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File No. 5113865.0013

February 1, 2016

VIA E-MAIL

City Clerk's Office  
City of Colorado Springs  
PO Box 1575  
30 S. Nevada Ave., Suite 101  
Colorado Springs, Colorado 80901

Re: Upper Cottonwood Creek Metropolitan District Nos. 2 through 5, Amendment to Service Plan

Dear Clerk:

This firm serves as legal counsel to Upper Cottonwood Creek Metropolitan District Nos. 2 through 5 ("Petitioner"). On behalf of the Petitioner, enclosed please find the following:

- 1) An executed Petition for Approval of Amendment to Service Plan for Upper Cottonwood Creek Metropolitan District Nos. 2 through 5;
- 2) Proposed Amendment to Service Plan;
- 3) Copy of Petitioner's original Service Plan;
- 4) Proposed Resolution approving the Petition;
- 5) Financial forecast evidence ("Forecast") in support of the proposed amendment demonstrating the financial need for the amendment; and
- 6) Proposed schedule utilizing a submittal date of Friday, January 29, 2016.

In addition to the foregoing, Petitioner understands and agrees that, upon request from the City, it will remit to the City a processing fee payment in the amount of \$250.00 pursuant to Section 32-1-702(2), C.R.S. We will also provide hard copies of the documents upon the City's request (15 copies).

The original service plan for the Petitioner was approved by the City Council in 2006. Based on a review of Petitioner's current and future financial projections, it has become clear that Petitioner needs to increase its revenues to meet on-going, as well as anticipated future expenses. In particular, as demonstrated by the attached Forecast, operations and maintenance expenses are expected to continue exceeding revenues without an increase in the operations and maintenance mill levy. On the other hand, with the proposed increase, future revenues are



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projected to rise sufficiently to support operations and maintenance going forward. Moreover, the proposed Amendment to Service Plan seeks to increase the Maximum Operating Mill Levy for District Nos. 3 through 5 to 20 mills only so long as District Nos. 3 through 5 continue to provide their respective current levels of service.

Petitioner understands and acknowledges that the proposed amendment would increase the operations and maintenance mill levy beyond City Council's standard limit of 10 mills. While Petitioner supports the general policy behind the limit, Petitioner also believes an exception is warranted in these circumstances in order to support the on-going growth and stability of the districts and their residents. Petitioner understands that City Council has been willing to consider an increase in other circumstances. For example, in March 2008 (as reflected in City Council Resolution No. 52-08), City Council approved a service plan amendment submitted by Banning Lewis Ranch Metropolitan District Nos. 1-5 and 7 that, as here, included an increase in the districts' maximum operating mill levy from 10 mills to 20 mills. For similar reasons, Petitioner submits that an increase is reasonable and justifiable here.

Petitioner requests that the enclosed Petition and supporting documentation be presented to City Council as soon as possible to allow progression as outlined in the attached schedule.

I appreciate your assistance in this matter and look forward to working with you toward approval of the proposed Amendment to Service Plan.

Sincerely,

*Russell W. Dykstra*

Russell W. Dykstra

Enclosures

cc: Carl F. Schueler (via e-mail w/encls.)