

**2017 OPERATING PLAN AND BUDGET**

**FIRST AND MAIN  
BUSINESS  
IMPROVEMENT  
DISTRICT NO. 2**

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 Agreement..... 1  
2. ORGANIZATION AND COMPOSITION OF THE BOARD OF DIRECTORS..... 2  
3. BOUNDARIES, INCLUSIONS AND EXCLUSIONS..... 2  
4. PUBLIC IMPROVEMENTS..... 2  
5. ADMINISTRATION, OPERATIONS, SERVICES AND MAINTENANCE..... 3  
6. FINANCIAL PLAN AND BUDGET..... 3  
7. MUNICIPAL OVERSIGHT OF DISTRICT ACTIVITIES ..... 5  
8. 2017 ACTIVITIES, PROJECTS AND CHANGES ..... 6  
    1. Activities ..... 6  
    2. Projects and Public Improvements..... 6  
    3. Summary of 2017 Activities and Changes from Prior Year ..... 6  
9. DISSOLUTION ..... 6  
10. CONCLUSION..... 6

EXHIBIT A - Director and Other Contact Information

EXHIBIT B - BID Budget 2017

    General Fund

    Debt Service Fund

    Capital Projects Fund

EXHIBIT C – District Boundary Map

**2017**  
**OPERATING PLAN FOR THE**  
**FIRST AND MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2**

**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 No. 2 (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 2009, 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 water, sanitation, street, storm, park and recreation, and the operation and maintenance of the District 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 & Main Business Improvement District and First & Main Business Improvement District No. 2.

**2. ORGANIZATION AND COMPOSITION OF THE BOARD OF DIRECTORS**

**A. *Organization.***

The First and Main Business Improvement District No. 2 was organized by the City of Colorado Springs, Colorado by Ordinance No. 08-144 on September 9, 2008.

**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. 14-17 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 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.

**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 as amended by the above, Section 4 Administration, Operation and Maintenance, Section 5 Financial Plan and Budget are unchanged and incorporated herein by reference.

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 4, 2008, the District's electors authorized the issuance of indebtedness in an amount not to exceed \$5,000,000 for water, \$20,000,000 for streets, \$5,000,000 for sanitation, \$5,000,000 for park and recreation, and \$20,000,000 for refunding of debt. The voters also approved an annual increase in taxes of \$150,000 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 2009 Operating Plan, the City has limited the amount of debt to be issued to a total of \$20,000,000 in the authorized voted categories, without future approval by the City.

**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 \$2,400,000 (the "2009 Bonds"). As required by the District's 2009 Operating Plan, the issuance of the 2009 bonds was approved by Resolution 53-09 of the City Council.

In 2011 the District issued the \$2,000,000 First and Main Business Improvement District No. 2 Public Improvement Fee Revenue Bond, Series 2011 (the "2011 Bonds"). The Bond is issued pursuant to an authorizing resolution (the "Bond Resolution") originally adopted by the Board of Directors of the District (the "Board") at a meeting held on August 25, 2010, and re-adopted at a meeting of the Board held on December 1, 2010, as supplemented by a Sale Certificate executed and delivered by the President of the

District. As required by the District's 2010 Operating Plan, the issuance of the 2011 Bonds was approved by Resolution 186-10 of the City Council.

In 2015 the District issued the \$1,750,000 First and Main Business Improvement District No. 2 Limited Tax General Obligation Bond, Series 2015 (the "2015 GO Bonds"). The Bond is issued pursuant to an authorizing resolution (the "Bond Resolution") originally adopted by the Board of Directors of the District (the "Board") at a meeting held on December 3, 2014, and Certification of Resolution adopted on April 22, 2015, as supplemented by a Sale Certificate executed and delivered by the President of the District. As required by the District's 2015 Operating Plan, the issuance of the 2015 Bonds was approved by Resolution 35-15 of the City Council.

In 2015 the District issued the \$1,725,000 First and Main Business Improvement District No. 2 Public Improvement Fee Revenue Bond, Series 2015 (the "2015 PIF Bonds"). The Bond is issued pursuant to an authorizing resolution (the "Bond Resolution") originally adopted by the Board of Directors of the District (the "Board") at a meeting held on December 3, 2014, and Certification of Resolution adopted on December 3, 2014, as supplemented by a Sale Certificate executed and delivered by the President of the District. As required by the District's 2015 Operating Plan, the issuance of the 2015 Bonds was approved by Resolution 35-15 of the City Council.

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 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.

7. ***Other Financial Obligations.***

The District entered into an Intergovernmental Agreement during 2014 with First and Main Business Improvement District. The intergovernmental revenue represents transfers to First and Main Business Improvement District to provide funding for the overall administrative and operating costs for both Districts.

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.***

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 provision of Section 3-25-1211, 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 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**  
**First and Main Business Improvement District No. 2**

**BOARD OF DIRECTORS:**

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

**DISTRICT CONTACT:**

**DISTRICT MANAGER:**

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 <a href="mailto:djohnson@nor-wood.com">djohnson@nor-wood.com</a>	Cynthia Beyer CliftonLarsonAllen LLP 8390 East Crescent Parkway, Suite 600 Greenwood Village, CO 80111 (w) 303-779-5710 (f) 303-779-0348 <a href="mailto:Cynthia.Beyer@claconnect.com">Cynthia.Beyer@claconnect.com</a>
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**ACCOUNTANT:**

**AUDITOR:**

Carrie Bartow, CPA CliftonLarsonAllen LLP 102 South Tejon, Suite 350 Colorado Springs, CO 80903 (w) 719-635-0300 x 77839 (f) 719-473-3630 <a href="mailto:carrie.bartow@claconnect.com">carrie.bartow@claconnect.com</a>	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:**

**STAFF:**

T. Charles Wilson Insurance Service 384 Inverness Parkway Centennial, CO 80112 303-368-5757	N/A
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**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  
www.CLAconnect.com

## **Accountant's Compilation Report**

Board of Directors  
First & Main Business Improvement District No. 2  
El Paso County, Colorado

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of First & Main Business Improvement District No. 2 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 No. 2.

Colorado Springs, Colorado  
, 2016

**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2  
SUMMARY**

**2017 BUDGET AS PROPOSED  
WITH 2015 ACTUAL AND 2016 ESTIMATED  
For the Years Ended and Ending December 31,**

9/15/2016

	ACTUAL 2015	BUDGET 2016	ACTUAL 6/30/2016	ESTIMATED 2016	PROPOSED 2017
BEGINNING FUND BALANCES	\$ 1,296,568	\$ 1,532,493	\$ 1,597,562	\$ 1,597,562	\$ 1,891,734
REVENUES					
1 Property taxes	443,755	529,957	506,956	529,957	529,242
2 Specific ownership taxes	50,146	58,295	24,153	58,800	58,200
3 Public improvement fees	425,926	410,000	180,467	430,000	440,000
4 Developer advance	-	-	-	10,014,285	-
5 Net investment income	2,783	2,500	3,648	7,296	10,070
6 Bond issuance	3,475,000	-	-	-	-
7 Intergovernmental revenue - First & Main BID	21,417	21,019	10,544	21,119	20,858
Total revenues	4,419,027	1,021,771	725,768	11,061,457	1,058,370
TRANSFERS IN	7,776	-	-	-	-
Total funds available	5,723,371	2,554,264	2,323,330	12,659,019	2,950,104
EXPENDITURES					
General and administration					
8 Accounting	25,089	23,000	16,556	27,000	25,000
9 Audit	6,800	7,000	6,900	6,900	7,000
10 Contingency	-	1,844	-	1,552	2,244
11 County Treasurer's fees	131	156	149	156	156
12 District management	11,325	20,000	6,056	15,000	20,000
13 Dues and membership	588	600	-	600	600
14 Election	-	3,000	1,167	1,167	-
15 Insurance	3,232	3,400	3,625	3,625	4,000
16 Legal	12,986	10,000	1,707	5,000	10,000
17 Miscellaneous	1,119	2,000	1,187	2,000	2,000
Debt service					
18 Bond interest - Series 2009	195,075	192,525	-	192,525	189,550
19 Bond interest - Series 2011	160,225	157,250	-	157,250	153,850
20 Bond interest - Series 2015 GO	142,692	116,775	-	116,775	115,425
21 Bond interest - Series 2015 PIF	-	116,438	-	116,438	116,438
22 Bond principal - Series 2009	30,000	35,000	-	35,000	40,000
23 Bond principal - Series 2011	35,000	40,000	-	40,000	40,000
24 Bond principal - Series 2015 GO	20,000	20,000	-	20,000	20,000
25 Bond principal - Series 2015 PIF	-	-	-	-	30,000
26 Contingency	-	4,218	-	4,218	3,954
27 County Treasurer's fees	6,526	7,794	7,456	7,794	7,783
Capital projects					
28 Bond issue costs	57,245	-	-	-	-
29 Park and recreation	-	-	-	4,534,082	-
30 Sewer	-	-	-	2,026,510	-
31 Streets	3,410,000	-	-	3,453,693	-
Total expenditures	4,118,033	761,000	44,803	10,767,285	788,000
TRANSFERS OUT	7,776	-	-	-	-
Total expenditures and transfers out requiring appropriation	4,125,809	761,000	44,803	10,767,285	788,000
ENDING FUND BALANCES	\$ 1,597,562	\$ 1,793,264	\$ 2,278,527	\$ 1,891,734	\$ 2,162,104
EMERGENCY RESERVE	\$ 2,500	\$ 2,700	\$ 1,400	\$ 2,800	\$ 2,700
TOTAL RESERVE	\$ 2,500	\$ 2,700	\$ 1,400	\$ 2,800	\$ 2,700

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 NO. 2**  
**PROPERTY TAX SUMMARY INFORMATION**  
**For the Years Ended and Ending December 31,**

9/15/2016

	ACTUAL 2015	BUDGET 2016	ACTUAL 6/30/2016	ESTIMATED 2016	PROPOSED 2017
<b>ASSESSED VALUATION - EL PASO</b>					
Commercial	\$ 8,400,960	\$ 10,080,420	\$ 10,080,420	\$ 10,080,420	\$ 10,053,430
Vacant Land	221,870	199,410	199,410	199,410	199,410
State Assessed	78,230	111,490	111,490	111,490	124,470
Certified Assessed Value	<u>\$ 8,701,060</u>	<u>\$ 10,391,320</u>	<u>\$ 10,391,320</u>	<u>\$ 10,391,320</u>	<u>\$ 10,377,310</u>
<b>MILL LEVY</b>					
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>
<b>PROPERTY TAXES</b>					
GENERAL FUND	\$ 8,701	\$ 10,391	\$ 10,391	\$ 10,391	\$ 10,377
DEBT SERVICE FUND	435,053	519,566	519,566	519,566	518,865
Levied property taxes	443,754	529,957	529,957	529,957	529,242
Adjustments to actual/rounding	1	-	(23,001)	-	-
Budgeted Property Taxes	<u>\$ 443,755</u>	<u>\$ 529,957</u>	<u>\$ 506,956</u>	<u>\$ 529,957</u>	<u>\$ 529,242</u>
<b>BUDGETED PROPERTY TAXES</b>					
GENERAL FUND	\$ 8,701	\$ 10,391	\$ 9,940	\$ 10,391	\$ 10,377
DEBT SERVICE FUND	435,054	519,566	497,016	519,566	518,865
	<u>\$ 443,755</u>	<u>\$ 529,957</u>	<u>\$ 506,956</u>	<u>\$ 529,957</u>	<u>\$ 529,242</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 NO. 2**  
**GENERAL FUND**  
**2017 BUDGET AS PROPOSED**  
**WITH 2015 ACTUAL AND 2016 ESTIMATED**  
**For the Years Ended and Ending December 31,**

9/15/2016

	ACTUAL 2015	BUDGET 2016	ACTUAL 6/30/2016	ESTIMATED 2016	PROPOSED 2017
BEGINNING FUND BALANCES	\$ 47,593	\$ 60,077	\$ 66,651	\$ 66,651	\$ 94,057
REVENUES					
1 Property taxes	8,701	10,391	9,940	10,391	10,377
2 Specific ownership taxes	50,146	58,295	24,153	58,800	58,200
3 Net investment income	64	100	48	96	470
4 Intergovernmental revenue - First & Main BID	21,417	21,019	10,544	21,119	20,858
Total revenues	<u>80,328</u>	<u>89,805</u>	<u>44,685</u>	<u>90,406</u>	<u>89,905</u>
Total funds available	<u>127,921</u>	<u>149,882</u>	<u>111,336</u>	<u>157,057</u>	<u>183,962</u>
EXPENDITURES					
General and administration					
5 Accounting	25,089	23,000	16,556	27,000	25,000
6 Audit	6,800	7,000	6,900	6,900	7,000
7 Contingency	-	1,844	-	1,552	2,244
8 County Treasurer's fees	131	156	149	156	156
9 District management	11,325	20,000	6,056	15,000	20,000
10 Dues and membership	588	600	-	600	600
11 Election	-	3,000	1,167	1,167	-
12 Insurance	3,232	3,400	3,625	3,625	4,000
13 Legal	12,986	10,000	1,707	5,000	10,000
14 Miscellaneous	1,119	2,000	1,187	2,000	2,000
Total expenditures	<u>61,270</u>	<u>71,000</u>	<u>37,347</u>	<u>63,000</u>	<u>71,000</u>
Total expenditures and transfers out requiring appropriation	<u>61,270</u>	<u>71,000</u>	<u>37,347</u>	<u>63,000</u>	<u>71,000</u>
ENDING FUND BALANCES	<u>\$ 66,651</u>	<u>\$ 78,882</u>	<u>\$ 73,989</u>	<u>\$ 94,057</u>	<u>\$ 112,962</u>
EMERGENCY RESERVE	<u>\$ 2,500</u>	<u>\$ 2,700</u>	<u>\$ 1,400</u>	<u>\$ 2,800</u>	<u>\$ 2,700</u>
TOTAL RESERVE	<u>\$ 2,500</u>	<u>\$ 2,700</u>	<u>\$ 1,400</u>	<u>\$ 2,800</u>	<u>\$ 2,700</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 NO. 2**  
**DEBT SERVICE FUND**  
**2017 BUDGET AS PROPOSED**  
**WITH 2015 ACTUAL AND 2016 ESTIMATED**  
**For the Years Ended and Ending December 31,**

9/15/2016

	ACTUAL 2015	BUDGET 2016	ACTUAL 6/30/2016	ESTIMATED 2016	PROPOSED 2017
BEGINNING FUND BALANCES	\$ 1,248,975	\$ 1,472,416	\$ 1,530,911	\$ 1,530,911	\$ 1,797,677
REVENUES					
1 Property taxes	435,054	519,566	497,016	519,566	518,865
2 Public improvement fees	425,926	410,000	180,467	430,000	440,000
3 Net investment income	2,698	2,400	3,600	7,200	9,600
Total revenues	863,678	931,966	681,083	956,766	968,465
TRANSFERS IN					
CAPITAL PROJECTS FUND	7,776	-	-	-	-
Total transfers in	7,776	-	-	-	-
Total funds available	2,120,429	2,404,382	2,211,994	2,487,677	2,766,142
EXPENDITURES					
Debt service					
4 Bond interest - Series 2009	195,075	192,525	-	192,525	189,550
5 Bond interest - Series 2011	160,225	157,250	-	157,250	153,850
6 Bond interest - Series 2015 GO	142,692	116,775	-	116,775	115,425
7 Bond interest - Series 2015 PIF	-	116,438	-	116,438	116,438
8 Bond principal - Series 2009	30,000	35,000	-	35,000	40,000
9 Bond principal - Series 2011	35,000	40,000	-	40,000	40,000
10 Bond principal - Series 2015 GO	20,000	20,000	-	20,000	20,000
11 Bond principal - Series 2015 PIF	-	-	-	-	30,000
12 Contingency	-	4,218	-	4,218	3,954
13 County Treasurer's fees	6,526	7,794	7,456	7,794	7,783
Total expenditures	589,518	690,000	7,456	690,000	717,000
Total expenditures and transfers out requiring appropriation	589,518	690,000	7,456	690,000	717,000
ENDING FUND BALANCES	\$ 1,530,911	\$ 1,714,382	\$ 2,204,538	\$ 1,797,677	\$ 2,049,142

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 NO. 2**  
**CAPITAL PROJECTS FUND**  
**2017 BUDGET AS PROPOSED**  
**WITH 2015 ACTUAL AND 2016 ESTIMATED**  
**For the Years Ended and Ending December 31,**

9/15/2016

	ACTUAL 2015	BUDGET 2016	ACTUAL 6/30/2016	ESTIMATED 2016	PROPOSED 2017
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -	\$ -	\$ -
REVENUES					
1 Developer advance	-	-	-	10,014,285	-
2 Net investment income	21	-	-	-	-
3 Bond issuance	3,475,000	-	-	-	-
Total revenues	<u>3,475,021</u>	<u>-</u>	<u>-</u>	<u>10,014,285</u>	<u>-</u>
Total funds available	<u>3,475,021</u>	<u>-</u>	<u>-</u>	<u>10,014,285</u>	<u>-</u>
EXPENDITURES					
Capital projects					
4 Bond issue costs	57,245	-	-	-	-
5 Park and recreation	-	-	-	4,534,082	-
6 Sewer	-	-	-	2,026,510	-
7 Streets	3,410,000	-	-	3,453,693	-
Total expenditures	<u>3,467,245</u>	<u>-</u>	<u>-</u>	<u>10,014,285</u>	<u>-</u>
TRANSFERS OUT					
DEBT SERVICE FUND	7,776	-	-	-	-
Total transfers out	<u>7,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>3,475,021</u>	<u>-</u>	<u>-</u>	<u>10,014,285</u>	<u>-</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 NO. 2**  
**2017 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

The District was organized by Ordinance of the City of Colorado Springs on September 9, 2008, 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, sanitation, street, storm, park and recreation, and the operation and maintenance of the District. The District's service area is located entirely within the City of Colorado Springs, El Paso County, Colorado.

On November 4, 2008, the District's electors authorized the issuance of indebtedness in an amount not to exceed \$5,000,000 for water, \$20,000,000 for streets, \$5,000,000 for sanitation, \$5,000,000 for park and recreation, and \$20,000,000 for refunding of debt. The voters also approved an annual increase in taxes of \$150,000 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 2009 operating plan, the City has limited the amount of debt to be issued to a total of \$20,000,000 in the authorized voted categories, without further approval by the City.

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.

**Net Investment Income**

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 0.50%.

**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2**  
**2017 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues (continued)**

**Intergovernmental Revenue**

Pursuant to an Intergovernmental Agreement entered into during 2014 with First & Main Business Improvement District, the intergovernmental revenue represents transfers from First & Main Business Improvement District to provide funding for the overall administrative and operating costs for both Districts.

**Public Improvement Fees**

The District anticipates receiving \$440,000 in Public Improvement Fees (PIF) during 2017. Pursuant to the PIF Covenant, these fees are pledged revenue to be used toward the repayment of the Series 2011 and Series 2015 Public Improvement Fee Revenue Bonds.

**Expenditures**

**Administrative and Operating Expenditures**

Administrative and operating expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance, and other administrative expenses.

**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 schedules from the General Obligation Bond Series 2009, the Public Improvement Fee Revenue Bond Series 2011, the Limited Tax General Obligation Bond Series 2015, and the Public Improvement Fee Revenue Bond Series 2015.

**Debt and Leases**

On January 28, 2009, the District issued \$2,400,000 in General Obligation Bonds Series 2009 (Series 2009 Bonds). The Series 2009 Bonds are due December 1, 2038, and bear an interest rate of 8.5% paid annually on December 1. The proceeds from the Series 2009 Bonds were used to reimburse the Developer for capital infrastructure costs and to pay bond issuance costs.

On January 12, 2011, the District issued \$2,000,000 in Public Improvement Fee Revenue Bonds (Series 2011 Bonds). The Series 2011 Bonds are due December 1, 2035, and bear an interest rate of 8.5% paid annually on December 1. The Series 2011 Bonds are subject to redemption prior to maturity on or after December 1, 2012. The Series 2011 Bonds will be repaid by pledged revenues consisting of public improvement fee revenues and payable to the District pursuant to the Public Improvement Fee Covenant.

**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2**  
**2017 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases (continued)**

The proceeds from the Series 2011 Bonds were used to reimburse the Developer for capital infrastructure costs and to pay bond issuance costs.

On April 22, 2015, the District issued \$1,750,000 in Limited Tax General Obligation Bonds (Series 2015 GO Bonds). The Series 2015 GO Bonds are due December 1, 2044, and bear an interest rate of 6.75% paid annually on December 1, in addition to mandatory sinking fund redemptions. The Series 2015 GO Bonds are subject to redemption prior to maturity on or after December 1, 2024. The proceeds from the Series 2015 GO Bonds were used to reimburse the Developer for capital infrastructure costs and to pay bond issuance costs.

On April 22, 2015, the District issued \$1,725,000 in Public Improvement Fee Revenue Bonds (Series 2015 PIF Bonds). The Series 2015 PIF Bonds are due December 1, 2039, and bear an interest rate of 6.75% paid annually on December 1. The Series 2015 PIF Bonds are subject to redemption prior to maturity on or after December 1, 2024. The Series 2015 PIF Bonds will be repaid by pledged revenues consisting of public improvement fee revenues and payable to the District pursuant to the Public Improvement Fee Covenant. The proceeds from the Series 2015 PIF Bonds were used to reimburse the Developer for capital infrastructure costs and to pay bond issuance costs.

The District has no capital or operating leases.

**Reserves**

**Emergency Reserve**

The District has provided for an emergency reserve fund equal to at least 3% of fiscal year spending for 2017, as defined under TABOR.

**This information is an integral part of the accompanying budget.**

**FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**December 31, 2016**

<b>Bonds and Interest Maturing in the Year Ending December 31,</b>	<b>\$2,400,000</b> <b>General Obligation Bonds</b> <b>Series 2009</b> <b>Dated January 28, 2009</b> <b>Interest Rate of 8.5%</b> <b>Interest and Principal</b> <b>Payable December 1</b>			<b>\$2,000,000</b> <b>Public Improvement Fee Revenue Bonds</b> <b>Series 2011</b> <b>Dated January 12, 2011</b> <b>Interest Rate of 8.5%</b> <b>Interest and Principal</b> <b>Payable December 1</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 40,000	\$ 189,550	\$ 229,550	\$ 40,000	\$ 153,850	\$ 193,850
2018	40,000	186,150	226,150	45,000	150,450	195,450
2019	45,000	182,750	227,750	50,000	146,625	196,625
2020	50,000	178,925	228,925	55,000	142,375	197,375
2021	55,000	174,675	229,675	60,000	137,700	197,700
2022	55,000	170,000	225,000	60,000	132,600	192,600
2023	60,000	165,325	225,325	70,000	127,500	197,500
2024	65,000	160,225	225,225	75,000	121,550	196,550
2025	70,000	154,700	224,700	80,000	115,175	195,175
2026	80,000	148,750	228,750	85,000	108,375	193,375
2027	85,000	141,950	226,950	95,000	101,150	196,150
2028	90,000	134,725	224,725	100,000	93,075	193,075
2029	100,000	127,075	227,075	110,000	84,575	194,575
2030	110,000	118,575	228,575	120,000	75,225	195,225
2031	120,000	109,225	229,225	130,000	65,025	195,025
2032	130,000	99,025	229,025	140,000	53,975	193,975
2033	140,000	87,975	227,975	150,000	42,075	192,075
2034	150,000	76,075	226,075	165,000	29,325	194,325
2035	165,000	63,325	228,325	180,000	15,300	195,300
2036	180,000	49,300	229,300	-	-	-
2037	190,000	34,000	224,000	-	-	-
2038	210,000	17,850	227,850	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
2042	-	-	-	-	-	-
2043	-	-	-	-	-	-
2044	-	-	-	-	-	-
	<u>\$ 2,230,000</u>	<u>\$ 2,770,150</u>	<u>\$ 5,000,150</u>	<u>\$ 1,810,000</u>	<u>\$ 1,895,925</u>	<u>\$ 3,705,925</u>

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 NO. 2**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

December 31, 2016

(Continued)

<b>Bonds and Interest Maturing in the Year Ending December 31,</b>	<b>\$1,750,000</b>			<b>\$1,725,000</b>		
	<b>Limited Tax General Obligation Bonds</b>			<b>Public Improvement Fee Revenue Bonds</b>		
	<b>Series 2015</b>			<b>Series 2015</b>		
	<b>Dated April 22, 2015</b>			<b>Dated April 22, 2015</b>		
	<b>Interest Rate of 6.75%</b>			<b>Interest Rate of 6.75%</b>		
	<b>Interest and Principal</b>			<b>Interest and Principal</b>		
	<b>Payable December 1</b>			<b>Payable December 1</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 20,000	\$ 115,425	\$ 135,425	\$ 30,000	\$ 116,438	\$ 146,438
2018	25,000	114,075	139,075	35,000	114,413	149,413
2019	25,000	112,388	137,388	40,000	112,050	152,050
2020	25,000	110,700	135,700	40,000	109,350	149,350
2021	30,000	109,013	139,013	45,000	106,650	151,650
2022	30,000	106,988	136,988	45,000	103,613	148,613
2023	35,000	104,963	139,963	50,000	100,575	150,575
2024	35,000	102,600	137,600	50,000	97,200	147,200
2025	35,000	100,238	135,238	55,000	93,825	148,825
2026	40,000	97,875	137,875	60,000	90,113	150,113
2027	45,000	95,175	140,175	65,000	86,063	151,063
2028	45,000	92,138	137,138	70,000	81,675	151,675
2029	50,000	89,100	139,100	75,000	76,950	151,950
2030	50,000	85,725	135,725	75,000	71,888	146,888
2031	55,000	82,350	137,350	85,000	66,825	151,825
2032	60,000	78,638	138,638	90,000	61,088	151,088
2033	65,000	74,588	139,588	95,000	55,013	150,013
2034	65,000	70,200	135,200	100,000	48,600	148,600
2035	70,000	65,813	135,813	110,000	41,850	151,850
2036	75,000	61,088	136,088	115,000	34,425	149,425
2037	80,000	56,025	136,025	125,000	26,663	151,663
2038	85,000	50,625	135,625	130,000	18,225	148,225
2039	95,000	44,888	139,888	140,000	9,450	149,450
2040	100,000	38,475	138,475	-	-	-
2041	105,000	31,725	136,725	-	-	-
2042	115,000	24,638	139,638	-	-	-
2043	120,000	16,875	136,875	-	-	-
2044	130,000	8,775	138,775	-	-	-
	<u>\$ 1,710,000</u>	<u>\$ 2,141,100</u>	<u>\$ 3,851,100</u>	<u>\$ 1,725,000</u>	<u>\$ 1,722,938</u>	<u>\$ 3,447,938</u>

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 NO. 2**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**December 31, 2016**  
**(Continued)**

<b>Bonds and Interest Maturing in the Year Ending December 31,</b>	<b>TOTAL ALL BONDS</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 130,000	\$ 575,263	\$ 705,263
2018	145,000	565,088	710,088
2019	160,000	553,813	713,813
2020	170,000	541,350	711,350
2021	190,000	528,038	718,038
2022	190,000	513,200	703,200
2023	215,000	498,363	713,363
2024	225,000	481,575	706,575
2025	240,000	463,938	703,938
2026	265,000	445,113	710,113
2027	290,000	424,338	714,338
2028	305,000	401,613	706,613
2029	335,000	377,700	712,700
2030	355,000	351,413	706,413
2031	390,000	323,425	713,425
2032	420,000	292,725	712,725
2033	450,000	259,650	709,650
2034	480,000	224,200	704,200
2035	525,000	186,288	711,288
2036	370,000	144,813	514,813
2037	395,000	116,688	511,688
2038	425,000	86,700	511,700
2039	235,000	54,338	289,338
2040	100,000	38,475	138,475
2041	105,000	31,725	136,725
2042	115,000	24,638	139,638
2043	120,000	16,875	136,875
2044	130,000	8,775	138,775
	<b>\$ 7,475,000</b>	<b>\$ 8,530,113</b>	<b>\$ 16,005,113</b>

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**

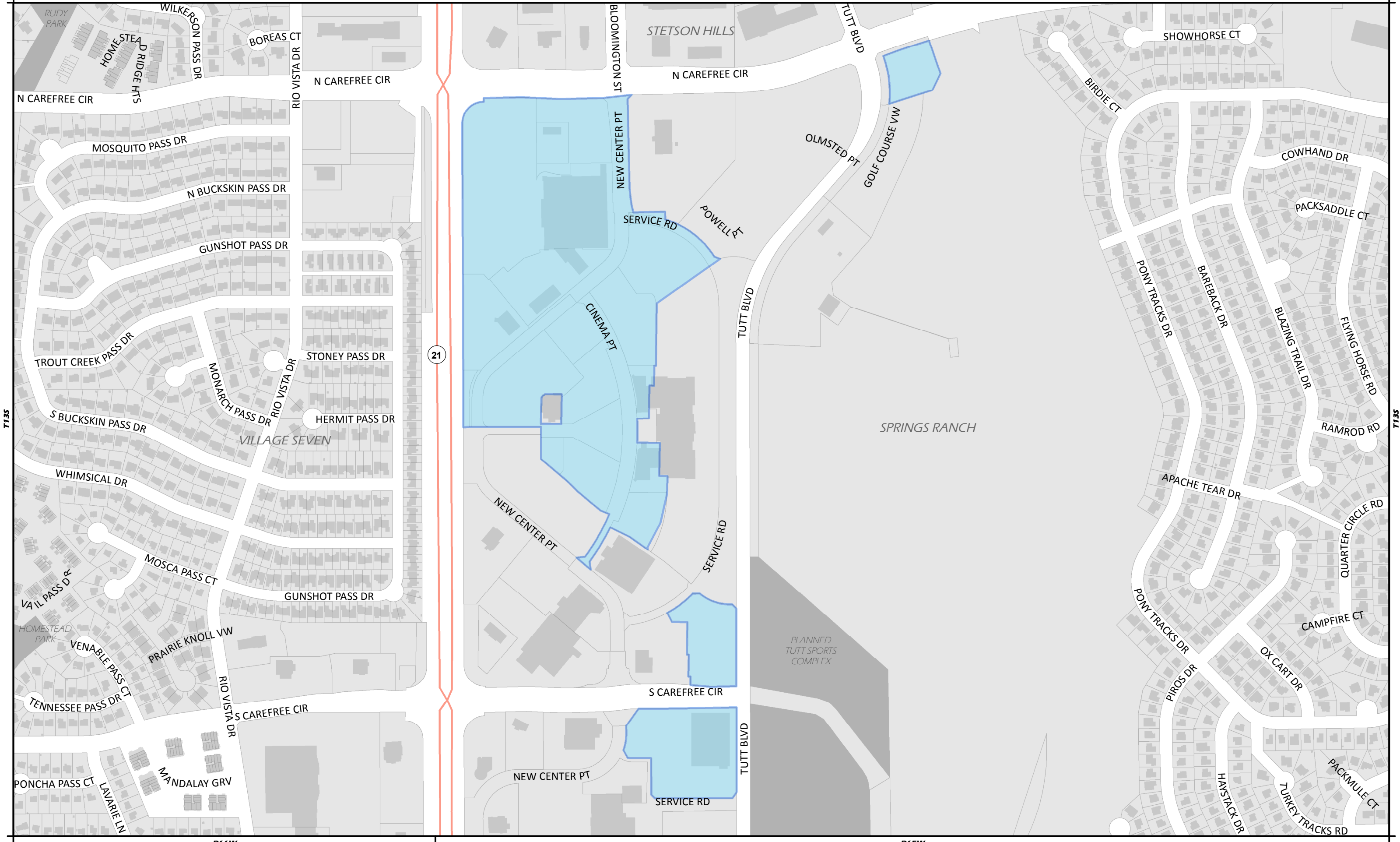
# FIRST & MAIN BID #2

 Tax Boundary

1 inch = 395.78 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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