

SUBJECT

Resolution No. 054 of the Fort Collins Urban Renewal Authority Authorizing, Approving and Directing the Issuance, Sale and Delivery by the Authority of Tax Increment Revenue Refunding Bonds (North College Avenue Project) Series 2013, in the Maximum Aggregate Principal Amount of \$11,800,000; Approving Documents in Connection Therewith; and Ratifying Prior Action.

EXECUTIVE SUMMARY

Property tax revenue in the North College Plan Area has matured and is therefore attractive to outside investors. The City is going to make a pledge to consider replenishing the Urban Renewal Authority's (URA) debt service reserve fund, if such funds are ever used to make debt service payments. Such a pledge is subject to annual appropriation of funds by the City Council in its sole discretion. Its pledge improves the credit rating on the 2013 Bonds. With the City's pledge, the 2013 Bonds are expected to have an effective interest rate of 2.98% and save the URA \$922,000 through 2029.

BACKGROUND / DISCUSSION

The North College URA Project Area was created in 2004, allowing the URA to receive incremental property taxes through 2029. Collection of property tax increment revenue in North College began in 2007, and the 2012 property taxes payable in 2013 are expected to be \$1.3 million.

Table 1 - Net Property Tax Increment Revenue \$000's

2007	2008	2009	2010	2011	2012	2013 *
\$110	\$287	\$263	\$493	\$536	\$907	\$1,285

*anticipated

A common measure used by lenders in determining risk is the ratio of pledged revenue to debt service, called a coverage ratio. Investors want that ratio to be high – at least 125%. The current revenue of \$1.3 million could support up to \$1 million a year in debt service. The proposed maximum annual debt service of \$890,000 yields a good coverage ratio of 144%.

City Loans to URA – The initial financing model adopted for North College has the City providing initial capital through a loan until the tax increment revenue reaches a maturity level that can support external financing to third party investors. Eight loans have been made by the City to the URA in the North College District. The first loan has been repaid. Table 2 recaps the current status of the loans.

Table 2 – North College Loan Status \$000's

Date	Project	Original Value	Current Balance	Term Years	Rate	City Fund Holding
09/06	V. Steel, URA start-up funds	\$ 150	\$ 0	5	5.55%	General Fund
05/09	N.C. Market Place, phase 1	5,000	4,729	20	2.85%	Capital Expansion
12/10	JAX	173	106	5	2.50%	Capital Expansion
06/11	NEECO	326	326	10	3.01%	Storm Drainage
07/11	Kaufman Robinson	193	193	5	2.46%	General Fund
07/11	N.C. Market Place, phase 2	3,000	2,884	19	4.09%	Water Fund
08/12	N.C. Road Improvements	2,700	2,700	18	3.92%	Capital Projects BCC
Loans to be refinanced		11,542	10,938		3.44%	
06/09	RMI2	5,304	5,304	20	2.50%	General Fund
Total North College Area		16,846	16,242			

The proposal is to issue enough debt to takeout \$10.94 million in loans to the City, plus interest and debt issue costs. For the following reasons, the City's loan to the URA that relates to RMI is not being refinanced.

- The use of the RMI loan proceeds does not qualify the interest to be tax exempt. Therefore the interest rate would be significantly higher.
- The new market tax credit deal cannot be refinanced until 2017.
- There is not enough revenue capacity to meet external investor expectations relating to coverage ratios. Only about \$1 million of the \$5.3 million could be considered for refinancing if the favorable coverage ratio was to be preserved.

Preliminary Structure of 2013 Bonds

Approximately \$11.36 million of bond proceeds will be used to takeout \$10.94 million of debt to the City, plus interest of \$220,000, and pay debt issue costs of \$206,000. Coupon interest rates vary from 2% for near term bonds and 4% for longer term bonds. The collective Net Interest Cost is expected to be 2.98%, which compares favorably to the 3.44% weighted average interest rate on the debt being retired. The interest only payment on December 1, 2013 for \$161,000 will be followed by future annual payments that vary from \$886,000 to \$890,000 through 2029.

City Pledge

The Underwriters for the 2013 Bonds have recommended that a debt service reserve fund in the amount of \$961,000 would be advisable for marketing the 2013 Bonds and that purchasing a Surety Policy for such an amount would be preferable to funding such a reserve with cash. The cost of such a Surety Policy would be \$53,000. If it was ever necessary to draw upon the Surety Policy, the City's replenishment pledge would repay such draw, subject to annual appropriation.

Staff prefers this option but will make a decision later based on the potential impact on the credit rating.

It is anticipated that the City's pledge will result in a credit rating of Aa3. Without the City's pledge and a proven revenue stream, the interest rate would likely be 5% or higher rather than 3%.

Future Financing Model

City staff have communicated to the URA that going forward the City intends to only loan money when alternative financing agreements are not feasible. The reimbursement agreement recently approved for Aspen Heights is an example of the preferred approach for future development agreements. The Aspen Heights developer will be reimbursed over time as revenue is collected, rather than in a lump sum upon completion of the project.

Timeline

May 9	Complete application for credit rating with Moody's
May 17	Receive credit rating from Moody's
May 22	Publish Preliminary Official Statement on Internet Sites
June 4-6	Market Bonds
June 20	Closing

Consultants

The URA and City have engaged three firms to help issue the new debt: Sherman & Howard as the Bond Attorney, BLX as the Financial Advisor and RBC Capital Markets as the Bond Underwriters.

FINANCIAL / ECONOMIC IMPACTS

The replacement debt will take out \$10.94 million in debt to the City, pay \$220,000 of interest and pay \$206,000 in delivery date expenses. It should be noted that later this summer the City will use some of the returned monies to loan \$5 million to the URA for the first Midtown Project – The Summit (Capstone). The URA will save \$922,000 through 2029.

Table 3 – Before Refinancing

	000s				
	2012	2013	2014	2015	2016
Cash In-flows					
Property Tax Increment	\$ 907	\$ 1,285	\$ 1,310	\$ 1,310	\$ 1,337
Other Inflows	109	97	95	92	97
Loan Proceeds	2,700				
Total Inflows	3,716	1,382	1,405	1,402	1,433
Cash Out-flows					
Operating Costs	(132)	(235)	(263)	(268)	(272)
Project Costs	(3,718)	(212)			
Debt Service	(645)	(804)	(1,539)	(1,008)	(1,162)
Total Outflows	(4,496)	(1,251)	(1,802)	(1,276)	(1,434)
Net Cash Flow	(780)	130	(397)	126	(0)
Beginning Cash	2,531	1,751	1,881	1,485	1,611
Ending Cash	1,751	1,881	1,485	1,611	1,611

Table 4 – After Refinancing

	000s				
	2012	2013	2014	2015	2016
Cash In-flows					
Property Tax Increment	\$ 907	\$ 1,285	\$ 1,310	\$ 1,310	\$ 1,337
Other Inflows	109	97	100	97	103
Loan Proceeds	2,700				
Refinancing Proceeds		11,364			
Total Inflows	3,716	12,745	1,410	1,407	1,440
Cash Out-flows					
Operating Costs	(132)	(235)	(263)	(268)	(272)
Project Costs	(3,718)	(212)			
Debt Service 2013 Bonds		(161)	(886)	(890)	(889)
Subordinate Debt Service	(645)		(663)	(133)	(133)
Bond Issue Costs		(206)			
Takeout loans plus interest		(11,158)			
Total Outflows	(4,496)	(11,972)	(1,812)	(1,290)	(1,293)
Net Cash Flow	(780)	773	(402)	117	146
Beginning Cash	2,531	1,751	2,524	2,122	2,239
Ending Cash	1,751	2,524	2,122	2,239	2,385

Table 5 – Net Change

	000s				
	2012	2013	2014	2015	2016
	\$ 0	\$ 643	\$ 638	\$ 628	\$ 774

STAFF RECOMMENDATION

Staff recommends adoption of the Resolution.

BOARD / COMMISSION RECOMMENDATION

The Council Finance Committee reviewed and tentatively approved the refinancing and the concept of a debt reserve replenishment pledge at its meeting on December 17, 2012.

ATTACHMENTS

1. Council Finance Committee minutes, December 17, 2012
2. Preliminary debt structure, prepared by RBC Capital Markets, April 22, 2013



Council Audit & Finance Committee

Minutes

12/17/12

10:00 to 11:00

CIC Room

Council Attendees: Mayor Karen Weitkunat, Mayor Pro Tem Kelly Ohlson, Ben Manvel

Staff: Darin Atteberry, John Voss, Mike Beckstead (via conference call), Mindy Pfleiger, Chris Donegon, Megan Bolin, Josh Birks, Bruce Hendee, Harold Hall, Heather Shepherd

Others: Jim Manire of BLX; Developers Charlie Vater, Larry Owens, Dan Fredericks, Rick Shannon

Approval of the Minutes of November 19, 2012

Ben Manvel stated that there is a word that should be removed. The words "prior to" in the sentence "...decision scenarios before prior to the executive session to help with the discussion." are repetitive and should be removed. Ben moved to approve the minutes as amended and Kelly Ohlson seconded the motion. The November minutes are approved as amended.

URA Debt Refinancing

John Voss presented data showing how refinancing the current URA debt would be beneficial to the City. The City has loaned a total of \$16.8 million to the URA to date. The URA currently owes \$16.2 million of that to the City. John said that this is the debt related to the North College Tax Increment Financing (TIF) district.

Mayor Weitkunat stated that there should be a notation in the presentation materials of any loans the URA has already paid off.

John Voss said that the City has been waiting for the revenue stream to mature to refinance the URA debt. Since revenue is now more predictable and reliable, it can be marketed to third party lenders. Currently, the North College URA financial situation is healthy and able to repay all existing loans under current terms.

Lenders will require a coverage ratio. For example 135%:

- $\$1,262/1.35 = \935 of URA's existing cash balance
- At 4.0% we could refinance about \$11 million



- At 5.5% we could refinance about \$10 million

Lenders will require Debt Service Reserve Fund equal to annual debt service payment

- Ties up approximately \$935 of URA's existing cash balance

These terms are typical for entities with credit similar to the Fort Collins URA.

With this refinancing, the URA would still owe the City between \$5 and \$6 million in debt.

John Voss also suggested that if the City were to provide a Moral Obligation Pledge, the debt would then be viewed as 'investment grade'. The City's pledge would free up an additional \$1 to \$2 million.

Darin Atteberry asked if there would be potential for refinancing to affect the City's overall credit rating. Jim Manire, outside bond counsel, said that he would not expect the City's rating to change in relation to refinancing.

Mike Beckstead told the Committee that he is in solid support of refinancing and the objective at this meeting is simply to inform the Committee and discuss it before the topic is presented to the City Council.

Kelly Ohlson said he would prefer that money savings from the refinancing go to the general fund instead of the staff recommended Summit Project and Capital Expansion Fund.

Darin Atteberry said that overall, he agrees that the refinancing would be a positive move for the City.

Mike Beckstead said that staff members will recommend this to City Council for consideration in the April or May, 2013 timeframe.

TABLE OF CONTENTS

Fort Collins Urban Renewal Authority
Tax Increment Revenue Refunding Bonds, Series 2013
(North College Avenue Project)
'Aa3' Est Rating | 4/16/13 Market Rates
Preliminary Numbers - Subject to Change

Report	Page
Sources and Uses of Funds	1
Bond Pricing	2
Bond Summary Statistics	3
Bond Debt Service	4
Bond Solution	5

SOURCES AND USES OF FUNDS

Fort Collins Urban Renewal Authority
Tax Increment Revenue Refunding Bonds, Series 2013
(North College Avenue Project)
'Aa3' Est Rating | 4/16/13 Market Rates
Preliminary Numbers - Subject to Change

Dated Date 06/20/2013
Delivery Date 06/20/2013

Sources:

Bond Proceeds:	
Par Amount	10,645,000.00
Premium	718,718.60
	<hr/>
	11,363,718.60
	<hr/> <hr/>

Uses:

Project Fund Deposits:	
Proceeds to Takeout Loans - Principal	10,938,089.54
Proceeds to Takeout Loans - Interest	<u>220,082.29</u>
	11,158,171.83
Delivery Date Expenses:	
Cost of Issuance	104,232.27
Underwriter's Discount	47,902.50
Surety @ 6% (AGM Est)	<u>53,412.00</u>
	205,546.77
	<hr/>
	11,363,718.60
	<hr/> <hr/>

BOND PRICING

Fort Collins Urban Renewal Authority
 Tax Increment Revenue Refunding Bonds, Series 2013
 (North College Avenue Project)
 'Aa3' Est Rating | 4/16/13 Market Rates
 Preliminary Numbers - Subject to Change

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Premium (-Discount)
Serial bonds:							
	12/01/2014	525,000	2.000%	0.670%	101.912		10,038.00
	12/01/2015	540,000	3.000%	0.870%	105.146		27,788.40
	12/01/2016	555,000	3.000%	1.100%	106.409		35,569.95
	12/01/2017	570,000	3.000%	1.360%	107.053		40,202.10
	12/01/2018	590,000	3.000%	1.590%	107.328		43,235.20
	12/01/2019	605,000	3.000%	1.830%	107.084		42,858.20
	12/01/2020	625,000	3.000%	2.110%	106.103		38,143.75
	12/01/2021	640,000	3.000%	2.300%	105.345		34,208.00
	12/01/2022	660,000	3.000%	2.490%	104.268		28,168.80
	12/01/2023	680,000	3.000%	2.630%	103.359		22,841.20
	12/01/2024	700,000	4.000%	2.750%	111.282 C	2.839%	78,974.00
	12/01/2025	730,000	4.000%	2.870%	110.136 C	3.017%	73,992.80
	12/01/2026	760,000	4.000%	3.000%	108.910 C	3.180%	67,716.00
	12/01/2027	790,000	4.000%	3.110%	107.885 C	3.309%	62,291.50
	12/01/2028	820,000	4.000%	3.200%	107.055 C	3.409%	57,851.00
	12/01/2029	855,000	4.000%	3.270%	106.414 C	3.484%	54,839.70
		10,645,000					718,718.60

Dated Date	06/20/2013	
Delivery Date	06/20/2013	
First Coupon	12/01/2013	
Par Amount	10,645,000.00	
Premium	718,718.60	
Production	11,363,718.60	106.751701%
Underwriter's Discount	-47,902.50	-0.450000%
Purchase Price	11,315,816.10	106.301701%
Accrued Interest		
Net Proceeds	11,315,816.10	

BOND SUMMARY STATISTICS

Fort Collins Urban Renewal Authority
 Tax Increment Revenue Refunding Bonds, Series 2013
 (North College Avenue Project)
 'Aa3' Est Rating | 4/16/13 Market Rates
 Preliminary Numbers - Subject to Change

Dated Date	06/20/2013
Delivery Date	06/20/2013
Last Maturity	12/01/2029
Arbitrage Yield	2.668434%
True Interest Cost (TIC)	2.894357%
Net Interest Cost (NIC)	2.976786%
All-In TIC	3.010203%
Average Coupon	3.631204%
Average Life (years)	9.629
Duration of Issue (years)	8.157
Par Amount	10,645,000.00
Bond Proceeds	11,363,718.60
Total Interest	3,722,190.69
Net Interest	3,051,374.59
Total Debt Service	14,367,190.69
Maximum Annual Debt Service	890,200.00
Average Annual Debt Service	873,532.96

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial bonds	10,645,000.00	106.752	3.631%	9.629	7,847.25
	10,645,000.00			9.629	7,847.25

	TIC	All-In TIC	Arbitrage Yield
Par Value	10,645,000.00	10,645,000.00	10,645,000.00
+ Accrued Interest			
+ Premium (Discount)	718,718.60	718,718.60	718,718.60
- Underwriter's Discount	-47,902.50	-47,902.50	
- Cost of Issuance Expense		-104,232.27	
- Other Amounts	-53,412.00	-53,412.00	-53,412.00
Target Value	11,262,404.10	11,158,171.83	11,310,306.60
Target Date	06/20/2013	06/20/2013	06/20/2013
Yield	2.894357%	3.010203%	2.668434%

BOND DEBT SERVICE

Fort Collins Urban Renewal Authority
Tax Increment Revenue Refunding Bonds, Series 2013
(North College Avenue Project)
'Aa3' Est Rating | 4/16/13 Market Rates
Preliminary Numbers - Subject to Change

Period Ending	Principal	Coupon	Interest	Debt Service
12/01/2013			161,290.69	161,290.69
12/01/2014	525,000	2.000%	360,650.00	885,650.00
12/01/2015	540,000	3.000%	350,150.00	890,150.00
12/01/2016	555,000	3.000%	333,950.00	888,950.00
12/01/2017	570,000	3.000%	317,300.00	887,300.00
12/01/2018	590,000	3.000%	300,200.00	890,200.00
12/01/2019	605,000	3.000%	282,500.00	887,500.00
12/01/2020	625,000	3.000%	264,350.00	889,350.00
12/01/2021	640,000	3.000%	245,600.00	885,600.00
12/01/2022	660,000	3.000%	226,400.00	886,400.00
12/01/2023	680,000	3.000%	206,600.00	886,600.00
12/01/2024	700,000	4.000%	186,200.00	886,200.00
12/01/2025	730,000	4.000%	158,200.00	888,200.00
12/01/2026	760,000	4.000%	129,000.00	889,000.00
12/01/2027	790,000	4.000%	98,600.00	888,600.00
12/01/2028	820,000	4.000%	67,000.00	887,000.00
12/01/2029	855,000	4.000%	34,200.00	889,200.00
	10,645,000		3,722,190.69	14,367,190.69

BOND SOLUTION

Fort Collins Urban Renewal Authority
 Tax Increment Revenue Refunding Bonds, Series 2013
 (North College Avenue Project)
 'Aa3' Est Rating | 4/16/13 Market Rates
 Preliminary Numbers - Subject to Change

Period Ending	Proposed Principal	Proposed Debt Service	Total Adj Debt Service	Revenue Constraints	Unused Revenues	Debt Serv Coverage
12/01/2013		161,291	161,291	1,300,000	1,138,709	805.99816%
12/01/2014	525,000	885,650	885,650	1,300,000	414,350	146.78485%
12/01/2015	540,000	890,150	890,150	1,300,000	409,850	146.04280%
12/01/2016	555,000	888,950	888,950	1,300,000	411,050	146.23995%
12/01/2017	570,000	887,300	887,300	1,300,000	412,700	146.51189%
12/01/2018	590,000	890,200	890,200	1,300,000	409,800	146.03460%
12/01/2019	605,000	887,500	887,500	1,300,000	412,500	146.47887%
12/01/2020	625,000	889,350	889,350	1,300,000	410,650	146.17417%
12/01/2021	640,000	885,600	885,600	1,300,000	414,400	146.79313%
12/01/2022	660,000	886,400	886,400	1,300,000	413,600	146.66065%
12/01/2023	680,000	886,600	886,600	1,300,000	413,400	146.62757%
12/01/2024	700,000	886,200	886,200	1,300,000	413,800	146.69375%
12/01/2025	730,000	888,200	888,200	1,300,000	411,800	146.36343%
12/01/2026	760,000	889,000	889,000	1,300,000	411,000	146.23172%
12/01/2027	790,000	888,600	888,600	1,300,000	411,400	146.29755%
12/01/2028	820,000	887,000	887,000	1,300,000	413,000	146.56144%
12/01/2029	855,000	889,200	889,200	1,300,000	410,800	146.19883%
	10,645,000	14,367,191	14,367,191	22,100,000	7,732,809	

RESOLUTION NO.054
OF THE BOARD OF COMMISSIONERS OF THE FORT
COLLINS URBAN RENEWAL AUTHORITY AUTHORIZING,
APPROVING AND DIRECTING THE ISSUANCE, SALE AND
DELIVERY BY THE AUTHORITY OF TAX INCREMENT
REVENUE REFUNDING BONDS (NORTH COLLEGE
AVENUE PROJECT) SERIES 2013, IN THE MAXIMUM
AGGREGATE PRINCIPAL AMOUNT OF \$11,800,000;
APPROVING DOCUMENTS IN CONNECTION THEREWITH;
AND RATIFYING PRIOR ACTIONS.

WHEREAS, the Fort Collins Urban Renewal Authority (the “Authority”) is a public body corporate and politic, and has been duly created, organized, established and authorized by the City of Fort Collins, Colorado (the “City”) to transact business and exercise its powers as an urban renewal authority, all under and pursuant to the Colorado Urban Renewal Law, constituting part 1 of article 25 of title 31, Colorado Revised Statutes, as amended (the “Act”); and

WHEREAS, the City Council of the City by Resolution No. 2004-152 approved and adopted on December 21, 2004 has authorized and approved the “North College Urban Renewal Plan” as an urban renewal plan under the Act (the “Plan”) for the area described therein “Plan Area”); and

WHEREAS, all applicable requirements of the Act and other provisions of law for and precedent to the adoption and approval by the City of the Plan have been duly complied with; and

WHEREAS, pursuant to Section 31-25-109 of the Act, the Authority has the power and authority to issue bonds to finance the activities or operations of the Authority permitted and authorized under the Act and also has the power to issue refunding bonds; and

WHEREAS, the Authority is authorized to issue bonds without an election; and

WHEREAS, in order to undertake certain urban renewal projects within the Plan Area, the Authority has previously borrowed money from the City and entered into certain prior Loan Agreements with the City and executed certain prior Promissory Notes in connection therewith; and

WHEREAS, the Board of Commissioners of the Authority (the “Board”) has determined that it is advantageous and in the best interests of the Authority to prepay in whole all of the outstanding Prior Promissory Notes (as defined in the Indenture, hereinafter defined) together with the accrued interest thereon (such prepayment of the Prior Promissory Notes hereinafter referred to as the “Refunding Project”); and

WHEREAS, the Board has determined and hereby determines that it is in the best interests of the Authority and the citizens of the City that the Authority now issue its “Fort Collins Urban Renewal Authority, Tax Increment Revenue Refunding Bonds (North College Avenue Project), Series 2013” in the maximum aggregate principal amount of \$11,800,000 (the

“Bonds”) in order to finance the Refunding Project, pursuant to and in accordance with the Plan and the Act; and

WHEREAS, the Bonds will be issued under and pursuant to the Indenture of Trust dated as of the date of delivery of the Bonds (the “Indenture”) between the Authority and U.S. Bank National Association, as trustee (the “Trustee”); and

WHEREAS, the Bonds shall be sold and delivered by the Authority to RBC Capital Markets, LLC (the “Underwriter”) pursuant to the provisions of a Bond Purchase Agreement (the “Bond Purchase Agreement”) between the Authority and the Underwriter; and

WHEREAS, in connection with the issuance of the Bonds, it is necessary and in the best interests of the Authority to enter into a Cooperation Agreement (the “Cooperation Agreement”) between the Authority and the City; and

WHEREAS, the Authority desires to enter into a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”) relating to the Bonds; and

WHEREAS, Section 11-57-204 of the Supplemental Public Securities Act, constituting Title 11, Article 57, Part 2, Colorado Revised Statutes (the “Supplemental Act”), provides that a public entity, including the Authority, may elect in an act of issuance to apply all or any of the provisions of the Supplemental Act; and

WHEREAS, there are on file with the Secretary of the Board (the “Secretary”): (a) the proposed form of the Indenture; (b) the proposed form of the Bond Purchase Agreement; (c) the proposed form of the Preliminary Official Statement (the “Preliminary Official Statement”) prepared for distribution to the purchasers of the Bonds; (d) the proposed form of the Cooperation Agreement; and (e) the proposed form of the Continuing Disclosure Certificate; and

WHEREAS, all acts, conditions and things required by law to exist, happen and be performed precedent to and in connection with the authorization of the Bonds exist, have happened and have been performed in regular and due time, form and manner as required by law, and it is appropriate for the Board to adopt this Resolution at this time.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE FORT COLLINS URBAN RENEWAL AUTHORITY, as follows:

Section 1. All actions (not inconsistent with the provisions of this Resolution) heretofore taken by the Board and the employees, agents, officials and officers of the Authority directed toward financing and implementing the Refunding Project, and the issuance and sale of the Bonds are hereby ratified, approved and confirmed.

Section 2. The Board hereby finds and determines, pursuant to the laws of the State and the Act, that adopting this Resolution, issuing the Bonds, executing the documents related thereto, and implementing the Refunding Project is necessary, advantageous and in the best interests of the Authority and the citizens of the City.

Section 3. To provide funds to defray the cost of the Refunding Project and to pay the costs of issuance incurred in connection therewith, there is hereby authorized and created an issue of revenue bonds of the Authority designated as its "Tax Increment Revenue Refunding Bonds (North College Avenue Project), Series 2013" in the maximum aggregate original principal amount of \$11,800,000, in accordance with the provisions of the Indenture and the Sale Certificate (hereinafter defined). The Bonds shall be dated, shall bear interest, shall be subject to redemption prior to maturity and shall mature as provided in the Indenture, and as set forth in the Sale Certificate.

Section 4. The Board hereby exercises the option of the Authority to prepay all the outstanding Prior Promissory Notes (as defined in the Indenture) on the date of issuance of the Bonds, at a price equal to the respective principal amounts outstanding plus accrued interest thereon to the prepayment date, without premium.

Section 5. The Board hereby elects to apply all of the Supplemental Act to the Bonds and in connection therewith delegates to each of the Chairperson of the Board (the "Chairperson") and the Executive Director of the Authority (the "Executive Director") the independent authority to make any determination delegable pursuant to Section 11-57-205(1)(a-i), Colorado Revised Statutes, to accept and sign the Bond Purchase Agreement, to make determinations in relation to the Bonds, and to execute a sale certificate (the "Sale Certificate") setting forth such determinations, without any requirement that the Board approve such determinations, subject to the following parameters and restrictions: (a) the aggregate principal amount of the Bonds shall not exceed \$11,800,000; (b) the Bonds shall mature no later than December 1, 2029; (c) the purchase price of the Bonds shall not be less than 98% of the original principal amount on the Bonds; and (d) the maximum net effective interest rate on the Bonds shall not exceed 3.95%.

The Chairperson and the Executive Director are hereby independently authorized to determine whether a reserve fund insurance policy will be obtained for deposit into the Reserve Fund, and if so, to select a surety provider to issue a reserve fund insurance policy for all or any portion of the Reserve Fund Requirement related to the Bonds and execute any related documents or agreements required by such commitment.

The delegation set forth in this Section 4 shall be effective for one year following the date hereof.

Section 6. The forms, terms and provisions of the Indenture, the Bond Purchase Agreement, the Cooperation Agreement and the Continuing Disclosure Certificate (collectively, the "Documents") are hereby authorized and approved, and the Authority shall enter into the Documents in substantially the forms on file with the Secretary, but such Documents may be completed, corrected or revised as deemed necessary by the parties thereto in order to carry out the purposes of this Resolution and as the Executive Director shall approve, the execution thereof being deemed conclusive approval of any such changes by the Authority. The Chairperson and the Executive Director are each hereby authorized and directed to execute and deliver the Indenture, the Cooperation Agreement and the Continuing Disclosure Certificate for and on behalf of the Authority. The Secretary is hereby authorized and directed to affix the seal of the Authority to, and to attest those Documents requiring the attestation of the Secretary.

The Bond Purchase Agreement shall be executed by either the Chairperson or the Executive Director as authorized pursuant to Section 5 hereof.

Section 7. A final Official Statement, in substantially the form of the Preliminary Official Statement on file with the Secretary, is in all respects approved and authorized. The Chairperson is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the final Official Statement in substantially the form and with substantially the same content as the Preliminary Official Statement on file with the Secretary, with such changes as may be approved by the Chairperson or the Executive Director. The distribution of the Preliminary Official Statement and the final Official Statement to all interested persons in connection with the sale of the Bonds is hereby ratified, approved and authorized.

Section 8. The form, terms and provisions of the Bonds, in the form contained in the Indenture and upon the terms to be set forth in the Sale Certificate, are hereby approved, with such changes therein as are approved by the Chairperson or the Executive Director; and the manual or facsimile signature of the Chairperson is hereby authorized and directed to be placed on the Bonds, the seal of the Authority, or a facsimile thereof, is hereby authorized and directed to be affixed to the Bonds, and the Executive Director is hereby authorized and directed to attest the Bonds, in accordance with the Indenture.

Section 9. The officers of the Authority are hereby authorized and directed to execute and deliver for and on behalf of the Authority any and all additional certificates, documents and other papers, and to perform all other acts that they may deem necessary or appropriate in order to implement and carry out the transactions and other matters authorized by this Resolution. The execution of any document or instrument by the aforementioned officials or employees of the Authority shall be conclusive evidence of the approval by the Authority of such document or instrument in accordance with the terms hereof and thereof.

Section 10. The Bonds, together with interest payable thereon, are special and limited obligations of the Authority payable solely as provided in the Indenture. The principal of, premium, if any, and interest on the Bonds shall not constitute an indebtedness of the City or the State of Colorado or any political subdivision thereof, and neither the City, the State of Colorado nor any political subdivision thereof shall be liable thereon, nor in any event shall the principal of, premium, if any, and interest on the Bonds be payable out of funds or properties other than the Trust Estate, as such term is defined in the Indenture. Neither the Commissioners of the Authority nor any persons executing the Bonds shall be liable personally on the Bonds.

Section 11. Pursuant to Section 11-57-209 of the Supplemental Act, if a member of the Board, or any officer or agent of the Authority acts in good faith, no civil recourse shall be available against such member, officer, or agent for payment of the principal, interest or prior redemption premiums on the Bonds. Such recourse shall not be available either directly or indirectly through the Board or the Authority, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty, or otherwise. By the acceptance of the Bonds and as a part of the consideration of their sale or purchase, any person purchasing or selling such Bonds specifically waives any such recourse.

Section 12. After the Bonds are issued, this Resolution shall be and remain irrevocable, and may not be amended except in accordance with the Indenture, until the Bonds and the interest thereon shall have been fully paid, canceled and discharged in accordance with the Indenture.

Section 13. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Section 14. All bylaws, orders and resolutions, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed as reviving any bylaw, order or resolution or part thereof.

Section 15. This Resolution shall be in full force and effect immediately upon its passage and approval.

Passed and adopted at a regular meeting of the Board of Commissioners of the City of Fort Collins Urban Renewal Authority this 7th day of May, A.D. 2013.

Chairperson

ATTEST:

Secretary

**COOPERATION AGREEMENT
BETWEEN THE CITY OF FORT COLLINS AND
THE FORT COLLINS URBAN RENEWAL AUTHORITY**

THIS COOPERATION AGREEMENT (this "Agreement") dated as of _____, 2013, is made and entered into between the CITY OF FORT COLLINS, COLORADO (the "City") and the FORT COLLINS URBAN RENEWAL AUTHORITY (the "Authority").

WHEREAS, the City is a Colorado home rule municipality with all the powers and authority granted pursuant to Article XX of the Colorado Constitution and its City Charter; and

WHEREAS, the Authority is a Colorado Urban Renewal Authority, with all the powers and authority granted to it pursuant to Title 31, Article 25, Part 1, Colorado Revised Statutes ("C.R.S.") (the "Urban Renewal Law"); and

WHEREAS, pursuant to Article XIV of the Colorado Constitution, and Title 29, Article 1, Part 2, C.R.S., the City and the Authority are authorized to cooperate and contract with one another to provide any function, service or facility lawfully authorized to each governmental entity; and

WHEREAS, the City Council of the City (the "City Council") by Resolution No. 2004-152 approved and adopted on December 21, 2004 has authorized and approved the "North College Urban Renewal Plan" as an urban renewal plan under the Act (the "Plan") for the area described therein (the "Plan Area"), and the urban renewal projects described therein (collectively, the "Project"); and

WHEREAS, the Project is being undertaken to facilitate the elimination and prevention of blighted areas and to promote redevelopment, conservation and rehabilitation of the Plan Area; and

WHEREAS, pursuant to section 31-25-112, C.R.S., the City is specifically authorized to do all things necessary to aid and cooperate with the Authority in connection with the planning or undertaking of any urban renewal plans, projects, programs, works, operations, or activities of the Authority, to enter into agreements with the Authority respecting such actions to be taken by the City, and appropriating funds and making such expenditures of its funds to aid and cooperate with the Authority in undertaking the Project and carrying out the Plan; and

WHEREAS, the Authority is issuing its Fort Collins Urban Renewal Authority, Tax Increment Revenue Refunding Bonds (North College Avenue Project), Series 2013 (the "Series 2013 Bonds") for the purpose of refinancing certain obligations owing by the Authority to the City that financed certain urban renewal projects in the Plan Area; and

WHEREAS, the City Council has adopted a Resolution declaring its nonbinding intent and expectation that it will appropriate any funds requested, within the limits of available funds and revenues, in a sufficient amount to replenish the Reserve Fund to the Reserve Fund

Requirement or to repay the provider of any reserve fund insurance policy in the event of a draw thereunder (the "Replenishment Resolution") as defined in the Indenture of Trust (the "Indenture"), between the Authority and U.S. Bank National Association, as trustee (the "Trustee"); and

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Indenture.

NOW, THEREFORE, in consideration of the mutual promises set forth below, the City and the Authority agree as follows:

1. **LOAN.** If the City Council appropriates funds pursuant to the Replenishment Resolution, such funds shall be a loan from the City to the Authority to be repaid as provided herein.

2. **PAYMENT.** (a) All amounts payable by the Authority to the City hereunder shall constitute "Subordinate Debt" for purposes of the Indenture. The Authority shall cause such amounts to be paid from and to the extent of Pledged Revenue (as defined in the Indenture) available for the payment of Subordinate Debt in accordance with the terms of the Indenture including, in particular, Section 4.04(c) thereof.

(b) The Authority agrees to pay the City interest on the principal balance of any amounts designated as a loan hereunder at a rate to be determined based upon applicable City policies in effect at the time of any such loan.

3. **FURTHER COOPERATION.** (a) The City shall continue to make available such employees of the City as may be necessary and appropriate to assist the Authority in carrying out any authorized duty or activity of the Authority pursuant to the Urban Renewal Law, the Plan, or any other lawfully authorized duty or activity of the Authority.

(b) The City agrees to assist the Authority and the Trustee by pursuing all lawful procedures and remedies available to it to collect and transfer to the Authority on a timely basis all Pledged Revenues for deposit into the Revenue Fund. To the extent lawfully possible, the City will take no action that would have the effect of reducing tax collections that constitute Pledged Revenues.

(c) The City agrees to pay to the Authority any Pledged Property Tax Revenues when, as and if received by the City, but which are due and owing to the Authority pursuant to the Plan.

(d) In connection with the issuance of the Series 2013 Bonds, the Authority agrees that so long as the Series 2013 Bonds are outstanding, the Authority shall submit to the City Manager by February 15 of each year a report in substantially the form set forth as Exhibit B to the Indenture. The City Manager agrees to submit such report to the City Council at its first regular meeting in March in each year. Notwithstanding the foregoing,

failure by the Authority to provide the report required by this Section 3(d) of this Agreement and Section 5.13 of the Indenture or failure by the City Manager to submit such report to the City Council shall not constitute a default under this Agreement or under the Indenture.

4. **SUBORDINATION.** The Authority's obligation under this Agreement to repay the City for the loan referred to in Section 1 hereof is subordinate to the Authority's obligations for the repayment of the Series 2013 Bonds, any Additional Bonds and any other obligations or indebtedness that is secured or payable in whole or in part by the Pledged Revenues on a parity with the Series 2013 Bonds.

5. **GENERAL PROVISIONS.**

(a) **Separate Entities.** Nothing in this Agreement shall be interpreted in any manner as constituting the City or its officials, representatives, consultants, or employees as the agents of the Authority, nor as constituting the Authority or its officials, representatives, consultants, or employees as agents of the City. Each entity shall remain a separate legal entity pursuant to applicable law. Neither party shall be deemed hereby to have assumed the debts, obligations, or liabilities of the other.

(b) **Third Parties.** Neither the City nor the Authority shall be obligated or liable under the terms of this Agreement to any person or entity not a party hereto, other than the Trustee.

(c) **Modifications.** No modification or change of any provision in this Agreement shall be made, or construed to have been made, unless such modification is mutually agreed to in writing by both parties and incorporated as a written amendment to this Agreement. Memoranda of understanding and correspondence shall not be construed as amendments to the Agreement.

(d) **Entire Agreement.** This Agreement shall represent the entire agreement between the parties with respect to the subject matter hereof and shall supersede all prior negotiations, representations, or agreements, either written or oral, between the parties relating to the subject matter of this Agreement and shall be independent of and have no effect upon any other contracts.

(e) **Severability.** If any provision of this Agreement is held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired.

(f) **Assignment.** Except for the pledge under the Indenture, this Agreement shall not be assigned, in whole or in part, by either party without the written consent of the other and of the Bank.

(g) **Waiver.** No waiver of a breach of any provision of this Agreement by either party shall constitute a waiver of any other breach or of such provision. Failure of either party to enforce at any time, or from time to time, any provision of this Agreement shall

not be construed as a waiver thereof. The remedies reserved in this Agreement shall be cumulative and additional to any other remedies in law or in equity.

IN WITNESS HEREOF, the parties have caused this Agreement to be executed by their duly authorized officers on the date above.

CITY OF FORT COLLINS, COLORADO

Mayor

(SEAL)

ATTESTED:

City Clerk

FORT COLLINS URBAN RENEWAL
AUTHORITY

[SEAL]

By _____
Chairperson, Board of Commissioners

Attest:

By _____
Executive Director