

***Memorandum***

File No. 5030346-0012

TO: El Paso County

FROM: David O'Leary

RE: Executive Summary and Letter of Intent to Form Proposed Windermere Metropolitan District

DATE: April 8, 2021

The proposed formation of the Windermere Metropolitan District (the “District”) encompasses a parcel of land generally located between Antelope Ridge Drive and Marksheffel Road, and to the North of North Carefree Circle, and is estimated to include approximately 42.8165 acres of land in its initial boundaries including exclusively residential development, all entirely within the boundaries of El Paso County, Colorado (the “County”).

The District is proposed to provide for the construction, installation, financing and possible ownership, operation and maintenance of public improvements and services and powers provided for metropolitan districts authorized by the Special District Act, pursuant to Title 32, C.R.S. and provided within similar districts within the County, for consideration on the next possible public hearing of the Board of County Commissioners (the “Board”) of the County in order to meet the requirements of a formation election in November 2021. To the extent any of the authorized facilities and improvements are dedicated to and accepted by the County, the County shall own, operate and maintain such accepted facilities and related improvements. The District shall be authorized to own, operate and maintain any facilities and improvements not otherwise dedicated to and accepted by any applicable public entity acting as a Provider Jurisdiction, subject to any County rules and regulations.

The owner of the property is Eagle Development Company. Preparation of the Financing Plan was provided by Piper Sandler & Company, the District’s financial consultants and underwriter. The Developer of the Windermere community is Eagle Development Company. Construction cost estimates were assembled by the Developer with consultation with the District Engineer, Drexel Barrell & Co., which has experience in the costing and construction of similar facilities.

Developer representatives will make up the initial District Board in order to develop the area in accordance with approved development plans with the County. The new District will help pay for and structure the financing of public improvements and to make the lots and the property permit ready and will help absorb finished lots and homes into the County tax base.

The Developer and the District intend to work with any overlapping service providers to obtain the consents and/or approvals (as necessary) for the provision of public services to the District including, but not limited to, water, wastewater/sewer and fire protection services. Additionally, the Developer

on behalf of the District intends to coordinate the design, construction, installation and financing of the necessary public improvements in compliance with any approved development plans obtained by, or for the benefit of, the Districts.

I. Service Plan Letter of Intent.

The proponents for the formation of the District intend that the Service Plan shall be in conformity with the applicable standards contained in C.R.S. 32-1-203 and shall be 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. 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:

- a. There is sufficient existing and projected need for continued organized service in the area to be served by the District;
- b. The existing service in the area to be served by the District is not adequate for present and projected needs without the organization of the District;
- c. 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;
- d. The area to be included within the District has, or will have the financial ability to discharge the proposed indebtedness of the District on a reasonable basis within the mill levy caps and restrictions provided by the County rules and regulations.
- e. The proposed service plan shall be consistent with applicable elements of the El Paso County Master Plan and Special District Policies.

II. Major Service Plan Points for Windermere Metropolitan District Nos. 1-3.

- Approximately 42.8 acres of property in the initial boundaries within El Paso County.
- Completion of over an estimated \$6,400,000 of on and off-site public improvements including, but not limited to on and offsite streets, roadway, water and sanitary sewer improvements.
- Anticipated development of approximately 163 residential units.
- The estimated assessed value at full build-out is \$5,453,663 (in 2024).



- The estimated cost of the public improvements needed for the project is an estimated \$6,400,000 which is needed for development of the property within the District.
- Public Improvements need additional financing from the District to complete.
- Debt is proposed to be issued in one or more series of bond issuances to allow for financing of constructed infrastructure and expedient completion of the Development.
- Maximum Mill Levy of 65 mills inclusive of debt (50 mills), operations and administration (10 mills), and covenant enforcement and design review (up to 5 mills, if provided by the District), is proposed.
- Total projected mill levy of 50 mills for debt (residential), 10 mills for operations and maintenance, and up to 5 mills for covenant enforcement and design review (if provided by the District) allows for financing of \$5,205,000 with net proceeds of approximately \$5,002,950 based upon initial financial plan estimates (in 2021 dollars).
- Requested Debt Authorization of \$5,725,500.00 allows for 110% coverage to allow for contingencies and financing variations based upon changes to construction costs, development build out and absorption of the project.
- Maximum voted interest rate of 12%, maximum underwriting discount of 5%.
- Metropolitan district powers allowed by the Special District Act and consistent with other El Paso County metropolitan districts.
- Formation Election after approval of the Service Plan in November 2021.
- There are no current residents within the Districts and no debt or bonds have been issued.
- Mill levies, interest rate limitations and underwriting discounts will be consistent with the present County imposed limitations with other service plans approved by the County.
- Maximum term of any bond issue is 30 years for General Obligation Bonds.
- Intergovernmental Agreement with El Paso County to implement Service Plan restrictions.
- Windermere Metropolitan District shall develop and finance its own property.



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Windermere Metropolitan District's Service Plan will serve the best interests of the taxpayers, property owners and development of the property within the Windermere development, will minimize non-interested party obligations, and will maximize both development and absorption within the District and the County without delays in development. The formation of the District will allow for financing and development to pay for only those improvements and costs which are a direct benefit to the property within the District.

We look forward to working with the County on this matter.