



AGENDA  
HAYDEN MUNICIPAL HOUSING AUTHORITY HAYDEN  
TOWN HALL – 178 WEST JEFFERSON AVENUE  
THURSDAY, JULY 18, 2024  
7:00 P.M.

ATTENDEES/COMMISSIONERS MAY PARTICIPATE VIRTUALLY VIA ZOOM WITH THE INFORMATION BELOW:

Join Zoom Meeting

<https://us02web.zoom.us/j/84598597603?pwd=RVk4Q3dHSERQWitwUlhuNENsOWw4UT09>

Meeting ID: 845 9859 7603

Passcode: 964476

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OFFICIAL RECORDINGS AND RECORDS OF MEETINGS WILL BE THE ZOOM RECORDING AND OFFICIAL MINUTES OF MEETING

REGULAR MEETING – 7:00 P.M.

- 1a. CALL TO ORDER
- 1c. PLEDGE OF ALLEGIANCE
- 1d. ROLL CALL

2. PUBLIC COMMENTS

Citizens are invited to speak to the Commissioners on items that are not on the agenda. There is a 3 minute time limit per person, unless otherwise noted by the Chair. Please note that no formal action will be taken on these items during this time due to the open meeting law provision; however, they may be placed on a future posted agenda if action is required.

3. CONSENT ITEMS

Consent agenda items are considered to be routine and will be considered for adoption by one motion. There will be no separate discussion of these items unless a Councilmember or Town staff requests the Council to remove an item from the consent agenda.

- A. Consideration of minutes of the July 11, 2024 Housing Authority Meeting

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4. OLD BUSINESS

- A. Review and Consider for Approval a Resolution 2024-01 A Resolution Authorizing the Formation And Admission Of Hayden Municipal Housing Partners, LLC As a Member Of Prairie Run Community, LLC Page 9

*NOTICE: Agenda is subject to change. If you require special assistance in order to attend any of the Authority's public meetings or events, please notify the Authority at (970)276-3741 at least 48 hours in advance of the scheduled event so the necessary arrangements can be made.*

5. NEW BUSINESS
  - A. None
6. PULLED CONSENT ITEMS
7. STAFF AND COMMISSIONER REPORTS (CONTINUED, IF NECESSARY)
8. EXECUTIVE SESSION (IF NECESSARY)
9. ADJOURNMENT

Work Session

Staff & Commissioner Reports

Staff Reports will continue at the end of the meeting.

**Chairman Banks** called the regular meeting of the Hayden Municipal Housing Authority to order at 6:01 p.m. Vice-Chairman Reese and Commissioner Gann, Carlson, Hicks, Bell, Vice Chairman Reese were present. Commissioner Corriveau arrived after 7:00 p.m. Also present were Town Manager, Mathew Mendisco, Town Clerk, Barbara Binetti, Community Development Director, Tegan Ebbert, Finance Manager / Deputy Town Clerk, Andrea Salazar, and Police Chief Scott Scurlock. Town of Hayden General Counsel Thad Renaud, Kimble Crangle from Gorman were present via Zoom.

PLEDGE OF ALLEGIANCE      Chairman Banks led the Pledge of Allegiance.

PUBLIC COMMENT              No public comment that was not on agenda

CONSENT ITEMS              Commissioner Hicks moved to approve the consent items. Vic-Chairman Reese  
MINUTES –                      seconded. Roll call vote. Commissioner Bell– aye. Commissioner Hicks– aye.  
July 1, 2024                      Commissioner Gann- aye. Commissioner Carlson – aye. Vice Chairman Reese – aye.  
Chairman Banks – aye. Motion carried.

OLD BUSINESS

- A. Review and Consider  
     Consider  
     Approval of  
     **Review and Consider**  
     **Approval of**  
     **Prairie Run**  
     **Development**  
     **Request for Tax**  
     **Exemption and**  
     **Payment in**  
     **Lieu of Taxes**  
     **for Certain**  
     **Special Districts**  
     **and School**  
     **District**
  - Mathew Medisco opened the discussion suggesting a format of having Staff report to the questions the board had at the last meeting along with comment from John Sullivan of the Routt County Development Partnership, and the applicant Kimble Crangle of Gorman. Followed by public comment, if the board approved, Commissioner Gann felt it would be best to hear what Staff has to say before anything else. The rest of the board concurred.
  - Tegan Ebbert spoke to the hand outs that were sent to the Board earlier in the week referencing the numbers and questions that had been asked. She did not discuss every item but touched on what seemed the main questions the board was asking which were around the participation with Gorman and the ownership levels in the Prairie Run Project. Mathew reiterated that the \$8.6 million dollar loan would be paid directly back to the Town of Hayden as well as the 2% ownership of the town and the 1% interest that the town would receive. Tegan spoke to how Prairie Run fits with the Town of Hayden’s master plan. Background being that the Housing Authority was created 2020 with the theme of the HA to make the community healthier while allowing it to grow and having businesses open. It was discovered that there was a need to create housing at all levels of their lives and that matches what people are actually getting paid in the Yampa Valley. A housing use assessment was done showing again the need for housing in the community. There were no questions at this time.

John Sullivan Executive Director of Routt County Development Partnership came to the podium. The Partnership works with individuals and businesses to provide insight to communities and business to identify needs and find ways to cover those needs. Mr. Sullivan spoke to the Housing / Job Nexus and the Housing / Business Park Nexus.

First speaking of the Housing/Job Nexus, that is work force retention, to keep existing businesses here that are invested and committed to the community. How do we keep them? Housing. We work with the business to understand their needs while supporting the existing community. There is a direct correlation between affordable housing and workforce attraction. The key is to be able to attract people who make decisions on housing available. Economic multiplier effect also happens when people are remodeling homes, building new homes and businesses which causes local spend and that multiplier effect of more money moving in the community.

The next point is the Housing/Industrial Park Nexus where communities are developing industrial parks and looking at diversification to bring in new capital to the community. This is a key area to help a local economy. The industrial park is key to helping diversify. There are two tracks of development at the same time, the phase development and the public private partnerships. There are many ways to do that which depend on each community.

There is a critical link between the comprehensive housing strategy which goes along with development of commercial and industrial lands.

Mathew Mendisco presented pro's, con's, and the financial impact in addition to the packet information (using a flip chart as a visual). In response to specific questions from the Council concerning Gorman – that is in the packet – that Gorman has requested a partial tax exemption. A partial tax exemption meaning they will pay special districts – but not the County or Town. The County is aware of this caveat and has agreed to this request. The process is that the Housing Authority grants a full tax exemption to Prairie Run and then collect a payment in lieu of taxes that will in turn pay the special district taxes.

Con's –

1. County and Town do not collect property Tax. County is aware and are comfortable.

2. Growing Pains – losing small town feel,

Mathew Mendisco talked to the history of earlier growth periods in Hayden's history.

The water plant was built for 4000 capacity in anticipation of expected growth.

- 3 Construction impacts

So, these are the identified cons. As pertaining to the decision, the Council needs to make tonight, this is the last piece, all the rest has been approved. To be clear, if the ultimate financing doesn't happen because it doesn't work then the whole thing goes away.

Commissioner Gann... we are not the Commission to make this decision for the County. Mathew responded no, the County has already signed off on this. Commissioner Carlson asked what the breach of consequences is if Gorman does not pay the "in lieu of taxes" to the town? Thad Renaud, the Town of Hayden's Legal

Counsel, replied that it is a legally enforceable action.

Pro's –

Middle Income Development ... Perpetually carried. The tax exemption is attached to the land. The AMI levels are guaranteed so that people will always have starter housing, for examples for teachers, nurses, etc. It will offer in perpetuity that the rates won't change.

The Town of Hayden will have a 2% and the Housing Authority will have a .01% revenue payment every month from the Prairie Run rents.

This is an investment on the west side of town that will benefit all citizens. There are sidewalks being built, the land for the skate park was donated and then will be fully funded via grants, etc. There is a rumor of misconception that I want to make clear. The rumor said that there would be no skate park if they didn't get what they want. That is completely untrue. This was never said.

Financial Impact –

Tap Fees..... 13 Buildings (129) units is estimated income of approximately \$1 million. If the developer ever sold the property, the \$8.6 million loan would be paid in full back to the Town of Hayden, as per the loan agreements.

Water rates and Sewer payments generate income.

This is a \$75 million development.

The 1% loan interest is greater than the assumed property taxes would be for the Town and there would be the in lieu of payments for the special districts.

As per the attorney, developments like this can't get done without this type of concession. In fact, Hayden has done this before, example West Rountt Housing is totally tax exempt.

Commissioner Reese asked if they sell and we get the \$8.6 million back, does that go to the new owner. Mathew responded that no, there is no restriction on the money.

Commissioner Bell asked if the development sells, does the tax exemption go away. Mathew responded that yes the tax exemption goes away. A new owner wouldn't be eligible for that, unless the Town of Hayden was a partial owner. Thad Renaud said that there is a provision built in if the Town doesn't want to maintain ownership.

Kimble Crangle from Gorman and Company said that Gorman applied for the TAG Grant it was a full package of the Town of Hayden and Gorman combined an application to request for this exact unit mix and agreed to all of the deed restrictions as per the handout. Even if we were to go defunct, which has never happened in our 40 years, but if it did happen the deed restrictions would go on in perpetuity. We have done these developments in other communities and these properties only become more of an asset for these communities. As Mathew said this is looking to be a \$75 million dollar deal. If there was not this partial tax exemption per the pilot, we would not be able to meet mortgages and obligations. No questions were asked of Kimble.

Chair Banks opened the floor to Public Comment.

Travis McCarty, 325 South Poplar, Hayden CO, 81639.

Question- Will Mill levy changes happen for them too if they change for us? Mathew responded yes.

They won't pay any County or Upper Yampa Conservancy taxes? Mathew said they would pay Cemetery, School, West Routt Fire.

This spring, I had asked if property tax would be exempt for us in Hayden and was told no. I can't see how this is fair to us who pay taxes and a big company doesn't have to.

Eric Owen – School Superintendent – 169A S 4<sup>th</sup> Street, Hayden, CO 81639

I want to talk to the need in this community. As superintendent of the schools, I appreciate the need and the comprehensive that was done on this. One of our challenges is housing for teachers. The school board has been generous with salaries, but it is very difficult for teachers to find housing in the area. When I got here there was only one place to rent and I took it. I still live there because there is nothing available. Housing gives a sense of continuity and home. The school lost 8 teachers, 3 or 4 left because either commute time coming from the East, or childcare and commuting to the town to the West. I love the idea that there are multiple size unites in the development which will allow those families to grow.

Shari Copeland – 131 S 5<sup>th</sup> Street, Hayden, CO 81639

I was born and raised in the valley. One thing my grandma told is you can't stop progress but I think it is irresponsible to move forward with progress without the town people's approval. I agree with Travis I pay too many taxes. Why should I pay taxes if this company is going to come in here and pay no taxes. Not fair to us who have lived here our whole lives. I have raised my family here, have a grandson here. My nephew is thinking of closing his business because of his taxes. The town people are not seeing the money that you are telling us is coming in here. We all sleep here, we eat in Craig, buy groceries in Craig, my only money I spend here is my property tax. We don't have the infrastructure to support these people you say are coming in here. I'm all for industrial parks, we have one up there that is empty, lets fill it up first. We like Hayden but it is not a nice place to live right now. You need to talk to people and see what they want. I'm concerned about the quality of people moving in here. The apartments behind my house have loud music, drugs, cars zooming by. There will 129 units coming in, I still have to pay my taxes, not fair they don't have to. It is not fair. This is still the people of Hayden's community.

Chair Banks closes public comment at 7:05 p.m.

Commissioner Gann asked if there is anything needed to let Commissioner CORRIVEAU as a voted member after missing roll call. Thad said no, because Commissioner is present. Let the record reflect that the commissioner is present. Thad asked Commissioner CORRIVEAU if he had a chance to hear the discussion. Commissioner CORRIVEAU said no, and that he would abstain for lack of information in the vote.

Gann asked if the charter of the Town applied to the Housing Authority. Thad said no.

Mathew asked if Gann had any specific question. Gann responded that he would have liked for the Counsel to have the information in writing before this meeting and should have had it 48 hours before. Mathew responded that there was no legal requirement to have that information prior to 24 hours. The information I spoke to tonight was already in the packet. The only information not in the packet were the two bullet points on the board.

Gann referred to the Town Counsel code of what has to be provided in the same way for the Housing Authority. Thad said that there are legal time lines for Agendas but not the content of the packet. Gann asked what is the legal governance over the Housing Authority. Mathew will provide the documents for the Housing Authority and GIP tomorrow.

Thad looked at the code. He has never seen the rules in a board or counsel, it is very unusual to have such a thing in code.

Commissioner Bell asked if all units are rented at the maximum AMI what would be the projected revenue. Kimble said to keep in mind that revenue goes back to pay all of the loans and mortgages of this project and operating expenses.

Bell what is Hayden's AMI. Mathew said that the AMI is based on the county but Hayden's AMI is \$88,571 which is actually higher than the county.

Bell again asked if all units are tax exempt. Mathew responded that they are partially tax exempt and that the Town would receive the special districts taxes via in lieu of payments.

Gann feels he should have seen all of these documents in writing prior to this meeting so it doesn't all feel like hearsay. He wanted it in writing so he could make a well-informed decision from the beginning. Chair Banks commented that it was all discussed last week. Discussion ensued between Banks and Gann.

Mathew apologized that he thought Staff had answered the questions from last meeting in the Staff Report and that it had all been given in writing. I can only give estimates at this time. Bell wants the estimate of Gorman's revenue. Again, Mathew responded that he can only give assumed estimates at this time and reminded the counsel that can not get to actual construction if there is not the tax exemption status.

Bell, I would accept some tax exemption granted but not all units.

Hicks commented that with the partial tax exemption will leave a tax burden to other tax payers. Carlson commented that there was no identified place for the slack to be picked up on the other services lost tax revenue.

Chair Banks closed discussion by saying in life there is compromise. I feel this proposal is a wonderful compromise. If I look at any town in this state, they all have tax exemptions. The fact that Gorman proposed this to us for our community is a great compromise.

Chairman Banks moved to approve. Vice Chair Reese seconded. Roll call vote. Commissioner Carlson - aye. Commissioner Corriveau - abstain. Commissioner Gann- nay. Commissioner Hicks- aye. Commissioner Bell - nay. Vice Chairman Reese – aye. Chairman Banks – aye. Motion carried.

PULLED CONSENT ITEMS

STAFF AND  
COMMISSIONER  
REPORTS CONTINUED

ADJOURNMENT                      Chairman adjourned the meeting at 7:23 p.m.

Recorded by:

\_\_\_\_\_  
Barbara Binetti, Town Clerk

APPROVED THIS 18<sup>th</sup> DAY OF JULY, 2024.

\_\_\_\_\_  
Ryan Banks, Chairman





## Housing Authority Agenda Item and Town Council Agenda Item

**MEETING DATE:** July 18, 2024

**AGENDA ITEM TITLE:** Review and Consider Approval of Resolution 2024-2 and 2024- of the Hayden Municipal Housing Authority and Town of Hayden

**AGENDA SECTION:** Old Business

**PRESENTED BY:** Mathew Mendisco

**BACKGROUND REVIEW:** After the special meeting Thursday July 11, 2024 staff had sufficient direction to finalize the resolutions needed to ratify Council’s formal vote to approve the partial tax exemption for Prairie Run Workforce LLC a middle-income attainable housing project set to break ground in September 2024. The attached resolutions for each meeting ratify those authorizations and create an LLC for the housing authority (common practice to limit liability) and authorize the loan to the project as well as give the Mayor and/or the Town Manager the authority to execute final documents associated with these two resolutions.

At the meeting, and after the meeting, there have been many questions about the impact financially for the Town. Below I have clarified what was stated and presented at the meeting. Staff will be refining these numbers as Prairie Run’s final loan documents are finalized with their first mortgage etc.

### Skate Park

- Town received \$500K from the Colorado Health Foundation to help pay for the project.
- Town received \$500K from GOCO to help pay for the project.
- Town received \$40K from the Gates Family Foundation
- Town received \$60K from the Sarah Craig Scheckman Family Foundation
- Town received \$2 million to build the new sidewalk to this park from 6<sup>th</sup> Ave.
- Town is contributing \$100K from its “CTF” fund
- The developer of Prairie Run has donated the parcel with a value of \$250K.
- Total project cost in dollars \$3.2 million (250K of which was land donation). The Town raised all but \$100K of the cost and if you take into account the donation its 3.45 million.
- The original request from public when they asked the Town Council to “build a new skate park for our kids” was that the park “not increase taxes” on the Town. Taxes have not been increased and all kids within this valley will get a new skate park that is generational and in line with the Town’s mission statement.

### Property Taxes

- While we still don’t have a lot of certainty around what the assessed value of Prairie Run will be, using Sunlight Crossing as a model (previous Gorman Project in Steamboat) and building in the

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**[www.haydencolorado.com](http://www.haydencolorado.com)**

"Hayden factor" we can project the following Ptax collection for those special districts approved for Ptax taxes collection and those entities that will be exempt from Ptax collection. This is based on full build out in year 1 at today's valuation.

Full Taxes Paid per Authority Approval

- o School District: \$80K per year
- o West Routt Fire: \$19K per year
- o Cemetery District: \$742
- o Hospital District: \$708
- o Library District: \$3,422

Tax Exempt per Authority Approval:

- o Town: \$81K
- o County: \$27K
- o Upper Yampa: \$3K
- o Colorado River District: \$1,000

Loan Revenue: The Town will be lending a grant that it applied for and was awarded for this project in the amount of \$8,600,000.00. The loan will have a 1% interest rate and a principal balloon payment at the end of 15 years of principal and interest. While we are finalizing the loan schedule payments should reflect the following:

- Interest payment in the first year of payments will be approximately \$86,000
- Total to be paid back over 15 years approximately \$10 million

Difference between loan revenue and ptax revenue: It would take 123 years of ptax collection to collect the same amount of revenue as the loan amount will for the Town in 15 years.

Ownership: Since Gorman is still finalizing their underwriting, we can't confidently calculate this number right now. As Gorman discussed, market conditions will dictate total revenue meaning they have to keep the units full vs. charging max rent per AMI. Once Gorman is done with underwriting, we should be able to get a better sense of ownership costs from their underwriters and then we can make a revenue prediction. Staff will be building out a finance model (with some consultant help) so we can better predict these numbers for developments like Prairie Run in the future.

Tap Fees: While we still don't have enough information to calculate this yet, but as we stated at the meeting it would be around \$1 million.

Use Tax: While we still don't have enough information to calculate this yet till Gorman submits all building plans, but it will be around \$1 million based on the current buildings submitted.

**Total Revenue from this Development:** In 15 years the Town will have made approximately 12 million and built a 1.2 million dollar outdoor asset.

We hope this helps clear up some of the financial uncertainty and staff would recommend approval of both resolutions.

**RESOLUTION NO. 2024-01**

**A RESOLUTION AUTHORIZING THE FORMATION AND ADMISSION OF HAYDEN MUNICIPAL HOUSING PARTNERS, LLC AS A MEMBER OF PRAIRIE RUN COMMUNITY, LLC**

**WHEREAS**, the Hayden Municipal Housing Authority (“HMHA”) intends to form a single-member limited liability company named Hayden Municipal Housing Partners, LLC, a Colorado limited liability company (“HMHP”), with HMHA serving as its sole member and manager;

**WHEREAS**, HMHA, in its capacity as the sole member and manager of HMHP, desires HMHP to become a member of Prairie Run Community, LLC, a Wisconsin limited liability company (the “Company”), organized to develop an affordable housing complex consisting of approximately 129 units of workforce housing, to be known as “Prairie Run” in Hayden, Colorado (the “Project”);

**WHEREAS**, HMHP will acquire a non-managing, non-controlling membership interest in the Company, thereby enabling the Project to qualify for an exemption from state sales and use tax and a partial exemption from special assessments and real property tax for the Project;

**WHEREAS**, in connection with admission of HMHP as a member of the Company, HMHP intends to enter into certain agreements, including without limitation an Addendum to Amended and Restated Operating Agreement of Prairie Run Community, LLC and certain other agreements to be executed in connection therewith (collectively, the “Membership Documents”), to formalize its participation and outline the rights, responsibilities, and benefits associated with its membership in the Company; and

**WHEREAS**, HMHA believes it is in its best interest to form HMHP, have HMHP become a member of the Company, execute the Membership Documents, and contribute to the development of the Project.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF HAYDEN MUNICIPAL HOUSING AUTHORITY THAT:**

1. The Board of HMHA (the “Board”) hereby authorizes the formation of HMHP and the participation of HMHA as the sole member and manager of HMHP;
2. The Board hereby authorizes the admission and participation of HMHP as a member of the Company;
3. The Board hereby authorizes Mathew Mendisco and/or Barbara Binetti, in their respective capacities as the Finance Director and Secretary of HMHA (each an “Officer” and collectively the “Officers”), on behalf of HMHA, in its capacity as sole member and manager of HMHP, on behalf of HMHP, to execute, deliver, and perform the Membership Documents and to do such other acts and things, make such other

agreements and execute and deliver such other contracts or writings as such Officer may reasonably deem to be appropriate in connection with any of the foregoing or as may be necessary in connection with the admission of HMHP as a member of the Company;

**FURTHER RESOLVED**, in connection with admission of HMHP as a member of the Company, the Board, on behalf of the HMHA, and HMHA on behalf of HMHP, hereby authorizes the Officers to take all necessary actions and to enter into all documents and agreements reasonably deemed advisable or appropriate by the Officers in connection with the Project, and to perform all obligations and take all actions necessary to implement the provisions of those documents and agreements referenced herein (collectively referred to as the “Agreements”);

**FURTHER RESOLVED**, that all Agreements to be executed by HMHA or HMHP shall be, in form and substance, reasonably acceptable to the Officers, with such acceptance being evidenced by an Officer’s signature on the Agreements;

**FURTHER RESOLVED**, that the Board hereby ratifies all actions previously taken by the Officers or any other authorized representative of the Board, HMHA, or HMHP in connection with the Agreements;

**FURTHER RESOLVED**, that the Officers are hereby authorized to execute and deliver, on behalf of HMHA and HMHP, any and all documents and agreements described above, as well as any other agreements, instruments, and certificates deemed advisable or appropriate in connection with the Agreements, containing such terms and provisions as an Officer reasonably considers advisable or appropriate, and to perform any acts and things necessary or helpful to carry out the intent and purposes of this and the foregoing resolutions, with the execution and delivery of any documents and the doing of any acts being conclusive evidence of the appropriateness thereof and the authority of the person executing or performing the same.

**PASSED, APPROVED, AND RESOLVED THIS 18th DAY OF JULY, 2024.**

\_\_\_\_\_  
\_\_\_\_\_, Board Chair

ATTEST:

\_\_\_\_\_  
Barbara Binetti, Secretary

**ADDENDUM TO AMENDED AND RESTATED  
OPERATING AGREEMENT OF  
PRAIRIE RUN COMMUNITY, LLC**

THIS ADDENDUM, dated as of August \_\_\_, 2024 is executed in connection with the Amended and Restated Operating Agreement of PRAIRIE RUN COMMUNITY, LLC, a Wisconsin limited liability company (the “Company”) dated as of the date hereof (the “Operating Agreement”), and is among GEC PRAIRIE RUN COMMUNITY, LLC, a Wisconsin limited liability company (the “Manager”), [REDACTED] (collectively, whether one or multiple, the “Investor Member”), and HAYDEN MUNICIPAL HOUSING AUTHORITY, a body corporate and politic under the laws of the State of Colorado (the “HA Member”).

1. This Addendum shall be effective as of the date hereof and shall be a part of and incorporated into the Operating Agreement. The attached Exhibit C replaces in its entirety Exhibit B of the Operating Agreement.

2. Definitions. Capitalized terms used and not otherwise defined herein shall have the definitions given them in the Operating Agreement.

3. Admission of HA Member to Company; Capital Contribution; Legal and Other Expenses.

(a) HA Member is hereby admitted into the Company as a special member (the “Special Member”) making a \$10 Capital Contribution pursuant to Section 3.1 and Section 4.1 of the Operating Agreement. For the avoidance of doubt, the HA Member shall be allocated a 0.01% interest in the Profits and Losses and credits as set forth in Article 5.1 of the Operating Agreement (in such proportions as more fully set forth on the replacement Exhibit B to the Operating Agreement attached hereto).

(b) Section 5.2(a) of the Operating Agreement is revised to incorporate into the distribution of Cash Flow the payment of a .01% distribution to HA Member (and distributions to other Members as more fully set forth on the replacement Exhibit B to the Operating Agreement attached hereto).

(c) Section 5.2(b)(iv) of the Operating Agreement is revised to incorporate into the distribution upon Net Cash Proceeds the payment (if any) to the HA Member of Net Cash Proceeds as a 0.01% member of the Company and distributions to other Members as more fully set forth on the replacement Exhibit B to the Operating Agreement attached hereto).

(d) HA Member represents that as of the date hereof, its Capital Contribution does not exceed \$10.00. HA Member shall have no further obligation of any kind or description to make Capital Contributions to the Company, to make any loans to the Company or to make any other payments to the Company.

4. Rights and Duties of HA Member.

(a) Real Property Tax Exemption. HA Member shall cooperate with the Company in the Company's request for a partial exemption from special assessments and real property tax provided under Colorado Revised Statutes §29-4-226 and §29-4-227. Any materials submitted in connection with such request for exemption based on the participation of HA Member shall be subject to the prior review and approval of HA Member, which approval shall not be unreasonably withheld, conditioned, or delayed. HA Member represents that it is a validly existing housing authority under the laws of the State of Colorado, but otherwise makes no representation or warranty concerning any such exemption and provides no other assurances regarding the current or continued availability of any such property tax exemption or the qualification of the Company for any such tax exemption; provided, however, the HA Member will cooperate with the Company in good faith in the event of any challenge to the partial exemption agreed to hereunder, both parties agreeing and acknowledging that the partial tax exemption is a material component to the Project and the Company's willingness to allow the HA Member to participate in the ownership of the Project. For so long as HA Member is a member of the Company, the Company and the Manager shall cause to be provided, any information required by HA Member so that HA Member may determine and certify that the Project qualifies for the exemption from special assessments and real property taxes. HA Member agrees and acknowledges that it will provide to the Company on or about the date hereof an executed copy of the form attached hereto as Exhibit A.

(b) Sales and Use Tax Exemption. HA Member shall cooperate with the Company in the Company's pursuit of exemption from sales and use tax under Colorado Revised Statutes §29-4-227 (the "Sales and Use Tax Exemption"). Any materials that must be submitted in connection with a request for the Sales and Use Tax Exemption based on the participation of HA Member in the Company shall be subject to the prior review and approval, which shall not be unreasonably withheld, conditioned, or delayed of HA Member. HA Member represents that it is a validly existing housing authority under the laws of the State of Colorado, but otherwise makes no representation or warranty concerning the Sales and Use Tax Exemption and provides no other assurances regarding the current or continued availability of any such Sales and Use Tax Exemption or the qualification of the Company for any such tax exemption. Any application for or receipt of the Sales and Use Tax Exemption after the Completion Date based on the participation of HA Member in the Company without prior written consent of HA Member ("Sales and Use Tax Violation") shall entitle HA Member to withdraw from the Company upon written notice to the Manager and the Investor Member. The Company and the Manager shall provide, or cause to be provided, any information required by HA Member so that HA Member may determine and certify that the Project qualifies for the Sales and Use Tax Exemption during the term of the Construction Contract. HA Member agrees and acknowledges that it will provide to the Company on or about the date hereof an executed copy of the form attached hereto as Exhibit B.

5. Liability of HA Member and Company; Indemnification of HA Member. HA Member and all of its past and present officers, directors, commissioners, managers, employees, partners, agents, shareholders, members, trustees, predecessors, successors, subrogees, and attorneys (collectively, the "HA Member Parties"), shall incur no liability for HA Member's acts or omissions in connection with the Company or the Project in its capacity as a Member of the

Company, except that HA Member shall be liable and shall not be indemnified by the Company or any of its Members for fraud, gross negligence, willful misconduct or violation of law. The HA Member shall have no fiduciary duty to the Company or any other Member of the Company. The Manager shall indemnify and hold harmless each of the HA Member Parties against any loss, liability, claim or damage arising from or related to the acts, omissions or conduct of the Manager or the Company.

6. Required Consent. The written consent of HA Member, which consent shall not be unreasonably withheld, delayed or conditioned, shall be required for:

(a) the transfer of either (i) control of the Manager or (ii) a majority of the equity interests in the Manager, in either case to a Person that is not an Affiliate of the Investor Member or the Manager;

(b) the withdrawal of the Manager from the Company;

(c) the admission of a successor Manager following the voluntary withdrawal of the Manager, which consent is not required for the admission of a successor Manager who is an Affiliate of the Investor Member or the Manager;

(d) any amendment or modification to this Addendum or the Operating Agreement that would (i) have a material adverse effect on the rights or obligations of HA Member under this Addendum or the Operating Agreement, or (ii) change the purposes of the Company as described in the Operating Agreement; and

(e) any application for the Sales and Use Tax Exemption after the Completion Date based on the participation of HA Member in the Company.

Any violation of the foregoing requirements of this Section 6 shall entitle the HA Member to withdraw from the Company. Except for those consent rights of HA Member specifically set forth in this Addendum, all other actions, approvals, rights, powers, votes, agreements and consents, including, without limitation, all actions requiring the consent of the Investor Member as set forth in the Operating Agreement, including this Addendum, shall be taken solely by the Investor Member. HA Member shall not have the power or authority to bind the Company or to sign any agreement or document in the name of the Company. Notwithstanding anything to the contrary set forth in the Operating Agreement, as amended hereby, HA Member cannot assign, pledge or otherwise transfer its Company Interest in the Company, in whole or in part, without the prior written consent of the Manager and the Investor Member; provided, however, that in the case of an assignment or transfer by HA Member of its Interest in the Company to a parent, subsidiary or affiliate of the HA Member, the consent of the Manager and the Investor Member shall not be unreasonably withheld or delayed if such assignment or transfer does not affect the eligibility of the Project for a property tax exemption under Colorado Revised Statutes §29-4-226 and §29-4-227.

7. Closing Documents; Reports and Information.

(a) The Manager shall provide HA Member with a complete set of closing documents provided to the Investor Member (collectively, the "Closing Documents"), within 90

calendar days after the execution of this Addendum; provided that if any document has not been executed or recorded, then said document can be provided separately within 90 days after execution or recordation thereof, as applicable. HA Member agrees to send written confirmation of its receipt of the Closing Documents to the Manager upon request. HA Member shall have the right, in its sole discretion, to withdraw from the Company upon ninety (90) days written notice to the Manager and the Investor Member for the Manager's failure to provide the Closing Documents if not cured within such 90-day notice period.

(b) The Manager shall deliver to HA Member copies of all reports and other information that the Manager delivers to the Investor Member under the Operating Agreement, including all reports under Section 10.2 thereof, concurrently with the delivery of such reports and other information to the Investor Member.

(c) The Manager, and its successors and assigns, shall, upon request and with reasonable prior notice, permit HA Member to inspect and examine (i) the Project, (ii) the equipment, buildings and other facilities of the Project, and (iii) all documents relating to the Project. Any such inspection or examination shall be made during reasonable business hours, in the presence of an officer or agent of the Manager at no cost to the Company.

8. Withdrawal Rights.

(a) In addition to the rights of the HA Member to withdraw from the Company under Section 6 of this Addendum, the HA Member shall have the right to withdraw from the Company upon the occurrence of any event described in (i) – (v) below and thirty (30) days' written notice to the Manager and the Investor Member, unless any such event is cured within such thirty (30) day period, or such longer period acceptable to the HA Member as may be reasonably required to effect cure (but in no event shall such cure period exceed a total of 120 days, or such other time period as provided below), if cure is commenced within such thirty (30) day period and diligently prosecuted thereafter upon any of the following: (i) a material breach by the Company or any other Member of any provisions of the Operating Agreement, this Addendum, or any related agreement; (ii) a failure of the Company to maintain the Project in compliance with applicable laws which impedes the ability of the Company to operate the Project; (iii) except as permitted by Section 6 or with the consent of the HA Member, the admission of a new Manager to the Company, which is not an affiliate of the Manager; (iv) a change in Colorado law that no longer permits the HA Member to provide a property tax exemption to the Project; or (v) an event of Bankruptcy with respect to the Company or the Manager.

9. Notices. The following is the address of HA Member for notice purposes under this Agreement:

Hayden Municipal Housing Authority  
P.O. Box 190  
178 West Jefferson Avenue  
Hayden, Colorado 81639  
Attention: Town Manager



HA Member shall provide copies of any notices it sends to the Company and/or the Manager to the Investor Member at the following addresses:

Manager:

GEC Prairie Run Community, LLC  
c/o Gorman & Company, LLC  
200 North Main Street  
Oregon, Wisconsin 53575  
Telephone: (608) 835-3900  
Facsimile: (608) 835-3922  
Attention: Colorado Market President

With a copy to:

William R. Cummings  
Reinhart Boerner Van Deuren s.c.  
1000 North Water Street, Suite 1700  
Milwaukee, Wisconsin 53202  
Telephone: (414) 298-8330  
Facsimile: (414) 298-8097

Investor Member:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The Investor Member (or its Affiliates) shall have the right (but not the obligation) to cure any breaches of the provisions of this Addendum, and HA Member shall accept such cure as if made by the Manager or the Company.

10. Additional Funds. The HA Member shall not be entitled to make Working Capital Loans nor to fund any additional capital contribution. In all events, the number of Units the HA Member remains at 0.01 and will not change, except upon withdrawal.

11. Conflicts. If any provision of this Addendum conflicts with any provision of the Operating Agreement or any document, the provisions of this Addendum shall be controlling in all respects. Except as specifically amended hereby, all of the terms and the provisions of the Operating Agreement remain in full force and effect, without modification.

12. Governing Law. This Addendum shall be construed and enforced in accordance with the laws of the State of Wisconsin, without regard to principles of conflicts of laws.

13. Binding Agreement. This Addendum shall be binding on the parties hereto, and their heirs, executors, personal representatives, successors and assigns.

14. Headings. All headings in this Addendum are for convenience of reference only and are not intended to qualify the meaning of any provision of this Addendum.

15. Counterparts. This Addendum may be executed in several counterparts, each of which shall be deemed to be an original copy, and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

*[No further text on this page; signature page follows.]*

IN WITNESS WHEREOF, the parties have caused this Addendum to be duly effective as of the date first written above.

**MANAGER:**

Prairie Run Community SPE, LLC, a Delaware limited liability company, its Manager

By: GEC PRAIRIE RUN COMMUNITY, LLC,  
a Wisconsin limited liability company

By: GORMAN & COMPANY, LLC, a  
Wisconsin limited liability company  
Its: Manager

By: \_\_\_\_\_  
Michael Redman  
Its: Secretary

*[Signatures continued on following pages.]*

**INVESTOR MEMBER:**

*[Signatures continued on following pages.]*

**HAYDEN MUNICIPAL HOUSING  
AUTHORITY**, a body corporate and politic under  
the laws of the State of Colorado

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**Exhibit A**  
**Form Tax Exemption Certification**

**Housing Authority Certification Regarding Property Tax Exemption**

THIS HOUSING AUTHORITY CERTIFICATION REGARDING PROPERTY TAX EXEMPTION (the “Certification”) is made by HAYDEN MUNICIPAL HOUSING AUTHORITY, a body corporate and politic under the laws of the State of Colorado, (“HA Member”) as of [ ], 2024.

WHEREAS, PRAIRIE RUN COMMUNITY, LLC, a Wisconsin limited liability company (the “Company”), was formed for the purpose of acquiring, owning, developing, constructing, leasing, managing, operating, and, if appropriate or desirable, selling a multi-family residential project located in Hayden, Routt County, Colorado known as Prairie Run Community (the “Project”);

WHEREAS, the Company is governed by its Amended and Restated Operating Agreement dated as of the date hereof, and the Addendum thereto dated as of the date hereof (collectively, the “Operating Agreement”);

WHEREAS, HA Member is the Special Member of the Company; and

WHEREAS, HA Member is cooperating with the Company in the Company’s pursuit of a partial exemption from property tax under Colorado Revised Statutes §29-4-227 (the “Property Tax Exemption”).

NOW THEREFORE, HA Member hereby certifies as to the following in connection with the Property Tax Exemption for the Company:

1. HA Member is the Special Member of the Company and owns a .01% interest in the Company.

2. The HA Member has been informed by the Company that there exist certain tenant occupancy restrictions and certain rent restrictions associated with the Project. As a fundamental negotiation, the HA Member agrees that the Company qualifies for Property Tax Exemption; provided, however, the Company hereby waives any right to pursue the Property Tax Exemption as it relates to the following taxing authorities: Hayden Cemetery District; Hayden School District; Solandt Memorial Hospital; West Routt Fire District; and West Routt Library District.

3. The effective date of HA Member’s participation in the Company is August [ ], 2024.

**HAYDEN MUNICIPAL HOUSING  
AUTHORITY**, a body corporate and politic under  
the laws of the State of Colorado

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**Exhibit B**  
**Form Tax Exemption Certification**

Housing Authority Certification Regarding Sales and Use Tax Exemption

THIS HOUSING AUTHORITY CERTIFICATION REGARDING PROPERTY TAX EXEMPTION (the “Certification”) is made by HAYDEN MUNICIPAL HOUSING AUTHORITY, a body corporate and politic under the laws of the State of Colorado, (“HA Member”) as of [ ], 2024.

WHEREAS, PRAIRIE RUN COMMUNITY, LLC, a Wisconsin limited liability company (the “Company”), was formed for the purpose of acquiring, owning, developing, constructing, leasing, managing, operating, and, if appropriate or desirable, selling a multi-family residential project located in Hayden, Routt County, Colorado known as Prairie Run Workforce (the “Project”);

WHEREAS, the Company is governed by its Amended and Restated Operating Agreement dated as of the date hereof, and the Addendum thereto dated as of the date hereof (collectively, the “Operating Agreement”);

WHEREAS, HA Member is the Special Member of the Company; and

WHEREAS, HA Member is cooperating with the Company in the Company’s pursuit of exemption from sales and use tax under Colorado Revised Statutes §29-4-227 (the “Sales Tax Exemption”).

NOW THEREFORE, HA Member hereby certifies as to the following in connection with the Sales Tax Exemption for the Company:

1. HA Member is the Special Member of the Company and owns a .01% interest in the Company.
2. HA Member has been informed by the Company that there exist certain tenant occupancy restrictions and certain rent restrictions associated with the Project.
3. HA Member has been informed by the Company that the construction start date for the Project is on the date hereof.
4. HA Member has been informed by the Company that the anticipated construction completion date of the Project is expected to be the thirty-month anniversary of the date hereof.
5. The effective date of HA Member’s participation in the Company is August [ ], 2024.



**HAYDEN MUNICIPAL HOUSING  
AUTHORITY**, a body corporate and politic under  
the laws of the State of Colorado

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**Exhibit C**  
**Revised Exhibit B**

Members; Percentage Interests;  
Capital Contribution Commitments

	<b>Percentage Interests</b>	<b>Capital Contributions*</b>
<b><u>Manager:</u></b>		
Prairie Run Community SPE, LLC	_____ %	\$0
<b><u>Special Member:</u></b>		
Hayden Municipal Housing Authority	0.01%	\$10
<b><u>Investor Member:</u></b>		
	_____ %	\$ _____
<b><u>Town Member:</u></b>		
Town of Hayden	2.0%	\$0
<b>TOTALS</b>	<b>100%</b>	<b>\$ _____</b>

\* The Units on this chart are based on the actual and deemed contributions of the Members, as further delineated in the Operating Agreement.