



DEEP WATER POINT COMPANY

11 October 2022

Via EMAIL

Members of the City Council
Mr. Carl Schueler, Planning
City Hall, 107 N. Nevada Ave.
Colorado Springs, CO

RE: Request to Remove Item 22-393 From City Council Consent Agenda and Deny Proposed 2023 Operating Plan and Budget Interquest North Business Improvement District

Dear Mr. Schueler and City Council Members,

I would respectfully request that the above-mentioned item be removed from the coming City Council's Consent agenda and denied as submitted for the below listed reasons.

INBID's approval of its 2020 \$13.7M bond issue was conditioned on the reduction of its mill levy from 50 mills to 17 mills in the beginning of 2023.

The Proposed 2023 Operating Plan and Budget for Interquest North Business Improvement District (INBID) is proposing to maintain its maximum property mill levy of 50 mills for 2023 – its 19th year of maximum mills (page 7 of the Operating Plan). It has failed to incorporate the representation it made to the City Council as a condition of approving its last \$13.7M of bonds two years ago in 2020 for a total bond issuance of \$25M. It represented that it would finally lower the mill levy to 17 mills beginning in 2023. This condition was represented in writing to the Council, in addition to verbal statements:

- a. Mr. Russell Dykstra's cover letter to Mr. Schueler of 12 June 2020 seeking approval of the \$13.7M bond issuance: (See attached.)
"It is anticipated that starting in 2023, the debt service mill levy will be reduced from 50 mills to 17 mills".
- b. Mr. Chris Jenkins, Mr. Dykstra, and Mr. Schueler's presentation to City Council at the 13 July 2020 Work Session: (See attached.)
"50 mills pledged, but only 17 mills modeled as needed after 2022. Expectation that current debt service of 50 mills will be reduced to 17 mills in 2023."
- c. Mr. Dykstra's statements to City Council at the 11 Aug 2020 hearing – as recorded in the Minutes – during which the Council approved the \$13.7M bond issue: (See attached.)
"Russ Dykstra, Spencer Fane, LLC, representing the district, gave an overview of the history of the district, their operating plan, and compliance with City policy in regards to public improvements. He stated this is the district's last proposed bond issuance for the project

and the mill levy will be reduced from fifty mills to seventeen mills by 2023.”

- d. Mr. Schueler’s staff memo to Council for agenda item #20-299 recommending approval of the \$13.7M bond issuance on 11 Aug 2020: (See attached.)
“However, the bond documents and the attached financial projections anticipate then contemplate the need for only 17.00 mills to service this debt. District representatives have indicated the mill levy will be decreased to this lower rate beginning in 2023.”
- e. The Proposed 2023 Budget supports the reduction of the mill levy from 50 to 17 mills as shown by the enormous cash balances held by the District which increase every year due to excess revenues collected by too great a mill levy. Even the projected interest earned from the cash balance is projected to increase from \$50,000 to \$100,000 in 2023.

Page 4 of the Budget: Ending Fund Balance (2022): \$5,635,438
Ending Fund Balance (2023): \$8,254,421

For a District with a current total of \$17,915,000 of outstanding bonds accruing interest at rates of 8.5%, 6.5% and 7.0%, \$8M of cash can retire nearly half of its debt. (Since the sole investor of all the tax-exempt bond debt is District board member, David Jenkins – a Related Party Privately Placed bondholder – there are no legal impediments to this bond repayment without penalty.)

- f. The Proposed 2023 Budget supports the reduction of the mill levy from 50 to 17 mills as shown by the annual excess revenue which is projected to be \$4,673,000 (an increase of 13% from 2022) versus \$1,785,000 in debt service and \$355,000 in operation and maintenance expenditures. See Page 1 of the Budget. That income is more than double expenditures! With a significant payoff of bonds, debt service can be greatly reduced so that 17 mills can cover all the cash needs of the District.

Other reasons to require INBID to revise its proposed operating plan and budget;

1. Portions of bonds need to be paid off because the interest accumulation is disproportionately great due to such low initial principal payments structured and negotiated by the sole bond investor. See Pages 10, 11, and 12 for unusually structured principal payments without an impact to annual debt service amounts.

Council needs to end this practice of creating custom amortization schedules in favor of the private related party bond holder costing district taxpayers millions of additional interest.

2. Neither the Operating Plan nor the Budget state the amount of Developer Advances which the District taxpayers are obligated to reimburse. Because the definition of “debt” has excluded Developer Advances, the Operating Budget does not disclose this burden.

3. The District needs to be asked why it needs a Developer Advance of \$2,970,000 in 2023 when it will be holding \$5,635,000 in cash as the 2023 beginning balance. See Page 5 of the Budget.
4. The District needs to be asked why it needs to issue any more bonds with \$5.6M in cash.
5. The District needs to be asked why it projects an operating expense of \$311,000 for this year 2022, but only \$84,000 has been spent in the first 7 months of 2022 and the remaining \$227,000 to be spent in the last 5 months of this year. See Page 3 of the Budget.
6. The District needs to be asked why it sought Council's approval for a bond issuance of \$13,735,000 in 2020 – to bring its approved bond issuance amount to exactly \$25,000,000 – when it issued:

\$1,535,000 in 2020
\$6,340,000 in 2021 (total of \$7,875,000)
\$3,000,000 anticipated in 2023 (total of \$10,875,000)
\$2,860,000 yet to be required

Why did the District get City Council's approval for so large a bond issuance when nearly \$6.0M of public improvements have net even been identified, let alone designed and constructed?

District taxpayers would respectfully request the Council members remove this item from its agenda until the above questions are properly answered and the District resubmits an operating plan and budget with 17 mills as its 2023 and future mill levies.

Sincerely,



Timothy J. Leonard
President

Attachments



SpencerFane®

RUSSELL DYKSTRA, PARTNER
DIRECT DIAL: 303-839-3845
RDykstra@spencerfane.com

File No. 5114325.0002

June 12, 2020

Carl Schueler
Comprehensive Planning Manager
City Administration Building
30 S. Nevada Avenue, Suite 105
Colorado Springs, Colorado 80903

Re: Interquest North Business Improvement District – 2020 Bond Issuance

Dear Mr. Schueler:

This office represents the Interquest North Business Improvement District (the “District”). The District anticipates issuing bonds this July and is seeking approval from the Colorado Springs City Council pursuant to the District’s Operating Plan.

On behalf of the District, please find enclosed copies of:

- (a) the form of bond resolution and form of bond for the Limited Tax General Obligation Bond, Series 2020 (“2020 Bonds”);
- (b) the financing plan and additional information related to the 2020 Bonds;
- (c) a certification of RBC Capital Markets, LLC, an External Financial Advisor to the District, explaining the reasonableness of the structure of the 2020 Bonds and the fairness and feasibility of the interest rate;
- (d) a draft opinion letter from Mr. Arnold Kaplan at Spencer Fane LLP as bond counsel confirming that the proposed bond issuance is consistent with applicable law and regulations; and
- (e) a draft opinion letter from Mr. Russell Dykstra at Spencer Fane LLP as District counsel confirming that the proposed bond issuance is consistent with the District’s Operating Plan and Budget and applicable law.

An application fee in the amount of \$1,100 will be delivered to the City Clerk.



SpencerFane®

June 12, 2020

Page 2

The 2020 Bonds are for the purpose of funding construction of additional public improvements to serve the development within the District, as provided for in the District's Operating Plan and Budget. The anticipated interest rate will be 7% and the bond amount will not exceed \$13,735,000. The 2020 Bonds will have a multi-tranche structure to finance construction of the public improvements over the course of the development, whereby the District will make its first draw in the approximate amount of \$7,050,000 in the beginning of 2021, the second draw in the approximate amount of \$3,000,000 in the beginning of 2022, and the third draw in the approximate amount of \$3,685,000 in the beginning of 2023. As further demonstrated in the enclosed financial plan, the 2020 Bonds will be repaid by a mill levy imposed by the District that will not exceed 50 mills per year (subject to Gallagher adjustments) and pledged PIF revenues. It is anticipated that starting in 2023, the debt service mill levy will be reduced from 50 mills to 17 mills. The 2020 Bonds will be privately placed by RBC Capital Markets, LLC and will have a thirty year term.

At your earliest convenience, please have City Council review the enclosed documents to ensure that the bonds are being issued in compliance with the District's Operating Plan. If you have any questions, or need anything further, please do not hesitate to contact this office.

Best regards,

SPENCER FANE LLP

/s/ Russell Dykstra
Russell Dykstra, Esq.

Enclosures

Interquest North BID 2020 Debt Authorization

City Council Work Session
July 13, 2020

Carl Schueler, Comprehensive Planning Manager
Russ Dykstra, Esq. : representing the applicant
Chris Jenkins, Applicant



Summary



- Formal district debt issuance requires Council approval
- Limited Tax General Obligation Bonds, Series 2020
 - \$13,735,000
- Prior debt issued this district
- Privately placed with developer
- 7.0% tax-exempt interest
- * 50.0 mills pledged, but only 17.0 mills modeled as needed after 2022
 - Expectation that current debt service mill levy of 50.0 will be reduced to 17.0 in 2023
- 1.25% PIF



City of Colorado Springs

City Hall
107 N. Nevada Avenue
Colorado Springs, CO
80903

Meeting Minutes City Council

City Council meetings are broadcast live on Channel 18. In accordance with the ADA, anyone requiring an auxiliary aid to participate in this meeting should make the request as soon as possible but no later than 48 hours before the scheduled event.

Tuesday, August 11, 2020

10:00 AM

Council Chambers

How to Watch the Meeting

Coloradosprings.gov/springstv | Facebook Live: Colorado Springs City Council
Facebook Page @coscity Council | SPRINGS TV - Comcast Channel 18 / 880 (HD)
- CenturyLink Channel 18

How to Comment on Agenda Items

Before the meeting, you may email general comments for items not on the agenda or comments regarding agenda items to: allcouncil@coloradosprings.gov

During the meeting, those who wish to comment should submit their name, telephone number, and the topic or agenda item for comment via allcouncil@coloradosprings.gov in addition to calling +1 720-617-3426 United States, Denver (Toll) and entering this Conference ID: 436 480 628#

1. Call to Order

Present: 9 - Councilmember Yolanda Avila, Councilmember Jill Gaebler, Councilmember David Geislinger, Councilmember Don Knight, Councilmember Bill Murray, Councilmember Andy Pico, President Richard Skorman, President Pro Tem Tom Strand, and Councilmember Wayne Williams

Councilmember Avila was excused at approximately 5:00 PM.

2. Invocation and Pledge of Allegiance

The Invocation was made by Reverend Alycia Erickson from Pikes Peak Metropolitan Community Church.

President Skorman led the Pledge of Allegiance.

3. Changes to Agenda/Postponements

Sarah B. Johnson, City Clerk, stated the applicant has requested item 10.A. and the appellant has requested item 12.A. to be postponed to the August 25, 2020 City Council meeting. Consensus of City Council agreed to these changes.

Aye: 3 - Avila, Murray, and Skorman

No: 6 - Gaebler, Geislinger, Knight, Pico, Strand, and Williams

- 11.F. 20-404 A Resolution Approving an Intergovernmental Agreement between the El Paso County Clerk and Recorder and the City of Colorado Springs regarding the conduct and administration of the November 3, 2020 Coordinated Election

Presenter:

Sarah B. Johnson, City Clerk

Attachments: Election IGA Resolution

CITY OF COLORADO SPRINGS Election IGA 2020

Sarah B. Johnson, City Clerk, presented the Intergovernmental Agreement (IGA) with the El Paso County Clerk and Recorder for the November 3, 2020 Coordinated Election. Ms. Johnson stated since City Council has approved three items to be referred to the election ballot, this IGA would need to be filed with the El Paso County Clerk and Recorder and the estimated cost for participation is \$492,828.52.

There were no comments on this item.

Motion by Councilmember Williams, seconded by President Pro Tem Strand, that the Resolution Approving an Intergovernmental Agreement between the El Paso County Clerk and Recorder and the City of Colorado Springs regarding the conduct and administration of the November 3, 2020 Coordinated Election be adopted. The motion passed by a vote of 9-0-0

Aye: 9 - Avila, Gaebler, Geislinger, Knight, Murray, Pico, Skorman, Strand, and Williams

- 11.G. 20-299 A Resolution of the City Council of the City of Colorado Springs Approving Issuance of Limited Tax General Obligation Bonds Series 2020 by the Interquest North Business Improvement District in an Amount Not to Exceed \$13,735,000

(Legislative Item)

Presenters:

Carl Schueler, Comprehensive Planning Manager, Planning & Community Development

Peter Wysocki, Planning and Community Development Director

Attachments: Resolution

Attachment 1-2020 06 12 - Bond Cover Letter - Interquest North BID (1)

Attachment 2-Draft 2020 RESOLUTION (revised 7-30-20)

Attachment 3-Preliminary Cash Flow Numbers 6-19-20

Attachment 4-2020-06-11 Interquest North BID 2020 - Bond Details - Preliminary Numbers

Attachment 5-Draft General Counsel Bond Opinion - Interquest North BID

Attachment 6-Draft Bond Counsel Opinion 2020 - Interquest North BID

Attachment 7- 2020-06-11 Interquest North BID 2020 LT GO PIF Fairness Letter by RBC

Attachment 8-Interquest North Cost Summary 6-15-20

Attachment 9-2020-06-18 Interquest North BID Comps and Corporate Debt Issues

Attachment 10- Tim Leonard Letter to Budget Committee etal-Interquest North BID-18June2020

Attachment 11- 7.24.2020 Response to Council re Leonard

Interquest North PowerPoint 8-11-20 Update

Powerpoint

Signed Resolution 68-20.pdf

Carl Schueler, Comprehensive Planning Manager, Planning and Community Development Department, presented the Resolution approving the 2020 debt issuance for the Interquest North Business Improvement District (BID). He stated the Resolution has been revised to accommodate the request from City Council to change the bonds' optional refunding date from 2029 to 2027.

Councilmember Geislinger asked what the impact would be regarding the Colorado Open Records Act (CORA) litigation presently occurring with the members within the district if the City approves this Resolution. Russ Dykstra, Spencer Fane, LLC, representing the district, gave an overview of the history of the district, their operating plan, and compliance with City policy in regards to public improvements. He stated this is the district's last proposed bond issuance for the project and the mill levy will be reduced from fifty mills to seventeen mills by 2023. He stated the CORA dispute is outside the proposed debt issuance and would not be impacted by City Council's decision.

Councilmember Murray requested this item be postponed until the litigation is resolved.



Marc Smith, Corporate Division Chief, City Attorney's Office, asked if the litigation documents are related to City Council's approval. Mr. Dykstra stated they are not specific to the bond issuance or the amount of the bond issuance.

Councilmember Knight requested the Resolution and the attachment titles and language reflect the callable date change to January 1, 2027. Mr. Dykstra stated he will make those amendments.

Tim Leonard, President Deepwater Point Company, representing Cheddar's and Burger King (clients), as well as Kum & Go and The Summit (not clients) spoke in opposition to this item. He stated the district represented to the Budget Committee in April 2020 that Scheels the property would be excluded from the district, but the pro forma presented at the second Budget Committee and City Council Work Session indicates it will not be excluded. Mr. Leonard stated the judge for the CORA issue realized this is unprecedented territory which will require additional research into case law because the CORA question is whether a developer-controlled district can enter into agreements, perform activities on behalf of the district, and get bond proceeds from the district and yet not disclose the financial contract information accordingly. He said it is important for City Council to know the costs that were spent in order to authorize the bonds to repay them and the three main reasons they are asking for this item to be denied or delayed include: the costs were not clarified when the \$25M operating cap was raised, engineer certificates have not been compared with the contracts in order to conduct an audit, and there is \$4M subsidized to Scheels which the district taxpayers object to.

Councilmember Geislinger asked if the businesses are concerned with the Public Improvement Fee (PIF). Mr. Leonard stated PIF is a pass through fee, but the maximum property tax of fifty mills hits the bottom line of every business in the district.

Councilmember Williams asked if Mr. Leonard is requesting City Council postpone this item until the lawsuit is finished. Mr. Leonard stated they are not asking City Council to wait until the lawsuit is finalized, but until the documents they are asking for from the district are disclosed or the judge renders an opinion regarding the CORA issue.

Councilmember Murray stated City Council should define their oversight role with enforcing equity and fairness among BIDs and the rules and boundaries are continually being broadened.

Mr. Leonard stated the district's operating budget went from approximately \$40,000 to \$60,000 to \$360,000 in 2019 and is projected for \$420,000 in 2020 because they are maintaining the Scheels' parking lot which is now tax exempt.

Mr. Dykstra stated over the last fifteen years, not a single property owner has shown up to a district board meeting even when the exclusion information was specifically noticed. He stated the district and fifty mills were already established prior to when the lease agreements were made with the businesses who are now in opposition. Mr. Dykstra said the developer has the biggest interest in making the property a success and public infrastructure is needed to do so. He stated the City is not supposed to be responsible for any debt incurred by a BID, but if City Council mandates the structure of the bonds, the City may be held liable for the district's debt obligations if the bonds default.

President Pro Strand asked what the impact to the district would be if this was postponed. Mr. Dykstra stated it would undermine the validity of the elected district board's decision and they do not know what the interest rate market is going to be or the structure of how it will be accrued.

Motion by Councilmember Knight, seconded by President Pro Tem Strand, that the Resolution of the City Council of the City of Colorado Springs approving issuance of Limited Tax General Obligation Bonds Series 2020 by the Interquest North Business Improvement District in an amount not to exceed \$13,735,000 as amended to include language in Section 3 that the bonds be callable on January 1, 2027 be adopted. The motion passed by a vote of 7-1-1-0

Aye: 7 - Gaebler, Geislinger, Knight, Pico, Skorman, Strand, and Williams

No: 1 - Murray

Excused: 1 - Avila

11.H. 20-313

Ordinance No. 20-56 amending ordinance No. 19-87 (2020 Appropriation Ordinance) for a supplemental appropriation to the Public Space and Development Fund in the amount of \$3,700,000 to fund the completion of redevelopment construction of Panorama Park

Presenter:
Connie Schmeisser, Landscape Architect II
Britt Haley, Parks Design & Development Manager



Legislation Text

File #: 20-299, Version: 1

A Resolution of the City Council of the City of Colorado Springs Approving Issuance of Limited Tax General Obligation Bonds Series 2020 by the Interquest North Business Improvement District in an Amount Not to Exceed \$13,735,000

(Legislative Item)

Presenters:

Carl Schueler, Comprehensive Planning Manager, Planning & Community Development
Peter Wysocki, Planning and Community Development Director

Summary:

This is a request to approve issuance of debt by the Interquest North Business Improvement District ("District") in the form of privately placed, tax-exempt Limited Tax General Obligation Bonds Series 2020 in an amount not to exceed \$13,735,000.

The bonds will be repaid from a combination of limited BID property tax and specific ownership tax along with a public improvement fee (PIF) of 1.25%. The bond proceeds would be used to reimburse previously expended public improvements costs and also as a source of funds to support ongoing and future qualifying improvements within and in the vicinity of the District.

The City's Special District Policy and the District's approved Operating Plan and Budget require that City Council's approval be obtained prior to issuing any debt. Approval of this debt issuance will require a 2/3rds majority of the entire City Council (at least six affirmative votes) pursuant to City Charter Section 7-100.

This item was presented to the June 23, 2020 City Council Budget Committee meeting. The Budget Committee specifically discussed the proposed interest rate of 7.0%. This item was introduced at a July 27, 2020 Council Work Session, during which a change in the optional call (refunding) date for these bonds from 2029 to 2027 was discussed and agreed to by the applicant.

Background:

BIDs are created under Colorado Statute and City Policy to finance and/or maintain certain public improvements in non-residential areas, typically utilizing a property tax mill levy as one revenue source. BIDs are separate legal entities from the City, but their Operating Plans and the Special District Policy require City Council approval of all formal BID debt. The standard of review of the debt instruments is consistency with the Operating Plan and other applicable laws.

The 2020 Operating Plan and Budget for this BID, as approved by Council on October 22, 2019, contemplated a debt issuance of this nature and magnitude.

This BID is authorized to levy up to 50.0 mills for debt service, and 1.0 mills for operational purposes.

This would be the third issuance of debt by this District. This BID currently levies 50.0 mills for debt services, and this maximum cap of 50.0 mills will be pledged toward this debt. However, the bond documents and the attached financial projections anticipate then contemplate the need for only 17.00 mills to service this debt. District representatives have indicated the mill levy will be decreased to this lower rate beginning in 2023. *

The draft form of the bond resolution is attached. This debt is anticipated to be in the form of privately placed bonds to be held by this developer.

The requested tax exempt annual interest rate for these bonds would not exceed 7.00%. Because the bonds will not be marketed, an opinion from an external financial advisor is provided to address the competitiveness of the interest rate and other provisions of the issuance. For these particular bonds, the projections indicate that capitalized interest will occur for the first few years. The bonds were originally structured to have a 2029 call date, meaning they could be refinanced on or after that year, at the discretion of the BID board in place at that time. Based on subsequent discussion and direction this date has been changed to 2027 in the bond documents.

In addition to the pledged debt service mill levy, the associated specific ownership tax will also be pledged toward repayment of this debt along with a public improvement fee (PIF) of 1.25%.

This BID has two prior debt issuances, a 2010 issuance in the amount of \$6,500,000 with an interest rate of 8.5% and a 2016 issuance in the amount of \$4,765,000 with an interest rate of 6.0%.

Combined with prior outstanding debt, the \$13,735,000 in additional debt authorized to be issued under this approval, falls within the overall \$25,000,000 in maximum debt as established by the most recent Operating Plan and Budget for this District. This BID's original 2004 maximum debt authorization was \$9,900,000. Its authorized debt was expressly increased to \$25,000,000 by a 2018 Council action approving the Operating Plan and Budget for that year.

The term of these bonds is anticipated to be 30 years, with a final maturity date of 2049. However, the bonds will be structured such that term could be extended in the event revenues were insufficient to meet required principal and interest payment over the expected term. Conversely, the bonds could be redeemed earlier, after the call date, if revenues were sufficient, although this would be a choice of the District board, eligible electors, and bondholders at the time.

The improvements costs to be financed are generally summarized in an attached document. They consist primarily of parking, access ways, lighting, signage, monumentation, landscaping, and street improvements along with associated engineering costs. A proportion of these improvements have been installed, with the remaining cost expected to be incurred in the near future. The BID expects to utilize the bond proceeds through a series of tranches between 2021 and 2023. Altogether, the combined costs of installed and pending improvements, slightly exceed the net proceeds that will be available from this bond. This BID would own and maintain the Scheels parking lot along with the funded signage and monumentation.

Zoning and related development approvals are in place for this property. Currently, this commercial project is substantially built out or actively under construction, with complete absorption currently projected by approximately 2023. An approximately 220,000 square foot Scheels department store is currently under construction within this BID. This store is currently anticipated to open in early 2021.

This item was presented to the City Council Budget Committee on June 23, 2020. They asked clarifying questions and specifically had questions concerning the anticipated interest rate of 7.0%, and why the existing 2010 8.5% bonds were not being refinanced in conjunction with this new issuance. It was reported that the 10-year call date for those bonds is set for later in 2020, such that they are currently not eligible for refinancing.

City Council and City staff are in receipt of a letter of objection to this request from a Mr. Tim Leonard dated June 18, 2020 and included as an attachment. Mr. Leonard represents a property located in the southeast part of this BID, and which is developed with a Burger King restaurant. This letter was also noted and discussed at the June 23, 2020 Budget Committee. On July 24, 2020, Mr. Tim Seibert, president of this BID provided a response to Mr. Leonard's letter directly to City Council. This letter is now attached as Attachment #11.

Previous Council Action:

The BID, with its initial operating plan and budget was established by Ordinance 04-237 adopted by Council October, 2004. Council adopted an ordinance in 2007 to include certain property into this BID. In 2016 (by Ordinance 16-2) and again in 2017 (by Ordinance 17-27) City Council excluded certain properties from this BID because they were being rezoned for residential purposes. In 2019, the District petitioned for exclusion of the Scheels site from this BID. However, that petition was ultimately withdrawn. Council also approved resolutions in 2010 and 2016, authorizing those respective debt issuances. The most recent annual 2020 Operating Plan and Budget for this BID was approved by City Council in October of 2019. Council has also approved certain revenue sharing agreements associated with the Scheels store.

Financial Implications:

Pursuant to the District's operating plan, the City Special District Policy, and the bond documents, the issuance of this debt does not constitute a financial obligation of the City. The documents will contain the limitations required by the City's Special District Policy. City Charter Section 7-100 provides that the total debt of any special district may not exceed ten percent (10%) of the total assessed valuation of the taxable property within the district unless such debt is approved by at least a two-thirds vote of the entire Council.

The bond documents are structured so that any risk beyond the maximum capped mill levy, the associated specific ownership tax and the pledged PIF revenues, will not accrue to the property owners.

Board/Commission Recommendation:

The City's staff-level Special District Committee has been provided copies of these materials. No comments or concerns have been received from this Committee.

Stakeholder Process:

N/A

Alternatives:

City Council could choose to approve, deny or modify the proposed resolution.

Proposed Motion:

Move adoption of a resolution of the City Council of the City of Colorado Springs approving issuance of Limited Tax General Obligation Bonds Series 2020 by the Interquest North Business Improvement District in an amount not to exceed \$13,735,000

N/A

2023 OPERATING PLAN AND BUDGET

**INTERQUEST NORTH
BUSINESS
IMPROVEMENT
DISTRICT**

City of Colorado Springs, El Paso County, Colorado

INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
SUMMARY
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

9/18/22

	ACTUAL 2021	BUDGET 2022	ACTUAL 7/31/2022	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 1,926,948	\$ 3,194,894	\$ 3,450,630	\$ 3,450,630	\$ 5,751,934
REVENUE					
Property Taxes	1,318,262	1,402,151	1,385,245	1,399,485	1,656,463
Specific Ownership Tax	154,813	140,215	81,978	140,215	165,646
Interest Income	2,909	2,550	20,592	52,500	101,000
PIF Collections	1,708,495	2,000,000	1,540,995	2,500,000	2,750,000
Bond issuance	6,340,000	3,000,000	-	-	3,000,000
Developer Advance	6,340,310	2,970,000	-	-	2,970,000
Total revenue	15,864,789	9,514,916	3,072,059	4,135,449	10,643,109
TRANSFERS IN	-	107,169	-	30,127	79,500
Total funds available	17,791,737	12,816,979	6,522,689	7,616,206	16,474,543
EXPENDITURES					
General Fund	278,590	301,600	84,422	311,000	355,000
Debt Service Fund	1,377,109	1,533,800	20,411	1,523,145	1,785,000
Capital Projects Fund	12,685,408	6,077,219	-	-	5,979,500
Total expenditures	14,341,107	7,912,619	104,833	1,834,145	8,119,500
TRANSFERS OUT	-	107,169	-	30,127	79,500
Total expenditures and transfers out requiring appropriation	14,341,107	8,019,788	104,833	1,864,272	8,199,000
ENDING FUND BALANCES	\$ 3,450,630	\$ 4,797,191	\$ 6,417,856	\$ 5,751,934	\$ 8,275,543
EMERGENCY RESERVE	\$ 5,500	\$ 5,100	\$ 4,700	\$ 7,400	\$ 8,100
AVAILABLE FOR OPERATIONS	178,464	187,505	248,754	109,096	13,022
TOTAL RESERVE	\$ 183,964	\$ 192,605	\$ 253,454	\$ 116,496	\$ 21,122

\$ 4,673,000

No assurance provided. See summary of significant assumptions.

INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

9/18/22

	ACTUAL 2021	BUDGET 2022	ACTUAL 7/31/2022	ESTIMATED 2022	BUDGET 2023
<i>22% INCREASE</i>					
ASSESSED VALUATION					
Commercial	\$ 25,012,910	\$ 26,176,240	\$ 26,176,240	\$ 26,176,240	\$ 32,076,790
Vacant land	835,950	1,316,920	1,316,920	1,316,920	402,870
Certified Assessed Value	<u>\$ 25,848,860</u>	<u>\$ 27,493,160</u>	<u>\$ 27,493,160</u>	<u>\$ 27,493,160</u>	<u>\$ 32,479,660</u>
MILL LEVY					
General	1.000	1.000	1.000	1.000	1.000
Debt Service	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	\$ 25,849	\$ 27,493	\$ 27,493	\$ 27,493	\$ 32,480
Debt Service	1,292,443	1,374,658	1,374,658	1,374,658	1,623,983
Adjustments to actual/rounding	(30)	-	(14,240)	-	-
Refunds and abatements	-	-	(2,666)	(2,666)	-
Budgeted property taxes	<u>\$ 1,318,262</u>	<u>\$ 1,402,151</u>	<u>\$ 1,385,245</u>	<u>\$ 1,399,485</u>	<u>\$ 1,656,463</u>
BUDGETED PROPERTY TAXES					
General	\$ 25,848	\$ 27,493	\$ 27,162	\$ 27,441	\$ 32,480
Debt Service	1,292,414	1,374,658	1,358,083	1,372,044	1,623,983
	<u>\$ 1,318,262</u>	<u>\$ 1,402,151</u>	<u>\$ 1,385,245</u>	<u>\$ 1,399,485</u>	<u>\$ 1,656,463</u>

17 mills

**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
GENERAL FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

9/18/22

	ACTUAL 2021	BUDGET 2022	ACTUAL 7/31/2022	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ 281,643	\$ 335,447	\$ 183,964	\$ 183,964	\$ 116,496
REVENUE					
Property taxes	25,848	27,493	27,162	27,441	32,480
Specific ownership tax	154,813	140,215	81,978	140,215	165,646
Interest income	250	500	1,523	2,500	1,000
Other revenue	-	-	43,249	43,249	-
Total revenue	180,911	168,208	153,912	213,405	199,126
TRANSFERS IN					
Transfers from other funds	-	-	-	30,127	70,000
Total funds available	462,554	503,655	337,876	427,496	385,622
EXPENDITURES					
General and administrative					
Accounting	21,277	30,000	18,465	30,000	34,500
Auditing	3,950	4,500	4,150	4,150	5,000
County Treasurer's fee	388	412	408	412	487
PIF collection expense	10,397	22,000	14,936	22,000	25,000
Dues and licenses	932	1,500	1,471	930	2,000
Insurance and bonds	1,843	2,500	1,878	1,878	3,000
District management	12,244	20,000	17,580	25,000	25,000
Legal services	39,977	50,000	19,490	40,000	50,000
Miscellaneous	5,279	5,000	3,837	5,000	5,000
Election expense	-	30,000	883	2,000	10,000
Ground Lease	100	100	-	100	-
Contingency	-	18,537	-	1,400	5,809
Operations and maintenance					
Repairs and Maintenance	-	174	-	32,011	33,612
Landscaping Maintenance	-	14,748	1,324	30,636	32,167
Security	-	11,933	-	15,699	20,409
Parking Lot/Sidewalk R&M	-	15,000	-	-	-
Operations and Maintenance	182,203	-	-	-	-
Capital reserve	-	-	-	35,140	35,140
Common Area	-	867	-	-	-
Management Fees	-	21,776	-	-	-
Marketing	-	12,000	-	10,542	11,069
Electrical Repairs	-	7,832	-	-	-
Exterior Staff	-	1,368	-	-	-
Other Grounds Expense	-	4,985	-	13,750	14,437
Snow Removal	-	5,197	-	21,536	22,613
Signage	-	898	-	991	1,041
Electricity	-	5,512	-	3,291	3,456
Management Staff	-	4,751	-	6,273	6,586
Water & Sewer	-	8,255	-	4,911	5,156
Stormwater	-	397	-	3,350	3,518
Lightbulbs	-	1,358	-	-	-
Total expenditures	278,590	301,600	84,422	311,000	355,000
TRANSFERS OUT					
Transfers to other fund	-	9,450	-	-	9,500
Total expenditures and transfers out requiring appropriation	278,590	311,050	84,422	311,000	364,500
ENDING FUND BALANCE	\$ 183,964	\$ 192,605	\$ 253,454	\$ 116,496	\$ 21,122
EMERGENCY RESERVE	\$ 5,500	\$ 5,100	\$ 4,700	\$ 7,400	\$ 8,100
AVAILABLE FOR OPERATIONS	178,464	187,505	248,754	109,096	13,022
TOTAL RESERVE	\$ 183,964	\$ 192,605	\$ 253,454	\$ 116,496	\$ 21,122

7 months

5 months

No assurance provided. See summary of significant assumptions.

**INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT
CAPITAL PROJECTS FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

9/18/22

	ACTUAL 2021	BUDGET 2022	ACTUAL 7/31/2022	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ 35,207	\$ -	\$ 30,127	\$ 30,127	\$ -
REVENUE					
Interest income	18	50	-	-	-
Developer advance	6,340,310	2,970,000	-	-	2,970,000
Bond issuance	6,340,000	3,000,000	-	-	3,000,000
Total revenue	<u>12,680,328</u>	<u>5,970,050</u>	<u>-</u>	<u>-</u>	<u>5,970,000</u>
TRANSFERS IN					
Transfers from other funds	<u>-</u>	<u>107,169</u>	<u>-</u>	<u>-</u>	<u>9,500</u>
Total funds available	<u>12,715,535</u>	<u>6,077,219</u>	<u>30,127</u>	<u>30,127</u>	<u>5,979,500</u>
EXPENDITURES					
General and Administrative					
Accounting	1,598	2,500	-	-	2,500
Bond issue costs	-	30,000	-	-	-
Capital Projects					
Repay developer advance	6,340,000	3,067,719	-	-	3,000,000
Engineering	3,500	7,000	-	-	7,000
Capital outlay	6,340,310	2,970,000	-	-	2,970,000
Total expenditures	<u>12,685,408</u>	<u>6,077,219</u>	<u>-</u>	<u>-</u>	<u>5,979,500</u>
TRANSFERS OUT					
Transfers to other fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,127</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>12,685,408</u>	<u>6,077,219</u>	<u>-</u>	<u>30,127</u>	<u>5,979,500</u>
ENDING FUND BALANCE	<u>\$ 30,127</u>	<u>\$ -</u>	<u>\$ 30,127</u>	<u>\$ -</u>	<u>\$ -</u>

Interest income
Developer advance
Bond issuance

CASH?

?

INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

\$6,500,000

Series 2010 General Obligation Refunding Bonds

Dated December 3, 2010

Interest Rate 8.50%

Year Ended December 31,	Principal and Interest Due December 1		
	Principal	Interest	Total
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
	\$ 5,475,000	\$ 5,211,775	\$ 10,686,775

No assurance provided. See summary of significant assumptions.

INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

\$4,765,000

Series 2016 Limited Tax General Obligation Bonds

Dated June 8, 2016

Interest Rate 6.50%

Year Ended December 31,	Principal and Interest Due December 1		
	Principal	Interest	Total
2023	\$ 35,000	\$ 296,725	\$ 331,725
2024	40,000	294,450	334,450
2025	40,000	291,850	331,850
2026	45,000	289,250	334,250
2027	45,000	286,325	331,325
2028	50,000	283,400	333,400
2029	50,000	280,150	330,150
2030	55,000	276,900	331,900
2031	60,000	273,325	333,325
2032	60,000	269,425	329,425
2033	70,000	265,525	335,525
2034	70,000	260,975	330,975
2035	70,000	256,425	326,425
2036	165,000	251,875	416,875
2037	180,000	241,150	421,150
2038	185,000	229,450	414,450
2039	200,000	217,425	417,425
2040	210,000	204,425	414,425
2041	515,000	190,775	705,775
2042	550,000	157,300	707,300
2043	585,000	121,550	706,550
2044	620,000	83,525	703,525
2045	665,000	43,225	708,225
	<u>\$ 4,565,000</u>	<u>\$ 5,365,425</u>	<u>\$ 9,930,425</u>

No assurance provided. See summary of significant assumptions.

INTERQUEST NORTH BUSINESS IMPROVEMENT DISTRICT SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

\$7,875,000

Series 2020 Limited Tax General Obligation Bonds - Draw 1 - 3

Dated September 15, 2020

Interest Rate 7.00%

Year Ended December 31,	Principal and Interest Due December 1		
	Principal	Interest	Total
2023	\$ -	\$ 551,250	\$ 551,250
2024	70,000	551,250	621,250
2025	71,000	546,350	617,350
2026	72,000	541,380	613,380
2027	79,000	536,340	615,340
2028	87,000	530,810	617,810
2029	92,000	524,720	616,720
2030	91,000	518,280	609,280
2031	108,000	511,910	619,910
2032	115,000	504,350	619,350
2033	117,000	496,300	613,300
2034	127,000	488,110	615,110
2035	135,000	479,220	614,220
2036	146,000	469,770	615,770
2037	147,000	459,550	606,550
2038	171,000	449,260	620,260
2039	178,000	437,290	615,290
2040	190,000	424,830	614,830
2041	340,000	411,530	751,530
2042	365,000	387,730	752,730
2043	391,000	362,180	753,180
2044	419,000	334,810	753,810
2045	445,000	305,480	750,480
2046	883,000	274,330	1,157,330
2047	942,000	212,520	1,154,520
2048	1,011,000	146,580	1,157,580
2049	1,083,000	75,810	1,158,810
	<u>\$ 7,875,000</u>	<u>\$ 11,531,940</u>	<u>\$ 19,406,940</u>

No assurance provided. See summary of significant assumptions.