

Fees and Expenses:

For advisory services, propose a flat dollar amount fee respective to each financing. Indicate whether any economies of scale will be obtained if more than one of the transactions is completed by your firm. Estimate and commit to a not-to-exceed dollar amount for each respective transaction not included in the flat fee quote.

For transactions specifically identified in the RFP, James Capital proposes to act as the City's Financial Advisor on a fee-for-service basis, with fees to be collected only upon the successful closing of the issue. Proposed fees are as follows:

Fort Collins DDA Tax Increment Revenue Bonds

| | |
|---|---------|
| Financial Advisory Fee for a Private Placement: | \$6,000 |
| Financial Advisory Fee for a Public Offering: | 8,000 |

Other City Revenue Bonds and COPs

| | |
|---|---------|
| Financial Advisory Fee for a Private Placement: | \$6,000 |
|---|---------|

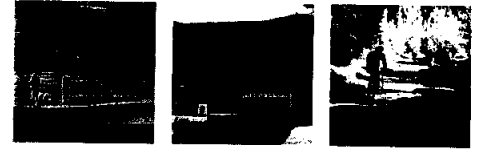
Financial Advisory Fees for Public Offerings will be priced proportionately on a sliding scale based on the following benchmarks:

| | |
|---------------------------------|----------|
| Issues of \$5,000,000 or less: | \$ 8,000 |
| A \$10,000,000 issue: | 12,500 |
| A \$15,000,000 issue | 15,000 |
| A \$40,000,000 issue or greater | 24,500 |

Examples of the resulting fees are \$10,700 for an \$8 million issue and \$16,140 for an \$18 million issue.

An escrow structuring fee of \$2,500 will be added to any advanced refunding issue. The maximum fee for a state loan financing will be \$9,500.

James Capital would submit any charges incurred for travel and lodging outside Colorado, as well as any charges incurred for hosting conference calls for more than three parties, for reimbursement to the City.



Proposed Fees & Expenses

Appendix 7: A) For advisory services, propose a flat dollar amount fee respective to each financing. Indicate whether any economies of scale will be obtained if more than one of the transactions is completed by your firm. Estimate and commit to a not-to-exceed dollar amount of each respective transaction not included in the flat fee quoted. B) For negotiated sales, indicate how your firm will manage transactions to minimize costs to the City. Provide specific examples of the fee levels and arrangements obtained for other clients. C) Fees will be billed after closing of any transaction(s). If a transaction is not consummated, the City will not be responsible to pay any fees or expense related to that transaction. Identify all fees for other services that may be required to complete the transaction.

George K. Baum & Company is a full service investment banking firm which utilizes the talent and expertise of its many experienced team members on any assignment, financial advisory or underwriting, that it undertakes for a client. In our opinion, all of the fees proposed below are reasonable and competitive except where competing firms are unable to provide the same level of resources and expertise as George K. Baum & Company. We are however open to negotiation with the City on any aspect of the fees proposed based on the City's final requirements.

Financial Advisory Services Fee

If our firm is selected to serve as *financial advisor* we recommend that the fees for the COPs be divided into two tranches: for the general City supported COP's for the police services building, transportation de-icing facility and the Southeast branch library we propose a flat fee of \$25,000 if all are done as a single issue. If done separately (but services provided by George K. Baum & Company for all three projects) we propose a fee of \$18,000 for the police facility and \$6,000 each for the transportation and library facilities.

Because of the very different nature and difficulty of the open space COP's we have suggested that George K. Baum & Company act as investment banker for a negotiated sale; however were the City to choose that we serve as financial advisor we would do so at a fee of \$25,000 which would include the extensive and elaborate program described in "Approach".

With regard to redevelopment financings we propose an advisory fee of \$15,000 for each insured issue up to \$10.0 million in par amount. If redevelopment financings are to be done on a non-rated basis our

base fee would be \$20,000. Because of the extensive time involved from conception of a redevelopment project to the actual issuance of a financing, we propose an additional \$5,000 be added to our compensation for each additional year it takes to bring a financing to market.

These fees would prevail whether we served as advisor for public or negotiated sales. As financial advisor for negotiated sales, George K. Baum & Company have prepared RFPs for underwriters and has been successful at obtaining competitive fee structures for bankers. Our emphasis however has always been at selecting the *best* proposals which may or may not be the lowest prices. Our experience is that it is important to assure that bankers are appropriately compensated to provide an incentive for aggressive interest rate pricing which is much more important to interest cost reductions and to the best marketing of difficult financings such as TIFs and COP's.

Negotiated Sales

George K. Baum & Company proposes that the City retain its services as an investment banker to underwrite the City's proposed COP's, which are resistant to effective public sale especially its open space COP's. For the difficult task of structuring, obtaining ratings and credit enhancement and underwriting the open space COP's we would seek compensation of \$7.00/\$1000 of par amount. For underwriting the police services building COP's a fee of \$5.00/\$1000 is proposed as it is for the transportation and library COPs.

For redevelopment TIF bonds, we would underwrite at a fee of \$9.00/\$1000 for insured bonds and \$12.50 for non-insured and or non-rated bonds.

Additional Fees for Other Services

George K. Baum & Company will pay all its normal and customary out-of-pocket expenses from the above fees. Out-of-pocket expenses for out of state travel for rating and insurance presentations would be charged at our cost and only with the prior approval of the City. On any issue we will commit that such direct expenses would not exceed \$1,500 without the City's consent. We do not anticipate that George K. Baum & Company





PROPOSAL TO **City of Fort Collins**

will incur reimbursable expenses for other of our services that will occur in the course of completing individual issues for the City. Normal cost of issuance such as bond and disclosure counsel, insurance, rating fees, title insurance, POS/OS printing and distribution, including electronic posting, paying agent, fees of the City's auditor, CUSIP, DTC, etc., will vary with each issue's size and complexity and are considered the City's normal expenses to be paid from issue proceeds. Fees for such services as opinion surveys and special studies and research provided by George K. Baum & Company would be determined at the time such services were requested and at a level mutually agreed.

