

Repealing and Reenacting Chapter 15.08 of the Loveland Municipal Code and Adopting by Reference the International Building Code, 2012 Edition

B. A motion to approve and order published on second reading an Ordinance Repealing and Reenacting Chapter 15.10 of the Loveland Municipal Code and Adopting by Reference the International Residential Code, 2012 Edition

C. A motion to approve and order published on second reading an Ordinance Amending Chapter 15.12 of the Loveland Municipal Code and Adopting by Reference the International Property Maintenance Code, 2012 Edition

D. A motion to approve and order published on second reading an Ordinance Repealing and Reenacting Chapter 15.16 of the Loveland Municipal Code and Adopting by Reference the International Mechanical Code, 2012 Edition

E. A motion to approve and order published on second reading an Ordinance Repealing and Reenacting Chapter 15.18 of the Loveland Municipal Code and Adopting by Reference the International Fuel Gas Code, 2012 Edition

F. A motion to approve and order published on second reading an Ordinance Repealing and Reenacting Chapter 15.20 of the Loveland Municipal Code and Adopting by Reference the International Plumbing Code, 2012 Edition

G. A motion to approve and order published on second reading an Ordinance Repealing and Reenacting Chapter 15.28 of the Loveland Municipal Code and Adopting by Reference the International Fire Code, 2012 Edition

H. A motion to approve and order published on second reading an Ordinance Repealing and Reenacting Chapter 15.48 of the Loveland Municipal Code and Adopting by Reference the International Energy Conservation Code, 2012 Edition

I. A motion to approve and order published on second reading an Ordinance Repealing and Reenacting Chapter 15.52 of the Loveland Municipal Code and Adopting by Reference the International Existing Building Code, 2012 Edition

J. A motion to approve and order published on second reading an Ordinance Amending Section 15.04.120 of the Loveland Municipal Code Regarding 2012 International Codes Adopted by Reference

K. A motion to approve and order published on second reading an Ordinance Amending Chapter 1.08 of the Loveland Municipal Code Regarding Right of Entry for Inspection

This is a legislative action to consider nine (9) ordinances, on second reading, repealing and reenacting multiple chapters in Title 15 to adopt the following international codes by reference: International Building Code, 2012 Edition; International Residential Code, 2012 Edition; International Mechanical Code, 2012 Edition; International Plumbing Code, 2012 Edition; International Fuel Gas Code, 2012 Edition; International Property Maintenance Code, 2012 Edition; International Existing Building Code, 2012 Edition; International Energy Conservation Code, 2012 Edition; and the 2012 International Fire Code. Complete copies of these codes will be on file with the City Clerk. Also presented for consideration as a legislative action are two (2) ordinances making related changes to other sections of the Municipal Code. Notice of the public hearing has been published as required by Colorado Statutes.

The ordinances were approved unanimously by City Council on May 21, 2013.

3. CITY MANAGER (presenter: Rod Wensing)

SPECIAL MEETING REQUEST FOR JUNE 25, 2013

A motion Setting a Special Meeting for June 25, 2013 of City Council, for the Purpose of Holding an Executive Session in Order to Receive a Report from the City Attorney and Outside Legal Counsel Regarding the City's Franchise Agreement with Comcast and to Instruct City Negotiators Going Forward

This is an administrative action considering a motion regarding setting a special Council meeting, and waiving the required notice in the City Charter 4.2(b).

4. **DEVELOPMENT SERVICES** (presenter: Alison Hade)
HUMAN SERVICES GRANT ALLOCATION
A motion to adopt a Resolution #R-40-2013 Approving the 2013 Grant Funding Recommendations of the Loveland Human Service Commission and the Loveland Affordable Housing Commission
 This is an administrative action to adopt a resolution approving the 2013 grant allocation recommendations of the Human Services Commission and the Affordable Housing Commission. The resolution authorizes the allocation of the 2013 Human Services Grant and Community Development Block Grant that were appropriated in the 2013 City Budget.

5. **LOVELAND FIRE RESCUE AUTHORITY** (presenter: Randy Mirowski)
LARIMER COUNTY IGA FOR WILDLAND & FOREST FIRE MITIGATION
A motion to adopt a Resolution #R-41-2013 Approving an Intergovernmental Agreement with Larimer County Pursuant to C.R.S. § 29-20-105.5 to Address Wildland and Forest Fire Mitigation
 This is an administrative action to consider a resolution approving an Intergovernmental Agreement with Larimer County to address wildland and forest fire mitigation. It was approved by the Loveland Fire Rescue Authority Board February 14, 2013.

6. **POLICE** (presenter: Luke Hecker)
PUBLIC HEARING
JAG GRANT
A motion for approval of Staff Application for a Federal Justice Assistance Grant (JAG Grant)
 This is an administrative action. Federal regulations require review of the grant application to be conducted prior to submitting the grant application. The Federal JAG grant of \$13,063 for the Police Department will fund overtime for Detectives in the Special Investigations Unit at the Northern Colorado Drug Task Force. The public hearing notice was published in the Loveland Reporter-Herald on June 12, 2013. There is no match.

7. **AIRPORT** (presenter: Jason Licon)
PUBLIC HEARING
AIRPORT GRANT AND EMERGENCY SUPPLEMENTAL APPROPRIATION
 - A. **A motion to adopt a Resolution #R-42-2013 Authorizing the City Manager to Execute a Grant Agreement with the State of Colorado Division of Aeronautics (CDAG #13-FNL-01, & CDAG #13-FNL-02) for Improvements and Funding Pertaining to the Fort Collins-Loveland Municipal Airport**
 - B. **A motion to approve and order published on first reading an Emergency Ordinance Enacting A Supplemental Budget and Appropriation to the 2013 Ft. Collins-Loveland Municipal Airport for Capital Rehabilitation and Reconstruction of the Primary Aircraft Parking Apron/Ramp and Perimeter Fencing**
 This is an administrative action. The resolution authorizes the Loveland City Manager to execute the Grant Agreements. The Emergency Ordinance appropriates a State grant and the local match for the reconstruction and rehabilitation of the Airport's primary aircraft parking area, and the completion of the final phase of perimeter security fence.

An Emergency Ordinance is necessary to meet the timing of the State application deadlines in order to receive the award.

8. **PUBLIC WORKS** (presenter: Kevin Gingery)
EASEMENTS TO PUBLIC SERVICE COMPANY OF COLORADO
A motion to adopt Resolutions: Resolution #R-43-2013 Granting a Temporary Easement, Resolution #R-44-2013 Exclusive Gas Easement, Resolution #R-45-2013 Gas Easement, and a Resolution #R-46-2013 Non-Exclusive Access and Utility Easement to Public Service Company of Colorado
 This is an administrative action to approve resolutions that grant a temporary easement, an exclusive gas easement, a gas easement, and a non-exclusive access and utility easement to Public Service Company of Colorado (PSCo). This will facilitate construction of a new 16" high pressure natural gas main regulator station within real property owned by the City of Loveland. There is no budget impact associated with this item.

9. **PUBLIC WORKS** (presenter: Keith Reester)
PUBLIC HEARING
SALE OF NORTH TAFT PROPERTIES
A motion to approve and order published on first reading an Ordinance Authorizing the Sale of City Property Located at 905, 915, 925, 933, and 935 North Taft Avenue
 This is an administrative action approving the sale of approximately 5.2 acres of City-owned property located at 905, 915, 925, 933, and 935 North Taft Avenue, which were parcels acquired for the Taft Avenue widening project.

10. **PUBLIC WORKS** (presenter: Keith Reester)
PUBLIC HEARING
SALE OF THE BISHOP HOUSE AND CITY OWNED REAL ESTATE
A motion to approve and order published on first reading an Ordinance Authorizing the Sale of the "Bishop House," and the Sale of Real Property Owned by the City of Loveland Pursuant to City of Loveland Municipal Charter Section 4-7
 This is an administrative action approving the sale of the "Bishop House," located at 871 East 1st Street, and approximately 0.4 acres of City-owned real property located at 1317, 1321, & 1375 West 8th Street (these parcels were acquired for the Taft Avenue widening project).

11. **PUBLIC WORKS** (presenter: Keith Reester)
RNL DESIGN CONTRACT CHANGE ORDER FOR THE SERVICE CENTER
A motion to approve a Contract Change Order for RNL Design to Design and Engineer the Expansion and Remodel of the Service Center
 This is an administrative matter approving a contract change order with RNL Design to design and engineer the expansion and remodel of the Service Center, located at 200 North Wilson Avenue, Loveland, for the total amount of \$1,179,136 and to authorize the City Manager to execute the contract on behalf of the City. The funding required for this \$1,179,136 contract is already available using a variety of funding sources, including Public Works enterprise funds and some general government capital expansion fees.

12. **ECONOMIC DEVELOPMENT** (presenter: Mike Scholl)
CRUNCHY GROCER SALES TAX REFUND AND FEE WAIVER
A motion to adopt a Resolution #R-47-2013 Approving an Agreement for City

Sales Tax Refund, Fee Waiver, and Construction Materials Use Tax Waiver for the Crunchy Grocer LLC

This is an administrative action. The resolution would authorize the City Manager to sign the economic incentive agreement with the Crunchy Grocer LLC. The agreement would provide a refund of 1/3 of City sales tax for a period of five years not to exceed \$175,000 and fee and materials use tax waivers estimated at \$7,500. The Crunchy Grocer is a natural and organic food grocer that will be located at 1461 East Eisenhower. City Council previously reviewed the item at the June 4, 2013, regular Council meeting. Staff was directed by Council to bring the item back for full consideration.

**13. ECONOMIC DEVELOPMENT (presenter: Mike Scholl)
PUBLIC HEARING**

SUNRISE COMMUNITY HEALTH CENTER

- A) A motion to adopt a Resolution #R-48-2013 Approving the Loveland Community Health Center Incentive and Fee Waiver Agreement with Sunrise Community Health**
- B) A motion to approve and order published on first reading an Ordinance Enacting a Supplemental Budget and Appropriation to the 2013 City of Loveland Budget for the Loveland Community Health Center Incentive and Fee Waiver Agreement**

This is a public hearing to consider an administrative action. The resolution would authorize the City Manager to sign the agreement with Sunrise Community Health Center for the construction of the expanded community health center at 302 3rd Street SE. The request was reviewed by Council at a Study Session on April 9, 2013. At the meeting, Council gave staff direction to return with an agreement for consideration at a regular meeting. The agreement provides support for public improvements (\$93,500), a community challenge grant (\$100,000), waiver of required sidewalk improvements (\$80,000), and a waiver of building permit and capital expansion fees (\$420,000).

The ordinance appropriates available funds from the Council Capital Reserve for the public improvements, the community challenge grant and the waiver of required sidewalk improvements. The City will fund \$269,110 from Council reserve and forego \$420,000 in city fees.

END OF CONSENT AGENDA

CITY CLERK READS TITLES OF ORDINANCES ON THE CONSENT AGENDA

CITY COUNCIL

- a. Citizens' Report** *Anyone who wishes to speak to an item NOT on the Agenda may address the Council at this time.*
- b. Business from Council** *This is an opportunity for Council Members to report on recent activities or introduce new business for discussion at this time or on a future City Council agenda.*
- c. City Manager Report**
- d. City Attorney Report**

PROCEDURAL INFORMATION

Anyone who wishes to address the Council on any item on this part of the agenda may do so when the Mayor calls for public comment. All public hearings are conducted in accordance with Council Policy. When Council is considering adoption of an ordinance on first reading, Loveland's Charter only requires that a majority of the Council quorum present vote in favor of the ordinance for it to be adopted on first reading. However, when an ordinance is being considered on second or final reading, at least five of the nine members of Council must vote in

favor of the ordinance for it to become law.

REGULAR AGENDA

CONSIDERATION OF ITEMS REMOVED FROM CONSENT AGENDA

14. **CITY CLERK** (presenter: Jeannie Weaver)
APPROVAL OF COUNCIL MINUTES
A motion to approve Council minutes from the June 4, 2013 Regular Meeting.
 This is an administrative action to approve the minutes. Mayor Gutierrez was absent.
15. **FINANCE** (presenter: Brent Worthington)
COMPREHENSIVE ANNUAL FINANCIAL REPORT AND AUDIT
2012 Comprehensive Annual Financial Report and Audit Report
 This is an informational item only. The Comprehensive Annual Financial Report for the year ending December 31, 2012, received an unqualified opinion from the external auditors. This indicates that, in all material respects, the report fairly presents the financial position of the City and is in conformity with generally accepted accounting principles.
16. **ECONOMIC DEVELOPMENT** (presenter: Mike Scholl)
CORKAT DATA SOLUTIONS, LLC INCENTIVE AGREEMENT
A motion to adopt a Resolution #R-49-2013 Approving an Incentive Agreement for CorKat Data Solutions, LLC
 This is an administrative action. The resolution would authorize the City Manager to sign the economic incentive agreement with CorKat Data Solutions for an \$18,000 façade grant. CorKat is a data center located in Downtown Loveland and affiliated with Colorado Network Management. The renovation of 451 North Railroad was completed for the purpose of colocating Colorado Network Management's employees to Downtown in the unit adjacent to CorKat Data Solutions. In addition, Colorado Network Management plans to hire up to six new employees. The façade grant, to be funded from the economic incentive fund, was negotiated in part due to additional work required on the building to comply with the guidelines regarding historic buildings. The total investment in the current renovation is \$180,000. According to the City's Economic Incentive Policy, any agreement that does not exceed \$20,000 can come to Council without a prior informational meeting.

ADJOURN AS CITY COUNCIL AND CONVENE AS THE BOARD OF THE WATER ENTERPRISE

17. **CITY MANAGER** (presenter: Alan Krcmarik)
PUBLIC HEARING
THE BOARD OF WATER ENTERPRISE AUTHORIZING THE WATER REVENUE BOND
An Ordinance of the City of Loveland, Colorado, Water Enterprise Authorizing the Issuance and Sale of Water Enterprise Revenue Bond, Series 2013, Payable Solely Out of the Net Revenues to be Determined from the Operation of the City's Water Enterprise; and Providing Other Details Concerning the Bond, Including, Without Limitation, Covenants and Agreements in Connection Therewith
 This is an administrative action authorizing the Water Enterprise to complete a financial transaction with Wells Fargo Bank to obtain \$10 million of bond proceeds to be used by

the Water Enterprise to improve the Water Treatment Plant. The action is being done by the Water Enterprise in accordance with Ordinance No. 4454, which in 1999, established and empowered the Enterprise to execute loans, bond issues, and other financial transactions. In Resolution #R-16-2013, Council directed staff to research, consider, and recommend the most advantageous borrowing available. Staff evaluated financing proposals directly from banks, a loan through the Colorado Water Resources & Power Development Authority, and the issuance of Water Enterprise revenue bonds.

A financing proposal with Wells Fargo was determined to be the most advantageous. Based on a competitive request for proposals process, Wells Fargo presented a financing plan for the entire 20 year term, very competitive (“RFP”) rates, and a very flexible draw of proceeds process that will save the Water utility considerable interest payments in the first three years. The final rate on the bond will be determined after first reading; at current rate levels the loan rate would be approximately 2.95%. Rates have risen sharply in the last half of May and will not be finalized until a few days before the second reading. The Water Enterprise will benefit from the receipt of proceeds from the proposed bank financing for construction of the capital project, the expansion of the Water Treatment Facility.

ADJOURN AS THE BOARD OF THE WATER ENTERPRISE AND RECONVENE AS CITY COUNCIL

**18. CITY MANAGER (presenter: Alan Krcmarik)
PUBLIC HEARING**

CITY AUTHORIZING TERMS AND PROVISIONS OF THE WATER ENTERPRISE REVENUE BOND

An Ordinance of the City of Loveland, Authorizing the Terms and Provisions Relating to the Water Enterprise Revenue Bonds, Series 2013, to be Issued by the City of Loveland, Colorado, Water Enterprise, the Finance Improvements to the City’s Water System, Including, Without Limitation, Covenants and Agreement of the City in Connection Therewith

This is an administrative action by the City Council. Pursuant to Ordinance 4454 adopted by the Council in 1999, the Council ratified the establishment of the City of Loveland Water Enterprise. In a separate action, the City Council, acting as the Board of the Water Enterprise, considered on first reading the terms of the Water Enterprise Revenue Bonds, Series 2013. This proposed ordinance indicates the City Council’s agreement to and authorization of the bond ordinance.

ADJOURN

**CITY COUNCIL**

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PROCLAMATION

WHEREAS, the City of Loveland is dedicated to providing safe and alternative modes of transportation; and

WHEREAS, the benefits of bicycling are numerous, both to the individual and to the community as a whole; and

WHEREAS, the City of Loveland received a Bicycle Friendly Community Honorable Mention recognition from the League of American Bicyclists in 2010.

WHEREAS, the City of Loveland adopted a comprehensive Bicycle and Pedestrian Master Plan on May 1, 2012.

WHEREAS, our fair city maintains nearly 140 miles of bicycle routes, lanes and trails; and

WHEREAS, persons of all ages and abilities are encouraged to use helmets for their protection; and

WHEREAS, the month of June has been declared as Bike Month to recognize and encourage bicycling as a viable source of transportation and recreation.

NOW, THEREFORE, we, the City Council of the City of Loveland, do hereby proclaim the week of June 24 through June 28, 2013 as

BIKE WEEK

in Loveland and encourage citizens to try bicycling as an alternative transportation method and to participate in Bike-to-Work Day on Wednesday, June 26.

Signed this 18th day of June, 2013.

Cecil A. Gutierrez, Mayor

CALL TO ORDER Mayor Gutierrez called the Special meeting of the Loveland City Council to order on the above date at 6:30 PM.

ROLL CALL Roll was called and the following responded: Trenary, Farley, McKean, Shaffer, Taylor, Fogle, Klassen, Clark and Gutierrez.

1. CITY MANAGER

Proposed Intergovernmental Agreement (IGA) with Larimer County for Tax Increment Sharing from the Amended Block 41-Finley's Addition Urban Renewal Plan Area

This is an administrative action to approve an IGA with Larimer County for sharing of tax increment income from the amended URA which enabled the Brinkman Project ("North Catalyst") to proceed. The agreement provides for sharing tax increment with Larimer County at a rate which escalates over time, and terminates when the Urban Renewal Area expires in 2027. County Commissioners Tom Donnelly and Lew Gaiter appeared to address the Council and thank the group for the collaboration with the County for the agreement. Discussion ensued. Councilor Shaffer moved to adopt the resolution. Councilor McKean seconded. The motion carried with all councilors present voting in favor.

RESOLUTION #R-33-2013

A RESOLUTION OF THE LOVELAND CITY COUNCIL APPROVING AN INTERGOVERNMENTAL AGREEMENT REGARDING THE NORTH CATALYST URBAN RENEWAL PROJECT IN THE AMENDED BLOCK 41-FINLEY'S ADDITION URBAN RENEWAL PLAN AREA

WHEREAS, the Loveland City Council (the "Council") created the Loveland Urban Renewal Authority, a body corporate and politic ("LURA") by adopting Resolution #R-44-2002 on July 2, 2002 and vested it with the legal authority to exercise all the rights and power granted to urban renewal authorities by the Colorado Urban Renewal Law, C.R.S. §31-25-101, et seq. (the "Act"); and

WHEREAS, by adopting Resolution #R-74-2002 on October 1, 2002, Council approved the City of Loveland Urban Renewal Plan (the "Plan") and authorized LURA to retain revenues generated by the levy of property taxes based on the incremental increase in property values ("tax increment") within the area designated as the Downtown Urban Renewal Area described therein (the "Downtown Plan Area") until September 30, 2027; and

WHEREAS, by adopting Resolution #R-33-2005 on April 26, 2005, Council approved the Block 41-Finley's Addition Urban Renewal Plan (the "Finley's Addition Urban Renewal Plan"), created the Block 41-Finley's Addition Urban Renewal Area (the "Finley's Addition Plan Area") as a plan area separate from the Downtown Plan Area, and authorized LURA to retain the tax increment within the Finley's Addition Plan Area until September 30, 2027; and

WHEREAS, the City and LURA desire to facilitate an urban renewal project to redevelop the property located at 541 N. Lincoln, Loveland, Colorado, to include a mixed use commercial, live/work, and multifamily development referred to as the "Project" on that real property located at 541 N. Lincoln Ave., Loveland, Colorado (the "Project Site"); and

WHEREAS, the City and LURA are parties to that certain Disposition and Development Agreement dated January 30, 2013 (the "Project Agreement") for the Project; and

WHEREAS, to facilitate the Project, the City and LURA have approved a minor modification to remove the Project Site (and other specified property) from the Downtown Plan Area and a major modification to add the Project Site (and other specified property) to the Finley's Addition Plan Area (the Finley's Addition Plan Area, the

Project Site and other properties identified in the Expanded Finley's Addition Plan (as defined below) are referred to collectively as the "Expanded Finley's Addition Plan Area"; and

WHEREAS, the City submitted to the County the proposed Expanded Finley's Addition Urban Renewal Plan (the "Expanded Finley's Addition Plan") which contemplates the Project, together with the "impact report" as required by Section 31-25-107 (3.5) of the Act; and

WHEREAS, the City and LURA desire to provide for a payment of a portion of the tax increment attributable to the Expanded Finley's Addition Plan Area to the County as set forth in this Agreement and as authorized in C.R.S. §31-25-107(11) to compensate the County for any minimal impact of the Project; and

WHEREAS, the County desires to acknowledge its consent to, and recommendation to the City of, inclusion of the County Building Site located at 205 E. 6th Street, Loveland, Colorado in the Expanded Finley's Addition Plan Area and approval of the Expanded Finley's Addition Plan; and

WHEREAS, as governmental entities in Colorado, the City, LURA, and the County are authorized, pursuant to C.R.S. § 29-1-203, to cooperate or contract with one another to provide any function, service, or facility lawfully authorized to each.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. That the Intergovernmental Agreement Regarding the North Catalyst Urban Renewal Project in the Amended Block 41- Finley's Addition Urban Renewal Plan Area ("Intergovernmental Agreement"), attached hereto as Exhibit A and incorporated herein by reference, is hereby approved.

Section 2. That the City Manager is authorized, following consultation with the City Attorney, to modify the Intergovernmental Agreement in form or substance as deemed necessary to effectuate the purposes of this resolution or to protect the interests of the City.

Section 3. That the City Manager and the City Clerk are hereby authorized and directed to execute the Intergovernmental Agreement on behalf of the City of Loveland.

Section 4. That this Resolution shall take effect as of the date and time of its adoption.

ADOPTED this 28th day of May, 2013.

Cecil A. Gutierrez, Mayor

ATTEST:

Teresa G. Andrews, City Clerk

Exhibits are available in the City Clerk's Office

ADJOURN AS CITY COUNCIL AND CONVENE AS THE BOARD OF COMMISSIONERS FOR THE LOVELAND URBAN RENEWAL AUTHORITY (LURA)

Councilor Shaffer moved to approve the resolution. Councilor McKean seconded. The motion carried with all councilors present voting in favor.

RESOLUTION #R-34-2013

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE LOVELAND URBAN RENEWAL AUTHORITY APPROVING AN INTERGOVERNMENTAL AGREEMENT REGARDING THE NORTH CATALYST URBAN RENEWAL PROJECT IN THE AMENDED BLOCK 41-FINLEY'S ADDITION URBAN RENEWAL PLAN AREA

WHEREAS, the Loveland City Council (the "Council") created the Loveland Urban Renewal Authority, a body corporate and politic ("LURA") by adopting Resolution #R-44-2002 on July 2, 2002 and vested it with the legal authority to exercise all the rights and power granted to urban renewal authorities by the Colorado Urban Renewal Law, C.R.S. §31-25-101, et seq. (the "Act"); and

WHEREAS, by adopting Resolution #R-74-2002 on October 1, 2002, Council approved the City of Loveland Urban Renewal Plan (the "Plan") and authorized LURA to retain revenues generated by the levy of property taxes based on the incremental increase in property values ("tax increment") within the area designated as the Downtown Urban Renewal Area described therein (the "Downtown Plan Area") until September 30, 2027; and

WHEREAS, by adopting Resolution #R-33-2005 on April 26, 2005, Council approved the Block 41-Finley's Addition Urban Renewal Plan (the "Finley's Addition Urban Renewal Plan"), created the Block 41-Finley's Addition Urban Renewal Area (the "Finley's Addition Plan Area") as a plan area separate from the Downtown Plan Area, and authorized LURA to retain the tax increment within the Finley's Addition Plan Area until September 30, 2027; and

WHEREAS, the City and LURA desire to facilitate an urban renewal project to redevelop the property located at 541 N. Lincoln, Loveland, Colorado, to include a mixed use commercial, live/work, and multifamily development referred to as the "Project" on that real property located at 541 N. Lincoln Ave., Loveland, Colorado (the "Project Site"); and

WHEREAS, the City and LURA are parties to that certain Disposition and Development Agreement dated January 30, 2013 (the "Project Agreement") for the Project; and

WHEREAS, to facilitate the Project, the City and LURA have approved a minor modification to remove the Project Site (and other specified property) from the Downtown Plan Area and a major modification to add the Project Site (and other specified property) to the Finley's Addition Plan Area (the "Expanded Finley's Addition Plan Area" (as defined below) are referred to collectively as the "Expanded Finley's Addition Plan Area"); and

WHEREAS, the City submitted to the County the proposed Expanded Finley's Addition Urban Renewal Plan (the "Expanded Finley's Addition Plan") which contemplates the Project, together with the "impact report" as required by Section 31-25-107 (3.5) of the Act; and

WHEREAS, the City and LURA desire to provide for a payment of a portion of the tax increment attributable to the Expanded Finley's Addition Plan Area to the County as set forth in this Agreement and as authorized in C.R.S. §31-25-107(11) to compensate the County for any minimal impact of the Project; and

WHEREAS, the County desires to acknowledge its consent to, and recommendation to the City of, inclusion of the County Building Site located at 205 E. 6th Street, Loveland, Colorado in the Expanded Finley's Addition Plan Area and approval of the Expanded Finley's Addition Plan; and

WHEREAS, as governmental entities in Colorado, the City, LURA, and the County are authorized, pursuant to C.R.S. § 29-1-203, to cooperate or contract with one another to provide any function, service, or facility lawfully authorized to each.

NOW, THEREFORE, BE IT RESOLVED BY THE URBAN RENEWAL AUTHORITY OF THE CITY OF LOVELAND, COLORADO:

Section 1. That the Intergovernmental Agreement Regarding the North Catalyst Urban Renewal Project in the Amended Block 41- Finley's Addition Urban Renewal Plan Area ("Intergovernmental Agreement"), attached hereto as Exhibit A and incorporated herein by reference, is hereby approved.

Section 2. That the Chairman of the Board of Commissioners of LURA is authorized, following consultation with the City Attorney, to modify the Intergovernmental Agreement in form or substance as deemed necessary to effectuate the purposes of this resolution or to protect the interests of LURA.

Section 3. That the Chairman and Secretary of the Board of Commissioners of LURA are hereby authorized and directed to execute the Intergovernmental Agreement on behalf of LURA.

Section 4. That this Resolution shall take effect as of the date and time of its adoption.

ADOPTED this 28th day of May, 2013.

Cecil A. Gutierrez, Chairman

ATTEST:

Teresa G. Andrews, City Clerk

Exhibits are available in the City Clerk's Office

ADJOURN AS THE BOARD OF COMMISSIONERS FOR THE LOVELAND URBAN RENEWAL AUTHORITY (LURA) AND RECONVENE AS CITY COUNCIL

ADJOURNMENT

Having no further business to come before Council, the May 28, 2013 Special Meeting was adjourned at 7:08 p.m.

Respectfully Submitted,

Teresa G. Andrews, City Clerk

Cecil A. Gutierrez, Mayor

Mayor Gutierrez called the Study Session of the Loveland City Council to order at 7:08 p.m. on the above date. Councilors present: Gutierrez, Clark, Farley, McKean, Trenary, Fogle, Taylor, Klassen and Shaffer. City Manager, Bill Cahill was also present.

1. CITY ATTORNEY

Issues Related to a Potential Ban on Fracking and a Two-Year Moratorium on Fracking

City Attorney John Duval presented this item to Council to address several of the issues that the City would be presented with if a ban on fracking was placed on the upcoming November 5th ballot by the Council or by a citizen initiative adopted by the voters. The presentation also addressed the same issues as they related to the citizen-initiated proposal recently filed with the City Clerk, for a charter amendment, which was subsequently amended, to create an ordinance presenting to the voters in November to impose a two-year moratorium on hydraulic fracturing, also known as fracking, in Loveland to give the City time to conduct a study determining the effects of fracking on property values and human health risks. Discussion ensued. Council consensus was to allow residents to be the ones to move forward with the proposed ballot measure to create an ordinance for a two-year moratorium on fracking in the city limits of Loveland.

The study session was adjourned at 8:56 p.m.

Respectfully Submitted,

Jeannie M. Weaver, Deputy City Clerk

Cecil A. Gutierrez, Mayor



CITY OF LOVELAND
 DEVELOPMENT SERVICES DEPARTMENT
 Civic Center • 500 East 3rd Street • Loveland, Colorado 80537
 (970) 962-2346 • FAX (970) 962-2945 • TDD (970) 962-2620

AGENDA ITEM: 2
MEETING DATE: 6/18/2013
TO: City Council
FROM: Building Division, Development Services Department
PRESENTER: Thomas Hawkinson, Building Official

TITLE:

- A. An Ordinance Repealing and Reenacting Chapter 15.08 of the Loveland Municipal Code and Adopting by Reference the International Building Code, 2012 Edition
- B. An Ordinance Repealing and Reenacting Chapter 15.10 of the Loveland Municipal Code and Adopting by Reference the International Residential Code, 2012 Edition
- C. An Ordinance Amending Chapter 15.12 of the Loveland Municipal Code and Adopting by Reference the International Property Maintenance Code, 2012 Edition
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RECOMMENDED CITY COUNCIL ACTION:

Conduct a public hearing and approve the ordinances on second reading.

OPTIONS:

1. Adopt the action as recommended
2. Deny the action
3. Adopt a modified action (specify in the motion)
4. Refer back to staff for further development and consideration
5. Adopt a motion continuing the item to a future Council meeting

DESCRIPTION:**2012 International Codes**

This is a legislative action to consider nine (9) ordinances, on second reading, repealing and reenacting multiple chapters in Title 15 to adopt the following international codes by reference: International Building Code, 2012 Edition; International Residential Code, 2012 Edition; International Mechanical Code, 2012 Edition; International Plumbing Code, 2012 Edition; International Fuel Gas Code, 2012 Edition; International Property Maintenance Code, 2012 Edition; International Existing Building Code, 2012 Edition; International Energy Conservation Code, 2012 Edition; and the 2012 International Fire Code. Complete copies of these codes will be on file with the City Clerk. Also presented for consideration as a legislative action are two (2) ordinances making related changes to other sections of the Municipal Code. Notice of the public hearing has been published as required by Colorado Statutes.

The ordinances were approved unanimously by City Council on May 21, 2013.

BUDGET IMPACT:

- Positive
- Negative
- Neutral or negligible

SUMMARY:

Adoption of these codes has and will continue to allow design professionals to incorporate current construction technologies, methods and materials into building designs. These codes also include updated building safety requirements, such as those relating to exiting, structural elements, and fire safety. Other jurisdictions in the State of Colorado have already adopted these codes. Currently, at the designer's request, the Building Division is allowing design professionals the option of utilizing the 2012 International Codes when it is beneficial for the project as an alternate method of construction.

The City's Construction Advisory Board (CAB) has conducted subcommittee hearings since January 2012 on the review of the 2012 International Codes, during which they received input from various stakeholders, including code officials, design professionals, as well as, the development and construction communities. The CAB is recommending adoption of the codes as presented herein.

This matter also includes consideration of two (2) additional ordinances. The first makes conforming changes to LMC §15.04.120 to reflect the updated international codes adopted. The second makes changes to the right of entry provisions in LMC §1.08.010 pertaining to the City's right to enter onto private property for purposes of inspection and code enforcement.

The City Clerk has published notice that a public hearing will be held regarding these ordinances at the time of second reading. This process satisfies the statutory requirement that

the ordinances be introduced and that notice be published 15 and 8 days before a scheduled public hearing. (CRS §31-16-203)

REVIEWED BY CITY MANAGER: *William D. Cahill*

LIST OF ATTACHMENTS:

- LMC §15.04.120 Redlined to Show Changes (Exhibit A)
- LMC §1.08.010 Redlined to Show Changes (Exhibit B)
- Ordinances

ATTACHMENT 1**LMC §15.04.120****Redlined to Show changes from Existing Code – 4.21.13****15.04.120 Interpretation.**

- A. When the building code or other codes adopted in this title contain a provision that an act or activity must be accomplished in order to secure an approval from, or that an act or activity is subject to the direction of, the inspecting agents or any other officer of the city, then such provision shall be construed to give such officer only the discretion of determining whether the rules and standards established by ordinance or the respective codes have been complied with. No such provision shall be construed as giving any officer or agent discretionary powers to make any ruling or determination concerning such conditions or things not prescribed by ordinance or code or to enforce ordinance provisions in an arbitrary or capricious manner.
- B. When any reference in this Title, or other codes adopted in this Title, is made to the “International Building Code” such reference shall refer to the building code adopted in this Title.
- C. When any reference in this Title, or other codes adopted in this Title, is made to the “International Residential Code” such reference shall refer to the building code adopted in this Title.
- D. When any reference in this Title, or other codes adopted in this Title, is made to the “International Mechanical Code” such reference shall refer to the building code adopted in this Title.
- E. When any reference in this Title, or other codes adopted in this Title, is made to the “International Fuel Gas Code” such reference shall refer to the building code adopted in this Title.
- F. When any reference in this Title, or other codes adopted in this Title, is made to the “International Plumbing Code” such reference shall refer to the building code adopted in this Title.
- G. When any reference in this Title, or other codes adopted in this Title, is made to the “International Energy Conservation Code” such reference shall refer to the building code adopted in this Title.
- H. When any reference in this Title, or other codes adopted in this Title, is made to the “International Existing Building Code” such reference shall refer to the building code adopted in this Title.
- I. When any reference in this Title, or other codes adopted in this Title, is made to the “ICC Electrical Code” such reference shall refer to the electrical code adopted in this Title.
- J. When any reference in this Title, or other codes adopted in this Title, is made to the “International Fire Code” such reference shall refer to the fire code adopted in this Title.
- K. When any reference in this Title, or other codes adopted in this Title, is made to the “International Private Sewage Disposal Code” such reference shall have no application.

- L. When any reference in this Title, or other codes adopted in this Title, is made to the “International Property Maintenance Code” such reference shall refer to the property maintenance code adopted in this Title.

ATTACHMENT 2
LMC §1.08.010
Redlined to Show changes from Existing Code

Title 1 of the Loveland Municipal Code regarding right of entry for inspection is amended by the revision of Section 1.08.020 to read as follows:

1.08.010 Generally.

Whenever necessary to make an inspection to enforce any ordinance or resolution, or whenever there is reasonable cause to believe there exists an ordinance or resolution violation in any building or premises within the jurisdiction of the city, or when there is reasonable cause to believe that an ordinance or resolution violation is occurring in any building or upon any premises within the jurisdiction of the city any authorized official of the city, may, upon presentation of proper credentials, enter such building or premises at all reasonable times to inspect the same or to perform any duty imposed upon him by ordinance; provided, that except in emergency situations or when consent of the

owner and/or occupant to the inspection has been otherwise obtained, he shall give the owner and/or occupant, if they can be located after reasonable effort, twenty-four hours' notice of the authorized official's intention to inspect or take enforcement action. The notice transmitted to the owner and/or occupant shall state that the property owner has the right to refuse entry and that in the event such entry is refused or the owner or occupant fails to respond to the notice within twenty-four hours, the inspection entry may be made only upon the issuance of an inspection search-warrant by a duly authorized magistrate the municipal judge or any other judicial officer having jurisdiction. In the event the owner and/or occupant refuses entry or the owner or occupant fails to respond to the notice within twenty-four hours after such request has been made, the official is empowered to seek assistance from any court of competent jurisdiction in obtaining such entry.

First Reading May 21, 2013
Second Reading June 18, 2013

ORDINANCE NO. _____

**AN ORDINANCE REPEALING AND REENACTING CHAPTER 15.08
OF THE LOVELAND MUNICIPAL CODE AND ADOPTING BY
REFERENCE THE INTERNATIONAL BUILDING CODE, 2012 EDITION**

WHEREAS, pursuant to Section 4-12 of the Charter of the City of Loveland, the City Council is authorized to adopt, by ordinance, any code by reference in accordance with the procedures established by state law; and

WHEREAS, the City Council has received the recommendation of the Construction Advisory Board recommending the adoption of the 2012 Edition of the International Building Code (the “2012 IBC”) and amendments thereto; and

WHEREAS, The City Council has conducted a public hearing pursuant to C.R.S. §31-16-203 concerning the adoption of the International Building Code by reference and finds and determines that it is necessary to the health, safety and general welfare of the public that the City regulate conditions hazardous to life and property by the adoption of the International Building Code, 2012 Edition, and certain amendments and modifications thereto.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. Chapter 15.08 of the Loveland Municipal Code is repealed in its entirety and reenacted to read as follows:

Chapter 15.08

BUILDING CODE

Sections:

- 15.08.010 International Building Code, 2012 Edition – Adopted.**
- 15.08.020 Modifications to the International Building Code, 2012 Edition.**
- 15.08.030 Violations and penalties.**

Section 15.08.010 – International Building Code, 2012 Edition – Adopted.

The International Building Code, 2012 Edition, issued and published by the International Code Council, 4051 West Flossmoor Road, Country Club Hills, IL 60478-5795, including appendices C, E, I, and J, is hereby adopted by reference as the building code of the city. This code is a complete code covering all buildings hereafter constructed, erected, enlarged, altered or moved into the city, and its purpose is to provide minimum standards to safeguard life and limb, health, property and public welfare by regulating and controlling the design, construction, quality of materials, use and occupancy, location and maintenance of all buildings and structures within

the city and certain equipment specifically regulated therein for the purpose of protecting the public health, safety and general welfare. At least one copy of the International Building Code, 2012 Edition, which has been certified by the mayor and city clerk, shall be on file in the office of the city clerk and may be inspected during regular business hours.

Section 15.08.020 - Modifications to International Building Code, 2012 Edition.

The International Building Code, 2012 Edition, adopted in this chapter, is modified as follows:

A. Section 101.1 is amended to read as follows:

101.1 Title. These regulations shall be known as the Building Code of the City of Loveland, hereinafter referred to as “this code” or “building code.”

B. Section 103 is deleted in its entirety.

C. Section 104.10.1 is deleted in its entirety.

D. Section 105.2 is amended by adding the following to the first paragraph as follows:

(1) Item #2 under “Building” is amended to read as follows:

2. Fences not over 6 feet 3 inches high.

(2) Item #4 under “Building” is amended to read as follows:

4. Retaining walls that are not over 4 feet (1219 mm) in height measured from the bottom of the footing to the top of wall, unless supporting a surcharge. Specific manufacturer’s instructions of retaining wall products may be more restrictive regardless of the height of the retaining wall, thereby the more restrictive will apply.

(3) A new paragraph number 14 is added under the section titled “Building” to read as follows:

14. Structures or work performed on properties of the government of the United States of America, State of Colorado, and the County of Larimer.

Unless otherwise exempted in this code, separate plumbing, electrical and mechanical permits may be required to meet the requirements of this subsection.

E. Section 105 is amended in part by the revision of Subsection 105.5 to read as follows:

Every permit issued shall become invalid unless the work on the site authorized by such permit is commenced within 180 days after its issuance, or if the work authorized on the site by such permit is suspended or abandoned for a period of 180 days after the time the work is commenced. The building official is authorized to grant, in writing, one or more

extensions of time, for periods not more than 180 days each. The extension shall be requested in writing and justifiable cause demonstrated. All permits issued shall become null and void regardless of any extensions granted pursuant to the provisions of this section, within eighteen (18) months of issuance.

- F. Section 105 is amended in part by the addition of a new Subsection 105.8 to read as follows:

105.8 Transfer of permits. A building permit or application may be transferred from one party to the other upon written request to the building official, provided there are no changes to the plans and specifications. Additionally, the party to which the permit is transferred must be licensed in the appropriate license category and in good standing.

- G. Section 107 is amended in part by the addition of the following in subsection 107.3.4.1 to read as follows:

In accordance with Section 107.3.4.1 the building official *may* require plans, computations, and specifications to be prepared, designed, and stamped by an engineer or architect licensed by the Board of Licensure for Architects, Engineers and Land Surveyors of the State of Colorado when, but not limited to:

- (1) Foundations are constructed on caissons or other than spread footings conforming to the requirements of Chapter 18.
- (2) Roof framing or wall framing is “other than standard” construction not conforming to the requirements of Chapter 16 and 23.
- (3) Conformation of beam sizes and spans, loading, or any structural element affecting the integrity of the building.

- H. Section 109.2 is amended in part by the revision of Subsection 109.2 to read as follows:

109.2 Schedule of permit fees. Fees for any permit, plan review or inspection required by this code shall be established from time to time by resolution of the City Council.

- I. Section 109.2 is amended by the addition of a new subsection 109.2.1 to read as follows:

109.2.1 Plan Review Fee. When submittal documents are required by Section 105.1, a plan review fee shall be paid. The plan review fees specified in this section are separate fees from the permit fees specified in Section 108.2 and are in addition to the permit fees.

- J. Section 109 is amended in part by the addition of a new subsection 109.2.2 to read as follows:

109.2.2 Expiration of plan review. Applications for which no permit is issued within ninety (90) days following the date of last action of review without any response or

additional information submitted by the applicant shall expire. Plans submitted for checking may thereafter be returned to the applicant or destroyed by the building official. The building official may extend the time for action by the applicant for a period not exceeding sixty (60) days upon written request by the applicant demonstrating that circumstances beyond control of the applicant have prevented action from being taken. In order to renew action on an application after expiration, the applicant shall resubmit plans and review fee.

K. Section 109 is amended in part by the revision of Subsection 109.4 to read as follows:

109.4 Work commencing before permit issuance. Any person who commences any work on a building, structure, electrical, gas, mechanical or plumbing system before obtaining the necessary permits shall be subject to a fee established by the building official that shall be in addition to the required permit fees. This fee can equal up to the amount of the permit fee required by this code. The payment of such fee shall not exempt an applicant from compliance with all other provisions of either this code or other requirements nor from the penalty prescribed by law.

L. Section 109 is amended in part by the revision of Subsection 109.6 to read as follows:

109.6 Refunds. The building official shall be permitted to authorize a refund of not more than fifty percent (50%) of the permit fee paid when no work has been done under a permit issued in accordance with this code.

The building official shall be permitted to authorize a refund of not more than fifty percent (50%) of the plan review fee paid when an application for a permit for which a plan review fee has been paid is withdrawn or canceled provided that no examination time has been expended.

The building official shall not be permitted to authorize a refund of any fee paid except upon written application filed by the original permittee not later than sixty (60) days after the date of fee payment.

M. Section 109 is amended by the addition of a new Subsection 109.7 to read as follows:

109.7 Investigation fees - Work without a permit. Whenever any work for which a permit is required by this code has been commenced without first obtaining said permit, a special investigation shall be made before a permit may be issued for such work. An investigation fee, in addition to the permit fee, shall be collected whether or not a permit is then or subsequently issued. The investigation fee may be up to or equal to the amount of the permit fee required by this code. The minimum investigation fee shall be the same fee as the minimum set forth and adopted by the City Council. The payment of such investigation fee shall not exempt any person from compliance with all other provisions of this code nor from any penalty prescribed by law.

N. Section 109 is amended by the addition of a new Subsection 109.8 to read as follows:

109.8 Re-inspections. A re-inspection fee may be assessed for each inspection or re-inspection when such portion of work for which inspection is called is not complete or when corrections called for are not made. This section is not to be interpreted as requiring re-inspection fees the first time the job is rejected for failure to comply with the requirements of this code, but as controlling the practice of calling for inspections before the job is ready for such inspection or re-inspection.

Re-inspection fees may be assessed when the inspection card is not posted or otherwise not available on the work site; the approved plan is not readily available to the inspector; failure to provide access on the date for which an inspection is requested; or for deviating from the plans requiring the approval of the building official.

O. Section 110 is amended by the addition of a new Subsection 110.1.1 to read as follows:

110.1.1 Inspection record card. Work requiring a building permit shall not be commenced until the permit holder or his agent shall have posted an inspection record card in a conspicuous place on the premises and in a position as to allow the building official to make the required entries conveniently thereon regarding inspection of the work. The address of the building site must be posted in a conspicuous place readily visible from the public road. This card shall be maintained in such a position by the permit holder until all inspections have been made and final approvals have been granted by the building official. No permanent electric meters will be released until the card has all the required signatures which have been verified by the Building Division.

P. Section 110 is amended by the addition of a new Subsection 110.3.1.1 to read as follows:

110.3.1.1 Drilled pier inspection. Inspection will be made while the piers are being drilled. The Engineer of record or his authorized representative shall be present during the drilling operations and be available to the City inspector during required inspections.

Q. Section 110 is amended in part by the revision of Subsection 110.3.3 to read as follows:

110.3.3 Lowest floor elevation. The elevation certificate required in Section 1612.5 shall be submitted when required by the building official or as required by Chapter 15.14 of the City of Loveland Municipal Code.

R. Section 110 is amended in part by adding the following sentence of Subsection 110.3.7 to read as follows:

Energy efficiency inspections, if required, shall be provided by and at the owner's expense to verify compliance with the provisions of this section.

S. Section 110 is amended in part by adding the following sentences to Subsection 110.3.8 to read as follows:

All new footing and foundation inspections shall be performed by a design professional licensed by the State of Colorado and shall include the reinforcing, concrete-encased electrode (UFER ground), and when required damp-proofing and perimeter drain.

- T. Section 111 is amended in part by the addition of a paragraph at the end of Subsection 111.1 to read as follows:

The issuance of a temporary certificate of occupancy may be granted when all provisions of a permit are not complete, provide all required life safety requirements are met. Where occupancies are not determined at time of building permit application, permits issued for no occupancy and core and shell construction shall be issued a limited letter of completion or letter of completion.

- U. Section 111 is amended in part by the addition of the new Subsection 111.1.1 to read as follows:

111.1.1 Exception. Certificates of occupancy are not required for work exempt from permits under Section 105.2. No certificate of occupancy shall be required for Private U Occupancies and permits not establishing a use.

- V. Section 113 is deleted in its entirety.

- W. Section 114 is amended in part by the addition of new Subsection 114.2.1 as follows:

114.2.1 Service. A notice of violation issued pursuant to this code shall be served upon the owner, operator, occupant or other person responsible for the condition or violation, either by personal service, mail or by delivering the same to, and leaving it with, some person of responsibility upon the premises. For unattended or abandoned locations, a copy of such notice shall be posted on the premises in a conspicuous place at or near the entrance to such premises and the notice of violation shall be mailed by US mail to the last known address of the owner, occupant or both.

- X. Subsection 115 is amended in part with the revision to Subsection 115.2 to read as follows:

115.2 Issuance. The stop work order shall be in writing and shall be given to the owner of the property involved, or to the owner's agent, or to the person doing the work, or posted on the property. Upon issuance of a stop work order, the cited work shall immediately cease. The stop work order shall state the reason for the order, and the conditions under which the cited work will be permitted to resume.

- Y. Section 202 is amended by the addition of the following definitions of "Room, Sleeping (Bedroom)," and "Utility Space (Room)" to read as follows:

Room, Sleeping (Bedroom) is a habitable room within a dwelling unit designated primarily for the purpose of sleeping. Built in features such as closets and similar storage facilities shall not be considered as relevant factors in determining whether or not a room is a sleeping room.

Utility Space (Room) is a room designed or used to house heating and general maintenance equipment.

Z. Section 310 is amended in part by deleting “Live/work units” under Subsection 310.4.

AA. Section 414.1.3 shall be amended by adding “*and fire official*” following each occurrence of the term *building official*.

BB. Section 419 is deleted in its entirety.

CC. Section 508.1 is amended by the deletion of exception 3.

DD. Section 901.1 is amended to read as follows:

901.1 Scope. The provisions of this chapter shall specify where fire protection systems are required and shall apply to the design, installation, inspection, operation, testing and maintenance of all fire protection systems. When the requirements of this code and the adopted fire code are in conflict the more restrictive shall apply.

EE. Section 901.2 is amended to read as follows:

901.2 Fire protection systems. Fire protection systems shall be installed, repaired, operated and maintained in accordance with this code and the adopted fire code.

Any fire protection system for which an exception or reduction to the provisions of this code has been granted shall be considered to be a required system.

Exception: Any fire protection system or portion thereof not required by this code shall be permitted to be installed for partial or complete protection provided that such system meets the requirements of this code and the adopted fire code.

FF. Section 903.1.1 is amended to read as follows:

903.1.1 Alternative protection. Alternative automatic fire-extinguishing systems complying with Section 904 shall be permitted in lieu of automatic sprinkler protection where recognized by the applicable standard and approved by the building official and by the fire code official.

GG. Item 4 of Section 903.2.7 is amended to read as follows:

4. A Group M occupancy used for the display and sale of upholstered furniture which does not exceed six thousand (6,000) sq. ft.

HH. Section 903.2 is amended by the addition of a new subsection 903.2.13 to read as follows:

903.2.13 Dead-end Roadways. An automatic fire sprinkler system shall be installed in all Group R fire areas, including single family detached residences, on a dead-end roadway when the dead-end is in excess of 400 feet.

II. Section 903 is amended by the addition of a new subsection 903.3.5.3 to read as follows:

903.3.5.3 Backflow protection. All fire sprinkler systems undergoing modification, unless exempt by the Director of the City of Loveland Water and Power Department, shall be isolated from the public water system by a backflow prevention device meeting the requirements of the Loveland Municipal Code.

JJ. Section 903.4.3 is amended to read as follows:

903.4.3 Floor Control Valves. Approved supervised indicating control valves shall be provided at the point of connection to the riser on each floor in all multi-story structures.

KK. Section 907.2.11.2 is amended in part by the addition of a new paragraph 4 to read as follows:

...
4. In Groups R-2, R-3, R-4 and I-1 occupancies, and in all attached garages, an interconnected heat detector shall be installed.

LL. Section 907 is amended by the addition of a new subsection 907.2.10.4 to read as follows:

907.2.11.5 Exterior Strobe. An exterior strobe shall be provided on the exterior of all R-3 and R-4 occupancies in a location readily visible from the roadway fronting the structure. This strobe shall alarm upon activation of any smoke or heat detection.

MM. Section 1101.2 is amended to read as follows:

1101.2 Design. Buildings and facilities shall be designed and constructed to be accessible in accordance with this code and ICC A117.1, most current edition, and C.R.S. Section 9-5-101, et seq., as amended.

NN. Section 1301 is amended by the addition of a new subsection 1301.1.2 to read as follows:

1301.1.2 Design values. The exterior design values shall be as follows:

Winter Design Dry-bulb	4 degrees F
Summer Design Dry-bulb	94 degrees F
Summer Design Wet-bulb	63 degrees F
Degree Days Heating	6600 degrees F
Degrees North Latitude	40 degrees 35 minutes
Air Freezing Index	1000

OO. Section 1403.6 is amended by adding a second paragraph to read as follows:

For buildings in flood hazard areas as established in Section 1612.3, all construction shall comply with the provisions of Chapter 15.14, Floodplain Building Code of the Loveland Municipal Code and any Floodplain Overlay Areas established by the City of Loveland.

PP. Section 1505.1 is amended by the addition of footnotes d and e to Table 1505.1, Minimum Roof Covering Classification for Types of Construction, to read as follows:

d. The roof covering on any new structure or on the re-roofing of 50 percent or more during a one year period of any existing structure located west of the following described line shall be upgraded from a Class C to a Class B: Starting at the intersection of the Wyoming border line and Range 69 West, then South nine miles to S.W. Corner of Section 31, Township 11, Range 69, then West three miles to N.W. Corner of Section 3, Township 10, Range 70 then South five miles to S.W. corner of Section 27, Township 10, Range 70, then East three miles to S.W. corner of Section 30, Township 10, Range 69, then South nine miles to S.W. corner of Section 7, Township 9, Range 69, then West one mile to N.W. corner of Section 13, Township 8, Range 70, then South four miles to S.W. corner of Section 36, Township 8, Range 70, then East two miles, to N.W. corner of Section 6, Township 7, Range 69, then South three miles to S.W. corner of Section 17, Township 7, Range 69, then East one mile to S.W. corner of Section 17, Township 7, Range 69, then South four miles to S.W. Corner of Section 4, Township 6, Range 69, then East one mile to S.W. corner of Section 4, Township 6, Range 69, then South four miles to S.W. corner of Section 27, Township 6, Range 69, then West one mile to S.W. corner of Section 28. Township 6, Range 69, then South three miles to intersection of U.S. Hwy. 34 then West following Hwy. 34 two miles to intersection with Range 69 West, then South seven and three quarter miles to S.W. corner of Section 18, Township 4, Range 69, then West one mile to S.W. corner of Section 13, Township 4, Range 70, then South three miles to where the S.W. corner of Section 36, Township 9, Range 70 meets the Boulder County Line.

e. For the purpose of using Table 1507.8, the City of Loveland shall be considered to be within the temperate climate classification. Underlayment in temperate climate: shakes shall be applied over solid sheathing with an underlayment of type 15 felt and with not less than 18 wide strips of type 30 felt applied shingle fashion between each course with no felt exposed below the butt of the shingle. Alternatively, shakes may be applied over

solid sheathing with an underlayment of not less than two type 30 felts applied single fashion.

QQ. Item 25 of Table 1607.1, is amended to reflect that Habitable attics and sleeping rooms is 40 psf uniform.

RR. Section 1608.2. is amended to read as follows:

1608.2 Ground snow loads. The ground snow loads to be used in determining the design snow loads for roofs are given in Figure 1608.2 for the contiguous United States and Table 1608.2 for Alaska. Site-specific case studies shall be made in areas designated CS in Figure 1608.2. Ground snow loads for sites at elevations above the limits indicated in Figure 1608.2 and for all sites within the CS areas shall be approved. Ground snow load determination for such sites shall be based on an extreme value statistical analysis of data available in the vicinity of the site using a value with a 2-percent annual probability of being exceeded (50-year mean recurrence interval). Snow loads are zero for Hawaii, except in mountainous regions as approved by the building official. Minimum design ground snow load for the City of Loveland shall be thirty (30) pounds per square foot.

SS. Section 1609.3 is amended to read as follows:

1609.3 Basic wind speed. The Special Wind Region, as indicated in Figure 1609 of the 2012 Edition of the International Building Code, shall apply. Additional Wind Design Speed for any given project area shall reference the Colorado Front Range Basic Wind Speed Study Map. Refer to Colorado Front Range Gust Map dated October 15, 2005.

Minimum design wind speed is 100 mph (3-second gust), exposure C.

Note: Exposure B may be allowed if the site plan and Colorado registered engineer's calculations show that exposure B is acceptable for the project location due to site conditions and it is approved by the Building Official.

TT. Section 1611.1 is amended by adding the following after the first paragraph, prior to the equation to read as follows:

1611.1 Design rain loads.

60 minute duration, 100 year event is 2.66 inches/hour; 0.0275 gpm/square foot.

UU. Section 1612.3 is amended to read as follows:

1612.3 Establishment of flood hazard areas. To establish flood hazard areas, the governing body shall adopt a flood hazard map and supporting data. The flood hazard map shall include, at a minimum, areas of special flood hazard as identified by the Federal Emergency Management Agency in an engineering report entitled "The Flood Insurance Study for the City of Loveland," as amended or revised with the accompanying

Flood Insurance Rate Map (FIRM) and Flood Boundary and Floodway Map (FBFM) and related supporting data along with any revisions thereto. The adopted flood hazard map and supporting data are hereby adopted by reference and declared to be part of this section.

VV. Section 1803.6 is amended by the addition of a new subparagraph 11 to read as follows:

1803.6 Reports.

11. An investigation of the potential for subsurface water and, if necessary, designs for the control of subsurface water.

WW. Section 1809.5 is amended by the addition of the following sentence at the end of the section to read as follows:

The frost line, for footing/foundation design, shall be a minimum of 30 inches below finished grade line.

XX. Table 2304.6.1 is amended by adding the following footnote d:

d. The use of staples is permitted provide the staples are tested and listed for the appropriate installation and/or specified by a Colorado licensed design professional

YY. Section 3001.2 is amended to read as follows:

3001.2 Referenced standards. Except as otherwise provided for in this code, the design, construction, installation, alteration, repair and maintenance of elevators and conveying systems and their components shall conform to ASME A17.1, ASME A18.1 (Platform Lifts & Stairway chairlifts), ASME A90.1, ASME B20.1, ALI ALCTV, and ASCE 24 for construction in flood hazard areas established in Section 1612.3.

ZZ. Section 3109.1 is amended to read as follows:

Swimming Pools shall comply with the requirements of this section and other applicable sections of this code and per C.R.S. §25-5-801 et seq.

AAA. Section 3412.2 is amended to read as follows:

3412.2 Applicability. Existing structures in which there is work involving additions, alterations or changes of occupancy shall be made to comply with the requirements of this section or the provisions of Sections 3403 through 3409. The provisions of Sections 3412.2.1 through 3412.2.5 shall apply to existing occupancies that will continue to be, or are proposed to be, in Groups A, B, E, F, M, R, S and U. These provisions shall not apply to buildings with occupancies in Group H or I.

- BBB. Appendix A, “Employee Qualifications”, is hereby deleted in its entirety.
- CCC. Appendix B, “Board of Appeals”, is hereby deleted in its entirety.
- DDD. Appendix D, “Fire Districts”, is hereby deleted in its entirety.
- EEE. Appendix F, “Rodent Proofing”, is hereby deleted in its entirety.
- FFF. Appendix G, “Flood Resistant Construction”, is hereby deleted in its entirety.
- GGG. Appendix H, “Signs,” is hereby deleted in its entirety.
- HHH. Appendix K, “Administrative Provisions” is hereby deleted in its entirety.

Section 15.08.030 – Violations and penalties.

It shall be unlawful for any person, firm or corporation to erect, construct, enlarge, alter, repair, move, improve, remove, convert or demolish, equip, use, occupy or maintain any building or structure in the city or cause the same to be done contrary to or in violation of any of the provisions of the building code, as adopted and modified by the city. Any person, firm or corporation violating any of the provisions of the building code, as adopted and modified by the city, shall be deemed guilty of a misdemeanor, and subject to penalties as set forth in Section 1.12.010 of the code of the city of Loveland.

Section 2. That if any section, subsection, or portion of this ordinance is, for any reason, held to be unconstitutional or invalid for any reason, such decision shall not affect that validity of the remaining portions of this ordinance. City Council hereby declares that it would have passed this ordinance, and each section, subsection, and portion hereof, regardless of whether any one or more sections, subsections, or portions may be declared unconstitutional or invalid.

Section 3. That nothing in this ordinance shall be construed to affect any suit or proceeding pending in any court, or any rights acquired, liability incurred, or cause of action acquired or existing under any ordinance hereby repealed, nor shall any legal right or remedy of any character be impaired by this ordinance.

Section 4. That the City Clerk shall cause to be published twice in a newspaper of general circulation within the City, once at least fifteen days preceding the public hearing, and once at least eight days preceding the public hearing, the following notice:

Public notice is hereby given that at 6:30 p.m. on June 18, 2013 in the City Council Chambers, City Hall, 500 East Third Street, Loveland, Colorado, the Loveland City Council will consider on second reading an Ordinance Amending Chapter 15.08 of the Loveland Municipal Code to Adopt by Reference 2012 International Building Code. A public hearing shall be held prior to said consideration. Copies of the above-referenced ordinance and any codes adopted

by reference within said ordinance are on file with the Loveland City Clerk and are open to public inspection.

Section 5. That as provided in City Charter Section 4-9(a)(7), this Ordinance shall be published by title only by the City Clerk after adoption on second reading unless the Ordinance has been amended since first reading in which case the Ordinance shall be published in full or the amendments shall be published in full. This Ordinance shall be in full force and effect ten days after its final publication, as provided in City Charter Section 4-8(b).

Signed this 18th day of June, 2013.

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

Approved as to form:



Teresa Ablao
Assistant City Attorney

First Reading May 21, 2013
Second Reading June 18, 2013

ORDINANCE NO. _____
AN ORDINANCE REPEALING AND REENACTING CHAPTER 15.10
OF THE LOVELAND MUNICIPAL CODE AND ADOPTING BY REFERENCE
THE INTERNATIONAL RESIDENTIAL CODE, 2012 EDITION

WHEREAS, pursuant to Section 4-12 of the Charter of the City of Loveland, the City Council is authorized to adopt, by ordinance, any code by reference in accordance with the procedures established by state law; and

WHEREAS, the City Council has received the recommendation of the Construction Advisory Board recommending the adoption of the 2012 Edition of the International Residential Code (the “2012 IRC”) and amendments thereto; and

WHEREAS, The City Council has conducted a public hearing pursuant to C.R.S. §31-16-203 concerning the adoption of the International Residential Code by reference and finds and determines that it is necessary to the health, safety and general welfare of the public that the City regulate conditions hazardous to life and property by the adoption of the 2012 IRC and certain amendments and modifications thereto.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. Chapter 15.10 of the Loveland Municipal Code is hereby repealed in its entirety and reenacted to read as follows:

Chapter 15.10

RESIDENTIAL CODE

Sections:

- 15.10.010 International Residential Code, 2012 Edition – Adopted.**
- 15.10.020 Modifications to the International Residential Code, 2012 Edition.**
- 15.10.030 Violations and penalties.**

Section 15.10.010 – International Residential Code, 2012 Edition – Adopted.

The International Residential Code, 2012 Edition, issued and published by the International Code Council, 4051 West Flossmoor Road, Country Club Hills, IL 60478-5795, including appendices A, B, C, D, H, J, K, and O is hereby adopted by reference as the residential code of the city. This code is a complete code covering certain buildings hereafter constructed, erected, enlarged, altered or moved into the city and its purpose is to provide minimum standards to safeguard life and limb, health, property and public welfare by regulating and controlling the construction, alteration, movement, enlargement, replacement, repair, equipment, use and occupancy, location, removal and demolition of detached one and two family dwellings and multiple single family

dwellings (townhouses) not more than three stories in height with separate means of egress and their accessory structures, and providing for issuance of permits and collection of fees therefore. At least one copy of the International Residential Code, 2012 Edition, which has been certified by the mayor and city clerk, shall be on file in the office of the city clerk and may be inspected during regular business hours.

Section 15.10.020 - Modifications to International Residential Code, 2012 Edition.

The International Residential Code, 2012 Edition, adopted in this chapter, is modified as follows:

A. Section R101.1 is amended to read as follows:

R101.1 Title. These provisions shall be known as the Residential Code of the City of Loveland, hereinafter referred to as “this code” or “residential code.”

B. Section R103 is deleted in its entirety.

C. Section R105.2 is amended as follows:

(1) Item 2 under “Building” is amended to read as follows:

2. Fences not over 6 feet 3 inches high.

(2) Item 3 under “Building” is amended by the addition of the following sentence at the end of Item 3 to read as follows:

3. . . .

Specific manufacturer’s instructions of retaining wall products may be more restrictive regardless of height of the retaining wall, thereby the more restrictive will apply.

(3) Item 7 under “Building:” is amended to read as follows:

7. Prefabricated swimming pools that are less than 24 inches (610 mm) deep, do not exceed 5,000 gallons (19,000 L), and are installed entirely above ground.

(4) The following paragraphs shall be added under “Building” to read as follows:

11. Replacement and repair of roofing of like materials on buildings classified as Group R-3 and U Occupancies, when such work is determined not to be historical as defined otherwise in this code.

12. Replacement and repair of nonstructural siding or siding which is not part of a required fire rated assembly on buildings classified as Group R-3 and U Occupancies.

13. Gutters, downspouts and storm windows (unless specified through design).

14. Pergolas

(5) The following new section is added to R105.2 to read as follows:

R105.2.3. Exemptions. Unless otherwise exempt by this code, separate plumbing, electrical, and mechanical permits will be required for the above exempted items.

Exemption from the permit requirements of this code shall not be deemed to grant authorization for work to be done in a manner in violation of the provisions of this code or any other laws or resolutions of the City of Loveland.

D. Section R105.3.1.1 is deleted in its entirety.

E. Section R105 is amended by modifying Section 105.5 to read as follows:

105.5 Expiration. Every permit issued shall become invalid unless the work on the site authorized by such permit is commenced within 180 days after its issuance, or if the work authorized on the site by such permit is suspended or abandon for a period of 180 days after the time the work is commenced. All permits shall become null and void regardless of the provisions of this section within twelve (12) months of issuance. The building official is authorized to grant, in writing, one or more extensions of time, for periods not more than 180 days each. The extensions shall be requested in writing and justifiable cause demonstrated.

F. Section R105.8 is amended by the addition of two new subsections, R105.8.1 and R105.8.2, to read as follows:

R105.8.1. Transfer of permit. A building permit or application may be transferred from one party to the other upon written request to the building official, provided there are no changes to the plans and specifications. Additionally, the party to which the permit is transferred must be licensed in the appropriate license category and in good standing.

R105.8.2. Owner assuming role as contractor. Provided that no change in ownership has occurred since the permit was issued, the building official may allow the property owner to assume the role of contractor at any time on an active building permit provided the building official is in receipt of a written request from the application holder stating that the applicant is no longer the contractor of record on the permit application. Additionally, the letter shall list the permit number, the address of the project and stating that the original contractor is no longer in the employ of the owner. This change may be done at no charge. No change will be made in the expiration date of the original building permit.

G. Section R106 is amended by the addition of new subsections R106.3.4 and R106.3.5 to read as follows:

R106.3.4 Responsibility for preparation of plans and specifications. In accordance with this section, the building official shall require plans, computations, and specifications to be prepared, designed, and stamped by an engineer or architect licensed by the State of Colorado in certain circumstances, including but not limited to the following:

- (1) Foundations are constructed on caissons or any other method. The building official may exempt this provision on additions to existing residential and accessory structures constructed on spread footing conforming to the requirements of Chapter 4.
- (2) Roof framing or wall framing is construction not conforming to the requirements of Chapter 8 and 9.
- (3) Confirmation of beam sizes and spans, loading, or any structural element affecting the integrity of the building.

R106.3.5 Deferred submittals. For the purpose this section R106, deferred submittals are defined as those portions of the design that are not submitted at the time of the application and that are to be submitted to the building official within a specified period. Deferral of any submittal items shall have the prior approval of the building official. The registered design professional in responsible charge (if required), shall list the deferred submittals on the construction documents for review by the building official.

Submittal documents for deferred submittal items shall be submitted to the design professional in responsible charge (if required), who shall review them and forward them to the building official with a notation indicating that the deferred submittal documents have been reviewed and that they have been found to be in conformance with the design of the building or structure. The deferred submittal items shall not be installed until their design and submittal documents have been approved by the building official.

H. Section R108.2 is amended by the addition of subsections R108.2.1 and R108.2.2 to read as follows:

R108.2 Schedule of permit and inspection fees. On buildings, structures, electrical, gas, mechanical and plumbing systems or alterations requiring a permit, a fee for each permit or inspection shall be paid in accordance with the schedule established from time to time by resolution of the City Council.

R108.2.1 Plan Review Fee. When submittal of documents is required by Section R106, a plan review fee shall be paid. The plan review fees specified in this section are separate fees from the permit fees specified as established by resolution in Section 108.2 and are in addition to the permit fees.

R108.2.2 Expiration of plan review. Applications for which no permit is issued within ninety (90) days following the date of last action of review without any response or additional information submitted by the applicant shall expire. Such plans submitted for checking may therefore be returned to the applicant or destroyed by the building official. The building official may extend the time for action by the applicant for a period not to exceed sixty (60) days upon written request by the applicant showing circumstances beyond the control of the applicant have prevented action from being taken. In order to renew action on an application after expiration, the applicant shall resubmit plans and review fee.

- I. Section R108.4 is amended by the addition of new subsections R108.4.1, R108.4.2, R108.4.3 to read as follows:

R108.4.1 Fee for commencing work without a permit. The fee for commencing work without a permit may be up to or equal to the amount of the permit fee required by this code. The payment of such fee shall not exempt an applicant from compliance with all other provisions of either this code or other requirements nor from penalty prescribed by law.

R108.4.2 Investigation fees - work without permit. Whenever any work for which a permit is required by this code has been commenced without first obtaining said permit, a special investigation shall be made before a permit may be issued for such work. An investigation fee, in addition to the permit fee, shall be collected whether or not a permit is then subsequently issued. The investigative fee may be up to or equal to the amount of the permit fee required by this code. The minimum investigation fee shall be the same fee as the minimum set forth and adopted by the City Council. The payment of such investigation fee shall not exempt any person from compliance with all other provisions of either this code or other requirements nor from any penalty prescribed by law.

R108.4.3 Re-inspections. A re-inspection fee may be assessed for each inspection or re-inspection when such portion of work for which an inspection or reinspection has been requested is not complete or when corrections called for are not made. This section is not to be interpreted as requiring re-inspection fees the first time a job is rejected for failure to comply with the requirements of this code, but as controlling the practice of calling for inspections before the job is ready for such inspection or re-inspection. Additional instances when re-inspection fees may be assessed include, but are not limited to the inspection card is not posted or otherwise not available on the work site, the approved plans are not readily available to the inspector, failure to provide access on the date for which inspection is requested, or for deviating from plans requiring the approval of the building official. The re-inspection fees specified in this section are separate fees from and are in addition to the permit fees specified in Section 108.2.

- J. Section R108.5 is amended to read as follows:

R108.5 Refunds. The building official is authorized to establish a refund policy in accordance with the following criteria:

1. The building official shall be permitted to authorize a refund of not more than 50 percent of the permit fee paid when no work has been done under the permit issued in accordance with this code; and
2. The building official shall be permitted to authorize a refund of not more than 50 percent of the plan review fee paid when an application for a permit for which a plan review fee has been paid is withdrawn or canceled, provided that no examination time has been expended; and
3. The building official shall not be permitted to authorize a refund of any fee paid except upon written application filed by the original permittee not later than sixty (60) days after the date of fee payment.

K. Section R109.1 is amended to read as follows:

R109.1 Types of inspections – inspection card. For onsite construction, from time to time the building official, upon notification from the permit holder or his agent, shall make or cause to be made any necessary inspections and shall either approve that portion of the construction as completed or shall notify the permit holder or his or her agent wherein the same fails to comply with this code. Work requiring a building permit shall not be commenced until the permit holder or his agent shall have posted an inspection record card in a conspicuous place on the premises and in a position to allow the building official to make the required entries conveniently thereon regarding inspection of the work. The address of the building site must be posted in a conspicuous place readily visible from the public road. This card shall be maintained in such a position by the permit holder until all inspections have been made and final approvals have been granted by the building official. No permanent electric meters will be released until the card has all the required signatures and verified by the building official.

L. Section R109.1 is amended by the addition of a new subsection R109.1.1.1 to read as follows:

R109.1.1.1 Drilled pier inspection. Drilled pier inspections will be made while the piers are being drilled. The design engineer of record or his authorized representative shall be present during the drilling operations and shall be available to the City inspector during required inspections.

M. Section R109.1.3 is amended by the addition of a new subsection R109.1.3.1 to read as follows:

R109.1.3.1 Lowest floor elevation. The elevation certificate required in Section R109.1.3 shall be submitted when required by the building official or as required by Chapter 15.14 of the Loveland Municipal Code.

- N. Section R109.1.5 is amended by the addition of the following exception to R109.1.5.1 to read as follows:

R109.1.5.1 Fire-resistance-rated construction inspection. Lath or gypsum board inspections shall be made after lathing and gypsum board, interior and exterior, is in place, but before any plastering is applied or before gypsum board joints and fasteners are taped and finished.

Exception: Gypsum board that is not part of a fire-resistive assembly or a shear assembly.

- O. Section R109.1.5 shall be amended by the addition of new subsections R109.1.5.2, R109.1.5.3 and R109.1.5.4 to read as follows:

...

R109.1.5.2 Fire-resistant penetrations. Protection of joints and penetrations in fire-resistance-rated assemblies shall not be concealed from view until inspected and approved.

R109.1.5.3. Special inspections. For special inspections, Section 1704 of the building code shall apply. The building official is authorized to accept reports of approved inspection agencies, provided such agencies satisfy the requirements as to qualifications and reliability as set forth in the building code.

R109.1.5.4. Footing and foundation inspections. All new footing and foundation inspections shall be performed by design professional licensed by the State of Colorado and to include, but not limited to, reinforcing, concrete-encased electrode (UFER ground), and when required damp-proofing and perimeter drain.

- P. Section R112 is deleted in its entirety.

- Q. Section R114 is amended to read as follows:

R114.1 Notice to owner and/or posting property. Upon notice from the *building official* that work on any building or structure is being prosecuted contrary to the provisions of this code or in an unsafe and dangerous manner, such work shall be immediately stopped. The stop work order shall be in writing and shall be given to the owner of the property involved, or to the owner's agent, or to the person doing the work, or posted on the property and shall state and shall state the conditions under which work will be permitted to resume.

- R. Section R202 is amended by the addition of the following definitions of "Room, Sleeping (Bedroom)," "Townhouse," and "Utility Space (Room)" to read as follows:

Room, Sleeping (Bedroom). A habitable room within a dwelling unit designated primarily for the purpose of sleeping. Built in features such as closets and similar storage facilities shall not be considered as relevant factors in determining whether or not a room is a sleeping room.

Townhouse. A single-family dwelling unit constructed in a group of two or more attached units in which each unit extends from foundation to roof and open on at least two sides.

Utility Space (Room). A room designed or used to house heating, general maintenance equipment.

- S. Section R301.2 is amended by the addition of the following criteria to Table R301.2(1):

Table R301.2(1), insert the following:

Ground Snow Load: 30 psf (1436.4 pa)*

*designed in accordance with Table 1608.1, 2012 International Building Code

Wind speed: Minimum design 100 mph (3 second gust), exposure C**

**Exposure B may be allowed if site plan and Colorado licensed engineer’s calculations show that exposure B is acceptable for the project location due to site conditions and it is approved by the Building Official. Additional Wind Design Speed for any given project area shall reference the Colorado Front Range Wind Speed Study Map. See the attached map BWS-1.

Seismic Design Category: B

Weathering: SEVERE

Frost Line Depth: Minimum 30” (762 mm) below finished grade

Termite: SLIGHT TO MODERATE

Decay: NONE TO SLIGHT

Winter Design Temperature: -2 F (-18.9 C)

Flood Hazards: VARIES***

***Chapter 15.14 Floodplain Building Code of City of Loveland Municipal Code

- S. Section R301.5 is amended by the modification of the minimum uniformly distributed live loads for “habitable attics and attics served with stairs,” and “sleeping rooms” set forth in Table R301.5 to read as follows:

TABLE R301.5
MINIMUM UNIFORMLY DISTRIBUTED LIVE LOADS
(In pounds per square foot)

USE	LIVE LOAD
Habitable attics and attics served by stairs ^{b,e}	40
Sleeping rooms	40

- T. Section R302 is amended by modification of the minimum fire separation distance for “Walls” and “Projections” as set forth in Table R302.1 to read as follows:

**TABLE R302.1(1)
EXTERIOR WALLS**

EXTERIOR WALL ELEMENT		MINIMUM FIRE-RESISTANCE RATING	MINIMUM FIRE SEPERATION DISTANCE
Walls	(Fire-resistance rated)	1 hour with exposure from both sides	0 feet
	(Not fire-resistance rated)	0 hours	3 feet
Projections	(Fire-resistance rated)	1 hour on the underside	2 feet
	(Not fire-resistance rated)	0 hours	3 feet
Openings	Not allowed	N/A	< 3 feet
	25% max. of wall area	0 hours	3 feet
	Unlimited	0 hours	5 feet
Penetrations	All	Comply with Section R302.4	< 5 feet
		None required	5 feet

U. Section R303.1 is amended by the addition of exception #4 to read as follows:

4. Adequate artificial light shall be provided as approved by the building official upon documented information demonstrating practical difficulties providing additional natural light.

V. Section R305.1 is amended to read as follows:

R305.1 Minimum height. Habitable rooms shall have a ceiling height of 7 feet 6 inches (2286 mm). Hallways, corridors, bathrooms, toilet rooms, laundry rooms and basements shall have a ceiling height of not less than 7 feet (2134 mm). The required height shall be measured from the finished floor to the lowest projection from the ceiling.

Exceptions: . . .

X. Section R310.2.1 is amended by adding a second paragraph to read as follows:

R310.2.1 Ladder and steps.

....

Window wells with a vertical depth greater than 44 inches (1118 mm) shall be equipped with a permanently affixed ladder or steps usable with the window in the fully open position. If the window well is stepped and has a horizontal dimension less than 36 inches, a ladder is required out of that said level complying with requirements for ladders or steps.

Y. Section R311.8.3.1 is amended to read as follows:

R311.8.3.1 Height. Handrail height, measured vertically from the sloped plane adjoining the tread nosing, or finish surface of ramp slope, shall be not less than 32 inches (812.8 mm) and not more than 38 inches (965 mm).

Z. Section R313 is deleted in its entirety.

AA. Section R315 is amended by adding the following paragraph to read as follows:

R315.5 Carbon monoxide alarms and detectors shall also be installed per Title 38 of the Colorado Revised Statutes.

BB. Section 322.1.5, **Lowest floor**, is amended by adding the following paragraph:

The elevation certificate required by this section shall be submitted when required by the building official or as required by Chapter 15.14 of the City of Loveland Municipal Code.

CC. Section R401.4 is amended by the addition of the following sentence at the end of the paragraph to read as follows:

R401.4 Requirements.

...

Investigation of the potential for subsurface water and, if necessary, designs for the control of subsurface water shall be required.

DD. Section R905.1 is amended by the addition of the following sentence at the end of the paragraph to read as follows:

R905.1 Roof covering application.

...

Table 1505.1 Minimum Roof Covering Classification for Types of Construction as adopted in the 2009 International Building Code shall be used for all roof coverings.

EE. Section N1101.1 Scope is amended to read as follows:

N1101.1 Scope. This chapter regulates the energy efficiency for the design and construction of buildings regulated by this code.

Exceptions:

- 1) Portions of the building envelope that do not enclose conditioned space.
- 2) Utility and miscellaneous group U occupancies and agricultural structures.

FF. Section N1101.2, first paragraph is amended with the addition to read as follows:

N1101.2 Compliance. Thermal design parameters for the City of Loveland is Zone 5B, and shall be used for calculations required under this code. All ducted air-distribution heating and cooling systems shall be sized using cooling loads. All heating and cooling equipment shall be tested to ensure such equipment is operating within the

manufacturers’ recommended parameters and standards according to the applicable protocols established by the building code official and in accordance with the mechanical code adopted by City of Loveland.

GG. Table N1102.1 is amended to read as follows:

Table N1102.1.1
Single-Family Prescriptive Package^{(a) (h)(i)}

Max	Max	Max	Min	Min	Min	Min	Min	Min	Min	Min
Glazing area window to wall %	Fenestration U-Factor	Skylight U-factor (b)	Ceiling R-value	frame wall R-value	Mass Wall R-value (g)	Floor R-value over unheated space (e)	Basement Wall R-Value Continuous cavity	Slab perimeter R-value/ Depth (d)	Crawl Space R value Cont./ cavity (c)	Heating/ Cooling efficiency Rating (AFUE)
NA	.35	.60	38	19 or 13+5 (f)	13	30	10/13	10, 2ft.	10/13	80/13
NA	.35	.60	38	13	8	30	10/13	10, 2ft.	10/13	90/ 13

- (a) R-values are minimums. U-factors Solar Heat Gain Coefficient (SHGC) are maximums.
R-19 shall be permitted to be compressed into a 2x6 cavity.
- (b) The fenestration U-factor column excludes skylights. The SHGC column applies to all glazed fenestration.
- (c) The first R-value applies to continuous insulation, the second to framing cavity insulation; either insulation meets the requirement.
- (d) The R-5 shall be added to the required slab edge R-values for heated slabs.
- (e) Or insulation sufficient to fill the framing cavity, R-19 minimum.
- (f) 13+5 means R-13 cavity insulation plus R-5 insulated sheathing. If structural sheathing cover 25% or less of the exterior, R-5 sheathing is not required where structural sheathing is used. If structural cover more than 25% of exterior, structural sheathing shall be supplemented with insulated sheathing of at least R-2.
- (g) Nominal log thickness of 6 inches has a mass wall R-Value (8.3), an 8 inch log is (11.3), a 10 inch log is (13.9), and a 12 inch log is (16.5).
- (h) The thermal design parameters shall be used for calculations required under this code as listed in Design Value section.

Winter Outdoor, Design Dry-bulb (°F)	= 4
Winter Indoor, Design Dry-bulb (°F)	= 72
Summer, Outdoor Design Dry-bulb (°F)	= 94
Summer, Indoor Design Dry-bulb (°F)	= 75
Summer, Design Wet-bulb (°F)	= 63
Degree days heating	= 6600
Degree days cooling	= 479
Degrees North Latitude	= 40 degrees 35 minutes

Air Freeze Index = 1000

(i) In addition City of Loveland will accept any Climate Zone 5B Single Family Prescriptive Packages in the 2012 International Energy Conservation Code (IECC) and ResCheck Compliance Report that passes using 2012 IECC and HDD = 6600, and any Home Energy Rating Score (HERS) less than 100 by an approved qualified energy rater. For additional information on energy codes or free software download of ResCheck go to www.energycodes.gov.

HH. Section M1307 is amended by the addition of a new subsection M1307.7 to read as follows:

M1307.7 Liquefied Petroleum Appliances. Equipment burning liquefied petroleum gas (LPG) shall not be located in a pit, basement, underfloor space, below grade, attic or similar location where vapors or fuel may unsafely collect. Liquefied petroleum gases, including construction and temporary heating, shall only be installed per adopted fire code and per manufacturer’s specifications and listing per appliances.

II. Section M1410.1 is amended by the addition of the following sentence at the end of the paragraph to read as follows:

M1410.1 General.

. . . .

Un-vented gas appliance(s) and room heaters are prohibited, except for listed domestic gas range installations.

JJ. Section M2005.1 is amended to read as follows:

M2005.1 General. The minimum Energy Factor for water heaters shall be .60 for fuel-fired type, and .92 for electrical types.

Section 15.10.030 – Violations and penalties.

It shall be unlawful for any person, firm or corporation to erect, construct, enlarge, alter, repair, move, improve, remove, convert or demolish, equip, use, occupy or maintain any building or structure in the city or cause the same to be done contrary to or in violation of any of the provisions of the residential code, as adopted and modified by the city. Any person, firm or corporation violating any of the provisions of the residential code, as adopted and modified by the city, shall be deemed guilty of a misdemeanor, and subject to penalties as set forth in Section 1.12.010 of the code of the city of Loveland.

Section 2. That if any section, subsection, or portion of this ordinance is, for any reason, held to be unconstitutional or invalid for any reason, such decision shall not affect that validity of the remaining portions of this ordinance. City Council hereby declares that it would have passed this ordinance, and each section, subsection, and portion hereof, regardless of whether any one or more sections, subsections, or portions may be declared unconstitutional or invalid.

Section 3. That nothing in this ordinance shall be construed to affect any suit or proceeding pending in any court, or any rights acquired, liability incurred, or cause of action acquired or existing under any ordinance hereby repealed, nor shall any legal right or remedy of any character be impaired by this ordinance.

Section 4. That the City Clerk shall cause to be published twice in a newspaper of general circulation within the City, once at least fifteen days preceding the public hearing, and once at least eight days preceding the public hearing, the following notice:

Public notice is hereby given that at 6:30 p.m. on June 18, 2013 in the City Council Chambers, City Hall, 500 East Third Street, Loveland, Colorado, the Loveland City Council will consider on second reading an Ordinance Amending Chapter 15.10 of the Loveland Municipal Code to Adopt by Reference 2012 International Residential Code. A public hearing shall be held prior to said consideration. Copies of the above-referenced ordinance and any codes adopted by reference within said ordinance are on file with the Loveland City Clerk and are open to public inspection.

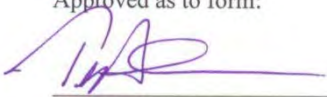
Section 5. That as provided in City Charter Section 4-9(a)(7), this Ordinance shall be published by title only by the City Clerk after adoption on second reading unless the Ordinance has been amended since first reading in which case the Ordinance shall be published in full or the amendments shall be published in full. This Ordinance shall be in full force and effect ten days after its final publication, as provided in City Charter Section 4-8(b).

Signed this 18th day of June, 2013.

Mayor

ATTEST:

City Clerk

Approved as to form:


Teresa Ablao
Assistant City Attorney

First Reading May 21, 2013
Second Reading June 18, 2013

ORDINANCE NO. _____

AN ORDINANCE AMENDING CHAPTER 15.12 OF THE LOVELAND MUNICIPAL CODE AND ADOPTING BY REFERENCE THE INTERNATIONAL PROPERTY MAINTENANCE CODE, 2012 EDITION

WHEREAS, pursuant to Section 4-12 of the Charter of the City of Loveland, the City Council is authorized to adopt, by ordinance, any code by reference in accordance with the procedures established by state law; and

WHEREAS, the City Council has received the recommendation of the Construction Advisory Board recommending the adoption of the International Property Maintenance Code, 2012 Edition (the “2012 IPMC”), and amendments thereto; and

WHEREAS, The City Council has conducted a public hearing pursuant to C.R.S. §31-16-203 concerning the adoption of the International Property Maintenance Code by reference and finds and determines that it is necessary to the health, safety and general welfare of the public that the City regulate conditions hazardous to life and property by the adoption of the 2012 IPMC and certain amendments and modifications thereto.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. Chapter 15.12 of the Loveland Municipal Code is hereby repealed in its entirety and reenacted to read as follows:

Chapter 15.12

PROPERTY MAINTENANCE CODE

Sections:

- 15.12.010 International Property Maintenance Code, 2012 Edition– Adopted.**
- 15.12.020 Modifications to the International Property Maintenance Code, 2012 Edition.**
- 15.12.030 Violations and penalties.**

Section 15.12.010 – International Property Maintenance Code , 2012 Edition– Adopted.

The International Property Maintenance Code, 2012 Edition, issued and published by the International Code Council, 4051 West Flossmoor Road, Country Club Hills, IL 60478-5795, including Appendix A is hereby adopted by reference as the property maintenance code of the city. This code is a complete code to safeguard life and limb, health, property and public welfare by regulating and governing the conditions and maintenance of all property, buildings and

structures by providing the standards for supplied utilities and facilities and other physical things and conditions essential to ensure that structures are safe, sanitary and fit for occupation and use, and providing for issuance of permits and collection of fees therefore. At least one copy of the International Property Maintenance Code, 2012 Edition, which has been certified by the mayor and city clerk, shall be on file in the office of the city clerk and may be inspected during regular business hours.

Section 15.12.020 Modifications to International Property Maintenance Code, 2012 Edition.

The International Property Maintenance Code, 2012 Edition, adopted in this chapter, is modified as follows:

A. Section 101.1 is amended to read as follows:

101.1 Title. These regulations shall be known as the Property Maintenance Code of the City of Loveland, hereinafter referred to as “this code” or “property maintenance code.”

B. Section 102.3 is amended to read as follows:

102.3 Application of other codes. Repairs, additions or alterations to a structure, or changes of occupancy, shall be done in accordance with the procedures and provisions of the currently adopted building and fire codes. Nothing in this code shall be construed to cancel, modify or set aside any provision of the adopted zoning code.

C. Section 103 is deleted in its entirety.

D. Section 104 is amended by the addition of a new subsection 104.7 to read as follows:

104.7 Fees. Fees for the administration and enforcement of this code shall be established from time to time by resolution of the City Council.

E. Section 111 is deleted in its entirety.

F. Section 112.4 is deleted in its entirety.

G. Section 302.4 is deleted in its entirety.

H. Section 304.14 is amended by inserting the following dates into the brackets of the paragraph:

From: “January 1 to December 31.”

I. Section 302.4 is deleted in its entirety.

J. Section 602.3 is amended to read as follows:

602.3 Heat supply. Every owner and operator of any building who rents, leases or lets one or more dwelling unit, rooming unit, dormitory or guestroom on terms, either expressed or implied, to furnish heat to the occupants thereof shall supply heat during the period from January 1 to December 31 to maintain a temperature of not less than 68 degrees F (20 degrees C) in all habitable rooms, bathrooms, and toilet rooms.

- K. Section 602.4 is amended by inserting the following dates into the brackets of the paragraph:

From: "January 1 to December 31."

Section 15.12.030 Violations and penalties.

It shall be unlawful for any person, firm or corporation to erect, construct, enlarge, alter, repair, move, improve, remove, convert or demolish, equip, use, occupy or maintain any building or structure in the city or cause the same to be done contrary to or in violation of any of the provisions of the property maintenance code, as adopted and modified by the city. Any person, firm or corporation violating any of the provisions of the property maintenance code, as adopted and modified by the city, shall be deemed guilty of a misdemeanor, and subject to penalties as set forth in Section 1.12.010 of the code of the city of Loveland.

Section 2. That if any section, subsection, or portion of this ordinance is, for any reason, held to be unconstitutional or invalid for any reason, such decision shall not affect that validity of the remaining portions of this ordinance. City Council hereby declares that it would have passed this ordinance, and each section, subsection, and portion hereof, regardless of whether any one or more sections, subsections, or portions may be declared unconstitutional or invalid.

Section 3. That nothing in this ordinance shall be construed to affect any suit or proceeding pending in any court, or any rights acquired, liability incurred, or cause of action acquired or existing under any ordinance hereby repealed, nor shall any legal right or remedy of any character be impaired by this ordinance.

Section 4. That the City Clerk shall cause to be published twice in a newspaper of general circulation within the City, once at least fifteen days preceding the public hearing, and once at least eight days preceding the public hearing, the following notice:

Public notice is hereby given that at 6:30 p.m. on June 18, 2013 in the City Council Chambers, City Hall, 500 East Third Street, Loveland, Colorado, the Loveland City Council will consider on second reading an Ordinance Amending Chapter 15.12 of the Loveland Municipal Code to Adopt by Reference 2012 International Property Maintenance Code. A public hearing shall be held prior to said consideration. Copies of the above-referenced ordinance and any codes adopted by reference within said ordinance are on file with the Loveland City Clerk and are open to public inspection.

Section 5. That as provided in City Charter Section 4-9(a)(7), this Ordinance shall be published by title only by the City Clerk after adoption on second reading unless the Ordinance

has been amended since first reading in which case the Ordinance shall be published in full or the amendments shall be published in full. This Ordinance shall be in full force and effect ten days after its final publication, as provided in City Charter Section 4-8(b).

Signed this 18th day of June, 2013.

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

Approved as to form:



Teresa Ablao
Assistant City Attorney

First Reading May 21, 2013
Second Reading June 18, 2013

ORDINANCE NO.

**AN ORDINANCE REPEALING AND REENACTING CHAPTER 15.16 OF THE
LOVELAND MUNICIPAL CODE AND ADOPTING BY REFERENCE THE
INTERNATIONAL MECHANICAL CODE, 2012 EDITION**

WHEREAS, pursuant to Section 4-12 of the Charter of the City of Loveland, the City Council is authorized to adopt, by ordinance, any code by reference in accordance with the procedures established by state law; and

WHEREAS, the Construction Advisory Board has recommended that City Council adopt the 2012 Edition of the International Mechanical Code (the “2012 IMC”), and amendments thereto; and

WHEREAS, The City Council has conducted a public hearing pursuant to C.R.S. §31-16-203 concerning the adoption of the 2012 IMC by reference and finds and determines that it is necessary to the health, safety and general welfare of the public that the City regulate conditions hazardous to life and property by the adoption of the 2012 IMC, and certain amendments and modifications thereto.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. Chapter 15.16 of the Loveland Municipal Code is hereby repealed in its entirety and reenacted to read as follows:

Chapter 15.16

INTERNATIONAL MECHANICAL CODE

Sections:

- 15.16.010 International Mechanical Code, 2012 Edition – Adopted.**
- 15.16.020 Modifications to the International Mechanical Code, 2012 Edition.**
- 15.16.030 Violations and penalties.**

Section 15.48.010 – International Mechanical Code, 2012 Edition – Adopted.

The International Mechanical Code, 2012 Edition (the “2012 IMC”), issued and published by the International Code Council, 4051 West Flossmoor Road, Country Club Hills, IL 60478-5795, including appendix A only, is hereby adopted by reference as the mechanical code of the city as if fully set forth herein, with the modifications, if any, set forth in Section 15.16.020 below. This code is a complete code to safeguard public health, safety and welfare by regulating and governing the design, construction, quality of materials, erection, installation, alteration, repair, location, relocation, replacement, addition to, use or maintenance of mechanical systems, and

providing for issuance of permits and collection of fees therefore. At least one copy of the 2012 IMC, which has been certified by the mayor and city clerk, shall be on file in the office of the city clerk and may be inspected during regular business hours.

Section 15.48.020 - Modifications to International Mechanical Code, 2012 Edition.

The International Mechanical Code, 2012 Edition, adopted in this chapter, is modified as follows:

A. Section 101.1 is amended to read as follows:

101.1 Title. These regulations shall be known as the Mechanical Code of the City of Loveland, hereinafter referred to as “this code” or “mechanical code.”

B. Section 103 is deleted in its entirety.

C. Section 106.2 is amended by the addition of the following numbered paragraphs to read as follows:

106.2 Permits not required.

9. Replacement or repair of a category one (1) furnace or water heater of the same BTU rating in buildings classified R-3 occupancies provided the initial installation has been permitted, inspected and approved.

10. Replacement or repair of air conditioning equipment of the same size, energy source, and rating in buildings classified as R-3 occupancies provided the initial installation has been permitted, inspected and approved.

D. The first sentence of Section 106.4.1 shall be amended to read as follows:

Section 106.4.1 Approved construction documents. When the code official issues the permit where *construction documents* are required, the *construction documents* shall be endorsed in writing and stamped “REVIEWED PLANS FOR CODE COMPLIANCE”.

[no change to remainder of Section 106.4.1]

E. Section 106.5.2 is amended to read as follows:

106.5.2 Fee schedule. Fees for any permit, plan review or inspection required by this code shall be established from time to time by resolution of the City Council.

- F. Section 106.5.3 is amended by inserting “fifty percent” into the brackets of paragraphs numbered 2 and 3. Additionally, the last paragraph of this section shall be deleted in its entirety and replaced with the following:

The code official shall not authorize the refunding of any fee paid, except upon written application filed by the original permittee not later than 90 days after the date of fee payment.

- G. Section 108.2 is amended to read as follows:

108.2 Notice of Violation. The code official shall post on the property or serve on the person responsible a notice of violation or order for the erection, installation, *alteration*, extension, repair, removal or demotion of work in violation of the provisions of this code, or in violation of a detail statement or the *approved construction documents* thereunder, or in violation of a permit or certificate issued under the provisions of this code. Such order shall direct the discontinuance of the illegal action or condition and the abatement of the violation.

- H. Section 108.4 is deleted in its entirety.

- I. Section 108.5 is amended to read as follows:

108.5 Stop work orders. Upon notice from the code official, work on any mechanical system that is being done contrary to the provisions of the code or in a dangerous or unsafe manner shall immediately cease. Such notice shall be given to the owner of the property, or to the owner’s agent, or to the person doing the work, **or posted on the property**. The notice shall include the conditions under which work is authorized to resume. Where an emergency exists, the code official shall not be required to give a written notice prior to stopping the work.

Any person who shall continue any work on the system after having been served by a stop work order, except such work as that person is directed to perform to remove a violation or unsafe condition, shall be liable for a fine as established from time to time by resolution of the City Council.

- H. Section 109 is deleted in its entirety.

- I. Section 801.2 is amended by adding the following sentence at the end of the first paragraph:

801.2 General.

. . . .

Un-vented gas appliance(s) and room heaters are prohibited, except for domestic gas range installations per manufacturers listing.

- J. Section 905.1 is amended by adding the following to read sentence at the end of the first paragraph:

905.1. General.

No permit shall be issued for the installation of a wood stove appliance, unless the wood stove appliance is listed and tested by an approved testing agency, fully complies with the manufacturers listing and conforms to any emissions standards of the State of Colorado in effect at the time of permit application which may pertain to the City of Loveland.

- K. Section 1001 is amended by the addition of a new subsection 1001.2 to read as follows:

1001.2 Operations and maintenance of boilers and pressure vessels. Boilers and pressure vessels shall be operated and maintained in conformity with requirements for adequate protection of the public according to nationally recognized standards. The State Boiler Inspector shall notify the owner or the authorized representative of defects or deficiencies, which shall be properly and promptly corrected.

- K. Section 1011 is amended to read as follows:

1011. Tests. An installation for which a permit is required shall not be put into service until it has been inspected and approved. It is the duty of the owner or his or her authorized representative to notify the State of Colorado Boiler Inspector or an authorized alternate that the installation is ready for inspection and test. The results of such test shall be submitted to the building official for acceptance.

Section 15.48.030 – Violations and penalties.

It shall be unlawful for any person, firm or corporation to erect, construct, enlarge, alter, repair, move, improve, remove, convert or demolish, equip, use, occupy or maintain any building or structure in the city or cause the same to be done contrary to or in violation of any of the provisions of this code, as adopted and modified by the city. Any person, firm or corporation violating any of the provisions of this code, as adopted and modified by the city, shall be deemed guilty of a misdemeanor and subject to penalties as set forth in Section 1.12.010 of the code of the city of Loveland.

Section 2. That if any section, subsection, or portion of this ordinance is, for any reason, held to be unconstitutional or invalid for any reason, such decision shall not affect that validity of the remaining portions of this ordinance. City Council hereby declares that it would have passed this ordinance, and each section, subsection, and portion hereof, regardless of whether any one or more sections, subsections, or portions may be declared unconstitutional or invalid.

Section 3. That nothing in this ordinance shall be construed to affect any suit or proceeding pending in any court, or any rights acquired, liability incurred, or cause of action acquired or existing under any ordinance hereby repealed, nor shall any legal right or remedy of any character be impaired by this ordinance.

Section 4. That the City Clerk shall cause to be published twice in a newspaper of general circulation within the City, once at least fifteen days preceding the public hearing, and once at least eight days preceding the public hearing, the following notice:

Public notice is hereby given that at 6:30 p.m. on June 18, 2013 in the City Council Chambers, City Hall, 500 East Third Street, Loveland, Colorado, the Loveland City Council will consider on second reading an Ordinance Repealing and Reenacting Chapter 15.16 of the Loveland Municipal Code and Adopting by Reference the International Mechanical Code, 2012 Edition. A public hearing shall be held prior to said consideration. Copies of the above-referenced International Mechanical Code, 2012 Edition and any codes adopted by reference within such code are on file with the Loveland City Clerk and are open to public inspection.

Section 5. That as provided in City Charter Section 4-9(a)(7), this Ordinance shall be published by title only by the City Clerk after adoption on second reading unless the Ordinance has been amended since first reading in which case the Ordinance shall be published in full or the amendments shall be published in full. This Ordinance shall be in full force and effect ten days after its final publication, as provided in City Charter Section 4-8(b).


Signed this 18th day of June, 2013

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:



Deputy City Attorney

First Reading May 21, 2013
Second Reading June 18, 2013

ORDINANCE NO.

**AN ORDINANCE REPEALING AND REENACTING CHAPTER 15.18 OF THE
LOVELAND MUNICIPAL CODE AND ADOPTING BY REFERENCE THE
INTERNATIONAL
FUEL GAS CODE, 2012 EDITION**

WHEREAS, pursuant to Section 4-12 of the Charter of the City of Loveland, the City Council is authorized to adopt, by ordinance, any code by reference in accordance with the procedures established by state law; and

WHEREAS, the Construction Advisory Board has recommended that City Council adopt the 2012 Edition of the International Fuel Gas Code (the “2012 IFGC”), and amendments thereto; and

WHEREAS, The City Council has conducted a public hearing pursuant to C.R.S. §31-16-203 concerning the adoption of the 2012 IFGC by reference and finds and determines that it is necessary to the health, safety and general welfare of the public that the City regulate conditions hazardous to life and property by the adoption of the 2012 IFGC, and certain amendments and modifications thereto.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. Chapter 15.18 of the Loveland Municipal Code is hereby repealed in its entirety and reenacted to read as follows:

Chapter 15.18

FUEL GAS CODE

Sections:

- 15.18.010 International Fuel Gas Code, 2012 Edition – Adopted.**
- 15.18.020 Modifications to the International Fuel Gas Code, 2012 Edition.**
- 15.18.030 Violations and penalties.**

Section 15.18.010 – International Fuel Gas Code – Adopted.

The International Fuel Gas Code, 2012 Edition (“2012 IFGC”), issued and published by the International Code Council, 4051 West Flossmoor Road, Country Club Hills, IL 60478-5795, including appendices A and B only, is hereby adopted by reference as the fuel gas code of the city as if fully set forth herein, with the modifications, if any, set forth in Section 15.18.020 below. This code is a complete code and its purpose is to provide minimum standards to

safeguard public health, safety, and welfare by regulating and controlling fuel gas systems and gas-fired appliances, and providing for issuance of permits and collection of fees therefore. At least one copy of the 2012 IFGC, which has been certified by the mayor and city clerk, shall be on file in the office of the city clerk and may be inspected during regular business hours.

Section 15.18.020 - Modifications to International Fuel Gas Code, 2009 Edition.

The International Fuel Gas Code, 2012 Edition, adopted in this chapter, is modified as follows:

A. Section 101.1 is amended to read as follows:

101.1 Title. These regulations shall be known as the Fuel Gas Code of the City of Loveland, hereinafter referred to as “this code” or “fuel gas code.”

B. Section 103 is deleted in its entirety.

C. The first sentence of Section 106.5.1 is amended to read as follows:

106.5.1 Approved construction documents. When the code official issues the permit where *construction documents* are required, the *construction documents* shall be endorsed in writing and stamped “REVIEWED PLANS FOR CODE COMPLIANCE”.

[no change to remainder of Section 106.5.1]

D. Section 106.6.2 is amended to read as follows:

106.6.2 Fee Schedule. Fees for any permit, plan review or inspection required by this code shall be established from time to time by resolution of the City Council.

E. Section 106.6.3 is amended by inserting “fifty percent” into the brackets of paragraphs numbered 2 and 3. Additionally, the last paragraph of this section shall be deleted in its entirety and replaced with the following:

The code official shall not authorize the refunding of any fee paid, except upon written application filed by the original permittee not later than 90 days after the date of fee payment.

F. Section 108.2 is amended to read as follows:

108.2 Notice of Violation. The code official shall post on the property or serve on the person responsible a notice of violation or order for the erection, installation, *alteration*, extension, repair, removal or demotion of work in violation of the provisions of this code, or in violation of a detail statement or the *approved construction documents* thereunder, or in violation of a permit or certificate issued under the provisions of this code. Such order shall direct the discontinuance of the illegal action or condition and the abatement of the violation.

G. Section 108.4 is deleted in its entirety.

H. Section 108.5 is amended to read as follows:

108.5 Stop work orders. Upon notice from the code official, work on any plumbing system that is being done contrary to the provisions of the code or in a dangerous or unsafe manner shall immediately cease. Such notice shall be given to the owner of the property, or to the owner’s agent, or to the person doing the work, or posted on the property. The notice shall include the conditions under which work is authorized to resume. Where an emergency exists, the code official shall not be required to give a written notice prior to stopping the work. Any person who shall continue any work on the system after having been served by a stop work order, except such work as that person is directed to perform to remove a violation or unsafe condition, shall be liable for a fine as from time to time by resolution of the City Council.

I. Section 109 is deleted in its entirety.

J. Section 303.3 is amended by the deletion of listed exceptions numbered 3 and 4.

K. Section 304.11 is amended by the addition of the following numbered paragraph to read as follows:

304.11 Combustion air ducts.

....

9. In all R Occupancies a minimum of a six inch round duct or equivalent from the furnace and/or water heater shall be provided for combustion air.

L. Section 402.6.1 is amended by the addition of the following second paragraph to read as follows:

402.6.1 Liquefied petroleum gas systems.

....

Equipment burning liquefied petroleum gas (LPG) shall not be located in a pit, basement, under floor space, below grade, attic or similar location where vapors or fuel may unsafely collect. Liquid petroleum gases, including construction and temporary heating shall only be installed per the adopted fire code, manufacturer’s specifications and listing of the appliance(s).

M. The last sentence of Section 406.4 is amended to read as follows:

Section 406.4 Test pressure measurement.

....

Mechanical gauges used to measure test pressures shall have a range such that the highest end of the scale is not greater than **three** times the test pressure.

- N. Sections 406.4.1 and 406.4.2 are deleted and the following Section 406.4.1 is inserted in lieu thereof:

406.4.1. Test pressure and duration. These inspections shall include a determination that the gas piping size, material, and installation meet the requirements of this code and shall be made after all piping authorized by the permit has been installed and before any portions thereof which are to be covered or concealed are so concealed and before any fixture, appliance, or shutoff valve has been attached thereto. This inspection shall include an air, CO₂ or nitrogen pressure test, at which time the gas piping shall stand not less than ten (10) pounds per square inch (68.9 kPa) gauge pressure, or at the discretion of the building official, the piping and valves may be tested at a pressure of at least six (6) inches (152mm) of mercury, measured with a manometer or slope gauge. Test pressures shall be held for a length of time satisfactory to the building official, but in no case for less than fifteen (15) minutes, with no perceptible drop in pressure.

For welded piping, and for piping carrying gas at pressure in excess of fourteen (14) inches (356 mm) water column pressure, the test pressure shall not be less than sixty (60) pounds per square inch (413.4 kPa) and shall be continued for a length of time satisfactory to the building official, but in no case for less than thirty (30) minutes.

These tests shall be made using air, CO₂, or nitrogen pressure only and shall be made in the presence of the building official. All necessary apparatus for conducting tests shall be furnished by the permit holder. Test gauges used in conducting tests shall comply with Chapter 4 of this code.

- O. Section 501.8 shall be amended by deleting the following:

501.8 Appliances not required to be vented.

.....

8. Room heaters *listed* for un-vented use.
10. Other appliances *listed* for un-vented use and not provided with flue collars.

Section 15.18.030 – Violations and penalties.

It shall be unlawful for any person, firm or corporation to erect, construct, enlarge, alter, repair, move, improve, remove, convert or demolish, equip, use, occupy or maintain any building or structure in the city or cause the same to be done contrary to or in violation of any of the provisions of this code, as adopted and modified by the city. Any person, firm or corporation violating any of the provisions of this code, as adopted and modified by the city, shall be deemed guilty of a misdemeanor and subject to penalties as set forth in Section 1.12.010 of the code of the city of Loveland.

Section 2. That if any section, subsection, or portion of this ordinance is, for any reason, held to be unconstitutional or invalid for any reason, such decision shall not affect that validity of the remaining portions of this ordinance. City Council hereby declares that it would have passed this ordinance, and each section, subsection, and portion hereof, regardless of

whether any one or more sections, subsections, or portions may be declared unconstitutional or invalid.

Section 3. That nothing in this ordinance shall be construed to affect any suit or proceeding pending in any court, or any rights acquired, liability incurred, or cause of action acquired or existing under any ordinance hereby repealed, nor shall any legal right or remedy of any character be impaired by this ordinance.

Section 4. That the City Clerk shall cause to be published twice in a newspaper of general circulation within the City, once at least fifteen days preceding the public hearing, and once at least eight days preceding the public hearing, the following notice:

Public notice is hereby given that at 6:30 p.m. on June 18, 2013 in the City Council Chambers, City Hall, 500 East Third Street, Loveland, Colorado, the Loveland City Council will consider on second reading an Ordinance Repealing and Reenacting Chapter 15.18 of The Loveland Municipal Code and Adopting by Reference the International Fuel Gas Code, 2012 Edition. A public hearing shall be held prior to said consideration. Copies of the above-referenced International Fuel Gas Code, 2012 Edition and any codes adopted by reference within such code are on file with the Loveland City Clerk and are open to public inspection.

Section 5. That as provided in City Charter Section 4-9(a)(7), this Ordinance shall be published by title only by the City Clerk after adoption on second reading unless the Ordinance has been amended since first reading in which case the Ordinance shall be published in full or the amendments shall be published in full. This Ordinance shall be in full force and effect ten days after its final publication, as provided in City Charter Section 4-8(b).


Signed this 18th day of June, 2013

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:



Deputy City Attorney

First Reading May 21, 2013
Second Reading June 18, 2013

ORDINANCE NO.

**AN ORDINANCE REPEALING AND REENACTING CHAPTER 15.20 OF THE
LOVELAND MUNICIPAL CODE AND ADOPTING BY REFERENCE THE
INTERNATIONAL PLUMBING CODE, 2012 EDITION**

WHEREAS, pursuant to Section 4-12 of the Charter of the City of Loveland, the City Council is authorized to adopt, by ordinance, any code by reference in accordance with the procedures established by state law; and

WHEREAS, the Construction Advisory Board has recommended that City Council adopt the 2012 Edition of the International Plumbing Code (the “2012 IPC”), and amendments thereto; and

WHEREAS, The City Council has conducted a public hearing pursuant to C.R.S. §31-16-203 concerning the adoption of the 2012 IPC by reference and finds and determines that it is necessary to the health, safety and general welfare of the public that the City regulate conditions hazardous to life and property by the adoption of the 2012 IPC, and certain amendments and modifications thereto.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. Chapter 15.20 of the Loveland Municipal Code is hereby repealed in its entirety and reenacted to read as follows:

Chapter 15.20

PLUMBING CODE

Sections:

- 15.20.010 International Plumbing Code, 2012 Edition – Adopted.**
- 15.20.020 Modifications to the International Plumbing Code, 2012 Edition.**
- 15.20.030 Violations and penalties.**

Section 15.48.010 – International Plumbing Code, 2012 Edition – Adopted.

The International Plumbing Code, 2012 Edition (the “2012 IPC”), issued and published by the International Code Council, 4051 West Flossmoor Road, Country Club Hills, IL 60478-5795, is hereby adopted by reference as the mechanical code of the city as if fully set forth herein, with the modifications, if any, set forth in Section 15.20.020 below. This code is a complete code to safeguard public health, safety and welfare by regulating and governing the design, construction, quality of materials, erection, installation, alteration, repair, location, relocation, replacement, addition to, use or maintenance of plumbing systems, and providing for issuance of permits and

collection of fees therefore. At least one copy of the 2012 IPC, which has been certified by the mayor and city clerk, shall be on file in the office of the city clerk and may be inspected during regular business hours.

Section 15.48.020 - Modifications to International Plumbing Code, 2012 Edition.

The International Plumbing Code, 2012 Edition, adopted in this chapter, is modified as follows:

A. Section 101.1 is amended to read as follows:

101.1 Title. These regulations shall be known as the Plumbing Code of the City of Loveland, hereinafter referred to as “this code” or “plumbing code.”

B. Section 103 is deleted in its entirety.

C. The first sentence of Section 106.5.1 is amended to read as follows:

106.5.1 Approved construction documents. When the code official issues the permit where construction documents are required, the construction documents shall be endorsed in writing and stamped “REVIEWED PLANS FOR CODE COMPLIANCE”.

[no change to remainder of Section 106.5.1]

D. Section 106.6.2 is amended to read as follows:

106.6.2 Fee Schedule. Fees for any permit, plan review or inspection required by this code shall be established from time to time by resolution of the City Council

E. Section 106.6.3 is amended by inserting “fifty percent” into the brackets of paragraphs numbered 2 and 3. Additionally, the last paragraph of this section shall be deleted in its entirety and replaced with the following:

The code official shall not authorize the refunding of any fee paid, except upon written application filed by the original permittee not later than 90 days after the date of fee payment.

F. Section 108.2 is amended to read as follows

108.2 Notice of Violation. The code official shall post on the property or serve on the person responsible a notice of violation or order for the erection, installation, alteration, extension, repair, removal or demotion of work in violation of the provisions of this code, or in violation of a detail statement or the approved construction documents thereunder, or in violation of a permit or certificate issued under the provisions of this code. Such order shall direct the discontinuance of the illegal action or condition and the abatement of the violation.

G. Section 108.4 is deleted in its entirety.

H. Section 108.5 is amended by adding the last sentence to read as follows:

108.5 Stop work orders. Upon notice from the code official, work on any plumbing system that is being done contrary to the provisions of the code or in a dangerous or unsafe manner shall immediately cease. Such notice shall be given to the owner of

the property, or to the owner's agent, or to the person doing the work, or posted on the property. The notice shall state the conditions under which work is authorized to resume. Where an emergency exists, the code official shall not be required to give a written notice prior to stopping the work.

Any person who shall continue any work on the system after having been served by a stop work order, except such work as that person is directed to perform to remove a violation or unsafe condition, shall be liable for a fine as from time to time by resolution of the City Council.

I. Section 109 is deleted in its entirety.

I The first sentence of Section 312.3 is amended to read as follows:

312.3 Drainage and vent air test. Plastic pipe tested with air is permitted provided the individual and/or company responsible for performing the work and test, provide proper notification by posting the area where the work and test is being performed. An air test shall

Section 15.20.030 – Violations and penalties.

It shall be unlawful for any person, firm or corporation to erect, construct, enlarge, alter, repair, move, improve, remove, convert or demolish, equip, use, occupy or maintain any building or structure in the city or cause the same to be done contrary to or in violation of any of the provisions of this code, as adopted and modified by the city. Any person, firm or corporation violating any of the provisions of this code, as adopted and modified by the city, shall be deemed guilty of a misdemeanor and subject to penalties as set forth in Section 1.12.010 of the code of the City of Loveland.

Section 2. That if any section, subsection, or portion of this ordinance is, for any reason, held to be unconstitutional or invalid for any reason, such decision shall not affect that validity of the remaining portions of this ordinance. City Council hereby declares that it would have passed this ordinance, and each section, subsection, and portion hereof, regardless of whether any one or more sections, subsections, or portions may be declared unconstitutional or invalid.

Section 3. That nothing in this ordinance shall be construed to affect any suit or proceeding pending in any court, or any rights acquired, liability incurred, or cause of action acquired or existing under any ordinance hereby repealed, nor shall any legal right or remedy of any character be impaired by this ordinance.

Section 4. That the City Clerk shall cause to be published twice in a newspaper of general circulation within the City, once at least fifteen days preceding the public hearing, and once at least eight days preceding the public hearing, the following notice:

Public notice is hereby given that at 6:30 p.m. on June 18, 2013 in the City Council Chambers, City Hall, 500 East Third Street, Loveland, Colorado, the Loveland City Council will consider on second reading an Ordinance Repealing and Reenacting Chapter 15.20 of the Loveland Municipal Code and Adopting by

Reference the International Plumbing Code, 2012 Edition. A public hearing shall be held prior to said consideration. Copies of the above-referenced International Plumbing Code and any codes adopted by reference within such code are on file with the Loveland City Clerk and are open to public inspection.

Section 5. That as provided in City Charter Section 4-9(a)(7), this Ordinance shall be published by title only by the City Clerk after adoption on second reading unless the Ordinance has been amended since first reading in which case the Ordinance shall be published in full or the amendments shall be published in full. This Ordinance shall be in full force and effect ten days after its final publication, as provided in City Charter Section 4-8(b).

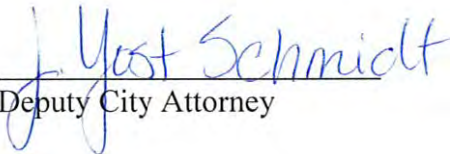
Signed this 18th day of June, 2013

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:



Deputy City Attorney

First Reading May 21, 2013
Second Reading June 18, 2013

ORDINANCE NO. _____

**AN ORDINANCE REPEALING AND REENACTING CHAPTER 15.28 OF
THE LOVELAND MUNICIPAL CODE AND ADOPTING BY
REFERENCE THE INTERNATIONAL FIRE CODE, 2012 EDITION**

WHEREAS, pursuant to Section 4-12 of the Charter of the City of Loveland, the City Council is authorized to adopt, by ordinance, any code by reference in accordance with the procedures established by state law; and

WHEREAS, the City Council has received the recommendation of the Loveland Fire Rescue Authority Board, the Loveland Rural Fire Protection District and the Fire Rescue Advisory Commission recommending the adoption of the 2012 Edition of the International Fire Code (“2012 IFC”), and amendments thereto; and

WHEREAS, the City Council has conducted a public hearing pursuant to C.R.S. § 31-16-203, concerning the adoption of the 2012 IFC by reference and finds and determines that it is necessary to the health, safety and general welfare of the public that the City regulate conditions hazardous to life and property by the adoption of the 2012 IFC, and certain amendments and modifications thereto.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. Section 15.28 of the Loveland Municipal Code is hereby repealed in its entirety and reenacted to read as follows:

Chapter 15.28

FIRE CODE

Sections:

- 15.28.010 International Fire Code, 2012 Edition – Adopted.**
- 15.28.020 Modifications to the International Fire Code, 2012 Edition.**
- 15.28.030 Violations and penalties.**

Section 15.28.010 International Fire Code, 2012 Edition - Adopted.

The International Fire Code 2012 Edition, issued and published by the International Code Council, 4051 West Flossmoor Road, Country Club Hills, IL 60478-5795, including appendices B, C, D and I, is hereby adopted by reference as the fire code of the city. The purpose of the fire code is to provide minimum standards to safeguard life and limb, health, property and the public

welfare by regulating fire and explosion hazards arising from the storage, handling and use of hazardous substances, materials and devices, and from conditions hazardous to life or property in the occupancy of buildings and premises; and to provide for the issuance of permits and collection of fees therefore. At least one copy of the International Fire Code, 2012 Edition, which has been certified by the mayor and city clerk, shall be on file in the office of the city clerk, and may be inspected during regular business hours.

Section 15.28.020 Modifications to International Fire Code – 2012 Edition.

The International Fire Code, 2012 Edition, adopted in this chapter, is modified as follows:

- A. Subsection 101.1 of Section 101 is amended to read as follows:

101.1 Title. These regulations shall be known as the City of Loveland Fire Code hereinafter referred to as “the fire code”.

- B. Subsection 108.1 of Section 108 is amended to read as follows:

108.1 Appeals. Appeals arising from the application of the International Fire Code, 2012 Edition, shall be pursuant to Sections 15.04.150 and 15.04.152 of the Loveland Municipal Code.

- C. Subsection 108.2 of Section 108 is deleted in its entirety.

- D. Subsection 108.3 of Section 108 is deleted in its entirety.

- E. Subsection 109.3.1 of Section 109 is amended to read as follows:

109.3.1 Service. A notice of violation issued pursuant to this code shall be served upon the owner, operator, occupant or other person responsible for the condition or violation, either by personal service, mail or by delivering the same to, and leaving it with, some person of responsibility upon the premises. For unattended or abandoned locations, a copy of such notice shall be posted on the premises in a conspicuous place at or near the entrance to such premises and the notice of violation shall be mailed by US mail to the last known address of the owner, occupant or both.

- F. Subsection 109.4 of Section 109 is deleted in its entirety.

- G. Subsection 111.4 of Section 111 is deleted in its entirety.

- H. Subsection 113.2 of Section 113 is amended to read as follows:

113.2 Schedule of Permit Fees. Fees for any permit, inspections, and services authorized by the fire code shall be assessed in accordance with the fee schedule established by resolution of the city council.

- I. Subsection 113.5 of Section 113 is amended to read as follows;

113.5 Refunds. The fire code official shall be permitted to authorize a refund of not more than fifty percent (50%) of the permit fee when no work has been done under a permit issued in accordance with this code. This refund shall only be redeemable within twelve months (12) of issuance of the permit.

The fire code official shall not be permitted to authorize a refund of any fee paid except upon written application filed by the original applicant not later than sixty (60) days after the date of fee payment.

- J. Section 202 is amended by the addition of a new definition to read as follows:

PERMISSIBLE FIREWORKS. Permissible fireworks are as defined in C.R.S. Section 12-28-101(8).

- K. Section 308 is amended in part, by the addition of a new subsection 308.1.1 to read as follows:

308.1.1 Open Flames. Sky Lanterns. The lighting of, and the release of, Sky Lanterns shall be prohibited.

- L. Subsection 311.5 of Section 311 is deleted in its entirety.

- M. Subsection 503.2.5 of Section 503 is amended to read as follows:

503.2.5 Dead Ends. Dead-end fire apparatus access roads in excess of one hundred-fifty (150) feet in length shall be provided with an approved area for turning around fire apparatus. Dead-ends in excess of one thousand (1,000) feet are not allowed.

- N. Subsection 503.6 of Section 503 is amended to read as follows:

503.6 Security Gates. The installation of security gates across a fire apparatus access road shall be approved by the fire code official. Where security gates are installed, they shall have an approved means of emergency operation. The security gates and the

emergency operation shall be maintained operational at all times. Electric gate operators, where provided, shall be listed in accordance with UL 325. Gates intended for automatic operation shall be designed, constructed and installed to comply with the requirements of ASTM F 2200.

Exception: Private driveways serving a single-family residence.

O. Subsection 505.1 of Section 501 is amended to read as follows:

505.1 Premises Identification. New and existing buildings shall have approved address numbers, building numbers or approved building identification placed in a position that is plainly legible and visible from the street or road fronting the property. The color of these numbers shall contrast with their background. Address numbers shall be Arabic numerals. New residential buildings that contain not more than two dwelling units shall have minimum 4-inch high numbers, with a minimum stroke width of ½ inch. Individual suite or unit addresses shall be displayed with minimum 4-inch high numbers, with a minimum stroke width of ½ inch. New multiple-family or commercial buildings shall have minimum 6-inch high numbers, with a minimum stroke width of ½ inch. New buildings three or more stories in height or with a floor area of 15,000 to 100,000 square feet, shall have minimum 8-inch high numbers, with a minimum stroke width of 1 inch. Buildings with a total floor area of 100,000 square feet or greater shall have minimum 12-inch high numbers, with a minimum stroke width of 1½ inches. Where building setbacks exceed 100 feet from the street or access road, additional numbers shall be displayed at the property entrance. The fire code official may require address numbers to be displayed on more than one side of the building.

P. Subsection 507.3 Section 507 is amended to read as follows:

507.3 Fire Flow. Fire flow requirements for buildings or portions of buildings and facilities shall be determined in accordance with Appendix B.

Q. Subsection 507.5 of Section 507 is amended to read as follows:

507.5 Fire Hydrant Systems. Fire hydrant systems shall comply with Sections 507.5.1 through 507.5.6 of this fire code.

R. The exceptions to Subsection 507.5.1 of Section 507 are amended to read as follows:

. . .

Exceptions:

1. Fire hydrants shall be spaced six hundred (600) feet apart for Group R-3 occupancies and three hundred-fifty (350) feet apart for all other occupancies.

2. For buildings equipped throughout with an approved automatic sprinkler system installed in accordance with Section 903.3.1.1 or 903.3.1.2, the distance requirement shall be 600 feet or as approved by the fire code official.

- S. Section 507 is amended in part by the addition of a new subsection 507.5.7 to read as follows:

507.5.7 Fire Department Connections. A fire hydrant shall be located within one hundred-fifty (150) feet of a fire department connection, using an approved route without obstacles.

- T. Section 510 is amended in part by the deletion of subsections 510.1 and 510.2 and replacing with new Sections 510.1 and 510.2, to read as follows:

510.1 Emergency responder radio coverage in new buildings. Where adequate radio coverage cannot be established within a building, as defined by the fire code official, public safety radio amplification systems shall be installed in the following locations:

1. New buildings with a total building area greater than fifty thousand (50,000) square feet. For the purpose of this section, fire walls shall not be used to define separate buildings.
2. All new basements larger than ten thousand (10,000) square feet.

Exceptions:

1. One and two-family dwellings and townhouses.
2. If approved by the fire code official, buildings that provide a documented engineering analysis indicating the building is in compliance with radio reception levels in accordance with Section 510.6.1 and final fire department testing.

510.2 Emergency responder radio coverage in existing buildings. Existing buildings shall be provided with approved radio coverage for emergency responders if the buildings meet the criteria of Section 510.1 and are undergoing alterations or additions exceeding fifty percent (50%) of the existing aggregate area of the building as of the date of this ordinance.

Exceptions:

1. One and two-family dwellings and townhouses.

2. If approved by the fire code official, buildings that provide a documented engineering analysis indicating the building is in compliance with radio reception levels in accordance with Section 510.6.1 and final fire department testing.

U. Subsection 901.1 of Section 901 is amended to read as follows:

901.1 Scope. The provisions of this chapter shall specify where fire protection systems are required and shall apply to the design, installation, inspection, operation, testing and maintenance of all fire protection systems. When the requirements of this code and the adopted building code are in conflict, the more restrictive shall apply.

V. Subsection 903.1.1 of Section 903 is amended to read as follows:

903.1.1 Alternative Protection. Alternative automatic fire-extinguishment systems complying with Section 904 shall be permitted in lieu of automatic sprinkler protection where recognized by the applicable standard and approved by the building code official and fire code official.

W. Item (4) of Subsection 903.2.7 is amended to read as follows:

(4) A group M occupancy used for the display and sale of upholstered furniture which does not exceed six thousand (6,000) square feet.

X. Section 903 is amended in part by the addition of a new Section 903.2.13, to read as follows:

903.2.13 Dead-end Roadways. An automatic fire sprinkler system shall be installed in all Group R fire areas, including single-family detached residences, when the residential structure is located beyond four hundred (400) feet of the entrance to a dead-end roadway.

Y. Subsection 903.3.1.3 of Section 903 is amended to read as follows:

Section 903.3.1.3 NFPA 13D Sprinkler Systems. Automatic sprinkler systems shall not be required in one- or two-family dwellings including townhouses that are located within six hundred (600) feet of a fire hydrant meeting minimum flow and pressure requirements and located within four hundred (400) feet from the entrance on a dead-end roadway. All other one- and two-family dwellings shall have automatic sprinkler systems installed in accordance with NFPA 13D.

Z. Section 903 is amended in part by the addition of a new subsection 903.3.5.3 to read as follows:

903.3.5.3 Backflow Protection. All fire sprinklers systems undergoing modification, unless exempt by the Director of the City of Loveland Water and Power Department or other applicable water district, shall be isolated from the public water system by a backflow prevention device meeting the requirements of the Loveland Municipal Code or applicable water district.

AA. Subsection 903.4.3 of Section 903 is amended to read as follows:

Section 903.4.3 Floor Control Valves. Approved supervising indicating control valves shall be provided at the point of connection to the riser on each floor in all multi-story structures.

BB. Subsection 905.1 of Section 905 is amended in part by the addition of a new Section 905.1.1 to read as follows:

905.1.1 Alternative classes of standpipes. The fire code official is authorized to require to the installation of alternative classes of standpipes.

CC. Subsection 905.3.4.1 of Section 905 is deleted in its entirety.

DD. Subsection 907.2.11.2 of Section 907 is amended in part by the addition of a new Paragraph 4, to read as follows:

4. In Groups R-2, R-3, R-4 and I-1 occupancies, and in all attached garages, an interconnected heat detector shall be installed.

EE. Section 907 is amended in part by the addition of a new Section 907.2.11.5 to read as follows:

907.2.11.5 Exterior Strobe. An exterior strobe shall be provided on the exterior of all R-3 and R-4 occupancies in a location readily visible from the roadway fronting the structure. This strobe shall alarm upon activation of any smoke or heat detection. The fire code official is authorized to require exterior strobes to be provided on more than one side of the structure.

FF. Subsection 1104.16.5 of Section 1104 is amended to read as follows:

1104.16.5.1 Examination. Fire escape stairs and balconies shall be examined for structural adequacy and safety in accordance with Section 1104.16.5 by a registered design professional or others acceptable to the fire code official, at such times required by the fire code official. An inspection report shall be submitted to the fire code official after such examination.

GG. Subsection 3103.2 of Section 3103 is amended in part to read as follows, however, the exceptions remain unchanged:

3103.2 Approval Required. Tents/Canopies and membrane structures in excess of seven hundred (700) square feet shall not be erected, operated or maintained for any purpose without first obtaining a permit and approval from the fire code official.

...

HH. Subsection 5601.1.3 of Section 5601 is amended to read as follows:

5601.1.3 Fireworks. The possession, manufacture, storage, sale, handling and use of fireworks are prohibited unless permitted by state and local laws.

II. Exception 4 of Subsection 5601.1.3 is amended to read as follows:

...

4. The possession, storage, sale, handling and use of permissible fireworks in accordance with the criteria established by the fire code official.

JJ. Section 5602 is amended by the addition of a new defined term to read as follows:

PERMISSIBLE FIREWORKS.

KK. Chapter 56 is amended by the addition of a new Section 5610 to read as follows:

**SECTION 5610
PERMISSIBLE FIREWORKS**

5610.1 General. Permissible fireworks use shall be as detailed in this section and in accordance with state and local laws.

5610.2 Use of Fireworks. The use of permissible fireworks shall be in accordance with Sections 5610.2.1 through 5610.2.4.

5610.2.1 It shall be unlawful for any person to possess, store, offer for sale, expose for sale, sell at retail, or use, or discharge any fireworks, other than permissible fireworks.

5610.2.2 It shall be unlawful for any person to knowingly furnish to any person under the age of sixteen (16) years of age, by gift, sale, or any other means, any fireworks, or permissible fireworks.

5610.2.3 It shall be unlawful for any person under sixteen (16) years of age to purchase fireworks, including permissible fireworks.

5610.2.4 It shall not be unlawful for a person under sixteen (16) years of age to possess and discharge permissible fireworks if such person is under adult supervision throughout the act of possession and discharge.

LL. Subsection 5704.2.9.6.1 of Section 5704 is amended to read as follows:

5704.2.9.6.1 Location where above-ground storage tanks are prohibited. Storage of Class I and II liquids in above-ground storage tanks outside of buildings is prohibited within the city limits.

Exceptions:

1. Above-ground tank storage of aviation fuels at the Fort Collins-Loveland Airport fuel farm.
2. Protected above-ground tank storage (UL 2085) not exceeding one thousand (1,000) gallons in size per tank or two thousand (2,000) gallons per site.
3. Above-ground storage tanks not exceeding 500 gallons for supply of emergency generators or fire pumps when approved by the fire code official.

MM. Subsection 5704.2.13.1.4 of Section 5704 is deleted in its entirety.

NN. Subsection 5706.2.4 of Section 5706 is amended to read as follows:

5706.2.4 Permanent and temporary tanks. The capacity of permanent aboveground tanks containing Class I or Class II liquids shall not exceed five hundred (500) gallons. The capacity of temporary aboveground tanks containing Class I or Class II liquids shall not exceed two thousand (2,000) gallons unless a larger amount is approved in writing by the fire code official. Tanks shall be of single-compartment design.

OO. Subsection 5706.2.4.4 of Section 5706 is deleted in its entirety.

PP. Subsection 5806.2 of Section 5806 is amended by the deletion of the parenthetical information.

QQ. Subsection 6104.2 of Section 6104 is amended to read as follows, however the exceptions remain unchanged:

6104.2 Maximum capacity within established limits. Within the limits established by law restricting the storage of liquefied petroleum gas for the protection of heavily populated or congested areas, the aggregate capacity of any one installation shall not exceed a water capacity of five hundred, (500), gallons.

...

RR. Subsection D102.1 of Section D102 is amended to read as follows:

D102.1 Access and loading. Facilities, buildings or portions of buildings hereafter constructed shall be accessible to fire department apparatus by way of an approved fire apparatus access road with an asphalt, concrete or other approved driving surface capable of supporting the imposed load of fire apparatus weighing at least 80,000 pounds.

SS. Subsection D105.2 of Section D105 is amended to read as follows:

D103.6 Signs. Where required by the fire code official, fire apparatus access roads shall be marked with permanent NO PARKING – FIRE LANE signs complying with Diagram 1418 of the Larimer County Urban Area Street Standards. Signs shall be posted on one or both sides of the fire apparatus road as required by Section D103.6.1 or D103.6.2

15.28.030 Violations and Penalties.

No person who operates, occupies, or maintains a premises or vehicle subject to the provisions of this chapter shall allow a fire hazard to exist, nor shall fail to take immediate action to abate a fire hazard when ordered or notified to do so. Any person who shall violate any of the provisions of this chapter or who shall violate or fail to comply with any orders made hereunder or who shall act in any way in violation of any permits issued hereunder shall, severally and for each and every violation in noncompliance respectively, be guilty of a misdemeanor punishable by the penalty set forth in Section 1.12.010 of the Loveland Municipal Code. The imposition of one penalty for any violation shall not excuse the violation or permit it to continue, and all persons shall be required to correct or remedy the violations or defects within a reasonable time, and when not otherwise specified, each day that prohibited conditions are maintained shall constitute a separate offense. The application of any penalty pursuant hereto shall not be held to

prevent the forced removal of prohibited conditions nor the suspension or removal of a permit or license issued hereunder.

Section 2. That if any section, subsection, or portion of this ordinance is, for any reason, held to be unconstitutional or invalid for any reason, such decision shall not affect that validity of the remaining portions of this ordinance. City Council hereby declares that it would have passed this ordinance, and each section, subsection, and portion hereof, regardless of whether any one or more sections, subsections, or portions may be declared unconstitutional or invalid.

Section 3. That nothing in this ordinance shall be construed to affect any suit or proceeding pending in any court, or any rights acquired, liability incurred, or cause of action acquired or existing under any ordinance hereby repealed, nor shall any legal right or remedy of any character be impaired by this ordinance.

Section 4. That the City Clerk shall cause to be published twice in a newspaper of general circulation within the City, once at least fifteen days preceding the public hearing, and once at least eight days preceding the public hearing, the following notice:

Public notice is hereby given that at 6:30 p.m. on June 18, 2013 in the City Council Chambers, City Hall, 500 East Third Street, Loveland, Colorado, the Loveland City Council will consider on second reading an Ordinance Amending Chapter 15.28 of the Loveland Municipal Code to Adopt by Reference 2012 International Fire Code. A public hearing shall be held prior to said consideration. Copies of the above-referenced ordinance and any codes adopted by reference within said ordinance are on file with the Loveland City Clerk and are open to public inspection.

Section 5. That as provided in City Charter Section 4-9(a)(7), this Ordinance shall be published by title only by the City Clerk after adoption on second reading unless the Ordinance has been amended since first reading in which case the Ordinance shall be published in full or the amendments shall be published in full. This Ordinance shall be in full force and effect ten days after its final publication, as provided in City Charter Section 4-8(b).

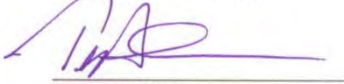
Signed this 18th day of June, 2013.

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

Approved as to form:



Teresa Ablao
Assistant City Attorney

First Reading May 21, 2013
Second Reading June 18, 2013

ORDINANCE NO.

**AN ORDINANCE REPEALING AND REENACTING CHAPTER 15.48 OF THE
LOVELAND MUNICIPAL CODE AND ADOPTING BY REFERENCE THE
INTERNATIONAL
ENERGY CONSERVATION CODE, 2012 EDITION**

WHEREAS, pursuant to Section 4-12 of the Charter of the City of Loveland, the City Council is authorized to adopt, by ordinance, any code by reference in accordance with the procedures established by state law; and

WHEREAS, the Construction Advisory Board has recommended that City Council adopt the 2012 Edition of the International Energy Conservation Code (the “2012 IECC”), and amendments thereto; and

WHEREAS, The City Council has conducted a public hearing pursuant to C.R.S. §31-16-203 concerning the adoption of the 2012 IECC by reference and finds and determines that it is necessary to the health, safety and general welfare of the public that the City regulate conditions hazardous to life and property by the adoption of the 2012 IECC, and certain amendments and modifications thereto.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. Chapter 15.48 of the Loveland Municipal Code is hereby repealed in its entirety and reenacted to read as follows:

Chapter 15.48

INTERNATIONAL ENERGY CONSERVATION CODE

Sections:

- 15.48.010 International Energy Conservation Code, 2012 Edition – Adopted.**
- 15.48.020 Modifications to the International Energy Conservation Code, 2012 Edition.**
- 15.48.030 Violations and penalties.**

Section 15.48.010 – International Energy Conservation Code, 2012 Edition – Adopted.

The International Energy Conservation Code, 2012 Edition (the “2012 IECC”), issued and published by the International Code Council, 4051 West Flossmoor Road, Country Club Hills, IL 60478-5795, is hereby adopted by reference as the energy conservation code of the city as if fully set forth herein, with the modifications, if any, set forth in Section 15.48.020 below. This

code is a complete code to safeguard public health, safety and welfare by regulating and governing energy efficient building envelopes and installation of energy efficient mechanical, light, and power systems and providing for issuance of permits and collection of fees therefore. At least one copy of the 2012 IECC, which has been certified by the mayor and city clerk, shall be on file in the office of the city clerk and may be inspected during regular business hours.

Section 15.48.020 - Modifications to International Energy Conservation Code, 2012 Edition.

The International Energy Conservation Code, 2012 Edition, adopted in this chapter, is modified as follows:

- A. Section C101.1 is amended to read as follows:

C101.1 Title. These regulations shall be known as the International Energy Conservation Code of the City of Loveland, hereinafter referred to as “this code”.

- B. Section R101.1 is amended to read as follows:

R101.1 Title. These regulations shall be known as the International Energy Conservation Code of the City of Loveland, hereinafter referred to as “this code”.

- C. Section C101.2 is amended by adding the listed exceptions to read as follows:

Exception:

1. Energy conservation systems and components in existing buildings or structures undergoing repair, alterations or additions, and change of occupancy, shall be permitted to comply with the International Existing Building Code and Chapter 34 of the International Building Code.

2. Utility and miscellaneous group U occupancies and agricultural structures as defined by the International Building Code which are neither heated nor cooled by fossil fuels or electricity.

- D. Section C108.2 is deleted in its entirety and amended to read as follows:

C108.2 Issuance. The stop work order shall be given to the owner of the property involved, or to the owner’s agent, or to the person doing the work, or posted on the property. Upon issuance of a stop work order, the cited work shall immediately cease. The stop work order shall include the reason for the order, and the conditions under which the cited work will be permitted to resume.

- E. Section R108.2 is deleted in its entirety and amended to read as follows:

R108.2 Issuance. The stop work order shall be given to the owner of the property involved, or to the owner’s agent, or to the person doing the work, or posted on the

property. Upon issuance of a stop work order, the cited work shall immediately cease. The stop work order shall include the reason for the order, and the conditions under which the cited work will be permitted to resume.

F. Sections C108.3 and R108.3 are deleted in their entirety.

G. Sections C108.4 and R108.4 are deleted in their entirety.

H. Sections C109, and R109 are deleted in their entirety.

I. Section C302.1 is deleted in its entirety and amended to read as follows:

C302.1 Interior design conditions. The interior design temperatures used for heating and cooling load calculations shall be as defined in Section 1301.1.2 of the 2012 International Building Code.

J. Section R302.1 is deleted in its entirety and amended to read as follows:

R302.1 Interior design conditions. The interior design temperatures used for heating and cooling load calculations shall be as defined in Section 1301.1.2 of the 2012 International Residential Code.

Section 15.48.030 – Violations and penalties.

It shall be unlawful for any person, firm or corporation to erect, construct, enlarge, alter, repair, move, improve, remove, convert or demolish, equip, use, occupy or maintain any building or structure in the city or cause the same to be done contrary to or in violation of any of the provisions of this code, as adopted and modified by the city. Any person, firm or corporation violating any of the provisions of this code, as adopted and modified by the city, shall be deemed guilty of a misdemeanor and subject to penalties as set forth in Section 1.12.010 of the code of the city of Loveland.

Section 2. That if any section, subsection, or portion of this ordinance is, for any reason, held to be unconstitutional or invalid for any reason, such decision shall not affect that validity of the remaining portions of this ordinance. City Council hereby declares that it would have passed this ordinance, and each section, subsection, and portion hereof, regardless of whether any one or more sections, subsections, or portions may be declared unconstitutional or invalid.

Section 3. That nothing in this ordinance shall be construed to affect any suit or proceeding pending in any court, or any rights acquired, liability incurred, or cause of action acquired or existing under any ordinance hereby repealed, nor shall any legal right or remedy of any character be impaired by this ordinance.

Section 4. That the City Clerk shall cause to be published twice in a newspaper of general circulation within the City, once at least fifteen days preceding the public hearing, and once at least eight days preceding the public hearing, the following notice:

Public notice is hereby given that at 6:30 p.m. on June 18, 2013 in the City Council Chambers, City Hall, 500 East Third Street, Loveland, Colorado, the Loveland City Council will consider on second reading an Ordinance Repealing and Reenacting Chapter 15.48 and Adopting by Reference the International Energy Conservation Code, 2012 Edition. A public hearing shall be held prior to said consideration. Copies of the above-referenced International Energy Code, 2012 Edition and any codes adopted by reference within the code are on file with the Loveland City Clerk and are open to public inspection.

Section 5. That as provided in City Charter Section 4-9(a)(7), this Ordinance shall be published by title only by the City Clerk after adoption on second reading unless the Ordinance has been amended since first reading in which case the Ordinance shall be published in full or the amendments shall be published in full. This Ordinance shall be in full force and effect ten days after its final publication, as provided in City Charter Section 4-8(b).


Signed this 18th day of June, 2013

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:



Deputy City Attorney

First Reading May 21, 2013
Second Reading June 18, 2013

ORDINANCE NO.

**AN ORDINANCE REPEALING AND REENACTING CHAPTER 15.52 OF THE
LOVELAND MUNICIPAL CODE AND ADOPTING BY REFERENCE THE
INTERNATIONAL EXISTING BUILDING CODE, 2012 EDITION**

WHEREAS, pursuant to Section 4-12 of the Charter of the City of Loveland, the City Council is authorized to adopt, by ordinance, any code by reference in accordance with the procedures established by state law; and

WHEREAS, the Construction Advisory Board has recommended that City Council adopt the 2012 Edition of the International Existing Building Code (the “2012 IEBC”), and amendments thereto; and

WHEREAS, The City Council has conducted a public hearing pursuant to C.R.S. §31-16-203 concerning the adoption of the 2012 IEBC by reference and finds and determines that it is necessary to the health, safety and general welfare of the public that the City regulate conditions hazardous to life and property by the adoption of the 2012 IEBC, and certain amendments and modifications thereto.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. Chapter 15.52 of the Loveland Municipal Code is hereby repealed in its entirety and reenacted to read as follows:

Chapter 15.52

INTERNATIONAL EXISTING BUILDING CODE

Sections:

- 15.52.010 International Existing Building Code, 2012 Edition – Adopted.**
- 15.52.020 Modifications to the International Existing Building Code, 2012 Edition.**
- 15.52.030 Violations and penalties.**

Section 15.52.010 – International Existing Building Code, 2012 Edition – Adopted.

The International Existing Building Code, 2012 Edition (the “2012 IEBC”), issued and published by the International Code Council, 4051 West Flossmoor Road, Country Club Hills, IL 60478-5795, is hereby adopted by reference as the existing building code of the city is hereby adopted by reference as the energy conservation code of the city as if fully set forth herein, with the modifications, if any, set forth in Section 15.52.020 below. This code is a complete code to safeguard public health, safety and welfare by regulating and governing the conditions and

maintenance of all property, relocation of existing buildings and structures by providing the standards for supplied utilities and facilities and other physical things and conditions essential to ensure that structures are safe, sanitary and fit for occupation and use, and providing for issuance of permits and collection of fees therefore. At least one copy of the International Existing Building Code, 2012 Edition, which has been certified by the mayor and city clerk, shall be on file in the office of the city clerk and may be inspected during regular business hours.

Section 15.12.020 - Modifications to International Existing Building Code, 2012 Edition.

The International Existing Building Code, 2012 Edition, adopted in this chapter, is modified as follows:

A. Section 101.1 is amended to read as follows:

101.1 Title. These regulations shall be known as the Existing Building Code of the City of Loveland, hereinafter referred to as “this code”.

B. Section 103 is deleted in its entirety.

C. Section 105.3 is amended by amendment of the first sentence to read as follows:

105.3 Application for permit. To obtain a permit, the applicant shall first file an application therefore in writing on a form furnished by the Building Division for that purpose.

D. Section 112 is deleted in its entirety.

E. Sections 113.1 and 113.4 are deleted in their entirety.

F. Section 113.2 is amended to read as follows:

Section 113.2. Notice of Violation. The *code official* is authorized to post on the property or serve on the person responsible a notice of violation or order for the *repair, alteration, extension, addition, moving, removal, demolition* or change in the occupancy of a building in violation of the provisions of this code or in violation of a permit or certificate issued under the provisions of this code. Such order shall direct the discontinuance of the illegal action or condition and the abatement of the violation.

G. Section 114.2 is amended to read as follows:

Section 114.2. Issuance. The stop work order shall be given to the owner of the property involved, or to the owner’s agent, or to the person doing the work, or posted on the property. Upon issuance of a stop work order, the cited work shall immediately cease. The stop work order shall include the reason for the order and the conditions under which the cited work will be permitted to resume.

- H. All references in the Loveland Municipal Code to “the ICC Electrical Code” shall be deleted and amended to read as follows:

“the National Electrical Code (NEC) as adopted and enforced by the State of Colorado”.

Section 15.48.030 – Violations and penalties.

It shall be unlawful for any person, firm or corporation to erect, construct, enlarge, alter, repair, move, improve, remove, convert or demolish, equip, use, occupy or maintain any building or structure in the city or cause the same to be done contrary to or in violation of any of the provisions of this code, as adopted and modified by the city. Any person, firm or corporation violating any of the provisions of this code, as adopted and modified by the city, shall be deemed guilty of a misdemeanor and subject to penalties as set forth in Section 1.12.010 of the code of the city of Loveland.

Section 2. That if any section, subsection, or portion of this ordinance is, for any reason, held to be unconstitutional or invalid for any reason, such decision shall not affect that validity of the remaining portions of this ordinance. City Council hereby declares that it would have passed this ordinance, and each section, subsection, and portion hereof, regardless of whether any one or more sections, subsections, or portions may be declared unconstitutional or invalid.

Section 3. That nothing in this ordinance shall be construed to affect any suit or proceeding pending in any court, or any rights acquired, liability incurred, or cause of action acquired or existing under any ordinance hereby repealed, nor shall any legal right or remedy of any character be impaired by this ordinance.

Section 4. That the City Clerk shall cause to be published twice in a newspaper of general circulation within the City, once at least fifteen days preceding the public hearing, and once at least eight days preceding the public hearing, the following notice:

Public notice is hereby given that at 6:30 p.m. on June 18, 2013 in the City Council Chambers, City Hall, 500 East Third Street, Loveland, Colorado, the Loveland City Council will consider on second reading an Ordinance Repealing and Reenacting Chapter 15.12 and Adopting by Reference the International Existing Building Code, 2012 Edition. A public hearing shall be held prior to said consideration. Copies of the above-referenced International Existing Building Code, 2012 Edition and any codes adopted by reference within the code are on file with the Loveland City Clerk and are open to public inspection.

Section 5. That as provided in City Charter Section 4-9(a)(7), this Ordinance shall be published by title only by the City Clerk after adoption on second reading unless the Ordinance has been amended since first reading in which case the Ordinance shall be published in full or the amendments shall be published in full. This Ordinance shall be in full force and effect ten days after its final publication, as provided in City Charter Section 4-8(b).


Signed this 18th day of June, 2013

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:



Deputy City Attorney

FIRST READING May 21, 2103

SECOND READING June 18, 2013

ORDINANCE NO. _____

AN ORDINANCE AMENDING SECTION 15.04.120 OF THE LOVELAND MUNICIPAL CODE REGARDING 2012 INTERNATIONAL CODES ADOPTED BY REFERENCE

WHEREAS, Section 15.04.120 of the Loveland Municipal Code lists the international codes adopted by reference in Title 15; and

WHEREAS, City Council has adopted by reference the 2012 edition of various international codes, which codes are a part of Title 15 and must be listed in Section 15.04.120.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. That Section 15.04.120 of the Loveland Municipal Code is hereby amended to read as follows:

15.04.120 Interpretation.

- A. When the building code or other codes adopted in this title contain a provision that an act or activity must be accomplished in order to secure an approval from, or that an act or activity is subject to the direction of, the inspecting agents or any other officer of the city, then such provision shall be construed to give such officer only the discretion of determining whether the rules and standards established by ordinance or the respective codes have been complied with. No such provision shall be construed as giving any officer or agent discretionary powers to make any ruling or determination concerning such conditions or things not prescribed by ordinance or code or to enforce ordinance provisions in an arbitrary or capricious manner.
- B. When any reference in this Title, or other codes adopted in this Title, is made to the “International Building Code” such reference shall refer to the building code adopted in this Title.
- C. When any reference in this Title, or other codes adopted in this Title, is made to the “International Residential Code” such reference shall refer to the building code adopted in this Title.
- D. When any reference in this Title, or other codes adopted in this Title, is made to the “International Mechanical Code” such reference shall refer to the building code adopted in this Title.

- E. When any reference in this Title, or other codes adopted in this Title, is made to the “International Fuel Gas Code” such reference shall refer to the building code adopted in this Title.
- F. When any reference in this Title, or other codes adopted in this Title, is made to the “International Plumbing Code” such reference shall refer to the building code adopted in this Title.
- G. When any reference in this Title, or other codes adopted in this Title, is made to the “International Energy Conservation Code” such reference shall refer to the building code adopted in this Title.
- H. When any reference in this Title, or other codes adopted in this Title, is made to the “International Existing Building Code” such reference shall refer to the building code adopted in this Title.
- I. When any reference in this Title, or other codes adopted in this Title, is made to the “ICC Electrical Code” such reference shall refer to the electrical code adopted in this Title.
- J. When any reference in this Title, or other codes adopted in this Title, is made to the “International Fire Code” such reference shall refer to the fire code adopted in this Title.
- K. When any reference in this Title, or other codes adopted in this Title, is made to the “International Private Sewage Disposal Code” such reference shall have no application.
- L. When any reference in this Title, or other codes adopted in this Title, is made to the “International Property Maintenance Code” such reference shall refer to the property maintenance code adopted in this Title.

Section 2. That as provided in City Charter Section 4-9(a)(7), this Ordinance shall be published by title only by the City Clerk after adoption on second reading unless the Ordinance has been amended since first reading in which case the Ordinance shall be published in full or the amendments shall be published in full. This Ordinance shall be in full force and effect ten days after its final publication, as provided in City Charter Section 4-8(b).

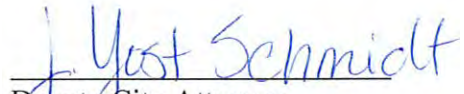
ADOPTED this 18th day of June, 2013.

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:


Deputy City Attorney

First Reading May 21, 2013
Second Reading June 18, 2013

ORDINANCE NO. ____

AN ORDINANCE AMENDING CHAPTER 1.08 OF THE LOVELAND MUNICIPAL CODE REGARDING RIGHT OF ENTRY FOR INSPECTION AND ENFORCEMENT

WHEREAS, City Council finds that updates to Chapter 1.08 of the Loveland Municipal Code are necessary and required in the interest of the health, safety and welfare of the people; and

WHEREAS, the City Council desires to revise sections of the code regarding the right of entry for code officials to be consistent for necessary code inspections and enforcement of ordinance, resolution, or code violations; and

WHEREAS, the City Council finds that such revisions to the following sections of the code are necessary to implement these changes.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. That Section 1.08.010 of the Loveland Municipal Code is hereby amended to read as follows:

1.08.010 Generally.

Whenever necessary to make an inspection to enforce any ordinance or resolution, or whenever there is reasonable cause to believe there exists an ordinance or resolution violation in any building or premises within the jurisdiction of the city, or when there is reasonable cause to believe that an ordinance or resolution violation is occurring in any building or upon any premises within the jurisdiction of the city any authorized official of the city, may, upon presentation of proper credentials, enter such building or premises at all reasonable times to inspect the same or to perform any duty imposed upon him by ordinance; provided, that except in emergency situations or when consent of the owner and/or occupant to the inspection has been otherwise obtained, he shall give the owner and/or occupant, if they can be located after reasonable effort, twenty-four hours ~~written~~ notice of the authorized official's intention to inspect or take enforcement action. The notice transmitted to the owner and/or occupant shall state that the property owner has the right to refuse entry and that in the event such entry is refused or the owner or occupant fails to respond to the notice within twenty-four hours, ~~the inspection entry~~ may be made only upon the issuance of an inspection search warrant by ~~a duly authorized magistrate~~ the municipal judge or any other judicial officer having jurisdiction. In the event the owner and/or occupant refuses entry or the owner or occupant fails to respond to the notice within twenty-four hours after such request has been made, the official is

empowered to seek assistance from the municipal court or any other court of competent jurisdiction in obtaining such entry.

Section 2. That Section 1.08.020 of the Loveland Municipal Code is hereby amended to read as follows:

1.08.020 Applicability of Section 1.08.010 notice provisions.

~~The right of entry provisions of any model ordinance codes heretofore or hereafter adopted into this code by the city, by reference, and any other right of entry provisions in this currently part of the municipal code shall of the city, are not be deemed repealed by Section 1.08.010 and, in the event of any conflict between such provisions and Section 1.08.010, the right of entry provisions of the adopted model codes and other code provisions shall control this chapter. However, the notice provisions of Section 1.08.010 are hereby specifically made applicable to all such right of entry provisions in all cases not involving emergencies and where the consent of the owner and/or occupant has not been obtained. It is the specific intent of this chapter that all entries of authorized officials and employees of the city be subject to the notice provisions of Section 1.08.010 except where there is an emergency or such consent has been obtained. (Ord. 1339 § 1 (part), 1974)~~

Section 3. That as provided in City Charter Section 4-9(a)(7), this Ordinance shall be published by title only by the City Clerk after adoption on second reading unless the Ordinance has been amended since first reading in which case the Ordinance shall be published in full or the amendments shall be published in full. This Ordinance shall be in full force and effect ten days after its final publication, as provided in City Charter Section 4-8(b).

Signed this 18th day of June, 2013.

Mayor

ATTEST:

City Clerk

Approved as to form:



Teresa Ablao
Assistant City Attorney



CITY OF LOVELAND
CITY MANAGER'S OFFICE

Civic Center • 500 East Third • Loveland, Colorado 80537
(970) 962-2303 • FAX (970) 962-2900 • TDD (970) 962-2620

AGENDA ITEM: 3
MEETING DATE: 6/18/2013
TO: Mayor and City Council
FROM: Assistant City Manager
PRESENTER: Rod Wensing

TITLE:

A Motion Setting a Special Meeting for June 25, 2013 of City Council, for the Purpose of Holding an Executive Session in Order to Receive a Report from the City Attorney and Outside Legal Counsel Regarding the City's Franchise Agreement with Comcast and to Instruct City Negotiators Going Forward

RECOMMENDED CITY COUNCIL ACTION:

Approve the motion.

OPTIONS:

1. Adopt the action as recommended
2. Deny the action
3. Adopt a modified action (specify in the motion)
4. Refer back to staff for further development and consideration
5. Adopt a motion continuing the item to a future Council meeting

DESCRIPTION:

This is an administrative action considering a motion regarding setting a special Council meeting, and waiving the required notice in the City Charter 4.2(b).

BUDGET IMPACT:

- Positive
 Negative
 Neutral or negligible

SUMMARY:

June 25th would normally be a Study-Session date, but the City Manager's Office is asking for an Executive Session in order to instruct staff and our outside legal negotiator, Ken Fellman of Kissinger & Fellman, PC. Please note there will be later opportunities for public comment with Council prior to final agreement with Comcast Cable.

REVIEWED BY CITY MANAGER:

William D. Cavill

LIST OF ATTACHMENTS:

None



CITY OF LOVELAND
 DEVELOPMENT SERVICES DEPARTMENT
 Civic Center • 500 East 3rd Street • Loveland, Colorado 80537
 (970) 962-2346 • FAX (970) 962-2945 • TDD (970) 962-2620

AGENDA ITEM: 4
MEETING DATE: 6/18/2013
TO: City Council
FROM: Greg George, Development Services
PRESENTER: Alison Hade

TITLE:

A Resolution Approving the 2013 Grant Funding Recommendations of the Loveland Human Service Commission and the Loveland Affordable Housing Commission

RECOMMENDED CITY COUNCIL ACTION:

Adopt the resolution.

OPTIONS:

1. Adopt the action as recommended
2. Deny the action
3. Adopt a modified action (specify in the motion)
4. Refer back to staff for further development and consideration
5. Adopt a motion continuing the item to a future Council meeting

DESCRIPTION:

This is an administrative action to adopt a resolution approving the 2013 grant allocation recommendations of the Human Services Commission and the Affordable Housing Commission.

BUDGET IMPACT:

- Positive
 Negative
 Neutral or negligible

The resolution authorizes the allocation of the 2013 Human Services Grant and Community Development Block Grant that were appropriated in the 2013 City Budget.

SUMMARY:

The Human Services Commission and the Affordable Housing Commission received 50 grant applications requesting \$1,189,507 and recommended funding for 48. The attached staff report details how the commissions determined funding recommendations for \$701,294:

- \$450,000 in 2013 Human Services Grant funds

- \$251,294 in 2013 CDBG funds

Individual grant recommendations are based on scores provided by commissioners and progress toward fulfilling the goals of the 2010-2015 Consolidated Plan for the City of Loveland.

REVIEWED BY CITY MANAGER: *William D. Cahill*

LIST OF ATTACHMENTS:

Resolution
Staff Report

RESOLUTION #R-40-2013**A RESOLUTION APPROVING THE 2013 GRANT FUNDING RECOMMENDATIONS OF THE LOVELAND HUMAN SERVICES COMMISSION AND THE LOVELAND AFFORDABLE HOUSING COMMISSION**

WHEREAS, the City of Loveland, Colorado recognizes the valuable services provided by human services agencies in the Loveland community; and

WHEREAS, the City Council of the City of Loveland recognizes the need to provide opportunities for the well-being of less fortunate citizens; and

WHEREAS, the City has established the Human Services Grant Program to provide financial assistance to agencies meeting the human services needs in the community; and

WHEREAS, the City has budgeted \$450,000 in the 2013 City of Loveland budget for the Human Services Grant Program; and

WHEREAS, the City receives federal Community Development Block Grant (“CDBG”) funds through the U.S. Department of Housing and Urban Development (“HUD”) to assist in meeting the housing needs for Loveland citizens with low incomes; and

WHEREAS, the City anticipates receiving a total of \$291,697 in CDBG funds for the 2013-2014 federal fiscal year; and

WHEREAS, in addition to the 2013-2014 federal CDBG funds, the City returned \$17,936 in CDBG funds to HUD for the 2009-2010 federal fiscal year, which was subsequently returned to the City and is available for 2013 CDBG grant funding; and

WHEREAS, the City Council has charged the Human Services Commission with the task of reviewing all grant applications made to the City for Human Services Grant funds and for CDBG funds, except for “bricks and mortar” applications that are housing related, and making a funding recommendation to the City Council regarding such grant funds distribution; and

WHEREAS, the City Council has charged the Affordable Housing Commission with the task of reviewing all “bricks and mortar” grant applications made to the City for CDBG funds related to housing and making a recommendation to the City Council regarding such grant funds distribution; and

WHEREAS, the Human Services Commission and the Affordable Housing Commission have reviewed all grant applications made to the City for Human Services Grant funds and CDBG funds, and have made a recommendation to the City Council regarding distribution of those grant funds; and

WHEREAS, the City Council desires to approve the grant funding recommendations of the Human Services Commission and the Affordable Housing Commission.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. That the 2013 grant funding recommendations of the Human Services Commission regarding the distribution of Human Services Grant funds are hereby approved in the following amounts to the following agencies, subject to execution of a recipient contract with the City of Loveland by the agency on or before August 31, 2013:

Agency	Total Grant Amount
Alliance for Suicide Prevention	\$1,853
Alternatives to Violence	\$20,170
Alternatives to Violence	\$4,854
Audio Information Network	\$1,088
Boys & Girls Club	\$21,661
Care-A-Van/Senior Alternatives in Transportation	\$6,198
Catholic Charities of Larimer County	\$3,752
Center for Adult Learning	\$23,038
Colorado Health Network/Northern Co. AIDS Project	\$5,022
Community Kitchen	\$5,021
Court Appointed Special Advocates	\$10,550
Court Appointed Special Advocates	\$9,851
Crossroads Safehouse	\$19,036
Disabled Resource Services	\$13,262
Easter Seals Colorado/WINGS	\$10,244
Elderhaus	\$8,187
Ensign Skills Center	\$2,272
Food Bank for Larimer County	\$25,365
Food Bank/Loveland Rotary Kids Pak	\$2,500
Homeless Gear/Hand-Up Cooperative	\$4,010
House of Neighborly Service	\$26,415
House of Neighborly Service	\$21,661
House of Neighborly Service/Center for Adult Learning	\$7,500
Larimer County Child Advocacy Program	\$16,697
Loveland Youth Gardeners	\$1,700
Matthews House	\$17,979
McKee Medical Center Foundation/Stepping Stones	\$3,292
Meals on Wheels	\$31,729
Neighbor to Neighbor	\$7,148
Pathways Hospice	\$2,111

Project Self-Sufficiency	\$16,126
Rehab and Visiting Nurses Association	\$14,270
Respite Care	\$7,218
Thompson Valley Preschool	\$8,644
Touchstone Health Partners	\$23,516
Touchstone Health Partners	\$5,074
Turning Point Center	\$16,798
United Day Care Center/Teaching Tree	\$5,099
Women’s Resource Center	\$19,089
Total Grant Amount	<u>\$450,000</u>

Section 2. That the 2013 grant funding recommendations of the Human Services Commission and the Affordable Housing Commission for the 2013 Community Development Block Grant Program are hereby approved in the following amounts to the following agencies, subject to: (a) the approval of the U.S. Department of Housing and Urban Development and the allocation and receipt of Community Development Block Grant funds to the City of Loveland in 2013; (b) City Council budget and appropriation of such allocated federal funding; and (c) execution of a subrecipient contract with the City of Loveland by the agency or project owner on or before December 31, 2013:

<u>Agency</u>	<u>Total Grant Amount</u>
Alternatives to Violence	\$6,376
House of Neighborly Service	\$13,048
House of Neighborly Service	\$8,535
House of Neighborly Service	\$155,240
Housing Authority of the City of Loveland	\$25,000
Neighbor to Neighbor	\$15,795
Sexual Assault Victim Advocates	\$10,000
Volunteers of America	\$17,300
City of Loveland Program Administration	\$58,339
Total Grant Amount	<u>\$309,633</u>

Section 3. That this Resolution shall take effect as of the date of its adoption.

ADOPTED this 18th day of June, 2013.

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:



Deputy City Attorney

**Community Partnership Office
2013 Grant Funding Recommendations
Human Services Commission
Affordable Housing Commission**

**June 18, 2013
Staff Report (ATTACHMENT A)**

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Grant Program Background:

The City of Loveland invests in housing and human services via the Human Services Grant (HSG) and Community Development Block Grant (CDBG) programs. Each year, the Human Services Commission and the Affordable Housing Commission review proposals and recommend funding allocations to area non-profit organizations that provide services to low and moderate income Loveland residents. In 2013-2014, **\$701,294** will be distributed in the amounts shown starting on pages 7 and 12.

The 2013, City of Loveland Adopted Budget includes **\$450,000** for human service programs. CDBG funds are allocated annually from the U.S. Department of Housing and Urban Development (HUD). Loveland will receive **\$291,697** in 2013–2014 CDBG funding, and will allocate an additional \$17,936 that was originally granted to the Housing Authority. HUD requires that a minimum of 65% of CDBG funds be invested in “bricks & mortar” projects, a maximum of 15% of funds may be invested in public services (\$43,754 + \$450,000 shown below), and an additional maximum of 20% (\$58,339) may be spent on program administration to cover the City’s annual expenses associated with administration of the grant.

The City received 44 grant applications for HSG and CDBG public service funds, and six applications for CDBG “bricks & mortar” funds. The two commissions reviewed and scored applications, heard presentations from each applicant, and formulated funding recommendations. The commissions prioritized the funding recommendations based on the City’s mission and goals for the use of grant funding, as well as specific applicant scoring criteria for each proposal.

2013 Summary

Grant Program	Revenue Source	2013 Funds Available for Grants	Funds Requested	# Requests	# Grants Recommended
Human Services Grant Program	City General Funds and CDBG Public Service Funds	\$493,754	\$883,207	44 (4 for Model Partnership)	42 (2 for Model Partnership)
Community Development Block Grant	HUD Bricks & Mortar Funds	\$207,540	\$306,300	6	6
Totals		\$701,294	\$1,189,507	50	48

Human Services Grant Program Goals

HSG funds are used to assist in meeting the needs of Loveland citizens through projects and services that enhance stability, provide crisis intervention and prevention, and lead to self-sufficiency.

Objectives:

1. Financially support services such as those that provide food, shelter, and physical and mental health care, as well as services that prevent crises, assist in sustaining independent living, promote a reasonable quality of life, and that value diversity, foster self-sufficiency, treat people with dignity, build self-respect, address issues of safety, and allow people to live free of fear.
3. Limit the amount of grant funds to a maximum of \$35,000 for any one request.
4. Allocate up to \$10,000 to a Model Partnership among two or more organizations.
5. Grant recipients must be an IRS-determined non-profit agency.

Affordable Housing Grant Program Goals

The City of Loveland's goals for use of CDBG funds, as defined in the 2010–2015 Consolidated Plan, are to:

1. Provide services to homeless or near homeless persons in Loveland through shelter, case management, transitional, or permanent housing.
2. Create new housing opportunities or maintain existing housing opportunities for households with low income, giving funding priority to projects and activities that serve households earning 50% or less of the area median income.
3. Decrease poverty in the community by financially supporting services and facilities that meet basic needs and provide self-sufficiency opportunities.

Funding Distribution Process

Human Services and Affordable Housing Commission members received training in January and February by reviewing the grant guides that were distributed to non-profits, and thoroughly discussing the grant process. Training included understanding how information is presented in an application, how scoring sheets correspond to the questions asked on the proposals, and the process of entering scores into Zoom Grants (www.zoomgrants.com; service grants only). Scoring criteria can be found starting on page 4 for HSG and page 11 for CDBG. Scoring summaries and recommended funding amounts for each grant applicant are shown on subsequent pages and are followed by a brief history of HSG and CDBG funding. The HSG process takes far longer from beginning to end to make an allocation decision given the greater number of proposals received. Therefore, additional information showing the HSG process is also presented.

Human Services Commission – 2013 Grant Applicant Scoring Summary

Human Services Grant				
Total Amount Requested:	\$883,207	Total Amount Available:	\$493,754 HSG & 15% CDBG	
# of Requests Received	44 requests	Recommended # Grants	42 grants	
Total # of Points Possible	315 points	Average Score	233 points	
Highest Score	271 points	Lowest Score	203 points	
Average Grant Amount	\$12,094	Median Score	233 points	
Lowest Grant Amount	\$1,088	Highest Grant Amount	\$31,729	
Scoring Range (Standard Grant Applications)	High 250-271	Mid-High 234-249	Low-Mid 220-233	Low 203-219
# applicants in range	6	13	12	9
Scores (Model Partnership)	86	84	78	64
# Applicants	1	1	1	1

Human Services Commission Scoring System

Each commissioner completes a score sheet for each applicant. Commissioners score on the following 18 items using a 1-5 scale with adjusted weights for each item. Model Partnership application scoring questions follow.

	Scoring Criteria	1	3	5	Weight	Max pts
1	How well does the program meet HSG or CDBG goals	Inadequately meets goals	Partially meets goals	Meets goals	3	15
2	Explanation of need for grant	Inadequate	Adequate	Thorough	4	20
3	Agency objective for the program	No objective	Adequate objective	Clear objective	5	25
4	Agency documentation for the program	Poorly documented	Adequately documented	Well documented	5	25
5	Results of the objectives	Minimal	Adequate	Exceeded objective	3	15
6	Program benefit to Loveland residents	Minimally beneficial	Somewhat beneficial	Highly beneficial	5	25
7	Level of duplication of services	Others provide same service to same population	Others provide service to diff population	Program is only provider	2	10
8	Agency provides accessible and accommodating services	Not accessible or accommodating	Moderate	Extensive	2	10
9	Coordination of services with other agencies	None	Moderate	Excellent	3	15
10	Provision of tools for self-sufficiency	None	Adequate	Excellent	3	15
11	Program's use of volunteers	Inappropriate system or explanation	Appropriate	Excellent	2	10
12	Client-generated revenue system	Inappropriate	Appropriate	Excellent	2	10
13	Funding and program sustainability	Questionable	Evidence of sustainability	Highly sustainable	5	25
14	Percentage of Loveland program budget requested from HSG	26% - 30%	16% - 20%	10% or less	4	20
15	Program budget narrative	Inadequate info	Adequate	Thorough	3	15
16	Impact of service relative to other	Low impact	Equal	Very high	3	15

	applicants					
17	Clarity and quality of proposal	Inadequate	Average	Excellent	5	25
18	Clarity and quality of presentation	Inadequate	Average	Excellent	4	20
Total points possible						315

Model Partnership Scoring System

	Scoring Criteria	1	3	5	Weight	Max pts
1	How well does the program meet at least one of the grant goals	Inadequately meets goals	Partially meets goals	Meets goals	3	15
2	Partnership goals, strategies and outcomes	No goals	Adequate	Strong & clear goals	4	20
3	Level of benefit to Loveland residents	Low impact	Equal impact	High impact	3	15
4	Increased efficiency and/or community benefit	No increase	Moderate increase	Substantial increase	5	25
5	Effectiveness of this partnership compared to others	Low impact	Equal impact	High impact	3	15
6	Budget detail	Inadequate	Adequate	Thorough	4	20
Total points possible						110

2013 Human Services Commissioner Scores of Grant Applicants:

Commissioner Scores (C = Commissioner)												
Applicant	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	Score
App 1	217	205	199	229	205	246	232	198	171	229	187	231
App 2	214	185	240	184		243	241	191	176	267	209	223
App 3	220	194	249	195		222	253	188	176	257	213	237
App 4	228	206	171	265	214	245		241	232	243	206	233
App 5	234	195	227	215	211		271	172	190	265	234	241
App 6	203	211	230	276	211	237	263	245	256	254	227	258
App 7	204	204	199	224		234	247	206	233	257	282	251
App 8	219	188	169	209		224	231	178	220	262	258	230
App 9	196	183	212	167	212	243	207	161	172	199	192	203
App 10	233	219	243	267	219	270	253	222	269	259	213	262
App 11	216		215	124	196	263	242	193	229	245	200	228
App 12	216	204	240	246		268	246	197	157	245	235	233
App 13	207	192	232	179	222	232			261	241	207	239
App 14	200		166	176	223	209	246	198	195	253	227	229
App 15	207	196	186	173	187	218		200	227	229	257	212
App 16	188	196	194	172	182	210		213	195	240	246	208
App 17	202	210	242	263	226	245	261	203	254	268	185	253
App 18	176	177	230	250	211	228	246	175	26	242	193	218
App 19	196	191	250	239	218	195	238	188	163	221	224	215
App 20	212	193	224	233	226	212	267	178	196	199	179	223
App 21	196	186	235	245	212	205	277	219	232	252	218	241
App 22	197	203	235	258	209	225	261	199	277	262	266	256
App 23	202	223	178	261		258	241	184	262	269	265	246

Commissioner Scores (C = Commissioner)												
Applicant	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	Score
App 24	207	208	180	170	213	247	234	187	165	251	211	227
App 25	209	205	246	242	191	253	255	181	226	259	230	239
App 26	181	187	207	196	219	235	258	192	184	192	224	211
App 27	220	223	262	258	195	269	262	247	274	279	269	271
App 28	208	185	162	227	194	249	211	163	192	249	222	214
App 29	205	193	195	165	202	249	245	179	256	243	237	231
App 30	216	193	212	153	200	251	244	189	172	208	262	213
App 31	205	193	208	236	202	266	256	202	262	262	209	247
App 32	194	210	237	258	203	256	226	210	250	213	252	236
App 33	203		191	249	177	237	248	196	210	228	203	226
App 34	219	222	239	259	196	233	263	174	149	261	230	242
App 35	217	207	198	258	205	249	252	194	185	220	198	237
App 36	216	189	252	221	210	250		186	235	263	245	247
App 37	198	211	200	196	178	207	240	181	205	185	178	206
App 38	215	171	215	267	207	273	267	186	186	249	260	247
App 39	210	198	193	187	190	262	243	214	200	258	206	227
App 40	220	195	205	225	186	233	241	221	262	260	277	234
Model Partnership	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	Score
App 1	78	62	84	106	72	94	85	106	86	92	89	86
App 2	72	62	90	103	69	97	84	70	82	92	99	84
App 3	84	78	69	61	33	70	84	44	46	86	52	64
App 4	76	75	69	58	43	88	91	69	104	89	100	78

Human Services Grant Applicants – Ranking & Funding Recommendations

Applicant	Request	Score	Rank	% of Request Recommended	Grant Amount Recommended
App 27	\$35,000	271	1	90.56%	\$31,729
App 10	\$28,000	262	2	82.28%	\$23,038
App 6	\$8,000	258	3	77.47%	\$6,198
App 22	\$35,000	256	4	75.47%	\$26,415
App 17	\$35,000	253	5	72.47%	\$25,365
App 7	\$15,000	251	6	70.33%	\$10,550
App 31	\$24,000	247	7	67.19%	\$16,126
App 36	\$35,000	247	7	67.19%	\$23,516
App 38	\$25,000	247	7	67.19%	\$16,798
App 23	\$25,000	246	10	66.79%	\$16,697
App 34	\$8,000	242	11	62.76%	\$5,021
App 5	\$35,000	241	12	61.89%	\$21,661
App 21	\$35,000	241	12	61.89%	\$21,661
App 13	\$22,129	239	14	59.93%	\$13,262
App 25	\$30,000	239	14	59.93%	\$17,979
App 3	\$35,000	237	16	57.63%	\$20,170
App 35	\$15,000	237	16	57.63%	\$8,644

Applicant	Request	Score	Rank	% of Request Recommended	Grant Amount Recommended
App 32	\$25,000	236	18	57.08%	\$14,270
App 40	\$35,000	234	19	54.54%	\$19,089
App 4	\$2,000	233	20	54.39%	\$1,088
App 12	\$35,000	233	20	54.39%	\$19,036
App 1	\$3,520	231	22	52.65%	\$1,853
App 29	\$30,000	231	22	52.65%	\$15,795
App 8	\$18,900	230	24	52.12%	\$9,851
App 14	\$20,000	229	25	51.22%	\$10,244
App 11	\$10,000	228	26	50.22%	\$5,022
App 24	\$3,500	227	27	48.56%	\$1,700
App 39	\$10,500	227	27	48.56%	\$5,099
App 33	\$15,000	226	29	48.12%	\$7,218
App 2	\$25,000	223	30	44.92%	\$11,230
App 20	\$19,000	223	30	44.92%	\$8,535
App 18	\$10,000	218	32	40.10%	\$4,010
App 19	\$35,000	215	33	37.28%	\$13,048
App 28	\$20,000	214	34	35.74%	\$7,148
App 30	\$6,000	213	35	35.19%	\$2,111
App 15	\$24,008	212	36	34.10%	\$8,187
App 26	\$10,000	211	37	32.92%	\$3,292
App 16	\$7,650	208	38	29.70%	\$2,272
App 37	\$18,000	206	39	28.19%	\$5,074
App 9	\$15,000	203	40	25.01%	\$3,752
Totals	\$843,207				\$483,754
				Model Partnership	\$10,000
				Total	\$493,754

2013 Human Services Commission – Grant Applicants & Funding Recommendations

The following information includes each applicant's request, a brief description of the program, and the funding recommendation of the Human Services Commission for \$450,000 in HSG funds and \$43,754 of CDBG available for public services, for a combined total of \$493,754.

Grant Applicant	Program / Request Description	Amount of Request	Grant \$ Recommended
Alliance for Suicide Prevention	Prevention: Reduce suicide by raising awareness, specifically among young people and men, who are high risk.	\$3,520	\$1,853
Alternatives to Violence	Transitional Living Center: 2-year housing and case management for victims of domestic violence.	\$25,000	\$11,230
Alternatives to Violence	Victim Services Program: Counseling for victims of domestic violence.	\$35,000	\$20,170
Audio Information Network	Services for the Visually Impaired: Access broadcasts of news, community information, and books for persons who are blind or visually impaired.	\$2,000	\$1,088
Boys & Girls Club	Youth Programs: After school and summer programs for children ages 6-18.	\$35,000	\$21,661
Center for	Adult Education:	\$28,000	\$23,038

Adult Learning	Improve basic skills in reading, writing, math, computer technology; GED and ESL for adults.		
Care-A-Van/ SAINT	Transportation Services: Provision of rides for seniors and people with disabilities who cannot drive.	\$8,000	\$6,198
Court Appointed Special Adv.	CASA Program: Training and supervision of volunteers who are advocates for children caught in dependency and neglect legal cases.	\$15,000	\$10,550
Court Appointed Special Adv.	CASA Harmony House: Supervised visitation center for abused children and children transitioning between divorced parents.	\$18,900	\$9,851
Catholic Charities	Senior Outreach Program: Outreach and support to home-bound seniors.	\$15,000	\$3,752
Community Kitchen	Meal Program: Daily meal program.	\$8,000	\$5,021
Crossroads Safehouse	Victim Services Program: Shelter for victims of domestic violence and school-based outreach.	\$35,000	\$19,036
Disabled Resource Services	Services to Disabled Persons: Independent living skills, equipment, job skills, housing access, and counseling for persons with disabilities.	\$22,129	\$13,262
Easter Seals Colorado – WINGS	Services for developmentally disabled: Supportive living services for adults with developmental disabilities.	\$20,000	\$10,244
Elderhaus	Transportation to Adult Day Programs: Transportation to respite care, counseling, case management for persons with Alzheimer’s, brain injuries, multiple sclerosis, and other challenges.	\$24,008	\$8,187
Ensign Skills Center	Services for the Visually Impaired: Education and services for people with visual disabilities.	\$7,650	\$2,272
Food Bank for Larimer County	Loveland Food Share: Operation of local food bank program.	\$35,000	\$25,365
Homeless Gear	Homeless Services: Employment assistance for homeless and near homeless through Hand-Up Cooperative.	\$10,000	\$4,010
House of Neighborly Service	Homeless Services: Shelter and case management for homeless adults through 137 Connection.	\$35,000	\$13,048
House of Neighborly Service	Emergency Services: Clothing, medical and prescription assistance, utility assistance, school supplies, and shelter for families.	\$35,000	\$21,661
House of Neighborly Service	Food Assistance: Monthly food baskets.	\$35,000	\$26,415
House of	Homeless Services:	\$19,000	\$8,535

Neighborhood Service	Shelter and case management for homeless families through the Angel House.		
Larimer County Child Advocacy Ctr	Victim Services Program: Forensic interviewing of young and disabled crime victims.	\$25,000	\$16,697
Loveland Youth Gardeners	Youth Education: Vocational and skill-building for at-risk and special needs teens.	\$3,500	\$1,700
Matthews House	Transition Program: Life skills and support for youth coming out of foster care or the juvenile justice system.	\$30,000	\$17,979
McKee Medical Ctr Foundation	Care for Adults: Care and support for adults unable to be home alone during the day.	\$10,000	\$3,292
Meals on Wheels	Meal Service: Daily meal delivery to homebound persons.	\$35,000	\$31,729
Neighbor to Neighbor	Foreclosure Prevention Program: Client counseling and assistance to prevent foreclosure.	\$20,000	\$7,148
Neighbor to Neighbor	Housing Counseling and Rent Assistance: Counseling and financial assistance to families and individuals to retain housing and prevent homelessness.	\$30,000	\$15,795
Northern CO AIDS Project	Crisis Prevention: Assistance with rent, food, and medical needs to persons who are HIV-positive or who have AIDS.	\$10,000	\$5,022
Pathways Hospice	Hospice Care: Hospice care for Loveland residents who are uninsured or underinsured.	\$6,000	\$2,111
Project Self-Sufficiency	Case Management: Case management, housing assistance, parenting skills and counseling for single parent families.	\$24,000	\$16,126
Respite Care	Care for Children with Disabilities: Provide care for children with developmental and physical disabilities.	\$15,000	\$7,218
Rehab and Visiting Nurses Assoc	Home Care Services: Skilled nursing and personal care services to individuals in need of care and unable to pay for the services.	\$25,000	\$14,270
Teaching Tree	Early Childhood Center: Tuition assistance for child care and education for low income toddlers and preschoolers.	\$10,500	\$5,099
Touchstone Health Partners	Mental Health and Substance Abuse Treatment: Therapy for people who could not otherwise afford it.	\$35,000	\$23,516
Touchstone Health Partners	Grandfamily Assistance: Resources and support for grandparents raising their grandchildren.	\$18,000	\$5,074
Turning Point Center	Mental Health and Substance Abuse Treatment: Residential and out-patient treatment services for youth.	\$25,000	\$16,798

Thompson Valley Preschool	Early Childhood Learning Center: Preschool education to low income children.	\$15,000	\$8,644
Women's Resource Center	Health Care Education & Access: Health care outreach, advocacy and education.	\$35,000	\$19,089
		\$843,207	\$483,754

Grant Applicant	Model Partnership Applications	Amount of Request	Grant \$ Recommended
Food Bank for Larimer County	Model Partnership: Partnership with Loveland Rotary/Kids Pack Program providing weekend food for children in the Thompson School District.	\$10,000	\$2,500
House of Neighborly Service	Model Partnership: Partnership with the Center for Adult Learning to provide child care so clients from both agencies can enroll in classes.	\$10,000	\$7,500
Touchstone Health Partners	Model Partnership: Partnership with the Loveland Community Health Center to address co-occurring chronic conditions, specifically pain.	\$10,000	\$0
Women's Resource Center	Model Partnership: Partnership with the Touchstone Health Partners and the Loveland Community Health Center to improve the quality of physical and mental health care for low-income women.	\$10,000	\$0
		\$40,000	\$10,000

Human Services Grant Program History							
Comparison Facts	2013	2012	2011	2010	2009	2008	2007
# of Applications	44	48	46	48	48	50	49
Total Requested	\$883,207	\$933,081	\$866,471	\$888,428	\$905,659	\$888,759	\$790,048
HSG Funds Available	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$400,000
CDBG Funds Available	\$43,754	\$43,235	\$41,276	\$49,000	\$45,500	\$44,110	\$45,337
Total Funds Available	\$493,754	\$493,235	\$491,276	\$499,000	\$495,500	\$494,110	\$445,337
Average Request	\$20,073	\$20,068	\$18,836	\$19,282	\$19,373	\$18,517	\$16,123
Average Grant	\$12,094	\$15,101	\$12,928	\$14,257	\$10,543	\$10,742	\$12,370

Human Services Grant Program History							
Comparison Facts	2013	2012	2011	2010	2009	2008	2007
Largest Request	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$55,325
Largest Grant	\$31,729	\$29,895	\$29,264	\$28,050	\$33,000	\$30,000	\$53,388
Lowest Request	\$2,000	\$3,150	\$2,000	\$3,150	\$3,150	\$2,500	\$2,500
Lowest Grant	\$1,088	\$2,590	\$1,362	\$1,733	\$1,890	\$1,650	\$828
# Requests Funded	42	33	38	35	36	43	36
% Requests Funded	95%	69%	83%	73%	75%	86%	73%

Affordable Housing Commission – 2013 Grant Applicant Scoring Summary

Community Development Block Grant			
Total Amount Requested:	\$306,300	Total Amount Available:	\$207,540
# of Requests Received	6 requests	Recommended # Grants	6 grants
Total # of Points Possible	200 points	Average Score	140 points
Highest Score	175 points	Lowest Score	125 points
Average Grant Amount	\$34,590	Highest Grant Amount	\$155,240
Lowest Grant Amount	\$5,000		

Affordable Housing Commission Scoring System

Each commissioner completes a score sheet for each applicant. Commissioners score on the following 11 items using a 1-5 scale with adjusted weights for each item.

	Scoring Criteria	1	3	5	Weight	Max pts
1	How well does the project meet CDBG program goals	Inadequately meets goals	Partially meets goals	Meets goals	5	25
2	Applicant's experience providing housing or services to persons with low income	Inadequate experience	Adequate experience	Highly experienced	3	15
3	Impact of and need for this project compared to other projects	Low impact	Equal impact	High Impact	4	20
4	Is the project site specific? Has the property been secured?	Not site specific	Under contract or program in place	Applicant owns property	4	20
5	Project timing	No start date	Begin by 3/2014	Ready to begin immediately	3	15
6	Project cost for intended outcome	High cost for limited outcome	Appropriate cost	Low cost for strong outcome	4	20

	Scoring Criteria	1	3	5	Weight	Max pts
7	Income level to be served	51%-80% AMI	31%-50% AMI	Below 30% AMI	5	25
8	Affordability period	20 years	31-40 years	More than 50 yrs	4	20
9	Funding secured and grant leveraged	No funds leveraged	1:3 Match	1:5 match	3	15
10	Percentage of budget requested from City	30% or more	20%	10% or less	3	15
11	Clarity and quality of application	Inadequate	Adequate	Excellent	2	10
Total points possible						200

2013 Affordable Housing Commissioner Scores of Grant Applicants:

Commissioner Scores (C = Commissioner)								
Applicant	C1	C2	C3	C4	C5	C6	C7	Score
App 1	163	122	151	154	161	81	165	142
App 2	169	138	184	179	158	184	187	171
App 3	168	171	189	176	163	181	179	175
App 4		93	139	127	146	107	148	125
App 5		144	145	151	145	114	154	142
App 6		126	111	143	153	118	165	136
App 7	159	118	154	127	117	124	111	130
App 8	139	109	174	134	139	90	152	134

2013 Affordable Housing Commission – Grant Applicants & Funding Recommendations

The information below includes each applicant’s request, a brief description of the program, and the funding recommendation of the Affordable Housing Commission for \$207,540 in CDBG funds.

Grant Applicant	Program / Request Description	Amount of Request	Grant \$ Recommended
House of Neighborly Service	Public Facility: Rehabilitation of Community Life Center.	\$175,000	\$155,240
Housing Authority	Larimer Home Improvement Emergency Funds: One-time grant for home emergencies for 50% AMI.	\$20,000	\$10,000
Housing Authority	Larimer Home Improvement Program: Loans for rehabilitation of affordable units.	\$40,000	\$10,000
Housing Authority	Larimer Home Ownership Program: Low interest loan for down payment of a home.	\$30,000	\$5,000
Sexual Assault Victim Advocates	Public Facility: Purchase building for counseling services.	\$24,000	\$10,000
Volunteers of America	Handyman Program: Minor home repairs and rehabilitation for seniors.	\$17,300	\$17,300
		\$306,300	\$207,540

Community Development Block Grant Program History							
Comparison Facts	2013	2012	2011	2010	2009	2008	2007
# of Applications	6	7	11	10	9	10	7
Total Requested	\$306,300	\$190,380	\$380,875	\$305,807	\$321,776	\$644,335	\$448,930
CDBG Funds Available	\$207,540	\$187,357	\$189,915	\$215,000	\$277,318	\$236,949	\$196,459
Average Request	\$51,050	\$27,197	\$34,615	\$30,581	\$39,347	\$64,434	\$64,133
Average Grant	\$34,590	\$26,765	\$23,739	\$26,875	\$34,665	\$26,328	\$39,292
Largest Request	\$175,000	\$65,000	\$82,375	\$60,000	\$75,000	\$150,000	\$123,390
Largest Grant	\$155,240	\$35,000	\$60,000	\$60,000	\$74,542	\$75,000	\$70,000
Lowest Request	\$17,300	\$10,000	\$6,100	\$16,000	\$8,000	\$5,000	\$5,000
Lowest Grant	\$5,000	\$16,800	\$6,100	\$16,000	\$8,000	\$5,000	\$5,000
# Requests Funded	6	7	8	8	8	9	5
% of Requests Funded	100%	100%	73%	80%	89%	90%	71%

Next Steps

Upon City Council approval of the allocation of funds, the Community Partnership Office will draft a contract agreement between each grant recipient and the City. Additionally, as required by HUD, staff will complete the 2013–2014 Annual Action Plan providing detailed information regarding the City’s plans for expending CDBG funds. The plan will be presented to the City Council for approval prior to August, 2013. The approved plan will be submitted to HUD for release of 2013–2014 CDBG funding.



CITY OF LOVELAND
FIRE RESCUE AUTHORITY

Administration Offices • 410 East Fifth Street • Loveland, Colorado 80537
 (970) 962-2471 • FAX (970) 962-2922 • TDD (970) 962-2620

AGENDA ITEM: 5
MEETING DATE: 6/18/2013
TO: City Council
FROM: Randy Mirowski, Fire
PRESENTER: Randy Mirowski

TITLE:

A Resolution Approving an Intergovernmental Agreement with Larimer County Pursuant to C.R.S. § 29-20-105.5 to Address Wildland and Forest Fire Mitigation

RECOMMENDED CITY COUNCIL ACTION:

Adopt the resolution.

OPTIONS:

1. Adopt the action as recommended
2. Deny the action
3. Adopt a modified action (specify in the motion)
4. Refer back to staff for further development and consideration
5. Adopt a motion continuing the item to a future Council meeting

DESCRIPTION:

This is an administrative action to consider a resolution approving an Intergovernmental Agreement with Larimer County to address wildland and forest fire mitigation. It was approved by the Loveland Fire Rescue Authority Board February 14, 2013.

BUDGET IMPACT:

- Positive
 Negative
 Neutral or negligible

SUMMARY:

The Larimer County Sheriff acts as the fire warden for all prairie or forest fires within the County. The City owns property in unincorporated Larimer County, which includes at least 50% forest land or is land that constitutes a wildland area. This agreement clarifies roles and responsibilities; establishes procedures for cooperation and coordination; sets management objectives for wildland fire prevention, preparedness, mitigation, suppression, reclamation, and rehabilitation; identifies the designation of fiscal and operational authorities; enumerates the

available resources; defines the reimbursement and billing procedures; and highlights actions to be taken if either of the parties fail to meet their obligations.

This is a standard agreement necessary to ensure that there are policies and procedures in place for addressing initial response and mutual aid responses on wildland fires in Larimer County. It includes a provision that identifies that the Fire Authority is not required to respond if doing so unreasonably depletes their resources for an emergency incident outside of the Fire Authority's jurisdiction. It also contains a provision that requires negotiation of cost sharing for suppression services between the County and the Fire Authority should a fire occur on property owned by the City of Loveland that is located in the County.



REVIEWED BY CITY MANAGER: *William D. Cavill*



LIST OF ATTACHMENTS:
Resolution
Agreement

RESOLUTION # R-41-2013

**A RESOLUTION APPROVING AN INTERGOVERNMENTAL AGREEMENT
WITH LARIMER COUNTY PURSUANT TO C.R.S. § 29-20-105.5
TO ADDRESS WILDLAND AND FOREST FIRE MITIGATION**

WHEREAS, in accordance with section §29-1-203 of the Colorado Revised Statutes, governments may cooperate or contract one with another to provide any function, service or facility lawfully authorized to each of the respective units of governments; and

WHEREAS, in accordance with C.R.S. §29-1-201, governments are permitted and encouraged to make the most efficient and effective use of their powers and responsibilities by cooperating and contracting with other governments; and

WHEREAS, the Larimer County Sheriff acts as fire warden for all prairie or forest fires within the County, pursuant to Section 30-10-512, C.R.S., and has primary fire response duties in the first instance for public lands within the county; and

WHEREAS, C.R.S. § 29-20-105.5 requires local governments that own lands other than for utility purposes, that are at least 50% forest land or land that constitutes wildland area, and that is located either entirely or partially outside their territorial boundaries and inside the territorial boundaries of a county, to enter into an intergovernmental agreement (IGA) with the underlying county for the purpose of mitigating forest land or wildland fires; and

WHEREAS, the City owns land in unincorporated Larimer County, some of which contains at least 50% forest land as defined in C.R.S. § 39-1-102(4.3), or is land that constitutes a wildland area; and

WHEREAS, C.R.S. § 29-20-105.5 specifies that the IGA must address the roles and responsibilities of the parties; procedures for cooperation and coordination (mutual aid); management objectives for wildland fire prevention, preparedness, mitigation, suppression, reclamation, and rehabilitation; designation of fiscal and operational authorities; description of available resources; reimbursement and billing procedures; and actions to be taken if one party fails to meet its obligations; and

WHEREAS, The City of Loveland is a home-rule municipality that has delegated its fire service functions within its corporate limits to the Loveland Fire Rescue Authority (“LFRA”), an independent governmental entity formed by intergovernmental agreement between the City and the Loveland Fire Protection District; and

WHEREAS, the LFRA Board reviewed and approved the Agreement on February 14, 2013; and

WHEREAS, by the terms Section 1.9 of Article I of that certain

Intergovernmental Agreement for the Establishment and Operation of the Loveland Fire Rescue Authority as a Separate Governmental Entity dated August 19, 2011, mutual aid agreements must be presented to and approved by the Loveland City Council and the Loveland Rural Fire Protection District; and

WHEREAS, the City Council finds that it is in the best interests of the City to adopt the “Intergovernmental Agreement with Larimer County to Address Wildland and Forest Fire Mitigation” attached hereto as **Exhibit A** and incorporated by reference (the “Agreement”).

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF LOVELAND, AS FOLLOWS:

Section 1. That the Agreement is hereby approved.

Section 2. That the City Manager is hereby authorized and directed to execute the Agreement on behalf of the City, subject to such modifications in form or substance as the City Manager, in consultation with the City Attorney, may deem necessary to effectuate the purposes of this Resolution or to protect the interests of the City.

Section 3. That this Resolution shall go into effect as of the date and time of its adoption.


ADOPTED this 18th day of June, 2013.

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

Approved as to form:



Teresa Ablao
Assistant City Attorney

**INTERGOVERNMENTAL AGREEMENT
WITH LARIMER COUNTY
PURSUANT TO C.R.S. § 29-20-105.5
TO ADDRESS WILDLAND AND FOREST FIRE MITIGATION.**

RECITALS

This Intergovernmental Agreement (“Agreement”) between the City of Greeley, City of Fort Collins, City of Loveland, Town of Estes Park, Town of Berthoud and City of Thornton, (collectively, the “Cities” or “Municipalities:”), and the County of Larimer, a political subdivision of the State of Colorado (“County”), (the collective signatories to be known as the “Parties”) is made to be effective on July 1, 2012.

A. Section 29-20-101 *et seq.*, C.R.S. as amended, authorizes the Parties to cooperate and contract with one another with respect to functions lawfully authorized to each of the Parties, and the people of the state of Colorado have encouraged such cooperation and contracting through the adoption of Article XIV, Section 18(2) of the Colorado Constitution.

B. The Larimer County Sheriff acts as fire warden for all prairie or forest fires within the County, pursuant to Section 30-10-512, C.R.S. Pursuant to Colorado Statutes and Colorado Attorney General Formal Opinion No. 01-2, the Sheriff has primary fire response duties in the first instance for public lands within the county.

C. Colorado Revised Statute 29-20-105.5 C.R.S. requires local governments that own lands other than for utility purposes, that are at least 50% forest land or land that constitutes wildland area, and that is located either entirely or partially outside their territorial boundaries and inside the territorial boundaries of a county, to enter into an intergovernmental agreement (IGA) with the underlying county for the purpose of mitigating forest land or wildland fires. The statute contains a similar requirement for lands owned for utility purposes. This legislation specifies that the IGA must address the roles and responsibilities of the parties; procedures for cooperation and coordination; management objectives for wildland fire prevention, preparedness, mitigation, suppression, reclamation, and rehabilitation; designation of fiscal and operational authorities; description of available resources; reimbursement and billing procedures; and actions to be taken if one party fails to meet its obligations.

D. The County, the United States Forest Service, the Colorado State Forest Service, the Bureau of Land Management and the National Park Service, along with the Larimer County

Sheriff, have participated in an agreement called the Annual Operating Plan (“AOP”) to set forth standard operating procedures, agreed procedures and responsibilities to implement cooperative wildland fire management on all lands within Larimer County. This agreement includes specifics regarding the standard operating procedures, agreed procedures, and responsibilities, including cost sharing, to implement cooperative wildland fire management on all lands within Larimer County.

E. The Parties are aware of the Larimer County 2010 Wildland Fire Preparedness Plan. This Plan includes specifics regarding the standard operating procedures, agreed procedures, and responsibilities, including cost sharing, to implement cooperative wildland fire management on all lands within Larimer County.

F. The municipal parties own land in unincorporated Larimer County, some of which contains at least 50% forest land as defined in C.R.S. § 39-1-102(4.3), or is land that constitutes a wildland area.

G. The Parties also acknowledge that there exists various mutual aid agreements between the Fire Departments, Protection Districts and Authorities that provide fire service for the Cities which include resource allocation systems.

H. Any terms contained herein that are also defined in Section 29-20-105.5, C.R.S. as amended shall have the same meaning as those defined in the statute.

NOW THEREFORE, the Parties agree as follows:

1. Roles and Responsibilities : Fire protection within Larimer County is provided by various fire departments, protection districts and authorities, the Larimer County Sheriff’s Office, United States Forest Service, Colorado State Forest Service and Rocky Mountain National Park. Federal agencies along with the Colorado State Forest Service and the Larimer County Sheriff’s Office utilize the AOP to establish standard operating procedures, agreed procedures and responsibilities to implement cooperative fire management.

a. Larimer County Sheriff Office (LCSO): LCSO is the fire warden of the county and has the responsibility for coordinating fire mitigation and suppression efforts in the case of any wildfire occurring in the unincorporated area of the county outside the boundaries of a fire protection district or that exceed the capabilities of the fire protection district to mitigate, control or extinguish.

b. The Municipalities:

i. The City of Fort Collins is a home-rule municipality that has delegated its fire service functions within its corporate limits to the Poudre Fire

Authority (“PFA”), an independent governmental entity formed by intergovernmental agreement between the City and the Poudre Valley Fire Protection District. The City does not have significant fire service capability and relies upon the PFA for the provision of fire prevention, suppression and mitigation services.

- ii. The City of Loveland is a home-rule municipality that has delegated its fire service functions within its corporate limits to the Loveland Fire Rescue Authority (“LFRA”), an independent governmental entity formed by intergovernmental agreement between the City and the Loveland Fire Protection District. The City does not have significant fire service capability and relies upon the LFRA for the provision of fire prevention, suppression and mitigation services.
- iii. The City of Greeley is a home rule municipality that maintains a Fire Department to provide, as pertinent to this agreement, fire prevention, suppression and mitigation services within its corporate limits.
- iv. The City of Thornton is a home-rule municipality that maintains a Fire Department to provide, as pertinent to this agreement, fire prevention, suppression and mitigation services within its corporate limits.
- v. The Town of Estes Park is a statutory town that receives fire protection, suppression and mitigation services from the Estes Valley Fire Protection District. The Town does not have significant fire service capability and relies upon the Estes Valley Fire Protection District for the provision of fire prevention, suppression and mitigation services.

2. Prevention: The Parties agree to take reasonable action within their current capabilities to reduce human caused wildfire ignitions through information, education and enforcement.

3. Preparedness: The Parties agree to plan the most effective level of resources to protect human and natural resources and actively participate in preparedness and all hazard planning related to their properties covered by this Agreement. Municipalities may provide resource protection priorities for land covered by this agreement. Such protection priorities should be provided as soon as possible, however resource protection decisions will ultimately be at the incident commander’s discretion.

4. Mitigation: The Parties agree to take reasonable action within their current capabilities to reduce potential negative impacts on human and natural resources from forest and wildland fire. Larimer County may provide its Fuels Module to municipalities to assist in the implementation of fuels reduction projects at a cost of time and materials, when funding and

scheduling allows. Municipalities may engage in independent mitigation plans, including coordinated efforts with the United States Forest Service and Larimer County. The Parties agree to negotiate and implement additional reasonable mitigation strategies within their capabilities on a case-by-case basis.

5. Suppression:

a. The Parties agree to use reasonable and appropriate strategies and tactics within their current capabilities for safe and cost effective protection of human and natural resource values from forest and wildland fire. Due to the nature of fire suppression, the Parties agree that incident commanders shall determine the most appropriate suppression responses on a case-by-case basis.

b. The Parties agree that mutual aid is the assistance provided by a supporting agency at no cost to the jurisdictional agency. The County may request mutual aid from a municipality's Fire Department or an overlapping Fire Authority. Each municipality agrees to provide, if the municipality has such resources available, National Wildfire Coordinating Group (NWCG) qualified resources at no cost, for the duration of an incident. If a municipality has an agreement with an overlapping Fire Authority, the municipality agrees to request under any contractual authority, that the Fire Authority provide NWCG qualified resources at no cost, for the duration of an incident. Under this agreement, "duration of an incident" shall be from when, in the incident commander's discretion, municipality property covered by this agreement is first considered at risk from fire, until the property is no longer at risk.

c. A municipality or Fire Authority is not under any obligation to respond to a call for mutual aid under this agreement when, in its sole discretion, it determines that responding would unreasonably deplete its ability to respond within its own jurisdiction. This provision does not limit obligations of a municipality under any other mutual aid or other agreement.

d. Cost Sharing of suppression costs shall be negotiated between the County and Municipality. Upon a request for mutual aid to a Municipality's Fire Department or overlapping Fire Authority, the Fire Department or Fire Authority will contact the appropriate agent for the Municipality to engage in cost share negotiations. If a Fire Authority is unable to reach a municipal agent or the municipal agent is unable to respond, the municipalities have authorized the Fire Authority to negotiate on the municipalities behalf and be bound by such negotiations, until a municipal agent can respond.

6. Reclamation and rehabilitation: The Parties agree to work together to assess impacts of forest and wildland fire on human and natural resources related to their lands at issue in this Agreement, and to identify the roles and responsibilities of appropriate agencies and funding sources. The Parties may refer to the AOP and the Larimer County 2010 Wildland Fire Preparedness Plan as guidance in such efforts.
7. Actions taken if one party fails to meet its obligations: The Parties agree that if a municipality fails to meet its obligations under Section 5, then the Parties will meet within a reasonable time to discuss alternatives to better address wildland and forest fire mitigation issues.
8. Notices: Any notice required hereunder shall be sufficiently given and shall be deemed given when hand delivered, or after the lapse of five business days following mailing by certified mail – return receipt requested to the contacts outlined in Exhibit “A”.
9. Governmental Immunity Act: Nothing in this Agreement shall be construed in any way to be a waiver of any party to the Agreement of the Governmental Immunity Act, Section 24-10-101, et seq. C.R.S., as amended.
10. Governing Law and Venue: This Agreement shall be governed by the laws of the State of Colorado and venue shall lie in the County of Larimer.
11. Enforcement limited to the Parties: The enforcement of the terms and conditions of this Agreement and all rights of action relating to such enforcement shall be strictly reserved to the Parties, and nothing contained in this Agreement shall give or allow any claims or right of action whatsoever by any another person or third party entity. It is the express intent of the Parties to this Agreement that any person or entity receiving service or benefits under this Agreement shall be deemed an incidental beneficiary only.
12. Amendments under this Agreement: This Agreement contains the entire agreement between the Parties. Any proposed amendment of this Agreement must be referred to the Parties and executed in writing.
13. Severability: If any portion of this Agreement is held by a court to be invalid or unenforceable as to any party, the entire Agreement shall be terminated, it being the understanding and intent of the Parties that every portion of the Agreement is essential to and not severable from the remainder.
14. No Third Party Beneficiaries: The Parties, in their corporate and representative governmental capacities, are the only entities intended to be the beneficiaries of the

agreement, and no other person or entity is so intended or may bring any action, including a derivative action, to enforce the Agreement.

15. Legal Constraints: The Parties hereto recognize that there are legal constraints imposed upon them by the constitution, statutes, and rules and regulations of the State of Colorado and of the United States, and imposed upon them by their respective governing statutes, charters, ordinances, rules and regulations, and that, subject to such constraints, the Parties intend to carry out the terms and conditions of this Agreement. Notwithstanding any other provision of this Agreement to the contrary, in no event shall any of the Parties be obligated hereunder to exercise any power or take any action that is prohibited by applicable law. Whenever possible, each provision of this Agreement shall be interpreted in such a manner so as to be effective and valid under applicable law. Larimer County and the Municipalities are Colorado public entities and all financial obligations extending beyond the current fiscal year are subject to funds being budgeted and appropriated therefore. Nothing in this agreement shall be deemed a waiver of the Colorado Governmental Immunity Act.

16. Effective Date and Termination: This Agreement shall become effective on July 1, 2012. Except as provided herein, this Agreement shall remain in effect if not terminated by any Party in its sole discretion, by providing 45 days written notice.

17. Counterpart Signatures: The parties agree that counterpart signatures (each party will have a separate signature page) of this Agreement shall be acceptable and that execution of the Agreement in the same form by each and every party shall be deemed to constitute full and final execution of the Agreement.

REMAINDER OF PAGE LEFT BLANK

CITY OF GREELEY, COLORADO, a Municipal Corporation, acting by and through its
Water and Sewer Board

By: _____ By: _____

Board Chairman

Mayor

ATTESTED AND APPROVED AS TO ATTEST:
SUBSTANCE:

By: _____ By: _____

Secretary to the Board and City
Manager

City Clerk

APPROVED AS TO LEGAL FORM:

AS TO AVAILABILITY OF FUNDS:

By: _____ By: _____

City Attorney

Director of Finance

For Larimer County

By: _____
Linda Hoffmann, County Manager

Date: _____

By: _____
Justin Smith, Sheriff

Date: _____

Approved as to From:

Senior County Attorney

The City of Loveland, Colorado
A Municipal Corporation

Approved as to Form:

Assistant City Attorney

By: _____
William Cahill, City Manager

Date: _____

The City of Fort Collins, Colorado
A Municipal Corporation

Approved as to Form:

City Attorney's Office

By: _____
Darin Atteberry, City Manager

Date: _____

The Town of Estes Park

Approved as to Form:

By: _____

Date: _____

The City of Thornton, Colorado
A Municipal Corporation

Approved as to Form:

City Attorney's Office

By: _____
City Manager

Date: _____

The Town of Berthoud

Approved as to Form:

By: _____

Date: _____

Exhibit "A"

Notices required under Section 8, shall be sent as follows:

City of Greeley:

Director, Water and Sewer Department
City of Greeley
1100 10th Street, Suite 300
Greeley, Colorado 80631

With a copy to:

City Attorney
City of Greeley
1100 10th Street, Suite 401
Greeley, Colorado 80631

For Cost Sharing Negotiations:

Fire Department Division Chief
1100 10th Street
Greeley, Colorado 80631

City of Loveland:

City Manager
500 E. Third St.
Loveland, Colorado 80537

LFRA Public Safety Administrative Director
410 E. 5th St.
Loveland, Colorado 80537

With a copy to:

City Attorney's Office
500 E. Third St.

Loveland, Colorado 80537

City of Fort Collins:

Ken Mannon
Operational Services Director
300 LaPorte Avenue
Fort Collins, Colorado 80521
(cell) 970-222-1933
(work) 970-221-6894

Chief Tom Demint
Poudre Fire Authority
102 Remington Street
Fort Collins, Colorado 80524
(Work) 970-221-6570

With a copy to:

Fort Collins City Attorney's Office
300 LaPorte Avenue, PO Box 580
Fort Collins, CO 80522

Larimer County:

Larimer County Sheriff
2501 Midpoint Dr.
Fort Collins, Colorado 80525

Larimer County UnderSheriff
2501 Midpoint Dr.
Fort Collins, Colorado 80525

With a copy to:

Larimer County Attorney's Office
224 Canyon Ave., Suite 200
Fort Collins, Colorado 80521

Town of Estes Park:

Town Administrator
P.O. Box 1200
Estes Park, Colorado 80517

Town of Berthoud:

Town Administrator
P.O. Box 1229
Berthoud, Colorado 80513

City of Thornton:

City Manager
9500 Civic Center Drive
Thornton, Colorado 80229

Fire Department Chief
9500 Civic Center Drive
Thornton, Colorado 80229

With a copy to:

City Attorney's office
9500 Civic Center Drive
Thornton, Colorado 80229

**CITY OF LOVELAND**
POLICE DEPARTMENT810 East 10th Street • Loveland, Colorado 80537
(970) 667-2151 • FAX (970) 962-2917 • TDD (970) 962-2620

AGENDA ITEM: 6
MEETING DATE: 6/18/2013
TO: City Council
FROM: Ray Miller, Police
PRESENTER: Luke Hecker, Chief of Police

TITLE:

A Motion for Approval of Staff Application for a Federal Justice Assistance Grant (JAG Grant)

RECOMMENDED CITY COUNCIL ACTION:

Conduct a public hearing and approve the motion.

OPTIONS:

1. Adopt the action as recommended
 2. Deny the action
 3. Adopt a modified action (specify in the motion)
 4. Refer back to staff for further development and consideration
 5. Adopt a motion continuing the item to a future Council meeting
-

DESCRIPTION:

This is an administrative action. Federal regulations require review of the grant application to be conducted prior to submitting the grant application. There is no match.

BUDGET IMPACT:

- Positive
 Negative
 Neutral or negligible
-

SUMMARY:

The Police Department is applying for a Federal JAG grant of \$13,063 that would fund overtime for Detectives in the Special Investigations Unit at the Northern Colorado Drug Task Force. The public hearing notice was published in the Loveland Reporter-Herald on June 12, 2013. The application is due July 9, 2013.

REVIEWED BY CITY MANAGER:

LIST OF ATTACHMENTS:

JAG Grant Application Solicitation

U.S. Department of Justice
Office of Justice Programs
Bureau of Justice Assistance

OMB No. 1121-0329



The [U.S. Department of Justice](#) (DOJ), [Office of Justice Programs](#)¹ (OJP) [Bureau of Justice Assistance](#) (BJA) is seeking applications for funding under the Edward Byrne Memorial Justice Assistance Grant (JAG) Program. This program furthers the Department's mission by assisting state, local, and tribal efforts to prevent or reduce crime and violence.

Edward Byrne Memorial Justice Assistance Grant (JAG) Program FY 2013 Local Solicitation

Eligibility

Applicants are limited to units of local government appearing on the FY 2013 JAG Allocations List. To view this list, go to www.bja.gov/programs/jag/13jagallocations.html. For JAG Program purposes, a unit of local government is: a town, township, village, parish, city, county, borough, or other general purpose political subdivision of a state; or, it may also be a federally recognized Indian tribe that performs law enforcement functions (as determined by the Secretary of the Interior). Otherwise a unit of local government may be any law enforcement district or judicial enforcement district established under applicable state law with authority to independently establish a budget and impose taxes. In Louisiana, a unit of local government means a district attorney or parish sheriff. In the District of Columbia or any U.S. Trust Territory, a unit of local government is any agency of the District of Columbia or federal government performing law enforcement functions for the District of Columbia or U.S. Trust Territory.

Deadline

Applicants must register in [OJP's Grants Management System](#) (GMS) prior to submitting an application for this funding opportunity. Select the "Apply Online" button associated with the solicitation title. (See "How to Apply," page 19.) All registrations and applications are due by 8:00 p.m. eastern time on July 9, 2013. (See "Deadlines: Registration and Application," page 4.)

Contact Information

For technical assistance with submitting the application, contact the Grants Management System Support Hotline at 1-888-549-9901, option 3, or via e-mail to GMS.HelpDesk@usdoj.gov.

Note: The [GMS](#) Support Hotline hours of operation are Monday–Friday from 6:00 a.m. to 12 midnight eastern time, except federal holidays.

For assistance with any other requirement of this solicitation, contact the BJA Justice Information Center at 1–877–927–5657, via e-mail to JIC@telesishq.com, or by [live web chat](#). The BJA Justice Information Center hours of operation are 8:30 a.m. to 5:00 p.m. eastern time, and 8:30 a.m. to 8:00 p.m. eastern time, Monday through Friday, on the solicitation close date. You may also contact your State Policy Advisor: www.bja.gov/About/Contacts/ProgramsOffice.html.

Funding opportunity number assigned to announcement: BJA-2013-3599

Release date: May 30, 2013

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Edward Byrne Memorial Justice Assistance Grant (JAG) Program: Local Solicitation CFDA #16.738

Overview

The Edward Byrne Memorial Justice Assistance Grant (JAG) Program (42 U.S.C. 3751(a)) is the primary provider of federal criminal justice funding to state and local jurisdictions. The JAG Program provides states and units of local governments with critical funding necessary to support a range of program areas including law enforcement, prosecution and court programs, prevention and education programs, corrections and community corrections, drug treatment and enforcement, crime victim and witness initiatives, and planning, evaluation, and technology improvement programs.

Deadlines: Registration and Application

Applicants must register in GMS prior to submitting application for this funding opportunity. Select the "Apply Online" button associated with the solicitation title. The deadline to register in GMS and the deadline to apply for funding under this announcement is 8:00 p.m. eastern time on July 9, 2013. See "How To Apply" on page 19 for details.

Eligibility

Refer to the title page for eligibility under this program.

Program-Specific Information

Program Areas

JAG funds may be used for state and local initiatives, technical assistance, strategic planning, research and evaluation (including forensics), data collection, training, personnel, equipment, forensic laboratories, supplies, contractual support, and criminal justice information systems that will improve or enhance such areas as:

- Law enforcement programs.
- Prosecution and court programs.
- Prevention and education programs.
- Corrections and community corrections programs.
- Drug treatment and enforcement programs.
- Planning, evaluation, and technology improvement programs.
- Crime victim and witness programs (other than compensation).

Award Recipient Responsibilities: The Chief Executive Officer (CEO) of an eligible unit of local government or other officer designated by the CEO must submit the application for JAG funds. A unit of local government receiving a JAG award will be responsible for the administration of the funds including: distributing the funds; monitoring the award; submitting

quarterly financial status (SF-425) and performance metrics reports and annual programmatic reports; and providing ongoing oversight and assistance to any subrecipients of the funds.

Governing Body Review: No fewer than 30 days prior to application submission, the applicant agency (fiscal agent in disparate situations) must make the grant application available for review by the governing body (or to the organization designated by the governing body. **See the Review Narrative section on page 15 for additional information.**

Public Comment: At the time of application submission, the applicant agency (the fiscal agent in disparate situations) must provide an assurance that the application was made public and an opportunity to comment was provided to citizens and neighborhood or community organizations to the extent the applicable law or established procedure makes such an opportunity available. **See the Review Narrative section on page 15 for additional information.**

Prohibited Uses: No JAG funds may be expended outside of JAG program areas. Even within these program areas, however, JAG funds cannot be used directly or indirectly for security enhancements or equipment for nongovernmental entities not engaged in criminal justice or public safety. Additionally, **JAG funds may not be used directly or indirectly to provide for any of the following matters unless the BJA Director certifies that extraordinary and exigent circumstances exist;** making them essential to the maintenance of public safety and good order:

- *Vehicles, vessels, or aircraft.
- **Unmanned aerial vehicles/unmanned aircraft, aircraft system, or aerial vehicles (UA/UAS/UAV).
- Luxury items.
- Real estate.
- Construction projects (other than penal or correctional institutions).
- Any similar matters.

***Police cruisers, police boats, and police helicopters are allowable vehicles under JAG and do not require BJA certification.**

****Unmanned Aircraft, Aircraft System, or Aerial Vehicles (UA/UAS/UAV):** No JAG funds may be expended on these items unless the BJA Director certifies that extraordinary and exigent circumstances exist, making them essential to the maintenance of public safety and good order. Also, any grant award using funds for this purpose *may* be subject to additional reporting criteria, which will be spelled out in a customized special condition attached to the grant award.

For information related to requesting a waiver to obtain BJA certification for any prohibited item, or for examples of allowable vehicles that do not require BJA certification, refer to the JAG FAQs on BJA's [JAG web page](#).

Evidence-Based Programs or Practices

OJP places a strong emphasis on the use of data and evidence in policy making and program development in criminal justice. OJP is committed to:

- improving the quantity and quality of evidence OJP generates;

- integrating evidence into program, practice, and policy decisions within OJP and the field; and
- improving the translation of evidence into practice.

OJP considers programs and practices to be evidence-based when their effectiveness has been demonstrated by causal evidence, generally obtained through one or more outcome evaluations. Causal evidence documents a relationship between an activity or intervention (including technology) and its intended outcome, including measuring the direction and size of a change, and the extent to which a change may be attributed to the activity or intervention. Causal evidence depends on the use of scientific methods to rule out, to the extent possible, alternative explanations for the documented change. The strength of causal evidence, based on the factors described above, will influence the degree to which OJP considers a program or practice to be evidence-based.

OJP's CrimeSolutions.gov web site is one resource that applicants may use to find information about evidence-based programs in criminal justice, juvenile justice, and crime victim services. Additionally, when considering evidence-based programs and practices specific to reentry, it is recommended that jurisdictions review the [What Works in Reentry Clearinghouse](#) for important research on the effectiveness of a wide variety of reentry programs and practices. The Clearinghouse provides a one-stop shop for practitioners and service providers seeking guidance on evidence-based reentry interventions.

Amount and Length of Awards

Eligible award amounts under JAG are posted annually on BJA's JAG web page: www.bja.gov/ProgramDetails.aspx?Program_ID=59.

Awards of at least \$25,000 or more are 4 years in length with an award period of October 1, 2012 through September 30, 2016. Extensions beyond a 4-year period may be made on a case-by-case basis at the discretion of BJA and must be requested via the Grants Management System (GMS) **no less than 30 days prior to the grant end date**.

Awards that are less than \$25,000 are 2 years in length with an award period of October 1, 2012 through September 30, 2014. Requests for up to two additional years to complete performance of the award will be granted automatically, pursuant to 42 U.S.C. § 3751(f). Extensions beyond a 4-year period may be made on a case-by-case basis at the discretion of BJA and must be requested via the Grants Management System (GMS) **no less than 30 days prior to the grant end date**.

All awards are subject to the availability of appropriated funds and to any modifications or additional requirements that may be imposed by law.

Budget Information

Applicants must submit a budget and budget narrative outlining how JAG funds, including administrative funds if applicable, will be used to support and implement the program. **See the budget narrative description under "What an Application Should Include" on page xx for more information.**

Formula: Once each fiscal year's overall JAG Program funding level is determined, BJA partners with the Bureau of Justice Statistics (BJS) to begin a four-step grant award calculation process which consists of:

1. Computing an initial JAG allocation for each state and territory, based on their share of violent crime and population (weighted equally).
2. Reviewing the initial JAG allocation amount to determine if the state or territory allocation is less than the minimum ("de minimus") award amount defined in the JAG legislation (0.25 percent of the total). If this is the case, the state or territory is funded at the minimum level, and the funds required for this are deducted from the overall pool of JAG funds. Each of the remaining states receives the minimum award plus an additional amount based on their share of violent crime and population.
3. Dividing each state's final award amount (except for the territories and District of Columbia) between state and local governments at a rate of 60 and 40 percent, respectively.
4. Determining local unit of government award allocations, which are based on their proportion of the state's 3-year violent crime average. If a local eligible award amount is less than \$10,000, the funds are returned to the state to be awarded to these local units of government through the state agency. If the eligible award amount is \$10,000 or more, then the local government is eligible to apply for a JAG award directly from BJA.

Administrative Funds: A unit of local government may use up to 10 percent of the award, including interest, for costs associated with administering JAG funds.

Supplanting: Supplanting is prohibited under JAG. Applicants cannot replace or supplant non-federal funds that have been appropriated for the same purpose. See the JAG FAQs on BJA's [JAG web page](#) for examples of supplanting.

Leveraging of Grant Funds: Although supplanting is prohibited, the leveraging of federal funding is encouraged. For example, a city may utilize JAG and Homeland Security Grant Program (HSGP) money to fund different portions of a fusion center project. In instances where leveraging occurs, all federal grant funds must be tracked and reported on separately and may not be used to fund the same line items. Additionally, federal funds cannot be used as match for other federal awards.

Disparate Certification: A disparate allocation occurs when a city or municipality is allocated one-and-one-half times (150 percent) more than the county, while the county bears more than 50 percent of the costs associated with prosecution or incarceration of the municipality's Part 1 violent crimes. A disparate allocation also occurs when multiple cities or municipalities are collectively allocated four times (400 percent) more than the county, and the county bears more than 50 percent of the collective costs associated with prosecution or incarceration of each municipality's Part 1 violent crimes.

- ★ Jurisdictions certified as disparate must identify a fiscal agent that will submit a **joint application** for the aggregate eligible allocation to all disparate municipalities. The joint application must determine and specify the award distribution to each unit of local government and the purposes for which the funds will be used. When beginning the JAG

application process, a Memorandum of Understanding (MOU) that identifies which jurisdiction will serve as the applicant/fiscal agent for joint funds must be completed and signed by the Authorized Representative for each participating jurisdiction. The signed MOU should be attached to the application. For a sample MOU, go to www.bja.gov/Funding/JAGMOU.pdf.

Trust Fund: Award recipients may draw down JAG funds in advance. To do so, a trust fund must be established in which to deposit the funds. The trust fund may or may not be an interest-bearing account. If subrecipients draw down JAG funds in advance, they also must establish a trust fund in which to deposit funds. This trust fund requirement does not apply to direct JAG award recipients or subrecipients that draw-down on a reimbursement basis rather than in advance.

Limitation on Use of Award Funds for Employee Compensation; Waiver: With respect to any award of more than \$250,000 made under this solicitation, recipients may not use federal funds to pay total cash compensation (salary plus cash bonuses) to any employee of the award recipient at a rate that exceeds 110 percent of the maximum annual salary payable to a member of the Federal Government's Senior Executive Service (SES) at an agency with a Certified SES Performance Appraisal System for that year. The 2013 salary table for SES employees is available at www.opm.gov/oca/13tables/indexSES.asp. Note: A recipient may compensate an employee at a greater rate, provided the amount in excess of this compensation limitation is paid with non-federal funds. (Any such additional compensation will not be considered matching funds where match requirements apply.)

The Assistant Attorney General (AAG) for OJP may exercise discretion to waive, on an individual basis, the limitation on compensation rates allowable under an award. An applicant requesting a waiver should include a detailed justification in the budget narrative of the application. Unless the applicant submits a waiver request and justification with the application, the applicant should anticipate that OJP will request the applicant to adjust and resubmit the budget.

The justification should include the particular qualifications and expertise of the individual, the uniqueness of the service the individual will provide, the individual's specific knowledge of the program or project being undertaken with award funds, and a statement explaining that the individual's salary is commensurate with the regular and customary rate for an individual with his/her qualifications and expertise, and for the work to be done.

Minimization of Conference Costs: OJP encourages applicants to review the OJP guidance on conference approval, planning, and reporting that is available on the OJP web site at www.ojp.gov/funding/confcost.htm. This guidance sets out the current OJP policy, which requires all funding recipients that propose to hold or sponsor conferences (including meetings, trainings, and other similar events) to minimize costs, requires OJP review and prior written approval of most conference costs for cooperative agreement recipients (and certain costs for grant recipients), and generally prohibits the use of OJP funding to provide food and beverages at conferences. The guidance also sets upper limits on many conference costs, including facility space, audio/visual services, logistical planning services, programmatic planning services, and food and beverages (in the rare cases where food and beverage costs are permitted at all).

Prior review and approval of conference costs can take time (see the guidance for specific deadlines), and applicants should take this into account when submitting proposals. Applicants

also should understand that conference cost limits may change and that they should check the guidance for updates before incurring such costs.

Note on food and beverages: OJP may make exceptions to the general prohibition on using OJP funding for food and beverages, but will do so only in rare cases where food and beverages are not otherwise available (e.g., in extremely remote areas); the size of the event and capacity of nearby food and beverage vendors would make it impractical to not provide food and beverages; or a special presentation at a conference requires a plenary address where conference participants have no other time to obtain food and beverages. Any such exception requires OJP's prior written approval. The restriction on food and beverages does not apply to water provided at no cost, but does apply to any and all other refreshments, regardless of the size or nature of the meeting. Additionally, this restriction does not affect direct payment of per diem amounts to individuals in a travel status under your organization's travel policy.

Costs Associated with Language Assistance (if applicable): If an applicant proposes a program or activity that would deliver services or benefits to individuals, the costs of taking reasonable steps to provide meaningful access to those services or benefits for individuals with limited English proficiency may be allowable. Reasonable steps to provide meaningful access to services or benefits may include interpretation or translation services where appropriate.

For additional information, see the "Civil Rights Compliance" section of the OJP "Other Requirements for OJP Applications" web page at www.ojp.usdoj.gov/funding/other_requirements.htm.

Match Requirement: While match is not required under the JAG Program, match is an effective strategy to expand justice funds and build buy-in for local criminal justice initiatives. Matching funds become part of the overall award amount, and as such are subject to audit and must be expended or deobligated prior to closeout.

Other JAG Requirements

Body Armor Certification

- Ballistic-resistant and stab-resistant body armor can be funded through two BJA-administered programs: the JAG Program and the Bulletproof Vest Partnership (BVP) Program.
- The BVP Program is designed to provide a critical resource to state and local law enforcement through the purchase of ballistic-resistant and stab-resistant body armor. A jurisdiction is able to request up to 50 percent of the cost of a vest with BVP funds. For more information on the BVP Program, including eligibility and application, refer to the [BVP web page](#).
- JAG funds may also be used to purchase vests for an agency, but they may not be used to pay for that portion of the ballistic-resistant vest (50 percent) that is not covered by BVP funds. Unlike BVP, JAG funds used to purchase vests do not require a 50 percent match.
- Vests purchased with JAG funds may be purchased at any threat level, make, or model from any distributor or manufacturer, as long as the vests have been tested and found to comply with the latest applicable National Institute of Justice ballistic or stab standards. In addition, vests purchased must be American-made. Information on the latest National Institute of

justice (NIJ) standards can be found at: www.nij.gov/topics/technology/body-armor/safety-initiative.htm.

- As is the case in BVP, grantees who wish to purchase vests with JAG funds must certify that law enforcement agencies receiving vests have a written "mandatory wear" policy in effect. FAQs related to the mandatory wear policy and certifications can be found at www.bja.gov/Funding/JAGFAQ.pdf. This policy must be in place for at least all uniformed officers before any FY 2013 funding can be used by the agency for vests. There are no requirements regarding the nature of the policy other than it being a mandatory wear policy for all uniformed officers while on duty. The certification **must** be signed by the certifying official and **must** be attached to the application. If the grantee proposes to change project activities to utilize JAG funds to purchase bulletproof vests after the application period (during the project period), then the grantee must submit the signed certification to BJA at that time. A mandatory wear concept and issues paper and a model policy are available by contacting the BVP Customer Support Center vests@usdoj.gov or toll free at 1-877-758-3787.
- A copy of the certification related to the mandatory wear can be found at: www.bja.gov/Funding/13JAGBVPcert.pdf.

Interoperable Communications

- Grantees (including subgrantees) that are using FY 2013 JAG Program funds to support emergency communications activities (including the purchase of interoperable communications equipment and technologies such as voice-over-internet protocol bridging or gateway devices, or equipment to support the build out of wireless broadband networks in the 700 MHz public safety band under the Federal Communications Commission (FCC) Waiver Order) must ensure:
 - Compliance with the [FY 2013 SAFECOM Guidance for Emergency Communication Grants](#) (including provisions on technical standards that ensure and enhance interoperable communications).
 - Adherence to the technical standards set forth in the FCC Waiver Order, or any succeeding FCC orders, rules, or regulations pertaining to broadband operations in the 700 MHz public safety band.
 - Projects support the Statewide Communication Interoperability Plan (SCIP) and are fully coordinated with the full-time Statewide Interoperability Coordinator (SWIC) in the state of the project. As the central coordination point for their state's interoperability effort, the SWIC plays a critical role, and can serve as a valuable resource. SWICs are responsible for the implementation of the SCIP through coordination and collaboration with the emergency response community. The U.S. Department of Homeland Security Office of Emergency Communications maintains a list of SWICs for each of the 56 states and territories. Contact OEC@hq.dhs.gov.
 - All communications equipment purchased with grant award funding (plus the quantity purchased of each item) is identified during quarterly performance metrics reporting.

DNA Testing of Evidentiary Materials and Upload of DNA Profiles to a Database

If JAG program funds will be used for DNA testing of evidentiary materials, any resulting eligible DNA profiles must be uploaded to the Combined DNA Index System (CODIS, the national DNA

database operated by the Federal Bureau of Investigation (FBI)), by a government DNA lab with access to CODIS. No profiles generated with JAG funding may be entered into any other non-governmental DNA database without prior express written approval from BJA. For more information, refer to the NIJ FY 2013 DNA Backlog Reduction Program, available at www.ncjrs.gov/pdffiles1/nij/sl001062.pdf. In addition, funds may not be used for purchase of DNA equipment and supplies when the resulting DNA profiles from such technology are not accepted for entry into CODIS.

Reporting Requirements, Performance Measures, and JAG Showcase

Submission of performance measures data is not required for the application. Instead, applicants should discuss in their application their proposed methods for collecting data for performance measures. Refer to the section “What an Application Should Include” on page 15 for additional information.

Award recipients will be required to submit quarterly financial status (SF-425) and annual programmatic reports through [GMS](#), quarterly performance metrics reports (see Performance Measures section below) through BJA’s Performance Measurement Tool ([PMT](#)), and Federal Funding Accountability and Transparency Act (FFATA) reports through the FFATA Sub-award Reporting System ([FSRS](#)) as necessary (see FFATA section below).

Performance Measures

To assist in fulfilling the Department’s responsibilities under the Government Performance and Results Act of 1993 (GPRA), P.L. 103-62, and the GPRA Modernization Act of 2010, Public Law 111–352, applicants who receive funding under this solicitation must provide data that measures the results of their work done under this solicitation. **Quarterly performance metrics reports must be submitted through BJA’s Performance Measurement Tool (PMT) web site, available at www.bjaperformancetools.org. The performance measures can be found at: www.bjaperformancetools.org/help/JAGMeasuresQuestionnaire.pdf.**

Note on Project Evaluations

Applicants that propose to use funds awarded through this solicitation to conduct project evaluations should be aware that certain project evaluations (such as systematic investigations designed to develop or contribute to generalizable knowledge) may constitute “research” for purposes of applicable DOJ human subjects protection regulations. However, project evaluations that are intended only to generate internal improvements to a program or service, or are conducted only to meet OJP’s performance measure data reporting requirements likely do not constitute “research.” Applicants should provide sufficient information for OJP to determine whether the particular project they propose would either intentionally or unintentionally collect and/or use information in such a way that it meets the DOJ regulatory definition of research.

Research, for the purposes of human subjects protections for OJP-funded programs, is defined as, “a systematic investigation, including research development, testing, and evaluation, designed to develop or contribute to generalizable knowledge” 28 C.F.R. § 46.102(d). For additional information on determining whether a proposed activity would constitute research, see the decision tree to assist applicants on the “Research and the Protection of Human Subjects” section of the OJP “Other Requirements for OJP Applications” Web page (www.ojp.usdoj.gov/funding/other_requirements.htm). Applicants whose proposals may involve

a research or statistical component also should review the “Confidentiality” section on that Web page.

Notice of Post-Award FFATA Reporting Requirement

Applicants should anticipate that OJP will require all recipients (other than individuals) of awards of \$25,000 or more under this solicitation, consistent with the Federal Funding Accountability and Transparency Act of 2006 (FFATA), to report award information on any first-tier subawards totaling \$25,000 or more, and, in certain cases, to report information on the names and total compensation of the five most highly compensated executives of the recipient and first-tier subrecipients. Each applicant entity must ensure that it has the necessary processes and systems in place to comply with the reporting requirements should it receive funding. Reports regarding subawards will be made through the FFATA Subaward Reporting System (FSRS), found at www.fsrs.gov.

Note also that applicants should anticipate that no subaward of an award made under this solicitation may be made to a subrecipient (other than an individual) unless the potential subrecipient acquires and provides a Data Universal Numbering System (DUNS) number.

JAG Showcase

This [JAG Showcase](#) was designed to identify and highlight JAG projects that have demonstrated success or have shown promise in reducing crime, positively impacting communities, etc. Because the JAG program provides state, tribal, and local jurisdictions with flexibility to tailor the programs to fit their needs, a wide variety of programs have been funded across the country. Each year, new methods to reduce and prevent crime, violence, and drug abuse; and, to improve the functioning of the criminal justice system are being discovered. BJA strives to increase awareness of JAG funds invested in innovation, evidence-based programs and program evaluations. This page is intended to serve as a resource for criminal justice professionals in the field who seek to stay informed of some the most interesting, innovative, results oriented projects that have been funded with JAG money in the last several years.

JAG success stories should include the: name and location of program/project; point of contact with phone and e-mail; amount of JAG funding received and in which fiscal year; and a brief summary describing the program/project and its impact. **BJA strongly encourages and appreciates annual (or more frequent) submissions at JAG.Showcase@ojp.usdoj.gov or via the [online form](#).**

Priorities

BJA recognizes that the downturn in the economy has resulted in significant pressures on state and local criminal justice systems. In these challenging times, shared priorities and leveraged resources can make a significant impact. In light of this, it is important to make SAAs and local JAG recipients aware of several areas of priority that may be of help in maximizing the effectiveness of JAG funding at the state and local level.

In addition to our longstanding and unwavering commitment to keeping violent crime at its lowest level in decades, the following priorities represent key areas where BJA will be focusing nationally and invite each state and local JAG recipient to join us in addressing these challenges as a part of our JAG partnership.

Reducing Gun Violence

In the aftermath of the Sandy Hook Elementary School tragedy and mass shootings in Aurora, Oak Creek, and Tucson, BJA encourages states and localities to invest valuable JAG funds in programs to reduce gun violence, enforce existing firearms laws, and enhance reporting to the FBI's National Instant Criminal Background Check System. Other important priorities include strengthening school safety, improving criminal justice/mental health collaborations, and supporting joint first responder critical incident training.

Recidivism Reduction and Justice System Realignment

In this time of fiscal austerity and smaller state and local budgets, reducing unnecessary incarceration in a manner that promotes public safety is a paramount goal. Effective community supervision coupled with evidence-based program interventions can result in significant reductions in recidivism. A priority funding area is the implementation of effective pretrial services programs and innovative programs and approaches in probation and parole supervision that improve services to offenders and increase collaborative efforts among community supervision agencies with law enforcement and the courts. Currently 17 states and local governments are working to control spiraling incarceration costs through justice system reforms and realignment under the Justice Reinvestment Initiative (JRI). Strategic investment of JAG funds to implement JRI legislation and policy changes in those states and localities can augment federal funds and achieve greater cost savings and reinvestments in programs to promise public safety.

Indigent Defense

Another key priority area in the criminal justice system is support for indigent defense. BJA continues to encourage states and SAAs to use JAG funds to support the vital needs of the indigent defense community. Attorney General Holder has consistently stressed that the crisis in indigent defense reform is a serious concern which must be addressed if true justice is to be achieved in our nation. In 2002, the American Bar Association (ABA) published Ten Principles of a Public Defense Delivery System which represent fundamental building blocks for implementing quality legal representation for indigent defendants. (See [ABA Ten Principles.](#))

Evidence-Based “Smart” Programs

As a result of the current fiscal crisis, many police departments are experiencing unprecedented budget cuts, layoffs, and reductions in force. These challenges must be met by making wider use of advancements in the law enforcement field in the last several decades which rely on use of data, crime analysis, crime mapping and other analytic tools, cutting edge technology, and research and evaluations regarding effective policing strategies and programs. BJA offers a number of program models designed to effectively implement evidence based strategies including Smart Policing and Smart Probation. A useful matrix of evidence-based policing programs and strategies is available through the [Center for Evidence-Based Policy](#) at George Mason University and provides valuable information on policing strategies and programs that work. BJA encourages states to use JAG funds to support these “smart policing” strategies, including a focus on real time crime analysis centers (CACs), and effective partnerships with universities and research partners and with non-traditional criminal justice partners. Counterterrorism continues to be the number one priority for DOJ. At the state and local level,

high functioning, evidence-based, data-driven public safety agencies are a critical component of our nation's "all crimes" strategy. In addition, the JAG Program has long supported effective and collaborative multi-jurisdictional task forces and justice information sharing programs, which continue as a priority in order to maintain our nation's historic reductions in violent crime.

What an Application Should Include

Applicants should anticipate that if they fail to submit an application that contains all of the specified elements, it may negatively affect the review of their application; and, should a decision be made to make an award, it may result in the inclusion of special conditions that preclude the recipient from accessing or using award funds pending satisfaction of the conditions.

Refer to the BJA Grant Writing and Management Academy and OJP's Grants 101 for an overview of what should be included in each application requirement. These trainings can be found at bja.ncjrs.gov/gwma/index.html and www.ojp.gov/grants101/.

OJP strongly recommends use of appropriately descriptive file names (e.g., "Program Narrative," "Budget Narrative," "Memoranda of Understanding," etc.) for all attachments.

1. Information to Complete the Application for Federal Assistance (SF-424)

The SF-424 is a standard form required for use as a cover sheet for submission of pre-applications, applications, and related information. GMS takes information from the applicant's profile to populate the fields on this form.

2. Abstract

Applicants **must** provide an abstract that includes the applicant's name, title of the project, goals of the project, and a description of the strategies to be used. In addition, above or below the abstract narrative, applicants **must identify up to 5 project identifiers** that would be associated with proposed project activities. The list of all identifiers can be found at www.bja.gov/Funding/JAGIdentifiers.pdf. The abstract **should not** exceed a half-page, or 400-500 words.

Failure to submit this required information will result in an application being returned in the Grants Management System (GMS) for inclusion of the missing information OR the attachment of a withholding of funds special condition at the time of award.

3. Program Narrative

Applicants **must** submit a program narrative that generally describes the proposed program activities for the two or four year grant period. The narrative must outline the type of programs to be funded by the JAG award and provide a brief analysis of the need for the programs. Narratives must also identify anticipated coordination efforts involving JAG and related justice funds. Certified disparate jurisdictions submitting a **joint application** must specify the funding distribution to each disparate unit of local government and the purposes for which the funds will be used.

Failure to submit this required information will result in an application being returned in the Grants Management System (GMS) for inclusion of the missing information OR the attachment of a withholding of funds special condition at the time of award.

4. **Budget and Budget Narrative**

Applicants **must** submit a budget and budget narrative outlining how JAG funds, including administrative funds if applicable, will be used to support and implement the program. This narrative should include a full breakdown of administrative costs, as well as an overview of how funds will be allocated across approved JAG purpose areas. Applicants should utilize the following approved budget categories to label the requested administrative and/or sub-grant expenditures: Personnel, Fringe Benefits, Travel, Equipment, Supplies, Consultants/Contracts, and an Other category. For informational purposes only, a sample budget form may be found at www.ojp.usdoj.gov/funding/forms/budget_detail.pdf.

Failure to submit this required information will result in an application being returned in the Grants Management System (GMS) for inclusion of the missing information OR the attachment of a withholding of funds special condition at the time of award.

5. **Review Narrative**

Applicants **must** submit information documenting that the date the JAG application was made available for review by the governing body of the state, or to an organization designated by that governing body, not less than 30 days before the application was submitted to BJA. The attachment must also specify that an opportunity to comment was provided to citizens prior to application submission to the extent applicable law or established procedures make such opportunity available.

Below are notification language templates that can be utilized in completing this section of the application.

The (provide name of State/Territory) made its Fiscal Year 2013 JAG application available to the (provide name of governing body) for its review and comment on (provide date); or intends to do so on (provide date).

The (provide name of City/County for Local JAG and name of State for State JAG) made its Fiscal Year 2013 JAG application available to citizens for comment prior to application submission by (provide means of notification); or the application has not yet been made available for public review/comment.

Failure to submit this required information will result in an application being returned in the Grants Management System (GMS) for inclusion of the missing information OR the attachment of a withholding of funds special condition at the time of award.

6. **Tribal Authorizing Resolution (if applicable)**

Tribes, tribal organizations, or third parties proposing to provide direct services or assistance to residents on tribal lands should include in their applications a resolution, a letter, affidavit, or other documentation, as appropriate, that certifies that the applicant has the legal authority from the tribe(s) to implement the proposed project on tribal lands. In those instances when an organization or consortium of tribes applies for a grant on behalf of a tribe or multiple specific tribes, then the application should include appropriate legal documentation, as described above, from all tribes that would receive services/assistance under the grant. A consortium of tribes for which existing consortium bylaws allow action without support from all tribes in the consortium (i.e., without an authorizing resolution or comparable legal documentation from each tribal governing body) may submit, instead, a copy of its consortium bylaws with the application.

Applicants that are unable to submit with the application a fully-executed (i.e., signed) copy of appropriate legal documentation, as described above, consistent with the applicable tribe's governance structure, should, at minimum, submit an unsigned, draft version of such legal documentation as part of its application (except in cases where, with respect to a tribal consortium applicant, consortium bylaws allow action without the support of all consortium member tribes). If selected for funding, use of and access to funds will be contingent on receipt of the fully-executed legal documentation.

7. **Additional Attachments**

Jurisdictions certified as disparate **must** identify a fiscal agent that will submit a **joint application** for the aggregate eligible allocation to all disparate municipalities. The joint application **must** determine and specify the award distribution to each unit of local government and the purposes for which the funds will be used. When beginning the JAG application process, a Memorandum of Understanding (MOU) that identifies which jurisdiction will serve as the applicant/fiscal agent for joint funds **must** be completed and signed by the Authorized Representative for each participating jurisdiction. The signed MOU **must** be attached to the application. For a sample MOU, go to www.bja.gov/Funding/JAGMOU.pdf.

Failure to submit this required information will result in an application being change requested in the Grants Management System (GMS) for inclusion of the missing information OR the attachment of a withholding special condition at the time of award if time does not permit for a change request process.

8. **Applicant Disclosure of Pending Applications**

Applicants are to disclose whether they have pending applications for federally funded assistance that include requests for funding to support the same project being proposed under this solicitation and will cover the identical cost items outlined in the budget narrative and worksheet in the application under this solicitation. The disclosure should include both direct applications for federal funding (e.g., applications to federal agencies) and indirect applications for such funding (e.g., applications to State agencies that will be subawarding federal funds).

OJP seeks this information to help avoid any inappropriate duplication of funding. Leveraging multiple funding sources in a complementary manner to implement comprehensive programs or projects is encouraged and is not seen as inappropriate duplication.

Applicants that have pending applications as described above are to provide the following information about pending applications submitted within the last 12 months:

- the federal or state funding agency
- the solicitation name/project name
- the point of contact information at the applicable funding agency

Federal or State Funding Agency	Solicitation Name/Project Name	Name/Phone/E-mail for Point of Contact at Funding Agency
DOJ/COPS	COPS Hiring Program	Jane Doe, 202/000-0000; jane.doe@usdoj.gov
HHS/ Substance Abuse & Mental Health Services Administration	Drug Free Communities Mentoring Program/ North County Youth Mentoring Program	John Doe, 202/000-0000; john.doe@hhs.gov

Applicants should include the table as a separate attachment, with the file name “Disclosure of Pending Applications,” to their application. Applicants that do not have pending applications as described above are to include a statement to this effect in the separate attachment page. (e.g., “[Applicant Name] does not have pending applications submitted within the last 12 months for federally funded assistance that include requests for funding to support the same project being proposed under this solicitation and will cover the identical cost items outlined in the budget narrative and worksheet in the application under this solicitation.”)

9. Other Standard Forms

Additional forms that may be required in connection with an award are available on OJP’s funding page at www.ojp.usdoj.gov/funding/forms.htm. For successful applicants, receipt of funds may be contingent upon submission of all necessary forms. Note in particular the following forms:

- a. [Standard Assurances*](#)
Applicants must read, certify, and submit this form in GMS prior to the receipt of any award funds.
- b. [Certifications Regarding Lobbying; Debarment, Suspension and Other Responsibility Matters; and Drug-Free Workplace Requirements*](#)
Applicants must read, certify and submit in GMS prior to the receipt of any award funds.
- c. [Accounting System and Financial Capability Questionnaire](#)
Any applicant (other than an individual) that is a non-governmental entity and that has not received any award from OJP within the past 3 years must download, complete, and submit this form.

*These OJP Standard Assurances and Certifications are forms which applicants accept in GMS. They are not additional forms to be uploaded at the time of application submission.

Review Process

OJP is committed to ensuring a fair and open process for awarding grants. BJA reviews the application to make sure that the information presented is reasonable, understandable, measurable, and achievable, as well as consistent with the solicitation. Applications for formula awards will be reviewed to ensure statutory requirements have been met.

Absent explicit statutory authorization or written delegation of authority to the contrary, all final grant award decisions will be made by the Assistant Attorney General will make all final award decisions.

Additional Requirements

Applicants selected for awards must agree to comply with additional legal requirements upon acceptance of an award. OJP encourages applicants to review the information pertaining to these additional requirements prior to submitting an application. Additional information for each requirement can be found at www.ojp.usdoj.gov/funding/other_requirements.htm.

- Civil Rights Compliance
- Civil Rights Compliance Specific to State Administering Agencies
- Faith-Based and Other Community Organizations
- Confidentiality
- Research and the Protection of Human Subjects
- Anti-Lobbying Act
- Financial and Government Audit Requirements
- National Environmental Policy Act (NEPA)
- DOJ Information Technology Standards (if applicable)
- Single Point of Contact Review
- Non-Supplanting of State or Local Funds
- Criminal Penalty for False Statements
- Compliance with [Office of Justice Programs Financial Guide](#)
- Suspension or Termination of Funding
- Nonprofit Organizations
- For-profit Organizations
- Government Performance and Results Act (GPRA)
- Rights in Intellectual Property
- Federal Funding Accountability and Transparency Act of 2006 (FFATA)

- Awards in Excess of \$5,000,000 – Federal Taxes Certification Requirement
- Policy and Guidance for Conference Approval, Planning, and Reporting
- OJP Training Guiding Principles for Grantees and Subgrantees

How To Apply

Applicants must submit applications through the Grants Management System ([GMS](#)), which provides cradle to grave support for the application, award, and management of awards at OJP. Applicants **must register in GMS for each specific funding opportunity**. Although the registration and submission deadlines are the same, OJP urges applicants to **register immediately**, especially if this is their first time using the system. Complete instructions on how to register and submit an application in GMS can be found at www.ojp.usdoj.gov/gmscbt/. Applicants that experience technical difficulties during this process should e-mail GMS.HelpDesk@usdoj.gov or call 888-549-9901 (option 3), Monday – Friday from 6:00 a.m. to midnight eastern time, except federal holidays. OJP recommends that applicants **register immediately** to prevent delays in submitting an application package by the deadline.

All applicants should complete the following steps:

1. **Acquire a Data Universal Numbering System (DUNS) number.** In general, the Office of Management and Budget requires that all applicants (other than individuals) for federal funds include a DUNS number in their application for a new award or a supplement to an existing award. A DUNS number is a unique nine-digit sequence recognized as the universal standard for identifying and differentiating entities receiving federal funds. The identifier is used for tracking purposes and to validate address and point of contact information for federal assistance applicants, recipients, and subrecipients. The DUNS number will be used throughout the grant life cycle. Obtaining a DUNS number is a free, one-time activity. Call Dun and Bradstreet at 866-705-5711 to obtain a DUNS number or apply online at www.dnb.com. A DUNS number is usually received within 1-2 business days.
2. **Acquire registration with the System for Award Management (SAM). SAM replaces the Central Contractor Registration (CCR) database** as the repository for standard information about federal financial assistance applicants, recipients, and subrecipients. OJP requires that all applicants (other than individuals) for federal financial assistance maintain current registrations in the SAM database. Applicants must **update or renew their SAM registration annually** to maintain an active status.

Applicants that were previously registered in the CCR database must, at a minimum:

- Create a SAM account;
- Log in to SAM and migrate permissions to the SAM account (all the entity registrations and records should already have been migrated).

Information about SAM registration procedures can be accessed at www.sam.gov.

3. **Acquire a GMS username and password.** New users must create a GMS profile by selecting the “First Time User” link under the sign-in box of the [GMS](#) home page. For more information on how to register in GMS, go to www.ojp.usdoj.gov/gmscbt/.

4. **Verify the SAM registration in GMS, formerly CCR registration.** OJP requests that all applicants verify their SAM registration in GMS. Once logged into GMS, click the “CCR Claim” link on the left side of the default screen. Click the submit button to verify the SAM (formerly CCR) registration.
5. **Search for the funding opportunity on GMS.** After logging into GMS or completing the GMS profile for username and password, go to the “Funding Opportunities” link on the left side of the page. Select “Bureau of Justice Assistance” and the “Edward Byrne Memorial Justice Assistance Grant (JAG) Program–Local Solicitation.”
6. **Register by selecting the “Apply Online” button associated with the solicitation title.** The search results from step 5 will display the solicitation title along with the registration and application deadlines for this funding opportunity. Select the “Apply Online” button in the “Action” column to register for this solicitation and create an application in the system.
7. **Complete the Disclosure of Lobbying Activities, if applicable.** Any applicant that expends any funds for lobbying activities must provide the detailed information requested on the form, *Disclosure of Lobbying Activities* ([SF-LLL](#)).
8. **Follow the directions in GMS to submit an application consistent with this solicitation.** Once submitted, GMS will display a confirmation screen stating the submission was successful. **Important:** In some instances, applicants must wait for GMS approval before they can submit an application. OJP urges applicants to submit the application **at least 72 hours prior** to the due date of the application.

Note: GMS does not accept executable file types as application attachments. These disallowed file types include, but are not limited to, the following extensions: “.com,” “.bat,” “.exe,” “.vbs,” “.cfg,” “.dat,” “.db,” “.dbf,” “.dll,” “.ini,” “.log,” “.ora,” “.sys,” and “.zip.”

Note: Duplicate Applications

If an applicant submits multiple versions of an application, BJA will review the most recent version submitted.

Experiencing Unforeseen GMS Technical Issues

Applicants that experience unforeseen GMS technical issues beyond their control that prevent them from submitting their application by the deadline, must e-mail the BJA Programs Office staff **within 24 hours after the application deadline** and request approval to submit their application. The e-mail must describe the technical difficulties and include a timeline of the applicant’s submission efforts, the complete grant application, the applicant’s DUNS number, and any GMS Help Desk or SAM tracking number(s). **Note: BJA does not automatically approve requests.** After the program office reviews the submission, and contacts the GMS Help Desk to validate the reported technical issues, OJP will inform the applicant whether the request to submit a late application has been approved or denied. If the technical issues reported cannot be validated, the application will be rejected as untimely.

The following conditions are not valid reasons to permit late submissions: (1) failure to register in sufficient time, (2) failure to follow GMS instructions on how to register and apply as posted

on its Web site, (3) failure to follow each instruction in the OJP solicitation, and (4) technical issues with the applicant's computer or information technology environment, including firewalls.

Notifications regarding known technical problems with GMS, if any, are posted at the top of the OJP funding Web page at www.ojp.usdoj.gov/funding/solicitations.htm.

Provide Feedback to OJP on This Solicitation

To assist OJP in improving its application and award processes, we encourage applicants to provide feedback on this solicitation, the application submission process, and/or the application review/peer review process. Feedback may be provided to OJPSolicitationFeedback@usdoj.gov.

IMPORTANT: This email is for feedback and suggestions only. Replies are **not** sent from this mailbox. If you have specific questions on any program or technical aspect of the solicitation, **you must** directly contact the appropriate number or email listed on the front of this solicitation document. These contacts are provided to help ensure that you can directly reach an individual who can address your specific questions in a timely manner.

If you are interested in being a reviewer for other OJP grant applications, please email your resume to ojppeerreview@lmbps.com. The OJP Solicitation Feedback email account will not forward your resume. **Note:** Neither you nor anyone else from your organization can be a peer reviewer in a competition in which you or your organization have submitted an application.

Application Checklist

Edward Byrne Memorial Justice Assistance Grant (JAG) Program FY 2013 Local Solicitation

The application checklist has been created to assist in developing an application.

Eligibility Requirement:

- _____ Jurisdiction listed as the legal name on the application corresponds with the eligible jurisdiction listed on BJA's [JAG web page](#)
- _____ Federal amount requested is within the allowable limit of the FY 2013 JAG Allocations List as listed on BJA's [JAG web page](#)

What an Application Should Include:

- _____ Application for Federal Assistance (SF-424) (see page 14)
- _____ Abstract (see page 15)
- _____ Program Narrative (see page 14)
- _____ Budget and Budget Narrative (see page 15)
- _____ Review Narrative (see page 15)
- _____ Applicant Disclosure of Pending Applications (see page 16)
- _____ Other Standard Forms, if applicable (see page 17)
- _____ DUNS Number (see page 19)
- _____ SAM Registration (see page 19)
- _____ Disclosure of Lobbying Activities, if applicable ([SF-LLL](#)) (see page 20)



CITY OF LOVELAND
MUNICIPAL AIRPORT

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AGENDA ITEM: 7
MEETING DATE: 6/18/2013
TO: City Council
FROM: Jason Licon, Airport
PRESENTER: Jason Licon

TITLE:

- A. A Resolution Authorizing the City Manager to Execute a Grant Agreement with the State of Colorado Division of Aeronautics (CDAG #13-FNL-01, & CDAG #13-FNL-02) for Improvements and Funding Pertaining to the Fort Collins-Loveland Municipal Airport
- B. Public hearing and adoption of an Emergency Ordinance Enacting A Supplemental Budget and Appropriation to the 2013 Ft. Collins-Loveland Municipal Airport for Capital Rehabilitation and Reconstruction of the Primary Aircraft Parking Apron/Ramp and Perimeter Fencing

RECOMMENDED CITY COUNCIL ACTION:

- A. Approve the resolution.
- B. Conduct a public hearing and approve the emergency ordinance.

OPTIONS:

- 1. Adopt the action as recommended
- 2. Deny the action
- 3. Adopt a modified action (specify in the motion)
- 4. Refer back to staff for further development and consideration
- 5. Adopt a motion continuing the item to a future Council meeting

DESCRIPTION:

This is an administrative action. The resolution authorizes the Loveland City Manager to execute the Grant Agreements. The Emergency Ordinance appropriates a State grant and the local match for the reconstruction and rehabilitation of the Airport's primary aircraft parking area, and the completion of the final phase of perimeter security fence. An Emergency Ordinance is necessary to meet the timing of the State application deadlines in order to receive the award.

BUDGET IMPACT:

- Positive
- Negative
- Neutral or negligible

The action leverages state funding for 90% of the cost of necessary repairs and construction.

SUMMARY:

The Colorado Department of Transportation Division of Aeronautics has approved two grants totaling \$1,036,220.36 for the Fort Collins – Loveland Airport for 2013. These grants will be combined with approximately \$1.53 million from the Federal Aviation Administration and used for the rehabilitation and reconstruction of the primary aircraft parking apron/ramp and perimeter fencing. The aircraft apron/ramp is a critical piece of infrastructure and is where all transient aircraft park, and where any aircraft stored outside of hangars are located. The ramp serves as the staging area for many airport activities including aircraft refueling, wild land fire response staging, medical transport loading and offloading, corporate and business aircraft parking and loading, flight school aircraft staging, transient aircraft temporary storage, and event support. The reconstructed ramp will replace pavement that is an average of 35 years of age, and is in poor condition as ranked by the State of Colorado Division of Aeronautics pavement condition index score. The project will also include the completion of a 10-year project that will complete the airport's perimeter security and wildlife fencing plus satisfy requirements set forth by the FAA and the Department of Homeland Security's Transportation Security Administration.

REVIEWED BY CITY MANAGER:



LIST OF ATTACHMENTS:

Resolution
Exhibit A to the resolution
Ordinance
Map

RESOLUTION #R-42-2013**A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE GRANT AGREEMENTS WITH THE STATE OF COLORADO DIVISION OF AERONAUTICS (CDAG #13-FNL-01 and CDAG #13-FNL-02) FOR IMPROVEMENTS TO THE FORT COLLINS-LOVELAND MUNICIPAL AIRPORT**

WHEREAS, the General Assembly of the State of Colorado has declared in Title 43 of the Colorado Revised Statutes, Article 10, 1991 in C.R.S. 43-10-101 (“the Act”) that: “...there exists a need to promote the safe operation and accessibility of general aviation and intrastate commercial aviation in this state; that improvement of general aviation and intrastate commercial aviation transportation facilities will promote diversified economic development across the state; and that accessibility to airport facilities for residents of this state is crucial in the event of a medical or other type of emergency”; and

WHEREAS, the Act created the Colorado Aeronautical Board (“the Board”) to establish policy and procedures for distribution of monies in the Aviation Fund and created the Division of Aeronautics (“the Division”) to carry out the directives of the Board, including technical and planning assistance to airports and the administration of the state aviation system grant program. (See C.R.S. §43-10-103, C.R.S. §43-10-105, and C.R.S. §43-10-108.5 of the Act); and

WHEREAS, any entity operating a public-accessible airport in the state may file an application for and be a recipient of a grant to be used solely for aviation purposes (an “Application”); and

WHEREAS, The Division is authorized to assist such airports as request assistance by means of a Resolution passed by the applicant’s duly-authorized governing body, which understands that all funds shall be used exclusively for aviation purposes and that it will comply with all grant procedures and requirements as defined in the Division’s Grant program Project Management Manual, revised 2009 (“the Manual”); and

WHEREAS, the City of Fort Collins and the City of Loveland (“the Cities”) own and operate in the State the Fort Collins-Loveland Municipal Airport (“the Airport”); and

WHEREAS, the Cities have applied for grants CDAG #13-FNL-01 and CDAG #13-FNL-02 (the “Grant Agreements”) from the Division for the purpose of rehabilitating the north half of the general aviation apron and installing perimeter fencing around the airport (the “Airport Projects”); and

WHEREAS, CDAG #13-FNL-01 is attached hereto as Exhibit A and incorporated by reference and CDAG #13-FNL-02 will be forthcoming from the Division and in substantially the form of Exhibit A; and

WHEREAS, the Grant Agreements jointly provide additional funding for the Airport Projects of one million thirty six thousand two hundred twenty dollars and thirty six cents

(\$1,036,220.36), subject to the Cities providing certain matching funds which have been previously allocated as part of the Airport's 2013 budget.

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO AS FOLLOWS:

Section 1. That the Council of the City of Loveland ("the Council"), as one of the duly authorized governing bodies of the grant applicant, hereby formally requests assistance from the Colorado Aeronautical Board and the Division of Aeronautics in the form of state aviation system grants. The City of Loveland states that such grants shall be used solely for aviation purposes, as determined by the State, and as generally described in the Application.

Section 2. That the City of Loveland makes the commitment (a) to keep the Airport facility accessible to, and open to, the public during the entire useful life of the grant funded improvements/equipment; or (b) to reimburse the Division for any unexpired useful life of the improvements/equipment on a pro-rata basis. By signing the Grant Agreements, the City of Loveland further commits to keep open and accessible for public use all grant funded facilities, improvements and services for their useful life, as determined by the Division and stated in the Grant Agreements.

Section 3. That the Council hereby designates Jason Licon, Airport Director, as the Project Director, as described in the Manual, and authorizes the Project Director to act in all matters relating to the work project proposed in the Application in its behalf, and further authorizes the City Manager to execute the Grant Agreements with such modifications in form or substance as the City Manager, in consultation with the City Attorney's Office, may deem necessary to effectuate the purposes of this resolution or to protect the interests of the City.

Section 4. That the City of Loveland has appropriated or will appropriate or otherwise make available in a timely manner its share of all funds that are required to be provided by the Cities under the terms and conditions of the Grant Agreements.

Section 5. That the City of Loveland, subject to the foregoing, hereby accepts all guidelines, procedures, standards, and requirements described in the Manual as applicable to the performance of the grant work and hereby approves the Grant Agreements submitted by the State, including all terms and conditions contained therein.

Section 6. That this Resolution shall be effective as of the date and time of its adoption.

ADOPTED this _____ day of June, 2013.

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:



Assistant City Attorney

A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A GRANT AGREEMENTS WITH THE STATE OF COLORADO DIVISION OF AERONAUTICS (CDAG #13-FNL-01 and CDAG #13-FNL-02) FOR IMPROVEMENTS TO THE FORT COLLINS-LOVELAND MUNICIPAL AIRPORT

STATE OF COLORADO
Colorado Department of Transportation
Colorado Aeronautical Board
Division of Aeronautics
Grant Agreement
with the
City of Fort Collins and City of Loveland

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1. PARTIES

This Grant Agreement (“Grant”) is entered into by and between City of Fort Collins and City of Loveland (“Sponsor”), and the STATE OF COLORADO acting by and through the Colorado Department of Transportation, Division of Aeronautics (“State” or “Division”). The Sponsor represents and warrants to the State that it has the authority to act on behalf of Fort Collins/Loveland Municipal Airport (the “Airport”) and to bind the Airport to the provisions in this Grant (the Sponsor and the Airport are collectively hereinafter called the “Grantee”).

2. EFFECTIVE DATE AND NOTICE OF NONLIABILITY

This Grant shall not be effective or enforceable until it is approved and signed by the Colorado State Controller or designee (“Effective Date”). Except as provided in Section 7(B)(v), the State shall not be liable to pay or reimburse Grantee for any performance hereunder, including, but not limited to costs or expenses incurred, or be bound by any provision hereof prior to the Effective Date.

3. RECITALS

A. Authority, Appropriation, and Approval

Authority to enter into this Grant exists in CRS §43-10-108.5 and funds have been budgeted, appropriated and otherwise made available pursuant to CRS §§39-27-112(2)(b), 43-10-109 and 43-10-102 and a sufficient unencumbered balance thereof remains available for payment. Required approvals, clearance and coordination have been accomplished from and with appropriate agencies.

B. Consideration

The Parties acknowledge that the mutual promises and covenants contained herein and other good and valuable consideration are sufficient and adequate to support this Grant.

C. Purpose

The purpose of this Grant is to promote aviation for the betterment of the Colorado Aviation System.

D. References

All references in this Grant to sections (whether spelled out or using the § symbol), subsections, exhibits or other attachments, are references to sections, subsections, exhibits or other attachments contained herein or incorporated as a part hereof, unless otherwise noted.

4. DEFINITIONS

The following terms as used herein shall be construed and interpreted as follows:

A. Budget

“Budget” means the budget for the Work described in **Exhibit A**.

B. Evaluation

“Evaluation” means the process of examining Grantee’s Work and rating it based on criteria established in **§6** and **§19**.

C. Exhibits and other Attachments

The following are attached hereto and incorporated by reference herein: **Exhibit A** (Colorado Discretionary Aviation Grant Program Application) ...and... **Exhibit B** (Resolution in accordance with the General Assembly of the State of Colorado declared in CRS §43-10-101).

D. Goods

“Goods” means tangible material acquired, produced, or delivered by Grantee either separately or in conjunction with the Services Grantee renders hereunder.

E. Grant

“Grant” means this Grant, its terms and conditions, attached exhibits, documents incorporated by reference under the terms of this Grant, and any future modifying agreements, exhibits, attachments or references incorporated herein pursuant to Colorado State law, Fiscal Rules, and State Controller Policies.

F. Grant Funds

“Grant Funds” means available funds payable by the State to Grantee pursuant to this Grant.

G. Local Funds

“Local Funds” provided by any city, county or other private entity to fund performance of the Work.

H. Manual

“Manual” refers to the Aviation Grant Management Manual as approved by the Colorado Aeronautical Board.

I. Party or Parties

“Party” means the State or Grantee and “Parties” means both the State and Grantee.

J. Program

“Program” means the Colorado Discretionary Aviation grant program that provides the funding for this Grant.

K. Review

“Review” means examining Grantee’s Work to ensure that it is adequate, accurate, correct and in accordance with the criteria established in §6, §19 and Exhibit A.

L. Services

“Services” means the required services to be performed by Grantee pursuant to this Grant.

M. Subgrantee

“Subgrantee” means third-parties, if any, engaged by Grantee to aid in performance of its obligations.

N. Work

“Work” means the tasks and activities Grantee is required to perform to fulfill its obligations under this Grant and Exhibit A, including the performance of the Services and delivery of the Goods. The Work is further described in the plans and specifications for the project as approved by the Federal Aviation Administration (“FAA”) or the Division.

O. Work Product

“Work Product” means the tangible or intangible results of Grantee’s Work, including, but not limited to, software, research, reports, studies, data, photographs, negatives or other finished or unfinished documents, drawings, models, surveys, maps, materials, or work product of any type, including drafts.

5. TERM

A. Initial Term-Work Commencement

The Parties respective performances under this Grant shall commence on the Effective Date. This Grant shall terminate on 06/30/2015 unless sooner terminated or further extended as specified elsewhere herein.

6. STATEMENT OF WORK / CONTRACT OBJECTIVE PLAN

A. Brief Project Description:

Element A: Participate in Federally Funded Apron & Connector Rehab/Reconstruction

Element B: Overmatch on Apron & Connector Rehab/Reconstruction

B. Completion

Grantee shall complete the Work and its other obligations as described herein and in **Exhibit A** and in the plans and specifications for the project as approved by the FAA or Division on or before 06/30/2015.

The State shall not be liable to compensate Grantee for any Work performed prior to the Effective Date or after the termination of this Grant.

C. Goods and Services

Grantee shall procure Goods and Services necessary to complete the Work. Such procurement shall be accomplished using the Grant Funds and shall not increase the maximum amount payable hereunder by the State. Grantee is subject to its local procurement standards. If none exist, Grantee is subject to the general procurement standards of the State.

D. Employees

All persons employed by Grantee or Subgrantees shall be considered Grantee’s or Subgrantees’ employee(s) for all purposes hereunder and shall not be employees of the State for any purpose as a result of this Grant.

7. PAYMENTS TO GRANTEE

The State shall, in accordance with the provisions of this §7, pay Grantee in the following amounts and using the methods set forth below:

A. Maximum Amount

The maximum amount payable under this Grant to Grantee by the State is \$940,000.00 as determined by the State based on available funds.

The maximum amount payable under this Grant to Grantee by the State is 5% of the project cost not to exceed \$85,112.00 for Element A and 90% of the project cost not to exceed \$854,888.00 for Element B, as determined by the State from available funds in Fund 160, G/L account #4511000010, & Vendor# 0002000212 & Partner#N/A (if applicable), and Org. #VDG13-033. Grantee agrees to provide any additional funds required for the successful completion of the Work. Payments to Grantee are limited to the unpaid obligated balance of the Grant as set forth in **Exhibit A**. The State and Grantee shall participate in providing the Grant amount as follows:

State:	\$940,000.00
Local Funds:	\$180,100.00
Federal:	\$1,532,015.00

B. Payment

i. Advance, Interim and Final Payments

Any advance payment allowed under this Grant, shall comply with State Fiscal Rules and be made in accordance with the provisions of this Grant. Grantee shall initiate any payment requests by submitting invoices to the State in the form and manner set forth and approved by the State. Grant Funds remaining following the completion and approval of the Work or the termination/expiration of the Grant will be returned to the State.

ii. Interest

The State shall fully pay each invoice within 45 days of receipt thereof if the amount invoiced represents performance by Grantee previously accepted by the State. Uncontested amounts not paid by the State within 45 days may, if Grantee so requests, bear interest on the unpaid balance beginning on the 46th day at a rate not to exceed one percent per month until paid in full; provided, however, that interest shall not accrue on unpaid amounts that are subject to a good faith dispute. Grantee shall invoice the State separately for accrued interest on delinquent amounts. The billing shall reference the delinquent payment, the number of day's interest to be paid and the interest rate.

iii. Available Funds-Contingency-Termination

The State is prohibited by law from making fiscal commitments beyond the term of the State's current fiscal year. Therefore, Grantee's compensation is contingent upon the continuing availability of State appropriations as provided in the Colorado Special Provisions, set forth below. If federal funds are used with this Grant in whole or in part, the State's performance hereunder is contingent upon the continuing availability of such funds. Payments pursuant to this Grant shall be made only from available funds encumbered for this Grant and the State's liability for such payments shall be limited to the amount remaining of such encumbered funds. If State or federal funds are not appropriated, or otherwise become unavailable to fund this Grant, the State may immediately terminate this Grant in whole or in part without further liability in accordance with the provisions herein.

iv. Erroneous Payments

At the State's sole discretion, payments made to Grantee in error for any reason, including, but not limited to overpayments or improper payments, and unexpended or excess funds received by Grantee, may be recovered from Grantee by deduction from subsequent payments under this Grant or other Grants, grants or agreements between the State and Grantee or by other appropriate methods and collected as a debt due to the State. Such funds shall not be paid to any person or entity other than the State.

v. Retroactive Payments

The State shall pay Grantee for costs or expenses incurred or performance by the Grantee prior to the Effective Date, only if (1) the Grant Funds involve federal funding and (2) federal laws, rules and regulations applicable to the Work provide for such retroactive payments to the Grantee. Any such retroactive payments shall comply with State Fiscal Rules and be made in accordance with the provisions of this Grant or any Exhibit. Grantee shall initiate any payment requests by submitting invoices to the State in the form and manner set forth and approved by the State.

C Use of Funds

Grant Funds shall be used only for eligible costs identified herein and/or in **Exhibit A**. This shall be used solely for aviation purposes as defined in CRS §43-10-102(3) and this Grant shall not be used for the subsidization of airlines. Misuse of Grant Funds, including subsidization for airlines, may result in immediate termination of this Grant for cause and forfeiture of any remaining Grant Funds.

D. Local Funds

Grantee shall provide Local Funds as provided in **Exhibit A**. Grantee shall have raised the full amount of Local Funds prior to the Effective Date and shall report to the State regarding the status of such funds upon request.

E. Payment Compliance

All Grant reimbursements shall comply with Title 49 Part 18 of the Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments. Additionally, Grantee shall only be reimbursed for costs allowable under 2 CFR Part 125, Appendix A.

Sponsor requests that all Grant Funds be distributed by the State to the Airport.

8. REPORTING - NOTIFICATION

Reports, Evaluations, and Reviews required under this **§8** shall be in accordance with the procedures of and in such form as prescribed by the State and in accordance with **§19**, if applicable.

A. Performance, Progress, Personnel, and Funds

State shall submit a report to the Grantee upon expiration or sooner termination of this Grant, containing an Evaluation and Review of Grantee's performance and the final status of Grantee's obligations hereunder. In addition, Grantee shall comply with all reporting requirements, if any, set forth in the Manual.

B. Litigation Reporting

Within 10 days after being served with any pleading in a legal action filed with a court or administrative agency, related to this Grant or which may affect Grantee's ability to perform its obligations hereunder, Grantee shall notify the State of such action and deliver copies of such pleadings to the State's principal representative as identified herein. If the State's principal representative is not then serving, such notice and copies shall be delivered to the Executive Director of CDOT.

C. Noncompliance

Grantee's failure to provide reports and notify the State in a timely manner in accordance with this **§8** may result in the delay of payment of funds and/or termination as provided under this Grant.

D. Subgrants

Copies of any and all subgrants entered into by Grantee to perform its obligations hereunder shall be submitted to the State or its principal representative upon request by the State. Any and all subgrants entered into by Grantee related to its performance hereunder shall comply with all applicable federal and state laws and shall provide that such subgrants be governed by the laws of the State of Colorado.

9. GRANTEE RECORDS

Grantee shall make, keep, maintain and allow inspection and monitoring of the following records:

A. Maintenance

Grantee shall make, keep, maintain, and allow inspection and monitoring by the State of a complete file of all records, documents, communications, notes and other written materials, electronic media files, and communications, pertaining in any manner to the Work or the delivery of Services (including, but not limited to the operation of programs) or Goods hereunder. Grantee shall maintain such records until the last to occur of the following: (i) a period of three years after the date this Grant is completed or terminated, or (ii) final payment is made hereunder, whichever is later, or (iii) for such further period as may be necessary to resolve any pending matters, or (iv) if an audit is occurring, or Grantee has received notice that an audit is pending, then until such audit has been completed and its findings have been resolved (the "Record Retention Period").

B. Inspection

Grantee shall permit the State, the federal government and any other duly authorized agent of a governmental agency to audit, inspect, examine, excerpt, copy and/or transcribe Grantee's records related to this Grant during the Record Retention Period for a period of three years following termination of this Grant or final payment hereunder, whichever is later, to assure compliance with the terms hereof or to evaluate Grantee's performance hereunder. The State reserves the right to inspect the Work at all reasonable times and places during the term of this Grant, including any extension. If the Work fails to conform to the requirements of this Grant, the State may require Grantee promptly to bring the Work into conformity with Grant requirements, at Grantee's sole expense. If the Work cannot be brought into conformance by re-performance or other corrective measures, the State may require Grantee to take necessary action to ensure that future performance conforms to Grant requirements and exercise the remedies available under this Grant, at law or in equity in lieu of or in conjunction with such corrective measures.

C. Monitoring

Grantee shall permit the State, the federal government, and other governmental agencies having jurisdiction, in their sole discretion, to monitor all activities conducted by Grantee pursuant to the terms of this Grant using any reasonable procedure, including, but not limited to: internal evaluation procedures, examination of program data, special analyses, on-site checking, formal audit examinations, or any other procedures. All monitoring controlled by the State shall be performed in a manner that shall not unduly interfere with Grantee's performance hereunder.

D. Final Audit Report

If an audit is performed on Grantee's records for any fiscal year covering a portion of the term of this Grant, Grantee shall submit a copy of the final audit report to the State or its principal representative at the address specified herein.

10. CONFIDENTIAL INFORMATION-STATE RECORDS

Grantee shall comply with the provisions of this §10 if it becomes privy to confidential information in connection with its performance hereunder. Confidential information, includes, but is not necessarily limited to, any State records, personnel records, and information concerning individuals. Such information shall not include information required to be disclosed pursuant to the Colorado Open Records Act, CRS §24-72-101 *et seq.*

A. Confidentiality

Grantee shall keep all State records and information confidential at all times and to comply with all laws and regulations concerning confidentiality of information. Any request or demand by a third party for State records and information in the possession of Grantee shall be immediately forwarded to the State's principal representative.

B. Notification

Grantee shall notify its agent, employees, Subgrantees, and assigns who may come into contact with State records and confidential information that each is subject to the confidentiality requirements set forth herein, and shall provide each with a written explanation of such requirements before they are permitted to access such records and information.

C. Use, Security, and Retention

Confidential information of any kind shall not be distributed or sold to any third party or used by Grantee or its agents in any way, except as authorized by this Grant or approved in writing by the State. Grantee shall provide and maintain a secure environment that ensures confidentiality of all State records and other confidential information wherever located. Confidential information shall not be retained in any files or otherwise by Grantee or its agents, except as permitted in this Grant or approved in writing by the State.

D. Disclosure-Liability

Disclosure of State records or other confidential information by Grantee for any reason may be cause for legal action by third parties against Grantee, the State or their respective agents. To the extent permitted by law, the Grantee shall indemnify, save, and hold harmless the State, its employees and agents, against any and all claims, damages, liability and court awards including costs, expenses, and attorney fees and related costs, incurred as a result of any act or omission by Grantee, or its employees, agents, Subgrantees, or assignees pursuant to this §10.

11. CONFLICTS OF INTEREST

Grantee shall not engage in any business or personal activities or practices or maintain any relationships which conflict in any way with the full performance of Grantee's obligations hereunder. Grantee acknowledges that with respect to this Grant, even the appearance of a conflict of interest is harmful to the State's interests. Absent the State's prior written approval, Grantee shall refrain from any practices, activities or relationships that reasonably appear to be in conflict with the full performance of Grantee's obligations to the State hereunder. If a conflict or appearance exists, or if Grantee is uncertain whether a conflict or the appearance of a conflict of interest exists, Grantee shall submit to the State a disclosure statement setting forth the relevant details for the State's consideration. Failure to promptly submit a disclosure statement or to follow the State's direction in regard to the apparent conflict constitutes a breach of this Grant.

12. REPRESENTATIONS AND WARRANTIES

Grantee makes the following specific representations and warranties, each of which was relied on by the State in entering into this Grant.

A. Standard and Manner of Performance

Grantee shall perform its obligations hereunder in accordance with the highest standards of care, skill and diligence in the industry, trades or profession and in the sequence and manner set forth in this Grant.

B. Legal Authority – Grantee and Grantee's Signatory

Grantee warrants that it possesses the legal authority to enter into this Grant and that it has taken all actions required by its procedures, by-laws, and/or applicable laws to exercise that authority, and to lawfully authorize its undersigned signatory to execute this Grant, or any part thereof, and to bind Grantee to its terms. If requested by the State, Grantee shall provide the State with proof of Grantee's authority to enter into this Grant within 15 days of receiving such request.

C. Licenses, Permits, Etc.

Grantee represents and warrants that as of the Effective Date it has, and that at all times during the term hereof it shall have, at its sole expense, all licenses, certifications, approvals, insurance, permits, and other authorization required by law to perform its obligations hereunder. Grantee warrants that it shall maintain all necessary licenses, certifications, approvals, insurance, permits, and other authorizations required to properly perform this Grant, without reimbursement by the State or other adjustment in Grant Funds. Additionally, all employees and agents of Grantee performing Services under this Grant shall hold all required licenses or certifications, if any, to perform their responsibilities. Grantee, if a foreign corporation or other foreign entity transacting business in the State of Colorado, further warrants that it currently has obtained and shall maintain any applicable certificate of authority to transact business in the State of Colorado and has designated a registered agent in Colorado to accept service of process. Any revocation, withdrawal or non-renewal of licenses, certifications, approvals, insurance, permits or any such similar requirements necessary for Grantee to properly perform the terms of this Grant shall be deemed to be a material breach by Grantee and constitute grounds for termination of this Grant.

13. INSURANCE

Grantee and its Subgrantees shall obtain and maintain insurance as specified in this section at all times during the term of this Grant: All policies evidencing the insurance coverage required hereunder shall be issued by insurance companies satisfactory to Grantee and the State.

A. Grantee

i. Public Entities

If Grantee is a "public entity" within the meaning of the Colorado Governmental Immunity Act, CRS §24-10-101, *et seq.*, as amended (the "GIA"), then Grantee shall maintain at all times during the term of this Grant such liability insurance, by commercial policy or self-insurance, as is necessary to meet its liabilities under the GIA. Grantee shall show proof of such insurance satisfactory to the State, if requested by the State. Grantee shall require each Grant with Subgrantees that are public entities, providing Goods or Services hereunder, to include the insurance requirements necessary to meet Subgrantee's liabilities under the GIA.

ii. Non-Public Entities

If Grantee is not a "public entity" within the meaning of the GIA, Grantee shall obtain and maintain during the term of this Grant insurance coverage and policies meeting the same requirements set forth in §13(B) with respect to Subgrantees that are not "public entities".

B. Grantee and Subgrantees

Grantee shall require each Grant with Subgrantees, other than those that are public entities, providing Goods or Services in connection with this Grant, to include insurance requirements substantially similar to the following:

i. Worker's Compensation

Worker's Compensation Insurance as required by State statute, and Employer's Liability Insurance covering all of Grantee and Subgrantee employees acting within the course and scope of their employment.

ii. General Liability

Commercial General Liability Insurance written on ISO occurrence form CG 00 01 10/93 or equivalent, covering premises operations, fire damage, independent contractors, products and completed operations, blanket contractual liability, personal injury, and advertising liability with minimum limits as follows: (a) \$1,000,000 each occurrence; (b) \$1,000,000 general aggregate; (c) \$1,000,000 products and completed operations aggregate; and (d) \$50,000 any one fire.

iii. Automobile Liability

Automobile Liability Insurance covering any auto (including owned, hired and non-owned autos) with a minimum limit of \$1,000,000 each accident combined single limit.

iv. Additional Insured

Grantee and the State shall be named as additional insured on the Commercial General Liability Insurance policy (leases and construction Grants require additional insured coverage for completed operations on endorsements CG 2010 11/85, CG 2037, or equivalent).

v. Primacy of Coverage

Coverage required of Grantee and Subgrantees shall be primary over any insurance or self-insurance program carried by Grantee or the State.

vi. Cancellation

The above insurance policies shall include provisions preventing cancellation or non-renewal without at least 45 days prior notice to the Grantee and Grantee shall forward such notice to the State in accordance with §16 (Notices and Representatives) within seven days of Grantee's receipt of such notice.

vii. Subrogation Waiver

All insurance policies in any way related to this Grant and secured and maintained by Grantee or its Subgrantees as required herein shall include clauses stating that each carrier shall waive all rights of recovery, under subrogation or otherwise, against Grantee or the State, its agencies, institutions, organizations, officers, agents, employees, and volunteers.

C. Certificates

Grantee and all Subgrantees shall provide certificates showing insurance coverage required hereunder to the State within seven business days of the Effective Date of this Grant. No later than 15 days prior to the expiration date of any such coverage, Grantee and each Subgrantee shall deliver to the State or Grantee certificates of insurance evidencing renewals thereof. In addition, upon request by the State at any other time during the term of this Grant or any subgrant, Grantee and each Subgrantee shall, within 10 days of such request, supply to the State evidence satisfactory to the State of compliance with the provisions of this §13.

14. BREACH

A. Defined

In addition to any breaches specified in other sections of this Grant, the failure of either Party to perform any of its material obligations hereunder, in whole or in part or in a timely or satisfactory manner, constitutes a breach. The institution of proceedings under any bankruptcy, insolvency, reorganization or similar law, by or against Grantee, or the appointment of a receiver or similar officer for Grantee or any of its property, which is not vacated or fully stayed within 20 days after the institution or occurrence thereof, shall also constitute a breach.

B. Notice and Cure Period

In the event of a breach, notice of such shall be given in writing by the aggrieved Party to the other Party in the manner provided in §16. If such breach is not cured within 30 days of receipt of written notice, or if a cure cannot be completed within 30 days, or if cure of the breach has not begun within 30 days and pursued with due diligence, the State may exercise any of the remedies set forth in §15. Notwithstanding anything to the contrary herein, the State, in its sole discretion, need not provide advance notice or a cure period and may immediately terminate this Grant in whole or in part if reasonably necessary to preserve public safety or to prevent immediate public crisis.

15. REMEDIES

If Grantee is in breach under any provision of this Grant, the State shall have all of the remedies listed in this §15 in addition to all other remedies set forth in other sections of this Grant following the notice and cure period set forth in §14(B), provided however, that the State may terminate this Grant pursuant to §15(B) without a breach. The State may exercise any or all of the remedies available to it, in its sole discretion, concurrently or consecutively.

A. Termination for Cause and/or Breach

If Grantee fails to perform any of its obligations hereunder with such diligence as is required to ensure its completion in accordance with the provisions of this Grant and in a timely manner, the State may notify Grantee of such non-performance in accordance with the provisions herein. If Grantee thereafter fails to promptly cure such non-performance within the cure period, the State, at its option, may terminate this entire Grant or such part of this Grant as to which there has been delay or a failure to properly perform. Exercise by the State of this right shall not be deemed a breach of its obligations hereunder. Grantee shall continue performance of this Grant to the extent not terminated, if any.

i. Obligations and Rights

To the extent specified in any termination notice, Grantee shall not incur further obligations or render further performance hereunder past the effective date of such notice, and shall terminate outstanding orders and subcontracts with third parties. However, Grantee shall complete and deliver to the State all Work, Services and Goods not cancelled by the termination notice and may incur obligations as are necessary to do so within this Grant's terms. At the sole discretion of the State, Grantee shall assign to the State all of Grantee's right, title, and interest under such terminated orders or subgrants. Upon termination, Grantee shall take timely, reasonable and necessary action to protect and preserve property in the possession of Grantee in which the State has an interest. All materials owned by the State in the possession of Grantee shall be immediately returned to the State. All Work Product, at the option of the State, shall be delivered by Grantee to the State and shall become the State's property.

ii. Payments

The State shall reimburse Grantee only for accepted performance up to the date of termination. If, after termination by the State, it is determined that Grantee was not in breach or that Grantee's action or inaction was excusable, such termination shall be treated as a termination in the public interest and the rights and obligations of the Parties shall be the same as if this Grant had been terminated in the public interest, as described herein.

iii. Damages and Withholding

Notwithstanding any other remedial action by the State, Grantee also shall remain liable to the State for any damages sustained by the State by virtue of any breach under this Grant by Grantee and the State may withhold any payment to Grantee for the purpose of mitigating the State's damages, until such time as the exact amount of damages due to the State from Grantee is determined. The State may withhold any amount that may be due to Grantee as the State deems necessary to protect the State, including loss as a result of outstanding liens or claims of former lien holders, or to reimburse the State for the excess costs incurred in procuring similar goods or services. Grantee shall be liable for excess costs incurred by the State in procuring from third parties replacement Work, Services or substitute Goods as cover.

B. Early Termination in the Public Interest

The State is entering into this Grant for the purpose of carrying out the public policy of the State of Colorado, as determined by its Governor, General Assembly, and/or courts. If this Grant ceases to further the public policy of the State, the State, in its sole discretion, may terminate this Grant in whole or in part.

Exercise by the State of this right shall not constitute a breach of the State's obligations hereunder. This subsection shall not apply to a termination of this Grant by the State for cause or breach by Grantee, which shall be governed by §15(A) or as otherwise specifically provided for herein.

i. Method and Content

The State shall notify Grantee of such termination in accordance with §16. The notice shall specify the effective date of the termination and whether it affects all or a portion of this Grant.

ii. Obligations and Rights

Upon receipt of a termination notice, Grantee shall be subject to and comply with the same obligations and rights set forth in §15(A)(i).

iii. Payments

If this Grant is terminated by the State pursuant to this §15(B), Grantee shall be paid an amount which bears the same ratio to the total reimbursement under this Grant as the Services satisfactorily performed bear to the total Services covered by this Grant, less payments previously made. Additionally, if this Grant is less than 60% completed, the State may reimburse Grantee for a portion of actual out-of-pocket expenses (not otherwise reimbursed under this Grant) incurred by Grantee which are directly attributable to the uncompleted portion of Grantee's obligations hereunder; provided that the sum of any and all reimbursement shall not exceed the maximum amount payable to Grantee hereunder.

C. Remedies Not Involving Termination

The State, in its sole discretion, may exercise one or more of the following remedies in addition to other remedies available to it:

i. Suspend Performance

Suspend Grantee's performance with respect to all or any portion of this Grant pending necessary corrective action as specified by the State without entitling Grantee to an adjustment in price/cost or performance schedule. Grantee shall promptly cease performance and incurring costs in accordance with the State's directive and the State shall not be liable for costs incurred by Grantee after the suspension of performance under this provision.

ii. Withhold Payment

Withhold payment to Grantee until corrections in Grantee's performance are satisfactorily made and completed.

iii. Deny Payment

Deny payment for those obligations not performed, that due to Grantee's actions or inactions, cannot be performed or, if performed, would be of no value to the State; provided, that any denial of payment shall be reasonably related to the value to the State of the obligations not performed.

iv. Removal

Demand removal of any of Grantee's employees, agents, or Subgrantees whom the State deems incompetent, careless, insubordinate, unsuitable, or otherwise unacceptable, or whose continued relation to this Grant is deemed to be contrary to the public interest or not in the State's best interest.

v. Intellectual Property

If Grantee infringes on a patent, copyright, trademark, trade secret or other intellectual property right while performing its obligations under this Grant, Grantee shall, at the State's option (a) obtain for the State or Grantee the right to use such products and services; (b) replace any Goods, Services, or other product involved with non-infringing products or modify them so that they become non-infringing; or, (c) if neither of the foregoing alternatives are reasonably available, remove any infringing Goods, Services, or products and refund the price paid therefore to the State.

16. NOTICES and REPRESENTATIVES

Each individual identified below is the principal representative of the designating Party. All notices required to be given hereunder shall be hand delivered with receipt required or sent by certified or registered mail to such Party's principal representative at the address set forth below. In addition to, but not in lieu of a hard-copy notice, notice also may be sent by e-mail to the e-mail addresses, if any, set forth below. Either Party may from time to time designate by written notice substitute addresses or persons to whom such notices shall be sent. Unless otherwise provided herein, all notices shall be effective upon receipt.

A. State:

Todd Green
Colorado Department of Transportation
5126 Front Range Parkway
Watkins, CO 80137
todd.green@state.co.us

B. Grantee:

Jason Licon
Fort Collins-Loveland Municipal Airport
4900 EARHART ROAD
LOVELAND, CO, 80538
jason.licon@cityofloveland.org

17. RIGHTS IN DATA, DOCUMENTS, AND COMPUTER SOFTWARE

Any software, research, reports, studies, data, photographs, negatives or other documents, drawings, models, materials, or Work Product of any type, including drafts, prepared by Grantee in the performance of its obligations under this Grant shall be the property of the State and, all Work Product shall be delivered to the State by Grantee upon completion or termination hereof. The State’s rights in such Work Product shall include, but not be limited to, the right to copy, publish, display, transfer, and prepare derivative works.

18. GOVERNMENTAL IMMUNITY

Notwithstanding any other provision to the contrary, nothing herein shall constitute a waiver, express or implied, of any of the immunities, rights, benefits, protection, or other provisions of the GIA. Liability for claims for injuries to persons or property arising from the negligence of the State of Colorado, its departments, institutions, agencies, boards, officials, and employees is controlled and limited by the provisions of the GIA and the risk management statutes, CRS §24-30-1501, *et seq.*, as amended.

19. STATEWIDE CONTRACT MANAGEMENT SYSTEM

If the maximum amount payable to Grantee under this Grant is \$100,000 or greater, either on the Effective Date or at anytime thereafter, this §19 applies.

Grantee agrees to be governed, and to abide, by the provisions of CRS §24-102-205, §24-102-206, §24-103-601, §24-103.5-101 and §24-105-102 concerning the monitoring of vendor performance on state Grants and inclusion of Grant performance information in a statewide Contract Management System.

Grantee’s performance shall be subject to Evaluation and Review in accordance with the terms and conditions of this Grant, State law, including CRS §24-103.5-101, and State Fiscal Rules, Policies and Guidance. Evaluation and Review of Grantee’s performance shall be part of the normal Grant administration process and Grantee’s performance will be systematically recorded in the statewide Contract Management System. Areas of Evaluation and Review shall include, but shall not be limited to quality, cost and timeliness. Collection of information relevant to the performance of Grantee’s obligations under this Grant shall be determined by the specific requirements of such obligations and shall include factors tailored to match the requirements of Grantee’s obligations. Such performance information shall be entered into the statewide Contract Management System at intervals established herein and a final Evaluation, Review and Rating shall be rendered within 30 days of the end of the Grant term. Grantee shall be notified following each performance Evaluation and Review, and shall address or correct any identified problem in a timely manner and maintain work progress.

Should the final performance Evaluation and Review determine that Grantee demonstrated a gross failure to meet the performance measures established hereunder, the Executive Director of the Colorado Department of Personnel and Administration (Executive Director), upon request by CDOT and showing of good cause, may debar Grantee and prohibit Grantee from bidding on future Grants. Grantee may contest the final Evaluation,

Review and Rating by: **(a)** filing rebuttal statements, which may result in either removal or correction of the evaluation (CRS §24-105-102(6)), or **(b)** under CRS §24-105-102(6), exercising the debarment protest and appeal rights provided in CRS §§24-109-106, 107, 201 or 202, which may result in the reversal of the debarment and reinstatement of Grantee, by the Executive Director, upon a showing of good cause.

20. GENERAL PROVISIONS

A. Assignment and Subgrants

Grantee's rights and obligations hereunder are personal and may not be transferred, assigned or subgranted without the prior, written consent of the State. Any attempt at assignment, transfer, or subgranting without such consent shall be void. All assignments, subgrants, or Subgrantees approved by Grantee or the State are subject to all of the provisions hereof. Grantee shall be solely responsible for all aspects of subgranting arrangements and performance.

B. Binding Effect

Except as otherwise provided in §20(A), all provisions herein contained, including the benefits and burdens, shall extend to and be binding upon the Parties' respective heirs, legal representatives, successors, and assigns.

C. Captions

The captions and headings in this Grant are for convenience of reference only, and shall not be used to interpret, define, or limit its provisions.

D. Counterparts

This Grant may be executed in multiple identical original counterparts, all of which shall constitute one agreement.

E. Entire Understanding

This Grant represents the complete integration of all understandings between the Parties and all prior representations and understandings, oral or written, are merged herein. Prior or contemporaneous additions, deletions, or other changes hereto shall not have any force or effect whatsoever, unless embodied herein.

F. Indemnification-General

To the extent permitted by law, Grantee shall indemnify, save, and hold harmless the State, its employees and agents, against any and all claims, damages, liability and court awards including costs, expenses, and attorney fees and related costs, incurred as a result of any act or omission by Grantee, or its employees, agents, Subgrantees, or assignees pursuant to the terms of this Grant; however, the provisions hereof shall not be construed or interpreted as a waiver, express or implied, of any of the immunities, rights, benefits, protection, or other provisions, of the GIA, or the Federal Tort Claims Act, 28 U.S.C. 2671 et seq., as applicable, as now or hereafter amended. If Grantee is a "public entity" within the meaning of GIA, liability is controlled and limited by the provisions of the GIA.

G. Jurisdiction and Venue

All suits, actions, or proceedings related to this Grant shall be held in the State of Colorado and exclusive venue shall be in the City and County of Denver.

H. Modification

i. By the Parties

Except as specifically provided in this Grant, modifications of this Grant shall not be effective unless agreed to in writing by the Parties in an amendment to this Grant, properly executed and approved in accordance with applicable Colorado State law, State Fiscal Rules, and Office of the State Controller Policies, including, but not limited to, the policy entitled MODIFICATIONS OF CONTRACTS - TOOLS AND FORMS.

ii. By Operation of Law

This Grant is subject to such modifications as may be required by changes in federal or Colorado State law, or their implementing regulations. Any such required modification automatically shall be incorporated into and be part of this Grant on the effective date of such change, as if fully set forth herein.

I. Order of Precedence

The provisions of this Grant shall govern the relationship of the Parties. In the event of conflicts or inconsistencies between this Grant and its exhibits and attachments including, but not limited to, those provided by Grantee, such conflicts or inconsistencies shall be resolved by reference to the documents in the following order of priority:

- i. **Colorado Special Provisions,**
- ii. **The provisions** of the main body of this Grant,
- iii. **Exhibit A,** and
- iv. **Exhibit B.**

J. Severability

Provided this Grant can be executed and performance of the obligations of the Parties accomplished within its intent, the provisions hereof are severable and any provision that is declared invalid or becomes inoperable for any reason shall not affect the validity of any other provision hereof.

K. Survival of Certain Grant Terms

Notwithstanding anything herein to the contrary, provisions of this Grant requiring continued performance, compliance, or effect after termination hereof, shall survive such termination and shall be enforceable by the State if Grantee fails to perform or comply as required.

L. Taxes

The State is exempt from all federal excise taxes under IRC Chapter 32 (No. 84-730123K) and from all State and local government sales and use taxes under CRS §§39-26-101 and 201 et seq. Such exemptions apply when materials are purchased or services rendered to benefit the State; provided however, that certain political subdivisions (e.g., City of Denver) may require payment of sales or use taxes even though the product or service is provided to the State. Grantee shall be solely liable for paying such taxes as the State is prohibited from paying for or reimbursing Grantee for them.

M. Third Party Beneficiaries

Enforcement of this Grant and all rights and obligations hereunder are reserved solely to the Parties, and not to any third party. Any services or benefits which third parties receive as a result of this Grant are incidental to the Grant, and do not create any rights for such third parties.

N. Waiver

Waiver of any breach of a term, provision, or requirement of this Grant, or any right or remedy hereunder, whether explicitly or by lack of enforcement, shall not be construed or deemed as a waiver of any subsequent breach of such term, provision or requirement, or of any other term, provision, or requirement.

O. CORA Disclosure

To the extent not prohibited by federal law, this Contract and the performance measures and standards under CRS §24-103.5-101, if any, are subject to public release through the Colorado Open Records Act, CRS §24-72-101, et seq.

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21. COLORADO SPECIAL PROVISIONS

These Special Provisions apply to all Grants except where noted in italics.

A. CONTROLLER'S APPROVAL. CRS §24-30-202 (1)

This Grant shall not be deemed valid until it has been approved by the Colorado State Controller or designee.

B. FUND AVAILABILITY. CRS §24-30-202(5.5)

Financial obligations of the State payable after the current fiscal year are contingent upon funds for that purpose being appropriated, budgeted, and otherwise made available.

C. GOVERNMENTAL IMMUNITY

No term or condition of this Grant shall be construed or interpreted as a waiver, express or implied, of any of the immunities, rights, benefits, protections, or other provisions, of the Colorado Governmental Immunity Act, CRS §24-10-101 *et seq.*, or the Federal Tort Claims Act, 28 U.S.C. §§1346(b) and 2671 *et seq.*, as applicable now or hereafter amended.

D. INDEPENDENT CONTRACTOR

Grantee shall perform its duties hereunder as an independent contractor and not as an employee. Neither Grantee nor any agent or employee of Grantee shall be deemed to be an agent or employee of the State. Grantee and its employees and agents are not entitled to unemployment insurance or workers compensation benefits through the State and the State shall not pay for or otherwise provide such coverage for Grantee or any of its agents or employees. Unemployment insurance benefits will be available to Grantee and its employees and agents only if such coverage is made available by Grantee or a third party. Grantee shall pay when due all applicable employment taxes and income taxes and local head taxes incurred pursuant to this Grant. Grantee shall not have authorization, express or implied, to bind the State to any agreement, liability or understanding, except as expressly set forth herein. Grantee shall (a) provide and keep in force workers' compensation and unemployment compensation insurance in the amounts required by law, (b) provide proof thereof when requested by the State, and (c) be solely responsible for its acts and those of its employees and agents.

E. COMPLIANCE WITH LAW.

Grantee shall strictly comply with all applicable federal and State laws, rules, and regulations in effect or hereafter established, including, without limitation, laws applicable to discrimination and unfair employment practices.

F. CHOICE OF LAW.

Colorado law, and rules and regulations issued pursuant thereto, shall be applied in the interpretation, execution, and enforcement of this grant. Any provision included or incorporated herein by reference which conflicts with said laws, rules, and regulations shall be null and void. Any provision incorporated herein by reference which purports to negate this or any other Special Provision in whole or in part shall not be valid or enforceable or available in any action at law, whether by way of complaint, defense, or otherwise. Any provision rendered null and void by the operation of this provision shall not invalidate the remainder of this Grant, to the extent capable of execution.

G. BINDING ARBITRATION PROHIBITED.

The State of Colorado does not agree to binding arbitration by any extra-judicial body or person. Any provision to the contrary in this Grant or incorporated herein by reference shall be null and void.

H. SOFTWARE PIRACY PROHIBITION. Governor's Executive Order D 002 00

State or other public funds payable under this Grant shall not be used for the acquisition, operation, or maintenance of computer software in violation of federal copyright laws or applicable licensing restrictions. Grantee hereby certifies and warrants that, during the term of this Grant and any extensions, Grantee has and shall maintain in place appropriate systems and controls to prevent such improper use of public funds. If the State determines that Grantee is in violation of this provision, the State may exercise any remedy available at law or in equity or under this Grant, including, without limitation, immediate termination of this Grant and any remedy consistent with federal copyright laws or applicable licensing restrictions.

I. EMPLOYEE FINANCIAL INTEREST/CONFLICT OF INTEREST. CRS §§24-18-201 and 24-50-507

The signatories aver that to their knowledge, no employee of the State has any personal or beneficial interest whatsoever in the service or property described in this Grant. Grantee has no interest and shall not acquire any interest, direct or indirect, that would conflict in any manner or degree with the performance of Grantee's services and Grantee shall not employ any person having such known interests.

J. VENDOR OFFSET. CRS §§24-30-202 (1) and 24-30-202.4

[Not applicable to intergovernmental agreements]

Subject to CRS §24-30-202.4 (3.5), the State Controller may withhold payment under the State's vendor offset intercept system for debts owed to State agencies for: (a) unpaid child support debts or child support arrearages; (b) unpaid balances of tax, accrued interest, or other charges specified in CRS §39-21-101, *et seq.*; (c) unpaid loans due to the Student Loan Division of the Department of Higher Education; (d) amounts required to be paid to the Unemployment Compensation Fund; and (e) other unpaid debts owing to the State as a result of final agency determination or judicial action.

K. PUBLIC GRANTS FOR SERVICES. CRS §8-17.5-101

[Not applicable to agreements relating to the offer, issuance, or sale of securities, investment advisory services or fund management services, sponsored projects, intergovernmental agreements, or information technology services or products and services]

Grantee certifies, warrants, and agrees that it does not knowingly employ or contract with an illegal alien who will perform work under this Grant and will confirm the employment eligibility of all employees who are newly hired for employment in the United States to perform work under this Grant, through participation in the E-Verify Program or the State program established pursuant to CRS §8-17.5-102(5)(c), Grantee shall not knowingly employ or contract with an illegal alien to perform work under this Grant or enter into a grant with a Subgrantee that fails to certify to Grantee that the Subgrantee shall not knowingly employ or contract with an illegal alien to perform work under this Grant. Grantee (a) shall not use E-Verify Program or State program procedures to undertake pre-employment screening of job applicants while this Grant is being performed, (b) shall notify the Subgrantee and the granting State agency within three days if Grantee has actual knowledge that a Subgrantee is employing or contracting with an illegal alien for work under this Grant, (c) shall terminate the subgrant if a Subgrantee does not stop employing or contracting with the illegal alien within three days of receiving the notice, and (d) shall comply with reasonable requests made in the course of an investigation, undertaken pursuant to CRS §8-17.5-102(5), by the Colorado Department of Labor and Employment. If Grantee participates in the State program, Grantee shall deliver to the granting State agency, Institution of Higher Education or political subdivision, a written, notarized affirmation, affirming that Grantee has examined the legal work status of such employee, and shall comply with all of the other requirements of the State program. If Grantee fails to comply with any requirement of this provision or CRS §8-17.5-101 *et seq.*, the granting State agency, institution of higher education or political subdivision may terminate this Grant for breach and, if so terminated, Grantee shall be liable for damages.

L. PUBLIC GRANTS WITH NATURAL PERSONS. CRS §24-76.5-101

Grantee, if a natural person eighteen (18) years of age or older, hereby swears and affirms under penalty of perjury that he or she (a) is a citizen or otherwise lawfully present in the United States pursuant to federal law, (b) shall comply with the provisions of CRS §24-76.5-101 *et seq.*, and (c) has produced one form of identification required by CRS §24-76.5-103 prior to the effective date of this Grant.

SPs Effective 1/1/09

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22. SIGNATURE PAGE

THE PARTIES HERETO HAVE EXECUTED THIS GRANT

*** Persons signing for Grantee hereby swear and affirm that they are authorized to act on Grantee's behalf and acknowledge that the State is relying on their representations to that effect.**

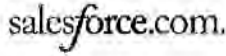
<p style="text-align: center;">GRANTEE City of Fort Collins</p> <p>By: _____ Print Name of Authorized Individual</p> <p>Title: _____ Print Title of Authorized Individual</p> <p>_____ *Signature</p> <p style="text-align: right;">Date: _____</p>	<p style="text-align: center;">STATE OF COLORADO John W. Hickenlooper, Governor Colorado Department of Transportation Donald E. Hunt – Executive Director</p> <p>_____ By: David C. Gordon, Aeronautics Division Director</p> <p>Signatory avers to the State Controller or delegate that, except as specified herein, Grantee has not begun performance or that a Statutory Violation waiver has been requested under Fiscal Rules</p> <p style="text-align: right;">Date: _____</p>
<p style="text-align: center;">City of Loveland</p> <p>By: _____ Print Name of Authorized Individual</p> <p>Title: _____ Print Title of Authorized Individual</p> <p>_____ *Signature</p> <p style="text-align: right;">Date: _____</p>	

ALL GRANTS REQUIRE APPROVAL BY THE STATE CONTROLLER

CRS §24-30-202 requires the State Controller to approve all State grants. This Grant is not valid until signed and dated below by the State Controller or delegate. Grantee is not authorized to begin performance until such time. If Grantee begins performing prior thereto, the State of Colorado is not obligated to pay Grantee for such performance or for any goods and/or services provided hereunder.

<p>STATE CONTROLLER David J. McDermott, CPA</p> <p>By: _____ Colorado Department of Transportation</p> <p style="text-align: right;">Date: _____</p>
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23. EXHIBIT A



CDAG#: 13-FNL-01
Exhibit A

- [Close Window](#)
- [Print This Page](#)
- [Expand All](#) | [Collapse All](#)

Application-2957

Grant Name	Application-2957	Owner	Larry Mack
Grant Full Name	13-FNL-01	Status	Approved
Account	Ft. Collins-Loveland Municipal Airport	Contract Execution Date	
Airport Identifier	FNL	Contract Expiration Date	6/30/2015
Year	2013	Diagrams	Yes
Project Director	Jason Licon	Sponsor	Cities of Ft. Collins/Loveland
Project Director Email	jason.licon@cityofloveland.org	Sponsor SAP Vendor #	2000212
Project Director Phone	(970) 962-2852	Partner #	
Project Definition	The proposed project will consist of the rehabilitation and partial reconstruction of the primary aircraft apron and the access points on taxiways B, C, and D. After the geotechnical evaluation of the pavements and subgrades it was determined how to proceed with the design based on available funding. The primary apron project is estimated at \$1.8 million of which \$1.45 million will be coming from 2012 and 2013 FAA entitlement funding. In addition the connecting taxiways that provide access to the apron are in need of repairs, and this is estimated at an additional \$600,000 to accommodate the category 2 type aircraft that are currently using it. The total cost of this project is estimated at \$2.45 million.	GL	4511000010

Timetable: 65% design:
Nov 26
95% design: Jan
21
Issued for Bid:
Feb 7
Bid Opening:
March 7
Notice of Award,
Contracting, Notice to Proceed:
March thru April
Construction:

CDAG#: 13-FNL-01
Exhibit A

May 1

NOTE: Dates
subject to change depending on FAA
Grant Award and Funding schedules

Account Information

Account Mailing Street	4900 Earhart Rd.	Account Formula	Ft. Collins-Loveland Municipal Airport
Account Mailing City	Loveland	Record Type	
Account Mailing State	CO		
Account Mailing Zip Code	80538		

Grant Financials

State Funding	\$940,000.00	State Amount Remaining	\$940,000.00
Local Funding	\$180,100.00	Local Amount Remaining	\$180,100.00
Federal Funds	\$1,532,015.00	Federal Amount Remaining	\$1,532,015.00
Project Funding Summary	\$2,652,115.00	Total Remaining	\$2,652,115.00
SAP PO Number	291001478	CMS Number	52224
Allow Supplemental Grant Application	<input type="checkbox"/>	Amended?	<input type="checkbox"/>

Notes

Punch List

Application is Complete	Yes	Cost Estimates?	Yes
Proposed Schedule?	Yes	Recommended Action	Approval

Additional Information

Grant Number	13-FNL-01	Cost Center	VDG13-033
PO	291001478	On Site Project Director	
Contract	13HAV52224		

Grant Summary

Identify the existing problem	General Aviation Ramp and Taxiways "B" and "D" were last	Project Summary	Rehabilitation and partial reconstruction of the General
-------------------------------	--	-----------------	--

CDAG#: 13-FNL-01
Exhibit A

rehabilitated in 1977 and are in various stages of failure. This project will be the last phase of pavement rehab that has been preceded with the rehab of Runway 15/33, Runway 06/24, Taxiway "A", "A1", "A2", "A3", "A4", "A5", "C", the Commercial Carrier Ramp and all of the Lighting Infrastructure.

Aviation Ramp including Taxiways "B" and "D"

Created By Larry Mack, 10/18/2012 4:12 PM

Last Modified By Todd Green, 5/21/2013 4:23 PM

Grant Elements

Participate in Federally Funded Apron & Connector Rehab/Reconstruction

Status Submitted
 Element Description Participate in Federally Funded Apron & Connector Rehab/Reconstruction
 State \$85,112.00
 State Percent 5.00
 Local \$85,112.00
 Federal/Other \$1,532,015.00
 Total \$1,702,239.00
 Remaining State Balance \$85,112.00
 Project in CIP No

Overmatch on Apron & Connector Rehab/Reconstruction

Status Submitted
 Element Description Overmatch on Apron & Connector Rehab/Reconstruction
 State \$854,888.00
 State Percent 90.00
 Local \$94,988.00
 Federal/Other \$0.00
 Total \$949,876.00
 Remaining State Balance \$854,888.00
 Project in CIP No

Notes & Attachments

Possible Amendment	Contract after Bid Opening
Type Note	Type Note
Last Modified Todd Green	Last Modified Todd Green
Description Per meeting on May 9th, Bids came in higher than engineers estimate. The taxiway and connector will be taken out of the project but there will still be a funding shortfall of \$113,318. If Federal funds are not awarded to cover the shortfall, the backup plan will be to liquidate all remaining state funds from the 2010 and 2011 Grants (\$96,220.36) and put that money toward the Ramp Project in 2013. May also need an additional \$5,765.84 of State funds to fill the shortfall. Total amendment for 2013 Grant will need to be about an additional \$102K.	Description The full amount will be awarded after bid opening.
	AIP 32 Apron Rehab Option 2B and TW B with State Funding 10-19-12.pdf
	Type Attachment
	Last Modified Larry Mack
	Description View file

CDAG#: 13-FNL-01
Exhibit A

In attendance

Jason Licon
Larry Mack
Scott Storie
TK Gwin
David Gordon
Todd Green

Items Still Needed

Type	Note
Last Modified	Todd Green
Description	<p>1. A letter stating that they would like to update their CIP for 2013 with exact numbers so we can update it for them.</p> <p>2. Need a proposed schedule for project.</p>

Activity History

Email: Grant Application Questions

Name	Larry Mack
Task	<input checked="" type="checkbox"/>
Due Date	10/19/2012
Assigned To	Todd Green
Last Modified Date/Time	10/19/2012 3:38 PM
	<p>Additional To: larry.mack@cityofloveland.org CC: tk.gwin@state.co.us BCC: todd.green@state.co.us Attachment:</p> <p>Subject: Grant Application Questions Body: Larry,</p> <p>Thank you for submitting your grant application for 2013. While reviewing the document I noticed a couple of issues. They are:</p> <p>1..Your CIP does not show your correct 2013 projects. We need an email from you stating that you would like the CDOT Division of Aeronautics to update your CIP for 2013. In the email please state what the projects need to be and the amounts. Once we have this email, I will change your CIP for 2013 to show those projects and amounts.</p> <p>2. In the project description section of the grant please include the proposed schedule for this project; when it will start, end, ect.</p> <p>I will shortly unlock your application again so you can make edits to it. Once all or your changes have been made please submit your grant again for approval. If you have any questions I will be out of the office all next week so please contact TK Gwin at 303-512-5255 or tk.gwin@state.co.us.</p> <p>Thank you,</p> <p>Todd Green Division of Aeronautics</p>
Comments	

24. EXHIBIT B**RESOLUTION****WHEREAS:**

The General Assembly of the State of Colorado declared in Title 43 of the Colorado revised Statutes, Article 10, 1991 in CRS §43-10-101 (the Act) "... that there exists a need to promote the safe operations and accessibility of general aviation in this state; that improvements to general aviation transportation facilities will promote diversified economic development across the state; and that accessibility to airport facilities for residents of this state is crucial in the event of a medical or other type of emergency..."

The Act created the Colorado Aeronautical Board ("the Board") to establish policy and procedures for distribution of monies in the Aviation Fund and created the Division of Aeronautics ("the Division") to carry out the directives of the Board, including technical and planning assistance to airports and the administration of the state aviation system grant program. SEE CRS §43-10-103 and C.R.S. §43-10-105 and CRS §43-10-108.5 of the Act.

Any entity operating a public-accessible airport in the state may file an application for and be recipient of a grant to be used solely for aviation purposes. The Division is authorized to assist such airports as request assistance by means of a Resolution passed by the applicant's duly-authorized governing body, which understands that all funds shall be used exclusively for aviation purposes and that it will comply with all grant procedures and requirements as defined in the Division's Aviation Grant Management Manual, revised 2009, ("the Manual").

NOW, THEREFORE, BE IT RESOLVED THAT:

The **City of Fort Collins and City of Loveland**, as a duly authorized governing body of the grant applicant, hereby formally requests assistance from the Colorado Aeronautical Board and the Division of Aeronautics in the form of a state aviation system grant. The **City of Fort Collins and City of Loveland** states that such grant shall be used solely for aviation purposes, as determined by the State, and as generally described in the Application.

Each airport-operating entity that applies for and accepts a grant that it thereby makes a COMMITMENT to keep the airport facility accessible to, and open to, the public during the entire useful life of the grant funded improvements/ equipment; or b) to reimburse the Division for any unexpired useful life of the improvements/ equipment, or a pro-rata basis.

By signing this grant agreement, the applicant commits to keep open and accessible for public use all grant funded facilities, improvements and services for their useful life, as determined by the Division and stated in the Grant Agreement.

FURTHER BE IT RESOLVED:

That the **CITY OF FORT COLLINS** hereby designates Jason Licon as the Project Director, as described in the Manual and authorizes the Project Director to act in all matters relating to the work project proposed in the Application in its behalf, including executions of the grant contract.

FURTHER:

The **CITY OF FORT COLLINS** has appropriated or will appropriate or otherwise make available in a timely manner all funds, if any, that are required to be provided by the Applicant under the terms and conditions of the grant contract.

FINALLY:

The CITY OF FORT COLLINS hereby accepts all guidelines, procedures, standards and requirements described in the Manual as applicable to the performance of the grant work and hereby approves the grant contract submitted by the State, including all terms and conditions contained therein.

for The Grantee

ATTEST

FURTHER BE IT RESOLVED:

That **CITY OF LOVELAND** hereby designates Jason Licon as the Project Director, as described in the Manual and authorizes the Project Director to act in all matters relating to the work project proposed in the Application in its behalf, including executions of the grant contract.

FURTHER:

The CITY OF LOVELAND has appropriated or will appropriate or otherwise make available in a timely manner all funds, if any, that are required to be provided by the Applicant under the terms and conditions of the grant contract.

FINALLY:

The CITY OF LOVELAND hereby accepts all guidelines, procedures, standards and requirements described in the Manual as applicable to the performance of the grant work and hereby approves the grant contract submitted by the State, including all terms and conditions contained therein.

for The Grantee

ATTEST

SINGLE READING

June 18, 2013

ORDINANCE NO. _____

AN EMERGENCY ORDINANCE ENACTING A SUPPLEMENTAL BUDGET AND APPROPRIATION TO THE 2013 FT. COLLINS-LOVELAND MUNICIPAL AIRPORT BUDGET FOR CAPITAL REHABILITATION AND RECONSTRUCTION OF THE PRIMARY AIRCRAFT PARKING APRON/ RAMP AND PERIMETER FENCING

WHEREAS, the City has received funds not anticipated and/or appropriated at the time of the adoption of the Airport budget for 2013, including grant funds from the Colorado Department of Transportation, Division of Aeronautics; and

WHEREAS, the City Council desires to authorize the expenditure of these funds by enacting a supplemental budget and appropriation to the Airport budget for 2013, as authorized by Section 11-6(a) of the Loveland City Charter; and

WHEREAS, a Grant Agreement with the Colorado Department of Transportation, Division of Aeronautics must be signed to obtain state grant funds, which state grant funds provide a match for a federal grant from the FAA, for the improvement of the primary aircraft parking apron/ ramp and perimeter fencing at the Airport; and

WHEREAS, the Grant Agreement requires a firm commitment to fund the local agency match, a portion of which is appropriated under this Ordinance; and

WHEREAS, the Grant Agreement must be signed and submitted no later than June 19, 2013 to the Department of Transportation, Division of Aeronautics or the state grant funds (and federal grant funds) for this project will be lost; and

WHEREAS, Loveland Charter Section 4-10 authorizes the City Council to adopt at one reading emergency ordinances that go into effect immediately upon an affirmative vote of at least six members of the Council with a specific statement of the nature of the emergency set forth in the ordinance.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. That the City Council finds and determines that an emergency exists requiring immediate passage of this Ordinance in order to qualify the Fort Collins-Loveland Airport for a grant before the deadline imposed by the Colorado Department of Transportation, Division of Aeronautics, which grant will fund improvement of the primary aircraft parking apron/ ramp and perimeter fencing at the Airport for the preservation of the health, safety, and welfare of the citizens of the City of Loveland and patrons of the Airport.

Section 2. That revenues in the amount of \$572,650 from a grant from the Colorado Department of Transportation Division of Aeronautics and reserves in the amount of \$63,630 in the Airport Fund 600 are available for appropriation. Revenues in the total amount of \$636,280 are hereby appropriated for capital rehabilitation and reconstruction of the primary aircraft parking apron/ ramp and perimeter fencing and transferred to the funds as hereinafter set forth. The spending agencies and funds that shall be spending the monies supplementally budgeted and appropriated are as follows:

**Supplemental Budget
Airport Fund 600**

Revenues

Fund balance		63,630
600-00-000-0000-38617	Contribution - State of Colorado	572,650
Total Revenue		636,280

Appropriations

600-23-290-0000-49360-AP1204	Construction	636,280
Total Appropriations		636,280

Section 3. That as provided in City Charter Section 4-10 (b), this Ordinance shall be in full force and effect upon final adoption and shall published in full after adoption.

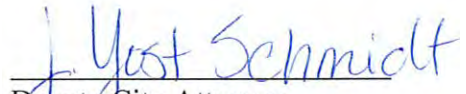
ADOPTED this 18th day of June, 2013.

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:


Deputy City Attorney



Airport Terminal

Fire Station #4

FNL jetCenter

Test Strip Roadway Extension

Aircraft Parking/Tie-down Resurface/Rehabilitation

Aircraft Transition Area Crack Repair/Seal Coating





CITY OF LOVELAND
PUBLIC WORKS DEPARTMENT
 Administration Offices • 410 East Fifth Street • Loveland, Colorado 80537
 (970) 962-2555 • FAX (970) 962-2908 • TDD (970) 962-2620

AGENDA ITEM: 8
MEETING DATE: 6/18/2013
TO: City Council
FROM: Kevin Gingery, Public Works Department
PRESENTER: Kevin Gingery, Senior Civil Engineer

TITLE:

Resolutions Granting a Temporary Easement, Exclusive Gas Easement, Gas Easement, and a Non-Exclusive Access and Utility Easement to Public Service Company of Colorado

RECOMMENDED CITY COUNCIL ACTION:

Adopt the resolutions.

OPTIONS:

1. Adopt the action as recommended
2. Deny the action
3. Adopt a modified action (specify in the motion)
4. Refer back to staff for further development and consideration
5. Adopt a motion continuing the item to a future Council meeting

DESCRIPTION:

This is an administrative action to approve resolutions that grant a temporary easement, an exclusive gas easement, a gas easement, and a non-exclusive access and utility easement to Public Service Company of Colorado (PSCo). This will facilitate construction of a new 16" high pressure natural gas main regulator station within real property owned by the City of Loveland.

BUDGET IMPACT:

- Positive
 Negative
 Neutral or negligible

There is no budget impact associated with this item.

SUMMARY:

PSCo provides natural gas service to the residents of Loveland and the surrounding region. An existing high-pressure natural gas main lies in Taft Avenue and needs to be abandoned due to its age and deterioration. PSCo is planning to install a new 16" high-pressure natural gas main

through Loveland in order to enable them to continue natural gas service in this area. A new 16" high-pressure natural gas main regulator station is proposed within real property owned by the City of Loveland. The temporary easement, exclusive gas easement, gas easement, and non-exclusive access and utility easement are needed by PSCo, in order to construct and maintain the new regulator station. The easements are within real property owned by the City. The City property will function as a Stormwater quality pond which, at a future date, master planned storm drainage improvements will be designed and constructed within the Wilson Basin. The proposed regulator station will not negatively affect the City's future use of the property. PSCo will be required to meet all safety and construction standards and will return the property to existing previous condition.

A vicinity map is attached for reference.

REVIEWED BY CITY MANAGER:



LIST OF ATTACHMENTS:

Resolution Granting Temporary Easement

Temporary Easement (listed as Exhibit A to the Resolution)

Resolution Granting an Exclusive Gas Easement

Exclusive Gas Easement (listed as Exhibit A to the Resolution)

Resolution Granting Gas Easement

Gas Easement (listed as Exhibit A to the Resolution)

Resolution Granting Non-Exclusive Access and Utility Easement

Non-Exclusive Access and Utility Easement (listed as Exhibit A to the Resolution)

Vicinity Map

RESOLUTION #R-43-2013

A RESOLUTION GRANTING A TEMPORARY EASEMENT TO PUBLIC SERVICE COMPANY OF COLORADO

WHEREAS, Public Service Company of Colorado (“PSCo”) has requested that the City of Loveland grant PSCo a non-exclusive temporary easement across real property owned by the City for construction, access, and staging purposes associated with PSCo’s installation of gas facilities in an adjacent parcel; and

WHEREAS, the Public Works Department reviewed PSCo’s request and found that the proposed temporary use will not affect the City’s operations at that location; and

WHEREAS, the City Council desires to grant the requested temporary easement on the terms and conditions set forth in the “Public Service Company of Colorado Temporary Easement,” attached hereto.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. That the “Public Service Company of Colorado Temporary Easement,” attached hereto as Exhibit A and incorporated herein by reference (“Easement”), is hereby approved.

Section 2. That the City Manager and the City Clerk are hereby authorized and directed to execute the Easement on behalf of the City of Loveland.

Section 3. That the City Manager is authorized, following consultation with the City Attorney, to approve changes to the form or substance of the Easement as deemed necessary to effectuate the purposes of this Resolution or to protect the interests of the City.

Section 4. That this Resolution shall be effective as of the date of its adoption.

ADOPTED this 18th day of June, 2013.

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:



Assistant City Attorney

**PUBLIC SERVICE COMPANY OF COLORADO
TEMPORARY EASEMENT**

For and in consideration of \$10.00 (Ten and 00/100 Dollars) and other good and valuable consideration in hand paid, the receipt of which is hereby acknowledged, the undersigned Grantor hereby grants and conveys to Public Service Company of Colorado, a Colorado Corporation, Grantee, a non-exclusive temporary construction, access and staging easement for the purpose of ingress and egress, material storage, and construction staging on, over, under, and across the following described premises located in the County of Larimer, State of Colorado, to wit:

A parcel of land located in the NW ¼ of Section 15, Township 5 North, Range 69 West of the 6th Principal Meridian, County of Larimer, State of Colorado, the easement is described as in **Exhibit "A"** attached hereto and made a part hereof. **This temporary construction easement shall not be recorded.**

Together with full right and authority to Grantee, its successors, licensees, lessees, contractors, or permitted assigns, and its and their agents and employees, to enter at all times upon said premises to survey, construct, repair, reconstruct, patrol, inspect, improve, and maintain said access, together with culverts or other appurtenances used or useful in connection therewith over said premises.

This grant is subject to the following conditions:

1. Grantee acknowledges and agrees that the easement herein granted is a temporary easement and shall automatically terminate upon Grantee completing the Project, or two (2) years from the date on which Grantor signs this grant of temporary easement, whichever comes first.
2. Grantee shall restore all areas disturbed by its use of the easement area as near as practicable to its condition prior to Grantee's use thereof.
3. The provisions of this non-exclusive temporary construction easement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

Executed by Grantor this _____ day of _____, 2013.

GRANTOR: THE CITY OF LOVELAND, COLORADO

By: _____
William D. Cahill, City Manager

STATE OF COLORADO)
) ss.
COUNTY OF LARIMER)

The foregoing instrument was acknowledged before me this _____ day of _____, 2013 by William D. Cahill as City Manager of the City of Loveland, Colorado.

Witness my hand and official seal.

My commission expires: _____

Notary Public



Sheet 1 of 2

CITY OF LOVELAND TUA PARCEL

A parcel of land lying in the Northwest Quarter (NW1/4) of Section 15, Township 5 North, Range 69 West, of the 6th Principal Meridian, County of Larimer, State of Colorado, being more particularly described as follows:

Parcel I, Parcel II, Parcel III and Parcel IV as described under Reception Number 2002124923, Larimer County Records,

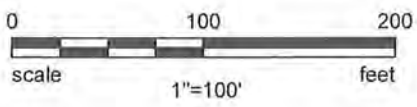
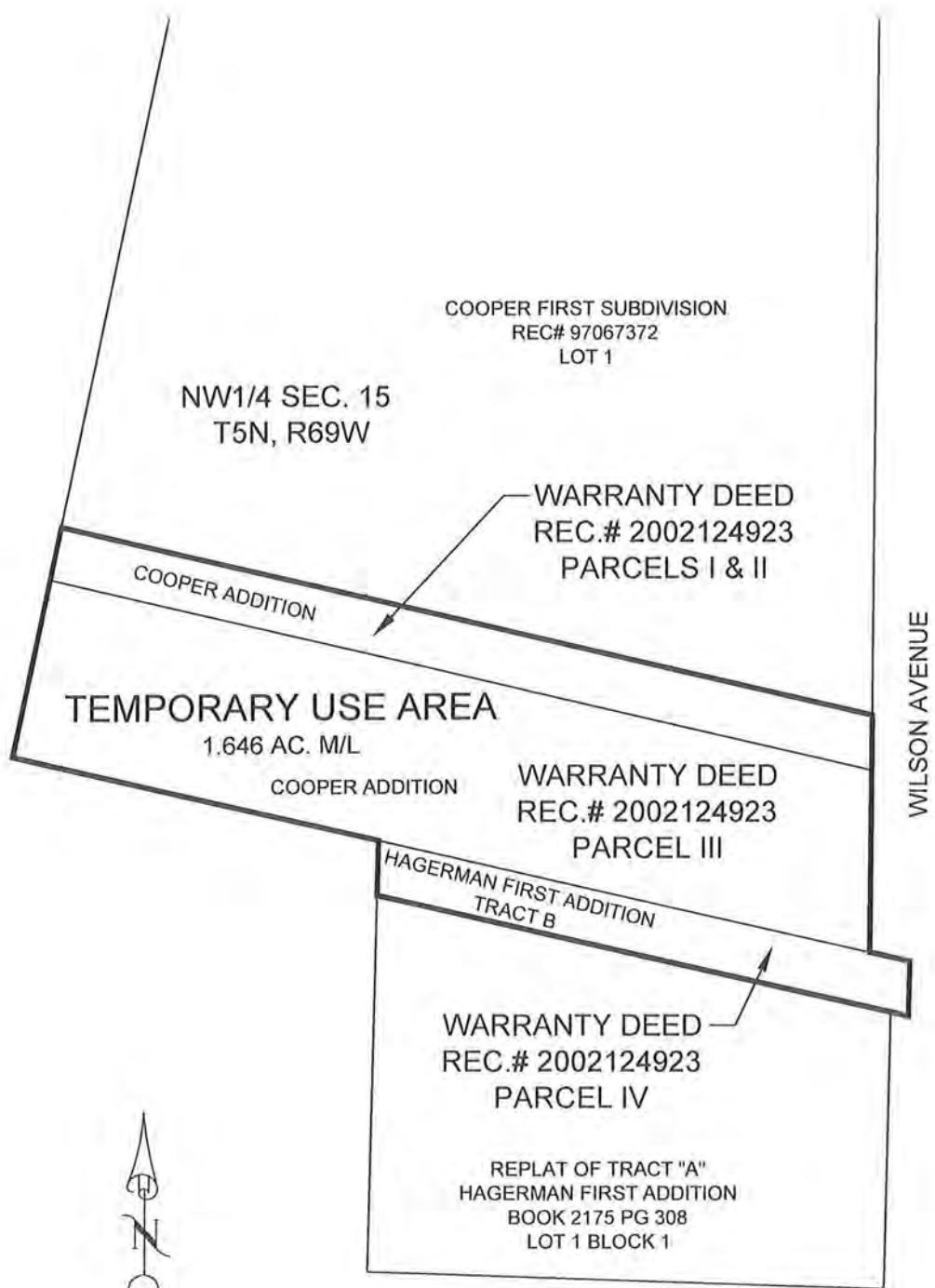
Containing 1.646 acres, more or less.

The author of this description is George A. Robinson, PLS 35593, prepared on behalf of SEH Inc., 390 Union Boulevard, Suite 630, Lakewood, CO 80228, on September 20, 2012 under Job No. PSCOC 116546-4.0, for Public Service Company of Colorado, and is not to be construed as representing a monumented land survey.



George A. Robinson, PLS 35593

CITY OF LOVELAND TUA PARCEL



Suite 630
Lakewood, Colorado 80228
Phone: 303-586-5800

RESOLUTION #R-44-2013

A RESOLUTION GRANTING AN EXCLUSIVE GAS EASEMENT TO PUBLIC SERVICE COMPANY OF COLORADO

WHEREAS, Public Service Company of Colorado (“PSCo”) has requested that the City of Loveland grant PSCo an exclusive gas easement for the transmission and distribution of gas on, over, under, through, and across real property owned by the City of Loveland; and

WHEREAS, the Public Works Department reviewed PSCo’s request and found that the proposed use will not negatively affect the City’s operations at that location; and

WHEREAS, the City Council desires to grant the requested easement on the terms and conditions set forth in the “Exclusive Gas Easement” attached hereto.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. That the “Exclusive Gas Easement,” attached hereto as Exhibit A and incorporated herein by reference (“Easement”), is hereby approved.

Section 2. That the City Manager and the City Clerk are hereby authorized and directed to execute the Easement on behalf of the City of Loveland.

Section 3. That the City Manager is authorized, following consultation with the City Attorney, to approve changes to the form or substance of the Easement as deemed necessary to effectuate the purposes of this Resolution or to protect the interests of the City.

Section 4. That this Resolution shall be effective as of the date of its adoption.

ADOPTED this 18th day of June, 2013.

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:



Assistant City Attorney

DIVISION	ROW AGENT	DOC. NO.
	John Doty	
LOCATION	DESCRIPTION AUTHOR:	PLAT/GRID NO.
	George Robinson, SEH, Inc.	
	AUTHOR ADDRESS	WO/JO/CREG NO.

EXCLUSIVE GAS EASEMENT

THE CITY OF LOVELAND, COLORADO (“Grantor”) for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, grants, bargains, sells, conveys, and confirms to **PUBLIC SERVICE COMPANY OF COLORADO, a Colorado Corporation**, with an address of 1800 Larimer Street, Denver, CO 80202, Suite 1100 (“Grantee”), its successors, and assigns, a gas easement (the “Easement”) more particularly described as follows:

A perpetual exclusive easement for the transmission or distribution, or both, of gas on, over, under, through, and across the following described premises:

**SEE EXHIBIT B ATTACHED HERETO AND INCORPORATED
BY THIS REFERENCE** (the “Easement Area”).

Together with the full right and authority in Grantee, its successors, licensees, contractors, or assigns, and its and their agents and employees to (1) enter the Easement Area at all times to survey, mark, and sign the Easement Area or the Facilities (as defined below); (2) access, construct, install, operate, repair, remove, replace, reconstruct, alter, relocate, patrol, inspect, improve, enlarge, and maintain gas pipelines, with necessary and proper valves, manholes, gas meter/regulator stations, guardrails, fences, and other appurtenances and devices used or useful in connection therewith, including, without limitation, a valve set, monitoring equipment, solar pads, and antennae (the “Facilities”); (3) remove objects interfering with the Facilities or the exercise of Grantee’s rights hereunder; and (4) use and have reasonable ingress and egress along and across the Easement Area for personnel, equipment and vehicles.

Grantor agrees not to perform any act that will impair the structural integrity of, interfere with, or endanger the Facilities. Grantor agrees that due to the exclusive nature of the grant herein conveyed, Grantee shall have the sole and exclusive use of the Easement Area and no use of the Easement Area (including without limitation, subsurface or air rights) may be made by anyone, including Grantor, without the prior written consent of Grantee, which may be withheld in its sole and absolute discretion. No failure by Grantee to remove or otherwise object to any use of the Easement Area by Grantor, or anyone claiming through it, shall be deemed to constitute consent on the part of Grantee to such use, nor a waiver of Grantee’s right to remove any improvements or objects on the Easement Area without further notice or compensation to Grantor.

Following completion of construction or renovation of its Facilities on the Easement Area, Grantee shall restore the surface of the Easement Area to as near a condition as existed prior to such work as is reasonably practicable, taking into account, among other things, the existence of the Facilities and the restrictions stated herein.

Non-use or a limited use of the Easement Area shall not prevent Grantee from thereafter making use of the Easement Area to the full extent herein authorized.

No amendment, modification, or supplement of this Easement shall be binding on either party unless made in writing and executed by their respective authorized representatives (or their successors or assigns, if applicable). No waiver of any provision hereof, or any approval required herein, shall be deemed to have been made unless made in writing and signed by an authorized representative of the waiving or approving party.

The provisions of this Easement shall run with the land and shall be binding on and burden the Easement Area and shall be binding on and shall inure to the benefit of all persons claiming an interest in the Easement Area, or any portion thereof, through the parties hereto, including their successors and assigns.

Grantor warrants and represents that Grantor is the owner of the Easement Area and has the right to sell, transfer, convey and grant this Easement. This grant is binding on Grantor, is not conditioned upon obtaining the consent of any third party, and is not subject to any mortgages or liens.

This Easement incorporates all agreements and stipulations between Grantor and Grantee as to the subject matter of this Easement and no prior representations or statements, verbal or written, shall modify, supplement or change the terms of this Easement. The title of this document is inserted for convenience only and does not define or limit the rights granted pursuant to this Easement. This Easement consists of the document entitled "Exclusive Gas Easement" and Exhibit B containing a legal description and a sketch depicting the legal description if referenced above or attached hereto. Exhibit A has been intentionally omitted from this Easement. No other exhibit, addendum, schedule or other attachment (collectively "Addendum") is authorized by Grantor or Grantee, and no Addendum shall be effective and binding upon Grantor or Grantee unless separately executed by their respective authorized representatives.

Executed and delivered this _____ day of _____, 2013.

GRANTOR: THE CITY OF LOVELAND, COLORADO

By: _____
William D. Cahill, City Manager

STATE OF COLORADO)
)ss.
COUNTY OF LARIMER)

The foregoing instrument was acknowledged before me this ____ day of _____, 20__13, by William D. Cahill as City Manager of the City of Loveland, Colorado.

Witness my hand and official seal.
My commission expires: _____

Notary Public



**EXHIBIT B
PERMANENT EASEMENT, CITY OF LOVELAND PARCEL 2**

A parcel of land lying in the Northwest Quarter (NW1/4) of Section 15, Township 5 North, Range 69 West, of the 6th Principal Meridian, County of Larimer, State of Colorado, said parcel also being a portion of Parcel III and Parcel IV as described under Reception Number 2002124923, Larimer County Records, being more particularly described as follows:

Commencing at the southeast corner of said Parcel III;
Thence N77°19'50"W, along the south line of said Parcel III, 38.45 feet to the Point of Beginning;

- Thence N00°24'16"E, 34.65 feet;
- Thence N77°19'50"W, 64.78 feet;
- Thence S12°53'11"W, 53.86 to a point on a line that is parallel with and 10.00 feet northerly, as measured at right angles, from the south line of said Parcel IV;
- Thence S77°19'50"E, along said parallel line, 76.69 feet;
- Thence N00°24'16"E, 20.47 feet to the Point of Beginning.

Containing 3,810 square feet (0.087 acres), more or less.

For the purpose of this description, the basis of bearings is the north line of the said Northwest Quarter, being S88°38'50"E, monumented as shown and described on Exhibit B sheet 2 of 2 attached hereto and made a part hereof.

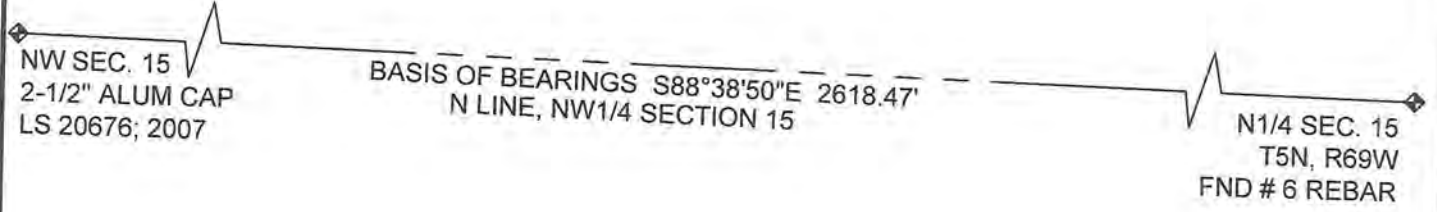
The author of this description is George A. Robinson, PLS 35593, prepared on behalf of SEH Inc., 390 Union Boulevard, Suite 630, Lakewood, CO 80228, on April 26, 2013 under Job No. PSCOC 116546-4.0, for Public Service Company of Colorado, and is not to be construed as representing a monumented land survey.



George A. Robinson, PLS 35593

EXHIBIT B PERMANENT EASEMENT, CITY OF LOVELAND PARCEL 2

SHEET 2 OF 2



NW1/4 SEC. 15
T5N, R69W

COOPER FIRST SUBDIVISION
REC# 97067372
LOT 1

COOPER ADDITION

WARRANTY DEED
REC.# 2002124923
PARCELS I & II

COOPER ADDITION

WARRANTY DEED
REC.# 2002124923
PARCEL III

PERMANENT EASEMENT

3,810 S. F. (0.087 AC.) M/L

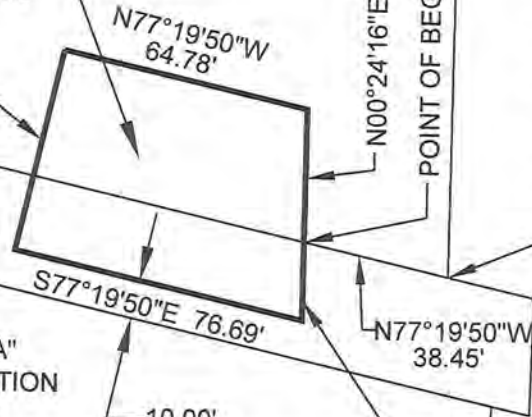
WILSON AVENUE

P.O.C. SE CORNER PARCEL III

POINT OF BEGINNING

HAGERMAN
FIRST ADDITION
TRACT B

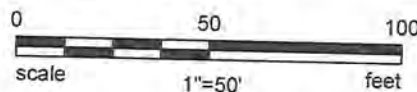
WARRANTY DEED
REC.# 2002124923
PARCEL IV



REPLAT OF TRACT "A"
HAGERMAN FIRST ADDITION
BOOK 2175 PG 308
LOT 1 BLOCK 1



Suite 630
Lakewood, Colorado 80228
Phone: 303-586-5800



RESOLUTION #R-45-2013

A RESOLUTION GRANTING A GAS EASEMENT TO PUBLIC SERVICE COMPANY OF COLORADO

WHEREAS, Public Service Company of Colorado (“PSCo”) has requested that the City of Loveland grant PSCo a non-exclusive gas easement for the transmission and distribution of gas on, over, under, through, and across real property owned by the City of Loveland; and

WHEREAS, the Public Works Department reviewed PSCo’s request and found that the proposed use will not negatively affect the City’s operations at that location; and

WHEREAS, the City Council desires to grant the requested easement on the terms and conditions set forth in the “Gas Easement” attached hereto.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. That the “Gas Easement,” attached hereto as Exhibit A and incorporated herein by reference (“Easement”), is hereby approved.

Section 2. That the City Manager and the City Clerk are hereby authorized and directed to execute the Easement on behalf of the City of Loveland.

Section 3. That the City Manager is authorized, following consultation with the City Attorney, to approve changes to the form or substance of the Easement as deemed necessary to effectuate the purposes of this Resolution or to protect the interests of the City.

Section 4. That this Resolution shall be effective as of the date of its adoption.

ADOPTED this 18th day of June, 2013.

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:



Assistant City Attorney

DIVISION	ROW AGENT	DOC. NO.
	John Doty	
LOCATION	DESCRIPTION AUTHOR:	PLAT/GRID NO.
	George Robinson, SEH, Inc.	
	AUTHOR ADDRESS	WO/JO/CREG NO.

GAS EASEMENT

THE CITY OF LOVELAND, COLORADO (“Grantor”), for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, grants, bargains, sells, conveys, and confirms to **PUBLIC SERVICE COMPANY OF COLORADO**, a Colorado corporation (“Grantee”), its successors, and assigns, a gas easement (the “Easement”) more particularly described as follows:

A perpetual non-exclusive easement for the transmission and distribution of gas on, over, under, through and across the following described premises:

SEE **EXHIBIT A, C and E** ATTACHED HERETO AND INCORPORATED BY THIS REFERENCE (the “Easement Area”).

Together with the full right and authority in Grantee, its successors, licensees, contractors, or assigns, and its and their agents and employees to (1) enter the Easement Area at all times to survey, mark and sign the Easement Area or the Facilities (as defined below); (2) access, construct, install, operate, repair, remove, replace, reconstruct, alter, relocate, patrol, inspect, improve, enlarge, remove, and maintain gas pipelines, with necessary and proper valves, manholes, gas meter/regulator stations, guardrails, fences, and other appurtenances and devices used or useful in connection therewith (collectively the “Facilities”); (3) remove objects that interfere with the Facilities or the exercise of Grantee’s rights hereunder; and (4) use and have reasonable ingress and egress along and across the Easement Area for personnel, equipment and vehicles.

No temporary or permanent buildings (including without limitation trailers or mobile homes), or wells shall be placed or permitted to remain on, under, or over the Easement Area by Grantor. No other objects, including fences, trees and shrubs, shall be erected, placed, or permitted to remain on, under, or over Easement Area by Grantor, which will or may interfere with the Facilities installed on the Easement Area or interfere with the exercise of any of the rights herein granted. Grantor agrees not to perform any act that will impair the structural integrity of, interfere with, or endanger the Facilities. Without limiting the foregoing Grantor agrees that it shall not, without the prior written approval of Grantee, allow the impoundment of water on the Easement Area, permanently alter the existing ground elevations, or permanently change the

compaction of the soil. No failure by Grantee to remove or otherwise raise an objection to any objects or improvements located or installed on the Easement Area by Grantor, shall be deemed to constitute consent on the part of Grantee to such improvements or objects, nor a waiver of Grantee's rights regarding removal of any such improvements or objects.

Subject to the restrictions and limitations set forth herein, Grantor reserves the right to use the Easement Area for any purpose which does not interfere with or endanger the Facilities or interfere with Grantee's use of the Easement Area as provided for herein.

Following completion of construction or renovation of its Facilities on the Easement Area, Grantee shall restore the surface of the Easement Area to as near a condition as existed prior to such work as is reasonably practicable, taking into account, among other things, the existence of the Facilities and the restrictions stated herein.

Non-use or a limited use of the Easement Area shall not prevent Grantee from thereafter making use of the Easement Area to the full extent herein authorized.

No amendment, modification or supplement of this Easement shall be binding on either party unless made in writing and executed by their respective authorized representatives or their successor or assign, if applicable. No waiver by either party of any provision hereof, or any approval required herein, shall be deemed to have been made unless made in writing and signed by an authorized representative of the waiving or approving party.

The provisions of this Easement shall run with the land and shall be binding on and burden the Easement Area and shall be binding on and shall inure to the benefit of all persons claiming an interest in the Easement Area, or any portion thereof, through the parties hereto, including their successors and assigns.

Grantor warrants and represents that Grantor is the owner of the Easement Area and has the right to sell, transfer, convey and grant this Easement. This grant is binding on Grantor, is not conditioned upon obtaining the consent of any third party, and is not subject to any mortgages or liens.

This Easement incorporates all agreements and stipulations between Grantor and Grantee as to the subject matter of this Easement, and no prior representations or statements, verbal or written, shall modify, supplement, or change the terms of this Easement. The title of this document is inserted for convenience only and does not define or limit the rights granted pursuant to this Easement. This Easement consists of the document entitled "Gas Easement" and Exhibits A, C and E, each containing a legal description and a sketch depicting the legal description if referenced above or attached hereto. Exhibits B and D are intentionally omitted from this Easement. No other exhibit, addendum, schedule or other attachment (collectively "**Addendum**") is authorized by Grantor or Grantee, and no Addendum shall be effective and binding upon Grantor or Grantee unless executed by their respective authorized representatives.

Executed and delivered this _____ day of _____, 2013.

GRANTOR: THE CITY OF LOVELAND, COLORADO

By: _____
William D. Cahill, City Manager

STATE OF COLORADO)
) ss.
COUNTY OF LARIMER)

The foregoing instrument was acknowledged before me this __ day of _____, 2013 by
William D. Cahill as City Manager of the City of Loveland, Colorado.

Witness my hand and official seal.

My Commission Expires: _____

Notary Public



Sheet 1 of 2

EXHIBIT A
PERMANENT EASEMENT, CITY OF LOVELAND PARCEL 1

A parcel of land lying in the Northwest Quarter (NW1/4) of Section 15, Township 5 North, Range 69 West, of the 6th Principal Meridian, County of Larimer, State of Colorado, said parcel also being a portion of Parcel III and Parcel IV as described under Reception Number 2002124923, Larimer County Records, being more particularly described as follows:

Beginning at the southeast corner of said Parcel III;

Thence N00°28'37"E, along the east line of said Parcel III, 42.77 feet;
Thence N89°31'23"W, 37.62 feet;
Thence S00°24'16"W, 50.00 feet;
Thence S77°19'50"E, 61.21 feet to the east line of said Parcel IV;

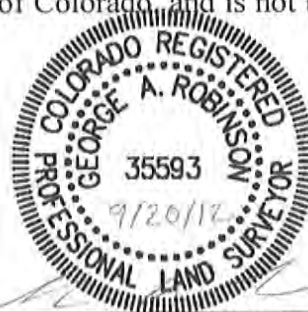
Thence along the boundary of Parcel IV the following two (2) courses:

1. N01°21'10"E, 15.30 feet;
2. N77°19'50"W, 23.02 feet to the Point of Beginning.

Containing 2,376 square feet (0.055 acres), more or less.

For the purpose of this description, the basis of bearings is the north line of the said Northwest Quarter, being S88°38'50"E, monumented as shown and described on Exhibit A sheet 2 of 2 attached hereto and made a part hereof.

The author of this description is George A. Robinson, PLS 35593, prepared on behalf of SEH Inc., 390 Union Boulevard, Suite 630, Lakewood, CO 80228, on September 20, 2012 under Job No. PSCOC 116546-4.0, for Public Service Company of Colorado, and is not to be construed as representing a monumented land survey.



George A. Robinson, PLS 35593

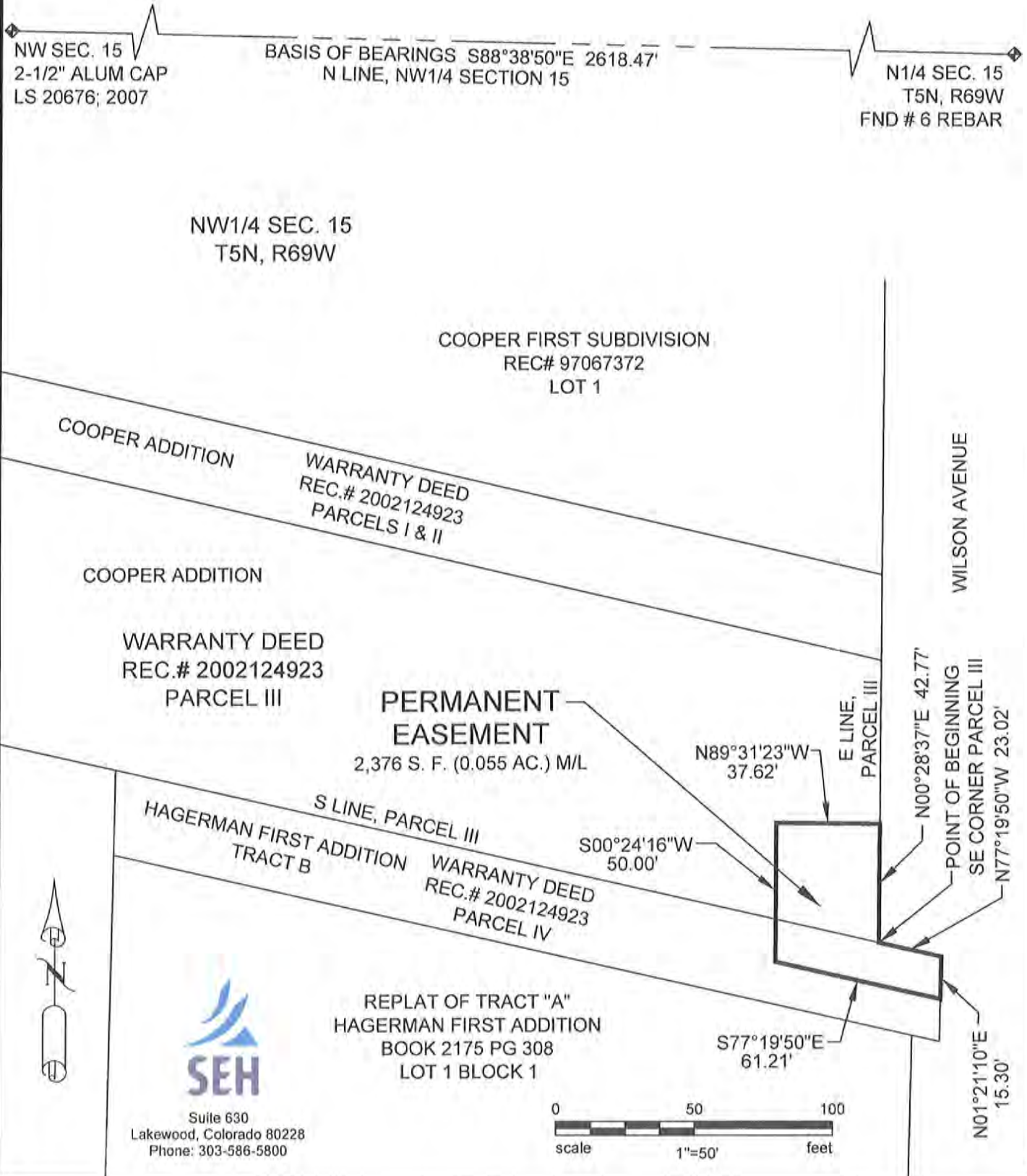
S:\survey land projects r2_(PSCOC 116546-4.0) Wilson 14St to 57St\Legal Descriptions\City of Loveland - PE Parcel 1_Cooper Addition_.doc

390 Union Boulevard, Suite 630, Lakewood, CO 80228-1557

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EXHIBIT A PERMANENT EASEMENT, CITY OF LOVELAND PARCEL 1

SHEET 2 OF 2





Sheet 1 of 2

EXHIBIT C
PERMANENT EASEMENT, CITY OF LOVELAND PARCEL 3

A parcel of land lying in the Northwest Quarter (NW1/4) of Section 15, Township 5 North, Range 69 West, of the 6th Principal Meridian, County of Larimer, State of Colorado, said parcel also being a portion of Parcel III as described under Reception Number 2002124923, Larimer County Records, being more particularly described as follows:

Commencing at the southeast corner of said Parcel III;
Thence N77°19'50"W, along the south line of said Parcel III, 38.45 feet;
Thence N00°24'16"E, 60.23 feet to the Point of Beginning;

Thence continuing N00°24'16"E, 39.42 feet;
Thence N77°19'50"W, 50.73 feet;
Thence S12°53'11"W, 38.52 feet;
Thence S77°19'50"E, 59.25 feet to the Point of Beginning.

Containing 2,118 square feet (0.049 acres), more or less.

For the purpose of this description, the basis of bearings is the north line of the said Northwest Quarter, being S88°38'50"E, monumented as shown and described on Exhibit C sheet 2 of 2 attached hereto and made a part hereof.

The author of this description is George A. Robinson, PLS 35593, prepared on behalf of SEH Inc., 390 Union Boulevard, Suite 630, Lakewood, CO 80228, on February 28, 2013 under Job No. PSCOC 116546-4.0, for Public Service Company of Colorado, and is not to be construed as representing a monumented land survey.



George A. Robinson, PLS 35593

EXHIBIT C PERMANENT EASEMENT, CITY OF LOVELAND PARCEL 3

SHEET 2 OF 2

NW SEC. 15
2-1/2" ALUM CAP
LS 20676; 2007

BASIS OF BEARINGS S88°38'50"E 2618.47'
N LINE, NW1/4 SECTION 15

N1/4 SEC. 15
T5N, R69W
FND # 6 REBAR

NW1/4 SEC. 15
T5N, R69W

COOPER FIRST SUBDIVISION
REC# 97067372
LOT 1

COOPER ADDITION

WARRANTY DEED
REC.# 2002124923
PARCELS I & II

COOPER ADDITION

N LINE, PARCEL III

N77°19'50"W
50.73'

S12°53'11"W
38.52'

WARRANTY DEED
REC.# 2002124923
PARCEL III

**PERMANENT
EASEMENT**

2,118 S. F. (0.049 AC.) M/L

POINT OF
BEGINNING

S77°19'50"E
59.25'

N00°24'16"E
39.42'

N00°24'16"E
60.23'

WILSON AVENUE

P.O.C. SE CORNER PARCEL III

HAGERMAN FIRST ADDITION
TRACT B

S LINE, PARCEL III

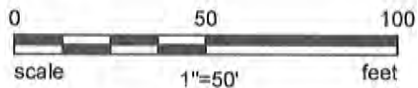
WARRANTY DEED
REC.# 2002124923
PARCEL IV

N77°19'50"W
38.45'

REPLAT OF TRACT "A"
HAGERMAN FIRST ADDITION
BOOK 2175 PG 308
LOT 1 BLOCK 1



Suite 630
Lakewood, Colorado 80228
Phone: 303-586-5800





Sheet 1 of 2

EXHIBIT E
PERMANENT EASEMENT, CITY OF LOVELAND PARCEL 4

A parcel of land lying in the Northwest Quarter (NW1/4) of Section 15, Township 5 North, Range 69 West, of the 6th Principal Meridian, County of Larimer, State of Colorado, said parcel also being a portion of Parcel IV as described under Reception Number 2002124923, Larimer County Records, being more particularly described as follows:

Commencing at the southeast corner of Parcel III as described under Reception Number 2002124923, Larimer County Records;

Thence N77°19'50"W, along the north line of said Parcel IV, 38.45 feet;

Thence S00°24'16"W, 15.35 feet to the Point of Beginning;

Thence continuing S00°24'16"W, 5.12 feet;

Thence N77°19'50"W, 76.69 feet;

Thence S12°53'11"W, 10.00 to a point on the south line of said Parcel IV;

Thence along the boundary of said Parcel IV the following two courses:

1. S77°19'50"E, 139.85 feet;

2. N01°21'10"E, 15.30 feet;

Thence N77°19'50"W, 61.21 feet to the Point of Beginning.

Containing 1,694 square feet (0.039 acres), more or less.

For the purpose of this description, the basis of bearings is the north line of the said Northwest Quarter, being S88°38'50"E, monumented as shown and described on Exhibit B sheet 2 of 2 attached hereto and made a part hereof.

The author of this description is George A. Robinson, PLS 35593, prepared on behalf of SEH Inc., 390 Union Boulevard, Suite 630, Lakewood, CO 80228, on April 26, 2013 under Job No. PSCOC 116546-4.0, for Public Service Company of Colorado, and is not to be construed as representing a monumented land survey.



George A. Robinson, PLS 35593

S:\survey land projects r2_\(PSCOC 116546-4.0) Wilson 14St to 57St\Legal Descriptions\City of Loveland - PE Parcel 4.doc

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EXHIBIT E PERMANENT EASEMENT, CITY OF LOVELAND PARCEL 4

NW SEC. 15
2-1/2" ALUM CAP
LS 20676; 2007

BASIS OF BEARINGS S88°38'50"E 2618.47'
N LINE, NW1/4 SECTION 15

N1/4 SEC. 15
T5N, R69W
FND # 6 REBAR

NW1/4 SEC. 15
T5N, R69W

COOPER FIRST SUBDIVISION
REC# 97067372
LOT 1

COOPER ADDITION

WARRANTY DEED
REC.# 2002124923
PARCELS I & II

COOPER ADDITION

WARRANTY DEED
REC.# 2002124923
PARCEL III

WILSON AVENUE

P.O.C. SE CORNER PARCEL III

HAGERMAN
FIRST ADDITION
TRACT B

WARRANTY DEED
REC.# 2002124923
PARCEL IV

S00°24'16"W 5.12'

POINT OF BEGINNING

S00°24'16"W 15.35'

N77°19'50"W
38.45'

N01°21'10"E 15.30'

S12°53'11"W
10.00'

N77°19'50"W 76.69'

N77°19'50"W
61.21'

S77°19'50"E 139.85'

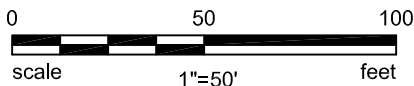
REPLAT OF TRACT "A"
HAGERMAN FIRST ADDITION
BOOK 2175 PG 308
LOT 1 BLOCK 1

**PERMANENT
EASEMENT**

1,694 S. F. (0.039 AC.) M/L



Suite 630
Lakewood, Colorado 80228
Phone: 303-586-5800



RESOLUTION #R-46-2013

A RESOLUTION GRANTING A NON-EXCLUSIVE ACCESS AND UTILITY EASEMENT TO PUBLIC SERVICE COMPANY OF COLORADO

WHEREAS, Public Service Company of Colorado (“PSCo”) has requested that the City of Loveland grant PSCo a non-exclusive access and utility easement for the transmission and distribution of gas and for pedestrian and vehicular access by PSCo on, over, under, through, and across real property owned by the City of Loveland; and

WHEREAS, the Public Works Department reviewed PSCo’s request and found that the proposed use will not negatively affect the City’s operations at that location; and

WHEREAS, the City Council desires to grant the requested easement on the terms and conditions set forth in the “Non-exclusive Access and Utility Easement” attached hereto.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. That the “Non-exclusive Access and Utility Easement,” attached hereto as Exhibit A and incorporated herein by reference (“Easement”), is hereby approved.

Section 2. That the City Manager and the City Clerk are hereby authorized and directed to execute the Easement on behalf of the City of Loveland.

Section 3. That the City Manager is authorized, following consultation with the City Attorney, to approve changes to the form or substance of the Easement as deemed necessary to effectuate the purposes of this Resolution or to protect the interests of the City.

Section 4. That this Resolution shall be effective as of the date of its adoption.

ADOPTED this 18th day of June, 2013.

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:



Assistant City Attorney

DIVISION	ROW AGENT	DOC. NO.
	John Doty	
LOCATION	DESCRIPTION AUTHOR:	PLAT/GRID NO.
	George Robinson, SEH, Inc.	
	AUTHOR ADDRESS	WO/JO/CREG NO.

NON-EXCLUSIVE ACCESS AND UTILITY EASEMENT

THE CITY OF LOVELAND, COLORADO (“Grantor”), for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, grants, bargains, sells, conveys, and confirms to **PUBLIC SERVICE COMPANY OF COLORADO**, a Colorado corporation (“Grantee”), its successors, and assigns, an easement for access and utilities (the “**Easement**”) more particularly described as follows:

A perpetual non-exclusive easement for: (a) the transmission and distribution of gas; and (b) pedestrian and vehicular ingress and egress by Grantee, its contractors, licensees, lessees, invitees, successors or assigns, and its and their agents and employees. on, over, under, through and across the following described premises:

SEE **EXHIBIT D** ATTACHED HERETO AND INCORPORATED BY THIS REFERENCE (the “**Easement Area**”).

Together with the full right and authority in Grantee, its successors, licensees, contractors, or assigns, and its and their agents and employees to: (1) enter the Easement Area at all times to survey, mark and sign the Easement Area or the Facilities (as defined below); (2) access, construct, install, operate, repair, remove, replace, reconstruct, alter, relocate, patrol, inspect, improve, enlarge, remove, and maintain gas pipelines, with necessary and proper valves, manholes, gas meter/regulator stations, guardrails, fences, and other appurtenances and devices used or useful in connection therewith (collectively the “**Facilities**”); (3) remove objects that interfere with the Facilities or the exercise of Grantee’s rights hereunder; and (4) use and have reasonable ingress and egress along and across the Easement Area for personnel, equipment and vehicles.

No temporary or permanent buildings (including without limitation trailers or mobile homes), or wells shall be placed or permitted to remain on, under, or over the Easement Area by Grantor. No other objects, including fences, trees and shrubs, shall be erected, placed, or permitted to remain on, under, or over Easement Area by Grantor, which will or may interfere with the Facilities installed on the Easement Area, interfere with the exercise of any of the rights herein granted, or prevent or obstruct the passage of pedestrians or vehicles. Grantor agrees not to

perform any act that will impair the structural integrity of, interfere with, or endanger the Facilities. Without limiting the foregoing Grantor agrees that it shall not, without the prior written approval of Grantee, allow the impoundment of water on the Easement Area, permanently alter the existing ground elevations, or permanently change the compaction of the soil. No failure by Grantee to remove or otherwise raise an objection to any objects or improvements located or installed on the Easement Area by Grantor, shall be deemed to constitute consent on the part of Grantee to such improvements or objects, nor a waiver of Grantee's rights regarding removal of any such improvements or objects.

Subject to the restrictions and limitations set forth herein, Grantor reserves the right to use the Easement Area for any purpose which does not interfere with or endanger the Facilities or interfere with Grantee's use of the Easement Area as provided for herein.

Following completion of construction or renovation of its Facilities on the Easement Area, Grantee shall restore the surface of the Easement Area to as near a condition as existed prior to such work as is reasonably practicable, taking into account, among other things, the existence of the Facilities and the restrictions stated herein.

Non-use or a limited use of the Easement Area shall not prevent Grantee from thereafter making use of the Easement Area to the full extent herein authorized.

No amendment, modification or supplement of this Easement shall be binding on either party unless made in writing and executed by their respective authorized representatives or their successor or assign, if applicable. No waiver by either party of any provision hereof, or any approval required herein, shall be deemed to have been made unless made in writing and signed by an authorized representative of the waiving or approving party.

The provisions of this Easement shall run with the land and shall be binding on and burden the Easement Area and shall be binding on and shall inure to the benefit of all persons claiming an interest in the Easement Area, or any portion thereof, through the parties hereto, including their successors and assigns.

Grantor warrants and represents that Grantor is the owner of the Easement Area and has the right to sell, transfer, convey and grant this Easement. This grant is binding on Grantor, is not conditioned upon obtaining the consent of any third party, and is not subject to any mortgages or liens.

This Easement incorporates all agreements and stipulations between Grantor and Grantee as to the subject matter of this Easement, and no prior representations or statements, verbal or written, shall modify, supplement, or change the terms of this Easement. The title of this document is inserted for convenience only and does not define or limit the rights granted pursuant to this Easement. This Easement consists of the document entitled "Non-Exclusive Access and Utility Easement" and Exhibit D containing a legal description and a sketch depicting the legal description if referenced above or attached hereto. Exhibits A, B and C are intentionally omitted

from this Easement. No other exhibit, addendum, schedule, or other attachment (collectively “**Addendum**”) is authorized by Grantor or Grantee, and no Addendum shall be effective and binding upon Grantor or Grantee unless executed by their respective authorized representatives.

All notices, demands, requests and other communications required or permitted under this Easement must be in writing and will be deemed received when personally delivered or three (3) business days after deposit in the United States mail, first class, postage prepaid, registered or certified, addressed as follows:

If to Grantee: Public Service Company of Colorado
 ROW and Permitting
 1123 West 3rd Avenue
 Denver, CO 80223

If to Grantor: Director of Public Works
 City of Loveland
 410 East 5th Street
 Loveland, CO 80537

With a copy to:

 City Attorney
 City of Loveland
 500 East 3rd Street
 Loveland, CO 80537

Grantor or Grantee may change its address by giving notice to the other as provided for above.

Signed and delivered this _____ day of _____, 2013.

SIGNATURES BEGIN ON FOLLOWING PAGE

GRANTOR: THE CITY OF LOVELAND, COLORADO

BY: _____
William D. Cahill, City Manager

STATE OF COLORADO)
) ss.
COUNTY OF LARIMER)

The foregoing instrument was acknowledged before me this _____ day of _____
_____, 2013 by William D. Cahill, as City Manager of the City of Loveland, Colorado.

Witness my hand and official seal

My Commission Expires: _____

Notary Public



Sheet 1 of 2

EXHIBIT D
PERMANENT EASEMENT & ACCESS EASEMENT, CITY OF LOVELAND PARCEL

A parcel of land lying in the Northwest Quarter (NW1/4) of Section 15, Township 5 North, Range 69 West, of the 6th Principal Meridian, County of Larimer, State of Colorado, said parcel also being a portion of Parcel III as described under Reception Number 2002124923, Larimer County Records, being more particularly described as follows:

Commencing at the southeast corner of said Parcel III;
Thence N00°28'37"E, along the east line of said Parcel III, 42.77 feet to the Point of Beginning;

Thence continuing N00°28'37"E, along said east line, 25.00 feet;
Thence N89°31'23"W, 34.95 feet;
Thence N77°19'50"W, 62.01 feet;
Thence S12°53'11"W, 25.00 feet;
Thence S77°19'50"E, 64.78 feet;
Thence S89°31'23"E, 37.62 feet to the Point of Beginning.

Containing 2,492 square feet (0.057 acres), more or less.

For the purpose of this description, the basis of bearings is the north line of the said Northwest Quarter, being S88°38'50"E, monumented as shown and described on Exhibit D sheet 2 of 2 attached hereto and made a part hereof.

The author of this description is George A. Robinson, PLS 35593, prepared on behalf of SEH Inc., 390 Union Boulevard, Suite 630, Lakewood, CO 80228, on February 28, 2013 under Job No. PSCOC 116546-4.0, for Public Service Company of Colorado, and is not to be construed as representing a monumented land survey.


 George A. Robinson, PLS 35593

S:\survey land projects r2_ (PSCOC 116546-4.0) Wilson 14St to 57St\Legal Descriptions\City of Loveland - PE & Access Parcel.doc

390 Union Boulevard, Suite 630, Lakewood, CO 80228-1557

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EXHIBIT D PERMANENT EASEMENT & ACCESS EASEMENT, CITY OF LOVELAND PARCEL

NW SEC. 15
2-1/2" ALUM CAP
LS 20676; 2007

BASIS OF BEARINGS S88°38'50"E 2618.47'
N LINE, NW1/4 SECTION 15

N1/4 SEC. 15
T5N, R69W
FND # 6 REBAR

NW1/4 SEC. 15
T5N, R69W

COOPER FIRST SUBDIVISION
REC# 97067372
LOT 1

COOPER ADDITION

WARRANTY DEED
REC.# 2002124923
PARCELS I & II

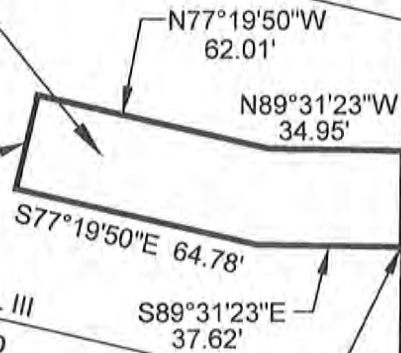
COOPER ADDITION
WARRANTY DEED
REC.# 2002124923
PARCEL III

N LINE, PARCEL III

WILSON AVENUE

PERMANENT EASEMENT & ACCESS EASEMENT

2,492 S. F. (0.057 AC.) M/L



P.O.C. SE CORNER PARCEL III

POINT OF BEGINNING

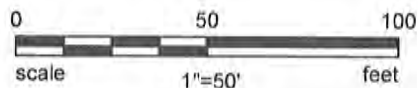
HAGERMAN FIRST ADDITION
TRACT B

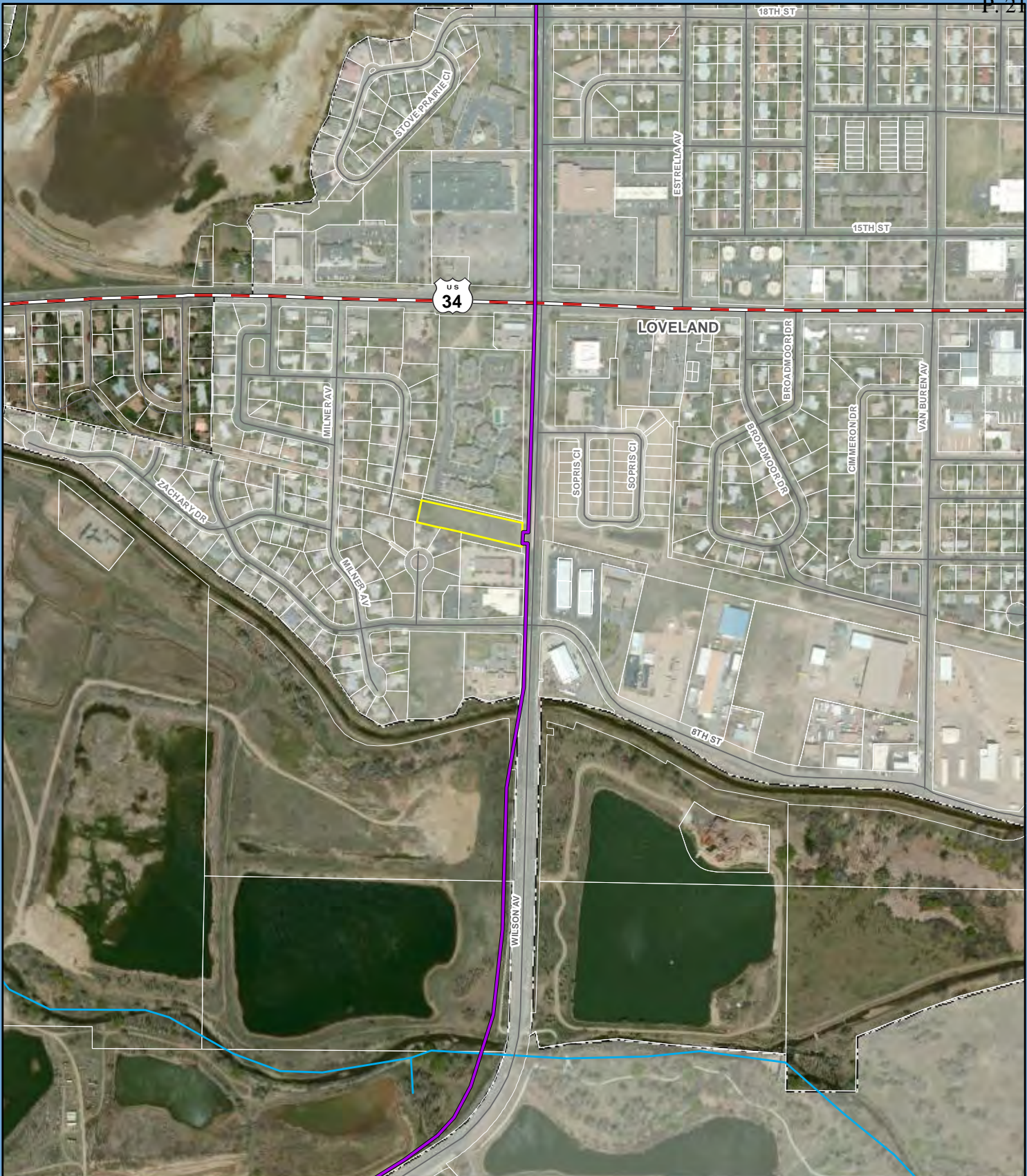
S LINE, PARCEL III
WARRANTY DEED
REC.# 2002124923
PARCEL IV

REPLAT OF TRACT "A"
HAGERMAN FIRST ADDITION
BOOK 2175 PG 308
LOT 1 BLOCK 1





Suite 630
Lakewood, Colorado 80228
Phone: 303-586-5800

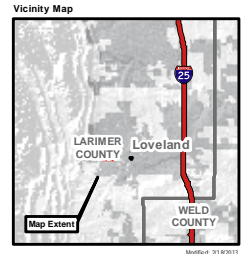
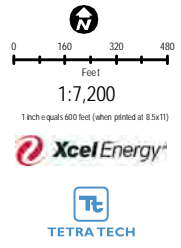




Vicinity Map: West Loveland Regulator Station

Legend

-  Preferred Route
-  West Loveland Regulator Station Parcel





CITY OF LOVELAND
PUBLIC WORKS DEPARTMENT

Administration Offices • 410 East Fifth Street • Loveland, Colorado 80537
(970) 962-2555 • FAX (970) 962-2908 • TDD (970) 962-2620

AGENDA ITEM: 9
MEETING DATE: 6/18/2013
TO: City Council
FROM: Ken Cooper, Public Works - Facilities Management
PRESENTER: Keith Reester

TITLE:

An Ordinance on first reading Authorizing the Sale of City Property Located at 905, 915, 925, 933, and 935 North Taft Avenue

RECOMMENDED CITY COUNCIL ACTION:

Conduct a public hearing and adopt the ordinance on first reading.

OPTIONS:

1. Adopt the action as recommended
2. Deny the action
3. Adopt a modified action (specify in the motion)
4. Refer back to staff for further development and consideration
5. Adopt a motion continuing the item to a future Council meeting

DESCRIPTION:

This is an administrative action approving the sale of approximately 5.2 acres of City-owned property located at 905, 915, 925, 933, and 935 North Taft Avenue, which were parcels acquired for the Taft Avenue widening project.

BUDGET IMPACT:

- Positive
 Negative
 Neutral or negligible

SUMMARY:

Between 2003 and 2004, the City purchased five parcels along the west side of North Taft Avenue to allow the expansion of Taft just north of 8th Street. The addresses for the properties purchased were 905, 915, 925, 933, and 935 North Taft Avenue. Together, they comprise about 5.2 acres. As part of the project, the properties were annexed into the City of Loveland and the houses there were razed. Included in the annexation was a 1.3 acre parcel directly

north of the 5.2 acres purchased. The City already owned the 1.3 acre parcel, which runs along the old Arkins Branch railroad right-of-way. During annexation, the 6.5 acre property was zoned R2 – Developing Two Family Residential.

The road expansion project was completed in late 2005 and the 6.5 acre tract was appraised in April, 2007. The appraised value was \$847,000. The tract was then put up for sale by the City late in 2007. However, the real estate market plunged during and after the property was appraised and marketed. This resulted in almost no serious interest in the property by prospective buyers.

Late in 2009, City Council approved the sale of the 5.2 acres to local developer Joe Shrader for \$473,846. That offer had stipulations related to development and density, which ultimately created financial challenges in the project, and Mr. Shrader was unable to close on the property. By early 2012, following extensions by the City and Mr. Shrader, the original purchase contract expired.

The City hired Loveland Commercial, LLC to market the property in 2012. Based on the most recent market information, an asking price of \$300,000 was established and helped generate mild public interest. In March of 2013, City Council again approved the sale of the property to Joe Shrader for a cash offer of \$275,000. That purchase price included credits for 5 residential water taps, though the water rights fees still due to the City basically negate those credits.

Following the approval in March, 2013, Shrader was once again unable to close on the property and \$5,000 of earnest money was kept by the City.

A new buyer, 208 Old County Road LLC, is now offering the very same cash deal of \$275,000 and \$5,000 of earnest money that Shrader was approved for in March, 2013.

If approved by Council, the deal will close quickly and the monies collected from the real estate sale will be used to reimburse Public Works Capital Expansion Fees originally used to purchase the properties for the Taft Avenue widening project.

REVIEWED BY CITY MANAGER:

William D. Cahill

LIST OF ATTACHMENTS:

Ordinance
 Legal Description of Property
 Contract
 Map of the Property

FIRST READING June 18, 2013

SECOND READING _____

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE SALE OF 905, 915, 925, 933, AND 935 NORTH TAFT AVENUE PURSUANT SECTION 4-7 OF THE CITY OF LOVELAND MUNICIPAL CHARTER

WHEREAS, the City is the owner of certain real property legally described as set forth in Exhibit A, attached hereto and incorporated herein by reference, also known by the mailing addresses of 905, 915, 925, 933, and 935 North Taft Avenue, Loveland, CO 80537 (together, the “Property”); and

WHEREAS, the City acquired the Property as part of the Taft Avenue widening project, which was completed in late 2005; and

WHEREAS, the Property is not used for parks purposes and is not needed for any governmental purpose, and has been on the real estate market since 2008; and

WHEREAS, on March 5, 2013 by Ordinance No. 5751, the City Council authorized the sale of the Property to Loveland Investments, LLC for Two Hundred Seventy-five Thousand Dollars (\$275,000); and

WHEREAS, Loveland Investments, LLC failed to close on sale of the Property, the contract was terminated, and the Property was placed back on the market; and

WHEREAS, 208 Old County Road, LLC has offered to purchase the Property from the City for Two Hundred Seventy-five Thousand Dollars (\$275,000); and

WHEREAS, the City desires to sell the Property to 208 Old County Road, LLC for Two Hundred Seventy-five Thousand Dollars (\$275,000) on the terms and conditions set forth in the “Contract to Buy and Sell Real Estate,” attached hereto as Exhibit B and incorporated herein by reference (“Contract”); and

WHEREAS, pursuant to Section 4-7 of the City of Loveland Municipal Charter, the City Council must act by ordinance to approve the transfer of fee ownership in real property owned by the City.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. That the City Council hereby finds and determines that the Property is not needed for any governmental purpose, and that the sale of the Property is in the best interest of the City of Loveland.

Section 2. That the City Manager is authorized to enter into the Contract and to execute all documents, the form of which shall be approved by the City Attorney, necessary to consummate the sale of the Property for the purchase price of Two Hundred Seventy-five Thousand Dollars (\$275,000) and to transfer the City's interest in the Property to 208 Old County Road, LLC.

Section 3. That the City Manager is authorized, following consultation with the City Attorney, to approve changes to the form or substance of the Contract as deemed necessary to effectuate the purposes of this Ordinance or to protect the interests of the City.

Section 4. That as provided in City Charter Section 4-9(a)(7), this Ordinance shall be published by title only by the City Clerk after adoption on second reading unless the Ordinance has been amended since first reading in which case the Ordinance shall be published in full or the amendments shall be published in full. This Ordinance shall be in full force and effect ten days after its final publication, as provided in City Charter Section 4-8(b).

ADOPTED this ___ day of July, 2013.

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:



Assistant City Attorney

EXHIBIT A

Description:

A portion of the Northeast 1/4 of Section 15, Township 5 North, Range 69 West of the 6th Principal Meridian, Larimer County, Colorado being more particularly described as follows:

Considering the East line of the Northeast 1/4 of Section 15, Township 5 North, Range 69 West of the 6th Principal Meridian, Larimer County, Colorado as bearing N 00°56'37" W with all bearing contained herein relative thereto.

COMMENCE at the Southeast Corner of the Northeast 1/4 of Section 15, Township 5 North, Range 69 West of the 6th Principal Meridian, Larimer County, Colorado; thence N 00°56'37" W, on the East line of the Northeast 1/4 of Section 15, a distance of 371.19 feet; thence S 89°03'23" W a distance of 103.91 feet to the POINT OF BEGINNING, said point being on the West right-of-way of North Taft Avenue and on the South line of that parcel described at Reception No. 2004-0050232, Larimer County, Colorado; thence S 89°02'13" W, on said South line, a distance of 556.09 feet to the East line of Romar Addition, City of Loveland, Colorado; thence on said East line of Romar Addition the following two (2) courses and distances:

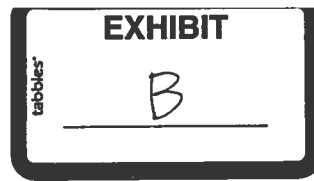
- 1.) thence N 00°57'22" W a distance of 132.00 feet;
- 2.) thence N 00°54'57" W a distance of 336.10 feet to the South right-of-way line of the Atkins Branch of the Colorado and Southern Railroad;

thence S 78°39'32" E, on said South right-of-way line, a distance of 565.06 feet to the aforesaid West right-of-way of North Taft Avenue; thence S 01°34'28" E, on said West right-of-way, a distance of 347.71 feet to the Point of Beginning.

Containing 5.19 acres, more or less, and being subject to all easements and rights of way of record.



Loveland Commercial, LLC
 1043 Eagle Drive Loveland, CO 80537
 Nathan Klein Partner/Broker Associate
 Ph: 970-667-7000 Fax: 970-635-2514



The printed portions of this form, except differentiated additions, have been approved by the Colorado Real Estate Commission (CP40-9-12) (Mandatory 1-13)

THIS FORM HAS IMPORTANT LEGAL CONSEQUENCES AND THE PARTIES SHOULD CONSULT LEGAL AND TAX OR OTHER COUNSEL BEFORE SIGNING.

COUNTERPROPOSAL

Date: 5/28/2013

1. This Counterproposal shall supersede and replace any previous counterproposal. This Counterproposal amends the proposed contract dated 4/18/2013 (Contract), between *City of Loveland, Colorado* (Seller), and *208 Old County Road LLC* (Buyer), relating to the sale and purchase of the following legally described real estate in the County of *Larimer*, Colorado:
Those Properties commonly known as 905, 915, 925, 933, and 935 N. Taft Ave., City of Loveland, CO known as No. *905-935 N Taft Ave. Loveland CO 80537* (Property).

NOTE: If the table is omitted, or if any item is left blank or is marked in the "No Change" column, it means no change to the corresponding provision of the Contract. If any item is marked in the "Deleted" column, it means that the corresponding provision of the Contract to which reference is made is deleted.

2. § 3. DATES AND DEADLINES. [NOTE: This table may be deleted if inapplicable.]

Item No.	Reference:	Event	Date or Deadline	No Change	Deleted
1	§ 4.3	Alternative Earnest Money Deadline	<i>2 days from MEC</i>		
Title and Association					
2	§ 7.1	Record Title Deadline	<i>7 days from MEC</i>		
3	§ 7.5	Exceptions Request Deadline	<i>14 days from MEC</i>		
4	§ 8.1	Record Title Objection Deadline	<i>30 days from MEC</i>		
5	§ 8.2	Off-Record Title Deadline	<i>14 days from MEC</i>		
6	§ 8.2	Off-Record Title Objection Deadline	<i>30 days from MEC</i>		
7	§ 8.3	Title Resolution Deadline	<i>35 days from MEC</i>		
8	§ 7.6	Association Documents Deadline	<i>no change</i>	<input checked="" type="checkbox"/>	
9	§ 7.6	Association Documents Objection Deadline	<i>no change</i>	<input checked="" type="checkbox"/>	
10	§ 8.5	Right of First Refusal Deadline	<i>no change</i>	<input checked="" type="checkbox"/>	
Sellers' Property Disclosure					
11	§ 10.1	Seller's Property Disclosure Deadline	<i>n/a</i>		<input checked="" type="checkbox"/>
Loan and Credit					
12	§ 5.1	Loan Application Deadline	<i>no change</i>	<input checked="" type="checkbox"/>	
13	§ 5.2	Loan Objection Deadline	<i>no change</i>	<input checked="" type="checkbox"/>	
14	§ 5.3	Buyer's Credit Information Deadline	<i>no change</i>	<input checked="" type="checkbox"/>	
15	§ 5.3	Disapproval of Buyer's Credit Information Deadline	<i>no change</i>	<input checked="" type="checkbox"/>	
16	§ 5.4	Existing Loan Documents Deadline	<i>no change</i>	<input checked="" type="checkbox"/>	
17	§ 5.4	Existing Loan Documents Objection Deadline	<i>no change</i>	<input checked="" type="checkbox"/>	
18	§ 5.4	Loan Transfer Approval Deadline	<i>no change</i>	<input checked="" type="checkbox"/>	
Appraisal					
19	§ 6.2	Appraisal Deadline	<i>no change</i>	<input checked="" type="checkbox"/>	
20	§ 6.2	Appraisal Objection Deadline	<i>no change</i>	<input checked="" type="checkbox"/>	
Survey					

Buyer(s) Initials _____ Seller(s) Initials _____

21	§ 9.1	Survey Deadline	7 days from MEC			
22	§ 9.2	Survey Objection Deadline	30 days from MEC			
Inspection and Due Diligence						
23	§ 10.2	Inspection Objection Deadline	45 days from MEC			
24	§ 10.3	Inspection Resolution Deadline	50 days from MEC			
25	§ 10.5	Property Insurance Objection Deadline	no change		<input checked="" type="checkbox"/>	
26	§ 10.6	Due Diligence Documents Delivery Deadline	no change		<input checked="" type="checkbox"/>	
27	§ 10.7	Due Diligence Documents Objection Deadline	no change		<input checked="" type="checkbox"/>	
28	§ 10.8	Conditional Sale Deadline CBS1, CBSF1	no change		<input checked="" type="checkbox"/>	
29	§ 10.8	Environmental Inspection Objection Deadline CBS2, 3, 4			<input checked="" type="checkbox"/>	
30	§ 10.8	ADA Evaluation Objection Deadline CBS2, 3, 4	no change		<input checked="" type="checkbox"/>	
31	§ 11.1	Tenant Estoppel Statements Deadline CBS2, 3, 4	n/a		<input checked="" type="checkbox"/>	
32	§ 11.2	Tenant Estoppel Statements Objection Deadline CBS2,3,4	n/a		<input checked="" type="checkbox"/>	
Closing and Possession						
33	§ 12.3	Closing Date	60 days from MEC			
34	§ 17	Possession Date	Date of Closing			
35	§ 17	Possession Time	Delivery of Deed			
36	n/a	n/a	no change			
37	n/a	n/a	no change			

19

20 **3. § 4. PURCHASE PRICE AND TERMS. [Note: This table may be omitted if inapplicable.]**

21

22 The Purchase Price set forth below shall be payable in U. S. Dollars by Buyer as follows:

23

24

Item No.	Reference	Item	Amount	Amount
1	§ 4.1	Purchase Price	\$275,000.00	
2	§ 4.2	Earnest Money		\$5,000.00
3	§ 4.5	New Loan		
4	§ 4.6	Assumption Balance		
5	§ 4.7	Seller or Private Financing		
6	n/a	n/a		
7	n/a	n/a		
8	§ 4.3	Cash at Closing		\$270,000.00
9		TOTAL	\$275,000.00	\$275,000.00

25

26 **4. ATTACHMENTS.** The following are a part of this Counterproposal:

27

no change

28

Note: The following disclosure forms are attached but are not a part of this Counterproposal:

29

no change

30

31 **5. OTHER CHANGES.**

5.1 Earnest Money. Earnest Money shall be in the form of cash and deposited and held by Seller. Such earnest money shall be deposited within 48 hours of mutual contract execution or the Contract shall automatically terminate.

5.2 Section 2.5.1 and 2.5.4.5 shall be amended to clarify that Buyer shall receive credit for five (5) water taps. A credit shall be applied to 905 (3/4" tap), 915 (3/4" tap), 933 (3/4" tap), 935 (3/4" tap), and 935 1/2 (3/4" tap) N. Taft Ave. 925 N. Taft Ave. does not have a water tap or credit.

5.3 Section 4.2 and Section 24 shall be amended to reflect that the Earnest Money shall be held by the Seller as described above. The Earnest Money shall be held by the Seller without interest and shall be applied to the Purchase Price at Closing. In the event of Buyer's

Buyer(s) Initials _____

Seller(s) Initials _____

default, Seller shall be automatically entitled to retain such Earnest Money without further written agreement. In the event Buyer terminates the Contract within the confines of the Contract, Seller agrees to the return of the Earnest Money within seventy two (72) hours following receipt of such valid termination notice.

5.4 Section 7.1 shall be amended to reflect that Buyer shall be responsible for the cost of Owner's Extended Coverage Title Insurance if so required by Buyer.

5.5 Section 7.3.2 shall be amended to reflect that no Homeowner's Association exists on the Property and therefore there are no Association Documents to be delivered to Buyer.

5.6 Section 9.1 shall be amended to reflect that Seller shall provide Buyer with a copy of the Improvement Location Certificate dated April 4, 2013 by Intermill Land Survey prior to the Due Diligence Documents Delivery Deadline. Any further surveys required by Buyer or the Title Company to provide Owner's Extended Coverage title insurance shall be the sole responsibility of Buyer.

32 5.7 Section 2.5.4 and Section 13 shall be amended to reflect that Seller will convey the Property to Buyer via a Bargain and Sale Deed.

5.8 Section 6.3 shall be marked as "Buyer".

5.9 Section 10.7.3 shall be marked to reflect that Buyer "Does Not" acknowledge receipt of a copy of the current well permit and that "There is No Well."

5.10 Section 10.8 shall be amended to reflect that the cost and responsibility for any environmental reports shall be the responsibility of Buyer.

5.11 Section 16.1 shall be amended to reflect that because Seller is a tax-exempt entity, no tax prorations shall occur.

5.12 Section 16.2 is deleted as there are no Leases associated with the Property.

5.13 Sections 15.3, 15.4, 15.5, and 15.6 shall all be marked as "None."

5.14 Section 30 shall be amended to delete all references to the Contract being in a backup position.

5.15 City Council Approval. This Contract is expressly contingent upon Loveland City Council approval and ratification prior to Closing. In the event the City Council does not approve this Contract, it shall automatically terminate, the Earnest Money shall be returned to Buyer, and neither party shall have any further obligations to one another thereafter.

5.16 Paragraph 2 of Section 30 shall be deleted. Buyer shall have the right to object to the results of a Concept Review Team meeting with the City of Loveland as part of its Due Diligence Documents Objection Deadline.

5.17 Right-of-Way Dedication. Buyer acknowledges that Buyer shall be responsible for dedicating the Right-of-Way for Taft Avenue as part of the Closing on the Property. A copy of the proposed Deed of Dedication shall be provided to Buyer prior to the Due Diligence Documents Delivery Deadline for Buyer's review and approval.

33 6. ACCEPTANCE DEADLINE. This Counterproposal shall expire unless accepted in writing by Seller
34 and Buyer as evidenced by their signatures below and the offering party to this document receives notice
of such acceptance on or before May 31, 2013 5:00 PM MST.

Date Time

35
36 If accepted, the Contract, as amended by this Counterproposal, shall become a contract between Seller and Buyer.
All other terms and conditions of the Contract shall remain the same.

37
38 Seller: _____ Date: _____

City of Loveland, Colorado
By: William Cahill, City Manager

39 Address:

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41 Seller: _____ Date: _____

42 Address:

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44 Buyer: _____ Date: _____

208 Old County Road LLC

45 **By: Rick Archibald, Agent for 208 Old County**

Address:

46

47 Buyer: _____ Date: _____

48

Address:

Note: When this Counterproposal form is used, the Contract is **not** to be signed by the party initiating this
49 Counterproposal. Brokers must complete and sign the Broker's Acknowledgments and Compensation Disclosure
portion of the Contract.

CP40-9-12. COUNTERPROPOSAL

CTM eContracts - ©2012 CTM Software Corp.

Buyer(s) Initials _____

Seller(s) Initials _____



Resident Realty
7791 Highland Meadows Pkwy Suite B
Windsor, CO 80528
 Phone: (970) 282-8585 Fax: (970) 797-1121

The printed portions of this form, except differentiated additions, have been approved by the Colorado Real Estate Commission.
 (CBS4-10-11) (Mandatory 1-12)

THIS FORM HAS IMPORTANT LEGAL CONSEQUENCES AND THE PARTIES SHOULD CONSULT LEGAL AND TAX OR OTHER COUNSEL BEFORE SIGNING.

**CONTRACT TO BUY AND SELL REAL ESTATE
 (LAND)**

(**Property with No Residences**)
 (**Property with Residences—Residential Addendum Attached**)

Date: *April 18, 2013*

AGREEMENT

1. AGREEMENT. Buyer, identified in § 2.1, agrees to buy, and Seller, identified in § 2.3, agrees to sell, the Property described below on the terms and conditions set forth in this contract (Contract).

2. PARTIES AND PROPERTY.

2.1. Buyer. Buyer, *208 Old County Road LLC and or assigns*, will take title to the Property described below as **Joint Tenants** **Tenants In Common** **Other** *208 Old County Road LLC and or assigns*.

2.2. Assignability and Inurement. This Contract **Shall** **Shall Not** be assignable by Buyer without Seller's prior written consent. Except as so restricted, this Contract shall inure to the benefit of and be binding upon the heirs, personal representatives, successors and assigns of the parties.

2.3. Seller. Seller, *Current title holder of record*, is the current owner of the Property described below.

2.4. Property. The Property is the following legally described real estate in the County of *Larimer*, Colorado:
*905 - 935 North Taft Avenue | Loveland, CO Parcel Size 5.18 Acres=Zoning (R2)
 Developing Two-Family Residential
 Exact Legal description to be used in title commitment and Warranty deed*

known as No.	<i>905 - 935 North Taft Avenue</i>	<i>Loveland</i>	<i>Colorado</i>	<i>80537</i>
	Street Address	City	State	Zip

together with the interests, easements, rights, benefits, improvements and attached fixtures appurtenant thereto, and all interest of Seller in vacated streets and alleys adjacent thereto, except as herein excluded (Property).

2.5. Inclusions. The Purchase Price includes the following items (Inclusions):

2.5.1. Fixtures. All fixtures attached to the Property on the date of this Contract.

Other Fixtures: *All items located on the lots including vacant house and Water Rights Credit for 4 water taps and any documents that pertains to the property for development plans to date*

If any fixtures are attached to the Property after the date of this Contract, such additional fixtures are also included in the Purchase Price.

2.5.2. Personal Property. If on the Property whether attached or not on the date of this Contract:

same as above

Other Personal Property: *N/A*

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The Personal Property to be conveyed at Closing shall be conveyed by Seller free and clear of all taxes (except personal property taxes for the year of Closing), liens and encumbrances, except *N/A*.
Conveyance shall be by bill of sale or other applicable legal instrument.

2.5.3. Trade Fixtures. With respect to trade fixtures, Seller and Buyer agree as follows:
N/A

The Trade Fixtures to be conveyed at Closing shall be conveyed by Seller free and clear of all taxes (except personal property taxes for the year of Closing), liens and encumbrances, except *N/A*. Conveyance shall be by bill of sale or other applicable legal instrument.

2.5.4. Water Rights, Water and Sewer Taps.

2.5.4.1. Deeded Water Rights. The following legally described water rights:
any currently with the property, if any

Any water rights shall be conveyed by *Special Warranty deed* **Deed** **Other** applicable legal instrument.

2.5.4.2. Well Rights. If any water well is to be transferred to Buyer, Seller agrees to supply required information about such well to Buyer. Buyer understands that if the well to be transferred is a Small Capacity Well or a Domestic Exempt Water Well used for ordinary household purposes, Buyer shall, prior to or at Closing, complete a Change in Ownership form for the well. If an existing well has not been registered with the Colorado Division of Water Resources in the Department of Natural Resources (Division), Buyer shall complete a registration of existing well form for the well and pay the cost of registration. If no person will be providing a closing service in connection with the transaction, Buyer shall file the form with the Division within sixty days after Closing. The Well Permit # is *N/A*.

2.5.4.3. Water Stock Certificates:
N/A

2.5.4.4. Water Tap Sewer Tap

Note: Buyer is advised to obtain, from the provider, written confirmation of the amount remaining to be paid, if any, time and other restrictions for transfer and use of the tap.

2.5.4.5. Other Rights:
Water Rights Credit for 4 City of Loveland water taps

2.5.5. Growing Crops. With respect to growing crops, Seller and Buyer agree as follows:
N/A

2.6. Exclusions. The following items are excluded (Exclusions):
N/A

3. DATES AND DEADLINES.

Item No.	Reference	Event	Date or Deadline
1	§ 4.2	Alternative Earnest Money Deadline	<i>N/A</i>
		Title and Association	
2	§ 7.1	Record Title Deadline	<i>April 24, 2013</i>
3	§ 7.2	Exceptions Request Deadline	<i>April 24, 2013</i>
4	§ 8.1	Record Title Objection Deadline	<i>April 25, 2013</i>
5	§ 8.2	Off-Record Title Deadline	<i>April 25, 2013</i>
6	§ 8.2	Off-Record Title Objection Deadline	<i>April 25, 2013</i>
7	§ 8.3	Title Resolution Deadline	<i>April 25, 2013</i>
8	§ 7.3	Association Documents Deadline	<i>N/A</i>
9	§ 7.3	Association Documents Objection Deadline	<i>N/A</i>
10	§ 8.5	Right of First Refusal Deadline	<i>N/A</i>
		Seller's Property Disclosure	
11	§ 10.1	Seller's Property Disclosure Deadline	<i>April 23, 2013</i>

Loan and Credit			
12	§ 5.1	Loan Application Deadline	N/A
13	§ 5.2	Loan Conditions Deadline	N/A
14	§ 5.3	Buyer's Credit Information Deadline	N/A
15	§ 5.3	Disapproval of Buyer's Credit Information Deadline	N/A
16	§ 5.4	Existing Loan Documents Deadline	N/A
17	§ 5.4	Existing Loan Documents Objection Deadline	N/A
18	§ 5.4	Loan Transfer Approval Deadline	N/A
Appraisal			
19	§ 6.2	Appraisal Deadline	N/A
20	§ 6.2	Appraisal Objection Deadline	N/A
Survey			
21	§ 9.1	Current Survey Deadline	N/A
22	§ 9.2	Current Survey Objection Deadline	N/A
Inspection and Due Diligence			
23	§ 10.2	Inspection Objection Deadline	July 22, 2013
24	§ 10.3	Inspection Resolution Deadline	July 27, 2013
25	§ 10.5	Property Insurance Objection Deadline	N/A
26	§ 10.6	Due Diligence Documents Delivery Deadline	N/A
27	§ 10.7	Due Diligence Documents Objection Deadline	N/A
28	§ 10.8	Environmental Inspection Objection Deadline	N/A
29	§ 10.8	ADA Evaluation Objection Deadline	N/A
30	§ 11.1	Tenant Estoppel Statements Deadline	N/A
31	§ 11.2	Tenant Estoppel Statements Objection Deadline	June 3, 2013
Closing and Possession			
32	§ 12.3	Closing Date	July 31, 2013
33	§ 17	Possession Date	July 31, 2013
34	§ 17	Possession Time	at closing
35	§ 28	Acceptance Deadline Date	April 19, 2013
36	§ 28	Acceptance Deadline Time	4:45: P.M. mst
	N/A	N/A	N/A
	N/A	N/A	N/A

83 **Note: Applicability of Terms.**

84 Any box, blank or line in this Contract left blank or completed with the abbreviation "N/A", or the word "Deleted" means such
85 provision in **Dates and Deadlines** (§ 3), including any deadline, is not applicable and the corresponding provision of this Contract
86 to which reference is made is deleted.

87 The abbreviation "MEC" (mutual execution of this Contract) means the date upon which both parties have signed this Contract.

88 **4. PURCHASE PRICE AND TERMS.**

89 **4.1. Price and Terms.** The Purchase Price set forth below shall be payable in U.S. Dollars by Buyer as follows:

Item No.	Reference	Item	Amount	Amount
1	§ 4.1	Purchase Price	\$ 275,000.	
2	§ 4.2	Earnest Money		\$ Promisory note for \$5,000. redeemable for cash June 15, 2013
3	§ 4.5	New Loan		N/A
4	§ 4.6	Assumption Balance		N/A
5	§ 4.7	Seller or Private Financing		N/A
6	N/A	N/A	N/A	N/A
7	N/A	N/A	N/A	N/A
8	§ 4.3	Cash at Closing		\$275,000.00
9		TOTAL	\$ 275,000.00	\$ 275,000.00

90 **4.2. Earnest Money.** The Earnest Money set forth in this section, in the form of *Promisory note for \$5,000.*
 91 *redeamable for cash June 15, 2013,*
 92 shall be payable to and held by N/A (Earnest Money Holder), in its
 93 trust account, on behalf of both Seller and Buyer. The Earnest Money deposit shall be tendered with this Contract unless the
 94 parties mutually agree to an **Alternative Earnest Money Deadline** (§ 3) for its payment. If Earnest Money Holder is other than
 95 the Brokerage Firm identified in § 33 or § 34, Closing Instructions signed by Buyer, Seller and Earnest Money Holder must be
 96 obtained on or before delivery of Earnest Money to Earnest Money Holder. The parties authorize delivery of the Earnest Money
 97 deposit to the company conducting the Closing (Closing Company), if any, at or before Closing. In the event Earnest Money
 98 Holder has agreed to have interest on Earnest Money deposits transferred to a fund established for the purpose of providing
 99 affordable housing to Colorado residents, Seller and Buyer acknowledge and agree that any interest accruing on the Earnest
 Money deposited with the Earnest Money Holder in this transaction shall be transferred to such fund.

100 **4.2.1. Alternative Earnest Money Deadline.** The deadline for delivering the Earnest Money, if other than at the
 101 time of tender of this Contract is as set forth as the **Alternative Earnest Money Deadline** (§ 3).

102 **4.2.2. Return of Earnest Money.** If Buyer has a Right to Terminate this Contract and timely terminates, Buyer shall be
 103 entitled to the return of Earnest Money as provided in this Contract. If this Contract is terminated as set forth in § 25 and, except as
 104 provided in § 24, if the Earnest Money has not already been returned following receipt of a Notice to Terminate, Seller agrees to
 105 execute and return to Buyer or Broker working with Buyer, written mutual instructions, i.e., Earnest Money Release form, within
 106 three days of Seller's receipt of such form.

107 **4.3. Form of Funds; Time of Payment; Funds Available.**

108 **4.3.1. Good Funds.** All amounts payable by the parties at Closing, including any loan proceeds, Cash at Closing
 109 and closing costs, shall be in funds that comply with all applicable Colorado laws, including electronic transfer funds, certified
 110 check, savings and loan teller's check and cashier's check (Good Funds).

111 **4.3.2. Available Funds.** All funds required to be paid at Closing or as otherwise agreed in writing between the
 112 parties shall be timely paid to allow disbursement by Closing Company at Closing **OR SUCH PARTY SHALL BE IN DEFAULT.**
 113 Buyer represents that Buyer, as of the date of this Contract, **Does** **Does Not** have funds that are immediately verifiable and
 114 available in an amount not less than the amount stated as Cash at Closing in § 4.1.

115 **4.4. Seller Concession.** Seller, at Closing, shall credit, as directed by Buyer, an amount of \$ N/A to assist
 116 with Buyer's closing costs (Seller Concession). Seller Concession is in addition to any sum Seller has agreed to pay or credit
 117 Buyer elsewhere in this Contract. Seller Concession shall be reduced to the extent it exceeds the amount allowed by Buyer's lender
 118 as set forth in the Closing Statement or HUD-1, at Closing.

119 **4.5. New Loan.** *OMITTED AS INAPPLICABLE.*

131 **4.6. Assumption.** *OMITTED AS INAPPLICABLE.*

144 **4.7. Seller or Private Financing.** *OMITTED AS INAPPLICABLE.*

TRANSACTION PROVISIONS

162 **5. FINANCING CONDITIONS AND OBLIGATIONS.**

163 **5.1. Loan Application.** If Buyer is to pay all or part of the Purchase Price by obtaining one or more new loans (New
 164

165 Loan), or if an existing loan is not to be released at Closing, Buyer, if required by such lender, shall make an application verifiable
166 by such lender, on or before **Loan Application Deadline** (§ 3) and exercise reasonable efforts to obtain such loan or approval.

167 **5.2. Loan Conditions.** If Buyer is to pay all or part of the Purchase Price with a New Loan, this Contract is conditional
168 upon Buyer determining, in Buyer's sole subjective discretion, whether the New Loan is satisfactory to Buyer, including its
169 availability, payments, interest rate, terms, conditions and cost of such New Loan. This condition is for the benefit of Buyer.
170 Buyer shall have the Right to Terminate under § 25.1, on or before **Loan Conditions Deadline** (§ 3), if the New Loan is not
171 satisfactory to Buyer, in Buyer's sole subjective discretion. **IF SELLER DOES NOT TIMELY RECEIVE WRITTEN NOTICE**
172 **TO TERMINATE, BUYER'S EARNEST MONEY SHALL BE NONREFUNDABLE**, except as otherwise provided in this
173 Contract (e.g., Appraisal, Title, Survey).

174 **5.3. Credit Information and Buyer's New Senior Loan.** If Buyer is to pay all or part of the Purchase Price by
175 executing a promissory note in favor of Seller, or if an existing loan is not to be released at Closing, this Contract is conditional
176 (for the benefit of Seller) upon Seller's approval of Buyer's financial ability and creditworthiness, which approval shall be at
177 Seller's sole subjective discretion. In such case: (1) Buyer shall supply to Seller by **Buyer's Credit Information Deadline** (§ 3),
178 at Buyer's expense, information and documents (including a current credit report) concerning Buyer's financial, employment and
179 credit condition and Buyer's New Senior Loan, defined below, if any; (2) Buyer consents that Seller may verify Buyer's financial
180 ability and creditworthiness; (3) any such information and documents received by Seller shall be held by Seller in confidence, and
181 not released to others except to protect Seller's interest in this transaction; and (4) in the event Buyer is to execute a promissory
182 note secured by a deed of trust in favor of Seller, this Contract is conditional (for the benefit of Seller) upon Seller's approval of
183 the terms and conditions of any New Loan to be obtained by Buyer if the deed of trust to Seller is to be subordinate to Buyer's
184 New Loan (Buyer's New Senior Loan). If the Cash at Closing is less than as set forth in § 4.1 of this Contract or Buyer's New
185 Senior Loan changes from that approved by Seller, Seller shall have the Right to Terminate under § 25.1, at or before Closing. If
186 Seller disapproves of Buyer's financial ability, creditworthiness or Buyer's New Senior Loan, in Seller's sole subjective discretion,
187 Seller shall have the Right to Terminate under § 25.1, on or before **Disapproval of Buyer's Credit Information Deadline** (§ 3).

188 **5.4. Existing Loan Review.** If an existing loan is not to be released at Closing, Seller shall deliver copies of the loan
189 documents (including note, deed of trust, and any modifications) to Buyer by **Existing Loan Documents Deadline** (§ 3). For the
190 benefit of Buyer, this Contract is conditional upon Buyer's review and approval of the provisions of such loan documents. Buyer
191 shall have the Right to Terminate under § 25.1, on or before **Existing Loan Documents Objection Deadline** (§ 3), based on any
192 unsatisfactory provision of such loan documents, in Buyer's sole subjective discretion. If the lender's approval of a transfer of the
193 Property is required, this Contract is conditional upon Buyer's obtaining such approval without change in the terms of such loan,
194 except as set forth in § 4.6. If lender's approval is not obtained by **Loan Transfer Approval Deadline** (§ 3), this Contract shall
195 terminate on such deadline. Seller shall have the Right to Terminate under § 25.1, on or before Closing, in Seller's sole subjective
196 discretion, if Seller is to be released from liability under such existing loan and Buyer does not obtain such compliance as set forth
197 in § 4.6.

198 6. APPRAISAL PROVISIONS.

199 **6.1. Lender Property Requirements.** If the lender imposes any requirements or repairs (Requirements) to be made to
200 the Property (e.g., roof repair, repainting), beyond those matters already agreed to by Seller in this Contract, Seller shall have the
201 Right to Terminate under § 25.1, (notwithstanding § 10 of this Contract), on or before three days following Seller's receipt of the
202 Requirements, based on any unsatisfactory Requirements, in Seller's sole subjective discretion. Seller's Right to Terminate in this
203 § 6.1 shall not apply if, on or before any termination by Seller pursuant to this § 6.1: (1) the parties enter into a written agreement
204 regarding the Requirements; or (2) the Requirements have been completed; or (3) the satisfaction of the Requirements is waived in
205 writing by Buyer.

206 **6.2. Appraisal Condition.** The applicable Appraisal provision set forth below shall apply to the respective loan type set
207 forth in § 4.5.3, or if a cash transaction, i.e. no financing, § 6.2.1 shall apply.

208 **6.2.1. Conventional/Other.** Buyer shall have the sole option and election to terminate this Contract if the
209 Property's valuation is less than the Purchase Price determined by an appraiser engaged on behalf of *N/A*.
210 The appraisal shall be received by Buyer or Buyer's lender on or before **Appraisal Deadline** (§ 3). Buyer shall have the Right to
211 Terminate under § 25.1, on or before **Appraisal Objection Deadline** (§ 3), if the Property's valuation is less than the Purchase
212 Price and Seller's receipt of either a copy of such appraisal or written notice from lender that confirms the Property's valuation is
213 less than the Purchase Price.

214 **6.3. Cost of Appraisal.** Cost of any appraisal to be obtained after the date of this Contract shall be timely paid by
215 Buyer Seller.

216 7. EVIDENCE OF TITLE AND ASSOCIATION DOCUMENTS.

217 **7.1. Evidence of Title.** On or before **Record Title Deadline** (§ 3), Seller shall cause to be furnished to Buyer, at Seller's
218 expense, a current commitment for owner's title insurance policy (Title Commitment) in an amount equal to the Purchase Price, or
219 if this box is checked, **An Abstract** of title certified to a current date. If title insurance is furnished, Seller shall also deliver to

220 Buyer copies of any abstracts of title covering all or any portion of the Property (Abstract) in Seller's possession. At Seller's
 221 expense, Seller shall cause the title insurance policy to be issued and delivered to Buyer as soon as practicable at or after Closing.
 222 The title insurance commitment **Shall** **Shall Not** commit to delete or insure over the standard exceptions which relate to:
 223 (1) parties in possession, (2) unrecorded easements, (3) survey matters, (4) unrecorded mechanics' liens, (5) gap period (effective
 224 date of commitment to date deed is recorded), and (6) unpaid taxes, assessments and unredeemed tax sales prior to the year of
 225 Closing. Any additional premium expense to obtain this additional coverage shall be paid by **Buyer** **Seller**.
 226 **Note:** The title insurance company may not agree to delete or insure over any or all of the standard exceptions. Buyer shall have
 227 the right to review the Title Commitment, its provisions and Title Documents (defined in § 7.2), and if not satisfactory to Buyer,
 228 Buyer may exercise Buyer's rights pursuant to § 8.1.

229 **7.2. Copies of Exceptions.** On or before **Record Title Deadline** (§ 3), Seller, at Seller's expense, shall furnish to Buyer
 230 and *rea estate brokers*, (1) copies of any plats, declarations, covenants, conditions and restrictions burdening
 231 the Property, and (2) if a Title Commitment is required to be furnished, and if this box is checked **Copies of any Other**
 232 **Documents** (or, if illegible, summaries of such documents) listed in the schedule of exceptions (Exceptions). Even if the box is not
 233 checked, Seller shall have the obligation to furnish these documents pursuant to this section if requested by Buyer any time on or
 234 before **Exceptions Request Deadline** (§ 3). This requirement shall pertain only to documents as shown of record in the office of
 235 the clerk and recorder in the county where the Property is located. The Abstract or Title Commitment, together with any copies or
 236 summaries of such documents furnished pursuant to this section, constitute the title documents (collectively, Title Documents).

237 **7.3. Homeowners' Association Documents.** The term Association Documents consists of all owners' associations
 238 (Association) declarations, bylaws, operating agreements, rules and regulations, party wall agreements, minutes of most recent annual
 239 owners' meeting and minutes of any directors' or managers' meetings during the six-month period immediately preceding the date of
 240 this Contract, if any (Governing Documents), most recent financial documents consisting of (1) annual balance sheet, (2) annual
 241 income and expenditures statement, and (3) annual budget (Financial Documents), if any (collectively, Association Documents).

242 **7.3.1. Common Interest Community Disclosure.** **THE PROPERTY IS LOCATED WITHIN A COMMON**
 243 **INTEREST COMMUNITY AND IS SUBJECT TO THE DECLARATION FOR SUCH COMMUNITY. THE OWNER**
 244 **OF THE PROPERTY WILL BE REQUIRED TO BE A MEMBER OF THE OWNER'S ASSOCIATION FOR THE**
 245 **COMMUNITY AND WILL BE SUBJECT TO THE BYLAWS AND RULES AND REGULATIONS OF THE**
 246 **ASSOCIATION. THE DECLARATION, BYLAWS, AND RULES AND REGULATIONS WILL IMPOSE FINANCIAL**
 247 **OBLIGATIONS UPON THE OWNER OF THE PROPERTY, INCLUDING AN OBLIGATION TO PAY**
 248 **ASSESSMENTS OF THE ASSOCIATION. IF THE OWNER DOES NOT PAY THESE ASSESSMENTS, THE**
 249 **ASSOCIATION COULD PLACE A LIEN ON THE PROPERTY AND POSSIBLY SELL IT TO PAY THE DEBT. THE**
 250 **DECLARATION, BYLAWS, AND RULES AND REGULATIONS OF THE COMMUNITY MAY PROHIBIT THE**
 251 **OWNER FROM MAKING CHANGES TO THE PROPERTY WITHOUT AN ARCHITECTURAL REVIEW BY THE**
 252 **ASSOCIATION (OR A COMMITTEE OF THE ASSOCIATION) AND THE APPROVAL OF THE ASSOCIATION.**
 253 **PURCHASERS OF PROPERTY WITHIN THE COMMON INTEREST COMMUNITY SHOULD INVESTIGATE THE**
 254 **FINANCIAL OBLIGATIONS OF MEMBERS OF THE ASSOCIATION. PURCHASERS SHOULD CAREFULLY**
 255 **READ THE DECLARATION FOR THE COMMUNITY AND THE BYLAWS AND RULES AND REGULATIONS OF**
 256 **THE ASSOCIATION.**

257 **7.3.2. Association Documents to Buyer.**

258 **7.3.2.1. Seller to Provide Association Documents.** Seller shall cause the Association Documents to be
 259 provided to Buyer, at Seller's expense, on or before **Association Documents Deadline** (§ 3).

260 **7.3.2.2. Seller Authorizes Association.** Seller authorizes the Association to provide the Association
 261 Documents to Buyer, at Seller's expense.

262 **7.3.2.3. Seller's Obligation.** Seller's obligation to provide the Association Documents shall be fulfilled
 263 upon Buyer's receipt of the Association Documents, regardless of who provides such documents.

264 **Note:** If neither box in this § 7.3.2 is checked, the provisions of § 7.3.2.1 shall apply.

265 **7.3.3. Conditional on Buyer's Review.** If the box in either § 7.3.2.1 or § 7.3.2.2 is checked, the provisions of this
 266 § 7.3.3 shall apply. Buyer shall have the Right to Terminate under § 25.1, on or before **Association Documents Objection**
 267 **Deadline** (§ 3), based on any unsatisfactory provision in any of the Association Documents, in Buyer's sole subjective discretion.
 268 Should Buyer receive the Association Documents after **Association Documents Deadline** (§ 3), Buyer, at Buyer's option, shall
 269 have the Right to Terminate under § 25.1 by Buyer's Notice to Terminate received by Seller on or before ten days after Buyer's
 270 receipt of the Association Documents. If Buyer does not receive the Association Documents, or if Buyer's Notice to Terminate
 271 would otherwise be required to be received by Seller after **Closing Date** (§ 3), Buyer's Notice to Terminate shall be received by
 272 Seller on or before three days prior to **Closing Date** (§ 3). If Seller does not receive Buyer's Notice to Terminate within such time,
 273 Buyer accepts the provisions of the Association Documents as satisfactory, and Buyer waives any Right to Terminate under this
 274 provision, notwithstanding the provisions of § 8.5.

275 **8. RECORD TITLE AND OFF-RECORD TITLE MATTERS.**

276 **8.1. Record Title Matters.** Buyer has the right to review and object to any of the Title Documents (Right to Object,
 277 Resolution), as set forth in § 8.3. Buyer's objection may be based on any unsatisfactory form or content of Title Commitment,
 278 notwithstanding § 13, or any other unsatisfactory title condition, in Buyer's sole subjective discretion. If Buyer objects to any of
 279 the Title Documents, Buyer shall cause Seller to receive Buyer's Notice to Terminate or Notice of Title Objection on or before
 280 **Record Title Objection Deadline** (§ 3). If Title Documents are not received by Buyer, on or before the **Record Title Deadline**
 281 (§ 3), or if there is an endorsement to the Title Commitment that adds a new Exception to title, a copy of the new Exception to title
 282 and the modified Title Commitment shall be delivered to Buyer. Buyer shall cause Seller to receive Buyer's Notice to Terminate
 283 or Notice of Title Objection on or before ten days after receipt by Buyer of the following documents: (1) any required Title
 284 Document not timely received by Buyer, (2) any change to the Title Documents, or (3) endorsement to the Title Commitment. If
 285 Seller receives Buyer's Notice to Terminate or Notice of Title Objection, pursuant to this § 8.1 (Record Title Matters), any title
 286 objection by Buyer and this Contract shall be governed by the provisions set forth in § 8.3 (Right to Object, Resolution). If Seller
 287 does not receive Buyer's Notice to Terminate or Notice of Title Objection by the applicable deadline specified above, Buyer
 288 accepts the condition of title as disclosed by the Title Documents as satisfactory.

289 **8.2. Off-Record Title Matters.** Seller shall deliver to Buyer, on or before **Off-Record Title Deadline** (§ 3) true copies
 290 of all existing surveys in Seller's possession pertaining to the Property and shall disclose to Buyer all easements, liens (including,
 291 without limitation, governmental improvements approved, but not yet installed) or other title matters (including, without
 292 limitation, rights of first refusal and options) not shown by public records, of which Seller has actual knowledge. Buyer shall have
 293 the right to inspect the Property to investigate if any third party has any right in the Property not shown by public records (such as
 294 an unrecorded easement, unrecorded lease, boundary line discrepancy or water rights). Buyer's Notice to Terminate or Notice of
 295 Title Objection of any unsatisfactory condition (whether disclosed by Seller or revealed by such inspection, notwithstanding § 13),
 296 in Buyer's sole subjective discretion, shall be received by Seller on or before **Off-Record Title Objection Deadline** (§ 3). If Seller
 297 receives Buyer's Notice to Terminate or Notice of Title Objection pursuant to this § 8.2 (Off-Record Title Matters), any title
 298 objection by Buyer and this Contract shall be governed by the provisions set forth in § 8.3 (Right to Object, Resolution). If Seller
 299 does not receive Buyer's Notice to Terminate or Notice of Title Objection, on or before **Off-Record Title Objection Deadline**
 300 (§ 3), Buyer accepts title subject to such rights, if any, of third parties of which Buyer has actual knowledge.

301 **8.3. Right to Object, Resolution.** Buyer's right to object to any title matters shall include, but not be limited to those
 302 matters set forth in §§ 8.1 (Record Title Matters), 8.2 (Off-Record Title Matters) and 13 (Transfer of Title), in Buyer's sole
 303 subjective discretion (collectively, Notice of Title Objection). If Buyer objects to any title matter, on or before the applicable
 304 deadline, Buyer shall have the choice to either (1) object to the condition of title, or (2) terminate this Contract.

305 **8.3.1. Title Resolution.** If Seller receives Buyer's Notice of Title Objection, as provided in § 8.1 (Record Title
 306 Matters) or § 8.2 (Off-Record Title Matters), on or before the applicable deadline, and if Buyer and Seller have not agreed to a
 307 written settlement thereof on or before **Title Resolution Deadline** (§ 3), this Contract shall terminate on the expiration of **Title**
 308 **Resolution Deadline** (§ 3), unless Seller receives Buyer's written withdrawal of Buyer's Notice of Title Objection (i.e., Buyer's
 309 written notice to waive objection to such items and waives the Right to Terminate for that reason), on or before expiration of **Title**
 310 **Resolution Deadline** (§ 3).

311 **8.3.2. Right to Terminate – Title Objection.** Buyer shall have the Right to Terminate under § 25.1, on or
 312 before the applicable deadline, based on any unsatisfactory title matter, in Buyer's sole subjective discretion.

313 **8.4. Special Taxing Districts. SPECIAL TAXING DISTRICTS MAY BE SUBJECT TO GENERAL OBLIGATION**
 314 **INDEBTEDNESS THAT IS PAID BY REVENUES PRODUCED FROM ANNUAL TAX LEVIES ON THE TAXABLE**
 315 **PROPERTY WITHIN SUCH DISTRICTS. PROPERTY OWNERS IN SUCH DISTRICTS MAY BE PLACED AT RISK**
 316 **FOR INCREASED MILL LEVIES AND TAX TO SUPPORT THE SERVICING OF SUCH DEBT WHERE**
 317 **CIRCUMSTANCES ARISE RESULTING IN THE INABILITY OF SUCH A DISTRICT TO DISCHARGE SUCH**
 318 **INDEBTEDNESS WITHOUT SUCH AN INCREASE IN MILL LEVIES. BUYERS SHOULD INVESTIGATE THE**
 319 **SPECIAL TAXING DISTRICTS IN WHICH THE PROPERTY IS LOCATED BY CONTACTING THE COUNTY**
 320 **TREASURER, BY REVIEWING THE CERTIFICATE OF TAXES DUE FOR THE PROPERTY, AND BY OBTAINING**
 321 **FURTHER INFORMATION FROM THE BOARD OF COUNTY COMMISSIONERS, THE COUNTY CLERK AND**
 322 **RECORDER, OR THE COUNTY ASSESSOR.**

323 Buyer shall have the Right to Terminate under § 25.1, on or before **Off-Record Title Objection Deadline** (§ 3), based on
 324 any unsatisfactory effect of the Property being located within a special taxing district, in Buyer's sole subjective discretion.

325 **8.5. Right of First Refusal or Contract Approval.** If there is a right of first refusal on the Property, or a right to
 326 approve this Contract, Seller shall promptly submit this Contract according to the terms and conditions of such right. If the holder
 327 of the right of first refusal exercises such right or the holder of a right to approve disapproves this Contract, this Contract shall
 328 terminate. If the right of first refusal is waived explicitly or expires, or the Contract is approved, this Contract shall remain in full
 329 force and effect. Seller shall promptly notify Buyer in writing of the foregoing. If expiration or waiver of the right of first refusal
 330 or Contract approval has not occurred on or before the **Right of First Refusal Deadline** (§ 3), this Contract shall then terminate.

331 **8.6. Title Advisory.** The Title Documents affect the title, ownership and use of the Property and should be reviewed

332 carefully. Additionally, other matters not reflected in the Title Documents may affect the title, ownership and use of the Property,
 333 including, without limitation, boundary lines and encroachments, area, zoning, unrecorded easements and claims of easements,
 334 leases and other unrecorded agreements, and various laws and governmental regulations concerning land use, development and
 335 environmental matters. **The surface estate may be owned separately from the underlying mineral estate, and transfer of the**
 336 **surface estate does not necessarily include transfer of the mineral rights or water rights. Third parties may hold interests in**
 337 **oil, gas, other minerals, geothermal energy or water on or under the Property, which interests may give them rights to**
 338 **enter and use the Property.** Such matters may be excluded from or not covered by the title insurance policy. Buyer is advised to
 339 timely consult legal counsel with respect to all such matters as there are strict time limits provided in this Contract [e.g., **Record**
 340 **Title Objection Deadline** (§ 3) and **Off-Record Title Objection Deadline** (§ 3)].

341 9. CURRENT SURVEY REVIEW.

342 **9.1. Current Survey Conditions.** If the box in § 9.1.1 or § 9.1.2 is checked, Buyer, the issuer of the Title Commitment
 343 or the provider of the opinion of title if an abstract, and *real estate brokers* shall receive a Current Survey, i.e.,
 344 Improvement Location Certificate, Improvement Survey Plat or other form of survey set forth in § 9.1.2 (collectively, Current
 345 Survey), on or before **Current Survey Deadline** (§ 3). The Current Survey shall be certified by the surveyor to all those who are
 346 to receive the Current Survey.

347 **9.1.1. Improvement Location Certificate.** If the box in § 9.1.1 is checked, Seller Buyer shall order
 348 or provide, and pay, on or before Closing, the cost of an **Improvement Location Certificate**.

349 **9.1.2. Other Survey.** If the box in this § 9.1.2 is checked, a Current Survey, other than an Improvement Location
 350 Certificate, shall be an **Improvement Survey Plat** *N/A*. The parties agree that payment of the cost of
 351 the Current Survey and obligation to order or provide the Current Survey shall be as follows:

352 *N/A*

353
 354
 355 **9.2. Survey Objection.** Buyer shall have the right to review and object to the Current Survey. Buyer shall have the Right
 356 to Terminate under § 25.1, on or before the **Current Survey Objection Deadline** (§ 3), if the Current Survey is not timely
 357 received by Buyer or based on any unsatisfactory matter with the Current Survey, notwithstanding § 8.2 or § 13.

358 DISCLOSURE, INSPECTION AND DUE DILIGENCE

359 10. PROPERTY DISCLOSURE, INSPECTION, INDEMNITY, INSURABILITY, DUE DILIGENCE, AND SOURCE 360 OF WATER.

361 **10.1. Seller's Property Disclosure Deadline.** On or before **Seller's Property Disclosure Deadline** (§ 3), Seller agrees to
 362 deliver to Buyer the most current version of the applicable Colorado Real Estate Commission's Seller's Property Disclosure form
 363 completed by Seller to Seller's actual knowledge, current as of the date of this Contract.

364 **10.2. Inspection Objection Deadline.** Unless otherwise provided in this Contract, Buyer acknowledges that Seller is
 365 conveying the Property to Buyer in an "as is" condition, "where is" and "with all faults". Seller shall disclose to Buyer, in writing,
 366 any latent defects actually known by Seller. Buyer, acting in good faith, shall have the right to have inspections (by one or more
 367 third parties, personally, or both) of the Property and Inclusions (Inspection), at Buyer's expense. If (1) the physical condition of
 368 the Property, including, but not limited to, the roof, walls, structural integrity of the Property, the electrical, plumbing, HVAC and
 369 other mechanical systems of the Property, (2) the physical condition of the Inclusions, (3) service to the Property (including
 370 utilities and communication services), systems and components of the Property, e.g. heating and plumbing, (4) any proposed or
 371 existing transportation project, road, street or highway, or (5) any other activity, odor or noise (whether on or off the Property) and
 372 its effect or expected effect on the Property or its occupants is unsatisfactory, in Buyer's sole subjective discretion, Buyer shall, on
 373 or before **Inspection Objection Deadline** (§ 3):

374 **10.2.1. Notice to Terminate.** Notify Seller in writing that this Contract is terminated; or

375 **10.2.2. Inspection Objection.** Deliver to Seller a written description of any unsatisfactory physical condition that
 376 Buyer requires Seller to correct.

377 Buyer shall have the Right to Terminate under § 25.1, on or before **Inspection Objection Deadline** (§ 3), based on any
 378 unsatisfactory physical condition of the Property or Inclusions, in Buyer's sole subjective discretion.

379 **10.3. Inspection Resolution Deadline.** If an Inspection Objection is received by Seller, on or before **Inspection**
 380 **Objection Deadline** (§ 3), and if Buyer and Seller have not agreed in writing to a settlement thereof on or before **Inspection**
 381 **Resolution Deadline** (§ 3), this Contract shall terminate on **Inspection Resolution Deadline** (§ 3), unless Seller receives Buyer's
 382 written withdrawal of the Inspection Objection before such termination, i.e., on or before expiration of **Inspection Resolution**
 383 **Deadline** (§ 3).

384 **10.4. Damage, Liens and Indemnity.** Buyer, except as otherwise provided in this Contract or other written agreement
 385 between the parties, is responsible for payment for all inspections, tests, surveys, engineering reports, or any other work performed

386 at Buyer's request (Work) and shall pay for any damage that occurs to the Property and Inclusions as a result of such Work. Buyer
 387 shall not permit claims or liens of any kind against the Property for Work performed on the Property at Buyer's request. Buyer
 388 agrees to indemnify, protect and hold Seller harmless from and against any liability, damage, cost or expense incurred by Seller
 389 and caused by any such Work, claim, or lien. This indemnity includes Seller's right to recover all costs and expenses incurred by
 390 Seller to defend against any such liability, damage, cost or expense, or to enforce this section, including Seller's reasonable
 391 attorney fees, legal fees and expenses. The provisions of this section shall survive the termination of this Contract.

392 **10.5. Insurability.** Buyer shall have the right to review and object to the availability, terms and conditions of and
 393 premium for property insurance (Property Insurance). Buyer shall have the Right to Terminate under § 25.1, on or before **Property**
 394 **Insurance Objection Deadline** (§ 3), based on any unsatisfactory provision of the Property Insurance, in Buyer's sole subjective
 395 discretion.

396 **10.6. Due Diligence Documents.** Seller agrees to deliver copies of the following documents and information pertaining to
 397 the Property (Due Diligence Documents) to Buyer on or before **Due Diligence Documents Delivery Deadline** (§ 3) to the extent
 398 such Due Diligence Documents exist and are in Seller's possession:

399 **10.6.1.** All contracts relating to the operation, maintenance and management of the Property;

400 **10.6.2.** Property tax bills for the last *two* years;

401 **10.6.3.** As-built construction plans to the Property and the tenant improvements, including architectural, electrical,
 402 mechanical, and structural systems; engineering reports; and permanent Certificates of Occupancy, to the extent now available;

403 **10.6.4.** A list of all Inclusions to be conveyed to Buyer;

404 **10.6.5.** Operating statements for the past *N/A* years;

405 **10.6.6.** A rent roll accurate and correct to the date of this Contract;

406 **10.6.7.** All current leases, including any amendments or other occupancy agreements, pertaining to the Property
 407 (Leases);

408 **10.6.8.** A schedule of any tenant improvement work Seller is obligated to complete but has not yet completed and
 409 capital improvement work either scheduled or in process on the date of this Contract;

410 **10.6.9.** All insurance policies pertaining to the Property and copies of any claims which have been made for the past
 411 *N/A* years;

412 **10.6.10.** Soils reports, Surveys and engineering reports or data pertaining to the Property (if not delivered earlier
 413 under § 8.2);

414 **10.6.11.** Any and all existing documentation and reports regarding Phase I and II environmental reports, letters, test
 415 results, advisories, and similar documents respective to the existence or nonexistence of asbestos, PCB transformers, or other toxic
 416 hazardous or contaminated substances, and/or underground storage tanks and/or radon gas. If no reports are in Seller's possession
 417 or known to Seller, Seller shall warrant that no such reports are in Seller's possession or known to Seller;

418 **10.6.12.** Any *Americans with Disabilities Act* reports, studies or surveys concerning the compliance of the Property
 419 with said Act;

420 **10.6.13.** All permits, licenses and other building or use authorizations issued by any governmental authority with
 421 jurisdiction over the Property and written notice of any violation of any such permits, licenses or use authorizations, if any; and

422 **10.6.14.** Other Documents: *The parties to this contract agree that: ("Inspection
 Objection Deadline") of this agreement shall be construed in the broadest sense
 of the term, and if Buyer is not satisfied for any reason whatsoever at buyers
 sole discretion, they may void this contract by giving written notice to the
 seller prior to the "Inspection Objection Deadline," and all monies herein
 receipted for shall be returned to other party without deduction. Inspection
 shall include, but not be limited to: Zoning verification and other related
 matters such as verification of covenants .*

*Seller to provide the buyer with a copy of all information in any way relating
 to or concerning this property, including any maps, plats, surveys, environmental
 phase one studies, traffic studies or drawings of the property that in any
 way effect the building or the property. To include any special Zoning regulations
 by the City or the County or the State of Colorado including any and all other
 documents they have in their possession regarding this property . (if Any)*

423 **10.7. Due Diligence Documents Conditions.** Buyer shall have the right to review and object to Due Diligence
 424 Documents, zoning and any use restrictions imposed by any governmental agency with jurisdiction over the Property (Zoning), in

425 Buyer's sole subjective discretion, or Seller's failure to deliver to Buyer all Due Diligence Documents. Buyer shall also have the
 426 unilateral right to waive any condition herein.

427 **10.7.1. Due Diligence Documents Objection.** Buyer shall have the Right to Terminate under § 25.1, on or before
 428 **Due Diligence Documents Objection Deadline** (§ 3), based on any unsatisfactory matter with the Due Diligence Documents in
 429 Buyer's sole subjective discretion. If, however, Due Diligence Documents are not timely delivered under § 10.6, or if Seller fails to
 430 deliver all Due Diligence Documents to Buyer, then Buyer shall have the Right to Terminate under § 25.1 on or before the earlier of
 431 ten days after **Due Diligence Documents Objection Deadline** (§ 3) or Closing.

432 **10.7.2. Zoning.** Buyer shall have the Right to Terminate under § 25.1, on or before **Due Diligence Documents**
 433 **Objection Deadline** (§ 3), based on any unsatisfactory zoning, in Buyer's sole subjective discretion.

434 **10.7.3. Source of Potable Water (Residential Land and Residential Improvements Only).** Buyer **Does**
 435 **Does Not** acknowledge receipt of a copy of Seller's Property Disclosure or Source of Water Addendum disclosing the source
 436 of potable water for the Property. Buyer **Does** **Does Not** acknowledge receipt of a copy of the current well permit.
 437 **There is No Well.**

438 **Note to Buyer: SOME WATER PROVIDERS RELY, TO VARYING DEGREES, ON NONRENEWABLE GROUND**
 439 **WATER. YOU MAY WISH TO CONTACT YOUR PROVIDER (OR INVESTIGATE THE DESCRIBED SOURCE) TO**
 440 **DETERMINE THE LONG-TERM SUFFICIENCY OF THE PROVIDER'S WATER SUPPLIES.**

441 **10.8. Due Diligence – Environmental, ADA.** Buyer shall have the right to obtain environmental inspections of the
 442 Property including Phase I and Phase II Environmental Site Assessments, as applicable. **Seller** **Buyer** shall order or
 443 provide **Phase I Environmental Site Assessment**, **Phase II Environmental Site Assessment** (compliant with ASTM
 444 E1527-05 standard practices for Environmental Site Assessments) and/or **N/A**, at the expense of **Seller**
 445 **Buyer** (Environmental Inspection). In addition, Buyer may also conduct an evaluation whether the Property complies with the
 446 *Americans with Disabilities Act* (ADA Evaluation). All such inspections and evaluations shall be conducted at such times as are
 447 mutually agreeable to minimize the interruption of Seller's and any Seller's tenants' business uses of the Property, if any.

448 If Buyer's Phase I Environmental Site Assessment recommends a Phase II Environmental Site Assessment, the
 449 **Environmental Inspection Objection Deadline** (§ 3) shall be extended by **N/A** days (Extended Environmental Inspection
 450 Objection Deadline) and if such Extended Environmental Inspection Objection Deadline extends beyond the **Closing Date** (§ 3),
 451 the **Closing Date** (§ 3) shall be extended a like period of time.

452 Buyer shall have the Right to Terminate under § 25.1, on or before **Environmental Inspection Objection Deadline** (§ 3), or
 453 if applicable the Extended Environmental Inspection Objection Deadline, based on any unsatisfactory results of Environmental
 454 Inspection, in Buyer's sole subjective discretion.

455 Buyer shall have the Right to Terminate under § 25.1, on or before **ADA Evaluation Objection Deadline** (§ 3), based on
 456 any unsatisfactory ADA Evaluation, in Buyer's sole subjective discretion.

457 **10.9. Existing Leases; Modification of Existing Leases; New Leases.** Seller states that none of the Leases to be assigned
 458 to the Buyer at the time of Closing contain any rent concessions, rent reductions or rent abatements except as disclosed in the
 459 Lease or other writing received by Buyer. Seller shall not amend, alter, modify, extend or cancel any of the Leases nor shall Seller
 460 enter into any new leases affecting the Property without the prior written consent of Buyer, which consent shall not be
 461 unreasonably withheld or delayed.

462 11. TENANT ESTOPPEL STATEMENTS.

463 **11.1. Tenant Estoppel Statements Conditions.** Buyer shall have the right to review and object to any Estoppel
 464 Statements. Seller shall obtain and deliver to Buyer on or before **Tenant Estoppel Statements Deadline** (§ 3), statements in a
 465 form and substance reasonably acceptable to Buyer, from each occupant or tenant at the Property (Estoppel Statement) attached to
 466 a copy of such occupant's or tenant's lease and any amendments (Lease) stating:

467 **11.1.1.** The commencement date of the Lease and scheduled termination date of the Lease;

468 **11.1.2.** That said Lease is in full force and effect and that there have been no subsequent modifications or
 469 amendments;

470 **11.1.3.** The amount of any advance rentals paid, rent concessions given, and deposits paid to Seller;

471 **11.1.4.** The amount of monthly (or other applicable period) rental paid to Seller;

472 **11.1.5.** That there is no default under the terms of said Lease by landlord or occupant; and

473 **11.1.6.** That the Lease to which the Estoppel is attached is a true, correct and complete copy of the Lease demising
 474 the premises it describes.

475 **11.2. Tenant Estoppel Statements Objection.** Buyer shall have the Right to Terminate under § 25.1, on or before
 476 **Tenant Estoppel Statements Objection Deadline** (§ 3), based on any unsatisfactory Estoppel Statement, in Buyer's sole
 477 subjective discretion or if Seller fails to deliver the Estoppel Statements on or before **Tenant Estoppel Statements Deadline** (§ 3).
 478 Buyer shall also have the unilateral right to waive any unsatisfactory Estoppel Statement.

479

CLOSING PROVISIONS

480 **12. CLOSING DOCUMENTS, INSTRUCTIONS AND CLOSING.**

481 **12.1. Closing Documents and Closing Information.** Seller and Buyer shall cooperate with the Closing Company to
 482 enable the Closing Company to prepare and deliver documents required for Closing to Buyer and Seller and their designees. If
 483 Buyer is obtaining a new loan to purchase the Property, Buyer acknowledges Buyer's lender shall be required to provide the
 484 Closing Company in a timely manner all required loan documents and financial information concerning Buyer's new loan. Buyer
 485 and Seller will furnish any additional information and documents required by Closing Company that will be necessary to complete
 486 this transaction. Buyer and Seller shall sign and complete all customary or reasonably required documents at or before Closing.

487 **12.2. Closing Instructions.** Buyer and Seller agree to execute the Colorado Real Estate Commission's Closing Instructions.
 488 Such Closing Instructions Are Are Not executed with this Contract. Upon mutual execution, Seller Buyer shall
 489 deliver such Closing Instructions to the Closing Company.

490 **12.3. Closing.** Delivery of deed from Seller to Buyer shall be at closing (Closing). Closing shall be on the date specified
 491 as the **Closing Date** (§ 3) or by mutual agreement at an earlier date. The hour and place of Closing shall be as designated by
 492 *Title company*.

493 **12.4. Disclosure of Settlement Costs.** Buyer and Seller acknowledge that costs, quality, and extent of service vary
 494 between different settlement service providers (e.g., attorneys, lenders, inspectors and title companies).

495 **13. TRANSFER OF TITLE.** Subject to tender of payment at Closing as required herein and compliance by Buyer with the
 496 other terms and provisions hereof, Seller shall execute and deliver a good and sufficient *Special Warranty Deed* deed
 497 to Buyer, at Closing, conveying the Property free and clear of all taxes except the general taxes for the year of Closing. Except as
 498 provided herein, title shall be conveyed free and clear of all liens, including any governmental liens for special improvements
 499 installed as of the date of Buyer's signature hereon, whether assessed or not. Title shall be conveyed subject to:

500 **13.1.** Those specific Exceptions described by reference to recorded documents as reflected in the Title Documents
 501 accepted by Buyer in accordance with **Record Title Matters** (§ 8.1),

502 **13.2.** Distribution utility easements (including cable TV),

503 **13.3.** Those specifically described rights of third parties not shown by the public records of which Buyer has actual
 504 knowledge and which were accepted by Buyer in accordance with **Off-Record Title Matters** (§ 8.2) and **Current Survey Review**
 505 (§ 9),

506 **13.4.** Inclusion of the Property within any special taxing district, and

507 **13.5.** Other *N/A*.

508 **14. PAYMENT OF ENCUMBRANCES.** Any encumbrance required to be paid shall be paid at or before Closing from the
 509 proceeds of this transaction or from any other source.

510 **15. CLOSING COSTS, CLOSING FEE, ASSOCIATION FEES AND TAXES.**

511 **15.1. Closing Costs.** Buyer and Seller shall pay, in Good Funds, their respective closing costs and all other items required
 512 to be paid at Closing, except as otherwise provided herein.

513 **15.2. Closing Services Fee.** The fee for real estate closing services shall be paid at Closing by Buyer Seller
 514 One-Half by Buyer and One-Half by Seller Other *N/A*.

515 **15.3. Status Letter and Transfer Fees.** Any fees incident to the issuance of Association's statement of assessments
 516 (Status Letter) shall be paid by Buyer Seller One-Half by Buyer and One-Half by Seller None. Any transfer
 517 fees assessed by the Association including, but not limited to, any record change fee, regardless of name or title of such fee
 518 (Association's Transfer Fee) shall be paid by Buyer Seller One-Half by Buyer and One-Half by Seller. None.

519 **15.4. Local Transfer Tax.** The Local Transfer Tax of *N/A* % of the Purchase Price shall be paid at Closing by
 520 Buyer Seller One-Half by Buyer and One-Half by Seller None.

521 **15.5. Private Transfer Fee.** Private transfer fees and other fees due to a transfer of the Property, payable at Closing, such
 522 as community association fees, developer fees and foundation fees, shall be paid at Closing by Buyer Seller One-Half
 523 by Buyer and One-Half by Seller None.

524 **15.6. Sales and Use Tax.** Any sales and use tax that may accrue because of this transaction shall be paid when due by
 525 Buyer Seller One-Half by Buyer and One-Half by Seller None.

526 **16. PRORATIONS.** The following shall be prorated to **Closing Date** (§ 3), except as otherwise provided:

527 **16.1. Taxes.** Personal property taxes, if any, special taxing district assessments, if any, and general real estate taxes for the
 528 year of Closing, based on Taxes for the Calendar Year Immediately Preceding Closing Most Recent Mill Levy and
 529 Most Recent Assessed Valuation, or Other *N/A*.

530 **16.2. Rents.** Rents based on Rents Actually Received Accrued. At Closing, Seller shall transfer or credit to
 531 Buyer the security deposits for all Leases assigned, or any remainder after lawful deductions, and notify all tenants in writing of
 532 such transfer and of the transferee's name and address. Seller shall assign to Buyer all Leases in effect at Closing and Buyer shall
 533 assume Seller's obligations under such Leases.

534 **16.3. Association Assessments.** Current regular Association assessments and dues (Association Assessments) paid in
 535 advance shall be credited to Seller at Closing. Cash reserves held out of the regular Association Assessments for deferred
 536 maintenance by the Association shall not be credited to Seller except as may be otherwise provided by the Governing Documents.
 537 Buyer acknowledges that Buyer may be obligated to pay the Association, at Closing, an amount for reserves or working capital.
 538 Any special assessment assessed prior to **Closing Date** (§ 3) by the Association shall be the obligation of Buyer Seller.
 539 Except however, any special assessment by the Association for improvements that have been installed as of the date of Buyer's
 540 signature hereon, whether assessed prior to or after Closing, shall be the obligation of Seller. Seller represents that the Association
 541 Assessments are currently payable at \$ *there are no special assesments we know of* per *N/A* and that there are
 no unpaid regular or special
 542 assessments against the Property except the current regular assessments and *there are no known special*
assessments and no owners association, except any that have or will be disclosed to
buyer. . Such
 543 assessments are subject to change as provided in the Governing Documents. Seller agrees to promptly request the Association to
 544 deliver to Buyer before **Closing Date** (§ 3) a current Status Letter.

545 **16.4. Other Prorations.** Water and sewer charges, interest on continuing loan, and *N/A*.

546 **16.5. Final Settlement.** Unless otherwise agreed in writing, these prorations shall be final.

547 **17. POSSESSION.** Possession of the Property shall be delivered to Buyer on **Possession Date** (§ 3) at **Possession Time** (§ 3),
 548 subject to the following leases or tenancies: *N/A*
 549
 550

551 If Seller, after Closing, fails to deliver possession as specified, Seller shall be subject to eviction and shall be additionally
 552 liable to Buyer for payment of \$ *N/A* per day (or any part of a day notwithstanding § 18.1) from **Possession Date**
 553 (§ 3) and **Possession Time** (§ 3) until possession is delivered.

GENERAL PROVISIONS

555 **18. DAY; COMPUTATION OF PERIOD OF DAYS, DEADLINE.**

556 **18.1. Day.** As used in this Contract, the term "day" shall mean the entire day ending at 11:59 p.m., United States
 557 Mountain Time (Standard or Daylight Savings as applicable).

558 **18.2. Computation of Period of Days, Deadline.** In computing a period of days, when the ending date is not specified,
 559 the first day is excluded and the last day is included, e.g., three days after MEC. If any deadline falls on a Saturday, Sunday or
 560 federal or Colorado state holiday (Holiday), such deadline **Shall** **Shall Not** be extended to the next day that is not a
 561 Saturday, Sunday or Holiday. Should neither box be checked, the deadline shall not be extended.

562 **19. CAUSES OF LOSS, INSURANCE; CONDITION OF, DAMAGE TO PROPERTY AND INCLUSIONS AND**
 563 **WALK-THROUGH.** Except as otherwise provided in this Contract, the Property, Inclusions or both shall be delivered in the
 564 condition existing as of the date of this Contract, ordinary wear and tear excepted.

565 **19.1. Causes of Loss, Insurance.** In the event the Property or Inclusions are damaged by fire, other perils or causes of
 566 loss prior to Closing in an amount of not more than ten percent of the total Purchase Price (Property Damage), Seller shall be
 567 obligated to repair the same before **Closing Date** (§ 3). In the event such damage is not repaired within said time or if the damage
 568 exceeds such sum, this Contract may be terminated at the option of Buyer. Buyer shall have the Right to Terminate under § 25.1,
 569 on or before **Closing Date** (§ 3), based on any Property Damage not repaired before **Closing Date** (§ 3). Should Buyer elect to
 570 carry out this Contract despite such Property Damage, Buyer shall be entitled to a credit at Closing for all insurance proceeds that
 571 were received by Seller (but not the Association, if any) resulting from such damage to the Property and Inclusions, plus the
 572 amount of any deductible provided for in such insurance policy. Such credit shall not exceed the Purchase Price. In the event Seller
 573 has not received such insurance proceeds prior to Closing, the parties may agree to extend the **Closing Date** (§ 3) or, at the option
 574 of Buyer, Seller shall assign such proceeds at Closing, plus credit Buyer the amount of any deductible provided for in such
 575 insurance policy, but not to exceed the total Purchase Price.

576 **19.2. Damage, Inclusions and Services.** Should any Inclusion or service (including utilities and communication
 577 services), systems and components of the Property, e.g. heating or plumbing, fail or be damaged between the date of this Contract
 578 and Closing or possession, whichever shall be earlier, then Seller shall be liable for the repair or replacement of such Inclusion,
 579 service, system, component or fixture of the Property with a unit of similar size, age and quality, or an equivalent credit, but only
 580 to the extent that the maintenance or replacement of such Inclusion, service, system, component or fixture is not the responsibility
 581 of the Association, if any, less any insurance proceeds received by Buyer covering such repair or replacement. Seller and Buyer
 582 are aware of the existence of pre-owned home warranty programs that may be purchased and may cover the repair or replacement
 583 of such Inclusions.

584 **19.3. Condemnation.** In the event Seller receives actual notice prior to Closing that a pending condemnation action may

585 result in a taking of all or part of the Property or Inclusions, Seller shall promptly notify Buyer, in writing, of such condemnation
 586 action. Buyer shall have the Right to Terminate under § 25.1, on or before **Closing Date** (§ 3), based on such condemnation action,
 587 in Buyer's sole subjective discretion. Should Buyer elect to consummate this Contract despite such diminution of value to the
 588 Property and Inclusions, Buyer shall be entitled to a credit at Closing for all condemnation proceeds awarded to Seller for the
 589 diminution in the value of the Property or Inclusions but such credit shall not include relocation benefits or expenses, or exceed the
 590 Purchase Price.

591 **19.4. Walk-Through and Verification of Condition.** Buyer, upon reasonable notice, shall have the right to walk through
 592 the Property prior to Closing to verify that the physical condition of the Property and Inclusions complies with this Contract.

593 **19.5 Risk of Loss—Growing Crops.** The risk of loss for damage to growing crops by fire or other casualty shall be
 594 borne by the party entitled to the growing crops as provided in § 2.5.5 and such party shall be entitled to such insurance proceeds
 595 or benefits for the growing crops.

596 **20. RECOMMENDATION OF LEGAL AND TAX COUNSEL.** By signing this document, Buyer and Seller acknowledge
 597 that the respective broker has advised that this document has important legal consequences and has recommended the examination
 598 of title and consultation with legal and tax or other counsel before signing this Contract.

599 **21. TIME OF ESSENCE, DEFAULT AND REMEDIES.** Time is of the essence hereof. If any note or check received as
 600 Earnest Money hereunder or any other payment due hereunder is not paid, honored or tendered when due, or if any obligation
 601 hereunder is not performed or waived as herein provided, there shall be the following remedies:

602 **21.1. If Buyer is in Default:**

603 **21.1.1. Specific Performance.** Seller may elect to treat this Contract as canceled, in which case all Earnest Money
 604 (whether or not paid by Buyer) shall be paid to Seller and retained by Seller; and Seller may recover such damages as may be
 605 proper; or Seller may elect to treat this Contract as being in full force and effect and Seller shall have the right to specific
 606 performance or damages, or both.

607 **21.1.2. Liquidated Damages, Applicable.** This § 21.1.2 shall apply unless the box in § 21.1.1. is checked. All
 608 Earnest Money (whether or not paid by Buyer) shall be paid to Seller, and retained by Seller. Both parties shall thereafter be
 609 released from all obligations hereunder. It is agreed that the Earnest Money specified in § 4.1 is LIQUIDATED DAMAGES, and
 610 not a penalty, which amount the parties agree is fair and reasonable and (except as provided in §§ 10.4, 22, 23 and 24), said
 611 payment of Earnest Money shall be SELLER'S SOLE AND ONLY REMEDY for Buyer's failure to perform the obligations of
 612 this Contract. Seller expressly waives the remedies of specific performance and additional damages.

613 **21.2. If Seller is in Default:** Buyer may elect to treat this Contract as canceled, in which case all Earnest Money received
 614 hereunder shall be returned and Buyer may recover such damages as may be proper, or Buyer may elect to treat this Contract as
 615 being in full force and effect and Buyer shall have the right to specific performance or damages, or both.

616 **22. LEGAL FEES, COST AND EXPENSES.** Anything to the contrary herein notwithstanding, in the event of any arbitration
 617 or litigation relating to this Contract, prior to or after **Closing Date** (§ 3), the arbitrator or court shall award to the prevailing party
 618 all reasonable costs and expenses, including attorney fees, legal fees and expenses.

619 **23. MEDIATION.** If a dispute arises relating to this Contract, prior to or after Closing, and is not resolved, the parties shall first
 620 proceed in good faith to submit the matter to mediation. Mediation is a process in which the parties meet with an impartial person
 621 who helps to resolve the dispute informally and confidentially. Mediators cannot impose binding decisions. The parties to the
 622 dispute must agree, in writing, before any settlement is binding. The parties will jointly appoint an acceptable mediator and will
 623 share equally in the cost of such mediation. The mediation, unless otherwise agreed, shall terminate in the event the entire dispute
 624 is not resolved within thirty days of the date written notice requesting mediation is delivered by one party to the other at the party's
 625 last known address. This section shall not alter any date in this Contract, unless otherwise agreed.

626 **24. EARNEST MONEY DISPUTE.** Except as otherwise provided herein, Earnest Money Holder shall release the Earnest
 627 Money as directed by written mutual instructions, signed by both Buyer and Seller. In the event of any controversy regarding the
 628 Earnest Money (notwithstanding any termination of this Contract), Earnest Money Holder shall not be required to take any action.
 629 Earnest Money Holder, at its option and sole subjective discretion, may (1) await any proceeding, (2) interplead all parties and
 630 deposit Earnest Money into a court of competent jurisdiction and shall recover court costs and reasonable attorney and legal fees,
 631 or (3) provide notice to Buyer and Seller that unless Earnest Money Holder receives a copy of the Summons and Complaint or
 632 Claim (between Buyer and Seller) containing the case number of the lawsuit (Lawsuit) within one hundred twenty days of Earnest
 633 Money Holder's notice to the parties, Earnest Money Holder shall be authorized to return the Earnest Money to Buyer. In the event
 634 Earnest Money Holder does receive a copy of the Lawsuit, and has not interpleaded the monies at the time of any Order, Earnest
 635 Money Holder shall disburse the Earnest Money pursuant to the Order of the Court. The parties reaffirm the obligation of
 636 **Mediation** (§ 23). The provisions of this § 24 apply only if the Earnest Money Holder is one of the Brokerage Firms named in
 637 § 33 or § 34.

638 **25. TERMINATION.**

639 **25.1. Right to Terminate.** If a party has a right to terminate, as provided in this Contract (Right to Terminate), the
640 termination shall be effective upon the other party's receipt of a written notice to terminate (Notice to Terminate), provided such
641 written notice was received on or before the applicable deadline specified in this Contract. If the Notice to Terminate is not
642 received on or before the specified deadline, the party with the Right to Terminate shall have accepted the specified matter,
643 document or condition as satisfactory and waived the Right to Terminate under such provision.

644 **25.2. Effect of Termination.** In the event this Contract is terminated, all Earnest Money received hereunder shall be
645 returned and the parties shall be relieved of all obligations hereunder, subject to §§ 10.4, 22, 23 and 24.

646 **26. ENTIRE AGREEMENT, MODIFICATION, SURVIVAL.** This Contract, its exhibits and specified addenda, constitute
647 the entire agreement between the parties relating to the subject hereof, and any prior agreements pertaining thereto, whether oral or
648 written, have been merged and integrated into this Contract. No subsequent modification of any of the terms of this Contract shall
649 be valid, binding upon the parties, or enforceable unless made in writing and signed by the parties. Any obligation in this Contract
650 that, by its terms, is intended to be performed after termination or Closing shall survive the same.

651 **27. NOTICE, DELIVERY, AND CHOICE OF LAW.**

652 **27.1. Physical Delivery.** All notices must be in writing, except as provided in § 27.2. Any document, including a signed
653 document or notice, from or on behalf of Seller, and delivered to Buyer shall be effective when physically received by Buyer, any
654 signatory on behalf of Buyer, any named individual of Buyer, any representative of Buyer, or Brokerage Firm of Broker working
655 with Buyer (except for delivery, after Closing, of the notice requesting mediation described in § 23) and except as provided in
656 § 27.2. Any document, including a signed document or notice, from or on behalf of Buyer, and delivered to Seller shall be
657 effective when physically received by Seller, any signatory on behalf of Seller, any named individual of Seller, any representative of
658 Seller, or Brokerage Firm of Broker working with Seller (except for delivery, after Closing, of the notice requesting mediation
659 described in § 23) and except as provided in § 27.2.

660 **27.2. Electronic Delivery.** As an alternative to physical delivery, any document, including any signed document or
661 written notice, may be delivered in electronic form only by the following indicated methods: **Facsimile** **Email**
662 **Internet** **No Electronic Delivery.** If the box "No Electronic Delivery" is checked, this § 27.2 shall not be applicable and
663 § 27.1 shall govern notice and delivery. Documents with original signatures shall be provided upon request of any party.

664 **27.3. Choice of Law.** This Contract and all disputes arising hereunder shall be governed by and construed in accordance
665 with the laws of the State of Colorado that would be applicable to Colorado residents who sign a contract in Colorado for property
666 located in Colorado.

667 **28. NOTICE OF ACCEPTANCE, COUNTERPARTS.** This proposal shall expire unless accepted in writing, by Buyer and
668 Seller, as evidenced by their signatures below, and the offering party receives notice of such acceptance pursuant to § 27 on or
669 before **Acceptance Deadline Date** (§ 3) and **Acceptance Deadline Time** (§ 3). If accepted, this document shall become a contract
670 between Seller and Buyer. A copy of this document may be executed by each party, separately, and when each party has executed
671 a copy thereof, such copies taken together shall be deemed to be a full and complete contract between the parties.

672 **29. GOOD FAITH.** Buyer and Seller acknowledge that each party has an obligation to act in good faith, including but not
673 limited to, exercising the rights and obligations set forth in the provisions of **Financing Conditions and Obligations** (§ 5),
674 **Record Title and Off-Record Title Matters** (§ 8), **Current Survey Review** (§ 9) and **Property Disclosure, Inspection,**
675 **Indemnity, Insurability, Due Diligence and Source of Water** (§ 10).

ADDITIONAL PROVISIONS AND ATTACHMENTS

677 **30. ADDITIONAL PROVISIONS.** (The following additional provisions have not been approved by the Colorado Real Estate
678 Commission.)

679 *BACK-UP CONTRACT POSITION. It is understood that this offer is a back up contract
to an existing contract which is in place and may close prior to the acceptance
date of this offer. This contract, if accepted, will move into first position
if the existing contract fails.*

*Buyer will accept the property subject to the outcome of a meeting with the
city of Loveland at CRT meeting that would indicate favorable position on
allowing a re-subdivision to allowing 9 homes or more to be built on the 5.18
acres .*

Brokerage and Disclosure:

The Buyer is represented by (Rick Archibald, acting as a Buyers Broker) Sellers Understand that Rick Archibald is an active licensed Colorado Real Estate Broker licensed under Resident Realty of Windsor, Colorado and is acting as a Buyers agent for 208 Old County Road, LLC. It is also understood he is managing principal of 208 Old County Road, LLC and acknowledges that he may make a profit from this transaction.

1031 Tax Deferred Exchange:

Each Party agrees to cooperate with the other regarding a 1031 tax deferred exchange as long as it is at no additional cost to the other party and as so long as it does not delay the closing.

Buyers will be able to demonstrate that they have access to the funds needed to close once funds have been cleared through various investment accounts and approved by the new partners who will form the new LLC Ownership Group.

ATTACHMENTS. The following attachments are a part of this Contract: A copy of all paperwork information in any way relating to or concerning this property, including any maps, plat, surveys, environmental phase one studies, traffic studies or drawings of the property that in any way effect the building or the property. To include any special Zoning regulations by the City or the County or the State of Colorado including any and all other documents they have in their possession regarding this property . (if Any)

681

682 31. ATTACHMENTS. The following are a part of this Contract:

683 N/A

684

685

686 Note: The following disclosure forms are attached but are not a part of this Contract:

687 N/A

688

689

690

SIGNATURES

691

Buyer's Name: 208 Old County Road LLC and or assigns

Buyer's Signature Rick Archibald as Agent for 208 Old County Road, LLC	Date
Address: 6550 W. Hwy 34 Loveland, CO 80537	
Phone No.: 1-970-667-4511	
Fax No.: N/A	
Electronic Address: archieandsuzanne@msn.com	

692 [NOTE: If this offer is being countered or rejected, do not sign this document. Refer to § 32]

Seller's Name: *Current title holder of record*

Seller's Name: _____

Seller's Signature _____ Date _____

Address: _____

Phone No.: _____

Fax No.: _____

Electronic Address: _____

Seller's Name: _____

Seller's Signature _____ Date _____

Address: _____

Phone No.: _____

Fax No.: _____

Electronic Address: _____

693

694 **32. COUNTER; REJECTION.** This offer is Countered Rejected.
695 **Initials only of party (Buyer or Seller) who countered or rejected offer** _____

696

END OF CONTRACT TO BUY AND SELL REAL ESTATE

33. BROKER'S ACKNOWLEDGMENTS AND COMPENSATION DISCLOSURE.

(To be completed by Broker working with Buyer)

Broker Does Does Not acknowledge receipt of Earnest Money deposit and, while not a party to the Contract, agrees to cooperate upon request with any mediation concluded under § 23. Broker agrees that if Brokerage Firm is the Earnest Money Holder and, except as provided in § 24, if the Earnest Money has not already been returned following receipt of a Notice to Terminate or other written notice of termination, Earnest Money Holder shall release the Earnest Money as directed by the written mutual instructions. Such release of Earnest Money shall be made within five days of Earnest Money Holder's receipt of the executed written mutual instructions, provided the Earnest Money check has cleared. Broker agrees that if Earnest Money Holder is other than the Brokerage Firm identified in § 33 or § 34, Closing Instructions signed by Buyer, Seller, and Earnest Money Holder must be obtained on or before delivery of Earnest Money to Earnest Money Holder.

Broker is working with Buyer as a Buyer's Agent Seller's Agent Transaction-Broker in this transaction.
 This is a Change of Status.

Brokerage Firm's compensation or commission is to be paid by Listing Brokerage Firm Buyer
 Other *N/A*.

Brokerage Firm's Name: *Rick Archibald licensed broker with Resident Realty*

Broker's Name: *Rick Archibald of Loveland, CO*

Broker's Signature: _____ Date _____

Address: *6550 W Hwy 34*
Loveland, CO 80538

Phone No.: *(970) 225-4043*

Fax No.: *N/A*

Electronic Address: *archieandsuzanne@msn.com*

34. BROKER'S ACKNOWLEDGMENTS AND COMPENSATION DISCLOSURE.

(To be completed by Broker working with Seller)

Broker Does Does Not acknowledge receipt of Earnest Money deposit and, while not a party to the Contract, agrees to cooperate upon request with any mediation concluded under § 23. Broker agrees that if Brokerage Firm is the Earnest Money Holder and, except as provided in § 24, if the Earnest Money has not already been returned following receipt of a Notice to Terminate or other written notice of termination, Earnest Money Holder shall release the Earnest Money as directed by the written mutual instructions. Such release of Earnest Money shall be made within five days of Earnest Money Holder's receipt of the executed written mutual instructions, provided the Earnest Money check has cleared. Broker agrees that if Earnest Money Holder is other than the Brokerage Firm identified in § 33 or § 34, Closing Instructions signed by Buyer, Seller, and Earnest Money Holder must be obtained on or before delivery of Earnest Money to Earnest Money Holder.

Broker is working with Seller as a Seller's Agent Buyer's Agent Transaction-Broker in this transaction.
 This is a Change of Status.

Brokerage Firm's compensation or commission is to be paid by Seller Buyer Other To be paid by Buyer outside of Closing.

Brokerage Firm's Name: *Loveland Commercial*
 Broker's Name: *Nathan Klein*

 Broker's Signature: Date

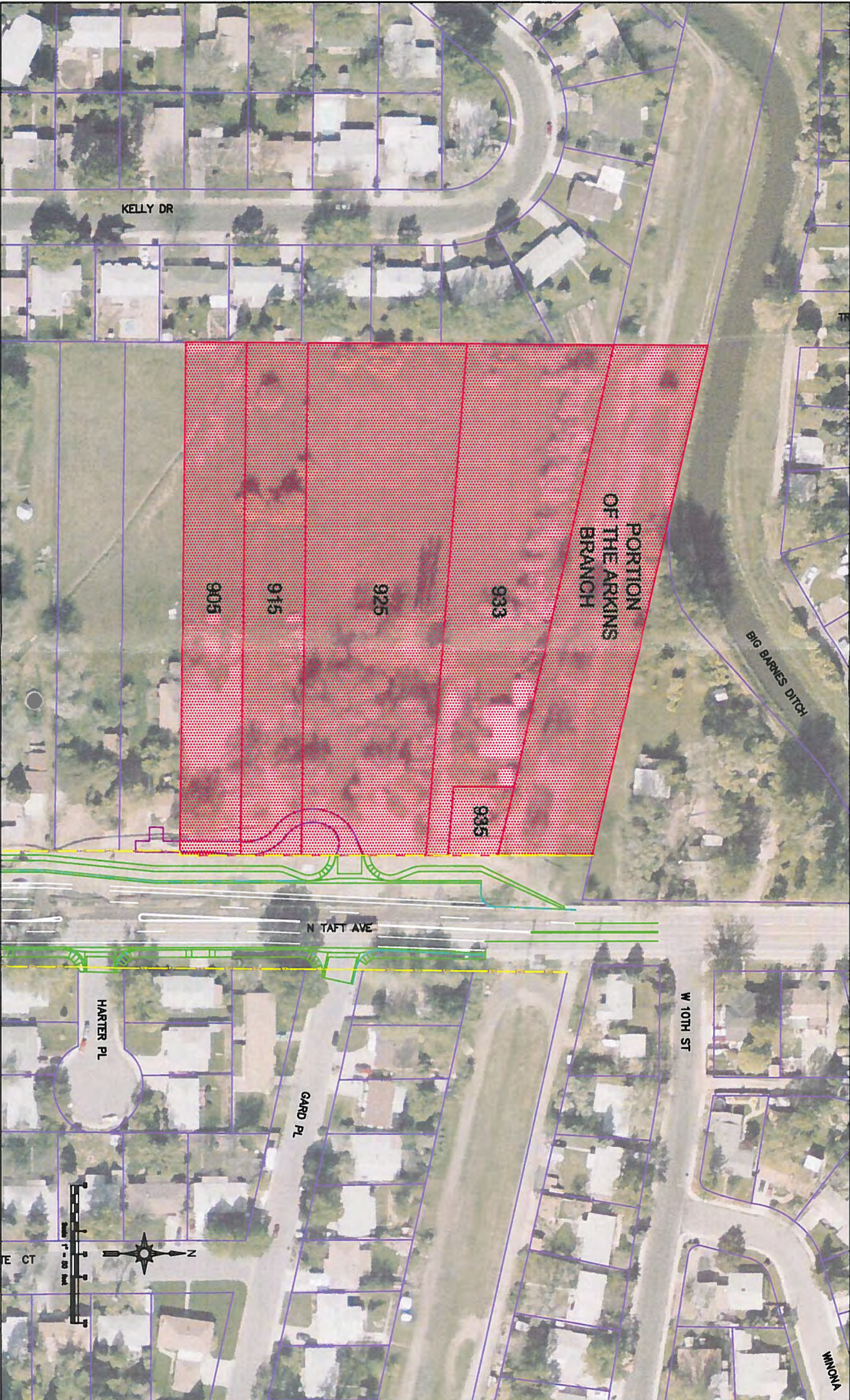
Address: *N/A*
Loveland , Colorado 80537


Phone No.: *1- 970.667.7000 or 970.222.2473*

Fax No.: *N/A*

Electronic Address: *nklein@lovelandcommercial.com*

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Computer File Information		Sheet Revisions			PUBLIC WORKS ENGINEERING 410 East Fifth Street Loveland, Colorado 80537 Phone: (970) 962-2627 FAX: (970) 962-2908 www.lovelandcolorado.gov/publicworks/ww/enr/WilliamDoughlin	As Constructed		TAFT AVENUE & W 8TH STREET 905-935 N. Taft Ave PROPERTY EXHIBIT	Project No./Code EN0104
Creation Date:	04/18/08	Initials:	SRA			No Revisions:			
Last Modification Date:		Initials:		Review:		Subject Sheets:			
Drawing File Name:	COL-Owned								
Acad Ver: CAD 2008	Scale: 1" = 50'	Units:	ENGLISH						
		<input type="checkbox"/> R1							
		<input type="checkbox"/> R2							
		<input type="checkbox"/> R3							
		<input type="checkbox"/> R4							
		<input type="checkbox"/> R5							





CITY OF LOVELAND
PUBLIC WORKS DEPARTMENT

Administration Offices • 410 East Fifth Street • Loveland, Colorado 80537
(970) 962-2555 • FAX (970) 962-2908 • TDD (970) 962-2620

AGENDA ITEM: 10
MEETING DATE: 6/18/2013
TO: City Council
FROM: Ken Cooper, Public Works - Facilities Management
PRESENTER: Keith Reester

TITLE:

An Ordinance on first reading Authorizing the Sale of the “Bishop House,” and the Sale of Real Property Owned by the City of Loveland Pursuant to City of Loveland Municipal Charter Section 4-7

RECOMMENDED CITY COUNCIL ACTION:

Conduct a public hearing and adopt the ordinance on first reading.

OPTIONS:

1. Adopt the action as recommended
2. Deny the action
3. Adopt a modified action (specify in the motion)
4. Refer back to staff for further development and consideration
5. Adopt a motion continuing the item to a future Council meeting

DESCRIPTION:

This is an administrative action approving the sale of the “Bishop House,” located at 871 East 1st Street, and approximately 0.4 acres of City-owned real property located at 1317, 1321, & 1375 West 8th Street (these parcels were acquired for the Taft Avenue widening project).

BUDGET IMPACT:

- Positive
 Negative
 Neutral or negligible

SUMMARY:

In 1999, the City purchased approximately three acres of real property southeast of the Chilson Center to help provide growth space for future Civic Center needs. This three-acre parcel, which has a mailing address of 871 East 1st Street, is commonly referred to as the “Bishop Property.” In 2009, City Council directed staff to move forward with expansion projects at both the Chilson Center and the Library, and the Bishop Property was targeted for redevelopment to

meet additional access and parking needs for Civic Center visitors and employees. However, it was always the City's desire to save the old farm house located on the Bishop Property (Bishop House).

In 2009, City staff sent out a Request for Proposals soliciting someone to purchase and move the Bishop House. Although there was interest, nobody bid on the Bishop House. Eventually, local business owner Steve Schroeder offered to buy the Bishop House for \$100 and pay for all costs to move it. Mr. Schroeder first planned to move it to 1179 East 7th Street, but the site had too many constraints. Mr. Schroeder then set his sights on 1725 Garfield Avenue, land he owned near Lake Loveland, but opposition from neighbors was problematic.


Mr. Schroeder then hoped to buy the City-owned properties at the northeast corner of 8th Street and Taft Avenue known as 1317, 1321, and 1375 W. 8th Street ("8th Street Properties") and buy the Bishop House and move the House to that location. The 8th Street Properties total approximately 0.4 acre and were purchased for the Taft Avenue widening project, which was completed in late 2005. Although the 8th Street Properties have been for sale by the City since early 2008, no other offers were made, and there has been almost no interest. Mr. Schroeder had planned to offer the City \$25,000 for the purchase of the Bishop House and the properties at North Taft and 8th Street, but was unable to formalize the offer because of the financial realities of the project. He stopped pursuing the project late in 2010.

In early 2011, another development group led by Bryant Bajema became involved. Mr. Bajema's offer to buy the Bishop House and the 8th Street Properties for a total purchase price of \$17,000 was approved by Council in December, 2011. Unfortunately, multiple delays in the project eventually resulted in expiration of the contract in early 2013.

A new buying group led by John Sokoll with Stone Forest Real Estate Services has formalized a new offer with the very same details approved by Council in 2011. It includes all the extensive due diligence on the project completed by Mr. Bajema, including an asbestos survey on the Bishop House. If this offer is again accepted by Council, Mr. Sokoll will move the Bishop House to the new location and use or sell it for use as a private residence. Mr. Sokoll will pay all associated moving and site development costs, including applicable City fees. The 8th Street Properties come with water credits that are worth about \$24,500 due to the homes previously located there.

In a completely different real estate market in early 2007, the 8th Street Properties were appraised at \$145,000. The widening of Taft Avenue left the 8th Street Properties with only 0.4 acre, which is restrictive to development. In addition, access to the 8th Street Properties is limited to 8th Street. However, this site does provide visual access to Taft Avenue, and City staff believes it would be a fine location for the Bishop House. The Bishop House would remain in Loveland in a visible location where the community could enjoy it for many years to come.

If approved by City Council, the monies collected from the sale will be used to reimburse Public Works Capital Expansion Fees originally used to purchase the 8th Street Properties for the Taft Avenue widening project.

REVIEWED BY CITY MANAGER: 

LIST OF ATTACHMENTS:

- Ordinance
- Contract
- Legal Description of Properties
- Maps of Site Locations (2)
- Offer Letter from Potential Buyer/Developer

FIRST READING June 18, 2013

SECOND READING _____

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE SALE OF THE BISHOP HOUSE AND THE SALE OF REAL PROPERTY OWNED BY THE CITY OF LOVELAND PURSUANT SECTION 4-7 OF THE CITY OF LOVELAND MUNICIPAL CHARTER

WHEREAS, the City of Loveland is the owner of certain personal property known as the Bishop House, currently located at 871 E. First Street, Loveland, Colorado 80537 (the “Bishop House”); and

WHEREAS, the City is the owner of certain real property legally described Lots 11, 12, and 13 of Block 2, Bray Addition, City of Loveland, County of Larimer, State of Colorado, County Parcel No. 95142-36-911, also known by the mailing addresses of 1317, 1321, and 1375 W. 8th Street, Loveland, CO 80537 respectively (the “Lots”); and

WHEREAS, the City acquired the Lots as part of the Taft Avenue Widening Project, which was completed in late 2005; and

WHEREAS, the Lots are not used for parks purposes and are not needed for any governmental purpose, and have been on the real estate market since 2008; and

WHEREAS, the City has been seeking a buyer for the Bishop House in order to relocate the Bishop House elsewhere in Loveland to preserve this local landmark and make way for Civic Center development; and

WHEREAS, on November 15, 2011 by Ordinance No. 5653, the City Council authorized the sale of the Bishop House and the Lots to Microproperties Indiana, LLC (“Microproperties”) for Eighteen Thousand Dollars (\$18,000); and

WHEREAS, Microproperties was unable to complete the transaction, the contract was terminated, and the Bishop House and Lots were placed back on the market; and

WHEREAS, Regional Town Centre LLC (“RTC”) has offered purchase the Bishop House and the Lots from the City for Seventeen Thousand Dollars (\$17,000); and

WHEREAS, RTC intends to relocate the Bishop House to the Lots, thereby preserving this local landmark and making use of real property that the City desires to put back into private ownership; and

WHEREAS, the City desires to sell the Bishop House and the Lots to RTC for Seventeen Thousand Dollars (\$17,000) on the terms and conditions set forth in the Agreement

for Purchase and Relocation of Bishop House, attached hereto; and

WHEREAS, pursuant to Section 4-7 of the City of Loveland Municipal Charter, the City Council must act by ordinance to approve the transfer of fee ownership in real property owned by the City.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. That the City Council hereby finds and determines that the Lots are not needed for any governmental purpose, and that the sale of the Lots is in the best interest of the City of Loveland.

Section 2. That the City Manager is authorized to enter into the “Agreement for Purchase and Relocation of Bishop House,” attached hereto as Exhibit A and incorporated herein by reference (“Agreement”), and execute all documents, the form of which shall be approved by the City Attorney, necessary to consummate the sale of the Bishop House and the Lots for the purchase price of Seventeen Thousand Dollars (\$17,000) and to transfer the City’s interest in the Bishop House and the Lots to RTC.

Section 3. That the City Manager is authorized, following consultation with the City Attorney, to approve changes to the form or substance of the Agreement as deemed necessary to effectuate the purposes of this Ordinance or to protect the interests of the City.

Section 4. That as provided in City Charter Section 4-9(a)(7), this Ordinance shall be published by title only by the City Clerk after adoption on second reading unless the Ordinance has been amended since first reading in which case the Ordinance shall be published in full or the amendments shall be published in full. This Ordinance shall be in full force and effect ten days after its final publication, as provided in City Charter Section 4-8(b).

ADOPTED this ___ day of July, 2013.

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:



Assistant City Attorney

**AGREEMENT
For Purchase and Relocation of Bishop House**

This Agreement ("Agreement") is made and entered into this 3 day of June, 2013, by and between the **City of Loveland, Colorado**, a home rule municipality, whose address is 500 E. 3rd Street, Loveland, Colorado 80537 ("**Seller**") and **Regional Town Centre LLC**, a Colorado limited liability company, whose address is 1610 Tennessee Street, Loveland, Colorado 80538 ("**Buyer**").

Whereas, the Seller desires to sell, and the Buyer desires to buy, the house currently located at 871 E. 1st Street, Loveland, Colorado 80537, and three lots located on W. 8th Street in Loveland, Colorado, as more specifically described below, subject to the condition precedent that the Buyer remove the house from its present location and install it on the three lots for future residential use.

Now, therefore, in consideration of the mutual covenants and conditions described more fully herein, the parties agree as follows:

1. Description of Bishop House. The personal property that is the subject of this Agreement is that certain house, including all fixtures of a permanent nature now part of the house, and all improvements, including the garage, located at 871 E. 1st Street, Loveland, Colorado 80537 ("**Bishop House**"). **THE BISHOP HOUSE DOES NOT INCLUDE THE UNDERLYING REAL ESTATE, WHICH SHALL REMAIN THE PROPERTY OF THE SELLER ("CITY'S PROPERTY"). NOTHING HEREIN SHALL OPERATE AS OR BE CONSTRUED TO BE A CONVEYANCE OF THE CITY'S PROPERTY.**

2. Description of Lots. The real property that is the subject of this Agreement is legally described as follows (collectively referred to herein as the "**Lots**"):

a. Lot 11, Block 2, Bray Addition, City of Loveland, County of Larimer, State of Colorado, County Parcel No. 95142-36-911, also known by the mailing address of 1317 W. 8th Street, Loveland, CO 80537;

b. Lot 12, Block 2, Bray Addition, City of Loveland, County of Larimer, State of Colorado, County Parcel No. 95142-36-912, also known by the mailing address of 1321 W. 8th Street, Loveland, CO 80537; and

c. Lot 13, Block 2, Bray Addition, City of Loveland, County of Larimer, State of Colorado, County Parcel No. 95142-36-913, also known by the mailing address of 1375 W. 8th Street, Loveland, CO 80537.

3. Method of Conveyance. The Seller agrees to sell, and the Buyer agrees to buy, the Bishop House and the Lots, subject to the terms and conditions of this Agreement. The Bishop House shall be conveyed to the Buyer by bill of sale in the form attached hereto as **Exhibit A** and incorporated herein by reference ("**Bill of Sale**"). The Lots shall be conveyed to

the Buyer by quitclaim deed in the form attached hereto as **Exhibit B** and incorporated herein by reference ("**Quitclaim Deed**").

4. Purchase Price. The total purchase price for the Bishop House and the Lots shall be Seventeen Thousand Dollars (\$17,000.00) ("**Purchase Price**"), to be paid as follows:

a. Upon the Seller's execution of this Agreement, the Buyer shall deposit One Thousand Dollars (\$1,000) as an earnest money deposit ("**Earnest Money**"), which shall be held in escrow with Unified Title Company, Fort Collins, Colorado 80528 ("**Title Company**").

b. The Buyer shall pay to the Seller Sixteen Thousand Dollars (\$16,000) by certified check at the time of Escrow Closing, defined below.

5. Escrow Closing.

a. The Escrow Closing shall be held on August 16, 2013, at the Title Company's Loveland office, located at 3013 N. Taft Avenue, Suite 3, Loveland, Colorado 80538 ("**Title Company's Office**"), or at such other time as the parties may mutually agree.

b. The following shall occur at Escrow Closing, each being a condition precedent to the others and all being considered as occurring simultaneously:

(i) The Seller shall execute, have notarized, and deliver to the Title Company the Bill of Sale conveying title to the Bishop House in place, F.O.B. City's Property, in accordance with the provisions of this Agreement;

(ii) The Seller shall execute, have notarized, and deliver to the Buyer the Quitclaim Deed conveying title to the Lots, in accordance with the provisions of this Agreement;

(iii) The Buyer shall deliver to the Title Company the certified check required by Subparagraph 4.b. above;

(iv) The Seller shall deliver to the Title Company a copy of the signed plat merging the Lots into one legal lot;

(v) The Seller shall execute and deliver to the Buyer an affidavit stating that the Seller is not a foreign person, foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);

(vi) The Seller shall execute Certificates as to Taxpayer Identification Number as required by law;

(vii) The Seller and the Buyer shall each execute and deliver Settlement Statements, showing adjustments in the payment of the costs of the closing;

(viii) The Buyer shall execute a Real Property Transfer Declaration as required by Colorado law;

(ix) Each party shall deliver to the Title Company such other documents, certificates, and the like as may be required herein or as may be necessary or helpful to carry out each party's obligations under this Agreement, with copies of all such documents to the other party; and

(x) The Buyer and the Seller shall execute in counterpart and deliver to the Title Company the "Development and Covenant Agreement," the form of which is attached hereto as **Exhibit C** and incorporated herein by reference.

6. Escrow Release.

a. Escrow Release, as defined below, shall occur only after all of the following conditions have been satisfied:

(i) The Buyer's Relocation of the Bishop House onto the Lots on or before the Relocation Deadline as required in Paragraph 10;

(ii) The Buyer's completion of the City's Property finish as required in Paragraph 12, which shall occur within thirty (30) days of the Relocation Deadline; and

(iii) The Title Company's receipt of written instructions signed by both the Buyer and the Seller authorizing Escrow Release, which shall be delivered by the Buyer and the Seller within thirty (30) days of the Relocation Deadline.

b. Upon satisfaction of all of the conditions set forth in subparagraph a. above, the Title Company shall do the following, in the order listed below (which together constitute "**Escrow Release**"):

(i) Record with the Larimer County Clerk and Recorder's Office the plat merging the Lots;

(ii) Record with the Larimer County Clerk and Recorder's Office the Development Covenant and Agreement;

(iii) Record with the Larimer County Clerk and Recorder's Office the Quitclaim Deed;

(iv) Deliver to the Buyer the Bill of Sale;

(v) Deliver the net proceeds to the Seller; and

(vi) Deliver to the Buyer and the Seller copies of settlement statements and all other documents signed at Escrow Closing. Following Escrow Release, the Title Company shall have no other duties or responsibilities to the parties.

c. If the conditions set forth in subparagraph a. above are not satisfied on or before the deadlines set forth herein, then the Title Company shall deliver the Earnest Money to the Seller, return all documents to the depositing party, and this Agreement shall be terminated.

7. **Insurance.** The Buyer shall obtain insurance against all losses and damages to the Seller resulting from the Buyer's activities on the Lots prior to Escrow Release, the Buyer's relocation of the Bishop House from the City's Property to the Lots, and the Buyer's activities on the City's Property. Said policy shall be for the mutual and joint benefit and protection of the Buyer and the Seller and shall provide that the Seller, although named as an additional insured, shall nevertheless be entitled to recover under said policies for any loss occasioned to it, its officers, employees, and agents by reason of the negligence of the Buyer, its officers, employees, agents, subcontractors, or business invitees. Such policy shall be written as a primary policy not contributing to and not in excess of coverage the Seller may carry. Prior to accessing the Lots and the City's Property for any reason other than for the limited purposes stated in Paragraph 17, the Buyer shall deliver a certificate of insurance to the Seller evidencing the insurance coverage required herein. Except as permitted for the limited purposes stated in Paragraph 17, the Buyer's right to access the Lots and the City's Property granted in this Agreement is expressly contingent on the Buyer's delivery of said certificate of insurance to the Seller.

8. **Access to Lots Prior to Escrow Release; Improvements.** The Seller recognizes the Buyer's need to access and improve the Lots prior to Escrow Release in order to prepare the Relocation Site for installation of the Bishop House. Therefore, following Escrow Closing and subject to the requirements of Paragraph 7, the Seller authorizes the Buyer to access the Lots, and after obtaining all permits required by the Loveland Municipal Code, to install a foundation upon the Lots and to install and make all necessary utility connections to the Relocation Site in order to provide residential utility services to the Bishop House following its relocation. Such access shall be during regular business hours, and at such other times as may be permitted by the Seller.

9. **Possession of Bishop House.** Subject to the requirements of Paragraph 7, the Buyer shall be entitled to take possession of the Bishop House immediately following Escrow Closing. The Buyer may not occupy the Bishop House while it remains on the City's Property and may not authorize any other party to do so.

10. **Relocation of Bishop House.**

a. After Escrow Closing, but before Escrow Release, the Buyer shall remove the Bishop House from the City's Property and relocate it to the Lots. Said relocation

shall be at the Buyer's sole cost and expense. Said relocation must occur on or before one hundred eighty (180) days after Escrow Closing ("**Relocation Deadline**"). If the Buyer fails to relocate the Bishop House as required herein on or before the Relocation Deadline without the Seller's express written consent, which shall not be unreasonably withheld, then the Buyer shall be in default, and the provisions of Paragraph 18 shall apply.

b. The Buyer shall be responsible, at its sole cost and expense, for hiring a licensed contractor to remove and transport the Bishop House from the City's Property to the Lots. The Seller shall have no responsibility for any action, inaction, success, or lack of success of the contractor. The Buyer and the contractor shall be solely responsible for selection of the means and methods regarding the work to be performed under the contract between them; provided, however, that the Buyer shall require the contractor to have in place insurance, including general liability and automobile insurance, adequate to cover the work. The Buyer shall require the contractor to list the Seller as an additional insured under said policies. The Buyer shall deliver to the Seller a certificate of insurance evidencing said coverage prior to relocating the Bishop House.

c. The Buyer shall be responsible for obtaining any and all permits and approvals necessary to move the Bishop House from the City's Property to the Lots, including, without limitation, any and all permits and approvals required by the City and of utility providers whose overhead lines may need to be moved.

11. **Transportation and Risk of Loss.** The Buyer shall be solely responsible for all costs of transporting the Bishop House from the City's Property to the Lots. The Buyer further agrees to assume all risk of loss or damage to the Bishop House during removal and transport from the City's Property to the Lots. The Buyer shall secure insurance against such loss or damages during removal and transport and thereafter as the Buyer deems necessary or desirable.

12. **City's Property Finish.** The Buyer shall do all of the following prior to Escrow Release:

a. **Basement.** The Buyer acknowledges that there is a partial basement under the Bishop House. Following removal of the Bishop House from the City's Property, the Buyer shall fill in the basement with clean fill dirt and return the City's Property to grade.

b. **Septic System.** The Buyer acknowledges that there is a septic system located on the City's Property that served the Bishop House. The Buyer shall do all work to properly abandon the septic system as required by Larimer County in accordance with all applicable laws. Upon completion of the abandonment, the Buyer shall deliver to the Seller a septic system pumping report and a letter from the Buyer to the Seller stating the methods used to abandon the septic system.

c. **Performance of Work.** The Buyer shall perform all work on the City's Property in a safe, careful, and workmanlike manner and shall not modify, damage, or

destroy the Seller's landscaping, irrigation system, adjacent sidewalks, and right-of-way improvements and, except for the work required in this Paragraph 12, shall return the surface of the City's Property to its prior condition after completion of said work. The Buyer shall not leave any materials, equipment, or debris of any kind on the City's Property.

13. Indemnification. The Buyer hereby covenants and agrees to indemnify, save, and hold harmless the Seller, its officers, employees, and agents from any and all liability, loss, costs, charges, obligations, expenses, attorney's fees, litigation, judgments, damages, claims, and demands of any kind whatsoever arising from or out of any violation of any applicable law, regulation, or permit requirement, or any negligent act or omission or other tortious conduct of the Buyer, its officers, employees, or agents in the performance or nonperformance of its obligations under this Agreement.

14. Bishop House and Lots Sold As-Is; No Warranties. THE BISHOP HOUSE AND LOTS ARE SOLD BY THE SELLER AS-IS. THE SELLER DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. THE ENTIRE RISK AS TO QUALITY AND SUITABILITY OF THE BISHOP HOUSE AND LOTS IS WITH THE BUYER, AND SHOULD THE BISHOP HOUSE OR LOTS PROVE TO BE DEFECTIVE IN ANY WAY FOLLOWING THE PURCHASE, THE BUYER SHALL ASSUME THE ENTIRE COST OF ALL MAINTENANCE AND REPAIR. THE SELLER SHALL NOT BE LIABLE TO THE BUYER, AND THE BUYER HEREBY WAIVES ALL CLAIMS AGAINST THE SELLER, REGARDLESS OF THE NATURE OR THEORY UNDER WHICH SAID CLAIMS MAY ARISE, FOR ANY CONSEQUENTIAL DAMAGES, DAMAGES TO PROPERTY, DAMAGES FOR LOSS OF USE, LOSS OF TIME, LOSS OF PROFITS, OR LOSS OF INCOME, OR ANY OTHER DAMAGES, INCIDENTAL OR OTHERWISE, ARISING OUT OF THE SALE OR USE OF THE BISHOP HOUSE OR THE LOTS.

15. Maintenance of Bishop House and Lots. The Seller shall keep, or cause to be kept, the Bishop House and the Lots in their condition as of the date of this Agreement to the date of Escrow Closing, subject to the terms of this Agreement, and agrees not to commit or permit waste thereon.

16. Casualty. In the event that the Bishop House is substantially damaged by fire, flood, or casualty between the date of this Agreement and the date of Escrow Closing, this Agreement may, at the option of the Buyer, be declared null and void and of no effect, in which case the Earnest Money shall be returned to the Buyer, and the parties shall be released from all further obligations hereunder.

17. Right to Inspect.

a. The Buyer shall be allowed to fully inspect the Bishop House and the Lots at any time up to and including July 31, 2013 (the "Inspection Period"). The Seller

agrees that the Buyer and its agents may have reasonable access to the Bishop House and the Lots to conduct tests and/or inspections, at the Buyer's expense, concerning the environmental or geological conditions that could expose the Buyer to future liability for damages or clean-up expenses.

b. Notwithstanding anything contained herein to the contrary, the Buyer shall have the term of the Inspection Period within which to inspect the Bishop House and the Lots and any and all matters related to the purchase or relocation of the Bishop House, including without limitation, governmental requirements, environmental conditions, and other matters that might affect the feasibility of the Bishop House for the Buyer's anticipated use thereof or its relocation, or that might affect the feasibility of the Lots for the Buyer's anticipated use thereof, to determine whether or not the Buyer desires to proceed with the purchase of the Bishop House and the Lots from the Seller. In the event that the Buyer, within the Inspection Period, gives written notice to the Seller of the Buyer's decision not to purchase the Bishop House and the Lots for any of the reasons set forth in this paragraph, then this Agreement shall be null and void and of no effect, the Earnest Money shall be returned to the Buyer, and the parties shall be released from all further obligations hereunder.

c. Notwithstanding anything contained herein to the contrary, the Buyer shall not be obligated to obtain the insurance coverage or provide to the Seller the certificate of insurance required by Paragraph 7 in order to have access to the City's Property and the Lots to inspect the Bishop House and the Lots as permitted in this Paragraph 17.

18. Remedies on Default. If any payment due hereunder is not paid, honored, or tendered when due, or if any other obligation hereunder is not performed as herein provided, there shall be the following remedies:

a. If the Buyer is in default, the Seller's sole remedy shall be to elect to treat this Agreement as terminated, in which case the Earnest Money and all payments and things of value received hereunder from the Buyer, including any improvements made to the Lots pursuant to Paragraph 8, shall be forfeited by the Buyer and retained by the Seller, and the Seller may recover such damages as may be proper, but not to exceed Thirty-six Thousand Dollars (\$36,000.00).

b. If the Seller is in default, the Buyer's sole remedy shall be to elect to terminate this Agreement and retain the Earnest Money, or seek specific performance of this Agreement.

19. Lead-Based Paint. A completed Lead-Based Paint Disclosure form signed by the Seller is attached hereto as **Exhibit D** and incorporated herein by reference. The Buyer acknowledges timely receipt of the completed Lead-Based Paint Disclosure form signed by the Seller.

20. Methamphetamine Disclosure.

a. If the Seller knows that methamphetamine was ever manufactured, processed, cooked, disposed of, used, or stored at the Bishop House, the Seller is required to disclose such fact. No disclosure is required if the Bishop House was remediated in accordance with state standards and other requirements are fulfilled pursuant to C.R.S. § 25-18.5-102. The Buyer further acknowledges that the Buyer has the right to engage a certified hygienist or industrial hygienist to test whether the Bishop House has ever been used as a methamphetamine laboratory. If the Buyer's test results indicate that the Bishop House has been contaminated with methamphetamine, but has not been remediated to meet the standards established by rules of the State Board of Health promulgated pursuant to C.R.S. § 25-18.5-102, the Buyer shall promptly give written notice to the Seller of the results of the test, and the Buyer may terminate this Agreement upon the Seller's receipt of the Buyer's written notice to terminate, notwithstanding any other provision of this Agreement.

b. THE SELLER HAS NO KNOWLEDGE OF ANY METHAMPHETAMINE MANUFACTURE, PROCESSING, COOKING, DISPOSAL, USE, OR STORAGE AT THE BISHOP HOUSE.

c. Any testing to be performed and notice given under this paragraph shall be done within the Inspection Period and in accordance with the procedures set forth in Paragraph 17. The Buyer's failure to test or notify the Seller before expiration of the Inspection Period shall be deemed a waiver of any objection on the grounds stated in this paragraph.

21. **Notices.** Written notices shall be directed as follows and shall be deemed received when hand-delivered or emailed, or three days after being sent by certified mail, return receipt requested:

	<u>To the Seller:</u>	<u>To the Buyer:</u>
Work Coordination:	Ken Cooper Public Works, Facilities 510 E. 5 th Street Loveland, CO 80537 Ken.Cooper@cityofloveland.org	John Sokoll 413 North Railroad Loveland, CO 80537 jsokoll@stoneforestres.com
Legal Notices:	City Attorney City Attorney's Office 500 E. 3 rd Street Loveland, CO 80537 Sharon.Citino@cityofloveland.org	John Sokoll 413 North Railroad Loveland, CO 80537 jsokoll@stoneforestres.com

22. **Attorney's Fees and Costs.** In the event either party hereto shall default in any of its covenants or obligations herein provided, and the party not in default commences legal or equitable action against the defaulting party, the party adjudged to be the defaulting party expressly agrees to pay all of the non-defaulting party's reasonable expenses of said litigation, including a reasonable sum for attorney's fees.

23. **Governing Law.** This Agreement and the legal relations between the parties hereto shall be governed by and be construed in accordance with the laws of the State of Colorado, without reference to its conflict of laws principles. Venue for any judicial proceeding arising under this Agreement shall be only in the District Court for Larimer County, Colorado. In addition, the parties acknowledge that there are legal constraints imposed upon the Seller by the constitutions, statutes, and rules and regulations of the State of Colorado and of the United States, and imposed upon the Seller by its Charter and Code and that, subject to such legal constraints, the parties shall carry out the terms and conditions of this Agreement.

24. **Time is of the Essence.** It is agreed that time shall be of the essence to this Agreement and each and every provision hereof.

25. **Terms Survive Closings.** Except those terms and conditions that, by their nature, are fully and completely performed upon Escrow Release, all terms and conditions of this Agreement shall survive Escrow Release and shall continue to be binding on and inure to the benefit of the parties and their respective successors, and assigns.

In Witness Whereof, the parties have executed this Agreement on the day and year first written above.

Seller:

City of Loveland, Colorado

By: _____
William D. Cahill, City Manager

Attest:


City Clerk

Approved as to Form:

Assistant City Attorney

Buyer:

Regional Town Centre LLC

By:  _____

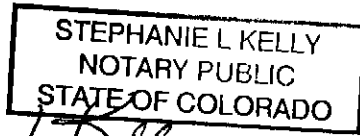
Title: MANAGING PARTNER

State of Colorado)
) ss.
County of Larimer)

The foregoing Agreement was acknowledged before me this 3rd day of JUNE, 2013, by ~~Steph~~ Bruce R. Kelly Jr. as Managing Partner of Regional Town Center LLC.

Witness my hand and official seal.

My commission expires 6/28/2015.



Stephanie L Kelly
Notary Public

**Exhibit A
Bill of Sale – Form**

BILL OF SALE

The City of Loveland, Colorado (“Grantor”), in consideration of Eight Thousand Five Hundred Dollars (\$8,500) to it paid by **Regional Town Centre LLC** (“Grantee”), the receipt of which is acknowledged, hereby grants, sells, transfers, conveys, and delivers in “AS-IS” condition to the Grantee the following personal property, namely: that certain house, including all fixtures of a permanent nature now part of the house, and all improvements, including the garage, located at 871 E. 1st Street, Loveland, Colorado 80537 (“Bishop House”). **THE BISHOP HOUSE DOES NOT INCLUDE THE UNDERLYING REAL ESTATE, WHICH SHALL REMAIN THE PROPERTY OF THE GRANTOR. NOTHING HEREIN SHALL OPERATE AS OR BE CONSTRUED TO BE A CONVEYANCE OF THE UNDERLYING REAL PROPERTY OWNED BY THE GRANTOR.**

To have and to hold the Bishop House by the Grantee, its successors, and assigns forever.

In Witness Whereof, the Grantor has signed this Bill of Sale on _____,
201____.

Grantor:

City of Loveland, Colorado

By: _____
William D. Cahill, City Manager

Attest:

City Clerk

Approved as to Form:

Assistant City Attorney

**Exhibit B
Quitclaim Deed – Form**

QUITCLAIM DEED

THIS DEED is made this ____ day of _____, 201____, between **City of Loveland, Colorado**, a home rule municipality, whose address is 500 E. 3rd Street, Loveland, Colorado 80537 (“Grantor”), and **Regional Town Centre LLC**, a Colorado limited liability company, whose address is 1610 Tennessee Street, Loveland, Colorado 80538 (“Grantee”)

WITNESS, that the Grantor, for and in consideration of the sum of Eight Thousand Five Hundred Dollars (\$8,500), the receipt and sufficiency of which is hereby acknowledged, has remised, released, sold, and QUITCLAIMED, and by these presents does remise, release, sell, and QUITCLAIM unto the Grantee, its successors, and assigns forever all the right, title, interest, claim, and demand which the Grantor has in and to the real property, together with improvements, if any, situate, lying and being in the County of Larimer, State of Colorado, described as follows:

Lot 11, Block 2, Bray Addition, City of Loveland, County of Larimer, State of Colorado, County Parcel No. 95142-36-911, also known by the mailing address of 1317 W. 8th Street, Loveland, CO 80537.

Lot 12, Block 2, Bray Addition, City of Loveland, County of Larimer, State of Colorado, County Parcel No. 95142-36-912, also known by the mailing address of 1321 W. 8th Street, Loveland, CO 80537.

Lot 13, Block 2, Bray Addition, City of Loveland, County of Larimer, State of Colorado, County Parcel No. 95142-36-913, also known by the mailing address of 1375 W. 8th Street, Loveland, CO 80537.

TO HAVE AND TO HOLD the same, together with all and singular the appurtenances and privileges thereunto belonging, or in anywise thereto appertaining, and all the estate, right, title, interest, and claim whatsoever, either in law or in equity, of the Grantor, its successors, and assigns.

IN WITNESS WHEREOF, the Grantor has executed this deed on the date set forth above.

Grantor:

City of Loveland, Colorado

By: _____
William D. Cahill, City Manager

Attest:

City Clerk

Approved as to Form:

Assistant City Attorney

State of Colorado)
) ss.
County of Larimer)

The foregoing Quitclaim Deed was acknowledged before me this ____ day of _____, 201____, by William D. Cahill as City Manager of the City of Loveland, Colorado.

Witness my hand and official seal.

My commission expires _____.

Notary Public



DEVELOPMENT COVENANT AND AGREEMENT

COVENANT AND AGREEMENT PROVIDING SPECIFIC REQUIREMENTS, RESTRICTIONS, AND CONDITIONS REGARDING ALL BLOCKS, LOTS, TRACTS AND OUTLOTS LOCATED IN THE BRAY ADDITION AMENDED PLAT #1, CITY OF LOVELAND, LARIMER COUNTY, COLORADO, AND THE DEVELOPMENT OR RE-DEVELOPMENT THEREOF.

THIS COVENANT and AGREEMENT made and entered into this ____ day of _____, 201_, by the CITY OF LOVELAND, COLORADO, a home rule municipality, hereinafter referred to as the "City", and REGIONAL TOWN CENTRE LLC, a Colorado Limited Liability Company, hereafter referred to as "Purchaser".

WITNESSETH:

WHEREAS, the City owns certain real property situated in the City of Loveland, County of Larimer, State of Colorado, (hereafter referred to as the "Existing Property") and legally described as follows, to wit:

"Lots 11, 12, and 13, Block 2 of the Bray Addition, City of Loveland, County of Larimer, State of Colorado."

WHEREAS, on _____, 2013 the City and Purchaser signed an "Agreement for Purchase and Relocation of Bishop House" (such Agreement, including any amendments thereto, is hereafter referred to as the "Purchase Agreement); and,

WHEREAS, the City has reviewed and approved a plat which merges the three lots in the Existing Property into a single lot (the "Lot Merger Plat"), which plat revises the legal description of the Existing Property to be as follows:

"Bray Addition Amended Plat #1, City of Loveland, County of Larimer, State of Colorado", (hereafter referred to as the "Amended Property"),

a copy of which is on file in the office of the City's Transportation Development Review Division and made a part hereof by reference and has been or will be recorded in the real property records of the Larimer County Clerk and Recorder contemporaneously with this Covenant and Agreement; and,

WHEREAS, the Purchaser has submitted, and the City has reviewed and approved, a public improvements construction plan and conceptual site plan for the Amended Property, a copy of which is on file in the office of the City's Transportation Development Review Division and made a part hereof by reference; and,

WHEREAS, the City will retain ownership of the Amended Property until such time as the Amended Property is conveyed to the Purchaser pursuant to the Purchase Agreement; and,

WHEREAS, the City desires to subject the Amended Property to certain requirements and conditions prior to conveyance to the Purchaser, which requirements and conditions will thenceforth encumber the Amended Property both before and following any conveyance;

NOW, THEREFORE, the City, with the full acknowledgment and agreement of the Purchaser, hereby declares that the Amended Property shall be subject to the following Covenant:

1. Upon acquisition of title to the Amended Property, or any portion thereof or interest therein, every owner of the Amended Property, including but not limited to the Purchaser, its successors and assigns, shall be deemed to have expressly agreed to the requirements and conditions of development or redevelopment set forth in Exhibit A attached to this Covenant and Agreement and incorporated herein.

2. The City hereby declares for itself and its successors and assigns that the provisions of this Covenant and Agreement and the requirements and conditions of development or redevelopment set forth in Exhibit A attached hereto and incorporated herein touch and concern the Amended Property, shall run with the Amended Property and shall be binding, fully and in all respects, upon the City's successors in title to the Amended Property, including but not limited to the Purchaser, regardless of how succession in title may be accomplished.

3. Notwithstanding any common ownership of the Amended Property now, or at any time in the future, the requirements and conditions of this Covenant and Agreement shall burden and benefit the Amended Property without merger as a result of any such common ownership, and upon conveyance of all or any portion of the Amended Property, neither the party conveying the Amended Property nor the party acquiring the Amended Property shall be required to execute additional documentation to evidence said requirements and conditions provided by this Covenant and Agreement.

[Remainder of page intentionally blank]

ACKNOWLEDGED AND AGREED BY PURCHASER:

REGIONAL TOWN CENTRE LLC
a Colorado Limited Liability Company

By: _____

Print Name & Title: _____

STATE OF COLORADO)
) ss.
COUNTY OF LARIMER)

The foregoing instrument was acknowledged before me this ____ day of _____, 201_, by _____, as _____ of Regional Town Centre LLC.

Witness my hand and official seal.
My commission expires _____

NOTARY PUBLIC

EXHIBIT A

I. General Conditions:

A. The terms of this Covenant and Agreement shall govern all development activities and all subsequent development, re-development and use of land by subsequent owners pertaining to the Amended Property. For the purposes of this Covenant and Agreement, "development activities" shall include, but not be limited to, the following: (1) the actual construction of improvements, (2) obtaining building permits for said improvements, or (3) any change in grade, contour or appearance of the Amended Property caused by, or on behalf of, any owner of the Amended Property.

B. The installation of all utilities shown on the approved public improvement construction plans shall be inspected by the designated City inspectors and shall be subject to each department's approval. The Purchaser agrees to correct any deficiencies in such installations in order to meet the requirements of the plans and/or specifications applicable to such installation.

C. The Purchaser shall obtain a Right-of-Way work permit from the Traffic Operations section of the Public Works Department prior to performing any work in any public street right of way.

D. All public improvements as shown on the approved public improvement construction plans shall be installed and accepted by the City of Loveland prior to the issuance of building permits pursuant to the provisions of Section 16.40.010 of the Loveland Municipal Code.

II. Special Conditions:

A. The City and Purchaser hereby declare, acknowledge, and agree that the following requirements and conditions were determined by the City as part of the City's approval of the Lot Merger Plat for the Amended Property.

1. All public improvements to comply with adopted City standards. Notwithstanding any information presented in the Lot Merger Plat, or accompanying possible site plan document or construction plan documents (text or graphical depictions), all public improvements shall conform to the Larimer County Urban Area Street Standards (LCUASS) as amended, unless specific variances are requested and approved in writing.

2. Location and function of private driveway. Any proposed driveway access from the Amended Property shall be provided in accordance with the provisions of LCUASS, including the specific requirement that access shall be from 8th Street (not Taft Avenue), shall be located as far from the intersection of 8th Street and Taft Avenue as possible, shall be a minimum 24' wide, and the site and driveway need to be designed so as to allow vehicles to enter and exit in a forward direction onto 8th Street (no backing of vehicles proposed onto 8th Street).

3. Right-of-way Work Permit required. The site, landscape, and/or any construction plan document(s) submitted with the Lot Merger Plat application do not authorize any construction

within public street or alley rights-of-way. A separate City Street right-of-way (ROW) Work Permit must be obtained at the City Project Engineering office (and approved by Project Engineering) prior to any repair or construction of sidewalk, curb and gutter, driveway accesses, or any other construction in City street or alley rights-of-way (this includes all items proposed in rights-of-way such as utility street cuts, sidewalk ramps, construction staging proposed in street, landscaping, traffic control, etc.). (Call 962-2510 to discuss details to obtain a ROW Work Permit).

4. Preservation of existing mature landscape. The property owner shall use reasonable efforts to preserve the existing mature tree, shown on the Lot Merger site plan, in the western 1/3rd of the property as part of any redevelopment or use of the Amended Property. Before commencement of any site work or disturbance, the tree must be protected to the drip-line of the tree by staking and temporary fencing to provide protection during re-development. Removal or substantial trimming of the tree shall require prior written approval by the Current Planning Manager of the City.

5. Building Permit Required. Approval of the Lot Merger plat shall not constitute approval of the site plan submitted with the Lot Merger Plat application for purposes of review or approval of a Building Permit. Approval of a formal site plan for any permit from the City authorizing redevelopment may only be given during the subsequent formal submittal, review and approval of said permit.

III. Miscellaneous:

A. Nothing herein contained shall be construed as a waiver of any requirements of the City of Loveland Municipal Code, and the Purchaser agrees to comply with all requirements of the same.

B. In the event the City waives any breach of this Covenant and Agreement, no such waiver shall be held or construed to be a waiver of any subsequent breach hereof.

C. In the event the Purchaser transfers title to the Amended Property and is thereby divested of all equitable and legal interest in the Amended Property, the City hereby agrees to release said Purchaser from liability under this Covenant and Agreement with respect to any breach of the terms and conditions of this Covenant and Agreement occurring after the date of any such transfer of interest. In such event, the succeeding property owner shall be bound by the terms of this Covenant and Agreement.

D. Each and every term of this Covenant and Agreement shall be deemed to be a material element hereof. In the event that either party shall fail to perform according to the terms of this Covenant and Agreement, such party may be declared in default. In the event that a party has been declared in default hereof, such defaulting party shall be given written notice specifying such default and shall be allowed a period of ten (10) days within which to cure said default. In the event the default remains uncorrected, the party declaring default may only elect to: (a) treat the Covenant and Agreement as continuing and require specific performance or; (b) avail itself of any other equitable remedy.

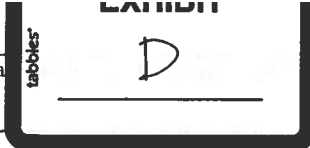
E. This Covenant and Agreement shall not be construed as or deemed to be an agreement for the benefit of any third party or parties, and no third party or parties shall have any right of action hereunder for any cause whatsoever.

F. It is expressly understood and agreed by and between the parties hereto that this Covenant and Agreement shall be governed by and its terms construed under the laws of the State of Colorado and the City of Loveland, Colorado.

G. When used in this Covenant and Agreement, words of the masculine gender shall include the feminine and neuter gender, and when the sentence so indicates, words of the neuter gender shall refer to any gender; and words in the singular shall include the plural and vice versa. This Covenant and Agreement shall be construed according to its fair meaning, and as if prepared by all parties hereto, and shall be deemed to be and contain the entire understanding and agreement between the parties hereto pertaining to the matters addressed in this Covenant and Agreement. There shall be deemed to be no other terms, conditions, promises, understandings, statements, representations, expressed or implied, concerning this Covenant and Agreement, unless set forth in writing signed by all of the parties hereto. Further, paragraph headings used herein are for convenience of reference and shall in no way define, limit, or prescribe the scope or intent of any provision under this Covenant and Agreement.

The printed portions of this form except differential (LP45-5-04

by the Colorado Real Estate Commission.



Lead-Based Paint Disclosure (Sales)

Attachment to Contract to Buy and Sell Real Estate for the Property known as:

871 E. 1st Street, Loveland, Colorado 80537

Street Address

City

State

Zip

WARNING! LEAD FROM PAINT, DUST, AND SOIL CAN BE DANGEROUS IF NOT MANAGED PROPERLY

Penalties for failure to comply with Federal Lead-Based Paint Disclosure Laws include treble (3 times) damages, attorney fees, costs, and a penalty up to \$10,000 (plus adjustment for inflation) for each violation.

Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards

Lead Warning Statement

Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The Seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the Seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

Seller's Disclosure to Buyer and Real Estate Licensee(s) and Acknowledgment

- (a) Seller acknowledges that Seller has been informed of Seller's obligations. Seller is aware that Seller must retain a copy of this disclosure for not less than three years from the completion date of the sale.
- (b) Presence of lead-based paint and/or lead-based paint hazards (check one box below):
 - Seller has no knowledge of any lead-based paint and/or lead-based paint hazards present in the housing.
 - Seller has knowledge of lead-based paint and/or lead-based paint hazards present in the housing (explain):

- (c) Records and reports available to Seller (check one box below):
 - Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.
 - Seller has provided Buyer with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing (list documents below):

Buyer's Acknowledgment

- (d) Buyer has read the Lead Warning Statement above and understands its contents.
- (e) Buyer has received copies of all information, including any records and reports listed by Seller above.
- (f) Buyer has received the pamphlet "Protect Your Family From Lead in Your Home".
- (g) Buyer acknowledges federal law requires that before a buyer is obligated under any contract to buy and sell real estate, Seller shall permit Buyer a 10-day period (unless the parties mutually agree, in writing, upon a different period of time) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards.
- (h) Buyer, after having reviewed the contents of this form, and any records and reports listed by Seller, has elected to (check one box below):
 - Obtain a risk assessment or an inspection of the Property for the presence of lead-based paint and/or lead-based paint hazards, within the time limit and under the terms of Section 10 of the Contract to Buy and Sell Real Estate; or
 - Waive the opportunity to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards.

Real Estate Licensee's Acknowledgment

Each real estate licensee signing below acknowledges receipt of the above Seller's Disclosure, has informed Seller of Seller's obligations and is aware of licensee's responsibility to ensure compliance.

Certification of Accuracy

I certify that the statements I have made are accurate to the best of my knowledge.

Date: _____ Date: _____

Seller Seller

Date: _____ Date: _____

Buyer Buyer

Date: _____ Date: _____

Real Estate Licensee (Listing)

Real Estate Licensee (Selling)

SUBJECT PROPERTY

A. Address: 1317, 1321, and 1375 West 8th Street, Loveland, Colorado, 80537.

B. Legal Description: Lots 11, 12, and 13 Block 2, Bray Addition, City of Loveland, County of Larimer, State of Colorado (Larimer County Parcel Numbers: 95142-36-911, 95142-36-912, and 95142-36-913).

C. Location: The subject lots are located along the north side of West 8th Street and the east side of Taft Avenue. Bordering the subject lots to the east and north are single family residences that were primarily constructed during the 1960's. South across 8th Street at the corner of Taft Avenue and 8th Street is an older house that has been converted into a veterinary clinic and to the east of this property a single family residence with an in home business for a landscape company. The majority of other uses within the subject's immediate market area are single family residential. Further east along 8th Street is a nursing home for the elderly. Along Taft Avenue there are several single family residences with in home business's.

D. Site Characteristics: The subject lots extend along the north side of 8th Street a total of approximately 180 feet and have an overall depth of approximately 100 feet (subject to survey). The three lots are zoned by the City of Loveland as Established Low-Density Residential denoted on city zoning maps as "R1E". This particular zoning district generally allows for single family residential use. The following is pertinent information regarding the subject site:

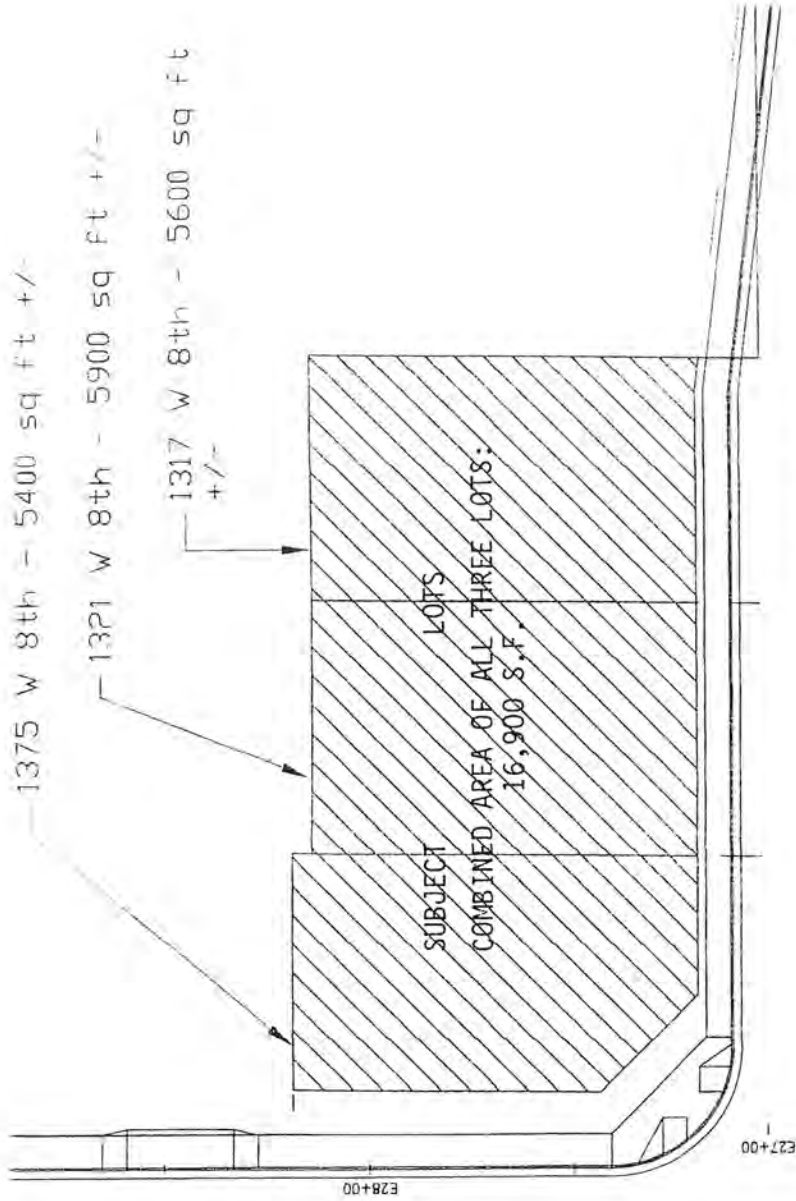
Land Area:	Lot 11: 5,600 square feet
	Lot 12: 5,900 square feet
	Lot 13: 5,400 square feet
	subject to survey

1375 W 8th - 5400 sq ft +/-

1321 W 8th - 5900 sq ft +/-

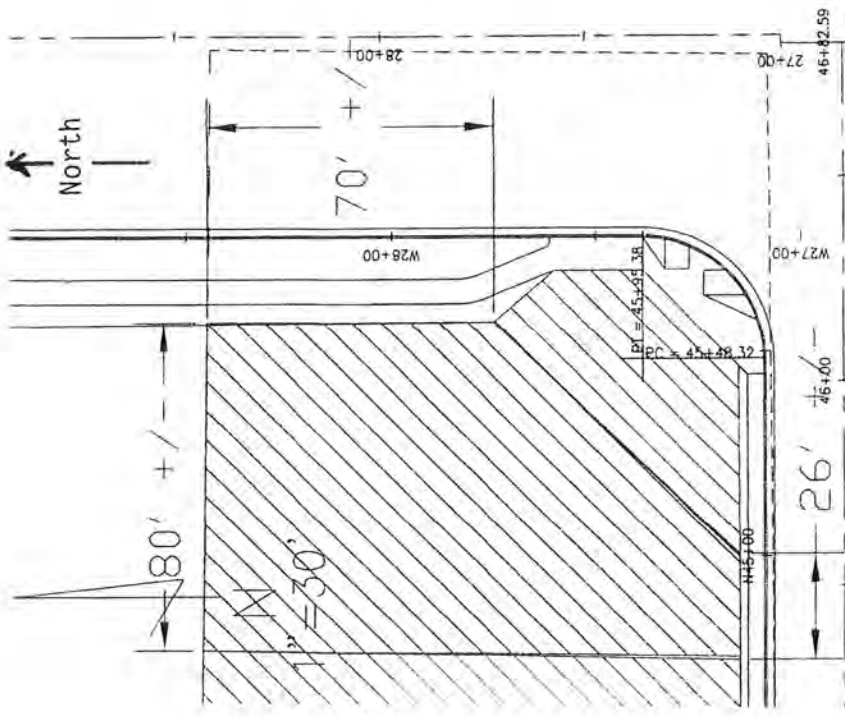
1317 W 8th - 5600 sq ft +/-

SUBJECT
COMBINED AREA OF ALL THREE LOTS:
16,900 S.F.



T r a f t A v e n u e

West 8th Street



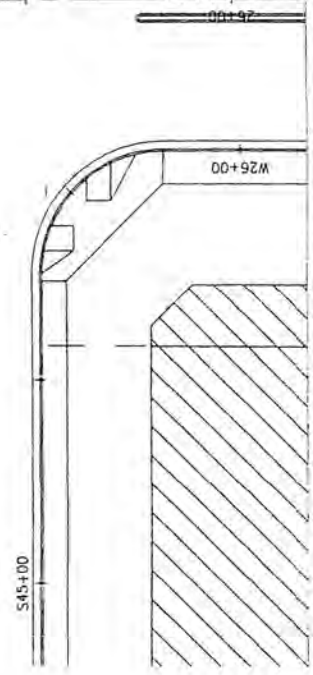
North

70' +/-

80' +/-

30°

26'



S45+00

W26+00

W27+00

W28+00

46+82.59

27+00

28+00

81+00

82+00

83+00

E26+00

E27+00

E28+00



VICINITY MAP

BISHOP HOUSE

871 EAST 1ST STREET
LOVELAND, CO 80537





VICINITY MAP

8TH STREET & TAFT AVENUE VACANT PROPERTIES

LOVELAND, CO 80537





Regional Town Centre LLC
1610 Tennessee St. Loveland, CO 80538
Telephone: 970-663-3400
Facsimile: 970-776-3747

Letter of Intent to Perform

May 7, 2013

City of Loveland
500 East 3rd Street
Loveland, CO 80537

RE: Bishop House Move – 8th and Taft

To Whom It May Concern:

After review of the CRT Comments dated October 14, 2010, we intend to initiate an offer assuming the basic agreement set forth in the aforementioned CRT Comments as well as the Agreement for Purchase and Relocation of the Bishop House dated November 16, 2011 between the City of Loveland and Micro Properties Five, LLC.

We intend to meet with City Officials to discuss the terms of the agreement in the following weeks. RTC Restoration and Renovation will be purchaser. John Sokoll of StoneForest Real Estate is acting as an agent of RTC and will be the primary contact at 970-774-8411.

Sincerely,



John Sokoll
Agent for RTC Restoration and Renovation
StoneForest Real Estate
970-744-8411


Bruce Kelly
Managing Partner
RTC Restoration & Renovation
970-290-5656

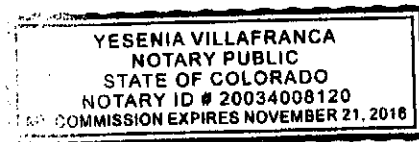
State of Colorado
County of Larimer

The foregoing instrument was acknowledged before me on this 8th day of May 2013, by

John Sokoll and Bruce Kelly


Notary Public

MY COMMISSION EXPIRES: November 21, 2016





CITY OF LOVELAND
PUBLIC WORKS DEPARTMENT
 Administration Offices • 410 East Fifth Street • Loveland, Colorado 80537
 (970) 962-2555 • FAX (970) 962-2908 • TDD (970) 962-2620

AGENDA ITEM: 11
MEETING DATE: 6/18/2013
TO: City Council
FROM: Keith Reester, Public Works Director
PRESENTER: Keith Reester

TITLE:

A Motion to Approve a Contract Change Order for RNL Design to Design and Engineer the Expansion and Remodel of the Service Center

RECOMMENDED CITY COUNCIL ACTION:

Adopt a motion to approve the contract change order for RNL Design to design and engineer the expansion and remodel of the Service Center for the total amount of \$1,179,136 and to authorize the City Manager to execute the contract on behalf of the City.

OPTIONS:

1. Adopt the action as recommended
2. Deny the action
3. Adopt a modified action (specify in the motion)
4. Refer back to staff for further development and consideration
5. Adopt a motion continuing the item to a future Council meeting

DESCRIPTION:

This is an administrative matter approving a contract change order with RNL Design to design and engineer the expansion and remodel of the Service Center, located at 200 North Wilson Avenue, Loveland.

BUDGET IMPACT:

- Positive
 Negative
 Neutral or negligible

SUMMARY:

At the City Council Study Session on November 13, 2012, Council gave its full support to move forward with the project to expand and remodel the Service Center. The anticipated total project cost of \$11,500,000 was primarily to provide crew, office, and support space for the Public Works Department. Prior to the November Study Session, RNL Design provided programming

and early design work needed to establish the project scope and construction cost estimating. In December, 2012, Council approved a contract with RNL Design to complete design development, construction drawings for bidding purposes, and construction administration for \$975,000.

Council also directed staff in 2012 to include more office and support space in the project, allowing Public Works Engineering to move from its current location in the City's Fire & Administration Building. This added piece of the project was expected to add about \$2,000,000 in total costs to the project, though there was hope from Council and staff that aggressive bidding would result in less impact.

Design and engineering work continued in the first part of 2013, but construction estimates based on drawings at 60% completion were much higher than expected. A total project cost of over \$15,000,000 required significant redesign to reduce construction costs, also resulting in delays and an extended design schedule.

RNL Design is requesting a contract change to increase its design and engineering fees to \$1,179,136. This change request is based primarily on the following:

- Added design & engineering related to:
 - HVAC system – complete redesign
 - Architectural changes
 - Eliminating some energy efficiency items
 - Structural changes
 - Electrical changes
 - Eliminating snow melt system
 - Paving changes and reductions
 - Eliminating some new heated vehicle storage space
- Additional construction administration required by added complexities of the project and the site/campus
- Expanded design requirements of Ranch Water fill station
- Increased complexity for the required stormwater channel solution which crosses most of the Service Center campus

The funding required for this \$1,179,136 contract is already available using a variety of funding sources, including Public Works enterprise funds and some general government capital expansion fees.

Once approved, the design and engineering work will produce biddable construction drawings June, 2013. Seven pre-qualified general contractors will then bid on the construction drawings, with construction expected to begin in the 3rd quarter of 2013 and be completed late in 2014.

REVIEWED BY CITY MANAGER:

William D. Cahill

LIST OF ATTACHMENTS:

None



CITY OF LOVELAND
ECONOMIC DEVELOPMENT OFFICE
 Civic Center • 500 East Third • Loveland, Colorado 80537
 (970) 962-2304 • FAX (970) 962-2900 • TDD (970) 962-2620

AGENDA ITEM: 12
MEETING DATE: 6/18/2013
TO: City Council
FROM: Economic Development
PRESENTER: Mike Scholl, Economic Development Manager

TITLE:

A resolution approving an Agreement for City Sales Tax Refund, Fee Waiver, and Construction Materials Use Tax Waiver for the Crunchy Grocer LLC

RECOMMENDED CITY COUNCIL ACTION:

Adopt the resolution.

DESCRIPTION:

This is an administrative action. The resolution would authorize the City Manager to sign the economic incentive agreement with the Crunchy Grocer LLC. The agreement would provide a refund of 1/3 of City sales tax for a period of five years not to exceed \$175,000 and fee and materials use tax waivers estimated at \$7,500. The Crunchy Grocer is a natural and organic food grocer that will be located at 1461 East Eisenhower. City Council previously reviewed the item at the June 4, 2013 regular Council meeting. Staff was directed by Council to bring the item back for full consideration.

BUDGET IMPACT:

- Positive
 Negative
 Neutral or negligible

If approved, the City will refund 1/3 of the sales tax collected for five years and waive \$7,500 in fees.

SUMMARY:

Jonas Buehl, a local entrepreneur approached the City for assistance for the grocery store. He is investing \$1,060,000 in the store with approximately \$620,411 for construction and equipment. The 6,000 square foot store will feature natural and organic grocers. The City currently experiences significant retail leakage in this sector. In addition, he will be making significant investments in the mechanical, electrical, and plumbing systems of a unit that had formerly been vacant.

There is very little risk to the City with regard to this agreement. Other than the initial fee waiver, the City is not providing any upfront cash assistance. The sales tax refund is based entirely on performance of the store and will be refunded to the Crunchy Grocer only after it is collected.

The agreement is consistent with the City's adopted Economic Development Incentive policy, which provides for the use of sales tax refund for retail sectors where the City experiences retail leakage.

REVIEWED BY CITY MANAGER:



LIST OF ATTACHMENTS:

- Resolution
- Crunchy Grocer LLC Agreement (listed as Exhibit A to the resolution)

RESOLUTION #R-47-2013

**A RESOLUTION APPROVING AN AGREEMENT FOR CITY SALES
TAX REFUND, FEE WAIVER, AND CONSTRUCTION MATERIALS
USE TAX WAIVER FOR THE CRUNCHY GROCER LLC**

WHEREAS, Crunchy Grocer LLC, a Colorado limited liability company (“the Crunchy Grocer”), is planning to open a natural and organic grocery store in Loveland at 1461 E. Eisenhower Boulevard (the “Store”); and

WHEREAS, the Crunchy Grocer recently entered into a six year lease agreement for 1461 E. Eisenhower and is in the process of completing substantial renovations at a cost of \$210,000 including a new internal mechanical, electrical and plumbing systems to make the building more functional and suitable for the operation of its business ; and

WHEREAS, the Crunch Grocer will fill a community retail need for a retail natural and organic grocer, which need is currently underserved in the City of Loveland; and

WHEREAS, before leasing and renovating the Store, the Crunchy Grocer asked the City to assist with the development of the Store by providing a refund of sales taxes in an amount equal to one-third (1/3) of all City sales taxes collected by the Crunchy Grocer and received by the City with respect to transactions in or from the Store during a sixty month (60) month period; and in accordance with the terms and conditions of the Agreement attached hereto as “**Exhibit A**” and incorporated by this reference (the “Agreement”); and

WHEREAS, waiver of building permit fees is authorized under City Code Section 16.38.071, and credit for or refund of City construction materials use tax and sales tax is authorized by City Code Section 3.16.590, upon a finding that such waiver of credit will serve a public purpose, including but not limited to significant social and economic benefits; and

WHEREAS, the City Council believes that granting the Crunchy Grocer a refund of sales taxes, a waiver of construction materials use taxes, and a waiver of building permit fees as provided in the Agreement, will provide significant social and economic benefits to the citizens of Loveland, primarily in the form of jobs, economic development, and increased sales and property tax revenues to the City, and, therefore, the Agreement is in the best interests of the public and the City.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. That the City Council hereby finds that granting the Crunchy Grocer a refund of sales taxes collected by Crunchy Grocer and received by the City with respect to transactions in or from the Store as set forth in the Agreement, the waiver of building permit fees, and the waiver of City construction materials use tax will serve a public purpose by providing significant social and economic benefits to the citizens of Loveland, primarily in the form of jobs, economic development, and increased sales and property tax revenues to the City,

Section 2. That the Agreement attached hereto as **Exhibit A** and incorporated by reference is hereby approved.

Section 3. That the City Manager is authorized, following consultation with the City Attorney, to modify the Agreement in form or substance as deemed necessary to effectuate the purposes of this Resolution or to protect the interests of the City.

Section 4. That the City Manager and the City Clerk are hereby authorized and directed to execute the Agreement on behalf of the City of Loveland.

Section 5. That this Resolution shall be effective as of the date of its adoption.

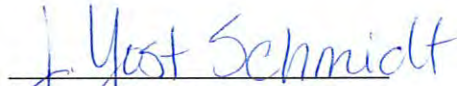
ADOPTED this 18th day of June, 2013.

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:



Deputy City Attorney

CRUNCHY GROCER LLC
AGREEMENT FOR CITY SALES TAX REFUND, FEE WAIVER, AND
CONSTRUCTION MATERIALS USE TAX WAIVER

This **SALES TAX REFUND AGREEMENT** is made and entered into this ___ day of ___, 2013, by and between the **CITY OF LOVELAND, COLORADO**, a home rule municipality (the “City”), and **CRUNCHY GROCER LLC**, a Colorado limited liability company (the “Crunchy Grocer”).

WHEREAS, the Crunchy Grocer is planning to open a natural and organic grocery store in Loveland at 1461 E. Eisenhower Boulevard (the “Store”); and

WHEREAS, the Crunchy Grocer recently entered into a six year lease agreement for 1461 E. Eisenhower and is in the process of completing substantial renovations at a cost of \$210,000 including a new internal mechanical, electrical and plumbing systems to make the building more functional and suitable for the operation of its business; and

WHEREAS, the Crunchy Grocer will fill a community need for a retail natural and organic grocer, which need is currently underserved in the City of Loveland ; and

WHEREAS, before leasing and renovating the Store, the Crunchy Grocer asked the City to assist with the development of the Store by providing a refund of sales taxes in an amount equal to one-third (1/3) of all City sales taxes collected by the Crunchy Grocer and received by the City with respect to transactions in or from the Store during a sixty month (60) month period; and

WHEREAS, before leasing and renovating the Store, the Crunchy Grocer also asked the City to assist with the development of the Store by waiving certain building permit fees and the City’s construction materials use tax in connection with the redevelopment of the Store; and

WHEREAS, waiver of building permit fees is authorized under City Code Section 16.38.071, and credit for or refund of City construction materials use tax and sales tax is authorized by City Code Section 3.16.590, upon a finding that such waiver of credit will serve a public purpose, including but not limited to significant social and economic benefits; and

WHEREAS, by the adoption of Resolution #R-~~XX~~-2013, the City Council has made a finding that the terms of the this Agreement providing assistance in the form of the sales tax refund, fee waiver, and construction materials use tax credit to the Crunchy Grocer are in the best interests of the City and serve the public purposes of redeveloping a formerly vacant facility and establishing the operation of the Store filling the need for a natural and organic grocer in Loveland, thereby producing significant social and economic benefits to the citizens of Loveland, primarily in the form of economic development and increased assessed values for property tax purposes and sales tax revenues to the City; and

WHEREAS, by the adoption of Resolution #R-~~XX~~-2013, the City Council has approved this Agreement to provide the Crunchy Grocer with the requested assistance on the terms and conditions provided herein.

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

1. Refund of City Sales Taxes Collected and Paid

On the express condition that the Crunchy Grocer completes the renovation and tenant improvements and obtains a temporary or permanent certificate of occupancy or letter of completion for the Store on or before December 31, 2013 and subject to the provisions of Section 3 below, the Crunchy Grocer shall receive a refund of City sales taxes as authorized by Loveland Municipal Code Section 3.16.590 in an amount equal to one-third (1/3) of all City sales taxes collected by the Crunchy Grocer and received by the City with respect to transactions in or from the Store during the sixty (60) month period commencing on October 1, 2013, up to a maximum total refund amount of one hundred and seventy five thousand dollars (\$175,000). Said refund shall be paid monthly, in arrears, by the City to the Crunchy Grocer. In no event shall the City have any obligation to refund the Crunchy Grocer any amount of City sales taxes in excess of one hundred and seventy five thousand dollars (\$175,000).

If the Crunchy Grocer fails to complete the tenant finish and obtain a temporary or permanent certificate of occupancy for the Store on or before December 31, 2013, then the City’s obligation to refund City sales taxes as set forth above shall expire at that time and the City shall have no further obligation to refund City sales taxes due with respect to the Store.

The Crunchy Grocer may request an extension of the December 31, 2013 completion deadline, for good cause shown, and the City Manager may extend that date by written notice to the Crunchy Grocer.

2. Building Permit Fees and Materials Use Tax Waiver

On the express condition that the Crunchy Grocer completes the renovation and tenant improvements and obtains a temporary or permanent certificate of occupancy or letter of completion for the Store on or before December 31, 2013, the City use tax imposed pursuant to Loveland Municipal Code Section 3.16.590 and the building permit fees imposed pursuant to Code Section 16.38.071, not to exceed a cumulative total of Seven Thousand Five Hundred Dollars (\$7,500) shall be waived (the “Waived Taxes and Fees”). The amount of the Waived Taxes and Fees is based on the current estimate:

Fee	Current Fee Estimate
Non Residential Building Plan Check	\$1,046.34
Non Residential Permit Fee	\$1,609.75
Non Residential Mechanical Permit Fee	\$391.25
Non Residential Electrical Permit Fee	\$664.75

Non Residential Plumbing Permit Fee	\$321.25
City Use Tax	\$3,150.50
Total:	\$7,183.34

If the Crunchy Grocer fails to complete the tenant finish and obtain a temporary or permanent certificate of occupancy for the Store on or before December 31, 2013, then:

- a. Any portion of the Waived Taxes and Fees not utilized by December 31, 2013 shall expire at that time and the City shall have no obligation to waive fees or use taxes due with respect to the Building after such date;
- b. Any fees and use taxes that would have been due with respect to the renovation and improvement of the Store in the absence of the foregoing waiver shall be deemed to have been deferred and shall be paid to the City by the Crunchy Grocer on or before the issuance of a temporary or permanent certificate of occupancy or letter of completion for the Store. If not timely paid, the City may use any or all collection remedies available to it under Loveland Municipal Code and shall be entitled to withhold the temporary or permanent certificate of occupancy or letter of completion for the Store; and
- c. The Crunchy Grocer may request an extension of the December 31, 2013 completion deadline, for good cause shown, and the City Manager may extend that date by written notice to the Crunch Grocer.

The Waived Taxes and Fees shall not include any amounts for use taxes or fees payable to Larimer County in connection with the renovation of the Store, which shall be paid by the Crunchy Grocer as required by law.

3. Multi-Year Fiscal Obligation

The City’s obligations to reimburse the Company as provided in Section 1 above will extend beyond December 31, 2013 and is therefore considered a multi-year fiscal obligation under Article X, Section 20 of the Colorado Constitution and the City’s Charter Section 11-6. As such, it is a multi-year fiscal obligation subject to annual appropriation by the Loveland City Council. The City shall have no obligation for the refund of sales taxes as provided in Section 1 above if the refund is being sought or is to be paid on or after December 31, 2013 if the necessary appropriation has not been made by the City Council to authorize such payment. However, the City agrees that the Economic Development Director shall include in the proposed annual budget and appropriation ordinances for 2014 and subsequent years when needed for the City Council’s consideration the necessary appropriation to pay up to a total of one hundred and seventy five thousand dollars (\$175,000) for the refund as provided in Section 1 above.

4. Applicable Law and Venue

This Agreement shall be governed by and enforced in accordance with the laws of the State of Colorado. In addition, the hereto acknowledge that there are legal constraints imposed upon the City by the constitutions, statutes, and rules and regulations of the State of Colorado and of the United States, and imposed upon the City by its Charter and Code, and that, subject to

such constraints, the parties intend to carry out the terms and conditions of this Agreement. Notwithstanding any other provisions of this Agreement to the contrary, in no event shall any of the parties hereto exercise any power or take any action which shall be prohibited by applicable law. Whenever possible, each provision of this Agreement shall be interpreted in such a manner so as to be effective and valid under applicable law. Venue for any judicial proceeding concerning this Agreement shall be in the District Court for Larimer County, Colorado.

5. Waiver of Confidentiality

Under C.R.S. § 24-72-204 of the Colorado Open Records Act and under City Code Section 3.16.230, the City is required to maintain as confidential documents that are not subject to public inspection the Crunchy Grocer's sales tax information and records that are submitted to and on file with the City. However, notwithstanding these provisions of law or any other applicable provisions of the law, the Crunchy Grocer hereby authorizes the City to provide information as to gross receipts, sales tax collections, and amount of sales tax refunded under this Agreement to members of the Loveland City Council, and acknowledges that information provided to Council is subject to public inspection.

6. Time is of the Essence

Time shall be of the essence for the performance of all obligations under this Agreement.

7. Assignment

The Crunchy Grocer shall not assign or transfer any or all of its interests, rights, or obligations under this Agreement without the prior written consent of the City Council. Any such assignment or transfer without the City Council's prior written consent shall be deemed null and void and of no effect.

8. Construction

This Agreement shall be construed according to its fair meaning and as if it was prepared by both of the parties hereto and shall be deemed to be and contain the entire Agreement between the parties hereto. There shall be deemed to be no other terms, conditions, promises, understandings, statements, or representations expressed or implied, concerning this Agreement, unless set forth in writing and signed by the City and the Crunchy Grocer

9. Headings

Section headings used in this Agreement are used for convenience of reference only and shall in no way define, control, or affect the meaning or interpretation of any provision of this Agreement.

10. Notices

Any written notice given under this Agreement and all other correspondence between the parties shall be directed to the following and shall be deemed received when hand-delivered or

three (3) days after being sent by certified mail, return receipt requested, to the following addresses:

If to the City: Bill Cahill
 City Manager
 City of Loveland
 500 East Third Street, Suite 330
 Loveland, CO 80537

With Copy to: John R. Duval
 City Attorney
 City of Loveland
 500 East Third Street, Suite 330
 Loveland, CO 80537

If to the Crunchy Grocer: Jonas Buehl
 Crunchy Grocer LLC
 1461 E. Eisenhower
 Loveland, CO 80537

Either party hereto may at any time designate a different address or person receiving notice by so informing the other parties in writing.

11. Binding Effect

This Agreement shall be binding upon and, except as otherwise provided in this Agreement, shall inure to the benefit of the successors and assigns of the respective parties hereto.

12. No Waiver

In the event the City waives any breach of this Agreement, no such waiver shall be held or construed to be a waiver of any subsequent breach hereof.

13. Severability

If any provision of this Agreement, or the application of such provision to any person, entity, or circumstance, shall be held invalid, the remainder of this Agreement, or the application of such provision to persons, entities, or circumstances other than those in which it was held invalid, shall not be affected.

14. Right of Offset

The Crunchy Grocer agrees that the City shall have the right to withhold from and set off against any amounts which may become payable to the Crunchy Grocer by the City under this Agreement against any amounts which the Crunchy Grocer may owe to the City, whether arising under this Agreement or otherwise. For example, but not by way of limitation, if the crunchy Grocer fails to pay any amounts due to the City for services not related to this Agreement, such as utility or other services, the City shall have the right to withhold payment of and set off against any amounts that may be due by the City to the Crunchy Grocer against any amounts that may be due to the City by the Crunchy Grocer.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first above written.

[remainder of page intentionally left blank]

Crunchy Grocer LLC, a Colorado limited liability company

By: _____
Jonas Buehl, Manager

STATE OF COLORADO)
) **ss.**
COUNTY OF LARIMER)

The foregoing instrument was acknowledged before me this ____ day of _____, 2013, by Jonas Buehl as manager of Crunchy Grocer LLC, a Colorado limited liability corporation.

Witness my hand and official seal. My commission expires: _____

Notary Public

(S E A L)

CITY OF LOVELAND, COLORADO

By: _____
William D. Cahill, City Manager

ATTEST:

City Clerk

APPROVED AS TO FORM:

Deputy City Attorney

STATE OF COLORADO)
) ss.
COUNTY OF LARIMER)

The foregoing instrument was acknowledged before me this ____ day of ____, 2013, by William D. Cahill as City Manager of the City of Loveland, Colorado, and by Teresa Andrews as City Clerk of the City of Loveland, Colorado.

Witness my hand and official seal. My commission expires: _____.

Notary Public

(S E A L)



CITY OF LOVELAND
ECONOMIC DEVELOPMENT OFFICE
 Civic Center • 500 East Third • Loveland, Colorado 80537
 (970) 962-2304 • FAX (970) 962-2900 • TDD (970) 962-2620

AGENDA ITEM: 13
MEETING DATE: 6/18/2013
TO: City Council
FROM: Economic Development Department
PRESENTER: Mike Scholl, Economic Development Manager

TITLE:

- A) A Resolution Approving the Loveland Community Health Center Incentive and Fee Waiver Agreement with Sunrise Community Health
- B) An Ordinance Enacting a Supplemental Budget and Appropriation to the 2013 City of Loveland Budget for the Loveland Community Health Center Incentive and Fee Waiver Agreement

RECOMMENDED CITY COUNCIL ACTION:

Adopt the resolution and conduct a public hearing to approve the ordinance on first reading.

OPTIONS:

1. Adopt the action as recommended
2. Deny the action
3. Adopt a modified action (specify in the motion)
4. Refer back to staff for further development and consideration
5. Adopt a motion continuing the item to a future Council meeting

DESCRIPTION:

This is a public hearing to consider an administrative action. The resolution would authorize the City Manager to sign the agreement with Sunrise Community Health Center for the construction of the expanded community health center at 302 3rd Street SE. The request was reviewed by Council at a Study Session on April 9, 2013. At the meeting, Council gave staff direction to return with an agreement for consideration at a regular meeting.

The agreement provides support for public improvements (\$93,500), a community challenge grant (\$100,000), waiver of required sidewalk improvements (\$80,000), and a waiver of building permit and capital expansion fees (\$420,000). The ordinance appropriates available funds from the Council Capital Reserve for the public improvements, the community challenge grant and the waiver of required sidewalk improvements.

BUDGET IMPACT:

Positive

- Negative
 Neutral or negligible

The City will fund \$269,110 from Council reserve and forego \$420,000 in City fees.

SUMMARY:

Sunrise Community Health Center purchased the building at 302 3rd Street SE for the purposes of expanding the Community Health currently located at 5th and Cleveland. Sunrise partners with McKee Medical Center to provide health services to low and moderate income populations in Loveland. The project is an \$8 million investment that includes acquisition of a building that has been mostly vacant for over four years. The facility, which will employ 70 people, will include a medical center, dentist, pharmacy, adult day care facilities, and a catering business that is currently operating onsite.

The request was previously reviewed by Council at a Study Session on April 9, 2013. At that meeting, Council directed staff to draft an agreement for consideration that included the fee waiver, waiver of the sidewalk improvements along Lincoln Avenue, other public improvements, and the \$100,000 challenge grant. The Challenge Grant will be used to support ongoing community fundraising to complete the first phase of the project.

Please see the attached staff report for additional information on the sidewalk adjacent to Lincoln Avenue. In addition, Council had raised the question of the driveway access onto Lincoln Avenue, which will be removed under the current site plan. The drive did not meet existing Colorado Department of Transportation standards and to meet the grade requirements for the sidewalk, the drive needed to be removed.

REVIEWED BY CITY MANAGER:

William A. Cahill

LIST OF ATTACHMENTS:

Resolution
 Agreement (listed as Exhibit A to the resolution)
 Ordinance
 Staff Report

RESOLUTION #R-48-2013**A RESOLUTION APPROVING THE LOVELAND COMMUNITY
HEALTH CENTER INCENTIVE AND FEE WAIVER AGREEMENT
WITH SUNRISE COMMUNITY HEALTH**

WHEREAS, Sunrise Community Health, a Colorado nonprofit corporation (“Sunrise”) owns that real property consisting of approximately 6.38 acres known as 302 3rd Street SE, Loveland, Colorado (the “Property”);

WHEREAS, the 49,164 square foot building located on the Property has been near-vacant and underutilized for an extended period of time; and

WHEREAS, Sunrise is redeveloping the Property to co-locate the Loveland Community Health Center operated by Sunrise and the Stepping Stones Adult Day Program operated by McKee Medical Center (“McKee”), in order to leverage resources, reduce costs, integrate service, and improve client experience in the provision of medical, dental, and behavioral health care services and adult respite services to low-income individuals and families in the greater Loveland area (the “Health Center”); and

WHEREAS, the first phase of the redevelopment (“Phase I”) includes (i) purchase of the facility and renovation of approximately 34,000 square feet of space at a total project cost estimated at \$8.4M, including 25,000 square feet to accommodate Sunrise’s community health care services now located at 450 N. Cleveland Avenue, approximately 6,400 square feet of space to accommodate McKee’s Stepping Stones Adult Day Program, approximately 2,364 square feet of space for a private contractor to continue providing meals on site for community service organizations and catering services, and completion of shared space for ancillary functions such as break rooms, meeting and conference space, IT and similar supporting infrastructure; and (ii) site improvements to include sidewalks, access modifications, electrical service upgrades, and fire hydrant replacement and installation (“the “Site Improvements”); and

WHEREAS, as a part of the Site Improvements, the Loveland Municipal Code and Larimer County Urban Area Street Standards (“LCUASS”) require Sunrise to design and install a sidewalk along the western border of the Property adjacent to Lincoln Avenue at an estimated cost of Eighty Thousand Dollars (\$80,000.00) (the “Lincoln Sidewalk”) and a new five foot (5’) detached public sidewalk along the northern border of the Property adjacent to 3rd Street SE from Lincoln Avenue to Washington Avenue at an estimated cost of Forty Thousand Dollars (\$40,000) (the “3rd Street SE Sidewalk”), or provide a “cash-in-lieu” payment if approved by the City Engineer; and

WHEREAS, the City Engineer has approved a “cash-in-lieu” payment of Eighty Thousand Dollars (\$80,000.00) for the Lincoln Sidewalk, since this Sidewalk, if built in connection with Phase I of the Health Center, would terminate at the Farmers’ Ditch and would be unnecessary until a pedestrian bridge is completed in the future; and

WHEREAS, in connection with Phase I, Sunrise is also required to pay the City certain capital expansion fees in the estimated amount of Three Hundred Seventy Eight Thousand

Dollars (\$378,000) (the “CEF’s) and building permit fees, inspection fees, and other fees imposed on new development in the City which are estimated not to Exceed Forty Two Thousand Dollars (\$42,000) (“the Fees”) as a precondition to receiving from the City a building permit and/or final certificate of occupancy for Phase I; and

WHEREAS, Sunrise has asked the City for certain economic incentives to aid it in undertaking Phase I to facilitate redevelopment of the Property, which is anticipated to increase employment by Sunrise of as many as 23 full time employees and provide affordable quality health care and adult respite care to low-income individuals and families in the greater Loveland area, serving a critical need in the community; and

WHEREAS, Sunrise has asked the City to provide a cash incentive to fund some of the Site Improvements, provide a challenge grant and to waive the cash-in-lieu payment for the Lincoln Sidewalk and certain Fees for the redevelopment of the Health Center; and

WHEREAS, the waiver of Fees is authorized under City Code Sections 16.38.070, if the City Council finds that such waiver serves a public purpose , including, without limitation, providing the public with significant social, economic or cultural benefits; and

WHEREAS, provision of a cash incentive is authorized under City Code Section 3.04.090 for all public purposes to the full extent authorized by the Colorado Constitution, which includes the public purposes of producing significant economic, cultural and social benefits to the citizens of Loveland; and

WHEREAS, City Council believes the assistance in the form of a cash incentive payment and waiver of certain Fees and the cash-in-lieu payment for the Lincoln Sidewalk, are in the best interests of the City and the public and serve the public purposes of producing significant economic and social benefits to the citizens of Loveland, primarily in the form, primarily in the form of economic development, high-quality jobs, and increased property tax revenues to the City, and in the form of access to medical, dental, and behavioral health care services and adult respite services to low-income individuals and families in the greater Loveland area.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. That the City Council hereby finds that granting Sunrise assistance in the form of a cash incentive payment and waiver of certain Fees and the cash-in-lieu payment for the Lincoln Sidewalk, are in the best interests of the City and the public and serve the public purposes of producing significant economic and social benefits to the citizens of Loveland, primarily in the form, primarily in the form of economic development, high-quality jobs, and increased property tax revenues to the City, and in the form of access to medical, dental, and behavioral health care services and adult respite services to low-income individuals and families in the greater Loveland area.

Section 2. That the Loveland Community Health Center Incentive and Fee Waiver Agreement between the City and Sunrise attached hereto as **Exhibit A** and incorporated by reference (the “Agreement”) is hereby approved, subject to an appropriation by City Council, in

its discretion, of the funds required to fulfill the financial obligations of the City set forth therein, including but not limited to backfill of the capital expansion fees waived the Agreement, all as more fully set forth in the Agreement.

Section 3. That the City Manager is authorized, following consultation with the City Attorney, to modify the Agreement in form or substance as deemed necessary to effectuate the purposes of this Resolution or to protect the interests of the City.

Section 4. That the City Manager and the City Clerk are hereby authorized and directed to execute the Agreement on behalf of the City of Loveland.

Section 5. That this Resolution shall be effective as of the date of its adoption.

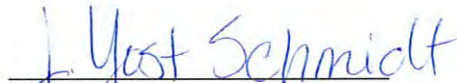
ADOPTED this 18th day of June, 2013.

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:



Deputy City Attorney

EXHIBIT A

LOVELAND COMMUNITY HEALTH CENTER INCENTIVE AND FEE WAIVER AGREEMENT

THIS AGREEMENT is made and entered into this _____ day of June, 2013, by and between **THE CITY OF LOVELAND, COLORADO**, a home rule municipality (“the City”) and **SUNRISE COMMUNITY HEALTH**, a Colorado nonprofit corporation (“Sunrise”).

RECITALS

WHEREAS, Sunrise owns that real property consisting of approximately 6.38 acres located in the City of Loveland, Colorado described as follows:

All of the Dralloc Addition to the City of Loveland, Larimer County, Colorado

and known as 302 3rd Street SE, Loveland, Colorado (the “Property”); and

WHEREAS, the 49,164 square foot building located on the Property has been near-vacant and underutilized for an extended period of time; and

WHEREAS, Sunrise is redeveloping the Property to co-locate the Loveland Community Health Center operated by Sunrise and the Stepping Stones Adult Day Program operated by McKee Medical Center (“McKee”), in order to leverage resources, reduce costs, integrate service, and improve client experience in the provision of medical, dental, and behavioral health care services and adult respite services to low-income individuals and families in the greater Loveland area (the “Health Center”); and

WHEREAS, the first phase of the redevelopment (“Phase I”) includes (i) purchase of the facility and renovation of approximately 34,000 square feet of space at a total project cost estimated at \$8.4M, including 25,000 square feet to accommodate Sunrise’s community health care services now located at 450 N. Cleveland Avenue, approximately 6,400 square feet of space to accommodate McKee’s Stepping Stones Adult Day Program, approximately 2,364 square feet of space for a private contractor to continue providing meals on site for community service organizations and catering services, and completion of shared space for ancillary functions such as break rooms, meeting and conference space, IT and similar supporting infrastructure; and (ii) site improvements to include sidewalks, access modifications, electrical service upgrades, and fire hydrant replacement and installation (“the “Site Improvements”); and

WHEREAS, as a part of the Site Improvements, the Loveland Municipal Code and Larimer County Urban Area Street Standards (“LCUASS”) require Sunrise to design and install a sidewalk along the western border of the Property adjacent to Lincoln Avenue at an estimated cost of Eighty Thousand Dollars (\$80,000.00) (the “Lincoln Sidewalk”) and a new five foot (5’) detached public sidewalk along the northern border of the Property adjacent to 3rd Street SE from Lincoln Avenue to Washington Avenue at an estimated cost of Forty Thousand Dollars

(\$40,000) (the “3rd Street SE Sidewalk”), or provide a “cash-in-lieu” payment if approved by the City Engineer; and

WHEREAS, the City Engineer has approved a “cash-in-lieu” payment of Eighty Thousand Dollars (\$80,000.00) for the Lincoln Sidewalk, since this Sidewalk, if built in connection with Phase I of the Health Center, would terminate at the Farmers’ Ditch and would be unnecessary until a pedestrian bridge is completed in the future; and

WHEREAS, in connection with Phase I, Sunrise is also required to pay the City certain capital expansion fees in the estimated amount of Three Hundred Seventy Eight Thousand Dollars (\$378,000) (the “CEF’s) and building permit fees, inspection fees, and other fees imposed on new development in the City which are estimated not to Exceed Forty Two Thousand Dollars (\$42,000) (“the Fees”) as a precondition to receiving from the City a building permit and/or final certificate of occupancy for Phase I; and

WHEREAS, Sunrise has asked the City for certain economic incentives to aid it in undertaking Phase I to facilitate redevelopment of the Property, which is anticipated to increase employment by Sunrise of as many as 23 full time employees and provide affordable quality health care and adult respite care to low-income individuals and families in the greater Loveland area, serving a critical need in the community; and

WHEREAS, Sunrise has asked the City to provide a cash incentive to fund some of the Site Improvements and to waive the cash-in-lieu payment for the Lincoln Sidewalk and certain Fees for the redevelopment of the Health Center; and

WHEREAS, the waiver of Fees is authorized under City Code Section 16.38.070, if the City Council finds that such waiver serves a public purpose , including, without limitation, providing the public with significant social, economic or cultural benefits and approves this Agreement by resolution; and

WHEREAS, provision of a cash incentive is authorized under City Code Section 3.04.090 for all public purposes to the full extent authorized by the Colorado Constitution, which includes the public purposes of producing significant economic, cultural and social benefits to the citizens of Loveland; and

WHEREAS, by the adoption of Resolution #R-____-2013, the City Council has made a finding that the terms of the this Agreement and the assistance in the form of a cash incentive payment and waiver of certain Fees and the cash-in-lieu payment for the Lincoln Sidewalk, are in the best interests of the City and the public and serve the public purposes of producing significant economic and social benefits to the citizens of Loveland, primarily in the form, primarily in the form of economic development, high-quality jobs, and increased property tax revenues to the City, and in the form of access to medical, dental, and behavioral health care services and adult respite services to low-income individuals and families in the greater Loveland area.

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

1. Waived Fees. On the express condition that Sunrise obtains a building permit for construction of Phase I of the Health Center or before December 31, 2014, the CEF's due for Phase I of the Health Center in an amount not to exceed Three Hundred Seventy Eight Thousand Dollars (\$378,000) and the Fees due for Phase I of the Health Center in an amount not to exceed Forty Two Thousand Dollars (\$42,000) shall be waived (the "Waived Fees"). The Waived Fees shall not, in any event, exceed the total sum of Four Hundred and Twenty Thousand Dollars (\$420,000) and Sunrise shall pay any amounts in excess of Four Hundred Twenty Thousand Dollars (\$420,000). If Sunrise fails to obtain a building permit for Phase I of the Health Center on or before such date, then the Waived Fees shall expire and the City shall have no obligation to waive any Fees and or CEFs due with respect to Phase I of the Health Center after such date.

The Waived Fees shall not include any amounts for taxes or fees payable to Larimer County in connection with Phase I of the Health Center, which shall be paid by Sunrise as required by law.

2. Waived Cash-In-Lieu Payment; Lincoln Sidewalk. On the express condition that Sunrise obtains a building permit for construction of Phase I of the Health Center or before December 31, 2014, the cash-in-lieu payment due for the Lincoln Sidewalk under LCUASS Section 1.9.2.B.1, as incorporated into the Loveland Municipal Code pursuant to Section 16.24.011, in the amount of Eighty Thousand Dollars (\$80,000.00) shall be waived (the "Waived Cash-In-Lieu Payment") and the City shall be responsible for the construction of the Lincoln Sidewalk at such time as it determines that it shall be constructed. If Sunrise fails to obtain a building permit for Phase I of the Health Center on or before such date, then the Waived Cash-In-Lieu Payment shall expire and the City shall have no obligation to waive the Waived Cash-In-Lieu Payment due with respect to Phase I of the Health Center after such date.

3. Cash Incentive; Site Improvements. On the express condition that Sunrise obtains a building permit for construction of Phase I of the Health Center or before December 31, 2014, the City shall pay the costs of the following Site Improvements in amount not to exceed a total of Ninety Three Thousand Five Hundred Dollars (\$93,500):

a. The Third Street Sidewalk	\$40,000
b. Access Modifications - egress on to northbound Lincoln	16,000
c. Electrical service upgrades	30,000
d. Fire hydrant replacement and installation	<u>7,500</u>
	\$93,500

The City shall pay Sunrise the cost of each of the listed Site Improvements as they are completed, from time to time, within thirty (30) days after receipt of written request therefor from Sunrise, which request shall include invoices and lien waivers from the contractors performing such work. In no event shall the City be responsible for payments in excess of a total cumulative amount of more than Ninety Three Thousand Five Hundred Dollars (\$93,500). Any costs in excess of Ninety Three Thousand Five Hundred Dollars (\$93,500) incurred by in

completion of the Site Improvements shall be borne by Sunrise. If Sunrise fails to obtain a building permit for Phase I of the Health Center on or before such date, then the City shall have no obligation to pay the cost of the listed Site Improvements set forth above.

4. **Challenge Grant.** Sunrise is an affiliate partner of the McKee Medical Center Foundation (“McKee Foundation”). On the express condition that Sunrise and the McKee Foundation raise donations for Phase I of the Health Center, excluding the City’s incentives under this Agreement or other funding from the City (including but not limited to CDBG funding), in an amount not less than One Hundred Thousand Dollars (\$100,000) on or before December 31, 2014, the City shall provide a grant for Phase I of the Health Center in the amount of One Hundred Thousand Dollars (\$100,000) (the “Grant”). The Grant shall be paid by the City to the McKee Foundation to support both Health Center and the Stepping Stones program to be operated therein by McKee, within thirty (30) days after receipt by the City of a request therefore accompanied by such documentation as may be requested by the City evidencing that Sunrise and the McKee Foundation have raised donations for Phase I of the Health Center of not less than One Hundred Thousand Dollars (\$100,000) from sources other than the City.

5. **Applicable Law and Venue.** This Agreement shall be governed by and enforced in accordance with the laws of the State of Colorado. In addition, the hereto acknowledge that there are legal constraints imposed upon the City by the constitutions, statutes, and rules and regulations of the State of Colorado and of the United States, and imposed upon the City by its Charter and Code, and that, subject to such constraints, the parties intend to carry out the terms and conditions of this Agreement. Notwithstanding any other provisions of this Agreement to the contrary, in no event shall any of the parties hereto exercise any power or take any action which shall be prohibited by applicable law. Whenever possible, each provision of this Agreement shall be interpreted in such a manner so as to be effective and valid under applicable law. Venue for any judicial proceeding concerning this Agreement shall be in the District Court for Larimer County, Colorado.

6. **Time is of the Essence.** Time shall be of the essence for the performance of all obligations under this Agreement. Notwithstanding the foregoing, the deadlines set forth in Paragraphs 1, 2, 3 and 4 shall be subject to extension by the City Manager for good cause shown, provided that any such extension shall be set forth in writing and signed by the City Manager.

7. **Assignment.** Sunrise shall not assign or transfer any or all interest, right or obligation under this Agreement without the prior written consent of the City Council. Any such assignment or transfer without the prior written consent of the City Council shall be void.

8. **Entire Agreement.** This Agreement contains the entire agreement between the parties relating to the subject matter hereof and may not be modified or amended except by written agreement signed by both parties.

9. **Headings.** Paragraph headings used in this Agreement are used for convenience of reference only and shall in no way control or affect the meaning or interpretation of any provision of this Agreement.

10. Notices. Any written notice given under this Agreement and all other correspondence between the parties shall be directed to the following and shall be deemed received when hand-delivered or three (3) days after being sent by certified mail, return receipt requested, to the following addresses:

If to the City: William D. Cahill, City Manager
City of Loveland
500 East Third Street
Loveland, CO 80537
FAX: 970-962-2900

With Copy to: John R. Duval, City Attorney
City of Loveland
500 East Third Street
Loveland, CO 80537
FAX: 970-962-2900

If to Sunrise: Mitzi M. Moran, President/CEO
Sunrise Community Health Center
2930 11th Avenue
Evans, CO 80620
FAX: 970-350-4645

11. Binding Effect. This Agreement shall be binding upon and, except as otherwise provided in this Agreement, shall inure to the benefit of successors and assigns of the respective parties hereto.

12. Severability. If any provision of this Agreement, or the application of such provision to any person, entity, or circumstance, shall be held invalid, the remainder of this Agreement, or the application of such provision to persons, entities, or circumstances other than those in which it was held invalid, shall not be affected.

13. No Waiver. In the event the City waives any breach of this Agreement, no such waiver shall be held or construed to be a waiver of any subsequent breach hereof.

14. Right of Offset. Sunrise agrees that the City shall have the right to withhold and set off any amounts which may become payable to Sunrise by the City under this Agreement against any amounts which Sunrise may owe to the City, whether arising under this Agreement or otherwise. For example, but not by way of limitation, if Sunrise fails to pay any amounts due to the City for services not related to this Agreement, such as utility or other services, the City shall have the right to withhold payment of and set off any amounts that may be due by the City to Sunrise against any amounts that may be due to the City by Sunrise.

15. City Council Appropriation. This Agreement is made expressly contingent upon the City Council of the City of Loveland (the “Council”) appropriating by ordinance funds and amounts sufficient to fulfill the City’s obligations under this Agreement, including but not limited to amounts necessary backfill the capital expansion fees waived the Agreement. If the Council does not pass such an ordinance on second reading on or before August 31, 2013, or if for any reason it does not become law on or before that date, then this Agreement shall be automatically terminated and both parties shall be released from all further obligations under this Agreement.

IN WITNESS WHEREOF, the parties have signed this Agreement to be effective as of the date set forth above.

[remainder of page intentionally blank]

SUNRISE COMMUNITY HEALTH,
a Colorado nonprofit corporation

By: _____
Mitzi M. Moran, President/CEO

STATE OF COLORADO)
) ss.
County of _____)

The foregoing instrument was acknowledged before me this _____ day of June, 2013 by Mitzi M. Moran as President/CEO _____ of SUNRISE COMMUNITY HEALTH, a Colorado nonprofit corporation.

Witness my hand and official seal. My commission expires: _____.

(S E A L)

Notary Public

CITY OF LOVELAND, COLORADO

By: _____
William D. Cahill, City Manager

ATTEST:

City Clerk

APPROVED AS TO FORM:

Deputy City Attorney

STATE OF COLORADO)
) ss.
County of Larimer)

The foregoing instrument was acknowledged before me this _____ day of June, 2013, by William D. Cahill, as City Manager of the City of Loveland, Colorado, a home rule municipality and by Teresa Andrews as City Clerk of the City of Loveland, Colorado, a home rule municipality.

Witness my hand and official seal. My commission expires: _____.

Notary Public

(S E A L)

FIRST READING June 18, 2003

SECOND READING _____

ORDINANCE NO. _____

AN ORDINANCE ENACTING A SUPPLEMENTAL BUDGET AND APPROPRIATION TO THE 2013 CITY OF LOVELAND BUDGET FOR THE LOVELAND COMMUNITY HEALTH CENTER INCENTIVE AND FEE WAIVER AGREEMENT

WHEREAS, the City has reserved funds not appropriated at the time of the adoption of the City budget for 2013; and

WHEREAS, the City Council desires to authorize the expenditure of these funds by enacting a supplemental budget and appropriation to the City budget for 2013, as authorized by Section 11-6(a) of the Loveland City Charter.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. That reserves in the amount of \$273,500 from the Council Capital Reserve in the General Fund are available for appropriation. Revenues in the total amount of \$273,500 are hereby appropriated for Loveland Community Health Center Incentive and fee Waiver Agreement. The spending agencies and funds that shall be spending the monies supplementally budgeted and appropriated are as follows:

**Supplemental Budget
General Fund 100**

Revenues		
Fund Balance		273,500
Total Revenue		273,500
Appropriations		
100-18-180-0000-43714-EDHEALTH	Payment to Outside Agencies	193,500
100-91-999-0000-47211-EDHEALTH	Transfer to Transportation Fund	80,000
Total Appropriations		273,500

**Supplemental Budget
Transportation Fund 211**

Revenues		
211-23-232-0000-37100-EDHEALTH		80,000
Total Revenue		80,000
Appropriations		
211-23-232-0000-49360-EDHEALTH	Construction	80,000
Total Appropriations		80,000

Section 2. That as provided in City Charter Section 4-9(a)(7), this Ordinance shall be published by title only by the City Clerk after adoption on second reading unless the Ordinance has been amended since first reading in which case the Ordinance shall be published in full or the amendments shall be published in full.

Section 3. That this Ordinance shall be in full force and effect upon final adoption, as provided in City Charter Section 11-5(d).

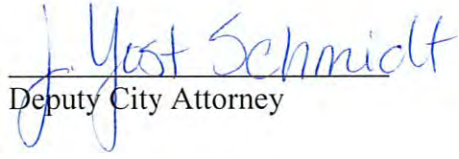
ADOPTED this ____ day of July, 2013.

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:


Deputy City Attorney



CITY OF LOVELAND
ECONOMIC DEVELOPMENT OFFICE
Civic Center • 500 East Third • Loveland, Colorado 80537
(970) 962-2304 • FAX (970) 962-2900 • TDD (970) 962-2620

MEMORANDUM

To: Loveland City Council

From: Mike Scholl, Economic Development Manager
Dave Klockeman, City Engineer

Date: June 13, 2013

RE: Sunrise Community Health Center/Lincoln Avenue Sidewalk

Background/Purpose:

At the April 9, 2013 Council Study Session, staff brought the economic incentive request by Sunrise Community Health Center and McKee Medical. The request included a waiver of the requirement to construct the sidewalk along Lincoln Avenue. Staff in conjunction with Sunrise's design team estimated the cost to be \$275,000. Through subsequent design and further investigation, the cost estimate was reduced to \$75,611.35. By waiving the requirement, the City would assume responsibility for the construction of the sidewalk at such time when the City Engineer deems it necessary and the budget is approved by City Council.

Revised Estimate:

The original \$275,000 estimate to construct the sidewalk along Lincoln included a much larger project scope. The original estimate included the cost to construct sidewalk in the following areas: along Lincoln Avenue on the property from the south property line of the Sunrise Medical Center property to 3rd Street SE; along Lincoln from 3rd Street SE to approximately 140-feet north; and along the south side of 3rd Street SE adjacent to the Sunrise Medical Center property from Lincoln Avenue to Washington Street. Additionally, the original \$275,000 estimate included provisions to remove the existing retaining wall along Lincoln Avenue and construct a new retaining wall at the back of new sidewalk. The estimate was used by Sunrise as part of their request and was brought to Council on April 9. While less expensive options were included with the original estimate process, the overall number of \$275,000 was used by the architect and Staff as a conservative estimate and a placeholder pending the final design of the project.

As it turns out, the final design of the Lincoln Avenue sidewalk on the Sunrise Medical Center property did not impact the existing retaining wall and the new sidewalk will be on top of the existing retaining wall along with a new handrail. The final cost estimate provided by Landmark Engineering for this portion of the work is \$75,611.35. The amount was reviewed and verified by City staff. The estimate includes a 15 percent contingency.

CALL TO ORDER Mayor Pro Tem Klassen called the regular meeting of the Loveland City Council to order on the above date at 6:30 PM.

PLEDGE OF ALLEGIANCE

ROLL CALL Roll was called and the following responded: Farley, Klassen, Trenary, Shaffer, Fogle, Taylor, McKean, and Clark were present. Mayor Gutierrez was absent.

INFORMATION Mayor Pro Tem Klassen made the following procedural announcement: Anyone in the audience will be given time to speak to any item on the Consent Agenda. Please ask for that item to be removed from the Consent Agenda. Items pulled will be heard at the beginning of the Regular Agenda. You will be given an opportunity to speak to the item before the Council acts upon it. Public hearings remaining on the Consent Agenda are considered to have been opened and closed, with the information furnished in connection with these items considered as the only evidence presented. Adoption of the items remaining on the Consent Agenda is considered as adoption of the staff recommendation for those items. Anyone making a comment during any portion of tonight's meeting should come forward to a microphone and identify yourself before being recognized by the Mayor. Please do not interrupt other speakers. Side conversations should be moved outside the Council Chambers. Please limit your comments to no more than three minutes.

CONSENT AGENDA Mayor Pro Tem Klassen asked if anyone in the audience, Council or staff wished to remove any of the items or public hearings listed on the Consent Agenda. Councilor Clark asked that Item #5 be removed from the Consent Agenda. Councilor Shaffer moved to approve the Consent Agenda with the exception of Item #5. The motion was seconded by Councilor Taylor and roll call vote was taken with all councilors present voting in favor.

1. CITY MANAGER

BOARD & COMMISSION APPOINTMENTS

Administrative Action: The following appointments to the Youth Advisory Commission were approved to serve as members and alternates from June, 2013 through May, 2014. Hope Skeen, Wesley Walton, and Reid Maynard were reappointed as YAC Commissioners. Emilee Mendoza, Gibb Charron, Mattea Wabeke, Tory Hass, Anna Kirk, Lauren Howard, Emma Pattison, Alexandra McKenna, and Dylan McNally were appointed as YAC Commissioners. Sophia Beall, Payton Buhler, Kyle Brinkman, and Billie Anna Runions as YAC Alternates.

2. DEVELOPMENT SERVICES

KENDALL BROOK UTILITY EASEMENT VACATION

Ordinance #5770

Legislative Action. "AN ORDINANCE VACATING A PORTION OF A UTILITY EASEMENT ON LOT 5, BLOCK 21, KENDALL BROOK FIRST SUBDIVISION, CITY OF LOVELAND" was approved and ordered published on second reading.

3. DEVELOPMENT SERVICES

OIL & GAS MAILED NOTIFICATION AMENDMENT

Ordinance #5771

Legislative Action: "AN ORDINANCE AMENDING SECTIONS 18.05.030 AND 18.05.060 OF THE LOVELAND MUNICIPAL CODE TO ESTABLISH MAILED NOTIFICATION

DISTANCES FOR NEIGHBORHOOD MEETINGS AND PUBLIC HEARINGS ASSOCIATED WITH OIL AND GAS PERMIT APPLICATIONS UNDER CHAPTERS 18.77 AND 18.78" was approved and ordered published on second reading.

4. DEVELOPMENT SERVICES

REALLOCATION OF CDBG FUNDS TO HABITAT FOR HUMANITY

Resolution #R-35-2013

Administrative Action: Resolution #R-35-2013 Approving the Grant Funding Recommendation of the Loveland Affordable Housing Commission for the Reallocation of Certain 2011 and 2012 Community Development Block Grant Funds was approved.

RESOLUTION # R-35-2013

A RESOLUTION APPROVING THE GRANT FUNDING RECOMMENDATION OF THE LOVELAND AFFORDABLE HOUSING COMMISSION FOR THE REALLOCATION OF CERTAIN 2011 AND 2012 COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS

WHEREAS, the City Council of the City of Loveland recognizes the need to provide opportunities for the well-being of less fortunate citizens; and

WHEREAS, the City receives federal Community Development Block Grant ("CDBG") funds through the U.S. Department of Housing and Urban Development to assist in meeting the housing needs for Loveland citizens with low incomes; and

WHEREAS, the City Council has charged the Affordable Housing Commission with the task of reviewing all "bricks and mortar" grant applications made to the City for CDBG funds related to housing and making a recommendation to the City Council regarding such grant funds distribution; and

WHEREAS, the City Council has, by resolution approved the allocation of CDBG funds to the Housing Authority of the City of Loveland ("HACOL") for various projects during the 2011 program year, of which a total of \$22,770.15 was not expended by contract deadlines and has reverted to the City; and

WHEREAS, the City Council by resolution approved the allocation of \$35,000 in CDBG funds to ArtSpace, Inc., for multi-family housing, the total amount of which has not been expended by contract deadlines and has reverted to the City; and

WHEREAS, a total of \$57,770.15 in CDBG funds is available for reallocation for projects that must be completed by September 30, 2013; and

WHEREAS, the \$57,770.15 in CDBG funds were initially a portion of the CDBG funds appropriated in the 2011 and 2012 City budgets, and the unspent balance has been rolled into and appropriated in the 2013 City Budget; and

WHEREAS, the Affordable Housing Commission has since reviewed the grant applications made to the City for these CDBG funds, and has recommended that the City Council reallocate the \$57,770.15 to Loveland Habitat for Humanity to purchase lots in the Sierra Valley subdivision to build multi-family affordable housing; and

WHEREAS, the City Council desires to approve the grant funding recommendation of the Affordable Housing Commission.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. That the recommendation of the Affordable Housing Commission for the reallocation of the unexpended 2011 and 2012 Community Development Block Grant funds is hereby approved and the total of \$57,770.15 is hereby reallocated to Loveland Habitat for Humanity to purchase lots in the Sierra Valley subdivision to build multi-family housing, subject to Agency or Project Owner execution of a subrecipient contract with the City of Loveland on or before July 31, 2013 and completion of the acquisition and expenditure of these sums on or before September 30, 2013.

Section 2. That this Resolution shall be effective as of the date of its adoption.

ADOPTED this 4th day of June, 2013.

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

5. ECONOMIC DEVELOPMENT

INCENTIVE AGREEMENT FOR "ROUGHING IT IN STYLE"

Resolution #R-36-2013

This item was removed from the Consent Agenda and will be considered on the Regular Agenda.

6. PUBLIC WORKS

TEMPORARY EASEMENT TO PUBLIC SERVICE COMPANY

Resolution #R-37-2013

Administrative Action: Resolution #R-37-2013 Granting a Temporary Easement to Public Service Company of Colorado was approved.

RESOLUTION #R-37-2013

A RESOLUTION GRANTING A TEMPORARY EASEMENT TO PUBLIC SERVICE COMPANY OF COLORADO
WHEREAS, Public Service Company of Colorado ("PSCo") has requested that the City of Loveland grant PSCo a non-exclusive temporary easement for construction, access, and staging purposes associated with PSCo's installation of gas facilities within the adjacent right-of-way, Wilson Avenue; and
WHEREAS, the Public Works Department reviewed PSCo's request and found that the proposed temporary use will not affect the City's operations at that location; and
WHEREAS, the City Council desires to grant the requested temporary easement on the terms and conditions set forth in the "Public Service Company of Colorado Temporary Easement."

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. That the "Public Service Company of Colorado Temporary Easement," attached hereto as Exhibit A and incorporated herein by reference ("Temporary Easement"), is hereby approved.

Section 2. That the City Manager and the City Clerk are hereby authorized and directed to execute the Temporary Easement on behalf of the City of Loveland.

Section 3. That the City Manager is authorized, following consultation with the City Attorney, to approve changes to the form or substance of the Temporary Easement as deemed necessary to effectuate the purposes of this Resolution or to protect the interests of the City.

Section 4. That this Resolution shall be effective as of the date of its adoption.

ADOPTED this 4th day of June, 2013.

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

Exhibits are available in City Clerk's Office

7. WATER & POWER

WATER CONSERVATION PLAN

Resolution #R-38-2013

Legislative Action: Resolution #R-38-2013 Adopting the City of Loveland Water Conservation Plan was approved.

RESOLUTION #R-38-2013

A RESOLUTION ADOPTING THE CITY OF LOVELAND WATER CONSERVATION PLAN
WHEREAS, Colorado Revised Statutes Section 37-60-126 requires any entity with a legal obligation to supply, distribute, or otherwise provide water at retail to domestic commercial, industrial, or public facility customers, and that has a total demand for such customers of 2,000 acre-feet or more of water, to develop, adopt, make publically available, and implement a water

conservation plan pursuant to which the entity shall encourage its customers to use water more efficiently; and
 WHEREAS, Section 37-60-126 further requires any entity that seeks financial assistance from the Colorado Water Conservation Board ("CWCB") or the Colorado Water Resources and Power Development Authority to submit to the CWCB a copy of the entity's water conservation plan for the CWCB's approval prior to the release of new loan proceeds; and
 WHEREAS, on June 4, 1996 by Resolution #R-53-96, the Loveland City Council adopted a water conservation plan; and
 WHEREAS, an updated water conservation plan has been prepared by City staff in consultation with Great Western Institute; and

and
 WHEREAS, in accordance with the requirements of Section 37-60-126, the updated water conservation plan was made available for a sixty-day public comment period beginning February 21, 2013 and ending April 21, 2013 and has been revised, where appropriate, to reflect public comments received; and

WHEREAS, the City Council desires to adopt the updated water conservation plan and submit it to the CWCB for approval.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. That the "City of Loveland Water Conservation Plan" dated June 2013, a copy of which is attached hereto as Exhibit A and incorporated herein by reference ("Water Conservation Plan"), is hereby adopted by the Loveland City Council. A copy of the Water Conservation Plan shall be placed on file with the Loveland City Clerk. The Water Conservation Plan shall supersede and replace the City's previous water conservation plan adopted on June 4, 1996 by Resolution #R-53-1996.

Section 2. That the City Manager is hereby directed to submit the Water Conservation Plan to the CWCB for approval.

Section 3. That this Resolution shall take effect as of the date of its adoption.

ADOPTED this 4th day of June, 2013.

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

Exhibits are available in the City Clerk's Office

8. WATER & POWER

DROUGHT MANAGEMENT PLAN

Resolution #R-39-2013

Legislative Action: a Resolution #R-39-2013 Adopting the City of Loveland Drought Management Plan was approved.

RESOLUTION #R-39-2013

A RESOLUTION ADOPTING THE CITY OF LOVELAND DROUGHT MANAGEMENT PLAN

WHEREAS, pursuant to Section 13.04.230 of the Loveland Municipal Code, the Loveland City Council may adopt by resolution such rules, regulations, and restrictions upon the use of water as are necessary to protect the water supply or water system of the City of Loveland; and

WHEREAS, in light of the continued threat of drought conditions in Loveland, and the evolving condition of the City's water supply and the information related thereto, the City Council desires to establish a system by which water use restrictions shall be determined and implemented; and

WHEREAS, Water Utility staff and the Loveland Utilities Commission have recommended that the City Council adopt a five-tier drought management plan, which will provide a system of water supply shortage response levels and corresponding water restrictions and conservation measures to be implemented based on the projected water supply shortage; and

WHEREAS, the City Council has determined that adoption of a drought management plan will enable the City to respond timely and appropriately to changing water supply conditions.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. That the "City of Loveland Drought Management Plan" dated June 4, 2013, a copy of which is attached hereto as Exhibit A and incorporated herein by reference ("Drought Management Plan"), is hereby adopted by the Loveland City Council. A copy of the Drought Management Plan shall be placed on file with the Loveland City Clerk.

Section 2. That the City Council hereby finds that, based on information known as of the date of this Resolution, voluntary restrictions are appropriate. The City Council accordingly hereby declares that Tier 0 of the Drought Management Plan shall be in effect as of the date of this Resolution until further action by the City Council.

Section 3. That the City Council hereby directs staff to bring to a future meeting of the City Council for its consideration any information that would tend to indicate the need for a change in the restrictions and corresponding tier adopted herein.

Section 4. That this Resolution shall take effect as of the date of its adoption.

ADOPTED this 4th day of June, 2013.

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

Exhibit available in City Clerk's Office

END OF CONSENT AGENDA

CITY CLERK READ TITLES OF ORDINANCES ON THE CONSENT AGENDA.

CITY COUNCIL

- a) Citizens' Reports

Matthew Fredricy commented on the fracking moratorium for two years. Tony Dumosch from the American Legion and part of the committee for the Veterans Plaza, presented a Certificate of Appreciation to Chief Hecker and patches for the officers for their escort of the Traveling Vietnam Memorial Wall through Loveland.
- b) Business from Council
 - Trenary

Attended the Tedx event at the Rialto. Attended the Groundbreaking for Brinkman along with the all the other councilors.
 - Taylor

Read letter from Sierra's Race. Commented that Loveland is a community that cares.
 - Shaffer

Welcomed the Woodbury Company. Attended the last day of the Governor's Art Show. The Loveland Downtown Team (LDT) will not have its July meeting. Attended the State Steering Commission for Transportation. Mentioned the North Front Range Metropolitan Planning Organization (NFRMPO)- Colorado Department of Transportation (CDOT) impact 64 Ballot Initiative for Specified Sales Tax.
 - Klassen

Read the Stepping Stones Adult Day Care Progam letter regarding Alzheimer patients. The consensus of Council was to unanimously consent to authorizing Mayor Pro Tem Klassen to send the letter.
- c) City Manager Report

City Manager, Bill Cahill removed Item #13 Investment Report from the Agenda.
- d) City Attorney Report

None

PROCEDURAL INFORMATION

Anyone who wishes to address the Council on any item on this part of the agenda may do so when the Mayor calls for public comment. All public hearings are conducted in accordance with Council Policy. When Council is considering adoption of an ordinance on first reading, Loveland's Charter only requires that a majority of the Council present vote in favor of the ordinance for it to be adopted on first reading. However, when an ordinance is being considered on second or final reading, at least five of the nine members of Council must vote in favor of the ordinance for it to become law.

REGULAR AGENDA

CONSIDERATION OF ITEMS REMOVED FROM CONSENT AGENDA

5. ECONOMIC DEVELOPMENT

INCENTIVE AGREEMENT FOR "ROUGHING IT IN STYLE"

Resolution #R-36-2013

Administrative Action: Betsey Hale, Business Development Manager, introduced this item to Council. Resolution #R-36-2013 Approving an Incentive Agreement for "Roughing It In Style". Roughing It In Style" is a family owned custom furniture manufacturer and retailer. The ownership group is considering a Loveland location on Byrd Drive immediately north of the Thunder Mountain Harley Davidson dealership. The company is asking the City Council to consider a request for a sales tax rebate of one third of the municipal sales taxes over a period of 36 months, not to exceed a total of \$150,000. The estimated sales tax to be generated in 36 months of operation is \$450,000. At the April 16, 2013 Study Session the City Council directed staff to bring the request to a future council meeting for further consideration and approval. The project meets all of the retail incentive standards required by the incentive policy. Councilor Shaffer motioned to approve the resolution. Councilor Trenary seconded and all councilors present voted in favor.

RESOLUTION #R-36-2013

A RESOLUTION APPROVING AN INCENTIVE AGREEMENT FOR ROUGHING IT IN STYLE

- WHEREAS, Roughing It In Style, a Wisconsin corporation (the "Company"), currently owns and operates two retail furniture and interior design stores in Wisconsin; and
- WHEREAS, the Company recently purchased a 4 acre commercial property on Byrd Drive (address yet to be determined) in Loveland (the "Property"); and
- WHEREAS, the Company intends to develop the Property to construct and operate a 17,500 square-foot retail store and showroom, with additional warehouse and storage space, similar to those operated by the Company in other locations (the "Store"); and
- WHEREAS, before purchasing the Property, the Company asked the City for certain economic incentives to assist the Company in redeveloping the Property in the form of a refund of sales taxes in an amount equal to one-third (1/3) of all City sales taxes collected by the Company and received by the City with respect to transactions in or from the Store during a thirty-six (36) month period; and
- WHEREAS, the Company estimates that it's construction and operation of the Store will employ 8-10 people initially, increasing to 12-14 employees within a 3-year period, with averages between \$35,000 and \$60,000 per year depending on position and qualifications, and estimated revenues of \$4.5-5 million in the first year and \$5-6 million by the second and third year; and; and
- WHEREAS, the City Council believes that granting the Company assistance in the form of a refund of sales taxes on the terms and conditions set forth in the Roughing It in Style Sales Tax Refund Agreement attached hereto as Exhibit A and incorporated herein (the "Agreement") will provide significant social and economic benefits to the citizens of

Loveland, primarily in the form of jobs, economic development, and increased property tax revenues to the City, and is in the best interests of the public and the City.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. That the City Council hereby finds that granting the Company a refund of sales taxes as set forth in the Agreement, will serve a public purpose because the Company's construction and operation of the Store in Loveland will provide significant social and economic benefits to the citizens of Loveland, primarily in the form of jobs, economic development, and increased property tax revenues to the City,

Section 2. That the Agreement attached hereto as Exhibit A and incorporated by reference is hereby approved.

Section 3. That the City Manager is authorized, following consultation with the City Attorney, to modify the Agreement in form or substance as deemed necessary to effectuate the purposes of this Resolution or to protect the interests of the City.

Section 4. That the City Manager and the City Clerk are hereby authorized and directed to execute the Agreement on behalf of the City of Loveland.

Section 5. That this Resolution shall be effective as of the date of its adoption.

ADOPTED this ___ day of _____, 2013.

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

Exhibits available in City Clerk's Office

9. CITY CLERK

APPROVAL OF COUNCIL MINUTES

A. May 14, 2013 Study Session

Administrative Action: The Council minutes from the May 14, 2013 Study Session, where Councilor Shaffer was not present for the entire meeting. Councilor Shaffer motioned to approve the minutes, Councilor Trenary seconded the motion. The motion was approved unanimously with Councilor Shaffer abstaining.

A. May 21, 2013 City Council

Administrative Action: The Council minutes from the May 21, 2013 Council Meeting, where Councilor McKean was absent. Councilor Shaffer motioned to approve the minutes, Councilor Farley seconded. The motion was approved unanimously with Councilor McKean abstaining.

10. ECONOMIC DEVELOPMENT

CRUNCHY GROCER, LLC. TAX WAIVER

Information Only Item: Staff is looking for City Council direction. Economic Development Manager, Mike Scholl presented this item. Jonas Buehl represented Crunchy Grocer. Crunchy Grocer, LLC is seeking a refund of 1/3 of City sales tax for a period of five years not to exceed \$175,000, in and fee and materials use tax waivers estimated at \$7,500. The Crunchy Grocer is a natural and organic food grocer that will be located at 1461 East Eisenhower in Loveland. According to the City's approved Economic Development Incentive Policy, any agreement that exceeds \$20,000 is required to go before Council as an informational item prior to final consideration. Pending Council review, the item is expected to be returned for final consideration at the

regular meeting on Tuesday, June 18, 2013. If approved, the City will refund 1/3 of the sales tax collected for five years and waive \$7,500 in fees. Council direction was to bring this item to the City Council meeting on June 18, 2013.

11. ECONOMIC DEVELOPMENT

LEED FABRICATION DEFERRAL AND WAIVER

Information Only Item: Staff is looking for City Council Direction. Economic Development Manager, Mike Scholl introduced this item and Steve Olson and Virgil Simmons represented LEED. LEED, located at 5100 Boyd Lake Avenue is seeking a deferral of the cash-in-lieu payment for the required street improvements to Boyd Lake Avenue. Further, the City is offering a \$75,000 waiver of building permit fees and construction materials use tax. The street improvements are required as part of the City's site development standards, which were triggered by the proposed 40,200 square foot addition to the existing facility and the proposed construction of an additional 28,100 square foot building. Council direction was to bring this item to the City Council meeting on June 18, 2013.

12. FINANCE

APRIL 2013 FINANCIAL REPORT

Information Only Item: John Hartman presented this item in place of Brent Worthington, Finance Director. The Snapshot Report included the City's preliminary revenue and expenditures including detailed reports on tax revenue and health claims year to date, ending April 30, 2013.

ADJOURNMENT

Having no further business to come before Council, the June 4, 2013 Regular Meeting was adjourned at 8:55 pm.

Respectfully Submitted,

Teresa G. Andrews, City Clerk

Daryle Klassen, Mayor Pro Tem

**CITY OF LOVELAND**
FINANCE DEPARTMENT

Civic Center • 500 East Third • Loveland, Colorado 80537
(970) 962-2695 • FAX (970) 962-2900 • TDD (970) 962-2620

AGENDA ITEM: 15
MEETING DATE: 6/18/2013
TO: City Council
FROM: Brent Worthington, Finance
PRESENTER: Brent Worthington, Finance Director, Cheryl Wallace, CPA

TITLE:

2012 Comprehensive Annual Financial Report and Audit Report

RECOMMENDED CITY COUNCIL ACTION:

Information only item. No action required.

DESCRIPTION:

The Comprehensive Annual Financial Report for the year ending December 31, 2012, received an unqualified opinion from the external auditors. This indicates that, in all material respects, the report fairly presents the financial position of the City and is in conformity with generally accepted accounting principles.

BUDGET IMPACT:

- Positive
 Negative
 Neutral or negligible
-

SUMMARY:

The City's Comprehensive Annual Financial Report for the year which ended December 31, 2012, has been prepared and audited.

This report is submitted for review. Representatives of Rubin Brown, LLC will present the report at the City Council meeting. They have issued an unqualified opinion on the City's financial statements indicating that the report fairly presents the financial position of the City and that it is in conformity with generally accepted accounting principles.

REVIEWED BY CITY MANAGER:

LIST OF ATTACHMENTS:

Comprehensive Annual Financial Report

Management Letter from Rubin Brown, LLC

City Response to Management Letter

Airport Financial Report

Management Letter from Rubin Brown, LLC regarding Airport

Airport Response to Management Letter

2012 COMPREHENSIVE ANNUAL *Financial Report*



**CITY OF LOVELAND
COLORADO**

*For the Fiscal Year Ended
December 31, 2012*

Cover photo courtesy of:
Danny Dodge, Producer/Director
Roadrunner Productions
www.roadrunnerproductions.com

City of Loveland, Colorado

Comprehensive Annual Financial Report

For the fiscal year ended
December 31, 2012

Submitted by
City Manager - William D. Cahill
Finance Director - Brent Worthington

Prepared by the
Finance Department

DeeAnn Hanson, Senior Accountant
Rebecca Masters, Senior Accountant
Sarah Knapp, Accountant II
Mona Brooks, Accountant II
Pat Lamfers, Accountant Tech
Chloe Romero, Business Services Coordinator



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Introduction



This section contains the Letter of Transmittal, City organizational chart, list of City officials, and the Certificate of Achievement.


CITY OF LOVELAND

FINANCE DEPARTMENT

 Civic Center • 500 East Third • Loveland, Colorado 80537
 (970) 962-2318 • FAX (970) 962-2900 • TDD (970) 962-2620

June 1, 2013

 Honorable Mayor, Members of City Council and City Manager
 Citizens of the City of Loveland, Colorado

The Comprehensive Annual Financial Report for the year ended December 31, 2012, is hereby respectfully submitted. State law requires that every general purpose local government publish within six months of the fiscal year end (fiscal year is the calendar year by Charter) a complete set of audited financial statements. The City's Charter requires an annual audit performed by a certified public accountant firm selected by the City Council. This report is published to fulfill these requirements.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Rubin Brown, LLP, Certified Public Accountants, have issued an unqualified opinion ("clean opinion") on the City of Loveland's financial statements for the year ended December 31, 2012. The Independent Auditors' Report is located behind the Section 2: Financial tab of this report.

Management Discussion and Analysis (MD&A) immediately follows the Independent Auditors' Report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A compliments this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Loveland, incorporated in 1881, is located approximately 50 miles north of Denver, directly east of the Big Thompson River's emergence from the Front Range of the Rocky Mountains. Situated in southeastern Larimer County, the City limits encompass 35.43 square miles and an estimated current population of 68,825 representing approximately 29,178 households.

The City operates as a home rule city and as a council-manager form of government under the provisions of a City Charter and local ordinances. Council is comprised of nine members. The City is divided into four representation wards. There are two council members from each of those wards that serve staggered four-year terms and a Mayor elected at large that serves a two-year term. The Mayor serves as a leader and has an equal vote.

The City of Loveland is a full service organization including electric power services and solid waste/recycling services. Services also include water, wastewater, golf courses, storm water, police, fire, library, culture (museum, theater, Arts in Public Places, programming), parks and recreation, cemetery, maintenance and construction of transportation, transit (COLT), development services, and a variety of support services. The City jointly operates and maintains the Fort Collins/Loveland Municipal Airport with the City of Fort Collins, Colorado. A separate report is issued for that operation which includes federal grant requirement compliance and passenger facility charge reporting. All governing and reporting relationships are disclosed in the footnotes to the financial statements.

The budget is required to be submitted to City Council by the first Tuesday of October each year. It is required to include the capital improvements for the budget year plus an additional four years. It must provide a complete financial plan for the City in a format acceptable to City Council. Except as otherwise provided by the Charter, the proposed budget must be prepared in accordance with the State statutes establishing the local government

budget laws and the local government uniform accounting laws. A public hearing is required and two readings of an ordinance adopts the budget, setting the appropriation for the year at the fund level. Any supplemental appropriations must be approved using the same procedures outlined above for the original adoption of the budget. Departments have the flexibility, with the appropriate approvals, to move money between divisions within the same accounting fund. However, any funding moved between accounting funds requires a supplemental appropriation, public hearing and two readings of the ordinance.

Local Economy

Major employers in the City include the school district, several technology companies, a phone book publishing company, discount store distribution center, and the healthcare industry. There are three hospital facilities and several substantial medical office facilities. Most of the economic models indicate that the healthcare sectors of the economy are growing more rapidly than the rest of the economy.

The local economy has stabilized, although it has not returned to pre-recession levels in many sectors. Job growth continues to be a concern. Employment has been trending upward, with the number of employed shown in the February and March employment reports exceeding the 2007 peaks for the first time. The unemployment rate continues to be at a higher level than before the recession at 6.6%, but is significantly lower than at the same time in the previous year of 7.8%. For comparison purposes we have concerns using the Colorado Bureau of Labor reports. They are in the middle of a re-benchmarking process aligning their data sets and the 2010 Census information. This has caused a significant upward spike in the numbers from before the process began. The process should result in better information when complete, but at this time the historical data has not been adjusted to match the new numbers.

The continuation of the economic recovery will depend upon job growth. We suspect that there are many people under-employed, where they are overqualified for the jobs they currently hold. Anecdotally, we have heard that many people stay in the area even after their employment status changes due to the extraordinary quality of life and natural resources in the area. Council has continued to give economic and business development policies and programs to retain and expand jobs as one of their highest priorities, along with investment in infrastructure.

Sales tax performance is currently above the 2007 levels in nominal amounts, but when adjusted for inflation, 2012 numbers still lag the 2007 levels(although the trend appears to be moving upward; with continued strong growth in sales tax, City revenues, adjusted for inflation, could trend above 2007). This reinforces the need to continue the implementation of the Sustainability Plan approved by Council in 2011 to insure operating revenue continues to meet or exceed operating expenses for the foreseeable future. The Plan included employee generated savings through operational efficiencies; reductions in employee benefits, compensation and administration costs; a change in fleet management policy to move towards a pooled fleet concept, reducing the size of the fleet; a voluntary severance program and strategic attrition to reduce the number of full time equivalent positions; increased revenue through fee increases for services; and an increase to Payment-in-Lieu-of-Taxes charged to Enterprise Funds.

While the local economy has been relatively resilient, single family residential and commercial construction has continued to be very slow although moving slightly upward. Building permit revenue was up about 32% from 2011, due primarily to residential construction. The upward growth is further demonstrated by the 22% increase in revenue over the 2010 collections that included large multi-family projects, indicating the housing construction sector is beginning to rebound. In addition the number of new residential meter sets increased from 335 in 2011 to 359 in 2012.

The Water Fund sold 4,190,277,746 gallons of water in 2012 compared to 3,519,549,558 gallons in 2011. This increase was driven by the hot, dry summer experienced in 2012.

2012 was a challenging year but determined action during the development of the budget, very little debt, and strong reserves led to a stronger overall performance than many of the neighboring communities. This position allows for strategic analysis for the financial sustainability for the City of Loveland 2013-2021.

Long-Term Financial Planning

The City of Loveland prepares a 10-Year Financial Master Plan and Capital Improvement Plan with the operational impact of the capital projects linking the two plans together. They are dynamic documents, updated at least annually. The City's target is to meet all anticipated expenditure obligations and reserve targets leaving resources that flow through to the next year within the first five years.

As we moved through 2012, several indicators suggest cautious optimism:

- Sales tax collections over the same months last year were higher in every month, and finished with total collections 6% above 2011.
- Economists at the State of Colorado believe there will be continued growth in 2013 of retail sales over the 2012 levels. The City budgeted for 3% growth in 2012 over the 2011 revised forecast and, as mentioned above, the sales tax significantly outperformed that projection. The 2013 sales tax budget includes an increase of 4.0% over the 2012 forecast.
- Economic conditions in mid-2012 included property values stabilizing at a higher rate than initially projected. The unemployment rate was beginning to drop, but building activity in both the residential and commercial/industrial sectors continued at very low levels at the time the projections for 2013 were developed, although there are indications that the residential building sector was gaining strength, indicated by the growth in building permits and building use tax.

The financial plan revenue projections for future years are purposely developed in a conservative manner which sets the parameters for resources available to deliver services. The basic revenue assumptions in the Plan are continued slow growth in sales collections, property tax growth slowly returning to historic growth rates; and flat to low growth levels in the building sector over the near term.

The City has weathered the recession without having the significant impact to most services other areas in the region and the State have experienced and without relying on reserves to fund on-going services. The state constitutional amendments and the heavy reliance on sales tax with an aging population are cause for concern for every governmental entity in this state, the City of Loveland included. We do not imply that the City should not be concerned. We simply believe that due to leadership exhibited over the last ten years and the collective contributions by businesses and citizens through the Sustainability Process, the City has resilience to respond to changing conditions. We also believe that during these unprecedented times, policies and service delivery strategies of the past cannot remain the same to retain the financial stability we have enjoyed.

Major Initiatives

The City Council has traditionally been interested in generating community investment and partnerships, with the objective of maximizing the benefit to the community.

Two major projects were the development of Mehaffey Park in the northwest quadrant of Loveland and the development of a funding program for expansion of the Water Treatment Plant (to meet increased capacity needs driven by City growth), and a water line replacement program (driven by an aging infrastructure).

Another major building project, completed in 2012, was the public/private/philanthropic partnership for the renovation of two buildings downtown, known as the Rialto Bridge Project. Two buildings next the Rialto Theater were razed and replaced by a building with additional "green room" space for the Theater, a community room, a new restaurant, and office space. The projects used City reserved funds, funding from a private developer, and \$700,000 from the Community Foundation. The building opened in April of 2012.

The City continued to invest capital dollars committed to transportation projects, with over \$3 million of impact fees and General Fund revenues included in the 2012 adopted Budget, and another \$3.4 million re-appropriated from prior years for a variety of street widening and traffic signal projects. Three major initiatives that were begun are the improvement to Taft Avenue, the Boise Avenue extension from Madison Avenue to Mt. Columbia (connecting with Larimer County Road 11C), and Madison Avenue improvements from 29th Street to Silver Leaf. The Taft project will improve the roadway to a four lane arterial that includes a center turn lane. The Water Utility Fund began work on a \$1.3 million project to replace and enlarge the Morning Drive alternate water line, which will improve water delivery reliability in the west side of town. The City continues to use a cash basis approach to build and improve facilities necessary to deliver quality services to the citizens of Loveland, whenever possible.

Plans for the communities in Weld and Larimer Counties to partner in building a regional crime lab came to fruition. Weld County is constructing the facility for a 2014 opening date. This is an extraordinary regional initiative that will expedite the analysis of criminal evidence of property crimes in our area.

In 2011, the City purchased a large part of the property at the Agilent facility, which was then resold to a developer. This project, known as the Rocky Mountain Center for Innovation and Technology, will put over 800,000 square feet of manufacturing space that has been vacant for several years back into production.

Another major initiative was the first full year of operation of the new Loveland Fire Rescue Authority, created in 2011. The Authority is a partnership between the City of Loveland and the Loveland Rural Fire District to place fire and rescue services under one governing board with each taxing entity providing equipment and funding for operations.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Loveland, Colorado for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2011. This was the thirty-second consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for 2012 and was recently notified that the 2013 document also received the award. It is the twenty-eighth consecutive year that the City will have received the budget presentation award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

Preparation of a CAFR is a complex task and one that requires considerable expertise and experience. More importantly, the ongoing maintenance and reporting of the City's financial condition at the level to which Loveland has been accustomed to requires professionalism and dedication. The City is fortunate to have a very talented accounting staff willing to undertake these efforts year after year. We express sincere thanks to the entire accounting staff of the City, while Senior Accountants DeeAnn Hanson and Becky Masters deserve particular recognition for their efforts in preparing representative financial statements. We would also like to express appreciation to the independent certified public accounting firm, Rubin Brown, LLP for not only their professionalism extended to our staff as they conducted their audit engagement but also for their guidance and technical assistance.

Finally, we would like to express our gratitude and appreciation to the members of the Loveland City Council, the Citizens Finance Advisory Commission, the City Manager's Office and City departments for their policy guidance which is contained in this document. As the governing body, your commitment to ensure accurate and reliable financial accounting and reporting systems, establishes an environment influencing all other decisions that are made. We are very proud to convey the City Council's commitment to excellence to our citizens and all readers of the Fiscal Year Ending 2012 CAFR.

Respectfully Submitted,

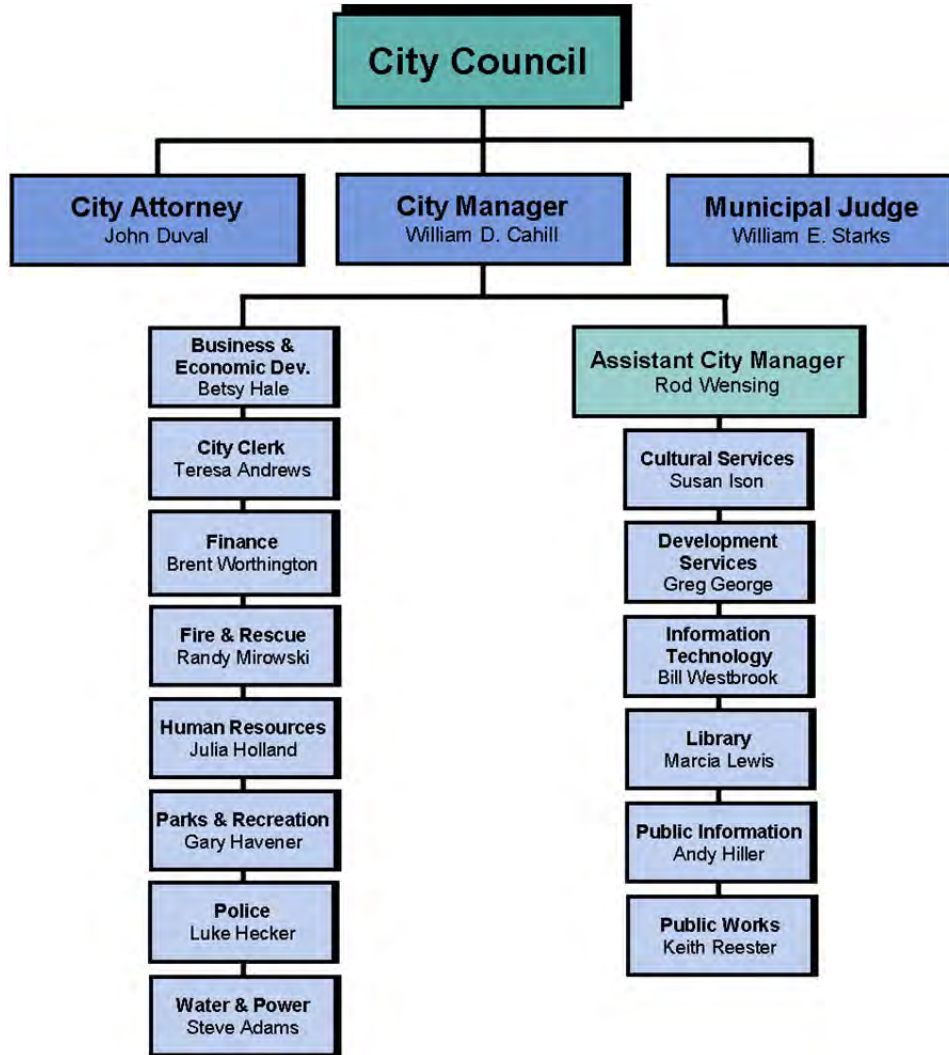


William D. Cahill
City Manager



Brent Worthington
Finance Director

City Organizational Chart & Officials



City Council

From left to right:
 Back row: Ralph Trenary; John H. Fogle;
 Mayor Cecil Gutierrez; Hugh McKean,
 Front Row: Chauncey Taylor, Joan Shaffer,
 Daryle Klassen; Mayor Pro Tem
 Cathleen McEwen and Phil Farley.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Loveland Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Moynell

President

Jeffrey R. Emer

Executive Director

Financial



This section contains the auditors' report, the basic financial statements with related footnote disclosures, required supplementary information and other supplemental information.



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 Certified Public Accountants
 & Business Consultants

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Independent Auditors' Report

Honorable Mayor and Members
 of the City Council
 City of Loveland, Colorado

Report On The Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Loveland, Colorado (the City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Honorable Mayor and Members of the City Council
City of Loveland

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2012 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Honorable Mayor and Members of the City Council
City of Loveland

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedule of funding progress and related notes, on pages 16 through 24, pages 62 through 63 and page 64, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules; the schedule of expenditures of federal awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; the Local Highway Finance Report and introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Honorable Mayor and Members of the City Council
 City of Loveland

The combining and individual fund financial statements and schedules, the schedule of expenditures of federal awards and the Local Highway Finance Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, the schedule of expenditures of federal awards and the Local Highway Finance Report are fairly stated in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

RubinBrown LLP

May 31, 2013

Management Discussion & Analysis

Our discussion and analysis of the City of Loveland's financial performance provides an overview of the City's financial activities for the year ended December-31-12.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government. This information should be read in conjunction with the Letter of Transmittal and the City's financial statements.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the City's finances; "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. The City's net position—the difference between assets and liabilities—is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position is one indicator of whether its financial health is improving or deteriorating. There are other non-financial factors, however, that affect the overall health of the City, such as changes in the City's property tax base and the condition of the City's roads.

In the Statement of Net Assets and the Statement of Activities, we divide the City into two kinds of activities:

- **Governmental Activities**—Most of the City's basic services are reported here, including general administration, police, fire, parks & recreation, community services, public works, library and cultural services. Sales taxes, property taxes, franchise taxes, user fees, fines, and intergovernmental revenue including state and federal grants finance most of these activities.
- **Business-Type Activities**—The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's power, water, wastewater, stormwater, solid waste collection and golf operations are reported here.

Reporting the City's Most Significant Funds

Fund Financial Statements

The Fund Financial Statements provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like Capital Expansion Fees). The City's two kinds of funds—governmental and proprietary—use different accounting approaches.

- **Governmental Funds**—Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental Fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between Governmental Activities (reported in the Statement of Net Position and the Statement of Activities) and Governmental Funds in a reconciliation at the bottom of the fund financial statements.
- **Proprietary Funds**—When the City charges customers for the services it provides, these services are generally

reported in Proprietary Funds. Proprietary Funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's Enterprise Funds are the same as the Business-Type Activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

The City as a Trustee

Reporting the City's Fiduciary Responsibilities

All of the City's fiduciary activities are reported separately from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The City As A Whole

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the City of Loveland's case, assets exceeded liabilities by \$876,746,565 as of December-31-12.

Net Position

Combined net position of the City of Loveland at December-31-12 were as follows:

	Governmental		Business-Type Activities		Total		Total % of
	Activities						Change
	2012	2011	2012	2011	2012	2011	2011-2012
Current and other assets	\$ 152,204,791	\$ 145,336,626	\$ 98,170,234	\$ 94,646,681	\$ 250,375,025	\$ 239,983,307	4.3 %
Capital assets	301,942,160	302,978,097	372,589,212	366,826,282	674,531,372	669,804,379	0.7 %
Total Assets	454,146,951	448,314,723	470,759,446	461,472,963	924,906,397	909,787,686	1.7 %
Long-term liabilities	8,998,855	9,136,996	1,463,096	1,544,298	10,461,951	10,681,294	(2.1)%
Other liabilities	30,037,055	34,024,277	7,660,826	7,304,587	37,697,881	41,328,864	(8.8)%
Total Liabilities	39,035,910	43,161,273	9,123,922	8,848,885	48,159,832	52,010,158	(7.4)%
Net Position:							
Invested in capital assets, net of related debt	301,942,160	302,978,097	372,589,212	366,796,045	674,531,372	669,774,142	0.7 %
Restricted- Nonspendable	6,022,088	5,996,192	-	-	6,022,088	5,996,192	0.4 %
Restricted	23,755,291	21,596,883	44,869,255	42,606,195	68,624,546	64,203,078	6.9 %
Unrestricted	83,391,502	74,582,278	44,177,057	43,221,838	127,568,559	117,804,116	8.3 %
Total Net Position	\$ 415,111,041	\$ 405,153,450	\$ 461,635,524	\$ 452,624,078	\$ 876,746,565	\$ 857,777,528	2.2 %

As of December-31-12, the City is able to report positive balances in all three categories of net position, both for the City as a whole and the separate Governmental and Business-Type Activities. The same situation held true for the prior fiscal year.

The \$250,375,025 current and other assets include \$209,088,174 in cash and investments. The restricted balance of cash and investments is \$45,788,635 for acquisition or construction of future capital assets.

The largest portion of the City's total net position (77%) is the investment in capital assets (land, buildings, improvements, equipment, etc.); less related outstanding debt used to acquire those assets. The City of Loveland uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, primarily future revenue.

The City does not have a significant level of long-term debt. Long-term debt reported in the Governmental Activities is compensated absences of \$4,446,451 as well as oversizing agreements of \$4,552,404. Long-term debt in the Business-Type Activities is compensated absences of \$1,463,095.

Changes In Net Position

The City's total revenues were fairly consistent with prior year. Revenues and transfers in 2012 of \$192,525,923 exceeded program expenses of \$173,556,886 for an increase in net position of \$18,969,037. This increase included \$3,398,802 from contributed assets and revenue restricted for capital spending. The remaining \$15,570,235 represents the amount of on-going revenues and additional revenues from rate increases exceeding operating expenses. Descriptions of significant activities for Governmental and Business-Type follow the table below.

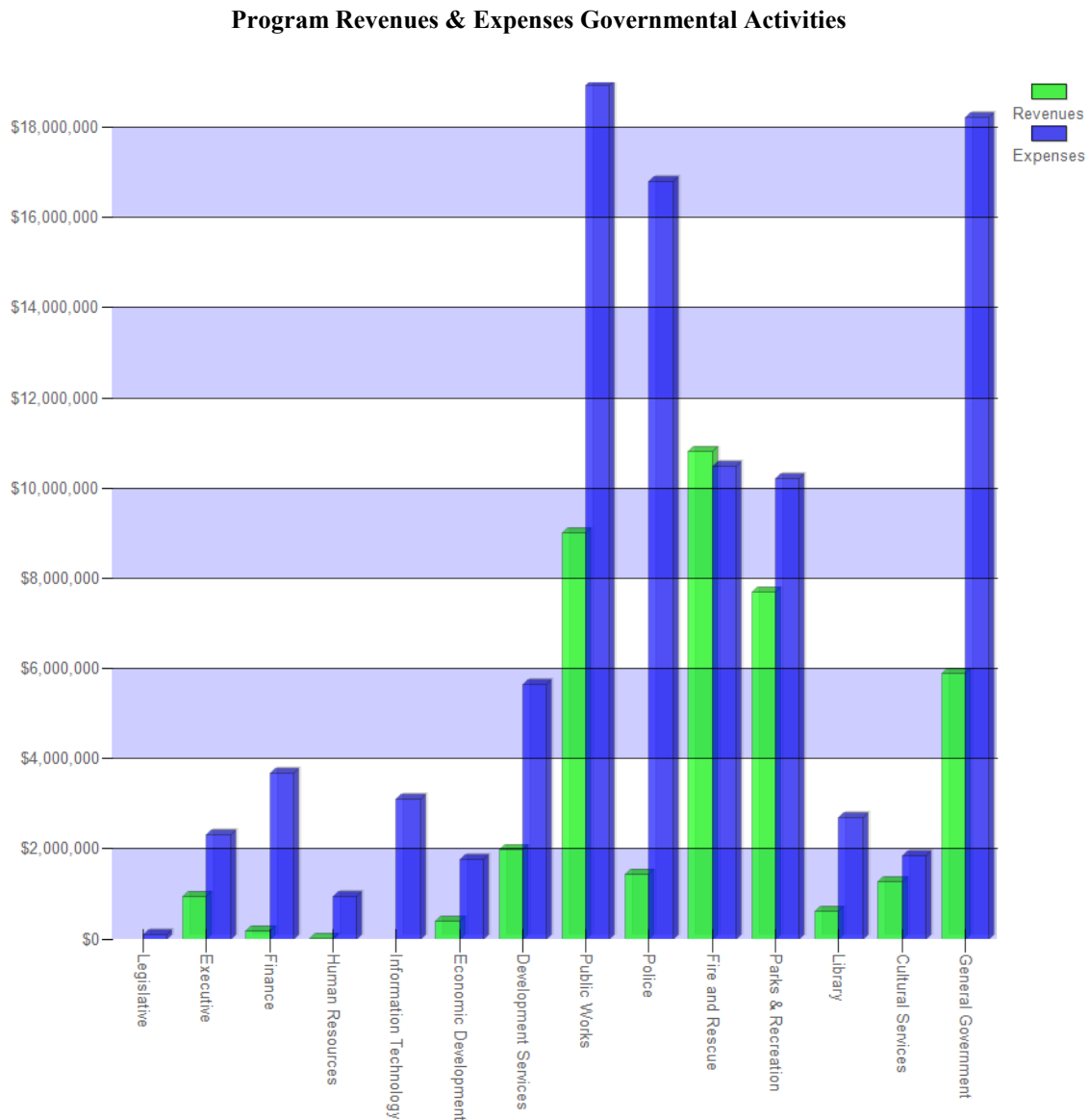
CITY OF LOVELAND, COLORADO CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total		Total % of Change
	2012	2011	2012	2011	2012	2011	
Program Revenue							
Charges for service	\$ 16,083,060	\$ 15,386,116	\$ 81,987,150	\$ 80,688,052	\$ 98,070,210	\$ 96,074,168	2.1 %
Operating grants/contributions	14,626,446	5,487,692	-	-	14,626,446	5,487,692	166.5 %
Capital grants/contributions	9,488,471	10,272,856	6,785,850	7,050,956	16,274,321	17,323,812	(6.1)%
General Revenues:							
Property Taxes	18,727,569	18,829,989	-	-	18,727,569	18,829,989	(0.5)%
Sales and Use Taxes	39,849,259	36,535,125	-	-	39,849,259	36,535,125	9.1 %
Franchise and Other Taxes	2,726,679	2,617,772	-	-	2,726,679	2,617,772	4.2 %
Investment Earnings	1,124,663	2,561,535	958,828	2,238,345	2,083,491	4,799,880	(56.6)%
Other	23,083	691,883	144,865	366,592	167,948	1,058,475	(84.1)%
Total Revenues	102,649,230	92,382,968	89,876,693	90,343,945	192,525,923	182,726,913	5.4 %
Program Expenses:							
Legislative	97,103	101,073	-	-	97,103	101,073	(3.9)%
Executive	2,298,957	1,839,314	-	-	2,298,957	1,839,314	25.0 %
Finance	3,685,096	2,156,020	-	-	3,685,096	2,156,020	70.9 %
Human Resources	929,651	750,448	-	-	929,651	750,448	23.9 %
Information Technology	3,101,836	3,251,193	-	-	3,101,836	3,251,193	(4.6)%
Economic Development	1,764,192	1,235,598	-	-	1,764,192	1,235,598	42.8 %
Development Services	5,656,043	6,397,469	-	-	5,656,043	6,397,469	(11.6)%
Public Works	18,940,024	17,425,656	-	-	18,940,024	17,425,656	8.7 %
Police	16,806,697	16,817,499	-	-	16,806,697	16,817,499	(0.1)%
Fire & Rescue	10,481,974	8,075,617	-	-	10,481,974	8,075,617	29.8 %
Parks & Recreation	10,206,841	9,572,290	-	-	10,206,841	9,572,290	6.6 %
Library	2,701,016	2,625,349	-	-	2,701,016	2,625,349	2.9 %
Cultural Services	1,845,305	1,464,118	-	-	1,845,305	1,464,118	26.0 %
General Government	18,234,265	14,777,308	-	-	18,234,265	14,777,308	23.4 %
Interest on Long-Term Debt	-	-	-	-	-	-	- %
Water	-	-	10,506,013	10,194,425	10,506,013	10,194,425	3.1 %
Wastewater	-	-	7,142,390	6,931,011	7,142,390	6,931,011	3.0 %
Stormwater	-	-	3,315,186	3,550,937	3,315,186	3,550,937	(6.6)%
Power	-	-	47,438,660	45,197,485	47,438,660	45,197,485	5.0 %
Solid Waste	-	-	5,143,011	4,881,326	5,143,011	4,881,326	5.4 %
Golf	-	-	3,262,626	3,248,098	3,262,626	3,248,098	0.4 %
Total Expenses	96,749,000	86,488,952	76,807,886	74,003,282	173,556,886	160,492,234	8.1 %
Increase in net position before transfers	5,900,230	5,894,016	13,068,807	16,340,663	18,969,037	22,234,679	(14.7)%
Transfers	4,057,361	6,392,390	(4,057,361)	(6,392,390)	-	-	- %
Increase in net position	9,957,591	12,286,406	9,011,446	9,948,273	18,969,037	22,234,679	(14.7)%
Net Position-Beginning	405,153,450	392,867,044	452,624,078	442,675,805	857,777,528	835,542,849	2.7 %
Net Position -Ending	\$ 415,111,041	\$ 405,153,450	\$ 461,635,524	\$ 452,624,078	\$ 876,746,565	\$ 857,777,528	2.2 %

Governmental Activities

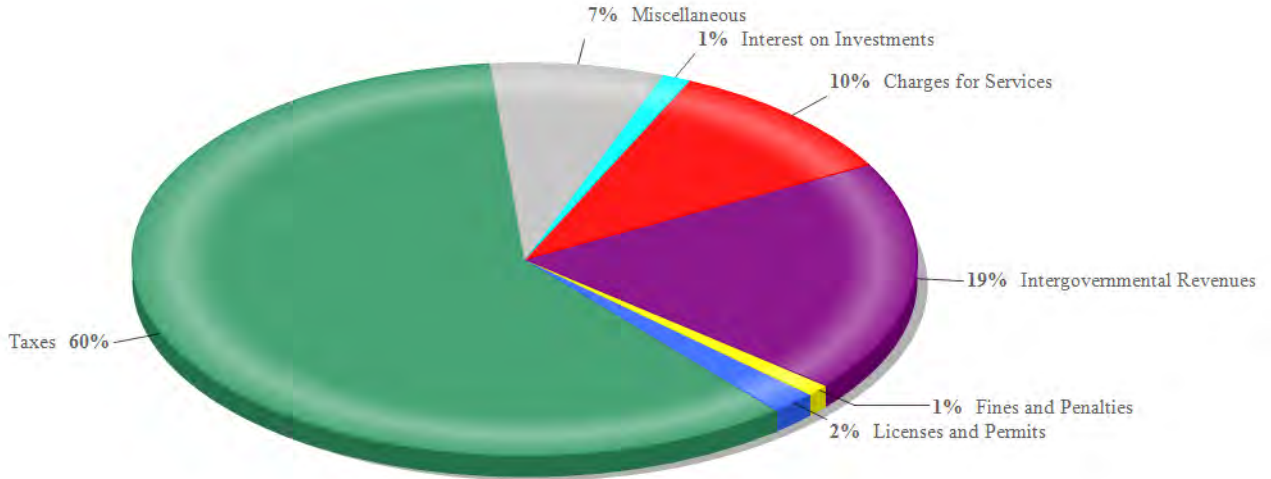
Governmental Activities increased the City's net position by \$9,957,591. 4% (\$419,133) of this increase is from developer donated streets and other revenue sources that are restricted to capital projects. Of the remaining increase, \$9,538,458 relates to general revenues. Earnings on investments decreased in 2012 by (56)% from to \$2,561,535 to \$1,124,663. This decrease is due to the sale of certain investments as part of a managed portfolio, generally lower market interest rates, and accounting adjustments for the reversal of unrealized gains from the previous year. Property tax revenue decreased in 2012 by \$102,420.

The graph compares program revenues and expenses of Governmental Activities in 2012. This graph illustrates that the majority of those expenses are related to public services and safety.

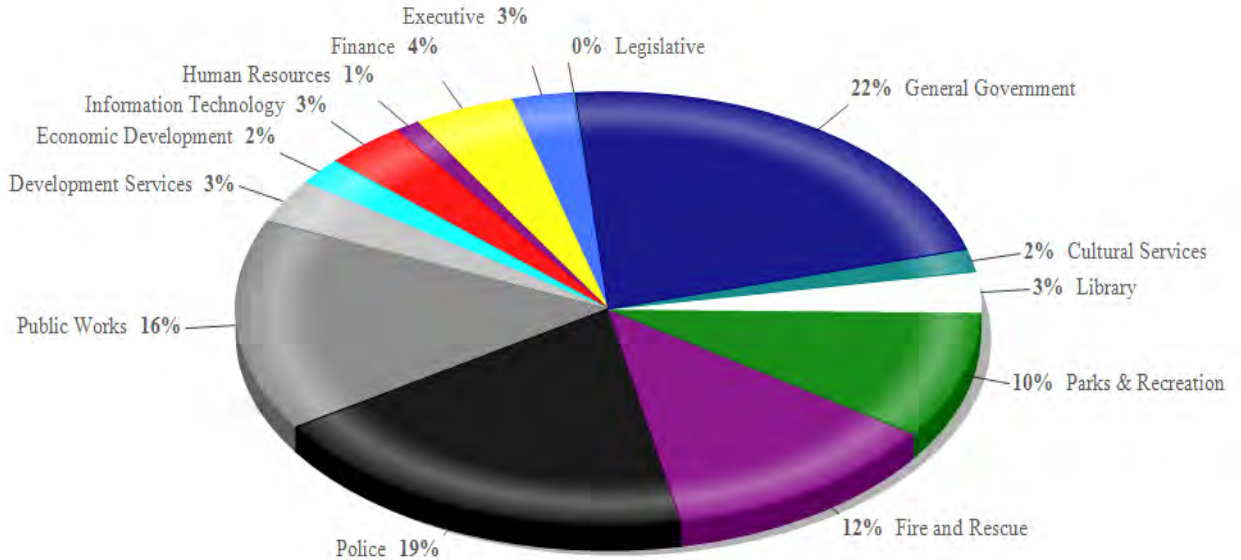


When the recession took hold, staff undertook an analysis of the potential impacts on the City's budget over time. The downturn in revenues from the recession, and projected revenue growth for the next ten years, indicated the City was in danger of developing a "structural imbalance". Projections showed operating revenue for General Government activities was not going to be sufficient to meet ongoing expenses, resulting in a significant draw on reserves in the near-term. In response, in 2011, the City began a Sustainability Strategy process that identified service priorities: employee committees identified areas where savings could be achieved; and Council and Management finalized the strategy. The objective of the process was to reduce expenses to fall within on-going revenues for the long term. Implementation of the strategy consisted of three major components: (1) increasing revenue through new fees and charges (or increasing existing fees where appropriate), including the Payment in Lieu of Taxes (PILT) paid by the enterprise funds; (2) reducing operating expenses and some programs; and (3) reducing compensation and benefits. The Strategy was adopted by Council on June 7, 2011, and the first stage of implementation was included in the 2012 budget.

**Revenue By Source
Governmental Funds**



**Expense By Source
Governmental Funds**



Business-Type Activities

Business-Type Activities include the city-owned utilities (Water, Power, Wastewater and Stormwater), Solid Waste collection and recycling services, and three municipal golf courses. All of these activities charge user fees designed to fully cover operating expenses. In addition, system impact fees and water acquisition fees are charged to provide funds for expansion as needed. In developing areas, system improvements, such as water and wastewater lines are built by the developer and contributed to the City.

In the graph below, all activities had higher expenses in comparison to program revenues, due to lower than projected revenues and capital projects funded by cash reserves.

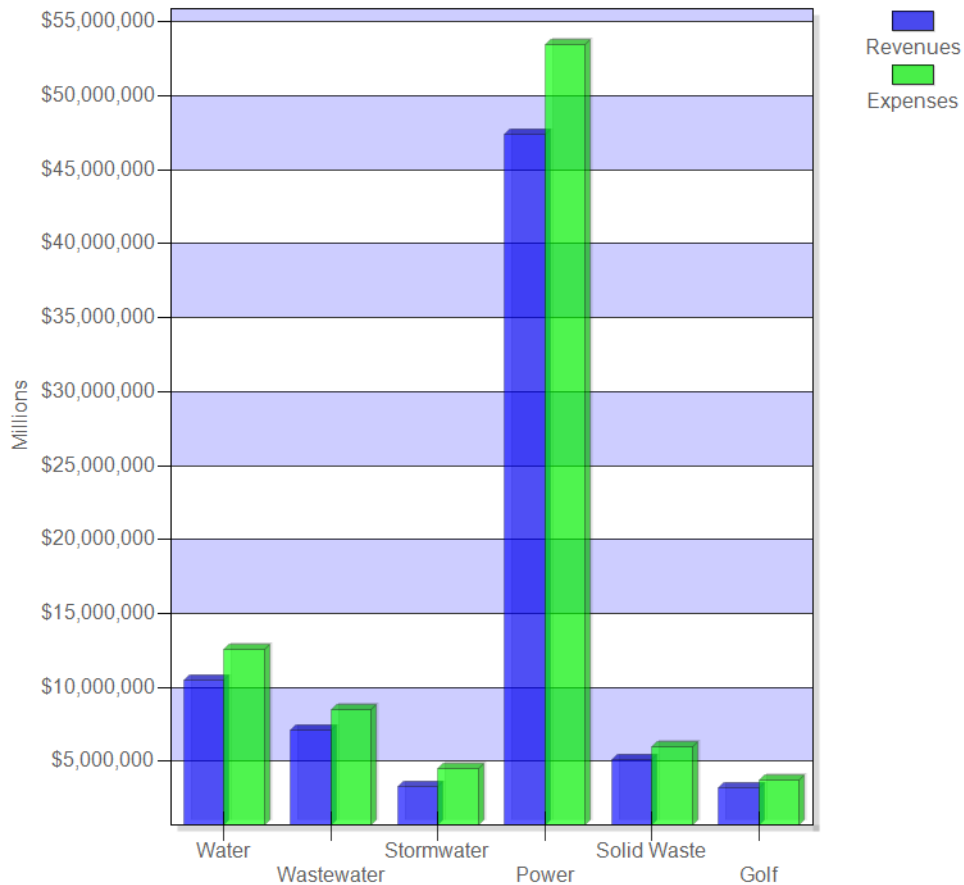
A cool, wet spring, along with a mild summer resulted in decreased water and electric sales and a reduction in Golf rounds played, as well as reduced power consumption due to lower cooling costs reducing power sales all contributed to lower revenues.

All of the business activities will conduct rate studies over the next three years to determine the appropriate rates.

For year-ended 2012, net position for the Business-Type Activities increased by \$9,011,446. Earnings on investments decreased from \$2,238,345 in 2011 to \$958,828 in 2012.

Expenses decreased from the prior year in all of the Business-Type Activities.

**Program Revenues & Expenses
Business-Type Activities**



The City’s Funds

Information on the City’s major governmental funds begins on page 31. These funds are accounted for using the modified accrual basis of accounting. Overall, the balances of these funds increased by \$9,526,760, and the City ended the year with a combined fund balance of \$100,084,716.

The City’s Governmental Funds collected more revenue than the constitutional limits (TABOR) by \$3,654,742 in 2012 due to an upturn in sales and use tax revenue. The City is allowed to keep and spend these revenues for public safety, parks maintenance and construction and street maintenance and construction.

The Total Government Funds are reported in accordance with the requirements of the Governmental Accounting Standards Board (GASB) statement No. 54, which the City implemented in 2010. Further details of GASB No. 54, and definitions of each fund balance type, can be found in the notes to the financial statements. The total Government Funds include nonspendable balances of \$6,022,088.

- Nonspendable includes an Interfund Loan Receivable of \$4,850,000 in the CEF fund.
- Restricted balance of \$23,755,291 includes \$1,861,860 reserved for emergencies; \$14,686,720 for Open Space Acquisitions; funds for Parks & Recreation; Urban Revitalization; Convention & Tourism; Fire & Rescue; and Law Enforcement.
- Committed balances include \$7,739,934 for excess TABOR; \$34,915,356 for future capital improvements; the Council Capital Reserve; Art in Public Places; Parks Capital Improvements; and the Library Expansion .
- Assigned balances of \$5,232,209 are for items such as the Library Reserve, Museum Programs, Library Books, as well as other governmental funds.
- Unassigned General Fund is \$16,560,028, which includes the reserve policy adopted in 2011. This policy sets aside 15% of expenditures to be held in reserve as a guard against economic uncertainties.

The City has a policy to maintain a reserve in the Risk & Insurance Fund, as well as a reserve in the Employee Benefits Fund (which is a self-funded plan). For the Risk & Insurance Fund, Risk Management used an actuarial analysis to estimate future claims and help ensure that the Risk reserve is adequately funded. In accordance with the study completed in 2009, the total estimated funding required for the Risk & Insurance Fund is \$3,637,322; the balance in the fund is \$4,606,613. The reserve will cover uninsured claims and litigations, as well as open claims from prior years to account for Incurred But Not Reported (IBNR) losses.

The City's claims administration firm has developed a similar estimate of the potential future health claims. The City targets a reserve sufficient to cover 20% of existing claims plus the estimate for future claims. The current target reserve is \$3,500,000; the current balance is \$6,562,584.

Financial Analysis Of The Governmental Funds

The General Fund accounts for all of the general governmental services provided by the City. These include public safety (police and fire), public works, parks & recreation, community services, culture, library, and general administration. Funding for these services comes from a variety of sources, but is heavily funded by sales and use taxes. The General Fund balance increased by \$6,317,945 (24%); total General Fund revenue of \$68,865,150 increased by 5.6% for the year. Tax revenue of \$49,036,311 (71% of the total General Fund revenue) increased by 2.4% in 2012. This is a result of the increase in retail sales activity in 2012 versus 2011. There were no changes made to the City's mill levy or sales tax rate in 2012.

The Loveland Urban Renewal Authority (LURA) Fund revenues increased in 2012 to \$11,304,566. Tax revenues of \$11,260,924 (100% of total revenues) increased by 2% (\$254,799) compared to 2011. Total 2012 expenditures (\$11,263,175) include the distribution of tax increment financing (\$10,005,790), school district fund (\$947,001), and other services (\$310,384).

The Capital Expansion Fees (CEF) fund total revenues increased by \$1,343,893 (36%) from the prior year. The fund balance in the CEF Fund increased by \$1,382,266 (4%). Transfers out of the CEF Fund to the Capital Projects Fund of \$1,300,656 relate to street projects.

Including transfers, the total revenue for the Capital Projects Fund was \$9,847,938. Expenditures were for major capital projects (including Library Expansion, Rialto Bridge, and Street Rehabilitation). Total expenditures and transfers were \$10,478,754, leaving a fund balance of \$202,257 (which is a decrease from 2011 of 76%).

Financial Analysis Of The Proprietary Funds

The City's Proprietary Funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total net position of the Proprietary Funds at year-end was \$461,635,524. Each of the Proprietary Funds had net asset increases, totaling \$9,011,446, from 2011. The most significant increase was in the Power Fund (\$4,427,677).

General Fund Budgetary Highlights

The majority of the General Fund departments ended the year within budget. The budget for transfers to other funds was increased from \$5,312,220 to \$7,015,230 with the majority to fund capital projects. Overall, there was an increase

of \$7,618,220 from the original 2012 budget appropriation.

Capital Assets And Debt Administration

Capital Assets

At the end of December-31-12, the City had \$674,531,372 invested in capital assets including police and fire equipment, buildings, park facilities, roads, water, wastewater, and power lines. (See table below.)

Overall in 2012, buildings increased by 15% and construction in process decreased by (24)% related to both Governmental and Business-Type Activities. This is related to the following projects in 2012:

Library Expansion	\$7,517,316
Rialto Theater Center	\$2,089,853

More detailed information about the City’s capital assets is presented in the Note 5 to Financial Statements.

**CITY OF LOVELAND, COLORADO
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION**

	Governmental Activities		Business-Type Activities		Total		Total % of Change
	2012	2011	2012	2011	2012	2011	
Land	\$ 36,305,217	\$ 35,315,113	\$ 3,075,664	\$ 3,075,664	\$ 39,380,881	\$ 38,390,777	2.6 %
Art Collection	5,010,682	4,875,898	-	-	5,010,682	4,875,898	2.8 %
Buildings	40,516,433	34,109,401	7,465,357	7,735,065	47,981,790	41,844,466	14.7 %
Improvements	21,154,746	20,046,808	198,453,822	199,359,090	219,608,568	219,405,898	0.1 %
Equipment	9,516,189	7,805,254	6,546,040	6,663,470	16,062,229	14,468,724	11.0 %
Water rights	1,974,520	1,632,720	62,545,869	60,256,651	64,520,389	61,889,371	4.3 %
Infrastructure	179,878,787	177,809,666	67,609,261	66,770,658	247,488,048	244,580,324	1.2 %
Easements	84,731	31,700	2,398,357	2,080,199	2,483,088	2,111,899	17.6 %
Construction in Process	7,500,855	21,351,537	24,494,842	20,885,486	31,995,697	42,237,023	(24.2)%
Total	\$ 301,942,160	\$302,978,097	\$ 372,589,212	\$366,826,283	\$ 674,531,372	\$669,804,380	0.7 %

This year's major additions included the following assets:

PD Dispatch Remodel	\$ 936,762	Street Improvement Projects	\$ 4,468,918
MeHaffey Park Design	\$ 774,722	Water Rights	\$ 2,289,218
Power Distribution Improvements	\$ 4,768,675	Wastewater Improvements	\$ 1,216,455

Debt

At year-end, the City had \$0 in capital leases compared to \$30,239 in 2011. Additionally, the City has a number of oversizing agreements related to Streets totalling \$4,552,404. There were no contract amendments in 2012.

Overall, the City is in a strong position as there is no bond indebtedness and no capital leases. The details of the City’s debt are summarized in Note 5 to the financial statements.

Next Year's Budgets and Rates

The City of Loveland continues to be in a strong financial position moving into 2013 and beyond. The 2013 Adopted Budget continues the City's practice of conservative financial planning as well as budget reduction strategies. Although there may be signs of improvement in the economy, the ongoing impacts will extend through 2013 and likely into 2014.

The Adopted Budget complies with the financial management policies approved by the City Council and is structured to meet the Council's priorities. For 2013, those priorities include economic vitality, public safety, infrastructure quality, and financial responsibility.

The Super Wal-Mart on the City's north side was open for its fifth full year in 2012. The Promenade Shops at Centerra, which is modeled after the Lifestyle Center concept, was open for its seventh full year in 2012.

Rates for the utility funds are set to cover operating costs and capital needs. Water rates will continue to increase by 14% in 2013; 1% to fund a future reservoir, and 13% for treatment plant and distribution system capital improvements. Power rates increased by 4.13%, driven by increased wholesale power costs and to fund new residential energy conservation programs. Wastewater rates increased by 9.9% for 2013.

Capital items for 2013 include Fire Station 2 relocation and expansion, Service Center Phase III expansion for Public Works, recreation trails and open space acquisition, natural area development, initial phase of water treatment plant expansion, and water line replacements.

Contacting The City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to illustrate the City's accountability for the revenue it receives. If you have questions about this report or need additional financial information, contact the Finance Department at 500 East Third Street, Loveland, Colorado, 80537.

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Basic Financial Statements



Basic financial statements are accounting reports compiled in conformity with the provisions of GAAP. These statements are necessary for the fair evaluation of operations of an entity that include the balance sheet, income statement (profit and loss account), and the cash-flow statement.

CITY OF LOVELAND, COLORADO
Statement of Net Position
December-31-12

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 8,521	\$ -	\$ 8,521
Equity in Pooled Cash	8,635,406	3,019,757	11,655,163
Equity in Pooled Investments	112,888,566	38,747,289	151,635,855
Receivables (Net):			
Taxes	23,783,186	-	23,783,186
Accounts	2,006,850	8,313,225	10,320,075
Grants	1,049,213	-	1,049,213
Accrued Interest	349,548	248,120	597,668
Inventory of Supplies	565,220	2,972,589	3,537,809
Net Pension Asset	1,998,900	-	1,998,900
Restricted Assets:			
Equity in Pooled Restricted Investments	919,381	44,869,254	45,788,635
Capital Assets:			
Land, Water Rights and Other Assets not Being Depreciated	43,375,150	68,019,890	111,395,040
Building, Improvements and Equipment, Net of Depreciation	251,066,155	280,074,479	531,140,634
Construction in Process	7,500,855	24,494,843	31,995,698
Total Assets	454,146,951	470,759,446	924,906,397
LIABILITIES			
Accounts Payable	7,861,386	5,772,042	13,633,428
Accrued Liabilities	2,673,479	648,746	3,322,225
Deposits	677,605	991,460	1,669,065
Unearned Revenue	18,824,585	248,578	19,073,163
Noncurrent Liabilities:			
Due Within One Year	2,545,548	804,703	3,350,251
Due in More Than One Year	6,453,307	658,393	7,111,700
Total Liabilities	39,035,910	9,123,922	48,159,832
NET POSITION			
Net Investment in Capital Assets	301,942,160	372,589,212	674,531,372
Restricted - Nonexpendable	6,022,088	-	6,022,088
Restricted:			
Future Capital Improvements	-	44,869,255	44,869,255
Tabor 3% Emergency Reserve	1,861,860	-	1,861,860
Conservation Trust Fund	5,635,751	-	5,635,751
Open Space Acquisitions	14,686,720	-	14,686,720
Other	1,570,960	-	1,570,960
Unrestricted	83,391,502	44,177,057	127,568,559
Total Net Position	\$ 415,111,041	\$ 461,635,524	\$ 876,746,565

The notes to the financial statements are an integral part of this statement.

CITY OF LOVELAND, COLORADO
Statement of Activities
For the Year Ended December-31-12

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions
Governmental Activities:				
Legislative	\$ 97,103	\$ -	\$ -	\$ -
Executive	2,298,957	936,190	-	-
Finance	3,685,096	171,616	-	-
Human Resources	929,651	23	-	-
Information Technology	3,101,836	-	-	-
Economic Development	1,764,192	35,872	39,952	313,000
Development Services	5,656,043	1,662,823	312,426	-
Public Works	18,940,024	2,128,714	4,802,910	2,074,494
Police	16,806,697	906,400	190,154	332,920
Fire and Rescue	10,481,974	286,551	8,994,912	1,525,012
Parks & Recreation	10,206,841	4,039,590	-	3,659,751
Library	2,701,016	98,541	117,143	396,823
Cultural Services	1,845,305	279,291	168,949	827,531
General Government	18,234,265	5,537,449	-	358,940
Total Governmental Activities	96,749,000	16,083,060	14,626,446	9,488,471
Business-Type Activities				
Water	10,506,013	10,119,971	-	2,426,776
Wastewater	7,142,390	7,259,071	-	1,247,168
Stormwater	3,315,186	4,032,801	-	525,527
Power	47,438,660	50,842,438	-	2,586,379
Solid Waste	5,143,011	6,003,233	-	-
Golf	3,262,626	3,729,636	-	-
Total Business-Type Activities	76,807,886	81,987,150	-	6,785,850
City Total	\$ 173,556,886	\$ 98,070,210	\$ 14,626,446	\$ 16,274,321

General Revenues:

Property Taxes
Sales and Use Taxes
Franchise Taxes
Other Taxes
Investment Earnings
Gain on Sale of Assets

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

The notes to the financial statements are an integral part of this statement.

**Net (Expenses) Revenue and
Change in Net Position**

Governmental Activities	Business-Type Activities	Totals
\$ (97,103)	\$ -	\$ (97,103)
(1,362,767)	-	(1,362,767)
(3,513,480)	-	(3,513,480)
(929,628)	-	(929,628)
(3,101,836)	-	(3,101,836)
(1,375,368)	-	(1,375,368)
(3,680,794)	-	(3,680,794)
(9,933,906)	-	(9,933,906)
(15,377,223)	-	(15,377,223)
324,501	-	324,501
(2,507,500)	-	(2,507,500)
(2,088,509)	-	(2,088,509)
(569,534)	-	(569,534)
<u>(12,337,876)</u>	<u>-</u>	<u>(12,337,876)</u>
<u>(56,551,023)</u>	<u>-</u>	<u>(56,551,023)</u>
-	2,040,734	2,040,734
-	1,363,849	1,363,849
-	1,243,142	1,243,142
-	5,990,157	5,990,157
-	860,222	860,222
-	467,010	467,010
<u>-</u>	<u>11,965,114</u>	<u>11,965,114</u>
<u>(56,551,023)</u>	<u>11,965,114</u>	<u>(44,585,909)</u>
18,727,569	-	18,727,569
39,849,259	-	39,849,259
1,728,289	-	1,728,289
998,390	-	998,390
1,124,663	958,828	2,083,491
23,083	144,865	167,948
4,057,361	(4,057,361)	-
<u>66,508,614</u>	<u>(2,953,668)</u>	<u>63,554,946</u>
9,957,591	9,011,446	18,969,037
<u>405,153,450</u>	<u>452,624,078</u>	<u>857,777,528</u>
<u>\$ 415,111,041</u>	<u>\$ 461,635,524</u>	<u>\$ 876,746,565</u>

CITY OF LOVELAND, COLORADO**Balance Sheet****Governmental Fund Types****December-31-12**

ASSETS	Loveland					Other Governmental Funds	Total Governmental Funds
	General	Urban Renewal Authority	Capital Expansion Fees	Capital Projects			
Cash	\$ 8,521	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,521
Equity in Pooled Cash	2,335,824	299,579	2,542,197	135,670	1,893,328		7,206,598
Equity in Pooled Investments	32,759,128	3,843,981	32,619,586	1,740,819	23,591,646		94,555,160
Receivables (Net):							
Taxes	12,250,902	11,296,710	-	-	235,573		23,783,185
Accounts	1,269,345	-	71,250	507,068	68,792		1,916,455
Grants	-	-	-	268,896	780,318		1,049,214
Due from Other Funds	43,770	-	-	-	-		43,770
Accrued Interest	102,742	11,858	99,885	3,618	74,929		293,032
Interfund Loan Receivable	-	-	4,850,000	-	-		4,850,000
Inventory	321,720	-	-	-	5,309		327,029
Restricted Assets:							
Equity in Pooled Restricted Investments	217,248	-	-	-	702,133		919,381
Total Assets	49,309,200	15,452,128	40,182,918	2,656,071	27,352,028		134,952,345
LIABILITIES							
Accounts Payable	1,534,577	3,862,381	346,312	1,085,910	206,598		7,035,778
Accrued Liabilities	1,817,162	-	-	9,005	326,623		2,152,790
Due to Other Funds	-	-	-	-	43,770		43,770
Deposits	-	-	-	677,605	-		677,605
Deferred Revenue	8,026,604	11,296,710	71,250	681,294	31,828		20,107,686
Interfund Loan Payable	4,850,000	-	-	-	-		4,850,000
Total Liabilities	16,228,343	15,159,091	417,562	2,453,814	608,819		34,867,629
Fund Balances:							
Nonspendable	321,720	-	4,850,000	-	850,368		6,022,088
Restricted	1,861,860	293,037	-	-	21,600,394		23,755,291
Committed	13,272,193	-	34,915,356	-	327,551		48,515,100
Assigned	1,065,056	-	-	202,257	3,964,896		5,232,209
Unassigned	16,560,028	-	-	-	-		16,560,028
Total Fund Balances:	33,080,857	293,037	39,765,356	202,257	26,743,209		100,084,716
Total Liabilities and Fund Balances	\$49,309,200	\$15,452,128	\$40,182,918	\$ 2,656,071	\$ 27,352,028		

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

297,840,289

Inclusion of the City's Net Pension Asset not reported in the funds.

1,998,900

Other long term assets are not available to pay for current year expenditures and therefore are deferred in the funds.

1,283,102

An internal service fund is used by management to charge the costs of employee benefits, risk and insurance, and vehicle maintenance to individual funds. The assets and liabilities of the internal service fund are included in government activities in the statement of net position.

22,776,283

Long term liabilities are not due and payable in the current period and are not reported in the funds.

(Accrued Leave \$4,319,845 and developer oversizing agreements \$4,552,404)

(8,872,249)

Net Position of Governmental Activities

\$ 415,111,041

The notes to the financial statements are an integral part of this statement.

CITY OF LOVELAND, COLORADO
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Fund Types
For the Year Ended December-31-12

	General	Loveland Urban Renewal Authority	Capital Expansion Fees	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 49,036,311	\$ 11,260,924	\$ -	\$ -	\$ 804,950	\$ 61,102,185
Licenses and Permits	1,918,662	-	-	-	94,691	2,013,353
Fines and Penalties	956,357	-	-	-	-	956,357
Intergovernmental	6,235,793	-	-	292,679	13,001,247	19,529,719
Charges for Services	3,868,318	-	4,558,614	1,831,317	185,683	10,443,932
Interest on Investments	386,652	43,641	392,422	15,887	286,061	1,124,663
Miscellaneous	6,463,057	-	19,499	811,406	47,674	7,341,636
Total Revenues	68,865,150	11,304,565	4,970,535	2,951,289	14,420,306	102,511,845
Expenditures:						
Current:						
Legislative	97,103	-	-	-	-	97,103
Executive	2,239,590	-	-	-	-	2,239,590
Finance	3,720,738	-	-	-	-	3,720,738
Human Resources	896,637	-	-	-	-	896,637
Information Technology	2,945,328	-	-	9,435	-	2,954,763
Economic Development	1,275,952	-	-	-	494,702	1,770,654
Development Services	2,517,478	-	-	-	240,077	2,757,555
Public Works	11,494,762	-	-	1,493,589	447,947	13,436,298
Police	16,105,938	-	-	-	34,684	16,140,622
Fire	566,333	-	9,892	2,218	9,658,737	10,237,180
Parks & Recreation	7,654,950	-	5,010	-	436,224	8,096,184
Library	2,409,051	-	-	3,269	55,313	2,467,633
Cultural Services	1,511,896	-	-	-	-	1,511,896
General Government	7,417,423	11,263,175	-	-	16,495	18,697,093
Capital Outlay	1,271,528	-	1,508,653	8,920,383	317,935	12,018,499
Total Expenditures	62,124,707	11,263,175	1,523,555	10,428,894	11,702,114	97,042,445
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,740,443	41,390	3,446,980	(7,477,605)	2,718,192	5,469,400
Other Financing Sources (Uses):						
Transfers In	4,222,436	-	91,665	6,896,649	197,783	11,408,533
Transfers (Out)	(4,644,934)	-	(2,156,379)	(49,860)	(500,000)	(7,351,173)
Total Other Financing Sources (Uses)	(422,498)	-	(2,064,714)	6,846,789	(302,217)	4,057,360
Net Change in Fund Balance	6,317,945	41,390	1,382,266	(630,816)	2,415,975	9,526,760
Fund Balances--Beginning	26,762,912	251,647	38,383,090	833,073	24,327,234	90,557,956
Fund Balances--Ending	\$ 33,080,857	\$ 293,037	\$ 39,765,356	\$ 202,257	\$ 26,743,209	\$ 100,084,716

The notes to the financial statements are an integral part of this statement.

CITY OF LOVELAND, COLORADO
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended December-31-12

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds \$ 9,526,760

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays \$14,202,714 exceeded depreciation \$12,739,778 in the current period. 1,462,936

The net effect of various miscellaneous transactions involving capital assets (i.e. deletions, sales, trade-ins, and donations) is to increase net position. This includes contributions of streets and easements by developers and loss on disposal of capital assets. (2,289,533)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This includes Capital Expansion Fees deferred due to developer agreements and accounts receivable not collected in 60 days. (269,405)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This includes an increase in accrued leave \$288,235, a decrease for developer oversizing agreements, net of accrued interest \$439,205, and a decrease in pension costs due to the change in the Net Pension Asset \$166,736. 317,706

Internal service funds are used by management to charge the costs to various services to individual funds. The net revenue of certain activities of the internal service fund is reported with governmental funds. 1,209,127

Change in net position of governmental activities \$ 9,957,591

The notes to the financial statements are an integral part of this statement.

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CITY OF LOVELAND, COLORADO
Statement of Net Position
Proprietary Funds
December-31-12

	Business-Type Activities - Enterprise Funds			
	Water	Waste Water	Stormwater	Power
ASSETS				
Current Assets:				
Equity in Pooled Cash	\$ 302,165	\$ 552,094	\$ 181,850	\$ 1,431,830
Equity in Pooled Investments	3,877,156	7,084,061	2,333,360	18,372,179
Receivables, Net	698,294	860,841	449,494	5,708,848
Accrued Interest	97,322	36,560	11,429	80,231
Inventory, at Cost	196,543	3,531	15,499	2,551,124
Total Current Assets:	5,171,480	8,537,087	2,991,632	28,144,212
Non-current Assets:				
Interfund Loan Receivable	420,012	-	-	-
Restricted Assets:				
Future Raw Water Projects	16,721,090	-	-	-
Future Easement Improvements	-	-	-	-
Reservoir Improvements	-	-	-	-
System Impact Fees	8,929,180	5,122,236	1,469,674	8,195,677
Windy Gap Commitment	4,180,086	-	-	-
Total Restricted Assets	29,830,356	5,122,236	1,469,674	8,195,677
Property, Plant & Equipment:				
Land	508,866	342,933	85,631	1,082,732
Intangible Assets/Easements	596,208	609,472	596,208	596,468
Buildings	3,223,885	618,741	94,184	3,654,047
Equipment	1,777,058	1,999,815	2,580,362	3,353,390
Improvements Other Than Buildings	126,642,105	74,304,176	45,428,723	123,380,510
Water Rights	62,451,369	-	-	-
Construction in Progress	5,830,709	4,234,631	5,381,117	9,048,386
Total Property, Plant & Equipment	201,030,200	82,109,768	54,166,225	141,115,533
Accumulated Depreciation	(36,788,791)	(21,616,706)	(11,728,391)	(44,736,926)
Net Property, Plant & Equipment	164,241,409	60,493,062	42,437,834	96,378,607
Total Non-Current Assets	194,491,777	65,615,298	43,907,508	104,574,284
Total Assets	\$ 199,663,257	\$ 74,152,385	\$ 46,899,140	\$ 132,718,496

The notes to the financial statements are an integral part of this statement.

CITY OF LOVELAND, COLORADO
Statement of Net Position
Proprietary Funds
December-31-12
(Continued)

		Governmental Activities	
Refuse	Golf	Totals	Internal Service
\$ 405,686	\$ 146,133	\$ 3,019,758	\$ 1,428,808
5,205,457	1,875,077	38,747,290	18,333,405
591,747	4,000	8,313,224	90,395
16,064	6,514	248,120	56,515
167,609	38,282	2,972,588	238,191
6,386,563	2,070,006	53,300,980	20,147,314
-	-	420,012	-
-	-	16,721,090	-
-	85,694	85,694	-
-	165,616	165,616	-
-	-	23,716,767	-
-	-	4,180,086	-
-	251,310	44,869,253	-
-	1,055,502	3,075,664	209,516
-	-	2,398,356	-
-	4,233,789	11,824,646	637,551
5,378,603	2,654,321	17,743,549	12,023,994
58,588	8,127,306	377,941,408	-
-	94,500	62,545,869	-
-	-	24,494,843	-
5,437,191	16,165,418	500,024,335	12,871,061
(2,926,481)	(9,637,831)	(127,435,126)	(8,769,191)
2,510,710	6,527,587	372,589,209	4,101,870
2,510,710	6,778,897	417,458,462	4,101,870
\$ 8,897,273	\$ 8,848,903	\$ 471,179,454	\$ 24,249,184

	Business-Type Activities - Enterprise Funds			
	Water	Waste Water	Stormwater	Power
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 1,062,990	\$ 341,208	\$ 233,016	\$ 4,068,075
Accrued Liabilities	142,166	105,269	58,051	201,199
Deposits	-	-	-	991,460
Current Portion of Long-Term Debt	188,755	146,630	78,379	218,155
Deferred Revenue	20,870	19,502	16,667	-
Total Current Liabilities	1,414,781	612,609	386,113	5,478,889
Long-Term Liabilities:				
Compensated Absences	154,436	119,970	64,128	178,490
Interfund Loan Payable	-	420,012	-	-
Total Long-Term Liabilities	154,436	539,982	64,128	178,490
Total Liabilities	1,569,217	1,152,591	450,241	5,657,379
NET POSITION				
Net Investment in Capital Assets	164,241,411	60,493,061	42,437,834	96,378,607
Restricted for Future Capital Improvements	29,830,356	5,122,236	1,469,674	8,195,677
Unrestricted	4,022,273	7,384,497	2,541,391	22,486,833
Total Net Position	\$ 198,094,040	\$ 72,999,794	\$ 46,448,899	\$ 127,061,117

The notes to the financial statements are an integral part of this statement.

CITY OF LOVELAND, COLORADO
Statement of Net Position
Proprietary Funds
December-31-12
(Continued)

				Governmental Activities	
Refuse	Golf	Totals	Internal Service		
\$ 40,117	\$ 26,631	\$ 5,772,037	\$	825,605	
92,080	49,980	648,745		520,690	
-	-	991,460		-	
58,353	114,432	804,704		69,633	
-	191,540	248,579		-	
190,550	382,583	8,465,525		1,415,928	
47,743	93,626	658,393		56,973	
-	-	420,012		-	
47,743	93,626	1,078,405		56,973	
238,293	476,209	9,543,930		1,472,901	
2,510,710	6,527,586	372,589,209		4,101,870	
-	251,311	44,869,254		-	
6,148,270	1,593,797	44,177,061		18,674,413	
\$ 8,658,980	\$ 8,372,694	\$ 461,635,524	\$	22,776,283	

CITY OF LOVELAND, COLORADO
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December-31-12

	Business-Type Activities- Enterprise Funds			
	Water	Waste Water	Stormwater	Power
Operating Revenues:				
Charges for Services	\$ 8,827,696	\$ 7,241,549	\$ 4,011,657	\$ 49,692,350
Miscellaneous	1,292,275	17,521	21,143	1,150,087
Total Operating Revenue	10,119,971	7,259,070	4,032,800	50,842,437
Operating Expenses:				
Personal Services	2,942,143	2,246,875	1,202,883	2,514,049
Supplies	821,305	399,523	71,642	256,150
Purchased Services	2,086,129	2,070,357	495,217	1,617,831
Purchased Power	-	-	-	36,301,582
Payment for Services	611,805	503,632	280,553	3,421,552
Depreciation	3,217,677	1,906,050	1,264,891	3,327,495
Total Operating Expenses	9,679,059	7,126,437	3,315,186	47,438,659
Net Operating Income	440,912	132,633	717,614	3,403,778
Nonoperating Revenues (Expenses):				
Interest Income	367,352	139,515	44,267	327,863
Interest Expense	-	(15,953)	-	-
Intergovernmental	-	-	-	-
Gain (Loss) on Sale of Capital Assets	13,556	(21,124)	(25,896)	(43,225)
Windy Gap	(826,955)	-	-	-
Total Nonoperating Revenues (Expense)	(446,047)	102,438	18,371	284,638
Net Income (Loss) Before Contributions and Transfers	(5,135)	235,071	735,985	3,688,416
Capital Contributions:				
System Impact/Development Fees	1,830,958	1,085,432	182,294	2,132,238
Contributed Assets	132,101	161,736	343,233	79,540
Aid to Construction	-	-	-	374,602
Raw Water Development Fees	346,530	-	-	-
Cash in Lieu of Water Rights	117,187	-	-	-
Transfers In	40,760	18,221	3,749	201,806
Transfers (Out)	(925,323)	(573,871)	(373,730)	(2,048,925)
Change in Net Position	1,537,078	926,589	891,531	4,427,677
Total Net Position - Beginning	196,556,962	72,073,205	45,557,368	122,633,440
Total Net Position - Ending	\$198,094,040	\$ 72,999,794	\$ 46,448,899	\$127,061,117

The notes to the financial statements are an integral part of this statement.

Refuse	Golf	Totals	Governmental
			Activities
			Internal
			Service
\$ 5,990,279	\$ 3,723,293	\$ 79,486,824	\$ 15,709,340
12,954	6,346	2,500,326	138,965
6,003,233	3,729,639	81,987,150	15,848,305
1,954,817	1,590,629	12,451,396	1,391,428
109,645	483,174	2,141,439	2,152,071
1,960,961	462,492	8,692,987	10,630,586
-	-	36,301,582	-
400,394	111,574	5,329,510	-
717,194	614,444	11,047,751	970,713
5,143,011	3,262,313	75,964,665	15,144,798
860,222	467,326	6,022,485	703,507
57,156	22,675	958,828	219,375
-	(314)	(16,267)	-
-	-	-	176,520
181,851	39,703	144,865	109,725
-	-	(826,955)	-
239,007	62,064	260,471	505,620
1,099,229	529,390	6,282,956	1,209,127
-	-	5,230,922	-
-	-	716,610	-
-	-	374,602	-
-	-	346,530	-
-	-	117,187	-
-	-	264,536	-
(217,842)	(182,206)	(4,321,897)	-
881,387	347,184	9,011,446	1,209,127
7,777,593	8,025,510	452,624,078	21,567,156
\$ 8,658,980	\$ 8,372,694	\$461,635,524	\$ 22,776,283

CITY OF LOVELAND, COLORADO**Statement of Cash Flows****Proprietary Funds****For the Year Ended December-31-12**

	Business-Type Activities - Enterprise Funds			
	Water	Waste Water	Stormwater	Power
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 8,719,639	\$ 7,188,424	\$ 4,015,687	\$ 49,509,525
Cash Received from Interfund Services	-	-	-	-
Cash Payments for Goods and Services	(3,375,927)	(3,241,117)	(1,093,006)	(41,213,980)
Cash Payment to Employees	(2,973,214)	(2,246,021)	(1,174,024)	(2,579,015)
Miscellaneous	1,292,275	17,522	21,144	1,150,090
Net Cash Provided by Operating Activities	3,662,773	1,718,808	1,769,801	6,866,620
Cash Flows from Non-Capital Financing Activities:				
Transfers In	40,760	18,221	3,749	201,806
Transfers (Out)	(925,323)	(573,871)	(373,730)	(2,048,925)
Net Cash (Used) by Non-Capital Financing Activities	(884,563)	(555,650)	(369,981)	(1,847,119)
Cash Flows from Capital and Related Financing Activities				
Contributions	2,294,675	1,085,432	182,294	2,506,840
Proceeds on Sale of Capital Assets	22,690	1,330	13,416	45,505
Payments for Capital Acquisition	(5,168,214)	(1,826,101)	(1,175,413)	(7,039,537)
Intergovernmental Revenue	-	-	-	-
Debt Principal Payment	424,047	(424,047)	-	-
Interest Paid	-	(15,953)	-	-
Windy Gap Payment	(826,955)	-	-	-
Net Cash (Used) by Capital and Related Financing Activities	(3,253,757)	(1,179,339)	(979,703)	(4,487,192)
Cash Flows from Investing Activities:				
Purchase of Investments	(33,321,448)	(12,206,298)	(3,803,035)	(26,567,856)
Proceeds from Sale of Investments	33,319,623	11,932,479	3,333,240	25,390,566
Receipts of Interest	403,049	150,889	46,565	352,593
Net Cash Flows Provided (Used) by Investing Activities	401,224	(122,930)	(423,230)	(824,697)
Net Increase (Decrease) in Cash and Cash Equivalents	(74,323)	(139,111)	(3,113)	(292,388)
Cash and Cash Equivalents - Jan. 1	376,488	691,205	184,963	1,724,218
Cash and Cash Equivalents--Dec. 31	302,165	552,094	181,850	1,431,830
Reconciliation of Operating Income to Net				
Operating Income	440,912	132,633	717,614	3,403,778
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	3,217,677	1,906,050	1,264,891	3,327,495
(Increase) Decrease in Accounts Receivable	(108,057)	(53,125)	4,030	(182,826)
(Increase) Decrease in Inventory	(30,512)	365	(6,967)	(410,338)
(Increase) Decrease in Current Liabilities	142,753	(267,115)	(209,767)	728,511
Total Adjustments	3,221,861	1,586,175	1,052,187	3,462,842
Net Cash Provided by Operating Activities	3,662,773	1,718,808	1,769,801	6,866,620
Noncash Investing, Capital and Financing Activities:				
Contributed Assets from Subdividers	\$ 132,101	\$ 161,736	\$ 343,233	\$ 79,540
Unrealized Loss on Investments	\$ 63,378	\$ 23,809	\$ 7,443	\$ 52,248

The notes to the financial statements are an integral part of this statement.

Governmental Activities			Internal Service
Refuse	Golf	Totals	
\$ 5,989,190	\$ 3,719,840	\$ 79,142,305	\$ -
-	-	-	15,620,284
(2,564,370)	(1,077,529)	(52,565,929)	(12,501,005)
(1,935,733)	(1,572,351)	(12,480,358)	(1,357,729)
12,954	6,344	2,500,329	138,963
1,502,041	1,076,304	16,596,347	1,900,513
-	-	264,536	-
(217,842)	(182,206)	(4,321,897)	-
(217,842)	(182,206)	(4,057,361)	-
-	-	6,069,241	-
181,851	39,703	304,495	119,897
(611,072)	(426,419)	(16,246,756)	(747,755)
-	-	-	176,520
-	(30,237)	(30,237)	-
-	(314)	(16,267)	-
-	-	(826,955)	-
(429,221)	(417,267)	(10,746,479)	(451,338)
(5,205,457)	(2,126,386)	(83,230,480)	(18,333,404)
4,297,165	1,642,937	79,916,010	16,539,361
59,295	23,023	1,035,414	235,257
(848,997)	(460,426)	(2,279,056)	(1,558,786)
5,981	16,405	(486,549)	(109,611)
399,705	129,728	3,506,307	1,538,419
405,686	146,133	3,019,758	1,428,808
860,222	467,326	6,022,485	703,507
717,194	614,444	11,047,751	970,713
(1,089)	(3,452)	(344,519)	(89,056)
14,866	(10,947)	(443,533)	24,036
(89,152)	8,933	314,163	291,313
641,819	608,978	10,573,862	1,197,006
1,502,041	1,076,304	16,596,347	1,900,513
\$ -	\$ -	\$ 716,610	\$ -
\$ 10,461	\$ 4,242	\$ 161,581	\$ 36,804

CITY OF LOVELAND, COLORADO
Statement of Fiduciary Net Position
Trust & Agency Funds
December-31-12

ASSETS	
Equity in Pooled Cash and Cash Equivalents	\$ 37,706
Equity in Pooled Investments	483,817
Accrued Interest	1,463
Total Assets	\$ 522,986
LIABILITIES	
Due to Improvement District	\$ 522,986
Total Liabilities	\$ 522,986

The notes to the financial statements are an integral part of this statement.

City of Loveland, Colorado
Notes to Financial Statements
December 31, 2012

Note 1: Summary of Significant Accounting Policies

The City of Loveland is a Colorado Home Rule City operating under a charter provided by the authority of the Constitution of the State of Colorado, and adopted by its citizens on May 21, 1996. The City operates under a Council-Manager form of government and provides the following services: public safety (police and fire), highways and streets, museum, library, parks and recreation, public improvements, planning and zoning, electrical power, water, wastewater, stormwater, solid waste collection, cemetery, and general administrative services.

The accounting policies of the City of Loveland conform to generally accepted accounting principles (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

A. Reporting Entity

Management has considered all potential component units in defining the City for financial reporting purposes. As required by generally accepted accounting principles, these financial statements present the City of Loveland (the primary government) and its component units. None of the component units issue a separate report. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City:

Blended Component Units

1. General Improvement District (GID) #1: This District is reported as a Special Revenue Fund. The District provides for the operation, maintenance, and construction of downtown parking lots and landscaping. The City Council serves as an ex-officio Board of Directors.
2. Loveland/Larimer Building Authority (LLBA): This Authority is reported as a Special Revenue Fund. The Authority is responsible for the maintenance of the Police and Courts Building. Expenses are paid by the City and Larimer County based on square-foot usage with the City being the primary user. The Authority is governed by a three-member board consisting of the City Manager, County Manager, and one other volunteer board member.
3. Loveland Urban Renewal Authority (LURA): This Authority is reported as a Special Revenue Fund. The Authority receives tax increment financing for property and sales taxes within its boundaries and uses that revenue source for urban renewal projects. The City Council also serves as the governing board of LURA.
4. Loveland Fire Authority: This Authority is reported as a Special Revenue Fund. The Authority receives revenue for operating and capital expenses primarily from contributions from the City and the Loveland Rural Fire District. Additional revenues are generated from fees charged for services provided by both the Suppression and Prevention Divisions. Expenses are limited to the operations and capital needs of the Authority. The Fund is managed by the Fire Department.

Joint Ventures

1. Fort Collins-Loveland Municipal Airport (hereinafter referred to as "Airport"): The Airport is jointly owned and operated by the cities of Loveland and Fort Collins, Colorado. Annual contributions are made by both cities to subsidize expenditures in excess of revenues for operations and to enhance the value of the Airport. As of December-31-12, ownership was (based on contributed capital): Fort Collins 50%, and Loveland 50%. Separately-issued financial statements are available upon request from the Accounting Division at the City of Loveland, Civic Center, 500 East Third Street, Loveland, Colorado, 80537.
2. Platte River Power Authority (PRPA): On September 5, 1974, the City of Loveland, Colorado entered into a contract with PRPA wherein PRPA provides electrical power and energy to the City. Under the terms of the agreement, the rate charged by PRPA is reviewed annually and revised as necessary to provide sufficient revenues to enable Platte River to make payments of principal and interest on its indebtedness.

On June 3, 1975, Ordinance 1427 authorized the creation of the PRPA as a separate governmental entity with the Cities of Fort Collins, Longmont, Loveland, and Estes Park as participants. The PRPA is governed by an eight-member Board. Each city has two members on this Board. These members are appointed by the respective City Councils.

Separately-issued financial statements for PRPA are available from its corporate headquarters at PRPA, 2000 East Horsetooth Road, Fort Collins, Colorado, 80525. The City does not have an equity interest in any of the

Note 1: Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

joint ventures in which it participates. None of the joint ventures are accumulating financial resources or are experiencing fiscal stress that are expected to create a significant financial benefit or burden on the City in the foreseeable future.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide and Fund Financial Statements

The City government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements. *Governmental Activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *Business-Type Activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are presented on an *economic resources measurement focus* and the *accrual basis of accounting*. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues and other taxes. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following Major Governmental Funds:

1. General Fund: This is the City's primary operating fund. It accounts for all activities of the general government, except those required to be accounted for in another fund.
2. Capital Expansion Fee (CEF) Fund: This is a Capital Projects Fund that accounts for the expansion of general city facilities. Revenue is derived from fees specifically for the expansion of city facilities collected as part of the building permit process.
3. Loveland Urban Renewal Authority (LURA): This Special Revenue Fund accounts for tax increment financing and operating costs of the Authority.
4. Capital Projects Fund: This Fund accounts for the major capital improvements of the City. Substantially all revenues are transfers from other funds.

Proprietary Funds: These funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents

Note 1: Summary of Significant Accounting Policies (continued)**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)**

increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. The City also recognizes as operating revenue in the utility funds the portion of tap fees intended to recover the cost of connecting new customers to the system. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The City reports the following Proprietary Funds as major:

1. Water Fund: This Fund accounts for all activities necessary for the operation, maintenance and improvements of the water utility.
2. Wastewater Fund: This Fund accounts for all activities necessary for the operation, maintenance and improvements of the wastewater utility.
3. Stormwater Fund: This Fund accounts for all activities necessary for the operation, maintenance and improvements of the storm drainage utility.
4. Power Fund: This Fund accounts for all activities necessary for the operation, maintenance and improvements of the electric utility.
5. Refuse Fund: This Fund accounts for all activities necessary for the operation and maintenance of the refuse/recycling collection program.
6. Golf Fund: This Fund accounts for all the activities necessary for the operation, maintenance and improvements of the City's three golf courses.

Additionally, the City reports the following fund types:

1. Internal Service Fund: This Fund accounts for services provided to other departments or agencies of the City on a cost-reimbursement basis for the employee benefits, risk and insurance, and vehicle maintenance.
2. Fiduciary Funds: These funds (Loveland Special Improvement District #1) account for the special assessment collection for and debt service of the District's special assessment debt..

Certain eliminations have been made in regards to interfund activities, payables, and receivables. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided.

Internally-dedicated resources are reported as general revenues rather than as program revenues. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

Reconciliation of the fund financial statements to the government-wide financial statements is provided in the financial statements to explain the differences created by the integrated approach of GASB Statement No. 34.

C. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in the subsequent year in two installments on February 28 and June 15, or in total on April 30. Property taxes are billed and collected by Larimer County, Colorado. Taxes for the following year are levied no later than December 15 and are recorded as a receivable with a corresponding offset to deferred revenue.

D. Cash and Investments

The City's investment policy authorizes investments in accordance with state statutes for investing of public funds. Current investment holdings of the City include Money Market Funds, Certificates of Deposit, Government Investment Pool, Corporate Securities, US Treasury Notes, Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Federal Farm Credit Bureau obligations stated at fair value. The local government investment pools are under the regulatory oversight of the Colorado Securities Commissioner. The fair value of the City's position in the pool is the same as the value of the pool shares. Investments are not made in any derivative types of arrangements.

Investments are stated at fair value.

For purposes of the statement of cash flows, the City defines cash and cash equivalents as amounts in demand

Note 1: Summary of Significant Accounting Policies (continued)

D. Cash and Investments (continued)

deposits as well as short-term, highly liquid investments with original maturities of three months or less. Cash equivalents are both readily convertible to cash and are so near their maturity that they present insignificant risk of change in value due to interest rate changes.

E. Receivables/Payables

Interfund

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet when they are expected to be liquidated within one year. If the receivable or payable is expected to be liquidated after one year, they are classified as Interfund Loan Receivable/Payable.

Receivables

Receivables consist primarily of sales and use tax and other miscellaneous receivables. Receivables are reported net of allowance for uncollectable accounts. At December-31-12, the allowance for uncollectable accounts was \$258,227.

F. Inventories

All inventories are stated at cost on a First-In-First-Out (FIFO) basis. Proprietary Funds' inventories consist of supplies purchased for consumption which will be expensed when actually consumed.

G. Capital Assets

All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. The City's policy is to record all capital assets with an initial cost of at least \$5,000. Interest costs are expensed as incurred and, therefore, not capitalized. The City developed a Capitalization Policy that defines the recording of capital assets in accordance with Generally Accepted Accounting Principles. The Capitalization Policy includes a physical inventory count of capital assets by fund and department in a three-year cycle. In 2012, the three-year cycle of physical inventories included general fixed assets, the Power, Golf and Solid Waste funds.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the useful lives of the related capital assets, as applicable. Public domain ("infrastructure") capital assets consisting of roads, streets and sidewalks, bridges and lighting and traffic signal systems are capitalized as a separate category.

Assets are depreciated using the six month convention method on a straight line basis. Depreciation expense is reflected as an operating expense in the government-wide statement of activities and proprietary funds.

Estimated useful lives for asset types are as follows:

Improvements Other Than Buildings	12-50 years	Buildings	20-50 years
Equipment	3-20 years	Infrastructure	10-100 years

Note 1: Summary of Significant Accounting Policies (continued)

H. Compensated Absences

It is the City’s policy to permit employees to accumulate earned but unused vacation and sick leave benefits and compensation time balances. All accumulated vacation and compensation time balances and a portion of accumulated sick leave based on longevity are paid to the employee upon separation of service. These liabilities are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the Governmental Funds only if they are payable as a result of employee resignations and retirements. The liability for Governmental Funds compensated absences is typically liquidated by the General Fund.

I. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Governmental Activities, Business-Type Activities, or Proprietary Fund type statement of net position. Bond premiums, and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straightline method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, as sources or uses in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Deferred Revenue

Deferred revenue consists of resources received in the current period that are for services to be rendered in future periods or which contain restrictions that have not been fulfilled in the current period. Deferred revenue also includes property tax revenue that is levied on property currently within City limits but not due and payable until the subsequent year.

K. Reclassification

Certain accounts in prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

Note 2: Cash and Investments

Cash and investments at December-31-12, consisted of the following:

Deposits	\$ 6,117,927
Donated Stock	217,248
Investments	203,274,522
Total	<u><u>\$209,609,697</u></u>

Deposits and investments are displayed within this report as follows:

Cash	\$ 8,521
Equity in Pooled Cash and Cash Equivalent	11,655,163
Equity in Pooled Investments	151,635,855
Equity in Restricted Investments	45,788,635
Cash & Investments - Agency Funds	521,523
Total	<u><u>\$ 209,609,697</u></u>

Note 2: Cash and Investments (continued)**A. Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. The State banking commissioner regulates the eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. On November 9, 2011, the FDIC issued a Final Rule implementing section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act that provides for unlimited insurance coverage of noninterest-bearing transaction accounts. Beginning December-31-10, through December 31, 2012, all noninterest-bearing transaction accounts are fully insured, regardless of the balance of the account, at all FDIC-insured institutions. The unlimited insurance coverage is available to all depositors including government entities. All City accounts are fully insured by FDIC.

B. Investments

The City has an investment policy which specifies the investment instruments including rating, maturity and concentration risk criteria in which the City may invest. These investment instruments include:

- Obligations of the United States and certain US Agency securities
- Certain international agency securities
- General obligation and revenue bonds of US local government entities
- Commercial paper
- Corporate or bank issue debt
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market accounts
- Guaranteed investment contracts
- Local government investment pools

At December-31-12, the City had the following investments:

Investment Type	Standard and Poor's Rating	Investment Maturities (in Years)			
		Less than 1	1-3	4-5	Total
<i>Governmental and Business-Type Activities</i>					
Money Market Funds	N/A	\$ 7,642,417	\$ -	\$ -	\$ 7,642,417
Local Government Investment Pool	AAAm	17,570,854	-	-	17,570,854
U.S. Treasury Notes	N/A	1,007,616	-	-	1,007,616
U.S. Agency Securities	AA+	-	-	159,858,610	159,858,610
Corporate Bonds	A/A+/AA+	13,069,438	2,100,357	-	15,169,795
Foreign Issues	A+	-	1,503,707	-	1,503,707
Total		\$ 39,290,325	\$ 3,604,064	\$ 159,858,610	\$ 202,752,999
<i>Fiduciary Funds</i>					
Money Market Funds	N/A	\$ 19,658	\$ -	\$ -	\$ 19,658
Local Government Investment Pool	AAAm	45,195	-	-	45,195
U.S. Treasury Notes	N/A	2,592	-	-	2,592
U.S. Agency Securities	AA+	-	-	411,190	411,190
Corporate Bonds	A/A+/AA+	33,617	5,403	-	39,020
Foreign Issues	A+	-	3,868	-	3,868
Total		\$ 101,062	\$ 9,271	\$ 411,190	\$ 521,523

1. **Local Government Investment Pools:** At December-31-12, the City had \$2,043,379 invested in Colotrust and \$15,572,672 in Colorado Surplus Asset Fund Trust (CSafe), investment vehicles established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces the requirements of creating and operating the Pools. The Pools operate similarly to a money market fund with each share equal in value to \$1.00. The Pools are rated AAAM by Standard and Poor's. Investments of the Pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all

Note 2: Cash and Investments (continued)

B. Investments (continued)

securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the participating governments. Financial statements can be obtained at www.csafe.org and www.colotrust.com.

2. **Interest Rate Risk:** State statutes and the City's Investment Policy limit investments in US Treasury and Agency securities to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years. State Statutes and the City's Investment Policy require all repurchase agreements with a maturity of less than 5 years and collateralized with securities allowed by statute at no less than 102% of fair value. State statutes and the City's Investment Policy limit investments in corporate bonds to an original maturity of three years or less.
3. **Credit Risk:** State statutes and the City's Investment Policy limit investments in US Agency securities to the highest rating issued by two or more nationally recognized statistical rating organizations (NRSROs). State statutes and the City's Investment Policy limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by a NRSRO. State statutes and the City's Investment Policy limit investments in corporate bonds and Foreign Issues to a minimum credit rating of "AA- or Aa3" by two or more NRSROs. At December 31, 2012, the City held corporate bonds with a rating lower than the minimum rating. At the time of purchase, the bonds were rated at or above minimum. The City's investment policy allows the City to hold on to these investments until maturity so a large loss is not taken.
4. **Custodial Credit Risk:** The City's Investment Policy requires that securities purchased from any bank or dealer, including appropriate collateral, be placed with an independent third party for custodial safekeeping. The City has entered into an agency agreement with US Bank-Denver to establish an Investment Management Account pursuant to Colorado Revised Statutes. The City's pooled cash is invested in this account. The Bank purchases investments for the City and maintains an internal accounting record of all investments of the City. All investment transactions are approved by City management. All investments, held and maintained by the Trust Department of the Bank, are specifically separate from the investments of the bank and are identified as being investments of the City of Loveland. Investments of Loveland Special Improvement District #1 are held by other banks in their Trust Departments and are also specifically identified as being investments of the City of Loveland.
5. **Concentration of Credit Risk:** The City's Investment Policy does not limit the amount the City may invest in one issuer. The City had investments in US agency securities and Corporate Bonds greater than 5% of its total portfolio as follows: Federal Home Loan Bank (22%), Federal National Mortgage Corporation (25%), Federal Home Loan Mortgage Corporation (14%), Federal Farm Credit Bank (28%) and Corporate Bonds (9%).

C. Restricted Investments

Investments of \$45,788,635 have been restricted in the Parks and Recreation Improvement Fund, General Fund and certain enterprise funds for capital projects.

Note 3: Interfund Receivables, Payables, And Transfers

Interfund balances at December 31, 2012, were as follows:

Due From	Due to	Amount
CDBG Fund	General Fund	\$43,770
	Total Due To General Fund	\$43,770

Interfund balance due to the General Fund is for borrowings to cover deficit cash balances until reimbursements are received in the following year.

Advance From	Advance To	Original Amount	Accrued Interest	Principal Payments	Principal Balance at December-31-12
Water Fund	Wastewater Fund	\$ 1,500,000	\$ 262,360	\$ 1,342,348	\$ 420,012
CEF Fund	General Fund	\$ 4,850,000	\$ -	\$ -	\$ 4,850,000

In 2004, \$1,500,000 was advanced from the Water Fund to the Wastewater Fund to finance needed improvements

Note 3: Interfund Receivables, Payables, And Transfers (continued)

related to the Wastewater collection system. Yearly payments began in 2009. A payment of \$485,000 is scheduled for 2013.

In 2007, City Council approved an interfund loan of \$4,850,000 from the CEF Fund to the General Fund for a land purchase of approximately 98 acres. The General Fund will make interest only payments through 2012 and will begin payments on the principal in 2013.

General Fund Payment Schedule

	Beginning Balance	Principal	Interest	Total Payment
2013	\$ 4,850,000	\$ 1,865,000	\$ 92,150	\$ 1,957,150
2014	2,985,000	922,000	77,610	999,610
2015	2,063,000	970,000	63,953	1,033,953
2016	1,093,000	1,016,000	36,069	1,052,069
2017	77,000	77,000	2,849	79,849
Total	-\$	\$ 4,850,000	\$ 272,631	\$ 5,122,631

Interest Rate Projections*

2013	2014	2015	2016	2017
1.90%	2.60%	3.10%	3.30%	3.70%

*Interest rate will be adjusted annually based on the performance of the City’s portfolio for the previous 12 months (same criteria as established in the City Charter Section 13.3(b) for interfund loans that involve utility funds)

Transfers between funds were as follows:

	Transfers In:								Total
	General	Capital Projects	PEG	CEF'S	Water	Waste Water	Storm Water	Power	
Transfers Out:									
General	\$ -	\$ 4,240,270	\$ 197,783	\$ 91,665	\$ 40,760	\$ 18,221	\$ 3,749	\$ 52,486	\$ 4,644,934
Capital Projects	49,860	-	-	-	-	-	-	-	49,860
CEF's	-	2,156,379	-	-	-	-	-	-	2,156,379
Parks & Rec Imp	-	500,000	-	-	-	-	-	-	500,000
Water	925,323	-	-	-	-	-	-	-	925,323
Waste Water	573,871	-	-	-	-	-	-	-	573,871
Power	2,048,925	-	-	-	-	-	-	-	2,048,925
Storm Water	308,730	-	-	-	-	-	65,000	-	373,730
Solid Waste	133,522	-	-	-	-	-	84,320	-	217,842
Golf	182,206	-	-	-	-	-	-	-	182,206
	\$ 4,222,437	\$ 6,896,649	\$ 197,783	\$ 91,665	\$ 40,760	\$ 18,221	\$ 3,749	\$ 201,806	\$ 11,673,070

During the year, transfers are used for varying reasons including but not limited to moving revenues to finance various programs that the City must account for in other funds in accordance with budgetary authorizations, transfers for internal services rendered, capital projects, interfund loans, and unemployment insurance.

The most significant transfers were initiated by the City for the following reasons:

The General Fund transferred \$4,240,271 to the Capital Projects Fund for various capital projects throughout the City

The Streets CEF Fund transferred \$1,300,656 to the Capital Projects Fund for various capital projects throughout the City

Power transferred \$2,033,366 to the General Fund for services rendered

Note 4: Capital Assets

Capital asset activity for the year ended December-31-12 was as follows:

Governmental Activities	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance
Capital Assets, not being depreciated				
Land	\$ 35,315,113	\$ 1,016,603	\$ 26,499	\$ 36,305,217
Easements	31,700	53,031	-	84,731
Water Rights	1,632,720	341,800	-	1,974,520
Art Collection	4,875,898	134,784	-	5,010,682
Construction in Process	21,351,537	2,350,765	16,201,447	7,500,855
Total Capital Assets, not being depreciated	63,206,968	3,896,983	16,227,946	50,876,005
Capital Assets, being depreciated				
Buildings	49,741,261	10,499,158	2,660,165	57,580,254
Equipment	30,955,999	3,933,386	2,176,029	32,713,356
Improvements Other Than Buildings	33,252,449	2,549,011	-	35,801,460
Infrastructure	243,114,502	10,703,958	2,587,952	251,230,508
Total Capital Assets, being depreciated	357,064,211	27,685,513	7,424,146	377,325,578
Less accumulated depreciation for:				
Buildings	15,631,860	1,442,970	11,009	17,063,821
Equipment	23,150,745	2,206,900	2,160,478	23,197,167
Improvements Other Than Buildings	13,205,641	1,441,073	-	14,646,714
Infrastructure	65,304,836	8,619,547	2,572,662	71,351,721
Total Accumulated Depreciation	117,293,082	13,710,490	4,744,149	126,259,423
Total capital assets, being depreciated, net	239,771,129	13,975,023	2,679,997	251,066,155
Governmental activities capital assets, net	\$ 302,978,097	\$ 17,872,006	\$ 18,907,943	\$ 301,942,160

Business-type Activities	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance
Capital Assets, not being depreciated				
Land	\$ 3,075,664	\$ -	\$ -	\$ 3,075,664
Easements	2,080,199	318,158	-	2,398,357
Water Rights	60,256,651	2,289,218	-	62,545,869
Construction in Process	20,885,486	9,695,377	6,086,021	24,494,842
Total Capital Assets, not being depreciated	86,298,000	12,302,753	6,086,021	92,514,732
Capital Assets, being depreciated				
Buildings	11,824,646	-	-	11,824,646
Equipment	17,696,410	1,452,081	1,404,942	17,743,549
Improvements Other Than Buildings	281,405,581	6,918,583	632,255	287,691,909
Infrastructure	87,907,556	2,382,915	40,970	90,249,501
Total Capital Assets, being depreciated	398,834,193	10,753,579	2,078,167	407,509,605
Less accumulated depreciation for:				
Buildings	4,089,581	269,708	-	4,359,289
Equipment	11,032,938	1,430,069	1,265,498	11,197,509
Improvements Other Than Buildings	82,046,495	7,823,847	632,255	89,238,087
Infrastructure	21,136,897	1,524,127	20,784	22,640,240
Total Accumulated Depreciation	118,305,911	11,047,751	1,918,537	127,435,125
Total capital assets, being depreciated, net	280,528,282	(294,172)	159,630	280,074,480
Business-type activities capital assets, net	\$ 366,826,282	\$ 12,008,581	\$ 6,245,651	\$ 372,589,212

Note 4: Capital Assets (continued)

Depreciation expense was charged to programs of the City as follows:

Governmental Activities	
Executive	\$ 5,616
Library	263,938
Finance	10,748
Information Technology	147,193
Human Resources	9,507
Development Services	2,889,649
Public Works	5,923,481
Police	597,309
Fire	351,084
Parks & Recreation	2,113,467
Cultural Services	318,218
Nondepartmental	109,569
Internal Service Fund	970,711
Total Governmental Activities	\$ 13,710,490
Business-Type Activities	
Water	\$ 3,217,677
Wastewater	1,906,050
Stormwater	1,264,891
Power	3,327,495
Solid Waste	717,194
Golf	614,444
Total Business-Type Activities	\$ 11,047,751

Note 5: Long-Term Debt

Long-term liability activity for the year ended December-31-12, was as follows:

	Balance			Balance	Due Within
	12/31/2011	Additions	Reductions	12/31/2012	One Year
Governmental Activities					
Compensated Absences	\$ 4,145,387	\$ 2,848,447	\$ 2,547,383	\$ 4,446,451	\$ 2,445,548
Oversizing Agreements	4,991,609	74,593	513,798	4,552,404	100,000
Total	\$ 9,136,996	\$ 2,923,040	\$ 3,061,181	\$ 8,998,855	\$ 2,545,548
Business-Type Activities					
Capital Lease	30,237	-	30,237	-	-
Compensated Absences	1,514,061	861,339	912,305	1,463,095	804,703
Total	\$ 1,544,298	\$ 861,339	\$ 942,542	\$ 1,463,095	\$ 804,703

A. Capital Lease

During 2004, the City (lessee) and UpLink Corporation (lessor), entered into an agreement for financing the acquisition of a tracking and communications system and equipment for use at the Mariana Butte Golf Course and The Olde Course at Loveland. The purchase price totaled \$453,147 with a 96-month term and an option to purchase for \$1.00 at the lease maturity. The lease was paid off in 2012.

	Business-Type
Total Equipment	\$ 453,147
Accumulated Depreciation	(453,147)
Net Book Value	\$ -

Note 5: Long-Term Debt (continued)**B. Special Assessment Bonds**

The City has also authorized the issuance of Special Assessment Bonds Series 2011 for Special Improvement District #1. The City is not obligated in any manner for this debt. This debt will be serviced by special assessments paid by the property owners with the District. The outstanding balance of the bonds at December-31-12 was \$6,480,000.

C. Developer Oversizing Agreements

The City has a number of outstanding agreements with developers requiring the City to reimburse the developers for the cost of oversizing public improvements, which, are initially completed at the developer's expense. As of December-31-12, the City had oversizing agreements for transportation. The City appropriates money annually to make payments on developer agreements with a target of having the agreement paid off by the time the improvement would have been scheduled for construction in the capital improvements program. Contractually, the only agreements with a stated payment plan are the Waterford Place 2nd project and the US Highway 287 and 57th Street Intersection project. No amount shall be due to developers in any year in which funds have not been appropriated.

Under Municipal Code 16.41.110, the City references the Larimer County Urban Area Street Standards regarding required interest payments to developers on required but unnecessary street oversizing improvements. The street developer may be paid interest at the same rate that the City is earning on its pooled investments during the reimbursement period beginning three months after City acceptance of the approved oversizing street improvements until reimbursement is completed. There are currently three street oversizing improvement agreements that include interest payment requirements.

The City's Oversizing Developer Agreement Schedule at December-31-12 is as follows:

Project	Date of Contract	Orig.			Contract Changes	Contract Additions	Contract Payments	December-31-12 Balance
		Contract Amount	Jan 1, 2012 Balance					
*Waterford Place 2nd Sub	12/13/02	\$ 507,205	\$ 400,867	\$ -	\$ -	\$ -	\$ 400,867	
Kendall Brook Taft Ave. (43rd St to 57th St)	9/7/04	425,899	112,899	-	-	-	112,899	
Blackbird Knolls 2nd Sub	5/2/05	307,337	307,337	-	-	-	307,337	
US 287 & 57th St. Intersection	10/31/05	2,212,500	168,292	-	-	168,292	-	
Fairgrounds Ave.	8/7/06	727,370	344,220	-	-	200,000	144,220	
*Taft and 14th St. SW Intersection	2/6/07	358,706	358,706	-	-	-	358,706	
Mtn. Lion Dr. & US 34 Accel. Lane	2/8/07	117,392	117,392	-	-	-	117,392	
Highway 34 @ Sculptor	4/13/07	1,154,569	1,154,569	-	-	-	1,154,569	
Sculptor South of US 34	4/13/07	431,271	431,271	-	-	-	431,271	
Thompson 2nd Subdivision	9/24/07	313,874	313,874	-	-	-	313,874	
*Crossroads Blvd - I-25 to CR 5 (old EN0313)	11/6/07	2,000,000	617,653	-	-	80,000	537,653	
43rd St. West of Wilson	8/22/08	664,529	664,529	-	-	-	664,529	
Dakota Glen Sidewalk	2/17/12	9,087	-	-	9,087	-	9,087	
Wilson Ave/57th Intersection	1/12/12	15,005	-	-	15,005	15,005	-	
Dairy Queen	3/21/12	50,500	-	-	50,500	50,500	-	
Street Oversizing Agreements		\$ 9,295,244	\$ 4,991,609	\$ -	\$ 74,592	\$ 513,797	\$ 4,552,404	
TOTAL DEVELOPER AGREEMENTS		\$ 9,295,244	\$ 4,991,609	\$ -	\$ 74,592	\$ 513,797	\$ 4,552,404	

*Interest applies to these contracts.

Note 6: Contractual Obligations

On May 22, 2007, the City entered into an intergovernmental agreement with the Loveland Urban Renewal Authority (LURA), the General Improvement District #1 (GID), Lincoln Place Metropolitan District (District), and Lincoln Place LLC (Developer). Pursuant to the agreement, the City is to reimburse the developer for public infrastructure improvement costs from certain property tax increment revenues collected within the Finley's Addition Plan Area.

The Developer is to be reimbursed 100% of the property tax increment revenues during the term or up to the maximum reimbursement amount, whichever is earlier, provided that the City receives the first \$66,000 of reimbursable property tax increment revenues to pay for deferred use taxes which were originally owed to the City for the construction materials used in building the public improvements.

Note 6: Contractual Obligations (continued)

During 2010, the Developer sold the residential portion of Lincoln Place Apartments (Project) to Wolff Loveland Apartments, LLC and Wolff Loveland Apartments II, LLC (collectively, Wolff). The Developer filed a declaration to create condominium units within the Project and sold those units to Wolff which included the exclusive right to receive payments of the remaining tax increment revenues in accordance with the agreement.

The terms of the agreement and the remaining amounts committed are detailed as follows:

Maximum Reimbursement	Agreement Termination Date	Deferred Use Taxes Paid	Amount Paid as of December-31-12	Remaining Amount Committed
\$917,456	February 5, 2015	\$66,000	\$696,127	\$155,329

Master Financing Agreement

On January 20, 2004, the Master Financing Agreement (MFA) was entered into between the City, Centerra Metropolitan District #1 (District), the Loveland Urban Renewal Authority (LURA), Centerra Properties West LLC (Developer), Centerra Public Improvement Collection Corporation, and Centerra Public Improvement Development Corporation. The MFA’s intent was to establish an agreement for the City and the LURA to participate financially in the construction of public improvements through the use of new property and sales tax revenues generated from the approximately 1300 acres of land at the northwest and northeast corners of the Interstate 25 and US Highway 34 interchange (the Commercial Area). Pursuant to the MFA, the LURA pledges to pay the District the net tax increment revenues for the purpose of financing certain public and regional improvements. The TIF allocation terminates the earlier of the date the LURA obligation is paid or 25 years after the LURA commencement date of January 20, 2004. The MFA also requires the recording of the Public Improvement Fee (PIF) Covenant against all of the property within the Commercial Area to provide for the imposition of a Public Improvement Fee. In connection with the PIF, the City agrees in the MFA to grant a sales tax credit against the collection of 1.25% of its 3.0% sales tax on taxable sales transactions occurring within the Commercial Area.

Note 7: Police Seizure Funds

Police, a department of the General Fund, receives proceeds from the seizure of contraband. These funds must be used for the specific purpose of law enforcement activities. State Statute requires the formation of a committee on disposition of forfeited property. The committee accepts and spends forfeiture proceeds without the approval from the City Council. A \$34,184 overtime grant from Northern Colorado Drug Task Force, passing through the City of Fort Collins, was received and spent during 2012. The City also received \$42,852 from the City of Fort Collins for Loveland’s share of Federal Seizure funds. These funds were not spent in 2012 and will be carried forward into 2013. Total revenues received were \$77,058 and expenditures were \$34,685 leaving an ending fund balance of \$44,688.

Note 8: Unconditional Purchase Obligations

The City is a participant in the Municipal Subdistrict, Northern Colorado Water Conservancy District. The purpose of the Subdistrict is to provide supplemental water supply to the participants through the construction of the Windy Gap Project. This project consists primarily of a dam, pumping plant, and pipeline to divert water into the Colorado-Big Thompson Federal Reclamation Project. Loveland currently owns 40 of the 480 total units, therefore making the City an 8.3% participant in the Subdistrict. Since the Subdistrict’s formation in 1970, the City has invested \$23,382,359 in the project.

The Subdistrict issued bonds in 1981 to finance the Windy Gap Project. The bonds have since been refinanced. The participants have agreed to service this debt and pay operating expenses through water allotment contracts. The water allotment contracts are not debts of the participants and do not obligate them to make payments from taxes which would be otherwise available for the general purposes of the participants. The contracts merely authorize the Subdistrict to levy and collect within the boundaries of the participants assessments of the Subdistrict. If the participants fail to make the payments required by these contracts, the Subdistrict may assess the property owners within the City directly. The City’s required payments to service the debt through the year 2017 follow:

2013	2014	2015	2016	2017
\$826,918	\$826,625	\$827,502	\$848,979	\$850,063

The City has restricted a portion of its pooled investments to fully fund this commitment.

Note 9: Commitments And Contingencies

A. Risk Management

The City uses a combination of large deductibles, participation in an insurance pool, and insurance coverage. For insured risks, no settlements have exceeded coverage during the past three fiscal years. The activity for City risk functions is accounted for in the Risk & Insurance Fund and the Employee Benefits Fund, which are components of the combined Internal Service Fund. The Internal Service Fund also includes the Fleet Replacement and Vehicle Maintenance Funds.

The City participates in the Colorado Intergovernmental Risk Sharing Agency (CIRSA) for property and liability. CIRSA is a separate and legal entity which was formed by intergovernmental agreement by member municipalities pursuant to the provisions of 24-10-115.5, 29-1-201 et. seq., 29-13-102, 84-44-101(1)(c) and (3), and 84-44-204, C.R.S., as amended, and Colorado Constitution, Article XIV, Section 18(2). Membership is restricted to Colorado municipalities which are members of the Colorado Municipal League. Workers' compensation is obtained through Pinnacol Assurance.

The purposes of CIRSA are to provide coverage and related services for its member municipalities through joint self-insurance and excess insurance. It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability or loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverage at reasonable costs.

All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. The board of directors may credit member municipalities' future contributions in the event of a surplus. Although it has never occurred, CIRSA member municipalities are subject to a supplemental assessment in the event of a deficiency.

In 2012, the deductible paid by the City for property, and auto physical damage is \$250,000 per occurrence. The deductible paid by the City for liability claims is \$200,000.

The deductible paid by the City for workers' compensation in each incident is \$75,000, with loss amounts over \$75,000 paid by Pinnacol. Pinnacol also provides the City with a workers' compensation employers' liability limit of \$2,000,000.

The Employee Benefits Fund provides dental coverage for employees and is fully self-insured. Health insurance is self-insured up to stop-loss coverage which is purchased from insurance companies. Estimated liabilities for claims incurred but not reported (IBNR) at year end, are shown as accrued liabilities in the fund. These estimates are based on projections from historical claims data. Administrative costs of preparing these estimates are not included in the accrual of these liabilities. Short-term and Long-term Disability and Life Insurance coverage are purchased through premiums paid to insurance companies. Individual stop-loss coverage reduces the City's risk by shifting responsibility for large claims to the stop-loss provider. Claim amounts paid in excess of \$150,000 for a covered individual in a calendar year are reimbursed to the City by the stop-loss provider. Aggregate stop-loss coverage is also applicable and protects the City against high total claims for the healthcare plan. The Employee Benefits Fund has \$6,562,584 in fund balance for employee benefit claims.

The Risk & Insurance Fund provides protection against losses involving City property, equipment, liability, workers' compensation, environmental issues and unemployment. Reserves within the fund support higher deductibles against loss. Payments to CIRSA and Pinnacol for coverage under the insurance pool are shown as expenses within the fund. Charges for services are collected from City departments based on amounts determined by management to meet annual required payouts and to maintain self-insurance reserves. Accrued liabilities are recorded for incurred claims based on estimates made by CIRSA and Pinnacol. Additional contingent liability claims for the coverage have not been recognized after reviewing claims history due to the remoteness of potential loss in excess of actual contributions.

The Risk & Insurance Fund has \$4,606,613 in fund balance for property casualty losses. The combined fund balance of the Risk & Insurance Fund and Employee Benefits Fund, available to cover catastrophic losses, totals \$11,169,197.

Changes in the balances of claims liabilities during current and prior years are as follows:

Note 9: Commitments And Contingencies (continued)**A. Risk Management (continued)**

Description	December-31-12	December-31-11
Description	December-31-12	December-31-11
Unpaid Claims - Beginning	\$ 764,293	\$ 1,142,529
Incurred Claims (includes IBNR's)	6,931,326	7,594,967
Claims Paid	(6,788,781)	(7,973,203)
Unpaid Claims Ending	\$ 906,838	\$ 764,293

B. Construction Commitments

At December-31-12 the City had several construction projects in process. The most significant of these are as follows:

Project	Budget	Cost to date
Windy Gap FIRMING	\$ 24,272,083	\$ 1,642,733
Service Center Expansion	11,617,540	232,648
MeHaffey Park	10,696,316	2,585,756
Washington Avenue Outfall Phase 4	7,204,622	4,202,642
Filter Plant #2 & Backwash Tank Eval	3,754,808	2,804,808
River's Edge Natural Area (Agilent)	\$ 2,904,723	\$ 1,095,883

C. Contingent Liabilities

The City is a defendant in several lawsuits. The City Attorney estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial statements of the City, including the case described below.

Edward and Stephen Klen, et. al. v. City of Loveland, et. Al.

The Klens, along with Diverse Construction and Holstein Self-Service Storage (Plaintiffs), filed an action against the City of Loveland and various City employees alleging violation of their civil rights for unreasonable search and seizure from an alleged trespass and an illegal "secret" inspection of their property by a building official. The Klens also alleged violation of their due process rights through an alleged conspiracy to fabricate evidence against them; wrongful withholding of building permits; conspiracy to trespass onto their property; and violation of their First Amendment rights in retaliation for exercise of their right to free speech. The initial Complaint was filed in federal court on February 16, whereas the City, through its CIRSA attorneys, Hall & Evans, filed a Motion to Dismiss. Thereafter a series of amended complaints, additional motions and appeals ensued.

The City believes that the remaining claims are unfounded, as were all such claims that were earlier dismissed by the Courts. The parties participated in court-ordered mediation since the last financial report and have reached a tentative settlement. The details of the settlement will be reduced to writing in the near future. Any monetary component of the settlement will be covered by the City's insurance carrier as the City has exceeded its \$200,000 deductible.

Note 10: Retirement Commitments

A. Defined Contribution Plans

The City participates in single-employer pension plans for all full-time regular employees that were established (and may be amended) by City Council. Contribution requirements are determined by City Council for the defined contribution plans. All employee contributions vest immediately.

All current full-time employees participate in defined contribution plans. All plans are 401(a) money purchase plans.

1. **Police**: All certified officers of the Police Department must participate from the date of hire. The plan is administered by Principal Financial Group. City contributions vest with the officers after five years of employment.
2. **Fire**: All paid firefighters must participate from the date of hire. The plan is administered by Pension Management Associates. City contributions vest with the firefighters at the rate of 20% after two years of employment and increase by 20% for each additional year until fully vested after six years.
3. **Nonuniformed Employees**: All full-time regular employees other than those covered by the above plans must participate after completion of six months of employment. The plan is administered by Great West Life & Annuity Insurance Company. City contributions vest with the employees after three years of employment.

Contribution requirements and amounts contributed during 2012 are as follows:

	Police Officers	Firefighters	Non-uniformed Employees
Required Contribution Rate			
Employer	11%	11%	5%
Employee	7%	9%	3%
Amounts Contributed			
Employer	\$753,953	\$474,413	\$1,408,926
Employee	\$479,788	\$388,157	\$844,532

Additionally, a second level of contributions is made for the nonuniformed employees who have completed seven or more years of service. In 2012, the City contributed \$531,018 under this plan provision. A separate plan is also maintained for the City Manager.

B. Defined Benefit Plans

The City participates in two defined benefit pension plans, the Loveland and Rural Consolidated Volunteer Firefighters Pension Plan and the Loveland Firefighters Pension Plan. As of January 1, 2009, both plans are affiliated with and administered by the Fire and Police Pension Association of Colorado (FPPA). FPPA issues publicly available financial statements and required supplementary information. That report may be obtained by writing to FPPA, 5290 DTC Parkway, Suite 100, Englewood, Colorado, 80111 or by calling 1-800-332-3772.

Loveland and Rural Consolidated Volunteer Firefighters

1. **Plan Description**:

The City contributes to an agent multiple employer defined benefit pension plan covering its volunteer firefighters that was established (and may be amended) by the Loveland and Rural Consolidated Volunteer Firefighters Pension Board. The Loveland and Rural Consolidated Volunteer Firefighters pension plan provides retirement, disability and death benefits to plan members and their beneficiaries. The City’s volunteer firefighters become fully vested after 20 years of active service and reaching age 50. The benefit, payable at age 50, would be equal to the retirement benefit prorated based upon the number of years of service accrued at termination. Surviving spouses of deceased retirees are entitled to 50% of the retirement benefit until remarriage or their death. Pre-retirement death and disability benefits are only available if incurred in the line of duty. The plan also provides for a lump-sum burial benefit upon death of an active or retired firefighter. The plan is affiliated with and administrated by FPPA.

2. **Funding Policy**:

The Loveland and Rural Consolidated Volunteer Firefighters Pension Plan receives contributions from the City, the Loveland Rural Fire Protection District and the State of Colorado. In 2012, the City contributed \$78,892 and the Loveland Rural Fire Protection District contributed \$17,318. The contributions are not actuarially determined. The actuarial study as of January 1, 2011, indicated that the current level of

Note 10: Retirement Commitments (continued)

B. Defined Benefit Plans (continued)

contributions to the fund is adequate to support on an actuarially sound basis for the prospective benefits for the present plan. The contribution by the State of Colorado toward volunteer fire pension funds has been a fixed dollar amount established by the legislature and allocated pro rata to all fire pension funds in the State. The State will provide matching contributions at 90% of City contributions up to a maximum of ½ mill on the assessed valuation of the City. The State contribution for 2012 was \$86,589, which included \$20,130 from the Loveland Rural Fire Protection District State contribution. The annual contribution from the City is authorized by adoption of the City’s annual budget.

Annual Pension Costs

For the year ended December-31-12, the City and State Annual Required Contributions (ARC) were \$96,177 and \$66,459, respectively. The actual contributions of \$182,799 were higher than the required contributions in the January 1, 2011 actuarial valuation report. The required contribution was determined as part of the January 1, 2011 actuarial valuation using the entry age normal cost method. Actuarial assumptions included the following:

- ARC Total – \$162,636
- Interest rate – 8.0% per annum, compounded annually, net of operating expenses
- Inflation rate – 3.5%
- Amortization period – 20 years
- Amortization method – Level dollar, open
- Normal retirement – Age 50 and 20 years of service
- Disability – Graduated rates for all disabilities
- Mortality – 1994 Group Annuity Mortality Table
- Withdrawal – Graduated rates for all withdrawals
- Marital Status – 90% married, with males 3 years older than females
- Asset Valuation – 3-year smoothed fair market value
- Projected Salary Increases – N/A
- Cost-of-living adjustments – None

The maximum monthly benefit is set by state statute and approved by the Retirement Board. Assumed rate of inflation is not applicable.

The Plan's annual pension cost and net pension obligation for the current year were:

Annual Required Contribution	\$ 162,636
Interest on Net Pension Asset	(146,573)
Annual Pension Cost	<u>16,063</u>
Employer Contributions	(182,799)
Increase\ (Decrease) in Net Pension Asset	(166,736)
Net Pension Asset Beginning of Year	<u>\$ (1,832,164)</u>
End of Year	<u>\$ (1,998,900)</u>
 Annual Pension Cost Contributed	 <u>1138%</u>

3. Funded Status and Funding Progress:

As of January 1, 2011, the most recent actuarial valuation date, the plan was 82% funded. The actuarial accrued liability for benefits was \$3,289,671, and the actuarial value of assets was \$2,712,194, resulting in an unfunded actuarial accrued liability of \$577,477.

The schedule of funding progress, presented in the Required Supplemental Information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Note 10: Retirement Commitments (continued)**B. Defined Benefit Plans (continued)****Three Year Trend Information**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension (Asset)
12/31/2010	\$ 110,581	165%	(\$ 1,663,351)
12/31/2011	29,568	671%	(1,832,164)
12/31/2012	16,063	1138%	(1,998,900)

Schedule of Employer Contributions

Year	City & District	State of Colorado
2007	\$ 151,315	\$ 86,589
2008	151,315	86,589
2009	151,315	86,589
2010	96,177	86,589
2011	111,792	86,589
2012	\$ 96,210	\$ 86,589

Loveland Firefighters**1. Plan Description:**

The City maintains a single-employer Loveland Firefighters defined benefit pension plan for a small number of firefighters hired before April 1978 and retired before June 1990. Membership in the Plan consists of two individuals currently receiving benefits. The monthly benefit ranges from \$1,700 to \$2,300 with no future increases scheduled. The Plan is closed to new members. Plan provisions and contributions are established and may be amended by the City Council. The plan is affiliated with and administered by the FPPA.

2. Funding Policy:

The Plan is fully funded and no additional contributions are required based on an actuarial study completed in January 1, 2012.

Note 11: Postemployment Commitments

The City of Loveland Retiree Medical Plan is designed to minimize potential financial liability to the City. Currently, there are only two participants that elected to be in the plan and the contributions are immaterial.

A. Plan Description

The Plan is designed as a single-employer defined benefit postemployment health care plan and is designed to limit the City's liability while providing a means for eligible employees, as determined by the Rule of 80 (age and years of service), to obtain health insurance coverage during the gap between retirement and Medicare eligibility. An employee is eligible to enroll if he or she has worked in a benefit eligible position with the City for at least 20 years and retires from the City between ages 55 and 65. This Plan is only being offered to employees who meet the service and age criteria and retire from the City between January 1, 2009 and December 31, 2018. No other employees will be allowed on this plan unless the City Council reauthorizes the Plan beyond December 31, 2013. The City does not issue a stand-alone financial report for the other postemployment benefit (OPEB) plan. Based on recommendations from the City Manager, the City Council has authority to approve amendments to benefits or contributions annually.

B. Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council. The required contribution is based on projected pay-as-you-go financing requirements. As of January 1, 2011, there was no Annual Required Contribution (ARC). For the year ended December-31-12, the City made no contributions to the plan. Eligible plan members are not required to contribute to the plan prior to retirement. Retirees will be required to pay 100% of the contribution rates established by the City specific to their medical plan, therefore covered payroll is not applicable to the plan.

Note 11: Postemployment Commitments (continued)

C. Funded Status and Funding Progress

As of January 1, 2011, the funded status of the plan as of the most recent actuarial valuation date of January 1, 2011 was as follows:

	<u>OPEB Obligation</u>
Actuarial Accrued Liability (AAL)	\$ 867,746
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 867,746</u>
Funded Ratio (actuarial value of plan assets/AAL)	0%
Covered Payroll (active plan members)	N/A
UAAL as percentage of covered payroll	N/A

D. Actuarial Methods and Assumptions

- Actuarial Valuation Date – January 1, 2011
- Actuarial Cost Method – Projected Unit Credit
- Discount Rate – 5.15%
- Annual healthcare cost trend rates – 11.0%, decreasing by 1% each year
- Amortization period – 30 years
- Amortization method – Level dollar, open
- Mortality – 1994 Group Annuity Mortality Table
- Marital Status – 80% married, with males 1 years older

Note 12: Taxpayer Bill Of Rights (TABOR) Amendment To The Colorado Constitution

In November of 1992, Colorado voters approved a constitutional amendment which limits revenues and expenditures beginning in 1993. These limits apply to revenues of the governmental entity except for those areas classified as “enterprises” or as other exclusions. Enterprises as defined under the amendment are not the same as Enterprise Funds defined using governmental generally accepted accounting principles. The amendment also excludes certain types of revenues and expenses of the entity from the limitation process. These exclusions include, but are not limited to: gifts or donations, federal funds, property sales, damage awards, or reserve transfers or expenditures.

Revenue collections in subsequent years are limited to changes in the Denver-Boulder Consumer Price Index (CPI) for Urban Consumers and to increases in property valuations from new construction and annexations. The amendment also requires that the base be “reset” each year to actual revenue collections of the prior year or the maximum revenue allowable, whichever is less.

In November 2001, the voters approved a request that the City use excess revenues from 2003 through 2012 for police and fire operations, streets construction and maintenance and parks construction and maintenance. As of December-31-12, \$7,739,934 was available for these purposes. Of that amount, \$1,458,260 is budgeted to be spent in 2013.

The City has established an Emergency Reserve, representing 3% of qualifying expenditures, as required by the amendment. At December-31-12, the emergency reserve of \$1,861,860 was reported as a restriction of fund balance in the General Fund.

The following table shows revenue and growth items applicable to the revenue limit for 2012.

Actual revenue	\$ 82,755,522	CPI increase	1.90%
Base revenue	<u>78,800,780</u>	Growth increase	<u>1.06%</u>
Surplus	<u>\$ 3,954,742</u>	Total increase allowed	<u>2.96%</u>

Note 13: Fund Balance Designation

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

1. Nonspendable, such as inventories, prepaid expenses, long-term loans and resources that must be maintained intact pursuant to legal or contractual requirements (i.e., principal of a permanent fund)
2. Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resources, or through a government's own constitution or charter.
3. Committed fund balance includes amounts that can only be used for the specific purposes determined by a formal action through ordinances of the highest level of decision making authority, which is the City Council, and remains binding unless removed in the same manner.
4. Assigned fund balance represents resources that reflect a government's intended use of resources. It has to be established at either the highest level of decision making, or by a body or an official designated for that purpose. On September 21, 2010, the City Council adopted Resolution #R-48-2011 that grants the City Manager, or the City Manager's Designee, authority to designate the Assigned fund balance for each governmental fund based on the intended use of such resources. Amounts in excess of nonspendable, restricted and committed fund balance in funds other than the general fund automatically would be reported as assigned fund balance.
5. Unassigned fund balance is any remaining fund balance in the general fund that did not fall into one of the four previous categories. The general fund should be the only fund that reports a positive unassigned fund balance.

The City of Loveland applies expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year in that order.

City staff brings recommendations to Council for the use of fund balance, whereas Council approves the recommendations through an ordinance either in the official budget ordinance, or supplemental ordinances throughout the year. Council makes approvals at the fund level.

Since 2005, when the Citizen Finance Advisory Commission brought a policy to City Council, the City has retained a minimum of 15% of the General Fund expenditures in the unassigned fund balance in essence as a stabilization fund. The City Council must formally adopt a supplemental appropriation to use these funds. The replenishment of the funds would be strategically addressed in the General Fund Ten Year Financial Master Plan that is updated annually. Even during the most significant economic event since the Great Depression the City has not used this stabilization balance. The balance as of December-31-12 is \$9,959,910.

The City has one major special revenue fund that is for programs that, by Council policy, have dedicated revenue sources. The Loveland Urban Renewal Authority (LURA) Fund was established by the City Council in July 2002. The LURA fund accounts for urban revitalization activities throughout the community. Revenue is received from incremental sales and property taxes collected within the designated area. The City of Loveland does not have a formally adopted minimum fund balance policy.

The table on the following page provides detail for each category of fund balance:

Note 13: Fund Balance Designation (continued)

FUND BALANCES	General	Loveland Urban Renewal Authority	Capital Expansion Fees	Capital Projects	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Inventory	\$ 321,720	\$ -	\$ -	\$ -	\$ -	\$ 321,720
Interfund Loan Receivable	-	-	4,850,000	-	-	4,850,000
Permanent Fund Principal	-	-	-	-	850,368	850,368
Total Nonspendable	321,720	-	4,850,000	-	850,368	6,022,088
Restricted:						
Tabor 3% Emergency Reserve	1,861,860	-	-	-	495	1,862,355
Future Capital Improvements	-	-	-	-	-	-
Urban Revitalization	-	293,037	-	-	-	293,037
Parks & Recreation	-	-	-	-	5,635,751	5,635,751
Open Space Acquisitions	-	-	-	-	14,686,720	14,686,720
Law Enforcement	-	-	-	-	44,688	44,688
Fire & Rescue	-	-	-	-	290,339	290,339
Conventions & Tourism	-	-	-	-	942,401	942,401
Total Restricted	1,861,860	293,037	-	-	21,600,394	23,755,291
Committed:						
Reserve For Excess Tabor	7,739,934	-	-	-	-	7,739,934
Council Capital Reserve	5,070,810	-	-	-	-	5,070,810
Future Capital Improvements	-	-	34,915,356	-	-	34,915,356
Art In Public Places	244,201	-	-	-	-	244,201
Library Expansion	217,248	-	-	-	-	217,248
Public Education	-	-	-	-	239,221	239,221
Downtown Maintenance	-	-	-	-	86,139	86,139
Affordable Housing Agreements	-	-	-	-	2,191	2,191
Total Committed	13,272,193	-	34,915,356	-	327,551	48,515,100
Assigned:						
Parks Capital Improvements	-	-	-	-	2,183,551	2,183,551
Library Reserve	125,031	-	-	-	-	125,031
Police Communication Console	-	-	-	-	-	-
Telephone Switch Reserve	-	-	-	-	-	-
Museum Programs	379,540	-	-	-	-	379,540
Police Donations	18,473	-	-	-	-	18,473
Library Books	280,333	-	-	-	-	280,333
Wellness	114,740	-	-	-	-	114,740
Pullium Building	8,639	-	-	-	-	8,639
Rialto Theatre	-	-	-	-	-	-
Fire Reserve For Safer Grant	138,300	-	-	-	-	138,300
Capital Improvements	-	-	-	202,257	-	202,257
Spendable Portion Of Permanent Fund	-	-	-	-	1,781,345	1,781,345
Total Assigned	1,065,056	-	-	202,257	3,964,896	5,232,209
Unassigned:	* 16,560,028	-	-	-	-	16,560,028
Total Fund Balances	\$ 33,080,857	\$ 293,037	\$ 39,765,356	\$ 202,257	\$ 26,743,209	\$ 100,084,716

* The City has a reserve policy to keep 15% of expenditures in reserve as a guard against economic uncertainties. This amount is included in the unassigned balance and equals \$9,959,910.

Required Supplementary Information



Required supplementary information includes budgetary comparison schedules for General Fund and the Loveland Urban Renewal Authority.

CITY OF LOVELAND, COLORADO

General

Budgetary Comparison Schedule

For the Year Ended December-31-12

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 45,781,520	\$ 45,781,520	\$ 49,036,311	\$ 3,254,791
Licenses and Permits	1,073,180	1,073,180	1,918,662	845,482
Fines and Penalties	1,005,280	1,005,280	956,357	(48,923)
Intergovernmental	5,177,080	6,005,750	6,235,793	230,043
Charges for Services	3,770,440	3,758,730	3,868,318	109,588
Interest on Investments	414,450	414,450	386,652	(27,798)
Miscellaneous	5,599,320	5,815,720	6,463,057	647,337
Total Revenues:	62,821,270	63,854,630	68,865,150	5,010,520
Expenditures:				
Current:				
Legislative	126,200	126,200	97,103	29,097
Executive	2,371,480	2,404,140	2,239,590	164,550
Finance	1,906,690	3,942,570	3,720,738	221,832
Human Resources	926,550	926,550	896,637	29,913
Information Technology	3,094,870	3,181,510	2,945,328	236,182
Economic Development	721,230	2,388,480	1,275,952	1,112,528
Development Services	2,637,310	2,857,050	2,517,478	339,572
Public Works	11,343,280	11,250,460	11,494,762	(244,302)
Police	15,976,060	16,155,080	16,105,938	49,142
Fire	-	580,970	566,333	14,637
Parks & Recreation	7,394,210	7,714,070	7,654,950	59,120
Library	2,337,460	2,373,090	2,409,051	(35,961)
Cultural Services	1,378,880	1,507,180	1,511,896	(4,716)
General Government	6,848,740	7,205,610	7,417,423	(211,813)
Capital Outlay	1,773,770	2,138,980	1,271,528	867,452
Total Expenditures	58,836,730	64,751,940	62,124,707	2,627,233
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	3,984,540	(897,310)	6,740,443	7,637,753
Other Financing Sources (Uses):				
Transfers In	2,121,540	4,155,630	4,222,436	66,806
Transfers (Out)	(5,312,220)	(7,015,230)	(4,644,934)	2,370,296
Total Other Financing Sources (Uses):	(3,190,680)	(2,859,600)	(422,498)	2,437,102
Net Change in Fund Balance	793,860	(3,756,910)	6,317,945	10,074,855
Fund Balance--Beginning	23,949,940	26,762,912	26,762,912	-
Fund Balance--Ending	\$ 24,743,800	\$ 23,006,002	\$ 33,080,857	\$ 10,074,855

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO
Loveland Urban Renewal Authority
Budgetary Comparison Schedule
For the Year Ended December-31-12

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 10,889,300	\$ 11,255,510	\$ 11,260,924	\$ 5,414
Interest on Investments	38,430	38,430	43,641	5,211
Total Revenues:	10,927,730	11,293,940	11,304,565	10,625
Expenditures:				
Current:				
Services	243,530	361,660	310,384	51,276
School District Fund	948,840	948,840	947,001	1,839
Distribution of Tax Increment Financing	9,696,930	9,996,930	10,005,790	(8,860)
Capital Outlay	-	20,000	-	20,000
Total Expenditures	(10,889,300)	(11,327,430)	(11,263,175)	64,255
Excess (Deficiency) of Revenues Over (Under)				
Expenses	38,430	(33,490)	41,390	74,880
Net Change in Fund Balance	38,430	(33,490)	41,390	74,880
Fund Balance--Beginning	2,260,810	251,647	251,647	-
Fund Balance--Ending	\$ 2,299,240	\$ 218,157	\$ 293,037	\$ 74,880

See accompanying independent auditors' report.

**Defined Benefit Plan Supplementary Information
Loveland And Rural Consolidated Volunteer Firefighters Pension Fund**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) Entry Age	Funded (Unfunded) AAL	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
1/1/11	\$2,712,194	\$3,289,671	\$(577,477)	82.0%	N/A	N/A
1/1/09	2,517,488	3,370,888	(853,400)	74.7%	N/A	N/A
1/1/07	2,811,469	2,828,724	(17,255)	99.0%	N/A	N/A
7/1/05	2,535,267	3,396,501	(861,234)	74.6%	N/A	N/A
7/1/03	2,428,849	3,510,835	(1,082,986)	69.2%	N/A	N/A
7/1/01	2,899,900	2,852,810	N/A	100.0%	N/A	N/A
1/1/00	3,105,718	3,268,219	(162,501)	95.0%	N/A	N/A

Notes to Required Supplementary Information (RSI)

Budgets and Budgetary Accounting

The City follows these procedures in establishing the budget as reflected in the financial statements:

- Prior to September 20, the City Manager submits to the City Council, a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 15, the budget is legally enacted through passage of an ordinance. This ordinance authorizes a lump-sum expenditure budget for the City taken as a whole. An appropriation ordinance is also adopted which allocates the total budget to each individual fund. This allocation of the appropriation may not be legally exceeded by an individual fund.
- Supplemental appropriations are approved on an individual fund level basis. Supplemental appropriations for \$38,469,230 were approved during 2012. Management may revise budgets within an individual fund for internal management purposes. Increases to an individual fund's appropriated total and transfers between funds must be approved by City Council. Budgets included in this report reflect all supplemental appropriations legally adopted by City Council.
- Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects Funds, and Permanent Funds.
- Budgets for the General, Special Revenue, the City's Capital Projects Fund, and all Permanent Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) with the exception that the proceeds and uses of new capital leases are not budgeted. For Special Improvement District No. 1, one budget was adopted for the district. Budgets for Enterprise and Internal Service are adopted to fulfill statutory requirements and are prepared on an appropriation basis. Principally, the appropriation basis of budgeting provides for a full accrual basis of accounting, capital expenditures, and bond principal payments but does not provide for depreciation, amortization, or for estimated claims liabilities.
- All appropriations lapse at year-end per State statutes.

See accompanying independent auditors' report.

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Capital Projects



The Capital Projects Funds account for all infrastructure construction and major equipment, machinery and facility expenditures that will provide long-term service or other public benefits.

CITY OF LOVELAND, COLORADO
Capital Expansion Fees
Budgetary Comparison Schedule
For the Year Ended December-31-12

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 2,255,450	\$ 2,255,450	\$ 4,558,614	\$ 2,303,164
Interest on Investments	494,670	494,670	392,422	(102,248)
Miscellaneous	-	-	19,499	19,499
Total Revenues	2,750,120	2,750,120	4,970,535	2,220,415
Expenditures:				
Current:				
Fire	-	5,000	9,892	(4,892)
Parks & Recreation	31,100	31,100	5,010	26,090
Capital Outlay	931,780	2,178,480	1,508,653	669,827
Total Expenditures	962,880	2,214,580	1,523,555	691,025
Excess of Revenues Over Expenditures	1,787,240	535,540	3,446,980	2,911,440
Other Financing Sources (Uses):				
Transfers In	191,750	191,750	91,665	(100,085)
Transfers (Out)	(7,145,090)	(9,806,230)	(2,156,379)	7,649,851
Total Other Financing Sources (Uses)	(6,953,340)	(9,614,480)	(2,064,714)	7,549,766
Net Change in Fund Balance	(5,166,100)	(9,078,940)	1,382,266	10,461,206
Fund Balance--Beginning	27,063,940	38,383,090	38,383,090	-
Fund Balance--Ending	\$ 21,897,840	\$ 29,304,150	\$39,765,356	\$10,461,206

CITY OF LOVELAND, COLORADO**Capital Projects****Budgetary Comparison Schedule****For the Year Ended December-31-12**

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 488,190	\$ 3,191,450	\$ 292,679	\$ (2,898,771)
Charges for Services	1,917,250	1,917,250	1,831,317	(85,933)
Interest on Investments	-	-	15,887	15,887
Miscellaneous	-	1,114,000	811,406	(302,594)
Total Revenues	2,405,440	6,222,700	2,951,289	(3,271,411)
Expenditures:				
Information Technology	-	112,670	9,435	103,235
Public Works	-	-	1,493,589	(1,493,589)
Fire	-	-	2,218	(2,218)
Library	-	-	3,269	(3,269)
Capital Outlay	17,065,900	24,983,260	8,920,383	16,062,877
Total Expenditures	17,065,900	25,095,930	10,428,894	14,667,036
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	(14,660,460)	(18,873,230)	(7,477,605)	11,395,625
Other Financing Sources (Uses):				
Transfers In	14,660,460	18,873,230	6,896,649	(11,976,581)
Transfers (Out)	-	-	(49,860)	(49,860)
Total Other Financing Sources (Uses)	14,660,460	18,873,230	6,846,789	(12,026,441)
Net Change in Fund Balance	-	-	(630,816)	(630,816)
Fund Balance--Beginning	1,109,300	833,073	833,073	-
Fund Balance--Ending	\$ 1,109,300	\$ 833,073	\$ 202,257	\$ (630,816)

See accompanying independent auditors' report.

Nonmajor Governmental Funds



CAPITAL PROJECTS FUND

PARKS & RECREATION IMPROVEMENT—to account for the improvement of existing parks. Financing is provided by user fees and the sale of undeveloped and unused park land.

SPECIAL REVENUE FUNDS

GENERAL IMPROVEMENT DISTRICT #1—to account for operations and maintenance of downtown parking lots and landscaping. Financing is provided by a special mill levy.

CONSERVATION TRUST—to account for Parks & Recreation improvements, developments or acquisitions. Financing to be provided from State operated lottery. These funds can only be used for parks and recreation by State law. The fund is required by State Statute.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)—to account for CDBG grant monies that are received by the City of Loveland for being an entitlement city from the Department of HUD.

LARIMER COUNTY OPEN SPACE—to account for collection and expenditure of the City's allocation of County sales and use tax for open space acquisition.

LOVELAND FIRE AUTHORITY—to account for operations and capital needs of the fire department.

LOVELAND/LARIMER BUILDING AUTHORITY—to account for the maintenance and operation of the Police and Courts Building.

AFFORDABLE HOUSING—to account for proceeds from land owner agreements upon sale of affordable housing residencies.

POLICE SEIZURES & FORFEITURES— to account for funds that were seized or forfeited by the Police Department resulting from criminal investigations. These funds can only be used towards police activities as mandated by Federal and State law.

LODGING TAX—to account for funds collected for the purpose of promoting tourism, conventions and related activities within the City by marketing the City and sponsoring community events.

PEG FEE—to account for funding used for equipment to broadcast council meetings and other Government programming.

PERMANENT FUND

PERPETUAL CARE—to account for monies provided for ongoing maintenance of the cemetery once the cemetery is filled. Financing provided from portion of lot sales at the cemetery and interest income.

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CITY OF LOVELAND, COLORADO
Combining Balance Sheet
Non-Major Governmental Funds
December-31-12

	CAPITAL PROJECTS		SPECIAL REVENUE		
	Parks & Recreation Improvement	General Improvement District #1	Conservation Trust	Community Development Block Grant	Larimer County Open Space
ASSETS					
Equity in Pooled Cash	\$ 157,600	\$ 6,230	\$ 407,003	\$ -	\$ 1,050,293
Equity in Pooled Investments	1,320,079	79,945	5,222,359	-	13,476,578
Receivables (Net):					
Accounts	-	-	-	-	-
Taxes	-	32,056	-	-	144,380
Grants	-	-	-	70,979	-
Accrued Interest	6,238	255	16,104	-	41,574
Inventory	-	-	-	-	-
Restricted Assets:					
Equity in Pooled Restricted Investments	702,133	-	-	-	-
Total Assets	2,186,050	118,486	5,645,466	70,979	14,712,825
LIABILITIES					
Accounts Payable	2,499	24	6,252	25,645	14,906
Accrued Liabilities	-	-	3,463	1,564	11,199
Due to Other Funds	-	-	-	43,770	-
Deferred Revenue	-	31,828	-	-	-
Total Liabilities	2,499	31,852	9,715	70,979	26,105
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	-	495	5,635,751	-	14,686,720
Committed	-	86,139	-	-	-
Assigned	2,183,551	-	-	-	-
Total Fund Balances	2,183,551	86,634	5,635,751	-	14,686,720
Total Liabilities and Fund Balances	\$ 2,186,050	\$ 118,486	\$ 5,645,466	\$ 70,979	\$ 14,712,825

SPECIAL REVENUE					PERMANENT FUND			
Loveland Fire Authority	Loveland/Larimer Building Authority	Affordable Housing	Police Seizures & Forfeitures	Lodging	Peg Fee	Perpetual Care	Total	
\$ 53	\$ 346	\$ 158	\$ 132	\$ 65,975	\$ 15,808	\$ 189,730	\$ 1,893,328	
674	4,442	2,027	1,699	846,539	202,831	2,434,473	23,591,646	
-	25,399	-	42,852	541	-	-	68,792	
-	-	-	-	39,181	19,956	-	235,573	
709,339	-	-	-	-	-	-	780,318	
-	-	6	5	2,611	626	7,510	74,929	
-	-	-	-	5,309	-	-	5,309	
-	-	-	-	-	-	-	702,133	
710,066	30,187	2,191	44,688	960,156	239,221	2,631,713	27,352,028	
121,044	24,160	-	-	12,068	-	-	206,598	
298,683	6,027	-	-	5,687	-	-	326,623	
-	-	-	-	-	-	-	43,770	
-	-	-	-	-	-	-	31,828	
419,727	30,187	-	-	17,755	-	-	608,819	
-	-	-	-	-	-	850,368	850,368	
290,339	-	-	44,688	942,401	-	-	21,600,394	
-	-	2,191	-	-	239,221	-	327,551	
-	-	-	-	-	-	1,781,345	3,964,896	
290,339	-	2,191	44,688	942,401	239,221	2,631,713	26,743,209	
\$ 710,066	\$ 30,187	\$ 2,191	\$ 44,688	\$ 960,156	\$ 239,221	\$ 2,631,713	\$ 27,352,028	

CITY OF LOVELAND, COLORADO
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended December-31-12

	Capital Projects Fund		SPECIAL REVENUE		
	Parks & Recreation Improvement	General Improvement District #1	Conservation Trust	Community Development Block Grant	Larimer County Open Space
Revenues:					
Taxes	\$ -	\$ 35,706	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-
Intergovernmental	-	-	671,467	240,077	1,724,003
Charges for Services	60,524	-	-	-	-
Interest on Investments	26,928	927	60,185	-	157,907
Miscellaneous	7,147	-	-	-	4,069
Total Revenues	94,599	36,633	731,652	240,077	1,885,979
Expenditures:					
Current:					
Economic Development	-	-	-	-	-
Development Services	-	-	-	240,077	-
Public Works	-	-	-	-	-
Fire	-	-	-	-	-
Police	-	-	-	-	-
Parks & Recreation	5,820	-	122,340	-	294,052
Library	-	-	-	-	-
General Government	-	16,494	-	-	-
Capital Outlay	76,376	-	6,111	-	202,789
Total Expenditures	82,196	16,494	128,451	240,077	496,841
Excess of					
Revenues Over Expenditures	12,403	20,139	603,201	-	1,389,138
Other Financing Sources (Uses):					
Transfers In	-	-	-	-	-
Transfers (Out)	(500,000)	-	-	-	-
Total Other Financing					
Sources (Uses)	(500,000)	-	-	-	-
Net Change in Fund Balance	(487,597)	20,139	603,201	-	1,389,138
Fund Balances--Beginning	2,671,148	66,495	5,032,550	-	13,297,582
Fund Balances--Ending	\$ 2,183,551	\$ 86,634	\$ 5,635,751	\$ -	\$ 14,686,720

SPECIAL REVENUE						PERMANENT FUND		
Loveland Fire Authority	Loveland/Larimer Building Authority	Affordable Housing	Police Seizures & Forfeitures	Lodging	Peg Fee	Perpetual Care	Total	
\$ -	\$ -	\$ -	\$ -	\$ 673,646	\$ 95,598	\$ -	\$ 804,950	
94,691	-	-	-	-	-	-	94,691	
9,826,706	461,959	-	77,036	-	-	-	13,001,248	
59,158	-	-	-	-	-	66,001	185,683	
596	-	24	22	9,119	1,152	29,200	286,060	
584	-	-	-	35,872	-	-	47,672	
9,981,735	461,959	24	77,058	718,637	96,750	95,201	14,420,304	
-	-	-	-	494,702	-	-	494,702	
-	-	-	-	-	-	-	240,077	
-	447,947	-	-	-	-	-	447,947	
9,658,737	-	-	-	-	-	-	9,658,737	
-	-	-	34,684	-	-	-	34,684	
-	14,012	-	-	-	-	-	436,224	
-	-	-	-	-	55,312	-	55,312	
-	-	-	-	-	-	-	16,494	
32,659	-	-	-	-	-	-	317,935	
9,691,396	461,959	-	34,684	494,702	55,312	-	11,702,112	
290,339	-	24	42,374	223,935	41,438	95,201	2,718,192	
-	-	-	-	-	197,783	-	197,783	
-	-	-	-	-	-	-	(500,000)	
-	-	-	-	-	197,783	-	(302,217)	
290,339	-	24	42,374	223,935	239,221	95,201	2,415,975	
-	-	2,167	2,314	718,466	-	2,536,512	24,327,234	
\$ 290,339	\$ -	\$ 2,191	\$ 44,688	\$ 942,401	\$ 239,221	\$ 2,631,713	\$ 26,743,209	

CITY OF LOVELAND, COLORADO
Parks & Recreation Improvement
Budgetary Comparison Schedule
For the Year Ended December-31-12

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,280	\$ 1,280	\$ -	\$ (1,280)
Charges for Services	51,080	51,080	60,524	9,444
Interest on Investments	43,430	43,430	26,928	(16,502)
Miscellaneous	-	-	7,147	7,147
Total Revenues	95,790	95,790	94,599	(1,191)
Expenditures:				
Parks & Recreation	-	-	5,820	(5,820)
Capital Outlay	70,000	153,710	76,376	77,334
Total Expenditures	70,000	153,710	82,196	71,514
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	25,790	(57,920)	12,403	(70,323)
Other Financing Sources (Uses):				
Transfers (Out)	(500,000)	(500,000)	(500,000)	-
Net Change in Fund Balance	(474,210)	(557,920)	(487,597)	70,323
Fund Balance--Beginning	2,555,560	2,671,148	2,671,148	-
Fund Balance--Ending	\$ 2,081,350	\$ 2,113,228	\$ 2,183,551	\$ 70,323

CITY OF LOVELAND, COLORADO
General Improvement District #1
Budgetary Comparison Schedule
For the Year Ended December-31-12

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 32,960	\$ 32,960	\$ 35,706	\$ 2,746
Interest on Investments	560	560	927	367
Total Revenues	33,520	33,520	36,633	3,113
Expenditures:				
Current:				
General Government	24,500	24,500	16,494	8,006
Capital Outlay	-	61,000	-	61,000
Total Expenditures	24,500	85,500	16,494	69,006
Net Change in Fund Balance	9,020	(51,980)	20,139	72,119
Fund Balance--Beginning	74,110	66,495	66,495	-
Fund Balance--Ending	\$ 83,130	\$ 14,515	\$ 86,634	\$ 72,119

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO
Conservation Trust
Budgetary Comparison Schedule
For the Year Ended December-31-12

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 500,000	\$ 500,000	\$ 671,467	\$ 171,467
Interest on Investments	79,710	79,710	60,185	(19,525)
Total Revenues	579,710	579,710	731,652	151,942
Current Expenditures				
Parks & Recreation	143,930	143,930	122,340	21,590
Capital Outlay	-	104,000	6,111	97,889
Total Expenditures	143,930	247,930	128,451	119,479
Other Financing Sources (Uses):				
Transfers (Out)	(2,000,000)	(2,000,000)	-	2,000,000
Net Change in Fund Balance	(1,564,220)	(1,668,220)	603,201	2,271,421
Fund Balance--Beginning	4,545,510	5,032,550	5,032,550	-
Fund Balance--Ending	\$ 2,981,290	\$ 3,364,330	\$ 5,635,751	\$ 2,271,421

CITY OF LOVELAND, COLORADO
Community Development Block Grant
Budgetary Comparison Schedule
For the Year Ended December-31-12

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 275,000	\$ 489,910	\$ 240,077	\$ (249,833)
Total Revenues:	275,000	489,910	240,077	(249,833)
Expenditures:				
Current:				
Development Services	275,000	489,910	240,077	249,833
Total Expenditures	275,000	489,910	240,077	249,833
Net Change in Fund Balance	-	-	-	-
Fund Balance--Beginning	-	-	-	-
Fund Balance--Ending	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO
Larimer County Open Space
Budgetary Comparison Schedule
For the Year Ended December-31-12

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,456,560	\$ 1,456,560	\$ 1,724,003	\$ 267,443
Interest on Investments	176,730	176,730	157,907	(18,823)
Miscellaneous	2,500	2,500	4,069	1,569
Total Revenues	1,635,790	1,635,790	1,885,979	250,189
Expenditures:				
Current:				
Parks & Recreation	236,170	367,960	294,052	73,908
Capital Outlay	2,800,000	2,668,210	202,789	2,465,421
Total Expenditures	3,036,170	3,036,170	496,841	2,539,329
Net Change in Fund Balance	(1,400,380)	(1,400,380)	1,389,138	2,789,518
Fund Balance--Beginning	10,535,820	13,297,582	13,297,582	-
Fund Balance--Ending	\$ 9,135,440	\$ 11,897,202	\$ 14,686,720	\$ 2,789,518

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO
Loveland Fire Authority
Budgetary Comparison Schedule
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Licenses and Permits	\$ 122,500	\$ 122,500	\$ 94,691	\$ (27,809)
Intergovernmental	8,424,290	9,710,260	9,826,706	116,446
Charges for Services	8,000	24,800	59,158	34,358
Interest on Investments	-	-	596	596
Miscellaneous	-	-	584	584
Total Revenues:	8,554,790	9,857,560	9,981,735	124,175
Expenditures:				
Current:				
Fire	8,351,640	9,816,070	9,658,737	157,333
Capital Outlay:				
Capital Outlay	203,150	41,490	32,659	8,831
Total Expenditures	8,554,790	9,857,560	9,691,396	166,164
Net Change in Fund Balance	-	-	290,339	290,339
Fund Balance--Ending	\$ -	\$ -	\$ 290,339	\$ 290,339

CITY OF LOVELAND, COLORADO
Loveland/Larimer Building Authority
Budgetary Comparison Schedule
For the Year Ended December-31-12

	<u>Budgeted Amounts</u>			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 461,960	\$ 461,960	\$ 461,959	\$ (1)
Total Revenues	461,960	461,960	461,959	(1)
Expenditures:				
Current:				
Parks & Recreation	14,250	14,250	14,012	238
Public Works	447,710	447,710	447,947	(237)
Total Expenditures	461,960	461,960	461,959	1
Net Change in Fund Balance	-	-	-	-
Fund Balance--Beginning	-	-	-	-
Fund Balance--Ending	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO
Affordable Housing
Budgetary Comparison Schedule
For the Year Ended December-31-12

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Interest on Investments	\$ -	\$ -	\$ 24	\$ 24
Total Revenues	-	-	24	24
Total Expenditures	-	-	-	-
Net Change in Fund Balance	-	-	24	24
Fund Balance--Beginning	-	2,167	2,167	-
Fund Balance--Ending	\$ -	\$ 2,167	\$ 2,191	\$ 24

CITY OF LOVELAND, COLORADO
Police Seizures & Forfeitures
Budgetary Comparison Schedule
For the Year Ended December-31-12

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 34,190	\$ 77,036	\$ 42,846
Interest on Investments	-	-	22	22
Total Revenues:	-	34,190	77,058	42,868
Expenditures:				
Police	-	36,500	34,684	1,816
Total Expenditures	-	36,500	34,684	1,816
Net Change in Fund Balance	-	(2,310)	42,374	44,684
Fund Balance--Beginning	-	2,314	2,314	-
Fund Balance--Ending	\$ -	\$ 4	\$ 44,688	\$ 44,684

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO**Lodging****Budgetary Comparison Schedule****For the Year Ended December-31-12**

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 550,000	\$ 550,000	\$ 673,646	\$ 123,646
Interest on Investments	7,300	7,300	9,119	1,819
Miscellaneous	-	-	35,872	35,872
Total Revenues:	557,300	557,300	718,637	161,337
Expenditures:				
Economic Development	500,000	500,000	494,702	5,298
Capital Outlay	-	186,500	-	186,500
Total Expenditures	500,000	686,500	494,702	191,798
Net Change in Fund Balance	57,300	(129,200)	223,935	353,135
Fund Balance--Beginning	429,730	718,466	718,466	-
Fund Balance--Ending	\$ 487,030	\$ 589,266	\$ 942,401	\$ 353,135

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO**Peg Fee****Schedule of Budget Comparison****For the Year Ended December 31, 2012**

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 71,000	\$ 71,000	\$ 95,598	\$ 24,598
Interest on Investments	-	-	1,152	1,152
Total Revenues:	71,000	71,000	96,750	25,750
Expenditures:				
Current:				
Library	7,000	55,800	55,312	488
Capital Outlay:				
Capital Outlay	50,000	9,200	-	9,200
Total Expenditures	57,000	65,000	55,312	9,688
Excess (Deficiency) of Revenues Over (Under)				
Expenses	14,000	6,000	41,438	35,438
Other Financing Sources (Uses):				
Transfers In	-	139,470	197,783	58,313
Total Other Financing Sources (Uses):	-	139,470	197,783	58,313
Net Change in Fund Balance	14,000	145,470	239,221	93,751
Fund Balance--Ending	\$ 14,000	\$ 145,470	\$ 239,221	\$ 93,751

CITY OF LOVELAND, COLORADO**Perpetual Care****Budgetary Comparison Schedule****For the Year Ended December-31-12**

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 71,400	\$ 71,400	\$ 66,001	\$ (5,399)
Interest on Investments	42,620	42,620	29,200	(13,420)
Total Revenues	114,020	114,020	95,201	(18,819)
Expenditures:				
Net Change in Fund Balance	114,020	114,020	95,201	(18,819)
Fund Balance--Beginning	2,536,512	2,536,512	2,536,512	-
Fund Balance--Ending	\$ 2,650,532	\$ 2,650,532	\$ 2,631,713	\$ (18,819)

See accompanying independent auditors' report.

Proprietary Funds



ENTERPRISE FUNDS

WATER ENTERPRISE—includes all costs, operating and capital, associated with providing the City with an adequate supply of water.

WASTEWATER ENTERPRISE—includes all costs, operating and capital, associated with treating the City's wastewater and returning clean usable water to downstream users.

STORMWATER ENTERPRISE—includes all costs, operating, and capital, associated with treating the City's stormwater runoff and returning clean, usable water to downstream users. The Fund is administered by the Public Works Department to more closely align the stormwater management with street construction and maintenance.

POWER ENTERPRISE—includes all costs, operating, purchased power, and capital, associated with distributing electricity to City residents and businesses.

SOLID WASTE—includes all costs, operating and capital, associated with the collection and disposal or recycling of the City's solid wastes and manages a contract for mosquito control services. The fund is administered by the Public Works Department.

GOLF ENTERPRISE—includes all costs associated with the three City-owned golf courses, Mariana Butte, Cattail Creek, and Olde Course. The main source of revenues is from user fees paid by patrons of the golf courses. The Golf Fund is managed by the Parks and Recreation Department.

INTERNAL SERVICE FUNDS

INTERNAL SERVICE—provides benefits and risk administration, and fleet maintenance and replacement. Funding for these funds is from the General Fund and Enterprise Funds through internal service charges.

FLEET SERVICES—provides vehicle maintenance and replacement of the City fleet.

RISK & INSURANCE—is administered by the Finance Department. The City is self-insured for general liability and workers' compensation insurance, with purchased insurance for coverage over certain limits.

EMPLOYEE BENEFITS—administered by the Human Resources Department, is for management of the City's self-insured benefit program.

CITY OF LOVELAND, COLORADO**Water****Budgetary Comparison Schedule****For the Year Ended December-31-12**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for Services	\$ 7,687,270	\$ 7,687,270	\$ 8,827,696	\$ 1,140,426
Cash in Lieu of Water Rights	25,000	25,000	117,187	92,187
Miscellaneous	1,562,780	1,062,780	1,292,275	229,495
Interest Income	589,930	589,930	367,352	(222,578)
System Impact/Development Fees	1,312,880	1,312,880	1,830,958	518,078
Raw Water Development Fees	287,620	287,620	346,530	58,910
Transfers In	440,000	445,900	40,760	(405,140)
Total Revenues	11,905,480	11,411,380	12,822,758	1,411,378

Reconciliation to Statement of Revenues, Expenses and

Changes in Fund Net Position:

Gain on Sale of Asset

22,690

Contributed Assets

132,101

12,977,549

Operating Revenue

10,119,971

Nonoperating Revenues and Transfer In

2,857,578

Statement Total12,977,549

Expenditures:

Personal Services

3,391,040 3,085,270

2,942,143

143,127

Supplies

841,290 827,200

821,305

5,895

Purchased Services

3,351,990 2,676,610

2,086,129

590,481

Payment for Services

538,110 538,110

611,805

(73,695)

Transfers (Out)

492,830 912,380

925,323

(12,943)

Capital Acquisitions

3,112,850 8,309,600

5,168,214

3,141,386

Windy Gap

826,960 826,960

826,955

5

Total Expenditures**\$ 12,555,070 \$ 17,176,130****13,381,874****\$ 3,794,256**

Reconciliation to Statement of Revenues, Expenses and

Changes in Fund Net Position:

Capital Acquisitions

(5,168,214)

Depreciation

3,217,677

Loss on Sale of Capital Asset

9,134

11,440,471

Operating Expenses

9,679,059

Nonoperating Expenses and Transfers

1,761,412

Statement Total**\$ 11,440,471**

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO

Waste Water

Budgetary Comparison Schedule

For the Year Ended December-31-12

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 7,152,170	\$ 7,152,170	\$ 7,241,549	\$ 89,379
System Impact/Development Fees	810,000	810,000	1,085,432	275,432
Interest Income	110,630	110,630	139,515	28,885
Miscellaneous	2,880	2,880	17,521	14,641
Transfers In	-	2,590	18,221	15,631
Total Revenues	8,075,680	8,078,270	8,502,238	423,968

Reconciliation to Statement of Revenues, Expenses and

Changes in Fund Net Position:

Gain on Sale of Assets

1,330

Contributed Assets

161,736

8,665,304

Operating Revenue

7,259,070

Nonoperating Revenues and Transfers In

1,406,234

Statement Total8,665,304

Expenditures:

Personal Services

2,364,020 2,243,260

2,246,875 (3,615)

Supplies

411,460 406,880

399,523 7,357

Purchased Services

2,079,460 2,357,440

2,070,357 287,083

Payment for Services

506,190 506,190

503,632 2,558

Interest Expense

- -

15,953 (15,953)

Transfers (Out)

823,200 1,003,090

573,871 429,219

Capital Acquisitions

849,840 3,841,630

1,826,101 2,015,529

Total Expenditures**\$ 7,034,170 \$ 10,358,490****7,636,312 \$ 2,722,178**

Reconciliation to Statement of Revenues, Expenses and

Changes in Fund Net Position:

Capital Acquisitions

(1,826,101)

Depreciation

1,906,050

Loss on Sale of Capital Asset

22,454

7,738,715

Operating Expenses

7,126,437

Nonoperating Expenses and Transfers

612,278

Statement Total\$ 7,738,715

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO

Stormwater

Budgetary Comparison Schedule

For the Year Ended December-31-12

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 4,000,460	\$ 4,000,460	\$ 4,011,657	\$ 11,197
System Impact/Development Fees	369,000	369,000	182,294	(186,706)
Interest Income	15,130	15,130	44,267	29,137
Miscellaneous	43,000	31,000	21,143	(9,857)
Transfers In	-	390	3,749	3,359
Total Revenues	4,427,590	4,415,980	4,263,110	(152,870)

Reconciliation to Statement of Revenues, Expenses and

Changes in Fund Net Position:

Gain on Sale of Capital Assets

13,416

Contributed Assets

343,233

4,619,759

Operating Revenues

4,032,800

Nonoperating Revenues and Transfers In

586,959**Statement Total**4,619,759

Expenditures:

Personal Services

1,259,370 1,259,370

1,202,883 56,487

Supplies

86,490 87,990

71,642 16,348

Purchased Services

726,060 1,068,430

495,217 573,213

Payment for Services

234,170 234,170

280,553 (46,383)

Transfers (Out)

339,310 339,310

373,730 (34,420)

Capital Acquisitions

2,010,000 2,652,670

1,175,413 1,477,257

Total Expenditures**\$ 4,655,400 \$ 5,641,940****3,599,438 \$ 2,042,502**

Reconciliation to Statement of Revenues, Expenses and

Changes in Fund Net Position:

Capital Acquisitions

(1,175,413)

Depreciation

1,264,891

Loss on Sale of Capital Asset

39,312

3,728,228

Operating Expenses

3,315,186

Nonoperating Expenses and Transfers Out

413,042**Statement Total**\$ 3,728,228

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO

Power

Budgetary Comparison Schedule

For the Year Ended December-31-12

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 46,500,000	\$ 46,500,000	\$ 49,692,350	\$ 3,192,350
Interest Income	248,590	248,590	327,863	79,273
Miscellaneous	937,510	937,510	1,150,087	212,577
System Impact/Development Fees	1,700,000	1,700,000	2,132,238	432,238
Transfers In	254,420	257,450	201,806	(55,644)
Aid to Construction	753,610	753,610	374,602	(379,008)
Total Revenues	50,394,130	50,397,160	53,878,946	3,481,786

Reconciliation to Statement of Revenues, Expenses and

Changes in Fund Net Position:

Gain on Sale of Capital Assets	45,505
Contributed Assets	79,540
	<u>54,003,991</u>

Operating Revenues

Nonoperating Revenue and Transfers In

Statement Total

50,842,437

3,161,554

54,003,991

Expenditures:

Personal Services	3,913,500	2,781,930	2,514,049	267,881
Supplies	419,720	391,600	256,150	135,450
Purchased Services	2,302,090	2,343,600	1,617,831	725,769
Purchased Power	34,000,000	37,000,000	36,301,582	698,418
Payment for Services	3,255,000	3,255,000	3,421,552	(166,552)
Transfers (Out)	647,950	2,083,690	2,048,925	34,765
Capital Acquisitions	6,109,790	9,268,930	7,039,537	2,229,393
Total Expenditures	\$ 50,648,050	\$ 57,124,750	53,199,626	\$ 3,925,124

Reconciliation to Statement of Revenues, Expenses and

Changes in Fund Net Position:

Capital Acquisitions	(7,039,537)
Depreciation	3,327,495
Loss on Sale of Capital Asset	88,730
	<u>49,576,314</u>

Operating Expenses

Nonoperating Expenses and Transfers Out

Statement Total

47,438,659

2,137,655

\$ 49,576,314

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO

Refuse

Budgetary Comparison Schedule

For the Year Ended December-31-12

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 5,884,220	\$ 5,884,220	\$ 5,990,279	\$ 106,059
Interest Income	110,900	110,900	57,156	(53,744)
Miscellaneous	212,000	212,000	12,954	(199,046)
Total Revenues:	6,207,120	6,207,120	6,060,389	(146,731)

Reconciliation to Statement of Revenues, Expenses and

Changes in Fund Net Position:

Gain (Loss) on Sale of Capital Assets

181,8516,242,240

Operating Revenue

6,003,233

Nonoperating Revenues

239,007**Statement Total****6,242,240**

Expenditures:

Personal Services

2,000,070 2,000,070

1,954,817

45,253

Supplies

165,360 165,360

109,645

55,715

Purchased Services

1,967,900 2,082,900

1,960,961

121,939

Payment for Services

401,000 401,000

400,394

606

Transfers (Out)

222,740 222,740

217,842

4,898

Capital Acquisitions

240,200 850,830

611,072

239,758

Total Expenditures**\$ 4,997,270 \$ 5,722,900****5,254,731****\$ 468,169**

Reconciliation to Statement of Revenues, Expenses and

Changes in Fund Net Position:

Capital Acquisitions

(611,072)

Depreciation

717,1945,360,853

Operating Expenses

5,143,011

Transfers (Out)

217,842**Statement Total****\$ 5,360,853**

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO

Golf

Budgetary Comparison Schedule

For the Year Ended December-31-12

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 3,536,430	\$ 3,536,430	\$ 3,723,293	\$ 186,863
Interest Income	22,860	22,860	22,675	(185)
Miscellaneous	-	-	6,346	6,346
Total Revenues	3,559,290	3,559,290	3,752,314	193,024

Reconciliation to Statement of Revenues, Expenses and

Changes in Fund Net Position:

Gain (Loss) on Sale of Capital Assets

39,7033,792,017

Operating Revenues

3,729,639

Nonoperating Revenues

62,378**Statement Total****3,792,017**

Expenditures:

Personal Services

1,702,750

1,596,040

1,590,629

5,411

Supplies

490,560

525,450

483,174

42,276

Purchased Services

412,560

494,270

462,492

31,778

Payment for Services

107,000

109,000

111,574

(2,574)

Interest Expense

-

-

314

(314)

Debt Principal Payment

71,500

35,500

30,237

5,263

Transfers (Out)

184,830

184,830

182,206

2,624

Capital Acquisitions

477,800

501,910

426,419

75,491

Total Expenditures**\$ 3,447,000****\$ 3,447,000****3,287,045****\$ 159,955**

Reconciliation to Statement of Revenues, Expenses and

Changes in Fund Net Position:

Capital Acquisitions

(426,419)

Debt Principal Payment

(30,237)

Depreciation

614,444**3,444,833****Operating Expenses****3,262,313**

Nonoperating Expenses and Transfers

182,520**Statement Total****\$ 3,444,833**

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO**Internal Service****Budgetary Comparison Schedule****For the Year Ended December-31-12**

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 15,871,480	\$ 15,934,930	\$ 15,709,340	\$ (225,590)
Intergovernmental	-	3,890	176,520	172,630
Interest Income	291,580	291,580	219,375	(72,205)
Miscellaneous	-	-	138,965	138,965
Total Revenues	16,163,060	16,230,400	16,244,200	13,800

Reconciliation to Statement of Revenues, Expenses
and Changes in Fund Net Position:

Gain on Sale of Capital Assets	<u>119,897</u>
	<u>16,364,097</u>

Operating Revenues	<u>15,848,305</u>
Nonoperating Revenues and Transfers In	<u>515,792</u>
Statement Total	<u>16,364,097</u>

Expenditures:				
Fleet Management	3,113,040	3,285,970	3,353,778	(67,808)
Risk & Insurance	2,520,880	2,525,740	2,220,337	305,403
Employee Benefits	11,126,500	11,126,500	8,599,970	2,526,530
Capital Acquisitions	679,000	846,730	747,755	98,975
Total Expenditures	\$ 17,439,420	\$ 17,784,940	14,921,840	\$ 2,863,100

Reconciliation to Statement of Revenues, Expenses
and Changes in Fund Net Position:

Capital Acquisitions	<u>(747,755)</u>
Loss on Sale of Capital Asset	<u>10,172</u>
Depreciation	<u>970,713</u>
	<u>15,154,970</u>

Operating Expenses	<u>15,144,798</u>
Nonoperating Expenses and Transfers Out	<u>10,172</u>
Statement Total	<u>\$ 15,154,970</u>

See accompanying independent auditors' report.

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Fiduciary Fund



Agency Fund

LOVELAND SPECIAL IMPROVEMENT DISTRICT #1—to account for debt service activity of the District's special assessment bonds.

CITY OF LOVELAND, COLORADO
Special Improvement District #1 (SID)
Budgetary Comparison Schedule
Debt Service
For the Year Ended December-31-12

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Special Assessments	\$ 678,150	\$ 678,150	\$ 711,979	\$ 33,829
Interest	14,450	14,450	9,462	(4,988)
Total Revenues	692,600	692,600	721,441	28,841
Expenditures:				
Current:				
General Administration	10,000	10,000	8,373	1,627
Debt Service:				
Bond Principal	250,000	560,000	560,000	-
Bond Interest	516,190	406,190	380,900	25,290
Total Expenditures	776,190	976,190	949,273	26,917
Net Change in Fund Balance	(83,590)	(283,590)	(227,832)	55,758
Fund Balance--Beginning	849,740	750,723	750,723	-
Fund Balance--Ending	\$ 766,150	\$ 467,133	\$ 522,891	\$ 55,758

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO
Combining Statement of Assets and Liabilities
Trust & Agency Funds
December-31-12

	Special Improvement District No. 1				Total
	Debt Service Reserve	Bond Fund Principal Account	Bond Fund Interest Account	Bond Administrative Expense Account	
ASSETS					
Investments, at Fair Value:					
Equity in Pooled Cash and Cash Equivalents	\$ 31,236	\$ 3,776	\$ 1,971	\$ 723	\$ 37,706
Equity in Pooled Investments	400,795	48,455	25,290	9,277	483,817
Accrued Interest	-	1,463	-	-	1,463
Total Assets	\$ 432,031	\$ 53,694	\$ 27,261	\$ 10,000	\$ 522,986
LIABILITIES					
Accounts Payable	-	95	-	-	95
Due to Improvement District	\$ 432,031	\$ 53,599	\$ 27,261	\$ 10,000	\$ 522,891
Total Liabilities	\$ 432,031	\$ 53,694	\$ 27,261	\$ 10,000	\$ 522,986

CITY OF LOVELAND, COLORADO
Combining Statement of Changes in
Assets and Liabilities
Trust & Agency Funds
For the Year Ended December-31-12

	Special Improvement District No. 1				Total
	Debt Service Reserve	Bond Fund Principal Account	Bond Fund Interest Account	Bond Administrative Expense Account	
Balance, December 31, 2011	\$ 432,031	\$ 287,035	\$ 21,657	\$ 10,000	\$ 750,723
Additions	7,963	326,659	5,604	-	340,226
Reductions	7,963	560,000	-	-	567,963
Balance, December 31, 2012	\$ 432,031	\$ 53,694	\$ 27,261	\$ 10,000	\$ 522,986

See accompanying independent auditors' report.

Statistical



This section contains comprehensive statistical data for the City. It is intended to provide a broader and more complete understanding of the City and its financial affairs than is provided by the Basic Financial Statements.

STATISTICAL SECTION DESCRIPTIONS

Financial Trends..... **83**
 These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity..... **93**
 These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

Debt Capacity..... **96**
 These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information..... **99**
 These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

Operating Information..... **100**
 These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to services the City provides and the activities the City performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

Schedule 1
City of Loveland, Colorado
Net Position by Component
2012

	2003	2004	2005	2006
Governmental Activities				
Net Investment in Capital Assets	\$151,171,900	\$173,735,200	\$199,551,800	\$219,671,400
Restricted	35,301,200	43,170,900	49,135,100	45,451,160
Unrestricted	29,253,400	28,682,500	31,572,300	50,536,300
Total Governmental Activities Net Position	215,726,500	245,588,600	280,259,200	315,658,860
Business-Type Activities				
Net Investment in Capital Assets	234,392,500	265,994,900	283,131,400	306,876,000
Future Capital Improvements	38,424,600	27,573,600	20,931,400	17,277,700
Unrestricted	43,357,000	38,778,800	50,148,100	56,471,300
Total Business-Type Activities Net Position	316,174,100	332,347,300	354,210,900	380,625,000
Primary government				
Invested In Capital Assets, Net Of Related Debt	385,564,400	439,730,100	482,683,200	526,547,400
Restricted	73,725,800	70,744,500	70,066,500	62,728,860
Unrestricted	72,610,400	67,461,300	81,720,400	107,007,600
Total Primary Government Net Position	\$531,900,600	\$577,935,900	\$634,470,100	\$696,283,860

Source: City of Loveland Financial Statements

2007	2008	2009	2010	2011	2012
\$264,194,500	\$276,458,674	\$282,094,308	\$296,245,854	\$302,978,097	\$301,942,160
58,337,200	56,031,418	55,213,777	60,868,797	27,593,075	29,777,379
38,579,600	41,070,899	46,692,418	35,752,393	74,582,278	83,391,502
361,111,300	373,560,991	384,000,503	392,867,044	405,153,450	415,111,041
321,391,300	335,841,057	358,157,819	358,776,050	366,796,045	372,589,209
15,006,600	15,159,481	15,682,636	44,558,594	42,606,195	44,869,255
60,985,600	61,249,727	62,842,795	39,341,161	43,221,835	44,177,060
397,383,500	412,250,265	436,683,250	442,675,805	452,624,075	461,635,524
585,585,800	612,299,731	640,252,127	655,021,904	669,774,142	674,531,369
73,343,800	71,190,899	70,896,413	105,427,391	70,199,270	74,646,634
99,565,200	102,320,626	109,535,213	75,093,554	117,804,113	127,568,562
\$758,494,800	\$785,811,256	\$820,683,753	\$835,542,849	\$857,777,525	\$876,746,565

Schedule 2
CITY OF LOVELAND, COLORADO
Changes in Net Position
(accrual basis of accounting)

	2003	2004	2005	2006
Expenses				
Governmental Activities:				
Legislative	\$ 94,900	\$ 85,600	\$ 85,800	\$ 92,300
Executive	1,414,100	1,571,300	2,382,900	2,350,400
Finance	414,300	437,400	560,500	701,700
Human Resources	-	-	-	-
Information Technology	-	-	-	-
Economic Development	-	-	-	-
Development Services	3,032,600	3,518,100	2,303,400	2,326,312
Public Works	8,636,300	11,241,600	10,435,900	11,703,596
Police	13,178,300	14,286,200	15,244,900	14,964,171
Fire and Rescue	5,856,300	6,774,600	7,429,600	7,591,155
Parks & Recreation	7,127,500	7,459,000	7,927,300	8,077,765
Library	2,181,100	2,460,400	2,536,200	2,436,300
Cultural Services	1,174,200	1,302,000	1,412,600	1,423,500
General Government	1,661,700	1,456,600	1,461,200	2,415,500
Interest on Long-Term Debt	264,000	222,700	18,600	19,500
Total Governmental Activities Expenses	45,035,300	50,815,500	51,798,900	54,102,199
Business-Type Activities:				
Water	7,185,900	7,564,000	8,115,900	8,224,200
Wastewater	3,870,300	4,184,300	4,947,600	5,507,600
Stormwater	1,503,400	1,959,300	2,035,000	2,562,200
Power	27,103,900	28,319,000	31,589,000	32,838,000
Solid Waste	3,177,100	3,487,100	3,855,700	4,217,800
Golf	3,019,300	3,132,200	3,309,500	3,504,500
Total Business-Type Activities Expenses	45,859,900	48,645,900	53,852,700	56,854,300
Total Primary Government Expenses	90,895,200	99,461,400	105,651,600	110,956,499
Program Revenues				
Governmental Activities:				
Charges for services:				
Executive	637,300	687,400	878,500	1,026,100
Finance	29,900	75,600	182,400	220,800
Human Resources	-	-	-	-
Economic Development	-	-	-	-
Development Services	1,615,600	2,590,600	3,573,200	2,764,400
Public Works	1,350,200	1,652,100	1,625,200	2,207,700
Police	272,800	360,900	266,800	384,600
Fire	775,200	893,200	1,002,100	874,200
Parks & Recreation	2,355,700	2,421,200	2,424,600	3,116,700
Library	84,800	91,100	92,200	99,500
Cultural Services	163,300	188,900	144,700	151,800
General Government	154,900	132,100	120,700	49,200
Operating grants and contributions	3,099,200	4,039,900	3,443,500	3,857,100
Capital grants and contributions	17,793,700	25,766,900	29,727,800	25,226,100
Total Governmental Activities Revenues	\$ 28,332,600	\$ 38,899,900	\$ 43,481,700	\$ 39,978,200

Source: City of Loveland Financial Statements.

	2007	2008	2009	2010	2011	2012
\$ 99,000	\$ 113,537	\$ 92,527	\$ 106,423	\$ 101,073	\$ 97,103	
2,284,400	1,948,507	1,871,876	1,623,339	1,839,315	2,298,957	
839,900	1,591,776	1,741,878	1,693,044	2,156,021	3,685,096	
-	1,046,753	1,073,291	865,084	750,448	929,651	
-	3,201,663	3,201,358	3,028,545	3,251,193	3,101,836	
593,600	1,272,255	671,547	742,248	1,235,598	1,764,192	
2,538,434	5,290,511	3,080,478	6,451,593	6,397,469	5,656,043	
15,059,452	15,493,187	17,574,001	16,253,368	17,425,656	18,940,024	
16,839,837	15,145,956	15,914,451	16,233,097	16,817,500	16,806,697	
9,300,382	7,954,029	8,320,414	8,070,024	8,075,617	10,481,974	
8,371,695	9,043,682	9,528,681	8,698,322	9,572,289	10,206,841	
2,690,400	2,131,686	2,233,356	2,316,785	2,625,348	2,701,016	
1,484,200	1,432,485	1,679,305	1,264,556	1,464,118	1,845,305	
6,139,000	12,500,638	10,136,397	12,366,477	14,777,304	18,234,265	
12,200	4,747	2,466	718	-	-	
66,252,500	78,171,412	77,122,026	79,713,623	86,488,949	96,749,000	
9,566,500	9,656,258	10,986,538	10,977,567	10,194,426	10,506,013	
5,794,300	6,034,852	6,852,037	7,178,264	6,931,011	7,142,390	
2,598,400	2,609,464	3,549,583	3,437,189	3,550,936	3,315,186	
34,413,500	36,168,706	38,632,522	42,895,642	45,197,483	47,438,660	
4,406,400	4,538,956	5,663,917	4,520,127	4,881,326	5,143,011	
3,783,300	4,102,640	3,747,162	3,451,922	3,248,099	3,262,626	
60,562,400	63,110,876	69,431,759	72,460,711	74,003,281	76,807,886	
126,814,900	141,282,288	146,553,785	152,174,334	160,492,230	173,556,886	
1,070,100	1,040,213	1,021,440	1,021,714	897,804	936,190	
172,200	275,346	219,229	309,737	256,669	171,616	
-	-	-	-	-	23	
-	-	-	-	-	35,872	
2,787,900	1,355,811	983,228	1,394,530	1,247,933	1,662,823	
1,680,200	1,941,296	2,212,688	2,011,339	2,223,491	2,128,714	
432,200	442,885	590,046	908,643	1,114,811	906,400	
1,111,000	1,313,175	1,246,198	1,085,517	1,316,110	286,551	
2,998,800	3,107,864	3,074,121	3,091,808	3,615,168	4,039,590	
106,300	8,525	91,213	106,942	95,470	98,541	
229,100	207,425	217,598	179,942	166,584	279,291	
159,800	2,669,119	4,438,733	4,008,670	4,452,074	5,537,447	
4,204,800	4,034,695	4,060,830	5,179,313	5,487,692	14,626,447	
40,985,400	13,260,348	11,212,573	9,341,231	10,272,856	9,175,469	
\$ 55,937,800	\$ 29,656,702	\$ 29,367,897	\$ 28,639,386	\$ 31,146,662	\$ 39,884,974	

Schedule 2
CITY OF LOVELAND, COLORADO
Changes in Net Position (Continued)
(accrual basis of accounting)

	2003	2004	2005	2006
Business-Type Activities:				
Charges for services:				
Water	\$ 6,775,200	\$ 6,936,500	\$ 7,426,600	\$ 8,972,900
Wastewater	5,556,000	5,538,100	5,642,800	6,659,100
Stormwater	3,256,600	3,365,400	3,671,300	3,700,300
Power	27,756,700	30,269,800	34,627,700	36,194,600
Refuse	3,466,200	3,674,200	3,987,900	4,368,700
Golf	3,248,900	3,246,400	3,442,500	3,569,800
Capital grants and contributions	16,238,700	13,977,600	18,567,800	16,704,500
Total Business-Type Activities Revenues	66,298,300	67,008,000	77,366,600	80,169,900
Total Primary Government Revenues	94,630,900	105,907,900	120,848,300	120,148,100
Net (Expense)/Revenue				
Governmental Activities	(16,702,700)	(11,915,600)	(8,317,200)	(14,124,000)
Business-Type Activities	20,438,400	18,362,100	23,513,900	23,315,600
Total Primary Government Net (Expense)/Revenue	3,735,700	6,446,500	15,196,700	9,191,600
General Revenues & Other Changes in Net Position				
Governmental Activities:				
Taxes				
Property Taxes	5,987,800	5,677,800	5,955,600	7,435,100
Sales and Use Taxes	26,491,300	28,254,300	30,554,500	32,532,000
Franchise Taxes	1,089,300	1,343,500	1,468,700	1,445,200
Other Taxes	240,000	890,700	923,400	981,400
Investment Earnings	904,500	1,181,100	1,238,500	3,889,500
Gain on Sale of Assets	165,900	372,600	30,900	-
Transfers	2,154,100	3,057,700	2,816,200	3,240,500
Total Governmental Activities	37,032,900	40,777,700	42,987,800	49,523,700
Business-Type Activities:				
Investment Earnings	1,684,200	1,412,600	1,165,900	3,327,700
Gain on Sale of Assets	(64,400)	88,900	-	-
Transfers	(2,154,100)	(3,057,700)	(2,816,200)	(3,240,500)
Total Business-Type Activities	(534,300)	(1,556,200)	(1,650,300)	87,200
Total Primary Government	36,498,600	39,221,500	41,337,500	49,610,900
Change in Net Position				
Governmental Activities	20,330,200	28,862,100	34,670,600	35,399,700
Business-Type Activities	19,904,100	16,805,900	21,863,600	23,402,800
Total Primary Government	\$ 40,234,300	\$ 45,668,000	\$ 56,534,200	\$ 58,802,500

Source: City of Loveland Financial Statements

	2007	2008	2009	2010	2011	2012
\$	8,384,800	\$ 8,097,375	\$ 7,040,217	\$ 7,662,143	\$ 12,899,039	\$ 10,119,971
	7,050,000	7,070,924	6,994,755	7,012,971	7,066,254	7,259,071
	3,866,600	3,849,823	3,875,594	3,966,869	3,989,547	4,032,801
	38,289,000	40,137,412	40,575,277	43,883,091	47,374,715	50,842,440
	4,935,700	5,418,346	5,597,397	5,769,092	5,903,327	6,003,233
	3,915,900	3,799,501	3,525,805	3,538,047	3,455,165	3,729,636
	9,186,500	9,276,995	5,848,727	8,017,959	7,050,956	6,785,850
	75,628,500	77,650,376	73,457,772	79,850,172	87,739,003	88,773,002
	131,566,300	107,307,078	102,825,669	108,489,558	118,885,665	128,657,976
	(10,314,700)	(48,514,710)	(47,754,129)	(51,074,237)	(55,342,289)	(56,551,023)
	15,066,100	14,539,500	4,026,013	7,389,461	13,735,722	11,965,114
	4,751,400	(33,975,210)	(43,728,116)	(43,684,776)	(41,606,567)	(44,585,909)
	11,109,900	16,451,140	17,660,441	18,873,614	18,829,989	18,727,569
	36,253,400	34,409,083	32,365,675	35,404,740	36,535,125	39,849,259
	1,594,100	1,994,561	1,630,518	1,620,420	1,626,216	1,728,289
	1,027,400	1,206,470	1,070,207	934,515	991,556	998,390
	7,360,900	5,048,661	2,967,278	967,636	2,561,535	1,124,663
	89,400	7,332	885	15,113	691,883	23,083
	3,556,500	3,655,019	2,498,637	2,124,740	6,392,390	4,057,361
	60,991,600	62,772,266	58,193,641	59,940,778	67,628,694	66,508,614
	5,248,900	3,982,173	2,117,833	727,834	2,238,345	958,828
	-	-	-	-	366,591	144,865
	(3,556,500)	(3,655,019)	(2,498,637)	(2,124,740)	(6,392,390)	(4,057,361)
	1,692,400	327,154	(380,804)	(1,396,906)	(3,787,454)	(2,953,668)
	62,684,000	63,099,420	57,812,837	58,543,872	63,841,240	63,554,946
	50,676,900	14,257,556	10,439,512	8,866,541	12,286,405	9,957,591
	16,758,500	14,866,654	3,645,209	5,992,555	9,948,268	9,011,446
\$	67,435,400	\$ 29,124,210	\$ 14,084,721	\$ 14,859,096	\$ 22,234,673	\$ 18,969,037

Schedule 3
CITY OF LOVELAND, COLORADO
Fund Balances - Governmental Funds
Last Ten Fiscal Years

	2003	2004	2005	2006
General Fund				
Reserved	\$ 6,111,200	\$ 6,548,000	\$ 8,211,100	\$ 8,684,000
Unreserved	9,122,600	8,286,000	9,780,700	13,556,700
Nonspendable	N/A	N/A	N/A	N/A
Restricted	N/A	N/A	N/A	N/A
Committed	N/A	N/A	N/A	N/A
Assigned	N/A	N/A	N/A	N/A
Unassigned	N/A	N/A	N/A	N/A
Total General Fund	\$15,233,800	\$14,834,000	\$17,991,800	\$22,240,700
All Other Governmental Funds				
Reserved	1,796,100	872,900	97,300	9,276,500
Unreserved, Reported in:				
Special Revenue Funds	38,981,100	47,456,200	51,983,700	49,631,200
Permanent Fund	1,495,478	1,584,331	1,666,072	1,801,554
Capital Projects Funds	649,200	597,900	1,179,300	827,200
Nonspendable				
Capital Expansion Fees	N/A	N/A	N/A	N/A
Other Governmental Funds	N/A	N/A	N/A	N/A
Restricted				
Loveland Urban Renewal Authority	N/A	N/A	N/A	N/A
Loveland Fire Authority	N/A	N/A	N/A	N/A
Capital Expansion Fees	N/A	N/A	N/A	N/A
Capital Projects	N/A	N/A	N/A	N/A
Other Governmental Funds	N/A	N/A	N/A	N/A
Committed				
Capital Expansion Fees	N/A	N/A	N/A	N/A
Other Governmental Funds	N/A	N/A	N/A	N/A
Assigned				
Capital Projects	N/A	N/A	N/A	N/A
Other Governmental Funds	N/A	N/A	N/A	N/A
Total All Other Governmental Funds	42,921,878	50,511,331	54,926,372	61,536,454
Total Governmental Funds	\$58,155,678	\$65,345,331	\$72,918,172	\$83,777,154

Source: City of Loveland Financial Statements

2007	2008	2009	2010	2011	2012
\$ 12,708,400	\$ 12,242,683	\$ 9,513,491	\$ -	N/A	N/A
12,150,700	10,591,528	12,781,122	-	N/A	N/A
N/A	N/A	N/A	193,375	329,125	321,720
N/A	N/A	N/A	7,264,376	1,809,815	1,861,860
N/A	N/A	N/A	5,590,537	8,197,419	13,272,193
N/A	N/A	N/A	5,619,476	1,894,325	1,065,056
N/A	N/A	N/A	5,215,076	14,532,228	16,560,028
\$24,859,100	\$22,834,211	\$22,294,613	\$23,882,840	\$26,762,912	\$ 33,080,857
2,346,800	4,850,000	4,850,000	-	N/A	N/A
60,825,700	62,596,439	62,881,959	-	N/A	N/A
2,002,743	2,176,495	2,303,074	-	N/A	N/A
433,400	759,315	1,106,285	-	N/A	N/A
N/A	N/A	N/A	4,850,000	4,850,000	4,850,000
N/A	N/A	N/A	785,267	817,067	850,368
N/A	N/A	N/A	185,066	251,647	293,037
N/A	N/A	N/A	N/A	-	290,339
N/A	N/A	N/A	35,910,797	-	-
N/A	N/A	N/A	497,409	484,050	-
N/A	N/A	N/A	16,225,882	19,051,372	21,600,394
N/A	N/A	N/A	N/A	33,533,090	34,915,356
N/A	N/A	N/A	3,065,973	1,787,649	327,551
N/A	N/A	N/A	611,898	349,023	202,257
N/A	N/A	N/A	1,630,126	2,671,148	3,964,896
65,608,643	70,382,249	71,141,318	63,762,418	63,795,046	67,294,198
\$90,467,743	\$93,216,460	\$93,435,931	\$87,645,258	\$90,557,958	\$ 100,375,055

Schedule 4
CITY OF LOVELAND, COLORADO
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years

	2003	2004	2005	2006
Revenues				
Taxes	\$ 33,798,300	\$ 36,123,300	\$ 38,847,400	\$ 42,292,900
Licenses and Permits	1,601,800	2,813,500	3,743,000	3,033,900
Fines and Penalties	695,000	736,300	923,700	1,067,100
Intergovernmental	6,154,200	7,466,100	6,980,600	7,228,700
Charges for Services	13,241,600	14,486,300	14,716,500	15,807,300
Interest on Investments	753,300	1,023,100	1,064,700	3,310,300
Miscellaneous	621,400	1,039,000	1,414,300	593,600
Total Revenues	56,865,600	63,687,600	67,690,200	73,333,800
Expenditures:				
Current:				
Legislative	94,900	85,600	85,800	92,300
Executive	1,243,700	1,405,900	2,171,400	2,285,800
Finance	355,200	373,800	496,900	662,900
Human Resources	-	-	-	-
Information Technology	-	-	-	-
Economic Development	-	-	-	-
Development Services	2,596,500	2,923,800	1,775,900	2,021,600
Public Works	7,001,000	7,502,000	7,722,700	9,354,100
Public Safety	15,993,000	17,192,700	18,604,900	19,916,700
Parks & Recreation	5,529,300	5,650,600	6,098,700	6,445,600
Library	1,822,800	1,957,000	2,019,100	2,115,200
Cultural Services	961,700	1,036,600	1,148,800	1,152,000
Intra-City Payments	5,062,200	5,188,200	5,958,900	6,156,500
General Government	1,289,100	1,030,300	1,026,700	1,975,000
Capital Outlay	10,577,900	10,336,000	14,879,900	12,996,700
Debt Service				
Principal	1,317,000	4,302,900	99,800	140,200
Interest	264,000	222,700	18,600	19,500
Total Expenditures	54,108,300	59,208,100	62,108,100	65,334,100
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,757,300	4,479,500	5,582,100	7,999,700
Other Financing Sources (Uses):				
Sale of Assets	274,600	-	-	-
Capital Lease	-	-	250,000	-
Contribution from Property Owners	-	-	-	-
Improvements District Debt Issue Discount	-	-	-	-
Payment To Refunded Bond Escrow Agent	-	-	-	-
Transfers In	13,103,700	16,707,500	18,591,300	16,355,200
Transfers (Out)	(11,030,400)	(13,997,400)	(16,850,500)	(13,495,900)
Total Other Financing Sources (Uses)	2,347,900	2,710,100	1,990,800	2,859,300
Net Change in Fund Balance	\$ 5,105,200	\$ 7,189,600	\$ 7,572,900	\$ 10,859,000
Debt services as a percentage of noncapital expenditures	3.8 %	10.2 %	0.3 %	0.3 %

Note:

(a) Beginning in 2003, the payment in lieu of tax revenue is included in interfund transfers.

Source: City of Loveland Financial Statements

2007	2008	2009	2010	2011	2012
\$ 49,917,000	\$ 53,855,390	\$ 52,547,699	\$ 56,767,696	\$ 57,814,739	\$ 61,102,185
2,909,600	1,538,909	1,248,207	1,631,549	1,655,825	2,013,353
1,133,700	1,013,197	1,060,985	1,233,836	936,370	956,357
7,715,800	8,567,418	10,751,411	13,568,325	11,178,476	19,529,719
11,512,800	11,463,059	11,417,323	8,096,514	9,456,140	10,443,932
6,282,100	5,048,659	2,967,280	967,636	2,561,535	1,124,663
1,280,300	908,017	1,118,202	4,556,679	7,692,470	7,341,636
80,751,300	82,394,649	81,111,107	86,822,235	91,295,555	102,511,845
99,000	113,537	92,527	106,423	101,073	97,103
2,129,000	1,622,691	1,867,240	1,659,790	1,824,254	2,239,590
774,600	1,599,194	1,730,611	1,663,029	2,125,071	3,720,738
-	1,035,913	1,055,378	865,256	743,473	896,637
-	3,077,378	3,046,033	2,866,681	3,090,394	2,954,763
593,600	1,268,345	636,047	737,517	1,242,394	1,770,653
1,971,700	2,348,626	3,057,460	3,475,109	3,504,061	2,757,554
10,507,600	10,803,204	11,834,864	11,266,032	12,370,062	13,436,297
21,083,200	22,411,034	23,122,840	23,421,938	24,321,443	26,377,803
6,677,500	7,291,343	7,239,370	6,989,404	7,711,710	8,096,184
2,146,100	2,245,754	1,925,829	2,015,483	2,324,888	2,467,633
1,208,000	1,393,802	1,450,988	1,133,935	1,359,067	1,511,896
6,534,200	-	-	-	-	-
5,557,100	12,254,313	11,919,268	13,131,709	11,765,073	18,697,094
17,921,700	17,315,024	14,379,840	24,987,466	22,141,774	12,018,500
147,500	50,396	52,677	37,529	-	-
12,200	4,747	2,466	718	-	-
77,363,000	84,835,301	83,413,438	94,358,019	94,624,737	97,042,445
3,388,300	(2,440,652)	(2,302,331)	(7,535,784)	(3,329,182)	5,469,400
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(88,200)	-	-	-	-	-
21,071,000	20,406,478	12,328,477	18,301,735	17,559,666	11,408,534
(17,680,600)	(15,217,489)	(9,806,675)	(16,556,624)	(11,317,783)	(7,351,173)
3,302,200	5,188,989	2,521,802	1,745,111	6,241,883	4,057,361
\$ 6,690,500	\$ 2,748,337	\$ 219,471	\$ (5,790,673)	\$ 2,912,701	\$ 9,526,761
0.3 %	0.1 %	0.1 %	0.1 %	- %	0.0%

Schedule 5
CITY OF LOVELAND, COLORADO
Taxable Sales by Category
Last Ten Fiscal Years

	2003	2004	2005	2006
Department Stores & General Merchandise	196,261,421	201,993,449	210,839,653	210,893,037
Restaurants & Bars	76,405,328	83,128,420	90,217,983	102,407,126
Clothing & Clothing Accessories Stores	32,352,528	29,182,932	29,457,978	46,333,716
Grocery Stores & Specialty Foods	93,367,335	92,957,411	92,490,338	96,108,708
Broadcasting & Telecommunications	37,493,944	37,871,115	37,799,487	38,724,642
Motor Vehicle Dealers, Auto Parts & Leasing	62,696,641	68,119,512	68,951,506	66,710,779
Building Material & Lawn & Garden Supplies	53,985,805	58,910,255	67,239,846	82,828,420
Sporting Goods, Hobby, Book & Music Stores	28,458,533	27,452,133	30,034,856	40,043,270
Utilities	31,075,294	40,460,623	44,129,918	48,195,319
Used Merchandise Stores	7,308,312	10,284,180	16,297,877	20,137,930
Electronics & Appliance Stores	6,001,792	6,097,537	9,121,245	17,760,180
Beer, Wine & Liquor Stores	12,287,985	13,716,270	16,042,524	18,233,387
Hotels, Motels & Other Accommodations	5,670,394	5,969,027	6,798,930	7,506,517
Health & Personal Care Stores	7,707,757	8,501,810	10,046,387	13,075,959
Furniture & Home Furnishing Stores	11,381,338	12,246,054	14,602,438	15,129,574
Consumer Goods & Commercial Equipment Rental	15,935,232	14,340,950	19,486,942	16,074,658
Electronic Shopping & Mail-Order Houses	3,618,017	4,068,383	4,069,551	5,061,250
Office Supplies, Stationary & Gift Stores	11,720,766	12,362,961	12,277,320	12,441,102
Gasoline Stations with Convenience Stores	6,615,582	6,687,372	6,531,914	6,157,074
All Other Categories	24,837,796	30,479,105	31,971,586	35,686,610
	725,181,800	764,829,499	818,408,279	899,509,258

Note: As a Home Rule City, the City of Loveland started collecting sales tax in 1999. Categorical information for the City is not available before that time. Historical data previously reported for the years 1999 through 2007, has been recalculated and corrected.

Beginning in 2006 the City began collecting Sales Tax based on a mixed rate: 3.0% for most businesses in Loveland and 1.75% for businesses in the Centerra Metro District. The other 1.25% is retained in the district for public improvements in the district that benefits Loveland. Calculation prior to 2010 were based upon the standard Summary by Industry Code (SIC) reports multiplied by the tax rate of 3.0% and do not reflect the mixed rate differential.

Source: City of Loveland Revenue Division

2007	2008	2009	2010	2011	2012
229,489,667	280,199,000	250,674,614	248,498,933	256,658,493	262,471,702
111,082,933	115,219,367	112,630,967	136,500,332	139,760,388	166,523,116
61,892,700	66,546,433	69,338,916	70,613,908	110,700,115	116,991,988
103,556,600	103,045,667	101,606,520	103,499,491	108,819,981	112,714,020
42,858,900	42,324,833	42,689,873	44,126,075	43,967,166	45,531,642
66,246,000	63,577,900	56,707,611	67,047,382	72,162,544	83,463,383
82,221,800	80,720,400	65,153,933	68,428,532	71,854,553	77,228,038
43,867,000	44,678,533	47,340,833	58,225,457	62,590,749	68,359,328
49,533,267	53,359,233	49,865,134	54,049,681	55,665,784	57,002,293
26,435,600	25,731,100	24,206,405	31,635,760	34,627,761	39,947,402
20,753,933	18,166,133	19,591,934	33,334,298	31,714,627	26,948,009
19,672,033	21,096,633	22,331,602	23,523,083	24,958,195	27,996,287
8,844,467	10,221,433	14,420,279	21,925,230	24,740,175	26,954,073
15,492,733	16,115,167	16,629,772	18,516,996	20,096,044	21,144,770
15,491,533	13,500,500	10,736,221	15,852,216	17,774,346	17,707,647
15,729,800	15,505,267	14,508,228	15,585,127	17,620,480	20,210,525
5,491,033	4,683,433	5,423,739	13,323,547	15,806,144	16,165,845
12,888,900	12,609,200	10,952,890	12,342,646	12,399,947	11,890,821
6,236,900	7,313,200	7,085,743	8,095,565	8,475,708	9,207,252
36,801,867	31,325,833	28,613,217	32,929,321	11,936,856	38,034,238
974,587,666	1,025,939,265	970,508,431	1,078,053,580	1,142,330,056	1,246,492,379

**Schedule 6
CITY OF LOVELAND, COLORADO
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years**

	State	County	City	Centerra Metro District
2003	2.90%	0.80%	3.00%	N/A
2004	2.90%	0.80%	3.00%	N/A
2005	2.90%	0.80%	3.00%	N/A
2006	2.90%	0.08%	3.00%	1.75%
2007	2.90%	0.80%	3.00%	1.75%
2008	2.90%	0.80%	3.00%	1.75%
2009	2.90%	0.80%	3.00%	1.75%
2010	2.90%	0.80%	3.00%	1.75%
2011	2.90%	0.80%	3.00%	1.75%
2012	2.90%	0.60%	3.00%	1.75%

Source: City of Loveland Revenue Division
Count Courthouse Tax expired at end of 2011

**Schedule 7
CITY OF LOVELAND, COLORADO
Principal Sales Tax Remitters
Current Year and Ten Years Ago**

Tax Remitter by Category	Fiscal Year 2003			Fiscal Year 2012		
	Tax Liability	Rank	Percentage of Total Tax Collected	Tax Liability	Rank	Percentage of Total Tax Collected
Department Stores & General Merchandise	5,887,843	1	27.06 %	7,731,895	1	22.62 %
Restaurants & Bars	2,292,160	3	10.54 %	4,375,426	2	12.80 %
Grocery Stores & Specialty Foods	2,801,020	2	12.88 %	3,369,335	3	9.86 %
Clothing & Clothing Accessories Stores	970,576	7	4.46 %	2,524,479	4	7.38 %
Building Material & Lawn & Garden Supplies	1,619,574	5	7.44 %	2,298,628	5	6.72 %
Motor Vehicle Dealers, Auto Parts & Leasing	1,880,899	4	8.65 %	2,271,768	6	6.64 %
Utilities	932,259	8	4.29 %	1,705,517	7	4.99 %
Sporting Goods, Hobby, Book & Music Stores	853,756	9	3.92 %	1,726,444	8	5.05 %
Broadcasting & Telecommunications	1,124,818	6	5.17 %	1,334,116	9	3.90 %
Used Merchandise Stores				1,068,684	10	3.13 %
Consumer Goods & Commercial Equipment Rental	478,057	10	2.20 %			- %
Total (Top Ten Principal Remitters only)	18,840,962		86.61 %	28,406,292		83.09 %
Total Sales Tax Collected	21,755,454			34,187,877		

Note: As a Home Rule City, the City of Loveland started collecting sales tax in 1999. Categorical information for the City is not available before that time. Historical data previously reported for the years 1999 through 2007, has been recalculated and corrected.

Source: City of Loveland Sales Tax

Schedule 8
CITY OF LOVELAND, COLORADO
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	Capital Leases	Oversizing Agreements	Revenue Bonds	Oversizing Agreements	Water Board Loan	Capital Leases			
2003	\$ 4,583,700	\$ -	\$ 1,400,000	\$ -	\$ 59,594	\$ -	\$ 6,043,294	0.34 %	\$ 101.2
2004	280,800	-	1,234,100	-	59,594	426,900	2,001,394	0.11 %	33.3
2005	431,000	-	1,075,000	-	59,594	379,800	1,945,394	0.10 %	31.4
2006	290,761	-	880,000	-	59,594	329,772	1,560,127	0.07 %	24.3
2007	143,333	6,549,297	675,000	312,728	-	276,653	7,957,011	0.35 %	120.9
2008	92,937	8,122,378	460,000	3,387	-	220,258	8,898,960	0.37 %	137.3
2009	40,260	5,936,344	235,000	3,387	-	159,686	6,374,677	0.26 %	96.9
2010	-	5,609,901	-	3,387	-	93,363	5,706,651	0.23 %	85.7
2011	-	4,991,609	-	-	-	30,237	5,021,846	0.20 %	74.3
2012	-	4,552,404	-	-	-	-	4,552,404	0.17 %	66.1

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Oversizing Agreement data is not available prior to 2007. The City also has two interfund loans that are not included on the table above. In Governmental Activities, a loan of \$4,800,000 was made in 2007 to the General Fund from the CEF Fund for a land purchase. In Business-Type Activities, a loan of \$1,500,000 was made in 2004 to the Wastewater Fund from the Water Fund to finance needed improvements related to the Wastewater collection system.

Source:

^a See Demographic and Economic Statistics Table for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Schedule 9
CITY OF LOVELAND, COLORADO
Direct and Overlapping Governmental Activities Debt
As of December-31-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage^a Applicable to Loveland</u>	<u>Loveland's Share of Debt</u>
City of Loveland - Debt Applicable to Debt Limit	-	100.0 %	-
Thompson R2-J School District	\$ 108,881,723 ^b	65.8 %	<u>\$71,644,174</u>
Total			<u><u>\$71,644,174</u></u>

Source:

^a Determined by ratio of assessed valuation of taxable property within the City to assessed valuation of the overlapping unit.

^b Information provided by the Thompson R2-J School District as of 6/30/2011

Schedule 10
CITY OF LOVELAND, COLORADO
Legal Debt Margin Information
Last Ten Fiscal Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Debt Limit	122,575,700	147,099,300	173,515,400
Total net debt applicable to limit	-	-	-
Legal debt margin	<u>\$ 122,575,700</u>	<u>\$147,099,300</u>	<u>\$173,515,400</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00 %	0.00 %	0.00 %

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed value	\$ 894,967,720
Estimated actual value	6,910,792,957
Debt limit (3% of estimated actual value)	<u>207,323,789</u>
Legal Debt Margin	<u>\$ 207,323,789</u>

Note: The City of Loveland is a Home Rule City. Title 31, Article 12-101 of the Colorado Revised Statutes provides that General Obligation indebtedness, for all purposes, shall not at any time exceed three percent of actual value, as determined by the assessor, of the taxable property in the City, except such debt as may be incurred in supplying water.

Source: Larimer County Assessor

2006	2007	2008	2009	2010	2011	2012
185,209,200	203,969,631	207,856,633	207,856,633	209,435,754	204,606,142	207,323,789
-	-	-	-	-	-	-
<u>\$ 185,209,200</u>	<u>\$203,969,631</u>	<u>\$207,856,633</u>	<u>\$207,856,633</u>	<u>\$209,435,754</u>	<u>\$204,606,142</u>	<u>\$207,323,789</u>
0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %

Schedule 11
CITY OF LOVELAND, COLORADO
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2003	\$ 3,248,900	\$ 2,300,100	\$ 948,800	\$ 170,000	\$ 88,800	\$ 258,800	3.67
2004	3,246,400	2,317,500	928,900	175,000	67,500	242,500	3.83
2005	3,442,500	2,390,900	1,051,600	185,000	60,300	245,300	4.29
2006	3,569,800	2,591,400	978,400	195,000	51,900	246,900	3.96
2007	4,092,700	2,906,900	1,185,800	205,000	42,800	247,800	4.79
2008	3,946,811	3,304,381	642,430	215,000	31,422	246,422	2.61
2009	3,530,692	2,956,014	574,678	225,000	21,856	246,856	2.33
2010	3,546,108	2,615,786	930,322	235,000	10,771	245,771	3.79
2011	3,509,743	2,573,849	935,894	-	-	-	-
2012	\$ 3,792,017	\$ 2,647,869	\$ 1,144,148	-	-	-	-

Source: City of Loveland Financial Statements and Long-Term Debt footnote disclosure

Note: The final payment on the Golf bond was paid in 2010.

Source: City of Loveland Financial Statements and Long-Term Debt footnote disclosure

Schedule 12
CITY OF LOVELAND, COLORADO
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	County Per Capita Income ^b	Median Age	Unemployment Percentage ^a
2003	59,700	\$ 1,802,940,000	\$ 30,200	34.0	5.1
2004	60,100	1,887,140,000	31,400	34.4	4.7
2005	61,900	1,968,420,000	31,800	36.0	4.5
2006	64,100	2,108,890,000	32,900	33.9	3.9
2007	65,800	2,256,940,000	34,300	33.2	3.4
2008	64,800	2,394,748,800	36,956	35.9	4.2
2009	65,800	2,466,249,800	37,481	36.9	7.1
2010	66,572	2,487,662,496	37,368	36.9	7.4
2011	67,581	2,557,535,364	37,844	35.3	6.9
2012	68,825	\$ 2,736,963,775	\$ 39,767	38.7	6.4

Source:

Metropolitan Statistical Area of Fort Collins/Loveland, separate City statistics not available

Larimer County, separate City statistics not available

Schedule 13
CITY OF LOVELAND, COLORADO
Principal Employers
Current Year and Ten Years Ago

Employer	2003			2012		
	Employees	Rank	of Total City Employment	Employees	Rank	% of Total City Employment
Thompson School District R2-J	1,850	1	6.37 %	2,021	1	19.0 %
Wal Mart Distribution Center	1,000	3	3.44 %	950	2	2.6 %
McKee Medical Center	900	4	3.10 %	804	3	2.2 %
Hach Company	640	7	2.20 %	800	4	2.2 %
City of Loveland	661	6	2.28 %	692	5	1.9 %
Crop Production Services				350	6	1.0 %
Kroll Factual Data				325	7	0.9 %
Agilent Technologies	1,450	2	4.99 %	297	8	0.8 %
Columbine Health Systems				294	9	0.8 %
Banner Health-Big Thompson Medical Group				270	10	0.7 %
Wal Mart Super Centers	500	8	1.72 %			
Hewlett Packard	730	5	2.51 %			
Group Publishing	270	10	0.93 %			
Teledyne Water Pik	400	9	1.38 %			
Total (Top Ten Principal Employers)	8,401		28.92 %	6,803		32.10 %
Total City Employment	29,039			36,331		

Source: City of Loveland Development Services Department, Loveland Chamber of Commerce, Larimer County Workforce Center

Schedule 14
CITY OF LOVELAND, COLORADO
Full-time-Equivalent City Government Employees By Function/Program
Last Ten Fiscal Years

Function/Program	2003 ¹	2004 ¹	2005 ¹	2006 ¹	2007 ¹	2008 ¹	2009 ¹	2010 ^{1,2}	2011 ³	2012 ³
Executive & Legal	14	18	18	18	15	14	14	13	14	14
Community & Business Relations	0	0	0	0	8	10	8	7	3	1
Economic Development	0	0	0	0	0	-	-	-	-	5
Finance	56	56	59	59	59	55	49	48	48	47
Development Services	37	26	26	27	26	29	30	25	26	24
Public Works	78	82	85	85	86	93	94	89	89	89
Police	124	124	124	128	134	136	136	134	134	134
Fire	53	62	62	67	69	69	68	66	66	66
Parks & Recreation	63	63	64	68	65	65	65	62	64	64
Library	29	29	29	29	29	28	28	27	30	30
Cultural Services	11	11	11	12	12	13	13	12	12	12
Human Resources	11	11	11	11	11	10	10	10	10	13
Information Technology	14	17	23	24	24	25	25	22	21	21
Golf - Parks & Recreation	17	17	17	17	19	19	19	19	14	14
Water & Power	122	122	122	122	119	119	124	115	115	115
Solid Waste - Public Works	24	24	24	24	25	26	28	28	28	28
Stormwater - Public Works	10	11	12	13	12	16	15	15	14	15
Total	663	673	687	704	713	727	726	692	688	692

Note: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave).

Full-time equivalent (FTE) employment is calculated by dividing total labor hours by 2080.

Prior to 2008, FTE employment was calculated using 2088 annual hours; a change was necessitated when the pay period frequency was changed from semi-monthly to bi-weekly at the beginning of 2008.

Source: City Budget Office

¹ City of Loveland, Colorado Adopted Budget Book - Revised FTE for the appropriate year was used.

² The City of Loveland in 2009 eliminated 33 positions as a result of the economy.

³ City of Loveland, Colorado Adopted Budget Book - beginning in 2010, use of Adopted Budget FTE levels will be considered standard.

Schedule 15
CITY OF LOVELAND, COLORADO
Statistical Operating Indicators by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Government						
Building Permits Issued	6,907	6,955	7,435	6,534	2,118	1,663
Building Inspections Conducted	30,855	32,294	35,952	29,264	23,447	18,706
Police						
Physical Arrests	-	2,668	2,900	3,198	3,127	3,419
Parking Violations	-	1,345	2,007	1,975	2,627	1,825
Traffic Violations	-	9,114	11,273	12,671	14,075	12,669
Fire						
Emergency Responses	5,417	5,425	5,375	5,346	5,503	5,349
Fires Extinguished	28	36	41	38	106 ¹	143
Business Inspections	1,050	813	906	1,166	1,038	751
Refuse Collection						
Refuse Collected (tons per day)	70	72	79	95	92	95
Recyclables Collected (tons per day)	28	30	31	34	35	36
Yard Waste Collected (tons per day)	56	68	70	61	69	80
Other Public Works						
Street Resurfacing (miles)	20	23	26	31	19	19
Potholes Repaired	4,920	4,608	3,143	2,112	6,467	2,437
Parks and Recreation						
Athletic Field & Court Reservations	4,965	5,200	6,048	6,643	6,812	8,402
Chilson Center Admissions	312,833	317,853	302,851	273,213	267,538	295,475
Rounds of Golf	139,975	130,304	137,721	135,699	132,390	131,851
Library						
Volumes in Collection	167,023	168,774	169,693	169,836	158,739	165,385
Water						
New Connections	728	738	723	421	344	225
Water Main Breaks	71	49	65	76	73	63
Average Daily Consumption (thousands of gallons)	8,331	8,168	9,291	11,086	10,449	10,582
Peak Daily Consumption (thousands of gallons)	21,040	21,560	25,760	27,590	26,900	27,300
Wastewater						
Average Daily Sewage Treatment (thousands of gallons)	5,720	5,690	5,870	5,550	6,040	5,840
Power						
Megawatt hours (purchased from PRPA)	585,992	591,533	534,393	660,379	692,795	726,135
Transit						
Total Route Miles	215,694	175,205	171,377	186,287	184,514	207,789
Passengers	69,435	75,204	89,076	112,236	115,895	136,018

Note: NA =The information was not available for the time that is indicated. **Source:** City of Loveland Departments

¹ Fires Extinguished in 2006 and prior years only included building fires. Starting in 2007, Fires Extinguished includes building, grass and vehicle fires.

² 2010 Police Traffic Violations lower due to fewer officers available to patrol while conducting other investigative activities.

³ 2010 Fire Inspections lower due to a decrease in business inspections, a result of budget and service level reductions.

⁴ 2010 Chilson Center Admissions lower due to construction, April - November.

⁵ 2010 Library Volumes lower due to elimination of unused materials in anticipation of construction and planning for a new tagging system.

⁶ 2009 Transit passengers increased due to high gas prices, as well as the addition of the Orange route. In 2010, ridership decreased due to the 34Xpress route being eliminated and the regional FLEX route being added. FLEX transports passengers between Fort Collins and Longmont through Loveland, and is not operated by the City of Loveland.

⁷ 2012 Per a change in State Library standards, "volumes" now includes print, electronic books, audio & video materials, whether purchased, leased, licensed or donated.

Source: City of Loveland Departments

2009	2010	2011	2012
1,542	1,795	1,854	2,161
14,911	15,265	14,362	19,027
3,121	3,135	2,767	2,981
1,212	1,527	1,511	1,452
12,219	11,027 ²	9,897 ⁻	9,581 ⁻
5,397	5,736	6,265	6,283
104	194	110	107
628	260 ³	143 ⁻	144 ⁻
97	96	96	96
33	35	33	35
76	77	108	115
25	21	17	13
1,582	3,167	1,502	1,251
8,402	7,784	7,221	6,610
305,414	247,511 ⁴	386,753 ⁻	432,458 ⁻
128,168	120,885	117,059	127,562
161,318	154,732 ⁵	148,005 ⁻	165,624 ⁷
117	121	188	257
70	63	99	76
8,951	9,892	10,145	11,513
23,900	24,800	25,000	26,800
6,210	6,520	6,390	5,900
676,931	702,481	731,522	742,507
219,910	219,225	228,532	234,976
155,695	138,284	133,355	142,169

Schedule 16
CITY OF LOVELAND, COLORADO
Capital Asset Statistics by Function/Program
Last 10 Fiscal Years

	2003	2004	2005	2006	2007
<i>Police</i>					
Stations	1	1	1	1	1
Divisions / Units	18	18	18	17	17
<i>Fire Stations</i>					
	5	6	6	6	6
<i>Refuse Collection</i>					
Collection Trucks	16	16	16	16	16
<i>Other Public Works</i>					
Highways (miles)	61	63	64	65	71
Streets (miles)	225	235	242	245	251
Streetlights	4,163	4,268	4,709	4,866	5,012
Traffic Signals	73	73	75	82	86
<i>Parks and Recreation</i>					
Acreage - Developed Park	263	263	263	318	339
Playgrounds	25	25	25	25	26
Baseball/Softball Diamonds	25	25	25	25	26
Soccer/Football Fields	30	30	30	30	38
Community Centers/Recreation Center	1	1	1	1	1
<i>Water</i>					
Water Mains (miles)	371	371	400	414	423
Fire Hydrants	2,241	2,353	2,512	2,635	2,718
Storage Capacity (thousands of gallons)	13,800	13,800	18,300	18,300	20,300
<i>Wastewater</i>					
Sanitary Sewers (miles)	302	302	324	330	330
Treatment Capacity (thousands of gallons)	8,000	8,000	10,000	10,000	10,000
<i>Power</i>					
Overhead Conductors (miles)	301	304	307	307	307
Underground Conductors (miles)	887	915	941	942	943
<i>Transit</i>					
Buses	2	2	3	3	3
Minibuses	6	6	6	6	7

Note:

¹ In 2008, the Highways (miles) and Streets (miles) have been revised to reflect a change in reporting distribution and provide comparison with a new method used in 2009. Prior to 2008, Highway miles include arterial streets. In 2008 and henceforth, arterials are considered part of Street miles. Highway miles will henceforth consist of only State and U.S. Highways.

² A small decrease in Street miles in 2009 is due to improved accuracy of measurement using GIS resources.

Source: City of Loveland Departments

2008	2009	2010	2011	2012
1	1	1	1	1
17	12	12	12	12
6	6	6	6	6
15	25	27	21	20
24	¹ 24	24	24	25
332	¹ 328	² 328	328	329
5,086	5,393	5,649	5,734	5,872
91	92	92	93	94
388	388	388	388	388
27	27	27	27	27
30	30	30	30	30
38	38	38	38	38
1	1	1	1	1
429	433	433	435	436
2,791	2,823	2,841	2,860	2,870
24,300	20,300	20,300	20,300	20,300
332	333	334	334	334
10,000	10,000	10,000	10,000	10,000
304	306	307	305	304
952	961	972	991	1,014
3	3	4	5	5
7	7	6	5	5

Schedule 17
CITY OF LOVELAND, COLORADO
Schedule of Terms

A

Accrual Basis of Accounting: The method of accounting under which debits and credits are recorded at the time they are incurred as opposed to when cash is actually received or spent. For example, in accrual accounting, revenue which was earned in December, but not collected until January, is recorded as revenue in December.

ADA: Americans with Disabilities Act.

Adjudication: The act or process of reaching settlement judicially.

Amendment 1 (TABOR): An amendment to the Colorado State Constitution that limits revenues and expenditures to the inflation rate, measured by the Denver–Boulder Consumer Price Index, Urban Area (CPI–U), and growth (defined as new construction) of the jurisdiction in the prior year. All new or increased taxes must be voted on by the public. Also, it establishes mandatory emergency reserves.

Appropriation: A legal authorization made by the City Council to make expenditures and incur obligations for specific purposes.

Appropriation Ordinance: An ordinance by means of which appropriations are given legal effect. It is the method by which the expenditure side of the annual budget is enacted into law by the City Council.

ARC: An abbreviation for Annual Required Contributions.

Assessed Valuation: A valuation is set upon real estate or other property by the county assessor to establish a basis for levying taxes. It is equal to 7.96% of market value for residential property and 29% for commercial and industrial property.

B

Bond: A form of borrowing money for major capital projects, such as buildings and streets. The City obligates itself to repay the principal at a stated rate of interest over a stated period of time.

Budget: A financial plan of estimated expenditures and the means of financing them for a stated period of time. Upon approval by the City Council the budget appropriation ordinance is the legal basis for expenditures in the budget year.

C

CAD: Computer Aided Dispatch.

Capital Outlay: An item that costs \$5,000 or more and is expected to last one year or longer. Examples include vehicles, carpet and equipment.

Capital Expansion Fee (CEF): An assessment on new development to contribute to providing new infrastructure necessitated by population growth.

Capital Program: An annually updated plan of capital expenditures for public facilities, infrastructure and major fixed assets with estimated costs, sources of funding and timing of projects over a five–year period.

Capital Improvements: Expenditures related to the acquisition, expansion or rehabilitation of an element of the city’s physical structure, sometimes referred to as infrastructure. Examples include buildings, streets, bridges, parks and utility systems.

Capital Project: Expenditure for equipment, machinery, facilities, or infrastructure that will provide long–term service or other public benefits.

Carryover: Amount of money remaining at the end of the preceding year and available in the current budget year through an ordinance commonly called the rollover ordinance.

CAFR: Comprehensive Annual Financial Report.

CDBG: Community Development Block Grant.

CFAC: Citizens' Finance Advisory Commission.

CIRSA: Colorado Intergovernmental Risk Sharing Agency.

CEF: Capital Expansion Fee (see definition above).

Contractual Services: Expenses that are usually incurred by entering into a formal agreement or contract with another party. Expenses included in this category can include insurance, repairs or professional services.

CPI: Consumer Price Index.

CSafe: Colorado Surplus Asset Fund Trust

D

Debt Service: Principal and interest due on long-term debt such as loans, notes and bonds incurred by the City.

Defeasance: A provision that voids a bond or loan when the borrower sets aside cash or bonds sufficient enough to service the borrower's debt.

Department: Major unit of organization in the City.

Depreciation: Expiration in the service life of fixed assets because of wear and tear, deterioration, action of physical elements, inadequacy or obsolescence.

Division: Sub-unit of a department.

DRT: Development Review Team.

E

EMS: Emergency Medical Services.

Encumbrance: Obligations in the form of purchase orders or contracts which are chargeable to an appropriation and for which a part of the appropriation is reserved. Obligations cease to be encumbrances when paid or when the actual liability is set up.

Enterprise Fund: Funds that are self-supporting through user fees. Examples include water, golf, solid waste and power. By the TABOR amendment these funds can not have more than 10% of their budget subsidized by taxes.

EPA: Environmental Protection Agency.

Expenditure: Payment for goods or services, including operating expenses that require the current or future use of net current assets, debt and capital outlays. Note that an encumbrance is not an expenditure, but reserves funds to be expended.

F

FDIC: Federal Deposit Insurance Corporation.

FPPA: An abbreviation for Fire and Police Pension Association.

FICA: An abbreviation for Federal Insurance Contributions Act, this is a compulsory payroll tax which funds Social Security.

Fiduciary Fund: A fund used to account for activity of the City as a trustee over funds allotted to meet a current or future financial obligation, usually on an actuarially sound basis. Example: Pension funds.

Fiscal Year: The 12-month period to which the operating budget applies. This is January 1 to December 31 for the City of Loveland.

Fixed Assets: Assets of long-term character that are intended to continue to be held or used, such as land, buildings, machinery and other equipment.

FLSA: Fair Labor Standards Act.

FTE: Full-time equivalent. The hourly equivalent of a full-time employee. An FTE can be made up of either one full-time employee or two or more part-time employees whose total hours equal 40 per week.

Fund: Accounting entity with a self-balancing set of accounts, which is segregated from other funds, to carry on specific activities or attain certain objectives.

Fund Balance: Net position of a governmental fund (difference between assets, liabilities, deferred outflows of resources, and deferred inflows of resources).

G

GAAFR: Governmental Accounting, Auditing and Financial Reporting.

GASB: Governmental Accounting Standards Board.

General Fund: One of five governmental fund types. The general fund typically serves as the chief operating fund of a government. The general fund is used to account for all financial resources not accounted for in some other fund. Financed mainly by sales tax and property tax.

GFOA: Government Finance Officers Association.

GID: General Improvement District.

Grant: A contribution made from either the private sector to the City or by one governmental unit to another. The contribution is usually made to support a specified program, function or project.

H

Home Rule: A limited grant of discretion from the State of Colorado to Loveland, concerning either the organization of functions or the raising of revenue. Loveland became a home rule city in May of 1996.

I

Intergovernmental Revenue: Amounts of money received from federal, state and other governmental bodies.

Internal Services Fund: Activities which provide support services to other City departments. Example: Accounting.

IT: Information Technology. IT provides innovative information technology and services that are reliable, accessible, and cost effective for the City of Loveland staff and citizens.

J - L

Level of Service: Transportation Level of Service (LOS) is based on a ratio of current or anticipated volumes of traffic at peak hours and trip generation along the street divided by the capacity of the street. The City of Loveland has adopted Level A for local roads, Level B for Collectors and Level C for other areas with a few exceptions. When service level falls below LOS C, movements become more restricted and delays may occur during peak periods.

Lease-Purchase Agreement: Financial arrangement which permits the City to pay for the use of equipment or machinery over a period of time through a lease and to purchase it at the end of that time.

LLBA: Loveland/Larimer Building Authority.

LURA: Loveland Urban Renewal Authority.

M

Median Family Income: An annual income figure for which there are as many families with incomes below that level as there are above.

MFA: An abbreviation for Master Financing Agreement.

Mill Levy: Rate by which assessed valuation is multiplied to determine property tax. A mill is 1/10 of one cent or \$1.00 of tax for each \$1,000 of assessed valuation.

Modified Accrual: Under Modified Accrual Accounting revenues are recorded when they are measurable and available. Expenses are recorded when they are incurred. This differs from the full accrual method where revenues are recorded when received and expenses recorded when the expense is paid for.

N

Net City Budget: Total City operating and capital budget net of transfers among funds, and internal service charges. This amount represents a close approximation of projected spending.

Non-Exempt: A classification indicating that an employee is eligible to be paid for overtime, as defined by the guidelines of the Fair Labor Standards Act (FLSA). Exempt employees, conversely, are not eligible for overtime pay.

O - P

Operating Budget: The portion of the budget that pertains to daily operations providing basic governmental services. The operating budget contains appropriations for such expenditures as personal services, supplies and materials.

Paratransit Service: Door to door transportation services for people who due to health or disability can not use fixed route transportation services.

PDPA: Public Deposit Protection Act

Per capita: An average per person.

Personal Services: Salaries, wages, benefits and other related costs of employees.

PIF: Plant Investment Fee. (See definition below.)

PILT: Payment In Lieu of Tax. An estimate of the amount of taxes that would be chargeable to a utility if owned privately.

Plant Investment Fee (PIF): Charges made on new development to contribute to financing utility facilities to meet the needs of increased population. Applies to Loveland Water and Power. This fee is similar in nature to a Capital Expansion Fee.

Projection: Estimation of future revenues and expenditures based on past trends, current economic conditions and financial forecasts.

PRPA: Platte River Power Authority.

Property Tax: Annual charge to owners of real property, based on assessed valuation and the mill levy.

Q - R

Reserve: Funds set aside in the current and past years for the purpose of paying for capital needs, providing for obligations and liabilities, and meeting emergency needs.

Reserve Fund Balance: The portion of a fund's balance that is legally restricted for a specific purpose and is, therefore, not available for general appropriation.

Resources: Total amounts available for appropriation, consisting of estimated beginning funds on hand plus anticipated revenues.

Retire: In the financial sense, to pay off a debt.

Revenues: Funds that the government receives as income such as tax payments, user fees, charges, special assessments, fines, grants and interest income to support the services provided.

Risk Management: As organized attempt to protect a government's assets against accidental loss in the most economical manner, and programs to minimize worker injury and supervisory actions to limit City liability.

RSF: Retail Sales Fee. A fee collected by the merchant for developer or sub-unit of government such as a Metropolitan District to fund the cost of infrastructure and other approved expenses.

RSI: An abbreviation for Required Supplemental Information.

S

Self-Insurance: Establishment of a sum of money sufficient to pay anticipated claims. Used as a planning process to control costs and coverage in lieu of paying premiums to insurance companies.

SID: Special Improvement District. (See definition below.)

SIF: System Impact Fee. (See definition below.)

Services Rendered: Charges made to a fund for support services provided by another fund.

Special Assessment: A compulsory levy made against certain properties to defray part or all of the cost of a specific improvement or service deemed to primarily benefit those properties.

Special Improvement District (SID): A district composed of property owners who have agreed to join together to complete and pay for the cost of public improvements.

Special Revenue Funds: A fund used to account for the proceeds of specific revenues that are legally restricted to be spent for specific purposes. Example: Capital Expansion Fees.

System Impact Fee (SIF): Impact fees on new development that contribute to financing utility facilities to meet the needs of increased population. Applies to the Water, Wastewater and Storm Water utilities.

T - U

TABOR (Taxpayers' Bill of Rights aka Amendment 1): Refers to an amendment to State constitution, which put in place several restrictions to state and local government. The most significant limits are the requirement for all tax rate increases to be by a vote of approval, and creating revenue limits a government must abide by, refunding all revenue over the limit unless given voter approval otherwise.

TIF: Tax Increment Finance

Transfers: Amounts distributed from one fund to finance activities in another fund. Transfers are shown as an expenditure in the originating fund and a revenue in the receiving fund.

Unreserved Fund Balance: The portion of a fund's balance that is not restricted for a specific purpose and is available for general appropriation.

URA: Urban Renewal Authority.

User Fee: Charge to the benefiting party for the direct receipt of a public service.

V - Z

Windy Gap Project: A project that collects stores and diverts water from Windy Gap Reservoir and Lake Granby on Colorado's Western Slope to the Colorado-Big Thompson Project facilities, providing water to users on the Front Range.

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Compliance



This section contains the City's Schedule of Expenditures of Federal Awards, Colorado Local Highway Finance Report and related reports.



**Independent Auditors' Report On
Internal Control Over Financial Reporting
And On Compliance And Other Matters
Based On An Audit Of Financial Statements
Performed In Accordance With
Government Auditing Standards**

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Honorable Mayor and the Members of the City Council
City of Loveland

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Loveland (the City) as of and for the year ended December 31, 2012 and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 31, 2013.

Internal Control Over Financial Reporting

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

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

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

Honorable Mayor and the Members of the City Council
City of Loveland

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose Of This Report

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

RubinBrown LLP

May 31, 2013



RubinBrown LLP
 Certified Public Accountants
 & Business Consultants

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**Independent Auditors' Report On Compliance
 For Each Major Federal Program And
 Report On Internal Control Over Compliance
 Required By OMB Circular A-133**

Honorable Mayor and the Members of the City Council
 City of Loveland

Report On Compliance For Each Major Federal Program

We have audited the City of Loveland's (the City) compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2012. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Honorable Mayor and the Members of the City Council
City of Loveland

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

Opinion On Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Report On Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Honorable Mayor and the Members of the City Council
City of Loveland

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2012-01, which we consider to be significant deficiencies.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

RubinBrown LLP

May 31, 2013

THE CITY OF LOVELAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2012

<u>Program Description</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development		
Direct:		
Community Development Block Grant	14.218	\$ 193,945
Community Development Block Grant	14.218	46,131
Total U.S. Department of Housing and Urban Development		240,076
U. S. Department of Transportation		
Direct:		
Air Improvements Program	20.106	144,350
Air Improvements Program	20.106	210,911
Air Improvements Program	20.106	12,625
US1374 Small Community Air Service Development Program	20.930	16,641
		384,527
Passed through Colorado Department of Transportation:		
Highway Planning & Construction		
Safe Routes to Schools - Education 10-11	20.205	4,905
Safe Routes to Schools - Education 11-12	20.205	8,614
Safe Routes to Schools - Education 12-13	20.205	3,918
Off-System Bridge Funding	20.205	24,013
Safe Routes - Truscott Roundabout	20.205	85,880
287 Traffic signal upgrade	20.205	—
Centerra Area Signal Timing	20.205	96,856
287/Garfield Signal	20.205	33,494
US 287 Traffic Signal Control	20.205	—
Fiber Network	20.205	10,300
SRTS - Madison Trail	20.205	8,872
Federal Transit Formula Grants	20.507	385,870
Formula Grants for Other than Urbanized Areas	20.509	75,117
Congestion Mitigation & Air quality	20.507	875,731
		1,613,570
Total U.S. Department of Transportation		1,998,097
U.S. Department of Energy		
Direct:		
Energy Efficient and Conservation Block Grant	81.128	20,210
Total U.S. Department of Energy		20,210
U.S. Environmental Protection Agency		
Passed through Colorado Housing & Finance Authority:		
Brownfields Assessment and Cleanup Cooperative Agreement	66.818	100,000
American Recovery & Reinvestment Act of 2009	66.818	213,000
Total U.S. Environmental Protection Agency		313,000
U.S. Department of Justice		
Passed through Colorado Division of Criminal Justice		
Edward Byrne Memorial Justice Assistance	16.738	15,815
Total U.S. Department of Justice		15,815
Federal Emergency Management Agency (FEMA)		
Passed through Colorado Department of Local Affairs		
Assistance to Firefighters Grant	97.044	445,624
Assistance to Firefighters Grant	97.044	32,240
Assistance to Firefighters Grant	97.044	682,686
Emergency Management Performance Grant (EMPG)	97.042	—
Emergency Management Performance Grant (EMPG)	97.042	—
Emergency Management Performance Grant (EMPG)	97.042	—
Staffing for Adequate Fire & Emergency Response (SAFER)	97.083	74,095
Total Federal Emergency Management Agency (FEMA)		1,234,645
Total Expenditures of Federal Awards		\$ 3,821,843

THE CITY OF LOVELAND

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2012**1. Organization**

The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs of the City of Loveland (the City) for the year ended December 31, 2012. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, are included on the schedule.

2. Basis Of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City and is presented on the modified-accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

THE CITY OF LOVELAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended December 31, 2012

Section I - Summary Of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes no

Identification of major programs:

CFDA

Number	Name Of Federal Program Or Cluster
66.818	Brownfields Assessment and Cleanup Cooperative Agreement - ARRA
97.044	Assistance Firefighters Grant
20.507	Federal Transit - Formula Grants

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? yes no

Section II - Financial Statement Findings

There were no findings relating to the City's financial statements for the year ended December 31, 2012.

THE CITY OF LOVELAND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For The Year Ended December 31, 2012

Section III - Federal Award Findings And Questioned Costs

Finding 2012-1

Federal Award No. 66.818

Brownfields Assessment and Cleanup Cooperative Agreement - ARRA

Criteria: Management of the City is responsible for establishing and maintaining effective internal control over compliance.

Condition: Internal controls over compliance are the responsibility of management. The City does not have adequate controls over compliance relating to monitoring and oversight of federal awards to ensure compliance with OMB Circular A-133 compliance requirements.

Effect: The City could be in noncompliance with federal award guidelines as result of the lack of oversight.

Questioned Costs: None.

Cause: The City does not have proper monitoring and oversight of grants. Departments are responsible for grants without monitoring and oversight by an individual knowledgeable with OMB Circular A-133 compliance requirements.

Recommendation: We recommend that the City implement procedures to ensure the proper monitoring and oversight of all federal grants.

Corrective Action Plan: Grant tracking, monitoring, oversight and coordination responsibility will be moved from individual City departments and will be incorporated in a new centralized function within the Finance Department

Completion Date: July 1, 2013.

Contact Person: DeeAnn Hanson, Senior Accountant.

THE CITY OF LOVELAND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*)
For The Year Ended December 31, 2012

**Section IV - Prior Year Audit On Federal Award Findings
And Questioned Costs**

There were no prior year audit or federal award findings or questioned costs for the year ended December 31, 2011.

The public report burden for this information collection is estimated to average 380 hours annually.

LOCAL HIGHWAY FINANCE REPORT		City or County: CITY OF LOVELAND			
		YEAR ENDING : December 2012			
This Information From The Records Of The City of Loveland		Prepared By: Mona Brooks	Phone: 970-962-2312		
I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE					
ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration	
1. Total receipts available					
2. Minus amount used for collection expenses					
3. Minus amount used for nonhighway purposes					
4. Minus amount used for mass transit					
5. Remainder used for highway purposes					
II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES			
ITEM	AMOUNT	ITEM	AMOUNT		
A. Receipts from local sources:		A. Local highway disbursements:			
1. Local highway-user taxes		1. Capital outlay (from page 2)	6,075,510		
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	2,705,356		
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:			
c. Total (a.+b.)		a. Traffic control operations	1,600,565		
2. General fund appropriations	11,913,095	b. Snow and ice removal	378,008		
3. Other local imposts (from page 2)	2,277,932	c. Other			
4. Miscellaneous local receipts (from page 2)	596,176	d. Total (a. through c.)	1,978,573		
5. Transfers from toll facilities		4. General administration & miscellaneous	932,772		
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	6,731,283		
a. Bonds - Original Issues		6. Total (1 through 5)	18,423,494		
b. Bonds - Refunding Issues		B. Debt service on local obligations:			
c. Notes		1. Bonds:			
d. Total (a. + b. + c.)	0	a. Interest			
7. Total (1 through 6)	14,787,203	b. Redemption			
B. Private Contributions	353,760	c. Total (a. + b.)	0		
C. Receipts from State government (from page 2)	3,090,332	2. Notes:			
D. Receipts from Federal Government (from page 2)	192,199	a. Interest			
E. Total receipts (A.7 + B + C + D)	18,423,494	b. Redemption			
		c. Total (a. + b.)	0		
		3. Total (1.c + 2.c)	0		
		C. Payments to State for highways			
		D. Payments to toll facilities			
		E. Total disbursements (A.6 + B.3 + C + D)	18,423,494		
IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)					
	Opening Debt	Amount Issued	Redemptions	Closing Debt	
A. Bonds (Total)				0	
1. Bonds (Refunding Portion)					
B. Notes (Total)				0	
V. LOCAL ROAD AND STREET FUND BALANCE					
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		18,423,494	18,423,494		0
Notes and Comments:					

LOCAL HIGHWAY FINANCE REPORT	STATE:
	Colorado
	YEAR ENDING (mm/yy): December 2012

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	594,216
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	1,300,656	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses	3,700	f. Charges for Services	
5. Specific Ownership &/or Other	973,576	g. Other Misc. Receipts	1,960
6. Total (1. through 5.)	2,277,932	h. Other	
c. Total (a. + b.)	2,277,932	i. Total (a. through h.)	596,176
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	2,427,874	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	255,319	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant	365,390	e. U.S. Corps of Engineers	
e. Other (Specify) - St Hwy Mtce	41,750	f. Other Federal	192,199
f. Total (a. through e.)	662,458	g. Total (a. through f.)	192,199
4. Total (1. + 2. + 3.f)	3,090,332	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.I. Capital outlay:			
a. Right-Of-Way Costs	0	0	0
b. Engineering Costs	11,027	260,372	271,399
c. Construction:			
(1). New Facilities	499,791	511,825	1,011,616
(2). Capacity Improvements		353,760	353,760
(3). System Preservation		3,486,200	3,486,200
(4). System Enhancement & Operation		952,535	952,535
(5). Total Construction (1) + (2) + (3) + (4)	499,791	5,304,320	5,804,111
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	510,818	5,564,692	6,075,510
			(Carry forward to page 1)

Notes and Comments:



ViewPoints

Report to Governance City of Loveland

December 31, 2012



 **Rubin Brown**
Raise Your Expectations



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City of Loveland

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Auditor Communications

City of Loveland

To Honorable Mayor and Members of City Council
City of Loveland, Colorado

We have audited the basic financial statements of City of Loveland (the City) for the year ended December 31, 2012. Our audit was performed in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement and presented in accordance with accounting principles generally accepted in the United States of America. Our audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. We also assessed the accounting principles used by the City and the significant estimates made by City's management, as well as evaluated the overall financial statement presentation.

Auditing standards require the auditor to ensure that those charged with corporate governance receive additional information regarding the scope and results of the audit that may assist the governing body in overseeing the financial reporting and disclosure process for which management is responsible. The following section describes matters which are required to be reported to you.

RubinBrown LLP

June 7, 2013



Auditor Communications (Continued)

City of Loveland

AREA	COMMENTS
<p>Auditors' Responsibility Under U.S. Generally Accepted Auditing Standards</p> <p>Our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with our assistance are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of responsibility for the accuracy of the financial statements.</p>	<p>We have issued an unqualified opinion on the City's financial statements for the year ended December 31, 2012.</p> <p>ViewPoints, including positive improvements made in the past year, advisory comments, upcoming Governmental Accounting Standards Board (GASB) pronouncements and required communications.</p>
<p>Other Information In Documents Containing Audited Financial Statements</p>	<p>The management's discussion and analysis, budgetary comparison schedules and schedule of funding progress, as listed in the table of contents in the financial statements, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.</p>



Auditor Communications (Continued)

City of Loveland

AREA

Other Information In Documents Containing Audited
Financial Statements (Continued)

COMMENTS

The combining and individual fund financial statements and schedules, the schedule of expenditures of federal awards and the Local Highway Finance Report, as listed in the table of contents in the financial statements, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.



Auditor Communications (Continued)

City of Loveland

AREA

Other Information In Documents Containing Audited
Financial Statements (Continued)

COMMENTS

The introductory and statistical section, as listed in the table of contents in the financial statements, is not a required part of the basic financial statements. We did not audit the information and express no opinion on it.



Auditor Communications (Continued)

City of Loveland

AREA	COMMENTS
<p>Planned Scope And Timing Of The Audit</p>	<p>Communicated to you on September 12, 2012 regarding the nature, timing and extent of our audit procedures.</p>
<p>Qualitative Aspects Of Accounting Practices Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application.</p>	<ul style="list-style-type: none"> ◆ Significant accounting policies are described in Note 1. ◆ No new accounting policies were adopted, and the application of existing policies was not changed. ◆ We noted no transactions entered into during the year for which there was a lack of authoritative guidance or consensus. ◆ No significant transactions have been recognized in a different period than when the transactions occurred.
<p>Management Judgments And Accounting Estimates The preparation of the financial statements requires the use of accounting estimates. Certain estimates are particularly sensitive due to their significance to the financial statements and the possibility that future events may differ significantly from management's expectations.</p>	<ul style="list-style-type: none"> ◆ Management's estimate of the useful lives of capital assets. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.



Auditor Communications (Continued)

City of Loveland

AREA	COMMENTS
Financial Statement Disclosures	The disclosures are neutral, consistent and clear.
Difficulties Encountered In Performing The Audit	We encountered no difficulties in dealing with management in performing and completing our audit.



Auditor Communications (Continued)

City of Loveland

AREA	COMMENTS
Corrected And Uncorrected Misstatements	None.
Disagreements With Management	None.
Management Representations	Management representation letter received dated May 31, 2013, which is attached.
Management Consultations With Other Independent Accountants	None.
Other Audit Findings Or Issues	There were no matters of significant discussion that affected our retention as the City's auditors.



Auditor Observations And Suggestions

City of Loveland

To Honorable Mayor and Members of City Council
City of Loveland, Colorado

In planning and performing our audit of the financial statements of the City of Loveland (the City) as of and for the year ended December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. As discussed below, we identified a deficiency in internal control that we consider to be a significant deficiency.

Areas Of Strength And Accomplishment

- ◆ The City converted to a new accounting and financial reporting system in the later part of fiscal year 2011 and effectively utilized the system in 2012.
- ◆ The City updated the fund balance policies and definitions and retained documentation supporting significant assignments of fund balance.
- ◆ The City's investment policy had a clause that stated "if an eligible investment drops in its credit rating below the required level, the investment will be considered a prohibited investment and will be sold as soon as practical." The City updated the investment policy to allow the City to be more flexible with respect to these investments, allowing them to make decisions regarding the investment that would be a long-term solution.

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

❖ **Internal Controls Over Brownfields Grant Compliance**

- Management of the City is responsible for establishing and maintaining effective internal control over compliance. The City does not have adequate controls over compliance relating to monitoring and oversight of federal awards to ensure compliance with OMB Circular A-133 compliance requirements. This deficiency and lack of oversight could lead to the City violating the guidelines of the Brownfields grant agreement and federal awards compliance supplement. We recommend that the City implement procedures to ensure the proper monitoring and oversight of all federal grants.

The following are other matters involving internal control that we did not consider to be material weaknesses or significant deficiencies:

↔ **Federal Awards**

- During the single audit, it was noted that aggregate expenditures of more than \$5,000 had been made to a single vendor without completing the procurement process. We recommend that the City project total expenditures to a vendor for a project and subject the planned expenditures to the procurement process as considered necessary under the City's policy.
- Timely reimbursement requests can aid in maintaining consistent cash flows and reduce the likelihood of unsubmitted reimbursement requests for which reimbursement may become ineligible. Consider creating a policy which requires reimbursement requests be submitted at regular intervals regardless of the project progress.
- Consider training and providing classes to all departments that will be involved in administration and expenditure of federal grant funds. This will help to ensure that all City employees are aware of the related compliance and reporting requirements associated with the grant funds.



Auditor Observations And Suggestions (Continued)

City of Loveland

Areas Of Enhancement:

- ◆◆ **Journal Entry Review** - Consider supervisor or peer review of all significant journal entries prior to posting. This can help to prevent errors and the use of excessive journal entries.
- ◆◆ **Capital Assets**
 - ◆ We recommend that the City implement a process by which assets purchased with federal funds are tracked/tagged to help to ensure that the related compliance and reporting requirements are met upon disposal of the asset.

- ◆ Consider having different people compile the check log and prepare the bank deposits for better separation of duties in utility billing.
- ◆ Consider centralization of cash receipts in the Library. Currently, there are multiple locations within the Library where cash is collected. By centralizing the collection, this helps to minimize the opportunity for misappropriation of assets, while at the same time potentially creating operational efficiencies.
- ◆ Consider limiting the access to the main safes at the Library and Municipal Court to a few key people. Currently, there are a number of employees who have access to the main safes. Consider changing the combinations of the safes regularly and requiring employees with keys to keep them in a secure location. These steps will enhance the safety of cash kept in the safes.



Auditor Observations And Suggestions (Continued)

City of Loveland

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

RubinBrown LLP

June 7, 2013



Upcoming GASB Pronouncements

City of Loveland

- ❖ **GASB 65: Items Previously Reported as Assets and Liabilities**
 - Effective for financial statements for periods beginning after December 15, 2012.
 - Reclassifies certain items that were reported as assets and liabilities as deferred outflows of resources, deferred inflows of resources or current-period outflows and inflows.

- ❖ **GASB 66: Technical Corrections - An Amendment to GASB Statements No. 10 and No. 62**
 - Effective for financial statements for periods beginning after December 15, 2012.
 - Resolves conflicting guidance that resulted from issuance of GASB No. 54 and GASB No. 62.

- ❖ **GASB 67: Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25**
 - Effective for financial statements for periods beginning after June 15, 2013.
 - Replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria.



Upcoming GASB Pronouncements (Continued)

City of Loveland

- ◆◆ **GASB 68: Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27**
 - ◆ Effective for financial statements for periods beginning after June 15, 2014.
 - ◆ Improves information provided by state and local governmental employers about financial support for pensions that are provided by other entities. The statement replaces requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.



Independent Auditors' Report On Additional Information

City of Loveland

To Honorable Mayor and Members of City Council
City of Loveland, Colorado

Our report on our audit of the financial statements of the business-type activities of the City of Loveland (the City) as of December 31, 2012 appears in the financial statements of the City. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information presented in this report is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion on it.

RubinBrown LLP

June 7, 2013



CITY OF LOVELAND
FINANCE DEPARTMENT

Civic Center • 500 East Third • Loveland, Colorado 80537
(970) 962-2396 • FAX (970) 962-2900 • TDD (970) 962-2620

May 31, 2013

RubinBrown LLP
1900 16th Street
Suite 300
Denver, CO 80202

We are providing this letter in connection with your audit of the financial statements of City of Loveland as of December 31, 2012 and for the year then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Loveland and the respective changes in financial position and, where applicable, cash flows thereof in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with U.S. generally accepted accounting principles.

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

We understand we are responsible for management decisions and functions, for designating a qualified employee to oversee any nonattest services you provide, for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

We confirm, to the best of our knowledge and belief the following representations made to you during your audit.

Financial Statements:

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, including our responsibility for the preparation and fair presentation of the financial statements and for preparation of the supplementary in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.



3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates are reasonable.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.
8. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
9. Guarantees, whether written or oral, under which the City is contingently liable, if any, have been properly recorded or disclosed.

Information Provided:

10. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the City Council or summaries of actions of recent meetings for which minutes have not yet been prepared.
11. All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
12. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
13. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
14. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.

15. We have disclosed to you all known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
16. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
17. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government Specific:

18. We have made available to you all financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.
19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
20. We have a process to track the status of audit findings and recommendations.
21. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
22. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
23. The City has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
24. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
25. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
26. The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
27. The City has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
28. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
29. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
30. The financial statements properly classify all funds and activities.
31. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

32. Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
33. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
34. Provisions for uncollectible receivables have been properly identified and recorded.
35. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
36. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
37. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
38. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
39. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
40. We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available and have determined that net assets were properly recognized under the policy.
41. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
42. We acknowledge our responsibility for presenting the combining and individual fund financial statements and schedules, the schedule of expenditures of federal awards and the Local Highway Finance Report in accordance with U.S. generally accepted accounting principles, and we believe the combining and individual fund financial statements and schedules, the schedule of expenditures of federal awards and the Local Highway Finance Report, including its form and content, is fairly presented in accordance with U.S. generally accepted accounting principles. The methods of measurement and presentation of the combining and individual fund financial statements and schedules, the schedule of expenditures of federal awards and the Local Highway Finance Report have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
43. With respect to federal award programs:
 - a. We are responsible for understanding and complying with and have complied with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations., including requirements relating to preparation of the schedule of expenditures of federal awards.
 - b. We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) in accordance with the requirements of OMB Circular A-133 §310.b, and we believe the SEFA, including its form and content, is fairly presented in

accordance with the Circular. The methods of measurement and presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFA.

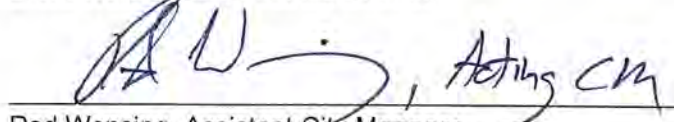
- c. If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
- d. We have identified and disclosed to you all of our government programs and related activities subject to OMB Circular A-133 and included in the SEFA made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e. We are responsible for understanding and complying with, and have complied with in all material respects, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.
- f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended. Also, no changes have been made in internal control over compliance or other factors to the date of this letter that might significantly affect internal control, including any corrective action taken with regard to control deficiencies reported in the schedule of findings and questioned costs.
- g. We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relating to major federal programs and related activities.
- h. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i. We have complied, in all material respects, with the direct and material compliance requirements, including when applicable, those set forth in the OMB Circular A-133 Compliance Supplement, relating to federal awards and have identified and disclosed to you all amounts questioned and any known noncompliance with the requirements of federal awards, including those resulting from other audits or program reviews.
- j. We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the applicable compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.

- k. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken up to the date of the auditor's report.
- l. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB Circular A-87, Cost Principles for State, Local, and Tribal Governments, and OMB's Uniform Administrative Requirements for Grants and Cooperative Agreements.
- m. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n. We have made available to you all documentation related to the compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- p. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- q. We have monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of OMB Circular A-133.
- r. We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.
- s. We have charged costs to federal awards in accordance with applicable cost principles.
- t. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by OMB Circular A-133 and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- u. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by OMB Circular A-133.
- v. We are responsible for preparing and implementing a corrective action plan for each audit finding.
- w. We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.
- x. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies in internal control over compliance (including material weaknesses in internal control over compliance), have occurred subsequent to the date as of which compliance was audited.

- y. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report
 - z. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
44. No pollution remediation events have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
45. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.



Brent Worthington, Finance Director



Rod Wensing, Assistant City Manager



2012 MANAGEMENT RESPONSES
To the “Auditor’s Report to Governance”

Presented by:

Brent Worthington, Finance Director

6/18/2013

MANAGEMENT RESPONSE TO AUDITOR FINDINGS AND SUGGESTIONS**Observation 1:**

The 2012 Single Audit Report contains a Finding of Significant Deficiency related to Federal Award N. 66.818 Brownfields Assessment and Cleanup Cooperative Agreement- ARRA.

The finding holds that “the City does not have adequate controls over compliance relating to monitoring and oversight of federal awards to ensure compliance with OMB Circular A-133 compliance requirements.”

The cause: “The City does not have proper monitoring and oversight of grants. Departments are responsible for grants without monitoring and oversight by an individual knowledgeable with OMB Circular A-133 compliance requirements.”

Auditor’s recommendation: “...the City [should] implement procedures to ensure the proper monitoring and oversight of all federal grants.”

Management Response:

Grant tracking, monitoring, oversight, and coordination responsibility will be moved from individual City departments, and will be incorporated in a new centralized function within the Finance Department. A comprehensive, effective, and complete tracking, monitoring and oversight program will be created and put in place. A Finance Department staff member will be trained in all aspects of grant tracking, internal control, and OMB Circular A-133 compliance requirements.

City departments receiving federal awards (currently and in the future) will be trained in the proper policies and procedures for grant applications; this will include the requirement to notify the Finance Department Grant Administrator prior to submittal of the grant application. (This is an essential step in order to ensure that all internal controls are in place and all reporting and compliance measures are identified in advance).

The Grant Administrator will work closely with staff in the recipient Departments to make sure everyone involved understands their roles and responsibilities.

It should be noted that the centralized Grant Administrator will in no way interfere with the programmatic and management roles of staff in the recipient departments; the Grant Administrator will be responsible for tracking, internal controls, reporting, and compliance only.

The timeline for implementation:

June 30: Senior Accountants, in consultation with the auditor, will define, establish, and troubleshoot the role and function of the Grant Administrator. The Grant

City of Loveland – 2012 Management Responses to the “Auditor’s Report to Governance”

Administrator will be hired and/or identified (if the role is filled by current staff)

July/August: Grant Administrator will undergo thorough training; with the assistance of the Finance Director and the Senior Accountants, outreach will be made to the recipient departments for transition training and redistribution of grant tracking, internal control, reporting, and compliance functions.

September 1: Grant Administrator will be well established and all major transition issues will be addressed, so the Corrective Action will be fully implemented. This will include a retrospective examination of existing grants, and any associated issues will be identified and corrected.

Observation 2:

During the single audit, it was noted that aggregate expenditures of more than \$5,000 had been made to a single vendor without completing the procurement process. We recommend that the City project total expenditures to a vendor for a project and subject the planned expenditures to the procurement process as considered necessary under the City’s policy

Management Response:

Management acknowledges the observation and agrees with the auditor’s recommendation. This will be included in the monitoring program incorporated in the Grant Administrator duties described above.

Observation 3:

Timely reimbursement requests can aid in maintaining consistent cash flows and reduce the likelihood of un-submitted reimbursement request for which reimbursement may become ineligible. Consider creating a policy which requires reimbursement requests be submitted at regular intervals regardless of the project progress.

Management Response:

Management acknowledges the observation and agrees with the auditor’s recommendation. This will be included in the monitoring program incorporated in the Grant Administrator duties described above.

Observation 4:

Consider training and providing classes to all departments that will be involved in administration and expenditure of federal grants. This will help to ensure that all City employees are aware of the related compliance and reporting requirements associated with the grant funds.

City of Loveland – 2012 Management Responses to the “Auditor’s Report to Governance”

Management Response:

Management acknowledges the auditor’s suggestion, and will provide an appropriate level of training regarding compliance monitoring. Primary responsibility, however, will lie with the Grant Administrator, as described above.

Observation 5:

Consider supervisor or peer review of all significant journal entries prior to posting. This can help prevent errors and the use of excessive journal entries.

Management Response:

Management acknowledges the auditor’s suggestion, and will incorporate appropriate review in the workflow.

Observation 6:

We recommend that the City implement a process by which assets purchased with federal funds are tracked/tagged to help ensure that the related compliance and reporting requirements are met upon disposal of the asset.

Management Response:

Management acknowledges the auditor’s suggestion, and will work with the Financial Management Software developers to modify the current asset tracking system to incorporate the suggested tracking/tagging protocol.

Observation 7:

Consider having different people compile the check log and prepare the bank deposits for better separation of duties in Utility Billing.

Management Response:

Management acknowledges the auditor’s suggestion, and notes that the upcoming bank conversion will result in improved technology that will address this issue in Utility Billing.

Observation 8:

Consider centralization of cash receipts in the Library. Currently there are multiple locations within the Library where cash is collected. By centralizing the collection, this helps to minimize the opportunity for misappropriation of assets, while at the same time potentially creating operational efficiencies.

Management Response:

Management acknowledges the auditor’s suggestion, and notes that this process has commenced. Finance staff will continue to work with Library staff to determine the optimal system for processing cash receipts.

Observation 9:

Consider limiting the access to the main safes at the Library and Municipal Court to a few key people. Currently, there are a number of employees who access to the main safes. Consider changing the combinations of the safes regularly and requiring employees with keys to keep them in a secure location. These steps will enhance the safety of cash kept in the safes.

Management Response:

Management acknowledges the auditor’s suggestion, and will work with Library and Municipal Court staff to find the best solution.



Fort Collins ~ Loveland
Municipal Airport
Year Ended December 31, 2012



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FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

June 7, 2013

The Fort Collins–Loveland Municipal Airport (Airport) annual financial statements for the year ended December 31, 2011 are respectfully submitted. This report was prepared by the City of Loveland, Colorado’s Finance Department. The responsibility for both the accuracy of the presented data and fairness of the presentation, including all the disclosures rests with the City of Loveland. The City believes that the data as presented is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the airport as measured by the financial activity of the airport; and that all disclosures necessary to enable the reader to gain an understanding of the Airport’s financial affairs have been included.

Generally Accepted Accounting Principles (GAAP) requires management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Airport’s MD&A can be found immediately following the external auditor letter.

Overview of the Airport

The Fort Collins-Loveland Airport (FNL) has served as a regional airport since 1963. It is a general aviation and commercial service airport and is administered and operated jointly by the Cities of Fort Collins and Loveland serving the Northern Colorado Front Range. In 2012 FNL accommodated approximately 95,000 aircraft flight operations ranging from air carrier, private charter, corporate flight activity, air ambulance transport, aerial fire suppression, flight school training, and other general aviation usage. In addition to this, approximately 64,000 people traveled to and departed from FNL to between the two destination markets that are served by Allegiant Airlines. A total estimated 4,000 passengers traveled from and returned to the airport via charter services supported by Allegiant Travel, Frontier Airlines, Southwest Airlines, and Sun Country Airlines.



In October of 2012 Allegiant Airlines discontinued its regularly scheduled service from the airport to Las Vegas and Phoenix. The decision to no longer serve the airport was identified to the airport sponsoring Cities by the airline as an internal business decision which may be attributed to a variety of issues the airline was facing at the time. The airport’s performance for profitability and load factors was extremely high, and had continually grown since the service was initially offered in 2003.

Size	1,100 Acres
Runway (Primary)	8,500’ X 100’
Runway (Crosswind)	2,179’ X 40’
Based Aircraft	245
Hangars	210
Enplanements	35,000

General aviation airport activities have increased in 2012. The main indicator of this is related to the total amount of fuel sold on the airport. Fuel sales volume at the airport has increased significantly from the previous calendar year with 925,501 gallons pumped in 2012 up from 633,760 gallons in 2011. This is a tremendous boost in airport fuel sales and has surpassed the previous airport fuel flowage record of 854,388 set in 2007. The fuel flowage data is taken from the airport’s fuel flowage reports and state fuel tax data. It is anticipated that this number will continue to see growth even without the presence of a commercial air carrier due to an increase of corporate jet flight activity at the airport. Fuel sales volume is anticipated to continue to increase assuming that the regional economy and fuel prices remain stable.

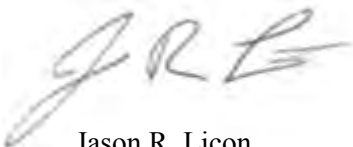
For 2013 the airport will continue to support the growth in Northern Colorado. In order to support the area effectively there are many improvements that are still necessary. The following are some of the projects that are planned for 2013:

FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

- The primary aircraft parking apron for general aviation aircraft will be reconstructed this year. Engineering estimations have increased the cost of this project to approximately \$3 million due to severe degradation issues of the existing pavement structure. Through grants from the State of Colorado and the FAA this project is anticipated to be completed by September 2013.
- The airport will also be conducting planning efforts by completing the development of a utility and transportation plan which will aid in the planned growth of the airport as depicted in the FNL airport master plan.
- Air service development marketing will consume much of the airport staff time resources in 2013. The loss of the commercial air carrier has impacted the airport finances significantly, to which the airport has already scaled back its 2013 budget by 15%. This reduction includes a staff reduction of 20%, and was necessary because operational revenues dropped 32% immediately following the airline shutdown. In addition the airport is receiving additional revenue resources from each city totaling \$355,000. If the airport does not obtain a carrier that will help to provide over 10,000 enplanements or departing commercial customers the amount of Federal airport improvement funding will be reduced from \$1 million to \$150,000 annually. These changes have the potential of taking effect in 2015.
- The airport has also sought assistance from the State of Colorado and the Federal Aviation Administration for the implementation of a new technology that may enhance airport operational safety. A new program that is being developed through the State of Colorado's Aeronautics division called "Blended Airspace" has the potential to offer air traffic control tower like services to airports without the costly construction of facilities. New technology that is currently available will be implemented on the ground that will work in conjunction with FAA radar and provide a detailed picture of operations in and around the airport environment. Cameras, ground based radar, and sensors will also be installed to ensure safety with aircraft and potential hazards. It is anticipated that this project will begin summer of 2013 and will take approximately 24-26 months to complete, and will cost the airport no more than \$500,000.

The Airport Steering Committee is composed of the Mayors and City Managers of both Fort Collins and Loveland and their function is to facilitate communication between the Cities and advising the Councils of each City concerning Airport issues. With their help, as well as the decision makers from both City Councils, we continue to make progress at the airport with the mission statement of the airport in mind. The airport's mission is to develop and operate the airport and aviation facilities to serve the needs of the traveling public, and the aviation related business in the area. The aviation facilities will continue to be operated to the highest standards of safety and service.

Respectfully,



Jason R. Licon
Airport Director

FORT COLLINS – LOVELAND MUNICIPAL AIRPORT



Independent Auditors' Report

Airport Steering Committee
 Fort Collins-Loveland Municipal Airport
 Loveland, Colorado

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 Certified Public Accountants
 & Business Consultants

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Report On The Financial Statements

We have audited the accompanying financial statements of the Fort Collins-Loveland Municipal Airport (the Airport) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

Airport Steering Committee
Fort Collins-Loveland Municipal Airport

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Airport as of December 31, 2012, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Airport's basic financial statements. The budgetary comparison schedule and the schedule of passenger facility charges collected and expended as specified in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and the introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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Airport Steering Committee
Fort Collins-Loveland Municipal Airport

The budgetary comparison schedule and the schedule of passenger facility charges collected and expended are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule and the schedule of passenger facility charges collected and expended are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Report on Summarized Comparative Information

We have previously audited the Airport's 2011 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 8, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2013 on our consideration of the Airport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport's internal control over financial reporting and compliance.

RubinBrown LLP

June 7, 2013

FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

MANAGEMENT’S DISCUSSION & ANALYSIS

Our discussion and analysis of the Fort Collins–Loveland Municipal Airport’s financial performance provides an overview of the Airport’s financial activities for the year ended December 31, 2012. Please read it in conjunction with the financial statements, which begin on page 9.

Financial Highlights

- In 2012, net position increased by \$91,547 (.41%) primarily due to construction of capital assets.
- Total operating revenues increased to \$1,001,600, an increase of \$201,137 (25.13%) compared to 2011.
- Total operating expenses increased to \$2,218,393, an increase of \$311,429 (16.33%) compared to 2011.

Overview of the Financial Statements

The Statement of Net Position presents information on all the Airport’s assets and liabilities. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the Airport is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position presents information that reflects how the Airport’s net position changed during the year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The Statement of Cash Flows reports the Airport’s cash flows from operating, capital and non-capital financing and investing activities. The financial statement demonstrates how the various activities of the Airport impact its cash balances.

The Notes to Financial Statements provide additional information that is essential for a full understanding of the data provided in the financial statements.

Entity-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Airport’s financial position. As of December 31, 2012, assets exceeded liabilities by \$22,524,710.

Net Position		
	2012	2011
Current Assets	\$ 1,825,729	\$ 2,034,555
Capital Assets	21,091,123	21,581,997
Total Assets	22,916,852	23,616,552
Current Liabilities	392,142	1,183,389
Net Position:		
Invested in Capital Assets	21,091,123	21,581,997
Restricted for Capital	80,460	115,866
Unrestricted	1,353,127	735,300
Total Net Position	\$ 22,524,710	\$ 22,433,163

Net Position

Net position of the Airport at December 31, 2012 is shown to the left.

The largest portion of the Airport’s net position (94%) is the investment in capital assets (land, buildings, improvements, runways, leasehold improvements and equipment). The Airport uses these capital assets to provide aviation services to the surrounding communities. Consequently, these assets are not available for future spending. Unrestricted net position may be used to meet the Airport’s ongoing obligations.

FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

Changes in Net Position		
	2012	2011
Program Revenues	\$ 1,001,600	\$ 800,463
Program Expenses	2,218,393	1,906,964
Operating Loss	(1,216,793)	(1,106,501)
Non-operating Revenues		
City Contributions	170,000	170,000
Passenger Facility Charge	150,375	202,473
Interest Income	11,929	29,454
Gain (Loss) on Disposal of Capital Assets	-	-
Total Non-operating Revenues	332,304	401,927
Net Loss before Capital Contributions	(884,489)	(704,574)
Capital Contributions	976,036	6,629,430
Change in Net Position	91,547	5,924,856
Net Position - Beginning	22,433,163	16,508,307
Net Position - Ending	\$ 22,524,710	\$ 22,433,163

Change In Net Position

The Airport's total operating expenses of \$2,218,393 exceeded total revenues of \$2,309,940 for an increase in net position of \$91,547 for 2012. A summary of revenues and expenses is shown to the left.

Debt Administration And Capital Assets

Debt Administration

The Airport currently has no long-term debt.

Capital Assets

At the end of December 31, 2012, the Airport had \$21,091,123 invested in capital assets. This represents a net decrease of \$490,874, or 2.27%, from 2011. This decrease is due primarily to depreciation. More detailed information about the Airport's capital assets is presented in the Notes to Financial Statements.

Budgetary Highlights

The airport had numerous capital projects in 2012 funded by FAA Entitlement and grants, Passenger Facility Charge Funds and State Grant funds. Work accomplished includes General Aviation Ramp design, Runway Information System design, and Taxiway B & D design.

Economic Factors And Next Year's Budget

In October of 2012, Allegiant Airlines pulled its operations out of the Fort Collins/Loveland Airport. This will result in a significant decrease in parking revenues, landing fees, Passenger Facility Charge revenues, and fuel revenues in 2013. This will also decrease the amount of Entitlement grants the FAA will grant to the Airport. The Airport is currently working on acquiring a new airline for scheduled service.

Requests For Information

This financial report is designed to provide a general overview of the Airport's finances. If you have questions about this report or need additional financial information, contact the City of Loveland Finance Department at 500 East Third Street, Loveland, Colorado, 80537.

FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

FORT COLLINS - LOVELAND MUNICIPAL AIRPORT

STATEMENT OF NET POSITION

December 31, 2012

(With Summarized Comparative Totals at December 31, 2011)

	2012	2011
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 1,381,436	\$ 895,539
Restricted Cash - PFC	80,136	97,920
Accounts Receivable - PFC	325	17,946
Accounts Receivable	65,971	65,812
Grants Receivable	297,861	957,338
Total Current Assets	1,825,729	2,034,555
Noncurrent Assets		
Capital Assets, Net of Accumulated Depreciation	21,091,123	21,581,997
TOTAL ASSETS	22,916,852	23,616,552
LIABILITIES		
Current Liabilities		
Accounts Payable	346,094	1,139,242
Accrued Liabilities	46,048	44,147
Total Current Liabilities	392,142	1,183,389
NET POSITION		
Invested in Capital Assets	21,091,123	21,581,997
Restricted for Capital	80,460	115,866
Unrestricted	1,353,127	735,300
TOTAL NET POSITION	\$ 22,524,710	\$ 22,433,163

The accompanying notes are an integral part of the financial statements.

FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

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STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year Ended December 31, 2012

(With Summarized Comparative Totals for the year ended December 31, 2011)

	2012	2011
OPERATING REVENUES		
Hangar Rental	\$ 95,631	\$ 91,325
FBO Rent	51,065	61,628
Gas and Oil Commissions	230,881	178,371
State Aircraft Fuel Tax	119,894	77,683
Land Lease	138,497	114,547
Terminal Lease and Landing Fees	43,431	52,375
Concessions	440	857
Parking	147,545	187,044
Private Contributions	144,685	-
Miscellaneous	29,531	36,633
	1,001,600	800,463
TOTAL OPERATING REVENUES		
OPERATING EXPENSES		
Personal Services	392,488	401,136
Purchased Services	440,806	279,007
Supplies	26,256	29,539
Depreciation	1,358,843	1,197,282
	2,218,393	1,906,964
TOTAL OPERATING EXPENSES		
OPERATING LOSS	(1,216,793)	(1,106,501)
NONOPERATING REVENUES		
City Contributions	170,000	170,000
Passenger Facility Charge	150,375	202,473
Interest Income	11,929	29,454
	332,304	401,927
TOTAL NONOPERATING REVENUES		
NET LOSS BEFORE CAPITAL CONTRIBUTIONS	(884,489)	(704,574)
Capital Contributions	976,036	6,629,430
	91,547	5,924,856
CHANGE IN NET POSITION		
NET POSITION, Beginning	22,433,163	16,508,307
NET POSITION, Ending	\$ 22,524,710	\$ 22,433,163

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH FLOWS

Year Ended December 31, 2012

(With Summarized Comparative Totals for the year ended December 31, 2011)

	2012	2011
Cash Flows from Operating Activities		
Cash Received from Customers	\$ 1,001,441	\$ 859,336
Cash Payments for Goods and Services	(1,260,212)	541,750
Cash Payments to Employees	(390,586)	(383,224)
Net Cash Provided (Used) by Operating Activities	(649,357)	1,017,862
Cash Flows from Noncapital Financing Activities		
Contributions from Cities	170,000	170,000
Net Cash Provided by Noncapital Financing Activities	170,000	170,000
Cash Flows from Capital and Related Financing Activities		
Proceeds from State and Federal Grants	1,635,513	5,884,880
Passenger Facility Charge Revenue	167,997	219,655
Payments for Capital Acquisition	(867,969)	(7,269,418)
Net Cash Provided (Used) by Capital and Related Financing Activities	935,541	(1,164,884)
Cash Flows from Investing Activities		
Interest Received	11,929	29,454
NET INCREASE IN CASH AND CASH EQUIVALENTS	468,113	52,433
CASH AND CASH EQUIVALENTS, Beginning	993,459	941,026
CASH AND CASH EQUIVALENTS, Ending	\$ <u>1,461,572</u>	\$ <u>993,459</u>
CASH AND CASH EQUIVALENTS:		
Cash	1,381,436	895,539
Cash - Restricted PFC	80,136	97,920
Total Cash and Cash Equivalents	\$ <u>1,461,572</u>	\$ <u>993,459</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Loss	\$ (1,216,793)	\$ (1,106,501)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities		
Depreciation	1,358,843	1,197,282
Changes in Assets and Liabilities		
(Increase)/Decrease in Accounts Receivable	(159)	58,873
Increase/(Decrease) in Accrued Liabilities	(793,149)	850,296
Increase in Accrued Liabilities	1,901	17,912
Total Adjustments	567,436	2,124,363
Net Cash Provided (Used) by Operating Activities	\$ <u>(649,357)</u>	\$ <u>1,017,862</u>

The accompanying notes are an integral part of the financial statements.

FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fort Collins–Loveland Municipal Airport (the Airport) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The more significant accounting policies of the Airport are described below.

Reporting Entity

In accordance with governmental accounting standards, the Airport has considered the possibility of inclusion of additional entities in its financial statements. The definition of the reporting entity is based primarily on financial accountability. The Airport is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if Airport officials appoint a voting majority of the organization’s governing body and either it is able to impose its will on that organization or there is a potential for benefits to, or to impose specific financial burdens on, the Airport. The Airport may also be financially accountable for other organizations that are fiscally dependent upon it.

Based upon the application of these criteria, no additional organizations are includable within the Airport’s reporting entity.

The Airport is jointly operated under an Intergovernmental Agreement between the Cities of Fort Collins and Loveland, Colorado. Only the financial transactions of this joint venture are included in this report and the Airport is not included as a component unit of any other government.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Airport uses an enterprise fund to account for its operations. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Airport’s principal ongoing operations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When both restricted and unrestricted resources are available for use, it is the Airport's practice to use restricted resources first, then unrestricted resources as they are needed.

Cash and Investments

The Airport's cash and investments are pooled with those of the City of Loveland. The City of Loveland's Investment Policy authorizes investments in accordance with State statutes for investing of public funds. Current investment holdings include Money Market Funds, Certificates of Deposit, a local Government Investment Pool, U.S. Treasury Notes, Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Federal Farm Credit Bureau and Corporate Bonds that mature within five years. Investments are stated at fair value. Because the investments are part of a pool, the underlying securities cannot be determined. For the purposes of the statement of cash flows, management defines cash and cash equivalents as amounts in demand deposits as well as short-term, highly liquid investments with original maturities of three months or less. Cash equivalents are both readily convertible to cash and are so near their maturity that they present insignificant risk of change in value due to interest rate changes.

Receivables

Receivables consist primarily of federal and state grants, land and hangar leases, as well as other miscellaneous receivables. At December 31, 2012, the grants receivable balance was \$297,861.

Capital Assets

Capital assets include land, improvements, buildings, runways, leasehold improvements and equipment. Capital assets are defined by the Airport as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation is computed using the 6-month convention method over the estimated useful lives of the assets. Buildings are depreciated over a period of 50 years, improvements from 5–40 years, runways from 20–40 years, leasehold improvements from 5–50 years and equipment from 5–10 years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period.

Compensated Absences

Airport employees are allowed to accumulate vacation and sick time as stipulated in the administrative regulations of the City of Loveland. A liability is recorded on the Airport financial statements for these accrued compensated absences.

Net Position

Net position is restricted when constraints placed on the net assets are externally imposed.

Comparative Data

Comparative total data for the prior year has been presented in the financial statements in order to provide an understanding of changes in financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been

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presented since its inclusion would make the financial statements unduly complex and difficult to read. Accordingly, such information should be read in conjunction with the Airport's financial statements for the year ended December 31, 2011.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The budget is developed by the City of Loveland's staff on a non-GAAP budgetary basis, which includes budgeting for capital outlay and excludes depreciation. The budget is then submitted to the

Airport Steering Committee. Upon approval by the Steering Committee, the City of Loveland legally adopts the budget before commencement of the following fiscal year as part of the support role for the City in the Airport Management IGA between the City of Loveland and City of Fort Collins. The budget includes proposed expenditures and the means of financing them. Expenditures may not legally exceed budgeted appropriations at the fund level. Revisions that alter total expenditures of the fund must be approved by the City Councils. Appropriations lapse at year end.

NOTE 3: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2012 is summarized below:

	Balances 12/31/11	Additions	Deletions	Balances 12/31/12
Capital Assets, Not Being Depreciated				
Land	\$ 563,614	\$ -	\$ -	\$ 563,614
Construction in Progress	-	606,821	-	606,821
Total Capital Assets, Not Being Depreciated	563,614	606,821	-	1,170,435
Capital Assets, Being Depreciated				
Runways	21,562,211	151,607	-	21,713,818
Improvements	7,329,237	45,000	-	7,374,237
Equipment	1,287,192	54,050	27,647	1,313,595
Buildings	458,438	10,491	-	468,929
Leasehold Improvements	2,528,477	-	-	2,528,477
Total Capital Assets, Being Depreciated	33,165,555	261,148	27,647	33,399,056
Less Accumulated Depreciation				
Runways	(8,769,618)	(810,256)	-	(9,579,874)
Improvements	(744,183)	(353,414)	-	(1,097,597)
Equipment	(706,519)	(90,924)	(27,647)	(769,796)
Buildings	(79,152)	(27,517)	-	(106,669)
Leasehold Improvements	(1,847,700)	(76,732)	-	(1,924,432)
Total Accumulated Depreciation	(12,147,172)	(1,358,843)	(27,647)	(13,478,368)
Total Capital Assets, Being Depreciated, Net	21,018,383	(1,097,695)	-	19,920,688
Total Capital Assets, Net	\$ 21,581,997	\$ (490,874)	\$ -	\$ 21,091,123

NOTE 4: RISK MANAGEMENT

The Airport is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Cities of Fort Collins and Loveland carry commercial insurance for these risks of loss. During the last three years, there have not been any claims that exceeded coverage.

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NOTE 5: CONTRACTURAL AGREEMENTS

Facilities Leased to Fixed Base Operator

The Airport leases certain facilities to the Fixed Base Operator (FBO). The 24-year lease agreement, effective May 1, 2011, includes monthly rent of land and improvements for the first four years of \$4,766. Monthly rent payments for the next 20 years will be \$6,824. Annual base rent shall be increased on January 1, 2015 and on each third anniversary of January 1, 2015 in an amount equal to the increase, if any, in the “Consumer Price Index” The Lessee shall have the option to extend the term of the agreement for two additional periods of five years each. The new annual rental rate for the first four year term is \$57,192 per year.

The agreement also provides for a fuel flowage fee of 6% of delivered fuel cost or \$.05 per gallon, whichever is higher.

Scheduled Flight Service

In October of 2012, Allegiant Airlines pulled its operations out of the Fort Collins/Loveland Airport. This will result in a significant decrease in parking revenues, landing fees, Passenger Facility Charge revenues, and fuel revenues in 2013. This will also decrease the amount of Entitlement grants the FAA will grant to the Airport. The Airport is currently working on acquiring a new airline for scheduled service.

Intergovernmental Agreement

The Airport is jointly operated under an Intergovernmental Agreement between the City of Fort Collins, Colorado and the City of Loveland, Colorado.

Pursuant to the agreement, any needed contributions for annual operating budgets or capital improvements are shared equally by both cities. Also, either city may invest additional funds in the Airport as it sees fit.

Since July 3, 1979, ownership of assets vests equally with each city. Assets acquired prior to July 3, 1979 vested one-third with the City of Loveland and two-thirds with the City of Fort Collins.

The agreement provides that if either city does not pay its one-half of agreed expenses in a given year, it will convey to the other city 10% of its total Airport ownership. Each city contributed \$85,000 in 2012.

Certain administrative services are provided by the City of Loveland. These include legal services, accounting and purchasing, audit costs, personnel and benefits administration, engineering, facilities maintenance, general administration, environment services and risk and insurance management. In 2012, the City of Loveland was paid \$23,450 for these services.

As part of personnel administration, the employees of the Airport also participate in the City of Loveland’s 401(a) money purchase plan that was established (and may be amended) by City Council of the City of Loveland. This Plan requires contributions of 5% from the employer and 3% from the employee. The Airport contributed \$13,946 to the Plan in 2012, representing the required contributions.

As of December 31, 2012, the Airport owed the City of Loveland \$6,298.

NOTE 6: COMMITMENTS AND CONTINGENCIES

TABOR Amendment

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including raising revenue, spending abilities, and other

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specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The Airport believes it is in compliance with the requirements of the Amendment.

The Airport is operated as a unit of each City through the Intergovernmental Agreement; therefore both the City of Loveland and the City of Fort Collins included the Airport's emergency reserves in its city-wide financial statements.

Claims and Judgments

The City of Loveland receives Federal and State grants for use by the Airport. These grants are reported as grant revenues in the Airport's financial statements. However, certain Federal compliance and reporting requirements remain the responsibility of the City of Loveland. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the Airport may be required to reimburse the grantor government. As of December 31, 2012, significant amounts of grant expenses have not been audited but management believes that subsequent audits will not have a material effect on the overall financial position of the Airport.

Construction Commitments

At December 31, 2012 the Airport had the following construction projects in process:

<i>Project</i>	<i>Cost to Date</i>
General Aviation Ramp Design	\$236,345
Snow Removal Equipment	\$14,028
Runway Information System	\$303,421
Taxiway B & D Design	\$53,026

Lease Commitments

The Airport is obligated to pay the Fixed Base Operator for modification, upgrade, or replacement of the Fuel Farm equipment to the extent the cost of such modification, upgrade or replacement, exceed \$50,000.

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BUDGETARY COMPARISON SCHEDULE

(NON-GAAP BUDGETARY BASIS)

Year Ended December 31, 2012

	2012				
	BUDGET		ACTUAL	DIFFERENCE WITH FINAL BUDGET	2011 ACTUAL
	ORIGINAL	FINAL			
REVENUES					
Hangar Rental	\$ 90,000	\$ 90,000	\$ 95,631	\$ 5,631	\$ 91,325
FBO Rent	57,000	57,000	51,065	(5,935)	61,628
Gas and Oil Commissions	135,000	135,000	230,881	95,881	178,371
Passenger Facility Charge	185,000	185,000	150,375	(34,625)	202,473
State Aircraft Fuel Tax	50,000	50,000	119,894	69,894	77,683
Land Lease	110,000	110,000	138,497	28,497	114,547
Terminal Lease and Landing Fees	52,400	52,400	43,431	(8,969)	52,375
Concessions	500	500	440	(60)	857
Parking	200,000	200,000	147,545	(52,455)	187,044
Miscellaneous	52,500	52,500	29,531	(22,969)	36,633
Interest Income	27,590	27,590	11,929	(15,661)	29,454
Private Contributions	-	-	144,685	144,685	-
Federal and State Grants	1,250,000	3,008,830	976,036	(2,032,794)	6,629,430
City Contributions	170,000	170,000	170,000	-	170,000
TOTAL REVENUES	2,379,990	4,138,820	2,309,940	(1,828,880)	7,831,820
EXPENDITURES					
Personal Services	407,130	407,130	392,488	14,642	401,136
Purchased Services	335,720	830,140	440,806	389,334	279,007
Supplies	36,700	28,880	26,256	2,624	29,539
Capital Outlay	1,217,000	2,840,280	867,969	1,972,311	7,269,418
TOTAL EXPENDITURES	1,996,550	4,106,430	1,727,519	2,378,911	7,979,100
CHANGE IN NET POSITION, Budgetary Basis	\$ 383,440	\$ 32,390	582,421	\$ 550,031	(147,280)
RECONCILIATION TO GAAP BASIS					
Capital Outlay			867,969		7,269,418
Depreciation			(1,358,843)		(1,197,282)
CHANGE IN NET POSITION, GAAP Basis			\$ 91,547		\$ 5,924,856

See the accompanying Independent Auditors' Report.

FORT COLLINS – LOVELAND MUNICIPAL AIRPORT



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Independent Auditors' Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*

Airport Steering Committee
 Fort Collins - Loveland Municipal Airport
 Loveland, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Fort Collins - Loveland Municipal Airport (the Airport) as of and for the year ended December 31, 2012 and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements and have issued our report thereon dated June 7, 2013.

Internal Control Over Financial Reporting

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

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



FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

Airport Steering Committee
Fort Collins - Loveland Municipal Airport

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

Compliance And Other Matters

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

Purpose Of This Report

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

RubinBrown LLP

June 7, 2013

FORT COLLINS – LOVELAND MUNICIPAL AIRPORT



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 & Business Consultants

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Independent Auditors' Report On Compliance With Requirements Applicable To The Passenger Facility Charge Program And On Internal Control Over Compliance

Airport Steering Committee
 Fort Collins - Loveland Municipal Airport
 Loveland, Colorado

Report On Compliance

We have audited the compliance of Fort Collins - Loveland Municipal Airport (the Airport) with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (the Guide), issued by the Federal Aviation Administration, for its passenger facility charge program for the year ended December 31, 2012.

Management's Responsibility

Management is responsible for compliance with the requirements of laws and regulations applicable to its passenger facility charge program.

Auditors' Responsibility

Our responsibility is to express an opinion on the Airport's compliance based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Airport's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.



FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

Airport Steering Committee
Fort Collins - Loveland Municipal Airport

We believe that our audit provides a reasonable basis for our opinion on compliance with those requirements. However, our audit does not provide a legal determination of the Airport's compliance.

Opinion

In our opinion, the Airport complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended December 31, 2012.

Report On Internal Control Over Compliance

Management of the Airport is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the passenger facility charge program. In planning and performing our audit of compliance, we considered the Airport's internal control over compliance with the requirements that could have a direct and material effect on the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Airport's internal control over compliance.

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

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

FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

Airport Steering Committee
Fort Collins - Loveland Municipal Airport

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

RubinBrown LLP

June 7, 2013

FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED For The Year Ended December 31, 2012

2012	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Receipts	\$ 15,589	55,340	46,793	32,653	150,375
Interest	866	716	387	509	2,478
Total PFC Revenue Received	\$ 16,455	56,056	47,180	33,162	152,853
Expenditures:	<u>Approved Commitment</u>				
Application #6:					
(11) Purchase ARFF Truck	26,316	-	-	-	-
(13) Install Airfield Electrical Vault Backup	80,000	-	-	-	-
Total Application #6	106,316	-	-	-	-
Application #7:					
(1) Terminal Modular Building Utility Upgrades	13,000	-	13,000	-	13,000
(2) Terminal Modular Building Electrical Upgrades	3,000	-	3,000	-	3,000
(3) Purchase & Install Terminal Modular #2	165,000	-	165,000	-	165,000
(4) Survey, Geotechnical & Design of General Aviation Ramp Rehab	7,894	-	-	-	-
(5) Geographic Information System Plan and Submission	5,263	-	-	-	-
(6) T-Hangar Pavement Rehab-Taxilanes 1 and 3	17,122	-	-	-	-
(7) Perimeter Security Fencing	170,000	-	-	-	-
(8) General Aviation Ramp Rehab	39,473	-	-	7,259	7,259
(9) Purchase Snow Removal Equipment	4,210	-	-	-	-
(10) Acquire ARFF Vehicle	18,421	-	-	-	-
(11) Construct Commercial Apron Expansion	62,105	-	-	-	-
(12) Airport Terminal Expansion Concept Design	80,000	-	-	-	-
(13) Airport Terminal Expansion Site Work	162,245	-	-	-	-
(14) Airport Terminal Expansion Phase I	26,315	-	-	-	-
(15) Construct Taxiway F	30,000	-	-	-	-
Total Application #7	-	-	181,000	7,259	188,259
Total PFC Expenditures	804,048	-	181,000	7,259	188,259
Net Change in Passenger Facility Charges	16,455	56,056	(133,820)	25,903	(35,406)
Passenger Facility Charges, Beginning of year					115,866
Passenger Facility Charges, End of year					\$ 80,460

See the accompanying notes to schedule of passenger facility charges collected and expended.

FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

**NOTES TO SCHEDULE OF PASSENGER FACILITY
CHARGES COLLECTED AND EXPENDED**

December 31, 2012

NOTE 1: GENERAL

The Aviation Safety and Capacity Expansion Act of 1990 (Public Law 101-508, Title II, Subtitle B) authorized the imposition of local Passenger Facility Charges (PFCs) and use of resulting PFC revenue for Federal Aviation Administration (FAA) approved projects meeting at least one of the following criteria: (1) preserve or enhance safety, security, or capacity of the national air transportation system; (2) reduce noise or mitigate noise impacts resulting from an airport; or (3) furnish opportunities for enhanced competition between or among carriers.

NOTE 2: SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED

The accompanying Schedule of Passenger Facility Charges Collected and Expended (Schedule) presents the PFC collected and interest earned thereon, and expenditures incurred on approved projects. PFC's received and expenditures spent on approved projects in the accompanying Schedule represent amounts reported to the FAA on the Passenger Facility Charge Quarterly Status Reports.

PFC charges collected represent cash collected for the year ended December 31, 2012 as reported to the FAA. The interest earned represents the actual interest collected on the unexpended PFCs during the year. Expenditures represent FAA-approved projects expended in prior and current years and are reported when projects are complete.

The Schedule is not intended to be a complete presentation of the Airport's assets, liabilities, revenue and expenses in conformity with generally accepted accounting principles.

FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

**SCHEDULE OF PASSENGER FACILITY CHARGE PROGRAM
FINDINGS AND QUESTIONED COSTS
For The Year Ended December 31, 2012**

Section I - Summary Of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified			
Internal control over financial reporting:				
• Material weakness(es) identified?	_____	yes	<u> x </u>	no
• Significant deficiency(ies)?	_____	yes	<u> x </u>	none reported
Noncompliance material to financial statements noted?	_____	yes	<u> x </u>	no
Passenger Facility Charge Program				
Internal control over passenger facility charge program				
• Material weakness(es) identified?	_____	yes	<u> x </u>	no
• Significant deficiency(ies) identified?	_____	yes	<u> x </u>	none reported
Type of auditors' report issued on compliance:	Unqualified			

Section II - Financial Statement Findings

There were no findings relating to the Airport's financial statements for the year ended December 31, 2012.

FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

**SCHEDULE OF PASSENGER FACILITY CHARGE PROGRAM
FINDINGS AND QUESTIONED COSTS (*CONTINUED*)
For The Year Ended December 31, 2012**

**Section III - Passenger Facility Charge Program Findings
And Questioned Costs**

There were no findings or questioned costs relating to the Airport's passenger facility charge program.

**Section IV - Prior Year Audit On Passenger Facility Charge
Program Findings And Questioned Costs**

No prior year audit or passenger facility charge program findings or questioned costs for the year ended December 31, 2011.

**Prepared by:
Finance Department
Accounting Division**





ViewPoints

Report to Governance

Fort Collins - Loveland Municipal Airport

December 31, 2012



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Raise Your Expectations



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Fort Collins - Loveland Municipal Airport

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Auditor Communications

Fort Collins - Loveland Municipal Airport

Steering Committee
Fort Collins - Loveland Municipal Airport
Loveland, Colorado

We have audited the financial statements of the Fort Collins - Loveland Municipal Airport (the Airport) for the year ended December 31, 2012. Our audit was performed in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement and presented in accordance with accounting principles generally accepted in the United States of America. Our audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. We also assessed the accounting principles used by the Airport and the significant estimates made by the Airport's management as well as evaluated the overall financial statement presentation.

Auditing standards require the auditor to ensure that those charged with corporate governance receive additional information regarding the scope and results of the audit that may assist the governing body in overseeing the financial reporting and disclosure process for which management is responsible. The following section describes matters which are required to be reported to you.

RubinBrown LLP

June 7, 2013



Auditor Communications (Continued)

Fort Collins - Loveland Municipal Airport

AREA	COMMENTS
<p>Auditors' Responsibility Under U.S. Generally Accepted Auditing Standards</p> <p>Our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of responsibility for the accuracy of the financial statements.</p>	<p>We have issued an unmodified opinion on the Airport's financial statements for the year ended December 31, 2012.</p> <p>ViewPoints, including advisory comments and upcoming Governmental Accounting Standards Board (GASB) pronouncements and required communications.</p>



Auditor Communications (Continued)

Fort Collins - Loveland Municipal Airport

AREA

Other Information In Documents
Containing Audited Financial
Statements

COMMENTS

The management's discussion and analysis, as listed in the table of contents in the financial statements, is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the Airport's basic financial statements. The budgetary comparison information and schedule of passenger facility charges collected and expended are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information and schedule of passenger facility charges collected and expended are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Auditor Communications (Continued)

Fort Collins - Loveland Municipal Airport

AREA	COMMENTS
<p>Planned Scope And Timing Of The Audit</p>	<p>Communicated to you on January 17, 2013 regarding the nature, timing and extent of our audit procedures.</p>
<p>Qualitative Aspects Of Accounting Practices Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application.</p>	<ul style="list-style-type: none"> ◆ Significant accounting policies are described in Note 1. ◆ No new accounting policies were adopted, and the application of existing policies was not changed. ◆ We noted no transactions entered into during the year for which there was a lack of authoritative guidance or consensus. ◆ No significant transactions have been recognized in a different period than when the transactions occurred.
<p>Management Judgments And Accounting Estimates The preparation of the financial statements requires the use of accounting estimates. Certain estimates are particularly sensitive due to their significance to the financial statements and the possibility that future events may differ significantly from management's expectations.</p>	<ul style="list-style-type: none"> ◆ Depreciation.



Auditor Communications (Continued)

Fort Collins - Loveland Municipal Airport

AREA	COMMENTS
Financial Statement Disclosures	The disclosures are neutral, consistent and clear.
Difficulties Encountered In Performing The Audit	There were no difficulties encountered in dealing with management related to the performance of the audit.



Auditor Communications (Continued)

Fort Collins - Loveland Municipal Airport

AREA	COMMENTS
Corrected And Uncorrected Misstatements	None.
Disagreements With Management	None.
Management Representations	A management representation letter was signed dated June 7, 2013, and is attached.
Management Consultations With Other Independent Accountants	None.
Other Audit Findings Or Issues	There were no matters of significant discussion that affected our retention as the Airport's auditors.



Accomplishments And Strengths

Fort Collins - Loveland Municipal Airport

The Airport continues to put significant effort into improving the control environment, and we would like to acknowledge the improvements made by the management team.

- ◆ **Parking Revenues** - Following the audit for the year ended December 31, 2011, we recommended that the controls over parking revenues be implemented. The Airport has successfully enhanced controls over parking revenue with the parking kiosk.



Advisory Comments And Suggestions

Fort Collins - Loveland Municipal Airport

Steering Committee
Fort Collins - Loveland Municipal Airport
Loveland, Colorado

In planning and performing our audit of the accompanying financial statements of the Fort Collins - Loveland Municipal Airport (the Airport), as of and for the year ended December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Airport's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control. Accordingly, we do not express an opinion on the effectiveness of the Airport's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

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



Advisory Comments And Suggestions (Continued)

Fort Collins - Loveland Municipal Airport

The following are matters involving internal control that we did not consider to be material weaknesses or significant deficiencies:

↔ **Intergovernmental Agreement**

- ▶ The intergovernmental agreement (IGA) to support the allocation of administrative expenses to be paid by the Airport has not been updated since 2004. Thus, the expenses termed in the agreement are outdated and do not agree to the footnote disclosure in the financial statements. We recommend the Airport update this IGA annually to clarify the allocation of administrative expenses.

↔ **Segregation Of Duties**

- ▶ Currently, the accounting clerk is receiving checks, recording them into the general ledger and preparing the deposit slip. We recommend that segregation of duties or a formal review process be implemented in this area.



Upcoming GASB Pronouncements

Fort Collins - Loveland Municipal Airport

- ◀▶ **GASB 65: *Items Previously Reported as Assets and Liabilities***
 - ▶ Effective for financial statements for periods beginning after December 15, 2012.
 - ▶ Reclassifies certain items that were reported as assets and liabilities as deferred outflows of resources, deferred inflows of resources or current-period outflows and inflows.

- ◀▶ **GASB 66: *Technical Corrections - An Amendment to GASB Statements No. 10 and No. 62***
 - ▶ Effective for financial statements for periods beginning after December 15, 2012.
 - ▶ Resolves conflicting guidance that resulted from issuance of GASB No. 54 and GASB No. 62.

- ◀▶ **GASB 67: *Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25***
 - ▶ Effective for financial statements for periods beginning after June 15, 2013.
 - ▶ Replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria.



Upcoming GASB Pronouncements (Continued)

Fort Collins - Loveland Municipal Airport

- ◆◆ **GASB 68: Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27**
 - ◆ Effective for financial statements for periods beginning after June 15, 2014.
 - ◆ Improves information provided by state and local governmental employers about financial support for pensions that are provided by other entities. The statement replaces requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.



Independent Auditors' Report On Additional Information

Fort Collins - Loveland Municipal Airport

Steering Committee
Fort Collins - Loveland Municipal Airport
Loveland, Colorado

Our report on our audit of the financial statements of the business-type activities of Fort Collins - Loveland Municipal Airport (the Airport) as of December 31, 2012 appears in the financial statements of the Airport. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information presented in this report is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion on it.

RubinBrown LLP

June 7, 2013



CITY OF LOVELAND
FINANCE DEPARTMENT

500 East Third, Suite 320 • Loveland, Colorado 80537
(970) 962-2695 • FAX (970) 962-2918 • TDD (970) 962-2620

June 7, 2013

RubinBrown LLP
1900 16th Street
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Denver, CO 80202

We are providing this letter in connection with your audit of the financial statements of Fort Collins - Loveland Municipal Airport (Airport) as of December 31, 2012 and 2011 for the years then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the respective financial position of Fort Collins - Loveland Municipal Airport the and the respective changes in financial position and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with U.S. generally accepted accounting principles.

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

We understand we are responsible for management decisions and functions, for designating a qualified employee to oversee any nonattest services you provide, for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

We confirm, to the best of our knowledge and belief the following representations made to you during your audit.

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, including our responsibility for the preparation and fair presentation of the financial statements and for preparation of the supplementary in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates are reasonable.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.
8. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
9. Guarantees, whether written or oral, under which the Airport is contingently liable, if any, have been properly recorded or disclosed.
10. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the Airport Steering Committee or summaries of actions of recent meetings for which minutes have not yet been prepared.

Information Provided

11. All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
12. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
13. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
14. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.

15. We have disclosed to you all known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
16. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
17. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
18. We have made available to you all financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.

Government Specific

19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
20. We have a process to track the status of audit findings and recommendations.
21. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
22. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
23. The Airport has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
24. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
25. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
26. The Airport has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
27. The Airport has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
28. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

29. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
30. The financial statements properly classify all funds and activities.
31. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
32. Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
33. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
34. Provisions for uncollectible receivables have been properly identified and recorded.
35. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
36. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
37. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
38. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
39. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
40. We have appropriately disclosed the Airport's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available and have determined that net assets were properly recognized under the policy.
41. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
42. We acknowledge our responsibility for presenting the schedule of passenger facility charges collected and expended and the budgetary comparison schedule in accordance with U.S. generally accepted accounting principles, and we believe schedule of passenger facility charges collected and expended and the budgetary comparison schedule including its form and content, is fairly presented in accordance with U.S. generally accepted accounting principles. The methods of measurement and presentation of the schedule of passenger facility charges collected and expended and the budgetary comparison schedule have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
43. With respect to passenger facility charges:


- a. We are responsible for understanding and complying with and have complied with the requirements of the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration, including requirements relating to preparation of the schedule of passenger facility charges collected and expended.
- b. We acknowledge our responsibility for presenting schedule of passenger facility charges collected and expended as specified in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration. The methods of measurement and presentation of which have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the information.
- c. If the schedule of passenger facility charges collected and expended is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
- d. We have identified and disclosed to you all of our government programs and related activities subject to the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration and included in the schedule of passenger facility charges collected and expended made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e. We are responsible for understanding and complying with, and have complied with in all material respects, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.
- f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended. Also, no changes have been made in internal control over compliance or other factors to the date of this letter that might significantly affect internal control, including any corrective action taken with regard to control deficiencies reported in the schedule of findings and questioned costs.
- g. We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relating schedule of passenger facility charges collected and expended.

- h. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i. We have complied, in all material respects, with the direct and material compliance requirements, including when applicable, those set forth in the specified in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration, relating to federal awards and have identified and disclosed to you all amounts questioned and any known noncompliance with the requirements of federal awards, including those resulting from other audits or program reviews.
- j. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken up to the date of the auditor's report.
- k. Amounts claimed or used for matching were determined in accordance with relevant guidelines in specified in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration.
- l. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- m. We have made available to you all documentation related to the compliance requirements, including information related to schedule of passenger facility charges collected and expended financial reports and claims for advances and reimbursements.
- n. Schedule of passenger facility charges collected and expended financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- o. The copies of schedule of passenger facility charges collected and expended financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- p. We have monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of specified in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration.
- q. We have charged costs to schedule of passenger facility charges collected and expended in accordance with the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration.
- r. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to specified in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- s. We are responsible for preparing and implementing a corrective action plan for each audit finding.

- t. We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.
 - u. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies in internal control over compliance (including material weaknesses in internal control over compliance), have occurred subsequent to the date as of which compliance was audited.
 - v. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report
 - w. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
44. The impact of Allegiant Airlines discontinuing service for the Airport will not have a significant impact on the Airport's ability to continue operations.
45. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.



Brent Worthington, Finance Director



Bill Cahill, City Manager

Fort Collins – Loveland Municipal Airport



2012 MANAGEMENT RESPONSES

To the “Auditor’s Report to Governance”

Presented by:

Brent Worthington, Finance Director

6/18/2013

MANAGEMENT RESPONSE TO AUDITOR FINDINGS AND SUGGESTIONS**Observation 1:**

The Intergovernmental Agreement (IGA) to support the allocation of administrative expenses to be paid by the Airport has not been updated since 2004. Thus, the expenses termed in the agreement are outdated and do not agree to the footnote disclosure in the financial statements. We recommend the Airport update this IGA annually to clarify the allocation of administrative expenses.

Management Response:

Management acknowledges the auditor’s suggestion, and has approached the Loveland City Attorney to revisit this Intergovernmental Agreement with Fort Collins.

Observation 2:

Currently the accounting clerk is receiving checks, recording them into the general ledger, and preparing the deposit slip. We recommend that segregation of duties or a formal review process be implemented in this area.

Management Response:

Management acknowledges the auditor’s suggestion; however, Staff believes this was not properly evaluated by the auditor during field work. There are good and sufficient separations of duties in this revenue handling process.



CITY OF LOVELAND
ECONOMIC DEVELOPMENT OFFICE
Civic Center • 500 East Third • Loveland, Colorado 80537
(970) 962-2304 • FAX (970) 962-2900 • TDD (970) 962-2620

AGENDA ITEM: 16
MEETING DATE: 6/18/2013
TO: City Council
FROM: Economic Development Department
PRESENTER: Mike Scholl, Economic Development Manager

TITLE:

A Resolution Approving an Incentive Agreement for CorKat Data Solutions, LLC

RECOMMENDED CITY COUNCIL ACTION:

Adopt the resolution.

OPTIONS:

1. Adopt the action as recommended
 2. Deny the action
 3. Adopt a modified action (specify in the motion)
 4. Refer back to staff for further development and consideration
 5. Adopt a motion continuing the item to a future Council meeting
-

DESCRIPTION:

This is an administrative action. The resolution would authorize the City Manager to sign the economic incentive agreement with CorKat Data Solutions for an \$18,000 façade grant. CorKat is a data center located in Downtown Loveland and affiliated with Colorado Network Management. The renovation of 451 North Railroad was completed for the purpose of colocating Colorado Network Management's employees to Downtown in the unit adjacent to CorKat Data Solutions. In addition, Colorado Network Management plans to hire up to six new employees. The façade grant, to be funded from the economic incentive fund, was negotiated in part due to additional work required on the building to comply with the guidelines regarding historic buildings. The total investment in the current renovation is \$180,000. According to the City's Economic Incentive Policy, any agreement that does not exceed \$20,000 can come to Council without a prior informational meeting.

BUDGET IMPACT:

- Positive
 Negative
 Neutral or negligible

The City will fund \$18,000 from the economic incentive fund.

SUMMARY:

Both CorKat Data Solutions and Colorado Network Management (CNM) were started by Loveland entrepreneur, Kevin Cox. CNM was started in 2000 and CorKat opened in 2011. In 2013, Kevin entered into a lease/purchase agreement to bring Colorado Network Management to the same building. It was previously located at Denver Avenue and Eisenhower.

He has invested \$180,000 in the building that is currently owned by Barry Floyd. According to the façade grant guidelines, businesses are eligible for 10 percent of the total development cost for façade improvements. The façade grant is being offered, in part to offset some of the additional cost of the windows and doors. As a listed historic building, he was required to order custom windows and door treatments to match the historic character of the building.

REVIEWED BY CITY MANAGER:



LIST OF ATTACHMENTS:

Resolution
Agreement (listed as Exhibit A to the resolution)

RESOLUTION #R-49-2013

**A RESOLUTION APPROVING AN INCENTIVE AGREEMENT FOR
CORKAT DATA SOLUTIONS, LLC**

WHEREAS, CorKat Data Solutions, LLC, a Colorado limited liability company (“CorKat”), has operated a data center and cloud computing business in downtown Loveland since 2000 and is expanding to bring its affiliated entity, Colorado Network Management, Inc., (“CNM”) into the building located at 451 N. Railroad Avenue (the “Building”) adjacent to its downtown data center to provide affordable technology solutions and maintenance to small and large businesses in Loveland and the Front Range; and

WHEREAS ; CorKat has recently entered into a lease agreement for the Building and is completing substantial renovations and tenant improvements at a cost of approximately \$180,000 to make the Building, which listed on the City’s historic register, more functional; and

WHEREAS, CNM’s relocation to the Building will include relocation of 13 employees to downtown Loveland and it is anticipated that 2 or 3 additional full-time employees will be hired over the next year; and

WHEREAS, before leasing and undertaking renovation of the Building, CorKat asked the City to assist with the cost of the Building renovations by providing an incentive; and

WHEREAS, CorKat has begun renovation of the Building that includes restoration and modification of the Building façade consistent with the Building’s historic character (the “**Façade Improvements**”); and

WHEREAS, the City desires to provide assistance in the form of a grant in an amount equal to the actual cost of the Façade Improvements, not to exceed Eighteen Thousand Dollars (\$18,000) (the “**Grant**”); and

WHEREAS, Barry J. Floyd is the owner of the Building, which is located on the following described real property (the “**Property**”):

Lots 1-4, Block 15, Original Plat of Loveland Old Town, City of Loveland, County of Larimer, State of Colorado;

and

WHEREAS, the City Council has believes that the terms of the Corkat Data Solutions, LLC Façade Incentive Grant Agreement attached hereto as “**Exhibit A**” and incorporated herein by reference (the “**Agreement**”) and the assistance in the form of a grant to CorKat to defray all or a portion of the cost of the Façade Improvements is in the best interests of the City and serve the public purposes of improving a vacant downtown property and establishing the operation of CNM, thereby producing significant economic, cultural and social benefits to the citizens of Loveland, primarily in the form of increased assessed values for property tax purposes, jobs, and economic development in the downtown area, and the elimination or prevention of blight and enhancement of the historic character of the City.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. That the City Council hereby finds that providing the Grant to CorKat to defray all or a portion of the cost of the Façade Improvements will serve a public purpose because CorKat’s renovation and improvement of the Building, and operation of its business in downtown Loveland will provide significant social, cultural and economic benefits to the citizens of Loveland, primarily in the form of jobs, economic development, and increased property tax revenues to the City, as well as elimination or prevention of blight and enhance of the historic character of the City.

Section 2. That the Agreement attached hereto as “**Exhibit A**” and incorporated by reference is hereby approved.

Section 3. That the City Manager is authorized, following consultation with the City Attorney, to modify the Agreement in form or substance as deemed necessary to effectuate the purposes of this Resolution or to protect the interests of the City.

Section 4. That the City Manager and the City Clerk are hereby authorized and directed to execute the Agreement on behalf of the City of Loveland.

Section 5. That this Resolution shall be effective as of the date of its adoption.

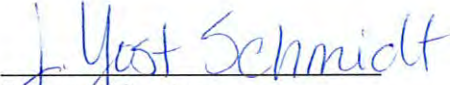
ADOPTED this ____ day of June, 2013.

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:



Deputy City Attorney

EXHIBIT A

CORKAT DATA SOLUTIONS, LLC FAÇADE INCENTIVE AGREEMENT

This **FAÇADE INCENTIVE AGREEMENT** (“**Agreement**”) is made and entered into this ___ day of June, 2013, by and between the **CITY OF LOVELAND, COLORADO**, a home rule municipality (the “**City**”), **CORKAT DATA SOLUTIONS, LLC**, a Colorado limited liability corporation (the “**CorKat**”) and **Barry J. Floyd**, an individual (“**Floyd**”). CorKat and Floyd are referred to herein collectively as “**Recipients**”.

WHEREAS, CorKat, has operated a data center and cloud computing business in downtown Loveland since 2000 and is expanding to bring its affiliated entity, Colorado Network Management, Inc., (“**CNM**”) into the building located at 451 N. Railroad Avenue (the “**Building**”) adjacent to its downtown data center to provide affordable technology solutions and maintenance to small and large businesses in Loveland and the Front Range; and

WHEREAS, CorKat has recently entered into a lease agreement for the Building and is completing substantial renovations and tenant improvements at a cost of approximately \$180,000 to make the Building, which listed on the City’s historic register, more functional; and

WHEREAS, CNM’s relocation to the Building will include relocation of 13 employees to downtown Loveland and it is anticipated that 2 or 3 additional full-time employees will be hired over the next year; and

WHEREAS, before leasing and undertaking renovation of the Building, CorKat asked the City to assist with the cost of the Building renovations by providing an incentive; and

WHEREAS, CorKat has begun renovation of the Building that includes restoration and modification of the Building façade consistent with the Building’s historic character (the “**Façade Improvements**”); and

WHEREAS, the City desires to provide assistance in the form of a grant in an amount equal to the actual cost of the Façade Improvements, not to exceed Eighteen Thousand Dollars (\$18,000) (the “**Grant**”); and

WHEREAS, Floyd is the owner of the Building, which is located on the following described real property (the “**Property**”):

Lots 1-4, Block 15, Original Plat of Loveland Old Town, City of Loveland, County of Larimer, State of Colorado;

and

WHEREAS, by the adoption of Resolution #R-___-2013 (the “**Resolution**”), the City Council has made a finding that the terms of the this Agreement and the assistance in the form of a grant to CorKat to defray all or a portion of the cost of the Façade Improvements is in the best interests of the City and serves the public purposes of improving a vacant downtown property and establishing the operation of CNM, thereby producing significant economic, cultural and

social benefits to the citizens of Loveland, primarily in the form of increased assessed values for property tax purposes, jobs, and economic development in the downtown area, and the elimination or prevention of blight and enhancement of the historic character of the City ; and

WHEREAS, the parties desire to enter into this Agreement, as authorized by the Resolution.

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

1. Facade Grant. The City has approved the design of the Façade Improvements to the Building as set forth on “**Exhibit A**” attached hereto, incorporated herein by reference, and currently being completed by CorKat. CorKat agrees to complete the Façade Improvements and obtain a certificate of occupancy or letter of completion for the Building no later than December 31, 2013 (the “Completion Date”) in accordance with the following provisions:

- a. If CorKat is unable to complete the Façade Improvements and obtain a certificate of occupancy or letter of completion on or before the Completion Date, CorKat may request an extension by written notice to the City given on or before the Completion Date, which notice shall set forth the reasons for the request. The City Manager may, on behalf of the City, extend the Completion Date by written notice to CorKat, if the City Manager determines, in the exercise of reasonable discretion, that CorKat has shown good cause for the requested extension and adequate progress is being made.
- b. If CorKat does not obtain a certificate of occupancy or letter of completion on or before the Completion Date, (as such date may be extended in accordance with this Agreement), the City shall have no further obligation to pay the Grant amount to CorKat and this Agreement shall terminate.
- c. Within thirty (30) days after completion of the Façade Improvements and receipt of a certificate of occupancy or letter of completion, CorKat shall submit the following documentation to the City:
 - i. a written request for payment of the Grant amount, including CorKat’s representation that the Façade Improvements have been substantially completed in accordance with the terms and conditions set forth in this Agreement and the plans approved by the City (“**Payment Request**”); and
 - ii. an accurate and detailed accounting of the costs of the Façade Improvements, including invoices (“**Payment Documentation**”).
- d. From time-to-time during construction of the Façade Improvements Project and within ten (10) business days after receipt of the Payment Request, the City shall have the right to inspect the Building to determine compliance with the terms and conditions of this Agreement.
- e. If CorKat has completed the Façade Improvements in compliance with the terms and conditions of this Agreement, the City shall pay the Grant amount to the CorKat within

forty-five (45) days after receipt of the Payment Request and Payment Documentation. The City shall have no obligation to make any payment in excess of the costs of the Façade Improvements as documented by the Payment Request and Payment Documentation, up to a maximum payment of Eighteen Thousand Dollars (\$18,000).

2. Covenant to Maintain the Façade Improvements,

The provisions of this Agreement and the burdens and benefits herein shall be covenants running with the Property for a period of ten (10) years, commencing upon the date this Agreement is recorded as set forth below (the “Term”), and shall inure to the benefit of, and be binding upon CorKat and upon Floyd, as the owner of the Property, and all future owners of the Property in accordance with the following:

a. Upon payment of the Grant to the CorKat, the City shall record, at its cost, a copy of this Agreement in the real property records of the Clerk and Recorder of Larimer County, Colorado. Such recording shall constitute a consensual grant by Floyd, as owner, and by his successors and assigns, to the City of a lien against the Property to secure payment of any and all amounts that may become due and owing under this Agreement. The lien granted herein shall remain a lien against the Property until all amounts owed to City, if any, under this Agreement are paid in full.

b. The Façade Improvements shall be maintained in good condition and repair and without modification, except as may be approved by the City in writing, for the Term of this Agreement.

c. If the Recipients or their successors fail to maintain the Façade Improvements in good condition and repair and without modification except as may be approved by the City in writing, for the Term of this Agreement, then the Recipients or their successors shall repay to the City the “Unamortized Portion” of the Grant remaining as of the date on which the City notifies the Recipients of such failure. The “Unamortized Portion” of the Grant shall be calculated by dividing the Grant amount of Eighteen Thousand Dollars (\$18,000) by the one hundred twenty (120) months in Term and multiplying the resulting monthly amount by the number of months remaining in the Term as of the date on which the City notifies the Recipients of the failure to maintain the Façade Improvements. For example, if the Façade Improvements are maintained for in good condition and repair for 119 months out of the 120 months, the amount due under this subparagraph would be One Hundred Fifty Dollars (\$150.00) ($\$18,000 \div 120 \times 1$ month). The Recipients acknowledge and agree, for themselves and their successors, that they shall be jointly and severally liable for any repayment due to the City under this Agreement

d. The City shall have no maintenance obligation whatsoever for the Façade Improvements or the Building and shall not be liable in any manner for any costs associated with the Façade Improvements or the Building except as expressly provided in this Agreement.

e. Upon expiration of the Term, this Agreement shall automatically terminate and no longer affect title to the Property.

3. Multi-Year Fiscal Obligation

a. To the extent any of the City's financial obligations under this Agreement extend beyond the end of the current fiscal year (December 31, 2013), such amounts may be considered a multi-year fiscal obligation under Article X, Section 20 of the Colorado Constitution and the City's Charter Section 11-6. All financial obligations of the City arising under this Agreement that are payable after the current fiscal year are contingent upon funds for that purpose being annually appropriated, budgeted, and otherwise made available by the Board, in its discretion, as applicable.

4. Applicable Law and Venue

This Agreement shall be governed by and enforced in accordance with the laws of the State of Colorado. In addition, the hereto acknowledge that there are legal constraints imposed upon the City by the constitutions, statutes, and rules and regulations of the State of Colorado and of the United States, and imposed upon the City by its Charter and Code, and that, subject to such constraints, the parties intend to carry out the terms and conditions of this Agreement. Notwithstanding any other provisions of this Agreement to the contrary, in no event shall any of the parties hereto exercise any power or take any action which shall be prohibited by applicable law. Whenever possible, each provision of this Agreement shall be interpreted in such a manner so as to be effective and valid under applicable law. Venue for any judicial proceeding concerning this Agreement shall be in the District Court for Larimer County, Colorado.

5. Right of Offset

The Recipients agree that the City shall have the right to withhold and set off any amounts which may become payable to CorKat by the City under this Agreement against any amounts which the Recipients may owe to the City, whether arising under this Agreement or otherwise. For example, but not by way of limitation, if either of the Recipients fails to pay any amounts due to the City for services not related to this Agreement, such as utility or other services, the City shall have the right to withhold payment of and set off all amounts to be paid to CorKat under this Agreement against the amounts due to the City by either Recipient.

6. Time is of the Essence

Time shall be of the essence for the performance of all obligations under this Agreement.

7. Assignment

The Recipients shall not assign or transfer any or all of their interests, rights, or obligations under this Agreement without the prior written consent of the City Council. Any such assignment or transfer without the City Council's prior written consent shall be deemed null and void and of no effect.

8. Construction

This Agreement shall be construed according to its fair meaning and as if it was prepared by both of the parties hereto and shall be deemed to be and contain the entire Agreement between the parties hereto. There shall be deemed to be no other terms, conditions, promises, understandings, statements, or representations expressed or implied, concerning this Agreement, unless set forth in writing and signed by the City and the Recipients.

9. Headings

Section headings used in this Agreement are used for convenience of reference only and shall in no way define, control, or affect the meaning or interpretation of any provision of this Agreement.

10. Notices

Any written notice given under this Agreement and all other correspondence between the parties shall be directed to the following and shall be deemed received when hand-delivered or three (3) days after being sent by certified mail, return receipt requested, to the following addresses:

If to the City: Bill Cahill
 City Manager
 City of Loveland
 500 East Third Street, Suite 330
 Loveland, CO 80537

With Copy to: John R. Duval
 City Attorney
 City of Loveland
 500 East Third Street, Suite 330
 Loveland, CO 80537

If to CorKat:

With a copy to:

If to Floyd:

With a copy to:

Either party hereto may at any time designate a different address or person receiving notice by so informing the other parties in writing.

11. Binding Effect

This Agreement shall be binding upon and, except as otherwise provided in this Agreement, shall inure to the benefit of the successors and assigns of the respective parties hereto.

12. Severability

If any provision of this Agreement, or the application of such provision to any person, entity, or circumstance, shall be held invalid, the remainder of this Agreement, or the application of such provision to persons, entities, or circumstances other than those in which it was held invalid, shall not be affected.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first above written.

[Remainder of page intentionally blank]

CORKAT DATA SOLUTIONS, LLC,
a Colorado limited liability company

By: _____

Print Name & Title: _____

STATE OF COLORADO)
) ss.
COUNTY OF LARIMER)

The foregoing instrument was acknowledged before me this ____ day of _____, 2013, by _____ as the _____ of CorKat Data Solutions, LLC, a Colorado limited liability corporation.

Witness my hand and official seal.
My commission expires: _____

Notary Public

(S E A L)

BARRY J. FLOYD
an individual

STATE OF COLORADO)

) **ss.**

COUNTY OF LARIMER)

The foregoing instrument was acknowledged before me this ____ day of _____, 2013, by Barry J. Floyd, an individual.

Witness my hand and official seal.

My commission expires: _____

Notary Public

(S E A L)

CITY OF LOVELAND, COLORADO

By: _____
William D. Cahill, City Manager

ATTEST:

City Clerk

APPROVED AS TO FORM:

Deputy City Attorney

STATE OF COLORADO)
) ss.
COUNTY OF LARIMER)

The foregoing instrument was acknowledged before me this ____ day of ____, 2012, by William D. Cahill, City Manager of the City of Loveland, Colorado, and by Teresa Andrews as City Clerk of the City of Loveland, Colorado.

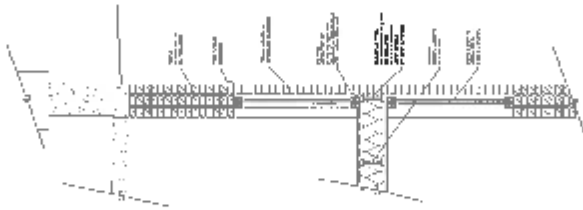
Witness my hand and official seal. My commission expires: _____.

Notary Public

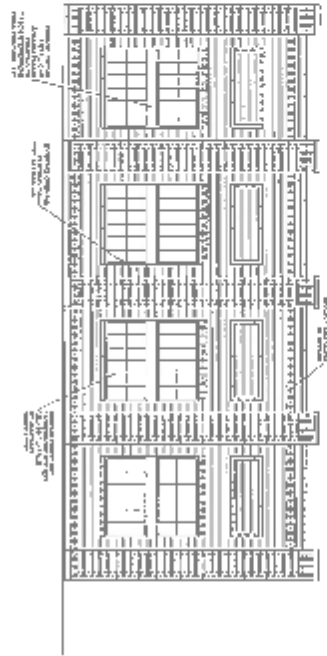
(S E A L)

EXHIBIT A

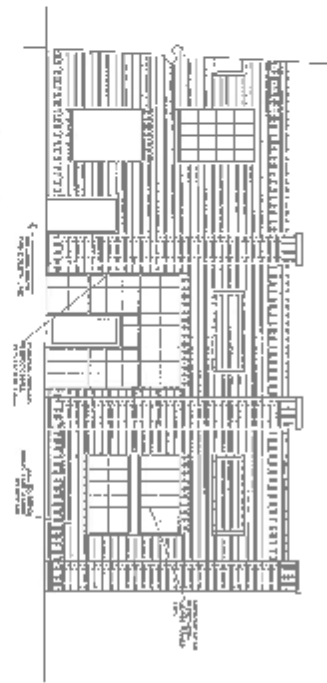
TYP. WINDOW SECTION



NORTH ELEVATION



EAST ELEVATION



A3.0 <small>Sheet</small>	<small>DATE</small> 08/11/10 <small>BY</small> J. W. WILSON <small>CHECKED</small> J. W. WILSON <small>SCALE</small> AS SHOWN <small>PROJECT</small> FACADE RENOVATIONS <small>LOCATION</small> 431 N. KETROUD <small>CITY</small> DENVER, CO <small>STATE</small> COLORADO	<small>CLIENT</small> WATNEY <small>ARCHITECT</small> WATNEY ARCHITECTS <small>ADDRESS</small> 1570 G ST. DENVER, CO 80202 <small>PHONE</small> 303.733.1144 <small>WEBSITE</small> WATNEYARCHITECTS.COM
	<small>DESIGNED BY</small> J. WILSON <small>DATE</small> 08/11/10 <small>BY</small> J. WILSON <small>CHECKED</small> J. WILSON <small>SCALE</small> AS SHOWN <small>PROJECT</small> FACADE RENOVATIONS <small>LOCATION</small> 431 N. KETROUD <small>CITY</small> DENVER, CO <small>STATE</small> COLORADO	



CITY OF LOVELAND
CITY MANAGER'S OFFICE

Civic Center • 500 East Third • Loveland, Colorado 80537
(970) 962-2303 • FAX (970) 962-2900 • TDD (970) 962-2620

AGENDA ITEM: 17
MEETING DATE: 6/18/2013
TO: City Council
FROM: Alan Krcmarik, Executive Fiscal Advisor
PRESENTER: Alan Krcmarik

TITLE:

An Ordinance of the City of Loveland, Colorado, Water Enterprise Authorizing the Issuance and Sale of Water Enterprise Revenue Bond, Series 2013, Payable Solely Out of the Net Revenues to be Determined from the Operation of the City's Water Enterprise; and Providing Other Details Concerning the Bond, Including, Without Limitation, Covenants and Agreements in Connection Therewith

RECOMMENDED ENTERPRISE BOARD ACTION:

Conduct a public hearing and adopt the ordinance on first reading.

OPTIONS:

1. Adopt the action as recommended
2. Deny the action
3. Adopt a modified action (specify in the motion)
4. Refer back to staff for further development and consideration
5. Adopt a motion continuing the item to a future Council meeting

DESCRIPTION:

This is an administrative action authorizing the Water Enterprise to complete a financial transaction with Wells Fargo Bank to obtain \$10 million of bond proceeds to be used by the Water Enterprise to improve the Water Treatment Plant. The action is being done by the Water Enterprise in accordance with Ordinance No. 4454, which in 1999, established and empowered the Enterprise to execute loans, bond issues, and other financial transactions. In Resolution #R-16-2013, Council directed staff to research, consider, and recommend the most advantageous borrowing available. Staff evaluated financing proposals directly from banks, a loan through the Colorado Water Resources & Power Development Authority, and the issuance of Water Enterprise revenue bonds.

A financing proposal with Wells Fargo was determined to be the most advantageous. Based on a competitive request for proposals process, Wells Fargo presented a financing plan for the entire 20 year term, very competitive ("RFP") rates, and a very flexible draw of proceeds process that will save the Water utility considerable interest payments in the first three years. The final rate on the bond will be determined after first reading; at current rate levels the loan

rate would be approximately 2.95%. Rates have risen sharply in the last half of May and will not be finalized until a few days before the second reading.

BUDGET IMPACT:

- Positive
- Negative
- Neutral or negligible

The Water Enterprise will benefit from the receipt of proceeds from the proposed bank financing for construction of the capital project, the expansion of the Water Treatment Facility.

SUMMARY:

The process leading to this Ordinance started with the cost-of-service study for Water and Wastewater beginning in February of 2012. With the review, advice, and support of the Loveland Utilities Commission and the Citizens' Finance Advisory Commission, Council adopted Resolution #R-16-2013 in February of this year. The Resolution provided for:

- 1) Securing, through the most advantageous source, \$10 million of external financing;
- 2) Authorization for an internal loan of \$6 million from the Power Fund to the Water Fund;
- 3) Direction by the Council for future transfers from the General Fund to repay the principal due on the Power Fund internal loan, and
- 4) Adoption of a series of rate increases across all water Utility customer classes for the years 2014 to 2022.

The proposed Bond Ordinance completes the first of the four directives listed above from the Resolution. For the external financing option, staff considered three options.

1. Loan from the Colorado Water Resources & Power Development Authority

City staff met with the CWRPDA and filed an application for a loan. The Authority receives money from Federal sources to make the loan rate lower but required that all labor on the project be paid at prevailing wages (also referred to as "Davis-Bacon" wages). The City will be spending more than the proceeds from an external loan of \$10 million. Total project costs will exceed \$20 million. The prevailing wages requirement applies to all labor in the total project to be done. Information from the engineering consultants indicated that the requirement to pay prevailing wages would increase the cost of the project by 10 percent or more. Staff determined that, although the rate on the loan would be the lowest with this option, the interest savings would be more than offset by the cost of the higher wages. Therefore, this option for external financing was eliminated.

2. City issuance of Water Enterprise Revenue Bonds

City staff, with assistance from the independent financial advisor, determined that the interest rates on a City issued bonds would be higher than rates indicated by the bank financing. The rate differential was determined to be at least one-quarter percent, 0.25%. Annual debt service

over the 20 years would be about \$310,000 higher with City-issued revenue bonds. The other drawback was that the City would begin making full interest payments in the first year after the bond issue. Based on the projected higher costs and less flexibility in the construction draw schedule, this option for external financing was eliminated.

3. Bank Loan Option- Recommended

Staff prepared and released a competitive request-for-proposals for the bank loan form of external financing. Ten proposals were received and reviewed by staff and an independent financial advisor (also selected through a competitive RFP process.) Four semi-finalists were identified and interviewed. The list was narrowed to two proposals based on rates and the ability to cover the 20 year repayment period. The finalist, Wells Fargo Bank, provided a very flexible draw down process and an interest only period at the beginning of the financing term. The project management of the construction process will delay the draws from the external financing, thereby reducing the amount of interest to be paid. Based on analysis of the delaying of draws from the bond proceeds, it is estimated that this will save about \$600,000 of interest cost and will delay the requirement to repay principal. The bank offered a prepayment of principal option with no penalty at year five of the repayment schedule. Then internal sources of funds from the Power Fund will be coordinated with the external financing process to minimize the cost to the City.

The Bond Ordinance designates and provides authorization to Enterprise officials to lock in the interest rates after first reading through the Bond Purchase Agreement (which is attached). To make payments on the proceeds from the bond issue, the City will engage US Bank to serve as the paying agent; a copy of the agreement is also attached.

Closing of the financial transaction is anticipated to be approximately July 16, 2013, ten days after publication of the second reading of the Ordinance.

Contemporaneous with the Water Enterprise Board's adoption of this Bond Ordinance, the City Council will be adopting its own ordinance committing the City to the representations and covenants in the Enterprise's Bond Ordinance and Bond Purchase Agreement.

REVIEWED BY CITY MANAGER:

William D. Cahill

LIST OF ATTACHMENTS:

Ordinance
 Bond Purchase Agreement
 Paying Agent Agreement

FIRST READING: _____

SECOND READING: _____

CITY OF LOVELAND, COLORADO, WATER ENTERPRISE

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF THE CITY OF LOVELAND, COLORADO, WATER ENTERPRISE REVENUE BOND, SERIES 2013, PAYABLE SOLELY OUT OF THE NET REVENUES TO BE DERIVED FROM THE OPERATION OF THE CITY’S WATER ENTERPRISE; AND PROVIDING OTHER DETAILS CONCERNING THE BOND, INCLUDING, WITHOUT LIMITATION, COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH.

WHEREAS, the City of Loveland, in the County of Larimer and State of Colorado (the “City”) is a municipal corporation duly organized and existing under the laws of the State of Colorado and in particular under the provisions of Article XX of the Constitution of the State of Colorado and the City’s Home Rule Charter (the “Charter”); and

WHEREAS, the members of the City Council (the “City Council”) have been duly elected or appointed and qualified; and

WHEREAS, the City now owns and operates a municipal water system (the “System”); and

WHEREAS, the City Council has determined that the System constitutes an enterprise pursuant to Article X, Section 20 of the Colorado Constitution; and

WHEREAS, pursuant to Ordinance 4454 adopted by the City Council on August 4, 1999 (the “Enterprise Ordinance”) the City Council ratified the establishment of the City of Loveland, Colorado, Water Enterprise (the “Enterprise”) and conferred certain powers on the Enterprise; and

WHEREAS, pursuant to the Enterprise Ordinance, the City Council shall serve as the governing body of the Enterprise and the officers of the City Council and of the City shall serve as officers of the governing body of the Enterprise and of the Enterprise; and

WHEREAS, pursuant to the Enterprise Ordinance, the Enterprise has the power to issue revenue bonds in the manner in which City revenue bonds may be issued, without voter approval in advance; may pledge any revenues derived or to be derived from the functions,

services, benefits or facilities of the water activities of the City or any other available funds of the Enterprise to the payment of such revenue bonds and to pay such revenue bonds therefrom; and the Enterprise may make representations, warranties and covenants on behalf of the City and bind the City to perform any obligation relating to the System other than any multiple-fiscal year direct or indirect debt or other financial obligation of the City; and

WHEREAS, pursuant to the Enterprise Ordinance, the City, among other things, continues to own the assets of the System; manages, operates and maintains the System; budgets and appropriates revenues and expenditures of the System; fixes, adjusts and collects water rates, fees, tolls, charges and tap fees relating to the System; and may borrow money, issue bonds or enter into other financial obligations relating to the System as provided in the Colorado Constitution and statutes; and

WHEREAS, the Enterprise Ordinance provides that all bonds or other obligations issued by ordinance of the City Council payable from the net revenues of the System and all revenue bonds or other obligations issued by ordinance of the governing body of the Enterprise payable solely from the net revenues of the System shall be treated as having the same obligor and as being payable in whole or in part from the same source or sources; and

WHEREAS, the Enterprise intends to issue its “City of Loveland, Colorado, Water Enterprise Revenue Bond, Series 2013” (the “Bond”) to finance a portion of the cost of acquiring, constructing, extending, bettering, otherwise improving and equipping the System (the “Project”); and

WHEREAS, pursuant to an ordinance adopted by the City Council on second reading on July 2, 2013 (the “City Ordinance”), the City has agreed to be bound by the terms, provisions, representations, warranties and covenants of the City set forth in this Ordinance; and

WHEREAS, neither the City nor the Enterprise has ever pledged nor in any way hypothecated revenues derived and to be derived directly or indirectly from the operation of the System to the payment of any securities or for any other purpose and with the result that the Net Revenues (as hereinafter defined) may now be pledged lawfully and irrevocably for the payment of the Bond, and they may be made payable from the Net Revenues; and

WHEREAS, Wells Fargo Bank, N.A. (the “Purchaser”) has submitted a Bond Purchase Agreement (the “Bond Purchase Agreement”) to the Enterprise concerning the purchase of the Bond; and

WHEREAS, pursuant to Section 11-57-203, Colorado Revised Statutes, as amended, the Enterprise desires to delegate to the President and Treasurer of the Enterprise the independent authority to accept the Bond Purchase Agreement and to make certain determinations with respect to the Bond as permitted thereby, including, without limitation, the rate of interest on the Bond; and

WHEREAS, there has been filed with the Secretary the following documents: (a) the form of Registrar and Paying Agent Agreement between the Enterprise and U.S. Bank National Association, as registrar and paying agent (the "Paying Agent Agreement"); and (b) the form of the Bond Purchase Agreement; and

WHEREAS, the Board of Directors of the Enterprise (the "Board") has determined and does hereby declare:

- A. In order to meet the present and future needs of the City, it is necessary to extend, better, otherwise improve and equip the System;
- B. The Bond shall be issued to finance a portion of the costs of the Project;
- C. The Net Revenues shall be pledged to the payment of the Bond;
- D. The Bond shall be sold to the Purchaser in accordance with the Bond Purchase Agreement, and such sale is to the best advantage of the City; and
- E. All action preliminary to the authorization of the issuance of the Bond has been taken.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE CITY OF LOVELAND, COLORADO, WATER ENTERPRISE:

ARTICLE I

DEFINITIONS, INTERPRETATION, AND RATIFICATION

Section 101. Short Title. This ordinance shall be known as and may be cited by the short title “2013 Water Enterprise Revenue Bond Ordinance” (this “Ordinance”).

Section 102. Meanings and Construction.

A. Definitions. The terms in this Section for all purposes of this Ordinance and of any ordinance amendatory hereof or supplemental hereto, or relating hereto, and of any other ordinance or any other document pertaining hereto, except where the context by clear implication otherwise requires, shall have the meanings herein specified:

“acquire” or “acquisition” means the opening, laying out, establishment, purchase, construction, securing, installation, reconstruction, lease, gift, grant from the Federal Government, the State, any body corporate and politic therein, or any other Person, the endowment, bequest, devise, transfer, assignment, option to purchase, other contract, or other acquisition, or any combination thereof, of any properties pertaining to the System, or an interest therein, or any other properties herein designated.

“Advance” means an advance of principal on the Bond made by the Purchaser to the Enterprise in the maximum aggregate principal amount of \$10,000,000, in accordance with this Ordinance and as further set forth in the Bond Purchase Agreement.

“Advance Date” means initially the date of the first advance of principal on the Bond and thereafter shall mean any date on which the Purchaser advances money to the Enterprise as provided herein and in the Bond Purchase Agreement.

“Advance Request” means a request by an Authorized Representative to the Purchaser requesting that the Purchaser Advance moneys to the Enterprise pursuant to the terms of this Ordinance and the Bond Purchase Agreement, in substantially the form attached to the Bond Purchase Agreement.

“Authorized Representative” means the City Manager, the Director of Finance, the Treasurer, or any other person or persons who are officers, employees or agents of the City or the Enterprise at the time designated to act on behalf of the Enterprise for purposes of requesting an Advance of money from the Purchaser pursuant to an Advance Request, by a written certificate furnished to the City, the Enterprise, the Paying Agent and the Purchaser containing the specimen signature of such person or persons and signed on behalf of the Enterprise by the President of the Enterprise.

“Board” means the Board of Directors of the Enterprise.

“Bond Counsel” means an attorney or a firm of attorneys, designated by the Enterprise of nationally recognized standing in matters pertaining to the tax status of interest on Bond issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America or the City of Columbia.

“Bond Fund” means the special fund held by the Enterprise designated as the “City of Loveland, Colorado, Water Enterprise Revenue Bond, Series 2013 Bond Fund” created pursuant to Section 605 hereof.

“Bond Purchase Agreement” means the Bond Purchase Agreement among the City, the Enterprise and the Purchaser.

“Bond Year” means the twelve (12) months commencing on the second day of August of any calendar year and ending on the first day of August of the next succeeding calendar year.

“Bond” means the security issued hereunder and designated as the “City of Loveland, Colorado, Water Enterprise Revenue Bond, Series 2013.”

“Business Day” means a day which is not (i) a Saturday, Sunday or legal holiday on which banking institutions in the State of Colorado, the State of New York, or the state in which the principal office of the Paying Agent is located are authorized by law to close, (ii) a day on which the New York Stock Exchange is closed, or (iii) a day on which the Federal Reserve is closed.

“Capital Improvements” means the acquisition of land, easements, facilities, and equipment (other than ordinary repairs and replacements), and those property improvements or any combination of property improvements which will constitute enlargements, extensions or betterments to the System and will be incorporated into the System.

“Charter” means the home rule charter of the City, as from time to time amended.

“City” means the City of Loveland, Colorado, or any successor municipal corporation owning the System.

“City Council” means the City Council of the City, and any successor governing body of the municipal corporation owning the System.

“City Manager” means the duly appointed and acting City Manager of the City.

“City Ordinance” means the ordinance duly adopted by the City Council on second reading on July 2, 2013, pursuant to which the City has agreed to be bound to the

terms, provisions, representations, warranties and covenants of the City contained in this Ordinance.

“Closing Date” means the date of the initial issuance of the Bond and the delivery thereof to the Purchaser.

“Commercial Bank” means a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation (or any successors thereto) and of the Federal Reserve System, which has a capital and surplus of \$75,000,000 or more, and which is located within the United States of America.

“Construction Fund” means the special fund held by the City or the Enterprise designated as the “City of Loveland, Colorado, Water Enterprise Revenue Bond, Series 2013 Construction Fund” created pursuant to Section 501A hereof.

“Costs of Issuance” means all financial, legal, and accounting fees, the fees and expenses of the Purchaser and of counsel to the Purchaser, and similar costs incurred in connection with the issuance of the Bond.

“Costs of Issuance Fund” means the “City of Loveland, Colorado, Water Enterprise Revenue Bond, Series 2013 Costs of Issuance Fund” established with the Paying Agent and referred to in Sections 501A and 505 hereof.

“Cost of the Project” means all costs, as designated by the City or the Enterprise, of the Project, or any interest therein, which cost, at the option of the City or the Enterprise (except as may be otherwise limited by law) may include all, any one or other portion of the incidental costs pertaining to the Project, including, without limitation:

- (a) All preliminary expenses or other costs advanced by the City or advanced by the Federal Government, the State or by any other Person from any source, with the approval of the City Council, or any combination thereof, or otherwise;
- (b) The costs of making surveys and tests, audits, preliminary plans, other plans, specifications, estimates of costs and other preliminaries;
- (c) The costs of contingencies;
- (d) The costs of premiums on any builders’ risk insurance and performance bonds during the construction, installation and other acquisition of the Project, or a reasonably allocated share thereof;
- (e) The costs of appraising, printing, estimates, advice, inspection, other services of engineers, architects, accountants, financial consultants, attorneys at law, clerical help and other agents and employees;

(f) The costs of making, publishing, posting, mailing and otherwise giving any notice in connection with the Project and the issuance of the Bond;

(g) All costs and expenses of issuing the Bond including, without limitation, fees and expenses of bond counsel, counsel to the Purchaser, financial advisor and similar expenses to the extent not defrayed as an Operation and Maintenance Expense;

(h) The costs of the filing or recording of instruments and the cost of any title insurance premiums;

(i) The costs of funding any construction loans and other temporary loans pertaining to the Project and of the incidental expenses incurred in connection with such loans;

(j) The costs of demolishing, removing, or relocating any buildings, structures, or other facilities on land acquired for the Project, and of acquiring lands to which such buildings, structures or other facilities may be moved or relocated;

(k) The costs of machinery and equipment;

(l) The costs of any properties, rights, easements or other interests in properties, or any licenses, privileges, agreements and franchises;

(m) The costs of labor, material and obligations incurred to contractors, builders and materialmen in connection with the acquisition and construction of the Project;

(n) The costs of amending any ordinance, resolution or other instrument pertaining to the Bond or otherwise to the System; and

(o) All other expenses pertaining to the Project.

“Debt Service Requirements” means the principal of, any prior redemption premiums due in connection with, and the interest on the Bond or other securities payable from the Net Revenues and heretofore or hereafter issued, if any, or such part of such securities as may be designated; provided that the determination of the Debt Service Requirements of any securities shall assume the redemption and payment of such securities on any applicable mandatory redemption date.

When computing the Debt Service Requirements for the Bond, the Default Interest Rate shall not be used unless an Event of Default has occurred and is continuing hereunder and at the time of any such computation the Bond is bearing interest at the Default Interest Rate.

When computing the Debt Service Requirements for any issue of Variable Rate Bonds, it shall be assumed that any such securities Outstanding at the time of the

computation will bear interest during any period at the highest of (a) the actual rate on the date of calculation, or if the securities are not yet outstanding, the initial rate (if established and binding), (b) if the securities have been outstanding for at least twelve (12) months, the average rate over the twelve (12) months immediately preceding the date of calculation, and (c) (i) if interest on the securities is excludable from gross income under the applicable provisions of the Tax Code, the average of the SIFMA Index during the preceding twelve (12) months plus one hundred (100) basis points, or (ii) if interest is not so excludable, the interest rate on direct Federal Securities with comparable maturities plus fifty (50) basis points. It is to be further assumed that any such Variable Rate Bonds that may be tendered prior to maturity for purchase at the option of the owner thereof will mature on their stated maturity dates or mandatory redemption dates.

For purposes of calculating the Debt Service Requirements, if a Parity Financial Products Agreement has been entered into by the City or the Enterprise with respect to the Bond or any Parity Bonds, interest on the Bond or such Parity Bonds shall be included in the calculation of such principal and interest by including for each Fiscal Year an amount equal to the amount of interest payable on the Bond or such Parity Bonds in such Fiscal Year during such period determined as hereinabove provided plus any Financial Products Payments payable in any such Fiscal Year minus any Financial Products Receipts receivable in any such Fiscal Year; provided that in no event shall any calculation made pursuant to this sentence result in a number less than zero being included in the calculation of such interest.

In determining the amount of any Financial Products Payments or Financial Products Receipts on any interest rate swaps or other similar Financial Products Agreement which Payments or Receipts are based on interest rates which are not fixed in percentage for the entire term of the Financial Products Agreement, such amount shall be calculated by assuming such variable interest rate is a fixed interest rate equal to the average of the daily interest rate for such Payments or Receipts under such Financial Products Agreement during the twelve months preceding the calculation or during the time the Financial Products Agreement has been in effect if less than twelve months and if such Financial Products Agreement is not then in effect, the variable interest rate shall be deemed to be a fixed interest rate equal to the average daily interest rate for such Payments or Receipts which would have been applicable if such Financial Products Agreement had been in effect for the preceding twelve month period, all as set forth in a certificate of the Director of Finance.

In determining the amount of any Financial Products Payments or Financial Products Receipts on any interest rate cap, floor, collar or other similar Financial Products Agreement with respect to Parity Bonds which are Variable Rate Bonds, such amount shall be calculated by assuming the interest rate on the related Variable Rate Bonds will be a fixed interest rate equal the average of the daily interest rate on such Variable Rate Bonds during the twelve months preceding the calculation or during the time the Variable Rate Bonds are Outstanding if less than twelve months and if such Variable Rate Bonds are not at the time of calculation Outstanding, the variable interest rate shall be deemed to be a fixed interest rate equal to the average daily interest rate which such Variable Rate Bonds would have borne if they had been Outstanding for the preceding twelve month period as estimated by the Director of Finance, all as set forth in a certificate of the Director of Finance. In determining the amount of any

Financial Products Payments or Financial Products Receipts on any interest rate cap, floor, collar or other similar Financial Products Agreement with respect to Parity Bonds bearing interest at a fixed rate, such amount shall be the amount payable or receivable annually determined as of the date of issuance of the Parity Bonds as set forth in a certificate of the Director of Finance.

“Default Interest Rate” means a rate equal to the Prime Rate plus 4.00%, which is the interest rate to be borne by the Bond upon the occurrence and continuation of an Event of Default hereunder.

“Director of Finance” means the duly appointed Director of Finance of the City, or his or her successor in functions, if any.

“Enterprise” means the City of Loveland, Colorado, Water Enterprise.

“Enterprise Ordinance” means Ordinance 4454, adopted by the City Council on August 4, 1999, pursuant to which the establishment of the Enterprise was ratified, approved and confirmed and pursuant to which certain powers were conferred upon the Enterprise.

“Executive Fiscal Advisor” means the Executive Fiscal Advisor of the City or his or her successors in function.

“Events of Default” means the events stated in Section 1003 hereof.

“Federal Government” means the United States of America and any agency, instrumentality or corporation thereof.

“Federal Securities” means bills, certificates of indebtedness, notes, or bonds which are direct obligations of, or the principal and interest of which obligations are unconditionally guaranteed by, the United States of America.

“Final Advance Date” means the last day on which the Purchaser may advance funds to the Enterprise pursuant to the Bond Purchase Agreement, which shall be the earlier of: (i) the date that is three years after the Closing Date, (ii) the date on which the Enterprise notifies the Purchaser in writing that it will not be requesting any additional Advances, or (iii) the date on which the Purchaser has in the aggregate Advanced \$10,000,000 to the Enterprise.

“Financial Products Agreement” means an interest rate swap, cap, collar, floor, other hedging agreement, arrangement or security, however denominated, entered into by the City or the Enterprise with a Provider not for investment purposes but with respect to the Bond or specific Parity Bonds and providing that any payments by the City or the Enterprise thereunder shall be made only from Net Revenues and for the purpose of (i) reducing or otherwise managing the City’s or the Enterprise’s risk of interest rate changes or (ii) effectively converting the City’s or the Enterprise’s interest rate exposure, in whole or in part, from a fixed

rate exposure to a variable rate exposure, or from a variable rate exposure to a fixed rate exposure.

“Financial Products Payments” means payments periodically required to be paid to a Provider by the City or the Enterprise pursuant to a Financial Products Agreement but specifically not including any termination, settlement or similar payments required to be paid upon an early termination of the Financial Products Agreement or as a result of any event of default thereunder.

“Financial Products Receipts” means amounts periodically required to be paid to the City or the Enterprise by a Provider pursuant to a Financial Products Agreement but specifically not including any termination, settlement or similar payments required to be paid upon an early termination of the Financial Products Agreement or as a result of any event of default thereunder.

“Fiscal Year” means the calendar year or any other 12 month period hereafter selected by the City as its fiscal year.

“Gross Revenues” means all income, charges and revenues derived directly or indirectly by the City from the operation and use of and otherwise pertaining to the System, or any part thereof, whether resulting from Capital Improvements or otherwise, and includes all income, charges and revenues received by the City from the System, including without limitation:

(a) All fees, rates and other charges for the use of the System, or for any service rendered by the City in the operation thereof, directly or indirectly, the availability of any such service, or the sale or other disposal of any commodities derived therefrom, including, without limitation, connection charges, but:

(i) Excluding any moneys borrowed and used for the acquisition of Capital Improvements or for the refunding of securities, and all income or other gain from any investment of such borrowed moneys;

(ii) Excluding any moneys received as grants, appropriations or gifts from the Federal Government, the State, or other sources, the use of which is limited by the grantor or donor to the construction of Capital Improvements, except to the extent any such moneys shall be received as payments for the use of the System, services rendered thereby, the availability of any such service, or the disposal of any commodities therefrom; and

(iii) Excluding any Financial Products Receipts;

(b) All income or other gain from any investment of Gross Revenues (including without limitation the income or gain from any investment of all Net Revenues, but excluding borrowed moneys and all income or other gain thereon in any acquisition or construction fund, reserve fund, or any escrow fund for any other Parity Bonds payable from Net Revenues heretofore or hereafter issued and excluding any unrealized gains or losses on any investment of Gross Revenues) unless the Board otherwise provides by ordinance; and

(c) All income and revenues derived from the operation of any other utility or other income-producing facilities added to the System and to which the pledge and lien herein provided are extended by ordinance adopted by the Board.

“improve” or “improvement” means the extension, reconstruction, alteration, betterment or other improvement by the construction, purchase or other acquisition of facilities, including, without limitation, appurtenant machinery, apparatus, fixtures, structures and buildings.

“Income Fund” means the special fund held by the City and designated as the “City of Loveland, Colorado, Water Enterprise Gross Income Fund” created in Section 602 hereof.

“Independent Accountant” means any certified public accountant, or any firm of certified public accountants, duly licensed to practice and practicing as such under the laws of the State:

(a) Who is, in fact, independent and not under the domination of the City;

(b) Who does not have any substantial interest, direct or indirect, with the City, and

(c) Who is not connected with the City as an officer or employee thereof, but who may be regularly retained to make annual or similar audits of any books or records of the City.

“Independent Engineer” means an individual, firm or corporation engaged in the engineering profession of recognized good standing and having specific experience in respect of business and properties of a character similar to those of the System, which individual, firm or corporation has no substantial interest, direct or indirect, in the City and in the case of an individual, is not a member of the City Council or the Board, or an officer or employee of the City or the Enterprise, and in the case of a firm or corporation, does not have a partner, director, officer or employee who is a member of the City Council or the Board or an officer or employee of the City or the Enterprise.

“Independent Rate Consultant” means a nationally recognized individual, firm or corporation of independent rate consultants of recognized good standing and having specific experience in respect of business and properties of a character similar to those of the System, which individual, firm or corporation has no substantial interest, direct or indirect, in the City and in the case of an individual, is not a member of the City Council or the Board, or an officer or employee of the City or the Enterprise, and in the case of a firm or corporation, does not have a partner, director, officer or employee who is a member of the City Council or the Board or an officer or employee of the City or the Enterprise.

“Interfund Loan from Power Enterprise” means the \$6 million interfund loan to be made from the City’s Power Enterprise to the City’s Water Enterprise to finance a portion of the costs of the Project. The Interfund Loan from Power Enterprise shall be a Subordinate Security.

“Maximum Annual Debt Service Requirements” means the maximum aggregate amount of Debt Service Requirements (excluding redemption premiums) due on the securities for which such computation is being made in any Fiscal Year beginning with the Fiscal Year in which Debt Service Requirements of such securities are first payable after the computation date and ending with the Fiscal Year in which the last of the Debt Service Requirements are payable.

“Net Revenues” means the Gross Revenues remaining after the payment of the Operation and Maintenance Expenses of the System.

“Operation and Maintenance Expenses” means all reasonable and necessary current expenses of the City, paid or accrued, of operating, maintaining and repairing the System or any component division or other part thereof, or any other designated facilities in connection with which such term is used including, without limitation, all salaries, labor, materials and repairs necessary to render efficient service; and the term includes, at the option of the City, acting by and through the City Council, except as limited by law, without limitation:

- (a) Engineering, auditing, reporting, legal and other overhead expenses of the various departments of the City directly related and reasonably allocable to the administration, operation and maintenance of the System;
- (b) Fidelity bond premiums and property and liability insurance premiums pertaining to the System, or a reasonably allocable share of a premium of any blanket bond or policy pertaining to the System;
- (c) Payments to pension, retirement, health and hospitalization funds, other insurance, and to any self-insurance fund;
- (d) Any general (ad valorem) taxes, assessments, excise taxes or other charges which may be lawfully imposed on the City, the System, revenues therefrom, or the City’s income from or operations of any properties under its

control and pertaining to the System, or any privilege in connection with the System or its operation (but no payments made in lieu of taxes);

(e) The reasonable charges of the Paying Agent, any alternate Paying Agent, any paying agents or escrow agent for any securities payable from the Net Revenues which have been or will be refunded, and any other depository bank pertaining to the Bond and any other securities payable from the Net Revenues or otherwise pertaining to the System;

(e) Contractual services, professional services, salaries, other administrative expenses and costs of materials, supplies, repairs and labor pertaining to the System or to the issuance of the Bond or any other securities relating to the System, including, without limitation, the expenses and compensation of any trustee, receiver or other fiduciary;

(f) The costs incurred by the City in the collection and any refunds of all or any part of the Gross Revenues;

(g) Any costs of utility services furnished to the System by the City or otherwise, including, without limitation, the contracting by the City for water from any Person, for distribution through the System or for the transmission or treatment of water for use by the City and its customers and the obligations due under any contract pertaining thereto on a take-and-pay basis or take-or-pay basis or otherwise; and

(h) All other administrative, general and commercial expenses pertaining to the System and all other current expenses pertaining to the System which are properly classified as operation and maintenance expenses under generally accepted accounting principles; but

(i) Excluding any allowance for depreciation;

(ii) Excluding any costs of Capital Improvements (or any combination thereof);

(iii) Excluding any reserves for major capital replacements (other than normal repairs);

(iv) Excluding any reserves for operation, maintenance or repair of the System;

(v) Excluding any allowance for the redemption of the Bond or other security evidencing a loan or other obligation, or the payment of any interest thereon, or any prior redemption premium due in connection therewith, or any reserve therefor;

(vi) Excluding any liabilities for Financial Products Payments; and

(vii) Excluding any liabilities incurred in the acquisition or improvement of any properties comprising any project or any existing facilities (or any combination thereof) incorporated into the System, or otherwise.

“Outstanding” when used with reference to the Bond, Parity Bonds, or any other designated securities and as of any particular date means all the Bond, Parity Bonds, or any such other securities payable from the Net Revenues or otherwise pertaining to the System, as the case may be, in any manner theretofore and thereupon being executed and delivered:

(a) Except the Bond or other security canceled by the Enterprise or the City, by any paying agent, or otherwise on the Enterprise’s or City’s behalf, at or before such date;

(b) Except the Bond or other security deemed to be paid as provided in Section 1201 hereof or any similar provision of the ordinance authorizing the issuance of such other security;

(c) Except the Bond or other security in lieu of or in substitution for which another Bond or other security shall have been executed and delivered pursuant to Sections 306, 307 or 1108 hereof or any similar provisions of the ordinance authorizing the issuance of such other security.

“Owner” means the registered owner of any designated Bond or other designated security.

“Parity Bonds” means, collectively, any bonds, warrants, notes, securities, leases, contracts or other financial obligations hereafter issued or executed by the Enterprise or the City and payable in whole or in part from and having an irrevocable lien upon the Net Revenues equally or on a parity with the Bond.

“Parity Bond Ordinances” means any agreements or other instruments hereafter entered into by the Enterprise or the City with respect to Parity Bonds and, without duplication, any ordinances hereafter adopted by the Board or the City Council authorizing the issuance of Parity Bonds.

“Parity Financial Products Agreement” means any Financial Products Agreement pursuant to which Financial Products Payments are payable from Net Revenues on a parity with the Bond.

“Paying Agent” initially shall mean U.S. Bank National Association, Denver, Colorado, or its successors, acting as paying agent for the Bond, and any successor thereto appointed pursuant to the provisions of the Paying Agent Agreement.

“Paying Agent Agreement” means the Registrar and Paying Agent Agreement, between the Enterprise and the Paying Agent.

“Permitted Investments” means any securities or other obligations permitted as investments of moneys of the City under the laws of the State and the Charter.

“Person” means a corporation, firm, other body corporate (including, without limitation, the Federal Government, the State, or any other body corporate and politic other than the City or the Enterprise), partnership, limited liability company, association or individual, and also includes an executor, administrator, trustee, receiver or other representative appointed according to law.

“President” means the President of the Enterprise.

“Prime Rate” means, for any day, the rate of interest per annum announced from time to time by Wells Fargo Bank, National Association in its sole discretion as its prime rate. The Prime Rate shall change on the day on which such a change is announced by Wells Fargo Bank, National Association. The Prime Rate is not necessarily announced to the public or the lowest rate charged to any corporate customer by Wells Fargo Bank, National Association.

“Project” means the land, facilities and rights constructed, installed, purchased and otherwise acquired for the System, the cost of which is to be defrayed with a portion of the proceeds of the Bond and which constitute Capital Improvements.

“Provider” means any financial institution or insurance company which is a party to a Financial Products Agreement with the Enterprise or the City.

“Purchaser” means Wells Fargo Bank, N.A., as the initial purchaser of the Bond.

“Purchaser’s Letter” means a letter delivered and executed by the Purchaser on the Closing Date in substantially the form attached to the Bond Purchase Agreement.

“Rebate Fund” means the special account designated as the “City of Loveland, Colorado, Water Enterprise Revenue Bond, Series 2013 Rebate Fund” created pursuant to Section 607 hereof.

“Record Date” means the close of business on the fifteenth day (whether or not a Business Day) of the calendar month next preceding an interest payment date.

“Redemption Date” means the date fixed for the redemption prior to the maturity date of the Bond or other designated securities payable from Net Revenues in any notice of prior redemption or otherwise fixed and designated by the Enterprise.

“Registrar” initially shall mean U.S. Bank National Association, Denver, Colorado, or its successors, acting as registrar for the Bond, and any successor thereto appointed pursuant to the provisions of the Paying Agent Agreement.

“Sale Certificate” means the sale certificate of the Enterprise relating to the Bond executed and delivered pursuant to the Supplemental Public Securities Act and described in Section 212 hereof.

“Secretary” means the Secretary of the Enterprise, or his or her successor in functions, if any.

“SIFMA Index” means the Securities Industry and Financial Markets Association Municipal Swap Index, produced by Municipal Market Data, or if such index is not published, then such other index selected by the Executive Fiscal Advisor which reflects the yield of tax-exempt seven-day variable rate demand bonds.

“Special Record Date” means a special date fixed by the Paying Agent to determine the name and address of the Owner of the Bond for the purpose of paying interest on a special interest payment date for the payment of defaulted interest, all as further provided in Section 302C hereof.

“State” means the State of Colorado.

“Subordinate Securities” means any bonds, warrants, notes, securities, leases, contracts or other financial obligations payable from the Net Revenues subordinate and junior to the lien thereon of the Bond and any Parity Bonds. The Interfund Loan from Power Enterprise shall constitute a Subordinate Security.

“Supplemental Public Securities Act” means Part 2 of Article 57 of Title 11, Colorado Revised Statutes, as amended.

“System” means the municipal water system, consisting of all properties, real, personal, mixed or otherwise, now owned or hereafter acquired by the City, through purchase, construction and otherwise, and used in connection with such system of the City, and in any way pertaining thereto, whether or not located within or without or both within and without the boundaries of the City; and such defined term includes any other utility or other income-producing facilities added to the System and to which the lien and pledge herein provided are extended by ordinance adopted by the Board.

“Tax Code” means the Internal Revenue Code of 1986, as amended.

“Tax Compliance Certificate” means the Tax Compliance Certificate executed by the Enterprise in connection with the initial issuance and delivery of the Bond as it may from time to time be modified pursuant to its terms.

“Treasurer” means the Treasurer of the Enterprise, which shall be the Director of Finance of the City.

“Trust Bank” means a Commercial Bank which is authorized to exercise and is exercising trust powers located within or without the State, and also means any branch of the Federal Reserve Bank.

“Variable Rate Bonds” means any securities payable from Net Revenues issued with a variable, adjustable, convertible or other similar interest rate which is not fixed in percentage for the entire term thereof at the date of issue. The Bond shall not be deemed to be a Variable Rate Bond unless at the time of any applicable calculation the Bond is bearing interest at the Default Interest Rate.

“Water Activity Act” means part 1 of article 45.1 of title 37, Colorado Revised Statutes.

B. City-Held and Enterprise-Held Securities. Any securities payable from any Net Revenues held by the City or the Enterprise shall not be deemed to be Outstanding for the purpose of redemption nor Outstanding for the purpose of consents hereunder or for any other purpose herein.

Section 103. Parties Interested Herein. Nothing herein expressed or implied confers any right, remedy or claim upon any Person, other than the Enterprise, the Board, the City, the City Council, the Paying Agent, the Owner of the Bond and the Owners of any Parity Bonds or other securities payable from the Net Revenues when reference is expressly made thereto. All the covenants, stipulations, promises and agreements herein contained by and on behalf of the City shall be for the sole and exclusive benefit of the Enterprise, the Board, the City, the City Council, the Paying Agent, the Owner of the Bond and the Owners of any such other securities in the event of such a reference.

Section 104. Ratification; Approval of Documents. All action heretofore taken (not inconsistent with the provisions of this Ordinance) by the Board, the officers of the Enterprise and otherwise taken by the Enterprise directed toward the Project and the sale and delivery of the Bond for such purposes, be, and the same hereby is, ratified, approved and confirmed.

Section 105. Repealer. All bylaws, orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any such bylaw, order, resolution or ordinance, or part thereof, heretofore repealed.

Section 106. Severability. If any section, subsection, paragraph, clause or other provision of this Ordinance for any reason is invalid or unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause or other provision shall not affect any of the remaining provisions of this Ordinance.

Section 107. Ordinance Irrepealable. After the Bond is issued, this Ordinance shall constitute an irrevocable contract between the Enterprise, the City and the Owner of the Bond and this Ordinance shall be and shall remain irrepealable until the Bond, as to all Debt Service Requirements, shall be fully paid, canceled, and discharged, except as herein otherwise provided.

ARTICLE II

DETERMINATION OF THE ENTERPRISE'S AUTHORITY AND OBLIGATIONS; APPROVAL OF RELATED DOCUMENTS; AND ELECTION TO APPLY SUPPLEMENTAL PUBLIC SECURITIES ACT TO THE BOND

Section 201. Authority. This Ordinance is adopted and the Bond shall be issued pursuant to the Enterprise Ordinance, the Water Activity Act and the Supplemental Public Securities Act. The Enterprise Ordinance provides that the Enterprise may make representations, warranties and covenants on behalf of the City and the City has further agreed to be bound by the terms, provisions, representations, warranties and covenants of the City contained in this Ordinance pursuant to the City Ordinance adopted by the City Council concurrently with the adoption of this Ordinance by the Board.

Section 202. Bonds Equally Secured. The covenants and agreements herein set forth to be performed on behalf of the Enterprise and the City shall be for the equal benefit, protection and security of the Owners of any and all of the Outstanding Bond and any Outstanding Parity Bonds hereafter authorized and issued, and any Parity Credit Facility Obligations relating thereto and any Providers of Parity Financial Products Agreements hereafter entered into, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of such securities over any other thereof, except as otherwise expressly provided in or pursuant to this Ordinance.

Section 203. Special Obligations. All of the Debt Service Requirements of the Bond shall be payable and collectible solely out of the Net Revenues, which revenues are hereby so pledged, and to the extent provided herein, from moneys on deposit in the Construction Fund and the Bond Fund. The Owner of the Bond may not look to any general or other fund for the payment of such Debt Service Requirements, except the herein designated special funds pledged therefor. The Bond shall not constitute an indebtedness or a debt within the meaning of any constitutional, Charter or statutory provision or limitation; and the Bond shall not be considered or held to be general obligations of the Enterprise or the City but shall constitute its special, limited obligation. No Charter, statutory or constitutional provision enacted after the issuance of the Bond shall in any manner be construed as limiting or impairing the obligation of the

Enterprise or the City to comply with the provisions of this Ordinance or to pay the Debt Service Requirements of the Bond as herein provided.

Section 204. Character of Agreement. None of the covenants, agreements, representations and warranties contained herein or in the Bond shall ever impose or shall be construed as imposing any liability, obligation or charge against the Enterprise or the City (except the special funds pledged therefor), or against its general credit, or as payable out of its general fund or out of any funds derived from taxation or out of any other revenue source (other than those pledged therefor).

Section 205. No Pledge of Property. The payment of the Bond is not secured by an encumbrance, mortgage or other pledge of property of the Enterprise or the City, except for the Net Revenues and other moneys pledged for the payment of the Debt Service Requirements of the Bond. No property of the Enterprise or the City, subject to such exception, shall be liable to be forfeited or taken in payment of the Bond.

Section 206. No Recourse Against Officers and Agents. No recourse shall be had for the payment of the Debt Service Requirements of the Bond or for any claim based thereon or otherwise upon this Ordinance or any other ordinance pertaining hereto, against any individual member of the Board, the City Council or any officer, employee or other agent of the Enterprise or the City, past, present or future, either directly or indirectly through the Board, the City Council, the Enterprise or the City, or otherwise, whether by virtue of any penalty or otherwise, all such liability, if any, being by the acceptance of the Bond and as part of the consideration of their issuance specially waived and released.

Section 207. Authorization of the Project. The Board of the Enterprise, on behalf of the City, does hereby determine to undertake the Project, which is hereby authorized, and the net proceeds of the Bond shall be used therefor.

Section 208. Enterprise Status. In the City Ordinance, the City has confirmed that the Enterprise qualifies as an "enterprise" for the purposes of Article X, Section 20 of the State Constitution. In particular, (i) the System is owned by the City, (ii) the Enterprise has received under 10% of its annual revenues from all Colorado state and local governments combined, and (iii) the Enterprise has the power to issue its own revenue bonds in the manner and payable from the sources set forth in this Ordinance.

Section 209. Sale of the Bond; Bond Purchase Agreement. The Board hereby finds and determines that the Bond shall be sold to the Purchaser substantially in accordance with the provisions of the Bond Purchase Agreement filed with the Secretary, provided that the Bond Purchase Agreement may be completed, corrected or revised as deemed necessary by the parties thereto in order to carry out the purposes of this Ordinance. Pursuant to the Supplemental Public Securities Act, the Board hereby delegates to both the President and the Treasurer the independent authority to accept the Bond Purchase Agreement from the Purchaser, subject to the parameters set forth herein and the other terms and provisions set forth in this Ordinance.

Certain terms of the Bond that are not set forth in this Ordinance shall be set forth in the Sale Certificate as hereinafter provided.

Section 210. Paying Agent Agreement. The Board hereby approves the Paying Agent Agreement in substantially the form filed with the Secretary, provided that such document may be completed corrected or revised as deemed necessary by the parties thereto in order to carry out the purposes of this Ordinance and to comply with the terms of the Sale Certificate.

Section 211. Execution of Documents; Taking of Necessary Action. The President, the Secretary and any deputy thereof, the Treasurer, the Attorney to the Enterprise, and other officers and employees of the Enterprise are hereby independently authorized and directed to take all action necessary or appropriate to finance and construct the Project, issue the Bond and otherwise effect the provisions of this Ordinance, including without limitation, executing, attesting, authenticating and delivering for and on behalf of the Enterprise, the Bond, the Paying Agent Agreement and such other agreements, instruments, certificates and opinions as may be required to implement the transactions contemplated hereby, or as may otherwise be reasonably required by the Enterprise's bond counsel. The execution of any document or instrument by the appropriate officers of the Enterprise herein authorized shall be conclusive evidence of the approval by the Enterprise of such document or instrument in accordance with the terms hereof.

Section 212. Election to Apply Supplemental Public Securities Act to the Bond. Pursuant to Section 11-57-204 of the Supplemental Public Securities Act, a public entity, including the Enterprise, may elect in an act of issuance to apply all or any of the provisions of the Supplemental Public Securities Act. The Board hereby elects to apply all of the provisions of the Supplemental Public Securities Act to the Bond. The Bond is issued under the authority of the Supplemental Act and shall so recite.

Pursuant to such election to apply Section 11-57-205 of the Supplemental Public Securities Act to the Bond, the Board hereby delegates to both the President and the Treasurer the authority to independently make any determination delegable pursuant to Section 11-57-205(1)(a-i) of the Supplemental Act, in relation to the Bond and to execute a Sale Certificate setting forth such determinations, without any requirement that the Board approve such determinations, subject to the following parameters and restrictions:

A. The maximum annual interest rate to be borne by the Bond shall not exceed ____%; provided, however, that upon the occurrence and continuation of an Event of Default hereunder, the Bond may bear interest at the Default Interest Rate.

B. The principal amount of the Bond shall not exceed \$10,000,000.

C. The Bond shall mature no later than August 1, 2033.

D. The closing fee to be paid to the Purchaser shall not exceed \$25,000, which is an amount equal to 1/4th of 1% of the maximum principal amount of the Bond.

The delegation set forth in this Section 212 shall be effective for one year following the date of adoption of this Ordinance.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION AND ISSUANCE OF THE BOND

Section 301. Authorization of the Bond. For the purpose of protecting the public health, conserving the property and advancing the general welfare of the citizens of the City and of defraying wholly or in part the costs of the Project, there shall be and there is hereby authorized to be issued by the Enterprise pursuant to this Ordinance, the Water Activity Act and the Supplemental Act the “City of Loveland, Colorado, Water Enterprise Revenue Bond, Series 2013” and the Enterprise hereby pledges irrevocably, but not necessarily exclusively, the Net Revenues to the payment of the Debt Service Requirements of the Bond. The maximum principal amount of the Bond shall be \$10,000,000 or such lesser amount as shall represent the aggregate principal amount Advanced to the Enterprise by the Purchaser on or prior to the Final Advance Date. The Board hereby finds and determines that the issuance of the Bond in the form and manner provided herein is advantageous to the City.

Section 302. Bond Details.

A. Basic Provisions. The Bond shall be issued as one term bond in the maximum principal amount of \$10,000,000, in fully registered form (*i.e.* registered as to payment of both principal and interest), and shall initially be registered in the name of the Purchaser, and shall not be registered in the name of a securities depository. The Bond shall be numbered in the manner determined by the Paying Agent.

The obligation of the Enterprise as represented by the Bond shall be \$10,000,000 or such lesser amount as shall represent the aggregate principal amount Advanced by the Purchaser to the Enterprise in accordance with the Bond Purchase Agreement, as shown on the records of the Enterprise kept by the Paying Agent. When an Advance is made by the Purchaser to the Enterprise, the amount of such advance shall be noted on the Table of Advances attached to the Bond. When payments of principal are made on the Bond, such payments shall also be noted on the appropriate schedule attached to the Bond.

The Bond shall be dated as of the Closing Date and shall bear interest at the rate set forth in the Sale Certificate on the unpaid balance of the total principal Advanced from their respective Advance Dates to maturity or prior redemption, with interest payable on each February 1 and August 1, beginning on the date set forth in the Sale Certificate. Interest shall be computed on the basis of a 360-day year consisting of twelve months of thirty days each. The Bond shall mature on the date set forth in the Sale Certificate and shall be subject to prior redemption as set forth in the Sale Certificate. Upon the occurrence and continuation of an Event of Default hereunder, the Bond shall bear interest at the Default Interest Rate.

B. Advances from the Purchaser. Principal Advances on the Bond made by the Purchaser to the Enterprise shall be in integral multiples of \$1,000. In connection with the initial Advance, the Enterprise shall receive an executed copy of the Purchaser's Letter. Except for the initial Advance, the Authorized Representative shall provide an Advance Request to the Purchaser and the Paying Agent at least ten (10) Business Days prior to an Advance Date. Upon receipt of funds equal to the amount referenced in the Advance Request by the Enterprise, the outstanding principal amount of the Bond shall be increased by such Advance amount. Upon receipt of confirmation that the Enterprise has received funds in an amount equal to the Advance Request, the Paying Agent shall record the amount of each Advance on the records of the Enterprise kept by the Paying Agent and the Owner of the Bond shall record the Advance on the Table of Advances attached to the Bond. By acceptance of the Bond, the Purchaser shall be deemed to have agreed to make a notation on the Bond on the Table of Advances attached thereto upon Advancing money to the Enterprise. The Paying Agent's records relating to the outstanding principal amount of the Bond shall in all cases prevail.

C. Payment of the Bond. The principal of and final interest payment due on the Bond shall be payable at the principal corporate trust office of the Paying Agent, or at such other office as the Paying Agent directs in writing to the Owner of the Bond, or at the principal office of its successor, upon presentation and surrender of the Bond. Payment of interest on the Bond shall be made to the Owner thereof by check or draft mailed by the Paying Agent on or before each interest payment date, (or, if such interest payment date is not a Business Day, on or before the next succeeding Business Day), to such Owner at his or her address as it appears on the registration records kept by the Paying Agent on the Record Date or by wire transfer to such bank or other depository as the Owner shall designate in writing to the Paying Agent; but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the Owner thereof at the close of business on the Record Date and shall be payable to the person who is the Owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest. Such Special Record Date and the date fixed for payment of such defaulted interest shall be fixed by the Paying Agent whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the Owners not less than ten days prior to the Special Record Date by first-class mail to the Owner as shown on the Paying Agent's registration books on a date selected by the Paying Agent, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on the Bond by such alternative means as may be mutually agreed to between the Owner of the Bond and the Paying Agent. If the Bond is not paid upon its presentation and surrender at or after its maturity or prior redemption, interest shall continue at its stated rate per annum until the principal thereof is paid in full. All such payments shall be made in lawful money of the United States of America.

So long as the Purchaser is the Owner of the Bond, the Purchaser shall not be required to surrender the Bond to the Paying Agent to receive payment in connection with a mandatory sinking fund redemption. Except in the case of a transfer of the Bond, the Purchaser shall be required to surrender the Bond to the Paying Agent only on the final maturity date of the Bond. On each mandatory sinking fund redemption date, the Bond shall be partially redeemed

by payment to the Purchaser of the amount set forth in the mandatory sinking fund schedule in the Bond and the Sale Certificate, and such redemption shall be noted by the Purchaser on the prepayment panel attached to the Bond. By acceptance of the Bond, the Purchaser shall be deemed to have agreed to make a notation on the Bond on the prepayment panel attached thereto upon the receipt of all mandatory sinking fund payments.

Section 303. Execution of the Bond. The Bond shall be executed in the name of the Enterprise by the manual or facsimile signature of the President, shall be sealed with the corporate seal of the Enterprise or a facsimile thereof thereunto affixed, imprinted, engraved or otherwise reproduced and shall be attested by the manual or facsimile signature of the Secretary. The Bond may be signed (manually or by facsimile), sealed or attested on behalf of the Enterprise by any person who, at the date of such act, shall hold the proper office, notwithstanding that at the date of authentication, issuance or delivery, such person may have ceased to hold such office. The President and the Secretary may adopt as and for his or her own facsimile signature the facsimile signature of his or her predecessor in office in the event that such facsimile signature appears on the Bond. Before the execution of the Bond, the President and the Secretary shall each file with the Secretary of State of the State his or her manual signature certified by him or her under oath.

Section 304. Authentication Certificate. The authentication certificate upon the Bond shall be substantially in the form and tenor provided in the form of the Bond attached to this Ordinance as Exhibit A. The Bond shall not be secured hereby or entitled to the benefit hereof, nor shall the Bond be valid or obligatory for any purpose, unless the certificate of authentication, substantially in such form, has been duly executed by the Paying Agent and such certificate of the Paying Agent upon the Bond shall be conclusive evidence that such Bond has been authenticated and delivered hereunder. The certificate of authentication shall be deemed to have been duly executed by it if manually signed by an authorized officer or employee of the Paying Agent, but it shall not be necessary that the same officer or employee sign the certificate of authentication on all of the Bond.

Section 305. Registration and Payment. The Paying Agent shall keep or cause to be kept sufficient records for the registration and transfer of the Bond, which shall at all times be open to inspection by the Enterprise. Upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said records, the Bond as herein provided. Except as provided in the first paragraph of Section 307 hereof, the Person in whose name the Bond shall be registered on the registration records kept by the Paying Agent shall be deemed and regarded as the absolute owner thereof for the purpose of making payment of the Debt Service Requirements thereof and for all other purposes; and payment of or on account of the Debt Service Requirements of the Bond shall be made only to the Owner thereof or his or her legal representative, but such registration may be changed upon transfer of such Bond in the manner and subject to the conditions and limitations provided herein. All such payments shall be valid and effectual to discharge the liability upon such Bond to the extent of the sum or sums so paid. The foregoing provisions of this Section are subject to the provisions of Section 308 hereof.

Section 306. Transfer and Exchange. The Bond may be transferred upon the records required to be kept pursuant to the provisions of Section 305 hereof by the Person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. The Bond may only be transferred in whole, and not in part. Whenever the Bond shall be surrendered for transfer, the Paying Agent shall authenticate and deliver a new Bond for a like principal amount and of the same maturity and bearing interest at the same interest rate.

The Paying Agent shall not be required to transfer or exchange (a) the Bond subject to redemption during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of the Bond and ending at the close of business on the day such notice is mailed, or (b) after the mailing of notice calling such Bond or any portion thereof for prior redemption except the unredeemed portion of the Bond being redeemed in part.

The Paying Agent shall require the payment by any Owner requesting exchange or transfer of any tax or other governmental charge required to be paid with respect to such exchange or transfer, and may charge a sum sufficient to pay the cost of preparing each new Bond upon each exchange or transfer and any other expenses of the Enterprise or the Paying Agent incurred in connection therewith.

Notwithstanding the foregoing or any other provisions to the contrary contained herein, the Bond shall not be transferable by the Purchaser prior to the Final Advance Date. On and after the Final Advance Date, the transfer of the Bond is limited to (a) an affiliate of Wells Fargo Bank, National Association, (b) a trust or other custodial arrangement established by Wells Fargo Bank, National Association or one of its affiliates, the owners of any beneficial interests in which are limited to "qualified institutional buyers" as defined in Rule 144A promulgated under the Securities Act of 1933, as amended, or (c) a qualified institutional buyer that is a commercial bank with capital and surplus of \$5,000,000,000 or more, provided that as a condition precedent to any such transfer, such buyer shall deliver to the Enterprise and the Paying Agent a sophisticated investor letter in substantially the form of the Purchaser's Letter, with appropriate modifications thereto. In addition, any transfer of the Bond must be in compliance with the securities laws of the United States of America.

Section 307. Bond Replacement. Upon receipt by the Enterprise and the Paying Agent of evidence satisfactory to them of the ownership of and the loss, theft, destruction or mutilation of the Bond and, in the case of a lost, stolen or destroyed Bond, of indemnity satisfactory to them, and in the case of a mutilated Bond upon surrender and cancellation of the Bond, (a) the Enterprise shall execute and the Paying Agent shall authenticate and deliver a new Bond of the same date, interest rate and denomination in lieu of such lost, stolen, destroyed or mutilated Bond or (b) if such lost, stolen, destroyed or mutilated Bond shall have matured or have been called for redemption, in lieu of executing and delivering a new Bond as aforesaid, the Enterprise may pay such Bond. Any such new Bond shall bear a number not previously assigned. The applicant for any such new Bond may be required to pay all expenses and charges of the

Enterprise and of the Paying Agent in connection with the issuance of such Bond. The Bond shall be held and owned upon the express condition that, to the extent permitted by law, the foregoing conditions are exclusive with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bond, negotiable instruments or other securities.

Section 308. Bond Cancellation. Whenever the Bond shall be surrendered to the Paying Agent upon payment thereof, or to the Paying Agent for transfer, exchange or replacement as provided herein, such Bond shall be promptly canceled and destroyed by the Paying Agent, and a certificate of such cancellation and destruction shall be furnished by the Paying Agent to the Enterprise.

Section 309. Negotiability. Subject to the registration and payment provisions herein provided, the Bond shall be fully negotiable within the meaning of and for the purposes of the Uniform Commercial Code -- Investment Securities, and each Owner shall possess all rights enjoyed by owners of negotiable instruments under the Uniform Commercial Code -- Investment Securities.

Section 310. Incontestable Recital in Bond. The Bond shall recite that it is issued under the authority of this Ordinance, the Water Activity Act and the Supplemental Public Securities Act. Pursuant to Section 11-57-210 of the Supplemental Act, such recital shall be conclusive evidence of the validity and regularity of the issuance of the Bond after its delivery for value.

Section 311. Bond Form. Subject to the provisions of this Ordinance, the Bond shall be in substantially the form attached hereto as Exhibit A, with such omissions, insertions, endorsements and variations as to any recitals of fact or other provisions as may be required by the circumstances, be required or permitted by this Ordinance or the Sale Certificate, be consistent with this Ordinance or be necessary or appropriate to conform to the rules and requirements of any governmental authority or any usage or requirement of law with respect thereto. The terms and provisions of Exhibit A are hereby incorporated by this reference.

ARTICLE IV

REDEMPTION

Section 401. Optional Redemption. The Bond will be subject to redemption at the option of the Enterprise as set forth in the Sale Certificate.

Section 402. Mandatory Sinking Fund Redemption. The Bond shall be subject to mandatory sinking fund redemption at the times, in the amounts and at the prices provided in the Sale Certificate.

If the Purchaser has not Advanced \$10,000,000 to the Enterprise by the Final Advance Date, the difference between the \$10,000,000 and the amount actually Advanced shall be deemed to be automatically redeemed and the Enterprise shall receive a credit against its mandatory sinking fund obligations set forth in the Sale Certificate in an amount equal to the

difference between the amount previously Advanced and \$10,000,000. Within ten (10) Business Days after the Final Advance Date, the Enterprise shall notify the Paying Agent in writing of the amount of any such credit to be applied to its sinking fund obligations. The Paying Agent shall thereafter revise the mandatory sinking fund schedule by equally reducing the sinking fund obligations in each year in an aggregate amount equal to such credit. The Paying Agent shall thereafter provide the revised sinking fund schedule to the Enterprise, the City and the registered Owner of the Bond.

On or before the thirtieth day prior to each such sinking fund payment date, the Paying Agent shall proceed to call the Bond for redemption from the sinking fund on the next August 1, and give notice of such call without further instruction or notice from the Enterprise.

Section 403. Partial Optional Redemption. In the event that a portion of the Bond is optionally redeemed, the Paying Agent shall, without charge to the owner of the Bond, authenticate and issue a replacement Bond for the unredeemed portion thereof. Upon any partial optional redemption, the Paying Agent shall thereafter revise the mandatory sinking fund schedule by equally reducing the sinking fund obligations in each year in an aggregate amount equal to such partial redemption. Notwithstanding the foregoing provisions, the Purchaser shall not be required to present the Bond for mandatory sinking fund redemption.

Notwithstanding the foregoing or any other provision to the contrary contained herein or in the Sale Certificate, no partial optional redemption shall result in the amount of the outstanding principal of the Bond being less than \$250,000.

Section 404. Notice of Prior Redemption. Unless otherwise waived by the Paying Agent, the Enterprise shall give written instructions concerning any optional prior redemption of the Bond to the Paying Agent at least thirty-five days prior to such Redemption Date. Notice of optional or mandatory redemption shall be given by the Paying Agent in the name of the Enterprise by sending a copy of such notice by first-class, postage prepaid mail, not more than sixty nor less than thirty days prior to the Redemption Date to the Owner at his address as it last appears on the registration books kept by the Paying Agent; but neither failure to give such notice nor any defect therein shall affect the redemption of the Bond. Such notice shall identify the amount of the Bond to be so redeemed and the Redemption Date, and shall further state that on such Redemption Date there will become and be due and payable upon the Bond so to be redeemed, at the Paying Agent, the principal amount thereof to be redeemed, accrued interest to the Redemption Date, and the stipulated premium, if any, and that from and after such date interest will cease to accrue on the amount to be redeemed. Notice having been given in the manner hereinabove provided, the principal amount of the Bond so called for redemption shall become due and payable on the Redemption Date so designated; and upon presentation thereof at the Paying Agent, the Paying Agent will pay such principal amount of the Bond so called for redemption. No further interest shall accrue on the principal of the Bond called for redemption from and after the Redemption Date, provided sufficient funds are deposited with the Paying Agent and available on the Redemption Date. Notwithstanding the foregoing, the Paying Agent

may provide notice of redemption by such alternative means as may be mutually agreed to between the Owner of the Bond and the Paying Agent.

Notwithstanding the provisions of this Section, any notice of redemption shall either (a) contain a statement that the redemption is conditioned upon the receipt by the Paying Agent on or before the Redemption Date of funds sufficient to pay the redemption price of the Bond so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the Owner of the Bond called for redemption in the same manner as the original redemption notice was given, or (b) be given only if funds sufficient to pay the redemption price of the Bond so called for redemption are on deposit with the Paying Agent in the applicable fund or account.

ARTICLE V

USE OF BOND PROCEEDS

Section 501. Disposition of Bond Proceeds. The net proceeds derived from the sale of the Bond on the Closing Date, upon the receipt thereof, and any additional Advances received by the Enterprise from the Purchaser in accordance with the Bond Purchase Agreement shall be deposited by the Enterprise as follows:

A. To the “City of Loveland, Colorado, Water Enterprise Revenue Bond, Series 2013 Construction Fund” (the “Construction Fund”) which is hereby created and to be held by the Enterprise or the City, the initial amount set forth in the Sale Certificate. Upon receipt of future Advances by the Enterprise from the Purchaser, all such amounts shall be deposited by the Enterprise in the Construction Fund. Notwithstanding the foregoing, the Enterprise may request in the Advance Request that the Purchaser remit all or a portion of each Advance directly to designated payees as payment for Costs of the Project, as further set forth in the Bond Purchase Agreement.

B. To the “City of Loveland, Colorado, Water Enterprise Revenue Bond, Series 2013, Costs of Issuance Fund” (the “Costs of Issuance Fund”) created with the Paying Agent pursuant to the Paying Agent Agreement, an amount equal to the Costs of Issuance of the Bond, as set forth in the Sale Certificate.

Section 502. Construction Fund. Moneys deposited in the Construction Fund shall be used solely for the purpose of paying the Cost of the Project or reimbursing the Enterprise or the City for Costs of the Project previously incurred by the Enterprise or the City; provided, however, that to the extent that moneys on deposit in the Bond Fund are insufficient to pay the Debt Service Requirements on the Bond when due, moneys on deposit in the Construction Fund shall be applied to the payment of such Debt Service Requirements.

Section 503. Completion of Project. When the Project is completed in accordance with the relevant plans and specifications and all amounts due therefor, including all proper incidental expenses and all administrative costs of the Project are paid, or for which full provision is made,

the Executive Fiscal Advisor shall cause all surplus moneys remaining in the Construction Fund, if any, except for any moneys designated in the certificate to be retained to pay any unpaid accrued costs or contingent obligations, to be transferred to the Bond Fund to the extent of any remaining balance of such moneys to be applied against the next principal payment or payments coming due on the Bond. Nothing herein prevents the transfer from the Construction Fund to the Bond Fund, at any time prior to the termination of the Construction Fund, of any moneys which the Executive Fiscal Advisor by certificate determines will not be necessary for the Project.

Section 504. Lien on Bond Proceeds. Until the proceeds of the Bond deposited in the Construction Fund are applied as herein provided, such Bond proceeds are subject to a lien thereon and pledge thereof for the benefit of the Owners of the Outstanding Bond as provided in Section 601 hereof.

Section 505. Costs of Issuance Fund. Upon the issuance of the Bond, there shall be deposited in the Costs of Issuance Fund, created with the Paying Agent pursuant to the Paying Agent Agreement, from the proceeds of the Bond an amount equal to the Costs of Issuance of the Bond, as set forth in the Sale Certificate. Amounts on deposit in the Costs of Issuance Fund shall be disbursed in accordance with the provisions set forth in the Paying Agent Agreement.

Section 506. Purchaser Not Responsible. The validity of the Bond is not dependent upon nor affected by the validity or regularity of any proceedings relating to the application of the Bond proceeds. The Purchaser and any subsequent Owner of the Bond is not responsible for the application or disposal by the Enterprise or the City or by any of its officers, agents and employees of the moneys derived from the sale of the Bond or of any other moneys herein designated.

ARTICLE VI

ADMINISTRATION OF AND ACCOUNTING FOR PLEGDED REVENUES

Section 601. Pledge Securing Bond. The Net Revenues are hereby pledged to secure the payment of the Debt Service Requirements of the Outstanding Bond and any Parity Bonds hereafter issued. The pledge of the Net Revenues to secure the payment of the Debt Service Requirements of the Outstanding Bond is on a parity with the pledge of the Net Revenues for, and lien thereon of any Parity Bonds hereafter issued in compliance with the provisions of Article VIII hereof. In addition, moneys on deposit in the Construction Fund and the Bond Fund are hereby pledged to secure the payment of the Debt Service Requirements of the Outstanding Bond. Moneys on deposit in the Construction Fund and the Bond Fund are not pledged to the payment of any Parity Bonds hereinafter issued. The pledge of the Net Revenues and of the moneys on deposit in the Construction Fund and the Bond Fund shall be valid and binding from and after the date of the delivery of the Bond. The creation, perfection, enforcement, and priority of the pledge of revenues to secure or pay the Bond as provided herein shall be governed by §11-57-208 of the Supplemental Act and this Ordinance. The revenues pledged for the payment of

the Bond, as received by or otherwise credited to the Enterprise or the City shall immediately be subject to the lien of such pledge without any physical delivery, filing, or further act. The lien of such pledge on the revenues pledged for payment of the Bond and the obligation to perform the contractual provisions made herein shall have priority over any or all other obligations and liabilities of the Enterprise and the City (except as herein otherwise expressly provided), and the lien of such pledge shall be valid, binding, and enforceable as against all persons or entities having claims of any kind in tort, contract, or otherwise against the Enterprise or the City irrespective of whether such persons or entities have notice of such liens.

Section 602. Income Fund Deposits. So long as the Bond shall be Outstanding, as to any Debt Service Requirements related to the Bond, the entire Gross Revenues, upon their receipt from time to time by the City, shall be set aside and credited immediately to the special and separate account hereby created and held by the City, and known as the “City of Loveland, Colorado, Water Enterprise Gross Income Fund.”

Section 603. Administration of Income Fund. So long as the Bond shall be Outstanding, as to any Debt Service Requirements related to the Bond, the following payments shall be made from the Income Fund, as provided in Sections 604 through 609 hereof.

Section 604. Operation and Maintenance Expenses. Firstly, as a first charge on the Income Fund, from time to time there shall continue to be held therein moneys sufficient to pay Operation and Maintenance Expenses, as they become due and payable, and thereupon they shall be promptly paid. Any surplus remaining in the Income Fund at the end of the Fiscal Year and not needed for Operation and Maintenance Expenses shall be used for other purposes of the Income Fund as herein provided.

Section 605. Bond Fund Payments. Secondly, from any remaining Net Revenues, there shall be credited, concurrently with amounts required to meet the Debt Service Requirements for any Outstanding Parity Bonds hereafter issued, or any Parity Financial Products Agreements hereafter entered into, to the special and separate fund hereby created and held by the Enterprise and to be known as the “City of Loveland, Colorado, Water Enterprise Revenue Bond, Series 2013 Bond Fund” (the “Bond Fund”) the following amounts:

A. Interest Payments. Monthly to the Bond Fund, commencing on the first day of the month immediately succeeding the delivery of the Bond, or commencing on the first day of the month six months next prior to the first interest payment date of the Bond, whichever commencement date is later, an amount in equal monthly installments necessary, together with any moneys therein and available therefor, to pay the interest due and payable on the Outstanding Bond on the next succeeding interest payment date.

B. Principal Payments. Monthly to the Bond Fund, commencing on the first day of the month immediately succeeding the delivery of the Bond, or commencing on the first day of the month one year next prior to the first principal payment date of the Bond, whichever commencement date is later, an amount in equal monthly installments necessary, together with

any moneys therein and available therefor, to pay the principal and redemption premium, if any, due and payable on the Outstanding Bond on the next succeeding principal payment date.

If prior to any interest payment date or principal payment date, there has been accumulated in the Bond Fund the entire amount necessary to pay the next maturing installment of interest or principal, or both, the payment required in paragraph A or B (whichever is applicable) of this Section 605 may be appropriately reduced; but the required annual amounts again shall be so credited to such account commencing on such interest payment date or principal payment date.

The moneys credited to the Bond Fund shall be used to pay the Debt Service Requirements of the Bond then Outstanding, as such Debt Service Requirements become due, except as provided in Section 1201 hereof.

Moneys on deposit in the Bond Fund shall be transferred or deposited with the Paying Agent for the Bond at least three Business Days prior to each interest payment date and each maturity or mandatory Redemption Date herein designated in amounts sufficient to pay the Debt Service Requirements then becoming due on the Outstanding Bond.

Section 606. Termination of Deposits. No payment need be made into the Bond Fund if the amount in the Bond Fund is at least sufficient so that the Outstanding Bond is deemed to have been paid pursuant to Section 1201 hereof, in which case moneys therein (taking into account the known minimum gain from any investment of such moneys in Permitted Investments from the time of any such investment or deposit shall be needed for such payment which will not be designated for transfer to the Rebate Fund) shall be used (together with any such gain from such investments) solely to pay the Debt Service Requirements of the Outstanding Bond as the same become due; and any moneys in excess thereof and any other moneys derived from the Net Revenues or otherwise pertaining to the System may be used to make required payments into the Rebate Fund or in any other lawful manner determined by the Board or the City Council.

Section 607. Rebate Fund. Thirdly, concurrently with any payments required to be made pursuant to any Parity Bond Ordinances with respect to any rebate funds established thereby, there shall be deposited into the special and separate fund hereby created and to be held by the Enterprise and to be known as the "City of Loveland, Colorado, Water Enterprise Revenue Bond, Series 2013 Rebate Fund" (the "Rebate Fund") moneys in the amounts and at the times specified in the Tax Compliance Certificate so as to enable the Enterprise to comply with Section 930 hereof. Amounts on deposit in the Rebate Fund shall not be subject to the lien and pledge of this Ordinance to the extent that such amounts are required to be paid to the United States Treasury. The Enterprise shall cause amounts on deposit in the Rebate Fund to be forwarded to the United States Treasury (at the address provided in the Tax Compliance Certificate) at the times and in the amounts set forth in the Tax Compliance Certificate.

Upon receipt by the Enterprise of an opinion of the Bond Counsel to the effect that the amount in the Rebate Fund is in excess of the amount required to be contained therein, such excess may be transferred to the Income Fund.

Section 608. Payment of Subordinate Securities. Fourthly, and subject to the provisions hereinabove in this Article, but subsequent to the payments required by Sections 605 and 607 hereof, any moneys remaining in the Income Fund may be used by the Enterprise or the City for the payment of Debt Service Requirements of Subordinate Securities, including reasonable reserves for such Subordinate Securities and for rebate of amounts to the United States Treasury with respect to such Subordinate Securities, and any payments on Financial Products Agreements which have a lien on Net Revenues subordinate and junior to the lien thereon of the Bond.

Section 609. Use of Remaining Revenues. After the payments hereinabove required to be made by Sections 602 through 608 hereof are made or provided for in each month, any remaining Net Revenues in the Income Fund in such month may be used for any one or any combination of necessary purposes relating to the operation, improvement or debt management of the System and for any one or any combination of lawful purposes as the City may from time to time determine.

ARTICLE VII

GENERAL ADMINISTRATION

Section 701. Administration of Accounts. The special funds and accounts designated in Articles V and VI hereof that are to be maintained by the Enterprise or the City shall be administered as provided in this Article (but not any account under Section 1201 hereof). The Costs of Issuance Fund shall be maintained and applied in accordance with the Paying Agent Agreement.

Section 702. Places and Times of Deposits. Except as hereinafter provided, each of such special accounts that are to be maintained by the Enterprise and the City shall be maintained as a book account and kept separate from all other accounts as a trust account solely for the purposes herein designated therefor. The moneys accounted for in such special book accounts may be in one or more bank accounts in one or more Commercial Banks. Each such bank account shall be continuously secured to the fullest extent required or permitted by the laws of the State for the securing of public funds and shall be irrevocable and not withdrawable by anyone for any purpose other than the respective designated purposes. Each periodic payment shall be credited to the proper book account not later than the date therefor herein designated, except that when any such date shall not be a Business Day, then such payment shall be made on or before the next preceding Business Day.

Section 703. Investment of Moneys. Any moneys in the Income Fund, Construction Fund, Bond Fund and Rebate Fund and not needed for immediate use shall be invested or reinvested by the Executive Fiscal Advisor in Permitted Investments. All such investments shall (a) either be subject to redemption at any time at a fixed value by the holder thereof at the option of such holder, or (b) mature not later than the estimated date or respective dates on which the proceeds are to be expended as estimated by the Executive Fiscal Advisor at the time of such

investment or reinvestment; provided that collateral securities of any Permitted Investments may have a maturity of more than five years from the date of purchase thereof. For the purpose of any such investment or reinvestment, Permitted Investments shall be deemed to mature at the earliest date on which the obligor is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligations.

Section 704. Accounting for Investments. The Permitted Investments so purchased as an investment or reinvestment of moneys in any such account hereunder shall be deemed at all times to be a part of the account. Any interest or other gain from any investments and reinvestments of moneys accounted for in the Income Fund, the Construction Fund, the Bond Fund and the Rebate Fund shall be credited to such Fund, and any loss resulting from any such investments or reinvestments of moneys accounted for in the Income Fund, the Construction Fund, the Bond Fund and the Rebate Fund shall be charged or debited to such Fund. No loss or profit in any account on any investments or reinvestments in Permitted Investments shall be deemed to take place as a result of market fluctuations of the Permitted Investments prior to the sale or maturity thereof. In the computation of the amount in any account for any purpose hereunder, except as herein otherwise expressly provided or for rebate purposes, as described in the Tax Compliance Certificate, Permitted Investments shall be valued at the cost thereof (including any amount paid as accrued interest at the time of purchase of the obligation); provided that any time or demand deposits shall be valued at the amounts deposited, in each case exclusive of any accrued interest or any other gain to the Enterprise or the City until such gain is realized by the presentation of matured coupons for payment or otherwise.

Section 705. Redemption or Sale of Permitted Investments. The Executive Fiscal Advisor shall present for redemption or sale on the prevailing market at the best price obtainable any Permitted Investments so purchased as an investment or reinvestment of moneys in the account whenever it shall be necessary in order to provide moneys to meet any withdrawal, payment or transfer from such account. Neither the Executive Fiscal Advisor nor any other officer or employee of the Enterprise or the City shall be liable or responsible for any loss resulting from any such investment or reinvestment made in accordance with this Ordinance.

Section 706. Character of Funds. The moneys in any account designated in Articles V and VI hereof shall consist either of lawful money of the United States or Permitted Investments, or both such money and such Permitted Investments. Moneys deposited in a demand or time deposit account in a bank or savings and loan association, appropriately secured according to the laws of the State, shall be deemed lawful money of the United States.

Section 707. Payment of Debt Service Requirements. The moneys credited to any fund or account designated in Article VI hereof for the payment of the Debt Service Requirements of the Bond shall be used without requisition, voucher, warrant, further order or authority (other than is contained herein), or any other preliminaries, to pay promptly the Debt Service Requirements of the Bond payable from such fund or account as such amounts are due, except to the extent any other moneys are available therefor.

ARTICLE VIII

SECURITIES LIENS AND ADDITIONAL SECURITIES

Section 801. First Lien Bond. The Bond constitutes an irrevocable and first lien (but not necessarily an exclusive first lien) upon the Net Revenues. The Bond also constitutes an irrevocable and first lien upon the moneys on deposit in the Construction Fund and the Bond Fund. The Loan from the Electric Fund shall have a lien on the Net Revenues that is junior and subordinate to the lien thereon of the Bond and shall not have a lien on the Construction Fund or the Bond Fund.

Section 802. Equality of Bond and Parity Bonds. The Bond and any Parity Bonds hereafter authorized to be issued and from time to time Outstanding and any Parity Financial Products Agreements hereafter entered into are equitably and ratably secured by a lien on the Net Revenues and shall not be entitled to any priority one over the other in the application of the Net Revenues regardless of the time or times of the issuance of the Bond and any other such Parity Bonds, or of the entering into of the Parity Financial Products Agreements, it being the intention of the Board that there shall be no priority among the Bond, any such Parity Bonds and any Parity Financial Products Agreements regardless of the fact that they may be actually issued and delivered at different times, except that (a) moneys in the Construction Fund and the Bond Fund shall secure only the Bond, and (b) other Parity Bonds may have a lien on Net Revenues on a parity with the lien thereon of the Bond whether or not a reserve fund is established for such Parity Bonds.

Section 803. Issuance of Parity Bonds. The Enterprise and the City may issue additional Parity Bonds payable from the Net Revenues and constituting a lien thereon on a parity with, but not prior nor superior to, the lien thereon of the Bond; but before any such additional Parity Bonds are authorized or actually issued the following conditions shall be satisfied:

A. Absence of Payment Default. At the time of the adoption of the ordinance or other instrument authorizing the issuance of the additional Parity Bonds, the Enterprise and the City shall not be in default in making any payments required by Article VI hereof.

B. Historic Earnings Test. Except as hereinafter provided in the case of additional Parity Bonds issued for the purpose of refunding less than all of the Bond and other Parity Bonds then Outstanding, the Net Revenues derived in any consecutive twelve month period within the eighteen months immediately preceding the date of issuance of the additional Parity Bonds shall be not less than the sum of (i) 110% of the Maximum Annual Debt Service Requirements of the Outstanding Bond, any Outstanding Parity Bonds and the Parity Bonds proposed to be issued, plus (ii) 110% of the Maximum Annual Debt Service Requirements of any Outstanding Subordinate Securities, plus (iii) 100% of any policy costs then due and owing, if any, except as hereinafter otherwise expressly provided. If any adjustment in water rates, fees, tolls or charges or tap fees, or any combination thereof, is made by the City during such twelve

month period, the calculation of the Net Revenues shall be adjusted to reflect the amount thereof that would have been received if such adjustment had been in effect throughout such twelve month period. In the case of additional Parity Bonds issued for the purpose of refunding less than all of the Bond and other Parity Bonds then Outstanding, compliance with this Section 803B shall not be required so long as the Debt Service Requirements payable on the Bond and all other Parity Bonds Outstanding after the issuance of such additional Parity Bonds in the Bond Year does not exceed the Debt Service Requirements payable on the Bond and all other Parity Bonds Outstanding prior to the issuance of such additional Parity Bonds in such Bond Year.

Section 804. Certification of Revenues. Where certifications of revenues are required by this Ordinance, the specified and required written certifications of an Independent Accountant, an Independent Engineer, an Independent Rate Consultant or the Director of Finance that revenues are sufficient to pay the required amounts shall be conclusively presumed to be accurate in determining the right of the Enterprise or the City to authorize, issue, sell and deliver additional Parity Bonds.

Section 805. Subordinate Securities Permitted. Nothing herein prevents the Enterprise or the City from issuing additional securities payable from the Net Revenues and having a lien thereon subordinate, inferior and junior to the lien thereon of the Bond.

Section 806. Superior Securities Prohibited. Nothing herein permits the Enterprise or the City to issue additional securities payable from the Net Revenues and having a lien thereon prior and superior to the lien thereon of the Bond.

ARTICLE IX

PROTECTIVE COVENANTS

Section 901. General. The Enterprise and the City hereby covenant and agree with the Owner of the Bond and make provisions which shall be a part of its contract with such Owner to the effect and with the purpose set forth in the following Sections of this Article.

Section 902. Performance of Duties. The City, acting by and through the City Council or otherwise, shall faithfully and punctually perform, or cause to be performed, all duties with respect to the Gross Revenues and the System required by the Constitution and laws of the State and the Charter and various ordinances of the City, including, without limitation, the making and collection of reasonable and sufficient fees, rates and other charges for services rendered or furnished by or the use of the System, as herein provided, and the proper segregation of the proceeds of the Bond and of any securities hereafter authorized and the Gross Revenues and their application from time to time to the respective accounts provided therefor.

Section 903. Contractual Obligations. The Enterprise and the City shall perform all contractual obligations undertaken by it under any agreements relating to the Bond, the Gross Revenues, the Project, or the System, or any combination thereof, with any other Persons.

Section 904. Further Assurances. At any and all times the Enterprise and the City shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge, deliver and file or record all and every such further instruments, acts, deeds, conveyances, assignments, transfers, other documents and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, the Gross Revenues and other moneys and accounts hereby pledged or assigned, or intended so to be, or which the Enterprise or the City may hereafter become bound to pledge or to assign, or as may be reasonable and required to carry out the purposes of this Ordinance and to comply with any instrument of the Enterprise or the City amendatory thereof, or supplemental thereto and the Charter. The Enterprise, acting by and through the Board, and the City, acting by and through the City Council, or otherwise, shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Gross Revenues and other moneys and accounts pledged hereunder and all the rights of every Owner of the Bond hereunder against all claims and demands of all Persons whomsoever.

Section 905. Conditions Precedent. Upon the date of issuance of the Bond, all conditions, acts and things required by the Federal or State Constitution, the Charter of the City, the Water Activity Act, the Supplemental Public Securities Act, the Enterprise Ordinance and this Ordinance to exist, to have happened and to have been performed precedent to or in the issuance of the Bond shall exist, have happened, and have been performed; and the Bond, together with all other obligations of the Enterprise and the City, shall not contravene any debt or other limitation prescribed by the State Constitution or the Charter of the City.

Section 906. Efficient Operation and Maintenance. The City shall at all times operate the System properly and in a sound and economical manner; and the City shall maintain, preserve and keep the same properly or cause the same so to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof in good repair, working order and condition, and shall from time to time make or cause to be made all necessary and proper repairs, replacements and renewals so that at all times the operation of the System may be properly and advantageously conducted. All salaries, fees, wages and other compensation paid by the City in connection with the maintenance, repair and operation of the System shall be reasonable and proper.

Section 907. Rules, Regulations and Other Details. The City, acting by and through the City Council, shall establish and enforce reasonable rules and regulations governing the operation, use and services of the System. The City shall observe and perform all of the terms and conditions contained in this Ordinance and the Charter, and shall comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the System or to the City.

Section 908. Payment of Governmental Charges. The City shall pay or cause to be paid all taxes and assessments or other municipal or governmental charges, if any, lawfully levied or assessed upon or in respect of the System, or upon any part thereof, or upon any portion of the Gross Revenues, when the same shall become due, and shall duly observe and comply with all

valid requirements of any municipal or governmental authority relative to the System or any part thereof, except for any period during which the same are being contested in good faith by proper legal proceedings. Neither the Enterprise nor the City shall create or suffer to be created any lien upon the System, or any part thereof, or upon the Gross Revenues, except the pledge and lien created by this Ordinance for the payment of the Debt Service Requirements of the Bond and except as herein otherwise permitted. The City shall pay or cause to be discharged or shall make adequate provision to satisfy and to discharge, within 60 days after the same shall become payable, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the System, or any part thereof, or the Gross Revenues; but nothing herein requires the City to pay or cause to be discharged or to make provision for any such tax, assessment, lien or charge, so long as the validity thereof is contested in good faith and by appropriate legal proceedings.

Section 909. Protection of Security. The Enterprise, the City, the officers, agents and employees of the City and the Enterprise, the City Council and the Board shall not take any action in such manner or to such extent as might materially prejudice the security for the payment of the Debt Service Requirements of the Bond and any other securities payable from the Net Revenues or any Financial Products Agreement according to the terms thereof. No contract shall be entered into nor any other action taken by which the rights of the Owner of the Bond or other security payable from Net Revenues or any Financial Products Agreement might be prejudicially and materially impaired or diminished.

Section 910. Prompt Payment of the Bond. The Enterprise shall promptly pay the Debt Service Requirements of the Bond at the places, on the dates and in the manner specified herein and in the Bond according to the true intent and meaning hereof.

Section 911. Use of the Bond Fund. The Bond Fund shall be used solely and only and the moneys credited to such accounts are hereby pledged for the purpose of paying the Debt Service Requirements of the Bond to its maturity or any Redemption Date or Dates, subject to the provisions of Section 1201 hereof.

Section 912. Other Liens. Other than as provided herein, there are no liens or encumbrances of any nature whatsoever on or against the System, or any part thereof, or on or against the Gross Revenues on a parity with or superior to the lien thereon of the Bond.

Section 913. Corporate Existence. The City shall maintain its corporate identity and existence so long as the Bond remains Outstanding, unless another body corporate and politic by operation of law succeeds to the powers, privileges, rights, liabilities, disabilities, duties and immunities of the City and is obligated by law to operate and maintain the System and to fix and collect the Gross Revenues as herein provided without adversely and materially affecting at any time the privileges and rights of any Owner of the Outstanding Bond.

Section 914. Disposal of System Prohibited. Except for the use of the System and services pertaining thereto in the normal course of business, neither all nor a substantial part of the System shall be sold, leased, mortgaged, pledged, encumbered, alienated or otherwise

disposed of, until the Bond has been paid in full, as to all Debt Service Requirements, or unless provision has been made therefor, or until the Bond has otherwise been redeemed in whole, including, without limitation, the termination of the pledge as herein authorized; and the City shall not dispose of its title to the System or to any useful part thereof, including any property necessary to the operation and use of the System and the lands and interests in lands comprising the sites of the System, except as provided in Section 915 hereof.

Section 915. Disposal of Unnecessary Property. The City at any time and from time to time may sell, exchange, lease or otherwise dispose of any property constituting a part of the System and not useful in the construction, reconstruction or operation thereof, or which shall cease to be necessary for the efficient operation of the System, or which shall have been replaced by other property of at least equal value. Any proceeds of any such sale, exchange or other disposition received and not used to replace such property so sold or so exchanged or otherwise so disposed of, shall be deposited by the City in the Income Fund or into a special book account for the betterment, enlargement, extension, other improvement and equipment of the System, or any combination thereof, as the City Council may determine, and any proceeds of any such lease received shall be deposited by the City as Gross Revenues in the Income Fund.

Section 916. Competing System. So long as the Bond is Outstanding, the City shall not grant any franchise or license to any competing facilities so that the Gross Revenues shall not be sufficient to satisfy the covenant in Section 921 hereof.

Section 917. Loss From Condemnation. If any part of the System is taken by the exercise of the power of eminent domain, the amount of any award received by the City as a result of such taking shall be paid into the Income Fund or into a capital improvement account pertaining to the System for the purposes thereof, or, applied to the redemption of the Outstanding Bond and any Outstanding Parity Bonds relating thereto, all as the City may determine.

Section 918. Employment of Management Engineers. If the Enterprise or the City default in paying the Debt Service Requirements of the Bond or any other securities payable from the Gross Revenues promptly as the same fall due, or in the keeping of any covenants herein contained, and if such default continues for a period of 60 days, or if the Net Revenues in any Fiscal Year fail to equal at least the amount of the Debt Service Requirements of the Outstanding Bond and any other securities (including all reserves therefor specified in the authorizing proceedings, including, without limitation, this Ordinance) or any Financial Products Agreements payable from the Net Revenues in that Fiscal Year, the City shall retain a firm of competent management engineers skilled in the operation of such facilities to assist the management of the System so long as such default continues or so long as the Net Revenues are less than the amount hereinabove designated in this Section.

Section 919. Budgets. The City Council and officials of the City shall annually and at such other times as may be provided by law prepare and adopt a budget pertaining to the System. So long as the Purchaser is the owner of the Bond and is in compliance with the Bond Purchase

Agreement, the City shall submit a copy of such budget to the Purchaser within 30 days following the end of the City's fiscal year.

Section 920. Reasonable and Adequate Charges. While the Bond remains Outstanding and unpaid, the fees, rates and other charges due to the City for the use of or otherwise pertaining to and services rendered by the System to the City, to its inhabitants and to all other users within and without the boundaries of the City shall be reasonable and just, taking into account and consideration public interests and needs, the cost and value of the System, the Operation and Maintenance Expenses thereof, and the amounts necessary to meet the Debt Service Requirements of the Bond and any other securities payable from the Net Revenues, including, without limitation, reserves and any replacement accounts therefor and, without duplication, its obligations under any Financial Products Agreements.

Section 921. Adequacy and Applicability of Charges. There shall be charged against users of service pertaining to and users of the System, including the City, except as provided by Section 922 hereof, such fees, rates and other charges so that the Gross Revenues shall be adequate to meet the requirements of this and the preceding Sections hereof. Such charges pertaining to the System shall be at least sufficient so that the Gross Revenues annually are sufficient to pay in each Fiscal Year:

A. Operation and Maintenance Expenses. An amount equal to the annual Operation and Maintenance Expenses for such Fiscal Year;

B. Debt Service Requirements. An amount equal to 110% of the Debt Service Requirements on the Bond and any Parity Bonds then Outstanding payable from the Net Revenues in that Fiscal Year (excluding the reserves therefor) in each case computed as of the beginning of such Fiscal Year, plus 110% of the Debt Service Requirements on any Subordinate Securities then Outstanding payable from the Net Revenues in that Fiscal Year (excluding the reserves therefor) in each case computed as of the beginning of such Fiscal Year;

C. Other Charges. Amounts necessary to pay and discharge all charges and liens on the System currently coming due and required to be paid out of the Gross Revenues during such Fiscal Year; and

D. Deficiencies. Any amounts required to pay all sums, if any, due and owing to meet then existing deficiencies pertaining to any fund or account relating to the Gross Revenues or any securities payable therefrom and any amounts necessary to satisfy its covenants under any Financial Products Agreements (other than Financial Products Payments).

In the event that Gross Revenues collected during a Fiscal Year are not sufficient to meet the requirements of the rate covenant set forth above in this Section, the City shall, within 90 days of the end of such Fiscal Year, cause an Independent Accountant, Independent Engineer or Independent Rate Consultant, to prepare a rate study for the purpose of recommending a schedule of rates, fees and charges for the use of the System which in the opinion of the firm conducting the study will be sufficient to provide Gross Revenues to be

collected in the next succeeding Fiscal Year which will provide compliance with said rate covenant. The City shall, within six months of receipt of such study, adopt rates, fees and charges for the use of the System, based upon the recommendations contained in such study, which provide compliance with said rate covenant.

Section 922. Limitations Upon Free Service. No free service or facilities shall be furnished by the System, except as hereinafter provided. If the City elects to use for municipal purposes any water, water facilities, or other services and facilities provided by the System or otherwise to use the System or any part thereof, any such use will be paid for from the City's general fund or from other available revenues other than Gross Revenues at the reasonable value of the use so made; provided that the City shall not be required to pay for any such use by the City of any facilities of the water system for fire protection purposes and the City shall not be required to pay any system development fees. All the income so derived from the City shall be deemed to be income derived from the operation of the System, to be used and to be accounted for in the same manner as any other income derived from the operation of the System.

Section 923. Levy of Charges. The City shall forthwith and in any event prior to the delivery of the Bond, fix, establish and levy the fees, rates and other charges which are required by Section 921 of this Ordinance, if such action is necessary therefor. No reduction in any initial or existing rate schedule for the System may be made except as follows:

A. Proper Application. Unless the City has fully complied with the provisions of Article VI of this Ordinance for at least the full Fiscal Year immediately preceding such reduction of the initial or any other existing rate schedule; and

B. Sufficient Revenues. Unless the audit required by the Independent Accountant by Section 927 hereof for the full Fiscal Year immediately preceding such reduction discloses that the estimated revenues resulting from the proposed rate schedule for the System, after the schedule's proposed reduction, shall be at least sufficient to produce the amounts required by Section 921 hereof.

Section 924. Collection of Charges. The City shall cause all fees, rates and other charges pertaining to the System to be collected as soon as is reasonable, shall prescribe and enforce rules and regulations or impose contractual obligations for the payment of such charges, and for the use of the System, and shall provide methods of collection and penalties, to the end that the Gross Revenues shall be adequate to meet the requirements of this Ordinance and any other ordinance supplemental thereto.

Section 925. Procedure for Collecting Charges. All bills for water services or facilities, and all other services or facilities furnished or served by or through the System shall be rendered to customers on a regularly established basis. The fees, rates and other charges due shall be collected in a lawful manner, including, without limitation, discontinuance of service.

Section 926. Maintenance of Records. So long as the Bond and any other Parity Bonds or any Financial Products Agreement payable from the Gross Revenues remain Outstanding,

proper books of record and account shall be kept by the Enterprise and the City, separate and apart from all other records and accounts. So long as the Purchaser is the owner of the Bond and is in compliance with the Bond Purchase Agreement, the Purchaser shall have the right to inspect such records during regular business hours upon reasonable notice to the City. Any costs incurred by the Purchaser in connection with any such inspection shall be paid by the Purchaser.

Section 927. Audits Required. The City, annually following the close of each Fiscal Year, shall order an audit for the Fiscal Year of such books and accounts to be made forthwith by an Independent Accountant, and order an audit report showing the receipts and disbursements for each account pertaining to the System and the Gross Revenues. So long as the Purchaser is the owner of the Bond and is in compliance with the Bond Purchase Agreement, the City shall submit a copy of such audit to the Purchaser within 240 days of the end of the City's fiscal year.

Section 928. Accounting Principles. System records and accounts, and audits thereof, shall be currently kept and made, as nearly as practicable, in accordance with the then generally accepted accounting principles, methods and terminology followed and construed for utility operations comparable to the System, except as may be otherwise provided herein or required by applicable law or regulation or by contractual obligation existing on the effective date of this Ordinance.

Section 929. Insurance and Reconstruction. Except to the extent of any self-insurance, the City shall at all times maintain with responsible insurers fire and extended coverage insurance, worker's compensation insurance, public liability insurance and all such other insurance as is customarily maintained with respect to utilities of like character against loss of or damage to the System and against loss of revenues and against public and other liability to the extent reasonably necessary to protect the interests of the City and the Owner of the Bond. If any useful part of the System shall be damaged or destroyed, the City shall, as expeditiously as may be possible, commence and diligently proceed with the repair or replacement of the damaged property so as to restore the same to use. The proceeds of any such insurance shall be payable to the City and (except for proceeds of any use and occupancy insurance) shall be applied to the necessary costs involved in such repair and replacement and to the extent not so applied shall (together with the proceeds of any such use and occupancy insurance) be deposited in the Income Fund by the City as revenues derived from the operation of the System. If the costs of such repair and replacement of the damaged property exceed the proceeds of such insurance available for the payment of the same, moneys in the Income Fund shall be used to the extent necessary for such purposes, as permitted by Section 611 hereof.

Section 930. Tax Exemption. The Enterprise and the City each covenant for the benefit of the Owner of the Bond that it will not take any action or omit to take any action with respect to the Bond, the proceeds thereof, any other funds of the Enterprise or the City or any facilities financed with the proceeds of the Bond if such action or omission (a) would cause the interest on the Bond to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, (b) would cause interest on the Bond to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except to the extent

such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income or (c) would cause interest on the Bond to lose its exclusion from Colorado taxable income or Colorado alternative minimum taxable income under present State law. In furtherance of this covenant, the Enterprise and the City agree to comply with the procedures set forth in the Tax Compliance Certificate. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bond until the date on which all obligations of the City in fulfilling the above covenant under the Tax Code and Colorado law have been met.

The Enterprise and the City hereby determine that neither the Enterprise, the City nor any entity subordinate thereto reasonably anticipates issuing in the aggregate more than \$10,000,000 face amount of tax-exempt bonds or any other similar obligations during calendar year 2013. For the purpose of Section 265(b)(3)(B) of the Tax Code, the Enterprise hereby designates the Bond as a qualified tax-exempt obligation.

Section 931. Financial Products Agreements. No payments under a Financial Products Agreement shall be secured by a lien on Net Revenues prior and superior to the lien thereon of the Bond. Notwithstanding any other provision of this Ordinance, no termination, settlement or similar payments required to be paid upon an early termination of a Financial Products Agreement or as a result of any event of default thereunder shall be secured by a lien on Net Revenues on a parity with the Bond.

Section 932. Inspection by Purchaser During Construction Period. So long as the Purchaser is the owner of the Bond and is in compliance with the provisions of the Bond Purchase Agreement, the Purchaser shall have the right, during regular business hours and upon reasonable notification of the City, to inspect the Project during the construction period. Such inspections shall be conducted by the Purchaser no more frequently than once a month. Any costs incurred by the Purchaser in connection with any such inspection shall be paid by the Purchaser.

Section 933. Banking Relationship. So long as the Purchaser is the owner of the Bond and is in compliance with the provisions of the Bond Purchase Agreement, the City covenants that in connection with any requests made by the City for banking services proposals that it shall provide the Purchaser with an opportunity to present a proposal for any such services.

ARTICLE X

PRIVILEGES, RIGHTS AND REMEDIES

Section 1001. Owners' Remedies. The Owner of the Bond shall be entitled to all of the privileges, rights and remedies provided or permitted in this Ordinance, and as otherwise provided or permitted by law or in equity or by any statutes, except as provided in Sections 202 through 206 hereof, but subject to the provisions herein concerning the pledge of and the

covenants and the other contractual provisions concerning the Gross Revenues and the proceeds of the Bond.

Section 1002. Right to Enforce Payment. Nothing in this Article affects or impairs the right of the Owner of the Bond to enforce the payment of the Debt Service Requirements due in connection with his or her Bond or the obligation of the Enterprise to pay the Debt Service Requirements of the Bond to the Owner thereof at the time and the place expressed in the Bond.

Section 1003. Events of Default. Each of the following events is hereby declared an “Event of Default:”

A. Nonpayment of Principal. Payment of the principal of the Bond is not made when the same becomes due and payable, either at maturity or by proceedings for prior redemption, or otherwise.

B. Nonpayment of Interest. Payment of any installment of interest on the Bond is not made when the same becomes due and payable.

C. Cross Defaults. The occurrence and continuance of an “event of default,” as defined in any Parity Bond Ordinance.

D. Bankruptcy. The City shall file a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or a court of competent jurisdiction shall approve a petition, filed with or without the consent of the City, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the City, or of the whole or any substantial portion of its property.

E. Failure to Reconstruct. The City unreasonably delays or fails to carry out with reasonable dispatch the reconstruction of any part of the System which is destroyed or damaged and is not promptly repaired or replaced (whether such failure promptly to repair the same is due to impracticability of such repair or replacement or is due to a lack of moneys therefor or for any other reason), but it shall not be an Event of Default if such reconstruction is not essential to the efficient operation of the System.

F. Appointment of Receiver. An order or decree is entered by a court of competent jurisdiction with the consent or acquiescence of the City appointing a receiver or receivers for the System or for the Gross Revenues and any other moneys subject to the lien to secure the payment of the Bond, or if an order or decree having been entered without the consent or acquiescence of the City is not vacated or discharged or stayed on appeal within 60 days after entry.

G. Default of Any Provision. The Enterprise or the City defaults in the due and punctual performance of any other of the representations, covenants, conditions, agreements

and other provisions contained in the Bond or in this Ordinance on its part to be performed, and such default continues for thirty (30) days after written notice specifying such default and requiring the same to be remedied is given to the Enterprise or the City, as the case may be, specifying the failure and requiring that it be remedied, which notice may be given by the Paying Agent in its discretion and shall be given by the Paying Agent at the written request of the Owner of the Bond then Outstanding.

Section 1004. Remedies for Defaults. Upon the happening and continuance of any Event of Default, the Owner of the Bond, including, without limitation, a trustee or trustees therefor, may proceed against the Enterprise, the City and its agents, officers and employees to protect and to enforce the rights of the Owner of the Bond under this Ordinance by mandamus or by other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained herein or in an award of execution of any power herein granted for the enforcement of any proper legal or equitable remedy as such Owner may deem most effectual to protect and to enforce the rights aforesaid, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of the Owner of the Bond, or to require the Enterprise or the City to act as if it were the trustee of an expressed trust, or any combination of such remedies. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of the Owner of the Bond and any other Parity Bonds and the Providers of any Parity Financial Products Agreements.

Section 1005. Receiver's Rights and Privileges. Any receiver appointed in any proceedings to protect the rights of such Owners hereunder, the consent to any such appointment being hereby expressly granted by the Enterprise and the City, may enter and may take possession of the System, may operate and maintain the same, may prescribe fees, rates and other charges, and may collect, receive and apply all Gross Revenues arising after the appointment of such receiver in the same manner as the Enterprise or City itself might do.

Section 1006. Rights and Privileges Cumulative. The failure of any Owner of the Outstanding Bond to proceed in any manner herein provided shall not relieve the Enterprise, the City, or any of its officers, agents or employees of any liability for failure to perform or carry out any duty, obligation or other commitment. Each right or privilege of any such Owner (or trustee thereof) is in addition and is cumulative to any other right or privilege, and the exercise of any right or privilege by or on behalf of any Owner shall not be deemed a waiver of any other right or privilege thereof.

Section 1007. Duties upon Defaults. Upon the happening of any Event of Default, the Enterprise and the City shall do and perform all proper acts on behalf of and for the Owner of the Bond to protect and to preserve the security created for the payment of the Bond and to insure the payment of the Debt Service Requirements promptly as the same become due. While any Event of Default exists, except to the extent it may be unlawful to do so, all Gross Revenues shall be paid into the Bond Fund and into bond or similar funds established for other Parity Bonds then Outstanding, pro rata based upon the aggregate principal amount of the Bond and

Parity Bonds then Outstanding. If the Enterprise or the City fails or refuses to proceed as in this Section provided, the Owner of the Bond, after demand in writing, may proceed to protect and to enforce the rights of the Owner of the Bond as hereinabove provided, and to that end any such Owner of the Outstanding Bond shall be subrogated to all rights of the Enterprise or the City under any agreement, lease or other contract involving the System or the Gross Revenues entered into prior to the effective date of this Ordinance or thereafter while the Bond is Outstanding.

ARTICLE XI

AMENDMENT OF ORDINANCE

Section 1101. Amendment of Ordinance.

A. Amendment of Ordinance Not Requiring Consent of the Bond Owners.

The Enterprise may, with the written consent of the City, but without the consent of the Owner of the Bond, but with written notice to the Purchaser (so long as the Purchaser is the Owner of the Bond), adopt such ordinances supplemental hereto (which amendments shall thereafter form a part hereof) for any one or more or all of the following purposes:

- (1) To cure or correct any formal defect, ambiguity or inconsistent provision contained in this Ordinance;
- (2) To appoint successors to the Paying Agent or Registrar;
- (3) To add to the covenants and agreements of the Enterprise, the City or the limitations and restrictions on the Enterprise or the City set forth herein;
- (4) To subject to the covenants and agreements of the Enterprise or the City in this Ordinance additional System revenues, to be defined and treated as Gross Revenues, for the purpose of providing additional security for the Bond and any Parity Bonds;
- (5) To cause this Ordinance to comply with the Trust Indenture Act of 1939, as amended from time to time; or
- (6) To effect any such other changes hereto which do not materially adversely affect the interests of the Owner of the Bond.

B. Amendment of Ordinance Requiring Consent of the Bond Owner.

Exclusive of the amendatory ordinances covered by Section 1101A hereof, this Ordinance may be amended or modified by ordinances or other instruments duly adopted by the Enterprise, without receipt by it or any additional consideration, but only with the written consent of the City and the Owner of the Bond then Outstanding at the time of the adoption of such amendatory ordinance.

Whenever the Board proposes to amend or modify this Ordinance under the provisions of this Section 1101B, it shall cause notice of the proposed amendment to be mailed or otherwise delivered to the City and to the Owner of the Bond at its address as the same last appears on the registration records maintained by the Paying Agent. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory ordinance is on file in the office of the Secretary for public inspection. Time for Amendment. If the ordinance is required to be consented to by the Owner of the Bond, whenever at any time within one year from the date of the giving of such notice there shall be filed in the office of the Secretary an instrument or instruments executed by the Owner of the Bond then Outstanding, which instrument or instruments shall refer to the proposed amendatory ordinance described in such notice and shall specifically consent to and approve the adoption of such ordinance, the Board may adopt such amendatory ordinance and such ordinance shall become effective. If the ordinance is not required to be consented to by the Owner of the Bond, the amendatory ordinance may be adopted by the Board at any time upon the written consent of the City.

Section 1103. Binding Consent to Amendment. If the Owner of the Bond Outstanding at the time of the adoption of such amendatory ordinance requiring consent of the Owner of the Bond, or the predecessors in title of such Owner, shall have consented to and approved the adoption thereof as herein provided, no future Owner of the Bond shall have any right or interest to object to the adoption of such amendatory ordinance or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the Enterprise or the City from taking any action pursuant to the provisions thereof.

Section 1104. Time Consent Binding. Any consent given by the Owner of a Bond pursuant to the provisions of this Article shall be irrevocable for a period of 6 months from the date of the giving of the notice above provided for and shall be conclusive and binding upon all future Owners of the Bond during such period. If the amendatory ordinance has not been adopted during such 6 month period, such consent may be revoked at any time after 6 months from the date of such giving of such notice by the Owner who gave such consent or by a successor in title by filing notice of such revocation with the Secretary.

Section 1105. Notation on Bond. If the Bond is transferred after the effective date of any action taken as in this Article provided, such Bond may bear a notation by endorsement or otherwise in form approved by the Board as to such action; and after the approval of such notation, then upon demand of the Owner of the Bond Outstanding and upon presentation of his or her Bond for that purpose at the principal office of the Paying Agent, suitable notation shall be made on such Bond by the Paying Agent as to any such action. If the Board so determines, a new Bond, so modified as in the opinion of the Board conform to such action, shall be prepared, executed, authenticated and delivered; and upon demand of the Owner of the Bond then Outstanding, shall be exchanged without cost to such Owner for a Bond then Outstanding upon surrender of such Bond.

Section 1106. Proof of Instruments and Bond. The fact and date of execution of any instrument under the provisions of this Article, the amount and number of the Bond held by any Person executing such instrument, and the date of his or her holding the same may be proved as provided by Section 1203 hereof.

ARTICLE XII

MISCELLANEOUS

Section 1201. Defeasance. If, when the Bond shall be paid in accordance with its terms (or payment of the Bond has been provided for in the manner set forth in the following paragraph), together with all other sums payable hereunder, then this Ordinance and all rights granted hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. Also if the Outstanding Bond shall have been purchased by the Enterprise or the City and delivered to the Paying Agent for cancellation, and all other sums payable hereunder have been paid, or provision shall have been made for the payment of the same, then this Ordinance and all rights granted hereunder shall thereupon cease, terminate and become void and be discharged and satisfied.

Payment of the Outstanding Bond shall prior to the maturity or Redemption Date thereof be deemed to have been provided for within the meaning and with the effect expressed in this Section if (a) in case the Bond is to be redeemed in whole on any date prior to its maturity, the Enterprise shall have given to the Paying Agent in form satisfactory to it irrevocable instructions to give on a date in accordance with the provisions of Section 404 hereof notice of redemption of the Bond on said Redemption Date, such notice to be given in accordance with the provisions of Section 404 hereof, (b) there shall have been deposited with the Paying Agent or other Trust Bank either moneys in an amount which shall be sufficient, or Federal Securities which shall not contain provisions permitting the redemption thereof at the option of the issuer, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Paying Agent or other Trust Bank at the same time, shall be sufficient to pay when due the Debt Service Requirements due and to become due on the Bond on and prior to the Redemption Date or maturity date thereof, as the case may be, and (c) in the event the Bond is not by its terms subject to redemption within the next sixty days, the Enterprise shall have given the Paying Agent in form satisfactory to it irrevocable instructions to give, as soon as practicable in the same manner as the notice of redemption is given pursuant to Section 404 hereof, a notice to the Owner of the Bond that the deposit required by (b) above has been made with the Paying Agent or other Trust Bank and that payment of the Bond has been provided for in accordance with this Section and stating such maturity or Redemption Date upon which moneys are to be available for the payment of the Debt Service Requirements of the Bond. Neither such securities nor moneys deposited with the Paying Agent or other Trust Bank pursuant to this Section or principal or interest payments on any such Federal Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the Debt Service Requirements of the Bond; provided any cash received from such principal or interest payments on such Federal

Securities deposited with the Paying Agent or other Trust Bank, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities of the type described in (b) of this paragraph maturing at times and in amounts sufficient to pay when due the Debt Service Requirements to become due on the Bond on or prior to such Redemption Date or maturity date thereof, as the case may be. At such time as payment of a Bond has been provided for as aforesaid, the Bond shall no longer be secured by or entitled to the benefits of this Ordinance, except for the purpose of any payment from such moneys or securities deposited with the Paying Agent or other Trust Bank.

In the event that the Bond is deemed to have been paid and defeased in accordance with (b) of the preceding paragraph, then in connection therewith, the Enterprise shall cause to be delivered to the Owner of the Bond a verification report of an independent nationally recognized certified public accountant.

The release of the obligations of the Enterprise and the City under this Section shall be without prejudice to the right of the Paying Agent to be paid reasonable compensation for all services rendered by it hereunder and all its reasonable expenses, charges and other disbursements incurred on or about the administration of and performance of its powers and duties hereunder.

Upon compliance with the foregoing provisions of this Section with respect to the Bond then Outstanding, this Ordinance may be discharged in accordance with the provisions of this Section but the liability of the Enterprise in respect of the Bond shall continue; provided that the Owners thereof shall thereafter be entitled to payment only out of the moneys or Federal Securities deposited with the Paying Agent or other Trust Bank as provided in this Section.

Section 1202. Delegated Powers. The officers and employees of the Enterprise and the City be, and they hereby are, authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Ordinance, including, without limitation:

A. The execution and delivery of such documents, instruments and certificates as may be reasonably required by the Enterprise's bond counsel or the Purchaser.

B. The execution and delivery of the Bond, the Paying Agent Agreement and the Bond Purchase Agreement.

Section 1203. Evidence of the Bond Owner. Any request, consent or other instrument which this Ordinance may require or may permit to be signed and to be executed by the Owner of the Bond may be in one or more instruments of similar tenor and shall be signed or shall be executed by the Owner in person or by his or her attorney appointed in writing. Proof of the execution of any such instrument or of an instrument appointing any such attorney, or the holding by any Person of the Bond shall be sufficient for any purpose of this Ordinance (except as otherwise herein expressly provided) if made in the following manner:

A. Proof of Execution. The fact and the date of the execution by the Owner of the Bond or his or her attorney of such instrument may be established by a certificate, which need not be acknowledged or verified, of an officer of a bank or trust company satisfactory to the Secretary or of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he or she purports to act, that the individual signing such request or other instrument acknowledged to him or her the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer; the authority of the individual or individuals executing any such instrument on behalf of a corporate Owner of any securities may be established without further proof if such instrument is signed by an individual purporting to be the president or vice president of such corporation with a corporate seal affixed and attested by an individual purporting to be its secretary or an assistant secretary; and the authority of any Person or Persons executing any such instrument in any fiduciary or representative capacity may be established without further proof if such instrument is signed by a Person or Persons purporting to act in such fiduciary or representative capacity; and

B. Proof of Holdings. The amount of the Bond held by any Person and the numbers, date and other identification thereof, together with the date of his or her holding the Bond, shall be proved by the registration records maintained by the Paying Agent.

Section 1204. Notices. Except as otherwise may be provided in this Ordinance, all notices, certificates, requests or other communications pursuant to this Ordinance shall be in writing and shall be sufficiently given and shall be deemed given by personal delivery or when mailed by first class mail, and either delivered or addressed as follows:

If to the Enterprise at: City of Loveland, Colorado, Water Enterprise
500 E. Third Street, Suite 240
Loveland, CO 80537
Attention: Treasurer

If to the City at: City of Loveland, Colorado
500 E. Third Street, Suite 240
Loveland, CO 80537
Attention: Director of Finance

If to the Paying Agent at: U.S. Bank National Association
Attention: Global Corporate Trust Services
950 17th Street, 12th Floor
Denver, CO 80202

If to the Purchaser at: Wells Fargo Bank, N.A.
1740 Broadway, 2nd Floor
Denver, CO 80274
MAC C7301-02C

The Enterprise, the City, the Paying Agent and the Purchaser may, by written notice, designate any further means of communication – such as electronic mail – and further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 1205. Business Days. If the date for making any payment or the last date for performance of any act or the exercising of any rights, as provided in this Ordinance, shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Ordinance, and no interest shall accrue for the period after such nominal date.

Section 1206. Publication. As provided in Charter Section 4-9(a)(7), this Ordinance shall be published by title only by the Secretary after adoption on second reading unless the Ordinance has been amended since first reading in which case the Ordinance shall be published in full or the amendments shall be published in full.

Section 1207. Effective Date. This Ordinance shall be in full force and effect ten days after its final publication, as provided in Charter Section 4-8(b).

ADOPTED this 2nd day of July, 2013.

CITY OF LOVELAND, COLORADO,
WATER ENTERPRISE

(SEAL)

President

ATTEST:

Secretary

APPROVED AS TO FORM:

Attorney to Enterprise

I, Teresa G. Andrews, Secretary of the City of Loveland, Colorado, Water Enterprise hereby certify that the above and foregoing Ordinance was introduced at a regular (or special) meeting of the Board of the Enterprise, held on June 18, 2013 and was initially published in the Loveland Daily Reporter-Herald, a newspaper published with the City limits in full on June __, 2013 and by title except for parts thereof which were amended after such initial publication which parts were published in full in said newspaper on July __, 2013.

Secretary

Effective Date: July __, 2013

EXHIBIT A

(FORM OF THE BOND)

THIS BOND MAY ONLY BE TRANSFERRED BY THE REGISTERED OWNER HEREOF SOLELY TO (A) AN AFFILIATE OF WELLS FARGO BANK, NATIONAL ASSOCIATION, (B) A TRUST OR OTHER CUSTODIAL ARRANGEMENT ESTABLISHED BY WELLS FARGO BANK, NATIONAL ASSOCIATION OR ONE OF ITS AFFILIATES, THE OWNERS OF ANY BENEFICIAL INTERESTS IN WHICH ARE LIMITED TO “QUALIFIED INSTITUTIONAL BUYERS” AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (C) A QUALIFIED INSTITUTIONAL BUYER THAT IS A COMMERCIAL BANK WITH CAPITAL AND SURPLUS OF \$5,000,000,000 AND WHICH HAS EXECUTED A LETTER CONTAINING REPRESENTATIONS AND WARRANTIES AS TO IT BEING A SOPHISTICATED INVESTOR. IN ADDITION, ANY TRANSFER OF THIS BOND MUST BE IN COMPLIANCE WITH THE SECURITIES LAWS OF THE UNITED STATES OF AMERICA.

UNITED STATES OF AMERICA

STATE OF COLORADO

COUNTY OF LARIMER

CITY OF LOVELAND, COLORADO
WATER ENTERPRISE REVENUE BOND
SERIES 2013

No. R-1

INTEREST RATE

MATURITY DATE

ISSUE DATE

As Stated Below

_____, 20__

REGISTERED OWNER:

MAXIMUM PRINCIPAL AMOUNT: TEN MILLION DOLLARS

The City of Loveland, Colorado, Water Enterprise (the “Enterprise”), for value received, hereby promises to pay to the registered owner specified above, or registered assigns, upon the presentation and surrender of this Bond or as otherwise provided in the Ordinance (hereinafter provided), solely from the special funds provided therefor, a principal amount equal to the lessor of: (a) \$10,000,000 (the “Maximum Principal Amount”) or (b) the sum of the advances made by Wells Fargo Bank, N.A. (the “Purchaser”) in accordance with the Bond Purchase Agreement (hereinafter defined) and as reflected in the Table of Advances attached

hereto and by this reference made a part hereof (the “Advanced Amount”), together with interest thereon on the unpaid balance of the total Advanced Amount from the respective Advance dates, at the interest rates determined as set forth in the Ordinance adopted by the Board of Directors of the Enterprise on July 2, 2013 (the “Ordinance”) and the Sale Certificate executed in accordance therewith (the “Sale Certificate”), but only from the sources and in the manner provided in the Ordinance. Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Ordinance.

Interest on this Bond shall be payable semiannually on February 1 and August 1 in each year, beginning on _____ 1, 201_, until the principal hereof is paid or duly provided for upon redemption or maturity. When an Advance is made by the Purchaser to the Enterprise, the Enterprise shall notify the Paying Agent in writing of such Advance and the Paying Agent shall record the amount of each Advance on the records of the Enterprise kept by the Paying Agent. In addition, the Purchaser, as the initial Owner of this Bond, hereby agrees that it shall note the amount of such Advance on the Table of Advances attached to this Bond. In the event of a conflict between the Table of Advances and the records of the Enterprise kept by the Paying Agent, the records of the Paying Agent shall control.

If the Purchaser has not advanced the Maximum Principal Amount to the Enterprise by the Final Advance Date, the Enterprise shall receive a credit against its mandatory sinking fund obligations in an amount equal to the difference between \$10,000,000 and the Advanced Amount. Within ten (10) Business Days after the Final Advance Date, the Enterprise shall notify the Paying Agent in writing of the amount of any such credit to be applied to its sinking fund obligations. The Paying Agent shall thereafter revise the mandatory sinking fund schedule by equally reducing the sinking fund obligations in each year in an aggregate amount equal to such credit. The Paying Agent shall thereafter provide the revised sinking fund schedule to the Enterprise, the City of Loveland, Colorado (the “City”) and the registered Owner of this Bond.

This Bond is issued pursuant to the terms and provisions of the Ordinance and is secured by and entitled to the security of the Ordinance. To the extent not defined herein, terms used in this Bond shall have the same meanings as set forth in the Ordinance. This Bond bears interest, matures, is payable, is subject to redemption and is transferable as provided in the Ordinance and the Sale Certificate.

So long as Wells Fargo Bank, N.A. is the owner of this Bond, partial payments of the principal on this Bond may be noted on the Table of Partial Redemptions attached herein in lieu of surrendering this Bond in connection with such payment.

Reference is made to the Ordinance and to all Ordinances supplemental thereto, with respect to the nature and extent of the security for this Bond, the accounts, funds or revenues pledged, rights, duties and obligations of the Enterprise, the City and the Paying Agent, the rights of the Owners of this Bond, the events of defaults and remedies, the circumstances under which the Bond is no longer Outstanding, the issuance of additional bonds and the terms on which such

additional bonds may be issued under and secured by the Ordinance, the ability to amend the Ordinance, and to all the provisions of which the Owner hereof by the acceptance of this Bond assents.

THIS BOND IS ISSUED PURSUANT TO AND IN FULL COMPLIANCE WITH THE CONSTITUTION AND LAWS OF THE STATE OF COLORADO, AND PURSUANT TO THE ORDINANCE. THIS BOND IS A SPECIAL, LIMITED OBLIGATION OF THE ENTERPRISE, SECURED BY THE NET REVENUES. THIS BOND DOES NOT CONSTITUTE A DEBT OF THE ENTERPRISE, THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER THE ENTERPRISE, THE CITY, THE STATE NOR ANY OF THE POLITICAL SUBDIVISIONS THEREOF IS LIABLE THEREFOR. NEITHER THE MEMBERS OF THE BOARD OF DIRECTORS OF THE ENTERPRISE, THE CITY COUNCIL OF THE CITY NOR ANY PERSONS EXECUTING THIS BOND SHALL BE PERSONALLY LIABLE FOR THIS BOND.

FOR PURPOSES OF SECTION 265(b)(3)(B) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, THE ENTERPRISE HAS DESIGNATED THIS BOND AS A QUALIFIED TAX-EXEMPT OBLIGATION.

It is certified, recited and warranted that all the requirements of law have been fully complied with by the proper officers of the Enterprise in the issuance of this Bond; that it is issued pursuant to and in strict conformity with the Constitution of the State and with the Ordinance and any ordinances supplemental thereto; and that this Bond does not contravene any Constitutional or statutory limitation.

It is also certified, recited, and warranted that this Bond is issued under the authority of the Ordinance, the Water Activity Act and the Supplemental Public Securities Act. Pursuant to Section 11-57-210 of the Supplemental Public Securities Act, such recital shall be conclusive evidence of the validity and regularity of the issuance of this Bond after its delivery for value

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Ordinance until the certificate of authentication hereon shall have been duly executed by the Paying Agent.

(FORM OF CERTIFICATE OF AUTHENTICATION)

This is the Bond described in the within mentioned Ordinance.

U.S. BANK NATIONAL ASSOCIATION,
as Paying Agent

By _____
Authorized Signatory

Date of Authentication and Registration: _____

(END OF FORM OF CERTIFICATE OF AUTHENTICATION)

(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ to transfer the within Bond on the records kept for the registration thereof with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatever. The signature must be guaranteed by an eligible guarantor institution as defined in 17 CFR § 240.17 Ad-15(a)(2).

Signature Guaranteed by Member of the Medallion Signature Program:

Address of Transferee:

Social Security or other tax identification number of transferee:

(END OF FORM OF ASSIGNMENT)

\$10,000,000
City of Loveland, Colorado
Water Enterprise Revenue Bond
Series 2013

BOND PURCHASE AGREEMENT

THIS AGREEMENT, dated as of _____, 2013, is by and among the City of Loveland, Colorado (the “City”), the City of Loveland, Colorado, Water Enterprise (the “Enterprise”) and Wells Fargo Bank, N.A. (the “Purchaser”).

WITNESSETH:

WHEREAS, the Enterprise proposes to issue \$10,000,000 maximum principal amount of its City of Loveland, Colorado, Water Enterprise Revenue Bond, Series 2013 (the “Bond”) pursuant to an ordinance adopted by the Board of Directors of the Enterprise on July 2, 2013 (the “Bond Ordinance”); and

WHEREAS, the Bond Ordinance, among other things, contains certain terms, provisions, warranties, representations and covenants by the City, which the City Council of the City has approved pursuant to an ordinance adopted by the City Council on July 2, 2013 (the “City Ordinance”); and

WHEREAS, the Purchaser desires to purchase the Bond from the Enterprise; and

WHEREAS, this Bond Purchase Agreement (this “Agreement”) states the terms and conditions upon which the Enterprise will sell and the Purchaser will purchase the Bond from the Enterprise and supersedes any prior agreement between the Enterprise and the Purchaser with respect to the Bond; and

WHEREAS, any capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Ordinance and the Sale Certificate authorized in connection therewith.

ARTICLE I

Terms of Bond

The Bond shall bear interest, mature, be payable, be subject to redemption prior to maturity, and be transferable as provided in the Bond Ordinance and the Sale Certificate. A copy of the executed Sale Certificate is attached hereto as Exhibit A and by this reference made a part hereof.

ARTICLE II

Sale, Purchase and Delivery of the Bond

Section 2.1. Sale. Upon the terms and subject to the conditions stated in this Agreement, the Enterprise agrees to issue and sell to the Purchaser, and the Purchaser agrees to purchase from the Enterprise, the Bond in a principal amount equal to the lesser of \$10,000,000 or the aggregate principal amount of all Advances made to the Enterprise in accordance with the Bond Ordinance and this Agreement, at a purchase price equal to the aggregate principal amount of all such Advances made to the Enterprise.

Section 2.2 Advances of Principal; Delivery of Bond.

A. As a condition precedent to the issuance of the Bond and the Purchaser making the initial Advance of principal on the Bond, the City shall submit to the Purchaser's Commercial Real Estate Group a complete set of plans and specifications for the Project together with a construction cost budget for the completion of the Project. Such plans and specifications shall have been approved for construction by the City and shall have been stamped by the design professionals prior to submittal to the Purchaser. The construction cost budget shall include an interest reserve line item and a contingency line item.

B. Except as hereinafter provided, if the Enterprise desires an Advance of principal on the Bond, within ten (10) Business Days prior to each requested Advance Date, the Authorized Representative shall deliver an Advance Request to the Purchaser and the Paying Agent in substantially the form attached hereto as Exhibit B and by this reference made a part hereof. Prior to making an Advance, the Purchaser shall have the right to inspect the Project during regular business hours upon reasonable notice to the City.

C. Notwithstanding the foregoing, in connection with the initial issuance and delivery of the Bond to the Purchaser, the Purchaser shall deliver an Advance in an amount equal to \$100,000 without the requirement of the Enterprise executing and delivering an Advance Request. In connection with the initial issuance and delivery of the Bond to the Purchaser, the Purchaser shall deliver the Purchaser's Letter dated as of the Advance Date in substantially the form attached hereto as Exhibit C and by this reference made a part hereof.

D. If the Advance Request substantially complies with the form set forth as Exhibit B hereto and has been properly executed and submitted by the Enterprise to the Purchaser, by the end of the business day on each Advance Date, the Purchaser hereby agrees to deliver immediately available funds to the Enterprise, as set forth in the Advance Request, in the amount provided in the Advance Request (each an "Advance").

E. Upon receipt of funds equal to the amount referenced in the Advance Request, the outstanding principal amount of the Bond shall be increased by such Advance amount. In accordance with the Bond Ordinance, upon receipt of confirmation that the Enterprise has received funds in an amount equal to the Advance Request, the Paying Agent shall record the amount of each Advance on the records of the Enterprise kept by the Paying Agent and the Owner of the Bond shall record the Advance on the Table of Advances attached

to the Bond. By acceptance of the Bond, the Purchaser shall be deemed to have agreed to make a notation on the Bond on the Table of Advances attached thereto upon Advancing money to the Enterprise. The Paying Agent's records relating to the outstanding principal amount of the Bond shall in all cases prevail.

F. The maximum aggregate principal amount of Advances that the Purchaser will make to the Enterprise shall be \$10,000,000. The final date on which the Purchaser shall make Advances (the "Final Advance Date") shall be the earlier of: (i) the date that is three years after the Closing Date, (ii) the date on which the Enterprise notifies the Purchaser in writing that it will not be requesting any additional Advances, or (iii) the date on which the Purchaser has in the aggregate Advanced \$10,000,000 to the Enterprise.

ARTICLE III

Conditions of Sale and Purchase

The obligations of the Enterprise to sell and of the Purchaser to purchase the Bond shall be subject to the satisfaction of each of the following conditions:

Section 3.1. Enterprise Closing Certificate. As of the Closing Date, the Enterprise shall deliver to the Purchaser a certificate signed by duly authorized officials of the Enterprise relating to its status as an enterprise under the Colorado constitution, absence of litigation and due authorization and delivery of the Bond, the Bond Ordinance, the Sale Certificate, the Paying Agent Agreement and this Agreement in a form reasonably satisfactory to the Purchaser.

Section 3.2. City Closing Certificate. As of the Closing Date, the City shall deliver to the Purchaser a certificate signed by duly authorized officials of the City relating to due organization, absence of litigation and due adoption of the City Ordinance and due authorization and delivery of this Agreement in a form reasonably satisfactory to the Purchaser.

Section 3.3. Bond Opinion. As of the Closing Date, the Enterprise shall receive the approving opinion of Sherman & Howard L.L.C., Denver, Colorado, as Bond Counsel, dated the Closing Date, as to the validity of the Bond and the exclusion of interest thereon from gross income and alternative minimum taxable income, subject to the qualifications and exceptions contained therein, and the Purchaser shall receive a reliance letter relating to such opinion.

Section 3.4. Other Documents. As of the Closing Date, the City, the Enterprise and the Purchaser shall receive, in form and substance reasonably satisfactory to the City, the Enterprise and the Purchaser, (a) an executed copy of the Bond Ordinance, (b) an executed copy of the City Ordinance, (c) an executed copy of the Enterprise Ordinance, (d) an executed copy of the Sale Certificate, (e) an executed copy of the Paying Agent Agreement, and (e) such additional certificates or other documents as the City, the Enterprise or the Purchaser may reasonably require to provide evidence of the satisfaction of all the conditions stated in this Article or elsewhere in this Agreement.

As of each Advance Date, the Bond Ordinance, the City Ordinance and this Agreement, and any other agreements contemplated thereby shall be in full force and effect and shall not have been modified or changed except as is permitted by the Bond Ordinance or except as agreed to in writing by the Purchaser. As of each Advance Date, no Event of Default shall have occurred and be continuing under the Bond Ordinance.

Section 3.5. No Litigation. As of the Closing Date and each Advance Date, there shall not have been entered or issued by any court, administrative agency, or other governmental body of any jurisdiction, and there shall not have been commenced or threatened in writing any proceeding in any court, administrative agency, or other governmental body of any jurisdiction which could reasonably be expected to lead to the entry or issuance of any judgment, order, decree, injunction, or other adjudication having the purpose or effect, actual or threatened, of prohibiting the issuance, sale or delivery of the Bond by the Enterprise or the pledge of the Net Revenues pursuant to the Bond Ordinance, the performance by the Enterprise or the City of any of its obligations as provided in the Bond, the Bond Ordinance or this Agreement, relating in any material way to the imposition or collection of any water rates, fees, tolls or charges to pay the principal of or interest on the Bond, or in any way contesting the City's right to undertake the Project or seeking to prohibit, restrain or enjoin the undertaking of the Project.

ARTICLE IV

Miscellaneous

Section 4.1. City and Enterprise Representations. The City and the Enterprise hereby represent and warrant to the Purchaser as follows:

(a) The execution and delivery of, and the due performance of all obligations represented by, the Bond, the Bond Ordinance, the City Ordinance, the Sale Certificate, the Paying Agent Agreement, this Agreement, and the other agreements and documents contemplated in the Bond Ordinance and the Enterprise's or City's compliance with the provisions thereof, as the case may be, will not conflict with or constitute on the Enterprise's or City's part a breach of or a default under any existing law, court or administrative regulation, decree or order, or any agreement, indenture, lease or other instrument to which the Enterprise or the City is subject or by which the Enterprise or the City is or may be bound.

(b) There is no action, suit, proceeding, inquiry, or investigation at law or in equity or before or by any court, public board, or body pending or threatened in writing seeking to restrain or to enjoin the issuance or delivery of the Bond, or the fixing and collection of the rates, charges and other revenues derived from the operation and use of the System, or the application of the Net Revenues to the payment of the principal of and interest on the Bond; the use of the proceeds of the Bond to accomplish the Project; or affecting in any way the right or authority of the Enterprise to pay the Bond and the interest thereon, or otherwise carrying out the terms and provisions of the Bond Ordinance and the covenants and agreements therein and of other proceedings authorizing the issuance of or otherwise concerning the Bond.

(c) The Basic Financial Statements of the City for the fiscal years ended December 31, 2011 and December 31, 2012, and the independent auditors' reports with respect thereto, copies of which have heretofore been furnished to the Purchaser, are complete and correct and fairly present the financial condition of the City at such dates and for such periods.

(d) Since the most current date of the information, financial or otherwise, supplied by the City to the Purchaser, there has been no material change in the assets, liabilities, financial position or results of operations of the City which has not been disclosed in writing to the Purchaser.

(e) Within the last seven years: (i) the City has not filed a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, (ii) a court of competent jurisdiction has not approved a petition, filed with or without the consent of the City, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, and (c) under the provisions of any other law for the relief or aid of debtors, a court of competent jurisdiction has not assumed custody or control of the City, or of the whole or any substantial portion of its property.

(f) Except as permitted by the Bond Ordinance, there are no liens or encumbrances of any nature whatsoever on or against the System, or any part thereof, or on or against the Gross Revenues on a parity with or superior to the lien thereon of the Bond.

Section 4.2. Payment of Purchaser Fees and Expenses. So long as the Purchaser is in compliance with the provisions of this Agreement, the City agrees to pay the reasonable fees and expenses of the Counsel to the Purchaser, regardless of whether the Bond is actually issued by the Enterprise. On the Closing Date, the City shall pay the Purchaser a closing fee in the amount of \$25,000, provided that such fee may be paid from the proceeds of the Bond deposited in the Costs of Issuance Fund.

Section 4.3. Conflict with Bond Ordinance. In the event of any conflict between the provisions of this Agreement and the provisions of the Bond Ordinance, the provisions of the Bond Ordinance shall be controlling.

Section 4.4. Governing Law. This Agreement is deemed to have been executed and delivered in the State of Colorado, and shall be governed by, construed and enforced in all respects in accordance with the laws of the State of Colorado, applicable to contracts made and to be performed entirely therein.

Section 4.5. Execution in Counterparts. 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.

IN WITNESS WHEREOF, the Purchaser, the City and the Enterprise have caused this Agreement to be duly executed and delivered as of the day and year first above written.

WELLS FARGO BANK, N.A.

By: _____
Title _____

CITY OF LOVELAND, COLORADO

By: _____
[City Manager][Director of Finance]

CITY OF LOVELAND, COLORADO,
WATER ENTERPRISE

By: _____
[President][Treasurer]

EXHIBIT A

(Attach Executed Sale Certificate)

EXHIBIT B

Form of Advance Request

[At least Ten Business Days prior to Advance Date]

Advance Request Number _____

U.S. Bank National Association
Attention: Global Corporate Trust Services
950 17th Street, 12th Floor
Denver, CO 80202

The undersigned Authorized Representative of the City of Loveland, Colorado, Water Enterprise (the "Enterprise") hereby requests from Wells Fargo Bank, N.A. (the "Purchaser") an advance of principal (the "Advance") with respect to the City of Loveland, Colorado, Water Enterprise Revenue Bond, Series 2013 (the "Bond"), pursuant to the Ordinance adopted by the Board of Directors of the Enterprise on July 2, 2013 (the "Bond Ordinance"). All capitalized terms used in this Advance Request and not otherwise defined have the same meaning as the terms defined in the Bond Ordinance.

a) The Enterprise is requesting an Advance in the amount of \$_____ payable on _____, 201__ (the "Advance Date"). (Principal advances on the Bond shall be in integral multiples of \$1,000).

b) The Enterprise requests that the Advance be made as follows:

<u>Name and Address of Payee</u>	<u>Purpose for Which Obligation was Incurred</u>	<u>Date Payment Made By the City or Enterprise**</u>	<u>Amount To Be Paid</u>
_____	_____	_____	_____
_____	_____	_____	_____

The Authorized Representative further certifies that:

c) The disbursements requested are due and payable and will be used for "Costs of the Project" permitted under the Bond Ordinance, and have not been the basis of any previous request for an Advance.

**Applicable only for reimbursement to City or Enterprise.

d) All conditions required by the Bond Ordinance and the Bond Purchase Agreement to be met prior to the disbursement of the Advance requested above have been satisfied.

e) No Event of Default has occurred and is continuing under the Bond Ordinance.

f) No litigation described in Section 3.5 of the Bond Purchase Agreement has commenced or been threatened in writing.

g) The bills, invoices or statements of account for the requested Advance are attached to this Advance Request, as applicable.

Upon receipt of funds equal to the amount referenced in paragraph (a) above, the outstanding principal amount of the Bond shall be increased by such Advance amount. For purposes hereof, any amounts disbursed by the Purchaser to the Payees listed above shall be deemed to be Advanced to the Enterprise.

In accordance with the Bond Ordinance, upon receipt of confirmation that the Enterprise has received funds in an amount equal to the Advance Request, the Paying Agent shall record the amount of each Advance on the records of the Enterprise kept by the Paying Agent and the Owner of the Bond shall record the Advance on the Table of Advances attached to the Bond. By acceptance of the Bond, the Purchaser shall be deemed to have agreed to make a notation on the Bond on the Table of Advances attached thereto upon Advancing money to the Enterprise. The Paying Agent's records relating to the outstanding principal amount of the Bond shall in all cases prevail.

Dated:_____.

Authorized Representative

EXHIBIT C

Form of Purchaser's Letter

[Closing Date or Date of Transfer]

City of Loveland, Colorado
500 E. Third Street, Suite 240
Loveland, CO 80537

City of Loveland, Colorado,
Water Enterprise
500 E. Third Street, Suite 240
Loveland, CO 80537

Sherman & Howard L.L.C.
633 17th Street, Suite 3000
Denver, CO 80202

\$10,000,000
City of Loveland, Colorado
Water Enterprise Revenue Bond, Series 2013

Ladies and Gentlemen:

Wells Fargo Bank, N.A. (the "Purchaser") has agreed to purchase \$10,000,000 maximum principal amount of the captioned Bond (the "Bond") which is to be issued by the City of Loveland, Colorado, Water Enterprise (the "Enterprise") pursuant to an ordinance adopted by the Board of Directors on July 2, 2013 (the "Bond Ordinance") and a Bond Purchase Agreement among the City of Loveland, Colorado (the "City"), the Enterprise and the Purchaser. All capitalized terms used herein, but not defined herein, shall have the respective meanings set forth in the Bond Ordinance. The undersigned, an authorized representative of the Purchaser, hereby represents to you that:

1. The Purchaser has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the purchase of the Bond.
2. The Purchaser has authority to purchase the Bond and to execute this letter and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bond.
3. The undersigned is a duly appointed, qualified and acting representative of the Purchaser and is authorized to cause the Purchaser to make the certifications, representations and warranties contained herein by execution of this letter on behalf of the Purchaser.

4. The Purchaser is (a) an affiliate of Wells Fargo Bank, National Association, (b) a trust or other custodial arrangement established by Wells Fargo Bank, National Association or one of its affiliates, the owners of the beneficial interests in which are limited to “qualified institutional buyers” as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the “1933 Act”) or (c) a qualified institutional buyer that is a commercial bank with capital and surplus of \$5,000,000,000 or more.

5. The Purchaser understands that no official statement, prospectus, offering circular, or other comprehensive offering statement is being provided with respect to the Bond. The Purchaser has made its own inquiry and analysis with respect to the Enterprise, the City, the Project, the Bond and the security therefor, and other material factors affecting the security for and payment of the Bond.

6. The Purchaser acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, regarding the Enterprise and the City, to which a reasonable investor would attach significance in making investment decisions, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Enterprise, the City, the Project, the Bond and the security therefor, so that as a reasonable investor, it has been able to make its decision to purchase the Bond.

7. The Purchaser understands that the Bond (i) is not registered under the 1933 Act and is not registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state, (ii) is not listed on any stock or other securities exchange, and (iii) carries no rating from any credit rating agency.

8. The Bond is being acquired by the Purchaser for investment for its own account and not with a present view toward resale or distribution; provided, however, that the Purchaser reserves the right to sell, transfer or redistribute the Bond after the Final Advance Date, but agrees that any such sale, transfer or distribution by the Purchaser shall be to a Person:

(a) that is an affiliate of Wells Fargo Bank, National Association;

(b) that is a trust or other custodial arrangement established by Wells Fargo Bank, National Association or one of its affiliates, the owners of any beneficial interest in which are limited to qualified institutional buyers or accredited investors; or

(c) that is a qualified institutional buyer and a commercial bank having capital and surplus of \$5,000,000,000 or more.

WELLS FARGO BANK, N.A.

By _____
Name _____
Title _____

CITY OF LOVELAND, COLORADO
WATER ENTERPRISE REVENUE BOND
SERIES 2013

REGISTRAR AND PAYING AGENT AGREEMENT

THIS REGISTRAR AND PAYING AGENT AGREEMENT, dated July __, 2013, is by and between the CITY OF LOVELAND, COLORADO, WATER ENTERPRISE (the "Enterprise") and U.S. BANK NATIONAL ASSOCIATION, Denver, Colorado, a national banking association having and exercising full and complete trust powers, duly organized and existing under and by virtue of the laws of the United States of America (the "Paying Agent").

WITNESSETH:

WHEREAS, by Ordinance of the Board of Directors of the Enterprise duly adopted on July 2, 2013 (the "Bond Ordinance"), a related Sale Certificate executed by an authorized officer of the Enterprise on July __, 2013 (the "Sale Certificate") and a Bond Purchase Agreement (the "Bond Purchase Agreement") among the City of Loveland, Colorado (the "City"), the Enterprise and Wells Fargo Bank, N.A. (the "Purchaser"), the Enterprise has authorized the issuance of the City of Loveland, Colorado, Water Enterprise Revenue Bond, Series 2013, in the maximum principal amount of \$10,000,000 (the "Bond"); and

WHEREAS, all capitalized terms used herein and not otherwise defined herein shall have the meanings given to them in the Bond Ordinance, the Sale Certificate and the Bond Purchase Agreement; and

WHEREAS, pursuant to the Bond Purchase Agreement, the Purchaser has agreed to advance principal on the Bond from time to time to the Enterprise, and the principal amount of the Bond shall be an amount equal to the total amount of such Advances made in accordance therewith, up to a maximum amount of \$10,000,000; and

WHEREAS, copies of the Bond Ordinance, the Sale Certificate and the Bond Purchase Agreement have been delivered to the Paying Agent and the provisions therein set forth are incorporated by reference as if set forth herein verbatim in full; and

WHEREAS, it is mutually desirable to the Enterprise and the Paying Agent that the Paying Agent, through its Corporation Trust Department located in Denver, Colorado, act as Paying Agent for the Bond; and

WHEREAS, it is mutually desirable that this agreement (this "Agreement") be entered into between the Enterprise and the Paying Agent to provide for certain aspects of such Paying Agent services.

NOW, THEREFORE, the Enterprise and the Paying Agent, in consideration of the mutual covenants herein contained, agree as follows:

1. The Enterprise hereby appoints the Paying Agent to serve as Paying Agent in accordance with the terms and provisions of the Bond Ordinance, the Sale Certificate, the

Bond Purchase Agreement and this Agreement. The Paying Agent hereby accepts all duties and responsibilities of the Paying Agent as provided in the Bond Ordinance, the Sale Certificate, the Bond Purchase Agreement and this Agreement, including without limitation, the authentication, transfer, exchange and replacement of the Bond. In addition, upon an Advance of principal on the Bond, and written notification thereof by the Purchaser and the Enterprise, the Paying Agent shall record the amount of each Advance on the records of the Enterprise kept by the Paying Agent. The Paying Agent shall cause the Bond to be honored in accordance with their terms, provided that the Enterprise causes to be made available to the Paying Agent all funds necessary in order to so honor the Bond. Nothing in this Agreement shall require the Paying Agent to pay or disburse any funds in excess of the amounts then on deposit in the "Principal and Interest Payment Account" provided for in Section 3 of this Agreement or in the "Costs of Issuance Fund" provided for in Section 4 of this Agreement. Nothing in this Agreement shall require the Enterprise to pay or disburse any funds for payment of the principal of the Bond or interest thereon except at the times and in the manner provided in the Bond Ordinance and the Sale Certificate.

2. Not less than five (5) Business Days prior to each payment date on the Bond, the Paying Agent shall give written notice to the Enterprise of the amount of principal and/or interest on the Bond which is due on the payment date. Failure by the Paying Agent to give such written notice to the Enterprise, or any defect therein, shall not relieve the Enterprise of its obligation to remit payment to Bond owner on scheduled payment dates.

3. Not less than three (3) Business Days prior to each regularly scheduled payment date of the Bond, funds for the payment of the Bond and interest thereon are to be transferred by the Enterprise by wire transfer to the Paying Agent, and the Paying Agent shall deposit such amounts so received in an account designated "Principal and Interest Payment Account." At the time of the deposits to the Principal and Interest Payment Account provided herein, the Paying Agent shall notify the Enterprise if the amounts credited (together with any amounts available for such purpose theretofore deposited to the Principal and Interest Payment Account) will not be sufficient to pay the installment of principal or interest, or both, as the case may be, next due on the Bond. In the event of any such deficiency, the Enterprise shall promptly remit any additional amounts necessary to pay the principal and interest on the Bond next due. The funds so deposited in the Principal and Interest Payment Account shall be held uninvested and applied by the Paying Agent through its Corporate Trust Department solely for the payment of principal of and interest on the Bond. From such funds, the Paying Agent agrees to pay at the times and in the manner provided in the Bond Ordinance and the Sale Certificate, the principal of and interest on the Bond.

4. The Enterprise hereby authorizes the Purchaser to automatically debit the Principal and Interest Payment Account on each regularly scheduled payment date of the Bond in an amount equal to the principal and interest due on the Bond on such date. The Paying Agent and the Purchaser shall establish the procedure for such automatic debit.

5. On the date of issuance of the Bond, there shall be deposited into the Costs of Issuance Fund referred to in the Bond Ordinance and hereby created and held by the Paying Agent and designated as the "City of Loveland, Colorado, Water Enterprise Revenue Bond, Series 2013, Costs of Issuance Fund" (the "Costs of Issuance Fund") an amount equal to

\$ _____. The Paying Agent shall use the funds on deposit in the Costs of Issuance Fund to pay costs of issuance upon the written direction of the Treasurer of the Enterprise or his designee. Any amounts on deposit in the Costs of Issuance Fund remaining after the payment of all the costs of issuance of the Bond shall be transferred by the Paying Agent to the Enterprise at the written direction of the Treasurer.

6. No provision of this Agreement shall require the Paying Agent to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

7. All moneys received by the Paying Agent hereunder shall be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by the Bond Ordinance or by law.

8. The Enterprise shall pay to the Paying Agent fees in accordance with its then existing fee schedule. No new fee schedule shall become effective until 30 days after the Paying Agent has given the Enterprise notice hereof.

9. Unless waived by the Paying Agent, the Enterprise agrees to provide the Paying Agent with not less than 35 days' notice of any prior optional redemption of the Bond. The Enterprise shall not be required to provide the Paying Agent with notice of any mandatory sinking fund redemption of the Bond.

10. If requested by the Paying Agent, the Enterprise agrees to provide the Paying Agent with a supply of blank Bonds for use in the transfer and exchange of the Bond.

11. Any moneys held by the Paying Agent for the owner of the Bond remaining unclaimed for two years after principal of and interest on the Bond with respect to which such moneys have been set aside has become due and payable shall without further request by the Enterprise be paid to the Enterprise.

12. The Paying Agent may become the owner of Bond and may otherwise deal with the Enterprise with the same rights which it would have if it were not the Paying Agent hereunder. The Paying Agent may engage in or be interested in any financial or other transaction with the City and the Enterprise.

13. At least 30 but not more than 60 days prior to July __, 2018, July __, 2023, July __, 2028, July __, 2033 and on the date on which the Bond is discharged, the Paying Agent will send written notice to the Enterprise stating that the Enterprise must: (i) compute the amount of rebatable arbitrage, if any, which is due the federal government pursuant to Sections 103 and 148(f) of the Internal Revenue Code of 1986, as amended, and (ii) pay such amount no later than sixty (60) days from July __, 2018, July __, 2023, July __, 2028, July __, 2033 and on the date on which the Bond is discharged. The Paying Agent shall have no further obligation or duty related to the Enterprise's arbitrage related obligation under Sections 103 and 148(f) of the Internal Revenue Code of 1986 other than giving notice to the Enterprise as provided herein.

14. This Agreement may be terminated as hereinafter provided. The Paying Agent may resign as Paying Agent at any time upon thirty (30) days written notice to the

Enterprise. The Enterprise may remove the Paying Agent as Paying Agent upon thirty (30) days written notice to the Paying Agent. No resignation or removal of the Paying Agent may take effect until a successor is appointed. If an instrument of acceptance of a successor Paying Agent shall not have been delivered to the Paying Agent within thirty (30) days of the giving of such notice of resignation, the Paying Agent may petition any court of competent jurisdiction for the appointment of a successor Paying Agent. Upon any resignation or removal of the Paying Agent as Paying Agent, the Paying Agent shall deliver to the Enterprise or its designee all funds held by the Paying Agent as Paying Agent and the registration records of the Paying Agent, as registrar and transfer agent for the Bond.

15. As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Paying Agent shall be entitled to rely upon a certificate signed by an authorized officer of the Enterprise as sufficient evidence of the facts therein contained and prior to the occurrence of a default of which the Paying Agent has been notified, the Paying Agent may accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may, at its discretion, secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Paying Agent may accept a certificate of the Enterprise Clerk of the Enterprise to the effect that an ordinance or a resolution in the form therein set forth has been adopted by the Enterprise as conclusive evidence that such ordinance or resolution has been duly adopted and is in full force and effect.

16. At any time, the Paying Agent may apply to the Enterprise for instructions and may consult counsel for the Enterprise or nationally recognized bond counsel with respect to any matter arising in connection with this Agreement and it shall not be liable for any action taken or omitted by it in good faith in accordance with such instructions or upon the advice or opinion of such counsel. The Paying Agent shall be protected in acting upon any paper or document believed by it in good faith to be genuine and to have been signed by any authorized officer of the Enterprise and shall not be held to have notice of any change of authority of any authorized officer until receipt by it of written notice thereof by the Enterprise. The Paying Agent shall also be protected in recognizing Bond that it reasonably believes bear the manual or facsimile signatures of the authorized officers of the Enterprise. The Paying Agent shall not be responsible, for any reason, for any action taken nor omitted to be taken by it in good faith or for anything whatever in connection with this Agreement or any of the Bond except for its own negligence, willful misconduct or bad faith in the performance of any duty to be performed by the Paying Agent hereunder.

17. Any company or national banking association into which the Paying Agent may be merged or converted or with which it may be consolidated or any company or national banking association resulting from any merger, conversion or consolidation to which it shall be a party or any company or national banking association to which the Paying Agent may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible, shall be the successor to such Paying Agent without execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

18. The rights of the Enterprise under this Agreement shall be deemed to be a contract made under and shall be construed in accordance with and governed by the laws of the State of Colorado.

19. This Agreement is made solely for the benefit of the Enterprise, the City, the Paying Agent, their successors and assigns, and the registered owner of the Bond, and no other person or entity shall have any right, benefit or interest under or because of the existence of this Agreement.

20. If any section, subsection, paragraph, clause or other provision of this Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability thereof shall not affect any of the remaining sections, subsections, paragraphs, clauses or provisions of this Agreement.

21. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

22. In the event of any conflict between the provisions of this Agreement and the provisions of the Bond Ordinance, the provisions of the Bond Ordinance shall be controlling.

IN WITNESS WHEREOF, the Paying Agent and the Enterprise have caused this Agreement to be duly executed and delivered as of the day and year first above written.

CITY OF LOVELAND, COLORADO,
WATER ENTERPRISE

(SEAL)

President

ATTESTED:

Secretary

U.S. BANK NATIONAL ASSOCIATION

By: _____
Title:



CITY OF LOVELAND
CITY MANAGER'S OFFICE

Civic Center • 500 East Third • Loveland, Colorado 80537
(970) 962-2303 • FAX (970) 962-2900 • TDD (970) 962-2620

AGENDA ITEM: 18
MEETING DATE: 6/18/2013
TO: City Council
FROM: Alan Krcmarik, Executive Fiscal Advisor
PRESENTER: Alan Krcmarik

TITLE:

An Ordinance of the City of Loveland, Authorizing the Terms and Provisions Relating to the Water Enterprise Revenue Bonds, Series 2013, to be Issued by the City of Loveland, Colorado, Water Enterprise, the Finance Improvements to the City's Water System, Including, Without Limitation, Covenants and Agreement of the City in Connection Therewith

RECOMMENDED CITY COUNCIL ACTION:

Conduct a public hearing and adopt the ordinance on first reading.

OPTIONS:

1. Adopt the action as recommended
2. Deny the action
3. Adopt a modified action (specify in the motion)
4. Refer back to staff for further development and consideration
5. Adopt a motion continuing the item to a future Council meeting

DESCRIPTION:

This is an administrative action by the City Council. Pursuant to Ordinance 4454 adopted by the Council in 1999, the Council ratified the establishment of the City of Loveland Water Enterprise. In separate action, the City Council, acting as the Board of the Water Enterprise, considered on first reading the terms of the Water Enterprise Revenue Bonds, Series 2013. This proposed ordinance indicates the City Council's agreement to and authorization of the bond ordinance.

BUDGET IMPACT:

- Positive
 Negative
 Neutral or negligible

The Water Enterprise will benefit from the receipt of proceeds from proposed bank financing for the expansion of the Water Treatment Facility (as authorized in the Water Enterprise Bond Ordinance).

SUMMARY:

There are six important operational parts of the proposed ordinance.

Section 1. Council proposed ordinance ratifies all actions taken by the City to plan the water treatment expansion project and the steps that have been taken to prepare the bond ordinance.

Section 2. Council finds and determines that the water treatment plant expansion constitutes a public purpose and that it is in the best interests of the City to finance a portion of the project through the bond ordinance.

Section 3. The Council authorizes and determines that the project should be undertaken and the proceeds of the bond shall be used to pay for a portion of the project.

Section 4. The Council approves the terms and provisions of the bond ordinance and ratifies, approves, and confirms that the City shall be bound by the terms of the bond ordinance.

Section 5. The Council finds that it is to the best advantage of the City that the bond shall be sold to the Bank under the terms of the bond ordinance and the City Manager and Director of Finance are delegated to accept the Bond Purchase Agreement.

Section 6. The Council authorizes and directs appropriate City officials to take the necessary actions to construct and finance the project.

The remaining sections of the ordinance cover legal and administrative aspects, including the Repealer section which repeals any inconsistent actions of the City; the Severability section that maintains the overall intent of the ordinance (even if some subsection may be found unenforceable), the Ordinance Irrepealable section, the Publication sections, and the Effective Date.

REVIEWED BY CITY MANAGER:



LIST OF ATTACHMENTS:

Ordinance

FIRST READING: _____

SECOND READING: _____

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE TERMS AND PROVISIONS RELATING TO THE WATER ENTERPRISE REVENUE BOND, SERIES 2013, TO BE ISSUED BY THE CITY OF LOVELAND, COLORADO, WATER ENTERPRISE, TO FINANCE IMPROVEMENTS TO THE CITY’S WATER SYSTEM, INCLUDING, WITHOUT LIMITATION, COVENANTS AND AGREEMENTS OF THE CITY IN CONNECTION THEREWITH.

WHEREAS, the City of Loveland, in the County of Larimer and State of Colorado, (the “City”) is a municipal corporation duly organized and existing under the laws of the State of Colorado and in particular under the provisions of Article XX of the Constitution of the State of Colorado and the City’s Home Rule Charter (the “Charter”); and

WHEREAS, the members of the City Council (the “City Council”) have been duly elected and qualified; and

WHEREAS, the City now owns and operates a municipal water system (the “System”); and

WHEREAS, the City Council has determined that the System constitutes an enterprise pursuant to Article X, Section 20 of the Colorado Constitution; and

WHEREAS, pursuant to Ordinance 4454 adopted by the City Council on August 4, 1999 (the “Enterprise Ordinance”), the City Council ratified the establishment of the City of Loveland, Colorado, Water Enterprise (the “Enterprise”) and conferred certain powers on the Enterprise; and

WHEREAS, pursuant to the Enterprise Ordinance, the City Council shall serve as the governing body of the Enterprise and the officers of the City Council and of the City shall serve as officers of the governing body of the Enterprise and of the Enterprise; and

WHEREAS, pursuant to the Enterprise Ordinance, the Enterprise has the power to issue revenue bonds in the manner in which City revenue bonds may be issued, without voter approval in advance; may pledge any revenues derived or to be derived from the functions, services, benefits or facilities of the water activities of the City or any other available funds of the Enterprise to the payment of such revenue bonds and to pay such revenue bonds therefrom; and the Enterprise may make representations, warranties and covenants on behalf of the City and

bind the City to perform any obligation relating to the System other than any multiple-fiscal year direct or indirect debt or other financial obligation of the City; and

WHEREAS, pursuant to the Enterprise Ordinance, the City, among other things, continues to own the assets of the System; manages, operates and maintains the System; budgets and appropriates revenues and expenditures of the System; fixes, adjusts and collects water rates, fees, tolls, charges and tap fees relating to the System; and may borrow money, issue bonds or enter into other financial obligations relating to the System as provided in the Colorado Constitution and statutes; and

WHEREAS, the Enterprise intends to issue its “City of Loveland, Colorado, Water Enterprise Revenue Bond, Series 2013” (the “Bond”) to finance a portion of the cost of acquiring, constructing, extending, bettering, otherwise improving and equipping the System (the “Project”); and

WHEREAS, the Bond will be issued pursuant to an ordinance (the “Bond Ordinance”) to be adopted by the Board of Directors of the Enterprise; and

WHEREAS, all capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Bond Ordinance; and

WHEREAS, neither the City nor the Enterprise has ever pledged nor in any way hypothecated revenues derived and to be derived directly or indirectly from the operation of the System to the payment of any securities or for any other purpose and with the result that the Net Revenues may now be pledged lawfully and irrevocably for the payment of the Bond, and they may be made payable from the Net Revenues; and

WHEREAS, the Bond will be payable solely from the Net Revenues of the System and the Bond shall not constitute an indebtedness or a debt within the meaning of any constitutional, Charter or statutory provision or limitation; and the Bond shall not be considered or held to be general obligations of the Enterprise or the City but shall constitute the Enterprise’s special, limited obligation; and

WHEREAS, in accordance with the Enterprise Ordinance, the Bond Ordinance contains certain terms, provisions, representations, warranties and covenants of the City; and

WHEREAS, Wells Fargo Bank, N.A. (the “Purchaser”) has submitted a Bond Purchase Agreement (the “Bond Purchase Agreement”) to the Enterprise and the City concerning the purchase of the Bond; and

WHEREAS, pursuant to Section 11-57-203, Colorado Revised Statutes, as amended, the City desires to delegate to the City Manager and the Director of Finance of the City the independent authority to accept the Bond Purchase Agreement on behalf of the City and to make certain representations in connection therewith; and

WHEREAS, there has been filed with the City Clerk of the City (the “City Clerk”) the following documents: (a) the form of the Bond Ordinance to be adopted by the Board of Directors of the Enterprise; and (b) the form of the Bond Purchase Agreement; and

WHEREAS, the City Council has determined and does hereby declare:

A. In order to meet the present and future needs of the City, it is necessary to extend, better, otherwise improve and equip the System;

B. The Bond is being issued by the Enterprise to finance a portion of the costs of the Project;

C. The Net Revenues shall be pledged to the payment of the Bond; and

D. It is necessary and in the best interests of the City that the Bond shall be issued pursuant to the terms and provisions of the Bond Ordinance and that the City Council authorize, confirm and ratify the terms and provisions of the Bond Ordinance.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. Ratification. All action heretofore taken (not inconsistent with the provisions of this Ordinance) by the City Council, the officers of the City and otherwise taken by the City directed toward the Project and the issuance, sale and delivery of the Bond for such purposes, be, and the same hereby is, ratified, approved and confirmed.

Section 2. Public Purpose. The City Council hereby finds and determines that the construction, acquisition and installation of the Project is necessary to meet the present and future needs of the City. The City Council hereby further finds and determines that it is in the best interests of the City to finance a portion of the Project through the issuance of the Bond in accordance with the terms and provisions of the Bond Ordinance and that it is in the best interest of the City and serves a valid public purpose for the City to facilitate the issuance of the Bond by ratifying and approving the terms and provisions set forth in the Bond Ordinance.

Section 3. Authorization of the Project. The City Council, on behalf of the City, hereby determines to undertake the Project, which is hereby authorized, and the net proceeds of the Bond shall be used therefor in accordance with the terms and provisions of the Bond Ordinance.

Section 4. Approval of Bond Ordinance. The City Council hereby approves the terms and provisions of the Bond Ordinance in substantially the form filed with the City Clerk and hereby ratifies, approves and confirms that the City shall be bound by the terms and provisions of the Bond Ordinance, including without limitation the representations, warranties and covenants of the City contained therein. For purposes of the Bond Ordinance, the Director of Finance shall serve as Treasurer to the Enterprise.

Section 5. Approval of Bond Purchase Agreement. The City Council hereby finds and determines that it is to the best advantage of the City that the Bond shall be sold to the Purchaser substantially in accordance with the provisions of the Bond Purchase Agreement filed with the City Clerk, provided that the Bond Purchase Agreement may be completed, corrected or revised as deemed necessary by the parties thereto in order to carry out the purposes of the Bond Ordinance and this Ordinance. Pursuant to the Supplemental Public Securities Act, which the City hereby elects to apply to the issuance of the Bond, the City Council hereby delegates to the City Manager and the Director of Finance the independent authority to accept the Bond Purchase Agreement from the Purchaser, subject to the parameters set forth in the Bond Ordinance.

Section 6. Taking of Necessary Action. The Mayor, the Mayor Pro Tem, the City Clerk and any deputy thereof, the City Manager, the Director of Finance, the Executive Fiscal Advisor, the City Attorney, and other officers and employees of the City are hereby independently authorized and directed to take all action necessary or appropriate to finance and construct the Project, to facilitate the issuance of the Bond by the Enterprise and the sale thereof to the Purchaser in accordance with the Bond Purchase Agreement and to otherwise effect the provisions of the Bond Ordinance and this Ordinance, including without limitation, executing, attesting, authenticating and delivering for and on behalf of the City, such agreements, instruments, certificates and opinions as may be required to implement the transactions contemplated hereby and by the Bond Ordinance, or as may otherwise be reasonably required by the City's bond counsel. The execution of any document or instrument by the appropriate officers of the City herein authorized shall be conclusive evidence of the approval by the City of such document or instrument in accordance with the terms hereof.

Section 7. Repealer. All bylaws, orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any such bylaw, order, resolution or ordinance, or part thereof, heretofore repealed.

Section 8. Severability. If any section, subsection, paragraph, clause or other provision of this Ordinance for any reason is invalid or unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause or other provision shall not affect any of the remaining provisions of this Ordinance.

Section 9. Ordinance Irrepealable. After the Bond is issued, this Ordinance shall constitute an irrevocable contract between the City and the Owner of the Bond and this Ordinance shall be and shall remain irrepealable until the Bond, as to all Debt Service Requirements, shall be fully paid, canceled, and discharged, except as herein otherwise provided.

Section 10. Publication. As provided in Charter Section 4-9(a)(7), this Ordinance shall be published by title only by the City Clerk after adoption on second reading unless the Ordinance has been amended since first reading in which case the Ordinance shall be published in full or the amendments shall be published in full.

Section 11. Effective Date. This Ordinance shall be in full force and effect ten days after its final publication, as provided in Charter Section 4-8(b).

ADOPTED this 2nd day of July, 2013.

CITY OF LOVELAND, COLORADO

(SEAL)

Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

I, Teresa G. Andrews, City Clerk of the City of Loveland, Colorado, hereby certify that the above and foregoing Ordinance was introduced at a regular (or special) meeting of the City Council, held on June 18, 2013 and was initially published in the Loveland Daily Reporter-Herald, a newspaper published with the City limits in full on June __, 2013 and by title except for parts thereof which were amended after such initial publication which parts were published in full in said newspaper on July __, 2013.

City Clerk

Effective Date: July __, 2013