



Finance Administration
215 N. Mason
2nd Floor
PO Box 580
Fort Collins, CO 80522
970.221.6788
970.221.6782 - fax
fcgov.com

AGENDA
Council Finance & Audit Committee
July 7, 2022
4:00 - 6:00 pm
Zoom Meeting <https://zoom.us/j/8140111859>

Approval of Minutes from the June, 2 2022, Council Finance Committee meeting.

- | | | |
|--|----------|--------------------------------|
| 1. Rudolph Farms - Metro District | 30 mins. | C. Frickey |
| 2. Grocery Tax Rebate Program | 30 mins. | J. Poznanovic
N. Bodenhamer |
| 3. Capital Projects - Inflationary Impact (All Projects) | 45 mins. | S. Freve
G. Paul |

Council Finance Committee
Agenda Planning Calendar 2022
RVSD 06/28/22 ck

July 7th	2022		
	Rudolph Farms - Metro District	30 min	C. Frickey
	Grocery Tax Rebate Program	30 min	J. Poznanovic N. Bodenhamer
	Capital Projects – Inflationary Impact (All projects)	45 min	G. Paul S. Freve

August 1st	2022		
	Annual Financial Audit Results	25 min	B. Dunn
	Aquatics	45 min	S. Ghose
	E. Mulberry Planning: Phasing and Funding	60 min	D. Lenz S. Tatman-Burruss

Sept. 1st	2022		
	Sustainable Revenue Update	70 min	G. Sawyer J. Poznanovic
	Annual Adjustment Ordinance	20 min	L. Pollack
	2021 Fund Balance Review	30 min	B. Dunn

Oct. 6th	2022		
	Hold: E. Mulberry Follow-ups	30 min	D. Lenz S. Tatman-Burruss

Nov. 3rd	2022		



Finance Committee Meeting Minutes
June 2, 2022, 4-6 pm
Zoom

Council Attendees: Julie Pignataro, Kelly Ohlson, Emily Francis

Staff: Kelly DiMartino, Travis Storin, Tyler Marr, Carrie Daggett, John Duval, Teresa Roche, Kelley Vodden, Caryn Champine, Dean Klingner, Monica Martinez, Brad Buckman, Dana Hornkohl, Dillon Willett, Jeff Usher, Mark Laken, Ginny Sawyer, Jennifer Poznanovic, Nina Bodenhamer, Seve Ghose, Mike Calhoon, Kurt Friesen, Aaron Harris, Victoria Shaw, Gerry Paul, Blaine Dunn, Randy Bailey, Trevor Nash, Amanda Newton, Jo Cech, Dave Lenz, Sheena Freve, Zack Mozer, Molly Reeves, Erik Martin, Jackie Thiel, Javier Echeverria, Lindsay Ex, Honore Depew, Beth Yonce, Carolyn Koontz

Others: Emily Gallichotte, Resident
Jacy Marmaduke, Coloradoan
Kevin Jones, Chamber

Meeting called to order at 4:00 pm

Approval of minutes from the May 5, 2022, Council Finance Committee Meeting. Kelly Olson moved for approval of the minutes as presented. Emily Frances seconded the motion. Minutes were approved unanimously via roll call by; Julie Pignataro, Kelly Ohlson and Emily Francis.

A. Capital Projects – Inflationary Impacts (3 Projects)

Brad Buckman, City Engineer
Monica Martinez, Manager, FP&A
Dana Hornkohl, Director, Civil Engineering

EXECUTIVE SUMMARY

Three active transportation capital improvement projects are experiencing budget impacts due to inflationary pressures: Linden Street Renovation (Linden), South Timberline Corridor (Timberline), and Vine/Lemay/BNSF Intersection Improvements (Vine and Lemay). The cost to complete these projects now exceeds the appropriated budget. It is necessary to 1) reduce scope, 2) delay final delivery, and/or 3) secure additional funds to complete these projects. Reduction of scope will result in projects that do not meet established City standards for urban design and landscaping. Delaying final delivery until funding becomes available will negatively impact other transportation capital projects in the delivery pipeline. Staff is recommending supplemental appropriations totaling \$4,028,000 which would allow for completion of the three projects as intended when construction commenced. This request is coming before Council Finance Committee now to avoid additional cost impacts due to potentially pausing and restarting active construction projects.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

- Does Council Finance Committee support an off-cycle appropriation of Community Capital Improvement Project (CCIP) fund reserves to complete the Linden Street Renovation project?
- Does Council Finance Committee support off-cycle appropriations of the Transportation, Transportation Capital Expansion Fee (TCEF), and General fund reserves as well as CCIP – Arterial Intersection fund to complete the South Timberline Corridor project?
- Does Council Finance Committee support off-cycle appropriations of the TCEF, General, and CCIP fund reserves as well as Conservation Trust fund to complete the Vine/Lemay BNSF Intersection Improvements project?

BACKGROUND/DISCUSSION

Beginning in the Summer of 2021, the nation, Colorado, and the Denver region began to experience significant inflation in construction costs (Attachments 1, 2, and 3). The two most recent Colorado Department of Transportation (CDOT) Colorado Construction Cost Index (CCI) reports indicated annual percentage changes of 17.45% (Q4 2021) and 31.79% (Q1 2022). These inflationary pressures are impacting three transportation capital improvement projects that are in active construction.

Linden Street Renovation

The Linden project will transform Linden Street between Jefferson and Walnut Streets into a “convertible street,” a roadway that can be closed to vehicular and bicycle traffic and transformed into a pedestrian gathering space during specialty events. Construction was originally planned for 2020, with the entire project built at once. Due to the onset of the pandemic, construction was postponed and broken into two phases to minimize impacts to the businesses within the footprint of the project. Phase 1 construction was completed in 2021. Phase 2 began in February of this year and completion is anticipated in July. Staff anticipated that splitting the project into two phases would result in increased mobilization and oversight costs. An additional \$400,000 was appropriated to address this cost increase. Inflation began to rise as pricing was being finalized for Phase 2 construction in the Fall of 2021. Price increases for many unit price work items led to an increase of approximately \$500,000 to deliver the identified scope of work.

Staff has identified two alternatives to reach project completion:

- **Option 1:** Delay non-essential scope of work items until additional funding can be secured. Specifically, the temporary scope reduction could include seat wall caps and outdoor furniture. This option would result in the project not meeting the identified project goals within the promised timeframe, expose the remaining work to further inflation, and would impact the schedule and budget for other transportation capital projects in the design, acquisition, and construction pipeline.
- **Option 2:** Secure a supplemental appropriation to complete the identified scope of work on schedule.

Project	Funding	TCEF	CCIP - Project Specific	TOTAL	Increase
Linden Street Renovation	Existing	\$400,000	\$ 3,461,000	\$3,861,000	13%
	Proposed	\$ -	\$ 500,000	\$ 500,000	
	Total	\$400,000	\$ 3,961,000	\$4,361,000	

Figure 1 - Linden Project Budget

South Timberline Corridor

The Timberline project is identified in the City's Master Street Plan. It will reduce congestion, improve safety, as well as enhance bicycle and pedestrian facilities along the corridor between Stetson Creek Road and Zephyr Road. Construction was set for two phases. Phase 1 included the structural road elements, box culverts for the Mail Creek Ditch and the Mail Creek Trail underpass. Ditch company requirements for water conveyance limited Phase 1 work to be substantially completed prior to April 15, 2022. Phase 1 work began in December 2021 and is anticipated to reach final completion in June 2022. Phase 2 included all remaining corridor improvements. This phase was partially funded by a Surface Transportation Block Grant (STBG) requiring concurrence from CDOT to advertise for construction that was not granted until February of 2022. This delay led to significant increases for most unit price work items totaling approximately \$2,148,000.

Staff has identified three alternatives to reach project completion:

- **Option 1:** Delay some scope of work items until additional funding can be secured. Specifically, the temporary scope reduction could include traffic signals, irrigation, landscaping, and/or reducing the length of corridor improvements. This option would result in the project not meeting the identified project goals within the promised timeframe, expose the remaining work to further inflation, and would impact the schedule and budget for other transportation capital projects in the design, acquisition, and construction pipeline. This option has several iterations where one or more elements could be funded by a supplement appropriation. It should be noted that some supplemental appropriation is required to move forward with construction, and the traffic signals are required for the corridor to function.
- **Option 2:** Delay all Phase 2 work until additional funding can be secured. This option would have similar impacts to Option 1 with increasing affects to pipeline projects' schedules and budgets.
- **Option 3:** Secure a supplemental appropriation to complete the identified scope of work on schedule. Please note that \$400,000 in CCIP – Arterial Intersection Improvements funds are proposed as part of Option 3. These funds have already been appropriated but were originally intended for the College and Trilby Intersection Improvements project.

Project	Funding	STBG (Grant)	Trans. Fund	TCEF	Gen. Fund	Bridge Program	CCIP - Art. Int. Imp.	CCIP - Ped/Bike Gr. Sep. Cr.	CCIP - Ped. Sid.	Dev.	TOTAL	Increase
South Timberline Corridor	Existing	\$ 2,694,602	\$ 10,325	\$4,701,111	\$ -	\$265,000	\$ -	\$ 700,000	\$ 35,000	\$317,190	\$ 8,723,228	25%
	Proposed	\$ -	\$ 200,000	\$ 774,000	\$774,000	\$ -	\$ 400,000	\$ -	\$ -	\$ -	\$ 2,148,000	
	Total	\$ 2,694,602	\$ 210,325	\$5,475,111	\$774,000	\$265,000	\$ 400,000	\$ 700,000	\$ 35,000	\$317,190	\$10,871,228	

Figure 2 - Timberline Project Budget

Vine/Lemay/BNSF Intersection Improvements

The Vine and Lemay project is the City's top transportation capital improvement project. The work includes construction of a new road and intersection slightly east of the original Vine Drive and Lemay Avenue intersection with a new bridge over the BNSF railway and existing Vine Drive. Primary construction began in April of 2021 with an accelerated schedule. Construction of most infrastructure elements was completed in December 2021 with the roadway opening several weeks ahead of schedule. Staff provided a memorandum updating City Council of the project budget in November 2021 (Attachment 4).

As of January 2022, the primary remaining work for this project included urban design elements, Art in Public Places, irrigation, landscaping, and work needed to complete the pedestrian underpass (future northeast trail system) at the north end of the project. Pricing for irrigation and landscape elements had not been set at this

time. Surging inflation greatly affected the unit prices for this work. The delivery team conducted a significant review of the irrigation and landscaping work to lower cost and increase value. Even after this effort, the estimated cost for this work exceeded the identified budget by \$570,000. The underpass completion also experienced significant cost overruns. These increases were due to its late inclusion in the design effort coupled with the accelerated schedule. All the underpass design criteria and elements had not been accounted for in the original estimate leading to costs that exceeded the budget by roughly \$790,000. The total amount needed to complete the project is approximately \$1,380,000.

Staff has identified two alternatives to reach project completion:

- **Option 1:** Delay non-essential scope of work items until additional funding can be secured. Specifically, the temporary scope reduction could include irrigation and landscaping. This option would result in the project not meeting the identified project goals within the promised timeframe, expose the remaining work to further inflation, and would impact the schedule and budget for other transportation capital projects in the design, acquisition, and construction pipeline.
- **Option 2:** Secure a supplemental appropriation to complete the identified scope of work on schedule.

The Conservation Trust Fund is shown as contributing towards the supplemental appropriation proposed in Option 2. These funds would be used to cover a portion of the cost overrun associated with the pedestrian underpass. Park Planning and Development has identified \$242,000 that could be allocated for this effort. These funds were originally identified for the Power Trail at Harmony Grade Separated Crossing project. This reallocation impacts the overall funding for the Power Trail project, but the current budget shortfall exceeds this amount.

Please note that the memorandum to City Council dated November 3, 2021 (Attachment 4) covers estimated construction costs. The table below includes all projects costs including design and acquisition.

Project	Funding	Trans. Fund	TCEF	Gen. Fund	CCIP - Project Specific	PPD (Cons. Trust)	KFCG	Utilities	BOB	CCIP - Ped/Bike Gr. Sep. Cr.	TOTAL	Increase
Vine/Lemay/BNSF Intersection Improvements	Existing	\$1,220,020	\$11,930,369	\$7,247,965	\$ -	\$1,000,000	\$1,373,240	\$850,000	\$4,602,036	\$500,000	\$28,723,630	5%
	Proposed	\$ -	\$427,500	\$427,500	\$283,000	\$242,000	\$ -	\$ -	\$ -	\$ -	\$1,380,000	
	Total	\$1,220,020	\$12,357,869	\$7,675,465	\$283,000	\$1,242,000	\$1,373,240	\$850,000	\$4,602,036	\$500,000	\$30,103,630	

Figure 3 - Vine and Lemay Project Budget

Summary

If inflationary impacts continue, delaying the identified work will result in additional cost increases to these projects and future transportation capital projects. Supplemental appropriations granted to complete all work now will ensure that fully realized projects are completed as promised for the community.

If it is decided that portions of the work on these projects should be delayed until additional funding can be identified, the result would likely impact the delivery schedule for the following projects that are currently working towards final design and construction. It should be noted the projects below are already suffering from inflationary pressures outside the potential impacts from the proposed supplemental appropriations.

- College and Trilby Intersection Improvements
- Power Trail at Harmony Grade Separated Crossing
- Siphon and Union Pacific Overpass
- Laporte Corridor Improvements – Fishback to Sunset
- College and Drake Intersection Improvements

Transportation capital improvement projects managed by the Engineering Department are just one area within the City facing inflationary pressure. Materials and services are experiencing significant price escalations across the entire organization. By way of examples:

- The Streets Department is managing asphalt cost increases between 12% to 40%.
- Transfort anticipates fuel costs to increase approximately 30% this fiscal year.
- Traffic Operations has noted an increase of approximately 31% for traffic poles and associated materials.
- Light & Power transformer costs as discussed at the May Finance Committee meeting

The Finance Department will come before the committee next month with additional information on inflationary impacts to capital projects from across the City's portfolio. There is time sensitivity to the three projects requesting additional appropriations above as they are currently under construction, whereas there is more flexibility to discuss systemwide pressures at the July Finance Committee meeting.

Summary of requested supplemental appropriations for all three projects.

- Transportation Fund Reserves: \$200,000
- TCEF Reserves: \$1,201,500
- General Fund Reserves: \$1,201,500
- CCIP Reserves: \$783,000
- Conservation Trust Fund: \$242,000
- CCIP – Arterial Intersection Improvements: \$400,000
- Total: \$4,028,000

Summary of Existing Funding and Proposed Supplemental Appropriations

Project	Funding	STBG (Grant)	Trans. Fund	TCEF	Gen. Fund	CCIP - Project Specific	PPD (Cons. Trust)	Bridge Program	KFCG	Utilities	BOB	CCIP - Art. Int. Imp.	CCIP - Ped/Bike Gr. Sep. Cr.	CCIP - Ped. Sid.	Dev.	TOTAL	Increase
Linden Street Renovation	Existing	\$ -	\$ -	\$ 400,000	\$ -	\$ 3,461,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,861,000	13%
	Proposed	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000	
	Total	\$ -	\$ -	\$ 400,000	\$ -	\$ 3,961,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,361,000	
South Timberline Corridor	Existing	\$ 2,694,602	\$ 10,325	\$ 4,701,111	\$ -	\$ -	\$ -	\$ 265,000	\$ -	\$ -	\$ -	\$ -	\$ 700,000	\$ 35,000	\$ 317,190	\$ 8,723,228	25%
	Proposed	\$ -	\$ 200,000	\$ 774,000	\$ 774,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 400,000	\$ -	\$ -	\$ -	\$ 2,148,000	
	Total	\$ 2,694,602	\$ 210,325	\$ 5,475,111	\$ 774,000	\$ -	\$ -	\$ 265,000	\$ -	\$ -	\$ -	\$ 400,000	\$ 700,000	\$ 35,000	\$ 317,190	\$ 10,871,228	
Vine/Lemay/BNSF Intersection Improvements	Existing	\$ -	\$ 1,220,020	\$ 11,930,369	\$ 7,247,965	\$ -	\$ 1,000,000	\$ -	\$ 1,373,240	\$ 850,000	\$ 4,602,036	\$ -	\$ 500,000	\$ -	\$ -	\$ 28,723,630	5%
	Proposed	\$ -	\$ -	\$ 427,500	\$ 427,500	\$ 283,000	\$ 242,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,380,000	
	Total	\$ -	\$ 1,220,020	\$ 12,357,869	\$ 7,675,465	\$ 283,000	\$ 1,242,000	\$ -	\$ 1,373,240	\$ 850,000	\$ 4,602,036	\$ -	\$ 500,000	\$ -	\$ -	\$ 30,103,630	
TOTAL	Existing	\$ 2,694,602	\$ 1,230,345	\$ 17,031,480	\$ 7,247,965	\$ 3,461,000	\$ 1,000,000	\$ 265,000	\$ 1,373,240	\$ 850,000	\$ 4,602,036	\$ -	\$ 1,200,000	\$ 35,000	\$ 317,190	\$ 41,307,858	10%
	Proposed	\$ -	\$ 200,000	\$ 1,201,500	\$ 1,201,500	\$ 783,000	\$ 242,000	\$ -	\$ -	\$ -	\$ -	\$ 400,000	\$ -	\$ -	\$ -	\$ 4,028,000	
	Total	\$ 2,694,602	\$ 1,430,345	\$ 18,232,980	\$ 8,449,465	\$ 4,244,000	\$ 1,242,000	\$ 265,000	\$ 1,373,240	\$ 850,000	\$ 4,602,036	\$ 400,000	\$ 1,200,000	\$ 35,000	\$ 317,190	\$ 45,335,858	

DISCUSSION / NEXT STEPS:

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

- Does Council Finance Committee support an off-cycle appropriation of Community Capital Improvement Project (CCIP) fund reserves to complete the Linden Street Renovation project?
- Does Council Finance Committee support off-cycle appropriations of the Transportation, Transportation Capital Expansion Fee (TCEF), and General fund reserves as well as CCIP – Arterial Intersection fund to complete the South Timberline Corridor project?
- Does Council Finance Committee support off-cycle appropriations of the TCEF, General, and CCIP fund reserves as well as Conservation Trust fund to complete the Vine/Lemay BNSF Intersection Improvements project?

Julie Pignataro; how many construction projects do we have going on right now?

Dana Hornkohl; we currently have three capital transportation capital projects underway that are suffering inflationary impacts and are budget stressed.

Julie Pignataro; how many projects in total are underway across the city?

Brad Buckman; the projects we are discussing today are specifically from the Capital Group in Engineering. Different departments are executing other projects across the city.

Julie Pignataro; you mentioned additional BFO offers for other projects for cost increases due to inflation

Brad Buckman; the projects being brought forward today are under construction and projects in the pipeline will be addressed with BFO offers for inflationary impacts. For example, the Utilities Service Area has a portfolio of projects that are experiencing inflationary impacts.

Julie Pignataro; do we expect that other projects will be coming forward with similar appropriation requests in the next few months?

Travis Storin; there is a risk of seeing similar requests from other parts of the city. We plan to come back to Council Finance in July to expand this topic beyond project specific conversations. In the case of these three projects, we are discussing today, we have shovels in the ground, so we need to talk now.

Julie Pignataro; on these construction projects, how much of a swing in budget do we anticipate on the low and high end?

Dana Hornkohl; we are typically budgeting between 10-15% for contingency once we reach construction to cover unforeseen needs or potential small scope changes that are encountered because of field changes.

Julie Pignataro; in the case of these three projects, we are going beyond those percentages. The 25% on the Timberline project is alarming. Can we go into more depth as to why the Timberline Project impact is so much higher?

Dana Hornkohl; it is later in the inflationary surge than the other two projects - the costs were set at the latest and had the most inflationary impact – we also compared that to other roadway construction projects that were let in the same period in our area through Region 4 of CDOT and increases of between 20-30% have been experienced for most projects during that time and very few have been awarded due to this. While it was extraordinary it was not uncommon for that period of time.

Julie Pignataro; where would additional future funding come from?

Dana Hornkohl; primarily we have resources from CCIP (Community Capital Improvement Program) through 2025 that could augment these funds to help get these projects to the finish line but those have mostly been earmarked to other projects that are in the pipeline so we would be delaying those other projects. Those CCIP funds would need to be unearmarked and then applied to these projects.

Travis Storin; CCIP (Community Capital Improvement Program) consists of the ¼ cent tax that goes toward capital specifically - historically about 50% of that over all 10-year tax has gone to transportation type projects whether sidewalks or multimodal or arterial intersections.

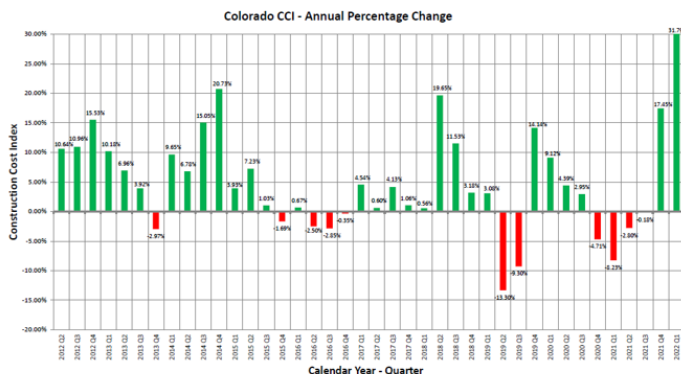
Julie Pignataro; how are we applying lessons learned to future projects? The annual percentage change on slide 3 (see below) – the highs are higher, and the lows are lower – are we going to have a bigger swing in the future or what kind of plans does your department have as a result of what has happened?

Construction Inflation Background 3

National, State, and Regional Construction Cost Indices



COLORADO
Department of Transportation



ENR'S CONSTRUCTION COST INDEX HISTORY (1908-2022)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2022	12555.55	12683.97	12791.43	12898.96	13004.47							
2021	11627	11698	11749	11849	11989	12112	12237	12463	12464	12464	12464	12464
2020	11392	11396	11397	11412	11418	11436	11439	11455	11499	11539	11539	11539

ENR COST INDEXES IN DENVER (1978-2022)

YEAR	MONTH	BCI	%CHG	CCI	%CHG
2022	May	6269.45	+16.5	8589.63	+10.4
2022	April	6233.95	+17.2	8554.13	+10.8
2022	March	6191.70	+17.2	8511.88	+10.8
2022	February	6110.37	+16.2	8430.55	+10.1
2022	January	6021.13	+14.9	8418.76	+10.2
2021	December	5948.13	+14.3	8345.76	+9.8
2021	November	5871.97	+12.8	8269.59	+8.7
2021	October	5830.22	+12.4%	8227.84	+8.5%
2021	September	5781.97	+11.6	8179.59	+7.9
2021	August	5714.19	+1.09	8138.79	+7.4
2021	July	5546.00	+7.0	7943.60	+4.8
2021	June	5536.25	+7.0	7933.85	+4.8

1. Colorado Department of Transportation, Colorado Construction Cost Index Report, Calendar Year 2022, First Quarter
2. Engineering News Record, Construction Cost Index History – As of May 2022
3. Engineering News Record, City Cost Index – Denver – As of May 2022

Dana Hornkohl; I think paying closer attention to inflation and the trends that are related to construction. We are paying attention to three primary indices and the level of inflation across all three Indices doesn't always agree although they are trending in the same direction – I think paying closer attention to those indices and factoring that into all of our estimates as we reach 30%

Kelly Ohlson; I believe some of these projects were bid before inflation pressures really hit. Weren't parts of South Timberline and parts of Vine & Lemay bid before inflation took off?

Dana Hornkohl; that is correct, in the case of South Timberline, Phase 1 work was bid, awarded and underway well in advance and Phase 2 work was bid directly during the inflationary surge period. For Vine & Lemay, the majority of the construction infrastructure work related to the roadway was well before the surge. The inflationary impacts did apply to landscaping and irrigation and those prices had not been set until this same period (January and February 2022) and that leads directly to why there are insufficient funds to complete that particular portion of work for Vine & Lemay.

Kelly Ohlson; let's say a project was fairly bid and then inflation hit, why is that our responsibility as a city to bear the additional costs due to inflation? It doesn't work the other way – your data showed there was deflation of 10% some time and we didn't get a 10% discount. Does the city always bear the brunt of increased inflation, or do we have legal documents that protect us?

Travis Storin; I will speak to the city-wide view, often times we will see these contracts are developed as costs plus around the materials portion of these contracts. There are limited contractual tools available to protect the city and pass that risk to the contractor. Gerry Paul, our Purchasing Director is on the line and can provide some examples or context around how we manage primarily materials cost inflation.

Gerry Paul; CM/GC is a Contract Manager / General Contractor form of cost-plus contracts which are based on actual costs plus a markup and as part of that process; 30% design, 60% design and 90% design and at each of those points they are going out and getting quotes and estimates of what the costs will be, and costs are not locked in until we reach 90% design.

Vine & Lemay - landscaping and irrigation prices were not locked in until 90% design which was after the inflation surge hit

ACTION ITEM

Kelly Ohlson; would like to see a 1 - 2-page memo describing how we do our major projects and is that is the way

-90% of city and state governments do it? Normally what the 10-15% contingency is for if we decide we want to do something different - contingency is different than things getting more expensive. Would like to have information for Council in 1-2 months on how we actually bid and how we protect the taxpayers.

Gerry Paul; I will take the lead to follow up to provide an overview of the city-wide approach to capital contracting and I will work with Brad Buckman and his team. I think what we are doing is very similar to other municipalities where some jobs are firm fixed price bid and others are cost plus depending on the project.

Travis Storin; we could have that for the July 7th Council Finance Committee discussion around inflation. We could also include an overview of the different types of contracts that we do and why a certain tool is selected for a certain project.

Kelly Ohlson; That sounds good - doesn't need to be sooner than that - we are talking big picture - I support the funding and I think we just finish the projects doing the best we can and being as fiscally responsive as possible.

Did we explore wildlife crossing at either of these two projects (Vine & Lemay or South Timberline)? Colorado probably has 10 of them and maybe 10 more in the works - Were they needed anywhere?

Dana Hornkohl; I will get the answer and follow up.

Kelly Ohlson; does either project add road capacity?

Dana Hornkohl; in the case of Timberline, yes additional capacity is added as part of this project.

Kelly Ohlson; I don't want to hear that we don't add road capacity anymore because we actually do.

Kelly Ohlson; your charts show 10-15% inflation in many cases, but our fees we added based on inflation (adjusted annually) were 2%. In the future can we use the same data for construction projects that we use for fees - fees are not based on construction inflation

Travis Storin; the fees we charge for impact fees so capital expansion across police, fire, general government, and parks – the assumptions that are used in developing those fees, pricing those fees should track with what we are doing on the project side. The transportation capital expansion fee tracks to the construction cost index, the other fee components do not – they follow the traditional consumer price index – that is adjusted annually And then every 4 years – we do a fee study that comes through Council Finance Committee where we can update any of the underlying assumptions within the fee development - fees should come up for adoption in January 2023 – you are right, there is a conversation worth having around fee inflation assumptions that are used on the revenue side versus the cost side

Kelly Ohlson; I don't want the high number used for the construction cost and the low number used for fee increase.

What are the conservation trust fund dollars being used for?

Dana Hornkohl; it is only being used for the trail portion planned for the underpass under Vine & Lemay which is part of the future Northeast trail system.

Kelly Ohlson; I support funding so we can complete these projects

Emily Francis; I know we didn't see this coming, but I am concerned about how many projects we are going to see impacted by inflation and if we fully fund this how does that impact fully funding of future projects that come to us. I don't think we have enough information to understand the tradeoff of partially funding. For the Linden Street project, I see seat wall caps and outdoor furniture - does that really cost \$500K?

Dana Hornkohl; there are seat walls that are planned around some of the planters at the ends and in the middle section of the street – the seat wall caps are one of the more expensive elements going around those - Those are the two primary or highest costs items that would be short changed if we were unable to complete the project.

Emily Francis; for South Timberline it says 'remaining improvements' – So, if we didn't want to fund the entire amount - What is the gap? What are you suggesting that we do not fund?

Dana Hornkohl; essentially there are three items on Timberline that we have the option of funding or not funding which include; traffic signals, irrigation and landscaping with the traffic signals being integral to the work. We could fund just the traffic signals and not the irrigation and landscaping

Emily Francis; so, what does that mean for the project? that it just doesn't look as nice? What are we delaying? Is it just aesthetics? How do we get that funding? For Vine & Lemay – is that the whole underpass as well?

Brad Buckman; the underpass at Vine & Lemay is currently funded - the additional funds that are needed for Vine & Lemay would be totally applied to the irrigation and landscaping. The project budget did have sufficient contingency funding to complete the underpass – the cost overruns that contributed were partially attributed to the underpass.

ACTION ITEM:

Emily Francis; for future conversations like this, it would be helpful to have information about different levels of not fully funding and what those tradeoffs involve.

Brad Buckman; for South Timberline, there was the difference between the signals and the landscaping and irrigation – the signals are absolutely needed – that difference is \$1.6M to get the project done with the signals. The additional \$500K (for a total of \$2.1M) is with the landscaping and irrigation which we view as integral to completing the project but not needed for traffic.

Emily Francis; that information would be so helpful so we understand what 70% funding might look like. It is only going to get more expensive. It sounds like we will look at this more holistically at the July Council Finance meeting about how we are looking at all of the budget items.

Travis Storin; that is correct - and moreover, those projects are further upstream in their design phases and are not yet in construction so there is a greater deal of flexibility around partial funding types of options as you describe versus the projects in front of you today which are currently in construction and needed to jump to the front of the conversation.

Emily Francis; that makes sense - there are a whole list of projects that are going to be impacted. Does that mean that if we say yes we are going to go ahead with funding these, does that mean we are going to have to look at funding for the projects listed as well?

Travis Storin; I don't think we can speak with certainty to that level, there are conversations around the scoping, design, and partial funding rather than us simply saying we have double digit inflation, and we need to ask Council for a bigger appropriation. To what extent to the other projects fall into the categories, I can't speak to that at this point.

ACTION ITEM;

Kelly Ohlson; a request for July or August - Can we have a list of the major transportation projects we anticipate in the next 5 years as things stand now? What department owns the Mulberry project and why is that different that Vine / Lemay and South Timberline? Who handles what transportation projects? When you are replacing bridges, resurfacing the road, and adding bike lanes, a lot of us think of that as a transportation road project.

Brad Buckman; Mulberry is a combination within PDT of Streets, Traffic, FC Moves and Engineering. A consolidated transportation projects. The three projects we are talking about today are Engineering projects.


Kelly Ohlson; so, who is overseeing that one? So, a bit confusing when we are told there are only three in the pipeline, what we drive on Mulberry and have to go another way – we see that as a street project and then today we are told these are the only three.

Dean Klingner; Mulberry is confusing, we completed a project on Mulberry in the last few years that really did change the way the transportation operated, and that project is completed. What is going on with Mulberry right now that is causing the closures in an under-street Utilities project

Kelly Ohlson; so, is it Laporte that is going to replace two bridges?


Dean Klingner; for Laporte, that project is not currently in construction which may be causing some confusion.

Julie Pignataro; I feel much better supporting Linden project and the Vine & Lemay overpass. I don't feel as good about supporting the whole Timberline project especially now knowing that it includes adding lanes. Obviously we are adding safety as well – to that point when I look at the back up slide (see below) the potential future project impacts - when you look at the pipeline. I hope that we are prioritizing things such as the Power Trail crossing, because maybe there wouldn't be as much traffic on Timberline if someone could actually ride their bike safely. Things that enable people to get around in ways other than a car




Potential Future Project Impacts

15




- College and Trilby Intersection Improvements
- College and Drake Intersection Improvements

- Power Trail at Harmony Grade Separated Crossing
- Siphon and Union Pacific Overpass



- Laporte Corridor Improvements – Fishback to Sunset



Julie Pignataro; I will support but this is not a good news item - I am supportive but very cautious – I appreciate, and I see that your whole department is being that way as well.

Emily Francis; I agree - I support Linden and the Vine /Lemay but I am also hesitant with South Timberline as well. Will we have information on how appropriating this might impact the other projects listed by the time it comes to Council?

Brad Buckman and Dana Hornkohl; absolutely

Brad Buckman; we definitely have a focus on bike and ped projects and multimodal projects. The South Timberline project is also multimodal – we are vastly improving the bike and pedestrian network there. We are adding a relatively short stretch of extra traffic capacity which is due to development in that area. We very much take your point and agree with the direction for sure.

Julie Pignataro; would be great to tie in how each of these projects meets Council's goals

Travis Storin - Summary of Discussion

- Consensus reached on bringing this forward to the full Council
- Good feedback around expectations for a fee study for future capital improvement fees
- A desire for an inventory of projects

Note; In each year's Budget document on page 30 you will see a map of all projects that are proposed regardless of the department they come from, and they are flagged by outcome area.

- Come forward with partial funding options in addition to the fully funded options

Julie Pignataro; will the information on page 30 of the budget document include who owns the project?

Travis Storin; it would be easy for us to add the Service Area to that map display in future budget documents.

Kelly Ohlson; and for July, to understand how we bid for projects and practices to protect the taxpayers and residents of Fort Collins as well as making sure we get an adequate number of bids.

Also, a simple chart of major construction projects that are coming in the next five years leading with transportation - just the best guess at that moment in time

B. Sustainable Funding Update

Ginny Sawyer, Sr. Project Manager

Jennifer Poznanovic, Sr. Manager, Sales Tax & Revenue

EXECUTIVE SUMMARY

The purpose of this item is to continue the discussion on identifying practical and viable mechanisms to fund desired service outcomes for specific identified funding needs by highlighting specific mechanisms and the direct annual impacts to residents.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. What questions does Council Finance Committee have on revenue mechanisms?
2. What funding level does Council Finance Committee want to target?
3. Does Council Finance Committee agree with proposed next steps?

BACKGROUND/DISCUSSION

Over the past several years, masterplan developments and updates have identified clear funding needs in the areas of parks and recreation, transit, and housing. Along with these needs and knowing the criticality of the City climate action goals, Council Finance Committee has asked for climate funding needs to be included in funding conversations. Annual shortfalls range from six to twelve million per area.

Funding needs identified and discussed previously:

- Parks & Recreation - \$8 to \$12M annual shortfall (Parks & Recreation Master Plan)
- Transit - \$8M to \$10M annual shortfall (Transit Master Plan)
- Housing - \$8M to \$9.5M annual shortfall (Housing Strategic Plan)
- Climate - \$6M+ annual shortfall (not all OCFs Big Moves have funding identified)

Staff continues to work with Council Finance Committee to further refine both the needs and the potential funding mechanisms to close the gaps. This work includes on-going Council Finance meetings, Work Sessions with the full Council, developing an engagement plan, and ultimate implementation.

The following bullets highlight workplan considerations:

- Clearly define and articulate revenue needs and level of service considerations
- Thoroughly research funding options including impacts and the context of existing and potential new tax measures (local and regionally)
- Recognize and work within the desire to keep overall tax burden as low as possible
- Consideration of existing dedicated tax renewals and associated election timelines

Timeline:

To date:

- December 2021: Begin discussions on identified funding gaps
- January 2022: Deeper dive with CFC on the projected gaps in each area
- March 2022: Meet with CFC to review all possible revenue mechanisms
- April 2022: Full Council work session to review work to date
- June 2022: CFC to discuss most feasible funding mechanisms and targeted funding amounts

Future:

- Refine acceptable funding mechanisms
- Consider any voter approved mechanisms along election options

- Engagement efforts

Potential Funding Mechanisms

Numerous potential funding mechanisms have been discussed with Council Finance Committee. Of those discussed previously, sales tax, property tax, user fees and excise taxes have emerged as the most feasible. The table below demonstrates the potential revenue gain along with any annual impact to residents.

Category	Funding Mechanism	Annual Revenue Estimate	Resident Impact
Sales Tax	¼ Cent Sales Tax (dedicated, ongoing or repurpose)	\$9M+	<ul style="list-style-type: none"> • \$30.67 average per/year for a resident • Sales tax on food would remain at 2.25% • Visitors also impacted
Property Tax	1 Mill Property Tax	\$3.5M	<ul style="list-style-type: none"> • Residential annual increase of \$21.45 • Commercial annual increase of \$87.00
	2 Mill Property Tax	\$7M	<ul style="list-style-type: none"> • Residential annual increase of \$42.90 • Commercial annual increase of \$174.00
	3 Mill Property Tax	\$11M+	<ul style="list-style-type: none"> • Residential annual increase of \$64.35 • Commercial annual increase of \$261.00
Excise Tax	5% Tax on Specific Goods	\$5M	<ul style="list-style-type: none"> • \$5 per \$100 purchase in Fort Collins • Visitors also impacted
User Fee	\$5 Monthly User Fee	\$4M	<ul style="list-style-type: none"> • \$60 annually/resident
	\$10 Monthly User Fee	\$8M	<ul style="list-style-type: none"> • \$120 annually/resident
	Commercial User Fee	TBD	<ul style="list-style-type: none"> • TBD for commercial properties in Fort Collins

The mechanisms above include both taxes and fees. Taxes require voter approval and can be used for any public purpose authorized by City Council. Fees do not require voter approval and they can only be imposed on those likely to benefit from the service funded with the fee.

Targeted Funding Options

The identified funding gaps will likely be addressed utilizing multiple funding mechanisms.

For demonstration, staff has drafted five scenarios within the PowerPoint which target a diversity of funding sources totaling amounts between \$10M and \$40M. These scenarios are not intended to be final or recommended options. They are intended to demonstrate the flexibility and variable means and ways to add additional revenue to cover the identified gaps.

These scenarios do not tie a mechanism to a specific funding gap but instead focus solely on the funding mechanisms and targeted funding amounts. Future meetings will focus on the distribution of funds and service levels desired.

Proposed Next Steps

The staff project team will continue to meet and work with direction from Council Finance Committee to refine options. Council touchpoints will include regular updates at Council Finance Committee and an upcoming Work Session in the fall.

DISCUSSION / NEXT STEPS:

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. What questions does Council Finance Committee have on revenue mechanisms?
2. What funding level does Council Finance Committee want to target?
3. Does Council Finance Committee agree with proposed next steps?

Julie Pignataro; I am fine – I would like to go for the highest level we might as well go big because we have a lot of shortfalls

On slide 5 (see below) Were the choices made a result of the discussion with the full Council? I am not seeing the connect



POTENTIAL FUNDING OPTIONS

5

	Mechanism	Annual Revenue Projection	Impact to Residents
1	Special districts (Library District Mill Levy 3.0)	\$11M+	Business, Resident
2	Property tax (Library District Mill Levy 3.0)	\$11M+	Business, Resident
3	Large emitters fee	\$11M+	Business
4	¼ cent sales tax base rate increase	\$9M+	Resident, Visitor
5	¼ cent additional dedicated sales tax	\$9M+	Resident, Visitor
6	Repurpose ¼ cent dedicated tax	\$9M+	Resident, Visitor
7	Excise tax on specific goods	\$5M	Resident, Visitor
8	Business occupational privilege tax (\$4 monthly/\$48 annually)	\$4M+	Business
9	Tax on services (i.e., haircuts, vet service, financial services, etc.)	\$4M+	Business, Visitor
10	User Fees (parks, transit) (\$5 monthly fee/ \$60 annually)	\$4M	Resident
11	Reconfigure capital expansion fees (Affordable housing)	\$2M	Business
12	Establish new capital expansion fees (Affordable housing)	\$2M	Business
13	Carbon Tax	\$2M	Business

Ginny Sawyer; yes, both with this Committee and the full Council that some of those other options weren't received as viable or we didn't get as much interest in those options. If we are mistaken – all of these are still on the table but for today's exercise we went with our traditional and standard options – we are better able to anticipate how much revenue we would get from them.

Julie Pignataro; I felt with the Large Emitter's Fee and the Carbon Tax we just weren't given enough information to make an educated guess on them.

Ginny Sawyer; we can revisit those – if I recall correctly, the large emitters who are required to report by the state were less than a handful in the city

Julie Pignataro; I am good with the bigger chunk and no questions on the next steps

Emily Francis; I agree with Julie, I didn't think the large emitter fee was taken off the table. At the work session, we were providing an update to Council and the community on what we were talking about instead of a hard no. I think Council is still interested in the Large Emitter Fee regardless of how it fits into meeting the funding gaps. I wonder if this could be done more quickly and separately – instead of having it be part of our overall funding – it seems like a different thing – more heavy industrial impact

Excise tax - is that usually on sugar sweetened beverages or tobacco?

Travis Storin; we also see that for marijuana and gas. The highway tax is an excise tax that we all pay at the pump. But you are correct, it is most often used as a form of a 'sin' tax. We have also talked about packaging and whether we would levy that kind of tax against plastic containers versus aluminum or glass containers as an option, however, it is usually attached to the good and not the packaging.

Emily Francis; I am not supportive of excise taxes as I think they disproportionately impact lower income communities more. I don't know if an excise tax that would kick in over a certain dollar amount is feasible for example the purchase of a new car over a certain dollar amount

John Duval; I would have to investigate that more, but I do think it is a possibility since it is a tax. You probably can make it somewhat progressive. I don't think it would be considered an income tax which municipalities cannot impose. Specific to a certain value for luxury cars – excise tax on luxury cars. I will look into this.

It is in the state constitution that we cannot impose an income tax. So that is one of the things with certain taxes, we need to be careful how we calculate and collect them and make sure they do not cross that line.

Travis Storin; around excise tax, we have heard the input from this committee loud and clear around disproportionate impacts and that is where the thinking spurred around looking at plastic versus other types of containers and marijuana - thinking that doesn't have quite the same demographic impact as alcohol, tobacco or sugar sweetened beverage would. Kelly has brought up some valid concerns around what that means to black market type activities and Jim Lenderts, our marijuana enforcement officer would be happy to come to a future Council Finance Committee meeting if that is a discussion we want to explore in greater detail.

Emily Francis; if we do have more information about the marijuana part and the impacts, I know that Denver has passed some as well - that data would be useful for a future meeting. I am still hesitant on the packaging - I think it is a good incentive, but I don't think it is incentive enough for the market to change to offer alternative packaging. More information here would be helpful in that space.

Finance committee had also requested that we look at a higher fee or tax based on the size of your home (square feet) – have we included any of that as well?

John Duval; I have not heard of a mil being applied to only a larger home (square footage or a certain appraised value), but it follows along with the idea of a luxury tax. We could look into that and see. On the fee issue, a higher fee for a greater square footage, we already have a capital expansion fees that are based on square footage. The higher the square footage the higher the fee. In assessing a fee, we have to calculate in a way that is reasonably related to the services that are provided to the fee payer. If we can make a connection between greater square footage to the fee payer getting more benefit then it is theoretically possible. We could look at that.

Emily Francis; I think Boulder has an increased fee for larger homes.

Travis Storin; I am presuming that this committee and by extension the full Council - that whichever mechanisms are selected, there is going to be a desire to devise the types of mechanisms that would defray costs to disproportionately low-income populations – that is probably further down the process than we are right now. For example, If there is a desire around a ¼ cent sales tax, then we can really start to unpack what are the ways we can defray the impact that might have on disadvantaged populations.

Emily Francis; I guess my hesitancy is in choosing and then going down the path as it would be hard to go back as opposed to having preliminary information before selecting makes more sense to me.

I am with the middle or the higher category. My concern with the higher category is the high annual increase per resident – middle category is \$95 net increase versus a \$200 increase for the larger bucket. If there are more options under the higher funding option (\$30M-\$40M). I would take the lowest one off of the table and focus on the other two categories. The next steps are fine. More information on the marijuana would be useful. Hesitant about packaging – market needs to change.

Timeline – what is our estimated goal of when we are thinking about getting something on the ballot?

Ginny Sawyer; looking at the options of when we could and then identifying what Council would like to put forward first. If we do a new dedicated or raise the sales tax or an excise tax, or a property tax - all those would have to go to the voters. So right now, it is landing on what are those preferred mechanisms and which makes sense and how the timeline looks - a lot will depend on November - if we eliminate an election, that will change the landscape as well.

Kelly Ohlson; this is the most complex problem we have dealt with by far.

I thought staff was going to try to narrow those ranges on each of the four categories and then next to it, provide a feel in general of what we might get for that. Our goal in this category is this much money and this is approximately what you get for that amount. Is each of these categories going to have a specific funding source? If you get \$xx out of a 3 mil increase, does some go to affordable housing and some to transit?

Ginny Sawyer; in an effort to simplify this and break it off in chunks - what we tried to look at which mechanisms and how much we think the community will tolerate. If we do like the idea of a new dedicated, then our next step would be saying - here is what we think a new dedicated will bring in, how do we want to distribute these funds amidst our needs.. Maybe we should change our approach and look at how much money we want to put in each area and back into it that. As you said, this is complex, and this is one approach we took today.

Kelly Ohlson; You probably aren't going to ask for four increases on the same ballot. The reason it is complex is that you probably want to mix and match whatever funding sources we were successful at - to go into those various categories because, otherwise, some of the categories we have identified could get zero dollars and some could get 80% of their dollars.

Travis Storin; I think what you are describing Kelly, is how and to what extent will this funding meet our priorities and what are the outcomes that these dollars would drive. That is the critical path – that work does need to be a part of this equation. The approach today is around what are the tools we think are in play from the tolerance approach that Ginny mentioned - at some point, we will have to develop - for the tools that are selected as preferred by this committee, do we want to go the prescriptive route as was done for KFCG where we have prescriptive percentages going to services by that exact percentage or is it more open ended – like the CCIP where we develop a list of projects - this is the list for this ballot period and these funds can only be

used for these projects OR is it more open ended – it can only be used for these four categories but in a percentage that Council sees fit from budget year to budget year. Most assuredly, there will need to be a conversation on how and if we are narrowing down each of these funding sources to very specific uses or a broader set of criteria that Council wishes to adopt - no bones about it - that is critical path.

Kelly Ohlson; I thought I was favoring as one of the options, moving the street maintenance sales tax over to a monthly user fee on the utility bill - which would essentially free up another ¼ cent for additional expenditures – and be less regressive then adding another ¼ cent as it looks like the user fee is per resident and I am thinking it should say per household.

Travis Storin; \$10 monthly user fee would be per household NOT per resident.

Kelly Ohlson; unless we adjust for low-income households, this now looks more regressive than a sales tax increase where you also get the revenue from visitors to Fort Collins - I was a fan of moving the street tax to a fee - I am not there at this moment but will remain open. I want to refine the gaps of what we are actually going to spend and simply that.

I don't believe that the polluter tax was to be taken off the table – I think there was a difference of opinion, but there is a serious majority that would want that in the discussion phase of this. It could be related to climate change, to pollution, to the chemicals related to climate change. I would prefer something broader so we could address our air quality and climate change at the same time, and I would like that back in play.

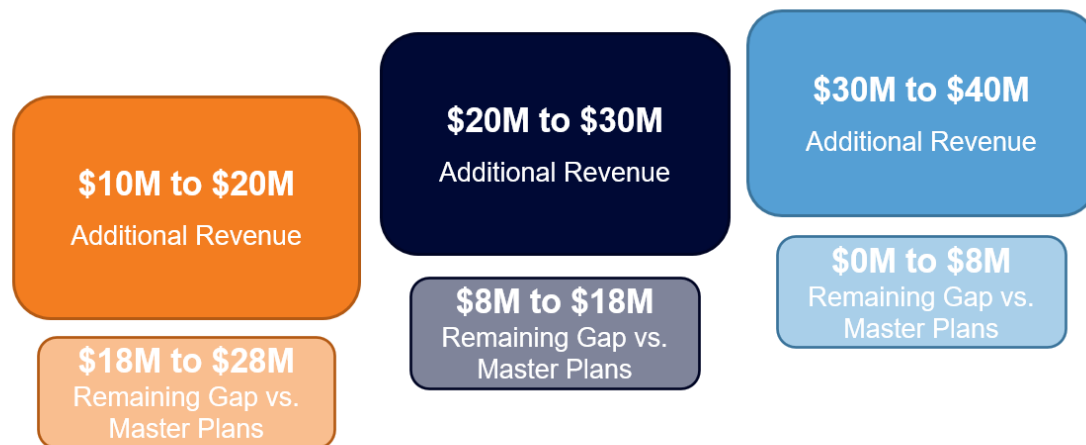
I would expand it to many more emitters, more types of pollutants and polluters, climate change.

That is something we could pass, and it supports our climate and air quality goals.

I would like to know how much we need in each of those areas and what we will get for it knowing that it may change. I don't think we took anything off the list. I am more interested in the property tax and the polluter tax. We have needs - let the voters decide. I am more in the middle category but am also open to the larger category.

Travis Storin - Summary of Discussion

- Our next step is coming back to Council Finance probably in September.
- We will bring back preliminary ways to defray the impact to lower income households
- Keep the polluter tax in the mix and bring back some considerations for the committee for a large emitter fee.
- As we are reaching a consensus on the targeted funding levels, how much of each priority gets funded and what can be specially accomplished across the four categories at those levels of funding
- Support for the high and middle levels of funding (see slide below). Staff to come back with what the outcomes are that can be achieved in each of those funding cases across the four priorities.



Kelly Ohlson; I don't think we are limiting it to a large emitter fee because this is only 3-5 entities. (25 metric tons is the standard for being a high emitter). We want other options explored in that category

C. Park Design Guidelines & Standards

Kurt Friesen, Park Planning & Development Director

Mike Calhoon, Parks Director

Victoria Shaw, Community Services Finance Manager

EXECUTIVE SUMMARY

Parks operation & maintenance costs have increased over time due to several factors including price escalation/inflation, increased park usage, new amenities, and more inclusive design. The Parks & Recreation Plan adopted in 2021 provides the framework for development of the city parks system and recommendations both for existing and new parks. The plan includes key recommendations, park classification typologies, park design guidelines, typical amenities and level of service standards that guide the development of new parks, as well as inform improvements to existing parks. Recently constructed parks have incorporated many cost saving strategies to reduce long-term maintenance costs, however net maintenance costs have still increased.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

What additional information is Council Finance committee seeking regarding current park design guidelines and standards?

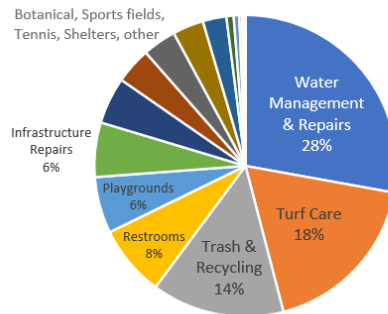
BACKGROUND/DISCUSSION

A memo to Council members was provided in the council packet in support of the Sustainable Funding work session on April 12, 2022 (Attachment 2). The memo provided an overview of current park maintenance and design practices, along with corresponding cost trends. This item provides additional detail on park design methodology, including standards and guidelines for parks.

Maintenance Cost Trends and Cost Reduction Strategies in New Parks

Parks maintenance costs are influenced by multiple variables, including the size of the park, number of amenities, level of usage, and complexity of design. The Parks department tracks costs for staff time and direct costs by park amenity, and breaks out maintenance costs for neighborhood parks into the following categories:

Costs of Neighborhood Park Maintenance



Overall, the ownership costs of neighborhood parks are categorized as follows:

- Size/Acreage of park: about 75% of park maintenance costs are tracked by the size/acreage of the park, such as water management, turf care, and trash & recycling, and snow/ice removal costs.
- Major features: 15% of average costs are attributed to whether the park has a playground and/or bathroom. These amenities require ongoing maintenance, but the costs will not scale with the size of the park.
- Volume of other amenities: 10% of average costs are driven by the quantity of fields, courts, or shelters.

In addition to inflation and price escalation pressures, newer features have also contributed to increased costs. For example, the inclusion of a loop walk has become standard among newer parks. The loop walk is one of the most used features by park visitors and provides improved access for Parks maintenance vehicles. However, these wider walks also require additional snow/ice removal which adds to ongoing maintenance costs.

In newer parks, numerous strategies to reduce maintenance costs have been incorporated, which include:

- More advanced, higher efficiency irrigation systems, resulting in decreased water usage and more efficient operations
- Post-tensioned concrete slabs for courts, significantly reducing ongoing court maintenance, increasing court life span, and reducing subsequent life cycle replacement costs.
- Large native seeded areas in parks, resulting in reduced irrigation demand after establishment
- Wider walks for convenient parks maintenance vehicle access and snow removal.
- 2-year maintenance and establishment conducted by contractor, ensuring park is in good working order when Parks maintenance staff takes over.
- Raw water usage significantly reduces irrigation costs over the life of the park
- Crime Prevention through environmental design (CPTED) principles to allow for seamless access and safety

In some cases, short term maintenance costs may increase. For example, native vegetation buffer areas require additional care and attention during the establishment period, typically in the first 5-8 years. After that, maintenance efforts for native areas subside and additional savings is incurred through reduced irrigation demand and required maintenance for these areas.

Parks & Recreation Plan Overview

An update to the Parks & Recreation Plan was completed in 2021, providing a robust vision and framework for development of parks and recreation facilities, programs, and amenities city wide. The plan is available here: <https://www.fcgov.com/parksandrecplan/> There are three primary parts to the plan that inform park design standards:

1. *Park Classifications, Guidelines and Typical Amenities*. This section provides guidelines for development of parks, including 7 distinct park classifications, guidelines for developing each of these 7 park types, and typical amenities found in each park type. Design Guidelines are found on p.105 of the Parks & Recreation Plan.
2. *Level of Service Standards*. A city-wide level of service analysis identifies where key park amenities are needed today or will be needed as the city continues to grow. Both population and access standards are provided for major park amenities. Level of Service Standards are provided on p. 161 of the Parks & Recreation Plan.
3. *Policy Framework*. This section identifies a path forward for parks and recreation in Fort Collins, including 10 goals, with specific actions and methods for each goal. The policy framework can be found on p. 211 of the Parks & Recreation Plan.

Park Classifications, Guidelines and Typical Amenities

In the past, only 2 primary classifications of parks were identified: neighborhood and community parks. The 2021 updated Parks & Recreation plan provides 7 total park classification types, both to clarify how existing parks function and to provide guidelines for future park typologies to meet the needs of current and future residents. For each park classification type, the Parks & Recreation plan provides a description, approximate size, anticipated length of visit, means of access, typical amenities, and a design guideline diagram outlining approximate use zones within the park. These zones of use include intensive use areas, programmable gathering spaces, recreation areas, casual use spaces, and natural system areas. Although not prescriptive, these guidelines provide a framework for new park development, as well as a tool for evaluating updates or improvements to existing parks. The 7 park classification types include:

- Community Park
- Schoolside Park
- Neighborhood Park
- Urban Park
- Plaza
- Mini Park

Level of Service Standards

Level of service standards help guide decisions about how many recreational amenities are needed and where. Population-based standards address how many amenities are needed and access-based standards address where amenities are needed, both now and in the future.

- *Population Based Standards*. Level of service expressed as a ratio of number of amenities to population. The current ratio is compared to a recommended ratio, which indicates whether additional amenities are needed
 - Several data points were considered in setting the recommended level of service standards, including the current level of service, the level of service of 5 peer cities (Aurora, Boise, Boulder, Madison, Minneapolis), national participation trends and community priorities.

- Depending on the park amenity, some data supports raising the current level of service, while other data supports maintaining or lowering the current level of service.
- *Access Standards.* Level of service standards expressed as a travel time within which residents should be able to get to a particular park amenity by a particular mode of transportation. Access standards indicate where new amenities, or better ways of accessing existing amenities, are needed.
 - Resident expectations of how close park amenities should be to their homes – and the City’s ability to provide these amenities, vary by type of amenity. Two tiers of access standards have been identified:
 - 10-Minute Walk Standard – for amenities that have broad drop-in use, and are well used by children, including rectangular fields, playgrounds, and basketball courts
 - 5-Minute Drive Standard – for amenities that are used by a subset of residents, including pickleball courts, dog parks, community gardens, and diamond fields

Used in combination, the population-based standards provide a snapshot of the level of service provided by current park amenities and a road map for addressing the number and location of amenities in the future. The level of service standards can be used to help prioritize which actions will increase equitable access to recreational amenities for the most residents.

Level of service standards can and should change over time as industry trends change and demographic trends of the community change. Beginning on p. 168 of the Parks & Recreation Plan, a series of illustrative maps are provided identifying where new park amenities are needed city wide based on the level of service criteria.

Policy Framework

Key recommendations from the Policy Framework regarding park design standards include:

- Provide equitable access to parks through expanding the usability of existing parks, serve growing and under-served communities in established parts of the city by securing new parkland, and build new parks to serve newly developing parts of the city. Park spaces should be intentionally designed to support casual, impromptu use. Ensure that every park has a framework plan to identify the intended use and in what areas of the park those intended uses are meant to occur (Goal 1, Method 1.1, 1.2, 1.3, 1.4, Action 1.1.1).
- Protect and enhance natural, historic, and cultural resources in parks. This is accomplished through integrating native plants with high pollinator value to increase the ecological value and biodiversity of parks and by prioritizing the use of raw water or other irrigation systems that conserve water resources and build resiliency (Goal 4, Actions 4.1.3, 4.1.4)
- Elevate the design of parks by developing a unified design language that is flexible enough to allow for individual park identities. (Goal 10, Method 10.1)

DISCUSSION / NEXT STEPS:

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

What additional information is Council Finance committee seeking regarding current park design guidelines and standards?

Kelly Ohlson; when was the Parks Master Plan adopted?

Kurt Friesen; it was adopted in January of 2021.

Kelly Ohlson; do we really need all those new parks and if so, why?

So, we don't continue digging deeper holes in the future for operations and maintenance

Kurt Friesen; I think that is a question of prioritization and that is really what the plan is all about.

Level of service standards (some examples shown include 5 min drive / 10 min walk)

If we don't want to meet those level of service standards, then we could probably reduce the number of parks.

We could think about how many amenities are appropriate in parks. We are trying to achieve a base line level of service across the city from the equity perspective.

Kelly Ohlson; Slide 4 (see below) great pie chart showing Costs of Neighborhood Park Maintenance. Have I seen this information / pie chart for community parks?



Park Design and Maintenance Costs

4

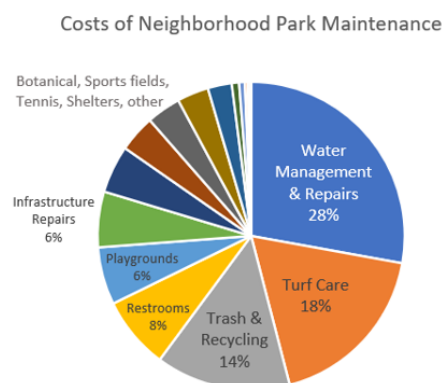
Operations & Maintenance Cost Drivers

Costs are driven by

- Size of park
- Amenities & Park Complexity
- Usage & Programming
- Proximity to Maintenance Facility
- Weather
- Vandalism

Park costs are be measured by various components:

- Acreage
- Major Amenities
- Quantity of Minor Amenities



Victoria Shaw; we have included this information (pie chart) in a memo that went out to the full Council – but this slide (above) is just for neighborhood parks.

Kelly Ohlson; Do we have this slide for Community Park Maintenance?

Victoria Shaw: we do not but are happy to put one together

Kelly Ohlson; that would be helpful – what jumped out to me was 46% for turf and water - almost half - I don't know how you reduce trash and recycling and restrooms and then you are down to 6% or less for the different categories – looks like any future cost savings is in the turf and water piece

Mike Calhoon; you are spot on - new design standards for parks include softer edges and less turf. We are being very thoughtful about where the turf goes and minimizing that because that is a cost driver for us.

Kelly Ohlson; why do we use treated water in so many parks?

Kurt Friesen; we strive to provide raw water wherever we can - all but one of our community parks use raw water but with neighborhood parks it gets a little more challenging – within our city water district boundary, we have a fairly high amount that are on raw water but once we move outside of that boundary - there is a cost benefit analysis to be done simply given what it takes to deliver a small amount of raw water to a small park – We aren't seeing that it makes financial sense to do that (the benefit is bigger for larger parks)
Crescent Park is on raw water -

Mike Calhoon; driven by the geographic location of the parks in relation to where the ditches are – that is where you get into challenges. We may have a gap for a park, but we may not have an irrigation ditch that can feed it. Physical restrictions present challenges

Kelly Ohlson; when you mention integrate native plants and plants with high pollinator value - to increase ecological value and biodiversity of parks (which I am all for)
You don't mention any other diverse tree plantings or habitat plantings for wildlife – are we just simplifying for examples – do you look at other plantings for other things than pollinators?

Kurt Friesen; we are thinking holistically about those native zones as ecosystems - we want to select plants that work together whether it be a ground cover up to the trees so the plants that we introduce on those edges particularly in the neighborhood parks– there are trees, shrubs and grasses that fit within that low water use perspective and provide all the things you are mentioning.

Emily Francis; this is so helpful to see the whole picture – with the same caveat as Kelly, I love parks and all the benefits they provide; however, we keep digging ourselves into this hole.
What is the city's goal for levels of service and how residents are ranking things?

Kurt Friesen; level of service is really the analysis presented - several factors; peer city analysis, how do we measure up to other communities and what they are doing, participation rates fluctuate so that factors in, and it speaks to preferences, the main thing that informs that portion of the analysis is the statistically valid survey that was done as part of our Parks & Recreation Plan as well as stakeholder outreach. Those are the pieces that really inform the level of service, how we want to provide park amenities, how many and where they go and then when it comes to satisfaction the annual survey goes out city wide.

Kelly DiMartino; Emily, if part of your question, do we have a target for resident satisfaction in our survey numbers - we do not have a standard target that we set for resident satisfaction. Some of our departments through our Community Dashboard or our Strategy Maps that we do, they do set targets, but we don't have a standard target established.

Emily Francis; thank you – I think the 94% satisfaction level with parks is great and we have many competing priorities, so you look at – I was curious about whether all departments are aiming for the same satisfaction level as that is what dictates where our funding is allocated.

When we talk about those access-based standards, do we consider the type of housing that is in that area - when we talk about equity in the plan, apartments and townhomes and parts of town that have a higher concentration of those would need parks with more open space – when we talk about access-based standards, is that taken into account?

Kurt Friesen; I think the 10-minute walk speaks to that directly and is a great equity index for us - regardless of where I might live in the city, if I can walk to a park that is a great equalizer and something we all want to be able to do. If we can achieve that metric, everyone should have equal access to that amenity.

Emily Francis; I am going to politely disagree with you - I have a yard and space – apartment complexes don't have that luxury, so when we talk about access to amenities and use of space – the housing type greatly impacts how people use space and parks differently. When we are talking about how we build community, where we build larger community parks as opposed to smaller, neighborhood pocket parks, to me, if we are prioritizing and equity is at the forefront, the larger community parks and more access to space would be located near higher density units. When we talk about prioritization and standards and how people use space, we really need to consider housing type and neighborhood access. Twin Silos is a beautiful park – a lot of the homes in the area have huge yards whereas Hickory Mobile Home Park has small homes and a tiny park with very low amenities. Doesn't seem equitable if we look at housing type. To the bigger question – do we need to build all of these parks and then prioritizing them – how are we looking at how we prioritize where we build parks and what type we are building?

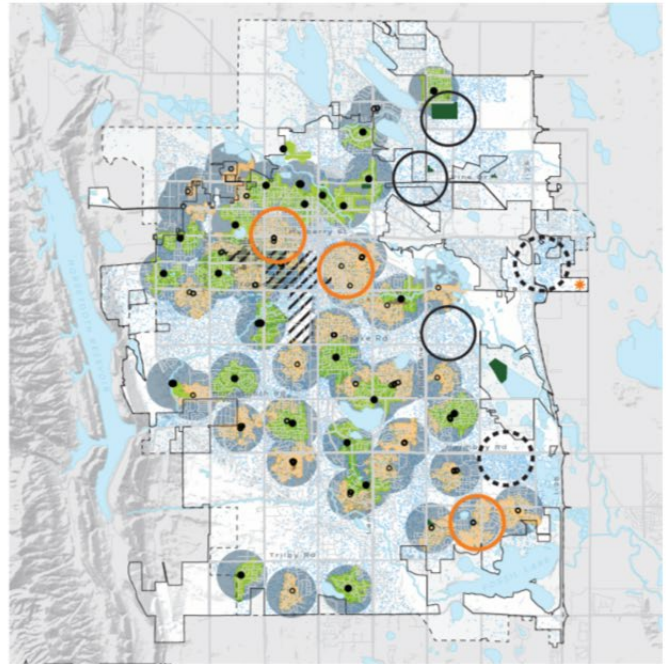
Do we have a policy or standard on the percentage of new parks we are building that utilize native seed or the more natural system use, or does it just depend on the park?

Kurt Friesen; level of service analysis – for new parks, we are trying to limit turf to recreational fields. The level of service analysis, having recreational fields is a need city wide. When we are designing new parks, we are incorporating a field with turf area only to the boundaries of that field. The plan also speaks to revisiting older parks – maybe reducing the irrigation footprint for those parks by incorporating some of those native edge conditions. Every new park that we have built in the last eight years has been largely native except for that irrigated turf field.

Emily Francis; my feedback would be - as we are looking at this very large funding gap, we really do need to think about how many parks we need, the level of service, where and how many we are building, how much of the park's costs are in our control (water and turf management) and how we are changing where we are going with that. Can you remind me if we take school fields into account when we look at access?

Kurt Friesen; that is a key part of our discussion around our parks and recreation planning effort – trying to build better relationships with the schools is key in unlocking access for certain community members. Some school playgrounds and fields are not fully accessible.. If we could incorporate a better relationship with the school district and work in a way to make more those more accessible really helps us meet that the service levels standard. We want to have a better relationship with the school district

Basketball



Kurt Friesen; (see above) the orange circle indicates a school site that would fill a level of service gap (basketball court) without building anything new.

Access standard of universal access can be met if we can work with the school district on granting access. Some schools lock the gates and there is no access. Lower the level of service – the 3.7 includes the schools

Julie Pignataro; this has been super informative - I live close to Spencer Park and I have never seen a single person standing or sitting or using – there is nothing there except an old milkhouse

Mike Calhoon; that would have been considered a mini park in our old classification system When we did our costing years ago – we broke them into community and neighborhood parks and internally the staff would refer to the Freedom Squares and Spencer's as mini parks. When we did the parks and recreation master plan and we came up with these classifications, it was officially designated.

Julie Pignataro; is there an easy answer to how we got to where we are today where there is such a shortfall? Was it a shortfall for operations and maintenance that we are trying to make up for?

Mike Calhoon; I'd like to break the answer into three pieces;

- 1) Parks are purchased, designed, and built with impact fees.
We are pretty good impact fees when parks are designed and built
- 2) O&M money for the day-to-day operations.
We are pretty good with O&M even though it keeps going up because we add more parks.

- 3) Infrastructure replacement money which we are talking about in the sustainable funding effort
Our gap is here - we tried to work hard over the last 20 years
We established the Lifecycle Fund and we initially put \$500K aside for infrastructure replacement.
We tried many times to incrementally increase that, but we never could increase it because of competing demands on the budget. Right now, we are at \$660K
One reason for that is that we added a 1\$ fee on reservations which brings in about \$40K per year
We have not been able to keep up with funding this piece.

ACTION ITEM:

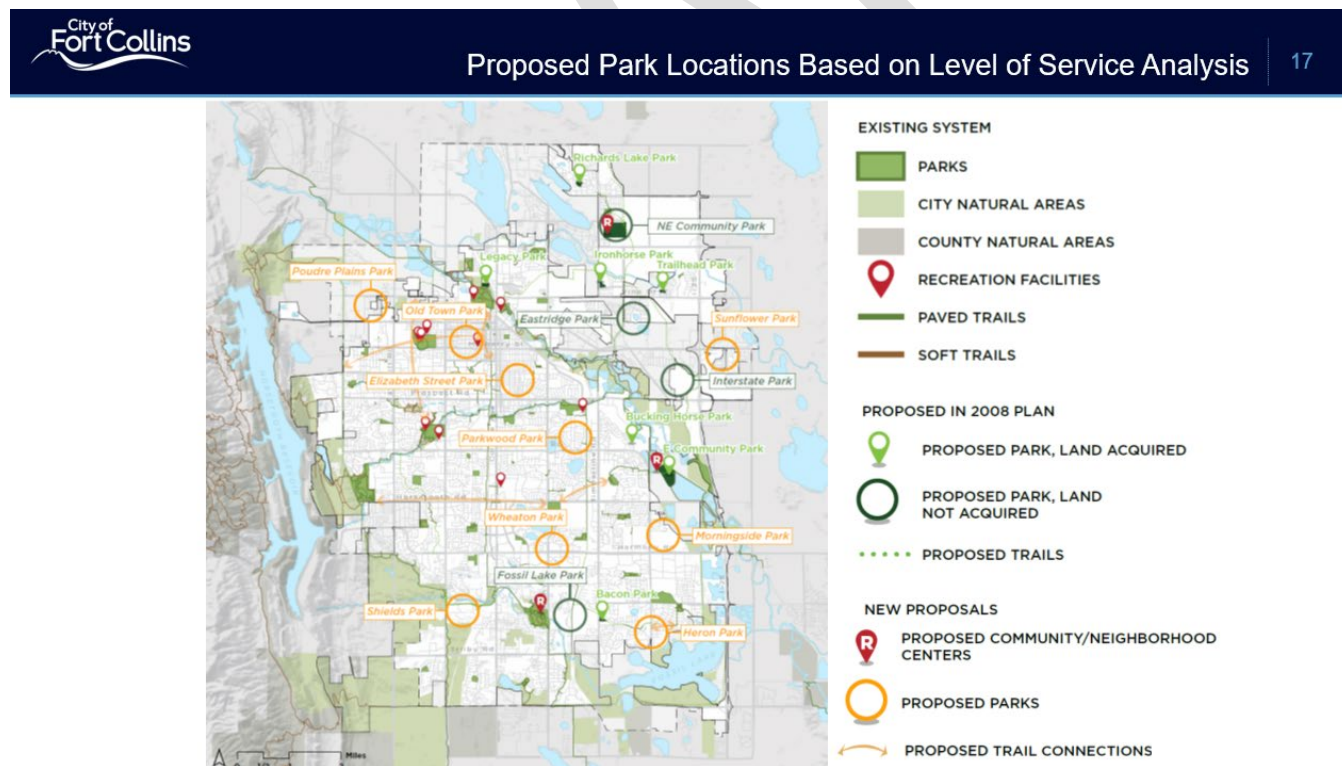
Julie Pignataro; reiterating what Kelly said earlier - it would be so helpful to have a slide like we have for neighborhood parks for all types of parks including how much new parks cost.

And for the Infrastructure replacement piece - How long do you anticipate it would take to get there- so these things are on the radar way ahead of time.

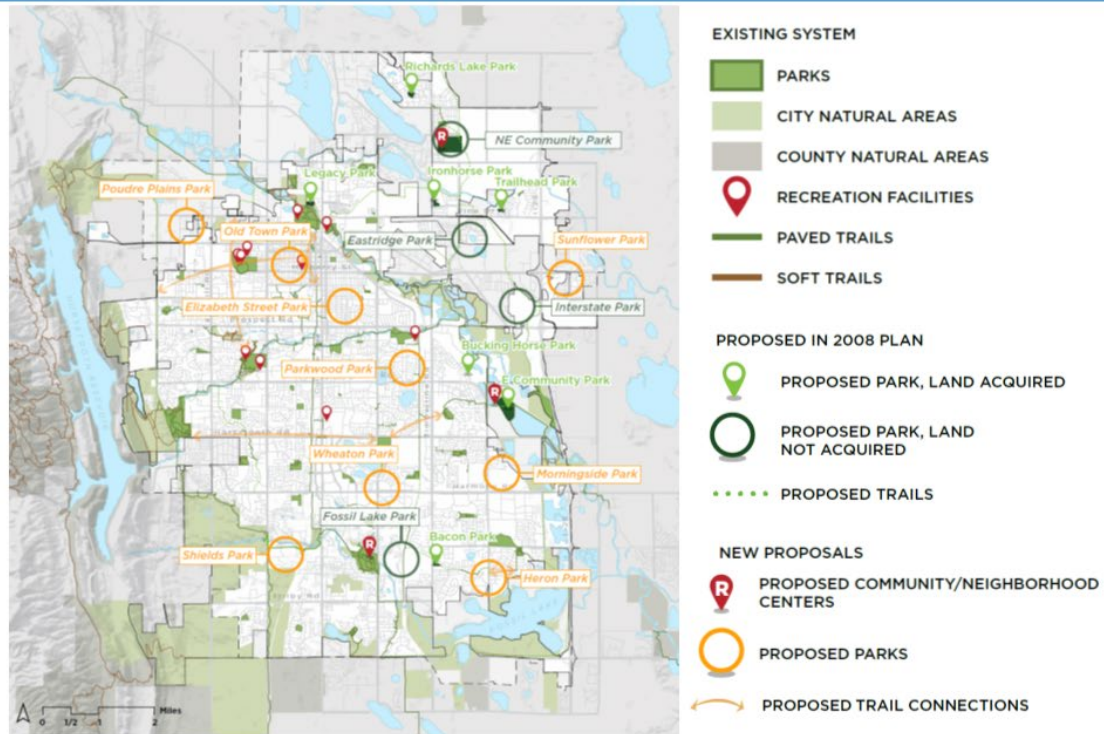
Do we have an idea of how many of these different types of parks will need to be created?

Kurt Friesen; in the plan, it is around 20. Many of the parks were recommended in the 2008 plan (see slide below) green circle

Right now, that is the focus of my team – we want to make sure that we get the parks that have been planned for years. The other parts are about filling the gaps and many of those are within existing developments – it will be a lot harder for us to find land. That is what we are prioritizing right now, is seeking to make sure that we are meeting the goals of the 2008 plan and then focusing on some of the internal parks which may be smaller. We want to think about equity and how we serve the community appropriately.



Even a bench at Spencer Park would be great - maybe there are limitations due to the historic milk house there Looking at your map my district #2 looks like a park desert - we do have a lot of schools so maybe that is where people spend a lot of their time.



Kelly Ohlson; (see slide 17 above) If I heard correctly, some of the big circles in the SE part of town may never come to fruition due to lack of land. Still trying to close the gaps on some geographic deserts but those parks are not necessarily going to be built – a wish list

Kurt Friesen; I wouldn't consider it a wish list - as with any master plan this is aspirational – the ideal state for the city of Fort Collins. Right now, we are prioritizing those that were identified in the 2008 plan. They are not in a specific area of town – so that is priority #1. Then infill – then we start to explore new park locations as illustrated in the orange circles (see above)

Kelly Ohlson; I know we just adopted a Parks Master Plan – asking for evolution as we go forward knowing there are some restraints and really looking at what type of housing is there and who needs the bigger parks the most. We can all get better collectively on making sure we are looking at that. A lot of people have more resources to access parks – focus on people who don't have access to – lower income communities – make that a high priority. Evolution of thought on a fairly quick timetable when decisions have to be made.

Kurt Friesen; that is definitely part of our thinking - we are impact fee driven – approaching our design holistically

Kelly Ohlson; 10 years ago – the people we contracted with, and our own employees were mowing right up to the edge of waterways – not good for the wildlife and more expensive - fertilizing right up to the edge as well - Do we still have the individual maintenance maps for each park?

Mike Calhoon; we have maps for each of our parks - and incorporated 'no mow zones' to provide those buffers in a more casual way than what we would do with park design.

We used to mow Edora and Spring Creek right to the edge of the water - we don't do that anymore and in fact use the maps as a training tool. We also address the 'why' by creating those buffers we are filtering stormwater, reducing our irrigation footprint, providing pollinator habitat. We explain this when we are doing training with our staff.

OTHER BUSINESS:

Travis Storin; HR Memo 401(a) was included in your packets. We are providing this to Council Finance before it goes to the full Council in case there are questions. I labeled something of a formality in keeping our retirement plans compliant with Pension Protection Act requirements. Historically we have given Council Finance the opportunity to review before it goes to the full Council.

Meeting adjourned at 6:30 pm

**COUNCIL FINANCE COMMITTEE
AGENDA ITEM SUMMARY**

**Staff: Clay Frickey, Redevelopment Program Manager
John Duval, Deputy City Attorney**

Date: July 7, 2022

SUBJECT FOR DISCUSSION

Inclusion of Paradigm property into Rudolph Farm Metro District

EXECUTIVE SUMMARY

The purpose of this item is to consider the inclusion of the Paradigm property into the Rudolph Farm Metropolitan District (Metro District) located at Prospect and I-25. The developer of the Paradigm property is also seeking through the City's land use process to change the land use mix for the Paradigm property. This inclusion would allow the District to levy on the Paradigm property a Debt Service Mill Levy of 50 mills and an Operations and Maintenance Mill Levy of 20 mills, or a total of 70 mills, which property taxes would be used by the Metro District to fund the construction, operation and maintenance of public improvements. There is already levied on the Paradigm property by the I-25/Prospect Interchange Metro District a 10 mill levy to be used to reimburse the City for a share of the City's funding of the recent CDOT improvements to the I-25/Prospect interchange. It is unclear what public improvements the Metro District would fund related to the Paradigm property.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Does the Council Finance Committee support the inclusion of the Paradigm property in the Metro District?

What additional information would be helpful when staff presents this item to City Council?

BACKGROUND/DISCUSSION

On March 6, 2018, City Council approved a series of resolutions related to the funding of interchange improvements at Prospect and I-25. These resolutions resulted in the following:

- Approval and authorization of a Binding Agreement pertaining to the development of Interstate Highway 25 and Prospect Road Interchange and a related Capital Pledge Agreement
- Approval of the I-25/Prospect Interchange Metro District covering all properties adjacent to the I-25/Prospect interchange

- Approval of the Rudolph Farms Metro District at the northeast corner of Prospect and I-25
- Approval of the Gateway at Prospect Metro District at the northwest corner of Prospect and I-25
- Approval of the SW Prospect I-25 Metro District at the southwest corner of Prospect and I-25

Approval of these agreements and Metro Districts resulted in the City, the Colorado Department of Transportation (CDOT), the owners of the parcels of private property at the four corners of the interchange (Property Owners) and the Town of Timnath sharing in the costs to fund improvements to the I-25/Prospect interchange to be built concurrently with the expansion of I-25. By rebuilding the I-25/Prospect interchange at the same time as the I-25 expansion, the project was able to realize efficiencies that resulted in \$7 million in reduced project costs. This also accelerated the timeline for improvements to the interchange.

These actions also created the Metro Districts at each corner of the I-25/Prospect interchange with the exception of the southeast corner. The southeast corner of I-25/Prospect is known as the Paradigm property. The approved Metro Districts allow for funding of necessary infrastructure and public improvements to serve future development within the Districts. These Metro Districts pre-date the City's Metro District policy requiring public benefits from Metro Districts where more than 10% of the assessed value is residential.

These actions also created the I-25/Prospect Interchange Metro District (Interchange Metro District). All of the Property Owners' properties are included within the boundaries of the Interchange Metro District. The purpose of the Interchange Metro District is to generate tax and fee revenues from the Property Owners' properties to reimburse the City for the Property Owners' share of the costs to fund the CDOT improvements to the I-25/Prospect Interchange.

The estimated total project cost of the I-25/Prospect interchange improvements was \$31 million. Of this, \$24 million was for base design while the remaining \$7 million represents the City's required urban design elements. CDOT shared in 50 percent of the base design portion, or \$12 million. The remaining \$19 million was split between the City, Property Owners, and Timnath at 43%, 43%, and 14%, respectively. Timnath's share is based on traffic studies with the City and Property Owners splitting the remaining costs.

Table 1
Partners Allocation of Costs (Millions)

Partners Share Allocation				
	Total	Fort Collins	Property Owners	Timnath
Overpass Cost	\$19.00	\$8.25	\$8.25	\$2.50
% Share Cost	100%	43%	43%	13%
Less ROW Credit	\$0.50	\$0.00	\$0.50	\$0.00
Less TCEF Credit	\$1.40	\$0.70	\$0.70	\$0.00
Debt Obligation	\$17.10	\$7.55	\$7.05	\$2.50
% Share Payments	100%	44%	41%	15%

On March 5, 2019, City Council adopted Ordinance No. 30, 2019, appropriating \$19,099,945 to fund all non-CDOT costs associated with the I-25/Prospect interchange improvements. The City would seek repayment from the Property Owners within the District and from the Town of Timnath. The Binding Agreement requires each party highlighted in the table above to pay its share of the costs associated with the interchange improvements. The Capital Pledge Agreement outlines the terms of repayment for the Owners' Share of the project costs to be paid, in effect, through the Interchange Metro District.

The Capital Pledge Agreement identifies the sources of revenue from the Interchange Metro District that will be used to reimburse the City for the Property Owners' share of the costs. These revenue sources include:

- Imposition of a property tax mill levy of 10 mills on all taxable property within the Interchange Metro District
- 0.75% public improvement fee (PIF) on all retail purchases made within the Interchange Metro District, net of any reasonable administrative fees for collection by the City
- Impact fee collected at the time of issuance of a vertical building permit based on land use within the Interchange Metro District

Per the Capital Pledge Agreement, the Property Owners' share is payable on or before December 1 of each year in twenty equal installments of \$479,000 beginning December 1, 2019. At the end each month, the property owners must remit any PIF or impact fees collected during the preceding month. In the event that the Property Owners are unable to pay \$479,000 by December 1, the deficit accrues interest at a rate of 4.25%. The current deficit of the Property Owners' share is \$958,622.

Rudolph Farms Background:

The Rudolph Farms property lies in three zone districts: General Commercial (CG), Industrial (I), and Urban Estate (UE). The Rudolph Farms Metro District Service Plan contemplates

development that would conform to the permitted uses of those zone districts. Table 2 below shows the approved land use mix in the Rudolph Farms Metro District Service Plan. The land use mix for Rudolph Farms in the I-25/Prospect Interchange Service Plan mirrors the land use mix shown in the Rudolph Farms Service Plan.

PNE Prospect Holdings LLC (PNE) acquired Rudolph Farms in 2021. PNE is looking to potentially acquire the Paradigm property for inclusion in the Rudolph Farms Metro District. In addition to including the Paradigm property, PNE contemplates changes to the land use mix and has two potential concepts in mind as per Table 2.

Table 2 – Rudolph Farms Land Use Mix Comparison

	Service Plan	Concept 1	Concept 2	% Change - Concept 1	% Change - Concept 2
Retail	107,850	121,904	127,900	13.03%	18.59%
Hotel (Rooms)	240	0	0	-100.00%	-100.00%
Convenience	5,350	0	0	-100.00%	-100.00%
Office	0	80,320	153,400	100.00%	100.00%
Industrial	831,150	440,500	300,500	-47.00%	-63.85%
Residential (Units)	60	563	685	838.33%	1041.67%
Self Storage	-	96,951	96,951	100.00%	100.00%

Paradigm Background:

On January 15, 2004, the Planning and Zoning Board approved the Paradigm Overall Development Plan (ODP). The purpose of an ODP is to establish general planning and development control parameters for projects that will be developed in phases with multiple submittals while allowing sufficient flexibility to permit detailed planning in subsequent submittals. The approved Paradigm ODP permits retail, drive-thru restaurant, hotel, convenience store with gas station, restaurant, office, and warehouse uses. The I-25/Prospect Interchange Metro District Service Plan contemplates Paradigm developing 114,000 square feet of retail and a 100-room hotel, mirroring the approved ODP.

In acquiring Paradigm, PNE looks to change the land use mix of Paradigm. On June 22, PNE met with City staff for a Preliminary Design Review about changing the land use mix for Paradigm. Preliminary Design Review is a pre-application meeting where City staff highlights potential issues with the proposed development prior to the applicant submitting a formal development application with the City. PNE proposes two hotels, two pad sites for fast casual restaurants, a convenience store, and a parcel for multi-family. There is not enough detail in the Preliminary Design Review application to compare the proposed land use mix with that approved in the Overall Development Plan and I-25/Prospect Interchange Service Plan.

Inclusion of Paradigm property into Rudolph Farms Metro District:

On June 7, 2022, legal counsel for PNE submitted a formal letter requesting inclusion of the Paradigm property into the Rudolph Farms Metro District. Per Section V(A)(4) of the Rudolph Farms Service Plan, inclusion of new property to the Metro District requires approval by City Council. Including Paradigm into the Rudolph Farms Metro District would allow the Metro District to issue bonds to fund public improvements required to serve the Paradigm property. The bonds would be repaid by placing a mill levy on the Paradigm property. The Rudolph Farms Service Plan projects the need for a Debt Service Mill Levy of 50 mills and an Operations and Maintenance Mill Levy of 20 mills, or a total of 70 mills. The inclusion of the Paradigm property into the Metro District would yield the following necessary updates to the Rudolph Farms Metro District:

- List of public improvements required to serve the Metro District inclusive of Paradigm
- Development summary
- Exhibits of public infrastructure required to serve Paradigm
- Financial plan

None of the amendments listed above require Council approval.

As mentioned above, Paradigm also contributes to the I-25/Prospect Interchange improvements. While the change in land use has little impact on the Rudolph Farms Metro District, these land use changes have more implications for the Interchange Metro District. The I-25/Prospect Interchange Service Plan contemplated the Paradigm property developing 114,000 square feet of retail and a 100-room hotel. The amended plans show two hotels, two pad sites for fast casual restaurants, a convenience store, and a parcel for multi-family. This presents some opportunities and potential risks for the City to collect the Property Owners' share of costs associated with the I-25/Prospect interchange improvements.

Opportunities:

- More feasible development plan – the updated development plans reflect updated development ideas to meet current market demand. Paradigm has sat vacant since approval of the ODP in 2004. This is an indication that the approved ODP is not well positioned to meet current market demands and may never come to fruition.
- Faster revenue generation – a more feasible development plan could yield faster revenue generation for the interchange improvements. There is already a sizable deficit for the Property Owners' share and this change to the land use mix could help the City recover some of its costs quicker.

Risks:

- Lower assessment rates – In Colorado, properties are taxed based on a percent of its assessed value. Commercial properties are taxed at 29% while residential properties are taxed at 7.15%. The updated plans for Paradigm would have 6.2 acres of residential uses. This means the residential component of Paradigm would need to have an assessed value four times that of a commercial property to yield the same revenue from the mill levy imposed by the Interchange Metro District.

- Lower PIF revenues – Another source of revenue in the Capital Pledge Agreement is the imposition of a 0.75% PIF on retail sales within the Interchange Metro District. Residential properties do not generate retail sales. By converting a portion of Paradigm property to residential from retail, the result will be less PIF revenue.

Without additional detail on how and when the Paradigm property might develop, it is uncertain how much the changes in Paradigm's land use mix will affect the City's ability to recover from the Property Owners their share of costs for the interchange improvements.

ATTACHMENTS (numbered Attachment 1, 2, 3,...)

1. Letter Requesting Paradigm's Inclusion into Rudolph Farms Metro District
2. Rudolph Farms Metro District Service Plan
3. I-25/Prospect Interchange Metro District Service Plan
4. Binding Agreement and Capital Pledge Agreement



Inclusion of Paradigm into Rudolph Farms Metro District



City Council Finance Committee

Clay Frickey – Redevelopment Program Manager

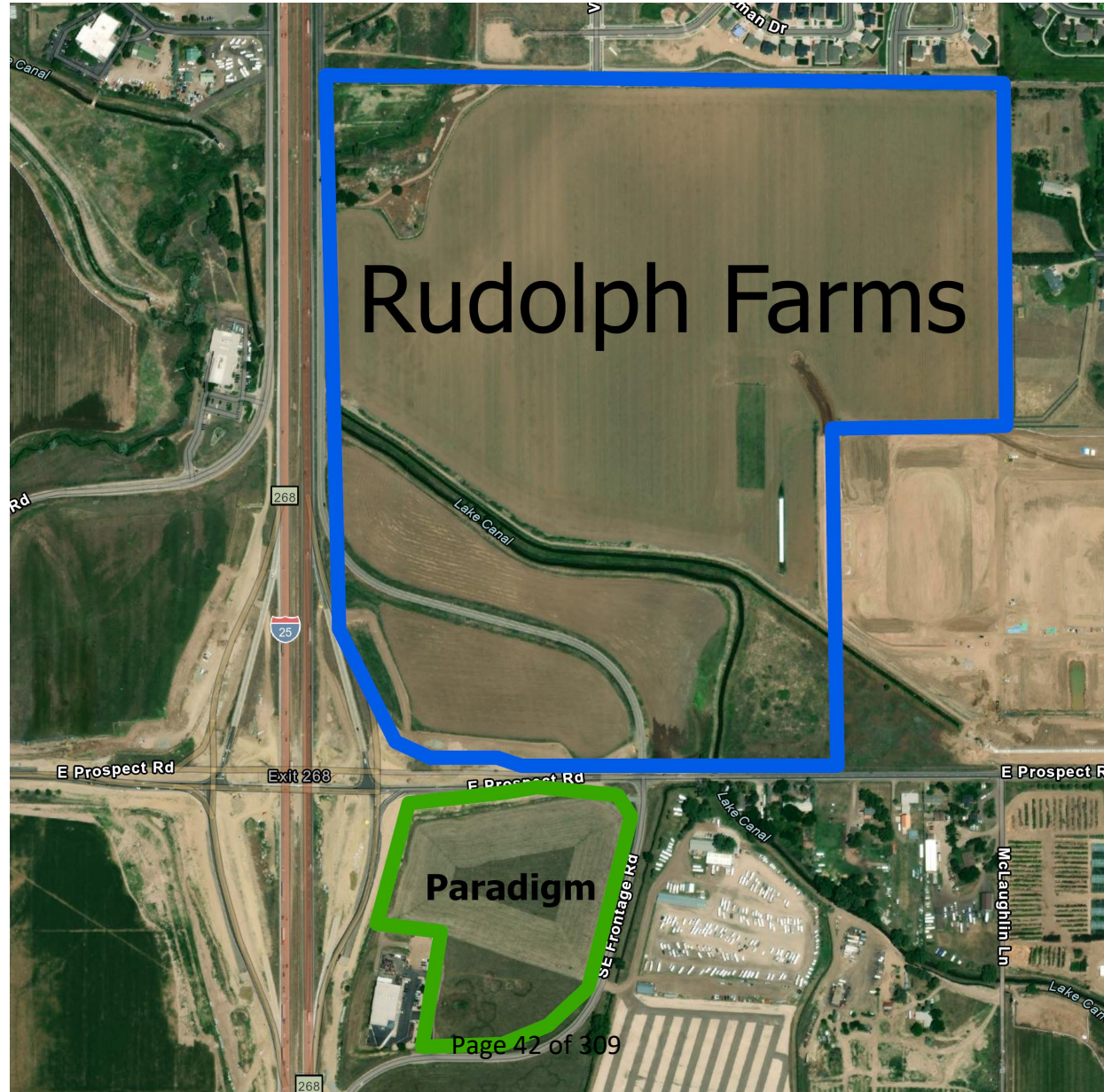
July 7, 2022

2018 – City Council approves series of Metro Districts

- **Purpose – fund I-25/Prospect interchange improvements**
 - Rudolph Farms Metro District
 - NE corner I-25/Prospect
 - I-25/Prospect Interchange Metro District
- Established cost sharing

2022 – PNE Prospect Holdings Purchases Rudolph Farms

- Seeks to include Paradigm
- Paradigm not in its own Metro District



- **Total Cost \$31M**
 - Includes \$7M for Urban Design
- **CDOT \$12M** - 50% of base design
- **City/Property Owners/Timnath \$19M**
 - FC = \$8.25M
 - Property Owners = \$8.25M
 - Timnath = \$2.5M

Partners Share Allocation				
	Total	FC	Property	Timnath
Overpass Cost	\$ 19.000	\$ 8.250	\$ 8.250	\$ 2.500
TCEF Reduction		\$ 0.700	\$ 0.700	
Less ROW Value			\$ 0.500	
Debt Obligation	\$ 17.100	\$ 7.550	\$ 7.050	\$ 2.500
% Share		44%	41%	15%
Borrow - Principle	17,100,000			
Term	20			
Interest	4.50%			
	Total	FC	Property	Timnath
Payment Share	\$1,314,582	\$580,415	541,977	192,190

Binding Agreement & Capital Pledge

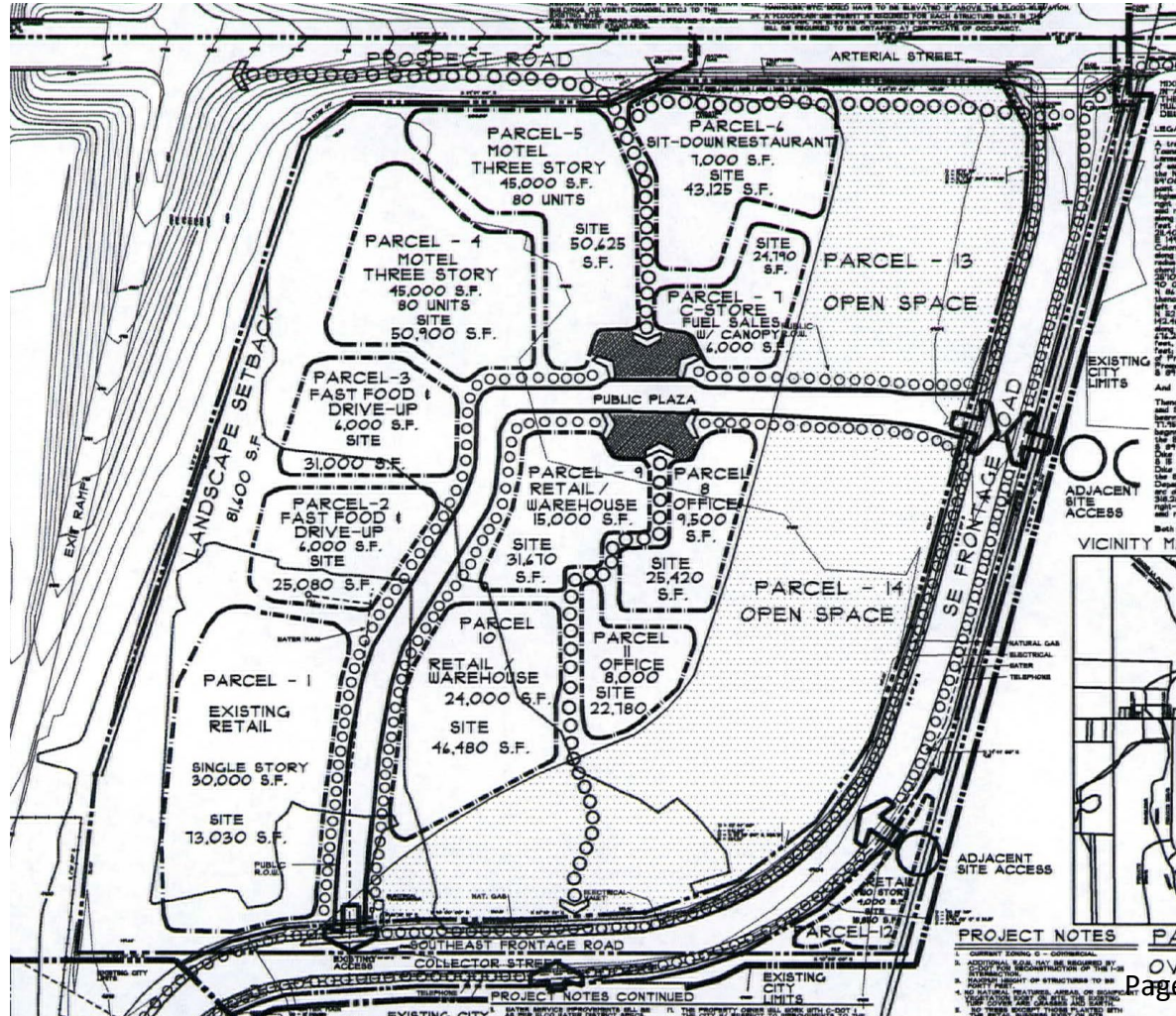
- Defines Owners Share
- Requires Consideration of Project Service Plans
- Commits City to Funding
- Stipulates Revenue Sources
 - Min. 7.500 up to 10.000 Mills (Metro)
 - 0.75% PIF (Covenant)
 - Fees due at Construction (Metro)

Interchange Metro District

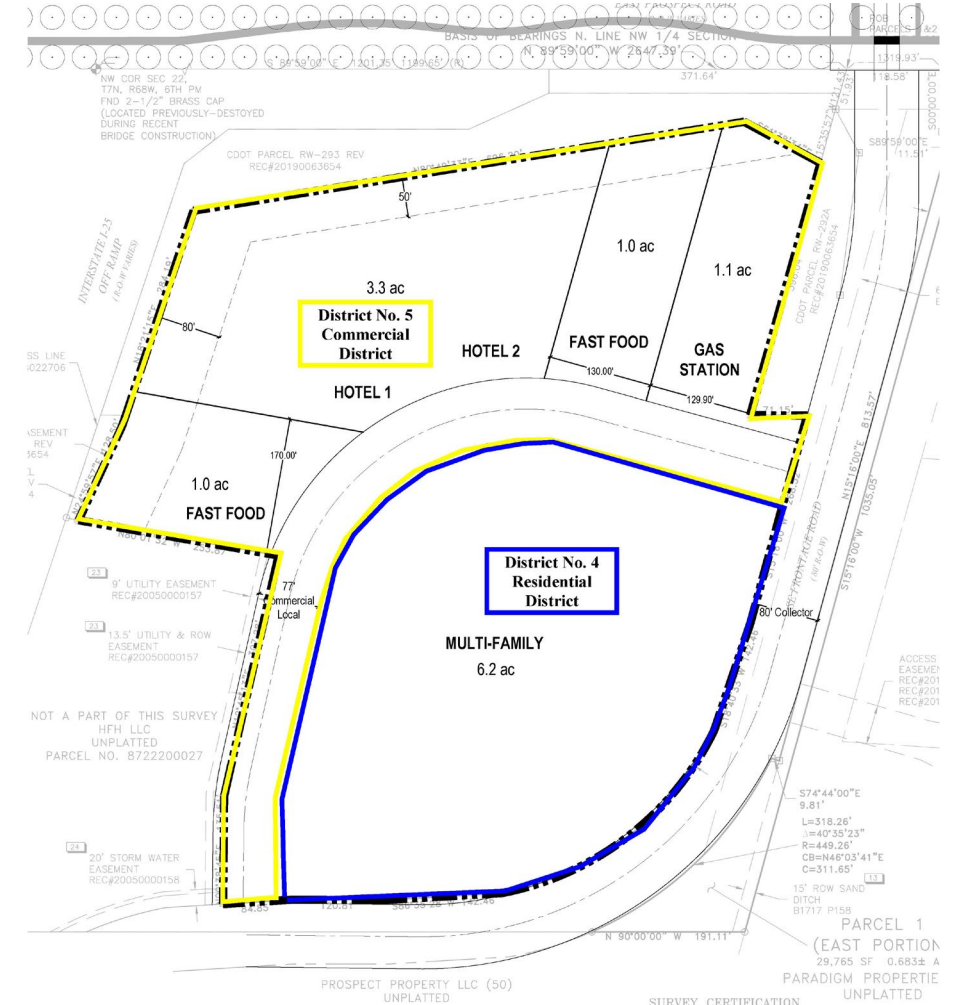
- Imposes min. 7.5000 Mill
- Authorizes up to \$10.0 million in debt
- No Eminent Doman w/out Council Consent
- Capital Pledge Agreement
 - Only debt allowed by plan
 - Commits three revenue sources to funding Owner's Share
- District terminates upon full payment

- Would permit mill levies for Paradigm
 - Debt Service Mill Levy = 50 mills
 - Operations and Maintenance Mill Levy = 20 mills
 - I-25/Prospect Interchange Mill Levy = 10 mills
 - **Total mill levy = 80 mills**

Approved Plan



Proposed Plan



Opportunities:

- More feasible development plan
 - Grounded in current market conditions
- Faster revenue generation
 - Quick repayment of City

Risks:

- Lower assessment rates
 - Potentially less revenue generation
- Lower PIF revenue generation

Does the Council Finance Committee support the inclusion of the Paradigm property in the Rudolph Farms Metro District?

What additional information would be helpful when staff presents this item to City Council?



ICENOGLE SEAVER POGUE

June 7, 2022

VIA ELECTRONIC MAIL

City Council of the City of Fort Collins

c/o John Duval, Deputy City Attorney, jduval@fcgov.com

Clay Frickey, Redevelopment Program Manager, cfrickey@fcgov.com

**Re: Rudolph Farms Metropolitan District Nos. 1 – 6
Request for Resolution Approval of Inclusion of Property**

Dear Members of City Council:

Our firm is engaged as general counsel for Rudolph Farms Metropolitan District Nos. 1-6 (collectively the “Districts”), which are located wholly within the City of Fort Collins (the “City”). The Districts operate pursuant to the Consolidated Service Plan for Rudolph Farms Metropolitan District Nos. 1 – 6 approved by City Council on March 6, 2018 via Resolution 2018-028 (the “Service Plan”).

As background, the Districts were organized as part of a larger coordination effort in 2018 between the City and owners of the four properties in the quadrants immediately adjacent to the Interstate Highway I-25 and Prospect Road (the “Interchange”) in order to share in the costs of various public improvements related to the Interchange.

These cost sharing efforts included various pledged revenue obligations, including PIF revenue, property tax revenue, and development fee revenue of the I-25/Prospect Interchange Metropolitan District (the “Overlay District”) which boundaries include the four properties adjacent to the Interstate. A map depicting the four properties and the boundaries of the Overlay District is attached hereto as Attachment 1 (the “Overlay District Map”).

To further fund the highway interchange improvements, the property owners for the properties identified as “FCIC/GAPA,” “CSURF,” and “LAAM” in the Overlay District Map formed various smaller metropolitan districts: “FCIC/GAPA” property is within the project area boundaries Gateway at Prospect Metropolitan District Nos. 1 – 7; “CSURF” is within the project area boundaries SW Prospect I-25 Metropolitan District Nos. 1-7; and “LAAM” makes up the boundaries of the Districts. The “Paradigm” property was not involved in the organization of a special district and is currently only included in the boundaries of the Overlay District (the “Paradigm Property”).

The Boards of Directors of the Districts have been approached by the underlying developer within the Districts, PNE Prospect Road Holdings, LLC (“PNE”), which is under contract to purchase an additional 15 acres of property within the Paradigm Property from Paradigm Properties, LLC (“PP LLC”). The land survey plan of the Paradigm Property is attached hereto as Attachment 2. PNE and PP LLC anticipate providing the Districts with a petition for inclusion as

Tamara K. Seaver | TSeaver@isp-law.com | Direct 303.867.3004

4725 S. Monaco St., Suite 360 | Denver, CO 80237 | 303.292.9100 | fax 303.292.9101 | www.isp-law.com

Re: Rudolph Farms Metropolitan District Nos. 1 – 6
Request for Resolution Approval of Inclusion of Property
June 7, 2022

provided in Section 32-1-401(1)(a), C.R.S., to include 6.2 acres of the Paradigm Property within the boundaries of Rudolph Farms Metropolitan District No. 4 (“District No. 4”) and 8.8 acres of the Paradigm Property within the boundaries of Rudolph Farms Metropolitan District No. 5 (“District No. 5”). A copy of the form of this petition is attached hereto as Attachment 3. District No. 4 and District No. 5 would like to consider these inclusions in order to allow for the coordinated and cohesive development of public improvements, however Section V.A.4. of the Service Plan requires prior resolution approval of the City Council as follow:

Inclusion and Exclusion Limitation. The Districts shall be entitled to include within their boundaries any property within the Project Area Boundaries without prior approval of the City Council. The Districts shall also be entitled to exclude from their boundaries any property within the Project Area Boundaries so far as, within a reasonable time thereafter, the property is included within the boundaries of another District, and upon compliance with the provisions of the Special District Act. *All other inclusions or exclusions shall require the prior resolution approval of the City Council, and if approved, shall not constitute a material modification of this Service Plan.*

If approved, District No. 4 and District No. 5 will complete the inclusion process in accordance with the requirements set forth in Sections 32-1-401, *et seq.*, C.R.S. A copy of District No. 4 and District No. 5’s form of draft resolution and order regarding the inclusion of real property is attached hereto as Attachment 4.

As such, the Districts respectfully request that City Council approve the inclusion of 6.2 acres of the Paradigm Property within the boundaries of District No. 4 and 8.8 acres of the Paradigm Property within the boundaries of District No. 5. To aid in this request, we have prepared a draft resolution approving the inclusion of property into District No. 4 and District No. 5 that may be considered by City Council at a forthcoming meeting. Based on our review of the City of Fort Collins Policy For Reviewing Service Plans for Metropolitan Districts adopted April 20, 2021 and preliminary discussions with the City, it is our understanding based on the Service Plan language noted above that this request will need to be considered by the Council Finance Committee prior to being considered by City Council, but that no other notice, fee, or submittal requirements are applicable as this request does not constitute a material modification requiring an amendment to the Service Plan.

Thank you in advance for your assistance with this matter. Please feel free to contact me with any questions.

Very Truly Yours,

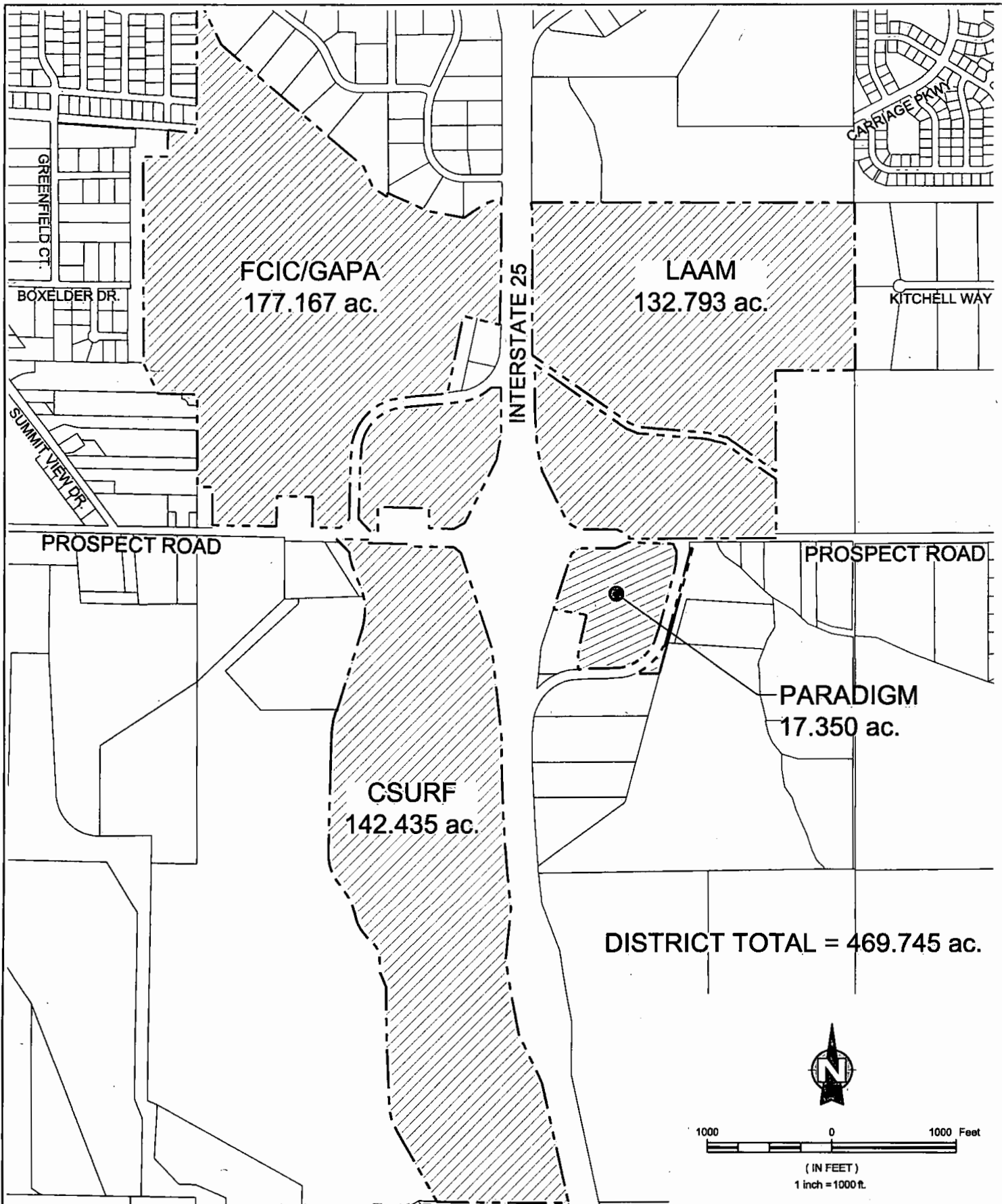
ICENOGLE SEAVER POGUE
A Professional Corporation

Tamara K. Seaver

cc: Board of Directors, Rudolph Farms Metropolitan District Nos. 1-6
Bryan Byler, PNE Prospect Road Holdings, LLC

ATTACHMENT 1

Overlay District Map



**NORTHERN
ENGINEERING**

FORT COLLINS: 301 North Howes Street, Suite 100, 80521
GREELEY: 820 8th Street, 80631

970.221.4158
northernengineering.com

**I-25/PROSPECT INTERCHANGE
METROPOLITAN DISTRICT**

FORT COLLINS
COLORADO

DESCRIPTION

DISTRICT BOUNDARY MAP

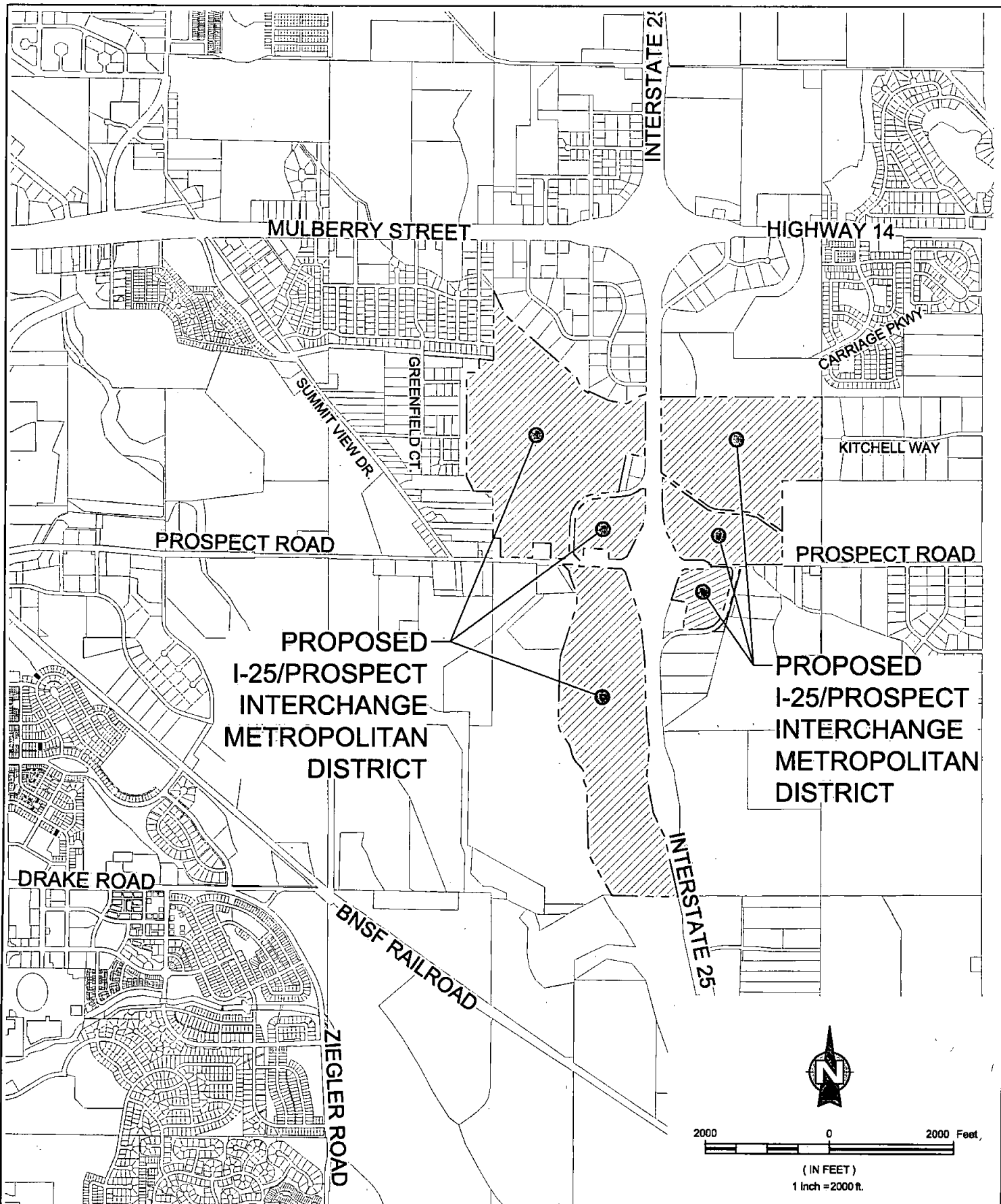
DRAWN BY
C. Snowden

DATE
November 1, 2018

SCALE
1" = 1000'

PROJECT
102-002

**EXHIBIT
B**



**NORTHERN
ENGINEERING**

FORT COLLINS: 301 North Howes Street, Suite 100, 80521
GREELEY: 820 8th Street, 80631

970.221.4158
northernengineering.com

I-25/PROSPECT INTERCHANGE METROPOLITAN DISTRICT

FORT COLLINS
COLORADO

DESCRIPTION VICINITY MAP

DRAWN BY
C. Snowdon

DATE
December 11, 2018

SCALE
1" = 2000'

PROJECT
102-002

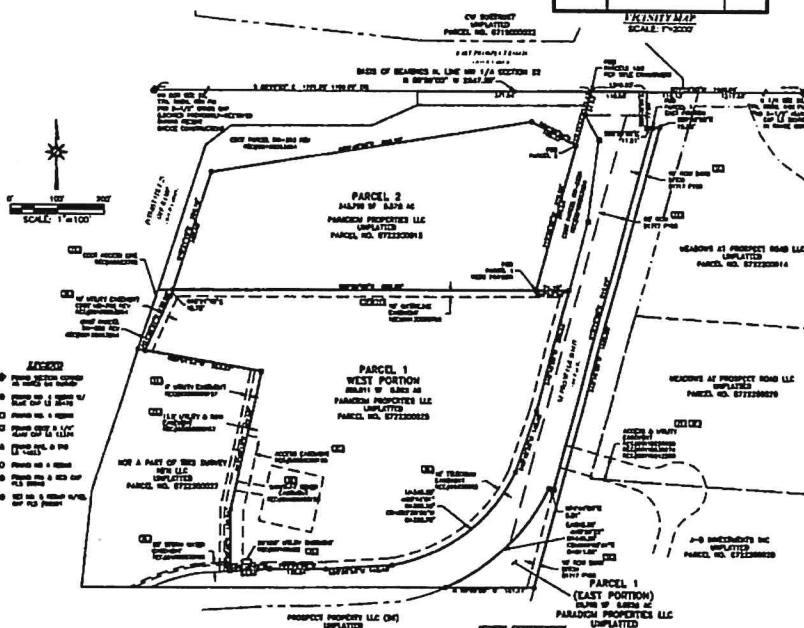
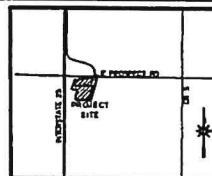
EXHIBIT
C

ATTACHMENT 2

Land Survey Plat of
Paradigm Property

LOCATED IN THE WEST HALF OF THE NORTHWEST QUARTER OF SECTION 22,
TOWNSHIP 7 NORTH, RANGE 68 WEST OF THE 6TH PM,
CITY OF FORT COLLINS, COUNTY OF LARIMER, STATE OF COLORADO
SHEET 1 OF 1

SHEET 1 OF 1



UNPLAYED

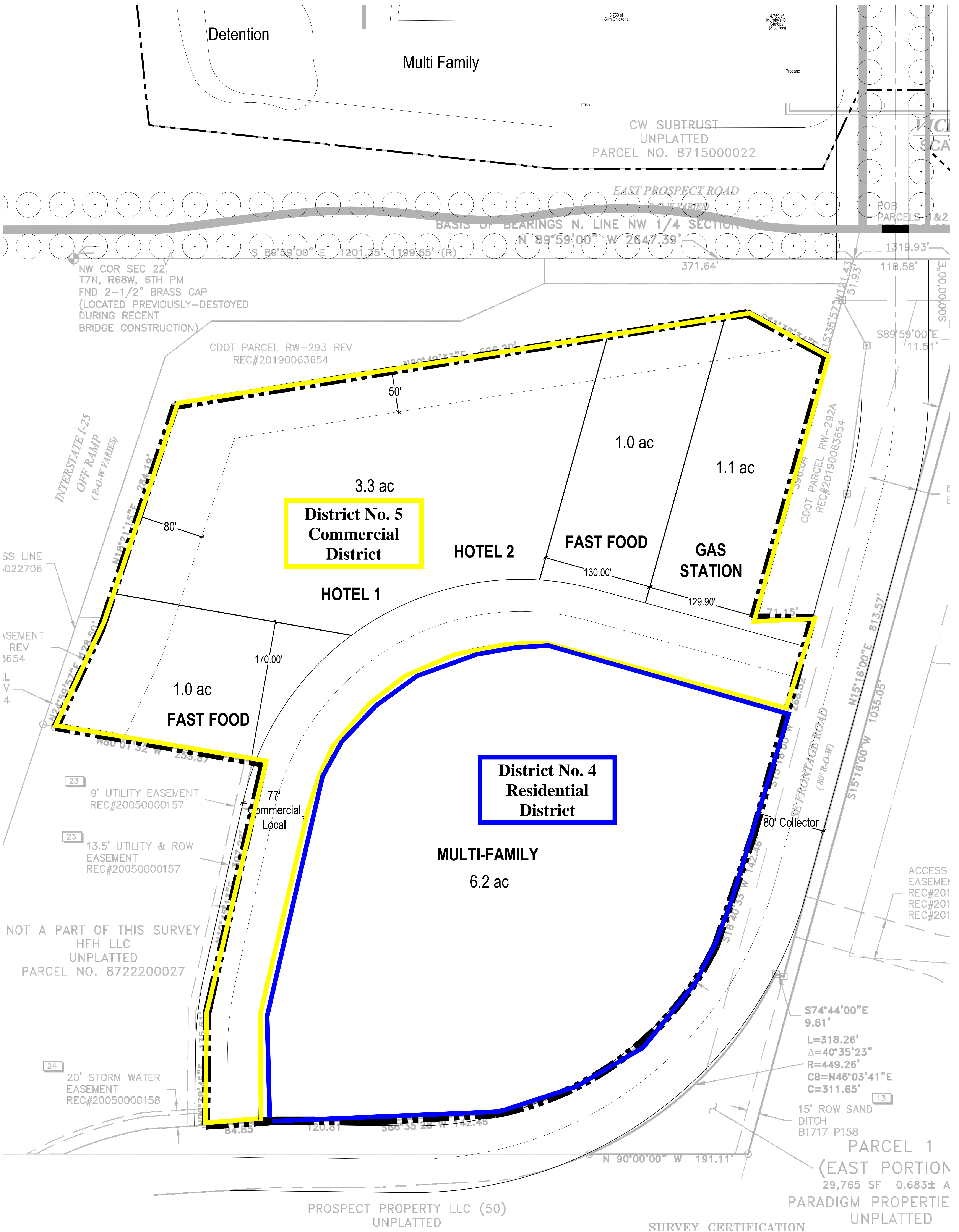
STANLEY ENGINEERING
"MOUNTAIN" LAND SURVEYING, LAND SURVEYING IN THE STATE OF COLORADO DOES
NOTHING BUT TO PROVIDE PROPERTIES, U.S. ITS SUCCESSORS AND ASSOCIATES, THAT THIS LAND
SURVEY PLAN WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION FROM A FIELD SURVEY
CONDUCTED BETWEEN 1970, AND IS IN ACCORDANCE WITH THE STANDARDS FOR PROPERTY
SURVEYING SURVEYS OF THE PROFESSIONAL LAND SURVEYORS OF COLORADO, INC., AND IS TRUE
AND ACCORDS TO THE BEST OF MY KNOWLEDGE AND BELIEF.



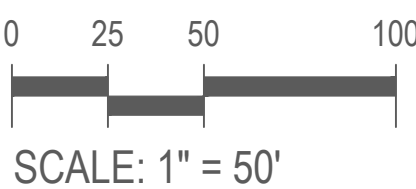
DEPOSITED THIS _____ DAY OF _____ IN _____ A.D. 19____
OF THE COUNTY SURVEYOR'S LAND SURVEY/RECORDS DEPT. AT _____



File No. 7074	Date
Letter and 1 envelope 0926	12-20
7074-0000	
557 1 40 0	File No.
	11/20/00



NORTH



SCALE: 1" = 50'

ATTACHMENT 3

Form of Petition for Inclusion into the Boundaries of
Rudolph Farm Metropolitan District Nos. 4 and 5

PETITION FOR INCLUSION OF REAL PROPERTY

**TO: RUDOLPH FARMS METROPOLITAN DISTRICT NO. __,
CITY OF FORT COLLINS, LARIMER COUNTY, COLORADO**

The undersigned, as petitioners, PNE Prospect Road Holdings, LLC and Paradigm Properties, LLC, hereby respectfully petition the Rudolph Farms Metropolitan District No. __ (the “District”), acting by and through its Board of Directors, for the inclusion of the hereinafter described real property into the boundaries of the District in accordance with the Sections 32-1-401 *et seq.*, C.R.S.

The undersigned hereby request that the real property described in **Exhibit A**, attached hereto and incorporated herein by this reference (the “Property”), be included in the boundaries of the District and that an Order may be entered in the District Court in and for the County of Larimer, State of Colorado, effectuating the inclusion of the Property into said District, and that from and after the entry of such Order, said Property shall be liable for taxes, assessments or other obligations of the District as provided by statute.

The undersigned represent to the District that PNE Prospect Road Holdings, LLC is under contract to be the owner of one hundred percent (100%) of the Property pursuant to that Contract to Buy and Sell Real Estate (Land) with Paradigm Properties, LLC, dated April 21, 2022, and that no other person, persons, entity or entities own any interest therein, except as beneficial holders of encumbrances.

The undersigned acknowledges that the District is not required to enlarge or extend its facilities beyond those currently existing and all such enlargements or extensions are undertaken in the exercise of discretion as a governmental function in the interest of public health, safety and welfare.

The undersigned acknowledges that acceptance of this petition by the District does not constitute any assurance from the District that the Property can be served by the District.

The undersigned further agrees that it will pay the fees associated with the inclusion of the Property within the District if this petition is accepted, including the costs of publication of appropriate legal notices.

SUBMITTED THIS _____ DAY OF _____, 20__.

PETITIONERS:

PNE Prospect Road Holdings, LLC

By: _____

Its: _____

ADDRESS OF PETITIONERS:

900 Castleton Road, Suite 118

Castle Rock, Colorado 80109

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this __ day of _____,
20__ by _____ as _____ of PNE Prospect Road
Holdings, LLC.

WITNESS my hand and official seal.

My commission expires: _____

Notary Public

PETITIONERS:

Paradigm Properties, LLC

By: _____

Its: _____

ADDRESS OF PETITIONERS:

P.O. Box 3236

Ventura, CA 93006-3536

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____,
20__ by _____ as _____ of Paradigm Properties, LLC.

WITNESS my hand and official seal.

My commission expires: _____

Notary Public

EXHIBIT A

To

Petition for Inclusion of Real Property

**(Legal Description of Property to be Included in the Boundaries of
Rudolph Farms Metropolitan District No. __)**

ATTACHMENT 4

Form of Resolution and Order Regarding the Inclusion of Real Property

**RESOLUTION AND ORDER
OF THE
BOARD OF DIRECTORS
OF
RUDOLPH FARMS METROPOLITAN DISTRICT NO. __
REGARDING
INCLUSION OF REAL PROPERTY**

WHEREAS, in accordance with and pursuant to Section 32-1-401(1)(a), C.R.S., _____, (the “Petitioner”) signed a petition for inclusion requesting the Rudolph Farms Metropolitan District No. __ (the “District”) include, within the District’s boundaries, the real property located in the City of Fort Collins, County of Larimer, State of Colorado as more particularly described on **Exhibit A** attached hereto and incorporated herein by this reference (the “Property”); and

WHEREAS, said petition is attached hereto and made a part hereof as **Exhibit B** (the “Petition”); and

WHEREAS, public notice was published on _____, 202_ in *The Coloradoan* in accordance with Section 32-1-401(1)(b), C.R.S., calling for a public hearing on the prayer of said Petition; and

WHEREAS, on _____, 202_, the Board of Directors of the District (the “Board”) held a public hearing on the Petition in accordance with Section 32-1-401(1)(b), C.R.S.; and

WHEREAS, no objecting parties appeared at the public hearing, nor were any written objections filed with the Board; and

WHEREAS, pursuant to Section 32-1-401(1)(c)(I), C.R.S., the Board desires to grant the Petition, in whole, subject to the conditions set forth herein.

NOW, THEREFORE, BE IT RESOLVED BY THE RUDOLPH FARMS METROPOLITAN DISTRICT NO. __ AS FOLLOWS:

1. The Board hereby orders the inclusion of the Property within the boundaries of the District, and the Board orders the Petition to be granted in whole.

2. The name and address of the Petitioner and description of the Property to be included are as follows:

PETITIONER: _____

ADDRESS: _____

PROPERTY DESCRIPTION: See **Exhibit A**

3. The Board shall seek an Order from the District Court in and for Larimer County, Colorado, which shall provide the effective date of this inclusion.

4. This resolution shall be certified and filed with the Clerk of the District Court of Larimer County, Colorado in accordance with Section 32-1-401(1)(c), C.R.S.

5. The inclusion shall be subject to the District obtaining an Order of the District Court ordering the inclusion of the Property effective upon issuance thereof, and recordation of such Order as provided by statute.

[Remainder of this page left intentionally blank.]

DONE AND ADOPTED this _____ day of _____ 202_.

**RUDOLPH FARMS METROPOLITAN
DISTRICT NO. __**

By: _____
Its: _____

ATTEST:

By: _____
Its: _____

CERTIFICATE

COMES NOW, Michael Kleinman, the Secretary and Treasurer of the Rudolph Farms Metropolitan District No. 6, and hereby certifies that the attached resolution is a true and accurate copy of the resolution adopted by the Board of Directors at its special meeting held _____, 202__, via _____.

WITNESS my hand this this ____ day of _____ 202_.

By: Michael Kleinman

Its: Secretary and Treasurer

Rudolph Farms Metropolitan District No. ____

EXHIBIT A
To
Resolution and Order

**(Legal Description of Property to be Included into the Boundaries of Rudolph Farms
Metropolitan District No. _)**

EXHIBIT B

To

Resolution and Order

**(Petition for Inclusion of Real Property into the Boundaries of Rudolph Farms
Metropolitan District No. _)**

RECEIVED

AUG 27 2018

Div of Local Government

RESOLUTION 2018-028
OF THE CITY COUNCIL OF THE CITY OF FORT COLLINS
APPROVING THE CONSOLIDATED SERVICE PLAN FOR THE
RUDOLPH FARMS METROPOLITAN DISTRICT NOS. 1-6

WHEREAS, the interchange at Interstate Highway 25 and Prospect Road (the "Interchange") is owned by the State of Colorado and operated and maintained by the Colorado Department of Transportation ("CDOT"); and

WHEREAS, the Interchange is within the City's boundaries and adjacent to its four corners are several undeveloped parcels of privately-owned land, which parcels are also within the City's boundaries; and

WHEREAS, Fort Collins/I-25 Interchange Corner, LLC ("FCIC") is the fee title owner of a parcel of land adjacent to the northwest corner of the Interchange (the "FCIC Parcel"); and

WHEREAS, Gateway at Prospect Apartments, LLC ("GAPA") is the fee title owner of a parcel of land also adjacent to the northwest corner of the Interchange (the "GAPA Parcel"); and

WHEREAS, a group of tenants in common ("TIC Owners") are the fee title owners of the three parcels of land adjacent to the northeast corner of the Interchange (the "TIC Owners Parcels"); and

WHEREAS, Paradigm Properties LLC ("Paradigm") is the fee title owner of the two parcels of land adjacent to the southeast corner of the Interchange (the "Paradigm Parcels"); and

WHEREAS, the Colorado State University Research Foundation ("CSURF") is the fee title owner of the two parcels of land adjacent to the southwest corner of the Interchange (the "CSURF Parcels"); and

WHEREAS, FCIC, GAPA, the TIC Owners, Paradigm and CSURF are hereafter collectively referred to as the "Property Owners" and the FCIC Parcel, GAPA Parcel, the TIC Owners Parcels, Paradigm Parcels and CSURF Parcels are hereafter collectively referred to as the "Properties"; and

WHEREAS, CDOT has notified the City that it is planning a project to significantly modify and improve the Interchange by reconstructing its ramps and bridge and by reconstructing Prospect Road to a configuration with four through lanes, a raised median, left turn lanes and pedestrian and bicycle facilities, and CDOT is expected to begin construction of this project after July 1, 2018 (the "Project"); and

WHEREAS, the Project will also include certain urban design improvements requested by the City that are typically required under the City's development standards (the "Urban Design Features"); and

WHEREAS, the Project and the Urban Design Features will provide significant public benefits to the City and its residents, and they will benefit the Property Owners by materially increasing the value of their Properties; and

WHEREAS, CDOT estimates that the total cost of the Project, as originally proposed by it, will be approximately \$24 million, but it has indicated that it will only provide \$12 million to fund the Project, leaving a \$12 million deficit; and

WHEREAS, the Urban Design Features planned by the City will add an additional \$7 million to the cost of the Project, bringing the total Project cost to \$31 million; and

WHEREAS, CDOT has asked the City to participate in the Project by funding the \$12 million deficit originally identified by CDOT, but the City is only willing to consider funding this deficit if the additional \$7 million of Urban Design Features are included in the Project and if the Town of Timnath, Colorado ("Timnath") and the Property Owners share in funding this \$19 million deficit; and

WHEREAS, the City has previously entered into an Intergovernmental Agreement dated April 14, 2017, with CDOT in which the City has agreed to contribute \$2.25 million in support of CDOT's project to improve I-25 from Colorado Highway 402 to Colorado Highway 14 (the "CDOT IGA"); and

WHEREAS, on January 2, 2018, the City Council adopted Resolution 2018-004 approving an amendment to the CDOT IGA, in which amendment the City has agreed to share in the cost of the Interchange Project as proposed by CDOT and CDOT has agreed to add the Urban Design Features to the Project, which amendment the City and CDOT entered into on January 18, 2018 (the "Amended IGA"); and

WHEREAS, the City has also asked Timnath to share in funding the City's commitment to CDOT under the Amended IGA since Timnath will also experience significant public benefits from the Project; and

WHEREAS, the City and Timnath have been negotiating a separate agreement under which Timnath would reimburse the City for up to \$2.5 million of the \$19 million deficit to be paid over a twenty-year period, thereby leaving a \$16.5 million deficit (the "Remaining Deficit"); and

WHEREAS, the City and the Property Owners have previously negotiated and entered into that certain "Memorandum of Understanding Pertaining to Development of Interstate Highway 25 and Prospect Road Interchange" dated January 30, 2018, which City Council approved in Resolution 2018-005 on January 2, 2018 (the "MOU"); and

WHEREAS, the City and the Property Owners acknowledged in the MOU that while it is not a binding agreement, the parties nevertheless intended to cooperate in good faith to negotiate and enter into a binding agreement under which the parties would agree to equally share in the payment of the Remaining Deficit; and

WHEREAS, as so intended in the MOU, City staff and the Property Owners have negotiated in good faith a "Binding Agreement Pertaining to Development of Interstate Highway 25 and Prospect Road Interchange" (the "Binding Agreement"); and

WHEREAS, the City Council has on this date adopted Resolution 2018-024 approving and authorizing the City's execution of the Binding Agreement; and

WHEREAS, the Property Owners agree in the Binding Agreement to equally share the Remaining Deficit by the Property Owners agreeing to reimburse the City over time their \$8.25 million share ("Shared Deficit") to be reduced by a credit of \$500,000 representing the value of the Property Owners' land that will be dedicated to CDOT without receiving compensation as right of way for the Project (the "ROW Credit") and a credit of \$700,000 representing the transportation capital expansion fees anticipated to be paid to the City under Fort Collins Code Section 7.5-32 related to the future development of the Properties (the "TCEF Credit"); and

WHEREAS, after the ROW Credit and the TCEF Credit are applied to the Shared Deficit, the Binding Agreement provides that the Property Owners' portion of the Shared Deficit will be \$7,050,000, plus financing costs ("Owners' Share"); and

WHEREAS, the Binding Agreement further provides that the Owners' Share will accrue interest at the rate the City incurs in financing its funding obligations to CDOT under the Amended IGA and that this adjusted amount will be paid in twenty annual payments of principal and interest from the Pledged Revenues (as hereinafter defined); and

WHEREAS, the Property Owners also agree in the Binding Agreement to record against their respective Properties a covenant imposing a public improvement fee at a rate .75%, net of any administrative fees for collection, to be imposed on all future retail sales on the Properties that are also subject to the City's sales tax under Article III of City Code Chapter 25, as amended (collectively, the "Interchange PIF Covenant"); and

WHEREAS, to pay the Owners' Share, the Binding Agreement contemplates that the Property Owners will organize a metropolitan district under the provisions of Article 1 of Title 32 of the Colorado Revised Statutes (the "Special District Act"); and

WHEREAS, on July 15, 2008, the City Council adopted Resolution 2008-069 creating a Policy for Reviewing Proposed Service Plans for Title 32 metropolitan districts (the "City Policy") setting forth criteria to serve as a guide for Council's consideration of metropolitan district service plans, but retaining to Council the full discretion and authority regarding the terms and conditions of the service plans it considers and approves; and

WHEREAS, the Property Owners have submitted to the City, in accordance with the City Policy, the "Service Plan for I-25/Prospect Interchange Metropolitan District, City of Fort Collins, Colorado" (the "Interchange Service Plan") to create this metropolitan district (the "Interchange Metro District"); and

WHEREAS, the Interchange Service Plan proposes the creation of the Interchange Metro District for the sole purpose of paying the Owners' Share through the Interchange Metro District's pledge of a combination of a property tax mill levy of not less than 7.5 mills, but not more than 10 mills, on the Properties ("Property Tax"), fees imposed by it on and collected from future development occurring on the Properties ("Project Fees") and the net revenues from the Interchange PIF Covenant collected by the Interchange Metro District ("PIF Revenues"); and

WHEREAS, the Interchange Metro District's commitment to pledge the Property Tax, the Project Fees and the PIF Revenues (collectively, the "Pledged Revenues") to the payment of the

Owners' Share is set out in the Capital Pledge Agreement attached as Exhibit "D" to the Interchange Service Plan (the "Capital Pledge Agreement"); and

WHEREAS, as anticipated in the MOU, four of the Property Owners also wish to form other metropolitan districts under the District Act to use to construct and fund some or all of the basic public infrastructure needed in the future development of their individual Properties, whether such development is commercial or residential, and for maintenance of such infrastructure and for all other purposes allowed by the District Act and the approved service plans (the "Development Metro Districts"); and

WHEREAS, the Interchange Metro District and the Development Metro Districts shall be collectively referred to as the "Metro Districts"; and

WHEREAS, the Metro Districts cannot be created under the District Act without the City Council approving a service plan for each of the Metro Districts (collectively, "Service Plans") which, together with the District Act, will govern the operation of the Metro Districts and their authority to impose, collect, spend and pledge property taxes and fees, issue debt, and they will delineate the type of basic public infrastructure and services the Metro Districts will be authorized to provide and how the Metro Districts will cooperate with each other, the City and the Property Owners to fund regional and local infrastructure; and

WHEREAS, the Binding Agreement contemplates that if all of the Service Plans are not approved by Council, that the Interchange Metro District will not enter into the Capital Pledge Agreement and the Property Owners will not record the Interchange PIF Covenant, however the Binding Agreement also contemplates that the Development Districts will be unable to impose any fees or property tax mill levy or issue any debt unless the Interchange Metro District conducts a TABOR election on May 8, 2018, in accordance with Article X, Section 20 of the Colorado Constitution, that authorizes the Interchange Metro District's Property Tax and the Capital Pledge Agreement, the Interchange Metro District enters into the Capital Pledge Agreement, and the Property Owners record the PIF Covenant against all of their respective Properties; and

WHEREAS, the TIC Owners, as the owner of the TIC Owners Parcels, have submitted to the City, in accordance with the City Policy, the "Consolidated Service Plan for Rudolph Farms Metropolitan District Nos. 1-6" attached hereto as Exhibit "A" and incorporated herein by reference (the "Rudolph Farms Service Plan"); and

WHEREAS, in accordance with Subsection B of the Review and Approval Process section of the City Policy and Colorado Revised Statutes Section 32-1-204.5, the TIC Owners have complied with all notification requirements for City Council's public hearing on the Rudolph Farms Service Plan as evidenced by the "Certificate of Mailing Notice of Service Plan Hearing" dated February 28, 2018, attached hereto as Exhibit "B" and incorporated herein by reference (the "Notice Requirements"); and

WHEREAS, in addition to compliance with the Notice Requirements, the TIC Owners have caused to be published a notice of the Public Hearing in the *Coloradoan*, a newspaper of general circulation within the boundaries of the proposed Rudolph Farms Metropolitan District Nos. 1-6 (the "Rudolph Farms Metro Districts"); and

WHEREAS, the City Council has reviewed the Rudolph Farms Service Plan and considered the testimony and evidence presented at a public hearing on March 6, 2018 (the "Public Hearing"); and

WHEREAS, the Special District Act requires that any service plan submitted to the district court for the creation of a metropolitan district must first be approved by a resolution of the governing body of the municipality within which the proposed district lies; and

WHEREAS, the City Council wishes to approve the Rudolph Farms Service Plan.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FORT COLLINS, COLORADO, as follows:

Section 1. That the City Council hereby makes and adopts the determinations and findings contained in the recitals set forth above.

Section 2. That the City Council hereby determines that the City's notification requirements have been complied with regarding the Public Hearing on the Rudolph Farms Service Plan.

Section 3. That the City Council hereby finds that the Rudolph Farms Service Plan contains, or sufficiently provides for, the items described in Colorado Revised Statutes Section 32-1-202(2), and that:

- a. There is sufficient existing and projected need for organized service in the area to be serviced by the proposed Rudolph Farms Metro Districts;
- b. The existing service in the area to be served by the proposed Rudolph Farms Metro Districts is inadequate for present and projected needs;
- c. The proposed Rudolph Farms Districts are capable of providing economical and sufficient service to the area within their proposed boundaries; and
- d. The area to be included within the proposed Rudolph Farms Metro Districts has, or will have, the financial ability to discharge the proposed indebtedness on a reasonable basis.

Section 4. That the City Council's findings are based solely upon the evidence in the Rudolph Farms Service Plan as presented at the Public Hearing and the City has not conducted any independent investigation of the evidence. The City makes no guarantee as to the financial viability of the Rudolph Farms Metro Districts or the achievability of the desired results.

Section 5. That the City Council hereby approves the Rudolph Farms Service Plan.

Section 6. That the City Council's approval of the Rudolph Farms Service Plan is not a waiver or a limitation upon any power that the City or the City Council is legally permitted to exercise with respect to the property within the Rudolph Farms Metro Districts.

Passed and adopted at a regular meeting of the Council of the City of Fort Collins this 6th day of March A.D. 2018.


Mayor

ATTEST:


City Clerk



EXHIBIT A

**CONSOLIDATED SERVICE PLAN
FOR
RUDOLPH FARMS METROPOLITAN DISTRICT NOS. 1-6
CITY OF FORT COLLINS, COLORADO**

Prepared by:

White Bear Ankele Tanaka & Waldron, Professional Corporation
748 Whalers Way, Suite 210
Fort Collins, Colorado 80525
March 6, 2018

RECEIVED

AUG 27 2018

Div of Local Government

TABLE OF CONTENTS

I.	INTRODUCTION	1
A.	Purpose and Intent.....	1
B.	Need for the Districts.....	2
C.	Objective of the City Regarding Districts' Service Plan.	2
II.	DEFINITIONS.....	3
III.	BOUNDARIES.....	6
IV.	PROPOSED LAND USE AND ASSESSED VALUATION.....	6
V.	DESCRIPTION OF PROPOSED POWERS, IMPROVEMENTS AND SERVICES.....	7
A.	Powers of the Districts and Service Plan Amendment.	7
1.	Operations and Maintenance.....	7
2.	Development Standards.	7
3.	Privately Placed Debt Limitation.....	7
4.	Inclusion and Exclusion Limitation.	8
5.	Maximum Debt Authorization.....	8
6.	Monies from Other Governmental Sources.	8
7.	Consolidation Limitation.	8
8.	Eminent Domain Limitation.	8
9.	Service Plan Amendment Requirement.	9
B.	Infrastructure Preliminary Development Plan.	9
VI.	FINANCIAL PLAN.....	10
A.	General.....	10
B.	Maximum Voted Interest Rate and Maximum Underwriting Discount.	11
C.	Maximum Mill Levies.	11
D.	Debt Issuance and Maturity.	12
E.	Security for Debt.....	12
F.	TABOR Compliance.....	12
G.	Districts' Operating Costs.....	12
H.	Elections.....	13
VII.	ANNUAL REPORT	13
A.	General.....	13
B.	Reporting of Significant Events.....	13
VIII.	DISSOLUTION	14
IX.	PROPOSED AND EXISTING INTERGOVERNMENTAL AGREEMENTS AND EXTRATERRITORIAL SERVICE AGREEMENTS	14
X.	MATERIAL MODIFICATIONS	14

XI.	SANCTIONS	15
XII.	INTERGOVERNMENTAL AGREEMENT WITH CITY	16
XIII.	CONCLUSION.....	16
XIV.	RESOLUTION OF APPROVAL	16

LIST OF EXHIBITS

EXHIBIT A-1	Legal Description of Project Area Boundaries
EXHIBIT A-2	Legal Description of District No. 1
EXHIBIT A-3	Legal Description of District No. 2
EXHIBIT A-4	Legal Description of District No. 3
EXHIBIT A-5	Legal Description of District No. 4
EXHIBIT A-6	Legal Description of District No. 5
EXHIBIT A-7	Legal Description of District No. 6
EXHIBIT B-1	Project Area Boundary Map
EXHIBIT B-2	District No. 1 Boundary Map
EXHIBIT B-3	District Nos. 2-6 Boundary Map
EXHIBIT B-4	District Nos. 1-6 Estimated Future Boundary Map
EXHIBIT C	Vicinity Map
EXHIBIT D	Infrastructure Preliminary Development Plan
EXHIBIT E	Financial Plan
EXHIBIT F	Intergovernmental Agreement

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. Except as may otherwise be provided for by State or local law or this Service Plan, the Districts' activities are subject to review by the City only insofar as they may deviate in a material manner from the requirements of this Service Plan. The Districts are needed to provide Public Improvements to the Project for the benefit of property owners within the Districts and other local development and will result in enhanced benefits to existing and future business owners and/or residents of the City. The primary purpose of the Districts will be to finance the construction of these Public Improvements.

The Districts are being organized under a multiple-district structure. As the Project is anticipated to be built over an extended period of time, this will allow for a phased absorption of the Project and corresponding Public Improvements. Additionally, such structure assures proper coordination of the powers and authorities of the independent Districts and avoids confusion regarding the separate, but coordinated, purposes of the Districts that could arise if separate service plans were used. Under such structure, District No. 6, as the service district, is responsible for managing the construction and operation of the facilities and improvements needed for the Project. District No. 1, District No. 2, District No. 3, District No. 4 and District No. 5, as the financing districts, are responsible for providing the funding and tax base needed to support the Financial Plan for capital improvements. The continued operation of District No. 6 as the service district which owns and operates the public facilities throughout the Project, and the continued operation of District No. 1, District No. 2, District No. 3, District No. 4 and District No. 5 as the financing districts that will generate the tax revenue sufficient to pay the costs of the capital improvements, creates several benefits. These benefits include, *inter alia*: (1) coordinated administration of construction and operation of Public Improvements, and delivery of those improvements in a timely manner; (2) maintenance of equitable mill levies and reasonable tax burdens on all areas of the Project through proper management of the financing and operation of the Public Improvements; and (3) assured compliance with state laws regarding taxation in a manner which permits the issuance of tax exempt Debt at the most favorable interest rates possible.

Currently, development of the Project is anticipated to proceed in phases. Each phase will require the extension of public services and facilities. The multiple district structure will assure that the construction and operation of each phase is primarily administered by a single board of directors consistent with a long-term construction and operations program. Use of District No. 6 as the entity responsible for construction of each phase of the Public Improvements and for management of operations will facilitate a well-planned financing effort through all phases of construction and will assist in assuring coordinated extension of services.

The multiple district structure will also help assure that Public Improvements will be provided when they are needed, and not sooner. Appropriate development agreements between District No. 6 and the Property Owners of the Project will allow the postponement of financing for improvements which may not be needed until well into the future, thereby helping property owners avoid the long-term carrying costs associated with financing improvements too early. This, in turn,

allows the full costs of Public Improvements to be allocated over the full build-out of the Project and helps avoid disproportionate cost burdens being imposed on the early phases of development.

Allocation of the responsibility for paying Debt for Public Improvements and capital costs will be managed through development of a unified financing plan for those improvements and through development of an integrated operating plan for long-term operations and maintenance. Use of District No. 6 as the service district to manage these functions will help assure that the phasing of the Public Improvements will occur as logical and necessary as to conform to development plans approved by the City and will help maintain reasonably uniform mill levies and fee structures throughout the coordinated construction, installation, acquisition, financing and operation of Public Improvements throughout the Project. Intergovernmental agreements among the Districts will assure that the roles and responsibilities of each District are clear in this coordinated development and financing 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, at this time, can financially 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 the Service Plan for the Districts 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. The Districts project to issue a total of One Hundred and Eleven Million Dollars (\$111,000,000). All Debt is projected to be repaid by the imposition of a Debt Service Mill Levy not to exceed Eighty (80) Mills minus the Overlay District Debt Service Mill Levy, which is in turn not to exceed Ten (10) Mills, subject to adjustment as set forth in the service plan of the Overlay District. The combined Debt Service Mill Levy, Operations and Maintenance Mill Levy and Overlay District Debt Service Mill Levy shall under no circumstances exceed the Maximum Mill Levy described in Section VI.C. In no event shall the Debt Service Mill Levy exceed the Maximum Mill Levy as described in Section VI.C. herein. The City shall, under no circumstances, be responsible for the Debts of the Districts and the City's approval of this Service Plan shall in no way be interpreted as an agreement, whether tacit or otherwise, to be financially responsible for the Debts of the Districts or the construction of Public Improvements.

This Service Plan is intended to establish a limited purpose for the Districts and explicit financial constraints that are not to be violated under any circumstances. The primary purpose is to provide for the Public Improvements associated with the Project and regional improvements as necessary. Ongoing operational and maintenance activities are allowed as addressed in this Service Plan to the extent that the Districts have sufficiently demonstrated that such operations and maintenance functions are in the best interest of the City and the existing and future taxpayers of the Districts. As further detailed in Section VI.C. herein, the aggregate of the

Debt Service Mill Levy, Operations and Maintenance Mill Levy and Overlay District Debt Service Mill Levy shall not exceed the Maximum Mill Levy.

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. However, if the Districts have authorized operation and maintenance functions under this Service Plan, or if by agreement with the City it is desired that the Districts shall continue to exist, then the Districts shall not dissolve but shall retain the power necessary to impose and collect taxes or fees to pay for costs associated with said operations and maintenance functions and/or to perform agreements with the City.

The Districts shall be authorized to finance the Public Improvements that can be funded from Debt to be repaid from tax revenues collected from a mill levy which shall not exceed the Maximum Mill Levy and which shall not exceed the Maximum Debt Authorization and Maximum Debt Maturity Term.

II. DEFINITIONS

In this Service Plan, the following terms which appear in a capitalized format herein shall have the meanings indicated below, unless the context hereof clearly requires otherwise:

Approved Development Plan: means a development plan or other process established by the City (including but not limited to approval of a final plat or PUD by the City Council) for identifying, among other things, Public Improvements necessary for facilitating development of property within the Service Area as approved by the City pursuant to the City Code and as amended pursuant to the City Code from time to time.

Binding Agreement: means the Binding Agreement Pertaining to Development of Interstate Highway 25 and Prospect Road Interchange, by and among the City and the Property Owner, among others.

Board or Boards: means the Board of Directors of any 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, and other legally available revenue. Such terms do not include intergovernmental agreements pledging the collection and payment of property taxes in connection with a service district and taxing district(s) structure, if applicable, and other contracts through which a District procures or provides services or tangible property.

Capital Pledge Agreement: means the Capital Pledge Agreement between the City and the Overlay District implementing the terms and provisions of the Binding Agreement.

City: means the City of Fort Collins, Colorado.

City Code: means the Code of the City of Fort Collins and any regulations, rules, or policies promulgated thereunder, as the same may be amended from time to time.

City Council: means the City Council of the City of Fort Collins, Colorado. Any provision in this Agreement requiring City Council approval shall be deemed to be exercised by City Council in its sole discretion.

Debt Service Mill Levy: means the mill levy the Districts project to impose for payment of Debt as set forth in the Financial Plan and Section VI. below.

District: means Rudolph Farms Metropolitan District No. 1, Rudolph Farms Metropolitan District No. 2, Rudolph Farms Metropolitan District No. 3, Rudolph Farms Metropolitan District No. 4, Rudolph Farms Metropolitan District No. 5 or Rudolph Farms Metropolitan District No. 6, individually.

District No. 1: means Rudolph Farms Metropolitan District No. 1.

District No. 2: means Rudolph Farms Metropolitan District No. 2.

District No. 3: means Rudolph Farms Metropolitan District No. 3.

District No. 4: means Rudolph Farms Metropolitan District No. 4.

District No. 5: means Rudolph Farms Metropolitan District No. 5.

District No. 6: means Rudolph Farms Metropolitan District No. 6.

Districts: means Rudolph Farms Metropolitan District No. 1, Rudolph Farms Metropolitan District No. 2, Rudolph Farms Metropolitan District No. 3, Rudolph Farms Metropolitan District No. 4, Rudolph Farms Metropolitan District No. 5 and Rudolph Farms Metropolitan District No. 6, collectively.

District Organization Date: means the date the order and decree issued by the Larimer County District Court as required by law for the District or Districts is recorded with the Larimer County Clerk and Recorder.

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.

Financial Plan: means the Financial Plan described in Section VI which is prepared by an External Financial Advisor in accordance with the requirements of the City Code 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 for the first budget year through the year in which all District Debt is expected to be defeased or paid in the ordinary course. In the event the Financial Plan is not prepared by an External Financial Advisor, the Financial Plan is accompanied by a letter of support from an External Financial Advisor. This Financial Plan is

intended to represent only one example of debt issuance and financing structure of the Districts, any variations or adjustments in the timing or implementation thereof shall not be interpreted as material modifications to this Service Plan.

Infrastructure Preliminary Development Plan: means the Infrastructure Preliminary Development Plan as described in Section V.B. which includes: (a) a preliminary list of the Public Improvements to be developed by the Districts; (b) an estimate of the cost of the Public Improvements; and (c) the map or maps showing the approximate location(s) of the Public Improvements. The Districts' implementation of this Infrastructure Preliminary Development Plan is subject to change conditioned upon various external factors including, but not limited to, site conditions, engineering requirements, City, county or state requirements, land use conditions, market conditions, and zoning limitations.

Intergovernmental Agreement: means the intergovernmental agreement between the Districts and the City, a form of which is attached hereto as **Exhibit F**. The Intergovernmental Agreement may be amended from time to time by the applicable District and the City.

Maximum Mill Levy: means the maximum mill levy each of the Districts is permitted to impose under this Service Plan for payment of Debt and administration, operations, and maintenance expenses as set forth in Section VI.C. below.

Maximum Debt Authorization: means the total Debt the Districts are permitted to issue as set forth in Section V.A.5 and supported by the Financial Plan.

Maximum Debt Maturity Term: means the maximum term for repayment in full of a specific District Debt issuance as set forth in Section VI.D. below.

Operations and Maintenance Mill Levy: means the mill levy the Districts project to impose for payment of administration, operations, and maintenance costs as set forth in the Financial Plan and Section VI. below.

Overlay District: means the I-25/Prospect Interchange Metropolitan District.

Overlay District Debt Service Mill Levy: means the mill levy the Overlay District imposes under its service plan for payment of its debt.

Project: means the development or property commonly referred to as the Rudolph Farms Site.

Project Area Boundaries: means the boundaries of the area described in the Project Area Boundary Map and the legal description attached hereto as Exhibit A-1.

Project Area Boundary Map: means the map attached hereto as Exhibit B-1, describing the overall property that incorporates the Project.

Property Owner: means Land Acquisition and Management, LLC, a Colorado limited liability company, representing a group of tenants in common, its agents or assigns.

Public Improvements: means a part or all of the improvements authorized to be planned, designed, acquired, constructed, installed, relocated, redeveloped and financed as generally described in the Special District Act, except as specifically limited in Section V below to serve the future taxpayers and property owners of the Service Area as determined by the Board of the Districts.

Service Area: means the property within the Project Area Boundary Map after such property has been included within the Districts.

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

Service Plan Amendment: means an amendment to the Service Plan approved by the City Council in accordance with applicable state law and this Service Plan.

Special District Act or “Act”: means Article 1 of Title 32 of the Colorado Revised Statutes, as amended from time to time.

State: means the State of Colorado.

Vicinity Map: means a map of the regional area surrounding the Project.

III. BOUNDARIES

The Project Area Boundaries includes approximately One Hundred Thirty Three (133) acres. A legal description of the Project Area Boundaries is attached as Exhibit A-1. The Project Area Boundaries are divided into six (6) separate and distinct Districts (District No. 1, District No. 2, District No. 3, District No. 4, District No. 5 and District No. 6), legal descriptions for which are attached hereto as Exhibits A-2, A-3, A-4, A-5, A-6 and A-7, respectively. A Project Area Boundary Map is attached hereto as Exhibit B-1, a map of District No. 1 is included as Exhibit B-2, a map of District Nos. 2-6 is included as Exhibit B-3, and an estimated future boundary map of the Districts is included as Exhibit B-4. Finally, a Vicinity Map is attached hereto as Exhibit C. It is anticipated that the Districts’ Boundaries may change from time to time as they undergo inclusions and exclusions pursuant to Section 32-1-401, et seq., C.R.S., and Section 32-1-501, et seq., C.R.S., subject to the limitations set forth in Article V below.

IV. PROPOSED LAND USE AND ASSESSED VALUATION

The Service Area consists of approximately One Hundred Thirty Three (133) acres of planned mixed use land. The current assessed valuation of the Service Area is approximately One Hundred Fifty Thousand Dollars (\$150,000) and, at build out, is expected to be approximately One Hundred and Ninety Four Million Dollars (\$194,000,000). This amount is expected to be sufficient to reasonably discharge the Debt as demonstrated in the Financial Plan.

Approval of this Service Plan by the City does not imply approval of the development of a specific area within the Districts, nor does it imply approval of the total site/floor area of commercial buildings or space which may be identified in this Service Plan or any of the exhibits attached thereto or any of the Public Improvements, unless the same is contained within an Approved Development Plan.

V. DESCRIPTION OF PROPOSED POWERS, IMPROVEMENTS AND SERVICES

A. Powers of the Districts and Service Plan Amendment.

The Districts shall have the power and authority to acquire, construct and install the Public Improvements within and without the boundaries of the Districts as such power and authority is described in the Special District Act, and other applicable statutes, common law and the State Constitution, subject to the limitations set forth herein.

If, after the Service Plan is approved, the State Legislature includes additional powers or grants new or broader powers for Title 32 districts by amendment of the Special District Act or otherwise, any or all such powers shall be deemed to be a part hereof and available to or exercised by the Districts upon prior resolution approval of the City Council concerning the exercise of such powers. Such approval by the City Council shall not constitute a material modification of this Service Plan.

1. Operations and Maintenance. The 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 applicable provisions of the City Code. Additionally, the Districts shall be authorized to operate and maintain any part or all of the Public Improvements until such time that the Districts dissolve.

2. Development Standards. The Districts will ensure that the Public Improvements are designed and constructed in accordance with the standards and specifications of the City and of other governmental entities having proper jurisdiction, as applicable. The Districts directly or indirectly through the Property Owners or 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, 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 when the Districts have obtained funds, through bond issuance or otherwise, adequate to insure the construction of the Public Improvements. 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.

3. Privately Placed Debt Limitation. Prior to the issuance of any privately placed Debt, a District 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 Section 32-1-103(12), C.R.S.) to be borne by the District for the [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.

4. Inclusion and Exclusion Limitation. The Districts shall be entitled to include within their boundaries any property within the Project Area Boundaries without prior approval of the City Council. The Districts shall also be entitled to exclude from their boundaries any property within the Project Area Boundaries so far as, within a reasonable time thereafter, the property is included within the boundaries of another District, and upon compliance with the provisions of the Special District Act. All other inclusions or exclusions shall require the prior resolution approval of the City Council, and if approved, shall not constitute a material modification of this Service Plan.

5. Maximum Debt Authorization. The Districts anticipate approximately Ninety Million Three Hundred Thirty-One Thousand Five Hundred Eighty-Seven Dollars (\$90,331,587) in project costs in 2018 dollars as set forth in Exhibit D, and anticipate issuing approximately One Hundred and Eleven Million Dollars (\$111,000,000) (the “Maximum Debt Authorization”) in Debt to pay such costs as set forth in Exhibit E. The Districts shall not issue Debt in amounts in excess of the Maximum Debt Authorization. The Districts must seek prior resolution approval by the City Council to issue Debt in excess of the Maximum Debt Authorization to pay the actual costs of the Public Improvements set forth in Exhibit D plus inflation, contingencies and other unforeseen expenses associated with such Public Improvements. Such approval by the City Council shall not constitute a material modification of this Service Plan so long as increases are reasonably related to the Public Improvements set forth in Exhibit D and any Approved Development Plan.

6. Monies from Other Governmental Sources. The Districts shall not apply for or accept Conservation Trust Funds, Great Outdoors Colorado Funds, or other funds available from or through governmental or non-profit entities for which the City is eligible to apply for, except pursuant to an intergovernmental agreement with the City. This Section shall not apply to specific ownership taxes which shall be distributed to and a revenue source for the Districts without any limitation.

7. Consolidation Limitation. The Districts shall not file a request with any Court to consolidate with another Title 32 district without the prior resolution approval of the City Council, unless such consolidation is among the Districts themselves, which shall not require approval of the City Council.

8. Eminent Domain Limitation. The Districts shall not exercise their statutory power of eminent domain without first obtaining resolution approval from the City Council. This restriction on the Eminent Domain power by the Districts is being exercised voluntarily 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 of Colorado as allowed by the Special District Act.

9. Service Plan Amendment Requirement. This Service Plan is general in nature and does not include specific detail in some instances because development plans have not been finalized. The Service Plan has been designed with sufficient flexibility to enable the Districts to provide required services and facilities under evolving circumstances without the need for numerous amendments. Modification of the general types of services 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 Plan(s) for the Project. The Districts shall be independent units of local government, separate and distinct from the City, and their activities are subject to review by the City only insofar as they may deviate in a material manner from the requirements of the Service Plan. Any action of a District which: (1) violates the limitations set forth in this Section V.A. or (2) violates the limitations set forth in Section VI. below, shall be deemed to be a material modification to this Service Plan unless otherwise agreed by the City as provided for in Section X of this Service Plan or unless otherwise expressly provided herein. 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, unless otherwise expressly provided herein.

No District may amend this Service Plan in a manner which materially affects any other District, in such other District's sole discretion, without such other District's written consent.

B. Infrastructure Preliminary Development Plan.

The Districts shall have authority to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment, maintenance, and financing of the Public Improvements within and without the boundaries of the Districts, to be more specifically defined in an Approved Development Plan. The Infrastructure Preliminary Development Plan, including: (1) a list of the Public Improvements to be developed by the Districts; (2) an estimate of the cost of the Public Improvements; and (3) maps showing the approximate locations of the Public Improvements is attached hereto as Exhibit D and is hereby deemed to constitute the preliminary engineering or architectural survey required by Section 32-1-202(2)(c), C.R.S. The maps contained in the Infrastructure Preliminary Development Plan are also available in size and scale approved by the City's planning department.

As shown in the Infrastructure Preliminary Development Plan, the estimated cost of the Public Improvements which may be planned for, designed, acquired, constructed, installed, relocated, redeveloped, maintained or financed by the Districts is approximately Ninety Million Three Hundred Thirty-One Thousand Five Hundred Eighty-Seven Dollars (\$90,331,587).

The Districts shall be permitted to allocate costs between such categories of the Public Improvements as deemed necessary in their discretion.

All of the Public Improvements described herein will be designed in such a way as to assure that the Public Improvements standards will be consistent with or exceed the standards of the City and shall be in accordance with the requirements of the Approved Development Plan. All descriptions of the Public Improvements to be constructed, and their related costs, are estimates only and are subject to modification as engineering, development plans, economics, the City's requirements, and construction scheduling may require. Upon approval of this Service Plan, the

Districts will continue to develop and refine the Infrastructure Preliminary Development Plan and prepare for issuance of Debt. All cost estimates will be inflated to then-current dollars at the time of the issuance of Debt and construction. All construction cost estimates contained in the Infrastructure Preliminary Development Plan assume construction to applicable local, State or Federal requirements. Changes in the Public Improvements, Infrastructure Preliminary Development Plan, or costs, which are approved by the City in an Approved Development Plan, shall not constitute a material modification of this Service Plan. Additionally, due to the preliminary nature of the Infrastructure Preliminary Development Plan, the City shall not be bound by the Infrastructure Preliminary Development Plan in reviewing and approving the Approved Development Plan and the Approved Development Plan shall supersede the Infrastructure Preliminary Development Plan.

VI. FINANCIAL PLAN

A. General.

The Districts shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment of the Public Improvements from their revenues and by and through the proceeds of Debt to be issued by the Districts, subject to the limitations contained herein. The Financial Plan for the Districts shall be to issue no more Debt than the Districts can reasonably pay within Thirty (30) years for each series of Debt from revenues derived from the Debt Service Mill Levy and other revenue sources authorized by law. The Financial Plan for the Districts projects the need for a Debt Service Mill Levy of no greater than Fifty (50) Mills. The Financial Plan further provides for the Districts' administrative and operations and maintenance activities through the imposition of an Operations and Maintenance Mill Levy of no greater than Twenty (20) Mills.

The total Debt that the Districts shall be permitted to issue shall not exceed the Maximum Debt Authorization; provided, however, that Debt issued to refund outstanding Debt of the Districts, including Debt issued to refund Debt owed to the Property Owners of the Project pursuant to a reimbursement agreement or other agreement, shall not count against the Maximum Debt Authorization so long as such refunding Debt does not result in a net present value increase. Subject to the limitations contained herein, District Debt shall be issued on a schedule and in such year or years as the Districts determine shall meet the needs of the Financial Plan referenced above and phased to serve the Project as it occurs. All Bonds and other Debt issued by the Districts may be payable from any and all legally available revenues of the Districts, including general ad valorem taxes to be imposed upon all taxable property within the Districts. The Districts may also rely upon various other revenue sources authorized by law. These will include the power to impose development fees, rates, tolls, penalties, or charges as provided in Section 32-1-1001(1), C.R.S., as amended from time to time.

Notwithstanding any provision to the contrary contained in this Service Plan, the District shall not be authorized to impose any fees, rates, tolls or charges for any purpose unless and until (a) the Owners (as defined in the Binding Agreement) have recorded the PIF Covenant (as defined in the Binding Agreement) against each of their respective properties, and (b) the City and the Overlay District have entered into the Capital Pledge Agreement. Failure to comply with

this provision shall constitute a material modification under this Service Plan and shall entitle the City to all remedies available at law and in equity.

The Maximum Debt Authorization, Debt Service Mill Levy, Operations, Maintenance Mill Levy, and all other financial projections and estimates contained in this Service Plan are supported by the Financial Plan (Exhibit E) prepared by an External Financial Advisor, D.A. Davidson and Co. The Financial Plan is based on economic, political and industry conditions as they exist presently 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 Districts' goals and objectives but rather a representation of one feasible alternative. Other financial structures may be used so long as the Maximum Debt Authorization and Maximum Mill Levy are not exceeded. Notwithstanding the foregoing, D.A. Davidson and Co. shall not be considered a financial advisor or municipal advisor with regard to any Debt issuance by the Districts.

B. Maximum Voted Interest Rate and Maximum 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 is not permitted to exceed Twelve Percent (12%). The maximum underwriting discount will be Three Percent (3%). Debt, when issued, will comply with all relevant requirements of this Service Plan, State law and Federal law as then applicable to the issuance of public securities.

C. Maximum Mill Levies.

The Maximum Mill Levy shall be the maximum mill levy each District is permitted to impose upon the taxable property within its boundaries and shall be **Eighty (80) Mills minus the Overlay District Debt Service Mill Levy**. The combined Debt Service Mill Levy, Operations and Maintenance Mill Levy, Overlay District Debt Service Mill Levy and aggregate mill levy of any overlapping District shall under no circumstances exceed the Maximum Mill Levy. Allocation of the Debt Service Mill Levy and Operations and Maintenance Mill Levy shall be left to the sole discretion of the Board for each District. If, on or after January 1, 2018, there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement, the preceding mill levy limitations may be increased or decreased to reflect such changes, with such increases or decreases to be determined by each Board in good faith (such determination to be binding and final), with administrative approval by the City, so that to the extent possible, the actual tax revenues generated by the applicable District's mill levy, as adjusted for changes occurring after January 1, 2018, are neither diminished nor enhanced as a result of such changes. 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.

Notwithstanding any provision to the contrary contained in this Service Plan, the District shall not be authorized to impose any mill levy for any purpose unless and until (a) each of the Owners (as defined in the Binding Agreement) have recorded the PIF Covenant (as defined in the Binding Agreement) against each of their respective properties, and (b) the City and the Overlay District have entered into the Capital Pledge Agreement. Failure to comply with this

provision shall constitute a material modification under this Service Plan and shall entitle the City to all remedies available at law and in equity.

D. Debt Issuance and Maturity.

The scheduled final maturity of any Debt or series of Debt shall be limited to Thirty (30) years (the “Maximum Debt Maturity Term”). The Maximum Debt Maturity Term shall apply to refundings unless: (1) a majority of the Board members are residents of the District 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 as set forth in Section 11-56-101 *et seq.*, C.R.S. and are otherwise permitted by law.

Unless otherwise approved by the City Council, the Districts shall be limited to issuing new Debt within a period of Twenty (20) years from the date of their first Debt authorization election. The Maximum Debt Maturity Term, as described in Section VI.D, shall be applicable to any new Debt issued within this Twenty (20) year period, otherwise, all Debts and financial obligations of the Districts must be defeased or paid in the ordinary course no later than Forty (40) years after the Service Plan approval date.

Notwithstanding any provision to the contrary contained in this Service Plan, the District shall not be authorized to issue any Debt for any purpose unless and until (a) each of the Owners (as defined in the Binding Agreement) have recorded the PIF Covenant (as defined in the Binding Agreement) against each of their respective properties, and (b) the City and the Overlay District have entered into the Capital Pledge Agreement. Failure to comply with this provision shall constitute a material modification under this Service Plan and shall entitle the City to all remedies available at law and in equity.

E. Security for Debt.

The Districts do not have the authority and 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 so as 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 or performance of any other obligation.

F. TABOR Compliance.

The Districts will comply with the provisions of the Taxpayer’s Bill of Rights (“TABOR”), Article X, § 20 of the Colorado Constitution. In the discretion of the Board, a District 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.

G. 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 Two Hundred Thousand Dollars (\$200,000), 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 and other revenues.

H. Elections.

The Districts will call an election on the questions of organizing the Districts, electing the initial Boards, and setting in place financial authorizations as required by TABOR. The elections will be conducted as required by law.

VII. ANNUAL REPORT

A. General.

The Districts shall be responsible for submitting an annual report with the City's clerk not later than September 1st of each year for the year ending the preceding December 31 following the year of the District Organization Date. The City may, in its sole discretion, waive this requirement in whole or in part.

B. Reporting of Significant Events.

Unless waived by the City, the annual report shall include the following:

1. A narrative summary of the progress of the Districts in implementing their service plan for the report year;
2. Except when exemption from audit has been granted for the report year under the Local Government Audit Law, the audited financial statements of the Districts 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 operations (i.e., revenues and expenditures) for the report year;
3. Unless disclosed within a separate schedule to the financial statements, a summary of the capital expenditures incurred by the Districts in development of Public Improvements in the report year;
4. Unless disclosed within a separate schedule to the financial statements, a summary of the financial obligations of the Districts at the end of the report year, including the amount of outstanding indebtedness, the amount and terms of any new District indebtedness or long-term obligations issued in the report year, the amount of payment or retirement of existing indebtedness of the Districts in the report year, the total assessed valuation of all taxable properties within the Districts as of January 1 of the report year and the current mill levy of the Districts pledged to Debt retirement in the report year; and

5. Any other information deemed relevant by the City Council or deemed reasonably necessary by the City's manager and communicated in a timely manner to the Districts.

In the event the annual report is not timely received by the City's clerk or is not fully responsive, notice of such default may be given to the Board of such Districts, at its last known address. The failure of the Districts to file the annual report within Forty-Five (45) days of the mailing of such default notice by the City's clerk may constitute a material modification, at the discretion of the City.

VIII. DISSOLUTION

Upon an independent determination of the City Council that the purposes for which the Districts were created have been accomplished, the Districts agree to file petitions in the appropriate District Court for dissolution, pursuant to the applicable State statutes. In no event shall dissolution occur until the Districts have provided for the payment or discharge of all of their outstanding indebtedness and other financial obligations as required pursuant to State statutes, including operation and maintenance activities.

IX. PROPOSED AND EXISTING INTERGOVERNMENTAL AGREEMENTS AND EXTRATERRITORIAL SERVICE AGREEMENTS

All intergovernmental agreements must be for purposes, facilities, services or agreements lawfully authorized to be provided by the Districts, pursuant to the State Constitution, Article XIV, Section 18(2)(a) and Sections 29-1-201, et seq., C.R.S. To the extent practicable, the Districts may enter into additional intergovernmental and private agreements to better ensure long-term provision of the Public Improvements identified herein or for other lawful purposes of the Districts. Agreements may also be executed with property owner associations and other service providers.

The following agreement is likely to be necessary, and the rationale therefore is set forth as follows:

District Facilities Construction and Service Agreement. The Districts anticipate entering into a District Facilities Construction and Service Agreement, commonly known as the "Master IGA", wherein the Districts set forth the financing and administrative requirements of the Districts for the Project.

Except for the Intergovernmental Agreement with the City, as set forth in Section XII below, no other agreements are required, or known at the time of formation of the Districts to likely be required, to fulfill the purposes of the Districts. Execution of intergovernmental agreements or agreements for extraterritorial services by the Districts that are not described in this Service Plan and which are likely to cause a substantial increase in the Districts' budgets shall require the prior resolution approval of the City Council, which approval shall not constitute a material modification hereof.

X. MATERIAL MODIFICATIONS

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

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

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

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

3. Failure to perform a service or function or acquire a facility required by the Service Plan;

4. Failure by the Districts to execute the Intergovernmental Agreement as set forth in Article XI hereof; and

5. Failure to comply with the limitations set forth in Section V.A. or Section VI of this Service Plan.

Actions that are not to be considered material modifications include without limitation changes in quantities of facilities or equipment, immaterial cost differences, and actions expressly authorized in the Service Plan.

XI. SANCTIONS

Should the District undertake any act without obtaining prior City Council resolution approval as required in this Service Plan or that constitutes a material modification to this Service Plan as provided herein or under the Special District Act, the City may impose one (1) or more of the following sanctions, as it deems appropriate:

1. Exercise any applicable remedy under the Act;

2. Withhold the issuance of any permit, authorization, acceptance or other administrative approval, or withhold any cooperation, necessary for the District's development, construction or operation of improvements, or the provisions of services as contemplated in this Service Plan;

3. Exercise any legal remedy as provided in the Capital Pledge Agreement or in any other intergovernmental agreement with the City under which the District is in default; or

4. Exercise any other legal remedy at law or in equity, including seeking specific performance, mandamus or injunctive relief against the District, to ensure the District's compliance with this Service Plan and applicable law.

XII. INTERGOVERNMENTAL AGREEMENT WITH CITY

The Districts and the City shall enter into an Intergovernmental Agreement, a form of which is attached hereto as **Exhibit F**, provided that such Intergovernmental Agreement may be revised by the City and Districts to include such additional details and requirements therein as are deemed necessary by the City and such Districts in connection with the development of the Project and the financing of the Public Improvements. Each District shall approve the Intergovernmental Agreement at its first Board meeting after its organizational election. Failure by each of the Districts to execute the Intergovernmental Agreement as required herein shall constitute a material modification hereunder. The Intergovernmental Agreement may be amended from time to time by the Districts and the City, provided that any such amendments shall be in compliance with the provisions of this Service Plan.

XIII. CONCLUSION

It is submitted that this Service Plan for the Districts, as required by Section 32-1-203(2), establishes that:

1. There is sufficient existing and projected need for organized service in the area to be serviced by the Districts;
2. The existing service in the area to be served by the Districts is inadequate for present and projected needs;
3. The Districts are capable of providing economical and sufficient service to the area within their proposed boundaries; and
4. The area to be included in the Districts does have, and will have, the financial ability to discharge the proposed indebtedness on a reasonable basis.

XIV. RESOLUTION OF APPROVAL

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

EXHIBIT A-1

Rudolph Farms Metropolitan District Nos. 1-6
Legal Description of Project Area Boundaries

Exhibit A-1

DESCRIPTION: RUDOLPH FARMS METROPOLITAN DISTRICT PROJECT AREA BOUNDARY

Tracts of land located in the Southwest Quarter of Section 15, Township 7 North, Range 68 West of the Sixth Principal Meridian, City of Fort Collins, County of Larimer, State of Colorado, being more particularly described as follows:

Considering the North line of the Southwest Quarter of said Section 15 as bearing South 89° 38' 43" East, and with all bearings contained herein relative thereto:

Commencing at the West Quarter Corner of said Section 15; thence along the North line of the Southwest Quarter, South 89° 38' 43" East, 45.00 feet to a point on the East right-of-way line of the Southeast Frontage Road of Interstate Highway 25, said point being **POINT OF BEGINNING 1**; thence continuing along the North line of the Southwest Quarter of Section 15, South 89° 38' 43" East, 2598.20 feet to the Center Corner of said Section 15; thence along the North-South Section line of Section 15, South 00° 05' 39" West, 1331.29 feet to the Center-South Sixteenth Corner of Section 15, also being a point on the North line of that Parcel of land as described at Reception No. 99062749, Larimer County Clerk and Recorder; thence along the North and West lines of said Parcel the following 2 courses and distances: North 89° 49' 50" West, 637.70 feet; thence, South 00° 00' 36" West, 804.25 feet to a point on the North line of that parcel of land described at Book 1531 Page 759, Larimer County Clerk and Recorder; thence along said North line the following 5 courses and distances: thence, North 54° 58' 16" West, 474.72 feet; thence, North 76° 19' 16" West, 163.85 feet; thence, North 84° 59' 16" West, 548.82 feet; thence, North 67° 52' 16" West, 88.12 feet; thence, North 54° 48' 16" West, 949.54 feet to the Easterly right-of-way line of the Southeast Frontage Road of Interstate Highway 25; thence along said Easterly right-of-way line the following 2 courses and distances: North 00° 11' 39" East, 1151.18 feet; thence, North 09° 26' 43" West, 59.72 feet to POINT OF BEGINNING 1, containing 4,203,912 square feet or 96.51 acres, more or less.

AND

Commencing at the West Quarter Corner of said Section 15; thence along the North line of the Southwest Quarter, South 89° 38' 43" East, 2,643.20 feet; thence, South 00° 05' 39" West, 1331.29 feet; thence, North 89° 49' 50" West, 637.70 feet; thence, South 00° 00' 36" West, 804.25 feet; thence, South 00° 00' 36" West, 61.05 feet to **POINT OF BEGINNING 2**; thence, South 00° 00' 36" West, 438.93 feet to a point on the North right-of-way line of East Prospect Road; thence, South 00° 00' 36" West, 30.00 feet to a point on the South line of the Southwest Quarter of Section 15; thence along said South line, North 89° 59' 24" West, 1181.93 feet;

thence, North 00° 00' 36" East, 30.25 feet to a point on the North right-of-way line of East Prospect Road, said point also being on the Easterly right-of-way line of the Southeast Frontage Road of Interstate Highway 25; thence along said Easterly right-of-way line the following 7 courses and distances: North 65° 50' 44" West, 112.37 feet; thence, South 89° 54' 52" West, 299.87 feet; thence, North 57° 21' 33" West, 106.29 feet; thence, North 26° 23' 32" West, 458.81 feet; thence, North 11° 18' 02" West, 200.00 feet; thence, North 03° 14' 53" West, 294.32 feet; thence, North 00° 10' 38" East, 360.36 feet to a point on the South line of that parcel of land described at Book 1531 Page 759, Larimer County Clerk and Recorder; thence along said South line the following 5 courses and distances: South 54° 48' 16" East, 895.99 feet; thence, South 67° 52' 16" East, 101.38 feet; thence, South 84° 59' 16" East, 552.56 feet; thence South 76° 19' 16" East, 150.63 feet; thence, South 54° 58' 16" East, 500.33 feet to POINT OF BEGINNING 2, containing 1,580,513 square feet or 36.28 acres, more or less.

The above described Tracts of land contains 5,784,425 square feet or 132.79 acres more or less and is subject to all easements and rights-of-way now on record or existing.

January 31, 2018

LMS

S:\Survey Jobs\1489-001\Dwg\Exhibits\Exhibit A - Legals\1489-001_Overall Boundary.docx

EXHIBIT A-2

Rudolph Farms Metropolitan District No. 1
Legal Description

Exhibit A-2

DESCRIPTION: RUDOLPH FARMS METROPOLITAN DISTRICT 1

Tracts of land located in the Southwest Quarter of Section 15, Township 7 North, Range 68 West of the Sixth Principal Meridian, City of Fort Collins, County of Larimer, State of Colorado, being more particularly described as follows:

Considering the North line of the Southwest Quarter of said Section 15 as bearing South 89° 38' 43" East, and with all bearing contained herein relative thereto:

Commencing at the West Quarter Corner of said Section 15; thence along the North line of the Southwest Quarter, South 89° 38' 43" East, 2,643.20 feet; thence, South 00° 05' 39" West, 1331.29 feet; thence, North 89° 49' 50" West, 637.70 feet; thence, South 00° 00' 36" West, 804.25 feet; thence, South 00° 00' 36" West, 61.05 feet to **POINT OF BEGINNING 1**; thence, South 00° 00' 36" West, 468.93 feet; thence, North 89° 59' 24" West, 1181.93 feet; thence, North 00° 00' 36" East, 30.25 feet; thence, North 65° 50' 44" West, 112.37 feet; thence, South 89° 54' 52" West, 299.87 feet; thence, North 57° 21' 33" West, 106.29 feet; thence, North 26° 23' 32" West, 458.81 feet; thence, North 11° 18' 02" West, 200.00 feet; thence North 03° 14' 53" West, 294.32 feet; thence, North 00° 10' 38" East, 360.36 feet; thence, South 54° 48' 16" East, 895.99 feet; thence, South 67° 52' 16" East, 101.38 feet; thence, South 84° 59' 16" East, 552.56 feet; thence, South 76° 19' 16" East, 150.64 feet; thence, South 54° 58' 16" East, 500.33 feet to POINT OF BEGINNING 1, containing 1,580,513 square feet or 36.28 acres, more or less.

AND

Commencing at the West Quarter Corner of said Section 15; thence along the North line of the Southwest Quarter, South 89° 38' 43" East, 75.00 feet to **POINT OF BEGINNING 2**; thence, South 89° 38' 43" East, 208.71 feet; thence, South 00° 21' 17" West, 208.71 feet; thence North 89° 38' 43" West, 208.71 feet; thence, North 00° 21' 17" East, 208.71 feet to the POINT OF BEGINNING 2, containing 43,560 square feet or 1.00 acres, more or less.

The above described Tracts of land contains 1,624,073 square feet or 37.28 acres more or less and is subject to all easements and rights-of-way now on record or existing.

January 31, 2018

LMS

S:\Survey Jobs\1489-001\Dwg\Exhibits\Exhibit A - Legals\1489-001_District 1.docx

EXHIBIT A-3

Rudolph Farms Metropolitan District No. 2
Legal Description

Exhibit A-3

DESCRIPTION: RUDOLPH FARMS METROPOLITAN DISTRICT 2

A Tract of land located in the Southwest Quarter of Section 15, Township 7 North, Range 68 West of the Sixth Principal Meridian, City of Fort Collins, County of Larimer, State of Colorado, being more particularly described as follows:

Considering the North line of the Southwest Quarter of said Section 15 as bearing South 89° 38' 43" East, and with all bearing contained herein relative thereto:

Commencing at the West Quarter Corner of said Section 15; thence along the North line of the Southwest Quarter, South 89° 38' 43" East, 75.00 feet to the **POINT OF BEGINNING**; thence, South 89° 38' 43" East, 208.71 feet; thence, South 00° 21' 17" West, 208.71 feet; thence North 89° 38' 43" West, 208.71 feet; thence, North 00° 21' 17" East, 208.71 feet to the POINT OF BEGINNING.

The above described Tract of land contains 43,560 square feet or 1.00 acres, more or less, and is subject to all easements and rights-of-way now on record or existing.

January 31, 2018

LMS

S:\Survey Jobs\1489-001\Dwg\Exhibits\Exhibit A - Legals\1489-001_District 2.docx

EXHIBIT A-4

Rudolph Farms Metropolitan District No. 3
Legal Description

Exhibit A-4

DESCRIPTION: RUDOLPH FARMS METROPOLITAN DISTRICT 3

A Tract of land located in the Southwest Quarter of Section 15, Township 7 North, Range 68 West of the Sixth Principal Meridian, City of Fort Collins, County of Larimer, State of Colorado, being more particularly described as follows:

Considering the North line of the Southwest Quarter of said Section 15 as bearing South 89° 38' 43" East, and with all bearing contained herein relative thereto:

Commencing at the West Quarter Corner of said Section 15; thence along the North line of the Southwest Quarter, South 89° 38' 43" East, 75.00 feet to the **POINT OF BEGINNING**; thence, South 89° 38' 43" East, 208.71 feet; thence, South 00° 21' 17" West, 208.71 feet; thence North 89° 38' 43" West, 208.71 feet; thence, North 00° 21' 17" East, 208.71 feet to the POINT OF BEGINNING.

The above described Tract of land contains 43,560 square feet or 1.00 acres, more or less, and is subject to all easements and rights-of-way now on record or existing.

January 31, 2018

LMS

S:\Survey Jobs\1489-001\Dwg\Exhibits\Exhibit A - Legals\1489-001_District 3.docx

EXHIBIT A-5

Rudolph Farms Metropolitan District No. 4
Legal Description

Exhibit A-5

DESCRIPTION: RUDOLPH FARMS METROPOLITAN DISTRICT 4

A Tract of land located in the Southwest Quarter of Section 15, Township 7 North, Range 68 West of the Sixth Principal Meridian, City of Fort Collins, County of Larimer, State of Colorado, being more particularly described as follows:

Considering the North line of the Southwest Quarter of said Section 15 as bearing South 89° 38' 43" East, and with all bearing contained herein relative thereto:

Commencing at the West Quarter Corner of said Section 15; thence along the North line of the Southwest Quarter, South 89° 38' 43" East, 75.00 feet to the **POINT OF BEGINNING**; thence, South 89° 38' 43" East, 208.71 feet; thence, South 00° 21' 17" West, 208.71 feet; thence North 89° 38' 43" West, 208.71 feet; thence, North 00° 21' 17" East, 208.71 feet to the POINT OF BEGINNING.

The above described Tract of land contains 43,560 square feet or 1.00 acres, more or less, and is subject to all easements and rights-of-way now on record or existing.

January 31, 2018

LMS

S:\Survey Jobs\1489-001\Dwg\Exhibits\Exhibit A - Legals\1489-001_District 4.docx

EXHIBIT A-6

Rudolph Farms Metropolitan District No. 5
Legal Description

Exhibit A-6

DESCRIPTION: RUDOLPH FARMS METROPOLITAN DISTRICT 5

A Tract of land located in the Southwest Quarter of Section 15, Township 7 North, Range 68 West of the Sixth Principal Meridian, City of Fort Collins, County of Larimer, State of Colorado, being more particularly described as follows:

Considering the North line of the Southwest Quarter of said Section 15 as bearing South 89° 38' 43" East, and with all bearing contained herein relative thereto:

Commencing at the West Quarter Corner of said Section 15; thence along the North line of the Southwest Quarter, South 89° 38' 43" East, 75.00 feet to the **POINT OF BEGINNING**; thence, South 89° 38' 43" East, 208.71 feet; thence, South 00° 21' 17" West, 208.71 feet; thence North 89° 38' 43" West, 208.71 feet; thence, North 00° 21' 17" East, 208.71 feet to the POINT OF BEGINNING.

The above described Tract of land contains 43,560 square feet or 1.00 acres, more or less, and is subject to all easements and rights-of-way now on record or existing.

January 31, 2018

LMS

S:\Survey Jobs\1489-001\Dwg\Exhibits\Exhibit A - Legals\1489-001_District 5.docx

EXHIBIT A-7

Rudolph Farms Metropolitan District No. 6
Legal Description

Exhibit A-7

DESCRIPTION: RUDOLPH FARMS METROPOLITAN DISTRICT 6

A Tract of land located in the Southwest Quarter of Section 15, Township 7 North, Range 68 West of the Sixth Principal Meridian, City of Fort Collins, County of Larimer, State of Colorado, being more particularly described as follows:

Considering the North line of the Southwest Quarter of said Section 15 as bearing South 89° 38' 43" East, and with all bearing contained herein relative thereto:

Commencing at the West Quarter Corner of said Section 15; thence along the North line of the Southwest Quarter, South 89° 38' 43" East, 75.00 feet to the **POINT OF BEGINNING**; thence, South 89° 38' 43" East, 208.71 feet; thence, South 00° 21' 17" West, 208.71 feet; thence North 89° 38' 43" West, 208.71 feet; thence, North 00° 21' 17" East, 208.71 feet to the POINT OF BEGINNING.

The above described Tract of land contains 43,560 square feet or 1.00 acres, more or less, and is subject to all easements and rights-of-way now on record or existing.

January 31, 2018

LMS

S:\Survey Jobs\1489-001\Dwg\Exhibits\Exhibit A - Legals\1489-001_District 6.docx

EXHIBIT B-1

Rudolph Farms Metropolitan District Nos. 1-6
Project Area Boundary Map

INTERSTATE 25

WEST QUARTER CORNER
SECTION 15-T7N-R68W

CENTER CORNER
SECTION 15-T7N-R68W

OVERALL DISTRICT
BOUNDARY MAP
4,203,912 sq.ft.
96.51 ac

SOUTH SIXTEENTH CORNER
WITNESS CORNER
SECTION 15-T7N-R68W

CENTER-SOUTH
SIXTEENTH CORNER
SECTION 15-T7N-R68W

OVERALL DISTRICT
BOUNDARY MAP
1,580,513 sq.ft.
36.28 ac

SOUTHWEST CORNER
SECTION 15-T7N-R68W

PROSPECT ROAD

SOUTH QUARTER CORNER
SECTION 15-T7N-R68W



400 0 400 Feet

(IN FEET)
1 inch = 400 ft.



NORTHERN
ENGINEERING

FORT COLLINS: 301 North Howes Street, Suite 100, 80521
GREELEY: 820 8th Street, 80631

970.221.4158
northernengineering.com

**RUDOLPH FARMS
METROPOLITAN DISTRICTS 1 - 6**

FORT COLLINS

Page 111 of 309

DESCRIPTION

**PROJECT AREA
BOUNDARY MAP**

DRAWN BY

B. Ruch

SCALE

1" = 400'

DATE

January 31, 2018

PROJECT

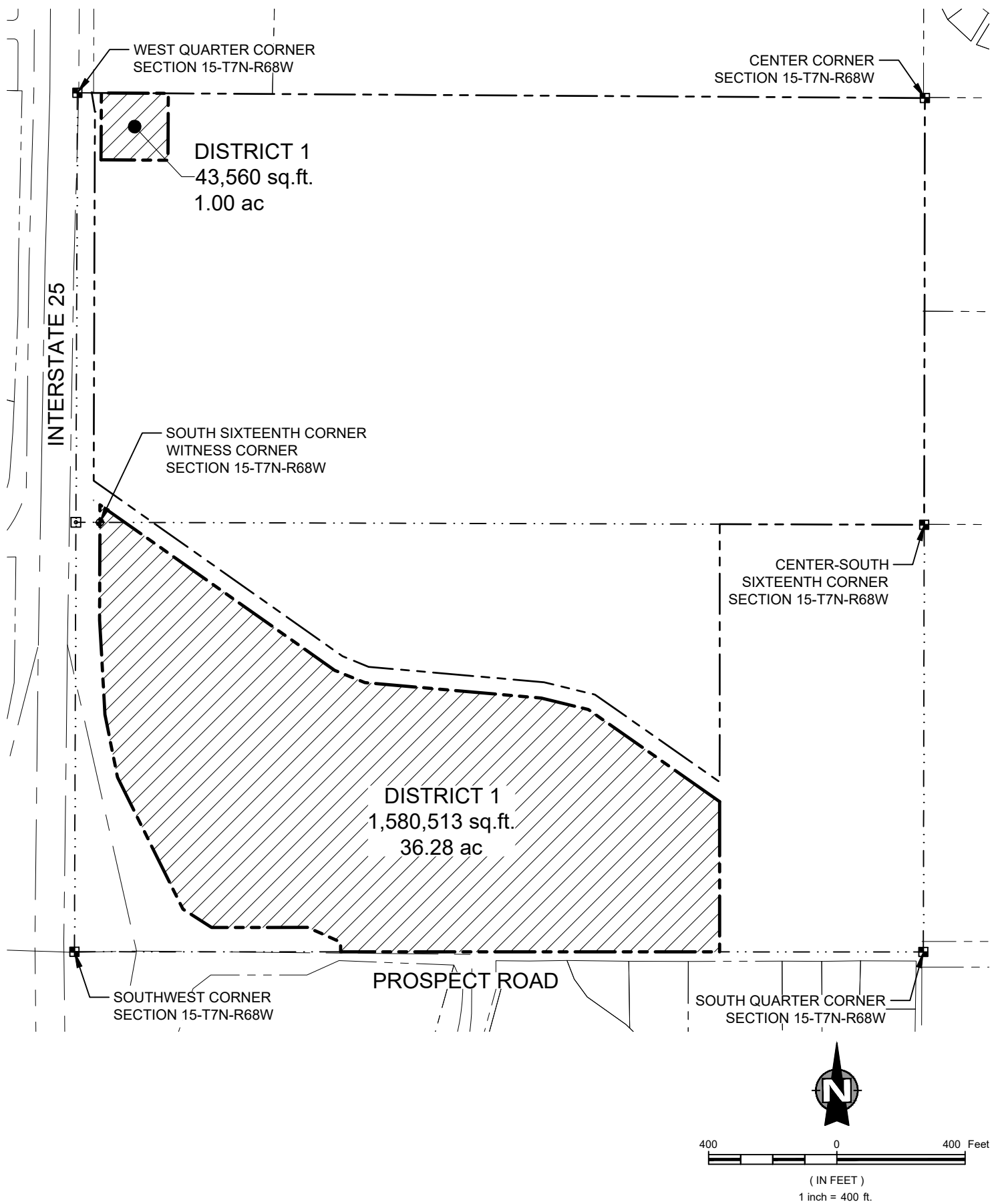
1489-001

EXHIBIT

B-1

EXHIBIT B-2

Rudolph Farms Metropolitan District No. 1
Map



**NORTHERN
ENGINEERING**

FORT COLLINS: 301 North Howes Street, Suite 100, 80521
GREELEY: 820 8th Street, 80631

970.221.4158
northernengineering.com

**RUDOLPH FARMS
METROPOLITAN DISTRICTS 1 - 6**

FORT COLLINS
COLORADO
Page 113 of 309

DESCRIPTION
**DISTRICT 1 AREA
BOUNDARY MAP**

DRAWN BY

B. Ruch

DATE

January 31, 2018

SCALE

1" = 400'

PROJECT

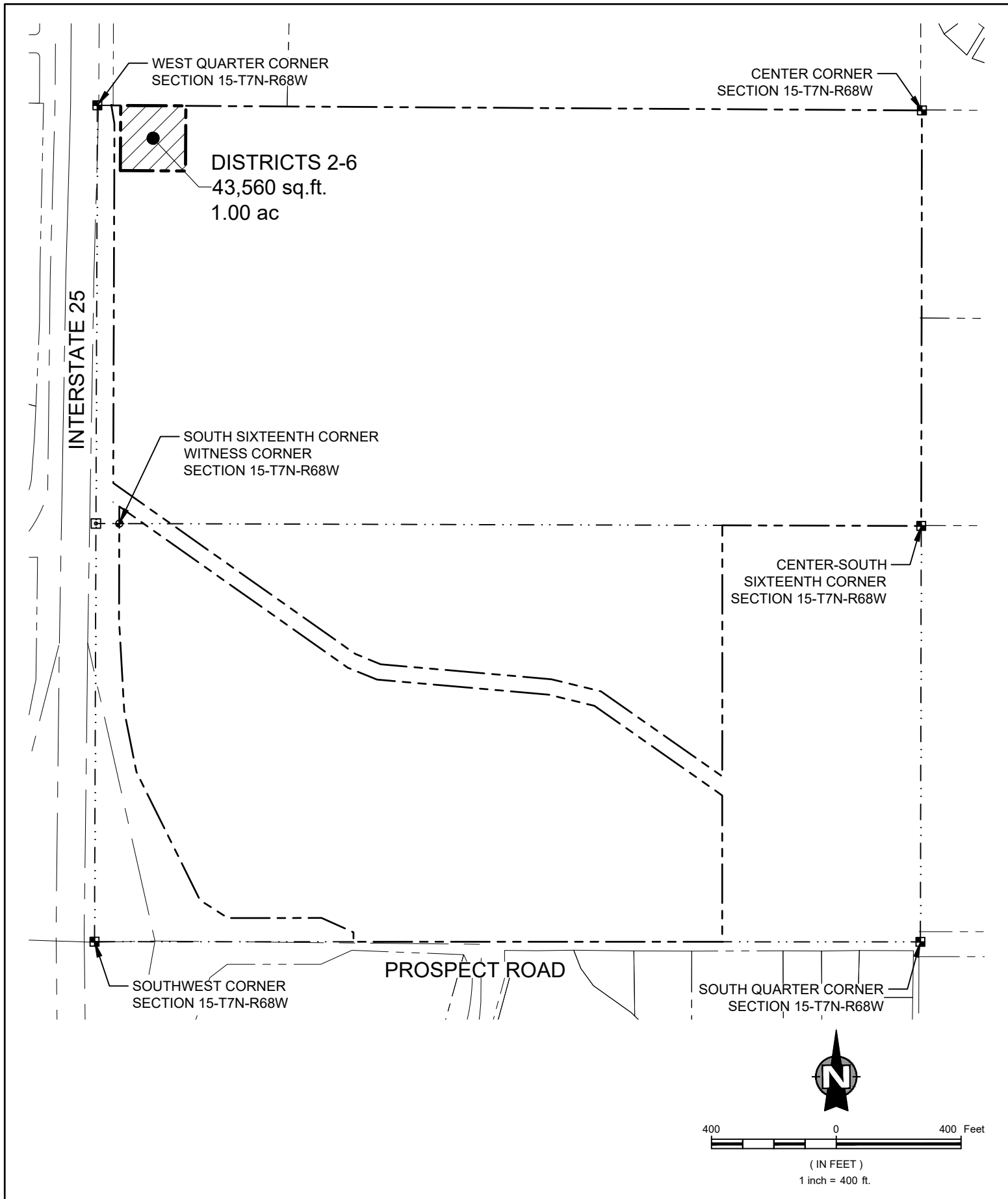
1489-001

EXHIBIT

B-2

EXHIBIT B-3

Rudolph Farms Metropolitan District Nos. 2-6
Map



**NORTHERN
ENGINEERING**

FORT COLLINS: 301 North Howes Street, Suite 100, 80521
GREELEY: 820 8th Street, 80631

970.221.4158
northernengineering.com

**RUDOLPH FARMS
METROPOLITAN DISTRICTS 1 - 6**

FORT COLLINS
COLORADO
Page 115 of 309

DESCRIPTION

**DISTRICTS 2-6 AREA
BOUNDARY MAP**

DRAWN BY

B. Ruch

SCALE

1" = 400'

DATE

January 31, 2018

PROJECT

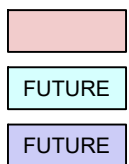
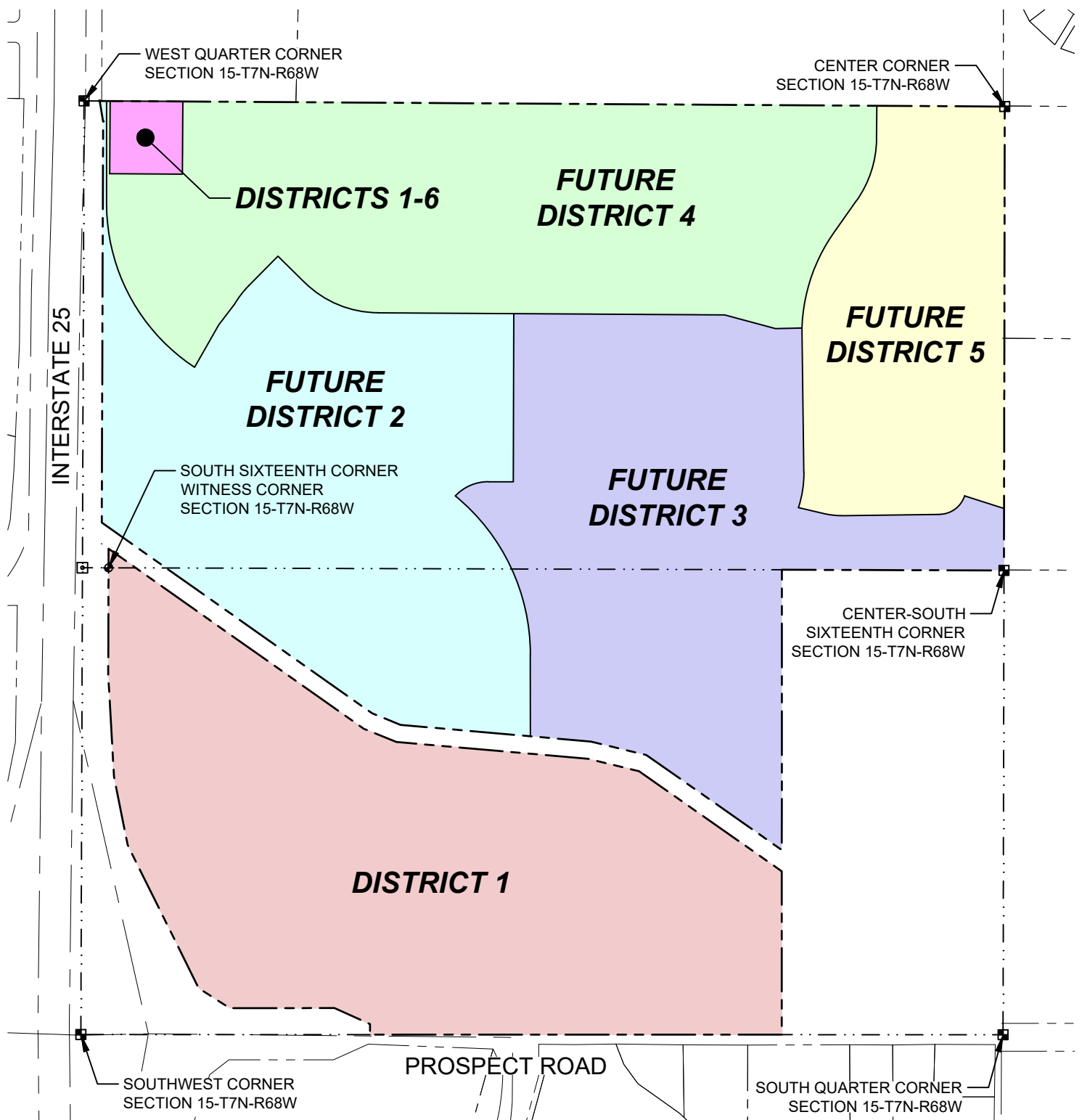
1489-001

EXHIBIT

B-3

EXHIBIT B-4

Rudolph Farms Metropolitan District Nos. 1-6
Estimated Future Boundary Map



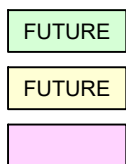
DISTRICT 1

FUTURE

ESTIMATED DISTRICT 2

FUTURE

ESTIMATED DISTRICT 3



FUTURE

ESTIMATED DISTRICT 4

FUTURE

ESTIMATED DISTRICT 5

DISTRICTS 1-6



400 0 400 Feet

(IN FEET)
1 inch = 400 ft.



**NORTHERN
ENGINEERING**

FORT COLLINS: 301 North Howes Street, Suite 100, 80521
GREELEY: 820 8th Street, 80631

970.221.4158
northernengineering.com

**RUDOLPH FARMS
METROPOLITAN DISTRICTS 1 - 6**

FORT COLLINS
COLORADO
Page 117 of 309

DESCRIPTION

**ESTIMATED DISTRICTS 1-6
BOUNDARY MAP**

DRAWN BY

B. Ruch

SCALE

1" = 400'

DATE

January 31, 2018

PROJECT

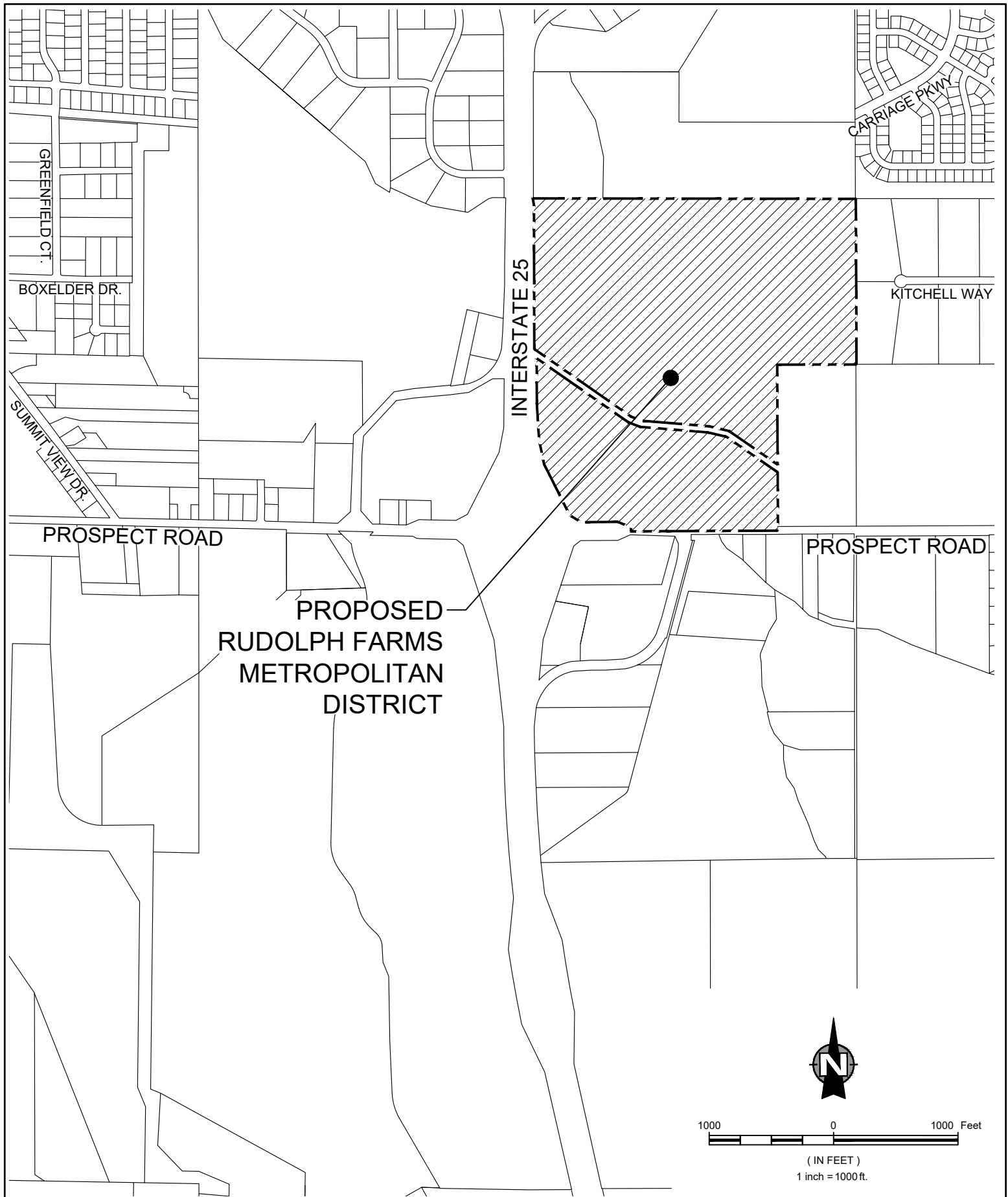
1489-001

EXHIBIT

B-4

EXHIBIT C

Rudolph Farms Metropolitan District Nos. 1-6
Vicinity Map



NORTHERN
ENGINEERING

FORT COLLINS: 301 North Howes Street, Suite 100, 80521
GREELEY: 820 8th Street, 80631

970.221.4158
northernengineering.com

RUDOLPH FARMS METROPOLITAN DISTRICTS 1 - 6

FORT COLLINS
COLORADO
Page 119 of 309

DESCRIPTION **VICINITY MAP**

DRAWN BY

B. Ruch

SCALE

1" = 1000'

EXHIBIT

C

DATE

January 31, 2018

PROJECT

1489-001

EXHIBIT D

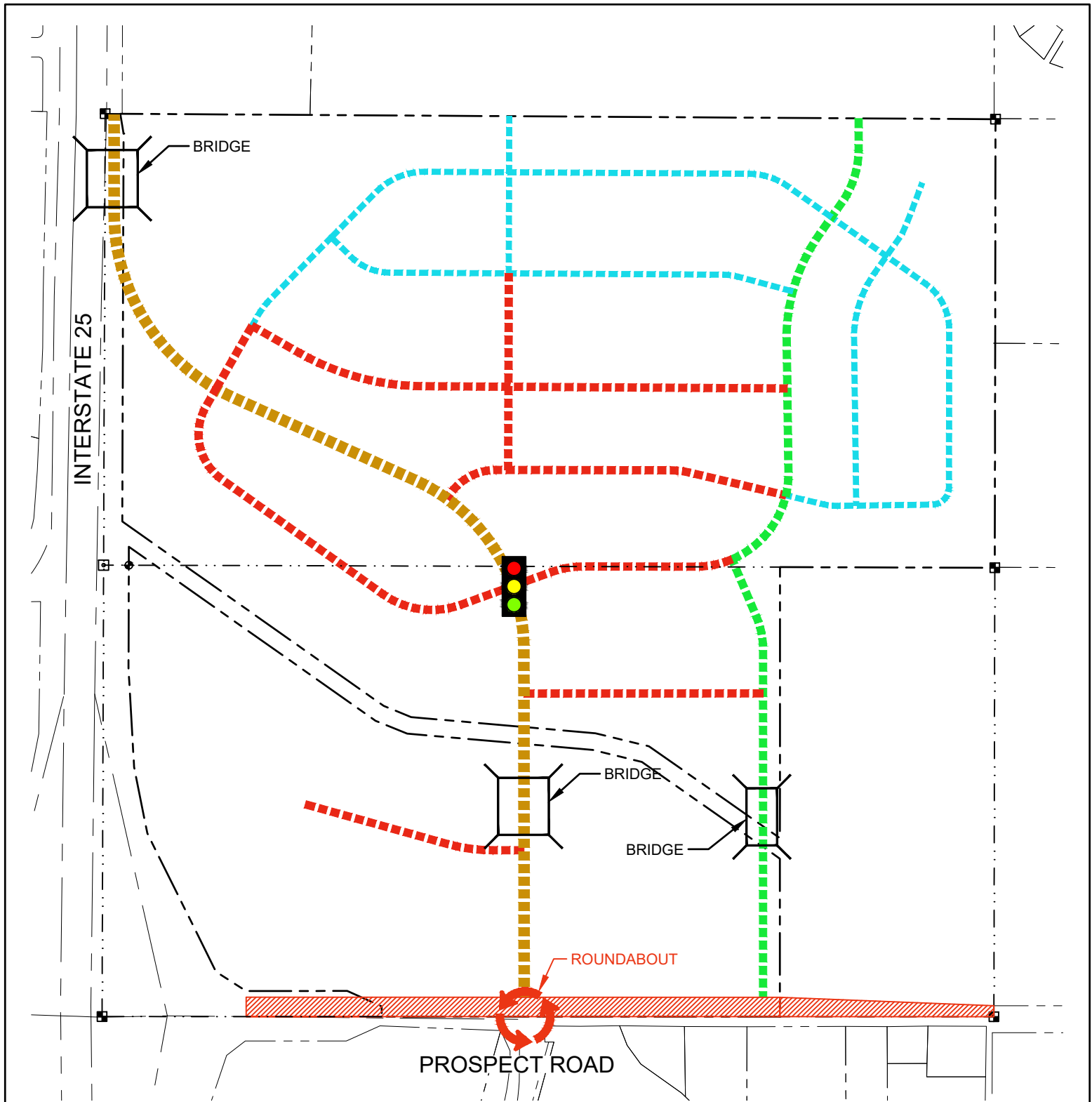
Rudolph Farms Metropolitan District Nos. 1-6
Infrastructure Preliminary Development Plan

SUMMARY ESTIMATE OF PRELIMINARY DISTRICT EXPENDITURES
January 31, 2018
PUBLIC IMPROVEMENT COSTS FOR
RUDOLPH FARMS METROPOLITAN DISTRICTS 1-6
COMBINED AREA - 132.79 ACRES

Public Improvements	Quantity	Unit Cost	Extended Cost
I. Grading/Miscellaneous			
Mobilization / General Conditions	1 LS	\$3,519,000.00	\$ 3,519,000.00
Clearing and Grubbing and Topsoil Stripping	133 Ac	\$11,900.00	\$ 1,580,201.00
Earthwork (cut/fill/place)	214,235 CY	\$6.00	\$ 1,285,410.00
Import Fill Dirt	500,000 CY	\$10.00	\$ 5,000,000.00
Erosion Control / Traffic Control	1 LS	\$5,027,000.00	\$ 5,027,000.00
Subtotal			\$ 16,411,611.00
II. Roadway Improvements			
Parking Lots	- SY	\$70.00	\$ -
Access Road (24' Section)	- LF	\$205.00	\$ -
Local Residential Street (51' Section)	6,322 LF	\$273.00	\$ 1,725,906.00
Local Industrial Street (66' Section)	6,810 LF	\$321.00	\$ 2,186,010.00
Local Commercial Street (72' Section)	- LF	\$336.00	\$ -
Minor Collector Street (76' Section)	2,746 LF	\$431.00	\$ 1,183,526.00
Roundabout	1 EA	\$2,500,000.00	\$ 2,500,000.00
Box Culvert Bridge	3 EA	\$1,000,000.00	\$ 3,000,000.00
Prospect Road Widening (Half 4-Lane Arterial)	2,220 LF	\$637.00	\$ 1,414,140.00
Frontage Road Reconstruct (2-Lane Arterial 84' Section)	3,240 LF	\$666.00	\$ 2,157,840.00
Traffic Signal Improvements	1 EA	\$500,000.00	\$ 500,000.00
Street Lighting	1 LS	\$587,000.00	\$ 587,000.00
Signing and Striping	1 LS	\$441,000.00	\$ 441,000.00
Subtotal			\$ 15,695,422.00
III. Potable Waterline Improvements			
8" Waterline	12,851 LF	\$90.00	\$ 1,156,590.00
10" Waterline	- LF	\$100.00	\$ -
12" Waterline	8,442 LF	\$112.00	\$ 945,504.00
Utility Borings	300 LF	\$1,900.00	\$ 570,000.00
Raw Water Requirements	177 AC-FT	\$41,428.00	\$ 7,316,185.00
Off-Site Waterline Reimbursement to ELCO	1 LS	\$750,000.00	\$ 750,000.00
Subtotal			\$ 10,738,279.00
IV. Sanitary Sewer and Subdrain Improvements			
8" Sanitary Sewer	11,423 LF	\$109.00	\$ 1,245,107.00
10" Sanitary Sewer	- LF	\$114.00	\$ -
12" Sanitary Sewer	7,867 LF	\$124.00	\$ 975,508.00
27" Sanitary Sewer	- LF	\$197.00	\$ -
8" Subdrain	15,751 LF	\$75.00	\$ 1,181,325.00
Subdrain Connection Fee	- LS	\$43,000.00	\$ -
Sanitary Sewer Repayment	275 TAP	\$1,898.00	\$ 521,950.00
Subtotal			\$ 3,923,890.00
V. Storm Drainage Improvements			
24" RCP Storm Sewer	- LF	\$191.00	\$ -
24" CMP Storm Sewer	- LF	\$163.00	\$ -
36" RCP Storm Sewer	14,071 LF	\$222.00	\$ 3,123,762.00
48" RCP Storm Sewer	- LF	\$324.00	\$ -
Outlet Structure	5 EA	\$10,000.00	\$ 50,000.00
Water Quality	122,013 CF	\$6.00	\$ 732,080.00
Subtotal			\$ 3,905,842.00

SUMMARY ESTIMATE OF PRELIMINARY DISTRICT EXPENDITURES
January 31, 2018
PUBLIC IMPROVEMENT COSTS FOR
RUDOLPH FARMS METROPOLITAN DISTRICTS 1-6
COMBINED AREA - 132.79 ACRES

Public Improvements	Quantity	Unit Cost	Extended Cost
VI. Non-Potable Irrigation Improvements			
6" Non-Potable Waterline	18,867 LF	\$56.00	\$ 1,056,552.00
Non-Potable Waterline Pumphouse	1 LS	\$450,000.00	\$ 450,000.00
Non-Potable Pond and Delivery Improvements	1 LS	\$250,000.00	\$ 250,000.00
Flood Irrigation System and Appurtenances	- LS	\$0.00	\$ -
Well Head Replacement	- EA	\$27,500.00	\$ -
Raw Water Requirements	57 AC-FT	\$41,428.00	\$ 2,345,654.00
Subtotal			\$ 4,102,206.00
VII. Open Space, Parks and Trails			
Structural Demolition	- LS	\$0.00	\$ -
Natural Area Open Space	8 AC	\$108,900.00	\$ 914,760.00
Landscaped Open Space	6 AC	\$239,580.00	\$ 1,533,312.00
Regional Trails	7,550 LF	\$160.00	\$ 1,208,000.00
Monument Signs	3 EA	\$75,000.00	\$ 225,000.00
Pocket Park and Park Amenities	1 EA	\$150,000.00	\$ 150,000.00
Open Space Acquisition	- AC	\$20,000.00	\$ -
Subtotal			\$ 4,031,072.00
VIII. Admin. / Design / Permitting / Etc.			
Engineering / Surveying	1 LS	\$5,881,000.00	\$ 5,881,000.00
Construction Management / Inspection / Testing	1 LS	\$8,822,000.00	\$ 8,822,000.00
Admin. / Planning / Permitting	1 LS	\$1,765,000.00	\$ 1,765,000.00
Subtotal			\$ 16,468,000.00
Infrastructure Subtotal			\$ 75,276,322.00
Contingency (20%)			\$ 15,055,265.00
Total Cost			\$ 90,331,587.00



LEGEND:

STREETS OWNED AND
MAINTAINED BY THE CITY OF
FORT COLLINS

--- LOCAL STREET

--- COLLECTOR
STREET

--- INDUSTRIAL
LOCAL STREET

--- 2-LANE ARTERIAL
STREET

--- 1/2 4-LANE
ARTERIAL STREET

NOTE: LOCAL STREETS
AND ASSOCIATED UTILITIES
ARE CONCEPTUAL AND
MAY CHANGE AS
DEVELOPMENT OCCURS.



400 0 400 Feet
(IN FEET)
1 inch = 400 ft.



**NORTHERN
ENGINEERING**

FORT COLLINS: 301 North Howes Street, Suite 100, 80521
GREELEY: 820 8th Street, 80631

970.221.4158
northernengineering.com

**RUDOLPH FARMS
METROPOLITAN DISTRICTS 1 - 6**

FORT COLLINS
Page 123 of 309

DESCRIPTION
STREET MAP

DRAWN BY

B. Ruch

SCALE

1" = 400'

EXHIBIT

D

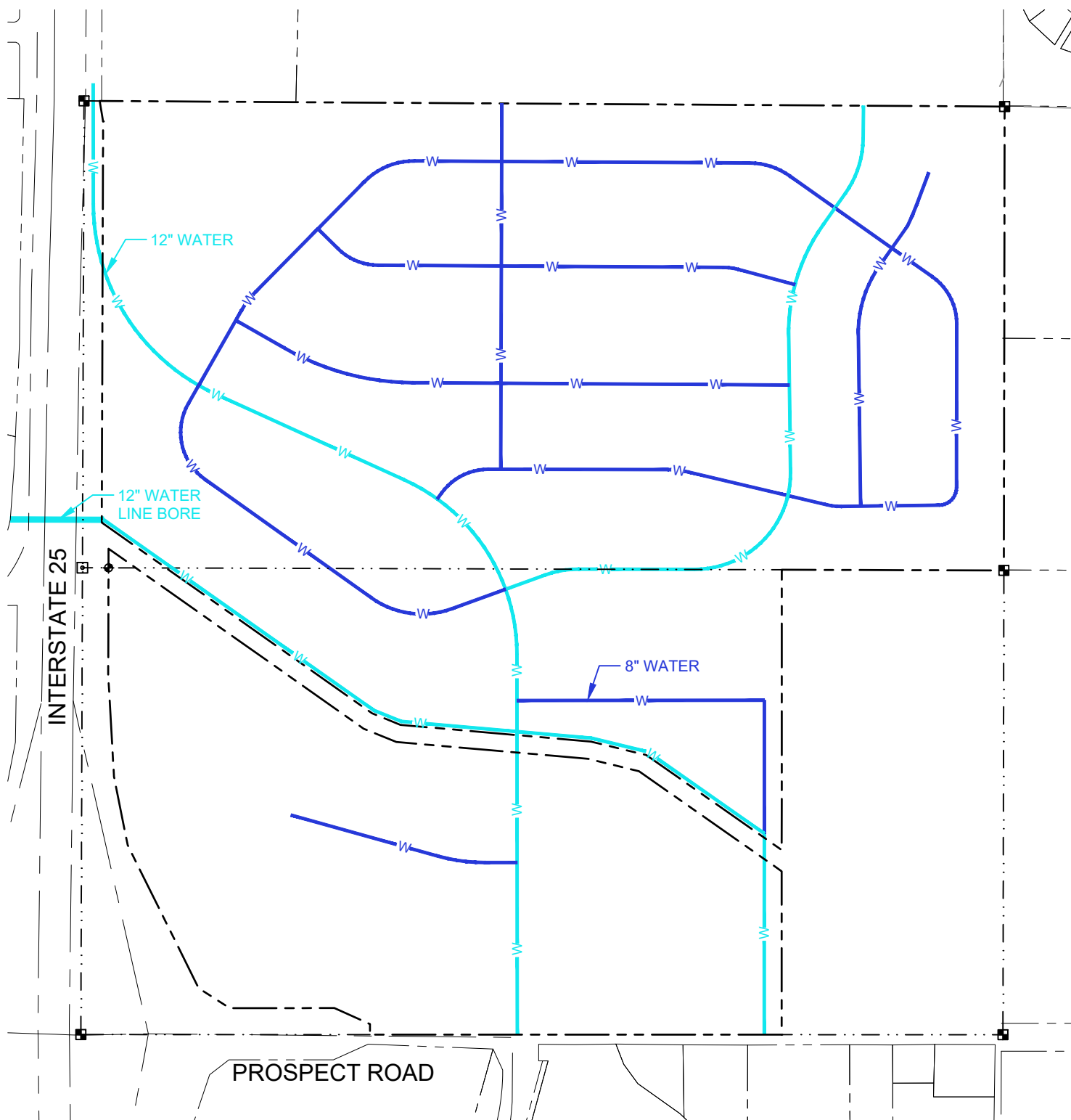
DATE

January 31, 2018



PROJECT

1489-001

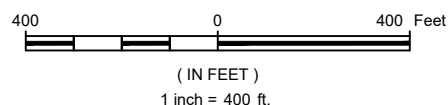
FIGURE 1 OF 6



LEGEND:

- 
WATER LINE - 12 INCH PVC.
 ALL WATER TO BE OWNED AND
 MAINTAINED BY ELCO WATER
 DISTRICT.
- 
WATER LINE - 8 INCH PVC.
 ALL WATER TO BE OWNED AND
 MAINTAINED BY ELCO WATER
 DISTRICT.

NOTE: LOCAL STREETS
AND ASSOCIATED UTILITIES
ARE CONCEPTUAL AND
MAY CHANGE AS
DEVELOPMENT OCCURS.



**NORTHERN
ENGINEERING**

FORT COLLINS: 301 North Howes Street, Suite 100, 80521
GREELEY: 820 8th Street, 80631

970.221.4158
northernengineering.com

**RUDOLPH FARMS
METROPOLITAN DISTRICTS 1 - 6**

FORT COLLINS
COLORADO
Page 124 of 309

DESCRIPTION

POTABLE WATER MAP

DRAWN BY

B. Ruch

SCALE

1" = 400'

DATE

January 31, 2018

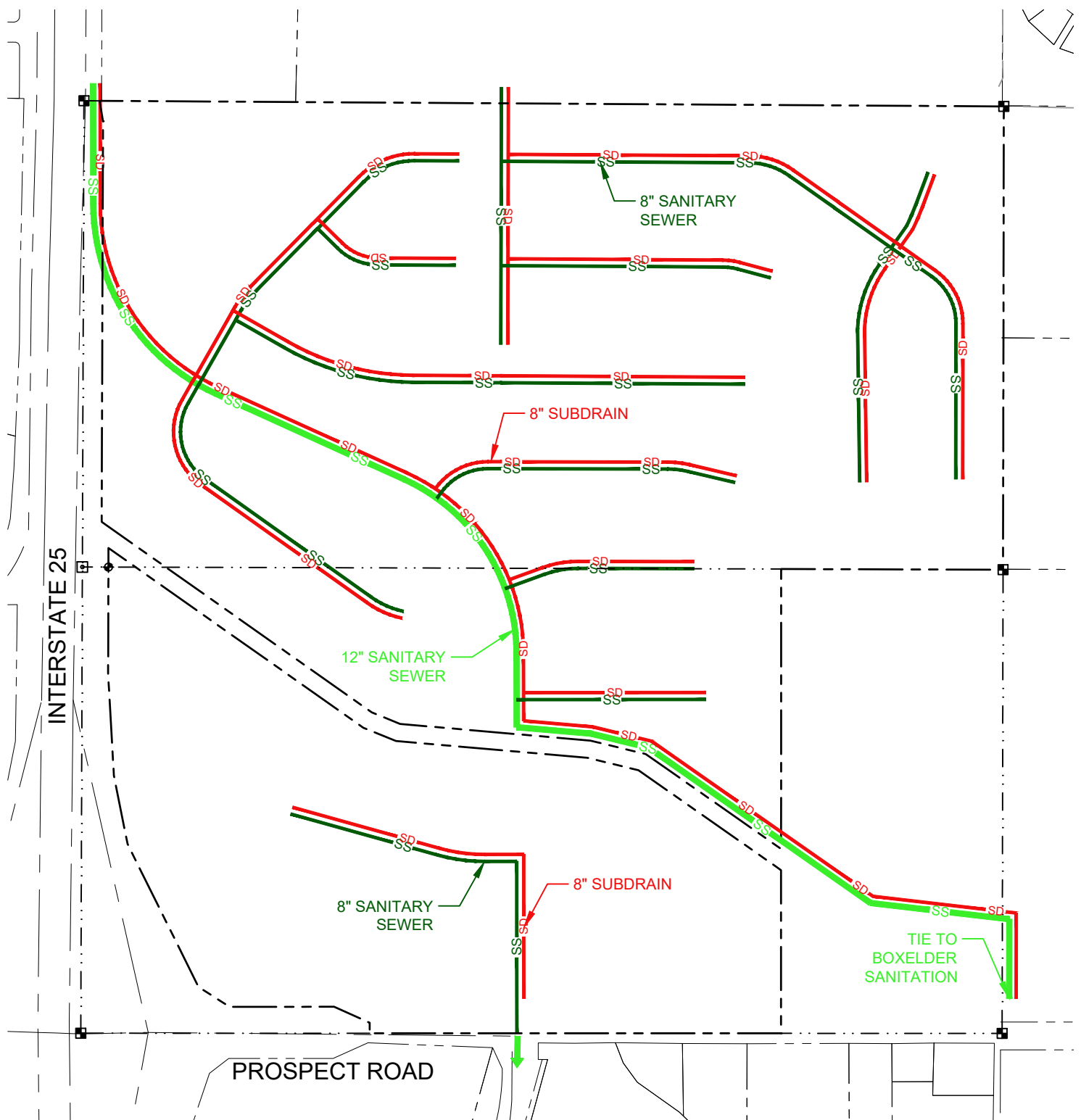
PROJECT

1489-001

EXHIBIT

D

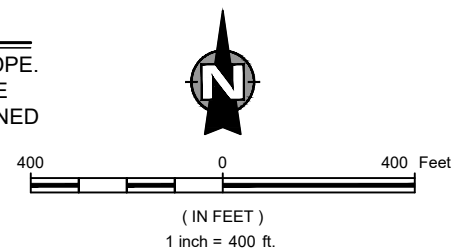
FIGURE 2 OF 6



LEGEND:

- | | |
|--|---|
| <p>SS SEWER LINE - 12 INCH PVC.
ALL SEWER TO BE OWNED
AND MAINTAINED BY BOXELDER
SANITATION DISTRICT.</p> <p>SS SEWER LINE - 8 INCH PVC.
ALL SEWER TO BE OWNED
AND MAINTAINED BY BOXELDER
SANITATION DISTRICT.</p> | <p>SD SUBDRAIN - 8 INCH HDPE.
ALL SUBDRAINS TO BE
OWNED AND MAINTAINED
METRO DISTRICT.</p> |
|--|---|

NOTE: LOCAL STREETS AND
ASSOCIATED UTILITIES ARE
CONCEPTUAL AND MAY CHANGE AS
DEVELOPMENT OCCURS.



**NORTHERN
ENGINEERING**

FORT COLLINS: 301 North Howes Street, Suite 100, 80521
GREELEY: 820 8th Street, 80631

970.221.4158
northernengineering.com

**RUDOLPH FARMS
METROPOLITAN DISTRICTS 1 - 6**

FORT COLLINS
Page 125 of 309
COLORADO

DESCRIPTION

**SANITARY SEWER &
SUBDRAIN MAP**

DRAWN BY

B. Ruch

DATE

January 31, 2018

SCALE

1" = 400'

PROJECT

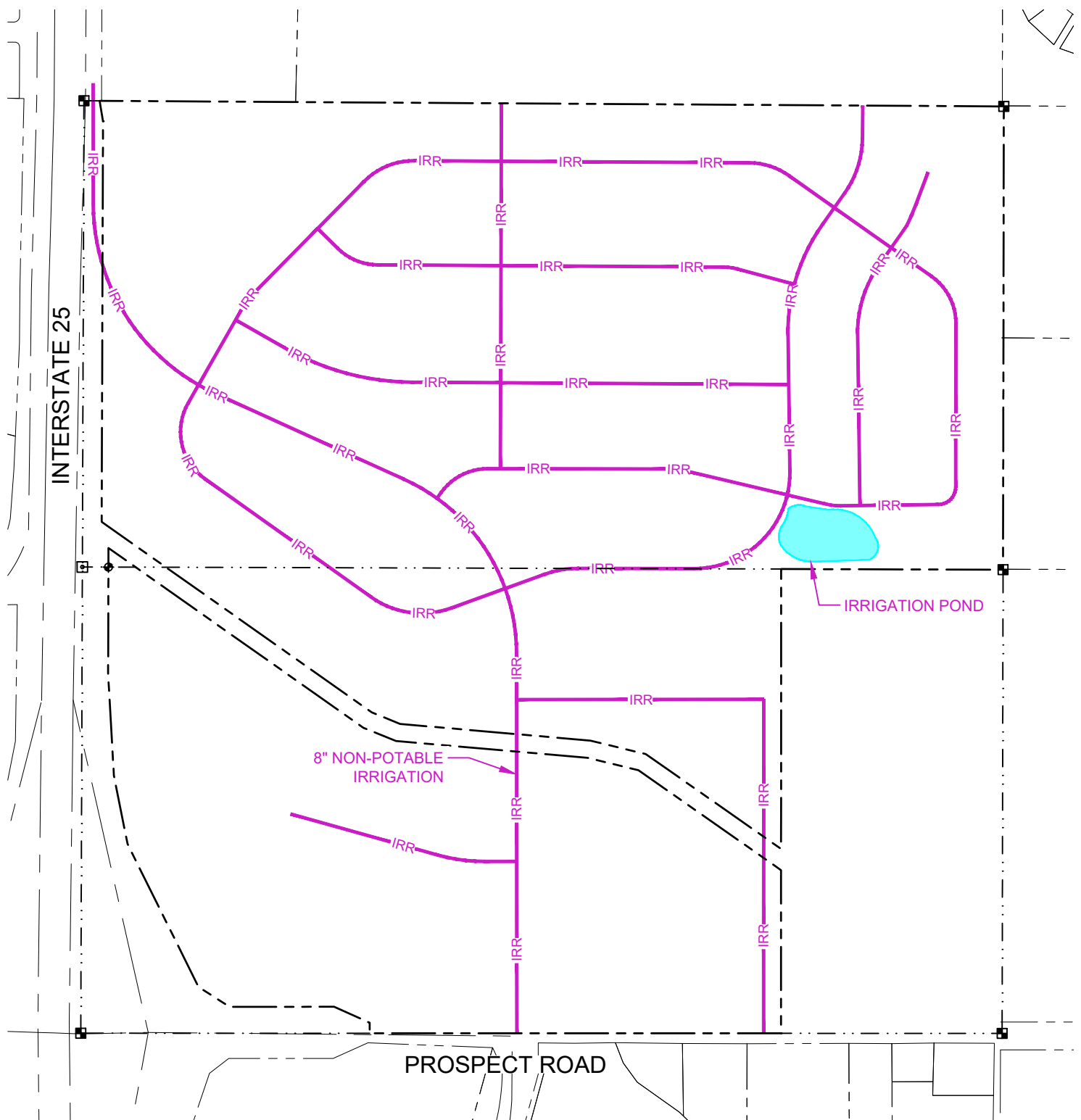
1489-001

EXHIBIT

D

FIGURE 3 OF 6

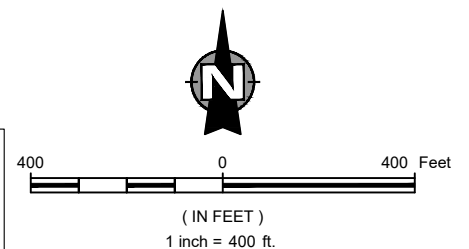
FIGURE 4 OF 6



LEGEND:

 NON-POTABLE IRRIGATION LINE
 - ALL LINES ARE 8" PVC.

NOTE: LOCAL STREETS
 AND ASSOCIATED UTILITIES
 ARE CONCEPTUAL AND
 MAY CHANGE AS
 DEVELOPMENT OCCURS.



**NORTHERN
ENGINEERING**

FORT COLLINS: 301 North Howes Street, Suite 100, 80521
 GREELEY: 820 8th Street, 80631

970.221.4158
 northernengineering.com

**RUDOLPH FARMS
METROPOLITAN DISTRICTS 1 - 6**

FORT COLLINS

Page 127 of 309

DESCRIPTION
NON-POTABLE IRRIGATION MAP

DRAWN BY

B. Ruch

SCALE

1" = 400'

EXHIBIT

D

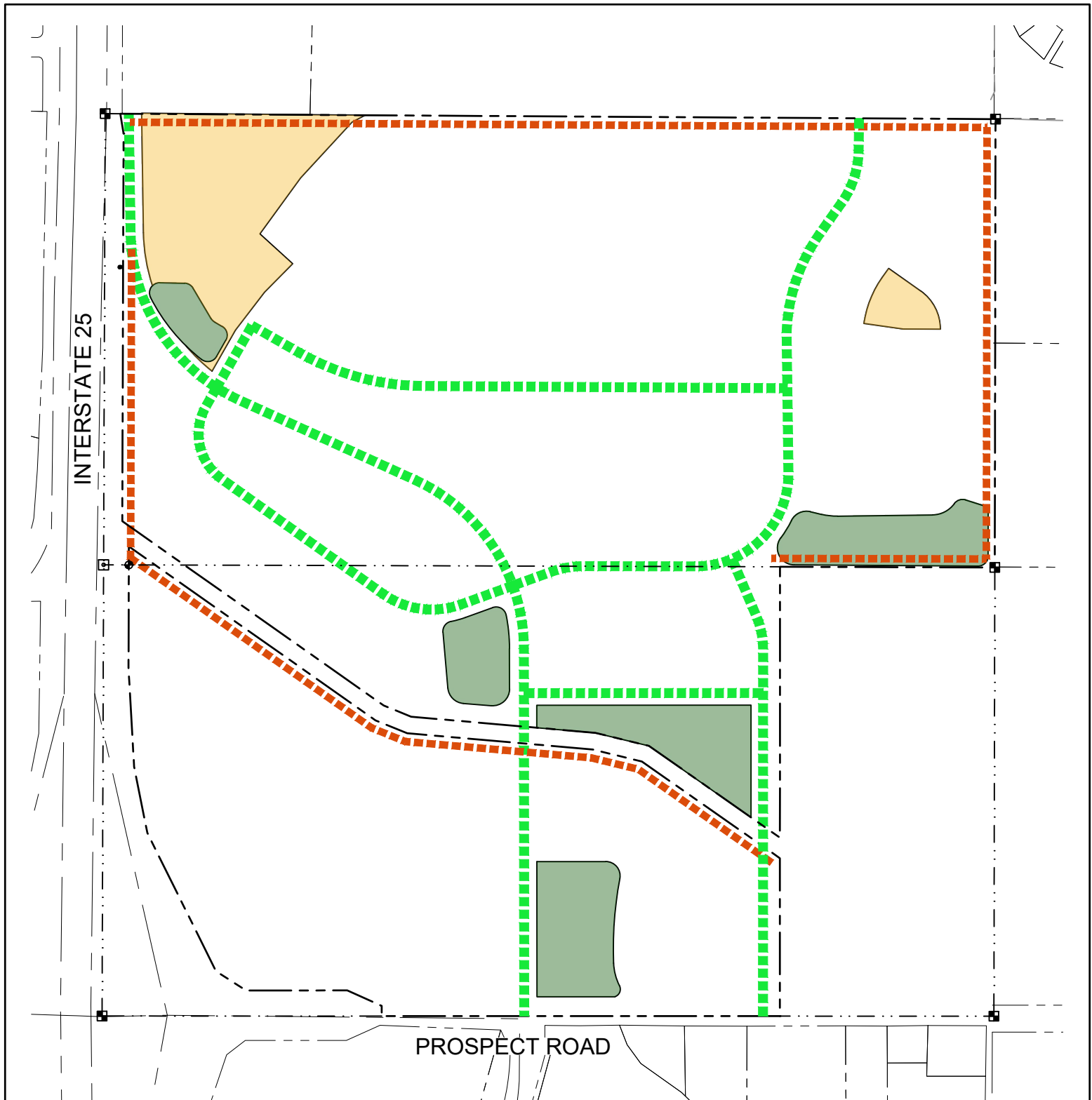
FIGURE 5 OF 6

DATE

January 31, 2018

PROJECT

1489-001



**NORTHERN
ENGINEERING**

FORT COLLINS: 301 North Howes Street, Suite 100, 80521
GREELEY: 820 8th Street, 80631

970.221.4158
northernengineering.com

RUDOLPH FARMS METROPOLITAN DISTRICTS 1 - 6

FORT COLLINS
COLORADO
Page 128 of 309

DESCRIPTION

OPEN SPACE, PARKS,
& TRAILS MAP

DRAWN BY

B. Ruch

DATE

January 31, 2018

SCALE

1" = 400'

PROJECT

1489-001

EXHIBIT

D

FIGURE 6 OF 6

EXHIBIT E

Rudolph Farms Metropolitan District Nos. 1-6
Financial Plan

Combined Sources and Uses: Rudolph Farms Metropolitan Districts

	Series 2023	Series 2028	Series 2036	TOTAL	<i>Percent of Total</i>
<u>Sources</u>					
Par	\$ 42,405,000	\$ 34,930,000	\$ 104,865,000	\$ 182,200,000	95%
Funds on Hand	\$ -		\$ 9,711,458	\$ 9,711,458	5%
TOTAL:	\$ 42,405,000	\$ 34,930,000	\$ 114,576,458	\$ 191,911,458	
<u>Uses</u>					
Project Fund	\$ 31,012,692	\$ 25,198,900	\$ 34,005,811	\$ 90,217,403	47%
Refunding Proceeds			\$ 74,710,000	\$ 74,710,000	39%
Capitalized Interest	\$ 6,360,750	\$ 5,239,500	\$ 371,397	\$ 11,971,647	6%
Reserve Fund	\$ 3,883,458	\$ 3,493,000	\$ 4,764,925	\$ 12,141,383	6%
Costs of Issuance	\$ 1,148,100	\$ 998,600	\$ 724,325	\$ 2,871,025	1%
TOTAL:	\$ 42,405,000	\$ 34,930,000	\$ 114,576,458	\$ 191,911,458	

RUDOLPH FAMRS METROPOLITAN DISTRICT Nos. 1-6 (Residential & Commercial)

Development Projection at 50.000 (target) Residential Mills +50.000 (target) Commercial Mills for Debt Service (SERVICE PLAN) -- 01/30/2018

Series 2036, G.O. Bonds, Pay & Cancel Refg of (proposed) Series 2023 & Series 2028 + New Money, Assumes Investment Grade, 100x, 30-yr. Maturity

YEAR	Total Assessed Value (Residential)	District D/S Mill Levy* [50.000 Target] [50.000 Cap]	District D/S Mill Levy Collections @ 98%	District S.O. Taxes Collected @ 6%	Total Assessed Value (Commercial)	District D/S Mill Levy* [50.000 Target] [50.000 Cap]	District D/S Mill Levy Collections @ 98%	District S.O. Taxes Collected @ 6%	Total Available Revenue
2017									
2018									\$0
2019	\$0	50.000	0	0	\$0	50.000	0	0	0
2020	0	50.000	0	0	0	50.000	0	0	0
2021	0	50.000	0	0	0	50.000	0	0	0
2022	0	50.000	0	0	0	50.000	0	0	0
2023	0	50.000	0	0	543,533	50.000	26,633	1,598	28,231
2024	0	50.000	0	0	6,836,303	50.000	334,979	20,099	355,078
2025	348,000	50.000	17,052	1,023	16,922,451	50.000	829,200	49,752	897,027
2026	973,004	50.000	47,677	2,861	24,174,486	50.000	1,184,550	71,073	1,306,161
2027	973,004	50.000	47,677	2,861	34,685,688	50.000	1,699,599	101,976	1,852,112
2028	1,031,385	50.000	50,538	3,032	42,647,778	50.000	2,089,741	125,384	2,268,696
2029	1,031,385	50.000	50,538	3,032	46,968,639	50.000	2,301,463	138,088	2,493,121
2030	1,093,268	50.000	53,570	3,214	54,172,341	50.000	2,654,445	159,267	2,870,496
2031	1,093,268	50.000	53,570	3,214	58,667,764	50.000	2,874,720	172,483	3,103,988
2032	1,158,864	50.000	56,784	3,407	66,751,468	50.000	3,270,822	196,249	3,527,263
2033	1,158,864	50.000	56,784	3,407	71,066,956	50.000	3,482,281	208,937	3,751,409
2034	1,228,396	50.000	60,191	3,611	75,330,973	50.000	3,691,218	221,473	3,976,494
2035	1,228,396	50.000	60,191	3,611	75,330,973	50.000	3,691,218	221,473	3,976,494
2036	1,302,099	50.000	63,803	3,828	79,850,832	50.000	3,912,691	234,761	4,215,083
2037	1,302,099	50.000	63,803	3,828	79,850,832	50.000	3,912,691	234,761	4,215,083
2038	1,380,225	50.000	67,631	4,058	84,641,882	50.000	4,147,452	248,847	4,467,988
2039	1,380,225	50.000	67,631	4,058	84,641,882	50.000	4,147,452	248,847	4,467,988
2040	1,463,039	50.000	71,689	4,301	89,720,395	50.000	4,396,299	263,778	4,736,068
2041	1,463,039	50.000	71,689	4,301	89,720,395	50.000	4,396,299	263,778	4,736,068
2042	1,550,821	50.000	75,990	4,559	95,103,618	50.000	4,660,077	279,605	5,020,232
2043	1,550,821	50.000	75,990	4,559	95,103,618	50.000	4,660,077	279,605	5,020,232
2044	1,643,870	50.000	80,550	4,833	100,809,835	50.000	4,939,682	296,381	5,321,445
2045	1,643,870	50.000	80,550	4,833	100,809,835	50.000	4,939,682	296,381	5,321,445
2046	1,742,503	50.000	85,383	5,123	106,858,426	50.000	5,236,063	314,164	5,640,732
2047	1,742,503	50.000	85,383	5,123	106,858,426	50.000	5,236,063	314,164	5,640,732
2048	1,847,053	50.000	90,506	5,430	113,269,931	50.000	5,550,227	333,014	5,979,176
2049	1,847,053	50.000	90,506	5,430	113,269,931	50.000	5,550,227	333,014	5,979,176
2050	1,957,876	50.000	95,936	5,756	120,066,127	50.000	5,883,240	352,994	6,337,927
2051	1,957,876	50.000	95,936	5,756	120,066,127	50.000	5,883,240	352,994	6,337,927
2052	2,075,348	50.000	101,692	6,102	127,270,095	50.000	6,236,235	374,174	6,718,202
2053	2,075,348	50.000	101,692	6,102	127,270,095	50.000	6,236,235	374,174	6,718,202
2054	2,199,869	50.000	107,794	6,468	134,906,300	50.000	6,610,409	396,625	7,121,294
2055	2,199,869	50.000	107,794	6,468	134,906,300	50.000	6,610,409	396,625	7,121,294
2056	2,331,861	50.000	114,261	6,856	143,000,678	50.000	7,007,033	420,422	7,548,572
2057	2,331,861	50.000	114,261	6,856	143,000,678	50.000	7,007,033	420,422	7,548,572
2058	2,471,773	50.000	121,117	7,267	151,580,719	50.000	7,427,455	445,647	8,001,486
2059	2,471,773	50.000	121,117	7,267	151,580,719	50.000	7,427,455	445,647	8,001,486
2060	2,620,080	50.000	128,384	7,703	160,675,562	50.000	7,873,103	472,386	8,481,576
2061	2,620,080	50.000	128,384	7,703	160,675,562	50.000	7,873,103	472,386	8,481,576
2062	2,777,284	50.000	136,087	8,165	170,316,096	50.000	8,345,489	500,729	8,990,470
2063	2,777,284	50.000	136,087	8,165	170,316,096	50.000	8,345,489	500,729	8,990,470
2064	2,943,921	50.000	144,252	8,655	180,535,062	50.000	8,846,218	530,773	9,529,898
2065	2,943,921	50.000	144,252	8,655	180,535,062	50.000	8,846,218	530,773	9,529,898
2066	3,120,557	50.000	152,907	9,174	191,367,165	50.000	9,376,991	562,619	10,101,692
			3,677,628	220,658			219,651,204	13,179,072	236,728,562

[*] The Districts may also levy up to 20.00 Mills for Operations & Maintenance + 10.00 Mills for the Overlay District Project Mill Levy

RUDOLPH FAMRS METROPOLITAN DISTRICT Nos. 1-6 (Residential & Commercial)

Development Projection at 50.000 (target) Residential Mills +50.000 (target) Commercial Mills for Debt Service (SERVICE PLAN) -- 01/30/2018

Series 2036, G.O. Bonds, Pay & Cancel Refg of (proposed) Series 2023 & Series 2028 + New Money, Assumes Investment Grade, 100x, 30-yr. Maturity

YEAR	Net Available for Debt Svc	Ser. 2023 \$42,405,000 Par [Net \$31.013 MM] Net Debt Service	Ser. 2028 \$34,930,000 Par [Net \$25.199 MM] Net Debt Service	Ser. 2036 \$104,865,000 Par [Net \$34.006 MM] Net Debt Service	Total Net Debt Service	Funds on Hand* Used as Source	Annual Surplus	Surplus Release @ to \$10,486,500	Cumulative Surplus to \$10,486,500 Target	Cov. of Net DS: @ Res'l Target @ Comm'l Target	Cov. of Net DS: @ Res'l Cap @ Comm'l Cap
2017											
2018	\$0										
2019	0										
2020	0										
2021	0										
2022	0										
2023	28,231	\$0			0		28,231	0	28,231	0%	0%
2024	355,078	0			0		355,078	0	383,309	0%	0%
2025	897,027	0			0		897,027	0	1,280,336	0%	0%
2026	1,306,161	0			0		1,306,161	0	2,586,497	0%	0%
2027	1,852,112	2,120,250			2,120,250		(268,138)	0	2,318,359	87%	87%
2028	2,268,696	2,140,250	\$0		2,140,250		128,446	0	2,446,805	106%	106%
2029	2,493,121	2,139,250	0		2,139,250		353,871	0	2,800,676	117%	117%
2030	2,870,496	2,268,250	0		2,268,250		602,246	0	3,402,922	127%	127%
2031	3,103,988	2,270,750	0		2,270,750		833,238	0	4,236,160	137%	137%
2032	3,527,263	2,402,750	1,746,500		4,149,250		(621,987)	0	3,614,172	85%	85%
2033	3,751,409	2,402,750	1,746,500		4,149,250		(397,841)	0	3,216,331	90%	90%
2034	3,976,494	2,552,000	1,746,500		4,298,500		(322,006)	0	2,894,325	93%	93%
2035	3,976,494	2,548,000	1,746,500		4,294,500		(318,006)	0	2,576,319	93%	93%
2036	4,215,083	2,703,000	1,746,500	\$0	4,449,500	2,335,000	(2,569,417)	0	6,902	95%	95%
2037	4,215,083	[Ref'd by Ser. '36]	[Ref'd by Ser. '36]	4,085,366	4,085,366		129,718	0	136,619	103%	103%
2038	4,467,988			4,466,763	4,466,763		1,226	0	137,845	100%	100%
2039	4,467,988			4,466,338	4,466,338		1,651	0	139,496	100%	100%
2040	4,736,068			4,735,913	4,735,913		155	0	139,651	100%	100%
2041	4,736,068			4,734,013	4,734,013		2,055	0	141,706	100%	100%
2042	5,020,232			5,016,688	5,016,688		3,544	0	145,250	100%	100%
2043	5,020,232			5,016,825	5,016,825		3,407	0	148,657	100%	100%
2044	5,321,445			5,320,900	5,320,900		545	0	149,202	100%	100%
2045	5,321,445			5,320,950	5,320,950		495	0	149,698	100%	100%
2046	5,640,732			5,639,300	5,639,300		1,432	0	151,130	100%	100%
2047	5,640,732			5,637,350	5,637,350		3,382	0	154,512	100%	100%
2048	5,979,176			5,978,063	5,978,063		1,114	0	155,626	100%	100%
2049	5,979,176			5,976,775	5,976,775		2,401	0	158,027	100%	100%
2050	6,337,927			6,337,300	6,337,300		627	0	158,654	100%	100%
2051	6,337,927			6,334,125	6,334,125		3,802	0	162,455	100%	100%
2052	6,718,202			6,716,913	6,716,913		1,290	0	163,745	100%	100%
2053	6,718,202			6,714,088	6,714,088		4,115	0	167,860	100%	100%
2054	7,121,294			7,121,163	7,121,163		132	0	167,992	100%	100%
2055	7,121,294			7,120,500	7,120,500		794	0	168,786	100%	100%
2056	7,548,572			7,548,463	7,548,463		110	0	168,896	100%	100%
2057	7,548,572			7,546,563	7,546,563		2,010	0	170,906	100%	100%
2058	8,001,486			7,997,013	7,997,013		4,474	0	175,379	100%	100%
2059	8,001,486			8,000,263	8,000,263		1,224	0	176,603	100%	100%
2060	8,481,576			8,479,163	8,479,163		2,413	0	179,017	100%	100%
2061	8,481,576			8,478,100	8,478,100		3,476	0	182,492	100%	100%
2062	8,990,470			8,986,200	8,986,200		4,270	0	186,762	100%	100%
2063	8,990,470			8,986,363	8,986,363		4,108	0	190,870	100%	100%
2064	9,529,898			9,528,775	9,528,775		1,123	0	191,993	100%	100%
2065	9,529,898			9,529,850	9,529,850		48	0	192,042	100%	100%
2066	10,101,692			10,101,125	10,101,125		567	192,609	0	100%	100%
	236,728,562	23,547,250	8,732,500	201,921,203	234,200,953	2,335,000	192,609	192,609			

[BJan3018 23nrsB]

[BJan3018 28nrsB]

[BJan3018 36igrB]

RUDOLPH FARMS METROPOLITAN DISTRICT Nos. 1-6 (Residential)

Development Projection at 50.000 (target) District Mills for Debt Service -- 01/30/2018

Assessed Value Summary

YEAR	<<<<<<< Residential >>>>>>>				< Platted/Developed Lots >		<<<<<<<< Commercial >>>>>>>>>>					
	Total Res'l Units	Mkt Value Biennial Reasses'mt @ 6.0%	Cumulative Market Value	As'ed Value @ 7.20% of Market (2-yr lag)	Cumulative Market Value	As'ed Value @ 29.00% of Market (2-yr lag)	Total Comm'l Sq. Ft.	Mkt Value Biennial Reasses'mt @ 6.0%	Cumulative Market Value	As'ed Value @ 29.00% of Market (2-yr lag)	Total Assessed Value	
2017	0		0		0		0		0			
2018	0	0	0		0		0	0	0			
2019	0		0	0	0	0	0		0	0	\$0	
2020	0	0	0	0	0	0	0	0	0	0	0	
2021	0		0	0	0	0	0		0	0	0	
2022	0	0	0		0	0	0	0	0	0	0	
2023	0		0	0	1,200,000	0	0		0	0	0	
2024	60	0	13,513,949	0	0	0	0	0	0	0	0	
2025	0		13,513,949	0	0	348,000	0		0	0	348,000	
2026	0	810,837	14,324,786	973,004	0	0	0	0	0	0	973,004	
2027	0		14,324,786	973,004	0	0	0		0	0	973,004	
2028	0	859,487	15,184,273	1,031,385	0	0	0	0	0	0	1,031,385	
2029	0		15,184,273	1,031,385	0	0	0		0	0	1,031,385	
2030	0	911,056	16,095,330	1,093,268	0	0	0	0	0	0	1,093,268	
2031	0		16,095,330	1,093,268	0	0	0		0	0	1,093,268	
2032	0	965,720	17,061,049	1,158,864	0	0	0	0	0	0	1,158,864	
2033	0		17,061,049	1,158,864	0	0	0		0	0	1,158,864	
2034	0	1,023,663	18,084,712	1,228,396	0	0	0	0	0	0	1,228,396	
2035	0		18,084,712	1,228,396	0	0	0		0	0	1,228,396	
2036	0	1,085,083	19,169,795	1,302,099	0	0	0	0	0	0	1,302,099	
2037	0		19,169,795	1,302,099	0	0	0		0	0	1,302,099	
2038		1,150,188	20,319,983	1,380,225	0	0	0		0	0	1,380,225	
2039			20,319,983	1,380,225	0	0	0		0	0	1,380,225	
2040		1,219,199	21,539,182	1,463,039	0	0	0		0	0	1,463,039	
2041			21,539,182	1,463,039	0	0	0		0	0	1,463,039	
2042		1,292,351	22,831,533	1,550,821	0	0	0	0	0	0	1,550,821	
2043			22,831,533	1,550,821	0	0	0		0	0	1,550,821	
2044		1,369,892	24,201,424	1,643,870	0	0	0		0	0	1,643,870	
2045			24,201,424	1,643,870	0	0	0		0	0	1,643,870	
2046		1,452,085	25,653,510	1,742,503	0	0	0	0	0	0	1,742,503	
2047			25,653,510	1,742,503	0	0	0		0	0	1,742,503	
2048		1,539,211	27,192,721	1,847,053	0	0	0	0	0	0	1,847,053	
2049			27,192,721	1,847,053	0	0	0		0	0	1,847,053	
2050		1,631,563	28,824,284	1,957,876	0	0	0	0	0	0	1,957,876	
2051			28,824,284	1,957,876	0	0	0		0	0	1,957,876	
2052		1,729,457	30,553,741	2,075,348	0	0	0	0	0	0	2,075,348	
2053			30,553,741	2,075,348	0	0	0		0	0	2,075,348	
2054		1,833,224	32,386,965	2,199,869	0	0	0	0	0	0	2,199,869	
2055			32,386,965	2,199,869	0	0	0		0	0	2,199,869	
2056		1,943,218	34,330,183	2,331,861	0	0	0	0	0	0	2,331,861	
2057			34,330,183	2,331,861	0	0	0		0	0	2,331,861	
2058		2,059,811	36,389,994	2,471,773	0	0	0	0	0	0	2,471,773	
2059			36,389,994	2,471,773	0	0	0		0	0	2,471,773	
2060		2,183,400	38,573,394	2,620,080	0	0	0	0	0	0	2,620,080	
2061			38,573,394	2,620,080	0	0	0		0	0	2,620,080	
2062		2,314,404	40,887,797	2,777,284	0	0	0	0	0	0	2,777,284	
2063			40,887,797	2,777,284	0	0	0		0	0	2,777,284	
2064		2,453,268	43,341,065	2,943,921	0	0	0	0	0	0	2,943,921	
2065			43,341,065	2,943,921	0	0	0		0	0	2,943,921	
2066		2,600,464	45,941,529	3,120,557	0	0	0	0	0	0	3,120,557	
	60	32,427,580					0	0				

RUDOLPH FARMS METROPOLITAN DISTRICT Nos. 1-6 (Residential)**Development Summary**

Development Projection -- Buildout Plan (updated 1/23/18)

Residential Development						Res'l Totals
Product Type	Assisted Living	TH	Condo	SFD - Standard	SFD - Premier	
Base \$ ('18)	\$200,000	\$375,000	\$385,000	\$475,000	\$575,000	
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	60	-	-	-	-	60
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
	60	-	-	-	-	60
MV @ Full Buildout (base prices;un-infl.)	\$12,000,000	\$0	\$0	\$0	\$0	\$12,000,000

notes:

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

RUDOLPH FARMS METROPOLITAN DISTRICT Nos. 1-6 (Commercial)

Development Projection at 50.000 (target) District Mills for Debt Service -- 01/30/2018

Assessed Value Summary

YEAR	<<<<<<< Residential >>>>>>>				< Platted/Developed Lots >		<<<<<<<< Commercial >>>>>>>>>>>>>						Total Assessed Value
	Total Res'l Units	Mkt Value	Cumulative Market Value	As'ed Value	Cumulative Market Value	As'ed Value	Total Comm'l Sq. Ft.	Total Hotel Rooms	Mkt Value	Cumulative Market Value	As'ed Value		
		Biennial Reasses'mt @ 6.0%		@ 7.20% of Market (2-yr lag)		@ 29.00% of Market (2-yr lag)			Biennial Reasses'mt @ 6.0%		@ 29.00% of Market (2-yr lag)		
2017	0		0		0		0	0		0			
2018	0	0	0		0		0	0	0	0			
2019	0		0	0	0	0	0	0		0	0	\$0	
2020	0	0	0	0	0	0	0	0	0	0	0	0	
2021	0		0	0	1,874,250	0	0	0		0	0	0	
2022	0	0	0	0	3,285,975	0	110,035	0	0	20,287,485	0	0	
2023	0		0	0	1,785,975	543,533	104,685	120		56,567,304	0	543,533	
2024	0	0	0	0	3,285,975	952,933	104,685	0	3,394,038	80,074,321	5,883,371	6,836,303	
2025	0		0	0	1,785,975	517,933	104,685	120		117,819,845	16,404,518	16,922,451	
2026	0	0	0	0	1,246,725	952,933	104,685	0	7,069,191	145,814,580	23,221,553	24,174,486	
2027	0		0	0	1,246,725	517,933	83,115	0		160,714,097	34,167,755	34,685,688	
2028	0	0	0	0	1,246,725	361,550	83,115	0	9,642,846	185,554,452	42,286,228	42,647,778	
2029	0		0	0	1,246,725	361,550	83,115	0		201,055,910	46,607,088	46,968,639	
2030	0	0	0	0	1,246,725	361,550	83,115	0	12,063,355	228,930,752	53,810,791	54,172,341	
2031	0		0	0	0	361,550	83,115	0		245,058,469	58,306,214	58,667,764	
2032	0	0	0	0	0	361,550	0	0	14,703,508	259,761,977	66,389,918	66,751,468	
2033	0		0	0	0	0	0	0		259,761,977	71,066,956	71,066,956	
2034	0	0	0	0	0	0	0	0	15,585,719	275,347,696	75,330,973	75,330,973	
2035	0		0	0	0	0	0	0		275,347,696	75,330,973	75,330,973	
2036	0	0	0	0	0	0	0	0	16,520,862	291,868,558	79,850,832	79,850,832	
2037	0		0	0	0	0	0	0		291,868,558	79,850,832	79,850,832	
2038		0	0	0	0	0	0		17,512,113	309,380,671	84,641,882	84,641,882	
2039			0	0	0	0	0			309,380,671	84,641,882	84,641,882	
2040		0	0	0	0	0	0		18,562,840	327,943,512	89,720,395	89,720,395	
2041			0	0	0	0	0			327,943,512	89,720,395	89,720,395	
2042		0	0	0	0	0	0		19,676,611	347,620,122	95,103,618	95,103,618	
2043			0	0	0	0	0			347,620,122	95,103,618	95,103,618	
2044		0	0	0	0	0	0		20,857,207	368,477,330	100,809,835	100,809,835	
2045			0	0	0	0	0			368,477,330	100,809,835	100,809,835	
2046		0	0	0	0	0	0		22,108,640	390,585,969	106,858,426	106,858,426	
2047			0	0	0	0	0			390,585,969	106,858,426	106,858,426	
2048		0	0	0	0	0	0		23,435,158	414,021,127	113,269,931	113,269,931	
2049			0	0	0	0	0			414,021,127	113,269,931	113,269,931	
2050		0	0	0	0	0	0		24,841,268	438,862,395	120,066,127	120,066,127	
2051			0	0	0	0	0			438,862,395	120,066,127	120,066,127	
2052		0	0	0	0	0	0		26,331,744	465,194,139	127,270,095	127,270,095	
2053			0	0	0	0	0			465,194,139	127,270,095	127,270,095	
2054		0	0	0	0	0	0		27,911,648	493,105,787	134,906,300	134,906,300	
2055			0	0	0	0	0			493,105,787	134,906,300	134,906,300	
2056		0	0	0	0	0	0		29,586,347	522,692,134	143,000,678	143,000,678	
2057			0	0	0	0	0			522,692,134	143,000,678	143,000,678	
2058		0	0	0	0	0	0		31,361,528	554,053,662	151,580,719	151,580,719	
2059			0	0	0	0	0			554,053,662	151,580,719	151,580,719	
2060		0	0	0	0	0	0		33,243,220	587,296,882	160,675,562	160,675,562	
2061			0	0	0	0	0			587,296,882	160,675,562	160,675,562	
2062		0	0	0	0	0	0		35,237,813	622,534,695	170,316,096	170,316,096	
2063			0	0	0	0	0			622,534,695	170,316,096	170,316,096	
2064		0	0	0	0	0	0		37,352,082	659,886,777	180,535,062	180,535,062	
2065			0	0	0	0	0			659,886,777	180,535,062	180,535,062	
2066		0	0	0	0	0	0		39,593,207	699,479,983	191,367,165	191,367,165	
	0	0					944,350	240	486,590,944				

RUDOLPH FARMS METROPOLITAN DISTRICT Nos. 1-6 (Commercial)**Development Summary**

Development Projection -- Buildout Plan (updated 1/23/18)

Commercial Development					Comm'l Totals*
Product Type	Retail	Convenience Store	Industrial / Employment	Hotel	
Base \$ ('18)	\$250/sf	\$165/sf	\$150/sf	\$125,000/Rm	
2017	-	-	-	-	-
2018	-	-	-	-	-
2019	-	-	-	-	-
2020	-	-	-	-	-
2021	-	-	-	-	-
2022	21,570	5,350	83,115	-	110,035
2023	21,570	-	83,115	120	104,805
2024	21,570	-	83,115	-	104,685
2025	21,570	-	83,115	120	104,805
2026	21,570	-	83,115	-	104,685
2027	-	-	83,115	-	83,115
2028	-	-	83,115	-	83,115
2029	-	-	83,115	-	83,115
2030	-	-	83,115	-	83,115
2031	-	-	83,115	-	83,115
2032	-	-	-	-	-
2033	-	-	-	-	-
2034	-	-	-	-	-
2035	-	-	-	-	-
2036	-	-	-	-	-
2037	-	-	-	-	-
	107,850	5,350	831,150	240	944,590
MV @ Full Buildout (base prices;un-infl.)	\$26,962,500	\$882,750	\$124,672,500	\$30,000,000	\$182,517,750

[*] Not including Hotels; presented in Rooms

notes:

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

SOURCES AND USES OF FUNDS

RUDOLPH FARMS METROPOLITAN DISTRICT Nos. 1-6 (Residential + Commercial)
GENERAL OBLIGATION BONDS, SERIES 2023
50.000 (target) Residential Mills + 50.000 (target) Commercial Mills
Non-Rated, 105x, 30-yr. Maturity
(Growth thru 2026 + 6.00% Bi-Reassessment Projections)
[Preliminary -- for discussion only]

Dated Date 12/01/2023
 Delivery Date 12/01/2023

Sources:

Bond Proceeds:	
Par Amount	42,405,000.00
	<hr/>
	42,405,000.00
	<hr/>

Uses:

Project Fund Deposits:	
Project Fund	31,012,691.67
Other Fund Deposits:	
Capitalized Interest Fund	6,360,750.00
Debt Service Reserve Fund	<hr/>
	3,883,458.33
	10,244,208.33
Delivery Date Expenses:	
Cost of Issuance	300,000.00
Underwriter's Discount	<hr/>
	848,100.00
	1,148,100.00
	<hr/>
	42,405,000.00
	<hr/>

SOURCES AND USES OF FUNDS

RUDOLPH FARMS METROPOLITAN DISTRICT Nos. 1-6 (Residential + Commercial)
GENERAL OBLIGATION BONDS, SERIES 2028
50.000 (target) Residential Mills + 50.000 (target) Commercial Mills
Non-Rated, 105x, 30-yr. Maturity
(Growth thru 2031 + 6.00% Bi-Reassessment Projections)
[Preliminary -- for discussion only]

Dated Date 12/01/2028
Delivery Date 12/01/2028

Sources:

Bond Proceeds:	
Par Amount	34,930,000.00
	<u>34,930,000.00</u>

Uses:

Project Fund Deposits:	
Project Fund	25,198,900.00
Other Fund Deposits:	
Capitalized Interest Fund	5,239,500.00
Debt Service Reserve Fund	<u>3,493,000.00</u>
	8,732,500.00
Delivery Date Expenses:	
Cost of Issuance	300,000.00
Underwriter's Discount	<u>698,600.00</u>
	998,600.00
	<u>34,930,000.00</u>

SOURCES AND USES OF FUNDS

RUDOLPH FARMS METROPOLITAN DISTRICT Nos. 1-6 (Residential + Commercial)
GENERAL OBLIGATION REFUNDING & IMPROVEMENT BONDS, SERIES 2036
Pay & Cancel Refunding of (proposed) Series 2023 & Series 2028 + New Money
50.000 (target) Residential Mills + 50.000 (target) Commercial Mills
Assumes Investment Grade, 100x, 30-yr. Maturity
(Full Growth + 6% Bi-Reassessment Projections)
[Preliminary -- for discussion only]

Dated Date	12/01/2036
Delivery Date	12/01/2036

Sources:

Bond Proceeds:	
Par Amount	104,865,000.00
Other Sources of Funds:	
Funds on Hand*	2,335,000.00
Series 2023 - DSRF	3,883,458.00
Series 2028 - DSRF	3,493,000.00
	9,711,458.00
	114,576,458.00

Uses:

Project Fund Deposits:	
Project Fund	34,005,811.12
Refunding Escrow Deposits:	
Cash Deposit*	74,710,000.00
Other Fund Deposits:	
Capitalized Interest Fund	371,396.88
Debt Service Reserve Fund	4,764,925.00
	5,136,321.88
Delivery Date Expenses:	
Cost of Issuance	200,000.00
Underwriter's Discount	524,325.00
	724,325.00
	114,576,458.00

[*] Estimated balances (tbd).

BOND SUMMARY STATISTICS

RUDOLPH FARMS METROPOLITAN DISTRICT Nos. 1-6 (Residential + Commercial)
GENERAL OBLIGATION REFUNDING & IMPROVEMENT BONDS, SERIES 2036
Pay & Cancel Refunding of (proposed) Series 2023 & Series 2028 + New Money
50.000 (target) Residential Mills + 50.000 (target) Commercial Mills
Assumes Investment Grade, 100x, 30-yr. Maturity
(Full Growth + 6% Bi-Reassessment Projections)
[Preliminary -- for discussion only]

Dated Date	12/01/2036
Delivery Date	12/01/2036
First Coupon	06/01/2037
Last Maturity	12/01/2066
Arbitrage Yield	4.250000%
True Interest Cost (TIC)	4.285261%
Net Interest Cost (NIC)	4.250000%
All-In TIC	4.298777%
Average Coupon	4.250000%
Average Life (years)	22.930
Weighted Average Maturity (years)	22.930
Duration of Issue (years)	14.505
Par Amount	104,865,000.00
Bond Proceeds	104,865,000.00
Total Interest	102,192,525.00
Net Interest	102,716,850.00
Bond Years from Dated Date	2,404,530,000.00
Bond Years from Delivery Date	2,404,530,000.00
Total Debt Service	207,057,525.00
Maximum Annual Debt Service	14,866,050.00
Average Annual Debt Service	6,901,917.50
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 2066	104,865,000.00	100.000	4.250%	22.930	11/06/2059	177,221.85
	104,865,000.00			22.930		177,221.85

	TIC	All-In TIC	Arbitrage Yield
Par Value	104,865,000.00	104,865,000.00	104,865,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-524,325.00	-524,325.00	
- Cost of Issuance Expense		-200,000.00	
- Other Amounts			
Target Value	104,340,675.00	104,140,675.00	104,865,000.00
Target Date	12/01/2036	12/01/2036	12/01/2036
Yield	4.285261%	4.298777%	4.250000%

BOND DEBT SERVICE

RUDOLPH FARMS METROPOLITAN DISTRICT Nos. 1-6 (Residential + Commercial)
GENERAL OBLIGATION REFUNDING & IMPROVEMENT BONDS, SERIES 2036
Pay & Cancel Refunding of (proposed) Series 2023 & Series 2028 + New Money
50.000 (target) Residential Mills + 50.000 (target) Commercial Mills
Assumes Investment Grade, 100x, 30-yr. Maturity
(Full Growth + 6% Bi-Reassessment Projections)
[Preliminary -- for discussion only]

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2037			2,228,381.25	2,228,381.25	
12/01/2037			2,228,381.25	2,228,381.25	4,456,762.50
06/01/2038			2,228,381.25	2,228,381.25	
12/01/2038	10,000	4.250%	2,228,381.25	2,238,381.25	4,466,762.50
06/01/2039			2,228,168.75	2,228,168.75	
12/01/2039	10,000	4.250%	2,228,168.75	2,238,168.75	4,466,337.50
06/01/2040			2,227,956.25	2,227,956.25	
12/01/2040	280,000	4.250%	2,227,956.25	2,507,956.25	4,735,912.50
06/01/2041			2,222,006.25	2,222,006.25	
12/01/2041	290,000	4.250%	2,222,006.25	2,512,006.25	4,734,012.50
06/01/2042			2,215,843.75	2,215,843.75	
12/01/2042	585,000	4.250%	2,215,843.75	2,800,843.75	5,016,687.50
06/01/2043			2,203,412.50	2,203,412.50	
12/01/2043	610,000	4.250%	2,203,412.50	2,813,412.50	5,016,825.00
06/01/2044			2,190,450.00	2,190,450.00	
12/01/2044	940,000	4.250%	2,190,450.00	3,130,450.00	5,320,900.00
06/01/2045			2,170,475.00	2,170,475.00	
12/01/2045	980,000	4.250%	2,170,475.00	3,150,475.00	5,320,950.00
06/01/2046			2,149,650.00	2,149,650.00	
12/01/2046	1,340,000	4.250%	2,149,650.00	3,489,650.00	5,639,300.00
06/01/2047			2,121,175.00	2,121,175.00	
12/01/2047	1,395,000	4.250%	2,121,175.00	3,516,175.00	5,637,350.00
06/01/2048			2,091,531.25	2,091,531.25	
12/01/2048	1,795,000	4.250%	2,091,531.25	3,886,531.25	5,978,062.50
06/01/2049			2,053,387.50	2,053,387.50	
12/01/2049	1,870,000	4.250%	2,053,387.50	3,923,387.50	5,976,775.00
06/01/2050			2,013,650.00	2,013,650.00	
12/01/2050	2,310,000	4.250%	2,013,650.00	4,323,650.00	6,337,300.00
06/01/2051			1,964,562.50	1,964,562.50	
12/01/2051	2,405,000	4.250%	1,964,562.50	4,369,562.50	6,334,125.00
06/01/2052			1,913,456.25	1,913,456.25	
12/01/2052	2,890,000	4.250%	1,913,456.25	4,803,456.25	6,716,912.50
06/01/2053			1,852,043.75	1,852,043.75	
12/01/2053	3,010,000	4.250%	1,852,043.75	4,862,043.75	6,714,087.50
06/01/2054			1,788,081.25	1,788,081.25	
12/01/2054	3,545,000	4.250%	1,788,081.25	5,333,081.25	7,121,162.50
06/01/2055			1,712,750.00	1,712,750.00	
12/01/2055	3,695,000	4.250%	1,712,750.00	5,407,750.00	7,120,500.00
06/01/2056			1,634,231.25	1,634,231.25	
12/01/2056	4,280,000	4.250%	1,634,231.25	5,914,231.25	7,548,462.50
06/01/2057			1,543,281.25	1,543,281.25	
12/01/2057	4,460,000	4.250%	1,543,281.25	6,003,281.25	7,546,562.50
06/01/2058			1,448,506.25	1,448,506.25	
12/01/2058	5,100,000	4.250%	1,448,506.25	6,548,506.25	7,997,012.50
06/01/2059			1,340,131.25	1,340,131.25	
12/01/2059	5,320,000	4.250%	1,340,131.25	6,660,131.25	8,000,262.50
06/01/2060			1,227,081.25	1,227,081.25	
12/01/2060	6,025,000	4.250%	1,227,081.25	7,252,081.25	8,479,162.50
06/01/2061			1,099,050.00	1,099,050.00	
12/01/2061	6,280,000	4.250%	1,099,050.00	7,379,050.00	8,478,100.00
06/01/2062			965,600.00	965,600.00	
12/01/2062	7,055,000	4.250%	965,600.00	8,020,600.00	8,986,200.00
06/01/2063			815,681.25	815,681.25	
12/01/2063	7,355,000	4.250%	815,681.25	8,170,681.25	8,986,362.50
06/01/2064			659,387.50	659,387.50	
12/01/2064	8,210,000	4.250%	659,387.50	8,869,387.50	9,528,775.00
06/01/2065			484,925.00	484,925.00	
12/01/2065	8,560,000	4.250%	484,925.00	9,044,925.00	9,529,850.00
06/01/2066			303,025.00	303,025.00	
12/01/2066	14,260,000	4.250%	303,025.00	14,563,025.00	14,866,050.00
	104,865,000		102,192,525.00	207,057,525.00	207,057,525.00

NET DEBT SERVICE

RUDOLPH FARMS METROPOLITAN DISTRICT Nos. 1-6 (Residential + Commercial)
GENERAL OBLIGATION REFUNDING & IMPROVEMENT BONDS, SERIES 2036
Pay & Cancel Refunding of (proposed) Series 2023 & Series 2028 + New Money
50.000 (target) Residential Mills + 50.000 (target) Commercial Mills
Assumes Investment Grade, 100x, 30-yr. Maturity
(Full Growth + 6% Bi-Reassessment Projections)
[Preliminary -- for discussion only]

Period Ending	Principal	Interest	Total Debt Service	Debt Service Reserve Fund	Capitalized Interest Fund	Net Debt Service
12/01/2037		4,456,762.50	4,456,762.50		371,396.88	4,085,365.62
12/01/2038	10,000	4,456,762.50	4,466,762.50			4,466,762.50
12/01/2039	10,000	4,456,337.50	4,466,337.50			4,466,337.50
12/01/2040	280,000	4,455,912.50	4,735,912.50			4,735,912.50
12/01/2041	290,000	4,444,012.50	4,734,012.50			4,734,012.50
12/01/2042	585,000	4,431,687.50	5,016,687.50			5,016,687.50
12/01/2043	610,000	4,406,825.00	5,016,825.00			5,016,825.00
12/01/2044	940,000	4,380,900.00	5,320,900.00			5,320,900.00
12/01/2045	980,000	4,340,950.00	5,320,950.00			5,320,950.00
12/01/2046	1,340,000	4,299,300.00	5,639,300.00			5,639,300.00
12/01/2047	1,395,000	4,242,350.00	5,637,350.00			5,637,350.00
12/01/2048	1,795,000	4,183,062.50	5,978,062.50			5,978,062.50
12/01/2049	1,870,000	4,106,775.00	5,976,775.00			5,976,775.00
12/01/2050	2,310,000	4,027,300.00	6,337,300.00			6,337,300.00
12/01/2051	2,405,000	3,929,125.00	6,334,125.00			6,334,125.00
12/01/2052	2,890,000	3,826,912.50	6,716,912.50			6,716,912.50
12/01/2053	3,010,000	3,704,087.50	6,714,087.50			6,714,087.50
12/01/2054	3,545,000	3,576,162.50	7,121,162.50			7,121,162.50
12/01/2055	3,695,000	3,425,500.00	7,120,500.00			7,120,500.00
12/01/2056	4,280,000	3,268,462.50	7,548,462.50			7,548,462.50
12/01/2057	4,460,000	3,086,562.50	7,546,562.50			7,546,562.50
12/01/2058	5,100,000	2,897,012.50	7,997,012.50			7,997,012.50
12/01/2059	5,320,000	2,680,262.50	8,000,262.50			8,000,262.50
12/01/2060	6,025,000	2,454,162.50	8,479,162.50			8,479,162.50
12/01/2061	6,280,000	2,198,100.00	8,478,100.00			8,478,100.00
12/01/2062	7,055,000	1,931,200.00	8,986,200.00			8,986,200.00
12/01/2063	7,355,000	1,631,362.50	8,986,362.50			8,986,362.50
12/01/2064	8,210,000	1,318,775.00	9,528,775.00			9,528,775.00
12/01/2065	8,560,000	969,850.00	9,529,850.00			9,529,850.00
12/01/2066	14,260,000	606,050.00	14,866,050.00	4,764,925		10,101,125.00
	104,865,000	102,192,525.00	207,057,525.00	4,764,925	371,396.88	201,921,203.12

SUMMARY OF BONDS REFUNDED

RUDOLPH FARMS METROPOLITAN DISTRICT Nos. 1-6 (Residential + Commercial)
GENERAL OBLIGATION REFUNDING & IMPROVEMENT BONDS, SERIES 2036
Pay & Cancel Refunding of (proposed) Series 2023 & Series 2028 + New Money
50.000 (target) Residential Mills + 50.000 (target) Commercial Mills
Assumes Investment Grade, 100x, 30-yr. Maturity
(Full Growth + 6% Bi-Reassessment Projections)
[Preliminary -- for discussion only]

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
1/30/18: Ser 23 NR LF, 5.00%, 120x, 50+50, Gro thru '26+6% BiRE, SP:					
TERM53	12/01/2037	5.000%	715,000.00	12/01/2036	100.000
	12/01/2038	5.000%	910,000.00	12/01/2036	100.000
	12/01/2039	5.000%	955,000.00	12/01/2036	100.000
	12/01/2040	5.000%	1,175,000.00	12/01/2036	100.000
	12/01/2041	5.000%	1,235,000.00	12/01/2036	100.000
	12/01/2042	5.000%	1,480,000.00	12/01/2036	100.000
	12/01/2043	5.000%	1,555,000.00	12/01/2036	100.000
	12/01/2044	5.000%	1,825,000.00	12/01/2036	100.000
	12/01/2045	5.000%	1,915,000.00	12/01/2036	100.000
	12/01/2046	5.000%	2,215,000.00	12/01/2036	100.000
	12/01/2047	5.000%	2,330,000.00	12/01/2036	100.000
	12/01/2048	5.000%	2,660,000.00	12/01/2036	100.000
	12/01/2049	5.000%	2,795,000.00	12/01/2036	100.000
	12/01/2050	5.000%	3,165,000.00	12/01/2036	100.000
	12/01/2051	5.000%	3,320,000.00	12/01/2036	100.000
	12/01/2052	5.000%	3,730,000.00	12/01/2036	100.000
	12/01/2053	5.000%	7,800,000.00	12/01/2036	100.000
			39,780,000.00		
1/30/18: Ser 28 NR LF, 5.00%, 100x, 50+50, FG+6% BiRE, SP:					
TERM58	12/01/2046	5.000%	5,000.00	12/01/2036	100.000
	12/01/2047	5.000%	5,000.00	12/01/2036	100.000
	12/01/2048	5.000%	110,000.00	12/01/2036	100.000
	12/01/2049	5.000%	115,000.00	12/01/2036	100.000
	12/01/2050	5.000%	235,000.00	12/01/2036	100.000
	12/01/2051	5.000%	250,000.00	12/01/2036	100.000
	12/01/2052	5.000%	380,000.00	12/01/2036	100.000
	12/01/2053	5.000%	395,000.00	12/01/2036	100.000
	12/01/2054	5.000%	5,110,000.00	12/01/2036	100.000
	12/01/2055	5.000%	5,365,000.00	12/01/2036	100.000
	12/01/2056	5.000%	6,040,000.00	12/01/2036	100.000
	12/01/2057	5.000%	6,340,000.00	12/01/2036	100.000
	12/01/2058	5.000%	10,580,000.00	12/01/2036	100.000
			34,930,000.00		
			74,710,000.00		

ESCROW REQUIREMENTS

**RUDOLPH FARMS METROPOLITAN DISTRICT Nos. 1-6 (Residential + Commercial)
 GENERAL OBLIGATION REFUNDING & IMPROVEMENT BONDS, SERIES 2036
 Pay & Cancel Refunding of (proposed) Series 2023 & Series 2028 + New Money
 50.000 (target) Residential Mills + 50.000 (target) Commercial Mills
 Assumes Investment Grade, 100x, 30-yr. Maturity
 (Full Growth + 6% Bi-Reassessment Projections)
 [Preliminary -- for discussion only]**

Dated Date 12/01/2036
 Delivery Date 12/01/2036

1/30/18: Ser 23 NR LF, 5.00%, 120x, 50+50, Gro thru '26+6% BiRE, SP

Period Ending	Principal Redeemed	Total
12/01/2036	39,780,000.00	39,780,000.00
	39,780,000.00	39,780,000.00

ESCROW REQUIREMENTS

**RUDOLPH FARMS METROPOLITAN DISTRICT Nos. 1-6 (Residential + Commercial)
 GENERAL OBLIGATION REFUNDING & IMPROVEMENT BONDS, SERIES 2036
 Pay & Cancel Refunding of (proposed) Series 2023 & Series 2028 + New Money
 50.000 (target) Residential Mills + 50.000 (target) Commercial Mills
 Assumes Investment Grade, 100x, 30-yr. Maturity
 (Full Growth + 6% Bi-Reassessment Projections)
 [Preliminary -- for discussion only]**

Dated Date 12/01/2036
 Delivery Date 12/01/2036

1/30/18: Ser 28 NR LF, 5.00%, 100x, 50+50, FG+6% BiRE, SP

Period Ending	Principal Redeemed	Total
12/01/2036	34,930,000.00	34,930,000.00
	34,930,000.00	34,930,000.00

PRIOR BOND DEBT SERVICE

RUDOLPH FARMS METROPOLITAN DISTRICT Nos. 1-6 (Residential + Commercial)
GENERAL OBLIGATION REFUNDING & IMPROVEMENT BONDS, SERIES 2036
Pay & Cancel Refunding of (proposed) Series 2023 & Series 2028 + New Money
50.000 (target) Residential Mills + 50.000 (target) Commercial Mills
Assumes Investment Grade, 100x, 30-yr. Maturity
(Full Growth + 6% Bi-Reassessment Projections)
[Preliminary -- for discussion only]

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2037			1,867,750	1,867,750	
12/01/2037	715,000	5.000%	1,867,750	2,582,750	4,450,500
06/01/2038			1,849,875	1,849,875	
12/01/2038	910,000	5.000%	1,849,875	2,759,875	4,609,750
06/01/2039			1,827,125	1,827,125	
12/01/2039	955,000	5.000%	1,827,125	2,782,125	4,609,250
06/01/2040			1,803,250	1,803,250	
12/01/2040	1,175,000	5.000%	1,803,250	2,978,250	4,781,500
06/01/2041			1,773,875	1,773,875	
12/01/2041	1,235,000	5.000%	1,773,875	3,008,875	4,782,750
06/01/2042			1,743,000	1,743,000	
12/01/2042	1,480,000	5.000%	1,743,000	3,223,000	4,966,000
06/01/2043			1,706,000	1,706,000	
12/01/2043	1,555,000	5.000%	1,706,000	3,261,000	4,967,000
06/01/2044			1,667,125	1,667,125	
12/01/2044	1,825,000	5.000%	1,667,125	3,492,125	5,159,250
06/01/2045			1,621,500	1,621,500	
12/01/2045	1,915,000	5.000%	1,621,500	3,536,500	5,158,000
06/01/2046			1,573,625	1,573,625	
12/01/2046	2,220,000	5.000%	1,573,625	3,793,625	5,367,250
06/01/2047			1,518,125	1,518,125	
12/01/2047	2,335,000	5.000%	1,518,125	3,853,125	5,371,250
06/01/2048			1,459,750	1,459,750	
12/01/2048	2,770,000	5.000%	1,459,750	4,229,750	5,689,500
06/01/2049			1,390,500	1,390,500	
12/01/2049	2,910,000	5.000%	1,390,500	4,300,500	5,691,000
06/01/2050			1,317,750	1,317,750	
12/01/2050	3,400,000	5.000%	1,317,750	4,717,750	6,035,500
06/01/2051			1,232,750	1,232,750	
12/01/2051	3,570,000	5.000%	1,232,750	4,802,750	6,035,500
06/01/2052			1,143,500	1,143,500	
12/01/2052	4,110,000	5.000%	1,143,500	5,253,500	6,397,000
06/01/2053			1,040,750	1,040,750	
12/01/2053	8,195,000	5.000%	1,040,750	9,235,750	10,276,500
06/01/2054			835,875	835,875	
12/01/2054	5,110,000	5.000%	835,875	5,945,875	6,781,750
06/01/2055			708,125	708,125	
12/01/2055	5,365,000	5.000%	708,125	6,073,125	6,781,250
06/01/2056			574,000	574,000	
12/01/2056	6,040,000	5.000%	574,000	6,614,000	7,188,000
06/01/2057			423,000	423,000	
12/01/2057	6,340,000	5.000%	423,000	6,763,000	7,186,000
06/01/2058			264,500	264,500	
12/01/2058	10,580,000	5.000%	264,500	10,844,500	11,109,000
	74,710,000		58,683,500	133,393,500	133,393,500

EXHIBIT F

Rudolph Farms Metropolitan District Nos. 1-6
Intergovernmental Agreement

INTERGOVERNMENTAL AGREEMENT

THIS INTERGOVERNMENTAL AGREEMENT is made and entered into by and between the **City of Fort Collins, Colorado**, a Colorado home rule municipality (the “City”), and **Rudolph Farms Metropolitan District Nos. 1-6**, quasi-municipal corporations and political subdivisions of the State of Colorado (collectively, the “Districts”).

RECITALS

WHEREAS, the Districts were organized to provide those services and to exercise powers as are more specifically set forth in the Districts’ Service Plan dated March 6, 2018, which may be amended from time to time as set forth therein (the “Service Plan”); and

WHEREAS, the City and the property owner organizers of the Districts have entered into that certain “Binding Agreement Pertaining to Development of the Interstate Highway 25 and Prospect Road Interchange” dated March __, 2018 (the “Binding Agreement”); and

WHEREAS, the Binding Agreement contemplates that the City and the Districts will enter into a “Capital Pledge Agreement” pursuant to which the District will share in the cost of the Colorado Department of Transportation project to improve the I-25 and Prospect Road Interchange (the “Capital Pledge Agreement”); and

WHEREAS, the Service Plan requires the execution of an intergovernmental agreement between the City and the Districts to provide the City with contract remedies to enforce the requirements and limitations imposed on the Districts in the Service Plan; and

WHEREAS, the City and the Districts have determined it to be in their best interests to enter into this Intergovernmental Agreement as provided in the Service Plan (“Agreement”).

NOW, THEREFORE, for and in consideration of the covenants and mutual agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

COVENANTS AND AGREEMENTS

1. Incorporation by Reference. The Service Plan is hereby incorporated in this agreement by this reference. The District agrees to comply with all provisions of the Service Plan, as it may be amended from time to time in accordance with the provisions thereof, and Title 32, Article 1, C.R.S. (the “Special District Act”). Capitalized terms used herein not otherwise defined in this Agreement shall have the meanings, respectfully, specified in the Service Plan.

2. Imposition of Fees, Levying of Taxes and Issuance of Debt. The Districts shall not impose any taxes, fees, rates, tolls or charges, or issue any Debt unless or until: (a) the Property Owner has recorded the PIF Covenant (as defined in the Binding Agreement) against its property

within the Project Area Boundaries, and (b) the City and the Overlay District have entered into the Capital Pledge Agreement.

3. City Prior Approvals. The Districts shall obtain any prior City or City Council approvals as required in the Service Plan before undertaking the action requiring such approval.

4. Enforcement. The parties agree that this Agreement may be enforced at law or in equity, including actions seeking specific performance, mandamus, injunctive, or other appropriate relief. The parties also agree that this Agreement may be enforced pursuant to Section 32-1-207, C.R.S. and other provisions of the Special District Act granting rights to municipalities or counties approving a service plan of a special district.

5. Amendment. This Agreement may be amended, modified, changed, or terminated in whole or in part only by a written agreement duly authorized and executed by the parties hereto.

6. Governing Law; Venue. This Agreement shall be governed by and construed under the applicable laws of the State of Colorado. Venue for any judicial action to interpret or enforce this Agreement shall be in Larimer County District Court of the Eighth Judicial District for the State of Colorado.

7. Beneficiaries. Except as otherwise stated herein, this Agreement is intended to describe the rights and responsibilities of and between the named parties and is not intended to, and shall not be deemed to confer any rights upon any persons or entities not named as parties.

8. Effect of Invalidity. If any portion of this Agreement is held invalid or unenforceable for any reason by a court of competent jurisdiction as to either party or as to both parties, such portion shall be deemed severable and its invalidity or its unenforceability shall not cause the entire agreement to be terminated.

9. Assignability. Neither the City nor the Districts shall assign their rights or delegate their duties hereunder without the prior written consent of the other parties. Any assignment of rights or delegation of duties without such prior written consent shall be deemed null and void and of no effect. Notwithstanding the foregoing, the City and the Districts may enter into contracts or other agreements with third parties to perform any of their respective duties required under this Agreement.

10. Successors and Assigns. This Agreement and the rights and obligations created hereby shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

**RUDOLPH FARMS METROPOLITAN
DISTRICT NOS. 1-6**

BY: _____
President

ATTEST:

By: _____
Secretary

CITY OF FORT COLLINS, COLORADO

By: _____
Mayor

ATTEST:

By: _____
City Clerk

**CERTIFICATE CONCERNING NOTICES OF PUBLIC HEARING ON
CONSOLIDATED SERVICE PLAN**

IN RE THE ORGANIZATION OF RUDOLPH FARMS METROPOLITAN DISTRICT NOS.
1-6, CITY OF FORT COLLINS, COUNTY OF LARIMER, STATE OF COLORADO

I, Abby Franz, an a paralegal at the law firm of White Bear Ankele Tanaka & Waldron Professional Corporation, acting on behalf of Rudolph Farms Metropolitan District Nos.1-6 (the “Districts”), do hereby certify as follows:

1. That the City Council of the City of Fort Collins (the “City Council”) set a public hearing for Tuesday, March 6, 2018 at 6:00 p.m. at the City Council Chambers, City Hall West, 300 LaPorte Avenue, Ft. Collins, Colorado (the “Hearing”), for the purpose of considering the Consolidated Service Plan (the “Service Plan”) for the Districts and to form a basis for adopting a resolution approving, conditionally approving or disapproving the Service Plan;
2. That, pursuant to § 32-1-204.5, C.R.S., and the City of Fort Collins Policy for Reviewing Proposed Service Plans for Title 32 Metropolitan Districts, dated July 9, 2008, the Notice of Public Hearing on Consolidated Service Plan, a copy of which is attached hereto as **Exhibit A** and incorporated herein by this reference, was sent by U.S. mail on February 14, 2018, more than ten (10) days prior to the Hearing, to the property owners within the proposed Districts as listed on the records of the County Assessor, as set forth on the list attached hereto as **Exhibit B** and incorporated herein by this reference and;
3. That the Notice of Public Hearing on Consolidated Service Plan was further published on February 12, 2018 in *The Coloradoan*. A copy of the Affidavit of Publication of Notice of Public Hearing on Consolidated Service Plan is attached hereto as **Exhibit C** and incorporated herein by this reference

Signed this 28th day of February, 2018.

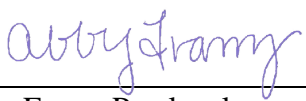
By: 
Abby Franz, Paralegal

EXHIBIT A
TO CERTIFICATE OF MAILING AND PUBLICATION OF
NOTICE OF PUBLIC HEARING ON CONSOLIDATED SERVICE PLAN

(Notice of Public Hearing on Consolidated Service Plan)

NOTICE OF PUBLIC HEARING FOR THE ORGANIZATION OF A SPECIAL DISTRICT

IN RE THE ORGANIZATION OF RUDOLPH FARMS METROPOLITAN DISTRICT NOS. 1-6,
CITY OF FT. COLLINS, COUNTY OF LARIMER, STATE OF COLORADO

NOTICE IS HEREBY GIVEN that, pursuant to § 32-1-204(1), C.R.S., a Service Plan (the “**Service Plan**”) for the proposed Rudolph Farms Metropolitan District Nos. 1-6 (“**Districts**”) has been filed and is available for public inspection in the office of the City Clerk of the City of Ft. Collins.

A public hearing on the Service Plan will be held by the City Council of the City of Ft. Collins (the “**City Council**”) on Tuesday, March 6, 2018, at 6:00 p.m., at City Council Chambers, City Hall West, 300 LaPorte Avenue, Ft. Collins, Colorado, or as soon thereafter as the City Council may hear such matter.

The Districts are metropolitan districts. Public improvements authorized to be planned, designed, acquired, constructed, installed, relocated, redeveloped and financed, specifically including related eligible costs for acquisition and administration, as authorized by the Special District Act, except as specifically limited in Section V of the Districts’ Service Plan to serve the future taxpayers and property owners of the Districts as determined by the Board of the Districts in its discretion. The maximum mill levy each District is permitted to impose upon the taxable property within its boundaries and shall be Eighty (80) Mills subject to the limitations set forth in the Service Plan.

The proposed districts will be located at the northeast corner of the Prospect/I-25 Intersection. A description of the land contained within the boundaries of the proposed Districts is as follows: Tracts of land located in the Southwest Quarter of Section 15, Township 7 North, Range 68 West of the Sixth Principal Meridian, City of Fort Collins, County of Larimer, State of Colorado, containing approximately 132.79 acres, as further described in the Service Plan.

NOTICE IS FURTHER GIVEN that pursuant to § 32-1-203(3.5), C.R.S., any person owning property in the proposed Districts may request that such property be excluded from the Districts by submitting such request to the Board of County Commissioners of Larimer County no later than ten days prior to the public hearing.

All protests and objections must be submitted in writing to the City Manager at or prior to the public hearing or any continuance or postponement thereof in order to be considered. All protests and objections to the Districts shall be deemed to be waived unless presented at the time and in the manner specified herein.

BY ORDER OF THE CITY COUNCIL OF
THE CITY OF FORT COLLINS

EXHIBIT B
TO CERTIFICATE OF MAILING AND PUBLICATION OF
NOTICE OF PUBLIC HEARING ON CONSOLIDATED SERVICE PLAN
(Mailing List of Property Owners)

CW Subtrust White Eric S
C/O AGUR Foundation
4 W. Dry Creek Circle, Suite 100
Littleton, CO 80120

EXHIBIT C
TO CERTIFICATE OF MAILING AND PUBLICATION OF
NOTICE OF PUBLIC HEARING ON CONSOLIDATED SERVICE PLAN

(Affidavit of Publication of Notice of Public Hearing on Consolidated Service Plan)

FORT COLLINS COLORADOAN

Invoice Text

NOTICE OF PUBLIC HEARING FOR THE ORGANIZATION OF A

STATE OF COLORADO)

) ss: AFFIDAVIT OF PUBLICATION

COUNTY OF LARIMER)

WHITE, BEAR & ANKELE
2154 E COMMONS AVE STE 2000

CENTENNIAL CO 80122

NOTICE OF PUBLIC HEARING FOR THE ORGANIZATION OF A SPECIAL DISTRICT

IN RE THE ORGANIZATION OF RU-
DOLPH FARMS METROPOLITAN
DISTRICT NOS. 1-6, CITY OF FT.
COLLINS, COUNTY OF LARIMER,
STATE OF COLORADO

NOTICE IS HEREBY GIVEN that, pur-
suant to § 32-1-204(1), C.R.S., a Service
Plan (the "Service Plan") for the pro-
posed Rudolph Farms Metropolitan
District Nos. 1-6 ("Districts") has been
filed and is available for public inspec-
tion in the office of the City Clerk of the
City of Ft. Collins.

A public hearing on the Service Plan
will be held by the City Council of the
City of Ft. Collins (the "City Council")
on Tuesday, March 6, 2018, at 6:00 p.m.,
at City Council Chambers, City Hall
West, 300 LaPorte Avenue, Ft. Collins,
Colorado, or as soon thereafter as the
City Council may hear such matter.

The Districts are metropolitan districts.
Public improvements authorized to be
planned, designed, acquired, construct-
ed, installed, relocated, redeveloped and
financed, specifically including related
eligible costs for acquisition and admin-
istration, as authorized by the Special
District Act, except as specifically limit-
ed in Section V of the Districts' Service
Plan to serve the future taxpayers and
property owners of the Districts as de-
termined by the Board of the Districts
in its discretion. The maximum mill
levy each District is permitted to im-
pose upon the taxable property within
its boundaries and shall be Eighty (80)
Mills subject to the limitations set forth
in the Service Plan.

The proposed districts will be located at
the northeast corner of the Prospect/I-25
Intersection. A description of the land
contained within the boundaries of the
proposed Districts is as follows: Tracts
of land located in the Southwest Quarter
of Section 15, Township 7 North, Range
68 West of the Sixth Principal Meridian,
City of Fort Collins, County of Larimer,
State of Colorado, containing approxi-
mately 132.79 acres, as further descri-
bed in the Service Plan.

NOTICE IS FURTHER GIVEN that pur-
suant to § 32-1-203(3.5), C.R.S., any per-
son owning property in the proposed
Districts may request that such prop-
erty be excluded from the Districts by
submitting such request to the Board of
County Commissioners of Larimer
County no later than ten days prior to
the public hearing.

All protests and objections must be sub-
mitted in writing to the City Manager at
or prior to the public hearing or any
continuance or postponement thereof in
order to be considered. All protests and
objections to the Districts shall be
deemed to be waived unless presented
at the time and in the manner specified
herein.

BY ORDER OF THE CITY COUNCIL
OF THE CITY OF FORT COLLINS

2722238
Coloradoan
Feb. 12, 2018

I, being duly sworn, deposes and says that said is the legal clerk of the Fort Collins Coloradoan; that the same is a daily newspaper of general circulation and printed and published in the City of Fort Collins, in said county and state; that the notice or advertisement, of which the annexed is a true copy, has been published in said daily newspaper and that the notice was published in the regular and entire issue of every number of said newspaper during the period and time of publication of said notice, and in the newspaper proper and not in a supplement thereof; that the first publication of said notice was contained in the issue of said newspaper on

02/12/18

that said Fort Collins Coloradoan has been published continuously and uninterruptedly during the period of at least six months next prior to the first publication of said notice or advertisement above referred to; that said newspaper has been admitted to the United States mails as second-class matter under the provisions of the Act of March 3, 1879, or any amendments thereof; and that said newspaper is a daily newspaper duly qualified for publishing legal notices and advertisements within the meaning of the laws of the State of Colorado.

Kendall D. Fagan

Legal Clerk

Subscribed and sworn to before me, within the County of Larimer, State of Colorado this
12th of February 2018.

My Commission expires September 3, 2019

LADONNA MARY LAMAR
NOTARY PUBLIC - STATE OF COLORADO
My Identification # 20154035099
Expires September 3, 2019

Ladonna Mary Lamar

Notary Public

Legal No.0002722238

Affidavit Prepared
Monday, February 12, 2018 10:16 am

Ad#:0002722238

P O : Rudolph Farm Metropolitan Hearing

of Affidavits : 0 00

**SERVICE PLAN
FOR
I-25/PROSPECT INTERCHANGE METROPOLITAN DISTRICT
CITY OF FORT COLLINS, COLORADO**

Prepared by:

White Bear Ankele Tanaka & Waldron, Professional Corporation
748 Whalers Way, Suite 210
Fort Collins, Colorado 80525
March 6, 2018

TABLE OF CONTENTS

I.	INTRODUCTION	1
A.	Purpose and Intent.....	1
B.	Need for the District.....	1
C.	Objective of the City Regarding District’s Service Plan.	1
II.	DEFINITIONS.....	1
III.	BOUNDARIES.....	4
IV.	PROPOSED LAND USE AND ASSESSED VALUATION.....	4
V.	DESCRIPTION OF PROPOSED POWERS, IMPROVEMENTS AND SERVICES.....	4
A.	Powers of the District and Service Plan Amendment.....	4
1.	Operations and Maintenance.....	4
2.	Inclusion and Exclusion Limitation.	4
3.	Maximum Debt Authorization.	4
4.	Monies from Other Governmental Sources.	5
5.	Consolidation Limitation.	5
6.	Eminent Domain Limitation.	5
7.	Service Plan Amendment Requirement.	5
VI.	FINANCIAL PLAN.....	5
A.	General.....	5
B.	Maximum Debt Service Mill Levy.....	6
C.	Security for Debt.....	6
F.	TABOR Compliance.....	6
G.	District’s Operating Costs.....	6
H.	Election.	7
VII.	ANNUAL REPORT	7
A.	General.....	7
B.	Reporting of Significant Events.....	7
VIII.	DISSOLUTION	7
IX.	PROPOSED AND EXISTING INTERGOVERNMENTAL AGREEMENTS AND EXTRATERRITORIAL SERVICE AGREEMENTS	8
X.	MATERIAL MODIFICATIONS	8
XI.	SANCTIONS	9
XII.	CONCLUSION.....	9
XIII.	RESOLUTION OF APPROVAL	10

LIST OF EXHIBITS

EXHIBIT A	Legal Description of District Boundaries
EXHIBIT B	District Boundary Map
EXHIBIT C	Vicinity Map
EXHIBIT D	Capital Pledge Agreement
EXHIBIT E	Financial Plan

I. INTRODUCTION

A. Purpose and Intent.

The District, which is intended to be an independent unit of local government separate and distinct from the City, is governed by this Service Plan. Except as may otherwise be provided for by State or local law or this Service Plan, the District's activities are subject to review by the City only insofar as they may deviate in a material manner from the requirements of this Service Plan.

This Service Plan is being submitted in connection with the redevelopment of the interchange at Interstate Highway 25 and Prospect Road (the "Interchange"), currently owned by the State of Colorado and operated and maintained by the Colorado Department of Transportation ("CDOT"). CDOT has notified the City that it is planning a project to significantly modify and improve the Interchange by reconstructing its ramps and bridge and by reconstructing Prospect Road to a configuration with four (4) through lanes, a raised median, left turn lanes and pedestrian and bicycle facilities, with this work to include certain enhanced urban design elements (the "Interchange Project").

The City and the Property Owners have entered into a Binding Agreement with the City, pursuant to which the Property Owners have agreed to provide for the financing of the Owners Share (as defined therein) of the Interchange Project through the District.

In connection with the Binding Agreement and the Interchange Project, the District and the City intend to enter into a Capital Pledge Agreement, in substantially the form and substance as attached hereto as **Exhibit D**, at the District's first meeting after the District Organization Date. The Capital Pledge Agreement shall constitute a Debt of the District, and will set forth the District's obligation to pledge certain of its revenues to the payment of such Debt.

B. Need for the District.

Organization of the District is integral to the financing of the Interchange Project. The Interchange Project will provide significant public benefits to the City and its residents, as well as the residents, taxpayers and property owners of the District. The Capital Pledge Agreement is necessary to finance the Interchange Project. There are currently no other governmental entities, including the City, located in the immediate vicinity of the District that, at this time, can financially undertake the obligations underlying the Capital Pledge Agreement. Formation of the District is therefore necessary in order for the Interchange Project to be provided for in the most economic manner possible.

C. Objective of the City Regarding District's Service Plan.

The City's objective in approving the Service Plan for the District is to authorize the District to provide partial financing for the Interchange Project through any available revenue sources provided for in the Capital Pledge Agreement. The District shall be dissolved upon completion of all obligations under the Capital Pledge Agreement in accordance with Section VIII of this Service Plan.

II. DEFINITIONS

In this Service Plan, the following terms which appear in a capitalized format herein shall have the meanings indicated below, unless the context hereof clearly requires otherwise:

Binding Agreement: means that certain Binding Agreement Pertaining to Development of the Interstate Highway 25 and Prospect Road Interchange entered into between the City and the Property Owners.

Board: means the Board of Directors of the District.

Bond, Bonds or Debt: means bonds, notes or other multiple fiscal year financial obligations for which the District has promised to impose an ad valorem property tax mill levy, and other legally available revenue, for payment. The Capital Pledge Agreement constitutes Debt for purposes of this Service Plan. Such terms do not include annually-appropriated contracts through which the District procures or provides services.

Capital Pledge Agreement: means that certain Capital Pledge Agreement, in substantially the form and substance attached hereto at **Exhibit D**, which is to be entered into between the District and the City at the District's first meeting after the District Organization Date., as it may be amended from time to time in accordance with the provisions thereof.

City: means the City of Fort Collins, Colorado.

City Council: means the City Council of the City of Fort Collins, Colorado. Any provision of this Agreement requiring City Council approval shall be deemed to be exercised by City Council in its sole discretion.

District: means I-25/Prospect Interchange Metropolitan District.

District Boundaries: means the boundaries of the area described in the legal description attached hereto as Exhibit A.

District Boundary Map: means the map attached hereto as Exhibit B.

District Organization Date: means the date the order and decree organizing the District issued by the Larimer County District Court as required by law is recorded with the Larimer County Clerk and Recorder.

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 District.

Financial Plan: means the Financial Plan described in Section VI which describes (a) how the Interchange Project is to be financed; (b) how the Debt is expected to be incurred and either paid in the ordinary course or defeased; and (c) the estimated operating revenue derived from

property taxes or other revenue sources for the first budget year through the year in which all District Debt is expected to be paid in the ordinary course or defeased.

Gallagher Adjustment: means, if, on or after January 1, 2018, there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement, the Maximum Debt Service Mill Levy may be increased or decreased to reflect such changes, such increases and decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the applicable mill levy, as adjusted for changes occurring after January 1, 2018, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

Interchange: means the existing interchange at Interstate Highway 25 and Prospect Road.

Interchange Project or Project: means the project to significantly modify and improve the Interchange, including the reconstruction of its ramps and bridge, and the reconstruction of Prospect Road to a configuration with four (4) through lanes, raised median, left turn lanes and pedestrian and bicycle facilities, with this work to include certain enhanced urban design elements.

Maximum Debt Service Mill Levy: means the maximum mill levy the District is permitted to impose under this Service Plan for payment of Debt as set forth in Section VI.B. below.

Maximum Debt Authorization: means the total Debt the District is permitted to issue as set forth in Section V.A.3.

Operations and Maintenance Mill Levy: means the mill levy the District is permitted to impose for payment of operations as set forth in the Financial Plan.

Property Owners: means, collectively, Fort Collins/I-25 Interchange Corner, LLC, a Colorado limited liability company, Gateway at Prospect Apartments, LLC, a Colorado limited liability company, Land Acquisition and Management, LLC, a Colorado limited liability company, representing a group of tenants in common, Paradigm Properties LLC, a California limited liability company, and Colorado State University Research Foundation, a Colorado non-profit corporation.

Public Improvements: means the improvements related to the Interchange Project.

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

Service Plan Amendment: means an amendment to the Service Plan approved by the City Council in accordance with applicable state law or as provided in this Service Plan.

Special District Act or “Act”: means Article 1 of Title 32 of the Colorado Revised Statutes, as amended from time to time.

State: means the State of Colorado.

Vicinity Map: means the map of the regional area surrounding the Project.

III. BOUNDARIES

The District Boundaries include approximately Four Hundred Seventy One (471) acres. A legal description of the District Boundaries is attached as **Exhibit A**. A District Boundary Map is attached hereto as **Exhibit B**. And, a Vicinity Map is attached hereto as **Exhibit C**.

IV. PROPOSED LAND USE AND ASSESSED VALUATION

The District consists of approximately Four Hundred Seventy One (471) acres of planned mixed-use land. The current assessed valuation of the District Boundaries is approximately Two Hundred Thousand Dollars (\$200,000) and, at build out, is expected to be sufficient to reasonably discharge the Debt as contemplated in the Capital Pledge Agreement. Approval of this Service Plan by the City does not imply its approval of the development of a specific area within the District.

V. DESCRIPTION OF PROPOSED POWERS, IMPROVEMENTS AND SERVICES

A. Powers of the District and Service Plan Amendment.

The District shall have the power and authority to finance a portion of the costs of the Interchange Project from revenues lawfully received within the boundaries of the District as such power and authority is described in the Special District Act, and other applicable statutes, common law and the State Constitution, subject to the limitations set forth herein, and in accordance with the Capital Pledge Agreement.

1. Operations and Maintenance. The purpose of the District is to finance a portion of the costs of the Interchange Project in accordance with the terms and provisions of the Capital Pledge Agreement. The District may provide operation and maintenance services related to any Public Improvements in accordance with a subsequent intergovernmental agreement with the City. In addition, the District shall be authorized to impose the Operation and Maintenance Mill Levy to fund ordinary administrative or ministerial expenses, including but not limited to those expenses required to keep the District in compliance with all applicable local, state, and federal laws and regulations.

2. Inclusion and Exclusion Limitation. The District shall not include or exclude any property within the District Boundaries without the prior resolution approval of the City Council and in compliance with the Special District Act, and if so approved, shall not constitute a material modification of this Service Plan.

3. Maximum Debt Authorization. The District anticipates issuing approximately Ten Million Dollars (\$10,000,000) (the "Maximum Debt Authorization") in par value Debt, plus repayment costs as agreed to in the Capital Pledge Agreement, to pay a portion of such Interchange Project costs as required under the Capital Pledge Agreement. The District's Maximum Debt Authorization shall not be exceeded under any circumstances. The District must seek resolution approval by the City Council before issuing any Debt in excess of the Maximum Debt Authorization. Such Council approval shall not constitute a material modification of this Service Plan so long as increases are reasonably related to the Interchange Project, the Binding

Agreement or the Capital Pledge Agreement. The District shall not issue any Debt other than the Capital Pledge Agreement.

4. Monies from Other Governmental Sources. The District shall not apply for or accept Conservation Trust Funds, Great Outdoors Colorado Funds, or other funds available from or through governmental or non-profit entities for which the City is eligible to apply for, except pursuant to an intergovernmental agreement with the City. This Section shall not apply to specific ownership taxes which shall be distributed to and a revenue source for the District without any limitation.

5. Consolidation Limitation. The District shall not file a request with any Court to consolidate with another Title 32 district without the prior resolution approval of the City Council and compliance with the Special District Act.

6. Eminent Domain Limitation. The District shall not exercise its statutory power of eminent domain without first obtaining resolution approval from the City Council. This restriction on the Eminent Domain power by the District is being exercised voluntarily and shall not be interpreted in any way as a limitation on the District's sovereign powers and shall not negatively affect the District's status as a political subdivision of the State of Colorado as allowed by the Special District Act.

7. Service Plan Amendment Requirement. The District shall be an independent unit of local government, separate and distinct from the City, and its activities are subject to review by the City only insofar as they may deviate in a material manner from the requirements of the Service Plan. Any action of the District which: (1) violates the limitations set forth in this Section V.A. or (2) violates the limitations set forth in Section VI. below, shall be deemed to be a material modification to this Service Plan unless otherwise agreed by the City as provided for in Section X of this Service Plan or unless otherwise expressly provided herein. 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, unless otherwise expressly provided herein.

VI. FINANCIAL PLAN

A. General.

The District shall be authorized to provide for financing of the Public Improvements from its revenues pursuant to the Capital Pledge Agreement. The Capital Pledge Agreement for the District requires a Debt Service Mill Levy of no less than Seven and One Half (7.5) Mills and no greater than Ten (10) Mills, subject to the Gallagher Adjustment.

The total Debt that the District shall be permitted to issue shall not exceed the Maximum Debt Authorization. Subject to the limitations contained herein, the District Debt evidenced by the Capital Pledge Agreement shall be payable in such year or years and in such amounts as required by the Capital Pledge Agreement. The Debt evidenced by the Capital Pledge Agreement may be payable from any and all legally available revenues of the District, including general ad valorem taxes to be imposed upon all taxable property within the District. The District may also rely upon various other revenue sources authorized by law and as provided in the Capital Pledge Agreement.

The Maximum Debt Authorization, Debt Service Mill Levy, Operations and Maintenance Mill Levy, and all other financial projections and estimates contained in this Service Plan are supported by the Financial Plan (Exhibit E) prepared by an External Financial Advisor, D.A. Davidson and Co. The Financial Plan is based on economic, political and industry conditions as they exist presently and reasonable projections and estimates of future conditions. Notwithstanding the foregoing, D.A. Davidson and Co. shall not be considered a financial advisor or municipal advisor with regard to any Debt issuance by the District.

B. Maximum Debt Service Mill Levy.

The Maximum Debt Service Mill Levy shall be the maximum mill levy the District is permitted to impose upon the taxable property within the District for payment of Debt and shall be Ten (10) Mills, subject to Gallagher Adjustment, which shall not be exceeded under any circumstances.

C. Security for Debt.

The District does not have the authority and 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 the District's obligations; nor shall anything in the Service Plan be construed so as to create any responsibility or liability on the part of the City in the event of default by the District in the payment of any such obligation or performance of any other obligation.

F. TABOR Compliance.

The District shall comply with the provisions of the Taxpayer's Bill of Rights ("TABOR"), Article X, § 20 of the Colorado Constitution in conducting the election required in Section IV. H. In the discretion of the Board, the District 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 the District will remain under the control of the District's Board.

G. District's Operating Costs.

The estimated cost of legal services and administrative services, together with the estimated costs of the District's organization and initial operations, are anticipated to be Two Hundred Thousand Dollars (\$200,000), which will be eligible for reimbursement as provided for in the Capital Pledge Agreement.

In addition to the capital costs of the Public Improvements, the District will require operating funds for administrative and regulatory compliance costs. It is anticipated that these costs will be funded through the imposition of an developer advances and/or the Operations and Maintenance Mill Levy, and shall be eligible for reimbursement by the City as provided for in the Capital Pledge Agreement. The first year's operating budget is estimated to be Twenty Thousand Dollars (\$20,000).

H. Election.

The District will call an election on the questions of organizing the District, electing the initial Board, and setting in place as required by TABOR the tax, debt and other financial authorizations and obligations contemplated in the Capital Pledge Agreement. The election will be conducted as required by law.

VII. ANNUAL REPORT

A. General.

The District shall be responsible for submitting an annual report with the City's clerk not later than September 1st of each year for the year ending the preceding December 31 following the year of the District Organization Date. The City may, in its sole discretion, waive this requirement in whole or in part. The District shall also submit all reports required pursuant to the Capital Pledge Agreement.

B. Reporting of Significant Events.

Unless waived by the City, the annual report shall include the following:

1. A narrative summary of the progress of the District in implementing their service plan for the report year;
2. Except when 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 operations (i.e., revenues and expenditures) for the report year; and
3. Any other information deemed relevant by the City Council or deemed reasonably necessary by the City's manager and communicated in a timely manner to the District.

In the event the annual report is not timely received by the City's clerk or is not fully responsive, notice of such default may be given to the Board of such District, 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's clerk may constitute a material modification, at the discretion of the City.

VIII. DISSOLUTION

Upon payment of all outstanding obligations under the Capital Pledge Agreement, and upon prior appropriation for all related dissolution costs and any other outstanding obligations of the District, the District agree to file a petition in the Larimer County District Court for dissolution, pursuant to the applicable State statutes. In no event shall dissolution occur until the District has provided for the payment or discharge of all of their outstanding indebtedness and other financial obligations as required pursuant to State statutes, including operation and maintenance activities.

IX. PROPOSED AND EXISTING INTERGOVERNMENTAL AGREEMENTS AND EXTRATERRITORIAL SERVICE AGREEMENTS

All intergovernmental agreements must be for purposes, facilities, services or agreements lawfully authorized to be provided by the District, pursuant to the State Constitution, Article XIV, Section 18(2)(a) and Sections 29-1-201, et seq., C.R.S. To the extent practicable, the District may enter into additional intergovernmental and private agreements to better ensure long-term provision of the Public Improvements identified herein or for other lawful purposes of the District. Agreements may also be executed with property owner associations and other service providers.

The District shall approve the Capital Pledge Agreement at the District's first meeting after the District Organization Date; provided that the Capital Pledge Agreement may be revised by the City and the District to include such additional details and requirements therein as are deemed necessary by the parties. Failure by the District to execute the Capital Pledge Agreement as required herein shall constitute a material modification hereunder. The Capital Pledge Agreement may be amended from time to time by the City and the District, provided that any such amendment shall be in compliance with the provisions of this Service Plan.

No other agreements are required, or known at the time of formation of the District to likely be required, to fulfill the purposes of the District. Execution of intergovernmental agreements or agreements for extraterritorial services by the District that are not described in this Service Plan and which are likely to cause a substantial increase in the District's budgets shall require the prior approval of the City Council, which approval shall not constitute a material modification hereof.

X. MATERIAL MODIFICATIONS

Material modifications to this Service Plan may be made only in accordance with Section 32-1-207, C.R.S. No modification shall be required for an action of the District which does not materially depart from the provisions of this Service Plan.

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

1. Actions or failures to act that create material financial risk or burden for the City;
2. Performance of a service or function or acquisition of a major facility that is not closely related to a service, function or facility authorized in the Service Plan;
3. Failure to perform a service or function or acquire a facility required by the Service Plan;
4. Failure by the District to execute and deliver the Capital Pledge Agreement; and
5. Failure to comply with the limitations set forth in Section V.A. or Section VI of this Service Plan.

Actions that are not to be considered material modifications include without limitation changes in quantities of facilities or equipment, immaterial cost differences, and actions expressly authorized in the Service Plan.

XI. SANCTIONS

Should the District undertake any act without obtaining prior City Council resolution approval as required in this Service Plan or that constitutes a material modification to this Service Plan as provided herein or under the Special District Act, the City may impose one (1) or more of the following sanctions, as it deems appropriate:

1. Exercise any applicable remedy under the Act;
2. Withhold the issuance of any permit, authorization, acceptance or other administrative approval, or withhold any cooperation, necessary for the District's development, construction or operation of improvements, or the provisions of services as contemplated under this Service Plan;
3. Exercise any legal remedy as provided in the Capital Pledge Agreement or in any other intergovernmental agreement with the City under which the District is in default; or
4. Exercise any other legal remedy at law or in equity, including seeking specific performance, mandamus or injunctive relief against the District, to ensure the District's compliance with this Service Plan and applicable law.

XII. CONCLUSION

It is submitted that this Service Plan for the District, as required by Section 32-1-203(2), establishes that:

1. There is sufficient existing and projected need for organized service in the area to be serviced by the District;
2. The existing service in the area to be served by the District is inadequate for present and projected needs;
3. The District is capable of providing economical and sufficient service to the area within their proposed boundaries; and
4. The area to be included in the District does have, and will have, the financial ability to discharge the proposed indebtedness on a reasonable basis.

XIII. RESOLUTION OF APPROVAL

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

EXHIBIT A

I-25/Prospect Interchange Metropolitan District
Legal Description

DESCRIPTION: I-25/PROSPECT INTERCHANGE METROPOLITAN DISTRICT BOUNDARIES

Tracts of land located in Sections 15,16, 21, and 22, Township 7 North, Range 68 West of the Sixth Principal Meridian, City of Fort Collins, County of Larimer, State of Colorado, being more particularly described as follows:

Considering the West line of the Southeast Quarter of said Section 16 as bearing North 00° 11' 16" East, and with all bearing contained herein relative thereto:

Commencing at the South Quarter Corner of said Section 16; thence along the West line of the Southeast Quarter, North 00° 11' 16" East, 360.01 feet to the Northwest corner of Lot 1, Block 1, Boxelder Estates Second Filing to **POINT OF BEGINNING 1**; thence along West line of the Southeast Quarter, North 00° 11' 16" East, 736.49 feet to the Northeast corner of a parcel of land as described at Reception No. 95076406, Larimer County Clerk and Recorder; thence, North 88° 20' 33" West, 315.26 feet to the Southeast corner of a parcel of land as described at Reception No. 20140007506, Larimer County Clerk and Recorder; thence along the East line of said parcel, North 25° 21' 13" West, 264.37 feet to the Southeast corner of a parcel of land described at Reception No. 93054775, Larimer County Clerk and Recorder; thence along said parcel the following 3 courses and distance: North 00° 12' 15" East, 1649.54 feet; thence, South 89° 47' 45" East, 200.00 feet; thence, North 00° 12' 15" East, 216.34 feet to a point on the South line of a parcel of land described at Reception No. 133800200, Larimer County Clerk and Recorder; thence along said South line, South 83° 28' 53" East, 232.09 feet to the Southeast corner of said parcel, said point being on the East line of Sunrise Estates extended; thence along said East line, North 00° 08' 06" East, 1117.52 feet to a point on the South line of Crossroads East Business Center; thence along said South line the following 5 courses and distance: South 25° 46' 37" East, 448.11 feet; thence, South 48° 55' 44" East, 1510.22 feet; thence, South 24° 21' 14" East, 195.19 feet; thence, South 58° 04' 14" East, 132.96 feet to the Southeast corner of said Crossroads East Business Center; thence along the East line of said Crossroads East Business Center, North 00° 11' 16" East, 33.04 feet to a point on the South line of Smithfield Subdivision; thence along said South line the following 4 courses and distance: South 65° 21' 37" East, 353.30 feet; thence, South 79° 21' 37" East, 300.00 feet; thence, North 57° 08' 23" East, 197.00 feet; thence, North 69° 08' 23" East, 141.86 feet to a point on the West line of Interstate Highway 25; thence along said West line the following 2 courses and distances: South 00° 11' 10" West, 601.01 feet; thence, South 01° 58' 22" West, 408.31 feet to the North line of Interstate Land PUD First Filing; thence along said Interstate Land PUD First Filing the following 2 courses and distances: North 76° 26' 25" West, 300.61 feet; thence, South 11° 47' 57" West, 629.05 feet to the West line of Interstate Highway 25 Frontage Road; thence along said Interstate Highway 25 Frontage Road the following 6 courses and distances: South 85° 36' 15" West, 289.72 feet; thence, South 82° 01' 25" West, 157.09 feet; thence along a curve concave to the southeast having a central angle of 62° 57' 26" with a radius of 449.26 feet, an arc length of 493.65 feet

and the chord of which bears South 43° 37' 30" West, 469.19 feet; thence, South 05° 13' 35" West, 157.09 feet; thence South 01° 38' 45" West, 455.56 feet to Point A; thence, South 46° 38' 49" West, 102.54 feet to the North right-of-way line of East Prospect Road; thence along said North line, North 88° 21' 30" West, 222.35 feet to the East line of Lot 3, Block 1, Boxelder Estates Second Filing; thence along the East, North and West lines of said Lot 3 the following 3 courses and distances: North 01° 38' 10" East, 242.53 feet; thence, North 88° 21' 50" West, 290.40 feet; thence, South 01° 38' 10" West, 242.50 feet to the North right-of-way line of East Prospect Road; thence along said North line, North 88° 21' 30" West, 516.42 feet to the East line of Lot 1, Block 1, Boxelder Estates Second Filing; thence along said East line, North 00° 11' 10" East, 302.55 feet to the North line of said Lot 1; thence along said North line, North 88° 21' 50" West, 120.13 feet to POINT OF BEGINNING 1, containing 6,777,385 square feet or 155.59 acres, more or less.

AND

Commencing at aforementioned Point A; thence South 88° 21' 08" East, 79.99 feet to a point on the East right-of-way line of Interstate Highway 25 Frontage Road, said point being the **POINT OF BEGINNING 2**; thence along the East and North lines of said right-of-way the following 8 courses and distances: North 01° 38' 45" East, 455.57 feet; thence, North 05° 03' 18" East, 142.46 feet, thence along a curve concave to the northwest having a central angle of 62° 57' 26" with a radius of 369.26 feet, an arc length of 405.75 feet and the chord of which bears North 43° 37' 30" East, 385.64 feet; thence, North 82° 11' 42" East, 142.46 feet; thence, North 85° 36' 05" East, 289.72 feet; thence, North 82° 01' 25" East, 157.09 feet; thence along a curve concave to the southeast having a central angle of 28° 04' 38" with a radius of 449.26 feet, an arc length of 220.16 feet and the chord of which bears North 61° 03' 55" East, 217.96 feet; thence, South 89° 48' 10" East, 79.52 feet to a point on the West right-of-way line of Interstate Highway 25; thence along said Westerly line the following 4 courses and distance: South 00° 11' 10" West, 379.24 feet; thence, South 10° 33' 17" West, 201.18 feet; thence, South 26° 47' 14" West, 560.45 feet; thence, South 61° 09' 08" West, 99.88 feet to the North right-of-way line of East Prospect Road; thence along said North line the following 3 courses and distances: North 88° 18' 07" West, 203.23 feet; hence, South 85° 48' 49" West, 411.08 feet; thence, North 88° 21' 25" West, 59.24 feet; thence, North 43° 21' 11" West, 141.39 feet to the POINT OF BEGINNING 2, containing 1,013,409 square feet or 23.26 acres, more or less.

Together with a Tract of land located in the Southwest Quarter of Section 15, Township 7 North, Range 68 West of the Sixth Principal Meridian, City of Fort Collins, County of Larimer, State of Colorado, being more particularly described as follows:

Considering the North line of the Southwest Quarter of said Section 15 as bearing South 89° 38' 43" East, and with all bearings contained herein relative thereto:

Commencing at the West Quarter Corner of said Section 15; thence along the North line of the Southwest Quarter, South 89° 38' 43" East, 45.00 feet to a point on the East right-of-way line of the Southeast Frontage Road of Interstate Highway 25, said point being **POINT OF BEGINNING 1**; thence continuing along the North line of the Southwest Quarter of Section 15, South 89° 38' 43" East, 2598.20 feet to the Center Corner of said Section 15; thence along the North-South Section line of Section 15, South 00° 05' 39" West, 1331.29 feet to the Center-South Sixteenth Corner of Section 15, also being a point on the North line of that Parcel of land as described at Reception No. 99062749, Larimer County Clerk and Recorder; thence along the North and West lines of said Parcel the following 2 courses and distances: North 89° 49' 50" West, 637.70 feet; thence, South

00° 00' 36" West, 804.25 feet to a point on the North line of that parcel of land described at Book 1531 Page 759, Larimer County Clerk and Recorder; thence along said North line the following 5 courses and distances: thence, North 54° 58' 16" West, 474.72 feet; thence, North 76° 19' 16" West, 163.85 feet; thence, North 84° 59' 16" West, 548.82 feet; thence, North 67° 52' 16" West, 88.12 feet; thence, North 54° 48' 16" West, 949.54 feet to the Easterly right-of-way line of the Southeast Frontage Road of Interstate Highway 25; thence along said Easterly right-of-way line the following 2 courses and distances: North 00° 11' 39" East, 1151.18 feet; thence, North 09° 26' 43" West, 59.72 feet to POINT OF BEGINNING 1, containing 4,203,912 square feet or 96.51 acres, more or less.

AND

Commencing at the West Quarter Corner of said Section 15; thence along the North line of the Southwest Quarter, South 89° 38' 43" East, 2,643.20 feet; thence, South 00° 05' 39" West, 1331.29 feet; thence, North 89° 49' 50" West, 637.70 feet; thence, South 00° 00' 36" West, 804.25 feet; thence, South 00° 00' 36" West, 61.05 feet to **POINT OF BEGINNING 2**; thence, South 00° 00' 36" West, 438.93 feet to a point on the North right-of-way line of East Prospect Road; thence, South 00° 00' 36" West, 30.00 feet to a point on the South line of the Southwest Quarter of Section 15; thence along said South line, North 89° 59' 24" West, 1181.93 feet; thence, North 00° 00' 36" East, 30.25 feet to a point on the North right-of-way line of East Prospect Road, said point also being on the Easterly right-of-way line of the Southeast Frontage Road of Interstate Highway 25; thence along said Easterly right-of-way line the following 7 courses and distances: North 65° 50' 44" West, 112.37 feet; thence, South 89° 54' 52" West, 299.87 feet; thence, North 57° 21' 33" West, 106.29 feet; thence, North 26° 23' 32" West, 458.81 feet; thence, North 11° 18' 02" West, 200.00 feet; thence, North 03° 14' 53" West, 294.32 feet; thence, North 00° 10' 38" East, 360.36 feet to a point on the South line of that parcel of land described at Book 1531 Page 759, Larimer County Clerk and Recorder; thence along said South line the following 5 courses and distances: South 54° 48' 16" East, 895.99 feet; thence, South 67° 52' 16" East, 101.38 feet; thence, South 84° 59' 16" East, 552.56 feet; thence South 76° 19' 16" East, 150.63 feet; thence, South 54° 58' 16" East, 500.33 feet to POINT OF BEGINNING 2, containing 1,580,513 square feet or 36.28 acres, more or less.

Together with a tract of land located in the Northwest Quarter of Section 22, Township 7 North, Range 68 West of the 6th P.M., City of Fort Collins, County of Larimer, State of Colorado being more particularly described as follows:

Considering the North line of said Northwest Quarter as bearing South 89°59'00" East and with all bearings contained herein relative thereto:

Beginning at a point on the North line of the said Northwest Quarter which bears South 89°59'00" East, 1199.65 feet from the Northwest corner of said Section 22; thence South 89°59'00" East 118.59 feet along said North line; thence South, 77.95 feet; thence South 89°59'00" East, 27.06 feet; thence South 15°16'00" West, 1035.05 feet along the centerline of the Sand Dike Ditch; thence West, 971.76 feet to a point on the Easterly Right-of-Way line of Interstate Highway No. 25; thence along said Easterly Right-of-Way North 06°13'00" East, 211.40 feet, and again North 18°21'30" East, 458.46 feet; thence South 89°59'00" East, 810.90 feet; thence North 15°36'00" East, 447.99 feet to the POINT OF BEGINNING, containing 441,544 square feet or 10.137 acres, more or less, excepting therefrom any portion conveyed to the Colorado State Department of Highways by instruments recorded May 23, 1947 in Book 833 at Page 522 and May 23, 1988 at

Reception No. 88023148, and also except that portion conveyed in the Warranty Deed recorded January 3, 2005 at Reception No. 20050000154, County of Larimer, State of Colorado.

AND

Considering the North line of said Northwest Quarter as bearing South 89°59'00" East and with all bearings contained herein relative thereto:

Beginning at a point which bears North 89°59'00" West, 1446.03 feet from the North Quarter corner of said Section 22; thence North 89°59'00" West, 371.65 feet; thence South 00°01'00" West, 30.00 feet to a point on the Southeasterly Right-of-Way line of Interstate No 25; thence South 65°47'30" West, 109.70 feet along said Right-of-Way line; thence North 89°59'00" West, 300.00 feet along said Right-of-Way line; thence South 52°25'00" West, 70.10 feet along said Right-of-Way line; thence South 18°21'30" West, 330.54 feet along said Right-of-Way line; thence South 89°59'00" East, 810.90 feet; thence North 15°36'00" East, 447.99 feet to the POINT OF BEGINNING, containing 314,194 square feet or 7.213 acres, more or less.

Together with a Tract of land located in Section 21, and Section 22, Township 7 North, Range 68 West of the Sixth Principal Meridian, City of Fort Collins, County of Larimer, State of Colorado, being more particularly described as follows:

Considering the South line of the Southwest Quarter of said Section 21 as bearing South 89° 01' 48" East, and with all bearing contained herein relative thereto:

Commencing at the Northeast Corner of said Section 21; thence, North 88° 38' 29" West, 1241.97 feet; thence, South 01° 21' 31" West, 30.00 feet to the **POINT OF BEGINNING**, said point being the Northeast corner of an Easement granted to the State Department of Highways as recorded at Reception No. 88026808 of the Larimer County Clerk and Recorder; thence, South 44° 05' 25" West along the Southeasterly line of said Easement, Recorded at 88026808, 37.44 feet to the Southerly line of a parcel of land described at Reception No. 20060041498 of the Larimer County Clerk and Recorder; thence, South 88° 38' 29" East along said Southerly line and the Easterly prolongation thereof, 345.55 feet to the Westerly line of a parcel of land described within Exhibit " A " at Book 1992, Page 280 of the Larimer County Clerk and Recorder; thence, South 61° 58' 19" East along said Westerly line, 35.56 feet to the Northerly line of said parcel described within Book 1992, Page 280; thence, North 89° 50' 02" East along said Northerly line, 13.83 feet to the Westerly line of a parcel of land described at Book 1234, Page 241 of the Larimer County Clerk and Recorder; thence, South 64° 24' 59" East along said Westerly line, 4.65 feet to the Southerly line of a parcel of land described within said Book 1234, Page 241, said Southerly line being parallel with and 75.00 feet Southerly of, as measured at a right angle to the North line of the Northeast Quarter of said Section 21; thence, South 88° 38' 29" East along said Southerly line, 300.00 feet to the Westerly Right-of-Way line of Interstate Highway No. I-25; thence, along the Westerly Right-of-Way lines of Interstate Highway No. I-25 the following 9 courses and distances: South 50° 23' 59" East, 72.51 feet; thence, South 18° 02' 31" East, 798.28 feet; thence, South 06° 22' 28" East, 704.20 feet; thence, South 00° 05' 56" East, 53.90 feet; thence along a curve concave to the east having a central angle of 06° 33' 06" with a radius of 11583.00 feet, an arc length of 1324.50 feet and the chord of which bears South 03° 24' 23" East, 1323.78 feet; thence, South 05° 48' 32" West, 417.50 feet; thence along a curve concave to the east having a central angle of 03° 00' 00" with a radius of 11680.00 feet, an arc length of 611.57 feet and the chord of which bears South 10° 09' 58" East, 611.50 feet; thence, South 25° 42' 58" East,

425.50 feet; thence, South 12° 55' 58" East, 968.64 feet to the South line of the Southwest Quarter of said Section 22; thence, South 89° 43' 29" West along the South line of the Southwest Quarter of said Section 22, 344.34 feet to the Southeast corner of said Section 21; thence, North 89° 01' 48" West along the South line of the Southeast Quarter of said Section 22, 713.93 feet; thence parallel with and 20 feet Westerly of the centerline of an existing access road the following 15 courses and distances: North 30° 07' 30" West, 653.11 feet; thence along a curve concave to the northeast having a central angle of 27° 35' 32" with a radius of 424.29 feet, an arc length of 204.33 feet and the chord of which bears North 16° 19' 44" West, 202.36 feet; thence, North 02° 31' 58" West, 432.64 feet; thence, North 00° 56' 51" West, 512.69 feet; thence, North 22° 22' 44" West, 121.69 feet; thence, North 03° 04' 28" West, 129.58 feet; thence along a curve concave to the southwest having a central angle of 42° 50' 08" with a radius of 157.27 feet, an arc length of 117.58 feet and the chord of which bears North 24° 29' 32" West, 114.86 feet; thence, North 45° 54' 36" West, 71.28 feet; thence along a curve concave to the east having a central angle of 30° 41' 12" with a radius of 330.34 feet, an arc length of 176.92 feet and the chord of which bears North 30° 34' 00" West, 174.82 feet; thence, North 15° 13' 24" West, 100.27 feet; thence along a curve concave to the southwest having a central angle of 20° 34' 23" with a radius of 289.75 feet, an arc length of 104.04 feet and the chord of which bears North 25° 30' 36" West, 103.48 feet; thence, North 35° 47' 47" West, 144.89 feet; thence along a curve concave to the northeast having a central angle of 37° 10' 11" with a radius of 364.63 feet, an arc length of 236.55 feet and the chord of which bears North 17° 12' 42" West, 232.42 feet; thence, North 01° 22' 24" East, 921.36 feet; thence along a curve concave to the southeast having a central angle of 17° 07' 56" with a radius of 707.08 feet, an arc length of 211.43 feet and the chord of which bears North 09° 56' 22" East, 210.64 feet; thence, North 89° 40' 07" East, 6.45 feet to the Southerly prolongation of the Westerly line of said Easement, Recorded at Reception No. 88026808; thence, North 17° 24' 16" East along said Southerly prolongation and also along the Westerly line of said Easement, Recorded at Reception No. 88026808, 673.89 feet; thence along the Westerly and Northerly lines of that Easement granted to the State Department of Highways at Reception No. 88026808 of the Larimer County Clerk and Recorder the following 5 courses and distances: thence along a curve concave to the east having a central angle of 40° 05' 20" with a radius of 532.96 feet, an arc length of 372.90 feet and the chord of which bears North 02° 38' 24" West, 365.34 feet; thence, North 22° 41' 04" West, 110.41 feet; thence along a curve concave to the northeast having a central angle of 15° 37' 22" with a radius of 612.96 feet, an arc length of 167.14 feet and the chord of which bears North 14° 52' 23" West, 166.62 feet; thence, North 45° 28' 31" West, 146.18 feet to a line being 30.00 feet Southerly, as measured at a right angle, of the North line of the Northeast Quarter of said Section 21; thence, South 88° 38' 29" East along a line parallel with and 30.00 feet Southerly of, as measured at a right angle to the North line of the Northeast Quarter of said Section 21, 280.00 feet to the POINT OF BEGINNING, containing 6,204,458 square feet or 142.435 acres more or less.

The above described Tracts of land contain 20,535,415 square feet or 471.428 acres more or less and is subject to all easements and rights-of-way now on record or existing.

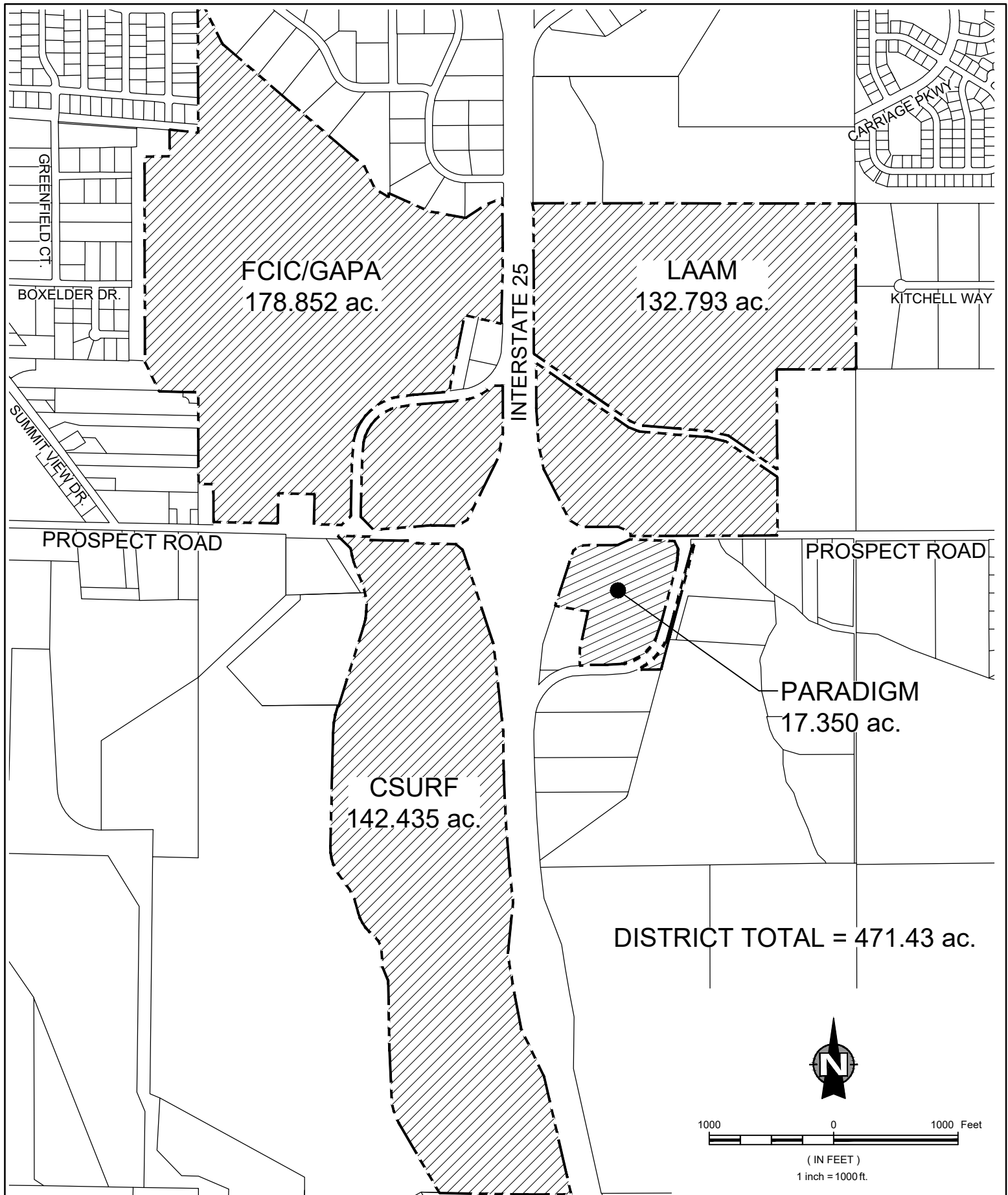
January 31, 2018

CNS

C:\Users\cody\Desktop\Metro District Exhibits - Hill\102-002_Overall Boundary - Overall.docx

EXHIBIT B

I-25/Prospect Interchange Metropolitan District
Boundary Map



**NORTHERN
ENGINEERING**

FORT COLLINS: 301 North Howes Street, Suite 100, 80521
GREELEY: 820 8th Street, 80631

970.221.4158
northernengineering.com

I-25/PROSPECT INTERCHANGE METROPOLITAN DISTRICT

FORT COLLINS

Page 178 of 309

DESCRIPTION

DISTRICT BOUNDARY MAP

DRAWN BY

C. Snowdon

SCALE

1" = 1000'

EXHIBIT

B

DATE

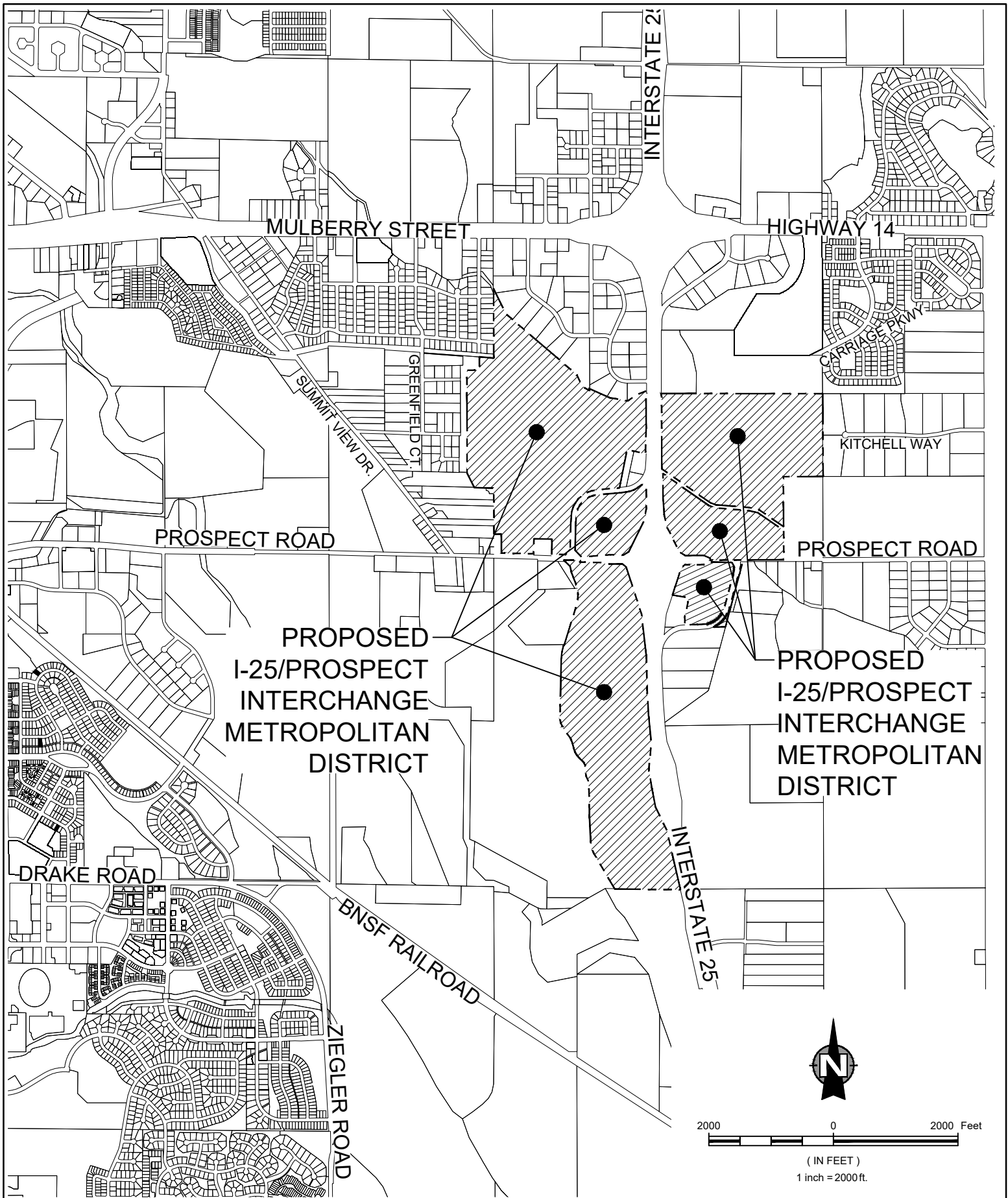
January 31, 2018

PROJECT

102-002

EXHIBIT C

I-25/Prospect Interchange Metropolitan District
Vicinity Map



NORTHERN
ENGINEERING

FORT COLLINS: 301 North Howes Street, Suite 100, 80521
GREELEY: 820 8th Street, 80631

970.221.4158
northernengineering.com

I-25/PROSPECT INTERCHANGE METROPOLITAN DISTRICT

FORT COLLINS

Page 180 of 309

DESCRIPTION VICINITY MAP

DRAWN BY

C. Snowdon

DATE

January 31, 2018

SCALE

1" = 2000'

PROJECT

102-002

EXHIBIT

C

EXHIBIT D

I-25/Prospect Interchange Metropolitan District
Capital Pledge Agreement

EXHIBIT E

I-25/Prospect Interchange Metropolitan District
Financial Plan

I-25 / PROSPECT INTERCHAGE METROPOLITAN DISTRICT (Residential & Commercial)

Development Projection at 7.500 (target) Residential Mills +7.500 (target) Commercial Mills for Debt Service (SERVICE PLAN) -- 02/28/2018

YEAR	Total Assessed Value (Residential)	District D/S Mill Levy [7.500 Target] [10.000 Cap]	District D/S Mill Levy Collections @ 98%	District S.O. Taxes Collected @ 6%	Total Assessed Value (Commercial)	District D/S Mill Levy [7.500 Target] [10.000 Cap]	District D/S Mill Levy Collections @ 98%	District S.O. Taxes Collected @ 6%	Total Sys. Dev. Fees Collections
2017									\$0
2018									0
2019	\$0	7.500	0	0	\$0	7.500	0	0	0
2020	0	7.500	0	0	0	7.500	0	0	218,480
2021	2,530,540	7.500	18,599	1,116	1,126,560	7.500	8,280	497	374,420
2022	9,067,082	7.500	66,643	3,999	12,644,001	7.500	92,933	5,576	435,858
2023	14,815,635	7.500	108,895	6,534	23,616,390	7.500	173,580	10,415	298,276
2024	18,327,677	7.500	134,708	8,083	47,480,876	7.500	348,984	20,939	437,948
2025	18,675,677	7.500	137,266	8,236	69,499,201	7.500	510,819	30,649	221,406
2026	20,400,342	7.500	149,943	8,997	99,135,992	7.500	728,650	43,719	190,206
2027	20,400,342	7.500	149,943	8,997	120,892,173	7.500	888,557	53,313	126,808
2028	21,624,363	7.500	158,939	9,536	140,866,605	7.500	1,035,370	62,122	80,008
2029	21,624,363	7.500	158,939	9,536	152,529,317	7.500	1,121,090	67,265	84,808
2030	22,921,824	7.500	168,475	10,109	170,220,982	7.500	1,251,124	75,067	80,308
2031	22,921,824	7.500	168,475	10,109	179,923,830	7.500	1,322,440	79,346	92,308
2032	24,297,134	7.500	178,584	10,715	200,281,928	7.500	1,472,072	88,324	56,460
2033	24,297,134	7.500	178,584	10,715	212,035,854	7.500	1,558,464	93,508	14,400
2034	25,754,962	7.500	189,299	11,358	228,911,997	7.500	1,682,503	100,950	14,400
2035	25,754,962	7.500	189,299	11,358	232,424,713	7.500	1,708,322	102,499	14,400
2036	27,300,260	7.500	200,657	12,039	249,937,506	7.500	1,837,041	110,222	12,000
2037	27,300,260	7.500	200,657	12,039	253,548,636	7.500	1,863,582	111,815	12,000
2038	28,938,275	7.500	212,696	12,762	271,854,940	7.500	1,998,134	119,888	4,800
2039	28,938,275	7.500	212,696	12,762	274,893,005	7.500	2,020,464	121,228	0
			2,983,298	178,998			21,622,410	1,297,345	2,769,292

I-25 / PROSPECT INTERCHAGE METROPOLITAN DISTRICT (Residential & Commercial)

Development Projection at 7.500 (target) Residential Mills +7.500 (target) Commercial Mills for Debt Service (SERVICE PLAN) -- 02/28/2018

YEAR	Annual Taxable Sales* infl. @ 1.00%	Annual Sales Add-on PIF @ 0.75%	Total Available Revenue	Net Available for Debt Svc
2017	\$0	0		
2018	0	0	0	\$0
2019	0	0	0	0
2020	5,260,756	39,456	257,935	257,935
2021	14,706,661	110,300	513,212	513,212
2022	36,707,840	275,309	880,318	880,318
2023	54,316,805	407,376	1,005,076	1,005,076
2024	76,167,980	571,260	1,521,923	1,521,923
2025	91,350,847	685,131	1,593,508	1,593,508
2026	101,393,347	760,450	1,881,964	1,881,964
2027	108,835,215	816,264	2,043,882	2,043,882
2028	112,705,765	845,293	2,191,268	2,191,268
2029	116,642,842	874,821	2,316,460	2,316,460
2030	120,647,391	904,855	2,489,939	2,489,939
2031	124,720,366	935,403	2,608,081	2,608,081
2032	128,862,736	966,471	2,772,626	2,772,626
2033	130,151,363	976,135	2,831,806	2,831,806
2034	131,452,877	985,897	2,984,407	2,984,407
2035	132,767,406	995,756	3,021,633	3,021,633
2036	134,095,080	1,005,713	3,177,673	3,177,673
2037	135,436,031	1,015,770	3,215,864	3,215,864
2038	136,790,391	1,025,928	3,374,208	3,374,208
2039	138,158,295	1,036,187	3,403,337	3,403,337
	3,645,204,689	15,233,775	44,085,118	44,085,118

[*] Including Lodg.

I-25 / PROSPECT INTERCHAGE METROPOLITAN DISTRICT (Residential)

Development Summary

Development Projection -- Buildout Plan (updated 2/22/18)

Residential Development

	Apts (NW)	TH (NW)	Condo (NW)	SFD - Standard (NW)	SFD - Premier (NW)	Assissted Living (NE)
Product Type						
Base \$ ('18)	\$215,000	\$375,000	\$385,000	\$475,000	\$575,000	\$200,000

Res'l Totals

2017	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-
2020	138	29	29	47	23	-	266
2021	138	29	29	47	23	-	266
2022	-	29	28	46	21	-	124
2023	-	-	-	-	-	-	-
2024	-	-	-	-	-	60	60
2025	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-
	276	87	86	140	67	60	716
MV @ Full Buildout	\$59,340,000	\$32,625,000	\$33,110,000	\$66,500,000	\$38,525,000	\$12,000,000	\$242,100,000

notes:

Platted/Dev Lots = 10% MV; one-yr prior

Base MV \$ inflated 2% per annum

Res'l Fac. Fees: \$325 (SFD), \$300 (MF,TH, Condo, Asst'd Living)

I-25 / PROSPECT INTERCHAGE METROPOLITAN DISTRICT (Commercial)

Development Summary

Development Projection -- Buildout Plan (updated 2/22/18)



D.A. Davidson & Co.
member SIPC

Commercial Development

Product Type	Retail (NW)	Office (NW)	Restaurant (NW)	Emp. Office/Research (NW)	Emp. Medical/Wellness (NW)	Gas / Convenience (SW)	Pad Retail (SW)	Office (SW)	Industrial (SW)
Base \$ ('18)	\$250/sf	\$200/sf	\$300/sf	\$200/sf	\$250/sf	\$165/sf	\$250/sf	\$200/sf	\$150/sf
Sales \$ ('18)	\$250/sf	\$0/sf	\$250/sf	\$0/sf	\$0/sf	\$250/sf	\$250/sf	\$0/sf	\$0/sf
Taxable %	70%		70%			70%	70%		

2017	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-
2020	28,151	-	7,678	32,235	32,235	-	-	-	-
2021	28,151	-	7,678	32,235	32,235	6,000	12,000	20,000	-
2022	28,151	-	7,678	32,235	32,235	-	20,000	30,000	-
2023	28,151	-	7,678	32,235	32,235	-	20,000	30,000	-
2024	28,149	12,796	7,675	32,232	32,232	4,000	30,000	60,000	-
2025	-	-	-	-	-	-	20,000	70,000	-
2026	-	-	-	-	-	-	10,000	70,000	-
2027	-	-	-	-	-	-	10,000	80,000	-
2028	-	-	-	-	-	-	-	40,000	-
2029	-	-	-	-	-	-	-	40,000	20,000
2030	-	-	-	-	-	-	-	10,000	50,000
2031	-	-	-	-	-	-	-	10,000	100,000
2032	-	-	-	-	-	-	-	-	50,000
2033	-	-	-	-	-	-	-	-	60,000
2034	-	-	-	-	-	-	-	-	60,000
2035	-	-	-	-	-	-	-	-	60,000
2036	-	-	-	-	-	-	-	-	50,000
2037	-	-	-	-	-	-	-	-	50,000
2038	-	-	-	-	-	-	-	-	20,000
2039	-	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-	-

140,753 12,796 38,387 161,172 161,172 10,000 122,000 460,000 520,000

MV @ Full Buildout (base prices;un-infl.) **\$35,188,250** **\$2,559,200** **\$11,516,100** **\$32,234,400** **\$40,293,000** **\$1,650,000** **\$30,500,000** **\$92,000,000** **\$78,000,000**

Sales @ Full Buildout (base prices;un-infl.) **\$24,631,775** **\$0** **\$6,717,725** **\$0** **\$0** **\$1,750,000** **\$21,350,000** **\$0** **\$0**

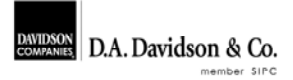
notes:

Platted/Dev Lots = 10% MV; one-yr prior

Base MV \$ inflated 2% per annum

Comm'l Fac Fees: \$3.12/SF (Retail/Rest.), \$18.45/SF (Gas), \$0.39/SF (Office/Med.), \$0.24/SF (Ind'l), \$300/Rm (Hotel)

I-25 / PROSPECT INTERCHAGE METROPOLITAN DISTRICT (Commercial)
Development Summary
Development Projection -- Buildout Plan (updated 2/22/18)



Product Type	Retail (NE)	Gas / Convenience (NE)	Industrial / Employment (NE)	Retail (SE)	Hotel (NW)	Hotel (SW)	Hotel (NE)	Hotel (SE)
Base \$ ('18)	\$250/sf	\$165/sf	\$150/sf	\$250/sf	\$125,000/Rm	\$125,000/Rm	\$125,000/Rm	\$125,000/Rm
Sales \$ ('18)	\$250/sf	\$250/sf	\$0/sf	\$250/sf	\$90 ADR	\$90 ADR	\$90 ADR	\$90 ADR
Taxable %	70%	70%		70%	100%	100%	100%	100%

Comm'l Totals*	Hotel Rooms
----------------	-------------

2017	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-
2020	-	-	-	-	120	-	-	-
2021	-	-	-	-	-	-	-	-
2022	21,570	5,350	83,115	-	-	150	-	-
2023	21,570	-	83,115	-	-	-	120	-
2024	21,570	-	83,115	-	120	-	-	-
2025	21,570	-	83,115	14,250	-	-	120	100
2026	21,570	-	83,115	14,250	-	-	-	-
2027	-	-	83,115	14,250	-	-	-	-
2028	-	-	83,115	14,250	-	-	-	-
2029	-	-	83,115	14,250	-	-	-	-
2030	-	-	83,115	14,250	-	-	-	-
2031	-	-	83,115	14,250	-	-	-	-
2032	-	-	-	14,250	-	-	-	-
2033	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-

-	-
-	-
-	-
100,299	120
138,299	-
260,334	150
254,984	120
311,769	120
208,935	220
198,935	-
187,365	-
137,365	-
157,365	-
157,365	-
207,365	-
64,250	-
60,000	-
60,000	-
60,000	-
50,000	-
50,000	-
20,000	-
-	-
-	-

107,850 5,350 831,150 114,000 240 150 240 100

2,684,630 730

MV @ Full Buildout (base prices;un-infl.) **\$26,962,500 \$882,750 \$124,672,500 \$28,500,000 \$30,000,000 \$18,750,000 \$30,000,000 \$12,500,000**

\$596,208,700

Sales @ Full Buildout (base prices;un-infl.) **\$18,873,750 \$936,250 \$0 \$19,950,000 \$5,518,800 \$3,449,250 \$5,518,800 \$2,299,500**

\$110,995,850

[*] Not Including Hotels; presented in Rooms.

Platted/Dev Lots = 10% MV; one-yr prior
Base MV \$ inflated 2% per annum
Comm'l Fac Fees: \$3.12/SF (Retail/Rest.), \$18.45/SF (Gas), \$0.39/SF (Office/Med.), \$0.24/SF (Ind'l), \$300/Rm (Hotel)

RESOLUTION 2018-024
OF THE COUNCIL OF THE CITY OF FORT COLLINS
APPROVING AND AUTHORIZING THE EXECUTION OF A BINDING AGREEMENT
PERTAINING TO DEVELOPMENT OF INTERSTATE HIGHWAY 25 AND PROSPECT
ROAD INTERCHANGE AND THE RELATED CAPITAL PLEDGE AGREEMENT

WHEREAS, the interchange at Interstate Highway 25 and Prospect Road (the "Interchange") is owned by the State of Colorado and operated and maintained by the Colorado Department of Transportation ("CDOT"); and

WHEREAS, the Interchange is within the City's boundaries and adjacent to its four corners are several undeveloped parcels of privately-owned land, which parcels are also within the City's boundaries; and

WHEREAS, Fort Collins/I-25 Interchange Corner, LLC ("FCIC") is the fee title owner of a parcel of land adjacent to the northwest corner of the Interchange (the "FCIC Parcel"); and

WHEREAS, Gateway at Prospect Apartments, LLC ("GAPA") is the fee title owner of a parcel of land also adjacent to the northwest corner of the Interchange (the "GAPA Parcel"); and

WHEREAS, a group of tenants in common ("TIC Owners") are the fee title owners of the three parcels of land adjacent to the northeast corner of the Interchange (the "TIC Owners Parcels"); and

WHEREAS, Paradigm Properties LLC ("Paradigm") is the fee title owner of the two parcels of land adjacent to the southeast corner of the Interchange (the "Paradigm Parcels"); and

WHEREAS, the Colorado State University Research Foundation ("CSURF") is the fee title owner of the two parcels of land adjacent to the southwest corner of the Interchange (the "CSURF Parcels"); and

WHEREAS, FCIC, GAPA, the TIC Owners, Paradigm and CSURF are hereafter collectively referred to as the "Property Owners" and the FCIC Parcel, GAPA Parcel, the TIC Owners Parcels, Paradigm Parcels and CSURF Parcels are hereafter collectively referred to as the "Properties"; and

WHEREAS, CDOT has notified the City that it is planning a project to significantly modify and improve the Interchange by reconstructing its ramps and bridge and by reconstructing Prospect Road to a configuration with four through lanes, a raised median, left turn lanes and pedestrian and bicycle facilities, and CDOT is expected to begin construction of this project after July 1, 2018 (the "Project"); and

WHEREAS, the Project will also include certain urban design improvements requested by the City that are typically required under the City's development standards (the "Urban Design Features"); and

WHEREAS, the Project and the Urban Design Features will provide significant public benefits to the City and its residents, and they will benefit the Property Owners by materially increasing the value of their Properties; and

WHEREAS, CDOT estimates that the total cost of the Project, as originally proposed by it, will be approximately \$24 million, but it has indicated that it will only provide \$12 million to fund the Project, leaving a \$12 million deficit; and

WHEREAS, the Urban Design Features planned by the City will add an additional \$7 million to the cost of the Project, bringing the total Project cost to \$31 million; and

WHEREAS, CDOT has asked the City to participate in the Project by funding the \$12 million deficit originally identified by CDOT, but the City is only willing to consider funding this deficit if the additional \$7 million of Urban Design Features are included in the Project and if the Town of Timnath, Colorado ("Timnath") and the Property Owners share in funding this \$19 million deficit; and

WHEREAS, the City has previously entered into an Intergovernmental Agreement dated April 14, 2017, with CDOT in which the City has agreed to contribute \$2.25 million in support of CDOT's project to improve I-25 from Colorado Highway 402 to Colorado Highway 14 (the "CDOT IGA"); and

WHEREAS, on January 2, 2018, the City Council adopted Resolution 2018-004 approving an amendment to the CDOT IGA, in which amendment the City has agreed to share in the cost of the Interchange Project as proposed by CDOT and CDOT has agreed to add the Urban Design Features to the Project, which amendment the City and CDOT entered into on January 18, 2018 (the "Amended IGA"); and

WHEREAS, the City has also asked Timnath to share in funding the City's commitment to CDOT under the Amended IGA since Timnath will also experience significant public benefits from the Project; and

WHEREAS, the City and Timnath have been negotiating a separate agreement under which Timnath would reimburse the City for up to \$2.5 million of the \$19 million deficit to be paid over a twenty-year period, thereby leaving a \$16.5 million deficit (the "Remaining Deficit"); and

WHEREAS, the City and the Property Owners have previously negotiated and entered into that certain "Memorandum of Understanding Pertaining to Development of Interstate Highway 25 and Prospect Road Interchange" dated January 30, 2018, which City Council approved in Resolution 2018-005 on January 2, 2018 (the "MOU"); and

WHEREAS, the City and the Property Owners acknowledged in the MOU that while it is not a binding agreement, the parties nevertheless intended to cooperate in good faith to negotiate and enter into a binding agreement under which the parties would agree to equally share in the payment of the Remaining Deficit; and

WHEREAS, as so intended in the MOU, City staff and the Property Owners have negotiated in good faith the "Binding Agreement Pertaining to Development of Interstate Highway

25 and Prospect Road Interchange” attached hereto as Exhibit “A” and incorporated herein by reference (the “Binding Agreement”); and

WHEREAS, as contemplated in the MOU, the Property Owners agree in the Binding Agreement to equally share the Remaining Deficit by the Property Owners agreeing to reimburse the City over time their \$8.25 million share (“Shared Deficit”) to be reduced by a credit of \$500,000 representing the value of the Property Owners’ land that will be dedicated to CDOT without receiving compensation as right of way for the Project (the “ROW Credit”) and a credit of \$700,000 representing the transportation capital expansion fees anticipated to be paid to the City under Fort Collins Code Section 7.5-32 related to the future development of the Properties (the “TCEF Credit”); and

WHEREAS, after the ROW Credit and the TCEF Credit are applied to the Shared Deficit, the Binding Agreement provides that the Property Owners’ portion of the Shared Deficit will be \$7,050,000, plus financing costs (“Owners’ Share”); and

WHEREAS, the Binding Agreement further provides that the Owners’ Share will accrue interest at the rate the City incurs in financing its funding obligations to CDOT under the Amended IGA and that this adjusted amount will be paid in twenty annual payments of principal and interest from the Pledged Revenues (as hereinafter defined); and

WHEREAS, the Property Owners also agree in the Binding Agreement to record against their respective Properties a covenant imposing a public improvement fee at a rate .75%, net of any administrative fees for collection, to be imposed on all future retail sales on the Properties that are also subject to the City’s sales tax under Article III of City Code Chapter 25, as amended (collectively, the “Interchange PIF Covenant”); and

WHEREAS, the Binding Agreement provides that the Owners’ Share will be paid by the Interchange Metro District (hereinafter defined) solely from its pledge of a combination of a property tax mill levy of not less than 7.5 mills, but not more than 10 mills, on the Properties (“Property Tax”), fees imposed on and collected from future development occurring on the Properties (“Project Fees”) as provided in the service plan of the proposed I-25/Prospect Interchange Metropolitan District (the “Interchange Metro District”) to be organized under the Colorado Special District Act (the “District Act”), and net revenues from the Interchange PIF Covenant; and

WHEREAS, this commitment by the Interchange Metro District to pledge the Property Tax, the Project Fees and the net revenues from the Interchange PIF Covenant (collectively, the “Pledged Revenues”) to the payment of the Owners’ Share is set out in the Capital Pledge Agreement attached as Exhibit “B” to the Binding Agreement (the “Capital Pledge Agreement”); and

WHEREAS, as anticipated in the MOU, four of the Property Owners also wish to form other metropolitan districts under the District Act to use to construct and fund some or all of the basic public infrastructure needed in the future development of their individual Properties, whether such development is commercial or residential, and for maintenance of such infrastructure and for

all other purposes allowed by the District Act and the approved service plans (the "Development Metro Districts"); and

WHEREAS, the Interchange Metro District and the Development Metro Districts shall be collectively referred to as the "Metro Districts"; and

WHEREAS, the Metro Districts cannot be created under the District Act without the Council of the City of Fort Collins (the "City Council") approving a service plan for each of the Metro Districts (collectively, "Service Plans") which, together with the District Act, will govern the operation of the Metro Districts and their authority to impose, collect, spend and pledge property taxes and fees, issue debt, and they will delineate the type of basic public infrastructure and services the Metro Districts will be authorized to provide and how the Metro Districts will cooperate with each other, the City and the Property Owners to fund regional and local infrastructure; and

WHEREAS, the Binding Agreement contemplates that if all of the Service Plans are not approved by Council, that the Interchange Metro District will not enter into the Capital Pledge Agreement and the Property Owners will not record the Interchange PIF Covenant, however the Binding Agreement also contemplates that the Development Districts will be unable to impose any fees or property tax mill levy or issue any debt unless the Interchange Metro District conducts an election on May 8, 2018, in accordance with Article X, Section 20 of the Colorado Constitution, that authorizes the Interchange Metro District's Property Tax and the Capital Pledge Agreement, the Interchange Metro District enters into the Capital Pledge Agreement, and the Property Owners record the PIF Covenant against all of their respective Properties; and

WHEREAS, the City Council hereby finds that the Binding Agreement is necessary for the public's health, safety and welfare and is in the best interests of the City and its residents, businesses and public and private organizations.


NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FORT COLLINS as follows:

Section 1. That the City Council hereby makes and adopts the determinations and findings contained in the recitals set forth above.

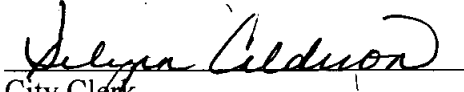
Section 2. That the Binding Agreement is hereby approved and the Mayor is authorized to execute it substantially in the form attached as Exhibit "A".

Section 3. That provided all the preconditions of the Binding Agreement are satisfied, the City Manager is authorized to execute the Capital Pledge Agreement in substantially the form attached as Exhibit "B" to the Binding Agreement, together with such revisions and amendments as the City Manager, in consultation with the City Attorney, determines to be necessary and appropriate to protect the interests of the City or to effectuate the purposes of this Resolution.

Passed and adopted at a regular meeting of the Council of the City of Fort Collins this 6th day of March, A.D. 2018.


Mayor

ATTEST:


City Clerk



BINDING AGREEMENT PERTAINING TO DEVELOPMENT OF INTERSTATE HIGHWAY 25 AND PROSPECT ROAD INTERCHANGE

THIS BINDING AGREEMENT (this "**Agreement**") is made and entered into this _____ day of _____, 2018 (the "**Effective Date**"), by and between the City of Fort Collins, Colorado, a Colorado home rule municipality (the "**City**"); Fort Collins/I-25 Interchange Corner, LLC, a Colorado limited liability company ("**FCIC**"); Gateway at Prospect Apartments, LLC, a Colorado limited liability company ("**GAPA**"); a group of tenants in common comprised of the CW Subtrust, M. Jenet White, Christopher White, Eric. S. White, Jane E. White, Jason R. White, Daniel A. White, New Direction IRA, Inc. FBO Barbara Ann Medina IRA, Booren Limited Liability Partnership, Dunkin Limited Liability Limited Partnership, Laura Snortland Fairfield, Robert C. Roth, Jr. and Robert Taylor (collectively, the "**TIC Owners**"); Paradigm Properties LLC, a California limited liability company ("**Paradigm**"); and Colorado State University Research Foundation, a Colorado non-profit corporation ("**CSURF**") (each a "**Party**" and collectively the "**Parties**").

W I T N E S S E T H:

WHEREAS, pursuant to a Memorandum of Understanding dated as of January 30, 2018 (the "**MOU**") by and among the City and the other parties identified therein (together with the TIC Owners, the "**Owners**"), the City and the Owners established a non-binding outline of documents and terms to be negotiated for the sharing of costs of improvements to the highway interchange at Interstate Highway I-25 and Prospect Road in the City; and

WHEREAS, one of the documents contemplated by the MOU was a binding agreement between the Property Owners and the City, identified as the Binding Agreement, whereby the Property Owners would agree to pay the Owners' Share to the City from various pledged revenues and to memorialize other commitments between the Parties;

WHEREAS, this Agreement shall constitute the Binding Agreement contemplated by the MOU;

NOW, THEREFORE, for and in consideration of the promises and mutual covenants and understandings herein, the Parties hereby agree as follows:

ARTICLE 1

DEFINED TERMS AND INTERPRETATION

1.1 **Definitions.** Capitalized terms used herein and not defined in the Recitals above or elsewhere in this Agreement shall have the meanings, respectively, specified in Exhibit "A" hereto.

1.2 **Interpretation.** In this Agreement, unless the context expressly indicates otherwise, the following words shall be interpreted as set forth below:

(a) The words “herein,” “hereunder,” “hereby,” “hereto,” “hereof” and any similar words, refer to this Agreement as a whole and not to any particular article, section, or subdivision hereof; the word “heretofore” means before the date of execution of the Agreement; and the term “hereafter” means after the date of execution of this Agreement.

(b) All definitions, terms, and words shall include both the singular and the plural, and, except as otherwise expressly defined in the text of this Agreement, all capitalized words or terms shall have the meanings specified in Exhibit “A” attached hereto.

(c) Words of the masculine gender include correlative words of the feminine and neuter genders, and words importing the singular number include the plural number and vice versa.

(d) The captions or headings of this Agreement are for convenience only, and in no way define, limit, or describe the scope or intent of any provision, article, or section of this Agreement.

(e) All schedules, exhibits, and addenda referred to herein are incorporated herein by this reference.

ARTICLE 2

FINANCING OF OWNERS’ SHARE.

2.1 **Owners’ Share.** The Owners’ Share shall be the share of the costs of the Project to be funded by the Interchange District in accordance with the terms and provisions of this Agreement and the Capital Pledge Agreement. The Owners have agreed to fund costs of the Project in the amount of \$8,250,000, plus financing costs and interest as provided in the Capital Pledge Agreement. Upon execution and delivery of this Agreement, the City shall grant the TCEF Credit in the amount of \$700,000 to reduce the principal amount of the Owners’ Share to \$7,550,000, plus financing costs, as set forth in the Capital Pledge Agreement. The City shall additionally grant the ROW Credit in the amount of \$500,000 to further reduce the principal amount of the Owners’ Share upon compliance with the provisions set forth in Section 2.3 hereof.

The Owners hereby agree to take all reasonable action necessary to ensure that the Interchange District pays the Pledged Revenues to the City in an amount equal to the Owners’ Share, the manner and timing of such payments being further described in the Capital Pledge Agreement, the form of which is attached as Exhibit “B” hereto and by this reference made a part hereof.

2.2 **Interchange PIF.** Each Owner hereby agrees that it will record with respect to its Property in the Interchange District an Interchange PIF Covenant touching, concerning and running with the land, as further described in the Capital Pledge Agreement. The form of each Owner’s Interchange PIF Covenant may differ provided that it contain provisions requiring that the collected Interchange PIF be included as a component of the Pledged Revenues. The Owners reserve the right to impose additional PIFs, that are not the Interchange PIF, to pay public improvement costs related to the development of their respective Properties. Each Development

Metropolitan District shall have the right to receive such additional PIF revenues, which revenues shall not be required to be pledged to the City for payment of the Owners' Share.

The Interchange PIF Covenant shall provide that the City has the right to review the records relating to the imposition and collection of the Interchange PIF. The City shall have the right to review the Interchange PIF Covenant to confirm that the provisions thereof comply with the provisions of this Agreement and the Capital Pledge Agreement.

The Owners hereby acknowledge that pursuant to the provisions of the Service Plans, the Development Metropolitan Districts are not authorized to impose the Development Mill Levy, impose any District Fees, or issue any debt until each of the Owners records the Interchange PIF Covenant against its respective Property.

Upon payment in full of the Owners' Share, the City acknowledges and agrees that the Interchange PIF may be terminated by the Owners. Upon payment in full of the Owners' Share, each Owner shall have the right to continue to impose and collect the Interchange PIF with respect to its respective Property and apply the Interchange PIF revenues to permissible costs, as determined in the sole discretion of each respective Owner.

2.3 Property Owners' ROW Credit. CDOT is currently seeking to acquire from one or more of the Owners portions of their Properties to be used as Project ROW. In lieu of collecting direct compensation from CDOT, the Owners have elected to dedicate a portion of the Project ROW compensation in an amount equal to \$500,000 to CDOT. So long as no event of default has occurred and is continuing under this Agreement or the Capital Pledge Agreement, the City shall grant the ROW Credit in the amount of \$500,000 to reduce the principal amount of the Owners' Share upon receipt of written acknowledgement by CDOT that (a) the Owners have dedicated Project ROW to CDOT in an amount at least equal to \$500,000, and (b) CDOT has granted a credit to the City toward the costs of the Project in an amount equal to \$500,000. The ROW Credit may be applied as a credit to the principal payments due from the Interchange District to the City pursuant to the Capital Pledge Agreement in any order and in any amount as designated in writing by the Owners to the City and the Interchange District. Upon determination by the Owners of the application of the ROW Credit, the Payment Schedule shall be revised by the City to reflect such ROW Credit, as further set forth in the Capital Pledge Agreement.

None of the Property Owners intends, by the execution of this Agreement or the Capital Pledge Agreement, to waive its rights to full and just compensation for the taking of its property or to due process with respect to such Project ROW acquisition.

2.4 Property Owners' Credit for Transportation Capital Expansion Fees. The City acknowledges that it has \$1.4 million of TCEFs available to help fund the Project. In recognition of the TCEFs that the Owners are likely to pay to the City when they develop their respective properties, the City has agreed to credit one half of these available TCEFS, or \$700,000, to the payment of the Owners' Share upon execution and delivery of this Agreement, as further set forth in Section 2.1 hereof.

ARTICLE 3

DISTRICTS.

3.1 **Approval of Service Plans.** The Parties acknowledge that the TIC Owners, CSURF, FCIC and GAPA have each submitted a consolidated Service Plan for their respective Development Metropolitan Districts for customary review and processing by the City, and the Owners have further caused the Service Plan for the Interchange District to be submitted to the City. The City Council shall consider resolutions of approval for each Service Plan described above no later than March 6, 2018. The Parties acknowledge and agree that it is within the City Council's sole discretion whether it will approve the Service Plans, and nothing herein shall be construed to require such approval by the City Council. Nothing in this Agreement shall prevent the filing of additional Service Plans at a later date.

3.2 **Interchange District Boundaries.** Each of the Properties will be included within the boundaries of the Interchange District, which inclusion will be reflected in the overall boundary map contained in the District's Service Plan.

3.3 **Project Mill Levy.** The Service Plan for the Interchange District shall authorize such District to impose the Project Mill Levy. The Pledged Project Mill Levy Revenues shall be pledged pursuant to the Capital Pledge Agreement for payment of the Owners' Share.

3.4 **Project Fees.** The Service Plan for the Interchange District shall authorize such District to impose Project Fees, which shall be pledged pursuant to the Capital Pledge Agreement for payment of the Owners' Share.

3.5 **District Fees and Development Mill Levy.** In addition to providing for payment of the Owners' Share by the Interchange District, the Owners intend to use the Development Metropolitan Districts to pay eligible public improvement costs related to the development of their respective Properties. Subject to the provisions set forth in the Service Plans and in Section 2.2 hereof relating to the recording of the Interchange PIF Covenant against all Properties, each Development Metropolitan District shall have the right to charge District Fees and impose a Development Mill Levy, and such revenues shall not be required to be pledged to the City for payment of the Owners' Share.

3.6 **Capital Pledge Agreement.** The Owners hereby acknowledge that pursuant to the provisions of the Service Plans, the Development Metropolitan Districts are not authorized to impose the Development Mill Levy, impose any District Fees, or issue any debt until the Interchange District and the City execute and deliver the Capital Pledge Agreement.

ARTICLE 4

CITY FUNDING OF PROJECT

4.1 **City Funding of Project.** The City agrees that, subject to annual appropriation by the City Council, it shall fund all the costs of the Project that are not being paid by CDOT. The Parties acknowledge and agree that the Owner's Share shall not be increased or decreased in the event of cost overruns or cost savings in connection with the Project.

ARTICLE 5

TERM

5.1 **Conditions Subsequent; Term.** The Parties acknowledge that the Interchange District is submitting the necessary ballot questions to its electorate at the Election, that will authorize the organization of the Interchange District and approve ballot questions that authorize the imposition of the Project Mill Levy and the execution and delivery of the Capital Pledge Agreement, in compliance with TABOR and any other applicable law. In the event that (a) the Election is not held on May 8, 2018, or (b) the ballot questions are not approved, or (c) the Interchange District does not execute the Capital Pledge Agreement at its first meeting of the Board after the Election, this Agreement shall terminate and be of no further force and effect. In the event that the Election is held, the ballot questions are approved at the Election, and the Capital Pledge Agreement is executed and delivered by the Interchange District, this Agreement shall remain in full force and effect until the payment in full of the Owners' Share.

ARTICLE 6

DEFAULT & REMEDIES

6.1 **Default & Remedies.** If any Party fails to perform or observe any obligation or condition required by this Agreement (a "**Defaulting Party**"), a Party not in default (a "**Non-Defaulting Party**") may deliver written notice to the Defaulting Party specifically describing such default or defaults ("**Default Notice**"). The Defaulting Party shall, after receipt of the Default Notice, have thirty (30) days to cure the default or defaults described in the Default Notice, unless the default or defaults cannot reasonably be cured within thirty (30) days, then the Defaulting Party shall have ninety (90) days after receipt of written notice from the Non-Defaulting Party to cure (collectively, the "**Cure Period**"). If any default described in the Default Notice remains uncured after expiration of the Cure Period, a Non-Defaulting Party may, as its sole remedies, seek specific performance or injunctive relief. In no event shall any Party be liable for damages, including, but not limited to, punitive, exemplary, or consequential damages, including, without limitation, lost profits, whatever the nature of a breach by any other Party of its obligations under this Agreement, and the Parties hereby waive all claims for damages, including, but not limited to, punitive, exemplary, or consequential damages.

ARTICLE 7

MISCELLANEOUS.

7.1 **Cooperation.** The Parties agree to cooperate on a reasonable basis upon execution of this Agreement to complete any item contemplated herein that is not completed prior to the Effective Date.

7.2 **Representatives and Notice.** The Parties' respective designated representatives and legal counsel for negotiations and communications concerning the Agreement, and their contact information, are as follows:

For the City:

Mike Beckstead
Chief Financial Officer
300 LaPorte Avenue
PO Box 580
Fort Collins, CO 80524
970-221-6795
mbeckstead@fcgov.com

John Duval
Deputy City Attorney
300 LaPorte Avenue
PO Box 580
Fort Collins, CO 80524
970-416-2488
jduval@fcgov.com

For FCIC and GAPA:

Fort Collins/I-25 Interchange Corner, LLC and/or
Gateway at Prospect Apartments, LLC
c/o Neihart Land Company, LLC
580 Hidden Valley Road
Colorado Springs, CO 80919
Attn: R. Tim McKenna
719-641-6527
tim.mckenna@neihartland.com

With a copy to:

Brownstein Hyatt Farber Schreck, LLP
410 17th Street, Suite 2200
Denver, CO 80202
Attn: Carolynne C. White, Esq.
303-223-1197
cwhite@BHFS.com

For the TIC Owners:

Land Acquisition and Management, LLC
#4 West Dry Creek Cr, Suite 100
Littleton, CO 80120
Attn: Rick White
303-601-5463
rwhite@laam.biz

With a copy to:

Kutak Rock LLP
1801 California Street, Suite 3100
Denver, Colorado 80202
Attn: Daniel C. Lynch, Esq.
303-292-7875
dan.lynch@kutakrock.com

And a copy to:

Kutak Rock LLP
1801 California Street, Suite 3100
Denver, Colorado 80202
Attn: Robert C. Roth, Jr., Esq.,
(303) 292-7802
Robert.RothJr@KutakRock.com

For Paradigm:

Paradigm Properties, LLC
2300 Knoll Drive, Suite A, 2nd Floor
Ventura, CA 93003
Attn: Jeffrey Hill
jeffreyahill@gmail.com

With a copy to:

Kutak Rock LLP
1801 California Street, Suite 3100
Denver, Colorado 80202
Attn: Daniel C. Lynch, Esq.
303-292-7875
dan.lynch@kutakrock.com

For CSURF:

Colorado State University Research Foundation
2537 Research Boulevard, Suite 200
Fort Collins, CO 80526
Attn: Rick Callan
Senior Real Estate Analyst
970-492-4502
Rick.Callan@colostate.edu

With a copy to:

Colorado State University Research Foundation
2537 Research Boulevard, Suite 200
Fort Collins, CO 80526
Attn: Donna.Baily, Esq.
Senior Legal Counsel
970-492-4506
Donna.Baily@colostate.edu

All notices or documents delivered or required to be delivered under the provisions of this Agreement shall be deemed received one day after hand delivery or three days after mailing. Any party by written notice so provided may change the address to which future notices shall be sent, and may provide the manner in which notices may be given, including without limitation, electronic mail.

7.3 Recordation of Agreement. This Agreement shall not be recorded in the office of the Larimer County Clerk and Recorder.

7.4 General Provisions.

(a) This Agreement and the Capital Pledge Agreement constitute the final, complete, and exclusive statement of the terms of the agreement between the Parties pertaining to the subject matter of this Agreement and the Capital Pledge Agreement and supersede all prior and contemporaneous understandings or agreements of the Parties, including without limitation, the MOU. This Agreement may not be contradicted by evidence of any prior or contemporaneous statements or agreements. No Party has been induced to enter into this Agreement by, nor is any party relying on, any representation, understanding, agreement, commitment, or warranty except those expressly set forth in this Agreement.

(b) If any term or provision of this Agreement is determined to be illegal, unenforceable, or invalid in whole or in part for any reason, such illegal, unenforceable, or invalid provisions or part thereof shall be stricken from this Agreement, and such provision shall not affect the legality, enforceability, or validity of the remainder of this Agreement. If any provision or part thereof of this Agreement is stricken in accordance with the provisions hereof, then such stricken provision shall be replaced, to the extent possible, with a legal, enforceable, and valid provision that is as similar in tenor to the stricken provision as is legally possible.

(c) It is intended that there be no third-party beneficiaries of this Agreement. Nothing contained herein, expressed or implied, is intended to give to any person other than the Parties any claim, remedy, or right under or pursuant hereto, and any agreement, condition, covenant, or term contained herein required to be observed or performed by or on behalf of any Party hereto shall be for the sole and exclusive benefit of the other Party.

(d) This Agreement may not be assigned or transferred by any Party without the prior written consent of all the other Parties. Any such assignment or transfer without the required prior written consent shall be deemed null and void and of no effect.

(e) This Agreement shall be governed by and construed under the applicable laws of the State of Colorado. Venue for any judicial action to interpret or enforce this Agreement shall be in Larimer County District Court of the Eighth Judicial District for the State of Colorado.

(f) This Agreement may be amended or supplemented by the Parties, but any such amendment or supplement must be in writing and must be executed by all the Parties.

(g) If the date for making any payment or performing any action hereunder shall be a legal holiday or a day on which banks in Denver, Colorado are authorized or required by law to remain closed, such payment may be made or act performed on the next succeeding day which is not a legal holiday or a day on which banks in Denver, Colorado are authorized or required by law to remain closed.

(h) Each of the Parties has participated fully in the review and revision of this Agreement. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in interpreting this Agreement. The language in this Agreement shall be interpreted as to its fair meaning and not strictly for or against any Party.

(i) This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

(j) The Parties each covenant that they will do, execute, acknowledge, and deliver or cause to be done, executed, acknowledged, and delivered, such acts, instruments, and transfers as may reasonably be required for the performance of their respective obligations hereunder.

(k) This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

IN WITNESS WHEREOF, the Parties have executed this Agreement as the date and year first above written.

FCIC:

FORT COLLINS/I-25 INTERCHANGE CORNER, LLC,
a Colorado limited liability company

By: MCKENNA MANAGEMENT, LLC,
a Colorado limited liability company
its co-Manager

By: _____

Name: R. Tim McKenna

Title: Manager

[Signatures continue on following page(s)]

GAPA:

GATEWAY AT PROSPECT APARTMENTS, LLC,
a Colorado limited liability company

By: MCKENNA MANAGEMENT, LLC,
a Colorado limited liability company
its co-Manager

By: _____
Name: R. Tim McKenna
Title: Manager

[Signatures continue on following page(s)]

TIC Owners:

TENANTS-IN-COMMON

CW SUBTRUST

By:

David B. White, Trustee

M. JENNET WHITE, an Individual

CHRISTOPHER WHITE, an Individual

TENANTS-IN-COMMON

ERIC S. WHITE, an Individual

JANE E. WHITE, an Individual

JASON R. WHITE, an Individual

DANIEL A. WHITE, an Individual

TENANTS-IN-COMMON

**NEW DIRECTION IRA, INC. FBO BARBARA
ANN MEDINA IRA**

By: _____
Name: _____
Title: _____

Approved:

Barbara Medina

**BOOREN LIMITED LIABILITY LIMITED
PARTNERSHIP**

By: _____
Steven M. Booren, General Partner

By: _____
Marie S. Booren, General Partner

**DUNKIN LIMITED LIABILITY LIMITED
PARTNERSHIP**

By: _____
Douglas S. Dunkin, General Partner

By: _____
Karrie L. Dunkin, General Partner

TENANTS-IN-COMMON

LAURA SNORTLAND FAIRFIELD, an Individual

ROBERT C. ROTH, JR., an Individual

ROBERT TAYLOR, an Individual

[Signatures continue on following page(s)]

Paradigm:

PARADIGM PROPERTIES, LLC,
a California limited liability company

By: _____

Name: Jeffrey A. Hill

Title: Managing Member

[Signatures continue on following page(s)]

CSURF:

COLORADO STATE UNIVERSITY RESEARCH FOUNDATION,
a Colorado nonprofit corporation

By: _____

Name: Kathleen Henry

Title: CEO and President

[Signatures continue on following page(s)]

CITY OF FORT COLLINS, COLORADO
a municipal corporation

By: _____
Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

Deputy City Attorney

[Signatures end]

EXHIBIT A MASTER GLOSSARY OF TERMS

“Binding Agreement” means the Binding Agreement Concerning the Development of Interstate Highway 25 and Prospect Road Interchange by and among the City and the Owners.

“Capital Pledge Agreement” means the Capital Pledge Agreement by and between the Interchange District and the City.

“Carryover Costs” has the meaning set forth in Section 2.04(d) of the Capital Pledge Agreement.

“CDOT” means the Colorado Department of Transportation.

“Certificates of Participation” means the Certificates of Participation that are expected to be executed and delivered to finance a portion of the costs of the Interchange Project that are not being paid by CDOT or Timnath. If the Certificates of Participation finance more than one project, the term “Certificates of Participation” shall mean only that pro rata portion of such Certificates that are allocable to the financing of the Interchange Project.

“City” means the City of Fort Collins, a home rule municipality and political subdivision of the State of Colorado.

“City Council” means the City Council of the City.

“CSURF” means the Colorado State University Research Foundation, a Colorado nonprofit corporation.

“CSURF Parcels” means the property owned by CSURF and generally described in the MOU.

“Development Metropolitan Districts” means, collectively, Gateway at Prospect Metropolitan District Nos. 1-7; Rudolph Farms Metropolitan District Nos. 1-6; and SW Prospect I25 Metropolitan District Nos. 1-7.

“Development Mill Levy” means each of the mill levies imposed by the Development Metropolitan Districts.

“Districts” means and includes the Interchange District and the Development Metropolitan Districts.

“District Act” means Title 32, Article 1, Colorado Revised Statutes, as amended.

“District Fees” means and includes the fees imposed by the Development Metropolitan Districts pursuant to the District Act for services, programs or facilities furnished or to be furnished by them. District Fees are not required to be pledged as security for the obligations of the Interchange District.

"Election" means the election to be held by the Interchange District on May 8, 2018.

"Eligible Operational Costs" means the actual and reasonable operating and administrative expenses incurred by the Interchange District each year in an amount that does not exceed that amount budgeted by the Interchange District for operating and administrative expenses in such year, as such budget may be amended in accordance with the Capital Pledge Agreement. Revenues generated from the Project Mill Levy may be applied by the District to the payment of Eligible Operational Costs and the Interchange District shall receive a credit against the Owners' Share in each year in an amount equal to the Eligible Operational Costs for such year, as further set forth in the Capital Pledge Agreement.

"FCIC" means Fort Collins/1-25 Interchange Comer, LLC, a Colorado limited liability Company.

"FCIC Parcel" means the property owned by FCIC and generally described in the MOU.

"Formation Costs" means the reasonable and necessary costs, fees and expenses, including attorneys' fees, costs and expenses, incurred by the Owners or the Interchange District in connection with the formation of the Interchange District, including without limitation, drafting and negotiating the service plan for the Interchange District, the preparation of the financing plan attached to the service plan, and the costs of the Election. Formation Costs shall also include the share of the costs of drafting and negotiating the Binding Agreement and the Capital Pledge Agreement that are reasonably related and allocable to the formation of the Interchange District. Formation Costs shall not include the costs incurred in connection with the formation of the Development Districts. Revenues generated from the Project Mill Levy may be applied by the Interchange District to the payment or reimbursement of Formation Costs in an amount not exceeding \$200,000 as further set forth in the Capital Pledge Agreement. The Interchange District shall not receive a credit against the Owners' Share in an amount equal to the Formation Costs.

"GAPA" means Gateway at Prospect Apartments, LLC, a Colorado limited liability company.

"GAPA Parcel" means the property owned by GAPA and generally described in the MOU.

"Interchange District" means the 1-25/Prospect Interchange Metropolitan District formed pursuant to the District Act and having boundaries which include all of the Owners' Properties.

"Interchange" means the highway interchange currently located at Interstate Highway 1-25 and Prospect Road in the City.

"Interchange District Financing Costs" means the reasonable costs of issuance incurred in connection with the execution and delivery of the Certificates of Participation that are allocable to the financing of the Owners' Share with a portion of the proceeds of the Certificates of Participation, including, without limitation, the fees and expenses of bond counsel, disclosure counsel and counsel to the underwriter, trustee fees and expenses, rating agency fees, insurance premiums, capitalized interest, and similar fees and expenses. If the Certificates of Participation are executed and delivered prior to the ROW Credit being granted, the percentage of costs of

issuance to be allocated to the Interchange District shall be equal to \$7,550,000 divided by the total net proceeds of the Certificates of Participation to be applied to finance the Interchange Project (in a total amount not exceeding \$19,000,000). If the ROW Credit has been granted prior to the execution and delivery of the Certificates of Participation, the percentage of costs of issuance to be allocated to the Interchange District shall be equal to \$7,050,000 divided by the total net proceeds of the Certificates to be applied to finance the Interchange Project (in a total amount not exceeding \$18,500,000). Notwithstanding the foregoing, in no event shall the Interchange District Financing Costs exceed an amount equal to two percent (2%) of the principal amount of the Owners' Share as calculated at the time the Certificates of Participation are executed and delivered.

"Interchange PIF" means a PIF imposed on the Properties at a rate of 0.75% on all future retail sales on the Properties that are subject to the City's sales tax under Article III in City Code Chapter 25.

"Interchange PIF Collection Agent" means, collectively, an entity or entities retained by the Owners, as the declarants under the applicable Interchange PIF Covenant, with the approval of the Interchange District, for the purpose of collecting, accounting for, and disbursing the Interchange PIF revenue in accordance with the applicable Interchange PIF Covenant. The Owners shall not be required to have one entity serve as Interchange PIF Collection Agent for all the Interchange PIF Covenants.

"Interchange PIF Collection Agreement" means an agreement or agreements related to the collection and remittance of the Interchange PIF revenue between the applicable Owner and the Interchange PIF Collection Agent. Any of the other Owners and the Interchange District may also be parties to the PIF Collection Agreement.

"Interchange PIF Covenant" means the recorded instrument by which an Interchange PIF is imposed.

"MOU" the Memorandum of Understanding dated as of January 30, 2018, by and among the City and the Owners or their authorized representatives.

"Owners" or *"Property Owners"* means and includes FCIC, GAPA, the TIC Owners, Paradigm and CSURF.

"Owners' Share" means the share of the cost of the Project to be funded by the Interchange District in accordance with the terms and provisions of the Binding Agreement and the Capital Pledge Agreement. The Owners' Share shall be funded solely from the Pledged Revenues.

"Paradigm" means Paradigm Properties LLC, a California limited liability company.

"Paradigm Parcels" means the two parcels of land owned by Paradigm and generally described in the MOU.

"Parties" means, collectively, the parties to the Binding Agreement or the Capital Pledge Agreement, as applicable.

“Payment Schedule” means the schedule that sets forth the Owners’ Share payments due in each year, including both a principal component and an interest component, as further set forth in the Capital Pledge Agreement.

“PIF” means and includes any fee imposed for the provision of public improvements or services within the whole or any portion of the Interchange District or any District by the recording of covenants binding and running with any or all of the Properties by the Owners thereof.

“PIF Collection Agent” means the entity or agent retained to collect the Interchange PIF.

“Pledged Project Mill Levy Revenues” means the revenues derived from the Project Mill Levy, net of (a) any reasonable costs of collection, (b) Formation Costs, (c) Eligible Operational Costs paid by the Interchange District, and (d) any Carryover Costs.

“Pledged Revenues” means the following:

- (a) Pledged Project Mill Levy Revenues;
- (b) revenues generated from the Project Fees;
- (c) revenues generated from the Interchange PIF, net of any reasonable costs of collection; and
- (d) any other legally available moneys which the Interchange District determines, in its sole discretion, to apply to the payment of the Owners’ Share.

“Project” means the project to significantly modify and improve the Interchange by reconstructing its ramps and bridge and by reconstructing Prospect Road to a configuration with four through lanes, a raised median, left turn lanes and pedestrian and bicycle facilities, together with the Urban Design Features. The Project will be funded cooperatively by CDOT, the City, Timnath and the Interchange District, pursuant to the Binding Agreement, the Capital Pledge Agreement and the Timnath Agreement.

“Project Fees” means fees imposed by the Interchange District pursuant to the Capital Pledge Agreement that are pledged to the payment of the Owners’ Share. The Project Fees shall be imposed in accordance with Exhibit A attached hereto and by this reference made a part hereof. Project Fees shall not be pledged as security for obligations of the Development Metropolitan Districts.

“Project Mill Levy” means a general ad valorem property tax levy imposed by the Interchange District at a rate not less than 7.5 mills and not more than 10 mills in accordance with the Capital Pledge Agreement. In the event the method of calculating assessed valuation is changed after January 1, 2018, such minimum or maximum mill levy, as applicable, will be increased or decreased to reflect such changes, such increases to be determined by the Board of the Interchange District in good faith (and such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by such mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in

the ratio of actual valuation to assessed valuation shall be deemed a change in the method of calculating assessed valuation.

“Project ROW” means those portions of the Properties to be used as rights of way for the Project, whether acquired by CDOT from the Property Owners by condemnation or purchase.

“Properties” means and includes the CSURF Parcels, FCIC Parcel, GAPA Parcel, TIC Owners Parcel and the Paradigm Parcels.

“Property Owners” means and includes FCIC, GAPA, the TIC Owners, Paradigm and CSURF.

“ROW Credit” means a credit to be applied by the City against the payment of the Owners’ Share in the amount of \$500,000, subject to the conditions stated in Section 2.3 of the Binding Agreement.

“Service Plan” means and includes the service plan filed pursuant to the District Act with respect to each of the Districts.

“Service Plans” means, collectively, all of the Service Plans.

“Supplemental Act” means Part 2 of Article 57, Title 11, C.R.S.

“TCEF” means the City Transportation Capital Expansion Fee that is imposed pursuant to Fort Collins Code Section 7.5-32.

“TCEF Credit” means a credit to be applied by the City against the payment of the Owners’ Share in an amount equal to \$700,000. The TCEF Credit shall be applied at the time of execution and delivery of the Binding Agreement.

“TABOR” means Colo. Const. Art. X, Sec. 20.

“TIC Owners” means the CW Subtrust, M. Jennet White, Christopher White, Eric. S. White, Jane E. White, Jason R. White, Daniel A. White, New Direction IRA, Inc. FBO Barbara Ann Medina IRA, Booren Limited Liability Partnership, Dunkin Limited Liability Limited Partnership, Laura Snortland Fairfield, Robert C. Roth, Jr. and Robert Taylor, as tenants in common.

“TIC Owners Parcel” means, collectively, the parcel or parcels owned by the TIC Owners and generally described in the MOU as the LAAM Parcels.

“Timnath” means the Town of Timnath, Colorado.

“Timnath Agreement” means the agreement between the City and Timnath, providing for Timnath’s reimbursement to the City of a portion of the costs of the Project.

“Urban Design Features” means certain design improvements in the Project required under the City’s development standards, that will add approximately \$7,000,000 to the cost of the

Project, which improvements are generally described on Exhibit B attached hereto and by this reference made a part hereof.

Exhibit A
Project Fees Schedule by Land Use Type

Land Use Type	Fee / Acre	Fee / Unit
Light Industrial (Code 110)	\$2,400	N/A
50k+ GLA Commercial (Shopping Center - Code 820)	\$12,200	N/A
Convenience Store (Code 853)	\$50,000	N/A
200k+ GLA Office (Code 710)	\$3,200	N/A
Hotel (Code 310)	N/A	\$310.00
Single Family Detached Residential (Code 210)	N/A	\$350.00
Single Family Attached (Code 220)	N/A	\$270.00
Multi- Family (Code 221)	N/A	\$200.00

Exhibit B

Urban Design Features

ITEM DESCRIPTION	CDOT PROJECT
BRIDGE ENHANCEMENTS	
Structural Concrete Stain on Bridge Curb, Girders, MSE Walls	X
Upgraded Pedestrian Rail on Bridge	X
Median & Pork Chop Island Cover Material (Color Concrete)	X
Irrigation Sleeves and Pull Boxes	X
GORE AREAS AND RAMPS	
Earthwork/Import (related to Landscape/Urban Design)	X
Stone Outcrops (including design, mock ups, installation)	X
Boulders	X
Cobble Swales	X
Turf Reinforcement Mat	X
Seed	X
Boulders	X
Irrigation Design	X
Irrigation Tap, Meter & Backflow	X
Irrigation Sleeves	X
PROSPECT ROAD	
Prospect Rd. Median - Perforated Pipe Underdrain	X
Prospect Rd. Median – Membrane	X
Prospect Rd. Median – Rock Filter Material	X
Prospect Rd. Median - Topsoil	X
Prospect Rd. Median – Double Curb	X
Electrical conduit for City Street Lights	X
Seed	X
Turf Reinforcement Mat	X
Irrigation Design	X
Irrigation Tap, Meter & Backflow	X
Irrigation Sleeves	X

EXHIBIT B

CAPITAL PLEDGE AGREEMENT

This CAPITAL PLEDGE AGREEMENT, made and entered into as of _____, 2018 (this “Capital Pledge Agreement” or this “Agreement”), by and between the I-25/PROSPECT INTERCHANGE METROPOLITAN DISTRICT, a special district organized and existing under the laws of the State of Colorado (the “Interchange District”) and the CITY OF FORT COLLINS, a Colorado home rule municipality (the “City”) (each a “Party” and jointly the “Parties),

WITNESSETH:

WHEREAS, pursuant to a Memorandum of Understanding dated as of January 30, 2018 (the “MOU”) by and among the City and the other parties identified therein (the “Owners”), the City and the Owners established a non-binding outline of documents and terms to be negotiated for the sharing of costs of improvements to the highway interchange at Interstate Highway I-25 and Prospect Road in the City; and

WHEREAS, one of the documents contemplated by the MOU was an intergovernmental agreement between the Interchange District and the City, identified as the Capital Pledge Agreement, whereby the Interchange District would pledge certain revenues as security for its obligation to pay the Owners’ Share of the cost of such improvements; and

WHEREAS, this Agreement shall constitute the Capital Pledge Agreement contemplated by the MOU;

NOW, THEREFORE, for and in consideration of the promises and mutual covenants and understandings herein, the Parties hereby agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.01. Definitions. Capitalized terms used herein and not defined in the Recitals above or elsewhere in this Agreement shall have the meanings, respectively, specified in Appendix A hereto.

Section 1.02. Interpretation. In this Agreement, unless the context expressly indicates otherwise, the following words shall be interpreted as set forth below:

(a) The words “herein,” “hereunder,” “hereby,” “hereto,” “hereof” and any similar words, refer to this Agreement as a whole and not to any particular article, section, or subdivision hereof; the word “heretofore” means before the date of execution of the Agreement; and the term “hereafter” means after the date of execution of this Agreement.

(b) All definitions, terms, and words shall include both the singular and the plural, and, except as otherwise expressly defined in the text of this Agreement, all

capitalized words or terms shall have the meanings specified in Appendix A attached hereto.

(c) Words of the masculine gender include correlative words of the feminine and neuter genders, and words importing the singular number include the plural number and vice versa.

(d) The captions or headings of this Agreement are for convenience only, and in no way define, limit, or describe the scope or intent of any provision, article, or section of this Agreement.

(e) All schedules, exhibits, and addenda referred to herein are incorporated herein by this reference.

ARTICLE II

FUNDING OF THE PROJECT; PAYMENT OBLIGATION

Section 2.01. Covenant of the City to Finance Project. The City agrees that, subject to annual appropriation by the City Council, it shall fund all the costs of the Project that are not being paid by CDOT. The City expects to finance a portion of such costs through the execution and delivery of the Certificates of Participation.

Section 2.02. Calculation of Owners' Share. The Owners' Share shall be the share of the costs of the Project to be funded by the Interchange District in accordance with the terms and provisions of the Binding Agreement and this Capital Pledge Agreement. The Owners agreed to fund costs of the Project in the amount of \$8,250,000, plus financing costs and interest as provided in this Agreement. In connection with the execution and delivery of the Binding Agreement, the City granted the TCEF Credit in the amount of \$700,000, which reduced the amount that the Owners' agreed to pay to fund the Project to \$7,550,000, plus financing costs and interest. The City has agreed in the Binding Agreement to grant the ROW Credit in the amount of \$500,000 to further reduce the principal amount of the Owners' Share upon compliance with the provisions set forth in Section 2.3 of the Binding Agreement.

The initial principal amount of the Owners' Share shall be calculated on the date of execution and delivery of the Certificates of Participation. The principal amount of the Owners' Share shall be an amount equal to \$7,550,000, plus the Interchange District Financing Costs, less the ROW Credit to the extent that the ROW Credit has been granted on or prior to the execution and delivery of the Certificates of Participation. Upon the execution and delivery of the Certificates of Participation, the City shall determine the Interchange District Financing Costs which shall be added to the principal amount of the Owners' Share. The principal amount of the Owners' Share shall bear per annum interest at the net effective interest rate borne by the Certificates of Participation beginning on the date of execution and delivery of the Certificates of Participation. The City shall prepare or cause to be prepared a Payment Schedule that sets forth a twenty year principal amortization of the Owners' Share, bearing interest at the net effective interest rate on the Certificates of Participation, with level debt service payments rounded to the nearest \$1000. The Payment Schedule shall set forth the principal amount due in each year, plus

the interest due in each year. The City shall remit such Payment Schedule to the Interchange District and the Owners, and such Payment Schedule shall be binding on the Parties absent manifest error.

In the event that all of the outstanding Certificates of Participation are refinanced by the City at a lower interest rate, the interest rate on the Owners' Share shall be reduced to the net effective interest rate borne by the refunding certificates or other refunding obligations, and the City shall prepare a revised Payment Schedule reflecting the lower interest rate.

The Interchange District acknowledges and agrees that the obligation to pay the Owners' Share is not contingent on the Certificates of Participation remaining outstanding. The obligation to pay the Owners' Share shall continue notwithstanding that the City may prepay all or any portion of the outstanding Certificates of Participation, or that an event of default or an event of non-appropriation may occur under the lease documents relating to the Certificates of Participation.

Section 2.03. Funding of Owners' Share.

The Interchange District agrees to fund the Owners' Share solely from the Pledged Revenues, as follows:

(a) The Owners' Share shall be payable in twenty installments in the amount set forth in the Payment Schedule on or prior to December 1 of each year, beginning December 1, 2019, subject to adjustment for prepayment of principal and the ROW Credit as hereinafter set forth.

(b) On or prior to the last day of each month, the Interchange District shall remit or cause to be remitted to the City all Pledged Revenues that it or the PIF Collection Agent received through the last day of the prior month. The City shall provide written acknowledgement to the Interchange District of the receipt of such Pledged Revenues, including the amount of Project Fee revenues that have been collected and retained by the City pursuant to Section 2.05 hereof.

(c) On or prior to December 1 of any given year, the Interchange District shall provide written notice to the City of the amount of revenues from the Project Mill Levy that have been applied to the payment or reimbursement of Formation Costs, if any. The Interchange District shall have the right to apply revenues from the Project Mill Levy to the repayment or reimbursement of Formation Costs, but the Interchange District shall not receive a credit toward the Owners' Share in the event of such repayment or reimbursement.

(d) On or prior to December 1 of any given year, the Interchange District shall also provide written notice to the City of the Eligible Operational Costs incurred by the Interchange District in such year, together with any documentation of such Eligible Operational Costs as reasonably requested by the City. The amount of the Eligible Operational Costs incurred by the Interchange District in each year shall be applied as a credit (i) first toward the interest due on the Owners' Share in such year, and (ii) second toward the principal amount of the Owners' Share due in such year.

(e) In the event that on December 1 of any given year the amount of Pledged Revenues remitted to the City in such year, plus the amount of the Eligible Operational Costs for such year, are less than the Owners' Share due on or prior to December 1 of such year, after any credit as hereinafter set forth, the amount of any such deficit shall begin to bear interest on December 1 of such year, until such deficit is paid, at a fixed rate equal to the rate the City then charges under its "Inter-agency Loan Program" found in Section 8.8 of its "Financial Management Policy 8". Any Pledged Revenues thereafter remitted shall be applied (i) first to any interest due on such deficit, (ii) second to the repayment of the principal amount of such deficit that remains outstanding, (iii) third to the annual interest payment due on or prior to the following December 1, and (iv) fourth to the annual principal payment due on or prior to the following December 1. In the event that on December 1 of any given year the amount of Pledged Revenues remitted to the City, plus the amount of the Eligible Operational Costs for such year, are more than the amount of the Owners' Share due on or prior to December 1 of such year, and any deficit from any prior years, plus interest on any such deficit, have been paid in full, then such excess Pledged Revenues shall be credited first against the interest amount of the Owners' Share due in the next subsequent year, and then against the principal amount of the Owners' Share due in the next subsequent year.

(f) No later than December 31 in each year, the City shall provide the Interchange District with a summary of (i) the Pledged Revenues received in such year through December 1 of such year, (ii) the amount of the Eligible Operational Costs credited to the payment of the interest and principal of the Owners' Share in such year, (iii) the amount of any credit or deficit remaining as of December 1 of such year, (iv) the amount of unpaid interest, if any, as of December 1 of such year, and (v) the total amount of the Owners' Share paid or credited through December 1 of such year.

(g) The Parties acknowledge and agree that so long as (i) the Project Mill Levy, the Project Fees and the Interchange PIF are being imposed and collected in accordance with the Binding Agreement and this Capital Pledged Agreement, and (ii) the Interchange District is remitting or causing the remittance of all the Pledged Revenues to the City in accordance with the provisions of this Capital Pledge Agreement, then in the event that there are insufficient Pledged Revenues to pay the full amount of the Owners' Share due in any year, this shall not constitute an event of default hereunder, but the unpaid amount of the Owners' Share shall remain outstanding until paid in full and interest shall accrue on any payment deficit as set forth in Section 2.03(e) hereof.

(h) The Interchange District may prepay the Owners' Share in whole or in part in any amount, on any date, without prepayment premium. Any such prepayment shall be applied first to any unpaid interest due on the Owners' Share. After any such unpaid interest has been paid, the remainder of such prepayment may be applied against the principal amounts due on the Owners' Share in inverse order of the principal payments due, or pro-rata to payments that are due, or in such other manner as determined in writing by the Interchange District. Upon any such partial prepayment, the Interchange District shall provide the City with a revised Payment Schedule.

(i) The ROW Credit shall be applied as a credit against the principal amount of the Owners' Share, as provided in Section 2.3 of the Binding Agreement. Upon the granting of such ROW Credit, the Owners have the right under the Binding Agreement to determine how the ROW Credit will be applied against the principal amount of the Owners' Share. Upon receipt of written notice by the Interchange District from the Owners of the application of the ROW Credit, the Interchange District shall provide the City and the Owners with the revised Payment Schedule reflecting such ROW Credit.

(j) The obligation of the Interchange District to pay the Owners' Share as provided herein shall constitute a special and limited obligation of the Interchange District, payable solely from and to the extent of the Pledged Revenues. The Pledged Revenues are hereby pledged by the Interchange District to the City for the payment of the Owners' Share. The Interchange District hereby elects to apply all of the provisions of the Supplemental Act to this Capital Pledge Agreement and the payment obligations hereunder.

(k) In no event shall the total or annual obligations of the Interchange District hereunder exceed the maximum amounts permitted under its electoral authority and applicable law.

Section 2.04. Imposition of Project Mill Levy; Eligible Operational Costs; Formation Costs.

(a) In order to fund a portion of the Owners' Share and to pay for Eligible Operational Costs and Formation Costs, the Interchange District agrees to levy on all of the taxable property in such Interchange District, in addition to all other taxes, direct annual taxes for collection in each of the years when this Agreement is in effect, in the amount of the Project Mill Levy. The Pledged Project Mill Levy Revenues shall be included in the Pledged Revenues and applied as provided herein.

(b) The Interchange District shall provide the City with an itemization of the Formation Costs incurred by the Interchange District that are to be paid or reimbursed from revenues generated from the Project Mill Levy, in an amount not exceeding \$200,000. The City shall have the right to review the Formation Costs to confirm that such costs, fees and expenses qualify as Formation Costs for purposes of this Agreement. Upon receipt of the net revenues generated from the Project Mill Levy, and after the City's confirmation of the Formation Costs, the Interchange District may apply such revenues to the payment or reimbursement of all or any portion of the Formation Costs until such Formation Costs are paid or reimbursed in full. The Interchange District acknowledges and agrees that it shall not receive a credit against the Owners' Share to the extent that it applies revenues from the Project Mill Levy to the payment of all or any portion of the Formation Costs.

(c) The Interchange District shall provide the City with a copy of its proposed budget for the subsequent fiscal year setting forth the amount of administrative and operating expenses budgeted for the Interchange District for the subsequent fiscal year. If a budget amendment is required due to circumstances that could not have been reasonably foreseen at the time the original budget was adopted, the Interchange District shall provide

the City with a copy of the proposed budget amendment setting forth the amount of additional administrative and operating expenses anticipated for the applicable year, and the reason for the increase. The City shall have the right to review the budget and any subsequent budget amendment to confirm that the amount so budgeted for administrative and operating expenses is reasonable, and that any amendment to the budget was the result of circumstances that could not have been reasonably foreseen. The Eligible Operational Costs for any year shall not exceed the amount set forth in the budget and any such budget amendment, as reviewed and approved by the City. The Interchange District agrees that any administrative and operating costs incurred by the Interchange District that exceed the amount so budgeted for any year, including any approved budget amendment, shall not constitute Eligible Operational Costs for purposes of this Agreement and shall not be paid or reimbursed from the revenues generated from the Project Mill Levy or any other Pledged Revenues.

(d) Upon receipt of the net revenues generated from the Project Mill Levy, the Interchange District may apply such revenues to the payment of Eligible Operational Costs and any Carryover Costs (as hereinafter defined). In the event that there are not sufficient revenues generated from the Project Mill Levy in any year to pay the Eligible Operational Costs, such deficit shall constitute "Carryover Costs" for purposes of this Agreement, and the next available revenues generated from the Project Mill Levy may be applied first to the repayment of these Carryover Costs. In the event that there are not sufficient revenues generated from the Project Mill Levy in any year to pay any outstanding Carryover Amounts and the Eligible Operational Costs in such year, any such deficit amount shall be added to the outstanding Carryover Costs. The City acknowledges and agrees that the Interchange District will receive a credit each year against the Owners' Share in an amount equal to the Eligible Operating Costs incurred by the Interchange District for such year, as further set forth in Section 2.03(d) hereof.

(e) This Section 2.04 is hereby declared to be the certificate of the Interchange District to the Board of County Commissioners of Larimer County indicating the aggregate amount of taxes to be levied for purposes of this Agreement and the payment obligations hereunder.

(f) It shall be the duty of the Interchange District annually at the time and in the manner provided by law for the levying of the Interchange District's taxes, if such action shall be necessary to effectuate the provisions of this Agreement, to ratify and carry out the provisions hereof with reference to the Project Mill Levy and collection of the proceeds thereof, and to require the officers of the Interchange District to cause the appropriate officials of Larimer County to levy the Project Mill Levy and to extend and collect such taxes in the manner provided by law, for the purpose of providing funds for the payment of the Owners' Share promptly as the installments of the same, respectively, become due. The proceeds of the Pledged Project Mill Levy Revenues, when collected, shall be applied only to the payment of the Owners' Share due hereunder.

(g) The Project Mill Levy shall be levied, assessed, collected, and enforced at the time and in the form and manner and with like interest and penalties as other general taxes in the State of Colorado.

(h) The Interchange District shall pursue all reasonable efforts to collect, or cause the collection of, delinquent ad valorem property taxes within its boundaries.

(i) Upon payment in full of the Owners' Share, the Interchange District's obligation to impose the Project Mill Levy shall terminate.

(j) Nothing herein shall be construed to require the Interchange District to impose an ad valorem property tax levy in excess of the Project Mill Levy. Except as provided by the Service Plan of the Interchange District, nothing herein shall be construed to prevent the Interchange District from imposing an ad valorem property tax levy in excess of the Project Mill Levy to pay administrative expenses in excess of the Eligible Operational Costs or for other lawful purposes.

Section 2.05. Imposition of Project Fees. In order to provide additional Pledged Revenues to fund the Owners' Share, the Interchange District agrees to impose and collect or cause the collection of the Project Fees, which Project Fees shall be included in the Pledged Revenues and applied as provided herein. The Interchange District agrees to take all necessary and proper steps promptly to adopt, impose and enforce the payment of Project Fees at the time of issuance of each vertical development permit by the City. For the purpose of administering and facilitating the collection of Project Fees, the City agrees to promptly notify the Interchange District whenever application is made for a vertical building permit for structures or other improvements on any of the Properties, and to collect the Project Fees on behalf of the Interchange District. The City shall send written notice each month to the Interchange District as to the amount of Project Fees so collected in such month. The City shall be allowed to retain the Project Fees so collected and shall credit the Project Fees so collected, without deduction for any collection costs, to the amounts due to the City hereunder, in accordance with Section 2.03 hereof. The Interchange District shall not modify, amend or repeal the resolution or resolutions imposing the Project Fees in any manner or to any extent that would result in a reduction of the rates or amount of Project Fees without the prior written consent of the City.

Upon payment in full of the Owners' Share, the Interchange District's obligation to impose the Project Fees shall terminate.

Section 2.06. Collection of PIF Revenues. As provided in the Binding Agreement, the Owners have caused or will cause to be recorded with respect to the Properties in the Interchange District the Interchange PIF Covenant, touching, concerning and running with the land, whereby during the term of this Agreement there are to be collected and paid to the Interchange District the proceeds derived from the imposition of a retail sales tax PIF at a rate equal to 0.75%, net of any reasonable administrative fees for collection, on all future retail sales on the Properties that are also subject to the City's sales taxes under Article III, Chapter 25 of the City Code, which amounts, when and as received by the Interchange District, shall be included in the Pledged Revenues. The Interchange PIF revenues shall be collected pursuant to the terms and provisions of the Interchange PIF Collection Agreement. The City shall have the right to review the Interchange PIF Collection Agreement to confirm compliance with the terms and provisions of the Binding Agreement and this Capital Pledge Agreement.

Section 2.07. Payment and Application of Pledged Revenues. On or prior to the last day of each month, the Interchange District shall remit or cause to be remitted to the City all Pledged Revenues that it or the PIF Collection Agent received through the last day of the prior month. Such payment shall be made in lawful money of the United States of America by check mailed or delivered, or by wire transfer, to the City or as otherwise directed by the City. The City shall acknowledge in writing the receipt of all amounts paid to it by the Interchange District or the PIF Collection Agent from Pledged Revenues.

The books and records of the Interchange District and the PIF Collection Agent pertaining to the collection and receipt of the Pledged Revenues shall be open for inspection by the authorized representatives of the City during business hours upon reasonable notice.

The books and records of the City pertaining to the collection and receipt of the Project Fees shall be open for inspection by the authorized representatives of the Interchange District during business hours upon reasonable notice. Such access shall be subject to the provisions of the Colorado Open Records Act contained in Article 72 of Title 24, C.R.S. In the event of disputes or litigation between the Parties hereto, all access and requests for such records shall be made in compliance with the Colorado Open Records Act.

Section 2.08. Effectuation of Pledge of Security, Current Appropriation. The sums required to pay the amounts due hereunder are hereby appropriated for that purpose, and said amounts for each year shall be included in the annual budget and the appropriation measures to be adopted or passed by the Board of the Interchange District in each year while any of the obligations herein authorized are outstanding and unpaid. No provisions of any constitution, statute, resolution or other order or measure enacted after the execution of this Agreement shall in any manner be construed as limiting or impairing the obligation of the Interchange District under this Agreement to impose and collect the Project Mill Levy, to impose and collect the Project Fees and to collect the PIF's.

In addition, and without limiting the generality of the foregoing, the obligations of the Interchange District to transfer or cause the transfer of funds to the City as provided herein shall survive any court determination of the invalidity of this Capital Pledge Agreement as a result of a failure, or alleged failure, of any of the directors of the Interchange District to properly disclose, pursuant to State of Colorado law, any potential conflicts of interest related hereto in any way, provided that such disclosure is made on the record of Interchange District's meetings as set forth in its official minutes.

Section 2.09. Limited Defenses; Specific Performance. It is understood and agreed by the Interchange District that its obligations hereunder are absolute, irrevocable, and unconditional except as specifically stated herein, and so long as any obligation of the Interchange District hereunder remains unfulfilled, any obligations remain outstanding or any costs in connection therewith remain unpaid, such Interchange District agrees that notwithstanding any fact, circumstance, dispute, or any other matter, it will not assert any rights of setoff, counterclaim, estoppel, or other defenses to its payment obligations, or take or fail to take any action which would delay a payment to the City or impair the City's ability to receive payments due hereunder. Notwithstanding that this Agreement specifically prohibits and limits defenses and claims of the Interchange District, in the event the Interchange District believes that it has valid defenses, setoffs,

counterclaims, or other claims other than specifically permitted by this Section 2.09, it shall, nevertheless, make all payments to the City as provided herein, and then may seek to recover such payments by actions at law or in equity for damages or specific performance, respectively.

Section 2.10. Future Exclusion of Property. The Interchange District shall not consent to the exclusion of any real property from within its boundaries without the prior written consent of the City Council, which consent shall be evidenced by resolution.

Section 2.11. Additional Covenants of the Interchange District. The Interchange District additionally covenants as follows:

(a) The Interchange District will not issue or incur bonds, notes, or other obligations payable in whole or in part from, or constituting a lien upon, the general ad valorem taxes of such Interchange District (other than general ad valorem taxes imposed for the purpose of funding operation, maintenance and administrative costs incurred by the Interchange District, provided that such taxes are not imposed in excess of the amount permitted under its Service Plan after first taking into account the imposition of the Project Mill Levy), Project Fees or Interchange PIF's included in Pledged Revenues, other than obligations subject to annual appropriation and which are expressly subject to the obligations of the Interchange District hereunder, without the prior written consent of the City.

(b) At least once a year in the time and manner provided by law, the Interchange District will cause an audit to be performed of the financial records relating to its revenues and expenditures. In addition, at least once a year in the time and manner provided by law, the Interchange District will cause a budget to be prepared and adopted. Copies of the budget and the audit will be filed and recorded in the places, time, and manner provided by law.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Section 3.01. Representations and Warranties of the Interchange District. The Interchange District hereby makes the following representations and warranties with respect to itself:

(a) The Interchange District is a quasi-municipal corporation and political subdivision duly organized and validly existing under the laws of the State.

(b) The Interchange District has all requisite corporate power and authority to execute, deliver, and to perform its obligations under this Capital Pledge Agreement. The Interchange District's execution, delivery, and performance of this Capital Pledge Agreement has been duly authorized by all necessary action. The authorization for issuance of debt, fiscal year spending, revenue collections and other constitutional matters requiring voter approval by the Interchange District for purposes of this Capital Pledge Agreement was approved at the Election in accordance with law and pursuant to due notice.

The performance of the terms of this Capital Pledge Agreement by the Interchange District requires no further electoral approval.

(c) The Interchange District is not in violation of any of the applicable provisions of law or any order of any court having jurisdiction in the matter, which violation could reasonably be expected to materially adversely affect the ability of the Interchange District to perform its obligations hereunder. The execution, delivery and performance by the Interchange District of this Capital Pledge Agreement (i) will not violate any provision of any applicable law or regulation or of any order, writ, judgment, or decree of any court, arbitrator, or governmental authority, (ii) will not violate any provision of any document or agreement constituting, regulating, or otherwise affecting the operations or activities of the Interchange District in a manner that could reasonably be expected to result in a material adverse effect upon its financial condition or ability to meet its obligations when due, and (iii) will not violate any provision of, constitute a default under, or result in the creation or imposition of any lien, mortgage, pledge, charge, security interest, or encumbrance of any kind on any of the revenues or other assets of the Interchange District pursuant to the provisions of any mortgage, indenture, contract, agreement, or other undertaking to which the Interchange District is a party or which purports to be binding upon the Interchange District or upon any of its revenues or other assets which could reasonably be expected to result in a material adverse effect upon its financial condition or ability to meet its obligations when due.

(d) The Interchange District has obtained all consents and approvals of, and has made all registrations and declarations with any governmental authority or regulatory body required for the execution, delivery, and performance by the Interchange District of this Capital Pledge Agreement.

(e) There is no action, suit, inquiry, investigation, or proceeding to which the Interchange District is a party, at law or in equity, before or by any court, arbitrator, governmental or other board, body, or official which is pending in connection with any of the transactions contemplated by this Capital Pledge Agreement nor, to the best knowledge of the Interchange District is there any basis therefor, wherein an unfavorable decision, ruling, or finding could reasonably be expected to have a material adverse effect on the validity or enforceability of, or the authority or ability of the Interchange District to perform its obligations under, this Capital Pledge Agreement.

(f) This Capital Pledge Agreement constitutes the legal, valid, and binding obligation of the Interchange District, enforceable against the Interchange District in accordance with its terms (except as such enforceability may be limited by bankruptcy, moratorium, or other similar laws affecting creditors' rights generally and provided that the application of equitable remedies is subject to the application of equitable principles).

ARTICLE IV

DEFAULT AND REMEDIES

Section 4.01. Events of Default. The occurrence or existence of any one or more of the following events shall be an “Event of Default” hereunder, and there shall be no default or Event of Default hereunder except as provided in this Section:

(a) the Interchange District fails or refuses to impose the Project Mill Levy, or the Project Fees, or to enforce its rights in connection with the Interchange PIF’s, or to remit or cause the remittance of the Pledged Revenues as required by the terms of this Capital Pledge Agreement;

(b) any representation or warranty made by either Party in this Capital Pledge Agreement proves to have been untrue or incomplete in any material respect when made;

(c) either party fails in the performance of any other of its covenants in this Capital Pledge Agreement, and such failure continues for 60 days after written notice specifying such default and requiring the same to be remedied is given to either of the Parties hereto;

(d) the Interchange District commences proceedings for dissolution or consolidation with another metropolitan district during the term of this Agreement; or

(e) (i) the Interchange District shall commence any case, proceeding, or other action (A) under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization, or relief of debtors, seeking to have an order for relief entered with respect to it or seeking to adjudicate it insolvent or bankrupt or seeking reorganization, arrangement, adjustment, winding up, liquidation, dissolution, composition, or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian, or other similar official for itself or for any substantial part of its property, or shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against it any case, proceeding, or other action of a nature referred to in clause (i) and the same shall remain undismissed within 90 days following the date of filing; or (iii) there shall be commenced against it any case, proceeding, or other action seeking issuance of a warrant of attachment, execution, distraint, or similar process against all or any substantial part of its property which results in the entry of an order for any such relief which shall not have been vacated, discharged, stayed, or bonded pending appeal within 90 days from the entry thereof; or (iv) it shall take action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clauses (i), (ii) or (iii) above; or (v) it shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due.

Section 4.02. Remedies For Events of Default. Subject to Section 2.09 hereof, upon the occurrence and continuation of an Event of Default, either Party may proceed to protect and enforce its rights against the Party causing the Event of Default by mandamus or such other suit, action, or special proceedings in equity or at law, in any court of competent jurisdiction, including,

without limitation, an action for specific performance, provided that no special or consequential damages shall be awarded in connection with any Event of Default hereunder. In the event of any litigation or other proceeding to enforce any of the terms, covenants or conditions hereof, the prevailing party in such litigation or other proceeding shall obtain, as part of its judgment or award, its reasonable attorneys' fees and costs.

ARTICLE V

MISCELLANEOUS

Section 5.01. Pledge of Revenue. The creation, perfection, enforcement, and priority of the pledge of the Pledged Revenues to secure or pay the payment obligations of the Interchange District shall be governed by Section 11-57-208 of the Supplemental Act and this Capital Pledge Agreement. The Pledged Revenues shall immediately be subject to the lien of such pledge without any physical delivery, filing, or further act. The lien of such pledge shall be valid, binding, and enforceable as against all persons having claims of any kind in tort, contract, or otherwise against any of the Interchange District irrespective of whether such persons have notice of such liens.

Section 5.02. No Recourse Against Officers, Agents or Owners. Pursuant to Section 11-57-209 of the Supplemental Act, if a member of the Board of Directors of the Interchange District, or any officer or agent thereof, acts in good faith, no civil recourse shall be available against such member, officer, or agent for payment of the payment obligations of the Interchange District. Such recourse shall not be available either directly or indirectly through the Board or the Interchange District, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty, or otherwise. By the acceptance of this Capital Pledge Agreement and as a part of the consideration hereof, the City specifically waives any such recourse. In addition to the immunities provided by the Supplemental Act and this Section to such Board members, officers or agents in their official capacities, there shall not be personal recourse to any Owner under any provision of this Agreement.

Section 5.03. Conclusive Recital. Pursuant to Section 11-57-210 of the Supplemental Act, it is hereby recited that this Capital Pledge Agreement and each of the obligations of the Interchange District hereunder are issued pursuant to the Supplemental Act, and such recital is conclusive evidence of the validity and the regularity of this Capital Pledge Agreement and such obligations after their delivery for value. The Interchange District hereby acknowledges the receipt of value for the execution and delivery of this Capital Pledge Agreement and the issuance of the obligations evidenced hereby, in the form of the City's commitment to finance the Project in accordance with the terms and provisions of the Binding Agreement and this Capital Pledge Agreement, other good and valuable consideration.

Section 5.04. Limitation of Actions. Pursuant to Section 11-57-212, C.R.S., no legal or equitable action brought with respect to any legislative acts or proceedings in connection with the authorization, execution, or delivery of this Capital Pledge Agreement shall be commenced more than thirty days after the authorization of this Capital Pledge Agreement.

Section 5.05. Notices. Except as otherwise provided herein, all notices or payments required to be given under this Agreement shall be in writing and shall be hand delivered or sent by certified mail, return receipt requested, or air freight, to the following addresses:

I-25/Prospect Interchange
Metropolitan District:

With a copy to:

White Bear Ankele Tanaka & Waldron
c/o Robert G. Rogers, Esq.
2154 E. Commons Ave, Suite 2000
Centennial, CO 80122
303-858-1800
rrogers@wbapc.com

City of Fort Collins:

Mike Beckstead
Chief Financial Officer
300 LaPorte Avenue
PO Box 580
Fort Collins, CO 80524
970-221-6795
mbeckstead@fcgov.com

With a copy to:

John Duval
Deputy City Attorney
300 LaPorte Avenue
PO Box 580
Fort Collins, CO 80524
970-416-2488
jduval@fcgov.com

All notices or documents delivered or required to be delivered under the provisions of this Agreement shall be deemed received one day after hand delivery or three days after mailing. Any party by written notice so provided may change the address to which future notices shall be sent, and may provide the manner in which notices may be given, including without limitation, electronic mail.

Section 5.06. Findings and Determinations Relative to Service Plan and Electoral Debt Limitations. The Board of Directors of the Interchange District has made, and by approval of this Capital Pledge Agreement hereby makes, the following findings and determinations relative to the limitations on indebtedness set forth in its Service Plan and applicable electoral authorization:

(a) Pursuant to its Service Plan, Interchange District is permitted to issue “Debt” (as defined therein) in the maximum principal amount of \$ 10 million. The

maximum principal amount, total repayment cost and annual repayment cost of the Debt of the Interchange District approved at the Election were \$_____, \$_____, and \$_____, respectively, and the payment obligations of the Interchange District do not exceed any of such approved amounts. \$_____ of such principal authorization is allocated to the payment obligations evidenced by this Capital Pledge Agreement.

(b) Prior to the execution and delivery of this Capital Pledge Agreement the Interchange District had no Debt outstanding.

(c) As of the date of its execution and delivery this Capital Pledge Agreement represents the sole Debt of the Interchange District.

Section 5.07. General.

(a) This Capital Pledge Agreement and the Binding Agreement constitutes the final, complete, and exclusive statement of the terms of the agreement between the Parties pertaining to the subject matter of this Capital Pledge Agreement and the Binding Agreement and supersede all prior and contemporaneous understandings or agreements of the parties, including without limitation, the MOU. This Capital Pledge Agreement may not be contradicted by evidence of any prior or contemporaneous statements or agreements. No Party has been induced to enter into this Capital Pledge Agreement by, nor is any party relying on, any representation, understanding, agreement, commitment, or warranty except those expressly set forth in this Capital Pledge Agreement.

(b) If any term or provision of this Capital Pledge Agreement is determined to be illegal, unenforceable, or invalid in whole or in part for any reason, such illegal, unenforceable, or invalid provisions or part thereof shall be stricken from this Capital Pledge Agreement, and such provision shall not affect the legality, enforceability, or validity of the remainder of this Capital Pledge Agreement. If any provision or part thereof of this Capital Pledge Agreement is stricken in accordance with the provisions hereof, then such stricken provision shall be replaced, to the extent possible, with a legal, enforceable, and valid provision that is as similar in tenor to the stricken provision as is legally possible.

(c) It is intended that there be no third-party beneficiaries of this Capital Pledge Agreement, other than the Owners. Nothing contained herein, expressed or implied, is intended to give to any person, other than the Owners, any claim, remedy, or right under or pursuant hereto, and any agreement, condition, covenant, or term contained herein required to be observed or performed by or on behalf of any Party hereto shall be for the sole and exclusive benefit of the other Party, and the Owners.

(d) This Capital Pledge Agreement may not be assigned or transferred by any Party without the prior written consent of the other Party. Any such assignment or transfer without the required prior written consent shall be deemed null and void and of no effect.

(e) This Capital Pledge Agreement shall be governed by and construed under the applicable laws of the State of Colorado. Venue for any judicial action to interpret or enforce this Capital Pledge Agreement shall be in Larimer County District Court of the Eighth Judicial District for the State of Colorado.

(f) This Capital Pledge Agreement may be amended or supplemented by the Parties, but any such amendment or supplement must be in writing and must be executed by both Parties.

(g) If the date for making any payment or performing any action hereunder shall be a legal holiday or a day on which banks in Denver, Colorado are authorized or required by law to remain closed, such payment may be made or act performed on the next succeeding day which is not a legal holiday or a day on which banks in Denver, Colorado are authorized or required by law to remain closed.

(h) Each Party has participated fully in the review and revision of this Capital Pledge Agreement. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in interpreting this Capital Pledge Agreement. The language in this Capital Pledge Agreement shall be interpreted as to its fair meaning and not strictly for or against any Party.

(i) This Capital Pledge Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

(j) The Interchange District and the City shall have the right to access and review each other's records and accounts, at reasonable times during regular office hours, for purposes of determining compliance with the terms of this Agreement. Such access shall be subject to the provisions of the Colorado Open Records Act contained in Article 72 of Title 24, C.R.S. In the event of disputes or litigation between the Parties hereto, all access and requests for such records shall be made in compliance with the Colorado Open Records Act.

(k) The Parties each covenant that they will do, execute, acknowledge, and deliver or cause to be done, executed, acknowledged, and delivered, such acts, instruments, and transfers as may reasonably be required for the performance of their obligations hereunder.

(l) This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

Section 5.08. Effective Date and Termination Date. This Agreement shall become effective on _____, 2018, and shall remain in effect until the payment in full of the Owners' Share.

IN WITNESS WHEREOF, the Interchange District and the City have executed this Capital Pledge Agreement as of the day and year first above written.

INTERCHANGE DISTRICT

By: _____
Title: _____

ATTEST:

Secretary

CITY OF FORT COLLINS

By: _____
Mayor

ATTEST:

City Clerk

APPENDIX A MASTER GLOSSARY OF TERMS

“Binding Agreement” means the Binding Agreement Concerning the Development of Interstate Highway 25 and Prospect Road Interchange by and among the City and the Owners.

“Capital Pledge Agreement” means the Capital Pledge Agreement by and between the Interchange District and the City.

“Carryover Costs” has the meaning set forth in Section 2.04(d) of the Capital Pledge Agreement.

“CDOT” means the Colorado Department of Transportation.

“Certificates of Participation” means the Certificates of Participation that are expected to be executed and delivered to finance a portion of the costs of the Interchange Project that are not being paid by CDOT or Timnath. If the Certificates of Participation finance more than one project, the term “Certificates of Participation” shall mean only that pro rata portion of such Certificates that are allocable to the financing of the Interchange Project.

“City” means the City of Fort Collins, a home rule municipality and political subdivision of the State of Colorado.

“City Council” means the City Council of the City.

“CSURF” means the Colorado State University Research Foundation, a Colorado nonprofit corporation.

“CSURF Parcels” means the property owned by CSURF and generally described in the MOU.

“Development Metropolitan Districts” means, collectively, Gateway at Prospect Metropolitan District Nos. 1-7; Rudolph Farms Metropolitan District Nos. 1-6; and SW Prospect I25 Metropolitan District Nos. 1-7.

“Development Mill Levy” means each of the mill levies imposed by the Development Metropolitan Districts.

“Districts” means and includes the Interchange District and the Development Metropolitan Districts.

“District Act” means Title 32, Article 1, Colorado Revised Statutes, as amended.

“District Fees” means and includes the fees imposed by the Development Metropolitan Districts pursuant to the District Act for services, programs or facilities furnished or to be furnished by them. District Fees are not required to be pledged as security for the obligations of the Interchange District.

“Election” means the election to be held by the Interchange District on May 8, 2018.

“Eligible Operational Costs” means the actual and reasonable operating and administrative expenses incurred by the Interchange District each year in an amount that does not exceed that amount budgeted by the Interchange District for operating and administrative expenses in such year, as such budget may be amended in accordance with the Capital Pledge Agreement. Revenues generated from the Project Mill Levy may be applied by the District to the payment of Eligible Operational Costs and the Interchange District shall receive a credit against the Owners’ Share in each year in an amount equal to the Eligible Operational Costs for such year, as further set forth in the Capital Pledge Agreement.

“FCIC” means Fort Collins/I-25 Interchange Corner, LLC, a Colorado limited liability Company.

“FCIC Parcel” means the property owned by FCIC and generally described in the MOU.

“Formation Costs” means the reasonable and necessary costs, fees and expenses, including attorneys’ fees, costs and expenses, incurred by the Owners or the Interchange District in connection with the formation of the Interchange District, including without limitation, drafting and negotiating the service plan for the Interchange District, the preparation of the financing plan attached to the service plan, and the costs of the Election. Formation Costs shall also include the share of the costs of drafting and negotiating the Binding Agreement and the Capital Pledge Agreement that are reasonably related and allocable to the formation of the Interchange District. Formation Costs shall not include the costs incurred in connection with the formation of the Development Districts. Revenues generated from the Project Mill Levy may be applied by the Interchange District to the payment or reimbursement of Formation Costs in an amount not exceeding \$_____ as further set forth in the Capital Pledge Agreement. The Interchange District shall not receive a credit against the Owners’ Share in an amount equal to the Formation Costs.

“GAPA” means Gateway at Prospect Apartments, LLC, a Colorado limited liability company.

“GAPA Parcel” means the property owned by GAPA and generally described in the MOU.

“Interchange District” means the I-25/Prospect Interchange Metropolitan District formed pursuant to the District Act and having boundaries which include all of the Owners’ Properties.

“Interchange” means the highway interchange currently located at Interstate Highway I-25 and Prospect Road in the City.

“Interchange District Financing Costs” means the reasonable costs of issuance incurred in connection with the execution and delivery of the Certificates of Participation that are allocable to the financing of the Owners’ Share with a portion of the proceeds of the Certificates of Participation, including, without limitation, the fees and expenses of bond counsel, disclosure counsel and counsel to the underwriter, trustee fees and expenses, rating agency fees, insurance premiums, capitalized interest, and similar fees and expenses. If the Certificates of Participation are executed and delivered prior to the ROW Credit being granted, the percentage of costs of

issuance to be allocated to the Interchange District shall be equal to \$7,550,000 divided by the total net proceeds of the Certificates of Participation to be applied to finance the Interchange Project (in a total amount not exceeding \$19,000,000). If the ROW Credit has been granted prior to the execution and delivery of the Certificates of Participation, the percentage of costs of issuance to be allocated to the Interchange District shall be equal to \$7,050,000 divided by the total net proceeds of the Certificates to be applied to finance the Interchange Project (in a total amount not exceeding \$18,500,000). Notwithstanding the foregoing, in no event shall the Interchange District Financing Costs exceed an amount equal to two percent (2%) of the principal amount of the Owners' Share as calculated at the time the Certificates of Participation are executed and delivered.

"Interchange PIF" means a PIF imposed on the Properties at a rate of 0.75% on all future retail sales on the Properties that are subject to the City's sales tax under Article III in City Code Chapter 25.

"Interchange PIF Collection Agent" means, collectively, an entity or entities retained by the Owners, as the declarants under the applicable Interchange PIF Covenant, with the approval of the Interchange District, for the purpose of collecting, accounting for, and disbursing the Interchange PIF revenue in accordance with the applicable Interchange PIF Covenant. The Owners shall not be required to have one entity serve as Interchange PIF Collection Agent for all the Interchange PIF Covenants.

"Interchange PIF Collection Agreement" means an agreement or agreements related to the collection and remittance of the Interchange PIF revenue between the applicable Owner and the Interchange PIF Collection Agent. Any of the other Owners and the Interchange District may also be parties to the PIF Collection Agreement.

"Interchange PIF Covenant" means the recorded instrument by which an Interchange PIF is imposed.

"MOU" the Memorandum of Understanding dated as of January 30, 2018, by and among the City and the Owners or their authorized representatives.

"Owners" or *"Property Owners"* means and includes FCIC, GAPA, the TIC Owners, Paradigm and CSURF.

"Owners' Share" means the share of the cost of the Project to be funded by the Interchange District in accordance with the terms and provisions of the Binding Agreement and the Capital Pledge Agreement. The Owners' Share shall be funded solely from the Pledged Revenues.

"Paradigm" means Paradigm Properties LLC, a California limited liability company.

"Paradigm Parcels" means the two parcels of land owned by Paradigm and generally described in the MOU.

"Parties" means, collectively, the parties to the Binding Agreement or the Capital Pledge Agreement, as applicable.

“Payment Schedule” means the schedule that sets forth the Owners’ Share payments due in each year, including both a principal component and an interest component, as further set forth in the Capital Pledge Agreement.

“PIF” means and includes any fee imposed for the provision of public improvements or services within the whole or any portion of the Interchange District or any District by the recording of covenants binding and running with any or all of the Properties by the Owners thereof.

“PIF Collection Agent” means the entity or agent retained to collect the Interchange PIF.

“Pledged Project Mill Levy Revenues” means the revenues derived from the Project Mill Levy, net of (a) any reasonable costs of collection, (b) Formation Costs, (c) Eligible Operational Costs paid by the Interchange District, and (d) any Carryover Costs.

“Pledged Revenues” means the following:

- (a) Pledged Project Mill Levy Revenues;
- (b) revenues generated from the Project Fees;
- (c) revenues generated from the Interchange PIF, net of any reasonable costs of collection; and
- (d) any other legally available moneys which the Interchange District determines, in its sole discretion, to apply to the payment of the Owners’ Share.

“Project” means the project to significantly modify and improve the Interchange by reconstructing its ramps and bridge and by reconstructing Prospect Road to a configuration with four through lanes, a raised median, left turn lanes and pedestrian and bicycle facilities, together with the Urban Design Features. The Project will be funded cooperatively by CDOT, the City, Timnath and the Interchange District, pursuant to the Binding Agreement, the Capital Pledge Agreement and the Timnath Agreement.

“Project Fees” means fees imposed by the Interchange District pursuant to the Capital Pledge Agreement that are pledged to the payment of the Owners’ Share. The Project Fees shall be imposed in accordance with Exhibit A attached hereto and by this reference made a part hereof. Project Fees shall not be pledged as security for obligations of the Development Metropolitan Districts.

“Project Mill Levy” means a general ad valorem property tax levy imposed by the Interchange District at a rate not less than 7.5 mills and not more than 10 mills in accordance with the Capital Pledge Agreement. In the event the method of calculating assessed valuation is changed after January 1, 2018, such minimum or maximum mill levy, as applicable, will be increased or decreased to reflect such changes, such increases to be determined by the Board of the Interchange District in good faith (and such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by such mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in

the ratio of actual valuation to assessed valuation shall be deemed a change in the method of calculating assessed valuation.

“Project ROW” means those portions of the Properties to be used as rights of way for the Project, whether acquired by CDOT from the Property Owners by condemnation or purchase.

“Properties” means and includes the CSURF Parcels, FCIC Parcel, GAPA Parcel, TIC Owners Parcel and the Paradigm Parcels.

“Property Owners” means and includes FCIC, GAPA, the TIC Owners, Paradigm and CSURF.

“ROW Credit” means a credit to be applied by the City against the payment of the Owners’ Share in the amount of \$500,000, subject to the conditions stated in Section 2.3 of the Binding Agreement.

“Service Plan” means and includes the service plan filed pursuant to the District Act with respect to each of the Districts.

“Service Plans” means, collectively, all of the Service Plans.

“Supplemental Act” means Part 2 of Article 57, Title 11, C.R.S.

“TCEF” means the City Transportation Capital Expansion Fee that is imposed pursuant to Fort Collins Code Section 7.5-32.

“TCEF Credit” means a credit to be applied by the City against the payment of the Owners’ Share in an amount equal to \$700,000. The TCEF Credit shall be applied at the time of execution and delivery of the Binding Agreement.

“TABOR” means Colo. Const. Art. X, Sec. 20.

“TIC Owners” means the CW Subtrust, M. Jennet White, Christopher White, Eric. S. White, Jane E. White, Jason R. White, Daniel A. White, New Direction IRA, Inc. FBO Barbara Ann Medina IRA, Booren Limited Liability Partnership, Dunkin Limited Liability Limited Partnership, Laura Snortland Fairfield, Robert C. Roth, Jr. and Robert Taylor, as tenants in common.

“TIC Owners Parcel” means, collectively, the parcel or parcels owned by the TIC Owners and generally described in the MOU as the LAAM Parcels.

“Timnath” means the Town of Timnath, Colorado.

“Timnath Agreement” means the agreement between the City and Timnath, providing for Timnath’s reimbursement to the City of a portion of the costs of the Project.

“Urban Design Features” means certain design improvements in the Project required under the City’s development standards, that will add approximately \$7,000,000 to the cost of the

Project, which improvements are generally described on Exhibit B attached hereto and by this reference made a part hereof.

Exhibit A
Project Fees Schedule by Land Use Type

Land Use Type	Fee / Acre	Fee / Unit
Light Industrial (Code 110)	\$2,400	N/A
50k+ GLA Commercial (Shopping Center - Code 820)	\$12,200	N/A
Convenience Store (Code 853)	\$50,000	N/A
200k+ GLA Office (Code 710)	\$3,200	N/A
Hotel (Code 310)	N/A	\$310.00
Single Family Detached Residential (Code 210)	N/A	\$350.00
Single Family Attached (Code 220)	N/A	\$270.00
Multi- Family (Code 221)	N/A	\$200.00

Exhibit B

Urban Design Features

ITEM DESCRIPTION	CDOT PROJECT
BRIDGE ENHANCEMENTS	
Structural Concrete Stain on Bridge Curb, Girders, MSE Walls	X
Upgraded Pedestrian Rail on Bridge	X
Median & Pork Chop Island Cover Material (Color Concrete)	X
Irrigation Sleeves and Pull Boxes	X
GORE AREAS AND RAMPS	
Earthwork/Import (related to Landscape/Urban Design)	X
Stone Outcrops (including design, mock ups, installation)	X
Boulders	X
Cobble Swales	X
Turf Reinforcement Mat	X
Seed	X
Boulders	X
Irrigation Design	X
Irrigation Tap, Meter & Backflow	X
Irrigation Sleeves	X
PROSPECT ROAD	
Prospect Rd. Median - Perforated Pipe Underdrain	X
Prospect Rd. Median – Membrane	X
Prospect Rd. Median – Rock Filter Material	X
Prospect Rd. Median - Topsoil	X
Prospect Rd. Median – Double Curb	X
Electrical conduit for City Street Lights	X
Seed	X
Turf Reinforcement Mat	X
Irrigation Design	X
Irrigation Tap, Meter & Backflow	X
Irrigation Sleeves	X

COUNCIL FINANCE COMMITTEE AGENDA ITEM SUMMARY

Staff: Nina Bodenhamer, Director, City Give
Jennifer Poznanovic, Sr. Manager, Sales Tax & Revenue

Date: July 7, 2022

SUBJECT FOR DISCUSSION Grocery Tax Rebate

EXECUTIVE SUMMARY

Established in 1972, the Grocery Tax Rebate is intended to provide financially insecure residents relief from City sales tax charged on purchased food. The program was expanded to include residents within the City's Growth Management Area in 2017.

Per a 2020 Performance & Program Evaluation, participation in Grocery Tax Rebate would benefit from:

- City-wide Centralization of Administration
- City-wide Coordination of Program Outreach
- Simplified Document and Income Verification
- Increased Alignment with Other City Benefit Programs

CURRENT STATE

In 2021, 1,800 Residents applied and received the Grocery Rebate Tax. 89% of applicants are repeat participants from the prior year.

- 2022 Annual Benefit: \$69 Per Resident
- Eligibility: 50% Area Media Income

In spite of robust community outreach and investments in marketing, the Grocery Tax Rebate has historically lackluster enrollment.

Outreach and marketing efforts include but are not limited to:

- Spanish-language Translation of Outreach Materials and Application
- Direct mail, Community Promotion and Marketing
 - Community-wide Poster Distribution
 - Two (2) Ads Per Year, Coloradoan, Op-Ed
- 50+ Community Partners: Distribution of Applications & Promotion

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Council input and the findings of the 2020 Performance & Program Evaluation affirm a commitment to:

- Increase Participation in Income-qualified Programs
- Reduce Barriers to Enrollment
- Realize the Potential of the City's Investment in Get FoCo
- Embed Best Practices & Resident Input

Adjusting the income eligibility from 50% AMI to 30% AMI would reduce the overall pool of applicants. However, would the increased ease in income verification result in a higher response rate?

BACKGROUND/DISCUSSION

Over the past years, revisions to the Code language which govern the Grocery Tax Rebate have been made to demonstrate responsiveness to resident input and program design:

- Revision to the Payment Definition to Allow Future Alternatives
- A Shift in Window of Service from Seasonal to Annual
- Adjusted Definition of “Households”
- Removed Federal Income Tax as the Sole Income Verification Source

Yet, the program continues to represent low participation rates. Four (4) options are presented with the rationale, risks and benefits of each:

- Option #1: Maintain Grocery Tax Rebate Income Eligibility at 50% AMI
 - Outstanding Benefit: An estimated resident pool of 18,000
 - Potential Risk: Income Tax Returns serve as the Sole Option for Income Verification: 30% - 50% AMI
- Option #2: Adjust Grocery Tax Rebate Income Eligibility to 30% AMI
 - Outstanding Benefit: Applicants Immediately Eligible for other City Benefits: Recreation, Spin Access, Reduced Cost Internet via Get FoCo
 - Potential Risk: A Reduced Participant Pool: 12,000 Eligible Residents
- Option #3: Adjust Grocery Tax Rebate Income Eligibility at 60% AMI
 - Outstanding Benefit: Income Verification Piggybacks on State Program
 - Potential Risk: Resident Familiarity with Low Energy Assistance Program (LEAP)
- Option #4: Adjust Grocery Tax Rebate Income Eligibility to 80% AMI
 - Via Household Addresses Linked to Affordable Housing Properties
 - Additional Financial, Technological and Operational Exploration Required

###



Grocery Tax Rebate

Council Finance Committee, July 2022

PROGRAM ESTABLISHED IN 1972

- Relief from City sales tax charged on food purchased by low-income City residents
- The City's Growth Management Area was added in 2017

CURRENT STATE

2022 Annual Benefit: \$69 Per Resident

Eligibility: 50% Area Media Income

Average Participation = 1,800 Residents

- 89% participants are repeat participants from the prior year

Robust Outreach & Engagement

CURRENT STATE: OUTREACH & PROMOTION

Leverage all City Outreach Platforms

Spanish-language Translation of Outreach Materials and Application

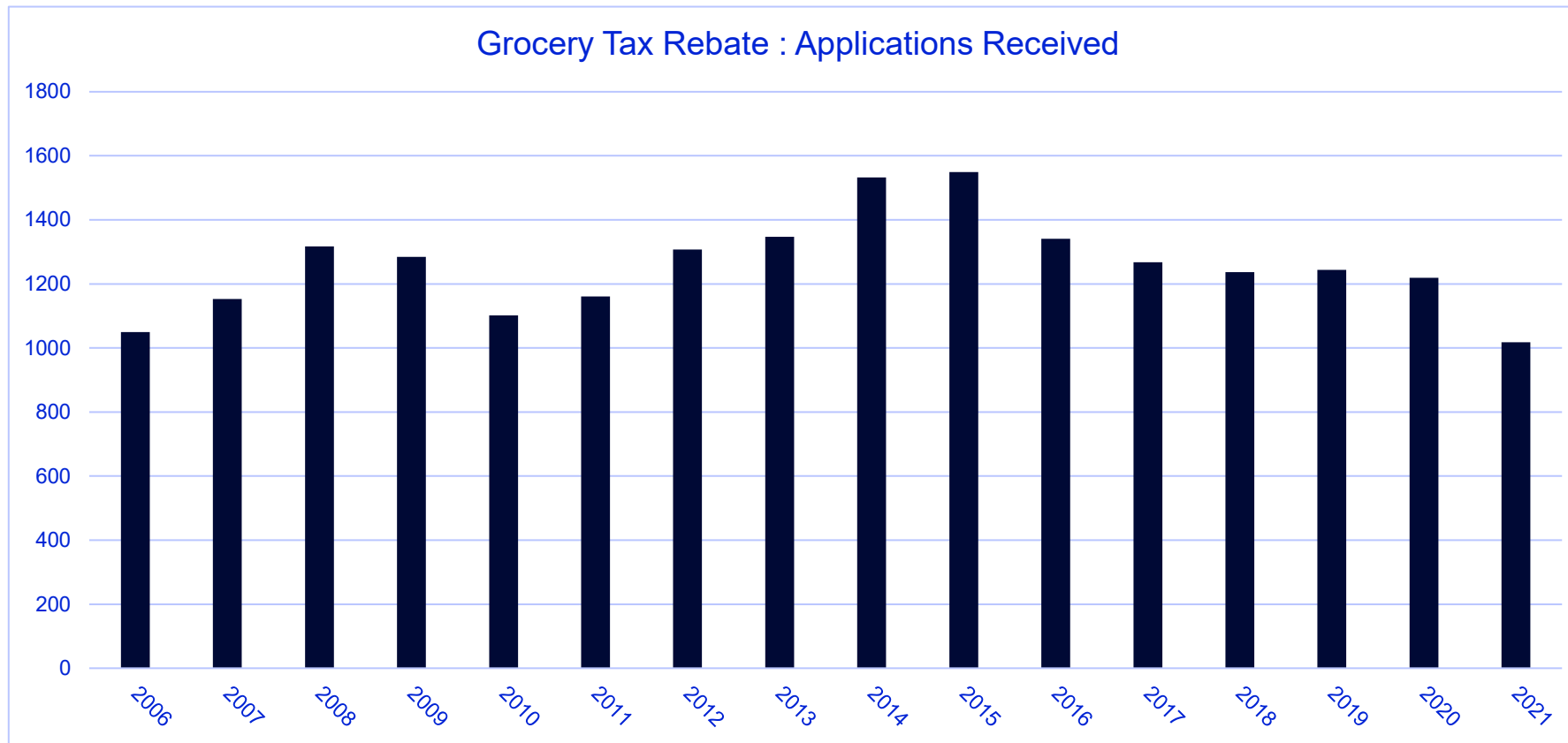
Direct mail, Community Promotion and Marketing

- Community-wide Poster Distribution
- Two (2) Ads Per Year, Coloradoan, Op-Ed

50+ Community Partners: Applications & Promotion

APPLICATIONS RECEIVED BY YEAR

- Flat growth over the past 15 years



2020 PROGRAM & PERFORMANCE EVALUATION

Recommendations:

- Reduce Application Barriers & Simplify Program Design
- Create Single Application for All City IQ Programs
- Increase Cross-Participation Between City Benefit Programs

PROGRAM IMPROVEMENTS

- ✓ Update to the Payment to Allow Future Alternatives
- ✓ Expanded Window of Service: From Seasonal to Annual
- ✓ Adjusted Definition of “Households”
- ✓ Removed Federal Income Tax as the Sole Income Verification Source

ONGOING PROGRAM DESIGN: GOALS

Increase Participation

Reduced Barriers to Enrollment

Improve the Resident Experience

Leverage Best-Practices in Program Design for Financially Insecure Residents

Realize the Potential of the City's Investment in Get FoCo

OPTION #1: MAINTAIN INCOME ELIGIBILITY 50% AMI

BENEFITS

18,000 Eligible Residents

RISKS

Status Quo Participation Rates: 1,800 Residents

Income Tax Returns is Sole Option for Income Verification: 30% - 50% AMI

- Resident & Community Partner Input: Income Taxes a Burdensome, Time-intensive Request
- Security Risks of Storing of 1st source Data

Residents' Perception of the City's Intent: A Process Too Difficult to Navigate

OPTION #2: ADJUST INCOME ELIGIBILITY TO 30% AMI

BENEFITS

Leverage the Ease and Comfort of Applying via Get FoCo

Income Verification is Simple and Accessible

Links Grocery Rebate to Food-Related Programs

- Food Bank, WIC, SNAP, PSD Free & Reduced Lunch

Applicants Immediately Eligible for other City Benefits: Recreation, Spin Access, Reduced Cost Internet

RISKS

Reduced Participant Pool: 12,000 Eligible Residents

- Average Participation = 1,800 Residents

OPTION #3: ADJUST INCOME ELIGIBILITY 60% AMI

BENEFITS

Approximately 20,000 Eligible Residents

Low Energy Assistance Program (LEAP) Income Verification: 30% - 50% AMI

- Removes Security Risks of Storing of 1st source Data

Income Verification Piggybacks on State Program

Leverages City's Investment in Get FoCo & Ease in Application

RISKS

Resident Familiarity with LEAP

LEAP Application Window: November – April of Each Year

- Application Window Does Not Exclude Applicants from 2022 or 2023

Building Awareness of Program Changes for Repeat Participants

OPTION #4: ADJUST INCOME ELIGIBILITY 80% AMI

Via Household Addresses, Affordable Housing Properties

BENEFITS

At 80% AMI, Approximately 24,000 Eligible Residents

- Affordable Housing Properties = Approximately 15% of 80% AMI Residents
- Leverages City's Investment in Get FoCo & Ease in Application

RISKS

Currently: Staff Exploration Needed, Unknown Tech & Operational Challenges

Privacy & Legal Details: "Auto Enroll" by Residential Address

3,800 x Average Household Size = Increased GTR Payout by \$786,600

COUNCIL FINANCE COMMITTEE AGENDA ITEM SUMMARY

Staff: Sheena Frève, Senior Analyst, Financial Planning & Analysis
Gerry Paul, Director of Purchasing

Date: July 7, 2022

SUBJECT FOR DISCUSSION

The Impact of Inflation on Capital Projects

EXECUTIVE SUMMARY

Inflation is currently at historically high levels, with the consumer price index (CPI) increasing by 8.6% from May 2021 to May 2022. Inflation in the construction industry is increasing at even faster pace, rising by 10% to 17% over the past year. Adding to the problem, the supply chain is experiencing pressure caused by higher costs and much longer lead times. The impact on the City can be seen in recent requests for supplemental appropriations for capital projects by Community Services, Planning, Development & Transportation, and Utilities.

The City anticipates continued pressure and has identified projects at risk due to inflation. The expectation is that most funding shortfalls will be addressed through the 2023/2024 budget process or through changes in scope, decreased levels of service, or delays impacting implementation and future projects. At the same time, inflation is offset by higher City revenues through increased sales tax receipts and investment income. Over the next five years, the Bipartisan Infrastructure Law will allocate billions of dollars to the state and local governments in Colorado. This may cause increased pressure on construction costs.

Some mitigating strategies are available through the competitive procurement process and by selecting the project delivery method that will result in the best outcomes. However, inflationary headwinds will continue to limit the City's ability to control rising construction costs. Staff are planning to establish an inflationary reserve as part of the 2023/2024 budget submittal.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

- What questions does Council Finance Committee have regarding the impact of inflation on capital projects?
- What questions does Council Finance Committee have regarding methods of procurement and project delivery?

BACKGROUND/DISCUSSION

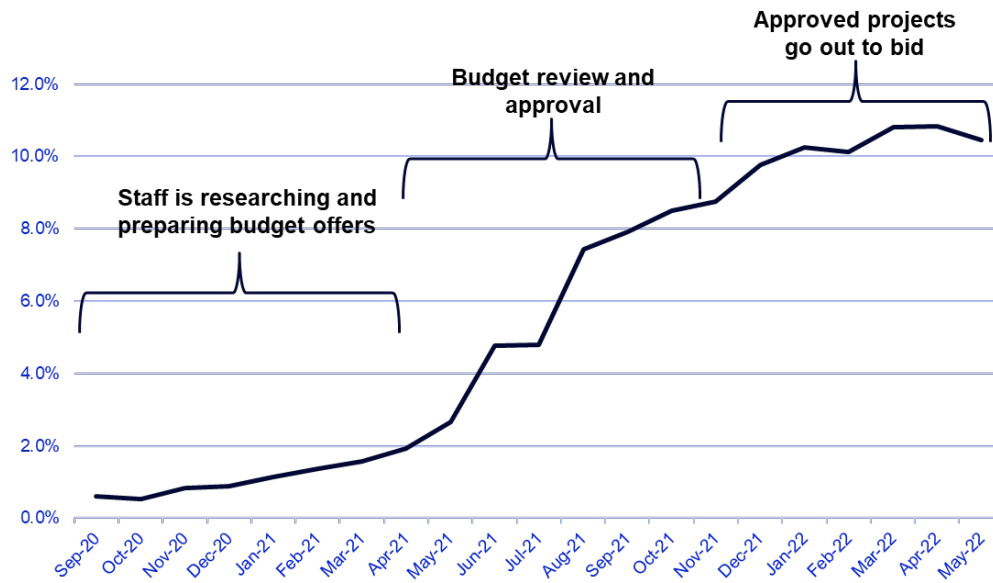
Inflation has risen by 8.6% from May 2021 to May 2022 according to the Consumer Price Index (CPI), the highest inflation rate since 1981 (Appendix I). Even so, inflation in the construction industry is rising at an even faster pace. The Engineering News-Record (ENR) construction cost index indicates that road and bridge construction has risen by 10% since May 2021 while construction on buildings has risen by 17% in the same period (Appendix II). This is confirmed by the 16% increase shown in the Colorado Construction Cost Index which tracks the costs of certain elements, such as asphalt and concrete, in projects bid and awarded by the Colorado Department of Transportation (Appendix III).

Several cost drivers are contributing to the rapid rise of inflation in the construction industry. Fuel is a major component of construction projects and gas prices have risen by 62% since June 2021 (Appendix IV). Labor costs as captured in the Employer Cost for Employee Compensation show a 4.8% increase for all civilian workers from March 2021 to March 2022 and a 6.2% increase for those in construction occupations (Appendix V). Right-of-Way (ROW) costs can be a major cost driver for projects requiring land or easements. ROW is driven by fair market value of real estate. Housing costs in Fort Collins have increased by 21% from the first quarter of 2021 to the first quarter of 2022, driving up the cost of ROW acquisitions (Appendix VI).

Adding to the inflationary pressure and contributing challenges of its own, the supply chain is under increasing strain. The Global Supply Chain Pressure Index (GSPCI), produced by the Federal Reserve Bank of New York, tracks the state of the global supply chain using surveys and data from the transportation and manufacturing sectors, including pricing, delivery times, and backlogs. The GSPCI indicates an historically high level of pressure on the supply chain and its authors submit that recent trends suggest a stabilization of pressures at these historically high levels (Appendix VII).

These developments have created challenges for the City's capital projects, particularly those that were budgeted during a period of low inflation. Budget offers for the 2022 fiscal year were researched and prepared beginning in the fall of 2020 until the submission deadline in April 2021. During this period, the ENR construction cost index indicated inflation was at or below 2%. Construction inflation climbed over 2% beginning in May 2021 as the budget review and approval process began. Projects cannot go out to bid until the budget has been approved in November. By that time, construction inflation had climbed to near 9%.

The Timing of the Budget Process Compared to Construction Inflation



As part of the competitive purchasing process, the City can use a number of cost mitigation techniques, which are addressed in Attachment 2, to manage costs. However, throughout the procurement process, projects are subject to market conditions.

Several appropriated projects have come before Council Finance Committee in recent months requiring a supplemental appropriation due, in part, to inflation and supply chain issues. Those projects are listed below.

Inflation: Appropriated Projects Already Addressed

Project Description	Service Area	Original Budget	Budget Increase	Percentage Increase
East Park District Maintenance Facility	Community Services	\$5,800,000	\$1,200,000	21%
Southridge Golf Course Irrigation System Replacement	Community Services	\$5,000,000	\$1,200,000	24%
Linden Street	PDT	\$3,861,000	\$500,000	13%
South Timberline Corridor	PDT	\$8,723,228	\$2,148,000	25%
Vine/Lemay/BNSF Intersection	PDT	\$28,723,630	\$1,380,000	5%
Electric transformer replacement program	Utilities	\$792,811	\$1,432,000	181%
Grand Total To-Date		\$52,900,669	\$7,860,000	14.8%

Additional impacts on appropriated projects are expected (Appendix VIII). However, at this time it is anticipated that most affected projects will be addressed through the 2023/2024 budget process or by reducing the project scope or delaying other projects.

In the 2023/2024 budget cycle, inflation has created a high level of uncertainty for staff preparing budget offers. Capital project budget offers significantly impacted by inflation are listed below. Inflation escalators of 6 to 31% were built into many of these projects along with higher-than-average contingency, ranging from 15 to 25%. Some budget offers anticipate incorporating scope changes and value engineering to counter funding shortfalls.

2023/2024 Capital Project Budget Offers Impacted by Inflation

Service Area	Offer Name	Offer Total 2023	Offer Total 2024
Community Services	Recreational Trail Development	\$2,495,510	\$771,838
Community Services	Neighborhood Park Development	\$3,777,107	\$3,802,609
Community Services	Community Park Development	\$757,026	\$110,744
Community Services	Build Community Garden in Traverse Park	\$140,000	\$0
Community Services	9/11 Memorial at Spring Park	\$300,000	\$0
Community Services	CCIP - Southeast Community Center Construction	\$15,201,000	\$0
Judicial Services	Municipal Court Services - Court Remodel Option 1	\$13,000,000	\$0
Judicial Services	Municipal Court Services - Court Remodel Option 2	\$21,000,000	\$0
PDT	Power Trail at Harmony Road Grade-Separated Crossing and Trail Extension (Design and Construction)	\$4,400,000	\$0
PDT	Downtown Quiet Zone - Design of Wayside Horns	\$500,000	\$0
PDT	Siphon Bicycle/Pedestrian Overpass (Construction)	\$1,500,000	\$0
PDT	College and Trilby Intersection Improvements (Construction)	\$3,870,000	\$1,800,000
PDT	Turnberry Road and Suniga Road Extensions (30% Design)	\$300,000	\$0
PDT	Laporte Avenue Corridor Improvements (Construction)	\$0	\$1,572,500
PDT	Automated Wash Bay Facility Construction	\$2,710,000	\$0
PDT	Hoffman Mill Scale House Renovation	\$250,000	\$0
PDT	Americans With Disabilities Act (ADA) System Upgrades	\$3,570,000	\$0
Utility Services	Landfill Groundwater Remediation IGA	\$650,000	\$100,000
Utility Services	Utilities: Light & Power - Grid Integrated Water Heater Installations	\$193,000	\$655,000
Utility Services	Utilities: Light & Power - Direct Install Demand Response T-stat Replacement	\$119,000	\$185,000
Utility Services	Environmental Learning Center Flow Restoration Project	\$2,089,196	\$0
Utility Services	Utilities: Light & Power - Land Acquisition for New Electric Substation serving Northeast Fort Collins	\$1,085,000	\$0
Utility Services	Utilities: Light & Power - New Electric Substation serving Northeast Fort Collins	\$300,000	\$7,876,000
Utility Services	Utilities: Light & Power - Circuit 638 Extension and Circuit 608 Contingency	\$465,000	\$0
Utility Services	Utilities: Light & Power - Install Circuit 628	\$0	\$1,730,000
Utility Services	Utilities: Light & Power - Utility Network Migration & ADMS Enhancements	\$830,000	\$250,000
Utility Services	Utilities: Light & Power - Cable Handling Facility for Cut-To-Length Program	\$0	\$1,551,472
Utility Services	Utilities: Light & Power - System Relocations Due to Road, Intersection and Alley Improvements	\$400,000	\$400,000
Grand Total		\$79,901,839	\$20,805,163

Inflation, sometimes compounded by deferred maintenance, has also had an impact on budget offers for asset management projects (Appendix IX). Many ongoing asset management budget offers are insufficient to meet City needs. As a result, enhancement offers were submitted to achieve the desired replacement cycles and levels of service. In some cases, offers anticipate lowering the level of service if additional funds are not available. For example, the Street Maintenance program is only able to maintain roads every 21 years instead of every 16 years.

Many offers have a 10 to 15% inflation cost escalator built into the project cost. Some offers have a 10 to 15% contingency on top of current pricing.

Long lead times for certain equipment have added another layer of volatility to the mix. Some equipment that previously was available off the shelf with travel time, arriving in a few weeks or a month, may now take thirty-five to sixty weeks. This is particularly challenging as buildings and equipment approach their end-of-life. On top of that, specific items, such as HVAC equipment are experiencing price increases of 25% to 300% and traffic signal pole pricing has increased by 90% this year.

While inflation has created many challenges for the City, it has also provided some offsets in the form of increased revenues. During times of positive inflation, inflation is always adding to the City's sales tax receipts. In other words, as the price of goods rise, total taxable sales rise. Within the past year, as inflation grew by 8.6%, about \$5.5 million was added to the City's sales tax receipts that can be attributed to inflation, as detailed in the table below. That \$5.5 million is about 4% of the \$145.6 million collect from June 2021 through May 2022.

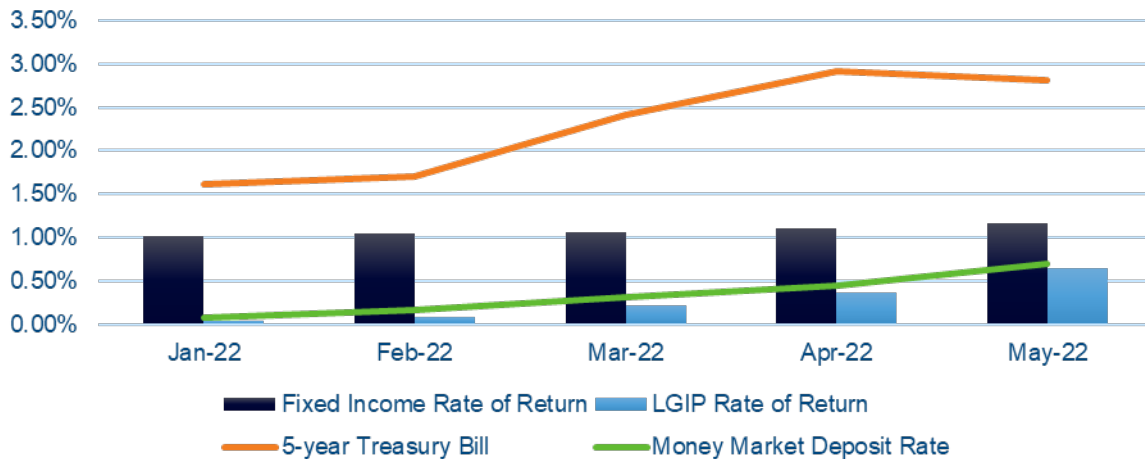
Inflation Increases Sales Tax Collections Over Time

Month	CPI % Change	Compounded Sales Tax Receipts Attributable to Inflation
June 2021	0.9%	\$101,474
July 2021	0.5%	\$176,142
August 2021	0.2%	\$181,913
September 2021	0.3%	\$236,912
October 2021	0.8%	\$341,965
November 2021	0.5%	\$382,878
December 2021	0.3%	\$391,477
January 2022	0.8%	\$655,559
February 2022	0.9%	\$549,860
March 2022	1.3%	\$651,070
April 2022	0.6%	\$899,097
May 2022	1.1%	\$935,185
Change May 2021-May 2022	8.6%	\$5,503,532

Another way in which inflation increases City revenues is through investment income. While not as immediate an impact as sales tax receipts, as the Federal Reserve raises interest rates to combat inflation, the rate of return for the City's investment portfolio gradually increases as well, as shown in the chart below. The Federal Reserve has increased the interest rate three times in 2022 as a response to inflation: by 25 basis points on March 17th, 50 basis points on May 5th, and 75 basis points on June 16th. An increase of 50 basis points applied to the City's entire portfolio

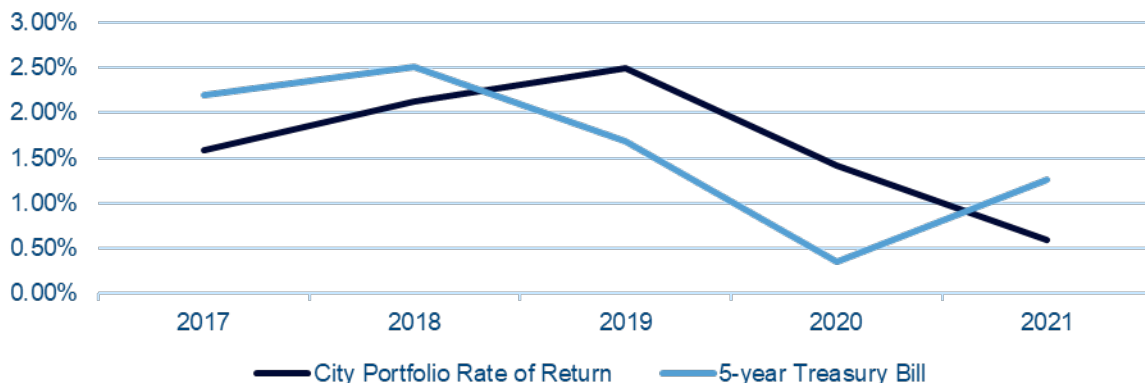
could ultimately result in an additional \$3 million annualized. However, rising interest rates do not impact the City's entire portfolio immediately, but rather gradually over time.

City of Fort Collins Investment Rate of Return vs. Market Rates



The City's Local Government Investment Pool (LGIP) rate of return responds to rising interest rates relatively quickly, closely following the market rate for money market deposits. The fixed-income rate of return is slower to respond and tracks slightly behind the five-year treasury bill, as shown below. About 20% of the City's portfolio is in LGIP; 75% is fixed income, divided between agency bonds and corporate bonds; and the balance of 5% is held in cash reserves to address the City's day-to-day financial needs. Interest rate hikes this year have contributed to interest income that is 23% higher than budgeted year-to-date.

City of Fort Collins Historical Investment Rate of Return vs. Treasury Rates



In the coming year, staff anticipate continued effects from inflation. On the positive side, rising interest rates may cool the housing market. This could mean that fair market value for right-of-way acquisition may stabilize.

At the same time, as the Bipartisan Infrastructure Law (BIL) rolls out over the next five years, the construction industry may experience continued pressure due to the influx of federal funds. The BIL provides billions in funding for road and bridge projects, public transportation, water infrastructure, the electric vehicle network, environmental remediation, and more. Formula funding available to Colorado and new and expanded competitive grant programs are shown in the tables below. With billions more in funding being awarded and distributed, projects may be bid up as federal funds are awarded to local governments throughout Colorado on the same timeline.

Formula Based Funding Colorado Expects to Receive from the BIL

Program	Amount (CO)	Notes
Federal Highway Formula Funding for Roads and Bridges	\$4 Billion	29% increase
Formula Funding to reduce transportation related emissions	\$86 million	
Promoting Resilient Operations for Transformative, Efficient, and Cost-saving Transportation (PROTECT) Program (Formula Based)	\$98 million	New
FAST Act Transit Funding	\$950 million	29% increase

New and Expanded Competitive Grant Programs Included in the BIL

Program	Amount (National)	Notes
Federal Highway Administration (FHWA) competitive grants for nationally significant bridges and other bridges	\$15.77 Billion	New
Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Grants	\$15 Billion	Expanded
Safe Streets for All	\$6 Billion	New
Infrastructure for Rebuilding America (INFRA) Grant	\$14 Billion	Expanded
Federal Transit Administration (FTA) Low and No Emission Bus Programs	\$5.6 Billion	Expanded
FTA Buses + Bus Facilities Competitive Program	\$2 Billion	Expanded
Capital Investment Grants (CIG) Program for high-capacity transit	\$23 Billion	Expanded
MEGA Projects	\$15 Billion	New
Promoting Resilient Operations for Transformative, Efficient, and Cost-saving Transportation (PROTECT) Program (Competitive)	\$1.4 Billion	New
FTA All Station Accessibility Program	\$1.75 Billion	New
Charging and fueling infrastructure discretionary grants	\$2.5 Billion	New
FHWA Nationally Significant Federal Lands and Tribal Projects	\$1.78 Billion	Expanded
Strengthening Mobility and Revolutionizing Transportation (SMART) Grant Program	\$1 Billion	New

Procurement and Project Delivery Methods – included as Attachment 2

ATTACHMENTS:

Attachment 1 – Appendices

Attachment 2 – Procurement and Project Delivery Methods

Attachment 3 – Presentation slides

ATTACHMENT 1

APPENDICES

Appendix I. Consumer Price Index

Consumer Price Index for All Urban Consumers

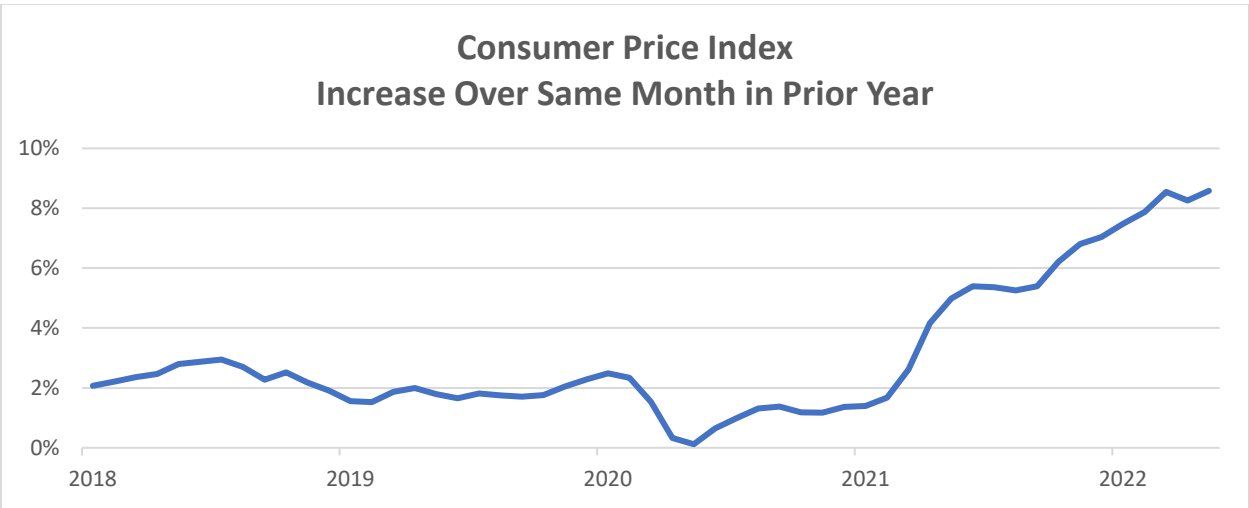
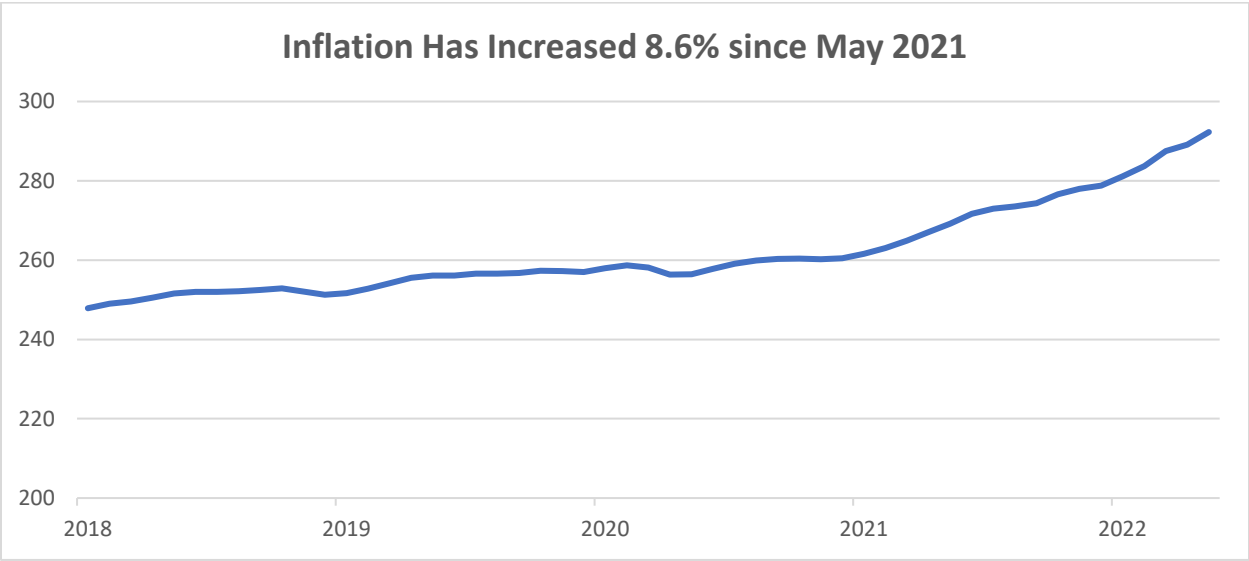
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	226.665	227.663	229.392	230.085	229.815	229.478	229.104	230.379	231.407	231.317	230.221	229.601
2013	230.280	232.166	232.773	232.531	232.945	233.504	233.596	233.877	234.149	233.546	233.069	233.049
2014	233.916	234.781	236.293	237.072	237.900	238.343	238.250	237.852	238.031	237.433	236.151	234.812
2015	233.707	234.722	236.119	236.599	237.805	238.638	238.654	238.316	237.945	237.838	237.336	236.525
2016	236.916	237.111	238.132	239.261	240.229	241.018	240.628	240.849	241.428	241.729	241.353	241.432
2017	242.839	243.603	243.801	244.524	244.733	244.955	244.786	245.519	246.819	246.663	246.669	246.524
2018	247.867	248.991	249.554	250.546	251.588	251.989	252.006	252.146	252.439	252.885	252.038	251.233
2019	251.712	252.776	254.202	255.548	256.092	256.143	256.571	256.558	256.759	257.346	257.208	256.974
2020	257.971	258.678	258.115	256.389	256.394	257.797	259.101	259.918	260.280	260.388	260.229	260.474
2021	261.582	263.014	264.877	267.054	269.195	271.696	273.003	273.567	274.310	276.589	277.948	278.802
2022	281.148	283.716	287.504	289.109	292.296							

Source: US Bureau of Labor Statistics, CPI for All Urban Consumers (CPI-U), retrieved from <https://data.bls.gov/cgi-bin/surveymost>

Series ID CUUR0000SA0

Series Title: All items in the US city average, all urban consumers, not seasonally adjusted

Base period: 1982-84=100



Appendix II. Engineering News-Record Indices, Denver Region

Engineering News-Review Denver Building Cost Index

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2017	4615.98	4569.27	4558.89	4657.54	4665.09	4665.09	4642.44	4648.92	4650.98	4632.99	4689.22	4689.22
2018	4689.81	4688.98	4688.98	4689.58	4751.84	4751.84	4723.98	4807.30	4863.09	4875.10	4872.10	4889.70
2019	4893.25	4907.16	4871.91	4896.16	4916.70	5118.44	5093.91	5109.47	5111.46	5120.21	5144.91	5138.85
2020	5153.93	5155.43	5166.00	5175.00	5177.50	5175.47	5182.68	5178.18	5182.52	5186.02	5207.06	5205.78
2021	5239.12	5257.83	5284.83	5320.92	5379.40	5536.25	5546.00	5714.19	5781.97	5830.22	5871.97	5948.13
2022	6021.13	6110.37	6191.70	6233.95	6269.45							

Engineering News-Review Denver Construction Cost Index

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2017	7361.63	7093.63	7083.25	7403.19	7410.74	7410.74	7388.09	7394.58	7396.64	7378.65	7412.32	7412.32
2018	7412.92	7412.08	7412.08	7412.68	7474.95	7474.95	7447.08	7484.83	7487.08	7499.09	7499.09	7513.69
2019	7505.86	7519.77	7484.52	7508.77	7529.30	7542.17	7517.63	7533.20	7535.19	7543.94	7542.44	7536.38
2020	7551.46	7552.96	7563.54	7572.55	7575.05	7573.02	7580.23	7575.73	7580.07	7583.57	7604.60	7603.33
2021	7636.68	7655.40	7682.40	7718.50	7777.00	7933.85	7943.60	8138.79	8179.59	8227.84	8269.59	8345.76
2022	8418.76	8430.55	8511.88	8554.13	8589.63							

Source: Engineering News-Record, City Cost Index - Denver, http://www.enr.com/economics/current_costs

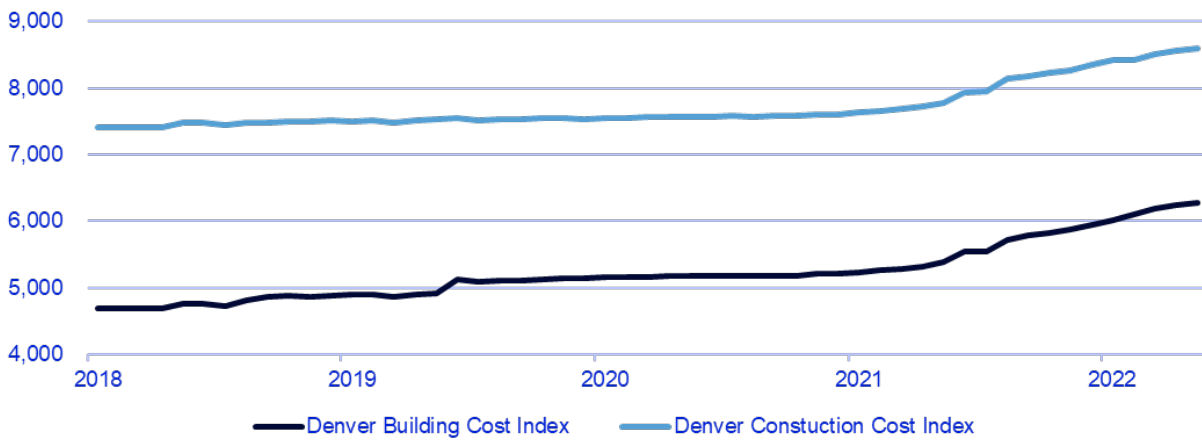
The Building Cost Index tracks material and labor components of vertical construction, like buildings. The BCI uses 68.38 hours of skilled labor, multiplied by the 20-city wage- fringe average for three trades—bricklayers, carpenters and structural ironworkers.

The Construction Cost Index tracks material and labor components of horizontal construction, like roads and bridges. The CCI uses 200 hours of common labor, multiplied by the 20-city average rate for wages and fringe benefits.

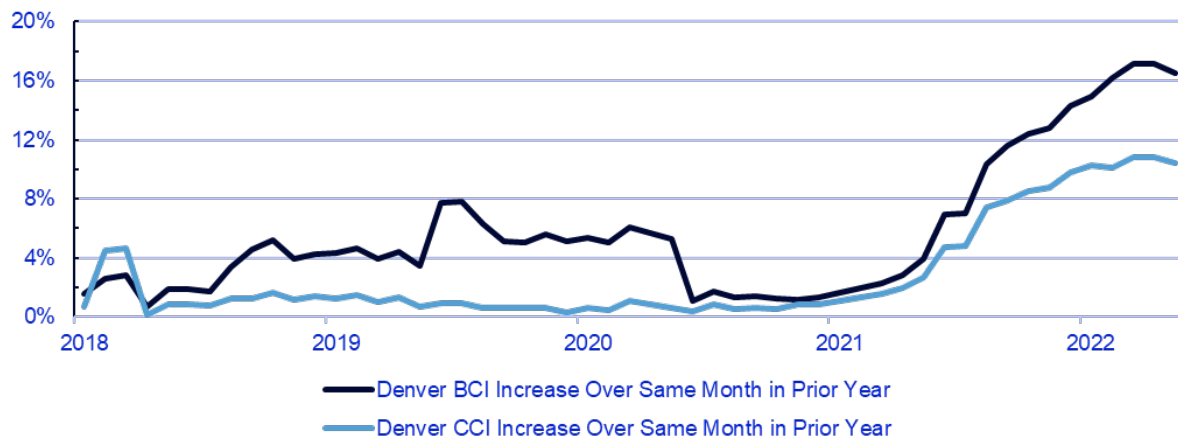
For their materials component, both indexes use 25 cwt of fabricated standard structural steel at the 20-city average price, 1.128 tons of bulk portland cement priced locally and 1,088 board ft of 2x4 lumber priced locally. The ENR indexes measure how much it costs to purchase this hypothetical package of goods compared to what it was in the base year.

Base year: 1913=\$100

Construction Indices are Rising Faster than CPI



Construction Costs Have Grown Over 10% Compared to the Same Time Last Year



Appendix III. Colorado Construction Cost Index

Colorado Construction Cost Index

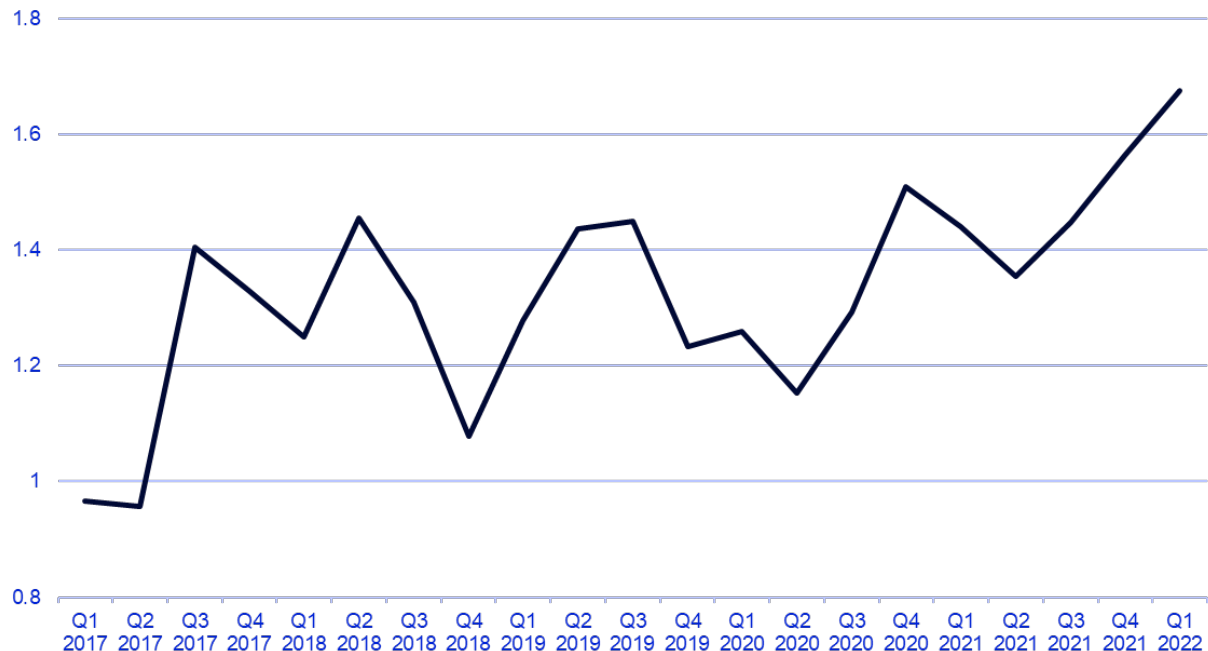
Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2017	0.966	0.957	1.405	1.327
2018	1.250	1.455	1.309	1.079
2019	1.278	1.436	1.450	1.234
2020	1.259	1.153	1.292	1.509
2021	1.441	1.355	1.447	1.564
2022	1.675			

Source: Colorado Department of Transportation, Colorado Construction Cost Index Report, Calendar Year 2022, First Quarter, retrieved from <https://www.codot.gov/business/eema/constructioncostindex>

The Colorado Construction Cost Index is a composite index based on the weighted average prices and quantities of major sub groups of items received in Design-Bid-Build projects bid and awarded by the Colorado Department of Transportation. Item sub groups include Earthwork, Hot Mix Asphalt, Concrete Pavement, Structural Concrete, and Reinforcing Steel.

Base period: Quarter 1 2012=1.0000

The Colorado Construction Cost Index Indicates a 16.2% Increase from Q1 2021 to Q1 2022

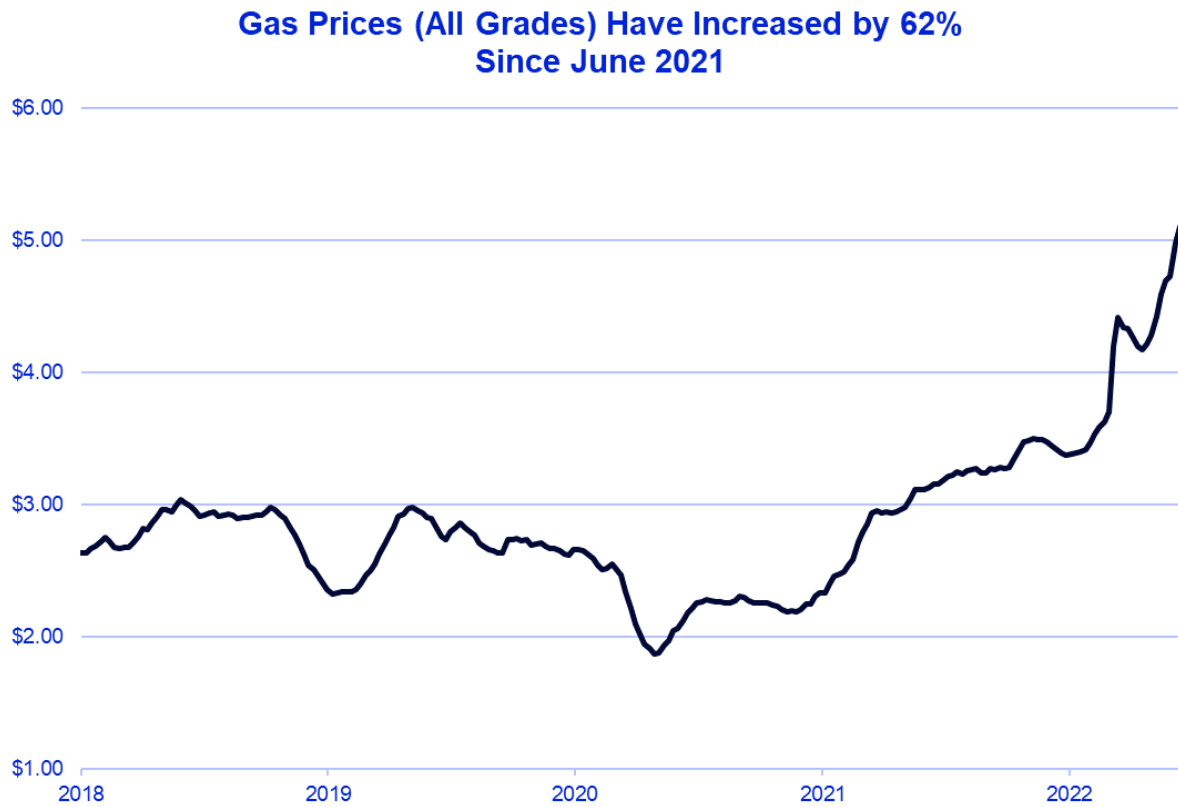


Appendix IV. Gasoline Prices

Weekly U.S. All Grades All Formulations Retail Gasoline Prices

Date	Dollars per Gallon	Date	Dollars per Gallon	Date	Dollars per Gallon	Date	Dollars per Gallon	Date	Dollars per Gallon
Jan 30, 2017	2.408	Feb 26, 2018	2.666	Mar 25, 2019	2.701	Apr 20, 2020	1.91	May 17, 2021	3.118
Feb 06, 2017	2.405	Mar 05, 2018	2.679	Apr 01, 2019	2.77	Apr 27, 2020	1.87	May 24, 2021	3.112
Feb 13, 2017	2.418	Mar 12, 2018	2.677	Apr 08, 2019	2.826	May 04, 2020	1.883	May 31, 2021	3.119
Feb 20, 2017	2.414	Mar 19, 2018	2.716	Apr 15, 2019	2.912	May 11, 2020	1.941	Jun 07, 2021	3.128
Feb 27, 2017	2.427	Mar 26, 2018	2.764	Apr 22, 2019	2.926	May 18, 2020	1.969	Jun 14, 2021	3.161
Mar 06, 2017	2.452	Apr 02, 2018	2.817	Apr 29, 2019	2.972	May 25, 2020	2.049	Jun 21, 2021	3.153
Mar 13, 2017	2.434	Apr 09, 2018	2.811	May 06, 2019	2.983	Jun 01, 2020	2.064	Jun 28, 2021	3.185
Mar 20, 2017	2.433	Apr 16, 2018	2.863	May 13, 2019	2.954	Jun 08, 2020	2.123	Jul 05, 2021	3.216
Mar 27, 2017	2.428	Apr 23, 2018	2.914	May 20, 2019	2.939	Jun 15, 2020	2.185	Jul 12, 2021	3.227
Apr 03, 2017	2.471	Apr 30, 2018	2.961	May 27, 2019	2.909	Jun 22, 2020	2.216	Jul 19, 2021	3.247
Apr 10, 2017	2.534	May 07, 2018	2.96	Jun 03, 2019	2.893	Jun 29, 2020	2.26	Jul 26, 2021	3.232
Apr 17, 2017	2.546	May 14, 2018	2.949	Jun 10, 2019	2.821	Jul 06, 2020	2.265	Aug 02, 2021	3.256
Apr 24, 2017	2.559	May 21, 2018	2.999	Jun 17, 2019	2.759	Jul 13, 2020	2.283	Aug 09, 2021	3.269
May 01, 2017	2.522	May 28, 2018	3.039	Jun 24, 2019	2.741	Jul 20, 2020	2.275	Aug 16, 2021	3.272
May 08, 2017	2.484	Jun 04, 2018	3.018	Jul 01, 2019	2.798	Jul 27, 2020	2.265	Aug 23, 2021	3.243
May 15, 2017	2.481	Jun 11, 2018	2.989	Jul 08, 2019	2.827	Aug 03, 2020	2.266	Aug 30, 2021	3.237
May 22, 2017	2.51	Jun 18, 2018	2.958	Jul 15, 2019	2.86	Aug 10, 2020	2.256	Sep 06, 2021	3.273
May 29, 2017	2.516	Jun 25, 2018	2.913	Jul 22, 2019	2.833	Aug 17, 2020	2.256	Sep 13, 2021	3.262
Jun 05, 2017	2.525	Jul 02, 2018	2.924	Jul 29, 2019	2.798	Aug 24, 2020	2.272	Sep 20, 2021	3.28
Jun 12, 2017	2.479	Jul 09, 2018	2.937	Aug 05, 2019	2.772	Aug 31, 2020	2.311	Sep 27, 2021	3.271
Jun 19, 2017	2.433	Jul 16, 2018	2.943	Aug 12, 2019	2.71	Sep 07, 2020	2.302	Oct 04, 2021	3.285
Jun 26, 2017	2.404	Jul 23, 2018	2.911	Aug 19, 2019	2.684	Sep 14, 2020	2.274	Oct 11, 2021	3.36
Jul 03, 2017	2.376	Jul 30, 2018	2.924	Aug 26, 2019	2.661	Sep 21, 2020	2.259	Oct 18, 2021	3.416
Jul 10, 2017	2.411	Aug 06, 2018	2.93	Sep 02, 2019	2.651	Sep 28, 2020	2.259	Oct 25, 2021	3.476
Jul 17, 2017	2.392	Aug 13, 2018	2.921	Sep 09, 2019	2.638	Oct 05, 2020	2.262	Nov 01, 2021	3.484
Jul 24, 2017	2.426	Aug 20, 2018	2.9	Sep 16, 2019	2.64	Oct 12, 2020	2.257	Nov 08, 2021	3.505
Jul 31, 2017	2.467	Aug 27, 2018	2.906	Sep 23, 2019	2.741	Oct 19, 2020	2.24	Nov 15, 2021	3.495
Aug 07, 2017	2.492	Sep 03, 2018	2.903	Sep 30, 2019	2.737	Oct 26, 2020	2.234	Nov 22, 2021	3.493
Aug 14, 2017	2.497	Sep 10, 2018	2.912	Oct 07, 2019	2.742	Nov 02, 2020	2.204	Nov 29, 2021	3.478
Aug 21, 2017	2.474	Sep 17, 2018	2.921	Oct 14, 2019	2.727	Nov 09, 2020	2.188	Dec 06, 2021	3.44
Aug 28, 2017	2.513	Sep 24, 2018	2.923	Oct 21, 2019	2.735	Nov 16, 2020	2.202	Dec 13, 2021	3.414
Sep 04, 2017	2.794	Oct 01, 2018	2.947	Oct 28, 2019	2.692	Nov 23, 2020	2.194	Dec 20, 2021	3.395
Sep 11, 2017	2.8	Oct 08, 2018	2.984	Nov 04, 2019	2.702	Nov 30, 2020	2.211	Dec 27, 2021	3.375
Sep 18, 2017	2.75	Oct 15, 2018	2.961	Nov 11, 2019	2.711	Dec 07, 2020	2.246	Jan 03, 2022	3.381
Sep 25, 2017	2.701	Oct 22, 2018	2.925	Nov 18, 2019	2.688	Dec 14, 2020	2.247	Jan 10, 2022	3.394
Oct 02, 2017	2.682	Oct 29, 2018	2.896	Nov 25, 2019	2.672	Dec 21, 2020	2.311	Jan 17, 2022	3.404
Oct 09, 2017	2.622	Nov 05, 2018	2.84	Dec 02, 2019	2.667	Dec 28, 2020	2.33	Jan 24, 2022	3.421
Oct 16, 2017	2.605	Nov 12, 2018	2.773	Dec 09, 2019	2.652	Jan 04, 2021	2.336	Jan 31, 2022	3.464
Oct 23, 2017	2.594	Nov 19, 2018	2.7	Dec 16, 2019	2.627	Jan 11, 2021	2.403	Feb 07, 2022	3.538
Oct 30, 2017	2.602	Nov 26, 2018	2.63	Dec 23, 2019	2.621	Jan 18, 2021	2.464	Feb 14, 2022	3.581
Nov 06, 2017	2.673	Dec 03, 2018	2.544	Dec 30, 2019	2.658	Jan 25, 2021	2.478	Feb 21, 2022	3.624
Nov 13, 2017	2.706	Dec 10, 2018	2.511	Jan 06, 2020	2.665	Feb 01, 2021	2.495	Feb 28, 2022	3.701
Nov 20, 2017	2.683	Dec 17, 2018	2.46	Jan 13, 2020	2.657	Feb 08, 2021	2.548	Mar 07, 2022	4.196
Nov 27, 2017	2.648	Dec 24, 2018	2.413	Jan 20, 2020	2.625	Feb 15, 2021	2.588	Mar 14, 2022	4.414
Dec 04, 2017	2.617	Dec 31, 2018	2.358	Jan 27, 2020	2.595	Feb 22, 2021	2.717	Mar 21, 2022	4.343
Dec 11, 2017	2.601	Jan 07, 2019	2.329	Feb 03, 2020	2.546	Mar 01, 2021	2.796	Mar 28, 2022	4.334
Dec 18, 2017	2.568	Jan 14, 2019	2.338	Feb 10, 2020	2.511	Mar 08, 2021	2.857	Apr 04, 2022	4.274
Dec 25, 2017	2.589	Jan 21, 2019	2.34	Feb 17, 2020	2.518	Mar 15, 2021	2.94	Apr 11, 2022	4.196
Jan 01, 2018	2.637	Jan 28, 2019	2.343	Feb 24, 2020	2.555	Mar 22, 2021	2.954	Apr 18, 2022	4.17
Jan 08, 2018	2.639	Feb 04, 2019	2.341	Mar 02, 2020	2.514	Mar 29, 2021	2.941	Apr 25, 2022	4.211
Jan 15, 2018	2.673	Feb 11, 2019	2.361	Mar 09, 2020	2.468	Apr 05, 2021	2.945	May 02, 2022	4.285
Jan 22, 2018	2.684	Feb 18, 2019	2.4	Mar 16, 2020	2.343	Apr 12, 2021	2.939	May 09, 2022	4.428
Jan 29, 2018	2.723	Feb 25, 2019	2.471	Mar 23, 2020	2.217	Apr 19, 2021	2.945	May 16, 2022	4.591
Feb 05, 2018	2.753	Mar 04, 2019	2.502	Mar 30, 2020	2.103	Apr 26, 2021	2.962	May 23, 2022	4.694
Feb 12, 2018	2.724	Mar 11, 2019	2.549	Apr 06, 2020	2.022	May 03, 2021	2.981	May 30, 2022	4.727
Feb 19, 2018	2.676	Mar 18, 2019	2.625	Apr 13, 2020	1.951	May 10, 2021	3.051	Jun 06, 2022	4.977

Source: U.S. Energy Information Administration, Weekly U.S. All Grades All Formulations Retail Gasoline Prices (Dollars per Gallon), retrieved from https://www.eia.gov/dnav/pet/pet_pri_gnd_dcus_nus_w.htm, June 27, 2022.



Appendix V. Employer Cost for Employee Compensation

Employer Cost for Employee Compensation: All Civilian Workers

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2017	35.28	35.28	35.64	35.87
2018	36.32	36.22	36.63	36.32
2019	36.77	36.61	37.03	37.10
2020	37.73	38.20	38.26	38.60
2021	39.01	38.91	39.55	40.35
2022	40.90			

Employer Cost for Employee Compensation: Construction, and Extraction, Farming, Fishing, and Forestry Occupations

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2017	37.05	37.56	37.77	36.60
2018	36.89	36.84	37.27	36.71
2019	37.08	37.37	37.69	37.90
2020	38.49	38.47	38.48	39.92
2021	40.05	40.63	41.09	42.03
2022	42.55			

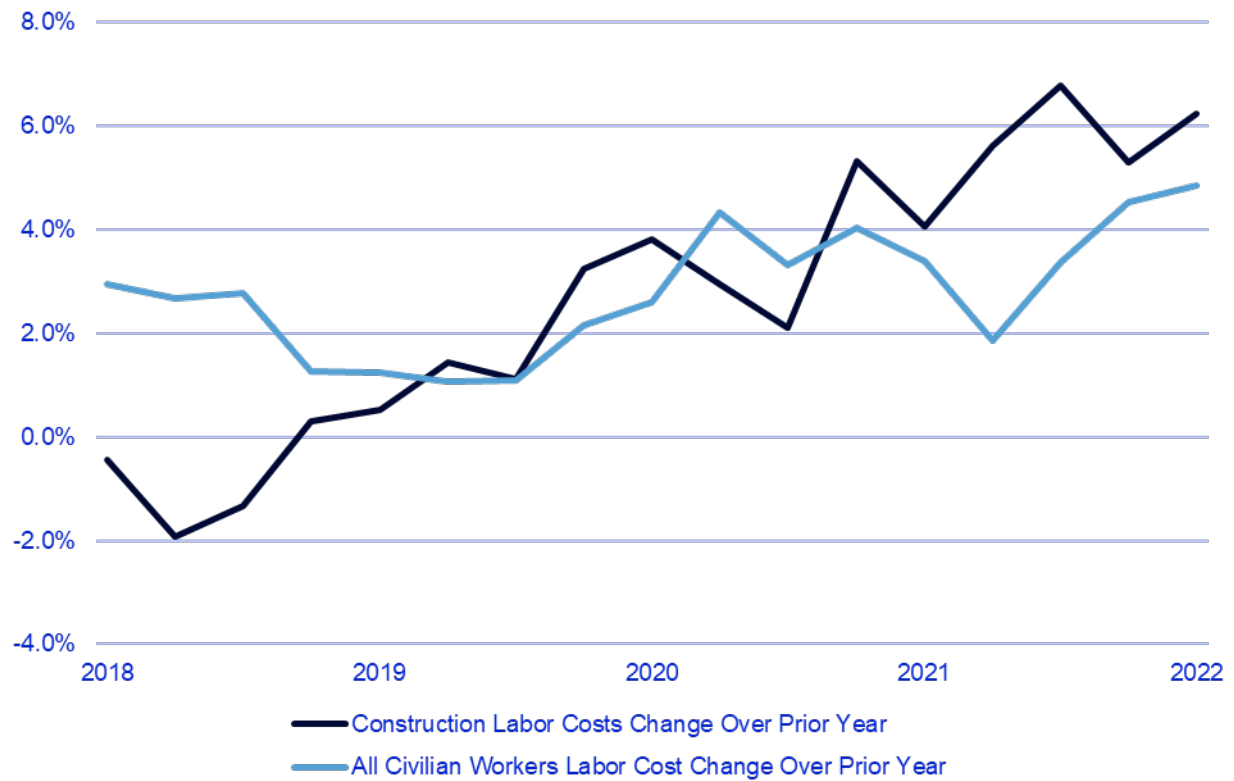
Source: U.S. Bureau of Labor Statistics, National Compensation Survey, Employer Cost for Employee Compensation, Civilian Workers Dataset, <https://www.bls.gov/ncs/ect/#tables>, released June 16, 2022.

Civilian workers include both private industry and state and local government. Excluded from private industry are the self-employed, agricultural workers, and private household workers. Federal government workers are excluded from the public sector.

Total compensation includes costs for wages and salaries as well as total benefits. Total benefits are comprised of five benefit categories (paid leave, supplemental pay, insurance (including health), retirement and savings, and legally required benefits).

Estimates are for the average costs to employers for wages and salaries and benefit components, per employee hour worked.

The Cost of Labor is Rising, with Construction Labor Costs Rising at a Faster Rate than All Civilian Workers when Compared to the Same Time Last Year



Appendix VI. Housing Prices

All-Transactions House Price Index for Fort Collins, CO

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2017	263.37	272.68	277.99	278.81
2018	284.60	291.73	297.33	296.83
2019	299.41	305.13	307.83	308.70
2020	311.25	314.98	316.70	321.55
2021	328.46	348.06	368.81	379.27
2022	395.89			

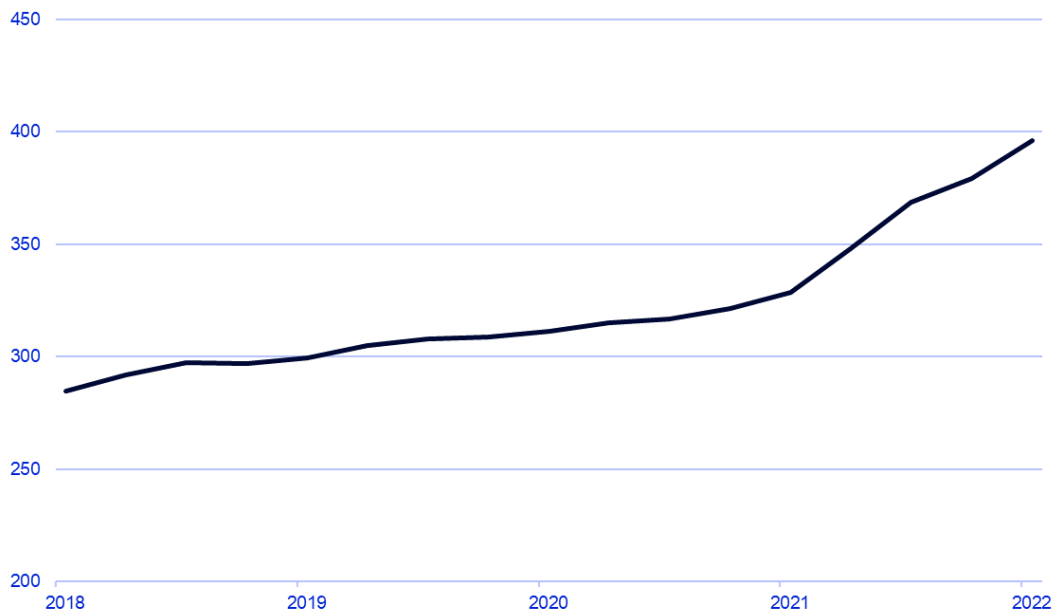
Source: U.S. Federal Housing Finance Agency, All-Transactions House Price Index for Fort Collins, CO (MSA), retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/ATNHPIUS22660Q>, June 27, 2022.

Estimated using sales prices and appraisal data.

Data is not seasonally adjusted.

Base period: Quarter 1 1995=100

**House Prices in Fort Collins increased by 21%
from March 2021 to March 2022**



Appendix VII. Supply Chain Pressure

Global Supply Chain Pressure Index

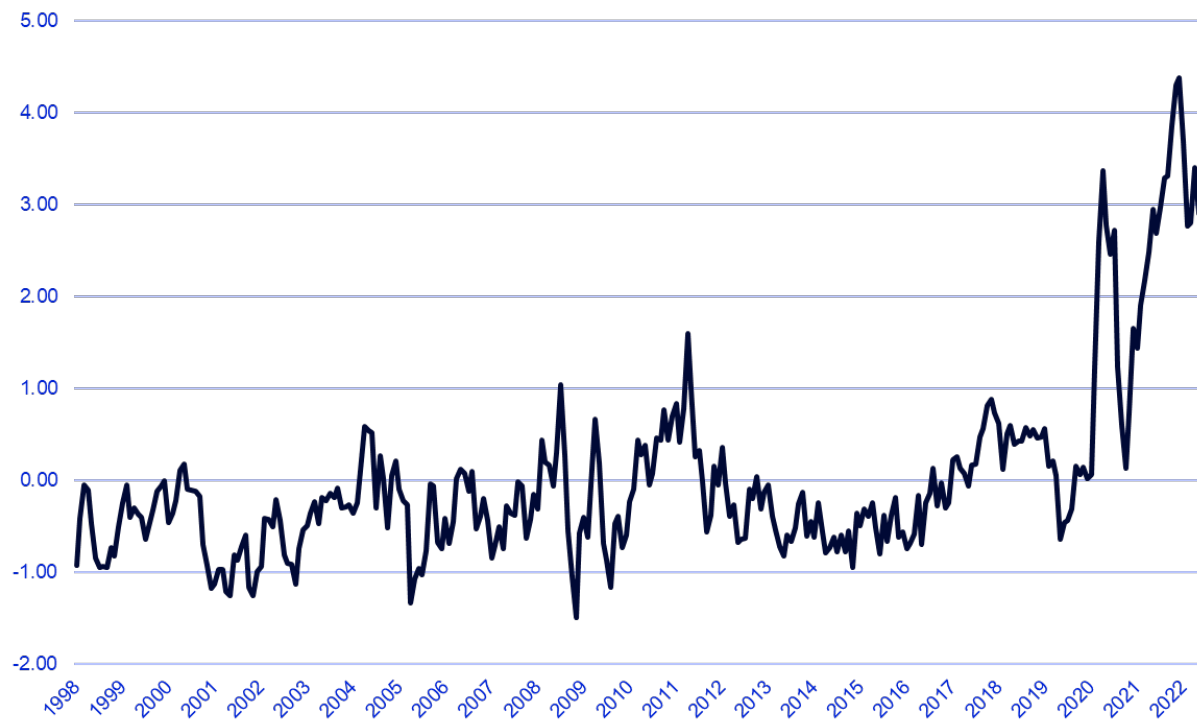
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1998	-0.93032	-0.41374	-0.05084	-0.10571	-0.47633	-0.84618	-0.94885	-0.94589	-0.95603	-0.73666	-0.82609	-0.50452
1999	-0.24325	-0.05015	-0.40275	-0.29854	-0.3709	-0.40903	-0.64458	-0.45861	-0.32707	-0.12675	-0.0695	-0.00377
2000	-0.46431	-0.35662	-0.2285	0.106389	0.172254	-0.10022	-0.11162	-0.12004	-0.17839	-0.70187	-0.93461	-1.18408
2001	-1.13535	-0.97847	-0.97179	-1.21444	-1.26343	-0.82028	-0.87678	-0.72129	-0.59692	-1.16638	-1.25699	-0.99473
2002	-0.93507	-0.42215	-0.42723	-0.51338	-0.21848	-0.44126	-0.81823	-0.90962	-0.91433	-1.13153	-0.7526	-0.54509
2003	-0.49837	-0.36102	-0.23987	-0.4708	-0.19327	-0.21913	-0.14826	-0.19346	-0.08307	-0.30461	-0.29418	-0.26684
2004	-0.36472	-0.24478	0.100147	0.57858	0.533348	0.513092	-0.30433	0.264445	0.009061	-0.51984	0.04527	0.21218
2005	-0.09597	-0.21968	-0.2739	-1.33788	-1.07678	-0.95909	-1.03405	-0.77438	-0.03974	-0.064	-0.68406	-0.7464
2006	-0.41383	-0.68858	-0.45343	0.018786	0.116457	0.072781	-0.12504	0.092324	-0.53373	-0.3979	-0.20308	-0.43956
2007	-0.8521	-0.70942	-0.50367	-0.74828	-0.28134	-0.36329	-0.38771	-0.0232	-0.06523	-0.63406	-0.42425	-0.15214
2008	-0.31233	0.439418	0.191963	0.167316	-0.07001	0.300943	1.035653	0.2611	-0.55121	-1.05281	-1.50208	-0.58248
2009	-0.40802	-0.62588	-0.05314	0.659272	0.184964	-0.69437	-0.87571	-1.16552	-0.4753	-0.39492	-0.73187	-0.59847
2010	-0.23291	-0.0952	0.433731	0.28032	0.376808	-0.04954	0.07127	0.457999	0.431988	0.768152	0.430014	0.690846
2011	0.833567	0.413239	0.770698	1.598068	0.994596	0.257968	0.32234	-0.02521	-0.56273	-0.37809	0.151989	-0.05933
2012	0.357587	-0.03025	-0.394	-0.2722	-0.67682	-0.64192	-0.62987	-0.10213	-0.19955	0.040741	-0.31448	-0.12789
2013	-0.0485	-0.39875	-0.54348	-0.72539	-0.8223	-0.60519	-0.66219	-0.52251	-0.25446	-0.13223	-0.61167	-0.45242
2014	-0.61714	-0.24363	-0.56702	-0.79226	-0.73627	-0.62556	-0.77874	-0.60381	-0.78053	-0.55614	-0.95702	-0.35752
2015	-0.49721	-0.31592	-0.39421	-0.24677	-0.52178	-0.80683	-0.38197	-0.668	-0.38582	-0.19286	-0.62567	-0.57112
2016	-0.74285	-0.69213	-0.5837	-0.16687	-0.70393	-0.25133	-0.14934	0.130618	-0.27668	-0.02722	-0.30508	-0.25048
2017	0.214831	0.249522	0.133157	0.066983	-0.06794	0.157918	0.175424	0.472564	0.564101	0.811009	0.882981	0.728647
2018	0.619968	0.112802	0.499643	0.589813	0.38986	0.426212	0.425453	0.574479	0.482569	0.547604	0.455893	0.46954
2019	0.564204	0.15026	0.20798	0.043877	-0.64422	-0.45865	-0.43492	-0.32055	0.151478	0.063527	0.136371	0.015593
2020	0.057126	1.202295	2.593614	3.363095	2.771491	2.463189	2.717681	1.235885	0.594005	0.12583	0.730225	1.65447
2021	1.435185	1.904566	2.174058	2.480835	2.942833	2.680503	2.975062	3.288763	3.307559	3.855865	4.296702	4.38233
2022	3.684157	2.767151	2.801057	3.398199	2.899285							

Source: Federal Reserve Bank of New York, Global Supply Chain Pressure Index, <https://www.newyorkfed.org/research/policy/gscpi#/interactive>.

The Global Supply Chain Pressure Index (GSCPI) integrates a number of commonly used metrics with the aim of providing a comprehensive summary of potential supply chain disruptions. Global transportation costs are measured by employing data from the Baltic Dry Index (BDI) and the Harpex index, as well as airfreight cost indices from the U.S. Bureau of Labor Statistics. The GSCPI also uses several supply chain-related components from Purchasing Managers' Index (PMI) surveys, focusing on manufacturing firms across seven interconnected economies: China, the euro area, Japan, South Korea, Taiwan, the United Kingdom, and the United States.

The index is normalized such that a zero indicates that the index is at its average value with positive values representing how many standard deviations the index is above this average value (and negative values representing the opposite).

The Global Supply Chain Pressure Index Indicates Historically High Level of Pressure

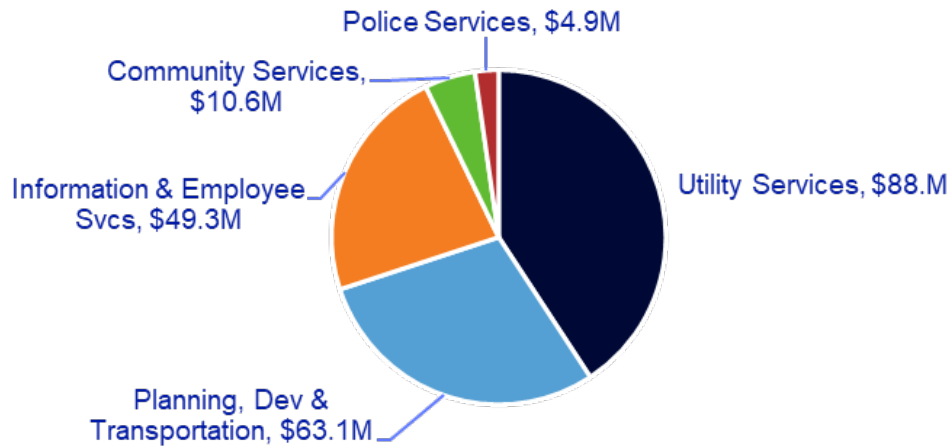


Appendix VIII. Appropriated Projects Anticipating Inflation Impact

Project Description	Service Area	Current Budget	Contract Type	Project Phase	Impact of Inflation
Buckinghorse Neighborhood Park	Community Services	\$ 3,181,495	CM/GC	Breaking Ground end of June 2022	Anticipating cost overruns that will be addressed during the 2023/24 budget process. Will also explore scope changes and value engineering.
Carnegie Center Renovation	Community Services	\$ 4,845,820	CM/GC	Design near 20% and CM/GC Contractor on board	Project costs rose, creating a shortfall, but the City was able to fill in the gap with grant funding.
Southeast Recreation/Community Center	Community Services	\$ 17,561,000	CM/GC	Working to determine final site location and overall budget. Anticipating to post design RFP this fall of 2022.	Anticipating cost overrun of about \$15 million beyond 2023/24 budget request, due in large part to scope changes. Final project cost dependent on stakeholder partnerships.
Laporte Bridges	PDT	\$ 2,799,472	CM/GC	CM/GC Contract in place. Currently providing preconstruction services at 60% Design Documents.	Anticipated funding need of \$2.8 million addressed through 2023/24 bridge program budget offers.
College and Trilby	PDT	\$ 10,658,706	CM/GC	Draft RFP for CM/GC and 60% Design Documents	Assumes Community Project grant funding. Anticipated funding need addressed by \$3.8 million request from the general fund and \$2 million from CCIP - Arterial Intersection funds in 2023/24 budget process.
Laporte Corridor	PDT	\$ 3,127,500	Undetermined	Design near 30% Design Documents.	Anticipated funding need addressed by \$1.6 million general fund request addressed in 2023/24 budget process.
Siphon Bicycle/Pedestrian Overpass	PDT	\$ 4,805,050	Design/ Bid/ Build	30% Schematic Design Documents	Pending 2023/24 MMOF grant award of \$450,000. Anticipated funding need addressed by \$450,000 request from the general fund and \$600,000 from CCIP - Grade Separated Bicycle/Pedestrian Crossing funds in 2023/24 budget process.
Operations Services: Facilities Major/Minor Repair & Replacement	IES	\$ 3,840,484	Various	Various Stages	Some repairs/replacements may be delayed until next year. Funding gap reflected in 2023/24 enhancement offer.
Streetlight Replacement	Utilities	\$ 1,056,000	Performed In-House	Ongoing	LED conversion program may be extended.
Water Production Replacement Program (SCADA)	Utilities	\$ 515,000	T&M-Fixed Pricing	Ongoing	Minor projects may be delayed.
Water Distribution System Replacement	Utilities	\$ 1,000,000	T&M - Fixed Pricing	Ongoing	Reduction in pipe replaced in annual program.
Water Meter Replacement	Utilities	\$ 850,000	Performed In-House	Ongoing	Meters may stay in service beyond normal cycle.
Water Reclamation Replacement	Utilities	\$ 1,000,000	T&M+ Mark-Up - Fixed Pricing	Ongoing	Minor projects may be delayed.
Wastewater Collection System Replacement program	Utilities	\$ 1,750,000	T&M+ Mark-Up - Fixed Pricing	Ongoing	Reduction in pipe replaced in annual program.
Cured in Place Pipe program	Utilities	\$ 750,000	T&M - Fixed Pricing	Ongoing	Reduction in pipe lined in annual program.
Grand Total		\$ 57,740,527			

Appendix IX. Asset Management & Enhancement 2023/24 Budget Offers Impacted by Inflation

2023/2024 Asset Management and Enhancement Offers Impacted by Inflation



ATTACHMENT 2

PROCUREMENT AND PROJECT DELIVERY METHODS

Staff: Gerry Paul, Director of Purchasing

Date: July 7, 2022

EXECUTIVE SUMMARY

The City utilizes several different procurement methods to procure and deliver capital projects. Delivering a high performing capital project successfully requires thoughtful consideration of the contracting strategy including selection of the appropriate project delivery method and procurement approach. Although the Design/Bid/Build approach is the most conventional approach for delivering capital projects in the public sector, Alternative Delivery Methods offer innovative approaches with different opportunities and challenges to the traditional Design/Bid/Build. The primary benefit offered by an Alternative Delivery Method is involvement of the Construction Contractor early in the project design. This involvement offers the potential for improved cost and schedule estimating, enhanced constructability, and most importantly the reduction of risk and uncertainty.

BACKGROUND/DISCUSSION:

The project delivery method is the process by which a construction project is designed and constructed. The different project delivery methods are distinguished by the manner in which contracts between the City, designers and contractors are formed. The City utilizes several approaches to procure and deliver capital projects including:

1. Design/Bid/Build (DBB)
2. Construction Manager/General Contractor (CM/GC) or Construction Manager At-Risk (CMAR)
3. Alternative Project Delivery System (APDS)
4. Design/Build (DB)

No single project delivery method is appropriate for every project. Each project must be evaluated to determine the optimum delivery method.

A brief overview of each approach for delivering capital construction projects follows.

Design/Bid/Build

The Design/Bid/Build approach is the traditional method for delivering capital projects in the public sector. When using Design/Bid/Build, a sequential process begins with the design completed by the City or a Consultant, to furnish complete design services, and then solicit bids and awarding a separate construction contract based on the Consultant's complete design. In the Design/Bid/Build contract the Construction Contractor "owns" delivery of the project in

accordance with the design to include all associated risk. However, the City “owns” the details of the design during construction and as a result, is responsible for the cost attributable to any errors or omissions of the design encountered in construction.

The competitive procurement process used to select the Construction Contractor is the competitive sealed bid. Procurements accomplished by bid are awarded to the lowest Responsive and Responsible bidder.

The City’s Construction Contract is the contracting mechanism utilized and the project cost is firm-fixed-price based on the bid schedule submitted by the awarded bidder.

Potential advantages offered by the Design/Bid/Build approach include:

- Primarily qualification-based selection of the Consultant
- City maintains control of the design
- Market based selection of the Construction Contractor with competitive pricing
- Firm-fixed-price construction contract

Limitations of the Design/Bid/Build approach include:

- No contractor input during design may negatively impact cost and schedule
- The amount of time required to perform a linear Design/Bid/Build delivery process
- Construction schedules and cost estimates developed by the Consultant prior to construction onboarding can be unrealistic due to lack of Construction Contractor input
- Low bid selection may lead to potential delays, poor quality, and other adverse outcomes
- Changes in design subject to change orders

Examples of Design/Bid/Build projects include:

- Timberline Underpass for Trail System
- Siphon Overpass for Trail System
- Concrete Maintenance Phases 1, II, III
- Transfort Bus Stop Upgrades

Alternative Delivery Methods

In addition to Design/Bid/Build the City utilizes several different Alternative Delivery Methods including:

1. Construction Manager/General Contractor (CM/GC) or Construction Manager At-Risk (CMAR)
2. Alternative Project Delivery System (APDS)
3. Design Build

The primary benefit of utilizing an Alternative Delivery Method is early involvement in the project by the Construction Contractor.

The role of the Construction Contractor during the design or pre-construction phase of the project is to share its expertise to provide input to the project team, to include, but not limited to the following:

- Estimate quantities of materials, labor and equipment required for construction

- Determine tasks, sequencing of work, and schedule estimates
- Provide estimates for costs early and regularly throughout the design process, in order to inform design and scope decisions
- Understanding of availability, lead-time, shipping, cost, capacities of materials, labor, and equipment
- Identify risks and methods or solutions to mitigate risk during design
- Constructability, alternative solutions, value engineering, cost avoidance

Contract Manager/General Contractor or Contract Manager At-Risk

The Contract Manager/General Contractor (CM/GC) or Contract Manager At-Risk (CMAR) process engages the Construction Contractor early in the design process, typically at about 30% design completion. CM/GC or CMAR brings the Construction Contractor into the design process at a stage where definitive input can have a positive impact on the project. The Construction Contractor's role during the design or pre-construction phase of the project includes, but is not limited to, price estimating, constructability reviews, value engineering, scheduling, phasing, and risk analysis. Most CM/GC or CMAR contracts include both lump sum pay items, and items that will be measured and paid on a unit price basis. Under the CM/GC approach the Construction Contractor competitively bids materials and subcontracts. A significant characteristic of this delivery method is the establishment of a Guaranteed Maximum Price (GMP) which is typically established when the design is 90% complete. As part of the establishment of the GMP an Independent Cost Estimate (ICE) is completed to confirm price reasonableness. Negotiations to establish the GMP is "open book" with the Construction Contractor disclosing their costs to the City.

Once the GMP is established, the CM/GC "owns" delivery of the project in accordance with the design to include all associated risk. However, the City "owns" the details of the design during construction and as a result, is responsible for the cost attributable to any errors or omissions of the design encountered in construction.

Limitations of the CM/GC or CMAR approach include:

- Use of Federal funds require prior approval by the Federal awarding agency
- Price risk due to the single source construction contract negotiations
- There is no contractual relationship between the Consultant and Construction Contractor
- Additional time may be necessary to build trust and partnership
- Innovation can add or reduce cost and/or time

CM/GC or CMAR contracts may be considered for high-risk, complex, schedule driven project where early Construction Contractor involvement is warranted, but not required at the initiation of the design process. This approach can be particularly valuable for non-standard types of designs where it is difficult for the City to develop the technical requirements that would be necessary for other project approaches without expert input.

Examples of CM/GC or CMAR projects include:

- Utilities Administration Building – 222 Laporte Ave.

- Police Training Center
- College and Trilby Intersection
- Vine/Lemay/BNSF Intersection

Alternative Project Delivery System (APDS)

The Alternative Project Delivery System (APDS) approach is an innovative delivery process for the design and construction of large-scale, complex, capital projects with high levels of risk and uncertainty. APDS is only used by the Utilities department. APDS is a team approach comprised of; 1) City project team; 2) Consultant team; and 3) Construction Contractor team.

While the APDS approach shares similarities with the Construction Manager/General Contractor (CM/GC) or Contract Manager At-Risk (CMAR) delivery method, there are material differences including:

1. Selection of the Construction Contractor is qualification based with limited up-front competitive pricing;
2. The Construction Contractor team is engaged as early as the concept and alternative evaluation phases of the project;
3. Project cost is based on time and materials plus a fixed fee percentage mark-up. APDS projects typically do not include a Guaranteed Maximum Price (GMP);
4. City assumes primary risk for unforeseen and/or unanticipated conditions.

Limitations of the ADPS approach include:

- Federally funded contracts prohibit cost plus contracts
- City assumes primary risk for unforeseen and/or unanticipated conditions
- Time and materials plus a fixed fee percentage mark-up
- No Guaranteed Maximum Price (GMP)

Examples of APDS projects include:

- Michigan Ditch
- Poudre River Pipeline

APDS is to be used solely for capital Improvement projects requiring new designs or processes to resolve complex and technical issues where it is difficult for the City to develop technical requirements necessary for traditional Design/Bid/Build, CM/GC, CMAR, or Design/Build. APDS may also be used on complex projects where multiple design alternatives exist and early input from a Construction Contractor would be advantageous to the City.

Design/Build

The Design/Build approach is one which the City contracts with a single entity to design and construct the capital project based on limited design details. This delivery method combines the design and construction phases of a project into a single contract. In the Design/Build contract the contractor retains a greater share of the risk.

Potential advantages offered by the Design/Build approach include:

- Greater innovation in selecting design, materials and construction methods
- Reduces claims due to design errors
- Accelerates response time and dispute resolution through a team effort
- Single contract that addresses quality, cost, and schedule from design through construction
- Shortened project delivery time
- Offers price certainty as construction cost is known and fixed during design

Design/Build may be considered for capital improvement projects requiring:

- Compressed project schedule and improved schedule certainty
- Enhance cost certainty during the design process
- Project scope can be adequately defined without 100% plans, specifications, and estimates
- Limited time available for project oversight by City staff.

Limitations of the Design/Build approach include:

- Shifts primary control and responsibility to the Design/Builder
- Requires comprehensive and carefully prepared performance specifications
- The City may need to relinquish some control over the final details of design development
- Competitive bidding of services and materials is managed by the Design/Builder
- The City's interests may be underrepresented throughout the process

Due to the limitations of the Design/Build approach, this approach is not frequently utilized by the City.

SUMMARY

Delivering a high performing capital project successfully requires thoughtful consideration of the contracting strategy including selection of the appropriate project delivery method and procurement approach. Selection of the optimum project delivery approach can result in improved outcomes such as cost, schedule, innovation, and reduced risk.

The below table highlights the significant differences between each approach.

Distinguishing Factors	Design/Bid/Build	CM/GC	Design/Build	APDS
Early Supplier Involvement		X	X	X
Complexity & Innovation		X	X	X
City "Owned" Design Risk	X	X		X
City "Owned" Construction Risk				X
Construction Contractor Selection Primarily Price Bas	X			
Firm-Fixed Price Cost	X			
Guaranteed Maximum Price (GMP)		X	X	
Open Book Financials		X	X	X



07-07-22

The Impact of Inflation on Capital Projects

Sheena Frève

Senior Analyst, Financial Planning &
Analysis

Gerry Paul

Director of Purchasing



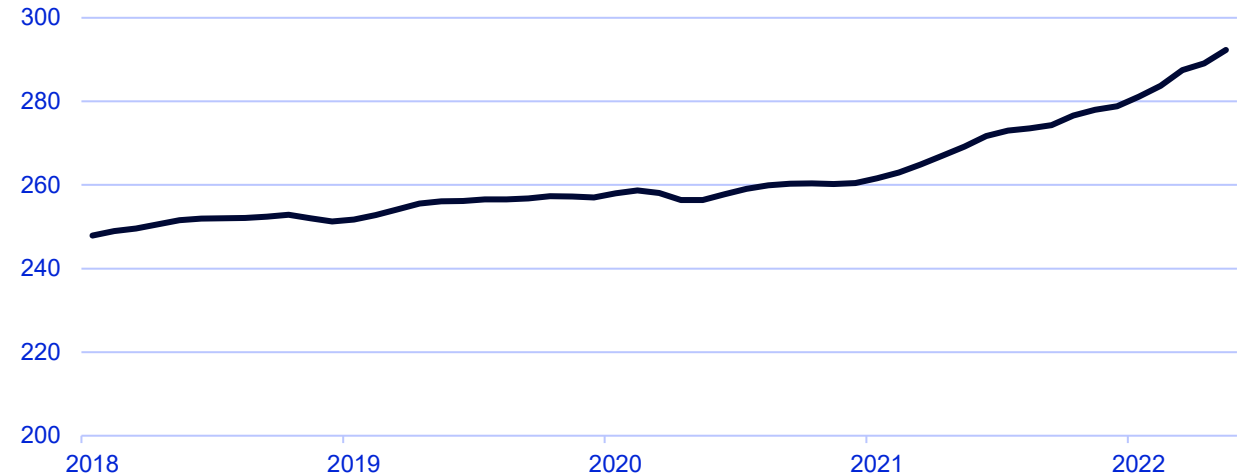
- What questions does Council Finance Committee have regarding the impact of inflation on capital projects?
- What questions does Council Finance Committee have regarding methods of procurement and project delivery?

- Inflation Measures
- Project Impacts
- Revenue Considerations
- Procurement and Project Delivery Methods
- Questions?

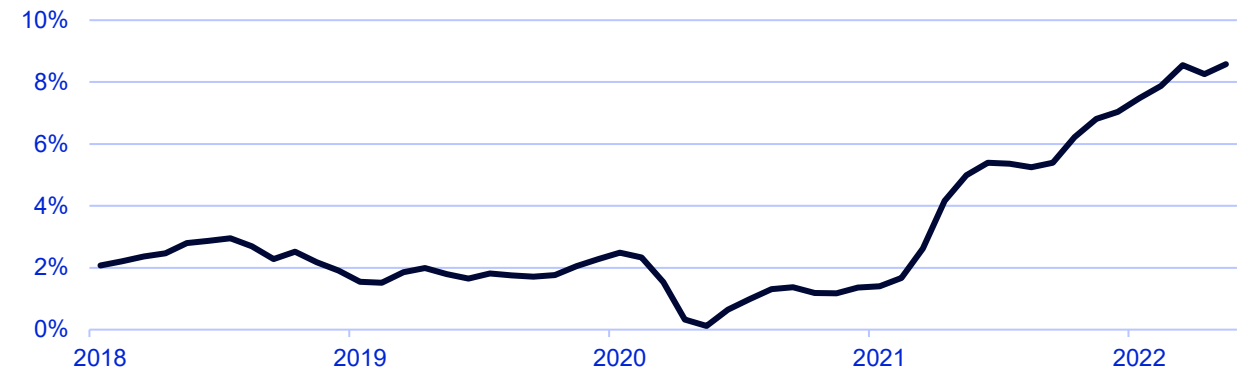
Consumer Price Index

- The Consumer Price Index increased by **8.6%** from May 2021 to May 2022.
- This is the highest year-over-year inflation rate in forty years.

Inflation Has Increased 8.6% since May 2021



**Consumer Price Index
Increase Over Same Month in Prior Year**



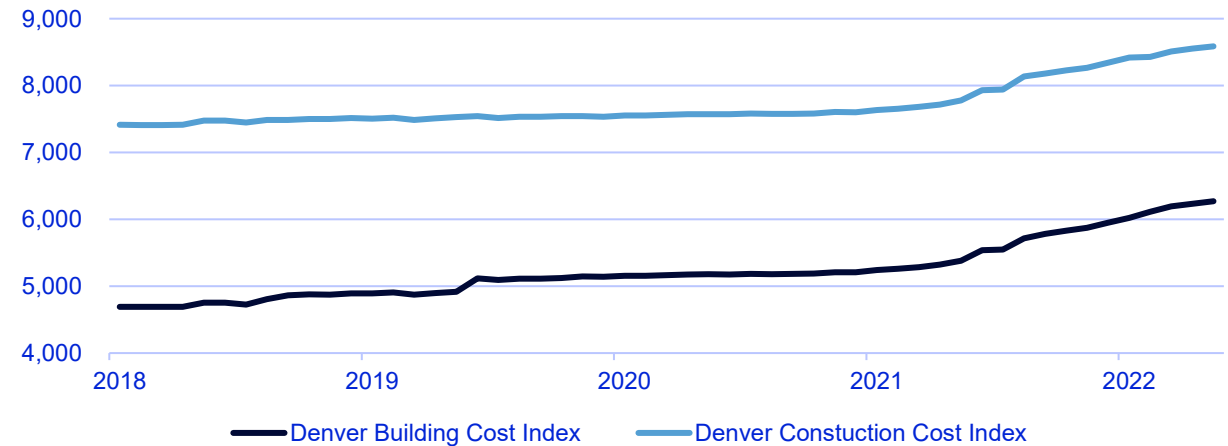
Source: US Bureau of Labor Statistics, CPI for All Urban Consumers (CPI-U), retrieved from <https://data.bls.gov/cgi-bin/surveymost>

Construction Indices show increases beyond CPI

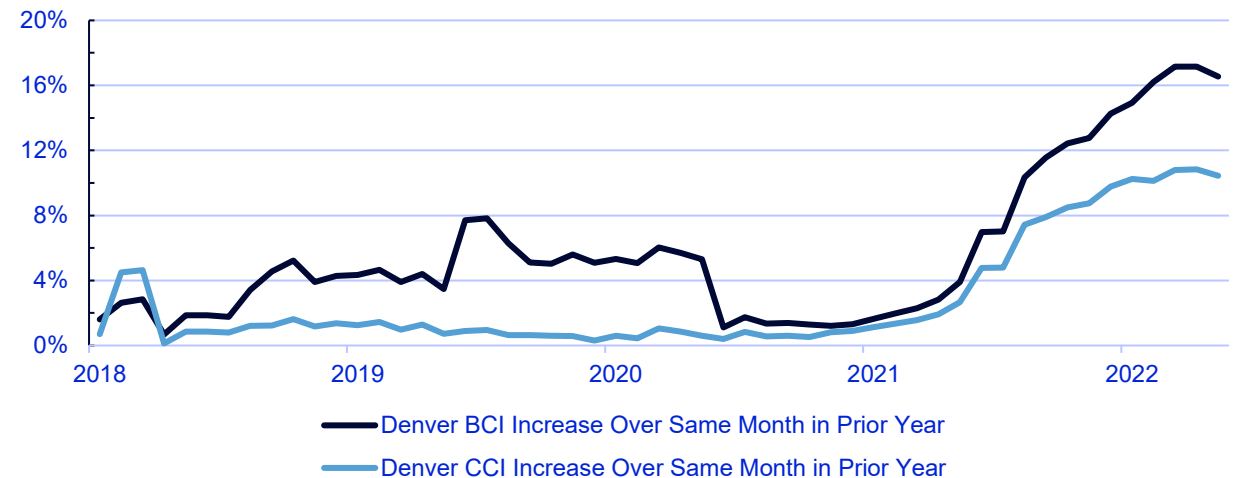
- The Engineering News-Record (ENR) Construction Cost Index (CCI) for Denver, which tracks horizontal construction, like streets and bridges, shows a **10% increase** since May 2021.
- The ENR Building Cost Index (BCI) for Denver, which tracks vertical construction, like buildings, shows a **17% increase** since May 2021.

Source: Engineering News-Record, City Cost Index - Denver,
http://www.enr.com/economics/current_costs

Construction Indices are Rising Faster than CPI



Construction Costs Have Grown Over 10% Compared to the Same Time Last Year

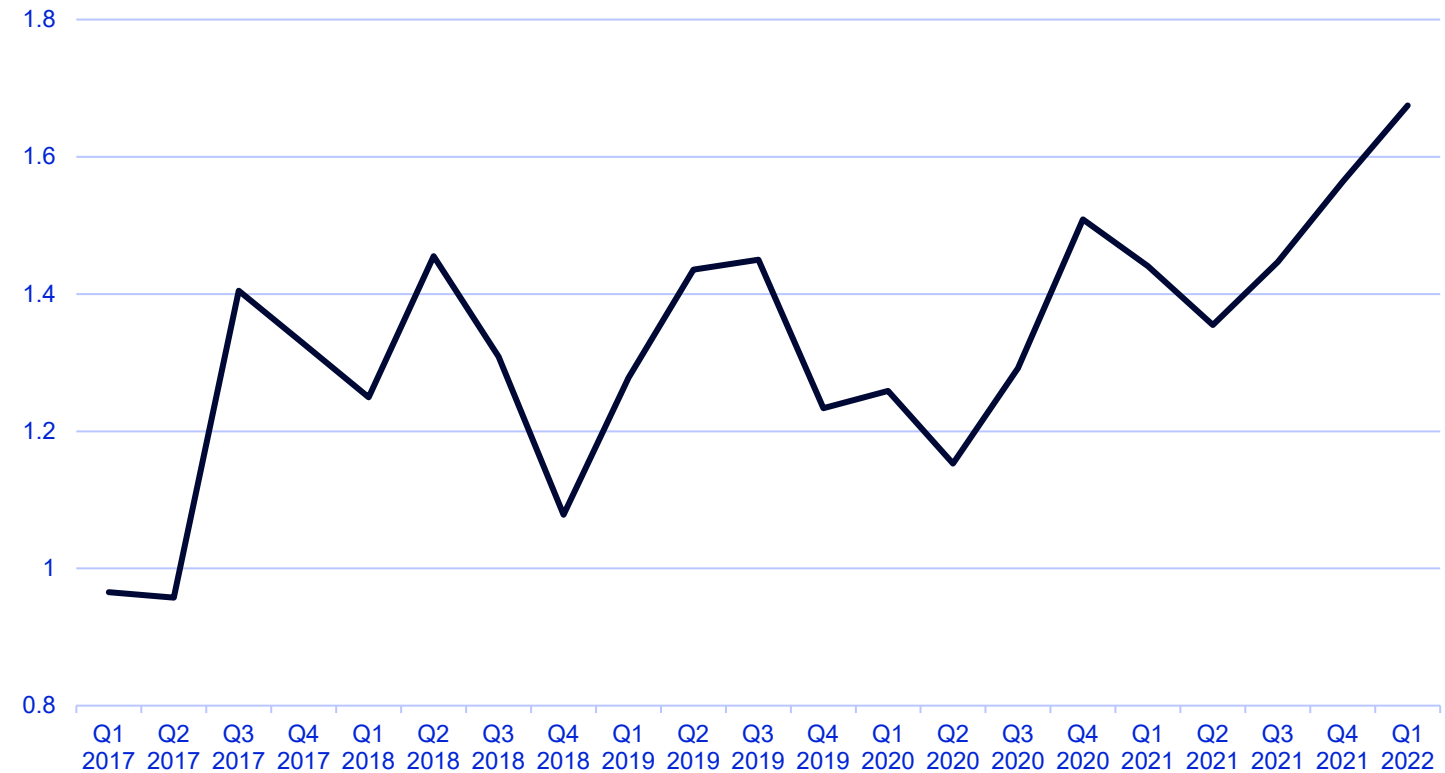


The Colorado Construction Cost Index

- This index, published by the Colorado Department of Transportation, tracks the cost of certain elements, such as asphalt and concrete, in construction projects bid and awarded.
- The index shows an **increase of 16%** from the first quarter of 2021 to 2022.

Source: Colorado Department of Transportation, Colorado Construction Cost Index Report, Calendar Year 2022, First Quarter, retrieved from <https://www.codot.gov/business/eema/constructioncostindex>

The Colorado Construction Cost Index Indicates a 16.2% Increase from Q1 2021 to Q1 2022



Gas Prices are Rising Rapidly

- Fuel is a major cost driver for construction projects.
- Gas prices have increased by 62% since June 2021.

Source: U.S. Energy Information Administration, Weekly U.S. All Grades All Formulations Retail Gasoline Prices (Dollars per Gallon), retrieved from https://www.eia.gov/dnav/pet/pet_pri_gnd_dcus_nus_w.htm, June 27, 2022.

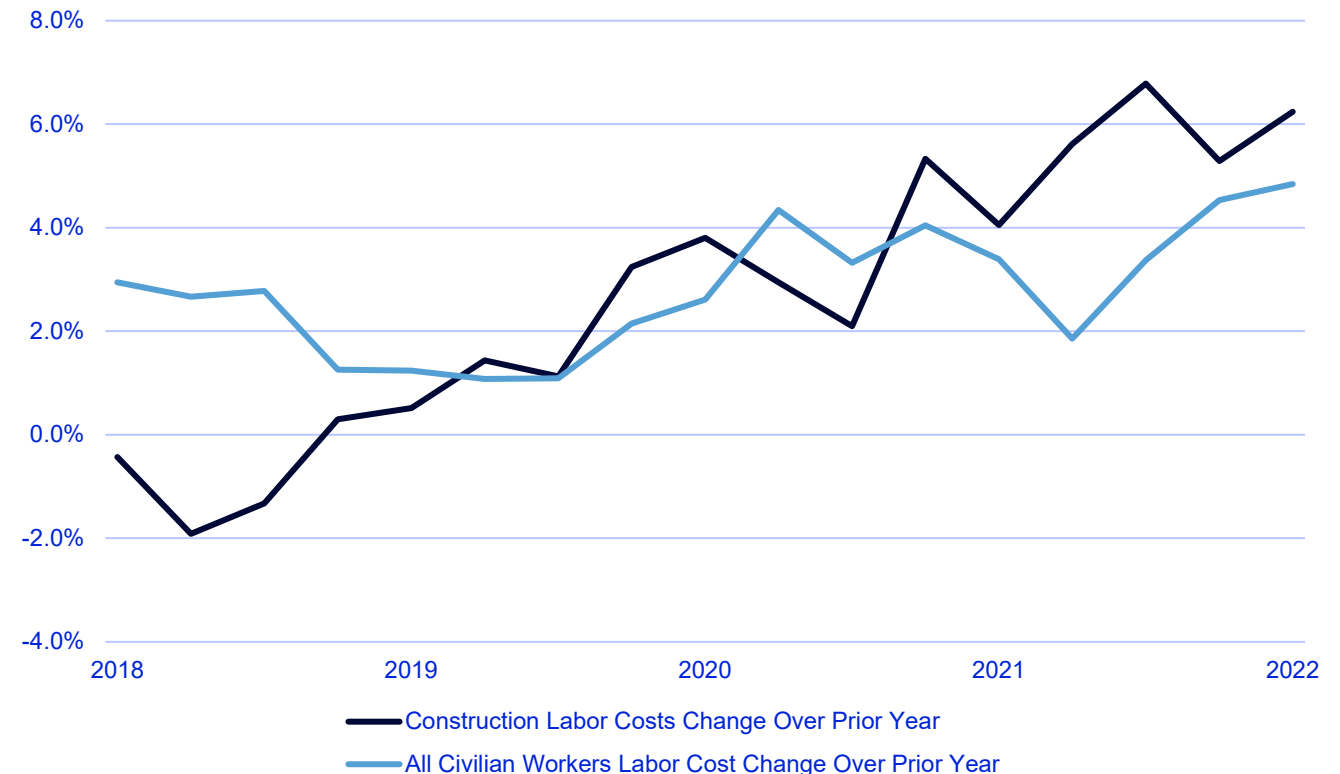
Gas Prices (All Grades) Have Increased by 62% Since June 2021



Labor Costs are Rising

- The Employee Compensation Index indicates that the cost of labor is rising.
- Total compensation for all civilian workers rose by 4.8% from March 2021 to March 2022.
- Total compensation in construction occupations rose by 6.2% during the same period.

The Cost of Labor is Rising, with Construction Labor Costs Rising at a Faster Rate than All Civilian Workers when Compared to the Same Time Last Year



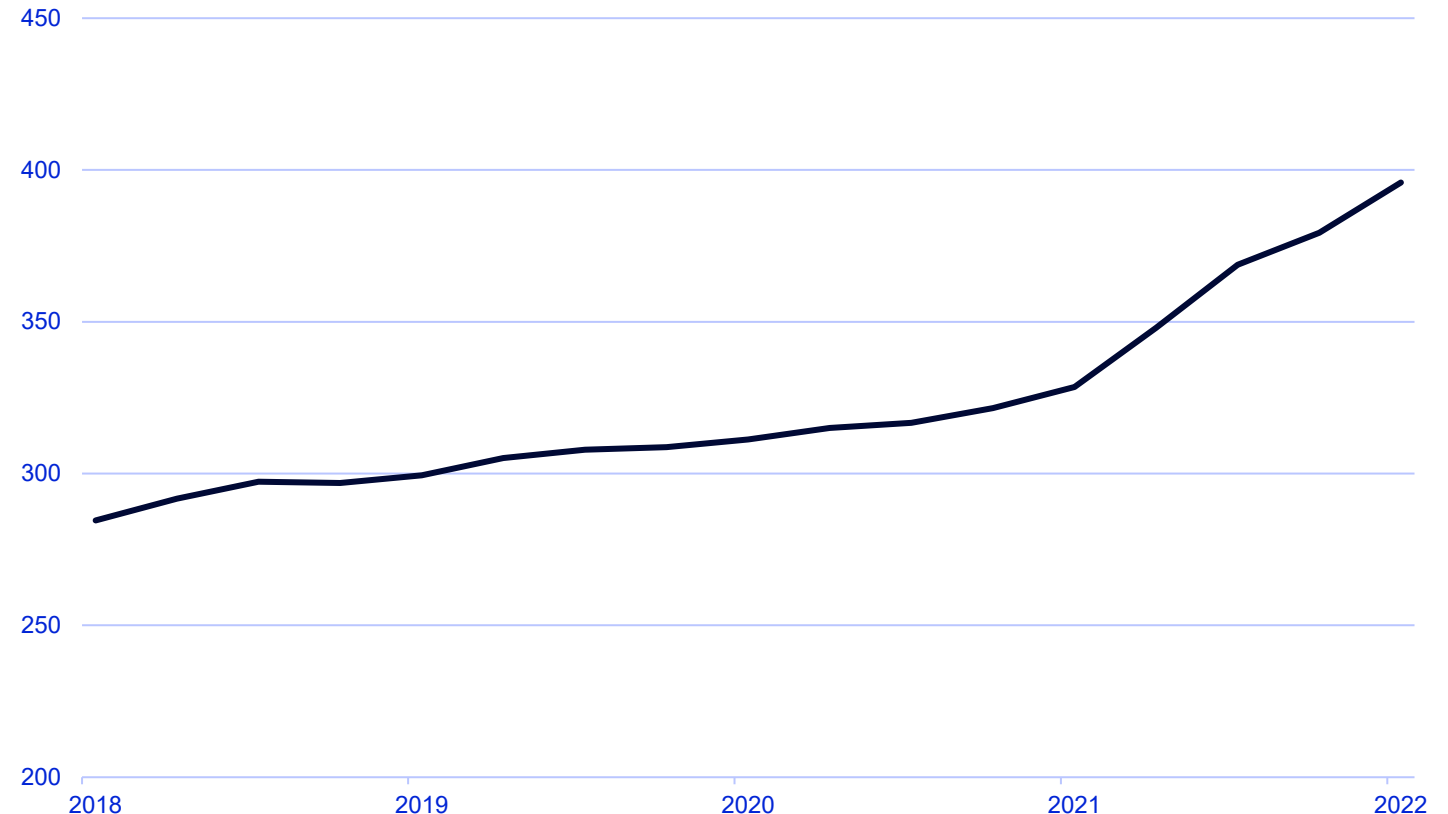
Source: U.S. Bureau of Labor Statistics, National Compensation Survey, Employer Cost for Employee Compensation, Civilian Workers Dataset, <https://www.bls.gov/ncs/ect/#tables>, released June 16, 2022.

Right-of-Way Costs follow Fair Market Value

- House prices in Fort Collins have increased by 21% from the first quarter of 2021 to the first quarter of 2022.
- As right-of-way costs are driven by fair market value, ROW costs have increased rapidly as well, contributing to increased project costs.

Source: U.S. Federal Housing Finance Agency, All-Transactions House Price Index for Fort Collins, CO (MSA), retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/ATNHPIUS22660Q>, June 27, 2022.

House Prices in Fort Collins increased by 21% from March 2021 to March 2022

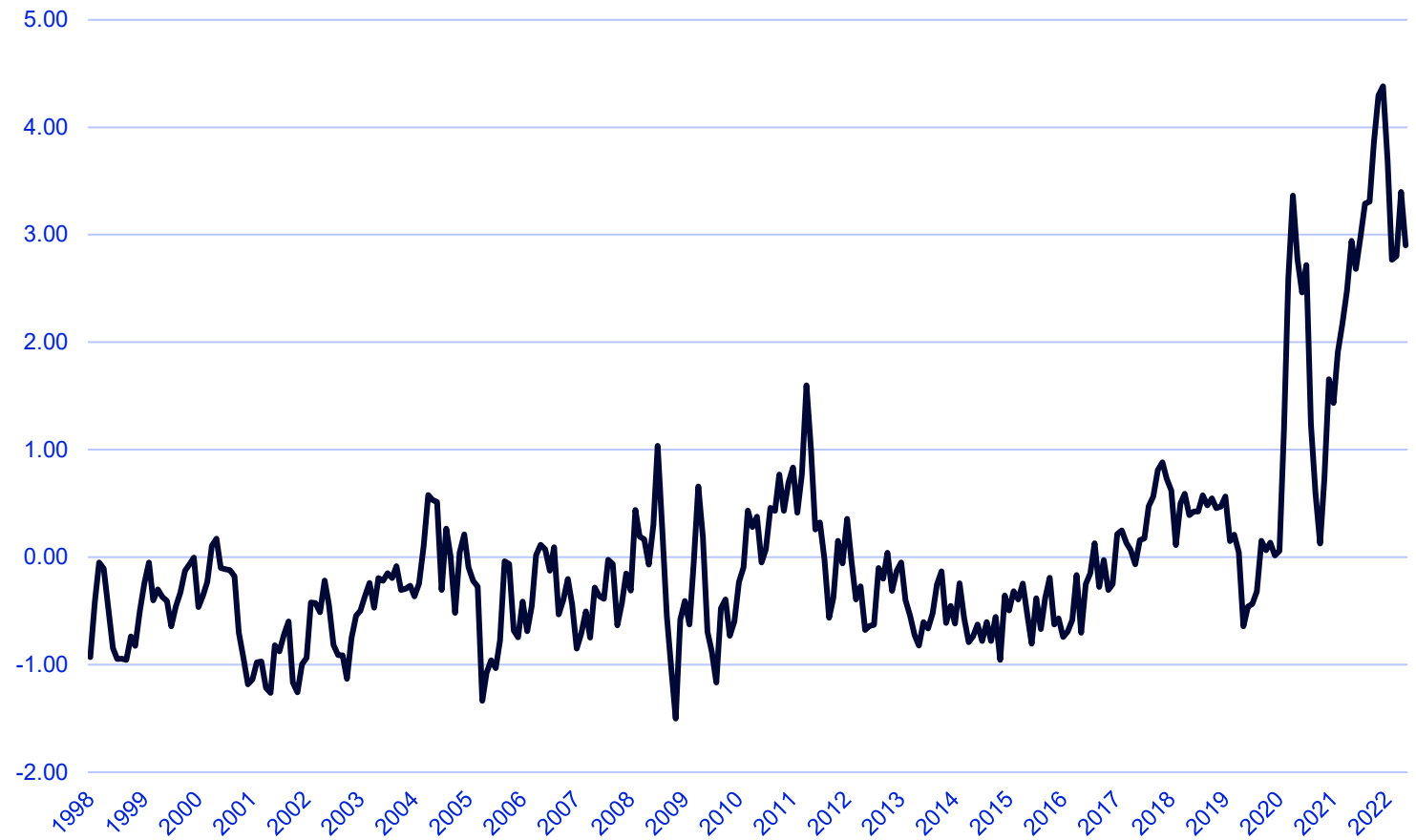


Global Supply Chain Pressures

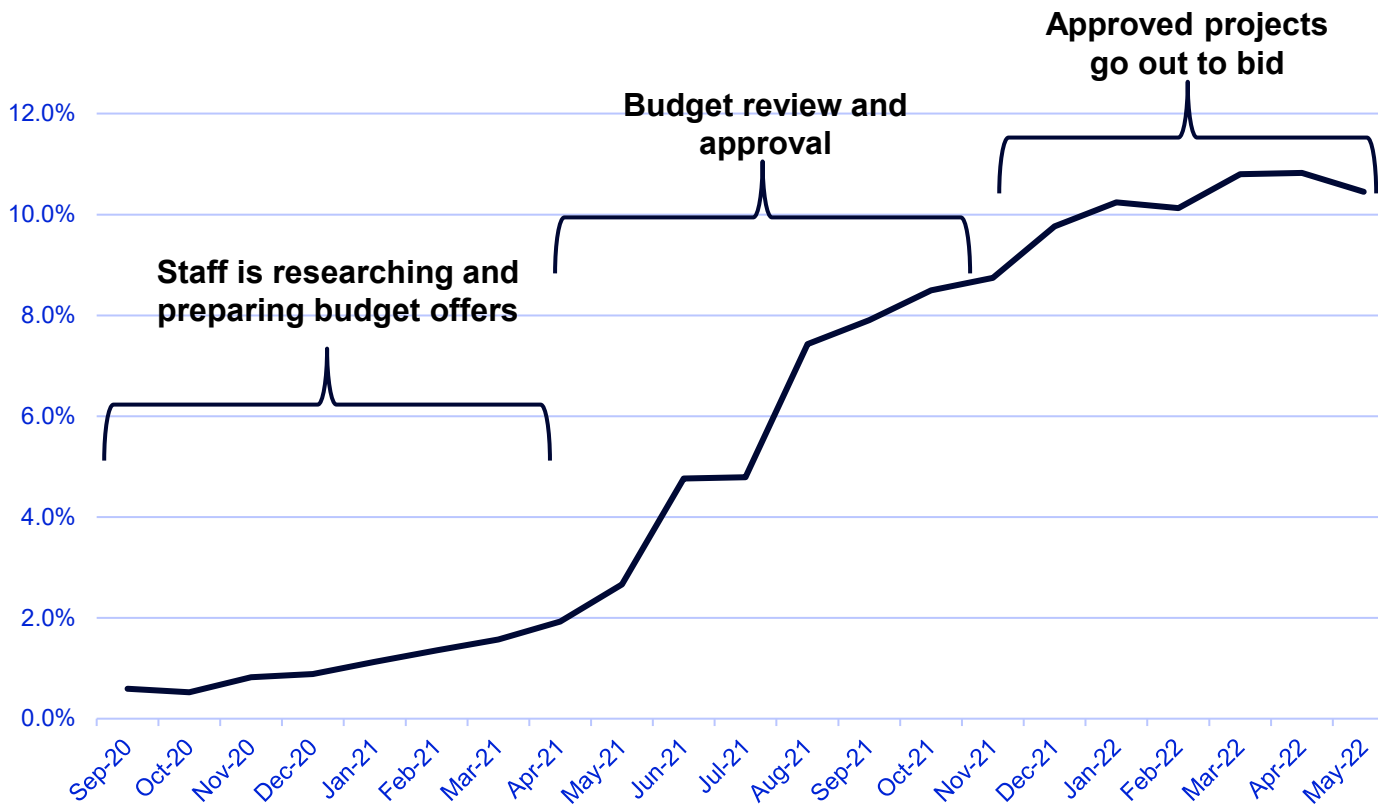
- The Global Supply Chain Pressure Index (GSCPI) tracks the state of global supply chains using data and surveys from the transportation and manufacturing sectors.
- Recent trends suggest a stabilization of pressures at historically high levels, according to the GSCPI's creators.

Source: Federal Reserve Bank of New York, Global Supply Chain Pressure Index,
<https://www.newyorkfed.org/research/policy/gscpi#/interactive>.

The Global Supply Chain Pressure Index Indicates Historically High Level of Pressure



The Timing of the Budget Process Compared to Construction Inflation



- The City's budget process, by design, has a long lead time.
- Research and preparation for budget offers for 2022 was conducted in the fall and winter of 2020 and spring of 2021.
- This makes the current level of inflation a challenge, particularly for the City's construction projects.

Inflation: Appropriated Projects Already Addressed

Project Description	Service Area	Original Budget	Budget Increase	Percentage Increase
East Park District Maintenance Facility	Community Services	\$5,800,000	\$1,200,000	21%
Southridge Golf Course Irrigation System Replacement	Community Services	\$5,000,000	\$1,200,000	24%
Linden Street	PDT	\$3,861,000	\$500,000	13%
South Timberline Corridor	PDT	\$8,723,228	\$2,148,000	25%
Vine/Lemay/BNSF Intersection	PDT	\$28,723,630	\$1,380,000	5%
Electric transformer replacement program	Utilities	\$792,811	\$1,432,000	181%
Grand Total To-Date		\$52,900,669	\$7,860,000	14.8%

- Inflation and supply chain issues have caused some recent projects to exceed the original budget.
- Should a capital project exceed its original budget, staff assess for progress, scope/design changes, or an additional appropriation. The appropriation would surface either through the budget process or through a supplemental appropriation.
- The electric transformer replacement program experienced a dual challenge of inflation and supply chain delays.

Inflation: Appropriated Projects Anticipating Inflation Impact

Project Description	Service Area	Current Budget	Contract Type	Project Phase	Impact of Inflation
Buckinghorse Neighborhood Park	Community Services	\$ 3,181,495	CM/GC	Breaking Ground end of June 2022.	Anticipating cost overruns that will be addressed during the 2023/24 budget process. Will also explore scope changes and value engineering.
Carnegie Center Renovation	Community Services	\$ 4,845,820	CM/GC	Design near 20% and CM/GC Contractor on board.	Project costs rose, creating a shortfall, but the City was able to fill in the gap with grant funding.
Southeast Recreation/Community Center	Community Services	\$ 17,561,000	CM/GC	Working to determine final site location and overall budget. Anticipating to post design RFP this fall of 2022.	Anticipating cost overrun of about \$15 million beyond 2023/24 budget request, due in large part to scope changes. Final project cost dependent on stakeholder partnerships.
Laporte Bridges	PDT	\$ 2,799,472	CM/GC	CM/GC Contract in place. Currently providing preconstruction services at 60% Design Documents.	Anticipated funding need of \$2.8 million addressed through 2023/24 bridge program budget offers.
College and Trilby	PDT	\$ 10,658,706	CM/GC	Draft RFP for CM/GC and 60% Design Documents.	Assumes Community Project grant funding. Anticipated funding need could be addressed with \$3.8 million request from the general fund and \$2 million from CCIP - Arterial Intersection funds in 2023/24 budget process.
Laporte Corridor	PDT	\$ 3,127,500	Undetermined	Design near 30% Design Documents.	Anticipated funding need addressed by \$1.6 million general fund request in 2023/24 budget process.
Siphon Bicycle/Pedestrian Overpass	PDT	\$ 4,805,050	Design/ Bid/ Build	30% Schematic Design Documents	Pending 2023/24 MMOF grant award of \$450,000. Anticipated funding need could be addressed by \$450,000 request from the general fund and \$600,000 from CCIP - Grade Separated Bicycle/Pedestrian Crossing funds in 2023/24 budget process.
Operations Services: Facilities Major/Minor Repair & Replacement	IES	\$ 3,840,484	Various	Various Stages	Some repairs/replacements may be delayed until next year. Funding gap reflected in 2023/24 enhancement offer.
Streetlight Replacement	Utilities	\$ 1,056,000	Performed In-House	Ongoing	LED conversion program may be extended.
Water Production Replacement Program (SCADA)	Utilities	\$ 515,000	T&M-Fixed Pricing	Ongoing	Minor projects may be delayed.
Water Distribution System Replacement	Utilities	\$ 1,000,000	T&M - Fixed Pricing	Ongoing	Reduction in pipe replaced in annual program.
Water Meter Replacement	Utilities	\$ 850,000	Performed In-House	Ongoing	Meters may stay in service beyond normal cycle.
Water Reclamation Replacement	Utilities	\$ 1,000,000	T&M+ Mark-Up - Fixed Pricing	Ongoing	Minor projects may be delayed.
Wastewater Collection System Replacement program	Utilities	\$ 1,750,000	T&M+ Mark-Up - Fixed Pricing	Ongoing	Reduction in pipe replaced in annual program.
Cured in Place Pipe program	Utilities	\$ 750,000	T&M - Fixed Pricing	Ongoing	Reduction in pipe lined in annual program.
Grand Total		\$ 57,740,527			

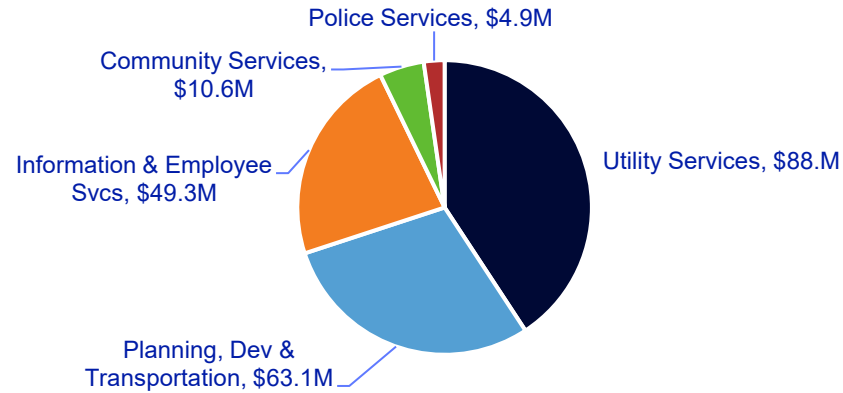
2023/2024 Capital Project Budget Offers Impacted by Inflation

Service Area	Offer Name	Offer Total 2023	Offer Total 2024
Community Services	Recreational Trail Development	\$2,495,510	\$771,838
Community Services	Neighborhood Park Development	\$3,777,107	\$3,802,609
Community Services	Community Park Development	\$757,026	\$110,744
Community Services	Build Community Garden in Traverse Park	\$140,000	\$0
Community Services	9/11 Memorial at Spring Park	\$300,000	\$0
Community Services	CCIP - Southeast Community Center Construction	\$15,201,000	\$0
Judicial Services	Municipal Court Services - Court Remodel Option 1	\$13,000,000	\$0
Judicial Services	Municipal Court Services - Court Remodel Option 2	\$21,000,000	\$0
PDT	Power Trail at Harmony Road Grade-Separated Crossing and Trail Extension (Design and Construction)	\$4,400,000	\$0
PDT	Downtown Quiet Zone - Design of Wayside Horns	\$500,000	\$0
PDT	Siphon Bicycle/Pedestrian Overpass (Construction)	\$1,500,000	\$0
PDT	College and Trilby Intersection Improvements (Construction)	\$3,870,000	\$1,800,000
PDT	Turnberry Road and Suniga Road Extensions (30% Design)	\$300,000	\$0
PDT	Laporte Avenue Corridor Improvements (Construction)	\$0	\$1,572,500
PDT	Automated Wash Bay Facility Construction	\$2,710,000	\$0
PDT	Hoffman Mill Scale House Renovation	\$250,000	\$0
PDT	Americans With Disabilities Act (ADA) System Upgrades	\$3,570,000	\$0
Utility Services	Landfill Groundwater Remediation IGA	\$650,000	\$100,000
Utility Services	Utilities: Light & Power - Grid Integrated Water Heater Installations	\$193,000	\$655,000
Utility Services	Utilities: Light & Power - Direct Install Demand Response T-stat Replacement	\$119,000	\$185,000
Utility Services	Environmental Learning Center Flow Restoration Project	\$2,089,196	\$0
Utility Services	Utilities: Light & Power - Land Acquisition for New Electric Substation serving Northeast Fort Collins	\$1,085,000	\$0
Utility Services	Utilities: Light & Power - New Electric Substation serving Northeast Fort Collins	\$300,000	\$7,876,000
Utility Services	Utilities: Light & Power - Circuit 638 Extension and Circuit 608 Contingency	\$465,000	\$0
Utility Services	Utilities: Light & Power - Install Circuit 628	\$0	\$1,730,000
Utility Services	Utilities: Light & Power - Utility Network Migration & ADMS Enhancements	\$830,000	\$250,000
Utility Services	Utilities: Light & Power - Cable Handling Facility for Cut-To-Length Program	\$0	\$1,551,472
Utility Services	Utilities: Light & Power - System Relocations Due to Road, Intersection and Alley Improvements	\$400,000	\$400,000
Grand Total		\$79,901,839	\$20,805,163

Impact of Inflation on 2023/24 Capital Project Budget Offers

- Inflation has created a high level of uncertainty.
- Many capital projects requested above average contingency, often from 15-25%.
- Inflation escalators were built into many projects, ranging from 6% to 31%.
- Some offers anticipate incorporating scope changes and value engineering to counter funding shortfalls.

2023/2024 Asset Management and Enhancement Offers Impacted by Inflation



Impact of Inflation on Asset Management Budget Offers

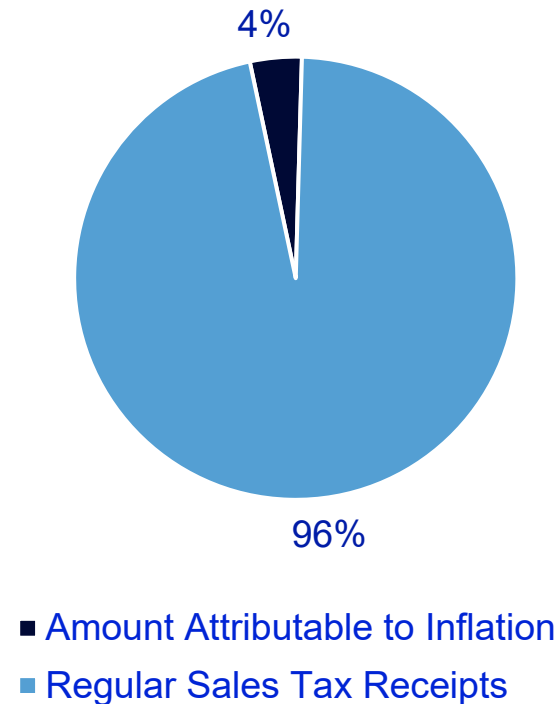
- Inflation, sometimes compounded by deferred maintenance, was a factor in about 75 asset management and enhancement offers
- Long lead times for certain equipment have added another layer of volatility to the mix. Items that previously were available within a few weeks or a month may take 35 to 60 weeks. This is especially an issue with older buildings and systems at the end of their useful life.

- Many ongoing asset management offers are insufficient to meet City needs. Enhancement offers were submitted to achieve desired replacement cycles and level of service.
- In some cases, offers anticipate lowering the level of service if additional funds are not available.
- Specific items are subject to large price increases: HVAC equipment between 25% to 300%, traffic signal poles by 90% this year.
- Many offers have a 10-15% cost escalator built in. Some have another 10-15% contingency on top of current pricing.

Increased Sales Tax

- Inflation is almost always adding to the cost of goods – and increasing sales tax revenues at the same time.
- Each month builds on the inflation increase of the month before.
- Since May 2021, inflation has added about \$5.5 million to the City’s sales tax revenues.

Of the \$145.6M in sales tax collected from June 2021 to May 2022, about \$5.5M or 4% can be attributed to inflation.



Inflation Increases Sales Tax Collections Over Time

Month	CPI % Change	Compounded Sales Tax Receipts Attributable to Inflation
June 2021	0.9%	\$101,474
July 2021	0.5%	\$176,142
August 2021	0.2%	\$181,913
September 2021	0.3%	\$236,912
October 2021	0.8%	\$341,965
November 2021	0.5%	\$382,878
December 2021	0.3%	\$391,477
January 2022	0.8%	\$655,559
February 2022	0.9%	\$549,860
March 2022	1.3%	\$651,070
April 2022	0.6%	\$899,097
May 2022	1.1%	\$935,185
Change May 2021-May 2022	8.6%	\$5,503,532

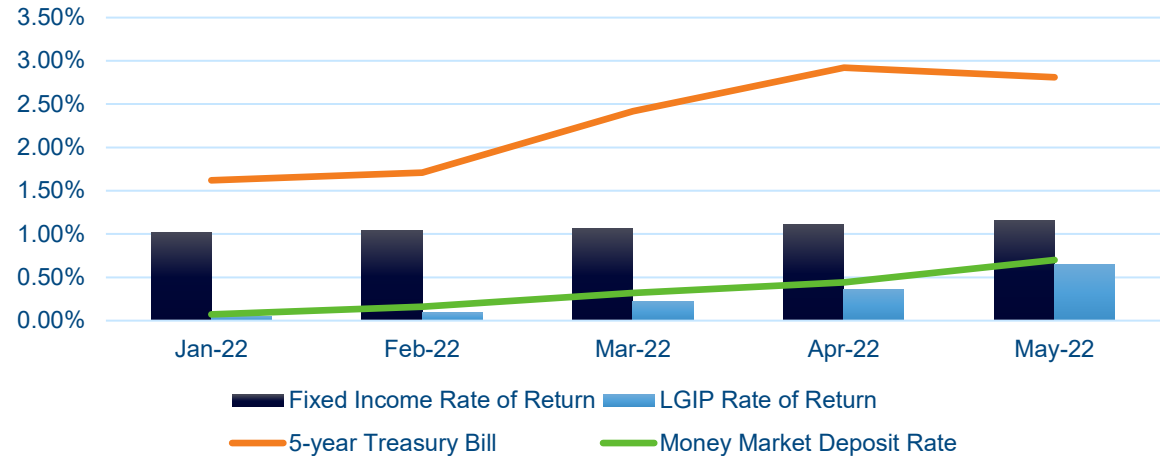
Rising Interest Rates

- The Federal Reserve has raised the interest rate to combat inflation:

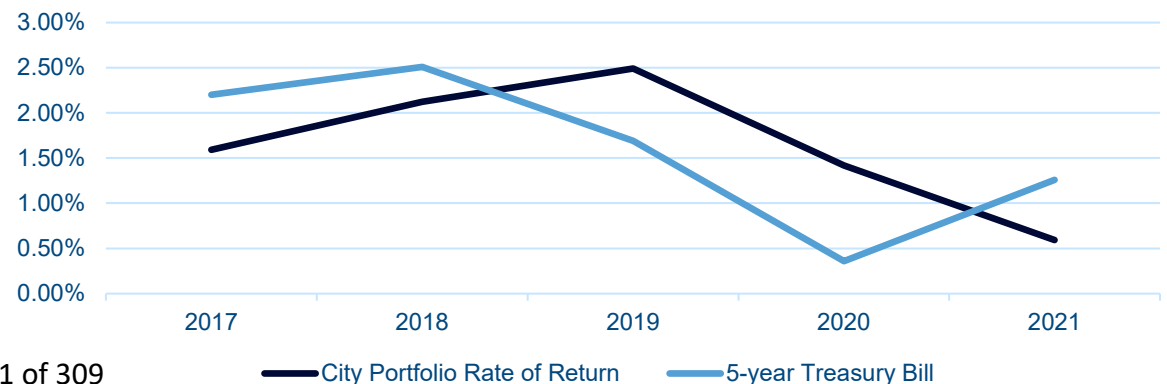
March 17	25 basis points
May 5	50 basis points
June 16	75 basis points

- Over time, this will lead to a higher yield on investments. The City's Local Government Investment Pool (LGIP) responds to changing market conditions more quickly than the rest of the portfolio.
- Interest rate hikes this year have contributed to interest income that is 23% higher than budgeted year-to-date.

City of Fort Collins Investment Rate of Return vs. Market Rates



City of Fort Collins Historical Investment Rate of Return vs. Treasury Rates



Formula Based Funding Colorado Expects to Receive from the BIL

Program	Amount (CO)	Notes
Federal Highway Formula Funding for Roads and Bridges	\$4 Billion	29% increase
Formula Funding to reduce transportation related emissions	\$86 million	
Promoting Resilient Operations for Transformative, Efficient, and Cost-saving Transportation (PROTECT) Program (Formula Based)	\$98 million	New
FAST Act Transit Funding	\$950 million	29% increase

New and Expanded Competitive Grant Programs Included in the BIL

Program	Amount (National)	Notes
Federal Highway Administration (FHWA) competitive grants for nationally significant bridges and other bridges	\$15.77 Billion	New
Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Grants	\$15 Billion	Expanded
Safe Streets for All	\$6 Billion	New
Infrastructure for Rebuilding America (INFRA) Grant	\$14 Billion	Expanded
Federal Transit Administration (FTA) Low and No Emission Bus Programs	\$5.6 Billion	Expanded
FTA Buses + Bus Facilities Competitive Program	\$2 Billion	Expanded
Capital Investment Grants (CIG) Program for high-capacity transit	\$23 Billion	Expanded
MEGA Projects	\$15 Billion	New
Promoting Resilient Operations for Transformative, Efficient, and Cost-saving Transportation (PROTECT) Program (Competitive)	\$1.4 Billion	New
FTA All Station Accessibility Program	\$1.75 Billion	New
Charging and fueling infrastructure discretionary grants	\$2.5 Billion	New
FHWA Nationally Significant Federal Lands and Tribal Projects	\$1.78 Billion	Expanded
Strengthening Mobility and Revolutionizing Transportation (SMART) Grant Program	\$1 Billion	New

- Right-of-Way costs may stabilize as rising interest rates cool the housing market.
- Over the next five years, the Bipartisan Infrastructure Law (BIL) may increase inflation pressures in the construction industry, as local governments will be awarded funding and will bid their projects on the same timeline.

Source: “The Bipartisan Infrastructure Law Will Deliver for Colorado”, US Department of Transportation, April 11, 2022, retrieved from <https://www.transportation.gov/briefing-room/bipartisan-infrastructure-law-will-deliver-colorado> on 6/10/2022.

Procurement and Project Delivery Methods

Cost Mitigation Techniques

- Selection of project delivery methods
- Effective project management
- Competition
- Design, value engineering, and alternative materials
- Project scheduling and phasing
- Expedite material purchased to lock-in pricing
- Avoid change orders

Headwinds

- Unprecedented inflation
- Material constraints & lead-time
- Tight contractor and labor market

Design/Bid/Build (DBB)

- Traditional method for delivering capital projects
- Sequential process with design completed by City or Consultant based on time & materials
- Construction bid awarded to lowest responsive and responsible Contractor
- Construction contractor “owns” delivery including risk
- City “owns” design

Advantages

- Design consultant selection primarily based on qualifications
- City maintains control of design
- Market based selection of construction contractors with competitive pricing
- Firm-fixed price construction contract

Limitations

- No contractor input during design may negatively impact cost
- Linear process may extend time
- Low bid may lead to delays, poor quality, and other adverse outcomes
- Changes in scope subject to change orders

Examples

- Timberline Underpass for Trail System
- Siphon Overpass for Trail System
- Concrete Maintenance Phases I, II, III
- Transfort Bus Stop Upgrades

Construction Manager/General Contractor (CM/GC)

- Design completed by City or Consultant based on time & materials
- Construction contractor contracted early in the design process (~30%)
- Guaranteed Maximum Price (GMP) established at ~90% design
- Competitively quote materials and subcontracts & Independent Cost Estimate (ICE)
- Construction contractor “owns” delivery including risk
- City “owns” design

Advantages

- Early construction contractor involvement – definitive input can have positive impact
- Design consultant selection primarily based on qualifications
- City maintains control of design
- Guaranteed Maximum Price (GMP) & open book negotiations
- Lump sum & unit price-based pricing

Limitations

- Price risk due to single source construction contract negotiations
- Requires trust between City, consultant, and construction contractor
- Innovation can add or reduce cost and/or time

Examples

- Utilities Administration Building – 222 Laporte Ave.
- Police Training Center
- College and Trilby Intersection
- Vine/Lemay/BNSF Intersection

Alternative Project Delivery System (APDS)

- Design completed by City or Consultant based on time & materials
- Construction contractor contracted as early as the concept and alternative evaluation phases
- Price estimating, constructability, value engineering, scheduling, phasing, risk analysis
- Competitively quote materials and subcontracts & Independent Cost Estimate (ICE)

Advantages

- Early construction contractor involvement
- Constructability, alternative solutions, value engineering, cost avoidance
- Identify risks and methods or solutions to mitigate risk during design

Limitations

- City assumes primary risk for unforeseen and/or unanticipated conditions
- Time and materials plus a fixed fee percentage mark-up
- No Guaranteed Maximum Price (GMP)
- Federally funded contracts prohibit cost plus contracts

Examples

- Michigan Ditch
- Poudre River Pipeline

Procurement and Project Delivery Methods

Distinguishing Factors	Design/Bid/Build	CM/GC	Design/Build	APDS
Early Supplier Involvement		X	X	X
Complexity & Innovation		X	X	X
City "Owned" Design Risk	X	X		X
City "Owned" Construction Risk				X
Construction Contractor Selection Primarily Price Based	X			
Firm-Fixed Price Cost	X			
Guaranteed Maximum Price (GMP)		X	X	
Open Book Financials		X	X	X

Budget Reserve for Inflation

- Staff has made a General Fund reserve assignment in the amount of \$4.0M
- Effectively, this withholds this amount from use in the 2023-2024 budget
- The balance can be utilized by Council at any time and for any governmental purpose
- Provides a cushion of approximately 2% of annual governmental expenditures
- Year-end 2021 Fund Balances (reserves) will be reviewed with the Finance Committee at its September 1, 2022 meeting, coinciding with delivery of the Recommended Budget on September 2.

- What questions does Council Finance Committee have regarding the impact of inflation on capital projects?
- What questions does Council Finance Committee have regarding methods of procurement and project delivery?