



March 11, 2022

VIA EMAIL

Mr. Carl Schueler
City of Colorado Springs
Comprehensive Planning
30 S. Nevada Ave, Suite #105
Colorado Springs, CO 80903
carl.schueler@coloradosprings.gov

Re: Proposed Fourth Amendment to Consolidated Service Plan for Colorado Crossing
Metropolitan District Nos. 1, 2 and 3

Dear Mr. Schueler:

The Consolidated Service Plan for Colorado Crossing Metropolitan District Nos. 1, 2, and 3 (the “**Districts**”) was approved by the City Council of the City of Colorado Springs (“**City**”) on August 22, 2006 (the “**Original Service Plan**”), authorizing the Districts to provide Public Improvements (as defined in the Original Service Plan) for the use and benefit of all inhabitants and taxpayers of the Districts. The Original Service Plan has been amended pursuant to a First Amendment approved by the City on October 25, 2016 (the “**First Amendment**”), a Second Amendment approved by the City on December 11, 2018 (the “**Second Amendment**”), and a Third Amendment approved by the City on November 10, 2020 (the “**Third Amendment**”).

Service Plan Amendment Request

The Boards of Directors of the Districts hereby request the City consider an additional amendment to the Original Service Plan as a result of further changes in needs for Public Improvements (defined below) within the Service Area of the Districts due to lapse of time and increased costs since the time of approval of the Original Service Plan. Enclosed for your review, please find a proposed Fourth Amendment (the “**Fourth Amendment**” and, with the Original Service Plan, the First Amendment, Second Amendment and Third Amendment, the “**Service Plan**”) to the Original Service Plan proposing the following material modifications to the Original Service Plan:

1. Update the estimated costs for the planning, design, acquisition, construction installation, relocation, redevelopment, maintenance, and financing of the Public Improvements

within and without the boundaries of the Districts to \$60,648,072, including the following amounts:

A. Approximately \$52,674,500 which has been and is proposed to be funded with general obligation bonds to be issued by the Districts; and

B. Approximately \$7,973,572 proposed to be funded with proceeds of Special Assessment Revenue Bonds to be issued by the Districts, for the benefit of the properties within certain SIDs (defined below).

2. To correspondingly increase the Total Debt Issuance Limitation of the Districts to the following amounts as a result of the change in development assumptions and resultant increase in costs associated with providing the Public Improvements within the Districts' Service Area:

A. From the current maximum amount of \$50,000,000 ("**District GO Debt Limit**") to a new maximum amount of \$60,000,000 for general obligation debt to be issued by the Districts; AND

B. \$12,000,000 for special assessment revenue bonds to be issued by District No. 2, which are supported by special assessments to be imposed within certain SIDs to be organized by and within the boundaries of District No. 2 ("**SID Assessment Bonds**").

3. To authorize the following actions relative to special improvement districts:

A. The organization of two (2) special improvement districts ("**SIDs**") within the boundaries of one or more of the Districts in accordance with the requirements of Section 32-1-1101.7, C.R.S., and pursuant to the authority granted by and procedures set forth in Parts 5 and 11 of Article 25 of Title 31, C.R.S. (collectively, the "**SID Statutes**"); and

B. To authorize the imposition of assessments ("**SID Assessments**") to support the issuance of the SID Assessment Bonds.

Financing Plan / Special Improvement District

As you know, the current developers of the property within the Districts have been working to develop the property since 2016. The builders and developers of property within the Districts are in a position to determine the final Public Improvement needs for completion of development within the Districts. Pursuant to the Service Plan, the Districts are currently authorized to incur general obligation debt in the maximum amount of \$50,000,000 (“**District GO Debt Limit**”). However, costs associated with completing the Public Improvements necessary to serve the property within the Districts are summarized on **Attachment A** to this correspondence and total \$60,648,072 (“**Public Improvements**”).

The Districts have issued general obligation bonds in an amount just under the District GO Debt Limit (“**District GO Bonds**”) to finance, construct and install public infrastructure authorized under the Service Plan and necessary to develop the property within the boundaries of the District. The District GO Debt Limit leaves an expansive delta in unfunded Public Improvements. As such, once approved, the increase in the District GO Debt Limit from \$50,000,000 to \$60,000,000 will give the Districts the authority to submit a finance plan to the City for the issuance of additional general obligation bonds in the approximate amount of \$11,500,000 to raise sufficient proceeds to finance and install the Public Improvements.

Further, as set forth in the proposed Fourth Amendment, the Districts are proposing to organize two SIDs to impose SID Assessments to secure the repayment of SID Assessment Bonds, the proceeds of which will be utilized to fund and install additional Public Improvements. The Districts propose to organize the SIDs pursuant to the SID Statutes to impose the SID Assessments to secure repayment of the SID Assessment Bonds. Proceeds from the SID Assessment Bonds will be utilized to install and construct Public Improvements not otherwise funded by the District GO Bonds, as generally listed in **Attachment A**. Given the age of the Districts and ambiguity in the Service Plan relative to the Districts’ authority to organize the SIDs for these purposes, the Districts desire to confirm this authority through the Fourth Amendment.

Once organized, the SIDs will impose the SID Assessments. The Districts will retain professional consultants, including independent engineers, appraisers and valuation experts, to ensure all requirements relative to determination of the amount and allocation of the respective SID Assessments for the SIDs are equitable and reasonable and comply with procedural requirements. The SID Assessments will be imposed and collected generally in accordance with the following:

- Imposed and secured by a lien against each individual platted lot
- Amortized over a maximum of twenty (20) years and payable not less frequently than annually by the lot owner; provided, such SID Assessments may not be required to be paid during any period in which interest on the SID Assessment Bonds is capitalized
- Must be paid IN FULL prior to the sale of a lot to an end-user / homeowner

- SID Assessments will NOT become a payment obligation of any end-user / homeowner
- In the event of non-payment, the County Treasurer, at the direction of the Districts, will have the right to foreclose the lot(s) affected by the non-payment
- Risk related to the sufficiency value of a liened parcel is born by the bondholder

In accordance with the SID Statutes, the power to levy the SID Assessments must either be authorized in the Service Plan or approved in writing by the City. This statutory requirement was adopted subsequent to adoption of the Service Plan by the City and was thus not addressed specifically in the Service Plan.

Additional Assurances

Finally, we would like to confirm the following:

- The SIDs will be a geographical division of the Districts and not separate entities or political subdivisions
- Notice of the existence of the SIDs, the SID Assessments and the SID Assessment Bonds will be recorded against the respective properties within the Districts
- The Districts will be obligated to comply with all of the same statutory budgeting, accounting, auditing, open records, open meetings, contracting, construction procurement and cost verification requirements with respect to the SIDs as the Districts would otherwise be required to comply with, with respect to general obligation bonds issued by the Districts
- The Public Improvements to be financed by proceeds from the SID Assessment Bonds will be those that are specifically authorized by the Districts pursuant to the Service Plan, which must be constructed in accordance with approvals required of all governing jurisdictions, including the City

Submittal Documents

Enclosed here with are the following:

- A draft of the proposed Fourth Amendment;
- A Petition requesting consideration of the Fourth Amendment;
- As mentioned above and as depicted on **Attachment A**, a summary of Public Improvement costs evidencing costs expended to date and preliminary estimates of the costs anticipated to complete the Public Improvements within the Service Area of the Districts based upon current development assumptions; and

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- A map depicting the areas of prior and future expenditure of the costs for the Public Improvements and the SIDs.

Additionally, we will be forwarding the application fee of \$3,000 separately to your attention via regular mail.

Once you have had a chance to review the enclosed documents, please let me know if you have any questions or if there is further information we may provide to assist in your review and processing the Fourth Amendment. As always, we look forward to working with you through this amendment process.

Very truly yours,

MCGEADY BECHER P.C.

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Megan Becher

Enclosures

c: Colorado Crossing Metropolitan District Nos. 1, 2 and 3, Boards of Directors
Zach Bishop and Matt Chorske, Piper Sandler & Co.
David Lucas, Sherman & Howard L.L.C.

Attachment A

COLORADO CROSSING METROPOLITAN DISTRICTS

GENERAL OBLIGATION IMPROVEMENTS						
PUBLIC IMPROVEMENTS	STREETS & DRAINAGE	WATER INFRASTRUCTURE	WASTEWATER INFRASTRUCTURE	TRAFFIC SAFETY CONTROL	PARK & RECREATION	TOTAL
PUBLIC INFRASTRUCTURE 2007 - 2017	\$ 12,900,000	\$ 900,000	\$ 700,000	\$ -	\$ -	\$ 14,500,000
ROADWAYS & UTILITIES	\$ 4,800,000	\$ 900,000	\$ 700,000	\$ -	\$ -	
PARKING GARAGE	\$ 8,100,000	\$ -	\$ -	\$ -	\$ -	
PUBLIC INFRASTRUCTURE 2017 - 2021	\$ 14,294,700	\$ 1,896,700	\$ 644,000	\$ 825,200	\$ 344,700	\$ 18,005,300
TRAFFIC SIGNALS	\$ -	\$ -	\$ -	\$ 664,200	\$ -	
MARKET ROADS & UTILITIES	\$ 1,358,800	\$ 387,500	\$ 173,600	\$ 62,500	\$ 225,200	
PARKING GARAGE	\$ 7,649,700	\$ -	\$ -	\$ -	\$ -	
SOUTH ROADS, ROADS & UTILITIES	\$ 1,479,700	\$ 247,800	\$ 195,600	\$ 4,300	\$ 4,300	
ELKHORN DETENTION FACILITY	\$ 337,700	\$ -	\$ -	\$ -	\$ -	
SPRING WATER / WHITE DIAMOND EXTENSION	\$ 802,600	\$ 640,600	\$ 239,600	\$ 43,400	\$ 34,500	
PLANNING AREA B GRADING	\$ 354,000	\$ 15,700	\$ 15,700	\$ 15,700	\$ 15,700	
PLANNING AREA F GRADING	\$ 354,000	\$ 15,700	\$ 15,700	\$ 15,700	\$ 15,700	
FIELD OF DREAMS AREA ROADS & UTILITIES	\$ 1,958,200	\$ 589,400	\$ 3,800	\$ 19,400	\$ 49,300	
SUBTOTAL: ALL COSTS INCURRED TO DATE	\$ 27,194,700	\$ 2,796,700	\$ 1,344,000	\$ 825,200	\$ 344,700	\$ 32,505,300
FUTURE PUBLIC INFRASTRUCTURE	\$ 7,048,700	\$ 1,697,500	\$ 864,900	\$ 3,754,300	\$ 1,753,300	\$ 15,118,700
PLANNING AREA B ROADS & UTILITIES	\$ 1,800,000	\$ 800,000	\$ 400,000	\$ -	\$ 300,000	
PLANNING AREA F ROADS & UTILITIES	\$ 1,800,000	\$ 800,000	\$ 400,000	\$ -	\$ 300,000	
SPRING WATER / WHITE DIAMOND EXTENSION	\$ 27,400	\$ -	\$ -	\$ -	\$ 53,300	
SPRING WATER, WEST OF WHITE DIAMOND	\$ 670,900	\$ 97,500	\$ 64,900	\$ 218,300	\$ -	
BLOCK 5 IMPROVEMENTS	\$ 238,800	\$ -	\$ -	\$ -	\$ 1,100,000	
TRAFFIC IMPROVEMENTS & SIGNALS	\$ -	\$ -	\$ -	\$ 3,536,000	\$ -	
REPAIR DEFICIENT ROADWAY	\$ 2,511,600	\$ -	\$ -	\$ -	\$ -	
FIELD OF DREAMS AREA PUBLIC INFRASTRUCTURE	\$ 577,600	\$ 5,400	\$ -	\$ -	\$ 4,467,500	\$ 5,050,500
FIELD OF DREAMS AREA ROADS & UTILITIES	\$ 577,600	\$ 5,400	\$ -	\$ -	\$ 326,700	
8 ACRE PARK	\$ -	\$ -	\$ -	\$ -	\$ 4,140,800	
TOTAL	\$ 28,574,900	\$ 3,442,700	\$ 1,583,600	\$ 868,600	\$ 4,846,700	\$ 52,674,500

SPECIAL IMPROVEMENT DISTRICTS IMPROVEMENTS						
PUBLIC IMPROVEMENTS	STREETS & DRAINAGE	WATER INFRASTRUCTURE	WASTEWATER INFRASTRUCTURE	TRAFFIC SAFETY CONTROL	PARK & RECREATION	TOTAL
VICTORY RIDGE EAST	\$ 2,727,794	\$ 899,934	\$ 561,059	\$ 25,000	\$ 313,692	\$ 4,527,479
VICTORY RIDGE SOUTH	\$ 1,806,313	\$ 890,119	\$ 542,661	\$ -	\$ 207,000	\$ 3,446,093
Total	\$ 4,534,107	\$ 1,790,053	\$ 1,103,720	\$ 25,000	\$ 520,692	\$ 7,973,572

TOTAL IMPROVEMENTS						
TOTAL	\$ 33,109,007	\$ 5,232,753	\$ 2,687,320	\$ 893,600	\$ 5,367,392	\$ 60,648,072