

RESOLUTION NO. 071
OF THE BOARD OF COMMISSIONERS OF THE
FORT COLLINS URBAN RENEWAL AUTHORITY ADOPTING REVISED POLICIES
RELATING TO FINANCIAL MANAGEMENT FOR THE
URBAN RENEWAL AUTHORITY

WHEREAS, on October 23, 2012, the Board of Commissioners of the Fort Collins Urban Renewal Authority (the "Board") adopted Resolution No. 45, approving and adopting new and extensive policies and procedures in order to better describe the priorities and expectations for the processing of applications for financial assistance from the Fort Collins Urban Renewal Authority (the "Authority"); and

WHEREAS, in response to Board input, Authority staff initiated review of Authority policies to provide a set of operating norms for future tax increment financing commitments to be used by Authority staff, and to guard against the risk associated with rising interest rates, a diminution of assessed value, and other market risks; and

WHEREAS, in reviewing the Authority's policies and procedures, Authority staff has recommended certain amendments that place parameters on the amount of tax increment financing that can be provided based on, but not limited to, a project's need for gap financing, the size of a particular deal, the type of improvements supported by public financing and/or the public benefit provided; and

WHEREAS, in response to the Urban Renewal Authority Finance Committee input during the November 21, 2013, meeting, as well as the July 11, 2014, Board worksession, Authority staff has recommended certain policy changes that provide a set of financial parameters to be utilized by the Authority; and

WHEREAS, the Finance Committee of the Board will review on an annual basis the financial parameters adopted below, and will make recommendations to the Board regarding revisions to this policy.

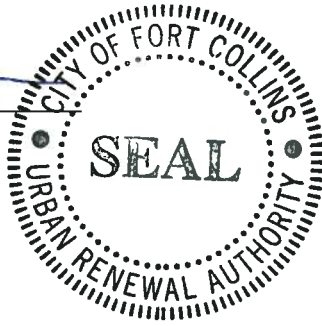
NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE FORT COLLINS URBAN RENEWAL AUTHORITY that the Board hereby approves and adopts the Fort Collins Urban Renewal Authority Policies attached hereto as Exhibit "A" and incorporated herein by this reference.

Passed and adopted at a regular meeting of the Board of the Commissioners of the City of Fort Collins Urban Renewal Authority this 30th day of September A.D. 2014.

Karen Wickham
Chairperson

ATTEST:

Wanda Nelson
Secretary



1.1 Tax Increment Financing

Issue Date: TBD
Version: 1
Issued by: Director
Economic Health

Objective:

The following parameters are intended to provide a set of operating norms for financing URA projects. The financing parameters represent a range of preferred methods. The decision to utilize a particular financing method is contingent upon a project's need for gap financing, the size of a particular deal, the type of improvements supported by public financing and/or the public benefit provided.

Applicability:

This policy applies to Fort Collins Urban Renewal Authority.

Authorized by:

Tax Increment Financing Parameters

1.1 Guiding Principles

- A. Retaining a percentage of the total tax increment collected guards against the risk associated with rising interest rates, a diminution of assessed value, and other market risks.
- B. During volatile and/or rising rate environments, consideration will be given to reducing the amount of TIF committed by the URA as a hedge against dramatic rate increases that increase the cost of financing to the URA

1.2 TIF Parameters

Element	URA Assistance Purpose: Create		URA Assistance Purpose: Enhance	
	Lump Sum Payment	Pay Over Time	Lump Sum Payment	Pay Over Time
Anticipated Max % TIF Commitment Available to Support Project	50%	75%	50%	50%
Possible Max % TIF Commitment Available to Support Project	75%*	90%**	75%*	75%
TIF Payment Calculation	Fixed \$ Commitment	(a) % of Actual Annual Tax Increment collected (b) Fixed Annual \$ Commitment	Fixed \$ Commitment	(a) % of Actual Annual Tax Increment collected (b) Fix Annual \$ Commitment
URA Cost of Capital	Borrowing Costs: -City Interagency Loan Policy -Bank Loan Underwriting Req. -Other: Section 108 standards	N/A	Borrowing Costs: -City Interagency Loan Policy -Bank Loan Underwriting Req. -Other: Section 108 standards	N/A
Developer Cost Capital	N/A	-Negotiated -Limited by the Max % TIF Commitment Available	N/A	-Negotiated -Limited by the Max % TIF Commitment Available
% TIF Contribution relative to Total Project Cost	25%		15%	

*Includes borrowing costs

**Max % TIF Commitment on Future Prospect South projects limited to 75%

Tax Increment Financing Parameters

1.3 General Procedures:

- A. The Larimer County Estimate of Value provided to the developer/property owner shall be utilized for estimating future tax increment collections associated with a project. There shall be no annual appreciation applied to the estimate.
- B. Growth Estimate in cash flow analysis will be held at 0%
- C. Cash flows shall be based on absolute dollars and NPV. The discount rate used shall equal the URA cost of capital.
- D. The term of a City loan to the URA shall be based on the estimated TIF stream. The term shall be minimized to the greatest extent possible given the estimated cash flow.
- E. The minimum time to process the request for payment from the development will be 90 calendar days.
- F. In the pay over-time as a Fixed Annual \$ Commitment as described in (b) above:
 - a. In the first year if actual TIF comes in lower than the Estimate of Value, the actual TIF reimbursed will be prorated based on the actual TIF received.
 - b. In the first year, if actual TIF comes in higher than the Estimate of Value, the TIF reimbursed will be based on the original Estimate of Value calculation.
 - c. The actual TIF paid does not grow with inflation. Once established in (b) above, it stays constant. Once established by (a), it can grow to equal (b) but not exceed (b).

1.4 Definitions

- A. **Create**: When existing conditions on a site make private market rate redevelopment impractical (i.e., environmental contamination or insufficient infrastructure) so providing TIF assistance removes financial barriers and helps to create a project that would not otherwise happen.
- B. **Enhance**: When conditions on a site are such that the likely market rate redevelopment outcome is not consistent with goals for Targeted Redevelopment and Infill Areas. In these cases, providing TIF assistance changes the scope of a project so that it conforms, or exceeds identified objectives in City Plan.

Tax Increment Financing Parameters

Getting Help

Related Policies/References