

HIGHLINE BUSINESS IMPROVEMENT DISTRICT

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September 12, 2017

VIA ELECTRONIC
bphye@littletongov.org

City of Littleton Council Members
c/o Becky Phye
2255 W. Berry Ave.
Littleton, CO 80120

Re: Highline Business Improvement District (HBID)
2018 Operating Plan and Budget

Dear Counsel Members:

Enclosed is the 2018 Operating Plan and Budget for the Highline Business Improvement District, filed pursuant to Section 31-25-1211, C.R.S.

Following approval by City Council, please be so kind as to provide the Resolution of approval for my records.

Should 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

2018
OPERATING PLAN
AND BUDGET
for the
HIGHLINE BUSINESS IMPROVEMENT DISTRICT
in the City of Littleton, Arapahoe County, Colorado

Submitted September 12, 2017

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**2018
OPERATING PLAN AND BUDGET
Highline Business Improvement District**

INTRODUCTION

The Highline Business Improvement District is pleased to file its 2018 Operating Plan and Budget ("the Plan").

The statutory deadline for filing the Plan is on or before September 30th.

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 2017.

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 District currently has one vacancy on the Board. The current Directors will continue to serve through 2018. 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 three 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 2017 submittal for the 2018 budget year.

ARTICLE II - 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 2018.

Section 2.02. Operations/Services/Programs. The District does not currently provide ongoing services or programs and does not plan to in 2018 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 debt 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 (2015) 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 debt amortization schedule is attached hereto as **Exhibit C**.

Section 3.03. Other District Obligations (Operations and Management Agreement and Advance and Reimbursement Agreements). As a result of the 2015 refinancing the District successfully negotiated and paid off the beneficiaries of the 2003 Operations and Management Agreement as well as the 2001 Advance and Reimbursement Agreements.

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 - 2018 Budget

Section 5.01. Budget Document. The proposed budget of the District for fiscal year 2018 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 18.000 Mills for Debt Service for collection in 2018, and will apply all of the proceeds of this levy, net of County Treasurer fees, to the Loan. This is a reduction of 4.000 mills from budget year 2017. It should be noted that the debt service mill levy has been reduced by 19.000 mills since refinancing the debt in 2015.

Section 5.03. General Operations Expense.

(a) Cost Estimates. The expected 2018 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 \$35,355 from the 2.900 mill levy, which with other revenues are expected to be sufficient to cover the District's general administration expenses in 2018.

(c) Contingency. A Contingency expense is budgeted and appropriated for (subject to available revenue) 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 5.04. Other revenues. The only sources of revenue expected by the District in 2018 are general property taxes, specific ownership taxes, interest income and the Mission Hills Baptist Church contractual payment. The District does not plan to impose any fees, charges or special assessments in 2018 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 was dramatically reduced. Taxpayers received the direct benefit of a reduced mill levy from 39.900 to 36.100 in budget year 2016; a further reduction in budget year 2017 to 24.900 mills and in budget year 2018 the District intends on reducing its mill levy to 20.900.

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, 2017. The District Board respectfully requests the adoption of a resolution or ordinance of approval.

EXHIBIT A
Map and Boundary Description

EXHIBIT B

September 12, 2017

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.: *interest 100071005101/non-interest 100071000101*

REGULAR MEETINGS: The District's next regular meeting is scheduled for November 14, 2017.

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 (w) 303-278-7676
MIE Properties, Inc. (f) 303 278-7666
420 Corporate Circle, Suite A steve.rasmussen@mieproperties.com
Golden, CO 80401
Term: Apptd 9/03

Jacob "Jake" P. Kuijper (w) 303-713-9400 X6501
Colorado County Officials and Employees (c) 303-912-7475
Retirement Association jkuijper@ccoera.org
751 Southpark Drive
Littleton, CO 80129
Term: Apptd 2/2/10

Mike McKesson (w) 303-798-7111
Facilities Contracting Inc. (f) 303-790-7199
981 Southpark Lane (c) 303-888-7111
Littleton, CO 80120 mmckesson@facilitiescontracting.com
Term: Apptd 2006

Keith Carson 303-794-3564
Mission Hills Church kcarson@missionhills.org
620 Southpark Drive
Littleton, CO 80120
Term: Apptd 2013

THERE CURRENCY EXISTS ONE
VACANCY ON THE BOARD

DISTRICT MANAGER / CONTACT PERSON:

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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
2018 Budget

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

| | 2016 Actual | 2017 Adopted Budget | 2018 Preliminary Budget |
|---------------------------------------|-------------------|------------------------|----------------------------|
| Assessed Valuation | \$ 10,717,618 | \$ 10,992,203 | \$ 12,191,346 |
| Mill Levy | | | |
| General Fund | 2.900 | 2.900 | 2.900 |
| Debt Service Fund | 33.200 | 22.000 | 18.000 |
| Temporary Mill Levy Reduction | - | - | - |
| Refunds and Abatements | - | - | - |
| Total Mill Levy | <u>36.100</u> | <u>24.900</u> | <u>20.900</u> |
| Property Taxes | | | |
| General Fund | \$ 31,081 | \$ 31,877 | \$ 35,355 |
| Debt Service Fund | 355,825 | 241,828 | 219,444 |
| Temporary Mill Levy Reduction | - | - | - |
| Refunds and Abatements | - | - | - |
| Actual/Budgeted Property Taxes | <u>\$ 386,906</u> | <u>\$ 273,705</u> | <u>\$ 254,799</u> |

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HIGHLINE BUSINESS IMPROVEMENT DISTRICT

GENERAL FUND **2018 Preliminary Budget** **with 2016 Actual, 2017 Budget, and 2017 Estimated Budget**

| | 2016 YTD Actual | 01/17-07/17 YTD Actual | 2017 Adopted Budget | 2017 Estimated Budget | 2018 Preliminary Budget |
|---|--------------------|---------------------------|------------------------|--------------------------|----------------------------|
| 1-501 BEGINNING FUND BALANCE | \$ 24,368 | \$ 28,486 | \$ 20,037 | \$ 28,486 | \$ 32,548 |
| REVENUE | | | | | |
| 1-510 Property Tax Revenue | 31,050 | 30,417 | 31,877 | 31,877 | 35,355 |
| 1-515 Specific Ownership Taxes | 2,383 | 1,299 | 1,594 | 2,600 | 2,600 |
| 1-560 Interest Income | 183 | 98 | 100 | 170 | 200 |
| Total Revenue | 33,615 | 31,845 | 33,571 | 34,647 | 38,155 |
| Total Funds Available | 57,983 | 60,331 | 53,608 | 63,133 | 70,703 |
| EXPENDITURES | | | | | |
| 1-612 Accounting | 9,194 | 3,254 | 6,000 | 6,000 | 6,000 |
| 1-614 Management Fee | 7,352 | 567 | 4,000 | 4,000 | 4,000 |
| 1-615 Audit | 4,094 | 405 | 4,500 | 4,500 | 4,500 |
| 1-670 Insurance/SDA | 3,717 | 3,543 | 5,000 | 5,000 | 5,000 |
| 1-675 Legal | 3,858 | 620 | 4,000 | 4,000 | 4,000 |
| 1-690 Miscellaneous | 816 | 139 | 600 | 600 | 600 |
| 1-700 Treasurer's Fees | 466 | 456 | 478 | 478 | 530 |
| 1-795 Contingency | - | - | 5,000 | 5,000 | 5,000 |
| Total Expenditures | 29,497 | 8,983 | 29,578 | 29,578 | 29,630 |
| Other Financing (Sources) Uses | | | | | |
| 1-895 Emergency Reserves | - | - | 1,007 | 1,007 | 1,145 |
| Total Expenditures Requiring Appropriation | 29,497 | 8,983 | 30,585 | 30,585 | 30,775 |
| Designated for Dissolution Reserve | - | - | 5,000 | - | 5,000 * |
| Undesignated | - | - | - | - | - |
| ENDING FUND BALANCE | \$ 28,486 | \$ 51,349 | \$ 23,023 | \$ 32,548 | \$ 39,928 |

* - 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.

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HIGHLINE BUSINESS IMPROVEMENT DISTRICT

DEBT SERVICE FUND

2018 Preliminary Budget

with 2016 Actual, 2017 Adopted Budget, and 2017 Estimated Budget

| | 2016 Actual | 01/17-07/17 YTD Actual | 2017 Adopted Budget | 2017 Estimated Budget | 2018 Preliminary Budget |
|---|----------------|---------------------------|------------------------|--------------------------|----------------------------|
| BEGINNING FUND BALANCE | \$ 282,510 | \$ 294,883 | \$ 282,573 | \$ 294,883 | \$ 298,755 |
| REVENUE | | | | | |
| Property Tax Revenue | 355,465 | 230,753 | 241,828 | 241,828 | 219,444 |
| Specific Ownership Taxes | 27,278 | 9,856 | 12,091 | 15,000 | 15,000 |
| Contract Rev. (Church) | 169,806 | 117,124 | 117,124 | 117,124 | 98,309 |
| Interest Income | 971 | 292 | 505 | 505 | 1,000 |
| Transfer from Special Revenue | 111 | - | - | - | - |
| Total Revenue | 553,631 | 358,025 | 371,548 | 374,457 | 333,753 |
| Total Funds Available | 836,141 | 652,909 | 654,121 | 669,340 | 632,508 |
| EXPENDITURES | | | | | |
| Loan Principal | 260,000 | - | 270,000 | 270,000 | 225,000 |
| Loan Interest | 104,016 | 47,379 | 94,758 | 94,758 | 84,725 |
| Advance and Reimbursement Agreement | 171,907 | - | - | - | - ** |
| Paying Agent Fees | - | 60 | 2,200 | 2,200 | 2,200 |
| Treasurer's Fees | 5,335 | 3,460 | 3,627 | 3,627 | 3,292 |
| Total Expenditures | 541,258 | 50,899 | 370,585 | 370,585 | 315,216 |
| Other Financing (Sources) Uses | | | | | |
| Transfer to General Fund | - | - | - | - | - |
| Total Expenditures Requiring Appropriation | 541,258 | 50,899 | 370,585 | 370,585 | 315,216 |
| Reserve Fund | - | | 250,000 | 250,000 | 250,000 |
| ENDING FUND BALANCE | \$ 294,883 | \$ 602,009 | \$ 283,536 | \$ 298,755 | \$ 317,292 |

NOTES TO DEBT SERVICE FUND

** Advance and Reimbursement Agreement was paid off in 2016.

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HIGHLINE BUSINESS IMPROVEMENT DISTRICT

2018 Budget Message

Introduction

The 2018 budget was prepared in accordance with the Local Government Budget Law of Colorado. The budget reflects the projected spending plan for the 2018 fiscal year based on available revenues. This budget provides for the annual debt service on the District's General Obligation Debt as well as the general operation of the District.

The District's assessed value increased 10.9% to \$12,191,346 in 2017. The District's total mill levy decreased from 24.900 to 20.900 mills for taxes to be collected in the 2018 fiscal year with 18.000 mills certified to the Debt Service Fund, and 2.900 mills certified to the General Fund.

Budgetary Basis of Accounting

The District uses funds to budget and report on the financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions. The various funds comprise the total District budget. All of the District's funds are considered Governmental Funds and are reported using the current financial resources and the modified accrual basis of accounting. Revenues are recognized when they are measurable and available. Revenues are considered available when they are collectible within the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures, other than the interest on long term obligations, are recorded when the liability is incurred or the long-term obligation paid.

Fund Summaries

The **General Fund** is used to account for revenue traditionally associated with government such as property taxes and specific ownership taxes. Expenditures include district administration, legal services, and other expenses related to statutory operations of a local government. The primary source of revenue for the General Fund is property taxes, specific ownership taxes, and contract revenue from tax-exempt property.

The **Debt Service Fund** is used to account for property taxes and other revenues dedicated to pay the fiscal year's debt expense which includes principal payments, interest payments, and administrative costs associated with debt issues. The primary source of revenue is property taxes and contract revenue from tax-exempt property.

In 2015, the District successfully refinanced the Series 2000B Bonds with a loan from Colorado Business Bank. Below is a summary of the District's current General Obligation long-term debt.

Summary of Debt Outstanding

Highline Business Improvement District

| Bonds Principal and Interest Maturing in the Year Ending December 31, | Series 2015 | | |
|---|---------------------|-------------------|---------------------|
| | Principal | Interest | Total |
| 2018 | \$ 225,000 | \$ 84,725 | \$ 309,725 |
| 2019 | 230,000 | 76,364 | 306,364 |
| 2020 | 240,000 | 67,817 | 307,817 |
| 2021 | 250,000 | 58,899 | 308,899 |
| 2022 | 260,000 | 49,609 | 309,609 |
| 2023 -2025 | 1,075,000 | 89,928 | 1,164,928 |
| Total | <u>\$ 2,280,000</u> | <u>\$ 427,341</u> | <u>\$ 2,707,341</u> |

Emergency Reserve

As required under Article X, Section 20 of the Colorado Constitution ("TABOR"), the District has provided for an Emergency Reserve in the amount of 3% of the total fiscal year revenues in the General Fund.