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June 4, 2019

**VIA E-MAIL**

El Paso County  
Planning and Community Development  
Nina Ruiz, County Planner  
2880 International Circle, Suite 110  
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Re: Response to Planning and Community Development's comments to the Consolidated Service Plan for Saddlehorn Ranch Metropolitan District Nos. 1-3

Dear Ms. Ruiz:

We appreciate the time taken by Planning and Community Development (the "**Department**") to review and comment on the draft Consolidated Service Plan for Saddlehorn Ranch Metropolitan District Nos. 1-3 (the "**Service Plan**"). This letter is being submitted on behalf of ROI Property, LLC (the "**Applicant**").

In an effort to clearly and succinctly address the comments presented by the Department, I have set forth each comment below in *italics*, followed by our response in **bold**. I have also enclosed a redlined version and clean version of the Service Plan that incorporates the responses to item one (1) and two (2) as outlined below.

(1) *Provide special justification for the total mills in excess of sixty (60).*

**Additional language has been included in Section VI.C.4 of the Service Plan that provides special justification for the excess of sixty (60) mills. The additional language states:**

**In the event that the Districts elect to provide covenant enforcement services, it will need sufficient revenues available, as necessary, to pay for the expenses of the covenant enforcement and design review services, plus ongoing operations and maintenance expenses, and debt service obligations. As such, each District will be permitted to impose the Maximum Special Purpose Mill Levy, which, when combined with the Maximum Debt Service Mill Levy and the Maximum Operational Mill Levy, increases the Maximum Combined Mill Levy Cap for each District to sixty-five (65) mills, subject to the Gallagher Adjustment. Notwithstanding the foregoing, if a District does not provide covenant**

**enforcement services and/or design review services, the Maximum Combined Mill Levy Cap for that District shall be sixty (60) mills, subject to Gallagher Adjustment.**

(2) *Specifically state in the Service Plan that no Homeowners Association (“HOA”) will be formed.*

**Additional language has been added to Section III.E.11 of the Service Plan to clarify the Districts’ authority to provide covenant enforcement services and the intention that an HOA will not be utilized. The additional language provides:**

**It is anticipated that the District(s) will provide covenant enforcement and design review services in lieu of a homeowners’ association/ owners’ association. However, in the event, the future property owners of the community and Board of Directors of the District(s) deem it in their best interests to form an HOA, the District(s) will not impose the Special Purpose Mill Levy, and the Maximum Combined Mill Levy Cap for that District shall be sixty (60) mills.**

(3) *Explain the Maximum Debt Authorization in relation to the costs associated with the proposed infrastructure.*

**The anticipated cost of the public improvements necessary for the development of the Saddlehorn Ranch (the “Project”) is estimated to be \$22,480,550. In order to provide the funding necessary for construction of the public improvements, the Applicant requests a combined Maximum Debt Authorization of \$45,000,000.**

**The Service Plan contains engineering estimates of the public improvements and costs based upon the current zoning requirements and anticipated development within the Districts. The initial phase of development will require significant construction of certain water improvements, including an on-site water treatment facility that will add substantial costs to the Project. In addition, the property comprised of the Districts’ boundaries has not undergone any development, and will require entirely new construction of public improvements, inclusive of water lines, drainage, public roadways and areas of public use.**

**The public improvements and cost estimates are best estimates at this time and may change as development progresses, and the Maximum Debt Authorization, as proposed, provides sufficient flexibility for any unforeseen contingencies that may increase costs, without triggering a material modification of the Service Plan and the need for a service plan amendment.**

(4) *Clarify the provision of sewer improvements in relation to the Districts.*

**It is currently not anticipated that the Districts will construct or finance sewer improvements for the development of the Project. The responsibility to finance and construct sewer improvements shall be designated to the Homebuilder. It is anticipated that the Homebuilder will construct separate septic systems on the individual lots to serve the**

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**property owners. While the Districts do not anticipate constructing sewer improvements, the Districts would like to preserve the authority to finance and construct sewer improvements to provide flexibility in the future in case development plans change.**

I hope this Letter and the revised Service Plan adequately address the concerns raised by the Department. We eagerly await your confirmation that the Service Plan has been deemed complete so that we can move forward with confirming hearing dates for the Planning Commission and the Board of County Commissioners. If you have any questions or concerns, please do not hesitate to contact me at your earliest convenience.

Sincerely,

WHITE BEAR ANKELE TANAKA & WALDRON



Blair M. Dickhoner  
Shareholder

Enclosures:

- A. Redlined Version of Service Plan in Word Format
- B. Complete Service Plan in PDF (with Exhibits)

cc: Lori Seago, Esq., County Attorney  
Kristy Smart, Clerk to the Board of County Commissioners  
Brady Williams, ROI Property, LLC  
Rob Fuller, ROI Property, LLC