

2018 OPERATING PLAN AND BUDGET

**INTERQUEST SOUTH
BUSINESS
IMPROVEMENT
DISTRICT**

City of Colorado Springs, El Paso County, Colorado

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**2018
OPERATING PLAN FOR THE
INTERQUEST SOUTH 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 Interquest South 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, (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.

The District's original 2006, and subsequent Operating Plans, previously approved by the City, are incorporated herein by reference, and shall remain in full force and effect except as specifically or necessarily modified hereby.

C. Purposes.

As may be further articulated in prior years' Operating Plans, the ongoing and/or contemplated purposes of this District for 2018 include 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. Specific improvements and services to be provided by the District include parking facilities, roadways, lighting, driveways, public utilities and landscaping.

D. Ownership of Property or Major Assets.

The District may be conveyed property or major physical assets as part of anticipated development.

E. Contracts and Agreement.

The District is not currently a party to any significant active contracts or agreements.

2. ORGANIZATION AND COMPOSITION OF THE BOARD OF DIRECTORS

A. Organization.

The Interquest South Business Improvement District was organized by the City of Colorado Springs, Colorado by Ordinance No. 04-238 on October 26, 2004.

B. Governance.

On September 22, 2015, Resolution No. 93-15 appointing Board of Directors, and Ordinance No. 15-71 was passed by the City Council of the City of Colorado Springs appointing a Board of Directors until the next regular election.

C. Current Board.

The persons who currently serve as the Board of Directors are:

- Stacie M. Tucker, President
- Bethany A. Fitzgerald, Secretary/Treasurer
- Jerry D. Biggs, Assistant Secretary
- Gregory M. Tucker, Assistant Secretary
- Vacancy

There is currently one vacancy on the Board of Directors. As development moves forward, a new Board member may be qualified to serve on the Board.

Director and other pertinent contact information are provided in **EXHIBIT A**.

D. Term Limits.

The District's election in November, 2004, included a ballot question to eliminate term limits pursuant to Article 18, Section 11 of the Colorado Constitution. The question passed.

E. Advisory Board.

The Board of Directors may appoint one or more advisory boards to assist the Board of Directors on such matters as the Board of Directors desires assistance. The Board of Directors shall, upon the appointment of an advisory board, set forth its duties, duration, and membership. The Board of Directors 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 to date.

3. BOUNDARIES, INCLUSIONS AND EXCLUSIONS

A current District boundary map is depicted in **EXHIBIT C**. A request for exclusion of property was submitted to the City Council on August 29, 2017, for their consideration as soon as possible. A map of the parcel to be excluded from the District is also provided in **EXHIBIT C**. The District does not anticipate any other inclusion or exclusion requests in the coming year.

4. PUBLIC IMPROVEMENTS

The District will be primarily concerned with the provision of public improvements and services within the boundaries of the District; however, there may be instances to provide improvements or services outside of the boundaries of the District as development and completion of existing projects occurs in 2018. The District shall have the authority to provide these improvements and services, but the revenue-raising powers of the District to recoup the costs of extraterritorial improvements and services shall be as limited by state law.

The public improvements that the District anticipates it will 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, water services, safety protection devices, sanitation services, marketing, streetscape improvements, street improvements, curbs, gutters, culverts, drainage facilities, sidewalks, parking facilities, paving, lighting, grading, landscaping and storm and wastewater management facilities and associated land acquisition and remediation (the "Public Improvements"). The costs of such Public Improvements, including costs of design, acquisition, construction and financing, are referred to herein as the "Public Improvement Costs."

5. ADMINISTRATION, OPERATIONS, SERVICES AND MAINTENANCE

The District shall provide for ownership, operation, and maintenance of District facilities as activities of the District itself or by contract with other units of government or the private sector.

6. FINANCIAL PLAN AND BUDGET

1. 2018 Budget.

The proposed 2018 Budget for the District is attached as **EXHIBIT B**.

2. Authorized Indebtedness.

At an election held on November 2, 2004, the voters approved general obligation indebtedness of \$24,000,000 for street improvements. On November 1, 2005, the District's electors authorized additional indebtedness of \$3,500,000 for water and sanitary sewer. The voters also approved an annual increase in taxes of \$60,000, at a mill levy rate not to exceed one mill, for general operations and maintenance. 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 District's Operating Plan filed annually with the City, the maximum debt service mill levy the District can impose is 50.000 mills. As set forth in the District's 2006 Operating Plan, the City has limited the amount of debt to be issued to a total of \$24,000,000 in the authorized voted categories, without future approval by the City.

3. Property Tax and Mill Levy Caps.

The mill levy limitations in the Original Operating Plan (being 50 mills for debt service and one (1) mill for general operations and administrative expenses) remain unchanged. The District anticipates collection of a debt mill levy in 2018.

- 4. District Revenues.**
See proposed 2018 budget attached hereto as **EXHIBIT B.**
- 5. Existing Debt Obligations.**
On August 29, 2017, the District submitted a request to the City for City Council review, a request for the issuance of a Limited Property Tax and Public Improvement Fee Revenue Bonds, Series 2017, for consideration as soon as possible. A bond issue is not contemplated for 2018, however, if the District desires to issue bonds it will submit the bond financing plan to the City for review.
- 6. Future Debt Obligations.**
In accordance with the City's Special District Policy this District shall request and obtain approval of City Council prior to issuance of any debt in accordance with the financing plan for the district as previously approved. The standards for City approval shall generally be consistency with the City's Special District Policy as it may be amended along with the most recently approved operating plan and budget and any requirements or limitations contained therein to the extent that they are consistent with the financing plans for the district.
- 7. Other Financial Obligations.**
The District is in the development stage. As such, a significant portion of the operating and administrative expenditures are to be funded by the Developer. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer from bond proceeds and other legally available revenue.
- 8. City Charter Limitations.**
In accordance with 7-100 of the City Charter, the District shall not issue any debt instrument for any purpose other than construction of capital improvements with a public purpose necessary for development. As set forth in 7-100 of the City Charter, the total debt of any proposed District shall not exceed 10 percent of the total assessed valuation of the taxable property within the District unless approved by at least a two-thirds vote of the entire City Council.
- 9. Non-Default Provisions.**
Limited tax general obligation bonds issued by the District shall be structured and/or credit enhancements provided such that the bonds cannot default as long as the District is imposing the required maximum allowed mill levy.
- 10. Privately Placed Debt.**
Prior to the issuance of any privately placed debt for capital related costs, the District shall obtain the certification of an External Financial Advisor regarding the fairness and feasibility of the interest rate and the structure of the debt.
- 11.** 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 pledged for the repayment of the debt of the

District. This will be clearly stated on all offering circulars, prospectus, or disclosure statements associated with any securities issued by the District

7. MUNICIPAL OVERSIGHT OF DISTRICT ACTIVITIES

(a) Audit.

The District agrees to submit an annual audit to the City Finance Department no later than March 1st of each year which is performed by an independent certified public accounting firm. Even if the state grants an audit exemption, the District must submit an annual audit as specified above.

(b) SID Formation.

The District affirms that it will provide an Amended Operating Plan and seek prior approval of City Council prior to formation of any Special Improvement District within its boundaries in the future.

(c) City Authorization Prior to Debt Issuance.

In accordance with the City's Special District Policy, and notwithstanding any statements of intent in the Budget and Operating Plan, this District shall request and obtain approval of City Council prior to issuance of any debt in accordance with the financing plan for the District as previously approved. The standards for City approval shall generally be consistency with the City's Special District Policy as it may be amended along with the most recently approved operating plan and budget and any requirements or limitations contained therein to the extent that they are consistent with the financing plans for the District.

(d) Public Improvement Fees.

Public Improvement Fees. The use of a public improvement fee (PIF) will be necessary to provide necessary funding revenues for the improvements to be financed by the District. The District will utilize revenues from a new, increased or expanded PIF specifically authorized in this operating plan and budget. The imposition of a PIF and any provisions for adjustment of a PIF that have been previously approved by City Council shall not be subject to this restriction.

(e) Condemnation.

The Colorado Revised Statutes do not authorize BIDs to use powers of eminent domain. The exercise of eminent domain authority by any City-authorized district is also specifically prohibited without express prior City Council approval.

8. 2018 ACTIVITIES, PROJECTS AND CHANGES

1. Activities

The District will continue with development activity in 2018.

2. Projects and Public Improvements

The District anticipates funding the design, installation or acquisition of additional public improvements during 2018.

3. Summary of 2018 Activities and Changes from Prior Year

The District anticipates continued development in 2018, limited improvements or services being furnished and operations and maintenance activities being undertaken.

Boundary changes: Not anticipated for the upcoming year. See **3. BOUNDARIES, INCLUSIONS AND EXCLUSIONS** referenced above.

Changes to board or governance structure: As development moves forward, a new Board member may be qualified and eligible for election to fill the one vacancy that exists on the Board.

Mill levy changes: Mill levies will be increased pursuant to the 2017 bond issuance.

New, refinanced or fully discharged debt: Not anticipated for the upcoming year.

Elections: May 8, 2018 Regular Election.

Major changes in development activity anticipated for the upcoming year. Anticipated for the upcoming year.

Ability to meet current financial obligations: See 2018 Budget attached as **EXHIBIT B**.

9. 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.

10. CONCLUSION

It is submitted that this Operating Plan and Budget for the District meet 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
Interquest South Business Improvement District

BOARD OF DIRECTORS:

NAME & ADDRESS	POSITION	TERM(S)	PHONE #/E-MAIL
Stacie M. Tucker 4020 Foxchase Way Colorado Springs, CO 80908	President	2016-2018	stacie@fredowencpa.com
Bethany Kensington 4022 Cooke Drive Colorado Springs, CO 80911	Secretary/Treasurer	2016-2018	bethany@fredowencpa.com
Gregory M. Tucker 4020 Foxchase Way Colorado Springs, CO 80908	Assistant Secretary	2017-2018	greg@tbylaw.com
Jerry D. Biggs 12937 Crowfoot Springs Road Larkspur, Colorado 80118	Assistant Secretary	2017-2018	jbiggs@proterraco.com
Vacancy			

DISTRICT MANAGER

ACCOUNTANT:

Cynthia Beyer CliftonLarsonAllen LLP 8390 East Crescent Parkway, Suite 600 Greenwood Village, CO 80111 (w) 303-779-5710 (f) 303-779-0348 Cynthia.Beyer@claconnect.com	Carrie Bartow, CPA CliftonLarsonAllen LLP 102 South Tejon, Suite 350 Colorado Springs, CO 80903 (w) 719-635-0300 x 77839 (f) 719-473-3630 carrie.bartow@claconnect.com
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INSURANCE AND BONDS:

STAFF:

T. Charles Wilson Insurance Service 384 Inverness Parkway Centennial, CO 80112 303-368-5757	Insurance Agent (303) 872-1923
The Colorado Special District Property and Liability Pool McGriff, Seibels & Williams PO Box 1539 Portland, OR 82207-7322	Policy Coverage Period: January 2, 2017 – January 1, 2018 (888) 313-7322

EXHIBIT B

**2018 BID Budget
General Fund
Debt Service Fund
Capital Projects Fund**



CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

Accountant's Compilation Report

Board of Directors
Interquest South Business Improvement District
El Paso County, Colorado

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Interquest South Business Improvement District 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 Interquest South Business Improvement District.

Colorado Springs, Colorado
_____, 2017

**INTERQUEST SOUTH BUSINESS IMPROVEMENT DISTRICT
SUMMARY
2018 BUDGET AS PROPOSED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31.**

9/18/2017

	ACTUAL 2016	BUDGET 2017	ACTUAL 7/31/2017	ESTIMATED 2017	PROPOSED 2018
BEGINNING FUND BALANCES	\$ (21,406)	\$ 865	\$ (16,016)	\$ (16,016)	\$ 571,415
REVENUES					
1 Property taxes	17,602	18,048	17,786	18,048	103,712
2 Specific ownership taxes	2,181	1,990	1,152	2,300	13,480
3 Public improvement fees	-	44,770	327	12,000	180,846
4 Developer advance	22,835	2,027,500	60,500	2,528,500	-
5 Net investment income	19	1,005	-	-	5,600
6 Bond issuance	-	2,605,000	-	3,485,000	-
Total revenues	42,637	4,698,313	79,765	6,045,848	303,638
TRANSFERS IN	-	712,902	-	725,613	135,000
Total funds available	21,231	5,412,080	63,749	6,755,445	1,010,053
EXPENDITURES					
7 General and administration					
8 Accounting	11,393	15,000	13,514	23,200	25,000
9 Audit	2,050	2,100	2,100	2,100	3,600
10 Contingency	-	2,459	-	1,041	5,291
11 County Treasurer's fees	264	271	267	271	259
12 District management	6,961	10,000	9,125	15,640	15,000
13 Dues and membership	276	500	336	336	350
14 Election	985	-	-	-	2,000
15 Insurance	1,337	1,400	1,337	1,337	1,500
16 Legal	12,977	15,000	24,592	42,158	25,000
17 Miscellaneous	479	500	1,118	1,917	2,000
18 PIF collection fees	-	-	-	-	4,000
19 Repay developer advance	-	-	-	86,000	-
20 Operations and maintenance					
21 Landscaping	-	15,000	-	-	15,000
22 Miscellaneous	-	770	-	-	1,000
23 Repairs and maintenance	-	2,000	-	-	2,000
24 Snow removal	-	10,000	-	2,500	10,000
25 Utilities	-	13,000	-	500	13,000
26 Debt service					
27 Bond interest Series 2017	-	98,773	-	41,530	191,675
28 Contingency	-	2,727	-	-	1,575
29 Paying agent fees	-	1,500	-	1,500	1,750
30 Capital projects					
31 Accounting	525	-	1,995	3,420	-
32 Bond issue costs	-	150,000	-	274,387	-
33 Capital outlay	-	2,000,000	-	-	-
34 Construction management	-	-	-	50,942	-
35 Contingency	-	-	-	124,608	-
36 District management	-	-	53	91	-
37 Engineering	-	-	21,710	197,140	-
38 Legal	-	-	17,143	76,925	-
39 Park and recreation	-	-	-	391,635	-
40 PIF collection costs	-	4,000	189	400	-
41 Repay developer advance	-	1,782,868	-	2,470,700	-
42 Sewer	-	-	-	44,875	-
43 Streets	-	-	-	1,382,968	-
44 Water	-	-	-	220,296	-
Total expenditures	37,247	4,127,868	93,479	5,458,417	320,000
TRANSFERS OUT	-	712,902	-	725,613	135,000
Total expenditures and transfers out requiring appropriation	37,247	4,840,770	93,479	6,184,030	455,000
ENDING FUND BALANCES	\$ (16,016)	\$ 571,310	\$ (29,730)	\$ 571,415	\$ 555,053
EMERGENCY RESERVE	\$ 600	\$ 700	\$ -	\$ 700	\$ 1,000
Debt Service Reserve Fund	-	-	-	282,900	282,900
TOTAL RESERVE	\$ 600	\$ 700	\$ -	\$ 283,600	\$ 283,900

PRELIMINARY DRAFT - SUBJECT TO REVISION

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

**INTERQUEST SOUTH BUSINESS IMPROVEMENT DISTRICT
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,**

9/18/2017

	ACTUAL 2016	BUDGET 2017	ACTUAL 7/31/2017	ESTIMATED 2017	PROPOSED 2018
ASSESSED VALUATION - EL PASO					
Commercial	\$ 16,574,830	\$ 15,679,810	\$ 15,679,810	\$ 15,679,810	\$ 15,160,690
Industrial	1,385,930	1,385,930	1,385,930	1,385,930	1,619,690
Vacant Land	965,050	965,030	965,030	965,030	486,370
State Assessed	24,850	17,430	17,430	17,430	18,560
Certified Assessed Value	<u>\$ 18,950,660</u>	<u>\$ 18,048,200</u>	<u>\$ 18,048,200</u>	<u>\$ 18,048,200</u>	<u>\$ 17,285,310</u>
MILL LEVY					
GENERAL FUND	1.000	1.000	1.000	1.000	1.000
DEBT SERVICE FUND	-	-	-	-	5.000
Total Mill Levy	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>6.000</u>
PROPERTY TAXES					
GENERAL FUND	\$ 18,951	\$ 18,048	\$ 18,048	\$ 18,048	\$ 17,285
DEBT SERVICE FUND	-	-	-	-	86,427
Levied property taxes	18,951	18,048	18,048	18,048	103,712
Adjustments to actual/rounding	(1,349)	-	(262)	-	-
Budgeted Property Taxes	<u>\$ 17,602</u>	<u>\$ 18,048</u>	<u>\$ 17,786</u>	<u>\$ 18,048</u>	<u>\$ 103,712</u>
BUDGETED PROPERTY TAXES					
GENERAL FUND	\$ 17,602	\$ 18,048	\$ 17,786	\$ 18,048	\$ 17,285
DEBT SERVICE FUND	-	-	-	-	86,427
	<u>\$ 17,602</u>	<u>\$ 18,048</u>	<u>\$ 17,786</u>	<u>\$ 18,048</u>	<u>\$ 103,712</u>

PRELIMINARY DRAFT - SUBJECT TO REVISION

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

**INTERQUEST SOUTH BUSINESS IMPROVEMENT DISTRICT
GENERAL FUND
2018 BUDGET AS PROPOSED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,**

9/18/2017

	ACTUAL 2016	BUDGET 2017	ACTUAL 7/31/2017	ESTIMATED 2017	PROPOSED 2018
BEGINNING FUND BALANCES	\$ (21,406)	\$ 865	\$ (16,016)	\$ (16,016)	\$ 1,332
REVENUES					
1 Property taxes	17,602	18,048	17,786	18,048	17,285
2 Specific ownership taxes	2,181	1,990	1,152	2,300	13,480
3 Developer advance	22,310	27,500	38,937	59,000	-
4 Net investment income	19	5	-	-	200
Total revenues	<u>42,112</u>	<u>47,543</u>	<u>57,875</u>	<u>79,348</u>	<u>30,965</u>
TRANSFERS IN					
DEBT SERVICE FUND	-	-	-	-	135,000
CAPITAL PROJECTS FUND	-	40,770	-	115,000	-
Total transfers in	<u>-</u>	<u>40,770</u>	<u>-</u>	<u>115,000</u>	<u>135,000</u>
Total funds available	<u>20,706</u>	<u>89,178</u>	<u>41,859</u>	<u>178,332</u>	<u>167,297</u>
EXPENDITURES					
General and administration					
5 Accounting	11,393	15,000	13,514	23,200	25,000
6 Audit	2,050	2,100	2,100	2,100	3,600
7 Contingency	-	2,459	-	1,041	5,291
8 County Treasurer's fees	264	271	267	271	259
9 District management	6,961	10,000	9,125	15,640	15,000
10 Dues and membership	276	500	336	336	350
11 Election	985	-	-	-	2,000
12 Insurance	1,337	1,400	1,337	1,337	1,500
13 Legal	12,977	15,000	24,592	42,158	25,000
14 Miscellaneous	479	500	1,118	1,917	2,000
15 PIF collection fees	-	-	-	-	4,000
16 Repay developer advance	-	-	-	86,000	-
Operations and maintenance					
17 Landscaping	-	15,000	-	-	15,000
18 Miscellaneous	-	770	-	-	1,000
19 Repairs and maintenance	-	2,000	-	-	2,000
20 Snow removal	-	10,000	-	2,500	10,000
21 Utilities	-	13,000	-	500	13,000
Total expenditures	<u>36,722</u>	<u>88,000</u>	<u>52,389</u>	<u>177,000</u>	<u>125,000</u>
Total expenditures and transfers out requiring appropriation	<u>36,722</u>	<u>88,000</u>	<u>52,389</u>	<u>177,000</u>	<u>125,000</u>
ENDING FUND BALANCES	<u>\$ (16,016)</u>	<u>\$ 1,178</u>	<u>\$ (10,530)</u>	<u>\$ 1,332</u>	<u>\$ 42,297</u>
EMERGENCY RESERVE	<u>\$ 600</u>	<u>\$ 700</u>	<u>\$ -</u>	<u>\$ 700</u>	<u>\$ 1,000</u>
TOTAL RESERVE	<u>\$ 600</u>	<u>\$ 700</u>	<u>\$ -</u>	<u>\$ 700</u>	<u>\$ 1,000</u>

PRELIMINARY DRAFT - SUBJECT TO REVISION

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

**INTERQUEST SOUTH BUSINESS IMPROVEMENT DISTRICT
DEBT SERVICE FUND
2018 BUDGET AS PROPOSED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,**

9/18/2017

	ACTUAL 2016	BUDGET 2017	ACTUAL 7/31/2017	ESTIMATED 2017	PROPOSED 2018
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -	\$ -	\$ 570,083
REVENUES					
1 Property taxes	-	-	-	-	86,427
2 Public improvement fees	-	-	-	2,500	180,846
3 Net investment income	-	1,000	-	-	5,400
Total revenues	-	1,000	-	2,500	272,673
TRANSFERS IN					
CAPITAL PROJECTS FUND	-	672,132	-	610,613	-
Total transfers in	-	672,132	-	610,613	-
Total funds available	-	673,132	-	613,113	842,756
EXPENDITURES					
Debt service					
4 Bond interest Series 2017	-	98,773	-	41,530	191,675
5 Contingency	-	2,727	-	-	1,575
6 Paying agent fees	-	1,500	-	1,500	1,750
Total expenditures	-	103,000	-	43,030	195,000
TRANSFERS OUT					
GENERAL FUND	-	-	-	-	135,000
Total transfers out	-	-	-	-	135,000
Total expenditures and transfers out requiring appropriation	-	103,000	-	43,030	330,000
ENDING FUND BALANCES	\$ -	\$ 570,132	\$ -	\$ 570,083	\$ 512,756
Debt Service Reserve Fund	\$ -	\$ -	\$ -	\$ 282,900	\$ 282,900
TOTAL RESERVE	\$ -	\$ -	\$ -	\$ 282,900	\$ 282,900

PRELIMINARY DRAFT - SUBJECT TO REVISION

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

**INTERQUEST SOUTH BUSINESS IMPROVEMENT DISTRICT
CAPITAL PROJECTS FUND
2018 BUDGET AS PROPOSED
WITH 2016 ACTUAL AND 2017 ESTIMATED
For the Years Ended and Ending December 31,**

9/18/2017

	ACTUAL 2016	BUDGET 2017	ACTUAL 7/31/2017	ESTIMATED 2017	PROPOSED 2018
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -	\$ -	\$ 0
REVENUES					
1 Public improvement fees	-	44,770	327	9,500	-
2 Developer advance	525	2,000,000	21,563	2,469,500	-
3 Bond issuance	-	2,605,000	-	3,485,000	-
Total revenues	<u>525</u>	<u>4,649,770</u>	<u>21,890</u>	<u>5,964,000</u>	<u>-</u>
Total funds available	<u>525</u>	<u>4,649,770</u>	<u>21,890</u>	<u>5,964,000</u>	<u>0</u>
EXPENDITURES					
Capital projects					
4 Accounting	525	-	1,995	3,420	-
5 Bond issue costs	-	150,000	-	274,387	-
6 Capital outlay	-	2,000,000	-	-	-
7 Construction management	-	-	-	50,942	-
8 Contingency	-	-	-	124,608	-
9 District management	-	-	53	91	-
10 Engineering	-	-	21,710	197,140	-
11 Legal	-	-	17,143	76,925	-
12 Park and recreation	-	-	-	391,635	-
13 PIF collection costs	-	4,000	189	400	-
14 Repay developer advance	-	1,782,868	-	2,470,700	-
15 Sewer	-	-	-	44,875	-
16 Streets	-	-	-	1,382,968	-
17 Water	-	-	-	220,296	-
Total expenditures	<u>525</u>	<u>3,936,868</u>	<u>41,090</u>	<u>5,238,387</u>	<u>-</u>
TRANSFERS OUT					
GENERAL FUND	-	40,770	-	115,000	-
DEBT SERVICE FUND	-	672,132	-	610,613	-
Total transfers out	<u>-</u>	<u>712,902</u>	<u>-</u>	<u>725,613</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>525</u>	<u>4,649,770</u>	<u>41,090</u>	<u>5,964,000</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (19,200)</u>	<u>\$ 0</u>	<u>\$ 0</u>

PRELIMINARY DRAFT - SUBJECT TO REVISION

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

**INTERQUEST SOUTH BUSINESS IMPROVEMENT DISTRICT
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District was organized 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. Specific improvements and services provided by the District include parking facilities, roadways, lighting, driveways, public utilities and landscaping. The District's service area is located entirely within the City of Colorado Springs, El Paso County, Colorado.

The District was organized by Ordinance of the City of Colorado Springs on October 26, 2004.

At an election held on November 2, 2004, the voters approved general obligation indebtedness of \$24,000,000 for street improvements. On November 1, 2005, the District's electors authorized additional indebtedness of \$3,500,000 for water and sanitary sewer. The voters also approved an annual increase in taxes of \$60,000, at a mill levy rate not to exceed one mill, for general operations and maintenance. 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 District's operating plan filed annually with the City, the maximum debt service mill levy the District can impose is 50.000 mills. As set forth in the District's 2006 operating plan, the City has limited the amount of debt to be issued to a total of \$24,000,000 in the authorized voted categories, without future approval by the City.

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

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

Revenues

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

The calculation of the taxes levied is displayed on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 13% of the property taxes collected.

**INTERQUEST SOUTH BUSINESS IMPROVEMENT DISTRICT
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues - (continued)

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 1.00%.

PIF Fees

The District charges a public improvement fee (PIF). The nature of the PIF is that of a fee imposed under private contract and not through the exercise of any governmental taxing authority. The PIF is applied to the sale of goods at a rate of 1.50%, in addition to all sales and use taxes that may be imposed and is collected by the retailers in the District and remitted to the District within 20 days after month end. All PIF fees are pledged to the payment of the District's 2017 anticipated Series 2017 Special Tax Revenue Bonds, except for \$135,000, which is to be transferred each year to the General Fund for operations and maintenance funding. The amount transferred each year will be increased 1% per year beginning in 2019.

Expenditures

Administrative and Operations/Maintenance Expenditures

Administrative and operating expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance, and other administrative expenses. The District has also budgeted for operations and maintenance expenditures for landscaping, snow removal, utilities, and repairs and maintenance of District property.

County Treasurer's Fees

County Treasurer's collection fees have been computed at 1.5% of property taxes.

Debt Service

Principal and interest payments are provided based on the estimated debt amortization schedule from the anticipated 2017 bond issue (discussed under Debt and Leases).

Debt and Leases

The budget assumes the issuance of Special Tax Revenue Bonds on December 7, 2017, in the amount of \$3,485,000 to fund public improvements, pay bond issue costs, and fund capitalized interest. The budget assumes the bonds will be secured by and payable from pledged revenues, consisting of (1) revenues attributable to a privately imposed public improvement fee payable with respect to certain retail sales transactions and construction activities occurring within the development, and (2) revenues attributable to property taxes derived from an estimated initial required mill levy of 5.000 mills, up to an estimated maximum of 30.000 mills. The bonds are anticipated to be term bonds maturing on December 1, 2047 and estimated to bear interest at the rate of 5.5% per annum paid semi-annually on June 1 and December 1. The first interest payment is anticipated to be due on December 1, 2017.

The District has no capital or operating leases.

**INTERQUEST SOUTH BUSINESS IMPROVEMENT DISTRICT
2018 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Reserves

Emergency Reserve

The District has provided for an emergency reserve fund equal to at least 3% of fiscal year spending as defined under TABOR.

Debt Service Reserve

The District estimates a Debt Service Reserve requirement of \$282,900 with the anticipated 2017 bond issuance.

This information is an integral part of the accompanying budget.

**INTERQUEST SOUTH BUSINESS IMPROVEMENT DISTRICT
ANTICIPATED SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2017**

\$3,485,000
Anticipated Series 2017 Special Tax Revenue Bonds
Dated December 7, 2017
Interest Rate 5.50%
Interest Payable June 1 and December 1
Principal Due December 1


	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ -	\$ 191,675	\$ 191,675
2019	-	191,675	191,675
2020	15,000	191,675	206,675
2021	30,000	190,850	220,850
2022	35,000	189,200	224,200
2023	40,000	187,275	227,275
2024	45,000	185,075	230,075
2025	50,000	182,600	232,600
2026	55,000	179,850	234,850
2027	60,000	176,825	236,825
2028	65,000	173,525	238,525
2029	70,000	169,950	239,950
2030	75,000	166,100	241,100
2031	80,000	161,975	241,975
2032	90,000	157,575	247,575
2033	95,000	152,625	247,625
2034	105,000	147,400	252,400
2035	110,000	141,625	251,625
2036	120,000	135,575	255,575
2037	130,000	128,975	258,975
2038	140,000	121,825	261,825
2039	150,000	114,125	264,125
2040	160,000	105,875	265,875
2041	170,000	97,075	267,075
2042	185,000	87,725	272,725
2043	195,000	77,550	272,550
2044	210,000	66,825	276,825
2045	225,000	55,275	280,275
2046	240,000	42,900	282,900
2047	540,000	29,700	569,700
	<u>\$ 3,485,000</u>	<u>\$ 4,200,900</u>	<u>\$ 7,685,900</u>

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

EXHIBIT C

**District Boundary Map
District Boundary Map of Proposed Excluded Property**

INERQUEST SOUTH BID

 Tax Boundary

1 inch = 400.95 feet

Created 11/23/2015, EPC Assessor's Office
MID 1983 Sanborn, Colorado Central, PPH, 0992 Feet
Physician, Lambert, Colorado, Color

NORTHGATE

TCA COLLEGE PARTNERS



T12K

T12K

150
1202
10989
10947
10877
10807
97
9805
98



LOT1-INTERQUEST FILING NO.7



R&R ENGINEERS SURVEYORS
R&R ENGINEERS SURVEYORS
Plot Scale 1:1
Job No. BC17119
Date 09/06/2017
Drawn By GM
Checked By SEL

*AERIAL MAP FROM CITY OF COLORADO SPRINGS GIS SERVICES

ENGINEERS SURVEYORS

ES

Sheet **EXBT-2**