

**LOWRY REDEVELOPMENT AUTHORITY
BOARD OF DIRECTORS REGULAR MEETING
EISENHOWER CHAPEL**

MINUTES FOR JUNE 28, 2022

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

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:

Review and Approval of the March 22, 2022, Executive Session Minutes

PUBLIC SESSION: The meeting reconvened in public session at 9:15 a.m. and was called to order by Roy Alexander, Chair.

PUBLIC COMMENT: No one in attendance from the public

CONSENT AGENDA:

- Minutes (March 22, 2022)
- Financials (February, March, April, May 2022)

Alison Cote', CFO summarized updates for the periods covered by the financials:

Income:

- o One KUH equity share closing with fifteen still to close. Anticipate several more toward end of summer.
- o Tap credit sold to CK
- o Interest income

Expenses:

- o \$165,000 capital project expenditures
- o Parking garage has Certificate of Occupancy approval so payment of \$.5M by the LRA is due

On track with annual budget.

Roy asked for clarification from the March cash flow. Alison explained that the item Roy asked about was a \$15,000 escrow account that was deferred and paid out upon completion of some owner obligations.

A motion by Derek Camunez and seconded by Gayle Jetchick was passed to approve the Consent Agenda consisting of the Minutes from the March 22, 2022, meeting and the Financial Reports for February, March, April and May 2022 as presented.

ACTION ITEMS

- **2021 Audit Report – Resolution 2022-3**

The audit committee, including Roy, Steve, Monty, and Alison met with Lisa Meacham earlier in June for a thorough review of the audit report. The audit report presented today is a result of that review. Alison introduced Lisa Meacham from Plante Moran.

Ms. Meacham said that Plante Moran issued a clean unmodified opinion and that no issues in any category arose during the audit and thanked the LRA staff for a smooth audit. Ms. Meacham presented a summary of the audit report:

- o The financials are presented for an on-going entity but knowing and disclosing that the sunset of the organization is in motion.
- o Financials reflect a cash position down by \$6M as expected with asset transfers. There is still a strong cash position of \$12M.
- o As expected, income revenue is down, and expenses are up as property sales income wind down and projects are being finalized.

Steve and Roy agreed that the audit review was a thoughtful detailed conversation with all questions addressed. Roy thanked Lisa and her audit team.

A motion by Steve Hutt and seconded by Ann Torgerson was passed to accept the audit report for year ending December 31, 2021, as presented.

Alison reported that there will be a final audit as of the end of November 2022 for sunseting purposes. By that time expenses will be pre-paid along with payroll and taxes. Amounts owing to the Air Force and cities will be determined. Current Insurance coverages will expire at the end of December with tail insurance going into effect at the beginning of 2023.

EXECUTIVE DIRECTOR REPORT

Winddown Status

Monty reported that there has been substantial progress that has accelerated in the last few weeks with discussions with cities regarding transfers, audits, etc. Staff is on a good trajectory and understanding with both cities about the sunseting plan. There is a chart included in the packet showing updates on the various tasks by department.

Cathy reported on status of the following legal issues relevant to termination of the IGA and transfer of all assets or liabilities:

1. There are agreements with both CCD and Aurora for transfer of mineral rights via quit claim deeds.
2. Water rights were reserved by LRA, but there is uncertainty if in fact there are any ground water rights. Regardless, Denver Water has agreed to a transfer, just to assure that there are none left to the LRA as it sunsets. A draft quit claim deed is underway for review by Denver Water.
3. Any water rights in Aurora were transferred with the sale of property to the Colorado Golf Association. Aurora agrees there are no water rights to transfer to them.
4. Any lingering land use deed restrictions that have not expired can potentially be abandoned or transferred to the HOA. There may be a few remaining that will expire at the 25-30 year mark. There are none in Aurora. An abandonment of rights or transfer to the HOA may be brought back to the Board for approval when the best mechanism is determined. It is difficult to determine the status of all restrictions that have been imposed over the past 28 years. The restrictions were useful during the development phase but are no longer needed. Zoning would be the determining factor for any future land use changes.
5. Notice is going out today (6/28) of the transfer of the Great Lawn and the Kelly Road Dam wetlands (\$17M asset) around July 15 to CCD. Cathy commented she and Tom Berger have been working on this transfer for the past 7 years.
6. Alison is working with the insurance broker for implementation of the tail coverage.

Monty said he is very pleased with the progress made on these transfers and considers them a major accomplishment.

Discussion

- o Will there be an AF audit? **The AF receives the annual audits. An initial payment is due at the end of July along with a proposed plan to deal with equity shares, final expenses, etc. Staff will have a draft of the proposed payment for approval at the July 26th meeting or there may need to be a special meeting at an earlier date to allow time to finalize the plan and get payment to**

the AF by the end of July. Is there any way they can reject the plan? **An audit by the AF is not required but they do have a 3-year right to audit if they choose.**

Roy commented that there is nothing to hide. The LRA has been very thoughtful and open in the process and annual audits have been provided so if there was objections or questions they could be aired by now. He does not like the idea of an escrow that might be open to doubts of clarity or accuracy. Roy advised to continue to be diligent to the end.

- o Brad asked about the advisability of some sort of notice that the LRA is in fact dissolved. **Cathy responded that the notice of the termination of the Intergovernmental Agreement (IGA) has provisions of self-ending via the notices by the cities that have been sent out.** Brad asked if there is a notice to the cities of what is being done for sunseting the organization. **Cathy has been working with the city attorneys, so they are aware of what needs to be done and are actively involved with those documents. However, she cannot control what or if anything might be issued by the cities about the sunseting of the LRA. There is no precedent or guidance.**
- o Derek wanted to know how or who controls any escrow funds. **Cathy explained that if any escrow is set up there would be an escrow agreement with instructions with Land Title as the escrow agent. Monty commented that any outstanding equity shares would be factored into the AF and cities final fundings.**

Roy said he is sensing that the Board needs updating frequently through the rest of the year and that they should get together as needed. Monty agreed and said the first of those meetings should be by mid-July regarding the AF initial payment. He and Alison are working on the payment and will relay notice regarding a date for that meeting as soon as possible.

Sunset Event

Monty reported that he and Roy had been discussing an event when the Lowry Foundation contacted them. The Foundation is spearheading a celebration event scheduled in January 2023. A copy of proposed direction for the event was distributed to the Board. The Wings Museum is booked until January but now has the event on their calendar and is waiving the usual rental fee. A committee will be formed to work on an invitation list. Roy asked if there was a consensus to approve moving forward. There was agreement by all present.

Boulevard One Misc.

Steve asked if the pedestrian crossing for the library is still happening. **Monty replied that yes, it is still in the improvement plan. He recapped that initially there was a total of \$400K budgeted, with half from the LRA and half from CCD. Bids were for far more than that**

amount so there has been work to redo the scope of the improvement project. CCD knows there is a tight timeline for the LRA to manage the project. Construction plans are done and ready for bidding when CCD signs off on the scope of the project.

COMMITTEE REPORTS

- Boulevard One Design Review Committee – (4/21/22)

Derek had a question about the Torchys signage and oversight. Monty explained that the Design Review Committee reviews the signage. He said he would do some checking on the approved submittal compared with actual constructed. If there is a problem, a letter of non-compliance would be issued for the tenant to make corrections or sanctions by BOCA if they remain in non-compliance.

The notes contained in the packet accurately reflect the discussions and actions of the Design Review Committee.

ADJOURNMENT

The meeting adjourned at 10:15 a.m.