

Allison Valley Metropolitan Districts #1 & 2  
c/o Allison Valley Development Company, LLC  
1755 Telstar Drive, Suite 211  
Colorado Springs, CO 80920

June 12, 2015

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

Re: Allison Valley Metropolitan Districts #1 & #2 Service Plan Amendment  
Titles 31 and 32 Special District Transmittal Form & Plan Submittal

To Whom it May Concern;

Enclosed you will find the City of Colorado Springs Titles 31 and 32 Special District Transmittal Form and associated submittal items in regard to a requested Service Plan Amendment for the existing Allison Valley Metropolitan Districts #1 & #2 (the "Districts" and the "Petitioners").

The Districts, as Petitioners, request the Colorado Springs' City Council approval of an Amendment to the existing Consolidated Service Plan that was approved by City Council Resolution No. 129-06, dated August 22, 2006. The Amendment is necessary due to circumstances dictated by changes in market conditions, property ownership, and requirements of the City's special district policy. Due to economic and market conditions that have required modifications to the Districts' anticipated development plan and timeline, One Hundred percent (100%) of the land within the Districts is now owned or controlled by a single entity (Allison Valley Development Company, LLC) that is not associated with the original petitioners for the Districts.

The amendment includes three changes to the existing consolidated Service Plan:

1. The inclusion of 56.455 acres of commercial property adjacent and situated just to the south of the Districts' current boundaries. This property, now under the control of the Allison Valley Development Company, was initially intended to be included within an adjacent Business Improvement District (BID) to facilitate its development. The property was never added to that BID. Including this property within the Allison Valley Districts' boundaries will help ensure the timely development and build out of that commercial property and associated fiscal benefits to the community.

2. The boundaries of the Allison Valley Metropolitan District #1 are expanded considerably, growing from a size of less than an acre to a total of approximately 108 acres. The new boundaries of District #1 will encompass commercial/office development along with approximately 26 acres of high-density residential. The boundaries of Allison Valley Metropolitan District #2 are also changed and reduced from its currently approved 400 acres to a total of 337.769 acres and will be developed with a mix of residential housing and a school.

Finally, the Approved Development Plan, including the Master Plan, a development plan and recorded plats dictate that the Districts will be responsible for certain ongoing operations and maintenance responsibilities that will benefit residents and businesses within the Districts' boundaries. Some of these operation and maintenance obligations were not clearly identified in Exhibit D of the original Service Plan. The existing consolidated Service Plan also contains an apparent typo and inconsistent language regarding the maximum mill levy allowed for operations (Section V.J. of the Service Plan). To clean up that confusing language and ensure that the Service Plan is consistent with the City's model service plan, the amendment replaces it with the specific language for Section V.J. contained in the City's model service plan.

The Districts' future development plans are outlined within The Farm Master Plan, approved July 22, 2014, by City Council. With the proposed service plan amendment, Allison Valley Metropolitan District #1 will include the properties lying south of Black Squirrel Creek and consist of approximately 108 acres. Allison Valley Metropolitan District #2 will include Black Squirrel Creek and the properties lying north of Black Squirrel Creek and will be developed with a mix of residential housing and a school.

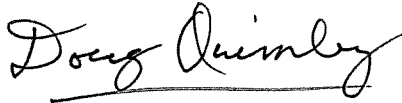
It should be noted that both Districts will now be Residential Districts that will be controlled by future residents and business property owners. Also, the requested amendments and modifications do not significantly change the intent of the Districts' and surrounding land's development plan, yet consolidate lands that will serve to increase the Districts' ability to provide Public Improvements that otherwise would not be available.

The requested Amendment to the Service Plan does not include significant modifications from the City's Model Plan. Due to the inclusion of the commercial property, which was not within the original Inclusion Area (as defined in Exhibit C-2 of the existing consolidated Service Plan), the Petitioners are required to submit this request. Additionally, the minor modifications to the language in Section V.J are required to make the Service Plan consistent with the City's Model Plan. The revised Exhibit D to the Service Plan clarifies the operation and maintenance functions that the Districts are authorized to perform.

The District Public Improvements, and initial single-family residential lot development, are currently underway within the Districts. It is anticipated that the first home owners will be living within the Districts by year end 2015, and continuous lot development and home building will take place over the next 7 to 8 years. Additionally, it is anticipated that development of the commercial and high density residential properties within District #1 will take place within the next 18 to 24 months and will continue to build out over the next decade.

We appreciate the City's review of this Service Plan Amendment and we will assist the City with its review of the submittal documents in order to obtain necessary approvals in a timely manner.

Sincerely,

A handwritten signature in cursive script that reads "Doug Quimby". The signature is written in black ink and is positioned above the printed name.

Doug Quimby, President  
Allison Valley Metropolitan District #1 & #2

c. Carl F. Schueler, Comprehensive Planning Manager

Enclosure Items:

Fifteen (15) Copies of this Enclosure Letter

City of Colorado Springs Titles 31 and 32 Special District Transmittal Form

Fifteen (15) Redline Copies of Amended Service Plan

Fifteen (15) Black line Copies of Amended Service Plan, with Exhibits

Electronic File including Redline, Black line, The Farm Master Plan, and original Annexation Agreement

Check in the amount of \$3,500.00 made payable to the City of Colorado Springs