

GRAND JUNCTION DOWNTOWN DEVELOPMENT AUTHORITY  
BOARD MINUTES  
THURSDAY, JUNE 13, 2013  
248 SOUTH 4<sup>TH</sup> STREET  
7:30 A.M.

PRESENT: Peggy Page, Kevin Reimer, Jodi Coleman-Niernberg, Marty Chazen, Les Miller, Stephan Schweissing, Jason Farrington

ABSENT: PJ McGovern (participated by phone for a portion of the meeting)

STAFF: Harry Weiss, Diane Keliher

GUESTS: Jim Doody, Shane Allerheiligen, Harry Griff, Rich Englehart, John Shaver

CALL TO ORDER: Jodi called the meeting to order at 7:33 a.m.

APPROVAL OF MINUTES: Jason made a motion to approve the minutes of the May 9<sup>th</sup> meeting; Les seconded; minutes were approved.

AVALON PROJECT: At the council workshop on Tuesday, there was a specific request made by Councilmember Norris asking the DDA to consider an additional capital commitment to complete the entire \$8.2 million scope of Alternative A for the Avalon project. Harry will draft a letter to present to council tomorrow at 10:00 that outlines the DDA board's response and recommendations based on the Board's deliberations today.

Ms. Norris identified a \$1.1 million funding shortfall between the monies already committed or pledged to the Avalon and the sum needed to complete Phase One. Specifically, Norris asked whether the DDA would cover 50% of the funding shortfall (\$550,000) if the City covered the other 50%. The funds currently available are sufficient to build the scaled-down Alternative C scope for \$7.1 million, which would include the complete renovation and upgrade of the original Avalon Theatre building with the addition of bathrooms, an elevator and minimal lobby space to the east of the building. This reduced scope meets all the objectives of the DDA and would satisfy our requirements for DDA's capital contribution to the project. core elements that meet our requirements for the grant. Kevin wanted to know what the extra \$1.1 million would get; that additional scope includes the full build-out of the entire Phase One program with the construction of the multi-purpose room and expanded lobby area.

Harry W. stated that we have always wanted to fix up the existing building while providing the platform upon the community could build a larger performing arts facility. He gave a short history of the project. The bid for the entire Phase One scope was \$8.6 million. FCI and Chamberlin Architects identified \$400,000 of cost savings through value-engineering of the project. An additional scaled-down option was developed to meet a \$7.1 million project cost based on funds currently available. While that option does not include an expanded lobby or multi-purpose room, it does fully anticipate and provide for future expansion as funding comes available.

Marty added that there is \$6 million between the City and DDA and that \$1.1 million has to come from the Avalon Foundation. Stephan asked if Councilmember Norris included the foundation money in the "shortfall". The shortfall is on top of the \$1.1 million the Foundation has already raised for the project. PJ feels that we should go forward with what we have in hand, and that there is too much risk in taking on the larger project. PJ granted his proxy to support the \$7.1 million project and complete the rest of the project in the future.

Harry Griff stated that there are two separate issues; cash flow and the ultimate goal. The City and Foundation have been spending money for the soft costs of construction. He added that there are pledges from Jamie and Doug Simons, the Goodwin Foundation, the Bacon Foundation and Pat Gormley which are very solid. Harry feels that there will be grants for the second phase. The second issue is the gap between the \$7.1 and \$8.2 million. He feels strongly that pledges will come through if the project goes forward. If you delay this decision it will get more expensive.

Jim Doody recounted the history of City Council's commitment for funding, that two resolutions were prepared for Council's consideration, one for \$1 million and one for \$3 million. Council moved forward with the \$3 million for the core project with the requirement that the Foundation would raise a minimum of \$1 million, which they now have accomplished.

Les feels that we have the funds for the reduced-scope core project and that DDA's contribution of \$3 million is as much as we should do. He also expressed confidence that once we break ground, additional pledges will come forth.

Stephan feels we have been very up front about the \$3 million commitment. We are making a grant to the City for the Avalon to create a platform for future additions. Kevin added that our mission is to remove blight and upgrade infrastructure.

John said timing is an issue since the bid is only guaranteed through July 26.

Peggy feels that we need the project to start. Her recommendation is to begin immediately with the \$7.1 project and make it clear that the DDA's commitment is time limited. City Council is the only entity that can pull the trigger on this project.

Marty stated that even at the \$7.1 million project budget the City is left holding the entire risk for any possible failure by the Foundation to collect the full \$1.1 million it has raised. His concern is whether the DDA would be willing to underwrite any potential fundraising shortfall for the \$7.1 million project, not the \$8.2 million project. Harry W. said that there are legal constraints regarding the DDA providing any guarantee for the potential gap. DDA TIF funds must be expended for capital expenses, and by statute the DDA is not allowed to lend money to anyone except the City and the County. So the concept of DDA being a guarantor of the Foundation's pledges is problematic if not legally suspect. Rich noted that the amount of outstanding pledges to the Foundation is actually about \$633,000. Marty is concerned that the Foundation has missed every fundraising goal and he is concerned about having a weak partner.

In response to Councilmember Norris's specific request, Stephan made a motion to affirm that the DDA is committed to a \$3 million grant to the City and that the DDA declines to bear half the cost of the increment of up to \$8.2 million; the DDA encourages Council to contract the \$7.1 million project as time is of the essence; Les seconded; motion carried unanimously.

The Board discussed whether there would be other approaches the DDA would consider to help advance the project. Harry W. mentioned that if the issue is covering a funding gap, that does not mean it can only be solved by the contribution of additional equity. The DDA could provide gap financing in the form of a loan to the City to cover cash flow if that were helpful, but the City would still bear the risk.

WACHOVIA BANK PROPERTY: The ValueLodge property is under contract by City Market. The contract on the Wachovia building at 1<sup>st</sup> and Main has been canceled. This is a much better solution for everyone. City Market has suggested they might come to the DDA for landscaping/alley improvement assistance. As for DDA pursuing any possible deal with Wells Fargo for the property, Kevin suggested that should be discussed in executive session, perhaps at our next meeting.

CMU RELATIONS: This discussion was tabled until the next DDA meeting.

OTHER: Harry W. is working with the Sonoran Institute regarding a housing analysis for Downtown which would include White Hall. He will be bringing a formal proposal to the Board in the future.

Les and Jason would like to discuss changes to the façade improvement grant program they have in mind.

ADJOURN: Stephan made a motion to adjourn; Les seconded; the board adjourned at 8:55 a.m.