Local Government Law

Megan J. Murphy
Shareholder

303-858-1800
mmurphy@wbapc.com

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VIA EMAIL
City of Colorado Springs
COSSpecialDistricts.SMB@coloradosprings.gov

Re: Terra Mesa Metropolitan District
Submittal of Service Plan

Our firm serves as legal counsel to Toll Southwest LLC ("**Toll**"), the petitioner for the proposed Terra Mesa Metropolitan District (the "**District**"). On behalf of Toll, we hereby submit for consideration by the City Council of the City of Colorado Springs (the "**City**") the Service Plan for Terra Mesa Metropolitan District (the "**Service Plan**").

Contact information for the relevant parties is as follows:

Counsel for Toll:	Megan J. Murphy, Esq. WBA, PC 2154 East Commons Avenue, Suite 2000 Centennial, Colorado 80122 Phone: (303) 858-1800 Fax: (303) 858-1801 Email: mmurphy@wbapc.com
Toll:	Rhiannon Freeman Toll Southwest LLC 7100 E. Belleview Ave. Suite 200, Greenwood Village, CO 80111 Email: RFreeman@tollbrothers.com

The project within the District is generally located south of Research Parkway and east of CO-21. The total developable area of the District is approximately forty-two (42) acres. The District is anticipated to be developed with 155 residential units. With an average of 2.4 people per residential unit, the project would consist of approximately 372 people.

The public improvements the District intends to finance and construct within the project includes but is not limited to: fire protection; mosquito control; parks and recreation; safety protection; sanitation; solid waste disposal facilities or collection and transportation of solid waste;

street improvements; television relay and translation; transportation; and water, all subject to the limitations contained in the Service Plan (collectively, the "**Public Improvements**").

In order to finance the Public Improvements and fund ongoing operations and maintenance costs, the District will be authorized to impose a Maximum Debt Mill Levy of 50 mills, subject to Mill Levy Adjustment, and a Maximum Operating Mill Levy of 20 mills, subject to Mill Levy Adjustment, both in accordance with the Service Plan.

Below is a summary of justification for the District's formation and explanation of how the Service Plan meets the statutory criteria set forth in Section 32-1-203(2), C.R.S.

1) **Criteria:** Whether there is a sufficient existing and projected need for organized service in the area to be serviced by the proposed District.

    a. **Response:** The property within the proposed District's boundaries is currently vacant and there is existing and projected need for organized service in the area to serve future residents. The Service Plan anticipates Toll constructing 155 residential units in the District for which services will be needed.

2) **Criteria:** Whether the existing service in the area to be served by the proposed District is inadequate for present and projected needs.

    a. **Response:** The property within the proposed District boundaries is currently vacant and the existing service to the property is inadequate for present and projected needs. The site currently lacks the necessary public improvements to serve the projected residential units, which necessary public improvements include, but are not limited to: fire protection; mosquito control; parks and recreation; safety protection; sanitation; solid waste disposal facilities or collection and transportation of solid waste; street improvements; television relay and translation; transportation; and water, all subject to the limitations contained in the Service Plan.

3) **Criteria:** Whether the proposed District is capable of providing economical and sufficient service to the area within its proposed boundaries.

    a. **Response:** The proposed District is capable of providing economical and sufficient service to the property within the District.

4) **Criteria:** Whether the area to be included in the proposed District has or will have the financial ability to discharge the proposed indebtedness on a reasonable basis.

    a. **Response:** The proposed District will have the financial ability to discharge the proposed indebtedness on a reasonable basis.

5) **Criteria:** Whether adequate service is not or will not be available to the area through the City or other existing quasi-municipal corporations, including existing districts, within a reasonable time and on a comparable basis.

a. **Response:** Adequate service will not be available to the property within the District through the City, other existing quasi-municipal corporations, including existing districts, within a reasonable time or on a comparable basis as the District will provide.

6) **Criteria:** Whether the facility and service standards of the proposed District are compatible with the facility and service standards of the City.

   a. **Response:** The facility and service standards of the District are compatible with the facility and service standards of the City.

7) **Criteria:** Whether the proposal is in substantial compliance with the City's Master Plan.

   a. **Response:** The Service Plan is in substantial compliance with the City's Model Service Plan and the proposed development depicted in the Service Plan is in substantial compliance with the City's Master Plan.

8) **Criteria:** Whether the proposal is in substantial compliance with the county, regional or state long-range water quality management plans for the area.

   a. **Response:** The Service Plan is in substantial compliance with the City's Model Service Plan and according to Toll the proposed development depicted in the Service Plan is in substantial compliance with county, regional or state long-range water quality management plans for the area.

9) **Criteria:** Whether the creation of the District will be in the best interests of the area proposed to be served.

   a. **Response:** The creation of the District is in the best interest of the area proposed to be served because it allows a metropolitan district to be created to assist in the financing, construction, operation and maintenance of Public Improvements necessary for the area proposed to be served.

10) **Criteria:** Whether the creation of the District will be in the best interests of the residents or future residents of the area proposed to be served.

   a. **Response:** The creation of the District is in the best interests of the future residents of the area proposed to be served because it allows a metropolitan district to be created to assist in the financing, construction, operation and maintenance of Public Improvements necessary for the future residents to live in residential units within the area proposed to be served. The Service Plan includes the following protections that are in the best interest of future residents of the area proposed to be served: (1) a Maximum Debt Mill Levy of 50 mills, subject to Mill Levy Adjustment; (2) a Maximum Operations Mill Levy of 20 mills, subject to Mill Levy Adjustment; and

(3) a Maximum Debt Mill Levy Imposition Term of 40 years subject to certain exceptions set forth in the Service Plan.

As noted in the Service Plan, the estimated cost of the Public Improvements to be constructed is approximately **$14,870,505**. The District intends to finance the Public Improvements 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 Piper Sandler & Co. and is proposed to be **$15,000,000**. The proposed debt capacity is sufficient to cover the anticipated costs of the Public Improvements and the financing projections demonstrate that the debt can be supported by the development of the project.

Enclosed with this letter is a copy of the Service Plan and a redline comparison of the Service Plan with the Colorado Springs Model Single-District Service Plan. A check for $1,100.00 made out to the "City of Colorado Springs" will be provided separately by Toll.

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

Sincerely,

WBA, PC

Megan J. Murphy

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Shareholder

Enclosures