

RESOLUTION NO. 53-16

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS, COLORADO APPROVING AN AMENDED 2016 OPERATING PLAN AND BUDGET FOR THE INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT

WHEREAS, the Interquest North Business Improvement District (the "District") was organized by the City Council of the City of Colorado Springs by Ordinance No. 04-237 adopted on October 26, 2004; and

WHEREAS, the Operating Plan and Budget for the District has been annually approved by City of Colorado Springs since 2004 in accordance with Section 31-25-1211, C.R.S.; and

WHEREAS, the most recent Operating Plan and Budget for the District is the 2016 Operating Plan for the Interquest North Business Improvement District ("2016 Operating Plan"), approved by City Council by motion on October 27, 2015; and

WHEREAS, the District now desires authorization from City Council to issue debt in an amount that would exceed the maximum debt limitation currently allowed by the 2016 Operating Plan; and

WHEREAS, the District has provided a 2016 Amended Operating Plan and Budget for the District ("Amended 2016 Operating Plan") increasing the maximum combined principal indebtedness authorization of the District from \$9,900,000 to \$13,000,000 and including limited related conforming amendments to the 2016 Operating Plan; and

WHEREAS, City Council has considered the Amended 2016 Operating Plan at a May 24, 2016 hearing and finds that the requested changes are consistent with the City's Special District Policy.

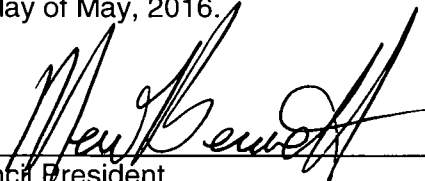
NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS:

Section 1. The above and foregoing recitals are incorporated herein by reference and are adopted as findings and determinations of the City Council.

Section 2. The Amended 2016 Operating Plan (attached as Exhibit A to this Resolution) is hereby approved, and shall remain in force and effect until such time as it is superseded by a City Council approved Operating Plan and Budget or is otherwise amended by City Council.

Section 3. This Resolution shall be effective upon its approval by City Council.

DATED at Colorado Springs, Colorado, this 24th day of May, 2016.



Council President

ATTEST:


Sarah Johnson, City Clerk



**2016 Amended OPERATING PLAN AND
BUDGET**

**INTERQUEST NORTH
BUSINESS
IMPROVEMENT
DISTRICT**

City of Colorado Springs, El Paso County, Colorado

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2016
OPERATING PLAN FOR THE
INTERQUEST NORTH 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 North 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 2005, 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 2016 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 provided by the District include parking facilities, roadways, lighting, driveways, public utilities and landscaping consistent with prior years' activities.

D. Ownership of Property or Major Assets. The District does not own or expect to own any fee simple property or major physical assets, particularly within the 2016 budget year.

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 North Business Improvement District was organized by the City of Colorado Springs, Colorado by Ordinance No. 04-237 on October 26, 2004.
- 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) Ralph A. Braden, President
 - 2) Christopher S. Jenkins, Vice-President
 - 3) David D. Jenkins, Secretary
 - 4) Frederick A. Veitch, Treasurer
 - 5) Delroy L. Johnson, Assistant Secretary

Director and other pertinent contact information is 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

The District map is depicted in EXHIBIT C. The District may exclude certain property from its boundaries due to a change in use from commercial to residential.

4. PUBLIC IMPROVEMENTS

The District does not presently anticipate funding the design, installation, or acquisition of additional public improvements during 2016. The District will fund the reimbursement of improvements during calendar year 2016.

The District does not anticipate the construction or acquisition of any public improvements in 2016.

5. ADMINISTRATION, OPERATIONS, SERVICES AND MAINTENANCE

No changes to the improvements and services to be furnished by the District as listed in all of the previous Operating Plans are proposed for 2016. Therefore, all of the previous Operating Plans, including all limitations found in Section 3 Description of Public Improvements and Services, Section 4 Administration, Operation and Maintenance, Section 5 Financial Plan and Budget (with the exceptions noted below and the budget which is attached hereto as EXHIBIT B) are unchanged and incorporated herein by reference.

(a) 2005 Election. The District held an election in November, 2005 for the purpose of authorizing debt for water and sanitation purposes to allow the District to shift funds from one category of improvements to others, but the total authorized debt shall not be increased without the consent of City Council.

(b) Section 5.4(j) of the original Operating Plan filed on September 17, 2004 was modified by the 2011 Operating Plan, after a Public Improvement Fee was imposed and implemented on the property within the District, to read as follows:

“(j) The bonds including revenue bonds, of the District will be limited to those that are payable either from ad valorem property taxes, assessments, PIF revenues, permitted user fees, reimbursements, interest and interest earnings of the District, and from other revenues made available to the District. The District will not impose a sales tax.”

The purpose of the PIF is to pay for public improvements provided by the District to the property which were originally paid for from its bond issuance in 2010.

(c) Inclusion of approximately 24.029 acres of unimproved real property into the District was requested by petition with a hearing before City Council occurring September 25, 2007. This inclusion was approved by City Council pursuant to Section 31-25-1220, C.R.S. and did not necessitate an amendment to the District's then-current Operating Plan.

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

6. FINANCIAL PLAN AND BUDGET

1. 2016 Budget. The 2016 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 \$9,900,000 for street improvements. On November 1, 2005, the District's electors authorized additional indebtedness of \$3,100,000 for water and storm drainage. The voters also approved an annual increase in taxes of \$50,000, 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 contained in Article X,

Section 20 of the Colorado constitution. Pursuant to the District's Operating Plan filed annual with the City, the maximum debt service mill levy the District can impose is 50.000 mills. As set forth in the District's 2005 Operating Plan, the City originally limited the amount of debt to be issued to a total of \$9,900,000 in the authorized voted categories, without future approval by the City. By approval of this Operating Plan, the District will be allowed to issue debt up to a total of \$13,000,000, excluding refundings thereof, to correspond with the electoral authorization approved by the voters of the District and to coincide with the increased construction costs incurred by the District for public improvements.

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.
4. **District Revenues.** See 2016 budget attached hereto as EXHIBIT B.
5. **Existing Debt Obligations.** In 2010 the District issued its \$6,500,000 Limited Tax General Obligation Bond, Series 2010 (the "2010 Bond"). This issuance was approved by the City Council by Resolution No. 185-10 as required by the 2010 Operating Plan.
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. The District will seek the issuance of and additional \$4,765,000 in bonds in 2016. If additional bonds are issued, the budget for the District will be amended as required per statute and the amended budget will be filed with the City.
7. **Other Financial Obligations.** No other financial obligations of the District are anticipated in the coming year.
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.** This District will not utilize any revenues from a new, increased or expanded public improvement fee (PIF) unless specifically authorized in a subsequent operating plan and budget, or separately approved by City Council. 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. 2016 ACTIVITIES, PROJECTS AND CHANGES

1. Activities

The District does not anticipate activity for commercial development in 2016, and has no specific plan at this time.

2. Projects and Public Improvements

The District does not presently anticipate funding the design, installation or acquisition of additional public improvements during 2016. If the District acts to fund additional improvements during calendar year 2016, an amendment to this Operating Plan will be sought in accordance with the provisions of Section 31-25-1211, C.R.S.

3. Summary of 2016 Activities and Changes from Prior Year

The District's activities will focus on district administration and payment of its bonds.

Boundary changes: The District may exclude certain property from its boundaries due to a change in use from commercial to residential (see 3. Boundaries, Inclusions and Exclusions above).

Changes to board or governance structure: Not anticipated for the upcoming year.

Mill levy changes: Mill levies remain the same for the upcoming year.

New, refinanced or fully discharged debt: It is anticipated that the District will issue additional bonds in the upcoming year.

Elections: Not anticipated for the upcoming year.

Major changes in development activity or valuation: Not anticipated for the upcoming year.

Ability to meet current financial obligations: See 2016 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 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

BOARD OF DIRECTORS:

Ralph A. Braden, President (w) 719-593-2600
Norwood Development Group (f) 719-633-0545
111 South Tejon, Suite 222 rbraden@nor-wood.com
Colorado Springs, CO 80903
Term: Elected 5/6/2012; 2012-2016; 4-year term

Christopher S. Jenkins, Vice President (w) 719-593-2600
Norwood Development Group (f) 719-633-0545
111 South Tejon, Suite 222 chrisjenkins@nor-wood.com
Colorado Springs, CO 80903
Term: Elected 5/6/2012; 2012-2016; 4-year term

David D. Jenkins, Secretary (w) 719-593-2600
Norwood Development Group (f) 719-633-0545
111 South Tejon, Suite 222 ddj@nor-wood.com
Colorado Springs, CO 80903
Term: Elected 5/6/2012; 2012-2016; 4-year term

Frederick A. Veitch, Treasurer (w) 719-593-2600
Norwood Development Group (f) 719-633-0545
111 South Tejon, Suite 222 fveitch@nor-wood.com
Colorado Springs, CO 80903
Term: Elected 5/4/2010; 2010-2014; 2014-2018

Delroy L. Johnson, Assistant Secretary (w) 719-593-2600
Norwood Development Group (f) 719-633-0545
111 South Tejon, Suite 222 djohnson@nor-wood.com
Colorado Springs, CO 80903
Term: Appt 8/2013-2014; Elected 2014-2018; 4-year term

DISTRICT MANAGER:

CliftonLarsonAllen LLP (w) 303-779-4525
8390 East Crescent Parkway, Suite 600 (f) 303-773-2050
Greenwood Village, CO 80111

DISTRICT CONTACT:

Delroy L. Johnson, Assistant Secretary (w) 719-593-2600
Norwood Development Group (f) 719-633-0545
111 South Tejon, Suite 222 djohnson@nor-wood.com
Colorado Springs, CO 80903

INSURANCE AND DIRECTORS' BONDS:

T. Charles Wilson Insurance Service
384 Inverness Parkway
Centennial, CO 80112

303-368-5757 x 307
(f) 303-368-5863

ACCOUNTANT:

Carrie Bartow, CPA
CliftonLarsonAllen LLP
102 South Tejon, Suite 350
Colorado Springs, CO 80903

(w) 719-635-0300 x 77839
(direct) 303-265-7839
(f) 719-473-3630
(c) 303-883-3984
carrie.bartow@claconnect.com

AUDITOR:

BiggsKofford, PC
630 Southpointe Court, Suite 200
Colorado Springs, CO 80906

719-579-9090
(f) 719-579-0126

STAFF: N/A

EXHIBIT B

**2016 BID Budget
General Fund
Debt Service Fund
Capital Projects Fund
(including taxes, fees, assessments and
estimated principal amount of bonds)**

**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
SUMMARY**

**FORECASTED 2016 BUDGET AS PROPOSED
WITH 2014 ACTUAL AND 2015 ESTIMATED
For the Years Ended and Ending December 31,**

9/14/2015

	ACTUAL 2014	BUDGET 2015	ACTUAL 6/30/2015	ESTIMATED 2015	PROPOSED 2016
BEGINNING FUND BALANCES	\$ 808,776	\$ 993,854	\$ 996,396	\$ 996,396	\$ 1,246,035
REVENUES					
1 Property taxes	680,475	681,714	384,593	681,714	692,033
2 Specific ownership taxes	71,850	68,170	30,784	73,881	76,120
3 Public improvement fees	127,058	150,000	69,531	159,000	190,000
4 Net investment income	977	1,650	815	1,544	2,040
Total revenues	880,360	901,534	485,723	916,139	960,193
Total funds available	1,689,136	1,895,388	1,482,119	1,912,535	2,206,228
EXPENDITURES					
5 General and administration					
6 Accounting	8,934	12,000	7,176	13,000	13,000
7 Audit	3,350	3,450	3,400	3,400	3,450
8 Contingency	-	7,379	-	5,531	5,396
9 County Treasurer's fees	200	201	113	201	204
10 District management	5,578	7,000	2,572	7,000	7,000
11 Dues and membership	-	300	285	285	300
12 Election	883	-	-	-	1,000
13 Insurance	1,868	1,670	1,583	1,583	1,650
14 Legal	4,909	7,000	1,280	6,000	7,000
15 Miscellaneous	1,015	1,000	423	1,000	1,000
16 Repayment of Developer advance - Interest	2,660	-	-	-	-
17 Repayment of Developer advance - Principal	33,485	-	-	-	-
18 Debt service					
19 Bond interest	544,850	538,475	-	538,475	531,675
20 Bond principal	75,000	80,000	-	80,000	85,000
21 Contingency	-	1,500	-	-	1,148
22 County Treasurer's fees	10,008	10,025	5,656	10,025	10,177
Total expenditures	692,740	670,000	22,488	666,500	668,000
Total expenditures and transfers out requiring appropriation	692,740	670,000	22,488	666,500	668,000
ENDING FUND BALANCES	\$ 996,396	\$ 1,225,388	\$ 1,459,631	\$ 1,246,035	\$ 1,538,228
EMERGENCY RESERVE	\$ 3,000	\$ 2,500	\$ 1,200	\$ 2,700	\$ 2,700
TOTAL RESERVE	\$ 3,000	\$ 2,500	\$ 1,200	\$ 2,700	\$ 2,700

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

9/14/2015

	ACTUAL 2014	BUDGET 2015	ACTUAL 6/30/2015	ESTIMATED 2015	PROPOSED 2016
ASSESSED VALUATION - EL PASO					
Commercial	\$ 13,337,100	\$ 13,024,810	\$ 13,024,810	\$ 13,024,810	\$ 12,710,880
Agricultural	2,130	1,920	1,920	1,920	1,840
Vacant Land	3,420	340,200	340,200	340,200	856,550
Certified Assessed Value	<u>\$ 13,342,650</u>	<u>\$ 13,366,930</u>	<u>\$ 13,366,930</u>	<u>\$ 13,366,930</u>	<u>\$ 13,569,270</u>
MILL LEVY					
GENERAL FUND	1.000	1.000	1.000	1.000	1.000
DEBT SERVICE FUND	50.000	50.000	50.000	50.000	50.000
Total Mill Levy	<u>51.000</u>	<u>51.000</u>	<u>51.000</u>	<u>51.000</u>	<u>51.000</u>
PROPERTY TAXES					
GENERAL FUND	\$ 13,343	\$ 13,367	\$ 13,367	\$ 13,367	\$ 13,569
DEBT SERVICE FUND	667,133	668,347	668,347	668,347	678,464
Levied property taxes	680,476	681,714	681,714	681,715	692,033
Adjustments to actual/rounding	(1)	-	(297,121)	-	-
Budgeted Property Taxes	<u>\$ 680,475</u>	<u>\$ 681,714</u>	<u>\$ 384,593</u>	<u>\$ 681,714</u>	<u>\$ 692,033</u>
BUDGETED PROPERTY TAXES					
GENERAL FUND	\$ 13,343	\$ 13,367	\$ 7,541	\$ 13,367	\$ 13,569
DEBT SERVICE FUND	667,132	668,347	377,052	668,347	678,464
	<u>\$ 680,475</u>	<u>\$ 681,714</u>	<u>\$ 384,593</u>	<u>\$ 681,714</u>	<u>\$ 692,033</u>

PRELIMINARY DRAFT - SUBJECT TO REVISION

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**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
GENERAL FUND**

**FORECASTED 2016 BUDGET AS PROPOSED
WITH 2014 ACTUAL AND 2015 ESTIMATED
For the Years Ended and Ending December 31,**

9/14/2015

	ACTUAL 2014	BUDGET 2015	ACTUAL 6/30/2015	ESTIMATED 2015	PROPOSED 2016
BEGINNING FUND BALANCES	\$ 68,027	\$ 83,180	\$ 90,443	\$ 90,443	\$ 139,835
REVENUES					
1 Property taxes	13,343	13,367	7,541	13,367	13,569
2 Specific ownership taxes	71,850	68,170	30,784	73,881	76,120
3 Net investment income	105	150	72	144	240
Total revenues	85,298	81,687	38,397	87,392	89,929
Total funds available	153,325	164,867	128,840	177,835	229,764
EXPENDITURES					
General and administration					
4 Accounting	8,934	12,000	7,176	13,000	13,000
5 Audit	3,350	3,450	3,400	3,400	3,450
6 Contingency	-	7,379	-	5,531	5,396
7 County Treasurer's fees	200	201	113	201	204
8 District management	5,578	7,000	2,572	7,000	7,000
9 Dues and membership	-	300	285	285	300
10 Election	883	-	-	-	1,000
11 Insurance	1,868	1,670	1,583	1,583	1,650
12 Legal	4,909	7,000	1,280	6,000	7,000
13 Miscellaneous	1,015	1,000	423	1,000	1,000
14 Repayment of Developer advance - Interest	2,660	-	-	-	-
15 Repayment of Developer advance - Principal	33,485	-	-	-	-
Total expenditures	62,882	40,000	16,832	38,000	40,000
Total expenditures and transfers out requiring appropriation	62,882	40,000	16,832	38,000	40,000
ENDING FUND BALANCES	\$ 90,443	\$ 124,867	\$ 112,008	\$ 139,835	\$ 189,764
EMERGENCY RESERVE	\$ 3,000	\$ 2,500	\$ 1,200	\$ 2,700	\$ 2,700
TOTAL RESERVE	\$ 3,000	\$ 2,500	\$ 1,200	\$ 2,700	\$ 2,700

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 NORTH BUSINESS IMPROVEMENT DISTRICT
DEBT SERVICE FUND
FORECASTED 2016 BUDGET AS PROPOSED
WITH 2014 ACTUAL AND 2015 ESTIMATED
For the Years Ended and Ending December 31,

9/14/2015

	ACTUAL 2014	BUDGET 2015	ACTUAL 6/30/2015	ESTIMATED 2015	PROPOSED 2016
BEGINNING FUND BALANCES	\$ 740,749	\$ 910,674	\$ 905,953	\$ 905,953	\$ 1,106,200
REVENUES					
1 Property taxes	667,132	668,347	377,052	668,347	678,464
2 Public improvement fees	127,058	150,000	69,531	159,000	190,000
3 Net investment income	872	1,500	743	1,400	1,800
Total revenues	<u>795,062</u>	<u>819,847</u>	<u>447,326</u>	<u>828,747</u>	<u>870,264</u>
Total funds available	<u>1,535,811</u>	<u>1,730,521</u>	<u>1,353,279</u>	<u>1,734,700</u>	<u>1,976,464</u>
EXPENDITURES					
Debt service					
4 Bond interest	544,850	538,475	-	538,475	531,675
5 Bond principal	75,000	80,000	-	80,000	85,000
6 Contingency	-	1,500	-	-	1,148
7 County Treasurer's fees	10,008	10,025	5,656	10,025	10,177
Total expenditures	<u>629,858</u>	<u>630,000</u>	<u>5,656</u>	<u>628,500</u>	<u>628,000</u>
Total expenditures and transfers out requiring appropriation	<u>629,858</u>	<u>630,000</u>	<u>5,656</u>	<u>628,500</u>	<u>628,000</u>
ENDING FUND BALANCES	<u>\$ 905,953</u>	<u>\$ 1,100,521</u>	<u>\$ 1,347,623</u>	<u>\$ 1,106,200</u>	<u>\$ 1,348,464</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 NORTH BUSINESS IMPROVEMENT DISTRICT
 CAPITAL PROJECTS FUND
 FORECASTED 2016 BUDGET AS PROPOSED
 WITH 2014 ACTUAL AND 2015 ESTIMATED
 For the Years Ended and Ending December 31,**

9/14/2015

	ACTUAL 2014	BUDGET 2015	ACTUAL 6/30/2015	ESTIMATED 2015	PROPOSED 2016
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -	\$ -	\$ -
REVENUES					
Total revenues	-	-	-	-	-
Total funds available	-	-	-	-	-
EXPENDITURES					
Total expenditures	-	-	-	-	-
Total expenditures and transfers out requiring appropriation	-	-	-	-	-
ENDING FUND BALANCES	\$ -	\$ -	\$ -	\$ -	\$ -

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 NORTH BUSINESS IMPROVEMENT DISTRICT
2016 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 \$9,900,000 for street improvements. On November 1, 2005, the District's electors authorized additional indebtedness of \$3,100,000 for water and storm drainage. The voters also approved an annual increase in taxes of \$50,000, 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 2005 operating plan, the City has limited the amount of debt to be issued to a total of \$9,900,000 in the authorized voted categories, without future approval by the City.

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

The District prepares its budget on the modified accrual basis of accounting.

Revenue

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 page 3 of the Budget at the total adopted mill levy of 51.000.

**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
2016 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenue (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 forecast assumes that the District's share will be equal to approximately 11% 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 0.15%.

PIF Fees

The District anticipates receiving \$190,000 in Public Improvement Fees (PIF) during 2016. Pursuant to the PIF Covenant, these fees are pledged revenue to be used toward the repayment of the Series 2010 Bonds.

Expenditures

Administrative Expenditures

Administrative and operating expenditures include the services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance, and other administrative expenses.

County Treasurer's Fees

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

Debt Service

On December 3, 2010, the District issued \$6,500,000 in General Obligation Bonds. The Bonds mature on December 1, 2040, and bear an interest rate of 8.5% paid annually on December 1. The first interest payment was due on December 1, 2011. At the option of the District, on any date, the bonds are subject to redemption prior to maturity without redemption premium. The proceeds from the Bonds were used to reimburse the Developer for capital infrastructure costs and to pay bond issuance costs.

**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
2016 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases

The District's current debt service schedule is attached. The District has no capital or operational leases.

Reserves

Emergency Reserve

The District has provided for an emergency reserve fund equal to at least 3% of fiscal year spending for 2016, as defined under TABOR.

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

**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2015**

**\$6,500,000 General Obligation Bonds
Series 2010
Dated December 3, 2010
Interest Rate 8.5%**

Principal and Interest Due December 1

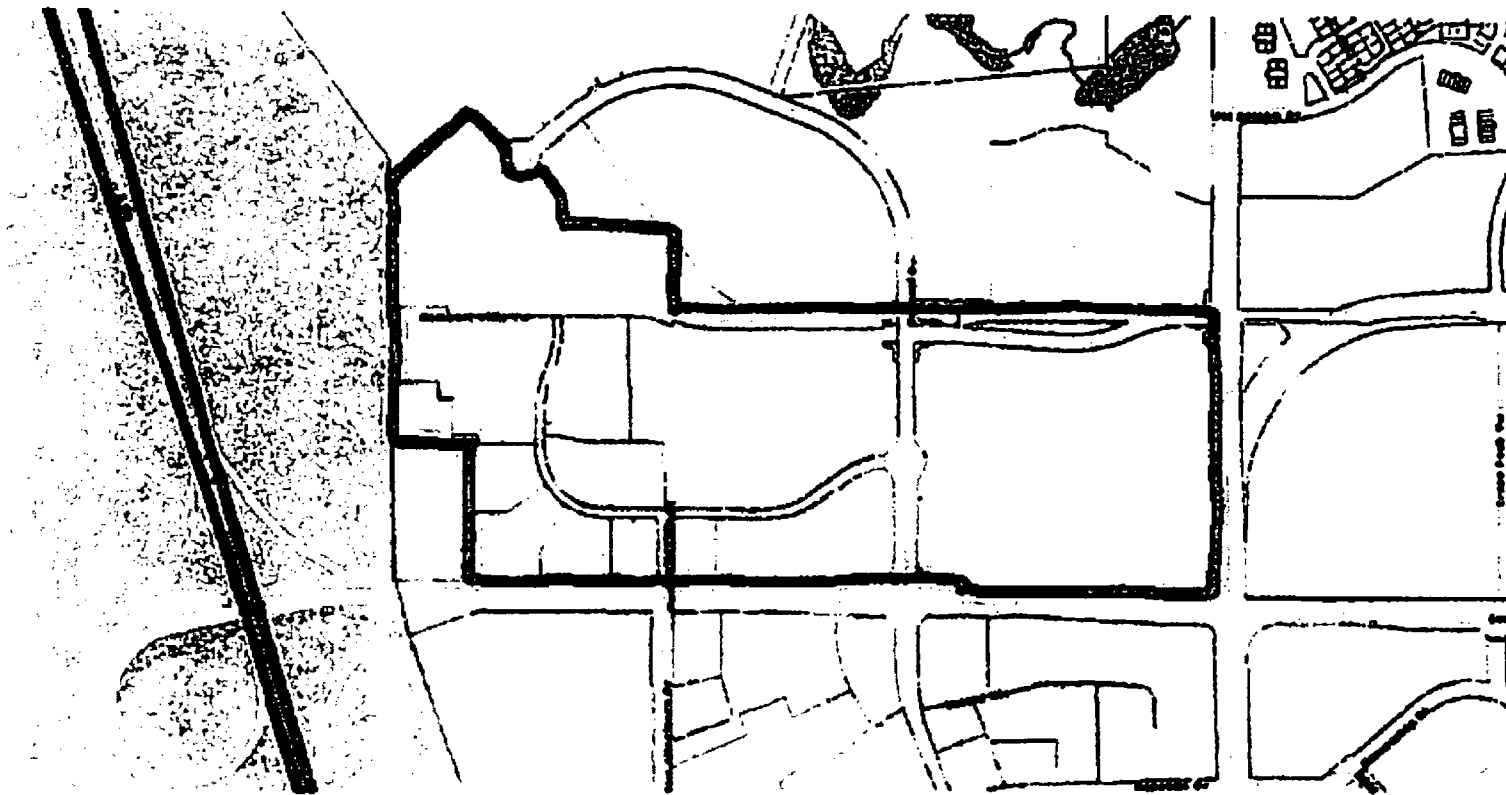
<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 85,000	\$ 531,675	\$ 616,675
2017	95,000	524,450	619,450
2018	100,000	516,375	616,375
2019	110,000	507,875	617,875
2020	120,000	498,525	618,525
2021	130,000	488,325	618,325
2022	140,000	477,275	617,275
2023	150,000	465,375	615,375
2024	165,000	452,625	617,625
2025	180,000	438,600	618,600
2026	195,000	423,300	618,300
2027	210,000	406,725	616,725
2028	230,000	388,875	618,875
2029	250,000	369,325	619,325
2030	270,000	348,075	618,075
2031	290,000	325,125	615,125
2032	315,000	300,475	615,475
2033	345,000	273,700	618,700
2034	375,000	244,375	619,375
2035	405,000	212,500	617,500
2036	355,000	178,075	533,075
2037	385,000	147,900	532,900
2038	415,000	115,175	530,175
2039	450,000	79,900	529,900
2040	490,000	41,650	531,650
	<u>\$ 6,255,000</u>	<u>\$ 8,756,275</u>	<u>\$ 15,011,275</u>

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

EXHIBIT C
District Boundary Map

El Paso County Assessor's Office

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— Interquest North BID boundary