

2020 OPERATING PLAN AND BUDGET

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

City of Colorado Springs, El Paso County, Colorado

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 Debt Service Fund

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2020
OPERATING PLAN FOR THE
FIRST AND MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2

1. PURPOSE AND SCOPE OF THIS DISTRICT

A. *Requirement for this Operating Plan*

The Business Improvement District Act, specifically Section 31-25-1211, C.R.S., requires that the First and Main Business Improvement District No. 2 (the “District”) file an operating plan and budget with the City Clerk no later than September 30 of each year.

Under the statute, the City is to approve the operating plan and budget within 30 days of the submittal of all required information.

The District operates under the authorities and powers allowed under the Business Improvement District Act, Section 31-25-1201, et seq., Colorado Revised Statutes, as amended, as further described and limited by this Operating Plan.

B. *What Must Be Included in the Operating Plan?*

Pursuant to the provisions of the Business Improvement District Act, Section 31-25-1201, et seq., Colorado Revised Statutes, as amended, this Operating Plan specifically identifies: (1) the composition of the Board of Directors; (2) the services and improvements to be provided by the District; (3) the taxes, fees, and assessments to be imposed by the District; (4) the estimated principal amount of the bonds to be issued by the District; and (5) such other information as the City may require.

The District’s original 2009 and subsequent Operating Plans, previously approved by the City, are incorporated herein by reference, and shall remain in full force and effect except as specifically or necessarily modified hereby.

C. *Purposes.*

As may be further articulated in prior years’ Operating Plans, the ongoing and/or contemplated purposes of this District for 2020 include financing, acquisition, construction, completion, installation, replacement and/or operation and maintenance of all of the services and public improvements allowed under Colorado law for business improvement Districts. Specific improvements and services provided by the District include water, sanitation, street, storm, park and recreation, and the operation and maintenance of the District consistent with prior years’ activities.

D. *Ownership of Property or Major Assets.*

The District owns certain street and landscaping improvements.

E. Contracts and Agreement.

Intergovernmental Agreement for Cost Sharing of Certain Public Improvements (January 28, 2009) between First & Main Business Improvement District and First & Main Business Improvement District No. 2; Intergovernmental Agreement for Operational Cost Sharing (January 1, 2014) between First and Main Business Improvement District and First and Main Business Improvement District No. 2, whereby First and Main Business Improvement District transfers revenue from its operational mill levy to the District, which is responsible for paying all operations and maintenance costs of the two Districts.

2. ORGANIZATION AND COMPOSITION OF THE BOARD OF DIRECTORS

A. Organization.

The First and Main Business Improvement District No. 2 was organized by the City of Colorado Springs, Colorado by Ordinance No. 08-144 on September 23, 2008.

B. Governance.

The District is governed by an elected board of directors.

C. Current Board.

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

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

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

D. Term Limits.

The District will hold a regular election in May 2020 and a ballot question will be included to eliminate term limits.

E. Advisory Board.

The Board of Directors may appoint one or more advisory boards to assist the Board of Directors on such matters as the Board of Directors desires assistance. The Board of Directors shall, upon the appointment of an advisory board, set forth its duties, duration, and membership. The Board of Directors may provide rules of procedure for the advisory board or may delegate to the advisory board the authority to provide such rules. No advisory boards have yet been appointed to date.

3. BOUNDARIES, INCLUSIONS AND EXCLUSIONS

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

4. PUBLIC IMPROVEMENTS

The District will be primarily concerned with the provision of public improvements and services within the boundaries of the District; however, there may be instances to provide improvements or services outside of the boundaries of the District as development and completion of existing projects occurs in 2020. The District shall have the authority to provide these improvements and services, but the revenue-raising powers of the District to recoup the costs of extraterritorial improvements and services shall be as limited by state law.

The public improvements that the District anticipates it will construct, install or cause to be constructed and installed, include those public improvements the costs of which may, in accordance with the Business Improvement District Act, Section 31-25-1201, et seq., C.R.S., lawfully be paid for by the District, including, without limitation, water services, safety protection devices, sanitation services, marketing, streetscape improvements, street improvements, curbs, gutters, culverts, drainage facilities, sidewalks, parking facilities, paving, lighting, grading, landscaping and storm and wastewater management facilities and associated land acquisition and remediation (the "Public Improvements"). The costs of such Public Improvements, including costs of design, acquisition, construction and financing, are referred to herein as the "Public Improvement Costs."

5. ADMINISTRATION, OPERATIONS, SERVICES AND MAINTENANCE

The District shall provide for ownership, operation, and maintenance of District facilities as activities of the District itself or by contract with other units of government or the private sector.

6. FINANCIAL PLAN AND BUDGET

1. 2020 Budget.

The 2020 Budget for the District is attached as **EXHIBIT B**.

2. Authorized Indebtedness.

At an election held on November 4, 2008, the District's electors authorized the issuance of indebtedness in an amount not to exceed \$5,000,000 for water, \$20,000,000 for streets, \$5,000,000 for sanitation, \$5,000,000 for park and recreation, and \$20,000,000 for refunding of debt. The voters also approved an annual increase in taxes of \$150,000 annually, at a mill levy rate not to exceed one mill for operations and maintenance. The election also allows the District to retain all revenues without regard to the limitations contained in Article X, Section 20 of the Colorado constitution. As set forth in the District's 2009 Operating Plan, the

City has limited the amount of debt to be issued to a total of \$20,000,000 in the authorized voted categories without future approval by the City.

3. ***Property Tax and Mill Levy Caps.*** The mill levy limitations in the 2009 Operating Plan (being 50 mills for debt service and one (1) mill for general operations and administrative expenses) remain unchanged.
4. ***District Revenues.***
See 2020 Budget attached hereto as **EXHIBIT B.**
5. ***Existing Debt Obligations.***
The District issued limited tax general obligation bonds in 2009 in the principal amount of \$2,400,000 (the "2009 Bonds"). As required by the District's 2009 Operating Plan, the issuance of the 2009 bonds was approved by Resolution 53-09 of the City Council.

In early 2011, the District issued the \$2,000,000 First and Main Business Improvement District No. 2 Public Improvement Fee Revenue Bond, Series 2010 (the "2010 Bonds"). The Bond is issued pursuant to an authorizing resolution (the "Bond Resolution") originally adopted by the Board of Directors of the District (the "Board") at a meeting held on August 25, 2010, and re-adopted at a meeting of the Board held on December 1, 2010, as supplemented by a Sale Certificate executed and delivered by the President of the District. As required by the District's 2010 Operating Plan, the issuance of the 2011 Bonds was approved by Resolution 186-10 of the City Council.

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

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

6. *Future Debt Obligations.*

In accordance with the City's Special District Policy this District shall request and obtain approval of City Council prior to issuance of any debt in accordance with the financing plan for the district as previously approved. The standards for City approval shall generally be consistent with the City's Special District Policy, as it may be amended, along with the most recently approved operating plan and budget and any requirements or limitations contained therein to the extent that they are consistent with the financing plans for the District.

7. *Other Financial Obligations.*

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

8. *City Charter Limitations.*

In accordance with 7-100 of the City Charter, the District shall not issue any debt instrument for any purpose other than construction of capital improvements with a public purpose necessary for development. As set forth in 7-100 of the City Charter, the total debt of any proposed District shall not exceed 10 percent of the total assessed valuation of the taxable property within the District unless approved by at least a two-thirds vote of the entire City Council.

9. *Non-Default Provisions.*

Limited tax general obligation bonds issued by the District shall be structured and/or credit enhancements provided such that the bonds cannot default as long as the District is imposing the required maximum allowed mill levy.

10. *Privately Placed Debt.*

Prior to the issuance of any privately placed debt for capital related costs, the District shall obtain the certification of an External Financial Advisor regarding the fairness and feasibility of the interest rate and the structure of the debt.

11. *The debt of the District will not constitute a debt or obligation of the City in any manner. The faith and credit of the City will not be pledged for the repayment of the debt of the District. This will be clearly stated on all offering circulars, prospectus, or disclosure statements associated with any securities issued by the District*

7. MUNICIPAL OVERSIGHT OF DISTRICT ACTIVITIES

(a) *Audit.*

The District agrees to submit an annual audit to the City Finance Department no later than March 1st of each year which is performed by an independent certified public accounting firm. Even if the state grants an audit exemption, the District must submit an annual audit as specified above.

(b) *SID Formation.*

The District affirms that it will provide an Amended Operating Plan and seek prior approval of City Council prior to formation of any Special Improvement District within its boundaries in the future.

(c) *City Authorization Prior to Debt Issuance.*

In accordance with the City's Special District Policy, and notwithstanding any statements of intent in the Budget and Operating Plan, this District shall request and obtain approval of City Council prior to issuance of any debt in accordance with the financing plan for the District as previously approved. The standards for City approval shall generally be consistent with the City's Special District Policy, as it may be amended, along with the most recently approved operating plan and budget and any requirements or limitations contained therein to the extent that they are consistent with the financing plans for the District.

(d) *Public Improvement Fees.*

The use of a public improvement fee ("PIF") is in place to provide necessary funding revenues for the improvements financed by the District. The District will utilize revenues from the PIF for such purposes.

(e) *Condemnation.*

The Colorado Revised Statutes do not authorize BIDs to use powers of eminent domain. The exercise of eminent domain authority by any City-authorized district is also specifically prohibited without express prior City Council approval.

8. 2020 ACTIVITIES, PROJECTS AND CHANGES

1. *Activities.*

The District does not anticipate activity for commercial development in 2020, and has no specific plan at this time.

2. *Projects and Public Improvements.*

The District does not presently anticipate funding the design, installation or acquisition of additional public improvements during 2020. If the District acts to fund additional improvements during calendar year 2020, an amendment to this Operating Plan will be sought in accordance with the provision of Section 3-25-1211, C.R.S.

3. *Summary of 2020 Activities and Changes from Prior Year.*

The District's activities and will focus on district administration and payment of its bonds.

Boundary changes: Not anticipated for the upcoming year.

Changes to board or governance structure: Not anticipated for the upcoming year.

Mill levy changes: Mill levies remain the same for the upcoming year.

New, refinanced or fully discharged debt: Not anticipated for the upcoming year.

Elections: May 5, 2020 Regular Election.

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

Ability to meet current financial obligations: See 2020 Budget attached as **EXHIBIT B.**

9. DISSOLUTION

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

10. CONCLUSION

It is submitted that this Operating Plan and Budget for the District meets the requirements of the Business Improvement District Act and further meets applicable requirements of the Colorado Constitution and other law. It is further submitted that the types of services and improvements to be provided by the District are those services and improvements which satisfy the purposes of Part 12 of Article 25 of Title 31, C.R.S.

EXHIBIT A
Director and Other Contact Information
First and Main Business Improvement District No. 2

BOARD OF DIRECTORS:

NAME & ADDRESS	POSITION	TERM(S)	PHONE #/E-MAIL
Timothy Seibert Nor'wood Development Group 111 South Tejon, Suite 222 Colorado Springs, CO 80903	President	2018-2022	(w) 719-593-2600 (f) 719-633-0545 tseibert@nor-wood.com
Christopher S. Jenkins Nor'wood Development Group 111 South Tejon, Suite 222 Colorado Springs, CO 80903	Vice President	2014-2018; 2018-2022	(w) 719-593-2600 (f) 719-633-0545 chrisjenkins@nor-wood.com
David D. Jenkins Nor'wood Development Group 111 South Tejon, Suite 222 Colorado Springs, CO 80903	Secretary	2014-2018; 2018-2022	(w) 719-593-2600 (f) 719-633-0545 ddj@nor-wood.com
Frederick A. Veitch Nor'wood Development Group 111 South Tejon, Suite 222 Colorado Springs, CO 80903	Treasurer	2014-2016; 2016-2020	(w) 719-593-2600 (f) 719-633-0545 fveitch@nor-wood.com
Delroy L. Johnson Nor'wood Development Group 111 South Tejon, Suite 222 Colorado Springs, CO 80903	Assistant Secretary	2014-2016; 2016-2020	(w) 719-593-2600 (f) 719-633-0545 djohnson@nor-wood.com

DISTRICT CONTACT:

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

DISTRICT MANAGER:

Josh Miller
CliftonLarsonAllen LLP
8390 East Crescent Parkway, Suite 600
Greenwood Village, CO 80111
(w) 303-779-5710
(f) 303-779-0348
josh.miller@claconnect.com

ACCOUNTANT:

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

AUDITOR:

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

INSURANCE AND BONDS:	STAFF:
T. Charles Wilson Insurance Service 384 Inverness Parkway Centennial, CO 80112 303-368-5757	N/A

EXHIBIT B

2020 BID Budget

General Fund

Debt Service Fund

Capital Projects Fund

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



CliftonLarsonAllen LLP
CLAconnect.com

Accountant's Compilation Report

Board of Directors
First & Main Business Improvement District No. 2

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of First & Main Business Improvement District No. 2 for the year ending December 31, 2020, including the estimate of comparative information for the year ending December 31, 2019, and the actual comparative information for the year ended December 31, 2018, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105 and the related summary of significant assumptions in accordance with guidelines for the presentation of a budget established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

The budgeted results may not be achieved as there will usually be differences between the budgeted and actual results, because events and circumstances frequently do not occur as expected, and these difference may be material. We assume no responsibility to update this report for events and circumstances occurring after the date of this report.

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

We are not independent with respect to First & Main Business Improvement District No. 2.

Colorado Springs, Colorado
_____, 2019



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PRELIMINARY DRAFT - SUBJECT TO REVISION

FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2
SUMMARY
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,

9/25/19

	ACTUAL 2018	BUDGET 2019	ACTUAL 6/30/2019	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ 1,085,233	\$ 1,455,933	\$ 1,440,586	\$ 1,440,586	\$ 1,296,822
REVENUES					
Property Taxes	579,147	614,742	611,842	614,742	614,654
Specific Ownership Tax	73,086	73,769	35,213	73,769	67,612
Interest Income	34,443	24,715	23,587	47,174	30,248
PIF Collections	442,565	486,000	176,698	430,513	431,571
Developer Advance	-	-	-	511,317	-
Intergovernmental Revenue - First & Main BID	24,818	24,028	13,281	24,208	22,263
Total Revenues	1,154,059	1,223,254	860,621	1,701,723	1,166,348
TRANSFERS IN	-	1,000,000	-	521,317	700,000
Total Funds Available	2,239,292	3,679,187	2,301,207	3,663,626	3,163,170
EXPENDITURES					
General Fund	80,094	80,000	49,770	90,000	84,000
Debt Service Fund	718,612	725,000	9,003	722,853	725,000
Capital Projects Fund	-	1,000,000	-	1,032,634	700,000
Total Expenditures	798,706	1,805,000	58,773	1,845,487	1,509,000
TRANSFERS OUT	-	1,000,000	-	521,317	700,000
Total Expenditures and Transfers Out Requiring Appropriation	798,706	2,805,000	58,773	2,366,804	2,209,000
ENDING FUND BALANCES	\$ 1,440,586	\$ 874,187	\$ 2,242,434	\$ 1,296,822	\$ 954,170
EMERGENCY RESERVE	\$ 3,400	\$ 3,400	\$ 1,900	\$ 3,500	\$ 3,200
AVAILABLE FOR OPERATIONS	172,790	200,954	187,347	187,402	208,884
TOTAL RESERVE	\$ 176,190	\$ 204,354	\$ 189,247	\$ 190,902	\$ 212,084

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

FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2
PROPERTY TAX SUMMARY INFORMATION
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,

9/25/19

ACTUAL 2018	BUDGET 2019	ACTUAL 6/30/2019	ESTIMATED 2019	BUDGET 2020
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ASSESSED VALUATION

Commercial	\$ 11,033,040	\$ 11,741,560	\$ 11,741,560	\$ 11,741,560	\$ 11,676,990
State Assessed	103,440	107,070	107,070	107,070	108,850
Vacant Land	205,150	205,150	205,150	205,150	266,190
Certified Assessed Value	<u>\$ 11,341,630</u>	<u>\$ 12,053,780</u>	<u>\$ 12,053,780</u>	<u>\$ 12,053,780</u>	<u>\$ 12,052,030</u>

MILL LEVY

General	1.000	1.000	1.000	1.000	1.000
Debt Service	50.000	50.000	50.000	50.000	50.000
Total mill levy	<u>51.000</u>	<u>51.000</u>	<u>51.000</u>	<u>51.000</u>	<u>51.000</u>

PROPERTY TAXES

General	\$ 11,342	\$ 12,053	\$ 12,053	\$ 12,053	\$ 12,052
Debt Service	567,082	602,689	602,689	602,689	602,602
Levied Property Taxes	578,424	614,742	614,742	614,742	614,654
Adjustments to Actual/Rounding	723	-	(2,900)	-	-
Budgeted Property Taxes	<u>\$ 579,147</u>	<u>\$ 614,742</u>	<u>\$ 611,842</u>	<u>\$ 614,742</u>	<u>\$ 614,654</u>

BUDGETED PROPERTY TAXES

General	\$ 11,351	\$ 12,053	\$ 11,992	\$ 12,053	\$ 12,052
Debt Service	567,796	602,689	599,850	602,689	602,602
	<u>\$ 579,147</u>	<u>\$ 614,742</u>	<u>\$ 611,842</u>	<u>\$ 614,742</u>	<u>\$ 614,654</u>

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

FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2
GENERAL FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,

9/25/19

	ACTUAL 2018	BUDGET 2019	ACTUAL 6/30/2019	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ 143,858	\$ 171,703	\$ 176,190	\$ 176,190	\$ 190,902
REVENUES					
Property Taxes	11,351	12,053	11,992	12,053	12,052
Specific Ownership Tax	73,086	73,769	35,213	73,769	67,612
Interest Income	3,171	2,801	2,341	4,682	3,255
Intergovernmental Revenue - First & Main B	24,818	24,028	13,281	24,208	22,263
Total Revenues	112,426	112,651	62,827	114,712	105,182
Total Funds Available	256,284	284,354	239,017	290,902	296,084
EXPENDITURES					
General and administrative					
Accounting	22,799	26,500	17,662	26,500	26,500
Auditing	7,100	7,200	7,200	7,200	7,200
County Treasurer's Fee	170	181	180	181	181
PIF Services	12,217	15,000	8,220	16,000	15,000
Dues and Licenses	589	607	874	874	700
Insurance and Bonds	3,880	4,000	3,665	3,665	4,000
District Management	12,586	12,500	2,424	9,500	12,500
Legal Services	18,430	12,500	1,813	12,500	15,000
Miscellaneous	642	1,000	517	1,050	1,000
Election Expense	1,681	-	-	-	800
Repay Developer Advance - Principal	-	-	5,100	5,100	-
Repay Developer Advance - Interest	-	-	2,115	2,115	-
Contingency	-	512	-	5,315	1,119
Total Expenditures	80,094	80,000	49,770	90,000	84,000
TRANSFERS OUT					
Transfers to other fund	-	-	-	10,000	-
Total Expenditures and Transfers Out Requiring Appropriation	80,094	80,000	49,770	100,000	84,000
ENDING FUND BALANCE	\$ 176,190	\$ 204,354	\$ 189,247	\$ 190,902	\$ 212,084
EMERGENCY RESERVE	\$ 3,400	\$ 3,400	\$ 1,900	\$ 3,500	\$ 3,200
AVAILABLE FOR OPERATIONS	172,790	200,954	187,347	187,402	208,884
TOTAL RESERVE	\$ 176,190	\$ 204,354	\$ 189,247	\$ 190,902	\$ 212,084

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

FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2
DEBT SERVICE FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,

9/25/19

	ACTUAL 2018	BUDGET 2019	ACTUAL 6/30/2019	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ 941,375	\$ 1,284,230	\$ 1,264,396	\$ 1,264,396	\$ 1,105,920
REVENUES					
Property Taxes	567,796	602,689	599,850	602,689	602,602
Interest Income	31,272	21,914	21,246	42,492	26,993
PIF Collections	442,565	486,000	176,698	430,513	431,571
Total Revenues	1,041,633	1,110,603	797,794	1,075,694	1,061,166
Total Funds Available	1,983,008	2,394,833	2,062,190	2,340,090	2,167,086
EXPENDITURES					
General and administrative					
County Treasurer's Fee	8,524	9,040	9,003	9,040	9,039
Contingency	-	2,147	-	-	4,611
Debt Service					
Bond Interest - Series 2009	186,150	182,750	-	182,750	178,925
Bond Interest - Series 2011	150,450	146,625	-	146,625	142,375
Bond Interest - Series 2015 GO	114,075	112,388	-	112,388	110,700
Bond Interest - Series 2015 PIF	114,413	112,050	-	112,050	109,350
Bond Principal - Series 2009	40,000	45,000	-	45,000	50,000
Bond Principal - Series 2011	45,000	50,000	-	50,000	55,000
Bond Principal - Series 2015 GO	25,000	25,000	-	25,000	25,000
Bond Principal - Series 2015 PIF	35,000	40,000	-	40,000	40,000
Total Expenditures	718,612	725,000	9,003	722,853	725,000
TRANSFERS OUT					
Transfers to other fund	-	1,000,000	-	511,317	700,000
Total Expenditures and Transfers Out Requiring Appropriation	718,612	1,725,000	9,003	1,234,170	1,425,000
ENDING FUND BALANCE	\$ 1,264,396	\$ 669,833	\$ 2,053,187	\$ 1,105,920	\$ 742,086

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

FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2
CAPITAL PROJECTS FUND
2020 BUDGET
WITH 2018 ACTUAL AND 2019 ESTIMATED
For the Years Ended and Ending December 31,

9/25/19

	ACTUAL 2018	BUDGET 2019	ACTUAL 6/30/2019	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -
REVENUES					
Developer Advance	-	-	-	511,317	-
Total Revenues	-	-	-	511,317	-
TRANSFERS IN					
Transfers from Other Funds	-	1,000,000	-	521,317	700,000
Total Funds Available	-	1,000,000	-	1,032,634	700,000
EXPENDITURES					
General and Administrative					
Contingency	-	-	-	10,000	-
Capital Projects					
Repay Developer Advance	-	-	-	511,317	700,000
Streets	-	1,000,000	-	-	-
Capital Outlay	-	-	-	511,317	-
Total Expenditures	-	1,000,000	-	1,032,634	700,000
Total Expenditures and Transfers Out Requiring Appropriation	-	1,000,000	-	1,032,634	700,000
ENDING FUND BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -

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

FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

The District was organized by Ordinance of the City of Colorado Springs on September 9, 2008, to provide the financing, acquisition, construction, completion, installation, replacement and/or operation and maintenance of all of the services and public improvements allowed under Colorado law for business improvement districts. Specific improvements and services provided by the District include water, sanitation, street, storm, park and recreation, and the operation and maintenance of the District. The District's service area is located entirely within the City of Colorado Springs, El Paso County, Colorado.

On November 4, 2008, the District's electors authorized the issuance of indebtedness in an amount not to exceed \$5,000,000 for water, \$20,000,000 for streets, \$5,000,000 for sanitation, \$5,000,000 for park and recreation, and \$20,000,000 for refunding of debt. The voters also approved an annual increase in taxes of \$150,000 annually, at a mill levy rate not to exceed one mill for operations and maintenance. The election also allows the District to retain all revenues without regard to the limitations contained within Article X, Section 20 of the Colorado constitution. As set forth in the District's 2009 operating plan, the City has limited the amount of debt to be issued to a total of \$20,000,000 in the authorized voted categories, without further approval by the City.

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

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those difference may be material.

Revenues

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Revenues - (continued)

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 11% of the property taxes collected.

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 1.5%.

Intergovernmental Revenue

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

Public Improvement Fees

The District anticipates receiving \$431,571 in Public Improvement Fees (PIF) during 2020. Pursuant to the PIF Covenant, these fees are pledged revenue to be used toward the repayment of the Series 2011 and Series 2015 Public Improvement Fee Revenue Bonds.

Expenditures

Administrative and Operating Expenditures

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

County Treasurer's Fees

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

Debt Service

Principal and interest payments in 2020 are provided based on the debt amortization schedules from the General Obligation Bond Series 2009, the Public Improvement Fee Revenue Bond Series 2011, the Limited Tax General Obligation Bond Series 2015, and the Public Improvement Fee Revenue Bond Series 2015.

FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2
2020 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Expenditures - (continued)

Debt and Leases

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

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

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

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

The District has no capital or operating leases.

Reserves

Emergency Reserve

The District has provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending for 2020, as defined under TABOR.

This information is an integral part of the accompanying budget.

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

Bonds and Interest Maturing in the Year Ending <u>December 31,</u>	\$2,400,000 General Obligation Bonds Series 2009 Dated January 28, 2009 Interest Rate of 8.5% Interest and Principal Payable December 1			\$2,000,000 Public Improvement Fee Revenue Bonds Series 2011 Dated January 12, 2011 Interest Rate of 8.5% Interest and Principal Payable December 1		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 50,000	\$ 178,925	\$ 228,925	\$ 55,000	\$ 142,375	\$ 197,375
2021	55,000	174,675	229,675	60,000	137,700	197,700
2022	55,000	170,000	225,000	60,000	132,600	192,600
2023	60,000	165,325	225,325	70,000	127,500	197,500
2024	65,000	160,225	225,225	75,000	121,550	196,550
2025	70,000	154,700	224,700	80,000	115,175	195,175
2026	80,000	148,750	228,750	85,000	108,375	193,375
2027	85,000	141,950	226,950	95,000	101,150	196,150
2028	90,000	134,725	224,725	100,000	93,075	193,075
2029	100,000	127,075	227,075	110,000	84,575	194,575
2030	110,000	118,575	228,575	120,000	75,225	195,225
2031	120,000	109,225	229,225	130,000	65,025	195,025
2032	130,000	99,025	229,025	140,000	53,975	193,975
2033	140,000	87,975	227,975	150,000	42,075	192,075
2034	150,000	76,075	226,075	165,000	29,325	194,325
2035	165,000	63,325	228,325	180,000	15,300	195,300
2036	180,000	49,300	229,300	-	-	-
2037	190,000	34,000	224,000	-	-	-
2038	210,000	17,850	227,850	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
2042	-	-	-	-	-	-
2043	-	-	-	-	-	-
2044	-	-	-	-	-	-
	<u>\$ 2,105,000</u>	<u>\$ 2,211,700</u>	<u>\$ 4,316,700</u>	<u>\$ 1,675,000</u>	<u>\$ 1,445,000</u>	<u>\$ 3,120,000</u>

PRELIMINARY DRAFT - SUBJECT TO REVISION

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

FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
(Continued)

Bonds and Interest Maturing in the Year Ending December 31,	\$1,750,000 Limited Tax General Obligation Bonds Series 2015 Dated April 22, 2015 Interest Rate of 6.75% Interest and Principal Payable December 1			\$1,725,000 Public Improvement Fee Revenue Bonds Series 2015 Dated April 22, 2015 Interest Rate of 6.75% Interest and Principal Payable December 1		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 25,000	\$ 110,700	\$ 135,700	\$ 40,000	\$ 109,350	\$ 149,350
2021	30,000	109,013	139,013	45,000	106,650	151,650
2022	30,000	106,988	136,988	45,000	103,613	148,613
2023	35,000	104,963	139,963	50,000	100,575	150,575
2024	35,000	102,600	137,600	50,000	97,200	147,200
2025	35,000	100,238	135,238	55,000	93,825	148,825
2026	40,000	97,875	137,875	60,000	90,113	150,113
2027	45,000	95,175	140,175	65,000	86,063	151,063
2028	45,000	92,138	137,138	70,000	81,675	151,675
2029	50,000	89,100	139,100	75,000	76,950	151,950
2030	50,000	85,725	135,725	75,000	71,888	146,888
2031	55,000	82,350	137,350	85,000	66,825	151,825
2032	60,000	78,638	138,638	90,000	61,088	151,088
2033	65,000	74,588	139,588	95,000	55,013	150,013
2034	65,000	70,200	135,200	100,000	48,600	148,600
2035	70,000	65,813	135,813	110,000	41,850	151,850
2036	75,000	61,088	136,088	115,000	34,425	149,425
2037	80,000	56,025	136,025	125,000	26,663	151,663
2038	85,000	50,625	135,625	130,000	18,225	148,225
2039	95,000	44,888	139,888	140,000	9,450	149,450
2040	100,000	38,475	138,475	-	-	-
2041	105,000	31,725	136,725	-	-	-
2042	115,000	24,638	139,638	-	-	-
2043	120,000	16,875	136,875	-	-	-
2044	130,000	8,775	138,775	-	-	-
	<u>\$ 1,640,000</u>	<u>\$ 1,799,218</u>	<u>\$ 3,439,218</u>	<u>\$ 1,620,000</u>	<u>\$ 1,380,041</u>	<u>\$ 3,000,041</u>

PRELIMINARY DRAFT - SUBJECT TO REVISION

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

FIRST & MAIN BUSINESS IMPROVEMENT DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
(Continued)

Bonds and Interest Maturing in the Year Ending <u>December 31,</u>	TOTAL ALL BONDS		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 170,000	\$ 541,350	\$ 711,350
2021	190,000	528,038	718,038
2022	190,000	513,201	703,201
2023	215,000	498,363	713,363
2024	225,000	481,575	706,575
2025	240,000	463,938	703,938
2026	265,000	445,113	710,113
2027	290,000	424,338	714,338
2028	305,000	401,613	706,613
2029	335,000	377,700	712,700
2030	355,000	351,413	706,413
2031	390,000	323,425	713,425
2032	420,000	292,726	712,726
2033	450,000	259,651	709,651
2034	480,000	224,200	704,200
2035	525,000	186,288	711,288
2036	370,000	144,813	514,813
2037	395,000	116,688	511,688
2038	425,000	86,700	511,700
2039	235,000	54,338	289,338
2040	100,000	38,475	138,475
2041	105,000	31,725	136,725
2042	115,000	24,638	139,638
2043	120,000	16,875	136,875
2044	130,000	8,775	138,775
	<u>\$ 7,040,000</u>	<u>\$ 6,835,959</u>	<u>\$ 13,875,959</u>

PRELIMINARY DRAFT - SUBJECT TO REVISION

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

EXHIBIT C

District Boundary Map

FIRST & MAIN BID #2



Tax Boundary

1 inch = 415.08 feet

07/19/2019 EPC Assessor's Office
NAD_1983_StatePlane_Colorado_Central_FIPS_0502_Feet
Projection: Lambert_Conformal_Conic

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