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June 25, 2026

Kevin Walker
Planning + Neighborhood Services Director
City Administration Building
30 S. Nevada Avenue
Colorado Springs, Colorado 80903
Kevin.walker@coloradosprings.gov

Re: Kettle Creek Metropolitan District Service Plan

Dear Mr. Walker:

This office serves as legal counsel to Challenger Homes (the "Petitioner"). On behalf of the Petitioner, enclosed are the formal submittal materials for the (Proposed) Kettle Creek Metropolitan District (the "District") pursuant to the "Special District Act," Section 32-1-101, *et seq.*, of the Colorado Revised Statutes. The enclosed materials include the Service Plan and a redline comparison to the City's Model Service Plan. A check in the amount of $1,100 for the application fee will be delivered to your office.

The anticipated development is generally located north of Old Ranch Road, west of North Powers Boulevard, east of Voyager Parkway, and south of Federal Drive (the "Project"). The Project will contain residential use. Development of the Project will also require investment in project infrastructure, including, but not limited to, water system improvements, sanitary sewer and storm drainage improvements, street and roadway improvements, traffic and safety protection improvements, and park and recreation improvements.

Accordingly, the Service Plan for the District will serve the best interests of the residents, taxpayers, property owners, and the overall development of the property within the Project and will maximize both development and absorption within the District and the City without delays in development. The formation of the District will allow for financing and development to pay for only those improvements and costs which are a direct benefit to the property within the District.

The Petitioner intends that the Service Plan shall be in conformity with the applicable standards and criteria contained in C.R.S. § 32-1-203(2), which are set forth below:

1. *There is sufficient existing and projected need for organized service in the area to be served by the District;*

The District will allow for much needed medium-density and housing to be constructed in the strategic location between several business campuses such as Lockheed Martin, UnitedHealthcare Group, and Northrop Grumman. The total estimated population of the Districts upon completion of development is anticipated to be 307 (2.5 units x 123 residences) people.

The purpose of the District is to finance and construct certain public improvements and to provide other additional services necessary to support the Project. There are currently no other governmental entities located in the vicinity of the District that consider it desirable, feasible, or practical to undertake the planning, design, acquisition, construction, installation, relocation, redevelopment, and financing of the public improvements needed to serve the Project. As noted above, to develop the area, significant investment is needed in public infrastructure with a total estimated cost of approximately $5,155,119.66, including, but not limited to, water system improvements, sanitary sewer and storm drainage improvements, street and roadway improvements, traffic and safety protection improvements, and park and recreation improvements. Included within the public improvements is the expansion of Old Ranch Road and auxiliary lanes as well as the construction of a detention pond and park and recreation improvements. Financing and constructing these public improvements through the District will lower costs and ensure the costs are spread among those in the community that will benefit from such development.

Additionally, it is anticipated that the District may provide the following services that are set forth in Exhibit E to the Service Plan:

- Trash removal;
- Operation and maintenance services related to landscaping, stormwater and detention facilities, parking, monumentation, and or improvements or property the District will own;
- Operation and maintenance of park and recreational facilities within the Districts;
- Streetscaping;
- Sidewalk and public space maintenance and amenities;
- Covenant enforcement and design review services;
- Public art amenities; and
- Mosquito control.

2. *The existing service in the area to be served by the District is inadequate for present and projected needs;*

   The area within the boundaries of the District is currently undeveloped. The proposed improvements and services are not and will not be available to the community through the City of Colorado Springs, or other existing municipalities, counties, or quasi-municipal corporations, including special districts, within a reasonable time and on a comparable basis. There are no other governmental entities located in the immediate vicinity of the District that consider it desirable, feasible, or practical to undertake the planning, design, acquisition, construction, installation, relocation, redevelopment, and financing of the public improvements needed to serve the Project.

3. *The District is capable of providing economical and sufficient services to the area within its proposed boundaries;*

   The formation of the District will ensure that the public improvements and other services are sufficient to support the Project. The District will also ensure that the public improvements are constructed within a reasonable period of time for the benefit of the property owners, taxpayers, and residents located in the community. In addition, the public financing tools available to the District, including tax-exempt financing, will help lower the costs of the public improvements.

4. *The area to be included within the District has or will have the financial ability to discharge the proposed indebtedness of the District on a reasonable basis.*

   The estimated costs of the improvements and facilities to be constructed, installed, and/or acquired by the District is estimated to be approximately $5,155,119.66. The District will be limited to issuing debt within the confines of the Service Plan and limited to the amount the District can reasonably pay from the property tax revenue derived from the debt service mill levy (50 mills, as adjusted) and other legally available revenue. The anticipated issuance of debt and repayment will be based upon the projected development within the District's boundaries, which will allow the District to finance the public improvements identified in the Service Plan and allow the District to discharge the proposed indebtedness on a reasonable basis. The financial plan attached to the Service Plan demonstrates one example of how the District may finance the public improvements.

The Petitioner requests that the enclosed Service Plan and supporting documentation be presented to the City Council at the next available meeting for consideration and further action.

Please do not hesitate to contact this office if you have any questions or need anything further. Thank you for your consideration.

Best regards,

SPENCER FANE LLP

/s/ Nicole Peykov
Nicole Peykov

Enclosures