

RESOLUTION

A RESOLUTION APPROVING THE 2023 OPERATING PLAN AND BUDGET FOR THE RII-DII BUSINESS IMPROVEMENT DISTRICT.

WHEREAS, the City is a home rule municipality with authority to create one of more business improvement districts within its boundaries pursuant to Section 31-25-1201, *et seq.* (Act), of the Colorado Revised Statutes (C.R.S.); and

WHEREAS, on September 25, 2018, Council adopted Ordinance 3494 organizing the RII-DII Business Improvement District (District); and

WHEREAS, C.R.S. § 31-25-1211 requires the District to file an operating plan and proposed budget for the next fiscal year with the City Clerk no later than September 30 of each year; and

WHEREAS, C.R.S. § 31-25-1211 provides that no business improvement district created under the Act shall issue bonds, levy taxes, fees, or assessments or provide improvements or services unless the City has approved an operating plan and budget for the business improvement district; and

WHEREAS, on September 30, 2022, the District submitted its 2023 Operating Plan and Budget, attached hereto; and


WHEREAS, pursuant to C.R.S. § 31-25-1211, Council may require the District to supplement its 2023 Operating Plan or Budget where necessary, and shall approve or disapprove the 2023 Operating Plan and Budget within thirty days after receipt of the Operating Plan and Budget and all requested documentation relating thereto, but not later than December 5 of the year in which such documents are filed.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF THORNTON, COLORADO, AS FOLLOWS:

The 2023 Operating Plan and Budget for the RII-DII Business Improvement District, attached hereto, is hereby approved.

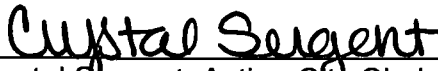
PASSED AND ADOPTED at a regular meeting of the City Council of the City of Thornton, Colorado, on October 25, 2022.

CITY OF THORNTON, COLORADO



Jan Kulmann, Mayor

ATTEST:



Crystal Sargent, Acting City Clerk

2023 OPERATING PLAN AND BUDGET

**RII-DII
BUSINESS
IMPROVEMENT
DISTRICT**

City of Thornton, Adams County, Colorado

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**2023
OPERATING PLAN FOR THE
RII-DII 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 RII-DII 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 (the “Board”), (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.

C. Purposes. The District’s primary purpose is to provide for the financing, acquisition, construction, completion, installation, replacement and/or operation and maintenance of the services and public improvements necessary to support the development of an approximately 75 acre commercial and retail use development located in the City within and coterminous with the District’s boundaries (the “Project”).

D. Ownership of Property or Major Assets. The District may own property or major physical assets as part of the Project.

E. Contracts and Agreements. The District does not currently have any significant contracts or agreements associated with any financial obligations. Following its organization, the District may engage accounting, legal and other consultants as necessary to carry out the District’s basic administration.

2. ORGANIZATION AND COMPOSITION OF THE BOARD OF DIRECTORS

A. Organization. The District was organized by the City of Thornton, Colorado in 2018.

B. Governance. The District is governed initially by an appointed Board comprised of five members; provided that commencing in 2020 the Board may hold biannual elections in accordance with applicable statutes.

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

1. Larry Lance
2. Krystal Arceneaux
3. Graham Benes
4. Erin Everett

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

D. Term Limits. Term limits were waived by the District's electors at the District's November 6, 2018, election.

E. Advisory Board. The Board may appoint one or more advisory boards to assist the Board on such matters as the Board desires assistance. The Board shall, upon the appointment of an advisory board, set forth its duties, duration, and membership. The Board 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 75.0532 acres within its boundaries as described in Exhibit C and depicted in Exhibit D (the "Initial District Boundaries"). The District may include or exclude property in or from the Initial District Boundaries consistent with the provisions of the Business Improvement District Act.

4. PUBLIC IMPROVEMENTS

The public improvements that the District may 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, the following types of improvements: water, safety protection, sanitation, dry utilities, streets, curbs, gutters, culverts, drainage facilities, sidewalks, parking facilities, paving, lighting, grading, parks, landscaping and storm and wastewater management facilities and associated land acquisition and remediation (the "Public Improvements").

5. ADMINISTRATION, OPERATIONS, SERVICES AND MAINTENANCE

The District conducted an election on November 6, 2018, to carry out the District's basic administration and operations, to comply with all applicable statutory and City-imposed requirements for business improvement districts, and to provide the public improvements and services authorized by the Business Improvement District Act and this operating plan.

The District will not have any employees in 2023 and will contract with consultants as necessary to carry out the District's administration and operations.

As and when prepared periodically, and at a minimum as required by law, the District will provide the City with its final budget, financial statements and annual audit or application from exemption from audit as applicable. In addition, the City shall have the right to examine any of the books and records of the District at any reasonable time and as often as the City may reasonably desire.

6. FINANCIAL PLAN AND BUDGET

A. 2023 Budget. The preliminary 2023 Budget for the District is attached as Exhibit B. The 2023 Budget amounts are subject to change once final assessed valuation is received.

B. Authorized and Existing Indebtedness. This District is authorized to issue up to \$6,500,000 in debt or other financial obligations under this Operating Plan. The District held an election on November 6, 2018, regarding the District's revenue and debt authority. On March 7, 2019 the District closed on its Limited Tax General Obligation Bonds, Series 2019A in the aggregate principal amount of \$2,200,000; Limited Tax General Obligation Capital Appreciation Bonds, Series 2019B in the original aggregate principal amount of \$503,466.42; and Limited Tax General Obligation Convertible Capital Appreciation Bonds, Series 2019C, in the original aggregate principal amount of \$3,796,533.58; \$6,500,000 in the aggregate.

C. Property Tax and Mill Levy Caps. The District may impose ad valorem property taxes to fund the district's debt service obligations and operations and maintenance expenses. The District may impose a debt service mill levy not to exceed 50.000 mills and an operations and maintenance mill levy not to exceed 10.000 mills. Pursuant to the documents accompanying the issuance of the aforementioned Bonds, the District is required to certify an ad valorem mill levy imposed upon all taxable property within its boundaries each year in an amount sufficient (taking into account amounts then otherwise available) to pay the principal of, premium if any, and interest on the Bonds, as the same become due and payable, but not in excess of 50 mills, and not less than 20 mills.

The District intends to certify an operating levy for collection in 2023 in accordance with the above limitations.

D. District Revenues. In addition to the revenues generated by its tax certifications, the District may utilize all other legally available revenues consistent with the Business Improvement District Act and other applicable law.

E. Other Financial Obligations. The District's initial operations needs have been funded by the Developer, and such funding may be reimbursed to the Developer pursuant to an Operations and Administrations Reimbursement Agreement dated December 17, 2018 on an annual appropriations basis.

F. Non-Default Provisions. The District's Bonds are structured as limited tax general obligation bonds such that the Bonds cannot default as long as the District is imposing the required maximum allowed mill levy and collecting available revenues.

G. No City Obligations. 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, and has not been pledged for the repayment of the debt of the District. This will be clearly stated on all offering circulars, prospectuses, or disclosure statements associated with any securities issued by the District.

On the face of the Bonds as issued and dated March 7, 2019 the following language appears: NEITHER THE BONDS, THE INTEREST OR PREMIUM THEREON, NOR COSTS INCIDENT THERETO SHALL CONSTITUTE A DEBT OR FINANCIAL OBLIGATION OF THE CITY, OR THE STATE OF COLORADO NOR GIVE RISE TO ANY PECUNIARY LIABILITY OF THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE (OTHER THAN THE ISSUER) OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS (IF ANY) THEREOF (OTHER THAN THE ISSUER).

7. 2023 ACTIVITIES, PROJECTS AND CHANGES

A. Activities. The District will carry out basic administration and operations activities as necessary to comply with all applicable statutory and City-imposed requirements for business improvement districts.

B. Projects and Public Improvements. The District has completed initial construction of all anticipated public improvements for the Project.

8. 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.

9. 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:

1. Larry Lance
2. Krystal Arceneaux
3. Graham Benes
4. Erin Everett

LEGAL COUNSEL:

Matthew P. Ruhland
Cockrel Ela Glesne Greher & Ruhland, PC
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Denver, Colorado 80206
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EXHIBIT B
District Budget 2023

**RII-DII Business Improvement District
Proposed Budget
General Fund
For the Year ended December 31, 2023**

	Estimate <u>2021</u>	Adopted Budget <u>2022</u>	Actual <u>6/30/2022</u>	Estimate <u>2022</u>	Proposed Budget <u>2023</u>
Beginning fund balance	\$ -	-	\$ -	\$ -	<u>22,719</u>
Revenues:					
Property taxes	175	921	921	921	11,456
Specific ownership taxes	1	64	105	200	802
Property taxes - TIF	11,290	63,262	63,262	63,262	63,262
Developer Advance	11,884	-	-	-	-
Interest income	-	-	-	-	-
	<u>23,350</u>	<u>64,247</u>	<u>64,288</u>	<u>64,383</u>	<u>75,520</u>
Total revenues					
	<u>23,350</u>	<u>64,247</u>	<u>64,288</u>	<u>64,383</u>	<u>98,239</u>
Total funds available					
	<u>23,350</u>	<u>64,247</u>	<u>64,288</u>	<u>64,383</u>	<u>98,239</u>
Expenditures:					
Accounting/Adm/Management	4,500	7,500	1,379	4,500	7,500
Legal	6,000	30,000	1,845	6,000	21,000
Miscellaneous	650	2,500	295	650	2,500
Insurance	1,856	3,200	304	500	3,200
Dues and Membership	-	1,000	-	-	1,000
FRICO fees	10,000	10,000	-	10,000	10,000
Treasurer's Fees	344	14	14	14	172
District Organization/Formation Costs	-	-	-	-	-
Developer reimbursement	-	-	-	20,000	20,000
Contingency	-	8,410	-	-	31,244
Emergency reserve (3%)	-	1,623	-	-	1,623
	<u>23,350</u>	<u>64,247</u>	<u>3,837</u>	<u>41,664</u>	<u>98,239</u>
Total expenditures					
	<u>23,350</u>	<u>64,247</u>	<u>3,837</u>	<u>41,664</u>	<u>98,239</u>
Ending fund balance	<u>-</u>	<u>\$ -</u>	<u>\$ 60,451</u>	<u>22,719</u>	<u>-</u>
Assessed valuation		<u>\$ 12,836,650</u>			<u>\$ 14,943,590</u>
TIF		<u>\$ 12,652,460</u>			<u>\$ 12,652,460</u>
Net assessed value		<u>\$ 184,190</u>			<u>\$ 2,291,130</u>
Mill Levy		<u>5.000</u>			<u>5.000</u>

**RII-DII Business Improvement District
Proposed Budget
Capital Projects Fund
For the Year ended December 31, 2023**

	Estimate <u>2021</u>	Adopted Budget <u>2022</u>	Actual <u>6/30/2022</u>	Estimate <u>2022</u>	Proposed Budget <u>2023</u>
Beginning fund balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues:					
Bond proceeds	-	-	-	-	-
Interest income	-	-	-	-	-
Total revenues	-	-	-	-	-
Total funds available	-	-	-	-	-
Expenditures:					
Issuance costs	-	-	-	-	-
Bond Premium	-	-	-	-	-
Capital expenditures	-	-	-	-	-
Transfer to General Fund	-	-	-	-	-
Transfer to Debt Service	-	-	-	-	-
Total expenditures	-	-	-	-	-
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**RII-DII Business Improvement District
Proposed Budget
Debt Service Fund
For the Year ended December 31, 2023**

	Estimate <u>2021</u>	Adopted Budget <u>2022</u>	Actual <u>6/30/2022</u>	Estimate <u>2022</u>	Proposed Budget <u>2023</u>
Beginning fund balance	\$ 157,728	\$ 16,518	\$ 16,518	\$ 16,518	\$ 59,113
Revenues:					
Property taxes	347	3,684	3,684	3,684	45,823
Specific ownership taxes	20	258	105	20	3,208
Property taxes TIF	22,581	253,049	253,049	253,049	253,049
Interest income	30	-	27	30	-
Total revenues	<u>22,978</u>	<u>256,991</u>	<u>256,865</u>	<u>256,783</u>	<u>302,080</u>
Total funds available	<u>180,706</u>	<u>273,509</u>	<u>273,383</u>	<u>273,301</u>	<u>361,193</u>
Expenditures:					
Bond interest	154,000	204,000	77,000	204,000	254,000
Treasurer's fees	688	3,851	688	688	4,483
Trustee / paying agent fees	9,500	9,500	9,500	9,500	9,500
Total expenditures	<u>164,188</u>	<u>217,351</u>	<u>87,188</u>	<u>214,188</u>	<u>267,983</u>
Ending fund balance	<u>\$ 16,518</u>	<u>\$ 56,158</u>	<u>\$ 186,195</u>	<u>\$ 59,113</u>	<u>\$ 93,210</u>
Assessed valuation		<u>\$ 12,836,650</u>			<u>\$ 14,943,590</u>
TIF		<u>\$ 12,652,460</u>			<u>\$ 12,652,460</u>
Net assessed value		<u>\$ 184,190</u>			<u>\$ 2,291,130</u>
Mill Levy		<u>20.000</u>			<u>20.000</u>
Total Mill Levy		<u>25.000</u>			<u>25.000</u>

EXHIBIT C
District Boundary Legal Description

The South one-half ($\frac{1}{2}$) of the Northeast one-quarter ($\frac{1}{4}$) and that part of the Northeast one-quarter ($\frac{1}{4}$) Northeast one-quarter ($\frac{1}{4}$) lying South and East of Bull Canal, all in Section 15, Township 1 South, Range 68 West of the 6th P.M., except that part described in Book 228 at Page 484 and except easement described in Book 277 at Page 140.

Except that portion conveyed to the State Department of Highways Division of Highways, State of Colorado in instrument recorded June 20, 1974 in Book 1937 at Page 543.

Except that portion conveyed to Adams County, a body politic, in instrument recorded January 25, 1982 in Book 2618 at Page 158.

Except that portion conveyed in Warranty Deed recorded February 7, 1985 in Book 2965 at Page 276.

County of Adams, State of Colorado

EXHIBIT D
District Boundary Map

