LOWRY REDEVELOPMENT AUTHORITY
BOARD OF DIRECTORS REGULAR MEETING
MINUTES FOR JULY 24, 2012

ROLL CALL: Members present were Roy Alexander, Derek Camunez, Don Lindemann, Richard Maestas, Sarah Rockwell and Ann Torgerson. Monty Force attended as the Executive Director of the LRA and Greg Palcanis attended as legal counsel.

EXECUTIVE SESSION TO DISCUSS LEGAL MATTERS, SALE OR TRANSFER OF REAL ESTATE, CONTRACT NEGOTIATIONS OR STRATEGY FOR NEGOTIATIONS, PERSONNEL MATTERS, AND TO REVIEW AND APPROVE THE MINUTES FROM THE MAY 22, 2012 AND JUNE 26, 2012 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;

Legal Matters – C.R.S. 24-6-402(4)(b) (Skeena Holdings litigation)
Contract Negotiations – C.R.S. 24-6-402(4)(e) (DURA AF settlement, Buckley Annex)
Personnel Matters
Review and approval of the May 22 and June 26, 2012 Executive Session minutes

A motion by Roy Alexander seconded by Derek Camunez to convene in Executive Session to discuss the matters designated passed by a vote of 5-0 (Ann Torgerson arrived after the vote to go into executive session.)

Executive Session convened at 7:30 a.m.

PUBLIC SESSION: The meeting reconvened in public session at 8:45 a.m. and was called to order by Sarah Rockwell, Vice-Chair.

PUBLIC COMMENT: No one signed up for public comment.

CONSENT AGENDA
- Minutes, May 22, 2012
- Minutes, June 26, 2012
- Financial Reports, June 2012

Don corrected the 5/22 notes to change "there" to "their" in the CCLT report and asked for a clean up of the awkward wording at the beginning of the Buckley Annex review in the 6/26 notes.

Don also commented that it was not clear how to distinguish between the Buckley Annex and the legacy Lowry transactions. Alison Cote' explained that she and Cindy have been assigning job cost codes to each transaction that will be separated out for Buckley Annex or legacy Lowry once the software has been installed and the separate accounting systems set up. Once all of the work is done to segregate transactions two sets of financials will be submitted to the board each month. Roy further confirmed that it is a time consuming process to separate the books and get everything set up.

An explanation was requested for the negative investment and administrative figures. Alison said there were audit and bond transaction adjustments to reverse out the line of credit issuance cost with the $300,000 capitalized.

Alison asked if the board wanted to continue to see the month by month reporting of bond transactions and the board responded that they would like to see the detail on a monthly basis.

A motion by Don Lindemann seconded by Roy Alexander to approve the June 26 minutes as corrected and the June financials as presented was passed.

A motion by Roy Alexander and seconded by Richard Maestas to accept the May 22, 2012 minutes as corrected was passed.

ACTION ITEMS

- Art Program – Resolution 2012-12

Under the 2012 DURA agreement the LRA will retain oversight of the public art program but the Foundation will assist in the public process for selecting art and artists.

Previously 1% of land sales went to the Lowry Foundation toward the public art program. Land sales at legacy Lowry are complete and an art program expenditure is not an allowable expense under the Air Force redevelopment agreement.

A motion by Roy Alexander seconded by Don Lindemann was passed unanimously to approve Resolution 2012-12 to formally end funding to the Lowry Foundation to provide, install and maintain public improvements through an art program and rather to fulfill public art obligations under the Amended and Restated Redevelopment Agreement with DURA dated May 1, 2012.

- Denver Parks and Recreation Maintenance Facility (Building 1491) – Resolution 2012-13

The Denver Parks Department has held a long term lease on building 1491 and has used it as a maintenance facility.

Ann Torgerson made a motion that was seconded by Derek Camunez to approve the transfer of Building 1491 to Denver for the use as a maintenance facility by the Parks Department.

Don asked why this transfer is being done as a gift. Monty responded that this building was always envisioned as a parks maintenance facility and was not a part of the original public benefit conveyance of land for parks to Denver. Greg Palcanis added that the site was made up of two parcels. At some point Denver determined that they did not need both parcels and parcel B was approved for sale to Big Island Partners last December.

Don thought this transaction should involve some amount of payment to make it a sale rather than a giveaway. It was clarified that the building is “as is” with no warranties on the condition and the access road easement defines maintenance responsibilities.

The previous motion was withdrawn.

A motion by Don Lindemann seconded by Richard Maestas to table a vote on Resolution 2012-13 to await negotiations and a contract to sell the property with Building 1491 was passed.

- Assistant Secretaries – Resolution 2012-14

This is an administrative clean up to assign assistant secretaries.

A motion by Don Lindemann seconded by Derek Camunez to approve Resolution 2012-14 to assign Monty Force, Tom Markham and Greg Palcanis as assistant secretaries passed unanimously.

<u>DISCUSSION ITEMS</u>

Energy initiative – Paul Washington, Executive Director, CCD Office of Economic Development (OED) introduced colleagues Wendy Towber, Bar Chadwick and John Ackerman.

Paul defined net zero as energy production equal to the use demand. After buildings are designed with as much energy efficiency as possible then the overall energy needs are calculated for energy production to arrive at a net zero. Paul said that a report by RNL has been released to show projected costs to produce energy and estimated an 8.3 megawatts energy savings over a one year period.

Once the costs are established the other issue is who pays those costs. Costs of energy production are estimated to be $33 million with $8 million for a geo-thermal loop and the other $25 million for solar panels. Now, Paul said, the answer to who pays. OED has worked NREL to help understand the structure of an entity that would have legal taxing authority such as a home owner association or a district that could be the collector of taxes used for energy production. There are tax equity investors who are willing to pay for energy production equipment in return for tax benefits and recouping those costs by selling energy. There would be no extra costs to the home owner on purchasing the home. There would be incremental costs based on meeting the highest standards of energy efficiency and then figuring the costs to meet the energy demands of the community. A collaborative effort is being explored with Xcel and NREL.

There are very few net zero communities in the US or even the world. Paul said it is his desire to show Denver as a leader in sustainability and as an example of how to attain net zero for other projects. Paul expressed that it is time to push the highest standard in this day and age. It also takes pressure off the utility companies to build new or expand the capacity of plants for each new development.

Board or LRA questions or comments in **bold** with Paul Washington comments or responses in *italics.*

What is the financial impact on the developer? *It would be negligible through the coordination with the tax equity entity.* **There is a legal agreement with the Air Force and they have the say on what is spent for this development. The LRA has done a lot of research on attaining the most efficient residential and commercial buildings and OED has researched energy production and the costs associated with that. HERS is a rating system of 0 to 130 for energy efficiency with the lower the number the better efficiency. It has been shown that a rating of 40 is supportable in the market and is a very energy efficient home or building. To get from 40 down to 0 creates a $20-50,000 price gap that market research says the market will not bear. There is also a concern over the time element and delay to the project involved in finding a mechanism and the proper funding source.**

What are the costs to attain the 8.3 megawatt energy savings? *I would have to find that answer.*

Saving the planet is a laudable goal, but this organization has to keep in mind its mandate of developing the Buckley Annex site in a reasonable time and in the most cost effective manner.

Do you have a community you are using as an example and is there a way for parallel paths for the LRA to move forward and implement the full initiative later? *Stapleton has less than 13 homes built by New Home that are at net zero and Boulder has a few, but none as a whole community at the scale the Buckley Annex could offer. The size of this site is best to do the infrastructure up front rather than retro-fitting later. It is desirable to show leadership and this is the responsible thing to do and not avoid the hard work. Saving the planet is important, but it will also save families money over an extended period of time. The time element would be worth it.*

These are good goals and we support the philosophy. However, the LRA needs to know what would be good enough for you if net zero cannot be attained. *The desire is to attain net zero. This is a unique opportunity to be a leader and take the time to get there. It would be shortsighted to set a time limit just to sell property.*

Does CCD have money to bring to the table to accomplish its goals? *The tools are there; just need the time of a week or two.*

We agree with the philosophy, but it took 2-3 years to create this plan with sophisticated financial models with much time by this board and it is just not accurate to be called shortsighted. The LRA is an independent quasi governmental entity formed by the Cities of Denver and Aurora in 1994. We are far down the road and willing to do hard work but we don't have months or years to work out very complicated funding or oversight mechanisms and the complexity of providing various sources of energy to a multi-use community.

Isn't it possible to follow parallel paths of finding the right mechanisms and funding sources while still marketing and making sales? Are there builders who do net zero? The many builders the LRA has spoken to all agree that 30-40 HERZ is what they can absorb. *Part of the initiative is to make the homes and buildings as efficient as possible and then supplement to get to net zero via the tax equity sponsor.* **One energy source doesn't fit all of the complexities of a multi-use scenario.**

There is also homeowner funding to be considered. Mortgage underwriting doesn't currently consider utility savings. *Decisions would need to be made on net zero before home sales take place. There is less impact to the home buyer in a community rather than to an individual buyer paying for efficiencies on that one home. The cost is fixed over a longer term to all home owners.*

Are efficiencies being planned into the infrastructure? Yes, they are being written into the GDP submittal with geothermal considered to the commercial and multi-family buildings and not the single-family houses.

It might be that all this organization can do at this time is to strive for the most efficient construction and take a smaller leap. An all or nothing leap to the maximum of net zero might have to be left to others. *The most efficiencies are gained from solar panels and other pricing powers with this scale of a project.*

Has net zero been suggested at Stapleton? *Not on a community level but for some buildings and homes.*

What is the timeline for gathering all information and detailing a plan? *Xcel is working on an energy plan now and should have information by mid-September. The structure of an HOA or district along with a tax investor should also be known by mid-September.*

How would street lighting fit in the plan? *I would have to ask that question but the street lights would probably be part of the community savings.*

Thanks were given to Mr. Washington for coming and answering questions about the City's net zero initiative.

EXECUTIVE DIRECTOR REPORT

- LRA office relocation status- Renovation in under way with plans to be in the new location at First Avenue and Quebec Street By late August.
- Contracts – An RFP for engineering services resulted in nine submittals. A panel of five people reviewed the submittals with a contract being awarded to J3 that is within the engineering budget.
- Plans are to submit the GDP by the end of July. There is still time being devoted to public outreach and gathering input on the proposed refinements to Lowry Boulevard, 1st Avenue and whether or not to retain the berm along a portion of 1st Avenue. Final approval of the GDP would be anticipated in December 2012. Denver's Transportation Department is not convinced about reducing Lowry Boulevard from five to three lanes, so that will be part of the discussion going through the various reviews in the process.

The board will have more discussion in executive session to further explore the impact to the proforma and whether or not to commit to a net zero initiative.

SUBCOMMITTEE REPORTS

- Planning/Disposition Subcommittee (6/21)
- Community Advisory Committee (7/10)

ADJOURNMENT

The meeting adjourned at 10:00 a.m.