

2021 OPERATING PLAN AND BUDGET

**INTERQUEST SOUTH
BUSINESS
IMPROVEMENT
DISTRICT**

City of Colorado Springs, El Paso County, Colorado

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**2021
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.*, 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 2004 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 may be further articulated in prior years’ Operating Plans, the ongoing and/or contemplated purposes of this District for 2021 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 owns certain real property located within the boundaries of the District which is intended to be used as parking facilities. The District also owns street, water, and sewer facilities. The District may own additional property or major physical assets as part of anticipated development. Funds in the General Fund set forth in **EXHIBIT B** have been budgeted for maintenance expenses.

E. *Contracts and Agreement.*

The District may 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 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, the City Council of the City of Colorado Springs passed Resolution No. 93-15 and Ordinance No. 15-17 which authorized the City to appoint members to the District's Board of Directors when vacancies occurred outside of an 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 on November 2, 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 2021. 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. *2021 Budget.*

The proposed 2021 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. 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. On November 1, 2005, the District’s electors authorized additional indebtedness of \$3,500,000 for water and sanitary sewer. 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 \$24,000,000 in the authorized voted categories. This maximum debt authorization amount shall not be exceeded without express prior 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.

D. *District Revenues.*

See proposed 2021 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 "2017 Bonds") to fund public improvements, pay bond issue costs, fund an initial deposit to the Surplus Fund, and fund capitalized interest. The 2017 Bonds bear interest ranging from 4.5% to 5.0% paid semi-annually on June 1 and December, beginning December 1, 2019. The 2017 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 2021, 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 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.

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. The current amounts of outstanding developer advances are: \$74,835 that accrue interest at a rate of 7% and \$54,000 that accrue interest at a rate of 8%.

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 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.

The use of a public improvement fee (“PIF”) is in place to provide necessary funding revenues for the improvements to be financed by the District. The District will utilize revenues from the PIF for such purposes.

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. 2021 ACTIVITIES, PROJECTS AND CHANGES

Activities. The District will continue with development activity in 2021. Specific improvements and services to be provided by the District include parking facilities, roadways, lighting, driveways, public utilities, snow removal and landscaping.

Projects and Public Improvements. The District anticipates funding the design, installation or acquisition of additional public improvements during 2021 as noted in **EXHIBIT B**.

Summary of 2021 Activities and Changes from Prior Year. The District anticipates continued development in 2021, 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: Not anticipated for the upcoming year.

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

Elections: There will be no election for the upcoming year.

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

Ability to meet current financial obligations: See 2021 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	PHONE #/E-MAIL
Stacie M. Tucker 4020 Foxchase Way Colorado Springs, CO 80908	President	2018-2022	stacie@fredowencpa.com
Bethany Fitzgerald 4022 Cooke Drive Colorado Springs, CO 80911	Secretary/Treasurer	2018-2022	bethany@fredowencpa.com
Gregory M. Tucker 4020 Foxchase Way Colorado Springs, CO 80908	Assistant Secretary	2020-2023	greg@tbylaw.com
Jerry D. Biggs 12937 Crowfoot Springs Road Larkspur, Colorado 80118	Assistant Secretary	2018-2022	jbiggs@proterraco.com
Vacancy		2020-2023	

DISTRICT MANAGER

ACCOUNTANT:

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	Carrie Bartow, CPA CliftonLarsonAllen LLP 102 South Tejon, Suite 350 Colorado Springs, CO 80903 (w) 719-635-0300 x 77839 (f) 719-473-3630 carrie.bartow@claconnect.com
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INSURANCE AND BONDS:

STAFF:

T. Charles Wilson Insurance Service 384 Inverness Parkway Centennial, CO 80112 303-368-5757 The Colorado Special District Property and Liability Pool McGriff, Seibels & Williams PO Box 1539 Portland, OR 82207-7322	N/A
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EXHIBIT B

**2021 BID Budget
General Fund
Debt Service Fund
Capital Projects Fund**

**INTERQUEST SOUTH BUSINESS
IMPROVEMENT DISTRICT**

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2021

**INTERQUEST SOUTH BUSINESS IMPROVEMENT DISTRICT
SUMMARY
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

9/29/20

	ACTUAL 2019	BUDGET 2020	ACTUAL 6/30/2020	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCES	\$ 1,436,538	\$ 1,384,768	\$ 1,383,803	\$ 1,383,803	\$ 359,080
REVENUES					
Property taxes	107,275	132,955	125,204	132,955	139,033
Specific Ownership Tax	13,012	14,625	6,708	14,625	13,903
Interest Income	30,820	12,920	6,801	13,602	5,155
Public improvement Fees	134,728	136,766	62,452	138,770	160,000
Developer Advance	58,708	50,000	-	300,000	10,000
Total revenues	<u>344,543</u>	<u>347,266</u>	<u>201,165</u>	<u>599,952</u>	<u>328,091</u>
TRANSFERS IN	<u>50,474</u>	<u>50,000</u>	<u>34,960</u>	<u>51,800</u>	<u>135,000</u>
Total funds available	<u>1,831,555</u>	<u>1,782,034</u>	<u>1,619,928</u>	<u>2,035,555</u>	<u>822,171</u>
EXPENDITURES					
General Fund	111,443	132,500	71,031	127,763	177,250
Debt Service Fund	225,945	231,000	102,553	230,137	248,863
Capital Projects Fund	59,890	1,015,417	866,937	1,266,775	-
Total expenditures	<u>397,278</u>	<u>1,378,917</u>	<u>1,040,521</u>	<u>1,624,675</u>	<u>426,113</u>
TRANSFERS OUT	<u>50,474</u>	<u>50,000</u>	<u>34,960</u>	<u>51,800</u>	<u>135,000</u>
Total expenditures and transfers out requiring appropriation	<u>447,752</u>	<u>1,428,917</u>	<u>1,075,481</u>	<u>1,676,475</u>	<u>561,113</u>
ENDING FUND BALANCES	<u>\$ 1,383,803</u>	<u>\$ 353,117</u>	<u>\$ 544,447</u>	<u>\$ 359,080</u>	<u>\$ 261,058</u>
EMERGENCY RESERVE	\$ 2,500	\$ 2,610	\$ 1,900	\$ 2,700	\$ 5,164
AVAILABLE FOR OPERATIONS	(1,129)	6,576	(10,945)	5,892	8,303
SURPLUS FUND	312,234	300,000	313,950	315,000	245,000
TOTAL RESERVE	<u>\$ 313,605</u>	<u>\$ 309,186</u>	<u>\$ 304,905</u>	<u>\$ 323,592</u>	<u>\$ 258,467</u>

No assurance is provided. See summary of significant assumptions.

**INTERQUEST SOUTH BUSINESS IMPROVEMENT DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

9/29/20

	ACTUAL 2019	BUDGET 2020	ACTUAL 6/30/2020	ESTIMATED 2020	BUDGET 2021
ASSESSED VALUATION					
Commercial	\$ 14,759,510	\$ 16,688,150	\$ 16,688,150	\$ 16,688,150	\$ 17,977,170
Industrial	1,619,690	3,453,350	3,453,350	3,453,350	3,453,350
State assessed	9,420	7,030	7,030	7,030	6,410
Vacant land	648,700	2,010,590	2,010,590	2,010,590	1,735,240
Certified Assessed Value	<u>\$ 17,037,320</u>	<u>\$ 22,159,120</u>	<u>\$ 22,159,120</u>	<u>\$ 22,159,120</u>	<u>\$ 23,172,170</u>
MILL LEVY					
General	1.000	1.000	1.000	1.000	1.000
Debt Service	5.000	5.000	5.000	5.000	5.000
Refund and abatements	0.308	0.000	0.000	0.000	0.000
Total mill levy	<u>6.308</u>	<u>6.000</u>	<u>6.000</u>	<u>6.000</u>	<u>6.000</u>
PROPERTY TAXES					
General	\$ 17,037	\$ 22,159	\$ 22,159	\$ 22,159	\$ 23,172
Debt Service	85,187	110,796	110,796	110,796	115,861
Refund and abatements	-	-	-	-	-
Levied property taxes	<u>102,224</u>	<u>132,955</u>	<u>132,955</u>	<u>132,955</u>	<u>139,033</u>
Adjustments to actual/rounding	(196)	-	(7,751)	-	-
Refunds and abatements	5,247	-	-	-	-
Budgeted property taxes	<u>\$ 107,275</u>	<u>\$ 132,955</u>	<u>\$ 125,204</u>	<u>\$ 132,955</u>	<u>\$ 139,033</u>
BUDGETED PROPERTY TAXES					
General	\$ 17,879	\$ 22,159	\$ 20,867	\$ 22,159	\$ 23,172
Debt Service	89,396	110,796	104,337	110,796	115,861
	<u>\$ 107,275</u>	<u>\$ 132,955</u>	<u>\$ 125,204</u>	<u>\$ 132,955</u>	<u>\$ 139,033</u>

No assurance is provided. See summary of significant assumptions.

**INTERQUEST SOUTH BUSINESS IMPROVEMENT DISTRICT
GENERAL FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

9/29/20

	ACTUAL 2019	BUDGET 2020	ACTUAL 6/30/2020	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCE	\$ 3,352	\$ 4,868	\$ 1,371	\$ 1,371	\$ 8,592
REVENUES					
Property taxes	17,879	22,159	20,867	22,159	23,172
Specific ownership tax	13,012	14,625	6,708	14,625	13,903
Interest income	45	34	-	-	50
Developer advance	29,000	50,000	-	50,000	10,000
Total revenues	<u>59,936</u>	<u>86,818</u>	<u>27,575</u>	<u>86,784</u>	<u>47,125</u>
TRANSFERS IN					
Transfers from Debt Service Fund	50,000	50,000	34,000	50,000	135,000
Total funds available	<u>113,288</u>	<u>141,686</u>	<u>62,946</u>	<u>138,155</u>	<u>190,717</u>
EXPENDITURES					
General and administrative					
Accounting	30,366	30,000	24,024	35,000	35,000
Auditing	3,100	3,200	3,226	3,226	3,300
County Treasurer's fee	269	332	313	332	348
PIF Collection Fees	5,950	5,000	904	3,750	5,000
Dues and licenses	384	400	515	515	540
Insurance and bonds	1,337	1,400	1,339	1,339	1,405
District management	19,315	18,000	13,670	25,500	21,000
Legal services	11,677	10,000	9,855	15,000	15,000
Miscellaneous	434	2,100	568	1,500	2,000
Election expense	-	2,000	1,251	1,251	2,000
Contingency	-	2,368	-	-	2,857
Operations and maintenance					
Repairs and maintenance	1,567	2,500	-	1,250	10,000
Landscaping	14,547	16,000	8,012	16,000	16,500
Miscellaneous - O&M	-	1,200	-	600	1,300
Snow removal	2,623	5,000	1,080	2,500	16,000
Utilities	19,874	33,000	6,274	20,000	45,000
Total expenditures	<u>111,443</u>	<u>132,500</u>	<u>71,031</u>	<u>127,763</u>	<u>177,250</u>
TRANSFERS OUT					
Transfers to Capital Projects Fund	474	-	960	1,800	-
Total expenditures and transfers out requiring appropriation	<u>111,917</u>	<u>132,500</u>	<u>71,991</u>	<u>129,563</u>	<u>177,250</u>
ENDING FUND BALANCE	<u>\$ 1,371</u>	<u>\$ 9,186</u>	<u>\$ (9,045)</u>	<u>\$ 8,592</u>	<u>\$ 13,467</u>
EMERGENCY RESERVE	\$ 2,500	\$ 2,610	\$ 1,900	\$ 2,700	\$ 5,164
AVAILABLE FOR OPERATIONS	(1,129)	6,576	(10,945)	5,892	8,303
TOTAL RESERVE	<u>\$ 1,371</u>	<u>\$ 9,186</u>	<u>\$ (9,045)</u>	<u>\$ 8,592</u>	<u>\$ 13,467</u>

No assurance is provided. See summary of significant assumptions.

**INTERQUEST SOUTH BUSINESS IMPROVEMENT DISTRICT
DEBT SERVICE FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

9/29/20

	ACTUAL 2019	BUDGET 2020	ACTUAL 6/30/2020	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCE	\$ 418,620	\$ 372,042	\$ 376,469	\$ 376,469	\$ 350,488
REVENUES					
Public improvement fees	134,728	136,766	62,452	138,770	160,000
Property taxes	89,396	110,796	104,337	110,796	115,861
Interest income	9,670	5,327	2,295	4,590	5,105
Total revenues	<u>233,794</u>	<u>252,889</u>	<u>169,084</u>	<u>254,156</u>	<u>280,966</u>
Total funds available	<u>652,414</u>	<u>624,931</u>	<u>545,553</u>	<u>630,625</u>	<u>631,454</u>
EXPENDITURES					
County Treasurer's fee	1,345	1,662	1,565	1,662	1,738
Paying agent fees	3,500	3,500	3,500	3,500	3,500
Contingency	-	863	-	-	-
Debt Service					
Bond interest - Series 2017	196,100	194,975	97,488	194,975	193,625
Bond principal - Series 2017	25,000	30,000	-	30,000	50,000
Total expenditures	<u>225,945</u>	<u>231,000</u>	<u>102,553</u>	<u>230,137</u>	<u>248,863</u>
TRANSFERS OUT					
Transfers to General Fund	<u>50,000</u>	<u>50,000</u>	<u>34,000</u>	<u>50,000</u>	<u>135,000</u>
Total expenditures and transfers out requiring appropriation	<u>275,945</u>	<u>281,000</u>	<u>136,553</u>	<u>280,137</u>	<u>383,863</u>
ENDING FUND BALANCE	<u>\$ 376,469</u>	<u>\$ 343,931</u>	<u>\$ 409,000</u>	<u>\$ 350,488</u>	<u>\$ 247,591</u>
SURPLUS FUND	<u>\$ 312,234</u>	<u>\$ 300,000</u>	<u>\$ 313,950</u>	<u>\$ 315,000</u>	<u>\$ 245,000</u>
TOTAL RESERVE	<u>\$ 312,234</u>	<u>\$ 300,000</u>	<u>\$ 313,950</u>	<u>\$ 315,000</u>	<u>\$ 245,000</u>

No assurance is provided. See summary of significant assumptions.

**INTERQUEST SOUTH BUSINESS IMPROVEMENT DISTRICT
CAPITAL PROJECTS FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

9/29/20

	ACTUAL 2019	BUDGET 2020	ACTUAL 6/30/2020	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCE	\$ 1,014,566	\$ 1,007,858	\$ 1,005,963	\$ 1,005,963	\$ -
REVENUES					
Interest income	21,105	7,559	4,506	9,012	-
Developer advance	29,708	-	-	250,000	-
Total revenues	<u>50,813</u>	<u>7,559</u>	<u>4,506</u>	<u>259,012</u>	<u>-</u>
TRANSFERS IN					
Transfers from General Fund	<u>474</u>	<u>-</u>	<u>960</u>	<u>1,800</u>	<u>-</u>
Total funds available	<u>1,065,853</u>	<u>1,015,417</u>	<u>1,011,429</u>	<u>1,266,775</u>	<u>-</u>
EXPENDITURES					
General and Administrative					
Accounting	325	-	705	1,500	-
Engineering	149	-	255	-	-
Capital Projects					
Repay developer advance	29,708	-	-	-	-
Capital outlay	<u>29,708</u>	<u>1,015,417</u>	<u>865,977</u>	<u>1,265,275</u>	<u>-</u>
Total expenditures	<u>59,890</u>	<u>1,015,417</u>	<u>866,937</u>	<u>1,266,775</u>	<u>-</u>
TRANSFERS OUT					
Transfers to Debt Service Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>59,890</u>	<u>1,015,417</u>	<u>866,937</u>	<u>1,266,775</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 1,005,963</u>	<u>\$ -</u>	<u>\$ 144,492</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance is provided. See summary of significant assumptions.

**INTERQUEST SOUTH BUSINESS IMPROVEMENT DISTRICT
2021 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 2005 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
2021 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 10% of the property taxes collected.

Interest 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 \$135,000, which is to be transferred in 2021 to the General Fund for operations and maintenance funding. 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
2021 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>
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>\$ 3,945,000</u>	<u>\$ 3,503,075</u>	<u>\$ 7,448,075</u>

No assurance is provided. See summary of significant assumptions.

EXHIBIT C

District Boundary Map

INTERQUEST SOUTH BID

 Tax Boundary

1 inch = 426.28 feet

08/24/2020 EPC Assessor's Office
NAD_1983_StatePlane_Colorado_Central_FIPS_0502_Feet
Projection: Lambert_Conformal_Conic

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