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File No. 5114325.0002

June 12, 2020

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

Re: Interquest North Business Improvement District – 2020 Bond Issuance

Dear Mr. Schueler:

This office represents the Interquest North Business Improvement District (the “District”). The District anticipates issuing bonds this July and is seeking approval from the Colorado Springs City Council pursuant to the District’s Operating Plan.

On behalf of the District, please find enclosed copies of:

- (a) the form of bond resolution and form of bond for the Limited Tax General Obligation Bond, Series 2020 (“2020 Bonds”);
- (b) the financing plan and additional information related to the 2020 Bonds;
- (c) a certification of RBC Capital Markets, LLC, an External Financial Advisor to the District, explaining the reasonableness of the structure of the 2020 Bonds and the fairness and feasibility of the interest rate;
- (d) a draft opinion letter from Mr. Arnold Kaplan at Spencer Fane LLP as bond counsel confirming that the proposed bond issuance is consistent with applicable law and regulations; and
- (e) a draft opinion letter from Mr. Russell Dykstra at Spencer Fane LLP as District counsel confirming that the proposed bond issuance is consistent with the District’s Operating Plan and Budget and applicable law.

An application fee in the amount of \$1,100 will be delivered to the City Clerk.



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The 2020 Bonds are for the purpose of funding construction of additional public improvements to serve the development within the District, as provided for in the District's Operating Plan and Budget. The anticipated interest rate will be 7% and the bond amount will not exceed \$13,735,000. The 2020 Bonds will have a multi-tranche structure to finance construction of the public improvements over the course of the development, whereby the District will make its first draw in the approximate amount of \$7,050,000 in the beginning of 2021, the second draw in the approximate amount of \$3,000,000 in the beginning of 2022, and the third draw in the approximate amount of \$3,685,000 in the beginning of 2023. As further demonstrated in the enclosed financial plan, the 2020 Bonds will be repaid by a mill levy imposed by the District that will not exceed 50 mills per year (subject to Gallagher adjustments) and pledged PIF revenues. It is anticipated that starting in 2023, the debt service mill levy will be reduced from 50 mills to 17 mills. The 2020 Bonds will be privately placed by RBC Capital Markets, LLC and will have a thirty year term.

At your earliest convenience, please have City Council review the enclosed documents to ensure that the bonds are being issued in compliance with the District's Operating Plan. If you have any questions, or need anything further, please do not hesitate to contact this office.

Best regards,

SPENCER FANE LLP

/s/ Russell Dykstra
Russell Dykstra, Esq.

Enclosures