

LOWRY VISTA PROPERTY TRANSACTION HISTORY

FACT SHEET

March 2008

OVERVIEW: This document provides a summary of the property transaction history associated with the former landfill at the former Lowry Air Force Base, located on approximately 70 acres in the southern portion of Lowry, called Lowry Vista.

BACKGROUND: Lowry Air Force Base, a military installation since 1937, closed September 30, 1994. At that time the Lowry Economic Redevelopment Authority (LRA) was created as a quasi-municipal entity by the Cities of Denver and Aurora, with the responsibility of redeveloping the base.

The Air Force began performing the steps necessary to transfer the former base property, including continuing environmental investigations and cleanup where necessary. However, the pace of cleanup and the transfer of property from the Air Force to the LRA did not keep pace with the redevelopment. LRA, working with Lowry Assumption, LLC (LAC), an affiliate of IRG Redevelopment I, LLC (IRG), proposed outsourcing (referred to as “privatization”) the environmental services including clean up of contaminated groundwater and closure of the landfill. Privatization would accelerate cleanup and speed transfer of property. In 2002 the Air Force privatized the cleanup of the landfill and groundwater at the former base to LAC. The privatized cleanup was required to follow federal and state cleanup standards and is overseen by the Colorado Department of Public Health and the Environment (CDPHE).

REMEDY: The LRA tried to get the Air Force to approve the expenditure to place a cap on the landfill to accommodate irrigation so that the nearby golf course could be expanded. The Air Force refused to fund the extra cost of an irrigable cap. The cleanup remedy approved by CDPHE and implemented by LAC for the landfill at Lowry Vista consists of an engineered cap protective of human health and the environment with a State Environmental Covenant (Covenant) restricting future activities on the property in order to protect that cap. The Covenant identifies the use as “open space/non-irrigated park” following closure. In addition, it requires that the owner “not disturb the integrity of the final cover... or components of the containment system” unless the Covenant is removed or modified by CDPHE. LAC conducted a public meeting on November 20, 2003, prior to approval of the cleanup remedy, to discuss the remedy and the State’s requirements. Pursuant to the Covenant, the landfill was closed in a manner that does not allow any uses other than “open space/non-irrigated park”, and the closure requires the landfill to be fenced.

LAND TRANSFER: In 2005, the Air Force sought to transfer all remaining lands at Lowry, approximately 720 acres – cleaned or not – to LRA. This was an all-or-nothing deal, meaning that the landfill was required to be included in any land transfer. Transferring the landfill to the LRA is problematic; the LRA will cease to exist so it cannot own property in perpetuity. Any land owned by the LRA when it sunsets, including the landfill, would revert to the City and County of Denver (City). The City did not want to accept the long-term environmental liability of maintaining the cap. Thus,

the transfer and ownership of the landfill posed a dilemma for all parties, potentially delaying all the remaining transfers of property at Lowry from the Air Force to the LRA, impacting redevelopment of all of Lowry.

IRG, LRA, the City and the Air Force discussed IRG’s potential purchase of this property as a solution to this issue. IRG, as a developer with experience in environmentally impaired properties, was willing to accept transfer of the landfill and assume responsibility for its condition and the maintenance of the engineered cap. IRG assumed the risks associated with trying to redevelop the site, including the legal, regulatory, public outreach, and entitlement costs of such redevelopment. IRG can pursue potential redevelopment opportunities of the landfill through all normal regulatory processes.

The Air Force obtained approval from the State of Colorado on December 28, 2005 to transfer the landfill and others parcels requiring cleanup or investigation to the LRA under a “Finding of Suitability for Early Transfer” (FOSET). The required public notice on this FOSET was issued on September 24, 2005, and a public meeting was held on October 18, 2005. There were a number of comments about the potential future use of the landfill, and responses to those comments were included in the FOSET. IRG was identified as the future owner of the landfill in the FOSET. IRG received title to Lowry Vista in January 2006.

DEVELOPMENT PLANS: IRG has been working since 2006 on potential redevelopment of the landfill, including several meetings with the City, the LRA, State of Colorado and the Air Force. Development plans for the site are still very preliminary and conversations with all stakeholders continue.



LOWRY ILLUSTRATIVE MASTERPLAN

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