COOPERATION AGREEMENT

THIS COOPERATION AGREEMENT (the Cooperation Agreement) is made as of June 12, 2007, by and between the CITY OF COLORADO SPRINGS, COLORADO (the City) and the COLORADO SPRINGS URBAN RENEWAL AUTHORITY (the Authority).

RECITALS

- A. The City is a municipal corporation organized and existing as a home rule city under and pursuant to Article XX of the Colorado Constitution and the charter (the Charter) of the City.
- B. The Authority is a body corporate and politic, and has been organized and authorized by the City to transact business and exercise its powers as an urban renewal authority under and pursuant to the Colorado Urban Renewal Law section, 31-25-101, et seq., C.R.S. (the Act).
- C. In accordance with the Act, an urban renewal plan, known as the North Nevada Avenue Urban Renewal Plan (the Plan), was duly and regularly approved by the City Council (the Council) of the City on December 14, 2004, by Resolution No. 298-04, for the North Nevada Avenue Urban Renewal Project (the Project) in the area (the Project Area) described in the Plan.
- D. The Plan authorizes and the City has allocated municipal sales tax revenues in excess of the base amount established in accordance with the provisions of Section 31-25-107(9) of the Act (the Sales Tax Increment Revenues) to the Authority for uses in accordance with the Act and the Plan; but in no event more than a total of \$98,800,000. Such base amount is \$60,000 (the Base Amount), and may be adjusted from time to time in accordance with the Act.
- E. To carry out the Plan, the Authority will issue approximately \$54,280,000 in bonds (such bonds or any bonds issued to refinance or refund such bonds are referred to herein as the Authority Bonds), which Authority Bonds will be secured in part by the Sales Tax Increment Revenues in accordance with this Cooperation Agreement and the indenture or indenture (the Indenture, whether one or more) governing the Authority Bonds.
- F. The City and the Authority desire to enter into this Cooperation Agreement to facilitate the issuance of the Authority Bonds and the redevelopment of the Project Area.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing the City and the Authority agree as follows:

Section 1. <u>Cooperation Regarding the Project, Plan, and Agreements</u>. The Authority agrees to carry out the Project in accordance with the Act and the Plan. The City agrees to

cooperate with the Authority to achieve the timely and successful construction of public and private improvements required to complete the Project, including, without limitation, the duties and obligations of the Authority pursuant to redevelopment agreements that may from time to time be entered into between the Authority and property owners and developers for redevelopment of the Project Area in accordance with the Plan.

- Section 2. <u>Project Financing</u>. Pursuant to the Act, the Authority shall use its reasonable best efforts to issue the Authority Bonds to finance its activities, operations and duties to carry out the Plan and the Project by means of tax allocation financing utilizing both property tax increment revenues (Property Tax Increment Revenues) and Sales Tax Increment Revenues.
- Section 3. <u>Commitment of Sales Tax Increment Revenues</u>. The City agrees to allocate and pay to the Authority, the Sales Tax Increment Revenues collected in the Project Area up to the maximum amount of \$98,800,000. Such payments shall be paid to the Authority or its designated depository as and when collected by the City in accordance with the terms and conditions of the Indenture.
- Section 4. Changes in the Rate of City Sales Tax Percentage. If there shall occur a change in the City sales tax percentage levied in the City, including all or any part of the Project Area, the portions of City sales taxes allocated between the City and the Authority shall be proportionately adjusted in accordance with such change. The Authority and the City agree that increases in City sales tax proceeds derived by reason of (a) any change in the percentage of such City taxes generally, (b) any change in the percentage of such City taxes with regard to specific taxable items, or (c) any extension of such City taxes to items or transactions that are not currently taxable, shall be allocated proportionally between the Authority and the City.
- Section 5. <u>Collection of Revenues; Continuing Cooperation</u>. The City hereby agrees to assist the Authority by pursuing all of the lawful procedures and remedies available to the City in order to collect the Sales Tax Increment Revenues, and to cause such revenues to be applied in accordance with this Cooperation Agreement and the Indenture. If any further cooperation or other agreement shall be necessary or appropriate (a) in order to accomplish the collection of the Sales Tax Increment Revenues and the payment thereof to the Authority in accordance with this Cooperation Agreement and the Indenture, or (b) to carry out the Project in accordance with the Plan and the Act, the City agrees to exercise its reasonable best efforts to secure the approval of all such cooperation agreements.
- Section 6. <u>Amendment of Urban Renewal Plan</u>. The City covenants and agrees that it shall cooperate with the Authority in carrying out and continuing to completion, with all practicable dispatch, the Project in accordance with the Plan and the Act. The Plan may be amended, but no amendment shall be approved by the City unless the Authority and nationally-recognized bond counsel retained by the Authority shall determine that such amendment will not substantially impair the security or tax exemption for any outstanding obligation of the Authority, including the Authority Bonds, or pledge of Sales Tax Increment Revenues or the ability of the Authority to perform its obligations with respect thereto.

- Section 7. <u>Permits and Licenses</u>. Consistent with all applicable laws, codes and ordinances, the City shall cooperate with the Authority and any designated developer or redeveloper in the Project Area by issuing from time to time as required by a redevelopment agreement or for construction of any of the improvements, public or private, contemplated by such agreement, such permits and licenses as may be reasonably required for such purposes.
- Section 8. Review of Plans. The City shall cooperate with the Authority and any designated redeveloper in the Project Area by expeditiously reviewing all plans, plats, agreements and other submissions required to be reviewed by the City in connection with the construction of the public and private improvements contemplated by such redevelopment agreement and the Plan. The City agrees to implement any and all expedited review and approval procedures permitted by applicable law and expedite the implementation of the Plan.
- Section 9. <u>Vacations</u>; <u>Dedications</u>. The City, subject to applicable laws, will initiate and pursue appropriate action as may be required to vacate streets, alleys, and other rights of way requested by the Authority to carry out the Plan; grant and alter easements in and through public rights of way; and to accept dedication of rights of way, easements, and parks and to accept maintenance of such parks and landscaping improvements in public rights of way as provided by the Authority or private parties in connection with the Project.
- Section 10. <u>Severability</u>. Any provision of this Cooperation Agreement that is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or lack of authorization without affecting the validity, enforceability or legality of such provisions in any other jurisdiction.
- Section 11. <u>Governing Law</u>. This Cooperation Agreement shall be governed by, and construed in accordance with, the laws of the State of Colorado.
- Section 12. <u>Headings</u>. Section headings in this Cooperation Agreement are for convenience of reference only and shall not constitute a part of this Cooperation Agreement for any other purpose.
- Section 13. Additional or Supplemental Agreements. The parties mutually covenant and agree that they will execute, deliver and furnish such other instruments, documents, materials, and information as may be reasonably required to carry out this Cooperation Agreement, the Project, and the Plan or in connection with the issuance of the Authority Bonds.

IN WITNESS WHEREOF, the parties hereto have caused this Cooperation Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

CITY OF COLORADO SPRINGS

BY:

MAYOR

ATTEST:

City Clerk

COLORADO SPRINGS URBAN RENEWAL AUTHORITY

рv.

ATTEST

RESOLUTION NO.	91-07	

A RESOLUTION AUTHORIZING THE COLORADO SPRINGS URBAN RENEWAL AUTHORITY TO USE 100% OF THE ANNUAL SALES TAX INCREMENTS GENERATED WITHIN THE NORTH NEVADA AVENUE CORRIDOR URBAN RENEWAL AREA FOR A PERIOD OF 23 YEARS, NOT TO EXCEED \$98.8 MILLION SUBJECT TO VERIFICATION OF THE COSTS AND SUBSEQUENT EXPENDITURES BY THE AUTHORITY AND THE CITY

WHEREAS, it is desirable and in the public interest that the Colorado Springs Urban Renewal Authority (the Authority) undertake the redevelopment described in the North Nevada Avenue Corridor Urban Renewal Plan (the Plan); and

WHEREAS, the aforesaid Plan was adopted by resolution on December 14, 2004 and is in the custody of the City Clerk, and is available for public inspection during business hours of the City; and

WHEREAS, in accordance with Section 5.2 of the Plan, The Colorado Springs Urban Renewal Authority has submitted a plan of finance outlining the proposed amounts and the purposes for which the municipal sales tax increments are to be use for the City Council to consider in granting the authorization of a sales tax increment; and

WHEREAS, there was presented to the City Council for its review and consideration a document entitled the North Nevada Avenue Economic Impact Report, dated October 2005, prepared by Leland Consulting Group which demonstrates that the area described in the Plan will provide an economic benefit to the urban renewal area, UCCS and the Community;

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

- Section 1. The City Manager is authorized to collect the municipal sales tax increments generated above the existing baseline within the North Nevada Avenue Corridor Urban Renewal Area and distribute said funds to the Colorado Spring Urban Renewal Authority, for a period of 23 years for uses outlined in the Plan of Finance.
- Section 2. The Colorado Springs Urban Renewal Authority will complete the improvements as outlined in the Plan of Finance in accordance with Colorado State Statues 31-25-109 regulations the issuance of bonds by the Authority.
- Section 3. The Colorado Springs Urban Renewal Authority and the City will verify all costs and expenditures that are undertaken with tax increment funds to assure compliance with the Plan of Finance as presented.
- Section 4. The City Manager is directed to pursue other funding sources in order to offset the overall amount of sales tax increment required to finance the first phase of the project.

Dated at Colorado Springs, Colorado, this 22 day of May

Mayor