

RECORD OF PROCEEDINGS

MINUTES OF THE ORGANIZATIONAL MEETING OF THE BOARD OF DIRECTORS OF SW DOWNTOWN BUSINESS IMPROVEMENT DISTRICT

HELD: Thursday, December 14, 2017 at 1:00 p.m. at 111 S. Tejon Street, Suite 222, Colorado Springs, Colorado

ATTENDANCE:

The organizational meeting of the Board of Directors of the SW Downtown Business Improvement District, City of Colorado Springs, Colorado was called and held as shown above and in accordance with the applicable statutes of the State of Colorado, with the following directors present and acting:

Christopher S. Jenkins
David D. Jenkins
Delroy L. Johnson
Jeffrey A. Finn
Russell T. Tutt, IV

Also in attendance were Russell W. Dykstra of Spencer Fane LLP, Carrie Bartow and Josh Miller of CliftonLarsonAllen LLP

No Directors were absent. There are no vacancies on the Board.

CALL TO ORDER:

Mr. Dykstra noted for the record that a quorum was present, and on behalf of the Board, called the meeting to order at approximately 1:06 p.m. and explained the purpose of the organizational meeting.

QUALIFICATION OF BOARD MEMBERS:

Mr. Dykstra reported that all of the Board members had their oaths of office administered before a notary. Thereupon, the Directors present assumed their duties as members of the Board of Directors.

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST:

Mr. Dykstra discussed the state law requirements for disclosure of potential conflicts of interest with the directors, noting that completed disclosure statements had been filed for each of the Directors with the Secretary of State at least three days prior to the meeting. In addition, Mr.

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Dykstra noted that each director is to verbally reveal his/her potential conflicts of interest to the Board prior to beginning the discussion in which a conflict may arise.

DISCUSSION OF OPERATING PLAN, DISTRICT POWERS:

Mr. Dykstra noted for the benefit of the Board that the general powers of the District are outlined in the Business Improvement Act, the BID creation ordinance, and the annual Operating Plan and Budget as submitted to and approved by the City of Colorado Springs.

DISCUSSION OF OPEN MEETINGS REQUIREMENTS:

Mr. Dykstra described the open meeting and posting requirements for the District, noting that any non-social meeting of three or more of the directors constituted an official meeting, and that notice of a meeting for the District is to be (1) provided to each Board member, and (2) posted in the designated public place within the District at least 24 hours in advance of the meeting. The posting should include specific agenda information, if possible.

DUTIES: BOARD, PRESIDENT, VICE-PRESIDENT, TREASURER, SECRETARY AND ASSISTANT SECRETARY:

Mr. Dykstra briefly reviewed the duties of the Officers of the District.

ELECTION OF OFFICERS:

Following discussion and the receipt of nominations, upon motion duly made, seconded, and unanimously approved, the Board elected Christopher S. Jenkins as President, David D. Jenkins as Secretary, Delroy L. Johnson as Treasurer, Jeffrey A. Finn as Assistant Secretary and Russell T. Tutt, IV as Assistant Secretary.

ADOPTION OF SEAL:

Upon motion duly made, seconded, and unanimously approved, the Board adopted a seal consisting of the word "Seal" circled by "SW Downtown Business Improvement District".

RATIFICATION OF PAST ACTIONS:

Following discussion and upon motion duly made, seconded and unanimously carried, the Board ratified the past actions of the Board and its consultants in the organization and operation of the District, including without limitation actions and notifications taken, making and posting notice for this meeting, and in the organization of the District.

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DISCUSSION REGARDING DISTRICT COUNSEL, MANAGEMENT AND ACCOUNTANT:

Mr. Dykstra discussed the need for the hiring of consultants to assist the District in its duties. Following discussion and upon motion duly made, seconded, and unanimously approved, the Board approved the engagement of Spencer Fane LLP as legal counsel for the District, CliftonLarsonAllen LLP as accountants for the District and CliftonLarsonAllen LLP for management services.

ADMINISTRATIVE MATTERS RESOLUTION:

Mr. Dykstra presented a Resolution Concerning Annual Administrative Matters for 2018 for the District. As specified in the Resolution, the Board determined to schedule regular meetings on the fourth Wednesday of each month at 9:30 a.m. to be held at the offices of Nor'Wood Development Group, 111 S. Tejon Street, Suite 222, Colorado Springs, Colorado. Additionally, the Board approved the following designated posting location: Building Entry, Colorado Springs, Colorado. Mr. Dykstra indicated that the District must establish an office and contact person for the District. Mr. Dykstra was named as the contact person for the District at the office of Spencer Fane LLP and was directed to provide the names and addresses of the directors, the contact person, and the address and telephone number of the District to the Division of Local Government and make other filings as required by law. Following discussion and upon motion duly made, seconded, and unanimously approved, the resolution was adopted with the noted additional information.

2018 ELECTION RESOLUTION:

Mr. Dykstra presented a Resolution Calling the May 8, 2018 Regular Election noting that Director Finn's and Director Tutt's positions on the Board were open for 4-year terms (2018-2022). Following discussion, and upon motion duly made, seconded and unanimously carried, the Board approved the Resolution as presented.

PAYMENT OF ORGANIZATIONAL COSTS:

Mr. Dykstra discussed the District's financial situation and associated costs for organization and the May 8, 2018 regular election to be held for the District. Following discussion, and upon motion duly made, seconded and unanimously carried, the Board approved payment of costs for organization and approved the costs of the May 8, 2018 election to be held by mail ballot, appointing Leslie Larsen of Spencer Fane LLP as the Designated Election Official.

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WORKERS COMPENSATION FOR BOARD MEMBERS:

Mr. Dykstra discussed the need and options for worker's compensation insurance coverage for members of the Board of Directors. Mr. Dykstra presented a Resolution Providing for Directors' Exclusion from Worker's Compensation Coverage and application to the Department of Labor and Employment for the Exclusion of Uncompensated Public Officials. Upon motion duly made, seconded and unanimously carried, the Board approved the resolution and application for exclusion from Worker's Compensation Coverage and directed Spencer Fane LLP to file the documentation with the State.

GOVERNMENTAL IMMUNITY AND INDEMNIFICATION RESOLUTION:

Mr. Dykstra generally discussed the Colorado Governmental Immunity Act and the need and options for indemnification of employees and members of the Board of Directors by the District. Upon motion duly made, seconded and unanimously carried, the Board approved the Resolution Providing for the Defense and Indemnification of District Personnel.

INSURANCE:

Mr. Dykstra discussed the need and options for general liability and other coverage for the District and directors' and officers' errors and omissions insurance for members of the Board of Directors. Following discussion, the Board elected to obtain general liability insurance.

MEMBERSHIP IN SPECIAL DISTRICT ASSOCIATION:

Mr. Dykstra noted that the District must obtain membership in the Special District Association and if insurance is obtained through the Colorado Special District Property and Liability Pool. Discussion ensued. The Board elected to obtain membership in the Special District Association.

SELECTION OF BANK:

Mr. Dykstra discussed the requirement that the Board select a banking institution for the District. Following discussion, and upon motion duly made, seconded and unanimously carried, the Board elected to open the District's bank account with UMB Bank.

DESIGNATION OF OFFICIAL CUSTODIAN:

Mr. Dykstra briefly explained the need for the District to appoint an "official custodian" for purposes of the Public Deposit Protection Act. Following discussion, upon motion duly made, seconded, and unanimously approved, the position of Treasurer was appointed as official custodian for the District and the Board authorized the completion and submission of the application for assignment of Public Deposit Protection Act numbers.

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FEDERAL EMPLOYERS IDENTIFICATION NUMBER:

Following discussion and upon motion duly made, seconded, and unanimously carried, the Board authorized the execution of the application for Federal Employers Identification Number as prepared by Spencer Fane LLP and directed Spencer Fane LLP to file the application with the Internal Revenue Service.

SALES TAX IDENTIFICATION NUMBER:

Following discussion and upon motion duly made, seconded, and unanimously carried, the Board authorized the execution of the application for a sales tax identification number for the District and directed Spencer Fane LLP to file the application with the Colorado Department of Revenue.

NOTIFICATION OF NEW DISTRICTS/INTENT TO LEVY:

Following discussion and upon motion duly made, seconded and unanimously carried, the Board: directed Spencer Fane LLP to submit the notice to the Board of County Commissioners and the County Assessor of the existence and boundaries of the District and the District's intent to levy ad valorem property taxes as approved by the electors of the Districts and directed Spencer Fane LLP to ensure that the official notices required by Section 39-1-110(1), C.R.S., are filed with the appropriate jurisdictions

2018 BUDGET HEARING:

Upon motion duly made, seconded and unanimously carried, the public hearing was opened on the proposed budget for fiscal year 2018 for SW Downtown Business Improvement District. Mr. Dykstra reported that notice of the public hearing had been published in accordance with statutory requirements and presented the proposed 2018 budget to the Board. Following discussion the public hearing was closed.

The Board reviewed resolution adopting the 2018 budget and appropriating funds. Following discussion and upon motion duly made, seconded and unanimously carried, the Board: (1) approved and adopted the 2018 budget as presented; (2) authorized the appropriation of funds for the expenditures set out in the budget; (3) authorized the President and the Secretary to sign the necessary documentation; and (4) directed Spencer Fane LLP, to file the budget with the Division of Local Government.

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RESOLUTION CONCERNING COLORADO OPEN RECORDS ACT FEE SCHEDULE:

Mr. Dykstra explained the Colorado Open Records Act Fee Schedule. Following discussion and upon motion duly made, seconded, and unanimously approved, the resolution adopting the Colorado Open Records Act Fee Schedule was approved by the Board.

DEVELOPMENT IN THE DISTRICT:

The Board discussed future development in the District. No formal action was taken.

OTHER BUSINESS:

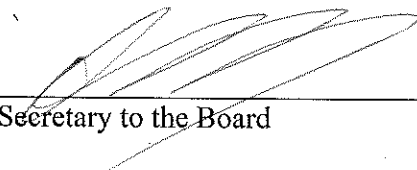
- a. REIMBURSEMENT AGREEMENT: Mr. Dykstra presented the Reimbursement Agreement to the Board. Following discussion and upon motion duly made, seconded and unanimously carried, the Board approved the Reimbursement Agreement.

- b. FACILITIES FUNDING AND REIMBURSEMENT AGREEMENT: Mr. Dykstra presented to the Board the Facilities Funding and Reimbursement Agreement for the Board's consideration. Following discussion, and upon motion duly made, seconded and unanimously carried, the Board approved and executed the Agreement.

ADJOURNMENT:

There being no further business to come before the Board and upon motion duly made, seconded and unanimously carried, the meeting was adjourned at approximately 1:35 p.m.

The foregoing minutes constitutes a true and correct copy of the minutes of the above-referenced meeting and was approved by the Board of Directors of the SW Downtown Business Improvement District.



Secretary to the Board