

**MINUTES**  
**Downtown Development Authority**  
**Board Meeting**  
**Thursday, June 20, 2002**  
**Reed Building, 350 Main Street**

**PRESENT:** Bruce Hill, Pat Gormley, P.J. McGovern, Bruce Bengel, Doug Simons, Gregg Palmer, Harry Griff, Chris Launer, Becky Brehmer, John Shaver, Ed Lipton, Karen Hildebrandt and Sue Schore.

**ABSENT:** Janet Terry

**CALL TO ORDER:** The meeting was called to order by Bruce Hill at 7:30 a.m.

**APPROVAL OF MINUTES:** Harry Griff moved to approve the minutes of the June 6 meeting and the motion was seconded. By unanimous vote, the minutes of the meeting were approved.

Pat Gormley spoke briefly, encouraging Board members to support the library in its campaign for expansion and to support the Museum of Western Colorado, which for years has been a vital part of the downtown, during its state of flux. The current director, Rich Helm, is recuperating from surgery and this could mean a change of direction for the Museum. He also asked that the Board consider opening the main floor area of the Reed Building to the Republican and Democratic parties to use as their campaign headquarters.

**AVALON THEATRE:** Ed Lipton requested that the Board consider forgiving the repayment of the expenses related to the Avalon's personnel support this year. Cindy White had worked almost full time on Avalon issues during the first quarter and the amount due from the Avalon would be approximately \$7500. Last year the Avalon paid the DDA \$27,500 for personnel administrative costs. Alice is being paid directly by the Avalon as a half-time employee at \$9 per hour. Ed reported that the Avalon just completed some major renovations and the operating account is being substantially depleted. It is the desire of the Avalon Board that the Theatre transfers to the City with no outstanding expenses. Bruce Hill responded that the DDA is trying to adhere to its budgeted allocation in the non-personnel operating account and had recently received information from Sue that paying "bare bones," monthly fixed expenses only, the DDA would still end the year several thousand dollars over budget. He indicated that the DDA had just paid \$7500 for administrative fees and no monies have yet been identified on the income side. He suggested that it would be better to let the new Executive Director come on board, get adjusted, study the issue and make his recommendations. Doug Simons added that when he met with Lanny Paulson of the City's Finance Department, Lanny had projected a \$20,000 - \$25,000 deficit in the DDA's non-personnel operating budget for year-end. He said that it is not unheard of for the DDA to go into the next year in the red and then work to correct it. Ed reported that the Avalon had been \$60,000 in the red last year and that the renovation costs might be slightly over budget in preparation for future renovations. If there's any surplus in the Avalon's operating account they will likely move some of those funds into the renovation's account. He said the projected final renovations on the Theatre's interior would total \$1 - \$1.5 million. Harry Griff stressed the importance of staying in good stead with the City and discussing with the City what its plans are to move forward with the renovation. At Bruce Hill's suggestion, Harry will represent the DDA on the Avalon Board. Ed asked that the DDA Board consider his request and answer with a specific dollar amount that they will be willing to forgive.

**ART ON THE CORNER:** Bruce Hill and Stephanie met with Dave Roper, Risk Manager for the City, to discuss insurance for the newly installed sculptures. Dave informed them that the City has insurance in place to cover pieces in the permanent collection and additional insurance would be only for the temporary donations. There is conflicting information regarding this because initial information provided

to the artists says the DDA will insure the temporary collection. Most of the artists then sign a waiver that says the DDA is not responsible for any damage that might occur and does not insure the donated pieces, but it is the responsibility of each individual to insure his own work. This year all but four artists signed the waiver saying that he is responsible for insurance and damage repair, not the DDA. Roper recommended that the DDA require each artist to provide his own insurance coverage, thereby saving the DDA approximately \$6500 each year. Shifting the burden back to the artists would be more cost effective for the DDA, but if interested, Dave Roper could provide other alternatives for consideration.

Comments regarding the collection centered on whether or not we would be discouraging artists from displaying their work by requiring them to provide their own insurance and the question of whether too many permanent pieces were being acquired, depleting the space for more art to come into the rotating collection. People like to see a lot of new work and this year only 26 pieces changed. Should some of the permanent pieces be placed in other areas around the city so that more new sculptures could be installed downtown? Stephanie has had some difficulty getting the AOTC Committee together for a meeting, but this is one issue which should be addressed by the Committee. It will be important for the new director to pull this group together to work on all of the issues, including the AOTC golf tournament.

**By-laws and MOU:** John Shaver reported that the By-laws are almost at the contract stage. He wrote a letter to City Council suggesting that a time should be scheduled to discuss significant issues. The MOU has not been drafted yet as he is awaiting input.

Regarding the contract for the Executive Director, John asked if the Board wanted more information included relating to the job description and job duties. What is currently in place is standard information that is found in the By-laws and MOU. The contract specifies that the Director is an at-will employee, 40 hours of PTO are included as a condition of his employment and an initial review will be conducted after three months. Thereafter a review will be conducted annually.

**Art and Jazz Update:** A request for \$500 was received from the DTA to pay for the upgrades to the City's breaker box that blew during Friday night's performances. Gregg Palmer moved that the funds be allocated so the breaker box could be properly upgraded. Bruce Bengel seconded the motion. The vote was unanimous.

**DTA Report:** Doug Simons stated that he had not been present for Greg Finch's report on the Art & Jazz Festival, but there was some concern as to whether they would break even on the event. The DTA has just paid \$7500 to the DDA and it's uncertain at this time where the additional \$9500 for administrative fees will come from. A motion was made to discontinue the Southwest Fest; however, that motion failed and the DTA will sponsor the event for one more year, possibly with changes of date and some activities. Barb Bowman had earlier reported to the group that the Visitor and Convention Bureau studies showed the wine industry as the most recognized draw for our area. It was suggested that event sponsors should capitalize on that, perhaps combining a Main Street event with functions of the wine industry.

Karen Hildebrandt said that Gordon Cole from Cole & Company Realty has conveyed his interest in being a strong supporter of the DTA and will be a major sponsor for the car show and the music at the Christmas Walk.

The event coordinator for the Oktoberfest is Pam Nichols. In February she was informed by Bruce that there would be no DDA staff support for the fest this year. The Elks Club has exclusivity on the beer sales because it is the only agency that has enough insurance to cover the venue. And, unless monies were available to the DTA for its support, they would not be able to assist with the event.

A group of individuals representing the DTA is continuing to explore the feasibility of creating a Business Improvement District.

The next retail meeting will be held on August 1.

Greg Finch has indicated that he is not interested in working as the event coordinator for next year's Art & Jazz Festival.

It appears that there was a major break down in communication between the Hawthorn Suites and the DTA/event coordinator for the Art & Jazz Festival, and when band members appeared at the Hawthorn Suites on Friday night, no rooms were available. And, perhaps because of heated discussions that ensued, Steve Reimers later withdrew the rooms scheduled for Saturday night without conferring with anyone. Karen has attempted to speak with Steve about the problem, but he has not yet returned her call.

**Interim Director's Report:** Jamie Hamilton from Home Loan reported that they are looking to build their new building at 4<sup>th</sup> and Rood. He has conferred with the Assembly of God Church about leasing parking, but has suggested that this may provide the opportunity for the DDA to help facilitate the construction of a parking structure, both private and public.

The ballots approving the terms for hiring the Executive Director must be ratified with one change -- employment begins June 27. John Shaver added that a provision in the contract has been included for a review after 90 days; the contract is renewable annually. Harold disclosed that he is an owner of Skybox Limited and that he is trying to sell his share. Bruce has submitted a letter to the Mayor requesting Council's approval of Harold Stalf as the DDA's Executive Director. Doug Simons moved to ratify the paper ballot and the terms of employment as stated on the ballot, with the change of date for beginning employment. All members present, P.J. McGovern, Bruce Bengé, Doug Simons, Gregg Palmer, Harry Griff, Chris Launer, Becky Brehmer and Bruce Hill voted in favor of the motion. For the purpose of enrollment for health insurance, Harold will be employed with the DDA as of June 27, 2002, at a pro-rated hourly wage. His physical start date will be July 8.

A press conference will be held at 10:00 today (June 20) to announce the selection of Harold Stalf as the new Executive Director. It is important that the media be made to understand Council's role in granting its approval of this appointment.

**Union Depot:** According to the report by Gregg Palmer, Jim Leany is not in compliance with the second grant of \$70,000 which was funded by the Colorado Historical Society through the DDA in the late 1990s. This grant was for structural amenities; the CHS has reported that the bulk of the work is not complete and documentation of work has been very poor. The Depot is now for sale and it is very likely that the CHS will ask for the \$70,000 to be repaid by the DDA. John Shaver reported that in April Jim Leany offered and committed to repay the grant monies but we have only his oral representation that he will pay. The State has written Leany a "soft letter" stating his expenditure of funds has been way outside the scope of the grant. Harry Griff responded that the DDA is the steward of the Society's money and this is a very serious issue. It is imperative that the DDA maintains a good, positive working relationship with the CHS, making certain that they remain comfortable with the organization! Does the CHS have a lien on the building? John will research that question. There might be a tax lien for several thousand dollars. Gregg Palmer stated that the CHS has an agreement with the DDA as the recipient of the grant; however, the DDA has no agreement with Leany as the sub recipient. Doug Simons agreed with Harry that we must protect our relationship with the Historical Society. If money is due, he suggested that we must pay it back and then go to Leany for reimbursement. Discussion ensued as to whether to proceed with a demand letter. Harry Griff moved that a letter be prepared stating, if the Historical Society calls this due, Leany owes the DDA that money and the Board wants a deed of trust to secure that obligation. Motion seconded. After some input from John, PJ amended the motion stating the DDA wants reimbursement of \$70,000. The motion carried. John will do the title work, determine what is owed and then proceed with a demand letter.

**Reed Building:** Bruce has received inquiries from the political parties asking if the main floor could be rented to them for their campaign headquarters. Questions arose during the discussion as to whether or not the space was inhabitable, structurally sound and whether renting would interfere with the façade work. PJ McGovern recommended that the corner of the main floor be rented for \$1000 and the west side for \$700. Bruce Bengel moved that the space be rented for the amounts shown above, if it is determined to be inhabitable and would not interfere with the façade renovation, all pursuant to the contract negotiations regarding the sale. Chris Launer seconded the motion. Carried.

PJ reported that he has been working with the attorney for the Aspen buyer in finalizing the terms of the contract. PJ needs the assurance that the buyer has the money to close and also the development schedule. John suggested that the contract include a statement regarding the approval of the Colorado Historical Society. He will review the final contract.

Board members agreed that it is important to communicate clearly with the Historical Society regarding the sale of the Reed Building and the renovation of the façade. Gregg has been in contact with the Society. PJ asked that John draft a letter of understanding and moved that, per John Shaver's approval of the contract, Bruce Hill be authorized to sign the contract and return it to the Aspen buyers. Discussion ensued. Harry stressed the importance of tightening up the reference to the CHS money for the renovation and PJ responded that the contract is contingent upon the CHS money. The question regarding enforceability of the development schedule arose and others asked if too much emphasis on the development schedule might scare off the buyers. PJ amended his motion to state, with John Shaver's amendments to the document, Bruce Hill be authorized to sign the contract and return it to the Aspen buyers. Harry Griff seconded the motion. Board members present and in favor of the motion were P.J. McGovern, Bruce Bengel, Doug Simons, Gregg Palmer, Harry Griff, Chris Launer, Becky Brehmer and Bruce Hill.

The meeting was adjourned at 9:24 a.m.

The next meeting of the Board of Directors will be at 7:30 a.m. on Thursday, July 18, 2002.