

2017 OPERATING PLAN AND BUDGET

MILLER'S LANDING BUSINESS IMPROVEMENT DISTRICT

Town of Castle Rock, Douglas County, Colorado

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2017
OPERATING PLAN FOR MILLER’S LANDING BUSINESS IMPROVEMENT DISTRICT

1. PURPOSE AND SCOPE OF THIS DISTRICT

A. Requirements for this Operating Plan

The Business Improvement District Act, section 31-25-1201, *et seq.*, C.R.S., as amended (the “Act”), and specifically section 31-25-1211, requires that Miller’s Landing Business Improvement District (the “District”) file an operating plan and proposed budget with the Town Clerk of the Town of Castle Rock (the “Town”) no later than September 30 of each year. This is the District’s operating plan and proposed budget for 2017 (the “Operating Plan”).

Under the Act, the Town is to annually approve an operating plan and budget within 30 days of the submittal of all required information.

The District will operate under the authorities and powers allowed under the Act, as further described and limited by this Operating Plan.

B. What Must Be Included in the Operating Plan

Pursuant to the provisions of the Act, 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 Town may require.

C. Purposes

The ongoing and/or contemplated purposes of the District for 2017 include 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 to support the development of a mixed-use commercial project which may include office, retail, restaurant, bar, hospitality, and accessory uses within the District’s boundaries. A further goal of the Operating Plan is to align with the Town of Castle Rock’s Citadel Station – Castle Meadows Urban Renewal Plan, which was established to reduce, eliminate and prevent the spread of blight within the Citadel Station – Castle Meadows Area (collectively, the “Project”).

2. ORGANIZATION AND COMPOSITION OF THE BOARD OF DIRECTORS

A. Organization

The District was organized by the Town by Ordinance No. 2016-027, adopted September 20, 2016.

B. Governance

The District is governed by an appointed board of directors (the “Board of Directors”).

C. Board

The Board of Directors is comprised of five electors of the District who are appointed by the Town Council to serve at the pleasure of the Town Council. The following five Directors have been appointed by the Town Council:

1. Hampton Barclay (Treasurer and Secretary)
2. John "Duke" Saeman
3. Cheryl Temple
4. Shawn Temple (President)
5. Tracy Wilkes

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

3. AREA BOUNDARIES

A legal description of the territory within the boundaries of the District is provided in Exhibit C, and a map depicting the District’s boundaries is provided in Exhibit D (the “Property”).

4. PUBLIC IMPROVEMENTS

A. Improvements and Services

The District is empowered 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, including “Improvements” as that term is defined in section 31-25-1203(5), C.R.S., services as described in section 31-25-1212(1)(f), and other powers granted to such districts under section 31-25-1212.

All improvements furnished by the District shall be public improvements that will be owned or leased by the Town, the District, the Castle Rock Urban Renewal Authority (“URA”), Douglas County or the State of Colorado.

All improvements furnished by the District shall be located on land that is or will be owned in fee or by an easement, or leased by the District, the Town, the URA, Douglas County or the State of Colorado.

5. ADMINISTRATION, OPERATIONS, SERVICES AND MAINTENANCE

A. 2016 Election

The District held an election on November 8, 2016, for the purpose of authorizing District debt and financial powers for all authorized uses of the District per the Act.

B. Public Improvement Fee

It is anticipated that the owner of the Property will impose a Public Improvement Fee (“PIF”) on all sales and lodging rentals within the District for the benefit of the District. The purpose of the PIF will be to support improvements and services provided to the Property. Revenues generated by the PIF and pledged to the District will be used only for improvements and services which touch and concern the land and which benefit the Property.

C. Administration

The District is not expected to have employees and all administrative functions are expected to be furnished by contract with private entities.

6. FINANCIAL PLAN AND BUDGET

A. 2017 Budget

The 2017 Budget for the District is attached as Exhibit B.

B. Authorized Indebtedness

The principal amount of debt authority authorized by this Operating Plan is that amount that will be sufficient to yield, after costs of issuance, \$65,000,000 of bond or other debt proceeds to the District for public improvement acquisition and construction purposes, including survey, design, planning, engineering, land acquisition, completion, construction, acquisition and/or installations of the proposed public improvements, plus construction contingencies, design and construction engineering, construction management and other capitalized costs (“Capital Costs”). Bond or other debt proceeds may also cover costs and expenses for financing the facilities, including, but not limited to, capitalized interest, bond issuance costs, bond reserve funds, credit enhancement costs, and District organizational costs.

The District is authorized to issue all, none or some of the bonds or other debt associated with the Project upon compliance with the applicable conditions in the Public Finance Agreement (see 6.E.).

C. Property Tax and Debt Service Mill Levy Cap

The District is authorized to levy a mill levy and to impose, collect and spend rates, tolls, charges, special assessments, and any and all fees and revenue from other sources available to the District pursuant to the Act. It is anticipated that the District will impose a mill levy of 50 mills to repay District debt, applicable in the first year that such debt is issued. The District shall

not impose a mill levy in excess of 50 mills for the purposes of debt service without Town approval.

The cost of the District's operations, maintenance and administrative costs shall be paid through a variety of revenue sources, including ad valorem taxes, PIF revenues, and fees, rates, tolls and charges as deemed necessary, prudent and appropriate in the estimation of the Board of Directors.

D. District Revenues

See 2017 Budget attached hereto as Exhibit B.

E. Public Finance Agreement

As a condition to the effectiveness of this Operating Plan, the District will enter into a Public Finance Agreement (the "PFA") by and among the District, the Town, the URA and Citadel Development, the project developer, in order to generally: (1) allow the District to collect (or receive from the URA) all of the District's incremental property tax, (2) impose a property tax mill levy of not less than 50 mills within the District, and (3) issue Bonds to finance the remediation of the landfill and develop public improvements for the Project.

In addition to the limitations of the Act and those provided in this Operating Plan, the District shall undertake the financing, acquisition, construction, completion, installation, replacement and/or operation and maintenance of all of the services and public improvements for the Project only in accordance with the terms and conditions of the PFA, a copy of which is attached to this Operating Plan as Exhibit E and incorporated by reference herein. In the event of any conflict between this Operating Plan and the PFA, the PFA shall govern and control.

7. DISSOLUTION

The District may be dissolved under the conditions of section 31-25-1225, C.R.S.

8. CONCLUSION

This Operating Plan meets the requirements of the Act and further meets applicable requirements of the Colorado constitution and other law. 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:

Hampton Barclay
4161 Hooker Street
Denver, CO 80211
Phone: 314-477-6681
Email: hamptonsb@gmail.com

John V. Saeman, III ("Duke")
1008 S. Cottoncreek Drive
Highlands Ranch, CO 80130
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Shawn Temple
2685 Red Bird Trail
Castle Rock, CO 80102
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Cheryl Temple
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Castle Rock, CO 80102
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Email: cheryltemple@sbcglobal.net

Tracy Wilkes
7927 S. Kittredge Street
Englewood, CO 80112
Phone: 303-991-1143
Email: twilkes@castlekeepdevelopments.com

DISTRICT LEGAL COUNSEL:

Spencer Fane LLP
1700 Lincoln Street, Suite 2000
Denver, CO 80203
Matt Dalton
Tom George
Phone: 303-839-3800
Email: mdalton@spenferfane.com; tgeorge@spenferfane.com

EXHIBIT B
District Budget 2017
GENERAL FUND

	Proposed 2017	
Beginning Fund Balance	-	
REVENUES		
Property Taxes	-	
Specific Ownership Taxes	-	
Public Improvement Fees	-	
Developer Advance	100,000	
Net Investment Income	-	
Intergovernmental Revenue	-	
Total Revenues	100,000	
EXPENDITURES		
Accounting	10,000	
Audit	-	
Contingency	-	
District Management	-	
Dues and Membership	1,000	
Insurance	4,000	
Legal	50,000	
Miscellaneous	5,000	
Total Expenditures	70,000	
ENDING FUND BALANCE	30,000	
Emergency Reserve	5,000	
Total Reserve	5,000	

DEBT SERVICE FUND¹

	Proposed 2017
Beginning Fund Balance	-
REVENUES	
Property Taxes	-
Public Improvement Fees	-
Developer Advance	-
Net Investment Income	-
Intergovernmental Revenue	-
Total Revenues	-
EXPENDITURES	
Bond Interest – Series 2017	-
Bond Principal – Series 2017	-
Miscellaneous	-
Contingency	-
Total Expenditures	-
ENDING FUND BALANCE	-

¹ It is anticipated that the District will issue bonds in 2017. However, the District will not collect 2017 mill levy revenues until 2018, and until such bonds are issued it is unclear whether capitalized interest or other payments will be required in 2017. For these reasons, this proposed Debt Service fund does not contain revenue or expenditure entries.

CAPITAL PROJECTS FUND

	Proposed 2017	
Beginning Fund Balance		-
REVENUES		
Property Taxes		-
Public Improvement Fees		-
Developer Advance		-
Net Investment Income		-
Intergovernmental Revenue		-
Bond Issuance – Series 2017	40,000,000	
Total Revenues		
EXPENDITURES		
Bond Issue Costs		
Preconstruction Design and Engineering	1,700,000	
Grading and retaining walls	3,100,000	
Water and Sanitary Sewer Improvements	300,000	
Storm water Improvements	550,000	
Landfill Remediation Improvements	11,000,000	
Water Infrastructure	850,000	
Total Expenditures	17,500,000	
ENDING FUND BALANCE	22,500,000	

EXHIBIT C

District Bounday Legal Description

A PARCEL OF LAND BEING A PART OF LOT 2, BLOCK 7, CITADEL STATION FILING NO. 6, A SUBDIVISION PLAT RECORDED UNDER RECEPTION NO. 8708767 AND A PART OF THE SOUTHEAST QUARTER OF SECTION 10 AND A PART OF THE SOUTHWEST QUARTER OF SECTION 11, TOWNSHIP 8 SOUTH, RANGE 67 WEST OF THE SIXTH PRINCIPAL MERIDIAN, TOWN OF CASTLE ROCK, COUNTY OF DOUGLAS, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE CENTER QUARTER CORNER OF SAID SECTION 10 AND ASSUMING THE SOUTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 10 TO BEAR SOUTH 89°27'26" EAST, 2616.68 FEET AS PLATTED, WITH ALL BEARINGS CONTAINED HEREIN BEING RELATIVE THERETO;

THENCE NORTH 00°35'04" WEST ALONG THE WEST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 10, A DISTANCE OF 403.83 FEET TO THE SOUTHWESTERLY CORNER OF OUTLOT B, SAID CITADEL STATION FILING NO. 6; THENCE NORTH 70°14'23" EAST ALONG THE SOUTHERLY LINE OF SAID OUTLOT B, A DISTANCE OF 21.48 FEET, TO A POINT ON THE NORTHERLY RIGHT OF WAY LINE OF WEST PLUM CREEK PARKWAY (ALSO KNOWN AS COACHLINE ROAD) AS DESCRIBED IN DEED RECORDED UNDER RECEPTION NO. 2008075142, SAID POINT BEING A POINT ON THE NORTHERLY LINE OF SAID LOT 2, BLOCK 7, SAID POINT ALSO BEING THE **POINT OF BEGINNING**;

THENCE ALONG THE NORTHERLY AND EASTERLY LINE OF SAID LOT 2, BLOCK 7 THE FOLLOWING TWENTY-TWO (22) COURSES:

1. CONTINUING NORTH 70°14'23" EAST, A DISTANCE OF 420.04 FEET;
2. NORTH 89°42'53" EAST, A DISTANCE OF 60.00 FEET;
3. NORTH 0°17'7" WEST, A DISTANCE OF 41.71 FEET;
4. NORTH 71°29'11" EAST, A DISTANCE OF 22.78 FEET;
5. NORTH 57°11'1" EAST, A DISTANCE OF 127.32 FEET;
6. NORTH 79°57'40" EAST, A DISTANCE OF 150.30 FEET;
7. NORTH 33°12'60" EAST, A DISTANCE OF 188.02 FEET;
8. NORTH 67°16'37" EAST, A DISTANCE OF 98.12 FEET;
9. NORTH 89°36'24" EAST, A DISTANCE OF 218.51 FEET;
10. NORTH 57°52'24" EAST, A DISTANCE OF 190.11 FEET;
11. NORTH 52°55'43" EAST, A DISTANCE OF 279.75 FEET;

12. SOUTH 7°13'59" EAST, A DISTANCE OF 36.25 FEET, TO A POINT ON A CURVE;
13. ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 170.00 FEET, A CENTRAL ANGLE OF 58°05'53", AN ARC LENGTH OF 172.38 FEET, THE CHORD OF WHICH BEARS SOUTH 36°16'56" EAST, 165.09 FEET;
14. SOUTH 65°19'52" EAST, A DISTANCE OF 10.92 FEET;
15. NORTH 14°31'34" EAST, A DISTANCE OF 120.00 FEET;
16. NORTH 50°36'4" EAST, A DISTANCE OF 187.64 FEET;
17. NORTH 82°51'32" EAST, A DISTANCE OF 87.69 FEET;
18. NORTH 22°23'46" EAST, A DISTANCE OF 59.05 FEET;
19. NORTH 53°48'14" EAST, A DISTANCE OF 202.23 FEET;
20. SOUTH 23°36'32" EAST, A DISTANCE OF 793.03 FEET;
21. SOUTH 88°3'18" WEST, A DISTANCE OF 134.81 FEET;
22. SOUTH 0°0'15" EAST, A DISTANCE OF 700.98 FEET TO A POINT ON THE SOUTH LINE OF NORTHEAST QUARTER OF SAID SECTION 10;

THENCE SOUTH 89°27'26" EAST ALONG SAID SOUTH LINE, A DISTANCE OF 329.66 FEET TO THE EAST QUARTER CORNER OF SAID SECTION 10;

THENCE SOUTH 89°46'21" EAST ALONG THE NORTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 11, A DISTANCE OF 572.43 FEET TO A POINT ON THE WESTERLY RIGHT OF WAY LINE OF THE ATCHISON, TOPEKA & SANTA FE RAILROAD;

THENCE ALONG SAID WESTERLY RIGHT OF WAY LINE THE FOLLOWING THREE (3) COURSES:

1. SOUTH 1°56'48" EAST, A DISTANCE OF 173.53 FEET, TO A POINT ON A CURVE;
2. ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 880.93 FEET, A CENTRAL ANGLE OF 37°31'24", AN ARC LENGTH OF 576.93 FEET, THE CHORD OF WHICH BEARS SOUTH 16°48'53" WEST, 566.67 FEET;
3. SOUTH 35°34'35" WEST, A DISTANCE OF 193.47 FEET TO A POINT ON THE NORTHERLY RIGHT OF WAY LINE OF WEST PLUM CREEK PARKWAY AS DESCRIBED IN DEED RECORDED UNDER RECEPTION NO. 2008054850;

THENCE ALONG THE RIGHT OF WAY AS DESCRIBED THE FOLLOWING FOURTEEN (14) COURSES:

1. NORTH 75°34'19" WEST, A DISTANCE OF 170.83 FEET, TO A POINT ON A CURVE;
2. ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 665.50 FEET, A CENTRAL ANGLE OF 17°49'03", AN ARC LENGTH OF 206.95 FEET, THE CHORD OF WHICH BEARS NORTH 66°39'48" WEST, 206.12 FEET;
3. NORTH 32°14'44" EAST, A DISTANCE OF 6.00 FEET;
4. NORTH 57°45'16" WEST, A DISTANCE OF 709.16 FEET;
5. NORTH 18°59'47" WEST, A DISTANCE OF 32.16 FEET;
6. NORTH 32°14'44" EAST, A DISTANCE OF 275.60 FEET, TO A POINT ON A CURVE;
7. ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 910.00 FEET, A CENTRAL ANGLE OF 07°46'45", AN ARC LENGTH OF 123.55

FEET, THE CHORD OF WHICH BEARS NORTH 28°21'22" EAST, 123.46 FEET TO A POINT ON THE SOUTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 10;

8. NORTH 89°27'26" WEST AND ALONG SAID SOUTH LINE, A DISTANCE OF 133.30 FEET, TO A POINT ON A CURVE;
 9. ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 790.00 FEET, A CENTRAL ANGLE OF 03°51'20", AN ARC LENGTH OF 53.16 FEET, THE CHORD OF WHICH BEARS SOUTH 30°19'4" WEST, 53.15 FEET;
 10. SOUTH 32°14'44" WEST, A DISTANCE OF 274.89 FEET;
 11. SOUTH 83°29'15" WEST, A DISTANCE OF 33.31 FEET;
 12. NORTH 57°45'16" WEST, A DISTANCE OF 380.82 FEET;
 13. SOUTH 32°14'44" WEST, A DISTANCE OF 6.00 FEET, TO A POINT ON A CURVE;
 14. ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 864.50 FEET, A CENTRAL ANGLE OF 14°13'19", AN ARC LENGTH OF 214.59 FEET, THE CHORD OF WHICH BEARS NORTH 64°51'56" WEST, 214.04 FEET TO A POINT ON THE SOUTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 10, SAID POINT ALSO BEING A POINT ON THE NORTHERLY RIGHT OF WAY LINE OF WEST PLUM CREEK PARKWAY AS DESCRIBED IN DEED RECORDED UNDER RECEPTION NO. 2008075142;
- THENCE ALONG SAID NORTHERLY RIGHT OF WAY LINE THE FOLLOWING THREE (3) COURSES:

1. CONTINUING ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 864.50 FEET, A CENTRAL ANGLE OF 17°28'53", AN ARC LENGTH OF 263.77 FEET, THE CHORD OF WHICH BEARS NORTH 80°43'02" WEST, 262.74 FEET;
2. NORTH 89°27'28" WEST, A DISTANCE OF 548.00 FEET, TO A POINT ON A CURVE;
3. ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 500.50 FEET, A CENTRAL ANGLE OF 75°02'22", AN ARC LENGTH OF 655.50 FEET, THE CHORD OF WHICH BEARS NORTH 51°56'17" WEST, 609.64 FEET TO THE POINT OF BEGINNING,

SAID PARCEL CONTAINING A CALCULATED AREA OF 2,871,687 SQUARE FEET OR 65.925 ACRES, MORE OR LESS.

ALL REFERENCES TO RECORDED DOCUMENTS ARE FILED WITH THE DOUGLAS COUNTY CLERK AND RECORDER.

THE LINEAL UNIT USED IN THE PREPARATION OF THIS PLAT IS THE U.S. SURVEY FOOT AS DEFINED BY THE UNITED STATES DEPARTMENT OF COMMERCE, NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY.

I, WILLIAM F. HESSELBACH JR., A SURVEYOR LICENSED IN THE STATE OF COLORADO, DO HEREBY CERTIFY THAT THE ABOVE LEGAL DESCRIPTION AND ATTACHED EXHIBIT WERE PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND CHECKING. THE LEGAL DESCRIPTION WAS PREPARED FROM EXISTING

PLATS AND RECORDED DOCUMENTS. THIS DOES NOT REPRESENT A
MONUMENTED LAND SURVEY.

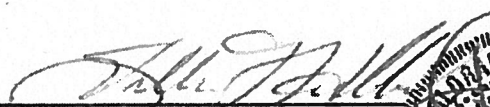

WILLIAM F. HESSELBACH JR., P.L.S. 25369
FOR AND ON BEHALF OF
CVL CONSULTANTS OF COLORADO, INC.



EXHIBIT D
District Boundary Map



EXHIBIT E
Public Finance Agreement