# SERVICE PLAN
# FOR

# FREESTYLE PARK AND RECREATION DISTRICT

# IN THE CITY OF COLORADO SPRINGS, COLORADO

Prepared

by

SPENCER FANE LLP
1700 LINCOLN STREET
SUITE 2000
DENVER, COLORADO 80203

FEBRUARY 24, 2025

TABLE OF CONTENTS


I. INTRODUCTION ..... 1
A. Purpose and Intent ..... 1
B. Need for the District ..... 1
C. Objective of the City Regarding District Service Plan ..... 2

II. DEFINITIONS ..... 2

III. BOUNDARIES ..... 6

IV. PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION ..... 7

V. DESCRIPTION OF PROPOSED POWERS, IMPROVEMENTS AND SERVICES ..... 7
A. Powers of the District and Service Plan Amendment ..... 7
1. Operations and Maintenance Limitation ..... 7
2. City Charter Limitations ..... 8
3. Use of Bond Proceeds and Other Revenue of the District Limitation ..... 8
4. Recovery Agreement Limitation ..... 8
5. Construction Standards Limitation ..... 9
6. Developer Funding Agreement Limitation ..... 9
7. Privately Placed Debt Limitation ..... 9
8. Related Party Privately Placed Debt Limitation ..... 9
9. Inclusion Limitation ..... 9
10. Overlap Limitation ..... 9
11. Initial Debt Limitation ..... 10
12. Council Debt Authorization Limitation ..... 10
13. Total Debt Issuance Limitation ..... 10
14. Fee Limitation ..... 10
15. Monies from Other Governmental Sources ..... 10
16. Sales Tax Limitations ..... 10
17. Consolidation Limitation ..... 10
18. Bankruptcy Limitation ..... 101
19. Eminent Domain Powers Limitation ..... 11
20. Concealed Carry Prohibition ..... 11
21. Service Plan Amendment Requirement ..... 11
B. Preliminary Plan for Public Improvements ..... 11
C. Financing Plan ..... 12
D. Maximum Interest Rate ..... 12
E. Limited-Default Provisions ..... 12
F. Eligible Bondholders ..... 13
G. Maximum Debt Mill Levy ..... 13
H. Maximum Operating Mill Levy ..... 13
I. Maximum Overlapping Mill Levies for a Combination of Districts ..... 14
J. Maximum Debt Mill Levy Imposition Term ..... 14
K. Debt Instrument Disclosure Requirement ..... 14

L. Security for Debt ..... 14
M. Developer Financial Assurances ..... 14

VI. ANNUAL REPORT ..... 15
A. General ..... 15
B. Additional City Annual Report Requirements. ..... 15

VII. DISTRICT WEBSITES ..... 15

VIII. DISCLOSURE TO PURCHASERS ..... 16

X. CONCLUSION ..... 16

## LIST OF EXHIBITS


**EXHIBIT A** Legal Descriptions

**EXHIBIT B** Vicinity Map

**EXHIBIT C** Initial District Boundary Map

**EXHIBIT D** Summary of Public Improvements to be Financed by the District and Financing Plan

**EXHIBIT E** Description of Permitted Services to be Provided by the District

# I. INTRODUCTION

## A. Purpose and Intent

This Park and Recreation District, as defined in C.R.S. § 32-1-103, is an independent unit of local government, separate and distinct from the City, and, except as may otherwise be provided for by state or local law or this Service Plan, its activities are subject to review and approval by City insofar as they may deviate in a material manner from the requirements of this Service Plan, City Charter, and City Ordinances. As further specified in this Service Plan, it is intended that the District will provide and/or finance a part or all of the Public Improvements for the use and benefit of all anticipated inhabitants and taxpayers of the District specifically as set forth in the Exhibit D, including Exhibits D-1, D-2, and D-3, (together the "Complete Exhibit D") attached hereto and incorporated herein, of this Service Plan. Additionally, the District is authorized to provide only those ongoing operations and maintenance functions or services included in Exhibit E, attached hereto and incorporated herein, of this Service Plan. The District is not a regional service authority per C.R.S. § 32-7-101, *et seq.* The District is not a metropolitan district and does not have the powers granted by C.R.S. § 32-1-1004. The District is not authorized to enforce City Code, including but not limited to City Code 4.2.101, *et seq.* Any parks constructed or maintained by the District shall comply with City Code 4.6.101, *et seq.*

It is contemplated that the District may enter into one or more intergovernmental agreements with the City and/or one or more other special districts in the region in order to cooperatively provide the Public Improvements and park and recreation services for the benefit of the inhabitants and taxpayers of the District as well as the surrounding region. The District is authorized pursuant to this Service Plan to enter into such intergovernmental agreement(s).

## B. Need for the District

In the same planned area as the District, there are currently the Freestyle Metropolitan District Nos. 1 through 4 ("Freestyle"), where the service plan for Freestyle provides for parks and recreation public improvements in the Freestyle area. Freestyle does not consider it immediately feasible or practical to undertake some or all of the planning, design, acquisition, construction installation, relocation, redevelopment, and financing of the Public Improvements needed for the Project or to effectively provide for the ongoing maintenance or operational functions anticipated to be provided by the District. The District will comply with C.R.S. § 32-1-107 and obtain the consent of Freestyle prior to providing the same service(s) as Freestyle. Notwithstanding the foregoing, the improvements and/or facilities the District will finance, establish, or operate shall not duplicate or interfere with the improvements and/or facilities of Freestyle.

The City does not consider it immediately feasible or practical to undertake some or all of the planning, design, acquisition, construction installation, relocation, redevelopment, and financing of the Public Improvements needed for the Project or to effectively provide for the ongoing maintenance or operational functions anticipated to be provided by the District.

Formation of the District is therefore necessary in order for the Public Improvements required for the Project and/or the operations and maintenance function and services to be provided in the most economic manner possible.

C. Objective of the City Regarding District Service Plan

The City's objective in approving the Service Plan for the District is to authorize the District to provide for the planning, design, acquisition, construction, installation, relocation, and redevelopment of the Public Improvements, and to use available revenues or the proceeds of Debt to be issued by the District for these purposes.

All Debt is expected to be repaid by taxes imposed and collected for no longer than the Maximum Debt Mill Levy Imposition Term and at a tax mill levy no higher than the Maximum Debt Mill Levy, and/or repaid by Fees, as long as such Fees are not imposed upon or collected from taxable property owned or occupied by an End User for the purpose of creating a capital cost payment obligation as may be further described in Section V.B and C and in the Complete Exhibit D. Generally, the costs of Public Improvements that cannot be funded within these parameters are not costs to be paid by the District.

Use of the proceeds of Debt by this District shall be limited to planning, designing, and engineering and paying for, financing, or refinancing costs associated with providing the Public Improvements, necessary to support the Project in a manner consistent with the limitations of the City Charter.

Debt which is issued within these parameters, as further described in the Financing Plan, will insulate property owners from excessive tax and Fee burdens to support the servicing of the Debt and will result in a timely and reasonable discharge of the Debt.

This Service Plan is intended to establish a limited purpose for the District and explicit financial constraints that are not to be violated under any circumstances.

## II. DEFINITIONS

In this Service Plan, the following terms shall have the meanings indicated below, unless the context hereof clearly requires otherwise:

Authority: An entity with separate legal powers or authorities, created by intergovernmental agreement (IGA) between or among special districts, or between or among one or more special districts, and another governmental entity, including but not limited to the City.

Basis Point: One hundredth of one percent, used primarily to describe a difference in interest rates, as in the difference between annual interest rates of 2.0% and 2.5% is 50 basis points

Board: the board of directors of the District.

City**:** The City of Colorado Springs, acting legislatively through its City Council or administratively through its Mayor or chief of staff consistent with Colorado Revised Statutes and the City Charter.

City Code: The City Code of the City of Colorado Springs, Colorado.

City Council: The City Council of the City of Colorado Springs, Colorado.

Combination of Districts: Any combination of Metropolitan Districts, BIDs and/or GIDs that overlay each other that are organized by petition of a property developer that are specific to property within a single development project and do not serve any property outside of that project such as a regional service district or a non-developer controlled existing district.

C.R.S: Colorado Revised Statutes

Debt: Any bond, note, debenture, contract, or other multiple year financial obligation of the District which is payable in whole or in part from, or which constitutes an encumbrance on, the proceeds of ad valorem property tax or End User Debt Service Fee imposed by the District, or pledged for the purposes of meeting the obligation. (Debt specifically excludes Developer Funding Agreements).

Debt to Actual Market Value Ratio: The ratio derived by dividing the then-outstanding principal amount of all Debt of the District by the actual market valuation of the taxable property of the District, as such actual market valuation is certified from time to time by the County Assessor.

Debt Mill Levy: That portion of the overall mill levy of the District, pledged, dedicated or otherwise used to repay formally issued Debt or Long Term Financial Obligations.

Developer Board of Directors Members: Elected or appointed District board of directors' members who are, or are related parties to, the original or subsequent developer(s) of a majority of the District property, and who may have a substantial interest in proceeds of District Debt, Developer Funding Agreements, or other contractual obligations.

Developer Funding Agreements: Short or long-term obligations of the District entered into between the District and developers related to advancement or reimbursement of Public Improvements or operations and maintenance costs. Such agreements may or may not accrue interest, but do not qualify as formally issued Debt as defined under the City's Special District Policy or under TABOR.

District: The Freestyle Park and Recreation District.

End User: A property owner anticipated to have a long term, multi-year responsibility for the tax and/or fee obligations of a District. By way of illustration, a resident homeowner, renter, commercial property owner, or commercial tenant is an end user. A master property developer or business entity that constructs homes or commercial structures for occupancy or ownership primarily by third parties, is not an end user.

End User Debt Service Fees: Any fees, rates, tolls, or charges assessed, pledged, or otherwise obligated to End Users by the District for the payment of Debt. End User Debt Service Fees do not include public improvement fees (PIFs) or similar fees, when imposed on retail customers and pledged to District Debt.

External Financial Advisor: A consultant that (1) advises Colorado governmental entities on matters relating to the issuance of securities by Colorado governmental entities, including matters such as the pricing, sales and marketing of such securities and the procuring of bond ratings, credit enhancement and insurance in respect of such securities; (2) shall be an underwriter, investment banker, or individual listed as a public finance advisor in the Bond Buyer's Municipal Market Place; and (3) is not an officer of the District.

Fees: Any fee imposed by the District for services, programs, or facilities provided by the District, pursuant to Section V.A.1 and as services are described in Exhibit E.

Financing Plan: The Financing Plan described in Section V.B, which describes (a) how the Public Improvements are to be financed; (b) how the Debt is expected to be incurred; and (c) the estimated operating revenue derived from property taxes for the first budget year.

Future Inclusion Area Boundaries: The boundaries of the area described in the Inclusion Area Boundary Map.

Future Inclusion Area Boundary Map: The map attached hereto as Exhibit C-2 and incorporated herein, describing the property proposed for inclusion within the District.

Index Interest Rate: The AAA 30-year MMD (Municipal Market Data) index interest rate.

Interest Rate: The annual rate of charge applied to District Debt or other District financial obligations.

Initial District Boundaries: The boundaries of the area described in the Initial District Boundary Map.

Initial District Boundary Map: The map attached hereto as Exhibit C-1 and incorporated herein, describing the District's initial boundaries.

Land Development Entitlement: A City-approved master plan, concept plan, or other more detailed land use plan, zoning, or combinations thereof, applicable to a substantial proportion of the property to be included in the District and sufficient to support the need for the District along with relevant public improvements financing assumptions and proposed limits.

Limited Service Plan Amendment: a Service Plan amendment that addresses only one or a limited number of specific modifications of this Service plan, while referencing this Service Plan as remaining in force and effect.

Long Term Financial Obligations: Any District financial obligations including but not limited to Debt, Developer Funding Agreements, and applicable contracts, that are regarded as multi-year obligations pursuant to standard accounting practice.

Material Modification: A major modification of a previously approved Service Plan, as set forth in Section 32-1-207(2)(a), C.R.S., along with any other Service Plan provisions, limits, or content specifically identified as material modifications in the Service Plan or the City's approving resolution. Material modifications include but are not necessarily limited to: all mill levy caps and maximum mill imposition terms, debt authorization limits, any significant additions to the identified and authorized functions or services of the District, boundary modifications not authorized by the Service Plan or BID or GID ordinances, and any other limits specifically identified in the Service Plan.

Maximum Debt Mill Levy: The maximum mill levy the District is permitted to impose upon the taxable property in the District for the payment of Debt as set forth in Section V.G. below. For the purpose of this Policy, a mill levy certified for contractual obligations is part of the Maximum Debt Mill Levy.

Maximum Debt Mill Levy Imposition Term: The maximum number of years the District is authorized to have a Debt Mill Levy in place, as set forth in Section V.J. below

Maximum Operating Mill Levy: The maximum mill levy the District is permitted to impose for operating and maintenance expenses as set forth in Section V.H. and the Complete Exhibit D below.

Mill Levy Adjustment: Any statutory, legislative, or constitutional changes that adjust or impact the assessed or actual valuation of property or the assessment ratio pursuant to which taxes are calculated.

Planning and Neighborhood Services Department Director: The Director of the Colorado Springs Planning and Neighborhood Services Department or other position which may be established for the purpose of administering the City's special district policies, or their designee.

Privately Placed Debt: Debt that is not marketed to multiple independent accredited investors as defined in Rule 501(a) promulgated under the Securities Act of 1933 by a registered bond underwriter or placed directly with a chartered lending institution or credit union.

Project: the development or property commonly referred to as Freestyle as of the date of approval of this Service Plan and as proposed by the Land Development Entitlement.

Public Improvements: Any capital or site improvements (or directly related planning or engineering costs) legally determined to be eligible for ownership, maintenance, and/or financing by the District in accordance with the applicable State statutes.

Related Party Privately Placed Debt: Privately Placed Debt that is or will be directly placed with and held by a party related to the issuing District.

Resident Board of Directors Members: Elected or appointed District board of directors' members who are not related parties to the original or subsequent developer(s) of a majority

of the District's property, and who do not have a substantial interest in proceeds of District Debt, Developer Funding Agreements or other contractual obligations. In addition to resident homeowners, this definition is intended to include non-resident property owners, including businesses, which are substantially liable for District taxes or fees and who do not have a direct interest in the proceeds of District Debt, Developer Funding Agreements or other contractual obligations.

Service Area: The property within the Initial District Boundary Map and the Future Inclusion Area Boundary Map.

Service Plan: The service plan for the District approved by City Council.

Service Plan Amendment: An amendment to the Service Plan approved by City Council in accordance with the applicable State law.

Special District Act: Section 32-1-101, *et. seq.*, of the Colorado Revised Statutes, as currently written and as may be amended in the future.

Special Improvement District: A district formed by and within a District for the purposes of assessing the cost of specified Public Improvements, as authorized pursuant to Section 32-1-1107.7, C.R.S.

State: The State of Colorado.

Subdistrict: A district established within a Title 32 special district pursuant to C.R.S. § 32-1-1101(1)(f) as may be amended.

TABOR: Article X § 20 of the Colorado Constitution, also known as the Taxpayers' Bill of Rights, as its provisions legally pertain to the District.

Total Debt Issuance Limitation: The maximum total principal amount of debt that may be issued and outstanding by the District at any one time. However, in the event a refinancing of previously issued Debt results in an increase in the principal amount directly necessary to refinance that Debt, only the original principal amount of that Debt may be counted for the purpose of this calculation.

## III. BOUNDARIES

The area of the Initial District Boundaries includes approximately 879.127 acres. A legal description of the Initial District Boundaries is attached hereto as Exhibit A and incorporated herein. A vicinity map is attached hereto as Exhibit B and incorporated herein. A map of the Initial District Boundaries is attached hereto as Exhibit C. It is anticipated that the District's Boundaries may change from time to time as it undergoes inclusions and exclusions pursuant to Section 32-1-401, *et seq.*, C.R.S., and Section 32-1-501, *et seq.*, C.R.S., subject to the limitations set forth in Section V below.

As further addressed in Section V.A.9 of this Service Plan, without prior written consent of the City, no property shall be included in the District if it is not part of either the Initial District Boundaries or the Future Inclusion Area.

## IV. PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION

The Service Area consists of approximately 879.127 acres of land expected to include residential development. The current assessed valuation of the Service Area is $0 for purposes of this Service Plan and, at build out, is expected to be sufficient to reasonably discharge the Debt under the Financing Plan. The population of the District at build-out is estimated to be approximately 6,558 people.

Approval of this Service Plan by the City does not guarantee future approval of the development plans within the Service Area as may be identified in this Service Plan or any of the exhibits attached thereto.

## V. DESCRIPTION OF PROPOSED POWERS, IMPROVEMENTS, AND SERVICES

### A. Powers of the District and Service Plan Amendment

The District shall have the power and authority to provide or finance the Public Improvements and related operation and maintenance services within and outside of the boundaries of the District as such power and authority is described in the Special District Act, and other applicable statutes, common law and the Constitution, subject to the limitations set forth herein.

1. Operations and Maintenance Limitation. The purpose of the District is to plan for, design, acquire, construct, install, relocate, redevelop, and finance the Public Improvements. The District shall dedicate the Public Improvements to the City or other appropriate jurisdiction or owners association in a manner consistent with the applicable provisions of the City Code. The District shall not be authorized to operate and maintain any part or all of the Public Improvements after such dedication, including park and recreation improvements, unless the provision of such ongoing operation and maintenance is specifically identified in Exhibit E attached hereto and incorporated herein. In the City's sole discretion, an IGA between the City and the District may be required in order to better describe the conditions under which these permitted services will be provided by the District. If the District is authorized to operate and maintain certain park and recreation improvements set forth in Exhibit E, any fee imposed by the District for access to park and recreation improvements shall not result in non-District Colorado Springs residents paying a user fee that is greater than, or otherwise disproportionate to, similar Fees and taxes paid by residents of the District. The District shall be entitled to impose an administrative fee related to such improvements as necessary to cover additional expenses associated with non-District Colorado Springs residents to ensure that such costs are not the responsibility of the District residents. All Fees shall be based upon the determination of the District imposing such fee that such fee does not exceed a reasonable annual market fee for users of such facilities. District Fees may only exceed those fees set by the Parks, Recreation and Cultural Service Fee and Charges schedule, detailed in Administrative Regulation

2024-01, as may be amended (the "Park's Fee Schedule") by ten percent (10%) for the same or similar service or facility. Should the District need to set a Fee exceeding said amount, with the City's Director of Parks and Recreation's recommendation together with an analysis of how the proposed Fees compare with the Park's Fee Schedule, the Mayor may approve, deny, or require amendment to the District's proposed Fees. District rationale for all proposed Fees is to recover all operating costs incurred for the applicable service or facility. If the Mayor does not approve the proposed Fee as submitted, the District may elect to not provide the service and such election shall not constitute a material modification of this Service Plan.

Notwithstanding the foregoing, all parks, trails, and open spaces shall be open to the general public, including but not limited to non-District Colorado Springs residents, free of charge. District facilities will not be used for non-public purposes without proper renumeration to the District.

2. City Charter Limitations. In accordance with Article 7-100 of the City Charter, the District shall not issue any Debt instrument for any purpose other than construction of capital improvements with a public purpose necessary for development.

This purpose is interpreted to be inclusive of the costs of designing, engineering, and/or financing the Public Improvements as authorized by this Service Plan.

As further set forth in Article 7-100 of the City Charter, the total Debt of the District shall not exceed ten percent (10%) of the total assessed valuation of the taxable property within the District unless approved by at least a two-thirds vote of the entire City Council.

Authority is granted for the District to issue Debt in one or more future phases subject to the limits included in this Service Plan without the requirement for City Council approval at the time of issuance, provided that these issuances are in substantial conformance with the Summary of Public Improvements and Financing Plan included in the Complete Exhibit D of this Service Plan, and also provided that this Service Plan has been approved by a vote of at least two thirds of the entire City Council.

3. Use of Bond Proceeds and Other Revenue of the District Limitation. Proceeds from the sale of debt instruments and other revenue of the District may not be used to pay landowners within the District for any real property required to be dedicated for public use by annexation agreements or City Code. Examples of ineligible reimbursements include, but are not limited to: the acquisition of rights of way, easements, water rights, land for required stormwater facilities, parkland, or open space, unless consent from the City Council is given. Proceeds from the sale of debt instruments and other revenue of the District also may not be used to pay for the construction of any utility infrastructure except for those categories of utility infrastructure covered by utility tariffs, rules, and regulations.

4. Recovery Agreement Limitation. Should the District construct infrastructure subject to a recovery agreement with the City or other entity, the District may retain all benefits under the recovery agreement. Any subsequent reimbursement for public improvements installed or financed by the District will remain the property of the District to be applied toward repayment of its Debt, if any. Any reimbursement revenue not necessary to repay

the District Debt may be utilized by the District to construct additional public improvements permitted under the approved Service Plan.

5. Construction Standards Limitation. The District 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, including but not limited to the City's Parks and Recreation Department. The District 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.

6. Developer Funding Agreement Limitation. District Developer Funding Agreements shall be limited to a term of no greater than twenty (20) years, after which time any remaining balances must be either converted to Debt or shall no longer be considered an obligation of the District. Additionally, the interest rate for Developer Funding Agreements shall not exceed the Index Rate by more than 400 Basis Points for the year the Interest Rate is being applied, and interest shall not compound.

7. Privately Placed Debt Limitation. Prior to the issuance of any Privately Placed Debt for capital related costs, the District shall obtain the certification of an External Financial Advisor substantially as follows:

> [We are / I am] an External Financial Advisor within the meaning of the District's Service Plan.
>
> [We / I] certify that: (1) the net effective interest rate (calculated as defined in Section 32-1-103(12), C.R.S., to be borne by [insert the designation of the Debt] does not exceed a reasonable current [tax-exempt / taxable] interest rate, using criteria deemed appropriate by [us / me] and based upon [our / my] analysis of comparable high yield securities; and (2) the structure of [insert designation of the Debt], including maturities and early redemption provisions, is reasonable considering the financial circumstances of the District.

Related Party Privately Placed Debt shall be issued subject to an optional call date of no more than five (5) years from the original date of issuance, at which time the board of the District shall be notified of the options for refinancing.

8. Related Party Privately Placed Debt Interest Rate Limitation. The Interest Rate for any Related Party Privately Placed Debt shall not exceed the Index Rate by more than 400 Basis Points at the time of issuance without prior written consent of City Council.

9. Inclusion Limitation. The District shall not include within its boundaries any property outside the Service Area without the prior written consent of the City Council.

10. Overlap Limitation. Because the District will provide regional services, the District is expected to overlap other districts organized under the Special District Act within the Service Area. The District's mill levy shall not count against any mill levy limit of any other

district which it overlaps, and the mill levy of any other district which it overlaps shall not count against the District's Maximum Debt Mill Levy or Maximum Operating Mill Levy.

11. Initial Debt Limitation. On or before the date on which there is a Land Development Entitlement, the District shall not (a) issue any Debt; (b) impose a mill levy for the payment of Debt by direct imposition or by transfer of funds from the operating fund to the Debt service funds; or (c) impose and collect any Fees used for the purpose of repayment of Debt.

12. Council Debt Authorization Limitation. The Debt by this District shall be subject to the approval of the City Council concurrent with the time of issuance unless previously authorized subject to Section V.A.2. City Council's review of these proposed Debt instruments shall be conducted to ensure compliance with the Service Plan and all applicable laws.

13. Total Debt Issuance Limitation. Consistent with the information and analysis provided in the Complete Exhibit D, the District shall not issue Debt in an aggregate principal amount in excess of $32,000,000, provided that the foregoing shall not include any increase in the principal amount of previously issued Debt directly associated with its refunding or refinancing.

14. Fee Limitation The District may impose and collect Fees as a source of revenue for repayment of debt, capital costs, and/or for any authorized administrative, operations or maintenance functions. However, no End User Debt Service Fees shall be imposed by the District.

15. Monies from Other Governmental Sources. The District shall not apply for or accept Conservation Trust Funds or Great Outdoors Colorado Funds, except pursuant to an intergovernmental agreement with the City. This Section shall not apply to specific ownership taxes which shall be distributed to and a revenue source for the District without any limitation.

16. Sales Tax Limitations: The District will not be allowed to impose a sales tax.

17. Consolidation Limitation: The District shall not file a request with any court to consolidate with another Title 32 district without the prior written consent of the City.

18. Bankruptcy Limitation. All of the limitations contained in this Service Plan, including, but not limited to, those pertaining to the Maximum Debt Mill Levy and the Maximum Debt Mill Levy Imposition Term have been established under the authority of the City to approve a Service Plan with conditions pursuant to Section 32-1-204.5, C.R.S. It is expressly intended that such limitations:

(a) Shall not be subject to set-aside for any reason or by any court of competent jurisdiction, absent a Service Plan Amendment; and

(b) Are, together with all other requirements of Colorado law, included in the "political or governmental powers" reserved to the State under the U.S. Bankruptcy Code (11 U.S.C.) Section 903, and are also included in the "regulatory or electoral approval

necessary under applicable nonbankruptcy law" as required for confirmation of a Chapter 9 Bankruptcy Plan under Bankruptcy Code Section 943(b)(6).

Any Debt, issued with a pledge or which results in a pledge, that exceeds the Maximum Debt Mill Levy or the Maximum Debt Mill Levy Imposition Term, shall be deemed a Material Modification of this Service Plan pursuant to Section 32-1-207, C.R.S., and the City shall be entitled to all remedies available under State and local law to enjoin such actions of the District.

19. Eminent Domain Powers Limitation. The District shall not exercise the power of eminent domain in any way, except upon the prior written consent of the City.

20. Concealed Carry Prohibition. The District shall not adopt or enact an ordinance, resolution, rule, or other regulation that prohibits or restricts an authorized permittee from carrying a concealed handgun in a building or specific area under the direct control or management of the District as provided in C.R.S. § 18-12-214.

21. Service Plan Amendment Requirement. This Service Plan has been designed with sufficient flexibility to enable the District to provide required services and facilities under evolving circumstances without the need for numerous amendments. While the assumptions upon which this Service Plan are generally based are reflective of a Land Development Entitlement for the property within the District, the cost estimates and Financing Plan are sufficiently flexible to enable the District to provide necessary services and facilities without the need to amend this Service Plan as development plans change. Modification of the general types of services and facilities, and changes in proposed configurations, locations, or dimensions of various facilities and improvements shall be permitted to accommodate development needs consistent with then-current Land Development Entitlements for the property. Actions of the District which violate the limitations set forth in V.A.1-20 above or in V.B-L shall be deemed to be Material Modifications this Service Plan and the City shall be entitled to all remedies available under State and local law to enjoin such actions of the District.

B. Preliminary Plan for Public Improvements

The District shall have authority to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment, maintenance, and financing of the Public Improvements within and outside the boundaries of the District, to be more specifically defined in a Land Development Entitlement. An estimate of the costs of the Public Improvements which may be planned for, designed, acquired, constructed, installed, relocated, redeveloped, maintained or financed was prepared based upon a preliminary engineering survey and estimates derived from the Land Development Entitlement on the property in the Service Area and is approximately $31,783,000 and is further described in the Summary of Public Improvements included in the Complete Exhibit D.

The summary of Public Improvements includes an estimate by category, of the quantities and projected costs of all Public Improvements potentially eligible for District cost reimbursement or financing by the District.

In addition to the specific improvements identified in this Service Plan and the Complete Exhibit D, the District may, on its own or through cooperation with the City and other entities,

undertake or support the provision of additional regional park and recreation improvements and services within the Future Inclusion Area Boundaries as Public Improvements pursuant to this Service Plan. The District shall not construct, own, or operate any bowling alley, roller skating rink, batting cage, golf course on which the game is played on an artificial surface, or an amusement park which has water recreation as its central theme except with the approval of the City in accord with Section 32-1-1005, C.R.S.

The location and anticipated phasing of major Public Improvements are depicted on the map of the Service Area. Cost estimates may allow for reasonable contingencies and for projected inflation to then-current dollars expected at the projected time(s) of the issuance of Debt and construction.

All of the Public Improvements described herein will be designed in such a way as to be compatible with the standards of the City and shall be in accordance with the requirements of the Land Development Entitlement, subsequent City approvals, City Code, or other applicable regulations and criteria. All descriptions of the Public Improvements to be constructed, and their related costs, are estimates only and are subject to modification as engineering, development plans, economics, the City's requirements, and construction scheduling may require.

C. Financing Plan

The Financing Plan for the District shall be included in the Complete Exhibit D and shall be provided in a form that projects the anticipated amount(s) and timing of issuance of Debt through the life of District based on projected development or redevelopment, absorption, and projected available District revenues as constrained by Service Plan limits, including but not limited to the Maximum Debt Mill Levy and the Maximum Debt Mill Levy Term.

The projected costs from the Summary of Public Improvements and the Financing Plan in the Complete Exhibit D shall provide the basis for the Total Debt Issuance Limitation in Section V.A.13.

D. Maximum Interest Rate

The Interest Rate on any Debt is expected to be at or below the market rate at the time the Debt is issued. Debt, when issued, will comply with all relevant requirements of this Service Plan, State law and federal law as then applicable to the issuance of public securities.

E. Limited-Default Provisions

Debt issued by a District shall be structured so that failure to pay debt service when due shall not of itself constitute an event of default or result in the exercise of remedies. The foregoing shall not be construed to prohibit events of default and remedies for other occurrences including, without limitation, (1) failure to impose or collect the Maximum Debt Mill Levy or such portion thereof as may be pledged thereto, or to apply the same in accordance with the terms of the Debt, (2) failure to impose or collect other revenue sources lawfully pledged to the payment thereof or to apply the same in accordance with the terms of the Debt, (3) failure to abide by other covenants made in connection with such Debt, or (4) filing by a District as a debtor under any bankruptcy or

other applicable insolvency laws. Notwithstanding the foregoing, Debt will not be structured with a remedy which requires the District to increase the Maximum Debt Mill Levy in the District or the Maximum Debt Mill Levy Imposition Term.

F. Eligible Bondholders

All District bonds or other debt instruments, if not rated as investment grade, must be issued in minimum denominations of $100,000 and sold only to either accredited investors as defined in rule 501 (a) promulgated under the Securities Act of 1933 or to the developer(s) of property within the District.

G. Maximum Debt Mill Levy

The "Maximum Debt Mill Levy" is the maximum mill levy the District is permitted to impose upon the taxable property of the District for payment of Debt, and shall be determined as follows:

1. For this District, the Maximum Debt Mill Levy shall be calculated as follows:

(a) The Maximum Debt Mill Levy shall be limited to no more than 5.000 mills. This levy may be subject to upward or downward adjustments addressing any Mill Levy Adjustment or any abatement occurring after, but not before July 12, 2022.

(b) At such time as the Debt to Actual Market Value Ratio within the District is equal to or less than three percent (3%), the Board may request City Council approval for the right to pledge such mill levy as is necessary to pay the Debt service on such Debt, without limitation of rate. At the time of such request, a majority of the members of the Board must consist of Resident Board of Directors Members. Once Debt has been determined to meet the above criterion, so that the District is entitled to pledge to its payment an unlimited ad valorem mill levy, such District may provide that such Debt shall remain secured by such unlimited mill levy, notwithstanding any subsequent change in the District's Debt to Actual Market Value Ratio.

H. Maximum Operating Mill Levy

In addition to the capital costs of the Public Improvements, the District will require operating funds for administration and to plan and cause the Public Improvements to be constructed. Additionally, the District may also require ongoing revenues for the maintenance of properties or facilities and, for ongoing services and functions as authorized in Exhibit E. The first year's operating budget is estimated to be $50,000, which is anticipated to be derived from property taxes and other revenue which may include advances associated with Developer Funding Agreements.

The Maximum Operating Mill Levy for the payment of administrative, operating, or maintenance expenses shall be 5.000 mills; provided this levy may be subject to upward or downward adjustments addressing any Mill Levy Adjustment or any abatement occurring after, but not before July 12, 2022.

I. Maximum Mill Levies

Neither the Maximum Debt Mill Levy nor the Maximum Operating Mill Levy shall be exceeded except as expressly approved by City Council based on unique or special circumstances, or if the District has been ordered by a court having jurisdiction to impose a specified mill levy in order to satisfy a judgment or bankruptcy plan.

J. Maximum Debt Mill Levy Imposition Term

The District shall not impose a Debt Service mill levy which exceeds forty (40) years after the year of the initial imposition of such Debt Mill Levy, unless (1) a majority of the Board of Directors of the District imposing the mill levy are Resident Board of Directors Members , and (2) such Board has voted in favor of issuing Debt with a term which requires or contemplates the imposition of a Debt service mill levy for a longer period of time than the limitation contained herein.

K. Debt Instrument Disclosure Requirement

In the text of each Bond and any other instrument representing and constituting Debt, the District shall set forth a statement in substantially the following form:

> By acceptance of this instrument, the owner of this Bond agrees and consents to all of the limitations in respect of the payment of the principal of and interest on this Bond contained herein, in the resolution of the District authorizing the issuance of this Bond and in the Service Plan for the District.

Similar language describing the limitations in respect of the payment of the principal of and interest on Debt set forth in this Service Plan shall be included in any document used for the offering of the Debt for sale to persons including, but not limited to, a developer of property within the boundaries of the District.

L. Security for Debt

No Debt or other financial obligation of the District will constitute a debt or obligation of the City in any manner. The faith and credit of the City will not be pledged for the repayment of any Debt or other financial obligation of the District. This will be clearly stated on all offering circulars, prospectuses, and disclosure statements associated with any securities issued by any District.

M. Developer Financial Assurances

The mere existence of the District will not be considered a substitute for financial assurances required under applicable City land use ordinances and regulations.

## VI. ANNUAL REPORT

A. General

Consistent with C.R.S. § 32-1-207(3), the District shall be responsible for submitting an annual report to the City Clerk no later than October 1 of each year following the year in which the Order and Decree creating the District has been issued, which annual report shall include the information required by C.R.S. § 32-1-207 and any other information the City may require in its discretion. The District may cooperate with other related districts in the creation and submittal of the report, provided the presentation of information in the report clearly identifies the applicable information pertaining to this District. The report may be submitted in electronic format and it and its associated documents must also be available on the District's website.

B. Additional City Annual Report Requirements.

In addition to the annual report requirements as required by Colorado Revised Statutes, the City may adopt additional requirements by separate Council resolution, with such requirements being binding upon this District

## VII. DISTRICT WEBSITE

The District shall establish and maintain a website consistent with the requirements for metropolitan districts found in Section 32-1-104.5, C.R.S., as currently drafted or amended in the future. In addition to the requirements as set forth by statute, the applicable contents of this site shall be in place and available prior to property being sold or conveyed to an End User.

To the extent not already required by Colorado Revised Statutes, the City additionally requires the following information:

A. Copy of the District's most recent service plan, operating plan, and budget, along with a brief and clear description of their role and purpose.

B. Board members should be distinguished as either Developer or Resident Board Members.

C. A summary of the existing and potential future primary functions and services of the District.

D. The District's website should include a clear listing or graphic depiction of any facilities or properties owned or maintained by the District.

E. Clear and simple summary of the existing and projected financial obligations of District tax and/or fee payers to include:

1. Existing or future mill levies, their purposes, how long they are expected to be in place, and likelihood of increases or decreases.

2. Summary of outstanding long term financial obligations of the District including Debt and Developer Funding Agreements with terms and interest rates.

3. Statement as to whether additional Long-Term Financial Obligations are, are not or may be anticipated by the District.

F. Copies of or links to all current intergovernmental agreements (IGAs).

## VIII. DISCLOSURE TO PURCHASERS

The District will use reasonable efforts to assure that all developers of the property located within the District provide written notice to all purchasers of property in the District regarding the Maximum Debt Mill Levy, as well as a general description of the District's authority to impose and collect rates, Fees, tolls, and charges.

## IX. DISSOLUTION

Upon an independent determination of the City Council that the purposes for which the District was created have been accomplished , the District agrees to file petitions in the appropriate District Court for dissolution pursuant to the applicable State statutes. In no event shall a dissolution occur until the District has provided for the payment or discharge of all of its outstanding indebtedness and other financial obligations as required pursuant to Colorado Revised Statutes. Upon dissolution, all remaining funds maintained by the District shall be transferred to the City to be used for parks and recreation purposes in the Service Area and all property for parks and other facilities owned or maintained by the District shall be dedicated to City without cost and thereafter solely owned by the City.

## X. CONCLUSION

It is submitted that this Service Plan for the District, as required by Section 32-1-203(2), C.R.S., along with additional information as may have been provided with the petition for this Service Plan establishes that:

A. There is sufficient existing and projected need for organized service in the area to be serviced by the District;

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

C. The District is capable of providing economical and sufficient service to the area within its proposed boundaries; and

D. The area to be included in the District does have, and will have, the financial ability to discharge the proposed indebtedness on a reasonable basis.

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

F. The facility and service standards of the District are compatible with the facility and service standards of the City within which the special district is to be located and each municipality which is an interested party under Section 32-1-204.5, C.R.S.

G. The proposal is in substantial compliance with the Comprehensive Plan adopted pursuant to the City Code.

H. The proposal is in compliance with any duly adopted City, regional, or State long-range water quality management plan for the area.

I. The creation of the District is in the best interests of the area proposed to be served.

**EXHIBIT A**

Legal Description of Initial District Boundaries

**EXHIBIT B**

Colorado Springs Vicinity Map

**EXHIBIT C**

Initial District Boundary Map

**EXHIBIT D**

Summary of Public Improvements to be Financed by the District and Financing Plan

**EXHIBIT D-1**

**Estimated Cost of Public Improvements to be Financed**

| Improvement Category | Total Area | Projected Cost (2025 Dollars) |
|---|---|---|
| **North** | | |
| Parks | 38.05 acres | $17,726,000 |
| Trails Corridor and Open Space | 45.55 acres | $4,922,000 |
| **North Subtotal** | 83.60 acres | $22,648,000 |
| **South** | | |
| Parks | 10.5 acres | $3,414,000 |
| Trails Corridor and Open Space | 52.92 acres | $5,721,000 |
| **South Subtotal** | 63.42 acres | $9,135,000 |
| **TOTAL** | 147.02 acres | $31,783,000 |

## EXHIBIT D-2

## Maps of Proposed Park and Recreation Improvements

**EXHIBIT D-3**

Financial Plan

## EXHIBIT E

Description of Permitted Services to be Provided by the District

Description of Services:

The provision of regional park and recreation services and improvements, including but not limited to the planning, design, financing, construction, ownership, operation and maintenance of parks, open space, trails, and recreational facilities throughout the District's Service Area.

The District may also provide any and all services related and necessary to the foregoing regional park and recreation services, including but not limited to irrigation and stormwater management services.

In addition, the District may provide any other services and improvements authorized by one or more intergovernmental agreements with the City.

IGA Required (Yes or No):
No.