

2024 OPERATING PLAN AND BUDGET

**MW RETAIL
BUSINESS
IMPROVEMENT
DISTRICT**

City of Colorado Springs, El Paso County, Colorado

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2024
OPERATING PLAN FOR THE
MW RETAIL BUSINESS IMPROVEMENT DISTRICT

1. PURPOSE AND SCOPE OF THIS DISTRICT

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

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

The District operates under the authorities and powers allowed under the Business Improvement District Act, Section 31-25-1201, *et seq.*, C.R.S., 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.*, C.R.S., 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 2019-2020 Operating Plan 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 2024 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 does not currently own any real property or public improvements. The District may own public improvements as constructed, including landscape tracts, 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. The District is not currently a party to any significant active contracts or agreements.

2. ORGANIZATION AND COMPOSITION OF THE BOARD OF DIRECTORS

A. Organization. The MW Retail Business Improvement District was organized by the City of Colorado Springs, Colorado by Ordinance No. 19-62 on September 24, 2019.

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

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

- 1) Jerry Thompson
- 2) Nancy L. Heck
- 3) Daniel T. Thompson
- 4) Vacancy
- 5) Vacancy

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

D. Term Limits. The District held a regular election on November 5, 2019, at which time a ballot question was presented to eliminate term limits pursuant to Article 18, Section 11 of the Colorado Constitution. The ballot question passed eliminating term limits.

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

3. BOUNDARIES, INCLUSIONS AND EXCLUSIONS

The District currently includes approximately 22.36 acres, with boundaries as depicted in **Exhibit C**. The District does not anticipate any inclusions or exclusions in 2024.

4. PUBLIC IMPROVEMENTS

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

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

devices, sanitation services, street improvements, curbs, gutters, culverts, drainage facilities, sidewalks, parking facilities, paving, lighting, grading, landscaping, parks and recreation, storm and wastewater management facilities and associated land acquisition and remediation.

5. ADMINISTRATION, OPERATIONS, SERVICES, PROPERTY OWNERSHIP, AND MAINTENANCE

The District shall provide for the ownership, operation, and maintenance of District facilities as activities of the District itself or by contract with other units of government or the private sector. The District does not currently own any property.

The District does not anticipate having any employees and contracts for all services.

6. FINANCIAL PLAN AND BUDGET

A. 2024 Budget. The 2024 Budget for the District is attached as **Exhibit B**.

B. Authorized Indebtedness. The District held an election on November 5, 2019 for the purpose of authorizing debt, taxes, revenue limits, spending limits, special assessments, and such other matters as may be necessary or convenient for the implementation of Art. X, Sec. 20 of the Colorado Constitution, and the Operating Plan. As authorized by the City Council in the District's 2019-2020 Operating Plan, the initial maximum debt authorization for the District shall be \$10,000,000. This maximum debt authorization amount shall not be exceeded without express prior approval by the City.

C. Maximum Debt and Operating Mill Levies. The Maximum Operating Mill Levy is ten (10) mills, the revenue from which will support the District's operations and maintenance obligations. The mill levy cap set forth in this paragraph may be subject to upward or downward adjustments addressing any Mill Levy Adjustment or any abatement occurring after, but not before January 1, 2006. Such upward or downward adjustments are to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenue generated by the mill levy, as adjusted for changes occurring after January 1, 2006, are neither diminished nor enhanced as a result of such changes.

D. District Revenues. See the 2024 Budget for the District attached as **Exhibit B**.

E. Existing Debt Obligations. The District has no current debt.

F. Future Debt Obligations. Depending on development activity and market conditions, the District may issue bonds in 2024 for the purpose of financing Public Improvements. The City Council approved the District's issuance of debt pursuant to Resolution No. 167-22, provided such debt issuance is in general conformity with the financial plan provided in Exhibit E to the 2023 Operating Plan and Budget. A portion of the revenues the District receives from the public improvement fees are anticipated to be pledged to the repayment of such debt.

G. *Developer Funding Agreements.* The District entered into a Facilities Funding and Acquisition Agreement (8% interest rate) with MW Colorado Springs, LLC on January 1, 2022 and a Reimbursement Agreement (8% interest rate) with Thompson Investments, LLC on December 10, 2019. It is anticipated that at the end of 2023, the District will have total developer advances of \$135,490, including principal and interest.

Developer Funding Agreements entered into by this District after January 1, 2023 shall be limited to a term of no greater than twenty (20) years, from the time of the first such agreement, after which time any remaining balances must be either converted to Debt or shall no longer be considered an obligation of the District. The Interest Rate on any Agreements initially entered into, or with additional costs added to after January 1, 2023, shall not exceed the Index Rate plus 400 basis points, and interest shall only accrue on the principal balance.

H. *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.

I. *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.

J. *Limited-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.

K. *Privately Placed Debt and Related Party 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. The Interest Rate for Related Party Privately Placed Debt shall not exceed the Index Rate more than 400 basis points. Related Party Privately Placed Debt shall not be issued with an optional call date of greater than five (5) years from the date of issuance.

L. *End User Fee Limitation.* The District shall not impose an End User Fee for the purpose of servicing District Debt without prior approval of the City Council.

M. *Debt Not an Obligation of the City.* 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.

N. *Land Development Entitlements.* The District shall not issue Debt, enter into any other Long Term Financial Obligation, or certify a Debt Mill Levy unless a Land Development Entitlement has been approved for the Property.

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 of Colorado 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 or Authority within its boundaries in the future.

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

D. Public Improvement Fees. This District will utilize revenues from a new, increased or expanded public improvement fee.

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.

F. Concealed Carry Prohibition. The District shall not adopt or enact an ordinance, resolution, rule or other regulation that prohibits or restricts an authorized permittee from carrying concealed handgun in a building or specific area under the direct control or management of the District as provided in C.R.S. § 18-12-214.

G. Eligible Expenses or Costs for Reimbursement. In addition to any limits or prohibitions contained in the Colorado Revised Statutes, the District shall not issue debt for or otherwise fund any costs or expenses not allowed for by the Special District Policy.

H. Intergovernmental Agreements. The District is not party to any intergovernmental agreements.

I. Overlapping Districts. The boundaries of Woodmen Heights Metropolitan District No. 3 overlap the District's boundaries. Woodmen Heights Metropolitan District No. 3 currently imposes 34.6 mills.

8. 2024 ACTIVITIES, PROJECTS AND CHANGES

A. Activities. It is anticipated that the District will continue to be engaged in development activities in 2024 and will perform services such as landscaping and snow removal.

Depending on development activity and market conditions, the District may issue bonds in 2024 and, if issued, would acquire or construct Public Improvements with the bond proceeds.

B. *Projects and Public Improvements.* The District anticipates undertaking projects and construction of Public Improvements in 2024 and will maintain and operate existing Public Improvements.

C. *Summary of 2023 Activities and Changes from Prior Year*

Boundary changes: The District does not anticipate boundary changes in 2024.

Changes to board or governance structure: An appointment to the Board of Directors may be made to fill the vacancies.

Mill levy changes: None.

New, refinanced or fully discharged debt: Depending on development activity and market conditions, the District may issue bonds in 2024 for the purpose of financing Public Improvements.

Elections: The District does not anticipate holding any elections in 2024.

Major changes in development activity or valuation: The District anticipates that it will undertake projects and construction of Public Improvements in 2024.

Ability to meet current financial obligations: See the 2024 Budget attached as **Exhibit B**.

9. DISCLOSURE AND COMMUNICATION

The District shall maintain a website that includes content similar to that required for metropolitan districts by Colorado Revised Statutes § 32-1-104.5 and as required by Section K of the Special District Policy, to the extent this content is applicable to BIDs. The District's website is <https://www.mwretailbid.com>.

10. DISSOLUTION

The District is anticipated to have ongoing operations and maintenance obligations that will necessitate perpetual existence. If the District no longer has such obligations, the District will seek to dissolve pursuant to Section 31-25-1225, C.R.S.

11. 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:

Name	Office	Term	Contact Information
Jerry Thompson	President	2022-2025	1827 N. Grant Street, #503 Denver, CO 80203
Nancy L. Heck	Secretary	2022-2025	1827 N. Grant Street, Unit 503 Denver, CO 80203
Daniel T. Thompson	Treasurer	2022-2025	13674 W. 63 rd Circle Arvada, CO 80004
Vacancy		2020-2027	
Vacancy		2020-2027	

DISTRICT MANAGER: (None at this time)

DISTRICT CONTACT:

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

INSURANCE AND DIRECTORS' BONDS:

T. Charles Wilson Insurance Service
384 Inverness Parkway
Centennial, CO 80112
303-368-5757

ACCOUNTANT:

Carrie Bartow, CPA
CliftonLarsonAllen LLP
121 South Tejon, Suite 1100
Colorado Springs, CO 80903
(w) 719-635-0300 x 77839
(f) 719-473-3630
carrie.bartow@claconnect.com

AUDITOR: (None at this time)

STAFF: (None at this time)

EXHIBIT B
2024 BID Budget

**MW RETAIL BUSINESS
IMPROVEMENT DISTRICT**

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2024

**MW RETAIL BUSINESS IMPROVEMENT DISTRICT
SUMMARY
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

9/13/23

	ACTUAL 2022	BUDGET 2023	ACTUAL 7/31/2023	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ (8,656)	\$ 1,084	\$ (2,107)	\$ (2,107)	\$ 1,100
REVENUES					
Property taxes	443	2,714	2,714	2,714	9,675
Specific ownership taxes	47	271	160	271	968
Developer advance	44,000	8,668,500	16,746	45,882	5,170,853
Bond issuance proceeds	-	10,000,000	-	-	3,010,000
PIF revenue	-	-	-	-	170,644
Total revenues	<u>44,490</u>	<u>18,671,485</u>	<u>19,620</u>	<u>48,867</u>	<u>8,362,140</u>
TRANSFERS IN	<u>-</u>	<u>1,260,000</u>	<u>-</u>	<u>-</u>	<u>552,733</u>
Total funds available	<u>35,834</u>	<u>19,932,569</u>	<u>17,513</u>	<u>46,760</u>	<u>8,915,973</u>
EXPENDITURES					
General Fund	37,941	69,000	14,134	30,000	65,000
Debt Service Fund	-	260,000	-	-	244,213
Capital Projects Fund	-	17,340,000	10,227	15,660	7,573,463
Total expenditures	<u>37,941</u>	<u>17,669,000</u>	<u>24,361</u>	<u>45,660</u>	<u>7,882,676</u>
TRANSFERS OUT	<u>-</u>	<u>1,260,000</u>	<u>-</u>	<u>-</u>	<u>552,733</u>
Total expenditures and transfers out requiring appropriation	<u>37,941</u>	<u>18,929,000</u>	<u>24,361</u>	<u>45,660</u>	<u>8,435,409</u>
ENDING FUND BALANCES	<u>\$ (2,107)</u>	<u>\$ 1,003,569</u>	<u>\$ (6,848)</u>	<u>\$ 1,100</u>	<u>\$ 480,564</u>
EMERGENCY RESERVE	\$ 100	\$ 100	\$ 100	\$ 100	\$ 400
AVAILABLE FOR OPERATIONS	(2,207)	3,469	(6,948)	1,000	1,000
DEBT SERVICE RESERVE	-	-	-	-	271,800
CAPITALIZED INTEREST	-	-	-	-	40,133
TOTAL RESERVE	<u>\$ (2,107)</u>	<u>\$ 3,569</u>	<u>\$ (6,848)</u>	<u>\$ 1,100</u>	<u>\$ 313,333</u>

No assurance provided. See summary of significant assumptions.

**MW RETAIL BUSINESS IMPROVEMENT DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

9/13/23

	ACTUAL 2022	BUDGET 2023	ACTUAL 7/31/2023	ESTIMATED 2023	BUDGET 2024
ASSESSED VALUATION					
Commercial	\$ -	\$ -	\$ -	\$ -	\$ 1,150
State assessed	470	1,120	1,120	1,120	1,000
Vacant land	442,260	270,230	270,230	270,230	965,300
	<u>442,730</u>	<u>271,350</u>	<u>271,350</u>	<u>271,350</u>	<u>967,450</u>
Certified Assessed Value	<u>\$ 442,730</u>	<u>\$ 271,350</u>	<u>\$ 271,350</u>	<u>\$ 271,350</u>	<u>\$ 967,450</u>
MILL LEVY					
General	1.000	10.000	10.000	10.000	10.000
Total mill levy	<u>1.000</u>	<u>10.000</u>	<u>10.000</u>	<u>10.000</u>	<u>10.000</u>
PROPERTY TAXES					
General	\$ 443	\$ 2,714	\$ 2,714	\$ 2,714	\$ 9,675
Levied property taxes	<u>443</u>	<u>2,714</u>	<u>2,714</u>	<u>2,714</u>	<u>9,675</u>
Budgeted property taxes	<u>\$ 443</u>	<u>\$ 2,714</u>	<u>\$ 2,714</u>	<u>\$ 2,714</u>	<u>\$ 9,675</u>
BUDGETED PROPERTY TAXES					
General	<u>\$ 443</u>	<u>\$ 2,714</u>	<u>\$ 2,714</u>	<u>\$ 2,714</u>	<u>\$ 9,675</u>
	<u>\$ 443</u>	<u>\$ 2,714</u>	<u>\$ 2,714</u>	<u>\$ 2,714</u>	<u>\$ 9,675</u>

No assurance provided. See summary of significant assumptions.

**MW RETAIL BUSINESS IMPROVEMENT DISTRICT
GENERAL FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

9/13/23

	ACTUAL 2022	BUDGET 2023	ACTUAL 7/31/2023	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ (8,656)	\$ 1,084	\$ (2,107)	\$ (2,107)	\$ 1,100
REVENUES					
Property taxes	443	2,714	2,714	2,714	9,675
Specific ownership taxes	47	271	160	271	968
Developer advance	44,000	68,500	13,172	30,222	54,657
Total revenues	<u>44,490</u>	<u>71,485</u>	<u>16,046</u>	<u>33,207</u>	<u>65,300</u>
TRANSFERS IN					
Total funds available	<u>35,834</u>	<u>72,569</u>	<u>13,939</u>	<u>31,100</u>	<u>66,400</u>
EXPENDITURES					
General and administrative					
Accounting	12,997	20,000	6,114	11,000	20,000
Auditing	-	-	-	-	5,000
County Treasurer's fee	7	41	41	41	145
Dues and membership	-	500	-	-	500
Insurance	-	2,000	-	1,000	2,000
Legal	24,338	30,000	7,238	12,500	30,000
Election	599	2,500	741	1,000	1,500
Contingency	-	13,959	-	4,459	5,855
Total expenditures	<u>37,941</u>	<u>69,000</u>	<u>14,134</u>	<u>30,000</u>	<u>65,000</u>
TRANSFERS OUT					
Total expenditures and transfers out requiring appropriation	<u>37,941</u>	<u>69,000</u>	<u>14,134</u>	<u>30,000</u>	<u>65,000</u>
ENDING FUND BALANCES	<u>\$ (2,107)</u>	<u>\$ 3,569</u>	<u>\$ (195)</u>	<u>\$ 1,100</u>	<u>\$ 1,400</u>
EMERGENCY RESERVE	\$ 100	\$ 100	\$ 100	\$ 100	\$ 400
AVAILABLE FOR OPERATIONS	<u>(2,207)</u>	<u>3,469</u>	<u>(295)</u>	<u>1,000</u>	<u>1,000</u>
TOTAL RESERVE	<u>\$ (2,107)</u>	<u>\$ 3,569</u>	<u>\$ (195)</u>	<u>\$ 1,100</u>	<u>\$ 1,400</u>

No assurance provided. See summary of significant assumptions.

**MW RETAIL BUSINESS IMPROVEMENT DISTRICT
DEBT SERVICE FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

9/13/23

	ACTUAL 2022	BUDGET 2023	ACTUAL 7/31/2023	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -	\$ -	\$ -
REVENUES					
PIF revenue	-	-	-	-	170,644
Total revenues	-	-	-	-	170,644
TRANSFERS IN					
Transfers from other funds	-	1,260,000	-	-	552,733
Total funds available	-	1,260,000	-	-	723,377
EXPENDITURES					
General and administrative					
PIF collection fees	-	-	-	-	3,413
Debt Service					
Bond interest	-	260,000	-	-	240,800
Total expenditures	-	260,000	-	-	244,213
TRANSFERS OUT					
Total expenditures and transfers out requiring appropriation	-	260,000	-	-	244,213
ENDING FUND BALANCES	\$ -	\$ 1,000,000	\$ -	\$ -	\$ 479,164
DEBT SERVICE RESERVE	\$ -	\$ -	\$ -	\$ -	\$ 271,800
CAPITALIZED INTEREST	-	-	-	-	40,133
TOTAL RESERVE	\$ -	\$ -	\$ -	\$ -	\$ 311,933

No assurance provided. See summary of significant assumptions.

**MW RETAIL BUSINESS IMPROVEMENT DISTRICT
CAPITAL PROJECTS FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

9/13/23

	ACTUAL 2022	BUDGET 2023	ACTUAL 7/31/2023	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -	\$ -	\$ -
REVENUES					
Developer advance	-	8,600,000	3,574	15,660	5,116,196
Bond issuance proceeds	-	10,000,000	-	-	3,010,000
Total revenues	<u>-</u>	<u>18,600,000</u>	<u>3,574</u>	<u>15,660</u>	<u>8,126,196</u>
TRANSFERS IN					
Total funds available	<u>-</u>	<u>18,600,000</u>	<u>3,574</u>	<u>15,660</u>	<u>8,126,196</u>
EXPENDITURES					
General and Administrative					
Accounting	-	-	385	660	5,000
Capital Projects					
Repay developer advance	-	8,340,000	-	-	2,197,067
Engineering	-	-	9,842	15,000	15,000
Bond issue costs	-	400,000	-	-	260,200
Capital outlay	-	8,600,000	-	-	5,096,196
Total expenditures	<u>-</u>	<u>17,340,000</u>	<u>10,227</u>	<u>15,660</u>	<u>7,573,463</u>
TRANSFERS OUT					
Transfers to other fund	<u>-</u>	<u>1,260,000</u>	<u>-</u>	<u>-</u>	<u>552,733</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>18,600,000</u>	<u>10,227</u>	<u>15,660</u>	<u>8,126,196</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,653)</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

**MW RETAIL BUSINESS IMPROVEMENT DISTRICT
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District was organized 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 parking facilities, roadways, lighting, driveways, public utilities and landscaping. The District's service area is located entirely within the City of Colorado Springs, El Paso County, Colorado.

The District was organized by Ordinance of the City of Colorado Springs on September 24, 2019.

At an election held on November 5, 2019, the voters approved general indebtedness of \$20,000,000 at a maximum interest rate of 18% for each of the following improvements and services: streets, water, sanitary sewer, traffic and safety control, park and recreation, business recruitment, transportation, security services, and fire protection. The voters also authorized indebtedness of \$20,000,000 for revenue debt, special assessment debt, operations and maintenance and reimbursement agreements and \$40,000,000 for debt refunding.

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 differences 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 the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

**MW RETAIL BUSINESS IMPROVEMENT DISTRICT
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues - Continued

Property Taxes - Continued

Senate Bill 21-293 among other things, designates multi-family residential real property (defined generally, as property that is a multi-structure of four or more units) as a new subclass of residential real property. For tax collection year 2024, the assessment rate for single family residential property decreases to 6.765% from 6.95%. The rate for multifamily residential property, the newly created subclass, decreases to 6.765% from 6.80%. Agricultural and renewable energy production property remains at 26.4%. Producing oil and gas remains at 87.5%. All other nonresidential property decrease to 27.90% from 29%.

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 10% of the property taxes collected.

Developer Advance

The District is in the development stage. As such, a significant portion of the operating and administrative expenditures are to be funded by the Developer. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer from bond proceeds and other legally available revenue.

Public Improvement Fees

The District charges public improvement fees (PIF). The nature of the PIF is that of a fee imposed under private contract and not through the exercise of any governmental taxing authority. The PIF is applied to the sale of goods and services at a rate of 3.0%, in addition to all sales and use taxes that may be imposed and is collected by the retailers in the District and remitted to the District within 20 days after month end.

Bond Issuance

The District anticipates issuing general obligation bonds. Bond proceeds will be used to pay infrastructure costs and bond issue costs. Significant terms of the bond issuance will be determined at the time of issuance.

**MW RETAIL BUSINESS IMPROVEMENT DISTRICT
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures

Administrative Expenditures

Administrative and operating expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, 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 are provided based on the anticipated Series 2024 Bond issuance.

Capital Outlay

The District anticipates infrastructure improvements as noted in the Capital Projects fund.

Debt and Leases

The District has no outstanding debt, nor operating or capital leases. The District anticipates the issuance of debt in 2024.

Developer Advance

The District has entered into a Facilities Funding and Acquisition Agreement (8% interest rate) with MW Colorado Springs, LLC on January 1, 2022 and a Reimbursement Agreement (8% interest rate) with Thompson Investments, LLC on December 10, 2019.

The District has outstanding Developer Advances and activity as follows on the next page:

**MW RETAIL BUSINESS IMPROVEMENT DISTRICT
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases – Continued

Developer Advances - Continued

	Balance - December 31, 2022	Additions *	Retirements/ Reductions	Balance - December 31, 2023
Developer Advances:				
Operating	\$ 76,000	\$ 30,222	\$ -	\$ 106,222
Capital	-	15,660	-	15,660
Accrued Interest:				
Operating Advances	5,693	7,289	-	12,982
Capital Advances	-	626	-	626
Total	<u>\$ 76,000</u>	<u>\$ 45,882</u>	<u>\$ -</u>	<u>\$ 135,490</u>

	Balance - December 31, 2023	Additions	Retirements/ Reductions	Balance - December 31, 2024
Developer Advances:				
Operating	\$ 106,222	\$ 54,657	\$ -	\$ 160,879
Capital	15,660	5,116,196	2,197,067	2,934,789
Accrued Interest:				
Operating Advances	12,982	10,684	-	23,666
Capital Advances	626	118,018	13,545	105,099
Total	<u>\$ 135,490</u>	<u>\$ 5,299,555</u>	<u>\$ 2,210,612</u>	<u>\$ 3,224,433</u>

*Estimate

Emergency Reserves

The District has provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending for 2024, as defined under TABOR.

This information is an integral part of the accompanying budget.

EXHIBIT C

District Boundary Map



EXHIBIT D

Terms and Definitions

The following terms and definitions from the City of Colorado Springs Special District Policy are specifically incorporated for use in this Operating Plan and Budget.

- a. Authority-** An entity with separate legal powers or authorities, created by intergovernmental agreement (IGA) between or among Districts, or between or among one or more Districts, and another governmental entity.
- b. City-** The City of Colorado Springs, acting legislatively through its City Council or administratively through its mayor or chief of staff consistent with Colorado Revised Statutes and the City Charter.
- c. Combination of Districts-** Any combination of Metropolitan Districts, BIDs and/or GIDs that overlay each other that are organized by petition of a property developer that are specific to property within a single development project and do not serve any property outside of that project such as regional service district or non-developer controlled existing district.
- d. C.R.S.-** Colorado Revised Statutes.
- e. Debt-** Any bond, note debenture, contract or other multiple year financial obligation of a District which is payable in whole or in part from, or which constitutes an encumbrance on, the proceeds of ad valorem property tax or End User Debt Service Fee imposed by the District, or pledged for the purposes of meeting the obligation.
- f. Debt Mill Levy-** For the purpose of this Policy and its associated plans, the Debt Mill Levy is that portion of the overall mill levy of the District, pledged, dedicated or otherwise used to repay formally issued Debt or long term obligations.
- g. Developer Funding Agreements-** Short or long-term obligations of Districts entered into between Districts and developers related to advancement of reimbursement of Public Improvements or operations and maintenance costs. Such agreements may or may not accrue interest, but do not qualify as formally issued Debt as defined under this Policy or under TABOR.
- h. District –** This MW Retail Business Improvement District.
- i. End User-** A property owner anticipated to be have long term, multi-year responsibility for the tax and/or fee obligations of a District. By way of illustration, a resident homeowner, renter, commercial property owner, or commercial tenant is an End User. A master property developer or business entity that constructs homes or commercial structures for occupancy or ownership primarily by third parties, is not an End User.
- j. End User Debt Service Fees-** Any fees, rates, tolls or charges assessed or pledged or otherwise obligated to End Users by a District for the payment of Debt. End User Debt Service Fees are not intended to include public improvement fees (PIFs) if authorized by this Operating Plan and Budget.
- k. External Financial Advisor-** A consultant that: (1) advises Colorado governmental entities on matters relating to the issuance of securities by Colorado governmental entities, including matters such as the pricing, sales and marketing of such securities and the procuring of bond ratings, credit enhancement and insurance in respect of such securities;

(2) shall be an underwriter, investment banker, or individual listed as a public finance advisor in the Bond Buyer's Municipal Market Place (also known as the Redbook); and (3) is not an officer of the Districts.

- l. Index Interest Rate-** The AAA 30-year MMD (Municipal Market Data) index interest rate.
- m. Interest Rate-** The annual rate of charge applied to Debt or other District financial obligations
- n. Land Development Entitlement** – A City-approved master plan, concept plan or other more detailed land use plan, zoning or combinations thereof, applicable to a substantial proportion of the property to be included in the District and sufficient to support the need for the District along with relevant public improvements financing assumptions and proposed limits.
- o. Maximum Debt Mill Levy-** The maximum mill levy a District or Combination of Districts is permitted to impose for the payment of Debt. For the purpose of this Policy, a mill levy certified for contractual obligations is part of the Maximum Debt Mill Levy.
- p. Maximum Operating Mill Levy-** The maximum mill levy a District or Combination of Districts is permitted to impose for operating and maintenance expenses.
- q. Mill Levy Adjustment-** Any statutory, legislative or constitutional changes that adjust or impact the assessed or actual valuation of property or the assessment ratio pursuant to which taxes are calculated.
- r. Model BID Operating Plan and Budget-** The most recent version of the template for BID Operating Plans and Budgets adopted in accordance with this Policy.
- s. Planning and Community Development Department Director-** The Director of the Colorado Springs Planning and Community Development Department or other position which may be established for the purpose of administering this Policy, or their designee.
- t. Policy or Special District Policy** -The City's adopted Special District Policy as may be amended from time to time.
- u. Privately Placed Debt-** Debt that is not marketed to multiple independent accredited investors as defined in Rule 501(a) promulgated under the Securities Act of 1933 by a registered bond underwriter or placed directly with a chartered lending institution or credit union.
- v. Public Improvements** – Any capital or site improvements, (or directly related planning or engineering costs) legally determined to be eligible for ownership, maintenance and/or financing by a District in accordance with the applicable State statutes.
- w. Related Party Privately Placed Debt** - Privately Placed Debt that is or will be placed with and directly held by a party related to the issuing District.