



June 15, 2022

VIA EMAIL

Carl Schueler, AICP
Comprehensive Planning Manager
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**Re: Consolidated Service Plan - Peak Metropolitan District Nos. 4-7 –
SUPPLEMENTAL INFORMATION**

Dear Carl:

This correspondence serves to supplement the submittal made on June 3, 2022 of the proposed Consolidated Service Plan for Peak Metropolitan District Nos. 4 -7 (“**MD 4-7 Service Plan**”) in response to the following inquiries:

**WHAT NECESSITATES THE REQUEST FOR FOUR (4) ADDITIONAL
METROPOLITAN DISTRICTS TO SERVE THE PEAK INNOVATION PARK
DEVELOPMENT?**

At the time of organization of the original Peak Metropolitan District Nos. 1, 2 and 3 (“**District Nos. 1-3**”), it was anticipated that additional metropolitan districts may be necessary to serve the development in the future, which would be dictated by future development progress and type. Given the rapid pace of development since organization of District Nos. 1-3, and with a better understanding of the type and timing of future development and public infrastructure needs within the service area, we anticipate the organization of Peak Metropolitan District Nos. 4, 5, 6 and 7 (the “**Districts**” and, with District Nos. 1-3, the “**Peak Districts**”) will provide the property owner, the Colorado Springs Airport (“**Airport**”), the ability to align project phasing, land use, and future financings of public infrastructure in the most efficient manner to address distinctly different public infrastructure requirements.

**PLEASE PROVIDE A DESCRIPTION OF COMPLIANCE WITH TITLE 32
APPROVAL CRITERIA.**

- **Section 32-1-203(2)(a-d):**

(a) There is sufficient existing and projected need for organized service in the area to be serviced by the proposed Districts.

The Districts will help meet the City's demands for new revenue generating office, commercial, retail, light industrial and warehouse, and residential employment and housing opportunities by planning for, designing, acquiring, constructing, installing, relocating, redeveloping, financing, operating and maintaining public improvements to serve the property.

(b) The existing service in the area to be served by the proposed Districts are inadequate for present and projected needs.

The existing infrastructure is inadequate to serve the proposed development and the development will not be successful without the Districts to plan for, design and construct the Public Improvements and provide the services described in the MD 4-7 Service Plan. There is no alternative source of revenues available to support these functions.

(c) The proposed Districts are capable of providing economical and sufficient service to the area within its proposed boundaries.

The assumptions in Section VII of the MD 4-7 Service Plan (Financial Plan) support the conclusion that the Districts are capable of providing economical and sufficient service to the development.

(d) The areas to be included in the proposed Districts have, or will have, the financial ability to discharge the proposed indebtedness on a reasonable basis.

As noted in the MD 4-7 Service Plan, it is anticipated that costs associated with designing, installing, and constructing the infrastructure necessary to serve the property will be approximately \$200,000,000. The Districts intend to finance the improvements through the issuance of tax-exempt bonds. The areas to be included in the Districts will have the financial ability to discharge the proposed indebtedness by *ad valorem* property taxes and fees. The MD 4-7 Service Plan requires the issuance of all bonds or other debt instruments of the Districts shall be subject to the approval of the City Council.

• **Section 32-1-203(2.5)(a-e):**

(a) Adequate service is not, or will not be, available to the area through the county or other existing quasi-municipal corporations, including existing districts, within a reasonable time and on a comparable basis.

There are currently no other governmental entities, including the City or the Airport, located in the immediate vicinity of the Districts that consider it desirable, feasible, or practical to undertake the planning, design, acquisition, construction, installation, relocation, redeveloping, and financing of the public improvements needed for development within the proposed Districts. Therefore, formation of the Districts is necessary in order to provide the necessary improvements and services to the area in the most economic manner possible, within a reasonable time, and on a comparable basis with existing improvements and services provided elsewhere in the City.

(b) The facility and service standards of the proposed District are compatible with the facility and service standards of the county within which the District will be located and the City.

As stated in the MD 4-7 Service Plan, the Districts will ensure that the Public Improvements are designed and constructed in accordance with the standards and specifications of the City and of other governmental entities having proper jurisdiction. The Districts will obtain the City's approval of civil engineering plans and will obtain applicable permits for construction and installation of Public Improvements prior to performing such work.

(c) The proposal is in substantial compliance with the master plan adopted pursuant to Section 30-28-106, C.R.S.

The MD 4-7 Service Plan requires an "Approved Development Plan" to be in place (defined as, "a Master Plan and other more detailed land use approvals established by the City for identifying, among other things, Public Improvements necessary for facilitating the development of property within the Service Area as approved by the City pursuant to the City Code and as amended pursuant to the City Code from time to time"), prior to any District issuing Debt, imposing a mill levy for the payment of Debt by indirect imposition or by transfer of funds from the operating fund to the Debt service funds, or imposing and collecting any Fees for the purpose of repayment of debt.

(d) The proposal is in compliance with the county, regional or state long-range water quality management plans and wastewater plans for the area.

Approval of the Districts and the installation and maintenance of its public improvements will not adversely impact any county, regional, or state long-range water quality management plans or wastewater plans for the area.

(e) The creation of the Districts will be in the best interests of the area proposed to be served.

As summarized below, the formation of the proposed Districts is in the best interest of the area to be served as well as its future residents:

- Development within the Districts will be uniquely situated to provide new housing and employment options within the City.
- The Districts can raise funds for public infrastructure through municipal bonds (or other governmental grant or loan programs if applicable) with favorable rates and terms not available to private entities.
- The Districts are exempt from sales, use and other taxes for equipment, supplies and services allowing lower overhead costs.

- The Districts will not be in the business of making a profit from the facilities and services provided.
- The Districts will be governed by specific statutes regarding expenditures and revenues.
- The Districts will be obligated to meet statutory budget, audit, and other financial filing and reporting requirements, which provide regulatory oversight of the District's operations.
- The Districts will be governed by local control over the services that are provided on a community basis.
- The Districts will be responsive and accountable for decisions through election and public hearing processes.
- The Districts' business will be conducted at public meetings.
- The Districts will enjoy governmental immunity against certain legal actions, thus avoiding expensive lawsuits and corresponding tax or fee increases on property owners and service users within the Districts.

WILL THERE BE INTERRELATED INTERGOVERNMENTAL AGREEMENTS AMONG THE DISTRICTS?

Yes. It is anticipated the Peak Districts will continue with the currently established structure, more specifically as follows:

- Peak MD No. 1
 - Financing District for first phase of development
 - Issuer of Series 2021 Bonds
- Peak MD No. 2:
 - Overlapping Operations District
 - Responsible for Managing Operations and Maintenance of District Public Infrastructure throughout Service Area of all Districts
 - One or more intergovernmental agreements between Peak MD No. 2 and EACH of the Peak Districts to define the management and maintenance
- Peak MD No. 3:
 - Financing District for current phase of development, Series 2022 Bonds
- PROPOSED Peak MD Nos. 4-7:
 - Future Financing Districts
 - Property to be included in association with development phasing as it occurs
 - Bonds to be issued by each district to align with phased development

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We understand the MD 4-7 Service Plan is scheduled for the June 28th Budget Committee Meeting. We further understand the Peak MD No. 3 Finance Plan will be considered at that meeting. To that end, we are also forwarding a draft presentation to address both the proposed MD 4-7 Service Plan and the proposed Peak MD No. 3 financing. Upon your review, please let us know if there is anything further you need in advance of that meeting. Thank you.

Very truly yours,

MCGEADY BECHER P.C.

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