

**LOWRY REDEVELOPMENT AUTHORITY
BOARD OF DIRECTORS REGULAR MEETING
MINUTES FOR JUNE 9, 2015**

ROLL CALL: Members present were Roy Alexander, Mark Betchey, Derek Camunez, Gayle Jetchick, Rachel Neumann and Ann Torgerson. Monty Force attended as the Executive Director and Cathy Gale attended as General Counsel.

EXECUTIVE SESSION TO DISCUSS LEGAL MATTERS, NEGOTIATIONS, PERSONNEL MATTERS, AND TO REVIEW AND APPROVAL OF THE MINUTES FROM THE APRIL 28, 2015 EXECUTIVE SESSION.

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 – C.R.S. 24-6-402(4)(b) (Homeless Housing)**
- Negotiations - C.R.S. 24-6-402(4)(e) (Contracts for Block 10 & 11; Line of Credit)**
- Personnel Matters – C.R.S. 24-6-402(4)(f) (Executive Director Contract)**
- Review and approval of the April 28, 2015 Executive Session minutes**

Executive Session convened at 7:30 a.m.

PUBLIC SESSION: The meeting convened in public session at 8:20 a.m. and was called to order by Roy Alexander, Chair.

PUBLIC COMMENT: There was no one in attendance for public comment.

CONSENT AGENDA

- Minutes, April 28 & May 4, 2015
- Financial Reports, April 2015

The Chair asked the controller to review any major activity reflected in the financial report.

Ms. Cote' stated that there were no outstanding transactions and no sales during the period covered in the financial report.

A motion by Mark Betchey seconded by Derek Camunez was passed to approve the Consent Agenda consisting of the April 28 and May 4, 2015 meeting minutes and the April 2015 financial reports as presented.

ACTION ITEMS

- 2014 Annual Audit Report – Resolution 2015-10

Scott Willcutts from EKS&H gave an overview of the audit opinion, the standards used in the audit and the areas covered.

Mr. Alexander verified that the Finance Committee reviewed the draft report and clarified several items. The Committee recommends the report for acceptance by the Board of Directors. He also pointed out that with this being the first year with EKS&H he was impressed with the high quality of the audit procedures and offered his compliments to EKS&H and the Authority staff for its cooperation and support throughout the audit.

A motion by Gayle Jetchick seconded by Ann Torgerson was passed to approve Resolution 2015-10 for acceptance of the Annual Audit Report for the year ending December 31, 2014.

- Infinity Contract (Filing 6) – Resolution 2015-11

An RFP was sent out to 26 builders with 10 responses, which were reviewed by a selection committee made up of staff, board and design review members. The proposals were reviewed and narrowed down to five finalists to be interviewed to arrive at the two builders selected. Criteria used in the selection process:

- Product type and mix
- Architecture
- Price Point
- Sustainability
- Financial capabilities of company

Mr. Force presented the highlights of the Infinity contract:

- Thirteen lots sized at 40 x 95 (3800 SF) with seven of the lots adjacent to the park and located south of the Lowry Blvd. row homes and north of Archer Place.
- Base home price \$700,000 with a 23% equity share over the base home price, which equates to a lot price of \$42 per SF.
- The homes will range in size from 2700 to 2800 SF
- G-RH-3 zoning is in place
- Contemporary styling designed specifically for this site
- Closing by end of this year

A question was asked about why there is such a gap of time between this action being taken in June and not closing until December. Mr. Force explained the builder's team has to complete the design of the houses that entails going through 3-4 levels of design review and obtaining city approvals also, the infrastructure has to be completed for the parcel, platting has to be done and submitted for approval by the city (this alone can take up to 6 months). With everything that must happen, this is a very aggressive schedule.

A motion by Mark Betchey seconded by Gayle Jetchick was passed to approve Resolution 2015-11 to move forward with the contract to sell 13 lots to Infinity Home Collection at Lowry, LLC to be developed as single family detached homes, to be located within Boulevard One proposed Filing 6.

- New Town Contract (Filing 7) – Resolution 2015-12

The same solicitation process applies as with Infinity, with the addition of a component of high standards for achieving net zero energy. Three responses were reviewed by the selection committee under the same criteria as previously listed with New Town being selected. They have the reputation of being the leader in sustainability and the price point and product offered will help round out the market demand.

Highlights of the New Town contract:

- Seventeen lots sized at 35 x 100 (3500 SF) located west of Infinity's 13 lots.
- Lot price of \$115,000
- Base home price point of \$500,000
- 1800-2100 SF floor plan
- Main floor master and "dual masters" with an elevator option

Why are the closings spread out over the span of a year? **New Town is a smaller company and they are already obligated to closings on their lots in Filing 1.**

Will there be models for either of these builders? **Perhaps there will be models. However, both builders have experienced a large amount of interest and most of their Filing 1 homes have been pre-sold. Infinity does have a sales trailer in the LRA parking lot.**

There was a request that a depiction/chart of the product types and price points be formulated or added to a closings schedule.

A motion by Rachel Neumann seconded by Gayle Jetchick was passed to approve Resolution 2015-12 to move forward with the contract to sell 17 lots to NT Lowry, LLC for the development of single family detached homes to be located in Boulevard One proposed Filing 7

- Richard Maestas Commendation – Resolution 2015-13

Roy Alexander commented that Richard was an invaluable asset in his role as secretary/treasurer with his financial background and always brought the mind set of fiscal accountability.

There was a unanimous motion to approve Resolution 2015-13 to publically thank and acknowledge the contributions of Richard Maestas in his service to the Authority Board of Directors.

- Election of Secretary/Treasurer – Resolution 2015-14

With the resignation of Richard Maestas to accept a position with the Colorado Mountain College, there is a vacancy for the officer position of secretary/treasurer.

An email was sent out to the current board members informing of Richard's departure and asking for a volunteer for the secretary/treasurer position. With no responses there was a discussion at the board meeting explaining the duties.

From a management stand point, the main duties are to be a member of the finance committee to review the budgeting process and selection of the auditor and review of the draft audit. The day to day business of the Authority involves check signing and attestation of contracts and closing documents.

There was a question of the status of board appointments. **Aurora is usually fairly quick so a replacement for Richard should be appointed soon.**

Mark Betchey said that he is willing to accept the position if the Board was willing to elect him with his erratic out of town schedule. Mark wanted it known and discussed that there might be a conflict of interest with a working relationship of his company with EKS&H. He is not directly involved in the relationship but did want to bring it up. The discussion resulted in the conclusion that the audit has already taken place and the selection or confirmation of the auditor will not take place until later in the year. Mark could also recuse himself from any discussion or selection of an auditor if EKS&H is being considered or he could be elected for a shorter term to end prior to the auditor selection process.

There was a motion by Ann Torgerson seconded by Rachel Neumann to amend Resolution 2015-14 to elect Mark Betchey to the office of secretary/treasurer for the term effective June through October 31, 2015. The motion was passed as amended.

- CityWide Banks Line of Credit Loan – Resolution 2015-15

Alison Cote’ presented a summary of the need for a line of credit loan. During the budgeting process for 2015 the need for gap funding was identified due to the projected sales schedule. CityWide Banks has agreed to a \$1M line of credit with a 1-year term with the ability to be paid back from projections of 2016 sales. Other terms include 3 ¼% interest, a \$5000 processing fee, a 30 day resting period before the first draw. This line of credit is to bridge the gap for operations costs and to continue infrastructure work to support sales. This is an unsecured loan, which allows the LRA to retain the proceeds of sales.

On a parallel path there is a request to DURA and the City of Denver to use the excess TIF funds accumulated through the end of 2014 as a loan to complete the eastern portion of Lowry Blvd. This would be paid back through sales rather than through tax increment. TIF is restricted to specific qualifying projects and is handled as a reimbursement after the LRA has expenditures for those projects. TIF cannot be used for administrative costs. If these funds are loaned with repayment from sales proceeds it would not be counted as part of the revenue sharing agreement with the Air Force.

A motion by Ann Torgerson seconded by Mark Betchey was passed to approve Resolution 2015-15 to execute such documents as necessary to obtain the line of credit loan substantially consistent with the terms presented.

- Executive Director Contract – Resolution 2015-16

Since the April 28, 2015 discussion by the Board, the Finance Committee has had further discussions with Monty Force to extend his contract through December 31, 2017. Based upon his past performance, institutional knowledge and the skills necessary to complete the Boulevard One project there is recommendation for Monty Force to remain as the executive director of the Authority.

A motion by Mark Betchey seconded by Derek Camunez was passed to approve Resolution 2015-16 to execute the contract for Monty Force to continue as the executive director of the Authority through the term of December 31, 2017.

- Deed Amendment – Westerly Creek Dam Spillway Property – Resolution 2015-17

The history of this requested amendment dates back many years to the conveyance of the property to the Colorado Golf Association with the concept of expansion of the golf course into the area of the spillway. CGA is now transferring the spillway property to CCD for use as a park. CCD has requested that there be an amendment removing the limitation for golf use from the deed. There are other guidelines from the Corps of Engineers for restricted uses within a flood plain that already restricts most uses other than open space.

A motion by Mark Betchey seconded by Rachel Neumann was passed to approve Resolution 2015-17 to amend the Westerly Creek Dan spillway deed to remove the golf use restriction.

EXECUTIVE DIRECTOR REPORT

Boulevard One Update

- Unit Count – Monty Force shared information about the unit count by zone district with the current known numbers and others in flux or unknown. Total known count is 320 units. Combined with estimates on the unknowns the total count range is 680 up to the 800 unit cap.

Zoning in place

67	Single family detached (north of Linear Park)
129	Single family detached and row homes (mostly south of Linear Park)
19	Customs along Archer Place
<u>25</u>	Town homes (east of Oneida Court south of 1 st Ave) (number could fluctuate slightly)

240

Future zoning

80 BAHC parcel
60-140 Monaco mixed-use parcel
140-220

380-460 Sub Total

Zoning in process

300-370 Quebec mixed-use parcel (no more than 450 apts total with BAHC parcel)

680-800* Total (*Capped at 800 with flexibility to adjust count between the mixed use parcels)

Monty explained that there is a lower height restriction (45') along portions of 1st Ave and along Quebec in the mixed use parcel. Maximum height is 65' otherwise, which is the same as the COPIC building to the east across Quebec.

Monty presented the projected schedule of closings:

2015

26 lots closed in 2014
8 lots so far in 2015 = \$1.4M
10 lots later in June = \$1.1M
38 lots in 3rd qtr. = \$4.4M consisting of some of the Lowry Blvd row homes and northern single family detached

\$3.1-5.8M 4th qtr. - south customs and north SFD with potential for portion of East West townhomes, Infinity and New Town if not in 2015

2016

Balance of Koelbel's Lowry Blvd row homes
New Town Z-Lots in north
Transfer of CCLT parcel
Transfer of BAHC parcel
Balance of south customs
Town Homes south of 1st Ave. (Wonderland dropped out because they didn't feel they could compete at the \$500,000 price point. Still in negotiations with a builder for that parcel.)

2017

Balance of EastWest Lowry Blvd row homes
Mixed use parcels (dependent on any delays in zoning)

Mr. Alexander commented that there were great expectations for 2014 that didn't materialize. What can be done to help these closings happen as projected? **At that time there were areas where zonings were not in place and were delayed through the city processes. All of the zonings required for the 2015 and 2016 closings are now in place. In addition, the infrastructure for the 2015 and the 2016 closings is either completed or in process. Also, the platting is done for the 2015 closings and part of the 2016 closings.**

Currently the potential variables are platting for the south area and for weather conditions to improve to get back on schedule with the infrastructure. Hopefully the C-MX-5 zoning will be approved at the June 29th Denver City Council meeting and we will be one step closer.

COMMITTEE REPORTS

- Lowry Design Review Committee (5/21)
- Boulevard One Design Review Committee (4/16; 5/7 & 21)

The notes provided in the Board packet were confirmed to accurately reflect the content of the meetings.

ADJOURNMENT

The meeting adjourned at 9:50 a.m.