

HIGHLINE BUSINESS IMPROVEMENT DISTRICT

141 Union Boulevard, Suite 150
Lakewood, Colorado 80228-1898
Tel: 303-987-0835 • 800-741-3254
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August 31, 2015

VIA ELECTRONIC AND U.S. MAIL
ccwh@littletongov.org

Wendy Heffner, City Clerk
City of Littleton
2255 W. Berry Ave.
Littleton, CO 80120

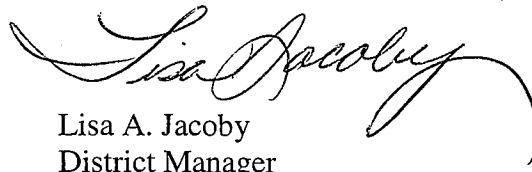
Re: Highline Business Improvement District (HBID)
2016 Operating Plan and Budget

Dear Ms. Heffner:

Pursuant to the request of City Council, please find enclosed the 2016 Operating Plan and Budget for the Highline Business Improvement District, filed pursuant to Section 31-25-1211, C.R.S. Formal filing of the Plan and Budget is being made via e-mail, with a hard copy being sent regular mail.

Kindly advise me when City Council will be considering the Plan for approval. If there are any questions regarding the Plan, please contact me 303-987-0835.

Sincerely,



Lisa A. Jacoby
District Manager

c: Rick Kron, Esq.; Spencer Fane
enclosure

2016
OPERATING PLAN
AND BUDGET
for the
HIGHLINE BUSINESS IMPROVEMENT DISTRICT
in the City of Littleton, Arapahoe County, Colorado

Submitted August 31, 2015

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2016
OPERATING PLAN AND BUDGET
Highline Business Improvement District

INTRODUCTION

The Highline Business Improvement District is pleased to file its 2016 Operating Plan and Budget ("the Plan").

The statutory deadline for filing the Plan is on or before September 30th. In the past, City Council has requested that the District file the Plan with the City by September 1st, if possible. In response, this Plan is being filed with the City as requested on or before August 31, 2015.

ARTICLE I - Background

Section 1.01. Purpose. The Highline Business Improvement District ("District") was organized to provide financing for public improvements and services needed within the area commonly known as the Ridge at SouthPark.

Section 1.02. Organization; Applicable Law. The District was organized pursuant to the Business Improvement District Act, § 31-25-1201, et seq., C.R.S. (the "Act"), by Ordinance Number 25, Series of 1998, passed and adopted by the City Council of the City of Littleton, Colorado, on August 18, 1998 ("Organization Ordinance").

Section 1.03. District Boundaries. A map and boundary description of the District are attached as **Exhibit A**. There has been no change in the District boundaries since it was organized, and none is contemplated for 2016.

Section 1.04. District Board of Directors. The District is governed by a Board of Directors consisting of five (5) electors of the District appointed by the City Council (the "Directors"). The current Directors will continue to serve through 2016. The names and addresses of current Directors and current District contact information are set forth on the attached **Exhibit B**.

The Board currently is a fairly diverse group, with owners, CEOs, managers, or representatives of four different companies, and one from the Mission Hills Baptist Church.

Section 1.05. Annual Operating Plan and Budget. The Act requires that the District submit an annual Operating Plan and Budget for the coming budget year on or before September 30. This document is the 2015 submittal for the 2016 budget year.

ARTICLE II - 2016 District Improvements, Services

Section 2.01. Capital Improvements. All capital improvements for which the District was organized have been completed and are in service. No additional improvements are planned for 2016.

Section 2.02. Operations/Services/Programs. The District does not currently provide ongoing services or programs and does not plan to in 2016 other than administration and payment of financial obligations.

ARTICLE III - Bonds, District Debt

Section 3.01. Successful Bond Refunding. In 2015, the District successfully negotiated a mutual agreement with the bondholder of the Series 2000B Bonds for a reduction and payoff of the 2000B bond debt, which reduced the overall bond debt; that was then refinanced with a Loan from CoBiz Bank in the amount of \$3,000,000. The refinancing resulted in a reduction from the previous Bond interest rate of 8.75%, to a Loan interest rate of 3.60%. An overall present value savings of \$1,299,525 was achieved by the District.

Section 3.02. Debt Service and Contract Payments. Pursuant to the 2015 CoBiz Loan terms, the District is required to impose a Debt Service Mill Levy at a level sufficient, up to the maximum debt service mill levy of 37.000 Mills, for payment of the Loan Principal and Interest. The vastly improved debt amortization schedule is attached hereto as **Exhibit C**.

In addition to imposing a mill levy at a level sufficient (up to the maximum debt service Mill Levy of 37.000 mills), for the purposes related above, the District expects to payoff its contract obligations as detailed in Section 3.03 (below).

Section 3.03. Other District Obligations (Operations and Management Agreement and Advance and Reimbursement Agreements).

Operations and Management Agreement: As a result of the Series 2000B Bond refinancing, the District successfully negotiated with the beneficiaries of the 2003 Agreement to settle a potential dispute and for a reduction in the obligation from \$389,112 to \$150,000 and payoff; for a total savings to the District of \$239,112.

Advance and Reimbursement Agreement(s): As a result of the Series 2000B Bond refinancing, the District intends to perform a payoff of the 2001 Advance and Reimbursement Agreements, totaling \$333,181 (as of 7/31/15) of principal and interest. This obligation is projected to be paid off entirely by late 2016.

ARTICLE IV – Special Revenue Fund

Section 4.01. Special Revenue Fund. The South Park Owners Association, Mission Hills Baptist Church, and the District entered into an agreement dated March 4, 2008 to modify the covenants affecting certain property to allow the church’s proposed use. The modification provided for the church to make contractual payments to the District and the SouthPark Metropolitan District in amounts that approximate the revenue derived from the debt service and operations mill levy.

Following notice and hearing, the 2010 budget was amended by the creation of a “Special Revenue Fund” to track this revenue and this fund has been continued each year since 2010 through 2015.

Pursuant to the 2015 refinancing of the Series 2000B Bonds, the revenue from the Mission Hills Baptist Church is solely pledged to payment of the Loan and as a result, the Special Revenue Fund is no longer a necessary part of the budget – this revenue is now budgeted for in the Debt Service Fund.

ARTICLE V - 2016 Budget

Section 5.01. Budget Document. The proposed budget of the District for fiscal year 2016 is attached as **Exhibit D**. The District Board will adopt a final budget following the appropriate Notice and Public Hearing as required by law.

Section 5.02. Debt Service. The District projects to levy 33.200 Mills for Debt Service for collection in 2016, and will apply all of the proceeds of this levy, net of county treasurer fees, to the Loan.

Section 5.03. Payment of Advances. In 2016, the District will make payments on the 2001 Advance and Reimbursement Agreements in amounts not to exceed available revenue. The District intends on executing a payoff of these obligations totaling \$333,181 of principal and interest (as of 7/31/15). This debt is projected to be paid off entirely by late 2016.

Section 5.04. General Operations Expense.

(a) Cost Estimates. The expected 2016 expenditures for administrative functions necessary to enable the District to meet its contractual and statutory compliance obligations are as shown in **Exhibit D**. This includes Board of Director meetings (typically one or two per year) and office expenses, preparing and making required filings, bookkeeping, audit, legal, management, a 3% TABOR emergency reserve, and costs of interacting with the City, other governmental entities and landowners. District Directors are not compensated by the District for their service on the Board.

(b) Operations Mill Levy. In 2005, the District proposed a new mill levy at the rate of 2.900 mills to be imposed in 2005 for collection in 2006, and in subsequent years, to raise funds for general operations. At the special election held November 1, 2005 the voters approved the new tax. The proposed District Budget reflects revenues of approximately \$30,907 from the 2.900 mill levy, which with other revenues are expected to be sufficient to cover the District's general administration expenses in 2016.

(c) Contingency. A Contingency expense is budgeted and appropriated for (subject to available revenue) in the event of any unforeseen expenditures. The District prefers to keep one-year worth of projected General Fund expenditure funds, in the event of any unforeseen expenditures.

(d) Dissolution. A Dissolution expense is budgeted and appropriated for (subject to available revenue), to allow for sufficient funds in the future to pay for costs relating to the planned event of dissolving the District, upon retirement of all debt.

Section 5.05. Other revenues. The only sources of revenue expected by the District in 2016 are general property taxes, specific ownership taxes, interest income and the Mission Hills Baptist Church contractual payments. The District does not plan to impose any fees, charges or special assessments in 2016 but has the authority to do so in future years, subject to applicable law.

ARTICLE VI – Conclusion

In 2015, the District was successful in negotiating a reduction of overall debt, which otherwise could not have been achieved without the assistance of the affected parties.

Due to debt forgiveness and refinancing of the bonds, the overall District debt has presently been reduced by \$1,538,637 and is projected to be reduced by an additional \$333,181 by late 2016. Taxpayers are projected to receive the direct benefit of a reduction in the projected mill levy (in budget year 2018), of approximately 50%.

The District Board thanks the City Council and City Staff for their continued assistance in operating the District. Pursuant to § 31-25-1211, C.R.S., the City is to approve or disapprove the Operating Plan and Budget within 30 days of the receipt of this Operating Plan and Budget and any additional documentation which the City may require, but in no event later than December 5, 2015. The District Board respectfully requests the adoption of a resolution or ordinance of approval.

EXHIBIT A
Map and Boundary Description

EXHIBIT B

August 27, 2015

HIGHLINE BUSINESS IMPROVEMENT DISTRICT

City of Littleton, Arapahoe County, Colorado

Date Formed:	August 18, 1998 (by Ordinance No. 25, Series of 1998)
SFBB File No.:	14585
Statute:	31-25-1201, et seq., C.R.S. (BID)
Employer Identification No.:	84-1529994
Sales Tax Identification No.:	98-15996-0000
PDPA No.:	<i>interest</i> 100071005101/ <i>non-interest</i> 100071000101

REGULAR MEETINGS: No regular meetings are scheduled.

OFFICIAL POSTING PLACES: On the light pole located on the northwest corner of Southpark Lane and Southpark Terrace and two public locations along Southpark Lane to be selected by the person posting (for 72-hour postings)

BOARD OF DIRECTORS:

Steven Rasmussen, President
MIE Properties, Inc.
420 Corporate Circle, Suite A
Golden, CO 80401
Term: Appt 9/03

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(f) 303 278-7666
steve.rasmussen@mieproperties.com

Jacob "Jake" P. Kuijper
Colorado County Officials and Employees
Retirement Association
751 Southpark Drive
Littleton, CO 80129
Term: Appt 2/2/10

(w) 303-713-9400 X6501
(c) 303-912-7475
jkuijper@ccoera.org

Mike McKesson
Facilities Contracting Inc.
981 Southpark Lane
Littleton, CO 80120
Term: Appt 2006

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(f) 303-790-7199
(c) 303-888-7111
mmckesson@facilitiescontracting.com

Keith Carson
Mission Hills Church
620 Southpark Drive
Littleton, CO 80120
Term: Appt 2013

303-794-3564
kcarson@missionhills.org

Patrick D. Dunahay
Dunahay Properties LLLP
621 Southpark Drive, Unit 600
Littleton, CO 80120
Term: Appt 7-15-14

(w) 303-761-6022
pdunahay@pdaroadgear.com

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PUBLISHES ON THURSDAYS (LITTLETON) OR FRIDAY (ENGLEWOOD); DEADLINE IS PRECEDING THURSDAY. Prefers copy sent by fax.

EXHIBIT C
Debt Service Schedule

DETAILED BOND DEBT SERVICE

Highline Business Improvement District
Series 2015 Refunding Bonds

Bond Component 2015 (BOND15)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2015			24,463.67	24,463.67	
12/01/2015	190,000	3.716%	55,740.00	245,740.00	270,203.67
06/01/2016			52,209.80	52,209.80	
12/01/2016	260,000	3.716%	52,209.80	312,209.80	364,419.60
06/01/2017			47,379.00	47,379.00	
12/01/2017	270,000	3.716%	47,379.00	317,379.00	364,758.00
06/01/2018			42,362.40	42,362.40	
12/01/2018	225,000	3.716%	42,362.40	267,362.40	309,724.80
06/01/2019			38,181.90	38,181.90	
12/01/2019	230,000	3.716%	38,181.90	268,181.90	306,363.80
06/01/2020			33,908.50	33,908.50	
12/01/2020	240,000	3.716%	33,908.50	273,908.50	307,817.00
06/01/2021			29,449.30	29,449.30	
12/01/2021	250,000	3.716%	29,449.30	279,449.30	308,898.60
06/01/2022			24,804.30	24,804.30	
12/01/2022	260,000	3.716%	24,804.30	284,804.30	309,608.60
06/01/2023			19,973.50	19,973.50	
12/01/2023	265,000	3.716%	19,973.50	284,973.50	304,947.00
06/01/2024			15,049.80	15,049.80	
12/01/2024	275,000	3.716%	15,049.80	290,049.80	305,099.60
06/01/2025			9,940.30	9,940.30	
12/01/2025	535,000	3.716%	9,940.30	544,940.30	554,880.60
	3,000,000		706,721.27	3,706,721.27	3,706,721.27

EXHIBIT D
2016 Budget

HIGHLINE BUSINESS IMPROVEMENT DISTRICT
Assessed Value, Property Tax and Mill Levy Information

	2014 Actual	2015 Adopted Budget	2016 Preliminary Budget
Assessed Valuation	\$ 10,483,520	\$ 10,363,695	\$ 10,657,476
Mill Levy			
General Fund	2.900	2.900	2.900
Debt Service Fund	37.000	37.000	33.200
Temporary Mill Levy Reduction	-	-	-
Refunds and Abatements	-	-	-
Total Mill Levy	<u>39.900</u>	<u>39.900</u>	<u>36.100</u>
Property Taxes			
General Fund	\$ 30,402	\$ 30,055	\$ 30,907
Debt Service Fund	387,890	383,457	353,828
Temporary Mill Levy Reduction	-	-	-
Refunds and Abatements	-	-	-
Actual/Budgeted Property Taxes	<u>\$ 418,292</u>	<u>\$ 413,512</u>	<u>\$ 384,735</u>

HIGHLINE BUSINESS IMPROVEMENT DISTRICT

GENERAL FUND 2016 Preliminary Budget with 2014 Actual, 2015 Budget, and 2016 Estimated Budget

	2014 YTD Actual	01/15-07/15 YTD Actual	2015 Adopted Budget	2015 Estimated Budget	2016 Preliminary Budget
BEGINNING FUND BALANCE	\$ 104,104	\$ 46,439	\$ 39,000	\$ 46,439	\$ 40,596
REVENUE					
Property Tax Revenue	30,837	29,751	30,055	30,055	30,907
Specific Ownership Taxes	30,113	15,898	26,000	25,000	1,545
Interest Income	140	47	300	100	100
Transfer from Debt Service	-	39,636	-	39,636	-
Total Revenue	61,089	85,332	56,355	94,791	32,552
Total Funds Available	165,193	131,771	95,355	141,230	73,148
EXPENDITURES					
Accounting	9,581	8,645	9,000	12,000	9,000
Management Fee	15,161	10,959	9,000	14,000	9,000
Audit	3,988	4,163	5,000	5,000	5,000
Insurance/SDA	3,258	3,183	3,510	3,183	3,343
Legal	34,922	15,232	7,000	20,000	9,000
Statutory Compliance	195	-	300	-	-
Miscellaneous	1,188	775	600	1,000	600
Treasurer's Fees	463	446	451	451	464
Dissolution Reserve	-	-	25,000	-	-
Total Expenditures	68,754	43,403	59,861	55,634	36,407
Other Financing (Sources) Uses					
Contingency	-	-	32,633	-	30,764
Transfer to Debt Service	50,000	-	-	45,000	-
Emergency Reserves	-	-	2,861	-	977
Total Expenditures Requiring Appropriation	118,754	43,403	95,355	100,634	68,148
Designated for Dissolution Reserve	-	-	-	-	5,000
Undesignated	-	-	-	-	-
ENDING FUND BALANCE	\$ 46,439	\$ 88,368	\$ -	\$ 40,596	\$ 5,000

* - The Board is not anticipating the use of these funds until 2025, therefore the balance has been designated as a portion of the ending fund balance rather than as an expenditure in the current year.

HIGHLINE BUSINESS IMPROVEMENT DISTRICT

DEBT SERVICE FUND 2016 Preliminary Budget with 2014 Actual, 2015 Adopted Budget, and 2016 Estimated Budget

	2014 Actual	01/15-07/15 YTD Actual	2015 Adopted Budget	2015 Estimated Budget	2016 Preliminary Budget
2-501 BEGINNING FUND BALANCE	\$ 5,832	\$ 4,331	\$ 10,794	\$ 4,331	\$ 257,854
REVENUE					
2-510 Property Tax Revenue	393,434	379,579	383,457	381,022	353,828
2-515 Specific Ownership Taxes	-	-	-	-	17,691
2-520 Loan Proceeds	-	3,000,000	-	3,000,000	-
2-530 Contract Rev. (Church)	-	92,568	-	92,568	168,865
2-575 Miscellaneous income	-	39,636	-	39,636	-
2-560 Interest Income	177	489	2,000	500	505
2-593 Transfer from General Fund	50,000	-	-	45,000	-
2-594 Transfer from Special Revenue	-	92,568	-	92,568	-
Total Revenue	443,611	3,604,840	385,457	3,651,294	540,889
Total Funds Available	449,443	3,609,171	396,251	3,655,625	798,743
EXPENDITURES					
2-605 Bond Principal	-	2,650,000	-	2,650,000	-
2-606 Bond Interest	437,000	-	383,000	-	-
2-607 Loan Principal	-	10,865	-	200,865	260,000
2-608 Loan Interest	-	24,691	-	80,204	104,420
2-610 Construction/Mgmt Payoff	-	150,000	-	150,000	-
Advance and Reimbursement Agreement	-	-	-	180,000	169,062
2-630 Cost of Issuance	-	89,136	-	89,136	-
2-668 Paying Agent Fees	2,210	15	2,200	2,215	2,200
2-700 Treasurer's Fees	5,902	5,695	5,752	5,715	5,307
Total Expenditures	445,112	2,930,402	390,952	3,358,135	540,989
Other Financing (Sources) Uses					
2-890 Transfer to General Fund	-	39,636	-	39,636	-
Total Expenditures Requiring Appropriation	445,112	2,970,037	390,952	3,397,771	540,989
Reserve Fund				250,000	250,000
Undesignated				7,854	7,754
ENDING FUND BALANCE	\$ 4,331	\$ 639,134	\$ 5,299	\$ 257,854	\$ 257,754

HIGHLINE BUSINESS IMPROVEMENT DISTRICT
SPECIAL REVENUE FUND
2016 Preliminary Budget
with 2014 Actual, 2015 Adopted Budget, and 2016 Preliminary Budget

	2014 YTD Actual	01/15-07/15 YTD Actual	2015 Adopted Budget	2016 Estimated Budget	2016 Preliminary Budget
5-501 BEGINNING FUND BALANCE	\$ 111	\$ 111	\$ 110	\$ 111	\$ 111
REVENUE					
5-530 Contract Rev. (Church)	185,136	92,568	185,136	92,568	-
5-560 Interest Income	0	0	30	-	-
Total Revenue	185,136	92,568	185,166	92,568	-
Total Funds Available	185,247	92,679	185,276	92,679	111
EXPENDITURES					
5-795 Contingency	185,136	-	185,136	-	-
5-780 Transfer to Debt Service	-	92,568	-	92,568	-
Total Expenditures	185,136	92,568	185,136	92,568	-
Total Expenditures Requiring Appropriation	185,136	92,568	185,136	92,568	-
ENDING FUND BALANCE	\$ 111	\$ 111	\$ 140	\$ 111	\$ 111