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File No. 5028758.0002

January 16, 2020

Carl Schueler  
Comprehensive Planning Manager  
City Administration Building  
30 S. Nevada Avenue, Suite 105  
Colorado Springs, Colorado 80903

Re: SW Downtown Business Improvement District – 2020 Bond Issuance

Dear Mr. Schueler:

On behalf of the SW Downtown Business Improvement District (the “District”), this office, as general counsel for the District, previously submitted a request for approval for a bond issuance, anticipated to occur in February 2020. Several key aspects of our submittal have subsequently changed as a result of adjustments to the development plans and financing. Therefore we would like to withdraw our original request and substitute this request and corresponding bond related documents to avoid confusion regarding the anticipated bond issuance.

We are seeking approval from the Colorado Springs City Council per the District’s Operating Plan to issue bonds in February 2020 to help finance the first phase of the mixed-use urban neighborhood to be built around the US Olympic Museum. As there is a residential component to the development occurring within the first phase of the project to be located within the boundaries of the SW Downtown Metropolitan District Nos. 1 & 2, the bonds will be partially secured by revenues pledged from a debt service mill levy imposed by the SW Downtown Metropolitan District Nos. 1 & 2. As general counsel for SW Downtown Metropolitan District Nos. 1 & 2 as well, we are also seeking approval of such pledge from the Colorado Springs City Council. Enclosed, please find copies of:

- (a) descriptions of the public improvements anticipated to be funded with the bond proceeds;
- (b) the financing plan for the initial phase of the development to be financed through the Master Indenture;
- (c) draft of the Master Trust Indenture for the \$50,000,000 bond authorization that is being requested (“Master Trust Indenture”);



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- (d) the Trust Indenture for the Limited Tax Supported and Special Revenue Senior Bonds, Series 2020 (the “2020 Bonds”) which is the first series to be issued under the Master Trust Indenture;
- (e) the form of bond resolution and form of bond for the 2020 Bonds;
- (f) a certification of RBC Capital Markets, LLC, an External Financial Advisor to the District, explaining the structure of the overall financing plan and the fairness and feasibility of the interest rate and the structure of the 2020 Bonds;
- (g) a draft opinion letter from Greenberg Traurig as bond counsel confirming that the proposed bond issuance is consistent with applicable law and regulations;
- (h) a draft opinion letter from Spencer Fane as District counsel confirming that the proposed bond issuance is consistent with the District’s Operating Plan and Budget, the City of Colorado Springs’s current policy relating to special districts, and applicable law; and
- (i) a draft of the Capital Pledge Agreement between the District as Issuer and the SW Downtown Metropolitan District Nos. 1 & 2.

The application fee in the amount of \$1,100 was mailed to the City Clerk on January 3, 2020.

The District will issue bonds in a multiple phase issuance pursuant to the Master Trust Indenture enclosed herewith, in a total amount not to exceed \$50,000,000. The 2020 Bonds are for the purpose of funding the initial portion of the necessary public infrastructure prior to any private development occurring and the interest rate will be 8%. The amount for the first bond issuance under the Master Trust Indenture will be approximately \$28,275,000. As further discussed in the enclosed certification letter from RBC Capital Markets, LLC, the 2020 Bonds will be repaid by a mill levy imposed by the District that will not exceed 50 mills per year, revenue pledged from a debt service mill levy imposed by the SW Downtown Metropolitan District Nos. 1 & 2 that will not exceed 30 mills per year (all subject to Gallagher adjustments), and pledged TIF revenues. The SW Downtown Metropolitan District Nos. 1 & 2 will not impose the debt service mill levy until the completion of the residential buildings intended to be within their boundaries. The 2020 Bonds will have a thirty year term with a maximum repayment period of forty years.

The District intends to construct certain public improvements, as provided for in the District’s Operating Plan and Budget, and will use the funds from the multiple phase bond



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issuances to finance construction of public improvements over the course of the development within the District as further discussed in the letter and certification by RBC Capital Markets, LLC. The public improvements the District intends to finance with the bonds include but are not limited to the following improvements: parking facilities, park and recreation improvements, stormwater and drainage improvements, street improvements, utilities, sidewalks and enhancements, alleys, and landscaping.

Finally, the District's boundaries overlap with the Museum & Park Urban Renewal Area. The District and the developer of the property within the District have worked with the Colorado Springs Urban Renewal Authority to finalize an Urban Renewal Agreement for Development of the Museum & Park Urban Renewal Area that will facilitate the pledge of property tax and sales tax tax-increment to the repayment of the Bonds.

At your earliest convenience, please have City Council review the enclosed documents to ensure that the bonds are being issued in compliance with the Special District Policy as stated in the District's Operating Plan as well as to approve the pledging of revenues collected from the SW Downtown Metropolitan District Nos. 1 & 2 debt service mill levy. If you have any questions, or need anything further, please do not hesitate to contact this office.

Best regards,

SPENCER FANE LLP



Russell Dykstra, Esq.

Enclosures