Highlands Metropolitan District. The District's current water rights in place are adequate to meet the estimated overall demand of 909 acre feet per year. Per the County's criteria, the 300-year supply of water for the property located within the District's boundaries is more than adequate for current service customers.

2040 Major Transportation Corridor Plan (MTCP*)*

The 2040 Functional Classification map identifies and classifies several roadways around and within the boundaries of the District. Woodmen Road runs along much of the southern border of the District and is identified as an expressway. Highway 24 runs along much of the eastern boundary of the District and is identified as a principal arterial. Stapleton Drive runs along the northern boundary of the District and is identified as a principal arterial. Meridian Road runs through the District and is identified as a principal arterial.

There are also several smaller roadways identified within the boundaries of the District. Eastonville Road and Judge Orr Road run through the District and are each identified as minor arterials. Woodmen Hills Drive and Meridian Ranch Boulevard run through the District and are each identified as collectors.

The 2040 improvements map identified that there will be improvements to Stapleton Road and Judge Orr Road for the purposes of capacity improvements and rural county road upgrades will be made to Eastonville Road. The 2060 Corridor Preservation Plan shows the improvement to Judge Orr Road is anticipated between 2040 and 2060. Accordingly, surrounding roadway access to the District will continue to be adequate to meet the needs of the residents.

El Paso County Parks Master Plan

The County's Parks Master Plan identifies the entire boundary of the District as a 5-minute drive time area, meaning that residents enjoy local access to parks within 5 minutes of their property. The District borders the Rock Island Regional Trail and the proposed Eastonville Trail will run through the center of the District. Within its boundaries the District owns and maintains 3.9 miles of trails, 15 playground sets, 16 recreational fields, 7.6 acres of hardscaping, 52.4 areas of landscaping and 92.5 acres of natural area. The District will continue to provide parks and recreational services in conformance with the Proposed A&R Service Plan and the County's Parks Master Plan.

Service Plan Conformity

The Proposed A&R Service Plan is in conformity with the applicable standards contained in § 32-1-203, C.R.S., and is compliant with all applicable County rules and regulations including, but not limited to, County requirements for notice, publication, hearings and policies and procedures of the County for approval of a metropolitan district service plan.

In accordance with § 32-1-203(2), C.R.S., evidence satisfactory to the BOCC of each of the following shall be submitted, responses to which are also set forth below:

1. There is sufficient existing and projected need for continued organized service in the area to be served by the District.

   The purpose of the District is to provide services and operate in accordance with the terms set forth in the Proposed A&R Service Plan. The proposed Public Improvements and services are not available to the community through the County or other existing quasi-municipal corporations, including special districts, within a reasonable time and on a comparable basis. Further, for the District to continue to provide services to its residents and customers, significant upgrades are needed to the current Public Improvements related to related to water, sanitation, and parks and recreation services. Financing and constructing upgrades to the Public Improvements within the District will lower costs over time and ensure the costs are spread among those customers that will benefit from such development.

   It would not be in the best interests of those existing metropolitan districts in the vicinity of the District to provide or fund the Public Improvements needed to serve the District. The existing metropolitan districts have already been formed in connection with specific subdivisions or development. The respective service plans of these existing metropolitan districts may further prohibit or limit the ability of these existing metropolitan districts to undertake the funding of the Public Improvements within the District.

   Specifically, although Paint Brush Hills Metropolitan District ("Paint Brush Hills") as well as the Falcon Highlands Metropolitan District ("Falcon Highlands") are in the vicinity, neither are a viable option to accomplish the goals of the District in a timely nor cost effective manner. The existing debt and infrastructure provides little to no benefit to the residents of the District, in fact the District currently provides the wastewater services to Paint Brush Hills and Falcon Highlands. In addition, both Paint Brush Hills and Falcon Highlands impose mill levies, whereas the District does not, and the imposition of a mill levy on top of the District's service fee would place an excessive burden on the residents and customers of the District.

2. The existing services in the area served by the District are not adequate for present and projected needs without the services provided by the District.

The continued services to be provided are not and will not be available to the community through the County or other existing municipality or quasi-municipal corporations, including special districts, within a reasonable time and on a comparable basis, as no other governmental entities, including 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 to serve the District.

3. The District is capable of providing economical and sufficient services to the area it intends upon serving and/or financing the Public Improvements which shall be dedicated to and accepted by the County, or other provider jurisdiction.

   The District has and will continue to ensure that the Public Improvements and other services are sufficient to support current and future residents and customers.

4. The area included within the District has the financial ability to discharge the proposed revenue bond obligations of the District on a reasonable basis without the imposition of a mill levy.

   The estimated costs of the Public Improvements and facilities to be constructed or upgraded, installed, and/or acquired by the District is approximately $64.7 million. The District will be limited to the amount the District can reasonably pay from the revenue derived from the imposition of service fees and other legally available revenue. The issuance of revenue bonds and repayment will be based upon the revenue generated from the imposition of service fees, which will allow the District to finance the development of Public Improvements identified in the Proposed A&R Service Plan and allow the District to discharge the proposed revenue bond obligations on a reasonable basis. The financial plan attached as Exhibit D to the Proposed A&R Service Plan demonstrates one example of how the District may finance the Public Improvements.

In accordance with § 32-1-203(2.5), C.R.S., the BOCC may also consider in its discretion the following criteria, responses to which are also set forth below:

1. 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.

   The proposed Public Improvements and services are not and will not be available to the community through the County or other existing municipality or quasi-municipal corporations, including special districts, within a reasonable time and on a comparable basis, as no other governmental entities, including 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 to serve the Project. Although Paint Brush Hills and Falcon Highlands are in the vicinity, neither are a viable option to accomplish the goals of the District in a timely nor cost effective manner. The existing debt and infrastructure provides little to no benefit to the residents of the District, in fact the District currently provides the wastewater services to Paint Brush Hills and Falcon Highlands. In addition, both of these districts impose mill levies, whereas the District does not, and the imposition of a mill levy on top of the District's service fee structure would place an excessive burden on the residents of the District.

2. The facility and service standards of the proposed District are compatible with the facility and service standards of the County.

   All proposed facilities and services will continue to be constructed in accordance with the standards and specifications of the County, and any other appropriate jurisdictions.

3. The Proposed A&R Service Plan is in substantial compliance with the County Master Plan, as demonstrated above.

   The District believes the District is in compliance with the County's vision for the future growth in the area.

4. The Proposed A&R Service Plan is in substantial compliance with any duly adopted county, regional, or state long-range water quality management plan for the area.

Consistent with the County Water Master Plan, the District provides water and wastewater services to the properties within its boundaries and additionally provides extraterritorial wastewater services to Paint Brush Hills Metropolitan District and Falcon Highlands Metropolitan District. The District's current water rights in place are adequate to meet the current overall demand of 909 acre feet per year. Per the County's criteria, the 300-year supply of water for the property located within the District's boundaries is more than adequate for current service customers.

5. The Proposed A&R Service Plan is in the best interests of the area proposed to be served.

   As discussed above, the proposed Public Improvements and services are not and will not be available to the community through the County or other existing municipality or quasi-municipal corporations, including special districts, within a reasonable time and on a comparable basis, as no other governmental entities, including 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 to serve the Project. The District will ensure that the Public Improvements and services are sufficient and constructed within a reasonable period of time for the benefit of the property owners located in the community. In addition, the District will use its best efforts to limit any unnecessary or excess costs in order to keep the overall debt of the District as limited as possible. Finally, the District will use all resources available in order to secure the most favorable terms for any debt financing available.

Major Service Plan Points

- The District currently provides the services as identified in the original Service Plan to residents both within and without the District, including approximately 3,304 residential and 41 commercial service customers within the boundaries of the District.

- The District currently provides extraterritorial water and/or wastewater services to approximately 1,666 residential and 17 commercial service customer properties outside of the District's boundaries.

- The District's boundaries consist of approximately 2,255 acres of developed land.

- The original Service Plan and subsequent amendments provided for a revenue-based debt limit $16.2 million. Due to the size of the District, maintenance requirements for aging infrastructure, current and projected future state regulations, the current economic environment with high interest rates, increased demands on the supply chain and increased costs for construction materials, the amended revenue-based debt capacity cap is insufficient to meet the needs of the District. The estimated capital costs for the maintenance and upgrades to the District's current water, wastewater, and parks and recreational infrastructure is approximately $64.7 million. These public improvements are necessary to enable the District to continue to provide the services in the same manner as over the prior 30 years.

- The District will continue to operate from the revenue generated from service fees and is not authorized by the Proposed A&R Service Plan to impose a mill levy.

- The powers of the District outlined in the Proposed A&R Service Plan are allowed by the Special District Act and consistent with other El Paso County metropolitan districts.

Conclusion

The Proposed A&R Service Plan for the Woodmen Hills Metropolitan District will serve the best interests of the property owners and service customers. The Public Improvements are required for the District to continue providing services and allow for the flexibility needed to address the future infrastructure development, maintenance and regulatory compliance.

We appreciate the County's attention to this matter and are available to be of assistance in any way required. Please do not hesitate to let us know should you have any questions on the Proposed A&R Service Plan, or the contents within the Proposed A&R Service Plan. We look forward to working with you on the approval of the Proposed A&R Service Plan.

Sincerely,

WBA, PC

Jon L. Wagner
Attorney