

GRAND JUNCTION DOWNTOWN DEVELOPMENT AUTHORITY
BOARD MINUTES
THURSDAY, NOVEMBER 10, 2016
437 COLORADO AVENUE
8:00 A.M.

PRESENT: Kirk Granum (Chair), Duncan Rowley (Vice-Chair), Shane Allerheiligen, Marty Chazen, Jason Farrington, Jodi Coleman-Niernberg, Tom LaCroix, Dan Meyer, Vance Wagner

STAFF: Vonda Bauer, Allison Blevins, Brandon Stam

GUESTS: John Shaver (City Attorney), Greg Caton (City Manager), Jeffery Fleming (Urban Planner-Colorado Land Advisor), John Potter (REgeneration Development Strategies)

CALL TO ORDER: Kirk called the meeting to order at 7:54 a.m.

APPROVAL OF MINUTES:

Meeting of October 27, 2016

Duncan made a motion to approve the minutes of the October 27, 2016 meeting; Tom seconded the motion. The minutes were approved unanimously.

WHITE HALL/R5 LETTER OF INTENT (Attachment):

The final draft of the Letter of Intent (LOI) and Exclusive Negotiating Agreement (ENA) between the Grand Junction Downtown Development Authority and REgeneration Development Strategies for R-5 and White Hall properties was distributed to the Board.

Brandon stated there were two additional paragraphs added to the Letter of Intent which included paragraph #6 (Risk Abatement) and paragraph #10 (City Services).

Brandon explained that the LOI/ENA summarizes the Buyer's conceptual proposal for the development of the R-5 & White Hall properties and is subject to the terms, conditions, and limitations in the LOI/ENA. At the conclusion of a 6-month exclusive negotiating period initiated from the date of the letter, REgeneration Development Strategies could enter into a Development and Disposition Agreement stipulating final terms of the development and purchase/sale of the Properties. At that time the Board would discuss and approve the final plan.

The schedule would include:

Due Diligence Analysis:	60 days
Program/Design Refinement:	30-75 days
Preliminary Architectural Plans:	60-100 days

REgeneration will provide a market analysis for the R-5 property. After Board discussion, the Board agreed that Brandon will contact Arnie Butler to perform a limited use appraisal of the R-5 property for the DDA. The cost of the appraisal should not exceed \$2,000.

There was discussion regarding the distribution of the RFP's. The information was distributed to various websites, Urban Land Magazine, Utah MediaOne Group (Desert News & Salt Lake Tribune), The Denver

Post, as well as, a number of potential developers. There were two proposals submitted for the R-5 & White Hall properties.

Duncan made a motion to authorize DDA Executive Director Brandon Stam to sign the Letter of Intent/Exclusive Negotiation Agreement. Vance seconded the motion. The motion was approved unanimously.

ENDCAP PROJECT-PURCHASE OPTION:

Jeffery indicated that 4R/Senergy Builders, LLC is ready to move forward to purchase the property at 130 N. 4th Street for the Endcap project. They are currently working with an architect to refine the design. The DDA previously approved to enter into a Letter of Intent (LOI) with 4R/Senergy Builders to lease 31 parking spaces in the Rood Avenue Parking Garage. 4R/Senergy Builders will not take possession of the 31 parking spaces until a certificate of occupancy is obtained. Jeffery indicated that they will discuss the possibility of sharing parking spaces with the City of Grand Junction and Alpine Bank. If more parking spaces do not become available, they may reduce the number of studio units and 1 bedroom units and build more 2 bedroom units, therefore, there would be less of a parking demand.

River City Real Estate prepared the Real Estate Contract which was reviewed by Jodi, Kirk, Brandon, and Jeffery. After reviewing the contract, a few revisions were made. Jodi indicated that 4R/Senergy Builders LLC met all of the terms of the purchase option. The Buyer's option to purchase the property for \$117,000 must be exercised by the Buyer on or before November 15, 2016.

John Shaver stated that he had a few concerns in the original Purchase Option Agreement with the following paragraphs:

- Paragraph 3 (Manner of Exercise) The agreement states that the contract is supposed to reflect a commitment by the Buyer to build the proposed Project proposed by the Buyer and approved by the Seller.

John indicated that the contractual commitment needs to be specifically removed to survive the closing of the contract.

John recommended adding the following provisions in Paragraph 3:

- State that the Buyer has committed as a matter of an enforceable contract to build the Project proposed by it and approved by Resolution of the Seller/DDA Board.
 - By and with recordation of this contract in the Mesa County land records the Buyer agrees that its commitment to build the Project shall survive closing and be enforceable against the Buyer and its successors and or assigns as a contract enforceable in law and/or equity.
- Paragraph 4 (Rights and Obligations of the Parties if the Option is Exercised) specifically states the Buyer provide financial statements which demonstrates that the Buyer possesses financial ability and stability to enable the Buyer to fulfill its obligations under the terms of the contract.

John recommended that the financial statements need to be provided to the Board.

There was discussion regarding the valuation of the property. Arnie Butler and Company completed a valuation analysis on October 23, 2015 for the property at 130 N 4th Street. The appraised value of the property was \$190,000.00.

Tom made a motion that the two provisions be added and the Executive Director or Board Chair sign the contract. Jodi seconded. Dan abstained. The motion was approved.

UPDATES:

DOWNTOWN POLICE PROGRAM

Brandon stated that the cost of hiring two full-time police officers for the Downtown area is approximately \$265,000. At the last board meeting, the Board approved 50% of the Sales Tax TIF revenue be utilized for the purposes of the Downtown Police Program. This item will be presented to City Council on November 16, 2016.

VCB LODGING TAX (Attachment)

Brandon distributed information regarding the Visitor and Convention Bureau (VCB) Board's proposed lodging tax increase. The proposal is to raise the lodging tax by 3.75%; this would increase the current lodging tax from 3% to 6.75%. The lodging tax is collected by hotels, motels, bed & breakfasts, campgrounds and vacation home rentals within the City limits. The VCB receives the tax revenue to be used for marketing. The ballot initiative would be for the April 4, 2017 City election.

Examples of what the lodging tax increase will be used for is:

- Air Service Development
- Special Event Marketing
- New Market development

The VCB is requesting input and a letter of support from the DDA Board regarding the lodging increase.

Allison stated that last year the VCB awarded \$6,000 for the following grants for marketing assistance outside of the community:

- | | |
|---------------------------|---------|
| ➤ Downtown Music Festival | \$3,000 |
| ➤ Downtown Car Show | \$1,500 |
| ➤ Downtown Art Festival | \$1,500 |

The marketing dollars for the Downtown Art Festival were returned to VCB since the event was produced at a much smaller scale than anticipated.

John stated that the current lodging tax was approved by the vote of the people in 1989. The lodging tax revenue is specifically dedicated to promotion, tourism, advancement of the community purposes. The lodging tax is not discretionary. The sales tax component that is generated on the lodging transactions is discretionary.

After Board discussion, it was decided that Brandon and Allison would prepare a letter of support including recommendations regarding specific promotions of downtown and downtown events. The letter will be circulated, via email, to the Board members for their input and approval.

ADJOURN: *Marty made a motion to adjourn; Dan seconded the motion. The meeting adjourned at 9:30 a.m.*