

# Memorandum

**To:** Mayor Carroll and Board of Trustees  
**From:** Julian Jacquin, Economic Development Director  
Malcolm Fleming, Town Administrator  
Kendra Carberry, Town Attorney  
Corey Hoffmann, Town URA Counsel



**Date:** March 22, 2022  
**Re:** Four Corners Amendment – Staff Memo

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The Erie Board of Trustees previously adopted the following development tools, relative to the new mixed-use project by Erie Four Corners, LLC (the "Developer") at the Southwest corner of Erie Parkway and E. County Line Rd., in the new Erie Town Center:

- The Four Corners Urban Renewal Plan ("URA", adopted September 23, 2015)
- The Four Corners Metropolitan District ("Metro District", adopted September 15, 2016)
- The Four Corners Business Improvement District ("BID", adopted September 27, 2016)

On February 14, 2017, the Town of Erie Urban Renewal Authority ("TOEURA") executed a Public Finance and Development Agreement ("PFA") with the Developer, the Metro District, and the BID to govern the use of those tools and the Town/URA's obligation to reimburse with certain revenues generated by this project for costs of eligible public improvements. [A copy of the existing PFA \(Agenda Item #17-082, adopted February 14, 2017\) is linked here for context.](#)

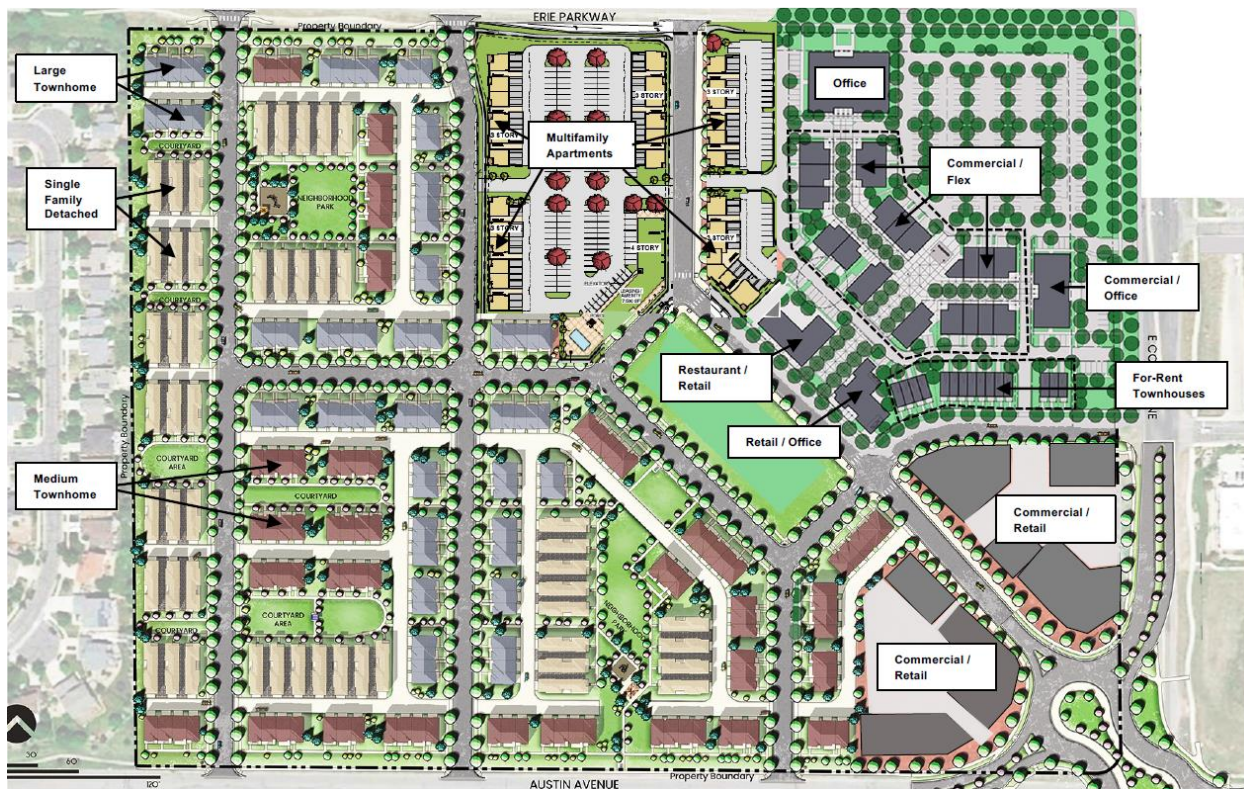
All the tools referenced above were adopted for a specific site plan, and layout of land uses, but in 2019 the Town led an extensive design charette and rezoning process for the new Erie Town Center Planned Development District ("Town Center PD"), which includes the Erie Four Corners property as a major component. The Developer has now requested to amend the PFA, Metro District Service Plan, and BID to reflect the new Town Center PD, with an updated site plan and layout of land uses, and public improvements necessary for development at this location. There are numerous administrative changes recommended to these enacting documents, but the major substantive changes include:

1. Reconfigure the boundaries of the Metro District and the BID to reflect the new "Peel" street and layout of commercial/residential land uses (see site plan below). Generally, all commercial property will be included within the boundary of the BID, and all residential property will be included within the Metro District.
2. Authorize the Metro District and the BID to exclude certain property that includes new multi-family residential dwelling units and impose a new Payment in Lieu of Tax ("PILOT") on those excluded properties for the District's then-current operating mill levy rate imposed on taxable property within its boundaries. This PILOT was requested by the multi-family residential developer and the Developer's bondholder and enables the Developer to begin eligible public improvements in 2022 without requiring an additional TABOR election for the Metro District. Funds raised by the PILOT shall only be used for expenditures that would be permissible uses of tax revenues collected by the District.

The Town is entitled to order the District to apply funds generated by the PILOT towards maintaining any public improvements, should the District fail to meet its obligation.

3. Update the Metro District's mill levies to reset the maximum debt service imposition term to 40 years from date of first imposition, after this amendment, and adjust the operating mill levy for changes to assessment ratios since the District's creation in 2016.
4. Update the project schedule, detailed cost breakdown, phasing plan and financing plan to reflect current site plan and estimated costs/revenues.

### Site Plan:



The new site plan conforms to the Erie Town Center PD, which includes the "Peel" arterial street, a new "peanut" roundabout at the southernmost end of Town Center at E. County Line Rd. and Austin Ave., a large central community park/green space, and a new combination of land uses (retail, restaurant, commercial, office, flex live/work, multi-family apartments, townhomes, and single-family detached).

### Metro District Service Plan Amendment:

The Service Plan Amendment would accomplish the following:

1. reconfigure the District boundaries
2. authorize the District to impose a Payment in Lieu of Tax on certain excluded property (to cover the operating levy)
3. reset the Maximum Debt Mill Levy Imposition Term to 40 years from the date of first imposition of such levy after the date of the Amendment

4. authorize the District to adjust the Operating Mill Levy for changes to assessment ratios since the date of the Service Plan
5. extend the dissolution deadline, and
6. update the Detailed Cost Breakdown, Matrix of Ownership and Maintenance, and the Financing Plan to reflect current estimated costs and revenues.

The original Service Plan anticipated Public Improvements Costs of \$28,159,492 and intended to pay for those costs with a maximum debt mill levy of 50 mills, and an operating mill levy of 10 mills. The Service Plan provided for the District to issue a total of \$17,725,000 of Debt in two series, \$8.4 million in 2017 and \$9.25 million at some later date. The Debt would be secured by a maximum mill levy of 40 mills.

The Service Plan Amendment anticipates Public Improvements of \$35,552,625 financed with a 35 mill debt service levy (although the maximum debt service mill levy authorized by the plan remains at 50 mills), and bonds of \$31.9 million issued in one 2022 series.

Since the overall development is consistent with the Town adopted PD, and since the anticipated debt mill levy is less than the originally approved Service Plan (even though public infrastructure costs have gone up), staff has not completed a more detailed financial review of this proposed Service Plan amendment. However, staff did ask the Town's metro district consultant, Jim Mann with UMB, to complete a preliminary review the plan. He did and had these conclusions:

One significant difference in the financing capability of the proposed amendment is in interest rates from the original 2016 plan (7.00%) versus the revised 2022 plan (4.875%). That being said, the fact that the financial plan shows coverage of 1.30x with the combination of BID Revenues and MD Revenues (capped at a 38.965 mill levy provides a reasonable cushion for any unforeseen disruptions in absorption.

Based on the above, the Town may wish to revise Section VI(G) to something less than a 50 mill maximum.

Within the financial plan, the issuance expenses are identified and represent 3.70% of the \$24,000,000 issuance. The 2016 original plan, Section VI (B) caps the underwriting discount at 3.00%. The Town may wish to require additional information related to the breakdown of the issuance expenses to ensure compliance with the original 2016 Plan.

**Recommendation:**

Town staff and the Town Attorney recommend the TOEURA and Board of Trustees approve the requested amendments to the PFA, Metro District, BID, and Intergovernmental Agreement, as presented, on the condition that the Maximum Debt Service Mill Levy be set at 40 mills (which is 1.035 mills higher than proposed by the applicant).