



SpencerFane

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File No. 5114326-0002

August 29, 2017

Via Overnight Mail Delivery and  
Electronic Mail – [cshueler@springsgov.com](mailto:cshueler@springsgov.com)

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

Re: Interquest South Business Improvement District – Limited Property Tax and Public Improvement Fee Revenue Bonds, Series 2017

Dear Mr. Schueler:

This office represents the Interquest South Business Improvement District (the "District"). Enclosed please find six (6) copies of: (a) the Resolution of the Board of Directors of the District, authorizing the issuance of the District's Limited Property Tax and Public Improvement Fee Revenue Bonds, Series 2017, in the initial principal amount of \$3,485,000 (the "Bond Resolution") and the form of bond (as Exhibit A to the Bond Resolution) (the "2017 Bond"); and (b) the financial plan for the bonds as prepared by D.A. Davidson & Co. Please note that the Bond Resolution authorizes up to \$4,000,000 to retain flexibility based on interest rates and final bond amount. The final bond amount will be less than this amount and will be determined at the time of issuance.

Pursuant to the City of Colorado Spring's current policy relating to special districts (which policy was approved by the City on January 24, 2006) (hereinafter, the "Special District Policy"), copies of the Bond Resolution and the 2017 Bond are being provided to your office in order that City Council may act to approve the same at an upcoming meeting. The 2017 Bond will be repaid by a mill levy that will not exceed 30 mills per year (less than allowed pursuant to the District's Operating Plan), subject to Gallagher adjustments and PIF revenues as described in the Bond Resolution. The 2017 Bond will bear interest at a maximum of 8%, and will finally mature on December 1, 2047.

In accordance with the Special District Policy:

A. Present and future property owners within the District will not be burdened with debt service mill levies of the District higher than the limited debt service mill levy set forth in the Operating Plan. The District's Operating Plan contains a maximum debt service mill levy of fifty (50) mills, subject to adjustment as provided for in the Operating Plan. The enclosed tax levy analysis completed by D.A. Davidson & Co. reflects an anticipated debt service mill levy amount of 5 mills and a cap of thirty (30) mills.

B. It is anticipated that the 2017 Bond will be marketed by D.A. Davidson & Co. to accredited investors as defined in rule 501(a) promulgated under the Securities Act of 1933 that are not affiliated with the developer.

Denver 2684024.1



C. Repayment of principal and interest on the 2017 Bond is limited to ad valorem property taxes, PIF revenues, permitted user fees, reimbursements or interest earnings of the BID.

D. The 2017 Bond shall not default for nonpayment if the District is levying the maximum allowed mill levy.

E. The 2017 Bond is appropriately structured to ensure that a subsequent "refunding" bond issue, if any, will be able to be issued as a tax exempt issue.

F. The public improvements to be financed by the 2017 Bond consist of street improvements including curbs, gutters, culverts, other drainage facilities, sidewalks, bridges, parking facilities, signage, paving, lighting, grading, landscaping, and other street improvements, together with all necessary incidental, and appurtenant facilities, equipment, land and easements and extension of any improvements to said facilities.

The Bond Resolution and form of the 2017 Bond are scheduled to be approved at a properly noticed special meeting of the Board of Directors of the District held on September 7, 2017.

In accordance with the Special District Policy, issuance of the 2017 Bond will not occur until the enclosed documents have been reviewed by City Council to ensure compliance with City policy.

The principal amount of the 2017 Bond (\$3,485,000) is within the debt limitation established in the District's Operating Plan.

At your earliest convenience, please have City Council review the enclosed documents to ensure that the 2017 Bond is being issued in compliance with the Special District Policy. The District would like to close the transaction as soon as possible.

If you have any questions, or need anything further, please do not hesitate to contact this office.

Sincerely,

*Russell W. Dykstra*

Russell W. Dykstra

RWD/lhl  
Enclosures