

GRAND JUNCTION DOWNTOWN DEVELOPMENT AUTHORITY
BOARD MINUTES
THURSDAY, DECEMBER 4, 2014
437 COLORADO AVENUE
7:30 A.M.

PRESENT: Les Miller, Chair; Jason Farrington, Vice-Chair; Shane Allerheiligen, Marty Chazen, Jodi Coleman-Niernberg, Kirk Granum, Kevin Reimer, Stephan Schweissing

ABSENT: PJ McGovern

STAFF: Harry Weiss, Diane Keliher, Aaron Hoffman

GUESTS: Rich Englehart, John Shaver

CALL TO ORDER: Les called the meeting to order at 7:29 a.m.

APPROVAL OF MINUTES: Jason made a motion to approve the minutes of the November 13th meeting; Stephan seconded; minutes were approved.

Harry mentioned that he is still editing the minutes of the joint meeting with City Council and will circulate them by email.

2015 BUDGET CONTINGENCY: The DDA's 2015 budget is incorporated in the final City budget going to Council on December 17th. Harry will solicit line of credit proposals from local banks immediately after the New Year. In anticipation of securing a line of credit and implementing a pay-as-you-go approach to capital projects, we need to include budget contingencies for projects that have yet to be defined in detail. By budgeting for contingencies, we can insure a sufficient amount of funding is duly appropriated for the fiscal year. The authorization to expend funds for a project will entail a budget amendment to move money from the contingency line item to a specific project budget line item. The objective here is to simplify future project approval and avoid having to jump through the additional hoop of a supplemental appropriation. Contingencies amounts are being recommended for both the 103 operating fund and the 203 capital fund.

Harry distributed a spreadsheet (attached) showing the current fund balances of funds 203 and 611 along with the projected budget for 2015 with the contingency amounts. The 611 fund is where the tax increment revenues are held and disbursed for debt payments. (In prior years the tax increment revenues were held in the 109 fund and transferred to 611 for disbursement; those two funds have been consolidated). The 611 fund shows a contingent expense of \$1.1 million that would be used to pay off any draws against the line of credit authorized by the Board and Council. That \$1.1 million appears as income in the 203 fund, but remains an expense contingency in 203 until a specific project is approved and budgeted, at which point the contingency will be re-allocated to a budget line item. Until budgeted, the contingency sits in the fund balance which is divided between unrestricted capital and TIF-restricted capital.

At the start of FY 2014, the entire \$410,000 fund balance in 203 was unrestricted capital. Expenses paid this year for White Hall and other TIF-eligible projects were advanced from unrestricted capital and will be replenished with TIF funds drawn in 2015 via the line of credit.

Les asked if there is a restriction of the 103 fund strictly for operations. John stated that there is no restriction and the Board can allocate fund balances in 103 for capital projects. Jason asked about the process of approving a capital project. Harry explained that the DDA would need to amend its Plan of Development to include a new project; amendments to the PoD are reviewed by the Planning Commission and must go before Council for final approval. There is approximately \$500,000 of unrestricted fund balance in the 103 fund from which the Board can allocate to future projects. Harry is recommending we budget a contingency of \$250,000 to \$300,000 for capital projects.

Marty asked if banks have been solicited for a line of credit. Harry wants to wait until January to solicit the banks located within the DDA district. Borrowing costs will be greatly reduced with the pay-as-you-go system. Banks would charge an administrative fee and otherwise receive credit under the Community Reinvestment Act (CRA) for lending in a distressed census tract. Shane asked if credit unions are also eligible for CRA credit. John said only if they are federally-chartered. Marty asked if there are any downsides to the pay-as-you-go system. Harry said he could think of none.

Marty moved to include a budget contingency expense in the 203 fund for \$1.1 million as well as a contingency expense of \$300,000 for the 103 fund for budget year 2015; Jodi seconded; motion carried unanimously. Marty stated that the next step is going to DDA district banks to ask for a line of credit.

UPDATES: Harry met with Clark Atkinson and his architects to tour White Hall. Clark has bumped up his design from 40 to 49 units. He remains very interested in the project and continues to evaluate alternatives for cost effectiveness; one particular area of concern is the construction type that will make most sense for the parking component. Harry will be working with Clark over the next month and expects a proposal will be presented to the board in January. Jason asked if there has been any conversation about cost sharing during due diligence as yet. Harry said not at this time.

OTHER: Rich reminded Harry to forward the budget amendments to Jodi Romero and Sonya Evans for incorporation in the materials going to Council on the 17th.

Rich spoke with Les and Harry regarding remaining shortfall in funds to cover the capital contingency for Phase One of the Avalon Theatre. The history of the funding is: \$3 million from the DDA (plus \$406,000 in interest and debt expenses); \$3.1 million from the City; \$1 million from DOLA; and \$1.6 million from the Avalon Foundation. The City committed a portion of its project contingency to close the initial gap bringing the City's commitment to \$3.57 million. There was still a gap of \$840,000 of which \$500,000 will be covered by the Foundation's additional fundraising efforts. Their bottom line is there is still a \$340,000 gap that the City is covering for now, but they would like to find alternate sources to cover that amount. Rich is asking the DDA Board if they would be willing to participate further in the Avalon Phase One funding. This would be in the 2015 budget year. Harry reported that there was about \$12,000 of proceeds from the taxable bond series earmarked for the Avalon that was leftover after the \$3 million was transferred to the City bond left.

Stephan would like to mull it over. Kevin asked if there is a timetable. Rich said anything that might be done would need to happen before the end of FY 2015. The Foundation is ready to approach the Symphony for Phase II. Shane asked if the City has access to the Foundation books. They have an accountant and Stephan and Shane are on the ATF Board. Rich and Harry and ATF Board President John Halvorson have discussed the formation of an Avalon Theatre Advisory Board to guide future operations. Stephan asked if the DDA should withdraw from the Avalon Foundation Board. John feels

we don't need to end the positions other than in regard to fundraising for Phase II. Harry feels that operations issues are between the DDA and the City rather than the Foundation.

Les asked Shane and Stephan to report back to the DDA board after the next ATF board meeting.

ADJOURN: Shane made a motion to adjourn; Kirk seconded; the board adjourned at 8:16 a.m.