

2020 OPERATING PLAN AND BUDGET

**SW DOWNTOWN
BUSINESS
IMPROVEMENT
DISTRICT**

City of Colorado Springs, El Paso County, Colorado

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2020
OPERATING PLAN FOR THE
SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT

1. PURPOSE AND SCOPE OF THIS DISTRICT

A. Requirement for this Operating Plan. The Business Improvement District Act, specifically Section 31-25-1211, C.R.S., requires that the SW Downtown Business Improvement District (the “District”) file an operating plan and budget with the City Clerk no later than September 30 of each year.

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

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

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

The District’s original 2017-2018 Operating Plan and subsequent Operating Plans 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 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.

D. Ownership of Property or Major Assets. The District will own public improvements as constructed if such improvements are not otherwise dedicated to other public entities for operation and maintenance.

E. Contracts and Agreements. It is anticipated that the District will enter into various agreements as required to facilitate the funding, construction, operation and maintenance of public improvements including agreements with the proposed urban renewal entity to be formed overlapping the boundaries of the District. The District entered into an Inter-District Intergovernmental Agreement with SW Downtown Metropolitan District Nos. 1 & 2 on November 28, 2018, whereby the District is responsible for financing, constructing, maintaining, and operating the public improvements and the SW Downtown Metropolitan District Nos. 1 & 2 shall assign revenues to the District to offset the expenses of the construction of the public improvements and the District’s costs of operating and maintaining such public improvements.

2. ORGANIZATION AND COMPOSITION OF THE BOARD OF DIRECTORS

A. Organization. The SW Downtown Business Improvement District was organized by the City of Colorado Springs, Colorado, by Ordinance No. 17-94 on October 10, 2017.

A. Governance. The District is governed by an elected board of directors.

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

- (i) Jeffrey A. Finn
- (ii) Christopher S. Jenkins
- (iii) David D. Jenkins
- (iv) Delroy L. Johnson
- (v) Russell T. Tutt IV

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

B. Term Limits. The District's election on November 7, 2017 included a ballot question to eliminate term limits pursuant to Article 18, Section 11 of the Colorado Constitution. The question passed.

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

3. BOUNDARIES, INCLUSIONS AND EXCLUSIONS

The District map is depicted in **EXHIBIT C**. The District anticipates inclusion requests in the coming year as boundaries are established and additional property owners participate in the District.

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 improvement or services outside of the boundaries of the District as part of the project. The District shall have the authority to provide these improvements and services, but the revenue-raising powers of the District to recoup the costs of extraterritorial improvements and services shall be as limited by state law.

The public improvements that the District anticipates it will construct, install or cause to be constructed and installed, include those public improvements the costs of which may, in accordance with the Business Improvement District Act, Section 31-25-1201, et seq., C.R.S., lawfully be paid for by the District, including, without limitation, water services, safety protection

devices, sanitation services, street improvements, curbs, gutters, culverts, drainage facilities, sidewalks, parking facilities, paving, lighting, grading, landscaping 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

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

B. Authorized Indebtedness. The District held an election on November 7, 2017 for the purpose of authorizing debt, taxes, revenue limits, spending limits, special assessments, and such other matters as may be necessary or convenient for the implementation of Art. X., Sec. 20 of the Colorado Constitution, and the Operating Plan. The maximum debt authorization for the District is \$105,000,000.

C. Property Tax and Mill Levy Caps. The District taxing ability shall be constrained to mill levy limitations of up to 50 mills for debt service and up to 10 mills for general operations and administrative expenses due to the on-going operations and maintenance to be undertaken by the District within its boundaries.

D. District Revenues. The District anticipates developer funding for initial revenue sources and thereafter revenues derived from property taxes. The District also anticipates utilizing public improvement fees to support public improvement construction.

E. Existing Debt Obligations. The District anticipates issuing debt at the end of 2019.

F. Future Debt Obligations. The District will issue additional debt as needed to provide public improvements.

G. Other Financial Obligations. The District may enter into agreements, including reimbursement or similar agreements and leases; as well as agreements for ongoing services such as legal, administration, compliance, budget, audit, etc.

H. 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.

I. 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.

J. 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.

K. 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 District will use a public improvement fee to provide necessary funding revenues for the improvements to be financed by the District.

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

A. Activities.

The District will continue with development activity in 2020.

B. *Projects and Public Improvements.*

The District anticipates undertaking projects related to public improvements in the upcoming year.

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

The District anticipates funding the design, installation, or acquisition of public improvements during 2020 as required to support development within the District.

Boundary changes: The District may have boundary changes in 2020.

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

Mill levy changes: Not anticipated for the upcoming year.

New, refinanced or fully discharged debt: Bond issuance anticipated in 2020.

Elections: May 5, 2020 Regular Election.

Major changes in development activity or valuation: Development activity anticipated in the upcoming year.

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

9. DISSOLUTION

The District is anticipated to have ongoing operations and maintenance obligations that will necessitate perpetual existence. If the District no longer has such obligations the District will seek to dissolve pursuant to Colorado Revised Statutes § 31-25-1225.

10. CONCLUSION

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

EXHIBIT A
Director and Other Contact Information

BOARD OF DIRECTORS:

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DISTRICT CONTACT:

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CliftonLarsonAllen

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EXHIBIT B

**2020 BID Budget
General Fund
Debt Service Fund
Capital Projects Fund**



CliftonLarsonAllen

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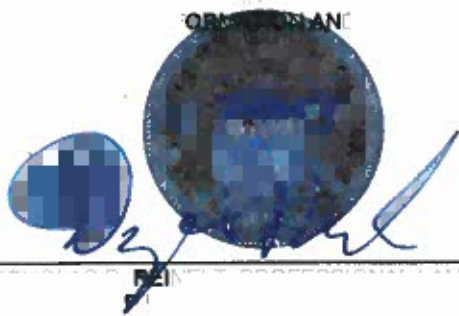
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