Draft Guardrails for LURA Project Implementation -- 10/22/2021

1) Do not try to do too much. Any use of funds must be bound by realistic forecasts of property tax revenue. (property and use tax.) Adjust as forecasts change due to changing conditions.

2) Do not put LURA participant funds at risk by incurring debt. While the start-up costs are now sunk costs, the LURA should not expect that projects will require the Town or any other LURA participant to guarantee payment of debts or repayment of loans.

> a. Work with developers that can accomplish their goals by arranging the financing themselves and/or only use available LURA funds that have already been collected (earned TIF) as indicted above. (In other words, they would only receive LURA funds after they are collected. That puts the risk on them).

> b. Generally expect developers to bear risks.

> c. Limit loan commitments to defined, limited amounts backed by specified collateral.

> d. Any agreements with developers that require loans to or through LURA, or use of real assets from LURA participants, must require a two-thirds majority vote of the LURA Board.

3) Minimize expenses moving forward. Efficiently manage our legal expenses and limit the administrative burdens for town staff. Burdens on the Town's budget or staff must be considered carefully.

> a. The exception might be expenses for resources to recruit developers and tenants for identified projects that have a high probability of eventuating.

4) Focus on using property and use tax, leaving the use of sales tax only for circumstances that would be mutually beneficial to the Developer, the LURA, and the LURA participants. It is best to have this option available if it might ever be beneficial and have an overall positive impact on Town revenue. The Town BOT controls the ability to include sales tax in TIF

5) Set up a repayment schedule to the Town for their investments in LURA development.

6) Develop criteria and priorities for expenses that the LURA will cover (i.e., public improvements, sprinkler systems, infrastructure, public parking, grease traps, side streaming, renewable energy, increased water line sizes, etc.).

7) Avoid projects that may create situational obligations for the any LURA participant, such as unfinished projects that are dependencies for completions of a development (e.g. buildings built but require investments for otherwise unfunded infrastructure that go beyond the resources of the LURA)