

# **AGENDA**

## **WESTMINSTER ECONOMIC DEVELOPMENT AUTHORITY SPECIAL MEETING**

**MONDAY, March 19, 2012**

**AT 7:00 P.M.**

- 1. Roll Call**
- 2. Minutes of Previous Meeting** (February 27, 2012)
- 3. Purpose of Special WEDA Meeting is to**
  - A. Hold a Public Hearing regarding 2011 and 2012 Budget Amendments
  - B. Adopt Resolution No. 138 regarding a 2011 Budget Supplemental Appropriation
  - C. Adopt Resolution No. 139 regarding a 2012 Budget Supplemental Appropriation
- 4. Adjournment**

CITY OF WESTMINSTER, COLORADO  
MINUTES OF THE WESTMINSTER ECONOMIC DEVELOPMENT AUTHORITY  
MONDAY, FEBRUARY 27, 2012, AT 7:20 P.M.

ROLL CALL

Present at roll call were Chairperson McNally, Vice Chairperson Winter and Board Members Atchison, Briggs, Kaiser, and Major. Board Member Lindsey was absent and excused. Also present were J. Brent McFall, Executive Director, Martin McCullough, Attorney, and Linda Yeager, Secretary.

APPROVAL OF MINUTES

Board Member Briggs moved, seconded by Board Member Kaiser, to approve the minutes of the meeting of January 23, 2012, as written. The motion carried unanimously.

WESTMINSTER CENTER URBAN REINVESTMENT PROJECT SNOW REMOVAL CONTRACT

Based on the Executive Director's recommendation, it was moved by Board Member Atchison, seconded by Board Member Major, to find that the public interest would best be served by authorizing the Executive Director to enter into an agreement with American Demolition for snow removal services at the Westminster Mall property in an amount not to exceed \$90,000. The motion carried with all members voting affirmatively.

SPECIAL LEGAL COUNSEL SERVICE AGREEMENTS

It was moved by Board Member Briggs and seconded by Board Member Atchison to authorize the Executive Director to enter into special legal counsel agreements, in a form acceptable to the Authority Attorney, with Barbara Banks of Banks & Imatani, P.C. in an amount not to exceed \$30,000 for work related to the Westminster Urban Reinvestment Project, the South Westminster Transit-Oriented Development, and general real estate legal advice as may be required by the Authority and with Dee Wisor of Sherman & Howard in an amount not to exceed \$15,000 for special legal counsel services related to the anticipated loan financing of the purchase of the Sears Department Store through Vectra Bank. The motion carried with all members of the Authority voting affirmatively.

RESOLUTION NO. 137 APPROVING LOAN WITH VECTRA BANK FOR SEARS PURCHASE

Board Member Atchison moved to adopt Resolution No. 137 approving a loan not to exceed \$4,300,000 for the purchase of the Sears' property at the former Westminster Mall Site and authorizing the Chair, Vice Chairperson, or the Executive Director to execute the Loan, in substantially the same form as the agreements attached to the agenda memorandum, between the Westminster Economic Development Authority and Vectra Bank. Board Member Major seconded the motion, and it carried unanimously.

ADJOURNMENT

There was no further business for the Authority's consideration, and it was moved by Atchison, seconded by Kaiser, to adjourn. The motion passed and the meeting adjourned at 7:22 P.M.

ATTEST:

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Chairperson

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Secretary

# WEDA Agenda Item 3 A-C

## Agenda Memorandum

Westminster Economic Development Authority Meeting  
March 19, 2012



**SUBJECT:** Public Hearing and Resolutions No. 138 and 139 re Westminster Economic Development Authority Supplemental Appropriation for the 2011 Budget and the 2012 Budget

**Prepared By:** Karen Creager, Special Districts Accountant

### Recommended Board Action

1. Hold a Public Hearing on the budget amendments for the Westminster Economic Development Authority.
2. Adopt Resolution No. 138 authorizing a supplemental appropriation to the 2011 Westminster Economic Development Authority budget.
3. Adopt Resolution No. 139 authorizing a supplemental appropriation to the 2012 Westminster Economic Development Authority budget.

### Summary Statement

When necessary, City Staff prepares a resolution to appropriate unanticipated revenues and adjust the budget side of transactions that occur during the year. Typically supplemental appropriations are prepared on a quarterly basis for Westminster Economic Development Authority (WEDA) to simplify administrative procedures and reduce paper work.

- One resolution is attached for the 4<sup>th</sup> quarter and final supplemental appropriation for WEDA for 2011.
- A second resolution is attached for the 1<sup>st</sup> quarter supplemental appropriation for WEDA for 2012.
- 2011 Amendments:
  - \$1,000,000 transfer from the City's General Capital Improvement Fund
  - \$221,578 rental income
  - \$24,991 interest income
  - \$3,500,000 loan proceeds
- 2012 Amendments:
  - \$4,200,000 loan proceeds
  - \$154,980 rental income
  - \$250,000 transfer from the City's General Capital Improvement Fund
- A public hearing is required pursuant to Section 29-1-108 of the Colorado Revised Statutes.

**Expenditure Required:**       **2011** - \$4,746,569  
  **2012** - \$4,604,980

**Source of Funds:**               Transfers-in, rental income, interest income and loan proceeds

**Policy Issue**

Should the WEDA Board appropriate funds as set forth in the attached Resolutions?

**Alternative**

The Board could decide not to appropriate funds. This is not recommended because the revenues requested to be appropriated have been earmarked to assist with funding the daily operations of the Westminster Mall (the "Mall") property and with continuation of the redevelopment process. The Board has previously approved 1) the financing and purchase of the site formerly known as the Westminster Mall (the "Mall") on May 2, 2011, which was completed on May 10, 2011, and 2) the financing and purchase of the Sears property on January 27, 2012, which was completed on February 29, 2012. Approval of the appropriation of these various funds will bring WEDA's books inline with the Board's previous actions.

**Background Information**

*Rental Income*

On May 10, 2011, WEDA purchased the Mall and assumed responsibility for its operations. This includes property management services, utilities, maintenance and repair and demolition costs. Although only a few tenants in the Mall are continuing to operate during the redevelopment, there are some ongoing operating costs. Additionally there are costs involved in the continued redevelopment of the property including, but not limited to, demolition costs. Funding is needed to cover these costs. A supplemental appropriation was prepared during the first part of 2011 to appropriate estimated interest earnings and estimated rent income from the tenants. These revenue sources were estimated through only the 3<sup>rd</sup> quarter of the year. Now that all revenue for 2011 has been received, the rent revenue available over the original estimate, or \$221,578, can be appropriated to cover costs of operation and continued redevelopment. Additionally, estimated rental income, or \$154,980, for the 1<sup>st</sup> quarter 2012 is needed to assist with paying operating costs noted above, including costs associated with the Sears property purchase.

*Transfers In*

During the City's 2011/2012 budget process, transfers in the amount of \$1,000,000 and \$250,000, respectively, from the General Capital Improvement Fund were budgeted to assist with the continued redevelopment of the Mall property. Those funds were not previously appropriated in the WURP budget and are included with this appropriation to increase funds available in the WURP project.

*Interest income*

Funds residing in the WURP project account earned interest as part of the City's pooled cash and investments portfolio. Typically, interest in the WEDA Urban Renewal Areas is not included as part of the budget process unless needed to meet operating costs. Specifically, capital project interest earnings are appropriated through the quarterly housekeeping supplemental appropriations to ensure that interest is allocated in compliance with any internal or external restrictions. Staff is recommending that interest earned on WURP project funds be appropriated to the project to help further the redevelopment efforts.

*Loan proceeds*

On May 2, 2011, the Board approved the Purchase and Sale Agreement for the former Mall site. This agreement provided for WEDA to enter into a promissory note for \$3.5 million as part of the \$22 million total property acquisition price. Although the note was payable in full one year from the date of closing on the property acquisition, WEDA paid \$3,490,000 of the \$3,500,000 principal plus accrued interest on May 27, 2011. The remaining \$10,000 was paid on January 3, 2012, in accordance with the note. At the time the note was authorized, no appropriation was made. The attached supplemental appropriation includes appropriating the loan proceeds for repayment of the note.

On February 27, 2012, the WEDA Board authorized the purchase of the Sears property at the former Westminster Mall site. In order to accomplish this transaction vital to the redevelopment efforts at the site, the Board authorized a loan of up to \$4,200,000 and closing/financing costs not to exceed \$100,000. Staff secured financing with Vectra Bank on February 29, 2012, and closed on the property purchase the same day. The attached supplemental appropriation includes appropriating the loan proceeds to the WURP project for the property purchase.

The amendments listed in the attached resolution will bring WEDA's accounting records up-to-date to reflect the various detailed transactions. Please note that the budget amount reflected for the WURP project does not include \$26,508,342 closed out through prior year-end capital project processes.

The action requested in this agenda memorandum relates to Council's Strategic Plan goals of "Financially Sustainable City Government Providing Exceptional Services" and "Balanced, Sustainable Local Economy." These goals are met by ensuring a balanced budget where revenues are appropriated to expenditure accounts so the funds can be utilized as intended. In this case, the funds are intended to assist with the Mall redevelopment for the purpose of eliminating blight and increasing the retail base in the City.

Respectfully submitted,

Barbara Opie  
Acting Executive Director

Attachment – Resolutions

WESTMINSTER ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. **138**

INTRODUCED BY BOARD MEMBERS

SERIES OF 2012

**2011 WESTMINSTER ECONOMIC DEVELOPMENT AUTHORITY  
BUDGET SUPPLEMENTAL APPROPRIATION**

WHEREAS, the Westminster Economic Development Authority (WEDA) initially adopted the 2011 budget on October 11, 2010;

WHEREAS, proper notice for this amendment was published on March 15, 2012, pursuant to the requirements of Section 29-1-106 Colorado Revised Statutes;

WHEREAS, a public hearing for this amendment was held on March 19, 2012, pursuant to the requirements of Section 29-1-108 Colorado Revised Statutes;

WHEREAS, as necessary a resolution to make adjustments to the budget is presented to the Board;

WHEREAS, there are adjustments to be made to the 2011 budget;

WHEREAS, the revenue adjustments consist of increases totaling \$4,746,569; and

WHEREAS, the expense adjustment consists of an increase of \$4,746,569.

NOW, THEREFORE, BE IT RESOLVED by the Board of the Westminster Economic Development Authority:

Section 1. The \$4,746,569 increase shall be allocated to WEDA Revenue and Expenditure accounts as described below:

REVENUES

Description	Account Number	Current Budget	Amendment	Revised Budget
Rents	6800.40900.0191	\$300,000	\$221,578	\$521,578
Interest Earnings	6800.42510.0191	104,000	24,991	128,991
Loan Proceeds	6800.46000.0191	0	3,500,000	3,500,000
Transfers in	6800.45000.0750	0	1,000,000	1,000,000
Total Change to Revenues			<u>\$4,746,569</u>	

EXPENDITURES

Description	Account Number	Current Budget	Amendment	Revised Budget
Principal	68010900.78200.0191	\$0	\$3,500,000	\$3,500,000
WURP Approp Holding	80968005952.80400.8888	4,177,733	<u>1,246,569</u>	\$5,424,302
Total Change to Expenses			<u>\$4,746,569</u>	

Section 2. The resolution shall be in full force and effect upon its passage and approval.

PASSED AND ADOPTED the 19<sup>th</sup> day of March, 2012.

ATTEST:

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Chairperson

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Secretary

WESTMINSTER ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. **139**

INTRODUCED BY BOARD MEMBERS

SERIES OF 2012

**2012 WESTMINSTER ECONOMIC DEVELOPMENT AUTHORITY  
BUDGET SUPPLEMENTAL APPROPRIATION**

WHEREAS, the Westminster Economic Development Authority (WEDA) initially adopted the 2012 budget on October 10, 2011;

WHEREAS, proper notice for this amendment was published on March 15, 2012, pursuant to the requirements of Section 29-1-106 Colorado Revised Statutes;

WHEREAS, a public hearing for this amendment was held on March 19, 2012, pursuant to the requirements of Section 29-1-108 Colorado Revised Statutes;

WHEREAS, as necessary a resolution to make adjustments to the budget is presented to the Board;

WHEREAS, there are adjustments to be made to the 2012 budget;

WHEREAS, the revenue adjustments consist of increases totaling \$4,604,980; and

WHEREAS, the expense adjustment consists of an increase of \$4,604,980.

NOW, THEREFORE, BE IT RESOLVED by the Board of the Westminster Economic Development Authority:

Section 1. The \$4,604,980 increase shall be allocated to WEDA Revenue and Expenditure accounts as described below:

REVENUES

Description	Account Number	Current Budget	Amendment	Revised Budget
Rents	6800.40900.0191	\$0	\$154,980	\$154,980
Loan Proceeds	6800.46000.0191	0	4,200,000	4,200,000
Transfers in	6800.45000.0750	0	<u>250,000</u>	250,000
Total Change to Revenues			<u>\$4,604,980</u>	

EXPENDITURES

Description	Account Number	Current Budget	Amendment	Revised Budget
WURP Appropriation Holding	80968005952.80400.8888	\$5,472,590	<u>\$4,604,980</u>	\$10,077,570
Total Change to Expenses			<u>\$4,604,980</u>	

Section 2. The resolution shall be in full force and effect upon its passage and approval.

PASSED AND ADOPTED the 19<sup>th</sup> day of March, 2012.

ATTEST:

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Chairperson

\_\_\_\_\_  
Secretary