

**MONTROSE URBAN RENEWAL AUTHORITY  
MINUTES OF THE REGULAR MEETING  
MAY 1, 2025**

A regular meeting of the Montrose Urban Renewal Authority (MURA) Board of Commissioners was held on Thursday, May 1, 2025, at 2:00 p.m. in the Buckhorn Conference Room, located at City Hall at 400 E Main Street. Said meeting was posted in accordance with the Sunshine Law.

Present: J. David Reed, Dave Frank, Doug Glaspell, Ed Ulibarri, Brad Hughes, Allison Howe, Jim Haugsness, Executive Director William Bell

Absent: Judy Ann Files, Stephen Bush

Guests: David Dragoo, Doug Dragoo, Gail Marvel, Briceida Ortega, Rob Mackenzie, Anthony Russo, Abarrane Rojas, Chris Dowsey, John Stueber, Paul Benedetti, David Schieldt

**CALL TO ORDER**

The meeting was called to order at 2:00 p.m. by Allison Howe.

**PLEDGE OF ALLEGIANCE**

The pledge of allegiance was recited.

**ROLL CALL**

Board members J. David Reed, Dave Frank, Doug Glaspell, Ed Ulibarri, Brad Hughes, Allison Howe, Jim Haugsness and Executive Director William Bell were present.

Judy Ann Files and Stephen Bush were absent.

**CHANGES TO THE AGENDA, INCLUDING ADDITIONS AND DELETIONS**

No additions or deletions.

**CALL FOR PUBLIC COMMENT**

No comments.

**CONSIDERATION OF MINUTES**

The Montrose Urban Renewal Authority Commission considered the minutes of the regular meeting held on November 6, 2024.

A motion was made by Dave Frank, seconded by Ed Ulibarri, to approve the minutes of the regular meeting held on November 6, 2024 as presented. All voted yes. Motion passed.

**Election of Officers**

J David Reed was nominated for Chairperson. Jim Haugsness seconded the motion. All voted yes. J David Reed accepted the position

Judy Ann Files was nominated for the position of Vice Chairperson. Jim Haugsness seconded. All voted yes.

The Deputy City Clerk role was nominated for the position of Secretary. Dave Frank seconded. All voted yes. The position was accepted.

**TIF Expenditure Update**

Scott Murphy presented the current financial spreadsheet, noting that expense authorization dates and amounts are clearly listed. He emphasized the importance of tracking these figures to understand the City's ability to fund ongoing and future projects. The spreadsheet reflects approximately \$16.2 million in expenditures, with the bottom-line figure showing the difference between authorized expenses and available funds. He explained that projects may be financed either through the URA Board or directly through TIF revenue, which connects to the next financial model reviewed.

Jim Haugsness asked about the \$3.7 million in accrued interest, noting that none of it has been paid to date and inquiring about how the compounding works. Scott explained that compounding begins at the date each promissory note is issued, and the more recent notes have accrued more interest. He referenced the Anderson long-term URA model, which tracks interest growth projections. Jim also noted that 17 years remain in the URA, with the payoff goal set for 2042.

Bill reported that Gram with Anderson Analytics would forward the updated model to Jim for review. He reiterated the consensus from prior discussions: the City Council does not want to call the notes yet, preferring instead to keep funds invested within the URA to generate continued growth. All revenue is intended to remain in the URA at this time. He also referenced DA Davidson's prior presentation regarding strategies to raise revenue, maintain cash flow for approved projects, and prepare for a potential bond issuance. Any future bond would include partial repayment to the City based on development projections. The overarching goal remains full repayment by 2042, ideally with a surplus to return to the taxing entities.

Brad Hughes asked whether the URA was considered "self-funded." Scott clarified differences in funding sources, and Brad noted that \$3.4 million had been self-funded so far (with the Shelter project funded only in part). To date, \$2.6 million in TIF revenue has been collected, though a shortfall remains; however, future revenue is expected to close the gap. Brad asked whether the

\$2.6 million represented cumulative revenue, and Scott confirmed it reflects net available TIF revenue collected to date.

Further discussion occurred among Dave Frank, Scott, Bill, and Brad regarding the Annual Net TIF Revenue. Scott and Brad confirmed that the financial curve is performing as intended. The group briefly addressed whether lodging tax revenue could be broken out, but Anthony Russo clarified that hotel-specific information is confidential and cannot be disclosed. The board agreed.

Jim Haugsness asked whether the URA financial model is “recession-proof.” Bill responded by referencing current data. Anthony reported that property tax values continue to rise, and Brad noted that large commercial properties tend to retain their value and are less volatile than residential markets. Jim expressed concern about a potential downward trend in sales and use tax. Brad explained that Anderson’s model uses a conservative nominal increase, and Anthony added that Anderson’s projections represent the most conservative scenario available. Scott will follow up with Shani regarding additional data.

### **Hampton Inn Development Agreement**

Anthony Russo provided an update regarding the development agreement for the Hampton Inn project. He noted that up to \$1.4 million in incentives had been approved in August, and the agreement requires the developer to pull building permits within six months.

During discussion, J. David Reed asked when infrastructure construction would begin. Anthony explained that once the permits are pulled, the developer will begin with infrastructure work. Bill added that, similar to the previous hotel project, an excavation permit would be issued first, allowing groundwork to begin. John Stueber referenced past practice, noting that foundation work typically proceeds once vertical construction is ready, along with parking lot preparation.

The board then reviewed contract language:

- J. David Reed raised concerns regarding *Paragraph 9 (Representations and Warranties)*.
- Brad Hughes expressed concern about the use of “grantee,” suggesting the term should be revised.
- Bill noted that while funds will be placed in escrow and transferred appropriately, this detail is not currently reflected in the agreement.
- John Stueber clarified that the agreement requires Bill’s signature.

- J. David Reed also identified an issue in *Paragraph 12 (Special Provisions)* regarding the city manager's approval authority, stating he was not comfortable with the manager being listed as the approving party.

Brad Hughes recommended that future agreements clearly define deadlines tied to building permit approvals. Chris Dowsey clarified that MURA (Bill) does not sign the development agreement and noted a second issue: the developers are not yet the parcel owners. The agreement gives them a set number of days to acquire ownership, but if circumstances change, the board may need to revisit the agreement. All representations must be accurate at the time of execution.

John Stueber emphasized the need to move quickly once the project is approved and asked what date should govern the formation of the acquiring entity.

A motion was made by J. David Reed, seconded by Dave Frank, to approve the development agreement with revisions requiring Board approval instead of Manager approval and confirming all representations and warranties are accurate at execution, and the motion passed unanimously.

### **Rivers Edge at Colorado Outdoors Project Update**

David Dragoo delivered a presentation that included a video recap of recent progress within the URA. He highlighted significant job creation, noting that 240 new jobs were added in 2024, along with 79,000 square feet of new commercial space constructed. He reviewed the master plan, including upcoming flex buildings, and shared a promotional video from HotWorx, which celebrated its grand opening this spring.

Dragoo also provided updates on several business developments:

- Flow State CoPacking, which conducts some of its manufacturing on site and utilizes a large volume of compostable materials.
- Sage House Design Studio + Collection, offering higher-end entry-level home designs with a retail opening planned for 2025.

Bill noted that while the City and MURA provide infrastructure, David and Doug Dragoo, as private partners, lead business recruitment and attract new tenants. Dave added that statewide conferences frequently cite the Montrose URA as a model for others, particularly highlighting the value of having the County Assessor serve on the board. Anthony emphasized the Dragoo

projects' major impact on the tax base, as they were the first cornerstone developments to generate both property and sales tax revenues. Jim clarified that the City's role is focused on horizontal improvements such as streets, sidewalks, and curbs.

Dragoo also provided an update on Rivers Edge, reporting a planned 15,000-square-foot expansion. In response to board questions:

- Regarding the medical facility, Anthony noted that negotiations are ongoing and communication with all parties continues, but no details can be disclosed at this time.
- Regarding the Parkhouse project, Dragoo stated that it is not ready to proceed and is currently on hold.

### **Discussion Related to Establishment of Additional MURA Project Areas**

Attorney Paul Benedetti provided an overview of the process involved in creating Urban Renewal Areas (URAs). He noted that this project was among the first in Colorado to be formed in partnership with multiple taxing entities. The framework originated from former federal programs, now discontinued, and is adapted from California's model, which that state no longer uses.

Benedetti explained that one key distinction in Montrose is that the URA's operational area lies fully within City boundaries, allowing City Council to approve new URA areas. Because the URA operates under state statute and police powers, it can enter long-term financial obligations without requiring annual appropriations, which benefits developers undertaking complex, multi-year projects.

He reviewed eligibility requirements, including the need for a legal description for the County Assessor to calculate potential TIF revenue, as well as the requirement to document at least four of the twelve statutory factors of blight. These factors often overlap, such as unsafe conditions or flood-prone properties. Benedetti emphasized the importance of the Increment Report, which projects new construction, anticipated uses, and revenue timelines. Since TIF revenue often lags by a year and development activity can be unpredictable, URA areas may generate minimal revenue for the first six to eight years, making conservative boundary setting and realistic development assumptions critical.

He explained the importance of understanding impacts to schools, counties, and recreation districts. School districts, facing declining enrollment, rely on state funding and often negotiate

to retain specific levies (such as asbestos or transportation levies) while the URA retains others through the tax increment process.

During board discussion, Ed Ulibarri asked whether a small property expiring in 2042 would extend if included in a new area. Benedetti explained that each URA plan has its own 25-year period based on the project's base year. For example, a plan approved now would have a base year of 2024, with 2025 as the first increment year, running for 25 years from that point.

Bill Bell asked whether an existing URA running through 2022 could be extended through 2042. Benedetti clarified that each new project creates its own 25-year term. He strongly advised against expanding existing URA boundaries, as doing so resets the base value and disrupts the financial structure. Instead, he recommended establishing adjacent but separate URA areas, each with its own increment.

Benedetti also noted that amending a URA that never attracted development is possible but restarts the entire process, making it administratively challenging.

Additional discussion included examples from other communities, such as Pueblo's historic building programs and Colorado Springs' URA projects. Dave Frank requested that Bill prepare a one-page outline summarizing potential new URA areas. Benedetti offered additional suggestions to assist the board as they continue evaluating future URA opportunities.

### **Adjournment**

The meeting was adjourned at 3:33 pm, with no further action taken.

ATTEST:

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J. David Reed, Chairperson

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William E. Bell, Executive Director