TOWN OF ERIE

645 Holbrook Street
Erie, CO 80516

Meeting Agenda

Urban Renewal Authority

Tuesday, December 9, 2025 | **6:30 PM** | **Council Chambers**

Link to Watch or Comment Virtually: https://bit.ly/URA2025-InPerson

I. Call Meeting to Order

6:30 p.m.

II. Roll Call

III. Approval of the Agenda

IV. Consent Agenda

6:30-6:35 p.m.

25-657 Approval of the November 18, 2025 Urban Renewal Authority Meeting Minutes

Attachments: 11-18-2025 URA Minutes

V. Executive Session

25-660 EXECUTIVE SESSION to hold a conference with the Town Attorney to receive legal advice on specific legal questions, pursuant to C.R.S. § 24-6-402(4)(b), and to determine positions relative to matters that may be subject to negotiations, develop a strategy for negotiations, and/or instruct negotiators, pursuant to C.R.S. § 24-6-402(4)(e), all regarding the Town Center DDA

6:35-7:05 p.m.

VI Public Comment

7:05-7:15 p.m.

VII. General Business

25-596 A Resolution of the Board of Commissioners of the Town of Erie Urban Renewal Authority Approving the Restated Disposition and Development Agreement for Erie Town Center

Attachments: URA Resolution 25-038
Erie Town Center Restated Disposition and Development Agreement
Staff Presentation
Erie Town Center Phase 1 Feasibility Study
Hilltop Securities URA Financing Analysis
Erie Town Center Phase 1 Preliminary Site Plan

7:15-7:20 p.m.

25-652 A Resolution of the Board of Commissioners of the Town of Erie Urban Renewal Authority Approving the Disposition and Development Agreement for 130 Wells St. and 570 Kattell St.

Attachments: URA Resolution 25-042
Disposition and Development Agreement
Presentation
Gap Funding Analysis

7:20-7:35 p.m.

VIII. Adjournment

7:35 p.m.

TOWN OF ERIE

645 Holbrook Street
Erie, CO 80516

Urban Renewal Authority

Board Meeting Date: 12/9/2025

File #: 25-657, **Version:** 1

SUBJECT:
Approval of the November 18, 2025 Urban Renewal Authority Meeting Minutes

DEPARTMENT: Administrative Operations

PRESENTER(S): Debbie Stamp, Town Clerk

TIME ESTIMATE: 0 minutes
For time estimate: please put 0 for Consent items.

FISCAL SUMMARY:
NA

POLICY ISSUES:
NA

STAFF RECOMMENDATION:
Approve the minutes from the November 18, 2025 Urban Renewal Authority meeting.

SUMMARY/KEY POINTS
NA

BACKGROUND OF SUBJECT MATTER:
NA

TOWN COUNCIL PRIORITY(S) ADDRESSED:
☐ Traffic & Road Infrastructure
☐ Growth & Development
☐ Water Cost & Availability
☐ Affordable & Diverse Housing
☐ Increased Commercial Development
☐ Responsible Oil & Gas Development
☐ Preservation of Open Space
☐ Recreation & Community Amenities
☐ Multi-Modal Focus

File #: 25-657, **Version:** 1

ATTACHMENT(S):

1. 11-18-2025 URA Minutes

645 Holbrook Street
Erie, CO 80516

TOWN OF ERIE

Meeting Minutes

Urban Renewal Authority

Tuesday, November 18, 2025 | **6:30 PM** | **Council Chambers**

Link to Watch or Comment Virtually: https://bit.ly/URA11-18-2025

I. Call Meeting to Order

Chair Moore called the meeting to order at 6:30 p.m.

II. Roll Call

Present 9 - Dan Hoback, Ashraf Shaikh, Andrew Moore, Anil Pesaramelli, Brandon Bell, Brian O'Connor, Emily Baer, John Mortellaro, and Owin Orr

Absent 2 - Meosha Babbs, and Lynette Peppler

III. Approval of the Agenda

Vice Chair Bell made a motion to approve the Agenda. Commissioner Mortellaro seconded the motion. The motion passed by the following vote at 6:31 p.m.

Aye: 9 - Commissioner Hoback
Commissioner Shaikh
Commissioner Moore
Commissioner Pesaramelli
Commissioner Bell
Commissioner O'Connor
Commissioner Baer
Commissioner Mortellaro
Commissioner Orr

Absent: 2 - Commissioner Babbs
Commissioner Peppler

IV. Consent Agenda

25-597 Approval of the October 14, 2025 Urban Renewal Authority Meeting Minutes

Attachments: 10-14-2025 URA Minutes

Commissioner Baer made a motion to approve the Consent Agenda. Vice Chair Bell seconded the motion. The motion passed by the following vote at 6:31 p.m.

Aye: 9 - Commissioner Hoback
Commissioner Shaikh
Commissioner Moore
Commissioner Pesaramelli
Commissioner Bell
Commissioner O'Connor
Commissioner Baer
Commissioner Mortellaro
Commissioner Orr

Absent: 2 - Commissioner Babbs
Commissioner Peppler

V. Public Comment

Chair Moore opened and closed Public Comment at 6:31 p.m.

VI. General Business

25-617 Public Hearing: A Resolution of the Board of Commissioners of the Town of Erie Urban Renewal Authority Adopting the 2026 Budget and Appropriating Sums of Money for the 2026 Budget Year

Attachments: Resolution 25-039
2026 URA Budget Budget Book
2026 URA Budget Presentation

Chair Moore opened the Public Hearing at 6:32 p.m.

Lockie Woods, URA and Development Accounting Analyst, and Julian Jacquin, Economic Development Director, presented the item at 6:33 p.m.

With no speakers in person or online virtually, Chair Moore closed the Public Comment portion of the Public Hearing at 6:42 p.m.

Commissioner Mortellaro made a motion to approve URA Resolution 25-039. Commissioner Shaikh seconded the motion. The motion passed by the following vote at 6:42 p.m.

Aye: 9 - Commissioner Hoback
Commissioner Shaikh
Commissioner Moore
Commissioner Pesaramelli
Commissioner Bell
Commissioner O'Connor
Commissioner Baer
Commissioner Mortellaro
Commissioner Orr

Absent: 2 - Commissioner Babbs
Commissioner Peppler

25-618 Public Hearing: A Resolution of the Board of Commissioners of the Town of Erie Urban Renewal Authority Providing for Supplemental Appropriations for the 2025 Budget Year

Attachments: Resolution 25-040
2025 URA 2nd Supplemental Budget Memo

Chair Moore opened the Public Hearing at 6:42 p.m.

Lockie Woods, URA and Development Accounting Analyst, and Julian Jacquin, Economic Development Director, presented the item at 6:43 p.m.

With no speakers in person or online virtually, Chair Moore closed the Public Comment portion of the Public Hearing at 6:45 p.m.

Vice Chair Bell made a motion to approve URA Resolution 25-040. Commissioner Mortellaro seconded the motion. The motion passed by the following vote at 6:44 p.m.

Aye: 9 - Commissioner Hoback
Commissioner Shaikh
Commissioner Moore
Commissioner Pesaramelli
Commissioner Bell
Commissioner O'Connor
Commissioner Baer
Commissioner Mortellaro
Commissioner Orr

Absent: 2 - Commissioner Babbs
Commissioner Peppler

VII. Adjournment

Chair Moore adjourned the meeting at 6:46 p.m.

645 Holbrook Street
Erie, CO 80516

TOWN OF ERIE

Urban Renewal Authority

Board Meeting Date: 12/9/2025

File #: 25-660, **Version:** 1

SUBJECT:
EXECUTIVE SESSION to hold a conference with the Town Attorney to receive legal advice on specific legal questions, pursuant to C.R.S. § 24-6-402(4)(b), and to determine positions relative to matters that may be subject to negotiations, develop a strategy for negotiations, and/or instruct negotiators, pursuant to C.R.S. § 24-6-402(4)(e), all regarding the Town Center DDA

DEPARTMENT: Administrative Operations

PRESENTER(S):

TIME ESTIMATE: 30 minutes
For time estimate: please put 0 for Consent items.

645 Holbrook Street
Erie, CO 80516

Urban Renewal Authority

Board Meeting Date: 12/9/2025

File #: 25-596, **Version:** 1

SUBJECT:
A Resolution of the Board of Commissioners of the Town of Erie Urban Renewal Authority Approving the Restated Disposition and Development Agreement for Erie Town Center

DEPARTMENT: Economic Development
Finance
Planning & Development

PRESENTER(S): Julian Jacquin, Director of Economic Development & TOEURA
Lockie Woods, URA and Development Accounting Analyst
Sarah Nurmela, Planning & Development Director

TIME ESTIMATE: 5 minutes

FISCAL SUMMARY:
Approving Resolution 25-038 and the restated DDA commits the Town to three funding obligations and the Town of Erie Urban Renewal Authority (TOEURA) to one funding obligation.

The Town will fund $5.1M in mine mitigation using Certificates of Participation (COPs). The Town will provide a credit enhancement to support up to $16.1M in eligible public improvements through a Town moral obligation or Town issued COPs. The Town will contribute up to an additional $2.5M for eligible transportation improvements from the Transportation Impact Fund if URA revenues do not reach the $16.1M target. Town exposure ranges from $5.1M to $7.6M.

TOEURA will pledge 100% of the property tax increment and 3.25% of the Town's 3.5% sales tax rate captured by the new Town Center URA, and all Public Improvement Fee (PIF) revenue toward repayment of the project financing.

Total public reimbursements by the Town and TOEURA cannot exceed $21.3M.

With a 5% interest rate, the 50-year net present value of the revenues generated by this project and retained by the Town is approximately $8M. This exceeds the Town's maximum up front financial contribution to the project.

POLICY ISSUES:

The policy issue is whether to approve the restated DDA for Erie Town Center.

STAFF RECOMMENDATION:
Approve Resolution 25-038.

SUMMARY/KEY POINTS
- The Restated DDA replaces the 2024 DDA and its amendments.
- The agreement reflects the validated financial gap and sets a firm cap on public participation.
- The financing structure matches Council direction from recent executive sessions.
- Public funding covers mine mitigation and public or horizontal improvements but does not cover signage, branding or private vertical buildings.
- But for this financing package, developing the central 20-acre portion of the Town Center plan area will be infeasible and the site will sit vacant due to extensive blighting factors including underground mines, an irrigation ditch through the site, and inadequate street layout and utilities.

BACKGROUND OF SUBJECT MATTER:
The Town Council approved a Disposition and Development Agreement (DDA) with Evergreen Devco in Oct. 2024 to convey the Town-owned 20-acre site at Erie Parkway and E. County Line Rd., to deliver a grocery anchored commercial district as the retail catalyst for Erie Town Center. The site lies within high to severe subsidence hazard areas and requires mine mitigation estimated at $5.1M.

Staff and Evergreen worked over the last three years to refine the concept plan, complete technical studies, secure the anchor grocer, form the new Town Center URA and evaluate the financial need. The Feasibility Study completed by Pioneer Development Company in April validated a $20.5M financial gap. Hilltop Securities bond models project that these TIF and PIF revenues from Phase 1 can support up to $15.7M through URA bonds or COP's.

Evergreen's updated pro forma in September identified a $21.3M financial gap to be met with public financing, driven by increased costs. The restated DDA proposes three sources of public funds to meet this $21.3M financial gap:

- The Town will fund the $5.1M mine mitigation at Town Center utilizing COPs.
- TOEURA will fund new URA Bonds or COP's using TIF revenues (property and sales tax) and PIF revenues generated by the development, which could yield a project fund of up to $15.7M to support the validated financial gap, which "but for" the use of TIF, the development would not otherwise occur.
- The Town will authorize up to an additional $2.5M of public funding assistance for new public road improvements from the Transportation Impact Fund, only to be used if the URA Bonds or COP's funded by TOEURA yield a project fund of less than $15.7M.

Public improvements include wet and dry utilities, stormwater, undergrounding the irrigation ditch, off-site road work, internal streets, fee rebates, and required horizontal site work. Private vertical buildings, tenant improvements, and all signage and branding remain Evergreen costs.

The restated DDA includes one plat and one development agreement. Evergreen must secure the anchor grocer and all approvals by Dec. 31, 2026. Reimbursements require third-party engineer review, to be paid within 30 days. The DDA also allows Evergreen to provide a performance bond as surety for the public improvements, rather than a letter of credit as typically required by the Town. This is justified by the Town or TOEURA having control over the funds used to pay for the public improvements, which reduces the risk of the improvements not being completed or being completed inadequately.

ATTACHMENT(S):

1. Resolution 25-038
2. Restated Disposition and Development Agreement
3. Staff Presentation
4. Erie Town Center Phase 1 Feasibility Study
5. Hilltop Securities URA Financing Analysis
6. Erie Town Center Phase 1 Preliminary Site Plan

Town of Erie Urban Renewal Authority
Resolution No. 25-038

A Resolution of the Board of Commissioners of the Town of Erie Urban Renewal Authority Approving the Restated Disposition and Development Agreement for Erie Town Center

Whereas, on October 8, 2024, the Town and Evergreen-County Line & Erie Parkway, L.L.C. entered into a Disposition and Development Agreement;

Whereas, on February 11, 2025, May 13, 2025, and August 12, 2025, the Parties amended the Agreement; and

Whereas, the Parties wish to repeal and restate the 2024 Agreement.

Now Therefore be it Resolved by the Board of Commissioners of the Town of Erie Urban Renewal Authority that:

Section 1. The Restated Disposition and Development Agreement with Evergreen-County Line & Erie Parkway, L.L.C. is hereby approved in substantially the form attached hereto, subject to approval by the Authority's General Counsel. Upon such approval, the Chair is authorized to execute the Agreement on behalf of the Authority.

Adopted this 9th day of December, 2025.

____
Andrew J. Moore, Chair

Attest:

____
Debbie Stamp, Town Clerk

<u>Restated Disposition and Development Agreement</u>
(Erie Town Center)

This Restated Disposition and Development Agreement (the "Agreement") is made and entered into as of ___________, 2025 (the "Effective Date"), by and among the Town of Erie, a Colorado municipal corporation with an address of P.O. Box 750, Erie, CO 80516 (the "Town"), the Town of Erie Urban Renewal Authority, a Colorado urban renewal authority with an address of P.O. Box 750, Erie, CO 80516 ("TOEURA"), and Evergreen-County Line & Erie Parkway, L.L.C., an Arizona limited liability company with an address of 1873 South Bellaire Street, Suite 1200, Denver, CO 80222 (Attention: Tyler Carlson) ("Developer") (each a "Party" and collectively the "Parties").

Whereas, on October 8, 2024, Developer and the Town entered into a Disposition and Development Agreement which the Parties subsequently amended on February 11, 2025, May 13, 2025, and August 12, 2025 (collectively, the "Original DDA");

Whereas, Developer and the Town desire to repeal the Original DDA to restate it as set forth herein;

Whereas, the Town owns that certain real property more particularly described in **Exhibit A**, attached hereto and incorporated herein by this reference (the "Property");

Whereas, the Town and TOEURA desire that the Property be developed as part of the Erie Town Center Planned Development (the "Development"); and

Whereas, the Town intends to convey the Property to Developer and Developer desires to develop the Property for commercial uses in accordance with this Agreement.

Now, therefore, in consideration of the covenants and obligations contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties amend and restate the Original DDA with this Agreement superseding and replacing the Original DDA in all respects, as follows:

1. <u>Purpose</u>. The purpose of this Agreement is to set forth the terms, conditions and fees to be paid by Developer in connection with the Development, and to establish the terms under which the Town will convey the Property to Developer, and TOEURA will finance a portion of the Development. The Development will be subject to all applicable requirements of the Erie Municipal Code (the "Code"), state law, and other Town ordinances.

2. <u>Repeal</u>. The Original DDA is hereby repealed in its entirety.

3. <u>Definitions</u>. For purposes of this Agreement, the following terms shall have the following meanings:

"Affiliate" means a person or entity that directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with Developer. For purposes of this definition, "control" means the power to direct or cause the direction of management and policies, through the ownership of voting rights, by contract or otherwise.

"Anchor Grocer" means a smaller format, specialty grocer with not less than 8,000 square feet of building area and not more than 45,000 square feet of building area.

"Eligible Public Improvements" means the improvements required to facilitate the development of the Property as more particularly described in **Exhibit B**, attached hereto and incorporated herein, and in accordance with the Colorado Urban Renewal Law, C.R.S. § 31-25-101, *et seq*.

"Overall Plan" means the development plan developed by the Town and Developer for the Development as more particularly described in **Exhibit C**, attached hereto and incorporated herein.

4. Mine Mitigation.

a. *Reports*. Developer acknowledges that the Town conducted a Phase I and Phase II coal mine subsidence evaluation with Lithos Engineering in March 2022 and May 2022, both of which studied historic coal mining of the Property. Developer further acknowledges that the Property is undermined by multiple Boulder-Weld County Coal Field mines, including the Garfield No. 1, Garfield No. 2 and Lister mines, with coal mining occurring from the late 1800s to the early 1900s, and the Phase II report concluded that conditions found do not preclude development of the Property, but that structure-specific investigations should be conducted over undermined zones to determine appropriate structural investigations that are required for all new development, which must be, unless otherwise agreed upon by the Town and Developer, submitted to the Colorado Geological Survey prior to the issuance of any building permits. If the Town terminates this Agreement, as provided herein, before Developer commences construction, then the Town will reimburse Developer $23,500 for its out-of-pocket expenses related to the geotechnical investigations.

b. *Subsidence Mitigation; Costs*. The Town shall continue to investigate the undermining of the Property by multiple Boulder-Weld County Coal Field mines, including the Garfield No. 1, Garfield No. 2 and Lister mines, with coal mining occurring from the late 1800s to the early 1900s, and the structure-specific mitigation that is required for Developer’s construction of the Development in, under, and over undermined zones (collectively, the "Subsidence Mitigation"). The Town, at its sole cost and expense and prior to the expiration of the Approvals Period, shall perform, in a good and workmanlike manner and in compliance with the Town's engineer specifications, the Subsidence Mitigation and shall secure all necessary approvals required for Developer to construct the Eligible Public Improvements and all buildings delineated in the Approvals.

c. *Warranty*. The Town shall assign, for the benefit of Developer, a two-year warranty from the Town's selected Subsidence Mitigation contractor, commencing on the date of the Town's issuance of a notice of substantial completion for the Subsidence Mitigation.

5. Approvals Period.

a. *Time*. Developer shall have until December 31, 2026 (the "Approvals Period") to obtain all necessary approvals from the Town and any other governmental or quasi-governmental entities having jurisdiction (the "Approvals"), with conditions reasonably acceptable to Developer, necessary for the construction and use of the Development. The Town shall permit Developer and its representatives to access the Property at reasonable times for the purpose of obtaining the Approvals, provided that Developer reasonably restores the Property to the same condition as prior to any such entry as is commercially reasonable, ordinary wear and tear excepted.

b. *Contingencies*. Prior to the expiration of the Approvals Period, the following contingencies (collectively, the "Approval Contingencies") shall be satisfied:

i. Developer shall secure a binding commitment with the Anchor Grocer, which binding commitment shall include a commercially reasonable construction schedule indicating when the Anchor Grocer will open for business.

ii. Developer shall obtain all necessary entitlements for the Development, including approval of the final plat(s) and site plan(s) and all construction/building permits. The Town, without waiving any of its legislative, regulatory, and decision-making authority, agrees and covenants to reasonably cooperate in good faith with Developer in such a manner as to not circumvent the terms of this Agreement.

iii. The Town, at its sole cost and expense, shall have completed, in a good and workmanlike manner and in compliance with laws and any regulations or rules of the Colorado Geological Survey ("CGS"), the Subsidence Mitigation and the Town shall have secured all CGS and other approvals required for Developer to construct the Eligible Public Improvements and all buildings delineated in the Approvals and assigned the warranty for the Subsidence Mitigation to Developer.

c. *Marketing*. During the Approvals Period, Developer shall market the Property to attract quality retail and commercial tenants for the Property.

d. *Notice*. Prior to expiration of the Approvals Period, Developer shall deliver written notice to the Town and TOEURA indicating whether each of the Approval Contingencies has been satisfied. If such notice states that any of the Approval Contingencies have not been satisfied, the Town, TOEURA, or Developer may elect to terminate this Agreement by giving written notice to all Parties within 10 days. If Developer does not deliver notice before the end of the Approvals Period, Developer waives its right to terminate this Agreement based on the Approval Contingencies.

6. Colorado Open Records Act. Any confidential financial information provided to the Town under this Agreement shall be marked as confidential financial information, and if so appropriately marked, the Town shall treat the information as confidential financial information under the Colorado Open Records Act, C.R.S § 24-72-200.1, *et seq*. ("CORA").

7. Site-Specific Development Agreements. The Parties agree that there will be one Final Plat and one development agreement for the Development. Developer shall execute such development agreement with the Town in the Town's standard form, provided that Developer may issue (a) a performance bond in lieu of a letter of credit, as surety for the Eligible Public Improvements, and (b) warranty bonds for any warranty periods for the Eligible Public Improvements, as more particularly described in the development agreement.

8. Financing Mechanisms.

a. *Urban Renewal*. The Property is a part of an urban renewal plan as created by TOEURA pursuant to the Colorado Urban Renewal Law, C.R.S. § 31-25-101, *et seq*. Notwithstanding anything contained herein to the contrary, the Town or TOEURA either have funded or will fund all costs associated with establishing such urban renewal plan without reimbursement from Developer.

b. *Developer Improvements*. Developer shall be responsible for the costs of designing and constructing the improvements required for the Development in accordance with the development agreement except that the Town and TOEURA shall be responsible for financing the costs of the Eligible Public Improvements as stated herein.

c. *TOEURA Reimbursement*. TOEURA agrees to submit a resolution for the TOEURA Board to consider issuance of a bond or similar financing mechanism to support reimbursement of the Eligible Public Improvements designed and constructed by Developer (the "Bond"). The Bond shall be issued subject to an analysis of the expected tax increment financing revenues to be generated by the Property to sufficiently repay the Bond. Upon issuance of the Bond, TOEURA shall begin to reimburse Developer for Eligible Public Improvements monthly upon receipt from Developer of a third-party engineer's certification of the Eligible Public Improvements costs and a detailed invoice describing each Eligible Public Improvement incurred subject to reimbursement (each a "Payment Request"). TOEURA shall pay Developer the amount of each Payment Request within 30 days following receipt thereof. If TOEURA fails to pay any Payment Request within the applicable time period, Developer shall have all rights and remedies at law or in equity to enforce collection of the Payment Request. To the extent any Payment Request is not paid when due and such failure by TOEURA to so pay causes Developer to incur interest, penalties and/or late charges with the contractors performing the Eligible Public Improvements, then TOEURA shall be responsible for all such late charges, penalties and interest.

d. *Town Bond Obligation*. Upon approval by the TOEURA Board, the Town agrees to submit a resolution for the Town Council to consider providing a moral obligation of the Town to repay the Bond. If TOEURA does not issue the Bond, then the Town, in its sole discretion, may elect to issue Certificates of Participation to reimburse Developer subject to the same reimbursement requirements in Section 8(d) hereof. For avoidance of doubt, the Town and TOEURA shall be responsible for determining the appropriate finance mechanisms to pay for the Eligible Public Improvements and shall pledge property and sales taxes as stated in the Tax Increment Revenue Agreement approved by the Town and TOEURA, as amended. Tax increment financing revenues generated by any future phase not included in this Development shall not be pledged to the repayment of the Bond.

e. *Town Reimbursement*. Subject to Section 19.i hereof, if the Eligible Public Improvements are not fully reimbursed by the Bond proceeds, then the Town shall reimburse Developer an amount not to exceed $2,500,000 for any unreimbursed Eligible Public Improvements, to be paid monthly upon the same terms and conditions applicable to a Payment Request. Such reimbursement shall only occur after the Bond proceeds are fully disbursed.

f. *Maximum Reimbursement*. In no case shall the total amount of reimbursement from all financing sources collectively provided by the Town and TOEURA for Eligible Public Improvements exceed $21,300,000.

g. *PIF.* Once Developer is an owner of the Property, Developer shall execute and record a customary 1% sales tax public improvement fee ("PIF") on all sales of goods occurring on the Property, and a 3% services PIF on the provision of services (excluding medical and financial services) occurring on the Property (collectively, the "PIF Covenants"). The Town and TOEURA shall have the right to reasonably review and approve the PIF Covenants. Developer pledges to TOEURA all revenue from the PIF Covenants for the payment of the principal of, the interest on, and any premium due in connection with the redemption of the Bond. TOEURA shall be responsible for administering the PIF Covenants and accounting and collecting the revenue pursuant to the PIF Covenants. TOEURA pledges all revenue received from the PIF Covenants for the Development and the Bond. Upon repayment of the Bond, construction of all Eligible Public Improvements, and expiration of the tax increment financing for Town Center Phase 1 as more particularly described in the Tax Increment Revenue Agreement approved by the Town and TOEURA, Developer shall, upon written request of the Town, remove the PIF Covenants from the Property.

h. *District*. Developer may form one or more metropolitan districts (collectively the "District") for the purpose of providing financing or other assistance for the Development. Notwithstanding anything contained in this Agreement to the contrary, any obligation of Developer under this Agreement may be performed by or on behalf of the District, provided that the District agrees to be bound by this Agreement for any obligations that it undertakes on behalf of Developer.

9. Purchase Price. Except for any title company costs and expenses payable at closing by Developer as provided in this Agreement, no other consideration shall be due to the Town for conveyance of the Property to Developer pursuant to the terms of this Agreement.

10. Closing.

a. *Conditions Precedent*. The obligation of the Town and Developer to close on the transfer of the Property under this Agreement shall be subject to and conditioned upon the following conditions precedent:

i. The Town's approval of an amendment to the Town Center Planned Development ("PD");

ii. Satisfaction of the Approval Contingencies; and

iii. The Town's and TOEURA's demonstration to Developer with evidence reasonably satisfactory to Developer that the Town and TOEURA have all necessary funds to pay for the Eligible Public Improvements as and when required by this Agreement.

b. *Conveyance*. At closing, the Town shall convey to Developer title to the Property by special warranty deed. Title to the Property shall be free and clear of all liens, defects and encumbrances, except the following permitted exceptions: this Agreement; all agreements and easements executed and recorded against the Property prior to the Effective Date; easements and rights-of-way that are part of the Development Plan, or are approved, accepted, or waived by Developer; and taxes and assessments not yet due and payable. The closing shall be 30 days after the expiration of the Approvals Period unless the Parties mutually agree to an extension in writing.

c. *Title Insurance*. Developer shall be responsible for all costs of the Title Policy and any title insurance commitments, policies or endorsements required by Developer or its mortgagees.

d. *Extensions*. Developer may, at its option, extend any closing for up to 2 periods of up to 120 days each if such extensions are necessary to accommodate the Anchor Grocer's construction schedule. To exercise such an extension, Developer shall deliver written notice to the Town and evidence of such Anchor Grocer's construction schedule no less than 30 days prior to the then scheduled closing.

e. *Condition of Property*. Except for the obligations of the Town and TOEURA as set forth in this Agreement, including, without limitation, the performance and payment obligations of the Town and TOEURA as to the Subsidence Mitigation and Eligible Public Improvements, the Town has not made, does not make and specifically negates and disclaims any representations, warranties, covenants or guarantees of any kind, whether express or implied, concerning or with respect to the presence of Hazardous

Substances on the Property or compliance of the Property with any and all applicable Environmental Laws, or the value, nature, quality or condition of the water, soil and geology of the Property. Developer acknowledges and agrees that the sale of the Property is made on an "as-is" basis. Developer fully and irrevocably releases the Town from any and all claims that it may now have or hereafter acquire against the Town or its officials, employees, representatives and agents for any cost, loss, liability, damage, expense, claim, demand, action or cause of action arising from or related to any such defects and conditions, including, without limitation, compliance with Environmental Laws, affecting the Property or any portion thereof, except claims arising out of breaches of the warranties contained herein.

11. Fees and Taxes.

a. All permit and other fees including all tap and impact fees for the Development as assessed by the Code shall be waived by the Town to the maximum extent permitted by law.

b. The Town agrees to rebate all funds actually received by the Town for the Town's construction materials use tax applicable to the Development. The rebate shall be made within 30 days of the Town's receipt of such funds. Boulder County's Use Tax paid directly to Boulder County shall not be included in this rebate.

12. Developer's Obligations.

a. *Construction*. Developer shall commence, diligently pursue and complete the construction of the Development in compliance with this Agreement, the Overall Plan, the PD and other applicable law, subject to reimbursement of the Eligible Public Improvements.

b. *Entitlements*. Developer shall, at its sole cost and expense, obtain all necessary entitlements and approvals, including without limitation zoning, subdivision, site plan, and permits, to construct and complete the Development.

c. *Progress Reports*. Until the last certificate of occupancy is issued for the Development, Developer shall, at the request of the Town, make quarterly reports in such commercially reasonable detail as may reasonably be requested by Town.

d. *Retail Uses*. Developer shall prioritize the marketing and solicitation of commercial space and pad sites to local and regional tenants and small business owners ("Local Tenants"). National chains and national brands are discouraged in the Development except the Grocery Anchor. Notwithstanding the foregoing, Developer shall not be precluded from leasing or selling to non-Local Tenants if good faith leasing efforts fail to attract qualified and economically competitive Local Tenants to the Development, to be determined at Developer's sole discretion, but after reasonably consulting with the Town and TOEURA in good faith. Developer shall lease or sell a minimum of 30% of the total leasable space in the Property (after deducting the Anchor Grocer space) to food and beverage tenants, and shall not lease or sell more than 30% of the Property to retail office professional tenants such as financial, real estate, title, insurance, medical, dental, chiropractic, and similar office uses ("Retail Office Uses"). Retail Office Uses shall not include nail salons, hair salons, med spas, fitness, massage therapy or other similar personal service uses. No single building for commercial use, except for the Anchor Grocer, shall exceed 15,000 square feet. Notwithstanding the foregoing, electric vehicles charging banks or stations are permitted on a pad site or within the shared shopping center parking fields.

e. *Applicable Law*. Developer shall at all times comply with all applicable law, including all federal, state and local statutes, regulations, ordinances, decrees and rules relating to the emission, discharge, release or threatened release of a hazardous material into the air, surface water, groundwater or land, the manufacturing, processing, use, generation, treatment, storage, disposal, transportation, handling, removal, remediation or investigation of a hazardous material, and the protection of human health and safety, including without limitation the following, as amended: the Comprehensive Environmental Response, Compensation and Liability Act; the Hazardous Materials Transportation Act; the Resource Conservation and Recovery Act; the Toxic Substances Control Act; the Clean Water Act; the Clean Air Act; the Occupational Safety and Health Act; the Solid Waste Disposal Act; the Davis Bacon Act; the Copeland Act; the Contract Work Hours and Safety Standards Act; the Byrd Anti-Lobbying Amendment; the Housing and Community Development Act; and the Energy Policy and Conservation Act.

13. <u>Representations and Warranties</u>.

a. Developer hereby represents and warrants to the Town and TOEURA that all of the following are true and correct in all material respects as of the date of signature and the Effective Date: this Agreement has been duly authorized and executed by Developer as the legal, valid and binding obligation of Developer, and is enforceable as to Developer in accordance with its terms; the person executing this Agreement on behalf of Developer is duly authorized and empowered to execute and deliver this Agreement on behalf of Developer; to the actual knowledge of Developer, there is no pending or threatened litigation, administrative proceeding or other proceeding pending or threatened against Developer which, if decided or determined adversely, would have a material adverse effect on the ability of Developer to undertake its obligations under this Agreement nor, to the actual knowledge of Developer, is there any fact or condition of the Property known to Developer that may have a material adverse effect on Developer's ability to Develop the Property as contemplated; and neither the execution of this Agreement nor the consummation of the transaction contemplated by this Agreement will constitute a breach under any contract, agreement or obligation to which Developer is a party or by which Developer is bound or affected.

b. The Town covenants, represents, and warrants as follows, to the best of its actual knowledge: there is no litigation or threatened litigation, proceeding or investigation contesting the powers of the Town or its officials with respect to the

Property, this Agreement or the improvements that has not been disclosed to Developer; the Town shall immediately disclose to Developer the filing or service of any such suit affecting the Property prior to the delivery of a certificate of occupancy; and there are no leases, options, rights of first refusal or other encumbrances affecting title to or use of the Property except as set forth in the Commitment.

14. Indemnification. Developer agrees to indemnify and hold harmless the Town and TOEURA and their officers, insurers, volunteers, representatives, agents, employees, attorneys, heirs and assigns from and against all claims, liability, damages, losses, expenses and demands, including attorney fees, to the extent on account of injury, loss, or damage, including without limitation claims arising from bodily injury, personal injury, sickness, disease, death, property loss or damage, or any other loss of any kind whatsoever, to the extent arising out of or are in any manner connected with this Agreement if such injury, loss, or damage is caused in whole or in part by the omission, error, professional error, mistake, negligence, or other fault of Developer, or any officer, employee, representative, agent or subcontractor of Developer. In addition, Developer shall pay all property taxes on property underlying Improvements to be dedicated to the Town before acceptance by the Town and shall indemnify and hold harmless the Town for any such property tax liability.

15. Assignment. Developer agrees that it shall not make, create, or suffer to be made or created, any total or partial sale or transfer in any form of this Agreement or any part thereof or any interest therein, or any agreement to do the same, without the prior written approval of the Town and TOEURA. Notwithstanding the foregoing, the following actions do not require the Town's or TOEURA's approval, provided they comply with this Agreement and applicable law and further provided that Developer provides notice of any such action listed in subsection b. to the Town and TOEURA at least 10 days prior to such action:

a. Agreements concerning the leasing or sale of portions of the Property to retail users or the Anchor Grocer; and

b. The assignment of Developer's rights to an Affiliate or the District.

16. Developer Default and Remedies.

a. *Default*. Each of the following is a Developer default of this Agreement:

i. If Developer fails to perform any of its obligations under this Agreement and fails to remedy the same within 30 days after Developer is given a written notice specifying the same; provided that, if the nature of the violation is such that it cannot reasonably be remedied within 30 days, and Developer provides evidence to the Town that the violation cannot reasonably be remedied within 30 days, then the violation shall be remedied as soon as reasonably practicable, but in any case, within 120 days of the original notice of violation;

ii. If an involuntary petition is filed against Developer under a bankruptcy or insolvency law or under the reorganization provisions of any law, or when a receiver of Developer, or of all or substantially all of the property of Developer, is appointed without acquiescence, and such petition or appointment is not discharged or stayed within 90 days after the happening of such event; or

iii. If Developer makes an assignment of its property for the benefit of creditors, or files a voluntary petition under a bankruptcy or insolvency law or seeks relief under any other law for the benefit of debtors.

b. *Notice*. Unless necessary to protect the immediate health, safety, and welfare of the Town or TOEURA, the Town or TOEURA, as applicable, shall provide Developer at least 30 days' prior written notice of its intent to take any action under this Section, during which Developer may cure the default.

c. *Remedies*. If a Developer default occurs beyond applicable notice and cure, either the Town or TOEURA or both may take such action as permitted or authorized by law, this Agreement or the ordinances of the Town, as the Town or TOEURA deems necessary to protect the public health, safety, and welfare. The remedies available to the Town and TOEURA include without limitation:

i. If prior to the closing of the conveyance of the Property, termination of this Agreement upon notice given to the Developer;

ii. The refusal to issue any building permit;

iii. The revocation of any building permit previously issued under which construction related to such building permit has not commenced; and

iv. Any other remedies available at law or equity, and the exercise of one remedy shall not preclude the exercise of any other remedy, and further provided that the expiration of this Agreement shall in no way limit the Town's or TOEURA's legal or equitable remedies, or the period in which such remedies may be asserted, for work negligently or defectively performed, and further provided that in no event shall Developer be liable to the Town or TOEURA for any indirect, special, consequential or punitive damages of any kind, whether in contract, tort or otherwise.

17. Town Default and Remedies.

a. *Default*. The following is a Town default of this Agreement: if the Town fails to observe or perform any covenant or obligation required of it under this Agreement or any representation or warranty made by Town under this Agreement is materially false when made and the Town fails to remedy the same within 30 days after the Town is given a written notice specifying the same; provided that, if the nature of the violation is such that it cannot reasonably be remedied within 30 days, and the Town provides evidence to Developer that the violation cannot reasonably be remedied within 30 days, then the violation shall be remedied as soon as reasonably practicable, but in any case, within 120 days of the original notice of violation.

b. *Remedies*. If a Town default occurs, Developer shall have all remedies available at law or equity, and the exercise of one remedy shall not preclude the exercise of any other remedy, provided that Developer shall not have the remedy of specific performance against the Town. Without limiting the generality of the foregoing, in the event a Town default occurs, Developer may terminate this Agreement upon notice given to the Town, without waiving any of its rights or remedies hereunder.

18. TOEURA Default and Remedies.

a. *Default*. The following is a TOEURA default of this Agreement: if TOEURA fails to observe or perform any covenant or obligation required of it under this Agreement or any representation or warranty made by TOEURA under this Agreement is materially false when made and TOEURA fails to remedy the same within 30 days after TOEURA is given a written notice specifying the same; provided that, if the nature of the violation is such that it cannot reasonably be remedied within 30 days, and TOEURA provides evidence to Developer that the violation cannot reasonably be remedied within 30 days, then the violation shall be remedied as soon as reasonably practicable, but in any case, within 120 days of the original notice of violation.

b. *Remedies*. If a TOEURA default occurs, Developer shall have all remedies available at law or equity, and the exercise of one remedy shall not preclude the exercise of any other remedy. Without limiting the generality of the foregoing, in the event a TOEURA default occurs, Developer may terminate this Agreement upon notice given to the TOEURA and the Town, without waiving any of its rights or remedies hereunder.

19. Miscellaneous.

a. *Governing Law and Venue*. The laws of the State of Colorado shall govern this Agreement, and the exclusive venue for any legal proceeding arising out of this Agreement shall be in Boulder County, Colorado.

b. *No Third-Party Beneficiaries*. There are no intended third-party beneficiaries to this Agreement.

c. *Severability*. If any provision of this Agreement is found by a court of competent jurisdiction to be unlawful or unenforceable for any reason, the remaining provisions hereof shall remain in full force and effect.

d. *Governmental Immunity*. Nothing herein shall be construed as a waiver of any protections or immunities the Town or TOEURA or their employees, officials or attorneys may have under the Colorado Governmental Immunity Act, C.R.S. § 24-10-101, *et seq*., as amended.

e. *No Joint Venture*. Notwithstanding any provision hereof, neither the Town nor TOEURA shall be a joint venture in any private entity or activity which participates in this Agreement, and neither the Town nor TOEURA shall ever be liable or responsible for any debt or obligation of any participant in this Agreement.

f. *Notice*. Notices under this Agreement shall be sufficiently given if sent by regular U.S. mail, postage prepaid, to the address on the first page of this Agreement.

g. *Integration*. This Agreement, together with all exhibits attached hereto, constitutes the entire understanding and agreement of the Parties, integrates all the terms and conditions mentioned herein, and supersedes all negotiations or previous arrangements between the Parties with respect to the subject matter hereof.

h. *Recordation*. This Agreement shall be recorded in the real estate records of the Boulder County Clerk and Recorder and shall be a covenant running with the Property.

i. *Subject to Annual Appropriation*. Consistent with Article X, § 20 of the Colorado Constitution, any financial obligation of the Town not performed during the current fiscal year is subject to annual appropriation, shall extend only to monies currently appropriated, and shall not constitute a mandatory charge, requirement, debt or liability beyond the current fiscal year. The Town represents that it presently intends to appropriate the payments under this Agreement to the fullest extent permitted by law.

j. *Force Majeure*. No Party shall be in breach of this Agreement if such Party's failure to perform any of the duties under this Agreement is due to Force Majeure, which shall be defined as the inability to undertake or perform any of the duties under this Agreement due to tornadoes, earthquakes, floods, storms, fires, sabotage, terrorist attack, strikes, riots, war, labor disputes, embargoes, pandemics, and the authority and orders of government.

k. *Days*. If the day for any performance or event provided for herein is a Saturday, Sunday or other day on which the Town is not open for the regular transaction of business, such day therefor shall be extended until the next day on which the Town is open for the transaction of business.

In Witness Whereof, the Parties have executed this Agreement as of the Effective Date.

Town of Erie, Colorado

____
Andrew J. Moore, Mayor

Attest:

____
Debbie Stamp, Town Clerk

Town of Erie Urban Renewal Authority

____
Andrew J. Moore, Chair

Attest:

____
Debbie Stamp, Town Clerk

Developer

Evergreen-County Line & Erie Parkway, L.L.C.,
an Arizona limited liability company

By: Evergreen Development Company-2023, L.L.C.,
an Arizona limited liability company
Its: Manager

By: Evergreen Devco, Inc., a California corporation
Its: Manager

By: ________________________
Name: Tyler Carlson
Its: CEO

12/3/2025

Exhibit A
Legal Description of Property

Tract A, Ranchwood Minor Subdivision. Located in the East Half of the Northeast Quarter of Section 24, Township 1 North, Range 69 West of the 6th Principal Meridian, Town of Erie, County of Boulder, State of Colorado.

FOR INFORMATIONAL PURPOSES ONLY: Assessor Parcel No. R0511537 / 146524110001

Exhibit B
Eligible Public Improvements

Mine Mitigation Costs

- Subsidence mitigation site work, investigation, design, and construction oversight to be completed by the Town before the Development may occur, subject to Section 4 of this Agreement

On-Site Costs

- Parking, drives, hardscape (sidewalks), landscaping, irrigation and greenspace areas
- Building pad preparation, including grading, export, compaction, soil reconditioning, structural fill and surveying
- Grading and export of soil
- Wet utility mains, including all utility mains for water, storm sewer and sanitary sewer
- Wet utility laterals, including water (fire hydrants), storm sewer (inlets) and sanitary sewer
- Dry utilities, including on and off-site lighting, electric vehicle charging infrastructure and equipment, and electrical for all monument signage
- Underground irrigation ditch, as described in the Town Center Final Report and Planned Development Guide
- Underground stormwater pond, as described in the approved Site Plan, and stormwater detention required for any new development pursuant to applicable Town standards
- General contractor's costs for personnel, site office, temporary utilities, site management, mobilization, fees, and insurance

Off-Site Costs

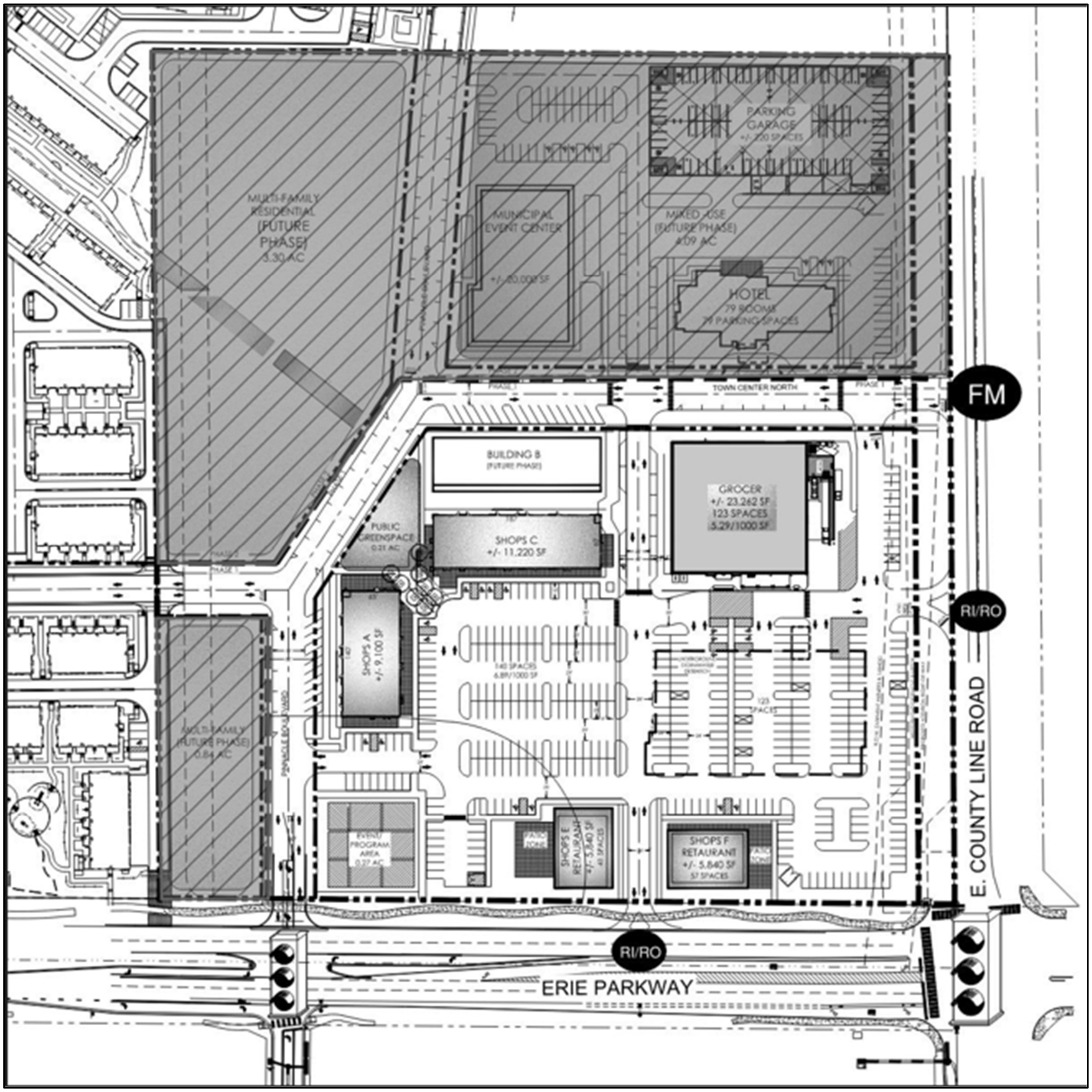
- Construction of Pinnacle Boulevard and Town Center North roadways, including grading, preparation, hardscape (sidewalks), curb and gutter, paving, greenspace, landscaping, irrigation, wet utilities, utility mains and laterals for storm sewer, sanitary sewer and water, as described in the Town Center Final Report and Planned Development Guide
- Traffic signal for the intersection of Erie Parkway and Pinnacle Boulevard, as described in the Erie Transportation and Mobility Plan approved on December 10, 2024
- Electric reinforcement, including utility company charges, and any allocated share of costs per the Joint Funding Agreement for the Xcel Off-Site Distribution Line Extension, approved by Town Council on March 25, 2025
- Improvements to County Line Road, as described in the Erie Transportation and Mobility Plan approved on December 10, 2024.

- Natural gas reinforcement, including utility company charges
- General contractor's costs for personnel, site office, temporary utilities, site management, mobilization, fees, and insurance

<u>Soft Costs</u>

- Architecture and engineering for site and building design
- Geotechnical, compaction and materials testing
- Phase 1 and Phase 2 environmental reviews, hazard checks and site assessments
- Additional geotechnical borings and soil reports for foundations and utilities
- Construction drawings, blueprints and plan sets for permits and building

Exhibit C
Overall Plan



Resolution 25-038
Erie Town Center Restated DDA

TOEURA Board of Commissioners

Julian Jacquin, Director of Economic Development & TOEURA

Lockie Woods, URA & Development Accounting Analyst

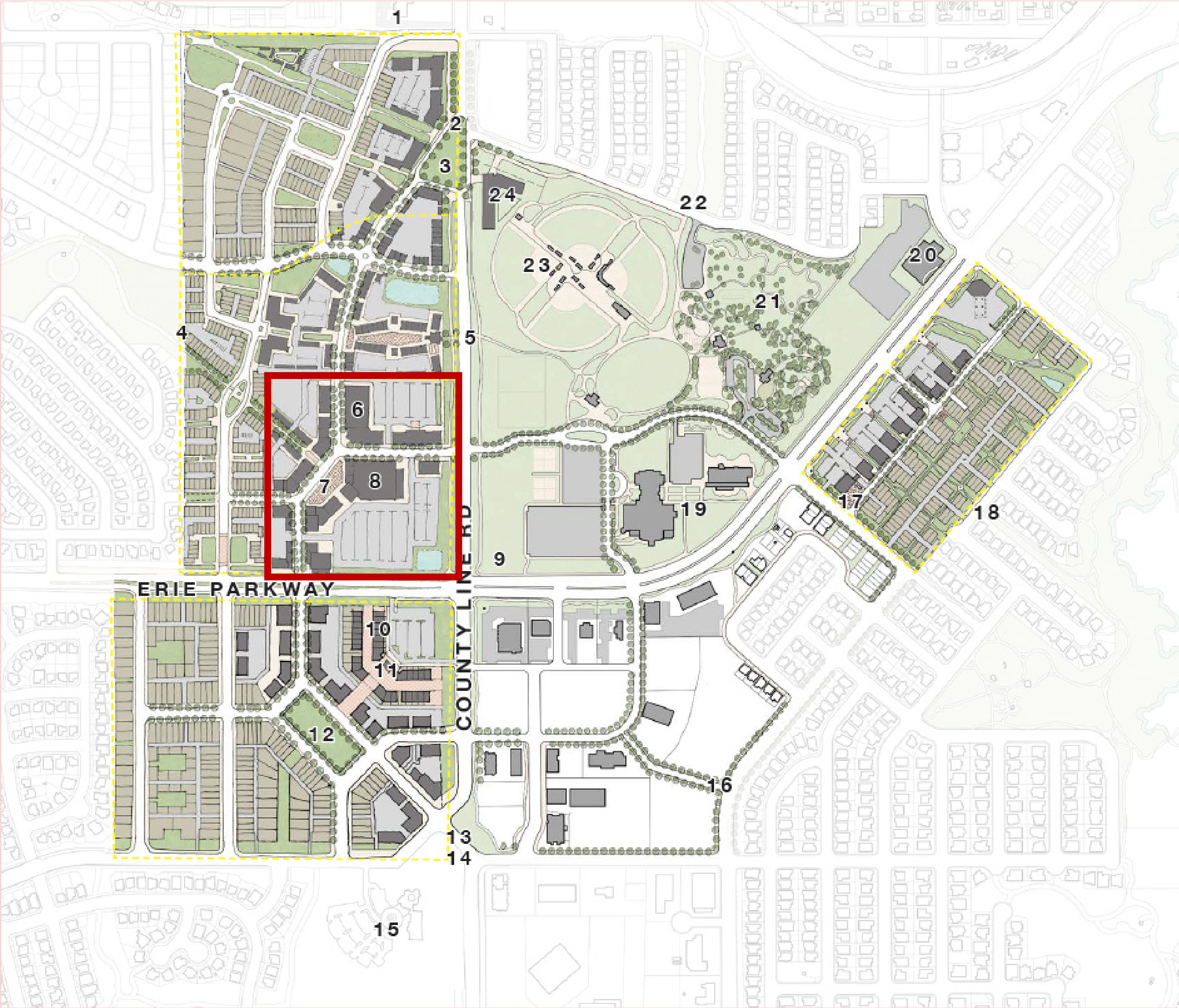
Sarah Nurmela, Planning & Development Director

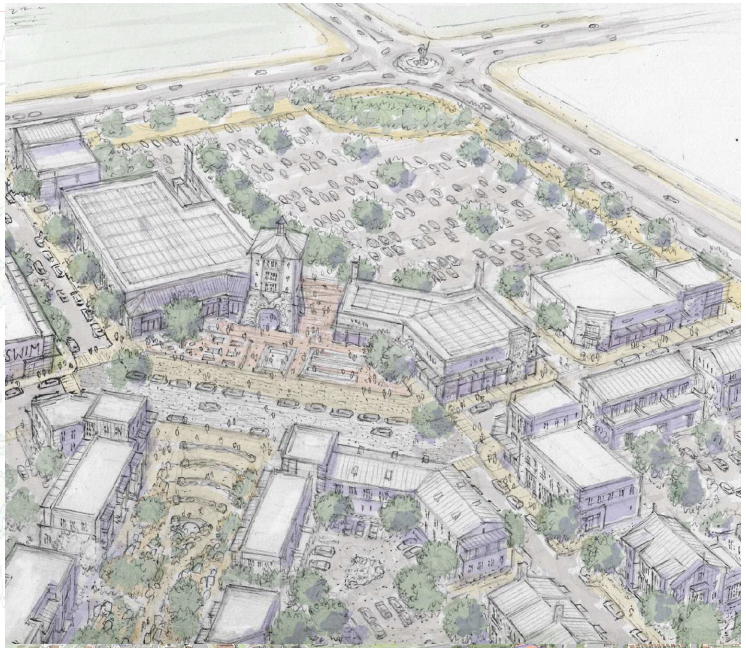
December 9, 2025

Presentation Overview

- Erie Town Center
- Validated Financial Gap
- Restated DDA
- Return on Investment (ROI)
- Recommendation

Erie Town Center





Erie Town Center

EXPLANATION

- Coal extraction zone, single coal seam mined, based on mine maps submitted to the Colorado Division of Mines
- Coal extraction zone, multiple coal seams mined, based on mine maps submitted to the Colorado Division of Mines
- Inferred coal extraction zone, based on information other than mine maps submitted to the Colorado Division of Mines with confirming evidence observed on the aerial photographs or on the ground
- Inferred coal extraction zone, based on information other than mine maps submitted to the Colorado Division of Mines but without confirming evidence (may not be undermined)
- 100 — Approximate overburden thickness line in feet; dashed in areas of sparse information (See **Discussion**.) Depth to principal mine workings except as noted in **Discussion**
- Sterling — Mine name
- [50–100] — Nominal depth to mining shown where between contour intervals
- Shaft, location verified by mine maps or surficial evidence
- Adit, location verified by mine maps or surficial evidence
- Shaft, existence and location uncertain
- Adit, existence and location uncertain

GENERAL NOTES:

1. SITE BOUNDARY PROVIDED BY TOWN OF ERIE, MARCH 2022
2. ALL BOUNDARIES APPROXIMATE DUE TO INACCURACIES INHERENT TO HISTORIC MINE MAPS. SEE MEMO FOR FURTHER EXPLANATION.
3. MAP ADAPTED FROM "MINING AND SURFACE FEATURES, BOULDER-WELD COAL FIELD" PLATES 27 AND 28, COLORADO GEOLOGICAL SURVEY (1989)

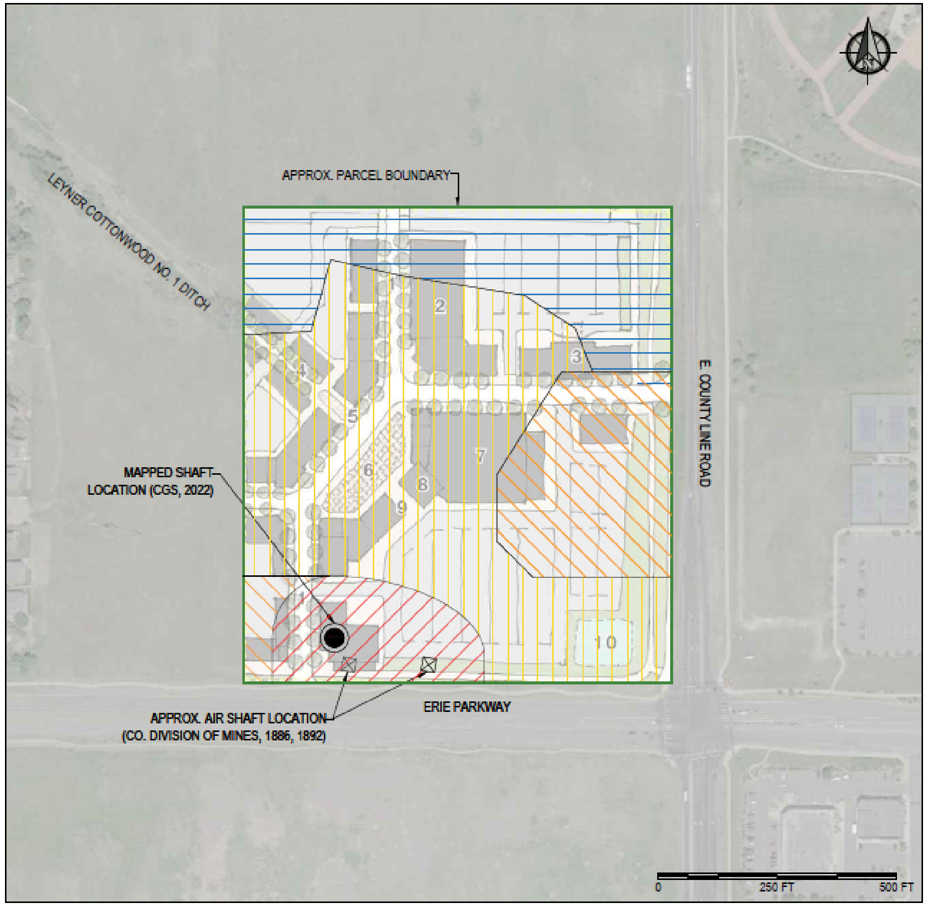
0 250 FT 500 FT

LITHOS ENGINEERING
2750 S. WADSWORTH BLVD. SUITE D-200
DENVER, COLORADO 80227
303.625.9502

REGENCY COAL MINE SUBSIDENCE EVALUATION

MINING AND SURFACE FEATURES

II



LEGEND

- SEVERE HAZARD
- HIGH HAZARD
- MODERATE HAZARD
- LOW HAZARD

GENERAL NOTES:

1. SEE REPORT TEXT FOR HAZARD CRITERIA.
2. SITE BOUNDARY PROVIDED BY TOWN OF ERIE, MARCH 2022
3. ALL BOUNDARIES APPROXIMATE DUE TO INACCURACIES INHERENT TO HISTORIC MINE MAPS. SEE MEMO FOR FURTHER EXPLANATION.
4. DEVELOPMENT PLAN PROVIDED BY ERIE.

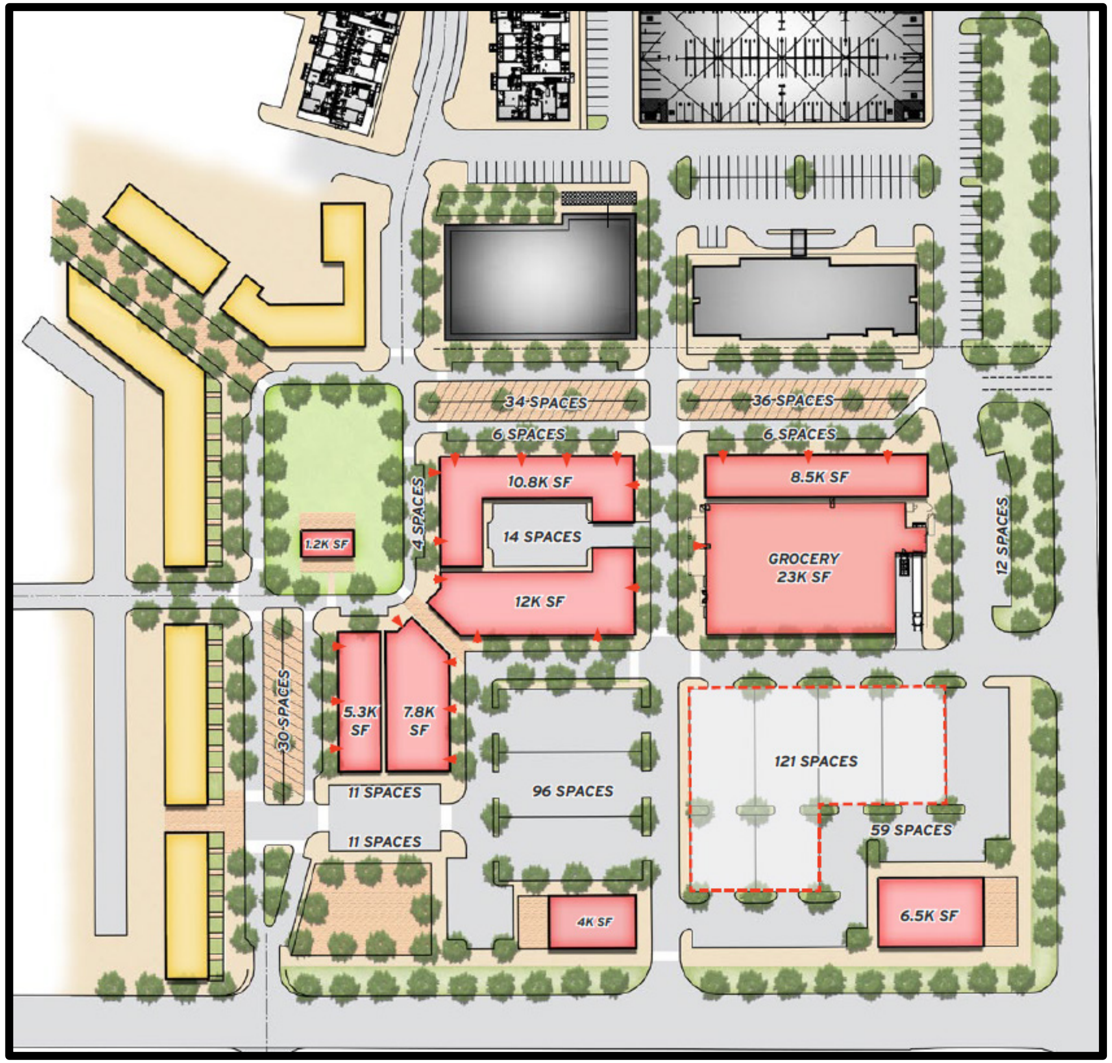
LITHOS ENGINEERING
2750 S. WADSWORTH BLVD. SUITE D-200
DENVER, COLORADO 80227
303.625.9502

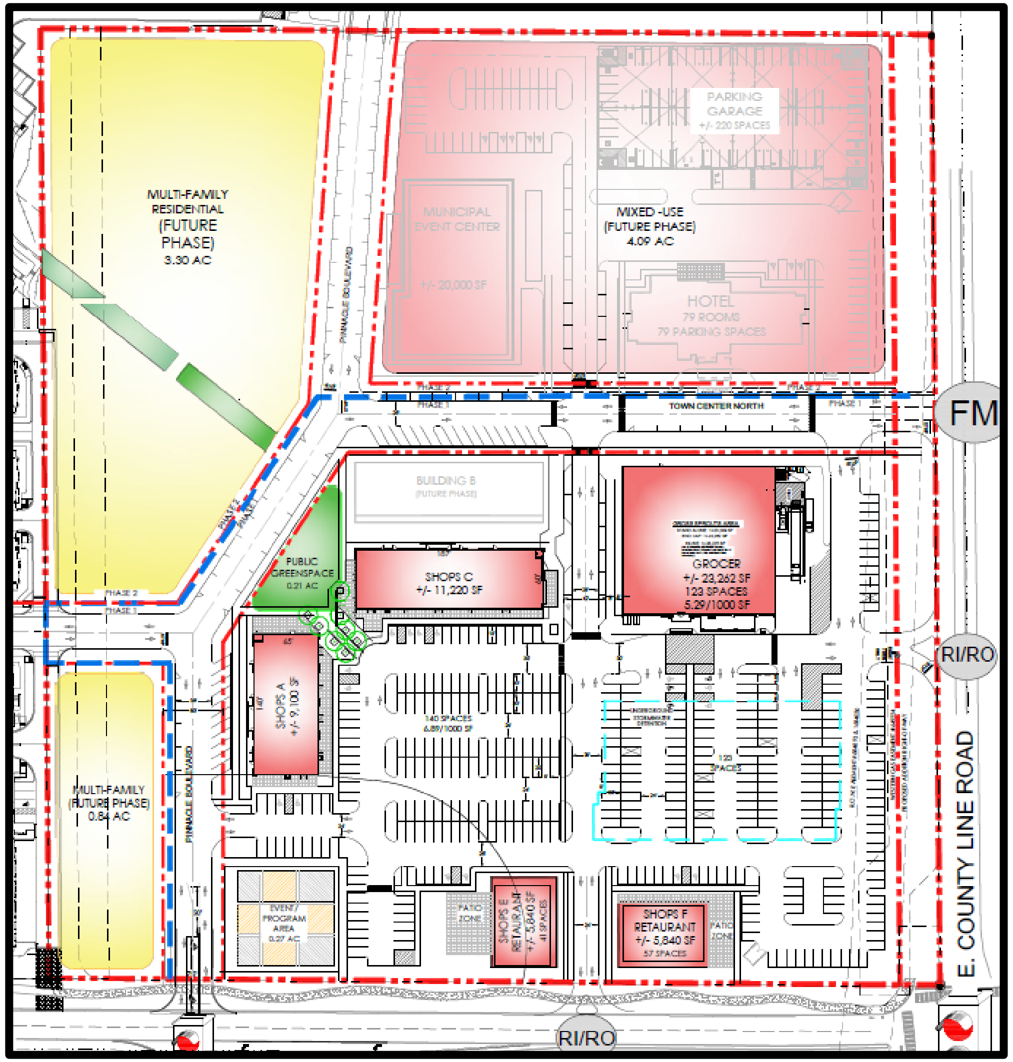
REGENCY COAL MINE SUBSIDENCE EVALUATION

MINE SUBSIDENCE HAZARD MAP

III

Erie Town Center





Validated Financial Gap

TOWN OF ERIE 1874

Feasibility Gap Assumptions

Development Program

The Reviewers have evaluated this proposed development from the perspective of an open market. This analysis assumes that the proposed grocer and multi-tenant buildings are being developed as a for-lease product. Commercial pad sales are applied to the project's construction costs. The following chart compares the as-proposed development proforma assumptions with PDC's market-derived assumptions.

Assumptions	As Proposed	Market Estimate	Comments
Use Type			
Residential Units	0	-	No Residential is being proposed.
Commercial Retail	23,262 SF	-	The Reviewers assume that commercial space will be leased to maximize NOI. Commercial leases are assumed NNN. Commercial Retail Space only includes the Grocer, as the restaurant pads are expected to be sold during construction. Commercial office space includes the Multi-Tenant Buildings.
Commercial Office	20,320 SF	-	
Commercial Component			
Commercial Retail Leasing Rates Per Square Foot	$29.00 psf	$25.00 psf	Evergreen is expected to construct and own the Grocery Store building as part of this development. Evergreen provided preliminary lease rates for this space. PDC analyzed comparable retailers throughout the regional area. The market analysis found that Evergreen's proposed lease rates are higher than current market lease rates, especially those featuring larger properties. Newer neighborhood commercial retail properties command lease rates range between $23-$25 PSF NNN. However, Evergreen's arrangement with the Grocer may be able to justify higher rents. In fact, Erie's commercial retail rents are trending towards that of the Boulder market, suggesting that the developer's assumed lease rate is reasonable, albeit higher than the market. Given these factors, the reviewers estimate that this property would command an asking rent of $29 PSF NNN. Reviewer's estimate is based on a comparison of commercial retail space leases and expenses in the market area. Assumes NNN leases.
Commercial Retail Operating Expenses	$N/A	$11.00 psf	Denver Metro area average operating expenses for commercial retail properties were used by the reviewers.
Commercial Office Leasing Rates Per Square Foot	$40.00 psf	$34.50 psf	Evergreen is expected to construct and own the multi-tenant buildings as part of this development. The multi-tenant buildings are expected to be used as office space, including medical offices and professional services. Evergreen provided preliminary lease rates for this space. PDC analyzed comparable multi-tenant office buildings throughout the regional area. The market analysis found that Evergreen's proposed lease rates are aligned with Boulder County averages, but higher than existing comps within Erie and within a 15-minute drive radius around the site. Boulder County's office leases of comparable properties average $40.34 PSF NNN. Erie's office space market, by comparison, averages $23.48 PSF NNN. The Reviewers' assume that this newer development can command lease rates similar to those within Boulder County but currently outside the Erie market area. Given these factors, the reviewers accept the developer's estimate that this property would command an asking rent of $40.00 PSF NNN. Assumes NNN leases.
Commercial Office Operating Expenses	$N/A	$11.00 psf	Denver Metro area average operating expenses for commercial office properties were used by the reviewers.
Financing Component			
Debt			
Loan: Cost Ratio	65%	55% - 70%	The developer provided construction loan financing information as part of their pro forma and interviews. Permanent loan financing was not provided. Reviewers' assumptions are based on comparable commercial developments within the market area.
Interest Rate	7.50%	7.50%	
Amortization	N/A	20-30 Years	
Capitalization Rates			
Stabilized – Retail	N/A	6.75%	Economic and market conditions in Denver Metro and Boulder submarkets outperform national and west region averages by ~25 basis points. Retail cap rates, especially for food service tenants, are forecast to remain stable in the coming years. Office cap rates are beginning to see signs of compression, although they remain higher in the local market area. The going-in (stabilized) cap rate used in this Review reflects these market expectations. Typically, exit cap rates (at asset liquidation) are 50 to 150 basis points higher than going-in rates. The reviewers used a 75-basis point increase for liquidated capitalization rates.
Liquidated – Retail	N/A	7.50%	
Stabilized – Office	N/A	7.50%	
Liquidated – Office	N/A	8.25%	
Return on Investment Metrics			
Target Yield			Market-based target yield rates are used to estimate the financial gap. These yield rates represent a blended return based on market surveys for retail office commercial property investments. The NPV is calculated using the blended pre-tax yield rate. This is the rate of interest that discounts pre-tax cash flows received on an unlevered investment back to a present value that is exactly equal to the original equity investment. Return on Cost, or yield on cost, is based on current capitalization rates and development spreads for specific uses.
Yield Rate (IRR, Unlevered)	n/a	9.25% to 10.25%	
Return on Cost	n/a	8.75% to 9.50%	
Net Present Value	n/a	> 0	
Development Cost			
Land Purchase Cost	$0	$0	The Reviewers assume that the Town has agreed to convey the land required for Phase 1 to the developer. Land outside Phase 1 is not considered by this analysis.
Public Infrastructure Cost	$7,646,348	$7,646,348	The Reviewers assume the developer's public infrastructure costs are accurate. Reviewer's interviewed development team and reviewed cost estimations. Public infrastructure costs include new public streets (Town Center and Pinnacle) and off-site stormwater and roadway improvement to East County Line Road and Erie Parkway. Reviewer's also interviewed Erie Four Corners developers to confirm and check cost estimates. Cost also included undergrounding major irrigation ditch running through site. Costs include 15% contingency.
Mine Mitigation Costs	$4,443,011	$4,443,011	Mine mitigation costs were provided by developer and their engineering consultants. A Phase II environmental study performed by Lithos Engineering originally estimated mitigation costs at $400,000 per acre. Phase 1's mine mitigation costs equate to ~$635,000 per acre. Reviewers accept this increase as reasonable given Phase 1's location over the high to severely impacted mine subsidence zones on the property.
Site Work	$7,788,135	$7,788,135	Reviewers interviewed development team regarding site work costs. Confirmed that off-site and public infrastructure costs were not double counted. Site work costs appear high, but are validated by engineering estimates. Reviewers find these costs reasonable.
Soft and Hard Cost	$20,805,171	$19,000,000	Reviewers used cost approximation tables and construction cost indexes to evaluate the development's soft and hard costs. Building improvement costs provided by the developer were lower than reviewers approximations. Soft costs, however, were higher than typical approximations. This may be due to higher raw water and tap fees, in addition to the Town's impact fees. Financing cost were reasonable.
Development Cost	$40,682,665	$38,877,494	The Reviewer's estimated development cost is based on the project concept as understood by the Reviewer using cost guide approximations. The Developer's estimated development costs are heavily impacted by horizontal infrastructure costs, mine mitigation costs, off-site road and stormwater improvements, undergrounding a large irrigation ditch, and relatively high water, sewer and impact fees. The Reviewer's cost estimate is within 10% of the Developer's cost estimate, meaning that these costs are deemed reasonable.
Land Sales	$3,281,775	$3,281,775	Evergreen provided land sales estimates based on a $40 PSF price for two commercial pads. These pads will feature additional commercial retail uses not considered by this study. Reviewers found these pad sales higher than market averages (Comparable properties recently sold pads at ~$25 PSF). The developer's estimate was applied to the total development cost when evaluating the project's feasibility.

1. Source: CoStar, IRR, RERC; Realtyrates.com; RS Means; Zillow; CBRE; DMCAR; NAR, Commercial Real Estate Finance Co. of America, CommercialLoanDirect.com, Integra Realty Resources, Hoyt Advisory Services; NMHC/NAA; U.S. Census Bureau; RealPage, fixr.com, Statista: Denver, Fannie Mae, EV Studio, ARGUS College, Pioneer Development Company.

Validated Financial Gap

Feasibility (Financial Gap) Summary				
ROI Indicator	Market Target	GAP Funding Range[1]		
Estimated Gap (Stabilized Year)		*$19,500,000*	*$20,000,000*	*$20,500,000*
Return-on-Cost	8.75% to 9.50%	8.39%	8.64%	8.89%
IRR, Unlevered	9.25% to 10.25%	9.47%	9.83%	10.21%
NPV	> $0	-$486,124	$986,124	$1,486,124

Erie Town Center - Tax Revenue Forecast

Revenue Sharing Agreements	Mill Levy/Rate %	Revenue Sharing %	URA Plan Mill/Rate
Property Tax (All Entities)	113.249	67%	75.376
Sales Tax (Town Only)	3.50%	92.9%	3.25%

URA Tax Increment Financing Estimates[2]	Gross	Net Present Value[3]	Annual Average	Town of Erie
Total	**$26,900,000**	**$9,900,000**	**$1,036,000**	**$807,000**
Property Tax (67% TIF Share)	$7,000,000	$2,600,000	$269,000	$40,000
Sales Tax (3.25% Rate, Inflation Adj.)	$19,900,000	$7,300,000	$767,000	$767,000
GRAND TOTAL	**$26,900,000**	**$9,900,000**		

Validated Financial Gap

TOWN OF ERIE 1874

Feasibility Summary

Scenario:
Town Center Gap Funding Scenario: Long-Term Hold ($20.0 Million in Gap Funding)

PROJECT SUMMARY

Property Summary	
Residential Units	0
Rentable SF	43,582
Total Development Cost	$37,400,890
Development Cost per Rentable Square Foot	$858
Construction Equity	$13,090,312
ConstructionDebt	$24,310,579

Proforma	
Year Stabilized	3
Stabilized NOI	$1,502,715
Stabilized Cap Rate	7.00%
Stabilized Proforma Value	$21,467,352
Stabilized Value Per RSF	$493
Reversion Value	$24,173,256
Reversion Cap Rate	7.75%
Growth Rate	3.00%

Construction Loan Summary	
Loan : Cost Ratio	65%
Contruction Loan Term (mos)	36
Construction Interest Rate	7.50%
Construction Loan Amount	$24,310,579
Construct Loan Per RSF	$558

Perm Loan Summary	
Perm Loan : Value Ratio	65%
Perm Loan Amount	$13,953,779
Perm Loan Ammortization (yrs)	30
Perm Interest Rate	7.00%
Perm Loan Yearly Payment	$1,114,018
Perm Term	10
Perm Loan Balance	$13,953,779
Loan Fees/Closing Costs	2.0%
DSCR	1.3
DSCR Loan Amount	$16,513,347

GAP FUNDING - applied to contruction equity	$20,000,000

Feasibility Indicators (10 yr hold)		Market Target Rate
Return on Cost*	8.64%	8.75% to 9.50%
IRR on Project (unleveraged)	9.83%	9.25% to 10.25%
NPV	$ 986,124	
*Stabilized Year 3		

OPERATING PROFORMA

Proforma Year	CONSTRUCT	1	2	3	4	5	6	7	8	9	10	11
Investment												
Construction Equity	(13,090,312)											
Construction Debt	(24,310,579)											
Construction Cost	(37,400,890)											
Operating Income												
Net Income from Property Operations	$0	$0	$1,074,792	$1,502,715	$1,523,268	$1,568,966	$1,616,035	$1,664,516	$1,714,451	$1,765,885	$1,818,861	$1,873,427
GAP Funding	*$20,000,000*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*
NOI	$20,000,000	$0	$1,074,792	$1,502,715	$1,523,268	$1,568,966	$1,616,035	$1,664,516	$1,714,451	$1,765,885	$1,818,861	$1,873,427
(less) Construction Loan Interest Payment		($1,823,293)	($1,823,293)	($1,823,293)								
(less) Perm Loan Payments		($1,114,018)	($1,114,018)	($1,114,018)	($1,114,018)	($1,114,018)	($1,114,018)	($1,114,018)	($1,114,018)	($1,114,018)	($1,114,018)	($1,114,018)
Operating Cash Flow	$20,000,000	($2,937,311)	($1,862,520)	($1,434,597)	$409,250	$454,948	$502,017	$550,498	$600,433	$651,867	$704,843	$759,409
Unleveraged Cash Flow (NET OF CONST GAP FUNDING)	($17,400,890)	$0	$1,074,792	$1,502,715	$1,523,268	$1,568,966	$1,616,035	$1,664,516	$1,714,451	$1,765,885	$1,818,861	$26,046,684
Rates of Return Analysis												
IRR on Project (unleveraged)	9.83%											
Return on Cost		0.00%	6.18%	8.64%	8.75%	9.02%	9.29%	9.57%	9.85%	10.15%	10.45%	
xNet Present Value	$986,124											

Restated DDA

The restated DDA establishes three financial commitments for the Town and TOEURA to meet the financial gap for this project:

1. **The Town** will fund the $5.1M mine mitigation at Town Center utilizing COPs.

2. **TOEURA** will fund new URA Bonds or COP's using TIF revenues (property and sales tax) and PIF revenues generated by the development, which could yield a project fund of up to $15.7M to support the validated financial gap, which "but for" the use of TIF, the development would not otherwise occur.

3. **The Town** will authorize up to an additional $2.5M of public funding assistance for new public road improvements from the Transportation Impact Fund, only to be used if the URA Bonds or COP's funded by TOEURA yield a project fund of less than $15.7M.

Restated DDA

Additional elements in the DDA:

1. The Town agrees to convey the land for Erie Town Center Phase 1 at no cost.
2. Evergreen will be permitted to provide a performance bond as a surety for the public improvements rather than the standard letter of credit required by the Town.
3. Evergreen will impose a 3% services PIF and 1% add-on sales PIF on the development to help pay for public improvements.
4. Any tax increment generated by future phases at Erie Town Center will be retained by TOEURA.
5. Total public reimbursements by the Town and TOEURA cannot exceed $21.3M.

	Base Costs	General Conditions	Contingency & Inflation	Evergreen Proposal		Town Counter Proposal	
				Evergreen Costs	Public Costs	Evergreen Costs	Public Costs
Land Costs							
Land Acquisition	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,400,000
Closing Costs	$ 20,000	$ -	$ -	$ 20,000	$ -	$ 20,000	$ -
Hard Costs							
Building Costs: Grocery							
- Grocery Building	$ 5,969,960	$ -	$ 596,996	$ 6,566,956	$ -	$ 6,566,956	$ -
- Refrigeration Package - Equipment	$ 404,497	$ -	$ 40,450	$ 444,947	$ -	$ 444,947	$ -
- Refrigeration Package - Install	$ 567,738	$ -	$ 56,774	$ 624,512	$ -	$ 624,512	$ -
- Tenant Change Allowance	$ 30,000	$ -	$ -	$ 30,000	$ -	$ 30,000	$ -
Building Costs: Shops							
- Shops A Building	$ 2,184,000	$ 273,000	$ 245,700	$ 2,702,700	$ -	$ 2,702,700	$ -
- Shops C Building	$ 2,558,160	$ 319,770	$ 287,793	$ 3,165,723	$ -	$ 3,165,723	$ -
Tenant Improvement Allowances							
- Shops A	$ 455,000	$ -	$ -	$ 455,000	$ -	$ 455,000	$ -
- Shops C	$ 561,000	$ -	$ -	$ 561,000	$ -	$ 561,000	$ -
On-Site Costs							
- Parking, Drives, Hardscape	$ 2,144,153	$ 268,019	$ 361,826	$ -	$ 2,773,998	$ -	$ 2,773,998
- Shops A & C, Grocery	$ 713,846	$ 89,231	$ 120,462	$ -	$ 923,538	$ -	$ 923,538
- Export of Soil	$ 725,217	$ 90,652	$ 122,380	$ -	$ 938,249	$ -	$ 938,249
- Shop F, Left & Right	$ 323,456	$ 40,432	$ 54,583	$ -	$ 418,471	$ -	$ 418,471
- Wet Utilities Mains	$ 1,462,240	$ 182,780	$ 246,753	$ -	$ 1,891,773	$ -	$ 1,891,773
- Wet Utilities Laterals	$ 182,065	$ 22,758	$ 30,723	$ -	$ 235,547	$ -	$ 235,547
- Dry Utilities	$ 751,032	$ 93,879	$ 126,737	$ -	$ 971,648	$ -	$ 971,648
- U/G Irrigation Ditch	$ 465,480	$ 58,185	$ 78,550	$ -	$ 602,215	$ -	$ 602,215
- U/G Storm Water Pond - P1	$ 1,032,460	$ 129,058	$ 174,228	$ -	$ 1,335,745	$ -	$ 1,335,745
- U/G Storm Water Pond - P2	$ -	$ -	$ -	$ -	$ -	$ -	$ -
- Signage / Project Branding	$ 320,000	$ -	$ 48,000	$ -	$ 368,000	$ 368,000	$ -
Mine Mitigation Costs							
- Site Work	$ 4,231,439	$ -	$ 634,716	$ -	$ 4,866,155	$ -	$ 4,866,155
- CTL Oversight	$ 211,572	$ -	$ 31,736	$ -	$ 243,308	$ -	$ 243,308

TOWN OF ERIE
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	Base Costs	General Conditions	Contingency & Inflation	Evergreen Proposal: Evergreen Costs	Evergreen Proposal: Public Costs	Town Counter Proposal: Evergreen Costs	Town Counter Proposal: Public Costs
Off-Site Costs & Contributions							
- Pinnacle & Town Center	$ 1,012,561	$ 126,570	$ 170,870	$ -	$ 1,310,001	$ -	$ 1,310,001
- Pinnacle & Town Center Wet Utilities	$ 582,270	$ 72,784	$ 98,258	$ -	$ 753,312	$ -	$ 753,312
- Contribution: Erie Parkway Signal	$ 451,800	$ 56,475	$ 76,241	$ -	$ 584,516	$ -	$ 584,516
- Contribution: Electric Reinforcement	$ 84,000	$ -	$ -	$ -	$ 84,000	$ -	$ 84,000
- Contribution: County Line Road	$ 415,150	$ -	$ -	$ -	$ 415,150	$ -	$ 415,150
- Contribution: NG Reinforcement	$ 75,000	$ -	$ 11,250	$ -	$ 86,250	$ -	$ 86,250
Soft Costs							
- A&E/Testing/Environmental	$ 1,376,893	$ -	$ 206,534	$ 737,265	$ 846,162	$ 737,265	$ 846,162
- City & Utility Fees: Fire Dept. & Misc	$ 34,000	$ -	$ 5,100	$ 39,100	$ -	$ 39,100	$ -
- City & Utility Fees: Water Tap & Fee-in-Lieu	$ 1,193,353	$ -	$ 179,003	$ 1,372,356	$ -	$ -	$ 1,372,356
- City & Utility Fees: Impact Fees	$ 387,705	$ -	$ -	$ -	$ 387,705	$ 387,705	$ -
- City & Utility Fees: Development Review Fees	$ 7,880	$ -	$ -	$ -	$ 7,880	$ -	$ 7,880
- City & Utility Fees: Building Permit Fees	$ 165,908	$ -	$ -	$ -	$ 165,908	$ -	$ 165,908
- City & Utility Fees: Town of Erie Use Tax	$ 369,623	$ -	$ -	$ -	$ 369,623	$ -	$ 369,623
- Boulder County Use Tax	$ 115,801	$ -	$ 17,370	$ 46,526	$ 86,644	$ 133,171	$ -
- Dry Utility Costs	$ 535,000	$ -	$ 80,250	$ 445,625	$ 169,625	$ 615,250	$ -
- Bonds - Surety & Warranty	$ 257,503	$ -	$ 38,625	$ -	$ 296,128	$ 296,128	$ -
- Markets/Legal/Accounting/Taxes	$ 591,807	$ -	$ 88,771	$ 680,578	$ -	$ 680,578	$ -
- Leasing Commissions: Shops	$ 377,952	$ -	$ -	$ 377,952	$ -	$ 377,952	$ -
- Leasing Commissions: Grocer	$ 512,133	$ -	$ -	$ 512,133	$ -	$ 512,133	$ -
- Insurance	$ 193,143	$ -	$ -	$ 81,209	$ 111,934	$ 193,143	$ -
- Development Fee	$ -	$ -	$ -	$ -	$ -	$ -	$ -
- CAM Loss	$ 304,800	$ -	$ -	$ 304,800	$ -	$ 304,800	$ -
Financing							
- Construction Loan Fees	$ 102,983	$ -	$ -	$ 102,983	$ -	$ 102,983	$ -
- Lender Third Party Fees	$ 40,000	$ -	$ -	$ 40,000	$ -	$ 40,000	$ -
- Interest Reserve	$ 1,345,700	$ -	$ -	$ 1,345,700	$ -	$ 1,345,700	$ -
GF Rebates (Net Neutral to Town)				$ -	$ (543,411)	$ -	$ (543,411)
				Evergreen	Public	Evergreen	Public
TOTAL COSTS				$ 20,657,064	$ 20,700,074	$ 20,704,746	$ 22,052,393
PERCENTAGE				49.95%	50.05%	48.42%	51.58%
ROI				8.96%		8.94%	

URA Financing Comparison
Estimated Rates as of October 7, 2025

Total Erie Costs	21,252,579
Less Mine Mitigation	5,109,463
Targeted Funding Need	**16,143,116**

	Scenario 1: Certificates of Participation		Scenario 2: Tax Increment Revenue Bonds with Moral Obligation Pledge	
Financing Sources Summary				
Par Amount	$17,500,000		$17,500,000	
Premium	1,146,940			
Total Sources of Funds	$18,646,940		$17,500,000	
Uses of Funds Summary		Funding Shortfall		Funding Shortfall
Project Fund	$15,734,440	408,676	$13,506,433	2,636,683
Capitalized Interest Fund	$2,625,000		$2,756,250	
Debt Service Reserve Fund	$0		$764,817	
Cost of Issuance	$200,000		$350,000	
Underwriter's Discount	87,500		122,500	
Total Use of Funds	$18,646,940		$17,500,000	
Finance Statistics				
Dated Date	12/1/2025		12/1/2025	
Net Interest Cost	4.65%		5.28%	
Maximum Annual Debt Service	$1,512,000		$1,529,633	
Total Debt Service	$29,893,250		$30,178,333	

Annual Debt Service	Year	Net Debt	Annual Excess	DSCr	Net Debt	Annual Excess	DSCr

Return on Investment (ROI)

- A new commercial district with grocery store, restaurants, and shops
- $26.9M in total new tax revenue over 25 years
  - $9.9M net present value of TIF revenues
- A project that covers its service costs and produces a surplus
- $451,000 positive net fiscal impact during URA term
- $859,000 annual surplus to the Town after incentives end
- $40M in private construction investment
- About 250 new jobs created
- Unlocks hotel, parking structure, multifamily, and civic sites
- Converts an unproductive mine hazard into a revenue district
- Site currently generates zero revenue to the Town

Recommendation

- Staff recommends TOEURA approve Resolution 25-038, approving the Restated Disposition and Development Agreement for Erie Town Center.
- If approved, the Town Council will then consider Resolution 25-181 fully executing the Restated DDA.

Questions & Discussion

Julian Jacquin, Director of Economic Development & TOEURA
Lockie Woods, URA & Development Accounting Analyst
Sarah Nurmela, Planning & Development Director

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Erie Town Center Phase 1 Feasibility Study

Town of Erie

December 1, 2025

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December 1, 2025

Town of Erie Urban Renewal Authority
Town of Erie, Colorado

Dear Julian,

The Town of Erie has engaged Pioneer Development Company (PDC) to review a development project (Erie Town Center Phase 1) requesting financial assistance within the proposed Erie Town Center Urban Renewal Plan. This assistance would be provided by a public private partnership between the Town of Erie, TOEURA and the developer. The financial assistance will leverage a variety of public incentives, including Tax Increment Financing (TIF). The Feasibility Study's purpose is to determine the project's financial need, quantify the funding gap, estimate the cost to serve the project, and optimize tax revenue sharing agreements that yield feasible outcomes.

The project is located on ~20-acres of Town-owned property within the Erie Town Center Planned Development (PD) area. The Town adopted this PD to facilitate development that aligns with the community's vision for the area. The Erie Town Center PD encourages new urbanism principles and form-based codes, with an emphasis on compact, walkable development. Despite this regulatory effort and potential land equity, a lack of public infrastructure, historic undermining and other conditions are challenging the site's development. The conditions arresting sound development throughout the proposed Plan area have been catalogued in the Erie Town Center Conditions Survey (submitted November 5th, 2024) and underscore its need for a public private partnership.

The Project's developer is Evergreen Devco Inc (Evergreen). Evergreen is proposing a commercial development that meets the Town's PD and includes a grocer, restaurants, and commercial office space. Although this development program is typical for the carbon valley market area, extraordinary development costs associated with the site's undermining and lack of public infrastructure create a financial hurdle that cannot be overcome without public assistance. The developer is requesting financial assistance from the Town and TOEURA to help mitigate the identified blighted area factors. The applicant is requesting additional funding resources from the Town, TOEURA and TOEURA's partnering taxing entities to assist with the site's development and help make this concept feasible at this location.

The developer provided project information, concept plans, budgets, proformas and financial plans that were reviewed and evaluated by this Feasibility Report. This development review is intended to provide a third-party, objective evaluation of market assumptions and development and operating proformas to inform public investment decision-making. This review also evaluates (TIF) projections and compares bondable tax revenues with the estimated funding gap. The review also evaluates the project's fiscal impact on the town to determine the maximum revenue sharing agreement possible. This study summarizes PDC's review and findings.

Andrew Arnold
Founder | Principal
Pioneer Development Company
Durango, Colorado

CC: Malcolm Fleming

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Executive Summary

Erie Town Center Phase 1 Feasibility Study

This report evaluated the Erie Town Center Phase 1 development project's feasibility. The feasibility study included a financial gap analysis, a revenue forecast, and a fiscal impact analysis. The feasibility study is intended to evaluate the project's need for a public private partnership and, if a funding gap is identified, estimate the revenue sharing agreements necessary to help close that gap. The study assumes that the Erie Town Center Urban Renewal Plan has been approved by Town Council, and that property and sales tax increment revenue sharing agreements are possible.

The proposed project is a commercial development located within ~20 acres of town-owned property. The Town and the developer, Evergreen Devco Inc, are currently negotiating the land sale for Phase 1 of the area. Phase 1 includes ~7 acres in the area's southeast quadrant, closest to the East County Line Road and Erie Parkway intersection. The project location is within the Town's adopted Planned Development Zone, "Erie Town Center PD". This zone mandates compact, walkable development based on new urbanist principles and form based codes. The PD requires significant public infrastructure upgrades, including new public roads and stormwater retention. The project area is also severely blighted, as determined by the Conditions Survey completed November 5th, 2024. The property is heavily undermined and will require significant mitigation to become activated. These extraordinary development costs are challenging the project's feasibility. Evergreen is requesting public funding assistance to help overcome these costs, while maintaining the community-desired design and bringing an anchor grocer to the site. The Town sees this project as catalytic for realizing the Erie Town Center Planned Development, and the commercial uses proposed in Phase 1 are necessary for activating development throughout the larger area.

This analysis specifically focuses on the project's feasibility. This study evaluates feasibility by first determining the financial gap that exists based on the development concept, budget, pro forma, and market and financial benchmarks. Once the financial gap is established, the study then performs a fiscal impact analysis on the Town of Erie. The developer is requesting funding assistance primarily through Tax Increment Financing, which would share property and sales tax revenue generated by the project with the project. The fiscal impact analysis determines the project's net fiscal impact on the Town over 25 years, and also models a hypothetical revenue sharing agreement where the fiscal impact is effectively neutral. These findings are used to model the development's tax revenue forecast. The assumptions within this forecast can be used by the project's underwriter to estimate bonding capacity. The bonds will be used to offset project expenses, and yield feasible outcomes. These analyses are then used to form a set of recommendations to advance the project's feasibility. The Study is organized into the following three sections:

- **Financial Gap Analysis** – The report evaluated the project's financials, benchmarking it to the market, and estimated the gap funding range required to make the project feasible.
- **Tax Revenue Forecast** – The report forecast the project's property and sales tax revenue generated over 25 years. This forecast was used to determine the gross and present value revenues generated by the proposed development. The revenues were then compared to the financial gap to determine project feasibility.

- **Fiscal Impact Analysis** – The report synthesized its analyses by performing a 25-year fiscal impact analysis. The project and its proposed tax sharing reimbursement agreement were analyzed each year for 25 years, estimating the annual cost-of-service to the Town of Erie generated by the development. The analysis produced a net fiscal impact on the Town of Erie. A positive fiscal impact indicates that the proposed project and revenue sharing agreement is a sound financial decision for the Town. This corresponds to a positive cost-benefit analysis.

Findings

The project will provide positive economic and fiscal benefits to the Town, developing an area that has been historically challenging to revitalize. The developer will mitigate undermining, extend public infrastructure and amenities throughout the site, and catalyze Phase 1 of the Erie Town Center PD. This development will feature an anchor grocer tenant, commercial office space, and restaurants. **The project's development costs are expected to exceed $40 million and will generate ~250 full-time equivalent jobs.** This report's findings are summarized below:

- **Feasibility (Financial Gap) Summary –** The Project has an estimated Feasibility Gap between **$19.5 million and $20.5 million**. The feasibility gap is based on the project's pro forma, conceptual development plan, market benchmarks, and return on investment criteria. This feasibility gap is created by significant horizontal infrastructure costs, undermining mitigation, and limited vertical development in Phase 1.

Feasibility (Financial Gap) Summary				
ROI Indicator	Market Target	GAP Funding Range[1]		
Estimated Gap (Stabilized Year)		***$19,500,000***	***$20,000,000***	***$20,500,000***
Return-on-Cost	**8.75% to 9.50%**	**8.39%**	**8.64%**	**8.89%**
IRR, Unlevered	**9.25% to 10.25%**	**9.47%**	**9.83%**	**10.21%**
NPV	**> $0**	**-$486,124**	**$986,124**	**$1,486,124**

- **Tax Revenue Forecast Summary –** To overcome the feasibility gap, this report recommends that the Town, TOEURA and the Developer pursue a tax increment sharing agreement, in combination with potential fee reimbursements. These incentive agreements should be combined with developer-imposed taxes (metro districts and add-on public improvement fees on sales and services). Combined, this public incentive package should equate to between $19.5 million and $20.5 million, a sum that falls within the project's required gap funding range. The project's property and sales taxes were projected from 2025 to 2050 and tabulated below.

[1] Gap Funding is applied to Construction Equity in this analysis. Gap Funding is assumed to be Present Value.

Erie Town Center - Tax Revenue Forecast			
Revenue Sharing Agreements	**Mill Levy/Rate %**	**Revenue Sharing %**	**URA Plan Mill/Rate**
Property Tax (All Entities)	**113.249**	**67%**	**75.376**
Sales Tax (Town Only)	**3.50%**	**92.9%**	**3.25%**

Erie Town Center Phase 1 – Tax Revenue Forecast Summary				
Property Tax Information				
Estimated Base Taxable Value	**$0**			
Total New Taxable Value	**$3,851,074**			
Total Net Taxable Value	**$3,851,074**			
URA Tax Increment Financing Estimates[2]	**Gross**	**Net Present Value[3]**	**Annual Average**	**Town of Erie**
Total	**$26,900,000**	**$9,900,000**	**$1,036,000**	**$807,000**
Property Tax (67% TIF Share)	$7,000,000	$2,600,000	$269,000	$40,000
Sales Tax (3.25% Rate, Inflation Adj.)	$19,900,000	$7,300,000	$767,000	$767,000
TOTAL PUBLIC FINANCE ESTIMATES	**Gross**	**Net Present Value**		
TOTAL	**$26,900,000**	**$9,900,000**		
Property Tax Increment	$7,000,000	$2,600,000		
Sales Tax Increment (Inflation Adj.)	$19,900,000	$7,300,000		
Public Finance Estimates	**$26,900,000**	**$9,900,000**		
GRAND TOTAL	**$26,900,000**	**$9,900,000**		

2 Estimates have been rounded.

3 Net Present Value Estimates are based on a 7.50% Discount Rate.

- **Fiscal Impact Analysis Summary –** The project is expected to generate **a positive net fiscal impact to the Town of Erie**, based on its development program and the proposed tax revenue sharing agreements. The report analyzed the project's net fiscal impact beginning in 2025 and ending in 2050. This period was selected based on the proposed Erie Town Center Urban Renewal Plan and its expected 25-year term. Assuming this Urban Renewal Plan is formed, and the proposed revenue sharing agreements committed to the project, the project will generate revenues that exceed its estimated annual Town service costs. This analysis estimates that the project's net fiscal impact to the Town is ~$451,000. After the terms of the incentive agreement sunset in 2050, the project's annual surplus revenue to the Town will exceed $859,000.

Erie Town Center – Fiscal Impact Analysis				
Annual Revenues		Annual Expenditures		Net
Year	**Estimate**	**Year**	**Estimate**	
2025	$0	2025	$0	$0
2026	$0	2026	$0	$0
2027	$53,251	2027	$44,265	$8,986
2028	$62,875	2028	$59,423	$3,452
2029	$62,875	2029	$59,240	$3,636
2030	$62,875	2030	$59,053	$3,822
2031	$62,875	2031	$58,863	$4,012
2032	$62,875	2032	$58,670	$4,205
2033	$62,875	2033	$58,474	$4,401
2034	$62,875	2034	$58,274	$4,601
2035	$62,875	2035	$58,071	$4,804
2036	$62,875	2036	$57,864	$5,011
2037	$62,875	2037	$57,653	$5,222
2038	$62,875	2038	$57,439	$5,436
2039	$62,875	2039	$57,221	$5,654
2040	$62,875	2040	$56,999	$5,876
2041	$62,875	2041	$56,773	$6,102
2042	$62,875	2042	$56,543	$6,332
2043	$62,875	2043	$56,309	$6,566
2044	$62,875	2044	$56,070	$6,805
2045	$62,875	2045	$55,828	$7,048
2046	$62,875	2046	$55,580	$7,295
2047	$62,875	2047	$55,328	$7,547
2048	$62,875	2048	$55,072	$7,803
2049	$62,875	2049	$54,811	$8,065
2050	$62,875	2050	$54,545	$8,331
Total Revenues	**$1,499,379**	**Total Expenditures**	**$1,358,367**	**$141,012**
2051 (Sunset)	**$908,318**	**2051 (Sunset)**	**$54,274**	**$854,045**

Recommendations

This study recommends the Town of Erie, TOEURA and its partner taxing entities establish the Erie Town Center Urban Renewal Plan and negotiate tax increment revenue sharing agreements with the developer. The development is simply not feasible without significant public funding and support. This study assumes that the Town, TOEURA and its partnering taxing entities are aligned in facilitating the Erie Town Center Planned Development vision and appreciate the importance this development holds in catalyzing the broader PD plan.

The development's feasibility is jeopardized for a variety of reasons. The site exhibits significant blighting factors, including severe undermining hazards. The grocery anchor, while a high priority publicly, is a loss-leader for the developer. Regulatory controls limit the development's uses and density, creating a scenario where the horizontal infrastructure costs exceed vertical construction costs. This unusual combination contributes to the large funding gap, and the need for a significant public private partnership between the project, Town, and TOEURA.

Tax Increment Financing alone will not close the project's feasibility gap, however. It is necessary that the Developer and the Town work together on additional funding sources to help close the estimated $19.5 to $20.5 million feasibility gap. This study estimates that property and sales tax increment shared at the proposed levels would reduce the funding gap by ~50%. The remaining 50% will need to be overcome with alternative public finance sources. These additional revenue sources should include "self-taxing" strategies, such as metropolitan districts, business improvement districts, and add-on public improvement fees (both on sales and services). The Town should also consider one-time fee reimbursements and potentially assisting in the undermining mitigation or public street improvements.

The Study does not recommend extending these proposed revenue sharing agreements to future phases of the project, even if they occur within the proposed Urban Renewal Plan area. Incremental taxable value generated by future phases should be remitted to the Town and TOEURA's participating taxing entities. Land sales within future phases should also be carefully considered by the Town to ensure it is receiving an adequate return on investment relative to the property's original purchase price.

This study recommends the following:

- The Town of Erie establishes the Erie Town Center Urban Renewal Plan.
- TOEURA negotiates property tax increment revenue sharing agreements with participating taxing entities. The study recommends that at least 67% of the project's overlapping millage rate be pledged to the project for 25 years.
- The Town of Erie and TOEURA enter into a sales tax increment revenue sharing agreement with the developer. This agreement should pledge no more than 92.9% of the increment generated at the Town's 3.50% rate to the project. This is an effective incremental sales tax rate of 3.25%. The remaining 0.25% of the Town Sales Tax will be remitted to the Town by TOEURA until the Urban Renewal Plan sunsets.

The following sections provide more detail on the Study's findings and recommendations.

Background

Scope of the Review

To evaluate the proposed project's feasibility and public financing needs, PDC reviewed and provided independent research regarding the following assumptions:

- Independent verification for market assumptions presented in the development proposal,
- Construction costs estimate verification,
- Financial gap analysis,
- Market verification on commercial construction loan rates and terms,
- Comparison with market rate investment criteria and yield indicators,
- Assessed Value appraisal and tax estimates,
- Fiscal Impact Analysis,
- Potential impacts from current economic uncertainty.

Methodology

The Developer provided detailed conceptual designs, budgets, and development and operating pro forma. The Developer also allowed PDC to interview the development team and interrogate assumptions within their pro forma. This information helped inform this Report's analysis.

The Reviewers conducted independent research into market conditions and development costs to establish a market baseline for evaluating this Project's feasibility. The development costs were independently verified to determine their reasonableness. Projected revenues, including commercial leases, were contrasted with comparable properties throughout the local and regional market. The same method was used to compare the project's expenses, including commercial operating expenses, absorption, lease-turnover, vacancy, and financial terms to local market realities. Once these assumptions were evaluated, the Reviewers performed a sensitivity analysis on a range of gap funding scenarios. These potential financial gaps were estimated by the Reviewers through an independent rate of return analysis targeting market-based investment expectations. The Reviewers then estimated the development's future property and sales tax revenue using similar assumptions. The tax revenue forecast was then compared to the gap funding analysis to identify the optimal range for revenue sharing. Finally, the reviewers conducted a fiscal impact analysis to estimate Erie's cost of serving this development. The revenue sharing agreement necessary for making the development feasible was applied to the fiscal impact analysis to estimate the net fiscal impact the revenue sharing agreement and development would have on the municipality over a fixed period (25 years).

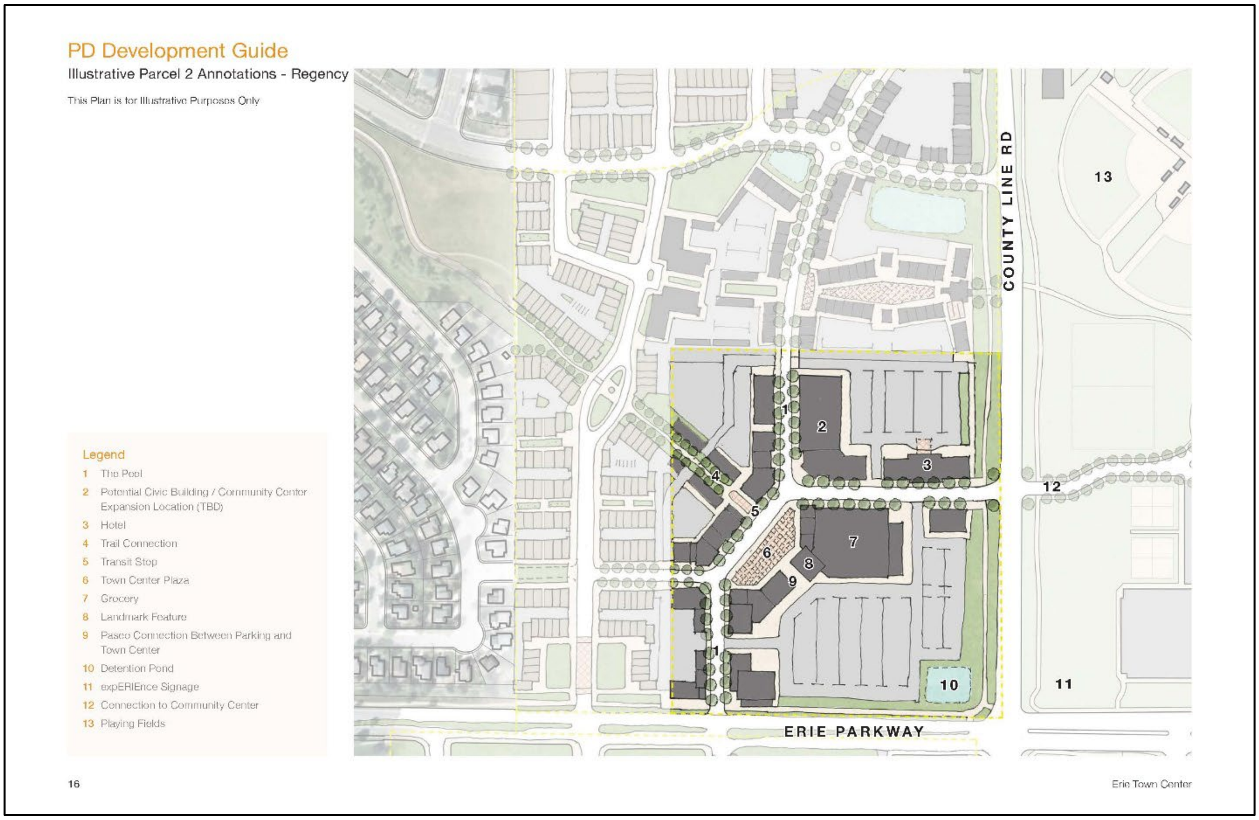
Project Basis

Proposed Development Project – Erie Town Center Phase 1	
Boulder County Parcels	146524110001
Property Owner (Per Assessor)	Town of Erie
Situs	N/A
Current Actual Value	**$3,361,034**
Use Description	**Tax Exempt**

- The site is ~ 20.31 acres located within the Town of Erie's Town Center Planned Development Zone. The proposed development encompasses ~7 acres in the parcel's southeast quadrant, closest to the East County Line Road and Erie Parkway intersection. The site is within the Town of Erie's municipal limits.
- The Town of Erie purchased this parcel in 2022 for $4,000,000. The property was considered underutilized and development complicated by undermining.
- The property is impacted by mine subsidence hazards, caused by the now abandoned Garfield No. 1 Coal Mine. According to a 2022 Lithos Engineering Study, 70% of the property is undermined with ~30% falling within high to severe subsidence hazard zones. The proposed Phase 1 development largely encompasses these zones.
- The Erie Town Center Phase 1 Project will mitigate the subsidence hazard, extend public infrastructure throughout the site, and develop a commercial development in alignment with the Towns PD.
- The development will feature an anchor grocery store, two commercial retail buildings, and two multi-tenant office/service buildings. Total commercial equals ~41,715 square feet.
- The development will construct two public streets, Pinnacle and Town Center, in addition to stormwater retention and off-site Erie Parkway and East County Line Road Improvements.
- The reviewers evaluated this project on a real estate basis. The business' profit and loss, operational expenses, and operational costs are not considered part of the Gap Funding analysis. This development is assumed to be a for-lease product.
- The two retail commercial pads are assumed to be sold during the construction phase. These proceeds lower the project's total construction costs evaluated by this Study.
- The Reviewers estimated the development's incremental tax revenues based on Erie's current millage rate, the current tax area overlapping millage rate and the town's current sales tax rate.
- The Reviewers estimated the development's fiscal impact based on the Town of Erie's 2025 budget and state demographer growth rates for both population and employment. The fiscal impact analysis assumes that the Town, TOEURA, taxing entities that levy an ad valorem property tax within the area and the Developer have agreed to an incremental property and sales tax revenue sharing agreement lasting 25-years after the Town Center Urban Renewal Plan has been established.

Development Assumptions

Erie Town Center Phase 1 Conceptual Development



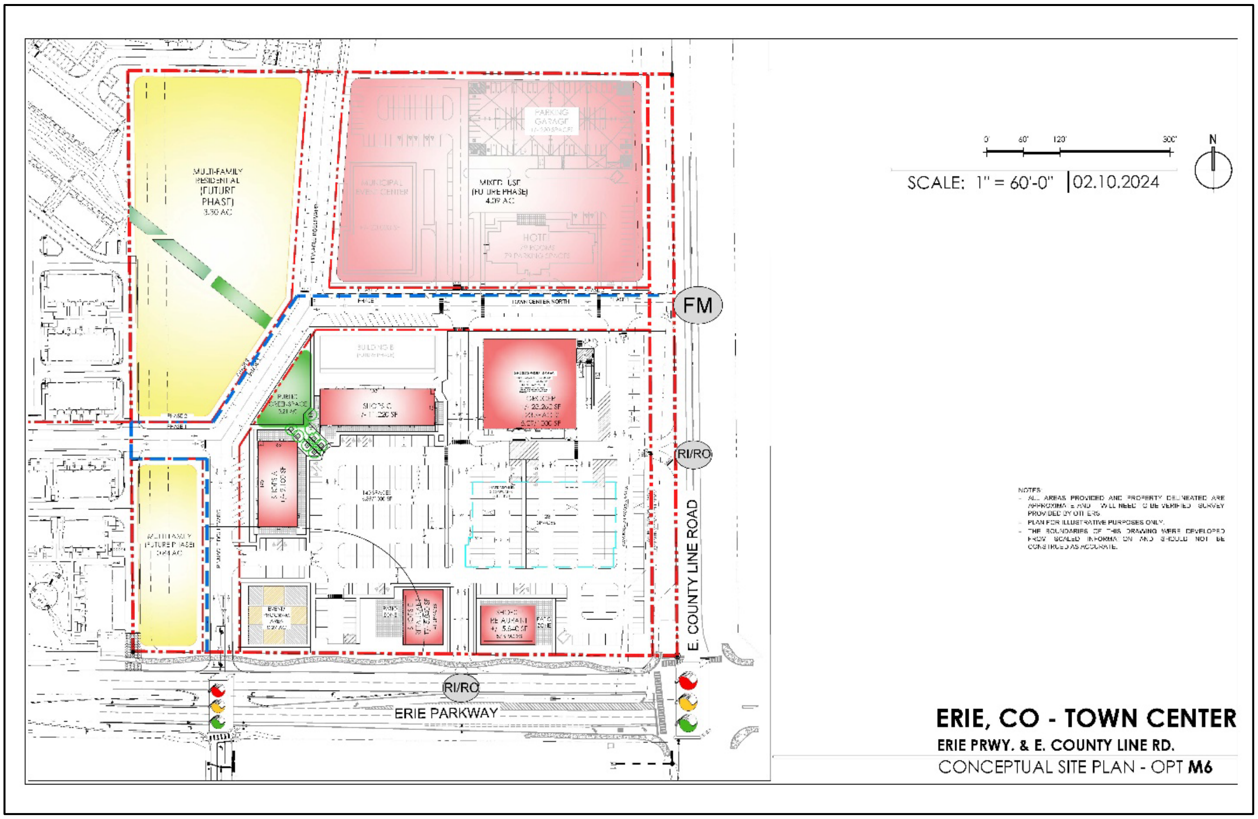
Conceptual Development Plan and Assumptions

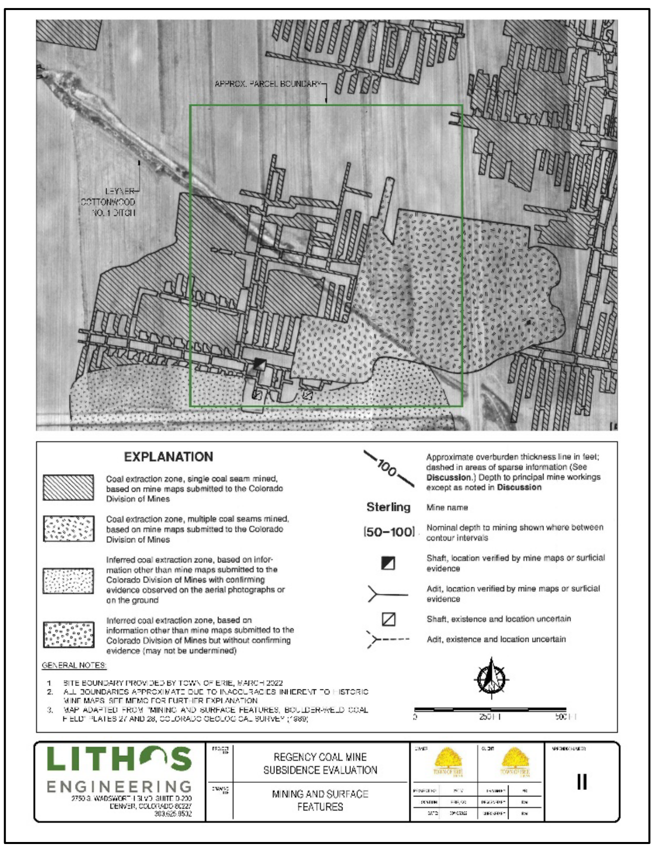
Erie Town Center Phase 1 (The Project) is a commercial development being proposed within the Town of Erie. The project is located at the intersection of East County Line Road and Erie Parkway within a ~20-acre Town Owned property. The development team is led by Evergreen Devco Inc, an experienced developer within Colorado. Evergreen has proposed a conceptual development plan divided into two phases. Only Phase 1 is evaluated by this study.

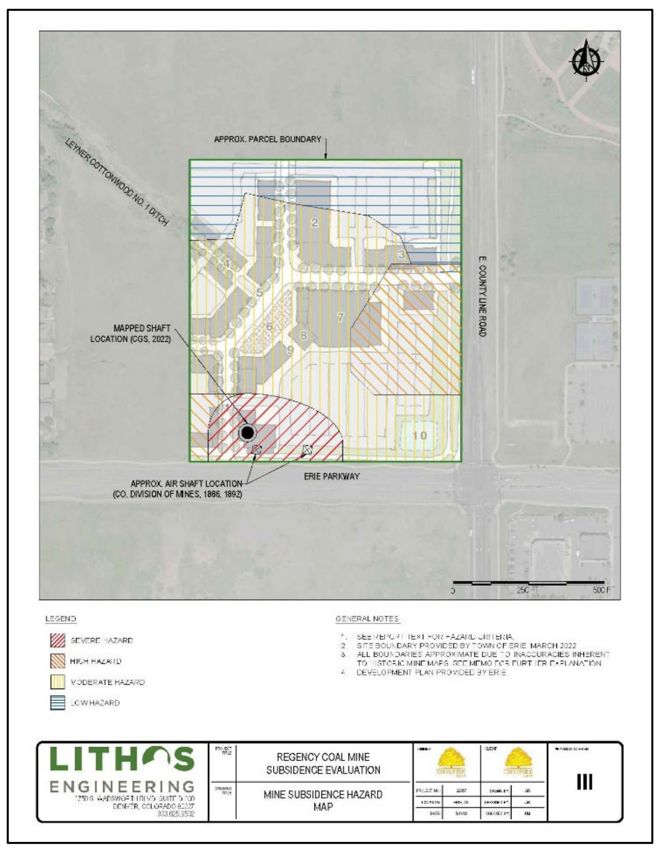
Phase 1 includes ~7.0 acres and will construct 55,262 square feet of commercial space. Phase 1 is considered a catalyst for the Erie Town Center Planned Development zone and will help mitigate major undermining and subsidence hazards. This mitigation, coupled with infrastructure extensions, should serve to activate future development phases within the Town's PD.

The proposed commercial space includes an anchor Grocery Store (23,262 SF), two restaurants (11,680 SF) and two multi-tenant buildings (20,320) intended to serve as office/service space. Evergreen is expected to sell the commercial pads for the restaurant uses and construct the grocer and multi-tenant buildings. Evergreen will then hold these properties and collect lease payments. The feasibility study evaluates return on investment metrics based on the vertical improvement held by Evergreen. The horizontal infrastructure construction is expected to commence immediately, with vertical improvements being completed from 2027 to 2028.

(See Concept Plan and rendering below):


SCALE: 1" = 60'-0"
02.10.2024
MULTI-FAMILY RESIDENTIAL (FUTURE PHASE) 3.90 AC
MIXED USE (FUTURE PHASE)
FM
RI/RO
E. COUNTY LINE ROAD
ERIE PARKWAY
ERIE, CO - TOWN CENTER
ERIE PRWY. & E. COUNTY LINE RD.
CONCEPTUAL SITE PLAN - OPT M6


APPROX. PARCEL BOUNDARY
LEYNER-COTTONWOOD NO. 1 DITCH
EXPLANATION
Coal extraction zone, single coal seam mined, based on mine maps submitted to the Colorado Division of Mines
Coal extraction zone, multiple coal seams mined, based on mine maps submitted to the Colorado Division of Mines
Inferred coal extraction zone, based on information other than mine maps submitted to the Colorado Division of Mines with confirming evidence observed on the aerial photographs or on the ground
Inferred coal extraction zone, based on information other than mine maps submitted to the Colorado Division of Mines but without confirming evidence (may not be undermined)
100
Approximate overburden thickness line in feet; dashed in areas of sparse information (See Discussion.) Depth to principal mine workings except as noted in Discussion
Sterling
Mine name
[50–100]
Nominal depth to mining shown where between contour intervals
Shaft, location verified by mine maps or surficial evidence
Adit, location verified by mine maps or surficial evidence
Shaft, existence and location uncertain
Adit, existence and location uncertain
GENERAL NOTES:
1. SITE BOUNDARY PROVIDED BY TOWN OF ERIE, MARCH 2022
2. ALL BOUNDARIES APPROXIMATE DUE TO INACCURACIES INHERENT TO HISTORIC MINE MAPS. SEE MEMO FOR FURTHER EXPLANATION
3. MAP ADAPTED FROM "MINING AND SURFACE FEATURES, BOULDER-WELD COAL FIELD" PLATES 27 AND 28, COLORADO GEOLOGICAL SURVEY (1986)
LITHOS ENGINEERING
REGENCY COAL MINE SUBSIDENCE EVALUATION
MINING AND SURFACE FEATURES
II


APPROX. PARCEL BOUNDARY
LEYNER COTTONWOOD NO. 1 DITCH
MAPPED SHAFT LOCATION (CGS, 2022)
APPROX. AIR SHAFT LOCATION (CO. DIVISION OF MINES, 1886, 1892)
ERIE PARKWAY
E. COUNTY LINE ROAD
LEGEND
SEVERE HAZARD
HIGH HAZARD
MODERATE HAZARD
LOW HAZARD
GENERAL NOTES
1. SEE REPORT TEXT FOR HAZARD CRITERIA
2. SITE BOUNDARY PROVIDED BY TOWN OF ERIE, MARCH 2022
3. ALL BOUNDARIES APPROXIMATE DUE TO INACCURACIES INHERENT TO HISTORIC MINE MAPS. SEE MEMO FOR FURTHER EXPLANATION
4. DEVELOPMENT PLAN PROVIDED BY ERIE
LITHOS ENGINEERING
REGENCY COAL MINE SUBSIDENCE EVALUATION
MINE SUBSIDENCE HAZARD MAP
III

Feasibility Gap Assumptions

Development Program

The Reviewers have evaluated this proposed development from the perspective of an open market. This analysis assumes that the proposed grocer and multi-tenant buildings are being developed as a for-lease product. Commercial pad sales are applied to the project's construction costs. The following chart compares the as-proposed development proforma assumptions with PDC's market-derived assumptions.

Assumptions	As Proposed	Market Estimate	Comments
Use Type			
Residential Units	0	-	No Residential is being proposed.
Commercial Retail	23,262 SF	-	The Reviewers assume that commercial space will be leased to maximize NOI. Commercial leases are assumed NNN. Commercial Retail Space only includes the Grocer, as the restaurant pads are expected to be sold during construction. Commercial office space includes the Multi-Tenant Buildings.
Commercial Office	20,320 SF	-	
Commercial Component			
Commercial Retail Leasing Rates Per Square Foot	$29.00 psf	$25.00 psf	Evergreen is expected to construct and own the Grocery Store building as part of this development. Evergreen provided preliminary lease rates for this space. PDC analyzed comparable retailers throughout the regional area. The market analysis found that Evergreen's proposed lease rates are higher than current market lease rates, especially those featuring larger properties. Newer neighborhood commercial retail properties command lease rates range between $23-$25 PSF NNN. However, Evergreen's arrangement with the Grocer may be able to justify higher rents. In fact, Erie's commercial retail rents are trending towards that of the Boulder market, suggesting that the developer's assumed lease rate is reasonable, albeit higher than the market. Given these factors, the reviewers estimate that this property would command an asking rent of $29 PSF NNN. Reviewer's estimate is based on a comparison of commercial retail space leases and expenses in the market area. Assumes NNN leases.
Commercial Retail Operating Expenses	$N/A	$11.00 psf	Denver Metro area average operating expenses for commercial retail properties were used by the reviewers.
Commercial Office Leasing Rates Per Square Foot	$40.00 psf	$34.50 psf	Evergreen is expected to construct and own the multi-tenant buildings as part of this development. The multi-tenant buildings are expected to be used as office space, including medical offices and professional services. Evergreen provided preliminary lease rates for this space. PDC analyzed comparable multi-tenant office buildings throughout the regional area. The market analysis found that Evergreen's proposed lease rates are aligned with Boulder County averages, but higher

Commercial Office Operating Expenses	$N/A	$11.00 psf	than existing comps within Erie and within a 15-minute drive radius around the site. Boulder County's office leases of comparable properties average $40.34 PSF NNN. Erie's office space market, by comparison, averages $23.48 PSF NNN. The Reviewers' assume that this newer development can command lease rates similar to those within Boulder County but currently outside the Erie market area. Given these factors, the reviewers accept the developer's estimate that this property would command an asking rent of $40.00 PSF NNN. Assumes NNN leases. Denver Metro area average operating expenses for commercial office properties were used by the reviewers.
Financing Component			
Debt			
Loan: Cost Ratio	65%	55% - 70%	The developer provided construction loan financing information as part of their pro forma and interviews. Permanent loan financing was not provided. Reviewers' assumptions are based on comparable commercial developments within the market area.
Interest Rate	7.50%	7.50%	
Amortization	N/A	20-30 Years	
Capitalization Rates			
Stabilized – Retail	N/A	6.75%	Economic and market conditions in Denver Metro and Boulder submarkets outperform national and west region averages by ~25 basis points. Retail cap rates, especially for food service tenants, are forecast to remain stable in the coming years. Office cap rates are beginning to see signs of compression, although they remain higher in the local market area. The going-in (stabilized) cap rate used in this Review reflects these market expectations. Typically, exit cap rates (at asset liquidation) are 50 to 150 basis points higher than going-in rates. The reviewers used a 75-basis point increase for liquidated capitalization rates.
Liquidated – Retail	N/A	7.50%	
Stabilized – Office	N/A	7.50%	
Liquidated – Office	N/A	8.25%	
Return on Investment Metrics			
Target Yield			Market-based target yield rates are used to estimate the financial gap. These yield rates represent a blended return based on market surveys for retail office commercial property investments. The NPV is calculated using the blended pre-tax yield rate. This is the rate of interest that discounts pre-tax cash flows received on an unlevered investment back to a present value that is exactly equal to the original equity investment. Return on Cost, or yield on cost, is based on current capitalization rates and development spreads for specific uses.
Yield Rate (IRR, Unlevered)	n/a	9.25% to 10.25%	
Return on Cost	n/a	8.75% to 9.50%	
Net Present Value	n/a	> 0	
Development Cost			

Land Purchase Cost	$0	$0	The Reviewers assume that the Town has agreed to convey the land required for Phase 1 to the developer. Land outside Phase 1 is not considered by this analysis.
Public Infrastructure Cost	$7,646,348	$7,646,348	The Reviewers assume the developer's public infrastructure costs are accurate. Reviewer's interviewed development team and reviewed cost estimations. Public infrastructure costs include new public streets (Town Center and Pinnacle) and off-site stormwater and roadway improvement to East County Line Road and Erie Parkway. Reviewer's also interviewed Erie Four Corners developers to confirm and check cost estimates. Cost also included undergrounding major irrigation ditch running through site. Costs include 15% contingency.
Mine Mitigation Costs	$4,443,011	$4,443,011	Mine mitigation costs were provided by developer and their engineering consultants. A Phase II environmental study performed by Lithos Engineering originally estimated mitigation costs at $400,000 per acre. Phase 1's mine mitigation costs equate to ~$635,000 per acre. Reviewers accept this increase as reasonable given Phase 1's location over the high to severely impacted mine subsidence zones on the property.
Site Work	$7,788,135	$7,788,135	Reviewers interviewed development team regarding site work costs. Confirmed that off-site and public infrastructure costs were not double counted. Site work costs appear high, but are validated by engineering estimates. Reviewers find these costs reasonable.
Soft and Hard Cost	$20,805,171	$19,000,000	Reviewers used cost approximation tables and construction cost indexes to evaluate the development's soft and hard costs. Building improvement costs provided by the developer were lower than reviewers approximations. Soft costs, however, were higher than typical approximations. This may be due to higher raw water and tap fees, in addition to the Town's impact fees. Financing cost were reasonable.
Development Cost	**$40,682,665**	**$38,877,494**	The Reviewer's estimated development cost is based on the project concept as understood by the Reviewer using cost guide approximations. The Developer's estimated development costs are heavily impacted by horizontal infrastructure costs, mine mitigation costs, off-site road and stormwater improvements, undergrounding a large irrigation ditch, and relatively high water, sewer and impact fees. The Reviewer's cost estimate is within 10% of the Developer's cost estimate, meaning that these costs are deemed reasonable.
Land Sales	**$3,281,775**	**$3,281,775**	Evergreen provided land sales estimates based on a $40 PSF price for two commercial pads. These pads will feature additional commercial retail uses not considered by this study. Reviewers found these pad sales higher than market averages (Comparable properties recently sold pads at ~$25 PSF). The developer's estimate was applied to the total development cost when evaluating the project's feasibility.

1. Source: CoStar, IRR, RERC; Realtyrates.com; RS Means; Zillow; CBRE; DMCAR; NAR, Commercial Real Estate Finance Co. of America, CommercialLoanDirect.com, Integra Realty Resources, Hoyt Advisory Services; NMHC/NAA; U.S. Census Bureau; RealPage, fixr.com, Statista: Denver, Fannie Mae, EV Studio, ARGUS College, Pioneer Development Company.

Estimated Feasibility Gap

Based on investor surveys and market data reviewed by PDC, the following target rates are used to proxy investment hurdle rates of return. In other words, it is assumed the cash flow projections must yield rates within the following ranges to be considered attractive to the market. Return-on-Investment (ROI) estimates are based upon stabilization in 2028, designated as Year 3 of the Proforma.

ROI Indicator	Description	Market Target
Return-on-Cost	Net Operating Income at Stabilization before debt service as % of Project Cost	8.75% to 9.50%
Internal Rate of Return (IRR, unleveraged, Pre-Tax Yield)	Annual revenue and asset sale over 10 years as return on development costs.	8.75% to 10.25%
Net Present Value (NPV)	Sum of Present Value Future Cash Flows, discounted at the appropriate Market Rate, less the initial Cash Outlay.	> $0

The following Gap Funding range analysis illustrates the application of total GAP funding against construction cost (minus land sales) during the 1st year of construction:

Feasibility (Financial Gap) Summary				
ROI Indicator	Market Target	GAP Funding Range[4]		
Estimated Gap (Stabilized Year)		***$19,500,000***	***$20,000,000***	***$20,500,000***
Return-on-Cost	**8.75% to 9.50%**	**8.39%**	**8.64%**	**8.89%**
IRR, Unlevered	**9.25% to 10.25%**	**9.47%**	**9.83%**	**10.21%**
NPV	**> $0**	**-$486,124**	**$986,124**	**$1,486,124**

The development project as proposed indicates a **financial gap between $19.5 million and $20.5 million.** The gap funding range analysis reveals that the project will begin to achieve market target rates for "return-on-cost", unleveraged IRR and Net Present Value with **$19.5 in gap funding.**

To achieve market target rates, this Gap Funding estimate is assumed to be applied to construction equity. The funding, therefore, is estimated as **a net present value of between $19.5 million and $20.5 million. This review estimates that the project will achieve target market hurdle rates at this level of public funding. Public funding can be a combination of Tax Increment Financing, cost-sharing, land equity, fee reimbursements, and add-on public improvement fees or metropolitan district mills.**

[4] Gap Funding is applied to Construction Equity in this analysis. Gap Funding is assumed to be Present Value.

Tax Increment Financing Forecast

Tax Revenue Forecast Summary

The development as proposed requires approximately $19.5 million to $20.5 million in gap funding to achieve financial feasibility based on market benchmarks and current investment metrics. The developer has requested public financing assistance in the form of tax increment financing. Tax increment financing can be achieved only if the Town of Erie and its partnering taxing entities agreement to establish the Erie Town Center Urban Renewal Plan. This section forecasts the project's incremental tax revenues to determine the present value an Urban Renewal Plan brings to the project. This present value is a proxy for bonding capacity and can be compared to the funding gap to evaluate project feasibility.

This report analyzed the project's incremental property and sales tax revenues. This tax revenue forecast is based on specific revenue sharing assumptions. These assumptions are tabulated below:

Erie Town Center - Tax Revenue Forecast			
Revenue Sharing Agreements	**Mill Levy/Rate %**	**Revenue Sharing %**	**URA Plan Mill/Rate**
Property Tax (All Entities)	**113.249**	**67%**	**75.376**
Sales Tax (Town Only)	**3.50%**	**92.9%**	**3.25%**

The report assumes that the revenue sharing agreements listed in the table have been negotiated and accepted by the Town, TOEURA, its partnering taxing entities and the developer. The assumption is that the Erie Town Center Urban Renewal Plan can retain incremental sales and property taxes at the listed rates for a period of 25 years. All incremental revenue is then assumed to be pledged to a metropolitan district (or similar special improvement district) and be spent on public infrastructure and blight mitigation. The revenue sharing assumptions are based on the Study's Fiscal Impact Analysis, and typical property tax sharing agreement throughout the market area within similar Urban Renewal Plans. These estimates are included in the following table. Property tax and sales tax rates are discussed in more detail in the following sections:

Erie Town Center Phase 1 – Tax Revenue Forecast Summary				
Property Tax Information				
Estimated Base Taxable Value	**$0**			
Total New Taxable Value	**$3,851,074**			
Total Net Taxable Value	**$3,851,074**			
URA Tax Increment Financing Estimates[5]	**Gross**	**Net Present Value[6]**	**Annual Average**	**Town of Erie**
Total	**$26,900,000**	**$9,900,000**	**$1,036,000**	**$807,000**
Property Tax (67% TIF Share)	$7,000,000	$2,600,000	$269,000	$40,000
Sales Tax (3.25% Rate, Inflation Adj.)	$19,900,000	$7,300,000	$767,000	$767,000
TOTAL PUBLIC FINANCE ESTIMATES	**Gross**	**Net Present Value**		
TOTAL	**$26,900,000**	**$9,900,000**		
Property Tax Increment	$7,000,000	$2,600,000		
Sales Tax Increment (Inflation Adj.)	$19,900,000	$7,300,000		
Public Finance Estimates	**$26,900,000**	**$9,900,000**		
GRAND TOTAL	**$26,900,000**	**$9,900,000**		

The Erie Town Center Phase 1 project is estimated to generate $7 million in property taxes and $19.9 million in sales taxes from 2025 to 2050. When discounted back at an appropriate discount rate (7.50%) this amount equates to a Net Present Value of $2.60 million in property tax revenue and $7.30 million in sales tax revenue.

The revenue forecast, based on the assumed revenue sharing agreements, **can effectively offset the project's feasibility gap by ~50%.** Additional public funding strategies will need to be leveraged to close the project's remaining 50% funding gap. These strategies should include developer-imposed taxes and fees, such as a Metro District, BID or Add-On Public Improvement Fee. The strategy could also extend to the Town reimbursing public infrastructure costs, undermining mitigation costs, or fees. A final strategy could include altering the development program to increase Phase 1's taxable value or retail sales tax producing space.

[5] Estimates have been rounded.
[6] Net Present Value Estimates are based on a 7.50% Discount Rate.

Sales Tax Forecast Analysis

Sales tax generated by Erie Town Center Phase 1 is based on a sales per square foot assumption for specific uses. These uses include two restaurants (which are expected to be constructed separately on the sold commercial pads. However, their incremental sales tax can be captured by the proposed Urban Renewal Plan.) PDC worked with the Development team to evaluate a comparable sales per square foot estimates. This analysis identified a sales per square foot estimate of $660 Phase 1. This analysis is included in the table below:

Commercial Retail Use	Square Feet	Annual Sales	Sales Per SF	Non-Taxable Sales	Net New Sales	Total Estimated Retail Sales	Adjusted Sale Per SF
Restaurant 1	5,840	$3,942,000	$650	5%	95%	$3,557,655	$609.19
Restaurant 2	5,840	$3,942,000	$650	5%	95%	$3,557,655	$609.19
Grocer	23,262	$17,679,120	$760	5%	95%	$15,955,406	$685.90

Property Tax Forecast

The study assumes that the Town, TOEURA, and its participating taxing entities will negotiate a revenue sharing agreement that mirrors the table below. The project is within tax area 1392. The study assumes that only 67% of the tax area's millage rate will be eligible for tax increment financing.

Tax District Name	2024 Mill Levy	TIF Agreement	TIF Eligible Mill Levy
HIGH PLAINS LIBRARY DISTRICT	3.196	100%	3.196
TOWN OF ERIE - GENERAL OPERATIONS	7.288	100%	7.288
TOWN OF ERIE - BOND REDEMPTION	2.093	0%	0.000
TOWN OF ERIE - CAPITAL EXPENDITURES	4.000	100%	4.000
MOUNTAIN VIEW FIRE PROTECTION DISTRICT	16.247	100%	16.247
URBAN DRAINAGE AND FLOOD CONTROL	0.900	0%	0.000
NORTHERN COLORADO WATER (NCW)	1.000	0%	0.000
SCHOOL DIST RE1J-LONGMONT (SFA)	27.000	100%	27.000
SCHOOL DIST RE1J-LONGMONT (MLO)	13.238	0%	0.000
SCHOOL DIST RE1J-LONGMONT (BOND)	16.728	0%	0.000
SCHOOL DIST RE1J-LONGMONT (ABATEMENT)	0.272	0%	0.000
BOULDER COUNTY - GENERAL OPERATIONS	17.645	100%	17.645
BOULDER COUNTY - ROADS AND BRIDGES	0.159	0%	0.000
BOULDER COUNTY - PUBLIC WELFARE	0.837	0%	0.000
BOULDER COUNTY - DEVELOPMENT DISABILITY	0.856	0%	0.000
BOULDER COUNTY - CAPITAL EXPENDITURE	0.419	0%	0.000
BOULDER COUNTY - REFUND ABATEMENT	0.072	0%	0.000
BOULDER COUNTY - HEALTH AND HUMAN SERVICES	0.500	0%	0.000
BOULDER COUNTY - TEMP HS SAFETY	0.799	0%	0.000
	113.249	**67%**	**75.376**

Fiscal Impact Analysis

The Erie Town Center Phase 1 Cost of Service Study:

Tax Increment Financing Impact Analysis

The Cost-of-Service Study has been designed to evaluate the Project's net fiscal impact on the Town of Erie over a 25-year period based on the assumed incremental property and sales tax sharing agreements. The proposed development has exhibited a feasibility (funding gap) between $19.5 million and $20.5 million. This Study analyzed the development's impact on the Town of Erie assuming that the Town Center Urban Renewal Plan has been established and both a property and sales tax increment reimbursement agreement has been negotiated.

The Cost-of-Service analysis applied this revenue sharing agreement to forecast the Project's net fiscal impact on the Town of Erie over the Urban Renewal Plan 25-year horizon. The following table outlines the Project's proposed revenue sharing agreement:

Erie Town Center Phase 1 Cost of Service - Direct Revenue Assumptions (2025 to 2050)			
Revenue Sharing Agreements	**Erie Mill Levy/Rate %**	**Revenue Sharing %**	**URA Plan Mill/Rate**
Property Tax	**7.29**	**100%**	**7.29**
Sales Tax	**3.50%**	**92.9%**	**3.25%**

Evaluating the Project's Net Fiscal Impact

The Cost-of-Service study applied this revenue sharing agreement to forecast the Project's net fiscal impact on the Town of Erie between 2025 and 2050. A fiscal impact analysis is defined as "a projection of the direct, current, public costs and revenues associated with residential and non-residential growth to the local jurisdiction in which this growth is taking place."[7]

The analysis forecast the Project's future growth, value, and taxes and proportionally assigns this growth a cost based on the Town's 2025 budget. The Town's growth, its demographics, revenues, and expenditures are also forecast in parallel with the Project. The analysis quantifies the Project's annual revenues and expenditures and estimates its net fiscal impact on the Town. This analysis is performed each year the revenue sharing agreement is in effect, for 25 years. The aggregated result is the Project's total net fiscal impact on the Town of Erie. The analysis also illustrates the project's fiscal impact on the Town once the revenue sharing agreement sunsets, although this is not included in the report's fiscal impact calculations.

The results of this analysis are tabulated below. The fiscal impact timeline is also illustrated in the following table and graphs:

[7] "The Fiscal Impact Handbook", Burchell and Listokin 1978.

Erie Town Center Phase 1 - Fiscal Impact Summary			
Revenues	**Total**	**Expenditures**	**Total**
Property Taxes	$0	General Fund	$1,358,367
Sales Taxes	$1,499,379		
Other General Fund Revenues	$0		
Total	**$1,499,379**	**Total**	**$1,358,367**

Erie Town Center – Annual Net Fiscal Impact Analysis				
Annual Revenues		**Annual Expenditures**		**Net**
Year	**Estimate**	**Year**	**Estimate**	
2025	$0	2025	$0	$0
2026	$0	2026	$0	$0
2027	$53,251	2027	$44,265	$8,986
2028	$62,875	2028	$59,423	$3,452
2029	$62,875	2029	$59,240	$3,636
2030	$62,875	2030	$59,053	$3,822
2031	$62,875	2031	$58,863	$4,012
2032	$62,875	2032	$58,670	$4,205
2033	$62,875	2033	$58,474	$4,401
2034	$62,875	2034	$58,274	$4,601
2035	$62,875	2035	$58,071	$4,804
2036	$62,875	2036	$57,864	$5,011
2037	$62,875	2037	$57,653	$5,222
2038	$62,875	2038	$57,439	$5,436
2039	$62,875	2039	$57,221	$5,654
2040	$62,875	2040	$56,999	$5,876
2041	$62,875	2041	$56,773	$6,102
2042	$62,875	2042	$56,543	$6,332
2043	$62,875	2043	$56,309	$6,566
2044	$62,875	2044	$56,070	$6,805
2045	$62,875	2045	$55,828	$7,048
2046	$62,875	2046	$55,580	$7,295
2047	$62,875	2047	$55,328	$7,547
2048	$62,875	2048	$55,072	$7,803
2049	$62,875	2049	$54,811	$8,065
2050	$62,875	2050	$54,545	$8,331
Total Revenues	**$1,499,379**	**Total Expenditures**	**$1,358,367**	**$141,012**
2051 (Sunset)	**$908,318**	**2051 (Sunset)**	**$54,274**	**$854,045**

Cost of Service Study Conclusion

The Study found that the Erie Town Center Phase 1 development and its proposed revenue sharing agreement will generate a positive fiscal impact from 2025 to 2050 (the Urban Renewal Plan's term). The total revenues generated (excluding incremental revenues pledged to the Urban Renewal Plan) over this time are estimated at $1,499,379. The total expenditures generated are estimated $1,358,367. These estimates account for the proposed revenue sharing agreements. The Project's fiscal impact results in a net surplus of $141,012 to the Town of Erie from 2025 to 2050. This surplus is minimal and can be interpreted as the breakeven point for the Town. If the Town were to agree to these proposed revenue sharing agreements, the project's limited sales tax revenue would pay for its estimated cost of services.

In summary, this Study recommends that the Town of Erie support the proposed revenue sharing agreement. The fiscal impact analysis indicates a positive cost-benefit for the Town, meaning that the development will not yield negative fiscal impacts even after the revenue sharing agreements. The project's feasibility depends largely on the Urban Renewal Plan and an aggressive TIF sharing agreement with the Town.

Methodology

Cost-of-Service Study Approach and Analysis

The Cost-of-Service Study presents a fiscal impact analysis on the Erie Town Center Phase 1 development (Project) and its proposed tax increment revenue sharing agreements. A fiscal impact analysis is defined as "a projection of the direct, current, public costs and revenues associated with residential and non-residential growth to the local jurisdiction in which this growth is taking place."[8] This study projects the public costs and revenues associated with the Project on the Town of Erie. This study only considers **direct impacts** in its analysis. **Direct impacts include taxes generated by the project and primary costs associated with that project's growth.** For example, population and employment changes created by the Project are direct impacts. Indirect impacts or induced impacts, common economic impact measurements, are not considered in this Study.

Traditionally, a fiscal impact analysis would evaluate a proposed development by estimating its direct revenues and costs based on a municipality's current budget and tax structure. However, this study evaluates a Project imbedded within a public private partnership. More specifically, this study evaluates the proposed development assuming a tax revenue sharing agreement has been negotiated. This study assumes that an Urban Renewal Plan has been established, and property tax increment and sales tax increment revenue sharing agreements have been negotiated. The combined incentive agreement will help make the project financially feasible.

This Study analyzes the Project's fiscal impact on the Town of Erie over the Plan's 25-year period and assumes that tax revenues will be allocated according to the proposed revenue sharing agreement. The revenue sharing agreement modeled by this study is tabulated below:

Erie Town Center Phase 1 Cost of Service - Direct Revenue Assumptions (2025 to 2050)			
Revenue Sharing Agreements	**Erie Mill Levy/Rate %**	**Revenue Sharing %**	**URA Plan Mill/Rate**
Property Tax	**7.29**	**100%**	**7.29**
Sales Tax	**3.50%**	**92.9%**	**3.25%**

Per Capita and Case Study Method

The Cost-of-Service study analyzes the Project's fiscal impacts using two methodologies, a Per Capita Multiplier methodology and a Case Study methodology. The Per Capita Multiplier methodology estimates the Town's current revenues and expenditures on a per capita basis. The Per Capita estimate represents the Town's total service population, which combines the Town's current population with a proportion of its non-resident workforce. The non-resident workforce proportion represents an equivalent full-time resident population. This analysis assumes a 50% proportion factor for the project's non-resident workforce.

8 "The Fiscal Impact Handbook", Burchell and Listokin 1978.

Together, these two populations form the Per Capita estimate. The Per Capita estimate is then compared to the Town's budget, where budgeted revenues and expenditures are assigned a per capita value.

The Project's total service population is then estimated and, using the Per Capita values, its recurring revenues and expenditures are evaluated. The Per Capita Multiplier methodology only considers revenues and expenditures that exhibit a nexus with population and employment growth. This nexus may exhibit elasticity, for example, staffing costs exhibit more elasticity to Per Capita growth than equipment purchases. Although both expenditures are likely to increase with Per Capita growth, the demand placed on Town staff is more linear and less punctuated than the demand placed on equipment. These differences are captured by this report using an Elasticity Percentage for each budgeted revenue and expenditure line item.

The Per Capita Multiplier methodology is combined with a Case Study methodology. PDC applied previous Fiscal Impact Analyses to this analysis to assume the level of impact changes in the total service population have on each General Fund department.

25 Year Forecast

The Cost-of-Service study evaluates the project's net fiscal impact over a 25-year horizon. The project's annual fiscal impact is calculated and then aggregated. The aggregated results equate to the overall net fiscal impact. The study adjusted direct revenues and costs, as well as demographic projections over this period. Taxable values, sales taxes, and lodging taxes were adjusted by 1% annually to account for inflation. The Town's 2025 budget was also adjusted annually by 1% to account for inflation. The Town's population and workforce estimates were increased annually based on the state demographer's growth rate projections for Boulder County, and the Town of Erie Comprehensive Plan's workforce projections[9].

Permit Fees and Impact Fees Excluded

The developer provided an estimated Impact and Building Permit Fee estimate as part of this development project. However, one-time revenues and expenditures are not included within the fiscal impact study. Although the development is expected to generate substantial revenues in the form of permit fees and impact fees, these revenues were excluded from this analysis as there are not recurring revenue or expenditures.

[9] "Erie Economic Market Analysis" September 9th, 2024

Appendix

Boulder County Analysis

Summary

This analysis is designed to summarize the subject parcel's urban renewal eligibility. The Feasibility Study has demonstrated Erie Town Center Phase 1's Feasibility Gap, one that can only be overcome through public private partnerships and creative public financing. The proposed Urban Renewal Plan formation is a critical step to making this project feasible. The Urban Renewal Plan and its ability to leverage tax increment financing will offset costs caused by blighting conditions within the site. These conditions include severe undermining, with mitigation costs estimated to exceed $4.4 million in Phase 1. This analysis will demonstrate how the Erie Town Center Urban Renewal Plan can leverage property tax increment financing to offset ~57% of these undermining costs. The Urban Renewal Plan, and Boulder County's partnership, is essential to realizing the Erie Community's vision for its Town Center.

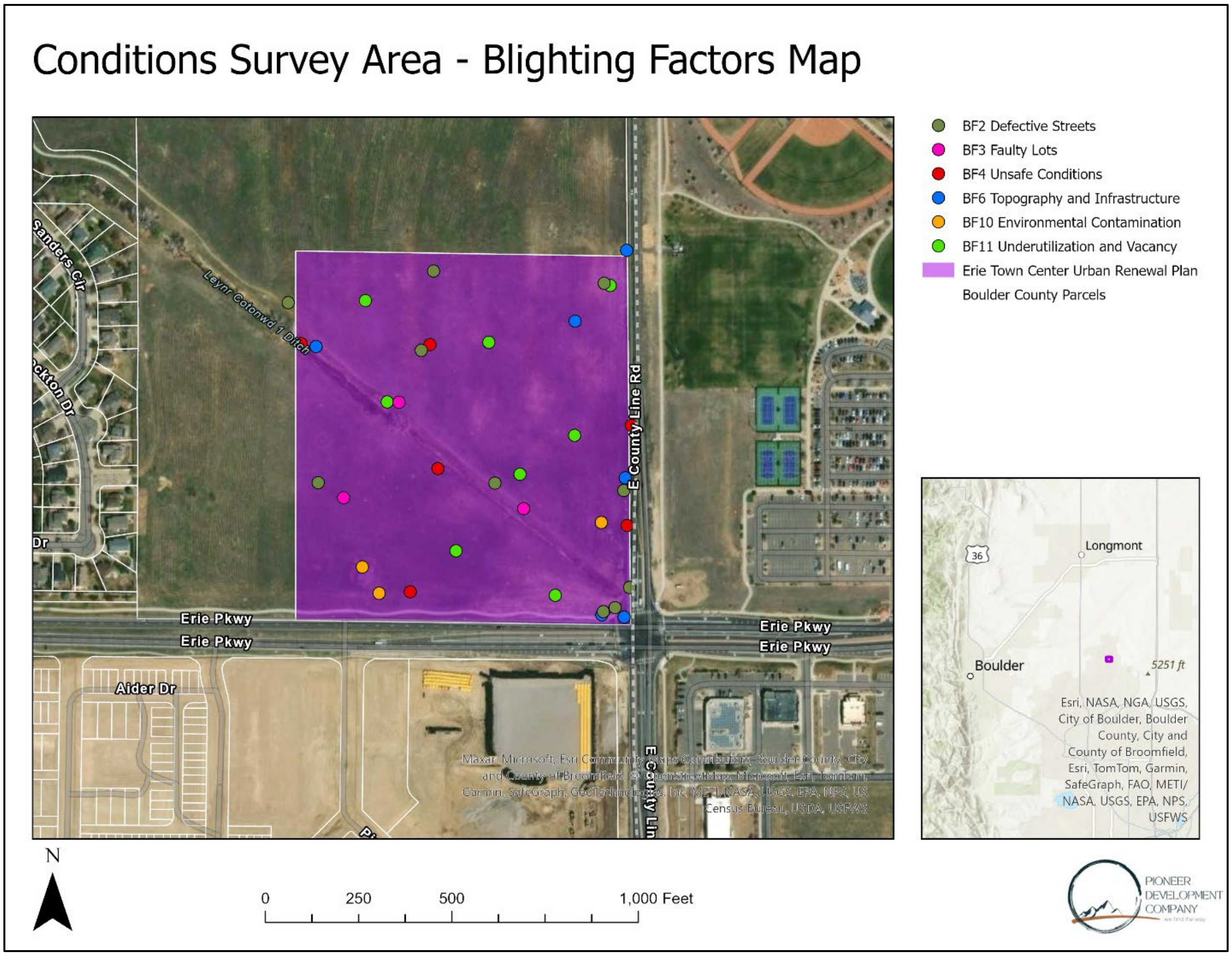
Urban Renewal Eligibility Summary

For an Urban Renewal Plan to be established, a specific geographic area within a municipality must be found to exhibit certain conditions. These are conditions that, in general, arrest the sound growth of a municipality. This may include conditions that impair a municipality's growth, retards housing development and accommodations, or constitutes a liability for economic or community development. Statute defines these conditions as eleven separate factors in C.R.S. 31-25-103.2. These factors must be cataloged before urban renewal projects and activities can commence.

The Town of Erie's Urban Renewal Authority (TOEURA) commissioned a Condition Survey to catalogue the statutorily defined blighted area factors impacting the Town Center Parcel. This Conditions Survey, dated December 4th, 2024, identified six (6) blighted area factors as defined by Colorado's Urban Renewal Law, within the Town's municipal limits. The presence of six blighting factors meets the requirements outlined in (C.R.S. 31-25-104), in which at least four blighting factors must be present for that area to be declared "blighted" and therefore eligible to be designated as an Urban Renewal Plan area. These factors are tabulated below and illustrated on the map on the following page:

Conditions Survey – Blighting Factors Catalogued

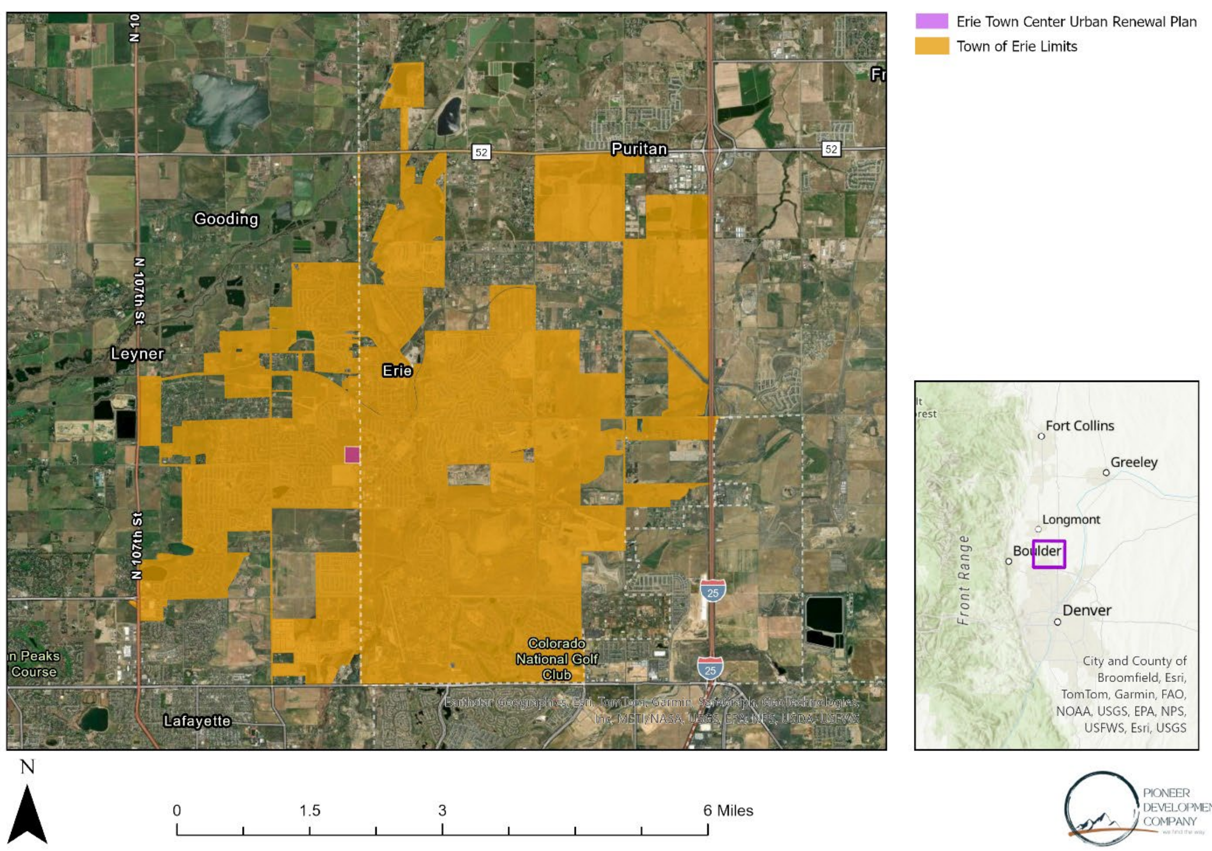
Blighted Area Factor # **(C.R.S. 31-25-103.2 List Label)**	**Definition**
Factor 2 (b)	Predominance of Defective or Inadequate Street Layout
Factor 3 (c)	Faulty Lot Layout in Relation to Size, Adequacy, Accessibility, or Usefulness
Factor 4 (d)	Unsanitary or Unsafe Conditions
Factor 6 (f)	Unusual Topography or Inadequate Public Improvements or Utilities
Factor 10 (j)	Environmental Contamination
Factor 11 (k.5)	The Existence of Health, Safety, or Welfare Factors Requiring High Levels of Municipal Services or Substantial Physical Underutilization or Vacancy of Sites, Buildings, or Other Improvements



The proposed Urban Renewal Plan boundary also meets the statutory recommendation of “being drawn as narrowly as possible”. The boundary encompasses a single parcel that is owned by the Town of Erie. Although this parcel is surrounded by new development and is included within the comprehensive Erie Town Center Planned Development zone, it remains underutilized. Prior to the Town purchasing the property in 2022, the previous owner had pushed to lower its tax burden by assessing the property as agricultural. However, this property has not and will not be used for agricultural purposes. This property is strategically located in the center of Erie’s Municipal limits (see map on following page) and is a key component in the Town’s community led initiative to create the Erie Town Center. The factors identified by the conditions survey highlight the causes that have been arresting the property’s sound development. The blighting factors identified are also dispersed throughout the survey area, meaning that all parcels included exhibit multiple blighting factors.

The Conditions Survey finds that the proposed Erie Town Center Urban Renewal Plan area can be declared a “blighted area” as defined by Colorado’s Urban Renewal Law and therefore qualifies for urban renewal treatment.

Town of Erie Municipal Limits



Tax Increment Financing Revenue Forecast

The Feasibility study forecast Tax Increment Revenue generated at Boulder County's property tax millage rate. This forecast is based on an assumed revenue sharing agreement with the County where only incremental revenue generated at the County's General Fund Millage Rate would be pledged to the Urban Renewal Plan. That agreement is tabulated below:

Tax District Name	2024 Mill Levy	TIF Agreement %	TIF Eligible Mill Levy
BOULDER COUNTY - GENERAL OPERATIONS	17.645	100%	17.645
BOULDER COUNTY - ROADS AND BRIDGES	0.159	0%	0.000
BOULDER COUNTY - PUBLIC WELFARE	0.837	0%	0.000
BOULDER COUNTY - DEVELOPMENT DISABILITY	0.856	0%	0.000
BOULDER COUNTY - CAPITAL EXPENDITURE	0.419	0%	0.000
BOULDER COUNTY - REFUND ABATEMENT	0.072	0%	0.000
BOULDER COUNTY – HEALTH/HUMAN SERVICES	0.500	0%	0.000
BOULDER COUNTY - TEMP HS SAFETY	0.799	0%	0.000
TOTAL	**21.287**	**83%**	**17.645**

Boulder County issues a 21.287 overlapping millage rate within the proposed Erie Town Center Phase 1 Urban Renewal Plan. This mill levy is a significant revenue source for the County's operations and funds. According to the Boulder County 2024 Budget, net property taxes account for 40% of their total revenue collected, or ~$242.1 million in revenue. The 2024 budget represents a 10% increase over the 2023 budget of $593.5 million. It is against this financial backdrop that the Erie Town Center Urban Renewal Plan should be evaluated.

To quantify potential revenue impacts to the County, this study compared the Plan's projected annual property tax increment to the County's annual property tax revenue. Projected property tax increment revenue is derived from new improvements in the Plan area, meaning that the Plan area's base assessed value was not included in this comparison.

The Erie Town Center Urban Renewal Plan area's annual property tax TIF per the County's millage rate was then compared as a percentage to total property tax revenue collections. This report estimates that the Erie Town Center Urban Renewal Plan area's property tax increment generated at the County's General Fund millage rate will account for 0.03% of Boulder County's annual property tax revenue collections.

	2024 Property Tax Revenue (Budgeted)	Plan Area Estimated Property Tax TIF (Annual Average)	Percent of Total
Boulder County	$ 242,134,585	$ 62,962	0.3%

The Erie Town Center Urban Renewal Plan is expected to last 25 years. Over that time, the new improvements incentivized by this Plan through TOEURA will begin to accumulate incremental property tax revenue. These incremental property tax revenues represent a revenue stream that can be remitted to the TOEURA via TIF agreement in support of its remediation and redevelopment efforts in the Plan area.

Boulder County also levies a 1.185% sales tax, meaning that the Erie Town Center Urban Renewal Plan's projected sales tax revenue will serve as an additional revenue source to the County. **This report estimates that the Plan will generate an additional $7.3 million in County sales taxes over 25 years. This incremental sales tax revenue amounts to $288,500 as an annual average. When compared to incremental property taxes, this County sales tax increment (which is not eligible for TIF) will generate 4 times more revenue than the property tax increment.** In short, the Plan represents a positive return on investment for the County from a Fiscal standpoint.

Also, the Plan area's projected development accounts for only 0.07% of the County's annual property tax revenue collections. This means that over the next 25 years, the Erie Town Center Urban Renewal Plan will alleviate blight, activate commercial and affordable housing development, and fulfill the Town of Erie's Comprehensive Plan land use and community visioning goals for this area, without significantly detracting from the County's expected revenues. In fact, the County stands to generate more tax revenue than it pledges via the property tax collections. This report does not find a negative revenue impact on Boulder County caused by the Erie Town Center Urban Renewal Plan.

County Property Tax Increment and Blight Mitigation

The main source of blight afflicting this property is the significant undermining and subsidence hazards. This mitigation is costly and is one of the primary reasons why the Town and TOEURA are pursuing an Urban Renewal Plan area at this location. Mine mitigation costs were provided by Development Team and their engineering consultants. A Phase II environmental study performed by Lithos Engineering originally estimated mitigation costs at an average of $400,000 per acre in 2022. The most recent mitigation cost estimates provided by engineers and consultants for Phase 1 equate to ~$635,000 per acre. The total Mine Mitigation cost for Phase 1 is estimated at $4,443,011.

The Study evaluated Boulder County's Property Tax Increment compared to this blighting factor cost. The present value[10] of the proposed Tax Increment Financing agreement with Boulder County is $603,000. This present value estimate is approximately 14% of the total mine mitigation costs. Boulder County's participation in this Urban Renewal Plan represents a significant contribution to mitigating the blight impacted the property and its future development. However, it will require additional support from the Town, School District, and other partner taxing entities to fully overcome the funding gap created by these factors.

[10] Discounted at a 7.50% rate.

Exhibits

Erie Town Center Phase 1 Tax Revenue Forecast Model

Erie - Town Center Phase 1 Development Project														
Combined Annual Proforma		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Absorption Schedule														
Residential		-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial		-	-	-	40,322	14,940	-	-	-	-	-	-	-	-
Total Residential Units		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Commercial SF		-	-	-	40,322	14,940	-	-	-	-	-	-	-	-
Project Total Value														
Residential		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commercial		$ -	$ -	$ -	$ 13,129,273	$ 4,993,430	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Residential Actual Value		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Commercial Actual Value		$ -	$ -	$ -	$ 13,129,273	$ 4,993,430	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Project Taxable Value														
Residential Ratio	6.90%													
Commercial Ratio	25.0%													
Assessor % Reduction	85%													
Residential Taxable Value		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commercial Taxable Value		$ -	$ -	$ -	$ 2,789,970	$ 1,061,104	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Project Assessed Value (Taxable Value)		$ -	$ -	$ -	$ 2,789,970	$ 1,061,104	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Estimated Increment														
Annual NET AV (Assessed Value)		$ -	$ -	$ -	$ 2,789,970	$ 1,061,104	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Inflation Factor	1%													
Total NET AV (Inflation Adjusted)		$ -	$ -	$ -	$ 2,789,970	$ 3,889,585	$ 3,889,585	$ 3,928,481	$ 3,928,481	$ 3,967,766	$ 3,967,766	$ 4,007,443	$ 4,007,443	$ 4,047,518
Estimated Base														
Existing Taxable Value		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Base Inflation Factor	2%													
Incremental Taxable Value		$ -	$ -	$ -	$ 2,789,970	$ 3,889,585	$ 3,889,585	$ 3,928,481	$ 3,928,481	$ 3,967,766	$ 3,967,766	$ 4,007,443	$ 4,007,443	$ 4,047,518
Project Sales Tax														
Sales Tax Rate	3.3%													
Retail SALES Per SF		$ -	$ -	$ -	$ 19,513,061	$ 3,557,655	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Tax %														
Total Retail Sales		$ -	$ -	$ -	$ 19,513,061	$ 23,070,716	$ 23,070,716	$ 23,070,716	$ 23,070,716	$ 23,070,716	$ 23,070,716	$ 23,070,716	$ 23,070,716	$ 23,070,716
Estimated Annual Sales Tax		$ -	$ -	$ -	$ 634,174	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798
Property Tax TIF Estimates	*Plan Yr -->*	1	2	3	4	5	6	7	8	9	10	11	12	13
Property Tax														
Total Incremental Taxable Value		$ -	$ -	$ -	$ 2,789,970	$ 3,889,585	$ 3,889,585	$ 3,928,481	$ 3,928,481	$ 3,967,766	$ 3,967,766	$ 4,007,443	$ 4,007,443	$ 4,047,518
Mill Levy	75.376													
Annual Incremental Estimate		$ -	$ -	$ -	$ 210,297	$ 293,181	$ 293,181	$ 296,113	$ 296,113	$ 299,074	$ 299,074	$ 302,065	$ 302,065	$ 305,086
Discount Rate	7.50%													
NPV	$2,574,658													
Sales Tax TIF Estimate		1	2	3	4	5	6	7	8	9	10	11	12	13
Estimated Annual Retail Sales		-	-	-	19,513,061	23,070,716	23,070,716	23,070,716	23,070,716	23,070,716	23,070,716	23,070,716	23,070,716	23,070,716
Estimated Annual Sales Tax		$ -	$ -	$ -	$ 634,174	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798
Sales Tax Sharing %	100%													
Estimated Sales Tax Increment		$ -	$ -	$ -	$ 634,174	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798
Inflation Adjustment	1%													
Inflation Adjusted Sales		$ -	$ -	$ -	$ 659,925	$ 788,046	$ 795,926	$ 803,885	$ 811,924	$ 820,043	$ 828,244	$ 836,526	$ 844,891	$ 853,340
Rolling Inflation														
Discount Rate	7.50%													
NPV /No Inflation	$6,435,885													
NPV w/ Inflation	$7,270,534													

Erie - Town Center Phase 1 Development Project													End of URA Timeframe
Combined Annual Proforma	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050
Absorption Schedule													
Residential	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Residential Units	-	-	-	-	-	-	-	-	-	-	-		
Total Commercial SF	-	-	-	-	-	-	-	-	-	-	-		
Project Total Value													
Residential	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
Commercial	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
Total Residential Actual Value	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
Total Commercial Actual Value	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
Project Taxable Value													
Residential Taxable Value	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
Commercial Taxable Value	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
Project Assessed Value (Taxable Value)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
Estimated Increment													
Annual NET AV (Assessed Value)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total NET AV (Inflation Adjusted)	$ 4,047,518	$ 4,087,993	$ 4,087,993	$ 4,128,873	$ 4,128,873	$ 4,170,162	$ 4,170,162	$ 4,211,863	$ 4,211,863	$ 4,253,982	$ 4,253,982	$ 4,296,522	$ 4,296,522
Estimated Base													
Existing Taxable Value	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Incremental Taxable Value	$ 4,047,518	$ 4,087,993	$ 4,087,993	$ 4,128,873	$ 4,128,873	$ 4,170,162	$ 4,170,162	$ 4,211,863	$ 4,211,863	$ 4,253,982	$ 4,253,982	$ 4,296,522	$ 4,296,522
Project Sales Tax													
Retail SALES Per SF	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Retail Sales	$ 23,070,716	$ 23,070,716	$ 23,070,716	$ 23,070,716	$ 23,070,716	$ 23,070,716	$ 23,070,716	$ 23,070,716	$ 23,070,716	$ 23,070,716	$ 23,070,716	$ 23,070,716	$ 23,070,716
Estimated Annual Sales Tax	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798
Property Tax TIF Estimates	14	15	16	17	18	19	20	21	22	23	24	25	26
Total Incremental Taxable Value	$ 4,047,518	$ 4,087,993	$ 4,087,993	$ 4,128,873	$ 4,128,873	$ 4,170,162	$ 4,170,162	$ 4,211,863	$ 4,211,863	$ 4,253,982	$ 4,253,982	$ 4,296,522	$ 4,296,522
Annual Incremental Estimate	$ 305,086	$ 308,137	$ 308,137	$ 311,218	$ 311,218	$ 314,330	$ 314,330	$ 317,473	$ 317,473	$ 320,648	$ 320,648	$ 323,855	$ 323,855
Sales Tax TIF Estimate	14	15	16	17	18	19	20	21	22	23	24	25	26
Estimated Annual Retail Sales	23,070,716	23,070,716	23,070,716	23,070,716	23,070,716	23,070,716	23,070,716	23,070,716	23,070,716	23,070,716	23,070,716	23,070,716	23,070,716
Estimated Annual Sales Tax	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798
Estimated Sales Tax Increment	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798	$ 749,798
Inflation Adjusted Sales	$ 861,874	$ 870,493	$ 879,197	$ 887,989	$ 896,869	$ 905,838	$ 914,896	$ 924,045	$ 933,286	$ 942,619	$ 952,045	$ 961,565	$ 971,181

Feasibility Analysis Pro Forma
$19.5 Million in Gap Funding

Feasibility Summary

Scenario:
Town Center Gap Funding Scenario: Long-Term Hold ($19.5 Million in Gap Funding)

PROJECT SUMMARY

Property Summary	
Residential Units	0
Rentable SF	43,582
Total Development Cost	$37,400,890
Development Cost per Rentable Square Foot	$858
Construction Equity	$13,090,312
ConstructionDebt	$24,310,579
Proforma	
Year Stabilized	3
Stabilized NOI	$1,502,715
Stabilized Cap Rate	7.00%
Stabilized Proforma Value	$21,467,352
Stabilized Value Per RSF	$493
Reversion Value	$24,173,256
Reversion Cap Rate	7.75%
Growth Rate	3.00%
GAP FUNDING - applied to contruction equity	**$19,500,000**

Construction Loan Summary	
Loan : Cost Ratio	65%
Contruction Loan Term (mos)	36
Construction Interest Rate	7.50%
Construction Loan Amount	$24,310,579
Construct Loan Per RSF	$558
Perm Loan Summary	
Perm Loan : Value Ratio	65%
Perm Loan Amount	$13,953,779
Perm Loan Ammortization (yrs)	30
Perm Interest Rate	7.00%
Perm Loan Yearly Payment	$1,114,018
Perm Term	10
Perm Loan Balance	$13,953,779
Loan Fees/Closing Costs	2.0%
DSCR	1.3
DSCR Loan Amount	$16,513,347

Feasibility Indicators (10 yr hold)		Market Target Rate
Return on Cost*	8.39%	8.75% to 9.50%
IRR on Project (unleveraged)	9.47%	9.25% to 10.25%
NPV	$ 486,124	

*Stabilized Year 3

OPERATING PROFORMA

Proforma Year	**CONSTRUCT**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
Investment												
Construction Equity	(13,090,312)											
Construction Debt	(24,310,579)											
Construction Cost	**(37,400,890)**											
Operating Income												
Net Income from Property Operations	$0	$0	$1,074,792	$1,502,715	$1,523,268	$1,568,966	$1,616,035	$1,664,516	$1,714,451	$1,765,885	$1,818,861	$1,873,427
GAP Funding	*$19,500,000*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*
NOI	**$19,500,000**	**$0**	**$1,074,792**	**$1,502,715**	**$1,523,268**	**$1,568,966**	**$1,616,035**	**$1,664,516**	**$1,714,451**	**$1,765,885**	**$1,818,861**	**$1,873,427**
(less) Construction Loan Interest Payment		($1,823,293)	($1,823,293)	($1,823,293)								
(less) Perm Loan Payments		($1,114,018)	($1,114,018)	($1,114,018)	($1,114,018)	($1,114,018)	($1,114,018)	($1,114,018)	($1,114,018)	($1,114,018)	($1,114,018)	($1,114,018)
Operating Cash Flow	**$19,500,000**	**($2,937,311)**	**($1,862,520)**	**($1,434,597)**	**$409,250**	**$454,948**	**$502,017**	**$550,498**	**$600,433**	**$651,867**	**$704,843**	**$759,409**
Unleveraged Cash Flow (NET OF CONST GAP FUNDING)	**($17,900,890)**	**$0**	**$1,074,792**	**$1,502,715**	**$1,523,268**	**$1,568,966**	**$1,616,035**	**$1,664,516**	**$1,714,451**	**$1,765,885**	**$1,818,861**	**$26,046,684**
Rates of Return Analysis												
IRR on Project (unleveraged)	**9.47%**											
Return on Cost		0.00%	6.00%	**8.39%**	8.51%	8.76%	9.03%	9.30%	9.58%	9.86%	10.16%	10.47%
xNet Present Value	**$486,124**											

Feasibility Analysis Pro Forma
$20.0 Million in Gap Funding

Feasibility Summary

Scenario:
Town Center Gap Funding Scenario: Long-Term Hold ($20.0 Million in Gap Funding)

PROJECT SUMMARY

Property Summary		Construction Loan Summary	
Residential Units	0	Loan : Cost Ratio	65%
Rentable SF	43,582	Contruction Loan Term (mos)	36
Total Development Cost	$37,400,890	Construction Interest Rate	7.50%
Development Cost per Rentable Square Foot	$858	Construction Loan Amount	$24,310,579
Construction Equity	$13,090,312	Construct Loan Per RSF	$558
ConstructionDebt	$24,310,579		
		Perm Loan Summary	
		Perm Loan : Value Ratio	65%
Proforma		Perm Loan Amount	$13,953,779
Year Stabilized	3	Perm Loan Ammortization (yrs)	30
Stabilized NOI	$1,502,715	Perm Interest Rate	7.00%
Stabilized Cap Rate	7.00%	Perm Loan Yearly Payment	$1,114,018
Stabilized Proforma Value	$21,467,352	Perm Term	10
Stabilized Value Per RSF	$493	Perm Loan Balance	$13,953,779
Reversion Value	$24,173,256	Loan Fees/Closing Costs	2.0%
Reversion Cap Rate	7.75%	DSCR	1.3
Growth Rate	3.00%	DSCR Loan Amount	$16,513,347

GAP FUNDING - applied to contruction equity	$20,000,000

Feasibility Indicators (10 yr hold)		Market Target Rate
Return on Cost*	8.64%	8.75% to 9.50%
IRR on Project (unleveraged)	9.83%	9.25% to 10.25%
NPV	$ 986,124	
*Stabilized Year 3		

OPERATING PROFORMA

Proforma Year	CONSTRUCT	1	2	3	4	5	6	7	8	9	10	11
Investment												
Construction Equity	(13,090,312)											
Construction Debt	(24,310,579)											
Construction Cost	**(37,400,890)**											
Operating Income												
Net Income from Property Operations	$0	$0	$1,074,792	$1,502,715	$1,523,268	$1,568,966	$1,616,035	$1,664,516	$1,714,451	$1,765,885	$1,818,861	$1,873,427
GAP Funding	*$20,000,000*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*
NOI	**$20,000,000**	**$0**	**$1,074,792**	**$1,502,715**	**$1,523,268**	**$1,568,966**	**$1,616,035**	**$1,664,516**	**$1,714,451**	**$1,765,885**	**$1,818,861**	**$1,873,427**
(less) Construction Loan Interest Payment		($1,823,293)	($1,823,293)	($1,823,293)								
(less) Perm Loan Payments		($1,114,018)	($1,114,018)	($1,114,018)	($1,114,018)	($1,114,018)	($1,114,018)	($1,114,018)	($1,114,018)	($1,114,018)	($1,114,018)	($1,114,018)
Operating Cash Flow	**$20,000,000**	**($2,937,311)**	**($1,862,520)**	**($1,434,597)**	**$409,250**	**$454,948**	**$502,017**	**$550,498**	**$600,433**	**$651,867**	**$704,843**	**$759,409**
Unleveraged Cash Flow (NET OF CONST GAP FUNDING)	**($17,400,890)**	**$0**	**$1,074,792**	**$1,502,715**	**$1,523,268**	**$1,568,966**	**$1,616,035**	**$1,664,516**	**$1,714,451**	**$1,765,885**	**$1,818,861**	**$26,046,684**
Rates of Return Analysis												
IRR on Project (unleveraged)	**9.83%**											
Return on Cost		0.00%	6.18%	**8.64%**	8.75%	9.02%	9.29%	9.57%	9.85%	10.15%	10.45%	10.77%
xNet Present Value	**$986,124**											

Feasibility Analysis Pro Forma
$20.5 Million in Gap Funding

Feasibility Summary

Scenario:
Town Center Gap Funding Scenario: Long-Term Hold ($20.5 Million in Gap Funding)

PROJECT SUMMARY

Property Summary	
Residential Units	0
Rentable SF	43,582
Total Development Cost	$37,400,890
Development Cost per Rentable Square Foot	$858
Construction Equity	$13,090,312
ConstructionDebt	$24,310,579
Proforma	
Year Stabilized	3
Stabilized NOI	$1,502,715
Stabilized Cap Rate	7.00%
Stabilized Proforma Value	$21,467,352
Stabilized Value Per RSF	$493
Reversion Value	$24,173,256
Reversion Cap Rate	7.75%
Growth Rate	3.00%
GAP FUNDING - applied to contruction equity	**$20,500,000**

Construction Loan Summary	
Loan : Cost Ratio	65%
Contruction Loan Term (mos)	36
Construction Interest Rate	7.50%
Construction Loan Amount	$24,310,579
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Perm Loan Summary	
Perm Loan : Value Ratio	65%
Perm Loan Amount	$13,953,779
Perm Loan Ammortization (yrs)	30
Perm Interest Rate	7.00%
Perm Loan Yearly Payment	$1,114,018
Perm Term	10
Perm Loan Balance	$13,953,779
Loan Fees/Closing Costs	2.0%
DSCR	1.3
DSCR Loan Amount	$16,513,347

Feasibility Indicators (10 yr hold)		Market Target Rate
Return on Cost*	**8.89%**	**8.75% to 9.50%**
IRR on Project (unleveraged)	**10.21%**	**9.25% to 10.25%**
NPV	**$ 1,486,124**	
*Stabilized Year 3		

OPERATING PROFORMA

Proforma Year	**CONSTRUCT**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
Investment												
Construction Equity	(13,090,312)											
Construction Debt	(24,310,579)											
Construction Cost	**(37,400,890)**											
Operating Income												
Net Income from Property Operations	$0	$0	$1,074,792	$1,502,715	$1,523,268	$1,568,966	$1,616,035	$1,664,516	$1,714,451	$1,765,885	$1,818,861	$1,873,427
GAP Funding	*$20,500,000*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*
NOI	**$20,500,000**	**$0**	**$1,074,792**	**$1,502,715**	**$1,523,268**	**$1,568,966**	**$1,616,035**	**$1,664,516**	**$1,714,451**	**$1,765,885**	**$1,818,861**	**$1,873,427**
(less) Construction Loan Interest Payment		($1,823,293)	($1,823,293)	($1,823,293)								
(less) Perm Loan Payments		($1,114,018)	($1,114,018)	($1,114,018)	($1,114,018)	($1,114,018)	($1,114,018)	($1,114,018)	($1,114,018)	($1,114,018)	($1,114,018)	($1,114,018)
Operating Cash Flow	**$20,500,000**	**($2,937,311)**	**($1,862,520)**	**($1,434,597)**	**$409,250**	**$454,948**	**$502,017**	**$550,498**	**$600,433**	**$651,867**	**$704,843**	**$759,409**
Unleveraged Cash Flow (NET OF CONST GAP FUNDING)	**($16,900,890)**	**$0**	**$1,074,792**	**$1,502,715**	**$1,523,268**	**$1,568,966**	**$1,616,035**	**$1,664,516**	**$1,714,451**	**$1,765,885**	**$1,818,861**	**$26,046,684**
Rates of Return Analysis												
IRR on Project (unleveraged)	**10.21%**											
Return on Cost		0.00%	6.36%	**8.89%**	9.01%	9.28%	9.56%	9.85%	10.14%	10.45%	10.76%	11.08%
xNet Present Value	**$1,486,124**											

Town of Erie, Colorado

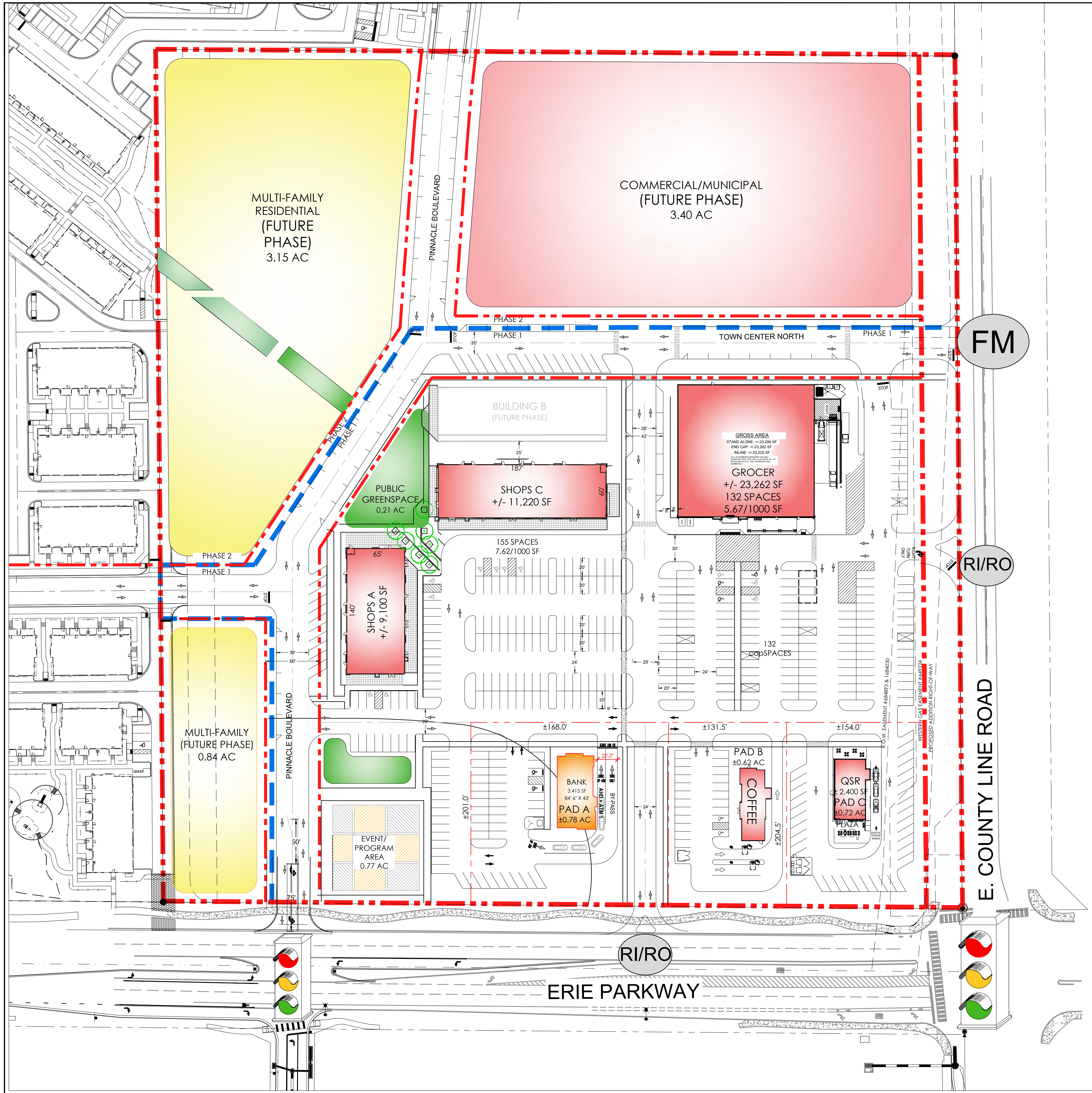
URA Financing Comparison
Estimated Rates as of October 7, 2025

Total Erie Costs	21,252,579
Less Mine Mitigation	5,109,463
Targeted Funding Need	**16,143,116**

	Scenario 1: Certificates of Participation		Scenario 2: Tax Increment Revenue Bonds with Moral Obligation Pledge	
Financing Sources Summary				
Par Amount	$17,500,000		$17,500,000	
Premium	1,146,940			
Total Sources of Funds	$18,646,940		$17,500,000	
Uses of Funds Summary		Funding Shortfall		Funding Shortfall
Project Fund	$15,734,440	408,676	$13,506,433	2,636,683
Capitalized Interest Fund	$2,625,000		$2,756,250	
Debt Service Reserve Fund	$0		$764,817	
Cost of Issuance	$200,000		$350,000	
Underwriter's Discount	87,500		122,500	
Total Use of Funds	$18,646,940		$17,500,000	
Finance Statistics				
Dated Date	12/1/2025		12/1/2025	
Net Interest Cost	4.65%		5.28%	
Maximum Annual Debt Service	$1,512,000		$1,529,633	
Total Debt Service	$29,893,250		$30,178,333	

Annual Debt Service

Year		Scenario 1: Net Debt Service	Scenario 1: Annual Excess Revenues	Scenario 1: DSCx	Scenario 2: Net Debt Service	Scenario 2: Annual Excess Revenues	Scenario 2: DSCx
2026		-	-		-	-	
2027	485,653	-	485,653	-	-	485,653	-
2028	838,817	-	838,817	-	-	838,817	-
2029	1,286,426	1,115,000	171,426	1.15x	1,123,750	162,676	1.14x
2030	1,429,363	1,238,000	191,363	1.15x	1,247,988	181,376	1.15x
2031	1,441,544	1,249,250	192,294	1.15x	1,260,138	181,407	1.14x
2032	1,458,212	1,264,000	194,212	1.15x	1,275,713	182,500	1.14x
2033	1,470,637	1,272,000	198,637	1.16x	1,284,450	186,187	1.14x
2034	1,487,641	1,288,500	199,141	1.15x	1,301,613	186,029	1.14x
2035	1,500,316	1,298,000	202,316	1.16x	1,311,675	188,641	1.14x
2036	1,517,660	1,315,750	201,910	1.15x	1,329,900	187,760	1.14x
2037	1,530,590	1,326,250	204,340	1.15x	1,340,763	189,828	1.14x
2038	1,548,283	1,339,750	208,533	1.16x	1,354,525	193,758	1.14x
2039	1,561,472	1,351,000	210,472	1.16x	1,365,925	195,547	1.14x
2040	1,579,520	1,370,000	209,520	1.15x	1,379,963	199,558	1.14x
2041	1,592,975	1,381,250	211,725	1.15x	1,391,375	201,600	1.14x
2042	1,611,385	1,395,000	216,385	1.16x	1,410,163	201,223	1.14x
2043	1,625,111	1,406,000	219,111	1.16x	1,420,800	204,311	1.14x
2044	1,646,890	1,429,250	217,640	1.15x	1,438,550	208,340	1.14x
2045	1,660,891	1,439,000	221,891	1.15x	1,452,888	208,004	1.14x
2046	1,680,048	1,455,750	224,298	1.15x	1,468,813	211,236	1.14x
2047	1,694,331	1,469,000	225,331	1.15x	1,481,063	213,269	1.14x
2048	1,713,872	1,483,750	230,122	1.16x	1,499,638	214,235	1.14x
2049	1,728,441	1,494,750	233,691	1.16x	1,509,013	219,429	1.15x
2050	1,748,375	1,512,000	236,375	1.16x	1,529,633	218,742	1.14x
Total		$29,893,250	$5,945,203		$30,178,333	$5,660,120	



0' 60' 120' 300'

N

SCALE: 1" = 60'-0" | 11.26.2025

NOTES:
- ALL AREAS PROVIDED AND PROPERTY DELINEATED ARE APPROXIMATE AND WILL NEED TO BE VERIFIED - SURVEY PROVIDED BY OTHERS.
- PLAN FOR ILLUSTRATIVE PURPOSES ONLY.
- THE BOUNDARIES OF THIS DRAWING WERE DEVELOPED FROM SCALED INFORMATION AND SHOULD NOT BE CONSTRUED AS ACCURATE.

ERIE, CO - TOWN CENTER

ERIE PRWY. & E. COUNTY LINE RD.

CONCEPTUAL SITE PLAN - OPT **P3**

645 Holbrook Street
Erie, CO 80516

TOWN OF ERIE

Urban Renewal Authority

Board Meeting Date: 12/9/2025

File #: 25-652, **Version:** 1

SUBJECT:
A Resolution of the Board of Commissioners of the Town of Erie Urban Renewal Authority Approving the Disposition and Development Agreement for 130 Wells St. and 570 Kattell St.

DEPARTMENT: Economic Development

PRESENTER(S): Stephanie Pitts-Nagus, Economic Development Manager

TIME ESTIMATE: 15 minutes
For time estimate: please put 0 for Consent items.

FISCAL SUMMARY:
The project is expected to generate new taxable activity in Old Town, strengthening the area's commercial base and producing long-term fiscal benefits for the Town. TOEURA will convey the property at no cost and reimburse up to $1.9 million in eligible project costs using 100% of the Property Tax Increment and 40% of the Sales Tax Increment, while the developer repays the Town's original $500,000 purchase price using non-increment Sales Tax Revenue. If any balance remains after December 31, 2032, increment sharing is suspended and TOEURA retains 100% of all Sales and Property Tax Increment until the purchase price is fully recovered.

If the $500,000 is still unpaid after December 31, 2032, or if the project generates no Sales Tax for three consecutive months following construction, the developer must directly remit the remaining balance. Failure to do so authorizes TOEURA to record a lien on the property for the unpaid amount.

POLICY ISSUES:
The proposed DDA advances key goals of the Historic Old Town Urban Renewal Plan by redeveloping a well-located vacant site into an active, street-oriented commercial destination. The project brings new locally focused retail and food uses that strengthen Old Town's business mix, enhance the eastern gateway to downtown, and support a more vibrant and walkable community. The agreement also aligns with TOEURA's policy objectives to stimulate private reinvestment, eliminate blight, and expand the long-term tax base through targeted, performance-based incentives.

STAFF RECOMMENDATION:

Approve Resolution 25-041.

SUMMARY/KEY POINTS

- Approving the Disposition and Development Agreement allows the Wells & Kattell project to move from negotiated terms to formal approval and execution.
- The DDA includes firm performance deadlines-such as securing all approvals and commencing construction by Dec. 31, 2027 and completing construction by June 30, 2028-and will be recorded prior to closing.

BACKGROUND OF SUBJECT MATTER:

In 2025, the Town of Erie Urban Renewal Authority (TOEURA) acquired the two undeveloped commercial parcels at 130 Wells Street and 570 Kattell Street, totaling approximately 15,000 square feet, to catalyze redevelopment at the prominent southwest corner of Wells and Kattell streets within the Historic Old Town Urban Renewal Plan Area. Following a competitive RFQ process released in June 2025, Rearview Mirror Concepts (RMC), led by local developer and restaurateur Scott Skiba, was identified as the most qualified development partner based on project readiness, alignment with the Town's adopted plans, and the proposal's ability to activate this key Old Town gateway.

RMC's concept includes a 1.5-story mixed-use building featuring a full-service restaurant, ice cream shop, bakery, and two small-format storefronts, all designed to support pedestrian activity between Briggs Street and Coal Creek Park. Throughout summer and fall 2025, Town staff, legal counsel, and the developer collaborated to validate the project's financial gap and negotiate the terms necessary to advance the project, including land conveyance, construction timelines, permitted uses, and a Tax Increment Financing (TIF) reimbursement structure.

Town staff contracted with Pioneer Development Company to evaluate the Wells & Kattell development and prepare the attached Gap Funding Analysis. The analysis determined that the project requires approximately $1,000,000 in gap funding, in present-value terms, to achieve market feasibility. Because the project is expected to generate sufficient TIF revenue, TOEURA and the developer agreed to a revenue-sharing structure capped at $1.9 million in gross increment-an amount that over the anticipated reimbursement period equals the $1,000,000 present-value feasibility gap. This approach is consistent with other Historic Old Town URA partnerships, including Park West (105 Wells Street), Coal Park (615 Briggs Street), Legacy (700 Briggs Street), Birdhouse (526 Briggs Street), and Johnny Bechamel's (656 Kattell Street).

These negotiations resulted in the Disposition and Development Agreement (DDA) now before the TOEURA Board of Commissioners. The DDA outlines the conveyance of the property, establishes performance milestones, and defines the tax increment-sharing and repayment terms required to make the project financially feasible and consistent with the goals of the Historic Old Town Urban Renewal Plan.

ATTACHMENT(S):

1. URA Resolution 25-041
2. Disposition and Development Agreement
3. Presentation
4. Gap Funding Analysis

Town of Erie Urban Renewal Authority
Resolution No. 25-042

A Resolution of the Board of Commissioners of the Town of Erie Urban Renewal Authority Approving the Disposition, Development and Reimbursement Agreement for 570 Wells Street and 130 Kattell Street

Whereas, the Authority finds that it is the best interest of the Town and the Public Health, Safety and Welfare to approve the Disposition, Development and Reimbursement Agreement with Rearview Mirror Concepts, LLC for 570 Wells Street and 130 Kattell Street.

Now Therefore be it Resolved by the Board of Commissioners of the Town of Erie Urban Renewal Authority that:

Section 1. The Disposition, Development and Reimbursement Agreement with Rearview Mirror Concepts, LLC is hereby approved, subject to approval by the Authority's General Counsel. Upon such approval, the Chair is authorized to execute the Agreement on behalf of the Authority.`

Adopted this 9th day of December, 2025.

____
Andrew J. Moore, Chair

Attest:

____
Debbie Stamp, Town Clerk

Disposition, Development, and Reimbursement Agreement
(Wells and Kattell)

This Disposition, Development, and Reimbursement Agreement (the "Agreement") is made and entered into as of ___________, 2025 (the "Effective Date"), by and between the Town of Erie Urban Renewal Authority, a Colorado urban renewal authority ("TOEURA"), and Rearview Mirror Concepts, LLC with an address of 1945 Marfell Street, Erie, CO 80516 ("Developer") (each a "Party" and collectively the "Parties").

Whereas, TOEURA has been duly created, organized, established, and authorized to transact business and exercise its powers as an urban renewal authority within the Town of Erie (the "Town") under the Colorado Urban Renewal Law, C.R.S. § 31-25-101, *et seq*. (the "Act"), and Town Resolution No. 11-121, adopted October 11, 2011;

Whereas, because TOEURA's goal is to reduce, eliminate, and prevent the spread of blight by stimulating growth and investment within the Town, TOEURA has the power to undertake urban renewal projects and activities benefitting properties within the Town in accordance with the Act, and to provide financial assistance in public or private improvements in cooperation with developers and other affected parties using a portion of Property Tax Increment, a portion of Sales Tax Increment, or some combination of both;

Whereas, TOEURA owns the real property more particularly described in **Exhibit A** (the "Property");

Whereas, the Property is located within the area that is subject to the Historic Old Town Erie Urban Renewal Plan, dated November 12, 2013 (the "Plan");

Whereas, TOEURA desires to develop the Property in accordance with the Plan's goals and this Agreement as a 1.5-story building featuring a full-service restaurant, an ice cream shop, two small-format retail storefronts, and a bakery with both indoor and outdoor seating space (the "Development");

Whereas, TOEURA intends to convey the Property to Developer and assist Developer with the Development through the reimbursement of both Property Tax Increment and Sales Tax Increment generated by the Property upon completion of the Development up to a maximum aggregate amount not to exceed $1,900,000 (as further defined herein, the "Maximum Reimbursement") as set forth in this Agreement;

Whereas, TOEURA has determined that the Development serves a public purpose;

Whereas, Developer will complete the Development at its own expense, and upon completion, TOEURA will reimburse Developer for certain costs; and

Whereas, C.R.S. § 31-21-105 expressly authorizes TOEURA to enter into contracts necessary or convenient to the exercise of its powers.

Now, therefore, in consideration of the covenants and obligations contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Purpose. The purpose of this Agreement is to set forth the terms and conditions of the Development and to establish the terms under which TOEURA will convey the Property to Developer and provide the Maximum Reimbursement. The Development is subject to all applicable requirements of the Erie Municipal Code (the "Code") and other applicable law.

2. Term. This Agreement shall commence on the Effective Date and terminate on December 31, 2038, unless terminated sooner upon the occurrence of any of the following: (a) TOEURA's payment of the Maximum Reimbursement to Developer; (b) Developer's failure to obtain the Approvals prior to the expiration of the Approval Period; (c) Developer's failure to meet the Construction Milestones; or (d) a default by either Party (the "Term").

3. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

"Base Value" means the assessed value of the Property as of the date last certified by the County Assessor prior to the adoption of the Plan, plus, in future years, increases due to general reassessments as required by law. The Base Value as of the Effective Date for the Property is $60,760. The amount of the Base Value shall be calculated and adjusted from time-to-time, as required by Colorado law and determined by the County Assessor in accordance with Chapter 12 [Special Topics] of the Assessors' Reference Library, Administrative and Assessment Procedures Manual.

"Certificate" means the certification in substantially the form of **Exhibit B** attached hereto, relating to the satisfaction of the Reimbursement Conditions.

"Eligible Costs" means, collectively, the reasonable and customary expenditures for design and construction of Eligible Improvements, including necessary and reasonable soft costs, as certified and approved in accordance with **Exhibit C**.

"Eligible Improvements" means the private and public improvements, described in **Exhibit C,** necessary for the Development of the Property.

"Environmental Laws" means all federal, state and local environmental, health and safety statutes and regulations in effect now or in the future and applicable to the Project, including without limitation the Comprehensive Environmental Response, Compensation and Liability Act, the Superfund Amendments and Reauthorization Act of 1986, the Resource Conservation and Recovery Act, the Federal Water Pollution Control Act, as amended by the Clean Water Act Amendments of 1977, the Clean Air Act of 1966, the Federal Insecticide, Fungicide and Rodenticide Act, the Occupational Safety and Health Act, the Safe Drinking Water Act, the Toxic Substances Control Act, and any and all federal, state and local rules, regulations, authorizations, judgments, decrees, concessions, grants, franchises, agreements and other governmental restrictions relating to the environment or to any pollutants.

"Incremental Property Tax Revenues" means all revenues actually received by TOEURA from the levy of Property Tax on the Property in excess of the Base Value, as determined by the Weld County Assessor according to applicable law.

"Incremental Sales Tax Revenues" means all revenues actually received by TOEURA from the levy of Sales Tax on the Property, as determined by the Weld County Assessor according to applicable law.

"Maximum Property Tax Reimbursement" means a maximum total payment of $1,100,000 to the Developer from the Property Tax Increment.

"Maximum Reimbursement" means the combined Maximum Property Tax Reimbursement and Maximum Sales Tax Reimbursement not to exceed a total of $1,900,000.

"Maximum Sales Tax Reimbursement" means a maximum total payment of $800,000 to the Developer from the Sales Tax Increment.

"Property Tax" means the taxes that are produced by the levy at the rate fixed each year by or for each Public Body upon the valuation for assessment of taxable property in the Plan area.

"Property Tax Increment" means 100% of the Incremental Property Tax Revenues collected by TOEURA up to the Maximum Property Tax Reimbursement.

"Public Body" means the State of Colorado or any municipality, quasi-municipal corporation, board, commission, authority, or other political subdivision or public corporate body levying a Property Tax or Sales Tax within the Property boundaries.

"Sales Tax" means the taxes that are produced by the levy of the Town's sales tax on the Property.

"Sales Tax Increment" means 40% of the Incremental Sales Tax Revenues collected by TOEURA up to the Maximum Sales Tax Reimbursement.

"Special Fund" means the special fund of TOEURA defined in C.R.S. § 31-25-107(9)(a)(II).

4. Approvals Period. Developer shall have until December 31, 2027 (the "Approvals Period"), to obtain all necessary approvals from the Town and any other governmental or quasi-governmental entities having jurisdiction necessary for the Development,

including approval of a final plat, site plan, and a development agreement related to the construction of public improvements thereto (the "Approvals").

5. Purchase Price. Except for any title company costs and expenses payable at closing by Developer as provided in this Agreement, no other consideration shall be due for any portion of the Property pursuant to the terms of this Agreement.

6. Closing.

a. *Conditions Precedent*. The Parties' obligation to close the transfer of the Property under this Agreement shall be subject to and conditioned upon Developer obtaining the Approvals prior to expiration of the Approvals Period.

b. *Conveyance*. TOEURA shall convey to Developer title to the Property by special warranty deed. Title to the Property shall be free and clear of all liens, defects and encumbrances, except the following permitted exceptions: this Agreement; easements and rights-of-way that are part of the Approvals, or are approved, accepted, or waived by Developer; and taxes and assessments not yet due and payable.

c. *Title Insurance*. Developer shall be responsible for all costs of the title policy and any title insurance commitments, policies, or endorsements required by Developer or its mortgagees.

d. *Condition of Property*. TOEURA has not made, does not make, and specifically negates and disclaims any representations, warranties, covenants, or guarantees of any kind, whether express or implied, concerning or with respect to the presence of hazardous substances on the Property or compliance of the Property with any and all applicable Environmental Laws, or the value, nature, quality, or condition of the water, soil and geology of the Property. Developer acknowledges and agrees that the sale of the Property is made on an "as-is" basis. Developer fully and irrevocably releases TOEURA from any and all claims that it may now have or hereafter acquire against TOEURA or its officials, employees, representatives, and agents for any cost, loss, liability, damage, expense, claim, demand, action, or cause of action arising from or related to any such defects and conditions, including without limitation compliance with Environmental Laws affecting the Property or any portion thereof, except claims arising out of breaches of the warranties contained herein.

7. Fees. All permit and other fees for the Development, including without limitation tap fees, permit fees and impact fees, shall be assessed and paid at the then-current rate by Developer.

8. Developer's Obligations.

a. *Construction*. Developer shall be responsible for the costs of financing, designing, and constructing all improvements necessary for the Development in accordance with the Approvals. Developer shall commence construction of the

Development in compliance with this Agreement and the Approvals by December 31, 2027, and complete construction as evidenced by the issuance of a certificate of occupancy for the Property by December 31, 2028 (collectively, the "Construction Milestones").

b. *Entitlements*. Developer shall, at its sole cost and expense, obtain all the Approvals and other necessary entitlements to construct and complete the Development.

c. *Progress Reports*. Until the last certificate of occupancy is issued for the Development to be constructed by Developer, Developer shall, at the request of TOEURA, make quarterly reports in such commercially reasonable detail as may reasonably be requested by TOEURA.

d. *Retail Uses*. Developer shall prioritize the marketing and solicitation of commercial space and pad sites to local and regional tenants and small business owners ("Local Tenants"). National chains and national brands ("Non-Local Tenants") are discouraged in the Development. Notwithstanding the foregoing, Developer shall not be precluded from leasing or selling to Non-Local Tenants if good faith leasing efforts fail to attract qualified and economically competitive Local Tenants to the Development after reasonably consulting with TOEURA in good faith. Developer shall lease or sell a minimum of 30% of the total leasable space in the Property to food and beverage tenants and shall not lease or sell more than 30% of the Property to retail office professional tenants such as financial, real estate, title, insurance, medical, dental, chiropractic, and similar office uses (the "Retail Office Uses"). The Retail Office Uses shall not include nail salons, hair salons, medical spas, fitness, massage therapy, or other similar personal service uses.

e. *Access to Property*. Developer shall permit representatives of the Town and TOEURA to access the Property at reasonable times during regular business hours and with prior notice as necessary for the purpose of carrying out or determining compliance with this Agreement, the Plan, and the requirements of the Code.

f. Repayment of TOEURA Purchase Price.

i. The Parties acknowledge that TOEURA paid $500,000 for the Property (the "Original Purchase Price") and is conveying the Property to Developer at no cost on the condition that Developer develops the Development in accordance with this Agreement. Sales Tax Revenues that are not included within the Sales Tax Increment shall apply to the repayment of the Original Purchase Price. If the entirety of the Original Purchase Price is not repaid by December 31, 2032, then all Property Tax Increment and Sale Tax Increment shall be due to TOEURA until the Original Purchase Price is repaid in full. Thereafter, the Property Tax Increment and Sales Tax Increment shall continue to reimburse Developer under the terms of this Agreement.

ii. If, following satisfaction of the Construction Milestones, the Property fails to generate Sales Tax for a continuous three-month period or the Original Purchase Price is not repaid in its entirety by December 31, 2032, then Developer shall repay any outstanding balance on the Original Purchase Price. If Developer fails to remit repayment to TOEURA within 30 days after written notice of such amount due, TOEURA shall have the right, in its sole discretion and without waiving any other remedies available at law or in equity, to file a lien against the Property for the unpaid amount, together with any accrued interest, penalties, and costs of collection, including reasonable attorney fees. Developer expressly acknowledges and agrees that such lien shall be enforceable as a secondary lien on the Property and shall remain in effect until all outstanding amounts are paid in full.

g. *Insurance*. Developer shall provide certificates of insurance as required by the applicable development agreement. Throughout the Term, Developer shall list TOEURA as a named insured on such insurance policies.

h. *Applicable Law*. Developer shall at all times comply with all applicable law, including all federal, state and local statutes, regulations, ordinances, decrees and rules relating to the emission, discharge, release or threatened release of a hazardous material into the air, surface water, groundwater or land, the manufacturing, processing, use, generation, treatment, storage, disposal, transportation, handling, removal, remediation or investigation of a hazardous material, and the protection of human health and safety, including without limitation the following, as amended: the Comprehensive Environmental Response, Compensation and Liability Act; the Hazardous Materials Transportation Act; the Resource Conservation and Recovery Act; the Toxic Substances Control Act; the Clean Water Act; the Clean Air Act; the Occupational Safety and Health Act; the Solid Waste Disposal Act; the Davis Bacon Act; the Copeland Act; the Contract Work Hours and Safety Standards Act; the Byrd Anti-Lobbying Amendment; the Housing and Community Development Act; and the Energy Policy and Conservation Act.

9. <u>TOEURA Obligations</u>.

a. *Payment of Reimbursement Amount*.

i. Upon submittal of the Certificate by Developer, TOEURA agrees that it shall reimburse Developer for the Eligible Costs in the Certificate in an amount not to exceed the Maximum Reimbursement.

ii. TOEURA shall have 30 days after the Certificate submittal to confirm the Certificate is compliant with this Agreement, including the Reimbursement Conditions. TOEURA shall notify Developer in writing within 30 days of receipt of the Certificate if TOEURA disputes the eligibility of any reimbursement requested, such portion of the Reimbursement Amount that is in dispute shall not become due and payable until Developer and TOEURA have resolved the dispute.

iii. Upon approval of the Certificate, TOEURA shall thereafter reimburse Developer with Property Tax Increment and Sales Tax Increment in a proportional amount until the Maximum Property Tax Reimbursement and Maximum Sales Tax Reimbursement, respectively, is reached.

iv. TOEURA's reimbursement obligation shall cease upon its receipt of the Maximum Reimbursement or as otherwise provided herein.

b. *Special Fund*. TOEURA agrees that it has established the Special Fund in accordance with the Act.

c. *No Election Required*. The Parties acknowledge that under *Olson v. Town of Golden*, 53 P.3d 747 (Colo. App. 2002), an urban renewal authority is not a local government, and, therefore, is not subject to the provisions of Article X, Section 20 of the Colorado Constitution. Accordingly, TOEURA may enter into this Agreement with Developer, and agree to remit the Reimbursement Amount to Developer to reimburse Developer for the Development in accordance with this Agreement without voter authorization, and such obligations are not subject to annual appropriation.

d. *Books and Accounts*. During the Term, TOEURA shall keep proper and current books and accounts in which complete and accurate entries shall be made of all funds necessary to properly administer and account for the obligations in this Agreement.

10. Reimbursement Conditions. Unless waived in writing by the Executive Director, the following conditions precedent (collectively, the "Reimbursement Conditions") shall be satisfied prior to Developer receiving reimbursement for the Project pursuant to the terms and provisions of this Agreement:

a. The Property has been conveyed to Developer upon satisfaction of the conditions related thereto as stated in Section 6 herein;

b. A certificate of occupancy has been issued for the Property and the Property is generating Property Tax Increment and Sales Tax Increment; and

c. No default events by Developer have occurred, and the Developer is in full conformance with this Agreement and all local, state, and federal law.

11. Right to Repurchase. TOEURA shall have the right, but not the obligation, to repurchase the Property at no cost upon the Developer failing to: (1) meet the Construction Milestones; or (2) obtain the Approvals prior to the expiration of the Approval Period (collectively, a "Repurchase Event"). Developer shall have up to 60 days after the expiration of each Repurchase Event to cure the failure before TOEURA exercises this right. TOEURA shall deliver notice of its intent to repurchase the Property within 60 days of a Repurchase Event. Upon delivery of such notice, Developer shall deliver title to the Property to TOEURA, free of any encumbrances and liens, by special warranty deed within 10 days of the date of such notice.

12. Colorado Open Records Act. Any confidential financial information provided to TOEURA under this Agreement shall be marked as confidential financial information, and if so marked, TOEURA shall treat the information as confidential financial information under the Colorado Open Records Act, C.R.S § 24-72-200.1, *et seq*.

13. Representations and Warranties.

a. Developer hereby represents and warrants to TOEURA that all of the following are true and correct in all material respects as of the date of signature and the Effective Date: this Agreement has been duly authorized and executed by Developer as the legal, valid and binding obligation of Developer, and is enforceable as to Developer in accordance with its terms; the person executing this Agreement on behalf of Developer is duly authorized and empowered to execute and deliver this Agreement on behalf of Developer; to the actual knowledge of Developer, there is no pending or threatened litigation, administrative proceeding or other proceeding pending or threatened against Developer which, if decided or determined adversely, would have a material adverse effect on the ability of Developer to undertake its obligations under this Agreement nor, to the actual knowledge of Developer, is there any fact or condition of the Property known to Developer that may have a material adverse effect on Developer's ability to Develop the Property as contemplated; and neither the execution of this Agreement, nor the consummation of the transaction contemplated by this Agreement will constitute a breach under any contract, agreement or obligation to which Developer is a party or by which Developer is bound or affected.

b. TOEURA covenants, represents, and warrants as follows, to the best of its actual knowledge: there is no litigation or threatened litigation, proceeding or investigation contesting the powers of TOEURA or its officials with respect to the Property, this Agreement or the improvements that has not been disclosed to Developer; the filing or service of any such suit affecting the Property prior to the delivery of a certificate of occupancy shall be disclosed immediately to Developer by TOEURA; and there are no leases, options, rights of first refusal or other encumbrances affecting title to or use of the Property except as set forth in the commitment.

14. Indemnification. Developer agrees to indemnify and hold harmless TOEURA and its officers, insurers, volunteers, representatives, agents, employees, attorneys, heirs and assigns from and against all claims, liability, damages, losses, expenses and demands, including attorney fees, on account of injury, loss, or damage, including without limitation claims arising from bodily injury, personal injury, sickness, disease, death, property loss or damage, or any other loss of any kind whatsoever, which arise out of or are in any manner connected with this Agreement if such injury, loss, or damage is caused in whole or in part by the omission, error, professional error, mistake, negligence, or other fault of Developer, or any officer, employee, representative, agent or subcontractor of Developer.

15. Assignment. Except for retail leases on the Property, Developer agrees that it shall not make, create, or suffer to be made or created, any total or partial sale, transfer, or

assignment in any form of this Agreement or any part thereof or any interest therein, or any agreement to do the same, without the prior written approval of TOEURA. This Agreement shall be binding upon any assignee approved by TOEURA.

16. Developer Default and Remedies.

a. *Default*. Each of the following is a Developer default of this Agreement:

i. If Developer fails to perform any of its obligations under this Agreement and fails to remedy the same within 30 days after Developer is given a written notice specifying the same; provided that, if the nature of the violation is such that it cannot reasonably be remedied within 30 days, and Developer provides evidence that the violation cannot reasonably be remedied within 30 days, then the violation shall be remedied as soon as reasonably practicable, but in any case, within 120 days of the original notice of violation;

ii. If an involuntary petition is filed against Developer under a bankruptcy or insolvency law, or under the reorganization provisions of any law, or when a receiver of Developer, or of all or substantially all the property of Developer is appointed without acquiescence, and such petition or appointment is not discharged or stayed within 90 days after the happening of such event; or

iii. If Developer makes an assignment of its property for the benefit of creditors, or files a voluntary petition under a bankruptcy or insolvency law, or seeks relief under any other law for the benefit of debtors.

b. *Notice*. Unless necessary to protect the immediate health, safety, and welfare, TOEURA shall provide Developer at least 30 days' prior written notice of its intent to take any action under this Section, during which Developer may cure the default.

c. *Remedies*. If a Developer default occurs beyond applicable notice and cure, TOEURA may take such action as permitted or authorized by law, this Agreement, or the ordinances of the Town, as TOEURA deems necessary to protect the public health, safety, and welfare. TOEURA's remedies include without limitation:

i. The termination of this Agreement;

ii. The refusal to issue any building permit;

iii. The revocation of any building permit previously issued under which construction related to such building permit has not commenced;

iv. Exercising its right to repurchase as provided herein; and

v. Any other remedies available at law or equity, and the exercise of one remedy shall not preclude the exercise of any other remedy, and further, provided that the expiration of this Agreement shall in no way limit TOEURA's legal or equitable remedies, or the period in which such remedies may be asserted, for work negligently or defectively performed.

17. TOEURA Default and Remedies.

a. *Default*. The following is a TOEURA default of this Agreement: if TOEURA fails to observe or perform any covenant or obligation required of it under this Agreement, or any representation or warranty under this Agreement is materially false when made, and TOEURA fails to remedy the same within 30 days after TOEURA is given a written notice specifying the same, provided that if the nature of the violation is such that it cannot reasonably be remedied within 30 days, and TOEURA provides evidence to Developer that the violation cannot reasonably be remedied within 30 days, then the violation shall be remedied as soon as reasonably practicable, but in any case, within 120 days of the original notice of violation.

b. *Remedies*. If a TOEURA default occurs, Developer shall have all remedies available at law or equity, and the exercise of one remedy shall not preclude the exercise of any other remedy, provided that Developer shall not have the remedy of specific performance against TOEURA. Without limiting the generality of the foregoing, in the event a TOEURA default occurs, Developer may terminate this Agreement upon notice given to the defaulting party, without waiving any of its rights or remedies hereunder.

18. Miscellaneous

a. *Governing Law and Venue*. The laws of the State of Colorado shall govern this Agreement, and the exclusive venue for any legal proceeding arising out of this Agreement shall be in Weld County, Colorado.

b. *No Third-Party Beneficiaries*. There are no intended third-party beneficiaries to this Agreement.

c. *Severability*. If any provision of this Agreement is found by a court of competent jurisdiction to be unlawful or unenforceable for any reason, the remaining provisions hereof shall remain in full force and effect.

d. *Governmental Immunity*. Nothing herein shall be construed as a waiver of any protections or immunities TOEURA or its employees, officials or attorneys may have under the Colorado Governmental Immunity Act, C.R.S. § 24-10-101, *et seq*., as amended.

e. *No Joint Venture*. Notwithstanding any provision hereof, TOEURA shall never be a joint venture in any private entity or activity which participates in this Agreement, and TOEURA shall never be liable or responsible for any debt or obligation of any participant in this Agreement.

f. *Notice*. Notices under this Agreement shall be sufficiently given if sent by regular U.S. mail, postage prepaid, to the address on the first page of this Agreement.

g. *Integration*. This Agreement, together with all exhibits attached hereto, constitutes the entire understanding and agreement of the Parties, integrates all the terms and conditions mentioned herein, and supersedes all negotiations or previous arrangements between the Parties with respect to the subject matter hereof.

h. *Recordation*. This Agreement shall be recorded in the real estate records of the Weld County Clerk and Recorder and shall be a covenant running with the Property.

i. *Force Majeure*. No Party shall be in breach of this Agreement if such Party's failure to perform any of the duties under this Agreement is due to Force Majeure, which shall be defined as the inability to undertake or perform any of the duties under this Agreement due to tornadoes, earthquakes, floods, storms, fires, sabotage, terrorist attack, strikes, riots, war, labor disputes, embargoes, pandemics, and TOEURA and orders of government.

j. l. *Electronic Signatures*. The Parties intend that this Agreement be governed by the Uniform Electronic Transactions Act, C.R.S. § 24-71.3-101, *et seq*.

In Witness Whereof, the Parties have executed this Agreement as of the Effective Date.

Town of Erie Urban Renewal Authority

____
Andrew J. Moore, Chair

Attest:

____
Debbie Stamp, Town Clerk

Developer

DocuSigned by:

Scott Skiba

6689C9F4077F4BA...

____

State of Colorado)
) ss.
County of _____________)

The foregoing instrument was subscribed, sworn to and acknowledged before me this ___ day of __________________, 2025, by ________________________________ of Rearview Mirror Concepts LLC.

My commission expires:

(Seal)

____

Notary Public

Exhibit A
Legal Description of Property

Parcel I:

Lots 15 & 16, Block 5, East Addition to Erie, County of Weld, State of Colorado.
Also known as: 130 Wells Street, Erie CO 80516.

For informational purposes only:
Weld County Assessor Parcel No. R5787786 / 146718403007

Parcel II:

Lots 13 & 14, Block 5, East Addition to Erie, County of Weld, State of Colorado.
Also known as: 570 Kattell Street, Erie CO 80516.

For informational purposes only:
Weld County Assessor Parcel No. R5787886 / 146718403008

Exhibit B
Form of Certificate Relating to Reimbursement Amount

Town of Erie Urban Renewal Authority
645 Holbrook Street, Erie, CO 80516
Attention: Executive Director

The undersigned representative of _________________ ("Developer") hereby makes the following certifications in accordance with the terms of the Disposition, Development and Reimbursement Agreement dated ___________ ____, 2025 (the " Agreement"), between the Town of Erie Urban Renewal Authority and Developer. All capitalized terms used herein shall have the meanings set forth in the Agreement.

The following conditions have been satisfied:

a. The Property has been conveyed to Developer upon satisfaction of the conditions related thereto as stated in Section 6 of the Agreement;

b. A certificate of occupancy has been issued for the Property, and the Property is generating Property Tax Increment and Sales Tax Increment; and

c. No default events by Developer have occurred and Developer is in full conformance with this Agreement and all local, state, and federal law.

The foregoing certification along with an itemized invoice of Eligible Costs attached hereto shall constitute the Certificate under the Agreement.

By: ________________________________
Name: ________________________________
Title: ________________________________
Date: ________________________________

Exhibit C
Eligible Costs and Improvements

Construction mobilization, temporary facilities & site management	Superintendent, PM, temp facilities, fencing, dumpsters, toilets, IT setup, safety, cleaning	$239,000
Demolition & existing conditions	Surveying, demo, grading subcontractor, small tools, dump fees	$133,000
Foundations & concrete work	Footings, foundation walls, spread footings, slab-on-grade	$340,000
Structural framing & rough carpentry	Framing, sheathing, trusses, blocking/backing	$1,316,000
Building envelope	Roofing, insulation, siding, brick, flashing, gutters, sealants	$556,000
Doors, windows & storefront systems	Storefront glazing, doors, vestibule glass, hardware	$199,000
Interior partitions, drywall, flooring & painting	Gypsum assemblies, polished concrete, interior/exterior paint, punch-list	$419,000
Mechanical, electrical, plumbing & life safety systems	MEP systems, electrical, lighting, fire alarm, utilities	$1,432,000
Earthwork & exterior site improvements	Grading, site concrete, irrigation, landscaping	$245,000
Permits, tap fees & municipal administrative fees	Building permit, water/sewer taps, infrastructure fees	$321,000
	TOTAL	$5,200,000

Disposition and Development Agreement for 130 Wells St. & 570 Kattell St.

TOEURA Board of Commissioners

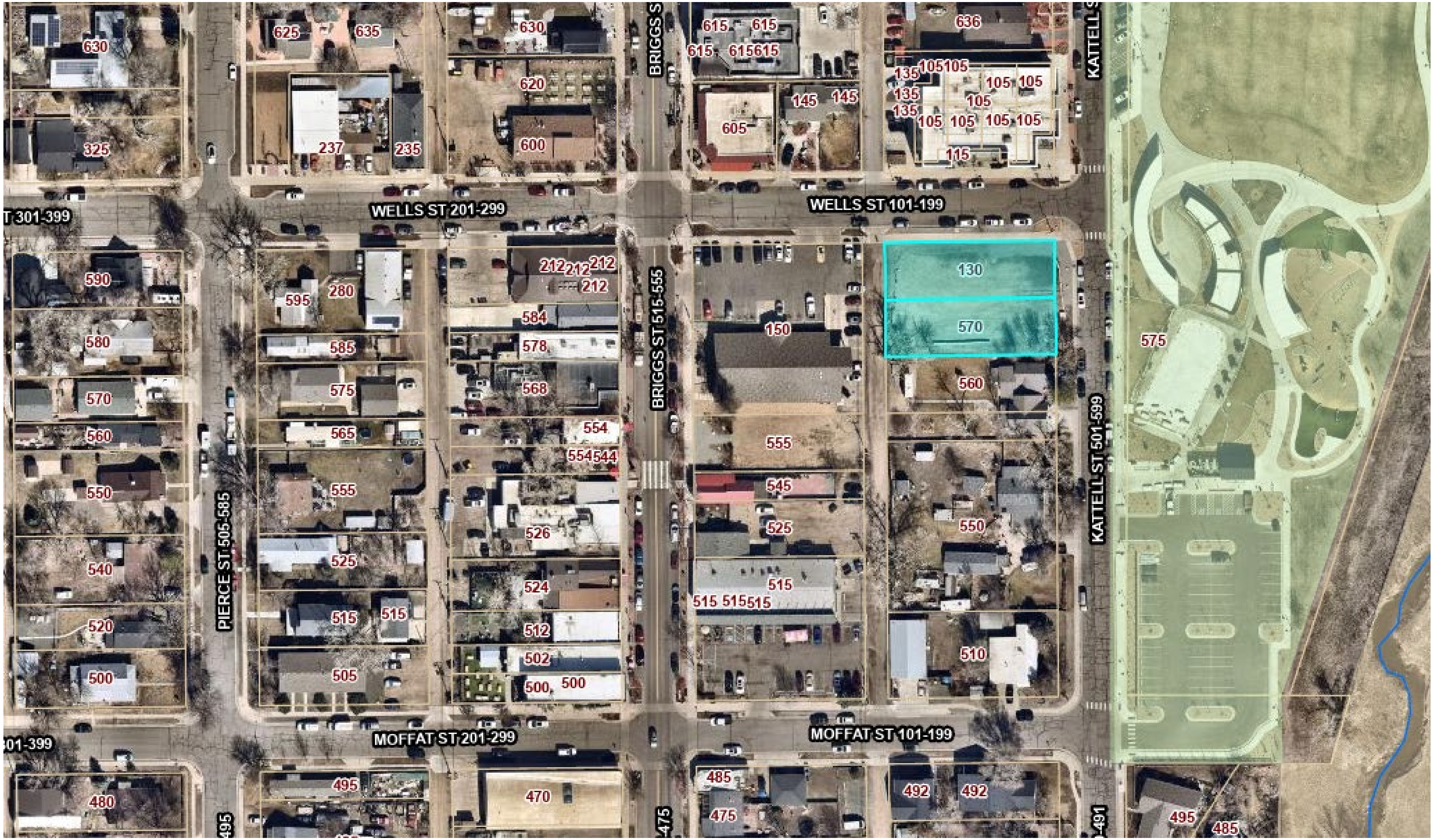
Stephanie Pitts-Nagus, Economic Development Manager

December 9, 2025

Presentation Overview

- Site Location
- Proposed Design
- Background
- Core Deal Terms
- Repayment of Purchase Price
- Recommendation
- Questions & Discussion

Property Location



Proposed Design

Proposed Design

Background

- In May 2025, TOEURA approved the purchase of two adjoining parcels at 130 Wells St. and 570 Kattell St., ~15,000 sf undeveloped commercial property, and closed on the property on September 29, 2025.
- RFQ released in June 2025; Rearview Mirror Concepts (RMC) was selected as the preferred developer by the URA Board in September 2025.
- RMC is proposing a 1.5-story commercial building including a restaurant, ice cream shop, a bakery, and two small retail storefronts.

Core Deal Terms

- Property conveyed only after Developer obtains all required Approvals by 12/31/2027 (site plan, final plat, development agreement).
- Developer must begin construction by 12/31/2027 and obtain CO by 12/31/2028.
- TOEURA will reimburse up to $1.9M total or the remaining life of the TIF (2038), whichever occurs first:
  - $1.1M Property Tax Increment (100%)
  - $800k Sales Tax Increment (40%)
- Reimbursement begins only after CO and generation of increment, and after all conditions are satisfied.
- Developer pays all construction, permitting, and entitlement costs.

Repayment of Purchase Price

- Developer receives the property at no cost but must repay TOEURA's $500,000 using non-increment Sales Tax revenues.
- If not repaid by 12/31/2032, all Property & Sales Tax Increment goes to TOEURA until fully paid.
- If, post-construction, Sales Tax lapses for 3 months or the balance remains unpaid, Developer must repay directly; lien may be recorded if not paid.
- TOEURA may repurchase the property at no cost if Developer fails to meet Approvals or Construction Milestones.

Recommendation

- Approve Resolution No. 25-041, A Resolution of the Board of Commissioners of the Town of Erie Urban Renewal Authority Approving the Disposition, Development and Reimbursement Agreement for 570 Wells Street and 130 Kattell Street

Questions & Discussion

Stephanie Pitts-Nagus, Economic Development Manager
spn@erieco.gov

PIONEER DEVELOPMENT COMPANY

we find the way

130 Wells Street and 570 Kattel Street Gap Funding Analysis

Town of Erie

October 9th, 2025

PIONEER DEVELOPMENT COMPANY
we find the way

October 9th, 2025

Town of Erie Urban Renewal Authority
Town of Erie, Colorado

Dear Julian,

Pioneer Development Company (PDC) has been engaged by the Town of Erie Urban Renewal Authority (TOEURA) to review a redevelopment project requesting financial assistance within the Historic Old Town Urban Renewal Plan. This assistance would be provided through a public–private partnership between TOEURA and the developer and would leverage Tax Increment Financing (TIF).

The proposed redevelopment would transform the property at 130 Wells Street and 570 Kattell Street into a multi-tenant, retail-anchored destination. The plan includes a full-service restaurant as the anchor tenant, along with an ice cream shop, a bakery/coffee shop, and two supporting retail shops. Together, these uses will enhance Old Town Erie's mix of dining and retail experiences, strengthen its role as a community gathering space, and attract additional activity to the district. The redevelopment is in alignment with the Historic Old Town Urban Renewal Plan, supporting objectives related to economic revitalization, destination retail and dining, and activation of the public realm. The applicant is requesting additional funding resources from TOEURA to help make this redevelopment concept feasible at this location.

The Town of Erie URA and the developer provided project information, marketing information, budgets, and pro formas that were reviewed and evaluated by this Gap Funding Report. This development review is intended to provide a third-party, objective evaluation of market assumptions and development pro formas to inform public investment decision-making. This review also evaluates TIF projections and compares this future tax revenue to the funding gap evaluated. This memorandum summarizes PDC's review and findings.

Andrew Arnold
Founder | Principal
Pioneer Development Company
Durango, Colorado

CC: Stephanie Pitts-Nagus

Table of Contents

Executive Summary

130 Wells Street Gap Funding Analysis:

This report evaluates the proposed 130 Wells Street and 570 Kattell Street redevelopment in Erie, Colorado and the public funding that may be required to make this project feasible. 130 Wells Street and 570 Kattell Street are underutilized parcels within the Town of Erie's Historic Old Town Urban Renewal Plan. This parcel was recently acquired by the Town of Erie's Urban Renewal Authority (TOEURA) and is being positioned for a redevelopment partnership. The proposed redevelopment would transform the site into a multi-tenant, retail-anchored destination. The concept includes a full-service restaurant as the anchor tenant, along with an ice cream shop, a bakery/coffee shop, and two additional retail shops.

The applicant is seeking a public–private partnership with TOEURA and has submitted a Tax Increment Financing (TIF) request for consideration. This request included project information, budgets, and pro formas. The applicant maintains that but for TOEURA's assistance, the project could not proceed as envisioned. The purpose of this report is to evaluate the proposed development's feasibility and estimate the amount of TIF necessary to close the funding gap.

PDC evaluated this development on behalf of TOEURA to determine if the project exhibits a feasibility gap and if so, the level of financial support necessary to achieve market returns. This report provides a detailed analysis of the project's assumptions benchmarked to the market. It also performs a gap funding range analysis on various levels of financial assistance and examines the effect on feasibility indicators. Finally, the report estimates TIF generated by the project as proposed and compares these estimates with the identified funding gap.

After completing the analysis, the reviewers find that the **130 Wells Street and 570 Kattell Street redevelopment will require funding assistance to become financially feasible**. The project's feasibility will require a combination of property and sales tax increment reimbursement to achieve market target hurdle rates. Fortunately, the project is expected to generate TIF revenues that exceed the funding gap. **This report recommends that TOEURA negotiate a revenue sharing agreement over the life of the Historic Old Town Urban Renewal Plan where 100% of the project's property tax increment, and 40% of the project's sales tax increment, is shared back with the project until a gross funding cap is achieved or the plan sunsets. This report estimates that funding cap to equal $1.9 million.**

The gap funding assistance range and its associated target market indicators are included in the tables below.

ROI Indicator	Description	Market Target
Return-on-Cost	Net Operating Income at Stabilization before debt service as % of Project Cost	6.5% to 7.0%
Internal Rate of Return (IRR, unleveraged, Pre-Tax Yield)	Annual revenue and asset sale over 10 years as return on development costs.	7.39%
Net Present Value (NPV)	Sum of Present Value Future Cash Flows, discounted at the appropriate Market Rate, less the initial Cash Outlay.	> $0

ROI Indicator	Market Target	GAP Funding Range[1]		
Estimated Gap (Stabilized Year)		***$900,000***	***$1,000,000***	***$1,100,000***
Return-on-Cost	**6.5% to 7.0%**	**6.35%**	**6.50%**	**6.66%**
IRR, Unlevered	**7.39%**	**7.07%**	**7.39%**	**7.71%**
NPV	**> $0**	**-$102,341**	**-$2,341**	**$97,659**

Tax Increment Financing Projections

The development as-proposed requires gap funding to achieve financial feasibility based on market benchmarks and current investment metrics. The developer has proposed a TIF sharing agreement with TOEURA to overcome this funding gap. This Report evaluated the Project's taxable value to determine its future property and sales tax generation.

TOEURA's Historic Old Town Urban Renewal Plan was formed in 2013 and is set to expire in 2038. This leaves 13 years during which incremental revenues can be generated, plus one additional year of property tax increment revenues. This Report's TIF projection isolates the proposed project and only estimates incremental tax revenues generated by the new development. Incremental revenues generated outside this specific development but contained within the Historic Old Town Urban Renewal Plan area are not included in these estimates.

The proposed project is estimated to generate ~$1,180,000 in property taxes and ~$1,900,000 in sales taxes over the Historic Old Town Urban Renewal Plan's remaining term. When discounted back at the current 7.00% rate used in the model, this equates to a Net Present Value of ~$633,000 in property tax increment and ~$1,050,000 in sales tax increment.

The significant amount of sales tax generated by this project should be noted. The development includes a full-service restaurant (~8,700 SF) as the anchor tenant, along with an ice cream shop, a bakery/coffee shop, and two additional retail shops. This program mix is expected to produce strong annual sales and drive consistent taxable revenues. The developer anticipates sales growth to exceed what has been modeled in this report, 1% annual growth over the first two years versus 7% and 6% annual growth modeled by the developer. The reviewers elected to use a more conservative forecast for this report.

[1] Gap Funding is applied to Construction Equity in this analysis. Gap Funding is assumed to be Present Value.

This report recommends that TOEURA and the developer negotiate a TIF sharing agreement where shared incremental revenue (Net Present Value) meets or exceeds the estimated funding gap. Because the project as proposed is projected to generate more revenue than is necessary to close the funding gap, the report recommends TOEURA and the developer negotiate a TIF revenue sharing agreement where the net present value of future incremental cash flows equates to the targeted gap amount. This can be achieved in a variety of ways, such as sharing only a percentage of incremental sales taxes generated by the project, a percentage of incremental property taxes, or providing a total (gross) incremental tax cap limit over a set period of time. Also, TOEURA is expected to provide the land to this provide at a below market cost. If TOEURA were to require the developer to pay market rate for the land, those additional costs should be added to the overall funding gap.

After discussion with staff, it is recommended that TOEURA pursue a revenue sharing agreement where incremental sales tax and property tax is shared back with the project until the Historic Old Town Urban Renewal Plan sunsets. This report recommends that TOEURA share 100% of the project's property tax increment, and 40% of the project's sales taxes, with the project. This sharing agreement would also have a cap limit on gross property and sales tax increment revenue. Based on the model, the gross tax increment revenue generated at these sharing levels over the sharing period (2025–2038) will be an estimated $1,900,000. This estimate can be structured as the cap amount in a revenue sharing agreement.

The development's TIF forecasts are illustrated in the table below:

130 Wells and 570 Kattell Street Redevelopment Project – Tax Revenue Estimates Through 2038[2]				
Estimated Base Taxable Value	**$60,760**			
Total New Taxable Real Property Value	**$921,571**			
Total Net Taxable Value	**$860,811**			
TIF Estimates (*Rounded)*	**Gross**	**Net Present Value**	**Annual Average**	**Town of Erie Only**
Total	**$3,000,000**	**$1,660,000**	**$222,000**	**$145,900**
Property Tax (100% Share)	$1,100,000	$610,000	$87,000	$10,900
Sales Tax (100% of Town's 3.5% Rate)	$1,900,000	$1,050,000	$135,000	$135,000
130 Wells Street and 570 Kattell Street				

[2] Includes 2039 Property Tax Increment Collections, sales tax collections end in 2038. These estimates project 100% property and sales tax increment.

Background

Scope of the Review

To benchmark the proposed project to the market, PDC reviewed and provided independent research regarding the following assumptions:

- Independent verification for market assumptions presented in the development proposal,
- Construction costs estimates verification,
- Financial gap analysis,
- Market verification on commercial mortgage loan rates and terms,
- Comparison with market rate investment criteria and yield indicators,
- Assessed value appraisal and tax increment estimates,
- Potential impacts from current economic uncertainty.

Methodology

The Developer provided a detailed TIF application, architectural plans, and development and operating proformas. The Developer also allowed PDC to interview the development team and interrogate assumptions within their pro forma. This information helped inform this Report's analysis.

The Reviewers conducted independent research into market conditions and development costs to establish a market baseline for evaluating this Project's feasibility. The development's costs were independently verified to determine their reasonableness. Projected revenues, including commercial leases, were contrasted with comparable properties throughout the local and regional market. The same method was used to compare the project's expenses, including commercial operating expenses, absorption, lease-turnover, vacancy, and financial terms to local market realities. Once these assumptions were evaluated, the Reviewers performed a sensitivity analysis on a range of gap funding scenarios. These potential financial gaps were estimated by the Reviewers through an independent rate of return analysis targeting market-based investment expectations. The Reviewers then estimated the development's future property and sales tax revenue using similar assumptions. This TIF estimate was then compared to the Gap Funding Analysis to identify the optimal range for revenue sharing.

Project Basis

Proposed Redevelopment Project (130 Wells Street and 570 Kattell Street)	
Weld County PIN	146718403007 146718403008
Weld County Account Number	R5787786 R5787886
Property Owner (Per Assessor)	Town of Erie Urban Renewal Authority
Street Address	130 Wells Street 570 Kattell Street

- The site is located at 130 Wells Street and 570 Kattell Street within the Town of Erie's municipal limits and within TOEURA's Historic Old Town Urban Renewal Plan area.
- The proposed project will redevelop the parcel into a multi-tenant, retail-anchored destination. Planned uses include a full-service restaurant (~8,700 square feet) as the anchor tenant, along with an ice cream shop, a bakery/coffee shop, and two additional retail shops.
- No residential or office components are proposed as part of this redevelopment.
- The new development is expected to provide enhanced retail and dining opportunities in Old Town Erie, consistent with the objectives of the Historic Old Town Urban Renewal Plan.
- The developer has requested public participation through a Tax Increment Financing (TIF) agreement with TOEURA.

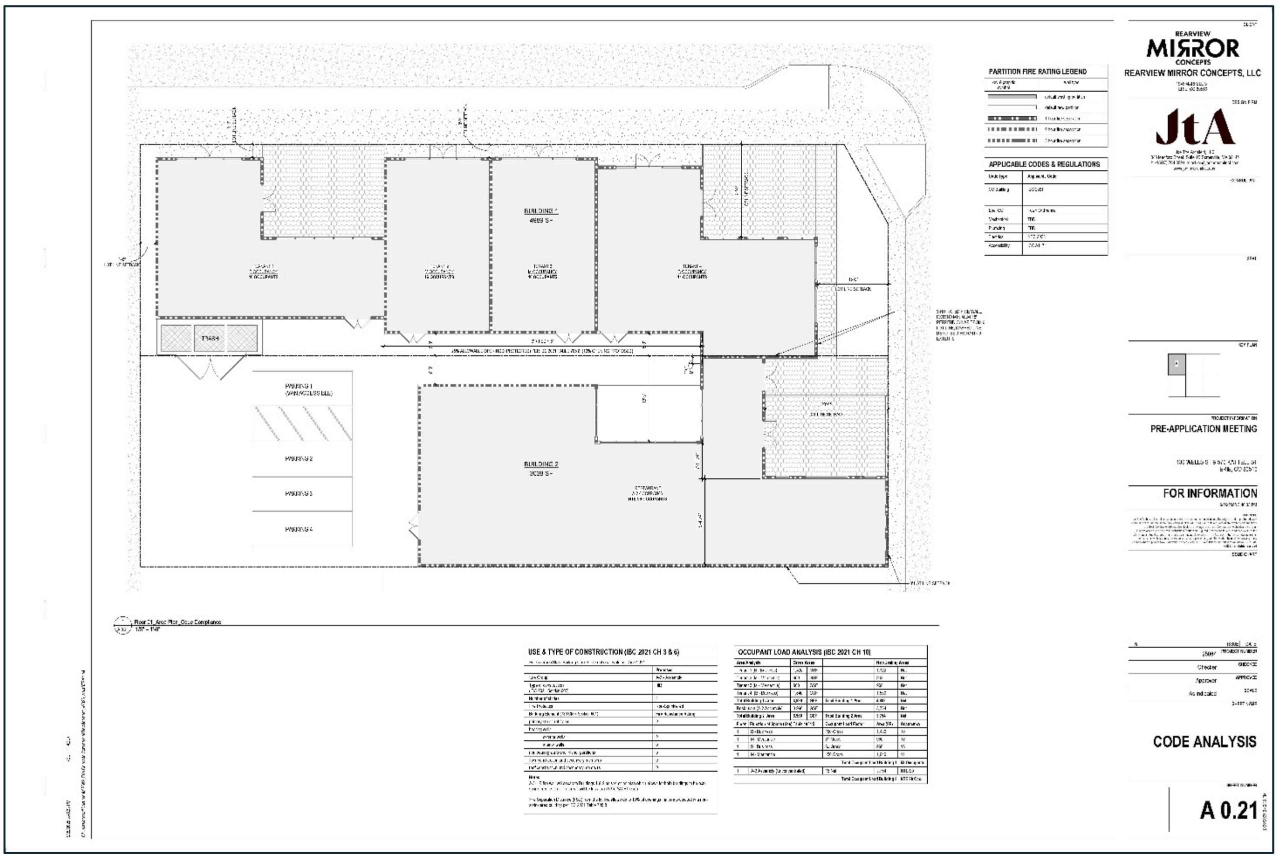


Figure 1 – Proposed Development Architectural Plans.

Project Assumptions

Development Program

The Reviewers have evaluated this proposed development from the perspective of an open market. This analysis assumes that the proposed restaurant expansion is being developed as a for-lease product.

The following chart compares the as-proposed development proforma assumptions with PDC's market-derived assumptions.

Assumptions	As Proposed	Market Estimate	Comments
Use Type			
Residential Units	0	-	No Residential is being proposed.
Commercial Retail	8,700 SF	-	The Reviewers assume that commercial space will be leased to maximize NOI. Commercial leases are assumed NNN.
Commercial Component			
Commercial Retail Leasing Rates Per Square Foot	\$27-\$32	\$30.58 psf	The redevelopment is structured as a multi-tenant retail project anchored by a full-service restaurant of approximately 8,700 square feet, with additional tenants including an ice cream shop, a bakery/coffee shop, and two retail shops. Because this project will be owner-driven and focused on food and beverage uses, traditional comparable lease rates are difficult to establish. Available market information indicates that retail rents in the Boulder/Erie submarket average approximately \$30.58 per square foot. Given the project's scale, its position at a central Old Town Erie location, and its mix of destination dining and retail uses, the reviewers estimate that lease rates in line with or slightly above submarket averages are appropriate for this project. This estimate is based on a comparison of commercial retail space leases and expenses in the market area and within comparable mixed-use properties. Assumes NNN leases.
Commercial Retail Operating Expenses	\$11.00 psf	\$11.00 psf	Operating expenses based on comparable properties and estimated taxes. Developer is also owner and did provide operating expenses that were translated in a PSF basis.
Growth Rate			The Reviewers growth rate is based on interviews with the Developer. Reviewers assume 3% annualized growth rates for revenue and expenses.
Revenue	3%	3%	
Expenses	3%	3%	
Financing Component			
Debt			
Loan: Value Ratio	N/A	60% - 70%	The developer did not provide financing terms as part of their pro forma. Reviewers assume that developers are self-financing development.
Interest Rate	N/A	6.75%	

Amortization	N/A	20-30 Years	
Capitalization Rates			
Stabilized – Retail	N/A	6.50%	Economic and market conditions in Denver Metro, Boulder, and Greely submarkets outperform national and west region averages by ~25 basis points. Retail cap rates, especially for food service tenants, are forecast to remain stable in the coming years. The going-in (stabilized) cap rate used in this Review reflects these market expectations. Typically, exit cap rates (at asset liquidation) are 50 to 150 basis points higher than going-in rates. The reviewers used a 75-basis point increase for liquidated capitalization rates.
Liquidated – Retail	N/A	7.50%	
Return on Investment Metrics			
Target Yield			
Yield Rate (IRR Unlevered)	n/a	6.5% to 7.0%	Market-based target yield rates are used to estimate the financial gap. These yield rates represent a blended return based on market surveys for retail commercial property investments. The NPV is calculated using the blended pre-tax yield rate. This is the rate of interest that discounts pre-tax cash flows received on an unlevered investment back to a present value that is exactly equal to the original equity investment.
Return on Cost	n/a	7.39%	
Net Present Value	n/a	> 0	
Development Cost			
Development Cost	**$5,218,192**	**$4,390,000**	The Reviewer's estimated development cost is based on the project concept as understood by the Reviewer using cost guide approximations. The Developer's estimated development costs include business expenses, which are outside the scope of a Gap Analysis. The Reviewer's cost estimate only includes acquisition and hard costs, expenses deemed TIF eligible. The Developer's cost estimate was used in estimating the feasibility gap.

1. Source: CoStar, RERC; Realtyrates.com; RS Means; Zillow; CBRE; DMCAR; NAR, Commercial Real Estate Finance Co. of America, CommercialLoanDirect.com, Integra Realty Resources, Hoyt Advisory Services; NMHC/NAA; U.S. Census Bureau; RealPage, fixr.com, Statista: Denver, Fannie Mae, EV Studio, ARGUS College, Pioneer Development Company.

Estimated Feasibility Gap

Based on investor surveys and market data reviewed by PDC, the following target rates are used to proxy investment hurdle rates of return. In other words, it is assumed the cash flow projections must yield rates within the following ranges to be considered attractive to the market. Return-on-Investment (ROI) estimates are based upon stabilization in 2028, designated as Year 2 of the Proforma.

ROI Indicator	Description	Market Target
Return-on-Cost	Net Operating Income at Stabilization before debt service as % of Project Cost	6.5% to 7.0%
Internal Rate of Return (IRR, unleveraged, Pre-Tax Yield)	Annual revenue and asset sale over 10 years as return on development costs.	7.39%
Net Present Value (NPV)	Sum of Present Value Future Cash Flows, discounted at the appropriate Market Rate, less the initial Cash Outlay.	> $0

The following Gap Funding range analysis illustrates the application of total GAP funding against construction cost during the first year of construction.

ROI Indicator	Market Target	GAP Funding Range[3]		
Estimated Gap (Stabilized Year)		***$900,000***	***$1,000,000***	***$1,100,000***
Return-on-Cost	**6.5% to 7.0%**	**6.35%**	**6.50%**	**6.66%**
IRR, Unlevered	**7.39%**	**7.07%**	**7.39%**	**7.71%**
NPV	**> $0**	**-$102,341**	**$2,341**	**$97,659**

The development project as proposed indicates a financial gap of approximately **$1,000,000**. The gap funding range analysis reveals that the project will begin to achieve market target rates for "return-on-cost," unleveraged IRR, and Net Present Value at this level of support. To achieve market target rates, this gap funding estimate is assumed to be applied to construction equity. The funding, therefore, is estimated as a net present value of at least **$1,000,000**. This review estimates that the project will achieve target market hurdle rates only with this level of public funding.

Because the developer is proposing a TIF reimbursement agreement, this agreement should be structured so that its future tax increment cash flows, when discounted back at current lending rates, equates to approximately **$1,000,000 in present value**.

[3] Gap Funding is applied to Construction Equity in this analysis. Gap Funding is assumed to be Present Value.

Feasibility Gap Analysis

The proposed development has unique challenges that were considered in this analysis. This section will provide an explanation of these challenges and how they were considered by the analysis when estimating potential funding gaps.

Retail Component

The project's commercial retail component features a new multi-tenant redevelopment anchored by a full-service restaurant of approximately 8,700 square feet, along with an ice cream shop, a bakery/coffee shop, and two additional retail shops. Because the developer will also serve as the owner-operator of portions of the project, the pro forma does not include traditional lease expenses for the anchor tenant. For this reason, the Reviewers estimated a lease value that would be associated with this space if it were leased at market rates. This estimate was used to help assess the funding gap relative to development costs and market benchmarks.

The Reviewers determined that this location, once redeveloped and activated with destination dining and retail, could command a lease rate in line with or slightly above the broader Erie market average. A weighted market analysis of commercial retail and restaurant properties between 10- and 25-miles surrounding Erie indicates an average lease rate of $30.58 per square foot. This figure is based on multiple data points, including:

- $36.08 PSF for retail spaces between 6,000–10,000 SF within a 10-mile radius of Erie (22 properties).
- $31.19 PSF for restaurants between 6,000–10,000 SF within a 25-mile radius of Erie (14 properties).
- $29.53 PSF for all retail between 6,000–10,000 SF within a 25-mile radius (117 properties).
- $28.26 PSF for restaurants between 6,000–10,000 SF within a 10-mile radius (3 properties).

Taken together, these comparables support the $30.58 PSF weighted market average used in this analysis. Given the subject property's location in Old Town Erie and its program mix, the reviewers estimate that the 130 Wells Street redevelopment could reasonably command a lease rate of $30.58 per square foot NNN, slightly outperforming the market benchmark.

It was therefore assumed that the entire development program would be treated as leasable retail space. Being both the property owner and the anchor tenant, it was necessary to apply a lease rate that could be justified by projected retail and restaurant sales. Given this assumption, the reviewers used $30.58 per square foot as the asking rent, assuming a triple net (NNN) structure. Expenses, including CAM, insurance, and taxes, are assumed at $11.00 per square foot, with annual rent and expense escalations of 3%.

It should be noted that Erie's commercial retail market remains in transition. Property values continue to rise across real estate types, largely driven by residential development, while construction costs in Colorado remain high. Lease rates and capitalization rates, however, have not kept pace with these cost increases. This imbalance continues to suppress real estate investment yields in Erie, making it challenging to justify new commercial retail projects. Developments such as 130 Wells Street and 570 Kattell Street are therefore considered catalytic, with the potential to help shift market data and establish a stronger basis for future commercial leasing in Erie's Historic Old Town district.

Development Risk

Project proformas are projections and always carry market and other risks impacting costs, operations, and ROI. In reviewing this project, the following risks are summarized amongst other potential risks:

- Increased competition and prolonged inflation may decrease sales and increase financial risks with both the business and development;
- Retail sales may be overstated. The project's weighted average sales per square foot equal $517. This represents a high performing retail business in the Carbon Valley. If the restaurant and its retail tenants fails to generate sales at this level, it will likely be unable to provide the gap funding necessary for market feasibility.
- Capitalization Rates may be lower than can be realized, making the gap higher than expected;
- Potential Rent Concessions as a deduction to asking rents may become more common in the market;
- Public participation by the Town of Erie Urban Renewal Authority and the Town of Erie may be limited; and
- Current economic uncertainty.

Tax Increment Financing Projections

This Gap Funding analysis also evaluated the proposed development's tax projections. These projections were then used to estimate the amount of tax increment financing (TIF) that is likely to be generated by this project. This TIF forecast considers Weld County assessments, the property's overlapping millage rate, and the Town of Erie's existing tax rate.

The Reviewers estimated TIF by assuming that 130 Wells Street and 570 Kattell Street is a singular Urban Renewal Plan area. This approach isolated the development's existing base value and forecast future property and sales tax increment based only on new development and activity at this site.

The Reviewer's estimate the Project's base taxable value at $60,7600. The proposed redevelopment is projected to increase this to a total taxable value of $921,571, representing an incremental taxable value of $860,811. This taxable value does not represent the cost to develop the project or its market value. Instead, this taxable represents the equalized commercial assessments, which generally run 70%–80% of market value.

The Historic Old Town Urban Renewal Plan is set to expire in 2038, meaning that 2038 is the final year the Project can generate incremental revenue. The reviewers also assume that 100% of the property's overlapping millage rate is eligible for TIF. Sales tax was forecast using the Town of Erie's 3.5% sales tax rate. The Reviewers modeled property and sales tax increment based on these assumptions. The model was adjusted for inflation and biennial reassessments. The Project is expected to generate approximately $1,100,000 in property tax increment and $1,900,000 in sales tax increment over the next 13 years, until the Plan area sunsets in 2038. When discounted at a 7.0% rate, this forecast equates to $610,000 in property tax TIF (present value) and $1,050,000 in sales tax TIF (present value).

These present value TIF estimates are instructive when compared to the Project's estimated gap funding requirement. The Reviewers estimate that the Project has a $1,000,000 funding gap, which is a present value estimate. These TIF forecasts can be compared with the funding gap to strategize a revenue sharing structure that makes the project feasible.

TOEURA's position on revenue sharing has traditionally been to share a portion of a project's property and/or sales tax increment, generated by the project, with that project. This is typically structured as a revenue sharing agreement where a percentage of the project's TIF is reimbursed to the developer, capped at a not-to-exceed amount. This report recommends that TOEURA pursue a revenue sharing agreement where incremental property and sales tax is shared back with the project until the Historic Old Main Urban Renewal Plan sunsets. This sharing agreement should also include a cap limit on gross property and sales tax increment revenue. Based on the model, the gross tax increment needed to close the funding gap over this period is $1.9 million. The forecast estimates that this gross amount can be achieved by sharing 100% of the project's property tax, and 40% of the project's sales tax increment with the project. The $1.9 million can serve as the cap for a revenue sharing agreement designed to equate to the project's estimated present value funding gap.

These recommendations are purely financial in nature and do not consider the political feasibility of the project or its revenue sharing strategies.

Conclusion

The Reviewer's conclusion is that the developer's request for Gap Funding assistance is reasonable, given current market conditions and the project's costs. The Erie market remains particularly challenging from a commercial retail investment standpoint. Property values and construction costs are high, yet data on achievable lease rates and investment yields remains limited. It will take catalytic developments, such as the one being proposed at 130 Wells Street and 570 Kattell Street, to shift this investment narrative and better underscore the commercial retail opportunities in Erie.

From a regulatory and Urban Renewal Plan standpoint, the proposed project has been designed to align with TOEURA's vision for this Urban Renewal Plan area and achieve the highest and best use of the site. However, the current proposal is unable to achieve market feasibility without additional funding assistance.

In conclusion, it is the reviewer's opinion that a feasibility gap does exist for the development as proposed, and that this gap is approximately **$1,000,000**. After discussion with staff, **it is recommended that TOEURA pursue a revenue sharing agreement where incremental sales tax and property tax is shared back with the project until the Historic Old Town Urban Renewal Plan sunsets**. This report **recommends that TOEURA share 100% of the project's property tax increment, and 40% of the project's sales taxes,** with the project. This sharing agreement would also have a cap limit on gross property and sales tax increment revenue. Based on the model, the gross tax increment revenue generated at these sharing levels over the sharing period (2025–2038) will be an estimated $1,900,000. This estimate can be structured as the cap amount in a revenue sharing agreement.

Appendix

Gap Funding Summary

Scenario:
130 Wells Street Gap Funding Model

PROJECT SUMMARY

Property Summary

Residential Units	0
Rentable SF	8,700
Total Development Cost	$5,218,192
Development Cost per Rentable Square Foot	$600
Construction Equity	$1,826,367
ConstructionDebt	$3,391,825

Proforma

Year Stabilized	2
Stabilized NOI	$274,333
Stabilized Cap Rate	6.50%
Stabilized Proforma Value	$4,220,515
Stabilized Value Per RSF	$485
Reversion Value	$4,772,578
Reversion Cap Rate	7.50%
Growth Rate	3.00%

GAP FUNDING - applied to contruction equity	**$1,000,000**

Construction Loan Summary

[redacted]

Feasibility Indicators (10 yr hold)		Market Target Rate
Cost/Value*	123.6%	
Return on Cost*	**6.50%**	**6.50% to 7.00%**
IRR on Project (unleveraged)	**7.39%**	**7.39%**
NPV	**$ (2,341)**	**7.39%**

*Stabilized Year 3

OPERATING PROFORMA

Proforma Year		**CONSTRUCT**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
Investment													
Construction Equity		(1,826,367)											
Construction Debt		(3,391,825)											
Construction Cost		**(5,218,192)**											
Operating Income													
Net Income from Property Operations		$0	$109,761	$274,333	$282,564	$291,040	$299,772	$308,765	$318,028	$327,569	$337,396	$347,517	$357,943
Resi/Comm Land Sales		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
GAP Funding		*$1,000,000*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*
NOI		**$1,000,000**	**$109,761**	**$274,333**	**$282,564**	**$291,040**	**$299,772**	**$308,765**	**$318,028**	**$327,569**	**$337,396**	**$347,517**	**$357,943**
Unleveraged Cash Flow (NET OF CONST GAP FUNDING)		**($4,218,192)**	**$109,761**	**$274,333**	**$282,564**	**$291,040**	**$299,772**	**$308,765**	**$318,028**	**$327,569**	**$337,396**	**$5,024,643**	**$357,943**
Rates of Return Analysis													
IRR on Project (unleveraged)		**7.39%**											
Return on Cost			2.10%	6.50%	6.70%	6.90%	7.11%	7.32%	7.54%	7.77%	8.00%	8.24%	8.49%
xNet Present Value	($2,341)												

Disposition, Development, and Reimbursement Agreement
(Wells and Kattell)

This Disposition, Development, and Reimbursement Agreement (the "Agreement") is made and entered into as of ___________, 2025 (the "Effective Date"), by and between the Town of Erie Urban Renewal Authority, a Colorado urban renewal authority ("TOEURA"), and Rearview Mirror Concepts, LLC with an address of 1945 Marfell Street, Erie, CO 80516 ("Developer") (each a "Party" and collectively the "Parties").

Whereas, TOEURA has been duly created, organized, established, and authorized to transact business and exercise its powers as an urban renewal authority within the Town of Erie (the "Town") under the Colorado Urban Renewal Law, C.R.S. § 31-25-101, *et seq*. (the "Act"), and Town Resolution No. 11-121, adopted October 11, 2011;

Whereas, because TOEURA's goal is to reduce, eliminate, and prevent the spread of blight by stimulating growth and investment within the Town, TOEURA has the power to undertake urban renewal projects and activities benefitting properties within the Town in accordance with the Act, and to provide financial assistance in public or private improvements in cooperation with developers and other affected parties using a portion of Property Tax Increment, a portion of Sales Tax Increment, or some combination of both;

Whereas, TOEURA owns the real property more particularly described in **Exhibit A** (the "Property");

Whereas, the Property is located within the area that is subject to the Historic Old Town Erie Urban Renewal Plan, dated November 12, 2013 (the "Plan");

Whereas, TOEURA desires to develop the Property in accordance with the Plan's goals and this Agreement as a 1.5-story building featuring a full-service restaurant, an ice cream shop, two small-format retail storefronts, and a bakery with both indoor and outdoor seating space (the "Development");

Whereas, TOEURA intends to convey the Property to Developer and assist Developer with the Development through the reimbursement of both Property Tax Increment and Sales Tax Increment generated by the Property upon completion of the Development up to a maximum aggregate amount not to exceed $1,900,000 (as further defined herein, the "Maximum Reimbursement") as set forth in this Agreement;

Whereas, TOEURA has determined that the Development serves a public purpose;

Whereas, Developer will complete the Development at its own expense, and upon completion, TOEURA will reimburse Developer for certain costs; and

Whereas, C.R.S. § 31-21-105 expressly authorizes TOEURA to enter into contracts necessary or convenient to the exercise of its powers.

Now, therefore, in consideration of the covenants and obligations contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Purpose. The purpose of this Agreement is to set forth the terms and conditions of the Development and to establish the terms under which TOEURA will convey the Property to Developer and provide the Maximum Reimbursement. The Development is subject to all applicable requirements of the Erie Municipal Code (the "Code") and other applicable law.

2. Term. This Agreement shall commence on the Effective Date and terminate on December 31, 2038, unless terminated sooner upon the occurrence of any of the following: (a) TOEURA's payment of the Maximum Reimbursement to Developer; (b) Developer's failure to obtain the Approvals prior to the expiration of the Approval Period; (c) Developer's failure to meet the Construction Milestones; or (d) a default by either Party (the "Term").

3. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

"Base Value" means the assessed value of the Property as of the date last certified by the County Assessor prior to the adoption of the Plan, plus, in future years, increases due to general reassessments as required by law. The Base Value as of the Effective Date for the Property is $60,760. The amount of the Base Value shall be calculated and adjusted from time-to-time, as required by Colorado law and determined by the County Assessor in accordance with Chapter 12 [Special Topics] of the Assessors' Reference Library, Administrative and Assessment Procedures Manual.

"Certificate" means the certification in substantially the form of **Exhibit B** attached hereto, relating to the satisfaction of the Reimbursement Conditions.

"Eligible Costs" means, collectively, the reasonable and customary expenditures for design and construction of Eligible Improvements, including necessary and reasonable soft costs, as certified and approved in accordance with **Exhibit C**.

"Eligible Improvements" means the private and public improvements, described in **Exhibit C,** necessary for the Development of the Property.

"Environmental Laws" means all federal, state and local environmental, health and safety statutes and regulations in effect now or in the future and applicable to the Project, including without limitation the Comprehensive Environmental Response, Compensation and Liability Act, the Superfund Amendments and Reauthorization Act of 1986, the Resource Conservation and Recovery Act, the Federal Water Pollution Control Act, as amended by the Clean Water Act Amendments of 1977, the Clean Air Act of 1966, the Federal Insecticide, Fungicide and Rodenticide Act, the Occupational Safety and Health Act, the Safe Drinking Water Act, the Toxic Substances Control Act, and any and all federal, state and local rules, regulations, authorizations, judgments, decrees, concessions, grants, franchises, agreements and other governmental restrictions relating to the environment or to any pollutants.

"Incremental Property Tax Revenues" means all revenues actually received by TOEURA from the levy of Property Tax on the Property in excess of the Base Value, as determined by the Weld County Assessor according to applicable law.

"Incremental Sales Tax Revenues" means all revenues actually received by TOEURA from the levy of Sales Tax on the Property, as determined by the Weld County Assessor according to applicable law.

"Maximum Property Tax Reimbursement" means a maximum total payment of $1,100,000 to the Developer from the Property Tax Increment.

"Maximum Reimbursement" means the combined Maximum Property Tax Reimbursement and Maximum Sales Tax Reimbursement not to exceed a total of $1,900,000.

"Maximum Sales Tax Reimbursement" means a maximum total payment of $800,000 to the Developer from the Sales Tax Increment.

"Property Tax" means the taxes that are produced by the levy at the rate fixed each year by or for each Public Body upon the valuation for assessment of taxable property in the Plan area.

"Property Tax Increment" means 100% of the Incremental Property Tax Revenues collected by TOEURA up to the Maximum Property Tax Reimbursement.

"Public Body" means the State of Colorado or any municipality, quasi-municipal corporation, board, commission, authority, or other political subdivision or public corporate body levying a Property Tax or Sales Tax within the Property boundaries.

"Sales Tax" means the taxes that are produced by the levy of the Town's sales tax on the Property.

"Sales Tax Increment" means 40% of the Incremental Sales Tax Revenues collected by TOEURA up to the Maximum Sales Tax Reimbursement.

"Special Fund" means the special fund of TOEURA defined in C.R.S. § 31-25-107(9)(a)(II).

4. Approvals Period. Developer shall have until December 31, 2027 (the "Approvals Period"), to obtain all necessary approvals from the Town and any other governmental or quasi-governmental entities having jurisdiction necessary for the Development,

including approval of a final plat, site plan, and a development agreement related to the construction of public improvements thereto (the "Approvals").

5. Purchase Price. Except for any title company costs and expenses payable at closing by Developer as provided in this Agreement, no other consideration shall be due for any portion of the Property pursuant to the terms of this Agreement.

6. Closing.

a. *Conditions Precedent*. The Parties' obligation to close the transfer of the Property under this Agreement shall be subject to and conditioned upon Developer obtaining the Approvals prior to expiration of the Approvals Period.

b. *Conveyance*. TOEURA shall convey to Developer title to the Property by special warranty deed. Title to the Property shall be free and clear of all liens, defects and encumbrances, except the following permitted exceptions: this Agreement; easements and rights-of-way that are part of the Approvals, or are approved, accepted, or waived by Developer; and taxes and assessments not yet due and payable.

c. *Title Insurance*. Developer shall be responsible for all costs of the title policy and any title insurance commitments, policies, or endorsements required by Developer or its mortgagees.

d. *Condition of Property*. TOEURA has not made, does not make, and specifically negates and disclaims any representations, warranties, covenants, or guarantees of any kind, whether express or implied, concerning or with respect to the presence of hazardous substances on the Property or compliance of the Property with any and all applicable Environmental Laws, or the value, nature, quality, or condition of the water, soil and geology of the Property. Developer acknowledges and agrees that the sale of the Property is made on an "as-is" basis. Developer fully and irrevocably releases TOEURA from any and all claims that it may now have or hereafter acquire against TOEURA or its officials, employees, representatives, and agents for any cost, loss, liability, damage, expense, claim, demand, action, or cause of action arising from or related to any such defects and conditions, including without limitation compliance with Environmental Laws affecting the Property or any portion thereof, except claims arising out of breaches of the warranties contained herein.

7. Fees. All permit and other fees for the Development, including without limitation tap fees, permit fees and impact fees, shall be assessed and paid at the then-current rate by Developer.

8. Developer's Obligations.

a. *Construction*. Developer shall be responsible for the costs of financing, designing, and constructing all improvements necessary for the Development in accordance with the Approvals. Developer shall commence construction of the

Development in compliance with this Agreement and the Approvals by December 31, 2027, and complete construction as evidenced by the issuance of a certificate of occupancy for the Property by December 31, 2028 (collectively, the "Construction Milestones").

b. *Entitlements*. Developer shall, at its sole cost and expense, obtain all the Approvals and other necessary entitlements to construct and complete the Development.

c. *Progress Reports*. Until the last certificate of occupancy is issued for the Development to be constructed by Developer, Developer shall, at the request of TOEURA, make quarterly reports in such commercially reasonable detail as may reasonably be requested by TOEURA.

d. *Retail Uses*. Developer shall prioritize the marketing and solicitation of commercial space and pad sites to local and regional tenants and small business owners ("Local Tenants"). National chains and national brands ("Non-Local Tenants") are discouraged in the Development. Notwithstanding the foregoing, Developer shall not be precluded from leasing or selling to Non-Local Tenants if good faith leasing efforts fail to attract qualified and economically competitive Local Tenants to the Development after reasonably consulting with TOEURA in good faith. Developer shall lease or sell a minimum of 30% of the total leasable space in the Property to food and beverage tenants and shall not lease or sell more than 30% of the Property to retail office professional tenants such as financial, real estate, title, insurance, medical, dental, chiropractic, and similar office uses (the "Retail Office Uses"). The Retail Office Uses shall not include nail salons, hair salons, medical spas, fitness, massage therapy, or other similar personal service uses.

e. *Access to Property*. Developer shall permit representatives of the Town and TOEURA to access the Property at reasonable times during regular business hours and with prior notice as necessary for the purpose of carrying out or determining compliance with this Agreement, the Plan, and the requirements of the Code.

f. Repayment of TOEURA Purchase Price.

i. The Parties acknowledge that TOEURA paid $500,000 for the Property (the "Original Purchase Price") and is conveying the Property to Developer at no cost on the condition that Developer develops the Development in accordance with this Agreement. Sales Tax Revenues that are not included within the Sales Tax Increment shall apply to the repayment of the Original Purchase Price. If the entirety of the Original Purchase Price is not repaid by December 31, 2032, then all Property Tax Increment and Sale Tax Increment shall be due to TOEURA until the Original Purchase Price is repaid in full. Thereafter, the Property Tax Increment and Sales Tax Increment shall continue to reimburse Developer under the terms of this Agreement.

ii. If, following satisfaction of the Construction Milestones, the Property fails to generate Sales Tax for a continuous three-month period or the Original Purchase Price is not repaid in its entirety by December 31, 2032, then Developer shall repay any outstanding balance on the Original Purchase Price. If Developer fails to remit repayment to TOEURA within 30 days after written notice of such amount due, TOEURA shall have the right, in its sole discretion and without waiving any other remedies available at law or in equity, to file a lien against the Property for the unpaid amount, together with any accrued interest, penalties, and costs of collection, including reasonable attorney fees. Developer expressly acknowledges and agrees that such lien shall be enforceable as a secondary lien on the Property and shall remain in effect until all outstanding amounts are paid in full.

g. *Insurance*. Developer shall provide certificates of insurance as required by the applicable development agreement. Throughout the Term, Developer shall list TOEURA as a named insured on such insurance policies.

h. *Applicable Law*. Developer shall at all times comply with all applicable law, including all federal, state and local statutes, regulations, ordinances, decrees and rules relating to the emission, discharge, release or threatened release of a hazardous material into the air, surface water, groundwater or land, the manufacturing, processing, use, generation, treatment, storage, disposal, transportation, handling, removal, remediation or investigation of a hazardous material, and the protection of human health and safety, including without limitation the following, as amended: the Comprehensive Environmental Response, Compensation and Liability Act; the Hazardous Materials Transportation Act; the Resource Conservation and Recovery Act; the Toxic Substances Control Act; the Clean Water Act; the Clean Air Act; the Occupational Safety and Health Act; the Solid Waste Disposal Act; the Davis Bacon Act; the Copeland Act; the Contract Work Hours and Safety Standards Act; the Byrd Anti-Lobbying Amendment; the Housing and Community Development Act; and the Energy Policy and Conservation Act.

9. <u>TOEURA Obligations</u>.

a. *Payment of Reimbursement Amount*.

i. Upon submittal of the Certificate by Developer, TOEURA agrees that it shall reimburse Developer for the Eligible Costs in the Certificate in an amount not to exceed the Maximum Reimbursement.

ii. TOEURA shall have 30 days after the Certificate submittal to confirm the Certificate is compliant with this Agreement, including the Reimbursement Conditions. TOEURA shall notify Developer in writing within 30 days of receipt of the Certificate if TOEURA disputes the eligibility of any reimbursement requested, such portion of the Reimbursement Amount that is in dispute shall not become due and payable until Developer and TOEURA have resolved the dispute.

iii. Upon approval of the Certificate, TOEURA shall thereafter reimburse Developer with Property Tax Increment and Sales Tax Increment in a proportional amount until the Maximum Property Tax Reimbursement and Maximum Sales Tax Reimbursement, respectively, is reached.

iv. TOEURA's reimbursement obligation shall cease upon its receipt of the Maximum Reimbursement or as otherwise provided herein.

b. *Special Fund*. TOEURA agrees that it has established the Special Fund in accordance with the Act.

c. *No Election Required*. The Parties acknowledge that under *Olson v. Town of Golden*, 53 P.3d 747 (Colo. App. 2002), an urban renewal authority is not a local government, and, therefore, is not subject to the provisions of Article X, Section 20 of the Colorado Constitution. Accordingly, TOEURA may enter into this Agreement with Developer, and agree to remit the Reimbursement Amount to Developer to reimburse Developer for the Development in accordance with this Agreement without voter authorization, and such obligations are not subject to annual appropriation.

d. *Books and Accounts*. During the Term, TOEURA shall keep proper and current books and accounts in which complete and accurate entries shall be made of all funds necessary to properly administer and account for the obligations in this Agreement.

10. Reimbursement Conditions. Unless waived in writing by the Executive Director, the following conditions precedent (collectively, the "Reimbursement Conditions") shall be satisfied prior to Developer receiving reimbursement for the Project pursuant to the terms and provisions of this Agreement:

a. The Property has been conveyed to Developer upon satisfaction of the conditions related thereto as stated in Section 6 herein;

b. A certificate of occupancy has been issued for the Property and the Property is generating Property Tax Increment and Sales Tax Increment; and

c. No default events by Developer have occurred, and the Developer is in full conformance with this Agreement and all local, state, and federal law.

11. Right to Repurchase. TOEURA shall have the right, but not the obligation, to repurchase the Property at no cost upon the Developer failing to: (1) meet the Construction Milestones; or (2) obtain the Approvals prior to the expiration of the Approval Period (collectively, a "Repurchase Event"). Developer shall have up to 60 days after the expiration of each Repurchase Event to cure the failure before TOEURA exercises this right. TOEURA shall deliver notice of its intent to repurchase the Property within 60 days of a Repurchase Event. Upon delivery of such notice, Developer shall deliver title to the Property to TOEURA, free of any encumbrances and liens, by special warranty deed within 10 days of the date of such notice.

12. Colorado Open Records Act. Any confidential financial information provided to TOEURA under this Agreement shall be marked as confidential financial information, and if so marked, TOEURA shall treat the information as confidential financial information under the Colorado Open Records Act, C.R.S § 24-72-200.1, *et seq*.

13. Representations and Warranties.

a. Developer hereby represents and warrants to TOEURA that all of the following are true and correct in all material respects as of the date of signature and the Effective Date: this Agreement has been duly authorized and executed by Developer as the legal, valid and binding obligation of Developer, and is enforceable as to Developer in accordance with its terms; the person executing this Agreement on behalf of Developer is duly authorized and empowered to execute and deliver this Agreement on behalf of Developer; to the actual knowledge of Developer, there is no pending or threatened litigation, administrative proceeding or other proceeding pending or threatened against Developer which, if decided or determined adversely, would have a material adverse effect on the ability of Developer to undertake its obligations under this Agreement nor, to the actual knowledge of Developer, is there any fact or condition of the Property known to Developer that may have a material adverse effect on Developer's ability to Develop the Property as contemplated; and neither the execution of this Agreement, nor the consummation of the transaction contemplated by this Agreement will constitute a breach under any contract, agreement or obligation to which Developer is a party or by which Developer is bound or affected.

b. TOEURA covenants, represents, and warrants as follows, to the best of its actual knowledge: there is no litigation or threatened litigation, proceeding or investigation contesting the powers of TOEURA or its officials with respect to the Property, this Agreement or the improvements that has not been disclosed to Developer; the filing or service of any such suit affecting the Property prior to the delivery of a certificate of occupancy shall be disclosed immediately to Developer by TOEURA; and there are no leases, options, rights of first refusal or other encumbrances affecting title to or use of the Property except as set forth in the commitment.

14. Indemnification. Developer agrees to indemnify and hold harmless TOEURA and its officers, insurers, volunteers, representatives, agents, employees, attorneys, heirs and assigns from and against all claims, liability, damages, losses, expenses and demands, including attorney fees, on account of injury, loss, or damage, including without limitation claims arising from bodily injury, personal injury, sickness, disease, death, property loss or damage, or any other loss of any kind whatsoever, which arise out of or are in any manner connected with this Agreement if such injury, loss, or damage is caused in whole or in part by the omission, error, professional error, mistake, negligence, or other fault of Developer, or any officer, employee, representative, agent or subcontractor of Developer.

15. Assignment. Except for retail leases on the Property, Developer agrees that it shall not make, create, or suffer to be made or created, any total or partial sale, transfer, or

assignment in any form of this Agreement or any part thereof or any interest therein, or any agreement to do the same, without the prior written approval of TOEURA. This Agreement shall be binding upon any assignee approved by TOEURA.

16. Developer Default and Remedies.

a. *Default*. Each of the following is a Developer default of this Agreement:

i. If Developer fails to perform any of its obligations under this Agreement and fails to remedy the same within 30 days after Developer is given a written notice specifying the same; provided that, if the nature of the violation is such that it cannot reasonably be remedied within 30 days, and Developer provides evidence that the violation cannot reasonably be remedied within 30 days, then the violation shall be remedied as soon as reasonably practicable, but in any case, within 120 days of the original notice of violation;

ii. If an involuntary petition is filed against Developer under a bankruptcy or insolvency law, or under the reorganization provisions of any law, or when a receiver of Developer, or of all or substantially all the property of Developer is appointed without acquiescence, and such petition or appointment is not discharged or stayed within 90 days after the happening of such event; or

iii. If Developer makes an assignment of its property for the benefit of creditors, or files a voluntary petition under a bankruptcy or insolvency law, or seeks relief under any other law for the benefit of debtors.

b. *Notice*. Unless necessary to protect the immediate health, safety, and welfare, TOEURA shall provide Developer at least 30 days' prior written notice of its intent to take any action under this Section, during which Developer may cure the default.

c. *Remedies*. If a Developer default occurs beyond applicable notice and cure, TOEURA may take such action as permitted or authorized by law, this Agreement, or the ordinances of the Town, as TOEURA deems necessary to protect the public health, safety, and welfare. TOEURA's remedies include without limitation:

i. The termination of this Agreement;

ii. The refusal to issue any building permit;

iii. The revocation of any building permit previously issued under which construction related to such building permit has not commenced;

iv. Exercising its right to repurchase as provided herein; and

v. Any other remedies available at law or equity, and the exercise of one remedy shall not preclude the exercise of any other remedy, and further, provided that the expiration of this Agreement shall in no way limit TOEURA's legal or equitable remedies, or the period in which such remedies may be asserted, for work negligently or defectively performed.

17. TOEURA Default and Remedies.

a. *Default*. The following is a TOEURA default of this Agreement: if TOEURA fails to observe or perform any covenant or obligation required of it under this Agreement, or any representation or warranty under this Agreement is materially false when made, and TOEURA fails to remedy the same within 30 days after TOEURA is given a written notice specifying the same, provided that if the nature of the violation is such that it cannot reasonably be remedied within 30 days, and TOEURA provides evidence to Developer that the violation cannot reasonably be remedied within 30 days, then the violation shall be remedied as soon as reasonably practicable, but in any case, within 120 days of the original notice of violation.

b. *Remedies*. If a TOEURA default occurs, Developer shall have all remedies available at law or equity, and the exercise of one remedy shall not preclude the exercise of any other remedy, provided that Developer shall not have the remedy of specific performance against TOEURA. Without limiting the generality of the foregoing, in the event a TOEURA default occurs, Developer may terminate this Agreement upon notice given to the defaulting party, without waiving any of its rights or remedies hereunder.

18. Miscellaneous

a. *Governing Law and Venue*. The laws of the State of Colorado shall govern this Agreement, and the exclusive venue for any legal proceeding arising out of this Agreement shall be in Weld County, Colorado.

b. *No Third-Party Beneficiaries*. There are no intended third-party beneficiaries to this Agreement.

c. *Severability*. If any provision of this Agreement is found by a court of competent jurisdiction to be unlawful or unenforceable for any reason, the remaining provisions hereof shall remain in full force and effect.

d. *Governmental Immunity*. Nothing herein shall be construed as a waiver of any protections or immunities TOEURA or its employees, officials or attorneys may have under the Colorado Governmental Immunity Act, C.R.S. § 24-10-101, *et seq*., as amended.

e. *No Joint Venture*. Notwithstanding any provision hereof, TOEURA shall never be a joint venture in any private entity or activity which participates in this Agreement, and TOEURA shall never be liable or responsible for any debt or obligation of any participant in this Agreement.

f. *Notice*. Notices under this Agreement shall be sufficiently given if sent by regular U.S. mail, postage prepaid, to the address on the first page of this Agreement.

g. *Integration*. This Agreement, together with all exhibits attached hereto, constitutes the entire understanding and agreement of the Parties, integrates all the terms and conditions mentioned herein, and supersedes all negotiations or previous arrangements between the Parties with respect to the subject matter hereof.

h. *Recordation*. This Agreement shall be recorded in the real estate records of the Weld County Clerk and Recorder and shall be a covenant running with the Property.

i. *Force Majeure*. No Party shall be in breach of this Agreement if such Party's failure to perform any of the duties under this Agreement is due to Force Majeure, which shall be defined as the inability to undertake or perform any of the duties under this Agreement due to tornadoes, earthquakes, floods, storms, fires, sabotage, terrorist attack, strikes, riots, war, labor disputes, embargoes, pandemics, and TOEURA and orders of government.

j. l. *Electronic Signatures*. The Parties intend that this Agreement be governed by the Uniform Electronic Transactions Act, C.R.S. § 24-71.3-101, *et seq*.

In Witness Whereof, the Parties have executed this Agreement as of the Effective Date.

Town of Erie Urban Renewal Authority

____
Andrew J. Moore, Chair

Attest:

____
Debbie Stamp, Town Clerk

Developer

DocuSigned by:
Scott Skiba
6689C9F4077F4BA...
____

State of Colorado)
) ss.
County of ______________)

The foregoing instrument was subscribed, sworn to and acknowledged before me this ____ day of ___________________, 2025, by _________________________________ of Rearview Mirror Concepts LLC.

My commission expires:

(Seal)

____
Notary Public

Exhibit A
Legal Description of Property

Parcel I:

Lots 15 & 16, Block 5, East Addition to Erie, County of Weld, State of Colorado.
Also known as: 130 Wells Street, Erie CO 80516.

For informational purposes only:
Weld County Assessor Parcel No. R5787786 / 146718403007

Parcel II:

Lots 13 & 14, Block 5, East Addition to Erie, County of Weld, State of Colorado.
Also known as: 570 Kattell Street, Erie CO 80516.

For informational purposes only:
Weld County Assessor Parcel No. R5787886 / 146718403008

Exhibit B
Form of Certificate Relating to Reimbursement Amount

Town of Erie Urban Renewal Authority
645 Holbrook Street, Erie, CO 80516
Attention: Executive Director

The undersigned representative of ________________ ("Developer") hereby makes the following certifications in accordance with the terms of the Disposition, Development and Reimbursement Agreement dated ___________ ____, 2025 (the " Agreement"), between the Town of Erie Urban Renewal Authority and Developer. All capitalized terms used herein shall have the meanings set forth in the Agreement.

The following conditions have been satisfied:

a. The Property has been conveyed to Developer upon satisfaction of the conditions related thereto as stated in Section 6 of the Agreement;

b. A certificate of occupancy has been issued for the Property, and the Property is generating Property Tax Increment and Sales Tax Increment; and

c. No default events by Developer have occurred and Developer is in full conformance with this Agreement and all local, state, and federal law.

The foregoing certification along with an itemized invoice of Eligible Costs attached hereto shall constitute the Certificate under the Agreement.

By: ______________________________
Name: ______________________________
Title: ______________________________
Date: ______________________________

Exhibit C
Eligible Costs and Improvements

Construction mobilization, temporary facilities & site management	Superintendent, PM, temp facilities, fencing, dumpsters, toilets, IT setup, safety, cleaning	$239,000
Demolition & existing conditions	Surveying, demo, grading subcontractor, small tools, dump fees	$133,000
Foundations & concrete work	Footings, foundation walls, spread footings, slab-on-grade	$340,000
Structural framing & rough carpentry	Framing, sheathing, trusses, blocking/backing	$1,316,000
Building envelope	Roofing, insulation, siding, brick, flashing, gutters, sealants	$556,000
Doors, windows & storefront systems	Storefront glazing, doors, vestibule glass, hardware	$199,000
Interior partitions, drywall, flooring & painting	Gypsum assemblies, polished concrete, interior/exterior paint, punch-list	$419,000
Mechanical, electrical, plumbing & life safety systems	MEP systems, electrical, lighting, fire alarm, utilities	$1,432,000
Earthwork & exterior site improvements	Grading, site concrete, irrigation, landscaping	$245,000
Permits, tap fees & municipal administrative fees	Building permit, water/sewer taps, infrastructure fees	$321,000
	TOTAL	$5,200,000