



Finance Administration

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AGENDA
Council Finance & Audit Committee
July 15, 2019
10:00 am - noon
CIC Room - City Hall

Approval of Minutes from the June 17, 2019 Council Finance Committee meeting.

- | | | |
|--|------------|---------------------------|
| 1. 2018 Audit Results | 30 minutes | T. Storin |
| 2. EPIC External Borrowing Terms / Details | 30 minutes | J. Phelan
S. Carpenter |
| 3. Northfield Metro District Application | 30 minutes | J. Birks |
| 4. Sports Complex Evaluation | 30 minutes | W. Williams |

Council Finance Committee
Agenda Planning Calendar 2019
RVSD 07/08/19 mnb

July 15th			
	2018 Audit Results	30 min	T. Storin
	EPIC External Borrowing Terms/Details	30 min	J. Phelan S. Carpenter
	Northfield Metro District Application	30 min	J. Birks
	Sports Complex Evaluation	30 min	W. Williams

Aug 19th			
	2018 Fund Balance Review	20 min	T. Storin
	2020 Budget Revision Review	30 min	L. Pollack
	Comprehensive 2019 Fee Updates	30 min	J. Poznanovic
	Potential New Revenue Discussion	30 min	J. Poznanovic

Sep 16th			
	2019 Annual Adjustment Ordinance	15 min	L. Pollack
	Financial Policy Review & Updates	20 min	J. Voss

Oct 21st			

Future Council Finance Committee Topics:

- Development Fee Update - TBD
- Park/Median Design Standards & Maintenance Costs - TBD
- Utility LTFP & CIP - Nov



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Finance Committee Meeting Minutes
06/17/19
10 am - noon
CIC Room - City Hall

Council Attendees: Mayor Wade Troxell, Ross Cunniff, Ken Summers

Staff: Darin Atteberry, Kelly DiMartino, Mike Beckstead, Jackie Thiel, Kevin Gertig, Lance Smith, Travis Storin, John Voss, Don Klingler, Noelle Currell, Sue Beck-Ferkiss, Kristin Fritz, John Duval, Tyler Marr, Jo Cech, Katie Ricketts, Zach Mozer, Carolyn Koontz, Bob Adams, Marc Rademacher

Others: Kevin Jones, Chamber of Commerce

Meeting called to order at 10:09 am

Approval of Minutes from the May 20, 2019 Council Finance Committee Meeting. Ken Summers moved for approval of the minutes as presented. Mayor Troxell seconded the motion. Minutes were approved unanimously.

A. Mason Place Affordable Housing Fee Waivers

Noelle Currell, Manager, FP&A

Sue Beck-Ferkiss, Social Policy and Housing Programs Manager

SUBJECT FOR DISCUSSION

Affordable Housing Fee Waiver Request for Mason Place, a permanent supportive housing community.

EXECUTIVE SUMMARY

Housing Catalyst (HC), formerly known as the Fort Collins Housing Authority, has requested that certain development and capital improvement expansion fees be waived for all 60 qualifying units at Mason Place. In March 2013, City Council limited the types of projects for which fee waivers may be requested and made these waivers discretionary. Eligible projects are those constructed for homeless or disabled persons, or for households whose income falls at or below 30% of the area median income of all City residents. HC is requesting fee waivers in the approximate amount of \$325,000 for the 60 qualifying units at Mason Place.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. Does the Council Finance Committee (CFC) support granting the fee waiver request?
2. If CFC desires the Capital Expansion Fees to be backfilled, should this funding come from General Fund Reserves only, or from both General Fund Reserves and the Affordable Housing Capital Fund?

BACKGROUND/DISCUSSION

HC is seeking the waiver of certain development and capital improvement expansion fees for Mason Place, an affordable housing project as allowed by City Code and the Land Use Code. Mason Place is currently under development and will deliver 60 income restricted units, all of which will be targeted to households making no more than 30% of the area median income (AMI). The request from HC is attached as attachment 1. While HC will be the ultimate owner of the building, it is being developed by Housing Catalyst LLC and any fee waiver granted would be to Mason Place LLLP, which is the ownership entity for the tax credit partnership.

Fee Waiver History:

For many years, the City provided affordable housing fee waivers for some building permit fees, development review fees and some capital expansion fees as an incentive to encourage the development of affordable housing.

- In March 2013, City Council amended its policies on fee waivers for affordable housing to allow for more discretion in determining the kinds of housing projects for which City fees should be waived.
- This was after a large waiver was granted.
- By adopting Ordinance No. 37, 2013, City Council limited eligibility of fee waivers to the local housing authority and limited what types of units would qualify for fee waivers. Only projects that are constructed for homeless or disabled persons, or for households whose income is no greater than 30% of the area median income of all City residents qualify.
- Furthermore, waivers were made discretionary by City Council upon a determination that the proposed waiver will not jeopardize the financial interests of the City or the timely construction of the capital improvements to be funded by the fees for which a waiver is sought.
- This policy was changed by City Council in 2017 so that any developer providing qualifying units is eligible to seek discretionary fee waivers.
- Staff has been working on improving the method of processing requests for fee waivers. In addition to working with the applicant to confirm fee amounts, the process allows for the percentage of eligible units to be approved even before the fee amounts are finalized. However, if the waiver request is processed when fee amounts are final, the waiver approval can be for both the percentage of qualifying units and the fee amount. The process allows the applicant to decide on the timing of the fee waiver request. This only makes a difference in how the City handles the reimbursement of capital expansion fees and does not influence the project being constructed.

Current Request:

Mason Place is a 60-unit affordable housing community being constructed at 3750 South Mason Street in Fort Collins. See attachment 2 for map of location. The developer is HC. The total development of 60 units, will be dedicated to households making no more than 30% AMI. This will be a permanent supportive housing development where people can live for an unlimited term and be provided on site supportive services to help tenants achieve and sustain housing stability. This is a best practice for housing persons experiencing chronic homelessness, most of whom have disabilities too.

HC is seeking the waiver of certain fees for those 60 qualifying units. The total fees for this \$18.7 million development project are estimated to be in excess of \$656,000. The request is for 100% of eligible fees, about \$325,000 (currently calculated at \$324,714), to be waived. Of that amount, about \$264,000 (currently calculated at \$263,244) are for capital expansion fees which the City has traditionally reimbursed. This project is adaptive reuse and not new construction, so the fees are offset with fees previously collected for this location and are therefore not as high as a new construction project would be. Because the plans for this development could still

change slightly, HC has requested that Council approve the percentage to be waived at this time. The fee amounts are not expected to change significantly, but by approving the percentage, more time is provided to finalize the fee amounts.

The 2019 income limits published by the U. S. Department of Housing and Urban Development for 30% of the Fort Collins AMI is \$18,350 for a household of 1 and \$20,950 for a household of 2. The units at Mason Place will be primarily one-bedroom units with a few two-bedroom units. Households at this income level are some of the City's most vulnerable residents. Most of the residents will be escaping homelessness and have disabilities. All units at Mason Place are eligible for fee waivers as established by City Code, and the Land Use Code.

The City has established affordable housing production goals in the 2015-2019 Affordable Housing Strategic Plan (Plan). The need for financial support for these goals to be met is also stated in the Plan. The annual production goal for the current 5-year plan is 188 units. This project will deliver 60 units which is 32% of the City's current annual goal. Since the City does not develop housing, development partners are relied upon to bring this necessary housing product to the community. This project will increase the inventory of affordable rental units and is targeting special needs populations - which are two of the strategies listed in the Plan.

It is recommended that any capital expansion fees waived be subject to backfill by the City to reimburse city departments for fees if this waiver is granted, as has been the City's custom to date. Traditionally backfill of capital expansion fees occurred and has come from General Fund reserves. Alternatively, funds for this request could come from the Affordable Housing Capital Fund that was approved by the voters as part of the City Capital Improvements Program. This fund will accumulate \$4 million over ten years. While most of the current balance in this fund is already committed to this project, \$100,00 was withheld for the purpose of matching general fund reserves for fee waiver backfill. This project is the first to seek fee waivers this year.

Board and staff support:

- The Affordable Housing Board supports this waiver request. The City's waiver policy has greatly limited the types of projects that qualify for waivers. This policy recognizes that households earning no more than 30% AMI cannot afford market rate housing in our City at this time. The average rent is currently over \$1,200 a month. A one-person household at 30% AMI would need to pay 78% of their income to pay the average rent. Ideally, renters would never pay more than 30% of their income on housing. Developers need public subsidy to produce housing that this demographic can afford.
- Staff also supports granting this waiver request.

Next Steps

- This request is ready to be presented to Council after this committee's review.

DISCUSSION / NEXT STEPS:

First Fee Waiver request of 2019 - total waivable fees \$325K - not to exceed \$330K to make sure we have some flexibility - Backfill Amount - \$264K - Total Fees = \$686K (correction from slide showing \$656K)

Mike Beckstead; Through 2018 we appropriated \$700K through the CCIP dedicated support \$500K of that is still unspent and that amount is proposed to be dedicated to this project. In 2019, we appropriated \$400K from the CCIP – all will go to this project as well. All total - just over \$1M of support from the City for this project.

Fee waivers as investment - Direct subsidy - after competitive process if there is a gap - retain no more than 25% of any fund balance for backfill – never an obligation to completely backfill but to help. We are requesting that you approve the waiver of 100% of waivable fees. Affordable Housing Board has approved this request.

Ken Summers; can you review the support categories?

Sue Beck-Ferkiss;

Total of \$1M City support

Fee Waivers = \$325K

From Affordable Housing Capital Fund = \$900K

Total is \$1.2M between two awards

Competitive process – annual competition for CDBG home and affordable housing funds

Darin Atteberry; the most important information is that this is a cumulative ask - not just the one time ask \$1.3 - 1.5M is the actual total - Council doesn't remember all of these different pieces from 2017

Ken Summers; CDBG allocations we approved - this request is for fee waiver

Outside of what is available to Housing Catalyst - How does that work? We are being ask for a fee waiver

Sue Beck-Ferkiss; in 2018 Affordable Housing Capital Funds were committed to Housing Catalyst

CDBG funds were from 2018 and have been approved by Council

A lot of projects qualify for the competitive process and would qualify for the capital fund.

Only projects that target 30% AMI or less are eligible for waivers – additional incentive we have to build units for lowest wage earners which don't spin off rent income so more \$\$ are required – more subsidy on the front end. Providing permanent support housing.

Kristin Fritz; Housing Catalyst

\$876K committed by City Capital Fund

\$1.1M competitive

Approx. \$2M is the total commitment before the Fee Waivers

Mayor Troxell; the total project cost is \$18.7M. How is this going to be financed?

Kristin Fritz; this is a competitive tax credit project and was awarded 9% tax credits on its first round

City funding commitment was prior to the tax credit award

Whether or not we received federal low-income tax credits

We received state money from Colorado Division of Housing

Selected a lender - all of the financing is fully awarded, and the underwriting due diligence is in progress and we are scheduled to close on September 2nd - working its way through - fully funded - completely penciled out

It is typical with the City funding process – that after an award is made, we still need to go obtain the remaining pieces and then go through a contracting process.

Mayor Troxell; Will the \$18.7M will hold?

Kristin Fritz; Yes, that is 'the' number - we are committed to that number and under contract

Mayor Troxell; I am in favor - some of that background information regarding the overall investment - hard to complete wrap around services - 0-30% AMI - tough crowd

Ross Cunniff; I sit on the Housing Catalyst Board - I do support taking the waivable fees out of the General Fund other than out of the various Capital Expansion Fee buckets.

Mike Beckstead; for clarification - shared or 100% out of the General Fund?

Ross Cunniff; 100% out of the General Fund

Sue Beck-Ferkiss; would it all come from the General Fund reserve or should we use the money (\$100K) we set aside for this purpose?

Ken Summers; let's use the money we set aside first then the remainder from the General Fund.

Mike Beckstead; I put the fees into 3 categories;

- 1) Utility PIFS - not being waived
- 2) Development Fees - waiver is requested - would not be backfilled
- 3) Capital Expansion Fees - \$264K which would get backfilled

Ross Cunniff; trying to make the Development Review Fees like a dedicated fund - so that is the only thing they are used for is Development Review – I would prefer it be portrayed as coming from General Fund reserves because that is really what is happening.

ACTION ITEM:

In the future, I would like to find a structured way we can call these pre-application proposed rebates - other than a waiver – still want to meet the timeline - with Housing Catalyst that could cause some financial stress. IF we had a source of funding available for projects that pre quality – here is your predevelopment contingent on it actually being built, etc. Being deliberate about setting aside money for these affordable housing purposes and not making it look like we are playing some kind of shell game.

Council Finance Committee (Mayor Troxell, Ken Summers and Ross Cunniff) unanimously recommended that this go forward to the full Council.

ACTION ITEM: Darin Atteberry; this looks like an approximate 10% City participation - to Mike - please work with Jackie and Sue - it would be good to see where those trends are; trending up? trending down? What have we done in prior projects? A macro perspective. I agree with what Wade and Ross both said, this is a great project that will help with some serious needs. The complete stack is always important for Council.

Mike Beckstead; We will make sure both the complete stack and the trends are included in the Council materials.

Ken Summers; what is rate contribution for residents? Do they pay on a sliding scale?

Sue Beck-Ferkiss; housing choice vouchers that are connected to these units - residents pay 30% of their income and the government pays the rest up to the fair market standard.

B. 2020 Utility Rate Adjustments

Lance Smith, Utilities Strategic Finance Director

EXECUTIVE SUMMARY

The revenue requirements to support the 2019-20 Biennial budget require increasing monthly charges for electric service by 5.0% and stormwater service by 2.0% in each of those years. This was done in 2019. The purpose of this discussion is to continue the dialogue with the Council Finance Committee ahead of bringing the appropriate rate Ordinances forward to the full City Council in November.

The Capital Improvement Plans (CIPs) for each of the 4 traditional utility services (electric, water, wastewater and stormwater) will be updated yet in 2019. The updated CIPs will then feed into updating the long-term financial models that serve as the basis for the Strategic Financial Plans for each utility. These updated plans along with the associated 10-year rate and debt issuance forecasts will be presented to the Council Finance Committee in November, ahead of the 2021-22 Budgeting For Outcomes process.

The electric rate increase in 2020 is being driven by the ongoing effort to increase operating revenues for this utility enterprise while managing operating expenses so as to generate positive operating income beginning in 2020.

The stormwater increase, as in 2019, is intended to raise operating revenues modestly to increase the debt capacity of the Enterprise in anticipation of significant debt being needed to meet future capital improvements necessary to complete the initial buildout of the stormwater infrastructure. Similar, modest adjustments of less than 3% may be necessary over the coming decade depending on the timing and scale of the necessary capital investments.

The Water and Wastewater cost of service studies are being updated for 2020 yet in 2019. It is preferable to make any cost of service adjustments in years when there is no overall rate increase for a given utility necessary in that same year. It is anticipated that there may be some adjustments between rate classes in order to meet the 2020 revenue requirements for these two utilities.

From a residential customer perspective, the net increase to their 4 service utility bill is expected to be \$3.91 per month, or 2.3% more than they are paying in 2019.

Fort Collins Utilities Average Residential Monthly Bill				
Utility	2019	2020	\$ Change	% Change
Electric	\$75.56	\$79.34	\$3.60	5.0%
Water *	\$47.88	\$47.88	\$0.00	0.0%
Wastewater *	\$34.45	\$34.45	\$0.00	0.0%
Stormwater	\$15.73	\$16.04	\$0.31	2.0%
Total Average Bill	\$173.62	\$177.71	\$3.91	2.3%

* Water and Wastewater Cost of Service adjustments may be necessary in 2020.

As part of the City-wide effort to better align development fees, the plant investment fees associated with the 4 utility services are part of the 2019 Fee Update that is being presented to various boards and groups this summer. The table below summarizes the adjustments to these fees for the 4 existing utility services (for an 8600 square foot lot with a new 4-bedroom single family home).

Utility Fee	Current Charge	2020 Charge	\$ Change	% Change
Electric Capacity Fee	\$1,537	\$1,563	\$ 26	1.7%
Water PIF	\$ 3,826	\$ 4,084	\$ 258	6.7%
Wastewater PIF	\$ 3,537	\$ 3,590	\$ 53	1.5%
Stormwater PIF	\$ 1,548	\$ 1,600	\$ 52	3.3%
Water Supply Requirement*	\$11,160	\$13,838	\$ 2,678	24.0%

The most significant increase being to the Water Supply Requirement. Continued escalation in the price of water rights and the cost of building storage are driving this adjustment just 2 years after the previous significant increase. The Excess Water Use Surcharge that some commercial customers are subject is also being proposed to increase by 24% in 2020. The City Council approved the Allotment Management Program to begin in 2020 in an attempt to reduce those impacted by this increase.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Does the Council Finance Committee support bringing the rate increases being proposed forward for consideration by the Mayor and City Council?

BACKGROUND/DISCUSSION

The 2016 Strategic Financial Plan for each utility was presented to this Committee through 3 meetings. The rate strategy that was developed as part of the Strategic Financial Plans provides for objective rate adjustments based on financial metrics. This strategy is included in the financial modeling for the plan and serves as the basis of the rate projections presented to Council since 2016.

Rate Strategy and Smoothing

The following criteria objectively determine when, why and how much rates should be adjusted to maintain the financial health of each utility:

1. Adjust electric rates sufficient to meet Platte River Power Authority wholesale rate adjustments.
2. If the previous 3 years have averaged negative operating income, raise rates next year to the lessor of 5% or the level sufficient to have offset the average operating loss.
3. If debt coverage is less than 2.0, increase rates the lessor of 5% and a level sufficient to raise the debt coverage ratio to 2.1 the next year.
4. If the Available Reserve fund balance is projected to be negative at the end of any year, increase rates the lessor of 5% and an amount sufficient to increase reserves to the minimum required reserve.
5. Add up all of the previous criteria driven rate adjustments and take the lessor of 5% and the sum as the recommended rate adjustment.

By limiting the annual increase to no more than 5.0% in any given utility, the average customer should not see an increase in their utility bill by more than 5% in one year. This constraint results in some smoothing of larger rate increases over 2 or more years. Moreover, because the total utility bill is considered, adjustments in one utility may be less than needed in order to smooth out the overall bill impact. In the 2017-18 Budget cycle, for example, water rates were adjusted up 5.0% in each year while wastewater rates were increased 3.0% each year.

Here the necessary electric rate increase is being smoothed out over the next 3 years. Also, because the water and wastewater rates are not being adjusted this budget cycle, it is being proposed to adjust stormwater rates in anticipation of significant debt issuances in the next decade.

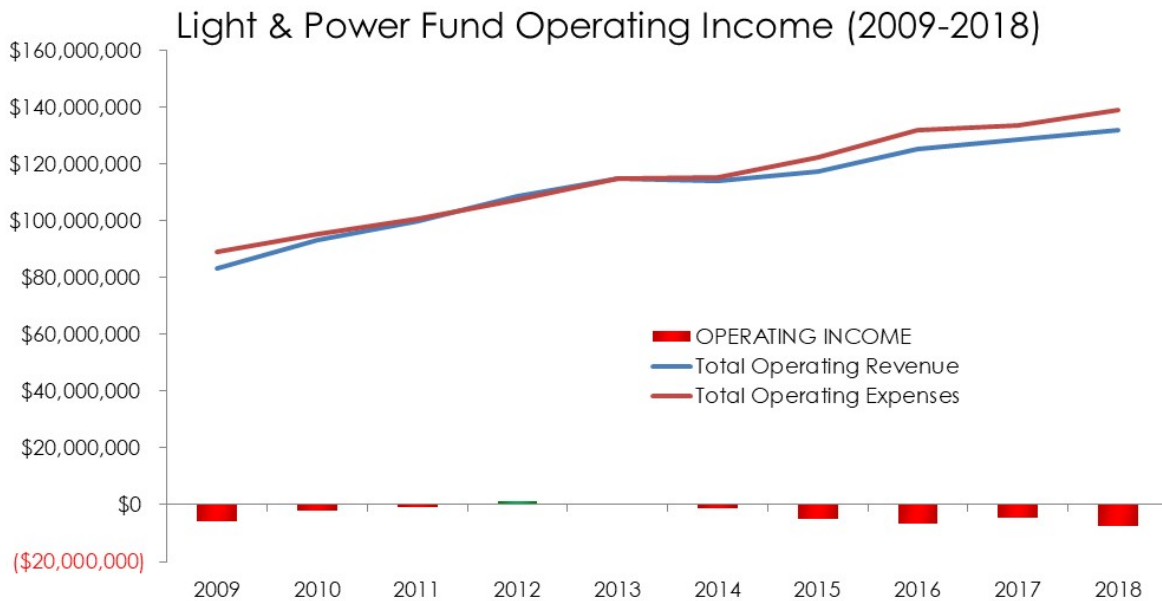
Electric Rate Increase

The ten-year rate forecast presented to this Committee last November included 5.0% rate increases in 2019 and 2020 followed by lesser increases in the subsequent years. That forecast served as the basis for the 2017 Strategic Financial Plan for the Light & Power Enterprise Fund and the subsequent revenue projections utilized in the development of the 2019-20 Budget cycle.

When this item was added to the Council Finance Committee agenda for June, the expectation was that Platte River Power Authority (PRPA) would have taken formal action on the proposed 2020 wholesale rate structure and rates at its May Board meeting. PRPA has since decided to not take formal action on the 2020 wholesale rates until its October Board meeting. Preliminary direction was given at the May Board meeting as to the expectation now that no wholesale rate increase will be proposed by PRPA for 2020. This will allow the 4 owning communities to adjust to the new wholesale rate structure without also realizing a rate increase in the same year.

Looking at the operating income since 2009 shows that this Fund has utilized reserves to offset operating losses. While this was an intentional draw down of reserves based on previous City Council direction, over the last 3

Budgeting For Outcomes cycles (2013-2018) \$41.7M has been appropriated from Reserves. Some of these appropriations have been offset by unanticipated revenues due to strong development. The Reserve balance has decreased from a peak in 2014 of \$56.5M to \$30.8M at the end of 2018.



The 5.0% increase proposed for 2020, along with the 3.6% increase in 2019, will generate additional revenue to remain within the distribution utility of the City and is expected to result in positive operating income being generated for this Enterprise beginning in 2020.

Criteria	Oct '18		CURRENT	
	2019	2020	2020	2021
		1.4%	1.4%	0.3%
1. PRPA wholesale energy costs	1.4%	1.4%		1.4%
2. 3 yr ave Operating Income < 0	5.0%	3.0%	3.9%	TBD
3. Debt Coverage Ratio < 2.0				TBD
4. Available Reserves less Capital Need < 0				TBD
Sum of Above	6.4%	5.8%	5.3%	
5. Lesser of 5.0% or the sum of above	5.0%	5.0%	5.0%	TBD
Increase Carried Forward	1.4%	0.8%	0.3%	TBD

TBD - to be determined in the 2021-22 Budget cycle

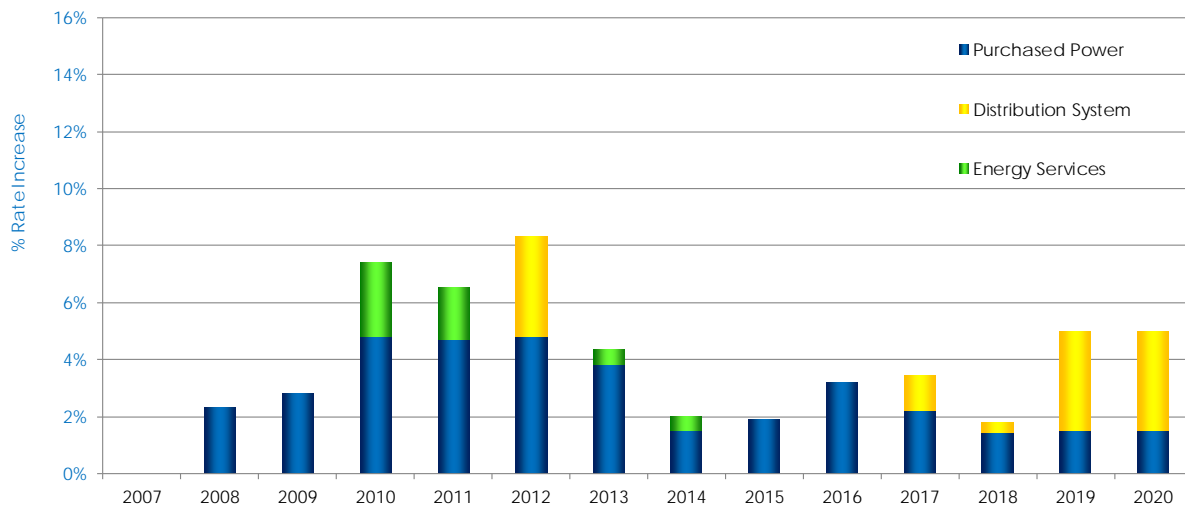
While PRPA is no longer proposing a wholesale rate increase for 2020, the 3-year average operating loss increased from \$5.4M from 2015-17 to \$6.3M for the 3-year period 2016-2018. The net effect of these two

changes is that it is still being proposed to increase electric rates 5.0% in 2020 with only 0.3% being carried forward into 2021.

The electric cost-of-service (COS) model is updated every two years, with the last update occurring in 2018. The next scheduled update is in the summer of 2020 to be effective in 2021. Therefore, the proposed electric rate increase will be the same for all rate classes in 2020.

Below is a chart showing the adjustments to rates that have been done since 2007 along with the forecasted rate adjustments being proposed in this budget. The table below the chart shows the rate adjustments that are anticipated to be necessary over the next 10 years to provide adequate revenues to maintain the financial health as determined by the bond rating agencies criteria for assessing new debt issuances. This table will be updated along with the CIPs and presented to the Council Finance Committee in November.

Electric Monthly Rates



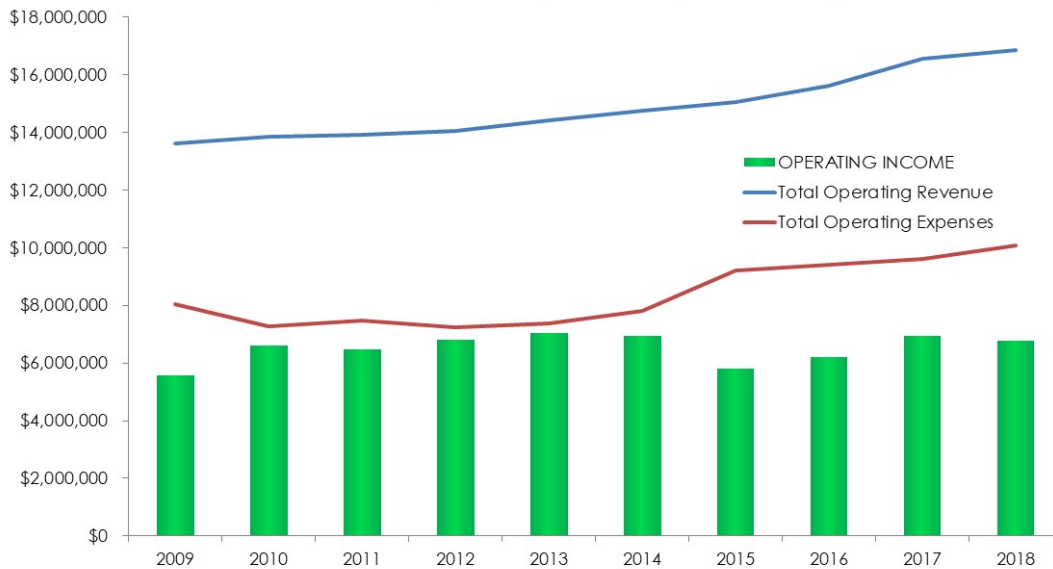
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Rate Increase	3.45%	1.8%	5.0%	5.0%	2-3%	1-3%	1-3%	1-3%	1-3%	1-3%	1-3%	1-3%
Debt Issuance \$M	\$20.0											
\$165M of capital work is expected to be needed between 2017 and 2026 in addition to the current capital appropriations.												

Stormwater Rate Increase

The ten-year rate forecast presented to this Committee in February 2018 included rather modest rate increases in 2019 and 2020 followed by even smaller increases in the subsequent years. That forecast served as the basis for the revenue projections utilized in the development of the 2019-20 Budget cycle.

Looking at the operating income of this utility shows a healthy operating margin. This criterium is not expected to drive any rate increases over the next decade at least.

Stormwater Operating Income (2009-2018)



As staff completes the updating and prioritizing of the latest iteration of the capital improvement plan for this utility, the very significant amount of capital investment required to fully buildout the stormwater system throughout the whole community is expected, hence, there is expected to be a need to increase the debt capacity of this utility. A modest adjustment is being proposed here to help with smoothing any larger future increase that may be necessary as the capital improvements are prioritized.

Criteria	2019	2020
1. 3 yr ave. Operating Income < \$0	-	-
3. Debt Coverage Ratio < 2.0	-	-
4. Available Reserves less Capital Need < 0 *	2.0%	2.0%
Sum of Above	2.0%	2.0%
5. Lesser of 5.0% or the sum of above	2.0%	2.0%

* This is an estimate in lieu of the capital improvement plan being prioritized. It will be necessary to increase revenues to support the significant capital needs for this utility

The 2% stormwater increase for 2020 is intended to raise operating revenues modestly to increase the debt capacity of the Enterprise in anticipation of significant debt being needed to meet these future capital needs. Similar, modest adjustments of less than 3% may be necessary over the coming decade depending on the timing and scale of the necessary capital investments.

As shown below few rate adjustments have been made since 2007. The table below the chart shows the rate adjustments that are anticipated to be necessary over the next 10 years to provide adequate revenues to maintain the financial health as determined by the bond rating agencies criteria for assessing new debt issuances. Again, these tables will be updated and presented to the Council Finance Committee later this year ahead of the next Budgeting For Outcomes cycle begins.

504 Stormwater Fund Rate Changes



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Rate Increase	5%	0%	2.0%	2.0%	0-3%	0-3%	0-3%	0-3%	0-3%	0-3%	0-3%	0-3%
Debt Issuance			\$30-35M				\$25-30M				\$25-30M	

*\$272M of capital work is expected to be needed between 2019 and 2044.
\$70M of stream restoration work has also been identified here.

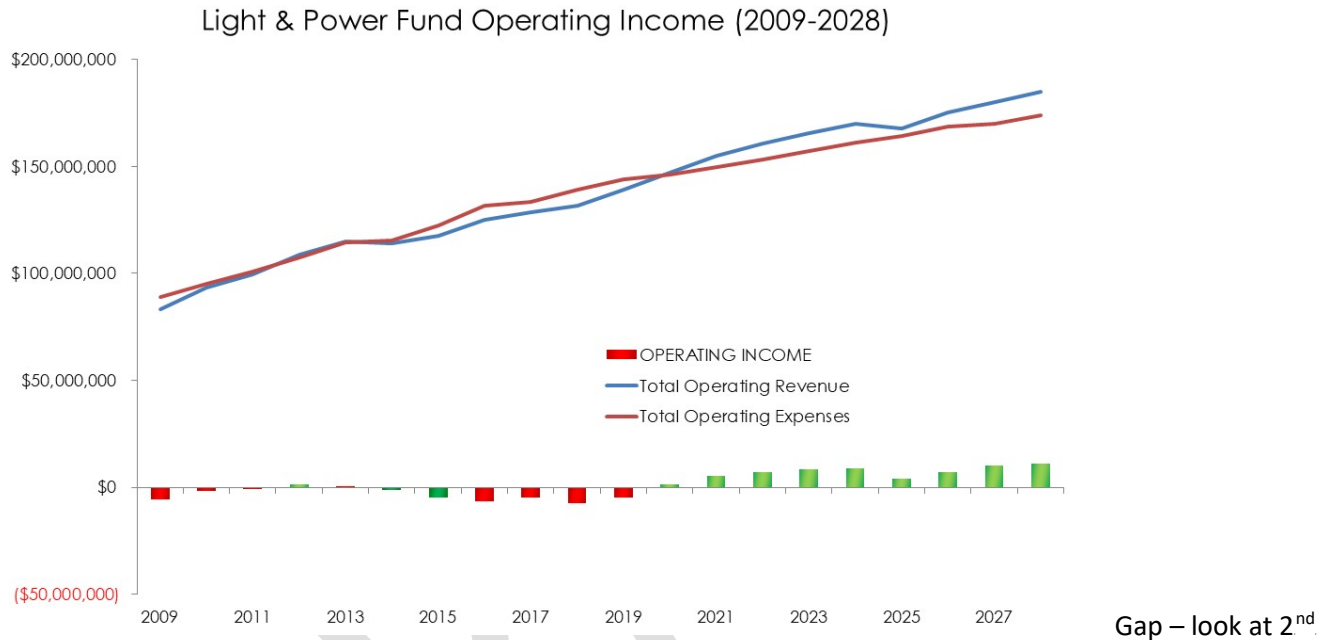
DISCUSSION / NEXT STEPS:



- Energy Board – July (general rate strategy discussion)
- Capital Improvement Plans updated – September
- PRPA 2020 wholesale rates adopted – October
- Strategic Financial Plans presented to CFC – November
- City Council 1st / 2nd Reading of 2020 Rate Ordinances – November
- Rates effective - Jan 2020

Mayor Troxell; a 5% increase on electric all through the distribution side - positive operating income but that doesn't explain the expenses.

Lance Smith; over the last decade that fund has been spending more than operating income so we are trying to limit operating expense growth but also increase the operating revenue so we can get to positive operating income.



The chart above shows the blue line crossing over the red line in 2020

Ken Summer: What are the energy services as described on the electric rate history /forecast chart?

Lance Smith; those are dedicated funds that are going to energy conservative and energy efficiency programs – those were rate increases that Council said they wanted to allocate a certain percentage to that purpose.

Mayor Troxell; demand charges and then usage of energy - If we are needing to make more investment on our plant - is that on the demand charge side?

Lance Smith; most residential customers don't have a demand charge, so all of their contribution is collected through energy. Commercial side - small customers are not seeing the demand charges, but the larger customers are seeing demand charges.

Mayor Troxell; on the retail side - Peak charge as opposed to real time use informed decision making - how to meet peak demand.

Lance Smith; we do provide a forecast – maybe 6-8 times per month we send a note to customers notifying them of

changes of when peak time might occur - there was significant investment made in the community to reduce demand prior to last PRPA rate structure change. We do have a lot in place to limit reduce the incident / coincidence peak demand - they are not getting really hit - if we had just known when the peak hour was...their demand is relatively flat.

Mayor Troxell; more prosumers - net metered - putting more energy on the grid - we have time of use /time of day rate which is laid over this as a zero sum to incent changing behavior and shifting the profile - if there are more plug-in electrics. I met with a battery storage company recently and there is more and that would be on the distribution side – battery storage - newer projects – residential going to zero energy standards - this is the gross financing and rates. I think there is more of a shift and it requires a bit more investment on the distribution / plant side to actively manage a distribution system when it is not just an energy outtake from Platt River but it is integrating more distributed energy resources based on peak pricing or some other signal - active generation based on the sun shining or the discharging of a battery. Where would we capture the distribution side investment for active management of distributed energy resources? As you look out - does even 2023 make sense?

Lance Smith; that question is more to the rate structure itself - whether we need to have more of the cost collected via a fixed charge or if we are going to keep that as an energy charge - that is part of the discussion with the Energy Board next month as they are wanting to talk about a general rate strategy. Currently all of that is currently collected via a distribution energy charge. We might want to look at collecting more of those fixed cost - the distribution infrastructure to meet that demand in a fixed charge.

Mayor Troxell; you could do it on the energy side because the end customer is generating energy as part of your supply - somebody is generating their 120% - I would like to see that they are compensated for the time that their energy is used - for example, plug in electric is in the parking garage with plenty of capacity to get home - part of the battery storage is used for peak end of day - requiring distribution provider (us) to actively manage and pull from that resource as opposed to Platt River or somebody else.

Lance Smith; they are compensated at the current rate - if they are producing energy - time of use rate. The idea that you mention of pulling energy from the garage is a concept that we need to look at.

Ross Cunniff; two 5% increases are an aftershock update from our capital improvement plan / upgrades and repairs.

Lance Smith; Yes, and there was an intentional effort to draw down reserves from \$30M

Ross Cunniff; I agree with the Mayor that we need to contemplate some way of having the rate structure to encourage people to use battery storage. There are probably some city code changes that we will need to do and some information connectivity - perhaps we could provide some benefit with our internet utility - get information back to them in real time and not have to depend on a 3rd party. Real time demand - because if all of a sudden something spikes (clouds disappear all over city at the same time) suck that energy power into your battery now - that is longer term and I don't think that impacts our current rate structure.

Darin Atteberry has the memo that was requested by Council describing the different commercial / industrial rate classes and which if any subsidize others and it is ready to be distributed.

Ross Cuniff; ACTION ITEM - Half of Fort Collins customers don't have wastewater or stormwater so could we add them as a separate slice or a separate total, so everyone understands?

Ken Summers; I support bringing those rate structures ahead - I like the comments about moving forward - my thought process - what the future is going to look like - we have this kind of double bind where we want people to conserve electricity - the more they save the more we need to raise our rates to cover our operational costs - hopefully the battery storage economics of that coming to residential side to make it more affordable but it is not really practical right now. When are we scheduled to do our review of our current TOD?

Lance Smith; that went into effect in October 1st and started with the November billing cycle, so we are looking to do a 12 month review this November / December. We have an intern from CSU this summer who is helping do some preliminary analysis and to set up the initial structure for the analysis.

Ken Summer; I like the TOD approach - I did some analysis to find out how I can be more efficient as a residential customer. Adding the tiered rate with the TOD is not helping people manage their electric usage in a way that we hoped - too complicated and confusing - we could improve our system and help people manage - I question the whole tiered rate structure - requires more time than the individual consumer is willing to invest.

Council Finance Committee and Kevin Gertig discussed;

Monthly billing cycle timing concerns; prefer from as close as possible to the 1st of the month, ability to compare to last year's data. There are 9 different billing cycles / 75K bills. The intent is to align billing cycles in a geographic fashion.

Migrating to the new Oasis billing system which will include Connexion and the other the other 5 utilities. The existing system is very dated, and analytics are under powered, but our new system will have that capability. Kevin Gertig will send a brief memo to Council to articulate where we are at with the billing cycles and provide an update regarding the status of the implementation of / migration to our new billing system.

Communicating availability of information on-line. Direct customers to the website to access Monitor My Use which shows their annual / 12-month usage and billing data history. Individual help is available for those who have questions or are not technologically savvy. Complements to the customer service team. How to help consumers understand how to manage their electricity more effectively. We are all in on conservation.

Time of Use / Demand Curves - chasing the peak / reserve capacity / peak usage - changing the model of shifting the peak through time of use - huge investment goes into meeting that short peak - shift the demand long term which meets multiple city goals.

Council Finance Committee supports bringing this rate increase forward to Council.

Mayor Troxell; Lance, you did a great job!

Meeting adjourned at 11:23 am

**COUNCIL FINANCE COMMITTEE
AGENDA ITEM SUMMARY**

Staff: Travis Storin, Accounting Director
Chris Telli, BKD LLP
Anna Thigpen, BKD LLP

Date: July 15, 2019

SUBJECT FOR DISCUSSION

Independent Auditors' Report on 2018 Financial Statements
Independent Auditors' Report on Compliance for Major Federal Programs

EXECUTIVE SUMMARY

BKD will be presenting the *Report to the City Council*. This report covers the audit of the basic financial statements and compliance of the City of Fort Collins for year-end December 31, 2018.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Staff seeks input on areas of priority or concern, other than those established in this Report to the City Council, for matters of recordkeeping and/or the City's internal control environment.

Otherwise there are no specific questions to be answered as this is a 2018 year-end report.

BACKGROUND/DISCUSSION

In compliance with *Government Auditing Standards*, the City undergoes an independent external audit on an annual basis. BKD finalized its financial statement audit and compliance report on June 21, 2019 and the firm is required to report the results of the audit to those charged with governance.

Attachment 1 to this agenda item contains the full report, and findings of note are summarized below:

Significant Deficiency (Attachment 2, page 13):

There was one significant deficiency identified related to Federal grants in the Compliance Report, finding 2018-001 which reads in part (emphasis added):

The City originally passed an ordinance in 2005 allocating 0.25% tax for the construction of capital assets in the Community Capital Improvement Program Fund (CCIP), a special revenue fund. The tax was later extended by Ordinance No. 013-2015 commencing January 1, 2016 and expiring December 31, 2025. When the initiative was extended, the City created a separate fund for the proceeds until which time the proceeds were expended for the approved capital projects. When the approved projects were completed, the taxes were transferred from the CCIP Fund to a capital projects fund. During the year-

end financial reporting process, when the City identified capital asset-related expenditures for capitalization, **it inadvertently capitalized the same cost twice; once when the expenditure was initially recorded in the CCIP Fund and a second time when those same costs were transferred to the capital projects fund.**

The finding results in an adjustment to reduce the City's \$1.6 billion of capital asset balances by approximately \$11.7 million, of which \$8.4 million relates to prior periods. The City adjusted the 2018 financial statements and issued a corrective action plan to prevent this condition in future years (Attachment 3).

Significant Issues Discussed with Management (Attachment 1, page 4):

City management and the audit team discussed the accounting treatment of a 2013 plant investment fee agreement with Fort Collins-Loveland Water District after receipt of pre-payment from the District in 2019. Ultimately, the original 2013 treatment will be applied to this agreement.

Other Findings (Attachment 1, pages 6-7):

Other findings/deficiencies identified by the auditors but not rising to the level of a significant deficiency can be found in the Report to the City Council (Attachment 1, pages 6-7). Staff will provide a written response to the audit findings at a fourth quarter Council Finance Committee meeting.

ATTACHMENTS

1. Report to the City Council
2. Single Audit Compliance Report
3. City Corrective Action Plan
4. Comprehensive Annual Financial Report.

Honorable Mayor and
Members of City Council and City Manager
City of Fort Collins, Colorado
Fort Collins, Colorado

As part of our audits of the financial statements and compliance of the City of Fort Collins, Colorado (the City) as of and for the year ended December 31, 2018, we wish to communicate the following to you.

AUDIT SCOPE AND RESULTS

Auditor's Responsibility Under Auditing Standards Generally Accepted in the United States of America and the Standards Applicable to Financial Audits Contained in Government Auditing Standards Issued by the Comptroller General of the United States and U.S. Office of Management and Budget (OMB) Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)

An audit performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and U.S. Office of Management and Budget (OMB) Uniform Guidance is designed to obtain reasonable, rather than absolute, assurance about the financial statements and about whether noncompliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on a major federal program occurred. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our engagement letter more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement and compliance audits that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

Audits of the financial statements and compliance do not relieve management or those charged with governance of their responsibilities. The professional services agreement more specifically describes your responsibilities.

Qualitative Aspects of Significant Accounting Policies and Practices

Significant Accounting Policies

The City's significant accounting policies are described in Note 1 of the audited financial statements.

Alternative Accounting Treatments

We had discussions with management regarding alternative accounting treatments within accounting principles generally accepted in the United States of America for policies and practices for material items, including recognition, measurement and disclosure considerations related to the accounting for specific transactions as well as general accounting policies, as follows:

- No matters are reportable

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. The following areas involve significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates:

- Self-insurance reserves (IBNR)
- Net pension liability
- Other postemployment benefits liability
- Fair value of investments
- Allowances for accounts, grants and notes receivable
- Depreciable lives of capital assets

Financial Statement Disclosures

- Revenue recognition
- Investments
- Long-term debt

Audit Adjustments

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments which, in its judgment, are required to prevent the financial statements from being materially misstated. Some adjustments proposed were not recorded because their aggregate effect is not currently material; however, they involve areas in which adjustments in the future could be material, individually or in the aggregate.

Areas in which adjustments were proposed include:

Proposed Audit Adjustments Recorded

- Duplicate capitalization of assets

Proposed Audit Adjustments Not Recorded

- Attached is a summary of uncorrected misstatements we aggregated during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements as a whole

Auditor's Judgments About the Quality of the City's Accounting Principles

During the course of the audit, we made the following observations regarding the City's application of accounting principles:

- During 2018 the City adopted Governmental Accounting Standards Board Statement (GASB) No. 86, *Certain Debt Extinguishment Issues* and GASB No. 89, *Accounting for Interest Cost Occurred Before the End of a Construction Period*

Disagreements with Management

The following matters involved disagreements which if not satisfactorily resolved would have caused a modified auditor's opinion on the financial statements:

- No matters are reportable

Consultation with Other Accountants

During our audit we became aware that management had consulted with other accountants about the following auditing or accounting matters:

- No matters are reportable

Significant Issues Discussed with Management

Prior to Retention

During our discussion with management prior to our engagement, the following issues regarding application of accounting principles or auditing standards were discussed:

- No matters are reportable

During the Audit Process

During the audit process, the following issues were discussed or were the subject of correspondence with management:

- We had discussions with management over the handling of recording the receipt of Plant Investment Fee (PIF) Revenue

Difficulties Encountered in Performing the Audit

Our audit requires cooperative effort between management and the audit team. During our audit, we found significant difficulties in working effectively on the following matters:

- No matters are reportable

Other Material Communications

Listed below are other material communications between management and us related to the audit:

- Management representation letter (attached)

- We orally communicated to management other deficiencies in internal control identified during our audit that are not considered material weaknesses or significant deficiencies

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements of the City of Fort Collins, Colorado (the City) as of and for the year ended December 31, 2018, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be a significant deficiency.

A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements of the City's financial statements on a timely basis. A deficiency in design exists when a control necessary to meet a control objective is missing or an existing control is not properly designed so that, even if the control operates as designed, a control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We observed the following matter that we consider to be a significant deficiency.

Significant Deficiency

Refer to the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*.

Deficiencies

Information Technology (IT)

- The secondary data center is located within five miles of the primary data center. Given their proximity, both data centers could be affected by the same regional events resulting in an extended service outage. Furthermore, the City's secondary/backup co-location data center is managed by a third party. A Service and Organization Controls (SOC) or similar report has not been received and evaluated by the City to verify the effectiveness of physical and environmental controls of the third party. We recommend that the City perform an evaluation of the location of the secondary data center and consider steps to reduce the risks associated with the proximity of the data centers. We further recommend that the City obtain the SOC report from the third party manager of the data center when this report becomes available.
- We noted there is not a periodic formal documented process to review the ongoing need of City personnel to have physical access to the secondary data center. We recommend implementing a periodic review, which provides management with the opportunity to verify ongoing need and to remove access for terminated users that were not otherwise caught in the normal termination process.
- The City does not have an enterprise-wide Incident Response Program to provide uniform guidance on classifying and handling incidents. We recommend the City consider the feasibility of implementing an enterprise-wide Incident Response Program.
- A formal periodic user access and permission review is not evidenced for the applications listed below. We recommend a documented periodic user access review be performed to ensure access to the below applications is appropriate.
 - JD Edwards
 - CIS
 - Tungsten
 - MS Govern
 - Accela
 - Active Directory (AD)

Financial Reporting

Reconciliations for various accounts are not performed on a periodic basis and therefore there are multiple outstanding items spanning upwards of 20 years. A summary of items identified include:

- Deposits that cleared the December bank statement were included as reconciling items on the bank reconciliation and in accounts receivable.
- Transportation Fund – Customer accounts receivable included an unreconciled amount.
- Reconciliations for developer escrows are not completed periodically causing variances between the balance recorded in the general ledger and the supporting documentation. A passed adjustment was posted in the general fund in order to reflect the balance that agreed to supporting documentation.
- General Fund – the City has an unearned revenue account for building permits that is not reconciled. There are amounts included in the detail dating back to 1997.
- The City performs high-level analytics on the parking citation accounts receivable, but does not formally reconcile this account. BKD would suggest looking at the aging and considering if an allowance is necessary.
- Developer Escrows (Storm Water fund) – during testing of developer escrows, it was noted that there are items dating back to 1997. Per discussions with staff, we note that most commonly, the City does not collect on these escrows and therefore these items should be removed from the escrow payable.

While none of the issues noted materially affected the financial statements, reconciliations are an important part of the internal control structure and we recommend that reconciliations be performed at least on an annual basis to ensure account balances are properly stated.

We observed matters that we consider to be deficiencies that we communicated to management verbally.

OTHER MATTERS

Although not considered material weaknesses, significant deficiencies or deficiencies in internal control over financial reporting, we observed the following matters and offer these comments and suggestions with respect to matters which came to our attention during the course of the audit of the financial statements. Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not bring to light all weaknesses in policies and procedures that may exist. However, these matters are offered as constructive suggestions for the consideration of management as part of the ongoing process of modifying and improving financial and administrative practices and procedures. We can discuss these

matters further at your convenience and may provide implementation assistance for changes or improvements.

Future Accounting Pronouncements

GASB Statement No. 83, *Certain Asset Retirement Obligations* (GASB 83): GASB 83 establishes uniform criteria for governments to recognize and measure certain asset retirement obligations (AROs). An ARO is defined as a legally enforceable liability associated with the retirement of a tangible capital asset. Examples could be costs associated with decommissioning a nuclear power plant or disposal of x-ray machine. An ARO is recognized when the liability is incurred, which is manifested by the occurrence of both an external obligating event (such as a legally binding contract or a court judgment) and an internal obligating event (such as placing a tangible capital asset into service). A government also recognizes a deferred outflow of resources when it recognizes an ARO liability. The ARO is measured at the best estimate of the current value of outlays expected to be incurred. Additional note disclosures are required.

GASB 83 is effective for the City's year ending December 31, 2019.

Governmental Accounting Standards Board Statement No. 84

GASB has issued Statement No. 84, *Fiduciary Activities* (GASB 84). GASB 84 establishes criteria for identifying and reporting fiduciary activities. It presents separate criteria for evaluating component units, pension and other postemployment benefit arrangements, and other fiduciary activities. The focus is on a government controlling the assets of the fiduciary activity and identification of the beneficiaries of those assets. Fiduciary activities are reported in one of four types of funds: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, or custodial funds. Custodial funds are used to report fiduciary activities that are not held in a trust. The agency fund designation will no longer be used. GASB 84 also provides guidance on fiduciary fund statements and timing of recognition of a liability to beneficiaries.

This statement will be effective for the City's year ending December 31, 2019.

GASB Statement No. 87, *Leases* (GASB 87)

GASB 87 provides a new framework for accounting for leases under the principle that leases are financings. No longer will leases be classified between capital and operating. Lessees will recognize an intangible asset and a corresponding liability. The liability will be based on the payments expected to be paid over the lease term, which includes an evaluation of the likelihood of exercising renewal or termination options in the lease. Lessors will recognize a lease

Honorable Mayor and
Members of City Council and City Manager
City of Fort Collins, Colorado
Page 9

receivable and related deferred inflows of resources. Lessors will not derecognize the underlying asset. An exception to the general model is provided for short-term leases that cannot last more than 12 months. Contracts that contain lease and nonlease components will need to be separated so each component is accounted for accordingly.

GASB 87 is effective for the City's year ending December 31, 2020. Earlier application is encouraged. Governments will be allowed to transition using the facts and circumstances in place at the time of adoption, rather than retroactive to the time each lease was begun.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements (GASB 88)*

GASB 88 specifies disclosures that should be made in the financial statements related to debt. It also provides a definition of debt so that governments know which types of liabilities should be included in those disclosures. If a government has direct borrowings or direct placements, disclosures related to these should be provided separately from disclosures related to other types of debt.

GASB 88 is effective for the City's year ending December 31, 2019.

* * * * *

This communication is intended solely for the information and use of management, City Council, and others within the City and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

June 21, 2019

City of Fort Collins

ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflects the effects on the financial statements if the uncorrected misstatements identified were corrected.

Governmental Activities (Government-Wide Statements)

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Total Assets & Deferred Outflows	1,218,633,909	(541,722)	1,218,092,187	-0.04%
Total Liabilities & Deferred Inflows	(119,129,907)		(119,129,907)	
Total Net Position	(1,099,504,002)	541,722	(1,098,962,280)	-0.05%
General Revenues & Transfers	(218,291,138)	(226,000)	(218,517,138)	0.10%
Net Program Revenues/ Expenses	191,415,677	(8,239,049)	183,176,628	-4.30%
Change in Net Position	(26,875,461)	(8,465,049)	(35,340,510)	31.50%

Client: City of Fort Collins

Period Ending: December 31, 2018

Governmental Activities (Government-Wide Statements)

SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

												Net Effect on Following Year				
Description	Financial Statement Line Item	Factual (F), Judgmental (J), Projected (P)	Assets		Liabilities		General Revenues & Transfers		Net Program Revenues/ Expenses		Net Position		Change in Net Position		Net Position	
			DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)
Prior year work-in-process capital assets that were capitalized twice (corrected in current year)		F		0		0		0		(8,381,199)		8,381,199		0		0
	Expense - Gain/Loss on Sale of Asset									(8,381,199)						
	Net Position											8,381,199				
Cultural Services Fund (Fund 273): Current year and prior year work-in-process assets that were capitalized twice (not corrected in current year)		F		(541,722)		0		0		142,150		399,572		0		0
	Accumulated Depreciation			90,191												
	Capital Assets			(631,913)												
	Gain/Loss on Sale of Asset - Current Year									193,724						
	Net Position - Prior Year											399,572				
	Depreciation Expense									(51,574)						
Turnaround effect - To adjust credit card cash account out of balance overstatement		F		0		0		(226,000)		0		226,000		0		0
	Revenue							(226,000)				226,000				
	Net Position															
To adjust the net investment in capital assets component of net position for the inclusion of retainage		F		0		0		0		0		0		0		0
	Net investment in capital assets											1,105,806				
	Unrestricted net position											(1,105,806)				
Total passed adjustments			(541,722)		0		(226,000)		(8,239,049)		9,006,771		0		0	
							Impact on Change in Net Position				(8,465,049)					
							Impact on Net Position				541,722					

City of Fort Collins

ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflects the effects on the financial statements if the uncorrected misstatements identified were corrected.

Business Type Activities (Government-Wide Statements)

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Current Assets	1,059,130,972		1,059,130,972	
Non-Current Assets & Deferred Outflows	2,616,710		2,616,710	
Current Liabilities	(30,448,281)		(30,448,281)	
Non-Current Liabilities & Deferred Inflows	(179,953,894)		(179,953,894)	
Current Ratio	34.79		34.79	
Total Assets & Deferred Outflows	1,061,747,682		1,061,747,682	
Total Liabilities & Deferred Inflows	(210,402,175)		(210,402,175)	
Total Net Position	(851,345,507)		(851,345,507)	
General Revenues & Transfers	(6,544,250)	(332,000)	(6,876,250)	5.07%
Net Program Revenues/ Expenses	(16,195,862)		(16,195,862)	
Change in Net Position	(22,740,112)	(332,000)	(23,072,112)	1.46%

Client: City of Fort Collins
Period Ending: December 31, 2018

Governmental Activities (Government-Wide Statements)
SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

		Assets & Deferred Outflows				Liabilities & Deferred Inflows				Net Effect on Following Year										
Description	Financial Statement Line Item	Factual (F), Judgmental (J), Projected (P)	Current		Non-Current		Current		Non-Current		General Revenues & Transfers		Net Program Revenues/ Expenses		Net Position		Change in Net Position		Net Position	
			DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)
Turnaround effect - To adjust credit card cash account out of balance overstatement		F	0	0	0	0					(332,000)	0	332,000			0	0			
	Revenue										(332,000)									
	Net Position												332,000							
To adjust the net investment in capital assets component of net position for the inclusion of retainage		F	0	0	0	0					0	0	0			0	0			
	Net investment in capital assets																	1,328,894		
	Unrestricted net position																	(1,328,894)		
Total passed adjustments			0		0		0		0		(332,000)		0		332,000		0		0	
											Impact on Change in Net Position				(332,000)					
											Impact on Net Position				0					

City of Fort Collins

ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflects the effects on the financial statements if the uncorrected misstatements identified were corrected.

Discretely Presented Component Units (Government-Wide Statements)

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Current Assets	11,724,546		11,724,546	
Non-Current Assets & Deferred Outflows	4,900,227		4,900,227	
Current Liabilities	(220,934)		(220,934)	
Non-Current Liabilities & Deferred Inflows	(14,788,374)		(14,788,374)	
Current Ratio	53.07		53.07	
Total Assets & Deferred Outflows	16,624,773		16,624,773	
Total Liabilities & Deferred Inflows	(15,009,308)		(15,009,308)	
Total Net Position	(1,615,465)		(1,615,465)	
General Revenues & Transfers	(6,715,647)		(6,715,647)	
Net Program Revenues/ Expenses	4,685,869		4,685,869	
Change in Net Position	(2,026,858)		(2,026,858)	

Client: City of Fort Collins
Period Ending: December 31, 2018

Governmental Activities (Government-Wide Statements)
SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

				Assets & Deferred Outflows		Liabilities & Deferred Inflows				Net Program Revenues/ Expenses		Net Position		Net Effect on Following Year		
Description	Financial Statement Line Item	Factual (F), Judgmental (J), Projected (P)	Current		Non-Current		Current		Non-Current		General Revenues & Transfers		Net Position		Change in Net Position	
			DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)
To adjust the net investment in capital assets component of net position for the inclusion of retainage		F	0		0		0		0		0		0		0	
	Net investment in capital assets												103,218			
	Unrestricted net position												(103,218)			
Total passed adjustments			0		0		0		0		0		0		0	
Impact on Change in Net Position											0					
Impact on Net Position											0					

City of Fort Collins

ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflects the effects on the financial statements if the uncorrected misstatements identified were corrected.

General Fund

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Total Assets & Deferred Outflows	98,164,522		98,164,522	
Total Liabilities & Deferred Inflows	(31,108,990)	(666,312)	(31,775,302)	2.14%
Total Fund Balance	(67,055,532)	666,312	(66,389,220)	-0.99%
Revenues	(149,784,626)	(39,000)	(149,823,626)	0.03%
Expenditures	129,296,370	666,312	129,962,682	0.52%
Change in Fund Balance	3,684,385	627,312	4,311,697	17.03%

Client: City of Fort Collins
Period Ending: December 31, 2018

General Fund
SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

												Net Effect on Following Year					
Description	Financial Statement Line Item	Factual (F), Judgmental (J), Projected (P)	Assets & Deferred		Liabilities &		Revenues		Expenditures		Fund Balance		Change in Fund		Fund		
			Outflows		Deferred Inflows								Balance		Balance		
			DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	
To adjust the developer escrows to the more conservative tracking spreadsheet amount		J		0		(666,312)		0		666,312		0		0		0	
	Expense									666,312							
	A/P Developer Escrows					(666,312)											
Turnaround effect - Credit card cash account out of balance overstatement		F		0		0		(39,000)		0		39,000		0		0	
	Revenue							(39,000)									
	Fund Balance											39,000					
Total passed adjustments				0		(666,312)		(39,000)		666,312		39,000		0		0	
Impact on Change in Fund Balance												627,312					
Impact on Fund Balance												666,312					

City of Fort Collins

ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflects the effects on the financial statements if the uncorrected misstatements identified were corrected.

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Total Assets & Deferred Outflows	256,767,257	(206,994)	256,560,263	-0.08%
Total Liabilities & Deferred Inflows	(61,575,139)		(61,575,139)	
Total Fund Balance	(195,192,118)	208,994	(194,983,124)	-0.11%
Revenues	(155,388,984)	(220,000)	(155,608,984)	0.14%
Expenditures	161,405,563	206,994	161,612,557	0.13%
Change in Fund Balance	(6,002,665)	(13,006)	(6,015,671)	0.22%

Client: City of Fort Collins
Period Ending: December 31, 2018

Aggregate Remaining Fund Information

SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

														Net Effect on Following Year																
Description	Financial Statement Line Item	Factual (F), Judgmental (J), Projected (P)	Assets & Deferred				Liabilities &								Change in Fund				Fund											
			Outflows				Deferred Inflows				Revenues				Expenditures				Fund Balance				Balance				Balance			
			DR	(CR)			DR	(CR)			DR	(CR)			DR	(CR)			DR	(CR)			DR	(CR)						
HOME Fund - To reclassify the cash that cleared the bank prior to year-end from accounts receivable.		F		0				0			0		0					0				0								
	Cash				82,335																									
	Accounts Receivable				(82,335)																									
Mulitple Funds - To write off the unreconciled amount in the credit card clearing account		FJ		(81,500)				0			0		81,500				0				0				0					
	Expense												81,500																	
	Cash				(81,500)																									
Transportation Fund - To write off the unreconciled amount in the Customer AR Account.		F		(125,494)				0			0		125,494				0				0				0					
	Expense												125,494																	
	Accounts Receivable				(125,494)																									
Turnaround effect - Credit card cash account out of balance overstatement		F		0				0			(220,000)		0				222,000				0				0					
	Revenue											(220,000)																		
	Fund Balance																	222,000												
Total passed adjustments			(206,994)				0				(220,000)				206,994				222,000				0				0			
Impact on Change in Fund Balance														(13,006)																
Impact on Fund Balance														208,994																

City of Fort Collins

ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflects the effects on the financial statements if the uncorrected misstatements identified were corrected.

Electric & Telecommunications

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Current Assets	40,660,883		40,660,883	
Non-Current Assets & Deferred Outflows	325,551,046		325,551,046	
Current Liabilities	(15,591,759)		(15,591,759)	
Non-Current Liabilities & Deferred Inflows	(144,754,963)		(144,754,963)	
Current Ratio	2.608		2.608	
Total Assets & Deferred Outflows	366,211,929		366,211,929	
Total Liabilities & Deferred Inflows	(160,346,722)		(160,346,722)	
Total Net Position	(205,865,207)		(205,865,207)	
Operating Revenues	(133,263,480)		(133,263,480)	
Operating Expenses	140,904,093		140,904,093	
Nonoperating (Revenues) Exp	446,870		446,870	
Change in Net Position	614,556		614,556	

		Assets & Deferred Outflows				Liabilities & Deferred Inflows				Net Effect on Following Year								
Description	Financial Statement Line Item	Factual (F), Judgmental (J), Projected (P)	Current		Non-Current		Current		Non-Current		Operating Revenues	Operating Expenses	Nonoperating (Revenues) Exp	Net Position	Change in Net Position		Net Position	
			DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)
To adjust the net investment in capital assets component of net position for the inclusion of retainage		F	0		0		0		0		0		0		0		0	
	Net investment in capital assets													408,447				
	Unrestricted net position													(408,447)				
Total passed adjustments			0		0		0		0		0		0		0		0	
Impact on Change in Net Position														0				
Impact on Net Position														0				

City of Fort Collins

ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflects the effects on the financial statements if the uncorrected misstatements identified were corrected.

Water

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Current Assets	73,158,845		73,158,845	
Non-Current Assets & Deferred Outflows	260,833,234		260,833,234	
Current Liabilities	(2,939,903)		(2,939,903)	
Non-Current Liabilities & Deferred Inflows	(3,901,593)		(3,901,593)	
Current Ratio	24.885		24.885	
Total Assets & Deferred Outflows	333,992,079		333,992,079	
Total Liabilities & Deferred Inflows	(6,841,496)		(6,841,496)	
Total Net Position	(327,150,583)		(327,150,583)	
Operating Revenues	(34,226,525)	(46,000)	(34,272,525)	0.13%
Operating Expenses	29,037,388		29,037,388	
Nonoperating (Revenues) Exp	3,512,647		3,512,647	
Change in Net Position	(11,528,955)	(46,000)	(11,574,955)	0.40%

Client: City of Fort Collins

Period Ending: December 31, 2018

Water

SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

Description	Financial Statement Line Item	Factual (F), Judgmental (J), Projected (P)	Assets & Deferred Outflows				Liabilities & Deferred Inflows				Net Effect on Following Year			
			Current		Non-Current		Current		Non-Current		Operating Revenues	Operating Expenses	Nonoperating (Revenues) Exp	Net Position
			DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)
Turnaround effect - To adjust credit card cash account out of balance overstatement		F	0		0		0		0		(46,000)	0	0	46,000
	Revenue										(46,000)			
	Net Position													46,000
To adjust the net investment in capital assets component of net position for the inclusion of retainage			0		0		0		0		0	0	0	0
	Net investment in capital assets													334,613
	Unrestricted net position													(334,613)
Total passed adjustments			0		0		0		0		(46,000)	0	0	46,000
Impact on Change in Net Position											(46,000)			
Impact on Net Position											0			

City of Fort Collins

ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflects the effects on the financial statements if the uncorrected misstatements identified were corrected.

Wastewater

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Current Assets	46,656,352		46,656,352	
Non-Current Assets & Deferred Outflows	164,867,457		164,867,457	
Current Liabilities	(3,893,088)		(3,893,088)	
Non-Current Liabilities & Deferred Inflows	(23,130,253)		(23,130,253)	
Current Ratio	11.984		11.984	
Total Assets & Deferred Outflows	211,523,809		211,523,809	
Total Liabilities & Deferred Inflows	(27,023,341)		(27,023,341)	
Total Net Position	(184,500,468)		(184,500,468)	
Operating Revenues	(21,023,097)	(35,000)	(21,058,097)	0.17%
Operating Expenses	21,023,097		21,023,097	
Nonoperating (Revenues) Exp	190,525		190,525	
Change in Net Position	(5,891,334)	(35,000)	(5,926,334)	0.59%

Wastewater
SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

				Assets & Deferred Outflows		Liabilities & Deferred Inflows						Net Effect on Following Year				
Description	Financial Statement Line Item	Factual (F), Judgmental (J), Projected (P)	Current		Non-Current		Current		Non-Current		Operating Revenues	Operating Expenses	Nonoperating (Revenues) Exp	Net Position	Change in Net Position	
			DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)
Turnaround effect - To adjust credit card cash account out of balance overstatement		F	0	0	0	0					(35,000)	0	0	35,000	0	0
	Revenue										(35,000)					
	Net Position													35,000		
To adjust the net investment in capital assets component of net position for the inclusion of retainage		F	0	0	0	0					0	0	0	0	0	0
	Net investment in capital assets													336,745		
	Unrestricted net position													(336,745)		
Total passed adjustments			0	0	0	0					(35,000)	0	0	35,000	0	0
Impact on Change in Net Position														(35,000)		
Impact on Net Position														0		

City of Fort Collins

ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflects the effects on the financial statements if the uncorrected misstatements identified were corrected.

Storm Drainage

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Current Assets	25,901,411		25,901,411	
Non-Current Assets & Deferred Outflows	128,938,473		128,938,473	
Current Liabilities	(6,403,600)		(6,403,600)	
Non-Current Liabilities & Deferred Inflows	(4,606,952)		(4,606,952)	
Current Ratio	4.045		4.045	
Total Assets & Deferred Outflows	154,839,884		154,839,884	
Total Liabilities & Deferred Inflows	(11,010,552)		(11,010,552)	
Total Net Position	(143,829,332)		(143,829,332)	
Operating Revenues	(17,027,336)	(25,000)	(17,052,336)	0.15%
Operating Expenses	10,033,973		10,033,973	
Nonoperating (Revenues) Exp	280,234		280,234	
Change in Net Position	(8,823,612)	(25,000)	(8,848,612)	0.28%

Client: City of Fort Collins

Period Ending: December 31, 2018

Storm Drainage

SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

		Assets & Deferred Outflows				Liabilities & Deferred Inflows				Net Effect on Following Year						
Description	Financial Statement Line Item	Factual (F), Judgmental (J), Projected (P)	Current		Non-Current		Current		Non-Current		Operating Revenues	Operating Expenses	Nonoperating (Revenues) Exp	Net Position	Change in Net Position	
			DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)
Turnaround effect - To adjust credit card cash account out of balance overstatement		F	0	0	0	0					(25,000)	0	0	25,000	0	0
	Revenue									(25,000)						
	Net Position													25,000		
To adjust the net investment in capital assets component of net position for the inclusion of retainage		F	0	0	0	0					0	0	0	0	0	0
	Net investment in capital assets													249,088		
	Unrestricted net position													(249,088)		
Total passed adjustments			0	0	0	0					(25,000)	0	0	25,000	0	0
Impact on Change in Net Position														(25,000)		
Impact on Net Position														0		



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June 21, 2019

BKD, LLP
Certified Public Accountants
1801 California Street, Suite 2900
Denver, Colorado 80202

We are providing this letter in connection with your financial statement audit as of and for the year ended December 31, 2018 and your audit of our compliance with requirements applicable to each of our major federal awards programs as of and for the year ended December 31, 2018. We confirm that we are responsible for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, operations and compliance, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following:

1. We have fulfilled our responsibilities, as set out in the terms of our Professional Services Agreement signed by the City on October 15, 2018, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.

5. We have provided you with:
 - (a) Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.
 - (b) Additional information that you have requested from us for the purpose of the audit.
 - (c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - (d) All minutes of meetings of the governing body held through the date of this letter.
 - (e) All significant contracts and grants.
6. All transactions have been recorded in the accounting records and are reflected in the financial statements.
7. We have informed you of all current risks of a material amount that are not adequately prevented or detected by entity procedures with respect to:
 - (a) Misappropriation of assets.
 - (b) Misrepresented or misstated assets, liabilities or net position.
8. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. There are no other known matters that require correction in the financial statements.
9. We have no knowledge of any known or suspected:
 - (a) Fraudulent financial reporting or misappropriation of assets involving management or employees who have significant roles in internal control.
 - (b) Fraudulent financial reporting or misappropriation of assets involving others that could have a material effect on the financial statements.
 - (c) Except as described in paragraph 37 below, we have no knowledge of any allegations of fraud or suspected fraud affecting the City, received in communications from residents, employees, customers, regulators, suppliers or others.
10. We have disclosed to you the identity of the City's related governmental and non-governmental entities (i.e., Fort Collins Urban Renewal Authority, Fort Collins Downtown Development Authority, the Poudre Fire Authority and Fort Collins Capital Leasing Corporation) and transactions between the City and them of which

we are aware. These relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America. We understand that the term “related governmental and non-governmental entities” refers to those entities that the City can significantly influence, directly or indirectly control.

11. Except as reflected in the financial statements, there are no:
 - (a) Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.
 - (b) Material transactions omitted or improperly recorded in the financial statements.
 - (c) Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
 - (d) Events occurring subsequent to the statement of net position/balance sheet date through the date of this letter requiring adjustment or disclosure in the financial statements.
 - (e) Agreements to purchase assets previously sold.
 - (f) Restrictions on cash balances or compensating balance agreements.
 - (g) Guarantees, whether written or oral, under which the City is contingently liable.
12. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
13. There are no covenants related to our long-term debt obligations, other than the pledge revenue requirements, that have not been disclosed to you
14. We have no reason to believe the City owes any penalties or payments under the Employer Shared Responsibility Provisions of the Patient Protection and Affordable Care Act nor have we received any correspondence from the IRS or other agencies indicating such payments may be due.
15. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

16. Adequate provisions and allowances have been accrued for any material losses from:
 - (a) Uncollectible receivables.
 - (b) Purchase commitments in excess of normal requirements or above prevailing market prices.
17. Except as disclosed in the financial statements, we have:
 - (a) Satisfactory title to all recorded assets, and they are not subject to any liens, pledges or other encumbrances.
 - (b) Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.
18. Except as has been previously disclosed to BKD, LLP, by the City involving an environmental issue concerning a solid-waste facility the City co-owns with other local governments, The City has not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.
19. We have notified you of any instances of noncompliance with applicable disclosure requirements of the SEC Rule 15c2-12 and applicable state laws.

20. With regard to deposit and investment activities:
- (a) All deposit, and investment transactions have been made in accordance with legal and contractual requirements.
 - (b) Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.
 - (c) We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.
21. With respect to any nonattest services you have provided us during the year, including the drafting of the schedule of expenditures of federal awards
- (a) We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
 - (b) We have established and monitored the performance of the nonattest services to ensure that they meet our objectives.
 - (c) We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.
 - (d) We have evaluated the adequacy of the services performed and any findings that resulted.
22. We acknowledge that we are responsible for compliance with applicable laws, regulations and provisions of contracts and grant agreements.
23. We have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.
24. We have identified and disclosed to you any violations or possible violations of laws, regulations and provisions of contracts and grant agreements whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.
25. We have taken or will take timely and appropriate steps to remedy any fraud, abuse, illegal acts or violations of provisions of contracts or grant agreements that you or other auditors report.

26. We have a process to track the status of audit findings and recommendations.
27. We have identified to you any previous financial audits, attestation engagements, performance audits or other studies related to the objectives of your audit and the corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements or other studies.
28. We have provided our views on any findings, conclusions and recommendations, as well as our planned corrective actions with respect thereto, to you for inclusion in the findings and recommendations referred to in your report on internal control over financial reporting and on compliance and other matters based on your audit of the financial statements performed in accordance with *Government Auditing Standards*.
29. With regard to federal awards programs:
 - (a) We have identified in the schedule of expenditures of federal awards all assistance provided (either directly or passed through other entities) by federal agencies in the form of grants, contracts, loans, loan guarantees, property, cooperative agreements, interest subsidies, commodities, insurance, direct appropriations or in any other form.
 - (b) We have identified the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* regarding activities allowed or unallowed; allowable costs/cost principles; cash management; eligibility; equipment and real property management; matching, level of effort, earmarking; period of performance of federal funds; procurement and suspension and debarment; program income; reporting; subrecipient monitoring; and special tests and provisions that are applicable to each of our federal awards programs. We have identified to you our interpretation of any applicable compliance requirements subject to varying interpretations.
 - (c) We are responsible for complying, and have complied, with the requirements of Uniform Guidance (as hereby defined).
 - (d) We are responsible to understand and comply with the requirements of federal statutes, regulations and the terms and conditions of federal awards related to each of our federal awards programs and have disclosed to you any and all instances of noncompliance with those requirements occurring during the period of your audit or subsequent thereto to the date of this letter of which we are aware. We believe the City has complied with all applicable compliance requirements.

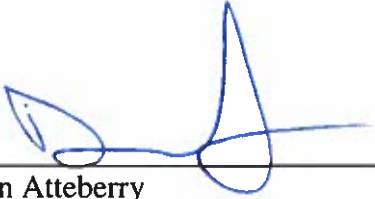
- (e) We are responsible for establishing and maintaining effective internal control over compliance to provide reasonable assurance we have administered each of our federal awards programs in compliance with federal statutes, regulations and the terms and conditions of the federal awards.
- (f) We have made available to you all federal awards (including amendments, if any) and any other correspondence or documentation relevant to each of our federal awards programs and to our compliance with applicable requirements of those programs.
- (g) The information presented in federal awards program financial reports and claims for advances and reimbursements is supported by the books and records from which our financial statements have been prepared.
- (h) The costs charged to federal awards are in accordance with applicable cost principles.
- (i) The reports provided to you related to federal awards programs are true copies of reports submitted or electronically transmitted to the federal awarding agency, the applicable payment system or pass-through entity in the case of a subrecipient.
- (j) Amounts claimed or used for matching were determined in accordance with Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) regarding cost principles.
- (k) We have monitored any subrecipients to determine that they have expended federal awards in accordance with federal statutes, regulations and the terms and conditions of the subaward and have met the audit and other requirements of the Uniform Guidance.
- (l) We have taken appropriate corrective action on a timely basis after receipt of any subrecipient's auditor's report that identified findings and questioned costs pertaining to federal awards programs passed through to the subrecipient by us.
- (m) We have considered the results of any subrecipient's audits received and made any necessary adjustments to our books and records.
- (n) We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the applicable compliance requirements for each of our federal awards programs, including any communications received from the end of the period of your audit through the date of this letter.

- (o) We have identified to you any previous compliance audits, attestation engagements and internal or external monitoring related to the objectives of your compliance audit, including findings received and corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements or other monitoring.
 - (p) Except as described in the schedule of findings and questioned costs, we are in agreement with the findings contained therein and our views regarding any disagreements with such findings are consistent, as of the date of this letter, with the description thereof in that schedule.
 - (q) We are responsible for taking corrective action on any audit findings and have developed a corrective action plan that meets the requirements of Uniform Guidance.
 - (r) The summary schedule of prior audit findings correctly states the status of all audit findings of the prior audit's schedule of findings and questioned costs and any uncorrected open findings included in the prior audit's summary schedule of prior audit findings as of the date of this letter.
 - (s) The reporting package does not contain any protected personally identifiable information.
30. The financial statements disclose all significant estimates and material concentrations known to us. Significant estimates are estimates at the balance sheet date which could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur which would significantly disrupt normal finances within the next year. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
31. We have reviewed the actuarial assumptions applied to the City's pension and other post-employment benefits (OPEB) plans in calculating the net pension and total OPEB liability, related expense and other components and have determined that those assumptions are reasonable.
32. For disclosure requirements related to GASB Statement No. 77, *Tax Abatement Disclosures* we have provided to you a complete listing and descriptions of the tax abatement programs in place, calculations of the gross dollar amounts by which tax revenues were reduced, and information regarding any other commitments made under tax abatement agreements.

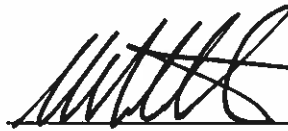
33. The fair values of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto are reasonable estimates based on the methods and assumptions used. The methods and significant assumptions used result in measurements of fair value appropriate for financial statement recognition and disclosure purposes and have been applied consistently from period to period, taking into account any changes in circumstances. The significant assumptions appropriately reflect market participant assumptions.
34. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis, modified approach to infrastructure, and pension and other postemployment benefit information, has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.
35. Due care has been exercised in the preparation of the introduction and statistical sections of the comprehensive annual financial report (CAFR) and we are not aware of any information contained in those sections of the CAFR that is inconsistent with information contained in the City's basic financial statements and notes thereto.
36. With regard to supplementary information:
 - (a) We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.
 - (b) We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.
 - (c) The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period.
 - (d) We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.

- (e) If the supplementary information is not presented with the audited financial statements, we acknowledge we will make the audited financial statements readily available to intended users of the supplementary information no later than the date such information and the related auditor's report are issued.

37. As a local government, the City, and its officials, are often the target of criticism by citizens and others and these criticisms sometimes include accusations of fraud and other wrongdoing by the City and its officials. So, while it is likely there may have such accusations in the recent past, we are not aware of any that have been or are likely to be substantiated



Darin Atteberry
City Manager



Michael N. Beckstead
Chief Financial Officer



Travis Storin
Accounting Director

City of Fort Collins

Single Audit Report

Year Ended December 31, 2018

City of Fort Collins
December 31, 2018

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City of Fort Collins

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2018

Federal Grantor/ Pass-Through Grantor/Program Title	Direct/Pass-Through	Pass-Through Entity	Project/Grant (FAIN) No. Pass-Through Entity	Federal CFDA Number	Pass-Through to Subrecipients	Federal Expenditures
Department of Housing and Urban Development						
CDBG Entitlements Grants Cluster						
Community Development Block Grants/Entitlement Grants						
Grant Year 2010 / 2011	Direct		B-10-MC-08-0008	14.218	\$ 65,466.00	\$ 65,466
Grant Year 2013 / 2014	Direct		B-13-MC-08-0008	14.218	85,543.00	85,543
Grant Year 2015 / 2016	Direct		B-15-MC-08-0008	14.218	40,920.00	40,920
Grant Year 2016 / 2017	Direct		B-16-MC-08-0008	14.218	110,176.00	110,176
Grant Year 2017 / 2018	Direct		B-17-MC-08-0008	14.218	1,164,146.00	1,268,705
Grant Year 2018 / 2019	Direct		B-18-MC-08-0008	14.218	50,190.00	81,256
Total CDBG Entitlement Grants Cluster					<u>1,516,441.00</u>	<u>1,652,066</u>
Home Investment Partnerships Program						
Grant Year 2013 / 2014	Direct		M-13-MC-08-0209	14.239	89,965.00	89,965
Grant Year 2016 / 2017	Direct		M-16-MC-08-0209	14.239	112,500.00	112,500
Grant Year 2017 / 2018	Direct		M-17-MC-08-0209	14.239	100,000.00	133,777
Grant Year 2018 / 2019	Direct		M-18-MC-08-0209	15.239	72,000.00	96,319
Subtotal					<u>374,465.00</u>	<u>432,561</u>
Total Department of Housing and Urban Development					<u>1,890,906.00</u>	<u>2,084,627</u>
Department of Justice						
Equitable Sharing Program	Direct		15-5042-0-2-752	16.922	-	772,866
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	Pass-Through	Larimer County	2017-DJ-BX-0785	16.738	-	23,174
Total Department of Justice					<u>-</u>	<u>796,040</u>
Department of Treasury						
Equitable Sharing Program	Direct		15-6400-5-5-123-Forfeiture Fund	21.016	-	1,826
Total Department of Treasury					<u>-</u>	<u>1,826</u>
Department of Transportation						
Highway Safety Cluster						
State and Community Highway Safety (Seatbelt Grant)	Pass-Through	Colorado Department of Transportation	18-NHTSA402.6102	20.600	-	4,893
Total Highway Safety Cluster					<u>-</u>	<u>4,893</u>

City of Fort Collins
Schedule of Expenditures of Federal Awards (continued)
Year Ended December 31, 2018

Federal Grantor/ Pass-Through Grantor/Program Title	Direct/Pass-Through	Pass-Through Entity	Project/Grant (FAIN) No. Pass-Through Entity	Federal CFDA Number	Pass-Through to Subrecipients	Federal Expenditures
Federal Highway Administration						
Highway Planning and Construction Cluster						
Jefferson Street/SH 14 Intersection	Pass-Through	Colorado Department of Transportation	ACQ M455-088 (16525)	20.205	-	14,865
Pitkin Low Stress Corridor	Pass-Through	Colorado Department of Transportation	TAP M455-120 (20664)	20.205	-	5,491
N. College Pedestrian Connection	Pass-Through	Colorado Department of Transportation	AQC M455-111 (19561)	20.205	-	357,385
Horsetooth/College Intstn Impv	Pass-Through	Colorado Department of Transportation	STU M455-118 (20615)	20.205	-	3,201,295
Riverside Bridge Rplcmt	Pass-Through	Colorado Department of Transportation	BRO M455-121 (20825)	20.205	-	1,110,551
Safe Routes to School (CSRTS)	Pass-Through	Colorado Department of Transportation	PO 411016330	20.205	-	17,928
Regional Air Quality Council	Pass-Through	Colorado Department of Transportation	14-HTD-72849	20.205	-	354,517
Total Highway Planning and Construction Cluster					-	<u>5,062,032</u>

City of Fort Collins
Schedule of Expenditures of Federal Awards (continued)
Year Ended December 31, 2018

Federal Grantor/ Pass-Through Grantor/Program Title	Direct/Pass-Through	Pass-Through Entity	Project/Grant (FAIN) No. Pass-Through Entity	Federal CFDA Number	Pass-Through to Subrecipients	Federal Expenditures
Federal Transit Administration						
Federal Transit Cluster						
5309 - 2009 Mason Corridor Small Starts (MAX)	Direct		CO-03-0206-01	20.500	-	117,418
Section 5339 - 2014 (Remaining funds-Wayfinding/Bicycle Racks/Roof Caulking)	Direct		CO-2017-033-00	20.526	-	4,665
Section 5339 - 2015/2016 (Bus and Bus Facilities Formula Apportionment)	Direct		CO-2018-002-00	20.526	-	256,886
Section 5339 - 2017 Facility and Asset Improvements	Direct		CO-2019-009-00	20.526	-	215,444
FY17 5307	Direct		CO-2018-001-00	20.507	-	948,635
FY18 5307	Direct		CO-2018-017-00	20.507	-	4,004,178
FY16/17/18 - 5307 (CMAQ) Operating	Direct		CO-2019-003-00	20.507	-	748,630
Total Federal Transit Cluster					-	<u>6,295,856</u>
Transit Services Programs Cluster						
Enhanced Mobility for Seniors and Individuals with Disabilities						
FY15 5310 (Elderly and Disabled Large Urban)	Direct		CO-2017-025-00	20.513	-	162,784
FY16 5310 - (Large UZA/Paratransit Vehicles/Admin)	Direct		CO-2018-016-00	20.513	-	17,391
Total Transit Services Programs Cluster					-	<u>180,175</u>
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research						
2016 5304 Station Area Planning	Pass-Through	Colorado Department of Transportation	18-HTR-ZL-00057	20.505	-	40,000
Total Department of Transportation					-	<u>11,582,956</u>

City of Fort Collins
Schedule of Expenditures of Federal Awards (continued)
Year Ended December 31, 2018

Federal Grantor/ Pass-Through Grantor/Program Title	Direct/Pass-Through	Pass-Through Entity	Project/Grant (FAIN) No. Pass-Through Entity	Federal CFDA Number	Pass-Through to Subrecipients	Federal Expenditures
Environmental Protection Agency						
Brownfields Assessment and Cleanup Cooperative Agreements	Direct		96806101	66.818	-	105,652
Performance Partnership Grants	Pass-Through	CO Dept of Public Health and Environment	PO FAAA 201800005049	66.605	-	7,735
Total Environmental Protection Agency					-	113,387
FEMA						
Hazard Mitigation Grant	Pass-Through	CO Depart. of Public Safety Division of Homeland Security and Emergency Management	MG4145061126	97.039	-	705,398
Total FEMA					-	705,398
Total Expenditures of Federal Awards						<u>\$ 15,284,234</u>

City of Fort Collins
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2018

Notes to Schedule

(1) Basis of Presentation

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City. The Schedule includes federally funded projects received directly from federal agencies and the federal amount of pass-through awards received by the City through the State of Colorado or other non-federal entities.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available. The City elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on an
Audit of the Financial Statements Performed in Accordance with
Government Auditing Standards**

Independent Auditor's Report

Honorable Mayor and Members of City Council
City of Fort Collins
Fort Collins, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Fort Collins (the City), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 21, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Honorable Mayor and Members of City Council
City of Fort Collins

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified.. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

The City's response to the findings identified in our audit are described in the accompanying schedule of findings questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Denver, Colorado
June 21, 2019

**Report on Compliance for Each Major
Federal Program; Report on Internal Control Over Compliance;
and Report on Schedule of Expenditures of Federal
Awards Required by the Uniform Guidance**

Independent Auditor's Report

Honorable Mayor and Members of City Council
City of Fort Collins
Fort Collins, Colorado

Report on Compliance for Each Major Federal Program

We have audited the City of Fort Collins's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2018. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Honorable Mayor and Members of City Council
City of Fort Collins

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Programs

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Honorable Mayor and Members of City Council
City of Fort Collins

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the City, as of and for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprise City's basic financial statements. We issued our report thereon dated June 21, 2019 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

BKD, LLP

Denver, Colorado
June 21, 2019

City of Fort Collins
Schedule of Findings and Questioned Costs
Year Ended December 31, 2018

Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was (were):
- ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:

Significant deficiency(ies)? ☒ Yes ☐ None reported
Material weakness(es)? ☐ Yes ☒ No

3. Noncompliance considered material to the financial statements was disclosed by the audit? ☐ Yes ☒ No

Federal Awards

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:

Material weakness(es) identified? ☐ Yes ☒ No
Significant deficiency(ies) identified? ☐ Yes ☒ None reported

5. The opinions expressed in the independent auditor's report on compliance for major federal awards were:

☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimed

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)? ☐ Yes ☒ No

7. Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
20.500, 20.526, 20.507	Federal Transit Cluster
16.922	Equitable Sharing Program

City of Fort Collins
Schedule of Findings and Questioned Costs (continued)
Year Ended December 31, 2018

8. The threshold to distinguish between Type A and Type B programs was \$750,000.
9. Auditee qualified as low-risk auditee? ☒ Yes ☐ No

City of Fort Collins
Schedule of Findings and Questioned Costs (continued)
Year Ended December 31, 2018

Findings Required to be Reported by Government Auditing Standards

Number	Finding
2018-001	<p data-bbox="334 548 714 573">Finding: Accounting for Capital Assets</p> <p data-bbox="334 625 1536 684">Criteria or Specific Requirement: Accounting principles generally accepted in the United States of America (US GAAP) that address the proper recognition and accounting of capital assets include:</p> <ul data-bbox="334 697 1536 961" style="list-style-type: none"><li data-bbox="334 697 1536 756">• Governmental Accounting Standards Board (GASB) Statement No. 34, <i>Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments</i> (GASB 34)<li data-bbox="334 762 1536 861">• Governmental Accounting Standards Board (GASB) Statement No. 37, <i>Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments: Omnibus — an amendment of GASB Statements No. 21 and No. 34</i> (GASB 37)<li data-bbox="334 867 1536 926">• Governmental Accounting Standards Board (GASB) Statement No. 51, <i>Accounting and Financial Reporting for Intangible Assets</i> (GASB 51)<li data-bbox="334 932 824 961">• Various implementation guidance issued by GASB <p data-bbox="334 1014 1536 1278">Condition: The City originally passed an ordinance in 2005 allocating 0.25% tax for the construction of capital assets in the Community Capital Improvement Program Fund (CCIP), a special revenue fund. The tax was later extended by Ordinance No. 013-2015 commencing January 1, 2016 and expiring December 31, 2025. When the initiative was extended, the City created a separate fund for the proceeds until which time the proceeds were expended for the approved capital projects. When the approved projects were completed, the taxes were transferred from the CCIP Fund to a capital projects fund. During the year-end financial reporting process, when the City identified capital asset-related expenditures for capitalization, it inadvertently capitalized the same cost twice; once when the expenditure was initially recorded in the CCIP Fund and a second time when those same costs were transferred to the capital projects fund.</p> <p data-bbox="334 1331 1536 1390">Effect: The condition noted above resulted in a proposed adjustment to reduce the capital asset balances by approximately \$11.7 million. Of this amount \$8.4 million related to prior periods.</p> <p data-bbox="334 1442 1536 1501">Cause: Transfers were recorded in the financial accounting system in such a manner that City personnel included all capital asset expenditures in total capital asset additions in the governmental activities.</p> <p data-bbox="334 1554 1536 1640">Recommendation: We recommend that internal controls be strengthened and systems be revised to properly identify these costs in the future and avoid double counting these costs. Adequate training should be provided to all employees as necessary to eliminate this error.</p> <p data-bbox="334 1692 1536 1707">Views of Responsible Officials: The City agrees with the finding. See separate report for planned corrective actions.</p>

City of Fort Collins
Schedule of Findings and Questioned Costs (continued)
Year Ended December 31, 2018

Findings Required to be Reported by the Uniform Guidance

Reference Number	Finding
<hr/>	
No matters are reportable.	

City of Fort Collins
Status of Prior Audit Findings
Year Ended December 31, 2018

Reference Number	Summary of Finding	Status
	No matters are reportable.	



Financial Services
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MEMORANDUM

DATE: July 2, 2019
TO: 2019 Year-end Files
FROM: Travis Storin, Accounting Director
CC: BKD, LLP
RE: 2018 Corrective Action Reference Number 2018-001

Finding: Capital Assets

Status: Correction in progress

Condition:

The City originally passed an ordinance in 2005 allocating 0.25% tax for the construction of capital assets in the Community Capital Improvement Program Fund (CCIP), a special revenue fund. The tax was later extended by Ordinance No. 013-2015 commencing January 1, 2016 and expiring December 31, 2025. When the initiative was extended, the City created a separate fund for the proceeds until which time the proceeds were expended for the approved capital projects. When the approved projects were completed, the taxes were transferred from the CCIP Fund to a capital projects fund. During the yearend financial reporting process, when the City identified capital asset-related expenditures for capitalization, it inadvertently capitalized the same cost twice; once when the expenditure was initially recorded in the CCIP Fund and a second time when those same costs were transferred to the capital projects fund.

Corrective Action: The City will modify the reporting tools used to calculate its Construction in Progress (CIP) accounts and any resultant in-service assets to ensure that all transfer accounts are excluded from the underlying source data. The City will review and confirm, on an annual basis, the underlying data sources and reports to confirm that transfers and any other non-applicable source data are still systematically excluded from its workpapers pertaining to CIP and in-service assets.

Person(s) Responsible for Implementation: Mike Beckstead, CFO; Travis Storin, Accounting Director

Implementation Date: 1-Jan-19

COUNCIL FINANCE COMMITTEE AGENDA ITEM SUMMARY

Staff: Sean Carpenter and Travis Storin

Date: July 15, 2019

SUBJECT FOR DISCUSSION: Epic Homes Capital Plan – Update & Next Steps

EXECUTIVE SUMMARY

This item will provide an update to Council Finance regarding the Epic Homes capital plan and next steps for capital agreements. Updates include:

- Review of on-bill financing history and capital recruitment process;
- Future capital stack;
- Loan terms and rates;
- Cash flow projections; and
- Next steps regarding securing and appropriation of third-party capital into a revolving loan fund.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

- Does the Council Finance Committee approve the presentation of financial / loan agreements to the full City Council for consideration in August?

BACKGROUND/DISCUSSION

Fort Collins' innovative On-Bill Finance (OBF) program supports a number of community and City Council priorities, including ambitious goals around energy efficiency and renewables, reduced greenhouse gas emissions and increased equity and wellbeing of all residents (see [Energy Policy](#) and [Climate Action Plan](#)). Meeting these objectives will require, among other activities, that greater numbers of property owners undertake comprehensive efficiency improvements in the coming years, particularly for older, less-efficient rental properties which make up a large percentage of the City's housing stock. An ongoing and attractive financing structure to support energy efficiency retrofits will be a critical element for success moving forward.

On-Bill Financing History

The Home Efficiency Loan Program (HELP, aka OBF 1.0) operated successfully from January 2013 through early 2017 when the maximum outstanding loan balance of \$1.6M was reached. In 2017, Elevations Credit Union was selected through an RFP process for energy loan financing. Utilities staff qualify the efficiency project based on the rebate measures in the Efficiency Works Home program; however, the loan origination and servicing are independent of Utilities programs. With the implementation of Epic Loans, Elevations loans will continue to be an option for interested customers.

Epic Loans (aka OBF 3.0) were revitalized in August 2018 during the Champions Phase of the *Bloomberg Mayors Challenge*. The \$100,000 award from the Champions Phase and a \$200,000 grant from the Colorado Energy Office were used to kick off the revitalized on-bill financing.

Fort Collins is among nine winning cities for the Mayor Challenge, each receiving \$1 M to implement their winning idea. The grant agreement with Bloomberg Philanthropies was completed in February 2019 and the initial \$100,000 tranche of the \$1M was awarded. As of March 2019, Epic Loans has serviced over 20 on-bill loans for \$280,000 to support energy efficiency retrofits that would not have occurred without an attractive financing option.

Leveraging external capital is critical to achieving the long-term vision of Epic Loans and offers a continuing source of funds to meet increasing customer demand for energy efficiency financing. Epic Loans is designed to balance the programmatic objectives and financial requirements of the City, while also meeting the needs and expectations of capital providers and Utilities customers. The program team seeks to design an “evergreen” revolving loan fund which:

- Supports residential energy efficiency upgrades for years to come;
- Scales to meet long-term efficiency objectives;
- Removes financial barriers to efficiency upgrades with attractive rates and terms;
- Aligns capital commitments with customer loan terms; and
- Minimizes the City and Utilities risk and administrative effort.

Council Finance Meetings Review

The Epic Homes team presented to Council Finance in November 2018 regarding the program background and issuing an RFP for third-party capital sources. The City issued RFP #8842 in December 2018 and the team pursued conversations and negotiations with respondents and other potential capital providers.

The Epic Homes team presented to Council Finance again in May 2019 regarding the potential capital sources and next steps for bringing capital agreements to Council. Staff have continued negotiations with potential capital providers (including a locally-managed national bank, a regional bank, Coalition for Green Capital, and the Colorado Energy Office) and received Legal and Purchasing review of draft contracts.

Capital Stack and Terms

Capital sources for the Epic Loan need to align with the following high-level objectives:

- **Attractive:** The loan program must be able to provide attractive loan terms to customers, specifically attractive interest rates.
- **Scalable:** The program must be scalable in support of Fort Collins ambitious energy goals. It is anticipated that Fort Collins will upgrade thousands of homes in the coming years.
- **Parity:** In both length and rate, borrowed capital should match loaned capital as closely as possible.
- **Simple:** The implementation and administration of the program must be as simple as possible for all parties, including customers, Utilities, and the capital partners.

Capital Stack

To provide sufficient financing for the expected number of projects, the short-term (3-4 year) capital goal is \$7M to \$8M. This assumes \$1.5M to \$2M annually in energy efficiency project financing. The longer-term capital goal is up to \$16M in order to establish a self-sustaining

revolving loan. To meet the short-term capital goal, the Epic Homes team proposes the capital stack below.

Capital Type	Provider	Term	Rate	Amount	Status
Low or No Cost					
	Bloomberg Philanthropies – Champions Phase Award	N/A	0%	\$100,000	Appropriated July 2018
	Bloomberg Philanthropies – Award Initial Tranche	N/A	0%	\$100,000	Appropriated March 2019
	Bloomberg Philanthropies – Award Second Tranche	N/A	0%	\$488,350	To be appropriated August 20
	Colorado Energy Office – Grant	N/A	0%	\$200,000	Appropriated August 2018
	Colorado Energy Office – Loan	15 year	1-2%	\$1,000,000	To be appropriated August 20
External Market					
	National Commercial Bank	5 & 10 year	3.95% - 4.25%	\$2,500,000	To be appropriated August 20
	Regional Private Bank (through National Green Bank)	15 year	5.75%	\$2,500,000	To be appropriated August 20
Internal					
	Repayments of previously paid loans	N/A	0%	\$374,000	Appropriated as part of revolving loan fund in OBF 1.0
Total				\$7,262,350	

Capital Provider Terms

Flexible structures which minimize the need for the City to carry non-deployed debt capital, such as lines of credit versus term loans, are being pursued with the capital providers. In all cases, Fort Collins Utilities would be the borrower, with the third-party funds being loaned to customers by Utilities. Fort Collins Utilities would be responsible for the repayment to the capital provider. In turn, Utilities customers carry the obligation for repayment of loans to the City via their utility bill. Utilities has various code-specified tools for recourse of delinquent utility bills that makes the risk profile for the Epic Loan portfolio extremely low. Third-party capital providers will have a senior pledge on customer loan repayments and second position on Electric Utility revenues, after the more senior pledge held by revenue bondholders. Finally, the City may pre-pay any of these agreements in whole or in part at any time and without penalty.

Capital Source #1: Colorado Energy Office

- Amount: Up to \$1,000,000
- Length: 15-years inclusive of draw period
- Draw period: None
- Fixed Rate: 1.25% to 2.25%

External Capital Source #2: National Commercial Bank

- Amount: Up to \$2,500,000
- Length: 5-year and 10-year portions, inclusive of draw period
- Draw period: Up to 2 years with monthly draws based on customer loans
- Variable Rate Period: Fed SOFR plus X% (applies during draw period)
- Fixed Rate: 5-year or 10-year Treasury Note plus X% (rate becomes fixed after draw period)

External Capital Source #3: National Green Bank

- Amount: Up to \$2,500,000
- Length: 15-years inclusive of draw period
- Draw period: Up to 2 years with quarterly draws based on customer loans
- Variable Rate: Wall Street Journal Prime + 0.25% (currently 5.75%)
- Collateral: City will deposit 50% of drawn amount into FDIC-insured account

Policy Exceptions

Source #2 and #3 each have terms that interact or conflict with Financial Policy #7.

Debt Instrument	Policy Issue
Source #1: State Energy Office	<ul style="list-style-type: none"> • None
Source #2: 5- and 10-year National Commercial Bank	<ul style="list-style-type: none"> • Variable rate for 2 years, managed in 6-month intervals
Source #3: 15-year National Green Bank	<ul style="list-style-type: none"> • Credit Enhancement, and • Variable Rate, or • Derivative Swap instrument

For source #2 (5- and 10-year commercial funds), staff has arranged for rate-lock rights during the 2 year variable draw window which effectively stabilizes the debt service per policy.

For source #3 (15-year green bank funds), staff assesses an appropriate use of a credit enhancement via the collateral pledge.

The note is written with variable rate for its duration, however. Staff has attempted to negotiate rate lock-in rights during the draw period but the lender has been unable to flex. Alternatives are to accept the terms of this deal, terminate the deal, or manage the variable rate risk via an interest

rate swap. The swap would qualify as a derivative instrument, which is also covered by policy as an instrument the City should avoid.

Retail Rates and Terms

In December 2018, the financial officer's rules and regulations were revised to remove language about specific interest rates and allows for regular review and necessary adjustments of interest rates based on third-party capital terms, and approval of the City CFO. The City will blend capital sources and interest rates into loan offerings that recover the cost of capital, and include a modest administrative premium to cover administrative costs in the future. The current loan interest rates based on capital sources are as follows:

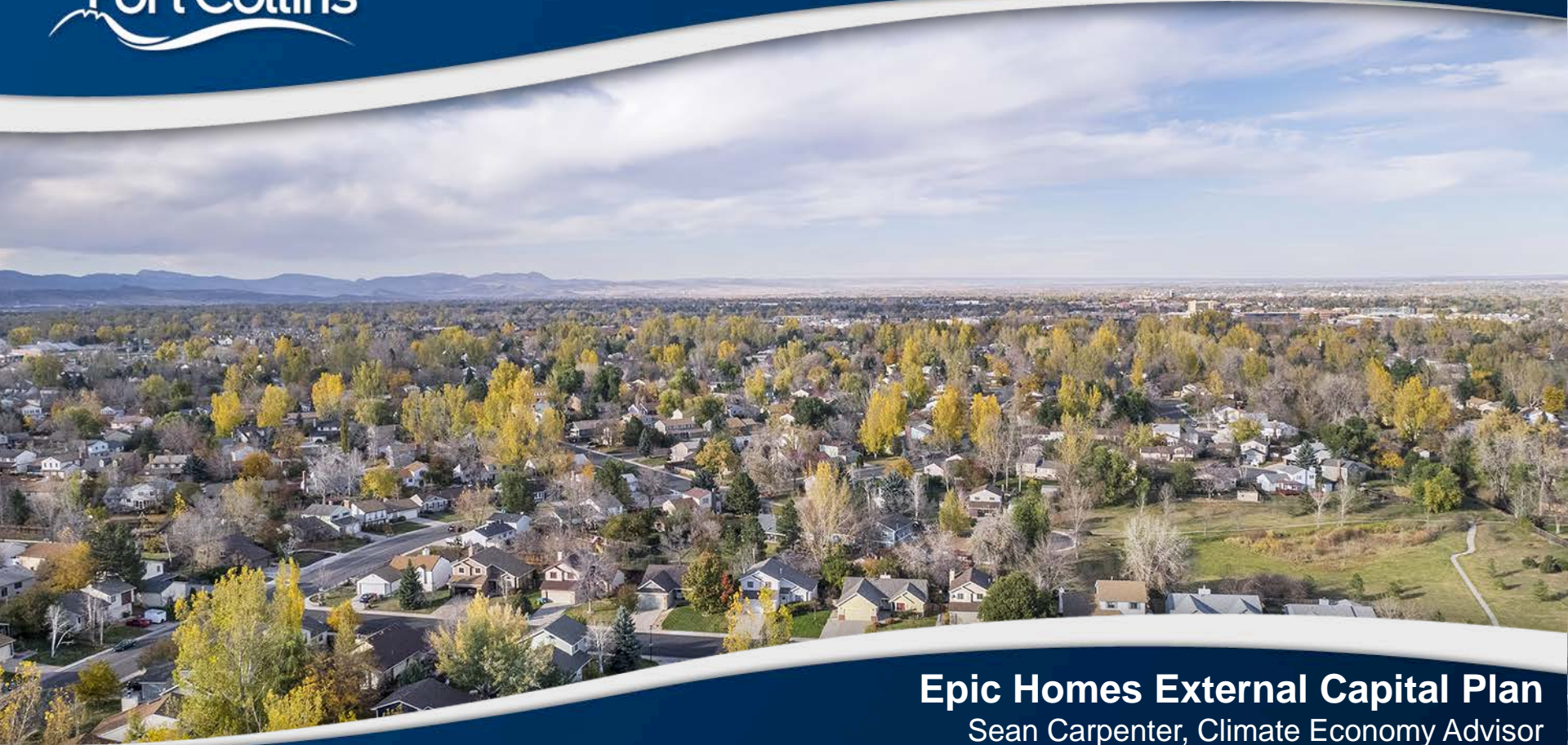
Loan Term	Interest Rate (Effective Jan. 2019)	Interest Rate (Effective Jul 2019)
3 or 5 years	3.49%	3.75%
7 or 10 years	3.99%	4.25%
15 years	4.49%	4.75%

Next Steps

The Epic Homes team is finalizing lending agreements with third-party capital providers. The Epic Homes team seeks approval from Council Finance to proceed with City Council consideration of financial agreements during the August 20 Council session. A separate ordinance will be prepared for each capital provider.

ATTACHMENTS

Attachment 1: Epic Homes Capital Plan Presentation, July 15, 2019



Epic Homes External Capital Plan

Sean Carpenter, Climate Economy Advisor

Travis Storin, Accounting Director

- Brief review of May 2019 Council Finance discussion
- Projected “capital stack”
- Specifics of outside loan terms (3 separate agreements)
- Recently updated Epic loan retail rates and terms
- Proforma cash flow projections
- Risks / Q&A / Wrap Up

November 2018 and May 2019 Finance Committee

- Issued RFP for third-party capital sources
- Reviewed history of On Bill Finance / Bloomberg Mayors Challenge / Epic Homes
- Reviewed short term (3-4 year) and long term (5+ year) capital objectives
- Approved staff to negotiate draft agreements with potential capital providers
 - *Legal:* City Attorney to review draft contracts (**completed**)
 - *Purchasing:* To review draft contracts (**in process**)

July 2019 Finance Committee

- Finance Committee in-depth review of currently drafted terms
- Request for approval for presentation to City Council for subsequent approval via separate ordinance for each selected lender

Loan portfolio management

- Total target for capital for next 3-4 years: \$7M - \$8M
- Interest rate target: blended cost of capital, plus admin and risk premium
- Annual loans issued / originated: \$1.5M - \$2.0M
- Parity in length of term borrowed vs. length of term loaned

Other critical considerations

- No negative impact on Light & Power planned 2023 debt offering
- Protect Utilities credit rating & broadband's coverage covenants

Future Capital Stack Summary

Capital Type	Provider	Term	Rate	Amount	Status
Low or No Cost					
	Bloomberg Philanthropies – Champions Phase Award	N/A	0%	\$100,000	Appropriated July 2018
	Bloomberg Philanthropies – Award Initial Tranche	N/A	0%	\$100,000	Appropriated March 2019
	Bloomberg Philanthropies – Award Second Tranche	N/A	0%	\$488,350	To be appropriated August 20
	Colorado Energy Office – Grant	N/A	0%	\$200,000	Appropriated August 2018
	Colorado Energy Office – Loan	15 year	1.25-2.25%	\$1,000,000	To be appropriated concurrently with Green Bank, below
External Market					
	National Commercial Bank	5 & 10 year	3.95% - 4.25%	Up to \$2,500,000	To be appropriated August 20
	National Green Bank	15 year	5.75%	Up to \$2,500,000	TBD – under negotiation
Internal					
	Previously authorized Light & Power reserves	N/A	0%	\$374,000	Appropriated as part of revolving loan fund in OBF 1.0
Total				\$7,262,350	5

- Amount: Up to \$1,000,000
- Length: 15-years inclusive of draw period
- Draw period: None
- Fixed Rate: 1.25% to 2.25%

- Staff to bring this agreement to Council on same timeline as 15-year bank capital (Capital Source #3)
- Uncertainty in timing of contract

- Amount: Up to \$2,500,000
- Length: 5-year and 10-year debt, inclusive of draw period
- Draw period: Up to 2 years with monthly draws based on customer loans
- Variable Rate Period (2 years): Based on Fed Secured Overnight Financing Rate (SOFR) plus spread. Currently 3.95% - 4.25%.
- Fixed Rate Period: Based on 5-year or 10-year Treasury Note plus spread (rate becomes fixed on-demand by City or after draw period ends)
- City may pre-pay in whole or part at any time without penalty
- Staff intends to “lock in” fixed rates in 6-month intervals within 2-year variable period

- Amount: Up to \$2,500,000
- Length: 15-years inclusive of draw period
- Draw period: Up to 2 years with quarterly draws based on customer loans
- Variable Rate: Wall Street Journal Prime + 0.25% (currently 5.75%)
- Collateral: City will deposit 50% of drawn amount into FDIC-insured, interest bearing account
- Lender unable to flex on the collateral nor on a fixed rate
- Would drive an exception request to the Council's debt policy
- City may pre-pay in whole or part at any time without penalty

Debt Instrument	Policy Issue
Source #1: State Energy Office	<ul style="list-style-type: none">• None
Source #2: 5- and 10-year National Commercial Bank	<ul style="list-style-type: none">• Variable rate for 2 years, managed in 6-month intervals
Source #3: 15-year National Green Bank	<ul style="list-style-type: none">• Credit Enhancement (collateral), and• Variable Rate or• Derivative Swap instrument

August Ordinances will acknowledge any exceptions to policy

Current borrowing terms intersect with Council-adopted Financial Management Policy #7 in the following three ways:

1) Credit Enhancements

Policy language: The City will not use credit enhancements unless the cost of the enhancement is less than the differential between the net present value of the debt service without enhancement and the net present value of the debt service with the enhancement.

Staff analysis:

- 15-year facility stipulates collateral at 50% of the principal.
- Staff assesses an appropriate use of a credit enhancement.
- This pledge has been non-negotiable with the bank; NPV analysis does not apply.

2) **Variable Rate Debt**

Policy language: The City will normally not issue variable rate debt ... certain circumstances may warrant the issuance of variable rate debt, but the City will attempt to stabilize the debt service payments through the use of an appropriate stabilization arrangement.

Staff analysis:

- The 5- and 10-year facility (Source #2) has rate-lock rights during 2-year draw window.
- Staff attempted to get same rights on the 15-year facility (Source #3); lender unable to flex.
- Alternatives: accept terms, terminate deal, or manage risk with interest rate swap (below)

3) **Derivative instruments – swap**

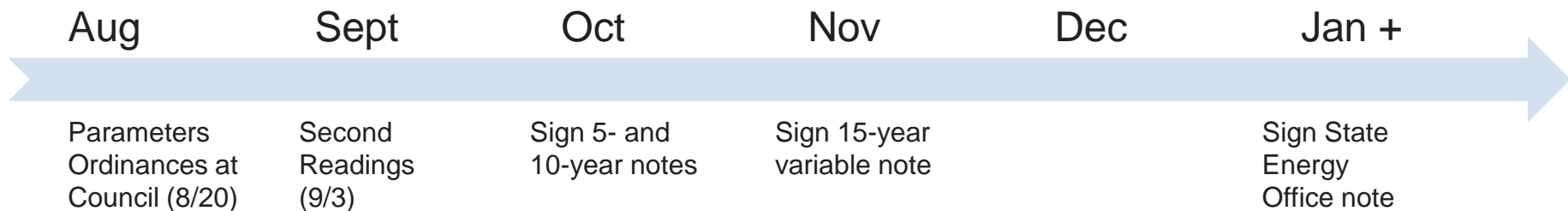
Policy language: Derivative type instruments and terms will be avoided.

Staff analysis: “Plain vanilla” interest swap has a cost premium but effectively locks in fixed rate on the 15-year note if City is unwilling to accept variable rate risk

- Targeting 100 basis point spread to mitigate rate risk during the variable period
 - Blended capital cost: 3.33%
 - Blended product yield: 4.30%
- Updated interest rates to be adopted by CFO, effective 8/1/19 pursuant to Code
- City no longer offering 20 year terms

Loan Term	Projected Cost of Capital	Customer Rate (Effective Jan. 2019)	Customer Rate (Effective Aug. 2019)
3 or 5 years	2.69%	3.49%	3.75%
7 or 10 years	2.74%	3.99%	4.25%
15 years	4.25%	4.49%	4.75%

- Interest rate risk
 - Rate-lock options during the 2-year variable windows
 - Targeted 100 basis point spread between cost of capital and product
 - Respond to rapid market changes with timely updates to Epic rates
 - Freeze new Epic customer offerings, as necessary
- Customer demand risk
 - 2-year line of credit model matches principal borrowed vs. Epic loans
 - If undrawn amounts remain at end of 2-years, City may pursue renewal, draw remaining amounts, or close out the line(s)
- Customer default risk



Next steps

- Proceed to Council 8/20 and 9/3 for readings of each capital source
- Develop recurring framework for updated annual cash flow projections and reporting/measurement
- Continue recruiting market-rate and low-cost capital (~2/3 – 1/3 split, respectively) to solve for 5+ year objectives

- Does the Committee support staff analysis of the debt policy and the exceptions request?
- Does the Committee have a preferred alternative for managing Source #3 (i. accept terms; ii. terminate deal or; iii. manage risk via separate instrument)
- Does the Committee approve the presentation of financial / loan agreements to the full City Council for consideration in August?

Backup Slides

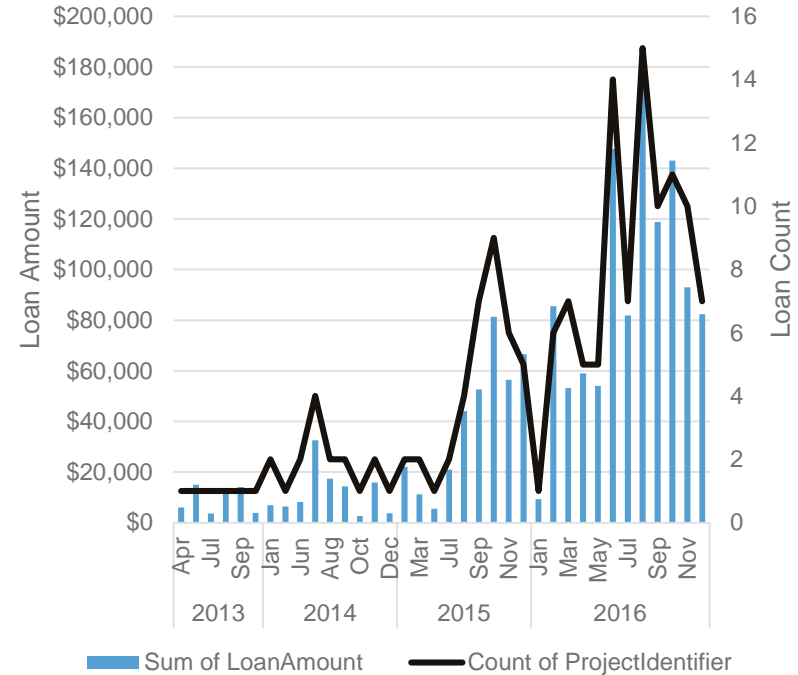
- Feb. – Nov. 2018: Multiple meetings held with Investment Banks, Hedge Funds, Impact Investing Firms and Local and Regional banks
- External Capital RFP #8842 for the EPIC program issued in December 2018
- Grant capital received from Bloomberg and Colorado Energy Office (CEO)
- Negotiations begun with RFP respondents in January 2019
 - 1 National Bank
 - 2 Regional Banks (Local and Upper Midwest)
 - Brokered discussions with Coalition for Green Capital (CGC)
 - Connections with impact investors via Bloomberg
 - Colorado Energy Office \$1M loan

On-Bill Finance 3.0: Epic Loans

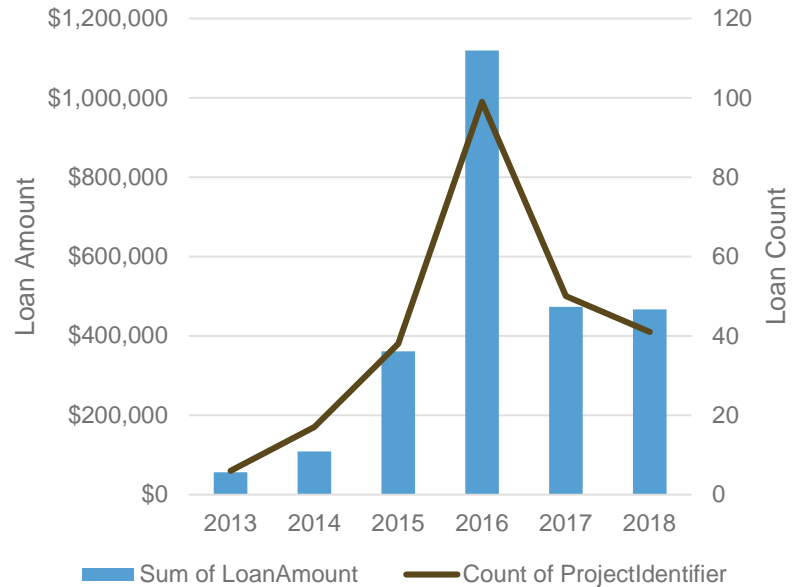
- Revitalized August 2018 as part of Bloomberg Mayors Challenge champions phase
- \$100k grant from Bloomberg, \$200k grant from Colorado Energy Office
- Winners announced October 2018, \$1M prize
- Grant agreement completed February, \$100k initial tranche
- Effective January 2019 interest rates
 - 3 or 5 years - 3.49%
 - 7 or 10 years - 3.99%
 - 15 or 20 years - 4.49%



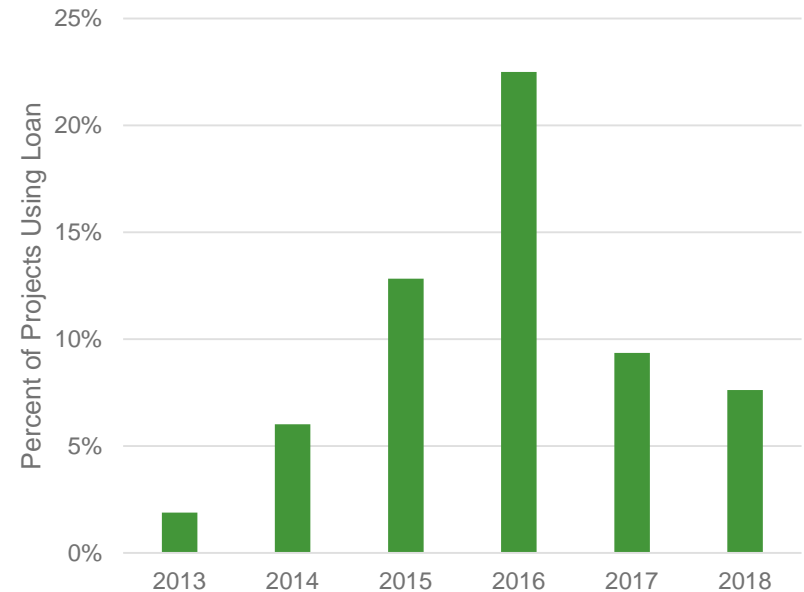
- Pilot began in 2013
- \$1.6M revolving loan fund from Light & Power reserves established by Council
- Low interest rate (2.5%) and long loan terms (up to 20 years) led to rapid uptake
- Loans repaid on owner's utility bill
- ~25% of \$1.6M repaid to date
- **0% default rate**

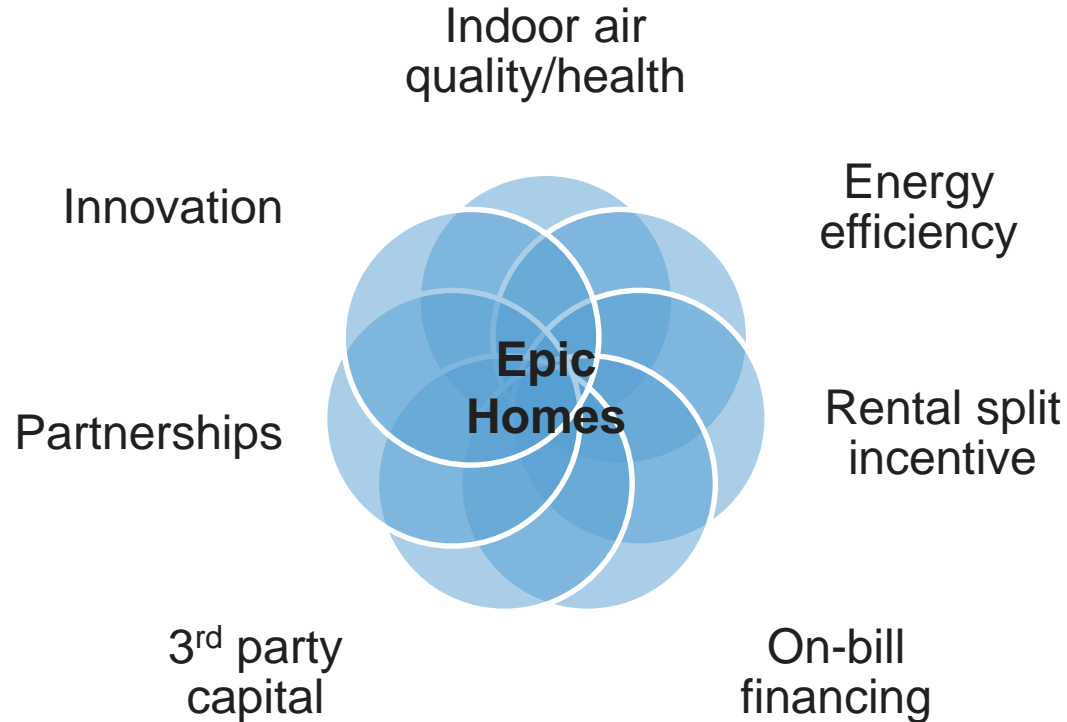


Loan Count & Amounts



Percent of Projects Using Loan





- Ample capital to meet projected demand over 5 years
- Planned to \$4.7M of loans issued over 5 years (*most likely scenario*) vs. full deployment of \$7.3M of available capital (*highest demand scenario*)
- If full deployment of capital stack occurred City remains cashflow positive

	2nd Half				
	2019	2020	2021	2022	2023
Beginning Cash (authorized reserves)	\$ 370	\$ 80	\$ 100	\$ 170	\$ 250
+ Income from Existing Loans	\$ 70	\$ 140	\$ 140	\$ 130	\$ 120
- Deployment of New Loans	\$ (380)	\$ (1,070)	\$ (1,320)	\$ (1,070)	\$ (850)
+ Income from New Loans	\$ 10	\$ 120	\$ 290	\$ 450	\$ 570
+ Pull from Lenders	\$ -	\$ 870	\$ 1,180	\$ 940	\$ 720
- Repayments to Lenders	\$ -	\$ (50)	\$ (210)	\$ (380)	\$ (440)
End Cash	\$ 80	\$ 100	\$ 170	\$ 250	\$ 370

COUNCIL FINANCE COMMITTEE AGENDA ITEM SUMMARY

Staff: Josh Birks

Date: July 15, 2019

SUBJECT FOR DISCUSSION

Proposed Metro District by Landmark Homes for the Northfield Metropolitan District

EXECUTIVE SUMMARY

The developer of the proposed Northfield Metro District has submitted a Metro District Service Plan to support a proposed development of approximately 56 acres located north of Vine Street on the west side of Lindenmeier Road/Lemay Avenue (southeast of the Lake Canal and north of the to-be designated historic Alta Vista neighborhood). The development is anticipated to include approximately 442 attached housing units, of which a minimum of approximately fourteen percent (14%) will be designated and sold as deed-restricted affordable housing, and the majority of the rest of the units will be sold as attainable housing units. The Planned Development is also anticipated to include a mixed-use center that will offer light commercial use on the first floor, residential for-rent units on the second floor, and small amenities open to the public. The estimated population at build-out is 1,139. Construction of the Planned Development is planned to be completed by year 2026.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. What additional information does the committee recommend including for the Council evaluation of the Landmark Development's proposed Metro District Service Plan?

BACKGROUND/DISCUSSION

Landmark Homes is proposing a residential community situated within walking distance of the City's Old Town. The Planned Development incorporates goals of the following plans: City Plan, Transportation Master Plan, Master Street Plan, Nature in the City Strategic Plan, Natural Areas Master Plan, Paved Recreational Trail Master Plan, Northside Neighborhoods Plan, Pedestrian Plan, and Bicycle Master Plan.

PROJECT OVERVIEW

The proposed Metro District will support 56 acres of planned development located north of Vine Street on the west side of Lindenmeier Road/Lemay Avenue (southeast of the Lake Canal and north of the to-be designated historic Alta Vista neighborhood). The project anticipates constructing:

- Approximately 442 residential units (a mix of single-family and multi-family);
- Minimum of 14.7% affordable (65 units)
- The remaining housing units in the project are expected to be priced in an attainable range, considered by other cities to be between 80% and 120% of AMI.
- A mixed-use center that will offer light commercial use on the first floor, residential for-rent units on the second floor, and small amenities open to the public
- An enhanced setback from the Lake Canal Wetlands to further protect them from new development; and
- On-site Regional Trail as well as the off-site pedestrian connection for the northeastern portion up to the intersection at Lemay Avenue and Conifer Street.

METRO DISTRICT

Landmark Homes has submitted the Consolidated Service Plan for Northfield Metropolitan District Nos. 1-3 (the “Service Plan”). The Metro District would be used to construct critical public infrastructure and other site costs reducing the overall development costs.

Service Plan Overview

The Service Plan calls for the creation of three Metro Districts working collaboratively to deliver the proposed Northfield development. The phased development is anticipated to occur over the next nine plus years and support an estimated population of 1,139. A few highlights about the proposed Service Plan, include:

- **Assessed Value** – Estimated to be approximately \$13.3 million in 2029 at full build-out
- **Aggregate Mill Levy** – 50 mills, subject to Gallagher Adjustments
- **Debt Mill Levy** – 40 mills, may not be levied until an approved development plan or intergovernmental agreement has been executed that delivers the pledged public benefits
- **Operating Mill Levy** – Up to an additional 10 mills (total levy 50 mills) to fund several on-going operations, such as but not limited to: (a) a non-potable irrigation system, and (b) road infrastructure. Once a District imposes a Debt Mill Levy, such District’s Operating Mill Levy cannot exceed ten (10) mills at any point.
- **Maximum Debt Authorization** – Anticipated to be approximately \$16 million to cover a portion of the estimated \$31 million in project costs
- **Regional Mill Levy** – The regional Mill Levy shall not be counted against the Aggregate Mill Levy Maximum

Public Improvements

The Service Plans anticipate using the Debt Mill Levy to support the issuance of bonds in the maximum amount of \$16 million to fund all or a portion of the following \$31 million in public improvements (details available in *Exhibits D and G* of the Service Plan):

- **Earthwork and Grading** – Approximately \$6.7 million in earthwork and site preparation costs associated with the proposed project.

- **Roadway Improvements** – Approximately \$6.4 million in costs to construct asphalt infrastructure for streets and parking on the project, including Suniga arterial.
- **Water Improvements** – Approximately \$0.6 million in costs to construct potable water infrastructure supporting the project.
- **Sanitary Sewer Improvement** – Approximately \$0.7 million constructing the sanitary sewer infrastructure, including upsizing, both on- and off-site for the project
- **Storm Sewer Improvements** – Approximately \$1.9 million in costs to construct the main storm sewer system and infrastructure for the project.
- **Open Space/Landscaping** – Approximately \$4.1 million in costs for Regional Trail construction, neighborhood park development, development of clubhouse/pool, and other landscaping
- **Misc. / Amenity** – Approximately \$5.7 million in miscellaneous costs associated with the project, such as engineering, inspection, and administrative costs, plus a 20% contingency estimate of \$5.2 million.

Public Benefits

As required by the proposed new policy, the Service Plan will deliver several extraordinary development outcomes that support several public benefits. A general list of benefits and, where available, their estimated value is described below (details in Exhibit G of the Service Plan):

Northfield Metro District Public Benefits Evaluation

	Non-Basic Improvements		
	Total Benefit	Per-Unit Benefit	Notes
Environmental Sustainability			
Solar Energy			
1) 13-14 kW of solar power per "Flats" building	\$448,000	\$1,014	\$28,000 per building; 180 units benefit
Electric Vehicles			
1) 240V outlets	\$375,000	\$848	In every garage, besides the affordable homes
2) EV charging stations	\$30,000	\$68	
Critical Public Infrastructure			
Major Arterial Development			
1) On-Site Suniga Road Upsizing	\$1,682,640	\$3,807	Upsizing cost from a typical 2-lane connector
1) Off-Site Suniga Road	\$774,800	\$1,753	Offsite construction from Redwood to Lake Canal
Pedestrian Connectivity			
1) Regional Trail Construction	\$199,050	\$450	
Off-Site Infrastructure			
1) Off-Site Sewer Construction & Upsizing	\$538,220	\$1,218	To benefit Northfield and the surrounding areas from a failing sewer line
2) Lemay Overpass Contribution	\$250,000	\$566	Estimate
Smart Growth Management			
Increased Density			
1) Alley-Loaded Homes	\$820,800	\$1,857	Metro District maintained
Public Spaces			
1) Reduction in Allowed Density/ More Open Space	\$4,474,100	\$10,122	Northfield is at 8 units/acre vs the allowed 12 units/acre per the "affordable housing project" land use definition
2) Clubhouse & Swimming Pool	\$2,000,000	\$4,525	
3) Increased Landscaped Area (46.9% of site)	\$723,800	\$1,638	Landscaped area beyond a typical project
4) Alta Vista Buffer Area	\$125,000	\$283	Separates and protects the Alta Vista neighborhood from Suniga
5) Public amenity area	\$5,000	\$11	Public use amenities stationed along regional trail
Strategic Priorities			
Affordable Housing			
1) 14.7% (65 units) of deed-restricted affordable housing	\$4,420,000	\$10,000	\$68,000 subsidy per unit to price below 80% AMI
Attainable Housing			
1) 85.3% (377 units) of attainably priced housing	Difficult to Quant.	Difficult to Quan.	Remainder of project will be priced in a range that someone making 80% to 120% of AMI could afford

TOTAL PUBLIC BENEFITS

\$16,866,410

\$38,159

Disclaimer: The benefits listed above represent a preliminary estimate in order to provide illustrative representation of the value for public benefit. The illustration is non-binding pending the execution of a development agreement

Units: 442

- **Affordable Housing** - The financing and reimbursement options created by the Metropolitan Districts will enable the Northfield project to deliver a minimum of 160 units or 10% of the total project at affordable rates. These units will be delivered under the following guidelines:
 - For Sale: A minimum of 65 units (14.7%) will be for sale
 - Enforceability: Prior to or concurrent with Development Agreement, Northfield will create legally enforceable guarantees for affordable housing commitments. Potential options include, contract with City for Land Bank, deed restriction, reservation of acreage
- **Environmental Sustainability:**

Energy Conservation - Northfield plans to include solar panels on the 12-unit condominium buildings and the community clubhouse that will provide up to 14 kilowatts of power per building. These solar panels will provide the power needed for the common area spaces, including elevators. The renewable energy provided by the solar panels will also decrease the common-space maintenance burden for residents in the condominium buildings. Northfield will also deliver a 240V outlet in every garage to provide a place for the electric vehicle fast-charging stations and further encourage residents to drive eco-friendly cars.

Environmental Conservation - The project provides an enhanced setback from the Lake Canal Wetlands to further protect them from new development. The connections over Lake Canal will be constructed with low impact box culverts and abide by and exceed Army Core of Engineers standards for historic protected wetlands. Landscaped areas will focus on low-water usage designs. Initial hydro-zone calculations indicate Northfield will use 7.63 gallons of water per square foot, well below the City's limit of 15 gallons of water per square foot
- **Off-Site Sewer Improvements** - Northfield plans to replace and upsize the sewer line from Vine Drive, around Alta Vista, and along a portion of Lemay Avenue.
- **Regional Trail** - Rather than simply designating an on-site easement for the future trail construction by the City, Northfield plans to finance and deliver the on-site Regional Trail as well as the off- site pedestrian connection for the northeastern portion up to the intersection at Lemay Avenue and Conifer Street.
- **Community Gateway** - Northfield will promote the City's objective of preserving and enhancing historic resources. The southeastern edge of Northfield borders the to-be-designated historic Alta Vista neighborhood. To blend the transition to new development and pay homage to the neighborhood's history, Northfield will feature an Interpretive Historical Park and Gateway Features bordering Alta Vista. These additions were developed in collaboration with neighbors in the Alta Vista neighborhood and would provide an extraordinary benefit to the City as a whole.
- **Economic Health Outcomes** - Northfield is located within walking and/or biking distance to some of the largest employment hubs in the City, including City of Fort Collins Municipal Offices, Colorado State University, Woodward, and New Belgium Brewing. Northfield's proximity to these hubs and affordable and its attainable price points set the project apart from other recent residential developments in Fort Collins. Through Northfield, the City will gain high-quality, attainable housing near the City's economic and cultural core, helping reduce congestion in the City and provide workforce housing.

Policy

The conceptual use of a Metro District at Northfield complies with the City's existing policy.

	Project	Current Policy
Mill Levy Caps	50 Mills	50 Mills
Basic Infrastructure	Partially	To enable public benefit
Eminent Domain	Will Comply	Prohibited
Debt Limitation	Will Comply	100% of Capacity
Dissolution Limit	Ongoing for O&M	40 years (end user refunding exception)
Citizen Control	Will Comply	As early as possible
Multiple Districts	Yes	Projected over an extended period
Commercial/ Residential Ratio	Residential	N/A

POLICY EVALUATION & PUBLIC BENEFIT ASSESSMENT

The proposed update to the policy supports the formation of a Metro District regardless of development type when a District delivers extraordinary public benefits. The public benefits should be: (1) aligned with the goals and objectives of the City whether such extraordinary public benefits are provided by the Metro District or by the entity developing the Metro District because Metro Districts exist to provide public improvements; and (2) not be practically provided by the City or an existing public entity, within a reasonable time and on a comparable basis. The Service Plan for the Northfield Project delivers several proposed policy outcomes (see **Attachment 3**).

Triple Bottom Line – Scan

An interdisciplinary staff team prepared a Triple Bottom Line Scan of the proposed Service Plan (see **Attachment 4**). The net analysis is generally neutral to slightly positive. The highlights are provided below:

- **Economic** – The proposed affordable housing is expected to have a positive impact on retaining and attracting talent to strengthen our local labor force for employers. The pricing of the remaining homes at 80-120% of AMI meets the community's needs for housing at that income level. Northfield is located within walking and/or biking distance to some of the largest employment hubs.
- **Environmental** – Some benefit is expected from the proposed solar, but overall the proposed environmental public benefits were interpreted as weak by staff under the current proposal. Additional clarity is needed to assess any improved benefit.

- **Social** – This area is expected to have the most positive impact due to the commitments to affordable housing. The proposal could be strengthened with a greater focus on affordable housing (e.g. 15% affordable) and clearer expectations around deed restriction over time.

FINANCIAL ASSESSMENT

Utilizing the District's Financial Plan, the City reviewed the Financial Plan in partnership with Economic & Planning Systems (**See Attachment 7**). The review concluded the following:

- The proposed mill levies are in line with the City's policy.
- The market values used in the public revenue estimates are reasonable.
- EPS expressed concern about residential absorption of Northfield in the context of other new North College developments: Waterfield, Water's Edge, and Montava.
- EPS found it difficult to assess if there would be "extraordinary benefits" with the following: clubhouse and swimming pool, allowed density/more open space, and increased landscaped area.

ATTACHMENTS

1. Staff Presentation
2. Project Vicinity Map
3. Public Benefit Evaluation Matrix
4. Triple Bottom Line Scan One pager
5. Consolidated Service Plan for Northfield Metropolitan District Nos. 1-3
6. Northfield Metropolitan District Nos. 1-3 Service Plan Clarification Letter for Council Finance Committee Packet
7. Economic & Planning Systems Financial Assessment

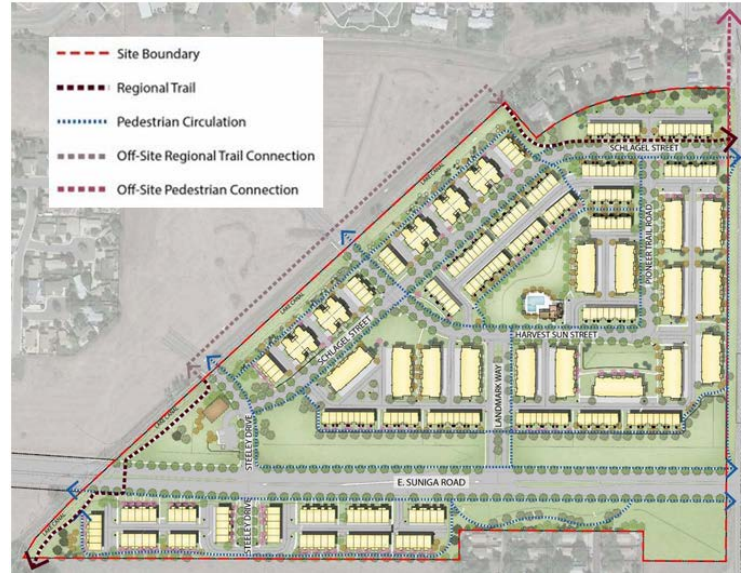
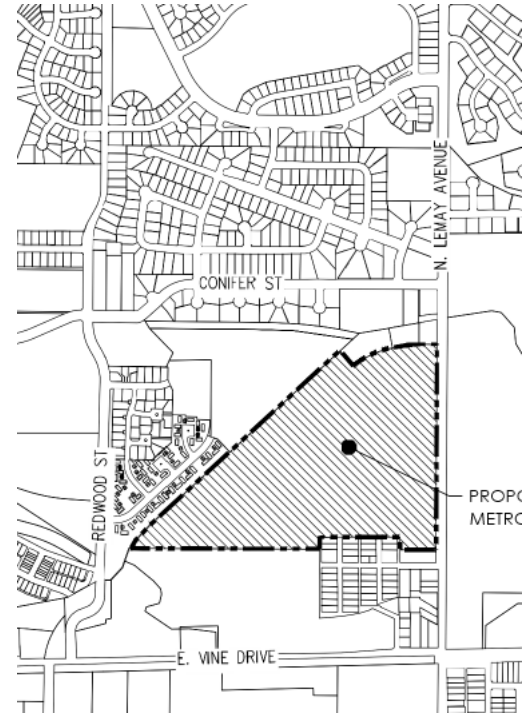


Northfield Metro District Request Preview

Josh Birks

- What additional information does the committee recommend including for the Council evaluation of the proposed Northfield Metro District Service Plan?

Project Description



- 6+ Year Multi Phase Master Planned Project
- 442 Residential Units
- 14.7% affordable

Policy Comparison – Key Provisions

	Project	Current Policy
Mill Levy Caps	50 Mills	50 Mills
Basic Infrastructure	Partially	To enable public benefit
Eminent Domain	Will Comply	Prohibited
Debt Limitation	Will Comply	100% of Capacity
Dissolution Limit	Ongoing for O&M	40 years (end user refunding exception)
Citizen Control	Will Comply	As early as possible
Multiple Districts	Yes	Projected over an extended period
Commercial/ Residential Ratio	Residential	N/A

Improvement	Description	Estimated Cost (millions)
Earthwork and Grading	Primarily grading	\$6.7
Roadway Improvements	Roads, Parking Lots, Signage, Lighting	\$6.4
Water Improvements	Waterlines	\$0.6
Sanitary Sewer Improvements	Sewer infrastructure, including upsizing, both on- and off-site for the project	\$0.7
Storm Sewer Improvements	Main infrastructure	\$1.9
Landscaping	Regional Trail construction, neighborhood park development, development of clubhouse/pool, and other landscaping	\$4.1
Misc. / Amenity	Engineering, inspection, and administrative costs	\$5.7
Contingency Costs	Contingency (20% of construction)	\$5.2
Total		\$31.3

Policy Evaluation & Public Benefits

Environmental Sustainability

GHG Reduction

Water/Energy
Conservation

Multimodal
Transportation

Enhance Resiliency

Increase Renewable
Capacity

Critical Public Infrastructure

Existing significant
infrastructure
challenges

On-site

Off-site

Smart Growth Management

Increase density

Walkability/Pedestrian
Infrastructure

Availability of Transit

Public Spaces

Mixed-Use

Strategic Priorities

Affordable Housing

Workforce Housing

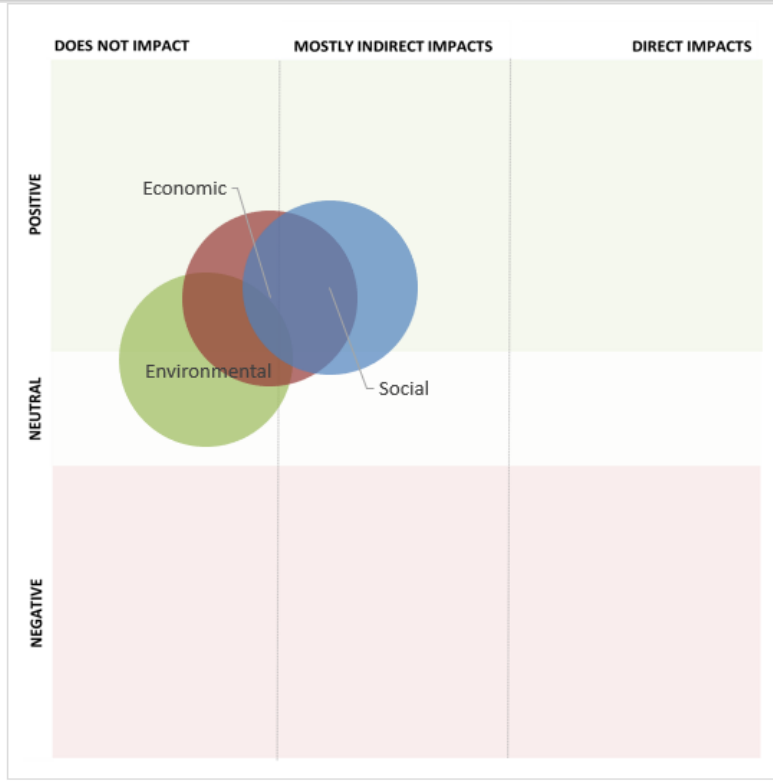
Infill/Redevelopment

Economic Health
Outcomes

Policy Evaluation & Public Benefits

Environmental Sustainability		Critical Public Infrastructure		Smart Growth Management		Strategic Priorities	
GHG Reduction	Solar panels on the 140 (40% of total units) units in condominium buildings and the community clubhouse sufficient enough to provide up to 14 kilowatts of power per building.	On-Site	The Metro District will finance and deliver the on-site Regional Trail as well as the off-site pedestrian connection for the northeastern portion up to the intersection at Lemay Avenue and Conifer Street.	Increase Density	Alley load homes.	Affordable Housing	15% of homes will be 80% AMI or less (65 units) with 20-year deed restriction.
	240V outlet in every garage					Workforce Housing	The remaining 85.3% (377) of the total number of dwelling units will be priced for sale for someone making 80% to 120% of AMI for attainable housing option.
Water/Energy Conservation		Off-Site	Vine & Timberline contributions	Walkability/ Pedestrian Infrastructure		Infill/ Redevelopment	A Public Amenity Area would be next to the mixed-use building and offer amenities such as a dog-wash station, bike repair or pump station, or other similar public use features.
Multimodal Transportation				Availability of Transit			Interpretive Historical Park and Gateway Features bordering Alta Vista.
Enhance Resiliency				Public Space	Neighborhood parks; Clubhouse/Swimming pool.	Economic Health	Northfield is located within walking and/or biking distance to some of the largest employment hubs.
Increase Renewable Capacity	See GHG reduction			Mixed-Use	Clubhouse will offer light commercial use on the first floor.		

Triple Bottom Line Scan (TBL-S) Results



Key TBL-S Results

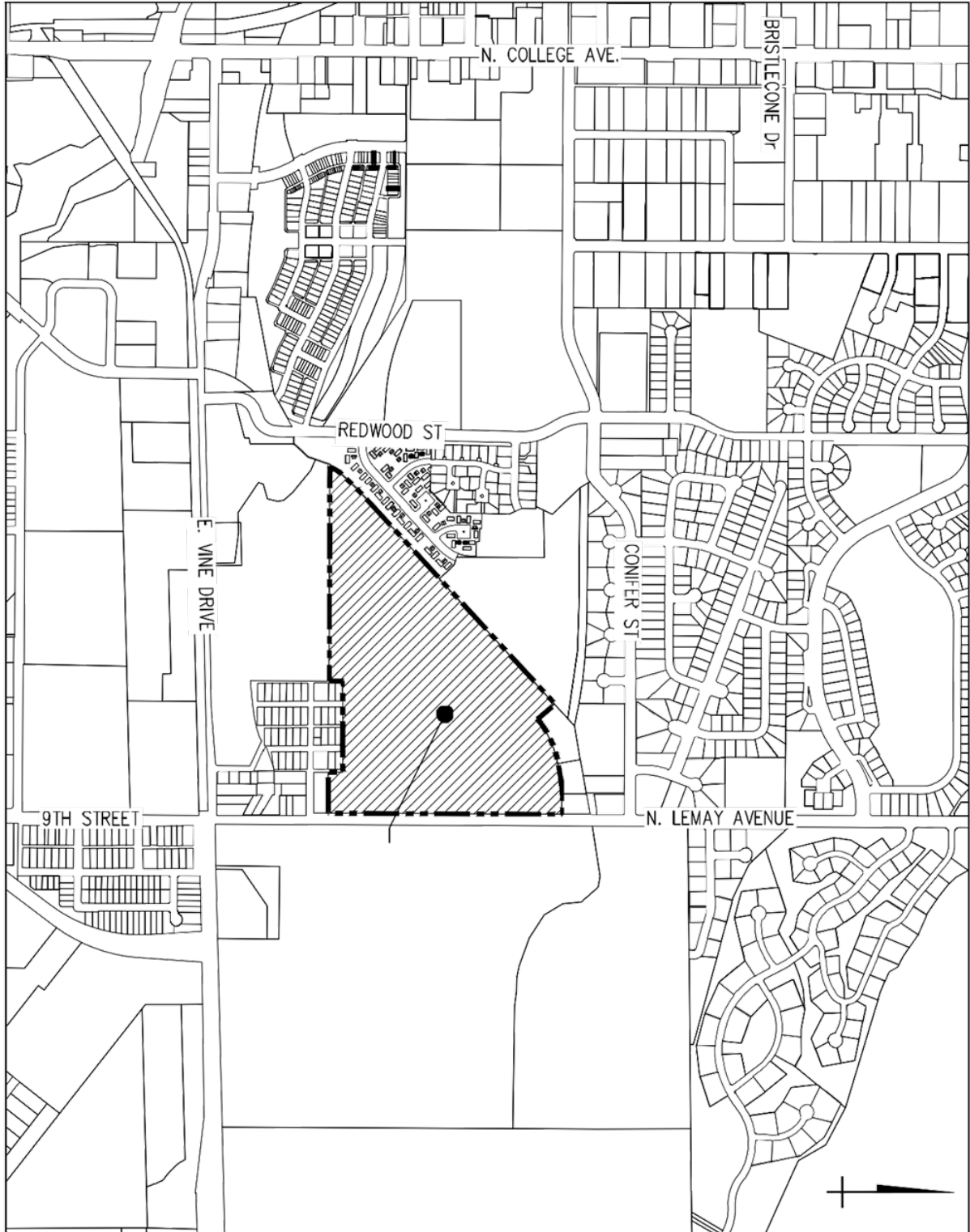
- The proposed 15% affordable housing (65 units) would have positive impacts for both economic and social sustainability.
- 85% of the homes will be priced at attainable price levels, targeting families making 80-120% of AMI, “the missing middle”.
- Inclusion of solar panels on 40% of homes. Solar will help power the community center.

Mitigation Strategies

- Could benefit from committing to more specific environmental public benefits (e.g. DOE Net Zero Ready homes, LEED standards) and water conservation efforts.

- What additional information does the committee recommend including for the Council evaluation of the proposed Northfield Metro District Service Plan?





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PUBLIC BENEFIT/POLICY ASSESSMENT MATRIX

Environmental Sustainability		Critical Public Infrastructure		Smart Growth Management		Strategic Priorities	
GHG Reduction	Solar panels on the 140 (40% of total units) units in condominium buildings and the community clubhouse sufficient enough to provide up to 14 kilowatts of power per building.	On-Site	The Metro District will finance and deliver the on-site Regional Trail as well as the off-site pedestrian connection for the northeastern portion up to the intersection at Lemay Avenue and Conifer Street.	Increase Density	Alley load homes.	Affordable Housing	15% of homes will be 80% AMI or less (65 units) with 20-year deed restriction.
	240V outlet in every garage					Workforce Housing	The remaining 85.3% (377) of the total number of dwelling units will be priced for sale for someone making 80% to 120% of AMI for attainable housing option.
Water/Energy Conservation	Initial hydro-zone calculations indicate Northfield will use 6.87 gallons of water per square foot, below the City's limit of 15 gallons per square foot.	Off-Site	Vine & Timberline contributions	Walkability/ Pedestrian Infrastructure		Infill/ Redevelopment	A Public Amenity Area would be next to the mixed-use building and offer amenities such as a dog-wash station, bike repair or pump station, or other similar public use features.
Multimodal Transportation				Availability of Transit			Interpretive Historical Park and Gateway Features bordering Alta Vista.
Enhance Resiliency				Public Space	Neighborhood parks; Clubhouse/Swimming pool.	Economic Health	Northfield is located within walking and/or biking distance to some of the largest employment hubs.
Increase Renewable Capacity	See GHG reduction			Mixed-Use	Clubhouse will offer light commercial use on the first floor.		

Project Description

Service Plan proposal to create a metro district of approximately 56 acres located north of Vine Street on the west side of Lindenmeier Road/Lemay Avenue (southeast of the Lake Canal and north of the to-be designated historic Alta Vista neighborhood). The developer proposes that metro district tax benefits make it easier for the Landmark Homes to create increased public benefits in the areas of infrastructure, smart growth, affordable housing, attainable housing, and building with environmental sustainability practices. This scan assumes that development would happen regardless of the Metro District and analyzes the impact of a metro district compared to a business-as-usual development scenario.

IMPACTS WITH MEDIUM TO HIGH CONFIDENCE



Environmental

Positive

- Inclusion of solar panels on 40% of homes. Solar will help power the community center.
- EV chargers will be installed in all homes.

Negative

- None Identified



Economic

Positive

- 85% of the homes will be priced at attainable price levels, targeting families making 80-120% of AMI, "the missing middle".
- Pricing structure will reduce costs of living in the community.
- Additional housing at this level may impact workforce talent attraction and retention.
- May promote additional redevelopment in that corridor along Vine and accelerating connectivity through Transfort.

Negative

- None Identified



Social

Positive

- Build out of regional trail will help promote access to nature and physical activity.
- Attainability and affordable housing in proximity to jobs may promote economic mobility.
- Includes 15% of units designated and restricted affordable *ownership* product.
- Attainable price point introduces more opportunity to enter homeownership and lock in stable housing cost.

Negative

- None Identified

Tradeoffs / Mitigations

Tradeoffs

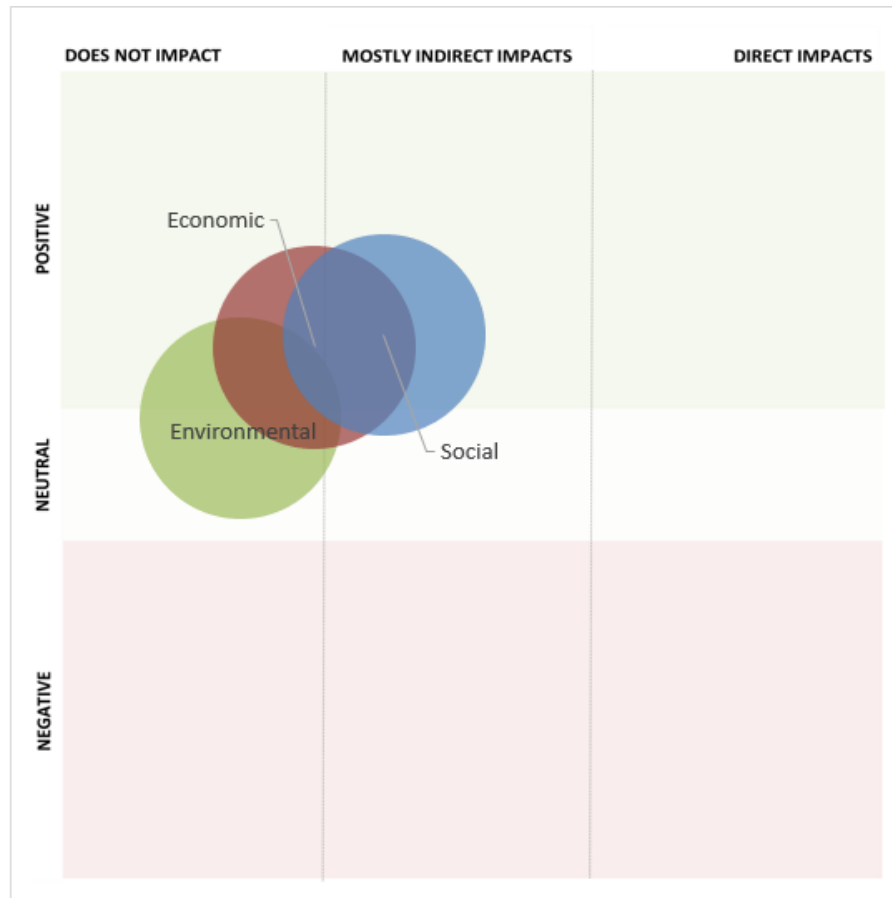
- Development is located near the intersection of Vine/Lemay and will likely exacerbate existing traffic challenges.
- While there are obvious benefits of affordable housing to economic and social sustainability, the environmental benefits proposed are not as strong as they could be.

Mitigations

- The Service Plan could benefit from committing to more specific environmental public benefits (e.g. DOE Net Zero Ready homes, LEED standards) and water conservation efforts.

Key Alignment: NLSH 1.1: Improve access to quality housing that is affordable to a board range of income levels; ENV 4.1: Achieve Climate Action Plan (CAP) 2020 goals and continue progress toward the 2030 goals; ECON 3.4 - Foster infill and redevelopment that enhances the community.

Project:



Discussion

- Impacts within environmental area are neutral to positive and largely indirect because Landmark Homes' proposal demonstrates only some benefits to these areas. Their proposal could implement additional energy and water savings initiatives.
- Economic impacts are driven mostly by the development pricing, as well as it's proximity to major employers.
- The social impacts were strongest, as they were more direct and positive due to the promise of 15% affordable for-sale housing and pricing of the remaining 85% at 80-120% AMI.

CONSOLIDATED SERVICE PLAN
FOR
NORTHFIELD METROPOLITAN DISTRICT NOS. 1-3
CITY OF FORT COLLINS, COLORADO

Prepared by:



WHITE BEAR ANKELE TANAKA & WALDRON
2154 E. Commons Ave., Suite 2000
Centennial, CO 80122

Submitted On: May 9, 2019

Approved on: [_____]

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EXHIBITS

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EXHIBIT A-2	Legal Description of District No. 2 Boundaries
EXHIBIT A-3	Legal Description of District No. 3 Boundaries
EXHIBIT B-1	District No. 1 Boundary Map
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EXHIBIT D	Public Improvement Cost Estimates
EXHIBIT E	Public Improvement Maps
EXHIBIT F	Financial Plan
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EXHIBIT H	Disclosure Notice

I. INTRODUCTION

A. Purpose and Intent.

The Districts, which are intended to be independent units of local government separate and distinct from the City, are governed by this Service Plan, the Special District Act and other applicable State law. Except as may otherwise be provided by State law, City Code or this Service Plan, the Districts' activities are subject to review and approval by the City Council only insofar as they are a material modification of this Service Plan under C.R.S. Section 32-1-207 of the Special District Act.

It is intended that the Districts will provide all or part of the Public Improvements for the Project for the use and benefit of all anticipated inhabitants and taxpayers of the Districts. The primary purpose of the Districts will be to finance the construction of these Public Improvements by the issuance of Debt.

It is also intended under this Service Plan that no District shall be authorized to issue any Debt, impose a Debt Mill Levy, or impose any Fees for payment on Debt unless and until the delivery of the applicable Public Benefits described in Section IV.B of this Service Plan has been secured in accordance with Section IV.B of this Service Plan.

It is intended that this Service Plan also requires the Districts to pay a portion of the cost of the Regional Improvements, as provided in Section X of this Service Plan, as part of ensuring that those privately-owned properties to be developed in the Districts that benefit from the Regional Improvements pay a reasonable share of the associated costs.

The Districts are not intended to provide ongoing operations and maintenance services except as expressly authorized in this Service Plan.

It is the intent of the Districts to dissolve upon payment or defeasance of all Debt incurred or upon a court determination that adequate provision has been made for the payment of all Debt, except that if the Districts are authorized in this Service Plan to perform continuing operating or maintenance functions, the Districts shall continue in existence for the sole purpose of providing such functions and shall retain only the powers necessary to impose and collect the taxes or Fees authorized in this Service Plan to pay for the costs of those functions.

It is intended that the Districts shall comply with the provisions of this Service Plan and that the City may enforce any non-compliance with these provisions as provided in Sections XVII and XVIII of this Service Plan.

B. Need for the Districts.

There are currently no other governmental entities, including the City, located in the immediate vicinity of the Districts that consider it desirable, feasible or practical to undertake the planning, design, acquisition, construction, installation, relocation, redevelopment and financing of the Public Improvements needed for the Project. Formation of the Districts is therefore necessary in order for the Public Improvements required for the Project to be provided in the most economic manner possible.

C. Objective of the City Regarding Districts' Service Plan.

The City's objective in approving this Service Plan is to authorize the Districts to provide for the planning, design, acquisition, construction, installation, relocation and redevelopment of the Public Improvements from the proceeds of Debt to be issued by the Districts but in doing so, to also establish in the Service Plan the means by which the Regional Improvements and Public Benefits will be provided. Except as specifically provided in this Service Plan, all Debt is expected to be repaid by taxes and Fees imposed and collected for no longer than the Maximum Debt Mill Levy Imposition Term for residential properties and at a tax mill levy no higher than the Maximum Debt Mill Levy. Fees imposed for the payment of Debt shall be due no later than upon the issuance of a building permit unless a majority of the Board which imposes such a Fee is composed of End Users as provided in Section VII.B.2. Debt which is issued within these parameters and, as further described in the Financial Plan, will insulate property owners from excessive tax and Fee burdens to support the servicing of the Debt and will result in a timely and reasonable discharge of the Debt.

D. City Approvals.

Any provision in this Service Plan requiring "**City**" or "**City Council**" approval or consent shall require the City Council's prior written approval or consent exercised in its sole discretion. Any provision in this Service Plan requiring "**City Manager**" approval or consent shall require the City Manager's prior written approval or consent exercised in the City Manager's sole discretion.

II. DEFINITIONS

In this Service Plan, the following words, terms and phrases which appear in a capitalized format shall have the meaning indicated below, unless the context clearly requires otherwise:

Aggregate Mill Levy: means the total mill levy resulting from adding a District's Debt Mill Levy and Operating Mill Levy. A District's Aggregate Mill Levy does not include any Regional Mill Levy that the District may levy.

Aggregate Mill Levy Maximum: means the maximum number of combined mills the Districts may each levy for its Debt Mill Levy and Operating Mill Levy, at rate not to exceed the limitation set in Section IX.B.1.

Approved Development Plan: means a City-approved development plan or other land-use application required by the City Code for identifying, among other things, public improvements necessary for facilitating the development of property within the Service Area, which plan shall include, without limitation, any development agreement required by the City Code.

Board or Boards: means the duly constituted board of directors of the Districts, or the Boards of Directors of all of the Districts, in the aggregate.

Bond, Bonds or Debt: means bonds, notes or other multiple fiscal year financial obligations for the payment of which a District has promised to impose an ad valorem property tax

mill levy, Fees or other legally available revenue. Such terms do not include contracts through which a District procures or provides services or tangible property.

City: means the City of Fort Collins, Colorado, a home rule municipality.

City Code: means collectively the City's Municipal Charter, Municipal Code, Land Use Code and ordinances as all are now existing and hereafter amended.

City Council: means the City Council of the City.

City Manager: means the City Manager of the City.

C.R.S.: means the Colorado Revised Statutes.

Debt Mill Levy: means a property tax mill levy imposed on Taxable Property within a District for the purpose of paying Debt as authorized in this Service Plan, at a rate not to exceed the limitations set in Section IX.B of this Service Plan.

Developer: means a person or entity that is the owner of property or owner of contractual rights to property in the Service Area that intends to develop the property.

District: means any of the following metropolitan districts: Northfield Metropolitan District No. 1, Northfield Metropolitan District No. 2 and Northfield Metropolitan District No. 3, as each are organized under and governed by this Service Plan.

District No. 1 Boundaries: means the boundaries of the area legally described in **Exhibit A-1** attached hereto and incorporated by reference and as depicted in the District No. 1 Boundary Map.

District No. 2 Boundaries: means the boundaries of the area legally described in **Exhibit A-2** attached hereto and incorporated by reference and as depicted in the District No. 2 Boundary Map.

District No. 3 Boundaries: means the boundaries of the area legally described in **Exhibit A-3** attached hereto and incorporated by reference and as depicted in the District No. 3 Boundary Map.

District No. 1 Boundary Map: means the map of the District No. 1 Boundaries attached hereto as **Exhibit B-1** and incorporated by reference.

District No. 2 Boundary Map: means the map of the District No. 2 Boundaries attached hereto as **Exhibit B-2** and incorporated by reference.

District No. 3 Boundary Map: means the map of the District No. 3 Boundaries attached hereto as **Exhibit B-3** and incorporated by reference.

Districts: means Northfield Metropolitan District No. 1, Northfield Metropolitan District No. 2 and Northfield Metropolitan District No. 3, collectively, organized under and governed by this Service Plan.

End User: means any owner, or tenant of any owner, of any property within the Districts, who is intended to become burdened by the imposition of ad valorem property taxes and/or Fees. By way of illustration, a resident homeowner, renter, commercial property owner or commercial tenant is an End User. A Developer and any person or entity that constructs homes or commercial structures is not an End User.

External Financial Advisor: means a consultant that: (1) is qualified to advise Colorado governmental entities on matters relating to the issuance of securities by Colorado governmental entities including matters such as the pricing, sales and marketing of such securities and the procuring of bond ratings, credit enhancement and insurance in respect of such securities; (2) shall be an underwriter, investment banker, or individual listed as a public finance advisor in the Bond Buyer's Municipal Market Place or, in the City's sole discretion, other recognized publication as a provider of financial projections; and (3) is not an officer or employee of the Districts or an underwriter of the Districts' Debt.

Fees: means the fees, rates, tolls, penalties and charges the Districts are authorized to impose and collect under this Service Plan.

Financial Plan: means the Financial Plan described in Section IX of this Service Plan which was prepared by D.A. Davidson & Co., an External Advisor, in accordance with the requirements of this Service Plan and describes (a) how the Public Improvements are to be financed; (b) how the Debt is expected to be incurred; and (c) the estimated operating revenue derived from property taxes and any Fees for the first budget year through the year in which all District Debt is expected to be defeased or paid in the ordinary course.

Maximum Debt Authorization: means the total Debt the Districts are permitted to issue as set forth in Section IX.B.7 of this Service Plan.

Maximum Debt Mill Levy Imposition Term: means the maximum term during which a District's Debt Mill Levy may be imposed on property developed in the Service Area for residential use, which shall include residential properties in mixed-use developments. This maximum term shall not exceed forty (40) years from December 31 of the year this Service Plan is approved by City Council

Operating Mill Levy: means a property tax mill levy imposed on Taxable Property for the purpose of funding a District's administration, operations and maintenance as authorized in this Service Plan, including, without limitation, repair and replacement of Public Improvements, and imposed at a rate not to exceed the limitations set in Section IX.B of this Service Plan.

Planned Development: means the private development or redevelopment of the properties in the Service Area, commonly referred to as Northfield, under an Approved Development Plan.

Project: means the installation and construction of the Public Improvements for the Planned Development.

Public Improvements: means the improvements and infrastructure the Districts are authorized by this Service Plan to fund and construct for the Planned Development to serve the future taxpayers and inhabitants of the Districts, except as specifically prohibited or limited in this Service Plan. Public Improvements shall include, without limitation, the improvements and infrastructure described in **Exhibit F** attached hereto and incorporated by reference. Public Improvements do not include Regional Improvements.

Regional Improvements: means any regional public improvement identified by the City for funding, in whole or part, by a Regional Mill Levy levied by the Districts, including, without limitation, the public improvements described in **Exhibit I** attached hereto and incorporated by reference.

Regional Mill Levy: means the property tax mill levy imposed on Taxable Property for the purpose of planning, designing, acquiring, funding, constructing, installing, relocating and/or redeveloping the Regional Improvements and/or to fund the administration and overhead costs related to the Regional Improvements as provided in Section X of this Service Plan.

Service Area: means the property collectively within the District No. 1 Boundaries, District No. 2 Boundaries, and District No. 3 Boundaries, all as may be amended from time to time as further set forth in this Service Plan and the Special District Act.

Special District Act: means Article 1 in Title 32 of the Colorado Revised Statutes, as amended.

Service Plan: means this service plan for the Districts approved by the City Council.

Service Plan Amendment: means a material modification of the Service Plan approved by the City Council in accordance with the Special District Act, this Service Plan and any other applicable law.

State: means the State of Colorado.

TABOR: means Colorado's Taxpayer's Bill of Rights in Article X, Section 20 of the Colorado Constitution.

Taxable Property: means the real and personal property within the Service Area that will be subject to the ad valorem property taxes imposed by the Districts.

Vicinity Map: means the map attached hereto as **Exhibit E** and incorporated by reference depicting the location of the Service Area within the regional area surrounding it.

III. BOUNDARIES AND LOCATION

The area of the Service Area includes approximately 56.3 acres. A legal description and map of the District No. 1 Boundaries are attached hereto as **Exhibit A-1** and **Exhibit B-1**, respectively; a legal description and map of the District No. 2 Boundaries are attached hereto as **Exhibit A-2** and **Exhibit B-2**, respectively; and a legal description and map of the District No. 3 Boundaries are attached hereto as **Exhibit A-3** and **Exhibit B-3**, respectively. It is anticipated that

the Districts' Boundaries may expand or contract from time to time as the Districts undertake inclusions or exclusions pursuant to the Special District Act, subject to the limitations set forth in Section V of this Service Plan. The location of the Service Area is depicted in the vicinity map attached as **Exhibit E**.

IV. DESCRIPTION OF PROJECT, PLANNED DEVELOPMENT, PUBLIC BENEFITS & ASSESSED VALUATION

A. Project and Planned Development.

Situated within walking distance of the City's Old Town, the Planned Development is a proposed 56.3-acre, mixed-use community located west of Lindenmeier Road, southeast of the Lake Canal and north of the to-be designated historic Alta Vista neighborhood. The Planned Development targets a number of the City's stretch outcomes and critical objectives, including neighborhood livability and social health, environmental health, and transportation. The Planned Development incorporates goals of the following plans: the City Plan, Transportation Master Plan, Master Street Plan, Nature in the City Strategic Plan, Natural Areas Master Plan, Paved Recreational Trail Master Plan, Northside Neighborhoods Plan, Pedestrian Plan, and Bicycle Master Plan.

The Planned Development is anticipated to include approximately 442 attached housing units, of which a minimum of approximately fourteen percent (14%) will be designated and sold as deed-restricted affordable housing, and the majority of the rest of the units will be sold as attainable housing units. The Planned Development is also anticipated to include a mixed-use center that will offer light commercial use on the first floor, residential for-rent units on the second floor, and small amenities open to the public. The estimated population at build-out is 1,139.

Construction of the Planned Development is planned to be completed by year 2026. In accordance with the Financial Plan, the estimated assessed valuation of the Planned Development in 2024 is estimated to be \$8,525,353 for residential and \$181,867 for commercial, and in 2029 it is estimated to be \$13,129,996 for residential and \$204,346 for commercial.

Approval of this Service Plan by the City Council does not imply approval of the development of any particular land-use for any specific area within the Districts. Any such approval must be contained within an Approved Development Plan.

B. Public Benefits.

In addition to providing the Public Improvements described in **Exhibit F** and the Regional Improvements, the Districts will deliver several public benefits to the community in accordance with the City's Metro District Service Plan Policy. The public benefits include, but are not limited to, developing critical on-site and off-site public infrastructure, employing high quality and Smart Growth practices, creating affordable housing units, creating attainable housing units to support the workforce, and incorporating Environmental Sustainability through energy and water conservation, and enhanced multimodal transportation, all of which are specifically described in **Exhibit I** attached hereto and incorporated herein by this reference (collectively, the "Public Benefits").

Therefore, notwithstanding any provision to the contrary contained in this Service Plan, no District shall be authorized to issue any Debt or to impose a Debt Mill Levy or any Fees for payment of Debt unless and until the delivery of the Public Benefits specifically related to the phase of the Planned Development or portion of the Project to be financed with such Debt, Debt Mill Levy or Fees are secured in a manner approved by the City Council. To satisfy this precondition to the issuance of Debt and to the imposition of the Debt Mill Levy and Fees, delivery of the Public Benefits for each phase of the Project and the Planned Development must be secured by one of the following methods, as applicable:

1. For any portion of the Public Benefits to be provided by one or more of the Districts, each such District must enter into an intergovernmental agreement with the City either (i) agreeing to provide those Public Benefits as a legally enforceable multiple-fiscal year obligation of the District under TABOR, or by (ii) securing performance of that obligation with a surety bond, letter of credit, or other security acceptable to the City, and any such intergovernmental agreement must be approved by the City Council by resolution;

2. For any portion of the Public Benefits to be provided by one or more Developers of the Planned Development, each such Developer must either (i) enter into a development agreement with the City under the Developer's applicable Approved Development Plan, which agreement must legally obligate the Developer to provide those Public Benefits before the City is required to issue building permits and/or certificates of occupancy for structures to be built under the Approved Development Plan for that phase of the Planned Development, or (ii) secure such obligations with a surety bond, letter of credit, or other security acceptable to the City, and all such development agreements must be approved by the City Council by resolution; or

3. For any portion of the Public Benefits to be provided in part by one or more of the Districts in the Project and in part by one or more of the Developers in the Planned Development or Project, an agreement between the City, the affected District(s), and the Developer(s) that secures such Public Benefits as legally binding obligations using the methods described in subsections 1 and 2 above, and all such agreements must be approved by the City Council by resolution.

C. Assessed Valuation.

The current assessed valuation of the Service Area is approximately \$2,024 and, at build out is expected to be \$13,334,342. These amounts are expected to be sufficient to reasonably discharge the Debt as demonstrated in the Financial Plan.

V. INCLUSION OF LAND IN THE SERVICE AREA

The Districts shall not add any real property to the Service Area without the City's approval and in compliance with the Special District Act. Once a District has issued Debt, it shall not exclude real property from the District's boundaries without the prior written consent of the City Council.

VI. DISTRICT GOVERNANCE

The Districts' Boards shall be comprised of persons who are a qualified "**eligible elector**" of the Districts as provided in the Special District Act. It is anticipated that over time, the End Users who are eligible electors will assume direct electoral control of the Districts' Boards as development of the Service Area progresses. The Districts shall not enter into any agreement by which the End Users' electoral control of the Boards is removed or diminished.

VII. AUTHORIZED AND PROHIBITED POWERS

A. General Grant of Powers.

The Districts shall have the power and authority to provide the Public Improvements, the Regional Improvements and related operation and maintenance services, including design review and covenant enforcement services, within and without the Service Area, as such powers and authorities are described in the Special District Act, other applicable State law, common law and the Colorado Constitution, subject to the prohibitions, restrictions and limitations set forth in this Service Plan.

If, after the Service Plan is approved, any State law is enacted to grant additional powers or authority to metropolitan districts by amendment of the Special District Act or otherwise, such powers and authority shall be deemed to be a part hereof. These new powers and authority shall only be available to be exercised by the Districts if the City Council first approves a Service Plan Amendment to specifically allow the exercise of such powers or authority by the Districts.

B. Prohibited Improvements and Services and other Restrictions and Limitations.

The Districts' powers and authority under this Service Plan to provide Public Improvements and services and to otherwise exercise its other powers and authority under the Special District Act and other applicable State law, are prohibited, restricted and limited as hereafter provided. Failure to comply with these prohibitions, restrictions and limitations shall constitute a material modification under this Service Plan and shall entitle the City to pursue all remedies available at law and in equity as provided in Sections XVII and XVIII of this Service Plan:

1. Eminent Domain Restriction

The Districts shall not exercise their statutory power of eminent domain without first obtaining resolution approval from the City Council. This restriction on the Districts' exercise of their eminent domain power is being voluntarily acquiesced to by the Districts and shall not be interpreted in any way as a limitation on the Districts' sovereign powers and shall not negatively affect the Districts' status as political subdivisions of the State as conferred by the Special District Act.

2. Fee Limitation

Any Fees imposed for the repayment of Debt, if authorized by this Service Plan, shall not be imposed by the Districts upon or collected from an End User. In addition, Fees imposed for the payment of Debt shall not be imposed unless and until the requirements for securing the delivery of the District's portion of the Public Benefits have been satisfied in accordance with Section IV.B of this Service Plan. Notwithstanding the foregoing, this Fee limitation shall not apply to any Fee imposed to fund the operation, maintenance, repair or replacement of Public Improvements or the administration of the Districts.

3. Operations and Maintenance

The primary purpose of the Districts is to plan for, design, acquire, construct, install, relocate, redevelop and finance the Public Improvements. The Districts shall dedicate the Public Improvements to the City or other appropriate jurisdiction or owners' association in a manner consistent with the Approved Development Plan and the City Code, provided that nothing herein requires the City to accept a dedication. The Districts are each specifically authorized to operate and maintain all or any part or all of the Public Improvements not otherwise conveyed or dedicated to the City or another appropriate governmental entity until such time as the District is dissolved.

4. Fire Protection Restriction

The Districts are not authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, own, operate or maintain fire protection facilities or services, unless such facilities and services are provided pursuant to an intergovernmental agreement with the Poudre Fire Authority. The authority to plan for, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain fire hydrants and related improvements installed as part of the Project's water system shall not be limited by this subsection.

5. Public Safety Services Restriction

The Districts are not authorized to provide policing or other security services. However, the Districts may, pursuant to C.R.S. § 32-1-1004(7), as amended, furnish security services pursuant to an intergovernmental agreement with the City.

6. Grants from Governmental Agencies Restriction

The Districts shall not apply for grant funds distributed by any agency of the United States Government or the State without the prior written approval of the City Manager. This does not restrict the collection of Fees for services provided by the Districts to the United States Government or the State.

7. Golf Course Construction Restriction

Acknowledging that the City has financed public golf courses and desires to coordinate the construction of public golf courses within the City's boundaries, the Districts shall not be authorized to plan, design, acquire, construct, install, relocate, redevelop, finance, own,

operate or maintain a golf course unless such activity is pursuant to an intergovernmental agreement with the City approved by the City Council.

8. Television Relay and Translation Restriction

The Districts are not authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, own, operate or maintain television relay and translation facilities and services, other than for the installation of conduit as a part of a street construction project, unless such facilities and services are provided pursuant to prior written approval from the City Council as a Service Plan Amendment.

9. Potable Water and Wastewater Treatment Facilities

Acknowledging that the City and other existing special districts operating within the City currently own and operate treatment facilities for potable water and wastewater that are available to provide services to the Service Area, the Districts shall not plan, design, acquire, construct, install, relocate, redevelop, finance, own, operate or maintain such facilities without obtaining the City Council's prior written approval either by intergovernmental agreement or as a Service Plan Amendment.

10. Sales and Use Tax Exemption Limitation

The Districts shall not exercise any sales and use tax exemption otherwise available to the Districts under the City Code.

11. Sub-district Restriction

The Districts shall not create any sub-district pursuant to the Special District Act without the prior written approval of the City Council.

12. Privately Placed Debt Limitation

Prior to the issuance of any privately placed Debt, the Districts shall obtain the certification of an External Financial Advisor substantially as follows:

We are [I am] an External Financial Advisor within the meaning of the District's Service Plan.

We [I] certify that (1) the net effective interest rate (calculated as defined in C.R.S. Section 32-1-103(12)) to be borne by [insert the designation of the Debt] does not exceed a reasonable current [tax-exempt] [taxable] interest rate, using criteria deemed appropriate by us [me] and based upon our [my] analysis of comparable high yield securities; and (2) the structure of [insert designation of the Debt], including maturities and early redemption

provisions, is reasonable considering the financial circumstances of the District.

13. Special Assessments

The Districts shall not impose special assessments without the prior written approval of the City Council.

VIII. PUBLIC IMPROVEMENTS AND ESTIMATED COSTS

Exhibit F summarizes the type of Public Improvements that are projected to be constructed and/or installed by the Districts. The cost, scope, and definition of such Public Improvements may vary over time. The total estimated costs of Public Improvements, as set forth in **Exhibit F**, excluding any improvements paid for by the Regional Mill Levy necessary to serve the Planned Development, are approximately \$31,258,615 in 2019 dollars. The cost estimates are based upon preliminary engineering, architectural surveys, and reviews of the Public Improvements set forth in **Exhibit F** and include all construction cost estimates together with estimates of costs such as land acquisition, engineering services, legal expenses and other associated expenses. Maps of the anticipated location, operation, and maintenance of Public Improvements are attached hereto as **Exhibit G**. Changes in the Public Improvements or cost, which are approved by the City in an Approved Development Plan and any agreement approved by the City Council pursuant to Section IV.B of this Service Plan, shall not constitute a Service Plan Amendment. In addition, due to the preliminary nature of the Project, the City shall not be bound by this Service Plan in reviewing and approving the Approved Development Plan and the Approved Development Plan shall supersede the Service Plan with regard to the cost, scope, and definition of Public Improvements. Provided, however, any agreement approved and entered into pursuant to Section IV.B of this Service Plan for the provision of a Public Improvement that is also a Public Benefit shall supersede both this Service Plan and the Approved Development Plan.

Except as otherwise provided by an agreement approved under Section IV.B of this Service Plan: (i) the design, phasing of construction, location and completion of Public Improvements will be determined by the Districts to coincide with the phasing and development of the Planned Development and the availability of funding sources; (ii) the Districts may, in their discretion, phase the construction, completion, operation, and maintenance of Public Improvements or defer, delay, reschedule, rephase, relocate or determine not to proceed with the construction, completion, operation, and maintenance of Public Improvements, and such actions or determinations shall not constitute a Service Plan Amendment; (iii) the Districts shall also be permitted to allocate costs between such categories of the Public Improvements as deemed necessary in their discretion; and (iv) to the extent that the City reimburses a developer for Public Improvements that would otherwise be reimbursable under the Special District Act, the District shall not reimburse the developer for such Public Improvements.

The Public Improvements shall be listed using an ownership and maintenance matrix in **Exhibit F**, either individually or categorically, to identify the ownership and maintenance responsibilities of the Public Improvements.

The City Code has development standards, contracting requirements and other legal requirements related to the construction and payment of public improvements and related to certain operation activities. Relating to these, the Districts shall comply with the following requirements:

A. Development Standards.

The Districts shall ensure that the Public Improvements are designed and constructed in accordance with the standards and specifications of the City Code and of other governmental entities having proper jurisdiction, as applicable. The Districts directly, or indirectly through any Developer, will obtain the City's approval of civil engineering plans and will obtain applicable permits for construction and installation of Public Improvements prior to performing such work. Unless waived by the City Council, the Districts shall be required, in accordance with the City Code, to post a surety bond, letter of credit, or other approved development security for any Public Improvements to be constructed by the Districts. Such development security may be released in the City Manager's discretion when the constructing District has obtained funds, through Debt issuance or otherwise, adequate to insure the construction of the Public Improvements, unless such release is prohibited by or in conflict with any City Code provision, State law or any agreement approved and entered into under Section IV.B of this Service Plan. Any limitation or requirement concerning the time within which the City must review the Districts' proposal or application for an Approved Development Plan or other land use approval is hereby waived by the Districts.

B. Contracting.

The Districts shall comply with all applicable State purchasing, public bidding and construction contracting requirements and limitations.

C. Land Acquisition and Conveyance.

The purchase price of any land or improvements acquired by the Districts from the Developer shall be no more than the then-current fair market value as confirmed by an independent MAI appraisal for land and by an independent professional engineer for improvements. Land, easements, improvements and facilities conveyed to the City shall be free and clear of all liens, encumbrances and easements, unless otherwise approved by the City Manager prior to conveyance. All conveyances to the City shall be by special warranty deed, shall be conveyed at no cost to the City, shall include an ALTA title policy issued to the City, shall meet the environmental standards of the City and shall comply with any other conveyance prerequisites required in the City Code.

D. Equal Employment and Discrimination.

In connection with the performance of all acts or activities hereunder, the Districts shall not discriminate against any person otherwise qualified with respect to its hiring, discharging, promoting or demoting or in matters of compensation solely because of race, color, religion, national origin, gender, age, military status, sexual orientation, gender identity or gender expression, marital status, or physical or mental disability, and further shall insert the foregoing provision in contracts or subcontracts entered into by the Districts to accomplish the purposes of this Service Plan.

IX. FINANCIAL PLAN/PROPOSED DEBT

This Section IX of the Service Plan describes the nature, basis, method of funding and financing limitations associated with the acquisition, construction, completion, repair, replacement, operation and maintenance of Public Improvements.

A. Financial Plan.

The Districts' Financial Plan, attached as **Exhibit H** and incorporated by reference, reflects the Districts' anticipated schedule for incurring Debt to fund Public Improvements in support of the Project. The Financial Plan also reflects the schedule of all anticipated revenues flowing to the Districts derived from the Districts' mill levies, Fees imposed by the Districts, specific ownership taxes, and all other anticipated legally available revenues. The Financial Plan is based on economic, political and industry conditions as they presently exist and reasonable projections and estimates of future conditions. These projections and estimates are not to be interpreted as the only method of implementation of the District's goals and objectives but rather a representation of one feasible alternative. Other financial structures may be used so long as they are in compliance with this Service Plan. The Financial Plan incorporates all of the provisions of this Section IX.

Based upon the assumptions contained therein, the Financial Plan projects the issuance of Bonds to fund Public Improvements and anticipated Debt repayment based on the development assumptions and absorptions of the property in the Service Area by End Users. The Financial Plan anticipates that the Districts will acquire, construct, and complete all Public Improvements needed to serve the Service Area.

The Financial Plan demonstrates that the Districts will have the financial ability to discharge all Debt to be issued as part of the Financial Plan on a reasonable basis. Furthermore, the Districts will secure the certification of an External Financial Advisor who will provide an opinion as to whether such Debt issuances are in the best interest of the Districts at the time of issuance.

B. Mill Levies.

It is anticipated that the Districts will impose a Debt Mill Levy and an Operating Mill Levy on all property within the Service Area. In doing so, the following shall apply:

1. Aggregate Mill Levy Maximum

The Aggregate Mill Levy shall not exceed in any year the Aggregate Mill Levy Maximum, which is fifty (50) mills.

2. Regional Mill Levy Not Included in Other Mill Levies

The Regional Mill Levy shall not be counted against the Aggregate Mill Levy Maximum.

3. Operating Mill Levy

The Districts may each impose an Operating Mill Levy of up to fifty (50) mills until the District imposes a Debt Mill Levy. Once a District imposes a Debt Mill Levy of any amount, that District's Operating Mill Levy shall not exceed ten (10) mills at any point.

4. Gallagher Adjustments

In the event the State's method of calculating assessed valuation for the Taxable Property changes after January 1, 2019, or any constitutionally mandated tax credit, cut or abatement, the Districts' Aggregate Mill Levy, Debt Mill Levy, Operating Mill Levy, and Aggregate Mill Levy Maximum, amounts herein provided may be increased or decreased to reflect such changes; such increases or decreases shall be determined by the Districts' Boards in good faith so that to the extent possible, the actual tax revenues generated by such mill levies, as adjusted, are neither enhanced nor diminished as a result of such change occurring after January 1, 2019. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation will be a change in the method of calculating assessed valuation.

5. Excessive Mill Levy Pledges

Any Debt issued with a mill levy pledge, or which results in a mill levy pledge, that exceeds the Aggregate Mill Levy Maximum or the Maximum Debt Mill Levy Imposition Term, shall be deemed a material modification of this Service Plan and shall not be an authorized issuance of Debt unless and until such material modification has been approved by a Service Plan Amendment.

6. Refunding Debt

The Maximum Debt Mill Levy Imposition Term may be exceeded for Debt refunding purposes if: (1) a majority of the issuing District's Board is composed of End Users and have voted in favor of a refunding of a part or all of the Debt; or (2) such refunding will result in a net present value savings.

7. Maximum Debt Authorization

The Districts anticipate approximately \$31,258,615 in project costs in 2019 dollars as set forth in **Exhibit F** and anticipate issuing approximately \$16,000,000 in Debt to pay such costs as set forth in **Exhibit H**, which Debt issuance amount shall be the amount of the Maximum Debt Authorization. In addition, a District shall not issue any Debt unless and until delivery of the District's Public Benefits have been secured as required in Section IV.B of this Service Plan. The Districts collectively shall not issue Debt in excess of the Maximum Debt Authorization. Bonds, loans, notes or other instruments which have been refunded shall not count against the Maximum Debt Authorization. The Districts must obtain from the City Council a Service Plan Amendment prior to issuing Debt in excess of the Maximum Debt Authorization.

C. Maximum Voted Interest Rate and Underwriting Discount.

The interest rate on any Debt is expected to be the market rate at the time the Debt is issued. The maximum interest rate on any Debt, including any defaulting interest rate, is not permitted to exceed twelve percent (12%). The maximum underwriting discount shall be three percent (3%). Debt, when issued, will comply with all relevant requirements of this Service Plan, the Special District Act, other applicable State law and federal law as then applicable to the issuance of public securities.

D. Interest Rate and Underwriting Discount Certification.

The Districts shall retain an External Financial Advisor to provide a written opinion on the market reasonableness of the interest rate on any Debt and any underwriter discount paid by the Districts as part of a Debt financing transaction. The Districts shall provide this written opinion to the City before issuing any Debt based on it.

E. Disclosure to Purchasers.

In order to notify future End Users who are purchasing residential lots or dwellings units in the Service Area that they will be paying, in addition to the property taxes owed to other taxing governmental entities, the property taxes imposed under the Debt Mill Levy, the Operating Mill Levy and possibly the Regional Mill Levy, the Districts shall not be authorized to issue any Debt under this Service Plan until there is included in the Developer's Approved Development Plan provisions that require the following:

1. That the Developer, and its successors and assigns, shall prepare and submit to the City Manager for his approval a disclosure notice in substantially the form attached hereto as **Exhibit J** (the "**Disclosure Notice**");
2. That when the Disclosure Notice is approved by the City Manager, the Developer shall record the Disclosure Notice in the Larimer County Clerk and Records Office; and
3. That the approved Disclosure Notice shall be provided by the Developer, and by its successors and assigns, to each potential End User purchaser of a residential lot or dwelling unit in the Service Area before that purchaser enters into a written agreement for the purchase and sale of that residential lot or dwelling unit.

F. External Financial Advisor.

An External Financial Advisor shall be retained by the Districts to provide a written opinion as to whether any Debt issuance is in the best interest of the issuing District once the total amount of Debt issued by such District exceeds Five Million Dollars (\$5,000,000). The External Financial Advisor is to provide advice to the issuing District's Board regarding the proposed terms and whether Debt conditions are reasonable based upon the status of development within the District, the projected tax base increase in the District, the security offered and other considerations as may be identified by the Advisor. The issuing District shall include in the transcript of any Bond transaction, or other appropriate financing documentation for related Debt instrument, a

signed letter from the External Financial Advisor providing an official opinion on the structure of the Debt, stating the Advisor's opinion that the cost of issuance, sizing, repayment term, redemption feature, couponing, credit spreads, payment, closing date, and other material transaction details of the proposed Debt serve the best interest of the issuing District.

Debt shall not be undertaken by the Districts if found to be unreasonable by the External Financial Advisor.

G. Disclosure to Debt Purchasers.

Any Debt of the Districts shall set forth a statement in substantially the following form:

By acceptance of this instrument, the owner of this Debt agrees and consents to all of the limitations with respect to the payment of the principal and interest on this Debt contained herein, in the resolution of the District authorizing the issuance of this Debt and in the Service Plan of the District. This Debt is not and cannot be a Debt of the City of Fort Collins.

Similar language describing the limitations with respect to the payment of the principal and interest on Debt set forth in this Service Plan shall be included in any document used for the offering of the Debt for sale to persons, including, but not limited to, a Developer of property within the Service Area.

H. Security for Debt.

The Districts shall not pledge any revenue or property of the City as security for the indebtedness set forth in this Service Plan. Approval of this Service Plan shall not be construed as a guarantee by the City of payment of any of the Districts' obligations; nor shall anything in the Service Plan be construed to create any responsibility or liability on the part of the City in the event of default by the Districts in the payment of any such obligation.

I. TABOR Compliance.

The Districts shall comply with the provisions of TABOR. In the discretion of the Districts' Boards, the Districts may set up other qualifying entities to manage, fund, construct and operate facilities, services, and programs. To the extent allowed by law, any entity created by a District will remain under the control of the District's Board.

J. Districts' Operating Costs.

The estimated cost of acquiring land, engineering services, legal services and administrative services, together with the estimated costs of the Districts' organization and initial operations, are anticipated to be One Hundred Thousand Dollars (\$100,000), which will be eligible for reimbursement from Debt proceeds.

In addition to the capital costs of the Public Improvements, the Districts will require operating funds for administration and to plan and cause the Public Improvements to be operated and maintained. The first year's operating budget is estimated to be Fifty Thousand Dollars (\$50,000).

Ongoing administration, operations and maintenance costs may be paid from property taxes collected through the imposition of an Operating Mill Levy, subject to the limitations set forth in Section IX.B.3, as well as from other revenues legally available to the Districts.

X. REGIONAL IMPROVEMENTS

The Districts shall be authorized to provide for the planning, design, acquisition, funding, construction, installation, relocation, redevelopment, administration and overhead costs related to the provision of Regional Improvements. At the discretion of the City, the Districts shall impose a Regional Improvement Mill Levy on all property within the Districts' Boundaries and any properties thereafter included in the Boundaries under the following terms:

A. Regional Mill Levy Authority.

The Districts shall seek the authority to impose an additional Regional Mill Levy of five (5) mills as part of the Districts' initial TABOR election. The Districts shall also seek from the electorate in that election the authority under TABOR to enter into an intergovernmental agreement with the City obligating the Districts to pay as a multiple-fiscal year obligation the proceeds from the Regional Mill Levy to the City. Obtaining such voter-approval of this intergovernmental agreement shall be a precondition to the Districts issuing any Debt and imposing the Debt Mill Levy, the Operating Mill Levy and Fees for the repayment of Debt under this Service Plan.

B. Regional Mill Levy Imposition.

The Districts shall each impose the Regional Mill Levy at a rate not to exceed five (5) mills within one year of receiving written notice from the City Manager to the Districts requesting the imposition of the Regional Mill Levy and stating the mill rate to be imposed.

C. City Notice Regarding Regional Improvements.

Such notice from the City shall provide a description of the Regional Improvements to be constructed and an analysis explaining how the Regional Improvements will be beneficial to property owners within the Service Area. The City shall make a good faith effort to require that planned developments that (i) are adjacent to the Service Area and (ii) will benefit from the Regional Improvement also impose a Regional Mill Levy, to the extent possible.

D. Regional Improvements Authorized Under Service Plan.

If so notified by the City Manager, the Regional Improvements shall be considered public improvements that the Districts would otherwise be authorized to design, construct, install re-design, re-construct, repair or replace pursuant to this Service Plan and applicable law.

E. Expenditure of Regional Mil Levy Revenues.

Revenue collected through the imposition of the Regional Mill Levy shall be expended as follows:

1. Intergovernmental Agreement

If the City and the Districts have executed an intergovernmental agreement concerning the Regional Improvements, then the revenue from the Regional Mill Levy shall be used in accordance with such agreement;

2. No Intergovernmental Agreement

If no intergovernmental agreement exists between the Districts and the City, then the revenue from the Regional Mill Levy shall be paid to the City, for use by the City in the planning, designing, constructing, installing, acquiring, relocating, redeveloping or financing of Regional Improvements which benefit the End Users of the Districts as prioritized and determined by the City.

F. Regional Mill Levy Term.

The imposition of the Regional Mill Levy shall not exceed a term of twenty-five (25) years from December 31 of the tax collection year after which the Regional Mill Levy is first imposed.

G. Completion of Regional Improvements.

All Regional Improvements shall be completed prior to the end of the twenty-five (25) year Regional Mill Levy term.

H. City Authority to Require Imposition.

The City's authority to require a District to initiate the imposition of a Regional Mill Levy shall expire fifteen (15) years after December 31st of the year in which said District first imposes a Debt Mill Levy.

I. Regional Mill Levy Not Included in Other Mill Levies.

The Regional Mill Levy imposed shall not be applied toward the calculation of the Aggregate Mill Levy Maximum.

J. Gallagher Adjustment.

In the event the method of calculating assessed valuation is changed January 1, 2019, or any constitutionally mandated tax credit, cut or abatement, the Regional Mill Levy may be increased or shall be decreased to reflect such changes; such increases or decreases shall be determined by each of the Districts' Boards in good faith so that to the extent possible, the actual tax revenues generated by the Regional Mill Levy, as adjusted, are neither enhanced nor

diminished as a result of such change occurring after January 1, 2019. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation will be a change in the method of calculating assessed valuation.

XI. CITY FEES

The Districts shall pay all applicable City fees as required by the City Code.

XII. BANKRUPTCY LIMITATIONS

All of the limitations contained in this Service Plan, including, but not limited to, those pertaining to the Aggregate Mill Levy Maximum, Maximum Debt Mill Levy Imposition Term and Fees, have been established under the authority of the City in the Special District Act to approve this Service Plan. It is expressly intended that by such approval such limitations: (i) shall not be set aside for any reason, including by judicial action, absent a Service Plan Amendment; and (ii) are, together with all other requirements of State law, included in the “political or governmental powers” reserved to the State under the U.S. Bankruptcy Code (11 U.S.C.) Section 903, and are also included in the “regulatory or electoral approval necessary under applicable non-bankruptcy law” as required for confirmation of a Chapter 9 Bankruptcy Plan under Bankruptcy Code Section 943(b)(6).

XIII. ANNUAL REPORTS AND BOARD MEETINGS

A. General.

Each of the Districts shall be responsible for submitting an annual report to the City Clerk no later than September 1st of each year following the year in which the Orders and Decrees creating the Districts have been issued. The Districts may file a consolidated annual report. The annual report(s) may be made available to the public on the City’s website.

B. Board Meetings.

Each of the Districts’ Boards shall hold at least one public board meeting in three of the four quarters of each calendar year, beginning in the first full calendar year after a District’s creation. This meeting requirement shall not apply until there is at least one End User of property within the District. Also, this requirement shall no longer apply when a majority of the directors on the District’s Board are End Users. Notice for each of these meetings shall be given in accordance with the requirements of the Special District Act and other applicable State Law.

C. Report Requirements.

Unless waived in writing by the City Manager, each of the Districts’ annual report must include the following in the Annual Report:

1. Narrative

A narrative summary of the progress of the District in implementing its Service Plan for the report year.

2. Financial Statements

Except when an exemption from audit has been granted for the report year under the Local Government Audit Law, the audited financial statements of the District for the report year including a statement of financial condition (i.e., balance sheet) as of December 31 of the report year and the statement of operation (i.e., revenue and expenditures) for the report year.

3. Capital Expenditures

Unless disclosed within a separate schedule to the financial statements, a summary of the capital expenditures incurred by the District in development of improvements in the report year.

4. Financial Obligations

Unless disclosed within a separate schedule to the financial statements, a summary of financial obligations of the District at the end of the report year, including the amount of outstanding Debt, the amount and terms of any new District Debt issued in the report year, the total assessed valuation of all Taxable Property within the Service Area as of January 1 of the report year and the current total District mill levy pledged to Debt retirement in the report year.

5. Board Contact Information

The names and contact information of the current directors on the District's Board, any District manager and the attorney for the District shall be listed in the report. The District's current office address, phone number, email address and any website address shall also be listed in the report.

6. Other Information

Any other information deemed relevant by the City Council or deemed reasonably necessary by the City Manager.

D. Reporting of Significant Events.

The annual report of each District shall include information as to any of the following that occurred during the report year:

1. Boundary changes made or proposed to the District's Boundaries as of December 31 of the report year.

2. Intergovernmental Agreements with other governmental entities, either entered into or proposed as of December 31 of the report year.

3. Copies of the District's rules and regulations, if any, or substantial changes to the District's rules and regulations as of December 31 of the report year.

4. A summary of any litigation which involves the District's Public Improvements as of December 31 of the report year.

5. A list of all facilities and improvements constructed by the District that have been dedicated to and accepted by the City as of December 31 of the report year.

6. Notice of any uncured events of default by the District, which continue beyond a ninety (90) day period, under any Debt instrument.

7. Any inability of the District to pay its obligations as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.

E. Failure to Submit.

In the event the annual report is not timely received by the City Clerk or is not fully responsive, notice of such default shall be given to the District's Board at its last known address. The failure of the District to file the annual report within forty-five (45) days of the mailing of such default notice by the City Clerk may constitute a material modification of the Service Plan, at the discretion of the City Manager.

XIV. SERVICE PLAN AMENDMENTS

This Service Plan is general in nature and does not include specific detail in some instances. The Service Plan has been designed with sufficient flexibility to enable the Districts to provide required improvements, services and facilities under evolving circumstances without the need for numerous amendments. Modification of the general types of improvements and facilities making up the Public Improvements, and changes in proposed configurations, locations or dimensions of the Public Improvements, shall be permitted to accommodate development needs consistent with the then-current Approved Development Plans for the Project and any agreement approved by the City Council pursuant to the Section IV.B of this Service Plan. Any action of one or more of the Districts, which is a material modification of this Service Plan requiring a Service Plan Amendment as provided in in Section XV of this Service Plan or that does not comply with any provision of this Service Plan, shall be deemed to be a material modification to this Service Plan unless otherwise expressly provided in this Service Plan. All other departures from the provisions of this Service Plan shall be considered on a case-by-case basis as to whether such departures are a material modification under this Service Plan or the Special District Act.

XV. MATERIAL MODIFICATIONS

Material modifications to this Service Plan may be made only in accordance with C.R.S. Section 32-1-207 as a Service Plan Amendment. No modification shall be required for an action of the Districts that does not materially depart from the provisions of this Service Plan, unless otherwise provided in this Service Plan.

Departures from the Service Plan that constitute a material modification requiring a Service Plan Amendment include, without limitation:

A. Actions or failures to act that create materially greater financial risk or burden to the taxpayers of the Districts;

B. Performance of a service or function, construction of an improvement, or acquisition of a major facility that is not closely related to an improvement, service, function or facility authorized in the Service Plan;

C. Failure to perform a service or function, construct an improvement or acquire a facility required by the Service Plan; and

D. Failure to comply with any of the prohibitions, limitations and restrictions of this Service Plan.

XVI. DISSOLUTION

Upon independent determination by the City Council that the purposes for which any District was created have been accomplished, said District shall file a petition in district court for dissolution as provided in the Special District Act. In no event shall dissolution occur until the District has provided for the payment or discharge of all of its outstanding indebtedness and other financial obligations as required pursuant to State law.

In addition, if within three (3) years from the date of the City Council's approval of this Service Plan no agreement contemplated under Section IV.B of this Service Plan has been entered into by the City with any of the Districts and/or any Developer, despite the parties conducting good faith negotiations attempting to do so, the City may opt to pursue the remedies available to it under C.R.S. Section 32-1-701(3) in order to compel the Districts to dissolve in a prompt and orderly manner. In such event: (i) the limited purposes and powers of the Districts, as authorized herein, shall automatically terminate and be expressly limited to taking only those actions that are reasonably necessary to dissolve; (ii) the Board of each of the Districts will be deemed to have agreed with the City regarding its dissolution without an election pursuant to C.R.S. §32-1-704(3)(b); (iii) the Districts shall take no action to contest or impede the dissolution of the Districts and shall affirmatively and diligently cooperate in securing the final dissolution of the Districts, and (iv) subject to the statutory requirements of the Special District Act, the Districts shall thereupon dissolve.

XVII. SANCTIONS

Should any of the Districts undertake any act without obtaining prior City Council approval or consent or City Manager approval or consent as required in this Service Plan, that constitutes a material modification to this Service Plan requiring a Service Plan Amendment as provided herein or under the Special Districts Act, or that does not otherwise comply with the provisions of this Service Plan, the City Council may impose one (1) or more of the following sanctions, as it deems appropriate:

A. Exercise any applicable remedy under the Special District Act;

B. Withhold the issuance of any permit, authorization, acceptance or other administrative approval, or withhold any cooperation, necessary for the District's development or construction or operation of improvements or provision of services;

C. Exercise any legal remedy under the terms of any intergovernmental agreement under which the District is in default; or

D. Exercise any other legal and equitable remedy available under the law, including seeking prohibitory and mandatory injunctive relief against the District, to ensure compliance with the provisions of the Service Plan or applicable law.

XVIII. INTERGOVERNMENTAL AGREEMENT WITH CITY

Each of the Districts and the City shall enter into an intergovernmental agreement, the form of which shall be in substantially the form attached hereto as **Exhibit L** and incorporated by reference (the "IGA"). However, the City and the Districts may include such additional details, terms and conditions as they deem necessary in connection with the Project and the construction and funding of the Public Improvements and the Public Benefits. Each of the Districts' Boards shall approve the IGA at their first board meeting, unless agreed otherwise by the City Manager. Entering into this IGA is a precondition to each the Districts issuing any Debt or imposing any Debt Mill Levy, Operating Mill Levy or Fee for the payment of Debt under this Service Plan. In addition, failure of any of the Districts to enter into the IGA as required herein shall constitute a material modification of this Service Plan and subject to the sanctions in Article XVII of this Service Plan. The City and the Districts may amend the IGA from time-to-time provided such amendment is not in conflict with any provision of this Service Plan.

XIX. CONCLUSION

It is submitted that this Service Plan, as required by C.R.S. Section 32-1-203(2), establishes that:

A. There is sufficient existing and projected need for organized service in the Service Area to be served by the Districts;

B. The existing service in the Service Area to be served by the Districts is inadequate for present and projected needs;

C. The Districts are capable of providing economical and sufficient service to the Service Area; and

D. The Service Area does have, and will have, the financial ability to discharge the proposed indebtedness on a reasonable basis.

XX. RESOLUTION OF APPROVAL

The Districts agree to incorporate the City Council's resolution approving this Service Plan, including any conditions on any such approval, into the copy of the Service Plan presented to the District Court for and in Larimer County, Colorado.

EXHIBIT A-1

LEGAL DESCRIPTION OF DISTRICT NO. 1 BOUNDARIES

Description Exhibit

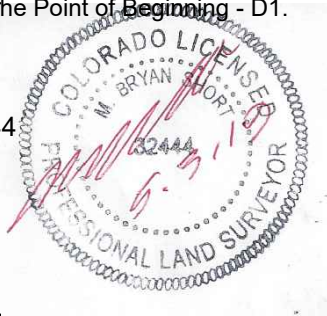
A portion of the Southeast $\frac{1}{4}$ of Section 1, Township 7 North, Range 69 West of the 6th P.M., City of Fort Collins, County of Larimer, State of Colorado:

Considering the East line of the Southeast $\frac{1}{4}$ of Section 1, Township 7 North, Range 69 West of the 6th P.M., as bearing N 00°16'34" E, and with all bearings contained herein being relative thereto.

COMMENCING at the Southeast corner of Section 1, Township 7 North, Range 69 West of the 6th P.M.;
thence N 00°16'34" E for a distance of 1067.36 feet along the East line of the Southeast $\frac{1}{4}$ of said Section 1;
thence N 89°43'26" W for a distance of 50.00 feet to a point on the Westerly right-of-way line of North Lemay Avenue;
thence N 85°25'31" W for a distance of 1687.59 feet to the POINT OF BEGINNING - D1;
thence N 89°11'25" W for a distance of 19.00 feet;
thence N 00°48'35" E for a distance of 9.00 feet;
thence S 89°11'25" E for a distance of 19.00 feet;
thence S 00°48'35" W for a distance of 9.00 feet to the Point of Beginning - D1.

Containing 171 sq. ft. more or less.

Written by M. Bryan Short, Colorado PLS 32444



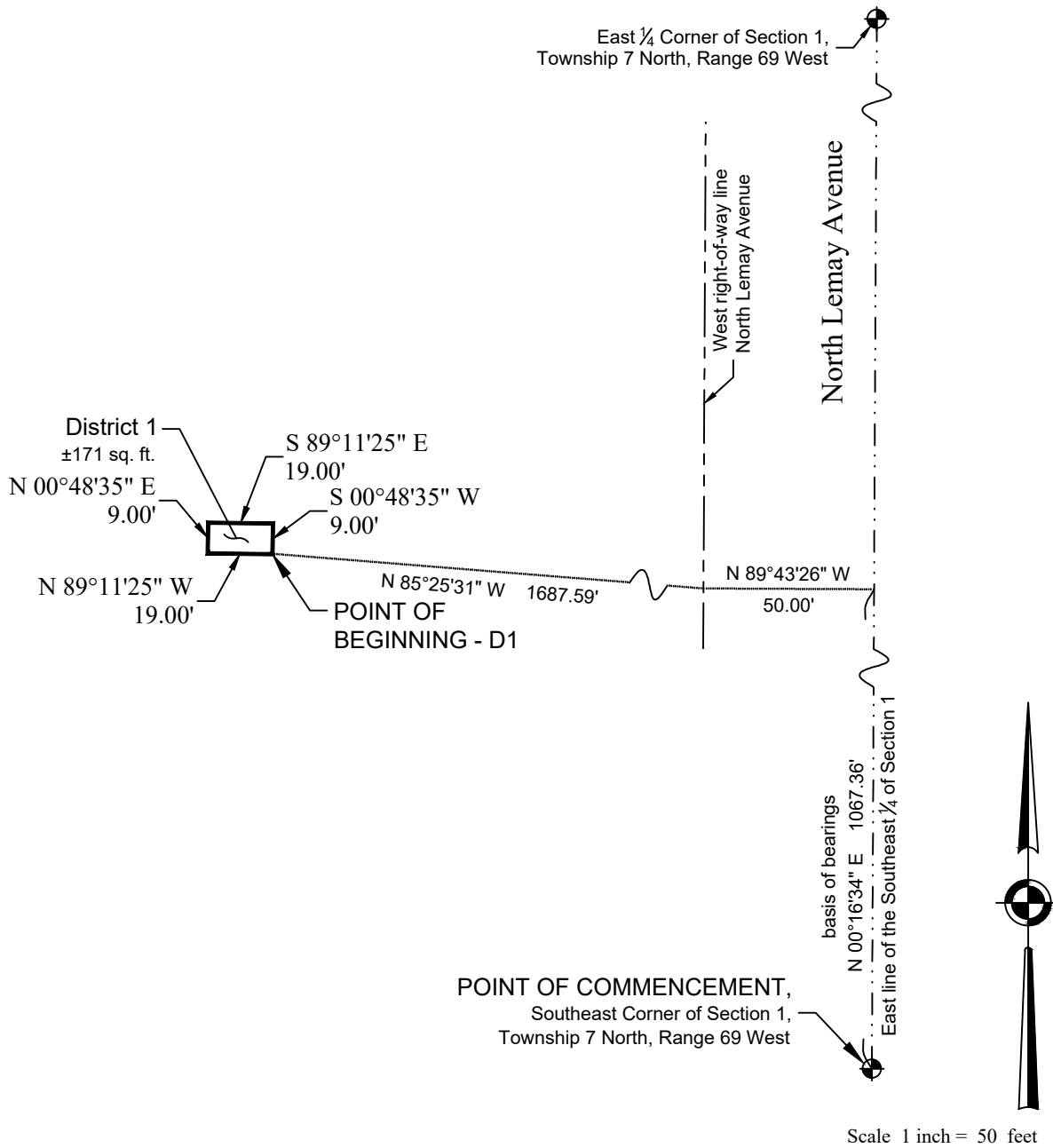
NOTICE: According to Colorado law you must commence any legal action based upon any defect in this survey within three years after you first discover such defect. In no event, may any action based upon any defect in this survey be commenced more than ten years from the date of the certification shown hereon.

see sheet 2 for exhibit
sheet 1 of 2

P:\Project\2016\16057\dwg\16057d012_D1.dwg May 03, 2019 - 9:19am

#	Date	Revisions	Field Date N/A	Prepared for:	Project#: 16057.012-D1
			Party Chief N/A	Highland Development Services, Inc.	
			Survey Tech MDG		
			Proj. Manager MBS		
				<div>PLS Corporation</div> <div>532 West 66th Street</div> <div>Loveland, Colorado 80538</div> <div>Office 970.669.2100 - Info@plscorporation.com</div>	

Description Exhibit



NOTICE: According to Colorado law you must commence any legal action based upon any defect in this survey within three years after you first discover such defect. In no event, may any action based upon any defect in this survey be commenced more than ten years from the date of the certification shown hereon.

P:\Project\2016\16057\dwg\16057d012_D1.dwg May 03, 2019 - 9:19am

see sheet 1 for description
sheet 2 of 2

#	Date	Revisions	Field Date N/A	Prepared for:	Project#: 16057.012-D1
			Party Chief N/A	Highland Development Services, Inc. <div style="display: flex; justify-content: space-between;"> <div> </div> <div> PLS Corporation 532 West 66th Street Loveland, Colorado 80538 Office 970.669.2100 - Info@plscorporation.com </div> <div> </div> </div>	
			Survey Tech MDG		
			Proj. Manager MBS		

EXHIBIT A-2

LEGAL DESCRIPTION OF DISTRICT NO. 2 BOUNDARIES

Description Exhibit

A portion of the Southeast ¼ of Section 1, Township 7 North, Range 69 West of the 6th P.M., City of Fort Collins, County of Larimer, State of Colorado:

Considering the East line of the Southeast ¼ of Section 1, Township 7 North, Range 69 West of the 6th P.M., as bearing N 00°16'34" E, and with all bearings contained herein being relative thereto.

COMMENCING at the Southeast corner of Section 1, Township 7 North, Range 69 West of the 6th P.M.;

thence N 00°16'34" E for a distance of 1067.36 feet along the East line of the Southeast ¼ of said Section 1;

thence N 89°43'26" W for a distance of 50.00 feet to a point on the Westerly right-of-way line of North Lemay Avenue to the POINT OF BEGINNING, said point also being "Point A";

thence N 89°43'26" W for a distance of 1543.20 feet to a point of a tangent curve, concave to the North, having a radius of 8500.00 feet, a chord bearing of N 87°56'46" W and a chord length of 527.39 feet;

thence Westerly along the arc of said curve for a distance of 527.47 feet through a central angle of 3°33'20" to a point of tangency;

thence N 86°10'06" W for a distance of 60.78 feet to the approximate centerline of Lake Canal Ditch;

thence N 47°26'34" E for a distance of 1872.56 feet along said ditch centerline;

thence S 41°24'11" E for a distance of 160.98 feet to a point of a non-tangent curve, concave to the Southeast, having a radius of 640.73 feet, a chord bearing N 65°12'14" E and a chord length of 334.72 feet;

thence Northeasterly along the arc of said curve for a distance of 338.65 feet, through a central angle of 30°16'59" to a point of non-tangency;

thence N 80°24'34" E for a distance of 111.00 feet to a point of a non-tangent curve, concave to the South, having a radius of 766.41 feet, a chord bearing N 85°20'34" E and a chord length of 131.82 feet;

thence Easterly along the arc of said curve for a distance of 131.98 feet, through a central angle of 9°52'01" to a point of tangency;

thence S 89°43'26" E for a distance of 106.87 feet to a point on the aforesaid Westerly right-of-way line of North Lemay Avenue;

thence S 00°16'34" W for a distance of 1345.19 feet along said Westerly right-of-way line to the Point of Beginning.

EXCEPT that portion described as follows;

COMMENCING at the aforesaid "Point A";

thence N 85°25'31" W for a distance of 1687.59 feet to the POINT OF BEGINNING - D1;

thence N 89°11'25" W for a distance of 19.00 feet;

thence N 00°48'35" E for a distance of 9.00 feet;

thence S 89°11'25" E for a distance of 19.00 feet;

thence S 00°48'35" W for a distance of 9.00 feet to the Point of Beginning - D1.

ALSO EXCEPT that potion described as follows;

COMMENCING at the aforesaid "Point A";

thence N 84°48'57" W for a distance of 1688.87 feet to the POINT OF BEGINNING - D3;

thence N 89°11'25" W for a distance of 19.00 feet;

thence N 00°48'35" E for a distance of 9.00 feet;

thence S 89°11'25" E for a distance of 19.00 feet;

thence S 00°48'35" W for a distance of 9.00 feet to the Point of Beginning - D3.

Containing 43.074 acres more or less.

Written by M. Bryan Short, Colorado PLS 32444

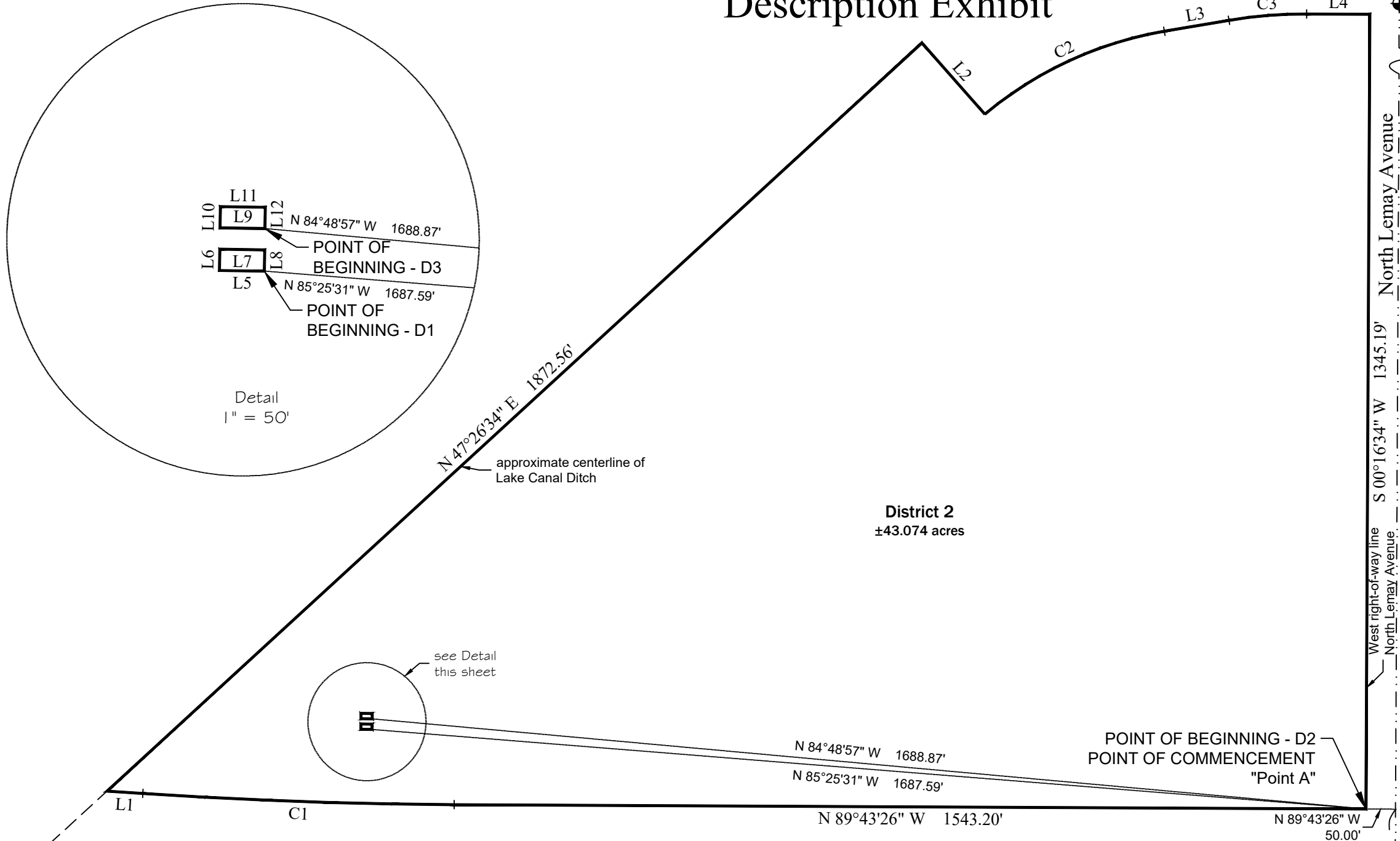


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#	Date	Revisions	Field Date N/A	Prepared for: Highland Development Services, Inc.
			Party Chief N/A	
			Survey Tech MDG	PLS Corporation 532 West 66th Street Loveland, Colorado 80538 Office 970.669.2100 - Info@plscorporation.com
			Proj. Manager MBS	

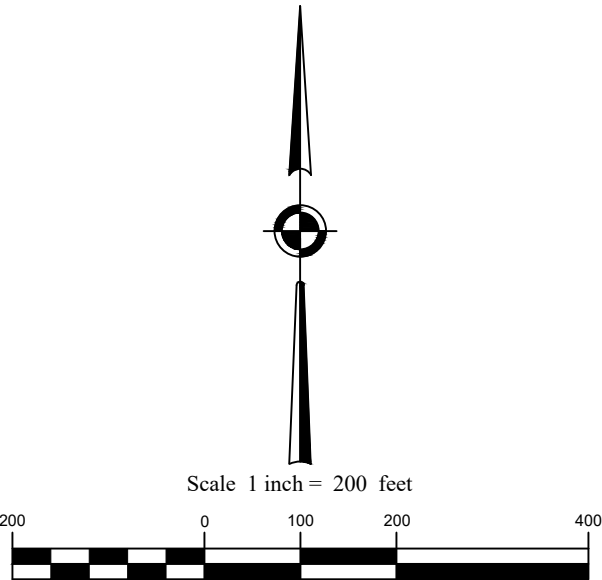
see sheet 2 for exhibit
sheet 1 of 2

Description Exhibit



Curve Table					
Curve #	Length	Radius	Delta	Chord Bearing	Chord Length
C1	527.47'	8500.00'	3°33'20"	N 87°56'46" W	527.39'
C2	338.65'	640.73'	30°16'59"	N 65°12'14" E	334.72'
C3	131.98'	766.41'	9°52'01"	N 85°20'34" E	131.82'

Line Table		
Line #	Length	Bearing
L1	60.78'	N 86°10'06" W
L2	160.98'	S 41°24'11" E
L3	111.00'	N 80°24'34" E
L4	106.87'	S 89°43'26" E
L5	19.00'	N 89°11'25" W
L6	9.00'	N 00°48'35" E
L7	19.00'	S 89°11'25" E
L8	9.00'	S 00°48'35" W
L9	19.00'	N 89°11'25" W
L10	9.00'	N 00°48'35" E
L11	19.00'	S 89°11'25" E
L12	9.00'	S 00°48'35" W



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#	Date	Revisions	Field Date N/A
			Party Chief N/A
			Survey Tech MDG
			Proj. Manager MBS

Prepared for: Project#: 16057.012-D2

Highland Development Services, Inc.

PLS Corporation
532 West 66th Street
Loveland, Colorado 80538
Office 970.669.2100 - Info@plscorporation.com

EXHIBIT A-3

LEGAL DESCRIPTION OF DISTRICT NO. 3 BOUNDARIES

Description Exhibit

A portion of the Southeast ¼ of Section 1, Township 7 North, Range 69 West of the 6th P.M., City of Fort Collins, County of Larimer, State of Colorado:

Considering the East line of the Southeast ¼ of Section 1, Township 7 North, Range 69 West of the 6th P.M., as bearing N 00°16'34" E, and with all bearings contained herein being relative thereto.

COMMENCING at the Southeast corner of Section 1, Township 7 North, Range 69 West of the 6th P.M.;

thence N 00°16'34" E for a distance of 1067.36 feet along the East line of the Southeast ¼ of said Section 1;

thence N 89°43'26" W for a distance of 50.00 feet to a point on the Westerly right-of-way line of North Lemay Avenue to the POINT OF BEGINNING, said point also being "Point A";

thence N 89°43'26" W for a distance of 1543.20 feet to a point of a tangent curve, concave to the North, having a radius of 8500.00 feet, a chord bearing of N 87°56'46" W and a chord length of 527.39 feet;

thence Westerly along the arc of said curve for a distance of 527.47 feet, through a central angle of 3°33'20" to a point of tangency;

thence N 86°10'06" W for a distance of 60.78 feet to the approximate centerline of Lake Canal Ditch;

thence S 47°26'34" W for a distance of 129.78 feet along said ditch centerline;

thence S 43°44'54" W for a distance of 174.33 feet along said ditch centerline;

thence S 30°52'19" W for a distance of 74.72 feet along said ditch centerline;

thence S 89°46'46" E for a distance of 1478.15 feet to the West line of the ALTA VISTA SUBDIVISION, public records County of Larimer, State of Colorado;

thence N 00°22'54" E for a distance of 100.00 feet along said West line to the North line of said ALTA VISTA SUBDIVISION;

thence S 89°37'06" E for a distance of 625.00 feet along said North line to the East line of said ALTA VISTA SUBDIVISION;

thence S 00°35'47" W for a distance of 100.26 feet along said East line;

thence S 89°40'17" E for a distance of 281.38 feet to a point on the aforesaid Westerly right-of-way line of North Lemay Avenue;

thence N 00°16'34" E for a distance of 259.17 feet along said Westerly right-of-way line to the Point of Beginning.

AND that potion described as follows;

COMMENCING at the aforesaid "Point A";

thence N 84°48'57" W for a distance of 1688.87 feet to the POINT OF BEGINNING - D3;

thence N 89°11'25" W for a distance of 19.00 feet;

thence N 00°48'35" E for a distance of 9.00 feet;

thence S 89°11'25" E for a distance of 19.00 feet;

thence S 00°48'35" W for a distance of 9.00 feet to the Point of Beginning - D3.

Containing 12.185 acres more or less.

Written by M. Bryan Short, Colorado PLS 32444

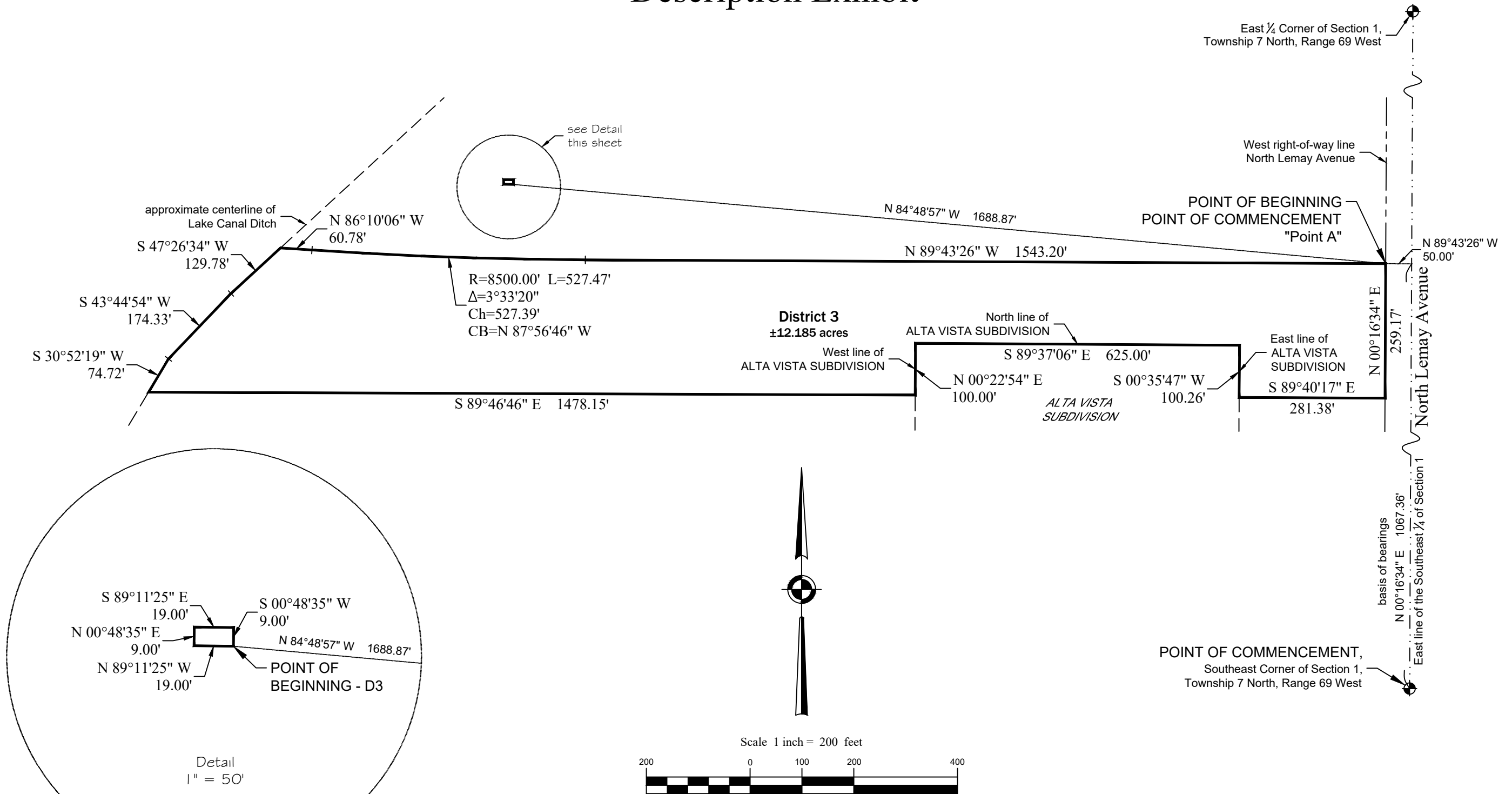


see sheet 2 for exhibit
sheet 1 of 2

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#	Date	Revisions	Field Date N/A	Prepared for: Project#: 16057.012-D3
			Party Chief N/A	
			Survey Tech MDG	Highland Development Services, Inc. PLS Corporation 532 West 66th Street Loveland, Colorado 80538 Office 970.669.2100 - Info@plscorporation.com
			Proj. Manager MBS	

Description Exhibit



NOTICE: According to Colorado law you must commence any legal action based upon any defect in this survey within three years after you first discover such defect. In no event, may any action based upon any defect in this survey be commenced more than ten years from the date of the certification shown hereon.

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see sheet 1 for description
sheet 2 of 2



#	Date	Revisions	Field Date N/A	Prepared for:	Project#: 16057.012-D3	Highland Development Services, Inc.
			Party Chief N/A			
			Survey Tech MDG		PLS Corporation 532 West 66th Street Loveland, Colorado 80538 Office 970.669.2100 - Info@plscorporation.com	
			Proj. Manager MBS			

EXHIBIT B-1

DISTRICT NO. 1 BOUNDARY MAP

LEGEND

--- NORTHFIELD METRO DISTRICT BOUNDARY

FUTURE
COMMERCIAL
DEVELOPMENT,
SITE LAYOUT
IS PRELIMINARY

DISTRICT 1
171 SQ. FT.
0.004 AC.

DISTRICT 1 ENLARGEMENT
SCALE: 1" = 100'

150 0 300
SCALE 1" = 300'

N
W E
S

EAST ¼ CORNER
SECTION 1-T7N-R69W

LAKE CANAL

DISTRICT 1 BOUNDARY
(SEE ENLARGEMENT ABOVE)

OVERALL DISTRICT BOUNDARY

E. SUNIGA ROAD

N. LEMAY AVENUE

SOUTHEAST CORNER
SECTION 1-T7N-R69W

NORTHFIELD

DISTRICT 1 AREA BOUNDARY MAP

DATE 04/26/2019
SCALE (H) 1" = 300'
DRAWN BY KRB
HDS PROJ # 18-1000-00

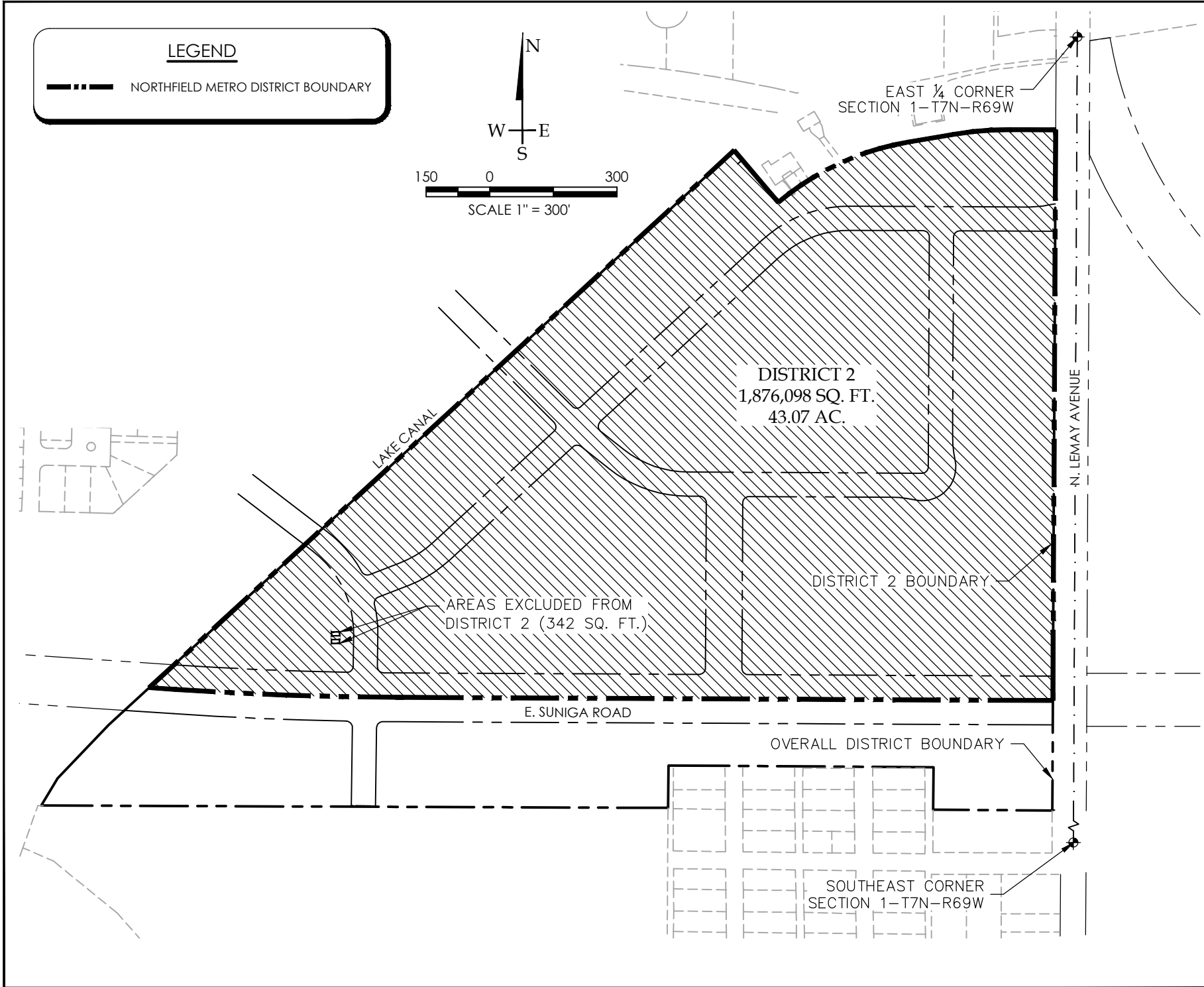
B-1

SHEET 1 OF 3

HIGHLAND
DEVELOPMENT SERVICES
4341 FAIRGROUNDS AVENUE, SUITE 100 | WINDSOR, CO 80550
PHONE: 970.674.7550 | FAX: 970.674.7568 | www.hIGHLAND-DS.com

EXHIBIT B-2

DISTRICT NO. 2 BOUNDARY MAP



HIGHLAND
DEVELOPMENT SERVICES
4341 FAIRGROUNDS AVENUE, SUITE 100 | WINDSOR, CO 80550
PHONE: 970.674.7550 | FAX: 970.674.7568 | www.HighlandDS.com

NORTHFIELD

DISTRICT 2 AREA BOUNDARY MAP

DATE	04/26/2019
SCALE (H)	1" = 300'
DRAWN BY	KRB
HDS PROJ #	18-1000-00
B-2	
SHEET	2 OF 3

EXHIBIT B-3

DISTRICT NO. 3 BOUNDARY MAP

LEGEND

--- NORTHFIELD METRO DISTRICT BOUNDARY

FUTURE
COMMERCIAL
DEVELOPMENT,
SITE LAYOUT
IS PRELIMINARY

DISTRICT 3
171 SQ. FT.
0.004 AC.

DISTRICT 3 ENLARGEMENT
SCALE: 1" = 100'

150 0 300
SCALE 1" = 300'

N
W E
S

EAST ¼ CORNER
SECTION 1-T7N-R69W

LAKE CANAL

DISTRICT 3 BOUNDARY
(SEE ENLARGEMENT ABOVE)

OVERALL DISTRICT BOUNDARY

DISTRICT 3 BOUNDARY

E. SUNIGA ROAD

DISTRICT 3
531,283 SQ. FT.
12.20 AC.

N. LEMAY AVENUE

SOUTHEAST CORNER
SECTION 1-T7N-R69W

NORTHFIELD

DISTRICT 3 AREA BOUNDARY MAP

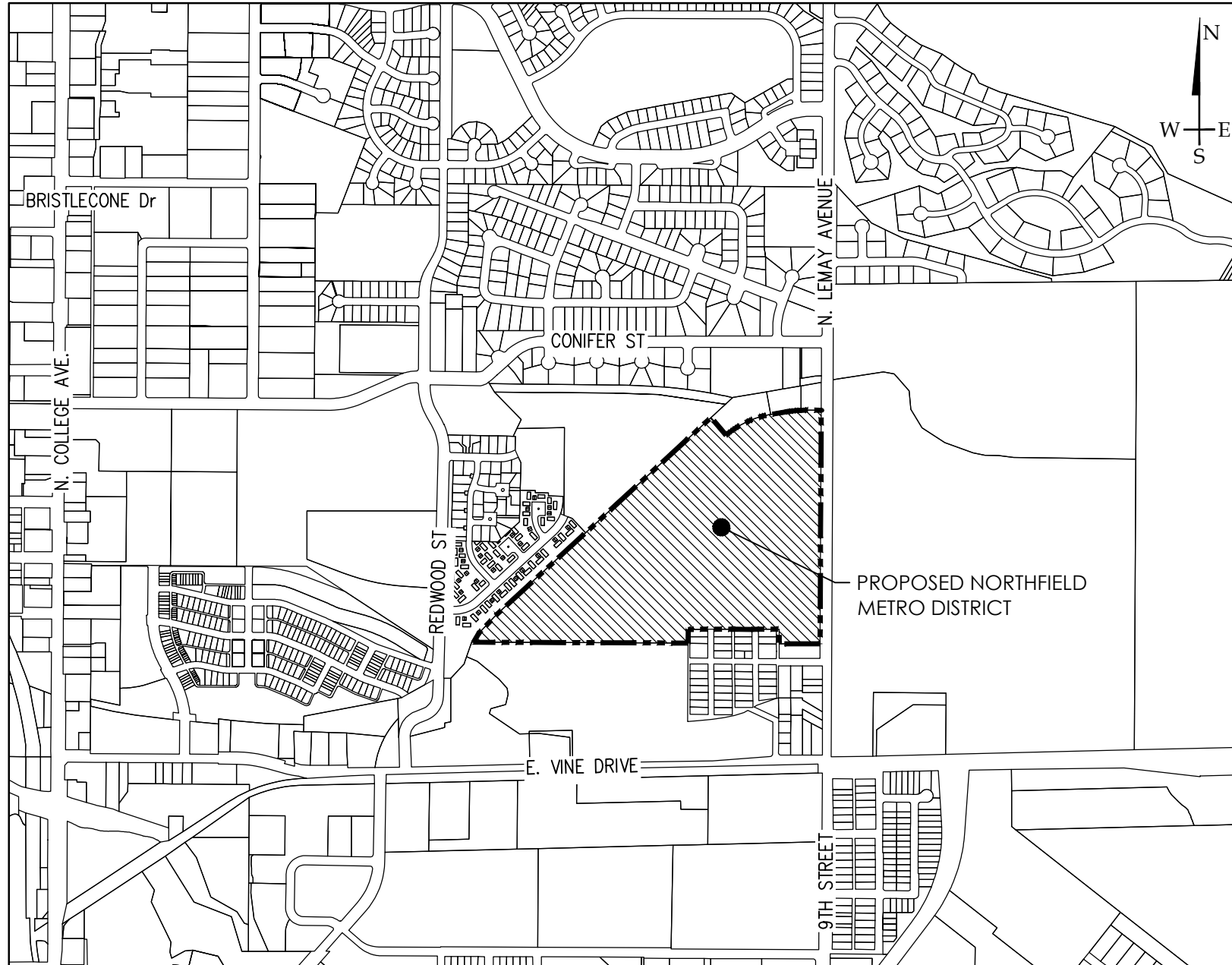
DATE 04/26/2019
SCALE (H) 1" = 300'
DRAWN BY KRB
HDS PROJ # 18-1000-00

B-3

SHEET 3 OF 3

HIGHLAND
DEVELOPMENT SERVICES
4341 FAIRGROUNDS AVENUE, SUITE 100 | WINDSOR, CO 80550
PHONE: 970.674.7550 | FAX: 970.674.7568 | www.hIGHLANDDS.com

EXHIBIT C
VICINITY MAP



500 0 1000
SCALE: 1" = 1000'

NORTHFIELD VICINITY MAP

DATE 04/30/2019
SCALE (H) 1" = 1000'
DRAWN BY KRB
HDS PROJ # 18-1000-00

EXHIBIT C

SHEET 1 OF 1

EXHIBIT D

PUBLIC IMPROVEMENT COST ESTIMATES

Summary Estimate of Preliminary District Expenditures

BASIC PUBLIC IMPROVEMENT COSTS FOR NORTHFIELD METRO DISTRICT NOS. 1-3

Design Engineer: K. Brigman
 Design Firm: Highland Development Services
 Project Number: 18-1000-00
 Date: May 2, 2019

The units and cost below are best assumptions based on the level of information available at this time in design. Street section in reference to LCUASS Connector Local street section, and pavement section in reference to geotech report

Public Improvements

No.	Description	Quantity	Units	Unit Cost	Total
1	Grading/Miscellaneous				
	Mobilization / General Conditions	1	LS	\$ 1,500,000.00	\$ 1,500,000.00
	Clearing, Grubbing, and Topsoil Stripping	56	AC	\$ 12,000.00	\$ 672,000.00
	Earthwork (cut/fill/place)	250,000	CY	\$ 6.00	\$ 1,500,000.00
	Import Fill Dirt	200,000	CY	\$ 15.00	\$ 3,000,000.00
	Erosion Control / Traffic Control	1	LS	\$ 25,000.00	\$ 25,000.00
				Subtotal	\$ 6,697,000.00
2	Roadway Improvements				
	Parking Lots	275	SY	\$ 70.00	\$ 19,250.00
	Private Drive (24' Section)		LF	\$ 205.00	\$ -
	Private Drive (26' Section)		LF	\$ 225.00	\$ -
	Connector Local Street (36' Section)	4,264	LF	\$ 430.00	\$ 1,833,520.00
	Connector Local Street with Median (65' Section)	450	LF	\$ 550.00	\$ 247,500.00
	On-Site Suniga Rd 2-lane Connector w/ Median (65' Section)	2,160	LF	\$ 346.00	\$ 747,360.00
	On-Site Suniga Rd 4-lane Arterial Upsizing (83' Section)		LF	\$ 779.00	\$ -
	Off-Site Suniga Rd 4-lane Arterial (83' Section)		LF	\$ 715.00	\$ -
	Street Lighting	1	LS	\$ 250,000.00	\$ 250,000.00
	Signage and Striping	1	LS	\$ 25,000.00	\$ 25,000.00
				Subtotal	\$ 3,122,630.00
3	Potable Waterline Improvements				
	6" Waterline	2,260	LF	\$ 50.00	\$ 113,000.00
	8" Waterline	7,760	LF	\$ 65.00	\$ 504,400.00
	10" Waterline	-	LF	\$ 85.00	\$ -
	12" Waterline	-	LF	\$ 100.00	\$ -
	Utility Borings	-	LF	\$ 2,000.00	\$ -
	Raw Water Requirements	-	LS	\$ -	\$ -
				Subtotal	\$ 617,400.00
4	Sanitary Sewer Improvements				
	8" Sanitary Sewer	6,356	LF	\$ 90.00	\$ 572,040.00
	10" Sanitary Sewer	1,484	LF	\$ 100.00	\$ 148,400.00
	12" Sanitary Sewer	-	LF	\$ 112.00	\$ -
	8" Subdrain	-	LF	\$ 75.00	\$ -
	Existing 15" to 18" Sanitary Sewer Upsize		LF	\$ 150.00	\$ -
	Existing 18" to 24" Sanitary Sewer Upsize		LF	\$ 180.00	\$ -
				Subtotal	\$ 148,400.00
5	Storm Drainage Improvements				
	RCP Storm Sewer	7,890	LF	\$ 190.00	\$ 1,499,100.00
	Outlet/Control Structure	9	EA	\$ 10,000.00	\$ 90,000.00
	LID Infiltration Galleries	3	EA	\$ 100,000.00	\$ 300,000.00
				Subtotal	\$ 1,889,100.00
6	Open Space, Parks, and Trails				
	Natural Area Open Space		AC	\$	\$ -
	Landscaped Open Space	8.5	AC	\$ 110,000.00	\$ 935,000.00

Regional Trails		SF	\$	15.00	\$	-
Monument Signs	1	LS	\$	75,000.00	\$	75,000.00
Alta Vista Subdivision Buffer Area		LS	\$	125,000.00		-
Clubhouse/Pool		LS	\$	2,000,000.00	\$	-
				Subtotal	\$	1,010,000.00

7 Admin. / Design / Permitting / Etc.

Engineering / Surveying	1	LS	\$	1,349,000.00	\$	1,349,000.00
Construction Management / Inspection / Testing	1	LS	\$	2,023,000.00	\$	2,023,000.00
Admin. / Planning / Permitting	1	LS	\$	405,000.00	\$	405,000.00
				Subtotal	\$	3,777,000.00

Infrastructure Subtotal	\$	17,261,530.00
Contingency (20%)	\$	3,452,310.00
Total Cost	\$	20,713,840.00

Summary Estimate of Preliminary District Expenditures

NON-BASIC PUBLIC IMPROVEMENT COSTS FOR NORTHFIELD METRO DISTRICT NOS. 1-3

Design Engineer: K. Brigman
 Design Firm: Highland Development Services
 Project Number: 18-1000-00
 Date: May 2, 2019

The units and cost below are best assumptions based on the level of information available at this time in design. Street section in reference to LCUASS
 Connector Local street section, and pavement section in reference to geotech report

Public Improvements

No.	Description	Quantity	Units	Unit Cost	Total
1	Grading/Miscellaneous				
	Mobilization / General Conditions		LS	\$ 1,500,000.00	\$ -
	Clearing, Grubbing, and Topsoil Stripping		AC	\$ 12,000.00	\$ -
	Earthwork (cut/fill/place)		CY	\$ 6.00	\$ -
	Import Fill		CY	\$ 15.00	\$ -
	Erosion Control / Traffic Control		LS	\$ 25,000.00	\$ -
			Subtotal	\$	-
2	Roadway Improvements				
	Parking Lots		SY	\$ 70.00	\$ -
	Private Drive (24' Section)	3,960	LF	\$ 112.00	\$ 443,520.00
	Private Drive (26' Section)	2,880	LF	\$ 131.00	\$ 377,280.00
	Connector Local Street (36' Section)		LF	\$ 430.00	\$ -
	Connector Local Street with Median (65' Section)		LF	\$ 550.00	\$ -
	On-Site Suniga Rd 2-lane Connector w/ Median (65' Section)		LF	\$ 346.00	\$ -
	On-Site Suniga Rd 4-lane Arterial Upsizing (83' Section)	2,160	LF	\$ 779.00	\$ 1,682,640.00
	Off-Site Suniga Rd 4-lane Arterial (83' Section)	520	LF	\$ 1,490.00	\$ 774,800.00
	Street Lighting		LS	\$ 250,000.00	\$ -
	Signage and Striping		LS	\$ 25,000.00	\$ -
			Subtotal	\$	3,278,240.00
3	Potable Waterline Improvements				
	6" Waterline		LF	\$ 50.00	\$ -
	8" Waterline		LF	\$ 65.00	\$ -
	10" Waterline	-	LF	\$ 85.00	-
	12" Waterline	-	LF	\$ 100.00	-
	Utility Borings	-	LF	\$ 2,000.00	-
	Raw Water Requirements	-	LS	\$ -	-
			Subtotal	\$	-
4	Sanitary Sewer Improvements				
	8" Sanitary Sewer		LF	\$ 90.00	\$ -
	10" Sanitary Sewer		LF	\$ 100.00	\$ -
	12" Sanitary Sewer	-	LF	\$ 112.00	-
	8" Subdrain	-	LF	\$ 75.00	-
	Existing 15" to 18" Sanitary Sewer Upsize	565	LF	\$ 176.00	\$ 99,440.00
	Existing 18" to 24" Sanitary Sewer Upsize	2,130	LF	\$ 206.00	\$ 438,780.00
		-	LS		-
			Subtotal	\$	538,220.00
5	Storm Drainage Improvements				
	RCP Storm Sewer		LF	\$ 190.00	\$ -
	Outlet/Control Structure		EA	\$ 10,000.00	\$ -
	LID Infiltration Galleries		EA	\$ 100,000.00	\$ -
			Subtotal	\$	-
6	Open Space, Parks, and Trails				

Natural Area Open Space	-	AC		\$	-
Landscaped Open Space	6.6	AC	\$	110,000.00	\$ 723,800.00
Regional Trails	13,270	SF	\$	15.00	\$ 199,050.00
Monument Signs		LS	\$	75,000.00	\$ -
Alta Vista Subdivision Buffer Area	1	LS	\$	125,000.00	\$ 125,000.00
Clubhouse/Pool	1	LS	\$	2,000,000.00	\$ 2,000,000.00
			Subtotal	\$	3,047,850.00

7 Admin. / Design / Permitting / Etc.

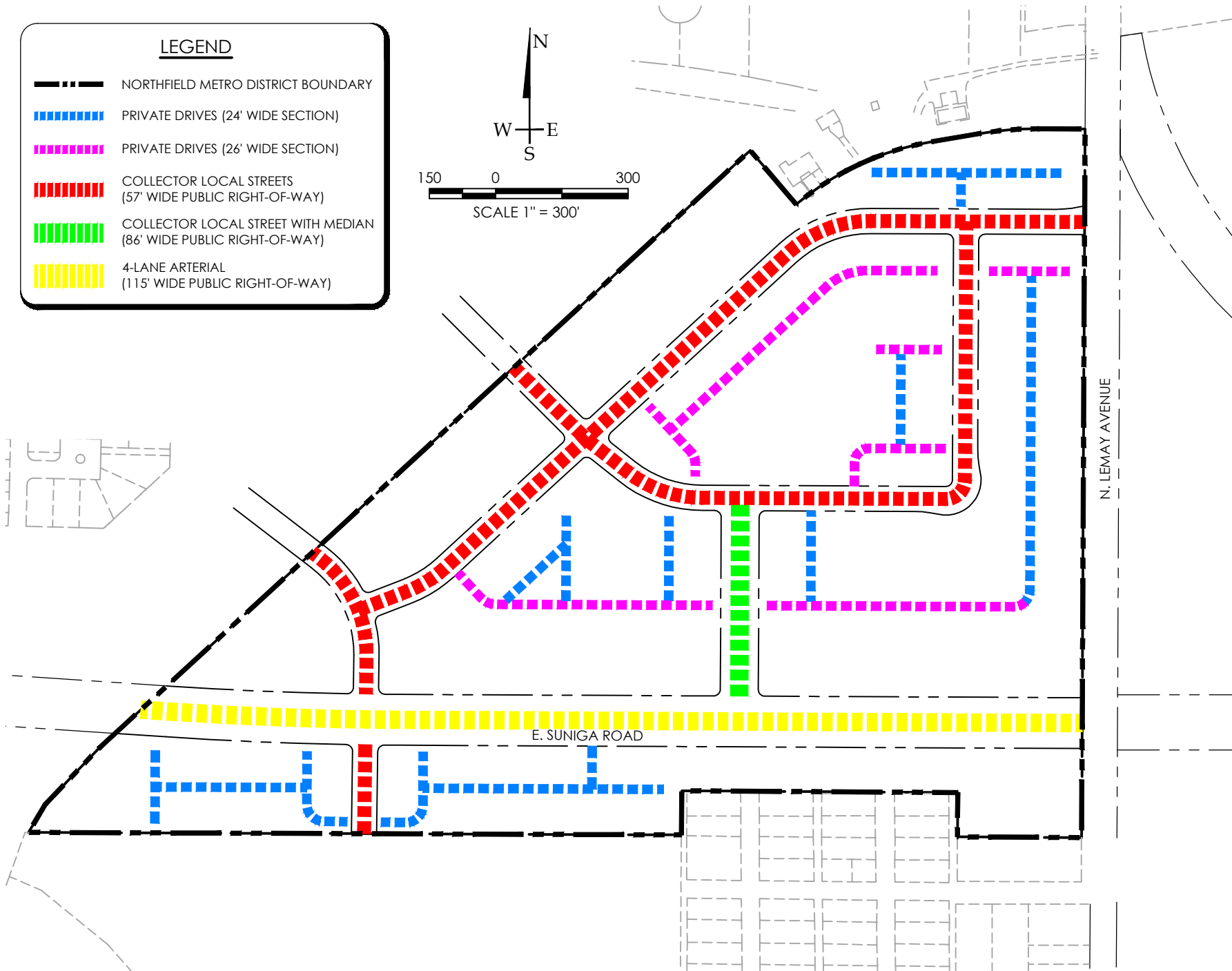
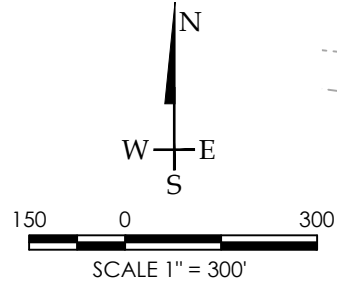
Engineering / Surveying	1	LS	\$	687,000.00	\$ 687,000.00
Construction Management / Inspection / Testing	1	LS	\$	1,030,000.00	\$ 1,030,000.00
Admin. / Planning / Permitting	1	LS	\$	206,000.00	\$ 206,000.00
			Subtotal	\$	1,923,000.00

Infrastructure Subtotal	\$	8,787,310.00
Contingency (20%)	\$	1,757,465.00
Total Cost	\$	10,544,775.00

EXHIBIT E
PUBLIC IMPROVEMENT MAPS

LEGEND

- - - - - NORTHFIELD METRO DISTRICT BOUNDARY
- - - - - PRIVATE DRIVES (24' WIDE SECTION)
- - - - - PRIVATE DRIVES (26' WIDE SECTION)
- - - - - COLLECTOR LOCAL STREETS
(57' WIDE PUBLIC RIGHT-OF-WAY)
- - - - - COLLECTOR LOCAL STREET WITH MEDIAN
(86' WIDE PUBLIC RIGHT-OF-WAY)
- - - - - 4-LANE ARTERIAL
(115' WIDE PUBLIC RIGHT-OF-WAY)



NORTHFIELD STREETS MAP

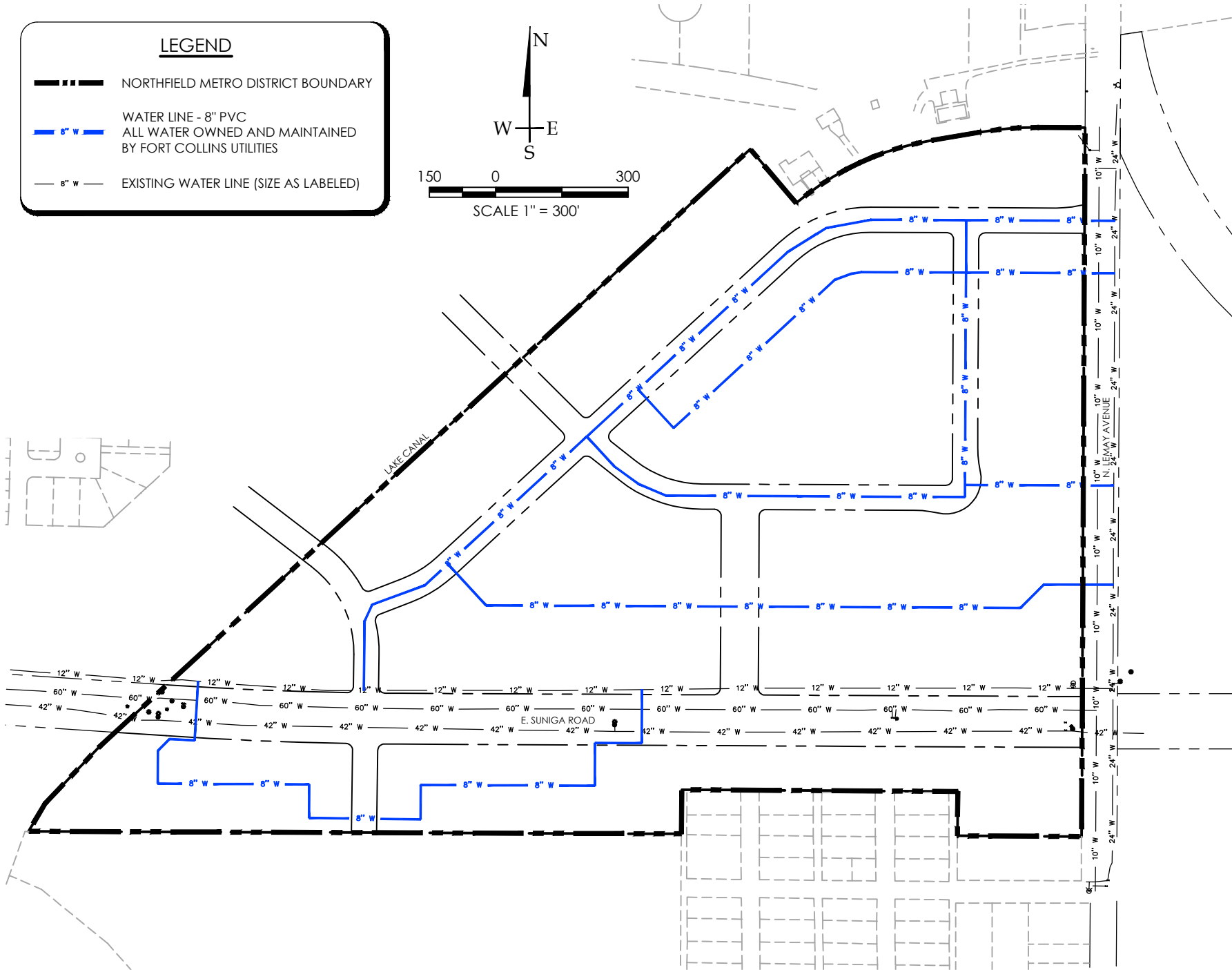
DATE 04/29/2019
SCALE (H) 1" = 300'
DRAWN BY KRB
HDS PROJ # 18-1000-00

E-1

LEGEND

- NORTHFIELD METRO DISTRICT BOUNDARY
- WATER LINE - 8" PVC
ALL WATER OWNED AND MAINTAINED
BY FORT COLLINS UTILITIES
- 8" W — EXISTING WATER LINE (SIZE AS LABELED)

150 0 300
SCALE 1" = 300'



NORTHFIELD

POTABLE WATER MAP

DATE 04/30/2019
SCALE (H) 1" = 300'
DRAWN BY KRB
HDS PROJ # 18-1000-00

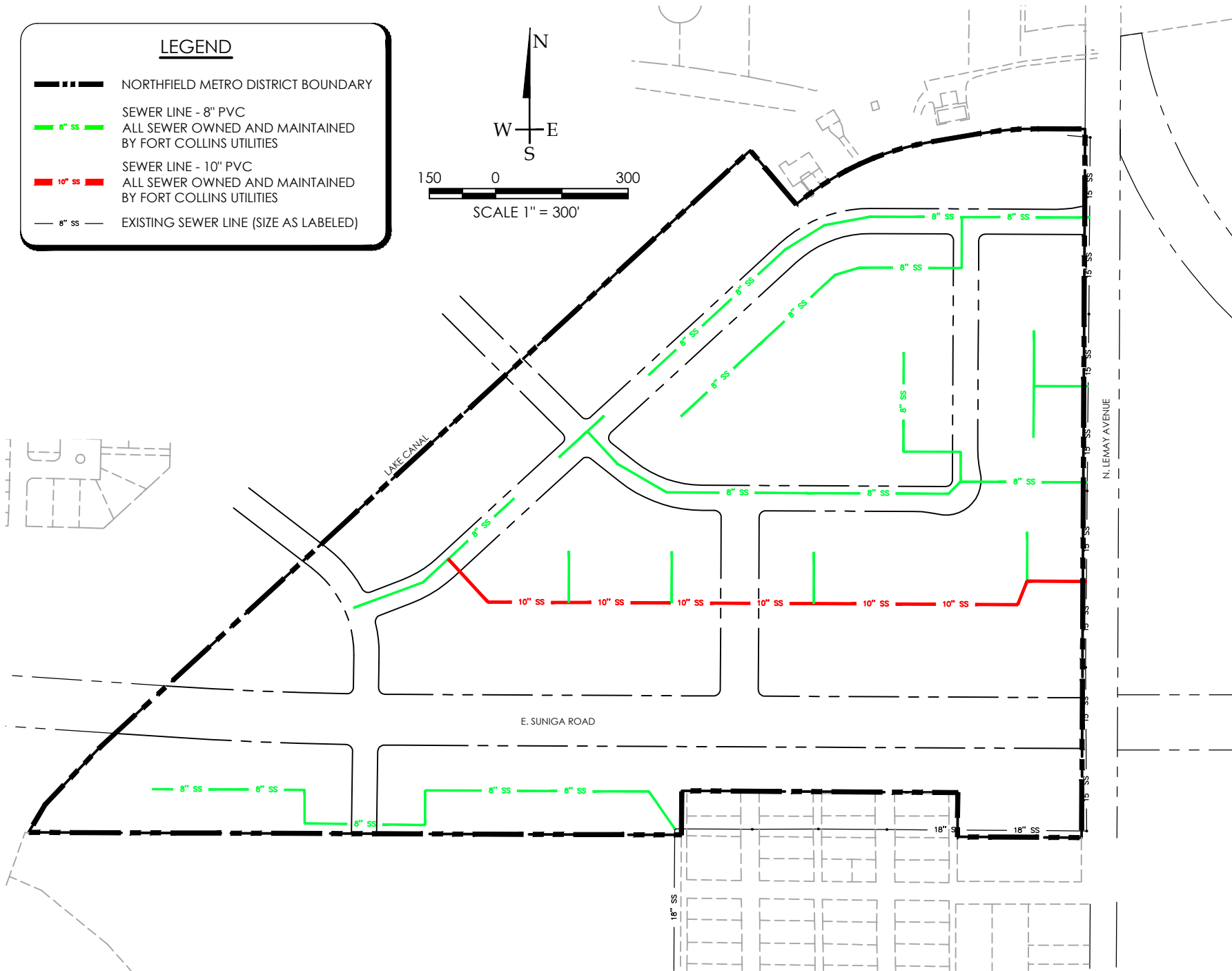
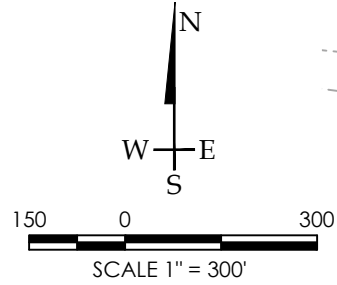
E-2

SHEET 2 OF 5

HIGHLAND
DEVELOPMENT SERVICES
4341 FAIRGROUNDS AVENUE, SUITE 100 | HENDER, CO 80530
PHONE: 970.674.7550 | FAX: 970.674.7568 | www.hIGHLAND-DS.com

LEGEND

- NORTHFIELD METRO DISTRICT BOUNDARY
- 8" SS
SEWER LINE - 8" PVC
ALL SEWER OWNED AND MAINTAINED
BY FORT COLLINS UTILITIES
- 10" SS
SEWER LINE - 10" PVC
ALL SEWER OWNED AND MAINTAINED
BY FORT COLLINS UTILITIES
- 8" SS
EXISTING SEWER LINE (SIZE AS LABELED)



NORTHFIELD

SANITARY SEWER MAP

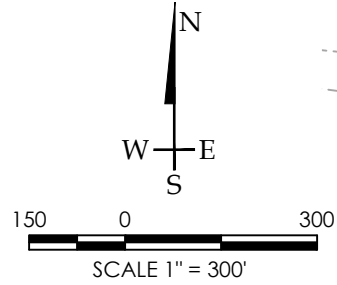
DATE 04/30/2019
SCALE (H) 1" = 300'
DRAWN BY KRB
HDS PROJ # 18-1000-00

E-3

SHEET 3 OF 5

LEGEND

- NORTHFIELD METRO DISTRICT BOUNDARY
- RCP STORM DRAIN LINE (SIZES TO BE DETERMINED AT FINAL DESIGN)
- EXISTING STORM DRAIN LINE
- DETENTION AREAS
- LOW IMPACT DEVELOPMENT (LID) AREAS



4'x20' RCB
CULVERT

LAKE CANAL

E. SUNIGA ROAD

N. LENAY AVENUE

NORTHFIELD

STORM DRAINAGE MAP


DATE 04/30/2019
SCALE (H) 1" = 300'
DRAWN BY KRB
HDS PROJ # 18-1000-00


E-4


SHEET 4 OF 5






LEGEND

 NORTHFIELD METRO DISTRICT BOUNDARY

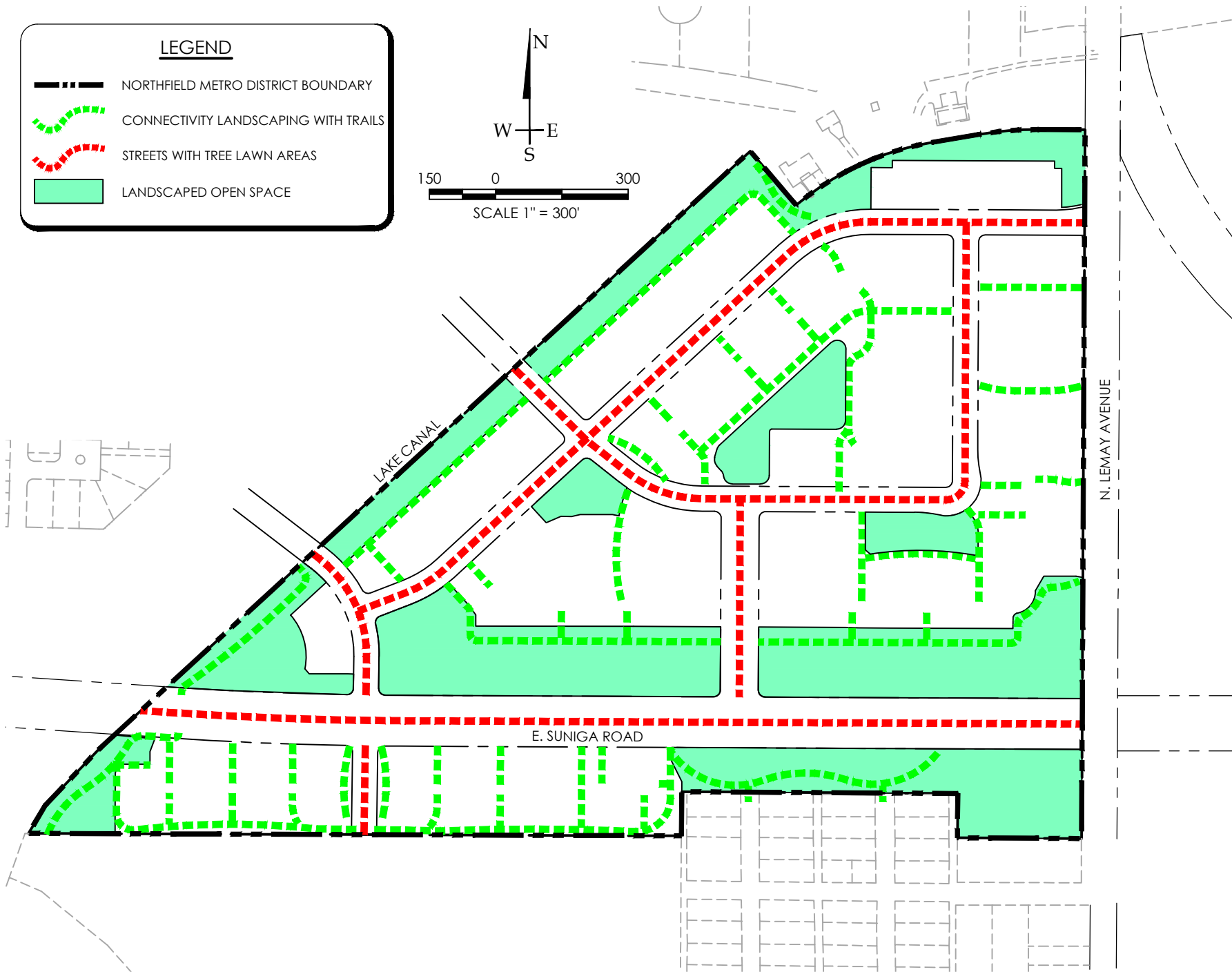
 CONNECTIVITY LANDSCAPING WITH TRAILS

 STREETS WITH TREE LAWN AREAS

 LANDSCAPED OPEN SPACE

SCALE 1" = 300'





HIGHLAND
DEVELOPMENT SERVICES

4341 FAIRGROUNDS AVENUE, SUITE 100 | HENDER, CO 80530
PHONE: 970.674.7550 | FAX: 970.674.7568 | www.hilandds.com

NORTHFIELD

OPEN SPACE, PARKS, & TRAILS MAP

DATE	04/30/2019
SCALE (H)	1" = 300'
DRAWN BY	KRB
HDS PROJ #	18-1000-00
E-5	
SHEET	5 OF 5

EXHIBIT F
FINANCIAL PLAN

NORTHFIELD METROPOLITAN DISTRICT



Development Projection at 40.000 (target) Mills for Debt Service -- Service Plan

Series 2030, G.O. Bonds, Pay & Cancel Refg of (proposed) Series 2020 + New Money, Assumes Investment Grade, 100x, 30-yr. Maturity

YEAR	<<<<<<< Residential >>>>>>>						< Platted/Developed Lots >		<<<<<<<< Commercial >>>>>>>>>									Total Available Revenue
	Mkt Value Biennial		As'ed Value @ 7.20%		As'ed Value @ 29.00%		Mkt Value Biennial		As'ed Value @ 29.00%		Total Assessed Value	District D/S Mill Levy	District D/S Mill Levy	District S.O. Taxes				
	Total Res'l Units	Reasses'mt @ 6.0%	Cumulative Market Value	of Market (2-yr lag)	Cumulative Market Value	of Market (2-yr lag)	Total Comm'l Sq. Ft.	Reasses'mt @ 6.0%	Cumulative Market Value	of Market (2-yr lag)		[40.000 Target] [40.000 Cap]	Collections @ 98%	Collected @ 6%				
2018	0		0		0		0		0								0	
2019	0		0		1,070,551		0		0								0	
2020	34	0	10,705,512	0	4,858,199	0	0	0	0	0	\$0	40.000	0	0			0	
2021	145		60,259,140	0	4,032,990	310,460	0		0	0	310,460	40.000	12,170	730			12,900	
2022	115	3,615,548	105,206,784	770,797	3,277,464	1,408,878	2,679	0	627,127	0	2,179,675	40.000	85,443	5,127			90,570	
2023	88		139,987,494	4,338,658	1,965,346	1,169,567	0		627,127	0	5,508,225	40.000	215,922	12,955			228,878	
2024	54	8,399,250	169,660,283	7,574,888	215,424	950,465	0	37,628	664,755	181,867	8,707,220	40.000	341,323	20,479			361,802	
2025	6		172,038,738	10,079,100	0	569,950	0		664,755	181,867	10,830,917	40.000	424,572	25,474			450,046	
2026	0	10,322,324	182,361,062	12,215,540	0	62,473	0	39,885	704,640	192,779	12,470,792	40.000	488,855	29,331			518,186	
2027	0		182,361,062	12,386,789	0	0	0		704,640	192,779	12,579,568	40.000	493,119	29,587			522,706	
2028	0	10,941,664	193,302,726	13,129,996	0	0	0	42,278	746,918	204,346	13,334,342	40.000	522,706	31,362			554,069	
2029	0		193,302,726	13,129,996	0	0	0		746,918	204,346	13,334,342	40.000	522,706	31,362			554,069	
2030	0	11,598,164	204,900,890	13,917,796	0	0	0	44,815	791,734	216,606	14,134,403	40.000	554,069	33,244			587,313	
2031	0		204,900,890	13,917,796	0	0	0		791,734	216,606	14,134,403	40.000	554,069	33,244			587,313	
2032	0	12,294,053	217,194,943	14,752,864	0	0	0	47,504	839,238	229,603	14,982,467	40.000	587,313	35,239			622,551	
2033	0		217,194,943	14,752,864	0	0	0		839,238	229,603	14,982,467	40.000	587,313	35,239			622,551	
2034	0	13,031,697	230,226,639	15,638,036	0	0	0	50,354	889,592	243,379	15,881,415	40.000	622,551	37,353			659,905	
2035	0		230,226,639	15,638,036	0	0	0		889,592	243,379	15,881,415	40.000	622,551	37,353			659,905	
2036	0	13,813,598	244,040,238	16,576,318	0	0	0	53,376	942,967	257,982	16,834,300	40.000	659,905	39,594			699,499	
2037	0		244,040,238	16,576,318	0	0	0		942,967	257,982	16,834,300	40.000	659,905	39,594			699,499	
2038	0	14,642,414	258,682,652	17,570,897	0	0	0	56,578	999,545	273,461	17,844,358	40.000	699,499	41,970			741,469	
2039			258,682,652	17,570,897	0	0	0		999,545	273,461	17,844,358	40.000	699,499	41,970			741,469	
2040		15,520,959	274,203,611	18,625,151	0	0	0	59,973	1,059,518	289,868	18,915,019	40.000	741,469	44,488			785,957	
2041			274,203,611	18,625,151	0	0	0		1,059,518	289,868	18,915,019	40.000	741,469	44,488			785,957	
2042		16,452,217	290,655,828	19,742,660	0	0	0	63,571	1,123,089	307,260	20,049,920	40.000	785,957	47,157			833,114	
2043			290,655,828	19,742,660	0	0	0		1,123,089	307,260	20,049,920	40.000	785,957	47,157			833,114	
2044		17,439,350	308,095,178	20,927,220	0	0	0	67,385	1,190,474	325,696	21,252,915	40.000	833,114	49,987			883,101	
2045			308,095,178	20,927,220	0	0	0		1,190,474	325,696	21,252,915	40.000	833,114	49,987			883,101	
2046		18,485,711	326,580,888	22,182,853	0	0	0	71,428	1,261,903	345,238	22,528,090	40.000	883,101	52,986			936,087	
2047			326,580,888	22,182,853	0	0	0		1,261,903	345,238	22,528,090	40.000	883,101	52,986			936,087	
2048		19,594,853	346,175,742	23,513,824	0	0	0	75,714	1,337,617	365,952	23,879,776	40.000	936,087	56,165			992,252	
2049			346,175,742	23,513,824	0	0	0		1,337,617	365,952	23,879,776	40.000	936,087	56,165			992,252	
2050		20,770,544	366,946,286	24,924,653	0	0	0	80,257	1,417,874	387,909	25,312,562	40.000	992,252	59,535			1,051,788	
2051			366,946,286	24,924,653	0	0	0		1,417,874	387,909	25,312,562	40.000	992,252	59,535			1,051,788	
2052		22,016,777	388,963,063	26,420,133	0	0	0	85,072	1,502,947	411,184	26,831,316	40.000	1,051,788	63,107			1,114,895	
2053			388,963,063	26,420,133	0	0	0		1,502,947	411,184	26,831,316	40.000	1,051,788	63,107			1,114,895	
2054		23,337,784	412,300,847	28,005,341	0	0	0	90,177	1,593,123	435,855	28,441,195	40.000	1,114,895	66,894			1,181,789	
2055			412,300,847	28,005,341	0	0	0		1,593,123	435,855	28,441,195	40.000	1,114,895	66,894			1,181,789	
2056		24,738,051	437,038,898	29,685,661	0	0	0	95,587	1,688,711	462,006	30,147,667	40.000	1,181,789	70,907			1,252,696	
2057			437,038,898	29,685,661	0	0	0		1,688,711	462,006	30,147,667	40.000	1,181,789	70,907			1,252,696	
2058		26,222,334	463,261,232	31,466,801	0	0	0	101,323	1,790,033	489,726	31,956,527	40.000	1,252,696	75,162			1,327,858	
2059			463,261,232	31,466,801	0	0	0		1,790,033	489,726	31,956,527	40.000	1,252,696	75,162			1,327,858	
2060		27,795,674	491,056,906	33,354,809	0	0	0	107,402	1,897,435	519,110	33,873,918	40.000	1,327,858	79,671			1,407,529	
	442	331,032,966					2,679	1,270,308					30,227,642	1,813,659			32,041,301	

NORTHFIELD METROPOLITAN DISTRICT

Development Projection at 40.000 (target) Mills for Debt Service -- Service Plan

Series 2030, G.O. Bonds, Pay & Cancel Refg of (proposed) Series 2020 + New Money, Assumes Investment Grade, 100x, 30-yr. Maturity

YEAR	Net Available for Debt Svc	Series 2020 \$10,020,000 Par [Net \$7.098 MM] Net Debt Service	Ser. 2030 \$14,870,000 Par [Net \$5.829 MM] [Escr \$9.790 MM] Net Debt Service	Total Net Debt Service	Funds on Hand* Used as Source	Annual Surplus	Surplus Release to \$1,487,000	Cumulative Surplus \$1,487,000 Target	Senior Debt/ Assessed Ratio	Senior Debt/ Act'l Value Ratio	Cov. of Net DS: @ 40.000 Target	Cov. of Net DS: @ 40.000 Cap
2018	0					n/a						
2019	0					n/a						
2020	0	\$0		0		0		0	3227%	16%	0.0%	0.0%
2021	12,900	0		0		12,900	0	12,900	460%	9%	0.0%	0.0%
2022	90,570	0		0		90,570	0	103,470	182%	7%	0.0%	0.0%
2023	228,878	0		0		228,878	0	332,348	115%	6%	0.0%	0.0%
2024	361,802	501,000		501,000		(139,198)	0	193,150	93%	6%	72.2%	72.2%
2025	450,046	501,000		501,000		(50,954)	0	142,196	80%	5%	89.8%	89.8%
2026	518,186	516,000		516,000		2,186	0	144,383	80%	5%	100.4%	100.4%
2027	522,706	520,250		520,250		2,456	0	146,839	75%	5%	100.5%	100.5%
2028	554,069	549,250		549,250		4,819	0	151,658	75%	5%	100.9%	100.9%
2029	554,069	551,750		551,750		2,319	0	153,976	70%	5%	100.4%	100.4%
2030	587,313	584,000	\$0	584,000	155,000	(151,687)	0	2,289	105%	7%	100.6%	100.6%
2031	587,313	[Ref'd by ser. '30]	545,233	545,233		42,079	0	44,368	99%	7%	107.7%	107.7%
2032	622,551		619,800	619,800		2,751	0	47,120	99%	7%	100.4%	100.4%
2033	622,551		618,800	618,800		3,751	0	50,871	93%	6%	100.6%	100.6%
2034	659,905		657,800	657,800		2,105	0	52,976	93%	6%	100.3%	100.3%
2035	659,905		655,200	655,200		4,705	0	57,680	87%	6%	100.7%	100.7%
2036	699,499		697,600	697,600		1,899	0	59,579	87%	6%	100.3%	100.3%
2037	699,499		698,200	698,200		1,299	0	60,878	81%	6%	100.2%	100.2%
2038	741,469		738,600	738,600		2,869	0	63,747	80%	6%	100.4%	100.4%
2039	741,469		737,200	737,200		4,269	0	68,015	75%	5%	100.6%	100.6%
2040	785,957		785,600	785,600		357	0	68,372	74%	5%	100.0%	100.0%
2041	785,957		781,800	781,800		4,157	0	72,529	68%	5%	100.5%	100.5%
2042	833,114		832,800	832,800		314	0	72,843	67%	5%	100.0%	100.0%
2043	833,114		831,400	831,400		1,714	0	74,558	62%	4%	100.2%	100.2%
2044	883,101		879,600	879,600		3,501	0	78,059	60%	4%	100.4%	100.4%
2045	883,101		880,400	880,400		2,701	0	80,760	55%	4%	100.3%	100.3%
2046	936,087		935,600	935,600		487	0	81,247	53%	4%	100.1%	100.1%
2047	936,087		933,000	933,000		3,087	0	84,334	48%	3%	100.3%	100.3%
2048	992,252		989,800	989,800		2,452	0	86,787	46%	3%	100.2%	100.2%
2049	992,252		988,600	988,600		3,652	0	90,439	41%	3%	100.4%	100.4%
2050	1,051,788		1,046,600	1,046,600		5,188	0	95,627	39%	3%	100.5%	100.5%
2051	1,051,788		1,051,400	1,051,400		388	0	96,015	34%	2%	100.0%	100.0%
2052	1,114,895		1,110,000	1,110,000		4,895	0	100,909	31%	2%	100.4%	100.4%
2053	1,114,895		1,110,200	1,110,200		4,695	0	105,604	27%	2%	100.4%	100.4%
2054	1,181,789		1,179,200	1,179,200		2,589	0	108,193	24%	2%	100.2%	100.2%
2055	1,181,789		1,179,200	1,179,200		2,589	0	110,781	19%	1%	100.2%	100.2%
2056	1,252,696		1,247,800	1,247,800		4,896	0	115,677	16%	1%	100.4%	100.4%
2057	1,252,696		1,252,200	1,252,200		496	0	116,173	12%	1%	100.0%	100.0%
2058	1,327,858		1,324,800	1,324,800		3,058	0	119,231	8%	1%	100.2%	100.2%
2059	1,327,858		1,322,800	1,322,800		5,058	0	124,288	4%	0%	100.4%	100.4%
2060	1,407,529		1,404,000	1,404,000		3,529	127,817	0	0%	0%	100.3%	100.3%
	32,041,301	3,723,250	28,035,233	31,758,483	155,000	127,817	127,817					

[CApr2519 20nrspC]

[CApr2519 30igspC]

['] Estimated balance (tbd).

NORTHFIELD METROPOLITAN DISTRICT

Operations Revenue and Expense Projection

YEAR	Total Assessed Value	Oper'n's Mill Levy	Total Collections @ 98%	S.O. Tax Collections @ 98%	Total Available For O&M	Total Mills
2018						
2019						
2020	0	10.000	0	0	0	50.000
2021	310,460	10.000	3,043	2,982	6,024	50.000
2022	2,179,675	10.000	21,361	20,934	42,294	50.000
2023	5,508,225	10.000	53,981	52,901	106,882	50.000
2024	8,707,220	10.000	85,331	83,624	168,955	50.000
2025	10,830,917	10.000	106,143	104,020	210,163	50.000
2026	12,470,792	10.000	122,214	119,769	241,983	50.000
2027	12,579,568	10.000	123,280	120,814	244,094	50.000
2028	13,334,342	10.000	130,677	128,063	258,740	50.000
2029	13,334,342	10.000	130,677	128,063	258,740	50.000
2030	14,134,403	10.000	138,517	135,747	274,264	50.000
2031	14,134,403	10.000	138,517	135,747	274,264	50.000
2032	14,982,467	10.000	146,828	143,892	290,720	50.000
2033	14,982,467	10.000	146,828	143,892	290,720	50.000
2034	15,881,415	10.000	155,638	152,525	308,163	50.000
2035	15,881,415	10.000	155,638	152,525	308,163	50.000
2036	16,834,300	10.000	164,976	161,677	326,653	50.000
2037	16,834,300	10.000	164,976	161,677	326,653	50.000
2038	17,844,358	10.000	174,875	171,377	346,252	50.000
2039	17,844,358	10.000	174,875	171,377	346,252	50.000
2040	18,915,019	10.000	185,367	181,660	367,027	50.000
2041	18,915,019	10.000	185,367	181,660	367,027	50.000
2042	20,049,920	10.000	196,489	192,559	389,049	50.000
2043	20,049,920	10.000	196,489	192,559	389,049	50.000
2044	21,252,915	10.000	208,279	204,113	412,392	50.000
2045	21,252,915	10.000	208,279	204,113	412,392	50.000
2046	22,528,090	10.000	220,775	216,360	437,135	50.000
2047	22,528,090	10.000	220,775	216,360	437,135	50.000
2048	23,879,776	10.000	234,022	229,341	463,363	50.000
2049	23,879,776	10.000	234,022	229,341	463,363	50.000
2050	25,312,562	10.000	248,063	243,102	491,165	50.000
2051	25,312,562	10.000	248,063	243,102	491,165	50.000
2052	26,831,316	10.000	262,947	257,688	520,635	50.000
2053	26,831,316	10.000	262,947	257,688	520,635	50.000
2054	28,441,195	10.000	278,724	273,149	551,873	50.000
2055	28,441,195	10.000	278,724	273,149	551,873	50.000
2056	30,147,667	10.000	295,447	289,538	584,985	50.000
2057	30,147,667	10.000	295,447	289,538	584,985	50.000
2058	31,956,527	10.000	313,174	306,910	620,084	50.000
2059	31,956,527	10.000	313,174	306,910	620,084	50.000
2060	33,873,918	10.000	331,964	325,325	657,290	50.000
			7,556,911	7,405,772	14,962,683	

NORTHFIELD METROPOLITAN DISTRICT

Development Summary

Development Projection -- Buildout Plan (updated 4/25/19)

Residential Development							Commercial Development		
Product Type	Stacked Condos	Flats	Brownstones	Value Condo	Deed Restricted Condo	MU - Studio Apts (For Rent)			
Base \$ ('20)	\$306,714	\$359,040	\$388,518	\$316,200	\$265,200	\$200,000			
							Res'l Totals	MU - Retail	Comm'l Totals
								\$225/sf	
2018	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-
2020	12	-	8	4	10	-	34	-	-
2021	28	36	42	8	31	-	145	-	-
2022	-	45	40	4	24	2	115	2,679	2,679
2023	-	48	40	-	-	-	88	-	-
2024	-	45	9	-	-	-	54	-	-
2025	-	6	-	-	-	-	6	-	-
2026	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-
	40	180	139	16	65	2	442	2,679	2,679
MV @ Full Buildout (base prices;un-infl.)	\$12,268,560	\$64,627,200	\$54,004,002	\$5,059,200	\$17,238,000	\$400,000	\$153,596,962	\$602,775	\$602,775

notes:

Platted/Dev Lots = 10% MV; one-yr prior
Base MV \$ inflated 2% per annum

NORTHFIELD METROPOLITAN DISTRICT

Development Projection -- Buildout Plan (updated 4/25/19)

Residential Development																				
YEAR	Stacked Condos					Flats					Brownstones					Value Condo				
	Incr/(Decr) in					Incr/(Decr) in					Incr/(Decr) in					Incr/(Decr) in				
	Finished Lot	# Units	Price			Finished Lot	# Units	Price			Finished Lot	# Units	Price			Finished Lot	# Units	Price		
	# Lots	Value @	Completed	Inflated @	Market	# Lots	Value @	Completed	Inflated @	Market	# Lots	Value @	Completed	Inflated @	Market	# Lots	Value @	Completed	Inflated @	Market
	Devel'd	10%	40 target	2%	Value	Devel'd	10%	180 target	2%	Value	Devel'd	10%	139 target	2%	Value	Devel'd	10%	16 target	2%	Value
2018	0	0		\$306,714	0	0	0		\$359,040	0	0	0		\$388,518	0	0	0		\$316,200	0
2019	12	368,057		306,714	0	0	0		359,040	0	8	310,814		388,518	0	4	126,480		316,200	0
2020	28	490,742	12	306,714	3,680,568	36	1,292,544	0	359,040	0	42	1,320,961	8	388,518	3,108,144	8	126,480	4	316,200	1,264,800
2021	0	(858,799)	28	312,848	8,759,752	45	323,136	36	366,221	13,183,949	40	(77,704)	42	396,288	16,644,111	4	(126,480)	8	322,524	2,580,192
2022	0	0	0	319,105	0	48	107,712	45	373,545	16,809,535	40	0	40	404,214	16,168,565	0	(126,480)	4	328,974	1,315,898
2023	0	0	0	325,487	0	45	(107,712)	48	381,016	18,288,774	9	(1,204,406)	40	412,298	16,491,936	0	0	0	335,554	0
2024	0	0	0	331,997	0	6	(1,400,256)	45	388,636	17,488,640	0	(349,666)	9	420,544	3,784,899	0	0	0	342,265	0
2025	0	0	0	338,637	0	0	(215,424)	6	396,409	2,378,455	0	0	0	428,955	0	0	0	0	349,110	0
2026	0	0	0	345,410	0	0	0	0	404,337	0	0	0	0	437,534	0	0	0	0	356,093	0
2027	0	0	0	352,318	0	0	0	0	412,424	0	0	0	0	446,285	0	0	0	0	363,214	0
2028	0	0	0	359,364	0	0	0	0	420,673	0	0	0	0	455,211	0	0	0	0	370,479	0
2029	0	0	0	366,552	0	0	0	0	429,086	0	0	0	0	464,315	0	0	0	0	377,888	0
2030	0	0	0	373,883	0	0	0	0	437,668	0	0	0	0	473,601	0	0	0	0	385,446	0
2031	0	0	0	381,360	0	0	0	0	446,421	0	0	0	0	483,073	0	0	0	0	393,155	0
2032	0	0	0	388,988	0	0	0	0	455,350	0	0	0	0	492,735	0	0	0	0	401,018	0
2033	0	0	0	396,767	0	0	0	0	464,457	0	0	0	0	502,589	0	0	0	0	409,038	0
2034	0	0	0	404,703	0	0	0	0	473,746	0	0	0	0	512,641	0	0	0	0	417,219	0
2035	0	0	0	412,797	0	0	0	0	483,221	0	0	0	0	522,894	0	0	0	0	425,564	0
2036	0	0	0	421,053	0	0	0	0	492,885	0	0	0	0	533,352	0	0	0	0	434,075	0
2037	0	0	0	429,474	0	0	0	0	502,743	0	0	0	0	544,019	0	0	0	0	442,756	0
2038		0	0	438,063	0		0	0	512,798	0		0	0	554,899	0		0	0	451,611	0
	40	0	40		12,440,320	180	(0)	180		68,149,352	139	(0)	139		56,197,656	16	0	16		5,160,890

NORTHFIELD METROPOLITAN DISTRICT

Development Projection – Buildout Plan (updated 4/25/19)

											Residential Summary				
YEAR	<u>Deed Restricted Condo</u>					<u>MU - Studio Apts (For Rent)</u>									
	Incr/(Decr) in					Incr/(Decr) in									
	# Lots Devel'd	Value @ 10%	# Units Completed 65 target	Price Inflated @ 2%	Market Value	# Lots Devel'd	Value @ 10%	# Units Completed 2 target	Price Inflated @ 2%	Market Value	Total Residential Market Value	Total SFD Units	Total SFA Units	Total MFD Units	Total Res'l Units
2018	0	0		\$265,200	0	0	0		\$200,000	0	\$0	0	0	0	0
2019	10	265,200		265,200	0	0	0		200,000	0	0	0	0	0	0
2020	31	556,920	10	265,200	2,652,000	0	0		200,000	0	10,705,512	0	34	0	34
2021	24	(185,640)	31	270,504	8,385,624	2	40,000		204,000	0	49,553,628	0	145	0	145
2022	0	(636,480)	24	275,914	6,621,938	0	(40,000)	2	208,080	416,160	41,332,096	0	113	2	115
2023	0	0	0	281,432	0	0	0	0	212,242	0	34,780,710	0	88	0	88
2024	0	0	0	287,061	0	0	0	0	216,486	0	21,273,539	0	54	0	54
2025	0	0	0	292,802	0	0	0	0	220,816	0	2,378,455	0	6	0	6
2026	0	0	0	298,658	0	0	0	0	225,232	0	0	0	0	0	0
2027	0	0	0	304,631	0	0	0	0	229,737	0	0	0	0	0	0
2028	0	0	0	310,724	0	0	0	0	234,332	0	0	0	0	0	0
2029	0	0	0	316,939	0	0	0	0	239,019	0	0	0	0	0	0
2030	0	0	0	323,277	0	0	0	0	243,799	0	0	0	0	0	0
2031	0	0	0	329,743	0	0	0	0	248,675	0	0	0	0	0	0
2032	0	0	0	336,338	0	0	0	0	253,648	0	0	0	0	0	0
2033	0	0	0	343,064	0	0	0	0	258,721	0	0	0	0	0	0
2034	0	0	0	349,926	0	0	0	0	263,896	0	0	0	0	0	0
2035	0	0	0	356,924	0	0	0	0	269,174	0	0	0	0	0	0
2036	0	0	0	364,063	0	0	0	0	274,557	0	0	0	0	0	0
2037	0	0	0	371,344	0	0	0	0	280,048	0	0	0	0	0	0
2038	0	0	0	378,771	0	0	0	0	285,649	0	0	0	0	0	0
	65	(0)	65		17,659,562	2	0	2		416,160	160,023,940	0	440	2	442

NORTHFIELD METROPOLITAN DISTRICT

Development Projection -- Buildout Plan (updated 4/25/19)

	Commercial Development					Commercial Summary			
	<u>MU - Retail</u>								
	Incr/(Decr) in							Value of Platted &	
	Finished Lot	Square Ft	per Sq Ft,			Total	Total	Developed Lots	
	SF	Value @	Completed	Inflated @	Market	Commercial	Commercial	Adjustment ¹	Adjusted Value
YEAR	Devel'd	10%	2,679	2%	Value	Market Value	Sq Ft		
2018	0	0		\$225.00	\$0	0	0	0	0
2019	0	0		225.00	0	0	0	0	1,070,551
2020	0	0		225.00	0	0	0	0	3,787,648
2021	2,679	60,278		229.50	0	0	0	0	(825,209)
2022	0	(60,278)	2,679	234.09	627,127	627,127	2,679	0	(755,526)
2023	0	0	0	238.77	0	0	0	0	(1,312,118)
2024	0	0	0	243.55	0	0	0	0	(1,749,922)
2025	0	0	0	248.42	0	0	0	0	(215,424)
2026	0	0	0	253.39	0	0	0	0	0
2027	0	0	0	258.45	0	0	0	0	0
2028	0	0	0	263.62	0	0	0	0	0
2029	0	0	0	268.90	0	0	0	0	0
2030	0	0	0	274.27	0	0	0	0	0
2031	0	0	0	279.76	0	0	0	0	0
2032	0	0	0	285.35	0	0	0	0	0
2033	0	0	0	291.06	0	0	0	0	0
2034	0	0	0	296.88	0	0	0	0	0
2035	0	0	0	302.82	0	0	0	0	0
2036	0	0	0	308.88	0	0	0	0	0
2037	0	0	0	315.05	0	0	0	0	0
2038		0	0	321.36	0	0	0	0	0
	2,679	0	2,679		627,127	627,127	2,679	0	0

[1] Adj. to actual/prelim. AV

SOURCES AND USES OF FUNDS

NORTHFIELD METROPOLITAN DISTRICT GENERAL OBLIGATION BONDS, SERIES 2020 40.000 (target) Mills

Non-Rated, 100x, 30-yr. Maturity
(SERVICE PLAN: Full Growth + 6.00% Bi-Reassessment Projections)
[Preliminary -- for discussion only]

Dated Date	12/01/2020
Delivery Date	12/01/2020

Sources:

Bond Proceeds:	
Par Amount	10,020,000.00
	10,020,000.00

Uses:

Project Fund Deposits:	
Project Fund	7,098,193.75
Other Fund Deposits:	
Capitalized Interest Fund	1,503,000.00
Debt Service Reserve Fund	918,406.25
	2,421,406.25
Cost of Issuance:	
Other Cost of Issuance	300,000.00
Delivery Date Expenses:	
Underwriter's Discount	200,400.00
	10,020,000.00

BOND SUMMARY STATISTICS

NORTHFIELD METROPOLITAN DISTRICT GENERAL OBLIGATION BONDS, SERIES 2020 40.000 (target) Mills

Non-Rated, 100x, 30-yr. Maturity
(SERVICE PLAN: Full Growth + 6.00% Bi-Reassessment Projections)
[Preliminary -- for discussion only]

Dated Date	12/01/2020
Delivery Date	12/01/2020
First Coupon	06/01/2021
Last Maturity	12/01/2050
Arbitrage Yield	5.000000%
True Interest Cost (TIC)	5.148899%
Net Interest Cost (NIC)	5.000000%
All-In TIC	5.380240%
Average Coupon	5.000000%
Average Life (years)	23.996
Weighted Average Maturity (years)	23.996
Duration of Issue (years)	13.855
Par Amount	10,020,000.00
Bond Proceeds	10,020,000.00
Total Interest	12,021,750.00
Net Interest	12,222,150.00
Bond Years from Dated Date	240,435,000.00
Bond Years from Delivery Date	240,435,000.00
Total Debt Service	22,041,750.00
Maximum Annual Debt Service	1,968,750.00
Average Annual Debt Service	734,725.00
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	20.000000
Total Underwriter's Discount	20.000000
Bid Price	98.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	Average Maturity Date	PV of 1 bp change
Term Bond due 2050	10,020,000.00	100.000	5.000%	23.996	11/29/2044	15,531.00
	10,020,000.00			23.996		15,531.00

	TIC	All-In TIC	Arbitrage Yield
Par Value	10,020,000.00	10,020,000.00	10,020,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-200,400.00	-200,400.00	
- Cost of Issuance Expense		-300,000.00	
- Other Amounts			
Target Value	9,819,600.00	9,519,600.00	10,020,000.00
Target Date	12/01/2020	12/01/2020	12/01/2020
Yield	5.148899%	5.380240%	5.000000%

BOND DEBT SERVICE

NORTHFIELD METROPOLITAN DISTRICT GENERAL OBLIGATION BONDS, SERIES 2020

40.000 (target) Mills

Non-Rated, 100x, 30-yr. Maturity

(SERVICE PLAN: Full Growth + 6.00% Bi-Reassessment Projections)

[Preliminary -- for discussion only]

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2021			250,500	250,500	
12/01/2021			250,500	250,500	501,000
06/01/2022			250,500	250,500	
12/01/2022			250,500	250,500	501,000
06/01/2023			250,500	250,500	
12/01/2023			250,500	250,500	501,000
06/01/2024			250,500	250,500	
12/01/2024			250,500	250,500	501,000
06/01/2025			250,500	250,500	
12/01/2025			250,500	250,500	501,000
06/01/2026			250,500	250,500	
12/01/2026	15,000	5.000%	250,500	265,500	516,000
06/01/2027			250,125	250,125	
12/01/2027	20,000	5.000%	250,125	270,125	520,250
06/01/2028			249,625	249,625	
12/01/2028	50,000	5.000%	249,625	299,625	549,250
06/01/2029			248,375	248,375	
12/01/2029	55,000	5.000%	248,375	303,375	551,750
06/01/2030			247,000	247,000	
12/01/2030	90,000	5.000%	247,000	337,000	584,000
06/01/2031			244,750	244,750	
12/01/2031	95,000	5.000%	244,750	339,750	584,500
06/01/2032			242,375	242,375	
12/01/2032	135,000	5.000%	242,375	377,375	619,750
06/01/2033			239,000	239,000	
12/01/2033	140,000	5.000%	239,000	379,000	618,000
06/01/2034			235,500	235,500	
12/01/2034	185,000	5.000%	235,500	420,500	656,000
06/01/2035			230,875	230,875	
12/01/2035	195,000	5.000%	230,875	425,875	656,750
06/01/2036			226,000	226,000	
12/01/2036	245,000	5.000%	226,000	471,000	697,000
06/01/2037			219,875	219,875	
12/01/2037	255,000	5.000%	219,875	474,875	694,750
06/01/2038			213,500	213,500	
12/01/2038	310,000	5.000%	213,500	523,500	737,000
06/01/2039			205,750	205,750	
12/01/2039	325,000	5.000%	205,750	530,750	736,500
06/01/2040			197,625	197,625	
12/01/2040	390,000	5.000%	197,625	587,625	785,250
06/01/2041			187,875	187,875	
12/01/2041	410,000	5.000%	187,875	597,875	785,750
06/01/2042			177,625	177,625	
12/01/2042	475,000	5.000%	177,625	652,625	830,250
06/01/2043			165,750	165,750	
12/01/2043	500,000	5.000%	165,750	665,750	831,500
06/01/2044			153,250	153,250	
12/01/2044	575,000	5.000%	153,250	728,250	881,500
06/01/2045			138,875	138,875	
12/01/2045	605,000	5.000%	138,875	743,875	882,750
06/01/2046			123,750	123,750	
12/01/2046	685,000	5.000%	123,750	808,750	932,500
06/01/2047			106,625	106,625	
12/01/2047	720,000	5.000%	106,625	826,625	933,250
06/01/2048			88,625	88,625	
12/01/2048	815,000	5.000%	88,625	903,625	992,250
06/01/2049			68,250	68,250	
12/01/2049	855,000	5.000%	68,250	923,250	991,500
06/01/2050			46,875	46,875	
12/01/2050	1,875,000	5.000%	46,875	1,921,875	1,968,750
10,020,000			12,021,750	22,041,750	22,041,750

NET DEBT SERVICE

NORTHFIELD METROPOLITAN DISTRICT GENERAL OBLIGATION BONDS, SERIES 2020 40.000 (target) Mills

Non-Rated, 100x, 30-yr. Maturity
(SERVICE PLAN: Full Growth + 6.00% Bi-Reassessment Projections)
[Preliminary -- for discussion only]

Period Ending	Principal	Interest	Total Debt Service	Debt Service Reserve Fund	Capitalized Interest Fund	Net Debt Service
12/01/2021		501,000	501,000		501,000	
12/01/2022		501,000	501,000		501,000	
12/01/2023		501,000	501,000		501,000	
12/01/2024		501,000	501,000			501,000.00
12/01/2025		501,000	501,000			501,000.00
12/01/2026	15,000	501,000	516,000			516,000.00
12/01/2027	20,000	500,250	520,250			520,250.00
12/01/2028	50,000	499,250	549,250			549,250.00
12/01/2029	55,000	496,750	551,750			551,750.00
12/01/2030	90,000	494,000	584,000			584,000.00
12/01/2031	95,000	489,500	584,500			584,500.00
12/01/2032	135,000	484,750	619,750			619,750.00
12/01/2033	140,000	478,000	618,000			618,000.00
12/01/2034	185,000	471,000	656,000			656,000.00
12/01/2035	195,000	461,750	656,750			656,750.00
12/01/2036	245,000	452,000	697,000			697,000.00
12/01/2037	255,000	439,750	694,750			694,750.00
12/01/2038	310,000	427,000	737,000			737,000.00
12/01/2039	325,000	411,500	736,500			736,500.00
12/01/2040	390,000	395,250	785,250			785,250.00
12/01/2041	410,000	375,750	785,750			785,750.00
12/01/2042	475,000	355,250	830,250			830,250.00
12/01/2043	500,000	331,500	831,500			831,500.00
12/01/2044	575,000	306,500	881,500			881,500.00
12/01/2045	605,000	277,750	882,750			882,750.00
12/01/2046	685,000	247,500	932,500			932,500.00
12/01/2047	720,000	213,250	933,250			933,250.00
12/01/2048	815,000	177,250	992,250			992,250.00
12/01/2049	855,000	136,500	991,500			991,500.00
12/01/2050	1,875,000	93,750	1,968,750	918,406.25		1,050,343.75
	10,020,000	12,021,750	22,041,750	918,406.25	1,503,000	19,620,343.75

BOND SOLUTION

NORTHFIELD METROPOLITAN DISTRICT GENERAL OBLIGATION BONDS, SERIES 2020 40.000 (target) Mills

Non-Rated, 100x, 30-yr. Maturity
(SERVICE PLAN: Full Growth + 6.00% Bi-Reassessment Projections)
[Preliminary -- for discussion only]

Period Ending	Proposed Principal	Proposed Debt Service	Debt Service Adjustments	Total Adj Debt Service	Revenue Constraints	Unused Revenues	Debt Serv Coverage
12/01/2021		501,000	-501,000		12,900	12,900	
12/01/2022		501,000	-501,000		90,570	90,570	
12/01/2023		501,000	-501,000		228,878	228,878	
12/01/2024		501,000		501,000	361,802	-139,198	72.21605%
12/01/2025		501,000		501,000	450,046	-50,954	89.82959%
12/01/2026	15,000	516,000		516,000	518,186	2,186	100.42371%
12/01/2027	20,000	520,250		520,250	522,706	2,456	100.47212%
12/01/2028	50,000	549,250		549,250	554,069	4,819	100.87730%
12/01/2029	55,000	551,750		551,750	554,069	2,319	100.42022%
12/01/2030	90,000	584,000		584,000	587,313	3,313	100.56724%
12/01/2031	95,000	584,500		584,500	587,313	2,813	100.48121%
12/01/2032	135,000	619,750		619,750	622,551	2,801	100.45203%
12/01/2033	140,000	618,000		618,000	622,551	4,551	100.73648%
12/01/2034	185,000	656,000		656,000	659,905	3,905	100.59521%
12/01/2035	195,000	656,750		656,750	659,905	3,155	100.48033%
12/01/2036	245,000	697,000		697,000	699,499	2,499	100.35851%
12/01/2037	255,000	694,750		694,750	699,499	4,749	100.68353%
12/01/2038	310,000	737,000		737,000	741,469	4,469	100.60634%
12/01/2039	325,000	736,500		736,500	741,469	4,969	100.67464%
12/01/2040	390,000	785,250		785,250	785,957	707	100.09002%
12/01/2041	410,000	785,750		785,750	785,957	207	100.02633%
12/01/2042	475,000	830,250		830,250	833,114	2,864	100.34499%
12/01/2043	500,000	831,500		831,500	833,114	1,614	100.19414%
12/01/2044	575,000	881,500		881,500	883,101	1,601	100.18164%
12/01/2045	605,000	882,750		882,750	883,101	351	100.03978%
12/01/2046	685,000	932,500		932,500	936,087	3,587	100.38469%
12/01/2047	720,000	933,250		933,250	936,087	2,837	100.30401%
12/01/2048	815,000	992,250		992,250	992,252	2	100.00025%
12/01/2049	855,000	991,500		991,500	992,252	752	100.07589%
12/01/2050	1,875,000	1,968,750	-918,406	1,050,344	1,051,788	1,444	100.13746%
	10,020,000	22,041,750	-2,421,406	19,620,344	19,827,510	207,167	

SOURCES AND USES OF FUNDS

NORTHFIELD METROPOLITAN DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2030 Pay & Cancel Refunding of (proposed) Series 2020 + New Money 40.000 (target) Mills

**Assumes Investment Grade, 100x, 30-yr. Maturity
(SERVICE PLAN: Full Growth + 6% Bi-Reassessment Projections)
[Preliminary -- for discussion only]**

Dated Date	12/01/2030
Delivery Date	12/01/2030

Sources:

Bond Proceeds:	
Par Amount	14,870,000.00
Other Sources of Funds:	
Funds on Hand*	155,000.00
Series 2020 - DSRF	918,406.00
	1,073,406.00
	15,943,406.00

Uses:

Project Fund Deposits:	
Project Fund	5,829,489.33
Refunding Escrow Deposits:	
Cash Deposit*	9,790,000.00
Other Fund Deposits:	
Capitalized Interest Fund	49,566.67
Cost of Issuance:	
Other Cost of Issuance	200,000.00
Delivery Date Expenses:	
Underwriter's Discount	74,350.00
	15,943,406.00

[*] Estimated balances, (tbd).

BOND SUMMARY STATISTICS

NORTHFIELD METROPOLITAN DISTRICT
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2030
Pay & Cancel Refunding of (proposed) Series 2020 + New Money
40.000 (target) Mills
Assumes Investment Grade, 100x, 30-yr. Maturity
(SERVICE PLAN: Full Growth + 6% Bi-Reassessment Projections)
[Preliminary -- for discussion only]

Dated Date	12/01/2030
Delivery Date	12/01/2030
First Coupon	06/01/2031
Last Maturity	12/01/2060
Arbitrage Yield	4.000000%
True Interest Cost (TIC)	4.035170%
Net Interest Cost (NIC)	4.000000%
All-In TIC	4.131013%
Average Coupon	4.000000%
Average Life (years)	22.217
Weighted Average Maturity (years)	22.217
Duration of Issue (years)	14.526
Par Amount	14,870,000.00
Bond Proceeds	14,870,000.00
Total Interest	13,214,800.00
Net Interest	13,289,150.00
Bond Years from Dated Date	330,370,000.00
Bond Years from Delivery Date	330,370,000.00
Total Debt Service	28,084,800.00
Maximum Annual Debt Service	1,404,000.00
Average Annual Debt Service	936,160.00
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	5.000000
Total Underwriter's Discount	5.000000
Bid Price	99.500000

Bond Component	Par Value	Price	Average Coupon	Average Life	Average Maturity Date	PV of 1 bp change
Term Bond due 2060	14,870,000.00	100.000	4.000%	22.217	02/17/2053	25,873.80
	14,870,000.00			22.217		25,873.80

	TIC	All-In TIC	Arbitrage Yield
Par Value	14,870,000.00	14,870,000.00	14,870,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-74,350.00	-74,350.00	
- Cost of Issuance Expense		-200,000.00	
- Other Amounts			
Target Value	14,795,650.00	14,595,650.00	14,870,000.00
Target Date	12/01/2030	12/01/2030	12/01/2030
Yield	4.035170%	4.131013%	4.000000%

BOND DEBT SERVICE

NORTHFIELD METROPOLITAN DISTRICT
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2030
Pay & Cancel Refunding of (proposed) Series 2020 + New Money
40.000 (target) Mills
Assumes Investment Grade, 100x, 30-yr. Maturity
(SERVICE PLAN: Full Growth + 6% Bi-Reassessment Projections)
[Preliminary -- for discussion only]

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2031			297,400	297,400	
12/01/2031			297,400	297,400	594,800
06/01/2032			297,400	297,400	
12/01/2032	25,000	4.000%	297,400	322,400	619,800
06/01/2033			296,900	296,900	
12/01/2033	25,000	4.000%	296,900	321,900	618,800
06/01/2034			296,400	296,400	
12/01/2034	65,000	4.000%	296,400	361,400	657,800
06/01/2035			295,100	295,100	
12/01/2035	65,000	4.000%	295,100	360,100	655,200
06/01/2036			293,800	293,800	
12/01/2036	110,000	4.000%	293,800	403,800	697,600
06/01/2037			291,600	291,600	
12/01/2037	115,000	4.000%	291,600	406,600	698,200
06/01/2038			289,300	289,300	
12/01/2038	160,000	4.000%	289,300	449,300	738,600
06/01/2039			286,100	286,100	
12/01/2039	165,000	4.000%	286,100	451,100	737,200
06/01/2040			282,800	282,800	
12/01/2040	220,000	4.000%	282,800	502,800	785,600
06/01/2041			278,400	278,400	
12/01/2041	225,000	4.000%	278,400	503,400	781,800
06/01/2042			273,900	273,900	
12/01/2042	285,000	4.000%	273,900	558,900	832,800
06/01/2043			268,200	268,200	
12/01/2043	295,000	4.000%	268,200	563,200	831,400
06/01/2044			262,300	262,300	
12/01/2044	355,000	4.000%	262,300	617,300	879,600
06/01/2045			255,200	255,200	
12/01/2045	370,000	4.000%	255,200	625,200	880,400
06/01/2046			247,800	247,800	
12/01/2046	440,000	4.000%	247,800	687,800	935,600
06/01/2047			239,000	239,000	
12/01/2047	455,000	4.000%	239,000	694,000	933,000
06/01/2048			229,900	229,900	
12/01/2048	530,000	4.000%	229,900	759,900	989,800
06/01/2049			219,300	219,300	
12/01/2049	550,000	4.000%	219,300	769,300	988,600
06/01/2050			208,300	208,300	
12/01/2050	630,000	4.000%	208,300	838,300	1,046,600
06/01/2051			195,700	195,700	
12/01/2051	660,000	4.000%	195,700	855,700	1,051,400
06/01/2052			182,500	182,500	
12/01/2052	745,000	4.000%	182,500	927,500	1,110,000
06/01/2053			167,600	167,600	
12/01/2053	775,000	4.000%	167,600	942,600	1,110,200
06/01/2054			152,100	152,100	
12/01/2054	875,000	4.000%	152,100	1,027,100	1,179,200
06/01/2055			134,600	134,600	
12/01/2055	910,000	4.000%	134,600	1,044,600	1,179,200
06/01/2056			116,400	116,400	
12/01/2056	1,015,000	4.000%	116,400	1,131,400	1,247,800
06/01/2057			96,100	96,100	
12/01/2057	1,060,000	4.000%	96,100	1,156,100	1,252,200
06/01/2058			74,900	74,900	
12/01/2058	1,175,000	4.000%	74,900	1,249,900	1,324,800
06/01/2059			51,400	51,400	
12/01/2059	1,220,000	4.000%	51,400	1,271,400	1,322,800
06/01/2060			27,000	27,000	
12/01/2060	1,350,000	4.000%	27,000	1,377,000	1,404,000
	14,870,000		13,214,800	28,084,800	28,084,800

NET DEBT SERVICE

NORTHFIELD METROPOLITAN DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2030 Pay & Cancel Refunding of (proposed) Series 2020 + New Money 40.000 (target) Mills

Assumes Investment Grade, 100x, 30-yr. Maturity
(SERVICE PLAN: Full Growth + 6% Bi-Reassessment Projections)
[Preliminary -- for discussion only]

Period Ending	Principal	Interest	Total Debt Service	Capitalized Interest Fund	Net Debt Service
12/01/2031		594,800	594,800	49,566.67	545,233.33
12/01/2032	25,000	594,800	619,800		619,800.00
12/01/2033	25,000	593,800	618,800		618,800.00
12/01/2034	65,000	592,800	657,800		657,800.00
12/01/2035	65,000	590,200	655,200		655,200.00
12/01/2036	110,000	587,600	697,600		697,600.00
12/01/2037	115,000	583,200	698,200		698,200.00
12/01/2038	160,000	578,600	738,600		738,600.00
12/01/2039	165,000	572,200	737,200		737,200.00
12/01/2040	220,000	565,600	785,600		785,600.00
12/01/2041	225,000	556,800	781,800		781,800.00
12/01/2042	285,000	547,800	832,800		832,800.00
12/01/2043	295,000	536,400	831,400		831,400.00
12/01/2044	355,000	524,600	879,600		879,600.00
12/01/2045	370,000	510,400	880,400		880,400.00
12/01/2046	440,000	495,600	935,600		935,600.00
12/01/2047	455,000	478,000	933,000		933,000.00
12/01/2048	530,000	459,800	989,800		989,800.00
12/01/2049	550,000	438,600	988,600		988,600.00
12/01/2050	630,000	416,600	1,046,600		1,046,600.00
12/01/2051	660,000	391,400	1,051,400		1,051,400.00
12/01/2052	745,000	365,000	1,110,000		1,110,000.00
12/01/2053	775,000	335,200	1,110,200		1,110,200.00
12/01/2054	875,000	304,200	1,179,200		1,179,200.00
12/01/2055	910,000	269,200	1,179,200		1,179,200.00
12/01/2056	1,015,000	232,800	1,247,800		1,247,800.00
12/01/2057	1,060,000	192,200	1,252,200		1,252,200.00
12/01/2058	1,175,000	149,800	1,324,800		1,324,800.00
12/01/2059	1,220,000	102,800	1,322,800		1,322,800.00
12/01/2060	1,350,000	54,000	1,404,000		1,404,000.00
	14,870,000	13,214,800	28,084,800	49,566.67	28,035,233.33

SUMMARY OF BONDS REFUNDED

NORTHFIELD METROPOLITAN DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2030 Pay & Cancel Refunding of (proposed) Series 2020 + New Money 40.000 (target) Mills

Assumes Investment Grade, 100x, 30-yr. Maturity
(SERVICE PLAN: Full Growth + 6% Bi-Reassessment Projections)
[Preliminary -- for discussion only]

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
4/25/19: Ser 20 NR SP, 5.00%, 100x, 40mls, FG+6% BiRe:					
TERM50	12/01/2031	5.000%	95,000.00	12/01/2030	100.000
	12/01/2032	5.000%	135,000.00	12/01/2030	100.000
	12/01/2033	5.000%	140,000.00	12/01/2030	100.000
	12/01/2034	5.000%	185,000.00	12/01/2030	100.000
	12/01/2035	5.000%	195,000.00	12/01/2030	100.000
	12/01/2036	5.000%	245,000.00	12/01/2030	100.000
	12/01/2037	5.000%	255,000.00	12/01/2030	100.000
	12/01/2038	5.000%	310,000.00	12/01/2030	100.000
	12/01/2039	5.000%	325,000.00	12/01/2030	100.000
	12/01/2040	5.000%	390,000.00	12/01/2030	100.000
	12/01/2041	5.000%	410,000.00	12/01/2030	100.000
	12/01/2042	5.000%	475,000.00	12/01/2030	100.000
	12/01/2043	5.000%	500,000.00	12/01/2030	100.000
	12/01/2044	5.000%	575,000.00	12/01/2030	100.000
	12/01/2045	5.000%	605,000.00	12/01/2030	100.000
	12/01/2046	5.000%	685,000.00	12/01/2030	100.000
	12/01/2047	5.000%	720,000.00	12/01/2030	100.000
	12/01/2048	5.000%	815,000.00	12/01/2030	100.000
	12/01/2049	5.000%	855,000.00	12/01/2030	100.000
	12/01/2050	5.000%	1,875,000.00	12/01/2030	100.000
			9,790,000.00		

ESCROW REQUIREMENTS

**NORTHFIELD METROPOLITAN DISTRICT
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2030
Pay & Cancel Refunding of (proposed) Series 2020 + New Money
40.000 (target) Mills**

**Assumes Investment Grade, 100x, 30-yr. Maturity
(SERVICE PLAN: Full Growth + 6% Bi-Reassessment Projections)
[Preliminary -- for discussion only]**

Dated Date	12/01/2030
Delivery Date	12/01/2030

4/25/19: Ser 20 NR SP, 5.00%, 100x, 40mls, FG+6% BiRe

Period Ending	Principal Redeemed	Total
12/01/2030	9,790,000.00	9,790,000.00
	9,790,000.00	9,790,000.00

PRIOR BOND DEBT SERVICE

NORTHFIELD METROPOLITAN DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2030 Pay & Cancel Refunding of (proposed) Series 2020 + New Money 40.000 (target) Mills

Assumes Investment Grade, 100x, 30-yr. Maturity
(SERVICE PLAN: Full Growth + 6% Bi-Reassessment Projections)
[Preliminary -- for discussion only]

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2031			244,750	244,750	
12/01/2031	95,000	5.000%	244,750	339,750	584,500
06/01/2032			242,375	242,375	
12/01/2032	135,000	5.000%	242,375	377,375	619,750
06/01/2033			239,000	239,000	
12/01/2033	140,000	5.000%	239,000	379,000	618,000
06/01/2034			235,500	235,500	
12/01/2034	185,000	5.000%	235,500	420,500	656,000
06/01/2035			230,875	230,875	
12/01/2035	195,000	5.000%	230,875	425,875	656,750
06/01/2036			226,000	226,000	
12/01/2036	245,000	5.000%	226,000	471,000	697,000
06/01/2037			219,875	219,875	
12/01/2037	255,000	5.000%	219,875	474,875	694,750
06/01/2038			213,500	213,500	
12/01/2038	310,000	5.000%	213,500	523,500	737,000
06/01/2039			205,750	205,750	
12/01/2039	325,000	5.000%	205,750	530,750	736,500
06/01/2040			197,625	197,625	
12/01/2040	390,000	5.000%	197,625	587,625	785,250
06/01/2041			187,875	187,875	
12/01/2041	410,000	5.000%	187,875	597,875	785,750
06/01/2042			177,625	177,625	
12/01/2042	475,000	5.000%	177,625	652,625	830,250
06/01/2043			165,750	165,750	
12/01/2043	500,000	5.000%	165,750	665,750	831,500
06/01/2044			153,250	153,250	
12/01/2044	575,000	5.000%	153,250	728,250	881,500
06/01/2045			138,875	138,875	
12/01/2045	605,000	5.000%	138,875	743,875	882,750
06/01/2046			123,750	123,750	
12/01/2046	685,000	5.000%	123,750	808,750	932,500
06/01/2047			106,625	106,625	
12/01/2047	720,000	5.000%	106,625	826,625	933,250
06/01/2048			88,625	88,625	
12/01/2048	815,000	5.000%	88,625	903,625	992,250
06/01/2049			68,250	68,250	
12/01/2049	855,000	5.000%	68,250	923,250	991,500
06/01/2050			46,875	46,875	
12/01/2050	1,875,000	5.000%	46,875	1,921,875	1,968,750
	9,790,000		7,025,500	16,815,500	16,815,500

BOND SOLUTION

NORTHFIELD METROPOLITAN DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2030 Pay & Cancel Refunding of (proposed) Series 2020 + New Money 40.000 (target) Mills

Assumes Investment Grade, 100x, 30-yr. Maturity
(SERVICE PLAN: Full Growth + 6% Bi-Reassessment Projections)
[Preliminary -- for discussion only]

Period Ending	Proposed Principal	Proposed Debt Service	Debt Service Adjustments	Total Adj Debt Service	Revenue Constraints	Unused Revenues	Debt Serv Coverage
12/01/2031		594,800	-49,567	545,233	587,313	42,079	107.71768%
12/01/2032	25,000	619,800		619,800	622,551	2,751	100.44393%
12/01/2033	25,000	618,800		618,800	622,551	3,751	100.60625%
12/01/2034	65,000	657,800		657,800	659,905	2,105	100.31994%
12/01/2035	65,000	655,200		655,200	659,905	4,705	100.71803%
12/01/2036	110,000	697,600		697,600	699,499	1,899	100.27219%
12/01/2037	115,000	698,200		698,200	699,499	1,299	100.18602%
12/01/2038	160,000	738,600		738,600	741,469	2,869	100.38840%
12/01/2039	165,000	737,200		737,200	741,469	4,269	100.57905%
12/01/2040	220,000	785,600		785,600	785,957	357	100.04543%
12/01/2041	225,000	781,800		781,800	785,957	4,157	100.53171%
12/01/2042	285,000	832,800		832,800	833,114	314	100.03774%
12/01/2043	295,000	831,400		831,400	833,114	1,714	100.20619%
12/01/2044	355,000	879,600		879,600	883,101	3,501	100.39804%
12/01/2045	370,000	880,400		880,400	883,101	2,701	100.30681%
12/01/2046	440,000	935,600		935,600	936,087	487	100.05207%
12/01/2047	455,000	933,000		933,000	936,087	3,087	100.33089%
12/01/2048	530,000	989,800		989,800	992,252	2,452	100.24777%
12/01/2049	550,000	988,600		988,600	992,252	3,652	100.36946%
12/01/2050	630,000	1,046,600		1,046,600	1,051,788	5,188	100.49566%
12/01/2051	660,000	1,051,400		1,051,400	1,051,788	388	100.03686%
12/01/2052	745,000	1,110,000		1,110,000	1,114,895	4,895	100.44098%
12/01/2053	775,000	1,110,200		1,110,200	1,114,895	4,695	100.42288%
12/01/2054	875,000	1,179,200		1,179,200	1,181,789	2,589	100.21952%
12/01/2055	910,000	1,179,200		1,179,200	1,181,789	2,589	100.21952%
12/01/2056	1,015,000	1,247,800		1,247,800	1,252,696	4,896	100.39236%
12/01/2057	1,060,000	1,252,200		1,252,200	1,252,696	496	100.03960%
12/01/2058	1,175,000	1,324,800		1,324,800	1,327,858	3,058	100.23080%
12/01/2059	1,220,000	1,322,800		1,322,800	1,327,858	5,058	100.38234%
12/01/2060	1,350,000	1,404,000		1,404,000	1,407,529	3,529	100.25136%
	14,870,000	28,084,800	-49,567	28,035,233	28,160,762	125,528	

EXHIBIT G
PUBLIC BENEFITS

Northfield Metro District Public Benefits Evaluation

		Non-Basic Improvements		
		Total Benefit	Per-Unit Benefit	Notes
Environmental Sustainability				
Solar Energy				
1) 13-14 kW of solar power per "Flats" building		\$448,000	\$1,014	\$28,000 per building; 180 units benefit
Electric Vehicles				
1) 240V outlets		\$375,000	\$848	In every garage, besides the affordable homes
2) EV charging stations		\$30,000	\$68	
Critical Public Infrastructure				
Major Arterial Development				
1) On-Site Suniga Road Upsizing		\$1,682,640	\$3,807	Upsizing cost from a typical 2-lane connector
1) Off-Site Suniga Road		\$774,800	\$1,753	Offsite construction from Redwood to Lake Canal
Pedestrian Connectivity				
1) Regional Trail Construction		\$199,050	\$450	
Off-Site Infrastructure				
1) Off-Site Sewer Construction & Upsizing		\$538,220	\$1,218	To benefit Northfield and the surrounding areas from a failing sewer line Estimate
2) Lemay Overpass Contribution		\$250,000	\$566	
Smart Growth Management				
Increased Density				
1) Alley-Loaded Homes		\$820,800	\$1,857	Metro District maintained
Public Spaces				
1) Reduction in Allowed Density/ More Open Space		\$4,474,100	\$10,122	Northfield is at 8 units/acre vs the allowed 12 units/acre per the "affordable housing project" land use definition
2) Clubhouse & Swimming Pool		\$2,000,000	\$4,525	
3) Increased Landscaped Area (46.9% of site)		\$723,800	\$1,638	Landscaped area beyond a typical project
4) Alta Vista Buffer Area		\$125,000	\$283	Seperates and protects the Alta Vista neighborhood from Suniga
5) Public amenity area		\$5,000	\$11	Public use amenities stationed along regional trail
Strategic Priorities				
Affordable Housing				
1) 14.7% (65 units) of deed-restricted affordable housing		\$4,420,000	\$10,000	\$68,000 subsidy per unit to price below 80% AMI
Attainable Housing				
1) 85.3% (377 units) of attainably priced housing		Difficult to Quant.	Difficult to Quan.	Remainder of project will be priced in a range that someone making 80% to 120% of AMI could afford

TOTAL PUBLIC BENEFITS

\$16,866,410

\$38,159

Disclaimer: The benefits listed above represent a preliminary estimate in order to provide illustrative representation of the value for public benefit. The illustration is non-binding pending the execution of a development agreement

Units: 442

NORTHFIELD METROPOLITAN DISTRICT NOS. 1-3

PUBLIC BENEFITS NARRATIVE

The City of Fort Collins (the “City”) and surrounding Larimer County face a significant affordable and attainable housing shortage. Situated on one of the last undeveloped parcels of land within walking distance of Old Town Fort Collins, Northfield Metropolitan District Nos. 1-3 (“Northfield”) will create an affordable and attainable neighborhood woven into the fabric of central Fort Collins and advancing the City’s vision for the future.



The Metropolitan District structure will provide the financing mechanisms that make attaining the City’s stretch outcomes and development objectives possible. Metropolitan District financing would mitigate increased front-end costs of modern development, meaning increased costs are not passed directly to residents at the point of sale, and thus keeping housing unit prices in the affordable and attainable range. Northfield will deliver on these City objectives: Affordable and Attainable Housing; Environmental Sustainability; Critical Public Infrastructure; and Smart Growth Management.

1. Affordable and Attainable Housing

The shortage of affordable and attainable housing in Fort Collins is one of the City’s most pressing concerns. Northfield plans to create housing for the community at prices that are well below average for the area. The Metropolitan District structure is a critical tool for facilitating the delivery of housing at both attainable and affordable price points in light of Northfield’s proximity to downtown Fort Collins and higher-than-average land and development costs in this area.

Northfield plans to offer approximately 15% of the total project as affordable housing units at 80% AMI or lower. These units would be delivered with legally enforceable guarantees for affordable housing commitments, such as deed restrictions. Additionally, the remaining housing units in the project are expected to be priced in an attainable range, considered by other cities to be between 80% and 120% of AMI. Conversations continue with the Fort Collins Housing Program to determine the best methods of managing the deed restrictions for the affordable units as well as vetting the sales prices. We are in communication with community land trusts and affordable housing programs regarding potential partnership as well. Whatever the ultimate methodology, the deed-restrictions on the affordable homes will be upheld for a minimum of 20 years, and that commitment will be secured through public benefits development agreement between the developer and the City.



Proximity to Employment Centers (*Employee Counts Shown on Map*)

Affordable and attainable housing in Northfield's central location would provide an extraordinary benefit to the City and its residents. Northfield is located within walking and/or biking distance to some of the largest employment hubs in the City, including City of Fort Collins Municipal Offices, Colorado State University, Woodward, and New Belgium Brewing. Northfield's proximity to these hubs and affordable and its attainable price points set the project apart from other recent residential developments in Fort Collins. Through Northfield, the City will gain high-quality, attainable housing near the City's economic and cultural core, helping reduce congestion in the City and provide workforce housing.

2. Environmental Sustainability

(a) Energy Conservation

The City does not currently require the project to include solar power capability or charging stations for electric vehicles. Northfield plans to include solar panels on the 12-unit condominium buildings and the community clubhouse sufficient enough to provide up to 14 kilowatts of power per building. These solar panels will provide the power needed for the common area spaces, including elevators. The renewable energy provided by the solar panels will also decrease the common-space maintenance burden for residents in the condominium buildings.

Northfield will also deliver a 240V outlet in every garage (excluding the affordable homes) to provide a place for the electric vehicle fast-charging stations and further encourage residents to drive eco-friendly cars. In addition to the outlets, Northfield will provide electrical vehicle charging stations at parking locations throughout the project, which will be available to residents and the greater community. These charging stations and electrical outlets demonstrates that Northfield is an environmentally-friendly community and encourages the use of electric vehicles to help reduce greenhouse gas emissions.

(b) Environmental Conservation

Bordering the Lake Canal Wetlands, Northfield's design goes above and beyond the City's requirements to protect and enhance this important ecosystem. The project provides an enhanced setback from the Lake Canal Wetlands to further protect them from new development. The connections over Lake Canal will be constructed with low impact box culverts and abide by and exceed Army Core of Engineers standards for historic protected wetlands.

Northfield will include approximately 26 acres of parks and green spaces, covering approximately 46.9% of the entire project and far exceeding the City's requirements. These landscaped areas will focus on low-water usage designs. Initial hydro-zone calculations indicate Northfield will use 7.63 gallons of water per square foot, well below the City's limit of 15 gallons of water per square foot.

(c) Enhanced Community Resiliency

Northfield is located within the City's Northside Neighborhoods Plan area. One of the City's goals under that plan is improving stormwater drainage for the Dry Creek and Poudre River Basins to remove lands from the floodplain. The property within Northfield has a high water table and, through the use of the Metropolitan District structure and financing tools, the site would be de-watered using a perforated underdrain system, which will facilitate the City's goal of improving stormwater drainage in the Dry Creek and Poudre River Basins.

More specifically, Northfield anticipates implementing infiltration galleries and utilizing both below grade StormTech chambers and a rain garden to enhance stormwater runoff quantity and quality. These features are in addition to the City's standard stormwater detention requirements and water quality capture volumes. The infiltration galleries and rain garden are Low-Impact Development (LID) features that allow sediment to be filtered out while providing

infiltration to protect the environment and reduce the volume of developed runoff. These measures, combined with the de-watering efforts, will make Northfield and the surrounding neighborhoods less susceptible to future flooding.

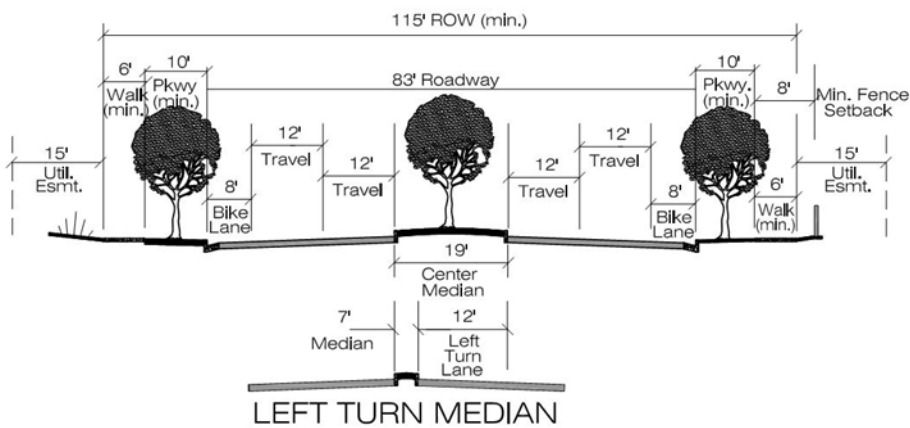
3. Critical Public Infrastructure

(a) Construction of Suniga Road as an Arterial Road

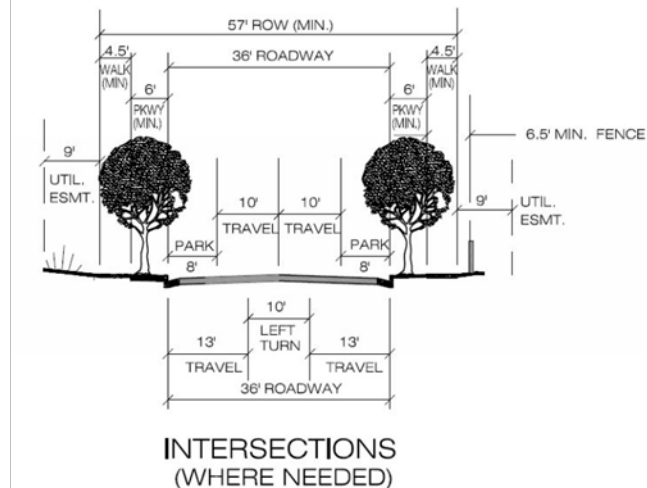
Under the City's building and zoning rules, a standard project does not require regional road access bisecting the site. However, Northfield is willing to fulfill the City's request that the project include a 4-lane arterial road in order to improve the access to the entire northeast region of the City. This regional connection will run from Redwood Street to Lemay Avenue, connecting to the existing portion of Suniga Road to the west of the project.

The Metropolitan District financing tools will help enable the construction of Suniga Road as an arterial road for the City, which is a much more significant regional transportation contribution than is typically delivered by projects of Northfield's size. The Metropolitan District structure and finance tools facilitate delivery of this stretch outcome by offsetting the costs and loss of developable space that Northfield faces by dedicating increased right-of-way to the arterial road. See images below for cross-section comparisons of the ROW required for an Arterial Street vs a Connector Local Street.

4-Lane Arterial Street Cross Section



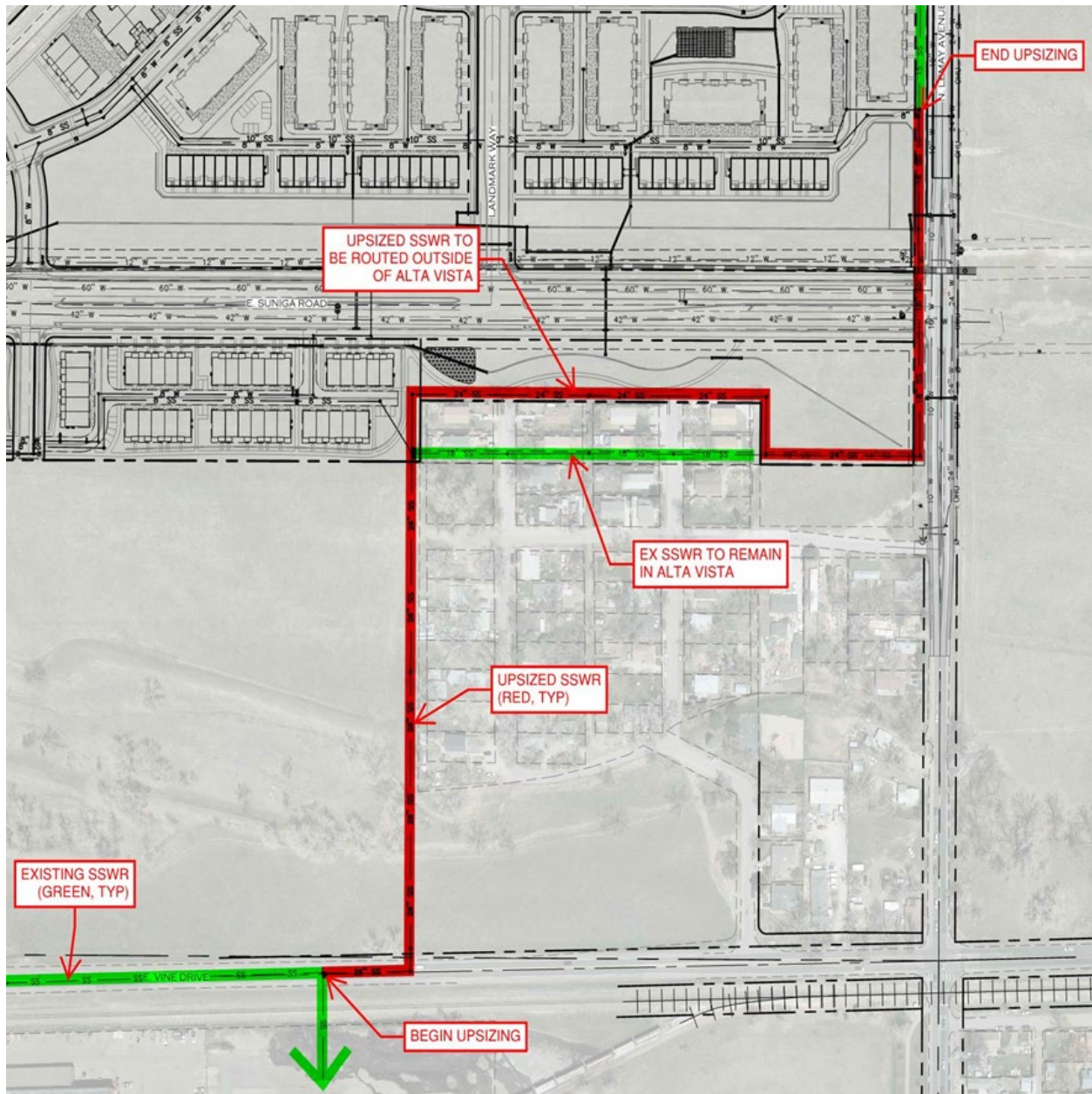
Connector Local Street Cross Section



The community gains a vital piece of regional connectivity that alleviates many traffic concerns in the area, particularly at the intersection of Vine & Lemay, in the North College/Vine Drive Enhanced Travel Corridor.

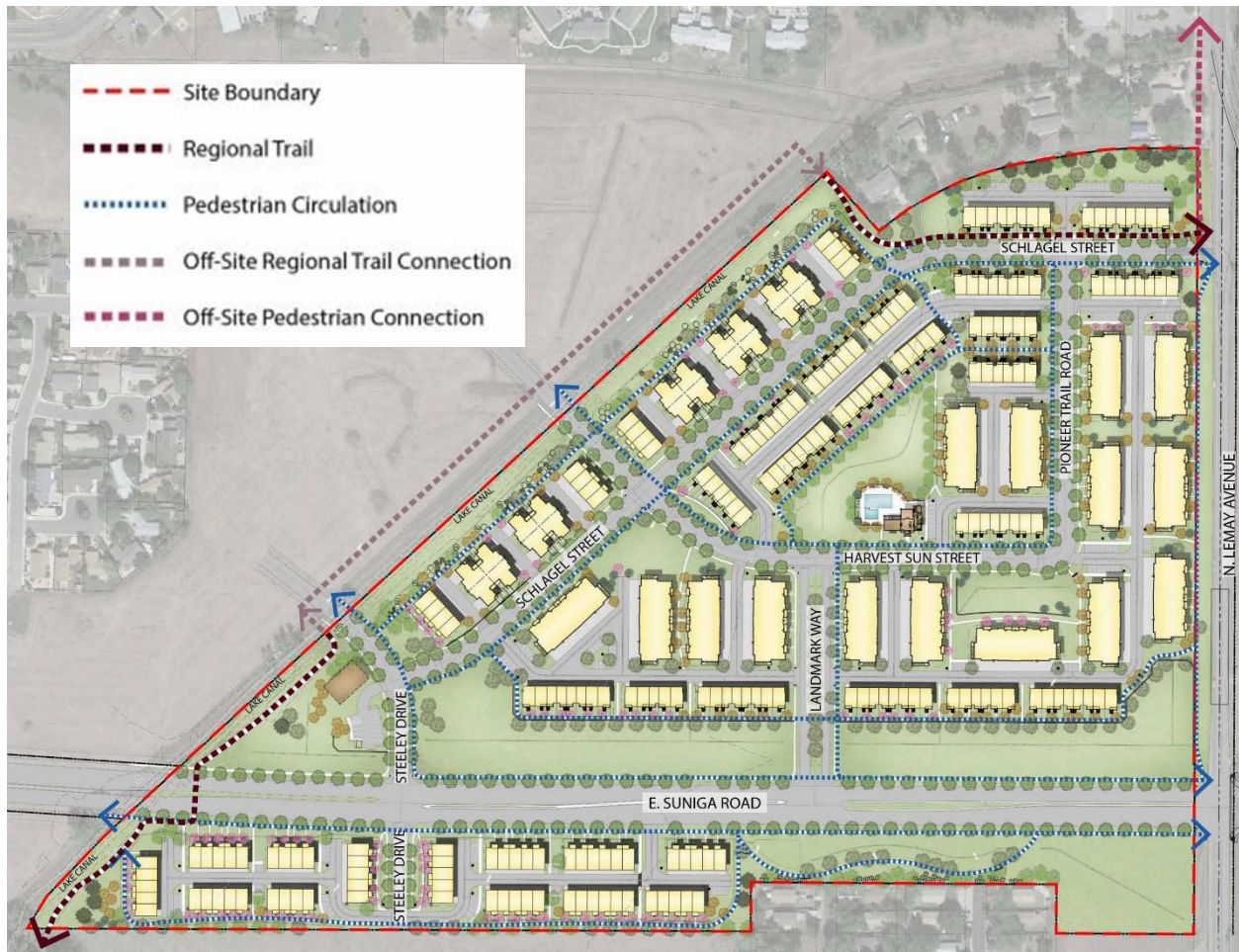
(b) Off-Site Sewer Improvements

Through the Metropolitan District structure, Northfield is able to advance funds to improve a dilapidated off-site sewer line at the onset of the project and provide improved sewer service to Northfield and surrounding neighborhoods when the improvements are needed, allowing the City to reimburse a portion of those expenditures at a future date. Northfield plans to replace and upsize the sewer line from Vine Drive, around Alta Vista, and along a portion of Lemay Avenue. Given the City's capital improvements schedule, it is unlikely that that a City-constructed line upsizing project at this location could be completed until long after Northfield is built. Northfield and the Metropolitan District structure would make it possible to finance and replace the failing sewer line during horizontal construction, providing immediate public benefit to the community.



(c) **Regional Trail**

Rather than simply designating an on-site easement for the future trail construction by the City, Northfield plans to finance and deliver the on-site Regional Trail as well as the off-site pedestrian connection for the northeastern portion up to the intersection at Lemay Avenue and Conifer Street. The site will also feature buffered bike lanes and wider than required sidewalks. Given Northfield's proximity to many employment centers, as well as downtown Fort Collins, the immediate construction of the Regional Trail will give our residents and the surrounding community enhanced pedestrian access, thus reducing the need for automobile trips. The Metropolitan District Structure enables the Regional Trail to be built concurrently with vertical construction and frees the City to allocate funds that would have been used to construct the trail to other valuable projects.



4. Smart Growth Management and Community and Neighborhood Livability

Northfield furthers the City’s objectives for Smart Growth Management and Community and neighborhood Livability. Although Northfield will meet the City’s definition of an “affordable housing project,” which would allow for increased density to 12 units per acre, Northfield plans to keep density at 8 units per acre. Remaining at this lower density enables Northfield’s other stretch outcomes, including constructing Suniga Road as an arterial road and increasing the buffer zone to protect the Lake Canal Wetlands.

Lower project-wide density also provides Northfield’s residents and the surrounding community with a more attractive residential area, including more landscaped and open space area than similarly-sized projects. Current area coverage calculations put the amount of landscaped and open space at 25.9 acres, or 46.9% of the entire site. This is a much higher proportion of open space compared to similar residential projects, and especially compared to single-family developments. Northfield’s density is also the lowest of any recent project with similar product types that Landmark Homes has developed in Northern Colorado (*See table below*).

Landmark Homes Project Density			
Project	Location	Density (per acre)	% Landscape/ Open-Space
Flats at Rigden Farm	Fort Collins	23.1	25.0%
Morningside Village	Fort Collins	8.8	32.0%
Ravenna at La Riva	Windsor	8.7	34.3%
Portofino Flats	Windsor	12.8	38.1%
Towns at the Lakes	Loveland	11.8	32.1%
Flats at Centerra	Loveland	19.2	27.6%
Kendall Brook	Loveland	11.0	33.0%
Timnath Ranch	Timnath	8.6	41.2%
AVERAGE		13.0	32.9%

The amount of outdoor space greatly increases the amount of landscaping required, creating a development challenge because pro forma revenue is lost due to both lost units and increased landscaping costs. Metropolitan District financing tools help mitigate this challenge and enable the delivery of enhanced livability and a desirable, defining new urbanist community near Downtown Fort Collins. The Metropolitan District structure is also a more efficient vehicle for maintaining the landscaping and open space than a common interest ownership association.

The project will focus on alley-loaded units, which is a major tenant of New Urbanism planning values and techniques. Residents not situated on right-of-ways will face landscaped open space as well. Alley-loaded product results in a far superior aesthetic benefit to its residents than in a code-minimum project, but there are increased costs associated with this design, and the proposed structure will help fill that funding gap. The Metropolitan District structure is also a much more efficient vehicle to maintain these alleys than a common interest ownership association would be.

Northfield will also feature a clubhouse and a mixed-use building near the regional trail to serve the community at large. The clubhouse will provide amenities including a swimming pool, workout facility, kitchen, and gathering space for residents and public. The mixed-use center will offer light commercial use on the first floor, residential for-rent units on the second floor, and small amenities open to the public (e.g. bike repair station, doggie station). Targeted uses for the commercial space include a day care center, coffee shop, and bike repair shop. Neither amenity is required by the City, and both are categorized as extraordinary costs that the development is incurring for the benefit of the residents of Northfield and the community at large. See renderings of the clubhouse and the mixed-use building below.





Northfield will also promote the City's objective of preserving and enhancing historic resources. The southeastern edge of Northfield borders the to-be-designated historic Alta Vista neighborhood. To blend the transition to new development and pay homage to the neighborhood's history, Northfield will feature an Interpretive Historical Park and Gateway Features bordering Alta Vista. These additions were developed in collaboration with neighbors in the Alta Vista neighborhood and would provide an extraordinary benefit to the City as a whole.

EXHIBIT H
DISCLOSURE NOTICE



**NOTICE OF INCLUSION IN A RESIDENTIAL METROPOLITAN DISTRICT
AND POSSIBLE PROPERTY TAX CONSEQUENCES**

Legal description of the property and address:

Attached hereto as Exhibit A.

This property is located in the following metropolitan district:

Northfield Metropolitan District No. ____.

In addition to standard property taxes identified on the next page, this property is subject to a metropolitan district mill levy (another property tax) of up to:

Fifty (50) Mills.

Based on the property's inclusion in the metropolitan district, an average home sales price of \$300,000 could result in ADDITIONAL annual property taxes up to:

\$1,080.00

The next page provides examples of estimated total annual property taxes that could be due on this property, first if located outside the metropolitan district and next if located within the metropolitan district. **Note: property that is not within a metropolitan district would not pay the ADDITIONAL amount.**

The metropolitan district board can be reached as follows:

Northfield Metropolitan District No. ____
C/O WHITE BEAR ANKELE TANAKA & WALDRON
Attention: Robert G. Rogers
2154 E. Commons Ave., Suite 2000
Centennial, CO 80122
Phone: 303-858-1800.

You may wish to consult with: (1) the Larimer County Assessor's Office, to determine the specific amount of metropolitan district taxes currently due on this property; and (2) the metropolitan district board, to determine the highest possible amount of metropolitan district property taxes that could be assessed on this property.

ESTIMATE OF PROPERTY TAXES

Annual Tax Levied on Residential Property With \$300,000 Actual Value Without the District

<u>Taxing Entity</u>	Mill Levies (2018)	Annual tax levied
Poudre R-1 General Fund	40.300	\$ 870.48
Larimer County	22.403	\$ 483.90
Poudre R-1 Bond Payment	12.330	\$266.33
City of Fort Collins	9.797	\$ 211.62
Poudre River Public Library District	3	\$ 64.80
Health District of Northern Larimer County	2.167	\$ 46.81
Northern Colorado Water Cons. District	1	\$ 21.60
Larimer County Pest Control District	.142	\$3.07
TOTAL:	91.139	\$ 1,968.61

Annual Tax Levied on Residential Property With \$300,000 Actual Value With the District (Assuming Maximum District Mill Levy)

<u>Taxing Entity</u>	Mill Levies (2018)	Annual tax levied
Northfield Metropolitan District No. __	50.000	\$1,080
Poudre R-1 General Fund	40.300	\$ 870.48
Larimer County	22.403	\$ 483.90
Poudre R-1 Bond Payment	12.330	\$266.33
City of Fort Collins	9.797	\$ 211.62
Poudre River Public Library District	3	\$ 64.80
Health District of Northern Larimer County	2.167	\$ 46.81
Northern Colorado Water Cons. District	1	\$ 21.60
Larimer County Pest Control District	.142	\$3.07
TOTAL:	141.139	\$3,048.61

**This estimate of mill levies is based upon mill levies certified by the Larimer County Assessor's Office in December 2018 for collection in 2019, and is intended only to provide approximations of the total overlapping mill levies within the District. The stated mill levies are subject to change and you should contact the Larimer County Assessor's Office to obtain accurate and current information.

Exhibit A
Property

WILLIAM P. ANKELE, JR.
JENNIFER GRUBER TANAKA
CLINT C. WALDRON
KRISTIN BOWERS TOMPKINS
ROBERT G. ROGERS
BLAIR M. DICKHONER

OF COUNSEL:
KRISTEN D. BEAR
K. SEAN ALLEN
GEORGE M. ROWLEY



ZACHARY P. WHITE
TRISHA K. HARRIS
HEATHER L. HARTUNG
MEGAN J. MURPHY
EVE M. GRINA
ALLISON C. FOGG
JENNIFER C. ROGERS
LAURA S. HEINRICH

July 3, 2019

City Council Finance Committee
City of Fort Collins
300 LaPorte Avenue
Fort Collins, Colorado 80521

Re: Clarification of City Staff Questions for Northfield Metropolitan District Nos. 1-3

Dear Committee Members:

Proponents of the proposed Northfield Metropolitan District Nos. 1-3 (the “Districts”) submitted the draft Service Plan for the District on May 6, 2019, and received feedback and questions from City Staff on June 7, 2019. Based on continued conversation with City Staff, we have been asked to provide additional clarification of certain information within the Service Plan for the Council Finance Committee’s review.

First, after conversations with City Staff, proponents of the District have decided to include 240V outlets capable of charging electric vehicles in all garages in the development, including garages in affordable units. This change to Exhibit G - Public Benefits of the Service Plan will be reflected in the final draft of the Service Plan submitted for City Council review.

Second, we would like to address questions regarding the pool and clubhouse as Public Benefits, specifically whether these amenities would be accessible to the public. The pool and clubhouse would be open to all residents of the Districts, including residents of the affordable housing units, who often do not have access to these kinds of amenities in other affordable housing communities. The pool and clubhouse would also be accessible to the public, as required under Title 32 of the Colorado Revised Statutes. Nonresidents would be able to pay a fee to the Districts and enjoy the pool and clubhouse, analogous to District residents who pay property taxes to access these amenities. The plan for the immediate area around the clubhouse and pool includes open space and pathways available to the general public and easily accessible from the Regional Trail. We see these amenities as contributing to the objective in the City Plan of Community and Neighborhood Livability (e.g. “cohesive, distinct, vibrant, safe and attractive neighborhoods,” and “distinctive and attractive community image, design, and identity”).

Finally, the City Staff has asked whether the amount of open space within the Districts contributes to Smart Growth Management and qualifies as Public Benefit. Achieving the City’s goal of smart growth and urban design requires a complicated balance of many factors, including density

of development and minimizing detrimental impacts on the natural environment. The development plan for the Districts takes on that challenge and achieves a striking balance of new urbanist development models (by focusing on single-family attached housing units) and keeping nature in the City (by keeping a greater proportion of open space within the District, including the Lake Canal buffer area, open space around the clubhouse, and open space distributed around the development). This balance promotes the goals in the City Plan related to Environmental Health, Community and Neighborhood Livability (e.g. “nature visible and accessible in the City”), and Culture, Parks and Recreation (e.g. “interconnected and wide network of parks and recreational facilities”).

We appreciate the opportunity to provide this additional information to the Council Finance Committee and look forward to additional feedback and comments from the City as we continue in this review process.

Sincerely,



Eve M. Grina, Esq., Associate Attorney
WHITE BEAR ANKELE TANAKA & WALDRON

MEMORANDUM

To: Josh Birks and Rachel Rogers
Economic Health & Redevelopment, City of Fort Collins

From: Dan Guimond and Elliot Kilham
Economic & Planning Systems

Subject: Northfield Metro District Market and Financial Review
EPS #193074

Date: July 2, 2019

The Economics of Land Use



This memorandum summarizes Economic & Planning System's (EPS) evaluation of the Financial Plan section of the Consolidated Service Plan (Service Plan) for the Northfield Metropolitan Service District (District). The City is required to approve the Service Plan for a Title 32 Metropolitan District prior to it being submitted for a vote by the electorate of the district. EPS's third-party evaluation includes a review of the market and financial assumptions underlying the application as well as the feasibility of the District's Financial Plan, including public revenue and bond proceed forecasts. The evaluation also reviews the proposal against the City's metro district public benefit policy requirements.

Development Program

Northfield is a proposed 56.3-acre mixed-use community in North Fort Collins located west of North Lemay Avenue, southeast of the Lake Canal and north of East Vine Drive and the Alta Vista neighborhood, as shown in **Figure 1**.

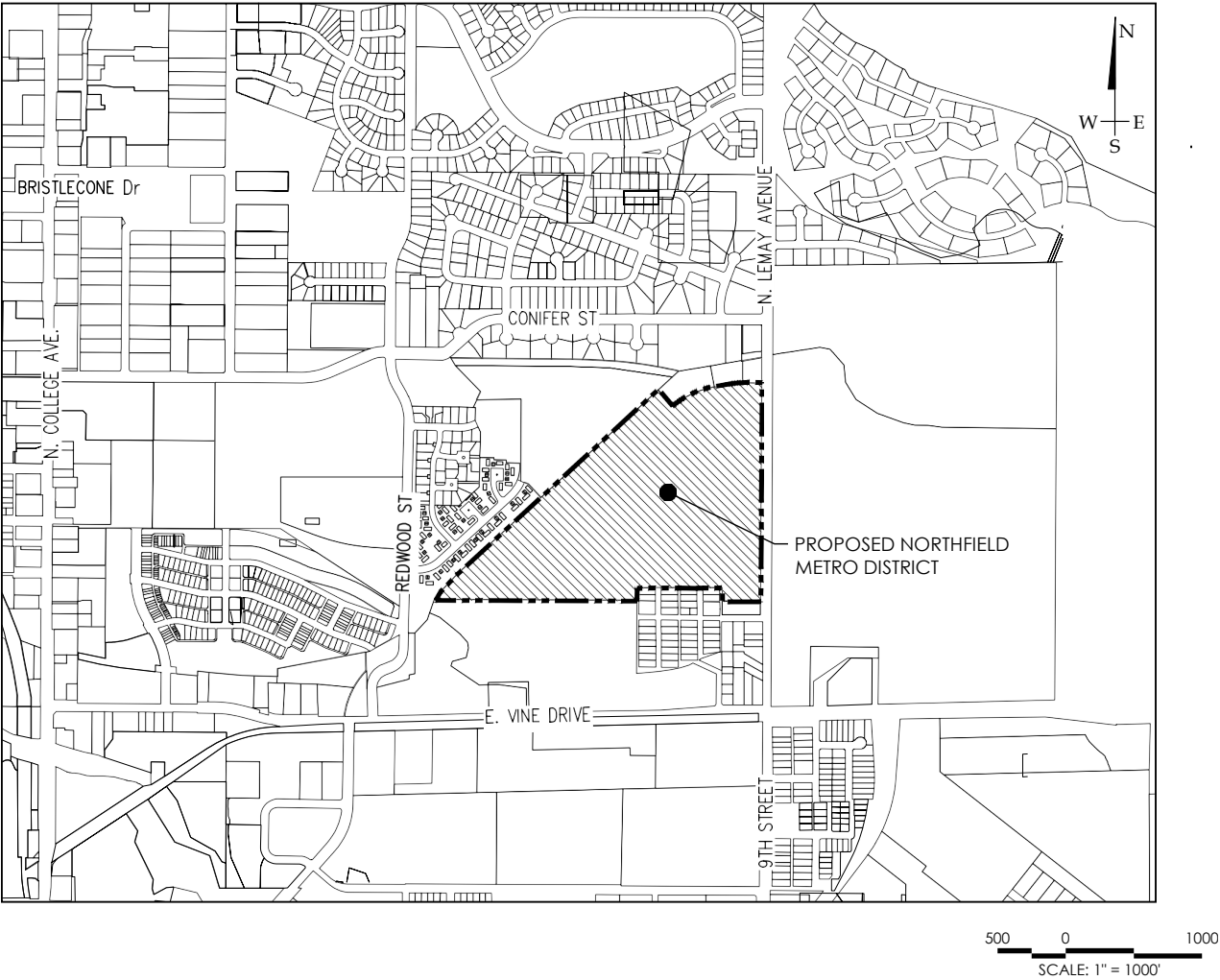
The District is proposed to be primarily a residential project with 442 housing units and approximately 2,700 square feet of commercial space. The residential component incorporates both for-sale and rental product, and the commercial component is oriented towards community serving retail and service uses. The project is estimated to be completed over the next six years.

*Economic & Planning Systems, Inc.
730 17th Street, Suite 630
Denver, CO 80202-3511
303 623 3557 tel
303 623 9049 fax*

*Denver
Los Angeles
Oakland
Sacramento*

www.epsys.com

Figure 1. Northfield Metro District Vicinity Map Diagram



The Developer provided a preliminary development program to D.A. Davidson, the District's bond underwriter, as shown in **Table 1**. This preliminary program includes:

- 40 stacked condos with a projected market value of \$306,714.
- 180 flats with a projected market value of \$359,040.
- 139 brownstones with a projected market value of \$388,518.
- 16 condominiums with a projected market value of \$316,200.
- 65 deed-restricted affordable condominiums with a projected market value of \$265,200.
- 2 studio apartments (for rent) with a projected market value of \$200,000.
- 2,679 square feet of commercial space with a projected market value of \$225 per square foot. The District proposal suggests targeted uses for the commercial space include a daycare center, coffee shop, bike repair shop, or another community serving venture.

Table 1. Proposed Northfield Development Program and Market Values

Description	Amount	% Total	Market Value Base \$ ('20)
Residential			
<u>For-Sale</u>	<u>Units</u>		<u>\$/Unit</u>
Stacked Condos	40	9%	\$306,714
Flats	180	41%	\$359,040
Brownstones	139	31%	\$388,518
Condominiums	16	4%	\$316,200
Affordable Condo (Deed-Restricted)	65	15%	\$265,200
Subtotal/Weighted Avg.	440	99.5%	\$348,175
<u>Rental</u>	<u>Units</u>		<u>\$/Unit</u>
MU - Studio Apts	2	0.5%	\$200,000
Subtotal/Weighted Avg.	2	0.5%	\$200,000
Total/Weighted Avg.	442	100%	\$347,504
Commercial	<u>Sq. Ft.</u>		<u>\$/Sq. Ft.</u>
Retail/Commercial	2,679	100%	\$225
Total/Weighted Avg.	2,679	100%	\$225

Source: DA Davidson; Economic & Planning Systems

The proposed buildout of the Northfield development is estimated to take place over a six-year period from 2020 to 2025, as shown in **Table 2**. In total, the Developer proposes to build an average of 74 residential units per year from 2020 to 2025. The proposed commercial development is projected to occur in 2022 as shown.

The project is shown with the initial development focused on 34 residences in 2020 (12 stacked condominiums, 8 brownstones, 4 condominiums, and 10 deed restricted condominiums). The remaining 408 units, including the 2 for-rent studio apartments, are expected to be built the following five years (2021 to 2025). The last phase of the project is the final flats and brownstones built in 2023 to 2025.

It is important to note that this preliminary program is used as inputs into D.A. Davidson's estimate of bond proceeds and draft bond series offerings. As the basis for the Financial Plan, EPS focused its market assessment on these inputs.

Table 2. Proposed Northfield Absorption Schedule

Description	Residential (Units)						Total	Commercial (Sq. Ft.)
	Apt. Studio	Stacked Condos	Flats	Brown-stone	Condo-miniums	Affordable Condo [2]		
Year								
2019	0	0	0	0	0	0	0	0
2020	0	12	0	8	4	10	34	0
2021	0	28	36	42	8	31	145	0
2022	2	0	45	40	4	24	115	2,679
2023	0	0	48	40	0	0	88	0
2024	0	0	45	9	0	0	54	0
2025	0	0	6	0	0	0	6	0
Summary								
Total	2	40	180	139	16	65	442	2,679
Average [1]	0	7	30	23	3	11	74	447

[1] Average between 2020 to 2025.

[2] Deed-restricted affordable condo.

Source: DA Davidson; Economic & Planning Systems

Metro District Proposal

Summary

The Service Plan proposes to form three separate metro districts. The districts will have the ability to impose an aggregate mill levy of 50 mills, which includes a Debt Mill Levy and an Operating Mill Levy. The operating mill levy can equal up to 50 mills until the District imposes a debt mill levy, at which point the operating mill levy cannot exceed 10 mills. While District levies are capped at 50 mills, the Service Plan allows for adjustments to the mill levies in the event that there are changes to the method of calculating assessed value or any other changes impacting the revenue generating capabilities of the District. In such cases, the District may increase or decrease mill levies to ensure that actual tax revenues generated are not diminished. This ability helps to further guarantee future revenue streams and reduce the risk for bond holders.

The debt mill levy is expected to be used to finance public improvements listed in Exhibit D of the Service Plan. The financial projections are based on a debt mill levy of 40 mills for residential and commercial districts. In total, according to the Service Plan, the Developer anticipates issuing approximately \$16 million in debt to fund a portion of these public improvement costs. The Developer's engineering consultant estimates that the total cost of the public improvements will be approximately \$31 million.

Metro District Policy

In August 2018, the City updated its policy originally adopted in 2008 for reviewing proposed metro district service plans. The new policy removes previous limitations for metro district to be 90 percent commercial and not to be used to fund "basic infrastructure improvements normally required from new development." In their place, the policy requires that developers deliver "extraordinary public benefits" to the city. In addition, the new policy increased the recommended maximum mill levy for both debt service and O&M to 50 mills—up from 40 mills in the 2008 resolution. The proposed Northfield maximum aggregate mill levy of 50 mills is in-line with this recommended maximum mill levy. The Public Benefits section of this memo provides more detailed information on the proposed public benefits provided by the development.

Market Assessment

This section reviews market values and buildout/absorption assumptions used to estimate the potential public financing revenues and debt capacity of the project, as described in the proposed Financial Plan. The section is organized into the residential and commercial land uses. The residential section further delineates between for-sale and rental product, while the commercial section outlines proposed retail uses.

Residential

To help determine their reasonableness, EPS compared the market value assumptions used in the Financial Plan's debt capacity estimates with recent sales in Fort Collins. In addition, EPS compared Northfield's proposed market values with other comparable developments in the Fort Collins area.

For-Sale Market Values

The Developer's proposed market values fall near the average of recent sales in the Fort Collins market. The Fort Collins Board of Realtors (FCBR) reports that the average price of a single family home sold in Fort Collins through May 2019 was \$467,303 and that the average price of a townhome/condominium was \$308,640, as shown in **Table 3**. The Northfield proposal does not include single family housing. As a result, proposed market values are compared to the average price of townhomes/condos in the Fort Collins market.

- **Stacked Condos:** The Financial Plan uses a market value of \$306,714 or 0.6 percent less than the average of recent sales. As a result, the proposed values are in line with market averages.
- **Flats:** The Financial Plan uses a market value of \$359,040 or 16.3 percent higher than the average of recent sales. The market average sales price includes both new construction sales and sales of older, existing homes. A premium for new construction in Northfield is to be expected. Moreover, the recent average sales price includes condo sales, which may bring down the average when looking at a flat, which is closer to a townhome. While perhaps higher than average, in EPS's professional experience, the market values are within an acceptable range. In particular, a market value higher than the average of recent sales for townhomes but lower than the average for single family homes is reasonable.
- **Brownstones:** The Financial Plan uses a market value of \$388,518 or 25.9 percent higher than the average of recent sales. Brownstones are typically categorized as townhomes, however they offer features more similar to single family homes. Similar to flats, a market value higher than the average of recent sales for townhomes but lower than the average for single family homes is reasonable.
- **Condominiums:** The Financial Plan uses a market value of \$316,200 or 2.4 percent higher than the average of recent townhome/condo sales. As a result, the proposed values are in line with market averages.

- **Deed-Restricted Condos:** The Financial Plan uses a market value of \$265,200 or 14.1 percent less than the average of recent sales. As a result, the proposed values are in line with market averages.

Table 3. Proposed Northfield Market Values Compared to Fort Collins Average Prices

Description	Stacked Condos	Flats	Brownstones	Condominiums	Deed-Restricted
Service Plan (Base \$ '20)	\$306,714	\$359,040	\$388,518	\$316,200	\$265,200
Average Price (May 2019 YTD)	<u>\$308,640</u>	<u>\$308,640</u>	<u>\$308,640</u>	<u>\$308,640</u>	<u>\$308,640</u>
Difference	-\$1,926	\$50,400	\$79,878	\$7,560	-\$43,440
<i>% Difference</i>	-0.6%	16.3%	25.9%	2.4%	-14.1%

Source: DA Davidson; FCBP; CoStar; Economic & Planning Systems

This section also compares Northfield to other recent for-sale residential projects in the North Fort Collins market area. This comparison reveals that Northfield's price points for townhomes and condos largely overlap with the price ranges proposed in recent residential projects, as shown **Table 4** and **Figure 2**.

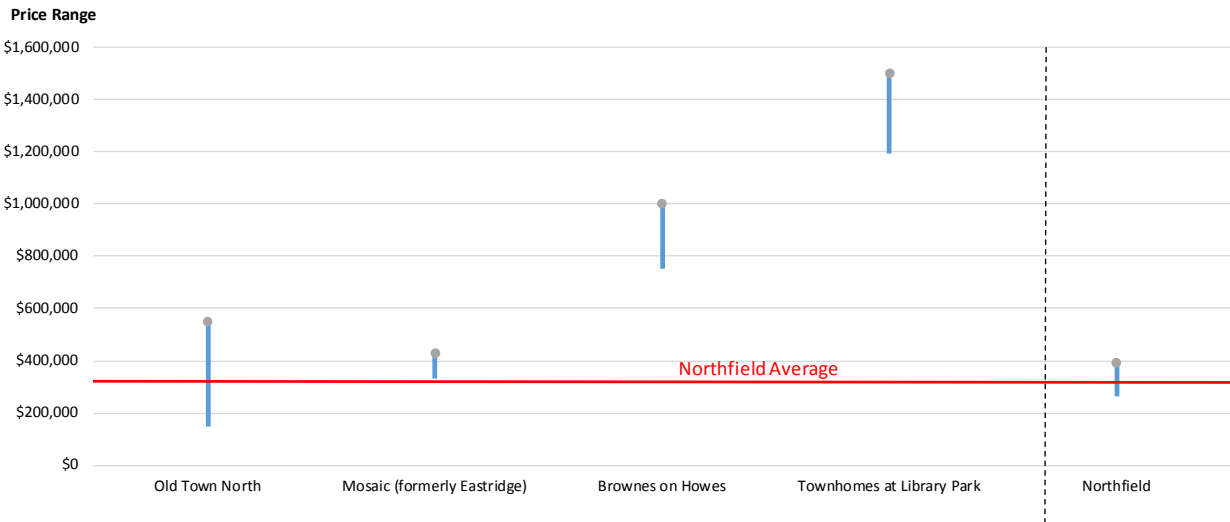
Table 4. For-Sale Residential Projects in the North Fort Collins Market

Project	Status	Project Start	Product	Units	Price
Comparable Projects					
Old Town North	Third Phase	2007	Single Family	450-500 [1]	\$350,000-\$1,300,000
			Townhomes		\$450,000-\$550,000
			Condos		\$150,000-\$450,000
Revive	Under Construction	2015	Single Family	18	\$575,000-\$600,000
			Townhomes	37	\$460,000-\$500,000
Mosaic (formerly Eastridge)	Under Construction	2016	Single Family	567	\$400,000-\$530,000
			Townhomes	110	\$330,000-\$430,000
			Condos	192	\$330,000-\$400,000
Brownes on Howes	Complete	2016	Townhomes	6	\$750,000-\$1,000,000
Montava	Planning Review-Round 4	2020	Single Family	4,200 [1]	--
			Townhomes		--
			Condos		--
Townhomes at Library Park	Complete	2017	Townhomes	10	\$1,195,000-\$1,500,000
The Park at Fossil Ridge	Complete	2017	Townhomes	23	\$356,000-\$415,000
Northfield					
Service Plan	Proposed	2020	Condos	442 [1]	\$265,000-\$316,000
			Townhomes		\$350,000-\$390,000

[1] Total housing units for all product types.

Source: Zillow; CoStar; FCBP; DA Davidson; Economic & Planning Systems

Figure 2. Price Range in Comparable Residential Projects and Northfield



Rental Housing Market Values

The Northfield Financial Plan assumes that the average value for apartments in the development will have a market value of \$200,000 per unit. To benchmark this assumption, EPS compared it to the historical five-year average sales price per unit of apartments in Fort Collins and to the capitalized value of apartments. Capitalized value was calculated by dividing the five-year average rent by the five-year average capitalization rate in the Fort Collins market. As shown in **Table 5**, the five-year average sales price was approximately \$179,000 per unit or 11 percent less than the market value assumption, and the capitalization value was approximately \$301,000 or 51 percent more than the market value assumption. As a result of these comparisons, EPS concludes that the market value used in the Financial Plan falls within an acceptable range and is appropriate.

Table 5. Market Rate Apartment Market Value Comparison

Description	Sales Price Per Unit [1]	Capitalized Value [2]	Northfield Assumption
Apartment			
Market Value (\$/Sq. Ft.)	\$178,844	\$301,154	\$200,000
% Difference [3]	11%	-51%	0%

[1] 5-year average sales price per unit.

[2] Capitalized value equals the 5-year average rent divided by the 5-year average capitalization rate.

[3] Percent difference from the market value assumption.

Source: CoStar; Economic & Planning Systems

Implied Affordability of Deed Restricted Condo

To understand the affordability benefits offered by the proposed deed restrict condos, EPS calculated the household income needed to afford the market value of the unit, assuming 30 percent of this income is dedicated to housing, as shown in **Table 6**. EPS calculated an income of approximately \$49,000 was needed. To put this in perspective, this is under 60 percent of the area median income (AMI) for a family of four in Larimer County and approximately equal to 70 percent of the AMI for a family of two.

Table 6. Household Income Implied by Deed Restricted Unit

Description	Units	Amount
Market Value	\$	\$265,200
Mortgage Payment		
Term	years	30
Down Payment	%	10.00%
Interest Rate	%	4.50%
Mortgage Payment	\$/year	\$14,653
Income Calculation		
Housing Costs	% Income	30%
HH Income	\$/year	\$48,843

Source: DA Davidson; Economic & Planning Systems

Absorption

EPS compared the planned buildout to forecast future demand for specific housing products. We calculated future housing demand as part of our work on the update to Fort Collins City Plan, organizing these estimates into low density (single family homes), middle density (2- to 20-unit buildings), and high density (20 or more unit buildings) housing products. More detail on EPS's housing demand estimate is shown in **Table 8** on the following page. Based on this comparison, EPS calculated an implied capture rate by Northfield to gain a perspective on the size and reasonableness of the proposed building plan.

From 2016 to 2040, EPS estimates that there will be a demand of 570 low density units, 254 middle density units, and 446 high density units per year, for a total annual average of 1,270 units. In comparison, the Developer proposes to develop the Northfield project at an average of 74 middle density units (multifamily and townhomes) per year from 2020 to 2025. This development schedule implies a capture rate of approximately 30 percent for middle density units. A capture rate of 30 percent is a significant portion of the residential development market in the Fort Collins market. However, the fact that the development is targeting the middle of the market in terms of prices and has a variety of housing types should help it attract a wider market demand segment.

Ultimately, Northfield's ability to meet this implied capture rate will depend on the size of the pipeline and its competitive position against other projects. There are currently a number of proposed large-scale residential developments in North Fort Collins, including Mulberry, Waterfield, Water's Edge, and Montava that will compete with Northfield. However, North Fort Collins is one of the few remaining growth areas of the city, meaning it may have less competition from other areas of the city. The Fort Collins market is also a very attractive area that competes regionally and even nationally. Finally, in the past, growth may have been constrained by supply.

Table 7. Northfield Development Implied Residential Capture Rate

Description	Northfield Average	Fort Collins Annual Avg [2] 2016-2040	Implied Capture % [3]
Middle Density [1]	<u>74</u>	<u>254</u>	<u>29%</u>
Subtotal	74	254	29%

[1] Based on definitions from the CityPlan estimate, middle density includes tow nhomes and multifamily homes.

[2] Annual average from CityPlan housing demand forecast completed by EPS.

[3] Capture % = Northfield Average / Fort Collins Average.

Source: Economic & Planning Systems

Table 8. Fort Collins City Plan Future Housing Demand Estimates, 2016-2040

Description	2016		2040		2016-2040		
	Amount	% Total	Amount	% Total	Total	Ann. #	Ann. %
Low Density	42,254	66%	55,926	59%	13,672	570	1.2%
Middle Density	14,891	23%	20,998	22%	6,108	254	1.4%
High Density	<u>6,590</u>	<u>10%</u>	<u>17,296</u>	<u>18%</u>	<u>10,706</u>	<u>446</u>	<u>4.1%</u>
Total	63,735	100%	94,220	100%	30,485	1,270	1.6%

Source: Economic & Planning Systems

Commercial Development

The Northfield Financial Plan assumes that the commercial space in the development will have an average value of \$225 per square foot. To benchmark this assumption, EPS compared it to the historical five-year average sales price per square foot of retail space in the Fort Collins market and to the capitalized value of retail and office space. Capitalized value was calculated by dividing the five-year average rent per square foot by the five-year average capitalization rate for the respective product types, as shown in **Table 9**. The five-year average sales price was \$200 per square foot or 11 percent less than the market value assumption used in the Financial Plan, and the capitalized value was approximately \$255 per square foot or 13 percent higher than the market value. As a result of these comparisons, EPS concludes that the market value used in the Financial Plan is relatively moderate and generally within a range set by the sales price and capitalized value benchmarks.

Table 9. Retail Market Value Comparison

Description	Sales Price Per Sq. Ft. [1]	Capitalized Value [2]	Northfield Assumption
Retail			
Market Value (\$/Sq. Ft.)	\$200.00	\$255.07	\$225.00
% Difference [3]	11%	-13%	0%

[1] 5-year average sales price per sq. ft.

[2] Capitalized value equals the 5-year average rent divided by the 5-year average capitalization rate.

[3] Percent difference from the market value assumption.

Source: CoStar; Economic & Planning Systems

Absorption

Northfield proposes to build a total of 2,680 square feet of community serving retail. EPS finds that this is a reasonable amount of retail for a development of this size. To help provide context, EPS benchmarked Northfield's proposed retail development against historic retail development in the city to calculate an implied capture rate, as shown in **Table 10**. Over the last 11 years, from 2006 to 2017, the city delivered an average 127,365 square feet of retail space per year. As a result, the Northfield proposal implies a capture rate of 2.1 percent relative to the historic annual average.

Table 10. Northfield Development Implied Retail Capture Rate

Description	Northfield Annual Avg 2019-2027	Fort Collins Annual Avg 2006-2017	Northfield Capture %
Retail	2,680	127,365	2.1%

[1] Capture % = Northfield / Fort Collins Average.

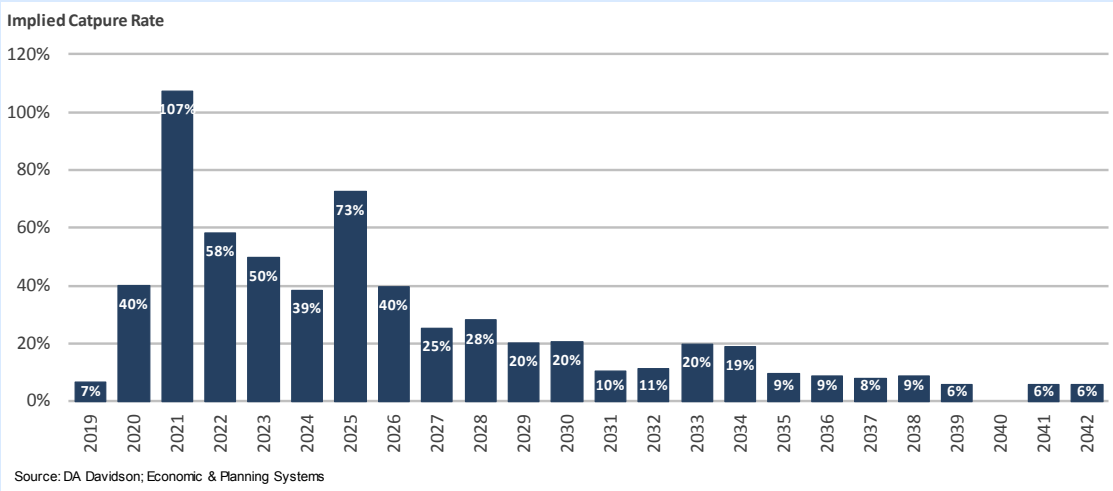
Source: City of Fort Collins; Economic & Planning Systems

Metro District Competition in North Fort Collins

Northfield is one of five major planned developments in North Fort Collins, all proposing metro districts (others include Mulberry, Montava, Water’s Edge, and Waterfield). At buildout (from 2018 to 2042), the four proposed districts are projected to result in 7,853 additional housing units. This is 26 percent of the estimated growth of approximately 30,500 households in Fort Collins from 2016 to 2040, as shown in **Table 8**.

Given that North Fort Collins is one of the few remaining growth areas in the city, an expected capture rate of 26 percent is not unreasonable. However, on a year-to-year basis the four developments will compete for absorption. If the developments happen to each deliver a large number of units at the same time, it may take months or even years for these units to be absorbed. This will in turn impact the bond revenue projections of the four districts. **Figure 4** below compares the combined estimated residential buildout of each of the districts with the total average annual growth rate for the city in **Table 8**. The figure illustrates that while from 2019 to 2042 the four districts will need to capture 24 percent of total growth, in certain years the buildout schedules imply a much higher capture rate, including 107 percent in 2021.

Figure 3. Implied Capture Rate Four Metro Districts



Financial Analysis

The Service Plan proposes to issue metro district revenue bonds to pay for eligible public improvements. This section reviews proposed public improvement costs and the revenue and debt estimates described in the metro district Service Plan.

Public Improvement Costs

The Developer provided the preliminary public improvement cost estimates in Exhibit D of the Service Plan. Overall, public improvements associated with the development are estimated to be approximately \$31 million, as shown in **Table 11**. The Developer grouped the improvements into two categories, \$21 million in “Basic” infrastructure costs and \$10 million in “Non-basic” costs.

- **Basic:** The Developer included the following items in the estimate of Basic public improvements: grading, roadway, potable waterline, sanitary sewer, and storm drainage improvements; open space, parks, and trails; and administrative/design/permitting, and contingency costs. The Basic improvements generally include in-tract improvements that are normal costs of development.
- **Non-basic:** The Developer included the following items in its Non-basic infrastructure: arterial upsizing and private drive construction, sanitary sewer upsizing, park and other amenities including a community pool and clubhouse. The Non-basic improvements include some off-site improvements such as arterial and sewer upsizing.

Some of these costs categorized as Non-basic should not necessarily be categorized as public improvements. For example, the non-basic infrastructure includes \$2 million for a community pool and clubhouse. It is unclear from the Service Plan how this will be open to and serve the public and wider Fort Collins community. However, it will be an amenity to the development, and help both attract buyers and add value. As a result, it likely should not count as a public benefit.

The Developer proposes to issue debt generating approximately \$13 million in project proceeds, as shown in **Table 11**. This debt would cover approximately 41 percent of the total public improvement costs. The Developer would need to cover the remaining \$18.3 million with other funds.

Table 11. Public Infrastructure and Estimated Costs

Description	Basic	%	Non-Basic	%	Total	% Total
Public Improvement Costs						
Grading/Miscellaneous	\$6,697,000	32%	\$0	0%	\$6,697,000	21%
Roadway Improvements	\$3,122,630	15%	\$3,278,240	31%	\$6,400,870	20%
Potable Waterline Improvements	\$617,400	3%	\$0	0%	\$617,400	2%
Sanitary Sewer Improvements	\$148,400	1%	\$538,220	5%	\$686,620	2%
Sorm Drainage Improvements	\$1,889,100	9%	\$0	0%	\$1,889,100	6%
Open Space, Parks, and Trails	\$1,010,000	5%	\$3,047,850	29%	\$4,057,850	13%
Admin./Design/Permitting/Etc.	\$3,777,000	18%	\$1,923,000	18%	\$5,700,000	18%
Contingency (20%)	<u>\$3,452,310</u>	<u>17%</u>	<u>\$1,757,465</u>	<u>17%</u>	\$5,209,775	17%
Total	\$20,713,840	100%	\$10,544,775	100%	\$31,258,616	83%
Metro District Project Funds						
Series 2020					\$7,098,194	55%
Series 2030					<u>\$5,829,489</u>	<u>45%</u>
Total					\$12,927,683	100%

Source: Highland Development Services; Economic & Planning Systems

Revenue Estimates

Proposed Mill Levies and Facility Fee

The proposed maximum District mill levy of 50 mills is relatively common and within the distribution of similar metro districts in Colorado. The 50 mills would be added to the existing property tax levy of 91.139 mills and increase the property tax burden. Based on information in the Financial Plan and D.A. Davidson's bond projections, the Developer plans to charge 50 mills (40 mills as debt levy and 10 mills for operations) to the District.

For the residential portion of the property, the maximum District mill levy of 50 mills would result in an average of \$1,242 per year or \$104 per month of additional cost to the tenant. For the commercial portion of the property, the 50 mills would result in an average of \$3.26 per square feet of additional property tax cost per year, as shown.

Table 12. Metro District Mill Levies

Description	Market Value	Assessed Value	Property Tax		
			Existing	District	Total
Residential (Units)		<u>7.15%</u>	<u>91.139 mills</u>	<u>50.000 mills</u>	<u>141.139 mills</u>
Stacked Condos	\$306,714	\$21,930	\$1,999	\$1,097	\$3,095
Flats	\$359,040	\$25,671	\$2,340	\$1,284	\$3,623
Brownstones	\$388,518	\$27,779	\$2,532	\$1,389	\$3,921
Value Condo	\$316,200	\$22,608	\$2,060	\$1,130	\$3,191
Affordable Condo (Deed-Restricted)	\$265,200	\$18,962	\$1,728	\$948	\$2,676
MU - Studio Apts	<u>\$200,000</u>	<u>\$14,300</u>	<u>\$1,303</u>	<u>\$715</u>	<u>\$2,018</u>
Weighted Average	\$347,504	\$24,847	\$2,264	\$1,242	\$3,507
<i>% Total</i>			65%	35%	100%
Commercial (\$/SF)		<u>29.00%</u>	<u>91.139 mills</u>	<u>50.000 mills</u>	<u>141.139 mills</u>
Retail/Commercial	\$225	\$65	\$5.95	\$3.26	\$9.21
<i>% Total</i>			65%	35%	100%

Source: DA Davidson; Economic & Planning Systems

Public Revenue Forecasts and Bond Proceeds

D.A. Davidson estimates that the metro district will generate a total of approximately \$50 million in revenues from debt mill levy collections, as shown in **Table 13**. The market value and absorption assumptions described in the Market Assessment section of this memorandum are the main drivers of these revenue estimates. A reduction in the proposed market values for the residential and commercial development and/or extended buildout and absorption schedule will reduce the total bond proceeds. The underwriting process and bond structure include reserve funds and capitalized interest mitigate difference between forecasted and actual values relating to market values, buildout schedule, and other variables.

These public revenues will be used to issue two bond series, one in 2020 and one in 2030 to generate approximately \$13 million that can be used to reimburse the Developer for infrastructure expenditures related to the public improvements.

Table 13. Northfield Metro District Public Revenue and Project Funds

Description	Series 2020	Series 2030	Total
Public Revenues			
Par Value	\$10,020,000	\$14,870,000	\$24,890,000
Interest	<u>\$12,021,750</u>	<u>\$13,214,800</u>	<u>\$25,236,550</u>
Total	\$22,041,750	\$28,084,800	\$50,126,550
Project Proceeds			
Par Value	\$10,020,000	\$14,870,000	\$24,890,000
Other Source of Funds [1]	\$0	\$1,073,406	\$1,073,406
Refunding Escrow Deposits [2]	\$0	-\$9,790,000	-\$9,790,000
Capitalized Interest Fund	-\$1,503,000	-\$49,567	-\$1,552,567
Debt Service Reserve Fund	-\$918,406	\$0	-\$918,406
Cost of Issuance	-\$300,000	-\$200,000	-\$500,000
Unewriter's Discount	<u>-\$200,400</u>	<u>-\$74,350</u>	<u>-\$274,750</u>
Total	\$7,098,194	\$5,829,489	\$12,927,683

[1] Funds on hand and previous series reserve funds.

[1] Refinancing previous series and paying off principal of the bond.

Source: DA Davidson; Economic & Planning Systems

Public Benefits

The City's policy for reviewing metro districts supports the formation of a district "where it will deliver extraordinary public benefits that align with the goals and objectives of the City." The policy goes on to define four focus areas or types of benefits that meet this policy as follows:

- **Environmental Sustainability Outcomes** – defined as public improvements that provide environmental benefits including reduction in greenhouse gases, water or energy conservation, community resiliency against natural disasters, renewable energy capacity, and/or other environmental outcomes.
- **Critical Public Infrastructure** – public improvements that address significant infrastructure needs previously identified by the City.
- **Smart Growth Management** – public improvements that facilitate design that increases development density, enhances walkability, increases the availability of transit or multimodal facilities, and/or encourages mixed use development patterns.
- **Strategic Priorities** – public improvements that address City priorities including affordable housing, infill or redevelopment, and economic health improvements (e.g., job growth business retention, or construction of a missing economic resource).

Exhibit G of the Service Plan describes the proposed public benefits of the Northfield project. The Developer is able to provide these public benefits in part due to the District bonds that reimburse the Developer for public improvement costs. More specifically, by reimbursing basic infrastructure investments typically associated with development with District bond proceeds, the Developer is able to invest more money into public benefits the City views as priorities.

The Service Plan describes a number of public benefits for the project. These include creating a New Urbanist community with low-impact development features. They also include:

- **Critical Public Infrastructure** – including construction of Suniga Road as an arterial road and off-site sewer improvements.
- **Parks, Open Space, and Trails** – including a community pool, regional trail delivery, and 26 acres of parks and green spaces covering approximately 46.9 percent of the entire project.
- **Affordable Housing** – approximately 15 percent of units sold at 80 percent of the area median income (AMI) or lower.
- **Attainable Housing** – by offering the remaining housing units between 80 percent and 120 percent of AMI.

- **Environmental Sustainability** – including a commitment to 14 kW of solar capacity per “Flats” building, 240V outlets in every garage (excluding the affordable homes) for electric vehicle fast-charging stations, and using an estimated 7.63 gallons of water per square foot, well below the City’s limit of 15 gallons of water per square foot.
- **Smart Growth Management** – including enabling stretch outcomes in other categories by keeping density at 8 units per acre, despite qualifying for a density of 12 units per acre through Northfield’s classification as an “affordable housing project.”

Table 14 shows the Developer’s estimates of the value for different public benefits in the four focus areas outlined by the City. Overall, the Developer estimates that the District is providing approximately \$17 million of public benefits. This amount is greater than the total estimated bond proceeds of approximately \$13 million. Overall, the Service Plan does not guarantee the delivery of public benefits. Public benefits will have to be vetted and guaranteed through additional approval steps for the metro district, including approval of the development plan.

After reviewing the Service Plan’s description of public benefits, EPS finds that it is difficult to determine whether certain District features should be categorized as a public benefit for the wider community or if they are arguably more appropriately categorized as an amenity for future homebuyers—thus not a benefit to the public at large. This is particularly true for the benefits described below, which the Developer has listed under the Smart Growth Management category.

- **Clubhouse and Swimming Pool:** The Developer has included \$2 million in cost for the construction of a clubhouse and swimming that potentially will primarily serve residents of the development. While the Developer gestures at benefits to the wider community, the clubhouse will definitely serve as an amenity for residents and will in turn increase home values.
- **Reduction in Allowed Density/More Open Space:** The Developer includes a reduction in density from 12 dwelling units per acre to 8 dwelling units per acre, which the Developer values at approximately \$4.5 million. This reduction in density increases the amount of open space in the project. However, while the Developer plans to use some increased open space as a buffer to the Lake Canal Wetlands, much of it will be spread throughout the development. While this open space may have some environmental benefits, including benefits for stormwater drainage, it does not preserve habitat. Instead, similar to the clubhouse and swimming pool, this open space will serve as an amenity to the project, presumably increasing home values. In addition, smart growth policies are more often associated with increases in density not reductions. Finally, how the Developer determined the value of this amenity is not substantiated.

- Increased Landscaped Area:** The Developer includes increased landscaped area with an estimated cost of approximately \$720,000 as a public benefit. Again, this increased landscape area serves as an amenity to the development. It is unclear how landscaped areas would count as “a compelling public space”—an example of benefit listed in the City’s policy.

Table 14. Northfield Development Public Benefit Estimates

Description	Category	Benefit	% Total
Environmental Sustainability			
13-14 kW of solar power per "Flats" building	Solar Energy	\$448,000	2.66%
240 V outlets	Electric Vehicles	\$375,000	2.22%
EV charging stations	Electric Vehicles	<u>\$30,000</u>	<u>0.18%</u>
Subtotal		\$853,000	5.06%
Critical Public Infrastructure			
On-Site Suniga Road Upsizing	Major Arterial Development	\$1,682,640	9.98%
Off-Site Suniga Road	Major Arterial Development	\$774,800	4.59%
Regional Trail Construction	Pedestrian Connectivity	\$199,050	1.18%
Off-Site Sewer Construction and Upsizing	Off-Site Infrastructure	\$538,220	3.19%
Lemay Overpass Contribution	Off-Site Infrastructure	<u>\$250,000</u>	<u>1.48%</u>
Subtotal		\$3,444,710	20.42%
Smart Growth Management			
Alley-Loaded Homes	Increased Density	\$820,800	4.87%
Reduction in Allowed Density/ More Open Space	Public Spaces	\$4,474,100	26.53%
Clubhouse and Swimming Pool	Public Spaces	\$2,000,000	11.86%
Increased Landscaped Area (46.9% of site)	Public Spaces	\$723,800	4.29%
Alta Vista Buffer Area	Public Spaces	\$125,000	0.74%
Public Amenity Area	Public Spaces	<u>\$5,000</u>	<u>0.03%</u>
Subtotal		\$8,148,700	48.31%
Strategic Priorities			
14.7% (65 units) of deed-restricted affordable housing	Affordable Housing	\$4,420,000	26.21%
85.3% (377 units) of attainably priced housing	Attainable Housing	<u>N/A [1]</u>	<u>N/A [1]</u>
Subtotal		\$4,420,000	26.21%
TOTAL		\$16,866,410	100%

Source: Landmark Homes; Economic & Planning Systems

[1] Developer did not provide an estimate for value of attainable housing due to the variability in pricing of housing in a range between 80% and 120% of AMI

Summary and Conclusions

- **Proposed Mill Levies:** The proposed Northfield maximum aggregate mill levy of 50 mills is equal to the maximum allowed under the City's current metro district policy.
- **Market Values:** EPS generally finds that the market values used in the public revenue estimates to be reasonable. These assumptions align with market averages, given a new construction premium, and the residential market values are comparable to other recent developments in North Fort Collins.
- **Affordable and Attainable Housing:** EPS finds that the deed-restricted affordable condos are priced at or below 80 percent of AMI. The planned market rates units are also currently priced towards the middle of the market and should be affordable for someone earning between 80 and 120 percent of the AMI—so called "attainable" housing." However, it is important to note that only the deed-restricted affordable units have guaranteed affordability. Other units will be priced based on the market.
- **Residential Absorption:** Overall, EPS finds that Northfield's proposed absorption is reasonable. Housing is priced toward the middle of the market and includes a number of different housing options, which will attract a wider market demand segment. However, Northfield will need to compete with other residential developments planned for North Fort Collins, including Mulberry, Waterfield, Water's Edge, and Montava. The fact that North Fort Collins is one of the only remaining growth areas of the city should help each of these developments achieve a significant market share. However, in aggregate, the cumulative absorption of these large developments may exceed overall market demand and result in slower absorption for one or more of the projects.
- **Public Benefits:** As outlined in Exhibit G Public Benefits, the Service Plan proposes a number of public improvement that potentially meet the City's proposed metro district criteria for extraordinary public benefits. The estimated value of these benefits is greater than the estimate project fund proceeds from a bond issuance. However, there are at least three public benefits for which the categorization as a public benefit is questionable and/or the value is either unsubstantiated, including Clubhouse and Swimming Pool, Reduction in Allowed Density/More Open Space, and Increased Landscaped Area.

COUNCIL FINANCE COMMITTEE AGENDA ITEM SUMMARY

Staff: Marc Rademacher, Recreation Manager
Bob Adams, Director of Recreation
Mike Calhoon, Director of Parks

Date: July 15, 2019

SUBJECT FOR DISCUSSION

Summary of Executive Report regarding a council-requested Sports Complex Economic Impact and Feasibility Study.

EXECUTIVE SUMMARY

Staff was requested by Council to conduct a study regarding the economic impact and feasibility of a multi-use sports complex in city limits. Hunden Strategic Partners (HSP) was selected through a competitive RFP process to run the study, which was funded through the 2017-18 BFO process. HSP completed the study and has provided an executive summary of results, as well as three recommendations for facilities and their expected economic impact.

This presentation will provide a high-level overview of the summary, with the full report being provided as an attachment.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. Would Fort Collins benefit from the addition of a multi-use sports facility of some kind?
2. Does Council want to pursue this further?

BACKGROUND/DISCUSSION

In 2016 Council requested staff to complete a Sports Complex Economic Impact and Feasibility study. Funded during the 2017-18 BFO process, the study was completed by Hunden Strategic Partners. Key questions that HSP was tasked with answering were:

- What is the market opportunity for a new sports complex development in Fort Collins?
- What is the existing supply of sports/recreation facility in Fort Collins and the surround area? What is the level of local demand for a new complex?
- What is the existing state and regional supply of sports complexes that are capable of hosting large tournaments and events? Would a new facility in Fort Collins present opportunities to host larger tournaments?
- How is the area hotel market performing? How does this impact the market opportunity for a new sports complex?

- Based on the comprehensive market analysis, what are the conclusions and recommendations?
- What are the possible scenarios and site options available for a new facility?

Hunden Strategic Partners conducted a thorough study and will be attending a Council work session in August to present the executive summary of their finding and recommendations.

Staff will await further direction from Council and City leadership before taking any next steps regarding the complex.

ATTACHMENTS

- 1) Executive Summary from Hunden Strategic Partners
- 2) PowerPoint Presentation



Fort Collins Sports Facility Market and Feasibility Analysis

July 15, 2019

Executive Summary

The Hunden Strategic Partners Team, including professionals at Perkins + Will, was engaged by the City of Fort Collins to conduct a comprehensive market, financial feasibility, and economic impact analysis for the development of a sports facility within the city limits. The key questions that HSP was tasked to answer were:

- What is the market opportunity for a new indoor or outdoor sports complex development in Fort Collins?
- What is the existing supply of sports and recreation facilities in Fort Collins and the surrounding area? Is there a gap in quality or size of facilities? What is the level of local demand for a new sports complex?
- What is the existing state and greater regional supply of sports complexes capable of hosting impactful tournaments and events? Is there a gap in supply that a new Fort Collins facility could accommodate? What is the opportunity to host major state and regional tournaments?
- How is the area hotel market performing? What does this mean for the market opportunity for a new sports complex?
- Based on the comprehensive market analysis, what are the conclusions and recommendations? Should multiple scenarios be considered?
- How is the recommended sports facility projected to perform? What is the expected economic, fiscal, and employment impact of such a development?
- What are the site options for such a development? What are the pros and cons of the potential development sites?

Executive Summary

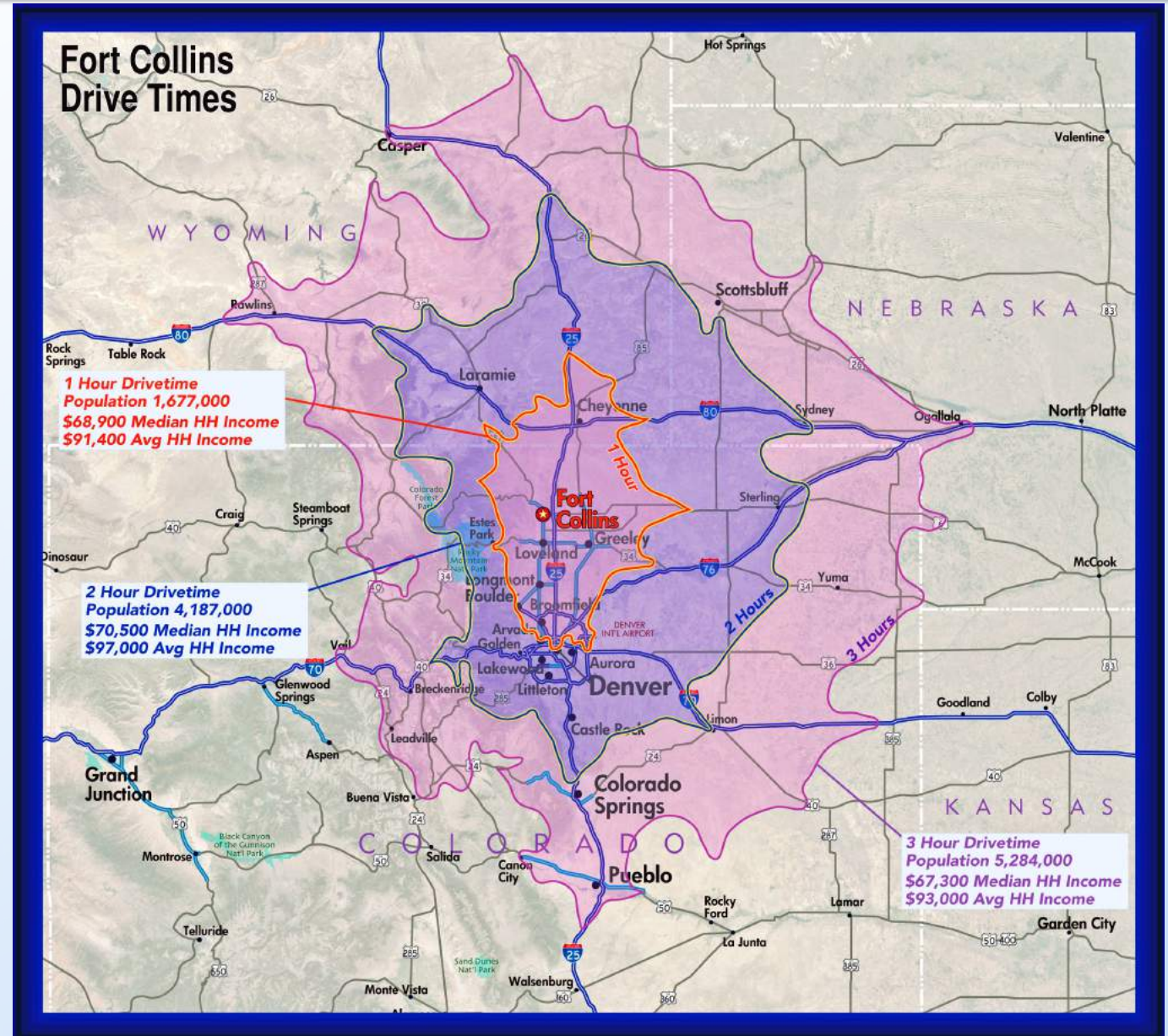
Based on the comprehensive analysis of the market, the needs of tournaments and leagues, the projected development of competitive and recreation athletic facilities, and the overall market, HSP's conclusions are targeted to meet Fort Collin's mission to provide a state-of-the-art venue that can provide sports opportunities and economic impact for the local community and be a platform for regional and national events.

The focus of the demand analysis was to narrow down the sports or facilities that would have the most potential for economic impact in the world of sports tournaments. In addition, HSP conducted an analysis of the supply of local and regional facilities for sports, as well as the demand for sports to determine if more facilities are needed to support local use and how the existing facilities may attract and accommodate potential tournaments. HSP met with key stakeholders, interviewed and surveyed existing and potential facility users, analyzed the competition, reviewed the regional tournament opportunity, analyzed the hotel market, investigated comparable situations and worked with the site option to fit an optimal development program.

Many cities have used youth sports complexes as activity and demand generators to enhance their communities and overall development efforts. The activity of youth sports complexes (which are also used by adult tournaments) can generate intense usage, which provides hotel and restaurant activity, especially on weekends. The facility itself must be able to generate enough events on the calendar to keep it operating without significant financial support. Almost no sports complex can completely pay for itself, so the design and operating concept of any new facility should ensure that it can maximize revenues and minimize expenses by staying busy during the week with local rentals and on weekends with tournament activity. The goal is to integrate critical elements that will optimize a local athletic facility that also increases economic activity from beyond the local area

Drive Time Demographics

The adjacent figure shows the drive-time demographics (one, two, and three hours) from Fort Collins. Due to Denver's distance from surrounding metropolitan hubs, the majority of the tournament and event attendees will likely come from within this three-hour radius (population: 5.3 million)



Relevant Hotel Supply

The adjacent table details the supply of hotel options in the city. Approximately 3,100 rooms among 33 hotels are currently offered in Fort Collins.

Property	Fort Collins Hotel Supply			
	Distance	Rooms	Chain Scale	Open
Autograph Collection The Elizabeth Hotel	0.1	164	Upper Upscale	Dec-17
The Armstrong Hotel	0.2	45	Indep	Jun-28
Best Western University Inn	0.8	70	Midscale	Jun-61
El Palomino Motel	1.2	36	Indep	Jun-43
Hilton Fort Collins	1.4	256	Upper Upscale	May-85
Budget Host Fort Collins	1.5	30	Economy	Jun-74
Best Western Kiva Inn	1.6	62	Midscale	Feb-82
Americas Best Value Inn Fort Collins	1.7	40	Economy	Aug-61
Marriott Fort Collins	3.3	229	Upper Upscale	Jun-85
Days Inn Fort Collins	3.5	77	Economy	Jun-81
Motel 9	3.5	35	Indep	Jun-88
Super 8 Fort Collins	3.6	69	Economy	Jun-85
La Quinta Inns & Suites Fort Collins	3.6	135	Midscale	Jun-72
Baymont Inn & Suites Fort Collins	3.6	62	Midscale	Jul-95
Quality Inn & Suites I 25 North Fort Collins	3.7	87	Midscale	Dec-14
Clarion Inn Fort Collins	3.7	110	Upper Midscale	Nov-65
Quality Inn & Suites University Fort Collins	3.7	66	Midscale	Jun-97
Motel 6 Fort Collins	3.8	127	Economy	Sep-78
Comfort Inn Fort Collins North	3.8	62	Upper Midscale	Nov-00
Americas Best Value Inn & Suites Ft Collins E at I 25	4.1	120	Economy	Jun-85
Candlewood Suites Fort Collins	4.1	83	Midscale	Dec-14
Courtyard Fort Collins	4.5	112	Upscale	Mar-96
Holiday Inn Express & Suites Fort Collins	4.6	89	Upper Midscale	Oct-05
Comfort Suites Fort Collins	4.6	66	Upper Midscale	Jul-98
Homewood Suites by Hilton Fort Collins	4.6	99	Upscale	May-07
Hampton Inn Fort Collins	4.6	75	Upper Midscale	Oct-96
Residence Inn Fort Collins	4.6	113	Upscale	Jul-99
Home2 Suites by Hilton Fort Collins	4.9	108	Upper Midscale	Apr-18
Hilton Garden Inn Fort Collins	5.2	120	Upscale	Sep-07
Cambria hotel & suites Fort Collins	5.3	90	Upscale	Sep-08
Fairfield Inn & Suites Fort Collins South	5.6	106	Upper Midscale	Nov-18
AmericInn Lodge & Suites Fort Collins South	8.8	61	Midscale	Nov-00
Days Inn Wellington Fort Collins Area	8.8	93	Economy	Jun-04
Total/Average	3.72	3,097	--	Jun-90
Source: Smith Travel Research				

Lodging Summary

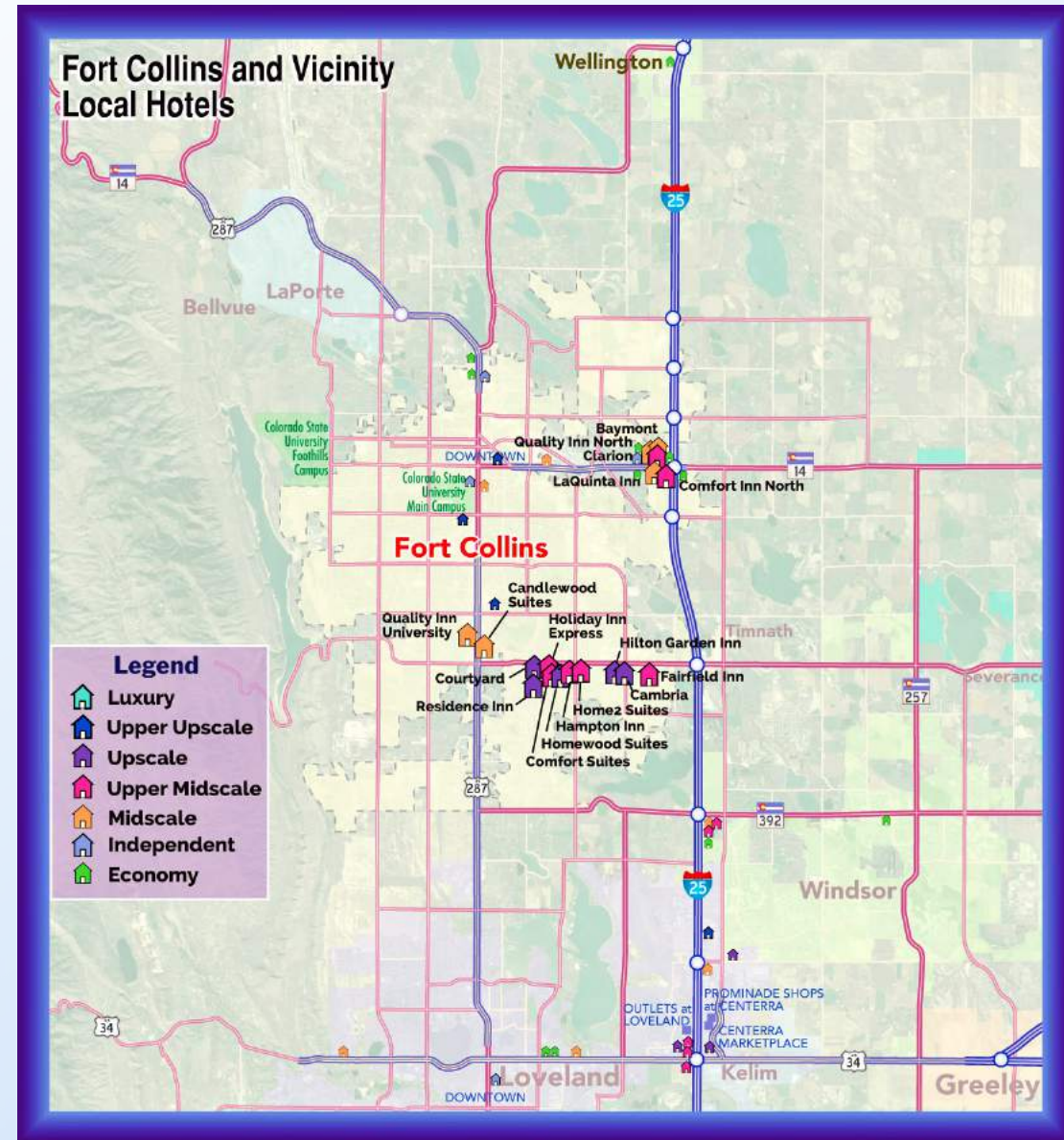
Lodging Summary: Fort Collins						
Chain Scale	Rooms	% of Total Rooms	Hotels	Rooms per Hotel	Avg. Opening Year	Avg. Age in Years
Upper Upscale	649	21%	3	216	Mar-96	23
Upscale	534	17%	5	107	Nov-03	16
Upper Midscale	616	20%	7	88	Sep-00	19
Midscale	626	20%	8	78	Jun-92	27
Economy / Independent	672	22%	10	67	Feb-73	46
Total / Average	3,097	100%	33	94	Jun-90	29

Source: Smith Travel Research, Hunden Strategic Partners

As detailed in the lodging summary table above, the existing hotel supply is fairly evenly distributed among chain scales, providing different price points and quality levels for potential visitors.

Map

The adjacent figure shows the location of and chain scales of the competitive hotel set. Tournaments and groups for sports typically prefer lower-cost, branded hotels with built-in breakfast, such as Hampton Inn, Fairfield, Hyatt Place, etc. Due to cost and efficiency, they tend to avoid full-service hotels. The majority of the preferred branded, select service hotels are located 4.5 miles south of downtown Fort Collins.



Local Athletic Supply - Outdoor

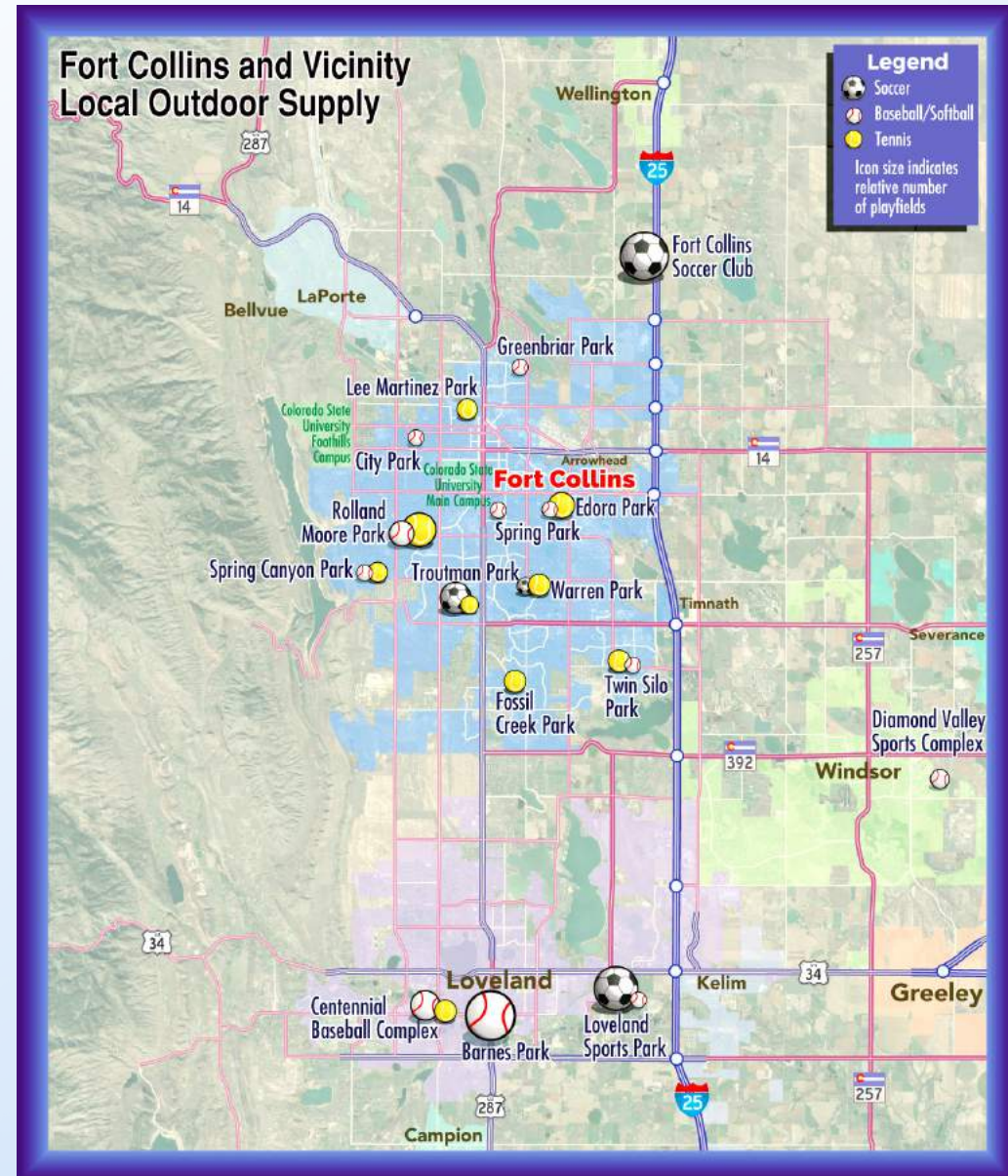
The adjacent table details the existing local athletic outdoor athletic supply in Fort Collins. Currently, Fort Collins Soccer Complex and Rolland Moore Park are the only venues large enough to accommodate tournaments and events. However, the Fort Collins Soccer Complex is limited by availability, lack of lights, and support infrastructure, while Rolland Moore suffers from a lack of support amenities required to accommodate events. As shown, the market offers collection of 2-plex diamonds, but those facilities not large enough to host tournaments that generate impact and visitation. Fort Collins area clubs are leaving the city and traveling to Loveland and Greeley for weekend tournaments throughout the summer months.

Local Outdoor Athletic Complex Supply								
Venue	Location	Outdoor Multipurpose	Multipurpose Turf Fields	Outdoor Baseball/Softball	Basketball	Tennis	Sand Volleyball	Other
City Park	Fort Collins	--	--	2	--	--	--	Baseball field with bleachers and adjacent softball field
Edora Park	Fort Collins	--	--	2	--	6	--	
Fort Collins Soccer Complex	Fort Collins	11	--	--	--	--	--	Field arrangement and quantity can vary
Fossil Creek Park	Fort Collins	--	--	2	2	5	--	
Greenbriar Park	Fort Collins	--	--	2	--	--	--	
Martinez Park	Fort Collins	--	--	2	3	4	--	
Rolland Moore Park	Fort Collins	--	--	4	5	8	2	Temporary multipurpose fields can be created in the outfield
Spring Canyon Park	Fort Collins	--	--	2	3	3	2	
Spring Park	Fort Collins	--	--	2	--	--	--	
Troutman Park	Fort Collins	4	--	--	1	2	--	
Twin Silo Park	Fort Collins	--	--	2	--	4	--	
Warren Park	Fort Collins	2	--	1	1	4	1	
Barnes Park	Loveland	--	--	10	--	--	--	Batting cages
Centennial Baseball Complex	Loveland	--	--	6	--	4	--	
Loveland Sports Park	Loveland	8	1	--	2	--	2	One turf championship field
Diamond Valley Sports Complex	Windsor	--	--	3	--	--	--	

Source: Various Sources

Local Athletic Supply

The adjacent map shows the location of relevant outdoor athletic complexes in the Fort Collins market.



Local Athletic Supply

The adjacent table details the existing supply of indoor sports complexes in Fort Collins. Power to Play, the premier event-oriented indoor complex in the entire Denver market, is focused on attracting and producing basketball tournaments, but HSP understands that they are beginning to penetrate the volleyball tournament market. The two indoor synthetic turf facilities, Edge Sports Center and Arena Sports, both have uncertain futures, presenting potential opportunity for indoor turf in any new development. As shown, only one facility in Fort Collins area offers more than two basketball courts in one location, indicating a major supply gap.

Relevant Local Indoor Athletic Complex Supply								
Venue	Location	Indoor Synthetic Turf	Basketball	Volleyball	Indoor Tennis	Pool	Ice	Other
The Edge Sports Center*	Fort Collins	1	--	--	--	--	--	Batting cages
Endora Pool Ice Center (EPIC)	Fort Collins	--	--	--	--	1	2	10-lane, 50m pool, seating for 1,000
Mulberry Pool	Fort Collins	--	--	--	--	1	--	6-lane, 25-yard
NoCo Ice Center	Fort Collins	--	--	--	--	--	1	
Northside Aztlan Community Center	Fort Collins	--	3	3	--	--	--	Weight room
Fort Collins Senior Center	Fort Collins	--	1	1	--	1	--	4-lane, 25-yard
Budweiser Events Center	Loveland	--	1	1	--	--	1	7,200-seat arena
Arena Sports LLC*	Windsor	1	--	3	--	--	--	
Norco Volleyball Club	Windsor	--	--	6	--	--	--	
Power 2 Play Sports Events Center	Windsor	--	6	6	--	--	--	Concession and lounge area between courts
*Uncertain future								
Source: Various Sources								

Local Athletic Supply

The adjacent map shows the location of relevant indoor athletic complexes in the Fort Collins market.



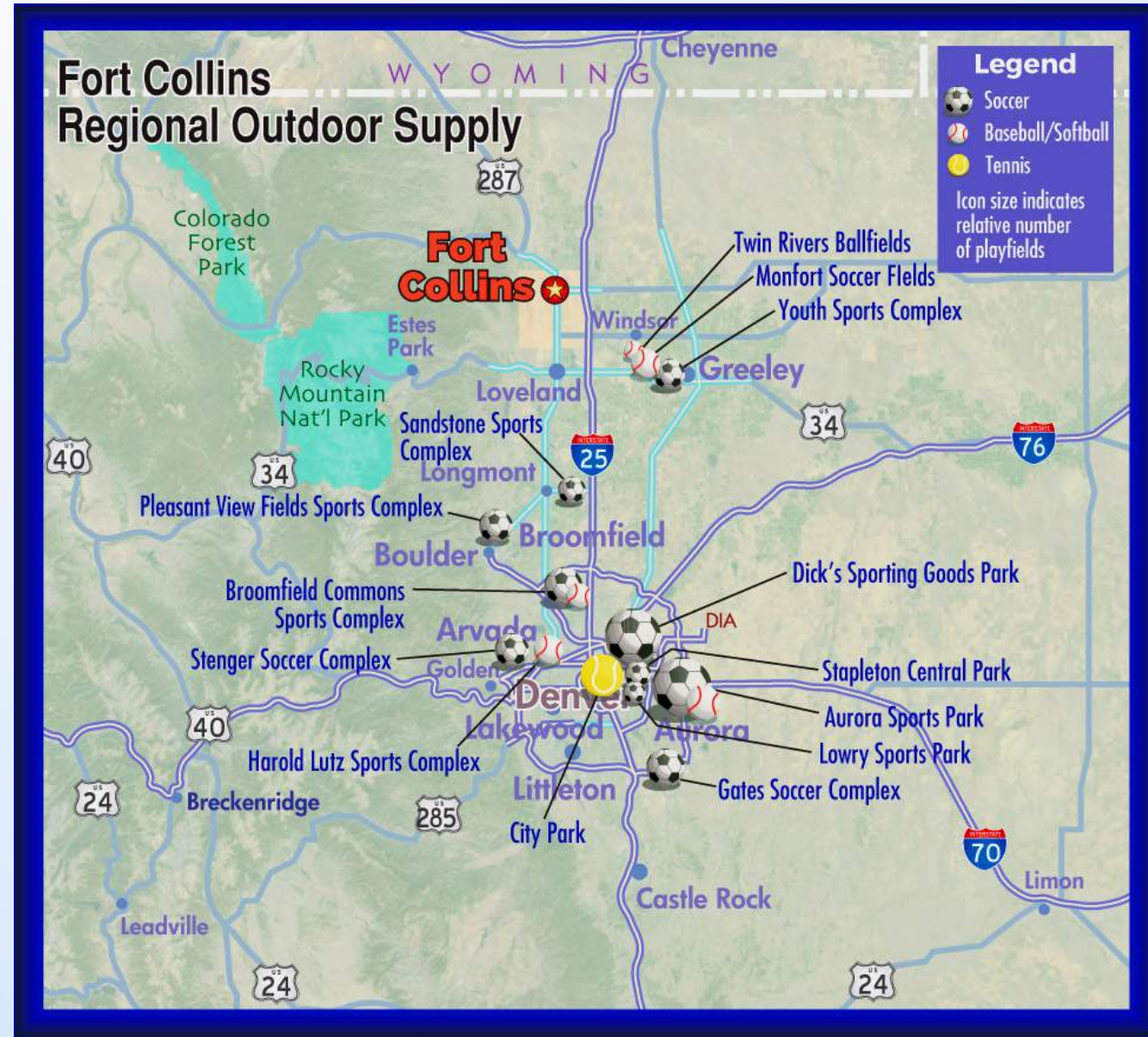
Competitive Regional Supply

The adjacent figure details the competitive outdoor athletic complexes throughout the greater region. Aurora Sports Park and Dick's Sporting Goods Park, which both offer more than 24 fields, are considered the premier outdoor multipurpose complexes in Denver market and are the primary destinations for existing outdoor events. Fort Collins area residents traveling more than 50 miles for soccer events on weekends. Greeley is a major destination for Fort Collins area baseball clubs for tournaments and events throughout the summer months.

Relevant Outdoor Regional Athletic Supply						
Venue	Location	Distance from Fort Collins (mi)	Total Multipurpose	Multipurpose Turf Fields	Baseball/Softball	Tennis
Youth Sports Complex	Greeley, CO	28.1	--	--	8	--
Twin Rivers Ballfields	Greeley, CO	28.7	--	--	4	--
Monfort Soccer Fields	Greeley, CO	30.1	9	--	--	--
Sandstone Sports Complex	Longmont, CO	33.6	8	--	4	--
Pleasant View Fields Sports Complex	Boulder, CO	42.5	11	--	--	--
Broomfield Commons Sports Commons	Broomfield, CO	52.5	14	6	--	--
Dick's Sporting Goods Park	Commerce City, CO	63.3	24	2	--	--
Harold Lutz Sports Complex	Arvada, CO	63.3	--	--	8	--
Stenger Soccer Complex	Arvada, CO	64.8	12	--	--	--
Stapleton Central Park	Denver, CO	65.0	7	--	--	--
City Park	Denver, CO	65.9	4	--	--	14
Lowry Sports Complex Park	Denver, CO	68.5	6	2	3	--
Aurora Sports Park	Aurora, CO	71.5	27	4	12	--
Gates Soccer Complex	Aurora, CO	81.0	13	--	--	--
Source: Various Sources						

Competitive Regional Supply

The adjacent figure shows the location of the competitive outdoor sports complexes in the greater region



Competitive Regional Supply

The adjacent table details the competitive regional indoor supply. Other than Power to Play, only one facility in the regional market, Gold Crown Fieldhouse, offers more than 2 basketball courts in one location. There are also multiple club-operated indoor volleyball complexes in Denver market that are unavailable for outside use. Overall, HSP's analysis suggests that the competitive supply of comprehensive indoor complexes capable of accommodating tournaments is lacking compared to outdoor complexes.

Relevant Indoor Regional Athletic Supply								
Venue	Location	Distance from Fort Collins (mi)	Indoor Synthetic Turf	Basketball	Volleyball	Indoor Tennis	Pool	Ice
Veterans Meorial Aquatics Center	Thornton, CO	52.0	--	--	--	--	1	--
George J Meyers Pool	Arvada, CO	53.7	--	--	--	--	1	--
Sport Stable	Superior, CO	58.4	1	2	4	--	--	1
Ice Centre at Promenade	Westminster, CO	59.1	--	--	--	--	--	3
Gold Crown Fieldhouse	Lakewood, CO	68.0	--	6	8	--	--	--
Carmody Recreation Center	Lakewood, CO	74.2	--	--	--	--	1	--
Colorado Momentum Volleyball	Centennial, CO	80.3	--	--	4	--	--	--
Colorado Volleyball Association	Englewood, CO	82.3	--	--	3	--	--	--
Play it Now Sports	Colorado Springs, CO	130.0	1	--	4	--	--	--
Source: Various Sources								

Competitive Regional Supply

Adjacent figure shows the location of the competitive indoor sports complexes in the greater region



Triple Crown Sports

- Triple Crown Sports was established in 1982 and is based out of Fort Collins. The group will produce 119 events in 36 states in 2019. Approximately 70 percent of the events are baseball or fast-pitch softball, while the remainder are comprised of lacrosse, basketball, and volleyball.
- Triple Crown produces the largest softball event in the country over the 4th of July. The event uses fields across 27 cities in Colorado. Triple Crown also produces the 2nd largest baseball event in the country in Omaha during College World Series.
- Triple Crown produces the number one volleyball event in country, utilizing 65 courts in the Kansas City Convention Center. This features the highest level athletes of any event in United States.
- The average event is 3.5 days. Some national events last a week, while other events are smaller regional two-day events. The typical overnight stay is three or four nights per visitor.
- They are currently producing 12 baseball events and 6 fastpitch events in the state of Colorado. These are occurring in Aurora, Johnstown, Windsor, Loveland and Fort Collins. Events typically last 3 days and attract 150 teams per event.
- While not their focus, Triple Crown produces one small basketball event at Regis University (15 teams) and they are planning first lacrosse event (30 to 40 teams). Lacrosse is considered to still be in its infancy in Colorado.

Triple Crown Sports

- Fort Collins offers everything organizers and families are looking for in a sports destination, including nature, recreation, attractions, restaurants, and infrastructure. The only thing it lacks are appropriate event facilities and lodging options.
 - Triple Crown is extremely excited that the city is considering this opportunity. The area features great athletes, coaches, and teams, and can be a premier sports event destination.
 - Citizens are leaving the community on Memorial Day, 4th of July, Labor Day, and Christmas for surrounding communities. Fort Collins has not reached its potential as a tourist destination.
 - The distance from the Denver International airports is not an issue. One hour is feasible, and could even be a selling point.
- There would be incredible benefits to producing events in their hometown market. If the appropriate facility existed, they would absolutely relocate existing events throughout country as well as create new events in Fort Collins.
- The primary facility needs for Triple Crown include:
- 8 senior baseball synthetic turf fields with 400' permanent fences and lacrosse/soccer full-size cut-out wings, as well as portable fences, portable mounds, and lights.
 - 8 youth softball synthetic turf fields with 300' permanent fence and lacrosse/soccer small dimensions as well as portable fences, portable mounds, and lights.
 - 8 lacrosse/soccer Kentucky Bluegrass Fields fields (not as critical as diamonds)

Triple Crown Sports

The adjacent figure shows an example of cut-out wings for outfield overlays with multipurpose fields. These overlays, combined with synthetic turf and portable mounds, provide ultimate flexibility for all baseball, softball, and other turf-sport age groups. 400' diamonds can accommodate regulation multipurpose fields, but only 300' diamonds can only accommodate modified youth fields.



Triple Crown Sports

- This facility, with 16 synthetic turf diamonds and multipurpose fields overlays, would be the premier outdoor diamond complex in the state.
- This type of complex would attract a national audience for up to 20 weeks per year, including 8 major national events produced by Triple Crown.
- With 16 fields, the complex could host up to 75 teams, plus an additional 50 teams throughout the city. This venue would attract 125 teams over three days, on average. Some events would last five or six days.
- Other major events would be driven by area local rights holders including local premier clubs, USSSA, AAU and other governing bodies.
- Future phases of development recommended by Triple Crown include:
 - 24 pickleball courts
 - A 500,000-square foot convention center for basketball and volleyball events
- Convention center complexes are typically required to produce major national events that drive significant visitation and room nights to a community.
- A dedicated indoor complex with six to eight basketball courts would certainly accommodate demand from area clubs, but the events would be locally and regionally-based. This type of facility would not be large enough to attract national events.

Triple Crown Sports

- Fort Collins does not currently offer the hotel supply to support recommended diamond development. With the current situation, they will lose tax dollars to surrounding communities if more hotels are not developed.
- Triple Crown is very interested in this opportunity, not only as event producers, but as local citizens that want to showcase Fort Collins to the rest of the country.
- Triple Crown would love to be intimately involved in this process moving forward. However, they would not want to manage the complex due to concerns about the perception of a third-party prioritizing their own interests over that of the community. They would certainly consult with the city for scheduling and deal negotiations.
- It is important that the city understands that these venue are not designed to make money. The benefits are the economic impact to the community.
- Potential long-term facility recommendation for Triple Crown include:
 - Two ice hockey sheets
 - One competitive swimming pool

Volleyball Stakeholders

- There is a major need for indoor court training and practice space for area volleyball programs. There is a waiting list for many clubs due to lack of court times.
- NORCO built their own complex and a few clubs are training at Power to Play, but many clubs are utilizing any available gym space they can find. This includes senior centers, churches, elementary schools, which present limited availability and scheduling challenges.
- Area clubs are constantly travelling to Colorado Springs and Denver for Sunday events.
- Power to Play is primarily focused on basketball, specifically as it relates to hosting events. The area is a hotbed for volleyball, but there are no available facilities.
- Volleyball season runs from October through June.
- Six new regulation courts would be ideal. This facility would likely be occupied by at least two club teams from October through May.
- Six courts in one location would meet needs of Fort Collins area volleyball clubs, but it would not meet the needs of all of Northern Colorado. The entire entire region is lacking training space.
- Area clubs are utilizing CSU facilities when available, but there are challenges with scheduling. Younger age groups forced to train late at night due to lack of available gyms in the community.

USA Volleyball Rocky Mountain Region

- There are currently 8,000 total members within the Rocky Mountain Region of USA Volleyball. Fort Collins is growing, with 12 to 14 total clubs in the market accounting for 25 percent of total membership.
- One-day tournaments, the Power League, occur every Sunday from January through April. Two major multi-day events currently occur in the region (downtown Denver) each year over Martin Luther King and Presidents Day Weekend.
- The Power League is organized by USA Volleyball. They occur on Sundays because that is the only day collegiate and high school gyms are available.
- There are six or seven 2- and 4- court volleyball facilities in greater Denver market that are run by premier clubs or third parties. These are the primary indoor venues in addition to Power to Play.
- Front Range Volleyball Club holds one annual event at Denver Convention Center that utilizes 101 courts.
- Fort Collins area clubs are hosting Sunday Power Leagues at area schools, NORCO, and Power to Play. These one-day events are attracting teams from Cheyenne, Casper, and Gillette.
- A new facility would absolutely be occupied by area clubs during the week. With 6 regulations courts, it would host 24-team Power Leagues on Sundays, with up to 25 percent potentially staying overnight.
- There is also potential for area clubs to create and host their own events in a new facility. The demand is there.

AAU Basketball Colorado

- The state is in desperate need of a comprehensive indoor facility. AAU programs and events are typically relegated to high school gymnasiums due to lack of available court space in the market.
 - AAU events are currently occurring at Power to Play or Gold Crown in Denver. Power to Play has good reputation, but they are not attracting too any teams from Denver area due to accessibility challenges and limited by spectator space.
 - Triple Crown would likely drive a few events to any new facility in Fort Collins. This is a major advantage.
 - Denver is not a premier destination for major AAU basketball events that attract Division One coaches due to accessibility constraints. A Fort Collins complex likely wouldn't be able to host national events, but could host smaller events.
- Fort Collins would likely be destination for middle school age groups. High schoolers are playing more on a national circuit for events, and Denver is not a destination for high school events.
- There are 30 to 40 AAU-sanctioned events currently occurring in market. There is enough club presence in Fort Collins area to drive middle school events, but high school will be difficult.
- Middle school club basketball is now year-around. Many kids are just playing club ball now.
- With 8 courts under one roof, there is opportunity for 15 to 20 weekend events each year. Events will likely attract Denver area clubs, but a portion may stay overnight.

Other Opportunities

Every community is looking for their “silver bullet” as it relates to hosting events and driving sports tourism. As detailed in the management analysis, owning and booking venues is hard work, especially due to the competition in the current environment. Esports, for instance, certainly presents opportunity, but with a few exceptional game and competitions, they are not driving significant traffic to a destination (sports tourism) and, as a local draw, present challenges since the real money is being made by the brands who push online viewing. Other trending non-traditional sports that may present opportunity at an indoor facility include:

- Badminton, Fencing
- Futsal, Team Handball, Weightlifting
- Gymnastics – Need local gym operator who wants to be a promoter
- Martial Arts (all disciplines)

A few of these sports were identified as opportunities throughout the market analysis. While these sports are unlikely to drive multiple major annual events to a new complex in Fort Collins, a new venue would be able to accommodate a variety of other flat-floor sports. These were assumed in the projections in Chapter 10 and 11.



Hotel Performance

The adjacent table summarizes the performance of the competitive hotel set over the last five years. After three years of stagnant performance, new supply entered the market in 2018, resulting in increased hotel room night demand. While occupancy decreased, the market is expected to stabilize once the new hotel properties are absorbed. Average Daily Rate (ADR) is at a level (\$108) that is relatively attractive for event planners and tournament organizers.

Historical Supply, Demand, Occupancy, ADR, and RevPar for Competitive Hotels											
Year	Annual Avg. Available Rooms	Available Room Nights	% Change	Room Nights Sold	% Change	% Occ.	% Change	ADR	% Change	RevPar	% Change
2013	1,283	468,295	–	315,590	–	67.4	–	\$91.30	–	\$61.53	–
2014	1,292	471,451	0.7%	353,044	11.9%	74.9	11.1%	\$99.63	9.1%	\$74.60	21.3%
2015	1,370	500,050	6.1%	334,451	-5.3%	66.9	-10.7%	\$105.09	5.5%	\$70.29	-5.8%
2016	1,370	500,050	0.0%	328,361	-1.8%	65.7	-1.8%	\$105.16	0.1%	\$69.06	-1.7%
2017	1,370	500,050	0.0%	324,904	-1.1%	65.0	-1.1%	\$110.23	4.8%	\$71.62	3.7%
2018	1,469	536,063	7.2%	345,843	6.4%	64.5	-0.7%	\$107.88	-2.1%	\$69.60	-2.8%
CAGR* (2013-2017)	1.7%	1.7%	–	0.7%	–	-0.9%	–	5.2%	–	4.1%	–
*Compound Annual Growth Rate											
Sources: Smith Travel Research, Hunden Strategic Partners											

Heat Charts

The adjacent table shows the occupancy by day of the week per month for the twelve months following September 2017. Days of the week with occupancy between 75 and 80 percent are shown in yellow, suggesting mild displacement and unaccommodated demand. Orange shows days with 80 to 90 percent occupancy, suggesting very likely displacement. Days in red are for times when occupancy was beyond 90 percent for the set, suggesting near-certain displacement. As shown, there is a significant opportunity to fill gaps the annual hotel calendar on the weekends in winter months. This coincides with the timing for indoor winter sports tournaments and other flat-floor events. Due to the high occupancy levels in the summer months (greater than 80 percent), new hotel development will likely be necessary in order to capture the entirety of the impact generated from an outdoor complex.

Occupancy Percent by Day of Week by Month - January 2018 - December 2018

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Avg
Jan - 18	37.8%	43.9%	49.2%	49.6%	46.7%	45.7%	46.3%	45.8%
Feb - 18	43.9%	48.7%	53.5%	54.2%	50.2%	62.0%	59.2%	53.1%
Mar - 18	48.4%	60.0%	62.9%	62.6%	61.2%	60.9%	58.9%	59.4%
Apr - 18	47.7%	58.2%	65.7%	66.9%	68.1%	72.4%	70.3%	63.4%
May - 18	51.3%	50.1%	54.8%	58.8%	65.1%	78.9%	85.2%	63.1%
Jun - 18	65.6%	80.8%	84.5%	86.7%	82.1%	78.0%	80.0%	79.6%
Jul - 18	69.9%	80.2%	83.8%	85.5%	84.1%	91.0%	92.7%	83.3%
Aug - 18	63.6%	76.7%	82.3%	82.6%	80.8%	83.9%	87.9%	79.9%
Sep - 18	62.1%	67.1%	75.8%	79.3%	78.1%	83.2%	87.7%	76.1%
Oct - 18	50.7%	64.6%	67.2%	68.5%	70.1%	84.9%	78.2%	68.9%
Nov - 18	40.3%	52.1%	59.1%	59.5%	55.3%	59.0%	57.7%	54.9%
Dec - 18	35.8%	43.3%	46.5%	45.4%	46.2%	53.5%	50.2%	45.6%
Average	51.6%	60.3%	65.4%	66.6%	65.7%	71.2%	71.1%	

Sources: Smith Travel Research

	75-80
	80-90
	> 90

Heat Charts

Consistent with the previous slide, the adjacent heat chart demonstrates attractive weekend rates for price-conscious tournament organizers, especially in the winter months. Rates at competitive hotels are the lowest on the weekends in the winter months. Once again, this is a positive indicator for an indoor sports opportunity in a new complex in Fort Collins.

ADR by Day of Week by Month - January 2018 - December 2018

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Avg
Jan - 18	82.12	86.79	89.20	88.28	84.84	80.77	78.70	84.88
Feb - 18	81.59	87.42	90.00	91.62	87.57	84.63	83.38	86.63
Mar - 18	87.47	92.71	93.32	91.14	90.26	88.19	84.78	89.61
Apr - 18	90.86	97.66	101.34	99.28	97.20	97.19	92.64	96.66
May - 18	105.75	106.37	106.88	107.41	120.40	141.01	135.57	119.55
Jun - 18	115.38	126.96	129.93	131.89	127.46	125.12	128.83	126.91
Jul - 18	114.82	122.27	123.06	126.48	124.00	131.36	129.84	124.54
Aug - 18	112.05	116.50	123.55	132.01	127.35	125.17	125.68	124.10
Sep - 18	103.40	110.00	113.75	115.84	114.08	120.04	121.56	114.65
Oct - 18	101.42	106.36	105.16	105.03	107.90	130.69	127.99	112.72
Nov - 18	88.08	94.23	94.88	93.38	91.53	90.27	89.53	91.78
Dec - 18	79.50	84.35	86.09	84.42	82.36	84.03	83.40	83.50
Average	99.58	105.21	107.59	109.00	107.93	112.00	111.25	

Sources: Smith Travel Research

	110-120
	120-130
	> 130

Executive Summary

Based on the results of the market analysis detailed throughout this report, HSP presents the following headlines.

- HSP's analysis indicates significant opportunity for a new sports complex in Fort Collins to both accommodate local demand and drive sports tourism to the city. The economic and demographic profile of the community, combined the destination appeal of Fort Collins, the presence of large premier area sports organizations, and passionate local stakeholders, suggests that the demand for both indoor and outdoor sports exceeds the existing supply. While there are challenges facing the community, the level of opportunity HSP identified may result in a phased project that will establish Fort Collins as a regional and perhaps, national destination for sports tourism.
- Locally, the lack of available, quality indoor athletic facilities presents major challenges for area clubs, both indoor and outdoor sports, to train and practice throughout the season and offseason. HSP's analysis suggests that there is enough demand generated by Fort Collins area organizations to fill a new court/gymnasium facility in the evenings throughout the winter season and drive significant rental revenue to any new indoor complex. However, due to the structure of the sport of volleyball in the state, there are only two existing major multi-day volleyball tournaments in the entire Denver market. The development of a flexible indoor court complex would certainly result in the creation of new local and regional events and would also be able to accommodate other flat-floor activities such as pickleball, wrestling, robotics, indoor drones and Esports, but the primary benefit would be to Fort Collins area sports organizations.
- In addition, there is a significant demand for indoor synthetic turf training space from baseball, softball, and soccer organizations in the winter months. However, the development of an indoor multipurpose space would likely serve the local population with the shortfall of gym space, but may only generate minimal net new economic impact in the community. If the goal of any new development in Fort Collins is to drive sports tourism, visitation, and hotel room nights, there may be greater opportunity with a different type of development.

Executive Summary

- The presence of Fort Collins-based Triple Crown Sports presents tremendous advantages for any future sports development in the market. The organization is very excited about the potential opportunity in Fort Collins not only as event producers, but as residents that understand everything the community has to offer. Fort Collins offers the amenities necessary to drive national sports tourism, other than an appropriate venue and adequate hotel supply to support that venue. If a quality 16-diamond field complex with the appropriate support amenities were developed in Fort Collins, Triple Crown would relocate existing national events to Fort Collins and create new events in the market. Triple Crown would produce up to 10 national events each year, the majority of which would be at least 3 days and would bring more than 100 teams to Fort Collins. There would likely be opportunity for an additional 10 events produced by other governing bodies. Triple Crown suggested that future phases should include multipurpose fields, pickleball, an indoor event center, and ice and water complexes.
- While an outdoor diamond complex may present the greatest opportunity for hosting impactful events, the existing hotel market will present challenges. The majority of the branded select-service properties in Fort Collins are performing at greater than 75 percent occupancy from June through September, the primary season for outdoor baseball, softball, and soccer events. If Fort Collins cannot capture the room night demand driven by an outdoor complex, then surrounding communities may reap the rewards of Fort Collins' investment. New hotel development may be necessary to support a new outdoor sports complex development.
- If not for Triple Crown's presence in the community and interest in producing events, HSP's primary recommendation would be to develop an indoor court complex. This is not only due to the level of demand locally and the potential development of a competitive new outdoor complex in Windsor, but also the lack of competitive supply indoor regionally and the hotel seasonality. However, an organization with the size and resources of Triple Crown, as well as the proven ability to produce major impactful athletic events, should not be ignored. It will be up to Fort Collins' leadership to determine the goals of any sports development project.

Executive Summary

- Ice and aquatics complexes, generally, are extremely difficult to operate financially and do not generate the amount of economic impact that traditional sports complexes generate. While there is certainly need for another pool in the market for school and club swim teams, the limited impact potential combined with the proposed ice and aquatics development in Larimer County, indicate that ice and aquatics should not be a top priority for a new Fort Collins complex. In addition, there is opportunity to grow the sports of tennis locally with new facility development, specifically indoor. But the impact potential of tennis is limited due to the number of athletes that tournaments attract.
- In a market with such opportunity, it will likely be up to city leadership to determine the priority of any new sports development: accommodating local needs vs. hosting national events and driving sports tourism. There is opportunity for both in Fort Collins.
- The sports complex location will be important. Sports and event facilities benefit the most when located in close proximity to a community's hospitality package. The amenities that make an attractive package include amenities such as hotels, restaurants, access to major transportation routes. Additional criteria that can impact the feasibility of a project include site ownership/control, cost of acquisition (if any), as well as site work and construction costs. Only three sites identified by the project team are large enough to accommodate full build-out (indoor and outdoor) plus room for future expansion. These are detailed in the site analysis.
- Sport tourism represents one of the fastest growing sectors in tourism. Destinations that foster the inner sport tourism entrepreneur will gain success by building programs of events and activities that deliver sustainable economic, social and promotional benefits. As Fort Collins looks to the future, the community must continually adapt to remain a sports tourism destination. When it comes to driving tourism, filling hotel rooms and generating economic impact in the community, the landscape of tourism, hospitality and destination appeal is competitive, and the more that can be done to connect with visitors, the better. As consumer desire or demand grows, Fort Collins needs to be strategic and encourage sport tourism innovation.

Executive Summary

HSP's recommendations for Fort Collins include one of two initial development scenarios:

Develop a new, 8-court (regulation basketball; 16 volleyball) *indoor sports facility* that can accommodate mid-week demand driven by local groups and host basketball tournaments, volleyball, wrestling, and other flat-floor sports (and non-sports) events during the off-season for area hoteliers. (Scenarios 1-A and 1-B)

or

Develop a new 16-diamond synthetic turf *outdoor sports facility* (with multipurpose field overlays) that can host major regional and national baseball and softball tournaments, driven in part by demand generated by Triple Crown. (Scenario 2)

Long-term, HSP recommends that any project consider the opportunity for future expansion that includes both indoor *and* outdoor components. This was considered in the site analysis.

Establish a clear vision and *management strategy for the facility*, which allows for more freedom and entrepreneurial methods of attracting business. There are a variety of operational models that exist across the country in addressing this increased demand on recreational facilities usage for purposes of economic development (tourism). A close working relationship must exist between business development (tourism driven) efforts and facility operations. A mutual understanding and respect of each stakeholder's goals, objectives and priorities should be reviewed and discussed.

Create a model to *reinvest a portion of economic impact to the proposed facility*. This may take the form of fees or assessments that are dedicated to the facility from revenue sources such as hotel tax and sales tax. The economic, fiscal and employment impact of these investments will be significant in terms of new supported jobs, spending, hotel room nights, and local taxes.

Additional Context

Additional questions arose in response to HSP's assumptions and recommendations. They are clarified below:

Q: It seems as though the hotels are currently busy during the summer months. Will an outdoor complex create a lot of economic development?

A: As shown in our analysis, Fort Collins hotels are highly occupied during summer weekends. If a new outdoor complex is developed, it is very likely that much of the hotel and restaurant impact will be compressed outside of the borders of Fort Collins to other nodes of hotels, restaurants and shopping, such as Loveland. This results in a lower impact than would otherwise be captured, unless and until more hotels are developed in Fort Collins. For this reason, the outdoor complex scenario generates about the same impact as the indoor complex, despite a much higher volume of overall usage in the outdoor complex. For the indoor complex, hotels are generally available to absorb most hotel and other impact in the colder months. As a result, the net impact to Fort Collins is similar for the indoor and outdoor complexes, suggesting a higher return on investment for the indoor facility.

Q: Will location of the facility affect the overall economic impact generated?

Location of the facility also may have effect on the overall economic impact generated. For example, restaurants and retailers located in Centerra or Windsor could realize more of the impact for a facility located on the east or south side of Fort Collins, versus a location more north, central or west in the community. Also, if a facility or complex is built in a difficult to access area, it could hinder its attractiveness and therefore, impact.

Additional Context

Q: One need that is missing at the current time in Fort Collins is an indoor turf field. Is this something to explore now or in the future?

A: An indoor turf option would be appreciated and used by local organizations, but would fail to bring many impactful tournaments and events. A single turf field is a great amenity and would be highly utilized throughout much of the year, but it does not have the ability to hold impactful tournaments, unless it is divided up into multiple smaller fields for very young players. Tournaments require multiple fields. The cost to develop multiple indoor fields is very high. While there are many needs in Fort Collins, the two scenarios recommended by HSP will provide a much more immediate economic impact as well as relieve pressure on local teams/facilities.

Q: We have heard that the Windsor Softball/Baseball Complex may be revived. Does this change the need of the outdoor diamond complex?

A: For several years, there were plans for a major sports complex, Rocky Mountain Sports Park, to be developed in Windsor, CO. This facility was originally slated to have dozens of fields, restaurants and hotels and would have had a major impact on any future development in Fort Collins. However, the complex has reportedly been cancelled in totality as of early 2019. The private development model for major youth sports complexes has not occurred with success in any market without public sector financing or significant participation. HSP believes that unless Windsor invests heavily in the project, a large complex there is highly unlikely.

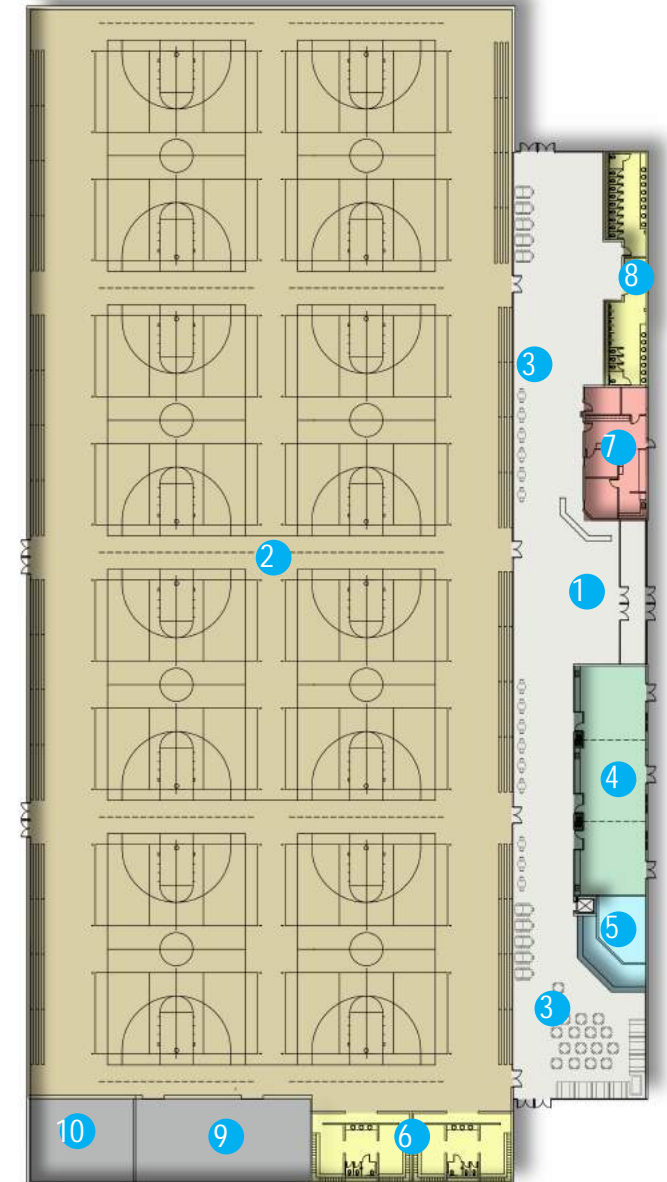
Q: Outside of Triple Crown Sports, are there other groups that would use the diamond complex?

A: There are a number of potential user groups identified as a result of the study. The other users are discussed in the report. HSP believes that the outdoor complex would be well utilized for tournaments and during weekdays, regardless if Triple Crown is involved in producing events.

Recommendations – Scenario 1-A

The adjacent figure, prepared by Perkins + Will, shows a concept layout for the recommended Scenario 1-A project, which includes eight regulation basketball courts (convertible to 16 volleyball courts). This concept includes all support components recommended by HSP for this scenario. Please note that this drawing is strictly conceptual at this time. There are advantages and disadvantages to separating the courts into two distinct event areas, as will be described later in this document.

1. Main Entry Lobby
2. Gymnasium
3. Seating/Viewing Areas
4. Meeting Rooms
5. Food Service
6. Lockers (4)
7. Offices
8. Restrooms
9. Storage
10. MEP



Cost – Recommended Scenario 1-A

The following data, prepared by Perkins + Will, details the expected project costs for the recommended Scenario 1–A project shown on the previous slide. Perkins + Will projects the 90,000-square foot complex to cost \$27.85 million including site development and non-construction costs. The site area required for the indoor complex would range from 15-20 acres depending on specific site features and the final layout.

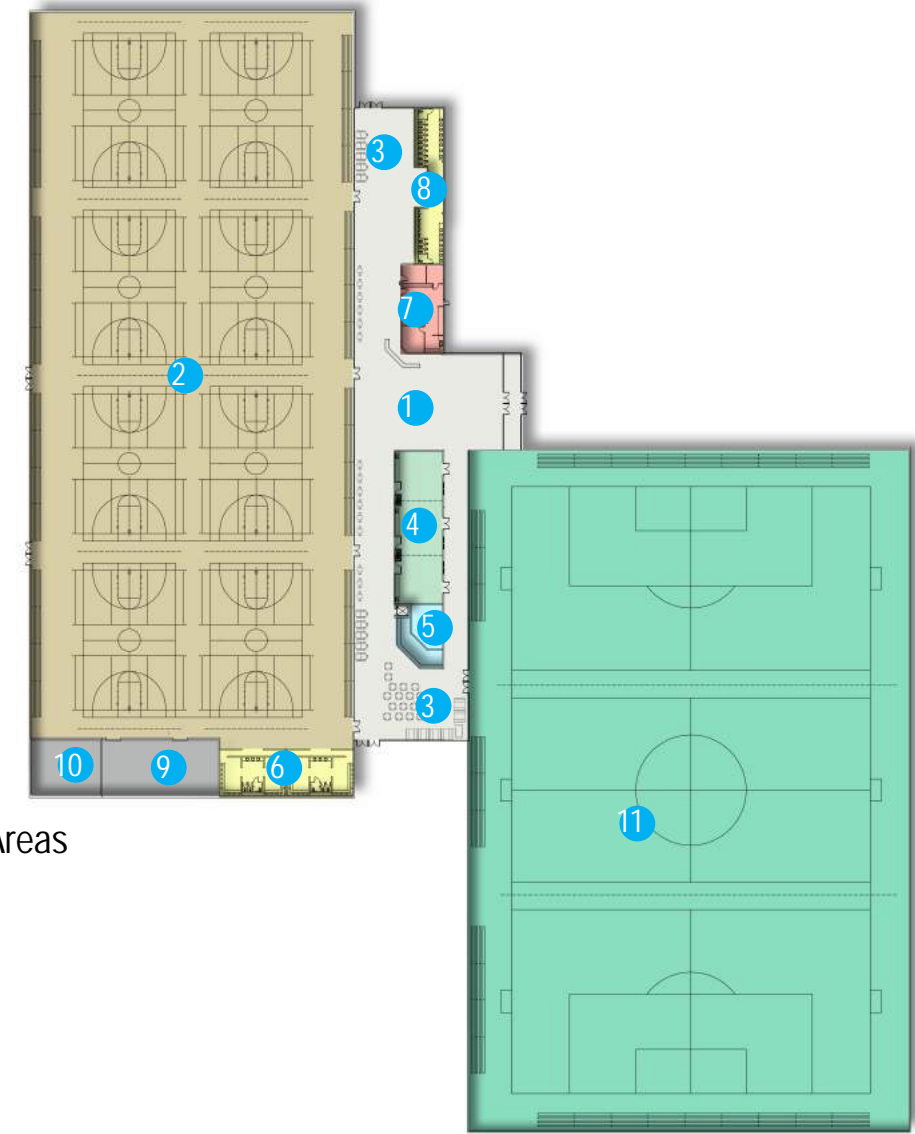
Building Space	Area	Total Cost (\$) *
Lounge/Lobby Spaces	4,200	\$1,571,200
Locker Rooms/Team Rooms	4,250	\$1,523,200
Administrative Staff Areas	1,488	\$546,560
Building Support, Mechanical, Maintenance	1,175	\$332,800
Gymnasium	67,914	\$18,255,283
Meeting/Multipurpose Rooms	2,750	\$985,600
Concession/Food Service Area	3,125	\$1,072,000
Family Entertainment Center (optional)	5,000	\$1,792,000
Site Development		\$2,844,173
Total Projected Cost for Secondary Recommendation		\$27,850,817

* Total Cost includes construction and soft costs at a 28% multiplier for design fees, contingency, equipment, other project expenses

Recommendations – Scenario 1-B

Indoor Synthetic Turf: HSP's analysis determined that the lack of available indoor turf space, combined with harsh weather conditions throughout the winter months and lack of indoor training space, suggests an opportunity for a multipurpose field component in a new indoor facility. The primary turf opportunity lies with practices and training for local sports organizations during the offseason. A FIFA-regulation synthetic turf multipurpose field that features drop-down dividers (allowing the complex to offer four separate fields) would also have the ability to host certain indoor soccer, baseball/softball, lacrosse, and other flat-floor events throughout the offseason. Due to the significant additional cost required to develop a this type of facility, HSP conducted a second scenario that includes all base-scenario 1-A recommendations with an attached multipurpose field. This is shown in the adjacent figure.

1. Main Entry Lobby
2. Gymnasium
3. Seating/Viewing Areas
4. Meeting Rooms
5. Food Service
6. Lockers (4)
7. Offices
8. Restrooms
9. Storage
10. MEP
11. Indoor Turf Field



Cost – Scenario 1-B

The following data, prepared by Perkins + Will, details the expected project costs for the recommended Scenario 1-B project shown on the previous slide. Perkins + Will projects the 188,000-square foot complex to cost \$53.34 million including site development and non-construction costs. The site area required for the indoor complex would range from 25-30 acres depending on specific site features and the final layout.

Building Space	Area	Total Cost (\$) *
Lounge/Lobby Spaces	4,200	\$1,571,200
Locker Rooms/Team Rooms	4,250	\$1,523,200
Administrative Staff Areas	1,488	\$546,560
Building Support, Mechanical, Maintenance	1,175	\$332,800
Gymnasium	67,914	\$18,255,283
Turf Fieldhouse	97,900	\$23,809,280
Meeting/Multipurpose Rooms	2,750	\$985,600
Concession/Food Service Area	3,125	\$1,072,000
Family Entertainment Center (optional)	5,000	\$1,792,000
Site Development (additional costs for expanded project)		\$4,527,757
Total Projected Cost for Secondary Recommendation	187,802	\$53,343,681

Recommendation – Scenario 2

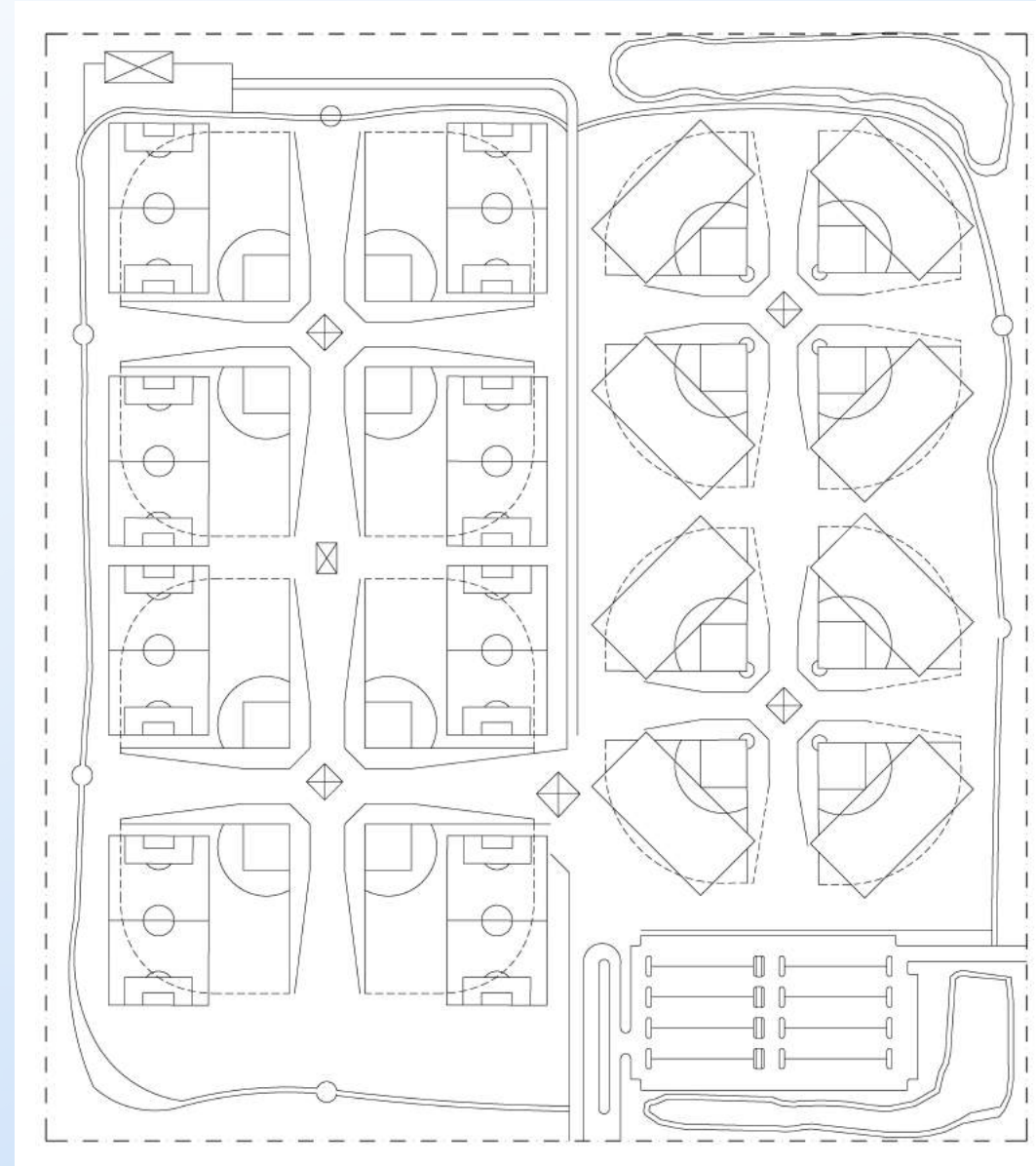
The outdoor Scenario 2 recommendation, prepared by Perkins + Will, represents a concept layout for a roughly 80 acre site including the following:

- 16 synthetic turf baseball diamonds arranged in (4) four-plex clusters.
- 8 synthetic fields would be full-sized (400') for adult, high school and collegiate league use
- 8 synthetic turf fields would be youth sized (300') for ages up to 13 years.
- The fencing is arranged to allow for multipurpose fields to be striped in the outfield of each diamond.

The complex includes parking for at least 450 vehicles, paving, site circulation, viewing and gathering plazas, and area for site maintenance, drainage and detention.

Site area requirement:

4 baseball diamond 4-plexes with circulation and practice areas	36.0 acres
Parking for approximately 450 cars	4.0 acres
<u>Multiply developed area by roughly 2.00 for buffers, paving, detention, etc.</u>	<u>40.0 acres</u>
Total estimated Site area required for Baseball/MP Fields Complex 80.0-90.0 acres	



Recommendation – Scenario 2 Cost

The following data, prepared by Perkins + Will, details the expected project costs for the recommended Scenario 2 project shown on the previous slide. Perkins + Will projects the 80 acre complex to cost \$27 million including site development and non-construction costs.

Project category	Total Cost (\$)
Baseball Fields Development	\$16,758,840
<i>Fields, field lighting, lawn areas, restroom & concession buildings, dugouts, seating</i>	
Parking and Driveways	\$2,468,000
<i>Parking lots, driveways, specialty paving, sidewalks, signage</i>	
General Site Development	\$1,465,070
<i>Grass, landscaping, trees, fencing, furnishings, enclosures, etc.</i>	
Site Lighting	\$135,000
<i>Lighting for parking lots, driveways, pedestrian</i>	
Development Costs (water taps, utility development fees, reports, submittals)	\$750,000
Non-construction costs (design & engineering fees, contingencies, equipment)	\$5,257,728
Total Projected Cost for Primary Recommendation	\$26,971,138

Summary of Scenarios

The adjacent tables compares the cost, performance, and projected impact of the three sports complex development scenarios. While Scenario 1-B (with an attached synthetic turf multipurpose field) will accommodated excess demand generated by local groups and teams for offseason practice and training, the incremental benefit to the community as a result of net new visitation and spending is minimal compared to scenario 1-A. Scenario 2 generates the greatest impact of the three facilities, but the impact is limited due to the existing hotel demand in the summer months in Fort Collins. Conversely, indoor complexes generate the majority of their impact and room nights throughout the winter months, allowing Fort Collins to capture the majority of the impact driven by the facility.

Fort Collins - Summary of Scenarios			
	Scenario 1-A (Indoor Courts)	Scenario 1-B (Courts with Indoor Multipurpose)	Scenario 2 (Outdoor Diamonds)
Facility Size	90,000 SF	188,000 SF	80-90 acres
Projected Cost	\$27.9 million	\$53.3 million	\$27.0 million
# of Annual Events (Stabilized)	90	101	39
Annual Event Attendance (Stabilized)	76,400	83,600	131,700
Net Operating Income (Loss) - Year 5	-\$111,000	-\$92,000	-\$255,000
Total Annual Room Nights Generated (Year 5)	12,259	13,713	24,573
Net New Room Nights Captured in Fort Collins	11,646	13,028	13,269
Net New Spending (20 years)	\$138,849,000	\$154,042,000	\$201,908,000
FTE Jobs Supported	117	133	151
New Taxes Collected (20 years)	\$3,860,000	\$4,297,000	\$5,213,000
Source: Hunden Strategic Partners			



- Staff was requested by Council to conduct a feasibility and impact analysis for the development of a multi-use sports facility within city limits.
- Impact and feasibility study was funded during the 2017/18 Budgeting for Outcomes (BFO) process.
- Hunden Strategic Partners (HSP), including staff at Perkins + Will, was hired through a competitive RFP process in 2018.



- Would Fort Collins benefit from the addition of a multi-use sports facility of some kind?
- Does Council want to pursue this further?



- Hunden Strategic Partners conducted comprehensive analysis around the development of a multi-use facility within city limits.
- The provided executive summary addresses the following questions:
 - Is there a profitable market opportunity for a new indoor/outdoor sports complex development in Fort Collins?
 - What are the conclusions and recommendations based on the overall market analysis?
 - What are the cost scenarios and site options to consider?

Executive Summary Highlights



- Significant opportunity exists for a new, multi-use sports complex in Fort Collins.
- Facility goals:
 - Accommodate local demand
 - **AND/OR**
 - Drive sports tourism to the city

- There is a lack of high-quality, up-to-date, indoor facilities
 - Presents challenges for area clubs
 - No where for athletes to train/practice during cold/wet months
 - Flexible indoor court complex could help create new local/regional opportunities
 - Accommodate other activities such as pickleball, wrestling, robotics and indoor drones in addition to traditional sports

Executive Summary Highlights

- High demand exists for indoor, synthetic turf training spaces
 - Baseball, softball and soccer organizations would benefit
 - Indoor multi-purpose space would serve local needs, but generate minimal positive economic impact



Goals may include:

Indoor Complex:

- Accommodating local needs and continued growth
- Introducing new sports and opportunities to the area

OR

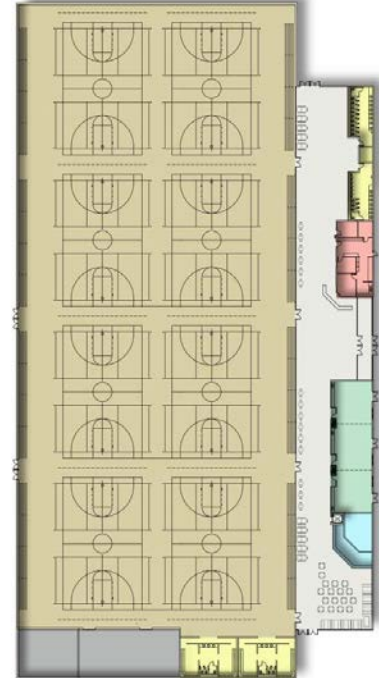
Outdoor Complex:

- Hosting regional/national events
- Driving sports tourism and revenue

Scenario 1-A Indoor Facility Concept

Concept 1-A Includes:

- Eight indoor regulation basketball courts (convertible to 16 volleyball courts)
- Lobby
- Gymnasium
- Meeting Rooms
- Food Service
- Lockers
- Restrooms
- Mechanical, electrical & plumbing



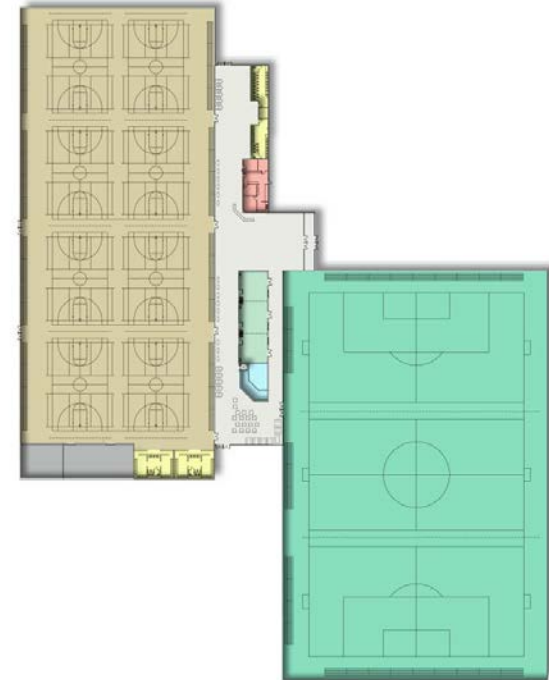
Scenario 1-A: Project Costs

Building Space	Area (Sq. Ft)	Total Cost
Gymnasium	67,914	\$18,255,283
Lounge/Lobby Spaces	4,200	\$1,571,200
Locker Rooms/Team Rooms	4,250	\$1,523,200
Concession/Food Services Area	3,125	\$1,072,000
Meeting/Multipurpose Rooms	2,750	\$985,600
Administrative Staff Areas	1,488	\$546,560
Building Support, Mechanical, Maintenance	1,175	\$332,800
Site Development		\$2,844,173
<i>Family Entertainment Center (Optional)</i>	<i>5,000</i>	<i>\$1,792,000</i>
Total Projected Cost		\$27,850,817

Scenario 1-B Indoor Facility Concept

Concept 1-B Includes:

- Indoor synthetic turf field
- Gymnasium
- Seating/Viewing Area
- Lobby
- Meeting Rooms
- Food Service
- Lockers
- Offices
- Restrooms
- Mechanical, electrical & plumbing



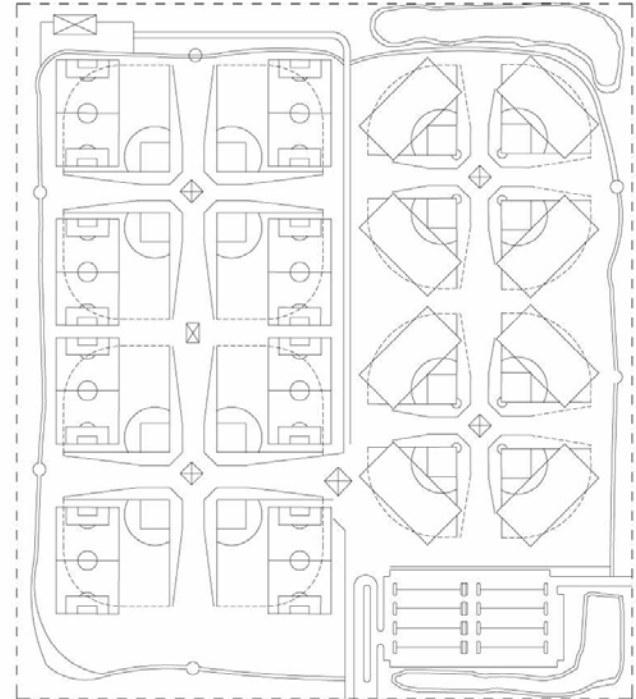
Scenario 1-B: Project Costs

Building Space	Area (Sq. Ft)	Total Cost
Turf Fieldhouse	97,900	\$23,809,280
Gymnasium	67,914	\$18,255,283
Family Entertainment Center (Optional)	5,000	\$1,792,000
Lounge/Lobby Spaces	4,200	\$1,571,200
Locker Rooms/Team Rooms	4,250	\$1,523,200
Concession/Food Services Area	3,125	\$1,072,000
Meeting/Multipurpose Rooms	2,750	\$985,600
Administrative Staff Areas	1,488	\$546,560
Building Support, Mechanical, Maintenance	1,175	\$332,800
Site Development		\$2,844,173
<i>Family Entertainment Center (Optional)</i>	<i>5,000</i>	<i>\$1,792,000</i>
Total Projected Cost		\$53,343,681

Scenario 2 Outdoor Facility Concept

Concept 2 Includes:

- 16 synthetic turf baseball fields
- Parking areas
- Paving
- Site circulation
- Viewing and gathering plazas



Scenario 2: Project Costs

Building Space	Total Cost
Baseball Fields Development	\$16,758,840
Non-construction costs	\$5,257,728
Parking and Driveways	\$2,468,000
General Site Development	\$1,465,070
Development Costs	\$750,000
Site Lighting	\$135,000
Total Projected Cost	\$26,971,138

Summary of Scenarios*

	Scenario 1-A (Indoor Courts)	Scenario 1-B (Courts with Indoor Turf)	Scenario 2 (Outdoor Diamonds)
Facility Size	90,000 Sq. Ft.	188,000 Sq. Ft.	80-90 Acres
Projected Cost	\$27.9 million	\$53.3 million	\$27 million

*Additional data available on page X of summary document.

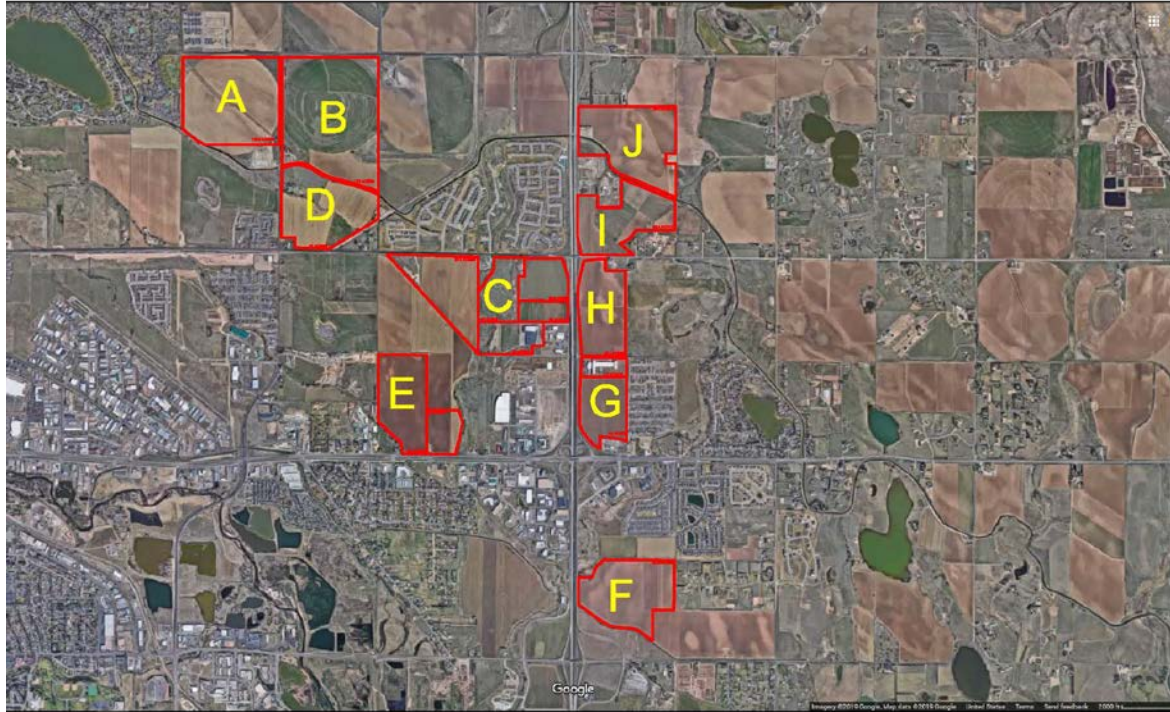


- There is opportunity in Fort Collins to benefit from a multi-use sports complex of some kind
- City leadership will need to outline goals and desired outcomes to guide next steps

- Would Fort Collins benefit from the addition of a multi-use sports facility of some kind?
- Does Council want to pursue this further?







Potential Locations

Site Location	Scenario Fit
Mountain Vista Drive and Summitview Drive	1 and 2
Mountain Vista Drive and Giddings Road	1 and 2
East Vine Drive and West 1-25 Frontage Road	1 and 2
East Mulberry Street and Greenfield Court	1 and 2 (no future expansion)
East I-25 Frontage Road and East Prospect Road	1 and 2 (no future expansion)
East 1-25 Frontage Road, south of Mountain Vista Drive	1 and 2 (no future expansion)

Potential Locations

Site Location	Scenario Fit
East 1-25, south of East Vine Drive	1
East 1-25 Frontage Road at Mulberry and Cloverleaf Way	1
East 1-25 Frontage Road, north of East Vine Drive	1