

TAX INCREMENT FINANCING PRESENTATION

PCCLD BOARD OF TRUSTEES

MARCH 18, 2014

TAXING ENTITIES PRESENTATION TO PURA BOARD

NOVEMBER 26, 2013

PURA CHANGES

- RECENT RETREAT BY THE BOARD
- ELECTION OF NEW LEADERSHIP
- OUTREACH TO OTHER TAXING ENTITIES
MOVING FORWARD

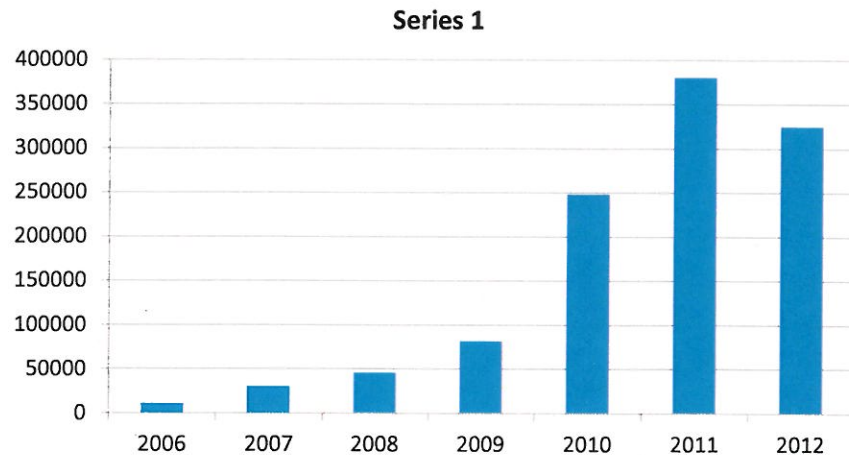
TIF Facts

In 2010, 2011 and 2012, over 13 million dollars was diverted away from our local schools, libraries, and county government.

➤ Pueblo County	\$5,505,732
➤ Pueblo City Schools	\$4,712,212
➤ District 70	\$1,901,579
➤ Pueblo Library	\$ 953,695

Source: Pueblo Country Treasurer's office. Water District TIF Diversions not shown.

TIF DIVERSIONS FROM PCCLD REVENUE



NATURE OF THE DISPUTE

- Taxing entities position is that PURA may only retain TIF if it has incurred debt to fund improvements.
- When debt is paid, all taxes **“shall be paid into the funds of the respective public bodies”**. C.R.S. §31-25-107(9)(a)(II).
- PURA’s position is that it may retain TIF to make improvements whether or not it has incurred debt.
 - May use TIF for administrative expenses
 - May loan money collected in one area to another area

TWO POSSIBLE PATHS FORWARD

- **HARD WAY**

- Referendums on future Urban Renewal Areas.
- Litigation on the use of TIF in future and existing Urban Renewal Areas.
- Legislative battles to amend Urban Renewal statutes.

EASY WAY

- IGA's with Taxing Entities.
- Many communities have such agreements.
- Pueblo's Taxing Entities prefer this path.

TAXING ENTITIES PROPOSAL

- **INTERGOVERNMENTAL AGREEMENT
REGARDING TAX INCREMENT FINANCING FOR
FUTURE URBAN RENEWAL AREAS AND
PROJECTS IN PUEBLO, COLORADO**
 - Global agreement
- **COOPERATION AGREEMENT TEMPLATE**
 - Specific to each new or expanded URA.

IGA

- Applies only to future URA's or expansions and not to existing URA's.
- 90 day notice to Taxing Entities prior to public hearing on new Urban Renewal Plan
- Good Faith negotiations with respect to TIF.
 - Nature and extent of planned improvements.
 - Cost of planned improvements.
 - Whether and to what extent TIF revenues shared.
 - Administrative costs.
 - Use of TIF allocated to each Taxing Entity.
- No other agreements for TIF sharing unless all Taxing Entities agree.

COOPERATION AGREEMENT TEMPLATE

- Each Urban Renewal Area and Project is unique and the template provides for this.
- Administrative Expenses are negotiated.
- PURA entitled to TIF % after a project commences and debt is issued to finance all or a portion of the project.
- After administrative expenses, the % to be paid to the Taxing Entities is agreed upon.

**INTERGOVERNMENTAL AGREEMENT REGARDING
TAX INCREMENT FINANCING FOR FUTURE URBAN RENEWAL AREAS AND
PROJECTS IN PUEBLO, COLORADO**

1.0 PARTIES. The parties to this Agreement (the "Agreement") are PUEBLO, a municipal corporation ("City"); the PUEBLO URBAN RENEWAL AUTHORITY (the "Authority"); PUEBLO SCHOOL DISTRICT NO. 60 d/b/a PUEBLO CITY SCHOOLS, a political subdivision organized and existing as a school district under the constitution and laws of the State of Colorado ("District 60"); PUEBLO SCHOOL DISTRICT NO. 70, a political subdivision organized and existing as a school district under the constitution and laws of the State of Colorado ("District 70"); PUEBLO CITY-COUNTY LIBRARY DISTRICT, a political subdivision organized and existing under the laws of the State of Colorado ("PCCLD"); and PUEBLO COUNTY, COLORADO, a political subdivision of the State of Colorado ("COUNTY"). The parties are collectively called the "Parties." All parties except the Authority are collectively referred to as the "Taxing Entities" or individually as "Taxing Entity."

2.0 RECITALS. The following Recitals to this Agreement are incorporated herein by this reference as though fully set forth in the body of this Agreement.

2.1 The Authority. The Authority is a body corporate and politic of the State of Colorado, organized and existing pursuant to the Colorado Urban Renewal Law, Sections 31-25-101, et seq., C.R.S. (the "Act").

2.2 Intergovernmental Agreements. Section 18(2)(a) and (b) of Article XIV of the Constitution of the State of Colorado and the Colorado Intergovernmental Relationships Statute, Section 29-1-201, et seq., C.R.S. authorizes political subdivisions to cooperate and contract with one another to provide any function, service or facility lawfully authorized to each of the contracting units, including the sharing of costs, the imposition of taxes and the incurring of debt, if such contract sets forth fully the purposes, powers, rights, obligations, and responsibilities, financial or otherwise, of the contracting parties.

2.3 Tax Increment Financing. The Act provides that an urban renewal plan may contain a provision that taxes, if any, levied after the effective date of the approval of the plan upon taxable property in an urban renewal area each year by or for the benefit of any public body shall be divided for a period not to exceed twenty-five (25) years from the effective date of the plan shall be allocated and paid as more fully set forth in Section 31-25-107(9) of the Act.

2.3 Cooperation and Sharing. Sections 31-25-107(11) and 112 of the Act authorize the Parties to cooperate with one another to offset the impacts of, share revenues from, and to carry out the Plan and the Urban Renewal Project (the "Project") in the Urban Renewal Area, described in the Plan.

2.4 Future Urban Renewal Areas. The City has established, and may consider establishing in the future, Urban Renewal Areas with urban renewal plans that provide for Tax Increment Financing. This Agreement applies only to future, new Urban Renewal Areas or the

expansion or modification of previously-approved and existing Urban Renewal Areas, and the plans related to any of those that provide for Tax Increment Financing.

2.5 Future Intergovernmental Agreements. The Parties acknowledge that each Urban Renewal Area is unique and that the specific terms of any intergovernmental agreement with respect to a particular Urban Renewal Area or expansion or modification of an existing Urban Renewal Area is subject to prior discussion and good faith negotiations with respect to such matters as the term, costs, TIF revenue sharing, and administrative expense.

AGREEMENT

3.0 TERMS AND CONDITIONS. In consideration of the mutual covenants and promises of the Parties contained herein, and other valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties agree as follows:

4.0 PROCEDURE FOR INVOLVING TAXING ENTITIES. At least ninety (90) days prior to any public hearing on a new Urban Renewal Plan or the amendment of an existing Urban Renewal Plan that will provide for Tax Increment Financing, the Authority shall provide written notice to the Taxing Entities together with any public records within the possession or control of the Authority regarding the proposed plan or action to be taken and the allocation of TIF revenue.

4.1 Good Faith Negotiations. Within fifteen (15) days after receipt of the notice and continuing thereafter during the ninety (90) day period, if necessary, the Parties shall meet and engage in good faith negotiations with respect to the Tax Increment Financing and the plan including, but not limited to:

- a. The nature, extent, and timeline for the planned improvements.
- b. The cost of the planned improvements.
- c. Whether and to what extent the TIF revenue will be shared.
- d. The amount of the allowable administrative costs of the Authority in connection with the Plan.
- e. The impact of the plan and the Tax Increment Financing on each particular Taxing Entity.
- f. The proposed use of the TIF revenue to be allocated to each Taxing Entity.

4.2 Future Agreements. The Parties' agreement, developed under the procedure in this Article 4.0, shall be memorialized generally in the form attached hereto as Exhibit A, "Cooperation Agreement," the specific terms of which are subject to good faith negotiations for each new, future Urban Renewal Area or expansion or modification of any previously-approved and existing Urban Renewal Area. Each Cooperation Agreement shall apply only to the Urban Renewal Area included in the Plan then under consideration and, unless otherwise agreed, will not include any property tax revenues produced by the levy of the Taxing Entity in urban renewal areas where the provisions of the Act described in Section 2.3 are already in effect pursuant to any other urban renewal plan that has been approved and adopted by the City and that may then be in effect or to any other urban renewal plan that may be adopted or amended by the City in the future.

4.3 Unanimity. No other agreements for the allocation of TIF revenues shall be entered into between the Authority and any other Taxing Entity unless all of the Parties to this agreement agree, in writing.

5.0 NOTICES. Any notice required or permitted by this Agreement shall be in writing and shall be deemed to have been sufficiently given for all purposes if personally served or if sent by certified mail or registered mail, postage and fees prepaid, addressed to the Party to whom such notice is to be given at the address set forth on the signature page below, or at such other address as has been previously furnished in writing, to the other Party or Parties. Such notice shall be deemed to have been given when deposited in the mail of the United States Postal Service.

6.0 ASSIGNMENT. This Agreement and any rights and obligations herein shall not be assigned or otherwise transferred by any Party without the prior written consent of the other Party, which consent shall not be unreasonably withheld.

7.0 DELAYS. Any delays in or failure of performance by any Party of its obligations under this Agreement shall be excused if such delays or failure are a result of acts of God, fires, floods, strikes, labor disputes, accidents, regulations or order of civil or military authorities, shortages of labor or materials, or other causes, similar or dissimilar, which are beyond the control of such Party.

8.0 DEFAULT. Time is of the essence, subject to Section 8.0, above. If any payment or any other material condition, obligation, or duty is not timely made, tendered, or performed by either Party, then either Party may exercise any and all rights available at law or in equity, including damages, but such damages shall be limited to the actual amount that such Party is entitled to receive or retain under this Agreement. No special or punitive damages shall be payable hereunder. No commissioner, council member, official, employee, attorney, or agent of the Authority or the City shall be personally liable under this Agreement.

9.0 PARAGRAPH CAPTIONS. The captions of the paragraphs are set forth only for the convenience and reference of the Parties and are not intended in any way to define, limit, or describe the scope or intent of this Agreement.

10.0 ADDITIONAL DOCUMENTS OR ACTION. The Parties agree to execute such additional documents or take additional actions as may be reasonably required to carry out this Agreement.

11.0 INTEGRATION AND AMENDMENT. This Agreement represents the entire agreement between the Parties with respect to the subject matter and there are no oral or collateral agreements or understandings with respect to the subject matter. This Agreement may be amended only by an instrument in writing signed by the Parties. If any other provision of this Agreement is held invalid or unenforceable, no other provision hereof shall be affected by such holding, and all of the remaining provisions of this Agreement shall continue in full force and effect.

12.0 WAIVER OF BREACH. A waiver by any Party to this Agreement of the breach of any term or provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by either Party.

13.0 GOVERNING LAW; VENUE. This Agreement shall be governed by the laws of the State of Colorado, and venue shall be in the District Court in Pueblo County, Colorado.

14.0 BINDING EFFECT. This Agreement shall inure to the benefit of and be binding upon the Parties and their respective legal representatives, successors, heirs, and assigns, provided that nothing in this paragraph shall be construed to permit the assignment of this Agreement except as otherwise expressly authorized herein.

15.0 EXECUTION IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same instrument.

16.0 NO THIRD-PARTY BENEFICIARIES. This Agreement is intended to describe the rights and responsibilities only as to the Parties hereto. This Agreement is not intended and shall not be deemed to confer any rights on any person or entity not named as a Party hereto.

17.0 NO PRESUMPTION. The Parties to this Agreement and their attorneys have had a full opportunity to review and participate in the drafting of the final form of this Agreement. Accordingly, this Agreement shall be construed without regard to any presumption or other rule of construction against the Party causing the Agreement to be drafted.

18.0 SEVERABILITY. If any provision of this Agreement as applied to either Party or to any circumstance shall be adjudged by a court to be void or unenforceable, the same shall in no way affect any other provision of this Agreement, the application of any such provision in any other circumstances or the validity, or enforceability of the Agreement as a whole.

19.0 EXECUTION REQUIRED. This Agreement shall not be binding upon any Party hereto unless and until the Parties have each executed and delivered to the other this Agreement.

20.0 DAYS. If the day for any performance or event provided for herein is a Saturday, a Sunday, a day on which national banks are not open for the regular transactions of business, or a legal holiday pursuant to Section 24-11-101(1), C.R.S., such day shall be extended until the next day on which such banks and state offices are open for the transaction of business.

21.0 GOOD FAITH OF PARTIES. In the performance of this Agreement or in considering any requested approval, acceptance, or extension of time, the Parties agree that each will act in good faith and will not act unreasonably, arbitrarily, capriciously, or unreasonably withhold, condition, or delay any approval, acceptance, or extension of time required or requested pursuant to this Agreement.

22.0 PARTIES NOT PARTNERS. Notwithstanding any language in this Agreement or any other agreement, representation, or warranty to the contrary, the Parties shall not be deemed to be partners or joint venturers, and neither Party shall be deemed to be partners or joint venturers, and neither Party shall be responsible for any debt or liability of the other Party.

IN WITNESS WHEREOF, this Agreement is executed by the Parties hereto in their respective names as of _____, 20____.

BOARD OF COUNTY COMMISSIONERS
OF PUEBLO COUNTY, COLORADO

PUEBLO, A MUNICIPAL CORPORATION

By _____
Chairman of the Board

By _____
President of the City Council

[SEAL]

[SEAL]

Attest: _____
Pueblo County Clerk and Recorder

Attest: _____
City Clerk

PUEBLO SCHOOL DISTRICT NO. 60,
a/k/a PUEBLO CITY SCHOOLS

By _____
President, Board of Education

PUEBLO CITY-COUNTY LIBRARY
DISTRICT

PUEBLO URBAN RENEWAL AUTHORITY

By: _____

By: _____

PUEBLO SCHOOL DISTRICT NO. 70,

By _____
President, Board of Education

**COOPERATION AGREEMENT
FOR THE _____
URBAN RENEWAL AREA PUEBLO, COLORADO**

1.0 PARTIES. The parties to this Agreement (the "Agreement") are PUEBLO, a municipal corporation ("City"), the PUEBLO URBAN RENEWAL AUTHORITY (the "Authority"), PUEBLO SCHOOL DISTRICT NO. 60 d/b/a PUEBLO CITY SCHOOLS is a political subdivision organized and existing as a school district under the constitution and laws of the State of Colorado ("District 60"), PUEBLO CITY-COUNTY LIBRARY DISTRICT is a political subdivision organized and existing under the laws of the State of Colorado ("PCCLD"), and PUEBLO COUNTY, COLORADO, a political subdivision of the State of Colorado ("COUNTY"). The parties are collectively called the "Parties." All parties except the Authority are collectively referred to as the "Taxing Entities" or individually as "Taxing Entity."

2.0 RECITALS. The following Recitals to this Agreement are incorporated herein by this reference as though fully set forth in the body of this Agreement.

2.1 The Parties entered into "INTERGOVERNMENTAL AGREEMENT REGARDING TAX INCREMENT FINANCING FOR FUTURE URBAN RENEWAL AREAS AND PROJECTS IN PUEBLO, COLORADO" (IGA) on the ____ day of _____, 2013 and the terms, conditions and definitions contained in the IGA are incorporated herein by this reference.

2.2 The Urban Renewal Plan. The Authority has proposed and the City is considering the establishment of an Urban Renewal Area and Plan known as _____ (the "Plan"). The Plan contains tax increment financing provisions. Pursuant to the Plan the Authority intends to incur indebtedness to carry out the Plan, but has excluded from such indebtedness that portion of the tax increment revenue described in Section 4.0 of this Agreement.

2.4 Cooperation to Provide Public Services. Sections 31-25-107(11) and 112 of the Act authorize the Parties to cooperate with one another to offset the impacts of, share revenues from, and to carry out the Plan and the Urban Renewal Project (the "Project") in the Urban Renewal Area, described in the Plan. In furtherance of the Plan and Project, the Parties desire to enter into this Agreement to facilitate the provision of public services in connection with the Plan and to the City at large.

3.0 TERMS AND CONDITIONS. In consideration of the mutual covenants and promises of the Parties contained herein, and other valuable consideration,

the receipt and adequacy of which are hereby acknowledged, the Parties agree as set forth in this Agreement.

4.0 TAXING ENTITY'S ACCOUNT. After deducting _____ (____.00%) from the following revenue for administrative purposes, upon commencement of the Project and the issuance of debt to finance all or a portion of the Project, the Authority agrees to calculate and deposit into a separate account for each Taxing Entity created for such purpose (the "Taxing Entities' _____ Account"), _____ percent (____%) of the revenue produced by the respective Taxing Entity's aggregate mill levy, including any and all mill levies authorized by the Taxing Entity, certified by the Taxing Entity in December of each year on the tax increment portion of the property tax assessment roll in the _____ Urban Renewal Plan as allocated to the Authority by and in accordance with Section 31-25-107(9)(a)(II) of the Act and the rules and regulations of the Property Tax Administrator of the State of Colorado.

4.01 For purposes of this agreement "Project" means the specific plan for improvement within the _____ Urban Renewal Area that has had a cost determined and for which the Authority has determined to finance said improvements.

4.1 Transfer of Taxing Entity TIF Revenue. The Authority agrees to hold and earn interest for the benefit of the Taxing Entities on the amounts deposited in the Taxing Entities' _____ Accounts in accordance with Colorado law applicable to the respective Taxing Entity's deposit of funds and in accordance with its investment policies. From time to time, in each Taxing Entity's sole discretion, the Taxing Entity (or a designee or assignee of the Taxing Entity approved by the Authority in accordance with Section 7.0, hereof) may issue a written request for payment of all or part of the account revenue from the Taxing Entity's _____ Account. Such payment shall be made by the Authority within thirty (30) calendar days from the date upon which the Authority receives such request; provided, however, the Taxing Entity agrees to withdraw all of the revenue in the Taxing Entity's _____ Account on or before one year after the date of the last deposit that the Authority is required to make in the Taxing Entity's Union Avenue Account pursuant to Section 4.0, above. Any amounts remaining in the Taxing Entity's Union Avenue Account after such date shall be immediately paid over to the Taxing Entity.

5.0 AGREEMENT SPECIFIC TO URBAN RENEWAL AREA. This Agreement applies only to the Urban Renewal Area included in the Plan and does not include any property tax revenues produced by the levy of the Taxing Entity in urban renewal areas where the provisions of the Act are in effect pursuant to any other urban renewal plan that has been approved and adopted

by the City and is now in effect or any other urban renewal plan that may be adopted or amended by the City in the future.

6.0 NOTICES. Any notice required or permitted by this Agreement shall be in writing and shall be deemed to have been sufficiently given for all purposes if personally served or if sent by certified mail or registered mail, postage and fees prepaid, addressed to the Party to whom such notice is to be given at the address set forth on the signature page below, or at such other address as has been previously furnished in writing, to the other Party or Parties. Such notice shall be deemed to have been given when deposited in the mail of the United States Postal Service.

7.0 ASSIGNMENT. This Agreement and any rights and obligations herein shall not be assigned or otherwise transferred by any Party without the prior written consent of the other Party, which consent shall not be unreasonably withheld.

8.0 DELAYS. Any delays in or failure of performance by any Party of its obligations under this Agreement shall be excused if such delays or failure are a result of acts of God, fires, floods, strikes, labor disputes, accidents, regulations or order of civil or military authorities, shortages of labor or materials, or other causes, similar or dissimilar, which are beyond the control of such Party.

9.0 DEFAULT. Time is of the essence, subject to Section 8.0, above. If any payment or any other material condition, obligation, or duty is not timely made, tendered, or performed by either Party, then either Party may exercise any and all rights available at law or in equity, including damages, but such damages shall be limited to the actual amount that such Party is entitled to receive or retain under this Agreement. No special or punitive damages shall be payable hereunder. No commissioner, council member, official, employee, attorney, or agent of the Authority or the City shall be personally liable under this Agreement.

10.0 PARAGRAPH CAPTIONS. The captions of the paragraphs are set forth only for the convenience and reference of the Parties and are not intended in any way to define, limit, or describe the scope or intent of this Agreement.

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12.0 INTEGRATION AND AMENDMENT. This Agreement represents the entire agreement between the Parties with respect to the subject matter and there are no oral or collateral agreements or understandings with respect to the subject matter. This Agreement may be amended only by an instrument in writing signed by the Parties. If any other provision of this Agreement is held invalid or

unenforceable, no other provision hereof shall be affected by such holding, and all of the remaining provisions of this Agreement shall continue in full force and effect.

13.0 WAIVER OF BREACH. A waiver by any Party to this Agreement of the breach of any term or provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by either Party.

14.0 GOVERNING LAW; VENUE. This Agreement shall be governed by the laws of the State of Colorado, and venue shall be in the District Court in Pueblo County, Colorado.

15.0 BINDING EFFECT. This Agreement shall inure to the benefit of and be binding upon the Parties and their respective legal representatives, successors, heirs, and assigns, provided that nothing in this paragraph shall be construed to permit the assignment of this Agreement except as otherwise expressly authorized herein.

16.0 EXECUTION IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same instrument.

17.0 NO THIRD-PARTY BENEFICIARIES. This Agreement is intended to describe the rights and responsibilities only as to the Parties hereto. This Agreement is not intended and shall not be deemed to confer any rights on any person or entity not named as a Party hereto.

18.0 NO PRESUMPTION. The Parties to this Agreement and their attorneys have had a full opportunity to review and participate in the drafting of the final form of this Agreement. Accordingly, this Agreement shall be construed without regard to any presumption or other rule of construction against the Party causing the Agreement to be drafted.

19.0 SEVERABILITY. If any provision of this Agreement as applied to either Party or to any circumstance shall be adjudged by a court to be void or unenforceable, the same shall in no way affect any other provision of this Agreement, the application of any such provision in any other circumstances or the validity, or enforceability of the Agreement as a whole.

20.0 EXECUTION REQUIRED. This Agreement shall not be binding upon any Party hereto unless and until the Parties have each executed and delivered to the other this Agreement.

21.0 DAYS. If the day for any performance or event provided for herein is a Saturday, a Sunday, a day on which national banks are not open for the regular transactions of business, or a legal holiday pursuant to Section 24-11-101(1),

C.R.S., such day shall be extended until the next day on which such banks and state offices are open for the transaction of business.

22.0 GOOD FAITH OF PARTIES. In the performance of this Agreement or in considering any requested approval, acceptance, or extension of time, the Parties agree that each will act in good faith and will not act unreasonably, arbitrarily, capriciously, or unreasonably withhold, condition, or delay any approval, acceptance, or extension of time required or requested pursuant to this Agreement.

23.0 PARTIES NOT PARTNERS. Notwithstanding any language in this Agreement or any other agreement, representation, or warranty to the contrary, the Parties shall not be deemed to be partners or joint venturers, and neither Party shall be deemed to be partners or joint venturers, and neither Party shall be responsible for any debt or liability of the other Party.

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IN WITNESS WHEREOF, this Agreement is executed by the Parties hereto in their respective names as of _____, 20____.

BOARD OF COUNTY COMMISSIONERS PUEBLO, A MUNICIPAL
CORPORATION OF PUEBLO COUNTY, COLORADO

By _____
Chairman of the Board President of the City Council

[SEAL]

[SEAL]

Attest: _____

Attest: _____

Pueblo County Clerk and Recorder

City Clerk

PUEBLO SCHOOL DISTRICT NO. 60,
a/k/a PUEBLO CITY SCHOOLS

By _____
President, Board of Education

PUEBLO SCHOOL DISTRICT NO. 70

By _____
President, Board of Education

PUEBLO CITY-COUNTY LIBRARY
DISTRICT

PUEBLO URBAN RENEWAL
AUTHORITY

By _____
President, Board of Trustees

By _____

LIBRARY LAW WORKSHOP

Polling Form

[illegible]