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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 a 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.