

## RESOLUTION NO. 35-15

### A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS, COLORADO APPROVING THE ISSUANCE OF LIMITED TAX GENERAL OBLIGATION BONDS AND PUBLIC IMPROVEMENTS FEE REVENUE BONDS BY THE FIRST AND MAIN NO. 2 BUSINESS IMPROVEMENT DISTRICT

WHEREAS, the City Council approved the Special District Policy on January 24, 2006, a City Financial Policy Regarding the Use of Districts (the "Policy"), providing for certain financial and other limitations in the use of special districts as an available method in financing public infrastructure; and

WHEREAS, pursuant to the provisions of Title 31, Colorado Revised Statutes, and pursuant to proper notice having been provided as required by law, the City Council held a public hearing and approved the formation of the First and Main No. 2 Business Improvement District (the "District") by Ordinance No. 08-144 adopted on September 23, 2008; and

WHEREAS, both the Policy and the Operating Plan and Budget for the District require that prior to the District issuing bonds or similar indebtedness, it must first obtain City Council approval of the proposed issue and that City Council's review of such indebtedness ensures compliance with the Operating Plan and Budget and all applicable laws; and

WHEREAS, the District has submitted for review, and City Council has reviewed, various related debt instrument documents, including draft copies of District Bond Resolutions authorizing the District to issue debt in principal amounts up to \$1,725,000 as Public Improvement Fee Revenue Bonds and up to \$1,750,000 as Limited Tax General Obligation Bonds (Bond Documents"), a preliminary opinion of bond counsel, a preliminary opinion of the District's general counsel, and a preliminary opinion of an external financial advisor (the "Bond Documents"); and

WHEREAS, City Council considered the Bond Documents as well as all other testimony and evidence presented at the April 14, 2015 City Council meeting; and

WHEREAS, the District, having presented evidence that it has satisfied the conditions of approval and other Operating Plan and Budget prerequisites, requests approval of the issuance of indebtedness in a structure substantially similar to and consistent with the Bond Documents.

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS:

Section 1. The above and foregoing recitals are incorporated herein by reference and are adopted as findings and determinations of the City Council.

Section 2. In reliance on the information presented by the District, Council hereby finds that the issuance of indebtedness by the District in a structure substantially similar to and consistent with the Bond Documents complies with the Operating Plan and Budget and all applicable laws.

Section 3. The Bond Documents authorizing both the Limited Tax General Obligation Bonds and the Public Improvement Fee Bonds in the principal amounts of up to \$1,750,000, and \$1,725,000 as further described in the Bond Documents is hereby approved provided, however, that the indebtedness evidenced by the Bond Documents shall be solely an obligation of the District, and the City shall have no liability or other responsibility therefore.

Section 4. The issuance of debt in a structure substantially similar to and consistent with the Bond Documents, subject to minor changes and revisions as may be approved by City staff, is hereby approved.

Section 5. The approvals contained herein shall be effective for a maximum of one (1) year from the date of this Resolution. If the District desires to issue this debt any time after April 14, 2016 a new City Council approval will be required.

Section 6. This Resolution shall be effective upon its approval by City Council.

DATED at Colorado Springs, Colorado, this 14th day of April, 2015.

  
Keith King, Council President

ATTEST:

  
Sarah Johnson, City Clerk



**SPENCER FANE**  
BRITT & BROWNE LLP  
*Attorneys & Counselors at Law*

RUSSELL W. DYKSTRA  
DIRECT DIAL: (303) 839-3845  
rdykstra@spencerfane.com

File No. 5115069-0002

February 6, 2015

Mr. Carl Schueler  
Comprehensive Planning Division  
30 South Nevada Avenue, Suite 302  
Colorado Springs, CO 80903

**Re: First and Main Business Improvement District No. 2**

Dear Mr. Schueler:

This office represents the First and Main Business Improvement District No. 2 (the "District"). The District is in the process of issuing two (2) bonds: 1) Public Improvement Fee Revenue Bond, Series 2015 and 2) Limited Tax General Obligation Bond, Series 2015.

Enclosed please find six (6) copies of: (a) the Certified Record of Proceedings of the Board of Directors of the District, incorporating the resolution authorizing the issuance of the District's Public Improvement Fee Revenue Bonds, Series 2015, in the initial principal amount of \$1,725,000 (the "Revenue Bond Resolution") and the form of bond (as Exhibit A to the Revenue Bond Resolution) (the "Revenue Bond"); and (b) the other documents identified below.

Also, enclosed please find six (6) copies of: (a) the Certified Record of Proceedings of the Board of Directors of the District, incorporating the resolution authorizing the issuance of the Limited Tax General Obligation Bonds, Series 2015, in the initial principal amount of \$1,750,000 (the "General Obligation Bond Resolution") and the form of bond (as Exhibit A to the General Obligation Bond Resolution) (the "General Obligation Bond"); and (b) the other documents identified below.

Pursuant to the City of Colorado Spring's current policy relating to special districts (which policy was approved by the City on January 24, 2006) (hereinafter, the "Special District Policy"), copies of the following documents are being provided to your office in order that City Council may act to approve the same at an upcoming meeting:

1 - Revenue Bond Resolution and the Revenue Bond.

2 - General Obligation Bond Resolution and General Obligation Bond.

The Revenue Bond will be repaid by public improvement fee revenues, as is anticipated to be allowed under the District's 2015 Operating Plan, as amended. The Revenue Bond will bear interest at the rate of 6.75% and will finally mature on December 1, 2039.

1700 Lincoln Street, Suite 2000  
Denver, Colorado 80203-4554  
(303) 839-3800    www.spencerfane.com    Fax (303) 839-3838

1209891.6

**SPENCER FANE**  
BRITT & BROWNE LLP  
*Attorneys & Counselors at Law*

Mr. Carl Schueler  
February 6, 2015  
Page 2

The General Obligation Bond will be repaid by property tax revenues, as is anticipated to be allowed under the District's 2015 Operating Plan, as amended. The General Obligation Bond will bear interest at 6.75% and will finally mature on December 1, 2044.

In accordance with the Special District Policy:

A. Present and future property owners within the District will not be burdened with debt service mill levies of the District as the pledged revenue for the Revenue Bond is public improvement fee revenue only, as proposed in the District's 2015 Operating Plan ("District's Operating Plan").

Present and future property owners within the District will not be burdened with debt service mill levies of the District as the pledged revenue for the General Obligation Bond is property tax revenues only, as proposed in the District's Operating Plan.

B. It is anticipated that the Revenue Bond will be marketed exclusively to one (1) accredited investor as defined in rule 501(a) promulgated under the Securities Act of 1933 (a company related to the landowner / developer).

It is anticipated that the General Obligation Bond will be marketed exclusively to one (1) accredited investor as defined in rule 501(a) promulgated under the Securities Act of 1933 (a company related to the landowner/developer).

C. Repayment of principal and interest on the Revenue Bond is limited to public improvement fees, permitted user fees, reimbursements or interest earnings of the District.

Repayment of principal and interest on the General Obligation Bond is limited to property tax revenues, received through an imposed mill levy.

D. The Revenue Bond shall not default for nonpayment if the District is collecting the designated public improvement fee revenues.

The General Obligation Bond shall not default for nonpayment if the District is collecting the designed mill levies.

E. The Revenue Bond is appropriately structured to ensure that a subsequent "refunding" bond issue, if any, will be able to be issued as a tax exempt issue.

The General Obligation Bond is appropriately structured to ensure that a subsequent "refunding" bond issue, if any will be able to be issued as a tax exempt issue, providing such that the bonds cannot default as long as the District is imposing the required maximum allowed mill levy.

**SPENCER FANE**  
BRITT & BROWNE LLP  
*Attorneys & Counselors at Law*

Mr. Carl Schueler  
February 6, 2015  
Page 3

F. The public improvements to be financed by the Revenue Bond may include any public improvements allowed under Colorado law for business improvement districts and necessary for development, as permitted by the District's Operating Plan.

The public improvements to be financed by the General Obligation Bond may include public improvements allowed under Colorado law for business improvement districts and necessary for development, as permitted by the District's Operating Plan.

G. The Revenue Bond Resolution and form of the Revenue Bond were approved at a properly noticed special meeting of the Board of Directors of the District held on December 3, 2014.

The General Obligation Bond Resolution and form of the General Obligation Bond were approved at a properly noticed special meeting of the Board of Directors held on December 3, 2014.

H. In accordance with the Special District Policy, issuance of the Revenue Bond and the General Obligation Bond will not occur until the enclosed documents have been reviewed by City Council to ensure compliance with the District's Operating Plan.

I. The principal amount of the Revenue Bond (\$1,725,000) is within the \$20,000,000 debt limitation set forth in the District's Operating Plan.

The principal amount of the General Obligation Bond (\$1,750,000) is within the \$20,000,000 debt limitation set forth in the District's Operating Plan.

J. For both the Revenue Bond and the General Obligation Bond, enclosed herewith are two letters, dated January 26, 2015, from Thomas Wendelin, Vice President of RBC Capital Markets, regarding the fairness and feasibility of the interest rate and the structure of the debt.

K. For both the Revenue Bond and the General Obligation Bond, enclosed herewith is the engineering certification of reasonable cost (for reimbursement of the landowner / developer), prepared by msm development consulting, llc, dated January 15, 2009, which documents the use of the proposed bond proceeds. This engineering certification was previously prepared in 2009 and the documented uses of the proposed bond proceeds have not changed since that time.

L. 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 any of the District. This will be clearly stated on all offerings, prospectus, or disclosure statements associated with the issuance of the Revenue Bond and General Obligation Bond.

**SPENCER FANE**  
BRITT & BROWNE LLP  
*Attorneys & Counselors at Law*

Mr. Carl Schueler  
February 6, 2015  
Page 4

M. The proceeds from the sale of the Revenue Bond and General Obligation Bond will not be used to pay landowners within the District for any real property required to be dedicated for public use by annexation agreements or land use codes.

N. The existence of the District will not be considered a substitute for financial assurance.

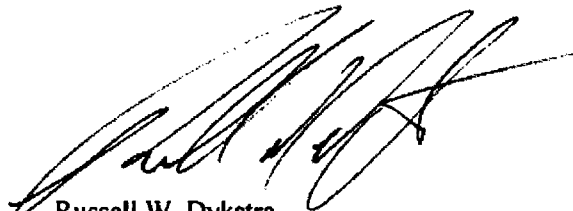
At your earliest convenience, please have City Council review the enclosed documents to ensure that the Revenue Bond and General Obligation Bond are being issued in compliance with the Special District Policy. I have also enclosed herewith an opinion letter by the District's Bond Counsel, Arnie Kaplan, concluding that the issuance of the Revenue Bond and the General Obligation Bond by the District is being done within the parameters set forth in the District's Operating Plan.

Pursuant to our previous correspondence, I understand that this matter will be considered by City Council at a regular meeting as soon as possible. The District would like to close the transaction on or about March 5, 2015.

If you have any questions, or need anything further, please do not hesitate to contact this office.

Best regards,

SPENCER FANE BRITT & BROWNE LLP



Russell W. Dykstra

RWD:kb  
Enclosure



**RBC Capital Markets®**

January 26, 2015

Board of Directors  
First and Main Business Improvement District No. 2  
c/o Russell W. Dykstra  
Spencer Fane Britt & Browne LLP  
1700 Lincoln Street, Suite 2000  
Denver, CO 80203

Re: First and Main Business Improvement District No. 2  
Public Improvement Fee Revenue Bond, Series 2015

Board:

As it pertains to the issuance of the Series 2015 bond by the First and Main Business Improvement District No. 2 (the "District") and the requirements set forth in the current City of Colorado Springs policy applicable to business improvement districts as well as the District's current operating plan, we do hereby certify the following:

RBC Capital Markets, LLC ("RBC") hereby certifies that: (1) the interest rate to be borne by the District on the Public Improvement Fee Revenue Bond, Series 2015 does not exceed a reasonable current tax-exempt rate, using criteria deemed appropriate by RBC and based upon RBC's analysis of comparable high yield securities; and (2) the structure of the above described debt is reasonable considering the financial circumstances of the District.

Sincerely,

Thomas Wendelin  
Vice President



**RBC Capital Markets®**

January 26, 2015

Board of Directors  
First and Main Business Improvement District No. 2  
c/o Russell W. Dykstra  
Spencer Fane Britt & Browne LLP  
1700 Lincoln Street, Suite 2000  
Denver, CO 80203

Re: First and Main Business Improvement District No. 2  
Limited Tax General Obligation Bond, Series 2015

Board:

As it pertains to the issuance of the Series 2015 bond by the First and Main Business Improvement District No. 2 (the "District") and the requirements set forth in the current City of Colorado Springs policy applicable to business improvement districts as well as the District's current operating plan, we do hereby certify the following:

RBC Capital Markets, LLC ("RBC") hereby certifies that: (1) the interest rate to be borne by the District on the Limited Tax General Obligation Bond, Series 2015 does not exceed a reasonable current tax-exempt rate, using criteria deemed appropriate by RBC and based upon RBC's analysis of comparable high yield securities; and (2) the structure of the above described debt is reasonable considering the financial circumstances of the District.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Wendelin", written over a horizontal line.

Thomas Wendelin  
Vice President

*msm development consulting, llc*

5145 hearthstone lane  
colorado springs, co 80919-3139  
(719) 459-0809

January 15, 2009

Boards of Directors  
First & Main Business Improvement District  
First and Main Business Improvement District No. 2  
c/o David Peak, Senior Manager  
R.S. Wells L.L.C.  
8390 E Crescent Parkway, Suite 500  
Greenwood Village, CO 80111

Re: First and Main Business Improvement District  
First and Main Business Improvement District No. 2 - Improvement Costs

Dear Mr. Peak:

MSM Development Consulting, LLC ("MSMDC") has been informed by the First and Main Business Improvement District and the First and Main Business Improvement District No. 2 (collectively, the "Districts") that: 1) the Districts are planning to acquire parking lot public improvements (including certain drainage and landscaping improvements) located within the southeast corner of the First and Main Town Centre from Norwood Development and/or related entities (collectively, "Norwood"), the developer of the First and Main Town Centre; 2) the improvements to be acquired by the Districts at this point are those included in and specifically identified as Job #535 on the attached exhibit titled "First & Main Central - Public Improvement Costs"; and 3) in order to finance the acquisition of a portion of Job#535 public improvements, the Districts are planning on issuing approximately \$4.05M in bonds.

In order to verify the costs of the improvements identified above and other public improvements completed by Norwood within the First and Main Town Centre, MSMDC performed an on-site walk through of that portion of First and Main Town Centre that is located between North Carefree Circle and South Carefree Circle on the north and south, and between Powers Boulevard and Tutt Boulevard on the west and east. MSMDC has also reviewed documents provided by Norwood pertaining to public infrastructure improvements constructed at the above location. The documents reviewed consisted of:

- 1) electronic copies of contractor and consultant invoices and checks for the years 1998 through and including 2008;

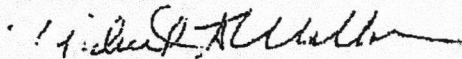
First and Main Business Improvement District  
First and Main Business Improvement District No. 2  
January 15, 2009  
Page Two

- 2) Excel spreadsheet files entitled "Scan WIP.xls", "CSI workpaper.xls" and "Recon-Auditors.xls" - all dated July 17, 2008;
- 3) Maps entitled "F&M Central Job Nos.pdf", "first and main.pdf" and "First & Main Village Phases B&W 11x17 (05.08.08).pdf"; and
- 4) cost summaries for Norwood Job Nos. 420, 422, 474, 475, 494, 495, 498, 499, 501 and 535.

Based upon the above, MSMDC is of the opinion that all of the installed improvements more particularly described in the attached exhibit entitled "First & Main Central - Public Improvement Costs", in the total amount of \$19,631,082.25, were installed generally as described and that the costs incurred for those public improvements are reasonable and are within industry standards for this type of work, as performed in the Colorado Springs Metropolitan Area.

To the best of my knowledge, information and belief, the undersigned hereby certifies to the Districts that: (1) the improvements identified as Job #535 on the attached exhibit have been constructed; and (2) the costs for Job #535 referenced on the attached "First & Main Central - Public Improvement Costs" exhibit appear fair and reasonable for the quantity of work performed.

MSM DEVELOPMENT CONSULTING, LLC



Michael S. Mallon, Manager

MSM/mm

Enclosure

---

First & Main Central  
Public Improvement Costs

Job	Job Name	Costs per Job	Vertical Bldg	Total Development	Disallowed	Net Allowable Public	Drainage	Landscaping	Parking Lot &	Park & Court	Private Roads	Public Roads	Total
		Cost	Costs	Costs		Improve Cost			Expenses	Yard			
420	F&M Park	1,114,172.33		1,114,172.33	(19,274.30)	1,103,897.03				1,103,897.03			1,103,897.03
421	New Center Pl. Road (830 c)	184,738.05		184,738.05	(3,477.47)	181,260.58					181,260.58		181,260.58
460	F&M Central	1,304,591.92		1,304,591.92	(23,884.20)	1,280,707.72					1,280,707.72		1,280,707.72
463	Tut. Exit North to South Carrière (road)	597,558.06		597,558.06	(17,244.39)	580,313.67					580,313.67		580,313.67
464	So Carrière Powers to Tut	584,958.36		584,958.36	(15,320.13)	569,638.23					569,638.23		569,638.23
466	New Center Pl. Road (800 c)	208,060.40		208,060.40	(15,287.29)	192,773.11					192,773.11		192,773.11
467	New Center Pl. Road (760 c)	214,740.15		214,740.15	(16,019.50)	198,720.65					198,720.65		198,720.65
468	Chavira Pl	3,138,451.36		3,138,451.36	(13,845.57)	3,124,605.79					3,124,605.79		3,124,605.79
474	Gayton's	6,375,000.60		6,375,000.60	(34,844.83)	6,340,155.77					6,340,155.77		6,340,155.77
478	Gayton's West Parking Lot	1,244,180.29		1,244,180.29	(30,440.52)	1,213,739.77					1,213,739.77		1,213,739.77
479	Tut Blvd. Drainage	125,161.97		125,161.97	(3,456.11)	121,705.86					121,705.86		121,705.86
480	Theater Road & Pardo (DAE)	3,938,430.45		3,938,430.45	(8,241.35)	3,930,189.10					3,930,189.10		3,930,189.10
481	City Center Planning	873,302.55		873,302.55	(24,822.55)	848,480.00					848,480.00		848,480.00
482	Greenmont Parking Lot	228,767.55		228,767.55	(24,822.55)	203,945.00					203,945.00		203,945.00
483	F&M Drive 9 & Access (Road)	317,359.76		317,359.76	(5,578.00)	311,781.76					311,781.76		311,781.76
485	Greenmont NGM Parking Lot	1,212,615.55		1,212,615.55	(31,238.39)	1,181,377.16					1,181,377.16		1,181,377.16
494	F&M W&B Oaks L&L	3,467,794.39		3,467,794.39	(90,157.87)	3,377,636.52					3,377,636.52		3,377,636.52
498	West Bay & In Line	9,829,287.88		9,829,287.88	(191,767.64)	9,637,520.24					9,637,520.24		9,637,520.24
499	F&M Road Bottom NW of Parking	2,643,805.41		2,643,805.41	(52,462.46)	2,591,342.95					2,591,342.95		2,591,342.95
501	NWC Tut & S. Carrière-Retail	710,245.94		710,245.94	(15,402.47)	694,843.47					694,843.47		694,843.47
501	NWC Tut & S. Carrière-Retail (Foot)	56,005.68		56,005.68	(8,412.24)	47,593.44					47,593.44		47,593.44
505	SEC Ho Carrière & Powers/Parking	6,442,252.90		6,442,252.90	(262,980.52)	6,179,272.38					6,179,272.38		6,179,272.38
Total		41,897,045.32	(20,967,618.21)	21,399,427.11	(1,889,344.86)	19,509,082.25	2,026,511.02	2,894,348.26	8,209,095.46	1,448,753.82	3,951,376.35	910,044.34	19,691,062.25
							10.34%	13.87%	41.82%	9.42%	20.15%	4.84%	100.00%

	<b>First &amp; Main Central</b>												
	<b>Public Improvement Costs</b>												
	<b>DLJ 1/27/15</b>												
<b>Job#</b>	<b>Job Name</b>	<b>Net Allowable Public Improvement Cost</b>	<b>Drainage</b>	<b>Landscaping</b>	<b>Parking Lot &amp; Lights</b>	<b>Park &amp; Court Yard</b>	<b>Private Roads</b>	<b>Public Roads</b>	<b>Total</b>	<b>3/09 Bonds</b>	<b>12/10 Bonds</b>	<b>2/15 Bonds</b>	<b>Balance</b>
420	F&M/park	1,103,897.83				1,103,897.83			1,103,897.83		(333,452.11)	(770,445.72)	-
422	New Center Pt No/road (830 cf)	191,261.18					191,261.18		191,261.18			(191,261.18)	-
460	F&M Central	980,697.72	203,335.39	32,997.74	640,999.27		103,365.32		980,697.72	(621,771.00)	(250,770.00)	(108,156.72)	-
463	Tutt: Exist North to South Carefree (road)	580,310.27	95,199.81					485,110.46	580,310.27				580,310.27
464	So Carefree: Powers to Tutt	569,436.17	31,194.37	113,333.72				424,908.08	569,436.17				569,436.17
466	New Center Pt So/road (800 cf)	270,493.15	60,834.40	19,689.55			189,969.20		270,493.15			(270,493.15)	-
467	New Center Pt No/road (760 cf)	198,729.65	30,090.00	4,584.16			164,055.49		198,729.65				198,729.65
468	Cinema Pt	3,122,765.79	68,805.66	300.00			3,053,660.13		3,122,765.79			(570,431.00)	2,552,334.79
474	Galyan's	796,611.86	131,341.39	217,173.35	448,097.12				796,611.86				796,611.86
475	Galyan's West Parking Lot	1,213,618.77	372,415.10	146,902.49	694,301.18				1,213,618.77				1,213,618.77
479	Tutt Blvd. Drainage	121,705.26	121,705.26						121,705.26				121,705.26
480	Theater Retail & Pkso (D&E)	409,259.96				409,259.96			409,259.96				409,259.96
481	City Center/planning	336,575.83				336,575.83			336,575.83	(166,713.00)	(142,198.00)	(27,664.83)	-
482	Cinemark Parking Lot	204,934.00	9,339.00	8,941.10	186,653.90				204,934.00				204,934.00
483	F&M Drive B & Access (Road)	311,781.76	58,559.73	4,157.00			249,065.03		311,781.76			(290,167.24)	21,614.52
485	Cinemark N&M Parking Lot	1,181,380.16	52,402.50	17,576.79	1,111,400.87				1,181,380.16			(1,181,380.16)	-
494	F&M Wild Oats Mid	846,921.44	103,436.94	107,634.55	635,849.95				846,921.44				846,921.44
495	Best Buy & InLine	1,296,987.36	111,678.21	395,100.68	790,208.47				1,296,987.36				1,296,987.36
498	F&M Rock Bottom NW of Park/parking	689,119.37	33,315.60	163,718.00	492,085.77				689,119.37				689,119.37
499	NWC Tutt & S. Carefree-Retail	699,534.19	169,081.13	129,174.88	401,278.18				699,534.19				699,534.19
501	NWC Tutt & S. Carefree-Retail (Fox)	55,464.64		55,464.64					55,464.64				55,464.64
535	SEC No Carefree & Powers/parking	4,449,595.89	373,775.53	1,267,589.61	2,808,220.75				4,449,595.89	(3,208,516.00)	(1,241,079.89)		-
	<b>Total</b>	<b>19,631,082.25</b>	<b>2,026,510.02</b>	<b>2,684,348.26</b>	<b>8,209,095.46</b>	<b>1,849,733.62</b>	<b>3,951,376.35</b>	<b>910,018.54</b>	<b>19,631,082.25</b>	<b>(3,997,000.00)</b>	<b>(1,967,500.00)</b>	<b>(3,410,000.00)</b>	<b>10,256,582.25</b>
	3/09 Bonds (\$1,850k F&M, \$2,400k F&M No. 2)		(398,438.61)	(934,961.98)	(2,431,351.89)	(166,713.00)	(65,534.52)	-	(3,997,000.00)				
	3/09 cost of bond issuance								-	(53,000.00)			
	12/10 Bonds (\$2,000k F&M No. 2)		(156,247.37)	(361,896.20)	(947,175.22)	(475,650.11)	(26,431.10)	-	(1,967,500.00)				
	12/10 cost of bond issuance								-		(32,500.00)		
	2/15 Bonds (\$3,475k F&M No. 2)		(171,915.90)	(19,689.55)	(1,116,192.27)	(798,110.55)	(1,304,091.73)	-	(3,410,000.00)				
	2/15 cost of bond issuance								-			(65,000.00)	
	<b>Totals</b>		<b>1,299,908.14</b>	<b>1,367,700.53</b>	<b>3,714,376.08</b>	<b>409,259.96</b>	<b>2,555,318.99</b>	<b>910,018.54</b>	<b>10,256,582.25</b>	<b>(4,050,000.00)</b>	<b>(2,000,000.00)</b>	<b>(3,475,000.00)</b>	

## **RESOLUTION**

**A RESOLUTION OF FIRST AND MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2, IN THE CITY OF COLORADO SPRINGS, EL PASO COUNTY, COLORADO, AUTHORIZING THE ISSUANCE AND SALE OF ITS PUBLIC IMPROVEMENT FEE REVENUE BOND, SERIES 2015, IN A PRINCIPAL AMOUNT NOT TO EXCEED \$1,725,000; PRESCRIBING THE FORM OF THE SERIES 2015 BOND; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2015 BOND; AND PROVIDING OTHER DETAILS IN CONNECTION THEREWITH.**

**WHEREAS,** First and Main Business Improvement District No. 2, in the City of Colorado Springs, El Paso County, Colorado (the "District"), has been duly and regularly created by ordinance adopted by the City of Colorado Springs, Colorado (the "City"), on September 23, 2008; and

**WHEREAS,** the District is a quasi-municipal corporation and political subdivision organized and existing as a business improvement district pursuant to the laws of the State of Colorado (the "State"), including, without limitation, Part 12 of Article 25 of Title 31 (the "Business Improvement District Act") of the Colorado Revised Statutes, as amended and supplemented as of the date hereof ("C.R.S."); and

**WHEREAS,** all capitalized terms used and not otherwise defined herein shall have the respective meanings as set forth in Section 1 hereof; and

**WHEREAS,** at an election of the qualified electors of the District, duly called and held on Tuesday, November 4, 2008 (the "2008 Election"), in accordance with law and pursuant to due notice, a majority of those qualified to vote and voting at the 2008 Election voted in favor of, *inter alia*, the issuance of indebtedness for various purposes, the questions relating thereto being set forth in Exhibit A attached hereto and incorporated herein by reference; and

**WHEREAS,** the returns of the 2008 Election were duly canvassed and the result thereof duly declared; and

**WHEREAS,** the returns of the 2008 Election were duly canvassed and the results thereof were duly declared and certified by the Canvass Board for the District within 45 days after the 2008 Election; and

**WHEREAS,** the District is authorized by Sections 31-25-1212(1)(e) and 31-25-1221, C.R.S., to issue general obligation bonds and other financial obligations; and

**WHEREAS**, from the indebtedness authorized at the 2008 Election the Board has heretofore determined that it was necessary and in the best interests of the District, and the taxpayers thereof, to borrow funds to finance infrastructure of the District, and that for such purposes there was issued a Limited Tax General Obligation Bond, Series 2009, of the District in the principal amount of \$2,400,000; and

**WHEREAS**, the Board has heretofore determined it was necessary and in the best interests of the District, and the taxpayers thereof, to borrow funds to finance infrastructure of the District, and for such purpose there was issued a Public Improvement Fee Revenue Bond, Series 2010, in the principal amount of \$2,000,000; and

**WHEREAS**, the Board of Directors of the District (the "Board") has heretofore determined and does hereby determine that it is necessary and in the best interests of the District, and the taxpayers thereof, to pay the costs of acquiring, constructing and/or installing a portion of the facilities authorized to be provided by the District pursuant to the District's Operating Plan and Budget and the related debt for which was approved by the 2008 Election (the "Project"); and

**WHEREAS**, the Board has heretofore determined and hereby determines that it is necessary and in the best interests of the District and the owners of property in the District to borrow funds to finance the Project, and that for such purposes there shall be issued a bond of the District in the principal amount not to exceed \$1,725,000 (as more particularly defined hereafter, the "Bond"); and

**WHEREAS**, pursuant to Section 31-25-1211, C.R.S., the City must approve the issuance of the Bond by the District, and for the purpose of acquiring such approval, the District submitted to the City for approval the Operating Plan and Budget providing for the issuance of the Bond; and

**WHEREAS**, approval by the City Council shall be a condition precedent to the issuance of the Bond; and

**WHEREAS**, the Bond shall constitute a special limited obligation of the District and shall be payable solely from the Pledged Revenue as defined herein; and

**WHEREAS**, the Bond shall not constitute indebtedness or an obligation or a liability of the City, in accordance with Section 31-25-1221, C.R.S.; and

**WHEREAS**, issuance of the Bond shall not involve a public offering, but shall be privately placed by the District exclusively to "accredited investors" within the meaning of Section 11-59-110(1)(g), C.R.S., and as such will be exempt from registration under the Article 59 of Title 11, C.R.S.; and

**WHEREAS**, the Board has been advised in the private placement of the Bond with the Initial Owner by RBC Capital Markets Corporation, as Financial Advisor; and

**WHEREAS**, pursuant to Sections 31-25-1209(3) and 18-8-308, C.R.S., the members of the Board disclosed their known potential conflicting interests to the Colorado Secretary of State

and to the Board in writing at least 72 hours in advance of this meeting, in accordance with Section 24-18-110, C.R.S., the appropriate Board members have made disclosure of their personal and private interests relating to the issuance of the Bond in writing to the Secretary of State and the Board and such officials have stated for the record immediately prior to the adoption of this Resolution the fact that they have said interests and the summary nature of such interests and the participation of said officials is necessary to obtain a quorum or otherwise enable the Board to act; and

**WHEREAS**, the Board specifically elects to apply the provisions of the Part 2 of Article 57 of Title 11, C.R.S. (the "Supplemental Public Securities Act"), to the Bond; and

**WHEREAS**, the Board desires, as provided in the Supplemental Public Securities Act, to delegate the authority to the Sale Delegate to determine, among other things, certain provisions of the series 2015 Bond, all of which is to be set forth in the Sale Certificate in accordance with the provisions of this Resolution; and

**WHEREAS**, the District expects to sell and deliver the Bond to the Initial Owner on or about December 1, 2015, in exchange for the purchase price therefor, which shall be 100% of the principal amount thereof; and

**WHEREAS**, the Board desires to authorize the issuance of the Bond and the execution of all ancillary or related documents in connection therewith;

**NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF FIRST AND MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2, IN THE CITY OF COLORADO SPRINGS, EL PASO COUNTY, COLORADO:**

**Section 1. Definitions.** As used herein, the following capitalized terms shall have the respective meanings set forth below, unless the context indicates otherwise, and words importing the singular include the plural, and *vice versa*.

**"2008 Election"** means the debt authorizing election held within the District on November 4, 2008.

**"Additional Obligations"** means the following obligations other than the Bond, except as otherwise provided below:

- (a) all obligations of the District for borrowed money and reimbursement obligations;
- (b) all obligations of the District payable from or constituting a lien or encumbrance upon ad valorem tax revenues of the District;
- (c) all obligations of the District evidenced by bonds, debentures, notes, contracts or other similar instruments, including, without limitation, any Parity Obligations or Subordinate Obligations;

(d) all obligations of the District to pay the deferred purchase price of property or services;

(e) all obligations of the District as lessee under capital leases; and

(f) all obligations of others guaranteed by the District;

provided, however, that notwithstanding the foregoing, the following shall not constitute Additional Obligations hereunder:

(i) obligations issued solely for the purpose of paying operations and maintenance costs of the District, the repayment of which is contingent upon the District's annual determination to appropriate moneys therefor, other than capital leases as set forth in (e) above, so long as no amounts due or to become due on such obligations are payable from the District's debt service mill levy;

(ii) obligations that are payable solely from the proceeds of Additional Obligations;

(iii) obligations that refund or refinance any obligations of the District, so long as: (A) such refunding obligations do not increase the District's debt service in any year in which both the refunding obligations and the Bond are outstanding; (B) such refunding obligations are payable on the same date or dates as the obligations being refunded or refinanced; (C) such refunding obligations are not subject to acceleration; (D) such refunding obligations are payable from the same or fewer revenue sources, with the same or a subordinate lien priority, as the obligations being refunded or refinanced; and (E) the remedies for defaults under such refunding or refinancing obligations are substantially the same as the remedies applicable to the obligations being refunded or refinanced;

(iv) obligations payable solely from periodic, recurring service charges imposed by the District for the use of any District facility or service, which obligations do not constitute a debt or indebtedness of the District or an obligation required to be approved at an election under State law;

(v) obligations to reimburse any person in respect of surety bonds, financial guaranties, letters of credit or similar credit enhancements so long as: (A) such surety bonds, financial guaranties, letters of credit or similar credit enhancements guarantee payment of all principal and interest on any issue of District obligations; and (B) such reimbursement obligations are payable from the same or fewer revenue sources, with the same or a subordinate lien priority as the District obligations supported by the surety bonds, financial guaranties, letters of credit or similar credit enhancements;

(vi) any operating leases, payroll obligations, accounts payable or taxes incurred or payable in the ordinary course of business of the District; and

(vii) any reimbursement agreement with the developer of the Project.

"Board" means the Board of Directors of the District.

**"Bond"** means the Public Improvement Fee Revenue Bond, Series 2015, dated as of the Issue Date, issued in the Original Principal Amount, as authorized by this Resolution.

**"Bond Counsel"** means (a) as of the Issue Date, Spencer Fane Britt & Browne LLP, and (b) as of any other date such attorneys selected by the District with nationally recognized expertise in public finance.

**"Bond Year"** means the period from December 1 of any calendar year to November 30 of the following calendar year.

**"Business Day"** means a day other than a Saturday, a Sunday, a legal holiday or other day on which the principal office of the District is authorized or required by law to remain closed.

**"Business Improvement District Act"** means Part 12 of Article 21 of Title 35, C.R.S.

**"Certified Public Accountant"** means a certified public accountant within the meaning of Section 12-2-115, C.R.S., and any amendment thereto, licensed to practice in the State.

**"City"** means the City of Colorado Springs, Colorado.

**"C.R.S."** means the Colorado Revised Statutes, as amended and supplemented as of the date hereof.

**"Debt Authorization"** means the indebtedness authorized by the District's voters at the 2008 Election.

**"Debt Service Fund"** means the "First and Main Business Improvement District No. 2, in the City of Colorado Springs, El Paso County, Colorado, Public Improvement Fee Revenue Bond, Series 2015, Debt Service Fund," established by the provisions of this Resolution for the purpose of paying the principal of, premium, if any, and interest on the Bond.

**"District"** means First and Main Business Improvement District No. 2, in the City of Colorado Springs, El Paso County, Colorado.

**"Event of Default"** means any one or more of the events set forth in the Section hereof entitled "Events of Default."

**"Federal Securities"** means direct obligations of (including obligations issued or held in book entry form on the books of), or obligations the principal of and interest on which are guaranteed by, the United States of America.

**"Financial Advisor"** means RBC Capital Markets Corporation, Denver, Colorado.

**"Initial Owner"** means Enterprise Fund No. 7, LLC.

**"Interest Payment Date"** means each December 1, commencing December 1, 2015, or such other dates as may be established in the Sale Certificate.

***“Investment Letter”*** means a letter required to be obtained from each purchaser or transferee of the Bond in substantially the form set forth in Exhibit C attached hereto and incorporated herein by reference.

***“Issue Date”*** means the date the Bond is issued and delivered to the Initial Owner.

***“Maturity Date”*** means the date on which the Bond matures, as specified in the Sale Certificate.

***“Operating Plan and Budget”*** means the Operating Plan and Budget for the District submitted to the City on October 1, 2014, and approved by the City on October 28, 2014, as required by Section 31-25-1211, C.R.S, as the same may be amended from time to time.

***“Original Principal Amount”*** means the original principal amount of the Bond upon issuance and delivery by the District on the Issue Date, as specified in the Sale Certificate.

***“Owner”*** means the Initial Owner and subsequent to any transfer of the Bond, the registered owner of the Bond as shown by the registration books maintained by the District.

***“Parity Obligations”*** means Additional Obligations having a lien upon the Pledged Revenue or any part thereof that is on a parity with the lien thereon of the Bond.

***“Permitted Investments”*** means any investment or deposit the District is permitted to make under then-applicable law.

***“PIF Covenant”*** means the “Declaration of Covenants Imposing and Implementing the First and Main Public Improvement Fee” made as of January 24, 2007, by First and Main, L.L.C., a Colorado limited liability company, and recorded in the public records of El Paso County, Colorado, on January 24, 2007, under Reception No. 207011281.

***“PIF Revenue”*** means the revenue derived from the imposition of the PIF and payable to the District pursuant to the PIF Covenant.

***“Pledged Revenue”*** means:

- (i) the PIF Revenue; and
- (ii) any other legally available moneys that the Board determines in its sole discretion to credit to the Pledged Revenue Fund.

***“Pledged Revenue Fund”*** means the “First and Main Business Improvement District No. 2, in the City of Colorado Springs, El Paso County, Colorado, Public Improvement Fee Revenue Fund, Series 2015, Debt Service Fund” established by the provisions of this Resolution for the purpose of accumulating the Pledged Revenue.

***“Project”*** means the acquisition, construction and installation of roadways, paving and landscaping facilities contemplated by the District’s Operating Plan and Budget and the debt for

which was approved at the 2008 Election, including, without limitation, necessary or appropriate equipment.

**"Project Costs"** means the District's costs properly attributable to the Project or any part thereof, to the extent permitted by the Operating Plan and Budget, including, without limitation, the following:

- (a) the costs of labor and materials, of machinery, furnishings and equipment, and of the restoration of property damaged or destroyed in connection with construction work;
- (b) the costs of insurance premiums, indemnity and fidelity bonds, financing charges, bank fees, taxes or other municipal or governmental charges lawfully levied or assessed;
- (c) administrative and general overhead costs;
- (d) the costs of reimbursing funds advanced by, to or on behalf of the District in anticipation of reimbursement from Bond proceeds, including any intrafund or interfund loan;
- (e) the costs of surveys, appraisals, plans, designs, specifications and estimates;
- (f) the costs, fees and expenses of printers, engineers, architects, financial consultants, legal advisors or other agents or employees;
- (g) the costs of publishing, reproducing, posting, mailing or recording documents;
- (h) the costs of contingencies or reserves;
- (i) the costs of issuing the Bond;
- (j) the costs of amending any resolution or other instrument relating to the Bond or the Project;
- (k) the costs of repaying any short-term financing, construction loans and other temporary loans, and of the incidental expenses incurred in connection with such loans;
- (l) the costs of acquiring any property, rights, easements, licenses, privileges, agreements and franchises;
- (m) the costs of demolition, removal and relocation; and
- (n) all other lawful costs as determined by the Board.

**"Record Date"** means the 15<sup>th</sup> day of the calendar month next preceding each interest payment date for the Bond.

**"Resolution"** means this resolution, which authorizes the issuance of the Bond.

**"Sale Certificate"** means the certificate executed by the Sale Delegate under the authority delegated pursuant to this Resolution which sets forth the terms of the Series 2015 Bonds as described in the Section hereof captioned "Delegation and Parameters."

**"Sale Delegate"** means the President or Secretary of the District.

**"State"** means the State of Colorado.

**"Subordinate Obligations"** means any Additional Obligations having a lien upon the Pledged Revenue or any part thereof that is junior and subordinate to the lien thereon of the Bond.

**"Supplemental Public Securities Act"** means the "Supplemental Public Securities Act," being part 2 of article 57 of title 11, C.R.S.

**"Tax Certificate"** means the Tax Compliance Certificate or similar certificate delivered by the District in connection with the issuance of the Bond that describes the District's expectations regarding the use and investment of proceeds of the Bond and other moneys.

**"Tax Code"** means the Internal Revenue Code of 1986, as amended to the date of issuance of the Bond.

**Section 2. Authorization.** In accordance with the constitution and laws of the State, including, without limitation, the Business Improvement District Act, the Supplemental Public Securities Act and all other laws of the State thereunto enabling, the 2008 Election and the Operating Plan and Budget, the Bond in the Original Principal Amount is hereby authorized to be issued by the District for the purpose of paying the Project Costs and other costs in connection with the issuance of the Bond. The District hereby elects to apply all of the provisions of the Supplemental Public Securities Act to the Bond.

The Board shall allocate the principal amount of the Bond to the purposes authorized in the Operating Plan and Budget and the Debt Authorization, provided that such allocation shall be based upon the Board's estimates of the use of proceeds at the time of issuance of the Bond, that actual uses of proceeds may vary from this estimate within the limitations of the Operating Plan and Budget and the Debt Authorization and that such variance shall not require an amendment to this Resolution or notice to or consent of any person.

**Section 3. Limited Obligations.** The Bond shall constitute special, limited obligations of the District as provided herein. The Bond, together with the interest thereon and any premium due in connection therewith, shall be payable solely from and to the extent of the Pledged Revenue, and the Pledged Revenue is hereby pledged to the payment of the Bond. The Bond shall constitute an irrevocable lien upon the Pledged Revenue, but not necessarily an exclusive such lien.

The creation, perfection, enforcement and priority of the pledge of revenues to secure or pay the Bond shall be governed by Section 208 of the Supplemental Public Securities Act and this Resolution. The Pledged Revenue shall immediately be subject to the lien of such pledge without any physical delivery, filing or further act. The lien of such pledge on the Pledged Revenue shall have priority over any and all other obligations and liabilities of the District and shall be valid, binding and enforceable as against all persons having claims of any kind in tort, contract or otherwise against the District, irrespective of whether such persons have notice of such liens.

**Section 4. Bond Details.** A single fully registered Bond shall be issued to the Initial Owner as a single Bond in an amount equal to the Original Principal Amount. Unless the District shall otherwise direct, the Bond shall be numbered "R-1." The Bond shall be dated as of the Issue Date, shall bear interest from the Issue Date at the rate per annum (calculated on the basis of a 360-day year of twelve 30-day months), payable to the extent of Pledged Revenue available therefor, on the Interest Payment Dates, and shall mature on the Maturity Date, all as set forth in the Sale Certificate.

To the extent principal of the Bond is not paid when due, such principal shall remain outstanding until paid. To the extent interest on the Bond is not paid when due, such interest shall compound annually on each Interest Payment Date at the interest rate borne by the Bond; provided, however, that notwithstanding anything herein to the contrary, the District shall not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Bond, including all payments of principal and interest, and the Bond will be deemed defeased and no longer outstanding upon the payment by the District of such amount.

The maximum net effective interest rate authorized for the Bond is 18.00% per annum, and the actual net effective interest rate of the Bond shall not exceed such maximum rate.

**Section 5. Delegation and Parameters.**

(a) ***Delegation.*** The Board hereby delegates to the Sale Delegate, for a period of one year following the effective date of this Resolution, the authority to determine and set forth in the Sale Certificate: (i) the matters set forth in subsection (b) of this Section, subject to the applicable parameters set forth in subsection (c) of this Section; and (ii) any other matters that, in the judgment of the Sale Delegate, are necessary or convenient to be set forth in the Sale Certificate and are not inconsistent with the parameters set forth in subsection (c) of this Section.

(b) ***Sale Certificate.*** The Sale Certificate shall set forth the following matters and other matters permitted to be set forth therein pursuant to subsection (a) of this Section, but each such matter shall fall within the applicable parameters set forth in subsection (c) of this Section:

- (i) the Original Principal Amount of the Bond;
- (ii) the Maturity Date;
- (iii) the interest rate on the Bond;

(iv) the Interest Payment Dates;

(v) the dates, if any, upon which the Bond may be redeemed at the option of the District and the prices at which the Bond may be so optionally redeemed; and

(vi) the dates, if any, upon which the Bond shall be subject to mandatory sinking fund redemption prior to the Maturity Date.

(c) **Parameters.** The authority delegated to the Sale Delegate by this Section shall be subject to the following parameters:

(i) the aggregate principal amount of the Bonds shall not exceed \$1,725,000;

(ii) the Maturity Date of the Bond shall be no later than December 1, 2039; and

(iii) the net effective interest rate on the Bond shall not exceed 18.00%;

(iv) the total repayment cost of the Bond and the maximum annual repayment costs thereof shall not exceed the limitations of the applicable Debt Authorization.

(d) The authority to determine other details of the Bond as permitted by the Supplemental Public Securities Act is hereby delegated to the Sale Delegate.

**Section 6. Payment of Bond.** The principal of, premium, if any, and interest on the Bond shall be payable in lawful money of the United States of America. The principal of and premium, if any, on the Bond shall be payable to the Owner thereof upon maturity or prior redemption upon presentation of such Bond at the principal office of the District. The interest on the Bond shall be payable to the person in whose name such Bond is registered as of the close of business on the Record Date, irrespective of any transfer or exchange of the Bond subsequent to the Record Date and prior to the interest payment date, and shall be paid by check or draft of the District mailed on or before the interest payment date to the Owner at the address as it appears in the registration books maintained by the District. Any interest not paid or duly provided for on the scheduled interest payment date therefor shall cease to be payable to the person who is the Owner of the Bond at the close of business on the Record Date for such interest payment date and instead shall be payable, together with interest thereon due as the result of compounding, to the person who is the Owner of the Bond at the close of business on the Record Date for the interest payment date on which such deferred and compounded interest is paid.

The District may make payments of interest on the Bond by such alternative means as may be mutually agreed to between the Owner of such Bond and the District; provided, however, that the District shall not be required to make funds available therefor prior to the dates on which such interest would otherwise be payable hereunder nor to incur any expenses in connection with such alternative means of payment.

**Section 7. Nonpayment of Principal or Interest.**

If, for any reason other than failure of the Owner to surrender the Bond for cancellation, any payment on the Bond is not made when due, interest shall continue to accrue on the unpaid principal of the Bond at the applicable rate of interest borne by the Bond. The final payment of principal of and interest on the Bond shall be made upon presentation and surrender of the Bond for cancellation by the Owner at the principal office of the District, and payment of the principal of and interest on the Bond prior to the final payment of the Bond shall be made to the Owner by electronic funds transfer, check or draft (subject to collection) delivered or mailed to the Owner at the address provided to the District by the Owner.

**Section 8. Optional Redemption.** The Bond may be subject to redemption prior to maturity at the option of the District, in whole or in part in integral multiples of \$1,000, on such dates and at such prices as set forth in the Sale Certificate.

**Section 9. Book Entry System.** The Bond shall be issued in the form of a single, certificated, fully registered Bond for the entire principal amount of the Bond. Upon initial issuance, the ownership of such Bond shall be registered in the registration books kept by the District. No person, other than the Owner, shall receive a certificated Bond evidencing the obligations of the District pursuant to this Resolution.

**Section 10. Form, Execution and Authentication of Bond.** The Bond shall be in substantially the form set forth as Exhibit B attached hereto, with such variations, omissions and insertions as may be required by the circumstances, may be required or permitted by this Resolution or are consistent with this Resolution and necessary or appropriate to conform to the rules and requirements of any governmental authority or any usage or requirement of law with respect thereto. The Bond may bear such other endorsement or legend as may be required to conform to usage or law with respect thereto.

The Bond shall contain a recital that it is issued pursuant to certain provisions of the Supplemental Public Securities Act, and pursuant to Section 11-57-210, C.R.S., such recital shall be conclusive evidence of the validity and the regularity of the issuance of the Bond after its delivery for value. In accordance with Section 31-25-1221, C.R.S., the Bond shall also contain a recital that the Bond shall not constitute indebtedness or an obligation or a liability of the City.

The Bond shall also contain a statement that by acceptance of the Bond, the Owner thereof agrees and consents to all of the limitations in respect of the payment of the principal of and interest on the Bond contained therein, in this Resolution and the Operating Plan and Budget. Similar language describing the limitations with respect to the payment of the principal of, premium, if any, and interest on the Bond set forth in the Operating Plan and Budget shall be included in any document used for the offering of the Bond.

The Bond shall be signed with the facsimile or manual signature of the President or Vice President of the District, sealed with a facsimile or manual impression of the seal of the District and attested by the facsimile or manual signature of the Secretary or an Assistant Secretary of the District. Should any officer whose facsimile or manual signature appears on the Bond cease to

be such officer before delivery of the Bond to a purchaser, such facsimile or manual signature shall nevertheless be valid and sufficient for all purposes.

Execution by the District of the Bond shall be the conclusive and only competent evidence that the Bond has been duly authenticated and delivered.

**Section 11. Delivery of Bond; Disposition of Proceeds.** Upon the adoption of this Resolution, the delivery of the certification of an independent engineer as required by the District's Operating Plan and Budget and the approval of the City Council of the City of the issuance of the Bond, the District shall execute and authenticate the Bond and deliver the Bond to the Initial Owner in exchange for the purchase price thereof. Neither the Financial Advisor, the Initial Owner nor any subsequent Owner of the Bond shall be responsible for the application or disposal by the District or any of its officers of the funds derived from the sale thereof.

Subject to the provisions of the Section herein entitled "Delegation to President," the proceeds derived from the sale of the Bond shall be applied on the Issue Date to the payment of Project Costs.

**Section 12. Acknowledgment by Owner.** By its acceptance of the Bond or any interest therein, the Owner shall be deemed to have: (a) agreed and consented to all of the limitations in respect of the payment of the principal of, premium, if any, and interest on the Bond contained in the Bond, this Resolution and the Operating Plan and Budget, (b) acknowledged that the Bond is not being registered under the Securities Act of 1933, as amended, is not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state and that as of the Issue Date the Bond will not carry a rating from any rating service, and (3) acknowledged and agreed that the Bond, and any interest therein, may and shall be sold, transferred or otherwise disposed of only to purchasers who satisfy the conditions specified in this Resolution.

**Section 13. Registration and Transfer of Bond.** The District shall act as registrar for the Bond and shall keep a registration book showing the name and address of the Owner.

Ownership of the Bond shall be limited to "accredited investors" within the meaning of Section 11-59-110(1)(g), C.R.S. The Bond shall not be issued by the District, or thereafter transferred by the District, unless the District has first received a manually executed Investment Letter from the Initial Owner or each and every transferee of the Bond.

The Bond may be transferred upon the registration books upon delivery of the Bond to the District, accompanied by (a) a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the District, duly executed by the Owner of the Bond to or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer of the Bond, along with the social security number or federal employer identification number of such transferee, and (b) a manually executed Investment Letter from the transferee of the Bond. No transfer of the Bond shall be effective until entered on the registration books.

In all cases of the transfer of the Bond, the District shall enter the transfer of ownership in the registration books and authenticate and deliver in the name of the transferee a new fully registered Bond for the principal amount that the transferee is entitled to receive at the earliest practicable time. The District shall charge the Owner of the Bond for every such transfer an

amount sufficient to reimburse it for its reasonable fees and for any tax or other governmental charge required to be paid with respect to such transfer or exchange.

The District shall not be required to issue or transfer any Bond: (a) during a period beginning at the close of business of the District on the Record Date and ending at the close of business of the District on the related interest payment date; or (b) during the period beginning on the day on which notice of optional redemption of the Bond, in full or in part, is mailed and ending at the close of business of the District on the related optional redemption date.

The new Bond delivered upon any transfer shall be a valid obligation of the District, evidencing the same obligation as the Bond surrendered, shall be secured by this Resolution and shall be entitled to all of the security and benefits hereof to the same extent as the Bond surrendered.

The District may deem and treat the Owner of the Bond as the absolute owner thereof for all purposes (whether or not the Bond shall be overdue), and any notice to the contrary shall not be binding upon the District.

**Section 14. Cancellation of Bond.** Whenever the Bond shall be delivered to the District for cancellation pursuant to this Resolution and upon payment of the principal amount and interest represented thereby, or whenever the Bond shall be delivered to the District for transfer pursuant to the provisions hereof, such Bond shall be cancelled by the District.

**Section 15. Replacement Bond.** In the event the Bond is lost, stolen, destroyed or mutilated, the Bond may be replaced by the District in accordance with and subject to the limitations of applicable law. The applicant for such replacement Bond shall be required to post such security, pay such costs and present such proof of ownership and loss as may be required by applicable law, or in the absence of specific requirements, as may be required by the District.

**Section 16. Disposition and Investment of Proceeds; Tax Covenants.**

(a) The Bond shall be issued and privately placed for the purposes provided in this Resolution. The Owner shall not be responsible for the application or disposal by the District or any of its officers of the funds derived from the sale thereof.

(b) All or any portion of the Bond proceeds may be temporarily invested or reinvested, pending such use, in securities or obligations that are both lawful investments and that are Permitted Investments.

(c) The District covenants as follows with respect to the Bond:

(i) The District shall not make any use of the proceeds of the Bond, any funds reasonably expected to be used to pay the principal of, premium, if any, or interest on the Bond or any other funds of the District, make or permit any use of any facilities constituting a part of the Project or take (or omit to take) any other action with respect to the Project, the Bond, the proceeds thereof or otherwise if such use, action or omission would, under the Tax Code, cause the interest on the Bond to become includable in gross income for federal income tax purposes.

(ii) The District shall not take (or omit to take) any action, or permit or suffer any action to be taken, if the result of the same causes the Bond to be an "arbitrage bond" within the meaning of Section 148 of the Tax Code.

(iii) The District shall not make, or permit to be made, any use of the original proceeds of the Bond, or of any moneys treated as proceeds of the Bond within the meaning of the Tax Code and applicable regulations, rulings and decisions, or take, permit to be taken or fail to take any action, that would adversely affect the excludability from gross income of the interest on the Bond under Section 103 of the Tax Code and applicable regulations, rulings and decisions.

(iv) The duly authorized representatives of the District shall execute a Tax Certificate upon the issuance of the Bond.

(v) The District shall file, or cause to be filed, a copy of Internal Revenue Form 8038-G with respect to the issuance of the Bond.

**Section 17. Pledged Revenue Fund.** There is hereby created and established the Pledged Revenue Fund, which may be established as a line item account of the District's general fund or other fund (so long as the amounts credited to and paid from such account can be readily and accurately determined) and shall otherwise be maintained by the District in accordance with the provisions of this Resolution.

The District shall deposit all Pledged Revenue immediately upon receipt thereof in the Pledged Revenue Fund. Moneys deposited to the Pledged Revenue Fund shall be applied by the District on December 1 of each year in the following order of priority. For purposes of the following, when credits to more than one fund, account or purpose are required at any single priority level, such credits shall rank *pari passu* with each other.

- FIRST: To the credit of the Debt Service Fund the amounts required by the Section hereof entitled "Debt Service Fund," and to the credit of any similar fund or account established for the payment of the principal of, premium, if any, and interest on any Parity Obligations the amounts required by the resolutions, indentures or other enactments or instruments authorizing the issuance of the Parity Obligations;
- SECOND: To the credit of any sinking fund, reserve fund or similar fund or account established in connection with any Parity Obligations the amounts required by the resolutions, indentures or other enactments or instruments authorizing the issuance of the Parity Obligations;
- THIRD: To the credit of any fund or account established for the payment of the principal of, premium, if any, and interest on Subordinate Obligations, including any sinking fund, reserve fund or similar fund or account established therefor, the amounts required by the resolutions, indentures or other enactments or instruments authorizing the issuance of the Subordinate Obligations; and

**FOURTH:** Any Pledged Revenue remaining in the Pledged Revenue Fund after the credits required by FIRST through THIRD above have been made shall be retained in the Pledged Revenue Fund.

Moneys credited to the Pledged Revenue Fund may be invested or deposited only in Permitted Investments in accordance with applicable State law; provided, however, that the investment of moneys credited to the Pledged Revenue Fund shall be subject to the covenants and provisions of the Section hereof entitled "Disposition and Investment of Proceeds; Tax Covenants." Except to the extent otherwise provided in this Resolution, interest income from the investment or reinvestment of moneys credited to the Pledged Revenue Fund shall remain in and become part of the Pledged Revenue Fund.

**Section 18. Debt Service Fund.** There is hereby created and established the Debt Service Fund, which may be established as a line item account of the District's general fund or other fund (so long as the amounts credited to and paid from such account can be readily and accurately determined) and shall otherwise be maintained by the District in accordance with the provisions of this Resolution.

There shall be credited to the Debt Service Fund, from the Pledged Revenue Fund as provided in the Section hereof captioned "Flow of Funds," an amount of Pledged Revenue each Bond Year that, when combined with other legally available moneys therein, is sufficient to pay the principal of, premium, if any, and interest on the Bond that has or will become due in the Bond Year in which the credit is made. Moneys in the Debt Service Fund shall be used by the District solely to pay the principal of, premium, if any, and interest on the Bond in the following order:

- (i) interest due as a result of compounding;
- (ii) accrued but unpaid stated interest;
- (iii) current interest; and
- (iv) principal of the Bond, whether due at maturity or upon prior redemption.

Moneys credited to the Debt Service Fund may be invested or deposited only in Permitted Investments in accordance with applicable State law; provided, however, that the investment of moneys credited to the Debt Service Fund shall be subject to the covenants and provisions of the Section hereof entitled "Disposition and Investment of Proceeds; Tax Covenants." Except to the extent otherwise provided in this Resolution, interest income from the investment or reinvestment of moneys credited to the Debt Service Fund shall remain in and become part of the Debt Service Fund.

**Section 19. Additional Obligations.** So long as any Bond is outstanding, the District shall not incur any Additional Obligations except as provided in this Section.

- (a) The District shall not issue or incur any Additional Obligations having a lien upon the Pledged Revenue or any part thereof that is superior to the lien of the Bond.

(b) Subject to the limitations of paragraph (a) above, the District may issue or incur Parity Obligations or Subordinate Obligations only with the prior written consent of the Owner.

(c) Nothing herein shall prevent the District from issuing or incurring obligations that are neither payable from nor constitute a lien on any of the Pledged Revenue.

**Section 20. Additional Covenants.** For so long as the Bond is outstanding, the District hereby covenants as follows:

(a) The District will continue to operate and manage the District in an efficient and economical manner in accordance with all applicable laws, rules and regulations, and will keep and maintain separate accounts of the receipts and expenses thereof in such manner that the Pledged Revenue may at all times be readily and accurately determined.

(b) At least once a year in the time and manner provided by law, the District will cause an audit to be performed of the records relating to District revenues and expenditures. In addition, at least once a year in the time and manner provided by law, the District will cause a budget to be prepared and adopted. Copies of the budget and the audit will be filed and recorded in the places, time and manner provided by law.

(c) The District will carry such forms of insurance on insurable District property as would ordinarily be carried by governmental entities having similar properties of equal value and similar functions.

(d) Each District official or other person having custody of any Pledged Revenue, or responsible for the handling of such funds, will be fully bonded or insured against theft or embezzlement at all times to the extent required by law, which bond or insurance will be conditioned upon the proper application of such funds.

(e) The District shall at all times comply with all applicable laws of the State and the Operating Plan and Budget.

(f) The District will enforce the collection and receipt of all PIF Revenue to which the District is entitled under the PIF Covenant and any agreement regarding the assessment, collection and disposition of the PIF Revenue.

(g) The District will take no action that in any way would materially adversely affect the amount of PIF Revenue to be collected without the prior written consent of the Owner.

**Section 21. Defeasance.** When all principal, premium, if any, and interest in connection with the Bond has been duly paid, the pledge and lien and all obligations of the District hereunder with respect to the Bond shall thereby be discharged and the Bond shall no longer be deemed to be outstanding within the meaning of this Resolution. There shall be deemed to be such due payment when the District has placed in escrow and in trust with a commercial bank

located within or without the State, and exercising trust powers, an amount sufficient (including the known minimum yield from Federal Securities in which such amount may be initially invested, which Federal Securities shall not be subject to redemption or prepayment at the option of the issuer thereof) to meet all requirements of principal, premium, if any, and interest in connection with the Bond, as the same becomes due to its final maturity or upon a designated prior redemption date. The Federal Securities shall not be subject to redemption or prepayment at the option of the issuer thereof, and shall become due at or prior to the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the District and such bank at the time of the creation of the escrow, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure such availability as so needed to meet such schedule. The sufficiency of any such escrow funded with Federal Securities shall be determined by a Certified Public Accountant.

**Section 22. Events of Default and Remedies.** The occurrence or existence of any one or more of the following events shall be an Event of Default hereunder, and there shall be no default or Event of Default hereunder except as provided in this Section:

- (a) the District defaults in the performance of any of its covenants in this Resolution, and such default continues for 60 days after written notice specifying such default and requiring the same to be remedied is given to the District by the Owner; or
- (b) the District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Bond.

It is acknowledged that due to the limited nature of the Pledged Revenue, the failure to pay the principal of or interest on the Bond when due shall not, of itself, constitute an Event of Default.

Upon the occurrence and continuance of an Event of Default, the Owner may proceed to protect and enforce the rights of the Owner under this Resolution by mandamus or such other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction.

**Section 23. Amendments to the Resolution.** The District may, without the consent of or notice to the Owner, adopt amendments or supplements to this Resolution, which amendments or supplements shall thereafter form a part hereof, for any one or more of the following purposes:

- (a) to cure any ambiguity, to cure, correct or supplement any formal defect or omission or inconsistent provision contained in this Resolution, to make any provision necessary or desirable due to a change in law, to make any provisions with respect to matters arising under this Resolution or to make any provisions for any other purpose, if such provisions are necessary or desirable and do not materially adversely affect the interests of the Owner;
- (b) to subject to this Resolution or pledge to the payment of the Bond additional revenues, properties or collateral; and

(c) to grant or confer upon the Owner any additional rights, remedies, powers or authority that may be lawfully granted to or conferred upon the Owner.

In addition to the amendments or supplements to this Resolution specified above, the Owner shall have the right, from time to time, to consent to and approve the adoption by the District of such amendments or supplements to this Resolution as shall be deemed necessary or desirable by the District for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Resolution; provided, however, that without the consent of the Owner, nothing herein contained shall permit, or be construed as permitting:

(a) a change in the terms of the maturity of the Bond, in the principal amount of the Bond or the rate of interest thereon or in the terms of optional redemption of the Bond;

(b) an impairment of the right of the Owner to institute suit for the enforcement of any payment of the principal of or interest on the Bond when due;

(c) the creation of a privilege or priority of any interest payment over any other interest payment; or

(d) a change in the consent right of the Owner for any such amendatory or supplemental resolution.

If at any time the District shall desire to adopt an amendment or supplement to this Resolution that requires consent of the Owner, the District shall cause notice of the proposed adoption of such amendment or supplement to be given at least 15 days prior to the proposed date of adoption thereof by certified or registered first-class mail to the Owner at the address shown on the registration books maintained by the District, unless such notice is waived by the Owner. Such notice shall briefly set forth the nature of the proposed amendment or supplement and state that copies thereof are on file at the offices of the District or some other suitable location for inspection by the Owner.

Upon the execution of any amendment or supplement to this Resolution as provided herein, this Resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the District and the Owner under this Resolution shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

**Section 24. Declarations and Findings.** The Board, having been fully informed of and having considered all the pertinent facts and circumstances, hereby finds, determines and declares that:

(a) the total aggregate amount of indebtedness of the District does not now, and upon the issuance of the Bond shall not, exceed any applicable limit prescribed by the constitution or laws of the State or the Operating Plan and Budget;

(b) the issuance of the Bond is advantageous to the District and the owners of property in the District; and

(c) the issuance of the Bond and all procedures undertaken incident thereto are in full compliance and conformity with all applicable requirements, provisions and limitations prescribed by the Operating Plan and Budget and the constitution and laws of the State, including the Business Improvement District Act, the Supplemental Public Securities Act and any other applicable law imposed upon or relating to the issuance of the Bond.

**Section 25. No Recourse Against Officers and Agents.** Pursuant to Section 11-57-209, C.R.S., if a member of the Board or any officer or agent of the District acts in good faith, no civil recourse shall be available against such member, officer or agent for payment of the principal of, premium, if any, or interest on the Bond. Such recourse shall not be available either directly or indirectly through the Board or the District, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty or otherwise. By the acceptance of the Bond and as a part of the consideration of their sale or purchase, any person purchasing or selling such Bond specifically waives any such recourse.

**Section 26. Limitation of Actions.** Pursuant to Section 11-57-212, C.R.S., no legal or equitable action brought with respect to any legislative acts or proceedings in connection with the authorization or issuance of the Bond shall be commenced more than 30 days after the authorization of the Bond.

**Section 27. Bank Qualified Obligation.** The District hereby designates the Bond as a "qualified tax-exempt obligation" under Section 265(b)(3) of the Tax Code.

**Section 28. Authorization to Execute Documents.** The President or Vice President and Secretary or an Assistant Secretary of the District shall, and they are hereby authorized and directed, to take all actions necessary or appropriate to effectuate the provisions of this Resolution, including, but not limited to, the Tax Certificate and such other certificates and affidavits as may be reasonably required by Bond Counsel. The execution by the President or Vice President of the District of any document authorized herein shall be conclusive proof of the approval by the District of the terms thereof.

**Section 29. Costs and Expenses.** All costs and expenses incurred in connection with the issuance of the Bond shall be paid either from the proceeds of the Bond, from legally available moneys of the District or from a combination thereof, and such moneys are hereby appropriated for that purpose.

**Section 30. Actions on Non-Business Days.** If the date for making any payment or performing any other action hereunder is not a Business Day, such payment may be made or other act performed on the next succeeding Business Day.

**Section 31. Ratification and Approval of Prior Actions.** All actions heretofore taken by the officers of the District and the members of the Board, not inconsistent with the provisions of this Resolution, relating to the authorization, issuance and delivery of the Bond, are hereby ratified, approved and confirmed.

**Section 32. Resolution Irrepealable.** After the Bond has been issued, this Resolution shall constitute a contract between the Owner and the District and shall be and remain irrepealable until the Bond and the interest accruing thereon shall have been fully paid, satisfied and discharged as herein provided.

**Section 33. Repealer.** All orders, bylaws and resolutions of the District, or parts thereof, inconsistent or in conflict with this Resolution are hereby repealed to the extent only of such inconsistency or conflict.

**Section 34. Severability.** If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the intent being that the same are severable.

[Remainder of page intentionally left blank]

Section 35. Effective Date. This Resolution shall take effect immediately upon its adoption and approval.

ADOPTED AND APPROVED this 3<sup>rd</sup> day of Dec., 2014.



Secretary

President

**EXHIBIT A**  
**to**  
**RESOLUTION**

**DEBT AUTHORIZATION APPROVED AT THE 2008 ELECTION**

**FIRST AND MAIN BUSINESS IMPROVEMENT DISTRICT NO.2**  
**BALLOT ISSUE NO. 5C:**

SHALL FIRST AND MAIN BUSINESS IMPROVEMENT DISTRICT NO.2 DEBT BE INCREASED \$20,000,000 WITH A REPAYMENT COST OF \$80,000,000 OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, AND SHALL FIRST AND MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2 TAXES BE INCREASED \$23,600,000 ANNUALLY OR SUCH LESSER AMOUNT AS MAY BE NECESSARY FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, AT AN INTEREST RATE THAT IS EQUAL TO, LOWER OR HIGHER THAN THE INTEREST RATE ON THE REFUNDED DEBT, FOR THE PURPOSE OF PAYING, LEASING, FINANCING OR REIMBURSING ALL OR ANY PART OF THE COSTS OF DESIGNING, ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, STREET IMPROVEMENTS, INCLUDING BUT NOT LIMITED TO CURBS, GUTTERS, CULVERTS, AND OTHER DRAINAGE FACILITIES, UNDERGROUND CONDUITS, SIDEWALKS, TRAILS, PUBLIC PARKING LOTS, STRUCTURES AND FACILITIES, PAVING, LIGHTING, GRADING, LANDSCAPING, BIKE PATHS AND PEDESTRIAN WAYS, PEDESTRIAN OVERPASSES, RETAINING WALLS, FENCING, ENTRY MONUMENTATION, STREETSCAPING, BRIDGES, OVERPASSES, UNDERPASSES, INTERCHANGES, MEDIAN ISLANDS, IRRIGATION, AND A SAFETY PROTECTION SYSTEM THROUGH TRAFFIC AND SAFETY CONTROLS AND DEVICES ON STREETS AND HIGHWAYS AND AT RAILROAD CROSSINGS, SIGNALIZATION, SIGNING AND STRIPING, AREA IDENTIFICATION, DRIVER INFORMATION AND DIRECTIONAL ASSISTANCE SIGNS, TOGETHER WITH ALL NECESSARY, INCIDENTAL, AND APPURTENANT FACILITIES, EQUIPMENT, LAND AND EASEMENTS AND EXTENSIONS OF AND IMPROVEMENTS TO SUCH FACILITIES, SUCH DEBT TO BEAR INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 18% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES, AND WHICH MAY COMPOUND ANNUALLY OR SEMIANNUALLY, AND SUCH DEBT TO MATURE, BE SUBJECT TO REDEMPTION WITH OR WITHOUT PREMIUM, AND BE ISSUED AND SOLD AT, ABOVE OR BELOW PAR, SUCH DEBT TO BE ISSUED OR INCURRED AT ONE TIME OR FROM TIME TO TIME, TO BE PAID FROM ANY LEGALLY AVAILABLE REVENUES OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY OF THE DISTRICT, WITHOUT LIMITATION OF RATE OR AMOUNT OR WITH SUCH LIMITATIONS, ALL OF THE ABOVE AS MAY BE DETERMINED BY THE DISTRICT BOARD OF DIRECTORS, TO BE USED FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON SUCH DEBT; AND SHALL THE PROCEEDS OF

ANY SUCH DEBT AND THE REVENUE FROM SUCH TAXES, ANY OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT EARNINGS THEREON, BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT AS A VOTER APPROVED REVENUE CHANGE, WITHOUT REGARD TO ANY SPENDING, REVENUE RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, OR ANY OTHER LAW WHICH PURPORTS TO LIMIT THE DISTRICT'S REVENUES OR EXPENDITURES AS IT CURRENTLY EXISTS OR AS IT MAY BE AMENDED IN THE FUTURE, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT?

**FIRST AND MAIN BUSINESS IMPROVEMENT DISTRICT NO.2  
BALLOT ISSUE NO. 5D:**

SHALL FIRST AND MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2 DEBT BE INCREASED \$5,000,000 WITH A REPAYMENT COST OF \$20,000,000 OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, AND SHALL FIRST AND MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2 TAXES BE INCREASED \$5,900,000 ANNUALLY OR SUCH LESSER AMOUNT AS MAY BE NECESSARY FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, AT AN INTEREST RATE THAT IS EQUAL TO, LOWER OR HIGHER THAN THE INTEREST RATE ON THE REFUNDED DEBT, FOR THE PURPOSE OF PAYING, LEASING, FINANCING OR REIMBURSING ALL OR ANY PART OF THE COSTS OF DESIGNING, ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, A POTABLE AND NON-POTABLE WATER SUPPLY, STORAGE, TRANSMISSION AND DISTRIBUTION SYSTEM FOR DOMESTIC AND OTHER PUBLIC AND PRIVATE PURPOSES BY ANY AVAILABLE MEANS, AND TO PROVIDE ALL NECESSARY OR PROPER TREATMENT WORKS AND FACILITIES, EQUIPMENT, AND APPURTENANCES INCIDENT THERETO, INCLUDING BUT NOT LIMITED TO WATER LINES, WATER FEATURES, PUMP STATIONS, TRANSMISSION LINES, DISTRIBUTION MAINS AND LATERALS, FIRE HYDRANTS, METERS, WATER TAPS, IRRIGATION FACILITIES, TOGETHER WITH ALL NECESSARY, INCIDENTAL AND APPURTENANT FACILITIES, EQUIPMENT, LAND, EASEMENTS, AND EXTENSIONS OF AND IMPROVEMENTS TO SUCH FACILITIES, SUCH DEBT TO BEAR INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 18% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES, AND WHICH MAY COMPOUND ANNUALLY OR SEMIANNUALLY, AND SUCH DEBT TO MATURE, BE SUBJECT TO REDEMPTION WITH OR WITHOUT PREMIUM, AND BE ISSUED AND SOLD AT, ABOVE OR BELOW PAR, SUCH DEBT TO BE ISSUED OR INCURRED AT ONE TIME OR FROM TIME TO TIME, TO BE PAID FROM ANY LEGALLY AVAILABLE REVENUES OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY OF THE DISTRICT, WITHOUT LIMITATION OF RATE OR AMOUNT OR WITH SUCH LIMITATIONS, ALL OF THE ABOVE AS MAYBE DETERMINED BY THE DISTRICT BOARD OF DIRECTORS, TO BE USED FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON SUCH DEBT; AND SHALL THE PROCEEDS OF

ANY SUCH DEBT AND THE REVENUE FROM SUCH TAXES, ANY OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT EARNINGS THEREON, BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT AS A VOTER-APPROVED REVENUE CHANGE, WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, OR ANY OTHER LAW WHICH PURPORTS TO LIMIT THE DISTRICT'S REVENUES OR EXPENDITURES AS IT CURRENTLY EXISTS OR AS IT MAY BE AMENDED IN THE FUTURE, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAYBE COLLECTED, RETAINED AND SPENT BY THE DISTRICT?

**FIRST AND MAIN BUSINESS IMPROVEMENT DISTRICT NO.2  
BALLOT ISSUE NO. 5E:**

SHALL FIRST AND MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2 DEBT BE INCREASED \$5,000,000 WITH A REPAYMENT COST OF \$20,000,000 OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, AND SHALL FIRST AND MAIN BUSINESS IMPROVEMENT DISTRICT NO, 2 TAXES BE INCREASED \$5,900,000 ANNUALLY OR SUCH LESSER AMOUNT AS MAY BE NECESSARY FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, AT AN INTEREST RATE THAT IS EQUAL TO, LOWER OR HIGHER THAN THE INTEREST RATE ON THE REFUNDED DEBT, FOR THE PURPOSE OF PAYING, LEASING, FINANCING OR REIMBURSING ALL OR ANY PART OF THE COSTS OF DESIGNING, ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, A SANITATION SYSTEM WHICH MAY CONSIST OF STORM OR SANITARY SEWERS, OR BOTH, FLOOD AND SURFACE DRAINAGE, TREATMENT AND DISPOSAL WORKS AND FACILITIES, AND ALL NECESSARY OR PROPER EQUIPMENT AND APPURTENANCES INCIDENT THERETO, INCLUDING BUT NOT LIMITED TO COLLECTION MAINS AND LATERALS, LIFT STATIONS, TRANSMISSION LINES, CANALS, AND/OR STORM SEWER, FLOOD AND SURFACE DRAINAGE FACILITIES AND SYSTEMS, INCLUDING DETENTION/RETENTION PONDS, BOX CULVERTS AND ASSOCIATED IRRIGATION FACILITIES, EQUIPMENT, LAND, EASEMENTS AND EXTENSIONS OF AND IMPROVEMENTS TO SUCH FACILITIES, SUCH DEBT TO BEAR INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 18% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES, AND WHICH MAY COMPOUND ANNUALLY OR SEMIANNUALLY, AND SUCH DEBT TO MATURE, BE SUBJECT TO REDEMPTION WITH OR WITHOUT PREMIUM, AND BE ISSUED AND SOLD AT, ABOVE OR BELOW PAR, SUCH DEBT TO BE ISSUED OR INCURRED AT ONE TIME OR FROM TIME TO TIME, TO BE PAID FROM ANY LEGALLY AVAILABLE REVENUES OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY OF THE DISTRICT, WITHOUT LIMITATION OF RATE OR AMOUNT OR WITH SUCH LIMITATIONS, ALL OF THE ABOVE AS MAY BE DETERMINED BY THE DISTRICT BOARD OF DIRECTORS, TO BE USED FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON SUCH DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE REVENUE

FROM SUCH TAXES, ANY OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT EARNINGS THEREON, BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT AS A VOTER-APPROVED REVENUE CHANGE, WITHOUT REGARD TO ANY SPENDING, REVENUE RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, OR ANY OTHER LAW WHICH PURPORTS TO LIMIT THE DISTRICT'S REVENUES OR EXPENDITURES AS IT CURRENTLY EXISTS OR AS IT MAYBE AMENDED IN THE FUTURE, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT?

**FIRST AND MAIN BUSINESS IMPROVEMENT DISTRICT NO.2  
BALLOT ISSUE NO. 5F:**

SHALL FIRST AND MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2 DEBT BE INCREASED \$5,000,000 WITH A REPAYMENT COST OF \$20,000,000 OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, AND SHALL FIRST AND MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2 TAXES BE INCREASED \$5,900,000 ANNUALLY OR SUCH LESSER AMOUNT AS MAYBE NECESSARY FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, AT AN INTEREST RATE THAT IS EQUAL TO, LOWER OR HIGHER THAN THE INTEREST RATE ON THE REFUNDED DEBT, FOR THE PURPOSE OF PAYING, LEASING, FINANCING OR REIMBURSING ALL OR ANY PART OF THE COSTS OF DESIGNING, ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, PARKS AND RECREATION FACILITIES, IMPROVEMENTS AND PROGRAMS, INCLUDING BUT NOT LIMITED TO COMMUNITY PARKS, BIKE PATHS AND PEDESTRIAN WAYS, FENCING, TRAILS, REGIONAL TRAILS, TOT LOTS, OPEN SPACE, CULTURAL ACTIVITIES, COMMON AREAS, OUTDOOR LIGHTING, EVENT FACILITIES, IRRIGATION FACILITIES, PUBLIC FOUNTAINS AND SCULPTURES, ART, GARDENS, LANDSCAPING, WEED CONTROL, AND OTHER ACTIVE AND PASSIVE RECREATIONAL FACILITIES, IMPROVEMENTS AND PROGRAMS, TOGETHER WITH ALL NECESSARY, INCIDENTAL, AND APPURTENANT FACILITIES, EQUIPMENT, LAND, EASEMENTS AND EXTENSIONS OF AND IMPROVEMENTS TO SUCH FACILITIES, SUCH DEBT TO BEAR INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 18% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES, AND WHICH MAY COMPOUND ANNUALLY OR SEMIANNUALLY, AND SUCH DEBT TO MATURE, BE SUBJECT TO REDEMPTION WITH OR WITHOUT PREMIUM, AND BE ISSUED AND SOLD AT, ABOVE OR BELOW PAR, SUCH DEBT TO BE ISSUED OR INCURRED AT ONE TIME OR FROM TIME TO TIME, TO BE PAID FROM ANY LEGALLY AVAILABLE REVENUES OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY OF THE DISTRICT, WITHOUT LIMITATION OF RATE OR AMOUNT OR WITH SUCH LIMITATIONS, ALL OF THE ABOVE AS MAYBE DETERMINED BY THE DISTRICT BOARD OF DIRECTORS, TO BE USED FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON SUCH DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE REVENUE FROM SUCH TAXES, ANY

OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT EARNINGS THEREON, BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT AS A VOTER APPROVED REVENUE CHANGE, WITHOUT REGARD TO ANY SPENDING, REVENUE RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, OR ANY OTHER LAW WHICH PURPORTS TO LIMIT THE DISTRICT'S REVENUES OR EXPENDITURES AS IT CURRENTLY EXISTS OR AS IT MAY BE AMENDED IN THE FUTURE, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT?

**FIRST AND MAIN BUSINESS IMPROVEMENT DISTRICT NO.2  
BALLOT ISSUE NO. 5G:**

SHALL FIRST AND MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2 DEBT BE INCREASED \$20,000,000, WITH A REPAYMENT COST OF NOT MORE THAN \$80,000,000; AND SHALL FIRST AND MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2 TAXES BE INCREASED \$23,600,000 ANNUALLY, OR BY SUCH LESSER ANNUAL AMOUNT AS MAYBE NECESSARY TO PAY THE DISTRICT'S DEBT: SUCH DEBT TO CONSIST OF GENERAL OBLIGATION BONDS OR OTHER OBLIGATIONS ISSUED FOR THE PURPOSE OF REFUNDING, PAYING, OR DEFEASING, IN WHOLE OR IN PART, BONDS, NOTES, OR OTHER FINANCIAL OBLIGATIONS OF THE DISTRICT; SUCH DEBT TO BEAR INTEREST AT A RATE TO BE DETERMINED BY THE DISTRICT, WHICH INTEREST RATE MAYBE HIGHER THAN THE INTEREST RATE BORNE BY THE OBLIGATIONS BEING REFUNDED; SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES AND WHICH MAY COMPOUND ANNUALLY OR SEMIANNUALLY AS MAY BE DETERMINED BY THE DISTRICT, SUCH DEBT TO BE ISSUED AT ONE TIME OR FROM TIME TO TIME, TO BE PAID FROM ANY LEGALLY AVAILABLE MONEYS OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY WITHIN THE DISTRICT, WITHOUT LIMITATION OF RATE OR WITH SUCH LIMITATIONS AS MAY BE DETERMINED BY THE BOARD, AND IN AMOUNTS SUFFICIENT TO PRODUCE THE ANNUAL INCREASE SET FORTH ABOVE OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, TO BE USED SOLELY FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON THE DISTRICTS DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE PROCEEDS OF SUCH TAXES, ANY OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT INCOME THEREON, BE COLLECTED AND SPENT BY THE DISTRICT AS A VOTER APPROVED REVENUE CHANGE WITHOUT REGARD TO ANY SPENDING, REVENUE RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAYBE COLLECTED AND SPENT BY THE DISTRICT?"

\* \* \*

**EXHIBIT B**  
**to**  
**RESOLUTION**  
**FORM OF BOND**

*The Bond has not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state or other jurisdiction, and has been privately placed in reliance on exemptions from the registration requirements of the Securities Act and such laws. The transfer, pledge or other disposition of the Bond by the registered owner thereof is subject to the restriction that the purchaser or transferee of the Bond is required to be an "accredited investor" within the meaning of Section 11-59-110(1)(g), Colorado Revised Statutes, as amended ("C.R.S."), and to execute and deliver to the District an investor letter substantially in the form set forth in the hereinafter defined Resolution.*

**No. R-1**

**\$1,725,000**

**UNITED STATES OF AMERICA**  
**STATE OF COLORADO**  
**EL PASO COUNTY**  
**CITY OF COLORADO SPRINGS**

**FIRST AND MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2**  
**PUBLIC IMPROVEMENT FEE REVENUE BOND**  
**SERIES 2015**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Issue Date</u>
6.75%	December 1, 2039	_____, 2015

**Registered Owner:**

**Principal Amount:**

**Dollars**

First and Main Business Improvement District No. 2, in the City of Colorado Springs, El Paso County, Colorado (the "District"), a business improvement district duly organized and operating under the constitution and laws of the State of Colorado, for value received, hereby acknowledges itself indebted and promises to pay, solely from and to the extent of the Pledged Revenue (as defined by the Resolution described below), to the Registered Owner named above (the "Owner"), or registered assigns, on the Maturity Date specified above or on the date of prior redemption, the Principal Amount specified above. In like manner the District promises to pay interest on such Principal Amount (computed on the basis of a 360-day year of twelve 30-day months) from the interest payment date next preceding the date of registration and authentication of this Bond, unless this Bond is registered and authenticated prior to December 1, 2015, in which event this Bond shall bear interest from the Original Issue Date specified above, at the per annum Interest Rate specified above, payable annually on December 1 each year, commencing on December 1, 2015, until the Principal Amount of this Bond is paid in full.

This Bond is authorized and issued by the District for the purpose of paying the costs of providing certain public improvements for the District, by virtue of and in full conformity with the constitution and laws of the State of Colorado, including, without limitation, certain provisions of the "Supplemental Public Securities Act," being Part 2 of Article 57 of Title 11, C.R.S., and pursuant to a duly adopted resolution authorizing the issuance of the Bond (the "Resolution"). Pursuant to Section 11-57-210, C.R.S., the foregoing recital shall be conclusive evidence of the validity and the regularity of the issuance of the Bond after its delivery for value.

The Bond and the interest thereon is payable solely from and to the extent of the Pledged Revenue as provided in the Resolution, and the Pledged Revenue is pledged to the payment of the Bond. *The Bond constitutes an irrevocable first lien upon the Pledged Revenue, but not necessarily an exclusive such lien.* Subject to the consent of the owner of the Bond, obligations in addition to the Bond may be issued and made payable from the Pledged Revenue and having a lien thereon that is on a parity with or subordinate and junior to, but not superior to, the lien thereon of the Bond.

**THIS BOND SHALL NOT CONSTITUTE AN INDEBTEDNESS, A DEBT, AN OBLIGATION OR A LIABILITY OF THE CITY OF COLORADO SPRINGS, COLORADO (THE "CITY"), IN ANY MANNER. THE FAITH AND CREDIT OF THE CITY IS NOT PLEDGED IN ANY MANNER FOR THE REPAYMENT OF THIS BOND.**

It is hereby recited, certified and warranted that all of the requirements of law have been fully complied with by the proper officers in issuing this Bond; that the total indebtedness of the District, including that of this Bond, does not exceed any limit prescribed by the constitution or laws of the State of Colorado; and that at the election lawfully held within the District on November 4, 2008, the incurrence of the indebtedness represented by this Bond was duly authorized by a majority of the electors of the District qualified to vote and voting at said election.

The Principal Amount, premium, if any, and interest on this Bond shall be payable in lawful money of the United States of America. The Principal Amount and premium, if any, of this Bond will be payable to the Owner hereof upon maturity or prior redemption and presentation of this Bond at the principal office of the District. Payment of each installment of interest on this Bond will be made to the person or entity that is the Owner hereof as of the close of business on the fifteenth (15<sup>th</sup>) day of the calendar month next preceding each interest payment date (the "Record Date") as evidenced by the registration books for the Bond maintained by the District, and will be payable by check or draft of the District mailed on or before the interest payment date to such Owner at the address appearing in such registration books. Any interest not paid or duly provided for on the scheduled interest payment date therefor shall cease to be payable to the person who is the Owner of such Bond at the close of business on the Record Date for such interest payment date and instead shall be payable, together with interest thereon due as the result of compounding, to the person who is the Owner of such Bond at the close of business on the Record Date for the interest payment date on which such deferred or compounded interest is paid.

The District may make payments of interest on this Bond by such alternative means as may be mutually agreed to between the Owner and the District.

If this Bond is not paid upon presentation at maturity or upon prior redemption, interest shall continue to accrue thereon at the rate borne prior to maturity or prior redemption until the principal thereof is paid in full.

This Bond is subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$100,000, and without premium, on December 1, 2024, and on any date thereafter, upon payment of the redemption price (expressed as a percentage of the principal amount of the Bond being redeemed) of 100%, plus accrued interest to the redemption date.

The District may deem and treat the Owner of this Bond as the absolute owner hereof for all purposes (whether or not this Bond shall be overdue), and any notice to the contrary shall not be binding upon the District.

This Bond may be transferred by the Owner hereof in person or by his attorney duly authorized in writing, at the office of the District, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution and upon surrender and cancellation of this Bond. **THIS BOND IS TRANSFERABLE ONLY TO AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF SECTION 11-59-110(1)(g), C.R.S., WHO EXECUTES AND DELIVERS TO THE DISTRICT AN INVESTMENT LETTER SUBSTANTIALLY IN THE FORM SET FORTH IN THE RESOLUTION.** This Bond may be transferred upon the registration books upon delivery to the District of this Bond, accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the District, duly executed by the Owner of this Bond or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer of the Bond, along with the social security number or federal employer identification number of such transferee. In the event of the transfer of this Bond, the District is to enter the transfer of ownership in the registration books and authenticate and deliver in the name of the transferee a new fully registered Bond for the principal amount that such transferee is entitled to receive at the earliest practicable time.

The District shall not be required to issue or transfer this Bond: (a) during a period beginning at the close of business of the District on the Record Date and ending at the close of business of the District on the related interest payment date; or (b) during the period beginning on the day on which notice of optional redemption of this Bond, in full or in part, is mailed and ending at the close of business of the District on the related optional redemption date.

The District will charge the Owner of this Bond for every exchange or transfer an amount sufficient to reimburse the District for its reasonable fees and for any tax or other governmental charge required to be paid with respect to such exchange or transfer.

If the date for making any payment or performing any other action under the Resolution is not a business day (*i.e.*, a Saturday, a Sunday, a legal holiday or other day on which the principal office of the District is authorized or required by law to remain closed), such payment may be made or other act performed on the next succeeding business day.

***By acceptance of this Bond or any interest herein, the Owner of this Bond shall be deemed to have (1) agreed and consented to all of the limitations in respect of the payment of the principal and interest on this Bond contained in this Bond, the Resolution and the District's Operating Plan and Budget, (2) acknowledged that this Bond is not being registered under the Securities Act of 1933, as amended, is not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state and that as of the Original Issue Date this Bond will not carry a rating from any rating service, and (3) acknowledged and agreed that this Bond, and any interest herein, may and shall be sold, transferred or otherwise disposed of only to purchasers who satisfy the conditions specified in the Resolution.***

The District has designated the Bond as a "qualified tax-exempt obligation" under Section 265 (b)(3) of the Tax Code.

Reference is hereby made to the Resolution for an additional description of the nature and extent of the security for the Bond, the funds and revenues pledged to the payment thereof, the rights and remedies of the registered owners of the Bond, the manner in which the Resolution may be amended and the other terms and conditions upon which the Bond is issued, copies of which are on file for public inspection at the office of the District Secretary.

[Signature page follows]

**IN TESTIMONY WHEREOF**, the Board of Directors of First and Main Business Improvement District No. 2, in the City of Colorado Springs, El Paso County, Colorado, has caused this Bond to be signed by the manual or facsimile signature of the President or Vice President of the District, sealed with a manual impression or a facsimile of the seal of the District and attested by the manual or facsimile signature of the Secretary or an Assistant Secretary thereof, all as of the Original Issue Date specified above.

(S E A L)

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

---

President or Vice President

ATTEST:

---

Secretary or Assistant Secretary

**SCHEDULE I  
BOND PAYMENT DATES**

**(December 1)**

**Interest Payment**

**Principal Amount**

## ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto:

Name and address of Assignee:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Social Security or Federal Employer  
Identification Number of Assignee:

\_\_\_\_\_

the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_,  
attorney, to transfer said Bond on the books kept for registration thereof with full power of  
substitution in the premises.

Dated: \_\_\_\_\_

Signature of Registered Owner:

\_\_\_\_\_  
(NOTICE: The signature to this assignment must  
correspond with the name of the Registered Owner as it  
appears upon the face of the within Bond in every  
particular, without alteration or enlargement or any  
change whatever.)

Signature guaranteed:

\_\_\_\_\_  
(NOTICE: The signature to this assignment must be  
guaranteed by an eligible guarantor institution (bank,  
stockbroker, savings and loan association or credit union)  
with membership in an approved guarantee medallion  
program pursuant to Securities and Exchange  
Commission Rule 17Ad-15.)

TRANSFER FEE MAY BE REQUIRED

\* \* \*

**EXHIBIT C**  
**to**  
**RESOLUTION**

**FORM OF INVESTMENT LETTER**

**First and Main Business Improvement District No. 2**  
**Colorado Springs, Colorado**

**Re: First and Main Business Improvement District No. 2, In the City of**  
**Colorado Springs, El Paso County, Colorado, Public Improvement Fee**  
**Revenue Bond, Series 2015**

**Ladies and Gentlemen:**

In connection with its acquisition of Public Improvement Fee Revenue Bond, Series 2015 (the "Bond"), issued by the First and Main Business Improvement District No. 2, in the City of Colorado Springs, El Paso County, Colorado (the "District"), pursuant to a resolution adopted by the Board of Directors of the District on \_\_\_\_\_, 2015 (the "Resolution"), the undersigned (the "Investor") hereby represents, warrants and agrees as follows:

1. The Investor is an "accredited investor" within the meaning of Section 11-59-110(1)(g), Colorado Revised Statutes, as amended ("C.R.S."), being an "accredited investor" as that term is defined under Sections 3(b) and (4)(2) of the Securities Act of 1933, as amended (the "Securities Act"), by regulation adopted thereunder by the Securities and Exchange Commission; the Investor is 21 years of age or older (if the Investor is an association, then each of its members are of such age); and if the Investor is a partnership, joint venture, corporation or trust, the Investor was not organized or reorganized for the specific purpose of acquiring the Bond. Specifically, the Investor comes within the following category or categories of the definition of "accredited investor" (check the appropriate categories):

- ☐ An institutional investor within the meaning of Rule 501(a)(1) of Regulation D of the Securities Act with total assets in excess of \$5,000,000:
  - ☐ A bank as defined in Section 3(a)(2) of the Securities Act, whether acting in its individual or fiduciary capacity;
  - ☐ A savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act whether acting in its individual or fiduciary capacity;
  - ☐ A broker or dealer registered pursuant to Section 15 of the federal Securities Exchange Act of 1934 (the "Exchange Act");
  - ☐ An insurance company as defined in Section 2(a)(13) of the Securities Act;

- ☐ An investment company registered under the federal Investment Company Act of 1940 (the "Investment Company Act") or business development company as defined in Section 2(a)(48) of the Investment Company Act;
- ☐ A Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958;
- ☐ A plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions for the benefit of its employees, if such plan has total assets in excess of \$5 million; or
- ☐ An employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 ("ERISA") if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of ERISA, that is either a bank, savings and loan association, insurance company or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5 million or is a self-directed plan, if the investment decision is made solely by persons that are accredited investors;
- ☐ A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940.
- ☐ An organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, with total assets in excess of \$5,000,000.
- ☐ A natural person whose net worth (or whose joint net worth when combined with that of my spouse) exceeds \$1,000,000.
- ☐ A natural person who had individual income in excess of \$200,000 in each of the last two years and/or such person and spouse have had combined income of \$300,000 in each of the past two years and reasonably expect such income to be at the same level in the current year.
- ☐ A trust with in excess of \$5,000,000 in assets and not formed for the specific purpose of participating in this offering and managed by a sophisticated investor.
- ☐ An entity all of whose equity owners are accredited investors.

2. The Investor has conducted an independent investigation of the legal and financial aspects of the Bond to determine whether an investment therein is consistent with the Investor's investment objectives.

3. The Investor understands that there is a substantial degree of investment risk in purchasing and holding the Bond, and has sufficient knowledge and experience in financial and

business matters to be capable of evaluating the economic merits and risks of purchasing and holding the Bond. The Investor has made such inquiries and has had such opportunity to review information from the District and others to which the Investor, as a reasonable investor, would attach significance in making its investment decision relating to the purchase of the Bond.

4. In making its decision to purchase the Bond, the Investor has reviewed the Resolution, all other relevant documents referred to therein and such other documents as the Investor has deemed necessary, and the Investor understands the provisions thereof.

5. The Investor has performed its own financial analysis with regard to the District, the Bond, the financial condition or future prospects of the owners of property within the District, the current and proposed development within the District and the ability of the District to repay the Bond from the sources pledged thereto, the Investor has not relied upon the District or its officers, agents or attorneys with respect to the accuracy, completeness or truth of any statement made or omitted concerning such matters, and the Investor acknowledges that the District and its officers, agents and attorneys have made no representations relating to such matters or have undertaken any steps to ascertain the accuracy, completeness or truth of any statement made or omitted concerning any of the material facts relating to such matters.

6. The Investor understands that the Bond is payable solely from and to the extent of the Pledged Revenue, as defined in the Resolution.

7. The Investor understands that the Pledged Revenue defined in the Resolution and the amounts on deposit in the funds established by the Resolution may not be sufficient to pay the principal of and interest on the Bond when due; that the inability of the District to pay the principal of or interest on the Bond when they come due does not constitute an event of default under the Resolution; that the principal of the Bond that is not paid when due will remain outstanding until paid, and the interest on the Bond that is not paid when due will compound annually on each interest payment date for the Bond at the stated interest rate of the Bond; provided that the District will not be obligated to pay more than the amount permitted by law and its electoral authorization in the Resolution in repayment of the Bond, and the Bond will be deemed to be defeased and no longer outstanding upon the payment by the District of such amount.

8. The Investor understands that the Bond has not been registered under the Securities Act, article 59 of title 11, C.R.S. (the "Colorado Municipal Bond Supervision Act"), or any other applicable state securities or "Blue Sky" laws, but are being issued pursuant to exemptions from the registration requirements of such laws.

9. The Investor is acquiring the Bond for the Investor's own account with the present intent of holding them for investment and not with a view to the distribution, transfer or resale thereof; provided that nothing herein prohibits the Investor from selling the Bond, or any interest therein, in the future. The Investor hereby represents and agrees that it will not sell the Bond, or any interest therein, except in compliance with applicable laws, including, without limitation, the Securities Act and the Colorado Municipal Bond Supervision Act. The Investor understands that there is no established secondary market for the Bond.

10. The Investor is aware that no credit rating has been sought or obtained with respect to the Bond.

11. The funds provided for this investment are either separate property, community property over which the signatory hereto has the right of control or are otherwise funds as to which the undersigned has the sole right of management.

12. The Investor agrees to indemnify the District and its officers, agents or attorneys for any loss that they may sustain or incur as a result of any action taken by the Colorado Division of Securities, the Securities and Exchange Commission or any other person or entity challenging the status of the Investor as an "accredited investor" within the meaning of the Colorado Municipal Bond Supervision Act or Regulation D of the Securities Act.

13. The Investor understands that by acceptance of the Bond or any interest therein, the Investor will be deemed to have (1) agreed and consented to all of the limitations in respect of the payment of the principal and interest on the Bond contained in the Bond, the Resolution and the District's Operating Plan and Budget (defined in the Resolution), (2) acknowledged that the Bond is not being registered under the Securities Act, is not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state and that upon issuance the Bond will not carry a rating from any rating service, and (3) acknowledged and agreed that the Bond, and any interest therein, may and shall be sold, transferred or otherwise disposed of only to purchasers who satisfy the conditions specified in the Resolution.

14. The Investor recognizes that the sale of the Bond to the Investor is based upon the representations and warranties set forth herein, and agrees to indemnify the District and its officers, agents and attorneys and to hold them harmless, from and against any and all loss, damage, liability or expense, including costs and reasonable attorneys' fees, to which they may be put or that they may incur by reason of, or in connection with, any misrepresentation made by the Investor in this Investment Letter, any breach by the Investor of the warranties and/or failure to fulfill any of the covenants or agreements contained herein or arising out of the sale or distribution of the Bond by the Investor in violation of the Colorado Municipal Bond Supervision Act, the Securities Act or any other applicable securities or "Blue Sky" laws.

[Signature page follows]

The representations made in this Investment Letter shall survive the death or any dissolution or reorganization of the Investor.

Dated:

---

Signature of Investor

---

Name of Investor [please print]

---

Social Security or Tax Identification Number

## CERTIFICATION OF RESOLUTION

6. There are no bylaws, rules or regulations of the Board which prevent the immediate adoption of the Resolution set forth in the foregoing proceedings.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the District this \_\_\_\_ day of \_\_\_\_\_, 2015.

(SEAL)

---

Secretary

**(Attach Notice of Meeting)**

**Doc.1209866v1**

## **RESOLUTION**

**A RESOLUTION OF FIRST AND MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2, IN THE CITY OF COLORADO SPRINGS, EL PASO COUNTY, COLORADO, AUTHORIZING THE ISSUANCE AND SALE OF ITS LIMITED TAX GENERAL OBLIGATION BOND, SERIES 2015, IN THE PRINCIPAL AMOUNT OF \$1,750,000; PRESCRIBING THE FORM OF THE SERIES 2015 BOND; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2015 BOND; AND PROVIDING OTHER DETAILS IN CONNECTION THEREWITH.**

**WHEREAS,** First and Main Business Improvement District No. 2, in the City of Colorado Springs, El Paso County, Colorado (the "District"), has been duly and regularly created by ordinance adopted by the City of Colorado Springs, Colorado (the "City"), on September 23, 2008; and

**WHEREAS,** the District is a quasi-municipal corporation and political subdivision organized and existing as a business improvement district pursuant to the laws of the State of Colorado (the "State"), including, without limitation, part 12 of article 25 of title 31 (the "Business Improvement District Act") of the Colorado Revised Statutes, as amended and supplemented as of the date hereof ("C.R.S."); and

**WHEREAS,** all capitalized terms used and not otherwise defined herein shall have the respective meanings as set forth in Section 1 hereof; and

**WHEREAS,** at an election of the qualified electors of the District, duly called and held on Tuesday, November 4, 2008 (the "2008 Election"), in accordance with law and pursuant to due notice, a majority of those qualified to vote and voting at the 2008 Election voted in favor of, *inter alia*, the issuance of general obligation indebtedness and the imposition of taxes for the payment thereof, for the purpose of providing street improvements, parks and recreation improvements and for the purpose of refunding such indebtedness; and

**WHEREAS,** the question in the 2008 Election relating to providing street improvements is as follows:

**Debt for Street Improvement Purposes:**

**"SHALL FIRST AND MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2 DEBT BE INCREASED \$20,000,000 WITH A REPAYMENT COST OF \$80,000,000 OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, AND SHALL FIRST AND MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2 TAXES BE INCREASED \$23,600,000 ANNUALLY OR SUCH LESSER**

AMOUNT AS MAY BE NECESSARY FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDING THEREOF, AT AN INTEREST RATE THAT IS EQUAL TO, LOWER OR HIGHER THAN THE INTEREST RATE ON THE REFUNDED DEBT, FOR THE PURPOSE OF PAYING, LEASING, FINANCING OR REIMBURSING ALL OR ANY PART OF THE COSTS OF DESIGNING, ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, STREET IMPROVEMENTS, INCLUDING BUT NOT LIMITED TO CURBS, GUTTERS, CULVERTS, AND OTHER DRAINAGE FACILITIES, UNDERGROUND CONDUITS, SIDEWALKS, TRAILS, PUBLIC PARKING LOTS, STRUCTURES AND FACILITIES, PAVING, LIGHTING, GRADING, LANDSCAPING, BIKE PATHS AND PEDESTRIAN WAYS, PEDESTRIAN OVERPASSES, RETAINING WALLS, FENCING, ENTRY MONUMENTATION, STREETSCAPING, BRIDGES, OVERPASSES, UNDERPASSES, INTERCHANGES, MEDIAN ISLANDS, IRRIGATION, AND A SAFETY PROTECTION SYSTEM THROUGH TRAFFIC AND SAFETY CONTROLS AND DEVICES ON STREETS AND HIGHWAYS AND AT RAILROAD CROSSINGS, SIGNALIZATION, SIGNING AND STRIPING, AREA IDENTIFICATION, DRIVER INFORMATION AND DIRECTIONAL ASSISTANCE SIGNS, TOGETHER WITH ALL NECESSARY, INCIDENTAL, AND APPURTENANT FACILITIES, EQUIPMENT, LAND, EASEMENTS AND EXTENSIONS OF AND IMPROVEMENTS TO SUCH FACILITIES, SUCH DEBT TO BEAR INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 18% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES, AND WHICH MAY COMPOUND ANNUALLY OR SEMIANNUALLY, AND SUCH DEBT TO MATURE, BE SUBJECT TO REDEMPTION WITH OR WITHOUT PREMIUM, AND BE ISSUED AND SOLD AT, ABOVE OR BELOW PAR, SUCH DEBT TO BE ISSUED OR INCURRED AT ONE TIME OR FROM TIME TO TIME, TO BE PAID FROM ANY LEGALLY AVAILABLE REVENUES OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY OF THE DISTRICT, WITHOUT LIMITATION OF RATE OR AMOUNT OR WITH SUCH LIMITATIONS, ALL OF THE ABOVE AS MAY BE DETERMINED BY THE DISTRICT BOARD OF DIRECTORS, TO BE USED FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON SUCH DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE REVENUE FROM SUCH TAXES, ANY OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT EARNINGS THEREON, BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT AS A VOTER-APPROVED REVENUE CHANGE, WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, OR ANY OTHER LAW WHICH PURPORTS TO LIMIT

**THE DISTRICT'S REVENUES OR EXPENDITURES AS IT CURRENTLY EXISTS OR AS IT MAY BE AMENDED IN THE FUTURE, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT?"**

**WHEREAS, the returns of the 2008 Election were duly canvassed and the results thereof were duly declared and certified by the Canvass Board for the District within 45 days after the 2008 Election; and**

**WHEREAS, the District has not heretofore issued any indebtedness authorized at the 2008 Election; and**

**WHEREAS, the Board of Directors of the District (the "Board") has heretofore determined and does hereby determine that it is necessary and in the best interests of the District, and the taxpayers thereof, to pay the costs of acquiring, constructing and/or installing a portion of the facilities authorized to be provided by the District pursuant to the District's Operating Plan and Budget and the related debt for which was approved by the 2008 Election (the "Project"); and**

**WHEREAS, the District is authorized by Sections 31-25-1212(1)(e) and 31-25-1221, C.R.S., to issue general obligation bonds and other financial obligations; and**

**WHEREAS, from the indebtedness authorized at the 2008 Election the Board has heretofore determined that it was necessary and in the best interests of the District, and the taxpayers thereof, to borrow funds to finance infrastructure of the District, and that for such purposes there was issued a Limited Tax General Obligation Bond, Series 2009, of the District in the principal amount of \$2,400,000; and**

**WHEREAS, the Board has heretofore determined it was necessary and in the best interests of the District, and the taxpayers thereof, to borrow funds to finance infrastructure of the District, and for such purpose there was issued a Public Improvement Fee Revenue Bond, Series 2010, in the principal amount of \$2,000,000; and**

**WHEREAS, the Board has heretofore determined and hereby determines that it is necessary and in the best interests of the District, and the taxpayers thereof, to borrow funds to finance the Project, and that for such purposes there shall be issued a bond of the District in the principal amount of \$1,750,000 (as more particularly defined hereafter, the "Bond"); and**

**WHEREAS, pursuant to Section 31-25-1211, C.R.S., the City must approve the issuance of the Bond by the District, and for the purpose of acquiring such approval, the District submitted to the City for approval the Operating Plan and Budget providing for the issuance of the Bond; and**

**WHEREAS, the City Council of the City met in regular session on September 23, 2008, and at such session approved the Operating Plan and Budget; and**

**WHEREAS, the Bond shall constitute a limited mill levy obligation of the District and shall be payable solely from the Pledged Revenue; and**

**WHEREAS**, the Bond shall not constitute indebtedness or an obligation or a liability of the City, in accordance with Section 31-25-1221, C.R.S.; and

**WHEREAS**, based upon the anticipated uses of the proceeds of the Bond, the Board hereby determines to allocate the principal amount thereof as follows, provided that such allocation is based upon the Board's estimates of the use of proceeds at the time of issuance of the Bond, that actual uses of proceeds may vary from this estimate within the limitations of the 2008 Election and that such variance shall not require an amendment to this Resolution or notice to or consent of any person:

<b>Allocation of 2008 Election Indebtedness Authorization</b>			
<b>Purpose</b>	<b>Voted Authorization</b>	<b>Allocation to the Bond</b>	<b>Authorization Remaining</b>
Streets	\$20,000,000	\$1,750,000	\$15,850,000
Refundings	20,000,000	--	20,000,000
Parks and recreation	5,000,000	--	5,000,000
Water	5,000,000	--	5,000,000
Sanitation	5,000,000	--	5,000,000
<b>TOTAL</b>	<b>\$55,000,000</b>	<b>\$1,750,000</b>	<b>\$50,850,000</b>

**WHEREAS**, notwithstanding the remaining authorization summarized in the table above and authorized at the 2008 Election, the District may not issue limited tax general obligation bonds exceeding an aggregate total of \$20,000,000 in principal amount unless approval to exceed such amount is granted by the City in a subsequent Operating Plan and Budget of the District filed with the City and approved in accordance with Section 31-25-1211, C.R.S.; and

**WHEREAS**, issuance of the Bond shall not involve a public offering, but shall be privately placed by the District exclusively to "accredited investors" within the meaning of Section 11-59-110(1)(g), C.R.S., and as such will be exempt from registration under the article 59 of title 11, C.R.S.; and

**WHEREAS**, the Board has been advised in the private placement of the Bond with the Initial Owner by RBC Capital Markets Corporation, as Financial Advisor; and

**WHEREAS**, pursuant to Sections 31-25-1209(3) and 18-8-308, C.R.S., the members of the Board disclosed their known potential conflicting interests to the Colorado Secretary of State and to the Board in writing at least 72 hours in advance of this meeting, in accordance with Section 24-18-110, C.R.S., the appropriate Board members have made disclosure of their personal and private interests relating to the issuance of the Bond in writing to the Secretary of State and the Board and such officials have stated for the record immediately prior to the adoption of this Resolution the fact that they have said interests and the summary nature of such interests and the participation of said officials is necessary to obtain a quorum or otherwise enable the Board to act; and

**WHEREAS**, the Board specifically elects to apply the provisions of the part 2 of article 57 of title 11, C.R.S. (the "Supplemental Public Securities Act"), to the Bond; and

**WHEREAS**, the District expects to sell and deliver the Bond to the Initial Owner on or about March 4, 2015, in exchange for the amount of \$1,750,000; and

**WHEREAS**, the Board desires to authorize the issuance of the Bond and the execution of all ancillary or related documents in connection therewith;

**NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF FIRST AND MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2:**

**Section 1. Definitions.** As used herein, the following capitalized terms shall have the respective meanings set forth below, unless the context indicates otherwise, and words importing the singular include the plural, and *vice versa*.

**"2008 Election"** means the debt authorizing election held within the District on November 4, 2008.

**"Additional Obligations"** means the following obligations other than the Bond, except as otherwise provided below:

(a) all obligations of the District for borrowed money and reimbursement obligations;

(b) all obligations of the District payable from or constituting a lien or encumbrance upon ad valorem tax revenues of the District;

(c) all obligations of the District evidenced by bonds, debentures, notes, contracts or other similar instruments, including, without limitation, any Parity Obligations or Subordinate Obligations;

(d) all obligations of the District to pay the deferred purchase price of property or services;

(e) all obligations of the District as lessee under capital leases; and

(f) all obligations of others guaranteed by the District;

provided, however, that notwithstanding the foregoing, the following shall not constitute Additional Obligations hereunder:

(i) obligations issued solely for the purpose of paying operations and maintenance costs of the District, the repayment of which is contingent upon the District's annual determination to appropriate moneys therefor, other than capital leases as set forth in (e) above, so long as no amounts due or to become due on such obligations are payable from the District's debt service mill levy;

(ii) obligations that are payable solely from the proceeds of Additional Obligations;

(iii) obligations that refund or refinance any obligations of the District, so long as: (A) such refunding obligations do not increase the District's debt service in any year in which both the refunding obligations and the Bond are outstanding; (B) such refunding obligations are payable on the same date or dates as the obligations being refunded or refinanced; (C) such refunding obligations are not subject to acceleration; (D) such refunding obligations are payable from the same or fewer revenue sources, with the same or a subordinate lien priority, as the obligations being refunded or refinanced; and (E) the remedies for defaults under such refunding or refinancing obligations are substantially the same as the remedies applicable to the obligations being refunded or refinanced;

(iv) obligations payable solely from periodic, recurring service charges imposed by the District for the use of any District facility or service, which obligations do not constitute a debt or indebtedness of the District or an obligation required to be approved at an election under State law;

(v) obligations to reimburse any person in respect of surety bonds, financial guaranties, letters of credit or similar credit enhancements so long as: (A) such surety bonds, financial guaranties, letters of credit or similar credit enhancements guarantee payment of all principal and interest on any issue of District obligations; and (B) such reimbursement obligations are payable from the same or fewer revenue sources, with the same or a subordinate lien priority as the District obligations supported by the surety bonds, financial guaranties, letters of credit or similar credit enhancements;

(vi) any operating leases, payroll obligations, accounts payable or taxes incurred or payable in the ordinary course of business of the District; and

(vii) any reimbursement agreement with the developer of the Project.

**"Board"** means the Board of Directors of the District.

**"Bond"** means the Limited Tax General Obligation Bond, Series 2015, dated as of the date of issuance thereof, issued in the Original Principal Amount, as authorized by this Resolution.

**"Bond Counsel"** means (a) as of the Issue Date, Spencer Fane Britt & Browne LLP, and (b) as of any other date such attorneys selected by the District with nationally recognized expertise in public finance.

**"Bond Year"** means the period from December 1 of any calendar year to November 30 of the following calendar year.

**"Business Day"** means a day other than a Saturday, a Sunday, a legal holiday or other day on which the principal office of the District is authorized or required by law to remain closed.

**"Business Improvement District Act"** means the "Business Improvement District Act," being part 12 of article 25 of title 31, C.R.S.

**"Certified Public Accountant"** means a certified public accountant within the meaning of Section 12-2-115, C.R.S., and any amendment thereto, licensed to practice in the State.

**"City"** means the City of Colorado Springs, Colorado.

**"C.R.S."** means the Colorado Revised Statutes, as amended and supplemented as of the date hereof.

**"Debt Service Fund"** means the "First and Main Business Improvement District No. 2, in the City of Colorado Springs, El Paso County, Colorado, Limited Tax General Obligation Bond, Series 2015, Debt Service Fund," established by the provisions of this Resolution for the purpose of paying the principal of, premium, if any, and interest on the Bond.

**"District"** means First and Main Business Improvement District No. 2, in the City of Colorado Springs, El Paso County, Colorado.

**"Event of Default"** means any one or more of the events set forth in the Section hereof entitled "Events of Default."

**"Federal Securities"** means direct obligations of (including obligations issued or held in book entry form on the books of), or obligations the principal of and interest on which are guaranteed by, the United States of America.

**"Financial Advisor"** means RBC Capital Markets Corporation, Denver, Colorado.

**"Initial Owner"** means Enterprise Fund No. 7, LLC.

**"Investment Letter"** means a letter required to be obtained from each purchaser or transferee of the Bond in substantially the form set forth in Exhibit B attached hereto and incorporated herein by reference.

**"Issue Date"** means the date the Bond is issued and delivered to the Initial Owner.

**"Maturity Date"** means December 1, 2044, being the date on which the Bond matures.

**"Operating Plan and Budget"** means the Operating Plan and Budget for the District submitted to the City on October 1, 2014, and approved by the City on October 28, 2014, as required by Section 31-25-1211, C.R.S., as the same may be amended from time to time.

**"Original Principal Amount"** means the original principal amount of the Bond upon issuance and delivery by the District on the Issue Date, being \$1,750,000.

**"Owner"** means the Initial Owner and subsequent to any transfer of the Bond, the registered owner of the Bond as shown by the registration books maintained by the District.

**"Parity Obligations"** means Additional Obligations having a lien upon the Pledged Revenue or any part thereof that is on a parity with the lien thereon of the Bond.

**"Permitted Investments"** means any investment or deposit the District is permitted to make under then-applicable law.

**"Pledged Revenue"** means:

- (i) the moneys derived by the District from the Required Mill Levy, after costs of collection;
- (ii) the portion of the specific ownership taxes remitted to the District pursuant to Section 42-3-107, C.R.S., or any successor statute, allocable to the amount of the Required Mill Levy; and
- (iii) any other legally available moneys that the Board determines in its sole discretion to credit to the Debt Service Fund.

**"Project"** means the acquisition, construction and installation of facilities contemplated by the District's Operating Plan and Budget and the debt for which was approved at the 2008 Election, including, without limitation, necessary or appropriate equipment. In accordance with the District's Operating Plan and Budget, the Project is more specifically described as the reimbursement of the owner of substantially all of the land within the District for roadways, parking and landscaping improvements located within the District or within First and Main Business Improvement District, in the City of Colorado Springs, El Paso County, Colorado, previously completed by such owner and being acquired by the District upon such reimbursement.

**"Project Costs"** means the District's costs properly attributable to the Project or any part thereof, to the extent permitted by the Operating Plan and Budget, including, without limitation, the following:

- (a) the costs of labor and materials, of machinery, furnishings and equipment, and of the restoration of property damaged or destroyed in connection with construction work;
- (b) the costs of insurance premiums, indemnity and fidelity bonds, financing charges, bank fees, taxes or other municipal or governmental charges lawfully levied or assessed;
- (c) administrative and general overhead costs;
- (d) the costs of reimbursing funds advanced by, to or on behalf of the District in anticipation of reimbursement from Bond proceeds, including any intrafund or interfund loan;
- (e) the costs of surveys, appraisals, plans, designs, specifications and estimates;
- (f) the costs, fees and expenses of printers, engineers, architects, financial consultants, legal advisors or other agents or employees;

- (g) the costs of publishing, reproducing, posting, mailing or recording documents;
- (h) the costs of contingencies or reserves;
- (i) the costs of issuing the Bond;
- (j) the costs of amending any resolution or other instrument relating to the Bond or the Project;
- (k) the costs of repaying any short-term financing, construction loans and other temporary loans, and of the incidental expenses incurred in connection with such loans;
- (l) the costs of acquiring any property, rights, easements, licenses, privileges, agreements and franchises;
- (m) the costs of demolition, removal and relocation; and
- (n) all other lawful costs as determined by the Board.

**"Record Date"** means the 15<sup>th</sup> day of the calendar month next preceding each interest payment date for the Bond.

**"Required Mill Levy"** means an ad valorem property tax imposed upon all taxable property of the District each year in an amount sufficient to pay the principal of, premium, if any, and interest on the Bond as the same becomes due and payable, subject to the following limitations:

(a) Subject to paragraph (b) below, the Required Mill Levy (one mill being equal to 1/10 of 1 cent) shall be limited to a maximum of 50.00 mills; provided, however, that such limitation shall be adjusted to compensate for changes in the rate of assessed valuation of the property within the District pursuant to Article X, Section 3 of the constitution of the State, or any other legislation causing a reduction in the method of calculating assessed valuation, occurring after January 1, 2008. In the event of legislation implementing changes in the ratio of actual valuation to assessed valuation for property within the District pursuant to Article X, Section 3(1)(b) of the constitution of the State, the Required Mill Levy limitation provided herein shall be increased or decreased as to all taxable property in the District to reflect such changes so that to the extent possible the actual tax revenues generated by the Required Mill Levy, as adjusted, are neither diminished nor enhanced as a result of such changes in the ratio of actual valuation to assessed valuation for property within the District. The foregoing increases or decreases in the Required Mill Levy limitation shall be determined by the Board in good faith, and such determination shall be binding and final.

(b) Notwithstanding the foregoing, in no event may the Required Mill Levy be established at a rate that would cause the District to derive tax revenue in any year in excess of the maximum tax increases permitted by the District's electoral and Operating

Plan and Budget authorization, and if the Required Mill Levy as calculated pursuant to the foregoing would cause the amount of taxes collected in any year to exceed the maximum tax increase permitted by the District's electoral authorization, the Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded.

**"Resolution"** means this resolution, which authorizes the issuance of the Bond.

**"State"** means the State of Colorado.

**"Subordinate Obligations"** means any Additional Obligations having a lien upon the Pledged Revenue or any part thereof that is junior and subordinate to the lien thereon of the Bond.

**"Supplemental Public Securities Act"** means the "Supplemental Public Securities Act," being part 2 of article 57 of title 11, C.R.S.

**"Tax Certificate"** means the Tax Compliance Certificate or similar certificate delivered by the District in connection with the issuance of the Bond that describes the District's expectations regarding the use and investment of proceeds of the Bond and other moneys.

**"Tax Code"** means the Internal Revenue Code of 1986, as amended to the date of issuance of the Bond.

**Section 2. Authorization.** In accordance with the constitution and laws of the State, including, without limitation, the Business Improvement District Act, the Supplemental Public Securities Act and all other laws of the State thereunto enabling, the 2008 Election and the Operating Plan and Budget, the Bond in the Original Principal Amount is hereby authorized to be issued by the District for the purpose of paying the Project Costs and other costs in connection with the issuance of the Bond. The District hereby elects to apply all of the provisions of the Supplemental Public Securities Act to the Bond.

**Section 3. Limited Tax Obligations.** The Bond shall constitute a limited tax obligation of the District as provided herein. The Bond, together with the interest thereon and any premium due in connection therewith, shall be payable solely from and to the extent of the Pledged Revenue, and the Pledged Revenue is hereby pledged to the payment of the Bond. The Bond shall constitute an irrevocable lien upon the Pledged Revenue, but not necessarily an exclusive such lien.

The creation, perfection, enforcement and priority of the pledge of revenues to secure or pay the Bond shall be governed by Section 208 of the Supplemental Public Securities Act and this Resolution. The Pledged Revenue shall immediately be subject to the lien of such pledge without any physical delivery, filing or further act. The lien of such pledge on the Pledged Revenue shall have priority over any and all other obligations and liabilities of the District and shall be valid, binding and enforceable as against all persons having claims of any kind in tort, contract or otherwise against the District, irrespective of whether such persons have notice of such liens.

**Section 4. Bond Details.** A single fully registered Bond shall be issued to the Initial Owner in an amount equal to the Original Principal Amount. Unless the District shall otherwise direct, the Bond shall be numbered "R-1." The Bond shall be dated as of the Issue Date, shall bear interest from the Issue Date at the rate of 6.75% per annum (calculated on the basis of a 360-day year of twelve 30-day months) payable to the extent of Pledged Revenue available therefor annually on each December 1 commencing on December 1, 2016, and shall mature on the Maturity Date.

To the extent principal of the Bond is not paid when due, such principal shall remain outstanding until paid. To the extent interest on the Bond is not paid when due, such interest shall compound annually on each interest payment date at the interest rate borne by the Bond; provided, however, that notwithstanding anything herein to the contrary, the District shall not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Bond, including all payments of principal and interest, and the Bond will be deemed defeased and no longer outstanding upon the payment by the District of such amount.

The maximum net effective interest rate authorized for the Bond is 18.00% per annum, and the actual net effective interest rate of the Bond does not exceed such maximum rate. The total repayment cost of the Bond and the maximum annual repayment costs thereof do not exceed the limitations of the District's voted authorization as set forth in the recitals hereto.

**Section 5. Payment of Bond.** The principal of, premium, if any, and interest on the Bond shall be payable in lawful money of the United States of America. The principal of and premium, if any, on the Bond shall be payable to the Owner thereof upon maturity or prior redemption upon presentation of such Bond at the principal office of the District. The interest on the Bond shall be payable to the person in whose name such Bond is registered as of the close of business on the Record Date, irrespective of any transfer or exchange of the Bond subsequent to the Record Date and prior to the interest payment date, and shall be paid by check or draft of the District mailed on or before the interest payment date to the Owner at the address as it appears in the registration books maintained by the District. Any interest not paid or duly provided for on the scheduled interest payment date therefor shall cease to be payable to the person who is the Owner of the Bond at the close of business on the Record Date for such interest payment date and instead shall be payable, together with interest thereon due as the result of compounding, to the person who is the Owner of the Bond at the close of business on the Record Date for the interest payment date on which such deferred and compounded interest is paid.

The District may make payments of interest on the Bond by such alternative means as may be mutually agreed to between the Owner of such Bond and the District; provided, however, that the District shall not be required to make funds available therefor prior to the dates on which such interest would otherwise be payable hereunder nor to incur any expenses in connection with such alternative means of payment.

**Section 6. Nonpayment of Principal or Interest.** If, for any reason other than failure of the Owner to surrender the Bond for cancellation, any payment on the Bond is not made when due, interest shall continue to accrue on the unpaid principal of the Bond at the applicable rate of interest borne by the Bond. The final payment of principal of and interest on the Bond shall be made upon presentation and surrender of the Bond for cancellation by the Owner at the principal

office of the District, and payment of the principal of and interest on the Bond prior to the final payment of the Bond shall be made to the Owner by electronic funds transfer, check or draft (subject to collection) delivered or mailed to the Owner at the address provided to the District by the Owner.

**Section 7. Optional Redemption.** The Bond is subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, and without premium, on December 1, 2024, and on any date thereafter, upon payment of the redemption price (expressed as a percentage of the principal amount of the Bond being redeemed) of 100%, plus accrued interest to the redemption date.

**Section 8. Book Entry System.** The Bond shall be issued in the form of a single, certificated, fully registered Bond for the entire principal amount of the Bond. Upon initial issuance, the ownership of such Bond shall be registered in the registration books kept by the District. No person, other than the Owner, shall receive a certificated Bond evidencing the obligations of the District pursuant to this Resolution.

**Section 9. Form, Execution and Authentication of Bond.** The Bond shall be in substantially the form set forth as Exhibit A attached hereto, with such variations, omissions and insertions as may be required by the circumstances, may be required or permitted by this Resolution or are consistent with this Resolution and necessary or appropriate to conform to the rules and requirements of any governmental authority or any usage or requirement of law with respect thereto. The Bond may bear such other endorsement or legend as may be required to conform to usage or law with respect thereto.

The Bond shall contain a recital that it is issued pursuant to certain provisions of the Supplemental Public Securities Act, and pursuant to Section 11-57-210, C.R.S., such recital shall be conclusive evidence of the validity and the regularity of the issuance of the Bond after its delivery for value. In accordance with Section 31-25-1221, C.R.S., the Bond shall also contain a recital that the Bond shall not constitute indebtedness or an obligation or a liability of the City.

The Bond shall also contain a statement that by acceptance of the Bond, the Owner thereof agrees and consents to all of the limitations in respect of the payment of the principal of and interest on the Bond contained therein, in this Resolution and the Operating Plan and Budget. Similar language describing the limitations with respect to the payment of the principal of, premium, if any, and interest on the Bond set forth in the Operating Plan and Budget shall be included in any document used for the offering of the Bond.

The Bond shall be signed with the facsimile or manual signature of the President or Vice President of the District, sealed with a facsimile or manual impression of the seal of the District and attested by the facsimile or manual signature of the Secretary or an Assistant Secretary of the District. Should any officer whose facsimile or manual signature appears on the Bond cease to be such officer before delivery of the Bond to a purchaser, such facsimile or manual signature shall nevertheless be valid and sufficient for all purposes.

Execution by the District of the Bond shall be the conclusive and only competent evidence that the Bond has been duly authenticated and delivered.

**Section 10. Delivery of Bond; Disposition of Proceeds.** Upon the adoption of this Resolution, the delivery of the certification of an independent engineer as required by the District's Operating Plan and Budget and the approval of the City Council of the City of the issuance of the Bond, the District shall execute and authenticate the Bond and deliver the Bond to the Initial Owner in exchange for the purchase price thereof. Neither the Financial Advisor, the Initial Owner nor any subsequent Owner of the Bond shall be responsible for the application or disposal by the District or any of its officers of the funds derived from the sale thereof.

Subject to the provisions of the Section herein entitled "Delegation to President," the proceeds derived from the sale of the Bond shall be applied on the Issue Date to the payment of Project Costs.

**Section 11. Acknowledgment by Owner.** By its acceptance of the Bond or any interest therein, the Owner shall be deemed to have: (a) agreed and consented to all of the limitations in respect of the payment of the principal of, premium, if any, and interest on the Bond contained in the Bond, this Resolution and the Operating Plan and Budget, (b) acknowledged that the Bond is not being registered under the Securities Act of 1933, as amended, is not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state and that as of the Issue Date the Bond will not carry a rating from any rating service, and (3) acknowledged and agreed that the Bond, and any interest therein, may and shall be sold, transferred or otherwise disposed of only to purchasers who satisfy the conditions specified in this Resolution.

**Section 12. Registration and Transfer of Bond.** The District shall act as registrar for the Bond and shall keep a registration book showing the name and address of the Owner.

Ownership of the Bond shall be limited to "accredited investors" within the meaning of Section 11-59-110(1)(g), C.R.S. The Bond shall not be issued by the District, or thereafter transferred by the District, unless the District has first received a manually executed Investment Letter from the Initial Owner or each and every transferee of the Bond.

The Bond may be transferred upon the registration books upon delivery of the Bond to the District, accompanied by (a) a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the District, duly executed by the Owner of the Bond to or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer of the Bond, along with the social security number or federal employer identification number of such transferee, and (b) a manually executed Investment Letter from the transferee of the Bond. No transfer of the Bond shall be effective until entered on the registration books.

In all cases of the transfer of the Bond, the District shall enter the transfer of ownership in the registration books and authenticate and deliver in the name of the transferee a new fully registered Bond for the principal amount that the transferee is entitled to receive at the earliest practicable time. The District shall charge the Owner of the Bond for every such transfer an amount sufficient to reimburse it for its reasonable fees and for any tax or other governmental charge required to be paid with respect to such transfer or exchange.

The District shall not be required to issue or transfer any Bond: (a) during a period beginning at the close of business of the District on the Record Date and ending at the close of

business of the District on the related interest payment date; or (b) during the period beginning on the day on which notice of optional redemption of the Bond, in full or in part, is mailed and ending at the close of business of the District on the related optional redemption date.

The new Bond delivered upon any transfer shall be a valid obligation of the District, evidencing the same obligation as the Bond surrendered, shall be secured by this Resolution and shall be entitled to all of the security and benefits hereof to the same extent as the Bond surrendered.

The District may deem and treat the Owner of the Bond as the absolute owner thereof for all purposes (whether or not the Bond shall be overdue), and any notice to the contrary shall not be binding upon the District.

**Section 13. Cancellation of Bond.** Whenever the Bond shall be delivered to the District for cancellation pursuant to this Resolution and upon payment of the principal amount and interest represented thereby, or whenever the Bond shall be delivered to the District for transfer pursuant to the provisions hereof, such Bond shall be cancelled by the District.

**Section 14. Replacement Bond.** In the event the Bond is lost, stolen, destroyed or mutilated, the Bond may be replaced by the District in accordance with and subject to the limitations of applicable law. The applicant for such replacement Bond shall be required to post such security, pay such costs and present such proof of ownership and loss as may be required by applicable law, or in the absence of specific requirements, as may be required by the District.

**Section 15. Disposition and Investment of Proceeds: Tax Covenants.**

(a) The Bond shall be issued and privately placed for the purposes provided in this Resolution. The Owner shall not be responsible for the application or disposal by the District or any of its officers of the funds derived from the sale thereof.

(b) All or any portion of the Bond proceeds may be temporarily invested or reinvested, pending such use, in securities or obligations that are both lawful investments and that are Permitted Investments.

(c) The District covenants as follows with respect to the Bond:

(i) The District shall not make any use of the proceeds of the Bond, any funds reasonably expected to be used to pay the principal of, premium, if any, or interest on the Bond or any other funds of the District, make or permit any use of any facilities constituting a part of the Project or take (or omit to take) any other action with respect to the Project, the Bond, the proceeds thereof or otherwise if such use, action or omission would, under the Tax Code, cause the interest on the Bond to become includable in gross income for federal income tax purposes.

(ii) The District shall not take (or omit to take) any action, or permit or suffer any action to be taken, if the result of the same causes the Bond to be an "arbitrage bond" within the meaning of Section 148 of the Tax Code.

(iii) The District shall not make, or permit to be made, any use of the original proceeds of the Bond, or of any moneys treated as proceeds of the Bond within the meaning of the Tax Code and applicable regulations, rulings and decisions, or take, permit to be taken or fail to take any action, that would adversely affect the excludability from gross income of the interest on the Bond under Section 103 of the Tax Code and applicable regulations, rulings and decisions.

(iv) The duly authorized representatives of the District shall execute a Tax Certificate upon the issuance of the Bond.

(v) The District shall file, or cause to be filed, a copy of Internal Revenue Form 8038-G with respect to the issuance of the Bond.

**Section 16. Debt Service Fund.** There is hereby created and established the Debt Service Fund, which may be established as a line item account of the District's general fund or other fund (so long as the amounts credited to and paid from such account can be readily and accurately determined) and shall otherwise be maintained by the District in accordance with the provisions of this Resolution.

There shall be credited to the Debt Service Fund an amount of Pledged Revenue each Bond Year that, when combined with other legally available moneys therein, is sufficient to pay the principal of, premium, if any, and interest on the Bond that has or will become due in the Bond Year in which the credit is made. Moneys in the Debt Service Fund shall be used by the District solely to pay the principal of, premium, if any, and interest on the Bond in the following order:

- (i) interest due as a result of compounding;
- (ii) accrued but unpaid stated interest;
- (iii) current interest; and
- (iv) principal of the Bond, whether due at maturity or upon prior redemption.

Moneys credited to the Debt Service Fund may be invested or deposited only in Permitted Investments in accordance with applicable State law; provided, however, that the investment of moneys credited to the Debt Service Fund shall be subject to the covenants and provisions of the Section hereof entitled "Disposition and Investment of Proceeds; Tax Covenants." Except to the extent otherwise provided in this Resolution, interest income from the investment or reinvestment of moneys credited to the Debt Service Fund shall remain in and become part of the Debt Service Fund.

**Section 17. Flow of Funds.** The District shall apply the Pledged Revenue in the following order of priority. For purposes of the following, when credits to more than one fund, account or purpose are required at any single priority level, such credits shall rank *pari passu* with each other.

- FIRST:** To the credit of the Debt Service Fund the amounts required by the Section hereof entitled "Debt Service Fund" and to the credit of any similar fund or account established for the payment of the principal of, premium, if any, and interest on any Parity Obligations the amounts required by the resolutions, indentures or other enactments or instruments authorizing the issuance of the Parity Obligations;
- SECOND:** To the credit of any sinking fund, reserve fund or similar fund or account established in connection with any Parity Obligations the amounts required by the resolutions, indentures or other enactments or instruments authorizing the issuance of the Parity Obligations;
- THIRD:** To the credit of any fund or account established for the payment of the principal of, premium, if any, and interest on Subordinate Obligations, including any sinking fund, reserve fund or similar fund or account established therefor, the amounts required by the resolutions, indentures or other enactments or instruments authorizing the issuance of the Subordinate Obligations; and
- FOURTH:** To the credit of any other fund or account designated by the District to be used for any lawful purpose.

**Section 18. Imposition of Required Mill Levy.** For the purpose of paying the principal of, premium, if any, and interest on the Bond when due, there shall be levied on all taxable property of the District, in addition to all other taxes, direct annual taxes in the years 2015 to 2044, inclusive, and to the extent necessary to pay all amounts due on the Bond, in each year subsequent to 2044, in the amount of the Required Mill Levy. Nothing herein shall be construed to require the District to levy an ad valorem property tax in excess of the Required Mill Levy.

The foregoing provisions of this Resolution are hereby declared to be the certificate of the Board to the Board of County Commissioners of El Paso County, Colorado, showing the aggregate amount of taxes to be levied from time to time, as required by law, for the purpose of paying the principal of, premium, if any, and the interest on the Bond.

The amounts necessary to pay all costs and expenses incidental to the issuance of the Bond and to pay the principal of, premium, if any, and interest on the Bond when due are hereby appropriated for such purposes, and such amounts as appropriate for each year shall also be included in the annual budget and the appropriation bills to be adopted and passed by the Board in each year, respectively, until the Bond has been fully paid, satisfied and discharged.

It shall be the duty of the Board, annually, at the time and in the manner provided by law for levying other District taxes, to ratify and carry out the provisions hereof with reference to the levying and collection of taxes; and the Board shall levy, certify and collect said taxes in the manner provided by law for the purpose of paying the principal of and interest on the Bond.

**Section 19. Additional Obligations.** So long as any Bond is outstanding, the District shall not incur any Additional Obligations except as provided in this Section.

(a) The District shall not issue or incur any Additional Obligations having a lien upon the Pledged Revenue or any part thereof that is superior to the lien of the Bond.

(b) Subject to the limitations of paragraph (a) above, the District may issue or incur Additional Obligations only with the prior written consent of the Owner.

(c) Nothing herein shall prevent the District from issuing or incurring obligations that are neither payable from nor constitute a lien on any of the Pledged Revenue.

**Section 20. Additional Covenants.** For so long as the Bond is outstanding, the District hereby covenants as follows:

(a) The District will continue to operate and manage the District in an efficient and economical manner in accordance with all applicable laws, rules and regulations, and will keep and maintain separate accounts of the receipts and expenses thereof in such manner that the Pledged Revenue may at all times be readily and accurately determined.

(b) At least once a year in the time and manner provided by law, the District will cause an audit to be performed of the records relating to District revenues and expenditures. In addition, at least once a year in the time and manner provided by law, the District will cause a budget to be prepared and adopted. Copies of the budget and the audit will be filed and recorded in the places, time and manner provided by law.

(c) The District will carry fire and extended coverage, workers' compensation, public liability and such other forms of insurance on insurable District property as would ordinarily be carried by governmental entities having similar properties of equal value and similar functions.

(d) Each District official or other person having custody of any Pledged Revenue, or responsible for the handling of such funds, will be fully bonded or insured against theft or embezzlement at all times to the extent required by law, which bond or insurance will be conditioned upon the proper application of such funds.

(e) The District will take no action that could have the effect of excluding property from the District unless the District determines in good faith that such action would not have a materially adverse effect upon the amount of Pledged Revenue that would otherwise be collected by the District.

(f) The District shall at all times comply with all applicable laws of the State and the Operating Plan and Budget.

**Section 21. Defeasance.** When all principal, premium, if any, and interest in connection with the Bond has been duly paid, the pledge and lien and all obligations of the District hereunder with respect to the Bond shall thereby be discharged and the Bond shall no longer be deemed to be outstanding within the meaning of this Resolution. There shall be deemed to be such due payment when the District has placed in escrow and in trust with a commercial bank

located within or without the State, and exercising trust powers, an amount sufficient (including the known minimum yield from Federal Securities in which such amount may be initially invested, which Federal Securities shall not be subject to redemption or prepayment at the option of the issuer thereof) to meet all requirements of principal, premium, if any, and interest in connection with the Bond, as the same becomes due to its final maturity or upon a designated prior redemption date. The Federal Securities shall not be subject to redemption or prepayment at the option of the issuer thereof, and shall become due at or prior to the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the District and such bank at the time of the creation of the escrow, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure such availability as so needed to meet such schedule. The sufficiency of any such escrow funded with Federal Securities shall be determined by a Certified Public Accountant.

**Section 22. Events of Default and Remedies.** The occurrence or existence of any one or more of the following events shall be an Event of Default hereunder, and there shall be no default or Event of Default hereunder except as provided in this Section:

(a) the District fails or refuses to impose the Required Mill Levy or to apply the Pledged Revenue as required by this Resolution;

(b) the District defaults in the performance of any other of its covenants in this Resolution, and such default continues for 60 days after written notice specifying such default and requiring the same to be remedied is given to the District by the Owner; or

(c) the District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Bond.

It is acknowledged that due to the limited nature of the Pledged Revenue, the failure to pay the principal of or interest on the Bond when due shall not, of itself, constitute an Event of Default.

Upon the occurrence and continuance of an Event of Default, the Owner may proceed to protect and enforce the rights of the Owner under this Resolution by mandamus or such other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction.

**Section 23. Amendments to the Resolution.** The District may, without the consent of or notice to the Owner, adopt amendments or supplements to this Resolution, which amendments or supplements shall thereafter form a part hereof, for any one or more of the following purposes:

(a) to cure any ambiguity, to cure, correct or supplement any formal defect or omission or inconsistent provision contained in this Resolution, to make any provision necessary or desirable due to a change in law, to make any provisions with respect to matters arising under this Resolution or to make any provisions for any other purpose, if such provisions are necessary or desirable and do not materially adversely affect the interests of the Owner;

(b) to subject to this Resolution or pledge to the payment of the Bond additional revenues, properties or collateral; and

(c) to grant or confer upon the Owner any additional rights, remedies, powers or authority that may be lawfully granted to or conferred upon the Owner.

In addition to the amendments or supplements to this Resolution specified above, the Owner shall have the right, from time to time, to consent to and approve the adoption by the District of such amendments or supplements to this Resolution as shall be deemed necessary or desirable by the District for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Resolution; provided, however, that without the consent of the Owner, nothing herein contained shall permit, or be construed as permitting:

(a) a change in the terms of the maturity of the Bond, in the principal amount of the Bond or the rate of interest thereon or in the terms of optional redemption of the Bond;

(b) an impairment of the right of the Owner to institute suit for the enforcement of any payment of the principal of or interest on the Bond when due;

(c) the creation of a privilege or priority of any interest payment over any other interest payment; or

(d) a change in the consent right of the Owner for any such amendatory or supplemental resolution.

If at any time the District shall desire to adopt an amendment or supplement to this Resolution that requires consent of the Owner, the District shall cause notice of the proposed adoption of such amendment or supplement to be given at least 15 days prior to the proposed date of adoption thereof by certified or registered first-class mail to the Owner at the address shown on the registration books maintained by the District, unless such notice is waived by the Owner. Such notice shall briefly set forth the nature of the proposed amendment or supplement and state that copies thereof are on file at the offices of the District or some other suitable location for inspection by the Owner.

Upon the execution of any amendment or supplement to this Resolution as provided herein, this Resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the District and the Owner under this Resolution shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

**Section 24. Declarations and Findings.** The Board, having been fully informed of and having considered all the pertinent facts and circumstances, hereby finds, determines and declares that:

(a) the total aggregate amount of indebtedness of the District does not now, and upon the issuance of the Bond shall not, exceed any applicable limit prescribed by the constitution or laws of the State or the Operating Plan and Budget;

(b) the issuance of the Bond is advantageous to the District and the taxpayers thereof; and

(c) the issuance of the Bond and all procedures undertaken incident thereto are in full compliance and conformity with all applicable requirements, provisions and limitations prescribed by the Operating Plan and Budget and the constitution and laws of the State, including the Business Improvement District Act, the Supplemental Public Securities Act and any other applicable law imposed upon or relating to the issuance of the Bond.

**Section 25. No Recourse Against Officers and Agents.** Pursuant to Section 11-57-209, C.R.S., if a member of the Board or any officer or agent of the District acts in good faith, no civil recourse shall be available against such member, officer or agent for payment of the principal of, premium, if any, or interest on the Bond. Such recourse shall not be available either directly or indirectly through the Board or the District, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty or otherwise. By the acceptance of the Bond and as a part of the consideration of their sale or purchase, any person purchasing or selling such Bond specifically waives any such recourse.

**Section 26. Limitation of Actions.** Pursuant to Section 11-57-212, C.R.S., no legal or equitable action brought with respect to any legislative acts or proceedings in connection with the authorization or issuance of the Bond shall be commenced more than 30 days after the authorization of the Bond.

**Section 27. Bank Qualified Obligation.** The District hereby designates the Bond as a "qualified tax-exempt obligation" under Section 265 (b)(3) of the Tax Code.

**Section 28. Authorization to Execute Documents.** The President or Vice President and Secretary or an Assistant Secretary of the District shall, and they are hereby authorized and directed, to take all actions necessary or appropriate to effectuate the provisions of this Resolution, including, but not limited to, the Tax Certificate and such other certificates and affidavits as may be reasonably required by Bond Counsel. The execution by the President or Vice President of the District of any document authorized herein shall be conclusive proof of the approval by the District of the terms thereof.

**Section 29. Delegation to President.** The District expects to deliver the Bond on or about March 5, 2015. Pursuant to Section 11-57-205, C.R.S., the District hereby delegates to the President of the District the authority (a) to determine an initial principal amount of the Bond of not to exceed \$1,750,000 and (b) to determine an alternate delivery date for the Bond; provided, however, that such delivery date, and consequently the Issue Date of the Bond, shall not be later than December 1, 2015.

**Section 30. Costs and Expenses.** All costs and expenses incurred in connection with the issuance of the Bond shall be paid either from the proceeds of the Bond, from legally

available moneys of the District or from a combination thereof, and such moneys are hereby appropriated for that purpose.

**Section 31. Actions on Non-Business Days.** If the date for making any payment or performing any other action hereunder is not a Business Day, such payment may be made or other act performed on the next succeeding Business Day.

**Section 32. Ratification and Approval of Prior Actions.** All actions heretofore taken by the officers of the District and the members of the Board, not inconsistent with the provisions of this Resolution, relating to the authorization, issuance and delivery of the Bond, are hereby ratified, approved and confirmed.

**Section 33. Resolution Irrepealable.** After the Bond has been issued, this Resolution shall constitute a contract between the Owner and the District and shall be and remain irrepealable until the Bond and the interest accruing thereon shall have been fully paid, satisfied and discharged as herein provided.

**Section 34. Repealer.** All orders, bylaws and resolutions of the District, or parts thereof, inconsistent or in conflict with this Resolution are hereby repealed to the extent only of such inconsistency or conflict.

**Section 35. Severability.** If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the intent being that the same are severable.

[Remainder of page intentionally left blank]

Section 36. Effective Date. This Resolution shall take effect immediately upon its adoption and approval.

ADOPTED AND APPROVED this 3<sup>rd</sup> day of Dec, 2014.



Ralph A. Braden  
Ralph A. Braden, President

Delroy L. Johnson  
Delroy Johnson Secretary

**EXHIBIT A**  
**to**  
**RESOLUTION**  
**FORM OF BOND**

*The Bond has not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state or other jurisdiction, and has been privately placed in reliance on exemptions from the registration requirements of the Securities Act and such laws. The transfer, pledge or other disposition of the Bond by the registered owner thereof is subject to the restriction that the purchaser or transferee of the Bond is required to be an "accredited investor" within the meaning of Section 11-59-110(1)(g), Colorado Revised Statutes, as amended ("C.R.S."), and to execute and deliver to the District an investor letter substantially in the form set forth in the hereinafter defined Resolution.*

No. R-1

\$1,750,000

UNITED STATES OF AMERICA  
STATE OF COLORADO  
EL PASO COUNTY  
CITY OF COLORADO SPRINGS

FIRST AND MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2  
LIMITED TAX GENERAL OBLIGATION BOND  
SERIES 2015

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Issue Date</u>
6.75%	December 1, 2044	_____, 2015

**Registered Owner:**

**Principal Amount: ONE MILLION SEVEN HUNDRED FIFTY THOUSAND Dollars**

First and Main Business Improvement District No. 2, in the City of Colorado Springs, El Paso County, Colorado (the "District"), a business improvement district duly organized and operating under the constitution and laws of the State of Colorado, for value received, hereby acknowledges itself indebted and promises to pay, solely from and to the extent of the Pledged Revenue (as defined by the Resolution described below), to the Registered Owner named above (the "Owner"), or registered assigns, on the Maturity Date specified above or on the date of prior redemption, the Principal Amount specified above. In like manner the District promises to pay interest on such Principal Amount (computed on the basis of a 360-day year of twelve 30-day months) from the interest payment date next preceding the date of registration and authentication of this Bond, unless this Bond is registered and authenticated prior to December 1, 2015, in which event this Bond shall bear interest from the Original Issue Date specified above, at the per annum Interest Rate specified above, payable annually on December 1 each year, commencing on December 1, 2015, until the Principal Amount of this Bond is paid in full.

This Bond is authorized and issued by the District for the purpose of paying the costs of providing certain public improvements for the District, by virtue of and in full conformity with the constitution and laws of the State of Colorado, including, without limitation, certain provisions of the "Supplemental Public Securities Act," being part 2 of article 57 of title 11, C.R.S., and pursuant to a duly adopted resolution authorizing the issuance of the Bond (the "Resolution"). Pursuant to Section 11-57-210, C.R.S., the foregoing recital shall be conclusive evidence of the validity and the regularity of the issuance of the Bond after its delivery for value.

The Bond and the interest thereon is payable solely from and to the extent of the Pledged Revenue as provided in the Resolution, including primarily the revenues derived from the limited exercise of the ad valorem taxing power of the District (the "Required Mill Levy"), and the Pledged Revenue is pledged to the payment of the Bond. *The Bond constitutes an irrevocable first lien upon the Pledged Revenue, but not necessarily an exclusive such lien.* Subject to the consent of the owner of the Bond, obligations in addition to the Bond may be issued and made payable from the Pledged Revenue and having a lien thereon that is on a parity with or subordinate and junior to, but not superior to, the lien thereon of the Bond.

**THIS BOND SHALL NOT CONSTITUTE AN INDEBTEDNESS, A DEBT, AN OBLIGATION OR A LIABILITY OF THE CITY OF COLORADO SPRINGS, COLORADO (THE "CITY"), IN ANY MANNER. THE FAITH AND CREDIT OF THE CITY IS NOT PLEDGED IN ANY MANNER FOR THE REPAYMENT OF THIS BOND.**

It is hereby recited, certified and warranted that all of the requirements of law have been fully complied with by the proper officers in issuing this Bond; that the total indebtedness of the District, including that of this Bond, does not exceed any limit prescribed by the constitution or laws of the State of Colorado; that at the election lawfully held within the District on November 4, 2008, the incurrence of the indebtedness represented by this Bond was duly authorized by a majority of the electors of the District qualified to vote and voting at said elections; and that provision has been made for the levy and collection of an ad valorem tax on all of the taxable property within the District in the amount of the Required Mill Levy for the purpose of paying the principal of and interest on this Bond as the same respectively become due.

*So long as the District imposes the Required Mill Levy and applies the Pledged Revenue as required by the Resolution, the insufficiency of Pledged Revenue available to pay the Principal Amount and interest on the Bond does not constitute an Event of Default under the Resolution. In such event, to the extent that the Principal Amount of this Bond is not paid when due, such Principal Amount will remain outstanding until paid; and to the extent that interest on this Bond is not paid when due, such unpaid interest will compound annually on each interest payment date, at the rate borne by this Bond; provided, however, that notwithstanding anything herein to the contrary, the District is not obligated to pay more than the amount permitted by law and its electoral authorization in repayment of this Bond, including all payments of principal and interest, and the Bond will be deemed defeased and no longer outstanding upon the payment by the District of such amount.*

The Principal Amount, premium, if any, and interest on this Bond shall be payable in lawful money of the United States of America. The Principal Amount and premium, if any, of

this Bond will be payable to the Owner hereof upon maturity or prior redemption and presentation of this Bond at the principal office of the District. Payment of each installment of interest on this Bond will be made to the person or entity that is the Owner hereof as of the close of business on the fifteenth (15<sup>th</sup>) day of the calendar month next preceding each interest payment date (the "Record Date") as evidenced by the registration books for the Bond maintained by the District, and will be payable by check or draft of the District mailed on or before the interest payment date to such Owner at the address appearing in such registration books. Any interest not paid or duly provided for on the scheduled interest payment date therefor shall cease to be payable to the person who is the Owner of such Bond at the close of business on the Record Date for such interest payment date and instead shall be payable, together with interest thereon due as the result of compounding, to the person who is the Owner of such Bond at the close of business on the Record Date for the interest payment date on which such deferred or compounded interest is paid.

The District may make payments of interest on this Bond by such alternative means as may be mutually agreed to between the Owner and the District.

If this Bond is not paid upon presentation at maturity or upon prior redemption, interest shall continue to accrue thereon at the rate borne prior to maturity or prior redemption until the principal thereof is paid in full.

This Bond is subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$100,000, and without premium, on December 1, 2024, and on any date thereafter, upon payment of the redemption price (expressed as a percentage of the principal amount of the Bond being redeemed) of 100%, plus accrued interest to the redemption date.

The District may deem and treat the Owner of this Bond as the absolute owner hereof for all purposes (whether or not this Bond shall be overdue), and any notice to the contrary shall not be binding upon the District.

This Bond may be transferred by the Owner hereof in person or by his attorney duly authorized in writing, at the office of the District, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution and upon surrender and cancellation of this Bond. **THIS BOND IS TRANSFERABLE ONLY TO AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF SECTION 11-59-110(1)(g), C.R.S., WHO EXECUTES AND DELIVERS TO THE DISTRICT AN INVESTMENT LETTER SUBSTANTIALLY IN THE FORM SET FORTH IN THE RESOLUTION.** This Bond may be transferred upon the registration books upon delivery to the District of this Bond, accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the District, duly executed by the Owner of this Bond or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer of the Bond, along with the social security number or federal employer identification number of such transferee. In the event of the transfer of this Bond, the District is to enter the transfer of ownership in the registration books and authenticate and deliver in the name of the transferee a new fully registered Bond for the principal amount that such transferee is entitled to receive at the earliest practicable time.

The District shall not be required to issue or transfer this Bond: (a) during a period beginning at the close of business of the District on the Record Date and ending at the close of business of the District on the related interest payment date; or (b) during the period beginning on the day on which notice of optional redemption of this Bond, in full or in part, is mailed and ending at the close of business of the District on the related optional redemption date.

The District will charge the Owner of this Bond for every exchange or transfer an amount sufficient to reimburse the District for its reasonable fees and for any tax or other governmental charge required to be paid with respect to such exchange or transfer.

If the date for making any payment or performing any other action under the Resolution is not a business day (i.e., a Saturday, a Sunday, a legal holiday or other day on which the principal office of the District is authorized or required by law to remain closed), such payment may be made or other act performed on the next succeeding business day.

*By acceptance of this Bond or any interest herein, the Owner of this Bond shall be deemed to have (1) agreed and consented to all of the limitations in respect of the payment of the principal and interest on this Bond contained in this Bond, the Resolution and the District's Operating Plan and Budget, (2) acknowledged that this Bond is not being registered under the Securities Act of 1933, as amended, is not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state and that as of the Original Issue Date this Bond will not carry a rating from any rating service, and (3) acknowledged and agreed that this Bond, and any interest herein, may and shall be sold, transferred or otherwise disposed of only to purchasers who satisfy the conditions specified in the Resolution.*

The District has designated the Bond as a "qualified tax-exempt obligation" under Section 265 (b)(3) of the Tax Code.

Reference is hereby made to the Resolution for an additional description of the nature and extent of the security for the Bond, the funds and revenues pledged to the payment thereof, the rights and remedies of the registered owners of the Bond, the manner in which the Resolution may be amended and the other terms and conditions upon which the Bond is issued, copies of which are on file for public inspection at the office of the District Secretary.

[Signature page follows]

**IN TESTIMONY WHEREOF**, the Board of Directors of First and Main Business Improvement District No. 2, in the City of Colorado Springs, El Paso County, Colorado, has caused this Bond to be signed by the manual or facsimile signature of the President or Vice President of the District, sealed with a manual impression or a facsimile of the seal of the District and attested by the manual or facsimile signature of the Secretary or an Assistant Secretary thereof, all as of the Original Issue Date specified above.

**(S E A L)**

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

\_\_\_\_\_  
President or Vice President

**ATTEST:**

\_\_\_\_\_  
Secretary or Assistant Secretary

**SCHEDULE I  
BOND PAYMENT DATES**

<b>(December 1)</b>	<b><u>Interest Payment</u></b>	<b><u>Principal Amount*</u></b>
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		
2039		
2040		
2041		
2042		
2043		
2044		

---

\* May be revised pursuant to the Section of the Resolution entitled "Delegation to President."

## ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto:

Name and address of Assignee:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Social Security or Federal Employer  
Identification Number of Assignee:

\_\_\_\_\_

the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_,  
attorney, to transfer said Bond on the books kept for registration thereof with full power of  
substitution in the premises.

Dated: \_\_\_\_\_

Signature of Registered Owner:

\_\_\_\_\_  
(NOTICE: The signature to this assignment must  
correspond with the name of the Registered Owner as it  
appears upon the face of the within Bond in every  
particular, without alteration or enlargement or any  
change whatever.)

Signature guaranteed:

\_\_\_\_\_  
(NOTICE: The signature to this assignment must be  
guaranteed by an eligible guarantor institution (bank,  
stockbroker, savings and loan association or credit union)  
with membership in an approved guarantee medallion  
program pursuant to Securities and Exchange  
Commission Rule 17Ad-15.)

TRANSFER FEE MAY BE REQUIRED

\* \* \*

**EXHIBIT B**  
**to**  
**RESOLUTION**

**FORM OF INVESTMENT LETTER**

First and Main Business Improvement District No. 2  
Colorado Springs, Colorado

Re: First and Main Business Improvement District No. 2, In the City of  
Colorado Springs, El Paso County, Colorado, Limited Tax General  
Obligation Bond, Series 2015

Ladies and Gentlemen:

In connection with its acquisition of Limited Tax General Obligation Bond, Series 2015 (the "Bond"), issued by the First and Main Business Improvement District No. 2, in the City of Colorado Springs, El Paso County, Colorado (the "District"), pursuant to a resolution adopted by the Board of Directors of the District on \_\_\_\_\_, 2015 (the "Resolution"), the undersigned (the "Investor") hereby represents, warrants and agrees as follows:

1. The Investor is an "accredited investor" within the meaning of Section 11-59-110(1)(g), Colorado Revised Statutes, as amended ("C.R.S."), being an "accredited investor" as that term is defined under Sections 3(b) and (4)(2) of the Securities Act of 1933, as amended (the "Securities Act"), by regulation adopted thereunder by the Securities and Exchange Commission; the Investor is 21 years of age or older (if the Investor is an association, then each of its members are of such age); and if the Investor is a partnership, joint venture, corporation or trust, the Investor was not organized or reorganized for the specific purpose of acquiring the Bond. Specifically, the Investor comes within the following category or categories of the definition of "accredited investor" (check the appropriate categories):

- ☐ An institutional investor within the meaning of Rule 501(a)(1) of Regulation D of the Securities Act with total assets in excess of \$5,000,000:
- ☐ A bank as defined in Section 3(a)(2) of the Securities Act, whether acting in its individual or fiduciary capacity;
- ☐ A savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act whether acting in its individual or fiduciary capacity;
- ☐ A broker or dealer registered pursuant to Section 15 of the federal Securities Exchange Act of 1934 (the "Exchange Act");
- ☐ An insurance company as defined in Section 2(a)(13) of the Securities Act;

- ☐ An investment company registered under the federal Investment Company Act of 1940 (the "Investment Company Act") or business development company as defined in Section 2(a)(48) of the Investment Company Act;
- ☐ A Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958;
- ☐ A plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions for the benefit of its employees, if such plan has total assets in excess of \$5 million; or
- ☐ An employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 ("ERISA") if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of ERISA, that is either a bank, savings and loan association, insurance company or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5 million or is a self-directed plan, if the investment decision is made solely by persons that are accredited investors;
- ☐ A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940.
- ☐ An organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, with total assets in excess of \$5,000,000.
- ☐ A natural person whose net worth (or whose joint net worth when combined with that of my spouse) exceeds \$1,000,000.
- ☐ A natural person who had individual income in excess of \$200,000 in each of the last two years and/or such person and spouse have had combined income of \$300,000 in each of the past two years and reasonably expect such income to be at the same level in the current year.
- ☐ A trust with in excess of \$5,000,000 in assets and not formed for the specific purpose of participating in this offering and managed by a sophisticated investor.
- ☐ An entity all of whose equity owners are accredited investors.

2. The Investor has conducted an independent investigation of the legal and financial aspects of the Bond to determine whether an investment therein is consistent with the Investor's investment objectives.

3. The Investor understands that there is a substantial degree of investment risk in purchasing and holding the Bond, and has sufficient knowledge and experience in financial and

business matters to be capable of evaluating the economic merits and risks of purchasing and holding the Bond. The Investor has made such inquiries and has had such opportunity to review information from the District and others to which the Investor, as a reasonable investor, would attach significance in making its investment decision relating to the purchase of the Bond.

4. In making its decision to purchase the Bond, the Investor has reviewed the Resolution, all other relevant documents referred to therein and such other documents as the Investor has deemed necessary, and the Investor understands the provisions thereof.

5. The Investor has performed its own financial analysis with regard to the District, the Bond, the financial condition or future prospects of the owners of property within the District, the current and proposed development within the District and the ability of the District to repay the Bond from the sources pledged thereto, the Investor has not relied upon the District or its officers, agents or attorneys with respect to the accuracy, completeness or truth of any statement made or omitted concerning such matters, and the Investor acknowledges that the District and its officers, agents and attorneys have made no representations relating to such matters or have undertaken any steps to ascertain the accuracy, completeness or truth of any statement made or omitted concerning any of the material facts relating to such matters.

6. The Investor understands that the Bond is payable solely from and to the extent of the Pledged Revenue, as defined in the Resolution.

7. The Investor understands that the Pledged Revenue defined in the Resolution and the amounts on deposit in the funds established by the Resolution may not be sufficient to pay the principal of and interest on the Bond when due; that the inability of the District to pay the principal of or interest on the Bond when they come due does not constitute an event of default under the Resolution; that the principal of the Bond that is not paid when due will remain outstanding until paid, and the interest on the Bond that is not paid when due will compound annually on each interest payment date for the Bond at the stated interest rate of the Bond; and that the District will be obligated to continue to levy the Required Mill Levy defined in the Resolution (subject to the mill levy limitation term contained in the District's Operating Plan and Budget) until such time as the Bond is paid in full, provided that the District will not be obligated to pay more than the amount permitted by law and its electoral authorization in the Resolution in repayment of the Bond, and the Bond will be deemed to be defeased and no longer outstanding upon the expiration of such mill levy limitation term or the payment by the District of such amount.

8. The Investor understands that the Bond has not been registered under the Securities Act, article 59 of title 11, C.R.S. (the "Colorado Municipal Bond Supervision Act"), or any other applicable state securities or "Blue Sky" laws, but are being issued pursuant to exemptions from the registration requirements of such laws.

9. The Investor is acquiring the Bond for the Investor's own account with the present intent of holding them for investment and not with a view to the distribution, transfer or resale thereof; provided that nothing herein prohibits the Investor from selling the Bond, or any interest therein, in the future. The Investor hereby represents and agrees that it will not sell the Bond, or any interest therein, except in compliance with applicable laws, including, without

limitation, the Securities Act and the Colorado Municipal Bond Supervision Act. The Investor understands that there is no established secondary market for the Bond.

10. The Investor is aware that no credit rating has been sought or obtained with respect to the Bond.

11. The funds provided for this investment are either separate property, community property over which the signatory hereto has the right of control or are otherwise funds as to which the undersigned has the sole right of management.

12. The Investor agrees to indemnify the District and its officers, agents or attorneys for any loss that they may sustain or incur as a result of any action taken by the Colorado Division of Securities, the Securities and Exchange Commission or any other person or entity challenging the status of the Investor as an "accredited investor" within the meaning of the Colorado Municipal Bond Supervision Act or Regulation D of the Securities Act.

13. The Investor understands that by acceptance of the Bond or any interest therein, the Investor will be deemed to have (1) agreed and consented to all of the limitations in respect of the payment of the principal and interest on the Bond contained in the Bond, the Resolution and the District's Operating Plan and Budget (defined in the Resolution), (2) acknowledged that the Bond is not being registered under the Securities Act, is not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state and that upon issuance the Bond will not carry a rating from any rating service, and (3) acknowledged and agreed that the Bond, and any interest therein, may and shall be sold, transferred or otherwise disposed of only to purchasers who satisfy the conditions specified in the Resolution.

14. The Investor recognizes that the sale of the Bond to the Investor is based upon the representations and warranties set forth herein, and agrees to indemnify the District and its officers, agents and attorneys and to hold them harmless, from and against any and all loss, damage, liability or expense, including costs and reasonable attorneys' fees, to which they may be put or that they may incur by reason of, or in connection with, any misrepresentation made by the Investor in this Investment Letter, any breach by the Investor of the warranties and/or failure to fulfill any of the covenants or agreements contained herein or arising out of the sale or distribution of the Bond by the Investor in violation of the Colorado Municipal Bond Supervision Act, the Securities Act or any other applicable securities or "Blue Sky" laws.

[Signature page follows]

The representations made in this Investment Letter shall survive the death or any dissolution or reorganization of the Investor.

Dated:

\_\_\_\_\_  
Signature of Investor

\_\_\_\_\_  
Name of Investor [please print]

\_\_\_\_\_  
Social Security or Tax Identification Number

**EXHIBIT C**  
**to**  
**RESOLUTION**

**CERTIFICATION OF RESOLUTION**

STATE OF COLORADO )  
 )  
EL PASO COUNTY ) ss.  
 )  
FIRST AND MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2 )

I hereby certify that I am the duly appointed, qualified and acting Assistant Secretary of the First and Main Business Improvement District No. 2, in the City of Colorado Springs, El Paso County, Colorado (the "District"), and further certify as follows:

1. The foregoing pages are a true and correct copy of a resolution (the "Resolution") authorizing the issuance by the District of its \$1,750,000 General Obligation Limited Tax Bond, Series 2015, which Resolution was passed and adopted by the Board of Directors of the Board, acting in their capacity as the governing body of the District (the "Board") at a special meeting of the Board (the "Meeting") held at 111 South Tejon Street, Suite 222 in Colorado Springs, Colorado, on \_\_\_\_\_, January \_\_, 2015, at the hour of \_\_\_\_ a.m., at which Meeting a quorum of the Board was present.

2. The Resolution was duly moved and seconded and the Resolution adopted at the Meeting by an affirmative vote of a majority of the members of the Board as follows:

Director	Moved	Seconded	"Aye"	"Nay"	Absent	Abstain
Ralph A. Braden						
Christopher S. Jenkins						
David D. Jenkins						
Delroy Johnson						
Frederick A. Veitch						

3. The members of the Board were present at the Meeting and voted on the passage of the Resolution as set forth above.

4. The Resolution was approved and authenticated by the signature of the President of the Board, sealed with the District seal, attested by the Assistant Secretary of the Board and recorded in the minutes of the Board.

5. Attached hereto is a copy of the notice of the Meeting, which notice was posted in accordance with law.

6. There are no bylaws, rules or regulations of the Board which prevent the immediate adoption of the Resolution set forth in the foregoing proceedings.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the District this \_\_\_\_\_ day of January, 2015.

(SEAL)

---

Delroy Johnson Secretary

**(Attach Notice of Meeting)**

**NOTICE OF SPECIAL MEETING  
AND  
NOTICE OF FINAL DETERMINATION TO ISSUE  
GENERAL OBLIGATION INDEBTEDNESS**

NOTICE IS HEREBY GIVEN that the Board of Directors of the **FIRST AND MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2**, in the City of Colorado Springs, County of El Paso, State of Colorado, will hold a special meeting at 9:30 a.m. on Wednesday, January \_\_\_\_, 2015, at 111 South Tejon Street, Suite 222, Colorado Springs, Colorado. At such meeting, it is anticipated that the Board will make a final determination to authorize the issuance of general obligation indebtedness, and address those matters set out in the agenda below, as the same may be amended at the meeting, and conduct such other business as may properly come before the Board.

The meeting is open to the public.

BY ORDER OF THE BOARD OF DIRECTORS:

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

By:     /s/    Ralph A. Braden      
President

---

**AGENDA**

1. Call to order
2. Disclosure of potential conflicts of interest
3. Approval of agenda
4. Review and approval of minutes
5. Consideration of final determination to authorize the issuance of the District's General Obligation Bonds, Series 2015, in the initial aggregate amount of \$1,750,000
6. Legal matters
7. Other business
8. Adjournment

Dated: January \_\_\_\_, 2015