City of Louisville
COLORADO • SINCE 1878

Louisville Revitalization Commission

Monday, November 18, 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 October 14, 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. Resolution NO. 19-02 – Adopting the Annual Budget and Appropriating Expenditures for Fiscal Year 2020 for the Louisville Revitalization Commission

  b. Resolution NO. 19-03 – Approving a Property Tax Rebate Agreement with 712 Main Street LLC and 722 Main Street LLC

  c. Approval of Bylaws Amendments Regarding Regular Meeting Date and Time, Commission Checks, and Personnel of the Commission

  d. Items for Next Regular Meeting December 9, 2019, 7:30 am Library Meeting Room

VIII. Commissioners' Comments

IX. Adjourn

City of Louisville
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Louisville Revitalization Commission

Minutes

Monday, October 14, 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 Debra Baskett Rich Bradfield Alex Gorsevski Jeff Lipton, Mayor Pro Tem
Staff Present:	Heather Balser, 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:	Tim Worzal, Dan Guimond, Mike Kranzdorf, Mark Oberholzer, Steve Erickson, Rick Woodruff, John Willson, Scott Reichenburg

Approval of Agenda
Approved

Approval of September 9, 2019 Minutes:
Approved as presented

Public Comments on Items Not on the Agenda

Reports of Commission

Business Matters of Commission

- **Public Hearing**
  Chair Fisher opened the public hearing.

- **Open public hearing**
  Finance Director Kevin Watson presented the 2020 LRC budget. The budget was presented to City Council; they had no comments. City Manager Balser noted there is $75,000 for Fire District; it is a place holder and will be left in until after the election.

- **Close public hearing**

- **Commission discussion**
  The LRC budget is on the City Council consent agenda for approval at the October 15th meeting.

- **Action to submit budget to city for review and approval by the City council**
  Debra Basket moved to approve the 2020 LRC budget, Steve Fisher seconded. All in favor. Approved.

- **Discussion/Direction of 3rd party review by EPS of Terraces on Main TIF Proposal and Next Steps**

  City Manager Balser said EPS has provided a 3rd party review for the Terraces on Main project.

  Tim Morzel and Dan Guimond of EPS presented an overview of evaluation of request for TIF by Boulder Creek Neighborhoods. Mr. Morzel reviewed the power point presentation in the packet.

  There are several key assumptions the most important of which are estimated rents and construction costs.

  EPS recommendation is that there is a need for TIF. And they recommend the project receive 90%. Two points in favor of the application include proposed first floor retail as an important consideration and Boulder Creek Neighborhoods occupying the second level of the building such that the City would retain a primary employer.

Typically we use TIF for infrastructure. Is this common to provide this type of assistance? EPS responded that they recommend using TIF for this project. This tool is used throughout the Front Range, most recently Wheat Ridge and Erie. It is relatively common for Urban Renewal authorities to use TIF in this manner.

Will we get the first floor retail? The economics are that retail will pay higher rents than office. In a robust economy, retail will be preferred and can be achieved. Retail space is at a premium.

9% discount rate seems generous. Where did this come from? 9% is in a range of 8% - 12%. See project performance slide, page 47 of packet. This amounts seems reasonable based on EPS analysis.

Is the city taking on developer risk? 9% seems generous to be taking on someone else's risk. Developer is still taking on significant risk. TIF revenues are only generated if project goes vertical and investments are made.

Could every project need assistance? What corrects the need for assistance is a robust market that drives up rents and covers costs. Historic Main St situations are challenged by what can be supported in the way of rent.

If you make investments in new property, won't property taxes be driven up for others? You are trying to improve overall attractiveness of area. New investment is a good thing. Property is developed for its highest and best use.

Why not include the sales tax/retail requirement for the first floor? Rick Woodruff of Boulder Creek Neighborhoods (BCN) said that in this type of project, typically 70% -75% is financed. Lenders do not like restrictions that limit their ability to lease space. The intent is to rent as retail. As far as risk, this is not a lot of risk to the City. The City gets no funds if we do not do it. He struggles with what the risk to the City is financially. If we don't do the project, it stays status quo. If the project happens the City gets the full tax revenue increase in 10 years when the TIF rebate ends. It will revitalize the community. That is what this tool is for. If the City insists the first floor is retail, the project will most likely not go forward.

Business Retention and Development (BRaD) Chair Mark Oberholzer said BRaD views TIF in general as a good thing. BRaD supports TIF as a good tool.

Is there any thought given to the impact of trickle down for employees downtown? Any employees downtown will have positive economic impact. Maintaining an employer downtown and improving the downtown environment justifies extraordinary community benefit.

Planning and Building Safety Director Rob Zuccaro said the staff memo supports community benefits.

Commissioner Baskett wants to make a strong pitch for the project. This is a watershed moment as to what happens downtown. She said we want retail for vibrancy but we also need people to shop so this does bring people downtown. She urged this committee to make a recommendation in favor of the 90%.

Mark Oberholzer said if developer assumes 90%, given risk, the City should move forward.

Chair Fisher said he originally supported 90%. BCN is a good company.

Mayor Pro Tem Lipton said it is clear that in order to get the 90% they have to generate sales tax. He is in favor of the project but feels there needs to be a stronger commitment on retail space. If we give this full amount, others will come forward and ask for the same benefit and space will be used for office space.

Rich Bradfield said this is an office building and the project should stand on its own.

The 3 story project was not denied by council; they were asked to make some design changes and revised the project.

City Manager Balser said we have old spaces. We have a developer who is willing to provide redevelopment to attain retail space. From a staff perspective, this is what TIF is intended for. In order to meet our goals and desires for downtown, this project meets those objectives.

Mayor Pro Tem Lipton made a motion to approve the project with the retail requirement. There was no second on that motion. Commissioner Baskett made a motion to support the application at 90% TIF, 10 years with no retail requirement. Chair Fisher seconded that motion.

A vote was taken.

In favor:
Commissioner Baskett
Commissioner Gorsevski
Commissioner Adler
Chair Fisher

Opposed:
Commissioner Bradfield

Mayor Pro Tem Lipton

Mayor Pro Tem Lipton thanked EPS for a great template for future applications. Commissioner Adler thanked BCN.

Commissioner Baskett encouraged LRC members to attend the November 4th council meeting.

- **Approval of Bylaws Regarding Regular Meeting Date and Time and Commission Checks**
  Bylaws have been updated with Section 5 as to how LRC processes payment of checks and signatures. Also includes the meeting time changes reviewed last month. City Manager is the “Director” of the LRC pursuant to the cooperation agreement with the City. Add to Article 2, Section 8, a reference to this in the cooperation agreement. Staff will make changes and bring back in November.

- **Items for next Regular meeting November 18, 2019**

  - Bylaws
  - Update on P66 – provided application link in October packet
  - Parcel O – are we on the clock – strategizing on what that means
  - Update long-term financials
  - Economic vitality goals – or wait until person is hired??

Commissioners Comments:
Commissioner Gorsevski said the Terraces was a tough vote for him. Other applicants will come forward. We’ll see how this one pans out and if we get revenue. He hopes it works. Mayor Pro Tem Lipton said it will be a tough vote for Council too. If we incentivize office space, that will be tough politically for City Council. City Council can approve, deny, or recommend changes. Can City Council suggest what it cannot be? Could be a zoning issue, which is outside this process. City Council could suggest restructuring of incentive.

What, given Gallagher, does property tax increase mean? Gallagher addresses ratio between residential and commercial. The affect over time is that commercial pays much higher rate. That would have an effect on the future.

Adjourn: The meeting adjourned at 8:45 am.

City of Louisville
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LOUISVILLE REVITALIZATION COMMISSION

SUBJECT: RESOLUTION NO. 19-02 - ADOPTING THE ANNUAL BUDGET AND APPROPRIATING EXPENDITURES FOR FISCAL YEAR 2020 FOR THE LOUISVILLE REVITALIZATION COMMISSION

DATE: NOVEMBER 18, 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. In accordance with the Cooperation Agreement between the City of Louisville and the LRC, the annual budget proposed by the LRC was reviewed and approved by the City Council on October 15, 2019. The following table summarizes the 2020 proposed budget for the LRC. It also contains information on 2017 and 2018 actuals, as well as the current 2019 budget and 2019 estimates.

	2017	2018	2019		2020
	Actual	Actual	Budget	Estimate	Budget
Beginning Fund Balance	**3,398,940**	**768,444**	**921,851**	**921,851**	**668,581**
Revenue:					
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
Total Revenue	**817,410**	**1,289,448**	**1,617,382**	**1,700,100**	**2,028,540**
Expenditures:					
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	206,000	355,000
Interest-Bonds	330,914	335,300	344,374	344,370	329,950
Total Expenditures	**3,447,906**	**1,136,041**	**1,868,722**	**1,953,370**	**1,376,370**
Ending Fund Balance	**768,444**	**921,851**	**670,511**	**668,581**	**1,320,751**

BUDGET DISCUSSION

Beginning Fund Balance

Staff is projecting a 2019 ending fund balance of **$668,581**, 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 LRC during 2020. The *final* assessed valuation will not be available until the end of November.

Based upon the preliminary information, the LRC's gross assessed valuation increased from $61,021,831 in 2018 to $66,856,634 in 2019. The LRC'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 LRC. The LRC'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 LRC 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 sharing a portion of the property tax TIF revenue captured through the Fire District's overlapping levy. The proposed budget amount of **$75,870** is a placeholder amount and is based on:

- 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 possible 3rd party reviews of TIF agreements in 2020.

Payments from the DELO Construction Account are disbursements made by USBank at the LRC'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 LRC 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 **$329,950** in interest.

Ending Fund Balance

The proposed budget calculates a 2020 ending fund balance of $**1,320,751**. This allows the LRC to consider proactive projects to alleviate blight conditions, which may encourage additional economic activity within the area.

RECOMMENDATION:

Staff recommends approval of the 2020 budget by approving the attached Resolution.

ATTACHMENTS:

1) Resolution NO. 19-02 - Adopting the Annual Budget and Appropriating Expenditures for Fiscal Year 2020 for the Louisville Revitalization Commission
2) Exhibit A to the Resolution

LOUISVILLE REVITALIZATION COMMISSION
RESOLUTION NO. 19-02

A RESOLUTION ADOPTING THE ANNUAL BUDGET AND APPROPRIATING EXPENDITURES FOR FISCAL YEAR 2020 FOR THE LOUISVILLE REVITALIZATION COMMISSION.

WHEREAS, the Louisville Revitalization Commission's proposed annual budget for the fiscal year 2020 has been prepared and submitted to the Board of Commissioners; and

WHEREAS, such proposed budget contains all matters required by law; and

WHEREAS, the Louisville City Council approved the proposed budget in accordance with the Amended and Restated Cooperation Agreement dated November 17, 2015; and

WHEREAS, a public hearing has been held on the proposed budget following public notice of the same.

NOW THEREFORE, BE IT RESOLVED BY THE LOUISVILLE REVITALIZATION COMMISSION:

SECTION 1. The annual budget for the Louisville Revitalization Commission for the fiscal year beginning January 1, 2020 and ending December 31, 2020 ("2020 Fiscal Year), as shown in Exhibit A attached hereto and incorporated herein by this reference, is hereby approved and adopted.

SECTION 2. Moneys are hereby appropriated for the 2020 Fiscal Year as provided in Exhibit A.

PASSED AND ADOPTED this 18th day of November 2019.

Louisville Revitalization Commission

By: ______________________________
Chair

ATTEST:

By: ______________________________
Secretary

Exhibit A

2020 Budget

	2017 Actual	2018 Actual	2019 Budget	2019 Estimate	2020 Budget
Beginning Fund Balance	**3,398,940**	**768,444**	**921,851**	**921,851**	**668,581**
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City of Louisville
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LOUISVILLE REVITALIZATION COMMISSION

SUBJECT: **RESOLUTION NO. 3, SERIES, 2019 - APPROVING A PROPERTY TAX INCREMENT REBATE AGREEMENT FOR 712 AND 722 MAIN STREET**

DATE: **NOVEMBER 18, 2019**

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

SUMMARY:
On November 4, 2019 City Council approved the Property Tax Increment Rebate Agreement for 712 and 722 Main Street on a 4-3 vote. The November 4, 2019 City Council packet is attached for reference. City Council directed the City Attorney to include clarifying language in the Agreement about adjusting the calculation of Pledged Revenue by increasing the based valuation to reflect the biennial reassessments received from the Boulder County Assessor. The Agreement has been revised to reflect that, after the first year of rebate payments, the "Base" valuation of the property (as defined in the Agreement) will be adjusted by any percentage increase to the base valuation of the entire Urban Renewal Area due to triennial reassessment (this is often referred to as the "floating base" of the Urban Renewal Area). No adjustment to the Base will be made if the base valuation of the Urban Renewal Area decreases.

That language has been included and a blackline agreement as well as a clean copy are attached. The owner of 712 and 722 Main Street is aware of the clarifying language and does not object to the proposed language.

Staff asked EPS, who conducted the 3rd party review of the TIF agreement, to determine how the additional language could affect the revenue projections over the ten year period.

See below for a summary of the annual and biennial escalation rates since 2007. Using the biennial rate of 7.25 percent results in a projected $847,911 in total property tax increment revenues (assuming 90% over 10 years) as compared to the $923,000 originally projected by EPS over the same time period. These are higher escalation rates than were originally used by EPS with more precise trend data (initially utilized an average rate of 2-3% base inflation), which results in the reduced projections. This is a projection and could change based on actual assessed valuation during the 10 year period.

Description	Base	% Change	Increment	% Change	Gross Value	% Change
2007	$29,732,280	---	$250,630	---	$29,982,910	---
2008	$29,679,960	*-0.2%*	$362,620	*44.7%*	$30,042,580	*0.2%*
2009	$30,353,880	*2.3%*	$634,080	*74.9%*	$30,987,960	*3.1%*
2010	$30,353,880	*0.0%*	$529,785	*-16.4%*	$30,883,665	*-0.3%*
2011	$28,724,674	*-5.4%*	$688,805	*30.0%*	$29,413,479	*-4.8%*
2012	$29,399,809	*2.4%*	$770,519	*11.9%*	$30,170,328	*2.6%*
2013	$28,853,950	*-1.9%*	$2,285,864	*196.7%*	$31,139,814	*3.2%*
2014	$28,419,543	*-1.5%*	$4,564,228	*99.7%*	$32,983,771	*5.9%*
2015	$37,803,464	*33.0%*	$6,531,100	*43.1%*	$44,334,564	*34.4%*
2016	$37,239,976	*-1.5%*	$9,413,158	*44.1%*	$46,653,134	*5.2%*
2017	$43,188,951	*16.0%*	$14,952,825	*58.9%*	$58,141,776	*24.6%*
2018	$41,986,395	*-2.8%*	$19,035,436	*27.3%*	$61,021,831	*5.0%*
2019	$45,237,015	*7.7%*	$21,619,619	*13.6%*	$66,856,634	*9.6%*
Total	**$15,504,735**		**$21,368,989**		**$36,873,724**	
Ann. #	**$1,292,061**		**$1,780,749**		**$3,072,810**	
Ann. %	**3.56%**		**44.98%**		**6.91%**	
Biennial %	**7.25%**		**110.20%**		**14.30%**	

Source: Boulder County Assessor; Economic & Planning Systems

Z:\Shared\Projects\DEN\193080-Littleton URA Business Outreach\Data\[193080-Base Value-11-13-2019.xlsx]Sheet2

RECOMMENDATION:
Staff recommends approval of Resolution No. Series 2019 Approving the Property Tax Increment Rebate Agreement for 712 and 722 Main Street.

ATTACHMENTS:
1) Resolution NO. 3, Series 2019 - Approving the Property Tax Rebate Agreement for 712 and 722 Main Street
2) Blackline and Clean Copy of Rebate Agreement
3) November 4, 2019 City Council Packet

LOUISVILLE REVITALIZATION COMMISSION
RESOLUTION NO. 19-03

A RESOLUTION APPROVING A PROPERTY TAX INCREMENT REBATE AGREEMENT WITH 712 MAIN STREET LLC AND 722 MAIN STREET LLC

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

WHEREAS, 712 Main Street LLC and 722 Main Street LLC (collectively, the "Developer"), the property owner and developer of the proposed Terraces on Main have requested direct financial assistance from the LRC to remediate and prevent the spread of blight within the area of the Highway 42 Revitalization Area Urban Renewal Plan (the "Plan Area"); and

WHEREAS, remediating and preventing the spread of blight within the Plan Area will encourage property owners within the area to redevelop their properties in furtherance of the goals and purposes of the Highway 42 Revitalization Area Urban Renewal Plan; and

WHEREAS, a Property Tax Increment Rebate Agreement (the "Agreement") has been proposed between the LRC and the Developer to provide the requested financial assistance in the form of a partial rebate of property tax increment ("TIF") revenues received by the LRC and generated only by the Developer's project, as set forth in the Agreement; and

WHEREAS, in accordance with Section 5.6 of the Highway 42 Revitalization Area Urban Renewal Plan and Section 5.d the Amended and Restated Cooperation Agreement between the LRC and the City of Louisville, on November 4, 2019, the City Council approved the Agreement; and

WHEREAS, the Board of Commissioners of the Louisville Revitalization Commission have reviewed the proposed Agreement, finds its terms acceptable, and desires by this resolution to approve the same.

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

Section 1. The Property Tax Increment Rebate Agreement between the Louisville Revitalization Commission and 712 Main Street LLC and 722 Main Street LLC is hereby approved in the form of such Agreement accompanying this Resolution.

Section 2. The LRC Chair is authorized to execute the Agreement on behalf of the LRC, and is further authorized to negotiate and approve such revisions to the proposed Agreement as the Chair determines are in the best interests of the LRC, provided the essential terms and conditions of the Agreement are not altered.

Section 3. All prior resolutions pertaining to the Property Tax Increment Rebate Agreement approved by this Resolution are hereby repealed.

ADOPTED this 18th day of November, 2019.

ATTEST: ______________________________
Chair

____
Secretary

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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 STREET LLC ~~AND~~and 722 MAIN ~~ST~~STREET 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 6th 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 issued Property Tax Increment Revenue Bonds (DELO Project), Series 2014 on October 23, 2014, in the principal amount of $4,500,000 (the "**2014 Bonds**") and pledged the Property Tax TIF from the Core Project Area (as defined in the 2014 Bond Resolution authorizing the 2014 Bonds) to the payment of the 2014 Bonds on a basis that was subordinate to the payments required under the Tri-Party Agreement and the 2015 Cooperation Agreement.

J. The LRC intends that LRC financing assistance for the construction of the Project Improvements be limited to certain incremental 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 the 2014 Bonds, 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 $1,100,000.00 of Pledged Revenue Payments, as defined hereafter in this Agreement, 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 restrict 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 those incremental amounts generated from new valuation resulting from completion of the Project Improvements (by obtaining a Certificate of Occupancy for the new building) above the then-most recent assessed valuation of the Property (Parcel 157508423009 and Parcel 157508423005~~),~~) (the "**Base**"), and except for such amounts as the LRC may reasonably require for payment of obligations under the 2015 Cooperation Agreement, the Tri-Party Agreement, 2014 Bonds, and payment of LRC Operating Expenses (which shall be limited to the Property's pro-rata share of such expenses) (the "**Pledged Revenues**"). After the first year, the Base will be adjusted by any percentage increase to the base valuation of the Urban Revitalization Area due to the Boulder County Assessor's biennial reassessment. 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.

a. The Pledged Revenues 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 Revenues available for reimbursement of costs associated with Project Improvements shall be restricted at the time of receipt by the LRC.

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

(i) The Pledged Revenue Payments shall be limited to no more than ninety percent (90%) of all Pledged Revenues generated from the Property.

(ii) The total of all Pledged Revenue Payments made according to this Rebate Agreement is limited to $1,100,000 or whatever lesser amount of Property Tax TIF is generated from the Property during the Pledged Revenue Term prior to the time that the Property Tax TIF provision of the Plan expires.

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(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 proportional basis, as determined by the City's Finance Director.

(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 pursuant to this Rebate Agreement.

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: City Manager
749 Main Street
Louisville, CO 80027 303.335.4531
heatherb@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 payment of the principal of, the interest on, and any premiums due in connection with bonds of, loans or advances to, or indebtedness incurred by, whether funded, refunded, assumed, or otherwise, the Commission for financing or refinancing, in whole or in part, the Plan Area, including but not limited to the 2014 Bonds, and 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 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 is 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 executed this _____ day of ________________, 20__.

712 MAIN ~~ST~~STREET LLC

A Colorado Limited Liability Company

By: ________________________
David Sinkey

Title: ______________________

ATTEST:

____

____
Print Name

722 MAIN ~~ST~~STREET LLC

A Colorado Limited Liability Company

By: ________________________
David Sinkey

-Title: _______________________

ATTEST:

____

____
Print Name

LOUISVILLE REVITALIZATION COMMISSION

____
Steve Fisher
Chair

ATTEST:

____
Alex Gorsevski, Secretary

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

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 STREET LLC and 722 MAIN STREET 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^{th} 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 issued Property Tax Increment Revenue Bonds (DELO Project), Series 2014 on October 23, 2014, in the principal amount of $4,500,000 (the "**2014 Bonds**") and pledged the Property Tax TIF from the Core Project Area (as defined in the 2014 Bond Resolution authorizing the 2014 Bonds) to the payment of the 2014 Bonds on a basis that was subordinate to the payments required under the Tri-Party Agreement and the 2015 Cooperation Agreement.

J. The LRC intends that LRC financing assistance for the construction of the Project Improvements be limited to certain incremental 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 the 2014 Bonds, 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 $1,100,000.00 of Pledged Revenue Payments, as defined hereafter in this Agreement, 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 restrict 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 those incremental amounts generated from new valuation resulting from completion of the Project Improvements (by obtaining a Certificate of Occupancy for the new building) above the then-most recent assessed valuation of the Property (Parcel 157508423009 and Parcel 157508423005) (the "**Base**"), and except for such amounts as the LRC may reasonably require for payment of obligations under the 2015 Cooperation Agreement, the Tri-Party Agreement, 2014 Bonds, and payment of LRC Operating Expenses (which shall be limited to the Property's pro-rata share of such expenses) (the "**Pledged Revenues**"). After the first year, the Base will be adjusted by any percentage increase to the base valuation of the Urban Revitalization Area due to the Boulder County Assessor's biennial reassessment. 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.

a. The Pledged Revenues 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 Revenues available for reimbursement of costs associated with Project Improvements shall be restricted at the time of receipt 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 Revenues generated from the Property.

(ii) The total of all Pledged Revenue Payments made according to this Rebate Agreement is limited to $1,100,000 or whatever lesser amount of Property Tax TIF 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 proportional basis, as determined by the City's Finance Director.

(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 pursuant to this Rebate Agreement.

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: City Manager
749 Main Street
Louisville, CO 80027 303.335.4531
heatherb@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 payment of the principal of, the interest on, and any premiums due in connection with bonds of, loans or advances to, or indebtedness incurred by, whether funded, refunded, assumed, or otherwise, the Commission for financing or refinancing, in whole or in part, the Plan Area, including but not limited to the 2014 Bonds, and 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 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 is 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 executed this _____ day of ________________, 20__.

712 MAIN STREET LLC

A Colorado Limited Liability Company

By: ______________________

David Sinkey

Title: ____________________

ATTEST:

____

____

Print Name

LOUISVILLE REVITALIZATION COMMISSION

____

Steve Fisher

Chair

ATTEST:

____

Alex Gorsevski, Secretary

722 MAIN STREET LLC

A Colorado Limited Liability Company

By: ______________________

David Sinkey

Title: ____________________

ATTEST:

____

____

Print Name

EXHIBIT A

Description of Project Improvements

<u>New Structure</u>

- 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

<u>Parking Improvement Fee</u>

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

Estimated Cost: $91,305

<u>Public Walks</u>

- New walkway along Main Street

  Estimated Cost: $30,000

<u>Electrical</u>

- New underground electrical service infrastructure

  Estimated Cost: $75,000

Total Project Improvements Cost: $5,696,305

City of Louisville
COLORADO • SINCE 1878

CITY COUNCIL COMMUNICATION
AGENDA ITEM 8A

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** – ***continued from 3/19/19, 6/11/19, & 9/17/19***

DATE: **NOVEMBER 4, 2019**

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

CURRENT UPDATE FOR NOVEBMER 4, 2019:
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 3rd 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. The EPS materials are slightly revised from those reviewed by the LRC on October 14, as the Fire District calculation was removed as there is currently no agreement in place to share revenues and the LRC operating expenses were increased to $60,000 reflecting current payments. There is a minimal change in the final numbers. Some quick highlights of the 3rd party review:

- The assessment for a gap in financial feasibility of the project is similar but slightly worse than staff's initial assessment.
- The assessment shows that both a 50% and 90% rebate fails to fill the gap in financial feasibility over ten years. 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 1st 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 3rd 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 1st 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 City Council 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 application and staff analysis, the LRC on October 14, 2019, supported 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 on a 4-2 vote. The LRC directed staff to update the resolution, packet materials, etc., for consideration by City Council at the November 4, 2019 City Council meeting. Staff has made revisions to the Property Tax TIF Rebate Agreement with 712 Main LLC and 722 Main LLC previously provided in the March 19, 2019 Agreement to streamline and clarify a few items in consultation with the applicant. Changes and highlights of the Agreement include the following (redline of March 19, 2019 Agreement with comments and clean copy included):

- Refined subordination language based on recent review by bond counsel (consistent with discussion on Core Area bonds and LRC budget)

- Revised the language to clarify the base year to calculate the incremental property tax revenue is not set, but rather defined at the time of completion of the Project Improvements (by obtaining a Certificate of Occupancy)
- Removed Exhibit B and provide as an **example** below 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.

Assessed Value of Property for Budget Year (Value as January 1 of the previous Year)	$200,000.00
Less: Assessed Value of Property for Base Year	$100,000.00
Equals: Incremental Assessed Value	$100,000.00
Multiplied by Overlapping 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 (Property Tax Increment * Tri-Party Agreement payment percentage) $8,518.70 * 7.15%	$609.09
Less: Property's portion of 2015 Cooperation Agreement (Assessed Value of Property / Total Assessed Value of Urban Renewal Area * 2015 Cooperation Agreement payment for Budget Year) $200,000 / $30,000,000 * $60,000	$400.00
Subtotal	$7,509.61

Multiplied by 90% Equals Total Pledged Revenue
$6,758.65

- 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).

- Total maximum Rebate payments is $1,100,000. 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 been completed.
  a. This date represents the three-year initial term of the PUD plus one year for construction.

Assignment of the TIF Rebate Agreement is permitted if the assignment is to;

- Any entity who is an affiliate of the Developer provided such assignment is of the Agreement in its entirety to a single entity;
- A successor in title to 100% of the Developer's ownership interest in the Project; and
- A lender to the Developer provided such assignment is limited to a collateral assignment or pledge of the amounts payable to the Developer

Some possible steps forward include the following:

- City Council support the current application and resolution at the 90% rebate level.
- City Council request further time to review the application and continue to a future regular meeting date.
- City Council oppose the application.

SUMMARY FROM MARCH 19, 2019:
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.

<u>Removing Blight Factors</u>
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:

	Value per sf	Total Value
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 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:

2. Developer will construct and receive a Certificate of Occupancy (CO) from the City for the Project.
3. 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).
4. 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.
5. 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.
6. 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 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. Should City Council approve the Resolution and Agreement, materials will go back to LRC for final approval. Final consideration is in accordance with the Amended and Restated Cooperation Agreement last approved on November 17, 2015.

ATTACHMENTS:

1. Resolution
2. November 4, 2019 Property Tax TIF Rebate Agreement with 712 Main LLC and 722 Main LLC (redline of March 19, 2019 Agreement and comments along with a clean copy)
3. EPS Materials
4. EPS Power Point
5. Link to March 11, 2019 LRC Packet
6. Link to March 19, 2019 City Council Packet
7. Link to October 14, 2019 LRC Packet
8. Property Tax Increment Financing Rebate Assistance Policy
9. Cooperation Agreement
10. Triparty Agreement

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:

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

<u>Section 2.</u> 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 4th day of November, 2019.

____

Robert P. Muckle, Mayor

ATTEST:

____

Meredyth Muth, City Clerk

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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**").

Commented [KK1]: Used bold font for defined terms throughout, to make them easier to locate in the agreement.

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 6th 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~~issued Property Tax Increment Revenue Bonds (DELO Project~~ dated May 13, 2013~~), Series 2014 on October 23, 2014, in the principal amount of $4,500,000 (the "~~Core Area Term Sheet"), which provides for~~**2014 Bonds**") and pledged 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~~in the 2014 Bond Resolution authorizing the 2014 Bonds) to the payment of the 2014 Bonds on a basis that was subordinate to the payments required under the Tri-Party Agreement and the 2015 Cooperation Agreement.

J. The LRC intends that LRC financing assistance for the construction of the Project Improvements be limited to certain incremental 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~~the 2014 Bonds, 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:

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Commented [KK2]: Updated this section to reflect the bonds for which the term sheet was approved by the LRC were issued.

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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~~100,000.00 of Pledged Revenue Payments, as defined hereafter in this Agreement, 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")~~restrict 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 those incremental 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~~then-most recent assessed valuation of the Property ~~($320,030 for~~ (Parcel 157508423009 ~~plus $167,226 for~~and 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, 2014 Bonds, 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~~Revenues 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~~Revenues available for reimbursement of costs associated with Project Improvements shall be ~~transferred from~~restricted at the ~~Special Fund to Developer within sixty (60) days after~~ time of 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~~Revenues generated from the Property.

Commented [KK3]: This appears to have been a typo in the original agreement. Amount was supposed to be $1.1 million, not $1.11 million.

Commented [KK4]: Revised with the assistance of the Finance Director, to reflect how the City actually administers the TIF rebate funds.

Commented [KK5]: This change was made on the recommendation of EPS, who conducted the third-party review of this TIF rebate request. Rather than locking in the base at the time of execution of the agreement, the base is set at the valuation when construction is completed. EPS advised this is standard throughout agreements they have reviewed.

(ii) The total of all Pledged Revenue Payments made according to this Rebate Agreement is limited to $1,~~110~~100,000 or whatever lesser amount of Property Tax TIF 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~~proportional basis, as determined by the City's Finance Director.

(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.~~pursuant to this Rebate Agreement.

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:

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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~~City Manager
749 Main Street
Louisville, CO 80027 303.335.4531
~~aarond~~heatherb@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,~~payment of the principal of, the interest on, and any premiums due in connection with bonds of, loans or advances to, or indebtedness incurred by, whether funded, refunded, assumed, or otherwise, the Commission for financing or refinancing, in whole or in part, the Plan Area, including but not limited to the 2014 Bonds, and 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

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Commented [KK6]: This language revised to use the language drafted by the City's bond counsel.

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 ~~prorata~~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

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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 is 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~~executed this _____ day of ________________, 20__.

712 MAIN ST LLC

A Colorado Limited Liability Company

By: ______________________
David Sinkey

ATTEST:

____

____
Print Name

LOUISVILLE REVITALIZATION COMMISSION

____
Steve Fisher
Chair

ATTEST:

____
Alex Gorsevski, Secretary

722 MAIN ST LLC

A Colorado Limited Liability Company

By: ______________________
David Sinkey

ATTEST:

Print Name

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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~~

Commented [KK7]: Consensus among City staff was Exhibit B doesn't need to be part of the agreement, but will be included in the City Council packet information for purposes of illustration.

~~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~~	~~$100,000.00~~
~~Equals: Taxable Increment~~	~~$100,000.00~~

~~Multiplied by Mill Levy (tax per $1000 of taxable valuation)~~ ~~85.187~~

~~Equals: Property Tax Increment from Property~~ ~~$8,518.70~~
~~($100,000 * 85.187 / 1000)~~

~~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~~ ~~$213.33~~

~~**Equals: Total Pledged Revenues**~~ ~~**$8,036.75**~~

~~Annual payment is 90% of Pledged Revenue calculated.~~

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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^{th} 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 issued Property Tax Increment Revenue Bonds (DELO Project), Series 2014 on October 23, 2014, in the principal amount of $4,500,000 (the "**2014 Bonds**") and pledged the Property Tax TIF from the Core Project Area (as defined in the 2014 Bond Resolution authorizing the 2014 Bonds) to the payment of the 2014 Bonds on a basis that was subordinate to the payments required under the Tri-Party Agreement and the 2015 Cooperation Agreement.

J. The LRC intends that LRC financing assistance for the construction of the Project Improvements be limited to certain incremental 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 the 2014 Bonds, 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.

<u>AGREEMENT</u>

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

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

2. <u>LRC Financial Assistance.</u> 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 $1,100,000.00 of Pledged Revenue Payments, as defined hereafter in this Agreement, 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 restrict 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 those incremental amounts generated from new valuation resulting from completion of the Project Improvements (by obtaining a Certificate of Occupancy for the new building) above the then-most recent assessed valuation of the Property (Parcel 157508423009 and Parcel 157508423005), and except for such amounts as the LRC may reasonably require for payment of obligations under the 2015 Cooperation Agreement, the Tri-Party Agreement, 2014 Bonds, 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.

a. The Pledged Revenues 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 Revenues available for reimbursement of costs associated with Project Improvements shall be restricted at the time of receipt 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 Revenues generated from the Property.

(ii) The total of all Pledged Revenue Payments made according to this Rebate Agreement is limited to $1,100,000 or whatever lesser amount of Property Tax TIF 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 proportional basis, as determined by the City's Finance Director.

(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 pursuant to this Rebate Agreement.

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: City Manager
749 Main Street

Louisville, CO 80027 303.335.4531
heatherb@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 payment of the principal of, the interest on, and any premiums due in connection with bonds of, loans or advances to, or indebtedness incurred by, whether funded, refunded, assumed, or otherwise, the Commission for financing or refinancing, in whole or in part, the Plan Area, including but not limited to the 2014 Bonds, and 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 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 is 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 executed this _____ day of ________________, 20__.

712 MAIN ST LLC

A Colorado Limited Liability Company

By: ___________________________
David Sinkey

ATTEST:

____

____
Print Name

LOUISVILLE REVITALIZATION COMMISSION

____
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

<u>New Structure</u>

- 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

<u>Parking Improvement Fee</u>

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

  Estimated Cost: $91,305

<u>Public Walks</u>

- New walkway along Main Street

  Estimated Cost: $30,000

<u>Electrical</u>

- New underground electrical service infrastructure

  Estimated Cost: $75,000

Total Project Improvements Cost: $5,696,305

The Economics of Land Use

MEMORANDUM

To: City of Louisville

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

Subject: Louisville URA TIF Request Review: Terraces

Date: November 4, 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.

Economic & Planning Systems, Inc.
730 17th Street, Suite 630
Denver, CO 80202-3511
303 623 3557 tel
303 623 9049 fax

Denver
Los Angeles
Oakland
Sacramento

www.epsys.com

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
LAND COSTS								
Land Cost / Acquisition					**$ 1,387,750**	**$ 60**	**19.6%**	**N/A**
712 Loan Balance					$ 980,500	$ 42	75.4%	N/A
722 Loan Balance					$ 407,250	$ 18	69.0%	N/A
TOTAL LAND COST: MODEL INPUT					**$ 1,387,750**	**$ 60**	**19.6%**	**N/A**
Hard Costs								
General Hard Costs					**$ 3,635,325**	**$ 157**	**51.3%**	**78.4%**
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%
TOTAL HARD COSTS: MODEL INPUT					**$ 3,635,325**	**$ 157**	**51.3%**	
Tenant Finishes								
General TI Cost					**$ 1,002,060**	**$ 43**	**14.1%**	**21.6%**
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%
TOTAL TENANT FINISHES: MODEL INPUT					**$ 1,002,060**	**$ 43**	**14.1%**	**27.6%**
Soft Costs								
General Soft Costs					**$ 1,058,555**	**$ 46**	**14.9%**	**22.8%**
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%
TOTAL SOFT COSTS: MODEL INPUT					**$ 1,058,555**	**$ 46**	**14.9%**	**22.8%**
TOTAL CONSTRUCTION COST					**$ 5,695,940**	**$ 247**	**80.4%**	**N/A**
TOTAL COST					**$ 7,083,690**	**$ 307**	**100.0%**	**N/A**

Source: Boulder Creek Neighborhoods; Economic & Planning Systems

Z:\Shared\Projects\DEN\193081-Louisville URA TIF Review Terraces\Models\[193081-MODEL-Terraces-10-3-2019.xlsm]T-Cost

Operating Revenues

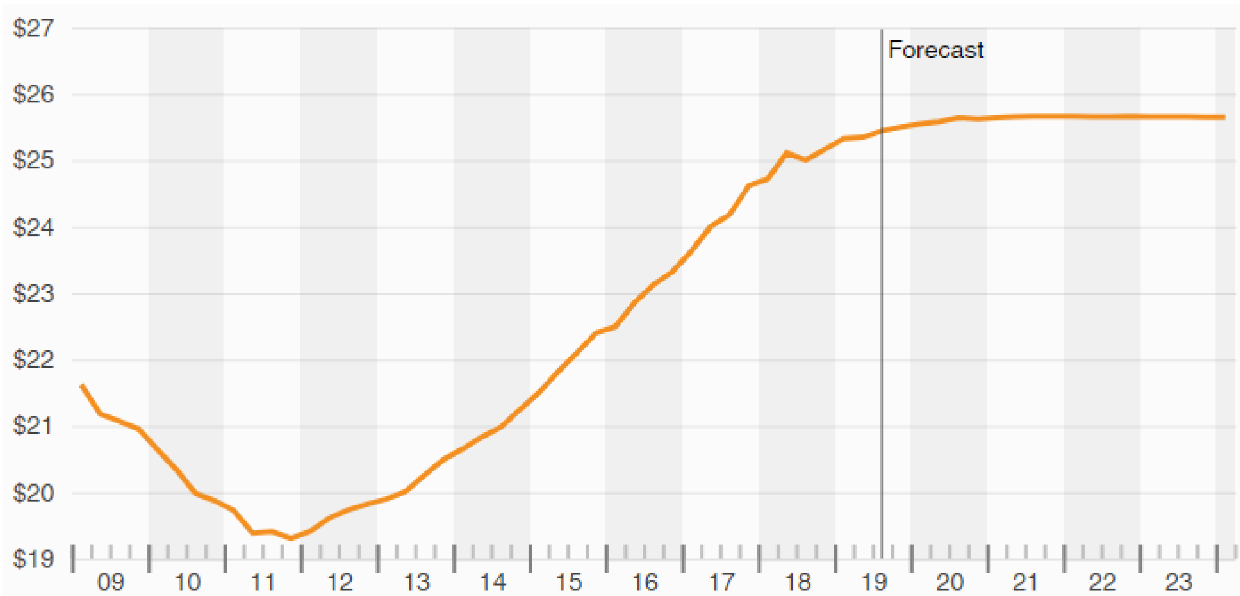
Stabilized Net Operating Income: $402,119 per year

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 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
DEVELOPMENT COSTS							
Construction Cost			**-$6,081,630**	**-$7,083,690**	**$0**	**$0**	**$0**
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
Total Commercial Costs			**-$7,083,690**	**-$7,083,690**	**$0**	**$0**	**$0**
NET OPERATING INCOME							
Commercial Revenue							
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
Effective Gross Income				**$0**	**$522,266**	**$728,540**	**$804,367**
Operating Expenses				**$0**	**-$188,532**	**-$272,097**	**-$300,418**
Operating Expenditures	-$246,447	2.0%	-$5,993,393	$0	-$188,532	-$272,097	-$300,418
Net Operating Income			**$10,126,581**	**$0**	**$333,734**	**$456,443**	**$503,949**
DISPOSITION REVENUE							
Gross Revenue			**$7,908,130**	**$0**	**$0**	**$0**	**$7,908,130**
Commercial Space	6.50% cap rate		$7,908,130	$0	$0	$0	$7,908,130
Cost of Sale			**-$197,703**	**$0**	**$0**	**$0**	**-$197,703**
Commercial Space	2.5%		-$197,703	$0	$0	$0	-$197,703
Project Net Sale Revenue			**$7,710,427**	**$0**	**$0**	**$0**	**$7,710,427**
PROJECT CASH FLOWS							
Net Project Cash Flows			**$5,124,850**	**-$7,083,690**	**$333,734**	**$456,443**	**$8,214,376**
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
Net Present Value	9.00%		**-$1,012,454**	**-$7,083,690**	**$306,178**	**$296,656**	**$3,469,841**
Internal Rate of Return			**6.87%**				

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
Project Gap	**-$1,339,138**	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 (May, 2019)	$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
LRC Operating Expense	Pro rate share of $60,000 annual operating cost

Source: Economic & Planning Systems
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Based on these assumptions, the project is estimated to receive a total of $927,567 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 $643,893. 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 $643,893 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 $242,906 in total TIF revenue, which has a present value of $190,461 (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
Performance w/out Subsidy		
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
Potential TIF Revenue		
Nominal Value	$927,567	$242,906
Present Value (5.0% discount rate)	**$643,893**	**$190,461**
Performance w/ Subsidy		
IRR	8.18%	7.24%
YOC	6.24%	5.83%
Remaining Gap: IRR - 9.0% Hurdle Rate	-$368,561	-$821,993
Remaining Gap: YOC - 7.0% Hurdle Rate	-$695,245	-$1,148,677

Source: Economic & Planning Systems

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Draft Financial Model

TIF Request Review: Terraces

The Economics of Land Use

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Date: November 4, 2019

EPS #193081

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

Description	Amount		Market Range Low	Market Range High	Developer	Input Range Developer	Input Range EPS
KEY ASSUMPTIONS							
Revenue Assumptions							
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		
Cost Assumptions							
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
Return Assumptions							
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%			

PROJECT SUMMARY

PROJECT GAP		
Developer Request	**$1,110,000**	as stated in request
Static Gap Estimate (EPS)		
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
Project Gap	**-$1,339,138**	static gap estimate
Time Series Estimate (EPS)		
Current IRR	6.87%	IRR without subsidy
IRR Hurdle Rate	9.00%	target hurdle rate
Project Gap	**-$1,012,454**	time series gap estimate
Average (static and time series)	**-$1,175,796**	average

TIF ASSUMPTIONS	**Property Tax**	**Sales Tax**	
End Year [1]	2032	2032	
Sharing Amount	90% of total	0% of total	
Discount Rate	5.00%	5.00%	
TIF REVENUES	**Property Tax**	**Sales Tax**	**Total**
Avg. Ann. Revenue	$71,351	$0	$71,351
Total Revenues	**$927,567**	**$0**	**$927,567**
Discounted Revenue	$643,893	$0	$643,893
PUBLIC REVENUES	**Property Tax**	**Sales Tax**	**Total**
Nominal Value	$155,604	$774,995	**$930,599**
Discounted Value	$108,227	$569,127	**$677,354**
% of Total	*14.4%*	*100.0%*	*50.1%*

Sensitivity Analysis

Time Series Estimate: Retail Rental Rate

Retail	Project Discount Rate 8.50%	8.75%	9.00%	9.25%	9.50%
$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

Static Estimate: Retail Rental Rate

Retail	Project ROC Hurdle 6.50%	6.75%	7.00%	7.25%	7.50%
$23.49	-$1,278,643	-$1,493,645	-$1,693,290	-$1,879,165	-$2,052,650
$26.10	-$1,097,983	-$1,319,676	-$1,525,534	-$1,717,194	-$1,896,077
$29.00	-$897,250	-$1,126,377	**-$1,339,138**	-$1,537,226	-$1,722,108
$31.90	-$696,516	-$933,078	-$1,152,743	-$1,357,258	-$1,548,139
$35.09	-$475,709	-$720,449	-$947,708	-$1,159,293	-$1,356,773

Time Series Estimate: Retail Rental Rate

2nd Floor	Project Discount Rate 8.50%	8.75%	9.00%	9.25%	9.50%
$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

Static Estimate: Retail Rental Rate

2nd Floor	Project ROC Hurdle 6.50%	6.75%	7.00%	7.25%	7.50%
$22.28	-$1,713,309	-$1,912,212	-$2,096,908	-$2,268,866	-$2,429,360
$24.75	-$1,326,755	-$1,539,975	-$1,737,964	-$1,922,300	-$2,094,346
$27.50	-$897,250	-$1,126,377	**-$1,339,138**	-$1,537,226	-$1,722,108
$30.25	-$467,745	-$712,780	-$940,312	-$1,152,153	-$1,349,871
$33.28	$0	-$257,822	-$501,603	-$728,572	-$940,409

Time Series Estimate: Office Rental Rate

3rd Floor	Project Discount Rate 8.50%	8.75%	9.00%	9.25%	9.50%
$0.00	-$792,178	-$903,579	-$1,012,454	-$1,118,867	-$1,222,883
$0.00	-$792,178	-$903,579	-$1,012,454	-$1,118,867	-$1,222,883
$0.00	-$792,178	-$903,579	**-$1,012,454**	-$1,118,867	-$1,222,883
$0.00	-$792,178	-$903,579	-$1,012,454	-$1,118,867	-$1,222,883
$0.00	-$792,178	-$903,579	-$1,012,454	-$1,118,867	-$1,222,883

Static Estimate: Office Rental Rate

3rd Floor	Project ROC Hurdle 6.50%	6.75%	7.00%	7.25%	7.50%
$0.00	-$897,250	-$1,126,377	-$1,339,138	-$1,537,226	-$1,722,108
$0.00	-$897,250	-$1,126,377	-$1,339,138	-$1,537,226	-$1,722,108
$0.00	-$897,250	-$1,126,377	**-$1,339,138**	-$1,537,226	-$1,722,108
$0.00	-$897,250	-$1,126,377	-$1,339,138	-$1,537,226	-$1,722,108
$0.00	-$897,250	-$1,126,377	-$1,339,138	-$1,537,226	-$1,722,108

Time Series Estimate: Construction Hard Cost

Cost per sf	Project Discount Rate 8.50%	8.75%	9.00%	9.25%	9.50%
$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

Static Estimate: Construction Hard Cost

Cost per sf	Project ROC Hurdle 6.50%	6.75%	7.00%	7.25%	7.50%
$128	-$206,538	-$435,665	-$648,427	-$846,515	-$1,031,397
$142	-$533,717	-$762,845	-$975,606	-$1,173,694	-$1,358,576
$157	-$897,250	-$1,126,377	**-$1,339,138**	-$1,537,226	-$1,722,108
$173	-$1,260,782	-$1,489,910	-$1,702,671	-$1,900,759	-$2,085,641
$191	-$1,660,668	-$1,889,795	-$2,102,557	-$2,300,645	-$2,485,527

Nominal Value: Property Tax Sharing % and Term

Sharing %	Sharing End Year 2022	2024	2026	2028	2031
60.0%	$0	$113,903	$231,395	$354,472	$549,305
70.0%	$0	$132,887	$269,960	$413,551	$640,856
80.0%	$0	$151,871	$308,526	$472,629	$732,407
90.0%	$0	$170,855	$347,092	$531,708	$823,958
100.0%	$0	$189,838	$385,658	$590,787	**$915,509**

Present Value: Property Tax Sharing % and Term

Sharing %	Sharing End Year 2022	2024	2026	2028	2031
60.0%	$0	$96,033	$185,847	$271,184	$390,800
70.0%	$0	$112,038	$216,821	$316,381	$455,933
80.0%	$0	$128,043	$247,796	$361,579	$521,066
90.0%	$0	$144,049	$278,770	$406,776	$586,200
100.0%	$0	$160,054	$309,745	$451,973	**$651,333**

[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
Total	**20,537**	**100%**	**$22.24**

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
LAND COSTS										
Land Cost / Acquisition					**$**	**1,387,750**	**$**	**60**	**19.6%**	**N/A**
712 Loan Balance					$	980,500	$	42	75.4%	N/A
722 Loan Balance					$	407,250	$	18	69.0%	N/A
TOTAL LAND COST: MODEL INPUT					**$**	**1,387,750**	**$**	**60**	**19.6%**	**N/A**
Hard Costs										
General Hard Costs					**$**	**3,635,325**	**$**	**157**	**51.3%**	**78.4%**
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%
TOTAL HARD COSTS: MODEL INPUT					**$**	**3,635,325**	**$**	**157**	**51.3%**	
Tenant Finishes										
General TI Cost					**$**	**1,002,060**	**$**	**43**	**14.1%**	**21.6%**
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%
TOTAL TENANT FINISHES: MODEL INPUT					**$**	**1,002,060**	**$**	**43**	**14.1%**	**27.6%**
Soft Costs										
General Soft Costs					**$**	**1,058,555**	**$**	**46**	**14.9%**	**22.8%**
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%
TOTAL SOFT COSTS: MODEL INPUT					**$**	**1,058,555**	**$**	**46**	**14.9%**	**22.8%**
TOTAL CONSTRUCTION COST					**$**	**5,695,940**	**$**	**247**	**80.4%**	**N/A**
TOTAL COST					**$**	**7,083,690**	**$**	**307**	**100.0%**	**N/A**

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	
REVENUE									
Rental Income	**20,537**	RBA				**$**	**456,791**	**66.9%**	of PGI
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
Average	**6,846**	sf	**$**	**22.24**	per month				
Other Income						**$**	**225,910**	**33.1%**	of PGI
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
POTENTIAL GROSS INCOME (PGI)						**$**	**682,701**	**100.0%**	of PGI
Less: Vacancy	5.0%	per year				$	(34,135)	-5.0%	of PGI
EFFECTIVE GROSS INCOME (EGI)						**$**	**648,566**	**95.0%**	of PGI
EXPENDITURES									
Operating Expenditures	**$ 10.68**	per RBA	**Adjustment**			**$**	**(246,447)**	**38.0%**	of EGI
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
NET OPERATING INCOME (NOI)	$ 17.42	per GSF				**$**	**402,119**	**62.0%**	of EGI
PROJECT COST	$ 306.87	per GSF				**$**	**7,083,690**		
YIELD ON COST (YOC)							**5.68%**		
HURDLE RATE							**7.00%**		
GAP: COST	$ 58.01	per GSF					**$1,339,138**		
GAP: NOI	$ 0.34	per GSF/mo.					**$93,740**		

Source: Boulder Creek Neighborhoods; Economic & Planning Systems

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Table 5
Development Revenues and Expenditures
TIF Request Review: Terraces

KEY ASSUMPTIONS

Project Timing	100%	**Project Disposition**	
Year 0 Cost % of Total	100%	Commercia	Year 10
Year 1 Cost % of Total	0%		
Year 2 Cost % of Total	0%		
Building Open Year	Year 1		
Lease Rate / Vacancy	**% Leased**	**Vacancy**	
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
DEVELOPMENT COSTS								
Construction Cost			**-$6,081,630**	**-$7,083,690**	**$0**	**$0**	**$0**	**$0**
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
Total Commercial Costs			**-$7,083,690**	**-$7,083,690**	**$0**	**$0**	**$0**	**$0**
NET OPERATING INCOME								
Commercial Revenue								
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
Effective Gross Income				**$0**	**$522,266**	**$603,739**	**$700,250**	**$714,255**
Operating Expenses				**$0**	**-$188,532**	**-$217,943**	**-$248,455**	**-$266,762**
Operating Expenditures	-$246,447	2.0%	-$5,993,393	$0	-$188,532	-$217,943	-$248,455	-$266,762
Net Revenue			**$10,126,581**	**$0**	**$333,734**	**$385,797**	**$451,795**	**$447,493**
Net Operating Income			**$10,126,581**	**$0**	**$333,734**	**$385,797**	**$451,795**	**$447,493**
DISPOSITION REVENUE								
Gross Revenue			**$7,908,130**	**$0**	**$0**	**$0**	**$0**	**$0**
Commercial Space	6.50% cap rate		$7,908,130	$0	$0	$0	$0	$0
Cost of Sale			**-$197,703**	**$0**	**$0**	**$0**	**$0**	**$0**
Commercial Space	2.5%		-$197,703	$0	$0	$0	$0	$0
Project Net Sale Revenue			**$7,710,427**	**$0**	**$0**	**$0**	**$0**	**$0**
PROJECT CASH FLOWS								
Net Project Cash Flows			**$5,124,850**	**-$7,083,690**	**$333,734**	**$385,797**	**$451,795**	**$447,493**
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
Net Present Value	9.00%		**-$1,012,454**	**-$7,083,690**	**$306,178**	**$324,717**	**$348,869**	**$317,015**
Internal Rate of Return			**6.87%**					
PROJECT CASH FLOWS W/ TIF								
Net Project Cash Flows			**$5,768,743**	**-$6,439,796**	**$333,734**	**$385,797**	**$451,795**	**$447,493**
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			$643,893	$643,893	$0	$0	$0	$0
Net Present Value	9.00%		**-$368,561**	**-$6,439,796**	**$306,178**	**$324,717**	**$348,869**	**$317,015**
Internal Rate of Return			**8.18%**					

Source: Boulder Creek Neighborhoods; Economic & Planning Systems

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Table 5
Development Revenues and Expenditures
TIF Request Review: Terraces

KEY ASSUMPTIONS

Project Timing	100%	**Project Disposition**	
Year 0 Cost % of Total	100%	Commercia	Year 10
Year 1 Cost % of Total	0%		
Year 2 Cost % of Total	0%		
Building Open Year	Year 1		
Lease Rate / Vacancy	**% Leased**	**Vacancy**	
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 Year 5	2026 Year 6	2027 Year 7	2028 Year 8	2029 Year 9	2030 Year 10
DEVELOPMENT COSTS									
Construction Cost			**-$6,081,630**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
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
Total Commercial Costs			**-$7,083,690**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
NET OPERATING INCOME									
Commercial Revenue									
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
Effective Gross Income				**$728,540**	**$743,111**	**$757,973**	**$773,132**	**$788,595**	**$804,367**
Operating Expenses				**-$272,097**	**-$277,539**	**-$283,090**	**-$288,752**	**-$294,527**	**-$300,418**
Operating Expenditures	-$246,447	2.0%	-$5,993,393	-$272,097	-$277,539	-$283,090	-$288,752	-$294,527	-$300,418
Net Revenue			**$10,126,581**	**$456,443**	**$465,571**	**$474,883**	**$484,380**	**$494,068**	**$503,949**
Net Operating Income			**$10,126,581**	**$456,443**	**$465,571**	**$474,883**	**$484,380**	**$494,068**	**$503,949**
DISPOSITION REVENUE									
Gross Revenue			**$7,908,130**	**$0**	**$0**	**$0**	**$0**	**$0**	**$7,908,130**
Commercial Space	6.50% cap rate		$7,908,130	$0	$0	$0	$0	$0	$7,908,130
Cost of Sale			**-$197,703**	**$0**	**$0**	**$0**	**$0**	**$0**	**-$197,703**
Commercial Space	2.5%		-$197,703	$0	$0	$0	$0	$0	-$197,703
Project Net Sale Revenue			**$7,710,427**	**$0**	**$0**	**$0**	**$0**	**$0**	**$7,710,427**
PROJECT CASH FLOWS									
Net Project Cash Flows			**$5,124,850**	**$456,443**	**$465,571**	**$474,883**	**$484,380**	**$494,068**	**$8,214,376**
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
Net Present Value	9.00%		**-$1,012,454**	**$296,656**	**$277,605**	**$259,777**	**$243,094**	**$227,483**	**$3,469,841**
Internal Rate of Return			**6.87%**						
PROJECT CASH FLOWS W/ TIF									
Net Project Cash Flows			**$5,768,743**	**$456,443**	**$465,571**	**$474,883**	**$484,380**	**$494,068**	**$8,214,376**
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			$643,893	$0	$0	$0	$0	$0	$0
Net Present Value	9.00%		**-$368,561**	**$296,656**	**$277,605**	**$259,777**	**$243,094**	**$227,483**	**$3,469,841**
Internal Rate of Return			**8.18%**						

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								2020 TIF Year 13	2021 TIF Year 14	2022 TIF Year 15	2023 TIF Year 16	2024 TIF Year 17
				Base Year =	2007							
DEVELOPMENT PROGRAM												
% Completion												
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%
Annual Development								**0**	**23,084**	**0**	**0**	**0**
Retail					4,736	sf		0	4,736	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
Cumulative Development								**0**	**23,084**	**23,084**	**23,084**	**23,084**
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
PROPERTY TAX												
Market Value								**$ -**	**$ 5,886,293**	**$ 6,004,018**	**$ 6,124,099**	**$ 6,246,581**
Commercial Space			$250	per sf	2.0%	per year		$ -	$ 5,886,293	$ 6,004,018	$ 6,124,099	$ 6,246,581
Appraised Value								**$ -**	**$ 5,886,293**	**$ 6,004,018**	**$ 6,124,099**	**$ 6,246,581**
Commercial Space			100.0%	of market value				$ -	$ 5,886,293	$ 6,004,018	$ 6,124,099	$ 6,246,581
Assessed Value (1-yr. lag)								**$ -**	**$ -**	**$ 1,707,025**	**$ 1,741,165**	**$ 1,741,165**
Commercial Space			29.00%	of appraised value				$ -	$ -	$ 1,707,025	$ 1,741,165	$ 1,741,165
Less: Base AV (2018)			$578,261	3.00%	every 2 years			**$ 578,261**	**$ 595,609**	**$ 595,609**	**$ 613,477**	**$ 613,477**
Increment							**$13,473,861**	**$ -**	**$ -**	**$ 1,111,416**	**$ 1,127,688**	**$ 1,127,688**
TIF Revenue			89.3390	**per $1,000 of AV**			**$1,083,171**	**$ -**	**$ -**	**$ -**	**$ 99,293**	**$ 100,747**
SALES TAX												
Annual Sales								**$ -**	**$ 1,674,176**	**$ 1,690,918**	**$ 1,707,827**	**$ 1,724,905**
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		$ -	$ -	$ -	$ -	$ -
Sales Tax							**$774,995**	**$ -**	**$ 61,107**	**$ 61,718**	**$ 62,336**	**$ 62,959**
Retail			3.65%	sales tax rate			$774,995	$ -	$ 61,107	$ 61,718	$ 62,336	$ 62,959
Basement			3.65%	sales tax rate			$0	$ -	$ -	$ -	$ -	$ -
2nd Floor			3.65%	sales tax rate			$0	$ -	$ -	$ -	$ -	$ -
3rd Floor			3.65%	sales tax rate			$0	$ -	$ -	$ -	$ -	$ -
Common Area			3.65%	sales tax rate			$0	$ -	$ -	$ -	$ -	$ -
AGREEMENT ADJUSTMENT												
Total URA AV			$30,000,000	URA AV	2.0%	per year		$ 30,000,000	$ 30,600,000	$ 31,212,000	$ 31,836,240	$ 32,472,965
Property Tax Less:								**$ -**	**$ -**	**$ -**	**$ 5,119**	**$ 5,082**
Tri-Party Agreement			25.89%	County %	7.15%	% of total		$ -	$ -	$ -	$ 1,838	$ 1,865
LRC Operating Expense			$60,000	amount				$ -	$ -	$ -	$ 3,281	$ 3,217
TIF SHARING SCENARIOS					**Average**		**Total**					
Property Tax												
Scenario A	2032	end yr.	25.0%	of total TIF	$19,820		$257,658	$ -	$ -	$ -	$ 23,543	$ 23,916
Scenario B	**2032**	**end yr.**	**50.0%**	**of total TIF**	**$39,640**		**$515,315**	**$ -**	**$ -**	**$ -**	**$ 47,087**	**$ 47,832**
Scenario C	2032	end yr.	75.0%	of total TIF	$59,459		$772,973	$ -	$ -	$ -	$ 70,630	$ 71,749
Scenario D	2032	end yr.	100.0%	of total TIF	$79,279		$1,030,631	$ -	$ -	$ -	$ 94,174	$ 95,665
Scenario E	**2032**	**end yr.**	**90.0%**	**of total TIF**	**$71,351**		**$927,567**	**$ -**	**$ -**	**$ -**	**$ 84,756**	**$ 86,098**
Sales Tax												
Scenario A	2032	end yr.	25.0%	of total TIF	$14,904		$193,749	$ -	$ 15,277	$ 15,430	$ 15,584	$ 15,740
Scenario B	2032	end yr.	50.0%	of total TIF	$29,808		$387,498	$ -	$ 30,554	$ 30,859	$ 31,168	$ 31,480
Scenario C	2032	end yr.	75.0%	of total TIF	$44,711		$581,246	$ -	$ 45,831	$ 46,289	$ 46,752	$ 47,219
Scenario D	2032	end yr.	100.0%	of total TIF	$59,615		$774,995	$ -	$ 61,107	$ 61,718	$ 62,336	$ 62,959
Scenario E	2032	end yr.	0.0%	of total TIF	$0		$0	$ -	$ -	$ -	$ -	$ -
PRESENT VALUE							**Total**					
Property Tax												
Scenario A			5.00%	discount rate			$178,859	$ -	$ -	$ -	$ 20,338	$ 19,676
Scenario B			5.00%	discount rate			$357,719	$ -	$ -	$ -	$ 40,675	$ 39,352
Scenario C			5.00%	discount rate			$536,578	$ -	$ -	$ -	$ 61,013	$ 59,028
Scenario D			5.00%	discount rate			$715,437	$ -	$ -	$ -	$ 81,351	$ 78,704
Scenario E			5.00%	discount rate			$643,893	$ -	$ -	$ -	$ 73,216	$ 70,833
Sales Tax												
Scenario A			5.00%	discount rate			$142,282	$ -	$ 14,549	$ 13,995	$ 13,462	$ 12,949
Scenario B			5.00%	discount rate			$284,563	$ -	$ 29,099	$ 27,990	$ 26,924	$ 25,898
Scenario C			5.00%	discount rate			$426,845	$ -	$ 43,648	$ 41,985	$ 40,386	$ 38,847
Scenario D			5.00%	discount rate			$569,127	$ -	$ 58,198	$ 55,980	$ 53,848	$ 51,797
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

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Description					Base Year =	2007		2025 TIF Year 18	2026 TIF Year 19	2027 TIF Year 20	2028 TIF Year 21	2029 TIF Year 22
DEVELOPMENT PROGRAM												
% Completion												
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%
Annual Development								**0**	**0**	**0**	**0**	**0**
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
Cumulative Development								**23,084**	**23,084**	**23,084**	**23,084**	**23,084**
Retail								4,736	4,736	4,736	4,736	4,736
Basement								5,115	5,115	5,115	5,115	5,115
2nd Floor								10,686	10,686	10,686	10,686	10,686
3rd Floor								0	0	0	0	0
Common Area								2,546	2,546	2,546	2,546	2,546
PROPERTY TAX												
Market Value								**$ 6,371,512**	**$ 6,498,943**	**$ 6,628,921**	**$ 6,761,500**	**$ 6,896,730**
Commercial Space			$250	per sf	2.0%	per year		$ 6,371,512	$ 6,498,943	$ 6,628,921	$ 6,761,500	$ 6,896,730
Appraised Value								**$ 6,371,512**	**$ 6,498,943**	**$ 6,628,921**	**$ 6,761,500**	**$ 6,896,730**
Commercial Space			100.0%	of market value				$ 6,371,512	$ 6,498,943	$ 6,628,921	$ 6,761,500	$ 6,896,730
Assessed Value (1-yr. lag)								**$ 1,811,508**	**$ 1,811,508**	**$ 1,884,693**	**$ 1,884,693**	**$ 1,960,835**
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**
Increment							**$13,473,861**	**$ 1,179,627**	**$ 1,179,627**	**$ 1,233,856**	**$ 1,233,856**	**$ 1,290,472**
TIF Revenue			89.3390	**per $1,000 of AV**			**$1,083,171**	**$ 100,747**	**$ 105,387**	**$ 105,387**	**$ 110,231**	**$ 110,231**
SALES TAX												
Annual Sales								**$ 1,742,154**	**$ 1,759,576**	**$ 1,777,172**	**$ 1,794,943**	**$ 1,812,893**
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		$ -	$ -	$ -	$ -	$ -
Sales Tax							**$774,995**	**$ 63,589**	**$ 64,225**	**$ 64,867**	**$ 65,515**	**$ 66,171**
Retail			3.65%	sales tax rate			$774,995	$ 63,589	$ 64,225	$ 64,867	$ 65,515	$ 66,171
Basement			3.65%	sales tax rate			$0	$ -	$ -	$ -	$ -	$ -
2nd Floor			3.65%	sales tax rate			$0	$ -	$ -	$ -	$ -	$ -
3rd Floor			3.65%	sales tax rate			$0	$ -	$ -	$ -	$ -	$ -
Common Area			3.65%	sales tax rate			$0	$ -	$ -	$ -	$ -	$ -
AGREEMENT ADJUSTMENT												
Total URA AV			$30,000,000	URA AV	2.0%	per year		$ 33,122,424	$ 33,784,873	$ 34,460,570	$ 35,149,781	$ 35,852,777
Property Tax Less:								**$ 5,146**	**$ 5,168**	**$ 5,232**	**$ 5,257**	**$ 5,322**
Tri-Party Agreement			25.89%	County %	7.15%	% of total		$ 1,865	$ 1,951	$ 1,951	$ 2,040	$ 2,040
LRC Operating Expense			$60,000	amount				$ 3,281	$ 3,217	$ 3,281	$ 3,217	$ 3,281
TIF SHARING SCENARIOS					**Average**		**Total**					
Property Tax												
Scenario A	2032	end yr.	25.0%	of total TIF	$19,820		$257,658	$ 23,900	$ 25,055	$ 25,039	$ 26,244	$ 26,227
Scenario B	**2032**	**end yr.**	**50.0%**	**of total TIF**	**$39,640**		**$515,315**	**$ 47,800**	**$ 50,110**	**$ 50,077**	**$ 52,487**	**$ 52,455**
Scenario C	2032	end yr.	75.0%	of total TIF	$59,459		$772,973	$ 71,700	$ 75,164	$ 75,116	$ 78,731	$ 78,682
Scenario D	2032	end yr.	100.0%	of total TIF	$79,279		$1,030,631	$ 95,600	$ 100,219	$ 100,155	$ 104,974	$ 104,910
Scenario E	**2032**	**end yr.**	**90.0%**	**of total TIF**	**$71,351**		**$927,567**	**$ 86,040**	**$ 90,197**	**$ 90,139**	**$ 94,477**	**$ 94,419**
Sales Tax												
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	$ -	$ -	$ -	$ -	$ -
PRESENT VALUE							**Total**					
Property Tax												
Scenario A			5.00%	discount rate			$178,859	$ 18,726	$ 18,696	$ 17,795	$ 17,763	$ 16,906
Scenario B			5.00%	discount rate			$357,719	$ 37,453	$ 37,392	$ 35,589	$ 35,525	$ 33,813
Scenario C			5.00%	discount rate			$536,578	$ 56,179	$ 56,089	$ 53,384	$ 53,288	$ 50,719
Scenario D			5.00%	discount rate			$715,437	$ 74,905	$ 74,785	$ 71,178	$ 71,051	$ 67,626
Scenario E			5.00%	discount rate			$643,893	$ 67,415	$ 67,306	$ 64,060	$ 63,946	$ 60,863
Sales Tax												
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								2030 TIF Year 23	2031 TIF Year 24	2032 TIF Year 25
				Base Year =	2007					
DEVELOPMENT PROGRAM										
% Completion										
Retail								0%	0%	0%
Basement								0%	0%	0%
2nd Floor								0%	0%	0%
3rd Floor								0%	0%	0%
Common Area								0%	0%	0%
Annual Development								**0**	**0**	**0**
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
Cumulative Development								**23,084**	**23,084**	**23,084**
Retail								4,736	4,736	4,736
Basement								5,115	5,115	5,115
2nd Floor								10,686	10,686	10,686
3rd Floor								0	0	0
Common Area								2,546	2,546	2,546
PROPERTY TAX										
Market Value								**$ 7,034,664**	**$ 7,175,358**	**$ 7,318,865**
Commercial Space			$250	per sf	2.0%	per year		$ 7,034,664	$ 7,175,358	$ 7,318,865
Appraised Value								**$ 7,034,664**	**$ 7,175,358**	**$ 7,318,865**
Commercial Space			100.0%	of market value				$ 7,034,664	$ 7,175,358	$ 7,318,865
Assessed Value (1-yr. lag)								**$ 1,960,835**	**$ 2,040,053**	**$ 2,040,053**
Commercial Space			29.00%	of appraised value				$ 1,960,835	$ 2,040,053	$ 2,040,053
Less: Base AV (2018)			$578,261	3.00%	every 2 years			**$ 670,363**	**$ 690,474**	**$ 690,474**
Increment							**$13,473,861**	**$ 1,290,472**	**$ 1,349,579**	**$ 1,349,579**
TIF Revenue			89.3390	**per $1,000 of AV**			**$1,083,171**	**$ 115,289**	**$ 115,289**	**$ 120,570**
SALES TAX										
Annual Sales								**$ 1,831,022**	**$ 1,849,332**	**$ 1,867,825**
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		$ -	$ -	$ -
Sales Tax							**$774,995**	**$ 66,832**	**$ 67,501**	**$ 68,176**
Retail			3.65%	sales tax rate			$774,995	$ 66,832	$ 67,501	$ 68,176
Basement			3.65%	sales tax rate			$0	$ -	$ -	$ -
2nd Floor			3.65%	sales tax rate			$0	$ -	$ -	$ -
3rd Floor			3.65%	sales tax rate			$0	$ -	$ -	$ -
Common Area			3.65%	sales tax rate			$0	$ -	$ -	$ -
AGREEMENT ADJUSTMENT										
Total URA AV			$30,000,000	URA AV	2.0%	per year		$ 36,569,833	$ 37,301,229	$ 38,047,254
Property Tax Less:								**$ 5,351**	**$ 5,415**	**$ 5,449**
Tri-Party Agreement			25.89%	County %	7.15%	% of total		$ 2,134	$ 2,134	$ 2,232
LRC Operating Expense			$60,000	amount				$ 3,217	$ 3,281	$ 3,217
TIF SHARING SCENARIOS					**Average**		**Total**			
Property Tax										
Scenario A	2032	end yr.	25.0%	of total TIF	$19,820		$257,658	$ 27,485	$ 27,469	$ 28,780
Scenario B	**2032**	**end yr.**	**50.0%**	**of total TIF**	**$39,640**		**$515,315**	**$ 54,969**	**$ 54,937**	**$ 57,561**
Scenario C	2032	end yr.	75.0%	of total TIF	$59,459		$772,973	$ 82,454	$ 82,406	$ 86,341
Scenario D	2032	end yr.	100.0%	of total TIF	$79,279		$1,030,631	$ 109,939	$ 109,874	$ 115,121
Scenario E	**2032**	**end yr.**	**90.0%**	**of total TIF**	**$71,351**		**$927,567**	**$ 98,945**	**$ 98,887**	**$ 103,609**
Sales Tax										
Scenario A	2032	end yr.	25.0%	of total TIF	$14,904		$193,749	$ 16,708	$ 16,875	$ 17,044
Scenario B	2032	end yr.	50.0%	of total TIF	$29,808		$387,498	$ 33,416	$ 33,750	$ 34,088
Scenario C	2032	end yr.	75.0%	of total TIF	$44,711		$581,246	$ 50,124	$ 50,625	$ 51,132
Scenario D	2032	end yr.	100.0%	of total TIF	$59,615		$774,995	$ 66,832	$ 67,501	$ 68,176
Scenario E	2032	end yr.	0.0%	of total TIF	$0		$0	$ -	$ -	$ -
PRESENT VALUE							**Total**			
Property Tax										
Scenario A			5.00%	discount rate			$178,859	$ 16,873	$ 16,060	$ 16,026
Scenario B			5.00%	discount rate			$357,719	$ 33,746	$ 32,121	$ 32,052
Scenario C			5.00%	discount rate			$536,578	$ 50,620	$ 48,181	$ 48,078
Scenario D			5.00%	discount rate			$715,437	$ 67,493	$ 64,241	$ 64,104
Scenario E			5.00%	discount rate			$643,893	$ 60,743	$ 57,817	$ 57,693
Sales Tax										
Scenario A			5.00%	discount rate			$142,282	$ 10,257	$ 9,867	$ 9,491
Scenario B			5.00%	discount rate			$284,563	$ 20,515	$ 19,733	$ 18,981
Scenario C			5.00%	discount rate			$426,845	$ 30,772	$ 29,600	$ 28,472
Scenario D			5.00%	discount rate			$569,127	$ 41,029	$ 39,466	$ 37,963
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
TOTAL	**89.3390**
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
Actual Value			
722 MAIN ST	$600,000	$50,000	$650,000
712 MAIN ST	$500,000	$844,003	$1,344,003
Subtotal	**$1,100,000**	**$894,003**	**$1,994,003**
Assessment Rate	**29.00%**	**29.00%**	
Assessed Value			
722 MAIN ST	$174,000	$14,500	$188,500
712 MAIN ST	$145,000	$244,761	$389,761
Subtotal	**$319,000**	**$259,261**	**$578,261**

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 17th Street, Suite 630 ▪ Denver, CO 80202
303.623.3557 ▪ www.epsys.com

PRESENTATION OVERVIEW

EVALUATION OF REQUEST FOR TIF

PURPOSE

- To provide Council with an overview of the market and financial analysis of the request for TIF submitted by Terraces on Main.

PRESENTATION OVERVIEW

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

EPS

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

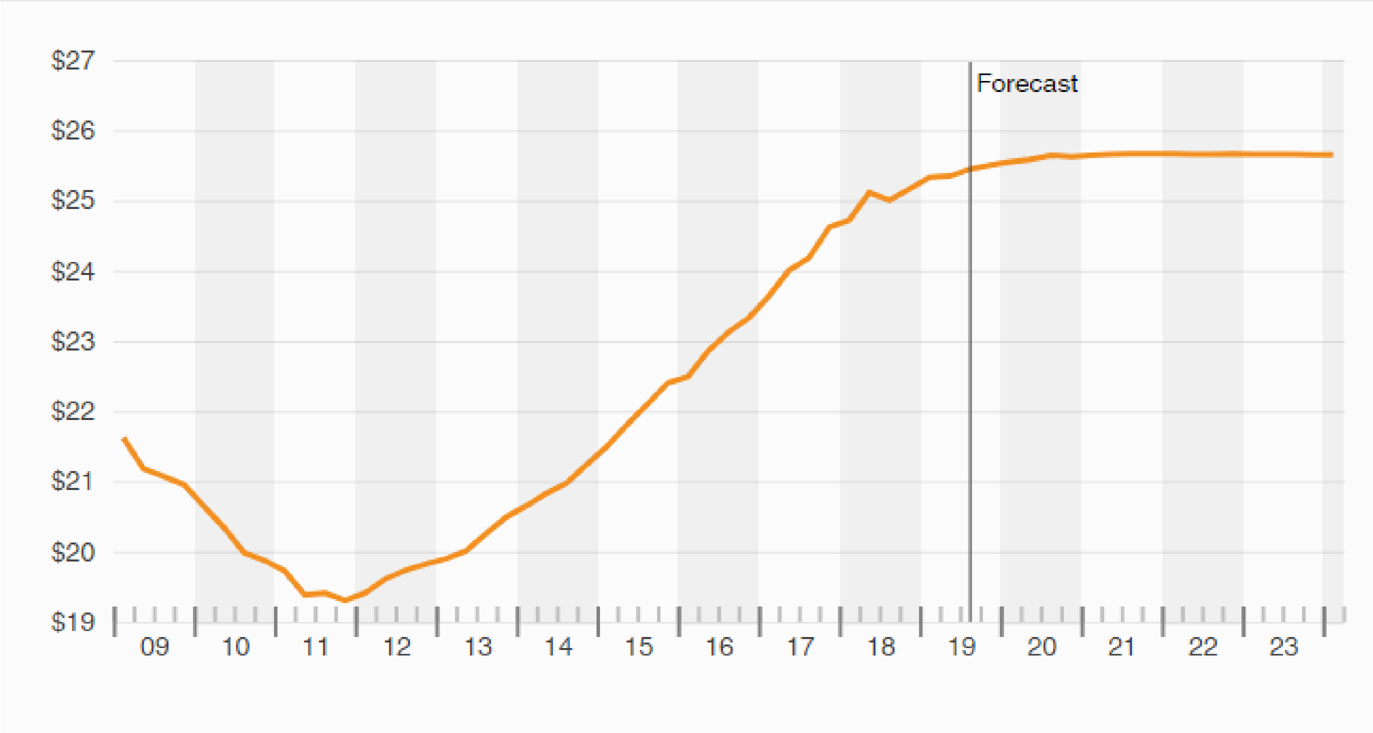
PROJECT OVERVIEW

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

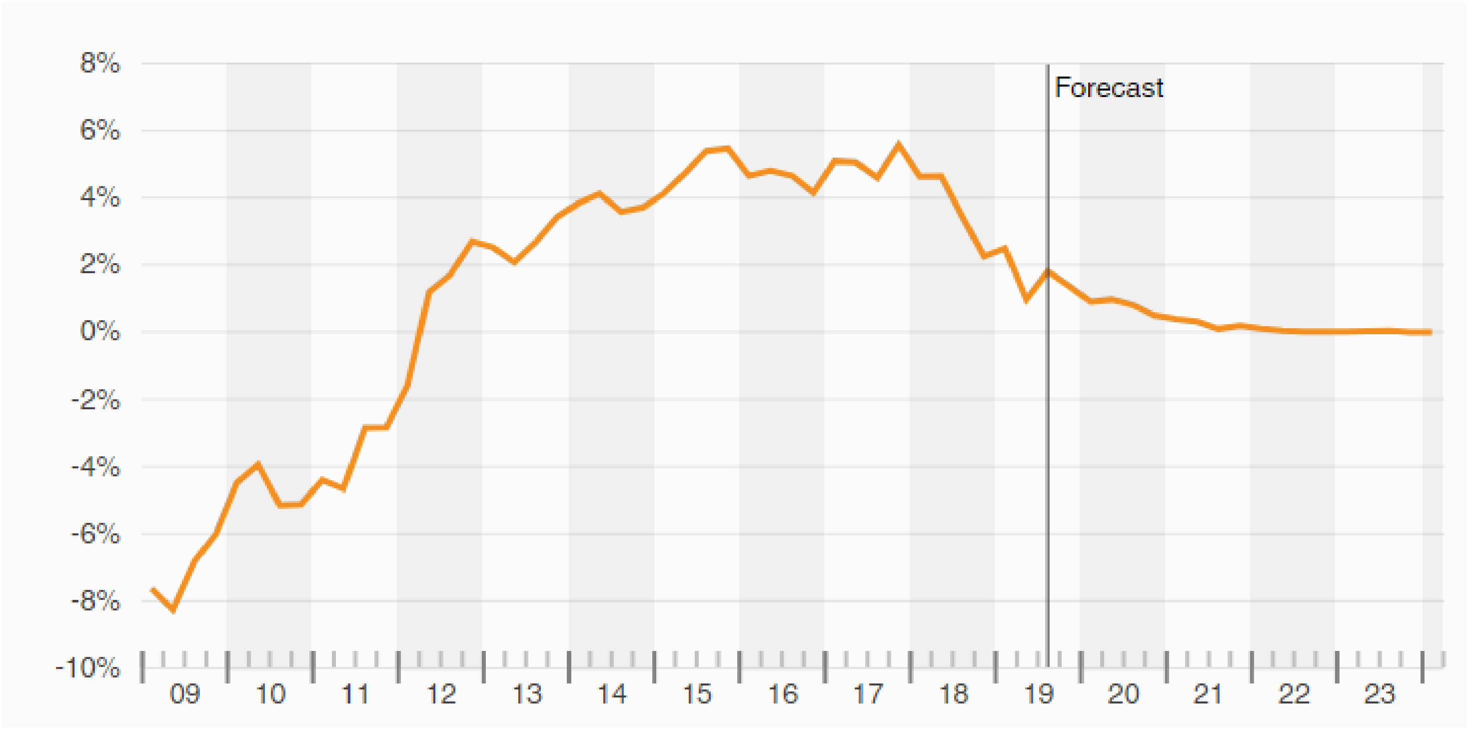
RETAIL/RESTAURANT MARKET OVERVIEW

AVERAGE RENTAL RATES (NNN), LOUISVILLE



RETAIL/RESTAURANT MARKET OVERVIEW

ANNUAL RENT GROWTH, LOUISVILLE



PROJECT FEASIBILITY EVALUATION – "BUT-FOR" TEST

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%

YIELD ON COST GAP ESTIMATE
= $1.34 million

← YOC Gap Closure Target

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

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
Construction Cost											
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	-$1,002,060	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal	**-$7,083,690**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Project Revenues											
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	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$7,710,427
Subtotal	**$0**	**$333,734**	**$385,797**	**$451,795**	**$447,493**	**$456,443**	**$465,571**	**$474,883**	**$484,380**	**$494,068**	**$8,214,376**
NET REVENUES	**-$7,083,690**	**$333,734**	**$385,797**	**$451,795**	**$447,493**	**$456,443**	**$465,571**	**$474,883**	**$484,380**	**$494,068**	**$8,214,376**

NPV w/out Subsidy	**-$1,012,454**	9.0% discount rate
Internal Rate of Return	**6.87%**	

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

Retail	Project Discount Rate				
	8.50%	8.75%	9.00%	9.25%	9.50%
$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

2nd Floor	Project Discount Rate				
	8.50%	8.75%	9.00%	9.25%	9.50%
$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

Cost per sf	Project Discount Rate				
	8.50%	8.75%	9.00%	9.25%	9.50%
$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

KEY CONSIDERATIONS

<u>**TIF Rebate Options**</u>

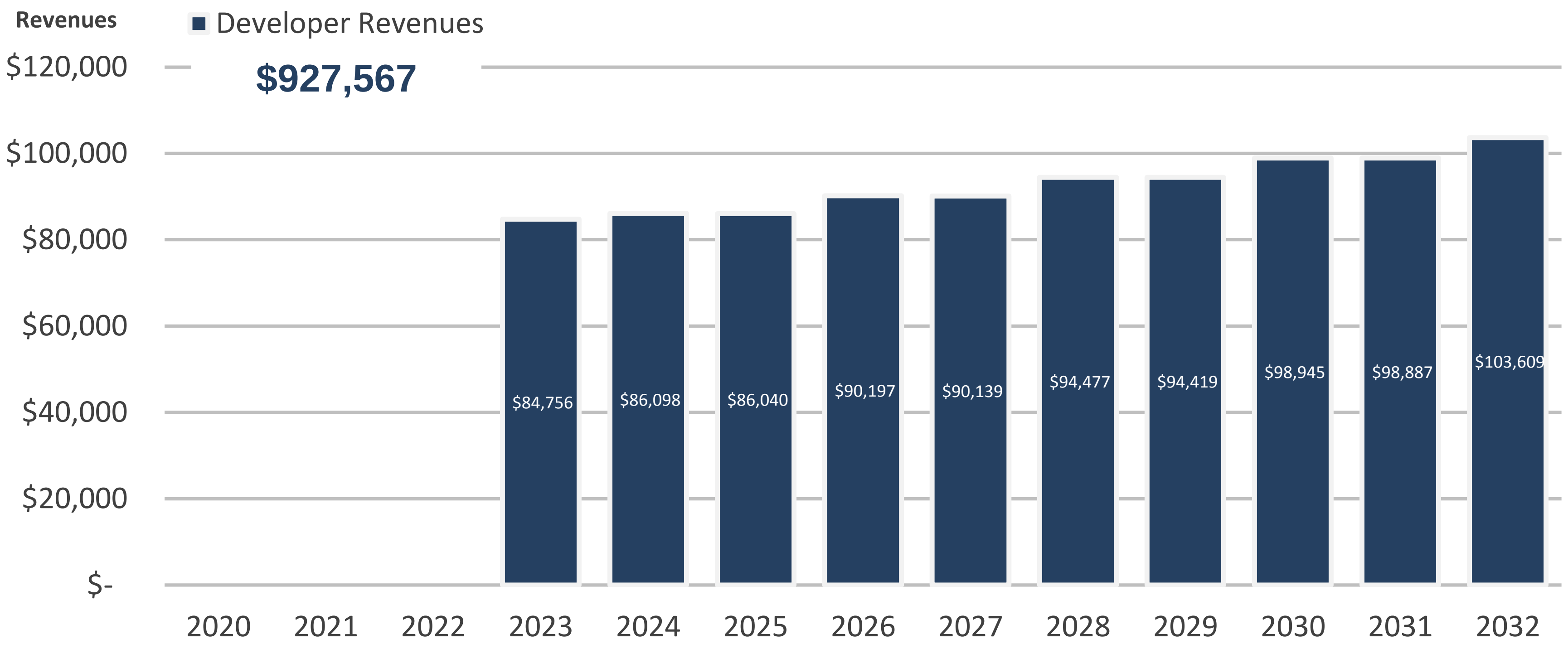
- 90% of TIF, 10 years: generates $927,567 in nominal revenues which have a **present value of $643,893.** Results in a project IRR of 8.05% and a YOC of 6.19%**.**
- 50% of TIF, 5 years: generates $242,906 in nominal revenues which have a **present value of $190,461.** Results in a project IRR of 7.24% and a YOC of 5.83%**.**
- Both options result in a <u>**remaining project gap**</u>

<u>**Key Assumptions**</u>

- 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

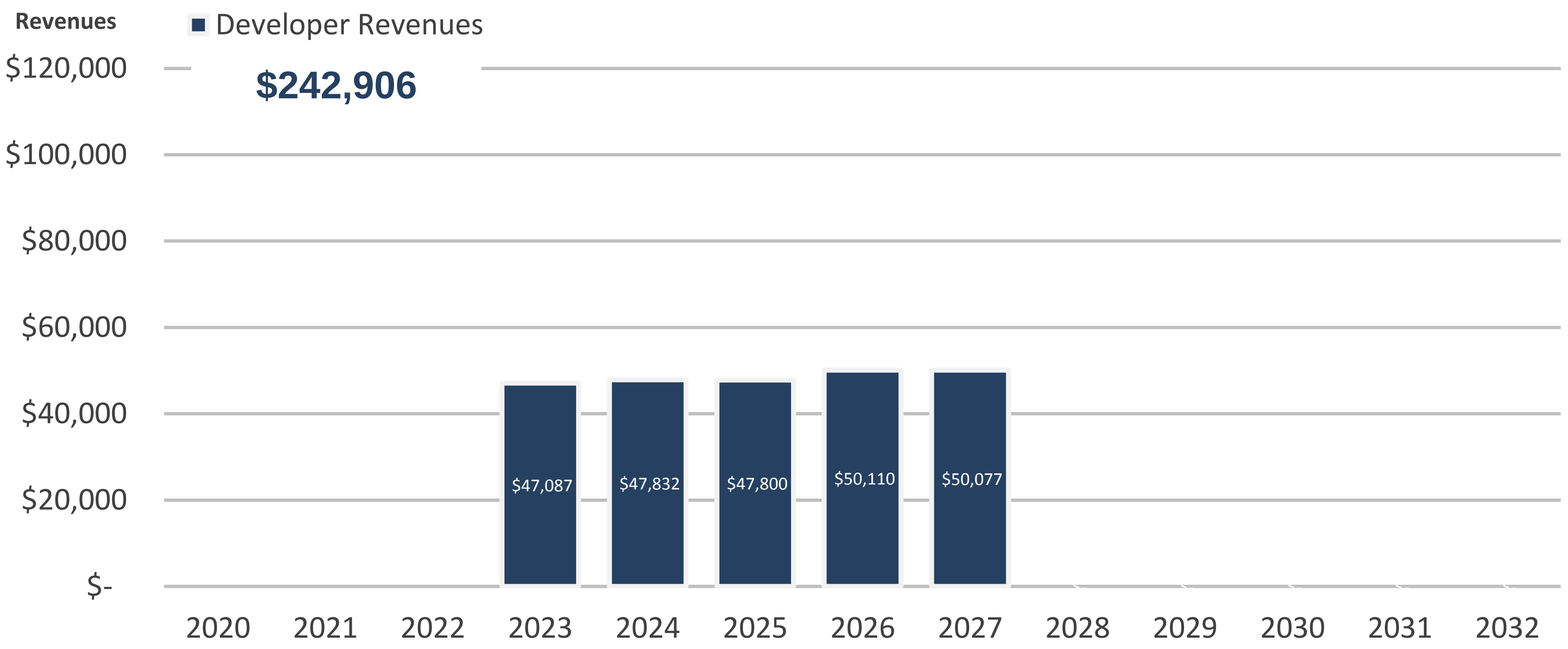
SUMMARY OF TIF REBATE

90% OF TOTAL, 10 YEARS – PROPERTY TAX INCREMENT



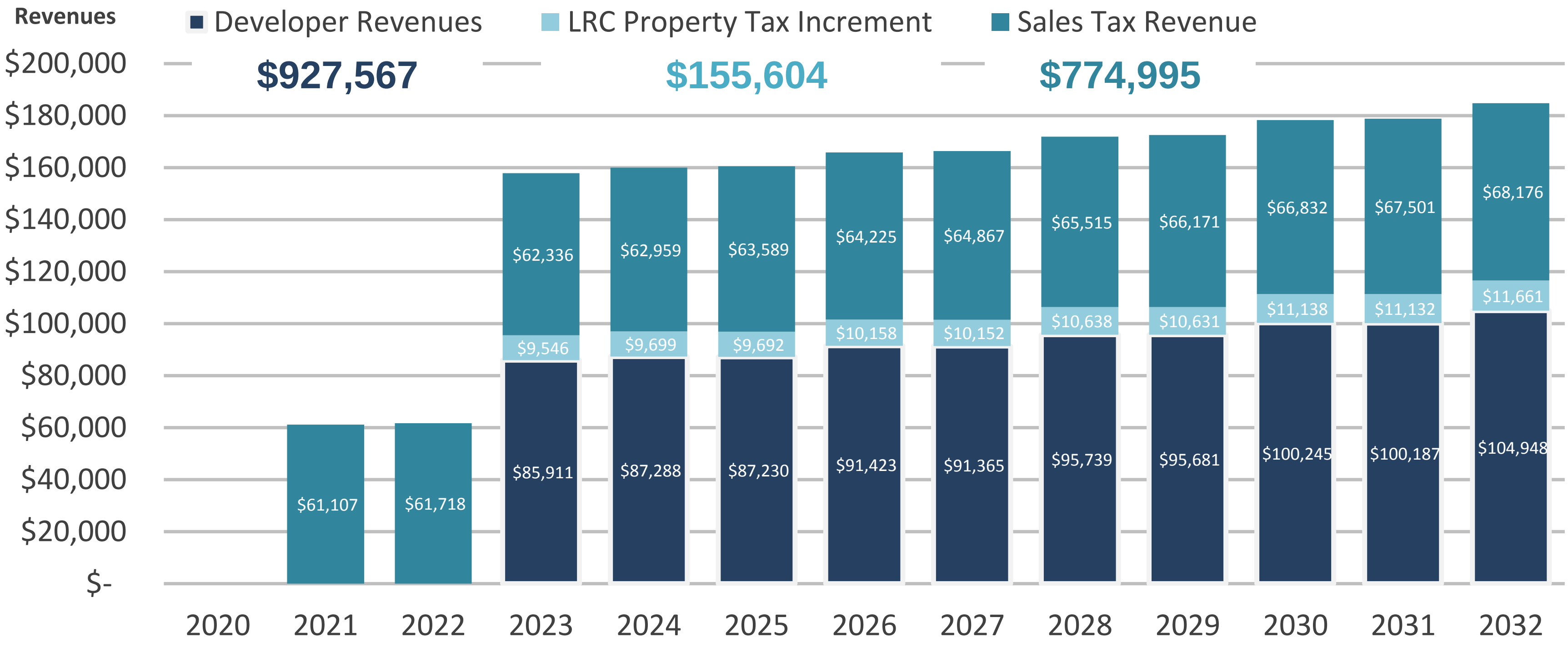
SUMMARY OF TIF REBATE

50% OF TOTAL, 5 YEARS – PROPERTY TAX INCREMENT



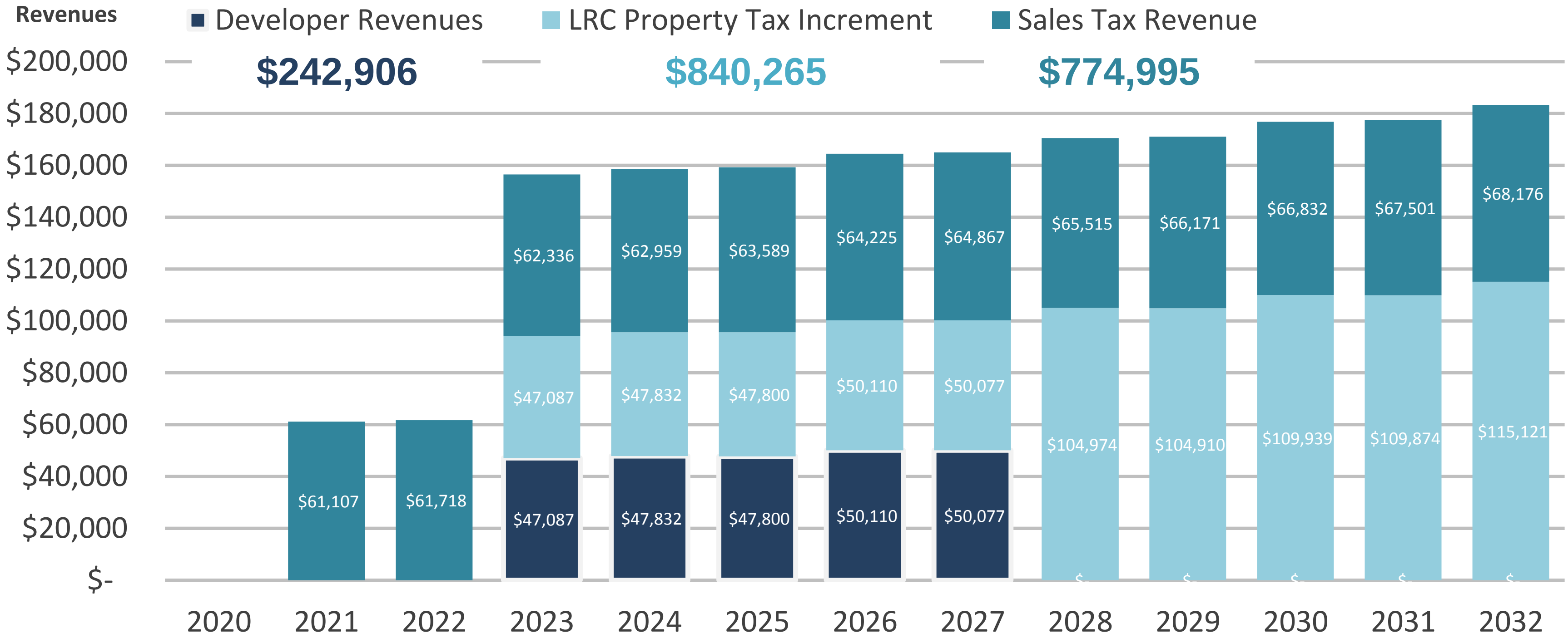
SUMMARY OF TOTAL TAX REVENUES

90% OF TOTAL, 10 YEARS



SUMMARY OF TOTAL TAX REVENUES

50% OF TOTAL, 5 YEARS



Adopted 6/11/2019 by Louisville City Council &
7/15/19 by Louisville Revitalization Commission

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.

AMENDED AND RESTATED COOPERATION AGREEMENT

This Amended and Restated Cooperation Agreement (the Cooperation Agreement) is made as of NOV. 17, 2015, by and between the CITY OF LOUISVILLE, COLORADO (the City) and the LOUISVILLE REVITALIZATION COMMISSION (the LRC). The City and the LRC are sometimes referred to herein individually as a Party and collectively as the Parties.

RECITALS

A. The City is a home-rule city and municipal corporation duly organized and existing under and pursuant to Article XX of the Colorado Constitution and Charter of the City (the Charter).

B. 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).

C. The Act and Section 18, Article XIV of the Colorado Constitution authorize the Parties to enter into cooperation agreements, and the Parties desire to enter into this Cooperation Agreement respecting operating funds, support services, and general oversight of the LRC to be provided by the City to the LRC and related matters.

AGREEMENT

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

1. Advance of Operating Funds by the City. The City may annually advance to the LRC an amount of operating funds (Operating Funds) to be determined by appropriation by the City Council of the City. Operating Funds shall be used by the LRC for operating, administrative, consulting and other costs incurred by the LRC in accordance with the Act, including, without limitation, the costs and expenses of Support Services described in Section 2, below. Operating Funds shall be paid directly to the LRC to be used in accordance with the Act, this Cooperation Agreement and the City-approved LRC budget.

2. Support Services. The City agrees to provide administrative and legal support services (Support Services) to the LRC in connection with its operations. The City Manager shall serve as Director of the LRC as provided in the Act and shall have discretion to employ those City staff members as may be required to carry out the duties and operations of the LRC. Support Services may include, without limitation, planning, financing and accounting, engineering, legal, and administrative and outside consulting services.

3. LRC Budget. By December 31 of each year, the LRC shall adopt a budget (the LRC Budget) for the ensuing fiscal year (which shall be the calendar year), which LRC Budget shall be submitted to the City for review and approval prior to LRC adoption. The LRC Budget shall contain a statement of sources and uses of all funds that are available or that the LRC reasonably expects to become available to LRC to finance its activities, undertakings, and obligations for each budget year. It is the intention of the Parties that the LRC shall use its reasonable best efforts to use other sources of revenue available under the Act as the primary source of its Operating Funds and payment for Support Services as such revenue becomes available to the LRC. Such revenue shall include, without limitation, tax allocation or tax increment revenues that may become available pursuant to any urban renewal plan approved by the City Council of the City.

4. Reimbursement for Operating Funds and Support Services. The Parties shall establish a procedure for documenting the reasonable costs and expenses (the Costs and Expenses) related to the Operating Funds and Support Services provided by the City. The Costs and Expenses shall constitute an indebtedness of the LRC to be repaid to the City from sources of revenue available under the Act as such revenue becomes available to the LRC. Such revenue shall include, without limitation, tax allocation or tax increment revenues that may become available pursuant to an urban renewal plan approved by the City Council of the City.

a. It is agreed that the Costs and Expenses incurred by the City up to and including expenses on December 31, 2014 total $9,894.00 . At the election of the City, such amount may be evidenced by a note approved by the Parties and executed by LRC.

b. Upon request of the LRC, the City agrees to give reasonable consideration to subordinating its right to repayment of Costs and Expenses to any bonds, loans, advances, indebtedness, or other obligation of the LRC.

5. Approval of Certain Contracts; Bonds and Other Obligations of the LRC. The Parties agree that the City Council of the City shall provide direction to LRC and oversight of LRC activities as follows:

a. Any proposed expenditure by the LRC which has not been previously approved as part of the LRC budget shall be subject to the prior review and approval of the City Council.

b. 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.

c. Allocation of any municipal sales tax increment shall occur only upon City Council approval. For any such requested approval, the LRC shall submit a financing plan outlining the proposed amounts and purpose for which the municipal sales tax increments are proposed to be used. City Council may approve or deny such request in its discretion.

d. The LRC shall provide to the City Council for review and approval any redevelopment agreement or other contract contemplated to carry to out the purposes of any urban renewal plan or to apply to property in any urban renewal area, prior to the LRC's final approval thereof. Any such approval shall be by City Council resolution.

e. The LRC shall comply with applicable City codes, rules, and regulations related to any other urban renewal activities of the LRC. The City Council shall be informed of the activities, functions, operations, and financial condition of the LRC in the form of reports to the City Council not less than quarterly, and at any other time as requested by the City Council.

f. The City agrees that it will make reasonable efforts to act within thirty days of a request for review of any document, agreement, obligation, or action required by this Cooperation Agreement. Unless otherwise required by law or provided herein, any approval or other action of the City Council shall be by motion or resolution.

6. Continuing Cooperation; Additional Agreements. The Parties shall cooperate to carry out and complete the urban renewal plans approved by the City Council. It is contemplated that additional agreements may be required to plan and carry out urban renewal projects in accordance with the provisions of any such urban renewal plan and the Act. The Parties agree to cooperate and give timely consideration to any additional agreements or amendments to this Cooperation Agreement that may be necessary or convenient in connection with such activities and undertakings; provided, however, nothing in this Cooperation Agreement shall preclude or require the commitment of additional revenue, financing, or services by either Party in connection with such activities and undertakings.

7. Obligations Subject to Act, Charter, and Constitution. The covenants, duties and actions required of the Parties under this Cooperation Agreement shall be subject to and performed in accordance with the provisions and procedures required and permitted by the Charter, the Act, any other applicable provision of law, and the Colorado Constitution.

8. Enforced Delay. Neither Party shall be considered in breach of, or in default in, its obligations with respect to this Cooperation Agreement in the event of delay in the performance of such obligations due to causes beyond its control and without its fault, it being

the purpose and intent of this provision that if such delay occurs, the time or times for performance by either Party affected by such delay shall be extended for the period of the delay.

9. No Third Party Beneficiaries. Neither the City nor the LRC shall be obligated or liable under the terms of this Cooperation Agreement to any person or entity not a party hereto.

10. Severability. In case any one or more of the provisions contained in this Cooperation Agreement or any application thereof, shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Cooperation Agreement, or any other application thereof, shall not in any way be affected or impaired thereby.

11. Binding Effect. Subject to compliance with Section 13, below, this Cooperation Agreement shall be binding upon and inure to the benefit of the Parties, their successors, legal representatives, and assigns.

12. City and LRC Separate. Nothing in this Cooperation Agreement shall be interpreted in any manner as constituting the City or its officials, representatives, consultants, or employees as the agents of the LRC, or the LRC or its officials, representatives, consultants, or employees as the agents of the City. Each entity shall remain a separate legal entity pursuant to applicable law. Neither of the Parties hereto shall be deemed to hereby assume the debts, obligations, or liabilities of the other. The LRC shall be responsible for carrying out its duties and functions in accordance with the Act and other applicable laws and regulations, and nothing herein shall be construed to compel either Party to take any action in violation of law.

13. Assignment. This Cooperation Agreement shall not be assigned in whole or in part by either Party without the prior written approval of the other Party.

14. Governing Law. This Cooperation Agreement shall be governed by, and construed in accordance with, the laws of the State of Colorado.

15. Headings. Section headings in this Cooperation Agreement are for convenience of reference only and shall not constitute a part of this Cooperation Agreement for any other purpose.

16. Additional or Supplemental Agreements; Organizational Matters. The Parties mutually covenant and agree that they will execute, deliver and furnish such other instruments, documents, materials, and information as may be reasonably required to carry out the Cooperation Agreement. The LRC's organizational documents shall provide, as permitted by C.R.S. § 31-25-104, that one City Councilmember shall be a member of the LRC. The LRC as an entity will not formally or legally oppose or object to any measure that may be proposed pursuant to C.R.S. § 31-25-115 to transfer the existing authority to the City Council.

17. Entire Agreement; Amendment. This Cooperation Agreement constitutes the entire agreement between the Parties pertaining to the subject matter hereof. No addition to or modification of the Cooperation Agreement shall be effective, except by written agreement authorized and executed by the Parties.

IN WITNESS WHEREOF, the Parties have caused this Cooperation Agreement to be duly executed and delivered by their respective officers as of the date first above written.

CITY OF LOUISVILLE SEAL COLORADO

THE CITY OF LOUISVILLE,
a Colorado municipal corporation

Robert P. Muckle

Mayor

Attest:

Nancy Varra

City Clerk

LOUISVILLE REVITALIZATION COMMISSION

Chairman

Attest:

Secretary

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TRI-PARTY AGREEMENT
Highway 42 Revitalization Area

This Agreement (the Agreement) is made as of December 5, 2006, by and among the LOUISVILLE REVITALIZATION COMMISSION, a body corporate and politic of the State of Colorado (the Commission), the CITY OF LOUISVILLE, a Colorado municipal corporation (the City), and the COUNTY OF BOULDER, a political subdivision of the State of Colorado (the County), collectively, the Parties and individually a Party.

RECITALS

A. Pursuant to the Colorado Urban Renewal Law, Section 31-25-101, et seq., C.R.S. (the Act), the City Council of the City passed and adopted Resolution No. 37 approving the Highway 42 Revitalization Area Urban Renewal Plan (the Plan) to carry out the urban renewal project (the Urban Renewal Project) described in the Plan for the area described therein (the Urban Renewal Area).

B. The Act provides, and the Plan contains, a provision authorizing the financing of the Urban Renewal Project (TIF Financing). TIF Financing provides that taxes, if any, levied after the effective date of the approval of the Plan upon taxable property in the Urban Renewal Area each year shall be divided for a period not to exceed twenty-five (25) years from the effective date of the Plan and that a portion of said property tax revenues (the TIF Revenue) shall be allocated to and paid into a special fund of the Commission to pay the principal of, interest on, and any premiums due in connection with bonds of, loans or advances to, or indebtedness incurred by, the Commission to carry out the Urban Renewal Project.

C. Section 31-25-107(11) of the Act permits and authorizes the Parties to enter into agreements "for allocation of responsibility among the parties to the agreement for payment of the costs of any additional county infrastructure or services necessary to offset the impacts of an urban renewal project and for the sharing of revenues."

D. Pursuant to Section 31-25-107(3.5), the City and Commission submitted an urban renewal impact report for the Plan to the County and the County submitted its response thereto, including, as provided in subparagraph (a)(III), information on the estimated impact of the urban renewal plan on county revenues, and the Parties desire to enter into the Agreement to address issues raised in discussion of the urban renewal impact report.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing the Parties agree as follows:

1. County TIF Account. Commencing on January 1, 2015 (the Effective Date), the Commission agrees to pay to the City, within ten (10) days of receipt thereof, and the City shall deposit into a separate account created and maintained exclusively for such purpose (the County

TIF Account), that portion of the TIF Revenue equal to 14.3% of the increase in property tax revenues calculated, produced, and allocated to the Commission from the County's levy on taxable property in the Urban Renewal Area pursuant to and in accordance with the TIF Financing provisions of the Act and the rules and regulations of the Property Tax Administrator of the State of Colorado. The deposits in the County TIF Account are designated as the County TIF Revenue.

2. Payments to County. Subject to Section 5 and provided this Agreement has not been terminated in accordance with Section 4, commencing on the Effective Date and continuing until the first to occur of (a) the twenty-fifth (25th) anniversary of the date of approval of the Plan, (b) payment to the County of a total of Six Million One Hundred Fifty Thousand Dollars ($6,150,000.00), or (c) a Termination Event described in Section 4 (the Term), the City shall pay to the County on or before the 10th day of each month, all of the County TIF Revenues in the County TIF Account. In no event shall the total of payments of County TIF Revenues to the County exceed $6,150,000.00.

3. Repayment Right. The Commission and the City shall have the unrestricted right, but not the obligation, to prepay the County TIF Revenues, in whole or in part at any time.

4. Termination Event. The Commission or the City may terminate this Agreement by delivering to the County written notice of the termination of the Urban Renewal Plan, including its TIF component (the Termination Event).

5. Renegotiation Event. Additionally, the City and Commission may elect to reopen the terms of this Agreement to renegotiation upon the occurrence of any of the following events (each of which is a Renegotiation Event):

a. There is, as a result of legislation or regulation, a reduction of twenty percent (20%) or more in the annual amount of TIF Revenue allocated to the Commission; or

b. Legislation or regulation applicable to the Plan reduces the twenty-five (25) year statutory period set forth in the Plan and Section 31-25-107(9) of the Act; or

c. Within seven (7) years after the date of this Agreement, the County fails to enter into at least one TIF revenue allocation agreement with another municipality in Boulder County that approves an urban renewal plan or substantial modification thereof after the effective date of the Plan, and such plan or modification contains the property tax TIF Financing provisions of the Act described in Recital B hereof. An agreement under which a municipality commits not to utilize property tax TIF Financing for the term of such plan or modification shall be deemed acceptable for purposes of avoiding a Renegotiation Event. The County shall deliver to the Commission and City copies of all such agreements entered into by the County promptly upon their execution.

In case of a Renegotiation Event, the City and Commission may elect to reopen the terms of this Agreement for renegotiation by providing written notice to the County. Within ninety

(90) days after notice of such an election by the City, the Parties shall execute an amendment to this Agreement setting forth such revised terms as are agreed upon by the Parties. If the Parties fail to execute an amendment within such ninety (90) day period, then this Agreement shall remain in effect in accordance with its terms except that, effective as of the 91st day after such notice and for the remainder of the Term, the rate and total maximum amount of County TIF Revenue paid to the County shall each be reduced by one-half (that is, reduced from, respectively, 14.3% to 7.15%, and $6,150,000 to $3,075,000).

6. Use of County TIF Revenue. The County TIF Revenue shall be used solely in accordance with the requirements of Section 31-25-107(11) to address the impacts of the Urban Renewal Plan on County revenues and on infrastructure and services necessary to serve the Urban Renewal Plan area.

7. Other Municipal Urban Renewal Plans. In future negotiations with other municipalities concerning any plans for approval of one or more urban renewal plans, Boulder County will utilize the terms of this Agreement as a guide for said negotiations, and will work in good faith to arrive at agreements which preserve to the County a significant portion of the incremental property tax revenues produced by the County's Funds mill levies. The City and Commission will in good faith cooperate with the County in the County's efforts to arrive at such agreements with other municipalities. This Section shall not be construed to limit the City and Commission's rights under Section 5 above.

8. Agreement Confined to County TIF Revenue. This Agreement applies only to the County TIF Revenue collected in the Urban Renewal Area during the Term, and does not include any other revenues of the City or the Commission, including, without limitation, TIF Revenue produced by the levy of the County each year in the Urban Renewal Area in excess of the County TIF Revenue. The City and County agree that the County TIF Revenue collected and paid by the City under this Agreement are collections for the County within the meaning of Colorado Constitution Article X, Section 20(2)(e).

9. Obligation Subordinate. The obligation of the Commission to pay the designated County TIF Revenue to the City is and shall be subordinate to any payment of the principal of, the interest on, and any premiums due in connection with bonds of, loans or advances to, or indebtedness incurred by, whether funded, refunded, assumed, or otherwise, the Commission for financing or refinancing, in whole or in part, the Urban Renewal Project. Notwithstanding the foregoing, the Commission will use reasonable good faith efforts, consistent with its obligations to carry out the Urban Renewal Project, to structure any such financing or refinancing in a manner to accommodate and provide for the payment of the County TIF Revenue in accordance with this Agreement.

10. Books and Accounts; Financial Statement. During the Term, the City and the Commission will keep, or cause to be kept, proper and current books and accounts in which complete and accurate entries shall be made of the County TIF Revenue received by the Commission and the City and the amounts deposited into and paid out from the County TIF Account. Subject to reasonable notice, at the sole expense of the County, all such books and

accounts related to the County TIF Revenue and the County TIF Account shall be open to inspection during normal business hours by such accountants or other agents as the County may from time to time designate.

11. Notices. Any notice required or permitted by this Agreement shall be in writing and shall be deemed to have been sufficiently given for all purposes if personally served, or sent by certified mail or registered mail, or by reputable overnight courier service, all postage and fees prepaid, addressed to the Party to whom such notice is to be given at the address set forth on the signature page below, or at such other address as has been previously furnished in writing, to the other Party or Parties. Notices shall be deemed given upon such personal, courier or express mail delivery or on the third business day following deposit in the U.S. mail as provided above.

12. Delays. Any delays in or failure of performance by any Party of its obligations under this Agreement shall be excused if such delays or failure are a result of acts of God, acts of public enemy, acts of the Federal, state or local government, acts of any other Party, acts of third parties, litigation concerning the validity of this Agreement or relating to transactions contemplated hereby, fire, floods, strikes, labor disputes, accidents, regulations or order of civil or military authorities, shortages of labor or materials, or other causes, similar or dissimilar, which are beyond the control of such Party. Notwithstanding the foregoing, where any of the above events shall occur which temporarily interrupt the ability of the Commission and/or the City to transfer or pay the County TIF Revenues, as soon as the event causing such interruption shall no longer prevail, the Commission and the City shall transfer and pay the total amount of County TIF Revenues that have been received by the Commission and the City and are then owing to date, as determined according to the provisions of Sections 1 and 2, above.

13. Default. Time is of the essence, subject to Section 12, above. If any payment or any other material condition, obligation, or duty is not timely made, tendered, or performed by any Party, then any other Party may exercise any and all rights available at law or in equity, including damages, but such damages shall be limited to the actual amount that such Party is entitled to receive or retain under this Agreement. No special or punitive damages shall be payable hereunder.

14. Section Captions. The captions of the Sections are set forth only for the convenience and reference of the Parties and are not intended in any way to define, limit, or describe the scope or intent of this Agreement.

15. Integration and Amendment. This Agreement represents the entire agreement among the Parties with respect to the subject matter and there are no oral or collateral agreements or understandings with respect to the subject matter. This Agreement may be amended only by an instrument in writing signed by the Parties.

16. Waiver. The County waives any right to contest in any manner the validity of the Plan, or any of the provisions of the Plan, including, without limitation, the right of the Commission to use the TIF Financing provisions described in Recital B. A waiver by any Party

to this Agreement of the breach of any term or provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by either Party.

17. Governing Law and Venue. This Agreement shall be governed by the laws of the State of Colorado and venue shall lie in the County of Boulder.

18. No Third-party Beneficiaries. This Agreement is intended to describe the rights and responsibilities only as to the Parties hereto. This Agreement is not intended and shall not be deemed to confer any rights on any person or entity not named as a Party hereto.

19. No Presumption. The Parties to this Agreement and their attorneys have had a full opportunity to review and participate in the drafting of the final form of this Agreement. Accordingly, this Agreement shall be construed without regard to any presumption or other rule of construction against the Party causing the Agreement to be drafted.

20. Severability. If any provision of this Agreement is found to be invalid, illegal or unenforceable, the validity and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. Further, in the event of any such holding of invalidity, illegality or unenforceability (as to any or all Parties hereto), the Parties agree to take such action(s) as may be necessary to achieve to the greatest degree possible the intent of the affected provision of this Agreement.

21. Execution Required. This Agreement shall not be binding upon any Party hereto unless and until the Parties have each executed and delivered this Agreement to each of the other Parties.

22. Parties Not Partners. Notwithstanding any language in this Agreement or any other agreement, representation, or warranty to the contrary, the Parties shall not be deemed to be partners or joint venturers, and no Party shall be responsible for any debt or liability of any other Party.

23. Support of Plan. The Board of County Commissioners as an entity will support the Plan publicly and at the public hearing of the City Council held to consider its adoption, and the County will not formally or legally object to the adoption of the Plan.

24. No Assignment. No party may assign any of its rights or obligations under this Agreement.

IN WITNESS WHEREOF, this Agreement is executed by the Parties hereto in their respective names as of December 5, 2006.

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LOUISVILLE REVITALIZATION COMMISSION

ATTEST:

~~Secretary~~ Vice Chairman

Chair
749 Main Street
Louisville, CO 80227

CITY OF LOUISVILLE

CITY OF LOUISVILLE
SEAL
COLORADO

ATTEST:

Nancy Varra

City Clerk

Mayor
749 Main Street
Louisville, CO 80227

APPROVED AS TO FORM:

City Attorney

COUNTY OF BOULDER
By: BOARD OF COUNTY COMMISSIONERS

ATTEST:

Clerk to the Board

SEAL OF
Boulder County
BOULDER COUNTY, COLORADO

Ben Pearlman 12/5/06

Ben Pearlman, Chair
P. O. Box 471
Boulder, CO 80306-0471

APPROVED AS TO FORM:

County Attorney

LOUISVILLE REVITALIZATION COMMISSION

SUBJECT: APPROVAL OF BYLAW AMENDMENTS REGARDING LRC REGULAR MEETING DATE AND TIME, COMMISSION CHECKS AND CITY MANAGER SERVE AS DIRECTOR OF COMMISSION

DATE: NOVEMBER 18, 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 2nd Monday of each month at 7:30 am, as set forth in the 2009 bylaws. Per Commissioner direction at the August LRC meeting, the bylaws have been revised to allow for the LRC to set its meeting schedule at the first meeting of each year. Additionally, at the September LRC meeting, the Commission directed staff to revise Article VI, Section 5 to better reflect how the current process works to pay expenses incurred by the Commission. And at the October LRC meeting, the Commission directed staff to reference in Article II, Section 8 the cooperation agreement between the LRC and the City, which provides the City Manager serves as Director of the Commission and authorizes the LRC to employ those City staff members as may be required to carry out the duties and operations of the Commission.

Clean and blackline versions of the revised bylaws are attached. The blackline compares the revised draft to the currently adopted version (March 2009) of the bylaws.

RECOMMENDATION:
Approve the Bylaw amendments regarding LRC regular meeting date, time, Commission checks, and personnel of the Commission.

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 November 2019~~March 2009~~)

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.

ARTCLE 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.

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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. As set forth in Section 2 of the Amended and Restated Cooperation Agreement between the Commission and the City, the City Manager shall serve as Director of the Commission and may employ those City staff members as may be required to carry out the duties and operations of the Commission. The Commission may from time to time authorize the employment of such additional 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.

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ARTICLE III: MEETINGS

Section 1. Regular Meetings. At the first~~A regular~~ 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 week~~Monday~~ 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.

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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.

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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.

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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. Checks~~Two signatures shall be required~~ on behalf~~all checks or drafts for payments of monies~~ of the Commission to pay expenses incurred by~~from amongst~~ the Commission shall be issued by the City upon request made by the Director of the Commission or his~~following officials: Chair, Vice-Chair,~~ or her designee. ~~Secretary.~~

Adopted as amended this 14th~~9th~~ day of October, 2019~~March, 2009~~.

____
Chair

ATTEST:

____
Secretary

BYLAWS OF THE LOUISVILLE REVITALIZATION COMMISSION
(includes all amendments through November 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.

ARTCLE 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.

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Section 8. Personnel. As set forth in Section 2 of the Amended and Restated Cooperation Agreement between the Commission and the City, the City Manager shall serve as Director of the Commission and may employ those City staff members as may be required to carry out the duties and operations of the Commission. The Commission may from time to time authorize the employment of such additional 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:

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(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.

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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.

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

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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. 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 14th day of October, 2019.

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Chair

ATTEST:

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Secretary