

**2019 – 2020 OPERATING PLAN AND
BUDGET**

**MW RETAIL
BUSINESS
IMPROVEMENT
DISTRICT**

City of Colorado Springs, El Paso County, Colorado

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2019 - 2020
OPERATING PLAN FOR THE
MW RETAIL 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 MW Retail 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 Operating Plan and any subsequent Operating Plans approved by the City will be incorporated herein by reference, and shall remain in full force and effect except as specifically or necessarily modified hereby.

C. Purposes. As articulated in this Operating Plan, the contemplated purposes of this District for 2019 - 2020 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 will not own in fee simple any of the property upon which the District constructs public improvements and will obtain appropriate easements to operate and maintain the public improvements it does not otherwise dedicate to other public entities.

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. The District is not currently a party to any significant active contracts or agreements.

2. ORGANIZATION AND COMPOSITION OF THE BOARD OF DIRECTORS

A. Organization. The MW Retail Business Improvement District is sought to be organized by the City of Colorado Springs, Colorado as requested in the Petition for Organization for the District.

B. Governance. Pursuant to Section 31-25-1209(1)(d), C.R.S., the City hereby appoints the initial board of directors for the District, which shall have up to five members. Each member shall be an elector of the District. The City will appoint the initial board of directors for the District after which the positions on the board of directors shall be elected starting with an election on November 5, 2019.

C. Current Board. If approved by the City, the District will be managed by a Board of Directors consisting of five electors all of whom shall be voting members. The proposed Board members are:

- 1) Jerry Thompson
- 2) Nancy L. Heck
- 3) Daniel T. Thompson
- 4) Zachary R. Thompson
- 5) Ray Terrell

Director and other pertinent contact information is provided in Exhibit A.

D. Term Limits. At the November 5, 2019, a ballot question will be included to eliminate term limits.

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.

3. BOUNDARIES, INCLUSIONS AND EXCLUSIONS

The District is proposed to include approximately 35.01 acres with boundaries as legally described in Exhibit C and as depicted in Exhibit D. The District anticipates an inclusion of approximately 1.57 acres into the District boundaries as depicted in Exhibit E.

4. PUBLIC IMPROVEMENTS

The District will primarily be concerned with the provision of public improvements and services within the boundaries of the District; however, there may be instances to provide improvements 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, parks and recreation, storm and wastewater management facilities and associated land acquisition and remediation (the “Public Improvements”). The District shall also have covenant enforcement authority. The costs of such Public Improvements, including costs of design, acquisition, construction and financing, are referred to herein as the “Public Improvement Costs.”

The property owners of the District request that the City designate the territory within the District as a location for new business or commercial development under Section 31-25-1203(10), C.R.S.

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 does not anticipate having any employees.

6. FINANCIAL PLAN AND BUDGET

1. 2019 – 2020 Budget. The 2019 - 2020 Budget for the District is attached as Exhibit B.
2. Authorized Indebtedness. It is anticipated that the District will hold an election on November 5, 2019 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 initial maximum debt authorization for the District shall be \$10,000,000.
3. Property Tax and Mill Levy Caps. The District taxing ability shall be constrained to a mill levy limitation of up to 1 mill for general operations and administrative expenses due to the on-going operations and maintenance to be undertaken by the District within its boundaries.
4. District Revenues. The District anticipates developer funding for initial revenue sources and thereafter revenues derived from property taxes. The District also anticipates utilizing public improvement fees to support public improvement construction and future bonds for that purpose.

5. Existing Debt Obligations. The District has no current debt.
6. Future Debt Obligations. The District anticipates the issuance of debt in 2020.
7. Other Financial Obligations. 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.
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 utilize revenues from a new, increased or expanded public improvement fee (PIF).

(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. 2019 – 2020 ACTIVITIES, PROJECTS AND CHANGES

(a) Activities

It is anticipated that the District will be primarily engaged in the initial organization activities for the area in 2019 and 2020. The District anticipates a bond issuance in 2020.

(b) Projects and Public Improvements

The District may undertake projects and construction of public improvements in its first and second year.

(c) Summary of 2019 - 2020 Activities

The District anticipates a bond issuance in 2020.

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 Section 31-25-1225, C.R.S.

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:

Jerry Thompson
Address: 1827 N. Grant Street, #503, Denver, CO 80203

Nancy L. Heck
Address: 3155 Zinnia Court, Golden, CO 80401

Daniel T. Thompson
Address: 13674 W. 63rd Circle, Arvada, CO 80004

Zachary R. Thompson
Address: 2187 Harlan Street, Edgewater, CO 80214

Ray Terrell
Address: 4470 N. Eliot Street, Denver, CO 80211

DISTRICT MANAGER: (None at this time)

DISTRICT CONTACT:

Russell Dykstra
Spencer Fane LLP
1700 Lincoln Street, Suite 2000
Denver, Colorado 80203
rdykstra@spencerfane.com

INSURANCE AND DIRECTORS' BONDS: (None at this time)

ACCOUNTANT: (None at this time)

AUDITOR: (None at this time)

STAFF: (None at this time)

EXHIBIT B

**2019 - 2020 BID Budget
General Fund**

<u>Expense</u>	<u>Actual 2017</u>	<u>Actual 2018</u>	<u>Proposed 2019</u>	<u>Proposed 2020</u>
Beginning Funds Balance	\$ -	\$ -	\$ -	\$ -
Revenue				
Property Taxes	\$ -	\$ -	\$ -	
Specific Ownership Taxes	\$ -	\$ -	\$ -	
Developer Advances	\$ -	\$ -	\$ 50,000.00	\$ 50,000.00
Interest Income				
Miscellaneous Income	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -		
Total Revenue	\$ -	\$ -	\$ 50,000.00	\$ 50,000.00
Total Funds Available	\$ -	\$ -	\$ 50,000.00	\$ 50,000.00
Expenditures				
Accounting / Audit	\$ -	\$ -	\$ 2,500.00	\$ 2,500.00
Election Expense	\$ -	\$ -	\$ -	\$ -
Engineering	\$ -	\$ -	\$ 10,000.00	\$ 10,000.00
Insurance/SDA Dues	\$ -	\$ -	\$ 2,500.00	\$ 2,500.00
Legal	\$ -	\$ -	\$ 15,000.00	\$ 15,000.00
Management	\$ -	\$ -	\$ 1,500.00	\$ 1,500.00
Contingency	\$ -	\$ -	\$ 15,000.00	\$ 15,000.00
Misc. Expenses	\$ -	\$ -	\$ 2,000.00	\$ 2,000.00
Treasurer's Fees	\$ -	\$ -	\$ -	\$ -
Repay Developer Advances	\$ -	\$ -	\$ -	\$ -
Total Expenditures	\$ -	\$ -	\$ 48,500.00	\$ 48,500.00
Emergency Reserve	\$ -	\$ -	\$ 1,500.00	\$ 1,500.00
Total Expenditures requiring appropriation	\$ -	\$ -	\$ 50,000.00	\$ 50,000.00
Ending Funds Balance	\$ -	\$ -	\$ -	

Capital Projects Fund

<u>Expense</u>	Actual <u>2017</u>	Actual <u>2018</u>	Proposed <u>2019</u>	Proposed <u>2020</u>
Beginning Funds Balance	\$ -	\$ -	\$ -	\$ -
Revenue				
Developer Advances	\$ -	\$ -	\$ -	\$ -
Bond Proceeds	\$ -	\$ -	\$ -	\$10,000,000
Total Funds Available	\$ -	\$ -	\$ -	\$10,000,000
Expenditures				
Issuance costs	\$ -	\$ -	\$ -	\$ -
Organization costs	\$ -	\$ -	\$ -	\$ -
Legal	\$ -	\$ -	\$ -	\$ -
Capital expenditures	\$ -	\$ -	\$ -	\$ -
Repay developer advances	\$ -	\$ -	\$ -	\$ -
Repay developer advances- interest	\$ -	\$ -	\$ -	\$ -
Transfer to Debt Service	\$ -	\$ -	\$ -	\$ -
Total Expenditures	\$ -	\$ -	\$ -	\$ -
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -
Assessed Valuation appropriation	\$ -	\$ -	\$ -	\$ -
Total Mill Levy	0	0	0	-

Debt Service Fund

<u>Expense</u>	Actual <u>2017</u>	Actual <u>2018</u>	Proposed <u>2019</u>	Proposed <u>2020</u>
Beginning Funds Balance	\$ -	\$ -	\$ -	\$ -
Revenue				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Specific Ownership Taxes	\$ -	\$ -	\$ -	\$ -
Developer Fees	\$ -	\$ -	\$ -	\$ -
Transfer from Capital Projects	\$ -	\$ -	\$ -	\$ -
Interest Income				
	\$ -	\$ -		
Total Revenues	\$ -	\$ -	\$ -	\$ -
Total Funds Available	\$ -	\$ -	\$ -	\$ -
Expenditures				
Bond interest expense	\$ -	\$ -	\$ -	\$ -
Bond principal	\$ -	\$ -	\$ -	\$ -
Treasurer's Fees	\$ -	\$ -	\$ -	\$ -
Trustee/paying agent fees	\$ -	\$ -	\$ -	\$ -
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Management	\$ -	\$ -	\$ -	\$ -
Contingency	\$ -	\$ -	\$ -	\$ -
Misc. Expenses	\$ -	\$ -	\$ -	\$ -
Treasurer's Fees	\$ -	\$ -	\$ -	\$ -
Repay Developer Advances	\$ -	\$ -	\$ -	\$ -
Total Expenditures	\$ -	\$ -	\$ -	\$ -
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -
Assessed Valuation appropriation	\$ -	\$ -	\$ -	\$ -
Total Mill Levy	0	0	0	-

EXHIBIT C

Legal Description

THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 9, TOWNSHIP 13 SOUTH, RANGE 65 WEST OF THE 6TH PRINCIPAL MERIDIAN, EL PASO COUNTY, COLORADO, EXCEPT THAT PROPERTY CONVEYED TO WOODMEN ROAD METROPOLITAN DISTRICT BY INSTRUMENT RECORDED DECEMBER 3, 2003 AT RECEPTION NO. 203280853.

EXHIBIT D

District Boundary Map

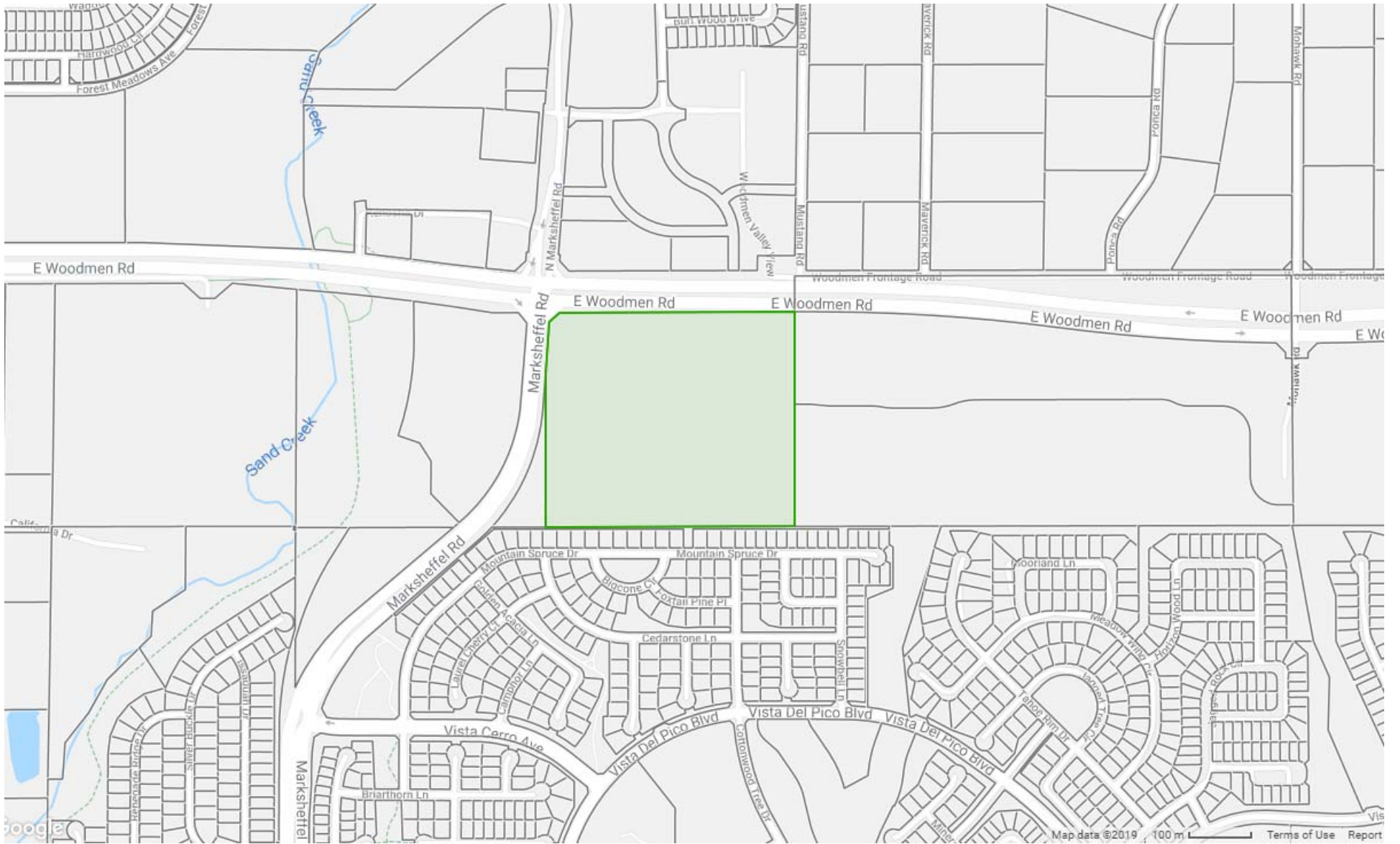


EXHIBIT E

Inclusion Area Boundary Map

