



Finance Administration

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Council Finance Committee

Minutes

6/2/11

10:30 a.m. - 12:00 p.m.

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

City Staff Attendees: Darin Atteberry, Mike Freeman, John Voss, Jim O'Neill, Lawrence Pollack, Steve Mason, Wendy Williams, Heather Shepherd

Others: Kathy Cardona, Matt Robenalt, DDA. Board Members from the DDA and NPC.

Approval of the Minutes from the May 16, 2011 meeting.

Mayor Karen Weitkunat moved to approve the minutes and Kelly Ohlson seconded. Minutes are approved unanimously.

Ben Manvel moved to nominate Mayor Karen Weitkunat as the permanent Chair person for the Council Finance Committee, Kelly Ohlson seconded the motion. Motion passed unanimously.

Museum Pledges and Financing

Presenter: Marty Heffernan

There is currently a shortfall in the funding for the new Museum of Discovery, and a bridge loan from the City to the museum project is being proposed in order to assist the museum project in moving forward.

The amount that is needed to complete construction of the building is \$3,975,000. A combination of factors has contributed to this. The DDA committed \$3 million but those funds are now not currently available and the DDA states they won't have the money in 2011. Also, the Museum Non-profit Corporation (NPC) has committed \$4,561,916 to the museum building. Of that amount, \$975,000 is in the form of pledges which is payable over the next few years.

Additionally, The Museum Non profit Corporation (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). 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.

This Committee's direction is now being sought on whether and when to take this issue to the City Council. Does the Council Finance Committee support consideration of a short term loan for \$3.975 from the General Fund for the museum building to be paid back by the DDA and the Museum, and provide sufficient time for the DDA and Museum to secure private financing or long term financing from the City, as approved by Council?

AND

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.

Darin Atteberry asked Interim Finance Director John Voss to state his recommendations on whether the City is in a position to loan the money, and what the best procedure would be?

Kelly Ohlson stated that if the City is to loan any money, he thinks that very specific loan terms must be drafted to ensure the City will be repaid.

John Voss said that at the end of 2010, the City had \$40.9 million in the general fund, and \$19.3 of that amount was not allocated for anything. There is currently \$12 million that isn't in play in some way. This proposal is a short term loan from the City in order to give the Museum time to secure longer term funding, and to pay the City back.

Matt Robenalt said that the DDA had made this commitment in 2009, and then when their debt was issued in 2010, the debt was largely placed with the private sector, resulting in higher interest rates, etc. Consequently, the DDA's financial advisor recommended that the DDA not enter into any loan or financial terms at least until August 2011 when the County Assessor confirms what dollar amount the DDA will be getting from property taxes.

Kelly Ohlson advised also getting the City's legal opinion on this issue. City Attorney Steve Roy said that this proposal is currently written as an appropriation and to restate it in specific loan terms in time for the upcoming City Council Meeting in three business days from now would be possible, but would require a large amount of work. Therefore, it would be better to bring before Council at a little later date so that terms can be more specific. First reading July 5th, and Second reading July 19th.

The Committee agrees that this time frame is best to present this proposal to the Fort Collins City Council. Darin Atteberry also asked that the DDA and NPC to each draft a letter to City Council stating why this is important and that there is a solid commitment to repayment of the loan.

Create New Museum Fund

The Cultural Services Fund accounts for both the Lincoln Center and the Museum so they are currently combined. Staff is recommending the creation of a specific museum fund in light of the new museum facility and partnership with Discovery Science Center. City staff also recommends making this fund retroactive to January 2011.



Committee members recommend drafting a more detailed explanation of the funds, and then to bring it back to the Council Finance Committee next month.

Storm Drainage Refinancing

Conditions are favorable for refinancing the outstanding 2002 Storm Drainage Revenue Bonds. There is a potential for the City to save \$560,000 on a net present value. The Committee is in favor and taking this to City Council for approval.

KFCG Money

The City ended up with extra money in the Keep Fort Collins Great fund due mainly to an unexpected addition of grant fund money. Mike Freeman said this will potentially keep happening in future years, and he prefers that a list of projects be drafted for which these project savings can be used. This topic will be moved to a later Council Finance Committee meeting due to time constraints.



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Council Audit & Finance Committee
Minutes
7/5/11
4:00 to 5:00
City Manager's Conference Room

Council Attendees: Mayor Karen Weitkunat, Mayor Pro Tem Kelly Ohlson, Ben Manvel
Staff: Darin Atteberry, Mike Freeman, Josh Birks, Diane Jones
Others: Anne Hutchison, Fort Collins Chamber of Commerce

AVAGO Wafer Fabrication Plant Expansion Package

Presenter Josh Birks: Project overview

The proposed location to Fort Collins and the incentive package was explained by Josh Birks with additional information from Mike Freeman. The new site location for AVAGO could bring 92 high tech jobs and about 155 spinoff jobs to Fort Collins.

AVAGO Reason for Fort Collins site location: low cost of power, operational efficiencies, labor, and an existing facility which will reduce turn-around time for the products. They plan to do the construction from August to October and plan to have it operational by fall 2012. They are also being courted by Taiwan and Italy. The incentive package is a tool to bring them to Fort Collins. The City will go through an application process to protect the interests of the City of Fort Collins.

Assistance package:

City and state incentives: equipment use tax rebate, personal property tax rebate, design assistance, building re-commissioning, Evaporative cooling credit, CEDC strategic fund, and Colorado FIRST Training Funds.

Net impact to City:

\$4,125,000 Estimated Revenue
\$2,145,000 Rebate
\$1,980,000 Net Revenue

The figures are 10 year estimated totals for equipment spinoff, and spinoff property tax.

Manufacturing use tax is 2%, and 2/3 would be rebated. It was suggested that it be approved first as a current policy.

Bldg 4 has about 30,000 Sq Ft available meant for manufacturing. They are looking at significant green retrofit. The environmental impacts are listed with some net positive impacts.

This is the first time we have offered an incentive for green retrofit in a package that includes information from Utilities. They are also investing some of their own money to retrofit.

Councilmember request: Please bring council a tailored package with selective suspension. We have criteria for rebates now. We should have a substantive policy conversation regarding this package. Make the criteria clear. URA and DDA policies should be consistent.

Steve Wooley from AVAGO has been asked to present something that speaks to the green issues, and talk about the positive impact on green.

Since this information is now public and no longer confidential. Josh will provide this information to Sarah Kane to pass along to the council members.

Josh will provide the Finance Committee with more contexts and a more detailed table of information.

Solix Business Retention Package

Retention Presentation:

Solix has a history in Fort Collins and with CSU. They have looked at least 6 sites in the area and selected one in Fort Collins. Proximity to CSU and availability of facilities are two reasons for their selection. Other communities have courted them and their central location is in Denver. We are becoming more of a draw for companies because the technical workforce is still here.

Part of the conversation with Solix for the last year was to culminate them and find facilities to accommodate them. A positive aspect for them is the reuse of the building. More positive reasons to offer Solix an incentive is available. However, Council feedback is important to determine how much criteria is needed for future presentations. Staff prefers to give the needed information without being a 'sell' presentation.



Solix investors are their first priority. They want to keep costs down and be quick to the market. Locating in Fort Collins is a lower priority to them. Solix reached out early because they have a desire to stay and it will accomplish lower costs and a quick turnaround.

We are seeing surrounding communities getting more aggressive courting companies offering more incentive with property and/or cash.

Personal property tax and Equipment Use tax is 10 year estimate, and the CEDC membership is one year.

This Committee agrees that both companies will be good for the community. Josh will present the topic on July 19 at the City Council meeting as a discussion item. Representatives from both companies will attend.

Next meeting July 18