

RESOLUTION NO. 111 - 22

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS, COLORADO RESCINDING RESOLUTION NOS. 9-06, 83-14, 111-21 AND 112-21 AND ADOPTING A NEW SPECIAL DISTRICT POLICY TO BE APPLIED TO APPLICATIONS TO CREATE OR MODIFY A DISTRICT AUTHORIZED UNDER TITLES 31 AND 32 OF THE COLORADO REVISED STATUTES, MODEL SERVICE PLANS AND A MODEL BUSINESS IMPROVEMENT DISTRICT OPERATING PLAN AND BUDGET

WHEREAS, Section 32-1-204.5, C.R.S., provides that no special district shall be organized within a municipality except upon adoption of a resolution approving or conditionally approving the Service Plan of a proposed special district; and

WHEREAS, Section 31-25-1211, C.R.S., provides that business improvement districts ("BID") shall submit and have their operating plans and budgets approved annually by City Council; and

WHEREAS, the City passed Resolution 9-06 adopting a Special District Policy to be applied to applications to create or modify a district authorized under Titles 31 and 32 of the Colorado Revised Statutes and adopting Model Service Plans to be used in establishing and modifying metropolitan districts; and

WHEREAS, on August 26, 2014 the City approved Resolution Nos. 83-14 and 112-21 approving and subsequently amending a Model Annual BID Operating Plan and Budget; and

WHEREAS, on August 24, 2021 the City approved Resolution No. 111-21 adopting the most recent Model Service Plans; and

WHEREAS, the City has determined a need to further amend the Special District Policy, Model Service Plans and the Model BID Operating Plan and Budget; and

WHEREAS, the City's proposed new Special District Policy, Model Service Plans and Model BID Operating Plan and Budget have been reviewed by a Special District Working Group and other potentially concerned stakeholders.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS:

Section 1. The above and foregoing recitals are incorporated herein by reference and are adopted as findings and determinations of the City Council.

Section 2. Resolutions Nos. 09-06, 83-14, 111-21 and 112-21 are hereby rescinded.

Section 3. The City Council of Colorado Springs hereby adopts the Special District Policy ("Exhibit A"), the Model Service Plans ("Exhibit B" and "Exhibit C"), and the Model BID Operating Plan and Budget ("Exhibit D"), all attached and made a part of this Resolution.

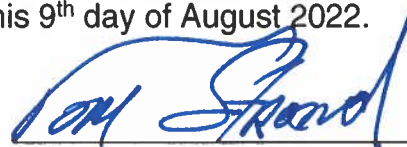
Section 4. Applications for new or amended district plans that have been formally submitted to the City prior to the date of adoption of this resolution shall be reviewed and approved subject to the Special District Policy in effect on the date of submission.

Section 5. All current and future active BIDs shall submit their annual operating plans and budgets, pursuant to Section 31-25-1211, C.R.S., to the City in conformance with the Model BID Operating Plan and Budget, Exhibit D, for the 2023 calendar year and for all years thereafter.

Section 6. This resolution and its adopting exhibits supersede all prior resolutions to the extent such are inconsistent herewith.

Section 7. This resolution shall be effective upon its approval by City Council.

Dated at Colorado Springs, Colorado, this 9th day of August 2022.



Council President

ATTEST:



Sarah B. Johnson, City Clerk



Colorado Springs Special District Policy

A. Introduction, Background and Role of Districts

In Colorado most public infrastructure to support development, such as roads, parks, and utilities, is built by developers. Following voter approval of the Taxpayer Bill of Rights (TABOR) Amendment in 1992, the use of Colorado Revised Statutes (C.R.S.) Title 31 and Title 32 districts has become an important option for both financing the construction of and maintaining these improvements.

These special districts have the authority, granted by the C.R.S., to incur long-term financial obligations, and to levy taxes, subject to voter approval. They operate as political subdivisions under Colorado law, following approval of their creation by the municipalities or counties in which they are located. Special districts formed wholly within the boundaries of the City of Colorado Springs (City) are reviewed and authorized by the municipally elected City Council (Council).

Title 32 Metropolitan Districts, wholly located in the City, are authorized by a Council-approved service plan that establishes limitations and requirements in addition to those set forth in C.R.S. Thereafter, Council's role is ordinarily limited to circumstances where a major modification of a Metropolitan District's authorities or limitations necessitates a service plan amendment. Metropolitan Districts are governed by a board of directors elected from among eligible residents or property owners within their boundaries.

Title 31 Business Improvement Districts (BIDs) are initially created by Council ordinance. Thereafter, their operating plans and budgets are subject to annual Council approval. For taxing purposes, only commercial properties may be included in BIDs. Most City BIDs are authorized by Council to have elected boards of directors comprised of eligible property owners. However, other governance options include Council-appointed boards or direct governance by Council.

Title 31 General Improvement Districts (GIDs) provide another option for financing and/or maintenance of public improvements. GIDs are created by ordinance, with Council operating as the board of directors, as provided by C.R.S.

These Districts currently play a significant role in both the construction financing, ongoing operations and maintenance of public infrastructure in the City of Colorado Springs. This role is expected to continue as existing Districts develop and evolve and new ones are created. The governance, service provisions and financial implications of Districts are important for the City, District taxpayers and the development community.

B. Purpose and Intent of this Policy

The purpose of this Colorado Springs Special District Policy (Policy) is to establish general procedures for processing District requests and to provide Council with parameters to be applied

in support of City Charter and the City's statutory roles in the creation or authorization of Districts, amendments of District plans, authorizations of District debt, and other pertinent Council actions.

This Policy is intended to support the continued use of Districts in a manner that promotes efficient, cost-effective provision of public infrastructure and services. It is also intended to provide for protections that reasonably limit financial risks to the general City and to District residents and taxpayers.

Information about Districts can be complex and difficult to understand for residents and purchasers of properties within District boundaries. Therefore, this Policy is intended to support clear and transparent communication about District obligations and other matters that are important to the City and taxpayers.

C. Applicability

This Policy applies to all newly created C.R.S. Title 32 Special Districts including Metropolitan Districts, Title 31 BIDs, and Title 31 GIDs. Additionally, it is intended to be applied, as applicable and appropriate, to amendments to or annual updates of plans for existing Districts, and with respect to other pertinent City actions concerning Districts.

D. City Discretion

Notwithstanding its intent to support the consistent and equitable creation and use of Districts consistent with this Policy and its associated model district plans, the City Council reserves its discretion under C.R.S. to approve, disapprove or conditionally approve the creation of new districts, amendments of existing districts plans or district authorities.

E. Terms and Definitions.

1. **Amended and Restated Service Plans** - An amended metropolitan district service plan that wholly supersedes and replaces an existing or prior service plan, as further defined in Title 32 of Colorado Revised Statutes.
2. **Authority** - An entity created by intergovernmental agreement (IGA) between or among Districts, or between or among one or more Districts, and another governmental entity as provided in C.R.S. § 29-1-204.
3. **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.
4. **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.
5. **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 regional service district or non-developer controlled existing district.

6. **Commercial District** - Any District that does not include any residential properties as further defined for Residential District.
7. **Debt** - Any bond, note debenture, contract or other multiple year financial obligation of a 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)
8. **Debt Mill Levy** - For the purpose of this Policy and its associated model plans the debt mill levy is that portion of the overall mill levy of the District, pledged, dedicated or otherwise used to repay formally issued Debt or other Long Term Financial Obligations.
9. **Developer Board of Directors** - 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.
10. **Developer Funding Agreements** - Short or long-term obligations of Districts entered into between Districts 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 this Policy or under TABOR.
11. **District or Districts** - Any Title 31 Business Improvement District or General Improvement District, and any Title 32 Metropolitan District, or combination thereof created, amended, or with other actions taken under the authority of the City.
12. **District Plans** - The City-approved authorizing plans for districts (e.g. Metropolitan District Service Plans, BID Operating Plans and Budgets, and GID ordinances, as may be amended by the City from time to time.
13. **End User** - An owner of property within a District who is not the developer or home builder and takes possession of such property after the issuance of a certificate of occupancy for a residence or commercial structure built on such property. 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.

14. **End User Debt Service Fees** - Any fees, rates, tolls or charges assessed or pledged or otherwise obligated to End Users by a District for the payment of Debt. End User Debt Service Fees include any public improvement fees (PIFs) or similar fees, when pledged to District Debt.
15. **External Financial Advisor** - A Certified Municipal Advisor 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 (also known as the Redbook); and (3) is not an officer of the Districts.
16. **Index Interest Rate** - The AAA 30-year MMD (Municipal Market Data) index interest rate.
17. **Interest Rate** - The annual rate of charge applied to Debt or other District financial obligations.
18. **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(s) and sufficient to support the need for the District(s) along with relevant public improvements financing assumptions and proposed limits.
19. **Limited Service Plan Amendments** - Service Plan amendments that address only one or a limited number of specific modifications of a previously approved metropolitan district service plan, while referencing the original or prior service plan as remaining in force and effect.
20. **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 standard accounting practice.
21. **Maximum Debt Mill Levy** - The maximum mill levy a District or combination of Districts is permitted to impose for the payment of Debt. For the purpose of this Policy, a mill levy certified for contractual obligations is part of the Maximum Debt Mill Levy.
22. **Maximum Debt Mill Levy Imposition Term** - The maximum number of years a District is authorized to have a Debt Mill Levy in place, as further described in this Policy and as may be further addressed in City-approved District Plans.
23. **Maximum Operating Mill Levy** - The maximum mill levy a District or combination of Districts is permitted to impose for operating and maintenance expenses.

24. **Mill Levy Adjustment** - Any statutory, legislative or constitutional changes that adjust or impact that assessed or actual valuation of property or the assessment ratio pursuant to which taxes are calculated.
25. **Model Service Plans** - The most recent version of the single or multiple district model service plans adopted in accordance with this Policy.
26. **Model BID Operating Plan and Budget** - The most recent version of the template for BID Operating Plans and Budgets adopted in accordance with this Policy.
27. **Operating District** - A District that is part of a multiple District organizational structure, with the primary purpose(s) of coordinating or making decisions that impact the other Districts that are part of the structure.
28. **Planning and Community Development Department Director** - The Director of the Colorado Springs Planning and Community Development Department or other position which may be established for the purpose of administering this Policy, or their designee.
29. **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. This definition includes any placement of Debt with a party related to the District as well as placements negotiated or renegotiated with a single investor unrelated to the District.
30. **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 a District in accordance with the applicable State statutes.
31. **Related Party Privately Placed Debt** - Privately Placed Debt that is or will be placed with and directly held by a party related to the issuing District.
32. **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) or homebuilders of property within the District, and who do not have a substantial interest in proceeds of District Debt, Developer Advances or other contractual obligations. In addition to resident homeowners, this definition is intended to include non-resident property owners, including businesses or commercial enterprises not related to the original ore subsequent developer(s) or homebuilders.
33. **Residential District** - Any District including land or improvements assessed for residential purposes by the El Paso County Assessor.

34. **Service Plan** - The most recent or currently proposed authorizing document for Metropolitan Districts as further described in C.R.S. Title 32, as approved or proposed to be approved and may be amended by the City.
35. **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 C.R.S. § 32-1-1107.7 as may be amended.
36. **Subdistrict** - A district established within a Title 32 special district pursuant to C.R.S. § 32-1-1101(1) (f) as may be amended.
37. **TABOR** - Article X, § 20 of the Colorado Constitution, also known as the Taxpayers Bill of Rights, as its provisions legally pertain to Districts.
38. **Total Debt Issuance Limitation** - The maximum total principal amount of debt that may be issued and outstanding by a District, Districts or Combination of Districts at any one time, as established by the City in District Plans. 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.

F. Model Plans, Procedures, and Application Review Fees

F.1 Model Plans

1. By separate resolution, Council shall adopt and maintain model service plans consistent with this Policy, to be used for all new metropolitan districts as well as for major amendments of existing service plans
 - a. Amendments of existing service plans may be processed as either Limited Service Plan Amendments or complete Amended and Restated Service Plans, with this determination made by the Planning and Community Development Department Director in consultation with district representatives.
 - b. Metropolitan districts that intend to significantly amend service plans approved prior to August 9, 2022 will be required to submit a complete amended and restated plan.
2. By separate resolution, Council shall adopt a model BID Operating Plan and Budget template, consistent with this Policy, to be used for all new, amended or annually updated BID Operating Plans and Budgets.
3. By separate resolution, Council may adopt a model ordinance for GID creation, and City staff may adopt specific procedures for processing petitions for GID creation and related requests.
4. The basis for review of new or amended metropolitan district service plans or BID operating plans and budgets is expected to be focused on any proposed deviations

from this Policy or the adopted model plans, along with an evaluation of documentation provided in support of required statutory findings and in support of key financing and operational authorities requested.

5. With input from Council, the Planning and Community Development Department Director shall administratively establish processes and specific submittal requirements to support the review and processing of district petitions and other applications.

F.2 Application Review Fees

Council shall adopt and periodically update a schedule of review and processing fees for applicable district applications. These fees shall be commensurate with the actual costs of review and processing.

G. Mill Levy Caps, Mill Levy Imposition Terms, Fees, Interest Rates and Related Revenue Limits

G.1 Mill Levy Caps

1. The Maximum Debt Mill Levy certified for any District or Combination of Districts created or amended under this Policy shall be limited to no more than 50.0 mills. This levy may be subject to upward or downward adjustments addressing any Mill Levy Adjustment or any abatement occurring after, but not before August 9, 2022.
2. The Maximum Operating Mill Levy certified for any residential District or combination of residential Districts created or amended under this Policy shall be limited to no more than 20.0 mills.
3. The Maximum Operating Mill Levy for any BID, or any commercial District shall be limited to no more than 10.0 mills unless justification supporting a higher amount is included as part of the district's financial plan. These levies may be subject to upward or downward adjustments addressing any Mill Levy Adjustment or any abatement occurring after, but not before August 9, 2022.
4. Neither the Maximum Debt Mill Levy nor the Maximum Operating Mill Levy shall be exceeded in the aggregate by any Combination of Districts, except as expressly approved by City Council based on unique or special circumstances or if one or more of the Combination of Districts or other overlapping District has been ordered by a court having jurisdiction to impose a specified mill levy in order to satisfy a judgment or bankruptcy plan.

G.2 Mill Levy Imposition Terms

The Maximum Debt Mill Levy Imposition Term shall be limited to no more than forty (40) years for any Residential District.

G.3 Fees

1. With the exception of public improvement fees (PIFs) or similar fees outside of the purview of municipal government, Districts shall be prohibited from charging End User Debt Service Fees or other fees for the purpose of meeting Long Term Financial Obligations, without the express prior approval of the City Council.
2. Districts may charge user fees for facilities they own and/or operate (e.g., community or recreations centers, or parking garages), charge fees for services they provide, and assess penalties. Districts may charge differentially higher user fees for non-District residents or taxpayers, as long as these fees do not exceed a reasonable market rate.

H. Formal Debt Issuance, Developer Funding Agreements and Contractual Obligations

H.1 City Charter Provisions Pertaining to Debt

1. In accordance with City Charter (Charter) Section 7-100, Districts shall not issue Debt for any purpose other than construction of capital improvements with a public purpose necessary for development.
 - a. This Charter provision is interpreted to encompass the purposes of reimbursing, financing or refinancing any costs of Public Improvements necessary to serve properties within the District(s) and otherwise determined to be eligible under the applicable provisions of Colorado Revised Statutes, as further limited by the City-approved District Plans.
2. As set forth in Charter Section 7-100, the total Debt of any District shall not exceed 10 percent 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.
 - a. For the purposes of adhering to this Charter provision, City Council may make this finding by resolution at the time of District creation or authorization, based on financial information included with BID Operating Plans and Budgets, or the new or Amended and Restated Service Plans for Metropolitan Districts
 - b. As further set forth and described in the Model Service Plans and model BID Operating Plans and Budget, this financial information shall at a minimum include the following for the District, Districts, or Combination of Districts:
 - i. Any information required by C.R.S. § 32-1-101 *et. seq.* for metropolitan district service plans, C.R.S. § 31-25-1201 *et. seq.* applicable to the creation of BIDs, or C.R.S. § 31-25-600 *et. seq.* applicable to the creation of GIDs.
 - ii. Estimates of the total Public Improvements costs used to support the proposed Total Debt Issuance Limitation(s) for the project, broken out

by categories of improvements, and with graphic depictions of the location of major improvements. Any contingencies, costs of Debt issuance, or inflation assumptions reflected in these estimates, should be clearly described.

- iii. A financing plan that projects Public Improvements and development phasing for the project, along with initial and good faith assumptions for the amount and potential timing of future debt issuances, based on anticipated District revenues. (It is recognized that financial projections will be uncertain based on market and economic contingencies, particularly for longer term development projects, and are therefore only estimates).
- iv. Service Plans for newly developing areas shall specifically address the potential vulnerability of the development forecasts to market downturns, particularly at the early stages of the forecast period.

H.2 Privately Placed Debt

As further articulated in the Model Service Plans and Model BID Operating Plan and Budget, Districts shall not issue Privately Placed Debt without an opinion from an External Financial Advisor certifying that the interest rate, terms and other applicable provisions of the issuance are comparable with similar marketed securities.

H.3 Limited Default Provisions

Debt issued by Districts with a mill levy pledge shall be structured such that it cannot default as long as the Maximum Debt Mill Levy is being imposed and any related specific ownership tax or non-End User fees continue to be pledged.

H.4 Developer Funding Agreements

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(s).

H.5 Interest Rates

1. Notwithstanding the provisions of this Policy that may or may not be more limiting, Districts shall also adhere to any Interest Rate provisions included in C.R.S § 32-1-101 et. seq. or other applicable laws or regulations.
2. The Interest Rate on any Debt shall reflect or be below the market interest rate at the time the Debt is issued.

3. The maximum Interest Rate applied to Developer Funding Agreements shall be limited to no more than the Index Interest Rate plus 400 Basis Points, with no compounding of interest allowed.
4. The Interest Rate for Related Party Privately Placed Debt shall not exceed the Index Interest Rate by more than 400 Basis Points at the time of issuance.
5. Related Party Privately Placed Debt shall not be issued unless it has an optional call date of no more than five (5) years after the date of issuance, at which time the board(s) of any District(s) obligated for repayment of the Related Party Privately Placed Debt shall be notified of the options for financing.
6. All Debt that is not rated as investment grade, shall be issued in minimum denominations of \$100,000 and sold either to accredited investors as defined in rule 501(a) promulgated under the securities Act of 1933 or to the developer(s) of the project.

I. Authorized Functions, Eligible Expenses and Other Limits

I.1 Authorized Functions

1. With the exception of financing Public Improvement costs and performing the administrative and overhead functions or services necessary to operate the District in compliance with applicable laws, Districts shall not have the authority to provide other otherwise permitted services and functions unless these are specifically identified in their District Plans or subsequently approved by an amendment thereto.
2. Districts are prohibited from entering into an inter-governmental agreement creating an Authority or creating Special Improvement Districts or Subdistricts, unless authorized within the Districts' Plans.
3. Districts shall be prohibited from exercising eminent domain or dominant eminent domain authority without the express prior approval of City Council.
4. Districts 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.

I.2 Eligible Expenses

1. Unless specifically approved by the City Council, no District revenues, including proceeds of Debt, shall be used to reimburse the costs of land otherwise required to be dedicated for public use by annexation agreements, City Code, or related ordinances (e.g., Park Land and/or School Land Dedication Ordinances).

3. Unless specifically approved by the City Council, no District revenues, including proceeds of Debt, shall be used to reimburse the costs of City application or impact fees associated with property not owned by the District(s).
4. Unless specifically approved by the City Council, no District revenues, including proceeds of Debt, shall be used to reimburse the costs of water rights. Water or wastewater system development charges or water resource charges shall not be eligible for reimbursement unless they are directly associated with properties owned, developed or maintained by the District(s).
5. The existence of a District shall not be considered a substitute for otherwise required financial assurances required by the City.
6. In the event a District becomes the recipient of reimbursements or other proceeds from a recovery or reimbursement agreement with the City or another entity, associated with Public Improvements previously financed by the District, these funds shall be applied to offset any remaining obligations associated with that financing, and in the event that long term obligation has been met, these proceeds shall be returned to the District taxpayers.

I.3 Limits Related to District Structures, Intergovernmental Agreements (IGAs) and Among Combinations of Districts and District Overlap

1. Multiple Metropolitan District structures may initially be set up with limited and potentially overlapping district boundaries for the purpose of maintaining qualified electors, or to accommodate development phasing flexibility in the early stages of a project. However, District boundaries with little or no assessed valuation shall not be maintained throughout the life of a project for the sole purpose of maintaining control of a Developer Board of Directors over all the Districts in a Combination of Districts.
2. Although the boundaries of Combinations of Districts associated with a project (e.g. a BID and one or more separate but related Metropolitan Districts) may overlap during the early phases of a project, this practice shall not be allowed, without City Council approval, once one or more of the Districts has issued Debt or pledged any of its revenues toward Debt.
3. In cases where Combinations of Districts are bound by an inter-governmental agreement (IGA) that confers significant managerial or financial control to an Operating District, the Operating District is encouraged to establish project development thresholds after which one or two board of directors positions on the Operating District board are made available to a Resident Board of Directors Members, for the purposes of supporting coordination and the ultimate transition of the structure and governance of Districts following project buildout.

I.4 Other Limits

1. Districts shall generally not be created or authorized by the City prior to having an approved Land Development Entitlement in place for all or a substantial majority of the property proposed to be included within the District(s). In circumstances where a petitioner requests approval of one or more District(s) prior to having an approved Land Development Entitlement in place, the City Council, at its discretion, may choose to base approval on overall consistency with the City Comprehensive Plan; however, in these cases, the District(s) shall be not be authorized to levy taxes or enter into any Long Term Financial Obligations until such time a Land Development Entitlement is approved.
2. Districts shall not apply for or accept Conservation Trust Funds or Great Outdoors Colorado funds without the express prior consent of the City Council.
3. Parks and/or trails financed, owned and/or operated by a District shall be open to the general public to the same extent as to District residents, free of charge.
4. District facilities shall not be used for non-public purposes without proper remuneration to the District(s).
5. The names of BIDs or metropolitan districts shall not include the words "Colorado Springs" unless expressly approved by the City Council.

J. Conversion or Dissolution of Districts

1. Metropolitan Districts that were originally created within El Paso County or another municipality as the approving authority, and which subsequently have their boundaries wholly included within City limits, shall petition the City to become the approving jurisdiction of the District within 180 days of all the property within the District becoming annexed into the City. These Metropolitan Districts are strongly encouraged to amend their Service Plan to achieve the maximum practical consistency with this Policy and the Model Service Plans.
2. Districts originally structured with Developer Board of Directors are encouraged to promote and assist in transitioning their respective board of directors to have one or more resident member, as soon as legally possible.
3. Every District Plan shall include language clearly addressing and requiring dissolution by the City, the State of Colorado, or District Court, as applicable, in the event the District has not, or is no longer providing ongoing functions or services as provided per C.R.S. 32-1-101 et. seq.

K. Disclosure and Communication

1. All Districts are required to provide readily accessible, timely and pertinent contact, communications and disclosure information to prospective and existing District residents or taxpayers in accordance with applicable statutory requirements.
2. Districts shall provide and maintain, and make available, disclosure forms and information as required by state law.
3. Each Metropolitan District is required to provide and maintain a website in accordance with C.R.S. 32-1-104.5. Other Districts (i.e. BIDs or GIDs) are also required to provide and maintain websites with the same information required for Metropolitan Districts, to the extent it is applicable. In addition to the information required in C.R.S. 32-1-104.5 the following additional information shall be included in District websites:
 - a. Copy of the District's most recent Service Plan, Operating Plan and Budget, or GID ordinance and any amendments thereof, along with a brief and clear description of its 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(s).
 - i. It is recommended that the District's website include a clear listing or graphic depiction of any facilities or properties owned or maintained by the District(s).
 - d. Clear and simple summary of the existing and projected financial obligations of District tax and/or fee payers to include:
 - i. Existing or future mill levies, their purposes, how long they are expected to be in place, and likelihood of increases or decreases.
 - ii. Summary of outstanding Long Term Financial Obligations of the District(s) including Debt and Developer Funding Agreements with terms and interest rates
 - iii. Statement as to whether additional Long Term Financial Obligations are, are not or may be anticipated by the District(s).
 - e. Copies of or links to all current intergovernmental agreements (IGAs).
4. The City anticipates setting up and maintaining a website with limited general information on Districts and including District website addresses as provided to the City.

5. Beginning on October 1st of the year after creation and continuing annually thereafter, all Metropolitan Districts subject to C.R.S. § 32-1-207 shall be required to provide an annual report consistent with the statute and posted on their websites, if required. A copy of this report shall also be submitted to the office of the City Clerk.
6. Beginning in the year following their creation, all BIDs are specifically required to provide a copy of (or link to) their prior year's financial audit to the City's Finance Office on or before March 31st.

[SINGLE DISTRICT PLAN]

**MODEL SERVICE PLAN
FOR**

_____ METROPOLITAN DISTRICT NO. _____

IN THE CITY OF COLORADO SPRINGS, COLORADO

Prepared

by

[NAME OF PERSON OR ENTITY]

[ADDRESS]

[ADDRESS]

[DATE-insert approval date prior to Council approval]

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I. INTRODUCTION

A. Purpose and Intent

The District 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 by the City only insofar as they may deviate in a material matter from the requirements of the Service Plan. 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 Exhibit D of this Service Plan. Additionally, the District is authorized to provide only those ongoing operations and maintenance functions or services included in Exhibit E of this Service Plan.

B. Need for the District

There are currently no other existing or alternative governmental entities, including the City, located in the immediate vicinity of the District that consider it desirable, 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 for residential properties and at a tax mill levy no higher than the Maximum Debt Mill Levy for commercial and residential properties, 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 further described in Section V.B and C and in 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 Districts, or between or among one or more Districts, and another governmental entity.

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 one 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 regional service district or non-developer controlled existing district.

Commercial District: A District containing property classified for assessment as nonresidential. (NOTE: all districts which include or are expected to include any residential property must be defined as a Residential District and not a Commercial District).

C.R.S: Colorado Revised Statutes

Debt: Any bond, note debenture, contract or other multiple year financial obligation of a 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 Districts entered into between Districts 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 this Policy or under TABOR.

District: The _____ Metropolitan District.

{Note: A District is not permitted to use the name "City of Colorado Springs" in the name of the 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 a 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 described in Exhibit E.

Financing Plan: The Financial Plan described in Section VI 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, 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, 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 District(s) and sufficient to support the need for the District(s) along with relevant public improvements financing assumptions and proposed limits.

Limited Service Plan Amendment: Service Plan amendments that address 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 standard accounting practice.

Material Modification: A major modification of a previously approved Metropolitan District service plan, as defined 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(s), 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 a District or combination of Districts 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 a 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 a District or Combination of Districts is permitted to impose for operating and maintenance expenses as set forth in Section VI.K. and Exhibit E below.

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

Planning and Community Development Department Director: The Director of the Colorado Springs Planning and Community Development Department or other position which may be established for the purpose of administering this Policy, 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 _____ 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 a 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.

Residential District: Any District including land or improvements assessed for residential purposes by the El Paso County Assessor.

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 Districts.

Total Debt Issuance Limitation: The maximum total principal amount of debt that may be issued and outstanding by a District, Districts or Combination of Districts at any one time, as established by the City in District Plans. 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 _____ acres and the total area proposed to be included in the Future Inclusion Area Boundaries is approximately _____ acres. Legal descriptions of the Initial District Boundaries and the Future Inclusion Area Boundaries is attached hereto as Exhibit A. A vicinity map is attached hereto as Exhibit B A map of the Initial District Boundaries is attached hereto as Exhibit C-1, and a map of the Future Inclusion Area Boundaries is attached hereto as Exhibit C-2. . 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., CRS, and Section 32-1-501, et seq., CRS, subject to the limitations set forth in Article V below.

As further addressed in Section ____ 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 _____ acres of _____ land. The current assessed valuation of the Service Area is \$_____ 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 _____ people and the total non-residential development is anticipated to be approximately _____ square feet.

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. 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 such 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. However, the District shall be entitled to impose an administrative fee 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 such 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. Notwithstanding the foregoing, all parks and trails shall be open to the general public including non-District Colorado Springs residents free of charge, and District facilities shall not be used for non-public purposes without proper remuneration 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 any proposed District shall not exceed 10 percent 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.

[-Optional language: Authority is granted for this 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 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 their 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. 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), CRS) 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 any District(s) obligated for repayment 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 any of their boundaries any property outside the Service Area without the prior written consent of the City Council.

10. Overlap Limitation. The District shall not consent to the organization of any other district organized under the Special District Act within the Service Area which will overlap the boundaries of the District unless the aggregate mill levy for payment of Debt of such proposed districts will not at any time exceed the Maximum Debt Mill Levy of the District.

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 Exhibit D the District shall not issue Debt in an aggregate principal amount in excess of \$_____, 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, 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 No District will 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, CRS. 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

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, for Residential Districts, the Maximum Debt Mill Levy Imposition Term, shall be deemed a Material Modification of this Service Plan pursuant to Section 32-1-207, CRS and the City shall be entitled to all remedies available under State and local law to enjoin such actions of the Districts.

19. Eminent Domain Powers Limitation. The District shall not exercise the power of eminent domain , 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 an 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 \$_____ and is further described in the Summary of Public Improvements included in Exhibit D.

The summary of Public Improvements shall include 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.

The location and anticipated phasing of major Public Improvements should also be depicted on a 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 assure that their standards will be compatible with those 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 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 the Maximum Debt Mill Levy and the Maximum Debt Mill Levy Term for Residential Districts.

The projected costs from the Summary of Public Improvements and the Financing Plan shall provide the basis for the Total Debt Issuance Limitation in Section V.A.14.

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 any District or, in Residential Districts, the Maximum Debt Mill Levy Imposition Term.

F. Eligible Bondholders

All District bonds or other debt instrument, 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 a District is permitted to impose upon the taxable property of the District for payment of Debt, and shall be determined as follows:

A. For this District and any overlapping Combinations of Districts, the Maximum Debt Mill Levy shall be calculated as follows:

(a) The Maximum Debt Mill Levy certified for any District or Combination of Districts shall be limited to no more than 50.0 mills. This levy may be subject to upward or downward adjustments addressing any constitutionally mandated change in assessment ratios, tax credit, cut 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 such 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 \$_____ 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 Residential District administrative, operating or maintenance expenses shall be 20.0 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.

The Maximum Operating Mill Levy for the payment of Commercial District administrative, operating or maintenance expenses shall be 10.0 mills unless justification supporting a higher mill levy is included as part of the District's financial plan; and also provided that 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 Overlapping Mill Levies for a Combination of Districts

Neither the Maximum Debt Mill Levy nor the Maximum Operating Mill Levy shall be exceeded in the aggregate by any Combination of Districts except as expressly approved by City Council based on unique or special circumstances or if one or more of the Combination of Districts or another overlapping District has been ordered by a court having jurisdiction to impose a specified mill levy in order to satisfy a judgement or bankruptcy plan.

J. Maximum Debt Mill Levy Imposition Term

Residential Districts shall not impose a Debt Service mill levy which exceeds 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. There shall be no Maximum Debt Mill Levy Imposition Term in Commercial Districts.

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 any 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 any District. This will be clearly stated on all offering circulars, prospectuses, or 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 Section 32-1-207 (II), C.R.S. each 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. 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 as long as it and its associated documents are also 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 WEBSITES

The District shall require to establish and maintain a website consistent with provisions 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. It is recommended, but not required that the District's website include a clear listing or graphic depiction of any facilities or properties owned or maintained by the District(s).

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

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

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

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

I. 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 the C.R.S.

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(1), 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 Descriptions

EXHIBIT B

Colorado Springs Vicinity Map

[refer to separate minimum requirements for design of this map]

EXHIBIT C-1

Initial District Boundary Map

[refer to separate minimum requirements for design of this map]

EXHIBIT C-2

Future Inclusion Area Boundary Map

[refer to separate minimum requirements for design of this map]

EXHIBIT D

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

[refer to separate minimum requirements format and content of this Exhibit]

EXHIBIT E

Description of Permitted Services to be Provided by the District

Description of Services

IGA Required (Yes or No)

[refer to separate minimum requirements format and content of this Exhibit]

[MULTIPLE DISTRICT PLAN]

**MODEL SERVICE PLAN
FOR**

_____ METROPOLITAN DISTRICT NOS. _____

IN THE CITY OF COLORADO SPRINGS, COLORADO

Prepared

by

[NAME OF PERSON OR ENTITY]

[ADDRESS]

[ADDRESS]

[DATE-insert approval date prior to Council approval]

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EXHIBIT C-1	Initial Districts Boundary Map
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EXHIBIT D	Description of Permitted Services to be Provided by the Districts
EXHIBIT E	Summary of Public Improvements to be Financed by the District and Financing Plan

I. INTRODUCTION

A. Purpose and Intent

The Districts are independent units 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, their activities are subject to review by the City only insofar as they may deviate in a material matter from the requirements of the Service Plan. As further specified in this Service Plan it is intended that the Districts 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 Districts specifically as set forth in Exhibit D of this Service Plan. Additionally, the Districts are authorized to provide only those ongoing operations and maintenance functions or services included in Exhibit E of this Service Plan.

B. Need for the Districts

There are currently no other existing or alternative governmental entities, including the City, located in the immediate vicinity of the Districts that consider it desirable, 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 to effectively provide for the ongoing maintenance or operational functions anticipated to be provided by the Districts. Formation of the Districts 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. Multiple District Structure.

It is anticipated that the Districts, collectively, will undertake the financing and construction of the Public Improvements and will coordinate as necessary in providing any administrative functions and ongoing services or functions as authorized by this Service Plan. The nature of the functions and services to be provided by each District shall be clarified in an IGA between and among the Districts. The maximum term of such IGA shall be forty (40) years from its effective date. All such agreements will be designed to help assure the orderly development of the Public Improvements and essential services in accordance with the requirements of this Service Plan. Said IGA may be amended by mutual agreement of the Districts without the need to amend this Service Plan.

Although multiple Metropolitan District structures may be set up with small initial district boundaries for the purpose of maintaining qualified electors, and to allow for development phasing flexibility in the early stages of a Project, these structures should not be implemented solely for the purpose of maintaining control of a Developer Board of Directors over all the Districts in the Structure.

D. Objective of the City Regarding Districts Service Plan

The City's objective in approving the Service Plan for the Districts is to authorize the Districts 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 Districts 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 for residential properties and at a tax mill levy no higher than the Maximum Debt Mill Levy for commercial and residential properties, 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 further described in Section V.B and C. and in Exhibit D. Generally, the costs of Public Improvements that cannot be funded within these parameters are not costs to be paid by the Districts.

Use of the proceeds of Debt by these Districts 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 Districts 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 Districts, or between or among one or more Districts, and another governmental entity.

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 each 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.

C.R.S.: Colorado Revised Statutes

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 regional service district or non-developer controlled existing district.

Commercial District: A District containing property classified for assessment as nonresidential. (NOTE: all districts which include or are expected to include any residential property must be defined as a Residential District and not a Commercial District).

Debt: Any bond, note debenture, contract or other multiple year financial obligation of a 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: For the purpose of this Policy and its associated plans the debt mill levy is that portion of the overall mill levy of a 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 a District's property, and who may have a substantial interest in proceeds of the District's Debt, Developer Funding Agreements or other contractual obligations.

Developer Funding Agreements: Short or long-term obligations of Districts entered into between Districts 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 this Policy or under TABOR.

District No. 1: The _____ Metropolitan District No. 1.

District No. ___: The _____ Metropolitan District No. ___.

District No. ___: The _____ Metropolitan District No. ___.

District or Districts: Any one or all of the District Nos. 1 through ____ inclusive.

{Note: A District is not permitted to use the name “City of Colorado Springs” in the name of the 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 a 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 Districts.

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

Financing Plan: The Financial Plan described in Section VI 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, describing the property proposed for inclusion within the Districts. Gallagher or Mill Levy Adjustment-

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

Initial Districts Boundary Map: the map attached hereto as Exhibit C-1, describing the Districts’ 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 Districts and sufficient to support the need for the Districts along with relevant public improvements financing assumptions and proposed limits.

Limited Service Plan Amendment: Service Plan amendments that address 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 standard accounting practice.

Material Modification: A major modification of a previously approved Metropolitan District service plan, as defined 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 Districts, 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 a District or Combination of Districts is permitted to impose upon the taxable property in the District for the payment of Debt as set forth in Section V.I. 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 a 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 a District or Combination of Districts is permitted to impose for operating and maintenance expenses as set forth in Section VII. below.

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

Operating District: A District that is part of a multiple District organizational structure, with the primary purpose(s) of coordinating or making decisions that impact the other Districts that are part of the structure.

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 _____ 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 Districts 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 Agreements or contractual obligations.

Residential District: Any District including land or improvements assessed for residential purposes by the El Paso County Assessor.

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

Service Plan: The service plan for the Districts 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 amended from time to time

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 Section 32-1-1101(1) (f), C.R.S. 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 Districts.

Total Debt Issuance Limitation: The maximum total principal amount of debt that may be issued and outstanding by a District, Districts or Combination of Districts at any one time, as established by the City in District Plans. 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 Districts Boundaries includes approximately _____ acres and the total area proposed to be included in the Future Inclusion Area Boundaries is approximately _____ acres. Legal descriptions of the Initial Districts Boundaries and the Future Inclusion Area Boundaries is attached hereto as Exhibit A. A vicinity map is attached hereto as Exhibit B A map of the Initial Districts Boundaries is attached hereto as Exhibit C-1, and a map of the Future Inclusion Area Boundaries is attached hereto as Exhibit C-2. It is anticipated that the Districts' 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 ___ of this Service Plan, without prior written consent of the City, no property shall be included in the Districts if it is not part of either the Initial Districts Boundaries or the Future Inclusion Area.

IV. PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION

The Service Area consists of approximately _____ acres of _____ land. The current assessed valuation of the Service Area is \$_____ 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 Districts at build-out is estimated to be approximately _____ people and the total non-residential development is anticipated to be approximately _____ square feet.

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 Districts and Service Plan Amendment

The Districts shall have the power and authority to provide or finance the Public Improvements and related operation and maintenance services within and outside the boundaries of the Districts 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 Districts is to plan for, design, acquire, construct, install, relocate, redevelop, and finance the Public

Improvements. The Districts 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 Districts 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. In the City's sole discretion, an IGA between the City and the Districts may be required in order to better describe the conditions under which these permitted services will be provided by the Districts. If the Districts are authorized to operate and maintain certain park and recreation improvements set forth in Exhibit E, any fee imposed by the Districts for access to such 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 Districts. However, the Districts shall be entitled to impose an administrative fee 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 such 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. Notwithstanding the foregoing, all parks and trails shall be open to the general public including non-District Colorado Springs residents free of charge. District facilities shall not be used for non-public purposes without proper remuneration to the Districts.

2. City Charter Limitations. In accordance with Article 7-100 of the City Charter, the Districts 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 any proposed District shall not exceed 10 percent 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.

[Optional language: Authority is granted for these Districts 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 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 Districts Limitation. Proceeds from the sale of debt instruments and other revenue of the Districts may not be used to pay landowners within the Districts 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 Districts 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 Districts construct infrastructure subject to a recovery agreement with the City or other entity, the Districts may retain all benefits under the recovery agreement. Any subsequent reimbursement for public improvements installed or financed by the Districts will remain the property of the Districts to be applied toward repayment of their Debt, if any. Any reimbursement revenue not necessary to repay the Districts' Debt may be utilized by the Districts to construct additional public improvements permitted under the approved Service Plan.

5. Construction Standards Limitation. 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.

6. Developer Funding Agreement Limitation. The Districts 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 Districts. 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 Districts 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 Districts' 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 not be issued unless it has an optional call date of no more than five (5) years after the date of issuance, at which time the board(s) of any District(s) obligated for repayment of the Related Party Privately Placed Debt shall be notified of the options for financing.

8. Related Party Privately Placed Debt Interest Rate Limitation.

In addition to the limitations on Privately Placed Debt in V.A.7 above, the interest rate for Related Party Privately Placed Debt shall not exceed the Index Rate by more than 400 Basis Points at the time of issuance without the prior written consent of City Council.

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

10. Overlap Limitation. The Districts shall not consent to the organization of any other district organized under the Special District Act within the Service Area which will overlap the boundaries of the Districts unless the aggregate mill levy for payment of Debt of such proposed districts will not at any time exceed the Maximum Debt Mill Levy of the Districts.

11. Initial Debt Limitation.

On or before the date on which there is an Land Development Entitlement, the Districts 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 issued by these Districts 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 in Exhibit D the Districts shall not issue Debt in an aggregate principal amount in excess of \$_____, 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 Districts 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 Districts.

15. Revenue Limitation. The Districts shall not apply for or accept Conservation Trust Funds, 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 Districts without any limitation.

16. Sales Tax Limitation No District will be allowed to impose a sales tax.

17. Consolidation Limitation. The Districts 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, for Residential Districts, 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 Districts.

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

20. Concealed Carry Prohibition. The Districts 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 Districts as provided in Section 18-12-214,C.R.S.

21. Service Plan Amendment Requirement. This Service Plan has been designed with sufficient flexibility to enable the Districts 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 Districts, the cost estimates and Financing Plan are sufficiently flexible to enable the Districts 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 Districts which violate the limitations set forth in Section IV 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 Districts.

B. Preliminary Plan for Public Improvements

The Districts 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 Districts, to be more specifically defined in an 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 \$_____ and is further described in the Summary of Public Improvements included in Exhibit D.

All of the Public Improvements described herein will be designed in such a way as to assure that their standards will be compatible with those 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.

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

The location and anticipated phasing of major Public Improvements should also be depicted on a 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.

C. Financing Plan

The Financing Plan for the Districts shall be included in Exhibit D, and provided in a form that projects the anticipated amount(s) and timing of issuance of Debt through the life of Districts based on projected development or redevelopment absorption and projected available District revenues as constrained by Service Plan limits including the Maximum Debt Mill Levy and the Maximum Debt Mill Levy Term for Residential Districts. Financing Plans for newly developing areas shall specifically address the potential vulnerability of the development forecasts to market downturns, particularly at the early stages of the forecast period.

The projected costs from the Summary of Public Improvements and the Financing Plan 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 one or more Districts 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 any District or, in Residential Districts, the Maximum Debt Mill Levy Imposition Term.

F. Eligible Bondholders

All District bonds or other debt instrument, 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" shall be the maximum mill levy a District is permitted to impose upon the taxable property of the Districts for payment of Debt, and shall be determined as follows:

For all Districts or overlapping Combinations of Districts, the Maximum Debt Mill Levy shall be calculated as follows:

1. The Maximum Debt Mill Levy certified for any District or Combination of Districts shall be limited to no more than 50.0 mills. This levy may be subject to upward or downward adjustments addressing any constitutionally mandated change in assessment ratios, tax credit, cut or any abatement occurring after, but not before July 12, 2022.

2. At such time as the Debt to Actual Market Value Ratio within a 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 such District's Debt to Actual Market Value Ratio.

H. Maximum Operating Mill Levy

In addition to the capital costs of the Public Improvements, the Districts will require operating funds for administration and to plan and cause the Public Improvements to be constructed. Additionally, the Districts 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 \$_____ which is anticipated to be derived from property taxes and other revenue which may include proceeds from Developer Funding Agreements..

The Maximum Operating Mill Levy for the payment of Residential District administrative, operating or maintenance expenses shall be 20 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

The Maximum Operating Mill Levy for the payment of Commercial District administrative, operating or maintenance expenses shall be 10 mills unless justification supporting a higher mill levy is included as part of the District's financial plan; and also provided that 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 Overlapping Mill Levies for a Combination of Districts

Neither the Maximum Debt Mill Levy nor the Maximum Operating Mill Levy shall be exceeded in the aggregate by any Combination of Districts except as expressly approved by City Council based on unique or special circumstances or if one or more of the Combination of Districts or another overlapping District has been ordered by a court having jurisdiction to impose a specified mill levy in order to satisfy a judgement or bankruptcy plan.

J. Maximum Debt Mill Levy Imposition Term

Residential Districts shall not impose a Debt Service mill levy which exceeds 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. There shall be no Maximum Debt Mill Levy Imposition Term in Commercial Districts.

K. Debt Instrument Disclosure Requirement

In the text of each Bond and any other instrument representing and constituting Debt, the Districts 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 Districts.

L. Security for Debt

No Debt or other financial obligation of any 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 any District. This will be clearly stated on all offering circulars, prospectuses, or disclosure statements associated with any securities issued by any District.

M. Developer Financial Assurances

The mere existence of the Districts 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 Colorado Revised Statutes § 2-1-207 (II) each 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 Districts has been issued. The Districts may cooperate in the creation and submittal of the report, provided the presentation of information in the report clearly identifies the applicable information pertaining to each District. The report may be submitted in electronic format as long as it and its associated documents are also available on the Districts' 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 WEBSITES

The Districts shall establish and maintain a website consistent with provisions 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 and any amendments thereof, 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 Districts.

1. It is recommended, but not required that the District's website include a clear listing or graphic depiction of any facilities or properties owned or maintained by the Districts.

D. 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 Districts 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 Districts.

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

VIII. DISCLOSURE TO PURCHASERS

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

IX. DISTRICT TRANSITION

In cases where Combinations of Districts are bound by an inter-governmental agreement (IGA) that confers significant managerial or financial control to an Operating District, the Operating District is encouraged to establish Project development thresholds after which one or more Board of Directors positions on the Operating District board are made available to a Resident Board of Directors Member, for the purposes of supporting coordination and the ultimate transition of the structure and governance of Districts following Project buildout.

X. DISSOLUTION

Upon an independent determination of the City Council that the purposes for which any one or all of the Districts were created have been accomplished, that 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 Districts have provided for the payment or discharge of all of its outstanding indebtedness and other financial obligations as required pursuant to C.R.S..

XI. CONCLUSION

A. It is submitted that this Service Plan for the Districts, 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:

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

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

D. The Districts are capable of providing economical and sufficient service to the area within its proposed boundaries; and

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

F. 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.

G. The facility and service standards of the Districts 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(1), C.R.S.

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

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

J. The creation of the Districts is in the best interests of the area proposed to be served.

EXHIBIT A

Legal Descriptions

EXHIBIT B

Colorado Springs Vicinity Map

[refer to separate minimum requirements for design of this map]

EXHIBIT C-1

Initial Districts Boundary Map

[refer to separate minimum requirements for design of this map]

EXHIBIT C-2

Future Inclusion Area Boundary Map

[refer to separate minimum requirements for design of this map]

EXHIBIT D

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

[refer to separate minimum requirements format and content of this Exhibit]

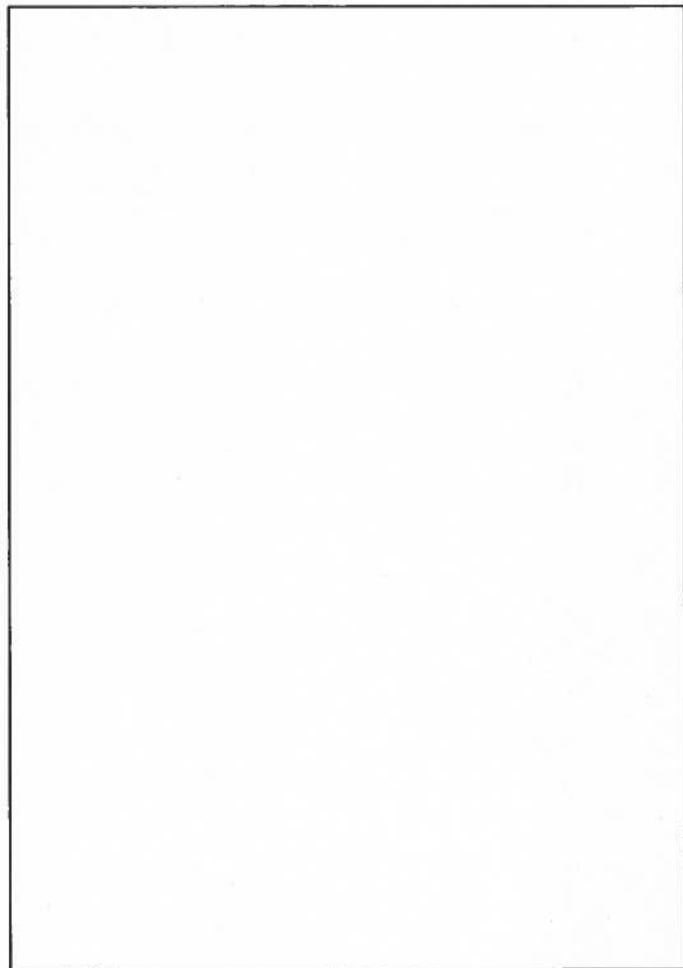
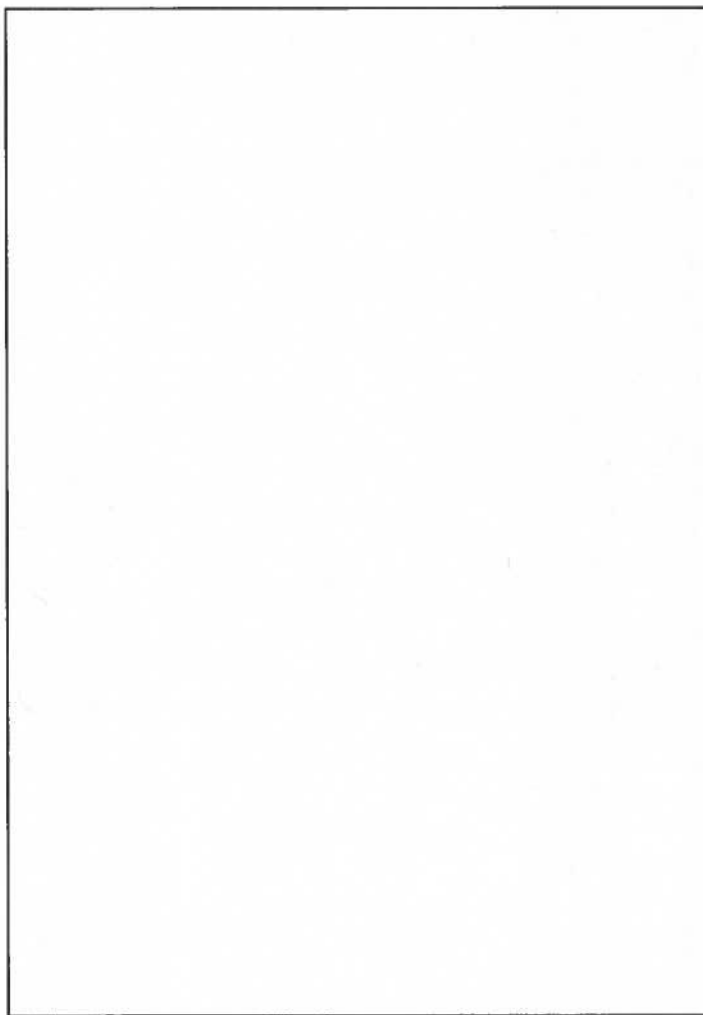
EXHIBIT E

Description of Permitted Services to be Provided by the Districts

Description of Services _____

IGA Required (Yes or No)

[refer to separate minimum requirements format and content of this Exhibit]



[MULTIPLE DISTRICT PLAN]

**MODEL SERVICE PLAN
FOR**

_____ METROPOLITAN DISTRICT NOS. _____

IN THE CITY OF COLORADO SPRINGS, COLORADO

Prepared

by

[NAME OF PERSON OR ENTITY]

[ADDRESS]

[ADDRESS]

[DATE-insert approval date prior to Council approval]

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EXHIBIT B	Vicinity Map
EXHIBIT C-1	Initial Districts Boundary Map
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EXHIBIT D	Description of Permitted Services to be Provided by the Districts
EXHIBIT E	Summary of Public Improvements to be Financed by the District and Financing Plan

I. INTRODUCTION

A. Purpose and Intent

The Districts are independent units 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, their activities are subject to review by the City only insofar as they may deviate in a material matter from the requirements of the Service Plan. As further specified in this Service Plan it is intended that the Districts 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 Districts specifically as set forth in Exhibit D of this Service Plan. Additionally, the Districts are authorized to provide only those ongoing operations and maintenance functions or services included in Exhibit E of this Service Plan.

B. Need for the Districts

There are currently no other existing or alternative governmental entities, including the City, located in the immediate vicinity of the Districts that consider it desirable, 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 to effectively provide for the ongoing maintenance or operational functions anticipated to be provided by the Districts. Formation of the Districts 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. Multiple District Structure.

It is anticipated that the Districts, collectively, will undertake the financing and construction of the Public Improvements and will coordinate as necessary in providing any administrative functions and ongoing services or functions as authorized by this Service Plan. The nature of the functions and services to be provided by each District shall be clarified in an IGA between and among the Districts. The maximum term of such IGA shall be forty (40) years from its effective date. All such agreements will be designed to help assure the orderly development of the Public Improvements and essential services in accordance with the requirements of this Service Plan. Said IGA may be amended by mutual agreement of the Districts without the need to amend this Service Plan.

Although multiple Metropolitan District structures may be set up with small initial district boundaries for the purpose of maintaining qualified electors, and to allow for development phasing flexibility in the early stages of a Project, these structures should not be implemented solely for the purpose of maintaining control of a Developer Board of Directors over all the Districts in the Structure.

D. Objective of the City Regarding Districts Service Plan

The City's objective in approving the Service Plan for the Districts is to authorize the Districts 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 Districts 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 for residential properties and at a tax mill levy no higher than the Maximum Debt Mill Levy for commercial and residential properties, 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 further described in Section V.B and C. and in Exhibit D. Generally, the costs of Public Improvements that cannot be funded within these parameters are not costs to be paid by the Districts.

Use of the proceeds of Debt by these Districts 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 Districts 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 Districts, or between or among one or more Districts, and another governmental entity.

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 each 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.

C.R.S.: Colorado Revised Statutes

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 regional service district or non-developer controlled existing district.

Commercial District: A District containing property classified for assessment as nonresidential. (NOTE: all districts which include or are expected to include any residential property must be defined as a Residential District and not a Commercial District).

Debt: Any bond, note debenture, contract or other multiple year financial obligation of a 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: For the purpose of this Policy and its associated plans the debt mill levy is that portion of the overall mill levy of a 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 a District's property, and who may have a substantial interest in proceeds of the District's Debt, Developer Funding Agreements or other contractual obligations.

Developer Funding Agreements: Short or long-term obligations of Districts entered into between Districts 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 this Policy or under TABOR.

District No. 1: The _____ Metropolitan District No. 1.

District No. ___: The _____ Metropolitan District No. ___.

District No. ___: The _____ Metropolitan District No. ___.

District or Districts: Any one or all of the District Nos. 1 through ____ inclusive.

{Note: A District is not permitted to use the name “City of Colorado Springs” in the name of the 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 a 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 Districts.

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

Financing Plan: The Financial Plan described in Section VI 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, describing the property proposed for inclusion within the Districts. Gallagher or Mill Levy Adjustment-

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

Initial Districts Boundary Map: the map attached hereto as Exhibit C-1, describing the Districts’ 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 Districts and sufficient to support the need for the Districts along with relevant public improvements financing assumptions and proposed limits.

Limited Service Plan Amendment: Service Plan amendments that address 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 standard accounting practice.

Material Modification: A major modification of a previously approved Metropolitan District service plan, as defined 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 Districts, 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 a District or Combination of Districts is permitted to impose upon the taxable property in the District for the payment of Debt as set forth in Section V.I. 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 a 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 a District or Combination of Districts is permitted to impose for operating and maintenance expenses as set forth in Section VIH. below.

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

Operating District: A District that is part of a multiple District organizational structure, with the primary purpose(s) of coordinating or making decisions that impact the other Districts that are part of the structure.

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 _____ 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 Districts 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 Agreements or contractual obligations.

Residential District: Any District including land or improvements assessed for residential purposes by the El Paso County Assessor.

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

Service Plan: The service plan for the Districts 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 amended from time to time

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 Section 32-1-1101(1) (f), C.R.S. 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 Districts.

Total Debt Issuance Limitation: The maximum total principal amount of debt that may be issued and outstanding by a District, Districts or Combination of Districts at any one time, as established by the City in District Plans. 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 Districts Boundaries includes approximately _____ acres and the total area proposed to be included in the Future Inclusion Area Boundaries is approximately _____ acres. Legal descriptions of the Initial Districts Boundaries and the Future Inclusion Area Boundaries is attached hereto as Exhibit A. A vicinity map is attached hereto as Exhibit B. A map of the Initial Districts Boundaries is attached hereto as Exhibit C-1, and a map of the Future Inclusion Area Boundaries is attached hereto as Exhibit C-2. It is anticipated that the Districts' 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 ___ of this Service Plan, without prior written consent of the City, no property shall be included in the Districts if it is not part of either the Initial Districts Boundaries or the Future Inclusion Area.

IV. PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION

The Service Area consists of approximately _____ acres of _____ land. The current assessed valuation of the Service Area is \$_____ 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 Districts at build-out is estimated to be approximately _____ people and the total non-residential development is anticipated to be approximately _____ square feet.

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 Districts and Service Plan Amendment

The Districts shall have the power and authority to provide or finance the Public Improvements and related operation and maintenance services within and outside the boundaries of the Districts 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 Districts is to plan for, design, acquire, construct, install, relocate, redevelop, and finance the Public

Improvements. The Districts 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 Districts 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. In the City's sole discretion, an IGA between the City and the Districts may be required in order to better describe the conditions under which these permitted services will be provided by the Districts. If the Districts are authorized to operate and maintain certain park and recreation improvements set forth in Exhibit E, any fee imposed by the Districts for access to such 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 Districts. However, the Districts shall be entitled to impose an administrative fee 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 such 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. Notwithstanding the foregoing, all parks and trails shall be open to the general public including non-District Colorado Springs residents free of charge. District facilities shall not be used for non-public purposes without proper remuneration to the Districts.

2. City Charter Limitations. In accordance with Article 7-100 of the City Charter, the Districts 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 any proposed District shall not exceed 10 percent 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.

[Optional language: Authority is granted for these Districts 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 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 Districts Limitation. Proceeds from the sale of debt instruments and other revenue of the Districts may not be used to pay landowners within the Districts 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 Districts 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 Districts construct infrastructure subject to a recovery agreement with the City or other entity, the Districts may retain all benefits under the recovery agreement. Any subsequent reimbursement for public improvements installed or financed by the Districts will remain the property of the Districts to be applied toward repayment of their Debt, if any. Any reimbursement revenue not necessary to repay the Districts' Debt may be utilized by the Districts to construct additional public improvements permitted under the approved Service Plan.

5. Construction Standards Limitation. 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.

6. Developer Funding Agreement Limitation. The Districts 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 Districts. 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 Districts 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 Districts' 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 not be issued unless it has an optional call date of no more than five (5) years after the date of issuance, at which time the board(s) of any District(s) obligated for repayment of the Related Party Privately Placed Debt shall be notified of the options for financing.

8. Related Party Privately Placed Debt Interest Rate Limitation.

In addition to the limitations on Privately Placed Debt in V.A.7 above, the interest rate for Related Party Privately Placed Debt shall not exceed the Index Rate by more than 400 Basis Points at the time of issuance without the prior written consent of City Council.

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

10. Overlap Limitation. The Districts shall not consent to the organization of any other district organized under the Special District Act within the Service Area which will overlap the boundaries of the Districts unless the aggregate mill levy for payment of Debt of such proposed districts will not at any time exceed the Maximum Debt Mill Levy of the Districts.

11. Initial Debt Limitation.

On or before the date on which there is an Land Development Entitlement, the Districts 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 issued by these Districts 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 in Exhibit D the Districts shall not issue Debt in an aggregate principal amount in excess of \$ _____, 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 Districts 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 Districts.

15. Revenue Limitation. The Districts shall not apply for or accept Conservation Trust Funds, 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 Districts without any limitation.

16. Sales Tax Limitation No District will be allowed to impose a sales tax.

17. Consolidation Limitation. The Districts 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, for Residential Districts, 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 Districts.

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

20. Concealed Carry Prohibition. The Districts 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 Districts as provided in Section 18-12-214,C.R.S.

21. Service Plan Amendment Requirement. This Service Plan has been designed with sufficient flexibility to enable the Districts 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 Districts, the cost estimates and Financing Plan are sufficiently flexible to enable the Districts 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 Districts which violate the limitations set forth in Section IV 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 Districts.

B. Preliminary Plan for Public Improvements

The Districts 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 Districts, to be more specifically defined in an 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 \$_____ and is further described in the Summary of Public Improvements included in Exhibit D.

All of the Public Improvements described herein will be designed in such a way as to assure that their standards will be compatible with those 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.

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

The location and anticipated phasing of major Public Improvements should also be depicted on a 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.

C. Financing Plan

The Financing Plan for the Districts shall be included in Exhibit D, and provided in a form that projects the anticipated amount(s) and timing of issuance of Debt through the life of Districts based on projected development or redevelopment absorption and projected available District revenues as constrained by Service Plan limits including the Maximum Debt Mill Levy and the Maximum Debt Mill Levy Term for Residential Districts. Financing Plans for newly developing areas shall specifically address the potential vulnerability of the development forecasts to market downturns, particularly at the early stages of the forecast period.

The projected costs from the Summary of Public Improvements and the Financing Plan 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 one or more Districts 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 any District or, in Residential Districts, the Maximum Debt Mill Levy Imposition Term.

F. Eligible Bondholders

All District bonds or other debt instrument, 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" shall be the maximum mill levy a District is permitted to impose upon the taxable property of the Districts for payment of Debt, and shall be determined as follows:

For all Districts or overlapping Combinations of Districts, the Maximum Debt Mill Levy shall be calculated as follows:

1. The Maximum Debt Mill Levy certified for any District or Combination of Districts shall be limited to no more than 50.0 mills. This levy may be subject to upward or downward adjustments addressing any constitutionally mandated change in assessment ratios, tax credit, cut or any abatement occurring after, but not before July 12, 2022.

2. At such time as the Debt to Actual Market Value Ratio within a 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 such District's Debt to Actual Market Value Ratio.

H. Maximum Operating Mill Levy

In addition to the capital costs of the Public Improvements, the Districts will require operating funds for administration and to plan and cause the Public Improvements to be constructed. Additionally, the Districts 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 \$_____ which is anticipated to be derived from property taxes and other revenue which may include proceeds from Developer Funding Agreements..

The Maximum Operating Mill Levy for the payment of Residential District administrative, operating or maintenance expenses shall be 20 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

The Maximum Operating Mill Levy for the payment of Commercial District administrative, operating or maintenance expenses shall be 10 mills unless justification supporting a higher mill levy is included as part of the District's financial plan; and also provided that 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 Overlapping Mill Levies for a Combination of Districts

Neither the Maximum Debt Mill Levy nor the Maximum Operating Mill Levy shall be exceeded in the aggregate by any Combination of Districts except as expressly approved by City Council based on unique or special circumstances or if one or more of the Combination of Districts or another overlapping District has been ordered by a court having jurisdiction to impose a specified mill levy in order to satisfy a judgement or bankruptcy plan.

J. Maximum Debt Mill Levy Imposition Term

Residential Districts shall not impose a Debt Service mill levy which exceeds 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. There shall be no Maximum Debt Mill Levy Imposition Term in Commercial Districts.

K. Debt Instrument Disclosure Requirement

In the text of each Bond and any other instrument representing and constituting Debt, the Districts 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 Districts.

L. Security for Debt

No Debt or other financial obligation of any 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 any District. This will be clearly stated on all offering circulars, prospectuses, or disclosure statements associated with any securities issued by any District.

M. Developer Financial Assurances

The mere existence of the Districts 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 Colorado Revised Statutes § 2-1-207 (II) each 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 Districts has been issued. The Districts may cooperate in the creation and submittal of the report, provided the presentation of information in the report clearly identifies the applicable information pertaining to each District. The report may be submitted in electronic format as long as it and its associated documents are also available on the Districts' 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 WEBSITES

The Districts shall establish and maintain a website consistent with provisions 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 and any amendments thereof, 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 Districts.

1. It is recommended, but not required that the District's website include a clear listing or graphic depiction of any facilities or properties owned or maintained by the Districts.

D. 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 Districts 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 Districts.

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

VIII. DISCLOSURE TO PURCHASERS

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

IX. DISTRICT TRANSITION

In cases where Combinations of Districts are bound by an inter-governmental agreement (IGA) that confers significant managerial or financial control to an Operating District, the Operating District is encouraged to establish Project development thresholds after which one or more Board of Directors positions on the Operating District board are made available to a Resident Board of Directors Member, for the purposes of supporting coordination and the ultimate transition of the structure and governance of Districts following Project buildout.

X. DISSOLUTION

Upon an independent determination of the City Council that the purposes for which any one or all of the Districts were created have been accomplished, that 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 Districts have provided for the payment or discharge of all of its outstanding indebtedness and other financial obligations as required pursuant to C.R.S..

XI. CONCLUSION

A. It is submitted that this Service Plan for the Districts, 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:

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

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

D. The Districts are capable of providing economical and sufficient service to the area within its proposed boundaries; and

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

F. 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.

G. The facility and service standards of the Districts 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(1), C.R.S.

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

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

J. The creation of the Districts is in the best interests of the area proposed to be served.

EXHIBIT A

Legal Descriptions

EXHIBIT B

Colorado Springs Vicinity Map

[refer to separate minimum requirements for design of this map]

EXHIBIT C-1

Initial Districts Boundary Map

[refer to separate minimum requirements for design of this map]

EXHIBIT C-2

Future Inclusion Area Boundary Map

[refer to separate minimum requirements for design of this map]

EXHIBIT D

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

[refer to separate minimum requirements format and content of this Exhibit]

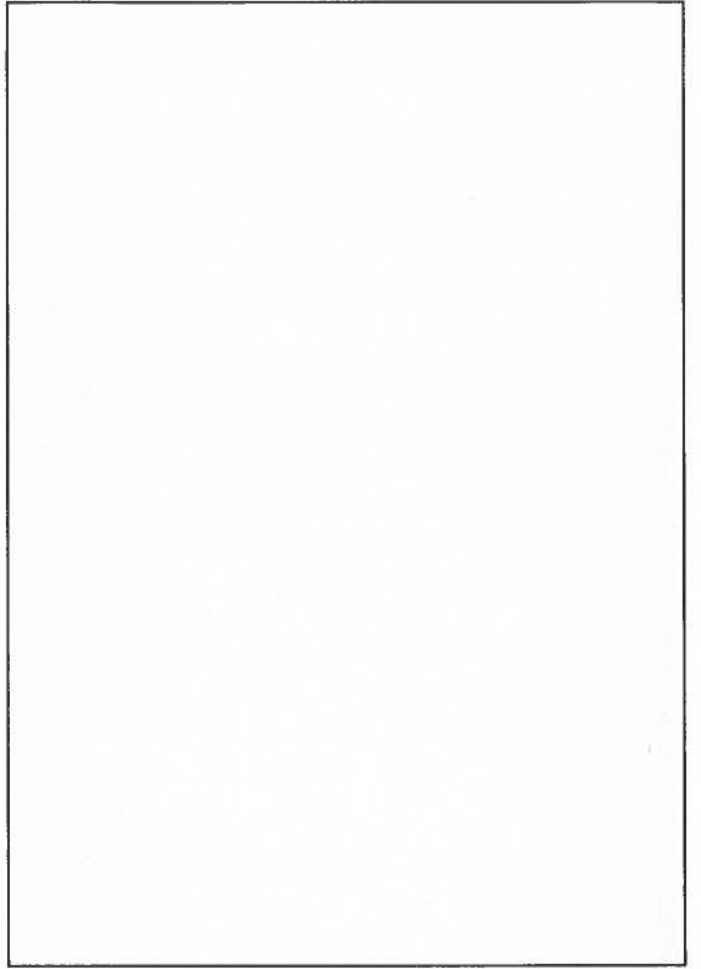
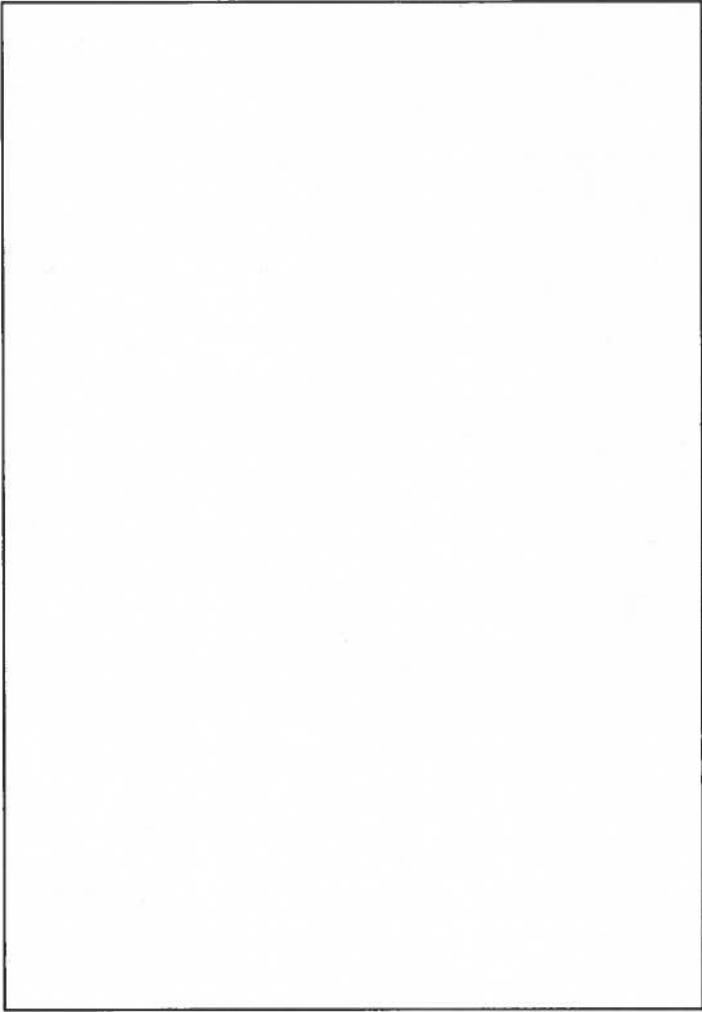
EXHIBIT E

Description of Permitted Services to be Provided by the Districts

Description of Services _____

IGA Required (Yes or No)

[refer to separate minimum requirements format and content of this Exhibit]



**[Insert year] OPERATING PLAN AND
BUDGET**

**[Insert name]
BUSINESS
IMPROVEMENT
DISTRICT**

City of Colorado Springs, El Paso County, Colorado

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EXHIBIT A - Director Contact Information

EXHIBIT B - BID Budget [Insert year]

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Capital Projects Fund

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EXHIBIT C – District Boundary Map

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EXHIBIT E -- Summary of Public Improvements and Financial Plan

[Insert year]
OPERATING PLAN FOR THE
[Insert name] **BUSINESS IMPROVEMENT DISTRICT**

1. PURPOSE AND SCOPE OF THIS DISTRICT

A. *Requirement for this Operating Plan*

The Business Improvement District Act, specifically Section 31-25-1211, C.R.S., requires that the [Insert name] Business Improvement District (the "District") file an operating plan and budget with the City Clerk no later than September 30 of each year.

Under the statute, the City is to approve the operating plan and budget within 30 days of the submittal of all required information.

The District operates under the authorities and powers allowed under the Business Improvement District Act, Section 31-25-1201, et seq., Colorado Revised Statutes, as amended, as further described and limited by this Operating Plan.

B. *What Must Be Included in the Operating Plan?*

Pursuant to the provisions of the Business Improvement District Act, Section 31-25-1201, et seq., C.R.S. , as amended, this Operating Plan specifically identifies (1) the composition of the Board of Directors, (2) the services and improvements to be provided by the District, (3) the taxes, fees, and assessments to be imposed by the District, (4) the estimated principal amount of the bonds to be issued by the District, and (5) such other information as the City may require.

The District's original [Insert year], and subsequent Operating Plans, previously approved by the City, are incorporated herein by reference, and shall remain in full force and effect except as specifically or necessarily modified hereby.

C. *Purposes*

As may be further articulated in prior year's Operating Plans, the ongoing and/or contemplated purposes of this District for [Insert year] include [Insert language as applicable including any operational/maintenance/marketing purposes etc. outside of routine administration and compliance]

D. *Ownership of Property or Major Assets*

[Describe, as applicable, whether the District owns or expects to own any fee simple property or major physical assets, particularly within the applicable budget year].

E. *Contracts and Agreements*

[Describe any significant active contracts or agreements entered into by the District particularly associated with financial obligations; contracts/ agreements for routine/ongoing administration and compliance can be generalized]

2. ORGANIZATION AND COMPOSITION OF THE BOARD OF DIRECTORS

A. ***Organization.***

The [Insert name] Business Improvement District was organized by the City of Colorado Springs, Colorado by Ordinance No. [Insert #] on [Insert date].

B. ***Governance.***

The District is governed by an [Insert “elected” or “appointed”] board of directors.

C. ***Current Board.***

The persons who currently serve as the Board of Directors are:

- 1) [Insert names }
- 2)
- 3)
- 4)
- 5)

Director and other pertinent contact information is provided in Exhibit A. [At a minimum, include names, terms and contact information for all directors as well as administrative staff, legal counsel and auditor, as applicable]

D. ***Term Limits.***

[Insert language as applicable as to whether term limits apply]

E. ***Advisory Board.***

The Board of Directors may appoint one or more advisory boards to assist the Board of Directors on such matters as the Board of Directors desires assistance. The Board of Directors shall, upon the appointment of an advisory board, set forth its duties, duration, and membership. The Board of Directors may provide rules of procedure for the advisory board or may delegate to the advisory board the authority to provide such rules. No advisory boards have yet been appointed. [Modify as applicable]

3. BOUNDARIES, INCLUSIONS AND EXCLUSIONS

The District currently includes [or “is proposed to include”] approximately [Insert number] acres with boundaries as depicted in Exhibit C. [also refer to any prior inclusions or exclusions by year and ordinance if applicable]. In [Insert year] the District [insert “anticipates” or “does not anticipate”] inclusion or exclusion requests in the coming year. [Describe nature and justification

if applicable]. [note: if boundaries are clearly delineated on the exhibit, the acreage may be omitted for existing districts].

4. PUBLIC IMPROVEMENTS

The Public Improvements that the District anticipates it will construct, install or cause to be constructed and installed, include those Public Improvements the costs of which may, in accordance with the Business Improvement District Act, Section 31-25-1201, et seq., C.R.S., lawfully be paid for by the District, including, without limitation, water services, safety protection devices, sanitation services, street improvements, curbs, gutters, culverts, drainage facilities, sidewalks, parking facilities, paving, lighting, grading, landscaping and storm and wastewater management facilities and associated land acquisition and remediation (the "Public Improvements"). The costs of such Public Improvements, including costs of design, acquisition, construction and financing, are referred to herein as the "Public Improvement Costs." [Delete or modify as applicable]

5. ADMINISTRATION, OPERATIONS, SERVICES PROPERTY OWNERSHIP AND MAINTENANCE

[Describe administrative, operational and maintenance provisions of the District; routine administrative and compliance activities may be highly generalized]

[Describe properties that are now, or are anticipated to be owned, leased or maintained by the District]

[Describe whether the District has any employees, or alternately contracts for all services]

6. FINANCIAL PLAN AND BUDGET

A. ***[Insert year] Budget***

The [inset year] Budget for the District is attached as Exhibit B.

[Describe any major changes from the prior year's budget, if applicable]

B. ***Authorized Indebtedness***

[Describe authorized indebtedness based on prior or contemplated TABOR elections, as applicable, and any additional limitations imposed from prior City Council approvals; specifically address any proposed requests/initiatives to increase authorizations. Refer to Exhibit E if included]

C. ***Maximum Debt and Operating Mill Levies***

[Address mill levy caps including their basis and potential for exceptions pertaining to Gallagher adjustments, potential for abatements and any other reasons.]

- D. ***District Revenues***
[Describe the nature and extent of the revenues currently available to the District and/or anticipated in the future; Specifically identify the total property tax mill levy to be certified for the coming year, broken out by debt service and operational levies if applicable; Address any other sources available to the District including PIF revenues or other fees if applicable]
- E. ***Existing Debt Obligations***
[Describe any existing formal Debt obligation by amount and year of issuance, expected terms and interest rates citing the dates and numbers of City Council resolutions as applicable; attach most recent debt service schedules, if applicable]
- F. ***Future Debt Obligations***
[Describe the intent and expectations of the District concerning issuance of future Debt, with a particular emphasis on the upcoming budget year]
- G. ***Developer Funding Agreements***
Developer Funding Agreements entered into by this District shall be limited to a term of no greater than twenty (20) years, from the time of the first such agreement, after which time any remaining balances must be either converted to Debt or shall no longer be considered an obligation of the District. The Interest Rate on any Agreements initially entered into, or with additional costs added to after January 1, 2023, shall not exceed the Index Rate plus 400 basis points, and interest shall only accrue on the principal balance. [Describe all such agreements including the year the agreement was first established, the current interest rate, and current balances with interest]
- H. ***Other Financial Obligations***
[Describe any other significant financial obligations of the District, either existing or anticipated in the coming year, not otherwise addressed above; specifically including leases; there is no need to specifically list contracts/agreements for ongoing services such as legal, administration, compliance, budget, audit, etc.]
- I. ***City Charter Limitations***
In accordance with 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. As set forth in 7-100 of the City Charter, the total Debt of any proposed District shall not exceed 10 percent 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.

[Optional Language. The information in Exhibit E is provided to support issuance of Debt consistent with this Charter limitation, by City Council resolution with at least a two-thirds vote of the entire City Council approving this Operating Plan, without the need for separate Council authorization]

- J. ***Limited -Default Provisions***
Limited tax general obligation bonds issued by the District shall be structured and/or credit enhancements provided such that the bonds cannot default as long as the District is imposing the required maximum allowed mill levy.
- K. ***Privately Placed Debt and Related Party Privately Placed Debt***
Prior to the issuance of any Privately Placed Debt for capital related costs, the District shall obtain the certification of an External Financial Advisor regarding the fairness and feasibility of the interest rate and the structure of the Debt. The Interest Rate for Related Party Privately Placed Debt shall not exceed the Index Rate by more than 400 basis points. Related Party Privately Placed Debt shall not be issued with an optional call date of greater than five (5) years from the date of issuance.
- L. ***End User Fee Limitation***
The District shall not impose an End User Fee for the purpose of servicing District Dept without prior approval of City Council.
- M. ***Debt Not an Obligation of the City***
The debt of the District will not 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 the debt of the District. This will be clearly stated on all offering circulars, prospectus, or disclosure statements associated with any securities issued by the District.
- N. ***Land Development Entitlements***
The District shall not issue Debt, enter into any other Long Term Financial Obligation or certify a Debt Mill Levy unless a Land Development Entitlement has been approved for the Property.

7. MUNICIPAL OVERSIGHT OF DISTRICT ACTIVITIES

- A. ***Audit***
The District agrees to submit an annual audit to the City Finance Department no later than March 1st of each year which is performed by an independent certified public accounting firm. Even if the State grants an audit exemption, the District must submit an annual audit as specified above.

B. ***SID Formation***

The District affirms that it will provide an Amended Operating Plan and seek prior approval of City Council prior to formation of any Special Improvement District or Authority within its boundaries in the future.

C. ***City Authorization Prior to Debt Issuance***

In accordance with the City's Special District Policy, and notwithstanding any statements of intent in the Budget and Operating Plan, this District shall request and obtain approval of City Council prior to issuance of any Debt in accordance with the financing plan for the District as previously approved. The standards for City approval shall generally be consistency with the City's Special District Policy as it may be amended along with the most recently approved operating plan and budget and any requirements or limitations contained therein to the extent that they are consistent with the financing plans for the District.

D. ***Public Improvement Fees***

This District will not utilize any revenues from a new, increased or expanded public improvement fee (PIF) unless specifically authorized in this or a subsequent operating plan and budget, or separately approved by City Council. The imposition of a PIF and any provisions for adjustment of a PIF that have been previously approved by City Council shall not be subject to this restriction.

E. ***Condemnation***

The Colorado Revised Statutes do not authorize BIDs to use powers of eminent domain. The exercise of eminent domain authority by any City-authorized district is also specifically prohibited without express prior City Council approval.

F. ***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.

G. ***Eligible Expenses or Costs for Reimbursement***

In addition to any limits or prohibitions contained in Colorado Revised Statutes, the District shall not issue debt for or otherwise fund any costs or expenses not allowed for by the Special District Policy.

H. ***Intergovernmental Agreements***

[List and summarize all existing and anticipated District IGAs including their general scope and purposes]

I. ***Overlapping Districts***

[List and generally describe any overlapping Districts including their purposes, interrelationships, respective mill levies and overall levies for any Combinations of Districts].

8. [INSERT DATE] ACTIVITIES, PROJECTS AND CHANGES

A. ***Activities***

[Generally describe the nature and extent of District activities contemplated for the upcoming year]

B. ***Projects and Public Improvements***

[Describe any significant ongoing projects associated with the District including improvements to be constructed and/or financed by the district in the coming year]

C. ***Summary of [Insert Date) Activities and Changes from Prior Year***

Notwithstanding information provided in prior sections, briefly describe major activities anticipated for the upcoming year and highlight any significant changes from the prior year, including but not limited to:]

[Insert applicable information for each topic]

Boundary changes:

Changes to board or governance structure:

Mill levy changes:

New, refinanced or fully discharged Debt:

Elections:

Major changes in development activity or valuation:

Ability to meet current financial obligations:

9. DISCLOSURE AND COMMUNICATION

The District shall maintain a website that includes content similar to that required for metropolitan districts by Colorado Revised Statutes § 32-1-104.5 and as required by Section K of the Special District Policy, to the extent this content is applicable to BIDs. [Include a link here and note if this site is provided for a Combination of Districts]

10. DISSOLUTION

[Address the topic of potential dissolution from the perspective of Colorado Revised Statutes § 31-25-1225 including whether perpetual existence is or is not contemplated at this time]

11. CONCLUSION

It is submitted that this Operating Plan and Budget for the District meets the requirements of the Business Improvement District Act and further meets applicable requirements of the Colorado Constitution and other law. It is further submitted that the types of services and improvements to be provided by the District are those services and improvements which satisfy the purposes of Part 12 of Article 25 of Title 31, C.R.S.

**SAMPLE EXHIBIT A [Complete and maintain as applicable]
Director and Other Contact Information**

BOARD OF DIRECTORS:

-----, President
[Insert Address]

[Insert phone, fax and e-mail]

Term: [Insert "Elected" or "Appointed"]-----; _-year term

_____, Vice President
[Insert Address]

Term: _____; _-year term

[Insert remaining contact information]

DISTRICT MANAGER:

DISTRICT CONTACT:

INSURANCE AND DIRECTORS' BONDS:

ACCOUNTANT:

AUDITOR:

STAFF:

[Insert all contact information as applicable]

EXHIBIT B

[Insert year] BID Budget

General Fund

Capital Projects Fund

Debt Service Fund

[including taxes, fees, assessments and
estimated principal amount of bonds]

EXHIBIT C
District Boundary Map

EXHIBIT D Terms and Definitions

The following terms and definitions from the City of Colorado Springs Special District Policy are specifically incorporated for use in this Operating Plan and Budget.

- a. **Authority-** An entity with separate legal powers or authorities, created by intergovernmental agreement (IGA) between or among Districts, or between or among one or more Districts, and another governmental entity.
- b. **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.
- c. **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 regional service district or non-developer controlled existing district.
- d. **C.R.S-** Colorado Revised Statutes
- e. **Debt-** Any bond, note debenture, contract or other multiple year financial obligation of a 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.
- f. **Debt Mill Levy-** For the purpose of this Policy and its associated plans the debt mill levy is that portion of the overall mill levy of the District, pledged, dedicated or otherwise used to repay formally issued Debt or long terms.
- g. **Developer Funding Agreements-** Short or long-term obligations of Districts entered into between Districts and developers related to advancement of 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 this Policy or under TABOR.
- h. **District** – This _____ Business Improvement District
- i. **End User-** A property owner anticipated to be have 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.
- j. **End User Debt Service Fees-** Any fees, rates, tolls or charges assessed or pledged or otherwise obligated to End Users by a District for the payment of Debt. End User Debt Service Fees are not intended to include public improvement fees (PIFs) if authorized by this Operating Plan and Budget. .
- k. **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 (also known as the Redbook); and (3) is not an officer of the Districts.

- l. Index Interest Rate-** The AAA 30-year MMD (Municipal Market Data) index interest rate.
- m. Interest Rate-**The annual rate of charge applied to Debt or other District financial obligations
- n. 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 District and sufficient to support the need for the District along with relevant public improvements financing assumptions and proposed limits.
- o. Maximum Debt Mill Levy-** The maximum mill levy a District or Combination of Districts is permitted to impose for the payment of Debt. For the purpose of this Policy, a mill levy certified for contractual obligations is part of the Maximum Debt Mill Levy.
- p. Maximum Operating Mill Levy-** The maximum mill levy a District or Combination of Districts is permitted to impose for operating and maintenance expenses.
- q. Mill Levy Adjustment** -Any statutory, legislative or constitutional changes that adjust or impact that assessed or actual valuation of property or the assessment ratio pursuant to which taxes are calculated
- r. Model BID Operating Plan and Budget-** The most recent version of the template for BID Operating Plans and Budgets adopted in accordance with this Policy.
- s. Planning and Community Development Department Director-** The Director of the Colorado Springs Planning and Community Development Department or other position which may be established for the purpose of administering this Policy, or their designee.
- t. Policy or Special District Policy** -The City's adopted Special District Policy as may be amended from time to time.
- u. 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.
- v. 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 a District in accordance with the applicable State statutes.
- w. Related Party Privately Placed Debt** - Privately Placed Debt that is or will be placed with and directly held by a party related to the issuing District.

EXHIBIT E [Optional]

[Summary of Public Improvements and Financial Plan Supporting a City Council Authorization to Issue Debt in conformance with 7-100 of the City Charter]

[The following financial information is provided support issuance of Debt by this District in excess of 10 percent of the total assessed valuation of the taxable property within the District subject to approval of this Operating Plan and Budget by resolution of least a two-thirds of the entire City Council.]

[Include the following information:

- i. Any financial or Public Improvements information required by Section 31-25-1211 C.R.S. precedent to the creation of this BIDs.
- ii. Estimates of the total Public Improvements costs used to support the proposed Total Debt Issuance Limitation(s), broken out by categories of improvements, and with graphic depictions of the location of major improvements. Any contingencies, costs of Debt issuance, or inflation assumptions reflected in these estimates, should be clearly articulated.
- iii. A financing plan that projects Public Improvements and development phasing, along with initial and good faith assumptions for the amount and potential timing of future debt issuances, based on anticipated District revenues. (It is recognized that financial projections will be uncertain based on market and economic contingencies, particularly for longer term development projects).
- iv. Operating plans for newly developing areas shall specifically address the potential vulnerability of the development forecasts to market downturns, particularly at the early stages of the forecast period.]