SMFR & State of Colorado

Ownership Agreement Update
Mineral Administration Building

July 20, 2026

Board of Directors

Topics

- Original agreement
- Condo evaluation
- Alternate approach
- Board direction

negotiations, legal advice = executive session

Original Agreement

Sublease & Option Agreement (2004)

- General
  - ~20,000 square feet, 2nd floor + parking garage
  - Included option to purchase their leased property
  - Method: condominium ownership
- Term
  - 20 years, then annual
- Revenue
  - Rent prepaid in 2004
  - Share of operating costs (~$190k/yr)
  - No further costs if option exercised

SOUTH METRO FIRE RESCUE COLORADO

Condominium

“Small Planned Community”

- Subdivision
  - Small planned community office units
- Declaration of Covenants, Conditions and Restrictions
- Owner’s Association
- Bylaws
- Board of directors
  - 77 vs 23% vote

“Condo” Challenges

Association = Nonprofit Corporation

- Potential federal and state tax liabilities
- Financial controls
- Additional independent management expenses
- A.G. opinion issued April 2026
    - State ownership in a corporation prohibited by Constitution

Shared Goals

- Interest in finding an alternative
- Honor State’s original intent
    - Ownership, stability
- Simple as possible
- Keep current management practices

Alternative

Co-Ownership

- SMFR conveys a percentage of ownership in the building
- Co-ownership agreement defines specific areas of exclusive use & common areas (similar to condo)
- Current financial systems
- Tax exempt
- No association
- Governance and restrictions to be established in the Declaration (similar to condo)
- Not subject to condo statutes, more flexibility
- Each party can transfer their interest in the building freely, subject to limitations in Declaration
- Concept supported by State

Alternative (Examples)

JSF (1991)

- SMFR, DCSD, Parker
- Co-ownership: exclusive use & common areas
- Tenants in common
- SMFR – administrator
- Management board

Station 38 (2011)

- SMFR, Cherry Hills Village
- Co-ownership: exclusive use & common areas
- Tenants in common
- CHV – administrator
- Management board

Board Direction

Staff Recommendation

- Continue to fulfill obligations under existing lease
- Attempt to avoid original condominium option if issues unresolved
- Pursue co-ownership model or similar
- Update board prior to the meeting where action is taken

Questions?

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