




IMAGED

OFFICE OF THE CITY ATTORNEY

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PHONE (970) 962-2540 • FAX (970) 962-2900 • TDD (970) 962-2620

TO: Terry Andrews, City Clerk
FROM: John Duval, City Attorney 
RE: Intergovernmental Agreement Concerning the Construction of Schools Pursuant to the Centerra Master Financing Agreement
DATE: January 25, 2007

Please find attached for your records an original and fully executed "Intergovernmental Agreement Concerning the Construction of Schools Pursuant to the Centerra Master Financing Agreement" dated December 22, 2006. If you have any questions about the Agreement, please let me know.

JRD:lmh
Attachment

INTERGOVERNMENTAL AGREEMENT CONCERNING THE CONSTRUCTION OF SCHOOLS PURSUANT TO THE CENTERRA MASTER FINANCING AGREEMENT

This Intergovernmental Agreement (hereinafter referred to as the "URA School Funding Agreement"), is entered into this 22nd day of December, 2006, among the **LOVELAND URBAN RENEWAL AUTHORITY ("LURA")**, **CENTERRA METROPOLITAN DISTRICT NO. 1 ("Metropolitan District")**, and the **THOMPSON R2-J SCHOOL DISTRICT ("School District")** (collectively referred to as the "Parties").

RECITALS

WHEREAS, the LURA and the Metropolitan District are among the parties to that certain Centerra Master Financing and Intergovernmental Agreement (the "MFA"), dated January 20, 2004 and approved by the City of Loveland City Council via Resolution #R 6-2004; and

WHEREAS, while the School District is not a party to the MFA, it is an intended third-party beneficiary to the MFA with respect to certain provisions of the MFA and the School District was specifically consulted concerning the provisions of Section 10 of the MFA when the MFA was being negotiated and entered into; and

WHEREAS, Section 1.103 of the MFA establishes the "School Increment" as funds collected by LURA as a result of certain property taxes levied by the School District on property within the URA Project Area; and

WHEREAS, Section 10.2 of the MFA requires the LURA to deposit all School Increment funds it collects into the "School Fund;" and

WHEREAS, Section 10.3 of the MFA requires the LURA to make distributions from the School Fund for the sole purpose of reimbursing the School District for the costs, expenses and/or indebtedness incurred for the Construction of URA Schools, as the term is defined in the MFA; and

WHEREAS, Section 10.3 of the MFA further contemplates that an intergovernmental agreement will be entered into by the Parties for the purpose of providing for the LURA's disbursement of funds on deposit in the School Fund and the use of those funds by the School District; and

WHEREAS, the School District and the Metropolitan District believe that funding for an elementary school to be located west of Equalizer Lake within the High Plains Preserve residential development (in the area more generally depicted on Exhibit O to the MFA), should be among the first priorities for use of the School Increment (the "First New URA School"); and

WHEREAS, the School District and Metropolitan District desire to encourage collaboration and interaction between the First New URA School and the High Plains Environmental Center; and

WHEREAS, the qualified electors of the School District have approved the Thompson R2-J 2005 bond issue, the proceeds of which shall be earmarked for the construction of new schools and the renovation of certain existing schools, and they approved this November a mill levy override.

NOW THEREFORE, in consideration of the foregoing recitals and in compliance with Section 10.3 of the MFA, the Parties hereby agree as follows:

1. School Fund Accumulation. All capitalized terms in this URA School Funding Agreement shall have the same meaning as those used in the MFA. Immediately upon the effective date of this URA School Funding Agreement, the LURA shall begin funding the School Fund in accordance with the example set forth in Exhibit A, attached hereto and incorporated herein. Funding, as set forth in Exhibit A, shall be subject to annual adjustments to reflect the actual assessed values of the School District and the Centerra Metropolitan District No. 2 and to further reflect such subsequent mill levies as may be required to meet debt service obligations on the School District's 2005 bond issue.

The Parties acknowledge that the schedule set forth on Exhibit A reflects an agreement among the parties on how to provide, as closely as possible, levelized payments to the School Fund and may not reflect the actual debt service schedule associated with the School District's 2005 bond issue. Notwithstanding the foregoing, under no circumstances shall the mill levy applied to Centerra Metropolitan District No. 2's assessed value for its portion of the School Increment exceed the actual mill levy certified by the School District for debt service obligations.

2. Platting and Design of First New URA School. The School District shall commence design of the First New URA School immediately upon receiving final approval for the plat of the First New URA School site, which is expected to occur no later than July 31, 2007. The School District further agrees to use its best efforts to have the design of the First New URA School completed within nine months of the final approval of the plat.

3. Design Standards. In recognition of the potential mutual benefit to all affected entities, the parties to the MFA agreed to create the School Increment and to provide a mechanism for the LURA to return the School Increment to the School District. In further recognition of the spirit of cooperation embodied in the MFA and in recognition of the fact that School Increment funds are being made available to the School District, the School District hereby agrees to consult with and advise in writing the LURA, the Metropolitan District, and the City of Loveland Planning Commission concerning the site development plan for the First New URA School prior to the construction of such school in order that it may conform insofar as is feasible to the adopted "Millennium Design Guidelines" as the same have been approved and may be modified from time to time by the City of Loveland. The School District agrees that the City of Loveland Planning Commission, within thirty days after submission of plans by the

School District as provided herein, may request a public hearing before the School District's Board of Education related to the proposed plan for the First New URA School. The Board of Education shall thereafter promptly schedule the hearing, publish at least one notice in advance of the hearing, and provide written notice of the hearing to the Planning Commission. Nothing in this URA School Funding Agreement nor the MFA shall be construed to limit the authority of the School District's Board of Education to finally determine the location of schools and to construct and erect the necessary school buildings and structures within the URA Project Area.

4. Sustainable Building Practices. The School District has expressed a desire to further enhance its relationship with the High Plains Environmental Center as a unique opportunity for educating students. To that end, the School District agrees to use its best efforts to design and construct the First New URA School in a manner that represents an example of the best practices of sustainable building construction.

5. Mill Levy Overrides. The Parties acknowledge that the voters of the School District in November 2006 approved a mill levy override in excess of the existing School District mill levy override and that the School District may, at some point in the future, present its electorate with the question of imposing additional mill levy overrides. Based upon the recent November 2006 approval and in the event the School District's electorate should approve additional mill levy overrides in the future, the Metropolitan District's contribution to the additional mill levy overrides shall be incorporated into the School Increment as shown in Exhibit B, attached hereto and incorporated herein, and as provided in Section 1.103 of the MFA. The Metropolitan District's contribution to the additional mill levy overrides shall be adjusted from year to year to reflect the actual mill levy assessed to fund all current and any future additional mill levy overrides.

6. Allocation of Funds. Upon the effective date of this URA School Funding Agreement, the School District agrees to use a portion of the School Increment deposited in the School Fund for the design of the First New URA School. It is anticipated that construction of the First New URA School shall be completed no later than 2010, subject to appropriate enrollment levels and the availability of adequate funding. The School District may choose to build the First New URA School in phases to allow subsequent classrooms and other features to be added to the school as enrollment expands.

Subject to use of funds as needed in the judgment of the School District's Board of Education for Construction of other, existing URA Schools as provided in the MFA, the School District further agrees to use available revenue disbursed from the School Fund for costs associated with the First New URA School until such time as construction of the first phase of the school has been funded. The School District may apply any surplus funding that becomes available as a result of the revenue streams anticipated and reflected in Exhibits A and B to the other URA Schools or to any of the two school sites included in the URA Project Area (as more particularly described in Exhibits M and N to the MFA) after funding for the first phase of the First New URA School has been adequately secured.

7. Construction Obligations. The Parties acknowledge that the School District shall be solely responsible for the means and methods of the Construction of the First New URA School, subject to the terms of this URA School Funding Agreement. Neither the Metropolitan District nor the LURA shall be liable for any claims or damages brought or suffered by any person or entity as a result of the design and Construction of the First New URA School.

8. Designation of School District Site. The School District hereby agrees to cause its Superintendent to request in writing that the Loveland City Council expand the URA Project Area to include the site for the First New URA School, as the site is more particularly described in Exhibit O to the MFA, at such time as the site has been platted.

9. Term. This URA School Funding Agreement shall terminate upon the termination of the MFA, or at such earlier time as may be agreed upon in writing by the Parties.

10. Notices. All notices or other communication required or permitted by this URA School Funding Agreement shall be in writing and shall be deemed duly given when personally delivered to the Party, or upon receipt in the United States mail, first-class postage prepaid, addressed to the respective Party at the following addresses:

If to the Metropolitan

District: Centerra Metropolitan District No. 1
Attn: Peggy Dowswell
2725 Rocky Mountain Ave., Suite 200
Loveland, CO 80538
Telephone: 970-962-9990

If to the School

District: Superintendent of Schools
Thompson School District R2-J
800 S. Taft Avenue
Loveland, Colorado 80537

If to the LURA: City of Loveland
 City Manager
 500 East Third Street
 Loveland, Colorado 80537
 Attn: Don Williams

11. Assignment. No Party may assign any of its rights or obligations under this URA School Funding Agreement without the express written consent of the other Parties. Any attempted assignment in violation of this provision shall be null and void and of no force and effect.

12. Amendments. This URA School Funding Agreement may not be amended except in writing, signed by every Party hereto. The Parties further agree to assess, at the time any additional bond issues may be approved by the School District's electorate, whether an amendment or modification of this URA School Funding Agreement shall be necessary.

13. Governing Law. This URA School Funding Agreement and the provisions hereof shall be governed by and construed in accordance with the laws of the State of Colorado.

14. Severability. Invalidation of any of the provisions or this URA School funding Agreement or of any paragraph, sentence, clause, phrase, or word herein, or the application thereof in any given circumstances, shall not affect the validity of any other provision contained herein.

15. Counterparts. This URA School Funding Agreement may be executed in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

16. Governmental Immunity. Nothing contained herein shall be construed as a waiver, in whole or in part, by any Party hereto of the rights, protections, and privileges afforded under the Colorado Governmental Immunity Act, Section 24-10-101, *et seq.*, C.R.S.

17. Authorization to Execute. The Parties hereto acknowledge they have taken all steps necessary to approve entry into this URA School Funding Agreement and taken all steps necessary to authorize the appropriate officer or designee to execute the same.

18. No Modification to MFA. The Parties agree that this URA School Funding Agreement is entered into as required by Section 10.3 of the MFA but shall not be deemed to modify the MFA including, without limitation, that section.

[Signatures begin on following page]



LOVELAND URBAN RENEWAL AUTHORITY,
a Colorado body corporate and politic

By: Gene P. Walsh, Jr.
Larry Walsh, Chairman
Date: JANUARY 16, 2006

ATTEST:

By: Teresa Andrews
Teresa Andrews, Secretary

APPROVED AS TO FORM:

John K. [Signature]
Loveland City Attorney

ATTEST:

By: David Harbison
Secretary

CENTERRA METROPOLITAN DISTRICT

By: Robert Scott
PRESIDENT

THOMPSON SCHOOL DISTRICT R2-J

By: [Signature]
School Board President

Exhibit A

**Thompson School District No. R2-J
Larimer, Weld and Boulder Counties, Colorado
General Obligation Bonds
Series 2005**

Calculation Method of School Fund Contribution Amount from the Urban Renewal Authority (1)										
Collection Year	District's Assessed Valuation w/o Centerra	Growth Rate w/o Centerra	Urban Renewal Authority (Centerra) Assessed Valuation	Growth Rate for Centerra	Total District A.V. (2)	Urban Renewal (Centerra) AV as a % of Total District AV	Adjusted District Debt Service Sates 2005 (3)	Required Mill Levy on Total A.V. 100% Collection	Centerra's Annual Contribution to School Fund	
	A		B		C	D	E	F		
					A + B		D / (C / 1000)	(B / 1000) x E		
2006	1,110,237,368		8,148,100		1,118,385,468	0.73%	7,996,193	7.150	58,243	
2007	1,154,646,863	4.00%	29,488,689	261.75%	1,184,135,552	2.49%	7,996,193	6.753	198,999	
2008	1,195,059,503	3.50%	52,861,789	79.38%	1,247,921,292	4.24%	7,996,193	6.408	338,718	
2009	1,236,886,586	3.50%	66,468,334	25.74%	1,303,354,920	5.10%	7,996,193	6.135	407,789	
2010	1,280,177,616	3.50%	77,074,208	15.98%	1,357,251,824	5.68%	7,996,193	5.891	454,079	
2011	1,324,983,833	3.50%	87,576,354	13.63%	1,412,560,187	6.20%	7,996,193	5.661	495,750	
2012	1,371,358,267	3.50%	105,267,528	20.20%	1,476,625,795	7.13%	7,996,193	5.415	570,042	
2013	1,419,365,806	3.50%	118,239,256	12.32%	1,537,605,062	7.69%	7,996,193	5.200	614,898	
2014	1,469,033,259	3.50%	134,108,977	13.42%	1,603,142,236	8.37%	7,996,193	4.988	668,912	
2015	1,520,449,423	3.50%	144,611,123	7.83%	1,665,060,546	8.69%	7,996,193	4.802	694,472	
2016	1,573,665,153	3.50%	158,005,492	9.26%	1,731,670,645	9.12%	7,996,193	4.618	729,609	
2017	1,628,743,434	3.50%	168,119,270	6.40%	1,796,862,704	9.36%	7,996,193	4.450	748,145	
2018	1,685,749,454	3.50%	179,350,833	6.68%	1,865,100,287	9.62%	7,996,193	4.287	768,926	
2019	1,744,750,685	3.50%	187,220,012	4.39%	1,931,970,697	9.69%	7,996,193	4.139	774,881	
2020	1,806,816,959	3.50%	198,833,590	6.20%	2,004,650,549	9.92%	7,996,193	3.989	793,112	
2021	1,869,020,552	3.50%	206,702,768	3.96%	2,075,723,320	9.96%	7,996,193	3.852	796,269	
2022	1,934,436,271	3.50%	218,706,001	5.81%	2,153,142,272	10.16%	7,996,193	3.714	812,215	
2023	2,002,141,541	3.50%	226,575,179	3.60%	2,228,716,720	10.17%	7,996,193	3.588	812,907	
2024	2,072,216,495	3.50%	238,975,861	5.47%	2,311,192,356	10.34%	7,996,193	3.460	826,801	
2025	2,144,744,072	3.50%	246,845,039	3.29%	2,391,589,111	10.32%	7,996,193	3.343	825,318	
	31,543,473,138		2,853,156,403		159,923,850		159,923,850		12,390,085	

(1) Method assumes values in columns A and B will change annually to equal column C. Column D is a constant. Columns E and F are a function of the changing values in C.

(2) All assessed value after 2006 is estimated.

(3) Total debt service for Series 2005 has been equalized into annual payments and remains constant as to dollar amount.

Exhibit B

**Thompson School District No. R2-J
Larimer, Weld and Boulder Counties, Colorado
General Obligation Bonds
Series 2005
Including Estimate for Additional Override**

Calculation Method of School Fund Contribution Amount from the Urban Renewal Authority with Additional Override approval (1)

Collection Year	District's Assessed Valuation w/o Centerra	Growth Rate w/o Centerra	Urban Renewal Authority (Centerra) Assessed Valuation	Growth Rate for Centerra	Total District A.V. (2)	Urban Renewal (Centerra) AV as a % of Total District AV	Adjusted District Debt Service Series 2005 (3)	Annual Revenue from Additional Mill Levy Override (estim) (4)	Total Series 2005 Debt Service & Add'l Mill Levy Override	Required Mill Levy on Total A.V. 100% Collection	Centerra's Annual Contribution to School Fund
	A		B		C	D	E	F	G	H	
					A+B			D+E	F/(C/100)	(B/1000) x G	
2006	1,110,237,368		8,146,100		1,118,383,468	0.73%	7,996,193	7,996,193	7,996,193	7.150	58,243
2007	1,154,646,863	4.00%	28,468,689	261.75%	1,184,115,552	2.49%	7,996,193	4,914,080	12,910,272	10.903	321,294
2008	1,195,059,503	3.50%	62,861,789	79.38%	1,247,921,292	4.24%	7,996,193	5,178,873	13,175,066	10.558	558,094
2009	1,238,888,586	3.50%	66,468,334	25.74%	1,303,354,920	5.10%	7,996,193	5,408,823	13,405,115	10.285	683,632
2010	1,280,177,616	3.50%	77,074,208	15.96%	1,357,251,824	6.88%	7,996,193	5,632,595	13,628,788	10.041	773,937
2011	1,324,983,833	3.50%	87,676,354	13.63%	1,412,560,187	6.20%	7,996,193	5,862,125	13,858,317	9.911	859,192
2012	1,371,358,267	3.50%	105,267,528	20.20%	1,476,625,795	7.13%	7,996,193	6,127,997	14,124,190	9.565	1,006,903
2013	1,419,355,806	3.50%	118,239,256	12.32%	1,537,595,062	7.69%	7,996,193	6,381,020	14,377,212	9.350	1,105,591
2014	1,469,033,259	3.50%	134,108,977	13.42%	1,603,142,236	8.37%	7,996,193	6,540,000	14,536,193	9.067	1,216,008
2015	1,520,449,423	3.50%	144,611,123	7.83%	1,665,060,546	8.69%	7,996,193	6,540,000	14,536,193	8.730	1,262,474
2016	1,573,665,153	3.50%	158,005,492	9.26%	1,731,670,645	9.12%	7,996,193	6,540,000	14,536,193	8.394	1,326,348
2017	1,628,743,434	3.50%	168,119,270	6.40%	1,796,862,704	9.36%	7,996,193	6,540,000	14,536,193	8.090	1,360,045
2018	1,685,749,454	3.50%	179,350,833	6.68%	1,865,100,287	9.62%	7,996,193	6,540,000	14,536,193	7.794	1,397,822
2019	1,744,750,685	3.50%	187,220,012	4.39%	1,931,970,697	9.69%	7,996,193	6,540,000	14,536,193	7.524	1,408,648
2020	1,805,816,959	3.50%	198,833,590	6.20%	2,004,650,549	9.92%	7,996,193	6,540,000	14,536,193	7.251	1,441,789
2021	1,869,020,552	3.50%	206,702,768	3.96%	2,075,723,320	9.96%	7,996,193	6,540,000	14,536,193	7.003	1,447,530
2022	1,934,436,271	3.50%	218,706,001	5.81%	2,153,142,272	10.16%	7,996,193	6,540,000	14,536,193	6.751	1,476,516
2023	2,002,141,541	3.50%	226,575,179	3.60%	2,228,716,720	10.17%	7,996,193	6,540,000	14,536,193	6.522	1,477,774
2024	2,072,216,495	3.50%	236,975,661	5.47%	2,311,192,356	10.34%	7,996,193	6,540,000	14,536,193	6.289	1,503,033
2025	2,144,744,072	3.50%	246,845,039	3.29%	2,391,589,111	10.32%	7,996,193	6,540,000	14,536,193	6.078	1,500,336
	31,543,473,138		2,853,156,403		159,923,850		117,985,612	277,909,482			22,185,211

(1) Method assumes values in columns A and B will change annually to equal column C. Columns D remains constant. Columns E & F change per (4) below. Columns G and H are a function of the changing values in
(2) All assessed value after 2006 is estimated.
(3) Total debt service for Series 2005 has been equalized into annual payments and remains constant as to dollar amount.
(4) Annual Revenue from Additional Mill Levy Override is estimated at the annual amount produced with a cap of 4.15 mills, limited to a dollar cap of \$6,540,000.