

2019 OPERATING PLAN AND BUDGET
INTERQUEST TOWN
CENTER BUSINESS
IMPROVEMENT
DISTRICT

City of Colorado Springs, El Paso County, Colorado

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2019
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., Colorado Revised Statutes, as amended, as further described and limited by this Operating Plan.

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

The Operating Plan and any subsequent Operating Plans approved by the City, will be incorporated herein by reference, and shall remain in full force and effect except as specifically or necessarily modified hereby.

C Purposes. As articulated in this Operating Plan, the contemplated purposes of this District for 2019 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. The District will own public improvements as constructed if such improvements are not otherwise dedicated to other public entities for operation and maintenance.

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) Sandra L. Shoemaker
 - 5) Michael P. Palmer

Director and other pertinent contact information is provided in Exhibit A.

- D. **Term Limits.** At the May 8, 2018 director election, a ballot question to eliminate term limits pursuant to Article 18, Section 11 of the Colorado Constitution, was 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. In 2019 the District does not anticipate inclusion or exclusion requests.

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 (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."

The property owners of the District request that the City designate the territory within the District as a location for new business or commercial development under Section 31-25-1203(10), C.R.S.

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.

The District does not anticipate having any employees.

6. FINANCIAL PLAN AND BUDGET

1. **2019 Budget.** The 2019 Budget for the District is attached as Exhibit B and may be amended as needed if debt is issued.
2. **Authorized Indebtedness.** The District held an election on May 8, 2018 for the purpose of electing directors, authorizing debt, taxes, revenue limits, spending limits, special assessments, and such other matters as may be necessary or convenient for the implementation of Art. X., Sec. 20 of the Colorado Constitution, and the Operating Plan. The initial maximum debt authorization for the District is \$34,560,000.
3. **Property Tax and Mill Levy Caps.** The District taxing ability shall be constrained to mill levy limitations of up to 50 mills for debt service and up to 5 mills for general operations and administrative expenses due to the on-going operations and maintenance to be undertaken by the District within its boundaries.
4. **District Revenues.** The District anticipates developer funding for initial revenue sources and thereafter revenues derived from property taxes. The District may

utilize public improvement fees to support public improvement construction and future bonds for that purpose.

5. Existing Debt Obligations. The District has no current debt.
6. Future Debt Obligations. The District anticipates the issuance of debt in 2019 for the funding of public improvements.
7. Other Financial Obligations. The District may enter into agreements including reimbursement or similar agreements and leases; as well as agreements for ongoing services such as legal, administration, compliance, budget, audit, etc.
8. City Charter Limitations. In accordance with 7-100 of the City Charter, the District shall not issue any debt instrument for any purpose other than construction of capital improvements with a public purpose necessary for development. As set forth in 7-100 of the City Charter, the total debt of any proposed District shall not exceed 10 percent of the total assessed valuation of the taxable property within the District unless approved by at least a two-thirds vote of the entire City Council.
9. Non-Default Provisions. Limited tax general obligation bonds issued by the District shall be structured and/or credit enhancements provided such that the bonds cannot default as long as the District is imposing the required maximum allowed mill levy.
10. Privately Placed Debt. Prior to the issuance of any privately placed debt for capital related costs, the District shall obtain the certification of an External Financial Advisor regarding the fairness and feasibility of the interest rate and the structure of the debt.
11. The debt of the District will not constitute a debt or obligation of the City in any manner. The faith and credit of the City will not be pledged for the repayment of the debt of the District. This will be clearly stated on all offering circulars, prospectus, or disclosure statements associated with any securities issued by the District

7. MUNICIPAL OVERSIGHT OF DISTRICT ACTIVITIES

(a) Audit. The District agrees to submit an annual audit to the City Finance Department no later than March 1st of each year which is performed by an independent certified public accounting firm. Even if the state grants an audit exemption, the District must submit an annual audit as specified above.

(b) **SID Formation.** The District affirms that it will provide an Amended Operating Plan and seek prior approval of City Council prior to formation of any Special Improvement District within its boundaries in the future.

(c) **City Authorization Prior to Debt Issuance.** In accordance with the City's Special District Policy, and notwithstanding any statements of intent in the Budget and Operating Plan, this District shall request and obtain approval of City Council prior to issuance of any debt in accordance with the financing plan for the District as previously approved. The standards for City approval shall generally be consistency with the City's Special District Policy as it may be amended along with the most recently approved operating plan and budget and any requirements or limitations contained therein to the extent that they are consistent with the financing plans for the District.

(d) **Public Improvement Fees.** This District may utilize revenues from a new, increased or expanded public improvement fee (PIF).

(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. 2019 ACTIVITIES, PROJECTS AND CHANGES

1. Activities

It is anticipated that the District will primarily be engaged in the planning for development of public improvements.

2. Projects and Public Improvements

Cost of public improvements is anticipated in the 2019 year.

3. Summary of 2019 Activities and Changes from Prior Year

The District anticipates the issuance of debt in 2019 for the funding of public improvements.

Boundary changes: No boundary changes anticipated

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

Mill levy changes: N/A

New, refinanced or fully discharged debt: Anticipated in 2019 for funding of public improvements

Elections: Not anticipated for the upcoming year

Major changes in development activity or valuation: Development activity is commencing in 2019.

Ability to meet current financial obligations: The District anticipates developer funding for initial revenue sources and thereafter revenues derived from property taxes. The District may enter into agreements and leases for ongoing services for general operations and maintenance of the District.

9. DISSOLUTION

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

10. CONCLUSION

It is submitted that this Operating Plan and Budget for the District meets the requirements of the Business Improvement District Act and further meets applicable requirements of the Colorado Constitution and other law. It is further submitted that the types of services and improvements to be provided by the District are those services and improvements which satisfy the purposes of Part 12 of Article 25 of Title 31, C.R.S.

EXHIBIT A

Director and Other Contact Information

BOARD OF DIRECTORS:

Scott A. Bryan
13975 South Perry Park Road
Larkspur, CO 80118

Theresa G. Bryan
13975 South Perry Park Road
Larkspur, CO 80118

Vincent C. Shoemaker
5934 Lees Lane
Larkspur, CO 80118

Sandra L. Shoemaker
5934 Lees Lane
Larkspur, CO 80118

Michael P. Palmer
1535 Northfield Road
Colorado Springs, CO 80910

DISTRICT MANAGER: None (at this time)

DISTRICT CONTACT:

Russ Dykstra
Spencer Fane LLP
1700 Lincoln St, Suite 2000
Denver, Colorado 80203
303-839-3845
rdykstra@spencerfane.com

INSURANCE AND DIRECTORS' BONDS:

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

ACCOUNTANT:

Carrie Bartow, CPA
CliftonLarsonAllen LLP
102 South Tejon, Suite 350
Colorado Springs, CO 80903
719-635-0300

AUDITOR: None (at this time)

STAFF: None (at this time)

[Insert all contact information as applicable]

EXHIBIT B
2019 BID Budget



CliftonLarsonAllen LLP
CLAconnect.com

CliftonLarsonAllen

Accountant's Compilation Report

Board of Directors
Interquest Town Center BID

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Interquest Town Center BID for the year ending December 31, 2019, including the estimate of comparative information for the year ending December 31, 2018, and the actual comparative information for the year ended December 31, 2017, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105 and the related summary of significant assumptions in accordance with guidelines for the presentation of a budget established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

The budgeted results may not be achieved as there will usually be differences between the budgeted and actual results, because events and circumstances frequently do not occur as expected, and these differences may be material. We assume no responsibility to update this report for events and circumstances occurring after the date of this report.

We draw attention to the summary of significant assumptions which describe that the budget is presented in accordance with the requirements of C.R.S. 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to Interquest Town Center BID.

Colorado Springs, Colorado
_____, 2018



An independent member of Nexia International

**INTERQUEST TOWN CENTER BID
SUMMARY
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

10/4/18

	ACTUAL 2017	BUDGET 2018	ACTUAL 6/30/2018	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -	\$ -	\$ -
REVENUES					
Developer advance	-	50,000	-	-	5,050,000
Bond issuance	-	-	-	-	5,500,000
Total revenues	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>10,550,000</u>
TRANSFERS IN	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>350,000</u>
Total funds available	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>10,900,000</u>
EXPENDITURES					
General and administrative	-	48,500	-	-	48,500
Debt service	-	-	-	-	181,750
Capital projects	-	-	-	-	10,150,000
Total expenditures	<u>-</u>	<u>48,500</u>	<u>-</u>	<u>-</u>	<u>10,380,250</u>
TRANSFERS OUT	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>350,000</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>48,500</u>	<u>-</u>	<u>-</u>	<u>10,730,250</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 169,750</u>
TOTAL RESERVE	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 169,750</u>

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

**INTERQUEST TOWN CENTER BID
PROPERTY TAX SUMMARY INFORMATION
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

10/4/18

	ACTUAL 2017	BUDGET 2018	ACTUAL 6/30/2018	ESTIMATED 2018	BUDGET 2019
ASSESSED VALUATION					
Certified Assessed Value	\$ -	\$ -	\$ -	\$ -	\$ -
MILL LEVY					
Total mill levy	0.000	0.000	0.000	0.000	0.000
PROPERTY TAXES					
Budgeted property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
BUDGETED PROPERTY TAXES					
	\$ -	\$ -	\$ -	\$ -	\$ -

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

**INTERQUEST TOWN CENTER BID
GENERAL FUND
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

10/4/18

	ACTUAL 2017	BUDGET 2018	ACTUAL 6/30/2018	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -
REVENUES					
Developer advance	-	50,000	-	-	50,000
Total revenues	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Total funds available	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
EXPENDITURES					
General and administrative					
Accounting	-	2,500	-	-	2,500
Insurance and bonds	-	2,500	-	-	2,500
District management	-	1,500	-	-	1,500
Legal services	-	15,000	-	-	15,000
Miscellaneous	-	2,000	-	-	2,000
Engineering	-	10,000	-	-	10,000
Contingency	-	15,000	-	-	15,000
Total expenditures	<u>-</u>	<u>48,500</u>	<u>-</u>	<u>-</u>	<u>48,500</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>48,500</u>	<u>-</u>	<u>-</u>	<u>48,500</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,500</u>
TOTAL RESERVE	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,500</u>

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

**INTERQUEST TOWN CENTER BID
DEBT SERVICE FUND
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

10/4/18

	ACTUAL 2017	BUDGET 2018	ACTUAL 6/30/2018	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -
REVENUES					
Total revenues	-	-	-	-	-
TRANSFERS IN					
Transfer from other funds	-	-	-	-	350,000
Total funds available	-	-	-	-	350,000
EXPENDITURES					
Paying agent fees	-	-	-	-	3,000
Debt Service	-	-	-	-	178,750
Bond interest	-	-	-	-	178,750
Total expenditures	-	-	-	-	181,750
Total expenditures and transfers out requiring appropriation	-	-	-	-	181,750
ENDING FUND BALANCE	\$ -	\$ -	\$ -	\$ -	\$ 168,250
DEBT SERVICE RESERVE	\$ -	\$ -	\$ -	\$ -	\$ 168,250
TOTAL RESERVE	\$ -	\$ -	\$ -	\$ -	\$ 168,250

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

**INTERQUEST TOWN CENTER BID
CAPITAL PROJECTS FUND
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

10/4/18

	ACTUAL 2017	BUDGET 2018	ACTUAL 6/30/2018	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -
REVENUES					
Bond issuance	-	-	-	-	5,500,000
Developer advance	-	-	-	-	5,000,000
Total revenues	-	-	-	-	10,500,000
Total funds available	-	-	-	-	10,500,000
EXPENDITURES					
General and Administrative					
Cost of issuance	-	-	-	-	150,000
Repay Developer advance	-	-	-	-	5,000,000
Capital Outlay	-	-	-	-	5,000,000
Total expenditures	-	-	-	-	10,150,000
TRANSFERS OUT					
Transfer to other funds	-	-	-	-	350,000
Total expenditures and transfers out requiring appropriation	-	-	-	-	10,500,000
ENDING FUND BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -

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

**INTERQUEST TOWN CENTER BID
2019 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 \$34,560,000 at a maximum interest rate of 18% for each of the following improvements and services: streets, water supply, sanitary sewer, traffic and safety controls, parks and recreation, transportation, television relay and translation, mosquito control, security, fire protection and emergency medical. The election authorized indebtedness of \$4,800,000 each for operations and maintenance, reimbursement agreements, and debt refunding. 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 maximum debt authorization for the District is \$34,560,000.

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

Developer Advance

The District is in the development stage. As such, the operating and administrative expenditures will be mainly funded by the Developer. A major portion of the capital expenditures are also expected to be funded by the Developer. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer from bond proceeds and other legally available revenue.

**INTERQUEST TOWN CENTER BID
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues - (continued)

Bond Issuance

The District anticipates issuing general obligation bonds. Bond proceeds will be used to pay infrastructure costs, bond issue costs and capitalized interest. Significant terms of the bond issuance will be determined at the time of issuance

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.

Capital Outlay

The District anticipates infrastructure improvements for capital outlay in 2019 include street improvements, water and wastewater improvements, and transportation projects.

Debt and Leases

The District intends on issuing bonds in 2019.

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

INTERQUEST BOUNDARY MAP



R&R ENGINEERS.COM

ENGINEERS
SURVEYORS

INC

Plot Scale	1:1
Job No.	BC17119
Date	08/28/2017
Drawn By	GM
Checked By	SEL
Sheet	EXBT-1