

2017 OPERATING PLAN AND BUDGET

**FIRST AND MAIN
BUSINESS
IMPROVEMENT
DISTRICT**

City of Colorado Springs, El Paso County, Colorado

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**2017
OPERATING PLAN FOR THE
FIRST AND MAIN 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 First and Main 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., Colorado Revised Statutes, 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 2004, 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 years’ Operating Plans, the ongoing and/or contemplated purposes of this District for 2017 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. Specific improvements and services provided by the District include parking facilities, roadways, lighting, driveways, public utilities and landscaping consistent with prior years’ activities

D. *Ownership of Property or Major Assets.*

The District does not own or expect to own any fee simple property or major physical assets, particularly within the 2017 budget year.

E. *Contracts and Agreement.*

Intergovernmental Agreement for Cost Sharing of Certain Public Improvements (January 28, 2009) between First and Main Business Improvement District and First and Main Business Improvement District No. 2.

2. ORGANIZATION AND COMPOSITION OF THE BOARD OF DIRECTORS

A. Organization.

The First and Main Business Improvement District was organized by the City of Colorado Springs, Colorado by Ordinance No. 03-37 on March 11, 2003.

B. Governance.

The District is governed by an elected board of directors.

C. Current Board.

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

Ralph A. Braden, President
Christopher S. Jenkins, Vice-President
David D. Jenkins, Secretary
Frederick A. Veitch, Treasurer
Delroy L. Johnson, Assistant Secretary

Director and other pertinent contact information are provided in **Exhibit A**.

D. Term Limits.

The District held an election on May 6, 2014 for the election of Directors as approved by the City Council of the City of Colorado Springs, Colorado by Ordinance No. 14-16 on March 11, 2014. The election was canceled, and the following persons were elected by acclamation to the office of Director for the following terms: Ralph Braden, David Jenkins and Chris Jenkins to 4-year terms; and Fred Veitch and Delroy Johnson to 2-year terms. Term limits were not eliminated.

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 to date.

3. BOUNDARIES, INCLUSIONS AND EXCLUSIONS

The District map is depicted in **Exhibit C**. The District does not anticipate inclusion or exclusion requests in the coming year.

4. PUBLIC IMPROVEMENTS

The District does not presently anticipate funding the design, installation, or acquisition of additional public improvements during 2017. If the District acts to fund additional improvements during calendar year 2017, an amendment to this Operating Plan will be sought in accordance with the provisions of Section 31-25-1211, C.R.S.

The District does not anticipate the construction or acquisition of any public improvements in 2017.

5. ADMINISTRATION, OPERATIONS, SERVICES AND MAINTENANCE

No changes to the improvements and services to be furnished by the District as listed in all of the previous Operating Plans are proposed for 2017. Therefore, all of the previous Operating Plans, including all limitations found in Section 3 Description of Public Improvements and Services, Section 4 Administration, Operation and Maintenance, Section 5 Financial Plan and Budget (with the exceptions noted below and the budget which is attached hereto as EXHIBIT B) are unchanged and incorporated herein by reference.

Debt Financing.

The language set forth below amends and supersedes in its entirety the language contained in Section 5.4(a) of the 2008 Operating Plan:

"The total authorized debt of the District shall not exceed \$5,000,000 without the written approval of the City Council of the City of Colorado Springs. The total authorized debt of the District has been reduced in this Operating Plan to \$5,000,000 to account for the formation of the First and Main Business Improvement District No. 2, which entity will be financing the design, installation, or acquisition of certain eligible public improvements within its boundaries. The amount of debt authority authorized by this Operating Plan will be sufficient to yield proceeds to the District available for public improvement acquisition and construction purposes, including completion, construction, acquisition and/or installations of the proposed public improvements, plus construction contingencies, design and construction engineering, construction management and other capitalized costs ("Capital Costs"). Bond proceeds would also cover costs and expenses for financing the facilities, including, but not limited to, capitalized interest, bond issuance costs, bond reserve funds, credit enhancement costs, and District organizational costs. In order to allow the District a degree of flexibility in how it allocates its authority to issue bonds between categories of improvements, the amount of voter-approved debt authority and bonds issued by the District to finance the facilities will be greater than the principal amount stated above, nonetheless, the principal amount of the bonds that may be issued by the District is limited to \$5,000,000 in principal amount unless the District obtains the City Council's approval of an amendment to this Operating Plan.

The District will also be authorized to issue refunding bonds at a higher interest rate in an amount not to exceed \$5,000,000 in principal amount.

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

6. FINANCIAL PLAN AND BUDGET

1. 2017 Budget.

The 2017 Budget for the District is attached as **Exhibit B**.

2. Authorized Indebtedness.

At an election held on November 1, 2005, the District's electors authorized the issuance of indebtedness in an amount not to exceed \$2,500,000 for water and storm drainage. On November 7, 2006, the District's electors authorized additional indebtedness of \$44,250,000 for streets, park and recreation, operations and maintenance, and refunding of debt. The voters also approved an annual increase in taxes of \$25,000 annually, at a mill levy rate not to exceed one mill for operations and maintenance. 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. As set forth in the District's 2005 Operating Plan, the City has limited the amount of debt to be issued to a total of \$22,000,000 in the authorized voted categories, without future approval by the City. The 2010 Operating Plan submitted to the City amended the total amount of debt authorized by the City to \$5,000,000.

3. Property Tax and Mill Levy Caps.

The mill levy limitations in the Original Operating Plan (being 50 mills for debt service and one (1) mill for general operations and administrative expenses) remain unchanged.

4. District Revenues.

See 2017 budget attached hereto as **Exhibit B**.

5. Existing Debt Obligations.

The District issued limited tax general obligation bonds in 2009 in the principal amount of \$1,650,000 (the "2009 Bonds"). As required by the District's 2008 Operating Plan, the issuance of the 2009 Bonds was approved by Resolution 52-09 of the City Council.

Notwithstanding the amount of debt authorized at previous or future elections held for that purpose, the total authorized debt of the District shall not exceed \$5,000,000 without the written approval of the City Council of the City of Colorado Springs.

6. Future Debt Obligations.

In accordance with the City's Special District Policy 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.

7. Other Financial Obligations.

The District entered into an Intergovernmental Agreement during 2014 with First and Main Business Improvement District No. 2. The intergovernmental expenditures represent transfers to First and Main Business Improvement District No. 2 to provide funding for the overall administrative and operating costs of the District.

8. 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.

9. 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.

10. 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.

11. 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 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 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.

8. 2017 ACTIVITIES, PROJECTS AND CHANGES

- 1. **Activities.**
The District does not anticipate activity for commercial development in 2017, and has no specific plan at this time.
- 2. **Projects and Public Improvements.**
If the District acts to fund additional improvements during calendar year 2017, an amendment to this Operating Plan will be sought in accordance with the provisions of Section 31-25-1211, C.R.S.
- 3. **Summary of 2017 Activities and Changes from Prior Year.**
The District's activities and will focus on district administration and payment of its bonds.
 - Boundary changes:** Not anticipated for the upcoming year.
 - Changes to board or governance structure:** Not anticipated for the upcoming year.
 - Mill levy changes:** Mill levies remain the same for the upcoming year.
 - New, refinanced or fully discharged debt:** Not anticipated for the upcoming year.
 - Elections:** Not anticipated for the upcoming year.

Major changes in development activity or valuation: Not anticipated for the upcoming year.

Ability to meet current financial obligations: See 2017 Budget attached as **Exhibit B**.

9. DISSOLUTION

The District may be dissolved under the conditions of Section 31-25-1225, C.R.S. Perpetual existence is not contemplated at this time.

10. CONCLUSION

It is submitted that this Operating Plan and Budget for the District meet 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
FIRST AND MAIN BUSINESS IMPROVEMENT DISTRICT

BOARD OF DIRECTORS:

NAME & ADDRESS	POSITION	TERM(S)	PHONE #/E-MAIL
Ralph A. Braden Nor'wood Development Group 111 South Tejon, Suite 222 Colorado Springs, CO 80903	President	2012-2016; 2016-2020	(w) 719-593-2600 (f) 719-633-0545 rbraden@nor-wood.com
Christopher S. Jenkins Nor'wood Development Group 111 South Tejon, Suite 222 Colorado Springs, CO 80903	Vice President	2012-2016; 2016-2020	(w) 719-593-2600 (f) 719-633-0545 chrisjenkins@nor-wood.com
David D. Jenkins Nor'wood Development Group 111 South Tejon, Suite 222 Colorado Springs, CO 80903	Secretary	2012-2016; 2016-2020	(w) 719-593-2600 (f) 719-633-0545 ddj@nor-wood.com
Frederick A. Veitch Nor'wood Development Group 111 South Tejon, Suite 222 Colorado Springs, CO 80903	Treasurer	2010-2014; 2014-2018	(w) 719-593-2600 (f) 719-633-0545 fveitch@nor-wood.com
Delroy L. Johnson Nor'wood Development Group 111 South Tejon, Suite 222 Colorado Springs, CO 80903	Assistant Secretary	2013-2014; 2014-2018	(w) 719-593-2600 (f) 719-633-0545 djohnson@nor-wood.com

DISTRICT CONTACT:

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

Cynthia Beyer CliftonLarsonAllen LLP 8390 East Crescent Parkway, Suite 600 Greenwood Village, CO 80111 (w) 303-779-5710 (f) 303-773-0348 Cynthia.Beyer@claconnect.com

ACCOUNTANT:

Carrie Bartow, CPA CliftonLarsonAllen LLP 102 South Tejon, Suite 350 Colorado Springs, CO 80903 (w) 719-635-0300 x 77839 (f) 719-473-3630 carrie.bartow@claconnect.com
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AUDITOR:

BiggsKofford, PC 630 Southpointe Court, Suite 200 Colorado Springs, CO 80906 719-579-9090 (f) 719-576-0126
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INSURANCE AND BONDS:

T. Charles Wilson Insurance Service 384 Inverness Parkway Centennial, CO 80112 303-368-5757
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STAFF:

N/A

EXHIBIT B

2017 BID Budget

General Fund

Debt Service Fund

Capital Projects Fund

(including taxes, fees, assessments and estimated principal amount of bonds)



CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAAconnect.com

Accountant's Compilation Report

Board of Directors
First & Main Business Improvement District
El Paso County, Colorado

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of First & Main Business Improvement District for the year ending December 31, 2017, including the estimate of comparative information for the year ending December 31, 2016 and the actual comparative information for the year ending December 31, 2015, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

We draw attention to the summary of significant assumptions which describe that the budget is presented in accordance with the requirements of C.R.S. 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to First & Main Business Improvement District.

Greenwood Village, Colorado
_____, 2016

**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT
SUMMARY
2017 BUDGET AS PROPOSED
WITH 2015 ACTUAL AND 2016 ESTIMATED
For the Years Ended and Ending December 31,**

9/12/2016

	ACTUAL 2015	BUDGET 2016	ACTUAL 6/30/2016	ESTIMATED 2016	PROPOSED 2017
BEGINNING FUND BALANCES	\$ 61,139	\$ 71,763	\$ 71,757	\$ 71,757	\$ 77,236
REVENUES					
1 Property taxes	164,887	166,289	165,422	166,290	165,110
2 Specific ownership taxes	18,633	18,292	7,579	18,400	18,160
3 Net investment income	255	125	224	457	410
4 Other income	-	1,000	-	-	1,000
Total revenues	<u>183,775</u>	<u>185,706</u>	<u>173,225</u>	<u>185,147</u>	<u>184,680</u>
Total funds available	<u>244,914</u>	<u>257,469</u>	<u>244,982</u>	<u>256,904</u>	<u>261,916</u>
EXPENDITURES					
General and administration					
5 Contingency	-	1,000	-	-	1,000
6 County Treasurer's fees	49	49	49	49	49
7 Miscellaneous	491	500	237	500	500
8 Transfer to First & Main BID No. 2	21,417	21,019	10,544	21,119	20,858
Debt service					
9 Bond interest - Series 2009	128,775	127,075	-	127,075	124,950
10 Bond principal - Series 2009	20,000	25,000	-	25,000	25,000
11 Contingency	-	3,480	-	3,480	3,622
12 County Treasurer's fees	2,425	2,445	2,432	2,445	2,428
Total expenditures	<u>173,157</u>	<u>180,568</u>	<u>13,262</u>	<u>179,668</u>	<u>178,407</u>
Total expenditures and transfers out requiring appropriation	<u>173,157</u>	<u>180,568</u>	<u>13,262</u>	<u>179,668</u>	<u>178,407</u>
ENDING FUND BALANCES	<u>\$ 71,757</u>	<u>\$ 76,901</u>	<u>\$ 231,720</u>	<u>\$ 77,236</u>	<u>\$ 83,509</u>

PRELIMINARY DRAFT - SUBJECT TO REVISION

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,

9/12/2016

	ACTUAL 2015	BUDGET 2016	ACTUAL 6/30/2016	ESTIMATED 2016	PROPOSED 2017
ASSESSED VALUATION - EL PASO					
Commercial	\$ 3,232,500	\$ 3,259,990	\$ 3,259,990	\$ 3,259,990	\$ 3,236,870
Vacant Land	580	580	580	580	580
Certified Assessed Value	<u>\$ 3,233,080</u>	<u>\$ 3,260,570</u>	<u>\$ 3,260,570</u>	<u>\$ 3,260,570</u>	<u>\$ 3,237,450</u>
MILL LEVY					
GENERAL FUND	1.000	1.000	1.000	1.000	1.000
DEBT SERVICE FUND	50.000	50.000	50.000	50.000	50.000
Total Mill Levy	<u>51.000</u>	<u>51.000</u>	<u>51.000</u>	<u>51.000</u>	<u>51.000</u>
PROPERTY TAXES					
GENERAL FUND	\$ 3,233	\$ 3,261	\$ 3,261	\$ 3,261	\$ 3,237
DEBT SERVICE FUND	161,654	163,029	163,029	163,029	161,873
Levied property taxes	164,887	166,290	166,290	166,290	165,110
Adjustments to actual/rounding	-	(1)	868	-	-
Budgeted Property Taxes	<u>\$ 164,887</u>	<u>\$ 166,289</u>	<u>\$ 165,422</u>	<u>\$ 166,290</u>	<u>\$ 165,110</u>
BUDGETED PROPERTY TAXES					
GENERAL FUND	\$ 3,233	\$ 3,261	\$ 3,244	\$ 3,261	\$ 3,237
DEBT SERVICE FUND	161,654	163,028	162,178	163,029	161,873
	<u>\$ 164,887</u>	<u>\$ 166,289</u>	<u>\$ 165,422</u>	<u>\$ 166,290</u>	<u>\$ 165,110</u>

PRELIMINARY DRAFT - SUBJECT TO REVISION

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT
GENERAL FUND
2017 BUDGET AS PROPOSED
WITH 2015 ACTUAL AND 2016 ESTIMATED
For the Years Ended and Ending December 31,**

9/12/2016

	ACTUAL 2015	BUDGET 2016	ACTUAL 6/30/2016	ESTIMATED 2016	PROPOSED 2017
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -	\$ -	\$ -
REVENUES					
1 Property taxes	3,233	3,261	3,244	3,261	3,237
2 Specific ownership taxes	18,633	18,292	7,579	18,400	18,160
3 Net investment income	91	15	7	7	10
4 Other income	-	1,000	-	-	1,000
Total revenues	<u>21,957</u>	<u>22,568</u>	<u>10,830</u>	<u>21,668</u>	<u>22,407</u>
Total funds available	<u>21,957</u>	<u>22,568</u>	<u>10,830</u>	<u>21,668</u>	<u>22,407</u>
EXPENDITURES					
General and administration					
5 Contingency	-	1,000	-	-	1,000
6 County Treasurer's fees	49	49	49	49	49
7 Miscellaneous	491	500	237	500	500
8 Transfer to First & Main BID No. 2	21,417	21,019	10,544	21,119	20,858
Total expenditures	<u>21,957</u>	<u>22,568</u>	<u>10,830</u>	<u>21,668</u>	<u>22,407</u>
Total expenditures and transfers out requiring appropriation	<u>21,957</u>	<u>22,568</u>	<u>10,830</u>	<u>21,668</u>	<u>22,407</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PRELIMINARY DRAFT - SUBJECT TO REVISION

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT
DEBT SERVICE FUND
2017 BUDGET AS PROPOSED
WITH 2015 ACTUAL AND 2016 ESTIMATED
For the Years Ended and Ending December 31,**

9/12/2016

	ACTUAL 2015	BUDGET 2016	ACTUAL 6/30/2016	ESTIMATED 2016	PROPOSED 2017
BEGINNING FUND BALANCES	\$ 61,139	\$ 71,763	\$ 71,757	\$ 71,757	\$ 77,236
REVENUES					
1 Property taxes	161,654	163,028	162,178	163,029	161,873
2 Net investment income	164	110	217	450	400
Total revenues	<u>161,818</u>	<u>163,138</u>	<u>162,395</u>	<u>163,479</u>	<u>162,273</u>
Total funds available	<u>222,957</u>	<u>234,901</u>	<u>234,152</u>	<u>235,236</u>	<u>239,509</u>
EXPENDITURES					
Debt service					
3 Bond interest - Series 2009	128,775	127,075	-	127,075	124,950
4 Bond principal - Series 2009	20,000	25,000	-	25,000	25,000
5 Contingency	-	3,480	-	3,480	3,622
6 County Treasurer's fees	2,425	2,445	2,432	2,445	2,428
Total expenditures	<u>151,200</u>	<u>158,000</u>	<u>2,432</u>	<u>158,000</u>	<u>156,000</u>
Total expenditures and transfers out requiring appropriation	<u>151,200</u>	<u>158,000</u>	<u>2,432</u>	<u>158,000</u>	<u>156,000</u>
ENDING FUND BALANCES	<u>\$ 71,757</u>	<u>\$ 76,901</u>	<u>\$ 231,720</u>	<u>\$ 77,236</u>	<u>\$ 83,509</u>

PRELIMINARY DRAFT - SUBJECT TO REVISION

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT
 CAPITAL PROJECTS FUND
 2017 BUDGET AS PROPOSED
 WITH 2015 ACTUAL AND 2016 ESTIMATED
 For the Years Ended and Ending December 31,**

9/12/2016

	ACTUAL 2015	BUDGET 2016	ACTUAL 6/30/2016	ESTIMATED 2016	PROPOSED 2017
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -	\$ -	\$ -
REVENUES					
Total revenues	-	-	-	-	-
Total funds available	-	-	-	-	-
EXPENDITURES					
Total expenditures	-	-	-	-	-
Total expenditures and transfers out requiring appropriation	-	-	-	-	-
ENDING FUND BALANCES	\$ -	\$ -	\$ -	\$ -	\$ -

PRELIMINARY DRAFT - SUBJECT TO REVISION

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT
2017 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District was organized by Ordinance of the City of Colorado Springs on March 11, 2003, 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 parking facilities, roadways, lighting, driveways, public utilities and landscaping. The District's service area is located entirely within the City of Colorado Springs, El Paso County, Colorado.

On November 1, 2005, the District's electors authorized the issuance of indebtedness in an amount not to exceed \$2,500,000 for water and storm drainage. On November 7, 2006, the District's electors authorized additional indebtedness of \$44,250,000 for streets, park and recreation, operations and maintenance, and refunding of debt. The voters also approved an annual increase in taxes of \$25,000 annually, at a mill levy rate not to exceed one mill for operations and maintenance. The election also allows the District to retain all revenues without regard to the limitations contained within Article X, Section 20 of the Colorado constitution. As set forth in the District's 2005 operating plan, the City limited the amount of debt to be issued to a total of \$22,000,000 in the authorized voted categories, without future approval by the City. The 2010 Operating Plan submitted to the City amended the total amount of debt authorized by the City to \$5,000,000.

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

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of C.R.S 29-1-105.

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.

The calculation of the taxes levied is displayed on page 3 of the Budget at the total adopted mill levy of 51.000 mills.

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 11% of the property taxes collected.

**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT
2017 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 0.5%.

Expenditures

Intergovernmental expenditures

Pursuant to an Intergovernmental Agreement entered into during 2014 with First & Main Business Improvement District No. 2 (F&M BID No. 2), the intergovernmental expenditures represent transfers to F&M BID No. 2 to provide funding for the overall administrative and operating costs of the District.

County Treasurer's Fees

County Treasurer's collection fees have been computed at 1.5% of property taxes.

Debt Service

Principal and interest payments in 2017 are provided based on the debt amortization schedule from the General Obligation Bonds, Series 2009.

Debt and Leases

On January 28, 2009, the District issued \$1,650,000 in General Obligation Limited Tax Bonds for infrastructure improvements. The bonds bear interest at a rate of 8.5%. Bond interest and principal payments are payable annually on December 1; any accrued and unpaid interest will compound on December 1 of each year.

The District has no capital or operating leases.

Reserves

Emergency Reserve

Pursuant to the Intergovernmental Agreement with F&M BID No. 2, the District transfers all available General Fund revenue to F&M BID No. 2. Therefore, no emergency reserve related to its revenue stream is captured in the District. The emergency reserve for the revenue is reflected in F&M BID No. 2.

This information is an integral part of the accompanying budget.

FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2016

\$1,650,000 General Obligation Bonds
Series 2009
Dated January 28, 2009
Principal and interest due December 1
Interest Rate 8.5% Payable

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt</u> <u>Service</u>
2017	\$ 25,000	\$ 124,950	\$ 149,950
2018	25,000	122,825	147,825
2019	30,000	120,700	150,700
2020	30,000	118,150	148,150
2021	35,000	115,600	150,600
2022	40,000	112,625	152,625
2023	40,000	109,225	149,225
2024	45,000	105,825	150,825
2025	50,000	102,000	152,000
2026	50,000	97,750	147,750
2027	55,000	93,500	148,500
2028	60,000	88,825	148,825
2029	65,000	83,725	148,725
2030	70,000	78,200	148,200
2031	80,000	72,250	152,250
2032	85,000	65,450	150,450
2033	90,000	58,225	148,225
2034	100,000	50,575	150,575
2035	110,000	42,075	152,075
2036	120,000	32,725	152,725
2037	125,000	22,525	147,525
2038	140,000	11,900	151,900
	<u>\$ 1,470,000</u>	<u>\$ 1,829,625</u>	<u>\$ 3,299,625</u>

PRELIMINARY DRAFT - SUBJECT TO REVISION

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

EXHIBIT C

District Boundary Map

FIRST & MAIN BID

 Tax Boundary

1 inch = 270.83 feet

Created 11/23/2015 EPC Assessor's Office
NAD_1983_StatePlane_Colorado_Central_FIPS_0502_Feet
Projection: Lambert_Conformal_Conic

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