

2025 OPERATING PLAN AND BUDGET

**INTERQUEST TOWN
CENTER BUSINESS
IMPROVEMENT
DISTRICT**

City of Colorado Springs, El Paso County, Colorado

TABLE OF CONTENTS

1. PURPOSE AND SCOPE OF THIS DISTRICT	1
2. ORGANIZATION AND COMPOSITION OF BOARD OF DIRECTORS	2
3. BOUNDARIES, INCLUSIONS AND EXCLUSIONS	2
4. PUBLIC IMPROVEMENTS	2
5. ADMINISTRATION, OPERATIONS, SERVICES AND MAINTENANCE.....	3
6. FINANCIAL PLAN AND BUDGET	3
7. MUNICIPAL OVERSIGHT OF DISTRICT ACTIVITIES	5
8. 2025 ACTIVITIES, PROJECTS AND CHANGES.....	6
9. DISCLOSURE AND COMMUNICATION.....	6
10. DISSOLUTION.....	6
11. CONCLUSION.....	6

EXHIBIT A - Director Contact Information

EXHIBIT B - BID Budget 2025

General Fund

Debt Service Fund

Capital Projects Fund

EXHIBIT C - District Boundary Map

EXHIBIT D – Terms and Definitions

2025
**OPERATING PLAN FOR THE
INTERQUEST TOWN CENTER BUSINESS IMPROVEMENT DISTRICT**

1. PURPOSE AND SCOPE OF THIS DISTRICT

A. Requirement for this Operating Plan. The Business Improvement District Act, specifically Section 31-25-1211, C.R.S., requires that the Interquest Town Center Business Improvement District (the “District”) file an operating plan and budget with the City Clerk no later than September 30 of each year.

Under the statute, the City is to approve the operating plan and budget within 30 days of the submittal of all required information.

The District operates under the authorities and powers allowed under the Business Improvement District Act, Section 31-25-1201, *et seq.*, C.R.S., as amended, as further described and limited by this Operating Plan.

B. What Must Be Included in the Operating Plan? Pursuant to the provisions of the Business Improvement District Act, Section 31-25-1201, *et seq.*, C.R.S., as amended, this Operating Plan specifically identifies: (1) the composition of the Board of Directors; (2) the services and improvements to be provided by the District; (3) the taxes, fees, and assessments to be imposed by the District; (4) the estimated principal amount of the bonds to be issued by the District; and (5) such other information as the City may require.

The District’s original 2017-2018 Operating Plan and subsequent Operating Plans, previously approved by the City, are incorporated herein by reference, and shall remain in full force and effect except as specifically or necessarily modified hereby.

C. Purposes. As may be further articulated in prior years’ Operating Plans, the contemplated purposes of this District for 2025 include financing, acquisition, construction, completion, installation, replacement and/or operation and maintenance of all of the services and public improvements allowed under Colorado law for business improvement districts.

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

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

2. ORGANIZATION AND COMPOSITION OF THE BOARD OF DIRECTORS

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

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

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

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

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

D. Term Limits. The District's election held on May 8, 2018 included a ballot question to eliminate term limits pursuant to Article 18, Section 11 of the Colorado Constitution. The question passed.

E. Advisory Board. The Board of Directors may appoint one or more advisory boards to assist the Board of Directors on such matters as the Board of Directors desires assistance. The Board of Directors shall, upon the appointment of an advisory board, set forth its duties, duration, and membership. The Board of Directors may provide rules of procedure for the advisory board or may delegate to the advisory board the authority to provide such rules. No advisory boards have yet been appointed.

3. BOUNDARIES, INCLUSIONS AND EXCLUSIONS

The District map is depicted in **EXHIBIT C**. The District does not anticipate inclusion or exclusion requests in 2025.

4. PUBLIC IMPROVEMENTS

The District will be primarily concerned with the provision of public improvements and services within the boundaries of the District; however, there may be instances to provide improvement or services outside of the boundaries of the District as part of the project. The District shall have the authority to provide these improvements and services, but the revenue-raising powers of the District to recoup the costs of extraterritorial improvements and services shall be as limited by state law.

The public improvements that the District anticipates it will construct, install or cause to be constructed and installed, include those public improvements the costs of which may, in accordance with the Business Improvement District Act, Section 31-25-1201, *et seq.*, C.R.S., lawfully be paid for by the District, including, without limitation, water services, safety protection

devices, sanitation services, marketing, streetscape improvements, street improvements, curbs, gutters, culverts, drainage facilities, sidewalks, parking facilities, paving, lighting, grading, landscaping and storm and wastewater management facilities and associated land acquisition and remediation.

5. ADMINISTRATION, OPERATIONS, SERVICES, PROPERTY OWNERSHIP, 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. 2025 Budget. The 2025 Budget for the District is attached as **EXHIBIT B**.

B. Authorized Indebtedness. The District held an election on May 8, 2018 for the purpose of electing directors, authorizing debt, taxes, revenue limits, spending limits, special assessments, and such other matters as may be necessary or convenient for the implementation of Art. X., Sec. 20 of the Colorado Constitution, and the Operating Plan. As set forth in the District's 2017-2018 Operating Plan, the District's initial maximum debt authorization is \$4,000,000. This maximum debt authorization amount shall not be exceeded without express prior approval by the City.

C. Maximum Debt and Operating Mill Levies. The mill levy limitations in the District's previous Operating Plan (being 50 mills for debt service and five (5) mills for general operations and administrative expenses) remain unchanged. The mill levy caps set forth in this paragraph may be subject to upward or downward adjustments addressing any Mill Levy Adjustment or any abatement occurring after, but not before January 1, 2006. Such upward or downward adjustments are to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenue generated by the mill levy, as adjusted for changes occurring after January 1, 2006, are neither diminished nor enhanced as a result of such changes.

D. District Revenues. See the 2025 Budget for the District attached as **EXHIBIT B**.

E. Existing Debt Obligations. The District has been authorized to issue debt pursuant to City Council Resolution No. 54-20. On December 29, 2020, the District issued \$2,860,000 in Series 2020 Limited Tax General Obligation Bonds ("Series 2020 Bonds") to fund Public Improvements. The Series 2020 Bonds bear interest at a rate of 7%, paid semi-annually on June 1 and December 1 of each year, commencing on June 1, 2021. The 2020 Bonds mature on December 1, 2049.

F. Future Debt Obligations. The District does not anticipate the issuance of additional debt in 2025.

G. *Developer Funding Agreements.* The District entered into a Facilities Funding and Acquisition Agreement (8% interest rate) and a Reimbursement Agreement (8% interest rate) with Interquest Town Center, LLC on January 24, 2018. It is anticipated that at the end of 2024, the District will have total developer advances of \$115,003, including principal and interest.

Developer Funding Agreements entered into by this District after January 1, 2023 shall be limited to a term of no greater than twenty (20) years, from the time of the first such agreement, after which time any remaining balances must be either converted to Debt or shall no longer be considered an obligation of the District. The Interest Rate on any Agreements initially entered into, or with additional costs added to after January 1, 2023, shall not exceed the Index Rate plus 400 basis points, and interest shall only accrue on the principal balance.

H. *Other Financial Obligations.* The District may enter into agreements including reimbursement or similar agreements and leases; as well as agreements for ongoing services such as legal, administration, compliance, budget, audit, etc.

I. *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.

J. *Limited 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.

K. *Privately Placed Debt and Related Party 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. The Interest Rate for Related Party Privately Placed Debt shall not exceed the Index Rate by more than 400 basis points. Related Party Privately Placed Debt shall not be issued with an optional call date of greater than five (5) years from the date of issuance.

L. *End User Fee Limitation.* The District shall not impose an End User Fee for the purpose of servicing District Debt without prior approval of City Council.

M. *Debt Not an Obligation of the City.* 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.

N. *Land Development Entitlements.* The District shall not issue Debt, enter into any other Long Term Financial Obligation or certify a Debt Mill Levy unless a Land Development Entitlement has been approved for the property.

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 31st of each year which is performed by an independent certified public accounting firm. Notwithstanding the foregoing, the District may submit a completed audit exemption application to the City Finance Department in lieu of an annual audit if the District qualifies for an audit exemption.

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

E. *Condemnation.* The Colorado Revised Statutes do not authorize BIDs to use powers of eminent domain. The exercise of eminent domain authority by any City-authorized district is also specifically prohibited without express prior City Council approval.

F. *Concealed Carry Prohibition.* The District shall not adopt or enact an ordinance, resolution, rule or other regulation that prohibits or restricts an authorized permittee from carrying a concealed handgun in a building or specific area under the direct control or management of the District as provided in C.R.S. § 18-12-214.

G. *Eligible Expenses or Costs for Reimbursement.* In addition to any limits or prohibitions contained in Colorado Revised Statutes, the District shall not issue debt for or otherwise fund any costs or expenses not allowed for by the Special District Policy.

H. *Intergovernmental Agreements.* The District is not party to any intergovernmental agreements and does not anticipate entering into any intergovernmental agreements in 2025.

I. *Overlapping Districts.* There are no overlapping Districts within the District's boundaries.

8. 2025 ACTIVITIES, PROJECTS AND CHANGES

A. *Activities*

The District will continue with development activity in 2025.

B. *Projects and Public Improvements*

The District anticipates funding the design, installation, or acquisition of additional public improvements during 2025, including streets, water, wastewater, and transportation improvements. The District anticipates providing landscaping services.

C. *Summary of 2025 Activities and Changes from Prior Year*

Boundary changes: No boundary changes anticipated.

Changes to board or governance structure: A regular election will be held on May 6, 2025, in which the vacancy may be filled.

Mill levy changes: The District imposed 5.218 mills for operations and maintenance and 41.751 mills for debt service in 2024. The District anticipates imposing 5.229 mills for operations and maintenance and 41.839 mills for debt service in 2025.

New, refinanced or fully discharged debt: The District does not anticipate issuing debt in 2025.

Elections: May 6, 2025

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

Ability to meet current financial obligations: See 2025 Budget attached as **EXHIBIT B**.

9. DISCLOSURE AND COMMUNICATION

The District shall maintain a website that includes content similar to that required for metropolitan districts by Colorado Revised Statutes § 32-1-104.5 and as required by Section K of the Special District Policy, to the extent this content is applicable to BIDs. The District's website is interquesttowncenterbid.com.

10. DISSOLUTION

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

11. CONCLUSION

It is submitted that this Operating Plan and Budget for the District meets the requirements of the Business Improvement District Act and further meets applicable requirements of the Colorado Constitution and other law. It is further submitted that the types of services and improvements to

be provided by the District are those services and improvements which satisfy the purposes of Part 12 of Article 25 of Title 31, C.R.S.

EXHIBIT A
Director and Other Contact Information
Interquest Town Center Business Improvement District

BOARD OF DIRECTORS:

NAME & ADDRESS	POSITION	TERM
Scott A. Bryan 13975 S. Perry Park Road Larkspur, CO 80118	President	2022-2025
Vincent C. Shoemaker 5150 Bannock Way Larkspur, CO 80118	Treasurer	2022-2025
Michael P. Palmer 1535 Northfield Road Colorado Springs, CO 80919	Secretary	2022-2025
Theresa G. Bryan 13975 S. Perry Park Road Larkspur, CO 80118	Assistant Secretary	2023-2027
Vacancy		2023-2027

DISTRICT CONTACT

ACCOUNTANT:

Nicole Peykov Spencer Fane LLP 1700 Lincoln St., Suite 2000 Denver, Colorado 80203 303-839-3715 npeykov@spencerfane.com	Carrie Bartow, CPA CliftonLarsonAllen LLP 121 South Tejon, Suite 1100 Colorado Springs, CO 80903 (w) 719-635-0300 x 77839 (f) 719-473-3630 carrie.bartow@claconnect.com
--	---

INSURANCE AND BONDS:

MANAGER AND STAFF:

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

EXHIBIT B
2025 BID Budget

INTERQUEST TOWN CENTER BUSINESS IMPROVEMENT DISTRICT
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2025

**INTERQUEST TOWN CENTER BUSINESS IMPROVMENT DISTRICT
SUMMARY
2025 BUDGET
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,**

9/14/24

	ACTUAL 2023	BUDGET 2024	ACTUAL 6/30/2024	ESTIMATED 2024	BUDGET 2025
BEGINNING FUND BALANCES	\$ 951,600	\$ 1,053,935	\$ 890,995	\$ 890,995	\$ 1,100,016
REVENUES					
Property taxes	237,632	280,866	261,132	280,866	311,625
Specific ownership taxes	24,891	28,068	12,758	25,515	31,163
Interest income	10,774	-	26,449	52,896	57,000
Developer advance	178,351	-	-	-	-
Other revenue	-	-	851	851	-
PIF Revenue	94,211	95,000	73,041	146,082	170,000
Total revenues	545,859	403,934	374,231	506,210	569,788
Total funds available	1,497,459	1,457,869	1,265,226	1,397,205	1,669,804
EXPENDITURES					
General Fund	40,554	61,850	23,320	35,468	70,501
Debt Service Fund	208,641	213,945	105,262	206,868	244,009
Capital Projects Fund	357,269	674,051	-	54,853	501,272
Total expenditures	606,464	949,846	128,582	297,189	815,782
Total expenditures and transfers out requiring appropriation	606,464	949,846	128,582	297,189	815,782
ENDING FUND BALANCES	\$ 890,995	\$ 508,023	\$ 1,136,644	\$ 1,100,016	\$ 854,021
EMERGENCY RESERVE	\$ 1,600	\$ 1,800	\$ 1,400	\$ 1,800	\$ 2,100
AVAILABLE FOR OPERATIONS	28,161	31,964	48,762	52,262	49,744
TOTAL RESERVE	\$ 29,761	\$ 33,764	\$ 50,162	\$ 54,062	\$ 51,844

No assurance is provided. See summary of significant assumptions.

INTERQUEST TOWN CENTER BUSINESS IMPROVEMENT DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2025 BUDGET
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,

9/14/24

	ACTUAL 2023	BUDGET 2024	ACTUAL 6/30/2024	ESTIMATED 2024	BUDGET 2025
ASSESSED VALUATION					
Commercial	\$ 2,850,040	\$ 3,134,590	\$ 3,134,590	\$ 3,134,590	\$ 4,581,990
Vacant land	2,430,700	2,845,220	2,845,220	2,845,220	2,038,740
	<u>5,280,740</u>	<u>5,979,810</u>	<u>5,979,810</u>	<u>5,979,810</u>	<u>6,620,730</u>
Certified Assessed Value	<u>\$ 5,280,740</u>	<u>\$ 5,979,810</u>	<u>\$ 5,979,810</u>	<u>\$ 5,979,810</u>	<u>\$ 6,620,730</u>
MILL LEVY					
General	5.000	5.218	5.218	5.218	5.229
Debt Service	40.000	41.751	41.751	41.751	41.839
Total mill levy	<u>45.000</u>	<u>46.969</u>	<u>46.969</u>	<u>46.969</u>	<u>47.068</u>
PROPERTY TAXES					
General	\$ 26,404	\$ 31,203	\$ 31,203	\$ 31,203	\$ 34,620
Debt Service	211,230	249,663	249,663	249,663	277,005
Levied property taxes	<u>237,634</u>	<u>280,866</u>	<u>280,866</u>	<u>280,866</u>	<u>311,625</u>
Adjustments to actual/rounding	(2)	-	(19,734)	-	-
Budgeted property taxes	<u>\$ 237,632</u>	<u>\$ 280,866</u>	<u>\$ 261,132</u>	<u>\$ 280,866</u>	<u>\$ 311,625</u>
BUDGETED PROPERTY TAXES					
General	\$ 26,403	\$ 31,203	\$ 29,011	\$ 31,203	\$ 34,620
Debt Service	211,229	249,663	232,121	249,663	277,005
	<u>\$ 237,632</u>	<u>\$ 280,866</u>	<u>\$ 261,132</u>	<u>\$ 280,866</u>	<u>\$ 311,625</u>

No assurance is provided. See summary of significant assumptions.

**INTERQUEST TOWN CENTER BUSINESS IMPROVMENT DISTRICT
GENERAL FUND
2025 BUDGET
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,**

9/14/24

	ACTUAL 2023	BUDGET 2024	ACTUAL 6/30/2024	ESTIMATED 2024	BUDGET 2025
BEGINNING FUND BALANCES	\$ 18,636	\$ 36,343	\$ 29,761	\$ 29,761	\$ 54,062
REVENUES					
Property taxes	26,403	31,203	29,011	31,203	34,620
Specific ownership taxes	24,891	28,068	12,758	25,515	31,163
Interest income	385	-	1,101	2,200	2,500
Other revenue	-	-	851	851	-
Total revenues	51,679	59,271	43,721	59,769	68,283
Total funds available	70,315	95,614	73,482	89,530	122,345
EXPENDITURES					
General and administrative					
Accounting	18,069	20,000	15,560	22,000	23,000
Auditing	4,000	4,500	4,500	4,500	5,000
County Treasurer's Fee	396	468	437	468	519
Dues and membership	324	500	311	350	500
Insurance	5,242	3,000	-	-	3,200
Legal	9,926	20,000	2,425	7,500	20,000
Banking fees	12	-	87	150	150
Election	993	-	-	-	1,500
Contingency	-	3,052	-	-	4,802
Website	116	-	-	500	1,500
Operations and maintenance					
Repairs and maintenance	1,476	2,500	-	-	2,500
Landscape Maintenance	-	2,830	-	-	2,830
Utilities	-	5,000	-	-	5,000
Total expenditures	40,554	61,850	23,320	35,468	70,501
Total expenditures and transfers out requiring appropriation	40,554	61,850	23,320	35,468	70,501
ENDING FUND BALANCES	\$ 29,761	\$ 33,764	\$ 50,162	\$ 54,062	\$ 51,844
EMERGENCY RESERVE	\$ 1,600	\$ 1,800	\$ 1,400	\$ 1,800	\$ 2,100
AVAILABLE FOR OPERATIONS	28,161	31,964	48,762	52,262	49,744
TOTAL RESERVE	\$ 29,761	\$ 33,764	\$ 50,162	\$ 54,062	\$ 51,844

No assurance is provided. See summary of significant assumptions.

**INTERQUEST TOWN CENTER BUSINESS IMPROVMENT DISTRICT
DEBT SERVICE FUND
2025 BUDGET
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,**

9/14/24

	ACTUAL 2023	BUDGET 2024	ACTUAL 6/30/2024	ESTIMATED 2024	BUDGET 2025
BEGINNING FUND BALANCES	\$ 258,913	\$ 343,541	\$ 360,129	\$ 360,129	\$ 572,182
REVENUES					
Property taxes	211,229	249,663	232,121	249,663	277,005
PIF Revenue	94,211	95,000	73,041	146,082	170,000
Interest income	4,417	-	11,588	23,176	27,000
Total revenues	309,857	344,663	316,750	418,921	474,005
Total funds available	568,770	688,204	676,879	779,050	1,046,187
EXPENDITURES					
General and administrative					
County Treasurer's Fee	3,171	3,745	3,493	3,168	4,155
Miscellaneous	550	-	-	-	2,654
PIF Collection Fees	4,720	10,000	1,669	3,500	7,000
Debt Service					
Bond interest	200,200	200,200	100,100	200,200	200,200
Bond principal	-	-	-	-	30,000
Total expenditures	208,641	213,945	105,262	206,868	244,009
Total expenditures and transfers out requiring appropriation	208,641	213,945	105,262	206,868	244,009
ENDING FUND BALANCES	\$ 360,129	\$ 474,259	\$ 571,617	\$ 572,182	\$ 802,178

No assurance is provided. See summary of significant assumptions.

**INTERQUEST TOWN CENTER BUSINESS IMPROVMENT DISTRICT
CAPITAL PROJECTS FUND
2025 BUDGET
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,**

9/14/24

	ACTUAL 2023	BUDGET 2024	ACTUAL 6/30/2024	ESTIMATED 2024	BUDGET 2025
BEGINNING FUND BALANCES	\$ 674,051	\$ 674,051	\$ 501,105	\$ 501,105	\$ 473,772
REVENUES					
Interest income	5,972	-	13,760	27,520	27,500
Developer advance	178,351	-	-	-	-
Total revenues	184,323	-	13,760	27,520	27,500
Total funds available	858,374	674,051	514,865	528,625	501,272
EXPENDITURES					
General and Administrative					
Accounting	415	-	-	-	-
Capital Projects					
Repay developer advance	178,351	-	-	54,853	-
Engineering	152	-	-	-	-
Capital outlay	178,351	674,051	-	-	501,272
Total expenditures	357,269	674,051	-	54,853	501,272
Total expenditures and transfers out requiring appropriation	357,269	674,051	-	54,853	501,272
ENDING FUND BALANCES	\$ 501,105	\$ -	\$ 514,865	\$ 473,772	\$ -

No assurance is provided. See summary of significant assumptions.

**INTERQUEST TOWN CENTER BUSINESS IMPROVEMENT DISTRICT
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District was organized to provide the financing, acquisition, construction, completion, installation, replacement and/or operation and maintenance of all of the services and public improvements allowed under Colorado law for business improvement districts. Specific improvements and services provided by the District include water services, traffic and safety protection, sanitation services, street improvements, parks and recreation, transportation, television relay and translation, mosquito control, security, fire protection and emergency medical. The District's service area is located entirely within the City of Colorado Springs, El Paso County, Colorado.

The District was organized by Ordinance of the City of Colorado Springs in 2017.

At an election held on May 8, 2018, the voters approved general indebtedness of \$4,800,000 at a maximum interest rate of 18% for each of the following improvements and services: in-district special assessment debt, water, sanitation, streets, traffic and safety, parks and recreation, transportation, security, business recruitment, operations and maintenance, refunding, and reimbursement agreements. The voters also approved an annual increase in taxes at a mill levy rate without limitation or with such limitations as may be determined by the board for the purpose of the District's operations, maintenance, and other expenses and an annual increase in taxes at a mill levy rate without limitation or with such limitations as may be determined by the board for the purpose of the District's capital expenditures. The election also allows the District to retain all revenues without regard to the limitations contained in Article X, Section 20 of the Colorado Constitution.

Pursuant to the District's Operating Plan filed annually with the City, the maximum debt mill levy is 50 mills, and the maximum operating mill levy for the payment of administrative, operations and maintenance expenses is 5 mills. The initial maximum debt authorization for the District is \$4,000,000.

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

The District prepares its budget on the modified accrual basis of accounting, in accordance with requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Revenues

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

**INTERQUEST TOWN CENTER BUSINESS IMPROVEMENT DISTRICT
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

Property Taxes (continued)

Pursuant to the Service Plan, the District is required to adjust its maximum Required Mill Levy for changes in the ratio of actual to assessed value of property within the District. As of December 31, 2023, the adjusted maximum mill levy for debt service is 41.839 mills. Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the Bonds as the same become due and payable [and to make up any deficiencies in the Reserve Fund].

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.

For property tax collection year 2025, SB22-238 and SB23B-001, SB-24-233, and HB24B-1001 set the assessment rates and actual value reductions as follows:

Category	Rate		Category	Rate	Actual Value Reduction	Amount
Single-Family Residential	6.70%		Agricultural Land	26.40%	Single-Family Residential	\$55,000
Multi-Family Residential	6.70%		Renewable Energy Land	26.40%	Multi-Family Residential	\$55,000
Commercial	27.90%		Vacant Land	27.90%	Commercial	\$30,000
Industrial	27.90%		Personal Property	27.90%	Industrial	\$30,000
Lodging	27.90%		State Assessed	27.90%	Lodging	\$30,000
			Oil & Gas Production	87.50%		

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.

Public Improvement Fees

The District charges a public improvement fee (PIF). The nature of the PIF is that a fee imposed under private contract and not through the exercise of any governmental taxing authority. The PIF is applied to the sale of goods and services at a rate of 1.5% in addition to all sales and use taxes that may be imposed and is collected by the retailers in the District and remitted to the District within 20 days after month end.

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 5%

**INTERQUEST TOWN CENTER BID
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures

Administrative Expenditures

Administrative expenditures have been provided based on estimates of the District's Board of Directors and consultants and include the services necessary to maintain the District's administrative viability such as legal, accounting, managerial, insurance, and other administrative expenses.

County Treasurer's Fees

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

Capital Outlay

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

Debt Service

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

Debt and Leases

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

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

Bond Details

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

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

Optional Redemption

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

**INTERQUEST TOWN CENTER BID
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

Pledged Revenue

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

Required Mill Levy

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

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

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

The District has outstanding debt with anticipated activity as follows:

	Balance at December 31, 2023	Additions*	Reductions*	Balance at December 31, 2024*
Bonds Payable				
General Limited Obligation Bonds	\$ 2,860,000	\$ -	\$ -	\$ 2,860,000
Developer Advances				
Operating	86,081	-	-	86,081
Capital	28,102	-	28,102	-
Accrued Interest:				
Operating Advances	22,035	6,887	-	28,922
Capital Advances	26,751	-	26,751	-
Total	<u>\$ 3,022,969</u>	<u>\$ 6,887</u>	<u>\$ 54,853</u>	<u>\$ 2,975,003</u>
	Balance at December 31, 2024*	Additions*	Reductions*	Balance at December 31, 2025*
Bonds Payable				
General Limited Obligation Bonds	\$ 2,860,000	\$ -	\$ -	\$ 2,860,000
Developer Advances				
Operating	86,081	-	-	86,081
Accrued Interest:				
Operating Advances	28,922	6,887	-	35,809
Total	<u>\$ 2,975,003</u>	<u>\$ 6,887</u>	<u>\$ -</u>	<u>\$ 2,981,890</u>

*Estimate

The District has no capital or operational leases.

No assurance is provided. See summary of significant assumptions.

**INTERQUEST TOWN CENTER BID
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Reserves

Emergency Reserve

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

This information is an integral part of the accompanying budget.

EXHIBIT C
District Boundary Map

EXHIBIT D

Terms and Definitions

The following terms and definitions from the City of Colorado Springs Special District Policy are specifically incorporated for use in this Operating Plan and Budget.

- a. **Authority-** An entity with separate legal powers or authorities, created by intergovernmental agreement (IGA) between or among Districts, or between or among one or more Districts, and another governmental entity.
- b. **City-** The City of Colorado Springs, acting legislatively through its City Council or administratively through its mayor or chief of staff, consistent with Colorado Revised Statutes and the City Charter.
- c. **Combination of Districts-** Any combination of Metropolitan Districts, BIDs and/or GIDs that overlay each other that are organized by petition of a property developer that are specific to property within a single development project and do not serve any property outside of that project such as regional service district or non-developer controlled existing district.
- d. **C.R.S.-** Colorado Revised Statutes.
- e. **Debt-** Any bond, note debenture, contract or other multiple year financial obligation of a District which is payable in whole or in part from, or which constitutes an encumbrance on, the proceeds of ad valorem property tax or End User Debt Service Fee imposed by the District, or pledged for the purposes of meeting the obligation.
- f. **Debt Mill Levy-** For the purpose of this Policy and its associated plans the debt mill levy is that portion of the overall mill levy of the District, pledged, dedicated or otherwise used to repay formally issued Debt or long terms.
- g. **Developer Funding Agreements-** Short or long-term obligations of Districts entered into between Districts and developers related to advancement of reimbursement of Public Improvements or operations and maintenance costs. Such agreements may or may not accrue interest, but do not qualify as formally issued Debt as defined under this Policy or under TABOR.
- h. **District –** This Interquest Town Center Business Improvement District.
- i. **End User-** A property owner anticipated to have long term, multi-year responsibility for the tax and/or fee obligations of a District. By way of illustration, a resident homeowner, renter, commercial property owner, or commercial tenant is an end user. A master property developer or business entity that constructs homes or commercial structures for occupancy or ownership primarily by third parties, is not an end user.
- j. **End User Debt Service Fees-** Any fees, rates, tolls or charges assessed or pledged or otherwise obligated to End Users by a District for the payment of Debt. End User Debt Service Fees are not intended to include public improvement fees (PIFs) if authorized by this Operating Plan and Budget. .
- k. **External Financial Advisor-** A consultant that: (1) advises Colorado governmental entities on matters relating to the issuance of securities by Colorado governmental entities, including matters such as the pricing, sales and marketing of such securities and the procuring of bond ratings, credit enhancement and insurance in respect of such securities; (2) shall be an underwriter, investment banker, or individual listed as a public finance

advisor in the Bond Buyer's Municipal Market Place (also known as the Redbook); and (3) is not an officer of the District.

- l. Index Interest Rate-** The AAA 30-year MMD (Municipal Market Data) index interest rate.
- m. Interest Rate-**The annual rate of charge applied to Debt or other District financial obligations.
- n. Land Development Entitlement** – A City-approved master plan, concept plan or other more detailed land use plan, zoning or combinations thereof, applicable to a substantial proportion of the property to be included in the District and sufficient to support the need for the District along with relevant public improvements financing assumptions and proposed limits.
- o. Maximum Debt Mill Levy-** The maximum mill levy a District or Combination of Districts is permitted to impose for the payment of Debt. For the purpose of this Policy, a mill levy certified for contractual obligations is part of the Maximum Debt Mill Levy.
- p. Maximum Operating Mill Levy-** The maximum mill levy a District or Combination of Districts is permitted to impose for operating and maintenance expenses.
- q. Mill Levy Adjustment** -Any statutory, legislative or constitutional changes that adjust or impact the assessed or actual valuation of property or the assessment ratio pursuant to which taxes are calculated.
- r. Model BID Operating Plan and Budget-** The most recent version of the template for BID Operating Plans and Budgets adopted in accordance with this Policy.
- s. Planning and Community Development Department Director-** The Director of the Colorado Springs Planning and Community Development Department or other position which may be established for the purpose of administering this Policy, or their designee.
- t. Policy or Special District Policy** -The City's adopted Special District Policy as may be amended from time to time.
- u. Privately Placed Debt-** Debt that is not marketed to multiple independent accredited investors as defined in Rule 501(a) promulgated under the Securities Act of 1933 by a registered bond underwriter or placed directly with a chartered lending institution or credit union.
- v. Public Improvements** – Any capital or site improvements, (or directly related planning or engineering costs) legally determined to be eligible for ownership, maintenance and/or financing by a District in accordance with the applicable State statutes.
- w. Related Party Privately Placed Debt** - Privately Placed Debt that is or will be placed with and directly held by a party related to the issuing District.