

WILLIAM P. ANKELE, JR.  
JENNIFER GRUBER TANAKA  
CLINT C. WALDRON  
KRISTIN BOWERS TOMPKINS  
ROBERT G. ROGERS  
BLAIR M. DICKHONER  
GEORGE M. ROWLEY

OF COUNSEL:  
KRISTEN D. BEAR  
K. SEAN ALLEN



ZACHARY P. WHITE  
TRISHA K. HARRIS  
HEATHER L. HARTUNG  
MEGAN J. MURPHY  
EVE M. G. VELASCO  
LAURA S. HEINRICH  
AUDREY G. JOHNSON  
LISA CANCEANON  
CAREY S. SMITH V  
ERIN K. STUTZ  
ANNA P. CHERUBIN\*

April 7, 2021

**VIA E-MAIL**

City of Colorado Springs  
Attn. Carl Schueler  
P.O. Box 1575  
30 S. Nevada Ave., Suite 105  
Colorado Springs, CO 80901

Re: Hancock Metropolitan District Nos. 1 and 2  
Submittal of Consolidated Service Plan (updated letter)

Dear Mr. Schueler:

Our firm serves as legal counsel to ROS Equity Holdings-Independence, LLC d/b/a RJ Development (“**ROS**”), the petitioner for the proposed Hancock Metropolitan District Nos. 1 and 2.

On behalf of ROS, we hereby submit for consideration by the City Council for the City of Colorado Springs (the “**City**”) the Consolidated Service Plan for Hancock Metropolitan District No. 1 and Hancock Metropolitan District No. 2 (the “**Consolidated Service Plan**”). The Hancock Metropolitan District No. 1 will be referred to herein as the “Residential District” and the Hancock Metropolitan District No. 2 shall be referred to herein as the “Commercial District,” collectively they shall be referred to as the “Districts.”

Contact information for the relevant parties is as follows:

**Counsel for the Districts:** Blair Dickhoner, Esq.  
White Bear Ankele Tanaka & Waldron  
Attorneys at Law  
2154 East Commons Avenue, Suite 2000  
Centennial, Colorado 80122  
(303) 858-1800 (phone)/(303) 858-1801 (fax)  
[bdickhoner@wbapc.com](mailto:bdickhoner@wbapc.com)

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**Petitioner:** ROS Equity Holdings-Independence, LLC (d/b/a RJ Development)

Attn: Ray O'Sullivan

17 S. Wahsatch Ave.

Colorado Springs, CO 80903

[rayosulli@gmail.com](mailto:rayosulli@gmail.com)

The project is generally located along the portion of the Hancock Expressway that is being re-routed. The total developable area of the Districts will be approximately 20 acres. About 17 acres is zoned residential and 3 acres is zoned commercial. The Residential District is anticipated to be developed with approximately 132 townhomes and 200 apartments. With an average of three people per unit, the community would consist of approximately 1,000 people. The Commercial District is anticipated to consist of a three acre site for retail.

In order to finance the Public Improvements, and operations and maintenance costs associated with the Public Improvements, the Residential District will be authorized to impose a combined mill levy cap of no more than 40.000 mills, subject to adjustment, in accordance with the Consolidated Service Plan. The Commercial District will be authorized to impose a combined mill levy cap of no more than 60.000 mills, subject to adjustment.

Below, please find a summary of justifications for the Districts' formation and an explanation of how the Consolidated Service Plan meets the statutory criteria set forth in Section 32-1-203(2). C.R.S., and Section 122-35 of the City Code.

**A. There is sufficient existing and projected need for organized service in the area to be serviced by the proposed special district.**

The purposes of the Districts are to construct, finance, operate and maintain certain public facilities and improvements. The re-routing of the Hancock Expressway will result in extraordinary costs that necessitate the organization of the Districts. The Districts will finance the demolition and reconstruction of Hancock Expressway and the construction of three detention ponds and a channel way. It is anticipated that the Districts will operate and maintain the detention ponds.

The implementation and utilization of metropolitan districts here will also help to make housing more affordable for buyers. By providing the opportunity to finance the construction of public infrastructure through the municipal bond market, metropolitan districts achieve reduced borrowing costs and shift a portion of the public improvement costs from the non-tax deductible sale price of the home to a bond that is paid off through tax deductible property tax payments over a period of thirty (30) or forty (40) years.

**B. The existing services in the area to be served by the proposed special districts is inadequate for present and projected needs.**

There are currently no other governmental entities, including the City, 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. This project brings with it significant

improvements that will benefit the future inhabitants and taxpayers of the Districts, and the City, including completing roadway and intersection improvements to the Hancock Expressway.

**C. The proposed special districts are capable of providing economical and sufficient service to the area within its proposed boundaries.**

The formation of the Districts will allow the public facilities and improvements, including demolitions and reconstruction of the Hancock Expressway, to be constructed in a timely manner and at reduced borrowing costs. The Districts have public financing tools available to them that will lower the costs of construction of the facilities and improvements.

**D. The areas to be included in the proposed special districts have, or will have, the financial ability to discharge the proposed indebtedness on a reasonable basis.**

As noted in the Consolidated Service Plan, the estimated cost of the improvements to be constructed is \$5,500,000. Enclosed is a summary of estimated infrastructure costs for the project that details the \$5,500,000 in public improvements. The Districts intend to finance the proposed facilities, improvements, and services through the issuance of tax-exempt bonds, to be repaid from *ad valorem* property taxes and fees.

The maximum debt authorization is based on financing projections prepared by D.A. Davidson & Co. and is proposed to be \$8,257,000. The proposed debt capacity is sufficient to cover the costs of the expected infrastructure improvements and the financing projections demonstrate that this debt can be supported by the development of the project.

Enclosed with this letter is a copy of the Consolidated Service Plan, a redlined comparison of the Consolidated Service Plan with the Colorado Springs Model Consolidated Service Plan, a summary of infrastructure costs, and the consent letter/agreement from the current owner of the property, FKF Group, which consents to the organization of the Districts. A check for \$1,100.00 made out to the "City of Colorado Springs" will be provided separately by ROS.

If you have any questions or concerns regarding this submittal or need any additional information, please let me know.

Mr. Carl Schueler  
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Sincerely,

WHITE BEAR ANKELE TANAKA & WALDRON

A handwritten signature in blue ink, appearing to read "Blair M. Dickhoner". The signature is fluid and cursive, with the first name "Blair" and last name "Dickhoner" clearly distinguishable.

Blair M. Dickhoner  
Shareholder

Enclosures