



TOWN OF LYONS BOARD OF TRUSTEES MEETING  
VIRTUAL MEETING  
LYONS TOWN HALL, 432 5<sup>TH</sup> AVENUE, LYONS, COLORADO  
DRAFT AGENDA

**THURSDAY, JUNE 17, 2021**

**Join Zoom Meeting**

<https://us02web.zoom.us/j/81102060205?pwd=Y3BFcG5jUSlCZmtscFIVK2k5eSttUT09>

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5:30 PM BOARD OF TRUSTEES SPECIAL MEETING

- I. Roll Call and Pledge of Allegiance – Mayor Angelo, Mayor Pro Tem Browning, Trustee Karavas, Trustee Waugh, Trustee Rogin, Trustee Miller, Trustee Lowell
- II. A Reflective Moment of Silence Dedicated to COVID Victims and their families.
- III. Approve Agenda **Motion:** move to approve **Moved by:** Trustee Karavas **Seconded by:** Trustee Lowell **Motion Passes 7-0**
- IV. General Business
  1. Discussion/Direction on Agenda Request Submitted by Summit Housing to Modify Fees Associated with Current Development Agreement - Summit Presentation: Paul Capps, President, Phil Williams, President of Summit construction, Craig Bennet President of CMC construction. Have brochure for your consideration on projects we have completed. Focus on high quality affordable housing. Summit is developer, owner and manager. We build it, stay with the project and our people manage the project. Affordable housing in the US is at a crisis point. That problem has been compounded by the events of last year. The pandemic has had effects on all of us in many different ways. None of us considered the effects on construction, we are all aware of the astronomical costs of commodities. Concerns on this project: extremely expensive build for us; median home build now is 295,000. Median in Boulder County is 1.5 million. When we are finished with the project the average cost to build will be upwards of \$460K. Most expensive low-income project in the state. Tax Credit world we operate in is very different, many constraints. CHFA responsible for allocating tax credits. 9% tax credit round, highly competitive. 10-year cash flow stream of tax credits, developers sell it to syndicators who pay us lump sum and they get the tax credit. Big demand for these tax credits. We have to stay in a debt coverage ratio of 1.75 %. Developer Fees are limited. QAP outlines everything about this process. Construction hard costs are up 16% from last fall. Summit has 1.4 million of our hard money involved which doesn't include the 1 million in water shares and 1.2 million for land. 2.2-million-dollar developer fee profit we are deferring 1.4 million of that. 3.6/3.7 million in hard costs to date. 4 million in soft costs from DOLA that must be spent by 12/31 of this year or we lose them. Time is of the essence. Think we could close by end of August; due to third party requests. One concern is we cannot defer all of the developer fee with this project; and no way to increase the number of debt. We must show we can pay this amount back in 12 years. if not, this is dead. The dilemma: we are going to ask the town to help us a little bit. We would like to develop a good relationship; in all our best interests to get this project completed. Phil Williams, Craig Venice, pandemic has affected lumber in particular, first numbers submitted pre-covid, \$350 per thousand, last bid in fall was \$1,400.00, not including any other fees. Craig, in the 9 months since we have



56 been on this project everything across the board has gone up. A sheet of plywood is now at \$200  
57 when it was \$38 in the fall. Lumber is one of the biggest costs. In the past months we have been  
58 working to come up with ways to cut costs. Caught in a materials shortage/demand. We are looking  
59 for some help; Our hands are tied in a large extent of what we can and can't do. We have about  
60 \$800K in developer fees and we can't defer anymore that would show a Performa that we can pay it  
61 back. Is there an option of waving tap fees? That would help us significantly; we need about another  
62 1.5 million. We aren't asking for all of it, just asking for some consideration. Maybe other soft cost  
63 grants that you may be aware of that we don't know of. Anything the town could do to help us would  
64 be so appreciated. There was talk that we were not interested in this project, that was never true.  
65 This deal has been delayed for several reasons, Covid the main, but we are ready to go and move  
66 ahead. Bottom line is this program is here to help the citizens of Lyons. We are going to build, and  
67 we are going to be your partner long term. At least 30 years if not longer. Mayor Angelo introduced  
68 Allison O'Kelly and Michelle Stinnett with the Div of Housing DOLA – here to answer any questions.  
69 Phil asked if the date to spend is 12/31 or 12/1. Michelle, funds must be drawn by 12/31, not a hard  
70 deadline, able to amend if a solid reason. Trustee Rogin – how are you managing this situation on  
71 your other projects? Keep hearing time is of the essence, yet this is the first time we are hearing  
72 from you. Craig, we have to budget our prices 2 years in advance; most of our projects are locked in  
73 with pre-covid projects; only 1 in Bozeman MT and here in Lyons are affected. Craig and Phil only  
74 joined summit in April, apologize for lack of any response or being available. We have apologized to  
75 everyone, including CHFA, but that will not happen again. Trustee Lowell: with you both being so  
76 new, I want you to understand the difficulties of building on this site. Want you to be aware of the  
77 difficulties of the ledge and Carter Dr. Phil, we are very aware, have the soils report, may do an  
78 additional test to go a little deeper. The corner of Carter Drive is going to be the big challenge. This  
79 contract has the most allowances in the time I've been doing this. Trustee Lowell at January  
80 meeting, I made a requirement that they repair the embankment; I would like to see that damaged  
81 banking be included in your plans. Craig, in discussion with engineers if we could shift the lots but  
82 they were in the floodway. We could research more. Trustee Waugh you mentioned this being the  
83 most expensive affordable housing project in the State; BOCO has been that way since at least  
84 2018. Phil, projects in Littleton, Longmont, Broomfield, and Denver. Infrastructure costs in Lyons are  
85 something I have never seen, an incredible expense for this type of project. Specific infrastructure in  
86 this project is more expensive by at least a million dollars than any other project we have done here  
87 in CO. This town has a lot of fees associated with building; it is cost prohibitive. 280 housing project  
88 in Montana the taps/fees are a third of this project. Trustee Waugh those fees were the same when  
89 this project was bid; were there concessions in Montana? Broomfield project there was a donation of  
90 \$1 million and sales tax was exempt. Trustee Waugh can you speak to any federal funding/COVID  
91 funds that you would have received. We were eligible for PPE funds; doesn't translate into  
92 development costs. Town may have access to additional grants that we don't have access to. Mayor  
93 Pro Tem Browning – you said Broomfield gave concessions of \$1 million, how much of tap fee  
94 concessions were given. I will be back in the office Monday and will get that to Victoria then. There  
95 would be no Lyons Sales tax on any materials purchased. Attorney Dittman, Lyons LMC  
96 construction materials are not taxed the sales tax if use tax has been paid. MPT more information  
97 on closing, where exactly does Summit stand on sale of tax credits, bond requirements. Summit, not  
98 sure of bond, financing aspect, 2 closings with a first tranche to start project off. 2<sup>nd</sup> tranche helps  
99 make it to closing. Bond is ready, will be part of package that we will give to the bank. Mayor Pro  
100 Tem Browning what is experience/background of current team. I reviewed original submission and  
101 compared to what's on Summit's website, pretty close to 100% turnover, the current team, have they  
102 done a project yet from start to finish? Paul, When I came on, Broomfield project was just starting  
103 excavation, had to get up to speed. I am heading up at least 4 from the start, Broomfield at 50%  
104 completion. Summit Board no significant changes in 18 years. Mayor Pro Tem, PT my understanding  
105 was that the tap fees were coming from the \$4 million grant. Paul, bulk of what we have already  
106 spent is qualified under DOLA. Original intent was to cover tap fees. We simply brought up the tap  
107 fees because it was the amount we needed to balance the project. We have to balance the sources  
108 per CHFA, we have penciled in deferring 1.4 million. Mayor Pro Tem asked what would you spend  
109 the money on? Paul - NLine, CenturyLink, infrastructure. Mayor Pro Tem list of increased  
110 expenses; added them up, why are allowances so high? Craig, numbers we project that we feel are



going to cost. Those numbers are unpredictable; if they come in under, we apply that back to the development and soft costs. Caveat is if they go beyond that we lose money. I don't know if we have ever given money back to a municipality for construction costs, maybe for soft costs. Craig, biggest risk is on SW side of site, rock. Those excavating costs have gone up and continue to do so; Paul, we are not doing this to pad our pockets, we need to balance the project. I wanted all of us to have a good understanding; full accounting of everything. I am not opposed to paying those fees if those allowances come in under. Mayor Pro Tem - wasn't there a 5% contingency built in? Craig, no contingency in construction costs that I am aware of. Paul, we are developing a relationship with the town. Mayor Pro Tem - profit/overhead costs went up, you just decided you just needed more money? Paul, that is a fixed cost, if the cost of the project goes up then that fixed percentage of 6% goes up automatically. MPT, have you used other GC's? Phil, yes, some developers have tried to be the contractor when they see the 14% profit, but it hardly ever works well. This was competitively bid. Mayor Pro Tem, you said most expensive project in state; when Summit submitted it's RFP, at that time the only acceptable water shares were CBT, Lyons negotiated with Longmont to allow McIntosh shares; the cost is significantly below what you would have spent. Paul, if I had been sitting in this chair then, and those costs were that high, we would not have even considered this project. I don't know what Rusty was thinking, but that is the past. We are here now, and the main reason is commodities inflation. Mayor Pro Tem, 2 unbuildable lots, 5 other lots on western end, probably hardest lots to build on, any future plans for those 5 lots. Paul, we could look at a phase 2 of this project. Allison O'Kelly, Rusty's original proposal was only Tract A and all were connected units. There were **no** Single-Family designs. Garages then were added; Rusty's hope was to build on the mesa which we know didn't work out. Mayor Angelo I'm not in the business, you mentioned earlier that you get bids on materials 2 years in advanced. Craig, we do an MOU as a guesstimate based on previous years costs. Mayor, is it because you are a new team, is that why an MOU was not taken out for Lyons? Craig, we were not involved then. Mayor and that is why we are here with COVID costs. We aren't going to make any decisions tonight, lot more information to gather. What I appreciate from you is that you said you would do this project regardless if you had to take the hit. I think it is incumbent on us to come up with any way to help you. Phil, we had marching orders from our boss, to try to come up with concessions, or take it on the chin. Mayor I think we can come up with something. Trustee Karavas, in some projects when this does happen, contractors will build one building first, get people in to let the system correct itself. Phil, we don't have the luxury, the tax credits have to be used in a certain amount of time. It would be a black mark on us. The timing of it is critical. Trustee Miller asked could they reapply for the 9% at any time or is it a done deal. Allison O'Kelly, CO is one of very few states where it determined that tax credits should be administered by a separate entity (CHFA) I will second Summit, 9% tax credits are extremely competitive. Rusty went for the 4% as they are not as competitive and if you have a project CHFA will always grant the 4%. State tax credits will be available starting 2025, partner with 4% to make more projects available. Mayor thanked everyone for the presentation, and we are here to help you.

V. Summary of Action Items

VI. Adjournment – **Motion:** move to adjourn **Moved by:** Trustee Karavas **Seconded by:** Trustee Karavas Meeting adjourned at 7:33 pm.

Respectfully Submitted by:

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Dolores M. Vasquez, CMC – Town Clerk

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Mayor Nicholas Angelo

"The Town of Lyons will not discriminate against qualified individuals with disabilities on the basis of disability in its services, programs, or activities. Persons needing accommodations or special assistance should contact the Town at [hr@townoflyons.com](mailto:hr@townoflyons.com) as soon as possible, but no later than 72 hours before the scheduled event."