

**LOWRY REDEVELOPMENT AUTHORITY
BOARD OF DIRECTORS REGULAR MEETING
MINUTES FOR FEBRUARY 26, 2019**

ROLL CALL: Members present were Roy Alexander, Derek Camunez, Lindy Eichenbaum Lent, Steve Hutt, Rachel Neumann, Brad Pierce and Ann Torgerson. Monty Force attended as the Executive Director and Cathy Gale attended as General Counsel.

EXECUTIVE SESSION TO DISCUSS NEGOTIATIONS OR STRATEGY FOR NEGOTIATIONS AND TO REVIEW AND APPROVE THE MINUTES FROM THE DECEMBER 4, 2018 EXECUTIVE SESSIONS

An Executive Session was called pursuant to and is authorized by the following specific provisions of the Colorado Open Meeting Law, C.R.S. §24-6-402, et seq, to discuss only the following matters as permitted thereby:

**Negotiations - C.R.S. 24-6-402(4)(e) (DURA Agreement – Garage Funding)
Review and Approval of the December 4, 2018 Executive Session Minutes**

Executive Session convened at 7:35 a.m.

PUBLIC SESSION: The meeting convened in public session at 8:30 a.m. and was called to order by Roy Alexander, Chair.

PUBLIC COMMENT: There was no one in attendance from the public.

CONSENT AGENDA:

- Minutes (December 4, 2018)
- Financials (November, December 2018; January 2019)

CFO, Alison Cote', summarized the year-end financials as shown on the Dec. year end projections on the last page of that report:

- Ended the year with \$14.5M in cash (combined for legacy and BOne)
- \$3.5M is on the books as TIF money, which will be used for the parking garage on the commercial parcel
- \$56M in assets and \$6M in liabilities
- The only escrow holding account will be applied toward the Koelbel closing
- Ended up very close to the budget projections with \$6.4M in sales, equity shares on target, expenditures were down from the capital project projections and overall spending did not tap into any contingency funds

Board members had several questions or asked for clarification:

- The \$3.5M TIF funds held by DURA are listed as an asset. When will they be shown as a liability? **When the agreements are all signed and they are implemented at closing.**
- For the close out of the \$31M infrastructure/demo/turnover items, could those be classified and a timeline attached? **The \$21M associated with legacy Lowry is already classified.**

Alison will do the same for the Boulevard One infrastructure/turnover items. This will also be discussed in more detail at the retreat.

- What constitutes the \$5M in land sales for 2019? **That will be three parcels for Kelmore, a 2nd takedown for Koelbel and one for MoonStar. There will also be income from equity share sales.**

A motion by Derek Camunez and seconded by Lindy Eichenbaum Lent was passed to approve the Consent Agenda containing the Financial Reports for November, December 2018 and January 2019 and the Minutes from the December 4, 2018 meeting as presented with an abstention by Steve Hutt on approval of the Minutes.

ACTION ITEMS

- DURA Agreement – Parking Garage Flow of Funds – Resolution 2019-1

Monty Force reminded the Board that the previous agreement authorized commitment of \$1.5M from the LRA and another \$3.5M of remaining TIF money. The LRA commitment was to be the last funds to be used. More recently with full negotiations by all parties the flow of funds has been spelled out with more detail:

1. Developer Equity of \$13M is expended of which \$3.8M is spent on parking structure before LRA and DURA participation
2. Next, following expenditure of the developer equity, \$16,561,000 of project costs shall be funded pro rata for each construction draw as follows:
 - Construction loan 70%
 - DURA 21%
 - LRA 9% (up to \$1M)
3. Once \$1M of LRA funding has been met the pro rata share for construction draws shall be:
 - Construction draw 79%
 - DURA 21% (up to \$3.5M)
4. Once the maximum funding amount by DURA has been met, the construction draws are funded completely by the Construction Loan
5. Construction draws will include other project costs, but Parking Structure expenses are the only eligible expenses for DURA or LRA funding
6. Upon issuance of a Parking Structure Certificate of Completion the LRA will release the final \$500,000 of funding to the Developer

Monty explained that there is also an ancillary document known as a Standstill Agreement between the LRA and DURA that stipulates if a repurchase event occurs and LRA exercises its right to repurchase the property:

1. DURA has agreed to make the DURA contribution available to a new developer subject to a determination that a gap in financing still exists.
2. If a new developer is not selected within two (2) years the Standstill Agreement terminates and the DURA contribution is no longer available for a new project.

These documents are scheduled to be presented to the DURA Board for approval at a meeting on March 6, 2019.

There was a question about the confidence level of the agreement being approved by the DURA Board. Cathy Gale responded that documents are typically seen and have passed through the scrutiny of several DURA committees so that there is a high confidence level of approval by the DURA Board.

(Rachel Neumann had to drop off the phone call so was not in attendance for the vote on Resolution 2019-1)

A motion by Ann Torgerson and seconded by Brad Pierce was passed to approve Resolution 2019-1 authorizing the Executive Director to execute (and the Secretary or Assistant Secretary to attest) all necessary documents associated with the DURA Agreement for the commitment of Authority funds in the amount of \$1.5M, pursuant to the flow of funding as presented to the Board of Directors, to be used toward the parking garage within the parcel located west of Quebec between Lowry Blvd and 1st Ave.

DISCUSSION ITEMS

- Legacy Project Funding Criteria

There is approximately \$3M of legacy Lowry funds that can be used for special projects with \$1M budgeted in 2019. After the Boulevard One split of funds with the Air Force there might be additional money available. Monty Force pointed out that the sheet contained in the packet is a draft of an approach for types of projects that could be considered and suggested criteria for choosing projects. This is to stimulate thoughts with a fuller discussion and formulation of a policy to come later.

Question/Answer

- Is expenditure of remaining funds addressed in the IGA? **There is no guidance and no restrictions mentioned in the IGA of using funds within and for the benefit of the Lowry community.**
- There is a fund raising project by the Lowry Foundation to replace the siding on the Eisenhower Chapel. Could this be one of the projects? Don't want to rush this criteria discussion and decision but it is important to preserve this historic building and help if we can. **The Foundation has approached the LRA about contributing funds to the siding project and they will make a presentation to the Board in that regard at a future meeting.**
- We need to establish what is most important to the legacy of the LRA, hierarchies, gap funding, leverage of funding, etc.
- Looking at the list of potential projects these thoughts were expressed by various members:
 - Maintenance – not so sure that is important. On the other hand, don't want to approve a project such as art where long term maintenance is not part of the plan or has long term value and sustainability.
 - Prefer capital projects that have a lasting effect rather than funds limited to a few or short term such as scholarships

EXECUTIVE DIRECTOR REPORT

- Draft Sunset Plan Outline

Monty presented a draft preliminary outline covering the number and categories of items that need to be accomplished in working toward the wind down and sunset of the LRA. These are grouped within administrative, finance, legal and construction activities and may have some cross over between categories. The longest timeline is shown as 2022. But that doesn't mean that work effort is consistent or uniform during that period. In fact there will likely be periods of no activity. This a starting place to be thinking about any other areas that might need to be addressed and fleshing out the list. This will be given more detailed discussion at a later meeting.

The focused efforts currently are on the environmental close out, which has the most extended timeline. Regular meetings are in place to clarify any remaining duties under the privatization agreements and how and when those agreements will officially terminate.

The Air Force settlement can take place 7-10 years after starting redevelopment activities at Boulevard One, or at the earliest June 2019. However, activities will still be ongoing this year so it will not be possible to closeout yet.

By the end of 2019 staffing will probably be down to four people at less than full time. Relationships of time in the office or telecommuting, "clumping" of the work load will have to be explored with proper retention of resources to complete the necessary wind down tasks through sun setting. The task of the construction department is more straight forward.

Question/Answer

- Is there a place to seek guidance, perhaps from other base closure authorities? **Structures of other base closures are all different and the LRA is not a typical corporation type organization. The main guidance to close out an organization is to dispose of assets and liabilities.**
- Does the IGA provide any information? **The IGA only talks about a proportional split between the two cities of any remaining funds and that notice between the cities must take place.**
- Target 2020 for the AF settlement and build a plan to get there with as much preparation as possible. **Sales and construction should be fairly close to conclusion this year so could push for something short of the 10 year mark of 2022.**

COMMITTEE REPORTS

- Boulevard One Design Review Committee (12/6 & 20; 1/17; 2/7)

ADJOURNMENT:

The meeting adjourned at 9:30 a.m.