



SpencerFane®

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November 7, 2022

City of Colorado Springs City Council
Mr. Tom Strand, President
Mr. Carl Schuler
107 N. Nevada Ave.
Colorado Springs, CO 80903

RE: Interquest North Business Improvement District – Operating Plan

Dear City Council Members,

This firm serves as general counsel to the Interquest North Business Improvement District in Colorado Springs, Colorado (“District”). In September of this year, as required by statute, the District submitted its 2023 Operating Plan and preliminary budget as required by 31-25-1211, C.R.S. to the City. As background, the process followed by the District in its submittal is consistent with prior years’ submittals and with other business improvement districts located in the City where preliminary budgets consistent with prior years are provided by the accountants for the districts and then refined and finalized by the individual district boards at their formal budget hearings.

At the hearing on October 25, 2022, Council reviewed the operating plan and budget and several questions were raised regarding the budget. During that hearing it was emphasized that the District board had not had the opportunity to discuss the budget and had not conducted its hearing on the budget at which time adjustments would be made based on feedback provided by the board and discussions with District consultants. The District conducted its previously scheduled budget hearing on November 2nd and a final budget was reviewed and approved at that time as has been the District’s practice for many years. The updated budget and Operating Plan were provided to the City.

The District has anticipated and planned on reducing its mill levy from the time it submitted its Series 2020 Bond information (enclosed) which was approved by Council and assertions to the contrary are not supported by the long established record. The success of the development within the District substantiates the planning, effort and stewardship of the District board in conducting its affairs and guiding one of the most active and successful retail environments within the City. To that end, the District is in a position to meet its projections set out in 2020 and reduce its overall mill levy to 18 mills (1 mill operations and 17 mills debt).

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In conjunction with the 2020 bonds, Council was presented with anticipated public improvement costs and anticipated issuances of those bonds including issuances in 2020, 2022 (not issued) and 2023. The combined amount anticipated to be issued in 2022 and 2023 was \$6,685,000. This is consistent with the 2023 budget reflecting a potential bond issuance of \$6,340,310.

Below are a few of the highlights of the 2023 budget:

- The debt service mill levy has been reduced as previously planned to 17 mills
- There is approximately \$5,543,000 available and designated in the budget to either pay for capital improvement OR retire debt depending on public improvements constructed or reimbursed (P.5 of budget)
- The remaining portion of the approved bonds may be utilized to fund a portion of the remaining improvements up to the budgeted amount of \$6,340,000 (P.6 of budget) if necessary
- The District anticipates reimbursing public improvements of approximately \$13,000,000 related to the completion of the remaining property in the District which may require the utilization of the additional bond amount and all or portions of the District existing capital fund but will not result in an increase in the District mill levy
- The cost for the remaining public improvements are estimates and the District will adjust as necessary with the funds available at the time such costs are certified and a request for reimbursement is made to the District with any excess being available for debt repayment; the District does not have exact information until such certifications and requests are made and will hold a public meeting at such time to determine the best way to proceed.

The District appreciates Council's interest and partnership in the District's ongoing success in fulfilling the promises and representations made over the past number of years. The District is excited to be entering the final phase of its construction activities and related financing. The District board recognizes that parties who are unaffiliated with the District or Colorado Springs and pay no taxes to the District believe they are in a better position to determine the best interests of the District over those who have endeavored for 20 years to plan, develop and implement a top notch retail environment. These parties objected strenuously to the delivery of the Scheels project within the District and City; however, the success realized by the addition of this top tier retail experience has exceeded expectations and has reduced the tax burden on property owners and tenants within the District and will continue to do so for the foreseeable future.



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Thank you for your continued support of the Interquest North Business Improvement District and the District respectfully requests your continued support.

Sincerely,

SPENCER FANE LLP

/s/ Russell W. Dykstra

Russell W. Dykstra

Cc: Mr. Jeff Green

RWD/cbw