

1 Minutes of the Redevelopment Agency of Centerville City/Davis Center for the Performing Arts
2 Administrative Control Board meeting held Wednesday, April 15, 2015 at 7:30 p.m. in the
3 Centerville City Council Chambers, 250 North Main Street, Centerville, Utah.
4

5 **MEMBERS PRESENT**

6 Paul Cutler, RDA of Centerville City Chair, ACB Chair, Centerville Mayor
7 Ken Averett, RDA of Centerville City, ACB Secretary
8 John T. Higginson, RDA of Centerville City Vice Chair/ACB Vice Chair
9 Stephanie Ivie, RDA of Centerville City
10 John Marc Knight, ACB Board Member, Bountiful City Council
11 Lawrence Wright, RDA of Centerville City, ACB Board Member
12

13 **MEMBERS ABSENT**

14 Tamilyn Fillmore, RDA of Centerville City
15 John Pitt, ACB Board Member, Bountiful City Council
16

17 **STAFF PRESENT**

18 Blaine Lutz, Centerville Finance Director
19 Lisa Romney, Centerville City Attorney
20 Jansen Davis, CPT Executive Director
21 David Baugh, CPT Chief Financial Officer
22 Katie Rust, Recording Secretary
23

24 **STAFF ABSENT**

25 Steve Thacker, RDA Executive Director
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27 **VISITORS**

28 Brent Petrie, Harris Services
29 LV Hayes, Harris Services
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31 **RDA MINUTES REVIEW AND ACCEPTANCE**

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33 The minutes of the March 17, 2015 RDA meeting were reviewed. Director Wright made
34 a **motion** to accept the minutes. Director Averett seconded the motion, which passed by
35 unanimous vote (5-0).
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37 **2014 FINANCIAL REPORT FOR CENTERPOINT LEGACY THEATRE (CPT)**

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39 Jan Davis, CPT Executive Director, presented a 2014 Financial Report for CPT, and was
40 pleased to report that CPT's portion of the building obligation was paid in full. The 2014 season
41 saw an increase in individual ticket sales, with multiple shows warranting additional
42 performances.
43

44 **REPORT ON THE STATUS OF RESERVE FUNDS**

45
46 CPT maintains an Operations Reserve Fund (ORF) and a Maintenance Reserve Fund
47 (MRF). The RDA maintains a Theatre Reserve Fund (TRF) for major capital improvements.
48 Mr. Davis reported that the ORF has a balance of \$78,933, and the MRF has a balance of
49 \$108,521. Blaine Lutz, Centerville Finance Director, reported that the Theatre Reserve Fund
50 (TRF) has a balance of \$356,232. The MRF is intended to cover non-routine or unexpected
51 maintenance repairs and replacement obligations. The ORF is intended to cover operational
52 shortfalls, if needed.

1 **PROPOSAL TO AMEND LEASE AGREEMENT TO AUTHORIZE A CAPITAL**
2 **PROJECTS RESERVE ACCOUNT**

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4 Lisa Romney, City Attorney, explained the request by CPT to amend the Lease
5 Agreement to add a reserve fund for capital improvements. Just like the MRF and the ORF, the
6 Capital Reserve Fund (CRF) would be maintained by CPT and cover tenant improvements.
7 Director Wright suggested the Lease Agreement amendment include the ability to transfer funds
8 from the CRF to the MRF or ORF if needed. Ms. Romney stated that the RDA has budget
9 review authority, but does not have authority under the current Lease provisions to control
10 movement within funds. Ms. Romney stated that pursuant to Section 26 of the Lease
11 Agreement, the allocation of revenues priority is: (1) payment of base rent; (2) payment of
12 current operations, production and maintenance costs and expenses; (3) allocation of funds to
13 MRF; (4) allocation to ORF; and (5) payment of variable rent to RDA for TRF. Staff will draft
14 appropriate Lease amendments to bring back to the RDA/ACB.

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16 **APPROVAL OF CPT FUNDS TO BE TRANSFERRED INTO THE ORF AND MRF**

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18 Mr. Davis stated that CPT proposes transferring \$18,000 into both the MRF and the
19 ORF, exceeding the required deposit of 1% of annual revenues into the MRF. CPT would like
20 to install a folding glass wall on the west side of the mezzanine level for meeting/reception
21 purposes for a maximum anticipated cost of \$30,000. The wall project is the type of project that
22 would be funded by the CRF. Without a CRF, CPT is proposing that \$30,000 for the wall project
23 be transferred to the MRF in addition to the \$18,000.

24
25 ACB member John Marc Knight made a **motion** for the ACB to recommend the RDA
26 approve allocation of funds as discussed. ACB Vice Chair Higginson seconded the motion,
27 which passed by unanimous vote of the ACB (5-0).

28
29 RDA Director Ivie made a **motion** for the RDA to approve allocation of \$18,000 to the
30 ORF, and \$18,000 plus \$30,000 (for the glass wall project) to the MRF. Vice Chair Higginson
31 seconded the motion, which passed by unanimous vote of the RDA (5-0).

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33 **HVAC MAINTENANCE ISSUES**

34
35 The Performing Arts facility has experienced unanticipated difficulties with the HVAC
36 system. At the December 2, 2014 RDA-ACB meeting, the Board was informed that CPT
37 management had requested a higher degree of professional help in assessing the HVAC
38 system, and that Harris Services had agreed to conduct a no-cost assessment of the system
39 and make recommendations. Mr. Lutz stated that the RDA has an interest as landlord in
40 protecting the asset and making sure the system runs efficiently. Representatives from Harris
41 Services, Brent Petrie and LV Hayes, proposed four different levels of HVAC system inspection
42 and maintenance for the RDA-ACB to choose from – Bronze, Silver, Gold, and Platinum. Mr.
43 Lutz stated that staff recommends selecting the Silver level for one year, to be paid for by the
44 RDA.

45
46 Mr. Petrie presented the results of the assessment regarding the recurring boiler
47 problems and proposed that Harris Systems could correct the problems for a total cost of
48 \$16,400 (\$9,000 of which would cover valve replacement). ACB member Knight asked how
49 much was spent last year on HVAC maintenance. Mr. Davis responded that over the last few
50 years they have probably spent around \$30,000. ACB member Knight suggested selecting the
51 Platinum level of service to reduce financial risk and ensure a well-run system. Mr. Petrie
52 agreed that the cost of correcting the existing problems could probably be included in the
53 Platinum level with a three-year contract. Director Wright agreed that it would be better to go

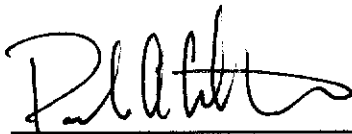
1 with the Platinum level. Ms. Romney pointed out that Section 52 of the Lease Agreement
2 provides that CPT is responsible for maintaining and servicing the HVAC system and is required
3 to enter into an annual service contract for the HVAC system. Section 53 of the Lease
4 Agreement provides that the RDA is responsible for the boiler and chiller of the HVAC system.
5 If the RDA/ACB thinks the RDA should pay for the annual service contract on the HVAC system,
6 these sections of the Lease should be amended. Alternatively, CPT could enter into the service
7 contract and be reimbursed by RDA general funds (if appropriate under RDA laws). Mr. Lutz
8 stated he is recommending the RDA enter into the maintenance agreement with Harris Services
9 and pay for the costs of the service contract. Director Wright suggested CPT contribute the
10 amount in their budget set aside for maintenance. Mr. Lutz pointed out that the maintenance
11 budget covers more than HVAC maintenance.
12

13 Director Averett said he finds it hard to believe that the professionally designed HVAC
14 system is in as bad shape as reported. He suggested the RDA hire an independent HVAC
15 engineer to evaluate the system for an independent assessment. He also suggested that more
16 than one maintenance bid should be considered. Mayor Cutler asked how many local firms
17 could take on maintenance on this type of system. Mr. Petrie responded that less than half a
18 dozen could, but many companies do not take on full-service contracts. Mr. Petrie stated he
19 suspects the system was never checked by a commission agent. The Boards discussed the
20 need to request a commission report from the company that installed the system.
21

22 Mayor Cutler stated he would meet with staff to discuss what needs to be done. He
23 stated there seems to be consensus that (1) Hogan should be contacted to see if a commission
24 report was prepared for the HVAC system when initially installed; (2) an independent engineer's
25 assessment should be done to determine the status of the system and what needs to be done
26 to fix problems; and (3) an RFP should be prepared to obtain bids on a maintenance service
27 contract. Mr. Petrie said he could give the RDA names of two or three independent HVAC
28 engineers for the independent assessment and could provide information needed for an RFP.
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30 **ADJOURNMENT**

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32 At 9:14 p.m. Vice Chair Higginson made a **motion** to adjourn the meeting. Director
33 Wright seconded the motion, which passed by unanimous vote (5-0).
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39 Paul A. Cutler, RDA Chair

5-5-15 RDA 5-13-15 ACB
Date Approved

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44 Steve Thacker, RDA Executive Director

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50 Katie Rust, Recording Secretary
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