

STATE OF COLORADO )  
EL PASO COUNTY ) ss  
INTERQUEST SOUTH BUSINESS )  
IMPROVEMENT DISTRICT )

I, the Secretary of the Interquest South Business Improvement District, in the City Colorado Springs, El Paso County, Colorado (the "District"), do hereby certify that:

1. Attached hereto is a true and correct copy of a resolution (the "Resolution") adopted by the Board of Directors (the "Board") of Interquest South Business Improvement District, in the City of Colorado Springs, El Paso County, Colorado (the "District") at a [special] meeting held at \_\_\_\_\_ [a.m.][p.m.] on \_\_\_\_\_, \_\_\_\_\_, 2017, at \_\_\_\_\_.

2. Upon roll call, the members of the Board not marked absent below, were present, constituting a quorum, and the Resolution was duly introduced, moved, seconded and adopted at such meeting by the affirmative vote of a majority of the members of the Board as follows:

Board Member	Yes	No	Absent	Abstaining
Stacie M. Tucker, President	_____	_____	_____	_____
Bethany A. Kensington, Secretary/Treas.	_____	_____	_____	_____
Gregory M. Tucker	_____	_____	_____	_____
Jerry D. Biggs	_____	_____	_____	_____

3. The Resolution was duly approved by the Board, signed by the President of the District, sealed with the District's seal, attested by the Secretary of the District and recorded in the minutes of the Board.

4. The meeting at which the Resolution was adopted was noticed, and all proceedings relating to the adoption of the Resolution were conducted in accordance with all applicable bylaws, rules, regulations and resolutions of the District, in accordance with the normal procedures of the District relating to such matters, and in accordance with applicable constitutional provisions and statutes of the State of Colorado.

WITNESS my hand and the seal of the District this \_\_ day of \_\_\_\_\_, 2017.

[SEAL]

By \_\_\_\_\_  
Secretary

(Attach Notice of Meeting)

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## RESOLUTION

A RESOLUTION AUTHORIZING THE ISSUANCE BY INTERQUEST SOUTH BUSINESS IMPROVEMENT DISTRICT, IN THE CITY OF COLORADO SPRINGS, EL PASO COUNTY, COLORADO, OF ITS LIMITED PROPERTY TAX AND PUBLIC IMPROVEMENT FEE REVENUE BONDS, SERIES 2017, FOR THE PURPOSE OF PAYING THE COSTS OF FINANCING OR REFINANCING CERTAIN PUBLIC IMPROVEMENTS AND COSTS OF ISSUANCE OF THE BONDS; AUTHORIZING THE EXECUTION OF AN INDENTURE OF TRUST; AND APPROVING OTHER DOCUMENTS RELATING TO THE BONDS.

**WHEREAS**, the District is a quasi-municipal corporation and political subdivision of the State of Colorado (the "**State**"), duly and regularly created as a business improvement district under the constitution and laws of the State of Colorado, in particular Title 31, Article 25, Part 12, Colorado Revised Statutes ("**C.R.S.**"), as amended (the "**Act**"), pursuant to Ordinance No. 04-238 adopted by the City Council of the City of Colorado Springs, Colorado (the "**City**") on October 26, 2004; and

**WHEREAS**, at a special election of the qualified electors of the District, duly called and held on Tuesday, November 2, 2004 (the "**Election**"), in accordance with law and pursuant to due notice, a majority of those qualified to vote and voting at the Election voted in favor of, inter alia, the issuance of District indebtedness in the principal amount of up to \$24,000,000 and the imposition of taxes for the payment thereof, for the purpose of providing certain improvements and facilities (as more particularly defined herein, the "**Facilities**"), the Ballot Issue 5B relating thereto being as set forth in Exhibit C to the Indenture (defined below); and

**WHEREAS**, the returns of the Election were duly canvassed and the results thereof duly declared; and

**WHEREAS**, the Board of the District has previously determined that it was necessary to acquire, construct, and install a portion of the Facilities (the "**Project**"); and

**WHEREAS**, for the purpose of funding certain costs of the Facilities, the District has previously entered into Facilities Funding and Reimbursement Agreement dated January 1, 2016 (the "**Reimbursement Agreement**") with Chalon Properties, Inc., a Nevada corporation (the "**Developer**"), pursuant to which the Developer has previously constructed and may in the future construct Facilities, a portion of which may be acquired by the District in accordance with the provisions thereof (the costs of which Facilities are payable by the District); and

**WHEREAS**, for the purpose of financing a portion of the Project (including paying amounts due or to become due under the Reimbursement Agreement) the Board of Directors of the District (the "**Board**") has previously determined and hereby determines to issue its Limited Property Tax and Public Improvement Fee Revenue Bonds, Series 2017, in the aggregate principal amount of up to \$4,000,000 (the "**Bonds**"); and

**WHEREAS**, the Bonds shall be issued pursuant to the provisions of the Act, and all other laws thereunto enabling; and

**WHEREAS**, the Board specifically elects to apply all of the provisions of Title 11, Article 57, Part 2, C.R.S., to the Bonds; and

**WHEREAS**, the Bonds shall be limited property tax and special revenue obligations of the District, and shall be payable solely from the Pledged Revenue (as defined herein); and

**WHEREAS**, the principal amount of the Bonds shall be allocated to the District's electoral authorization of the Election provided in Ballot Issue 5B; and

**WHEREAS**, there has been presented to this meeting of the Board a proposal from D.A. Davidson & Co., Denver, Colorado (the "**Underwriter**"), to purchase the Bonds in accordance with the terms and conditions set forth in a Bond Purchase Agreement (the "**Bond Purchase Agreement**") in a form to be reviewed and approved by the Sale Delegate (defined herein); and

**WHEREAS**, after consideration, the Board has determined that the sale of the Bonds to the Underwriter upon the terms and conditions presented to the Board and to be set forth in the Bond Purchase Agreement (subject to the limitations of the authority delegated to the Sale Delegate set forth herein) is in the best interests of the District, the taxpayers thereof, and the citizens of the City and the State; and

**WHEREAS**, there has been presented to this meeting of the Board substantially final forms of the following (all as defined herein): the Indenture, the Continuing Disclosure Agreement, the Post-Issuance Tax Compliance Policy, the Bond Purchase Agreement and the PIF Collection Agreement; and

**WHEREAS**, the Board desires to authorize the issuance and sale of the Bonds and the execution of the foregoing documents; and delegate the authority to the Sale Delegate pursuant to Section 11-57-205(1), C.R.S. to execute and deliver the Bond Purchase Agreement and make other determinations regarding the Bonds, to be set forth in the Sale Certificate, in accordance with the provisions of this Resolution; and authorize the execution, completion, and delivery of such certificates and other documents as may be necessary to effect the intent of this Resolution, the Indenture, as such delegation authority is more specifically delineated by, and subject to the limitations set forth in, this Resolution; and

**WHEREAS**, pursuant to Section 18-8-308, C.R.S., all known potential conflicting interests of the Directors were disclosed to the Colorado Secretary of State and to the Board in writing at least 72 hours in advance of this meeting; additionally, in accordance with Section 24-18-110, C.R.S., the appropriate Board members have made disclosure of their personal and private interests relating to the issuance of the Bonds in writing to the Secretary of State and the Board; finally, the Board members have stated for the record immediately prior to the adoption of this Resolution the fact that they have such interests and the summary nature of such interests and the participation of those Board members is necessary to obtain a quorum or otherwise enable the Board to act.

**THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF INTERQUEST SOUTH BUSINESS IMPROVEMENT DISTRICT, IN THE CITY OF COLORADO SPRINGS, EL PASO COUNTY, COLORADO:**

**Section 1. Definitions.** Unless the context indicates otherwise, as used herein, capitalized terms shall have the meanings ascribed by the preambles hereto and the Indenture, and the following capitalized terms shall have the respective meanings set forth below:

“*Act*” means Title 31, Article 25, Part 12, C.R.S.

“*Bond Counsel*” means Kutak Rock LLP.

“*Bonds*” means the Limited Property Tax and Public Improvement Fee Revenue Bonds, Series 2017, in the aggregate principal amount of up to \$4,000,000 dated as of the date of issuance.

“*Continuing Disclosure Agreement*” means the Continuing Disclosure Agreement to be dated as of the date of issuance of the Bonds, by and among the District, the Developer and the Trustee.

“*Developer*” means Chalon Properties, Inc., a Nevada corporation, its successors and assigns.

“*Facilities*” means public facilities the debt for which was approved at the Election, including without limitation necessary or appropriate equipment; provided that such facilities also constitute Public Improvements under the PIF Covenant.

“*Financing Documents*” means, collectively, this Resolution, the Indenture, the Tax Compliance Certificate, the Bond Purchase Agreement, the Continuing Disclosure Agreement and the PIF Collection Agreement.

“*Limited Offering Memorandum*” means the final Limited Offering Memorandum relating to the offer and sale of the Bonds.

“*PIF Collection Agreement*” means the PIF Collection Agreement, between the District and CliftonLarsonAllen LLP.

“*Post-Issuance Tax Compliance Policy*” means the Post-Issuance Tax Compliance Policy to be set forth as an exhibit to the Tax Compliance Certificate.

“*Project*” means the acquisition, construction, and installation of Facilities.

“*Resolution*” means this Resolution which authorizes the issuance of the Bonds.

“*Sale Certificate*” means the certificate executed by the Sale Delegate under the authority delegated pursuant to this Resolution which sets forth, among other things, the total aggregate principal amount of the Bonds, the interest rates for the Bonds, the prices at which the Series Bonds will be sold, the dates and amounts in which the Bonds are subject to optional and mandatory redemption (including the specification of any optional redemption premium), the initial deposit to the Bond Fund of capitalized interest for payment of a portion of the interest on the Bonds, the Maximum Surplus Amount, and the Reserve Requirement.

“*Sale Delegate*” means the [President] of the Board.

“*Supplemental Act*” means the “Supplemental Public Securities Act,” being Title 11, Article 57, Part 2, C.R.S.

“*Tax Compliance Certificate*” means the Tax Compliance Certificate of the District in a form approved by Bond Counsel governing issues relating to the Bonds under the Internal Revenue Code of 1986.

“*Underwriter*” means D.A. Davidson & Company, of Denver, Colorado, the original purchaser of the Bonds.

**Section 2. Approval and Authorization of Financing Documents.** The Financing Documents are incorporated herein by reference and are hereby approved. The District shall enter into and perform its obligations under the Financing Documents in the form of such documents presented at or prior to this meeting, with such changes as are made pursuant to this Section 2 and are not inconsistent herewith (including specifically the provisions of Section 5 hereof). The President or Treasurer of the District and the Secretary or Assistant Secretary of the District are hereby authorized and directed to execute and attest the Financing Documents and to affix the seal of the District thereto, and the President or Treasurer of the District, Secretary or Assistant Secretary of the District, and other appropriate officers of the District are further authorized to execute and authenticate such other documents, instruments, or certificates as are deemed necessary or desirable in order to issue, secure, sell, deliver and administer the Bonds, and to accomplish the financing of the Project (to the extent of proceeds available therefor), including to authorize the payment of net proceeds of the Bonds after payment of the Underwriter’s discount in accordance with the Bond Purchase Agreement, for costs of issuance of the Bonds, in addition to the other uses contemplated by the Indenture. The Financing Documents and such other documents are to be executed in substantially the form presented at or prior to this meeting of the Board, provided that such documents may be completed, corrected, or revised as deemed necessary and approved by the officer of the District executing the same in order to carry out the purposes of this Resolution, subject to the limitations of Section 5 hereof, such approval to be evidenced by their execution thereof. To the extent any Financing Document has been executed prior to the date hereof, said execution is hereby ratified and affirmed. Copies of all of the Financing Documents shall be delivered, filed, and recorded as provided therein.

Upon execution of the Financing Documents, the covenants, agreements, recitals, and representations of the District therein shall be effective with the same force and effect as if specifically set forth herein, and such covenants, agreements, recitals, and representations are hereby adopted and incorporated herein by reference.

The appropriate officers of the District are hereby authorized and directed to prepare and furnish to any interested person certified copies of all proceedings and records of the District relating to the Bonds and such other affidavits and certificates as may be required to show the facts relating to the authorization and issuance thereof.

The execution of any instrument by the President or Treasurer of the District, Secretary or Assistant Secretary of the District or other appropriate officer of the District in connection with the issuance, sale, delivery or administration of the Bonds not inconsistent herewith shall be conclusive evidence of the approval by the District of such instrument in accordance with the terms thereof and hereof.

**Section 3. Authorization of Bonds.** In accordance with the Constitution of the State of Colorado; the Act; the Supplemental Act; the Election; and all other laws of the State of Colorado thereunto enabling, there shall be issued the Bonds for the purpose of funding costs of the Project, paying costs of issuance of the Bonds and providing for, if necessary, from the proceeds of the Bonds, capitalized interest for payment of a portion of the interest on the Bonds, and funding of a Reserve Fund, all as further provided in the Indenture. The Bonds shall constitute limited tax and special revenue obligations of the District as provided in the Indenture, secured by the Trust Estate as defined and more particularly provided therein.

**Section 4. Bond Details.** The Bonds shall be issued only as fully registered bonds in the combined aggregate principal amount of up to \$4,000,000 (or such lesser maximum amount as is then permitted by the provisions of the Service Plan in effect as of the date of issuance of the Bonds), and dated the date of delivery of the Bonds. The Bonds shall mature and shall be subject to optional and mandatory redemption prior to maturity, and shall bear interest, as provided in the Sale Certificate and the Indenture. The Bonds shall be issued in Authorized Denominations (as defined in the Indenture), and be payable, shall be registered, numbered and subject to transfer and exchange, and shall otherwise be subject to the terms and conditions as provided in the Indenture.

**Section 5. Delegation and Parameters.**

(a) Pursuant to Section 11-57-205, C.R.S., the Board hereby delegates to the Sale Delegate the authority to determine and set forth in the Sale Certificate: (i) the matters set forth in subsection (b) of this Section, subject to the applicable parameters set forth in subsection (c) of this Section; and (ii) any other matters that, in the judgment of the Sale Delegate, are necessary or convenient to be set forth in the Sale Certificate and are not inconsistent with the Act and the Supplemental Act or the parameters set forth in subsection (c) of this Section. The Board hereby authorizes and directs the Sale Delegate to prepare and execute the Bond Purchase Agreement and the Sale Certificate, in accordance with such determinations. Upon the execution of the Sale Certificate, the matters set forth in the Sale Certificate shall be incorporated into this Resolution with the same force and effect as if they had been set forth herein when this Resolution was adopted.

(b) The Sale Certificate shall set forth the following matters and other matters permitted to be set forth therein pursuant to subsection (a) of this Section, but each such matter must fall within the applicable parameters set forth in subsection (c) of this Section:

- (i) the rates of interest on the Bonds;



(ii) the terms on which and the prices at which the Bonds may be redeemed prior to maturity, including, without limitation, the principal amounts of the Bonds subject to mandatory sinking fund redemption and the years in which such Bonds will be subject to such redemption;

(iii) the prices at which the Bonds will be sold;

(iv) the principal amounts of the Bonds;

(v) the dates on which principal and interest shall be paid;

(vi) the amount of principal maturing in any particular year;

(vii) the date of issuance and delivery of the Bonds;

(viii) the dated date of the Bonds;

(ix) the Record Date of the Bonds;

(x) the initial deposit to the Bond Fund of capitalized interest for payment of a portion of the interest on the Bonds;

(xi) the Maximum Surplus Amount; and

(xii) the Reserve Requirement.

(c) The authority delegated to the Sale Delegate by this Section shall be subject to the following parameters:

(i) in no event shall the Sale Delegate be authorized to execute the Sale Certificate after the date that is 120 days after the date of adoption of this Resolution and in no event may the Bonds be issued after such date, absent further authorization by the Board;

(ii) the final maturity date of the Bonds shall not exceed 31 years after the date of issuance of the Bonds;

(iii) the aggregate principal amount of the Bonds shall not exceed \$4,000,000;

(iv) the net effective interest rate borne by the Bonds shall not exceed 8.00%;

(v) the sale price of each of the Bonds shall be an amount not less than 95% of the aggregate principal amount of the Bonds;

(vi) the total repayment cost of the Bonds and the maximum annual repayment cost thereof shall not exceed the limitations of the District's voted authorization as set forth in the Election; and

(vii) any redemption premium shall not be in excess of 3.00% of the principal amount so redeemed.

**Section 6. Permitted Amendments to Bond Resolution.** Except as otherwise provided herein, the District may amend this Resolution in the same manner, and subject to the same terms and conditions, as apply to an amendment or supplement to the Indenture, as provided in the Indenture.

**Section 7. Appointment of District Representatives.** The President of the Board is hereby appointed as a District Representative, as defined in the Indenture. A different District Representative may be appointed by resolution adopted by the Board and a certificate filed with the Trustee.

**Section 8. Disposition and Investment of Proceeds; Tax Covenants.** The Bonds shall be issued and sold for the purposes aforesaid. Neither the Underwriter nor any subsequent Owners of the Bonds shall be responsible for the application or disposal by the District or any of its officers of the funds derived from the sale thereof.

All or any portion of the Bond proceeds may be temporarily invested or reinvested, pending such use, in securities or obligations which are both lawful investments and which are Permitted Investments (as defined in the Indenture). It is hereby covenanted and agreed by the District that it will not make, or permit to be made, any use of the original proceeds of the Bonds, or of any moneys treated as proceeds of the Bonds within the meaning of the Code and applicable regulations, rulings, and decisions, or take, permit to be taken, or fail to take any action, which would adversely affect the exclusion from gross income of the interest on the Bonds under Section 103 of the Code and applicable regulations, rulings, and decisions.

The District hereby designates the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

**Section 9. Post-Issuance Tax Compliance Policy.** The Board hereby approves and adopts the Post-Issuance Tax Compliance Policy and designates the person so identified therein as the “Responsible Person.”

**Section 10. Costs and Expenses.** All costs and expenses incurred in connection with the issuance and payment of the Bonds shall be paid either from the proceeds of the Bonds or from legally available moneys of the District, or from a combination thereof, and such moneys are hereby appropriated for that purpose.

**Section 11. Limited Offering Memorandum.** The Preliminary Limited Offering Memorandum and its use and distribution in connection with the sale of the Bonds is hereby authorized and approved. The Board hereby authorizes the preparation and distribution of a supplement to the Preliminary Limited Offering Memorandum if deemed necessary by the Underwriter in connection with its marketing of the Bonds. The Board hereby authorizes the preparation and distribution of a final Limited Offering Memorandum. The Limited Offering Memorandum shall contain such corrections and additional or updated information so that it will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were

made, not misleading. The President or the Treasurer of the District is hereby authorized to execute copies of the Limited Offering Memorandum on behalf of the District.

**Section 12. Pledge of Revenues.** The creation, perfection, enforcement, and priority of the revenues pledged to secure or pay the Bonds as provided herein and in the Indenture shall be governed by Section 11-57-208 of the Supplemental Act, this Resolution, and the Indenture. The revenues pledged for the payment of the Bonds, as received by or otherwise credited to the District or the Trustee, shall immediately be subject to the lien of such pledge without any physical delivery, filing, or further act. The lien of such pledge on the revenues of the District and the obligation to perform the contractual provisions made herein and in the Indenture shall have priority over any or all other obligations and liabilities of the District. The lien of such pledge shall be valid, binding, and enforceable as against all persons having claims of any kind in tort, contract, or otherwise against the District irrespective of whether such persons have notice of such liens.

**Section 13. No Recourse Against Officers and Agents.** Pursuant to Section 11-57-209 of the Supplemental Act, if a member of the Board, or any officer or agent of the District acts in good faith, no civil recourse shall be available against such member, officer, or agent for payment of the principal, interest or prior redemption premiums on the Bonds. Such recourse shall not be available either directly or indirectly through the Board or the District, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty, or otherwise. By the acceptance of the Bonds and as a part of the consideration of their sale or purchase, any person purchasing or selling such Bond specifically waives any such recourse.

**Section 14. Conclusive Recital.** Pursuant to Section 11-57-210 of the Supplemental Act, the Bonds shall contain a recital that they are issued pursuant to certain provisions of the Supplemental Act. Such recital shall be conclusive evidence of the validity and the regularity of the issuance of the Bonds after their delivery for value.

**Section 15. Limitation of Actions.** Pursuant to Section 11-57-212, C.R.S., no legal or equitable action brought with respect to any legislative acts or proceedings in connection with the authorization or issuance of the Bonds shall be commenced more than 30 days after the authorization of such securities.

**Section 16. Ratification and Approval of Prior Actions.** All actions heretofore taken by the officers of the District and the members of the Board, not inconsistent with the provisions of this Resolution, relating to the authorization, sale, issuance, and delivery of the Bonds, or the execution of any documents in connection with the Bonds, are hereby ratified, approved, and confirmed.

**Section 17. Resolution Irrepealable.** After any of the Bonds have been issued, this Resolution shall constitute a contract between the Owners and the District and shall be and remain irrepealable until the Bonds and the interest accruing thereon shall have been fully paid, satisfied, and discharged, as herein provided and as provided in the Indenture.

**Section 18. Repealer.** All orders, bylaws, and resolutions of the District, or parts thereof, inconsistent or in conflict with this Resolution, are hereby repealed to the extent only of such inconsistency or conflict.

**Section 19. Severability.** If any section, paragraph, clause, or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution, the intent being that the same are severable.

**Section 20. Effective Date.** This Resolution shall take effect immediately upon its adoption and approval.

ADOPTED AND APPROVED this \_\_\_ day of \_\_\_\_\_, 2017.

(S E A L)

INTERQUEST SOUTH BUSINESS  
IMPROVEMENT DISTRICT, IN THE CITY OF  
COLORADO SPRINGS, EL PASO COUNTY,  
COLORADO

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President

ATTESTED:

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Secretary