

**2022 OPERATING PLAN AND BUDGET**  
**INTERQUEST TOWN**  
**CENTER BUSINESS**  
**IMPROVEMENT**  
**DISTRICT**

City of Colorado Springs, El Paso County, Colorado

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**2022**  
**OPERATING PLAN FOR THE**  
**INTERQUEST TOWN CENTER 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 Town Center 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.*, C.R.S., 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.*, C.R.S., 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 2017-2018 Operating Plan 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 articulated in this Operating Plan, the contemplated purposes of this District for 2022 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.

**D. Ownership of Property or Major Assets.** The District will own public improvements as constructed if such improvements are not otherwise dedicated to other public entities for operation and maintenance. The District does not currently own any real property.

**E. Contracts and Agreements.** It is anticipated that the District will enter into various agreements as required to facilitate the funding, construction, operation and maintenance of public improvements. The District is not currently a party to any significant active contracts or agreements. The District may also enter into agreements with other districts encompassing adjacent developments in order to cooperate on infrastructure projects.

## 2. ORGANIZATION AND COMPOSITION OF THE BOARD OF DIRECTORS

**A. Organization.** The Interquest Town Center Business Improvement District was organized by the City of Colorado Springs, Colorado by Ordinance No. 17-105.

**B. Governance.** The District is governed by an elected board of directors.

**C. Current Board.** The persons who currently serve as the Board of Directors are:

- 1) Scott A. Bryan
- 2) Theresa G. Bryan
- 3) Vincent C. Shoemaker
- 4) Michael P. Palmer
- 5) Vacant

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

**D. Term Limits.** The District's election held on May 8, 2018 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.

## 3. BOUNDARIES, INCLUSIONS AND EXCLUSIONS

The District map is depicted in **EXHIBIT C**. The District does not anticipate inclusion or exclusion requests in 2022.

## 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 improvement or services outside of the boundaries of the District as part of the project. 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.

## 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. 2022 Budget. The 2022 Budget for the District is attached as **EXHIBIT B**.
2. Authorized Indebtedness. The District held an election on May 8, 2018 for the purpose of electing directors, authorizing debt, taxes, revenue limits, spending limits, special assessments, and such other matters as may be necessary or convenient for the implementation of Art. X., Sec. 20 of the Colorado Constitution, and the Operating Plan. As set forth in the District’s 2017 – 2018 Operating Plan, the District’s initial maximum debt authorization is \$4,000,000. This maximum debt authorization amount shall not be exceeded without express prior approval by the City.
3. Property Tax and Mill Levy Caps. The District taxing ability shall be constrained to mill levy limitations of up to 50 mills for debt service and up to 5 mills for general operations and administrative expenses due to the on-going operations and maintenance to be undertaken by the District within its boundaries.
4. District Revenues. The District anticipates receiving revenue from developer advances and property taxes. The District also utilizes public improvement fees to support public improvement construction and bonds issued for that purpose.
5. Existing Debt Obligations. The District has been authorized to issue debt pursuant to City Council Resolution No. 54-20. On December 29, 2020, the District issued \$2,860,000 in Series 2020 Limited Tax General Obligation Bonds (“Series 2020 Bonds”) to fund public improvements. The Series 2020 Bonds bear interest at a rate of 7%, paid semi-annually on June 1 and December 1 of each year, commencing on June 1, 2021. The 2020 Bonds mature on December 1, 2049.
6. Future Debt Obligations. The District does not anticipate the issuance of additional debt in 2022.
7. Other Financial Obligations. The District may enter into agreements including reimbursement or similar agreements and leases; as well as agreements for ongoing services such as legal, administration, compliance, budget, audit, etc. It is

anticipated that at the end of 2021, the District will have outstanding developer advances in the total amount of \$121,308, which accrues interest at a rate of 8%.

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 consistent 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. This District utilizes revenues from a public improvement fee. The District may also be the beneficiary of a new, increased or expanded public improvement fee this coming year or in the future.

(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.

(f) Concealed Carry Prohibition. Although the Colorado Revised Statutes do not currently provide this authority, in no case shall the District adopt or enact an ordinance, resolution, rule or other regulation that prohibits or restricts an authorized permittee from carrying a concealed handgun in a building or specific area under the direct control or management of the District.

## **8. 2022 ACTIVITIES, PROJECTS AND CHANGES**

### **1. Activities**

The District will continue with development activity in 2022.

### **2. Projects and Public Improvements**

The District anticipates funding the design, installation, or acquisition of additional public improvements during 2022.

### **3. Summary of 2022 Activities and Changes from Prior Year**

**Boundary changes:** No boundary changes anticipated.

**Changes to board or governance structure:** An appointment may be made to the Board of Directors to fill the vacancy.

**Mill levy changes:** Mill levies are anticipated to remain the same in 2022.

**New, refinanced or fully discharged debt:** The District does not anticipate issuing debt in 2022.

**Elections:** May 3, 2022.

**Major changes in development activity or valuation:** Development activity is anticipated to continue for the upcoming year.

**Ability to meet current financial obligations:** See 2022 Budget attached as **EXHIBIT B**.

## **9. DISSOLUTION**

The District is anticipated to have ongoing operations and maintenance obligations that will necessitate perpetual existence. If the District no longer has such obligations the District will seek to dissolve pursuant to C.R.S. § 31-25-1225.

## **10. CONCLUSION**

It is submitted that this Operating Plan and Budget for the District meets 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 Town Center Business Improvement District**

**BOARD OF DIRECTORS:**

| <b>NAME &amp; ADDRESS</b>   | <b>POSITION</b>        | <b>TERM</b> |
|---|------------------------|-------------|
| Scott A. Bryan<br>13975 S. Perry Park Road<br>Larkspur, CO 80118        | President              | 2018-2022   |
| Vincent C. Shoemaker<br>5934 Lees Lane<br>Larkspur, CO 80118            | Treasurer              | 2018-2022   |
| Michael P. Palmer<br>1535 Northfield Road<br>Colorado Springs, CO 80919 | Secretary              | 2018-2022   |
| Theresa G. Bryan<br>13975 S. Perry Park Road<br>Larkspur, CO 80118      | Assistant<br>Secretary | 2020-2023   |
| Vacancy   |                        | 2020-2023   |

**DISTRICT CONTACT**

**ACCOUNTANT:**

|   |  |
|---|--|
| Russ Dykstra<br>Spencer Fane LLP<br>1700 Lincoln St, Suite 2000<br>Denver, Colorado 80203<br>303-839-3845<br>rdykstra@spencerfane.com | Carrie Bartow, CPA<br>CliftonLarsonAllen LLP<br>102 South Tejon, Suite 350<br>Colorado Springs, CO 80903<br>(w) 719-635-0300 x 77839<br>(f) 719-473-3630<br><a href="mailto:carrie.bartow@claconnect.com">carrie.bartow@claconnect.com</a> |
|---|--|

**INSURANCE AND BONDS:**

**MANAGER AND STAFF:**

|  |     |
|--|-----|
| T. Charles Wilson Insurance Service<br>384 Inverness Parkway<br>Centennial, CO 80112<br>303-368-5757 | N/A |
|--|-----|

**EXHIBIT B**  
**2022 BID Budget**

**INTERQUEST TOWN CENTER BUSINESS IMPROVEMENT DISTRICT**  
**ANNUAL BUDGET**  
**FOR THE YEAR ENDING DECEMBER 31, 2022**

**INTERQUEST TOWN CENTER BUSINESS IMPROVEMENT DISTRICT  
SUMMARY  
2022 BUDGET  
WITH 2020 ACTUAL AND 2021 ESTIMATED  
For the Years Ended and Ending December 31,**

9/25/21

|   | ACTUAL<br>2020      | BUDGET<br>2021    | ACTUAL<br>7/31/2021 | ESTIMATED<br>2021 | BUDGET<br>2022    |
|---|---------------------|-------------------|---------------------|-------------------|-------------------|
| BEGINNING FUND BALANCES   | \$ 2,370            | \$ 1,067,706      | \$ 1,011,601        | \$ 1,011,601      | \$ 916,269        |
| REVENUES  |                     |                   |                     |                   |                   |
| Property taxes  | 54,609              | 77,135            | 74,811              | 77,135            | 170,749           |
| Specific ownership tax  | 5,936               | 7,714             | 5,177               | 8,875             | 17,075            |
| Interest income   | 1,909               | 3,600             | 473                 | 473               | -                 |
| Developer advance   | 1,903,090           | 55,815            | 26,128              | 31,000            | 43,000            |
| Other revenue   | -                   | -                 | -                   | -                 | -                 |
| Bond issuance   | 2,860,000           | -                 | -                   | -                 | -                 |
| Public Improvement fees   | 13,702              | 15,500            | 8,998               | 30,500            | 51,500            |
| Total revenues  | <u>4,839,246</u>    | <u>159,764</u>    | <u>115,587</u>      | <u>147,983</u>    | <u>282,324</u>    |
| TRANSFERS IN  | <u>273,505</u>      | -                 | -                   | -                 | -                 |
| Total funds available   | <u>5,115,121</u>    | <u>1,227,470</u>  | <u>1,127,188</u>    | <u>1,159,584</u>  | <u>1,198,593</u>  |
| EXPENDITURES  |                     |                   |                     |                   |                   |
| General Fund  | 49,788              | 76,128            | 30,000              | 49,940            | 85,277            |
| Debt Service Fund   | -                   | 181,750           | -                   | 187,654           | 204,700           |
| Capital Projects Fund   | 3,780,227           | 733,546           | 721                 | 5,721             | 670,640           |
| Total expenditures  | <u>3,830,015</u>    | <u>991,424</u>    | <u>30,721</u>       | <u>243,315</u>    | <u>960,617</u>    |
| TRANSFERS OUT   | <u>273,505</u>      | -                 | -                   | -                 | -                 |
| Total expenditures and transfers out<br>requiring appropriation | <u>4,103,520</u>    | <u>991,424</u>    | <u>30,721</u>       | <u>243,315</u>    | <u>960,617</u>    |
| ENDING FUND BALANCES  | <u>\$ 1,011,601</u> | <u>\$ 236,046</u> | <u>\$ 1,096,467</u> | <u>\$ 916,269</u> | <u>\$ 237,976</u> |
| EMERGENCY RESERVE   | \$ 400              | \$ 500            | \$ 500              | \$ 600            | \$ 1,100          |
| CAPITALIZED INTEREST RESERVE                                    | 273,505             | 235,546           | -                   | 88,876            | -                 |
| TOTAL RESERVE   | <u>\$ 273,905</u>   | <u>\$ 236,046</u> | <u>\$ 500</u>       | <u>\$ 89,476</u>  | <u>\$ 1,100</u>   |

No assurance provided. See summary of significant assumptions.

**INTERQUEST TOWN CENTER BUSINESS IMPROVEMENT DISTRICT  
PROPERTY TAX SUMMARY INFORMATION  
2022 BUDGET  
WITH 2020 ACTUAL AND 2021 ESTIMATED  
For the Years Ended and Ending December 31,**

9/25/21

|                                | ACTUAL<br>2020      | BUDGET<br>2021      | ACTUAL<br>7/31/2021 | ESTIMATED<br>2021   | BUDGET<br>2022      |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>ASSESSED VALUATION</b>      |                     |                     |                     |                     |                     |
| Commercial                     | \$ -                | \$ 707,860          | \$ 707,860          | \$ 707,860          | \$ 898,770          |
| Vacant land                    | 1,213,530           | 1,006,240           | 1,006,240           | 1,006,240           | 2,895,650           |
| Certified Assessed Value       | <u>\$ 1,213,530</u> | <u>\$ 1,714,100</u> | <u>\$ 1,714,100</u> | <u>\$ 1,714,100</u> | <u>\$ 3,794,420</u> |
| <b>MILL LEVY</b>               |                     |                     |                     |                     |                     |
| General                        | 5.000               | 5.000               | 5.000               | 5.000               | 5.000               |
| Debt Service                   | 40.000              | 40.000              | 40.000              | 40.000              | 40.000              |
| Total mill levy                | <u>45.000</u>       | <u>45.000</u>       | <u>45.000</u>       | <u>45.000</u>       | <u>45.000</u>       |
| <b>PROPERTY TAXES</b>          |                     |                     |                     |                     |                     |
| General                        | \$ 6,068            | \$ 8,571            | \$ 8,571            | \$ 8,571            | \$ 18,972           |
| Debt Service                   | 48,541              | 68,564              | 68,564              | 68,564              | 151,777             |
| Levied property taxes          | 54,609              | 77,135              | 77,135              | 77,135              | 170,749             |
| Adjustments to actual/rounding | -                   | -                   | (2,324)             | -                   | -                   |
| Budgeted property taxes        | <u>\$ 54,609</u>    | <u>\$ 77,135</u>    | <u>\$ 74,811</u>    | <u>\$ 77,135</u>    | <u>\$ 170,749</u>   |
| <b>BUDGETED PROPERTY TAXES</b> |                     |                     |                     |                     |                     |
| General                        | \$ 6,068            | \$ 8,571            | \$ 8,313            | \$ 8,571            | \$ 18,972           |
| Debt Service                   | 48,541              | 68,564              | 66,498              | 68,564              | 151,777             |
|                                | <u>\$ 54,609</u>    | <u>\$ 77,135</u>    | <u>\$ 74,811</u>    | <u>\$ 77,135</u>    | <u>\$ 170,749</u>   |

No assurance provided. See summary of significant assumptions.

**INTERQUEST TOWN CENTER BUSINESS IMPROVEMENT DISTRICT  
GENERAL FUND  
2022 BUDGET  
WITH 2020 ACTUAL AND 2021 ESTIMATED  
For the Years Ended and Ending December 31,**

9/25/21

|   | ACTUAL<br>2020 | BUDGET<br>2021 | ACTUAL<br>7/31/2021 | ESTIMATED<br>2021 | BUDGET<br>2022  |
|---|----------------|----------------|---------------------|-------------------|-----------------|
| BEGINNING FUND BALANCES   | \$ (1,243)     | \$ 400         | \$ 601              | \$ 601            | \$ 2,161        |
| REVENUES  |                |                |                     |                   |                 |
| Property taxes  | 6,068          | 8,571          | 8,313               | 8,571             | 18,972          |
| Specific ownership tax  | 5,936          | 7,714          | 5,177               | 8,875             | 17,075          |
| Developer advance   | 34,355         | 55,815         | 26,128              | 31,000            | 43,000          |
| Interest income   | 214            | -              | 51                  | 51                | -               |
| Other revenue   | -              | -              | -                   | -                 | -               |
| Total revenues  | <u>46,573</u>  | <u>72,100</u>  | <u>39,669</u>       | <u>48,497</u>     | <u>79,047</u>   |
| Total funds available   | <u>45,330</u>  | <u>72,500</u>  | <u>40,270</u>       | <u>49,098</u>     | <u>81,208</u>   |
| EXPENDITURES  |                |                |                     |                   |                 |
| General and administrative                                      |                |                |                     |                   |                 |
| Accounting  | 17,119         | 21,000         | 13,583              | 21,000            | 23,000          |
| Auditing  | 2,300          | 3,000          | 3,000               | 3,000             | 3,500           |
| County Treasurer's fee  | 94             | 129            | 125                 | 129               | 285             |
| District management   | -              | 1,500          | -                   | -                 | 1,500           |
| Dues and subscriptions  | 1,238          | 1,500          | 420                 | 420               | 1,500           |
| Election expense  | 575            | -              | -                   | -                 | 3,000           |
| Insurance and bonds   | 100            | 1,000          | 2,621               | 2,621             | 2,800           |
| Legal services  | 23,291         | 20,000         | 7,701               | 15,000            | 20,000          |
| Miscellaneous   | 12             | 2,000          | -                   | -                 | 1,500           |
| Contingency   | -              | 9,371          | -                   | 2,267             | 9,915           |
| Utilities   | -              | 5,000          | -                   | -                 | 5,000           |
| Operations and maintenance                                      |                |                |                     |                   |                 |
| Landscape Maintenance   | -              | 7,500          | 935                 | 2,500             | 7,500           |
| Total expenditures  | <u>44,729</u>  | <u>72,000</u>  | <u>28,385</u>       | <u>46,937</u>     | <u>79,500</u>   |
| Total expenditures and transfers out<br>requiring appropriation | <u>44,729</u>  | <u>72,000</u>  | <u>28,385</u>       | <u>46,937</u>     | <u>79,500</u>   |
| ENDING FUND BALANCES  | <u>\$ 601</u>  | <u>\$ 500</u>  | <u>\$ 11,885</u>    | <u>\$ 2,161</u>   | <u>\$ 1,708</u> |
| EMERGENCY RESERVE   | <u>\$ 400</u>  | <u>\$ 500</u>  | <u>\$ 500</u>       | <u>\$ 600</u>     | <u>\$ 1,100</u> |
| TOTAL RESERVE   | <u>\$ 400</u>  | <u>\$ 500</u>  | <u>\$ 500</u>       | <u>\$ 600</u>     | <u>\$ 1,100</u> |

No assurance provided. See summary of significant assumptions.

**INTERQUEST TOWN CENTER BUSINESS IMPROVEMENT DISTRICT  
DEBT SERVICE FUND  
2022 BUDGET  
WITH 2020 ACTUAL AND 2021 ESTIMATED  
For the Years Ended and Ending December 31,**

9/25/21

|   | ACTUAL<br>2020    | BUDGET<br>2021    | ACTUAL<br>7/31/2021 | ESTIMATED<br>2021 | BUDGET<br>2022    |
|---|-------------------|-------------------|---------------------|-------------------|-------------------|
| BEGINNING FUND BALANCES   | \$ -              | \$ 333,760        | \$ 334,464          | \$ 334,464        | \$ 243,468        |
| REVENUES  |                   |                   |                     |                   |                   |
| Property taxes  | 48,541            | 68,564            | 66,498              | 68,564            | 151,777           |
| Public improvement fees   | 13,702            | 15,500            | 8,998               | 30,500            | 51,500            |
| Interest income   | 1,695             | 3,600             | 422                 | 422               | -                 |
| Total revenues  | <u>63,938</u>     | <u>87,664</u>     | <u>75,918</u>       | <u>99,486</u>     | <u>203,277</u>    |
| TRANSFERS IN  |                   |                   |                     |                   |                   |
| Transfers from other funds                                      | 273,505           | -                 | -                   | -                 | -                 |
| Total funds available   | <u>337,443</u>    | <u>421,424</u>    | <u>410,382</u>      | <u>433,950</u>    | <u>446,745</u>    |
| EXPENDITURES  |                   |                   |                     |                   |                   |
| General and administrative                                      |                   |                   |                     |                   |                   |
| County Treasurer's fee  | 754               | 1,028             | 1,004               | 1,028             | 2,277             |
| Paying agent fees   | -                 | 3,000             | -                   | 3,000             | 3,000             |
| PIF Collection Expense  | 2,225             | 3,100             | 436                 | 1,800             | 3,500             |
| Miscellaneous   | -                 | -                 | -                   | 25                | 1,500             |
| Debt Service  |                   |                   |                     |                   |                   |
| Bond interest   | -                 | 178,750           | -                   | 184,629           | 200,200           |
| Total expenditures  | <u>2,979</u>      | <u>185,878</u>    | <u>1,440</u>        | <u>190,482</u>    | <u>210,477</u>    |
| Total expenditures and transfers out<br>requiring appropriation | <u>2,979</u>      | <u>185,878</u>    | <u>1,440</u>        | <u>190,482</u>    | <u>210,477</u>    |
| ENDING FUND BALANCES  | <u>\$ 334,464</u> | <u>\$ 235,546</u> | <u>\$ 408,942</u>   | <u>\$ 243,468</u> | <u>\$ 236,268</u> |
| CAPITALIZED INTEREST RESERVE                                    | <u>\$ 273,505</u> | <u>\$ 235,546</u> | <u>\$ 273,505</u>   | <u>\$ 88,876</u>  | <u>\$ -</u>       |
| TOTAL RESERVE   | <u>\$ 273,505</u> | <u>\$ 235,546</u> | <u>\$ 273,505</u>   | <u>\$ 88,876</u>  | <u>\$ -</u>       |

No assurance provided. See summary of significant assumptions.

**INTERQUEST TOWN CENTER BUSINESS IMPROVEMENT DISTRICT  
CAPITAL PROJECTS FUND  
2022 BUDGET  
WITH 2020 ACTUAL AND 2021 ESTIMATED  
For the Years Ended and Ending December 31,**

9/25/21

|   | ACTUAL<br>2020    | BUDGET<br>2021 | ACTUAL<br>7/31/2021 | ESTIMATED<br>2021 | BUDGET<br>2022 |
|---|-------------------|----------------|---------------------|-------------------|----------------|
| BEGINNING FUND BALANCES   | \$ 3,613          | \$ 733,546     | \$ 676,536          | \$ 676,536        | \$ 670,640     |
| REVENUES  |                   |                |                     |                   |                |
| Bond issuance   | 2,860,000         | -              | -                   | -                 | -              |
| Developer advance   | 1,868,735         | -              | -                   | -                 | -              |
| Total revenues  | <u>4,728,735</u>  | -              | -                   | -                 | -              |
| Total funds available   | <u>4,732,348</u>  | <u>733,546</u> | <u>676,536</u>      | <u>676,536</u>    | <u>670,640</u> |
| EXPENDITURES  |                   |                |                     |                   |                |
| General and Administrative                                      |                   |                |                     |                   |                |
| Accounting  | 980               | -              | 175                 | 175               | -              |
| Miscellaneous   | 1,100             | -              | -                   | -                 | -              |
| Capital Projects  |                   |                |                     |                   |                |
| Bond issue costs  | 101,268           | 59,170         | 721                 | 721               | -              |
| Capital outlay  | 1,802,012         | 634,376        | -                   | -                 | 670,640        |
| Repay developer advance   | 1,841,732         | -              | -                   | -                 | -              |
| Organization costs  | 35,215            | 30,000         | -                   | -                 | -              |
| Contingency   | -                 | 10,000         | -                   | 5,000             | -              |
| Total expenditures  | <u>3,782,307</u>  | <u>733,546</u> | <u>896</u>          | <u>5,896</u>      | <u>670,640</u> |
| TRANSFERS OUT   |                   |                |                     |                   |                |
| Transfers to other fund   | <u>273,505</u>    | -              | -                   | -                 | -              |
| Total expenditures and transfers out<br>requiring appropriation | <u>4,055,812</u>  | <u>733,546</u> | <u>896</u>          | <u>5,896</u>      | <u>670,640</u> |
| ENDING FUND BALANCES  | <u>\$ 676,536</u> | <u>\$ -</u>    | <u>\$ 675,640</u>   | <u>\$ 670,640</u> | <u>\$ -</u>    |

No assurance provided. See summary of significant assumptions.



**INTERQUEST TOWN CENTER BID  
2022 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 water services, traffic and safety protection, sanitation services, street improvements, parks and recreation, transportation, television relay and translation, mosquito control, security, fire protection and emergency medical. 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 in 2017.

At an election held on May 8, 2018, the voters approved general indebtedness of \$4,800,000 at a maximum interest rate of 18% for each of the following improvements and services: in-district special assessment debt, water, sanitation, streets, traffic and safety, parks and recreation, transportation, security, business recruitment, operations and maintenance, refunding, and reimbursement agreements. The voters also approved an annual increase in taxes 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 and an annual increase in taxes 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 capital expenditures. 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 mill levy is 50 mills, and the maximum operating mill levy for the payment of administrative, operations and maintenance expenses is 5 mills. The initial maximum debt authorization for the District is \$4,000,000.

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 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 differences 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.

**INTERQUEST TOWN CENTER BID  
2022 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues (continued)**

**Property Taxes (continued)**

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 10% of the property taxes collected.

**Developer Advance**

The District is in the development stage. As such, the operating and administrative expenditures will be mainly funded by the Developer. A major portion of the capital expenditures are also expected 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.

**Bond Issuance**

The District issued \$2,860,000 of Limited Tax General Obligation bonds on December 29, 2020.

**Public Improvement Fees**

The District charges a public improvement fee (PIF). The nature of the PIF is that 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 and services at a rate of 1.5% 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.

**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, and other administrative expenses.

**County Treasurer's Fees**

County Treasurer's fees have been computed at 1.5% of property tax collections.

**INTERQUEST TOWN CENTER BID  
2022 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Expenditures (continued)**

**Capital Outlay**

The District anticipates infrastructure improvements for capital outlay in 2022 include street improvements, water and wastewater improvements, and transportation projects.

**Debt Service**

Interest payments are based on the attached debt service schedule from the Series 2020 bonds (discussed under Debts and Leases).

**Debt and Leases**

On December 29, 2020, the District issued Series 2020 Limited Tax Obligation Bonds (the Bonds) in the par amount of \$2,860,000.

The proceeds of the Bonds were used to: (i) pay infrastructure costs, (ii) pay bond issue costs, and (iii) fund capitalized interest.

**Bond Details**

The Bonds bear interest at 7.000% per annum and are payable semiannually on June 1 and December 1, beginning on June 1, 2021 to the extent of available Pledged Revenue. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2025. The Bonds mature on December 1, 2049.

If the Bonds are not paid upon presentation at maturity or upon prior redemption, interest shall continue to accrue thereon at the rate borne prior to maturity or prior redemption until the principal thereof is paid in full.

**Optional Redemption**

The Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, and without premium, on December 1, 2030, and on any date thereafter, upon payment of the redemption price (expressed as a percentage of the principal amount of the Bond being redeemed) of 100%, plus accrued interest to the redemption date.

**Pledged Revenue**

The Bonds are secured by and payable from Pledged Revenue, which means the moneys derived by the District from the following sources: (i) the Required Mill Levy, (ii) PIF revenue, and (iii) any other legally available moneys that the District determines to credit to the Pledged Revenue Fund.

**INTERQUEST TOWN CENTER BID  
2022 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases (continued)**

**Required Mill Levy**

The Required Mill Levy is an ad valorem property tax imposed upon all taxable property of the District each year in an amount sufficient to pay the principal of, premium, if any, and interest on the Bond as the same becomes due and payable, subject to the following limitations:

(i) Subject to paragraph (b) below, the Required Mill Levy (one mill being equal to 1/10 of 1 cent) shall be limited to a maximum of 50.00 mills; provided, however, that such limitation shall be adjusted upward or downward in response to (or to offset) changes in the assessment ratio used for property not classified for assessment as residential or agricultural brought about by changes in the State Constitution or other law. In such event, the Required Mill Levy limitation provided herein shall be increased or decreased, as determined by the Board in good faith, as to all taxable property in the District so that to the extent possible the actual tax revenues generated by the Required Mill Levy, as adjusted, are neither diminished nor enhanced as a result of such changes. Such determination of the Board shall be binding and final.

(ii) Notwithstanding the foregoing, in no event may the Required Mill Levy be established at a rate that would exceed the rate authorized in the District's approved Operating Plan and Budget or cause the District to derive tax revenue in any year in excess of the maximum tax increases permitted by the District's electoral authorization.

The District has outstanding debt with anticipated activity as follows:

|   | Balance at<br>December 31,<br>2020 | Additions        | Retirements | Balance at<br>December 31,<br>2021 |
|---|------------------------------------|------------------|-------------|------------------------------------|
| Developer Advances<br>Operations                        | \$ 51,566                          | \$ 31,000        | \$ -        | \$ 82,566                          |
| Accrued Interest<br>on Developer Advances<br>Operations | 2,737                              | 5,630            | -           | 8,367                              |
| Developer Advances<br>Capital                           | 27,003                             | -                | -           | 27,003                             |
| Accrued Interest<br>on Developer Advances<br>Capital    | 1,124                              | 2,248            | -           | 3,372                              |
|   | <u>\$ 82,430</u>                   | <u>\$ 38,878</u> | <u>\$ -</u> | <u>\$ 121,308</u>                  |

**INTERQUEST TOWN CENTER BID  
2022 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases (continued)**

|   | Balance at<br>December 31,<br>2021 | Additions        | Retirements | Balance at<br>December 31,<br>2022 |
|---|------------------------------------|------------------|-------------|------------------------------------|
| Developer Advances<br>Operations                        | \$ 82,566                          | \$ 43,000        | \$ -        | \$ 125,566                         |
| Accrued Interest<br>on Developer Advances<br>Operations | 8,367                              | 8,332            | -           | 16,699                             |
| Developer Advances<br>Capital                           | 27,003                             | -                | -           | 27,003                             |
| Accrued Interest<br>on Developer Advances<br>Capital    | 3,372                              | 2,248            | -           | 5,620                              |
|   | <u>\$ 121,308</u>                  | <u>\$ 53,580</u> | <u>\$ -</u> | <u>\$ 174,888</u>                  |

**Reserves**

**Emergency Reserve**

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

**This information is an integral part of the accompanying budget.**

**INTERQUEST TOWN CENTER BID  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$2,860,000  
Limited Tax General Obligation Bonds  
Series 2020  
7.000% per annum**


| <u>Year</u> | <u>Principal</u>    | <u>Interest</u>     | <u>Total Due</u>    |
|-------------|---------------------|---------------------|---------------------|
| 2022        | -                   | 200,200             | 200,200             |
| 2023        | -                   | 200,200             | 200,200             |
| 2024        | -                   | 200,200             | 200,200             |
| 2025        | 30,000              | 200,200             | 230,200             |
| 2026        | 35,000              | 198,100             | 233,100             |
| 2027        | 40,000              | 195,650             | 235,650             |
| 2028        | 45,000              | 192,850             | 237,850             |
| 2029        | 50,000              | 189,700             | 239,700             |
| 2030        | 60,000              | 186,200             | 246,200             |
| 2031        | 65,000              | 182,000             | 247,000             |
| 2032        | 70,000              | 177,450             | 247,450             |
| 2033        | 80,000              | 172,550             | 252,550             |
| 2034        | 85,000              | 166,950             | 251,950             |
| 2035        | 90,000              | 161,000             | 251,000             |
| 2036        | 95,000              | 154,700             | 249,700             |
| 2037        | 105,000             | 148,050             | 253,050             |
| 2038        | 110,000             | 140,700             | 250,700             |
| 2039        | 120,000             | 133,000             | 253,000             |
| 2040        | 130,000             | 124,600             | 254,600             |
| 2041        | 135,000             | 115,500             | 250,500             |
| 2042        | 145,000             | 106,050             | 251,050             |
| 2043        | 155,000             | 95,900              | 250,900             |
| 2044        | 170,000             | 85,050              | 255,050             |
| 2045        | 180,000             | 73,150              | 253,150             |
| 2046        | 195,000             | 60,550              | 255,550             |
| 2047        | 210,000             | 46,900              | 256,900             |
| 2048        | 220,000             | 32,200              | 252,200             |
| 2049        | 240,000             | 16,800              | 256,800             |
|             | <b>\$ 2,860,000</b> | <b>\$ 3,956,400</b> | <b>\$ 6,816,400</b> |


No assurance provided. See summary of significant assumptions.

**EXHIBIT C**

**District Boundary Map**

*INTERQUEST TOWN CENTER BID*

 Tax Boundary

  
1 inch = 136.57 feet

08/24/2021 EPC Assessor's Office  
NAD\_1983\_StatePlane\_Colorado\_Central\_FIPS\_0502\_Feet  
Projection: Lambert\_Conformal\_Conic

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