

2021 OPERATING PLAN AND BUDGET

**SW DOWNTOWN
BUSINESS
IMPROVEMENT
DISTRICT**

City of Colorado Springs, El Paso County, Colorado

TABLE OF CONTENTS

1. PURPOSE AND SCOPE OF THIS DISTRICT 1
 A. Requirement for this Operating Plan. 1
 B. What Must Be Included in the Operating Plan? 1
 C. Purposes. 1
 D. Ownership of Property or Major Assets. 1
 E. Contracts and Agreements. 1
2. ORGANIZATION AND COMPOSITION OF THE BOARD OF DIRECTORS..... 2
3. BOUNDARIES, INCLUSIONS AND EXCLUSIONS 2
4. PUBLIC IMPROVEMENTS..... 3
5. ADMINISTRATION, OPERATIONS, SERVICES AND MAINTENANCE 3
6. FINANCIAL PLAN AND BUDGET 3
7. MUNICIPAL OVERSIGHT OF DISTRICT ACTIVITIES 5
8. 2021 ACTIVITIES, PROJECTS AND CHANGES..... 5
 A. Activities. 5
 B. Projects and Public Improvements..... 5
 C. Summary of 2021 Activities and Changes from Prior Year. 6
9. DISSOLUTION..... 6
10. CONCLUSION 6

EXHIBIT A - Director Contact Information

EXHIBIT B - BID Budget 2021

 General Fund

 Debt Service Fund

 Capital Projects Fund

EXHIBIT C – District Boundary Map

2021
OPERATING PLAN FOR THE
SW DOWNTOWN 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 SW Downtown 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.*, C.R.S., 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 2017-2018 Operating Plan and subsequent Operating Plans 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 years’ Operating Plans, the contemplated purposes of this District for 2021 include financing, acquisition, construction, completion, installation, replacement and/or operation and maintenance of all of the services and public improvements allowed under Colorado law for business improvement districts.

D. Ownership of Property or Major Assets. The District does not currently own any real property or improvements. The District may own public improvements as constructed, including small landscape tracts, if such improvements are not otherwise dedicated to other public entities for operation and maintenance.

E. Contracts and Agreements. It is anticipated that the District will enter into various agreements as required to facilitate the funding, construction, operation and maintenance of public improvements including agreements with the proposed urban renewal entity to be formed overlapping the boundaries of the District. The District entered into an Inter-District Intergovernmental Agreement with SW Downtown Metropolitan District Nos. 1 & 2 on November 28, 2018, whereby the District is responsible for financing, constructing, maintaining, and operating the public improvements and the SW Downtown Metropolitan District Nos. 1 & 2 shall assign revenues to the District to offset the expenses of the construction of the public

improvements and the District's costs of operating and maintaining such public improvements. The District is currently party to the Cooperation Agreement for Redevelopment of Portions of Southwest Downtown, Colorado Springs, Colorado dated February 11, 2020 with the City of Colorado Springs, Colorado Springs Utilities, Colorado Springs Urban Renewal Authority, and Interurban Development Company, LLC ("Redevelopment Agreement"). The District is also party to the Urban Renewal Agreement for Development of the Museum & Park Urban Renewal Area, dated June 1, 2020 with the Colorado Springs Urban Renewal Authority and Interurban Development Company, LLC. The District also entered into a Capital Pledge Agreement dated June 1, 2020 with the SW Downtown Metropolitan District Nos. 1 & 2.

The District may also enter into additional agreements with the City and other districts to accommodate the provision of improvements and services.

2. ORGANIZATION AND COMPOSITION OF THE BOARD OF DIRECTORS

A. Organization. The SW Downtown Business Improvement District was organized by the City of Colorado Springs, Colorado, by Ordinance No. 17-94 on October 10, 2017.

A. Governance. The District is governed by an elected board of directors.

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

- (i) Jeffrey A. Finn
- (ii) Christopher S. Jenkins
- (iii) David D. Jenkins
- (iv) Delroy L. Johnson
- (v) Russell T. Tutt IV

Director and other pertinent contact information is provided in **EXHIBIT A**.

B. Term Limits. The District's election on November 7, 2017 included a ballot question to eliminate term limits pursuant to Article 18, Section 11 of the Colorado Constitution. The question passed.

C. 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.

3. BOUNDARIES, INCLUSIONS AND EXCLUSIONS

The District map is depicted in **EXHIBIT C**. The District anticipates inclusion requests in the coming year as boundaries are established and additional property owners participate in the District.

4. PUBLIC IMPROVEMENTS

The District will be primarily concerned with the provision of public improvements and services within the boundaries of the District. However, there may be instances to provide improvement or services outside of the boundaries of the District as part of the project. The District shall have the authority to provide these improvements and services, but the revenue-raising powers of the District to recoup the costs of extraterritorial improvements and services shall be as limited by state law.

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.”

5. ADMINISTRATION, OPERATIONS, SERVICES AND MAINTENANCE

The District shall provide for ownership, operation, and maintenance of District facilities as activities of the District itself or by contract with other units of government or the private sector. The District may enter into agreements for landscaping, parking facility operation and maintenance, and security to enhance the area within the District as described in the Redevelopment Agreement with the City mentioned above.

6. FINANCIAL PLAN AND BUDGET

A. 2021 Budget. The 2021 Budget for the District is attached as **EXHIBIT B**.

B. Authorized Indebtedness. The District held an election on November 7, 2017 for the purpose of authorizing debt, taxes, revenue limits, spending limits, special assessments, and such other matters as may be necessary or convenient for the implementation of Art. X., Sec. 20 of the Colorado Constitution, and the Operating Plan. The electors of the District approved of a cumulative total of \$5,720,000,000 in debt authorization for the District. Pursuant to the original Operating Plan, the City authorized a maximum debt authorization of \$105,000,000. This maximum debt authorization amount shall not be exceeded without express prior approval by the City.

C. Property Tax and Mill Levy Caps. The District taxing ability shall be constrained to mill levy limitations of up to 50 mills for debt service and up to 10 mills for general operations and administrative expenses due to the on-going operations and maintenance to be undertaken by the District within its boundaries.

D. District Revenues. The District anticipates developer funding for initial revenue sources and thereafter revenues derived from property taxes. Additionally, existing bonds support

public improvement construction. The District also anticipates utilizing public improvement fees to support public improvement construction.

E. Existing Debt Obligations. In June 2020, the District issued the SW Downtown Business Improvement District \$30,500,000 Limited Tax Supported and Special Revenue Senior Bonds Series 2020A with an interest rate of 8.0% (“2020 Bonds”). The 2020 Bonds are subject to optional redemption at any time and subject to mandatory redemption on October 15 each year. The 2020 Bonds were issued pursuant to an authorizing resolution adopted by the District Board of Directors at a meeting held on February 26, 2020. The City Council approved this issuance by Resolution No. 10-20. Following the issuance of the 2020 Bonds, the District has \$74,500,000 in remaining debt authorization. The District will annually review the interest rate on its bonds regarding market interest rate and evaluate possibilities to refund such bonds to the extent allowed pursuant to the bond documents.

F. Future Debt Obligations. Pursuant to Resolution No. 10-20, the City Council authorized the District to issue Limited Tax Supported and Special Revenue Bonds up to an aggregate principal amount not to exceed \$50,000,000 without further approval by the City Council. The District may issue additional Limited Tax Supported and Special Revenue Bonds if and when needed to provide public improvements as contemplated herein, however, this approval shall be effective for a maximum of four years from the date of the Resolution No. 10-20.

G. Other Financial Obligations. The District entered into an Inter-District Intergovernmental Agreement with SW Downtown Metropolitan District Nos. 1 & 2 on November 28, 2018, whereby the District is responsible for financing, constructing, maintaining, and operating the public improvements and the SW Downtown Metropolitan District Nos. 1 & 2 shall assign revenues to the District to offset the expenses of the construction of the public improvements and the District’s costs of operating and maintaining such public improvements. The District may enter into agreements, including reimbursement or similar agreements and leases; as well as agreements for ongoing services such as legal, administration, compliance, budget, audit, etc.

Currently, the District has outstanding developer advances in the total amount of \$798,147, which accrue interest at a rate of 6% for operations advances and 8% for infrastructure advances.

H. 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.

I. Non-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.

J. *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.

K. 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.

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 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 consistent 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.* The District will use a public improvement fee to provide necessary funding revenues for the improvements to be financed by the District.

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.

8. 2021 ACTIVITIES, PROJECTS AND CHANGES

A. *Activities.*

The District will continue with development activity in 2021.

B. *Projects and Public Improvements.*

The District will continue undertaking projects related to public improvements in the upcoming year.

C. Summary of 2021 Activities and Changes from Prior Year.

The District anticipates continuing to fund the design, installation, or acquisition of public improvements during 2021 as required to support development within the District.

Boundary changes: The District may have boundary changes in 2021.

Changes to board or governance structure: Not anticipated for the upcoming year.

Mill levy changes: Not anticipated to change for the upcoming year.

New, refinanced or fully discharged debt: Pursuant to Resolution No. 10-20, the City Council authorized the District to issue Limited Tax Supported and Special Revenue Bonds up to an aggregate principal amount not to exceed \$50,000,000 without the approval of City Council. The District may issue additional Limited Tax Supported and Special Revenue Bonds if and when needed to provide public improvements as contemplated herein.

Elections: Not anticipated for the upcoming year.

Major changes in development activity or valuation: The District will continue undertaking projects for public improvements in the upcoming year.

Ability to meet current financial obligations: See 2021 Budget attached as **EXHIBIT B**.

9. DISSOLUTION

The District is anticipated to have ongoing operations and maintenance obligations that will necessitate perpetual existence. If the District no longer has such obligations the District will seek to dissolve pursuant to C.R.S. § 31-25-1225.

10. 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.

EXHIBIT A
Director and Other Contact Information

BOARD OF DIRECTORS:

Jeffrey A. Finn (w) 719-439-7378
Nor'wood Development Group (f) 719-633-0545
111 South Tejon, Suite 222 jfinn@nor-wood.com
Colorado Springs, CO 80903

Christopher S. Jenkins (w) 719-593-2600
Nor'wood Development Group (f) 719-633-0545
111 South Tejon, Suite 222 chrisjenkins@nor-wood.com
Colorado Springs, CO 80903

David D. Jenkins (w) 719-593-2600
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Colorado Springs, CO 80903

Delroy L. Johnson (w) 719-593-2600
Nor'wood Development Group (f) 719-633-0545
111 South Tejon, Suite 222 djohnson@nor-wood.com
Colorado Springs, CO 80903

Russell T. Tutt IV (w) 719-593-2611
Nor'wood Development Group (f) 719-633-0545
111 South Tejon, Suite 222 ttutt@nor-wood.com
Colorado Springs, CO 80903

DISTRICT MANAGER:

Josh Miller (303) 779-5710
CliftonLarsonAllen josh.miller@claconnect.com
8390 E. Crescent Pkwy # 500
Greenwood Village, CO 80111

DISTRICT CONTACT:

Russ Dykstra (303) 839-3845
Spencer Fane LLP rdykstra@spencerfane.com
1700 Lincoln St, Suite 2000
Denver, Colorado 80203

INSURANCE AND DIRECTORS' BONDS:

Jan Elliot (303) 368-5757
T. Charles Wilson Insurance Service jelliott@wilsonins.com
384 Inverness Parkway, Suite 170
Englewood, CO 80112

ACCOUNTANT:

Carrie Bartow

CliftonLarsonAllen

8390 E. Crescent Pkwy # 500

Greenwood Village, CO 80111

(719) 635-0330

Carrie.bartow@claconnect.com

EXHIBIT B

**2021 BID Budget
General Fund
Debt Service Fund
Capital Projects Fund**

SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2021

**SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT
SUMMARY
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

10/5/20

	ACTUAL 2019	BUDGET 2020	ACTUAL 6/30/2020	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCES	\$ (21,561)	\$ 20,117	\$ (431,030)	\$ (431,030)	\$ 30,245
REVENUES					
Property taxes	34,722	69,131	68,096	67,531	66,706
Specific ownership tax	4,788	7,604	3,488	7,428	6,671
Interest income	376	321,309	607	1,216	580
TIF revenue	-	69,155	-	-	195,000
Developer advance	803,427	28,100,042	4,799,228	7,961,811	5,568,451
Parking revenue	-	-	-	5,000	250,838
Parking charge - USOPM	-	-	-	15,000	36,000
Reimbursed expenditures	-	-	-	-	-
Other revenue	-	-	-	-	-
Bond issuance	-	28,275,000	15,500,000	30,500,000	-
Intergovernmental revenues	18,578	88,514	82,268	88,081	116,101
Total revenues	<u>861,891</u>	<u>56,930,755</u>	<u>20,453,687</u>	<u>38,646,067</u>	<u>6,240,347</u>
Total funds available	<u>840,330</u>	<u>56,950,872</u>	<u>20,022,657</u>	<u>38,220,037</u>	<u>6,270,592</u>
EXPENDITURES					
General Fund	82,648	149,090	70,895	155,090	630,000
Debt Service Fund	495	346,472	817	158,816	210,401
Capital Projects Fund	1,188,217	56,454,000	7,016,728	37,870,886	5,393,951
Total expenditures	<u>1,271,360</u>	<u>56,949,562</u>	<u>7,088,440</u>	<u>38,184,792</u>	<u>6,234,352</u>
TRANSFERS OUT	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>1,271,360</u>	<u>56,949,562</u>	<u>7,088,440</u>	<u>38,189,792</u>	<u>6,234,352</u>
ENDING FUND BALANCES	<u>\$ (431,030)</u>	<u>\$ 1,310</u>	<u>\$ 12,934,217</u>	<u>\$ 30,245</u>	<u>\$ 36,240</u>
EMERGENCY RESERVE AVAILABLE FOR OPERATIONS	<u>\$ 800</u> <u>(8,587)</u>	<u>\$ 1,310</u> <u>-</u>	<u>\$ 1,100</u> <u>46,153</u>	<u>\$ 1,900</u> <u>28,345</u>	<u>\$ 10,100</u> <u>26,140</u>
TOTAL RESERVE	<u>\$ (7,787)</u>	<u>\$ 1,310</u>	<u>\$ 47,253</u>	<u>\$ 30,245</u>	<u>\$ 36,240</u>

No assurance provided. See summary of significant assumptions.

**SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

10/5/20

	ACTUAL 2019	BUDGET 2020	ACTUAL 6/30/2020	ESTIMATED 2020	BUDGET 2021
ASSESSED VALUATION - EL PASO					
Vacant land	\$ 406,550	\$ 280,800	\$ 280,800	\$ 280,800	\$ 280,800
Commercial	1,476,790	2,484,460	2,484,460	2,484,460	2,387,430
	1,883,340	2,765,260	2,765,260	2,765,260	2,668,230
Adjustments	(159,140)	-	-	-	-
Certified Assessed Value	<u>\$ 1,724,200</u>	<u>\$ 2,765,260</u>	<u>\$ 2,765,260</u>	<u>\$ 2,765,260</u>	<u>\$ 2,668,230</u>
MILL LEVY					
General	1.000	5.000	5.000	5.000	5.000
Debt Service	20.000	20.000	20.000	20.000	20.000
Total mill levy	<u>21.000</u>	<u>25.000</u>	<u>25.000</u>	<u>25.000</u>	<u>25.000</u>
PROPERTY TAXES					
General	\$ 1,724	\$ 13,826	\$ 13,826	\$ 13,826	\$ 13,341
Debt Service	34,484	55,305	55,305	55,305	53,365
Adjustments to actual/rounding	(1,486)	-	(1,035)	-	-
Refund and abatements	-	-	-	(1,600)	-
Levied property taxes	34,722	69,131	68,096	67,531	66,706
Budgeted property taxes	<u>\$ 34,722</u>	<u>\$ 69,131</u>	<u>\$ 68,096</u>	<u>\$ 67,531</u>	<u>\$ 66,706</u>
BUDGETED PROPERTY TAXES					
General	\$ 1,653	\$ 13,826	\$ 13,619	\$ 13,506	\$ 13,341
Debt Service	33,069	55,305	54,477	54,025	53,365
	<u>\$ 34,722</u>	<u>\$ 69,131</u>	<u>\$ 68,096</u>	<u>\$ 67,531</u>	<u>\$ 66,706</u>

No assurance provided. See summary of significant assumptions.

**SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT
GENERAL FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

10/5/20

	ACTUAL 2019	BUDGET 2020	ACTUAL 6/30/2020	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCE	\$ (21,561)	\$ 800	\$ (7,787)	\$ (7,787)	\$ 30,245
REVENUES					
Property taxes	1,653	13,826	13,619	13,506	13,341
Specific ownership tax	4,788	7,604	3,488	7,428	6,671
Interest income	20	-	33	66	20
Developer advance	71,383	106,042	88,177	130,000	300,000
Parking revenue	-	-	-	5,000	250,838
Parking charge - USOPM	-	-	-	15,000	36,000
Intergovernmental revenues	18,578	22,128	20,618	22,122	29,125
Total revenues	<u>96,422</u>	<u>149,600</u>	<u>125,935</u>	<u>193,122</u>	<u>635,995</u>
Total funds available	<u>74,861</u>	<u>150,400</u>	<u>118,148</u>	<u>185,335</u>	<u>666,240</u>
EXPENDITURES					
General and administrative					
Accounting	34,874	50,000	28,671	55,000	55,000
Auditing	2,246	2,500	2,300	2,300	2,500
County Treasurer's fee	26	207	204	203	200
Dues and licenses	993	1,000	1,803	1,803	3,000
District management	13,641	15,000	14,391	28,000	30,000
Election expense	-	1,500	3,633	3,633	-
Insurance and bonds	4,556	5,500	3,427	5,500	7,500
Legal services	25,689	50,000	15,876	35,000	35,000
Miscellaneous	623	6,000	590	1,000	1,500
Contingency	-	17,383	-	17,651	14,898
Operations and maintenance					
Security	-	-	-	-	100,000
Landscaping and maintenance	-	-	-	-	22,500
Streets repairs and maintenance	-	-	-	-	22,500
Snow removal	-	-	-	-	220,000
Marketing	-	-	-	-	25,000
Parking expense	-	-	-	5,000	90,402
Total expenditures	<u>82,648</u>	<u>149,090</u>	<u>70,895</u>	<u>155,090</u>	<u>630,000</u>
Total expenditures and transfers out requiring appropriation	<u>82,648</u>	<u>149,090</u>	<u>70,895</u>	<u>155,090</u>	<u>630,000</u>
ENDING FUND BALANCE	<u>\$ (7,787)</u>	<u>\$ 1,310</u>	<u>\$ 47,253</u>	<u>\$ 30,245</u>	<u>\$ 36,240</u>
EMERGENCY RESERVE	\$ 800	\$ 1,310	\$ 1,100	\$ 1,900	\$ 10,100
AVAILABLE FOR OPERATIONS	(8,587)	-	46,153	28,345	26,140
TOTAL RESERVE	<u>\$ (7,787)</u>	<u>\$ 1,310</u>	<u>\$ 47,253</u>	<u>\$ 30,245</u>	<u>\$ 36,240</u>

No assurance provided. See summary of significant assumptions.

**SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT
DEBT SERVICE FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

10/5/20

	ACTUAL 2019	BUDGET 2020	ACTUAL 6/30/2020	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCE	\$ -	\$ 34,317	\$ 32,922	\$ 32,922	\$ -
REVENUES					
Property taxes	33,069	55,305	54,477	54,025	53,365
TIF Revenue	-	69,155	-	-	70,000
Intergovernmental revenues	-	66,386	61,650	65,959	86,976
Interest income	348	121,309	455	910	60
Total revenues	<u>33,417</u>	<u>312,155</u>	<u>116,582</u>	<u>120,894</u>	<u>210,401</u>
TRANSFERS IN					
Transfers from other funds	-	-	-	5,000	-
Total funds available	<u>33,417</u>	<u>346,472</u>	<u>149,504</u>	<u>158,816</u>	<u>210,401</u>
EXPENDITURES					
General and administrative					
County Treasurer's fee	495	830	817	810	800
Bond interest - 2020 A Series	-	339,642	-	153,006	142,401
Paying agent fees	-	5,000	-	5,000	5,000
Administrative Fees	-	-	-	-	61,200
Contingency	-	1,000	-	-	1,000
Total expenditures	<u>495</u>	<u>346,472</u>	<u>817</u>	<u>158,816</u>	<u>210,401</u>
Total expenditures and transfers out requiring appropriation	<u>495</u>	<u>346,472</u>	<u>817</u>	<u>158,816</u>	<u>210,401</u>
ENDING FUND BALANCE	<u>\$ 32,922</u>	<u>\$ -</u>	<u>\$ 148,687</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

**SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT
CAPITAL PROJECTS FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

10/5/20

	ACTUAL 2019	BUDGET 2020	ACTUAL 6/30/2020	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCE	\$ -	\$ (15,000)	\$ (456,165)	\$ (456,165)	\$ -
REVENUES					
Interest income	8	200,000	119	240	500
Developer advance	732,044	27,994,000	4,711,051	7,831,811	5,268,451
Bond issuance	-	28,275,000	15,500,000	30,500,000	-
TIF Revenue	-	-	-	-	125,000
Total revenues	<u>732,052</u>	<u>56,469,000</u>	<u>20,211,170</u>	<u>38,332,051</u>	<u>5,393,951</u>
Total funds available	<u>732,052</u>	<u>56,454,000</u>	<u>19,755,005</u>	<u>37,875,886</u>	<u>5,393,951</u>
EXPENDITURES					
General and Administrative					
Accounting	900	-	4,439	10,000	20,000
Legal services	49,557	-	54,804	75,000	30,000
Contingency	-	181	-	-	-
Capital Projects					
Project manager	147,677	180,000	90,301	180,602	180,000
Repay developer advance	-	27,988,819	-	8,563,855	-
Engineering soft costs	-	10,000	-	3,120,740	-
Administrative Fees	-	-	75,000	75,000	7,500
Bridges	-	-	52,584	6,081,789	824,211
Bond issue costs	-	286,181	276,000	286,000	-
Design	-	-	42,597	-	1,614,740
Streets	990,083	-	6,031,178	9,475,990	-
District Projects	-	-	389,825	10,001,910	2,600,000
Capital outlay	-	27,988,819	-	-	117,500
Total expenditures	<u>1,188,217</u>	<u>56,454,000</u>	<u>7,016,728</u>	<u>37,870,886</u>	<u>5,393,951</u>
TRANSFERS OUT					
Transfers to other fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>1,188,217</u>	<u>56,454,000</u>	<u>7,016,728</u>	<u>37,875,886</u>	<u>5,393,951</u>
ENDING FUND BALANCE	<u>\$ (456,165)</u>	<u>\$ -</u>	<u>\$ 12,738,277</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

**SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District was organized to provide the financing, acquisition, construction, completion, installation, replacement and/or operation and maintenance of all of the services and public improvements allowed under Colorado law for business improvement districts. Specific improvements and services provided by the District include 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 District's service area is located entirely within the City of Colorado Springs, El Paso County, Colorado (the "City").

The District was organized by Ordinance of the City on October 12, 2017.

At an election held on November 7, 2017, the voters approved general indebtedness of \$440,000,000 at a maximum interest rate of 18% for each of the following improvements and services: streets, water supply, sanitary sewer, traffic and safety controls, parks and recreation, mosquito control, television relay and translation, public transportation, security services, and fire protection/medical emergency services. The election authorized indebtedness of \$440,000,000 each for operations and maintenance, reimbursement agreements, and debt refunding. The voters also approved an annual increase in taxes of up to \$5,000,000 at a mill levy rate without limitation or with such limitations as may be determined by the board for the purpose of the District's operations, maintenance, and other expenses. The election also allows the District to retain all revenues without regard to the limitations contained in Article X, Section 20 of the Colorado constitution.

Pursuant to the District's Operating Plan filed annually with the City, the maximum debt mill levy is 50 mills, and the maximum operating mill levy for the payment of operating and maintenance expenses is 10 mills. The maximum debt authorization for the District is \$105,000,000.

The District has no employees and all administrative functions are contractual.

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those difference may be material.

Revenues

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

**SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues – (continued)

The calculation of the taxes levied is displayed on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 10% of the property taxes collected.

Developer Advances

Since the District is in the development stage, operational expenditures are anticipated to be funded by the Developer. Developer advances are to be recorded as revenues for budget purposes and may be repaid to the Developer from unpledged revenue in future years. The District entered into a Reimbursement Agreement for Operations with the Developer on December 14, 2017. Advances under the agreement bear simple interest at the rate of 6% per annum beginning on the date of advance to the date of repayment.

Intergovernmental Revenues

Intergovernmental revenues represent transfers from SW Downtown Metropolitan District No. 1 to provide funding for the overall administrative and operating costs for the Districts.

Bond Issuance

During 2020, the District issued Series 2020A Limited Tax Supported and Special Revenue Senior Bonds. Bond proceeds was used to repay Developer Advances, will be used to fund the SW Downtown development and bond issue costs.

Urban Renewal TIF

Pursuant to the Urban Renewal Plan, the City-Authority Agreement, the Redevelopment Agreement, and the Cooperation Agreement, with the Colorado Springs Urban Renewal Authority ("CSURA"), the District will receive tax increment financing ("TIF") generated from the District's project to be used toward the repayment of the District's bonds.

Expenditures

Administrative Expenditures

Administrative expenditures have been provided based on estimates of the District's Board of Directors and consultants and include the services necessary to maintain the District's administrative viability such as legal, accounting, managerial, insurance, landscape maintenance, and other administrative expenses.

**SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures – (continued)

County Treasurer’s Fees

County Treasurer’s fees have been computed at 1.5% of property tax collections.

Administrative Fee to CSURA

Commencing in the calendar year 2020, an administrative fee in the amount of \$60,000, escalating at a rate of 2% annually in each subsequent year, shall be collected annually by CSURA from the total TIF Revenue generated by the District. Until such time as the TIF Revenue is annually in excess of an amount require to fund an administrative fee of not less than the applicable amount, the Developer will pay to CSURA in such amount annually.

Capital Outlay

The District anticipates infrastructure improvements as noted in the Capital Projects fund.

Debt Service

Principal and interest payments are provided based on the debt amortization schedules from the Series 2020A Bonds (discussed under Debt and Leases).

Debt and Leases

2020A Bonds

On June 30, 2020, The Districts issued Series 2020A Limited Tax Supported and Special Revenue Senior Bonds in the par amount of \$30,500,000. The Bonds will be issued on a “drawdown” basis, so that advances of the purchase price of the Bonds will be made by the Bond Purchaser to the Trustee in multiple installments in accordance with the terms and provisions of the 2020A Supplemental Indenture. The initial drawdown was directly placed with the Bond Purchaser on the closing date of June 30, 2020 in the amount of \$15,500,000. The minimum drawdown amount is \$1,000,000, except for the last drawdown.

The Bonds were issued for the purposes of: (a) financing certain Public Improvements related to the Development, and (b) paying the costs of issuing the Bonds.

The Bonds bear interest at the rate of 8.0% per annum and are structured as “cash flow” bonds, meaning that no regularly scheduled payments of principal are due on the Bonds prior to their maturity date of December 1, 2049. Instead, interest is payable on June 1 and December 1 (“Interest Payment Date”) and principal is payable on each December 1 pursuant to a mandatory redemption from available Pledged Revenue, if any.

**SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

2020A Bonds (continued)

To the extent principal of any Bond is not paid when due, such principal shall remain outstanding until paid. To the extent interest on any Senior Bond is not paid when due, such interest shall compound on each Interest Payment Date at the rate then borne by the Bonds.

Developer Advances

The District entered into an Operations Reimbursement Agreement (Operations Agreement) with the Developer. The District agrees to repay the Developer along with accrued interest, at a rate of 6% beginning on the date the advance were made to the date of repayment. The Operations Agreement does not constitute a multiple-fiscal year obligation.

The District entered into a Facilities Funding and Acquisition Agreement (Facilities Agreement) with the Developer. The District agrees to repay the Developer along with accrued interest, at a rate of 8% beginning on the date the advance were made to the date of repayment. The Facilities Agreement does not constitute a multiple-fiscal year obligation.

The District has no operating or capital leases.

**SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

	Balance at December 31, 2019	Additions	Reductions	Balance at December 31, 2020
Developer Advances - Operations	\$ 95,510	\$ 130,000	\$ -	\$ 225,510
Accrued Interest:				
Developer Advances - Operations	4,211	9,631	-	13,842
Developer Advances - Capital	732,044	7,831,811	8,563,855	-
Accrued Interest:				
Developer Advances - Capital	5,741	561,719	-	567,460
Special Revenue Bonds Series 2020A	-	30,500,000	-	30,500,000
Accrued Interest Series 2020A	-	680,111	153,006	527,105
Total	<u>\$ 837,506</u>	<u>\$ 39,713,272</u>	<u>\$ 8,716,861</u>	<u>\$ 31,833,917</u>

	Balance at December 31, 2020	Additions	Reductions	Balance at December 31, 2021
Developer Advances - Operations	\$ 225,510	\$ 300,000	\$ -	\$ 525,510
Accrued Interest:				
Developer Advances - Operations	13,842	16,227	-	30,069
Developer Advances - Capital	-	5,268,451	-	5,268,451
Accrued Interest:				
Developer Advances - Capital	567,460	210,738	-	778,198
Special Revenue Bonds Series 2020A	30,500,000	-	-	30,500,000
Accrued Interest Series 2020A	527,105	2,539,609	142,401	2,924,313
Total	<u>\$ 31,833,917</u>	<u>\$ 8,335,025</u>	<u>\$ 142,401</u>	<u>\$ 40,026,541</u>

**SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Reserves

Emergency Reserve


The District has provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending for 2021, as defined under TABOR.

This information is an integral part of the accompanying budget.

EXHIBIT C

District Boundary Map

SW DOWNTOWN BID

 Tax Boundary

1 inch = 256.66 feet

08/24/2020 EPC Assessor's Office
NAD_1983_StatePlane_Colorado_Central_FIPS_0502_Feet
Projection: Lambert_Conformal_Conic

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