

**RESOLUTION
TO ADOPT 2018 BUDGET AND APPROPRIATE SUMS OF MONEY
SW DOWNTOWN METROPOLITN DISTRICT NO. 2**

A RESOLUTION SUMMARIZING REVENUES AND EXPENDITURES FOR EACH FUND, ADOPTING A BUDGET, AND APPROPRIATING SUMS OF MONEY TO THE VARIOUS FUNDS IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE SW DOWNTOWN METROPOLITAN DISTRICT NO. 2, CITY OF COLORADO SPRINGS, EL PASO COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY, 2018, AND ENDING ON THE LAST DAY OF DECEMBER, 2018,

WHEREAS, the Board of Directors of the SW Downtown Metropolitan District No. 2 has authorized its consultants to prepare and submit a proposed budget to said governing body at the proper time; and

WHEREAS, the proposed budget has been submitted to the Board of Directors of the District for its consideration; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was available for inspection by the public at a designated public office, a public hearing was held on December 14, 2017, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues or planned to be expended from reserves or fund balances so that the budget remains in balance, as required by law.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SW DOWNTOWN METROPOLITAN DISTRICT NO. 2 OF THE CITY OF COLORADO SPRINGS, EL PASO COUNTY, COLORADO:

Section 1. Adoption of Budget. That the budget as submitted, and attached hereto and incorporated herein by this reference, and if amended, then as amended, is hereby approved and adopted as the budget of the SW Downtown Metropolitan District No. 2 for calendar year 2018.

Section 2. Budget Revenues. That the estimated revenues for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 3. Budget Expenditures. That the estimated expenditures for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 4. Property Tax and Fiscal Year Spending Limits. That, being fully informed, the Board finds that the foregoing budget and mill levies do not result in a violation of any applicable property tax or fiscal year spending limitation.

Section 5. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

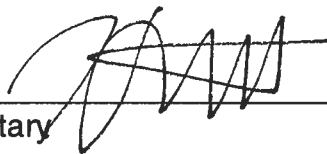
ADOPTED this 14th day of December, 2017.

SW DOWNTOWN METROPOLITAN
DISTRICT NO. 2



President

ATTEST:



Secretary

LETTER OF BUDGET TRANSMITTAL

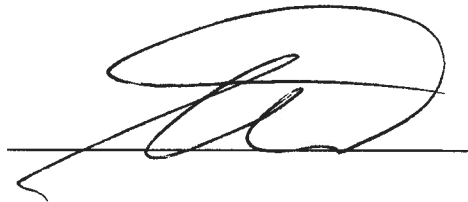
Date: January 31, 2018
To: Division of Local Government
1313 Sherman Street, Room 521
Denver, Colorado 80203

Attached are the 2018 budget and budget message for SW DOWNTOWN METROPOLITAN DISTRICT NO. 2 in El Paso County, Colorado, submitted pursuant to Section 29-1-113, C.R.S. This budget was adopted on December 14, 2017. If there are any questions on the budget, please contact:

Russell W. Dykstra
Spencer Fane LLP
1700 Lincoln Street, Suite 2000
Denver, CO 80203
Tel.: (303) 839-3800

I, Russell W. Dykstra as General Counsel of the SW Downtown Metropolitan District No. 2, hereby certify that the attached is a true and correct copy of the 2018 budget.

By:

A handwritten signature in black ink, appearing to be 'RD', written over a horizontal line. The signature is stylized and cursive.



CliftonLarsonAllen LLP
CLAconnect.com

CliftonLarsonAllen

Board of Directors
SW Downtown Metropolitan District No. 2
El Paso County, Colorado

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of SW Downtown Metropolitan District No. 2 for the year ending December 31, 2018, including the estimate of comparative information for the year ending December 31, 2017, and the actual comparative information for the year ending December 31, 2016, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

We draw attention to the summary of significant assumptions which describe that the budget is presented in accordance with the requirements of C.R.S. 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to SW Downtown Metropolitan District No. 2.

Colorado Springs, Colorado
January 29, 2018



An independent member of Nexia International

SW DOWNTOWN METROPOLITAN DISTRICT NO. 2
GENERAL FUND
2018 BUDGET AS ADOPTED
WITH 2017 ESTIMATED

For the Years Ended and Ending December 31,

1/29/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
1 Developer advance	-	-	50,000
Total revenues	-	-	50,000
Total funds available	-	-	50,000
EXPENDITURES			
General and administration			
2 Accounting	-	-	2,500
3 Contingency	-	-	16,500
4 District management	-	-	1,500
5 Election	-	-	5,000
6 Insurance	-	-	2,500
7 Legal	-	-	10,000
8 Miscellaneous	-	-	2,000
Operations and maintenance			
9 Engineering	-	-	10,000
Total expenditures	-	-	50,000
Total expenditures and transfers out requiring appropriation	-	-	50,000
ENDING FUND BALANCES	\$ -	\$ -	\$ -

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**SW DOWNTOWN METROPOLITAN DISTRICT NO. 2
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,**

1/29/2018

	ACTUAL 2016	ESTIMATED 2017	ADOPTED 2018
ASSESSED VALUATION - EL PASO			
Certified Assessed Value	\$ -	\$ -	\$ -
MILL LEVY		0.000	0.000
PROPERTY TAXES			
Budgeted Property Taxes	\$ -	\$ -	\$ -
BUDGETED PROPERTY TAXES	\$ -	\$ -	\$ -

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**SW DOWNTOWN METROPOLITAN DISTRICT NO. 2
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

SW Downtown Metropolitan District No. 2 (the “District”) and SW Downtown Metropolitan District No. 1 (“District No. 1”) (collectively the “Districts”) were formed under a Service Plan approved by the City of Colorado Springs, El Paso County, Colorado (the “City”), on September 26, 2017. The Districts’ service area is located entirely within the City. The primary purpose of the Districts will be to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment of public improvements and services as listed below. The District was organized by El Paso County Court Order on December 11, 2017.

At an election held on November 7, 2017, the voters approved general indebtedness of \$440,000,000 at a maximum interest rate of 18% for each of the following improvements and services: streets, water supply, sanitary sewer, traffic and safety controls, parks and recreation, mosquito control, television relay and translation, public transportation, security services, and fire protection/medical emergency services. The election authorized indebtedness of \$440,000,000 each for operations and maintenance, reimbursement agreements, and debt refunding. The voters also approved an annual increase in taxes of up to \$5,000,000 at a mill levy rate without limitation or with such limitations as may be determined by the board for the purpose of the District’s operations, maintenance, and other expenses. The election also allows the District to retain all revenues without regard to the limitations contained in Article X, Section 20 of the Colorado constitution.

Pursuant to the Districts’ Service Plan filed with the City, the maximum debt mill levy for a residential district shall be 30 mills, which can be adjusted for changes in the method of calculating assessed valuation after January 1, 2006. The adjusted maximum debt mill levy is 33.167. The maximum debt mill levy for a commercial district is 50 mills. Pursuant to the Service Plan, the Districts are permitted to issue bond indebtedness of up to \$220,000,000.

The maximum operating mill levy for the payment of operating and maintenance expenses is 10 mills, which can be adjusted for changes in the method of calculating assessed valuation after January 1, 2006. The adjusted maximum operating mill levy is 11.056.

The District has no employees and all administrative functions are contractual.

The District prepares its budget on the modified accrual basis of accounting, in accordance with requirements of Colorado Revised Statutes C.R.S. 29-1-105.

Revenues

Developer Advances

Since the District is in the development stage, operational expenditures are anticipated to be funded by the Developer. Developer advances are to be recorded as revenues for budget purposes and may be repaid to the Developer from unpledged revenue in future years. The District entered into a Reimbursement Agreement for Operations with the Developer on December 14, 2017. Advances under the agreement bear simple interest at the rate of 6% per annum beginning on the date of advance to the date of repayment.

**SW DOWNTOWN METROPOLITAN DISTRICT NO. 2
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures

Administrative Expenditures

Administrative expenditures have been provided based on estimates of the District's Board of Directors and consultants and include the services necessary to maintain the District's administrative viability such as legal, accounting, managerial, insurance, landscape maintenance, and other administrative expenses.

Debt and Leases

The District has no debt, nor any operating or capital leases.

Reserves

Emergency Reserve

The District has provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending for 2018, as defined under TABOR.

This information is an integral part of the accompanying budget.