



## CITY OF LOVELAND

FINANCE DEPARTMENT

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**AGENDA ITEM:** 11

**MEETING DATE:** February 20, 2007

**DEPARTMENT:** City Manager / City Attorney / Finance Department

**DESCRIPTION:** **Resolutions to Approve an Amended and Restated Master Financing Agreement for Block 41 – Finley’s Addition Urban Renewal Plan Area (The Lincoln Place Project)**

**SUMMARY:** The owner (and developer) of the Lincoln Place Project (Project) is requesting changes to the Master Financing Agreement (MFA). When the original financing agreement was executed, it was anticipated that the public improvements to serve the Project would include the parking structure and other public facilities. The public improvements were to be financed through the issuance of bonds by the Lincoln Place Metro District payable from the Loveland Urban Renewal Authority’s revenues derived from the tax increment revenues generated by the Project. Recent events have led to the conclusion that it is not feasible to utilize the metro district to finance and construct the public improvements. The owner also believes that to achieve a successful project, the parking structure needs to be privately owned and used solely for the benefit of the tenants and customers of the Project. The amended MFA provides for:

- 1) Total costs of the other public improvements are proposed to be set at \$917,456. The original MFA contemplated a \$7.5 million limit for those improvements together with the public garage.
- 2) Bonds **will not** be issued for the public improvements; the developer will be repaid \$917,456 for the other public improvements constructed when tax increment revenues are received for the Project.
- 3) The repayment period will be eight years from the effective date of the Amended MFA. The original MFA provided for a forty-year payment limit. Based on the financial pro forma for the original project, repayment could be complete in less than six years. The repayment period is dependent on the timing of when the completed project is fully included in the County Assessor’s file.
- 4) The construction costs incurred by the Developer will increase by 7% annual simple interest commencing April 1, 2007. This interest rate is the same as the original MFA for the Developer’s advances.
- 5) The metro district for the Project will not be utilized and will be dissolved. There will be no additional mill levy for district debt service, operations or maintenance.

Attached as Exhibit A to three of the resolutions is the Amended and Restated MFA.

Attached to this coversheet is a letter from the owner setting forth the owner's reasons for the requested changes.

The owner has also asked that the City Council authorize the continuing grant of a credit against the collection of use taxes to the owner of the Project as was previously granted to the owner by the City Council on December 6, 2005, when it adopted Resolution #R-101-2005. In that Resolution, the Council granted the owner a credit against the collection of use tax for the construction materials used in the public parking garage and in the commercial portion of the project, but not including the commercial tenant finish, in a total amount not to exceed \$82,300.00. However, this credit against the collection of use tax was granted by the Council on the assumption that the parking garage would provide public parking. However, as proposed in the Amended MFA, the parking garage would now be used only for private parking. Nevertheless, the owner is requesting that the Council continue this credit on the basis that the Project will still provide a significant catalyst for future urban renewal development in the downtown area.

**CITY COUNCIL SHOULD CONSIDER THE ADOPTION OF THE RESOLUTIONS IN THE FOLLOWING ORDER:**

1. A Resolution of the Loveland City Council approving an Amended and Restated Master Financing Agreement for Block 41 – Finley's Addition Urban Renewal Plan Area;
2. A Resolution of the Loveland City Council consenting to the Dissolution of the Lincoln Place Metropolitan District;
3. A Resolution of the Loveland City Council authorizing a continuing grant of credit against the collection of use tax to the Developer of the Lincoln Place Urban Renewal Project;

**THE CITY COUNCIL SHOULD ADJOURN AND CONVENE AS THE GOVERNING BOARD OF THE LOVELAND URBAN RENEWAL AUTHORITY AND CONSIDER THE FOLLOWING RESOLUTION:**

4. A Resolution of the Loveland Urban Renewal Authority approving an Amended and Restated Master Financing Agreement for Block 41 – Finley's Addition Urban Renewal Plan;

**THE GOVERNING BOARD OF THE LOVELAND URBAN RENEWAL AUTHORITY SHOULD ADJOURN AND CONVENE AS THE BOARD OF DIRECTORS OF THE LOVELAND GENERAL IMPROVEMENT DISTRICT NO. 1 AND CONSIDER THE FOLLOWING RESOLUTION:**

5. A Resolution of the Board of Directors of the Loveland General Improvement District No. 1 approving an Amended and Restated Master Financing Agreement for Block 41 – Finley’s Addition Urban Renewal Plan Area.

**THE BOARD OF THE LOVELAND GENERAL IMPROVEMENT DISTRICT NO. 1 SHOULD ADJOURN AND RECONVENE AS THE LOVELAND CITY COUNCIL.**

**COUNCIL  
ACTION**

**RECOMMENDED: Consideration of the resolutions as presented above.**