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**VIA E-MAIL AND U.S. MAIL**

Planning and Community Development  
El Paso County, Colorado  
Attention: Kari Parsons  
2880 International Circle, Suite 110  
Colorado Springs, CO 80910

Re: Letter of Intent for the Proposed Southern Colorado Rail Park Metropolitan  
District Nos. 1 - 3

Dear Ms. Parsons:

This Letter of Intent is being submitted on behalf of Edw. C. Levy Co. (the “**Applicant**”) for the organization of the Southern Colorado Rail Park Metropolitan District Nos. 1 - 3 (individually, “**District No. 1**”, “**District No. 2**”, and “**District No. 3**”, and collectively, the “**Districts**”) located wholly within the County of El Paso, Colorado (the “**County**”).

The Districts shall be organized pursuant to and in accordance with the provisions in Title 32 of the Colorado Revised Statutes, Chapter Nine of the El Paso County Land Development Code, and the El Paso County Special District Policies. The Districts’ boundaries will consist of approximately 3,109 acres, encompassing the Southern Colorado Rail Park Project (the “**Project**”) located wholly within the County’s boundaries. The Project will consist of approximately 139.8 acres of commercial use and approximately 2,274.3 acres of industrial uses, consisting of 1,425.3 acres of heavy industrial and 849 acres of light industrial. The amounts of commercial and industrial development remain as estimates and may be altered depending on the market and the final outcome of the development approval process.

We respectfully request consideration of the Districts by the Planning Commission. We subsequently respectfully request consideration of the Service Plan for the Districts (the “**Service Plan**”) at the next possible hearing of the Board of County Commissioners (the “**Board**”) of the County.

**A. Purpose of the District**

The Districts are independent units of local government, separate and distinct from the County, and, except as may otherwise be provided for by State or local law or the Service Plan, their activities are subject to review by the County only insofar as they may deviate in a material matter from the requirements of the Service Plan. It is intended that the Districts, in their discretion, will provide a part of all of various public improvements necessary and appropriate for the development of the Project. The public improvements will be constructed for the use and benefit of all anticipated property owners and taxpayers of the Districts. The primary purpose of the Districts will be to finance the construction of these public improvements.

District No. 1 is anticipated to function as the operating district to coordinate operation and maintenance of the public improvements, and Districts Nos. 1-3 will finance the operation and maintenance of the public improvements.

The Districts intend to finance and construct public improvements within the Project including, but not limited to, roadway, rail crossings, water, sanitary sewer, stormwater and drainage, and landscaping improvements and facilities. Additional major services will include any ongoing operation and maintenance of the public improvements within the Districts not otherwise dedicated to the County or third-party entities for ownership and/or ongoing operation and maintenance.

The Project is not currently served with the facilities and/or services proposed to be provided by the Districts, nor does the County nor any other special district have any plans to provide such services within a reasonable time and on a comparable basis. There are currently no other private parties or other government entities located in the immediate vicinity of the Districts that consider it desirable, feasible, or practical to undertake the planning, design, acquisition, construction, installation, relocation, redevelopment, and financing of the public improvements needed for the Project. The Districts' formation is therefore necessary to provide the most economic development of the public improvements required for the Project.

The Applicant anticipates that the Districts' properties may be annexed into either the City of Colorado Springs ("**Colorado Springs**") or the City of Fountain ("**Fountain**") after completing the entitlement process within the County. The Applicant anticipates that either; (i) the Fountain Utilities Department will provide water services; Fountain Sanitation District will provide sanitary sewer services; Black Hills Energy will provide natural gas services; or (ii) Colorado Springs Utilities will provide water services, sanitary sewer services, electric, and natural gas services to the Districts' properties following annexation of the Districts into the municipality and construction of the public improvements. The Project is not currently within a fire protection district. The Fountain Fire Department has provided a commitment letter for fire protection service to the Districts' properties upon annexation of the Districts' properties to Fountain. Additionally, the Fountain Utilities Department has committed to provide electrical service to the Districts' properties upon annexation of the Districts' properties into Fountain. The Districts anticipate entering into an intergovernmental agreement with Fountain for the payment and provision of water, and sanitary sewer services if annexed into Fountain. Colorado Springs will provide fire protection services to the District's upon annexation into Colorado Springs.

## **B. Justification for Multiple District Structure**

The Districts will serve a large Project with significant infrastructure that will be developed over several years. The build-out schedule represented in the financial plan attached to the Service Plan is consistent with the revised Sketch Plan approved by the County on May 16, 2024, subject to market conditions and demand. A multi-district structure is being utilized to allow the development to occur in phases and to differentiate the commercial portions of the Project from the industrial portions. It is anticipated that Phase 1, consisting of the construction of a rail spur through the Districts will begin in 2025 and be completely developed at the end of 2030. It is further anticipated that commercial and heavy/light industrial development in the northern portion of the Project will begin in 2030, industrial development in the southern portion of the Project will begin in 2035, and the mining operation will close and construction of the northern rail spur will commence in 2035 and be completed in 2040. It is anticipated that the Project will be completely developed in 2045. The multi-district structure set forth in the Service Plan, with District No. 1 intended to function as the operating district, will provide a coordinated approach to infrastructure financing so that areas within the Project are responsible for funding their fair and equitable share of the costs of the public improvements and operations. The Districts will enter into an inter-district agreement further governing their relationship, as necessary.

## **C. Development and Financial Plans**

The property within the Project is currently undeveloped. The Service Plan contemplates an estimated total infrastructure cost of \$269,852,060. The Applicant generated the cost estimates for the proposed public improvements. These initial cost estimates are preliminary in nature and may fluctuate due to external forces outside the Applicant's control. In particular, the initial cost estimates only include the public improvement portion of cost and the total improvement costs for the Project may be significantly higher. The financial model attached to the Service Plan as Exhibit F (the "**Financial Model**") provides an example of how the Districts may finance the public improvements. The Financial Model is a summary of development assumptions, projected assessed valuation, description of revenue sources (including applicable mill levies and fees), and expenses for both operations and debt service. The Financial Model demonstrates that the Districts are capable of providing sufficient and economical service within the Project, and that the Districts have or will have the financial ability to discharge the Districts' debt (as defined in the Service Plan) on a reasonable basis. Any debt issued by the Districts will be within the limitations of the text of the Service Plan. Prior to the issuance of any Debt, the Development may pay for the public improvements costs, organizational costs, and operations and maintenance costs and subsequently may be reimbursed by the Districts. It is anticipated that in the formative years, the Districts will have shortfalls in funding its capital costs and monthly operations and maintenance expenses. The Applicant may fund these obligations for the Districts to promote the Project's development subject to the Applicant being repaid from future revenues of the Districts.

## **D. Compliance with County Master Plans**

### **1. Compliance with EPC Master Plan**

Pursuant to the EPC Master Plan, the Project is identified as a Potential Area for Annexation on the Key Areas map, a New Development area on the Areas of Change map, and an Employment Center on the Placetypes map. The Project is also identified as an Employment Priority Development Area.

**Potential Areas for Annexation:** These are portions of the County that are anticipated to be annexed into an incorporated municipality as development occurs. It is anticipated that the Project will be annexed into either the City of Colorado Springs or the City of Fountain after the Districts are organized. The annexation will allow the Project to be served by the annexing City's utilities and fire protection services. A letter of support from the City of Fountain recognizing the potential annexation of the Project into Fountain was included with submittal of the sketch plan to the County. Alternatively, those services may be provided by Colorado Springs Utilities if the Project is annexed into the City of Colorado Springs.

**New Development:** These are areas within the County where significant transformation is anticipated as development occurs in largely undeveloped or agricultural areas. Undeveloped portions of the County that are adjacent to a built out area will be developed to either match the character of that adjacent development or to function as a supporting or otherwise complementary development. The Project lies between Ft. Carson to the north, east, and south, and the Ray Nixon powerplant, a quarry, and I-25 to the east. The proposed Project is compatible with the adjacent uses and the new rail spur and associated industrial uses will provide direct benefit to Ft. Carson. A letter of support from the Ft. Carson Garrison Commander emphasizing the importance of a secondary rail connection to Ft. Carson was included with the submittal of the sketch plan to the County.

**Employment Centers:** Employment Centers provide space for large-scale employers to establish and expand operations in the County. They are typically located on or directly adjacent to I-25 or other regional corridors to ensure business and employee access. Employment Centers typically require large swaths of land, allowing the opportunity to grow and expand to meet future needs and demands. Primary land uses include light and heavy industrial, and supporting commercial retail and commercial service designations. The Project is consistent with the objectives of areas identified as Employment Centers as it includes heavy railroad-oriented industry in the southern portion of the Project, with direct access to the rail spur and rail loop. The northern portion of the Project transitions to light industrial and commercial service uses.

**Employment Priority Development Area:** The EPC Master Plan identifies specific locations throughout the County that should be prioritized first for new employment development in order to maintain a diverse economy with significant employers in a wide range of sectors. The Project is identified as an Employment Priority Development Area that would form the major distribution hub for the southern portion of the County. The EPC Master Plan notes that the Project could spur vertical integration with the creation of supporting businesses due to its proximity to I-25, such as manufacturing, warehousing, and roadway distribution. These types of business could have significant impact on new employment opportunities within the County.

## 2. Compliance with Water Master Plan

The Project is immediately adjacent to the City of Fountain's water district boundary. If the Project is annexed into the City of Fountain, it will also be annexed into the City of Fountain water service territory. The City of Fountain Utilities Department has provided a commitment letter stating it has the capacity and willingness to provide water service to the Project subject to the current "first come, first served" policy.

The intent to annex the Project into the City of Fountain to secure water service is consistent with Policy 6.0.11 of the Water Master Plan, which seeks to limit urban level development to those areas served by centralized utility providers. Alternatively, the Project may annex into the City of Colorado Springs, which would also be consistent with Policy 6.0.11.

### 3. Compliance with EPC Major Transportation Corridor Plan

The Major Transportation Corridor Plan 2060 Preservation Plan anticipates the proposed extension of Powers Boulevard on the east side of I-25 to a new interchange adjacent to the Project, approximately 2.25 miles south of the US 85 Interchange. The Project assumes a connection to this new interchange and a continuation of Powers Boulevard through the Project to connect to Charter Ranch Road and, potentially, to Ft. Carson. This will provide a second and more direct point of access between the Project and I-25 to support full build-out. This will also provide an alternative and more direct point of access to Ft. Carson via Gate 19 from the south.

### 4. Compliance with EPC Parks Master Plan.

Per the 2022 Parks Master Plan Update, the nearest existing and/or proposed regional trail to the Project is the Fountain Creek Regional Trail on the east side of I-25. The El Paso County Department of Parks and Community Services has stated that: "The El Paso County Parks Master Plan does not show any facilities directly impacted by the [P]roject. Proposed and completed sections of the Fountain Creek Regional Trail lie to the east of the [P]roject area, east of Interstate 25. No regional park fees are recommended, as the County has elected to not require park fees for commercial subdivisions."

## **E. Service Plan Conformity**

The proponent for the formation of the Districts intends that the Service Plan shall be in conformity with the applicable standards contained in § 32-1-203, C.R.S., and shall be compliance 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. All pertinent facts, matters, and issues shall be submitted to the County and evidence satisfactory to the County that each of the following was presented.

1. There is sufficient existing and projected need for continued organized service in the area to be served by the Districts;
2. The existing service in the area to be served by the Districts is not adequate for present and projected needs without the organization of the Districts;

3. The Districts are 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 government entity;
4. The area to be included within the Districts has or will have the financial ability to discharge the proposed indebtedness of the Districts on a reasonable basis within the mill levy caps and restrictions provided by the County's rules and regulations. Please see the enclosed Financial Memorandum dated May 30, 2024 for additional information regarding the financial ability of the Districts to discharge the proposed indebtedness in compliance with the County's rules and regulations.

The Board of County Commissioners may also consider in its discretion the following criteria:

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;
2. The facilities and service standards of the proposed Districts are compatible with the facility and service standards of the County;
3. All proposed facilities and services will be constructed in accordance with the standards and specifications of the County, the State of Colorado, and any other appropriate jurisdictions.
4. The proposal is in substantial compliance with the County master plan; and
5. The proposal is in compliance with any duly adopted county, regional, or state long-range water quality management plan for the area.

*Major Service Plan Points*

- The Districts' boundaries include approximately 3,109 acres of land.
- Completion of an estimated \$269,852,060 of public improvements, including water, sanitation, streets, transportation, safety protection, and drainage.
- Anticipated development of approximately 139.8 acres of commercial and 2,274.3 acres of industrial areas, consisting of 1,425.3 acres of heavy industrial and 849 acres of light industrial uses.
- Requested debt authorization of \$430,000,000 to accommodate the proposed multi-series debt issuances and to allow for inflation, contingencies, and unanticipated changes to construction costs, development build out, and absorption of the Project after the date of approval of the Service Plan.

- 30-year maximum period of maturity for issuance of any debt (excluding any funding agreements between the Districts and the Applicant).
- Each District will have a maximum Aggregate Mill Levy of 65 mills, consisting of a Debt Mill Levy of 50 mills and an Operational Mill Levy of 15 mills.
- Public improvements will be constructed in accordance with the County's standards and specifications, as well as any other applicable standards.
- The Districts will submit an Annual Report and Disclosure Form to the County regarding the Districts' activities, and file such report with the Division of Local Government and the Office of the State Auditor.

#### **F. Conclusion**

The Service Plan for the proposed Southern Colorado Rail Park District Nos. 1-3 will serve the best interests of the taxpayers, property owners, and development of the area proposed to be served by the Districts. The Districts will ensure that construction of the public improvements occurs in a timely manner and in accordance with applicable standards. The Districts will generate the tax revenue sufficient to pay for the costs of those public improvements, services, and operations and maintenance. The formation of the Districts will allow for such financing to be specific to those public improvements and costs which are a direct benefit to the property within the Districts.

Sincerely,

WHITE BEAR ANKELE TANAKA & WALDRON

A handwritten signature in blue ink, appearing to read "Sean Allen", is written over a light blue rectangular background.

Sean Allen  
Of Counsel