

SUBJECT

Resolution No. 058 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.

EXECUTIVE SUMMARY

Property tax revenue in the North College Plan Area has matured and is therefore attractive to outside investors. The Resolution adopted by the City Council expresses the Council's intent to replenish the URA's debt service reserve fund if such funds are ever used to make debt service payments. Replenishment of the reserve fund is contingent upon annual appropriation of funds by the City Council in its sole discretion. The City Council's expression of intent improves the credit rating on the 2013 Bonds. With the City Council Resolution, the 2013 Bonds are expected to have an effective interest rate of 3.3%, which is slightly less than the weight average of the current loans, 3.44%.

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 \$919,000 yields a good coverage ratio of 142%.

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
09/2006	Valley Steel, URA start-up funds	\$ 150	\$ 0	5	5.55%	General Fund
05/2009	North College Market Place, Phase 1	5,000	4,729	20	2.85%	Capital Expansion
12/2010	JAX	173	106	5	2.50%	Capital Expansion
06/2011	NEECO	326	326	10	3.01%	Storm Drainage
07/2011	Kaufman Robinson	193	193	5	2.46%	General Fund
07/2011	North College Market Place, Phase 2	3,000	2,884	19	4.09%	Water Fund
08/2012	North College Road Improvements	2,700	2,700	18	3.92%	Capital Projects BCC
Loans to be refinanced		11,542	10,938		3.44%	Weighted average
06/09	RM12	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 \$11.4 million of bond proceeds will be used to takeout \$10.94 million of debt to the City, plus interest of \$254,000, 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 3.3%, which compares favorably to the 3.44% weighted average interest rate on the debt being retired. Future annual payments will vary from \$914,000 to \$919,000 through 2029.

The Underwriters for the 2013 Bonds have recommended that a debt service reserve fund in the amount of \$920,000 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 \$55,000. 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.

City Council Resolution

It is anticipated that the City Council's expression of intent to replenish the bond reserve fund will result in a credit rating of Aa3. Without this, and a proven revenue stream, the interest rate would likely be 5% or higher rather than 3.3%.

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

June 24	Publish Preliminary Official Statement on Internet Sites
July 9-10	Market Bonds
July 23	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 \$254,000 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).

	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)			
Subordinate 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

	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		11,398			
Total Inflows	3,716	12,780	1,410	1,407	1,439
Cash Out-flows					
Operating Costs	(132)	(235)	(263)	(268)	(272)
Project Costs	(3,718)	(212)			
Debt Service 2013 Bonds		(132)	(917)	(917)	(915)
Subordinate Debt Service	(645)		(663)	(133)	(133)
Bond Issue Costs		(206)			
Takeout loans plus interest		(11,192)			
Total Outflows	(4,496)	(11,978)	(1,844)	(1,317)	(1,319)
Net Cash Flow	(780)	802	(434)	90	120
Beginning Cash	2,531	1,751	2,553	2,120	2,210
Ending Cash	1,751	2,553	2,120	2,210	2,330

	2012	2013	2014	2015	2016
	\$ 0	\$ 672	\$ 635	\$ 599	\$ 719

STAFF RECOMMENDATION

Staff recommends adoption of the Resolution.

BOARD / COMMISSION RECOMMENDATION

The URA Board Finance Committee reviewed and tentatively approved the refinancing and the concept of a Council Resolution regarding debt reserve replenishment at its meeting on May 20, 2013.

ATTACHMENTS

1. Board Finance Committee minutes, May 20, 2013.
2. Preliminary debt structure, prepared by RBC Capital Markets
3. Powerpoint presentation



URA Finance Committee Meeting

Draft of Minutes

5/20/13

11:00 to Noon

CIC Room

Council Attendees: Mayor Karen Weitkunat, Ross Cunniff, Bob Overbeck
Staff: Darin Atteberry, Mike Beckstead, Chris Donegon,
Harold Hall, John Voss, Katie Wiggett
Others: Jim Manire, Joel Stewart

Approval of the Minutes of March 18, 2013

Ross Cunniff moved to approve the minutes for the December 17, 2013 meeting. Bob Overbeck seconded the motion. Minutes were approved unanimously.

Election of Officers

Ross Cunniff nominated Mayor Karen Weitkunat as chair of the URA Committee. Bob Overbeck seconded the nomination.

URA North College Refinance

John Voss presented the URA's plan to refinance approximately \$11.2 million of the debt it originally borrowed from the City in relation to the North College area. Because an established revenue stream can be shown to investors, private money can be used to replace City money. The 2013 bonds require the URA to establish a debt reserve fund. To better enhance the credit rating on the replacement debt, the City must pledge to replenish the URA's debt reserve fund if the URA ever uses the funds to make debt payments. With the City's pledge, the new URA debt is expected to have an effective interest rate of 2.98% and a credit rating of Aa3. Without the City's pledge, the interest rate would likely be 5% or higher. The refinancing of this debt will improve the cash flows of the URA and is expected to save \$922,000 through 2029.

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 City's pledge includes a commitment to maintain an unrestricted fund balance in the General Fund in an amount at least equal to the Reserve Fund Requirement, estimated at \$961,000. The General Fund can easily meet that requirement: at the end of 2012, the collective unrestricted fund balances in the General Fund totaled \$37 million. Property tax revenue in the North College URA plan area is unlikely to decline enough to trigger the use of the Debt Service Reserve Fund.

Ross Cunniff asked how this restriction in the General Fund would be noted if a special reserve fund were not created. John Voss said that there will be a note within the general fund, setting aside the reserve fund money. A future CFC topic on Fund Balance will explain this further.

Council Finance Committee reviewed and tentatively approved the refinancing and the concept of a debt reserve replenishment pledge at their meeting on December 17, 2012. Staff recommends that this topic be brought to council on June 4 because it is a time sensitive issue.

Projected Timeline –

May 16	Send rating documents to Moody's
May 29	Receive credit rating from Moody's
June 4	City Council and URA Board approve refinancing actions
June 6	Publish Preliminary Official Statement on internet sites
June 18-19	Market Bonds
July 9	Closing

Council Direction / Next Steps

The Council Finance supports the URA Refinance and recommends that it be brought to Council on June 4.

TABLE OF CONTENTS

Fort Collins Urban Renewal Authority
Tax Increment Revenue Refunding Bonds, Series 2013
(North College Avenue Project)
'Aa3' Est Rating | Callable 12/1/23 @ 100 | 5/31/13 Mkt 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 | Callable 12/1/23 @ 100 | 5/31/13 Mkt Rates
Preliminary Numbers - Subject to Change

Dated Date 07/23/2013
Delivery Date 07/23/2013

Sources:

Bond Proceeds:	
Par Amount	10,995,000.00
Net Premium	403,271.50
	<hr/>
	11,398,271.50

Uses:

Project Fund Deposits:	
Proceeds to Takeout Loans - Principal	10,938,089.54
Proceeds to Takeout Loans - Interest	<u>254,057.40</u>
	11,192,146.94
Delivery Date Expenses:	
Cost of Issuance	101,513.06
Underwriter's Discount	49,477.50
Surety @ 6% (AGM Est)	<u>55,134.00</u>
	206,124.56
	<hr/>
	11,398,271.50

BOND PRICING

Fort Collins Urban Renewal Authority
 Tax Increment Revenue Refunding Bonds, Series 2013
 (North College Avenue Project)
 'Aa3' Est Rating | Callable 12/1/23 @ 100 | 5/31/13 Mkt Rates
 Preliminary Numbers - Subject to Change

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Premium (-Discount)
Serial bonds:							
	12/01/2014	545,000	2.000%	0.760%	101.668		9,090.60
	12/01/2015	555,000	3.000%	0.950%	104.763		26,434.65
	12/01/2016	570,000	3.000%	1.260%	105.698		32,478.60
	12/01/2017	590,000	3.000%	1.590%	105.909		34,863.10
	12/01/2018	605,000	3.000%	1.930%	105.417		32,772.85
	12/01/2019	625,000	3.000%	2.320%	103.995		24,968.75
	12/01/2020	645,000	3.000%	2.550%	102.998		19,337.10
	12/01/2021	665,000	3.000%	2.780%	101.628		10,826.20
	12/01/2022	685,000	3.000%	3.000%	100.000		
	12/01/2023	705,000	3.000%	3.130%	98.855		-8,072.25
	12/01/2024	725,000	4.000%	3.240%	106.637 C	3.294%	48,118.25
	12/01/2025	755,000	4.000%	3.340%	105.734 C	3.427%	43,291.70
	12/01/2026	785,000	4.000%	3.440%	104.840 C	3.542%	37,994.00
	12/01/2027	815,000	4.000%	3.510%	104.220 C	3.620%	34,393.00
	12/01/2028	845,000	4.000%	3.580%	103.603 C	3.690%	30,445.35
	12/01/2029	880,000	4.000%	3.650%	102.992 C	3.753%	26,329.60
		10,995,000					403,271.50

Dated Date	07/23/2013	
Delivery Date	07/23/2013	
First Coupon	12/01/2013	
Par Amount	10,995,000.00	
Premium	403,271.50	
Production	11,398,271.50	103.667772%
Underwriter's Discount	-49,477.50	-0.450000%
Purchase Price	11,348,794.00	103.217772%
Accrued Interest		
Net Proceeds	11,348,794.00	

BOND SUMMARY STATISTICS

Fort Collins Urban Renewal Authority
 Tax Increment Revenue Refunding Bonds, Series 2013
 (North College Avenue Project)
 'Aa3' Est Rating | Callable 12/1/23 @ 100 | 5/31/13 Mkt Rates
 Preliminary Numbers - Subject to Change

Dated Date	07/23/2013
Delivery Date	07/23/2013
Last Maturity	12/01/2029
Arbitrage Yield	3.089727%
True Interest Cost (TIC)	3.263604%
Net Interest Cost (NIC)	3.295575%
All-In TIC	3.378388%
Average Coupon	3.632958%
Average Life (years)	9.537
Duration of Issue (years)	8.009
Par Amount	10,995,000.00
Bond Proceeds	11,398,271.50
Total Interest	3,809,676.67
Net Interest	3,455,882.67
Total Debt Service	14,804,676.67
Maximum Annual Debt Service	918,900.00
Average Annual Debt Service	905,177.24

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial bonds	10,995,000.00	103.668	3.633%	9.537	7,719.30
	10,995,000.00			9.537	7,719.30

	TIC	All-In TIC	Arbitrage Yield
Par Value	10,995,000.00	10,995,000.00	10,995,000.00
+ Accrued Interest			
+ Premium (Discount)	403,271.50	403,271.50	403,271.50
- Underwriter's Discount	-49,477.50	-49,477.50	
- Cost of Issuance Expense		-101,513.06	
- Other Amounts	-55,134.00	-55,134.00	-55,134.00
Target Value	11,293,660.00	11,192,146.94	11,343,137.50
Target Date	07/23/2013	07/23/2013	07/23/2013
Yield	3.263604%	3.378388%	3.089727%

BOND DEBT SERVICE

Fort Collins Urban Renewal Authority
Tax Increment Revenue Refunding Bonds, Series 2013
(North College Avenue Project)
'Aa3' Est Rating | Callable 12/1/23 @ 100 | 5/31/13 Mkt Rates
Preliminary Numbers - Subject to Change

Period Ending	Principal	Coupon	Interest	Debt Service
12/01/2013			132,426.67	132,426.67
12/01/2014	545,000	2.000%	372,450.00	917,450.00
12/01/2015	555,000	3.000%	361,550.00	916,550.00
12/01/2016	570,000	3.000%	344,900.00	914,900.00
12/01/2017	590,000	3.000%	327,800.00	917,800.00
12/01/2018	605,000	3.000%	310,100.00	915,100.00
12/01/2019	625,000	3.000%	291,950.00	916,950.00
12/01/2020	645,000	3.000%	273,200.00	918,200.00
12/01/2021	665,000	3.000%	253,850.00	918,850.00
12/01/2022	685,000	3.000%	233,900.00	918,900.00
12/01/2023	705,000	3.000%	213,350.00	918,350.00
12/01/2024	725,000	4.000%	192,200.00	917,200.00
12/01/2025	755,000	4.000%	163,200.00	918,200.00
12/01/2026	785,000	4.000%	133,000.00	918,000.00
12/01/2027	815,000	4.000%	101,600.00	916,600.00
12/01/2028	845,000	4.000%	69,000.00	914,000.00
12/01/2029	880,000	4.000%	35,200.00	915,200.00
	10,995,000		3,809,676.67	14,804,676.67

BOND SOLUTION

Fort Collins Urban Renewal Authority
 Tax Increment Revenue Refunding Bonds, Series 2013
 (North College Avenue Project)
 'Aa3' Est Rating | Callable 12/1/23 @ 100 | 5/31/13 Mkt 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		132,427	132,427	1,300,000	1,167,573	981.67537%
12/01/2014	545,000	917,450	917,450	1,300,000	382,550	141.69710%
12/01/2015	555,000	916,550	916,550	1,300,000	383,450	141.83623%
12/01/2016	570,000	914,900	914,900	1,300,000	385,100	142.09203%
12/01/2017	590,000	917,800	917,800	1,300,000	382,200	141.64306%
12/01/2018	605,000	915,100	915,100	1,300,000	384,900	142.06098%
12/01/2019	625,000	916,950	916,950	1,300,000	383,050	141.77436%
12/01/2020	645,000	918,200	918,200	1,300,000	381,800	141.58135%
12/01/2021	665,000	918,850	918,850	1,300,000	381,150	141.48120%
12/01/2022	685,000	918,900	918,900	1,300,000	381,100	141.47350%
12/01/2023	705,000	918,350	918,350	1,300,000	381,650	141.55823%
12/01/2024	725,000	917,200	917,200	1,300,000	382,800	141.73572%
12/01/2025	755,000	918,200	918,200	1,300,000	381,800	141.58135%
12/01/2026	785,000	918,000	918,000	1,300,000	382,000	141.61220%
12/01/2027	815,000	916,600	916,600	1,300,000	383,400	141.82850%
12/01/2028	845,000	914,000	914,000	1,300,000	386,000	142.23195%
12/01/2029	880,000	915,200	915,200	1,300,000	384,800	142.04545%
	10,995,000	14,804,677	14,804,677	22,100,000	7,295,323	

Refinancing North College Debt

Urban Renewal Authority
June 18, 2013

1



Overview

- URA has borrowed money from the City
- Loans were intended to bridge gap until revenue stream established
- Looking to refinance some of these loans with external investors
- Refinance about \$10.9 million

2



Financing Model for URA Projects

- Initial financing model
 - City provides capital upfront
 - Until revenue stream is proven
 - Replace with external financing

- Future financing will be similar to Aspen Heights
 - No lump sum at completion of project
 - Share percent of revenue as collected
 - Consider exceptions for special circumstances

3



City Loans to URA for N. College

\$000's

Date	Project	Orig. 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%	Weighted average
06/09	RMI2	5,304	5,304	20	2.50%	General Fund
	Total North College Area	16,846	16,242			

4



North College TIF District

- Created in 2004, expires in 2029
- Increment on property taxes, none on sales tax
- Property tax increment revenue started flowing in 2007
- Revenue is now mature and stable, more attractive to investors

Tax Increment Revenue						\$000s
2007	2008	2009	2010	2011	2012	2013 *
\$110	\$287	\$263	\$493	\$536	\$907	\$1,285

* anticipated

5



Credit Enhanced by City Pledge

- City pledges to replenish the URA's debt service reserve fund, if it were to be used to make debt payments
 - Non-binding; pledge is to *consider* replenishing
 - However, not honoring the pledge would significantly impact the City's credit rating and ability to borrow money in future
- Reduces interest rate from well over 5% to 3.3%

6



2013 Bonds (preliminary)

- 3.3% Interest Rate
- 16 year term
- North College TIF District forecasted to end with similar cash balance at end of 2029

7



Money Returned to City

- Repay \$10.9 million to the City
- City can recycle a portion of returned money into another loan to URA for a Prospect South project
 - The Summit (Capstone)
 - \$5 million loan authorized by City and URA in September 2011
 - Staff to execute loan later this summer

8



Next Steps

- June 24 Publish Preliminary Official Statement
- July 9-10 Market the bonds
- July 23 Closing

RESOLUTION NO. 058

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 City Clerk as 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, 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, COLORADO, THAT:

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 18th day of June, A.D. 2013.

Chairperson

ATTEST:

Secretary