Resolution 2012-080 Approving an Agreement Between the City and Avago Technologies Wireless (USA) Manufacturing, Inc., to Provide Business Investment Assistance for Phase Two of the Building Four Retrofit.

EXECUTIVE SUMMARY

This Resolution considers a Business Investment Agreement between the City and Avago Technologies Wireless (USA) Manufacturing, Inc., (Avago Technologies). The Avago Technologies project will consist of building out the remaining 12,160 square feet space in Building #4 on its Fort Collins campus, representing an investment of approximately $165 million and 135 new jobs. The Agreement provides two performance based investments: (1) a use tax rebate (expected to span two years) on manufacturing equipment purchased as part of the expansion; and (2) a personal property tax rebate on the same equipment for ten years. The City of Fort Collins' Business Investment Agreement requires Avago Technologies to meet certain performance metrics based on the continued operations of Building 4 and the expected new job created. Both investments relate to revenues the City would not otherwise collect if the expansion did not occur within the City.

The total assistance package includes collaboration between the City of Fort Collins, the State of Colorado, and Larimer County. The City of Fort Collins' total investments package has a value of approximately $4.6 million, with the overall investment package valued at approximately $5.9 million. City Council is being asked to consider the City of Fort Collins' portion of the incentive package of approximately $4.5 million (a commitment of approximately $3.9 million in use tax rebates and ongoing investment of approximately $629,000 of personal property tax rebates over 10 years). The State of Colorado’s Office of Economic Development and International Trade (OEDIT) has earmarked $337,500 in Strategic Funds and $116,800 in CO First Training grants. The Larimer County Commissioners are reviewing the request for $930,100 on personal property tax rebates over 5 years.

BACKGROUND / DISCUSSION

In 2006, the City of Fort Collins commissioned a study to evaluate the geographic concentration and interconnectedness of companies within the community in order to determine potential industry clusters. The study identified several existing and emerging industry clusters. The identified clusters were modified into five targeted industry clusters, which became the focus of job creation activities. These clusters included: Clean Energy, Bioscience, Technology (Hardware & Software), Water Innovation, and Uniquely Fort Collins.

On August 17, 2010, the City of Fort Collins adopted Resolution 2010-055, authorizing and directing the City Manager to continue to support on behalf of the City participation in the formation and development of cluster initiatives relating to the identified targeted industries of the City; to work with regional partners and local business entities to develop strategic plans for the clusters; and to support the advancement of the plans as they are implemented for the purpose of primary job retention, expansion, and creation.

In June 2012, the City of Fort Collins adopted the Economic Health Strategic Plan (EHSP) as a continuous evolution of the previous economic planning efforts. The EHSP has identified four goals as the pillar of the plan:

1. Facilitate a stronger support network for existing employers, new businesses, and small business;

2. Enhance the innovation ecosystem and the economy that supports companies at all stages and aligns with City goals;

3. Create a system for talent development, retention and recruitment that responds to and anticipates employers’ needs;

4. Develop community assets and infrastructure necessary to support the region’s employers and talent.
This Resolution addresses the Economic Health Office’s goal of facilitating a stronger support network for existing employers, new businesses, and small business by diversifying the employment and tax base of the community. In addition, the EHSP acknowledges the economic and community impact of a primary employer closing or relocating outside of the City of Fort Collins.

COMPANY BACKGROUND

Avago Technologies has a 50-year history of innovation dating back to its origin within Hewlett-Packard Company (HP). The company began as HP's components division back in the early 1960s and thrived there for three decades. When HP spun off Agilent Technologies in 1999, the company became Agilent's Semiconductor Products Group (SPG) and expanded into new markets and applications. In late 2005, SPG was acquired by several private equity partners and Avago Technologies was founded. Over the years, Avago has assembled a team of over 2,000 design and product engineers, and maintains highly collaborative design and product development resources around the world that have resulted in the development of numerous innovative technologies.

BUSINESS ASSISTANCE

The City of Fort Collins' Economic Health Office (EHO) does not use a "one size fits all" approach when it comes to Business Assistance Packages. The request for tax incentives involves a multi-step process. After initial contact/request and investigation, the Economic Health Office drafts a package based on detailed information from the company in regard to estimated costs for expansion and/or relocation, estimated new jobs, etc. After development of the business assistance package, the Economic Health Director and staff presents the information to the Economic Advisory Committee and the Council Finance Committee for their feedback and recommendations. After feedback and recommendations from these committees, the Business Assistance Package is presented to City Council for their consideration.

The Business Assistance Package being offered to Avago Technologies is consistent with both the EHSP and the City Council directives:

• The proposed Business Investment Agreement rebates tax revenues generated by the project; without the project these revenues would not be received by the City.

• The EHSP clearly identifies business retention and expansion as a principal goal for the City's job creation efforts over business attraction; the proposed expansion supports this goal.

• Plan Fort Collins calls for creating a diversity of jobs that enables citizens and businesses to thrive; the proposed expansion provides an array of jobs and salary ranges. Most importantly, the expansion brings back much needed high-tech manufacturing jobs.

It should be noted that Council has not yet approved the proposed Business Assistance Package, but if approved, expenditures are expected to occur in 2013-14. The EHO is responsible for putting in a Budget Offer for this project. If that Offer is bought, the appropriation (authorization to spend up to that amount) will be complete. However, Council will still be required to authorize the Business Assistance Package and appropriation. Revenue expected to be budgeted for this deal is being budgeted in 2013-14 in an isolated funding source account. Payments would only be made up to a maximum of the offer amount and the deal specific revenue received.

PROJECT OVERVIEW

Avago Technologies plans to build out the remaining 12,160 square feet of clean room space in Building #4. The initial package was submitted to Avago Technologies confidentially. The assistance package includes estimated assistance incentives from both the State of Colorado and Larimer County. These incentives will ultimately require the approval of their respective groups. In the case of the State Strategic Funds, the Colorado Economic Development Commission earmarked $337,500 for this project on March 8, 2012. Additionally, the Colorado Office of Economic Development and International Trade (OEDIT) have earmarked $116,800 in Colorado First training grants on March 23, 2012. A formal application from Avago Technologies will be required to finalize both of these state incentives. The Larimer County Commissioners will review the request for Personal Property Tax assistance. The City of Fort Collins’ Economic Health Office has met with the Larimer County Manager and Assistant Manager to discuss the process and timeline for the assistance package. In May 2012, the Economic Health Director gave an initial presentation to the Larimer County Commissioners and the Commissioners asked that this be brought forth when ready. Since Larimer
County has a new County Manager, on June 6, 2012, the Economic Health Director has had a follow-up discussion with County Manager Hoffmann about Avago Technologies Business Assistance Package.

The City of Fort Collins uses a variety of local investments to assist primary employers with expansion efforts. The total value of the proposed investment package is approximately $5.9 million and includes local, county and state investments (approximately $4.6 million in local investment, $930,100 in county investment, and $454,300 in state investment). Currently, the City of Fort Collins offers a Manufacturing Equipment Use Tax Rebate (MUTR) program on tangible personal property at 1.5 percent rebate. However, the Business Assistance Package proposed for Avago Technologies includes an equipment use tax rebate intended to be in lieu of the MUTR for Avago Technologies on this project. The use tax rebate includes a rebate for a full 3.0 percent, and will disqualify Avago Technologies for additional MUTR on the same equipment. This results in an approximate $3.9 million savings on the proposed equipment costs. The full 3.0 percent use tax rebate requires City Council approval.

In terms of evaluating the assistance package, the ratio of private investment to public investment is $27:$1. The package includes the following items shown in Table 1.

Table 1: Business Assistance Package Overview

<table>
<thead>
<tr>
<th>Build-Out Building #4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Upfront Investments</strong></td>
</tr>
<tr>
<td>State: Strategic Fund (Earmarked March 8, 2012)</td>
</tr>
<tr>
<td>State: CO First Job Training Grants (Earmarked March 23, 2012)</td>
</tr>
<tr>
<td>City: Manufacturing Equipment Use Tax Rebate</td>
</tr>
<tr>
<td>Utilities: Integrated Design Assistance</td>
</tr>
<tr>
<td><strong>Total One Time</strong></td>
</tr>
</tbody>
</table>

| **On-Going Investments** | **Duration** | **Total** |
| County: Personal Property Tax Rebate | 5 Years | $930,100 |
| City: Personal Property Tax Rebate | 10 Years | $628,900 |
| **Total On-Going** | | **$1,559,000** |

**GRAND TOTAL ALL INVESTMENTS** | **$5,908,000**

Source: City of Fort Collins - Economic Health

It should be noted that the business assistance package is a performance-based offer. Avago Technologies must make certain equipment purchases adding substantial value to their property, maintain manufacturing operations for at least the duration of the rebated years, and meet certain job creation criteria in order to receive their rebates. The agreement will include a payback mechanism by Avago Technologies if performance requirements are not met. The City of Fort Collins has modeled the job creation criteria on the Colorado Office of Economic Development and International Trade’s (OEDIT) Strategic Fund. OEDIT’s requirements state that “each net new permanent FTE jobs shall be in addition to Grantee’s existing employees/positions in Colorado….and shall be maintained for at least one year after such employee’s hire date…” Avago Technologies will work cooperatively with the Economic Health Office to verify jobs created (Attachment 5).

In addition, Avago Technologies will work cooperatively with the City of Fort Collins’ Sales Tax Department, which is responsible for audits of the submitted use tax rebates. Avago Technologies will provide a second schedule as part of their monthly use tax returns that reflect estimated monthly manufacturing equipment expenditures for this project. The purpose of the second schedule is to allow the Sales Tax Department to isolate revenues collected that are earmarked for rebate to the company. The City of Fort Collins and Avago Technologies agree that this separate second schedule is an estimate and will need to be adjusted at the end of the year. The estimated monthly manufacturing equipment expenditure schedule would be due by the end of each month.
FINANCIAL / ECONOMIC IMPACTS

Jon Roberts, Managing Director, and Caroline Alexander, Consultant, of TIP Strategies prepared a Fiscal and Economic Impact Analysis of Avago Technologies planned clean room expansion (Attachment 2).

The following summarizes the expected revenue generated by the expansion:

- The combined Personal and Real Property taxes generated over a 10 year period will result in $2.65 million revenue collected by the City of Fort Collins.
- Construction activity will generate 129 construction jobs and 144 equipment installation jobs during the duration of the project. These initial jobs are expected to generate another 127 spillover jobs across the economy.
- Construction will generate an additional $462,000 in sales and use tax revenues on materials and likely infuse $18.1 million in earnings into the regional economy.
- The 135 new jobs created for this clean room build-out will support an additional 135 jobs in spinoff jobs. An average salary for the 135 direct new jobs created is estimated at $51,556.
- The Fiscal and Economic Impact Analysis recognizes that addition sales tax and property tax revenue will be generated by the spin-off jobs; however, the analysis provides a conservative estimate of economic impact and does not estimate these revenues.

The proposed Business Investment Agreement will have the expected expenditures to the City of Fort Collins:

- All of the estimated $3.9 million in use tax revenue collected on the purchase of the manufacturing equipment will be rebated (note: Avago Technologies will not be eligible for additional MUTR on the same equipment from this expansion);
- Half of the estimated $1,258,000 in annual Personal Property Tax revenue collected on equipment will be rebated for ten years for a total of approximately $628,900 (Attachment 6);
- Avago Technologies will take advantage of the Integrated Design Assistance offered by the City of Fort Collins for a savings of $12,500.
- Other direct costs for infrastructure improvements (such as streets and utilities) were upgraded during the original construction of Building #4, which are now sunk costs.
- Net impact of the Business Investment Agreement is approximately $1,653,100 in new revenue to the City of Fort Collins, as shown in Table 2.

Table 2: Estimated Revenue, Rebate, and Net Revenue for the City of Fort Collins

<table>
<thead>
<tr>
<th></th>
<th>Revenue Estimated</th>
<th>Rebate/Incentive</th>
<th>Net Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Upfront Items</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction Use Tax</td>
<td>$462,000</td>
<td>$0</td>
<td>$462,000</td>
</tr>
<tr>
<td>Equipment Use Tax</td>
<td>$3,882,100</td>
<td>$3,882,100</td>
<td>$0</td>
</tr>
<tr>
<td>Integrated Design Assistance</td>
<td>$0</td>
<td>$12,500</td>
<td>($12,500)</td>
</tr>
<tr>
<td>Subtotal</td>
<td>$4,344,100</td>
<td>$3,894,600</td>
<td>$449,500</td>
</tr>
<tr>
<td><strong>On-Going Items (Cumulative over 10 Years)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment Personal Property Tax</td>
<td>$1,258,100</td>
<td>$628,900</td>
<td>$629,200</td>
</tr>
<tr>
<td>Real Estate Tax</td>
<td>$574,500</td>
<td>$0</td>
<td>$574,500</td>
</tr>
<tr>
<td>Subtotal</td>
<td>$1,832,500</td>
<td>$628,900</td>
<td>$1,203,700</td>
</tr>
<tr>
<td>Total</td>
<td>$6,176,600</td>
<td>$4,523,500</td>
<td>$1,653,100</td>
</tr>
</tbody>
</table>
ENVIRONMENTAL IMPACTS

Avago Technologies anticipates an additional usage of 2 MW of electric power at build out and about 30 million gallons of water, but that will return to a 16 million gallons once the new system is running (estimated 3 month spike). Water is essential to the operations of Avago Technologies’ Fort Collins facility as it uses it in many of the processes, as well as the cooling towers. The total usage will still be below Avago Technologies peak of several years ago. Avago Technologies believes infrastructure is in place to support these increases. Avago Technologies will be working collaboratively with the City of Fort Collins’ Utilities and Integrated Design Assistance program to improve energy efficiencies.

Furthermore, Avago Technologies is actively engaged in environment sustainability. Avago Technologies is a Platinum ClimateWise partner with the City of Fort Collins, the EPA Gold “Environmental Leaders,” and a charter member of the Colorado Industrial Energy Council group sponsored by the Governor’s office. Avago Technologies is currently in their 3rd year of a 5 year commitment to reduce electric utility consumption on a “per unit basis,” and are currently at 30% reduction.

STAFF RECOMMENDATION

Staff recommends adoption of this Resolution.

BOARD / COMMISSION RECOMMENDATION

Negotiations of the planned Avago Technologies expansion and related Business Investment Agreement were conducted confidentially. The Economic Advisory Committee was first introduced to the project under the code name “Project Beta” on May 16, 2012. The Economic Health Office presented the Business Assistance Package before the Council Finance Committee on June 18, 2012 and was asked to review and clarify information in regard to the environmental impact and direct costs associated with Project Beta. The Economic Advisory Committee had a second discussion in regard to Project Beta on June 20, 2012 and unanimously voted in support of the assistance package (Attachment 3).

PUBLIC OUTREACH

Negotiations of the planned Avago Technologies expansion and related Business Assistance Package were conducted confidentially.

ATTACHMENTS

1. Local Employment Investment Package, Project Beta: Incremental Clean Room Expansion, prepared by City of Fort Collins, June 8, 2012 (This item is no longer confidential)
2. Fiscal and Economic Impact for Project Beta, Jon Roberts and Caroline Alexander, TIP Strategies, June 1, 2012
3. Economic Advisory Committee minutes, June 20, 2012
5. Schedule of Rebates, Finance Department, July 9, 2012
6. Powerpoint presentation
7. Location and site map
LOCAL EMPLOYMENT INVESTMENT PACKAGE

Project Beta:
Incremental Clean Room Expansion

Prepared for:
Ted Kevranian, Director
Travel, Real Estate & Workplace Services
Avago Technologies,
350 West Trimble Road,
San Jose, CA 95131

Prepared by:
Economic Health Office
City of Fort Collins

August 2, 2012
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**Investment Package Overview**

The City of Fort Collins uses a variety of local investments to assist primary employers with expansion efforts. The City does not employ a one size fits all approach to developing investment packages. Instead, the City chooses to work collaboratively with each primary employer and build a package that is specific to the individual needs. This approach is designed to result in a better outcome for all parties. Staff will seek City Council approval once Avago Technologies has made a decision regarding the expansion project, since a portion of this package is contingent upon City Council approval.

This offer includes estimated incentives from both the State of Colorado and Larimer County. These incentives will ultimately require the approval of their respective groups. In the case of the State Strategic Funds, the Colorado Office of Economic Development and International Trade (OEDIT) earmarked funds for this project on March 8, 2012. In addition, on March 23, 2012, the OEDIT have earmarked $116,800 over three years in Colorado First Job Training Grants. A formal application will be required to finalize the incentive. The County Commissioners will review the request for Personal Property Tax assistance after Avago indicates they are moving ahead with the project.

On May 8, Larimer County Commissioners discussed potential participation in the project. The Commissioners were generally supportive of the opportunity and directed staff to bring the item forward for formal consideration. At this time, the Commissioners have not scheduled the item for consideration. The City of Fort Collins City Council will consider the incentive package on August 21, 2012.

The total value of the package as shown is approximately **$6 million**, summarized below:

**Final Build-Out Building #4**

- **$337,500** in State of Colorado Strategic Funds, earmarked by the Colorado Office of Economic Development and International Trade on March 8, 2012;
- **$116,800** in Colorado First job training grants over a 3 year period; earmarked by the Colorado Office of Economic Development and International Trade on March 23, 2012;
- Approximately **$3.9 million** in Equipment Use Tax rebate on the initial manufacturing tool purchases associated with the project;
- Up to **$930,100** in County Personal Property Tax savings on manufacturing equipment over a 5 year period;
- Up to **$628,900** in City Personal Property Tax savings on manufacturing equipment over a 10 year period;
- **Expedited review** and commitment by City Staff to Avago’s desired timeline;
- **New electric capacity** valued at approximately $97,200 for 2.0 MVA; and
- **Free Integrated Design Assistance** valued at $12,500 to improve operating efficiencies.
Table 1
Investment Package Overview

<table>
<thead>
<tr>
<th>One Time Investments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>State: Strategic Fund (Earmarked March 8, 2012)</td>
<td>$2,500 / Job</td>
</tr>
<tr>
<td>State: CO First Job Training Grants (Earmarked March 23, 2012)</td>
<td>$116,800</td>
</tr>
<tr>
<td>City: Manufacturing Equipment Use Tax Rebate</td>
<td>$3,882,200</td>
</tr>
<tr>
<td>Utilities: Value of Additional Capacity</td>
<td>$97,200</td>
</tr>
<tr>
<td>Utilities: Integrated Design Assistance</td>
<td>$12,500</td>
</tr>
<tr>
<td><strong>Total One Time</strong></td>
<td><strong>$4,446,200</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>On-Going Investments</th>
<th>Duration</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>County: Personal Property Tax Rebate</td>
<td>5 Years</td>
<td>$930,100</td>
</tr>
<tr>
<td>City: Personal Property Tax Rebate</td>
<td>10 Years</td>
<td>$628,900</td>
</tr>
<tr>
<td><strong>Total On-Going</strong></td>
<td></td>
<td><strong>$1,559,000</strong></td>
</tr>
</tbody>
</table>

**Grand Total All Investments**                             | **$6,005,200**|

Source: City of Fort Collins - Economic Health
**Project Description**

Avago Technologies is seriously considering building incremental clean room space at the Fort Collins site to support new business. The incremental expansion under consideration consists of building out the remaining space in Building #4 of the campus. The City of Fort Collins has based their analysis of potential business investments upon the following project characteristics:

**Final Build-Out Building #4**

- Build-out approximately 12,500 square feet of clean room space in Building #4;
- Approximately $20.00 million in construction costs;
- Approximately $130 million in manufacturing tools and installation cost;
- An additional 2.0 megawatts (MW) of electric capacity.
- An additional 30.0 million gallons in annual water use or an increase of 15 percent; and
- An additional $15 million in equipment installation.

Furthermore, the proposed expansion is anticipated to add approximately 135 jobs including:

- 10 Engineers with a starting pay of $100,000 annually;
- 22 Technicians with a starting pay of $60,000 annually;
- 5 Professional level support staff (e.g. procurement engineers, finance, facility support) with a starting pay of $70,000 annually; and
- 98 Operators with a starting pay of $30,000 annually.

For a combined annual income of approximately $5.6 million.

Finally, construction of the expansion is anticipated to support additional jobs during the construction period:

- Approximately 120 jobs at an average salary of $52,000 per year
- An additional 80 spin off jobs earning an average salary of $35,000; and
- Approximately 130 jobs associated with the placement and commissioning of manufacturing equipment at an average salary of $52,000 for a period of four to six months.

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1 Assumes installation cost represent approximately 10.5 percent of estimated manufacturing tool costs.
Manufacturing Investments

Equipment Use Tax Rebate

The proposed expansion project includes approximately $129.5 million in manufacturing tool purchases. These purchases typically require a use tax payment of $3.9 million based on a 3.0 percent tax rate; however, City policy currently rebates up to half of the use tax. The proposed investment package includes a rebate for the full 3.0 percent. This results in an approximate $3.9 million savings on the proposed project costs. The full rebate for the project will require City Council approval.

Table 2
Equipment Use Tax Rebate

<table>
<thead>
<tr>
<th>Item</th>
<th>Factor</th>
<th>Building #4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Equipment Cost</td>
<td>$129,405,000</td>
<td></td>
</tr>
<tr>
<td>Local Use Tax Charge</td>
<td>3.0%</td>
<td>$3,882,150</td>
</tr>
<tr>
<td>Less: Use Tax Rebate to Avago</td>
<td></td>
<td>$1,941,075</td>
</tr>
<tr>
<td>Less: Council Rebate to Avago</td>
<td></td>
<td>$1,941,075</td>
</tr>
<tr>
<td>Use Tax Due</td>
<td></td>
<td>$0</td>
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</tbody>
</table>

Source: City of Fort Collins - Economic Health
Personal Property Tax Rebate
The proposed investment package includes a rebate of Personal Property Tax for the City portion of the personal property tax on manufacturing equipment. The rebate on installed equipment will include 50 percent of the Personal Property Tax related to the proposed expansion project for a 10 year period. This equals approximately $628,900 over a 10 year period, depending on depreciation schedules.

**Table 3**
Personal Property Tax Rebate, Reflects Depreciation – City

<table>
<thead>
<tr>
<th>Item</th>
<th>Factor</th>
<th>29%</th>
<th>9.797 Annual Property Tax Charge</th>
<th>50% Less: Property Tax Rebate</th>
<th>City Annual Property Tax</th>
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<tbody>
<tr>
<td>Estimated Total Equipment Cost</td>
<td>$129,405,000</td>
<td></td>
<td>$32,203,000</td>
<td>$315,500</td>
<td>$157,700</td>
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<tr>
<td>Year 1</td>
<td>$20,599,000</td>
<td>$201,800</td>
<td>$107,300</td>
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<td>Year 2</td>
<td>$10,950,000</td>
<td>$94,100</td>
<td>$46,100</td>
<td>$46,200</td>
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<td>Year 3</td>
<td>$9,605,000</td>
<td>$92,300</td>
<td>$46,100</td>
<td>$46,200</td>
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<tr>
<td>Year 4</td>
<td>$9,419,000</td>
<td>$92,300</td>
<td>$46,100</td>
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<tr>
<td>Year 5</td>
<td>$9,602,000</td>
<td>$92,300</td>
<td>$46,100</td>
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<td>Year 6</td>
<td>$9,393,000</td>
<td>$92,300</td>
<td>$46,100</td>
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<tr>
<td>Year 7</td>
<td>$9,170,000</td>
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<tr>
<td>Year 8</td>
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<td>$87,000</td>
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<tr>
<td>Year 9</td>
<td>$8,599,000</td>
<td>$84,200</td>
<td>$42,100</td>
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<tr>
<td>Year 10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Value of Rebate $628,900.00
Source: City of Fort Collins - Economic Health

The proposed investment package contemplates a rebate of Personal Property Tax for the County portion of the personal property tax on manufacturing equipment. The County has indicated it would entertain a rebate for up to 50 percent of the tax due for a period of up to 5 years. The final decision on any rebate from the County lies with County Commissioners. The potential value of the rebate is approximately $930,100 over a 5 year period, depending on depreciation schedules.

**Table 4**
Estimated Personal Property Tax Rebate, Reflects Depreciation – County

<table>
<thead>
<tr>
<th>Item</th>
<th>Factor</th>
<th>29%</th>
<th>22.472 Annual Property Tax Charge</th>
<th>50% Less: Property Tax Rebate</th>
<th>County Annual Property Tax</th>
</tr>
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<tbody>
<tr>
<td>Estimated Total Equipment Cost</td>
<td>$129,405,000</td>
<td></td>
<td>$32,203,000</td>
<td>$723,700</td>
<td>$361,850</td>
</tr>
<tr>
<td>Year 1</td>
<td>$20,599,000</td>
<td>$462,900</td>
<td>$231,450</td>
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<tr>
<td>Year 2</td>
<td>$10,950,000</td>
<td>$246,100</td>
<td>$123,050</td>
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<td>Year 3</td>
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<td>$215,800</td>
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<td>Year 4</td>
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</table>

Value of Rebate $930,100.00
Source: City of Fort Collins - Economic Health
**Expedited Development Review**

The City will commit to an expedited building permit application process for the final build-out of Building 4. The City will assign a single project manager to assist in moving the project through review and is committed to working with Avago to achieve their desired timeline.

---

**Utility Investments**

**Integrated Design Assistance Program**

The Utilities Integrated Design Assistance Program (IDAP) offers financial incentives and free technical support to those interested in delivering high-performance buildings that exceed building code requirements for energy performance.

Owners, architects, engineers, site designers, maintenance personnel, energy consultants and others work together early in the process to create a design that integrates components to achieve optimal building performance. IDAP is available for new commercial buildings and major renovations. These buildings typically:

- Cost less to operate
- Reduced environmental impacts
- Higher levels of occupant satisfaction

**Additional Circuit Capacity**

As defined in our proposed contract revision Avago will have adequate capacity to support the new expansion. It is our understanding that the additional load will be approximately 2MW. If this were a greenfield development where the customer would have to purchase the capacity the cost would be $97,180.

Building 4 has four bus sections with 4 mains. Assuming the 2.0 MVA of new load would occupy one of the bus sections, we could supply this with one of the circuits currently dead-ended in a vault just outside Building 4. This would require a new primary metering cabinet.
To: Josh Birks,  
Director of Economic Health  
City of Fort Collins

From: Jon Roberts, Managing Director  
Caroline Alexander, Consultant,  
TIP Strategies

Date: June 1, 2012

Subject: Fiscal and Economic Impact of Project Beta

---

**Project Background**

In Project Beta, a company is considering building incremental clean room space at their Fort Collins location. To complete this build-out, they plan to invest $165 million over an 8 month period. Upon completion of the expansion, they expect to hire 136 new employees by 2014. The average salary of these new employees will be $43,897.

**Summary of Impact**

Over the next 10 years, the company’s investment will directly generate an estimated $7.0 million in tax revenues for the City of Fort Collins. This revenue includes the use tax on new equipment, the sales & use tax on construction materials, and the real and personal property taxes on the new building and equipment from 2013 to 2022. This investment will also directly generate an estimated $6.1 million in tax revenues for Larimer County, which includes the sales & use tax on construction materials and the real and personal property taxes on the new building and equipment from 2013 to 2022.

In addition, the direct and indirect jobs created by the expansion will generate additional sales tax revenues for the City and the County. A conservative estimate for the sales tax revenues generated from 2013 to 2022 would be $919,187 for the City of Fort Collins and $195,341 for Larimer County. (See Fiscal Impact section for a discussion of assumptions used in this estimate).

Using an input-output model, we estimated the economic impact of both the construction of the new clean room and the addition of 136 jobs. The construction phase of the project is expected to create 400 jobs (initial, direct, indirect, and induced). Although these jobs are temporary, they are likely to infuse $18.1 million in earnings into the regional economy, or $45,235 per job.

The continued operations of the new clean room are expected to create an additional 270 jobs (initial, direct, indirect, and induced) and $20.4 million in earnings or $75,774 per job.
Fiscal Impact

The $165 million expansion will create additional tax revenues for the City of Fort Collins and Larimer County. The largest fiscal impacts on the City and County budget will be in the following forms:

- Sales & Use tax on construction materials in 2012
- Use tax on new equipment in 2012
- Real property taxes on the improvements to the property
- Personal property taxes on the new equipment
- Sales tax on retail purchases made by new employees

We used the INSIGHT Model developed by Arthur Andersen and customized for the State of Colorado by Investment Management Analysis to estimate the fiscal impacts for both the City of Fort Collins and Larimer County.

City of Fort Collins

Construction Materials. The company plans to spend $20 million on the construction of the new clean room. We assumed that 60% of the construction budget will be spent on materials, 10% on soft costs, and 30% on labor. From this assumption, we estimate that $12 million will be spent on construction materials subject to the City’s sales & use tax of 3.85%. This yields an estimated $462,000 in revenues.

<table>
<thead>
<tr>
<th>Construction Budget:</th>
<th>$20,000,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>x % spent on Materials</td>
<td>60%</td>
</tr>
<tr>
<td>= $ spent on Materials</td>
<td>$12,000,000</td>
</tr>
<tr>
<td>x Sales &amp; Use Tax Rate</td>
<td>3.85%</td>
</tr>
<tr>
<td>= Estimated Revenues</td>
<td>$462,000</td>
</tr>
</tbody>
</table>

New Equipment. The company plans to spend $130.0 million on purchasing new equipment for the expansion. This purchase will be subject to a use tax of 3.00%, after the rebate of 0.85% on manufacturing equipment. This yields an estimated $3,900,000 in revenues.

<table>
<thead>
<tr>
<th>Purchase of Equipment</th>
<th>$130,000,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>x Use Tax Rate</td>
<td>3.00%</td>
</tr>
<tr>
<td>= Estimated Revenues</td>
<td>$3,900,000</td>
</tr>
</tbody>
</table>

Real and Personal Property. The INSIGHT Model assumes the market value of the additional real property will be assessed at the construction cost of $20 million and that these improvements to the property will appreciate at a rate of 0.2% going forward. The model also assumes the value of equipment subject to the personal property tax will be $130 million and will depreciate over an economic life of 10 years. The assessment ratio for both real and personal property is 29% and the City’s property tax mill levy is 9.797. Over a 10-year period from 2013 to 2022, this yields $574,514 in real property taxes and $2,075,730 in personal property taxes.

<table>
<thead>
<tr>
<th>Assumptions &amp; Inputs:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessed Value of Real Property 2012</td>
<td>$20,000,000</td>
</tr>
<tr>
<td>Assessment Ratio</td>
<td>29%</td>
</tr>
<tr>
<td>Real Estate Improvement Assessed Value Growth Rate (Industrial Class 3219)</td>
<td>0.2%</td>
</tr>
<tr>
<td>City Property Tax Mill Levy</td>
<td>9.797</td>
</tr>
<tr>
<td>Assessed Value of Personal Property 2012</td>
<td>$130,000,000</td>
</tr>
<tr>
<td>Period in Years (2013 – 2022)</td>
<td>10</td>
</tr>
<tr>
<td>Average Economic Life in Years</td>
<td>10</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tax Revenues:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Property Taxes</td>
<td>$574,514</td>
</tr>
<tr>
<td>Personal Property Taxes on Equipment</td>
<td>$2,075,730</td>
</tr>
</tbody>
</table>
Retail Sales. Using the estimated number of jobs created (direct, indirect, and induced), we calculated an estimate of the increase in sales tax the City of Fort Collins could experience as a result of the increased employment. If the workers directly employed in the expansion of the facility and those workers supported by the expansion spend 35% of their gross income on taxable items and make 55% of their purchases within the City of Fort Collins, the City would receive $919,187 over 10 years.

To understand the sensitivity of the City’s sales tax revenues to the assumptions regarding spending, we performed an analysis of the variability of City revenues. The 2010 Survey of Consumer Expenditures shows that consumers, on average, spent almost 33% of their gross income on taxable items. Rounding this up to 35%, we used this as the mid-point for the ratio of taxable expenditures to gross income. The 2010 ratio of Fort Collins Net Taxable Sales to Larimer Counties is 54%. Rounding this up to 55%, we used this as the mid-point for Fort Collins’ share of retail sales. This analysis shows that if the actual ratios were to vary +/- 5%, the sales tax revenues of Fort Collins could vary between $716,250 and $1,146,000. If 2010 consumption patterns continue, the sales tax revenues will likely be around $900,000.

**SENSITIVITY ANALYSIS: SALES TAX REVENUES**

<table>
<thead>
<tr>
<th>% of Income Used for Taxable Purchases</th>
<th>30%</th>
<th>35%</th>
<th>40%</th>
</tr>
</thead>
<tbody>
<tr>
<td>50% % of Retail Sales Spent within City</td>
<td>$716,250</td>
<td>$835,625</td>
<td>$955,000</td>
</tr>
<tr>
<td>55% % of Retail Sales Spent within City</td>
<td>$787,875</td>
<td>$919,187</td>
<td>$1,050,500</td>
</tr>
<tr>
<td>60% % of Retail Sales Spent within City</td>
<td>$859,500</td>
<td>$1,002,750</td>
<td>$1,146,000</td>
</tr>
</tbody>
</table>

Other Tax Benefits. The City will also collect taxes on materials purchased by the company to support operations and on residential property of the additional employees that choose to live in Fort Collins. However, we do not have enough information at this time to make reasonable estimates of these other revenue sources.

Larimer County

Construction Materials. The company plans to spend $20 million on the construction of the new clean room. We assumed that 60% of the construction budget will be spent on materials, 10% on soft costs, and 30% on labor. From this assumption, we estimate that $12 million will be spent on construction materials subject to the County’s sales & use tax of 0.60%. This yields an estimated $72,000 in revenues.

Real and Personal Property. The INSIGHT Model assumes the market value of the additional real property will be assessed at the construction cost of $20 million and that these improvements to the property will appreciate at a rate of 0.2% going forward. The model also assumes the value of equipment subject to the personal property tax will be $130 million and will depreciate over an economic life of 10 years. The assessment ratio for both real and personal property is 29% and the County’s property tax mill levy is assumed to be 22.423, which was the median value of mill levy between 2001 and 2011. Over a 10-year period from 2013 to 2022, this yields $1,314,926 in real property taxes and $4,750,851 in personal property taxes.
Retail Sales. Using the estimated number of jobs created (direct, indirect, and induced), we calculated an estimate of the increase in sales tax the County could experience as a result of the increased employment. If the workers directly employed in the expansion of the facility and those workers supported by the expansion spend 35% of their gross income on taxable items and make 75% of their purchases within Larimer County, the County would receive $190,738 over 10 years.

To understand the sensitivity of the County's sales tax revenues to the assumptions regarding spending, we performed an analysis of the variability of City revenues. The 2010 Survey of Consumer Expenditures shows that consumers, on average, spent almost 33% of their gross income on taxable items. Rounding this up to 35%, we used this as the mid-point for the ratio of taxable expenditures to gross income. For the mid-point of % of retail sales spent in the County, we assumed 75%. This analysis shows that if the actual ratios were to vary +/- 5%, the sales tax revenues of Larimer County could vary between $156,273 and $238,130.

**SENSITIVITY ANALYSIS: SALES TAX REVENUES**

<table>
<thead>
<tr>
<th>% of Retail Sales Spent within City</th>
<th>% of Income Used for Taxable Purchases</th>
</tr>
</thead>
<tbody>
<tr>
<td>70%</td>
<td>30%</td>
</tr>
<tr>
<td></td>
<td>35%</td>
</tr>
<tr>
<td></td>
<td>40%</td>
</tr>
</tbody>
</table>

Other Tax Benefits. The County will also collect taxes on materials purchased by the company to support operations and on residential property of the additional employees that choose to live in Larimer County. However, we do not have enough information at this time to make reasonable estimates of these other revenue sources.
Economic Impact

To understand the impact of the company’s expansion on Fort Collins’ economy, we used a well-established method known as input/output (I/O) modeling. By using regionalized statistics regarding how industries buy goods and services from each other, as well as estimates of interregional trade flows, consumer and government spending, and more, I/O models predict how changes in certain industries will create ripple effects in other industries. More specifically, these “what if” scenarios predict the impacts (or “outputs,” in terms of new jobs or higher earnings) in various regional industries as a result of increasing or decreasing jobs, sales, or earnings in other regional industries (the “inputs”).

The results are presented as initial, direct, indirect, and induced effects. The “initial” effect represents the change in jobs as a result of the expansion, and therefore does not include ripple effects. The “direct” effect represents the new input purchases by the initially changed industry. This is the first round of impacts (see "Indirect"). This change is due to inter-industry effects. The “indirect” effect is the subsequent ripple effect in further supply chains resulting from the direct change. This is the second round of impacts (see "Direct") and also due to inter-industry effects. The “induced” effect represents change due to the impact of the new earnings created by the initial, direct, and indirect changes. These earnings enter the economy as employees spend their paychecks in the region on food, clothing, and other goods and services. In other words, this figure represents the income effects on inter-industry trade.

We ran the model for both the construction phase and operations.

Construction. The company plans to invest $20 million in the construction of the new clean room and an additional $15 million in equipment installation costs. This $35 million investment is expected to create 129 construction jobs and 144 equipment installation jobs during the duration of the project. These initial jobs are expected to generate another 127 jobs across the economy. The sectors that will experience the largest increases in employment will be Construction (133 jobs), Retail Trade (21 jobs), Healthcare (19 jobs), Accommodation & Food Services (15 jobs), and Professional & Technical Services (13 jobs). This investment is also expected to increase earnings in the region by $18.1 million, or $45,235 per job.

Operations. The company plans to hire 136 workers to operate the new facility between 2012 and 2014. These 134 new jobs are expected to produce an additional 136 jobs in other sectors of the regional economy. The sectors that will experience the largest increases are expected to be Manufacturing (139 jobs), Healthcare (25 jobs), Retail Trade (22 jobs), Accommodation & Food Service (16 jobs), and Professional & Technical Services (8 jobs). This investment is also expected to increase earnings in the region by $20.4 million or $75,774 per job.
## Assumptions and Sources

The following table lists the assumptions made and the sources of the data that formed the basis of those assumptions.

<table>
<thead>
<tr>
<th>Assumptions &amp; Inputs:</th>
<th>Source:</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of Construction Budget Spent on Materials</td>
<td>INSIGHT Model default value</td>
</tr>
<tr>
<td>Sales &amp; Use Tax Rate</td>
<td>City of Fort Collins, Larimer County</td>
</tr>
<tr>
<td>Real Estate Value Growth Rate</td>
<td>Larimer County Tax Assessor, TIP Calculation</td>
</tr>
<tr>
<td>Average Economic Life in Years</td>
<td>Larimer County Tax Assessor</td>
</tr>
<tr>
<td>Assessment Ratio</td>
<td>Larimer County Tax Assessor</td>
</tr>
<tr>
<td>City Property Tax Mill Levy</td>
<td>City of Fort Collins</td>
</tr>
<tr>
<td>County Property Tax Mill Levy (2013 – 2022), Median Value 2001 - 2011</td>
<td>Larimer County, TIP Calculation</td>
</tr>
<tr>
<td>Period in Years (2013 – 2022)</td>
<td>City of Fort Collins</td>
</tr>
<tr>
<td>Employee Hiring Period in Years</td>
<td>The company</td>
</tr>
<tr>
<td>Average Earnings per Job (Initial)</td>
<td>The company</td>
</tr>
<tr>
<td>Average Earnings per Job (Direct, Indirect &amp; Induced)</td>
<td>EMSI</td>
</tr>
<tr>
<td>Percent of Retail Sales Spent within City</td>
<td>Colorado Department of Revenues, TIP Calculation</td>
</tr>
<tr>
<td>Percent of Retail Sales Spent within County</td>
<td>INSIGHT Model default value</td>
</tr>
<tr>
<td>Input-Output Model</td>
<td>EMSI</td>
</tr>
<tr>
<td>INSIGHT Model</td>
<td>Colorado Office of Economic Development and International Trade</td>
</tr>
</tbody>
</table>
Economic Advisory Commission
June 20, 2012
minutes - DRAFT

The Economic Advisory Commission recommends that City Council adopt the Planned Development Overlay District Pilot using the boundaries as originally proposed. Given the existing standards and processes within Article 3 of the Land Use Code, the Commission believes PDOD is a tool that supports the City’s Economic Health Policy 4.2 in City Plan, and also the City’s goal of encouraging quality infill and redevelopment.

Motion passed 6-0

Project Beta - In May 2012, the Economic Advisory Commission reviewed the Business Assistance Package being proposed to Avago Technologies US, Inc. After thorough consideration and discussion, the EAC developed the following recommendation to the Fort Collins City Council.

Sam Solt moved and Stu MacMillan seconded:

The Economic Advisory Commission (EAC) has reviewed the business investment assistance package prepared for Avago Technologies US, Inc. The EAC has provided insight and feedback. The commission believes that the Avago’s investment creates financially attractive employment and the resulting skills add to our community’s technical exposure for other companies engaged in this technology segment. Furthermore, this awareness enhances the quality of Northern Colorado’s employer portfolio for prospecting and closing other high quality companies’ interest in the region. The commission cautions that not every request for financial assistance from potential employers should be seriously considered. However, Avago is a credible employer offering an opportunity for our community to invest in an economic capability. Lack of support for the request sends a signal, not only to Avago, but to other high quality prospective employer companies. Our community should be recognized not for “easy money” but as savvy and business friendly that is available for the right opportunities.

Motion Passed 6-0

Agenda Item 5: Member Updates/Future Agenda Items Discussion
Josh Birks provided a copy of the Monthly Operating Report (MOR) for Economic Health which includes the issues, priority, owner, implications, and actions of emergency EH issues priorities. This report will be provided monthly to the EAC. In addition, other current programs and initiatives include the URA policies and procedures, midtown urban design master plan, PDOD, EH Communications plan, cluster data analysis, Mason Corridor, EH Strategic Plan and the EH business processes.

Items to keep on eye on in the next six months may include advertising on City property and the capital expansion fees revisions.
1. EXHIBIT A – STATEMENT OF WORK

1. GENERAL DESCRIPTION

The Project consists of the Grantee expanding its manufacturing presence in xxxx, Colorado (collectively, the “Project”). Give a brief explanation of what the Company does.

2. DEFINITIONS

2.1. “Annual Employment Report” is a report that lists (by location) the number, hire dates and pay of all Colorado FTE employees and also provides an aggregate report totaling the number of Colorado FTE employees and their Average Annual Wage Rate.

2.2. “Annual Report Due Date” is the date the Annual Employment Report is submitted to the State which is no later than December 31st of each year (beginning December 31, 2012 and continuing through December 31, 2015 - or through any extension of this Grant). The Grantee may select an effective date for its Annual Employment Report from any date between October 1st and December 31st so that the Grantee can meet the required annual submission due date of December 31st, however it is expected that the effective date utilized will be consistent for each year of this Grant.

2.3. “Annual Wage” for each FTE includes such employee’s regular salaries, overtime pay and bonuses (as calculated for the twelve month period following the employee’s hire date) but shall not include other compensation such as benefits and profit sharing.

2.4. “Average Annual Wage Rate” is the amount determined by adding the aggregate Annual Wages of all applicable FTEs and dividing such amount by the number of such applicable FTEs.

2.5. “Baseline Employment Report” is a report that lists (by location) the number of Colorado FTE employees and their Average Annual Wage Rate and which includes totals for both of these requirements as of January 31, 2011.

2.6. “Disbursement Employment Report” is a report, which contains the same requirements as stated under the definition of Annual Employment Report, that has been updated with current data and is submitted with any Requests for Payment described in §6.3 of this Exhibit A.

2.7. “Full-Time Equivalent” or “FTE” is based on an employee or a combination of two employees working at least 40 hours a week on average.

3. GRANTEE’S OBLIGATIONS

Work Product activities include:

3.1. The creation of 321 net new permanent FTE jobs in Colorado on or before December 31, 2015 with an allowance for a reasonable level of temporarily vacant positions due to normal employee turnover. The State shall disburse $1,000 per net new permanent FTE jobs that meets the obligations specified in §3.2, §3.3 and §3.4 of this Exhibit A even if the Grantee does not ultimately create the full 321 net new permanent FTE jobs. The Grantee shall notify the State within thirty days from the time Grantee reduces its operations in Colorado; however, the Grantee shall not be asked to repay funds previously disbursed solely due to reduction of operations in Colorado except as described in §3.5.

3.2. Each net new permanent FTE job shall be in addition to Grantee’s existing employees/positions in Colorado as of January 31, 2011 (“Baseline”) as stated in the Baseline Employment Report as such report is defined in §5.1.1 of this Exhibit A) and shall be maintained for at least one year after such employee’s hire date before receiving any Grant Funds.

3.3. The Average Annual Wage Rate of the net new permanent FTE jobs in Colorado shall be equal or greater than $41,272 (which is xx% of the Average Annual Wage of xxx County at the time the project was introduced to the EDC).
3.4. The maintenance of its operations in Colorado, defined as a minimum of net new permanent FTE jobs (above the Baseline) for which Grant Funds have been disbursed until the termination of this Grant.

3.5. The amount of the Grant Funds previously disbursed to the Grantee by the State shall immediately become due and payable to the State in the event that the Grantee relocates all or a portion of its operations from Colorado to another state and the resulting relocation results in the Grantee not being able to maintain net new permanent FTE job obligations in §3 of this Exhibit A.

3.6. The Grantee shall notify the State within thirty days from the time Grantee reduces or ceases its operations in Colorado.

3.7. The obligations from the State under this Grant shall not exceed $321,000. All Project costs in excess of this Grant amount shall be the responsibility of the Grantee.

4. PERSONNEL

4.1. Responsible Administrator
Grantee's performance hereunder shall be under the direct supervision of Name, an employee or agent of Grantee, who is hereby designated as the responsible administrator of the Work.

4.2. Replacement
Grantee shall immediately notify OEDIT if the Responsible Administrator ceases to serve. Provided there is a good-faith reason for the change, if Grantee wishes to replace the Responsible Administrator, it shall notify OEDIT and seek its approval, which will not be unreasonably withheld. Such notice shall specify why the change is necessary, who the proposed replacement is, what their qualifications are, and when the change would take effect. All notices sent under this subsection shall be sent in accordance with the Notices and Representatives provisions of this Grant.

5. ACCEPTANCE CRITERIA

5.1. Report(s)/Documents
“Work Product”, as such terms are used in the Grant including this Exhibit A, shall mean the Grantee’s submission to OEDIT.

5.1.1. The Grantee shall submit the following documents to the State prior to the disbursement of any Grant Funds:

5.1.1.1. A Baseline Employment Report from each of its locations in Colorado as of January 31, 2011 (collectively the “Baseline Employment Report”);

5.1.1.2. Signature authority documents for xxxx; and

5.1.1.3. Written documentation evidencing local commitments (local matching funds committed for the project as described in the Grantee’s application) from the City of xxxx and xxxx County in an amount equal to or greater than $xxxx.

5.1.2. The Grantee shall submit an Annual Employment Report to the State from each of its locations in Colorado by no later than the Annual Report Due Date during the term of this Grant.

5.1.3. The Grantee shall submit a Final Report on December 31, 2015 which shall include:

5.1.3.1. An Annual Employment Report for the current and final year;

5.1.3.2. Documentation reflecting its expenditure of approximately $xx million for the Project (including building and equipment, and other costs and which may consist of a certification by the Grantee that it has expended such funds as stated in this Grant);

5.1.3.3. Documentation of all expenditures of Grant Funds (which may consist of a certification by the Grantee that it has used all CEDF for costs associated with the expansion as described in this Grant);

5.1.3.4. A list of all grants/assistance received from local, state and federal governmental entities related to this project [including name of the entity,
amount of assistance, the form of the assistance (such as grant, loan, tax credits and so forth), and how such assistance was expended).

5.2. As of the date of this Grant, the Grantee acknowledges that there has been no adverse material change in the Grantee’s financial position that would adversely affect the Grantee’s ability to meet the performance requirements state in this Grant or make unreasonable or unreliable any of the financing assumptions upon which the CEDC’s approval was based or upon any other aspect of which the CEDF is a part.

6. PAYMENT

6.1 Payment
Payments shall be made in accordance with the provisions set forth in this Grant and Exhibit A. OEDIT may transfer Grant Funds in advance of performance only if a Fiscal Rule waiver has been granted by the State Controller for this Grant. Grantee shall request reimbursement in accordance with the provisions of §6.3 of this Exhibit A.

6.2 Schedule
Requests for payment shall be initiated by the Grantee in accordance with the provisions of §6.3 of this Exhibit A and shall follow this schedule:

<table>
<thead>
<tr>
<th>Incentive</th>
<th>Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>$321,000</td>
<td>In accordance with §3 of this Exhibit A, the State will pay Grantees as follows:</td>
</tr>
<tr>
<td></td>
<td>• After the Effective Date and the State’s receipt of all Documentation required by §5.1.1 and a Request for Payment, including a Disbursement Employment Report, the State shall pay Grantees an amount of approximately $1,000 multiplied by the number of net new permanent FTE jobs meeting all of the requirements of §3.1, 3.2, 3.3 and 3.4 of this Exhibit A (the “First Disbursement”); and</td>
</tr>
<tr>
<td></td>
<td>• After the First Disbursement and the State’s receipt of all required Annual Employment Reports and a Request for Payment, including a Disbursement Employment Report, the State shall pay Grantees approximately $1,000 per net new permanent FTE job created and maintained for at least one year which meet the requirements of §3.1, 3.2, 3.3 and 3.4 of this Exhibit A.</td>
</tr>
</tbody>
</table>

$321,000 TOTAL

6.3 Request for Payment
No greater than twice a year, Grantees shall submit a written request for payment to the State (each a “Request for Payment”) including a Disbursement Employment Report and all information/documentation described in this Grant that states “required prior to the disbursement of Grant Funds.” The number of net new permanent FTE jobs (meeting the criteria in §3.2 of this Exhibit A) shall be the difference between the Disbursement Employment Report aggregate FTE for Colorado submitted with the Request for Payment and the Baseline level of FTE for the Grantees in Colorado submitted on the Baseline Employment Report. To determine whether the net new permanent FTE jobs meet the Average Annual Wage Rate, the Average Annual Wage Rate (as of the date of the Request for Payment) for the net new permanent FTE jobs must be equal or greater than the Average Annual Wage Rate described in §3.3 of this Exhibit A.

7. ADMINISTRATIVE REQUIREMENTS

7.1 Accounting
7.1.1. At all times from the Effective Date of this Grant until completion of the Work Product, the Grantee shall maintain properly segregated books of Grant Funds, matching funds, and other funds associated with the Work Product.

7.1.2. All receipts and expenditures associated with the Work Product shall be documented in a detailed and specific manner, and shall accord with the Work Budget set forth herein.

7.2 Monitoring

7.2.1. OEDIT shall monitor the Work Product on an as-needed basis. OEDIT may choose to audit the Work Product performed under this Grant. Such audit will be requested by OEDIT via electronic media, and all documentation shall be made available for audit by OEDIT within 30 days of such request. Grantee shall maintain a complete file of all records, documents, communications, notes and other written materials or electronic media, files or communications, which pertain in any manner to this Grant. Such books and records shall contain documentation of the Grantee’s pertinent activity under this Grant in a form consistent with good accounting practice.

8. WORK BUDGET

8.1. Matching Funds
Grantee shall match EDC funds used on this Project with at least a dollar-for-dollar cash match from local sources. Local match dollars shall not be used to meet other state contractual matching fund requirements.

8.2. Eligible Expenditures
Specific activities eligible for disbursement of Grant Funds are expenses related to the Project.

8.3. Economic Development Commission Grant Budget

<table>
<thead>
<tr>
<th>LINE ITEM</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>xxxxxx</td>
<td>$xxxxx</td>
</tr>
<tr>
<td>City of xxxxx</td>
<td>$xxxxx</td>
</tr>
<tr>
<td>xxxx County</td>
<td>$xxxxx</td>
</tr>
<tr>
<td>Economic Development Commission Grant</td>
<td>$321,000</td>
</tr>
<tr>
<td>TOTAL GRANTEE EXPENDITURES</td>
<td>$xxxxxxxx</td>
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</table>
### Avago Project Beta

#### Investment

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>R&amp;D Wafer Fab Mfg Equipment</td>
<td>135,953,000</td>
</tr>
<tr>
<td>General &amp; Test Mfg Equipment</td>
<td>8,452,000</td>
</tr>
<tr>
<td>Leasehold Improvements</td>
<td>12,545,000</td>
</tr>
<tr>
<td>Real Property</td>
<td>7,455,000</td>
</tr>
<tr>
<td><strong>Total Investment</strong></td>
<td><strong>164,405,000</strong></td>
</tr>
</tbody>
</table>

**Estimated Labor**
15,000,000

#### Year Taxes are Paid

<table>
<thead>
<tr>
<th>Year</th>
<th>Use Tax Collected</th>
<th>Use Tax Rebate Paid</th>
<th>Personal Property Collected</th>
<th>Personal Property Rebated</th>
<th>Total Taxes Paid</th>
<th>Total Taxes Rebated</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>776,430</td>
<td>776,430</td>
<td>315,496</td>
<td>157,748</td>
<td>776,430</td>
<td>776,430</td>
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<tr>
<td>2014</td>
<td>107,278</td>
<td>107,278</td>
<td>94,101</td>
<td>53,639</td>
<td>191,416</td>
<td>191,416</td>
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<tr>
<td>2015</td>
<td>92,274</td>
<td>92,274</td>
<td>94,067</td>
<td>47,051</td>
<td>186,325</td>
<td>186,325</td>
</tr>
<tr>
<td>2016</td>
<td>92,027</td>
<td>92,027</td>
<td>92,027</td>
<td>46,137</td>
<td>184,154</td>
<td>184,154</td>
</tr>
<tr>
<td>2017</td>
<td>89,837</td>
<td>89,837</td>
<td>94,067</td>
<td>47,033</td>
<td>186,870</td>
<td>186,870</td>
</tr>
<tr>
<td>2018</td>
<td>87,041</td>
<td>87,041</td>
<td>92,027</td>
<td>46,014</td>
<td>183,055</td>
<td>183,055</td>
</tr>
<tr>
<td>2019</td>
<td>84,240</td>
<td>84,240</td>
<td>89,837</td>
<td>44,918</td>
<td>174,158</td>
<td>174,158</td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
<td>87,041</td>
<td>43,520</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td></td>
<td></td>
<td>84,240</td>
<td>42,120</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td></td>
<td></td>
<td>84,240</td>
<td>42,120</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2023</td>
<td></td>
<td></td>
<td>84,240</td>
<td>42,120</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2024</td>
<td></td>
<td></td>
<td>84,240</td>
<td>42,120</td>
<td></td>
<td></td>
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<tr>
<td>2025</td>
<td></td>
<td></td>
<td>84,240</td>
<td>42,120</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Totals**
3,882,150

**Total Taxes Rebated**
4,511,237
Avago Technologies: Incremental Clean Room Expansion

Presented by: Josh Birks
Economic Health Director

Purpose of Business Assistance Packages

• Existing businesses form the backbone of a thriving economy.
• Typically represent the best opportunity for increasing the employment and tax base of a community and the greatest economic threat if they close or relocate.
Business Retention & Expansion (BRE)

Focus/Purpose of BRE

- Removing local and statewide obstacles that prevent existing firms from remaining in operation.
- Reduce the cost of doing business
- Improve business competitiveness
- Increase markets for business
- Enhance business infrastructure

Company History

- 50-year history of innovation dating back to origins within Hewlett-Packard Company (HP)
- 2,000 design and product engineers
- 6,500 products in four primary target markets
  - Wireless communication
  - Wired infrastructure
  - Industrial and automotive electronics
  - Consumer and computer peripherals
- Locations include two design centers in the United States, four in Asia and three in Europe.
- ClimateWise Platinum Partner
Public Benefit

- Benefits
  - Increased tax revenue
  - Retention of a local company
  - Supply chain overarching impact
  - Positive Fort Collins brand message

Jobs Created

- Job Creation
  - 135 jobs with the company
  - 344 jobs created during construction
  - 135 spill-over jobs

- The resolution will stipulate a **performance-based metric** based on job creations
  - Model is similar to the State of Colorado’s requirement when distributing Strategic Fund allocations
Details – Company Investment

• Building 4 Build-Out
  – $20 million construction cost (12,160SF)
  – $130 million manufacturing tools
  – $15 million equipment installation

Costs Associated

• Infrastructure - $0 (Sunk Costs)
  – Finishing an existing, under-utilized building
  – Streets and utilities were upgraded during the original build

• Integrated Design Assistance Program (IDAP) - $12,500
  – Assist in creating high-performance building with financial incentives and financial support
  – Design integration to achieve energy saving
Environmental Impact

- Anticipated additional usage of 2 MW (similar to 500 homes added) of electrical power and 30M gal of water (similar to 446 homes added) or 15% more than current anticipated usage.
  - Total usage is still **below peak** of several years ago.
  - Current infrastructure is in place to support this increase

Complete Assistance Package

<table>
<thead>
<tr>
<th>Build-Out Building #4</th>
</tr>
</thead>
</table>

### Upfront Investments

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>State: Strategic Fund</td>
<td>$2,500 / Job</td>
</tr>
<tr>
<td>City: Manufacturing Equipment Use Tax Rebate</td>
<td>$3,882,200</td>
</tr>
<tr>
<td>Utilities: Integrated Design Assistance</td>
<td>$12,500</td>
</tr>
<tr>
<td><strong>Total One Time</strong></td>
<td><strong>$4,349,000</strong></td>
</tr>
</tbody>
</table>

### On-Going Investments

<table>
<thead>
<tr>
<th>Source</th>
<th>Duration</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>County: Personal Property Tax Rebate</td>
<td>5 Years</td>
<td>$930,100</td>
</tr>
<tr>
<td>City: Personal Property Tax Rebate</td>
<td>10 Years</td>
<td>$639,800</td>
</tr>
<tr>
<td><strong>Total On-Going</strong></td>
<td></td>
<td><strong>$1,559,900</strong></td>
</tr>
</tbody>
</table>

**Grand Total All Investments**

| **$5,908,000** |

Source: City of Fort Collins - Economic Health
## Net Fiscal Impact

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Estimated Revenue</th>
<th>Rebate/Incentive</th>
<th>Net Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Upfront Items</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction Use Tax</td>
<td>$462,000</td>
<td>$0</td>
<td>$462,000</td>
</tr>
<tr>
<td>Equipment Use Tax</td>
<td>$3,882,100</td>
<td>$3,882,100</td>
<td>$0</td>
</tr>
<tr>
<td>Integrated Design Assistance</td>
<td>$0</td>
<td>$12,500</td>
<td>($12,500)</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$4,344,100</td>
<td>$3,894,600</td>
<td>$449,500</td>
</tr>
<tr>
<td><strong>On-Going Items (Cumulative over 10 Years)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment Personal Property Tax</td>
<td>$1,258,000</td>
<td>$628,900</td>
<td>$629,200</td>
</tr>
<tr>
<td>Real Property Tax</td>
<td>$574,500</td>
<td>$0</td>
<td>$574,500</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$1,832,500</td>
<td>$628,900</td>
<td>$1,203,700</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$6,176,600</td>
<td>$4,523,500</td>
<td>$1,653,100</td>
</tr>
</tbody>
</table>

Estimated Revenue

- **$6,176,600**
- **$4,523,500**
- **$1,653,100**

Net Revenue

- 73%
- 27%
Questions?
RESOLUTION 2012-080
OF THE COUNCIL OF THE CITY OF FORT COLLINS
APPROVING AN AGREEMENT BETWEEN THE CITY OF FORT COLLINS
AND AVAGO TECHNOLOGIES WIRELESS (USA) MANUFACTURING, INC.,
TO PROVIDE BUSINESS INVESTMENT ASSISTANCE
FOR PHASE TWO OF THE BUILDING FOUR RETROFIT

WHEREAS, Avago Technologies Wireless (USA) Manufacturing, Inc., (“Avago”) will be
modifying a building located on its business campus by retrofitting approximately 12,160 square feet
for use as a Fbar clean room facility (the “Project”); and

WHEREAS, the Project will enable the City to better maintain and attract high-paying
primary jobs in the City; and

WHEREAS, Avago estimates that it will invest over $165 million in the Project; and

WHEREAS, Avago anticipates that the Project will create approximately 135 jobs paying
an annual average salary of $41,481 which would provide significant economic development benefit
to the community at large; and

WHEREAS, according to preliminary estimates, Avago will also pay City fees and taxes
related to the construction of the Project in the approximate amount of $462,000; and

WHEREAS, City staff has been working with Avago to discuss ways in which the City can
provide financial assistance to the Project that will enhance the likelihood that the Project will be
pursued; and

WHEREAS, City staff has prepared for City Council's consideration a proposed agreement
between the City and Avago (the “Agreement”), which Agreement sets forth the terms and
conditions upon which financial assistance will be provided to Avago by the City and is attached
as Exhibit "A"; and

WHEREAS, the Project is anticipated to increase annual property tax revenue for the City
by approximately $1,258,100 in total over the ten-year term of the Agreement; and

WHEREAS, the City Council has determined that providing financial assistance to the
Project is in the best interests of the City and will serve the important public purposes of increasing
employment in the City, stabilizing and improving the long term tax base of the City and providing
additional economic development benefits to the City.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FORT
COLLINS as follows:

Section 1. That the City Council hereby finds that providing financial assistance to
Avago, upon the terms and conditions contained in the Agreement, is in the best interests of the City
and serves the important public purposes of increasing employment within the City, stabilizing and improving the long-term tax base of the City, and promoting economic development within the City.

Section 2. That the City Manager is hereby authorized to execute the Agreement on behalf of the City, in substantially the form contained in Exhibit "A" attached hereto and incorporated herein by this reference, subject to such modifications and additions as may be deemed necessary or appropriate by the City Manager, in consultation with the City Attorney, in order to protect the interests of the City or to further the purposes of the Agreement or this Resolution.

Passed and adopted at a regular meeting of the Council of the City of Fort Collins this 21st day of August A.D. 2012.

________________________________________________________________________
Mayor Pro Tem

ATTEST:

________________________________________________________________________
City Clerk
BUSINESS INVESTMENT AGREEMENT
FOR ECONOMIC DEVELOPMENT
RELATED TO AVAGO TECHNOLOGIES BUILDING 4 RETROFIT
FOR NEW FBAR CLEAN ROOM FACILITY

THIS AGREEMENT is entered into this ___________ day of __________, 2012, by and
between the City of Fort Collins, Colorado, a home rule municipal corporation (the “City”), and
Avago Technologies Wireless (USA) Manufacturing, Inc., a Delaware Corporation (“AVAGO”).

RECITALS

WHEREAS, AVAGO is the owner of property located at 4380 Ziegler Road in the City
that is more fully described in Exhibit A and incorporated herein by this reference (the
“Property”); and

WHEREAS, AVAGO has previously committed to redeveloping the Property by
retrofitting the building on the Property known as Building 4 and identified on Exhibit A as
BLDG 4 so as to include a new 10,000 square foot expansion wafer fabrication facility within
that building to be completed in 2012, which is the subject of that certain Business Incentive
Agreement For Economic Development Related to AVAGO Technologies Building 4 Retrofit
authorized by the City Council in Resolution 2011-066, adopted by the Council on July 19, 2011
(the “New Wafer Fabrication Facility Agreement”); and

WHEREAS, AVAGO has in addition committed to redeveloping the Property by
retrofitting Building 4 to also include a new 12,160 square foot expansion Fbar Clean Room
Facility within Building 4 to be fully completed and operational by the end of 2014 (the
“Project”); and

WHEREAS, the Project will consist of a construction expansion and remodel in addition
to an investment in equipment; and

WHEREAS, Project will enable the City to better maintain its place as the regional
business center of Northern Colorado in the face of competing facilities that could otherwise
draw significant employment opportunities out of the Fort Collins community; and

WHEREAS, AVAGO estimates that the total investment in the Project will be more than
$ 165 million (including both construction and equipment purchases) and that the completion of
the Project will result in the creation of approximately 135 net new jobs earning salaries ranging
from approximately $30,000 to $100,000 annually, and with an annual average salary of $41,481,
and that will provide significant economic benefit to the community at large; and

WHEREAS, the City’s Economic Health Office has concluded that the Project will
generate a substantial increase in tax revenue for the City, including approximately (i) $ 462,000

EXHIBIT A
WHEREAS, the Project will prevent high-paying primary jobs from leaving Fort Collins to other sites in Northern Colorado and elsewhere; and

WHEREAS, according to the Economic Health Office, the Project will bring a type of worldwide cell phone process manufacturing to the City that has previously occurred primarily off-shore; and

WHEREAS, AVAGO has requested that the City enter into a business investment agreement for economic development related to the Project; and

WHEREAS, based on AVAGO’s representations that the Project will (i) be a high quality Fbar clean room facility that will be owned and operated by AVAGO, (ii) generate new primary jobs, and (iii) have a reasonable expectation of long-term operations in the City; and

WHEREAS, in order to encourage the Project, the City Council has determined, through the adoption of Resolution 2012-___ on ________, 2012, that it is in the best interests of the City to provide a package of financial assistance for the Project consisting of two components: the rebate of new City use tax revenues generated by the Project and the rebate of City personal property tax on new Eligible Equipment installed in Building 4 as part of the Project; and

WHEREAS, the City Council has further determined, through the adoption of Resolution 2012-__ that providing the financial assistance described in this Agreement to AVAGO will serve the important public purposes of increasing employment in the City, stabilizing and improving the long term tax base of the City, and providing additional economic development benefits to the City.

NOW, THEREFORE, in consideration of the promises contained in this Agreement, and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows.

SECTION 1. DEFINITIONS

Application for Use Tax Rebate means the application process for a use tax rebate using City approved forms consistent with the form attached as Exhibit B.

AVAGO means AVAGO Technologies Wireless (USA) Manufacturing, Inc., a Delaware Corporation.

Building 4 means that building located at 4380 Ziegler Road, Building 4.
**Certificate of Occupancy** has the same meaning as set forth in the City of Fort Collins Land Use Code.

**Charter** means the Home Rule Charter of the City.

**City** means the City of Fort Collins, Colorado, a home rule municipal corporation.

**Code** means the Code of the City of Fort Collins.

**County Assessor** means the Larimer County Assessor.

**Development Agreement** means that agreement required when plans, profiles and specification have been approved by the City pursuant to the Land Use Code.

**Eligible Equipment** means new manufacturing equipment and electronic equipment installed or delivered to the Property and incorporated into the Project no later than December 31, 2014, and that is necessary for operation of the Fbar Clean Room Facility, including research and development equipment, manufacturing equipment, and general and test manufacturing equipment.

**Fbar Clean Room Facility and Facility** mean the approximately 12,160 square foot Fbar clean room facility to be developed, constructed and installed in Building 4 beginning in 2012 and to be fully completed and operational in 2014, to expand on existing clean room facilities located in Building 4.

**Land Use Code** means the Fort Collins Land Use Code.

**Manufacturing Equipment Use Tax Rebate Program or Program** means the program for generally available limited rebate of use taxes for manufacturing equipment, as described in Chapter 8 of the Code.

**New Wafer Fabrication Facility** means that certain new 10,000 square foot expansion wafer fabrication facility to be completed by AVAGO in Building 4 in 2012, which is the subject of that certain Business Incentive Agreement For Economic Development Related to AVAGO Technologies Building 4 Retrofit authorized by the City Council in Resolution 2011-066, adopted by the Council on July 19, 2011.

**Project** means AVAGO’s retrofit of existing Building 4 by the development of an additional 12,500 square feet for use as an Fbar Clean Room Facility (separate and apart from the wafer fabrication facility that is the subject of the New Wafer Fabrication Facility Agreement and the existing clean room operation located in Building 4) and other improvements that provide significant energy savings and represented on page 2 of Exhibit A as Area of Work, pursuant to such building permit as may be issued by the City for the same, and shall include construction as well as acquisition and installation of the Eligible Equipment.
Project Personal Property means the initial investments in Eligible Equipment and leasehold improvements made by AVAGO as part of the Project.

Use Tax Rebate means the rebate of use taxes to AVAGO described in Section 3 of this Agreement. The Use Tax Rebate as described herein is intended to be in lieu of, and not a duplication of, the Manufacturing Equipment Use Tax Rebate Program, which Program AVAGO agrees it is not entitled to participate in for the Eligible Equipment.

SECTION 2. REPRESENTATIONS AND COVENANTS

2.1. The City represents and covenants that:

2.1.1. The City is a home rule municipal corporation of the State of Colorado.

2.1.2. There is no litigation or administrative proceeding pending or, to the knowledge of the City, threatened, seeking to question the authority of the City to enter into or perform this Agreement.

2.1.3. The City reasonably believes that it has the authority to enter into the Agreement, and, assuming such authority, the City Council has properly and regularly authorized the City to enter into the Agreement.

2.2. AVAGO represents and covenants that:

2.2.1. AVAGO is a corporation, duly organized and validly existing under the laws of the State of Colorado, is authorized to do business in the State of Colorado, is not in violation of any provisions of its organizational documents or, to its knowledge, the laws of the State of Colorado.

2.2.2. AVAGO has the power and legal right to enter into the Agreement and has duly authorized the execution, delivery and performance of this Agreement by proper action, which Agreement will be enforceable against AVAGO in accordance with its terms.

2.2.3. The consummation of transaction contemplated by this Agreement will not violate any provision of the governing documents of AVAGO or, to its knowledge, constitute a default or result in the breach of any term or provision of any contract or agreement to which AVAGO is a party or by which it is bound.

2.2.4. To its knowledge, there is no litigation, proceeding, or investigation contesting the power of authority of AVAGO with respect to the Project or this Agreement, and AVAGO is unaware of that any such litigation, proceeding, or investigation has been threatened.
2.2.5. AVAGO will submit a Site Plan to the City in accordance with all applicable procedures set forth in the Land Use Code. AVAGO will redevelop the Property with appropriate care and diligence and cause the Project to be constructed in a manner consistent with the Site Plan, as approved in accordance with the Land Use Code.

2.2.6. In redeveloping the Property and Building 4, AVAGO will comply with all applicable zoning and land use requirements and other applicable federal, state, county, and City statutes, rules, regulations and ordinances.

2.2.7. AVAGO intends to operate, or cause to operate, in Building 4 a new, high quality Fbar Clean Room Facility for a period of not less than ten years following the earlier date of the issuance of a Certificate of Occupancy or December 31, 2013.

2.2.8. AVAGO will cooperate with the City in taking reasonable actions to defend against any litigation brought by a third party concerning the Project or this Agreement.

SECTION 3. PAYMENT AND REIMBURSEMENT OF USE TAXES

3.1. AVAGO shall pay to the City all use taxes due from AVAGO for its initial Eligible Equipment investment associated with the Project and retrofit of Building 4 to develop and equip the Fbar Clean Room Facility.

3.2. To the extent permitted by the constitution and laws of the State of Colorado and the Charter, including but not limited to, applicable prohibitions on multiple fiscal year obligations and the condition all obligations be contingent upon the appropriation of funds sufficient and intended therefore by the City Council of the City, in its sole discretion, the City agrees to rebate to AVAGO a portion of the use Taxes paid by AVAGO for Eligible Equipment for the Project as generally shown on the Estimated Payment Schedule attached hereto as Exhibit C and incorporated herein by this reference (the “Payment Schedule”) under the terms and conditions set forth in paragraph 3.3 below and all subparagraphs thereunder (the “Use Tax Rebate”). If, as presently contemplated by the parties, the contingencies described in those paragraphs are satisfied, and subject to the legal limitations as noted above, the City will rebate to AVAGO up to one hundred percent (100%) of City use taxes paid for the Eligible Equipment for the period beginning the effective date of this Agreement and ending December 31, 2013, as described in Section 3.3, subject to a limit on the total use tax rebate amount for the Project, of Three Million Eight Hundred Eighty Two Thousand, Two Hundred Dollars ($3,882,200) (the “Maximum Use Tax Reimbursement”).
3.3. The Use Tax Rebates hereunder shall be conditioned upon the full and timely payment by AVAGO to the City of all use taxes due and owing from AVAGO. If this contingency has not been satisfied or is no longer satisfied as of the date set forth for payment of any Use Tax Rebate hereunder, no such Use Tax Rebate, or any subsequent Use Tax Rebate or other incentive payment provided in this Agreement, will be paid. AVAGO shall not be eligible for a rebate for any use tax paid on any Eligible Equipment unless it has accurately designated and identified the Eligible Equipment on a separate schedule as part of the use tax submission for such Eligible Equipment. Such separate schedule may not include equipment that is not Eligible Equipment associated with the Fbar Clean Room Facility as defined in this Agreement.

3.3.1. In order to be eligible for any Use Tax Rebate hereunder, AVAGO shall submit an Application for Use Tax Rebate no later than March 31, 2013, for rebate of City use taxes paid on Eligible Equipment between the effective date of this Agreement and December 31, 2012. Any such Application (and each such Application for Use Tax Rebate submitted pursuant to this Section 3.3) must identify each item of Eligible Equipment in a manner consistent with, and corresponding to, the manner in which such item of Eligible Equipment was designated and identified in connection with the payment of use taxes for said item. The City’s Use Tax Rebate to AVAGO for 2012 use taxes hereunder will be due and payable no later than June 30, 2013 (the “First Payment”).

3.3.2. In the event AVAGO submits an Application for Use Tax Rebate for the rebate of City use taxes paid on Eligible Equipment during 2013, on or before March 31, 2014, the related Use Tax Rebate will be due and payable to AVAGO no later than June 30, 2014 (the “Second Payment”).

3.3.3. In the event AVAGO submits a verified statement identifying any items of Eligible Equipment that have been received and installed in the Facility by AVAGO, but have not yet been finally commissioned and accepted by AVAGO (the “Carryover Eligible Equipment”) on or before December 31, 2014, and then AVAGO submits an Application for Use Tax Rebate for the rebate of City use taxes paid on the Carryover Eligible Equipment on or before March 31, 2015, the related Use Tax Rebate for use taxes that have been paid on the Carryover Eligible Equipment will be due and payable no later than June 30, 2015 (the “Final Payment”). No prepaid use taxes for Eligible Equipment not yet delivered to and installed in the Facility as of the end of 2014 shall be eligible for rebate hereunder.

3.3.4. In the event that the City determines that AVAGO is not in full compliance with the job creation performance standards set forth in Exhibit D, attached hereto and incorporated herein by this reference, the City may reject with prejudice any Application for Use Tax Rebate then pending or submitted at any time during the period of such non-compliance.
3.4. The City, in its sole discretion, may pre-pay all or any portion of the Use Tax Rebate, without penalty.

3.5. AVAGO assumes the entire risk that the Project will be unable to begin operations and pay use tax on Eligible Equipment by December 31, 2014, so as to qualify for the Maximum Use Tax Reimbursement, and further assumes all risk associated with legal contingencies limiting the City’s obligation to make any payments in future fiscal years and conditioning all future fiscal year obligations on the City’s discretionary appropriation of funds therefor.

3.6. It is not the parties’ intent that AVAGO be paid or entitled to any interest or penalty on use taxes paid by AVAGO, or any penalty or interest on Use Tax Rebate payments delayed or withheld by the City.

3.7. In addition to limit of the Maximum Use Tax Reimbursement, the parties further acknowledge and agree that the Use Tax Rebate for any Eligible Equipment will not at any time be allowed to exceed the amount of City use tax actually paid to the City on such Eligible Equipment. AVAGO further acknowledges and agrees that the City is in no way responsible for the amount of City use tax actually paid or collected for the Eligible Equipment or any other equipment or corporeal property of AVAGO.

3.8. The parties agree that the provisions of this Agreement do not constitute an indebtedness of the City within the meaning of any constitutional or statutory limitation or provision. The commitment of the City to pay the Use Tax Rebate under this Agreement is from year to year only and does not constitute a mandatory payment obligation of the City in any fiscal year beyond the present fiscal year. This Agreement does not directly or indirectly obligate the City to make any payment of a Use Tax Rebate beyond those for which funds have been appropriated as of the date of this Agreement. The City Manager (or any other officer or employee at the time charged with the responsibility of formulating budget proposals) shall make a good faith effort to include in the budget proposals and appropriation ordinances proposed to the City Council, in each year prior to expiration of this Agreement, amounts sufficient to meet the City’s commitments hereunder, subject to the conditions and contingencies set forth herein. Notwithstanding the foregoing, the parties expressly acknowledge that the decision as to whether to appropriate such amounts is in the discretion of the City Council.

SECTION 4. PAYMENT AND REBATE OF PERSONAL PROPERTY TAXES

4.1. AVAGO shall pay to the City all personal property taxes due from AVAGO Project Personal Property associated with the Project and retrofit of Building 4 to develop and equip the Fbar Clean Room Facility.
4.2. To the extent permitted by the constitution and laws of the State of Colorado and the Charter, including but not limited to, applicable prohibitions on multiple fiscal year obligations and the condition all obligations be contingent upon the appropriation of funds sufficient and intended therefore by the City Council of the City, in its sole discretion, the City agrees to rebate to AVAGO a portion of the City personal property taxes paid for the Project Personal Property under the terms and conditions set forth in paragraph 4.3 below (the “Personal Property Tax Rebate”). If, as presently contemplated by the parties, the contingencies described in paragraph 4.3 are satisfied as to each of the ten payments provided for therein, and subject to the legal limitations as noted above, the City will rebate to AVAGO up to the amount shown on the Payment Schedule defined below, of City personal property taxes actually paid for the Project Personal Property in the increments and for the time periods described therein, subject to a limit on the total amount of Personal Property Tax Rebate to be paid by the City of Six Hundred Twenty Nine Thousand One Hundred Dollars ($629,100 in total, and a limit on each annual payment of One Hundred Fifty Seven Thousand, Seven Hundred Dollars ($157,700).

4.3. The payments of Personal Property Tax Rebates referenced in paragraph 4.2 above will be made by the City to AVAGO as follows:

4.3.1. AVAGO has supplied a schedule of estimated personal property taxes to be paid in the Project Personal Property (“Payment Schedule”) associated with the Project as described in this Agreement, attached hereto and incorporated herein by this reference as Exhibit C. This Payment Schedule also provides the basis for a schedule of personal property tax rebate payments.

4.3.2. At its option, AVAGO may, no later than December 31, 2013, submit one updated schedule of estimated personal property taxes to be paid for Project Personal Property installed during the Project (“Revised Payment Schedule”), subject to the City’s review and written approval, in its reasonable discretion. If a Revised Payment Schedule has been approved, it shall upon approval become the operative schedule for the purposes of this Agreement, and shall thenceforth replace the Payment Schedule originally attached hereto. If no such Revised Payment Schedule is submitted and approved by December 31, 2013, then no revision to the Payment Schedule shall be made, except as otherwise provided in this Agreement.

4.3.3. The annual Personal Property Tax Rebate contemplated by this Section will be paid by December 31 of each year, with the first such annual payment scheduled for 2014 as set forth in the Payment Schedule.

4.3.4. AVAGO expressly agrees that no portion of the Personal Property Tax Rebate will be paid if, at the time specified for payment, the City determines that AVAGO:
(a) Has not received a Certificate of Occupancy for the Project on or before December 31, 2013, and thereafter continuously operated the Fbar Clean Room Facility as described in this Agreement; or

(b) Has not actually paid to the City during the relevant tax year personal property taxes equal to or greater than two (2) times the combined total of: 1) all Personal Property Tax Rebates scheduled for that year under the appropriate schedule in the New Wafer Fabrication Facility Agreement; and 2) all Personal Property Tax Rebates scheduled for that year under the appropriate schedule in this Agreement; or

(c) Has not actually paid to the City since the effective date of the New Wafer Fabrication Facility Agreement total personal property taxes equal to or greater than two (2) times the combined total of: 1) all Personal Property Tax Rebates actually paid to date under the New Wafer Fabrication Facility Agreement; and 2) all Personal Property Tax Rebates actually paid to date under this Agreement, including the pending payment; or

(d) Is not in full compliance with the job creation performance standards described in Exhibit D.

4.4. The City reserves the right to modify the Payment Schedule in the event that material change to the City’s mill levy or personal property tax assessment methodology would make the Payment Schedule provided herein inconsistent with the parties’ intent that the Personal Property Tax Rebate not exceed fifty percent (50%) of the amount of personal property tax actually collected by the City for the Eligible Equipment installed and operating as part of the Facility.

4.5. The parties agree that the City may, at its option, require AVAGO to make available to the City all documents that verify the purchase of Project Personal Property installed in Building 4, or in the Fbar Clean Room Facility whether or not as part of the Project, including the County Assessor’s certification of value. The City agrees that, except as otherwise provided by law or applicable court order, such documents constitute privileged information and confidential financial data within the meaning of the Colorado Open Records Act, and, to the extent permitted by law, the City shall deny the right of inspection of such documents to any third party without the consent of AVAGO.

4.6. The City, in its sole discretion, may pre-pay all or any portion of the Personal Property Tax Rebate, without penalty.
4.7. AVAGO assumes the entire risk that the Project will be unable to begin and maintain operations at the levels sufficient to generate the level of personal property tax identified above, and the risk that all or any portion of the Personal Property Tax Rebate may be forfeited unless the requirements of this Agreement have been satisfied. AVAGO further assumes all risk associated with legal contingencies limiting the City’s obligation to make any payments in future fiscal years and conditioning all future fiscal year obligations on the City’s discretionary appropriation of funds therefor.

4.8. It is not the parties’ intent that AVAGO be paid or entitled to any interest or penalty on personal property taxes paid, or any penalty or interest on Personal Property Tax Rebate payments delayed or withheld by the City.

4.9. The parties agree that the provisions of this Agreement do not constitute an indebtedness of the City within the meaning of any constitutional or statutory limitation or provision. The commitment of the City to pay the Personal Property Tax Rebate described in this Agreement is from year to year only and does not constitute a mandatory payment obligation of the City in any fiscal year beyond the present fiscal year. This Agreement does not directly or indirectly obligate the City to make any payment of any Personal Property Tax Rebate beyond those for which funds have been appropriated as of the date this Agreement. The City Manager (or any other officer or employee at the time charged with the responsibility of formulating budget proposals) shall make a good faith effort to include in the budget proposals and appropriation ordinances proposed to the City Council, in each year prior to expiration of this Agreement, amounts sufficient to meet the City’s commitments hereunder, subject to the conditions and contingencies set forth herein. Notwithstanding the foregoing, the parties expressly acknowledge that the decision as to whether to appropriate such amounts is in the discretion of the City Council.

SECTION 5. CITY’S RIGHT TO WITHHOLD OR OFFSET PAYMENTS

5.1. AVAGO agrees to comply with all City codes, ordinances, resolutions and regulations, and to pay all taxes, fees and expenses due to the City under the Code, the City’s Land Use Code or this Agreement, subject to any variances or modifications of standards that may be granted to AVAGO under the Code or the City’s Land Use Code, and to comply with the terms and conditions of the Development Agreement. If AVAGO is in violation of the provisions of the Code, the City’s Land Use Code, this Agreement or the Development Agreement, the City will provide written notice to the Developer of such violation, and allow the AVAGO a period of ninety (90) days in which to cure such violation. The City may thereafter withhold any payment of Use Tax Rebate or Personal Property Tax Rebate due to AVAGO under this Agreement until such time as the violations are cured or abated.

5.2. In addition to the foregoing, the City, at its option, may, after the notice and after the expiration of the cure period if such violations have not been cured or abated, apply any Use Tax Rebate or Personal Property Tax Rebate that would otherwise be payable to AVAGO under
this Agreement to any unpaid amounts theretofore due and payable to the City by AVAGO under this Agreement, the Code, the Land Use Code, or the Development Agreement, in which event AVAGO will be credited with the full amount of any such payments.

SECTION 6. RECORDS AND AUDITS

6.1. AVAGO must keep true, accurate and complete records of all equipment installed and operated in Building 4 and identifying and documenting all equipment and Project Personal Property installed or operated in the Fbar Clean Room Facility, whether or not as part of the Project, which records will be available for inspection by the City without unreasonable delay and without City expense. AVAGO agrees that the City has the right, through its duly authorized agents or representatives, to examine all such records upon ten (10) days notice at all reasonable times, for the purpose of determining the accuracy and propriety of the financial representations which have been made by AVAGO as well as the right to inspect and inventory the Project Personal Property in the Fbar Clean Room Facility in order to confirm that the same is in place and in use as required in connection with any rebate hereunder. This right of review and inspection terminates upon termination of the later of the City’s payments of Use Tax Rebate as provided in Section 3 of this Agreement and the payments of Personal Property Tax Revenues as provided in Section 4 of this Agreement. In the event that the City becomes the custodian of any such records which may contain trade secrets or confidential or proprietary information, and are so marked, the City will, to the extent permitted by law, protect the confidentiality of such information and deny any request for inspection of such records.

6.2. The City will keep, or cause to be kept, true, accurate and complete records of all calculations relating to the Use Tax Rebate; the Personal Property Tax Rebate and such other calculations, allocations and payments required by this Agreement, and will make such records available for inspection by AVAGO upon ten (10) days notice at all reasonable times, to the extent permitted by law.

SECTION 7. RESTRICTIONS ON ASSIGNMENT

7.1. The qualifications of AVAGO to accomplish the objectives of the City hereunder are of particular concern to the City. Therefore, no voluntary or involuntary successor in interest of AVAGO shall acquire any rights or powers under this Agreement except as expressly set forth herein and AVAGO will not assign all or any part of this Agreement, except either:

7.1.1. with the prior written approval of the City Council, in its sole discretion; or

7.1.2. as collateral to a lender in connection with the financing of the Project.
7.2. AVAGO must notify the City within fifteen (15) days of any and all changes whatsoever in the identity of the parties in control of AVAGO, or the degree thereof, of which it or any of its officers have been notified or otherwise have knowledge or information.

SECTION 8. EVENTS OF DEFAULT; REMEDIES

8.1. Default or an event of default by AVAGO mean one or more of the following events:

8.1.1. Any representation or warranty made in this Agreement by AVAGO was materially inaccurate when made or shall prove to be materially inaccurate;

8.1.2. AVAGO assigns or attempts to assign this Agreement in violation of Section 7 of this Agreement; or

8.1.3. AVAGO fails to substantially observe or perform any other material covenant, obligation or agreement required under this Agreement.

8.2. In order to exercise any remedy for default hereunder, upon the occurrence of any event of default, the City shall provide written notice to AVAGO. AVAGO must immediately proceed to cure or remedy such default, and in any event, such default shall be cured within thirty (30) days after receipt of the notice, or such longer time as the City and AVAGO agree in writing. Upon the failure of AVAGO to so cure any such default, the City shall have all remedies available to it, in law or in equity, excluding specific performance.

8.3. Default or an event of default by the City shall mean one or more of the following events:

8.3.1. Any representation or warranty made in this Agreement by the City was materially inaccurate when made or shall prove to be materially inaccurate; or

8.3.2. perform any nonmonetary, material covenant, obligation or agreement required of it under this Agreement.

8.4. Upon the occurrence of any event of default, AVAGO will provide written notice to the City. The City must immediately proceed to cure or remedy such default, and in any event, such default shall be cured within thirty (30) days after receipt of the notice, or such longer time as the City and AVAGO agree in writing. Upon the failure of the City to so cure any such default, AVAGO will have all remedies available to it, in law or in equity excluding specific performance.
SECTION 9. NOTICES

9.1. All notices required or permitted hereunder shall be in writing and shall be effective upon mailing, deposited in the United States Mail, postage prepaid, and addressed to the intended recipient as follows. Any party can change its address by written notice to the other given in accordance with this paragraph.

9.1.1. City of Fort Collins: City of Fort Collins
        Attention: City Manager
        300 LaPorte Avenue, PO Box 580
        Fort Collins, CO 80522-0580

9.1.2. With a copy to: City of Fort Collins
        Attention: City Attorney
        300 LaPorte Avenue, PO Box 580
        Fort Collins, CO 80522-0580

9.1.3. AVAGO: AVAGO Technologies
        Attention: General Counsel
        350 W. Trimble Road
        San Jose, California 95131

9.1.4. With a copy to: Steve Wolley
        AVAGO Technologies
        4380 Ziegler Rd.
        Fort Collins, CO 80525

SECTION 10. MISCELLANEOUS

10.1. Binding Effect. This Agreement inures to the benefit of and is binding upon the City and AVAGO and AVAGO's assignees which are permitted pursuant to Section 7 of this Agreement.

10.2. No Third Party Beneficiaries. The City is not obligated or liable under the terms of this Agreement to any person or entity not a party hereto except any assignee permitted pursuant to Section 7 of this Agreement. Further, the City is not bound by any contracts or conditions that AVAGO may negotiate with third parties related to the Project.

10.3. Interpretation, Jurisdiction and Venue. This Agreement is being executed and delivered and is intended to be performed in the State of Colorado, and the laws of Colorado govern the validity, construction, enforcement and interpretation of this Agreement. Exclusive jurisdiction and venue for resolution of any dispute arising hereunder will be in the Larimer County, Colorado District Court.
10.4.  **Entire Agreement.** This Agreement embodies the whole agreement of the parties concerning financial assistance by the City for the Project. Although it is anticipated there will be at least one other agreement governing general development issues related to the Project, there are no promises, terms, conditions, or obligations other than those contained herein exist with respect to the financial assistance package. This Agreement supersedes all provisions, communications, representations, or agreement, either verbal or written, between the parties with respect to the financial assistance package.

10.5.  **Waiver of Breach.** A written waiver by either party to this Agreement of the breach of any term or provision of this Agreement will not operate or be construed as a waiver or any subsequent breach by another party.

10.6.  **Article and Section Captions.** The captions of the articles and sections of this Agreement 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.

10.7.  **City and AVAGO Not Partners.** Notwithstanding any language in this Agreement, the City is not a member, partner, or joint venturer of AVAGO, and the City shall not be responsible for any debt or liability of AVAGO or its contractors or agents. AVAGO is not responsible for any debt or liability of the City or their contractors or agents.

10.8.  **Severability.** If any portion or portions of this Agreement are determined to be illegal or unenforceable, the remainder of this Agreement will not be affected thereby and will remain in full force and effect as if such illegal or unenforceable portion or portions did not exist. If all or any portion of the payments required by the terms of this Agreement are determined, by a court of competent jurisdiction in a final non-appealable judgment, to be contrary to public policy or otherwise precluded, and if the decision of such court clearly indicates how the payments may be made differently and in a manner that is legal, valid and enforceable, then the Parties will utilize their reasonable, best, good faith efforts to promptly restructure and/or amend this Agreement in accordance with such court decision, or to enter into a new agreement, to assure, to the extent legally permissible, that all payments are made to AVAGO as contemplated by this Agreement.

10.9.  **Originals.** This Agreement may be simultaneously executed in any number of counterparts, each of which will be deemed original but all of which constitute one and the same Agreement.

10.10. **Joint Draft.** The parties agree they drafted this Agreement jointly with each having the advice of legal counsel and an equal opportunity to contribute to its content.
IN WITNESS WHEREOF, the City and AVAGO have executed this Agreement as of the date first above written.

CITY OF FORT COLLINS, COLORADO
a municipal corporation

By: ____________________________
    Darin A. Atteberry, City Manager

Attest:

__________________________
City Clerk

Approved as to form:

__________________________
Deputy City Attorney

AVAGO TECHNOLOGIES WIRELESS (USA) MANUFACTURING INC.
a Delaware corporation

By: ____________________________
    Name and title

State of ________________________  )
    )ss.

County of ____________  )

The foregoing was acknowledged before me this _______ day of 2012, by ______________________ as ____________ Avago Technologies Wireless (USA) Manufacturing Inc., a Delaware corporation.

Witness my hand and official seal.

My commission expires:

__________________________
Notary Public
EXHIBIT A

PROPERTY DESCRIPTION:

LOT 2, PRESTON–KELLEY 2ND SUBDIVISION, AS PER THE PLAT THEREOF RECORDED OCTOBER 28, 1999 AT RECEPTION NO. 99093260, COUNTY OF LARIMER, STATE OF COLORADO.

A TRACT OF LAND BEING PART OF PRESTON–KELLEY SUBDIVISION AND BEING LOCATED IN THE SOUTHWEST QUARTER OF SECTION 33, TOWNSHIP 7 NORTH, RANGE 68 WEST OF THE 6TH PRINCIPAL MERIDIAN, CITY OF FORT COLLINS, COUNTY OF LARIMER, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BASIS OF BEARINGS: THE WEST LINE OF THE SOUTHWEST QUARTER OF SECTION 33, BEING MONUMENTED AT THE SOUTHWEST CORNER BY A LARIMER COUNTY BRASS CAP, AND AT THE WEST QUARTER CORNER BY A ALUMINUM CAP STAMPED (LS 17497) WITH A LINE BETWEEN ASSUMED TO BEAR SOUTH 00°00’11” WEST, AND WITH ALL BEARINGS HEREIN RELATIVE THERETO.

COMMENCING AT THE WEST QUARTER CORNER OF SAID SECTION 33, THENCE ALONG THE WEST LINE OF SAID SOUTHWEST QUARTER SOUTH 00°00’11” WEST 381.60 FEET, THENCE DEPARTING SAID WEST LINE, NORTH 89°50’11” EAST 50.00 FEET TO A POINT ON THE EAST RIGHT OF WAY FOR SOUTH COUNTY ROAD 9 (AKA: ZIEGLER ROAD) SAID POINT ALSO BEING THE NORTHWEST CORNER OF LOT 2, PRESTON–KELLEY 2ND SUBDIVISION, AND THE POINT OF BEGINNING; THENCE ALONG THE NORTH LINE OF SAID LOT 2 THE FOLLOWING THREE (3) COURSES: 1) NORTH 89°50’11” EAST 1152.66 FEET; 2) SOUTH 45°09’49” EAST 70.71 FEET; 3) NORTH 89°50’11” EAST 150.25 FEET TO THE NORTHEAST CORNER OF LOT 2, ALSO BEING THE NORTHWEST CORNER OF LOT 1, SAID PRESTON–KELLEY 2ND SUBDIVISION, THENCE ALONG THE WEST LINE OF SAID LOT 1 AND THE EAST LINE OF SAID LOT 2, THE FOLLOWING EIGHTEEN (18) COURSES: 1) SOUTH 00°09’49” EAST 510.80 FEET; 2) NORTH 90°00’00” EAST 206.87 FEET; 3) SOUTH 00°15’16” WEST 197.99 FEET; 4) SOUTH 38°46’40” EAST 43.64 FEET; 5) SOUTH 00°19’44” WEST 34.65 FEET; 6) SOUTH 89°35’37” EAST 56.33 FEET; 7) SOUTH 00°19’44” WEST 74.32 FEET; 8) SOUTH 89°38’43” EAST 73.00 FEET; 9) SOUTH 00°21’35” WEST 276.48 FEET; 10) NORTH 89°27’02” WEST 132.76 FEET; 11) SOUTH 39°23’29” WEST 95.28 FEET; 12) NORTH 89°40’59” WEST 47.66 FEET; 13) SOUTH 00°23’51” WEST 180.46 FEET; 14) NORTH 90°00’00” WEST 64.17 FEET; 15) SOUTH 00°08’54” WEST 135.19 FEET; 16) SOUTH 87°12’54” WEST 86.71 FEET; 17) SOUTH 22°02’40” WEST 345.23 FEET; 18) SOUTH 00°01’49” EAST 262.22 FEET TO A POINT ON THE NORTH RIGHT OF WAY LINE FOR HARMONY ROAD AS DESCRIBED AT BOOK 1814 PAGE 777 OF THE CLERK AND RECORDER'S OFFICE OF LARIMER COUNTY, THENCE ALONG SAID NORTH RIGHT OF WAY LINE THE FOLLOWING FOUR (4) COURSES: 1) SOUTH 89°58’11” WEST 533.97 FEET; THENCE 2) NORTH 87°50’49” WEST 131.20 FEET TO THE BEGINNING OF A CURVE, THENCE 3) WESTERLY 502.23 FEET ALONG THE ARC OF A CURVE, CONCAVE TO THE SOUTH, SAID CURVE HAVING A RADIUS OF 5,810.00 FEET, A CENTRAL ANGLE OF 4°57’11”, AND BEING SUBTENDED BY A CHORD BEARING SOUTH 87°29’41” WEST 502.10 FEET, THENCE 4) NORTH 47°42’49” WEST 34.67 FEET TO A POINT ON THE AFOREMENTIONED EAST RIGHT OF WAY FOR SOUTH COUNTY ROAD 9, THENCE ALONG SAID EAST RIGHT OF WAY LINE NORTH 00°00’11” EAST 2143.51 FEET TO THE POINT OF BEGINNING.

SAID DESCRIBED PARCEL CONTAINS 70.101 ACRES, MORE OR LESS, AND IS SUBJECT TO ALL EASEMENTS AND RIGHTS OF WAY OF RECORD OR EXISTING.
EXHIBIT B

City of Fort Collins
Economic Development - Use Tax Rebate Application
2010

Company Name ___________________________________________ Phone Number __________________________

Mailing Address ____________________________________________________________________________________________

Contact Person _____________________________________________________________________________________________

The following information is mandatory for the rebate process.
All financial information contained in this application will be confidential.

Project Information: ____________________________________________________________

Date Project Operations began in Fort Collins _______________________________________

Briefly describe project operations? __________________________________________________________________________

Square footage of Project facility ____________________________________________________________

Square footage of entire Fort Collins facility ________________________________________________

2008 property tax valuation _______________ 2008 personal property tax valuation _______________

2009 property tax valuation _______________ 2009 personal property tax valuation _______________

Who is your natural gas provider? ___________________________________________ Annual Gas Consumption __________

Employee Information: ________________________________________________________________

Number of full time equivalent employees as of January 1, 2010 ___________ Median Annual Wage __________

Number of full time equivalent employees as of December 31, 2010 ___________ Median Annual Wage __________

Number of temp., seasonal & contract employees as of 12/31/10 ___________ Median Annual Wage __________

Rebate Information: ________________________________________________________________

Purchase price of Eligible Equipment purchased in 2010: ______________________________

Amount of rebate requested: _________________________________________________________

I hereby authorize the City to review and consider sales and use tax records, vendor records, contract and other information available regarding the company’s eligibility for a rebate under this program. I further authorize the City to release to the public information contained in this application, as well as information regarding any rebates issued to the company under this rebate program.

I certify that the company requesting this rebate is in compliance with all Federal, State and local laws and regulations for the manufacturing facility located in Fort Collins. I also certify that the company is current with all City of Fort Collins contractual, payment and sales and use tax obligations.

I declare under penalty of perjury that this claim (including any accompanying schedules and statements) has been examined by me and to the best of my knowledge and belief is true and made in good faith for the stated purpose. Further, I represent and warrant that I have the necessary authority to execute this application on behalf of the company, and to make the above certifications, authorizations, and declaration.

A claim by an agent must be accompanied by power of attorney.

Signature of Taxpayer ___________________________________ Title _______________________________

Date __________________________
### EXHIBIT C

#### Avago Project Beta

<table>
<thead>
<tr>
<th>Investment</th>
<th>Amount</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>R&amp;D Fab Mfg Equipment</td>
<td>135,953,000</td>
<td>*Subject to Use Tax and Personal Property Tax</td>
</tr>
<tr>
<td>General &amp; Test Mfg Equipment</td>
<td>8,452,000</td>
<td>*Subject to Use Tax and Personal Property Tax</td>
</tr>
<tr>
<td>Leasehold Improvements</td>
<td>12,545,000</td>
<td>*Subject to Personal Property tax Only</td>
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<tr>
<td>Real Property</td>
<td>7,451,000</td>
<td>*Not subject to any tax but a cost associated with the project</td>
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<tr>
<td><strong>Total Investment</strong></td>
<td><strong>164,405,000</strong></td>
<td></td>
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<tr>
<td>Estimated Labor</td>
<td>15,000,000</td>
<td>*Labor number is included in the above equipment numbers, but is deducted for the Use Tax as it is not subject to Use Tax</td>
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<tr>
<td><strong>Use Tax</strong></td>
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<tr>
<td>Use-Tax Collected</td>
<td>776,430</td>
<td>3,105,720</td>
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</tr>
<tr>
<td>Use-Tax Rebate Paid*</td>
<td>776,430</td>
<td>3,105,720</td>
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<tr>
<td><strong>Totals</strong></td>
<td>3,882,150</td>
<td>5,140,325</td>
<td>1,258,175</td>
<td>629,087</td>
<td>4,553,357</td>
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</table>

| **Personal Property Tax** |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
| Personal Property Collected | 315,496 | 201,814 | 107,278 | 94,101 | 92,274 | 94,067 | 92,027 | 89,837 | 87,041 | 84,240 | 1,258,175 |        |      |
| Personal Property Rebate Paid* | 157,748 | 100,907 | 53,639 | 47,033 | 46,014 | 44,918 | 43,520 | 42,120 |        |        | 629,087 | 4,553,357 | 1,258,175 |      |
| **Total Taxes Paid**       | 776,430 | 3,105,720 | 315,496 | 201,814 | 107,278 | 94,101 | 92,274 | 94,067 | 92,027 | 89,837 | 87,041 | 84,240 | 1,258,175 | 629,087 |      |
| **Total Taxes Rebated**    | -    | 776,430 | 3,105,720 | 157,748 | 100,907 | 53,639 | 47,051 | 46,137 | 46,014 | 44,918 | 43,520 | 42,120 | 42,120 | 4,553,357 | |
EXHIBIT D
Job Creation Performance Standards

As a condition of receipt of any Use Tax Rebate payment and any Personal Property Tax Rebate payment provided in the Business Investment Agreement for Economic Development Related to Avago Technologies Building 4 Retrofit for New Fbar Clean Room Facility, AVAGO must comply with each of the following:

1. Reporting Requirements:

AVAGO must comply with all reporting requirements that are or would be imposed in connection with State of Colorado Strategic Fund participation (as set forth in the Statement of Work attached hereto, and must provide to the City all information required to be submitted by “Grantee” as set forth therein. If requested by the City in order to determine or confirm job creation performance as required hereunder, AVAGO shall provide to the City related data, records or verification of the same.

2. Job Creation Requirements:

AVAGO must create net new permanent full-time equivalent jobs in Fort Collins in the numbers and no later than the specified calendar years as set forth below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Projected New Jobs</th>
<th>Estimated Total Salaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>28</td>
<td>$2,050,000</td>
</tr>
<tr>
<td>2014</td>
<td>97</td>
<td>$3,550,000</td>
</tr>
<tr>
<td>2015</td>
<td>11</td>
<td>$370,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>136</strong></td>
<td><strong>$5,970,000</strong></td>
</tr>
</tbody>
</table>

Avago Project Beta Projected Jobs
1. EXHIBIT A – STATEMENT OF WORK

1. GENERAL DESCRIPTION
The Project consists of the Grantee expanding its manufacturing presence in xxxx, Colorado (collectively, the “Project”). Give a brief explanation of what the Company does.

2. DEFINITIONS

2.1. “Annual Employment Report” is a report that lists (by location) the number, hire dates and pay of all Colorado FTE employees and also provides an aggregate report totaling the number of Colorado FTE employees and their Average Annual Wage Rate.

2.2. “Annual Report Due Date” is the date the Annual Employment Report is submitted to the State which is no later than December 31st of each year (beginning December 31, 2012 and continuing through December 31, 2015 - or through any extension of this Grant). The Grantee may select an effective date for its Annual Employment Report from any date between October 1st and December 31st so that the Grantee can meet the required annual submission due date of December 31st, however it is expected that the effective date utilized will be consistent for each year of this Grant.

2.3. “Annual Wage” for each FTE includes such employee’s regular salaries, overtime pay and bonuses (as calculated for the twelve month period following the employee’s hire date) but shall not include other compensation such as benefits and profit sharing.

2.4. “Average Annual Wage Rate” is the amount determined by adding the aggregate Annual Wages of all applicable FTEs and dividing such amount by the number of such applicable FTEs.

2.5. “Baseline Employment Report” is a report that lists (by location) the number of Colorado FTE employees and their Average Annual Wage Rate and which includes totals for both of these requirements as of January 31, 2012.

2.6. “Disbursement Employment Report” is a report, which contains the same requirements as stated under the definition of Annual Employment Report, that has been updated with current data and is submitted with any Requests for Payment described in §6.3 of this Exhibit A.

2.7. “Full-Time Equivalent” or “FTE” is based on an employee or a combination of two employees working at least 40 hours a week on average.

3. GRANTEE’S OBLIGATIONS

Work Product activities include:

3.1. The creation of 135 net new permanent FTE jobs in Colorado on or before December 31, 2015 with an allowance for a reasonable level of temporarily vacant positions due to normal employee turnover. The State shall disburse $1,000 per net new permanent FTE jobs that meets the obligations specified in §3.2, §3.3 and §3.4 of this Exhibit A even if the Grantee does not ultimately create the full 135 net new permanent FTE jobs. The Grantee shall notify the State within thirty days from the time Grantee reduces its operations in Colorado; however, the Grantee shall not be asked to repay funds previously disbursed solely due to reduction of operations in Colorado except as described in §3.5.

3.2. Each net new permanent FTE job shall be in addition to Grantee’s existing employees/positions in Colorado as of January 31, 2012 (“Baseline”) as stated in the Baseline Employment Report as such report is defined in §5.1.1.1 of this Exhibit A) and shall be maintained for at least one year after such employee's hire date before receiving any Grant Funds.

3.3. The Average Annual Wage Rate of the net new permanent FTE jobs in Colorado shall be equal or greater than $46,397 (which is 114% of the Average Annual Wage of Larimer County at the time the project was introduced to the EDC).

3.4. The maintenance of its operations in Colorado, defined as a minimum of net new permanent FTE jobs (above the Baseline) for which Grant Funds have been disbursed until the termination of this Grant.

3.5. The amount of the Grant Funds previously disbursed to the Grantee by the State shall immediately become due and payable to the State in the event that the Grantee relocates all or a portion of its operations from Colorado to another state and the resulting relocation results in the Grantee not being able to maintain net new permanent FTE job obligations in §3 of this Exhibit A.

3.6. The Grantee shall notify the State within thirty days from the time Grantee reduces or ceases its operations in Colorado.

3.7. The obligations from the State under this Grant shall not exceed $340,000. All Project costs in excess of this Grant amount shall be the responsibility of the Grantee.
4. PERSONNEL

4.1. Responsible Administrator
Grantee’s performance hereunder shall be under the direct supervision of Name, an employee or
agent of Grantee, who is hereby designated as the responsible administrator of the Work.

4.2. Replacement
Grantee shall immediately notify OEDIT if the Responsible Administrator ceases to serve.
Provided there is a good-faith reason for the change, if Grantee wishes to replace the
Responsible Administrator, it shall notify OEDIT and seek its approval, which will not be
unreasonably withheld. Such notice shall specify why the change is necessary, who the
proposed replacement is, what their qualifications are, and when the change would take effect.
All notices sent under this subsection shall be sent in accordance with the Notices and
Representatives provisions of this Grant.

5. ACCEPTANCE CRITERIA

5.1. Report(s)/Documents
“Work Product”, as such terms are used in the Grant including this Exhibit A, shall mean the
Grantee’s submission to OEDIT.
5.1.1. The Grantee shall submit the following documents to the State prior to the disbursement
of any Grant Funds:
5.1.1.1. A Baseline Employment Report from each of its locations in Colorado as of
January 31, 2012 (collectively the “Baseline Employment Report”); and
5.1.1.2. Written documentation evidencing local commitments (local matching funds
committed for the project as described in the Grantee’s application) from the
City of xxxx and xxxx County in an amount equal to or greater than $xxxx.
5.1.2. The Grantee shall submit an Annual Employment Report to the State from each of its
locations in Colorado by no later than the Annual Report Due Date during the term of
this Grant.
5.1.3. The Grantee shall submit a Final Report on December 31, 2015 which shall include:
5.1.3.1. An Annual Employment Report for the current and final year;
5.1.3.2. Documentation reflecting its expenditure of approximately $xxx million for the
Project (including building and equipment, and other costs and which may
consist of a certification by the Grantee that it has expended such funds as stated
in this Grant); and
5.1.3.3. Documentation of all expenditures of Grant Funds (which may consist of a
certification by the Grantee that it has used all CEDF for costs associated with
the expansion as described in this Grant);
5.1.3.4. A list of all grants/assistance received from local, state and federal
governmental entities related to this project [including name of the entity,
amount of assistance, the form of the assistance (such as grant, loan, tax credits
and so forth), and how such assistance was expended].

5.2. As of the date of this Grant, the Grantee acknowledges that there has been no adverse material
change in the Grantee’s financial position that would adversely affect the Grantee’s ability to meet
the performance requirements state in this Grant or make unreasonable or unreliable any of the
financing assumptions upon which the CEDC’s approval was based or upon any other aspect of
which the CEDF is a part.

6. PAYMENT

6.1 Payment
Payments shall be made in accordance with the provisions set forth in this Grant and Exhibit A.
OEDIT may transfer Grant Funds in advance of performance only if a Fiscal Rule waiver has been
granted by the State Controller for this Grant. Grantee shall request reimbursement in accordance
with the provisions of §6.3 of this Exhibit A.

6.2 Schedule
Requests for payment shall be initiated by the Grantee in accordance with the provisions of §6.3 of
this Exhibit A and shall follow this schedule:
<table>
<thead>
<tr>
<th>Incentive</th>
<th>Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>$340,000</td>
<td>In accordance with §3 of this Exhibit A, the State will pay Grantees as follows:</td>
</tr>
<tr>
<td></td>
<td>☐ After the Effective Date and the State’s receipt of all Documentation required by §5.1.1 and a Request for Payment, including a Disbursement Employment Report, the State shall pay Grantees an amount of approximately $1,000 multiplied by the number of net new permanent FTE jobs meeting all of the requirements of §3.1, 3.2, 3.3 and 3.4 of this Exhibit A (the “First Disbursement”); and</td>
</tr>
<tr>
<td></td>
<td>☐ After the First Disbursement and the State’s receipt of all required Annual Employment Reports and a Request for Payment, including a Disbursement Employment Report, the State shall pay Grantees approximately $1,000 per net new permanent FTE job created and maintained for at least one year which meet the requirements of §3.1, 3.2, 3.3 and 3.4 of this Exhibit A.</td>
</tr>
<tr>
<td>$340,000</td>
<td>TOTAL</td>
</tr>
</tbody>
</table>

**6.3 Request for Payment**

No greater than twice a year, Grantees shall submit a written request for payment to the State (each a “Request for Payment”) including a Disbursement Employment Report and all information/documentation described in this Grant that states “required prior to the disbursement of Grant Funds.” The number of net new permanent FTE jobs (meeting the criteria in §3.2 of this Exhibit A) shall be the difference between the Disbursement Employment Report aggregate FTE for Colorado submitted with the Request for Payment and the Baseline level of FTE for the Grantees in Colorado submitted on the Baseline Employment Report. To determine whether the net new permanent FTE jobs meet the Average Annual Wage Rate, the Average Annual Wage Rate (as of the date of the Request for Payment) for the net new permanent FTE jobs must be equal or greater than the Average Annual Wage Rate described in §3.3 of this Exhibit A.

**7. ADMINISTRATIVE REQUIREMENTS**

**7.1 Accounting**

7.1.1. At all times from the Effective Date of this Grant until completion of the Work Product, the Grantee shall maintain properly segregated books of Grant Funds, matching funds, and other funds associated with the Work Product.

7.1.2. All receipts and expenditures associated with the Work Product shall be documented in a detailed and specific manner, and shall accord with the Work Budget set forth herein.

**7.2 Monitoring**

7.2.1. OEDIT shall monitor the Work Product on an as-needed basis. OEDIT may choose to audit the Work Product performed under this Grant. Such audit will be requested by OEDIT via electronic media, and all documentation shall be made available for audit by OEDIT within 30 days of such request. Grantee shall maintain a complete file of all records, documents, communications, notes and other written materials or electronic media, files or communications, which pertain in any manner to this Grant. Such books and records shall contain documentation of the Grantee’s pertinent activity under this Grant in a form consistent with good accounting practice.

**8. WORK BUDGET**

**8.1 Matching Funds**

Grantee shall match EDC funds used on this Project with at least a dollar-for-dollar cash match from local sources. Local match dollars shall not be used to meet other state contractual matching fund requirements.

**8.2 Eligible Expenditures**

Specific activities eligible for disbursement of Grant Funds are expenses related to the Project.

**8.3 Economic Development Commission Grant Budget - - TABLE OMITTED**