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September 30, 2015

VIA E-MAIL
AND U.S. MAIL

Sarah B. Johnson, City Clerk
P.O. Box 1575, Mail Code 110
Colorado Springs, Colorado 80901

**Re: Briargate Center Business Improvement District
2016 Operating Plan and Budget**

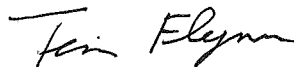
Dear Ms. Johnson:

Transmitted herewith please find a proposed Operating Plan and Budget for 2016 for the Briargate Center Business Improvement District. Also enclosed please find a Petition formally requesting City Council approval of the 2016 Operating Plan and Budget.

With the original of this letter that is being sent to you through regular mail, I am enclosing an original Petition and an original 2016 Operating Plan and Budget

Should you have any questions, please don't hesitate to give me a call.

Sincerely yours,



Timothy J. Flynn

Enclosures

cc via email: Carl Schueler
Katie Canfield
Barry O'Connor
Roberta Stake
Board of Directors

TO: THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS,
COLORADO

PETITION FOR APPROVAL OF 2016 OPERATING PLAN AND BUDGET

IN RE THE MATTER OF THE BRIARGATE CENTER BUSINESS IMPROVEMENT
DISTRICT, COLORADO SPRINGS, COLORADO

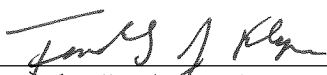
Comes now the Briargate Center Business Improvement District ("BID"), by and through its undersigned attorney and pursuant to § 31-25-1211, C.R.S. and § 31-25-1209(1)(b), C.R.S., hereby petitions the City Council to approve by appropriate motion or resolution the BID's Operating Plan and Budget for 2016.

AS GROUNDS THEREFORE, Petitioner states as follows:

1. The BID was established by the City of Colorado Springs, Colorado, Ordinance No. 02-24, has finally passed on the 12th day of February, 2002.
2. Pursuant to § 31-25-1211, C.R.S., the BID is to file an operating plan and proposed budget for the next fiscal year with the City on or before September 30th of each year. The City is to approve the same no later than December 5th of each year.
3. Attached hereto is the Operating Plan and Budget for the BID for calendar year 2016.

WHEREFORE, Petitioner respectfully requests that the City Council hear this Petition at a duly called public meeting and that an appropriate Resolution or Motion approving the BID's 2016 Operating Plan and Budget be duly adopted by City Council.

Respectfully submitted this 30th day of September, 2015.



Timothy J. Flynn, Attorney for
Briargate Center Business Improvement District
390 Union Boulevard, Suite 400
Denver, Colorado 80228
Phone Number: (303) 986-1551

2016 OPERATING PLAN AND BUDGET
BRIARGATE CENTER
BUSINESS
IMPROVEMENT
DISTRICT

City of Colorado Springs, El Paso County, Colorado

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2016
OPERATING PLAN FOR THE
BRIARGATE CENTER 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 Briargate Center 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 and notes that have been issued by the District and that are to be issued by the District in the near future, and (5) such other information as the City may require.

The District’s original 2002, and subsequent Operating Plans, previously approved by the City, are incorporated herein by reference, and shall remain in full force and effect except as specifically or necessarily modified hereby.

C. Purposes. As may be further articulated in prior year’s Operating Plans, the purposes of the District for 2016 include the continuation of an ongoing landscape improvement project and the acquisition from and reimbursement of IMI Colorado Springs, LLC, a Delaware limited liability company, (“Owner”) for approximately \$1,342,142 of public improvements (“Public Improvements”) that the Owner is installing and should complete during 2015 to enhance the entrance and other public areas within The Promenade Shops at Briargate.

The District’s 2015 operating plan contemplated that during 2015 the District would borrow \$1,000,000 from a bank or other lender to acquire the Public Improvements from the Owner. The District, however, was unable to arrange for such borrowing on acceptable terms and, accordingly, subject to the City’s approval, intends as more particularly described below, to issue in 2016 a Subordinate Limited Tax General Obligation Note (“Subordinate Note”) to the Owner in consideration of Owner’s conveyance to District and the City, the Public Improvements.

The Public Improvements are being installed and constructed in connection with the Owner's partial redevelopment of The Promenade Shops at Briargate, which is adding a new multi-tenant building of approximately 11,377 square feet and a new single tenant building of approximately 3,200 square feet.

D. Ownership of Property or Major Assets. The District holds an easement for all of the public facilities it owns, operates and maintains within The Promenade Shops at Briargate. The easement extends over all of the common areas within which there are public improvements, and authorizes the District to install, operate, maintain and repair such improvements, including but not limited to the parking areas, parking lights, sidewalks, landscape, retaining wall and other public improvements for which it has maintenance responsibility. Before or in connection with the acquisition of the Public Improvements, the District, pursuant to an Acquisition and Reimbursement Agreement, will acquire additional easements, relocate the easements and release any unnecessary existing District easements so that all public improvements owned by the District, including the Public Improvements to be acquired in 2016 by the District, are located within easements held by the District. The District does not own nor does it expect to own in the future fee simple title to any property.

E. Contracts and Agreements In May of 2012 the District entered into a Public Improvements Maintenance Agreement ("Public Improvements Maintenance Agreement") with the then owner of The Promenade Shops at Briargate, which Agreement is binding upon the Owner. The Public Improvements Maintenance Agreement obligates the Owner and its successors and assigns, to maintain the District's public improvements including, but not limited to, all landscaping, irrigation systems, parking areas, street lights, streetscape, retaining wall, sidewalks, benches, and other common area, and also provides for snow removal and other routine maintenance services for a period of 10 years for a nominal amount each year.

On July 15, 2003 the District, the original developer of The Promenade Shops at Briargate, Poag & McEwen Lifestyle Centers – Colorado Springs, LLC and the City of Colorado Springs entered into an agreement for the maintenance in perpetuity of the drainage facilities serving The Promenade Shops at Briargate, as described and shown in a drainage report entitled Preliminary/Final Drainage Report for the Briargate Business Campus No. 16 dated July 2001. The Agreement is binding on the current Owner and remains in full force and effect and was recorded upon the public records of El Paso County on October 1, 2003 at Reception No. 203229969.

On or before October 15, 2015 the District and Owner will enter into an Acquisition and Reimbursement Agreement. Pursuant to the Acquisition and Reimbursement Agreement and subject to the City's prior approval, Owner will convey to District and/or the City of Colorado Springs the Public Improvements in consideration of District's issuance to Owner of the Subordinate Note in the original principal amount of \$1,342,142 for the purpose of reimbursing the Owner for the Owner's cost of constructing the Public Improvements.

2. ORGANIZATION AND COMPOSITION OF THE BOARD OF DIRECTORS

- A. Organization. The Briargate Center Business Improvement District was organized by the City of Colorado Springs, Colorado by Ordinance No. 02-24 on February 12, 2002.
- 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:
 - 1) Deanna DeLarge
 - 2) Donald L. Foster
 - 3) Marie Fe Deras
 - 4) Tiffany E. Villavicencio
 - 5) Vacant

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

- D. Term Limits. Term limits do not apply to the Board of Directors. Term limits were waived at a 2012 election.
- E. Advisory Board. Neither the original Petition for Organization of the District or any subsequent operating plan and budget has made any provision for the Board of Directors to appoint one or more advisory boards. Currently, no advisory boards have been appointed or have operated in connection with the District.

3. BOUNDARIES, INCLUSIONS AND EXCLUSIONS

The District currently includes approximately 29.1675 acres with boundaries as depicted in Exhibit C. The District's boundaries are coterminous with The Promenade Shops at Briargate and the District's boundaries have not changed since the District's organization in 2002. The District does not contemplate any inclusion or exclusion of territory in the coming year.

4. PUBLIC IMPROVEMENTS

The public improvements that the District financed and acquired in 2003 and which it now owns consist of the roadways, public parking areas, public sidewalks, common areas, benches, planters, landscaping, retaining wall, and street and parking lights located within the District and which serve The Promenade Shops at Briargate.

In early 2016 the District intends, that in connection with the redevelopment of a portion of The Promenade Shops at Briargate, it will acquire the Public Improvements (as more particularly described below) in accordance with the aforementioned Acquisition and Reimbursement Agreement in consideration of the District's issuance to Owner of a Subordinate Note. The

following is a list of the Public Improvements and the cost thereof, subject to final adjustment and revision, that will be reimbursed to the Owner by the District through the issuance of the District's Subordinate Note:

_____:

| Phase 1 | Estimated Total Cost |
|--|-----------------------------|
| Earthwork/Grading | \$58,304.00 |
| Survey/Staking | \$13,740.00 |
| Storm Drain | \$75,218.00 |
| Site Utilities | \$41,660.00 |
| Asphalt Paving | \$53,922.00 |
| Curbs and Gutters | \$40,870.00 |
| Landscaping | \$42,900.00 |
| Site Amenities | \$65,000.00 |
| GC O&P @7% | \$27,412.98 |
| | |
| Phase 2 | |
| Earthwork/Grading | \$43,719.00 |
| Survey/Staking | \$ 8,500.00 |
| Storm Drain | \$ 3,282.00 |
| Site Utilities | \$42,858.00 |
| Asphalt Paving | \$19,270.00 |
| Striping | \$ 250.00 |
| Curbs and Gutters | \$38,160.00 |
| Landscaping | \$25,000.00 |
| GC O&P @ 7% | \$12,679.73 |
| | |
| Traffic Signal | \$250,000.00* |
| | |
| Change Orders as of 8.11.15 | |
| Excavation | \$57,024.48 |
| Import for Back Fill | \$25,485.76 |
| Added Grease waste piping | \$ 6,773.36 |
| Replace Sleeve to Fire Main Line | \$ 1,074.25 |
| Relocate Exsting SS Waste Line | \$ 8,346.11 |
| Replace Existing Grease Trap Cover | \$ 2,353.42 |
| Revise Water Quality Device | \$ 9,767.44 |
| Skin Patch | \$ 896.29 |
| Parking Lot | \$18,828.60 |
| Sanitary Sewer Main | \$38,806.59 |
| Import/Export saturated material | \$19,982.49 |
| Import Class 5 and Export Saturated Soil | \$ 7,454.57 |
| Saw Cutting and asphalt removal | \$ 7,118.50 |
| Sidewalk changes by PF | \$14,021.28 |

* It is anticipated that the traffic signal, upon completion, will be conveyed to the City of Colorado Springs for future operation, maintenance, and repair.

| | |
|---|-----------------------|
| Site Stabilization | \$ 7,881.04 |
| Engineering | \$215,625.24 |
| Attorney Fees | \$50,000.00 |
| Total Eligible Estimated Costs for BID Public Improvements | \$1,342,142.43 |

The Public Improvements that the District anticipates it will acquire include those public improvements the costs of which may, in accordance with the Business Improvement District Act, Section 31-25-1201, et seq., C.R.S., lawfully be paid for by the District, including, without limitation, water services, safety protection devices, sanitation services, street improvements, curbs, gutters, culverts, drainage facilities, sidewalks, parking facilities, paving, lighting, grading, landscaping and storm and wastewater management facilities. The costs of such Public Improvements, including costs of design, acquisition, construction and financing, are referred to herein as the "Public Improvement Costs." Public Improvement Costs that are in excess of the \$1,342,142.43 may, subject to City Council approval, be reimbursed by the District to the Owner at a future date.

5. ADMINISTRATION, OPERATIONS, SERVICES AND MAINTENANCE

The District's administrative activities primarily consist of routine administrative activities for statutory compliance, debt service and coordination of District contractors. The District has no employees and contracts for all services, including accounting, legal and maintenance services. During 2016 the District will oversee the acquisition of the Public Improvements contemplated by the 2015 Capital Improvements Project discussed above. The District intends to certify 16 mills for operation and maintenance purposes. Revenues produced from the 16 mills not used to pay administrative costs and/or fund planned landscape maintenance and improvements will be available to service the Subordinate Note.

6. FINANCIAL PLAN AND BUDGET

1. 2016 Budget. The 2016 Budget for the District is attached as Exhibit B. The 2016 Budget differs from immediate prior year budgets in that the District intends, subject to the City's approval, to issue a Subordinate Note to the Owner in consideration for the Owner's conveyance to the District of the Public Improvements.
2. Authorized Indebtedness. The District is authorized to issue up to \$38,650,000 in debt for the following purposes:

| | |
|---------------------------------------|--------------|
| Water Purposes | \$3,895,000 |
| Sanitation Purposes | \$3,895,000 |
| Street Purposes | \$3,595,000 |
| Park and Recreation Purposes | \$3,895,000 |
| Amenities (signs, statuaries, etc.) | \$2,895,000 |
| Operations | \$1,000,000 |
| General Obligation Refunding Purposes | \$19,475,000 |
| TOTAL | \$38,650,000 |

This debt authorization was approved at a May 8, 2012 election. The District has no plans to seek additional debt authorization in the future.

3. Property Tax and Mill Levy Caps. The District is subject to an aggregate 50.000 mill levy cap for debt service and operations (“Mill Levy Cap”). The District does not anticipate that the Mill Levy Cap will need to be exceeded during 2016.
4. District Revenues. The District revenues consist of real property and specific ownership tax revenues. In addition, the District, for purposes of servicing its Special Assessment Revenue Refunding Bonds, Series 2006, collects special assessment revenues annually. Pursuant to District Resolution 2006-12-4, the District revised the assessment roll originally adopted at the time the District’s Special Assessment Revenue Bonds, Series 2002 were issued. The revised assessment roll provides for an annual special assessment in the amount of \$577,826.75 to be collected from all the real property located within the District.

The District’s Board of Directors, with the consent and approval of the City Council, formed the Briargate Center Business Improvement District Special Improvement District No. 02-1 (the “SID”). The SID, in 2002, issued \$7,360,000 in Special Assessment Revenue Bonds to fund the construction and acquisition of various public improvements needed to serve what is now known as The Promenade Shops at Briargate.

The 2002 Special Assessment Revenue Bonds issued by the District were refunded in 2006, as described above. The annual special assessment revenue more than covers the District’s annual debt service obligations under its outstanding Special Assessment Refunding Revenue Bonds. The additional amount collected each year is being used to redeem Special Assessment Refunding Revenue Bonds and pay down that debt at an accelerated rate.

The District does not intend to certify more than 45 mills in 2015, for collection in 2016. It is anticipated that 16 mills will be certified for operation and maintenance purposes and 29 mills will be certified to pay principal and interest on the District’s Senior Debt described in subparagraph 5(b) below (“Senior Debt”). That portion of the Mill Levy Cap not used for Senior Debt and for operation and maintenance purposes will be available to service the Subordinate Note. There are no other sources of revenue available to the District at this time,

other than the District's share of specific ownership taxes and a fee that the District charges for the collection of the District's special assessment.

5. Existing Debt Obligations. The District's outstanding debt consists of the following:

(a) Special Assessment Revenue Refunding Bonds, Series 2006 in the original principal amount of \$7,360,000. The amount outstanding is currently \$5,120,000 with up to \$110,000 of principal reduction budgeted for 2016 in excess of the scheduled amortization amount shown below, because the District is collecting sufficient additional revenues to retire the debt early. The annual debt service requirements for these bonds are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|---------------------|---------------------|---------------------|
| 2015 | 300,000 | 248,920 | 548,920 |
| 2016 | 190,000 | 235,420 | 425,420 |
| 2017 | 325,000 | 226,870 | 551,870 |
| 2018 | 345,000 | 210,945 | 555,945 |
| 2019 | 360,000 | 194,040 | 554,040 |
| 2020-2024 | 2,095,000 | 686,735 | 2,781,735 |
| 2025-2027 | 1,505,000 | 149,695 | 1,654,695 |
| | <u>\$ 5,120,000</u> | <u>\$ 1,952,625</u> | <u>\$ 7,072,625</u> |

(b) US Bank Loan dated July 9, 2012 in the original principal amount of \$4,335,000. The loan is a limited tax general obligation payable in varying amounts with interest at the rate of 3.89% per annum. The maximum mill levy that the District has an obligation to certify for repayment of the loan is 50.000 mills. A balloon payment of \$3,393,000 is due on July 9, 2019. The annual debt service requirements for this Loan are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|---------------------|-------------------|---------------------|
| 2015 | 135,000 | 156,381 | 291,381 |
| 2016 | 140,000 | 151,470 | 291,470 |
| 2017 | 145,500 | 145,535 | 291,035 |
| 2018 | 151,500 | 139,796 | 291,296 |
| 2019 | 3,393,000 | 80,659 | 3,473,659 |
| | <u>\$ 3,965,000</u> | <u>\$ 673,841</u> | <u>\$ 4,638,841</u> |

6. Future Debt Obligations. The District anticipates issuing a Subordinate Note in the approximate amount of \$1,342,142 for the purpose of reimbursing the Owner for the Public Improvement Costs, including the traffic signal that is being installed at the entrance to The Promenade Shops at Briargate. The District will not issue its Subordinate Note or incur any such debt without first obtaining the prior approval of City Council.

7. Other Financial Obligations. In connection with the Public Improvement Maintenance Agreement referenced in Section 1(E) above, the District, on or about May 12, 2012, entered into an amendment of those certain Acquisition and Reimbursement Agreements, entered into in 2002 with the original developer. Pursuant to this Amendment, the parties agreed that the District's public improvements were constructed at a cost of \$9,946,591, of which the original developer was reimbursed \$7,672,528, leaving a balance due and owing the original developer of \$2,274,013. \$1,033,193.75 of that amount was reimburse to the original developer from the proceeds of the District's 2012 US Bank Loan referenced in Section 6(5)(a) above, leaving a balance due and owing the original developer of \$1,240,819. The District agreed to pay this amount if, as, and when funds become available that are not otherwise needed for the District's ongoing operations and/or capital needs. The Acquisition and Reimbursement Agreements, as amended, have been assigned to the Owner.
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 additional Special Improvement Districts 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. 2016 ACTIVITIES, PROJECTS AND CHANGES

1. Activities

Other than servicing the District's debt and maintaining the District's public improvements, the District does not contemplate any other activities for the upcoming year. No capital improvement projects are currently scheduled, except to the extent necessary to complete the District's landscape upgrades.

2. Projects and Public Improvements

The District has no new capital project contemplated for 2016.

3. Summary of 2016 Activities and Changes from Prior Year

In addition to the District's customary routine administrative activities for statutory compliance, debt service and coordination of District contractors, the District intends to issue its Subordinate Note to reimburse the owner for the Public Improvements which have been or will be constructed by the Owner. The District does not contemplate any boundary changes, any changes to the board or governance structure, or any debt service mill levy changes. As of the date of this Operating Plan and Budget the District contemplates certifying a total mill levy of 45 mills. 29 mills will be for the District's Senior Debt. 16 mills will be for operation and maintenance purposes; provided, however, revenues generated from the 16 mills not used for operation and maintenance purposes will be available to service the Subordinate Note, if issued.

Other than the District's semi-annual Board of Director's election, which will be held in May of 2016, the District does not anticipate any other election or any other major development activity or change in valuation during 2016. The District does not anticipate any change in its ability to meet its current financial obligations.

9 DISSOLUTION

The District does not anticipate dissolving or contemplate dissolution at any time in the near future.

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:

Deanna DeLarge, President
The Promenade Shops at Briargate
1885 Briargate Parkway, Suite 503
Colorado Springs, CO 80920
Term: Elected in 2012 for a four-year term

Phone: 719-265-6264
Fax: 719-268-0738
Email: ddelarge@poagllc.com

Tiffany E. Villavicencio, Secretary
The Promenade Shops at Centerra
5971 Sky Pond Drive, Suite OFC
Loveland, CO 80538
Term: Elected in 2014 for a four-year term

Phone: 970-461-1285
Email: tiffany@poagllc.com

Donald L. Foster, Assistant Secretary
The Promenade Shops at Centerra
5971 Sky Pond Drive, Suite OFC
Loveland, CO 80538
Term: Elected in 2014 for a four-year term

Phone: 970-461-1285
Email: dfoster@poagllc.com

Marie Fe Deras Alano
The Promenade Shops at Briargate
1885 Briargate Parkway, Suite 503
Colorado Springs, CO 80920
Term: Elected in 2014 for a four-year term

Phone: 719-265-6264
Fax: 719-268-0738
Email: malano@poagllc.com

Vacancy
Term: expires in 2016-----;
This vacant position on the Board may be
filled at the District's May 3, 2016 Board of
Director's Election

DISTRICT MANAGER: Deanna DeLarge performs limited administrative duties for
the District, but without any compensation from the District.

DISTRICT CONTACT:

Timothy J. Flynn
Collins Cockrel & Cole
390 Union Boulevard, Suite 400
Denver, Colorado 80228-1556
Phone: 303-986-1551
Fax: 303-986-1755
Email: tflynn@cccfirm.com

INSURANCE AND DIRECTORS' BONDS:

Liability and Crime Coverage:
United States Liability Insurance Co.
Policy No. PO1000393G

Property Insurance:
California Public Employees' Retirement
System
Lincoln Plaza East
400 Q Street, Suite 4800
Sacramento, CA 95814
Client No. 57000006813

ACCOUNTANT:

Roberta Stake
Morgan Stake Consulting Corp
42274 Thunder Hill Road
Parker, CO 80138
Phone:(303)841-9192
Cell:(303)748-3187
Email: robertastake@me.com

AUDITOR:

Steve Dazzio, CPA
Dazzio & Plutt, LLC
Certified Public Accountants
7931 South Broadway, #324
Littleton, CO 80122
Phone 303-905-0809
Fax 303-797-3334
Email: stevedazzio@dazziopluttcpa.com

STAFF: N/A

EXHIBIT B

**2016 BID Budget
General Fund
Capital Projects Fund
Debt Service Fund
(including taxes, fees, assessments and
estimated principal amount of bonds)**

PROPOSED 2016 BUDGET

BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT

CITY OF COLORADO SPRINGS

EL PASO COUNTY

COLORADO

BUDGET MESSAGE

The modified accrual basis of accounting for governmental funds was used in the preparation of this budget. Revenue is recorded when susceptible to accrual and expenditures are recorded when the liability is incurred.

THE BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT (“BID”) was formed pursuant to City of Colorado Springs Ordinance No. 02-24, adopted on February 12, 2002 pursuant to Section 31-25-1201, *et seq.*, C.R.S. for the purpose of financing the public improvements and services needed to promote the continued vitality of the commercial businesses within the District, which is located entirely within the City of Colorado Springs, Colorado, and known as the Promenade Shops at Briargate. By way of explanation and not limitation, the BID’s initial Operating Plan and Budget provided for the BID to construct, install or acquire street improvements, curbs, gutters, traffic safety devices, paid parking areas, sidewalks, pedestrian malls, street lights, drainage, water and sewer facilities, and landscaping of common public areas.

In 2002, the BID issued \$2,895,000.00 in Limited Tax General Obligation Bonds, Series 2002A and \$6,875,000.00 in Special Assessment Revenue Bonds, Series 2000B, for the purpose of financing the construction and/or acquisition of the public infrastructure needed to serve the commercial area within the BIDS’ boundaries. All of the proceeds of those initial bond issues have been expended. In 2006, the BID refunded its Special Assessment Revenue Bonds, Series 2000B through the issuance of Special Assessment Refunding Revenue Bonds, Series 2006 dated May 1, 2006.

On July 9, 2012 the BID closed on a seven year taxable loan in the amount of \$4,335,000 with US Bank. The loan proceeds were used to refund the District’s Series 2002A Limited Tax General Obligation Bonds and to borrow an additional \$1,033,973 to reimburse the Original Developer, Poag & McEwen, for previously constructed public improvement infrastructure.

In 2016 the BID, subject to City Council approval, intends to issue to the Developer a Special Limited Tax General Obligation Note (Subordinate Note) in consideration of the Developer’s conveyance to the District and City of various public improvements that the Developer is constructing, including a traffic signal at the entrance to The Promenade Shops at Briargate.

The BID has not entered into nor does it contemplate entering into any lease purchase contracts during 2016. Accordingly, no lease purchase contract transactions are contemplated in the proposed 2016 budget.

**BRIARGATE CENTER BUSINESS
IMPROVEMENT DISTRICT
Property tax summary
2016**

| | 2014 Actual | 2015 Estimated | 2016 Proposed |
|--|----------------|-------------------|------------------|
| Assessed valuation - El Paso County | \$8,047,220 | \$7,909,780 | \$ 10,595,010 |
| Mill levy - General | 8.0000 | 8.0000 | 16.0000 |
| Mill levy - Debt Sevice | 37.0000 | 37.0000 | 29.0000 |
| Mill levy - Debt Service - Subordinate note | 0.0000 | 0.0000 | 0.0000 |
| Total mill levy | <u>45.0000</u> | <u>45.0000</u> | <u>45.0000</u> |
| Property taxes - General | 64,378 | 63,278 | 169,520 |
| Property taxes - Debt Service | 297,747 | 292,662 | 307,255 |
| Property taxes - Debt Service - Subordinate note | 0 | 0 | 0 |
| Total taxes | <u>362,125</u> | <u>355,940</u> | <u>476,775</u> |

**BRIARGATE CENTER BUSINESS
IMPROVEMENT DISTRICT
Proposed Budget
General Fund
2016**

| | 2014 Actual | 2015 Estimated | 2016 Proposed |
|---|------------------------|------------------------|-------------------------|
| BEGINNING FUNDS AVAILABLE | <u>\$7,348</u> | <u>\$19,481</u> | <u>\$95,574</u> |
| REVENUE | | | |
| Property taxes - General | 64,073 | 63,278 | 169,520 |
| Specific ownership taxes | 38,236 | 38,000 | 50,000 |
| Interest income | <u>25</u> | <u>20</u> | <u>100</u> |
| Total revenue | <u>102,334</u> | <u>101,298</u> | <u>219,620</u> |
| Total funds available | <u>109,682</u> | <u>120,779</u> | <u>315,194</u> |
| EXPENDITURES | | | |
| General | | | |
| Accounting | 2,210 | 2,500 | 3,000 |
| Audit | 4,000 | 4,000 | 4,500 |
| Insurance | 12,829 | 5,555 | 6,000 |
| Legal | 14,690 | 11,000 | 14,000 |
| Maintenance | 300 | 0 | 0 |
| Marketing/advertising/management | 0 | 0 | 0 |
| Treasurer's fees | 961 | 950 | 1,300 |
| Miscellaneous | 317 | 300 | 300 |
| Capital outlay - landscape improvements | 54,894 | | |
| Contingency | 0 | 0 | 60,000 |
| Emergency reserves | <u>0</u> | <u>900</u> | <u>1,000</u> |
| Total expenditures | <u>90,201</u> | <u>25,205</u> | <u>90,100</u> |
| TRANSFERS OUT | | | |
| Transfer to Debt Service Fund | <u>0</u> | <u>0</u> | <u>65,000</u> |
| Total transfers out | <u>0</u> | <u>0</u> | <u>65,000</u> |
| Total expenditures and transfers out requiring appropriation | <u>90,201</u> | <u>25,205</u> | <u>155,100</u> |
| ENDING FUNDS AVAILABLE | <u><u>\$19,481</u></u> | <u><u>\$95,574</u></u> | <u><u>\$160,094</u></u> |
| Funds Available - Restricted | | | |
| Emergency Reserve | 3,070 | 3,040 | 4,045 |
| Funds Available - Unrestricted | <u>16,411</u> | <u>92,534</u> | <u>156,049</u> |
| Total Funds Available | <u><u>\$19,481</u></u> | <u><u>\$95,574</u></u> | <u><u>\$160,094</u></u> |

**BRIARGATE CENTER BUSINESS
IMPROVEMENT DISTRICT
Proposed Budget
Debt Service Fund
2016**

| | 2014 Actual | 2015 Estimated | 2016 Proposed |
|---|----------------------|----------------------|----------------------|
| BEGINNING FUNDS AVAILABLE | <u>\$1,000,048</u> | <u>\$1,015,927</u> | <u>\$1,031,680</u> |
| Property taxes - Debt Service | 296,497 | 292,662 | 307,255 |
| Property taxes - Debt Service - Subordinate note | 0 | 0 | 0 |
| Special Assess. - Principal | 291,904 | 311,726 | 262,816 |
| Special Assess. - Interest | 280,258 | 260,436 | 363,154 |
| Subordinate Note Proceeds | 0 | 0 | 1,342,142 |
| Interest income | <u>96</u> | <u>70</u> | <u>50</u> |
| Total revenue | 868,755 | 864,894 | 2,275,417 |
| TRANSFERS IN | | | |
| Transfer from General Fund | <u>0</u> | <u>0</u> | <u>65,000</u> |
| Total transfers in | <u>0</u> | <u>0</u> | <u>65,000</u> |
| Total funds available | <u>1,868,803</u> | <u>1,880,821</u> | <u>3,372,097</u> |
| EXPENDITURES | | | |
| Debt Service | | | |
| Principal | | | |
| Special assessment refunding bonds | 290,000 | 300,000 | 300,000 |
| Limited tax loan payment | 130,000 | 135,000 | 140,000 |
| Interest | | | |
| Special assessment refunding bonds | 261,970 | 248,920 | 235,420 |
| Limited tax loan interest | 161,508 | 156,381 | 151,470 |
| 2016 subordinate note interest | 0 | 0 | 65,000 |
| Paying agent/Trustee fees | 4,350 | 4,350 | 4,500 |
| Legal fees | 600 | | |
| Issuance costs | 0 | 0 | 0 |
| Treasurer fee - Property taxes | 4,448 | 4,490 | 4,400 |
| Total expenditures | <u>852,876</u> | <u>849,141</u> | <u>900,790</u> |
| TRANSFERS OUT | | | |
| Transfer to Capital Projects Fund | <u>0</u> | <u>0</u> | <u>1,342,142</u> |
| Total transfers out | <u>0</u> | <u>0</u> | <u>1,342,142</u> |
| Total expenditures and transfers out requiring appropriation | <u>852,876</u> | <u>849,141</u> | <u>2,242,932</u> |
| ENDING FUNDS AVAILABLE | <u>\$1,015,927</u> | <u>\$1,031,680</u> | <u>\$1,129,165</u> |
| Funds Available - Restricted | | | |
| Special Assessment Bonds Reserve | 558,945 | 558,945 | 558,954 |
| Loan Reserve | 80,000 | 80,000 | 80,000 |
| Debt Service | <u>361,103</u> | <u>392,735</u> | <u>490,211</u> |
| Total Funds Available | <u>\$1,015,927</u> | <u>\$1,031,680</u> | <u>\$1,129,165</u> |

**BRIARGATE CENTER BUSINESS
IMPROVEMENT DISTRICT
Proposed Budget
Capital Projects Fund
2016**

| | <u>2014 Actual</u> | <u>2015 Estimated</u> | <u>2016 Proposed</u> |
|---------------------------------|------------------------|---------------------------|--------------------------|
| BEGINNING FUNDS AVAILABLE | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| TRANFERS IN | | | |
| Transfer from Debt Service Fund | <u>0</u> | <u>0</u> | <u>1,342,142</u> |
| Total transfers in | <u>0</u> | <u>0</u> | <u>1,342,142</u> |
| Total funds available | <u>0</u> | <u>0</u> | <u>1,342,142</u> |
| EXPENDITURES | | | |
| Capital Outlay | | | |
| 2016 Capital Improvements | <u>0</u> | <u>0</u> | <u>1,342,142</u> |
| Total expenditures | <u>0</u> | <u>0</u> | <u>1,342,142</u> |
| ENDING FUNDS AVAILABLE | <u><u>\$0</u></u> | <u><u>\$0</u></u> | <u><u>\$0</u></u> |