

COUNCIL FINANCE COMMITTEE AGENDA ITEM SUMMARY

Staff: Mike Freeman, Chief Financial Officer
Marty Heffernan, Director of CPRE

SUBJECT FOR DISCUSSION

Fort Collins Museum of Discovery Funding Issues

EXECUTIVE SUMMARY

\$3,975,000 in funding for the new Fort Collins Museum of Discovery is needed now to complete the building. Completion is expected in November of 2011. The Downtown Development Authority (DDA) has committed \$3 million for the building but the funds are not currently available. The DDA is exploring funding options but will not have the funding in 2011. The Museum Non-profit Corporation (NPC) has committed \$4,561,916 to the museum building, with \$975,000 of that amount in the form of pledges to be paid between 2011 and 2014. The NPC is working to obtain a private loan for the \$975,000 but has not yet secured the financing. Appropriating \$3,975,000 from General Fund reserves is needed to complete the museum building. The DDA will reimburse the City for \$3 million of this amount and the NPC will reimburse the remaining \$975,000 through private financing obtained by the DDA and NPC, or through financing provided by the City, as approved by Council.

The NPC has raised \$2.975 million for museum exhibits, with \$1.2 million in the form of pledges to be paid in future years (2011-2017). The new museum will open with a nice, but somewhat limited exhibit experience without a bridge loan for the \$1.2 million in exhibit pledges. Some exhibits will be postponed, and other exhibits will be more static, without the depth of knowledge or interactive technology that will be possible once the future year pledge money becomes available. Appropriating \$1.2 million from General Fund reserves for museum exhibits would enable the new museum to open with a complete exhibit experience. The City will be reimbursed by the NPC as the future year pledge funds are received.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. Does the Committee support consideration of a short term \$3.975 million loan from the General Fund for the museum building to be paid back by the Downtown Development Authority (\$3 million) and the NPC (975,000) in order to avoid defaulting on the museum design/build contract and to provide sufficient time for the DDA and NPC to secure private financing or long term financing from the City, as approved by Council?
2. Does the Committee support consideration of a \$1.2 million loan from the General Fund for museum exhibits to be paid back by the NPC from committed pledge revenues that will be paid in future years?

BACKGROUND/DISCUSSION

PROJECT FUNDING:

Through Council's support, the Fort Collins Museum and the Discovery Science Center (DSC) joined together to create an exceptional new museum experience and facility. In 2005 Council included the new museum in the Building on Basics (BOB) capital program, which received strong voter support. BOB provided \$6.183 million for the project and required DSC to provide at least \$3.6 million in matching funds. BOB also provides \$200,000 annually for seven years for operation and maintenance of the new facility. The DSC (which has transitioned into the Museum Non-Profit Corporation (NPC)) has raised ~\$8.036 million to date, far exceeding their original \$3.6 million commitment.

In addition to BOB funding, ~\$6.328 million has been provided from other public sources as follows:

• City Natural Resources: (building \$265,113 / exhibits \$734,887)	\$1 million
• Art in Public Places:	\$435,000
• City land donation:	\$1.73 million
• Department of Local Affairs:	\$200,000
• Colorado Department of Public Health and Environment:	\$75,000
• Downtown Development Authority:	\$3 million
• <u>Estate Gift to the Fort Collins Museum</u>	<u>\$89,000</u>
Other Public Funding	\$6.529 million
Building on Basics	\$6.183 million
NPC	\$8.036 million

Together, public and private contributions to the project total: \$20,748 million.

Based on these funding commitments, the City sought and secured Council's approval to appropriate \$15,109,666 for the exhibit master plan, and design and construction of the new museum, as follows:

\$6,183,750 from BOB
\$3,275,000 (\$3 million DDA; \$200,000 DOLA; \$75,000 grant, Ordinance No.130, 2009)
\$4,561,916 from the NPC (Ordinance No. 117, 2010)
\$89,000 from Estate Gift (Ordinance No. 101, 2009.)
\$1 million from City Natural Areas Program

Allocation of Appropriated Funds

\$13,218,105 Building
\$1, 891,561 Exhibit Master Plan and Natural Areas Exhibits

BUILDING FUNDS:

On January 27, 2010, after completion of the Request for Proposal process, the City entered into a design/build contract with Oz Architecture and Hensel Phelps for \$11,400,000. On December 28, 2010, Change Order #1 was issued for \$577,347 which increased the building square footage

from 39,905 to 46,978. Additionally, Change Order #2 was issued May 4, 2011 for \$159,824 for various additional items incorporated into the contract. This brought the contract total to \$12,137,171. Remaining appropriated building funds were used for soft costs (fees, environmental tests/services, project management etc.).

Building construction began in earnest on August 16, 2010 after completion of the development review process and resolution of a land title issue that required a re-design of a storm water quality pond. Completion of the building is expected in November, 2011.

As of May 31, 2011 the City has paid \$7,892,611 to the contractor for work performed. Additional payments of \$4,244,560 are anticipated to complete the building as follows:

June 30 th	\$862,000
July 31 st	\$786,000
August 31 st	\$672,560
September 30 th	\$603,500
October 31 st	\$493,500
November 30 th	\$440,000
December 31 st	\$387,000

Funding of \$514,941 is currently available for the building. Consequently, available funds will be expended by June 30, 2011, leaving the design/build contract short by \$3,729,618.

DDA FUNDING:

The \$3 million commitment from the DDA is not currently available. Please consider the following:

April 2004: DDA Board commits \$1 million for the museum project.

May 2009: DDA Board commits an additional \$2 million for the project, with construction anticipated to begin in 2010.

June 2010: DDA and City Finance begin negotiations of terms with Great Western Bank for a 2010 bond issuance and determine capacity is not available to fund the museum commitment in the 2010 bond series.

July 2010: DDA inquires with City staff when the \$3 million is required, indicating DDA had to limit the bond principal amount in 2010 and need to include the museum commitment in their 2012 bond issuance, and suggesting working together on some temporary solutions. Staff responds that DDA funds are needed in 2011 but fails to follow up on solutions.

March 2011: DDA is notified by City that project has a funding deficit and needs DDA funds. DDA begins investigating options to fund the \$3 million commitment but funds will not be available in 2011.

NPC BUILDING FUNDS :

The NPC has committed \$4,561,916 to the building, with \$975,000 of that amount in the form of pledges that will be paid over the next few years. The \$975,000 is needed in 2011 to complete the building. The NPC has been working to secure a bridge loan from private lenders for the \$975,000 but the tight credit market has made this very challenging and expensive. Annual interest payments in excess of \$50,000 are expected. The NPC is committed to bridging the \$975,000 so the building can be completed. However, if the City provides the loan it would save the project considerable expense and assure timely completion (contingent on resolving the DDA funding problem). The outstanding building pledges are from very reliable organizations, as follows:

The Griffin Foundation: \$400,000 (\$100,000 annually 2011-2014)

Woodward: \$250,000 in 2012

The Gates Family Foundation: \$250,000 in 2013

The Boettcher Foundation: \$75,000 in 2013

Staff has investigated options for reducing the building expense. Unfortunately, the building project is too far along to afford any significant savings. Staff has already made \$300,000 worth of reductions to keep the project within the original budget. Additional reductions would require portions of the building to be unfinished.

NPC EXHIBIT FUNDS:

\$2.975 million for exhibits has been raised by the NPC. These funds have been restricted by the donors for exhibits and cannot be used for the building. \$1.2 million in exhibit donations will be paid in future years as follows:

The Bohemian Foundation: \$250,000 in late 2011

The Schatz Foundation: \$250,000 in 2012

Woodward: \$200,000 in 2014

Anonymous Donor: \$500,000 (\$100,000 annually 2013-2017)

The new museum will open with a nice, but somewhat limited exhibit experience absent a bridge loan for the future year exhibit pledges. For example: the early childhood area would not be in place; the live animal exhibit would include only our modest current collection; the bike exhibit would have to wait; and the Flood Theater exhibit would be postponed. Additionally, many exhibits will be more static, without the depth of information or interactive technology that will be possible once the future pledge funds become available. In contrast, three areas (Natural Areas, Science Experience, and Music and Sound) will be fully executed on opening day because they are funded by donations specifically designated for these exhibits.

CONSEQUENCES OF DEFAULT ON DESIGN/BUILD CONTRACT:

The contractor has the right to stop work and terminate the contract if the City fails to make a payment. The contractor would be entitled to payment for: work completed plus reasonable overhead and profit; expenses related to uncompleted work; cost to terminate subcontracts; and

other expenses directly related to the termination. Given the late stage of construction, Staff generally estimates these costs could possibly be in the range of the cost to complete the building.

THE DIGITAL DOME:

The Digital Dome Theater is the capstone element of the Museum of Discovery. It provides a 360 degree immersive experience for the exploration of astronomy, music, earth and climate science, art, culture, history, presentations, and events. A \$2 million campaign is underway to fund the dome and \$350,000 in future year pledges have been secured. The NPC is working to secure a private bridge loan for the \$350,000 so the infrastructure for the dome can be completed by the on-site building contractor. Completing this work in the future would be much more (\$125,000 to \$200,000) expensive.

Council action regarding the Digital Dome project is not being requested.

DECISION OPTIONS:

SHORT TERM LOAN OF \$3,975,000 (Recommended)

Appropriate \$3,975,000 from General Fund reserves to complete the museum building and provide the DDA and NPC with time to determine private funding options or possible longer term financing from the City, if approved by Council.

Pros: Allows the building to be completed; avoids default on the design/build contract.

Cons: Encumbers \$3.975 million in City reserves which cannot be used for other needs until repaid.

NO LOAN

Do not loan \$3.975 million to the building project to cover the DDA and NPC contribution.

Pros: Avoids encumbering \$3.975 million which can then be used for other needs, if necessary.

Cons: Museum building would not be completed; City would default on the design/build contract and would incur substantial liability to the contractor; City would not deliver on a voter-approved BOB project making it more difficult to secure future voter approval for capital projects; significant dissatisfaction by donors to the project who may be disinclined to support other City projects in the future.

STOP WORK

Stop work for up to 90 days to provide the DDA and the NPC with more time to possibly secure private loans for the project. Stopping work for over 90 days entitles the contractor to terminate the contract.

Pros: Provides the DDA and the NPC with sufficient time to determine if private loans for their contributions can be secured.

Cons: Creates significant liability for the City to the contractor (estimated at over \$600,000) under the terms of the construction contract.

EXHIBIT LOAN

1. Loan \$1.2 million to the project to complete the exhibits to be repaid by the NPC with pledge revenues received through 2017.

Pros: Enables the Museum to open with fully completed exhibits; increases visitation and fee revenue; increases economic activity through increased visitation.

Cons: Encumbers \$1.2 million in City reserves which cannot be used for other purposes until repaid.

2. Do not loan \$1.2 million to complete the museum exhibits.

Pros: Does not encumber \$1.2 million in City reserves which can be used for other purposes, if needed.

Cons: Museum will open with a nice, but somewhat limited exhibit experience, as described earlier; three exhibit areas (Natural Areas; Science Experience, and Music and Sound) will be fully executed because they are fully funded with paid donations designated for these exhibits.

**COUNCIL FINANCE COMMITTEE
AGENDA ITEM SUMMARY**

Staff: Mike Freeman, Chief Financial Officer
John Voss, Interim Finance Director

SUBJECT FOR DISCUSSION

Create a new fund for the Museum.

EXECUTIVE SUMMARY

The Cultural Services Fund accounts for both the Lincoln Center and the Museum. In light of the new museum facility and the partnership with the Discovery Science Center, staff recommends creating a new fund to account for the Museum operations. The proposal is to retroactively make this effective January 1, 2011.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Does the committee have concerns about creating a new museum fund?

BACKGROUND/DISCUSSION

Charter Article V, Part III, section 25 states “The Financial Officer may create such funds as he or she deems appropriate to carry out the provisions of this Part III. The funds of the city shall include a general fund which shall be used to account for all financial resources of the city except those required to be accounted for in another fund.”

The partnership agreement between the Discovery Science Center and the City of Fort Collins calls for separation of certain financial activities and prorated sharing of certain revenues. It is anticipated that the accounting for fund balances will be more detailed and complex. Although all the accounting activities could be accomplished in the Cultural Resources Fund, transparency would be greatly improved with a separate Museum Fund.

The existing appropriations would need to be transferred to the new fund, necessitating council approval. A transferring appropriations ordinance would come forward later this summer.

Staff recommends creating a new Museum Fund.

COUNCIL FINANCE COMMITTEE AGENDA ITEM SUMMARY

**Staff: Mike Freeman
Lawrence Pollack**

SUBJECT FOR DISCUSSION

Keep Fort Collins Great Unused Allocation

EXECUTIVE SUMMARY

Our recommendations for changes to originally intended use of unused KFCG funds are as follows: 1) align with the current policies by requiring City Council approval for KFCG capital project appropriations, 2) allow City Council to determine appropriate use of KFCG appropriations in the "Other Community Priorities" designation, and 3) give the City Manager flexibility to decide on other appropriate uses of KFCG operational funding within the limitations of the other five KFCG designations. Attachment 1 contains three different scenarios and staff's specific recommendations for more detail on how unanticipated available KFCG funds may be used.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

What scenarios of unused KFCG allocations will require City Council approval for changes to intended use?

BACKGROUND/DISCUSSION

With the passage of 2010 ballot initiative 2B, the City of Fort Collins created a new fund called the Keep Fort Collins Great (KFCG) fund. This was done to help isolate expenditures associated with the specific KFCG offers approved by City Council as part of the 2011-12 biennial budget, as well as facilitate annual reporting of KFCG expenditures to the community.

Over the course of time, there may be situations where new grant money is obtained or actual costs come in significantly under budget. In such cases, it is important that the City organization have clear direction as to when the use of such unanticipated available KFCG funds can be repurposed without City Council approval and in which situations City Council approval is required.

ATTACHMENTS

Attachment 1: Keep Fort Collins Great Unused Allocations Memo



Financial Services
300 Laporte Avenue
PO Box 580
Fort Collins, CO 80522
970.416.2259
fcgov.com/business

DATE: May 27, 2011
TO: Council Finance Committee
FROM: Mike Freeman, Chief Financial Officer
RE: Keep Fort Collins Great Unused Allocations

With the passage of 2010 ballot initiative 2B, the City of Fort Collins created a new fund called the Keep Fort Collins Great (KFCG) fund. This was done to help isolate expenditures associated with the specific KFCG offers approved by City Council as part of the 2011-12 biennial budget, as well as facilitate annual reporting of KFCG expenditures to the community.

Over the course of time, there may be situations where new grant money is obtained, actual costs come in significantly under budget, and hiring decisions are made well into the fiscal year. In such cases, it is important that the City organization have clear direction as to when the use of such unanticipated available KFCG funds can be repurposed without City Council approval and in which situations City Council approval is required.

Our recommendations are as follows: 1) align with the current policies by requiring City Council approval for KFCG capital project appropriations, 2) allow City Council to determine appropriate use of KFCG appropriations in the "Other Community Priorities" designation, and 3) give the City Manager flexibility to decide on other appropriate uses of KFCG operational funding within the limitations of the other five KFCG designations. The following three scenarios and specific recommendations are provided for more detail on how unanticipated available KFCG funds may be used.

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#### **Scenario 1:**

- Unexpected grant revenue is obtained for a capital project funded from KFCG appropriations  
or
- Actual costs associated with a capital project using KFCG funding are less than had been planned at the time the offer was created.

#### **Recommended Options:**

- A) The unanticipated available KFCG funds can flow to fund balance for future appropriation
- B) A department may bring forth an ordinance to transfer appropriation to a new capital project
- C) A department may bring forth an ordinance to transfer appropriation for a specific operational purpose

**Scenario 2:**

- Unexpected grant revenue is obtained for operations associated with an offer funded from KFCG appropriations in the "Other Community Priorities" designation

or

- Actual costs associated with operations using KFCG funding in the "Other Community Priorities" designation are less than had been planned at the time the offer was created.

**Recommended Options:**

- A) The unanticipated available KFCG funds can flow to fund balance for future appropriation
- B) A department may bring forth an ordinance to transfer appropriation for another specific purpose (whether operational or capital)

**Scenario 3:**

- Unexpected grant revenue is obtained for operations associated with an offer funded from KFCG appropriations in a designation other than "Other Community Priorities"

or

- Actual costs associated with operations using KFCG funding in a designation other than "Other Community Priorities" are less than had been planned at the time the offer was created.

**Recommended Options:**

- A) The unanticipated available KFCG funds can flow to fund balance for future appropriation
- B) A department may obtain Service Area Director and City Manager approval to use the unanticipated KFCG funding for other operational purposes as restricted by the specific KFCG funding designation originally used to fund the operational offer

**COUNCIL FINANCE COMMITTEE  
AGENDA ITEM SUMMARY**

**Staff:** Mike Freeman, Chief Financial Officer  
John Voss, Interim Finance Director

**SUBJECT FOR DISCUSSION**

Refinancing Storm Drainage Revenue Bonds

**EXECUTIVE SUMMARY**

Conditions are favorable for refinancing the outstanding 2002 Storm Drainage Revenue Bonds. There is a potential to save \$560,000, on a net present value basis.

**GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED**

1. Does the Committee support initiating actions to refinance the 2002 Storm Drainage Revenue Bonds?
2. Does the Committee support bringing the necessary ordinances the July 5 Council meeting?

**BACKGROUND/DISCUSSION**

In 2002 the Storm Drainage Fund issued \$12.3 million in Storm Drainage Revenue Bonds to provide for improvements to the Dry Creek Basin and the Canal Importation, Ponds, and Outfall project. At December 31, 2010 the principal outstanding was \$8,630,000. Final payment is due December 1, 2022.

A recent analysis shows a potential net present value savings of \$558,621. See page 2 of the attachment. The savings is 6.473% of the refunded amount. The Government Finance Officers Association recommends refinancing when the savings is at least 3%. The City's financial advisor Jim Manire recommends refinancing when the savings is 5% or more.

There are different approaches to refinancing; negotiate a private placement or a public offering with an underwriter. The City has used both methods successfully. Both options will be considered.

Jim Manire with BLX Group will attend the Council Finance Committee meeting.

Staff recommends moving forward to refinance the 2002 Storm Drainage Revenue Bonds.

# City of Fort Collins, Colorado

## Proposed Storm Drainage Revenue Refunding Bonds, Series 2011 Advance Refunding of 2002 Storm Drainage Bonds

### Sources & Uses

Dated 07/07/2011 | Delivered 07/07/2011

#### Sources Of Funds

|                                               |                |
|-----------------------------------------------|----------------|
| Par Amount of Bonds                           | \$9,000,000.00 |
| Transfers from Prior Issue Debt Service Funds | 370,300.00     |

|                      |                       |
|----------------------|-----------------------|
| <b>Total Sources</b> | <b>\$9,370,300.00</b> |
|----------------------|-----------------------|

#### Uses Of Funds

|                                       |              |
|---------------------------------------|--------------|
| Deposit to Net Cash Escrow Fund       | 9,182,769.14 |
| Costs of Issuance                     | 120,000.00   |
| Total Underwriter's Discount (0.700%) | 63,000.00    |
| Rounding Amount                       | 4,530.86     |

|                   |                       |
|-------------------|-----------------------|
| <b>Total Uses</b> | <b>\$9,370,300.00</b> |
|-------------------|-----------------------|

## City of Fort Collins, Colorado

### Proposed Storm Drainage Revenue Refunding Bonds, Series 2011

Advance Refunding of 2002 Storm Drainage Bonds

#### Debt Service/Savings

| Date         | Principal             | Coupon   | Interest              | Total P+I              | Old Debt Svc           | Savings             |
|--------------|-----------------------|----------|-----------------------|------------------------|------------------------|---------------------|
| 12/01/2011   | 260,000.00            | 0.500%   | 68,927.00             | 328,927.00             | 377,975.00             | 53,578.86           |
| 12/01/2012   | 730,000.00            | 0.500%   | 171,017.50            | 901,017.50             | 953,387.50             | 52,370.00           |
| 12/01/2013   | 740,000.00            | 0.700%   | 167,367.50            | 907,367.50             | 959,162.50             | 51,795.00           |
| 12/01/2014   | 745,000.00            | 1.050%   | 162,187.50            | 907,187.50             | 957,912.50             | 50,725.00           |
| 12/01/2015   | 755,000.00            | 1.350%   | 154,365.00            | 909,365.00             | 964,787.50             | 55,422.50           |
| 12/01/2016   | 765,000.00            | 1.600%   | 144,172.50            | 909,172.50             | 964,427.50             | 55,255.00           |
| 12/01/2017   | 780,000.00            | 1.950%   | 131,932.50            | 911,932.50             | 966,997.50             | 55,065.00           |
| 12/01/2018   | 800,000.00            | 2.250%   | 116,722.50            | 916,722.50             | 967,560.00             | 50,837.50           |
| 12/01/2019   | 820,000.00            | 2.550%   | 98,722.50             | 918,722.50             | 970,700.00             | 51,977.50           |
| 12/01/2020   | 840,000.00            | 2.800%   | 77,812.50             | 917,812.50             | 971,700.00             | 53,887.50           |
| 12/01/2021   | 870,000.00            | 3.000%   | 54,292.50             | 924,292.50             | 975,750.00             | 51,457.50           |
| 12/01/2022   | 895,000.00            | 3.150%   | 28,192.50             | 923,192.50             | 976,500.00             | 53,307.50           |
| <b>Total</b> | <b>\$9,000,000.00</b> | <b>-</b> | <b>\$1,375,712.00</b> | <b>\$10,375,712.00</b> | <b>\$11,006,860.00</b> | <b>\$635,678.86</b> |

#### Savings Analysis

|                                                 |                     |
|-------------------------------------------------|---------------------|
| Net PV Cashflow Savings @ 2.356%(Bond Yield)    | 924,390.34          |
| Transfers from Prior Issue Debt Service Fund    | (370,300.00)        |
| Contingency or Rounding Amount                  | 4,530.86            |
| Net Present Value Benefit                       | <b>\$558,621.20</b> |
| Net PV Benefit / \$8,630,000 Refunded Principal | 6.473%              |

#### Yield Statistics

|                          |             |
|--------------------------|-------------|
| Bond Year Dollars        | \$57,835.00 |
| Average Coupon           | 2.3786842%  |
| Net Interest Cost (NIC)  | 2.4876148%  |
| True Interest Cost (TIC) | 2.4753817%  |
| All Inclusive Cost (AIC) | 2.7066409%  |

#### IRS Form 8038

|                                   |             |
|-----------------------------------|-------------|
| Bond Yield for Arbitrage Purposes | 2.3556948%  |
| Weighted Average Maturity         | 6.426 Years |

|                   |            |
|-------------------|------------|
| First Coupon Date | 12/01/2011 |
|-------------------|------------|

File | CITY OF FORT COLLINS, COLORADO.SF | Prop 2011 Storm Drainage | SINGLE PURPOSE | 5/9/2011 | 11:40 AM

BLX Group LLC

Independent Financial Advisor

# City of Fort Collins, Colorado

## Proposed Storm Drainage Revenue Refunding Bonds, Series 2011

Advance Refunding of 2002 Storm Drainage Bonds

### Pricing Summary

| Maturity     | Type of Bond  | Coupon | Yield  | Maturity Value        | Price    | Dollar Price          |
|--------------|---------------|--------|--------|-----------------------|----------|-----------------------|
| 12/01/2011   | Serial Coupon | 0.500% | 0.500% | 260,000.00            | 100.000% | 260,000.00            |
| 12/01/2012   | Serial Coupon | 0.500% | 0.500% | 730,000.00            | 100.000% | 730,000.00            |
| 12/01/2013   | Serial Coupon | 0.700% | 0.700% | 740,000.00            | 100.000% | 740,000.00            |
| 12/01/2014   | Serial Coupon | 1.050% | 1.050% | 745,000.00            | 100.000% | 745,000.00            |
| 12/01/2015   | Serial Coupon | 1.350% | 1.350% | 755,000.00            | 100.000% | 755,000.00            |
| 12/01/2016   | Serial Coupon | 1.600% | 1.600% | 765,000.00            | 100.000% | 765,000.00            |
| 12/01/2017   | Serial Coupon | 1.950% | 1.950% | 780,000.00            | 100.000% | 780,000.00            |
| 12/01/2018   | Serial Coupon | 2.250% | 2.250% | 800,000.00            | 100.000% | 800,000.00            |
| 12/01/2019   | Serial Coupon | 2.550% | 2.550% | 820,000.00            | 100.000% | 820,000.00            |
| 12/01/2020   | Serial Coupon | 2.800% | 2.800% | 840,000.00            | 100.000% | 840,000.00            |
| 12/01/2021   | Serial Coupon | 3.000% | 3.000% | 870,000.00            | 100.000% | 870,000.00            |
| 12/01/2022   | Serial Coupon | 3.150% | 3.150% | 895,000.00            | 100.000% | 895,000.00            |
| <b>Total</b> |               | -      | -      | <b>\$9,000,000.00</b> | -        | <b>\$9,000,000.00</b> |

#### Bid Information

|                                       |                |
|---------------------------------------|----------------|
| Par Amount of Bonds                   | \$9,000,000.00 |
| Gross Production                      | \$9,000,000.00 |
| Total Underwriter's Discount (0.700%) | \$(63,000.00)  |
| Bid (99.300%)                         | 8,937,000.00   |
| Total Purchase Price                  | \$8,937,000.00 |
| Bond Year Dollars                     | \$57,835.00    |
| Average Life                          | 6.426 Years    |
| Average Coupon                        | 2.3786842%     |
| Net Interest Cost (NIC)               | 2.4876148%     |
| True Interest Cost (TIC)              | 2.4753817%     |

## City of Fort Collins, Colorado

### Proposed Storm Drainage Revenue Refunding Bonds, Series 2011 Advance Refunding of 2002 Storm Drainage Bonds

#### Escrow Fund Cashflow

| Date         | Principal             | Rate     | Interest           | +Transfers          | Receipts              | Disbursements         | Cash Balance |
|--------------|-----------------------|----------|--------------------|---------------------|-----------------------|-----------------------|--------------|
| 07/07/2011   | -                     | -        | -                  | -                   | 0.14                  | -                     | 0.14         |
| 12/01/2011   | 368,260.00            | 0.030%   | 9,670.72           | 370,344.61          | 748,275.33            | 748,275.00            | 0.47         |
| 06/01/2012   | 179,500.00            | 0.130%   | 12,194.21          | -                   | 191,694.21            | 191,693.75            | 0.93         |
| 12/01/2012   | 8,264,709.00          | 0.290%   | 11,983.82          | -                   | 8,276,692.82          | 8,276,693.75          | -            |
| <b>Total</b> | <b>\$8,812,469.00</b> | <b>-</b> | <b>\$33,848.75</b> | <b>\$370,344.61</b> | <b>\$9,216,662.50</b> | <b>\$9,216,662.50</b> | <b>-</b>     |

#### Investment Parameters

|                                                    |                |
|----------------------------------------------------|----------------|
| Investment Model [PV, GIC, or Securities]          | Securities     |
| Default investment yield target                    | Bond Yield     |
| Cost of Investments Purchased with Fund Transfers  | 370,300.00     |
| Cash Deposit                                       | 0.14           |
| Cost of Investments Purchased with Bond Proceeds   | 8,812,469.00   |
| Total Cost of Investments                          | \$9,182,769.14 |
| Target Cost of Investments at bond yield           | \$8,571,828.34 |
| Actual positive or (negative) arbitrage            | (240,640.80)   |
| Yield to Receipt                                   | 0.2849405%     |
| Yield for Arbitrage Purposes                       | 2.3556948%     |
| State and Local Government Series (SLGS) rates for | 5/06/2011      |

# City of Fort Collins, Colorado

## Proposed Storm Drainage Revenue Refunding Bonds, Series 2011 Advance Refunding of 2002 Storm Drainage Bonds

### Unrestricted Money Cash Flow

| Date         | Principal           | Rate     | Interest       | -Transfers          | Cash Balance |
|--------------|---------------------|----------|----------------|---------------------|--------------|
| 07/07/2011   | -                   | -        | -              | -                   | -            |
| 12/01/2011   | 370,300.00          | 0.030%   | 44.61          | (370,344.61)        | -            |
| <b>Total</b> | <b>\$370,300.00</b> | <b>-</b> | <b>\$44.61</b> | <b>(370,344.61)</b> | <b>-</b>     |

#### Composition Of Initial Deposit

|                                                   |              |
|---------------------------------------------------|--------------|
| Cost of Investments Purchased with Fund Transfers | 370,300.00   |
| Total Cost of Investments                         | \$370,300.00 |



**City of Fort Collins, Colorado**  
Storm Drainage Revenue Bonds, Series 2002  
Callable 12/01/2012

**Debt Service To Maturity And To Call**

| Date         | Refunded Bonds        | Interest to Call    | D/S To Call           | Principal             | Coupon   | Interest              | Refunded D/S           |
|--------------|-----------------------|---------------------|-----------------------|-----------------------|----------|-----------------------|------------------------|
| 12/01/2011   | 545,000.00            | 203,275.00          | 748,275.00            | 545,000.00            | 4.250%   | 203,275.00            | 748,275.00             |
| 06/01/2012   | -                     | 191,693.75          | 191,693.75            | -                     | -        | 191,693.75            | 191,693.75             |
| 12/01/2012   | 8,085,000.00          | 191,693.75          | 8,276,693.75          | 570,000.00            | 4.250%   | 191,693.75            | 761,693.75             |
| 06/01/2013   | -                     | -                   | -                     | -                     | -        | 179,581.25            | 179,581.25             |
| 12/01/2013   | -                     | -                   | -                     | 600,000.00            | 4.375%   | 179,581.25            | 779,581.25             |
| 06/01/2014   | -                     | -                   | -                     | -                     | -        | 166,456.25            | 166,456.25             |
| 12/01/2014   | -                     | -                   | -                     | 625,000.00            | 4.500%   | 166,456.25            | 791,456.25             |
| 06/01/2015   | -                     | -                   | -                     | -                     | -        | 152,393.75            | 152,393.75             |
| 12/01/2015   | -                     | -                   | -                     | 660,000.00            | 4.600%   | 152,393.75            | 812,393.75             |
| 06/01/2016   | -                     | -                   | -                     | -                     | -        | 137,213.75            | 137,213.75             |
| 12/01/2016   | -                     | -                   | -                     | 690,000.00            | 4.700%   | 137,213.75            | 827,213.75             |
| 06/01/2017   | -                     | -                   | -                     | -                     | -        | 120,998.75            | 120,998.75             |
| 12/01/2017   | -                     | -                   | -                     | 725,000.00            | 4.750%   | 120,998.75            | 845,998.75             |
| 06/01/2018   | -                     | -                   | -                     | -                     | -        | 103,780.00            | 103,780.00             |
| 12/01/2018   | -                     | -                   | -                     | 760,000.00            | 4.850%   | 103,780.00            | 863,780.00             |
| 06/01/2019   | -                     | -                   | -                     | -                     | -        | 85,350.00             | 85,350.00              |
| 12/01/2019   | -                     | -                   | -                     | 800,000.00            | 4.875%   | 85,350.00             | 885,350.00             |
| 06/01/2020   | -                     | -                   | -                     | -                     | -        | 65,850.00             | 65,850.00              |
| 12/01/2020   | -                     | -                   | -                     | 840,000.00            | 4.875%   | 65,850.00             | 905,850.00             |
| 06/01/2021   | -                     | -                   | -                     | -                     | -        | 45,375.00             | 45,375.00              |
| 12/01/2021   | -                     | -                   | -                     | 885,000.00            | 5.000%   | 45,375.00             | 930,375.00             |
| 06/01/2022   | -                     | -                   | -                     | -                     | -        | 23,250.00             | 23,250.00              |
| 12/01/2022   | -                     | -                   | -                     | 930,000.00            | 5.000%   | 23,250.00             | 953,250.00             |
| <b>Total</b> | <b>\$8,630,000.00</b> | <b>\$586,662.50</b> | <b>\$9,216,662.50</b> | <b>\$8,630,000.00</b> | <b>-</b> | <b>\$2,747,160.00</b> | <b>\$11,377,160.00</b> |

**Yield Statistics**

|                                                   |             |
|---------------------------------------------------|-------------|
| Base date for Avg. Life & Avg. Coupon Calculation | 7/07/2011   |
| Average Life                                      | 6.477 Years |
| Average Coupon                                    | 4.8419504%  |
| Weighted Average Maturity (Par Basis)             | 6.477 Years |

**Refunding Bond Information**

|                         |           |
|-------------------------|-----------|
| Refunding Dated Date    | 7/07/2011 |
| Refunding Delivery Date | 7/07/2011 |

File | CITY OF FORT COLLINS, COLORADO.SF | Storm Drainage Revenue Bo | SINGLE PURPOSE | 5/ 9/2011 | 11:40 AM

# City of Fort Collins, Colorado

## Storm Drainage Revenue Bonds, Series 2002

Callable 12/01/2012

### Total Refunded Debt Service

| Date         | Principal             | Coupon   | Interest              | Total P+I              |
|--------------|-----------------------|----------|-----------------------|------------------------|
| 12/01/2011   | 545,000.00            | 4.250%   | 203,275.00            | 748,275.00             |
| 06/01/2012   | -                     | -        | 191,693.75            | 191,693.75             |
| 12/01/2012   | 570,000.00            | 4.250%   | 191,693.75            | 761,693.75             |
| 06/01/2013   | -                     | -        | 179,581.25            | 179,581.25             |
| 12/01/2013   | 600,000.00            | 4.375%   | 179,581.25            | 779,581.25             |
| 06/01/2014   | -                     | -        | 166,456.25            | 166,456.25             |
| 12/01/2014   | 625,000.00            | 4.500%   | 166,456.25            | 791,456.25             |
| 06/01/2015   | -                     | -        | 152,393.75            | 152,393.75             |
| 12/01/2015   | 660,000.00            | 4.600%   | 152,393.75            | 812,393.75             |
| 06/01/2016   | -                     | -        | 137,213.75            | 137,213.75             |
| 12/01/2016   | 690,000.00            | 4.700%   | 137,213.75            | 827,213.75             |
| 06/01/2017   | -                     | -        | 120,998.75            | 120,998.75             |
| 12/01/2017   | 725,000.00            | 4.750%   | 120,998.75            | 845,998.75             |
| 06/01/2018   | -                     | -        | 103,780.00            | 103,780.00             |
| 12/01/2018   | 760,000.00            | 4.850%   | 103,780.00            | 863,780.00             |
| 06/01/2019   | -                     | -        | 85,350.00             | 85,350.00              |
| 12/01/2019   | 800,000.00            | 4.875%   | 85,350.00             | 885,350.00             |
| 06/01/2020   | -                     | -        | 65,850.00             | 65,850.00              |
| 12/01/2020   | 840,000.00            | 4.875%   | 65,850.00             | 905,850.00             |
| 06/01/2021   | -                     | -        | 45,375.00             | 45,375.00              |
| 12/01/2021   | 885,000.00            | 5.000%   | 45,375.00             | 930,375.00             |
| 06/01/2022   | -                     | -        | 23,250.00             | 23,250.00              |
| 12/01/2022   | 930,000.00            | 5.000%   | 23,250.00             | 953,250.00             |
| <b>Total</b> | <b>\$8,630,000.00</b> | <b>-</b> | <b>\$2,747,160.00</b> | <b>\$11,377,160.00</b> |

### Yield Statistics

|                                                   |             |
|---------------------------------------------------|-------------|
| Base date for Avg. Life & Avg. Coupon Calculation | 7/07/2011   |
| Average Life                                      | 6.477 Years |
| Average Coupon                                    | 4.8419504%  |
| Weighted Average Maturity (Par Basis)             | 6.477 Years |

### Refunding Bond Information

|                         |           |
|-------------------------|-----------|
| Refunding Dated Date    | 7/07/2011 |
| Refunding Delivery Date | 7/07/2011 |