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File No. 5114326-0012

September 28, 2018

VIA E-MAIL: cityclerk@springsgov.com

City Clerk
City of Colorado Springs
PO Box 1575, Mail Code 110
30 S. Nevada Ave., Suite 101
Colorado Springs, CO 80903

Re: Interquest South Business Improvement District
2019 Operating Plan and Budget

Dear Clerk:

Pursuant to Section 31-25-1211, C.R.S., I am enclosing for formal filing with the City of Colorado Springs, the proposed 2019 Operating Plan and Budget for the Interquest South Business Improvement District.

Please contact our office if you have any questions or comments. Thank you.

Sincerely,

/s/ Sydney DeBitetto
Sydney DeBitetto, Paralegal

Enclosures

cc: Carl Schueler - via e-mail: cschueler@springsgov.com
Conrad Olmedo – via e-mail: colmedo@springsgov.com
Chris F. Wheeler – via e-mail: cwheeler@springsgov.com

2019 OPERATING PLAN AND BUDGET

**INTERQUEST SOUTH
BUSINESS
IMPROVEMENT
DISTRICT**

City of Colorado Springs, El Paso County, Colorado

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**2019
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 2019 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. The District does not anticipate any 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 2019. 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

A. 2019 Budget.

The proposed 2019 Budget for the District is attached as EXHIBIT B.

B. 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.

C. 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 2019.

D. District Revenues.

See proposed 2019 budget attached hereto as EXHIBIT B.

E. Existing Debt Obligations.

On December 19, 2017, the District issued \$4,000,000 in Series 2017 Limited Property Tax and Public Improvement Fee Revenue Bonds (the "Bonds") on December 7, 2017 to fund public improvements, pay bond issue costs, fund an initial deposit to the Surplus Fund, and fund capitalized interest. The Bonds bear interest ranging from 4.5% to 5.0% paid semi-annually on June 1 and December, beginning December 1, 2019. The Bonds mature December 1, 2047. The Annual Operations Deduction Amount is an amount equal to: (i) the Bond Year ending December 1, 2017, \$0; (ii) the Bond Year ending December 1, 2018, December 1, 2019, and December 1, 2020, \$50,000; (iii) the Bond Year ending December 1, 2021, \$135,000; and (iv) for each Bond Year thereafter, the dollar amount for the prior year plus 1.00%. The District's current debt service schedule is attached as Exhibit B.

A bond issuance is not contemplated for 2019, however, if the District desires to issue bonds it will submit the bond financing plan to the City for review.

F. 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.

G. 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.

H. 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.

I. 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.

J. *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.

K. 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.*

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. 2019 ACTIVITIES, PROJECTS AND CHANGES

Activities. The District will continue with development activity in 2019.

Projects and Public Improvements. The District anticipates funding the design, installation or acquisition of additional public improvements during 2019.

Summary of 2019 Activities and Changes from Prior Year. The District anticipates continued development in 2019, limited improvements or services being furnished and operations and maintenance activities being undertaken.

Boundary changes: Not anticipated for the upcoming year.

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 2019 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; 2018-2022	stacie@fredowencpa.com
Bethany Fitzgerald 4022 Cooke Drive Colorado Springs, CO 80911	Secretary/Treasurer	2016-2018; 2018-2022	bethany@fredowencpa.com
Gregory M. Tucker 4020 Foxchase Way Colorado Springs, CO 80908	Assistant Secretary	2017-2018; 2018-2020	greg@tbylaw.com
Jerry D. Biggs 12937 Crowfoot Springs Road Larkspur, Colorado 80118	Assistant Secretary	2017-2018; 2018-2022	jbigs@proterraco.com
Vacancy			

DISTRICT MANAGER

ACCOUNTANT:

<p>Josh Miller CliftonLarsonAllen LLP 8390 East Crescent Parkway, Suite 600 Greenwood Village, CO 80111 (w) 303-779-5710 (f) 303-779-0348 josh.miller@claconnect.com</p>	<p>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</p>
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INSURANCE AND BONDS:

STAFF:

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

**2019 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

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, 2019, including the estimate of comparative information for the year ending December 31, 2018, and the actual comparative information for the year ended December 31, 2017, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105 and the related summary of significant assumptions in accordance with guidelines for the presentation of a budget established by the American Institute of Certified Public Accountants (AICPA). 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 AICPA. 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.

The budgeted results may not be achieved as there will usually be differences between the budgeted and actual results, because events and circumstances frequently do not occur as expected, and these difference may be material. We assume no responsibility to update this report for events and circumstances occurring after the date of this report.

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
_____, 2018



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**INTERQUEST SOUTH BUSINESS IMPROVEMENT DISTRICT
SUMMARY
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

9/26/18

	ACTUAL 2017	BUDGET 2018	ACTUAL zz	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCES	\$ (16,016)	\$ 1,464,868	\$ 1,480,350	\$ 1,480,350	\$ 458,210
REVENUES					
Property taxes	18,048	103,818	98,306	98,570	106,081
Specific ownership tax	2,445	13,500	6,102	12,024	12,730
Interest income	521	16,100	12,510	25,020	5,950
Public improvement fees	13,659	142,451	37,760	109,104	125,913
Developer advance	2,219,189	65,000	-	65,000	25,000
Bond issuance	4,000,000	-	-	-	-
Total revenues	6,253,862	340,869	154,678	309,718	275,674
TRANSFERS IN	651,690	50,000	32,451	59,013	50,000
Total funds available	6,889,536	1,855,737	1,667,479	1,849,081	783,884
EXPENDITURES					
General Fund	357,714	125,000	67,085	127,540	140,000
Debt Service Fund	-	193,298	89,474	187,524	225,000
Capital Projects Fund	4,399,782	995,000	4,468	1,016,794	-
Total expenditures	4,757,496	1,313,298	161,027	1,331,858	365,000
TRANSFERS OUT	651,690	50,000	32,451	59,013	50,000
Total expenditures and transfers out requiring appropriation	5,409,186	1,363,298	193,478	1,390,871	415,000
ENDING FUND BALANCES	\$ 1,480,350	\$ 492,439	\$ 1,474,001	\$ 458,210	\$ 368,884
EMERGENCY RESERVE	\$ 620	\$ 1,000	\$ 1,400	\$ 2,400	\$ 2,500
AVAILABLE FOR OPERATIONS	26,464	50,486	57	36,130	1,440
SURPLUS FUND	300,000	300,000	300,000	300,000	300,000
TOTAL RESERVE	\$ 327,084	\$ 351,486	\$ 301,457	\$ 338,530	\$ 303,940

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
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

9/26/18

	ACTUAL 2017	BUDGET 2018	ACTUAL 6/30/2018	ESTIMATED 2018	BUDGET 2019
ASSESSED VALUATION					
Commercial	\$ 15,679,810	\$ 15,161,000	\$ 15,161,000	\$ 15,161,000	\$ 14,498,870
Industrial	1,385,930	1,619,690	1,619,690	1,619,690	1,619,690
State assessed	17,430	35,890	35,890	35,890	38,910
Vacant land	965,030	486,370	486,370	486,370	648,700
	<u>18,048,200</u>	<u>17,302,950</u>	<u>17,302,950</u>	<u>17,302,950</u>	<u>16,806,170</u>
Adjustments			-	-	-
Certified Assessed Value	<u>\$ 18,048,200</u>	<u>\$ 17,302,950</u>	<u>\$ 17,302,950</u>	<u>\$ 17,302,950</u>	<u>\$ 16,806,170</u>
MILL LEVY					
General	1.000	1.000	1.000	1.000	1.000
Debt Service	0.000	5.000	5.000	5.000	5.000
Refund and abatements	0.000	0.000	0.000	0.000	0.312
Total mill levy	<u>1.000</u>	<u>6.000</u>	<u>6.000</u>	<u>6.000</u>	<u>6.312</u>
PROPERTY TAXES					
General	\$ 18,048	\$ 17,303	\$ 17,303	\$ 17,303	\$ 16,806
Debt Service	-	86,515	86,515	86,515	84,031
Refund and abatements	-	-	-	-	5,244
	<u>18,048</u>	<u>103,818</u>	<u>103,818</u>	<u>103,818</u>	<u>106,081</u>
Levied property taxes	18,048	103,818	103,818	103,818	106,081
Adjustments to actual/rounding	-	-	(5,512)	-	-
Refunds and abatements	-	-	-	(5,248)	-
Budgeted property taxes	<u>\$ 18,048</u>	<u>\$ 103,818</u>	<u>\$ 98,306</u>	<u>\$ 98,570</u>	<u>\$ 106,081</u>
BUDGETED PROPERTY TAXES					
General	\$ 18,048	\$ 17,303	\$ 16,384	\$ 16,428	\$ 17,680
Debt Service	-	86,515	81,922	82,142	88,401
	<u>\$ 18,048</u>	<u>\$ 103,818</u>	<u>\$ 98,306</u>	<u>\$ 98,570</u>	<u>\$ 106,081</u>

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
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

9/26/18

	ACTUAL 2017	BUDGET 2018	ACTUAL 6/30/2018	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ (16,016)	\$ 30,483	\$ 27,084	\$ 27,084	\$ 38,530
REVENUES					
Property taxes	18,048	17,303	16,384	16,428	17,680
Specific ownership tax	2,445	13,500	6,102	12,024	12,730
Interest income	9	200	-	-	-
Developer advance	175,607	65,000	-	65,000	25,000
Total revenues	196,109	96,003	22,486	93,452	55,410
TRANSFERS IN					
Transfers from Capital Projects Fund	204,705	-	-	-	-
Transfers from Debt Service Fund	-	50,000	23,438	50,000	50,000
Total funds available	384,798	176,486	73,008	170,536	143,940
EXPENDITURES					
General and administrative					
Accounting	24,075	25,000	20,305	31,000	25,500
Auditing	2,100	3,600	3,050	3,050	2,700
County Treasurer's fee	271	260	246	246	285
PIF Collection Fees	-	4,000	1,595	4,002	4,100
Dues and licenses	336	350	370	370	400
Insurance and bonds	1,337	1,500	1,337	1,337	1,600
District management	18,967	15,000	6,783	15,000	15,300
Legal services	84,087	25,000	4,649	10,000	25,500
Miscellaneous	2,170	2,000	933	2,000	2,100
Other consulting	3,304	-	-	-	-
Election expense	-	2,000	1,114	1,114	-
Developer advance interest	6,788	-	-	-	-
Repay developer advance	197,917	-	-	-	-
Contingency	-	5,290	-	-	1,635
Operations and maintenance					
Repairs and maintenance	-	2,000	1,500	1,500	2,100
Landscaping	4,519	15,000	8,190	15,421	15,300
Miscellaneous - O&M	-	1,000	-	1,000	1,100
Snow removal	-	10,000	5,014	10,000	10,200
Utilities	11,843	13,000	11,999	31,500	32,200
Total expenditures	357,714	125,000	67,085	127,540	140,000
TRANSFERS OUT					
Transfers to Capital Projects Fund	-	-	4,466	4,466	-
Total expenditures and transfers out requiring appropriation	357,714	125,000	71,551	132,006	140,000
ENDING FUND BALANCE	\$ 27,084	\$ 51,486	\$ 1,457	\$ 38,530	\$ 3,940
EMERGENCY RESERVE	\$ 620	\$ 1,000	\$ 1,400	\$ 2,400	\$ 2,500
AVAILABLE FOR OPERATIONS	26,464	50,486	57	36,130	1,440
TOTAL RESERVE	\$ 27,084	\$ 51,486	\$ 1,457	\$ 38,530	\$ 3,940

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
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

9/26/18

	ACTUAL 2017	BUDGET 2018	ACTUAL 6/30/2018	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ -	\$ 449,385	\$ 453,311	\$ 453,311	\$ 419,680
REVENUES					
Public improvement fees	6,168	142,451	37,760	109,104	125,913
Property taxes	-	86,515	81,922	82,142	88,401
Interest income	158	5,900	4,050	8,100	5,950
Total revenues	<u>6,326</u>	<u>234,866</u>	<u>123,732</u>	<u>199,346</u>	<u>220,264</u>
TRANSFERS IN					
Transfers from Capital Projects Fund	446,985	-	4,547	4,547	-
Total funds available	<u>453,311</u>	<u>684,251</u>	<u>581,590</u>	<u>657,204</u>	<u>639,944</u>
EXPENDITURES					
County Treasurer's fee	-	1,298	1,229	1,229	1,326
Paying agent fees	-	1,750	-	-	2,000
Contingency	-	3,955	-	-	574
Debt Service					
Bond interest - Series 2017	-	186,295	88,245	186,295	196,100
Bond principal - Series 2017	-	-	-	-	25,000
Total expenditures	<u>-</u>	<u>193,298</u>	<u>89,474</u>	<u>187,524</u>	<u>225,000</u>
TRANSFERS OUT					
Transfers to General Fund	-	50,000	23,438	50,000	50,000
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>243,298</u>	<u>112,912</u>	<u>237,524</u>	<u>275,000</u>
ENDING FUND BALANCE	<u>\$ 453,311</u>	<u>\$ 440,953</u>	<u>\$ 468,678</u>	<u>\$ 419,680</u>	<u>\$ 364,944</u>
SURPLUS FUND	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>
TOTAL RESERVE	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>

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
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

9/26/18

	ACTUAL 2017	BUDGET 2018	ACTUAL 6/30/2018	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ -	\$ 985,000	\$ 999,955	\$ 999,955	\$ -
REVENUES					
Public improvement fees	7,491	-	-	-	-
Interest income	354	10,000	8,460	16,920	-
Developer advance	2,043,582	-	-	-	-
Bond issuance	4,000,000	-	-	-	-
Total revenues	<u>6,051,427</u>	<u>10,000</u>	<u>8,460</u>	<u>16,920</u>	<u>-</u>
TRANSFERS IN					
Transfers from General Fund	-	-	4,466	4,466	-
Total funds available	<u>6,051,427</u>	<u>995,000</u>	<u>1,012,881</u>	<u>1,021,341</u>	<u>-</u>
EXPENDITURES					
General and Administrative					
Accounting	-	-	4,428	4,428	-
PIF collection expense	758	-	-	-	-
Bond issue costs	318,745	-	-	-	-
Legal services	-	-	40	40	-
Contingency	-	10,000	-	-	-
Developer advance interest	5,962	-	-	-	-
Capital Projects					
Repay developer advance	2,044,107	-	-	-	-
Streets	1,722,343	-	-	-	-
Sewer	124,744	-	-	-	-
Water	183,123	-	-	-	-
Capital outlay	-	985,000	-	1,012,326	-
Total expenditures	<u>4,399,782</u>	<u>995,000</u>	<u>4,468</u>	<u>1,016,794</u>	<u>-</u>
TRANSFERS OUT					
Transfers to General Fund	204,705	-	-	-	-
Transfers to Debt Service Fund	446,985	-	4,547	4,547	-
Total expenditures and transfers out requiring appropriation	<u>5,051,472</u>	<u>995,000</u>	<u>9,015</u>	<u>1,021,341</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 999,955</u>	<u>\$ -</u>	<u>\$ 1,003,866</u>	<u>\$ -</u>	<u>\$ -</u>

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
2019 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 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those difference may be material.

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.

**INTERQUEST SOUTH BUSINESS IMPROVEMENT DISTRICT
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues - (continued)

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 12% of the property taxes collected.

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 1.50%.

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 Series 2017 Special Tax Revenue Bonds, except for \$50,000, which is to be transferred in 2019 and 2020 to the General Fund for operations and maintenance funding. Beginning in 2021, the amount to be transferred will increase to \$135,000. The amount transferred each year will be increased 1% per year beginning in 2022.

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 debt amortization schedule from the Series 2017 Bonds (discussed under Debt and Leases).

Capital Outlay

The District anticipates infrastructure improvements as noted in the Capital Projects fund.

**INTERQUEST SOUTH BUSINESS IMPROVEMENT DISTRICT
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases

On December 19, 2017, the District issued \$4,000,000 in Series 2017 Limited Property Tax and Public Improvement Fee Revenue Bonds ("the Bonds") on December 7, 2017 to fund public improvements, pay bond issue costs, fund an initial deposit to the Surplus Fund, and fund capitalized interest. The Bonds bear interest ranging from 4.5% to 5.0% paid semi-annually on June 1 and December 1, beginning December 1, 2019. The Bonds mature on December 1, 2047. The Bonds will be secured by and payable solely from pledged revenues, after the Annual Operations Deduction Amount and net of the cost of collection, 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, (2) revenues attributable to property taxes derived from an initial required mill levy of 5.000 mills, up to an estimated maximum of 30.000 mills, and (3) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Bond Fund. The Annual Operations Deduction Amount is an amount equal to: (i) for the Bond Year ending December 1, 2017, \$0; (ii) for each of the Bond Years ending December 1, 2018, December 1, 2019, and December 1, 2020, \$50,000; (iii) for the Bond Year ending December 1, 2021, \$135,000; and (iv) for each Bond Year thereafter, the dollar amount for the prior year plus 1.00%. The District's current debt service schedule is attached.

The District has no capital or operating leases.

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.

Surplus Fund

With the issuance of the Series 2017 Bonds, an initial deposit was made into a Surplus Fund. Pledged Revenue that is not needed to pay debt service on the Bonds in any year will be deposited to and held in the Surplus Fund, up to the Maximum Surplus Amount of \$700,000. Amounts on deposit in the Surplus Fund, if any, on the maturity date of the Bonds will be applied to the payment of the Bonds.

This information is an integral part of the accompanying budget.

**INTERQUEST SOUTH BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

\$4,000,000

Series 2017 Limited Property Tax and Public Improvement Fee Revenue Bonds

Dated December 19, 2017

Interest Rate 4.5% - 5.0%

Interest Payable June 1 and December 1

Principal Due December 1

	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
2019	\$ 25,000	\$	196,100	\$	221,100
2020	30,000		194,975		224,975
2021	50,000		193,625		243,625
2022	55,000		191,375		246,375
2023	55,000		188,900		243,900
2024	65,000		186,425		251,425
2025	70,000		183,500		253,500
2026	75,000		180,350		255,350
2027	80,000		176,975		256,975
2028	85,000		173,375		258,375
2029	90,000		169,550		259,550
2030	100,000		165,500		265,500
2031	105,000		161,000		266,000
2032	115,000		155,750		270,750
2033	120,000		150,000		270,000
2034	130,000		144,000		274,000
2035	140,000		137,500		277,500
2036	150,000		130,500		280,500
2037	160,000		123,000		283,000
2038	170,000		115,000		285,000
2039	180,000		106,500		286,500
2040	195,000		97,500		292,500
2041	205,000		87,750		292,750
2042	220,000		77,500		297,500
2043	235,000		66,500		301,500
2044	250,000		54,750		304,750
2045	265,000		42,250		307,250
2046	280,000		29,000		309,000
2047	300,000		15,000		315,000
	<u>\$ 4,000,000</u>	\$	<u>3,894,150</u>	\$	<u>7,894,150</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

INTERQUEST SOUTH BID



Tax Boundary

1 inch = 427.74 feet

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