A regular meeting of the Montrose Urban Renewal Authority (MURA) Board of Commissioners was held on Thursday, October 7, 2021 at 3:00 p.m. in the Centennial Meeting Room, located at 433 S. 1st Street. Said meeting was posted in accordance with the Sunshine Law, including a Zoom meeting link and phone numbers for additional virtual public participation.

PRESENT: Tad Rowan, Doug Glaspell, Dave Frank, Barbara Bynum, J. David Reed, Gayle Johnson, Mark Plantz, Executive Director Bill Bell

ABSENT: Anthony Russo, Brad Hughes

GUESTS: City Engineer Scott Murphy, Community Program Manager Kendall Cramer, Business and Tourism Director Lisa Kuczmarski, Deputy City Clerk Mikayla Unruh, Gail Marvel, David Dragoo, Doug Dragoo, Joel Evans, Shani Wittenberg, Mari Steinbach

CALL TO ORDER

The meeting was called to order at 3:01p.m. by Chairman Tad Rowan.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited.

ROLL CALL

Board members Tad Rowan, Doug Glaspell, Dave Frank, Barbara Bynum, J. David Reed, Gayle Johnson, and Mark Plantz were present. Board members Anthony Russo and Brad Hughes were absent.

CALL FOR PUBLIC COMMENT

No comments were received.

CONSIDERATION OF MINUTES

A motion was made by Barbara Bynum, seconded by Dave Frank, to approve the minutes of the August 18, 2021 meeting as presented. All voted yes. Motion passed.

MURA SUMMARY OF TIF EXPENDITURES TO DATE

City Engineer Scott Murphy presented a summary of the Tax Increment Financing (TIF) expenditures for the MURA since its inception.

Mr. Murphy explained that to date, $11,905,083.00 in promissory notes have been issued. All horizontal site improvement construction within the MURA up to this point has been financed through promissory notes with the City of Montrose. Mr. Murphy explained that the associated expenditures only begin accruing as the construction work is completed.

Mr. Murphy noted that the total anticipated out of pocket cost for the construction of improvements as authorized by the aforementioned promissory notes is $11,526,966.00, revealing an anticipated cost savings of $378,116.00. This savings is largely due to construction cost savings from initial project budgets, internal design and construction oversight from the City Engineering Department, and grants awarded for river improvement work.

The Board inquired about the TIF revenue generated thus far by the MURA. Executive Director William Bell explained that $228,000.00 has been received to date.

The Board asked City staff to provide a monthly update on TIF expenditures at future MURA Board meetings.

FLEX BUILDING PROJECT DISCUSSION

Presentation by David Dragoo of Colorado Outdoors

David Dragoo provided an update regarding the construction of the Flex buildings at Colorado Outdoors. Mr. Dragoo noted that the core/shell construction for both buildings will be substantially completed by November 14, 2021. Colorado Outdoors hopes to complete tenant improvements between the third quarter of 2021 and the first quarter of 2022. Tenant occupancy is anticipated by the end of the first quarter in 2022.

Mr. Dragoo presented the construction costs associated with the Flex Building Project, noting that the anticipated cost for the core/shell construction is $7,715,112.71. The cost of land purchased for the project was $1, 500,000.00. The estimated cost for tenant improvement work has increased from $3,981,943.38 to $5,331,874.00 due to material shortages and current supply chain delays. In all, the anticipated total cost of the Flex Building Project is now $14,546,986.71. Mr. Dragoo also shared that the estimated cost of horizontal site improvements associated with the Flex buildings has increased from $1,100,000.00 in March of 2020 to $1,951,268.00 as of September 2021 due to the same increased cost of materials caused by current shortages.

CONSIDERATION OF RESOLUTION 2021-01

The Board considered Resolution 2021-01, a resolution of the MURA Board of Commissioners approving the filing of a grant application with the Colorado Office of Economic Development and International Trade – Colorado Creative Industries Division (OEDIT-CCI) in order to cover the gap in funding created by supply chain disruptions as a result of the COVID-19 pandemic for tenant site improvements for the Flex Building Project at Colorado Outdoors and directing the Board Chair and City staff to perform all steps necessary to execute the grant agreement with OEDIT-CCI upon a grant award.

Community Program Manager Kendall Cramer explained that the Montrose Urban Renewal Authority's approval of $1,100,000.00 for horizontal site improvements, combined with Colorado Outdoors' private investment of $1,597,296.00 for tenant site improvements will serve as the required 1:1 match for the grant funds sought in the total amount of $2,384,647.38.

Mr. Cramer reported that the Flex Building project meets all the requirements for the Colorado Community Revitalization Grant Program. Applications for the program will be considered on a rolling basis. Mr. Cramer anticipates receiving a decision by December 2021 for the Flex Building Project application.

A motion was made by Dave Frank, seconded by Doug Glaspell, to approve Resolution 2021-01, authorizing the filing of a Colorado Community Revitalization Grant Program application; authorizing the MURA Board Chair and MURA Executive Director to execute an agreement with Colorado Outdoors for the development of horizontal site improvements related to the Flex Building Project at Colorado Outdoors upon a grant award; authorizing the MURA Board Chair and MURA Executive Director to execute a grant contract with the Colorado Office of Economic Development and International Trade; and authorizing City of Montrose staff to act on behalf of the grant award. All voted yes. Motion passed.

<u>DEVELOPMENT AGREEMENT AND PROMISSORY NOTE DISCUSSION</u>

Graham Anderson of Anderson Analytics provided a summary of the projected TIF revenues to be generated by the Flex buildings over the lifetime of the MURA, ending in 2042.

Mr. Anderson explained that the northern building of the Flex project is estimated to generate $1,706,664.00 in property tax revenues, $1,563,881.00 in City sales tax revenues, and $163,842,000.00 in City meals tax revenues by 2042. The southern building of the project is estimated to generate $1,418,334.00 in property tax revenues and $250,763.00 in City sales tax revenues by 2042. The total projected tax increment revenues estimated for both buildings is $5,103,484.00.

Executive Director William Bell led a discussion regarding the possible funding mechanisms for horizontal site improvements associated with the Flex Building Project. Mr. Bell explained that there are several ways the MURA Board can elect to fund the improvements, including developer reimbursement, bonding or traditional bank loans, and the issuance of URA promissory notes with loans from the City's water fund reserves, as has been traditional MURA practice.

The Board discussed the possible funding strategies, noting that the issuance of promissory notes to the City of Montrose is the most efficient way to fund horizontal site improvements in the MURA.

The Board considered the possibility of utilizing the existing $228,000.00 in TIF revenues generated from the URA in conjunction with a promissory note between MURA and the City of

Montrose to cover the remaining $872,000 in anticipated horizontal site improvement costs associated with the project versus the execution of a promissory note between MURA and the City of Montrose for the full $1,100,000.00 requested.

A motion was made by Barbara Bynum, seconded by Doug Glaspell, to authorize City staff to draft a Developer's Agreement between the MURA and Colorado Outdoors, as well as a promissory note between the MURA and the City of Montrose in the amount of $1,100,000.00 related to the construction and installation of horizontal site improvements to support the Flex Building Project. All voted yes. The motion passed.

SCHEDULE FUTURE MEETINGS

The next meeting of the MURA Board of Commissioners will be held on Wednesday, October 20, 2021 at 2:00 p.m. in the Centennial Meeting Room.

ADJOURNMENT

A motion was made by Dave Frank, seconded by Gayle Johnson, to adjourn the meeting at 4:22 p.m. with no further action taken. All voted yes. Motion passed.

ATTEST:

Tad Rowan, Chairman

William E. Bell, Executive Director