



FALCON HIGHLANDS Metropolitan District

111 South Tejon, Suite 705
Colorado Springs, CO 80903
Phone: 719-635-0330 Fax: 719-473-3630
Email: Josh.Miller@CLACconnect.com

Street Lights
Contact: Mountain View Electric, 719-495-2283
(ask for Customer Service)

June 16, 2023

Challenger Homes, LLC
Mr. Jim Byers
Vice President of Community Development
8605 Explorer Drive, Suite 250
Colorado Springs, CO 80920

Re: Will Serve Letter – Water Falcon Highlands Filing No. 3 PUD/Preliminary Plan

Dear Mr. Byers:

The District has received the request from Challenger Homes requesting a commitment from the District to provide water to the property owned by Challenger Homes within the District, commonly known as Falcon Highlands South (formerly Filing 3). This property is within the District's boundaries and is eligible to receive water service from the District.

The PUD/Preliminary Plan submitted to the District and reviewed in conjunction with the District's Water Resources Report (dated December 2022 and revised in June 2023) contemplates the construction of 378 single-family homes in four phases as follows: Phase I – 50 lots; Phase II – 193 lots; Phase III – 24 lots; and Phase IV 111 lots.

The District will provide water service to Falcon Highlands South subject to the following:

1. The District currently owns water rights to serve 713 single family equivalents ("SFEs"). The District currently serves 450 SFEs. Of the remaining available 263 SFEs, approximately 50 SFEs can be produced by the current water production infrastructure. The provision of the remaining 213 SFEs will require the development of an additional well. The District anticipates the construction of an additional well (the Arapahoe 2 Well) in 2023/2024, but the construction of the Arapahoe 2 Well and its ability to produce 213 SFEs is not guaranteed, with such construction contingent upon, among others, the raising of capital to fund the construction of the Arapahoe 2 Well and the production quantity of the Arapahoe 2 Well once completed.

2. The provision of water service beyond 713 SFEs requires the District to acquire additional water rights and to develop those rights into physical water available for delivery via its water system before water service can be provided. The District is in preliminary planning for the acquisition of additional water rights, but such acquisition is not guaranteed and requires, among others, the raising of capital to purchase such rights and the construction of additional water infrastructure to develop the future water rights.

In addition to these conditions, the District's ability to provide water depends on the current supply available and demand on the District's water system at the time a water tap is requested for purchase. The District will not reserve capacity in its water system unless and until a water tap is purchased and any other District fees are paid. There is no guarantee that water will be available at the time a water tap is requested for purchase. At all times, service is dependent upon compliance with the District's rules, regulations and policies.

Sincerely,

FALCON HIGHLANDS METROPOLITAN DISTRICT

Josh Miller, District Manager