

# ***Louisville Revitalization Commission***

**Monday, October 14, 2019  
Library Meeting Room  
951 Spruce Street, Louisville CO 80027  
7:30 AM**

- I. Call to Order
- II. Roll Call
- III. Approval of Agenda
- IV. Approval of September 9, 2019 Meeting Minutes
- V. Public Comments on Items Not on the Agenda (Limit to 3 Minutes)
- VI. Reports of Commission
- VII. Business Matters of Commission
  - a. Public Hearing - 2020 LRC Proposed Budget
    - i. Open Public Hearing
    - ii. Staff Presentation
    - iii. Close Public Hearing
    - iv. Commission Discussion
    - v. Action to Submit Budget to City for Review and Approval by the City Council
  - b. Discussion/Direction of 3<sup>rd</sup> Party Review by EPS of Terraces on Main TIF Proposal and Next Steps
  - c. Approval of Bylaws Amendments Regarding Regular Meeting Date and Time and Commission Checks
  - d. Items for Next Regular Meeting November 18, 2019, 7:30 am Library Meeting Room (note, next meeting is on November 18<sup>th</sup> due to the Veteran's Day holiday on November 11<sup>th</sup>)
- VIII. Commissioners' Comments
- IX. Adjourn

# ***Louisville Revitalization Commission***

## ***Minutes***

**Monday, September 9, 2019**

**Louisville Public Library**

**Spruce Room**

**749 Main St**

**Call to Order** – Chair Steve Fisher called the meeting to order at 7:30 am in the Louisville City Library at 951 Spruce Street, Louisville, CO.

Commissioners Present: Chair Steve Fisher  
Lexi Adler  
Rich Bradfield  
Alex Gorsevski  
Jeff Lipton, Mayor Pro Tem  
Bob Tofte

Staff Present: Heather Balsler, City Manager  
Kevin Watson, Finance Director  
Stan Zemler, Interim Director of Economic Development  
Rob Zuccaro, Planning and Building Safety Director  
Kathleen Kelly, Attorney to the City of Louisville  
Dawn Burgess, Executive Assistant to the City Manager

Others Present: Chief John Willson, Chris Schmidt, Ron Spaulding,  
RandyCaranci

### **Approval of Agenda**

Approved

### **Approval of August 12, 2019 Minutes:**

Approved as presented

### **Public Comments on Items Not on the Agenda**

### **Reports of Commission**

Commissioner Adler wants to talk about Economic Vitality Strategy and Phillips 66 site at the next meeting.

### **Business Matters of Commission**

- **Transportation Master Plan presentation**

Planning and Building Safety Director Rob Zuccaro walked LRC through the first ever Transportation Master Plan (TMP). It is a consolidated document that informs capital improvement planning and funding investments. Staff took input last year. Zuccaro reviewed the presentation in the packet. Council has \$8m for transportation related projects in the future Capital Projects Fund.

Director Zuccaro described the different sections of the plan, including the creation of transportation policies, programs and projects. The project list is a 20 year vision and there is not sufficient funding for all of the desired improvements. The plan includes a discussion of funding options and prioritizes projects to help inform shorter term capital improvement planning. Highway 42 improvements are likely of particular interest to the LRC and could have positive impacts to supporting redevelopment in the urban renewal area.

City Council will review and possibly adopt on October 1<sup>st</sup>. If Council approves, this can be brought back to LRC to consider what projects LRC can prioritize for possible funding in the URA. The future study will be key to see what infrastructure improvements LRC can participate in.

- **Discussion/Direction of 2020 LRC Budget and 2019 Budget Amendments**

Finance Director Kevin Watson presented a proposed 2020 budget for the Urban Revitalization District. Director Watson also discussed changes to the pledged revenue calculation that were included. These changes were made after conversations with the City's Bond Counsel, Butler Snow, and resulted in a larger amount of revenue pledged for debt service on the 2014 Property Tax Increment Revenue Bonds.

Director Watson also reviewed each account number in the 2020 proposed budget. The Commission moved to direct staff to a public hearing on the budget at the October 14 LRC Meeting and to present to the City Council on October 15.

- **Discussion/Direction of Agreement regarding Property Tax TIF Revenue Sharing, Highway 42 Revitalization Area**

Attorney Kathleen Kelly presented an amended property tax sharing agreement with the Louisville Fire District. The proposed agreement contained additional language recommended by the City's Bond Counsel, Butler Snow.

Since the revenue generated by the property tax increment within the Core Area is restricted for debt service, the amount of estimated revenue available for sharing with the Fire District has been reduced. Upon approval, the revenue sharing will begin in January 2020.

Mayor Pro Tem Lipton asked for a presentation to the City Council on this item or a memo.

There was a motion to remove the annual appropriation clause in Section 2, approve the amended agreement, and send to the City Council for approval. The motion was approved.

- **Approval of Bylaw Changes Regarding Regular Meeting Date and Time**

Every January time and date would be decided upon.

Chair Fisher noted that Article VI, Section 5 be revised. Attorney Kelly agreed that the section should reflect what is actually happening, then be approved. Bylaws will be amended and brought back at the next meeting for approval.

- **Election of Vice Chair**

Rob Lathrop's departure left a vacancy for Vice Chair. Commissioner Adler was nominated for Vice Chair and accepted the position.

- **LRC Open Government Training - October 23, 2019**

City Manager Balsler noted the upcoming training stating that Chair Fisher, Commissioners Tofte and Baskett are due for training and that everyone is welcome.

- **Items for next Regular meeting October 14<sup>th</sup>**

- LRC 2020 Budget Hearing
- Economic Vitality Strategy
- Phillips 66 property
- Bylaws
- Potential projects

**Commissioners Comments:**

**Adjourn:** The meeting adjourned at 9:06 am.

**SUBJECT: PUBLIC HEARING – 2020 LRC PROPOSED BUDGET**

**DATE: OCTOBER 14, 2019**

**PRESENTED BY: HEATHER BALSER, LOUISVILLE CITY MANAGER  
KEVIN WATSON, LOUISVILLE FINANCE DIRECTOR**

### **SUMMARY**

The Louisville Revitalization Commission (LRC) must approve a budget each year for the Urban Revitalization District (URD). In accordance with the Cooperation Agreement between the City of Louisville and the LRC, the annual budget proposed by the LRC must be submitted to Louisville City Council for review and approval prior to final adoption by the LRC. The City Council is scheduled to review the proposed budget at their regular meeting scheduled for Tuesday, October 15, 2019. The LRC is scheduled to adopt a final budget by resolution on November 18, 2019.

The following table summarizes the 2020 proposed budget for the URD. It also contains information on 2017 and 2018 actuals, as well as the current 2019 budget and 2019 estimates.

Staff will be available at the meeting to review each element of the proposed budget and to facilitate the discussion regarding any desired revisions to the proposed budget.

**Urban Revitalization District  
Proposed Budget for 2020**

	2017 Actual	2018 Actual	2019		2020 Budget
			Budget	Estimate	
<b>Beginning Fund Balance</b>	<b>3,398,940</b>	<b>768,444</b>	<b>921,851</b>	<b>921,851</b>	<b>669,581</b>
<b>Revenue:</b>					
Property Tax	795,640	1,259,070	1,615,382	1,675,100	1,998,540
Interest Earnings	21,770	30,379	2,000	25,000	30,000
<b>Total Revenue</b>	<b>817,410</b>	<b>1,289,448</b>	<b>1,617,382</b>	<b>1,700,100</b>	<b>2,028,540</b>
<b>Expenditures:</b>					
Support Services - COL	25,577	34,900	60,000	60,000	60,000
Cap Contr - COL - Underpass	75,000	300,118	948,107	948,110	-
Cap Contr - COL - South St Reconstruct	178,327	24,905	-	-	-
Regional Detention Land Comp - COL	202,500	-	-	-	-
Cap Contr - COL - Undergrounding	-	-	170,000	170,000	-
Cap Contr - COL - Downtown Lights	-	-	70,000	70,000	72,000
TIF Refund - Boulder County	56,035	88,673	115,500	119,770	142,900
TIF Refund - Fire District	-	-	-	-	75,870
TIF Rebate - Loftus Developmen	102,911	192,123	-	-	-
Bond Maint Fees - Paying Agent	6,500	7,150	7,150	7,150	7,150
Professional Services - Investment Fees	3,176	3,484	200	3,500	3,500
Professional Services - Other	1,221	21,870	-	24,470	20,000
Payments from Construction Acct - DELO	2,465,745	127,518	-	-	310,000
Principal-Bonds	-	-	153,391	205,000	355,000
Interest-Bonds	330,914	335,300	344,374	344,370	330,020
<b>Total Expenditures</b>	<b>3,447,906</b>	<b>1,136,041</b>	<b>1,868,722</b>	<b>1,952,370</b>	<b>1,376,440</b>
<b>Ending Fund Balance</b>	<b>768,444</b>	<b>921,851</b>	<b>670,511</b>	<b>669,581</b>	<b>1,321,681</b>

**2020 BUDGET DISCUSSION**

**Beginning Fund Balance**

Staff is projecting a 2019 ending fund balance of **\$669,581**, which is the beginning fund balance for 2020.

**Revenue**

Staff has received the *preliminary* 2019 assessed valuation from the Boulder County Assessor. This valuation, along with the overlapping mil levies, will determine the amount of property tax revenue received by the URD during 2020. The *final* assessed valuation will not be available until the end of November.

Based upon the preliminary information, the URD's gross assessed valuation increased from \$61,021,831 in 2018 to \$66,856,634 in 2019. The URD's base assessed valuation increased from \$41,986,395 in 2018 to \$45,237,015. The difference between the gross valuation and the base valuation equals the incremental valuation, which multiplied by the overlapping levies is the amount of property tax revenue captured by the URD. The URD's incremental assessed valuation for 2019 is \$21,619,619. The overlapping levies are estimated at 93.849 mils. Multiplying these amounts, and accounting for Boulder County's collection fee, results in an estimated property tax revenue of **\$1,998,540** for 2020. The actual amount of overlapping levies will not be known until all entities certify their levies to Boulder County in December.

Interest Earnings are currently proposed at **\$30,000** for 2020. This amount is based on an expected rate of return and the amount and timing of budgeted revenue and expenditures.

### **Expenditures**

Support Services are payments to the City of Louisville for services such as accounting, budget, revenue collection, disbursements, debt administration, and general administration. The proposed 2020 budget is **\$60,000**.

The LRC agreed to assist the City with funding for the Downtown Lights Project in the amount of **\$72,000** for 2020.

Under the Tri-Party Agreement, the URD is required to remit 7.15% of net property tax revenue back to Boulder County. The proposed budget for 2020 is **\$142,900**.

The LRC has been in discussions with the Louisville Fire District about refunding a portion of the property tax revenue captured through the Fire District's overlapping levy. The proposed budget amount of **\$75,870** assumes:

- A 25% refund of the Fire District's current 6.686 mil levy; plus
- A 100% refund of the Fire District's new levy, estimated at 3.900 mils.

Note: Unlike the refund to Boulder County, this refund can only be calculated on the incremental valuation outside the Core Area.

Bond Maintenance Fees (**\$7,150**) are fees charged by the Paying Agent for the 2014 Property Tax Increment Revenue Bonds. Investment Fees (**\$3,500**) include fees charged by USBank to maintain the DELO Construction Account and fees charged by the City of Louisville's Investment Advisor for funds on deposit at the City.

Professional Services includes a proposed 2020 budget of **\$20,000** for 1-2 possible 3<sup>rd</sup> party reviews of TIF agreements in 2020.

**SUBJECT: APPROVAL OF PROPOSED BUDGET FOR 2020**

**DATE: OCTOBER 14, 2019**

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Payments from the DELO Construction Account are disbursements made by USBank at the URD's request. These are the disbursements from the 2014 Property Tax Increment Revenue Bond proceeds, the owner's funds, and the City's storm drainage contributions, for the benefit of the DELO Construction Project. The proposed budget of **\$310,000** approximates the remaining balance in the account.

The 2014 Property Tax Increment Revenue Bonds are accretion and cash flow bonds that were issued in 2014-2015 in the amount of \$4.5 million. Under this bond structure, the URD calculates an annual amount of "pledged revenue" and deposits it with the Paying Agent. The pledged revenue calculation is defined in the Bond Resolution. If the annual calculation does not cover all interest due, the remaining interest is compounded as accreted interest.

With assistance from Bond Counsel and based on definitions within the Bond Resolution, staff has modified the pledged revenue calculation, which has resulted in a greater amount of revenue pledged to debt service. This adjusted calculation has been implemented for both the 2019 estimate and the 2020 proposed budget. The 2020 proposed budget includes **\$355,000** in principal and **\$330,020** in interest.

The following table summarizes:

- The growth in valuation for the Core Area and URD;
- The valuation comparison between the Core Area and URD; and
- The calculation of pledged revenue for debt service.

**SUBJECT: APPROVAL OF PROPOSED BUDGET FOR 2020****DATE: OCTOBER 14, 2019****PAGE 5 OF 9****Urban Revitalization District****Calculation of Revenue Generated by Core Area & Pledged to Debt Service  
2015-2020**

Levy Year Collection Year	2014 2015	2015 2016	2016 2017	2017 2018	2018 2019	2019 2020
<b>Urban Revitalization District:</b>						
Gross Assessed Valuation	32,983,771	44,334,564	46,653,134	58,141,776	61,021,831	66,856,634
Base Valuation	28,419,543	37,803,464	37,239,976	43,188,951	41,986,395	45,237,015
<b>Incremental Valuation</b>	<b>4,564,228</b>	<b>6,531,100</b>	<b>9,413,158</b>	<b>14,952,825</b>	<b>19,035,436</b>	<b>21,619,619</b>
<b>Core Area:</b>						
Gross Assessed Valuation		2,786,692	2,932,428	5,219,742	8,027,810	9,082,594
Base Valuation		1,080,337	1,080,337	1,080,337	1,080,337	1,080,337
<b>Incremental Valuation</b>		<b>1,706,355</b>	<b>1,852,091</b>	<b>4,139,405</b>	<b>6,947,473</b>	<b>8,002,257</b>
<b>Core Area/Urban Revitalization District:</b>						
Core Area Gross/URD Gross		6.29%	6.29%	8.98%	13.16%	13.59%
Core Area Base/URD Base		2.86%	2.90%	2.50%	2.57%	2.39%
Core Area Increment/URD Increment		26.1%	19.7%	27.7%	36.5%	37.0%
Core Area TIF Revenue		142,288	162,947	362,450	620,680	751,002
TIF Refund - Boulder County		(10,174)	(11,651)	(25,915)	(44,379)	(53,697)
Allocation of Support Costs		(2,306)	(1,608)	(3,133)	(7,893)	(8,151)
Allocation of Underpass		(6,914)	(4,714)	(26,943)	(124,730)	-
<b>Revenue Pledged to Debt Service</b>		<b>122,894</b>	<b>144,974</b>	<b>306,459</b>	<b>443,678</b>	<b>689,154</b>
<b>Accumulated Pledged Revenue</b>			<b>267,868</b>	<b>574,327</b>	<b>1,018,005</b>	<b>1,707,160</b>

As of December 31, 2018, the accreted value of the bonds was \$4,919,631. If the bonds are not fully paid at the end of the URD's life, they dissolve without default.

The following table summarizes the accreted value of the bonds.

**Urban Revitalization District**  
**Calculation of Bond Principal Outstanding**  
**2015-2020**

	2015	2016	2017	2018	2019	2020
Beginning Accreted Value	750,000	808,042	4,669,308	4,790,001	4,919,631	4,714,631
Additional Debt Issuance	-	3,750,000	-	-	-	-
<b>Updated Accreted Value</b>	<b>750,000</b>	<b>4,558,042</b>	<b>4,669,308</b>	<b>4,790,001</b>	<b>4,919,631</b>	<b>4,714,631</b>
Accrued Interest	58,042	166,521	326,852	335,300	344,374	330,024
Interest Paid	-	55,255	206,159	205,669	344,374	330,024
<b>Accreted Interest</b>	<b>58,042</b>	<b>111,266</b>	<b>120,693</b>	<b>129,631</b>	<b>-</b>	<b>-</b>
Principal Payment	-	-	-	-	205,000	355,000
Total Payment	-	55,255	206,159	205,669	549,374	685,024
<b>Accumulated Payments</b>			<b>261,414</b>	<b>467,083</b>	<b>1,016,457</b>	<b>1,701,482</b>
<b>Ending Accreted Value</b>	<b>808,042</b>	<b>4,669,308</b>	<b>4,790,001</b>	<b>4,919,631</b>	<b>4,714,631</b>	<b>4,359,631</b>

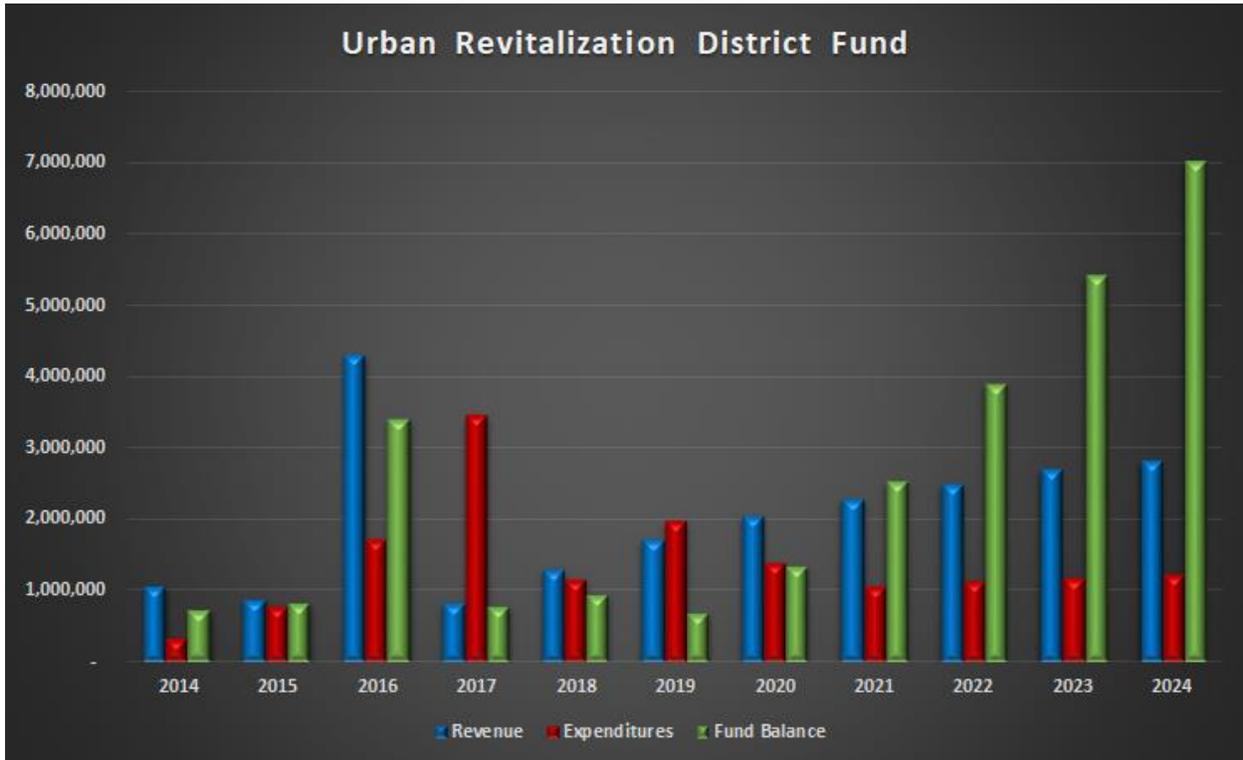
**Ending Fund Balance**

The proposed budget calculates a 2020 ending fund balance of **\$1,321,681**. This allows the LRC to consider proactive projects to alleviate blight conditions, which may encourage additional economic activity within the area.

**LONG-TERM FINANCIAL PLANNING**

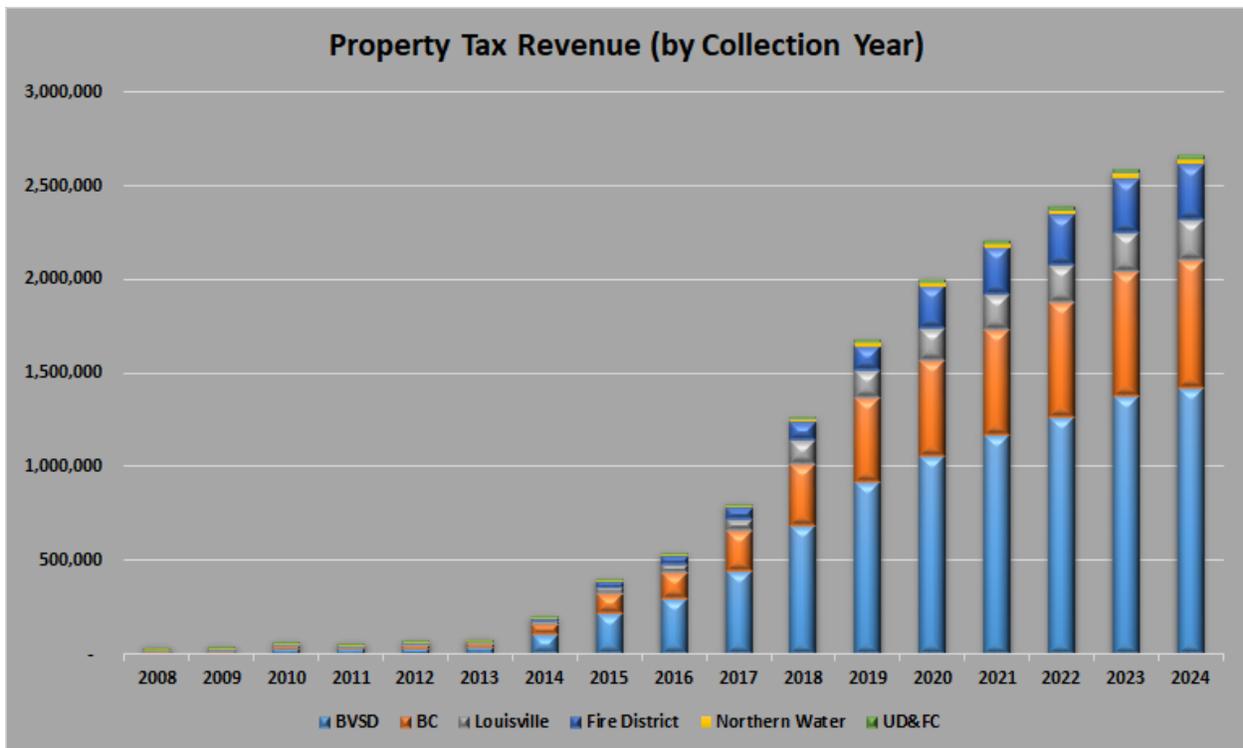
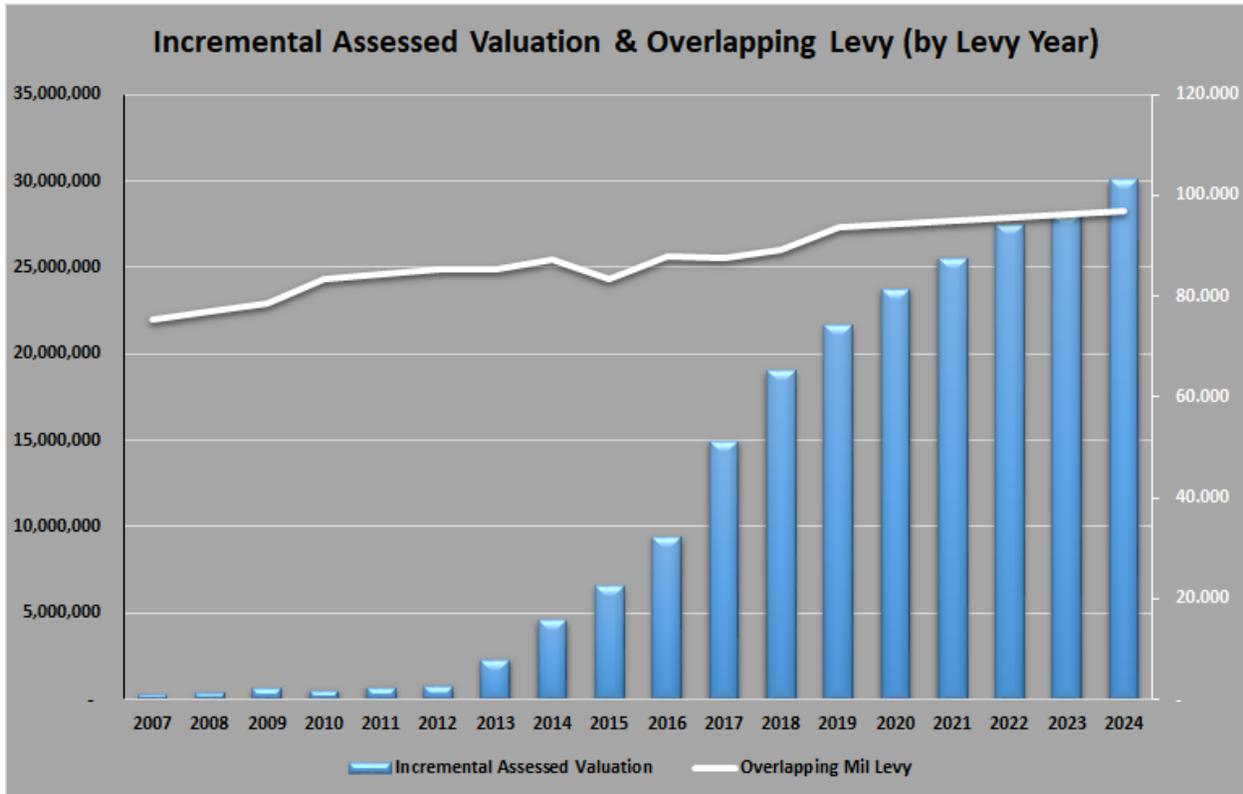
Staff has developed a preliminary long-term financial planning model that incorporates the 2020 proposed budget and extends projections of revenue, expenditures, and fund balances out to 2024.

Attachment 1 to this communication summarizes the numerical outputs of the model based on the current assumptions used. The following chart summarizes the results graphically.



For the 2021 through 2024, the model only includes operational and debt service expenditures. It does not include any capital expenditures or developer rebates. The resulting fund balance grows substantially from 2020 to 2024.

The most significant assumptions in the model are the incremental assessed valuation and the overlapping mil levies. These two assumptions determine the projected revenue for the District. The following two charts summarize the history and future assumptions for incremental assessed value and overlapping levies.



**SUBJECT: APPROVAL OF PROPOSED BUDGET FOR 2020**

**DATE: OCTOBER 14, 2019**

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**RECOMMENDATION:**

Staff recommends approval of the proposed budget.

**ATTACHMENTS:**

- 1) Summary of Outputs from the Long-Term Financial Planning Model

**SUBJECT: DISCUSSION/DIRECTION ON 3<sup>rd</sup> PARTY REVIEW OF TIF  
REBATE ASSISTANCE FOR THE TERRACES ON MAIN  
PROJECT AND NEXT STEPS**

**DATE: OCTOBER 14, 2019**

**PRESENTED BY: HEATHER BALSER, LOUISVILLE CITY MANAGER  
STAN ZEMLER, INTERIM ECONOMIC DEVELOPMENT  
DIRECTOR**

**SUMMARY:**

On March 11, 2019 the LRC adopted a resolution approving a rebate agreement for the Terraces on Main project at 712-722 Main Street (packet materials attached for reference). This agreement then went to City Council for consideration on March 19, 2019 (packet materials attached for reference). However, City Council continued the item to allow the LRC and City Council time to construct a policy document for guidance on how and when financial assistance should be provided. City Council and the LRC each approved a Property Tax Increment Financing Rebate Assistance Policy in June and July, respectively (attached). The Policy stipulated that a 3<sup>rd</sup> party review be conducted of financial information provided as part of an application for a property tax TIF rebate. The LRC approved a contract with EPS to conduct such a review. That analysis is attached for the Terraces on Main direct assistance application for TIF and includes a summary memo, detailed methodology, and power point presentation. Some quick highlights:

- The assessment for a gap in financial feasibility of the project is similar but slightly worse than the initial assessment.
- The assessment shows that both a 50% and 90% rebate fails to fill the gap in financial feasibility. Estimated TIF available for the rebate is less than originally projected.

While the gap in feasibility is still significant, the financial assessment shows that the 90% rebate could still provide significant financial assistance that may incent the property owner to continue to explore a potential redevelopment. In regard to the extraordinary community benefit language in the Property Tax Increment Financing Rebate Assistance Policy, staff has provided the following potential benefits for consideration:

- The project address the URA's blighting factors (standard).
- The project will enhance the downtown area with additional office and retail space, likely catalyzing further business opportunities and city revenue in the downtown.
- The resulting property values will be significantly higher than the current value of the property.

- Potential sales tax generation is significant should a user be found by the applicant for the redeveloped 1<sup>st</sup> floor space. This is more likely to occur under the redevelopment scenario with new/modern space that can accommodate and support retail uses.
- The office/retail mix-used will add to downtown.
- The original building plans included a 3<sup>rd</sup> story for this project. In response to community preference on height and design elements the applicant revised the plans to accommodate a two story building and design, with less return on the investment due to the reduced size/square footage.
- The project retains a current Louisville business with several employees supporting the downtown and providing tax revenue. Should the current business leave, vacancy could occur negatively affecting the viability of downtown, reducing future rents and city revenue.

The applicant opposes a strict requirement for retail on the 1<sup>st</sup> floor to attain the assistance due to financing concerns and possible future market conditions and/or timing. Building the site to suit retail and the likely higher rents for retail however continue to provide incentives to pursue retail should the project go forward. If LRC believes ground floor retail should be required to meet the extraordinary community benefit criteria, staff could attempt to work with the property owner on an agreement. However, as previously mentioned, the applicant has indicated a strong opposition to this concept.

Based on the results of the EPS financial assessment and similarity to the previous applicant and staff analysis, the LRC may desire to continue support of the previous resolution and request for the 90% rebate of the expected increase in property taxes generated by the redevelopment of the Terraces on Main project. Currently City Council is expected to review the previous materials and resolution on the TIF agreement on November 4, 2019 at their regular meeting. Some possible steps forward include the following:

- The LRC continue to support the current application and resolution at the 90% rebate level. Staff will need to update the materials for the November 4, 2019 City Council meeting.
- Staff update the resolution, packet materials, etc., consistent with LRC direction at this meeting and come back in the next 1-2 weeks for final consideration at a special LRC meeting prior to the November 4, 2019 City Council meeting.
- LRC request further time to review the application and continue to a future regular meeting date.
- LRC oppose the application.

**RECOMMENDATION:**

Should the LRC continue to support the application, staff recommends specific direction to finalize materials for the November 4 City Council meeting or scheduling a special LRC meeting in the next 10 days to review final materials prior to the November 4 City Council

**SUBJECT: 2019 LRC BUDGET INITIAL DISCUSSION**

**DATE: AUGUST 13, 2018**

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meeting. Should City Council approve a future resolution on a TIF rebate for Terraces on Main it will come back to LRC for final approval.

**ATTACHMENTS:**

- 1) EPS materials
- 2) Power Point
- 3) March 11, 2019 LRC Packet
- 4) March 19, 2019 City Council Packet
- 5) Property Tax Increment Financing Rebate Assistance Policy



## **MEMORANDUM**

To: City of Louisville

From: Daniel Guimond and Tim Morzel, Economic & Planning Systems

Subject: Louisville URA TIF Request Review: Terraces

Date: October 9, 2019

This memorandum provides a summary of the analysis Economic & Planning Systems (EPS) has completed relating to the request for tax increment financing (TIF) for the Terraces development. EPS has been contracted by the City of Louisville to complete an evaluation of the developer's request for TIF and specifically evaluate key project assumptions, such as construction costs, sales revenues, and operating revenues and expenditures, as well as overall developer return. The purpose of this analysis is to ensure that the assumptions presented by a developer align with current market conditions and industry standards.

EPS has developed a project-specific financial model to complete a "but-for" analysis. This is a two-part test to determine that 1) the project would be financially infeasible without public financing, and 2) that with the requested TIF support the developer would achieve a reasonable rate of return given the relative level of project risk.

This memorandum provides an overview of the evaluation criteria, an overview of the key inputs, and a summary of the key findings. The detailed analysis and supporting tables are provided in the appendix of this memorandum.

### **Approach**

As part of the TIF application process, the developer has submitted information summarizing key project assumptions and outlining the need for TIF assistance. The submitted material includes a summary of the development program, construction costs, eligible costs, ongoing rental revenues, and ongoing expenditure assumptions. Using this information as a starting point, EPS has structured a static and time series pro forma that summarizes this information as well as a number of other key project metrics such as project return. This analysis evaluates the performance of this project on an unleveraged pre-tax basis in order to evaluate the project fundamentals exclusive of the equity and debt structure of this project.

## Project Assumptions

This section provides a summary of the development assumptions submitted by the development team and a comparison to current market conditions or industry standards.

### Development Program

**Location:** 712-722 Main Street

**Parcel Area:** 0.31 acres (13,777 square feet)

**Stories:** 2-stories

**Total Building Area:** 20,538 square feet

**Commercial Program:** The current development program is expected to include 4,736 square feet of retail space on the front portion of ground (first) floor and 10,686 square feet of office space on the second floor. The rear portion of the first floor is tuck-under parking. In addition, the program includes 5,115 square feet of space in the basement.

### Project Costs (Shown in Table 1)

#### Acquisition Costs

**Total:** \$1,387,750

**Cost per Land SF:** \$101 per square foot

**Cost per Gross Building SF:** \$184 per square foot

**Percent of Total Costs:** 19.6 percent of total

**Comments:** Acquisition costs for this property represent payments to fully service the remaining loan balances for the two properties. As a general rule of thumb, land costs for commercial development typically range from 10 to 20 percent of total project costs depending on the development type and local market. At 19.6 percent of total, this project is within that range, although at the high end.

#### Hard Costs

**Total:** \$3,635,325

**Cost per GBA:** \$157 per square foot

**Comments:** Average construction costs in the larger market area are estimated to range from \$150 to \$200 per square foot, depending on the commercial development type. At \$157 per square foot, this project falls at the lower end of that range. Estimated hard costs for the recently reviewed projects in the larger market area were estimated at closer to \$190 per square foot. At \$157 per square foot, hard construction costs for this project fall well below those estimates.

#### Soft Costs

**Total:** \$1,058,555

**Percent of Hard Costs:** 22.8 percent

**Comments:** Generally, soft costs for comparable projects typically range from 20 to 30 percent of hard construction costs (vertical construction costs). At 22.8 percent of hard costs, this project is within that range.

**Table 1**  
**Project Costs**

Description	Total	per GBA 23,084	% of Total	% of HC&TI
<b>LAND COSTS</b>				
<b>Land Cost / Acquisition</b>	<b>\$ 1,387,750</b>	<b>\$ 60</b>	<b>19.6%</b>	<b>N/A</b>
712 Loan Balance	\$ 980,500	\$ 42	75.4%	N/A
722 Loan Balance	\$ 407,250	\$ 18	69.0%	N/A
<b>TOTAL LAND COST: MODEL INPUT</b>	<b>\$ 1,387,750</b>	<b>\$ 60</b>	<b>19.6%</b>	<b>N/A</b>
<b>Hard Costs</b>				
<b>General Hard Costs</b>	<b>\$ 3,635,325</b>	<b>\$ 157</b>	<b>51.3%</b>	<b>78.4%</b>
712 and 722 Demo	7,637 sf \$15.00 per sf \$ 114,555	\$ 5	1.6%	2.5%
Parking	11 spaces \$12,000 per space \$ 132,000	\$ 6	1.9%	2.8%
Core and Shell Construction	20,538 sf \$165.00 per sf \$ 3,388,770	\$ 147	47.8%	73.1%
<b>TOTAL HARD COSTS: MODEL INPUT</b>	<b>\$ 3,635,325</b>	<b>\$ 157</b>	<b>51.3%</b>	
<b>Tenant Finishes</b>				
<b>General TI Cost</b>	<b>\$ 1,002,060</b>	<b>\$ 43</b>	<b>14.1%</b>	<b>21.6%</b>
TI: Lower Level	5,115 sf \$15.00 per sf \$ 76,725	\$ 3	1.1%	1.7%
TI: New	15,422 sf \$60.00 per sf \$ 925,335	\$ 40	13.1%	20.0%
<b>TOTAL TENANT FINISHES: MODEL INPUT</b>	<b>\$ 1,002,060</b>	<b>\$ 43</b>	<b>14.1%</b>	<b>27.6%</b>
<b>Soft Costs</b>				
<b>General Soft Costs</b>	<b>\$ 1,058,555</b>	<b>\$ 46</b>	<b>14.9%</b>	<b>22.8%</b>
A&E	20,538 sf \$10.00 per sf \$ 205,380	\$ 9	2.9%	4.4%
Leg/Ent/Etc.	20,538 sf \$2.50 per sf \$ 51,345	\$ 2	0.7%	1.1%
Commissions	15,422 sf \$6.00 per sf \$ 92,534	\$ 4	1.3%	2.0%
Loan Fees and CPI	1.0 unit \$203,916 unit \$ 203,916	\$ 9	2.9%	4.4%
Contingency	20,538 \$10.00 per sf \$ 205,380	\$ 9	2.9%	4.4%
Development Fee	1.0 unit \$300,000 unit \$ 300,000	\$ 13	4.2%	6.5%
<b>TOTAL SOFT COSTS: MODEL INPUT</b>	<b>\$ 1,058,555</b>	<b>\$ 46</b>	<b>14.9%</b>	<b>22.8%</b>
<b>TOTAL CONSTRUCTION COST</b>	<b>\$ 5,695,940</b>	<b>\$ 247</b>	<b>80.4%</b>	<b>N/A</b>
<b>TOTAL COST</b>	<b>\$ 7,083,690</b>	<b>\$ 307</b>	<b>100.0%</b>	<b>N/A</b>

Source: Boulder Creek Neighborhoods; Economic & Planning Systems

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## Operating Revenues

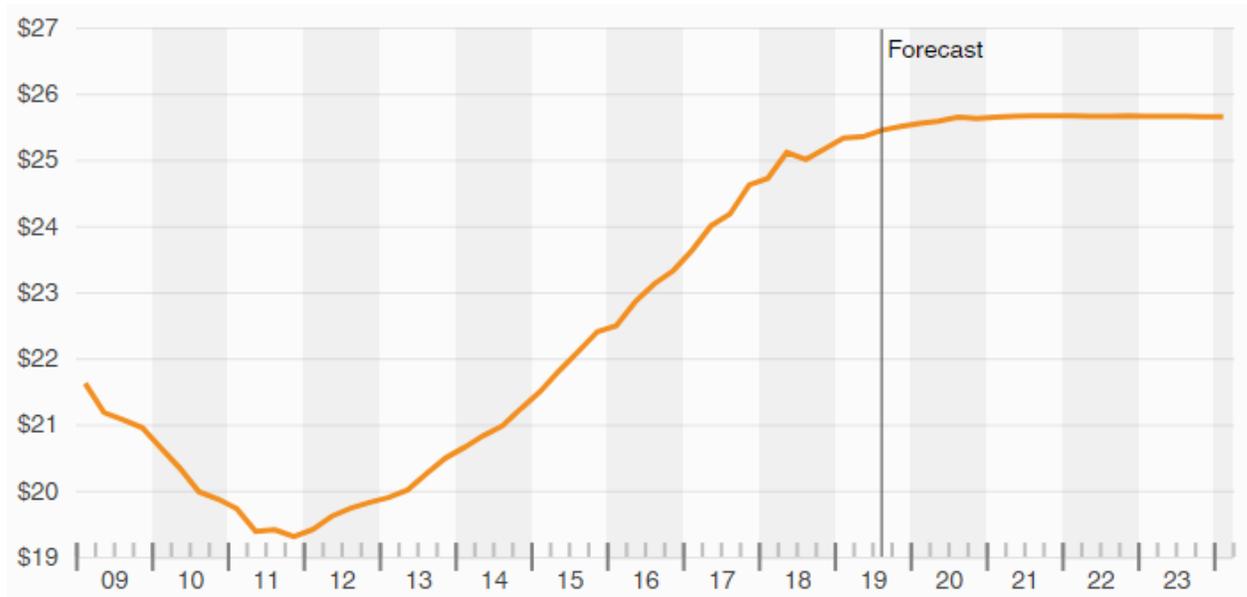
**Stabilized Net Operating Income:** \$402,119 per year

**Comments:** Rental rates for this project are estimated at \$29.00 per square foot (NNN) for the ground floor retail and \$27.50 per square foot (NNN) for the second floor office space. In addition, the developer estimates rental rates for the basement space at \$5 per square foot (NNN).

Average retail rates in Louisville are currently estimated at \$25.45 per square foot (NNN), as shown in **Figure 1**. Overall retail rental rates have greatly recovered from a low in 2011 and 2012 post the Great Recession. While recent growth in rental rates has been strong, average rates are assumed to stabilize at just under \$26.00 per square foot (NNN).

Estimated rental rates for this project are slightly higher than average rental rates in the Louisville market as a whole. Based on this project's premium location within the two prime blocks of Main Street, it is reasonable to expect that it will be able to achieve above average rental rates compared to the City as a whole.

**Figure 1**  
**Retail Rental Rates, Louisville, Colorado**



Source: CoStar

## Project Return

In order to evaluate the performance with and without public financing, EPS has developed a project-specific financial model to complete a "but-for" analysis. This analysis relies on a two-step approach that evaluates the performance on a time series basis and a static basis. The first approach is an evaluation of the overall project returns on an annual basis. This approach relies on an evaluation of the project's Net Present Value (NPV) and Internal Rate of Return (IRR). The second approach is based on a static (single point in time) evaluation of the project's stabilized operating income and compares that to total construction costs. Although this approach is generally less precise than the times series evaluation, it provides an additional test of overall project feasibility and reflects a metric commonly used by developers to evaluate project return. The purpose of this analysis is to provide an evaluation of the feasibility of the project with and without a potential public investment.

### Overall Project Return

The first method used to evaluate project return is an evaluation of the project's internal rate of return (IRR). Generally, the IRR for an investment is the rate of return earned on each dollar invested for each year invested. It is derived through a series of iterative calculations that determine the discount rate that results in a net present value (NPV) of future cash flows that is equal to zero. In evaluating the financial performance of a real estate investment, it is most effective when comparing the performance of alternative investment options over time. Generally, a project's IRR is an effective financial metric when there is a large upfront cost, such as construction or acquisition, followed by a series of positive cash flows, such as net annual

operating income and/or disposition. As a result, this approach documents the estimated return that accounts for future revenues relative to the initial outlay. The calculation requires final construction cost figures, annual net operating income amounts, and a final disposition value.

For the purpose of this analysis, the discount rate is used as a hurdle rate in determining an appropriate rate of return for a given project. When determining appropriate discount it is important to consider the following rates when building up to a project discount rate:

- Inflation rate and the riskless rate of return (U.S. 10-Year Treasury Note rate of return)
- General real estate risk (timing and market cycle risk)
- Product type risk (i.e., multifamily, retail, office, etc.)
- Market risk (geographic specific)
- Required developer return on equity
- Cost of debt (i.e., loan interest rate)

In addition to an evaluation of these rates, EPS referenced published data documenting discount rates in the western United States. Finally, in determining an appropriate discount rate for this specific property EPS, considered the following project specific factors:

- **Project Location** – The central location of this site directly on Main Street is an important project attribute that has the potential to result in higher achievable rental rates and a potentially lower risk profile.
- **Market Cycle** – The nation and generally the local real estate market has experienced nearly eight straight years of year-over-year rental growth. In most real estate markets there is a natural cycle of expansion and contraction that typically ranges from seven to 10 years. Given the fact that the Front Range market may be at the tail end of this cycle or nearing a market downturn, there is additional risk associated with the timing of the market.
- **Project Financing** – The anticipated project financing has an impact on the unleveraged hurdle rate due to the fact that debt typically has a lower required rate of return (i.e., interest rate) than equity. For the purposes of this analysis, EPS has assumed that 75 percent of the project is financed with debt and the remaining 25 percent is financed by equity.

Without public investment the project achieves an IRR of 6.87 percent, as shown in **Table 2**. The factors outlined above and the risks associated with this type of project, at this location, and in this phase of the real estate cycle warrant a discount rate of approximately 9.00 percent (equivalent to a 9.0 percent IRR). While this estimate is somewhat subjective, it reflects a variety of current market conditions and risk factors. In order to achieve an internal rate of return of 9.00 percent the project would require approximately \$1,012,454 in public investment.

**Table 2**  
**Time Series Project Return**

Description	Factor	Escalation	Total	2020 Year 0	2021 Year 1	2025 Year 5	2030 Year 10
<b>DEVELOPMENT COSTS</b>							
<b>Construction Cost</b>			<b>-\$6,081,630</b>	<b>-\$7,083,690</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Land Cost / Acquisition	\$1,387,750	0.0%	-\$1,387,750	-\$1,387,750	\$0	\$0	\$0
Hard Costs	\$3,635,325	0.0%	-\$3,635,325	-\$3,635,325	\$0	\$0	\$0
General Soft Costs	\$1,058,555	0.0%	-\$1,058,555	-\$1,058,555	\$0	\$0	\$0
Tenant Improvements	\$1,002,060	0.0%	-\$1,002,060	-\$1,002,060	\$0	\$0	\$0
<b>Total Commercial Costs</b>			<b>-\$7,083,690</b>	<b>-\$7,083,690</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>NET OPERATING INCOME</b>							
<b>Commercial Revenue</b>							
Rental Income	\$456,791	2.0%		\$0	\$349,445	\$504,334	\$556,826
Other Income	\$225,910	2.0%		\$0	\$172,821	\$249,423	\$275,383
Vacancy Loss				\$0	\$0	-\$25,217	-\$27,841
<b>Effective Gross Income</b>				<b>\$0</b>	<b>\$522,266</b>	<b>\$728,540</b>	<b>\$804,367</b>
<b>Operating Expenses</b>							
Operating Expenditures	-\$246,447	2.0%	-\$5,993,393	\$0	-\$188,532	-\$272,097	-\$300,418
<b>Net Operating Income</b>			<b>\$10,126,581</b>	<b>\$0</b>	<b>\$333,734</b>	<b>\$456,443</b>	<b>\$503,949</b>
<b>DISPOSITION REVENUE</b>							
<b>Gross Revenue</b>			<b>\$7,908,130</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,908,130</b>
Commercial Space	6.50% cap rate		\$7,908,130	\$0	\$0	\$0	\$7,908,130
<b>Cost of Sale</b>			<b>-\$197,703</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>-\$197,703</b>
Commercial Space	2.5%		-\$197,703	\$0	\$0	\$0	-\$197,703
<b>Project Net Sale Revenue</b>			<b>\$7,710,427</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,710,427</b>
<b>PROJECT CASH FLOWS</b>							
<b>Net Project Cash Flows</b>			<b>\$5,124,850</b>	<b>-\$7,083,690</b>	<b>\$333,734</b>	<b>\$456,443</b>	<b>\$8,214,376</b>
Construction Costs			-\$7,083,690	-\$7,083,690	\$0	\$0	\$0
Net Operating Income			\$4,498,113	\$0	\$333,734	\$456,443	\$503,949
Project Disposition Income			\$7,710,427	\$0	\$0	\$0	\$7,710,427
<b>Net Present Value</b>	9.00%		<b>-\$1,012,454</b>	<b>-\$7,083,690</b>	<b>\$306,178</b>	<b>\$296,656</b>	<b>\$3,469,841</b>
<b>Internal Rate of Return</b>			<b>6.87%</b>				

Source: Boulder Creek Neighborhoods; Economic & Planning Systems

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### Static Project Feasibility

Evaluating the project from a static (i.e., single point in time) perspective provides an evaluation of a given project's feasibility. This method relies on a comparison of the total project costs to the project's stabilized net operating income (NOI). This metric is commonly referred to as Yield on Cost (YOC). For investments that generate an annual net income this is most often the metric used by developers in order to evaluate return and feasibility. This metric relies on the fewest assumptions regarding future operating income and disposition income and is generally the most basic evaluation of project return.

As previously noted, there are a number of factors that influence each project’s target hurdle rates. For commercial development projects, target YOC hurdle rates typically range from 6.0 to 8.0 percent, depending on the unique characteristics of each project. For the purposes of determining the gap, this analysis assumed a 7.0 percent YOC. Without public investment, this project is estimated to achieve a YOC of 5.68 percent, as shown in **Table 3**. In order to achieve the target hurdle rate of 7.0 percent, this project requires a public investment of \$1.34 million.

**Table 3**  
**Static Project Return**

Description	Amount	
Total Cost	\$7,083,690	total project cost
Net Operating Income	\$402,119	stabilized NOI
YOC	5.68%	existing YOC (w/out subsidy)
YOC Hurdle	7.00%	target hurdle rate
<b>Project Gap</b>	<b>-\$1,339,138</b>	static gap estimate

Source: Economic & Planning Systems

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### Project Request

The developers of the Terraces are requesting \$1.1 million in public investment in order to fund project-specific eligible costs. Based on the two methodologies outlined above, EPS estimates that the project funding gap ranges from \$1.0 million to \$1.3 million. The developer request is within this range and appears to be reasonable. In order to achieve a reasonable rate of return, the developers have requested 90 percent of property tax increment for a 10-year period.

The Louisville Revitalization Commission (LRC) has outlined specific guidelines for how various types of projects should be funded. The guidelines stipulate that the LRC and the City may consider awarding 50 percent of property tax increment for a period of up to five years for most projects. However, the guidelines also stipulate that for projects that “provide extraordinary community benefits or will generate substantial sales and other taxes for the City, the LRC and the City Council may consider awarding up to 90 percent property tax increment rebate for a period of up to ten years.” While the guidelines do not provide additional details on what qualifies as an “extraordinary community benefit,” they do make it clear that the generation of additional sales taxes is a clear justification for the provision of additional TIF revenues. As a result, the inclusion of retail space within this development is a crucial component of the application, and the LRC and the City may want to consider adding language to the redevelopment agreement that ensures that the ground floor space in this project is maintained as retail or restaurant space (i.e., space that generates sales tax for the City).

## Potential TIF Revenues

As noted, the developers have requested 90 percent of property tax increment for a period of 10 years. EPS has estimated the total amount of property tax revenue generated by the project over the 10-year period using the assumptions summarized in **Table 4**.

**Table 4**  
**TIF Revenue Assumptions**

Description	Assumption
Development Value	\$250 per square foot
Annual Escalation Rate	2.0 percent per year
Assessment Rate	29 percent
Current Base Value	\$578,261
Total Mill Levy	89.3390 mills
Tri-Party Agreement Rebate	7.15 percent of Boulder County portion (23.1260 mills) of property tax increment
Fire District Rebate	25 percent of Fire District portion (6.6860 mills) of property tax increment
LRC Operating Expense	Pro rate share of \$32,000 annual operating cost

Source: Economic & Planning Systems

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Based on these assumptions, the project is estimated to receive a total of \$922,975 in TIF revenues over a 10-year period and assuming 90 percent of total property tax increment is shared with the project, as shown in **Table 5**. It is important to note that if these revenues are provided to the project over time, as is currently proposed, it will be important to take into account the time value of these revenues. TIF revenues provided to the project over a 10-year period and discounted to present value dollars using a 5.0 percent discount rate have a present value of \$640,789. In order for the developer to achieve the required rate of return it is necessary for the present value of allocated TIF revenues to equate to the project gap. In this case, the present value of the TIF revenues of \$640,789 is well below the target gap of \$1.0 to \$1.3 million.

If it is determined that the project does not provide an extraordinary community benefit and only 50 percent of property tax revenues are provided over a 5-year period, the project is estimated to receive \$241,919 in total TIF revenue, which has a present value of \$189,692 (applying the same 5.0 percent discount rate).

**Table 5  
 Project Summary**

Description	90% of property tax increment for 10 years	50% of property tax increment for 5 years
<b>Performance w/out Subsidy</b>		
IRR	6.87%	6.87%
YOC	5.68%	5.68%
Gap: IRR	-\$1,012,454	-\$1,012,454
Gap: YOC	-\$1,339,138	-\$1,339,138
<b>Potential TIF Revenue</b>		
Nominal Value	\$922,975	\$241,919
<b>Present Value (5.0% discount rate)</b>	<b>\$640,789</b>	<b>\$189,692</b>
<b>Performance w/ Subsidy</b>		
IRR	8.17%	7.24%
YOC	6.24%	5.83%
Remaining Gap: IRR - 9.0% Hurdle Rate	-\$371,665	-\$822,762
Remaining Gap: YOC - 7.0% Hurdle Rate	-\$698,349	-\$1,149,446

Source: Economic & Planning Systems

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*The Economics of Land Use*



## **Draft Financial Model**

## **TIF Request Review: Terraces**

Prepared for:

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Date: October 7, 2019

EPS #193081

**Table 1**  
**Project Summary and Key Assumption Sensitivity**  
TIF Request Review: Terraces

Description	Amount	Market Range		Developer	Input Range	
		Low	High		Developer	EPS
<b>KEY ASSUMPTIONS</b>						
<b>Revenue Assumptions</b>						
Retail	\$29.00 per sf (NNN)	\$25.00	\$30.00	\$29.00	Inside	Inside
2nd Floor	\$27.50 per sf (NNN)	\$25.00	\$30.00	\$27.50	Inside	Inside
3rd Floor	\$0.00 per sf (NNN)			\$0.00		
<b>Cost Assumptions</b>						
Land Cost / Acquisition Cost	19.59% % of total cost	10%	15%	19.59%	Higher	Higher
Hard Construction Costs	\$157 per GBA	\$150	\$175	\$157	Inside	Inside
Soft Construction Costs	22.83% % of HC & TI	20%	30%	22.83%	Inside	Inside
Total Construction Cost	\$247 per GBA	\$200	\$250	\$247	Inside	Inside
<b>Return Assumptions</b>						
Project Discount Rate	9.00% discount rate	8.00%	10.00%			
Project Cap Rate (at disposition)	6.50% cap rate	6.00%	8.00%			
Yield on Cost Hurdle Rate	7.00% YOC	6.50%	8.50%			

<b>PROJECT SUMMARY</b>						
<b>PROJECT GAP</b>		<b>TIF ASSUMPTIONS</b>		<b>Property Tax</b>	<b>Sales Tax</b>	
<b>Developer Request</b>	\$1,110,000 as stated in request	End Year [1]	2032	2032		
<b>Static Gap Estimate (EPS)</b>		Sharing Amount	90% of total	0% of total		
Total Cost	\$7,083,690 total project cost	Discount Rate	5.00%	5.00%		
Net Operating Income	\$402,119 stabilized NOI	<b>TIF REVENUES</b>				
YOC	5.68% existing YOC (w/out subsidy)	Avg. Ann. Revenue	\$70,998	\$0	\$70,998	
YOC Hurdle	7.00% target hurdle rate	<b>Total Revenues</b>	\$922,975	\$0	\$922,975	
<b>Project Gap</b>	<b>-\$1,339,138</b> static gap estimate	Discounted Revenue	\$640,789	\$0	\$640,789	
<b>Time Series Estimate (EPS)</b>		<b>PUBLIC REVENUES</b>		<b>Property Tax</b>	<b>Sales Tax</b>	<b>Total</b>
Current IRR	6.87% IRR without subsidy	Nominal Value	\$160,196	\$774,995	\$935,191	
IRR Hurdle Rate	9.00% target hurdle rate	Discounted Value	\$111,331	\$569,127	\$680,458	
<b>Project Gap</b>	<b>-\$1,012,454</b> time series gap estimate	% of Total	14.8%	100.0%	50.3%	
<b>Average (static and time series)</b>	<b>-\$1,175,796</b> average					

**Sensitivity Analysis**

<b>Time Series Estimate: Retail Rental Rate</b>							<b>Static Estimate: Retail Rental Rate</b>						
Project Discount Rate							Project ROC Hurdle						
8.50% 8.75% 9.00% 9.25% 9.50%							6.50% 6.75% 7.00% 7.25% 7.50%						
Retail	\$23.49	-\$1,168,743	-\$1,273,469	-\$1,375,820	-\$1,475,856	-\$1,573,639	Retail	\$23.49	-\$1,278,643	-\$1,493,645	-\$1,693,290	-\$1,879,165	-\$2,052,650
	\$26.10	-\$990,370	-\$1,098,258	-\$1,203,699	-\$1,306,756	-\$1,407,491		\$26.10	-\$1,097,983	-\$1,319,676	-\$1,525,534	-\$1,717,194	-\$1,896,077
	\$29.00	-\$792,178	-\$903,579	-\$1,012,454	-\$1,118,867	-\$1,222,883		\$29.00	-\$897,250	-\$1,126,377	-\$1,339,138	-\$1,537,226	-\$1,722,108
	\$31.90	-\$593,986	-\$708,900	-\$821,209	-\$930,979	-\$1,038,275		\$31.90	-\$696,516	-\$933,078	-\$1,152,743	-\$1,357,258	-\$1,548,139
	\$35.09	-\$375,974	-\$494,754	-\$610,839	-\$724,301	-\$835,205		\$35.09	-\$475,709	-\$720,449	-\$947,708	-\$1,159,293	-\$1,356,773

<b>Time Series Estimate: Retail Rental Rate</b>							<b>Static Estimate: Retail Rental Rate</b>						
Project Discount Rate							Project ROC Hurdle						
8.50% 8.75% 9.00% 9.25% 9.50%							6.50% 6.75% 7.00% 7.25% 7.50%						
2nd Floor	\$22.28	-\$1,597,907	-\$1,695,024	-\$1,789,939	-\$1,882,709	-\$1,973,388	2nd Floor	\$22.28	-\$1,713,309	-\$1,912,212	-\$2,096,908	-\$2,268,866	-\$2,429,360
	\$24.75	-\$1,216,246	-\$1,320,129	-\$1,421,657	-\$1,520,889	-\$1,617,886		\$24.75	-\$1,326,755	-\$1,539,975	-\$1,737,964	-\$1,922,300	-\$2,094,346
	\$27.50	-\$792,178	-\$903,579	-\$1,012,454	-\$1,118,867	-\$1,222,883		\$27.50	-\$897,250	-\$1,126,377	-\$1,339,138	-\$1,537,226	-\$1,722,108
	\$30.25	-\$368,110	-\$487,029	-\$603,251	-\$716,846	-\$827,881		\$30.25	-\$467,745	-\$712,780	-\$940,312	-\$1,152,153	-\$1,349,871
	\$33.28	\$0	-\$28,824	-\$153,128	-\$274,622	-\$393,378		\$33.28	\$0	-\$257,822	-\$501,603	-\$728,572	-\$940,409

<b>Time Series Estimate: Office Rental Rate</b>							<b>Static Estimate: Office Rental Rate</b>						
Project Discount Rate							Project ROC Hurdle						
8.50% 8.75% 9.00% 9.25% 9.50%							6.50% 6.75% 7.00% 7.25% 7.50%						
3rd Floor	\$0.00	-\$792,178	-\$903,579	-\$1,012,454	-\$1,118,867	-\$1,222,883	3rd Floor	\$0.00	-\$897,250	-\$1,126,377	-\$1,339,138	-\$1,537,226	-\$1,722,108
	\$0.00	-\$792,178	-\$903,579	-\$1,012,454	-\$1,118,867	-\$1,222,883		\$0.00	-\$897,250	-\$1,126,377	-\$1,339,138	-\$1,537,226	-\$1,722,108
	\$0.00	-\$792,178	-\$903,579	-\$1,012,454	-\$1,118,867	-\$1,222,883		\$0.00	-\$897,250	-\$1,126,377	-\$1,339,138	-\$1,537,226	-\$1,722,108
	\$0.00	-\$792,178	-\$903,579	-\$1,012,454	-\$1,118,867	-\$1,222,883		\$0.00	-\$897,250	-\$1,126,377	-\$1,339,138	-\$1,537,226	-\$1,722,108
	\$0.00	-\$792,178	-\$903,579	-\$1,012,454	-\$1,118,867	-\$1,222,883		\$0.00	-\$897,250	-\$1,126,377	-\$1,339,138	-\$1,537,226	-\$1,722,108

<b>Time Series Estimate: Construction Hard Cost</b>							<b>Static Estimate: Construction Hard Cost</b>						
Project Discount Rate							Project ROC Hurdle						
8.50% 8.75% 9.00% 9.25% 9.50%							6.50% 6.75% 7.00% 7.25% 7.50%						
Cost per sf	\$128	-\$101,466	-\$212,868	-\$321,742	-\$428,156	-\$532,171	Cost per sf	\$128	-\$206,538	-\$435,665	-\$648,427	-\$846,515	-\$1,031,397
	\$142	-\$428,645	-\$540,047	-\$648,922	-\$755,335	-\$859,351		\$142	-\$533,717	-\$762,845	-\$975,606	-\$1,173,694	-\$1,358,576
	\$157	-\$792,178	-\$903,579	-\$1,012,454	-\$1,118,867	-\$1,222,883		\$157	-\$897,250	-\$1,126,377	-\$1,339,138	-\$1,537,226	-\$1,722,108
	\$173	-\$1,155,710	-\$1,267,112	-\$1,375,987	-\$1,482,400	-\$1,586,416		\$173	-\$1,260,782	-\$1,489,910	-\$1,702,671	-\$1,900,759	-\$2,085,641
	\$191	-\$1,555,596	-\$1,666,998	-\$1,775,872	-\$1,882,286	-\$1,986,301		\$191	-\$1,660,668	-\$1,889,795	-\$2,102,557	-\$2,300,645	-\$2,485,527

<b>Nominal Value: Property Tax Sharing % and Term</b>						<b>Present Value: Property Tax Sharing % and Term</b>					
Sharing %	Sharing End Year					Sharing %	Sharing End Year				
	2022	2024	2026	2028	2031		2022	2024	2026	2028	2031
60.0%	\$0	\$113,477	\$230,474	\$352,951	\$546,697	60.0%	\$0	\$95,674	\$185,112	\$270,033	\$388,982
70.0%	\$0	\$132,390	\$268,887	\$411,776	\$637,813	70.0%	\$0	\$111,620	\$215,963	\$315,039	\$453,813
80.0%	\$0	\$151,303	\$307,299	\$470,601	\$728,929	80.0%	\$0	\$127,565	\$246,815	\$360,044	\$518,643
90.0%	\$0	\$170,216	\$345,711	\$529,426	\$820,045	90.0%	\$0	\$143,511	\$277,667	\$405,050	\$583,474
100.0%	\$0	\$189,128	\$384,124	\$588,251	\$911,161	100.0%	\$0	\$159,457	\$308,519	\$450,055	\$648,304

[1] Revenues through end year.  
Source: Economic & Planning Systems  
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**Table 2**  
**Development Program**  
**TIF Request Review: Terraces**

Description	Gross SF	% of Total	Average Rent NNN
Retail	4,736	23%	\$29.00
Basement	5,115	25%	\$5.00
2nd Floor	10,686	52%	\$27.50
3rd Floor	0	0%	\$0.00
<b>Total</b>	<b>20,537</b>	<b>100%</b>	<b>\$22.24</b>

Source: Boulder Creek Neighborhoods; Economic & Planning Systems

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**Table 3**  
**Development Costs**  
**TIF Request Review: Terraces**

Description	Total	per GBA 23,084	% of Total	% of HC&TI
<b>LAND COSTS</b>				
<b>Land Cost / Acquisition</b>	<b>\$ 1,387,750</b>	<b>\$ 60</b>	<b>19.6%</b>	<b>N/A</b>
712 Loan Balance	\$ 980,500	\$ 42	75.4%	N/A
722 Loan Balance	\$ 407,250	\$ 18	69.0%	N/A
<b>TOTAL LAND COST: MODEL INPUT</b>	<b>\$ 1,387,750</b>	<b>\$ 60</b>	<b>19.6%</b>	<b>N/A</b>
<b>Hard Costs</b>				
<b>General Hard Costs</b>	<b>\$ 3,635,325</b>	<b>\$ 157</b>	<b>51.3%</b>	<b>78.4%</b>
712 and 722 Demo	7,637 sf \$15.00 per sf \$ 114,555	\$ 5	1.6%	2.5%
Parking	11 spaces \$12,000 per space \$ 132,000	\$ 6	1.9%	2.8%
Core and Shell Construction	20,538 sf \$165.00 per sf \$ 3,388,770	\$ 147	47.8%	73.1%
<b>TOTAL HARD COSTS: MODEL INPUT</b>	<b>\$ 3,635,325</b>	<b>\$ 157</b>	<b>51.3%</b>	
<b>Tenant Finishes</b>				
<b>General TI Cost</b>	<b>\$ 1,002,060</b>	<b>\$ 43</b>	<b>14.1%</b>	<b>21.6%</b>
TI: Lower Level	5,115 sf \$15.00 per sf \$ 76,725	\$ 3	1.1%	1.7%
TI; New	15,422 sf \$60.00 per sf \$ 925,335	\$ 40	13.1%	20.0%
<b>TOTAL TENANT FINISHES: MODEL INPUT</b>	<b>\$ 1,002,060</b>	<b>\$ 43</b>	<b>14.1%</b>	<b>27.6%</b>
<b>Soft Costs</b>				
<b>General Soft Costs</b>	<b>\$ 1,058,555</b>	<b>\$ 46</b>	<b>14.9%</b>	<b>22.8%</b>
A&E	20,538 sf \$10.00 per sf \$ 205,380	\$ 9	2.9%	4.4%
Leg/Ent/Etc.	20,538 sf \$2.50 per sf \$ 51,345	\$ 2	0.7%	1.1%
Commissions	15,422 sf \$6.00 per sf \$ 92,534	\$ 4	1.3%	2.0%
Loan Fees and CPI	1.0 unit \$203,916 unit \$ 203,916	\$ 9	2.9%	4.4%
Contingency	20,538 \$10.00 per sf \$ 205,380	\$ 9	2.9%	4.4%
Development Fee	1.0 unit \$300,000 unit \$ 300,000	\$ 13	4.2%	6.5%
<b>TOTAL SOFT COSTS: MODEL INPUT</b>	<b>\$ 1,058,555</b>	<b>\$ 46</b>	<b>14.9%</b>	<b>22.8%</b>
<b>TOTAL CONSTRUCTION COST</b>	<b>\$ 5,695,940</b>	<b>\$ 247</b>	<b>80.4%</b>	<b>N/A</b>
<b>TOTAL COST</b>	<b>\$ 7,083,690</b>	<b>\$ 307</b>	<b>100.0%</b>	<b>N/A</b>

Source: Boulder Creek Neighborhoods; Economic & Planning Systems

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**Table 4**  
**Operating Revenues and Expenditures**  
**TIF Request Review: Terraces**

Building Area	Area	% of Total		
Net Rentable Area	20,537 sf	89.0%		
Common Area	2,546 sf	11.0%		
Total Building Area	23,084 sf	100.0%		

Type	Rentable SF	Lease Rate per year		Total Revenue Annual	% of Total
<b>REVENUE</b>					
<b>Rental Income</b>	<b>20,537 RBA</b>			<b>\$ 456,791</b>	<b>66.9% of PGI</b>
Retail	4,736 sf	\$ 29.00	NNN	\$ 137,344	20.1% of PGI
Basement	5,115 sf	\$ 5.00	NNN	\$ 25,575	3.7% of PGI
2nd Floor	10,686 sf	\$ 27.50	NNN	\$ 293,872	43.0% of PGI
3rd Floor	0 sf	\$ -	NNN	\$ -	0.0% of PGI
<b>Average</b>	<b>6,846 sf</b>	<b>\$ 22.24</b>	<b>per month</b>		
<b>Other Income</b>				<b>\$ 225,910</b>	<b>33.1% of PGI</b>
NNN's	20,537.3 RBA	\$ 11.00	per sf	\$ 225,910	33.1% of PGI
Utilities	20,537.3 RBA	\$ -	per sf	\$ -	0.0% of PGI
Reserves	20,537.3 RBA	\$ -	per sf	\$ -	0.0% of PGI
<b>POTENTIAL GROSS INCOME (PGI)</b>				<b>\$ 682,701</b>	<b>100.0% of PGI</b>
Less: Vacancy	5.0% per year			\$ (34,135)	-5.0% of PGI
<b>EFFECTIVE GROSS INCOME (EGI)</b>				<b>\$ 648,566</b>	<b>95.0% of PGI</b>
<b>EXPENDITURES</b>					
<b>Operating Expenditures</b>	<b>\$ 10.68 per RBA</b>	<b>Adjustment</b>		<b>\$ (246,447)</b>	<b>38.0% of EGI</b>
NNN's	\$ 11.00 per RBA	100% % of total		\$ (225,910)	34.8% of EGI
Utilities	\$ - per RBA	100% % of total		\$ -	0.0% of EGI
Reserves	\$ 1.00 per RBA	100% % of total		\$ (20,537)	3.2% of EGI
<b>NET OPERATING INCOME (NOI)</b>	<b>\$ 17.42 per GSF</b>			<b>\$ 402,119</b>	<b>62.0% of EGI</b>
<b>PROJECT COST</b>	<b>\$ 306.87 per GSF</b>			<b>\$ 7,083,690</b>	
<b>YIELD ON COST (YOC)</b>				<b>5.68%</b>	
<b>HURDLE RATE</b>				<b>7.00%</b>	
<b>GAP: COST</b>	<b>\$ 58.01 per GSF</b>			<b>\$1,339,138</b>	
<b>GAP: NOI</b>	<b>\$ 0.34 per GSF/mo.</b>			<b>\$93,740</b>	

Source: Boulder Creek Neighborhoods; Economic & Planning Systems

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**Table 5**  
**Development Revenues and Expenditures**  
**TIF Request Review: Terraces**

**KEY ASSUMPTIONS**

<b>Project Timing</b>	100%	<b>Project Disposition</b>
Year 0 Cost % of Total	100%	Commercial Year 10
Year 1 Cost % of Total	0%	
Year 2 Cost % of Total	0%	
Building Open Year	Year 1	
<b>Lease Rate / Vacancy</b>	<b>% Leased</b>	<b>Vacancy</b>
Year 1	75.0%	0.0%
Year 2	85.0%	0.0%
Year 3	100.0%	5.0%
Stabilization: Year 3	100.0%	5.0%

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Description	Factor	Escalation	Total	2020 Year 0	2021 Year 1	2022 Year 2	2023 Year 3	2024 Year 4
<b>DEVELOPMENT COSTS</b>								
<b>Construction Cost</b>			<b>-\$6,081,630</b>	<b>-\$7,083,690</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Land Cost / Acquisition	\$1,387,750	0.0%	-\$1,387,750	-\$1,387,750	\$0	\$0	\$0	\$0
Hard Costs	\$3,635,325	0.0%	-\$3,635,325	-\$3,635,325	\$0	\$0	\$0	\$0
General Soft Costs	\$1,058,555	0.0%	-\$1,058,555	-\$1,058,555	\$0	\$0	\$0	\$0
Tenant Improvements	\$1,002,060	0.0%	-\$1,002,060	-\$1,002,060	\$0	\$0	\$0	\$0
<b>Total Commercial Costs</b>			<b>-\$7,083,690</b>	<b>-\$7,083,690</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>NET OPERATING INCOME</b>								
<b>Commercial Revenue</b>								
Rental Income	\$456,791	2.0%		\$0	\$349,445	\$403,958	\$484,750	\$494,445
Other Income	\$225,910	2.0%		\$0	\$172,821	\$199,781	\$239,737	\$244,532
Vacancy Loss				\$0	\$0	\$0	-\$24,238	-\$24,722
<b>Effective Gross Income</b>				<b>\$0</b>	<b>\$522,266</b>	<b>\$603,739</b>	<b>\$700,250</b>	<b>\$714,255</b>
<b>Operating Expenses</b>				<b>\$0</b>	<b>-\$188,532</b>	<b>-\$217,943</b>	<b>-\$248,455</b>	<b>-\$266,762</b>
Operating Expenditures	-\$246,447	2.0%	-\$5,993,393	\$0	-\$188,532	-\$217,943	-\$248,455	-\$266,762
<b>Net Revenue</b>			<b>\$10,126,581</b>	<b>\$0</b>	<b>\$333,734</b>	<b>\$385,797</b>	<b>\$451,795</b>	<b>\$447,493</b>
<b>Net Operating Income</b>			<b>\$10,126,581</b>	<b>\$0</b>	<b>\$333,734</b>	<b>\$385,797</b>	<b>\$451,795</b>	<b>\$447,493</b>
<b>DISPOSITION REVENUE</b>								
<b>Gross Revenue</b>			<b>\$7,908,130</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Commercial Space	6.50% cap rate		\$7,908,130	\$0	\$0	\$0	\$0	\$0
<b>Cost of Sale</b>			<b>-\$197,703</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Commercial Space	2.5%		-\$197,703	\$0	\$0	\$0	\$0	\$0
<b>Project Net Sale Revenue</b>			<b>\$7,710,427</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>PROJECT CASH FLOWS</b>								
<b>Net Project Cash Flows</b>			<b>\$5,124,850</b>	<b>-\$7,083,690</b>	<b>\$333,734</b>	<b>\$385,797</b>	<b>\$451,795</b>	<b>\$447,493</b>
Construction Costs			-\$7,083,690	-\$7,083,690	\$0	\$0	\$0	\$0
Net Operating Income			\$4,498,113	\$0	\$333,734	\$385,797	\$451,795	\$447,493
Project Disposition Income			\$7,710,427	\$0	\$0	\$0	\$0	\$0
<b>Net Present Value</b>	9.00%		<b>-\$1,012,454</b>	<b>-\$7,083,690</b>	<b>\$306,178</b>	<b>\$324,717</b>	<b>\$348,869</b>	<b>\$317,015</b>
<b>Internal Rate of Return</b>			<b>6.87%</b>					
<b>PROJECT CASH FLOWS W/ TIF</b>								
<b>Net Project Cash Flows</b>			<b>\$5,765,639</b>	<b>-\$6,442,901</b>	<b>\$333,734</b>	<b>\$385,797</b>	<b>\$451,795</b>	<b>\$447,493</b>
Construction Costs			-\$7,083,690	-\$7,083,690	\$0	\$0	\$0	\$0
Net Operating Income			\$4,498,113	\$0	\$333,734	\$385,797	\$451,795	\$447,493
Project Disposition Income			\$7,710,427	\$0	\$0	\$0	\$0	\$0
TIF Investment			\$640,789	\$640,789	\$0	\$0	\$0	\$0
<b>Net Present Value</b>	9.00%		<b>-\$371,665</b>	<b>-\$6,442,901</b>	<b>\$306,178</b>	<b>\$324,717</b>	<b>\$348,869</b>	<b>\$317,015</b>
<b>Internal Rate of Return</b>			<b>8.17%</b>					

Source: Boulder Creek Neighborhoods; Economic & Planning Systems

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**Table 5**  
**Development Revenues and Expenditures**  
**TIF Request Review: Terraces**

**KEY ASSUMPTIONS**

<b>Project Timing</b>	100%	<b>Project Disposition</b>
Year 0 Cost % of Total	100%	Commercial Year 10
Year 1 Cost % of Total	0%	
Year 2 Cost % of Total	0%	
Building Open Year	Year 1	
<b>Lease Rate / Vacancy</b>	<b>% Leased</b>	<b>Vacancy</b>
Year 1	75.0%	0.0%
Year 2	85.0%	0.0%
Year 3	100.0%	5.0%
Stabilization: Year 3	100.0%	5.0%

Description	Factor	Escalation	Total	2025	2026	2027	2028	2029	2030
				Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>DEVELOPMENT COSTS</b>									
<b>Construction Cost</b>			<b>-\$6,081,630</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Land Cost / Acquisition	\$1,387,750	0.0%	-\$1,387,750	\$0	\$0	\$0	\$0	\$0	\$0
Hard Costs	\$3,635,325	0.0%	-\$3,635,325	\$0	\$0	\$0	\$0	\$0	\$0
General Soft Costs	\$1,058,555	0.0%	-\$1,058,555	\$0	\$0	\$0	\$0	\$0	\$0
Tenant Improvements	\$1,002,060	0.0%	-\$1,002,060	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Commercial Costs</b>			<b>-\$7,083,690</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>NET OPERATING INCOME</b>									
<b>Commercial Revenue</b>									
Rental Income	\$456,791	2.0%		\$504,334	\$514,421	\$524,709	\$535,203	\$545,907	\$556,826
Other Income	\$225,910	2.0%		\$249,423	\$254,411	\$259,499	\$264,689	\$269,983	\$275,383
Vacancy Loss				-\$25,217	-\$25,721	-\$26,235	-\$26,760	-\$27,295	-\$27,841
<b>Effective Gross Income</b>				<b>\$728,540</b>	<b>\$743,111</b>	<b>\$757,973</b>	<b>\$773,132</b>	<b>\$788,595</b>	<b>\$804,367</b>
<b>Operating Expenses</b>				<b>-\$272,097</b>	<b>-\$277,539</b>	<b>-\$283,090</b>	<b>-\$288,752</b>	<b>-\$294,527</b>	<b>-\$300,418</b>
Operating Expenditures	-\$246,447	2.0%	-\$5,993,393	-\$272,097	-\$277,539	-\$283,090	-\$288,752	-\$294,527	-\$300,418
<b>Net Revenue</b>			<b>\$10,126,581</b>	<b>\$456,443</b>	<b>\$465,571</b>	<b>\$474,883</b>	<b>\$484,380</b>	<b>\$494,068</b>	<b>\$503,949</b>
<b>Net Operating Income</b>			<b>\$10,126,581</b>	<b>\$456,443</b>	<b>\$465,571</b>	<b>\$474,883</b>	<b>\$484,380</b>	<b>\$494,068</b>	<b>\$503,949</b>
<b>DISPOSITION REVENUE</b>									
<b>Gross Revenue</b>			<b>\$7,908,130</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,908,130</b>
Commercial Space	6.50% cap rate		\$7,908,130	\$0	\$0	\$0	\$0	\$0	\$7,908,130
<b>Cost of Sale</b>			<b>-\$197,703</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>-\$197,703</b>
Commercial Space	2.5%		-\$197,703	\$0	\$0	\$0	\$0	\$0	-\$197,703
<b>Project Net Sale Revenue</b>			<b>\$7,710,427</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,710,427</b>
<b>PROJECT CASH FLOWS</b>									
<b>Net Project Cash Flows</b>			<b>\$5,124,850</b>	<b>\$456,443</b>	<b>\$465,571</b>	<b>\$474,883</b>	<b>\$484,380</b>	<b>\$494,068</b>	<b>\$8,214,376</b>
Construction Costs			-\$7,083,690	\$0	\$0	\$0	\$0	\$0	\$0
Net Operating Income			\$4,498,113	\$456,443	\$465,571	\$474,883	\$484,380	\$494,068	\$503,949
Project Disposition Income			\$7,710,427	\$0	\$0	\$0	\$0	\$0	\$7,710,427
<b>Net Present Value</b>	9.00%		<b>-\$1,012,454</b>	<b>\$296,656</b>	<b>\$277,605</b>	<b>\$259,777</b>	<b>\$243,094</b>	<b>\$227,483</b>	<b>\$3,469,841</b>
<b>Internal Rate of Return</b>			<b>6.87%</b>						
<b>PROJECT CASH FLOWS W/ TIF</b>									
<b>Net Project Cash Flows</b>			<b>\$5,765,639</b>	<b>\$456,443</b>	<b>\$465,571</b>	<b>\$474,883</b>	<b>\$484,380</b>	<b>\$494,068</b>	<b>\$8,214,376</b>
Construction Costs			-\$7,083,690	\$0	\$0	\$0	\$0	\$0	\$0
Net Operating Income			\$4,498,113	\$456,443	\$465,571	\$474,883	\$484,380	\$494,068	\$503,949
Project Disposition Income			\$7,710,427	\$0	\$0	\$0	\$0	\$0	\$7,710,427
TIF Investment			\$640,789	\$0	\$0	\$0	\$0	\$0	\$0
<b>Net Present Value</b>	9.00%		<b>-\$371,665</b>	<b>\$296,656</b>	<b>\$277,605</b>	<b>\$259,777</b>	<b>\$243,094</b>	<b>\$227,483</b>	<b>\$3,469,841</b>
<b>Internal Rate of Return</b>			<b>8.17%</b>						

Source: Boulder Creek Neighborhoods; Economic & Planning Systems

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Table 6  
TIF Estimate (All Mill Levies)  
TIF Request Review: Terraces

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Description	Base Year = 2007		2020	2021	2022	2023	2024
			TIF Year 13	TIF Year 14	TIF Year 15	TIF Year 16	TIF Year 17
<b>DEVELOPMENT PROGRAM</b>							
<b>% Completion</b>							
Retail			0%	100%	0%	0%	0%
Basement			0%	100%	0%	0%	0%
2nd Floor			0%	100%	0%	0%	0%
3rd Floor			0%	100%	0%	0%	0%
Common Area			0%	100%	0%	0%	0%
<b>Annual Development</b>							
Retail		4,736 sf	0	23,084	0	0	0
Basement		5,115 sf	0	5,115	0	0	0
2nd Floor		10,686 sf	0	10,686	0	0	0
3rd Floor		0 sf	0	0	0	0	0
Common Area		2,546 sf	0	2,546	0	0	0
<b>Cumulative Development</b>							
Retail			0	4,736	4,736	4,736	4,736
Basement			0	5,115	5,115	5,115	5,115
2nd Floor			0	10,686	10,686	10,686	10,686
3rd Floor			0	0	0	0	0
Common Area			0	2,546	2,546	2,546	2,546
<b>PROPERTY TAX</b>							
<b>Market Value</b>							
Commercial Space	\$250 per sf	2.0% per year	\$ -	\$ 5,886,293	\$ 6,004,018	\$ 6,124,099	\$ 6,246,581
<b>Appraised Value</b>							
Commercial Space	100.0%	of market value	\$ -	\$ 5,886,293	\$ 6,004,018	\$ 6,124,099	\$ 6,246,581
<b>Assessed Value (1-yr. lag)</b>							
Commercial Space	29.00%	of appraised value	\$ -	\$ -	\$ 1,707,025	\$ 1,741,165	\$ 1,741,165
<b>Less: Base AV (2018)</b>							
	\$578,261	3.00% every 2 years	\$ 578,261	\$ 595,609	\$ 595,609	\$ 613,477	\$ 613,477
<b>Increment</b>							
			\$ -	\$ -	\$ 1,111,416	\$ 1,127,688	\$ 1,127,688
<b>TIF Revenue</b>							
	89.3390 per \$1,000 of AV		\$ -	\$ -	\$ -	\$ 99,293	\$ 100,747
<b>SALES TAX</b>							
<b>Annual Sales</b>							
Retail	\$350 per sf	1.0% per year	\$ -	\$ 1,674,176	\$ 1,690,918	\$ 1,707,827	\$ 1,724,905
Basement	\$0 per sf	1.0% per year	\$ -	\$ -	\$ -	\$ -	\$ -
2nd Floor	\$0 per sf	1.0% per year	\$ -	\$ -	\$ -	\$ -	\$ -
3rd Floor	\$0 per sf	1.0% per year	\$ -	\$ -	\$ -	\$ -	\$ -
Common Area	\$0 per sf	1.0% per year	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Sales Tax</b>							
Retail	3.65% sales tax rate		\$ -	\$ 61,107	\$ 61,718	\$ 62,336	\$ 62,959
Basement	3.65% sales tax rate		\$ -	\$ -	\$ -	\$ -	\$ -
2nd Floor	3.65% sales tax rate		\$ -	\$ -	\$ -	\$ -	\$ -
3rd Floor	3.65% sales tax rate		\$ -	\$ -	\$ -	\$ -	\$ -
Common Area	3.65% sales tax rate		\$ -	\$ -	\$ -	\$ -	\$ -
<b>AGREEMENT ADJUSTMENT</b>							
<b>Total URA AV</b>							
	\$30,000,000 URA AV	2.0% per year	\$ 30,000,000	\$ 30,600,000	\$ 31,212,000	\$ 31,836,240	\$ 32,472,965
<b>Property Tax Less:</b>							
Tri-Party Agreement	25.89% County %	7.15% of total	\$ -	\$ -	\$ -	\$ 1,838	\$ 1,865
Fire District Rebate	7.48% Fire %	25.00% of total	\$ -	\$ -	\$ -	\$ 1,858	\$ 1,885
LRC Operating Expense	\$32,000 amount		\$ -	\$ -	\$ -	\$ 1,750	\$ 1,716
<b>TIF SHARING SCENARIOS</b>							
<b>Property Tax</b>							
Scenario A	2032 end yr.	25.0%	of total TIF	\$19,722	\$256,382	\$ -	\$ 23,462
Scenario B	2032 end yr.	50.0%	of total TIF	\$39,443	\$512,764	\$ -	\$ 46,924
Scenario C	2032 end yr.	75.0%	of total TIF	\$59,165	\$769,146	\$ -	\$ 70,385
Scenario D	2032 end yr.	100.0%	of total TIF	\$78,887	\$1,025,528	\$ -	\$ 93,847
Scenario E	2032 end yr.	90.0%	of total TIF	\$70,998	\$922,975	\$ -	\$ 84,462
<b>Sales Tax</b>							
Scenario A	2032 end yr.	25.0%	of total TIF	\$14,904	\$193,749	\$ -	\$ 15,740
Scenario B	2032 end yr.	50.0%	of total TIF	\$29,808	\$387,498	\$ -	\$ 31,480
Scenario C	2032 end yr.	75.0%	of total TIF	\$44,711	\$581,246	\$ -	\$ 46,752
Scenario D	2032 end yr.	100.0%	of total TIF	\$59,615	\$774,995	\$ -	\$ 62,336
Scenario E	2032 end yr.	0.0%	of total TIF	\$0	\$0	\$ -	\$ -
<b>PRESENT VALUE</b>							
<b>Property Tax</b>							
Scenario A	5.00%	discount rate	\$ -	\$ -	\$ -	\$ 20,267	\$ 19,597
Scenario B	5.00%	discount rate	\$ -	\$ -	\$ -	\$ 40,534	\$ 39,194
Scenario C	5.00%	discount rate	\$ -	\$ -	\$ -	\$ 60,802	\$ 58,791
Scenario D	5.00%	discount rate	\$ -	\$ -	\$ -	\$ 81,069	\$ 78,388
Scenario E	5.00%	discount rate	\$ -	\$ -	\$ -	\$ 72,962	\$ 70,549
<b>Sales Tax</b>							
Scenario A	5.00%	discount rate	\$ -	\$ 14,549	\$ 13,995	\$ 13,462	\$ 12,949
Scenario B	5.00%	discount rate	\$ -	\$ 29,099	\$ 27,990	\$ 26,924	\$ 25,898
Scenario C	5.00%	discount rate	\$ -	\$ 43,648	\$ 41,985	\$ 40,386	\$ 38,847
Scenario D	5.00%	discount rate	\$ -	\$ 58,198	\$ 55,980	\$ 53,848	\$ 51,797
Scenario E	5.00%	discount rate	\$ -	\$ -	\$ -	\$ -	\$ -

Source: Boulder Creek Neighborhoods; Economic & Planning Systems  
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Table 6  
TIF Estimate (All Mill Levies)  
TIF Request Review: Terraces

Continued on next page

Description	Base Year = 2007		2025	2026	2027	2028	2029		
			TIF Year 18	TIF Year 19	TIF Year 20	TIF Year 21	TIF Year 22		
<b>DEVELOPMENT PROGRAM</b>									
<b>% Completion</b>									
Retail			0%	0%	0%	0%	0%		
Basement			0%	0%	0%	0%	0%		
2nd Floor			0%	0%	0%	0%	0%		
3rd Floor			0%	0%	0%	0%	0%		
Common Area			0%	0%	0%	0%	0%		
<b>Annual Development</b>									
Retail	4,736	sf	0	0	0	0	0		
Basement	5,115	sf	0	0	0	0	0		
2nd Floor	10,686	sf	0	0	0	0	0		
3rd Floor	0	sf	0	0	0	0	0		
Common Area	2,546	sf	0	0	0	0	0		
<b>Cumulative Development</b>									
Retail			23,084	23,084	23,084	23,084	23,084		
Basement			4,736	4,736	4,736	4,736	4,736		
2nd Floor			5,115	5,115	5,115	5,115	5,115		
3rd Floor			10,686	10,686	10,686	10,686	10,686		
Common Area			0	0	0	0	0		
			2,546	2,546	2,546	2,546	2,546		
<b>PROPERTY TAX</b>									
<b>Market Value</b>									
Commercial Space	\$250 per sf	2.0% per year	\$ 6,371,512	\$ 6,498,943	\$ 6,628,921	\$ 6,761,500	\$ 6,896,730		
<b>Appraised Value</b>									
Commercial Space	100.0%	of market value	\$ 6,371,512	\$ 6,498,943	\$ 6,628,921	\$ 6,761,500	\$ 6,896,730		
<b>Assessed Value (1-yr. lag)</b>									
Commercial Space	29.00%	of appraised value	\$ 1,811,508	\$ 1,811,508	\$ 1,884,693	\$ 1,884,693	\$ 1,960,835		
Less: Base AV (2018)	\$578,261	3.00% every 2 years	\$ 631,881	\$ 631,881	\$ 650,838	\$ 650,838	\$ 670,363		
<b>Increment</b>			<b>\$1,179,627</b>	<b>\$ 1,179,627</b>	<b>\$ 1,233,856</b>	<b>\$ 1,233,856</b>	<b>\$ 1,290,472</b>		
<b>TIF Revenue</b>	89.3390 per \$1,000 of AV		<b>\$ 100,747</b>	<b>\$ 105,387</b>	<b>\$ 105,387</b>	<b>\$ 110,231</b>	<b>\$ 110,231</b>		
<b>SALES TAX</b>									
<b>Annual Sales</b>									
Retail	\$350 per sf	1.0% per year	\$ 1,742,154	\$ 1,759,576	\$ 1,777,172	\$ 1,794,943	\$ 1,812,893		
Basement	\$0 per sf	1.0% per year	\$ -	\$ -	\$ -	\$ -	\$ -		
2nd Floor	\$0 per sf	1.0% per year	\$ -	\$ -	\$ -	\$ -	\$ -		
3rd Floor	\$0 per sf	1.0% per year	\$ -	\$ -	\$ -	\$ -	\$ -		
Common Area	\$0 per sf	1.0% per year	\$ -	\$ -	\$ -	\$ -	\$ -		
<b>Sales Tax</b>			<b>\$ 63,589</b>	<b>\$ 64,225</b>	<b>\$ 64,867</b>	<b>\$ 65,515</b>	<b>\$ 66,171</b>		
Retail	3.65%	sales tax rate	\$ 63,589	\$ 64,225	\$ 64,867	\$ 65,515	\$ 66,171		
Basement	3.65%	sales tax rate	\$ -	\$ -	\$ -	\$ -	\$ -		
2nd Floor	3.65%	sales tax rate	\$ -	\$ -	\$ -	\$ -	\$ -		
3rd Floor	3.65%	sales tax rate	\$ -	\$ -	\$ -	\$ -	\$ -		
Common Area	3.65%	sales tax rate	\$ -	\$ -	\$ -	\$ -	\$ -		
<b>AGREEMENT ADJUSTMENT</b>									
<b>Total URA AV</b>	\$30,000,000 URA AV	2.0% per year	\$ 33,122,424	\$ 33,784,873	\$ 34,460,570	\$ 35,149,781	\$ 35,852,777		
<b>Property Tax Less:</b>									
Tri-Party Agreement	25.89% County %	7.15% of total	\$ 1,865	\$ 1,951	\$ 1,951	\$ 2,040	\$ 2,040		
Fire District Rebate	7.48% Fire %	25.00% of total	\$ 1,885	\$ 1,972	\$ 1,972	\$ 2,062	\$ 2,062		
LRC Operating Expense	\$32,000 amount		\$ 1,750	\$ 1,716	\$ 1,750	\$ 1,716	\$ 1,750		
<b>TIF SHARING SCENARIOS</b>									
			<b>Average</b>	<b>Total</b>					
<b>Property Tax</b>									
Scenario A	2032 end yr.	25.0% of total TIF	\$19,722	\$256,382	\$ 23,812	\$ 24,937	\$ 24,929	\$ 26,103	\$ 26,095
Scenario B	2032 end yr.	50.0% of total TIF	\$39,443	\$512,764	\$ 47,623	\$ 49,874	\$ 49,857	\$ 52,207	\$ 52,189
Scenario C	2032 end yr.	75.0% of total TIF	\$59,165	\$769,146	\$ 71,435	\$ 74,811	\$ 74,786	\$ 78,310	\$ 78,284
Scenario D	2032 end yr.	100.0% of total TIF	\$78,887	\$1,025,528	\$ 95,247	\$ 99,749	\$ 99,714	\$ 104,413	\$ 104,379
Scenario E	2032 end yr.	90.0% of total TIF	\$70,998	\$922,975	\$ 85,722	\$ 89,774	\$ 89,743	\$ 93,972	\$ 93,941
<b>Sales Tax</b>									
Scenario A	2032 end yr.	25.0% of total TIF	\$14,904	\$193,749	\$ 15,897	\$ 16,056	\$ 16,217	\$ 16,379	\$ 16,543
Scenario B	2032 end yr.	50.0% of total TIF	\$29,808	\$387,498	\$ 31,794	\$ 32,112	\$ 32,433	\$ 32,758	\$ 33,085
Scenario C	2032 end yr.	75.0% of total TIF	\$44,711	\$581,246	\$ 47,691	\$ 48,168	\$ 48,650	\$ 49,137	\$ 49,628
Scenario D	2032 end yr.	100.0% of total TIF	\$59,615	\$774,995	\$ 63,589	\$ 64,225	\$ 64,867	\$ 65,515	\$ 66,171
Scenario E	2032 end yr.	0.0% of total TIF	\$0	\$0	\$ -	\$ -	\$ -	\$ -	\$ -
<b>PRESENT VALUE</b>									
			<b>Total</b>						
<b>Property Tax</b>									
Scenario A	5.00%	discount rate	\$177,997	\$ 18,657	\$ 18,608	\$ 17,716	\$ 17,668	\$ 16,821	
Scenario B	5.00%	discount rate	\$355,994	\$ 37,314	\$ 37,217	\$ 35,433	\$ 35,335	\$ 33,642	
Scenario C	5.00%	discount rate	\$533,991	\$ 55,971	\$ 55,825	\$ 53,149	\$ 53,003	\$ 50,463	
Scenario D	5.00%	discount rate	\$711,988	\$ 74,628	\$ 74,434	\$ 70,865	\$ 70,671	\$ 67,283	
Scenario E	5.00%	discount rate	\$640,789	\$ 67,166	\$ 66,991	\$ 63,779	\$ 63,604	\$ 60,555	
<b>Sales Tax</b>									
Scenario A	5.00%	discount rate	\$142,282	\$ 12,456	\$ 11,981	\$ 11,525	\$ 11,086	\$ 10,664	
Scenario B	5.00%	discount rate	\$284,563	\$ 24,912	\$ 23,963	\$ 23,050	\$ 22,172	\$ 21,327	
Scenario C	5.00%	discount rate	\$426,845	\$ 37,368	\$ 35,944	\$ 34,575	\$ 33,258	\$ 31,991	
Scenario D	5.00%	discount rate	\$569,127	\$ 49,823	\$ 47,925	\$ 46,100	\$ 44,343	\$ 42,654	
Scenario E	5.00%	discount rate	\$0	\$ -	\$ -	\$ -	\$ -	\$ -	

Source: Boulder Creek Neighborhoods; Economic & Planning Systems  
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Table 6  
TIF Estimate (All Mill Levies)  
TIF Request Review: Terraces

Description	Base Year = 2007		2030	2031	2032
			TIF Year 23	TIF Year 24	TIF Year 25
<b>DEVELOPMENT PROGRAM</b>					
<b>% Completion</b>					
Retail			0%	0%	0%
Basement			0%	0%	0%
2nd Floor			0%	0%	0%
3rd Floor			0%	0%	0%
Common Area			0%	0%	0%
<b>Annual Development</b>					
Retail	4,736	sf	0	0	0
Basement	5,115	sf	0	0	0
2nd Floor	10,686	sf	0	0	0
3rd Floor	0	sf	0	0	0
Common Area	2,546	sf	0	0	0
<b>Cumulative Development</b>					
Retail			23,084	23,084	23,084
Basement			4,736	4,736	4,736
2nd Floor			5,115	5,115	5,115
3rd Floor			10,686	10,686	10,686
Common Area			0	0	0
			2,546	2,546	2,546
<b>PROPERTY TAX</b>					
<b>Market Value</b>					
Commercial Space	\$250 per sf	2.0% per year	\$ 7,034,664	\$ 7,175,358	\$ 7,318,865
<b>Appraised Value</b>					
Commercial Space	100.0%	of market value	\$ 7,034,664	\$ 7,175,358	\$ 7,318,865
<b>Assessed Value (1-yr. lag)</b>					
Commercial Space	29.00%	of appraised value	\$ 1,960,835	\$ 2,040,053	\$ 2,040,053
<b>Less: Base AV (2018)</b>	\$578,261	3.00% every 2 years	\$ 670,363	\$ 690,474	\$ 690,474
<b>Increment</b>			\$ 1,290,472	\$ 1,349,579	\$ 1,349,579
<b>TIF Revenue</b>	89.3390 per \$1,000 of AV		\$ 115,289	\$ 115,289	\$ 120,570
<b>SALES TAX</b>					
<b>Annual Sales</b>					
Retail	\$350 per sf	1.0% per year	\$ 1,831,022	\$ 1,849,332	\$ 1,867,825
Basement	\$0 per sf	1.0% per year	\$ -	\$ -	\$ -
2nd Floor	\$0 per sf	1.0% per year	\$ -	\$ -	\$ -
3rd Floor	\$0 per sf	1.0% per year	\$ -	\$ -	\$ -
Common Area	\$0 per sf	1.0% per year	\$ -	\$ -	\$ -
<b>Sales Tax</b>			\$ 66,832	\$ 67,501	\$ 68,176
Retail	3.65% sales tax rate		\$ 66,832	\$ 67,501	\$ 68,176
Basement	3.65% sales tax rate		\$ -	\$ -	\$ -
2nd Floor	3.65% sales tax rate		\$ -	\$ -	\$ -
3rd Floor	3.65% sales tax rate		\$ -	\$ -	\$ -
Common Area	3.65% sales tax rate		\$ -	\$ -	\$ -
<b>AGREEMENT ADJUSTMENT</b>					
<b>Total URA AV</b>	\$30,000,000 URA AV	2.0% per year	\$ 36,569,833	\$ 37,301,229	\$ 38,047,254
<b>Property Tax Less:</b>					
Tri-Party Agreement	25.89% County %	7.15% % of total	\$ 2,134	\$ 2,134	\$ 2,232
Fire District Rebate	7.48% Fire %	25.00% % of total	\$ 2,157	\$ 2,157	\$ 2,256
LRC Operating Expense	\$32,000 amount		\$ 1,716	\$ 1,750	\$ 1,716
<b>TIF SHARING SCENARIOS</b>					
			<b>Average</b>	<b>Total</b>	
<b>Property Tax</b>					
Scenario A	2032 end yr.	25.0%	of total TIF	\$19,722	\$256,382
Scenario B	2032 end yr.	50.0%	of total TIF	\$39,443	\$512,764
Scenario C	2032 end yr.	75.0%	of total TIF	\$59,165	\$769,146
Scenario D	2032 end yr.	100.0%	of total TIF	\$78,887	\$1,025,528
Scenario E	2032 end yr.	90.0%	of total TIF	\$70,998	\$922,975
<b>Sales Tax</b>					
Scenario A	2032 end yr.	25.0%	of total TIF	\$14,904	\$193,749
Scenario B	2032 end yr.	50.0%	of total TIF	\$29,808	\$387,498
Scenario C	2032 end yr.	75.0%	of total TIF	\$44,711	\$581,246
Scenario D	2032 end yr.	100.0%	of total TIF	\$59,615	\$774,995
Scenario E	2032 end yr.	0.0%	of total TIF	\$0	\$0
<b>PRESENT VALUE</b>					
<b>Property Tax</b>					
Scenario A	5.00%	discount rate	\$177,997	\$ 16,773	\$ 15,969
Scenario B	5.00%	discount rate	\$355,994	\$ 33,545	\$ 31,938
Scenario C	5.00%	discount rate	\$533,991	\$ 50,318	\$ 47,763
Scenario D	5.00%	discount rate	\$711,988	\$ 67,090	\$ 63,875
Scenario E	5.00%	discount rate	\$640,789	\$ 60,381	\$ 57,488
<b>Sales Tax</b>					
Scenario A	5.00%	discount rate	\$142,282	\$ 10,257	\$ 9,867
Scenario B	5.00%	discount rate	\$284,563	\$ 20,515	\$ 19,733
Scenario C	5.00%	discount rate	\$426,845	\$ 30,772	\$ 29,600
Scenario D	5.00%	discount rate	\$569,127	\$ 41,029	\$ 39,466
Scenario E	5.00%	discount rate	\$0	\$ -	\$ -

Source: Boulder Creek Neighborhoods; Economic & Planning Systems  
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**Table 7**  
**Mill Levy (As of 9/5/2019)**  
**TIF Request Review: Terraces**

Description	Mill Levy
BOULDER COUNTY GENERAL OPER	18.8320
BOULDER COUNTY ROAD & BRIDG	0.1860
BOULDER COUNTY PUBLIC WELFA	0.9980
BOULDER COUNTY DEVEL DISABI	1.0000
BOULDER COUNTY CAPITAL EXPE	1.3870
BOULDER COUNTY REFUND ABATE	0.1150
BOULDER COUNTY HEALTH & HUM	0.6080
BOULDER CO TEMP HS SAFETY N	0.9000
BOULDER VALLEY RE2 GENERAL	25.0230
BOULDER VALLEY RE2 BOND RED	8.1500
BOULDER VALLEY RE2 OVERRIDE	10.7220
BOULDER VALLEY RE2 ABATEMEN	0.2640
BOULDER VALLEY RE2 TRANSPOR	1.0990
BOULDER VALLEY RE2 CAP CONS	3.7090
CITY OF LOUISVILLE GENERAL	5.1840
CITY OF LOUISVILLE BOND RED	2.7500
NORTHERN COLO WATER CONTRAC	1.0000
URBAN DRAIN & FLOOD CTRL GE	0.7260
LOUISVILLE FIRE DIST GENERA	6.6860
<b>TOTAL</b>	<b>89.3390</b>
County Portion (% of Total)	25.89%
Fire District Portion (% of Total)	7.48%

Source: Boulder County Assessor; Economic & Planning Systems

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**Table 8**  
**Current Value (Base)**  
**TIF Request Review: Terraces**

Parcel Number	Land	Improvements	Total
<b>Actual Value</b>			
722 MAIN ST	\$600,000	\$50,000	\$650,000
712 MAIN ST	<u>\$500,000</u>	<u>\$844,003</u>	<u>\$1,344,003</u>
<b>Subtotal</b>	<b>\$1,100,000</b>	<b>\$894,003</b>	<b>\$1,994,003</b>
<b>Assessment Rate</b>	<b>29.00%</b>	<b>29.00%</b>	
<b>Assessed Value</b>			
722 MAIN ST	\$174,000	\$14,500	\$188,500
712 MAIN ST	<u>\$145,000</u>	<u>\$244,761</u>	<u>\$389,761</u>
<b>Subtotal</b>	<b>\$319,000</b>	<b>\$259,261</b>	<b>\$578,261</b>

Source: Boulder County Assessor; Economic & Planning Systems

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# REQUEST FOR TAX INCREMENT FINANCING

## Terraces

712-722 Main Street



Economic & Planning Systems, Inc.  
*The Economics of Land Use*

730 17<sup>th</sup> Street, Suite 630 ■ Denver, CO 80202  
303.623.3553 **38** [www.epsys.com](http://www.epsys.com)

# PRESENTATION OVERVIEW

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## EVALUATION OF REQUEST FOR TIF

### PURPOSE

- To provide the LRC with an overview of the market and financial analysis of the request for TIF submitted by Boulder Creek Neighborhoods.

### PRESENTATION OVERVIEW

- About EPS
- Project Overview
- Louisville Retail Market Overview
- “But for” Analysis
- TIF Revenue Sharing Options

# EPS

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REAL ESTATE ECONOMICS

PUBLIC FINANCE

LAND USE & TRANSPORTATION

ECONOMIC DEVELOPMENT & REVITALIZATION

FISCAL & ECONOMIC IMPACT ANALYSIS

HOUSING POLICY

PUBLIC PRIVATE PARTNERSHIPS (P3)

PARKS & OPEN SPACE ECONOMICS

**Dan Guimond**, Principal  
**Tim Morzel**, Vice President



# PROJECT OVERVIEW

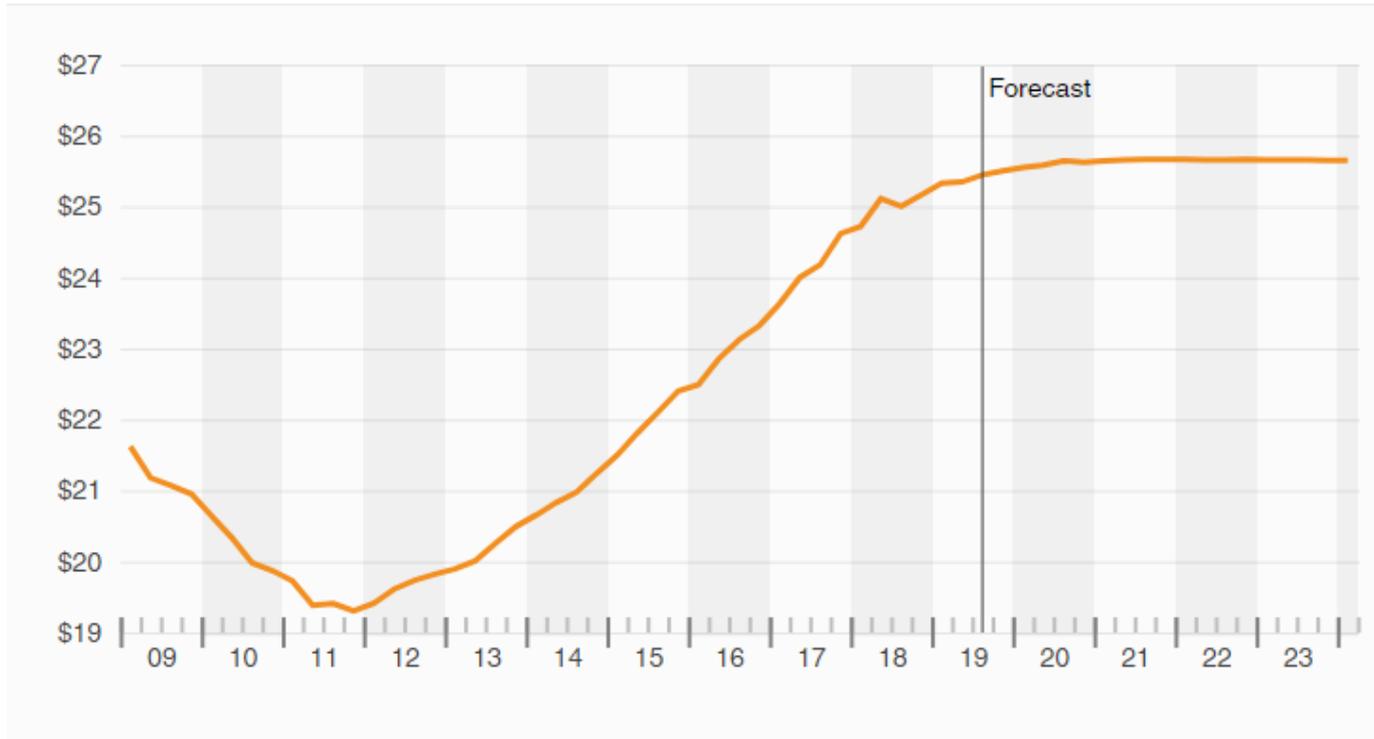
## KEY PROJECT ATTRIBUTES

- **Existing Use:** General office
- **Proposed Use:** Retail/restaurant space on ground floor and office space on second floor
- **Area:** 4,736 sf retail/restaurant space and 10,686 sf office space
- **Rental Rate:** Project is estimated to be able to achieve an average rental rate of \$29/sf (NNN) for the ground floor retail space and \$27.50/sf for the second floor office



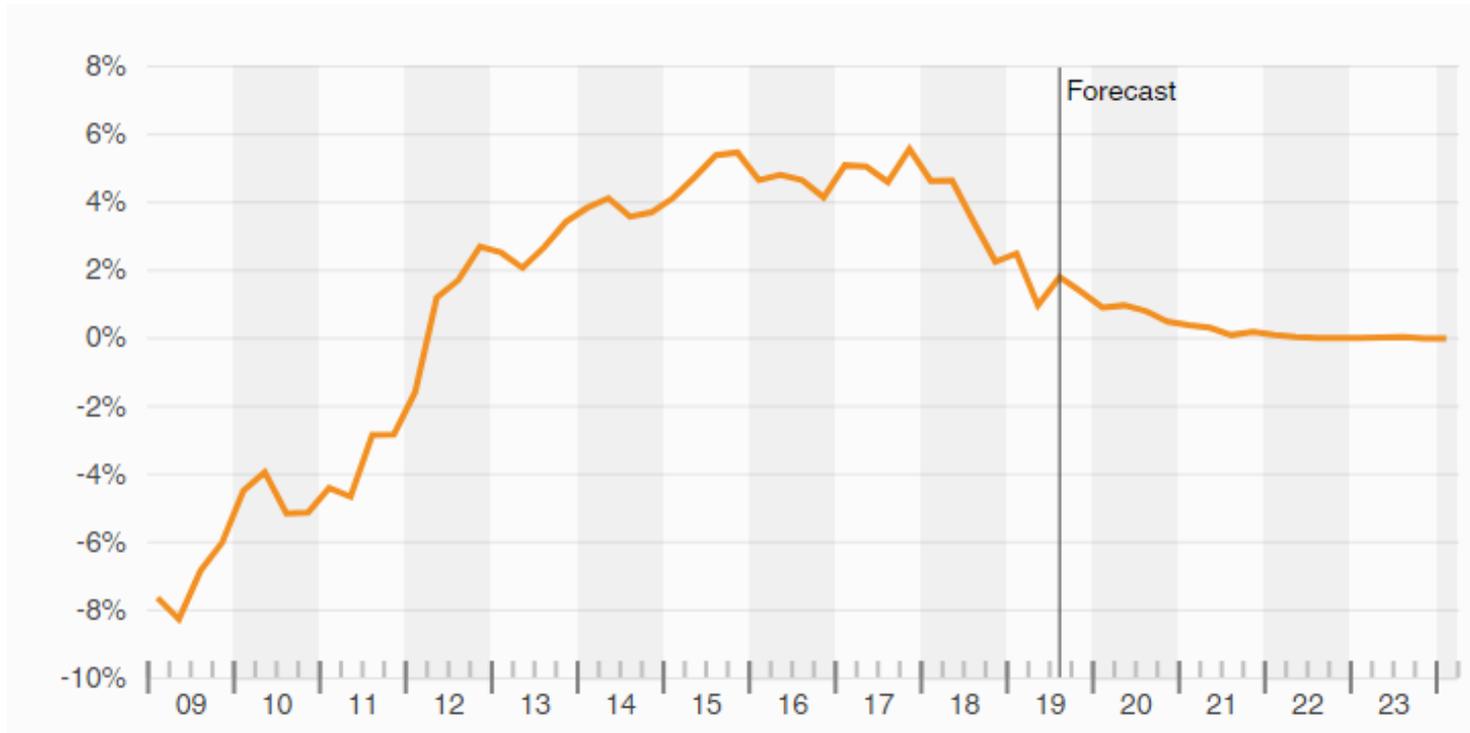
# RETAIL/RESTAURANT MARKET OVERVIEW

## AVERAGE RENTAL RATES (NNN), LOUISVILLE



# RETAIL/RESTAURANT MARKET OVERVIEW

## ANNUAL RENT GROWTH, LOUISVILLE



# PROJECT FEASIBILITY EVALUATION – “BUT-FOR” TEST

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## METHODOLOGY

Evaluate the performance of the project with and without an investment of public funds (i.e., “but-for” the investment of public revenues is the project feasible?).

### Yield on Cost (YOC)

- Evaluation of the static performance of the project based on net operating income (NOI) divided by total project costs.
- Yield on cost typically ranges from 6.0% to 8.0% (7.0% applied).

### Net Present Value (NPV)

- NPV is estimated by applying an appropriate discount rate to the annual project cash flows. The discount rate is used to bring future cash flows to a current net present value.
- The discount rate reflects the weighted average cost of capital and accounts for industry standards for return to debt and equity. The discount rate for this project is estimated at 9.0%.

# DEVELOPER RETURN

## WITH AND WITHOUT PUBLIC INVESTMENT: YOC APPROACH

### PROJECT COST

- Includes acquisition, site work, infrastructure, architecture & engineering, vertical construction, and others.

### ANNUAL REVENUE

- Assumes a rental rates of \$27.50 and \$29.00 per sf (NNN) and stabilized vacancy rate of 5.0%

Description	Without Public Investment	With Public Investment
<b>Yield on Cost Target</b>	<b>7.00%</b>	<b>7.00%</b>
<b>Project Cost</b>		
Total Project Cost	(\$7,083,690)	(\$7,083,690)
URA/City Investment	\$0	\$1,339,138
<b>Net Cost</b>	<b>(\$7,083,690)</b>	<b>(\$5,744,551)</b>
<b>Net Operating Income</b>	<b>\$402,119</b>	<b>\$402,119</b>
<b>Calculated Return on Cost</b>	<b>5.68%</b>	<b>7.00%</b>
<b>Project Gap</b>	<b>(\$1,339,138)</b>	<b>\$0</b>

**YIELD ON COST GAP ESTIMATE**  
= \$1.34 million

← YOC Gap Closure Target

Source: Economic & Planning Systems

# DEVELOPER RETURN

## WITH AND WITHOUT PUBLIC INVESTMENT: NPV APPROACH

- Income escalated at 2.0% per year
- Terminal Cap Rate of 6.5%
- Project Discount Rate of 9.0%

**NET PRESENT VALUE GAP ESTIMATE**  
= \$1.01 million

← NPV Gap Closure Target

Description	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Construction Cost</b>											
Land Cost / Acquisition	-\$1,387,750	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Hard Costs	-\$3,635,325	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Soft Costs	-\$1,058,555	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Tenant Improvements	<u>-\$1,002,060</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Subtotal</b>	<b>-\$7,083,690</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Project Revenues</b>											
Net Operating Income	\$0	\$333,734	\$385,797	\$451,795	\$447,493	\$456,443	\$465,571	\$474,883	\$484,380	\$494,068	\$503,949
Net Disposition Revenue	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$7,710,427</u>
<b>Subtotal</b>	<b>\$0</b>	<b>\$333,734</b>	<b>\$385,797</b>	<b>\$451,795</b>	<b>\$447,493</b>	<b>\$456,443</b>	<b>\$465,571</b>	<b>\$474,883</b>	<b>\$484,380</b>	<b>\$494,068</b>	<b>\$8,214,376</b>
<b>NET REVENUES</b>	<b>-\$7,083,690</b>	<b>\$333,734</b>	<b>\$385,797</b>	<b>\$451,795</b>	<b>\$447,493</b>	<b>\$456,443</b>	<b>\$465,571</b>	<b>\$474,883</b>	<b>\$484,380</b>	<b>\$494,068</b>	<b>\$8,214,376</b>
<b>NPV w/out Subsidy</b>	<b>-\$1,012,454</b>	9.0% discount rate									
<b>Internal Rate of Return</b>	<b>6.87%</b>										

# PROJECT PERFORMANCE

## KEY ASSUMPTION SENSITIVITY ANALYSIS

- Analysis relies on a number of key assumptions.
- The most important of which are estimated rents and construction costs.

### Rental Rate

Time Series Estimate: Retail Rental Rate						
		Project Discount Rate				
		8.50%	8.75%	9.00%	9.25%	9.50%
Retail	\$23.49	-\$1,168,743	-\$1,273,469	-\$1,375,820	-\$1,475,856	-\$1,573,639
	\$26.10	-\$990,370	-\$1,098,258	-\$1,203,699	-\$1,306,756	-\$1,407,491
	\$29.00	-\$792,178	-\$903,579	-\$1,012,454	-\$1,118,867	-\$1,222,883
	\$31.90	-\$593,986	-\$708,900	-\$821,209	-\$930,979	-\$1,038,275
	\$35.09	-\$375,974	-\$494,754	-\$610,839	-\$724,301	-\$835,205

Time Series Estimate: Retail Rental Rate						
		Project Discount Rate				
		8.50%	8.75%	9.00%	9.25%	9.50%
2nd Floor	\$22.28	-\$1,597,907	-\$1,695,024	-\$1,789,939	-\$1,882,709	-\$1,973,388
	\$24.75	-\$1,216,246	-\$1,320,129	-\$1,421,657	-\$1,520,889	-\$1,617,886
	\$27.50	-\$792,178	-\$903,579	-\$1,012,454	-\$1,118,867	-\$1,222,883
	\$30.25	-\$368,110	-\$487,029	-\$603,251	-\$716,846	-\$827,881
	\$33.28	\$0	-\$28,824	-\$153,128	-\$274,622	-\$393,378

### Construction Cost

Time Series Estimate: Construction Hard Cost						
		Project Discount Rate				
		8.50%	8.75%	9.00%	9.25%	9.50%
Cost per sf	\$128	-\$101,466	-\$212,868	-\$321,742	-\$428,156	-\$532,171
	\$142	-\$428,645	-\$540,047	-\$648,922	-\$755,335	-\$859,351
	\$157	-\$792,178	-\$903,579	-\$1,012,454	-\$1,118,867	-\$1,222,883
	\$173	-\$1,155,710	-\$1,267,112	-\$1,375,987	-\$1,482,400	-\$1,586,416
	\$191	-\$1,555,596	-\$1,666,998	-\$1,775,872	-\$1,882,286	-\$1,986,301

**Key Take Away:** The estimated project gap could significantly increase if construction costs are higher than what is currently included in the pro forma or if the project is unable to achieve the estimated rental rates.

# PROPERTY TAX INCREMENT REBATE

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## KEY CONSIDERATIONS

### TIF Rebate Options

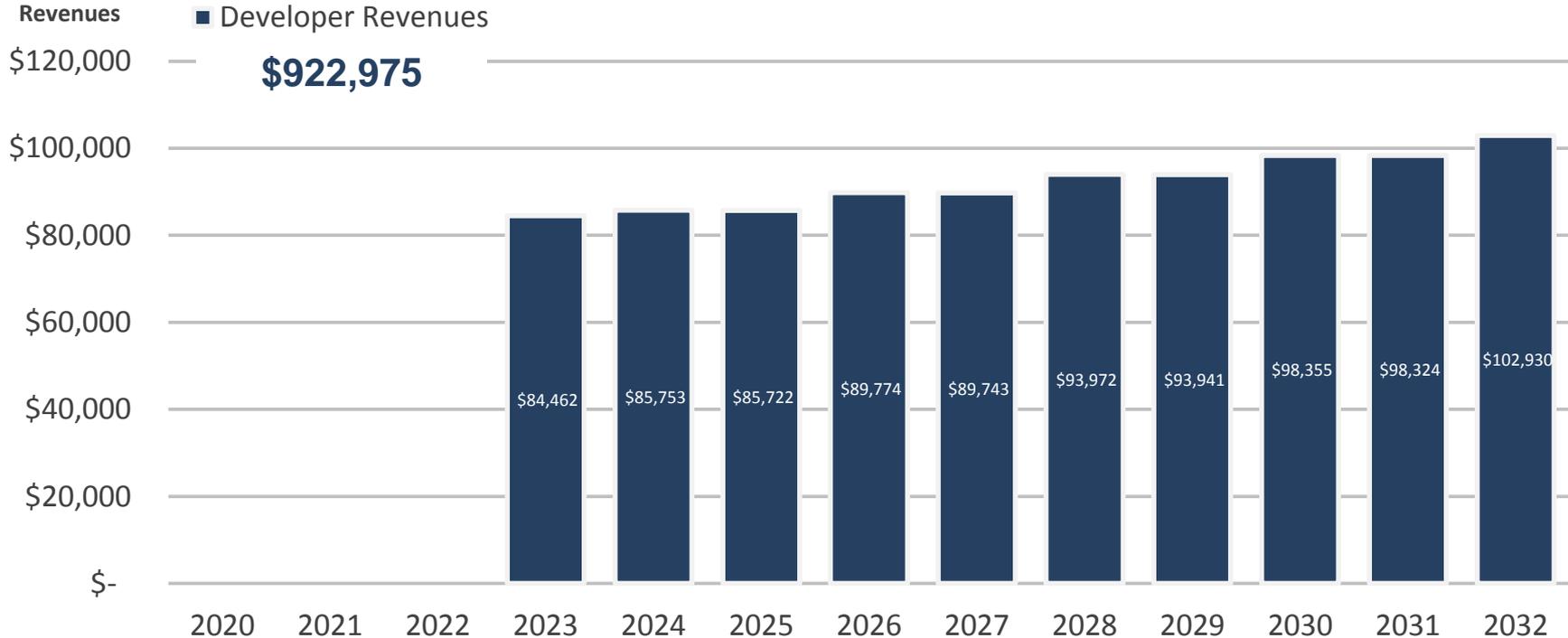
- 90% of TIF, 10 years: generates \$923,000 in nominal revenues which have a **present value of \$640,800**. Results in a project IRR of 8.17% and a YOC of 6.25%.
- 50% of TIF, 5 years: generates \$242,000 in nominal revenues which have a **present value of \$189,700** . Results in a project IRR of 7.24% and a YOC of 5.83%.
- Both options result in a remaining project gap

### Key Assumptions

- Development value is estimated at \$250 per square foot
- Depending on the assessors valuation of the property, property values may be as high as \$300 per square foot
- Results in a 30% increase in total TIF revenues

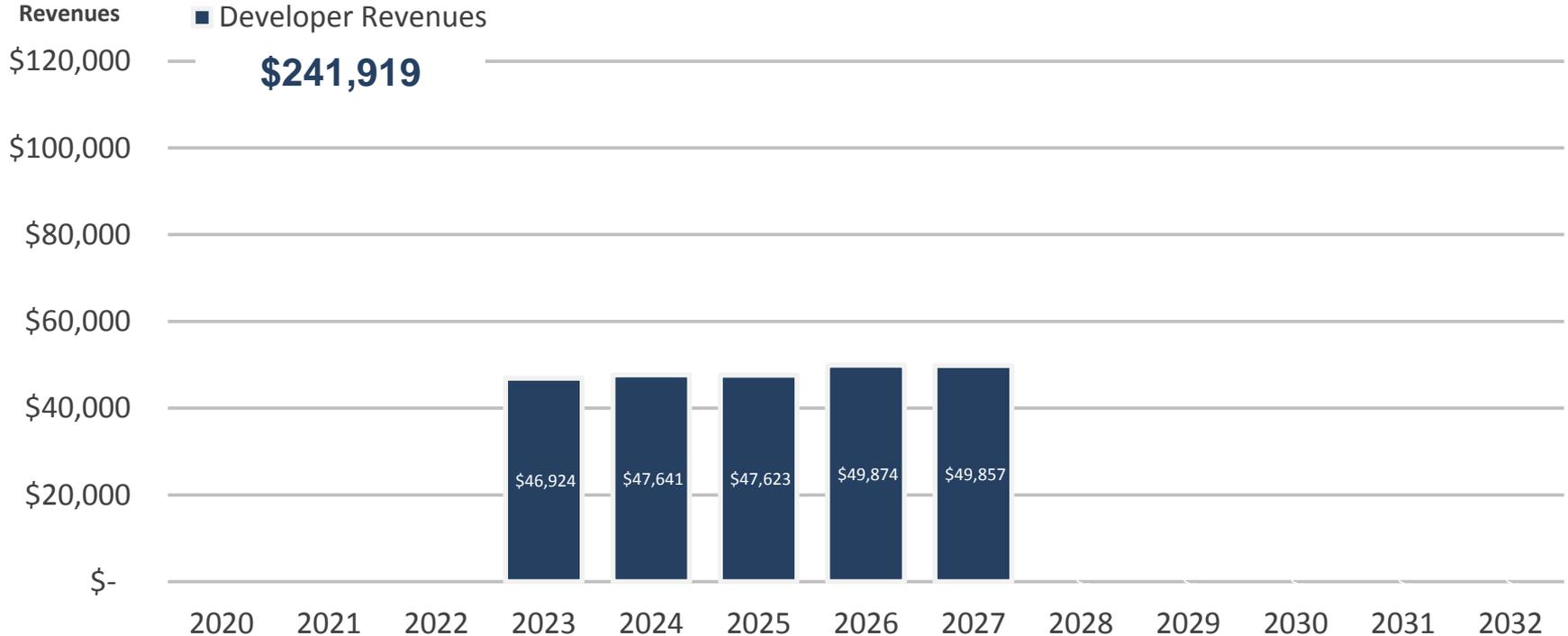
# SUMMARY OF TIF REBATE

90% OF TOTAL, 10 YEARS – PROPERTY TAX INCREMENT



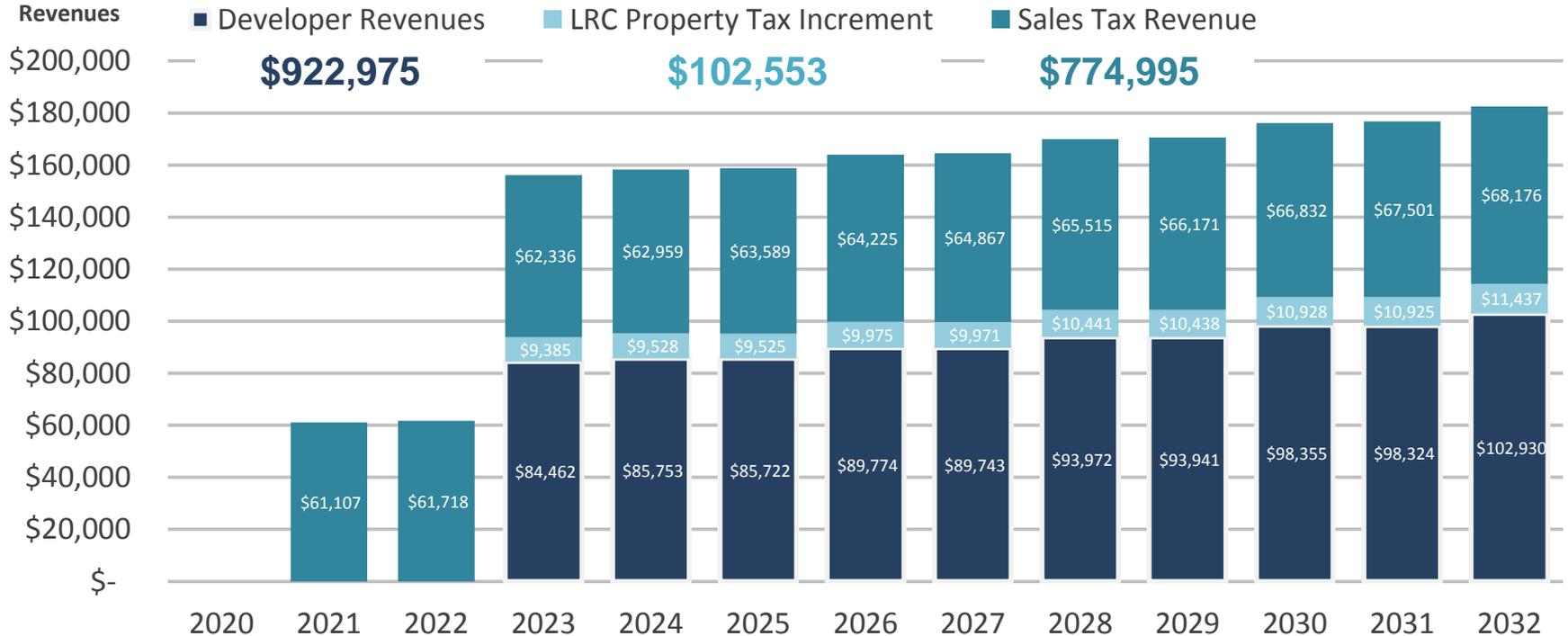
# SUMMARY OF TIF REBATE

50% OF TOTAL, 5 YEARS – PROPERTY TAX INCREMENT



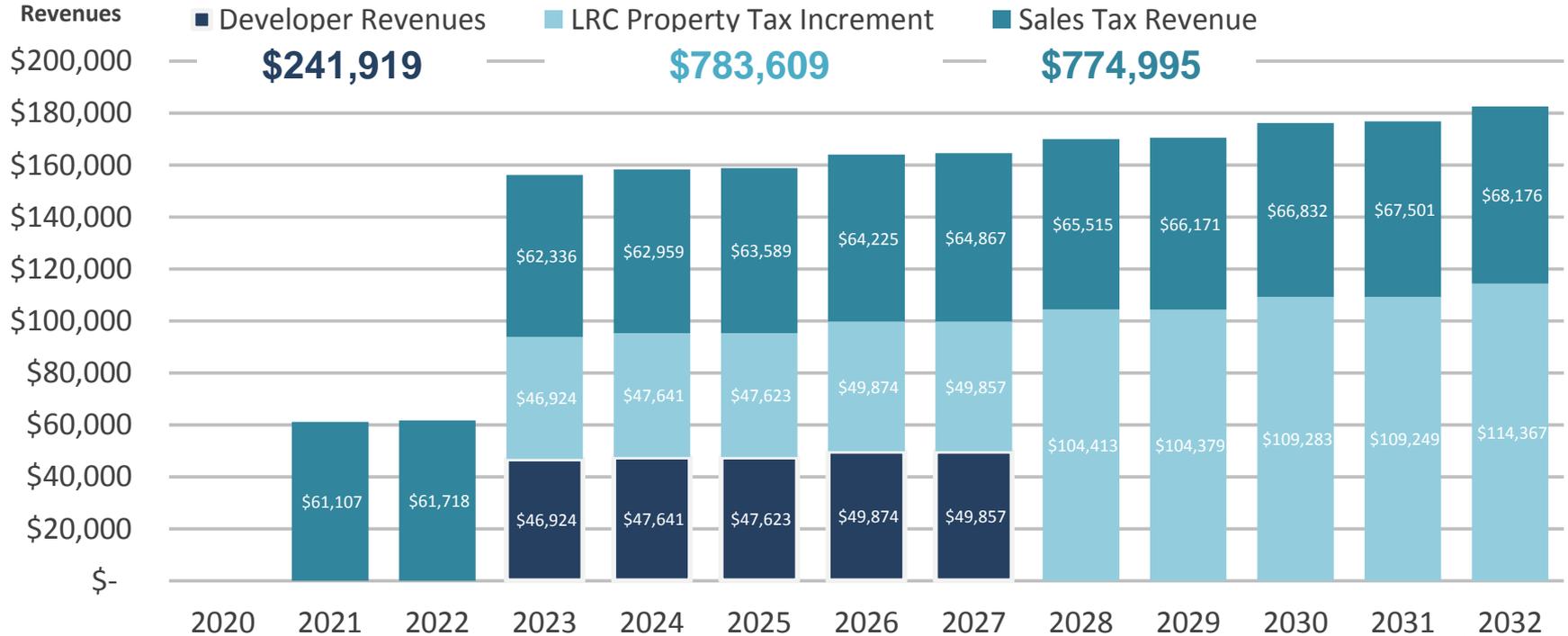
# SUMMARY OF TOTAL TAX REVENUES

90% OF TOTAL, 10 YEARS



# SUMMARY OF TOTAL TAX REVENUES

50% OF TOTAL, 5 YEARS



## ***Louisville Revitalization Commission***

**Monday, March 11, 2019  
Louisville Public Library  
Library Conference Room  
951 Spruce Street (Northwest entrance)  
7:30 AM**

- I. Call to Order
- II. Roll Call
- III. Approval of Agenda
- IV. Approval of February 11, 2019 Meeting Minutes
- V. Public Comments on Items Not on the Agenda (Limit to 3 Minutes)
- VI. Welcome to New LRC Commissioner
- VII. Reports of Commission
- VIII. Business Matters of Commission
  - a. RESOLUTION: A Resolution approving the Property Tax Increment Rebate Agreement with 712 Main LLC and 722 Main LLC
    - i. Staff Presentation
    - ii. Public Comments (Please limit to three minutes each)
    - iii. Commissioner Questions and Comments
    - iv. Action
  - b. Outline for TIF 101 Discussion in April
- IX. Items for Next Regular Meeting April 8, 2019, 7:30 am Library Meeting Room
  - a. Discuss Delo Lofts East / West application
  - b. Review Budget and consider addition of line item for bond sinking fund/bond retirement.
  - c. Urban Renewal document refresher discussion
  - d. Develop list of items to discuss with City Council (after the TIF 101 discussion)
- X. Commissioners' Comments
- XI. Adjourn

# **Louisville Revitalization Commission**

## **Minutes**

**Monday, February 11, 2019  
Louisville Public Library  
Library Conference Room  
951 Spruce Street (NW entrance)**

**Call to Order** – Chair Steve Fisher called the meeting to order at 7:30 am in the Louisville City Library at 951 Spruce Street, Louisville, CO.

**Commissioners Present:** Chair Steve Fisher  
Hank Dalton  
Alex Gorsevski  
Mayor Pro Tem Jeff Lipton  
Bob Tofte

**Staff Present:** Heather Balsler, City Manager  
Aaron DeJong, Economic Development Director  
Rob Zuccaro, Planning and Building Safety Director  
Kathleen Kelly, Attorney to the City of Louisville  
Dawn Burgess, Executive Assistant to the City Manager

**Others Present:** John Leary, Bill Cordell, Jim Tienken, Steve Erickson,  
Dave Sinkey, Eric Hartronft

**Approval of Agenda**  
Approved as presented

**Approval of January 14, 2019 Minutes:**  
Approved as presented

**Public Comments on Items Not on the Agenda**  
None

**Welcome to Jeff Lipton**

**Reports of Commission**  
None

## **Business Matters of Commission**

- **Resolution 19-01: A Resolution approving the Property Tax Increment**

### **Staff presentation**

Economic Development Director Aaron DeJong gave a presentation on the Terraces on Main Project. The PUD is subject to approval by Council. It is a 22,000 sf office and retail building proposed to be built at 712-722 Main. First floor retail, first and second floor office space, third story rooftop area, 18 parking stalls.

Estimated construction cost is \$6.6m

Planned to go before Council on March 5<sup>th</sup> (NOTE: After this meeting the date was moved to March 19, 2019). This project is the first application seeking financial direct assistance for redevelopment.

The staff analysis concluded the project will remove blight factors, has a positive effect on property values, and advances the goals the Urban Renewal Area. The project shows the assistance is needed to achieve a reasonable financial return. The LRC directed staff to prepare and agreement for LRC review.

### **Main Terms of the TIF Rebate Agreement**

- Developer will need CO from City
- Once project is complete the LRC will begin making annual TIF rebate payments to developer equal to 90% of the increased taxes paid on property, less other defined LRC financial obligations
- Total payment of \$1,110,000
- Rebate Agreement terminates on February 18, 2023 if the project is not completed.

Staff recommends approval by LRC of Resolution 19-01 for Terraces on Main TIF Rebate Agreement.

### **Public Comments**

None

### **Commissioner Questions and Comments**

Gorsevski asked about parking. Original plan was to do split level parking providing 35 spaces. Current parking is 18 spaces

Tofte – if property is sold within 10 years, rebate can be assigned? Yes

Fisher – first direct financial assistance request? Yes.

First TIF request was Safeway, mostly for stormwater, sidewalk, and parking lot improvements.

Fisher – we can make whole this commitment early? No penalty for early repayment.

Schedule for construction? No schedule, per Dave. Project is marginal from a financial perspective. Over next couple of years, need to flesh out rental rates. 7% return is difficult to attract investors.

### **Action**

Commissioner Dalton moved to approve the Resolution. Commissioner Gorsevski seconded.

### **Discussion**

Mayor Pro Tem Lipton said he will abstain on vote stating here has not been any foundational work by Council. Council will have policy questions. Policy issues could be: have not been presented with TIF sharing issue before. If you approve this one, will you approve others as use-by-right? What is the high community benefit? Use-by-right, does it provide significant community benefit?

Mayor Pro Tem Lipton said the LRC has to deal with this in their role as will Council. Council needs to think of other project that may pursue this assistance.

Commissioner Dalton said City Council will have to deal with the parking issue. There are policy issues City Council will have to address. He said Council may say they have not been properly prepared. LRC sends items to council to think about.

Commissioner Tofte said he is comfortable tying monies to be given for specific items rather than money given for direct financial assistance.

DeJong said the assistance will go towards the construction of the building, parking improvement fee, public walkway, underground electrical.

John Leary said he does not understand the parking. This project will create a 40 space deficit. DeJong said this building needs to provide 23 spaces, in accordance with the Downtown Design Guidelines and Overlay.

Building and Planning Safety Director Rob Zuccaro said less parking is required downtown; it is less desirable to have parking on a lot by lot basis. There is a

different ratio for parking if this was built in a different area of the city. He said we are not here to discuss parking policy. That is a Council discussion.

Dave Sinkey of Boulder Creek Builders said they are two plus years and \$100k into this PUD process. He asked Mayor Pro Tem Lipton why he thinks this is a use by right? He said that as a business person in the community, his company would benefit from better guidance from Council, using this project as a test case.

Commissioner Dalton encouraged everyone to vote affirmatively to get this in front of Council.

Chair Fisher called for a vote:

Gorsevski – yes

Dalton – yes

Fisher – yes

Tofte – no

Lipton - abstain

The resolution approved by a 3-1 vote. (NOTE: after the meeting the Urban Renewal Plan states a redevelopment agreement must be approved by a majority of the entire LRC, not just those in attendance. The item will need to be reconsidered).

This item is planned to go after PUD go on March 5<sup>th</sup>. (NOTE: After the meeting, the date was changed to March 19, 2019)

- **Review of City Council Parking Discussion held on January 22, 2019**

On January 22<sup>nd</sup> Commissioner Dalton and Andy Johnson gave a presentation related to a conceptual parking structure to City Council.

Many members of the public attended and voiced that they felt a parking structure would be too character changing for downtown and not necessary. Council agreed and told the LRC to stop working on a parking structure.

Commissioner Gorsevski said the meeting was instructive. Everyone was critical. We are looking backward, not forward. We need to think more broadly. How big is the problem? Is it just in the summer? Is it just Friday night? People brought up self-driving cars though Gorsevski thinks that is a ways away. People are interested in green solutions. Solutions other than people driving and parking cars.

Commissioner Dalton said if Council wants to move on parking issue which they now believe is not an issue, they need to decide how to move. Council needs to rely on staff and themselves to decide what they want to do about parking, if anything. He does not see any consensus from Council on any one or two things related to parking.

Commissioner Fisher asked if we have a signal at Short St will that relieve parking? DeJong does not think so. City Manager Balsler said the signal is a partnership with CDOT, Boulder County, City. And part of a much larger project.

Mayor Pro Tem Lipton said the LRC did exactly what Council asked you to do. Council needed to know that for future planning. The intent was never to approve a structure; the LRC provided the information Council asked for. He said there is less urgency and parking is less perceived as an issue. It is not perfect but not the urgency we had 5 years ago. He said the status quo won't remain status quo if we build out downtown to its potential and that the renderings energized emotions.

- **Future discussion meetings with City Council**

No more parking discussions – how might we allocate funds?

Mayor Pro Tem Lipton said there has been little collaboration between LRC and Council. His goal is to enhance collaboration so the LRC is not running into brick wall. He would like to develop common vision; do foundation work to make conversations productive and do a better job that Council has understanding of urban renewal.

Chair Fisher said City Attorney Kelly will give the LRC an Urban Renewal refresher in April.

There are 8 or 10 applicants for LRC – maybe move refresher to April? There was discussion about inviting all of City Council to the meeting where Ms. Kelly gives the Urban Renewal refresher to the LRC.

March meeting Staff will provide an outline for the refresher.

Mayor Pro Tem Lipton plans to attend LRC and provide regular reports to Council.

Commissioner Dalton said there are a lot of process items over the next few months unless we generate discussion about what projects/infrastructure issues LRC attention and money, we ought to begin looking at them. City Manager Balsler said there are old lists of infrastructure and staff and the LRC can also look at how other municipalities are using their TIF.

**Discussion Items for Monday, March 11, 2019**

Review Budget and consider addition of line item for bond sinking fund/bond retirement

(Postponed till April but provide outline) Urban Renewal document refresher

List of items to discuss with Council

Invite Council to April meeting for URA refresher

**Commissioners Comments:**

Commissioner Gorsevski asked for a Sam's Club update. DeJong said Council wanted McCaslin study update. He said Council was presented with 3 options, redevelopment of parcel by parcel. Council asked staff to move forward with GDP for private development community to see. DeJong will forward last Tuesday packet. Mayor Pro Tem Lipton asked LRC to look at option 2.

Jim Tienken asked what is planned for modifying the restrictive covenants. DeJong said the City will be working with property owners to adjust them.

**Adjourn:**

The meeting adjourned at 8:31 am.

**SUBJECT: RESOLUTION APPROVING A REBATE AGREEMENT FOR TERRACES ON MAIN PROJECT AT 712-722 MAIN STREET**

**DATE: MARCH 11, 2019**

**PRESENTED BY: AARON M. DEJONG, ECONOMIC DEVELOPMENT**

**SUMMARY:**

Terraces on Main Street is an office and retail redevelopment project proposed by Boulder Creek Neighborhoods at 712-722 Main Street in downtown Louisville. The redevelopment consists of a new 22,020 sf office and retail building with 18 parking stalls. Boulder Creek Neighborhoods is requesting a 90% rebate of the expected increase in property taxes generated by the redevelopment.

This resolution, if approved, approves the attached TIF Rebate Agreement with 712 Main LLC and 722 Main LLC. The agreement must also be approved by the Louisville City Council in accordance with the Amended and Restated Cooperation Agreement last approved on November 17, 2015.

**This resolution is coming back the LRC for consideration as redevelopment rebate agreements must be approved by a majority of the LRC board, not just a majority of those in attendance. At the February meeting, the vote was 3-1 in favor. Four votes are needed.**

**BACKGROUND:**

Boulder Creek Neighborhoods has submitted plans to the City to redevelop 712-722 Main Street into a 2-3 story, 22,020 office and retail building with 18 off-street parking stalls. The properties currently have two single-story buildings totaling 7,558 sf which have been converted to office space for Boulder Creek Neighborhoods. The first floor is designed to accommodate retail and service-retail uses.

Boulder Creek submitted plans to the City for a larger project in 2018 that included a larger third story and additional parking along the alley. City Council requested the project be resubmitted with changes. Boulder Creek in response has provided the resubmitted plans currently proceeding through the development process.

The assistance requested is for direct financial assistance to facilitate the redevelopment project as the developer states the project is not financially feasible since the rental rates that can be achieved in the Louisville market today do not support the development costs. The assistance requested is 90% rebate of the increased property taxes resulting from the new value of development above the existing value of the property.

The LRC reviewed the application at their January 2019 meeting and directed staff to prepare a TIF Rebate Agreement with the Developer for the project. Staff and the applicant have finalized the attached agreement for LRC and City Council consideration.

**DISCUSSION:**

The LRC with previous applications have reviewed projects based on it furthering the following three goals:

- Removing Blight Factors
- Effect on Property Values
- Advancement of the Urban Renewal Area

Since this application is the first to submit for direct financial assistance to private development (previous projects have requested assistance with building infrastructure), staff also analyzed the project’s need for financial assistance to construct the project.

Several Colorado municipalities have provided direct assistance to private developments. Through conversations with colleagues running other authorities or doing research on websites, the following is a list of such projects spurred by TIF assistance directly:

- [Colorado National Bank](#) in Denver – Restoration and redevelopment of the historic building into a luxury hotel. \$10,000,000 TIF reimbursement assistance to the project.
- [2460 Welton](#) development in Denver – redevelopment of a vacant lot into a residential and retail mixed use building. \$1,350,000 in developer reimbursement through property tax TIF.
- [Marriott](#) in Colorado Springs - \$15,000,000 TIF bond to construct a parking structure for a new Marriott property.
- Cannon Mine Café and The Post in Lafayette – tenant improvement assistance through existing TIF revenues
- [Hilton Garden Inn](#) in Arvada - \$3,200,000 in land contribution and lodging tax revenues
- [Arvada Ridge Marketplace](#) – \$6,670,000 Sales and Property Tax Pledge to encourage the redevelopment

This analysis does not go into the detail of the planning related components of the project. Boulder Creek Neighborhoods has resubmitted PUD documents to the City’s Planning Department and will be reviewed by the Planning Commission and City Council separately.

The following is staff’s analysis of the project and how it does or does not meet the three goals plus the need for public assistance.

**Removing Blight Factors**

The 2006 Louisville Highway 42 Revitalization Area Conditions survey identified properties that contributed to the blight conditions that were present in the area. Those blight conditions are as follows:

- a. Deteriorating Structures
- b. Faulty Street Layout
- c. Faulty Lots
- d. Unsanitary/unsafe Conditions
- e. Deteriorating Site or other improvements
- f. Unusual Topography or Inadequate Public Improvements
- h. Danger to Life or Property from Fire or Other Causes
- k.5 High Service Requirements or Site Underutilization

The determination of blight for the Highway 42 Urban Renewal Plan is for the entire defined district. It is not a determination for each and every parcel within the UR Area. Therefore, all of the properties within the UR Area are determined to have blighting factors present.

The Conditions Survey in 2006, which was used to determine whether blighting factors exist in the UR Area, identified 712-722 Main Street contributing to two of the identified blight factors.

The first is Condition F. Unusual topography or inadequate public improvements. The reason is due to the downtown area being reliant upon overhead power and telecommunications infrastructure. It is considered an impediment to modern development and redevelopment in the current real estate market.

The second blight factor is Condition H. Danger to life or property from fire or other causes. The reason stated is most commercial structures lack sprinkler systems.

Boulder Creek in their application have noted the properties in their estimation meet additional blighting factors which include the following:

- a. Deteriorating Structures  
The buildings are becoming functionally obsolescent due to age and type of structure.
- c. Faulty lot layout in relation to size, adequacy, accessibility, or usefulness  
The proposed lots will allow for additional square footage which will enhance the vibrancy of downtown
- e. Deterioration of site or other improvements  
The buildings are becoming obsolete.

In summary, Staff finds the Project will address blighting factors present in the Highway 42 Urban Renewal Area in the following ways:

- Unusual topography or inadequate public improvements. The new development will have underground utility service, removing this identified contributor to the blight factor. A new sidewalk will be constructed with the project. The project will also provide additional parking spaces and parking fee-in-lieu revenue for additional parking.
- Danger to life or property from fire or other causes. The new development will have fire suppression systems required of all new development in Louisville.
- Faulty lot layout in relation to size, adequacy, accessibility, or usefulness. A mixed-use building designed for retail and office uses can better mitigate the deep lot and building profile these properties need to better utilize the land. The two parcels are being combined to mitigate the deep lot and facilitates a better designed office and retail building.

**Effect of Project on Property Values**

The project when completed will have significant positive impact on property value. The following are the assumptions for valuing the property after the Terraces on Main project is completed:

	<u>Value per sf</u>	<u>Total Value</u>
Existing development (2017 value)	\$222.30	\$1,680,190
Per sf value of new development (office, retail, and parking)	\$250	\$6,604,250

Attached is a 10-year TIF valuation analysis for the Terraces on Main project. Boulder Creek’s TIF 90% rebate request for a 10 year period would equal \$1,109,500 assuming the 90% rebate applies to the increases in property taxes levied on the development less its pro-rata share of the County’s 7.15% shareback and City Staff payments.

The total annual TIF generated from this project at full buildout would be \$119,500 in 2022. This is a significant increase in downtown commercial property values and is worthy of due consideration for assistance from the LRC.

**Advancement of the Urban Renewal Area**

The Highway 42 Urban Renewal Plan was approved December 2006. The stated purpose of the Highway 42 Urban Renewal Plan is as follows:

*The purpose of the Highway 42 Revitalization Area Urban Renewal Plan is to reduce, eliminate and prevent the spread of blight within the Urban Renewal Area and to stimulate growth and reinvestment within the Area boundaries, on surrounding blocks and throughout downtown. In particular, this Urban Renewal Plan is intended to promote local objectives with respect to appropriate land uses, private investment and public improvements provided that the delineation of such objectives shall not be construed to require that any particular project*

*necessarily promote all such objectives. Specifically, the Plan promotes an environment which allows for a range of uses and product types which can respond to market conditions over time; further the goals and objectives of the Louisville Comprehensive Plan, Highway 42 Framework Plan and any other relevant policy document; and, leverage the community's investment in public improvement projects in the Area.*

*While the principal goal of the urban renewal effort is, as required by the Act, to afford maximum opportunity, consistent with the sound needs of the City of Louisville (the "City") as a whole to redevelop and rehabilitate the Area by private enterprise, it is not intended to replace the efforts of area business development or marketing organizations.*

*The rehabilitation and redevelopment of properties within the Urban Renewal Area will be accomplished through the improvement of existing structures and infrastructure, attraction of new investment and reinvestment, and prevention of deterioration of properties in the Area. The effort will involve the Commission and City with participation and cooperation by the private sector.*

The Plan's purpose clearly states the desire eliminate blight and to stimulate growth and reinvestment. This project would be a significant reinvestment in downtown of over \$5,500,000 adding new business opportunities. The office and retail mixed-use design meets the evolving market conditions in downtown by increasing amenities and office space.

The Development and Design Objectives within the Highway 42 Urban Renewal Plan area as follows:

*The development objectives for the Urban Renewal Area include establishment of a variety of uses that will allow projects to respond to changing market conditions. Proposed land uses within the Urban Renewal Area include commercial, office, residential, commuter, public, and parking. Design objectives for the Urban Renewal Area also promote flexibility, adaptability to a range of uses and product types and consistency with prevailing market conditions. Other objectives include:*

- a) Eliminate and prevent blight*
- b) Improve relationship between this area and surrounding areas (neighborhoods, downtown, open space)*
- c) Increase property values*
- d) Provide uses supportive of and complementary to planned improvements (transit)*
- e) Encourage a mix of uses and/or mixed-use projects*
- f) Promote a variety of products to address multiple income segments*
- g) Provide ease of vehicular and pedestrian circulation and improve*

- connections*
- h) Encourage continued presence of businesses consistent with the plan vision*
  - i) Provide a range of financing mechanisms for private property re-investment and investment*
  - j) Mitigate impacts from future transportation improvements*
  - k) Encourage public-private partnerships to implement the plan*
  - l) Adjust parking ratios to reflect future densities*
  - m) Encourage shared parking among projects in area*
  - n) Develop higher design standards including flexible lighting and signage standards*
  - o) Landscape streetscapes to unify uses and plan components*

The proposed project meets the development and design objectives for several reasons:

- It will address the UR Area's blighting factors, as described above.
- It will enhance the downtown area with additional office and retail space.
- The resulting property values will be significantly more than the current value of the property.
- The office/retail mixed-use design will add to downtown.
- The project will enhance pedestrian circulation through new sidewalks adjacent to the project.
- The project will house multiple businesses in downtown.
- Assisting the development is an example of public-private partnerships.
- The project is expecting to pay the parking improvement fee, which will encourage shared parking through the City's parking program.
- The design meets the downtown design guidelines.

Staff finds the Terraces on Main project meets the intent of the Highway 42 Urban Renewal Plan and advances its goals.

### **Need for Financial Assistance**

As the Applicant is requesting direct financial assistance from the LRC by way of Tax Increment Financing, analysis needs to be conducted to determine whether the development needs the assistance to be successful. In urban renewal terms, this is the "but for" test. The development will not happen "but for" the assistance being provided. The applicant has submitted a 10-year cash flow projection, a sources and uses summary and a summary of development costs to review its need for assistance.

Within the submitted financial documents, several assumptions are being made to model the financial performance of the project. The main assumptions are:

- Triple Net lease rate of \$29 per square foot (psf) for Retail, \$27.50 psf for office, and \$5 psf for basement storage space. Vacancy rate of 5%. Rental rates increase 2% annually.

- Acquisition for new ownership entity of \$1,387,750 representing paying off existing debt. Remaining equity will be rolled into the new ownership entity.
- Total construction cost and related costs of \$5,695,940. This assumes demolition, core and shell, architectural, and tenant finish costs per square foot of \$250.
- Exit in year 10 by way of a property sale based on 95% occupancy in 2028 with a capitalization rate of 7.5%.
- Debt financing with 25 year term, 5% annual interest, payments made monthly.

All of these assumptions appear to be reasonable from a proforma exercise as they are within the range of the downtown Louisville market and pricing expectations.

Attached is a 10-year TIF valuation analysis for the Terraces on Main project. Boulder Creek's 90% TIF rebate request for a 10 year period would equal \$1,109,500 assuming the 90% rebate applies to the increases in property taxes levied on the development less its pro-rata share of the County's 7.15% shareback and City Staff payments.

The key component of determining if the project needs the assistance is if the rate of return meets, exceeds, or is below a reasonable range for a project commensurate with its risk profile. In Colorado, commercial real estate development is highly speculative, takes a significant amount of time, expertise, and planning to receive approval for development, and the rental market can swing wildly with the macro economic conditions. Commercial projects tend to move forward when a project proforma identifies a capital rate of return greater than 15% annual return over a long period of time. Projects with a proforma less than that either don't move forward, have characteristics which allow for returns to be less (i.e. an owner occupied project), or they need assistance to get the profit expectations higher to better reflect the associated risk.

Boulder Creek is modeling a 10 year rate of return on equity of .15% if no TIF assistance, and 7.28% if assistance is provided.

Achieving a proforma capital rate of return on equity of 7.28% with TIF assistance is a low expected return given the risk profile of a Louisville downtown redevelopment project. Without the TIF assistance, the expected rate of return of .15% is too low for a for-profit developer to choose to move forward with the project.

Staff finds the request for TIF assistance to meet the "but for" test in that the project would not move forward without the public assistance.

### **Redevelopment Agreement**

Staff and the Applicant prepared the attached TIF Rebate Agreement upon the direction given by the LRC at their January 2019 meeting. Below is a summary of the main terms of the agreement:

1. Developer will construct and receive a Certificate of Occupancy (CO) from the City for the Project.
2. Once the project is complete, the LRC will begin making annual TIF Rebate payments to Developer equal to 90% of the increased taxes paid on the property less other defined LRC financial obligations (the 2015 Cooperation Agreement, the Tri-Party Agreement, and LRC operating expenses).
3. Total maximum Rebate payments is \$1,110,000. Annual payments will continue until the payment cap is met or the TIF revenue collection period for the Highway 42 Urban Renewal Area expires.
4. The agreement terminates on February 18, 2023 if the project has not be completed.
  - a. This date represents the three year initial term of the PUD plus one year for construction.
5. Assignment of the TIF Rebate Agreement is permitted if the assignment is to;
  - a. Any entity who is an affiliate of the Developer provided such assignment is of the Agreement in its entirety to a single entity;
  - b. A successor in title to 100% of the Developer's ownership interest in the Project; and
  - c. A lender to the Developer provided such assignment is limited to a collateral assignment or pledge of the amounts payable to the Developer

**FISCAL IMPACT:**

The TIF Rebate Agreement is based upon the increased property tax revenue generated by the redevelopment. It is a commitment to rebate future revenues not currently being received by the LRC. This agreement does not commit existing TIF revenue, so there is not current year fiscal impact. Future year LRC budgets will incorporate this rebate commitment once the redevelopment project is complete.

This agreement does not impact the City's budget as the committed property tax rebate payments are an obligation of the LRC, a separate organization from the City.

**RECOMMENDATION:**

Staff recommends approving the attached resolution approving the TIF Rebate Agreement with 712 Main LLC and 722 Main LLC to provide financial assistance to the planned redevelopment project. If approved, the agreement will go to the Louisville City Council for their consideration in accordance with the Amended and Restated Cooperation Agreement last approved on November 17, 2015.

**SUBJECT: RESOLUTION APPROVING 712-722 MAIN STREET AGREEMENT**

**DATE: MARCH 11, 2019**

**PAGE 9 OF 9**

**ATTACHMENTS:**

1. Resolution
2. Staff Presentation
3. Property Tax TIF Rebate Agreement with 712 Main LLC and 722 Main LLC
4. Application for Assistance from Boulder Creek Neighborhoods
5. Staff TIF Estimate

**LOUISVILLE REVITALIZATION COMMISSION  
RESOLUTION NO. 19- \_\_\_\_\_**

**A RESOLUTION APPROVING THE PROPERTY TAX INCREMENT REBATE  
AGREEMENT WITH 712 MAIN LLC AND 722 MAIN LLC.**

**WHEREAS**, the Louisville Revitalization Commission (LRC) is charged with addressing issues contributing to blight within the Urban Renewal Area; and

**WHEREAS**, 712 Main LLC and 722 Main LLC has requested assistance from the LRC in the redevelopment of property at 712 and 722 Main Street, which is located within the Urban Renewal Area; and

**WHEREAS**, the LRC assistance to redevelop the property will reduce, eliminate and prevent the spread of blight within the Urban Renewal Area and stimulate growth and reinvestment within the Area boundaries; and

**WHEREAS**, a Property Tax Increment Rebate Agreement, attached hereto, has been developed to outline certain financial terms regarding financial assistance for new public and/or private improvements; and

**WHEREAS**, a majority of the entire LRC must approve redevelopment or rebate agreements in accordance with the Highway 42 Urban Renewal Plan; and

**WHEREAS**, the LRC is willing to assist in public and private improvements associated with the redevelopment project.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE LOUISVILLE REVITALIZATION COMMISSION:**

**Section 1.** The Property Tax Increment Rebate Agreement with 712 Main LLC and 722 Main LLC (the “Agreement”) is hereby approved, subject to approval by the Louisville City Council.

**Section 2.** The Chair of the Louisville Revitalization Commission is hereby approved to sign the Agreement once approved by the Louisville City Council in accordance with the Amended and Restated Cooperation Agreement between the LRC and City of Louisville dated November 17, 2015.

CONTINUED ON NEXT PAGE

**THE RESOLUTION APPROVING THE PROPERTY TAX INCREMENT  
REBATE AGREEMENT WITH 712 MAIN LLC AND 722 MAIN LLC IS  
ADOPTED** this 11<sup>th</sup> day of March, 2019.

ATTEST:

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Secretary

  
City of  
Louisville  
COLORADO • SINCE 1878

**Terraces on Main Project  
Assistance Application**

Louisville Revitalization Commission

  
City of  
Louisville  
COLORADO • SINCE 1878

**Terraces on Main**

- **Project Summary**
  - 22,262 square foot office and retail building
  - First floor retail design
  - First and second floor office
  - Third story services for rooftop area
  - 18 parking stalls
  - \$6,600,000 estimated construction costs

**Terraces on Main**

  
City of  
Louisville  
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City of  
Louisville  
COLORADO • SINCE 1878

**Terraces on Main**

- **First application seeking direct financial assistance for a redevelopment**
  - Provided application,
  - 10 year projection
  - Sources and uses budget

**Assistance In Other Cities**

  
City of  
Louisville  
COLORADO • SINCE 1878

- [Colorado National Bank](#) in Denver – Restoration and redevelopment of the historic building into a luxury hotel. \$10,000,000 TIF reimbursement assistance to the project.
- [2460 Welton](#) development in Denver – redevelopment of a vacant lot into a residential and retail mixed use building. \$1,350,000 in developer reimbursement through property tax TIF.
- [Marriott](#) in Colorado Springs - \$15,000,000 TIF bond to construct a parking structure for a new Marriott property.
- Cannon Mine Café and The Post in Lafayette – tenant improvement assistance through existing TIF revenues
- [Hilton Garden Inn](#) in Arvada - \$3,200,000 in land contribution and lodging tax revenues
- [Arvada Ridge Marketplace](#) – \$6,670,000 Sales and Property Tax Pledge to encourage the redevelopment

  
City of  
Louisville  
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**Terraces on Main**

- **Staff Analysis**
  - Previous used categories:
    - Removing Blight Factors
    - Effect on Property Values
    - Advancement of the Urban Renewal Area
  - Additional analysis
    - Need for Financial Assistance

Terraces on Main 

- Removing Blight Factors
  - F. Unusual topography or inadequate public improvements
    - Providing underground utility service; noted condition in UR Plan
  - H. Danger to life or property from fire or other causes
    - Fire suppression system in new development; noted condition in UR Plan

Terraces on Main 

- Removing Blight Factors
  - C. Faulty lot layout in relation to size, adequacy, accessibility, or usefulness
    - Mixed-use building can mitigate the deep lot and building profile of the existing properties. Higher and better use of the property with redevelopment.
  - Applicant noted two other blight factors:
    - Deteriorating Structures and Deterioration of Site
      - Staff felt these factors were not met.

Terraces on Main 

- Effect on Property Values
  - How significant is the increase of property values?
    - 10 year TIF analysis shows \$119,500 in new revenue after construction.
    - Approximately \$5,000,000 in new taxable property value in the UR District

Terraces on Main 

- Advancement of Urban Renewal Area
  - Purpose of UR Plan:
    - “Reduce, eliminate and prevent the spread of blight ... and to stimulate growth and reinvestment within the Area boundaries, on surrounding blocks and throughout downtown”
    - Terraces redevelopment would be a significant reinvestment for the downtown area
    - Adds additional office and retail space in the area

Terraces on Main 

- Advancement of Urban Renewal Area
  - Several Plan Objectives met as well;
    - It will address three blighting factors, as described above.
    - Enhance the downtown area with additional office and retail space.
    - Property values will be significantly more than the current value
    - The office/retail mixed-use design will add to downtown.
    - Enhance pedestrian circulation through new sidewalks
    - Project will house multiple businesses in downtown.
    - Example of public-private partnerships.
    - Encourage shared parking through the City’s parking program.
    - Meets the downtown design guidelines.

Terraces on Main 

- Need for Financial Assistance
  - Will the project not happen ‘but for’ the assistance?
  - Main Assumptions:
    - NNN lease rate of
      - \$29 per square foot (psf) for Retail,
      - \$27.50 psf for office, and
      - \$5 psf for basement storage space.
      - Vacancy rate of 5%. Rental rates increase 2% annually.
    - Acquisition for new ownership entity of \$1,387,750 representing paying off existing debt.
    - Total construction cost and related costs of \$5,695,940. This assumes demolition, core and shell, architectural, and tenant finish costs per square foot of \$250.
    - Exit in year 10 by way of a property sale based on 95% occupancy in 2028 with a capitalization rate of 7.5%.
    - Debt financing with 25 year term, 5% annual interest, payments made monthly.

Terraces on Main 

- Need for Financial Assistance
  - Applicant stating they need 90% TIF rebate to further the project
    - Approximately \$110,000 per year
  - Rate of Return
    - Without assistance = .15%
    - With assistance = 7.28%
    - Projects with similar risk profile have a range of 10-15% return

Terraces on Main 

- TIF Rebate Agreement
  - Developer will construct and receive a Certificate of Occupancy (CO) from the City for the Project.
  - Once the project is complete, the LRC will begin making annual TIF Rebate payments to Developer equal to 90% of the increased taxes paid on the property less other defined LRC financial obligations (the 2015 Cooperation Agreement, the Tri-Party Agreement, and LRC operating expenses).

Terraces on Main 

- TIF Rebate Agreement
  - Total maximum Rebate payments is \$1,110,000. Annual payments will continue until the payment cap is met or the TIF revenue collection period for the Highway 42 Urban Renewal Area expires.
  - The agreement terminates on February 18, 2023 if the project has not be completed.
    - This date represents the three year initial term of the PUD plus one year for construction.
  - Assignment of the TIF Rebate Agreement is permitted to similarly owned entities

Terraces on Main 

Staff recommends the LRC approve Resolution approving the TIF Rebate Agreement with 712 Main LLC and 722 Main LLC

- Applicant presentation
- Comments
- LRC Discussion / Direction

## PROPERTY TAX INCREMENT REBATE AGREEMENT

This Property Tax Increment Rebate Agreement (this “Rebate Agreement”) is made as of \_\_\_\_\_, 2019, by and between the LOUISVILLE REVITALIZATION COMMISSION (the “LRC”) and 712 MAIN LLC AND 722 MAIN ST LLC limited liability companies in the State of Colorado (the “Developer”) (The LRC and Developer are collectively the “Parties”).

### RECITALS

A. The LRC is a public body corporate and politic authorized to transact business and exercise its powers as an urban renewal authority under and pursuant to the Colorado Urban Renewal Law, Part 1 of Article 25 of Title 31, C.R.S. (the “Act”).

B. The Developer is the owner of certain real property legally described as follows: Lot 8 and 9, Block 3, Town of Louisville located in the SE ¼ Section 8, R69W of the 6<sup>th</sup> P.M. City of Louisville (the “Property”).

C. The Developer proposes to redevelop the Property as a mixed-use development to include the construction of one mixed-use building consisting of 22,020 sf of office and retail uses and 5,802 sf parking area (the “Project”), to include associated public and private infrastructure improvements (the “Project Improvements”). A more detailed description of the Project Improvements is attached as Exhibit A.

D. The Project is located within the area (the “Plan Area”) described in the Highway 42 Revitalization Area Urban Renewal Plan (the “Plan”). Completion of the Project and Project Improvements will remove barriers to development and remediate blight and adverse conditions within the Plan Area, and will be carried out in furtherance of the purposes of the Act and Plan.

E. The LRC finds that entering into this Rebate Agreement will promote the redevelopment of an area within the Plan Area and LRC boundaries and will remediate adverse conditions within the Plan Area in a manner consistent with the Plan, and will provide a mechanism for assisting in the financing of Project Improvements that benefit the City of Louisville (the “City”) and its residents.

F. The Plan provides for financing the activities and undertakings of the LRC by means of property tax allocation or tax increment financing (“Property Tax TIF”) in accordance with Section 31-25-107(9) of the Act.

G. The LRC previously entered into that certain Amended and Restated Cooperation Agreement dated November 17, 2015 (the “2015 Cooperation Agreement”), which provides that the LRC shall repay to the City Costs and Expenses incurred by the

City for the provision of Operating Funds and Support Services for the LRC, as further defined and set forth in the 2015 Cooperation Agreement.

H. The LRC also previously entered into that certain Tri-Party Agreement with the County of Boulder dated December 5, 2006 (the "Tri-Party Agreement") which provides that commencing on January 1, 2015, there shall be paid to the County certain County TIF Revenues, as further defined and set forth in the Tri-Party Agreement.

I. The LRC also previously executed that certain Term Sheet for the Core Area Infrastructure Project dated May 13, 2013 (the "Core Area Term Sheet"), which provides for the potential future issuance of LRC bonds payable from Property Tax TIF revenues from the Highway 42 Core Project Area as further defined and set forth in the Core Area Term Sheet.

J. The LRC intends that LRC financing assistance for the construction of the Project Improvements be limited to certain Property Tax TIF revenue received by the LRC from the Property (and no other properties in the Plan Area) and available to the LRC after payment of any amounts required to be paid pursuant to the 2015 Cooperation Agreement, the Tri-Party Agreement, and amounts the LRC may reasonably require for ongoing operating, administrative, consulting and other costs (the "LRC Operating Expenses"), and subordinate to bonds issued pursuant to the Core Area Term Sheet, all in accordance with the terms and conditions set forth herein.

K. The LRC is authorized to enter into this Rebate Agreement pursuant to the Act, including without limitation C.R.S. Section 31-25-105(1)(b), which authorizes an urban renewal authority to enter into agreements to carry out the purposes of the Act.

## AGREEMENT

NOW THEREFORE, in consideration of the foregoing and the following terms and conditions, the Parties agree as follows:

1. Construction of Project. In conjunction with the development of the Project, Developer will finance, design and construct the Project and Project Improvements with its own funds.

2. LRC Financial Assistance. Commencing with the first full fiscal year following issuance of a certificate of occupancy for the Project and ending on the first to occur of (i) payment to Developer of \$1,110,000.00 of Pledged Revenue Payments or (ii) expiration of the Property Tax TIF provision of the Plan ("Pledged Revenue Term"), and in accordance with Section 31-25-107(9)(a)(II) of the Act, the LRC shall deposit within a special fund (the "Special Fund") all property tax revenues received by the LRC as a result of the property tax mill levies imposed upon the valuation of the Property, limited to

amounts generated from new valuation resulting from completion of the Project Improvements (by obtaining a Certificate of Occupancy for the new building) above the January 1, 2018 assessed valuation of the Property (\$320,030 for Parcel 157508423009 plus \$167,226 for Parcel 157508423005, for a total assessed valuation of \$487,256), and except for such amounts as the LRC may reasonably require for payment of obligations under the 2015 Cooperation Agreement, the Tri-Party Agreement, and payment of LRC Operating Expenses (which shall be limited to the Property's pro-rata share of such expenses) (the "Pledged Revenues"). This Rebate Agreement is limited solely to Pledged Revenues from the Property and includes no revenues generated from any other properties in the Plan Area. An illustrative example of the method for calculations is attached as Exhibit B. The Special Fund may be a new or existing fund and the Pledged Revenues may be comingled with other funds, all as shall be determined by the City Finance Director.

a. The Pledged Revenue shall be used to reimburse Developer for costs associated with the Project Improvements as shown in Exhibit A, and paid according to the payment schedule set forth below (the "Pledged Revenue Payments"). The Pledged Revenue available for reimbursement of costs associated with Project Improvements shall be transferred from the Special Fund to Developer within sixty (60) days after receipt of such funds by the LRC.

b. Notwithstanding any provisions of this Rebate Agreement to the contrary, the Parties agree:

- (i) The Pledged Revenue Payments shall be limited to no more than ninety percent (90%) of all Pledged Revenue generated from the Property.
- (ii) The total of all Pledged Revenue Payments made according to this Rebate Agreement is limited to \$1,110,000 or whatever lesser amount is generated from the Property during the Pledged Revenue Term prior to the time that the Property Tax TIF provision of the Plan expires.
- (iii) If, in any year, no Property Tax TIF revenue is generated by the Property and received by the LRC, no rebate payments under this Rebate Agreement shall be due to the Developer for that year.
- (iv) If, in any year, the LRC receives no Property Tax TIF revenues because there is for the Plan Area no increment value in excess of the base value for the Plan Area, no rebate payments under this Rebate Agreement shall be due to the Developer for that year.

- (v) If, in any year, the LRC receives Property Tax TIF revenues but the amount received is less than the amount necessary to pay all obligations that are on parity with this Rebate Agreement, then the rebate payments made to the Developer under this Rebate Agreement for such year shall be on a pro-rata basis.
- (vi) The LRC may prepay at any time without penalty any amounts payable under this Rebate Agreement, and may make payment with any source of funds available to the LRC.
- (vii) The LRC may use for any lawful purpose amounts not required for payments under this Rebate Agreement.

c. The Parties shall each keep, or cause to be kept, proper and current books and accounts in which complete and accurate entries shall be made for costs associated with the Project and amounts paid out from the Special Fund.

3. Entire Agreement. This instrument shall constitute the entire agreement between the LRC and Developer and supersedes any prior agreements between the Parties and their agents or representatives, all of which are merged into and revoked by this Rebate Agreement with respect to its subject matter. Contact information is as follows:

**If to Developer:**

712 Main St LLC and 722 Main St LLC  
Attn: David Sinkey  
712 Main Street  
Louisville, CO 80027  
Phone: (303) 544-5857  
dsinkey@livebouldercreek.com

**If to LRC:**

Louisville Revitalization Commission  
Attn: Economic Development  
749 Main Street  
Louisville, CO 80027  
303.335.4531  
aarond@louisvilleco.gov

4. Termination. This Rebate Agreement shall terminate and become void and of no force or effect upon the LRC if, by February 18, 2023, Developer has not completed the Project Improvements (as evidenced by a successful final inspections for the Project Improvements); or should fail to comply with any City code after proper notice and reasonable opportunity to cure the same. This Rebate Agreement shall automatically

terminate upon expiration or termination of the Property Tax TIF provision of the Plan, and upon such expiration or termination, the Parties' obligations hereunder shall terminate, whether or not any Pledged Revenues have been paid to Developer.

5. Subordination. The LRC's obligations pursuant to this Rebate Agreement are subordinate to the LRC's obligations for the repayment of any current bonded indebtedness, to the extent such obligations are in effect as of the date of this Rebate Agreement, and to the LRC's obligations for the repayment of any bonds issued pursuant to the Core Area Term Sheet and, further, are contingent upon the existence of a surplus of Property Tax TIF revenues in excess of the Property Tax TIF revenues necessary to meet such existing or future bonded indebtedness. The LRC shall meet its obligations under this Rebate Agreement only after the LRC has satisfied all other obligations with respect to the use of Property Tax TIF revenues for such existing or future bond repayment purposes. For the purposes of this Rebate Agreement, the terms "bonded indebtedness," "bonds," and similar terms describing the possible forms of indebtedness include all forms of indebtedness incurred by the LRC, including, but not limited to, general obligation bonds, revenue bonds, revenue anticipation notes, tax increment notes, tax increment bonds, and all other forms of contractual indebtedness of whatsoever nature that is in any way secured or collateralized by Property Tax TIF revenues of the LRC as of the date of this Rebate Agreement, including, the 2015 Cooperation Agreement, the Tri-Party Agreement, and such terms also include any bonds issued pursuant to the Core Area Term Sheet and payment of the Property's pro-rata share of LRC Operating Expenses, to all of which this Rebate Agreement is expressly subordinate. The LRC further shall have the right to issue other bonds that are on parity with or are junior to this Rebate Agreement.

6. Governing Law: Venue. This Rebate Agreement shall be governed and construed in accordance with the laws of the State of Colorado. In the event of a dispute concerning any provision of this Rebate Agreement, the Parties agree that prior to commencing any litigation, they shall first engage in good faith the services of a mutually acceptable, qualified, and experience mediator, or panel of mediators for the purpose of resolving such dispute. In the event such dispute is not fully resolved by mediation or otherwise within 60 days a request for mediation by either Party, then either Party may commence legal proceedings regarding the dispute. The venue for any lawsuit concerning this Rebate Agreement shall be in the District Court for Boulder County, Colorado.

7. Legal Challenge; Escrow. The LRC shall have no obligation to make any payment hereunder during the pendency of any legal challenge to this Rebate Agreement. The Parties covenant that neither will initiate any legal challenge to the validity or enforceability of this Rebate Agreement, and the Parties will cooperate in defending the validity or enforceability of this Rebate Agreement against any challenge by any third Party. Any funds appropriated for payment under this Rebate Agreement shall be escrowed in a separate LRC account in the event there is a legal challenge to

this Rebate Agreement. In the event performance of any material term of this Rebate Agreement is rendered impossible as the result of any legal challenge, the LRC at its option may terminate this Rebate Agreement, in which case the Parties' obligations hereunder shall terminate; provided, however, that the LRC shall pay to Developer any Pledged Revenues accrued and appropriated for payment under this Rebate Agreement prior to such termination, to the extent permitted by law and any applicable court order.

8. Assignment. This Rebate Agreement is personal to Developer and Developer may not assign any of the obligations, benefits or provisions of the Rebate Agreement in whole or in any part without the expressed written authorization of the LRC, which consent shall not be unreasonably withheld; provided, that an assignment shall be permitted (i) to any entity who is an affiliate of the Developer provided such assignment is of the Agreement in its entirety to a single entity; (ii) to a successor in title to 100% of the Developer's ownership interest in the Project; and (iii) to a lender to the Developer provided such assignment is limited to a collateral assignment or pledge of the amounts payable to the Developer hereunder. Any purported assignment, transfer, pledge, or encumbrance made without such prior written authorization shall be void.

9. No Joint Venture. Nothing in this Rebate Agreement is intended or shall be construed to create a joint venture between the LRC and Developer and the LRC shall never be liable or responsible for any debt or obligation of Developer.

NEXT PAGE IS THE SIGNATURE PAGE

This Rebate Agreement is enacted this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**712 MAIN ST LLC**

A Colorado Limited Liability Company

By: \_\_\_\_\_  
David Sinkey

ATTEST:

\_\_\_\_\_  
\_\_\_\_\_  
Print Name

**LOUISVILLE  
COMMISSION**

**REVITALIZATION**

\_\_\_\_\_  
Steve Fisher  
Chair

ATTEST:

\_\_\_\_\_  
Alex Gorsevski, Secretary

**722 MAIN ST LLC**

A Colorado Limited Liability Company

By: \_\_\_\_\_  
David Sinkey

ATTEST:

\_\_\_\_\_  
\_\_\_\_\_  
Print Name

## EXHIBIT A

### Description of Project Improvements

#### New Structure

- Construction of a new 3-level office and retail building of 22,262 square feet and 5,802 square feet parking area for 18 parking stalls.

Estimated Cost: \$5,500,000

#### Parking Improvement Fee

Parking improvement fee for 5 stalls not provided on-site but needed to achieve the Project's parking requirements

Estimated Cost: \$91,305

#### Public Walks

- New walkway along Main Street

Estimated Cost: \$30,000

#### Electrical

- New underground electrical service infrastructure

Estimated Cost: \$75,000

**Total Project Improvements Cost: \$5,696,305**

## Exhibit B

### Calculations to determine TIF Rebate for a Budget Year

**Amounts described are for illustrative purposes only and are not amounts for the property subject to this agreement.**

Taxable Value of Parcel for Budget Year (Value as January 1 of the previous Year)	\$200,000.00
Less: Taxable Value of Parcel for Base Year	<u>\$100,000.00</u>
Equals: Taxable Increment	\$100,000.00
Multiplied by Mill Levy (tax per \$1000 of taxable valuation)	85.187
Equals: Property Tax Increment from Property ( $\$100,000 * 85.187 / 1000$ )	\$8,518.70
Less: Property's portion of Tri-Party Agreement (Assessed Value of Property / Total Assessed Value of Urban Renewal Area * Total Increment collected * Tri-Party Agreement payment percentage) $\$200,000 / \$30,000,000 * \$65,000 * 14.3\%$	\$61.96
Less: Property's portion of 2015 Cooperation Agreement (Taxable Value of Property / Total Value of Urban Renewal Area * 2015 Cooperation Agreement payment for Budget Year) $\$200,000 / \$30,000,000 * \$31,000$	\$206.66
Less: Property's Portion of LRC Operating Expenses (Taxable Value of Property / Total Value of Urban Renewal Area * LRC Operating Expenses payment for Budget Year) $\$200,000 / \$30,000,000 * \$32,000$	<u>\$213.33</u>
<b>Equals: Total Pledged Revenues</b>	<b>\$8,036.75</b>

Annual payment is 90% of Pledged Revenue calculated.

# Louisville Revitalization Commission

## Application for Assistance

Parties interested in assistance from the Louisville Revitalization Commission must provide the following information to be considered.

Project Name: 712-722 Main Street PUD (Terraces on Main Street)

Applicant Name: Boulder Creek Neighborhoods

Main Contact: Rick Woodruff

Address: 712 Main St, Louisville, Co. 80027

Phone: 303-591-5914 Email: rwoodruff@livebouldercreek.com

Project Location: Downtown Louisville

Name, Address & Phone of Property Owner of Project Location (if different than Applicant): \_\_\_\_\_

N/A

Summary of Project: The redevelopment consists of a two story office/retail redevelopment and a basement. The building is 26,417 sf and includes

an elevator, stairs and 18 parking spaces. The developer will need to pay for 5 additional parking spaces to meet the amount needed per code. The two current  
buildings, 712 and 722 Main St., will be demolished and the new building will be developed on the same two lots.

Estimated Total Cost of Project: \$7,100,000

Summary of Request for Assistance: Applicant is requesting a TIF consisting of 90% of the property taxes above the current property

taxes paid.

Additional Items to be submitted as Attachments:

- 1) Detailed description of the Project with supporting visuals (i.e. plans, designs).
- 2) Applicant's experience with similar projects, if applicable.
- 3) Detailed description of the request for assistance from the Urban Renewal Authority.
- 4) Description of the community benefits resulting from the Project, including the blight conditions the project will address (complete Attachment C with description).
- 5) Discussion of how the project improves the project property and neighboring properties.
- 6) Financials for the project. Applicant must provide a 10-year proforma for the project, a Sources and Uses Budget for the entire project, and assumptions for retail sales and assessed value of the Project for residential and commercial uses by year. (not required is requested assistance is only for public infrastructure)
- 7) Timeframe of implementation of the Project
- 8) Discussion of Project risks.

Applicant Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

\*Submitted applications and attachments are public documents and the information provided will be provided to and used by public entities to evaluate and describe the project.

# Louisville Revitalization Commission

## Blight Conditions Description for Project

Project Name: 712-22 Main Street PUD (Terraces on Main St)

Please provide a short description of how the project addresses the following blight conditions identified in the Urban Renewal Area.

a) Slum, deteriorated, or deteriorating structures;	The current building's are becoming functionally obsolescent due to their age and type of structure
b) Predominance of defective or inadequate street layout;	N/A
c) Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;	The current lots will allow for additional square footage which will enhance the vibrancy of downtown
d) Unsanitary or unsafe conditions;	N/A
e) Deterioration of site or other improvements;	Building Obsolescence
f) Unusual topography or inadequate public improvements or utilities;	N/A
g) Defective or unusual conditions of title rendering the title nonmarketable;	N/A
h) The existence of conditions that endanger life or property by fire or other causes;	N/A
i) Buildings that are unsafe or unhealthy for persons to live or work	N/A
j) Environmental contamination of buildings or property;	N/A
k.5) The existence of health, safety, or welfare factors requiring high levels of services	N/A

Question #1: Project Description

Project Overview:

The redevelopment of 712-722 Main Street is intended to provide additional office and retail space downtown. The existing one-story buildings, originally constructed in 1968/1960, totaling 7,558 sf, will be replaced by a new 22,020 sf building with a main floor parking garage that will provide 18 total spaces for the project. The intent of the design regarding parking is to provide the majority of required parking on-site, with the ability to convert the parking to commercial space if it is more desirable from the City's point of view, or the owners' perspective in the future. This could be due to future increases in the City's public parking capacity, changing demographics and attitudes towards private vehicles as primary transportation, or other factors. The building is also designed with a 5,560 sf basement which is not currently served by the on-site parking, and currently designated for storage and utility use.

If the basement is converted to be used as commercial space in the future, or if the space currently shown as parking on the main level is converted to commercial space, then the fee in lieu of on-site parking would be provided for the lost spaces, as well as the demand generated by the habitable space.

Architectural Design Concept:

Downtown buildings require particular attention to design and massing to relate to the existing architectural fabric of Downtown and to contribute to the history and vibrancy of Downtown. Louisville's Main Street is characterized by a diverse, eclectic mix of building styles and periods of Louisville's history, including our current time.

The building presents a one and two story facade at the street. Of particular importance to this project is the proximity to the historic building to the south, currently housing the Huckleberry Restaurant, formerly Louisville's bank at the turn of the last century. To respect this one-story historic structure, the southern half of the Main Street facade is designed at one-story, actually lower than the historic parapet. The second level steps up from the one story portion 26 feet back from the Main Street façade to accommodate this transition to the one story historic building.

The building facade at Main Street is envisioned as a composition of three parts: a pair of 2-story storefront facades, patterned after typical western false front buildings in scale and pattern; and a low, one-story retail storefront replacing the mid-century modern building in that location, with similar form and simple detail. The three storefronts divide the 95 feet of facade into modules that were historically used and that are prevalent today in Downtown. The rhythm of the buildings on the east side of the 700 block cycles from one story to two story, with alternating horizontal and vertical emphasis, with paired buildings such as the Singing

Cook/Book Cellar, and the Huckleberry buildings. These varying elements form the context for the new building at 712/722 Main. As the buildings being replaced are mid-century, it is appropriate to take cues from the simple, straight-lined architecture of that era.

The materials for the Main Street façade are wood, metal, and storefront glazing. A natural IPE hardwood siding, or similar wood is proposed for the major elements at pedestrian level, with a combination of black anodized and wood storefront detailing. Natural finish metals such as patina copper and dark mill finish steel provide accents. The northern portion of the second level features a synthetic wood siding due to the fire ratings at the property line. Storefront windows are generous to promote commerce and provide interest at the pedestrian level.

The southern half of the facade retains a significant setback from the property line, similar to the existing condition. This allows for outdoor seating, sheltered by an overhang, extending the season beyond that of the temporary patios. This relief from the street begins with a smaller area of setback at the northern part of the facade, then a minimum of 36" additional sidewalk width is maintained to a maximum of 7.5 feet at the southern end.

The small third story elevator/stair lobby is set back 40 feet from the front of the property to minimize its impact when viewed from Main Street. This is the design standard specified in the Downtown Design Handbook and Framework Plan. The Framework Plan states "In general, no more than 50 percent of the building footprint should be a third story". The lobby and service area on the third level represent approximately 10% of the building footprint.

The building design provides a break between the second level and the small third level lobby, which is set in on all sides, and accentuated with a change in material/color to make the third level subordinate to the rest of the building. The projecting stair tower and balconies help to create interest, along with the varied materials along the alley façade. The second level steps back from the north and south property lines to create an additional break in the massing between the first and second levels, which is a location for a vegetated 'green roof' planter to soften the architecture at the alley. We have proposed that a mural be provided along the north wall, visible from the alley, which will add further interest to the alley façade and streetscape, and help to promote this alley as 'Via Artista' as it has been named.

The color palette has been carefully studied and selections made to enhance the overall design. The wood tones with metal accents along the storefront and second level at Main Street present a natural, warm materiality to enhance the pedestrian experience, and to create a sense of scale at the street level. The colors of the second and third levels progressively lighten towards the upper levels to diminish the scale and impact of the upper stories against the sky.

### Waiver Request:

Where a 20' rear setback at the alley is required, and provided for the majority of the building mass, we are requesting to project a stair tower and balconies into the setback to break down the scale and mass of the building, instead of providing a monolithic rear wall at the alley facade.

### Construction Process Downtown:

Construction for the project shall require careful coordination with the City and with adjacent businesses and property owners. The contractor selected to do the work shall be required to have experience with zero-lot-line construction in tight urban areas. Hartronft Associates has extensive experience with this type of construction in Boulder, Denver, Louisville and elsewhere. The owners and architect have met with adjacent building owners and discussed the potential impacts, and required coordination with these owners before, and during construction. The Applicants are committed to minimizing the impacts of this construction on their neighbors and Downtown.

Demolition of the existing buildings and foundations will be one of the most disruptive events due to the equipment used, noise generated, and proximity to existing construction. Existing adjacent buildings will be inspected before and after such disruptive operations. Dust mitigation will be required. Staging can be primarily on-site for building demolition process. Foundation excavation and caisson drilling operations will also generate some noise and dust, but less than caused by demolition. Similar measures will be in place. The foundation excavation shall require shoring which is typical for this type of construction. A typical method would involve drilled reinforced concrete piers carrying vertical steel supports that retain the adjacent soil with shoring which is typically incorporated into the foundation system. Care will be taken to avoid impacts to any adjacent foundations.

The alley will be the primary access point for construction traffic, and during times when such activity is heavy, the contractor will employ traffic control personnel with a plan acceptable to the City and reviewed with nearby affected properties. The Main Street sidewalk access will be maintained with pedestrian protection measures as appropriate. Any street, alley, or sidewalk closures for utility work, crane or other equipment staging, paving and sidewalk replacement, etc. shall be coordinated with the City and shall require approval by the City of Louisville. It is anticipated that the owners will obtain nearby off-site staging area for material storage, equipment staging, worker parking, etc. Workers will be instructed to refrain from utilizing downtown public parking.

Question #2: Applicants Experience with similar projects.

- Boulder Creek Neighborhoods (BCN) does is not a commercial builder, but has significant experience in constructing residential, townhomes and commercial properties.
- In addition the CFO for BCN, Rick Woodruff, has over 30 years of commercial development experience along the Northern Front Range of Colorado. This includes 3 years of experience as the Director of Real Estate for King Soopers and 26 years with WW Reynolds Companies which is located in Boulder Colorado.

Question #3: Detailed description of the request for assistance from the URA

- Applicant is requesting the URA/LRC approve a TIF for the property that allows for the developer to capture 90% of the property tax increase over the current taxes being paid. Without this assistance the project is not financially feasible since the rental rates that can be achieved in the Louisville Market today do not support the cost to build the project.

Question #4: Description of the community benefits resulting from the project. Blight assessment is added as an additional attachment

- By replacing the two current old and outdated properties the following benefits should be achieved by the community
  - Viable retail and service-retail space that the current buildings do not provide
  - New architecture that would create a focal point for mid-block downtown Louisville
  - Additional office space to help the surrounding merchants and restaurants during daytime hours

Question #5: How does the project improve the project property and neighboring properties.

- By providing substantially more space than the current property this should help the surrounding merchants viability
- The current buildings on the property are do not allow the property to be used for its highest and best use

Question #6: Financial Analysis

- 10 Year Cash Flow Attached
- Sources and Uses Attached
- Development Costs Attached

Question #7: Timeframe for implementation of the project

- Assuming the project is approved, building plans are approved and the requisite financing has been achieved by June 30, 2019 the following are the time frames anticipated
  - June/July 2019 startup and building demolition
  - August 2019 to July 2020 building construction
  - August 2020 building opening

Question #8: Project risks

- Interest Rate risks during the construction
- Being able to lease the building at the proposed rents
- Cyclical nature of the commercial real estate market
- Finding a permanent loan when the project is complete if the market is in a downturn
- Increasing costs of labor and materials
- Black Swans

## Redevelopment of 712/22 Recap

### Development Costs

Core and Shell	\$	165	/sf
TI			
1st and 2nd	\$	60	/sf
Basement	\$	15	/sf
712 Loan Balance	\$	980,500	
722 Loan Balance	\$	407,250	
Total Cost for 2 Story	\$	7,083,690	
Total Cost for 3 Story	\$	<u>9,998,037</u>	
Diff	\$	(2,914,347)	

### Pro-Forma

#### Rents

Retail	4,736	\$	29.00	SF same as with 3 story
Basement	5,115	\$	5.00	SF same as with 3 story
2nd Floor	10,686	\$	27.50	SF same as with 3 story
<u>Total</u>	<u>20,537</u>	\$	<u>22.24</u>	

Loan \$5,695,000  
Equity \$ 1,703,015

Cash Flow \$ 2,610  
ROE 0.15%

Cash Flow w/TIF and no Vac \$ 124,054  
ROE 7.3%

### TIF Calculation

Current Taxes Paid	\$	42,665
Taxes with New Bldg	\$	165,052
TIF at 90%	\$	110,149

IRR Calculation 9.28%

2 Story Proforma with Traditional Financing  
Basement included

Assumptions

Vacancy		5%	
NNN Cost	\$ 11.00 /sf		Class A office
Utilities	\$ - /sf		Tenant responsible for its own utilities
Reserves	\$ 1.00 /sf		
Development Costs	\$ 7,398,015		

Current Rent for 712 & 722 \$ 149,604

PGI	SF	Pure Net	Annual Rent
Retail	4,736	\$ 29.00	\$ 137,344
Basement	5,115	\$ 5.00	\$ 25,575
2nd Floor	10,686	\$ 27.50	\$ 293,872
3rd Floor	-	\$ -	\$ -
	20,537	\$ 22.24	\$ 456,791

Ground Floor SF			
Rentable	4372	100%	4372
Common	1455	25%	364
			4,736
Common added to 2nd and 3rd			1,091
2nd Floor	9595	1,091	10,686
3rd Floor	0	-	-
	9,595	1091	10,686

Less Vacancy 5% \$ (22,840)

Effective Gross Income \$ 433,951

Expenses

NNN's	\$ (11,295)	NNN's on Vacancy
Utilities	\$ -	
Reserves	(20,537)	
Total	\$ (31,833)	

Net Operating Income \$ 402,119

Value	Capped @	6.0%	\$ 6,701,977
		6.5%	\$ 6,186,440
		7.0%	\$ 5,744,551

Proj Rents	
30%	\$ 2,010,593
50%	\$ 3,093,220
20%	\$ 1,148,910
	\$ 6,252,723
	304.46 /sf

Financing

LTV	75.0%	\$ 4,689,542
LTC	80.0%	\$ 5,918,412
Loan Amount		\$ 5,695,000

LTV to create a 1.2 DSCR	
\$	7,398,015 Development Cost
\$	1,703,015 Equity Need

Interest Rate	5.00%
Term	10
Amortization Period	25
Annual Payments	\$ (399,509)

DSCR 1.01

Equity Needed \$ 1,703,015

Return	
NOI	\$ 402,119
Less:	
Debt Cost	\$ (399,509)
TIF Credit	\$ -

TIF Credit				
Current Taxes	Actual	Assessed	Mill	Amount
	712 \$	1,103,550	\$ 320,030	87.561 \$ 28,022
	722 \$	576,640	\$ 167,226	87.561 \$ 14,642
Total	\$	1,680,190	\$ 487,256	\$ 42,665

Cash Flow before CapX and Taxes \$ 2,610

Taxes on New Building				
The Terraces	\$	6,500,000	\$ 1,885,000	87.561 \$ 165,052
% TIF Rebated				90% \$ 110,149

Return on Equity 0.15%

Without Vacancy \$ 13,905 0.82%

Without Vacancy and with TIF \$ 124,054 7.28%

## Development Costs

### Using \$165/sf Co SF or Unit

#### 2 Story

Cost of 724 Land	3588	\$ - /sf	\$ -
712 and 722 Demo	7,637	\$ 15.00 /sf	\$ 114,555
Parking	11	\$ 12,000 /space	\$ 132,000
Core and Shell Constr	20,538	\$ 165.00 /sf	\$ 3,388,770
Tenant Finish			
Lower Level	5,115	\$ 15.00	\$ 76,725
New	15,422	\$ 60.00	\$ 925,335
A&E	20,538	\$ 10.00 sf	\$ 205,380
Leg/Ent/Etc.	20,538	\$ 2.50 /sf	\$ 51,345
Commissions	15,422	\$ 6.00 /sf	\$ 92,534
Loan Fees and CPI			\$ 203,916
Contingency	20,538	\$ 10.00 /sf	\$ 205,380
Development Fee			\$ 300,000
			\$ 5,695,940
712 Loan Balance			\$ 980,500
722 Loan Balance			\$ 407,250
			<u>\$ 1,387,750</u>
	Other		\$ -
			<u>\$ 1,387,750</u>
Total Capital Need			\$ 7,083,690

Terraces on Main Commerical expansion  
TIF Estimate

2017 estimated value	1,680,190	
new value	6,604,250	as of Jan 1, 2021
County Payment %	7.15%	Assumed \$250 psf taxable value
Staff Payment %	3%	
Mill Levy	87.56	
Organic Value Appreciation	3%	
Comm Assessment Rate	29%	
% Available for Rebate	90%	

Valuation Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
Tax Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
Base Valuation	1,680,190	1,730,596	1,782,514	1,835,989	1,891,069	1,947,801	2,006,235	2,066,422	2,128,414	2,192,267	2,258,035	2,325,776	2,395,549	2,467,416	
New Construction Valuation	1,680,190	1,730,596	1,782,514	1,835,989	6,604,250	6,802,378	7,006,449	7,216,642	7,433,142	7,656,136	7,885,820	8,122,394	8,366,066	8,617,048	
Estimated TIF Revenue	-	-	-	-	119,678.99	123,269.36	126,967.44	130,776.46	134,699.75	138,740.75	142,902.97	147,190.06	151,605.76	156,153.93	
LESS:															
County Payment	-	-	-	-	8,557.05	8,813.76	9,078.17	9,350.52	9,631.03	9,919.96	10,217.56	10,524.09	10,839.81	11,165.01	
Staff Payment	-	-	-	-	3,590.37	3,698.08	3,809.02	3,923.29	4,040.99	4,162.22	4,287.09	4,415.70	4,548.17	4,684.62	
Subtotal	-	-	-	-	107,531.57	110,757.52	114,080.24	117,502.65	121,027.73	124,658.56	128,398.32	132,250.27	136,217.77	140,304.31	
Total Available with Rebate %	-	-	-	-	96,778.41	99,681.76	102,672.22	105,752.38	108,924.96	112,192.70	115,558.49	119,025.24	122,596.00	126,273.88	TOTAL 1,109,456.04

**SUBJECT: INTENDED TOPICS FOR TIF 101 DISCUSSION FOR APRIL 2019  
LRC MEETING**

**DATE: MARCH 11, 2019**

**PRESENTED BY: AARON M. DEJONG, ECONOMIC DEVELOPMENT**

**SUMMARY:**

The Louisville Revitalization Commission (LRC) has requested a “TIF 101” topic for their April meeting. Staff wanted to provide a brief discussion of the intended topics to see if there are other topics Commissioners would like incorporated into the April discussion.

**BACKGROUND:**

The following is a brief description of the various topics we plan to discuss in April.

Urban Renewal Statute

Urban Renewal Authorities are governed under Colorado Urban Renewal Law (C.R.S. 31-25-101). The statute outlines the formation, powers, plan approval process, financing options, coordination with other governing bodies, and other topics related to Urban Renewal Authorities (which the LRC is the City’s designated Urban Renewal Authority). The overarching purpose of the Urban Renewal law is to remediate and prevent the spread of slum and blighted areas within Colorado municipalities.

Determining Blight

A step in the Urban Renewal Area approval process is the determination whether blighting factors exist in the Area. A conditions survey is conducted to analyze the Area related to each of the 11 blighting factors outlined in the Urban Renewal Statute. Those blighting factors include:

- (a) Slum, deteriorated, or deteriorating structures;
- (b) Predominance of defective or inadequate street layout;
- (c) Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
- (d) Unsanitary or unsafe conditions;
- (e) Deterioration of site or other improvements;
- (f) Unusual topography or inadequate public improvements or utilities;
- (g) Defective or unusual conditions of title rendering the title nonmarketable;
- (h) The existence of conditions that endanger life or property by fire or other causes;
- (i) Buildings that are unsafe or unhealthy for persons to live or work in because of building code violations, dilapidation, deterioration, defective design, physical construction, or faulty or inadequate facilities;

- (j) Environmental contamination of buildings or property;
- (k) (Deleted by amendment, L. 2004, p. 1745, § 3, effective June 4, 2004.)
- (k.5)** The existence of health, safety, or welfare factors requiring high levels of municipal services or substantial physical underutilization or vacancy of sites, buildings, or other improvements; or
- (l)** If there is no objection by the property owner or owners and the tenant or tenants of such owner or owners, if any, to the inclusion of such property in an urban renewal area, "blighted area" also means an area that, in its present condition and use and, by reason of the presence of any one of the factors specified in paragraphs (a) to (k.5) of this subsection (2), substantially impairs or arrests the sound growth of the municipality, retards the provision of housing accommodations, or constitutes an economic or social liability, and is a menace to the public health, safety, morals, or welfare. For purposes of this paragraph (l), the fact that an owner of an interest in such property does not object to the inclusion of such property in the urban renewal area does not mean that the owner has waived any rights of such owner in connection with laws governing condemnation.

Determining whether blight factors exist within such an Urban Renewal Area is a legislative determination made by the City Council of the municipality. Once such determination is made, the blighting factors are determined to exist for all properties within the Urban Renewal Area.

#### Urban Renewal Plans

Within Louisville, there are two Urban Renewal Areas under the jurisdiction of the LRC. They are the Highway 42 Urban Renewal Area and the 550 S. McCaslin Urban Renewal Area.

The [Highway 42 Revitalization Area](#) was established in 2006 by the City Council by Resolution 37-2006. Nine (9) blight factors were determined present for the Highway 42 area. They are:

- a) Slum, deteriorated, or deteriorating structures;
- b) Predominance of defective or inadequate street layout;
- c) Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
- d) Unsanitary or unsafe conditions;
- e) Deterioration of site or other improvements;
- f) Unusual topography or inadequate public improvements or utilities;
- h) The existence of conditions that endanger life or property by fire or other causes;
- i) Buildings that are unsafe or unhealthy for persons to live or work in because of building code violations, dilapidation, deterioration, defective design, physical construction, or faulty or inadequate facilities;
- j) Environmental contamination of buildings or property;

- k.5) The existence of health, safety, or welfare factors requiring high levels of municipal services or substantial physical and underutilization of vacancy of sites, buildings, or other improvements.

The [550 S. McCaslin Urban Renewal Area](#) was established in 2015 by the City Council by Resolution 58-2015. Four (4) blight factors were determined present for the 55 S. McCaslin area. They are:

- a) Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
- b) Deterioration of site or other improvements;
- c) Defective or unusual conditions of title rendering the title nonmarketable;
- d) The existence of health, safety, or welfare factors requiring high levels of municipal services or substantial physical underutilization or vacancy of sites, buildings, or other improvements.

Urban Renewal Plans are documents that lay out the qualifying conditions, objectives, implementation, and financing tools for the LRC to implement.

#### City/LRC Cooperation Agreement

When the City approved the initial Urban Renewal Plan for the Highway 42 Area the City also approved a [Cooperation Agreement](#) between the City and the LRC, which Agreement was amended and restated in 2015. Highlights of the Amended and Restated Cooperation Agreement include:

- The City provides administrative and legal support services to the LRC in connection with its operations.
- The LRC's budget must be submitted to the City Council for review and approval prior to LRC adoption each year.
- Any LRC expenditure not included in its annual budget must be reviewed and approved by the City Council.
- Prior to issuing bonds (or any other capital financial obligation or financial obligation extending beyond the end of the current fiscal year) must be approved by resolution adopted by a majority of the City Council finding the City's interests in connection with such bonds or other obligations are adequately protected.
- As provided in the Urban Renewal Plan, the City Council must approve allocation of any municipal sales tax increment.
- Also as provided in the Urban Renewal Plan, the City Council must approve by resolution any redevelopment agreement or other contract with developers or property owners.

#### Tri-Party Agreement with the City, LRC, and Boulder County

When the Highway 42 Urban Renewal Plan was approved, a [Tri-Party Agreement](#) among the City, LRC, and Boulder County was executed to commit a portion of the TIF revenues back to the County during the life of the TIF collection period (25 years). The original agreement committed to the LRC paying to the County 14.3% of annual TIF revenues starting January 1, 2015, not to exceed \$6,150,000 in total payments to the

County. There is a renegotiation clause in the agreement that states if the County does not enter into a similar agreement with another Boulder County municipality within the first 7 years of the Plan, the County reimbursement percentage changes to 7.15% of TIF revenues and maximum payment is \$3,075,000.

#### Property Tax Increment Financing

Tax Increment Financing (TIF) is a unique mechanism that enables an urban renewal authority or board to use the net new tax revenues generated by projects within a designated urban renewal area to help finance future improvements. TIF is new source of tax revenue, not an additional tax, which would not be available but for the increased property value that is largely attributable to the new investment. When a redevelopment project is being planned, the urban renewal authority or board analyzes how much additional property and/or sales taxes may be generated once it is completed. That “tax increment” then can be used by the urban renewal entity either to finance the issuance of bonds or to reimburse developers for a portion of their project costs. In either case, the new tax revenue that is created must be used for improvements that have a public benefit and that support the redevelopment effort by eliminating blight, such as site clearance, streets, utilities, parks, the removal of hazardous materials or conditions, or site acquisition. (Source: Denver Urban Renewal Authority)

Property tax increment financing has been implemented for the Highway 42 Area, but not for the 550 S. McCaslin area.

#### Sales Tax Increment Financing

Urban Renewal Law also allows for Authorities to collect the increase of sales taxes generated within an Area above the base amount established when the area was established. Similar to property tax increment, sales tax increment funds can go towards projects that meet the requirement of the Urban Renewal Plan.

Sales tax increment financing is not available in either urban renewal area in Louisville.

#### Condemnation

Another power Authorities may use is the ability to condemn private property if the Authority (and in Louisville, also the City Council) finds it is necessary for the “public good” and usually as a last resort. Most municipalities are extremely reluctant to use their condemnation powers for many reasons, not the least of which is the lengthy acquisition and negotiation process.

#### LRC Financial Assistance

In 2013, the LRC established an application for assistance for property owners to request the LRC’s help in completing a project. The application envisions two ways in which the LRC can assist a development:

- Infrastructure Projects

Assistance is generally provided to projects for public infrastructure improvements needed to facilitate the revitalization of property within the Urban Renewal Area. Typical public infrastructure investments may include but are not limited to unifying streetscape elements, improving access and circulation, improving streets and parks, providing for railroad corridor improvements and grade separation, providing for parking, completing utilities. The infrastructure can be either public infrastructure or infrastructure that is privately owned, but needed to enhance the public benefit of the project.

The LRC has completed three major infrastructure investments to date. They include the South Street Pedestrian Gateway, the Delo area public infrastructure, and the Alfalfa's/Centre Court apartments sidewalk and on-site detention project. The LRC utilizes an [Urban Renewal Assistance Application](#) for property owners to request assistance for their project.

- **Direct Financial Assistance**

LRC assistance can also come in the form of direct financial assistance to achieve financial feasibility for the project. If a project requests direct financial assistance, additional information is required of the applicant to determine whether the project needs it. Project seeking direct financial assistance uses the same [application](#) as for public infrastructure, except for the added requirement to provide financial information showing the project will not occur but for the assistance.

Several Colorado municipalities have provided direct assistance to private developments. Through conversations with colleagues running other authorities or doing research on websites, the following is a list of such projects spurred by TIF assistance directly:

- [Colorado National Bank](#) in Denver – Restoration and redevelopment of the historic building into a luxury hotel. \$10,000,000 TIF reimbursement assistance to the project.
- [2460 Welton](#) development in Denver – redevelopment of a vacant lot into a residential and retail mixed use building. \$1,350,000 in developer reimbursement through property tax TIF.
- [Marriott](#) in Colorado Springs - \$15,000,000 TIF bond to construct a parking structure for a new Marriott property.
- Cannon Mine Café and The Post in Lafayette – tenant improvement assistance through existing TIF revenues
- [Hilton Garden Inn](#) in Arvada - \$3,200,000 in land contribution and lodging tax revenues
- [Arvada Ridge Marketplace](#) – \$6,670,000 Sales and Property Tax Pledge to encourage the redevelopment

The decision to approve a TIF agreement for a project is not a part of the Planned Unit Development (PUD) process. The PUD process relates to whether the project meets

**SUBJECT: URBAN RENEWAL 101 TOPICS**

**DATE: MARCH 11, 2019**

**PAGE 6 OF 6**

the regulatory requirements (e.g. zoning, design, layout) within the City's codes and ordinances. The discussion of approving financial assistance through Urban Renewal is legislative and independent of the PUD process. An assistance agreement can be considered at any time during the PUD approval process, if the project needs a PUD approval. To date, all approved assistance agreements were considered either concurrent or after a project's development/PUD process.

**ATTACHMENTS:**

Related documents are linked throughout the memo. Please click on the link in the text to be directed to the particular document.

**SUBJECT: RESOLUTION NO. 10, SERIES 2019 – A RESOLUTION APPROVING THE PROPERTY TAX INCREMENT REBATE AGREEMENT WITH 712 MAIN LLC AND 722 MAIN LLC PURSUANT TO THE INTERGOVERNMENTAL AGREEMENT BETWEEN THE LOUISVILLE REVITALIZATION COMMISSION AND THE CITY OF LOUISVILLE**

**DATE: MARCH 19, 2019**

**PRESENTED BY: AARON M. DEJONG, ECONOMIC DEVELOPMENT**

**SUMMARY:**

Terraces on Main Street is an office and retail redevelopment project proposed by Boulder Creek Neighborhoods at 712-722 Main Street in downtown Louisville. The redevelopment consists of a new 22,020 sf office and retail building with 18 parking stalls. Boulder Creek Neighborhoods is requesting a 90% rebate of the expected increase in property taxes generated by the redevelopment.

The Louisville Revitalization Commission (LRC) approved the attached TIF Rebate Agreement with 712 Main LLC and 722 Main LLC at their March 11, 2019 meeting. The agreement must also be approved by the Louisville City Council in accordance with the Amended and Restated Cooperation Agreement last approved on November 17, 2015.

**BACKGROUND:**

Boulder Creek Neighborhoods has submitted Planned Unit Development (PUD) plans to the City to redevelop 712-722 Main Street into a 2-3 story, 22,020 office and retail building with 18 off-street parking stalls. The properties currently have two single-story buildings totaling 7,558 sf which have been converted to office space for Boulder Creek Neighborhoods. The first floor is designed to accommodate retail and service-retail uses.

Boulder Creek submitted plans to the City for a larger project in 2018 that included a larger third story and additional parking along the alley. City Council requested the project be resubmitted with changes. Boulder Creek in response has provided the resubmitted plans currently proceeding through the development process.

The assistance requested from the LRC, the City's Urban Renewal Authority, is for direct financial assistance to facilitate the redevelopment project as the developer states the project is not financially feasible since the rental rates that can be achieved in the Louisville market today do not support the development costs. The assistance requested is a 90% rebate of the increased property taxes resulting from the new value of development above the existing value of the property.

The LRC reviewed the application at their January 2019 meeting and directed staff to prepare a TIF Rebate Agreement with the Developer for the project. The LRC approved the Rebate Agreement 4-1 with one abstention at their March 11, 2019 meeting.

**DISCUSSION:**

The LRC with previous applications have reviewed projects based on it furthering the following three goals:

- Removing Blight Factors
- Effect on Property Values
- Advancement of the Urban Renewal Area

Since this application is the first to submit for direct financial assistance to private development (previous projects have requested assistance with building infrastructure), staff also analyzed the project's need for financial assistance to construct the project.

This analysis does not go into the detail of the planning related components of the project. Boulder Creek Neighborhoods has resubmitted PUD documents to the City's Planning Department and will be reviewed by the Planning Commission and City Council separately.

The following is staff's analysis of the project and how it does or does not meet the three goals plus the need for public assistance.

**Removing Blight Factors**

The 2006 Louisville Highway 42 Revitalization Area Conditions survey identified properties that contributed to the blight conditions that were present in the area. Those blight conditions are as follows:

- a. Deteriorating Structures
- b. Faulty Street Layout
- c. Faulty Lots
- d. Unsanitary/unsafe Conditions
- e. Deteriorating Site or other improvements
- f. Unusual Topography or Inadequate Public Improvements
- h. Danger to Life or Property from Fire or Other Causes
- k.5 High Service Requirements or Site Underutilization

The determination of blight for the Highway 42 Urban Renewal Plan is for the entire defined district. It is not a determination for each and every parcel within the UR Area. Therefore, all of the properties within the UR Area are determined to have blighting factors present.

The Conditions Survey in 2006, which was used to determine whether blighting factors exist in the UR Area, identified 712-722 Main Street contributing to two of the identified blight factors.

The first is Condition F. Unusual topography or inadequate public improvements. The reason is due to the downtown area being reliant upon overhead power and telecommunications infrastructure. It is considered an impediment to modern development and redevelopment in the current real estate market.

The second blight factor is Condition H. Danger to life or property from fire or other causes. The reason stated is most commercial structures lack sprinkler systems.

Boulder Creek in their application have noted the properties in their estimation meet additional blighting factors which include the following:

a. Deteriorating Structures

The buildings are becoming functionally obsolescent due to age and type of structure.

c. Faulty lot layout in relation to size, adequacy, accessibility, or usefulness

The proposed lots will allow for additional square footage which will enhance the vibrancy of downtown

e. Deterioration of site or other improvements

The buildings are becoming obsolete.

In summary, Staff finds the Project will address blighting factors present in the Highway 42 Urban Renewal Area in the following ways:

- Unusual topography or inadequate public improvements. The new development will have underground utility service, removing this identified contributor to the blight factor. A new sidewalk will be constructed with the project. The project will also provide additional parking spaces and parking fee-in-lieu revenue for additional parking.
- Danger to life or property from fire or other causes. The new development will have fire suppression systems required of all new development in Louisville.
- Faulty lot layout in relation to size, adequacy, accessibility, or usefulness. A mixed-use building designed for retail and office uses can better mitigate the deep lot and building profile these properties need to better utilize the land. The two parcels are being combined to mitigate the deep lot and facilitates a better designed office and retail building.

**Effect of Project on Property Values**

The project when completed will have significant positive impact on property value. The following are the assumptions for valuing the property after the Terraces on Main project is completed:

	<u>Value per sf</u>	<u>Total Value</u>
Existing development (2017 value)	\$222.30	\$1,680,190

Per sf value of new development (office, retail, and parking)	\$250	\$6,604,250
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Attached is a 10-year TIF valuation analysis for the Terraces on Main project. Boulder Creek’s TIF 90% rebate request for a 10 year period would equal \$1,109,500 assuming the 90% rebate applies to the increases in property taxes levied on the development less its pro-rata share of the County’s 7.15% shareback and City Staff payments.

The total annual TIF generated from this project at full buildout would be \$119,500 in 2022. This is a significant increase in downtown commercial property values and is worthy of due consideration for assistance from the LRC.

**Advancement of the Urban Renewal Area**

The Highway 42 Urban Renewal Plan was approved December 2006. The stated purpose of the Highway 42 Urban Renewal Plan is as follows:

*The purpose of the Highway 42 Revitalization Area Urban Renewal Plan is to reduce, eliminate and prevent the spread of blight within the Urban Renewal Area and to stimulate growth and reinvestment within the Area boundaries, on surrounding blocks and throughout downtown. In particular, this Urban Renewal Plan is intended to promote local objectives with respect to appropriate land uses, private investment and public improvements provided that the delineation of such objectives shall not be construed to require that any particular project necessarily promote all such objectives. Specifically, the Plan promotes an environment which allows for a range of uses and product types which can respond to market conditions over time; further the goals and objectives of the Louisville Comprehensive Plan, Highway 42 Framework Plan and any other relevant policy document; and, leverage the community’s investment in public improvement projects in the Area.*

*While the principal goal of the urban renewal effort is, as required by the Act, to afford maximum opportunity, consistent with the sound needs of the City of Louisville (the “City”) as a whole to redevelop and rehabilitate the Area by private enterprise, it is not intended to replace the efforts of area business development or marketing organizations.*

*The rehabilitation and redevelopment of properties within the Urban Renewal Area will be accomplished through the improvement of existing structures and infrastructure, attraction of new investment and reinvestment, and prevention of deterioration of properties in the Area. The effort will involve the Commission and City with participation and cooperation by the private sector.*

The Plan’s purpose clearly states the desire to eliminate blight and to stimulate growth and reinvestment. This project would be a significant reinvestment in downtown of over

\$5,500,000 adding new business opportunities. The office and retail mixed-use design meets the evolving market conditions in downtown by increasing amenities and office space.

The Development and Design Objectives within the Highway 42 Urban Renewal Plan area as follows:

*The development objectives for the Urban Renewal Area include establishment of a variety of uses that will allow projects to respond to changing market conditions. Proposed land uses within the Urban Renewal Area include commercial, office, residential, commuter, public, and parking. Design objectives for the Urban Renewal Area also promote flexibility, adaptability to a range of uses and product types and consistency with prevailing market conditions. Other objectives include:*

- a) Eliminate and prevent blight*
- b) Improve relationship between this area and surrounding areas (neighborhoods, downtown, open space)*
- c) Increase property values*
- d) Provide uses supportive of and complementary to planned improvements (transit)*
- e) Encourage a mix of uses and/or mixed-use projects*
- f) Promote a variety of products to address multiple income segments*
- g) Provide ease of vehicular and pedestrian circulation and improve connections*
- h) Encourage continued presence of businesses consistent with the plan vision*
- i) Provide a range of financing mechanisms for private property re-investment and investment*
- j) Mitigate impacts from future transportation improvements*
- k) Encourage public-private partnerships to implement the plan*
- l) Adjust parking ratios to reflect future densities*
- m) Encourage shared parking among projects in area*
- n) Develop higher design standards including flexible lighting and signage standards*
- o) Landscape streetscapes to unify uses and plan components*

The proposed project meets the development and design objectives for several reasons:

- It will address the UR Area's blighting factors, as described above.
- It will enhance the downtown area with additional office and retail space.
- The resulting property values will be significantly more than the current value of the property.
- The office/retail mixed-use design will add to downtown.

- The project will enhance pedestrian circulation through new sidewalks adjacent to the project.
- The project will house multiple businesses in downtown.
- Assisting the development is an example of public-private partnerships.
- The project expects to pay the parking improvement fee, which will encourage shared parking through the City's parking program.
- The design meets the downtown design guidelines.

Staff finds the Terraces on Main project meets the intent of the Highway 42 Urban Renewal Plan and advances its goals.

### **Need for Financial Assistance**

As the Applicant is requesting direct financial assistance from the LRC by way of Tax Increment Financing, analysis needs to be conducted to determine whether the development needs the assistance to be successful. In urban renewal terms, this is the "but for" test. The development will not happen "but for" the assistance being provided. The applicant has submitted a 10-year cash flow projection, a sources and uses summary and a summary of development costs to review its need for assistance.

Within the submitted financial documents, several assumptions are being made to model the financial performance of the project. The main assumptions are:

- Triple Net lease rate of \$29 per square foot (psf) for Retail, \$27.50 psf for office, and \$5 psf for basement storage space. Vacancy rate of 5%. Rental rates increase 2% annually.
- Acquisition for new ownership entity of \$1,387,750 representing paying off existing debt. Remaining equity will be rolled into the new ownership entity.
- Total construction cost and related costs of \$5,695,940. This assumes demolition, core and shell, architectural, and tenant finish costs per square foot of \$250.
- Exit in year 10 by way of a property sale based on 95% occupancy in 2028 with a capitalization rate of 7.5%.
- Debt financing with 25 year term, 5% annual interest, payments made monthly.

All of these assumptions appear to be reasonable from a proforma exercise as they are within the range of the downtown Louisville market and pricing expectations.

Attached is a 10-year TIF valuation analysis for the Terraces on Main project. Boulder Creek's 90% TIF rebate request for a 10 year period would equal \$1,109,500 assuming the 90% rebate applies to the increases in property taxes levied on the development less its pro-rata share of the County's 7.15% shareback and City Staff payments.

The key component of determining if the project needs the assistance is if the rate of return meets, exceeds, or is below a reasonable range for a project commensurate with its risk profile. In Colorado, commercial real estate development is highly speculative,

takes a significant amount of time, expertise, and planning to receive approval for development, and the rental market can swing wildly with the macro economic conditions. Commercial projects tend to move forward when a project proforma identifies a capital rate of return greater than 15% annual return over a long period of time. Projects with a proforma less than that either don't move forward, have characteristics which allow for returns to be less (i.e. an owner occupied project), or they need assistance to get the profit expectations higher to better reflect the associated risk.

Boulder Creek is modeling a 10 year rate of return on equity of .15% if no TIF assistance, and 7.28% if assistance is provided.

Achieving a proforma capital rate of return on equity of 7.28% with TIF assistance is a low expected return given the risk profile of a Louisville downtown redevelopment project. Without the TIF assistance, the expected rate of return of .15% is too low for a for-profit developer to choose to move forward with the project.

Staff finds the request for TIF assistance to meet the "but for" test in that the project would not move forward without the public assistance.

### **Similar assistance provided in neighboring Communities**

As this request for direct financial assistance is the first Louisville has received, staff conducted research of neighboring communities to identify whether similar assistance packages have been offered with Urban Renewal funding. Several Colorado municipalities have provided direct assistance to private developments. Through conversations with colleagues running other authorities or doing research on websites, the following is a list of such projects spurred by TIF assistance directly:

- [Park West Building](#) in Erie – 16,700 square foot commercial building in downtown Erie. Provided a 90% property tax increment rebate up to a maximum of \$1,500,000.
- [Echo Brewery](#) Expansion in Erie – Major expansion of the business's operation in downtown Erie. Provided a 90% property tax increment rebate up to a maximum of \$1,500,000.
- 615 Briggs St. in Erie – Mixed-Use Commercial building with restaurant, retail, and office. 100% property tax increment rebate not to exceed \$446,050.
- Cannon Mine Café in Lafayette – tenant improvement assistance through existing TIF revenues.
- The Post in Lafayette – tenant improvement assistance through existing TIF revenues.
- Downtown Superior - \$2,000,000 allocation for encouraging enhancements to private and public architectural elements and facades.
- [2460 Welton](#) development in Denver – redevelopment of a vacant lot into a residential and retail mixed use building. \$1,350,000 in developer reimbursement through property tax TIF.

- [Marriott](#) in Colorado Springs - \$15,000,000 TIF bond to construct a parking structure for a new Marriott property.
- [Arvada Ridge Marketplace](#) – \$6,670,000 Sales and Property Tax Pledge to encourage the redevelopment into a Super Target anchored retail center.

These projects show our municipal colleagues are utilizing TIF revenues in many different ways to encourage private developments to occur.

**Redevelopment Agreement**

Staff and the Applicant prepared the attached TIF Rebate Agreement upon the direction given by the LRC at their January 2019 meeting. Below is a summary of the main terms of the agreement:

1. Developer will construct and receive a Certificate of Occupancy (CO) from the City for the Project.
2. Once the project is complete, the LRC will begin making annual TIF Rebate payments to Developer equal to 90% of the increased taxes paid on the property less other defined LRC financial obligations (the 2015 Cooperation Agreement, the Tri-Party Agreement, and LRC operating expenses).
3. Total maximum Rebate payments is \$1,110,000. Annual payments will continue until the payment cap is met or the TIF revenue collection period for the Highway 42 Urban Renewal Area expires.
4. The agreement terminates on February 18, 2023 if the project has not been completed.
  - a. This date represents the three year initial term of the PUD plus one year for construction.
5. Assignment of the TIF Rebate Agreement is permitted if the assignment is to;
  - a. Any entity who is an affiliate of the Developer provided such assignment is of the Agreement in its entirety to a single entity;
  - b. A successor in title to 100% of the Developer’s ownership interest in the Project; and
  - c. A lender to the Developer provided such assignment is limited to a collateral assignment or pledge of the amounts payable to the Developer

**Policy Considerations:**

This first request to provide direct financial assistance to a redevelopment project brings to mind potential policy considerations for City Council to discuss. As an attempt to consider such factors, staff poses the following questions.

*Should Urban Renewal funding only be used to remove blight factors found within the Urban Renewal Area, or can it also be used to prevent the spread of blight?*

The Highway 42 Urban Renewal Plan states its purpose is “to reduce, eliminate and prevent the spread of blight within the Urban Renewal Area and to stimulate growth and reinvestment within the Area boundaries, on surrounding blocks and throughout downtown.” The reduction and elimination of blight purpose points to investing in public infrastructure to rid the area of noted deficiencies preventing redevelopment. The prevention of blight points to encouraging reinvestment of private properties to maintain and grow the economic condition of the area. Does the City Council see encouraging investment in private property as an effort to prevent the spread of blight within the Highway 42 Urban Renewal Area?

*Does the City want to be competitive with our neighboring communities in attracting private reinvestment within our Highway 42 Urban Renewal Area?*

A described above in the analysis section of this memo, several of our neighboring communities are being creative and aggressive to encourage reinvestment in private property to add greater commerce within urban renewal areas. They are finding the need to financially assist with new developments to place the project finances in a condition worth moving forward with construction. Does City Council similarly desire to assist in redevelopment projects within the Highway 42 UR area? Does the City desire to encourage financially the reduction and prevention of blight as well as development of quality commercial projects within the UR area?

Staff and the LRC determined this request to assist the Terraces on Main project with a TIF rebate meets the purpose, goals, and intent of the Highway 42 Urban Renewal Plan; the guiding document for the LRC to implement. As a result of the Cooperation Agreement between the LRC and the City there must be concurrence from the City Council on the use of TIF revenues for this purpose. Does the City Council concur with the LRC decision? This decision may send a signal to businesses within the UR area that City Council supports the proposed use of TIF revenues and as such may consider similar direct assistance requests from other redevelopment projects. Although each project and TIF request is weighed and recommended for approval/or not based on its individual merits.

In response to these questions and further discussion staff, will prepare a policy document similar to that prepared for [Business Assistance Proposals \(BAPs\)](#) to help guide future decisions. This will be discussed at the next LRC meeting and further reviewed at the joint LRC and City Council meeting scheduled for May 14, 2019. The developer/owner of this project has agreed to wait for further policy discussion/direction prior to seeking final consideration and thus staff requests a continuance of the TIF agreement until sometime in June.

**FISCAL IMPACT:**

The TIF Rebate Agreement is based upon the increased property tax revenue generated by the redevelopment. It is a commitment to rebate future revenues not currently being received by the LRC. This agreement does not commit existing TIF

**SUBJECT: RESOLUTION NO. 10, SERIES 2019**

**DATE: MARCH 19, 2019**

**PAGE 10 OF 10**

revenue, so there is not current year fiscal impact. Future year LRC budgets will incorporate this rebate commitment once the redevelopment project is complete.

This agreement does not impact the City's budget as the committed property tax rebate payments are an obligation of the LRC, a separate organization from the City.

**RECOMMENDATION:**

Staff recommends continuing final consideration of the attached resolution approving the TIF Rebate Agreement with 712 Main LLC and 722 Main LLC to provide financial assistance to the planned redevelopment project until June 11, 2019. Final consideration is in accordance with the Amended and Restated Cooperation Agreement last approved on November 17, 2015.

**ATTACHMENTS:**

1. Resolution
2. Staff Presentation
3. Property Tax TIF Rebate Agreement with 712 Main LLC and 722 Main LLC
4. Application for Assistance from Boulder Creek Neighborhoods
5. Staff TIF Estimate
6. Previous Information Provided to the LRC on TIF 101

**RESOLUTION NO. 10  
SERIES 2019**

**A RESOLUTION APPROVING THE PROPERTY TAX INCREMENT REBATE AGREEMENT WITH 712 MAIN LLC AND 722 MAIN LLC PURSUANT TO THE INTERGOVERNMENTAL AGREEMENT BETWEEN THE LOUISVILLE REVITALIZATION COMMISSION AND THE CITY OF LOUISVILLE**

**WHEREAS**, the Louisville Revitalization Commission (LRC) is charged with addressing issues contributing to blight within the Urban Renewal Area; and

**WHEREAS**, 712 Main LLC and 722 Main LLC has requested assistance from the LRC in the redevelopment of property at 712 and 722 Main Street, which is located within the Highway 42 Revitalization Area; and

**WHEREAS**, the LRC assistance to redevelop the property will reduce, eliminate and prevent the spread of blight within the Urban Renewal Area and stimulate growth and reinvestment within the Area boundaries; and

**WHEREAS**, a Property Tax Increment Rebate Agreement, attached hereto, has been developed to outline certain financial terms regarding financial assistance in financing new infrastructure ; and

**WHEREAS**, in accordance with the Amended and Restated Cooperation Agreement most recently dated November 17, 2015, prior to issuing bonds or any other capital financial obligations or financial obligations extending beyond the end of the current fiscal year of the LRC, the LRC shall notify the City Council in writing of its intention to do so, and shall promptly furnish to the City Council such information and documents relating to such bonds or other capital or long-term financial obligations as the City Council may request. The LRC shall not commit to or proceed with any such bonds or other capital or long-term financial obligations unless a majority of the City Council has adopted a resolution determining that the City's interests in connection with such bonds or other obligations are adequately protected.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOUISVILLE, COLORADO THAT:**

**Section 1.** The City Council hereby approves the LRC proceeding with the Property Tax Increment Rebate Agreement with 712 Main LLC and 722 Main LLC.

a

**Section 2.** The financial assistance contemplated within the Property Tax Increment Rebate Agreement is not to be an obligation of the City of Louisville, and the City Council determines the City's interests in connection with the Property Tax Increment Rebate Agreement with 712 Main LLC and 722 Main LLC are adequately protected.

**ADOPTED** this \_\_\_\_ day of \_\_\_\_\_, 2019.

\_\_\_\_\_  
Robert P. Muckle, Mayor

ATTEST:

\_\_\_\_\_  
Meredyth Muth, City Clerk

# Terraces on Main Project Assistance Application

Louisville Revitalization Commission

## Terraces on Main

- Project Summary
  - 22,262 square foot office and retail building
  - First floor retail design
  - First and second floor office
  - Third story services for rooftop area
  - 18 parking stalls
  - \$6,600,000 estimated construction costs

## Terraces on Main



## Terraces on Main

- First application seeking direct financial assistance for a redevelopment
  - Provided application,
  - 10 year projection
  - Sources and uses budget

## Terraces on Main



- Staff Analysis
  - Previous used categories:
    - Removing Blight Factors
    - Effect on Property Values
    - Advancement of the Urban Renewal Area
  - Additional analysis
    - Need for Financial Assistance
- Policy Considerations to Discuss

## Terraces on Main



- Removing Blight Factors
  - F. Unusual topography or inadequate public improvements
    - Providing underground utility service; noted condition in UR Plan
  - H. Danger to life or property from fire or other causes
    - Fire suppression system in new development; noted condition in UR Plan

## Terraces on Main



- Removing Blight Factors
  - C. Faulty lot layout in relation to size, adequacy, accessibility, or usefulness
    - Mixed-use building can mitigate the deep lot and building profile of the existing properties. Higher and better use of the property with redevelopment.
  - Applicant noted two other blight factors:
    - Deteriorating Structures and Deterioration of Site
      - Staff felt these factors were not met.

## Terraces on Main



- Effect on Property Values
  - How significant is the increase of property values?
    - 10 year TIF analysis shows \$119,500 in new revenue after construction.
    - Approximately \$5,000,000 in new taxable property value in the UR District

## Terraces on Main



- Advancement of Urban Renewal Area
  - Purpose of UR Plan:
    - “Reduce, eliminate and prevent the spread of blight ... and to stimulate growth and reinvestment within the Area boundaries, on surrounding blocks and throughout downtown”
    - Terraces redevelopment would be a significant reinvestment for the downtown area
    - Adds additional office and retail space in the area

## Terraces on Main



- Advancement of Urban Renewal Area
  - Several Plan Objectives met as well;
    - It will address three blighting factors, as described above.
    - Enhance the downtown area with additional office and retail space.
    - Property values will be significantly more than the current value
    - The office/retail mixed-use design will add to downtown.
    - Enhance pedestrian circulation through new sidewalks
    - Project will house multiple businesses in downtown.
    - Example of public-private partnerships.
    - Encourage shared parking through the City’s parking program.
    - Meets the downtown design guidelines.

## Terraces on Main



- Need for Financial Assistance
  - Will the project not happen ‘but for’ the assistance?
  - Main Assumptions:
    - NNN lease rate of
      - \$29 per square foot (psf) for Retail,
      - \$27.50 psf for office, and
      - \$5 psf for basement storage space.
      - Vacancy rate of 5%. Rental rates increase 2% annually.
    - Acquisition for new ownership entity of \$1,387,750 representing paying off existing debt.
    - Total construction cost and related costs of \$5,695,940. This assumes demolition, core and shell, architectural, and tenant finish costs per square foot of \$250.
    - Exit in year 10 by way of a property sale based on 95% occupancy in 2028 with a capitalization rate of 7.5%.
    - Debt financing with 25 year term, 5% annual interest, payments made monthly.

## Terraces on Main



- Need for Financial Assistance
  - Applicant stating they need 90% TIF rebate to further the project
    - Approximately \$110,000 per year
  - Rate of Return
    - Without assistance = .15%
    - With assistance = 7.28%
    - Projects with similar risk profile have a range of 10-15% return

## Terraces on Main



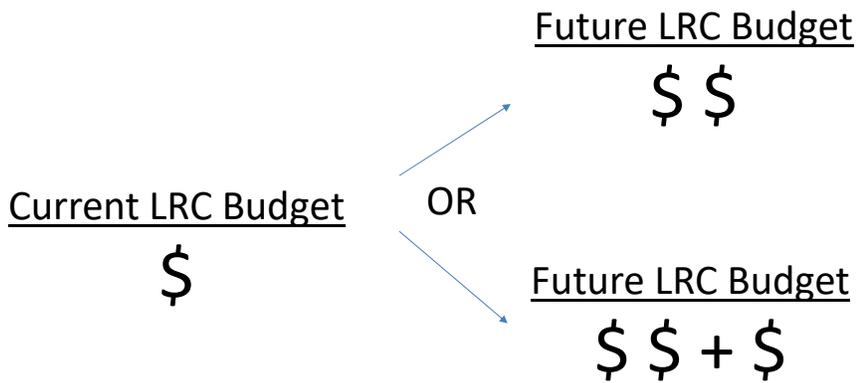
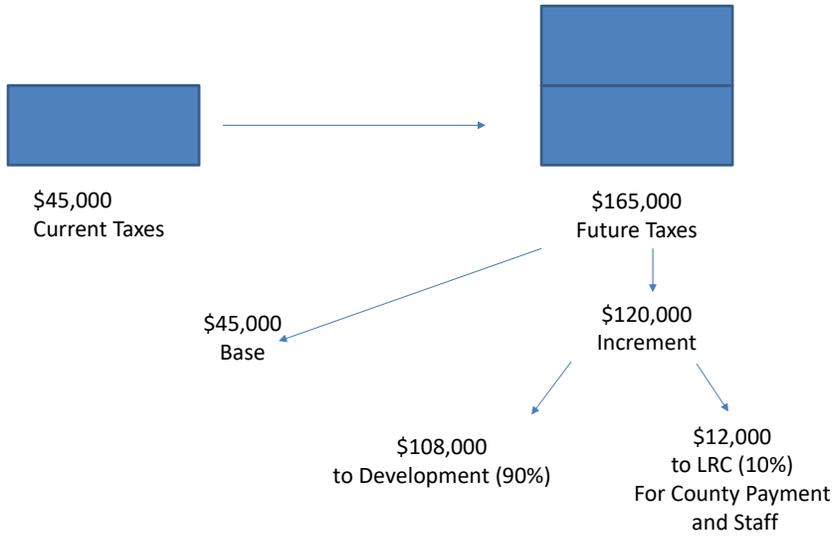
- TIF Rebate Agreement
  - Developer will construct and receive a Certificate of Occupancy (CO) from the City for the Project.
  - Once the project is complete, the LRC will begin making annual TIF Rebate payments to Developer equal to 90% of the increased taxes paid on the property less other defined LRC financial obligations (the 2015 Cooperation Agreement, the Tri-Party Agreement, and LRC operating expenses).

## Terraces on Main



- TIF Rebate Agreement
  - Total maximum Rebate payments is \$1,110,000. Annual payments will continue until the payment cap is met or the TIF revenue collection period for the Highway 42 Urban Renewal Area expires.
  - The agreement terminates on February 18, 2023 if the project has not be completed.
    - This date represents the three year initial term of the PUD plus one year for construction.
  - Assignment of the TIF Rebate Agreement is permitted to similarly owned entities

# Terraces on Main



## Assistance In Other Cities



- [Park West Building](#) in Erie – 16,700 square foot commercial building in downtown Erie. Provided a 90% property tax increment rebate up to a maximum of \$1,500,000.
- [Echo Brewery](#) Expansion in Erie – Major expansion of the business’s operation in downtown Erie. Provided a 90% property tax increment rebate up to a maximum of \$1,500,000.
- 615 Briggs St. in Erie – Mixed-Use Commercial building with restaurant, retail, and office. 100% property tax increment rebate not to exceed \$446,050.
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## Assistance In Other Cities



- Downtown Superior - \$2,000,000 allocation for encouraging enhancements to private and public architectural elements and facades.
- [2460 Welton](#) development in Denver – redevelopment of a vacant lot into a residential and retail mixed use building. \$1,350,000 in developer reimbursement through property tax TIF.
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- [Arvada Ridge Marketplace](#) – \$6,670,000 Sales and Property Tax Pledge to encourage the redevelopment into a Super Target anchored retail center.

## Policy Considerations



- *Should Urban Renewal funding only be used to remove blight factors found within the Urban Renewal Area, or can it also be used to prevent the spread of blight?*
- *Does the City want to be competitive with our neighboring communities in attracting private reinvestment within our Highway 42 Urban Renewal Area?*

## Terraces on Main



Staff recommends approving the TIF Rebate Agreement with 712 Main LLC and 722 Main LLC

- Applicant presentation
- Comments
- Discussion / Direction

## PROPERTY TAX INCREMENT REBATE AGREEMENT

This Property Tax Increment Rebate Agreement (this “Rebate Agreement”) is made as of \_\_\_\_\_, 2019, by and between the LOUISVILLE REVITALIZATION COMMISSION (the “LRC”) and 712 MAIN LLC AND 722 MAIN ST LLC limited liability companies in the State of Colorado (the “Developer”) (The LRC and Developer are collectively the “Parties”).

### RECITALS

A. The LRC is a public body corporate and politic authorized to transact business and exercise its powers as an urban renewal authority under and pursuant to the Colorado Urban Renewal Law, Part 1 of Article 25 of Title 31, C.R.S. (the “Act”).

B. The Developer is the owner of certain real property legally described as follows: Lot 8 and 9, Block 3, Town of Louisville located in the SE ¼ Section 8, R69W of the 6<sup>th</sup> P.M. City of Louisville (the “Property”).

C. The Developer proposes to redevelop the Property as a mixed-use development to include the construction of one mixed-use building consisting of 22,020 sf of office and retail uses and 5,802 sf parking area (the “Project”), to include associated public and private infrastructure improvements (the “Project Improvements”). A more detailed description of the Project Improvements is attached as Exhibit A.

D. The Project is located within the area (the “Plan Area”) described in the Highway 42 Revitalization Area Urban Renewal Plan (the “Plan”). Completion of the Project and Project Improvements will remove barriers to development and remediate blight and adverse conditions within the Plan Area, and will be carried out in furtherance of the purposes of the Act and Plan.

E. The LRC finds that entering into this Rebate Agreement will promote the redevelopment of an area within the Plan Area and LRC boundaries and will remediate adverse conditions within the Plan Area in a manner consistent with the Plan, and will provide a mechanism for assisting in the financing of Project Improvements that benefit the City of Louisville (the “City”) and its residents.

F. The Plan provides for financing the activities and undertakings of the LRC by means of property tax allocation or tax increment financing (“Property Tax TIF”) in accordance with Section 31-25-107(9) of the Act.

G. The LRC previously entered into that certain Amended and Restated Cooperation Agreement dated November 17, 2015 (the “2015 Cooperation Agreement”), which provides that the LRC shall repay to the City Costs and Expenses incurred by the

City for the provision of Operating Funds and Support Services for the LRC, as further defined and set forth in the 2015 Cooperation Agreement.

H. The LRC also previously entered into that certain Tri-Party Agreement with the County of Boulder dated December 5, 2006 (the "Tri-Party Agreement") which provides that commencing on January 1, 2015, there shall be paid to the County certain County TIF Revenues, as further defined and set forth in the Tri-Party Agreement.

I. The LRC also previously executed that certain Term Sheet for the Core Area Infrastructure Project dated May 13, 2013 (the "Core Area Term Sheet"), which provides for the potential future issuance of LRC bonds payable from Property Tax TIF revenues from the Highway 42 Core Project Area as further defined and set forth in the Core Area Term Sheet.

J. The LRC intends that LRC financing assistance for the construction of the Project Improvements be limited to certain Property Tax TIF revenue received by the LRC from the Property (and no other properties in the Plan Area) and available to the LRC after payment of any amounts required to be paid pursuant to the 2015 Cooperation Agreement, the Tri-Party Agreement, and amounts the LRC may reasonably require for ongoing operating, administrative, consulting and other costs (the "LRC Operating Expenses"), and subordinate to bonds issued pursuant to the Core Area Term Sheet, all in accordance with the terms and conditions set forth herein.

K. The LRC is authorized to enter into this Rebate Agreement pursuant to the Act, including without limitation C.R.S. Section 31-25-105(1)(b), which authorizes an urban renewal authority to enter into agreements to carry out the purposes of the Act.

## AGREEMENT

NOW THEREFORE, in consideration of the foregoing and the following terms and conditions, the Parties agree as follows:

1. Construction of Project. In conjunction with the development of the Project, Developer will finance, design and construct the Project and Project Improvements with its own funds.

2. LRC Financial Assistance. Commencing with the first full fiscal year following issuance of a certificate of occupancy for the Project and ending on the first to occur of (i) payment to Developer of \$1,110,000.00 of Pledged Revenue Payments or (ii) expiration of the Property Tax TIF provision of the Plan ("Pledged Revenue Term"), and in accordance with Section 31-25-107(9)(a)(II) of the Act, the LRC shall deposit within a special fund (the "Special Fund") all property tax revenues received by the LRC as a result of the property tax mill levies imposed upon the valuation of the Property, limited to

amounts generated from new valuation resulting from completion of the Project Improvements (by obtaining a Certificate of Occupancy for the new building) above the January 1, 2018 assessed valuation of the Property (\$320,030 for Parcel 157508423009 plus \$167,226 for Parcel 157508423005, for a total assessed valuation of \$487,256), and except for such amounts as the LRC may reasonably require for payment of obligations under the 2015 Cooperation Agreement, the Tri-Party Agreement, and payment of LRC Operating Expenses (which shall be limited to the Property's pro-rata share of such expenses) (the "Pledged Revenues"). This Rebate Agreement is limited solely to Pledged Revenues from the Property and includes no revenues generated from any other properties in the Plan Area. An illustrative example of the method for calculations is attached as Exhibit B. The Special Fund may be a new or existing fund and the Pledged Revenues may be comingled with other funds, all as shall be determined by the City Finance Director.

a. The Pledged Revenue shall be used to reimburse Developer for costs associated with the Project Improvements as shown in Exhibit A, and paid according to the payment schedule set forth below (the "Pledged Revenue Payments"). The Pledged Revenue available for reimbursement of costs associated with Project Improvements shall be transferred from the Special Fund to Developer within sixty (60) days after receipt of such funds by the LRC.

b. Notwithstanding any provisions of this Rebate Agreement to the contrary, the Parties agree:

- (i) The Pledged Revenue Payments shall be limited to no more than ninety percent (90%) of all Pledged Revenue generated from the Property.
- (ii) The total of all Pledged Revenue Payments made according to this Rebate Agreement is limited to \$1,110,000 or whatever lesser amount is generated from the Property during the Pledged Revenue Term prior to the time that the Property Tax TIF provision of the Plan expires.
- (iii) If, in any year, no Property Tax TIF revenue is generated by the Property and received by the LRC, no rebate payments under this Rebate Agreement shall be due to the Developer for that year.
- (iv) If, in any year, the LRC receives no Property Tax TIF revenues because there is for the Plan Area no increment value in excess of the base value for the Plan Area, no rebate payments under this Rebate Agreement shall be due to the Developer for that year.

- (v) If, in any year, the LRC receives Property Tax TIF revenues but the amount received is less than the amount necessary to pay all obligations that are on parity with this Rebate Agreement, then the rebate payments made to the Developer under this Rebate Agreement for such year shall be on a pro-rata basis.
- (vi) The LRC may prepay at any time without penalty any amounts payable under this Rebate Agreement, and may make payment with any source of funds available to the LRC.
- (vii) The LRC may use for any lawful purpose amounts not required for payments under this Rebate Agreement.

c. The Parties shall each keep, or cause to be kept, proper and current books and accounts in which complete and accurate entries shall be made for costs associated with the Project and amounts paid out from the Special Fund.

3. Entire Agreement. This instrument shall constitute the entire agreement between the LRC and Developer and supersedes any prior agreements between the Parties and their agents or representatives, all of which are merged into and revoked by this Rebate Agreement with respect to its subject matter. Contact information is as follows:

**If to Developer:**

712 Main St LLC and 722 Main St LLC  
Attn: David Sinkey  
712 Main Street  
Louisville, CO 80027  
Phone: (303) 544-5857  
dsinkey@livebouldercreek.com

**If to LRC:**

Louisville Revitalization Commission  
Attn: Economic Development  
749 Main Street  
Louisville, CO 80027  
303.335.4531  
aarond@louisvilleco.gov

4. Termination. This Rebate Agreement shall terminate and become void and of no force or effect upon the LRC if, by February 18, 2023, Developer has not completed the Project Improvements (as evidenced by a successful final inspections for the Project Improvements); or should fail to comply with any City code after proper notice and reasonable opportunity to cure the same. This Rebate Agreement shall automatically

terminate upon expiration or termination of the Property Tax TIF provision of the Plan, and upon such expiration or termination, the Parties' obligations hereunder shall terminate, whether or not any Pledged Revenues have been paid to Developer.

5. Subordination. The LRC's obligations pursuant to this Rebate Agreement are subordinate to the LRC's obligations for the repayment of any current bonded indebtedness, to the extent such obligations are in effect as of the date of this Rebate Agreement, and to the LRC's obligations for the repayment of any bonds issued pursuant to the Core Area Term Sheet and, further, are contingent upon the existence of a surplus of Property Tax TIF revenues in excess of the Property Tax TIF revenues necessary to meet such existing or future bonded indebtedness. The LRC shall meet its obligations under this Rebate Agreement only after the LRC has satisfied all other obligations with respect to the use of Property Tax TIF revenues for such existing or future bond repayment purposes. For the purposes of this Rebate Agreement, the terms "bonded indebtedness," "bonds," and similar terms describing the possible forms of indebtedness include all forms of indebtedness incurred by the LRC, including, but not limited to, general obligation bonds, revenue bonds, revenue anticipation notes, tax increment notes, tax increment bonds, and all other forms of contractual indebtedness of whatsoever nature that is in any way secured or collateralized by Property Tax TIF revenues of the LRC as of the date of this Rebate Agreement, including, the 2015 Cooperation Agreement, the Tri-Party Agreement, and such terms also include any bonds issued pursuant to the Core Area Term Sheet and payment of the Property's pro-rata share of LRC Operating Expenses, to all of which this Rebate Agreement is expressly subordinate. The LRC further shall have the right to issue other bonds that are on parity with or are junior to this Rebate Agreement.

6. Governing Law: Venue. This Rebate Agreement shall be governed and construed in accordance with the laws of the State of Colorado. In the event of a dispute concerning any provision of this Rebate Agreement, the Parties agree that prior to commencing any litigation, they shall first engage in good faith the services of a mutually acceptable, qualified, and experience mediator, or panel of mediators for the purpose of resolving such dispute. In the event such dispute is not fully resolved by mediation or otherwise within 60 days a request for mediation by either Party, then either Party may commence legal proceedings regarding the dispute. The venue for any lawsuit concerning this Rebate Agreement shall be in the District Court for Boulder County, Colorado.

7. Legal Challenge; Escrow. The LRC shall have no obligation to make any payment hereunder during the pendency of any legal challenge to this Rebate Agreement. The Parties covenant that neither will initiate any legal challenge to the validity or enforceability of this Rebate Agreement, and the Parties will cooperate in defending the validity or enforceability of this Rebate Agreement against any challenge by any third Party. Any funds appropriated for payment under this Rebate Agreement shall be escrowed in a separate LRC account in the event there is a legal challenge to

this Rebate Agreement. In the event performance of any material term of this Rebate Agreement is rendered impossible as the result of any legal challenge, the LRC at its option may terminate this Rebate Agreement, in which case the Parties' obligations hereunder shall terminate; provided, however, that the LRC shall pay to Developer any Pledged Revenues accrued and appropriated for payment under this Rebate Agreement prior to such termination, to the extent permitted by law and any applicable court order.

8. Assignment. This Rebate Agreement is personal to Developer and Developer may not assign any of the obligations, benefits or provisions of the Rebate Agreement in whole or in any part without the expressed written authorization of the LRC, which consent shall not be unreasonably withheld; provided, that an assignment shall be permitted (i) to any entity who is an affiliate of the Developer provided such assignment is of the Agreement in its entirety to a single entity; (ii) to a successor in title to 100% of the Developer's ownership interest in the Project; and (iii) to a lender to the Developer provided such assignment is limited to a collateral assignment or pledge of the amounts payable to the Developer hereunder. Any purported assignment, transfer, pledge, or encumbrance made without such prior written authorization shall be void.

9. No Joint Venture. Nothing in this Rebate Agreement is intended or shall be construed to create a joint venture between the LRC and Developer and the LRC shall never be liable or responsible for any debt or obligation of Developer.

NEXT PAGE IS THE SIGNATURE PAGE

This Rebate Agreement is enacted this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**712 MAIN ST LLC**

A Colorado Limited Liability Company

By: \_\_\_\_\_  
David Sinkey

ATTEST:

\_\_\_\_\_  
\_\_\_\_\_  
Print Name

**LOUISVILLE  
COMMISSION**

**REVITALIZATION**

\_\_\_\_\_  
Steve Fisher  
Chair

ATTEST:

\_\_\_\_\_  
Alex Gorsevski, Secretary

**722 MAIN ST LLC**

A Colorado Limited Liability Company

By: \_\_\_\_\_  
David Sinkey

ATTEST:

\_\_\_\_\_  
\_\_\_\_\_  
Print Name

## EXHIBIT A

### Description of Project Improvements

#### New Structure

- Construction of a new 3-level office and retail building of 22,262 square feet and 5,802 square feet parking area for 18 parking stalls.

Estimated Cost: \$5,500,000

#### Parking Improvement Fee

Parking improvement fee for 5 stalls not provided on-site but needed to achieve the Project's parking requirements

Estimated Cost: \$91,305

#### Public Walks

- New walkway along Main Street

Estimated Cost: \$30,000

#### Electrical

- New underground electrical service infrastructure

Estimated Cost: \$75,000

**Total Project Improvements Cost: \$5,696,305**

## Exhibit B

### Calculations to determine TIF Rebate for a Budget Year

**Amounts described are for illustrative purposes only and are not amounts for the property subject to this agreement.**

Taxable Value of Parcel for Budget Year (Value as January 1 of the previous Year)	\$200,000.00
Less: Taxable Value of Parcel for Base Year	<u>\$100,000.00</u>
Equals: Taxable Increment	\$100,000.00
Multiplied by Mill Levy (tax per \$1000 of taxable valuation)	85.187
Equals: Property Tax Increment from Property ( $\$100,000 * 85.187 / 1000$ )	\$8,518.70
Less: Property's portion of Tri-Party Agreement (Assessed Value of Property / Total Assessed Value of Urban Renewal Area * Total Increment collected * Tri-Party Agreement payment percentage) $\$200,000 / \$30,000,000 * \$65,000 * 14.3\%$	\$61.96
Less: Property's portion of 2015 Cooperation Agreement (Taxable Value of Property / Total Value of Urban Renewal Area * 2015 Cooperation Agreement payment for Budget Year) $\$200,000 / \$30,000,000 * \$31,000$	\$206.66
Less: Property's Portion of LRC Operating Expenses (Taxable Value of Property / Total Value of Urban Renewal Area * LRC Operating Expenses payment for Budget Year) $\$200,000 / \$30,000,000 * \$32,000$	<u>\$213.33</u>
<b>Equals: Total Pledged Revenues</b>	<b>\$8,036.75</b>

Annual payment is 90% of Pledged Revenue calculated.

# Louisville Revitalization Commission

## Application for Assistance

Parties interested in assistance from the Louisville Revitalization Commission must provide the following information to be considered.

Project Name: 712-722 Main Street PUD (Terraces on Main Street)

Applicant Name: Boulder Creek Neighborhoods

Main Contact: Rick Woodruff

Address: 712 Main St, Louisville, Co. 80027

Phone: 303-591-5914 Email: rwoodruff@livebouldercreek.com

Project Location: Downtown Louisville

Name, Address & Phone of Property Owner of Project Location (if different than Applicant): \_\_\_\_\_

N/A

Summary of Project: The redevelopment consists of a two story office/retail redevelopment and a basement. The building is 26,417 sf and includes

an elevator, stairs and 18 parking spaces. The developer will need to pay for 5 additional parking spaces to meet the amount needed per code. The two current  
buildings, 712 and 722 Main St., will be demolished and the new building will be developed on the same two lots.

Estimated Total Cost of Project: \$7,100,000

Summary of Request for Assistance: Applicant is requesting a TIF consisting of 90% of the property taxes above the current property  
taxes paid.

Additional Items to be submitted as Attachments:

- 1) Detailed description of the Project with supporting visuals (i.e. plans, designs).
- 2) Applicant's experience with similar projects, if applicable.
- 3) Detailed description of the request for assistance from the Urban Renewal Authority.
- 4) Description of the community benefits resulting from the Project, including the blight conditions the project will address (complete Attachment C with description).
- 5) Discussion of how the project improves the project property and neighboring properties.
- 6) Financials for the project. Applicant must provide a 10-year proforma for the project, a Sources and Uses Budget for the entire project, and assumptions for retail sales and assessed value of the Project for residential and commercial uses by year. (not required is requested assistance is only for public infrastructure)
- 7) Timeframe of implementation of the Project
- 8) Discussion of Project risks.

Applicant Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

\*Submitted applications and attachments are public documents and the information provided will be provided to and used by public entities to evaluate and describe the project.

# Louisville Revitalization Commission

## Blight Conditions Description for Project

Project Name: 712-22 Main Street PUD (Terraces on Main St)

Please provide a short description of how the project addresses the following blight conditions identified in the Urban Renewal Area.

a) Slum, deteriorated, or deteriorating structures;	The current building's are becoming functionally obsolescent due to their age and type of structure
b) Predominance of defective or inadequate street layout;	N/A
c) Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;	The current lots will allow for additional square footage which will enhance the vibrancy of downtown
d) Unsanitary or unsafe conditions;	N/A
e) Deterioration of site or other improvements;	Building Obsolescence
f) Unusual topography or inadequate public improvements or utilities;	N/A
g) Defective or unusual conditions of title rendering the title nonmarketable;	N/A
h) The existence of conditions that endanger life or property by fire or other causes;	N/A
i) Buildings that are unsafe or unhealthy for persons to live or work	N/A
j) Environmental contamination of buildings or property;	N/A
k.5) The existence of health, safety, or welfare factors requiring high levels of services	N/A

Question #1: Project Description

Project Overview:

The redevelopment of 712-722 Main Street is intended to provide additional office and retail space downtown. The existing one-story buildings, originally constructed in 1968/1960, totaling 7,558 sf, will be replaced by a new 22,020 sf building with a main floor parking garage that will provide 18 total spaces for the project. The intent of the design regarding parking is to provide the majority of required parking on-site, with the ability to convert the parking to commercial space if it is more desirable from the City's point of view, or the owners' perspective in the future. This could be due to future increases in the City's public parking capacity, changing demographics and attitudes towards private vehicles as primary transportation, or other factors. The building is also designed with a 5,560 sf basement which is not currently served by the on-site parking, and currently designated for storage and utility use.

If the basement is converted to be used as commercial space in the future, or if the space currently shown as parking on the main level is converted to commercial space, then the fee in lieu of on-site parking would be provided for the lost spaces, as well as the demand generated by the habitable space.

Architectural Design Concept:

Downtown buildings require particular attention to design and massing to relate to the existing architectural fabric of Downtown and to contribute to the history and vibrancy of Downtown. Louisville's Main Street is characterized by a diverse, eclectic mix of building styles and periods of Louisville's history, including our current time.

The building presents a one and two story facade at the street. Of particular importance to this project is the proximity to the historic building to the south, currently housing the Huckleberry Restaurant, formerly Louisville's bank at the turn of the last century. To respect this one-story historic structure, the southern half of the Main Street facade is designed at one-story, actually lower than the historic parapet. The second level steps up from the one story portion 26 feet back from the Main Street façade to accommodate this transition to the one story historic building.

The building facade at Main Street is envisioned as a composition of three parts: a pair of 2-story storefront facades, patterned after typical western false front buildings in scale and pattern; and a low, one-story retail storefront replacing the mid-century modern building in that location, with similar form and simple detail. The three storefronts divide the 95 feet of facade into modules that were historically used and that are prevalent today in Downtown. The rhythm of the buildings on the east side of the 700 block cycles from one story to two story, with alternating horizontal and vertical emphasis, with paired buildings such as the Singing

Cook/Book Cellar, and the Huckleberry buildings. These varying elements form the context for the new building at 712/722 Main. As the buildings being replaced are mid-century, it is appropriate to take cues from the simple, straight-lined architecture of that era.

The materials for the Main Street façade are wood, metal, and storefront glazing. A natural IPE hardwood siding, or similar wood is proposed for the major elements at pedestrian level, with a combination of black anodized and wood storefront detailing. Natural finish metals such as patina copper and dark mill finish steel provide accents. The northern portion of the second level features a synthetic wood siding due to the fire ratings at the property line. Storefront windows are generous to promote commerce and provide interest at the pedestrian level.

The southern half of the facade retains a significant setback from the property line, similar to the existing condition. This allows for outdoor seating, sheltered by an overhang, extending the season beyond that of the temporary patios. This relief from the street begins with a smaller area of setback at the northern part of the facade, then a minimum of 36" additional sidewalk width is maintained to a maximum of 7.5 feet at the southern end.

The small third story elevator/stair lobby is set back 40 feet from the front of the property to minimize its impact when viewed from Main Street. This is the design standard specified in the Downtown Design Handbook and Framework Plan. The Framework Plan states "In general, no more than 50 percent of the building footprint should be a third story". The lobby and service area on the third level represent approximately 10% of the building footprint.

The building design provides a break between the second level and the small third level lobby, which is set in on all sides, and accentuated with a change in material/color to make the third level subordinate to the rest of the building. The projecting stair tower and balconies help to create interest, along with the varied materials along the alley façade. The second level steps back from the north and south property lines to create an additional break in the massing between the first and second levels, which is a location for a vegetated 'green roof' planter to soften the architecture at the alley. We have proposed that a mural be provided along the north wall, visible from the alley, which will add further interest to the alley façade and streetscape, and help to promote this alley as 'Via Artista' as it has been named.

The color palette has been carefully studied and selections made to enhance the overall design. The wood tones with metal accents along the storefront and second level at Main Street present a natural, warm materiality to enhance the pedestrian experience, and to create a sense of scale at the street level. The colors of the second and third levels progressively lighten towards the upper levels to diminish the scale and impact of the upper stories against the sky.

### Waiver Request:

Where a 20' rear setback at the alley is required, and provided for the majority of the building mass, we are requesting to project a stair tower and balconies into the setback to break down the scale and mass of the building, instead of providing a monolithic rear wall at the alley facade.

### Construction Process Downtown:

Construction for the project shall require careful coordination with the City and with adjacent businesses and property owners. The contractor selected to do the work shall be required to have experience with zero-lot-line construction in tight urban areas. Hartronft Associates has extensive experience with this type of construction in Boulder, Denver, Louisville and elsewhere. The owners and architect have met with adjacent building owners and discussed the potential impacts, and required coordination with these owners before, and during construction. The Applicants are committed to minimizing the impacts of this construction on their neighbors and Downtown.

Demolition of the existing buildings and foundations will be one of the most disruptive events due to the equipment used, noise generated, and proximity to existing construction. Existing adjacent buildings will be inspected before and after such disruptive operations. Dust mitigation will be required. Staging can be primarily on-site for building demolition process. Foundation excavation and caisson drilling operations will also generate some noise and dust, but less than caused by demolition. Similar measures will be in place. The foundation excavation shall require shoring which is typical for this type of construction. A typical method would involve drilled reinforced concrete piers carrying vertical steel supports that retain the adjacent soil with shoring which is typically incorporated into the foundation system. Care will be taken to avoid impacts to any adjacent foundations.

The alley will be the primary access point for construction traffic, and during times when such activity is heavy, the contractor will employ traffic control personnel with a plan acceptable to the City and reviewed with nearby affected properties. The Main Street sidewalk access will be maintained with pedestrian protection measures as appropriate. Any street, alley, or sidewalk closures for utility work, crane or other equipment staging, paving and sidewalk replacement, etc. shall be coordinated with the City and shall require approval by the City of Louisville. It is anticipated that the owners will obtain nearby off-site staging area for material storage, equipment staging, worker parking, etc. Workers will be instructed to refrain from utilizing downtown public parking.

Question #2: Applicants Experience with similar projects.

- Boulder Creek Neighborhoods (BCN) does is not a commercial builder, but has significant experience in constructing residential, townhomes and commercial properties.
- In addition the CFO for BCN, Rick Woodruff, has over 30 years of commercial development experience along the Northern Front Range of Colorado. This includes 3 years of experience as the Director of Real Estate for King Soopers and 26 years with WW Reynolds Companies which is located in Boulder Colorado.

Question #3: Detailed description of the request for assistance from the URA

- Applicant is requesting the URA/LRC approve a TIF for the property that allows for the developer to capture 90% of the property tax increase over the current taxes being paid. Without this assistance the project is not financially feasible since the rental rates that can be achieved in the Louisville Market today do not support the cost to build the project.

Question #4: Description of the community benefits resulting from the project. Blight assessment is added as an additional attachment

- By replacing the two current old and outdated properties the following benefits should be achieved by the community
  - Viable retail and service-retail space that the current buildings do not provide
  - New architecture that would create a focal point for mid-block downtown Louisville
  - Additional office space to help the surrounding merchants and restaurants during daytime hours

Question #5: How does the project improve the project property and neighboring properties.

- By providing substantially more space than the current property this should help the surrounding merchants viability
- The current buildings on the property are do not allow the property to be used for its highest and best use

Question #6: Financial Analysis

- 10 Year Cash Flow Attached
- Sources and Uses Attached
- Development Costs Attached

Question #7: Timeframe for implementation of the project

- Assuming the project is approved, building plans are approved and the requisite financing has been achieved by June 30, 2019 the following are the time frames anticipated
  - June/July 2019 startup and building demolition
  - August 2019 to July 2020 building construction
  - August 2020 building opening

Question #8: Project risks

- Interest Rate risks during the construction
- Being able to lease the building at the proposed rents
- Cyclical nature of the commercial real estate market
- Finding a permanent loan when the project is complete if the market is in a downturn
- Increasing costs of labor and materials
- Black Swans

## Redevelopment of 712/22 Recap

### Development Costs

Core and Shell	\$	165	/sf
TI			
1st and 2nd	\$	60	/sf
Basement	\$	15	/sf
712 Loan Balance	\$	980,500	
722 Loan Balance	\$	407,250	
Total Cost for 2 Story	\$	7,083,690	
Total Cost for 3 Story	\$	<u>9,998,037</u>	
Diff	\$	(2,914,347)	

### Pro-Forma

#### Rents

Retail	4,736	\$	29.00	SF same as with 3 story
Basement	5,115	\$	5.00	SF same as with 3 story
2nd Floor	10,686	\$	27.50	SF same as with 3 story
Total	20,537	\$	22.24	

Loan	\$5,695,000
Equity	\$ 1,703,015

Cash Flow	\$ 2,610
ROE	0.15%

Cash Flow w/TIF and no Vac	\$ 124,054
ROE	7.3%

### TIF Calculation

Current Taxes Paid	\$ 42,665
Taxes with New Bldg	\$ 165,052
TIF at 90%	\$ 110,149

IRR Calculation 9.28%

2 Story Proforma with Traditional Financing  
Basement included

Assumptions

Vacancy		5%	
NNN Cost	\$	11.00 /sf	Class A office
Utilities	\$	- /sf	Tenant responsible for its own utilities
Reserves	\$	1.00 /sf	
Development Costs	\$	7,398,015	

Current Rent for 712 & 722 \$ 149,604

PGI	SF	Pure Net	Annual Rent
Retail	4,736	\$ 29.00	\$ 137,344
Basement	5,115	\$ 5.00	\$ 25,575
2nd Floor	10,686	\$ 27.50	\$ 293,872
3rd Floor	-	\$ -	\$ -
	20,537	\$ 22.24	\$ 456,791

Ground Floor SF			
Rentable	4372	100%	4372
Common	1455	25%	364
			4,736

Less Vacancy 5% \$ (22,840)

Common added to 2nd and 3rd			1,091
2nd Floor	9595	1,091	10,686
3rd Floor	0	-	-
	9,595	1091	10,686

Effective Gross Income \$ 433,951

Expenses

NNN's	\$	(11,295)	NNN's on Vacancy
Utilities	\$	-	
Reserves		(20,537)	
Total	\$	(31,833)	

Net Operating Income \$ 402,119

Value	Capped @	6.0%	\$ 6,701,977
		6.5%	\$ 6,186,440
		7.0%	\$ 5,744,551

Proj Rents		
30%	\$	2,010,593
50%	\$	3,093,220
20%	\$	1,148,910
	\$	6,252,723
		304.46 /sf

Financing

LTV	75.0%	\$ 4,689,542
LTC	80.0%	\$ 5,918,412
Loan Amount		\$ 5,695,000

LTV to create a 1.2 DSCR		
\$	7,398,015	Development Cost
\$	1,703,015	Equity Need

Interest Rate	5.00%
Term	10
Amortization Period	25
Annual Payments	\$ (399,509)

DSCR 1.01

Equity Needed \$ 1,703,015

Return		
NOI	\$	402,119
Less:		
Debt Cost	\$	(399,509)
TIF Credit	\$	-

TIF Credit				
Current Taxes	Actual	Assessed	Mill	Amount
	712 \$	1,103,550	\$ 320,030	87.561 \$ 28,022
	722 \$	576,640	\$ 167,226	87.561 \$ 14,642
Total	\$	1,680,190	\$ 487,256	\$ 42,665

Cash Flow before CapX and Taxes \$ 2,610

Taxes on New Building				
The Terraces	\$	6,500,000	\$ 1,885,000	87.561 \$ 165,052
% TIF Rebated				90% \$ 110,149

Return on Equity 0.15%

Without Vacancy \$ 13,905 0.82%

Without Vacancy and with TIF \$ 124,054 7.28%

## Development Costs

### Using \$165/sf Co SF or Unit

#### 2 Story

Cost of 724 Land	3588	\$ - /sf	\$ -
712 and 722 Demo	7,637	\$ 15.00 /sf	\$ 114,555
Parking	11	\$ 12,000 /space	\$ 132,000
Core and Shell Constr	20,538	\$ 165.00 /sf	\$ 3,388,770
Tenant Finish			
Lower Level	5,115	\$ 15.00	\$ 76,725
New	15,422	\$ 60.00	\$ 925,335
A&E	20,538	\$ 10.00 sf	\$ 205,380
Leg/Ent/Etc.	20,538	\$ 2.50 /sf	\$ 51,345
Commissions	15,422	\$ 6.00 /sf	\$ 92,534
Loan Fees and CPI			\$ 203,916
Contingency	20,538	\$ 10.00 /sf	\$ 205,380
Development Fee			\$ 300,000
			\$ 5,695,940
712 Loan Balance			\$ 980,500
722 Loan Balance			\$ 407,250
			<u>\$ 1,387,750</u>
	Other		<u>\$ -</u>
			\$ 1,387,750
Total Capital Need			\$ 7,083,690

Terraces on Main Commerical expansion  
TIF Estimate

2017 estimated value	1,680,190	
new value	6,604,250	as of Jan 1, 2021
County Payment %	7.15%	Assumed \$250 psf taxable value
Staff Payment %	3%	
Mill Levy	87.56	
Organic Value Appreciation	3%	
Comm Assessment Rate	29%	
% Available for Rebate	90%	

Valuation Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
Tax Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
Base Valuation	1,680,190	1,730,596	1,782,514	1,835,989	1,891,069	1,947,801	2,006,235	2,066,422	2,128,414	2,192,267	2,258,035	2,325,776	2,395,549	2,467,416	
New Construction Valuation	1,680,190	1,730,596	1,782,514	1,835,989	6,604,250	6,802,378	7,006,449	7,216,642	7,433,142	7,656,136	7,885,820	8,122,394	8,366,066	8,617,048	
Estimated TIF Revenue	-	-	-	-	119,678.99	123,269.36	126,967.44	130,776.46	134,699.75	138,740.75	142,902.97	147,190.06	151,605.76	156,153.93	
LESS:															
County Payment	-	-	-	-	8,557.05	8,813.76	9,078.17	9,350.52	9,631.03	9,919.96	10,217.56	10,524.09	10,839.81	11,165.01	
Staff Payment	-	-	-	-	3,590.37	3,698.08	3,809.02	3,923.29	4,040.99	4,162.22	4,287.09	4,415.70	4,548.17	4,684.62	
Subtotal	-	-	-	-	107,531.57	110,757.52	114,080.24	117,502.65	121,027.73	124,658.56	128,398.32	132,250.27	136,217.77	140,304.31	
Total Available with Rebate %	-	-	-	-	96,778.41	99,681.76	102,672.22	105,752.38	108,924.96	112,192.70	115,558.49	119,025.24	122,596.00	126,273.88	TOTAL 1,109,456.04

**SUBJECT: INTENDED TOPICS FOR TIF 101 DISCUSSION FOR APRIL 2019  
LRC MEETING**

**DATE: MARCH 11, 2019**

**PRESENTED BY: AARON M. DEJONG, ECONOMIC DEVELOPMENT**

**SUMMARY:**

The Louisville Revitalization Commission (LRC) has requested a “TIF 101” topic for their April meeting. Staff wanted to provide a brief discussion of the intended topics to see if there are other topics Commissioners would like incorporated into the April discussion.

**BACKGROUND:**

The following is a brief description of the various topics we plan to discuss in April.

Urban Renewal Statute

Urban Renewal Authorities are governed under Colorado Urban Renewal Law (C.R.S. 31-25-101). The statute outlines the formation, powers, plan approval process, financing options, coordination with other governing bodies, and other topics related to Urban Renewal Authorities (which the LRC is the City’s designated Urban Renewal Authority). The overarching purpose of the Urban Renewal law is to remediate and prevent the spread of slum and blighted areas within Colorado municipalities.

Determining Blight

A step in the Urban Renewal Area approval process is the determination whether blighting factors exist in the Area. A conditions survey is conducted to analyze the Area related to each of the 11 blighting factors outlined in the Urban Renewal Statute. Those blighting factors include:

- (a) Slum, deteriorated, or deteriorating structures;
- (b) Predominance of defective or inadequate street layout;
- (c) Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
- (d) Unsanitary or unsafe conditions;
- (e) Deterioration of site or other improvements;
- (f) Unusual topography or inadequate public improvements or utilities;
- (g) Defective or unusual conditions of title rendering the title nonmarketable;
- (h) The existence of conditions that endanger life or property by fire or other causes;
- (i) Buildings that are unsafe or unhealthy for persons to live or work in because of building code violations, dilapidation, deterioration, defective design, physical construction, or faulty or inadequate facilities;

- (j) Environmental contamination of buildings or property;
- (k) (Deleted by amendment, L. 2004, p. 1745, § 3, effective June 4, 2004.)
- (k.5)** The existence of health, safety, or welfare factors requiring high levels of municipal services or substantial physical underutilization or vacancy of sites, buildings, or other improvements; or
- (l)** If there is no objection by the property owner or owners and the tenant or tenants of such owner or owners, if any, to the inclusion of such property in an urban renewal area, "blighted area" also means an area that, in its present condition and use and, by reason of the presence of any one of the factors specified in paragraphs (a) to (k.5) of this subsection (2), substantially impairs or arrests the sound growth of the municipality, retards the provision of housing accommodations, or constitutes an economic or social liability, and is a menace to the public health, safety, morals, or welfare. For purposes of this paragraph (l), the fact that an owner of an interest in such property does not object to the inclusion of such property in the urban renewal area does not mean that the owner has waived any rights of such owner in connection with laws governing condemnation.

Determining whether blight factors exist within such an Urban Renewal Area is a legislative determination made by the City Council of the municipality. Once such determination is made, the blighting factors are determined to exist for all properties within the Urban Renewal Area.

#### Urban Renewal Plans

Within Louisville, there are two Urban Renewal Areas under the jurisdiction of the LRC. They are the Highway 42 Urban Renewal Area and the 550 S. McCaslin Urban Renewal Area.

The [Highway 42 Revitalization Area](#) was established in 2006 by the City Council by Resolution 37-2006. Nine (9) blight factors were determined present for the Highway 42 area. They are:

- a) Slum, deteriorated, or deteriorating structures;
- b) Predominance of defective or inadequate street layout;
- c) Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
- d) Unsanitary or unsafe conditions;
- e) Deterioration of site or other improvements;
- f) Unusual topography or inadequate public improvements or utilities;
- h) The existence of conditions that endanger life or property by fire or other causes;
- i) Buildings that are unsafe or unhealthy for persons to live or work in because of building code violations, dilapidation, deterioration, defective design, physical construction, or faulty or inadequate facilities;
- j) Environmental contamination of buildings or property;

- k.5) The existence of health, safety, or welfare factors requiring high levels of municipal services or substantial physical and underutilization of vacancy of sites, buildings, or other improvements.

The [550 S. McCaslin Urban Renewal Area](#) was established in 2015 by the City Council by Resolution 58-2015. Four (4) blight factors were determined present for the 55 S. McCaslin area. They are:

- a) Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
- b) Deterioration of site or other improvements;
- c) Defective or unusual conditions of title rendering the title nonmarketable;
- d) The existence of health, safety, or welfare factors requiring high levels of municipal services or substantial physical underutilization or vacancy of sites, buildings, or other improvements.

Urban Renewal Plans are documents that lay out the qualifying conditions, objectives, implementation, and financing tools for the LRC to implement.

#### City/LRC Cooperation Agreement

When the City approved the initial Urban Renewal Plan for the Highway 42 Area the City also approved a [Cooperation Agreement](#) between the City and the LRC, which Agreement was amended and restated in 2015. Highlights of the Amended and Restated Cooperation Agreement include:

- The City provides administrative and legal support services to the LRC in connection with its operations.
- The LRC's budget must be submitted to the City Council for review and approval prior to LRC adoption each year.
- Any LRC expenditure not included in its annual budget must be reviewed and approved by the City Council.
- Prior to issuing bonds (or any other capital financial obligation or financial obligation extending beyond the end of the current fiscal year) must be approved by resolution adopted by a majority of the City Council finding the City's interests in connection with such bonds or other obligations are adequately protected.
- As provided in the Urban Renewal Plan, the City Council must approve allocation of any municipal sales tax increment.
- Also as provided in the Urban Renewal Plan, the City Council must approve by resolution any redevelopment agreement or other contract with developers or property owners.

#### Tri-Party Agreement with the City, LRC, and Boulder County

When the Highway 42 Urban Renewal Plan was approved, a [Tri-Party Agreement](#) among the City, LRC, and Boulder County was executed to commit a portion of the TIF revenues back to the County during the life of the TIF collection period (25 years). The original agreement committed to the LRC paying to the County 14.3% of annual TIF revenues starting January 1, 2015, not to exceed \$6,150,000 in total payments to the

County. There is a renegotiation clause in the agreement that states if the County does not enter into a similar agreement with another Boulder County municipality within the first 7 years of the Plan, the County reimbursement percentage changes to 7.15% of TIF revenues and maximum payment is \$3,075,000.

#### Property Tax Increment Financing

Tax Increment Financing (TIF) is a unique mechanism that enables an urban renewal authority or board to use the net new tax revenues generated by projects within a designated urban renewal area to help finance future improvements. TIF is new source of tax revenue, not an additional tax, which would not be available but for the increased property value that is largely attributable to the new investment. When a redevelopment project is being planned, the urban renewal authority or board analyzes how much additional property and/or sales taxes may be generated once it is completed. That “tax increment” then can be used by the urban renewal entity either to finance the issuance of bonds or to reimburse developers for a portion of their project costs. In either case, the new tax revenue that is created must be used for improvements that have a public benefit and that support the redevelopment effort by eliminating blight, such as site clearance, streets, utilities, parks, the removal of hazardous materials or conditions, or site acquisition. (Source: Denver Urban Renewal Authority)

Property tax increment financing has been implemented for the Highway 42 Area, but not for the 550 S. McCaslin area.

#### Sales Tax Increment Financing

Urban Renewal Law also allows for Authorities to collect the increase of sales taxes generated within an Area above the base amount established when the area was established. Similar to property tax increment, sales tax increment funds can go towards projects that meet the requirement of the Urban Renewal Plan.

Sales tax increment financing is not available in either urban renewal area in Louisville.

#### Condemnation

Another power Authorities may use is the ability to condemn private property if the Authority (and in Louisville, also the City Council) finds it is necessary for the “public good” and usually as a last resort. Most municipalities are extremely reluctant to use their condemnation powers for many reasons, not the least of which is the lengthy acquisition and negotiation process.

#### LRC Financial Assistance

In 2013, the LRC established an application for assistance for property owners to request the LRC’s help in completing a project. The application envisions two ways in which the LRC can assist a development:

- Infrastructure Projects

Assistance is generally provided to projects for public infrastructure improvements needed to facilitate the revitalization of property within the Urban Renewal Area. Typical public infrastructure investments may include but are not limited to unifying streetscape elements, improving access and circulation, improving streets and parks, providing for railroad corridor improvements and grade separation, providing for parking, completing utilities. The infrastructure can be either public infrastructure or infrastructure that is privately owned, but needed to enhance the public benefit of the project.

The LRC has completed three major infrastructure investments to date. They include the South Street Pedestrian Gateway, the Delo area public infrastructure, and the Alfalfa's/Centre Court apartments sidewalk and on-site detention project. The LRC utilizes an [Urban Renewal Assistance Application](#) for property owners to request assistance for their project.

- **Direct Financial Assistance**

LRC assistance can also come in the form of direct financial assistance to achieve financial feasibility for the project. If a project requests direct financial assistance, additional information is required of the applicant to determine whether the project needs it. Project seeking direct financial assistance uses the same [application](#) as for public infrastructure, except for the added requirement to provide financial information showing the project will not occur but for the assistance.

Several Colorado municipalities have provided direct assistance to private developments. Through conversations with colleagues running other authorities or doing research on websites, the following is a list of such projects spurred by TIF assistance directly:

- [Colorado National Bank](#) in Denver – Restoration and redevelopment of the historic building into a luxury hotel. \$10,000,000 TIF reimbursement assistance to the project.
- [2460 Welton](#) development in Denver – redevelopment of a vacant lot into a residential and retail mixed use building. \$1,350,000 in developer reimbursement through property tax TIF.
- [Marriott](#) in Colorado Springs - \$15,000,000 TIF bond to construct a parking structure for a new Marriott property.
- Cannon Mine Café and The Post in Lafayette – tenant improvement assistance through existing TIF revenues
- [Hilton Garden Inn](#) in Arvada - \$3,200,000 in land contribution and lodging tax revenues
- [Arvada Ridge Marketplace](#) – \$6,670,000 Sales and Property Tax Pledge to encourage the redevelopment

The decision to approve a TIF agreement for a project is not a part of the Planned Unit Development (PUD) process. The PUD process relates to whether the project meets

**SUBJECT: URBAN RENEWAL 101 TOPICS**

**DATE: MARCH 11, 2019**

**PAGE 6 OF 6**

the regulatory requirements (e.g. zoning, design, layout) within the City's codes and ordinances. The discussion of approving financial assistance through Urban Renewal is legislative and independent of the PUD process. An assistance agreement can be considered at any time during the PUD approval process, if the project needs a PUD approval. To date, all approved assistance agreements were considered either concurrent or after a project's development/PUD process.

**ATTACHMENTS:**

Related documents are linked throughout the memo. Please click on the link in the text to be directed to the particular document.

# **LOUISVILLE REVITALIZATION COMMISSION**

## **Property Tax Increment Financing Rebate Assistance Policy**

**Implementation Date: 7/15/19**

### **Introduction:**

The Louisville Revitalization Commission (“LRC”) is the Urban Renewal Authority for the City of Louisville, Colorado (“City”). The LRC’s mission includes implementing the Highway 42 Revitalization Area Urban Renewal Plan (the “Plan”) which was adopted by the City of Louisville in December 2006.

The purpose of the Plan is to reduce, eliminate and prevent the spread of blight within the Urban Renewal Area (“URA”) and to stimulate growth and reinvestment within the Area boundaries, on surrounding blocks and throughout the Louisville downtown business district.

### **Policy on Use of Property Tax Increment Rebates:**

It is the principal goal of the urban renewal effort to afford maximum opportunity, consistent with the sound needs of the City as a whole, to redevelop and rehabilitate the Area by private enterprise. The rehabilitation and redevelopment of properties within the Urban Renewal Area will be accomplished through the improvement of existing structures and infrastructure, attraction of new investment and reinvestment, and preventing deterioration of properties in the Area. It is the City’s general intent to use urban renewal funds to support public infrastructure improvements that are needed to facilitate private investment and reinvestment in the plan area.

In unique situations, and on a case-by-case basis, in the sole and absolute discretion of the LRC and the City, certain forms of financial and other economic assistance may be awarded to a private property owner to undertake projects to redevelop or rehabilitate properties contained in the Area. Projects that are awarded support must demonstrate that they would provide exceptional and unique public benefits to qualify and would not be reasonably expected to be feasible without City financial or other economic support.

### **Property Tax Increment Rebates for Private Development:**

It is the policy of the LRC and the City that consideration may be given to requests for financial assistance by the use of property tax increment rebates to private property owners within the LRC authority to collect incremental property taxes from taxable new construction in the Area and to provide assistance to projects meeting the goals and objectives in the Highway 42 Urban Renewal Plan and which are also deemed to be in the best interests of the City.

To be considered for assistance, proposed projects must support the overall goals of the City and the Plan which specifically include promoting an environment which allows for a range of uses and product types which can respond to market conditions over time along with furthering the goals and objectives of the Louisville Comprehensive Plan; Highway 42 Framework Plan, Historic Preservation Plan and other relevant policies, while leveraging the community's investment in public improvement projects in the Area.

In addition to eliminating and preventing blight, proposed projects must address at least three or more of the objectives outlined in the Plan. Those objectives include:

- A. Improve relationship between the URA and surrounding areas
- B. Provide uses supportive of and complementary to planned improvements
- C. Encourage a mix of uses and/or mixed-use projects
- D. Promote a variety of products to address multiple income segments
- E. Provide ease of vehicular and pedestrian circulation and improve connections
- F. Encourage continued presence of businesses consistent with the plan vision
- G. Mitigate impacts from future transportation improvements
- H. Encourage public-private partnerships to implement the plan
- I. Encourage shared parking among projects in the area
- J. Landscape streetscapes to unify uses and plan components.

As specifically related to the use of property tax increment financing, a proposed project must clearly demonstrate that the project will provide the clear and present potential to generate substantial increases to the property tax values directly attributable to the project which could support the sharing of the incremental property tax increments between the property owners and the LRC.

### **Criteria for Evaluation**

After a property owner submits an application for property tax increment rebate assistance, the project will be evaluated based on how the project provides positive impacts to the community and how the project addresses the following criteria:

1. The elimination or prevention of blight in the URA
2. The ability to stimulate growth and reinvestment in the URA
3. The economic benefits to the community from the project
4. The effect of the project on surrounding property
5. The increase in property value created from the project
6. For property within downtown Louisville, the project is consistent with the City's historic preservation goals and objectives.

In addition to the criteria listed above, the LRC will give special consideration to projects that will also provide potential sales and other forms of tax revenue increases to the City and/or other significant community benefits, which might include but would not be limited to; providing outdoor and indoor public spaces, public art, affordable housing,

transportation infrastructure improvements, parking beyond the needs of the project and historic building restoration or improvements.

### **Potential Property Tax Increment Rebate Consideration**

The LRC and the City may consider awarding a 50% property tax increment rebate for a period up to five (5) years from the direct collection of the incremental property taxes attributable to the project. However, for projects that provide extraordinary community benefits or will generate substantial sales and other taxes for the City, the LRC and the City Council may consider awarding up to a 90% property tax increment rebate for a period of up to ten (10) years. No assistance will be granted to a project beyond the 2033 LRC budget year.

### **Project Transfer Criteria**

Transfers of a property tax increment rebate agreement may be made under at least one of the following circumstances:

- The new entity is wholly or significantly owned by the previous owners of the project
- The project is being transferred to at least one of the business/tenant (or an entity owned and controlled by the business/tenant) occupying the building
- To a non-related entity only after the project receives a Certificate of Occupancy after construction is complete, and only with the written consent of the City and LRC.

A property tax increment rebate agreement will contain an expiration date, upon which the agreement will expire if the project is not timely completed.

Applicants for tax increment property tax rebates or other financial assistance must first obtain the City's required land-use approvals for the project prior to receiving approval by the LRC and by the City for the financial assistance.

Applicants must submit all pertinent project financial information related to the project and the developer organization, including estimated development costs and a financing and operating plan. All financial information shall be referred by the City to a qualified professional for third-party review at LRC expense

All information submitted to the LRC or to the City is subject to public disclosure consistent with the requirements of the Colorado Open Records Act, the City of Louisville Charter, and related City, policies and ordinances.

The application for property tax increment rebate assistance may be found on the City's website at the following address:

<http://www.louisvilleco.gov/home/showdocument?id=22682>

### **Contact Information**

For additional information on Louisville's Urban Renewal assistance options, please contact [dburgess@louisvilleco.gov](mailto:dburgess@louisvilleco.gov).

**SUBJECT: APPROVAL OF BYLAW AMENDMENTS REGARDING LRC  
REGULAR MEETING DATE AND TIME AND COMMISSION  
CHECKS**

**DATE: OCTOBER 14, 2019**

**PRESENTED BY: KATHLEEN KELLY, CITY ATTORNEY  
HEATHER BALSER, LOUISVILLE CITY MANAGER**

**SUMMARY:**

The current date and time of the regular LRC meeting date is the 2<sup>nd</sup> Monday of each month at 7:30 am. This is stated in the 2009 bylaws. Per Commissioner direction at the August LRC meeting, the proposed bylaws allow for the LRC to set its meeting schedule at the first meeting of each year and a blackline showing changes from the current version (March 2009). Additionally at the September LRC meeting, the Commission directed staff to clean up Article VI, Section 5 to better reflect how the current process works to pay expenses incurred by the Commission. That proposed change is now included in the current redline and clean copy of the bylaws for approval.

**RECOMMENDATION:**

Approve the Bylaw amendments regarding LRC regular meeting date and time and commission checks.

**ATTACHMENTS:**

- 1) LRC Bylaws blackline with proposed changes
- 2) LRC Bylaws clean copy with proposed changes

BYLAWS OF THE LOUISVILLE REVITALIZATION COMMISSION  
(includes all amendments through ~~March 2009~~October 2019)

**ARTICLE I: THE COMMISSION**

Section 1. Status and Name. The Louisville Revitalization Commission is an urban renewal authority organized and existing under and by virtue of the Urban Renewal Law, C.R.S. § 31-25-101 et seq., as amended. The name of the authority shall be, and the authority shall do business in the name of, the "Louisville Revitalization Commission."

Section 2. Seal. The seal of the Commission shall be in the form of a circle and shall bear the name Louisville Revitalization Commission.

Section 3. Office. The office of the Commission shall be considered the Louisville City Hall, 749 Main Street, Louisville, CO 80027, or such other place in the City of Louisville, Colorado as the Commission members may designate from time to time.

Section 4. Number of Members. The Louisville Revitalization Commission shall consist of seven (7) members whom the Mayor with consent of City Council shall appoint. As authorized by C.R.S. § 31-25-104(2)(a), one member of the Commission shall be a member of the Louisville City Council and in furtherance of the Cooperation Agreement between the Commission and City, the Commission membership held by a City Councilmember shall be deemed vacant when such City Councilmember is no longer on City Council. Members shall be residents of the City at the time of their appointment and at all times while serving on the Commission.

Section 5. Term of Members. Each member shall be appointed for a staggered term, such that at least one member's term expires each year, and thereafter five-year terms.

**ARTICLE II: OFFICERS AND PERSONNEL**

Section 1. Officers. The officers of the Louisville Revitalization Commission shall be a Chair, a Vice-Chair, and a Secretary who shall be elected by the Commission from its membership.

Section 2. Chair. The Chair shall preside at all meetings of the Commission. Except as otherwise authorized by resolution of the Commission, the Chair shall have the authority to sign contracts, deeds, checks or drafts for the payment of monies, and other legal instruments of the Commission.

Section 3. Vice Chair. The Vice-Chair shall perform the duties of the Chair in the Chair's absence from the City or the incapacity of the Chair. During any vacancy in the office of the Chair, the Vice-Chair shall perform such duties of the Chair until such time as the Commission shall select a new Chair from among its members. The Vice-Chair shall have the authority to sign checks or drafts for payments of monies as provided in Article VI, Section 5 of these Bylaws. In the event of the absence or the incapacity of both the Chair and Vice-Chair, the remaining members shall select some other member of the Commission to temporarily perform the duties of the Chair.

Section 4. Secretary. The Secretary shall attest to all contracts, documents, and instruments authorized to be executed by the Commission. The Secretary shall have the authority to sign checks or drafts for payments of monies as provided in Article VI, Section 5 of these Bylaws. In the event of the absence of the Secretary, the Chair shall designate, in writing or verbally at a meeting of the Commission, some other member of the Commission to perform duties of the Secretary.

Section 5. Additional Duties. The officers of the Commission shall perform such duties and functions as may from time to time be required or authorized by the Commission or these Bylaws.

Section 6. Election of Officers. The Chair, Vice-Chair and Secretary of the Commission shall be elected annually by the Commission at its first meeting of each year and shall assume their duties upon election. Officers shall hold office for one year or until their successors are selected and qualified.

Section 7. Vacancies. If the office of the Chair, Vice-Chair or Secretary is vacant, the Commission shall select a successor from its membership to serve for the unexpired term of said office.

Section 8. Personnel. The Commission may from time to time authorize the employment of such personnel as it deems necessary to exercise its powers, duties, and functions as prescribed by the Urban Renewal Law and all other laws applicable thereto.

Section 9. Absences of Members. In the event any member of the Commission fails to attend three consecutive meetings, and such absences are not excused by the Chair, such absences shall be grounds for removal from the Commission as neglect of duty and inefficiency in compliance with Colorado law.

### ARTICLE III: MEETINGS

Section 1. Regular Meetings. ~~A regular~~ At the first meeting of each calendar year, the Commission shall establish its meeting schedule for that year, such meetings to be held on the second Monday of each month at 7:30 AM at the Louisville Public Library, 951 Spruce Street, Louisville, Colorado, or at such time and place as designated by the Commission. In the event any regular meeting falls on a legal holiday, it shall be held on the same day of the following Mondayweek unless the Commission designates otherwise. Notice and the agenda for each regular meeting shall be posted, and published on the City's website, at least seventy-two hours in advance of the meeting.

#### Section 2. Special Meetings and Business at Special Meetings.

A. Except for an emergency special meeting governed by Subsection B, each special meeting of the Commission shall be called by the Secretary on the request of any three members of the Commission, and shall be held on at least forty-eight hours written notice.

B. An emergency special meeting shall be called by the Secretary on the request of the Chair or any three members of the Commission, and shall be held on at least twenty-four hours written notice to each member of the Commission. An emergency special meeting shall not be called unless:

(i) Each member requesting the meeting has determined that the meeting is urgently necessary in order to take action on an unforeseen matter requiring immediate action; and

(ii) The basis for the determination described in Paragraph (i) is stated in the notice of the meeting.

C. The meeting notice required by Subsection A or B shall be served personally or left at the member's usual place of residence. The notice need not be served if the member has waived the notice in writing.

D. The Commission shall not take action on any item of business at any special meeting unless:

(i) The item to be acted on has been stated in the notice of the meeting; or

(ii) The item to be acted on is reasonably related to the item which was stated in the notice of the meeting.

Section 3. Study Sessions Meetings.

A. The Commission declares the following policy relating to study sessions:

(i) The purpose of study session meetings is to enable members of the Commission to obtain information about and discuss matters of public business in a less formal atmosphere.

(ii) Full debate and deliberations about matters that may be the subject of formal action should occur at formal meetings of the Commission to permit members of the public to participate meaningfully in, and to understand the grounds for, any formal action contemplated or taken by the Commission.

B. Each study session meeting of the Commission shall be held on at least 72 hours notice to each member of the Commission. All study session meetings shall be open to the public.

C. No preliminary or final policy decision, fiscal decision, rule, regulation, resolution, ordinance, action approving a contract, action calling for the payment of money, or other formal action, shall be made or taken at any study session.

D. At any study session, any member of the public who in good faith believes that a study session is proceeding in violation of Subsection C of this Section shall be entitled to submit a brief written objection to the official presiding over the study session; the written objection shall specify the ground for the objection. The presiding official shall exercise his or her discretion in determining whether the study session is in compliance with this Section, and shall conduct the study session in accordance with that determination. The Commission may adopt laws or regulations, consistent with this Section, to prevent the abuse of this Subsection D.

E. The Commission shall cause to be made a written summary or other record of each study session within five days after each study session. The summary shall be retained permanently in the records of the Commission.

F. Nothing in this Section shall preclude the Commission or its members from discussing or acting on procedural matters relating to the conduct of the study session, or from providing direction on matters to be scheduled for final action at a later regular or special meeting.

Section 4. Quorum. The powers of the Commission shall be vested in the members thereof in office from time to time. Four members shall constitute a quorum, but a smaller number may adjourn from time to time until a quorum is established. When a quorum is in attendance, action may be taken by the Commission upon an affirmative vote of four of the Commissioners present.

Section 5. Order of Business and Manner of Conducting Business.

A. At the regular meetings of the Commission the following shall be, by way of illustration and not limitation, the order of business:

- Roll call
- Approval of Agenda
- Consent Agenda
- Public comments
- Reports of the Commission
- Business Matters of the Commission
- Members' comments
- Adjournment and place and time of next meeting.

Section 6. Manner of Voting. The affirmative and negative votes shall be entered upon the minutes of every meeting, except in the case of officer elections when the vote may be by ballot, and except where there is a unanimous vote.

Section 7. Open Meetings, Executive Sessions and Public Records. In addition to the requirements of these Bylaws, the Commission shall comply with all applicable provisions of the open meetings laws and public records laws of the State. The Commission may hold an executive session for the same purposes and in accordance with same procedures applicable to executive sessions of the Louisville City Council. The Commission shall by resolution designate a person as the custodian of the records of the Commission.

Section 8. Notice, Discussions, and Meeting Locations.

A. It is the specific intent of the Commission to provide the public with notice of all meetings. For this purpose a variety of communication media of the community may be utilized, including posting and the City's website. For purposes of these Bylaws, "posting" or "posted" means placing, in areas accessible by the

public, at the Louisville City Hall, the Louisville Library, the Louisville Recreation Center, and one additional location that is open to the public during hours different from the regular business hours of the Louisville City Hall.

B. Notice of regular and special meetings of the Commission shall be provided to the public in accordance with the requirements these Bylaws and other applicable provisions of the open meetings laws and public records laws of the State. The agenda for any non-emergency meeting of the Commission shall contain an itemized list of all subjects on which substantive discussions are reasonably expected or which may be the subject of formal action.

C. The Commission shall not engage in substantive discussions relating to, or take formal action on, any subject at a non-emergency meeting when that subject was not listed in the agenda for that meeting and is not substantially related to any subject listed in the agenda, provided, however, that the Commission may engage in substantive discussions and take formal action on a matter of public business not on the agenda, upon a finding by the presiding officer that such discussions or action will promote the general welfare, it is important that the matter be acted upon before the next formal Commission meeting, and it would be injurious to await action on the matter until the next formal Commission meeting.

D. For purposes of Subsection C of this Section, a subject is not substantially related to a subject listed in the agenda when a person reading the agenda before the meeting would not have reasonably expected that the subject would be substantively discussed or formally acted upon at the meeting.

E. At any non-emergency meeting of the Commission, any member of the public who in good faith believes that a meeting is proceeding in violation of Subsection C of this Section shall be entitled to submit a brief written objection to the official presiding over the meeting; the written objection shall specify the ground for the objection. The presiding official shall exercise his or her discretion in determining whether the meeting is in compliance with this Section, and shall conduct the meeting in accordance with that determination. The written objection shall be retained permanently in the records of the Commission. The Commission may adopt laws or regulations, consistent with this Section, to prevent the abuse of this Subsection E.

F. For purposes of this Section, "substantive discussions" means debate, deliberation or other discussion about the merits, benefits, advantages or disadvantages of any proposed or possible resolution of any issue that will be or may be the subject of formal action by the Commission.

G. All meetings of the Commission shall occur in public building and public facilities accessible to all members of the public.

Section 9. Agenda, Materials and Communications File.

A. To the extent possible, a preliminary agenda for all Commission meetings shall be provided to each member at least seven days in advance of such meeting. To the extent possible, and excluding emergency meetings, the agenda and all documents and materials requiring action by the Commission at any meeting shall be provided each member seventy-two hours in advance of such meeting.

B. The agenda for any non-emergency meeting of the Commission shall contain an itemized list of all subjects on which substantive discussions are reasonably expected or which may be the subject of formal action. The notice of each emergency meeting shall be posted at least twenty-four hours in advance of the meeting and shall include specific agenda information to the extent such information is available.

C. The Commission shall make available to the public, at least on the City of Louisville website and Louisville Library, agenda-related materials for the Commission. If agenda-related materials are unavailable in electronic format, each such item shall be described on the web site; further, the Commission shall adopt (by reference to a City of Louisville plan or otherwise) a plan for making available on the web all agenda-related material. For purposes of this Section, "agenda-related materials" means the agenda, all reports, correspondence and any other documents forwarded to the Commission that provide background information or recommendations concerning the subject matter of any agenda item, excluding any documents or records which may or must be withheld from disclosure pursuant to state or federal statutes or constitutional provisions, or common law. If agenda-related materials are unavailable in electronic format, each such item shall be described on the web site.

D. Any letter, memo, map, drawing, plan or other document that is not agenda-related material or contained in the Commission's communications file and that is submitted to the Commission during a meeting shall be immediately made available to the public either by making copies available to the public at the meeting or by displaying the document at the meeting so that the public can view the document. No discussion or consideration of such a document by the Commission shall occur unless the document

has been made available to the public as provided in this subsection D. The foregoing shall not be construed to require the dissemination, display or disclosure of any document or record which otherwise may or must be withheld from disclosure pursuant to state or federal statutes or constitutional provisions, or common law.

E. The Commission shall maintain and make available to the public the Commission's communications file. For purposes of this Subsection E, "communications file" means a paper or digital file, organized chronologically and accessible to any person during normal business hours, containing a copy of any letter, memorandum or other public record that the secretary of the Commission has distributed to, or sent on behalf of, the chairperson of the Commission, or a quorum of the Commission concerning a matter that has been placed on the Commission's agenda within the previous thirty days or is scheduled or requested to be placed on the agenda within the next thirty days. The file may, but need not contain, voluminous reports, studies or analyses not created by officers or employees serving the Commission provided that their omission is noted in the file. Excepted from the file shall be commercial solicitations, agenda-related material, and any document or record which may or must be withheld from disclosure pursuant to state or federal statutes or constitutional provisions, or common law.

Section 10. Payment of Bills. Payment of bills may be considered by the Commission at any regular or special meeting, but no bill shall be approved unless a copy of the bill has been furnished to each member of the Commission prior to approval thereof.

#### **ARTICLE IV: AMENDMENTS TO BYLAWS**

Section 1. Amendment to Bylaws. The Bylaws of the Commission may be amended only if there has been notice of such proposal at the previous meeting.

#### **ARTICLE V: OPEN GOVERNMENT AND PUBLIC RECORDS**

Section 1. Open Government. Each member of the Commission shall participate in at least one City-sponsored open government-related seminar, workshop or other program at least once every two years. Such program shall provide information on at least these topics relating to municipal government: the theories and policies

underlying and laws relating to ethics, open government, open meetings, open records, and promoting citizen participation in municipal government.

Section 2. Public Records.

A. The provisions of these Bylaws relating to open records shall be liberally construed with State open records laws to promote the prompt disclosure of Commission records to citizens at no cost or no greater than the actual cost to the Commission. The Commission shall strictly construe exceptions provided under the State statutes authorizing certain public records to be exempt from disclosure to the public.

B. Commission records shall be open for inspection by any person in accordance with these Bylaws and the State statutes concerning public records. To the extent State open records laws or Commission enactments other than these Bylaws conflict with the provisions of these Bylaws, whichever provides greater access to Commission records and less expense to the person requesting the records shall control disclosure by the Commission.

C. No fee shall be charged for the inspection of Commission records.

D. No fee shall be charged for locating Commission records and making them available for copying, except that the actual labor cost to the Commission of locating Commission records may be charged and a reasonable deposit may be required if the records request seeks voluminous records, or records dating over a period of two or more years, and locating the records has exceeded two hours. The Commission may adopt regulations, consistent with the open records policy of these Bylaws, to prevent the abuse by persons of open records requests.

E. No photocopy charges shall be assessed for the first 25 pages of Commission records provided to a requester on a single request, or for electronic records. When electronic records responsive to a request are readily available, the Commission shall offer to make such records available as an alternative to paper copies. Photocopy charges per page shall not be greater than the Commission's actual cost. Where requested Commission records are voluminous, nothing shall prohibit the Commission from arranging for a private copy service to make the photocopies and requiring

the requester to reimburse the Commission for actual costs paid to the private copy service.

F. Any letter, memo, map, drawing, plan or other document that is not an agenda-related material or contained in a communications file and that is submitted to the Commission during a meeting shall be immediately made available to the public either by making copies available to the public at the meeting or by displaying the document at the meeting so that the public can view the document. No discussion or consideration of such a document by the Commission shall occur unless the document has been made available to the public as provided in this Subsection F.

## ARTICLE VI: GENERAL

Section 1. Committee. The Chair may appoint members of the Commission to such committees as deemed necessary to perform any functions for the purpose of advising the Commission.

### Section 2. Conflict of Interest; Code of Ethics.

A. No member, officer, or employee of the Commission (including by illustration only, consultants, experts, legal counsel), nor any immediate member of the family of any such member, officer, or employee shall acquire, nor shall any such member, officer, or employee retain any interest, direct or indirect, in any project or in any property included or planned to be included in any project, nor shall he/she have any interest, direct or indirect, in any contract or proposed contract for materials or services to be furnished or used in connection with any project. If any commissioner, officer, or employee of the Commission owns or controls an interest, direct or indirect, in any property included or planned to be included in any project, such information shall immediately be disclosed in writing to the Commission, and such disclosure shall be entered upon the minutes of the Commission. Upon such disclosure, such commissioner, officer, or employee shall not participate in any action by the Commission affecting the carrying out of the project planning or undertaking of the project unless the Commission determines that, in the light of such personal interest, the participation of such member in any such act would not be contrary to the public interest. Acquisition or retention of any such interest or willful failure to disclose shall constitute misconduct in office.

B. The members, officers and employees of the Commission shall comply with all applicable federal and state laws regarding conflicts of interest. The members, officers and employees of the Commission shall also comply with the Code of Ethics set forth as Sections 5-6 through 5-17 of the City of Louisville Home Rule Charter ("Code of Ethics"). For purposes of application of such Code of Ethics only, the Commission shall be considered a "public body" and a member of the Commission shall be considered a "public body member."

Section 3. Membership. Upon the vacancy of membership of the Commission, the Commission may give notice of such vacancy, invite applications therefor, interview persons regarding such membership,

and submit recommendations for the appointment to the Commission to the Mayor of the City of Louisville.

Section 4. Contracts. Contracts with persons, firms, agencies, companies, the United States, and other public entities shall be authorized by motion duly recorded upon the minutes of the Commission meeting or by written resolution, and a copy of any such resolutions and contracts shall be kept with the journal for the proceedings of the Commission.

Section 5. Commission Checks. ~~Two signatures~~ Checks on behalf of the Commission to pay expenses incurred by the Commission shall be ~~required on all checks or drafts for payments of monies~~ issued by the City upon request made by the Director of the Commission ~~from amongst the following officials: Chair, Vice-Chair, or his or Secretary.~~ her designee.

Adopted as amended this ~~9<sup>th</sup>~~ 14<sup>th</sup> day of ~~March, 2009~~ October, 2019.

\_\_\_\_\_  
Chair

ATTEST:

\_\_\_\_\_  
Secretary

BYLAWS OF THE LOUISVILLE REVITALIZATION COMMISSION  
(includes all amendments through October 2019)

**ARTICLE I: THE COMMISSION**

Section 1. Status and Name. The Louisville Revitalization Commission is an urban renewal authority organized and existing under and by virtue of the Urban Renewal Law, C.R.S. § 31-25-101 et seq., as amended. The name of the authority shall be, and the authority shall do business in the name of, the "Louisville Revitalization Commission."

Section 2. Seal. The seal of the Commission shall be in the form of a circle and shall bear the name Louisville Revitalization Commission.

Section 3. Office. The office of the Commission shall be considered the Louisville City Hall, 749 Main Street, Louisville, CO 80027, or such other place in the City of Louisville, Colorado as the Commission members may designate from time to time.

Section 4. Number of Members. The Louisville Revitalization Commission shall consist of seven (7) members whom the Mayor with consent of City Council shall appoint. As authorized by C.R.S. § 31-25-104(2)(a), one member of the Commission shall be a member of the Louisville City Council and in furtherance of the Cooperation Agreement between the Commission and City, the Commission membership held by a City Councilmember shall be deemed vacant when such City Councilmember is no longer on City Council. Members shall be residents of the City at the time of their appointment and at all times while serving on the Commission.

Section 5. Term of Members. Each member shall be appointed for a staggered term, such that at least one member's term expires each year, and thereafter five-year terms.

**ARTICLE II: OFFICERS AND PERSONNEL**

Section 1. Officers. The officers of the Louisville Revitalization Commission shall be a Chair, a Vice-Chair, and a Secretary who shall be elected by the Commission from its membership.

Section 2. Chair. The Chair shall preside at all meetings of the Commission. Except as otherwise authorized by resolution of the Commission, the Chair shall have the authority to sign contracts, deeds, checks or drafts for the payment of monies, and other legal instruments of the Commission.

Section 3. Vice Chair. The Vice-Chair shall perform the duties of the Chair in the Chair's absence from the City or the incapacity of the Chair. During any vacancy in the office of the Chair, the Vice-Chair shall perform such duties of the Chair until such time as the Commission shall select a new Chair from among its members. The Vice-Chair shall have the authority to sign checks or drafts for payments of monies as provided in Article VI, Section 5 of these Bylaws. In the event of the absence or the incapacity of both the Chair and Vice-Chair, the remaining members shall select some other member of the Commission to temporarily perform the duties of the Chair.

Section 4. Secretary. The Secretary shall attest to all contracts, documents, and instruments authorized to be executed by the Commission. The Secretary shall have the authority to sign checks or drafts for payments of monies as provided in Article VI, Section 5 of these Bylaws. In the event of the absence of the Secretary, the Chair shall designate, in writing or verbally at a meeting of the Commission, some other member of the Commission to perform duties of the Secretary.

Section 5. Additional Duties. The officers of the Commission shall perform such duties and functions as may from time to time be required or authorized by the Commission or these Bylaws.

Section 6. Election of Officers. The Chair, Vice-Chair and Secretary of the Commission shall be elected annually by the Commission at its first meeting of each year and shall assume their duties upon election. Officers shall hold office for one year or until their successors are selected and qualified.

Section 7. Vacancies. If the office of the Chair, Vice-Chair or Secretary is vacant, the Commission shall select a successor from its membership to serve for the unexpired term of said office.

Section 8. Personnel. The Commission may from time to time authorize the employment of such personnel as it deems necessary to exercise its powers, duties, and functions as prescribed by the Urban Renewal Law and all other laws applicable thereto.

Section 9. Absences of Members. In the event any member of the Commission fails to attend three consecutive meetings, and such absences are not excused by the Chair, such absences shall be grounds for removal from the Commission as neglect of duty and inefficiency in compliance with Colorado law.

### ARTICLE III: MEETINGS

Section 1. Regular Meetings. At the first meeting of each calendar year, the Commission shall establish its meeting schedule for that year, such meetings to be held at the Louisville Public Library, 951 Spruce Street, Louisville, Colorado, or at such time and place as designated by the Commission. In the event any regular meeting falls on a legal holiday, it shall be held on the same day of the following week unless the Commission designates otherwise. Notice and the agenda for each regular meeting shall be posted, and published on the City's website, at least seventy-two hours in advance of the meeting.

Section 2. Special Meetings and Business at Special Meetings.

A. Except for an emergency special meeting governed by Subsection B, each special meeting of the Commission shall be called by the Secretary on the request of any three members of the Commission, and shall be held on at least forty-eight hours written notice.

B. An emergency special meeting shall be called by the Secretary on the request of the Chair or any three members of the Commission, and shall be held on at least twenty-four hours written notice to each member of the Commission. An emergency special meeting shall not be called unless:

(i) Each member requesting the meeting has determined that the meeting is urgently necessary in order to take action on an unforeseen matter requiring immediate action; and

(ii) The basis for the determination described in Paragraph (i) is stated in the notice of the meeting.

C. The meeting notice required by Subsection A or B shall be served personally or left at the member's usual place of residence. The notice need not be served if the member has waived the notice in writing.

D. The Commission shall not take action on any item of business at any special meeting unless:

(i) The item to be acted on has been stated in the notice of the meeting; or

(ii) The item to be acted on is reasonably related to the item which was stated in the notice of the meeting.

Section 3. Study Sessions Meetings.

A. The Commission declares the following policy relating to study sessions:

(i) The purpose of study session meetings is to enable members of the Commission to obtain information about and discuss matters of public business in a less formal atmosphere.

(ii) Full debate and deliberations about matters that may be the subject of formal action should occur at formal meetings of the Commission to permit members of the public to participate meaningfully in, and to understand the grounds for, any formal action contemplated or taken by the Commission.

B. Each study session meeting of the Commission shall be held on at least 72 hours notice to each member of the Commission. All study session meetings shall be open to the public.

C. No preliminary or final policy decision, fiscal decision, rule, regulation, resolution, ordinance, action approving a contract, action calling for the payment of money, or other formal action, shall be made or taken at any study session.

D. At any study session, any member of the public who in good faith believes that a study session is proceeding in violation of Subsection C of this Section shall be entitled to submit a brief written objection to the official presiding over the study session; the written objection shall specify the ground for the objection. The presiding official shall exercise his or her discretion in determining whether the study session is in compliance with this Section, and shall conduct the study session in accordance with that determination. The Commission may adopt laws or regulations, consistent with this Section, to prevent the abuse of this Subsection D.

E. The Commission shall cause to be made a written summary or other record of each study session within five days after each study session. The summary shall be retained permanently in the records of the Commission.

F. Nothing in this Section shall preclude the Commission or its members from discussing or acting on procedural matters relating to the conduct of the study session, or from providing direction on matters to be scheduled for final action at a later regular or special meeting.

Section 4. Quorum. The powers of the Commission shall be vested in the members thereof in office from time to time. Four members shall constitute a quorum, but a smaller number may

adjourn from time to time until a quorum is established. When a quorum is in attendance, action may be taken by the Commission upon an affirmative vote of four of the Commissioners present.

Section 5. Order of Business and Manner of Conducting Business.

A. At the regular meetings of the Commission the following shall be, by way of illustration and not limitation, the order of business:

Roll call  
Approval of Agenda  
Consent Agenda  
Public comments  
Reports of the Commission  
Business Matters of the Commission  
Members' comments  
Adjournment and place and time of next meeting.

Section 6. Manner of Voting. The affirmative and negative votes shall be entered upon the minutes of every meeting, except in the case of officer elections when the vote may be by ballot, and except where there is a unanimous vote.

Section 7. Open Meetings, Executive Sessions and Public Records. In addition to the requirements of these Bylaws, the Commission shall comply with all applicable provisions of the open meetings laws and public records laws of the State. The Commission may hold an executive session for the same purposes and in accordance with same procedures applicable to executive sessions of the Louisville City Council. The Commission shall by resolution designate a person as the custodian of the records of the Commission.

Section 8. Notice, Discussions, and Meeting Locations.

A. It is the specific intent of the Commission to provide the public with notice of all meetings. For this purpose a variety of communication media of the community may be utilized, including posting and the City's website. For purposes of these Bylaws, "posting" or "posted" means placing, in areas accessible by the public, at the Louisville City Hall, the Louisville Library, the Louisville Recreation Center, and one additional location that is open to the public during hours different from the regular business hours of the Louisville City Hall.

B. Notice of regular and special meetings of the Commission shall be provided to the public in accordance with the requirements these Bylaws and other applicable provisions of the open meetings laws and public records laws of the State. The agenda for any non-emergency meeting of the Commission shall contain an itemized list of all subjects on which substantive discussions are reasonably expected or which may be the subject of formal action.

C. The Commission shall not engage in substantive discussions relating to, or take formal action on, any subject at a non-emergency meeting when that subject was not listed in the agenda for that meeting and is not substantially related to any subject listed in the agenda, provided, however, that the Commission may engage in substantive discussions and take formal action on a matter of public business not on the agenda, upon a finding by the presiding officer that such discussions or action will promote the general welfare, it is important that the matter be acted upon before the next formal Commission meeting, and it would be injurious to await action on the matter until the next formal Commission meeting.

D. For purposes of Subsection C of this Section, a subject is not substantially related to a subject listed in the agenda when a person reading the agenda before the meeting would not have reasonably expected that the subject would be substantively discussed or formally acted upon at the meeting.

E. At any non-emergency meeting of the Commission, any member of the public who in good faith believes that a meeting is proceeding in violation of Subsection C of this Section shall be entitled to submit a brief written objection to the official presiding over the meeting; the written objection shall specify the ground for the objection. The presiding official shall exercise his or her discretion in determining whether the meeting is in compliance with this Section, and shall conduct the meeting in accordance with that determination. The written objection shall be retained permanently in the records of the Commission. The Commission may adopt laws or regulations, consistent with this Section, to prevent the abuse of this Subsection E.

F. For purposes of this Section, "substantive discussions" means debate, deliberation or other discussion about the merits, benefits, advantages or disadvantages of any proposed or possible resolution of any issue that will be or may be the subject of formal action by the Commission.

G. All meetings of the Commission shall occur in public building and public facilities accessible to all members of the public.



Section 9. Agenda, Materials and Communications File.

A. To the extent possible, a preliminary agenda for all Commission meetings shall be provided to each member at least seven days in advance of such meeting. To the extent possible, and excluding emergency meetings, the agenda and all documents and materials requiring action by the Commission at any meeting shall be provided each member seventy-two hours in advance of such meeting.

B. The agenda for any non-emergency meeting of the Commission shall contain an itemized list of all subjects on which substantive discussions are reasonably expected or which may be the subject of formal action. The notice of each emergency meeting shall be posted at least twenty-four hours in advance of the meeting and shall include specific agenda information to the extent such information is available.

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D. Any letter, memo, map, drawing, plan or other document that is not agenda-related material or contained in the Commission's communications file and that is submitted to the Commission during a meeting shall be immediately made available to the public either by making copies available to the public at the meeting or by displaying the document at the meeting so that the public can view the document. No discussion or consideration of such a document by the Commission shall occur unless the document has been made available to the public as provided in this subsection D. The foregoing shall not be construed to require the dissemination, display or disclosure of any document or record which otherwise may or must be withheld from disclosure pursuant to state or federal statutes or constitutional provisions, or common law.

E. The Commission shall maintain and make available to the public the Commission's communications file. For purposes of this Subsection E, "communications file" means a paper or digital file, organized chronologically and accessible to any person during normal business hours, containing a copy of any letter, memorandum or other public record that the secretary of the Commission has distributed to, or sent on behalf of, the chairperson of the Commission, or a quorum of the Commission concerning a matter that has been placed on the Commission's agenda within the previous thirty days or is scheduled or requested to be placed on the agenda within the next thirty days. The file may, but need not contain, voluminous reports, studies or analyses not created by officers or employees serving the Commission provided that their omission is noted in the file. Excepted from the file shall be commercial solicitations, agenda-related material, and any document or record which may or must be withheld from disclosure pursuant to state or federal statutes or constitutional provisions, or common law.

Section 10. Payment of Bills. Payment of bills may be considered by the Commission at any regular or special meeting, but no bill shall be approved unless a copy of the bill has been furnished to each member of the Commission prior to approval thereof.

#### **ARTICLE IV: AMENDMENTS TO BYLAWS**

Section 1. Amendment to Bylaws. The Bylaws of the Commission may be amended only if there has been notice of such proposal at the previous meeting.

#### **ARTICLE V: OPEN GOVERNMENT AND PUBLIC RECORDS**

Section 1. Open Government. Each member of the Commission shall participate in at least one City-sponsored open government-related seminar, workshop or other program at least once every two years. Such program shall provide information on at least these topics relating to municipal government: the theories and policies underlying and laws relating to ethics, open government, open meetings, open records, and promoting citizen participation in municipal government.

Section 2. Public Records.

A. The provisions of these Bylaws relating to open records shall be liberally construed with State open records laws to promote the prompt disclosure of Commission records to citizens at no cost or no greater than the actual cost to the Commission.

The Commission shall strictly construe exceptions provided under the State statutes authorizing certain public records to be exempt from disclosure to the public.

B. Commission records shall be open for inspection by any person in accordance with these Bylaws and the State statutes concerning public records. To the extent State open records laws or Commission enactments other than these Bylaws conflict with the provisions of these Bylaws, whichever provides greater access to Commission records and less expense to the person requesting the records shall control disclosure by the Commission.

C. No fee shall be charged for the inspection of Commission records.

D. No fee shall be charged for locating Commission records and making them available for copying, except that the actual labor cost to the Commission of locating Commission records may be charged and a reasonable deposit may be required if the records request seeks voluminous records, or records dating over a period of two or more years, and locating the records has exceeded two hours. The Commission may adopt regulations, consistent with the open records policy of these Bylaws, to prevent the abuse by persons of open records requests.

E. No photocopy charges shall be assessed for the first 25 pages of Commission records provided to a requester on a single request, or for electronic records. When electronic records responsive to a request are readily available, the Commission shall offer to make such records available as an alternative to paper copies. Photocopy charges per page shall not be greater than the Commission's actual cost. Where requested Commission records are voluminous, nothing shall prohibit the Commission from arranging for a private copy service to make the photocopies and requiring the requester to reimburse the Commission for actual costs paid to the private copy service.

F. Any letter, memo, map, drawing, plan or other document that is not an agenda-related material or contained in a communications file and that is submitted to the Commission during a meeting shall be immediately made available to the public either by making copies available to the public at the meeting or by displaying the document at the meeting so that the public can view the document. No discussion or consideration of such a document by the Commission shall occur unless the document has been made available to the public as provided in this Subsection F.

## **ARTICLE VI: GENERAL**

Section 1. Committee. The Chair may appoint members of the Commission to such committees as deemed necessary to perform any functions for the purpose of advising the Commission.

### Section 2. Conflict of Interest; Code of Ethics.

A. No member, officer, or employee of the Commission (including by illustration only, consultants, experts, legal counsel), nor any immediate member of the family of any such member, officer, or employee shall acquire, nor shall any such member, officer, or employee retain any interest, direct or indirect, in any project or in any property included or planned to be included in any project, nor shall he/she have any interest, direct or indirect, in any contract or proposed contract for materials or services to be furnished or used in connection with any project. If any commissioner, officer, or employee of the Commission owns or controls an interest, direct or indirect, in any property included or planned to be included in any project, such information shall immediately be disclosed in writing to the Commission, and such disclosure shall be entered upon the minutes of the Commission. Upon such disclosure, such commissioner, officer, or employee shall not participate in any action by the Commission affecting the carrying out of the project planning or undertaking of the project unless the Commission determines that, in the light of such personal interest, the participation of such member in any such act would not be contrary to the public interest. Acquisition or retention of any such interest or willful failure to disclose shall constitute misconduct in office.

B. The members, officers and employees of the Commission shall comply with all applicable federal and state laws regarding conflicts of interest. The members, officers and employees of the Commission shall also comply with the Code of Ethics set forth as Sections 5-6 through 5-17 of the City of Louisville Home Rule Charter ("Code of Ethics"). For purposes of application of such Code of Ethics only, the Commission shall be considered a "public body" and a member of the Commission shall be considered a "public body member."

Section 3. Membership. Upon the vacancy of membership of the Commission, the Commission may give notice of such vacancy, invite applications therefor, interview persons regarding such membership, and submit recommendations for the appointment to the Commission to the Mayor of the City of Louisville.

Section 4. Contracts. Contracts with persons, firms, agencies, companies, the United States, and other public entities shall be authorized by motion duly recorded upon the minutes of

the Commission meeting or by written resolution, and a copy of any such resolutions and contracts shall be kept with the journal for the proceedings of the Commission.

Section 5. Commission Checks. Checks on behalf of the Commission to pay expenses incurred by the Commission shall be issued by the City upon request made by the Director of the Commission or his or her designee.

Adopted as amended this 14<sup>th</sup> day of October, 2019.

\_\_\_\_\_  
Chair

ATTEST:

\_\_\_\_\_  
Secretary