

REDEVELOPMENT AGENCY OF CENTERVILLE CITY/DAVIS CENTER FOR THE PERFORMING ARTS ADMINSTRATIVE CONTROL BOARD MEETING AGENDA

NOTICE IS HEREBY GIVEN THAT THE REDEVELOPMENT AGENCY OF CENTERVILLE CITY BOARD AND THE ADMINISTRATIVE CONTROL BOARD OF THE DAVIS CENTER FOR THE PERFORMING ARTS WILL HOLD A COMBINED PUBLIC MEETING AT 5:30 PM ON August 7, 2018 AT THE CENTERVILLE CITY COMMUNITY CENTER AND CITY HALL COUNCIL CHAMBERS, 250 NORTH MAIN STREET, CENTERVILLE, UTAH. THE AGENDA IS SHOWN BELOW.

Tentative - The times shown below are tentative and are subject to change during the meeting.

Time:

5:30 PM A. ROLL CALL

B. NEW BUSINESS

- | | | |
|------|----|---|
| 5:30 | 1. | Review CenterPoint Theatre Annual Audit Report for 2017 |
| 5:50 | 2. | Approve Amounts Deposited into Reserve Funds Relating to CPT and Performing Arts Center |
| 5:55 | 3. | HVAC Commissioning Report from Kelly Gibbons, FEA Engineering |
| 6:40 | 4. | Preparation of Long-term Facility Maintenance Plan |
| 6:50 | 5. | RDA Minutes Approval |

C. ADJOURNMENT

Mackenzie Wood
Centerville City Recorder

CENTERVILLE

Staff Backup Report

8/7/2018

Item No. 1.

Short Title: Review CenterPoint Theatre Annual Audit Report for 2017

Initiated By:

Scheduled Time: 5:30

SUBJECT

RECOMMENDATION

Review and accept the attached audit report for 2017 for the Davis Performing Arts Association dba CenterPoint Legacy Theatre.

BACKGROUND

The Audited Financial Statements/Independent Auditors' Report for CenterPoint Legacy Theatre are attached, for the fiscal year ending December 31, 2017. Jan Davis, CPT Executive Director, will attend the RDA/ACB meeting to answer questions about this report. The following reports are also attached for the Boards, but do not need to be discussed unless there are questions for Jan:

- June 2018 Financial Report (6-month report for current fiscal year)
- 2018 1st Quarter Facility Expenses
- 2018 2nd Quarter Facility Expenses

ATTACHMENTS:

Description

- ☐ Audited Financial Statements/Independent Auditors' Report
- ☐ June 2018 Financial Report
- ☐ 2018 1st Quarter Facility Expenses
- ☐ 2018 2nd Quarter Facility Expenses

CENTERPOINT LEGACY THEATRE

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Davis Performing Arts Association
dba, CenterPoint Legacy Theatre

We have audited the accompanying statements of financial position of Davis Performing Arts Association, dba, CenterPoint Legacy Theatre (a non-profit Organization) (the Theatre) as of December 31, 2017 and 2016 and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Theatre's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Theatre's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CenterPoint Legacy Theatre as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Hansen, Bradshaw, Mahrose & Erickson, P.C.

July 6, 2018

CENTERPOINT LEGACY THEATRE
Statements of Financial Position
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
Current assets:		
Cash, unrestricted	\$ 1,307,565	\$ 1,100,824
Pledges receivable	93,333	833
Prepaid expenses	<u>20,190</u>	<u>81,192</u>
Total current assets	1,421,088	1,182,849
Property and equipment, net	152,563	139,238
Cash, restricted for reserves	342,689	288,613
Cash, restricted	57,977	48,267
Other assets	<u>5,697</u>	<u>7,496</u>
Total assets	<u>\$ 1,980,014</u>	<u>\$ 1,666,463</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 66,348	\$ 56,853
Accrued liabilities	22,799	66,734
Deferred ticket revenue	<u>869,624</u>	<u>867,222</u>
Total current liabilities	<u>958,771</u>	<u>990,809</u>
Net assets:		
Unrestricted	869,933	626,554
Temporarily restricted	<u>151,310</u>	<u>49,100</u>
Total net assets	<u>1,021,243</u>	<u>675,654</u>
Total liabilities and net assets	<u>\$ 1,980,014</u>	<u>\$ 1,666,463</u>

The accompanying notes are an integral part of these financial statements.

CENTERPOINT LEGACY THEATRE
Statement of Activities
For the Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Total
<u>REVENUES</u>			
Public support:			
Ticket sales:			
Season sales	\$ 827,878	\$ -	\$ 827,878
Individual sales	466,718	-	466,718
Concessions revenue	81,156	-	81,156
Donations and sponsors:			
Seat and paver donations	-	3,300	3,300
Other donations	323,575	277,878	601,453
Total public support	1,699,327	281,178	1,980,505
Other revenue:			
Academy tuition, fees and tickets	315,412	-	315,412
Facility and other rentals	23,247	-	23,247
Miscellaneous revenue	26,719	-	26,719
Interest income	1,078	-	1,078
In-kind revenue	16,338	-	16,338
Net assets released from restrictions	178,968	(178,968)	-
Total other revenue	561,762	(178,968)	382,794
Total public support and other revenues	2,261,089	102,210	2,363,299
<u>EXPENSES</u>			
Program services:			
Production expenses:			
Main stage	544,669	-	544,669
Performance hall	25,088	-	25,088
Indirect	202,333	-	202,333
Other expenses:			
Facilities allocation	318,325	-	318,325
Academy	234,295	-	234,295
Concessions	54,430	-	54,430
Facility and other rentals	5,478	-	5,478
Box office	108,931	-	108,931
Total program services	1,493,549	-	1,493,549
Supporting services:			
General and administrative	223,740	-	223,740
Marketing and development	293,593	-	293,593
Facilities allocation	6,828	-	6,828
Total supporting services	524,161	-	524,161
Total expenses	2,017,710	-	2,017,710
Changes in net assets	243,379	102,210	345,589
Net assets at beginning of year	626,554	49,100	675,654
Net assets at end of year	\$ 869,933	\$ 151,310	\$ 1,021,243

The accompanying notes are an integral part of these financial statements.

CENTERPOINT LEGACY THEATRE
Statement of Activities
For the Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Total
<u>REVENUES</u>			
Public support:			
Ticket sales:			
Season sales	\$ 758,565	\$ -	\$ 758,565
Individual sales	495,625	-	495,625
Concessions revenue	79,560	-	79,560
Donations and sponsors:			
Seat and paver donations	-	3,600	3,600
Other donations	278,961	51,375	330,336
Total public support	1,612,711	54,975	1,667,686
Other revenue:			
Academy tuition, fees and tickets	255,386	-	255,386
Facility and other rentals	35,683	-	35,683
Miscellaneous revenue	31,084	-	31,084
Interest income	738	-	738
In-kind revenue	2,500	-	2,500
Net assets released from restrictions	177,175	(177,175)	-
Total other revenue	502,566	(177,175)	325,391
Total public support and other revenues	2,115,277	(122,200)	1,993,077
<u>EXPENSES</u>			
Program services:			
Production expenses:			
Main stage	500,082	-	500,082
Performance hall	26,382	-	26,382
Indirect	189,221	-	189,221
Other expenses:			
Facilities allocation	339,988	-	339,988
Academy	189,114	-	189,114
Concessions	50,522	-	50,522
Facility and other rentals	10,753	-	10,753
Box office	101,509	-	101,509
Total program services	1,407,571	-	1,407,571
Supporting services:			
General and administrative	198,776	-	198,776
Marketing and development	273,335	-	273,335
Facilities allocation	7,293	-	7,293
Total supporting services	479,404	-	479,404
Total expenses	1,886,975	-	1,886,975
Changes in net assets	228,302	(122,200)	106,102
Net assets at beginning of year	398,252	171,300	569,552
Net assets at end of year	<u>\$ 626,554</u>	<u>\$ 49,100</u>	<u>\$ 675,654</u>

The accompanying notes are an integral part of these financial statements.

CENTERPOINT LEGACY THEATRE
Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ 345,589	\$ 106,102
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	29,167	18,401
Changes in assets and liabilities:		
Pledges receivable	(92,500)	79,167
Prepaid expenses	62,801	(50,047)
Accounts payable	9,495	(3,206)
Accrued liabilities	(43,935)	33,242
Deferred ticket revenue	2,402	63,629
	<u>313,019</u>	<u>247,288</u>
Cash flows from investing activities:		
Change in cash held for reserve funds	(54,076)	30,620
Purchase of property and equipment	(42,492)	(81,341)
	<u>(96,568)</u>	<u>(50,721)</u>
Cash flows from investing activities		
	<u>-</u>	<u>-</u>
Cash flows from financing activities		
	<u>-</u>	<u>-</u>
Net increase in cash	216,451	196,567
Cash at beginning of year	<u>1,197,358</u>	<u>1,000,791</u>
Cash at end of year	<u><u>\$ 1,413,809</u></u>	<u><u>\$ 1,197,358</u></u>

The accompanying notes are an integral part of these financial statements.

CENTERPOINT LEGACY THEATRE
Notes to the Financial Statements
December 31, 2017 and 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations The Davis Performing Arts Association, dba CenterPoint Legacy Theatre (the Theatre), is a Utah not-for-profit organization whose mission is elevating, educating and entertaining citizens of the surrounding communities through participation in and enjoyment of the performing arts.

Basis of Presentation Not-for-profit organizations are required to provide a statement of financial position, a statement of activities, and a statement of cash flows which are prepared to focus on the organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. Not-for-profit organizations are required to report total assets, liabilities, and net assets in a statement of financial position; change in net assets in a statement of activities; and change in cash in a statement of cash flows. Not-for-profit organizations are also required to report expenses by their functional classification, such as major programs and supporting activities.

The Theatre maintains its accounts on the accrual basis of accounting. Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Permanently restricted net assets

Permanently restricted net assets are subject to donor-imposed stipulations that must be maintained indefinitely by the Theatre. As of December 31, 2017 and 2016, the Theatre did not have permanently restricted net assets.

Temporarily restricted net assets

Temporarily restricted net assets are subject to donor-imposed stipulations that may be met by actions of the Theatre or will be met through the passage of time.

Unrestricted net assets

Unrestricted net assets are not subject to donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law.

Expirations of temporary restrictions on net assets, i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed, are reported as reclassifications between the applicable classes of net assets. Occasionally, permanent restrictions will be released when a donor communicates to the Theatre that a previously permanently restricted endowment contribution can be used for unrestricted purposes. These modifications are reported as reclassifications between the applicable classes of net assets.

CENTERPOINT LEGACY THEATRE
Notes to the Financial Statements (Continued)
December 31, 2017 and 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents For the purposes of reporting cash flows, cash and cash equivalents are defined as cash on hand, checking accounts, certificates of deposit and money market accounts with original maturities of ninety days or less. Cash and cash equivalents required for reserve funds are not considered cash and cash equivalents for the purposes of the statement of cash flows, as they are held for long-term purposes.

Pledges Receivable Pledges receivable, when applicable, are recorded at their estimated fair value less an appropriate allowance for uncollectible accounts. The allowance, if any, is based on historical experience and management's analysis of specific balances.

Fair Values of Financial Instruments Various methods and assumptions were used to estimate the fair value of each class of financial instruments. Cash and cash equivalents are valued at their carrying amount which approximates fair value due to their short maturities.

Depreciation and Amortization The Theatre's policy is to capitalize all fixed asset purchases over \$5,000 and with an estimated useful life of 3 or more years. Depreciation and amortization are computed on the straight-line method over the following estimated useful lives:

Sound/light/sewing equipment	5 - 7
Furniture and fixtures	7 - 20
Office equipment	5 - 7
Leasehold improvements (lease term)	15

Contributions and In-Kind Contributions Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received or promised. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence of any donor restrictions. All contributions are considered to be available for unrestricted use in the appropriate time period (time restriction), unless specifically restricted by the donor. Amounts that are restricted for future periods or restricted for specific purposes (purpose restriction) are reported as temporarily restricted or permanently restricted support and increase these net asset classes. When a donor-stipulated time restriction ends or a purpose restriction is accomplished, the restricted net assets are reclassified to unrestricted net assets and reported as satisfactions of restrictions and net assets released from restrictions on the statement of activities.

CENTERPOINT LEGACY THEATRE
Notes to the Financial Statements (Continued)
December 31, 2017 and 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and In-Kind Contributions (Continued) Occasionally, the Theatre receives services, supplies, and other expendable items for use in its programs. Donated items are reported at their fair value as contributed in-kind revenue and the appropriate expenses. In-kind contributions of \$16,338 and \$2,500 were received during 2017 and 2016, respectively.

The Theatre also receives donated professional services for legal, management and accounting services. Management believes these services to be critical to the success of Theatre and its operations; however, the amounts are not recorded in the financial statements.

Deferred Ticket Revenue Proceeds from tickets purchased related to productions occurring during the year are recognized as revenue in the period received. Proceeds from tickets purchased related to productions occurring in the subsequent year, are recorded as deferred ticket revenue. Deferred ticket revenue is recognized as revenue as the productions occur.

Advertising Costs Advertising costs are charged to operations when incurred. Advertising expense were \$57,095 and \$38,583 for the years ended December 31, 2017 and 2016, respectively.

Income Taxes The Theatre qualifies as a tax-exempt Organization under Section 501(c)(3) of the Internal Revenue Code, and accordingly, no provision has been made for Federal income tax. In general, the Theatre is required to separate its income and deductions into related and unrelated business income.

For Federal tax purposes, the Theatre is taxed on all net income from unrelated business activities, reduced only by expenses related to unrelated activities for which a profit motive exists. The Theatre files Form 990. The Theatre did not have unrelated business income for the years ended December 31, 2017 and 2016.

The Theatre's tax years subject to U.S. Federal, State and local income tax examinations by tax authorities are 2014, 2015, 2016, and 2017.

2. RESTRICTED CASH

Restricted cash represents the amounts held in reserves, as required by the lease agreement with the Redevelopment Agency of Centerville City (RDA), as discussed in Note 7, as well as temporarily restricted donations. As of December 31, 2017 and 2016, respectively, the restricted cash balance consisted of the following:

	2017	2016
Maintenance reserve	\$ 215,146	\$ 178,201
Operating reserve	127,543	110,412
Temporarily restricted donations	57,977	48,267
Total restricted cash	<u>\$ 400,666</u>	<u>\$ 336,880</u>

CENTERPOINT LEGACY THEATRE
Notes to the Financial Statements (Continued)
December 31, 2017 and 2016

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31:

	2017	2016
Sound/light/sewing equipment	\$ 187,755	\$ 151,116
Furniture and equipment	139,647	133,794
Leasehold improvements	<u>21,733</u>	<u>21,733</u>
 Total depreciable assets	 <u>349,135</u>	 <u>306,643</u>
 Total assets	 349,135	 306,643
 Less: accumulated depreciation	 <u>(196,572)</u>	 <u>(167,405)</u>
 Total property and equipment	 <u><u>\$ 152,563</u></u>	 <u><u>\$ 139,238</u></u>

The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes as of December 31,:

	2017	2016
State grant	\$ 87,500	\$ -
Upcoming performance season	51,558	40,500
Friend-to-Friend program	6,452	5,000
High School Bravo program	2,500	-
Seat and paver donations	<u>3,300</u>	<u>3,600</u>
	<u><u>\$ 151,310</u></u>	<u><u>\$ 49,100</u></u>

Of the amounts above, \$93,333 and \$833 were recorded as pledges receivable at December 31, 2017 and 2016, respectively.

5. CONCENTRATIONS OF CREDIT RISK

The Theatre maintains its cash balances with three banks located in Utah. Balances on deposit may, at times, exceed FDIC insured limits. The Theatre has not experienced any losses related to these accounts and believes it is not exposed to significant credit risk related to these accounts. As of December 31, 2017 and 2016, cash balances exceeded insured limits by \$1,028,772 and \$740,752, respectively.

CENTERPOINT LEGACY THEATRE
Notes to the Financial Statements (Continued)
December 31, 2017 and 2016

6. DONATIONS IN-KIND

The Theatre donates gift certificates to some of its shows to various other organizations for use in auctions and marketing purposes. The gift certificates have no cash value, and are considered non-cash transactions. During 2017 and 2016, respectively, the Theatre donated gift certificates valued at \$4,848 and \$4,516.

7. BUILDING LEASE AGREEMENT

The Theatre entered into a lease agreement (the Agreement) with the RDA to occupy premises, owned by the RDA. The initial lease is for a period of twelve (12) years, effective December 2010, and is renewable for an additional ten (10) years. Rent payments consist of a monthly base rent and an annual variable rent. During 2017, the monthly base rental payment was \$6,400 per month (\$6,284 per month during 2016). The base rent is adjusted annually using a twelve (12) month average of the Consumer Price Index; however, the monthly rent will not decrease from the prior year's amount. The annual variable rent, if any, is calculated based on the previous year's annual profit, as defined by the Agreement.

The Agreement also requires an Operating Reserve Fund (ORF) and a Maintenance Reserve Fund (MRF) to be established and funded by the Theatre, not to exceed totals of \$200,000 and \$300,000, respectively. The Theatre is required to fund the MRF in the amount of at least one percent of the previous year's annual revenue, as defined by the Agreement. As of December 31, 2017 and 2016, respectively, each reserve account had balances of \$127,543 and \$110,412 for the operating reserve and \$215,146 and \$178,201 for the maintenance reserve. The Theatre is in compliance with the Reserve Fund requirements.

From the inception of the original Agreement through September 2016, the Theatre was required to purchase adequate property and general insurance on the building. In September 2016, an amendment to the agreement was signed, which removed this insurance requirement by the Theatre and placed it on the RDA for the foreseeable future. The Theatre is not liable for any of the debt on the land or building. Insurance payments made by the Theatre were \$1,052 per month.

The building and most of the sound, stage, and lighting equipment for the main stage area are the property of the RDA. The Theatre purchased and owns the sound and lighting assets for the alternate stage. Funding for the building is largely from a recreation tax from Centerville City, Bountiful City, and a one-time contribution from Davis County, Utah.

8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 6, 2018, the date on which the financial statements were available to be issued. No related disclosures are deemed necessary.

CenterPoint Legacy Theatre
Statement of Activities
Compared with Budget
For the Month Ended and YTD Period June 30, 2018

	Current Month Actual	Current Month Budget	Current Month Variance	Year to Date Actual	Year to Date Budget	Year to Date Variance
Revenues						
Season Ticket Sales	\$ 68,339	\$ 67,347	\$ 992	\$ 430,341	\$ 420,918	\$ 9,422
Individual Ticket Sales	29,216	23,000	6,216	231,222	193,000	38,222
Encore Memberships	-	-	-	9,000	6,000	3,000
Ticket Exchange Fees	463	-	463	2,365	-	2,365
Show Sponsorship	-	10,000	(10,000)	45,000	65,000	(20,000)
Leishman Hall Revenue	-	15,500	(15,500)	10,189	22,500	(12,311)
Academy Tuition	35,163	29,000	6,163	167,036	151,500	15,536
Academy Registration Fee	100	4,000	(3,900)	15,495	15,600	(105)
Academy Costume Fee	-	-	-	11,316	7,800	3,516
Academy Theater Ticket Sales	4,079	-	4,079	26,929	19,400	7,529
Facility Rental	-	3,100	(3,100)	10,765	7,500	3,265
Costume Rental	800	700	100	7,523	4,200	3,323
Prop Rental	250	150	100	1,655	900	755
Concessions	7,089	6,000	1,089	41,546	36,000	5,546
Annual Fundraising Gala	80,203	60,000	20,203	124,810	120,000	4,810
Miscellaneous Income	-	800	(800)	1,324	4,800	(3,476)
Total Revenues	225,703	219,597	6,106	1,136,514	1,075,118	61,396
Expenses						
Barlow Theatre Expenses						
Stage Manager	1,250	1,100	150	4,550	4,500	50
Assistant Stage Manager	-	400	(400)	800	1,500	(700)
Director	3,800	2,930	870	10,207	8,230	1,977
Choreographer	1,950	1,000	950	4,250	3,400	850
Music Director	593	1,000	(407)	3,293	3,600	(307)
Costumer	3,000	2,000	1,000	8,400	7,300	1,100
Stitchers	-	1,000	(1,000)	2,550	3,700	(1,150)
Set Designer	2,200	500	1,700	4,700	2,400	2,300
Set Painter	1,800	2,000	(200)	7,500	7,600	(100)
Light Designer	1,000	1,000	-	3,600	3,600	-
Assistant Light Designer	-	100	(100)	-	500	(500)
Sound Designer	800	800	-	2,000	2,800	(800)
Music Designer	25	2,500	(2,475)	2,650	7,500	(4,850)
Prop Coordinator	775	550	225	3,125	2,400	725
SDC Fees	-	1,170	(1,170)	-	1,170	(1,170)
Show Stage Managers	90	630	(540)	2,745	4,410	(1,665)
Assistant Stage Managers	35	350	(315)	2,680	1,400	1,280
Sound Techs	810	810	-	7,055	5,670	1,385
Lighting Techs	660	630	30	3,775	4,410	(635)
Spotlight Techs	425	1,800	(1,375)	5,450	7,200	(1,750)
Stage Crew	2,450	1,080	1,370	16,450	7,560	8,890
Tear Down	-	-	-	-	300	(300)
Builders	142	1,500	(1,358)	4,216	6,800	(2,584)
Wig Mistress	900	400	500	4,088	2,200	1,888
Live Musicians	-	-	-	94	-	94
Accompanist	-	400	(400)	466	1,200	(735)

	Current Month Actual	Current Month Budget	Current Month Variance	Year to Date Actual	Year to Date Budget	Year to Date Variance
Workers Compensation	-	683	(683)	-	2,732	(2,732)
Costume Material	11,334	3,500	7,834	35,355	22,500	12,855
Wigs	973	400	573	2,056	1,700	356
Paint & Supplies	316	150	166	1,987	800	1,187
Lighting Supplies	179	150	29	388	1,300	(912)
Sound Supplies	32	50	(18)	32	500	(468)
Music Track Adjustments	-	250	(250)	200	750	(550)
Props	1,335	700	635	6,248	3,500	2,748
Special Effects	463	400	63	5,715	2,400	3,315
Construction Materials	1,816	2,500	(684)	22,718	11,000	11,718
Royalties	14,667	24,540	(9,873)	92,417	93,695	(1,278)
BARLOW - UNKNOWN	-	-	-	81	-	81
Printing - Copies	430	500	(70)	1,468	2,000	(532)
Playbills	-	-	-	5,800	12,900	(7,100)
Mailing Charges	-	-	-	593	600	(7)
Dry Cleaning	624	-	624	2,987	2,600	387
Wig/Costume Maintenance	450	150	300	635	1,100	(465)
Food - Production	1,880	500	1,380	4,084	2,250	1,834
Promotional Event Expense	48	-	48	48	-	48
Actor Recognition/Appreciation	74	200	(126)	1,393	1,990	(597)
Sales Tax Refund	-	-	-	(1,570)	-	(1,570)
Total Barlow Theatre Expenses	57,327	60,323	(2,996)	287,279	265,667	21,613
Leishman Hall Expenses						
Stage Manager	-	400	(400)	400	800	(400)
Director	100	900	(800)	1,000	1,800	(800)
Music Director	500	500	-	500	500	-
Costumer	-	700	(700)	600	1,300	(700)
Set Designer	-	100	(100)	-	200	(200)
Set Painters	-	80	(80)	-	160	(160)
Light/Sound Designer	-	1,000	(1,000)	180	1,000	(820)
Prop Coordinator	150	150	-	300	300	-
Show Stage Managers	400	210	190	890	700	190
Asst Stage Managers	300	-	300	300	-	300
Sound/Lighting Tech	80	204	(124)	640	679	(39)
Builders	295	250	45	520	500	20
Workers Comp	-	114	(114)	-	228	(228)
Costume Material	-	450	(450)	504	900	(396)
Lighting & Sound Supplies	-	100	(100)	-	200	(200)
Props	-	150	(150)	27	450	(423)
Special Effects	-	50	(50)	-	100	(100)
Construction Materials	358	150	208	720	450	270
Royalties	-	2,735	(2,735)	1,400	4,135	(2,735)
Program Printing	2,253	-	2,253	4,053	1,500	2,553
Printing-Copies	-	25	(25)	-	50	(50)
Dry Cleaning	-	-	-	-	100	(100)
Marketing	449	1,600	(1,151)	1,340	3,200	(1,860)
Food	-	90	(90)	200	180	20
Recognition	-	60	(60)	34	120	(86)
Total Leishman Hall Expenses	4,884	10,018	(5,134)	13,609	19,552	(5,943)

	Current Month Actual	Current Month Budget	Current Month Variance	Year to Date Actual	Year to Date Budget	Year to Date Variance
Academy Expenses						
Academy Staff Salaries	3,085	7,333	(4,248)	74,287	74,833	(546)
Academy Production Staff Wages	10,850	700	10,150	20,795	9,300	11,495
Academy Technical Staff Wages	-	-	-	4,220	5,700	(1,480)
Payroll Taxes	531	973	(442)	6,481	9,024	(2,543)
Office Supplies	-	200	(200)	213	1,200	(987)
Office Supplies-Instructional	30	-	30	136	-	136
Royalties	-	-	-	5,410	6,000	(590)
Costumes	3,731	1,500	2,231	18,572	12,000	6,572
Props	244	100	144	1,155	1,400	(245)
Sets	220	100	120	2,922	3,900	(978)
Sound-Music, Effects	90	-	90	517	400	117
Marketing	-	142	(142)	1,400	850	550
Food	858	50	808	1,124	1,000	124
Miscellaneous Expense	122	150	(28)	(5)	900	(905)
Printing Programs & Scripts	-	-	-	3,381	2,300	1,081
Online Registration Fees	1,646	600	1,046	5,541	3,600	1,941
Friend to Friend	790	833	(43)	2,767	4,998	(2,231)
Total Academy Expenses	22,196	12,681	9,515	148,916	137,405	11,511
Facility Rental Expenses						
Facility Rental Overhead Wages	695	1,400	(705)	2,265	1,700	565
Equipment Rental	-	25	(25)	-	225	(225)
Total Facility Rental Expenses	695	1,425	(730)	2,265	1,925	340
Costume Rental Expenses						
Costume Rental Wages	-	350	(350)	3,222	2,100	1,122
Total Costume Rental Expenses	-	350	(350)	3,222	2,100	1,122
Prop Rental Expenses						
Prop Rental Wages	-	113	(113)	773	675	98
Total Prop Rental Expenses	-	113	(113)	773	675	98
Concession Expenses						
Concession Wages	355	1,300	(945)	5,183	7,800	(2,617)
Concessions Payroll Taxes	27	132	(104)	500	789	(289)
Employee Uniforms	-	-	-	-	200	(200)
Concessions Supplies	2,869	3,000	(131)	18,629	18,000	629
Miscellaneous	-	-	-	-	1,000	(1,000)
Total Concession Expenses	3,251	4,432	(1,180)	24,313	27,789	(3,476)
Other Production Costs						
Production Overhead Wages	12,028	12,028	0	73,357	75,175	(1,818)
Overhead Payroll Taxes	1,079	1,241	(162)	6,754	7,677	(923)
Tools - supplies	44	250	(206)	2,384	1,500	884
Repair and Maintenance	506	-	506	5,371	6,000	(629)

	Current Month Actual	Current Month Budget	Current Month Variance	Year to Date Actual	Year to Date Budget	Year to Date Variance
Equipment Purchases	-	-	-	739	-	739
Costumes	-	300	(300)	728	1,800	(1,072)
Props	-	-	-	184	150	34
Sound-Music, etc	-	600	(600)	921	3,600	(2,679)
Lights-gel, etc	193	300	(107)	583	1,800	(1,217)
Sign Language Interpretaion	-	750	(750)	-	3,000	(3,000)
Miscellaneous Expense	-	100	(100)	304	600	(297)
Total Other Production Expenses	13,849	15,569	(1,720)	91,326	101,302	(9,976)
Marketing Expenses						
Marketing Wages	3,011	3,011	(0)	18,065	18,818	(754)
Marketing Payroll Taxes	230	311	(81)	1,382	1,923	(541)
Artistic Design/Photography	570	2,100	(1,530)	2,270	7,100	(4,830)
Printing	432	1,000	(568)	5,266	7,800	(2,534)
Advertising	3,923	5,000	(1,077)	23,399	22,600	799
Website	-	450	(450)	122	800	(678)
Outreach/PR	-	700	(700)	(2)	950	(952)
Miscellaneous Marketing Exp	-	25	(25)	633	150	483
Total Marketing Expenses	8,166	12,597	(4,431)	51,133	60,141	(9,008)
Development Expenses						
Development Wages	5,025	4,829	196	29,243	30,181	(938)
Payroll Taxes	384	498	(114)	2,291	3,081	(790)
Correspondence	-	20	(20)	60	120	(60)
Decorations	129	100	29	262	600	(338)
Encore Club	-	-	-	1,203	1,480	(277)
Annual Fundraising Gala	36,144	21,500	14,644	48,173	36,500	11,673
Community Events	125	-	125	1,366	-	1,366
Guild	-	200	(200)	-	1,200	(1,200)
Outreach Programs	-	50	(50)	1,867	1,650	217
Fundraising Expenses	241	175	66	2,275	2,150	125
Theatre Relations	-	225	(225)	796	1,950	(1,154)
Total Development Expenses	42,048	27,597	14,451	87,536	78,912	8,624
Box Office Expenses						
Box Office Wages	4,793	6,637	(1,844)	40,210	42,722	(2,512)
Box Office Payroll Taxes	367	685	(318)	3,521	4,332	(811)
Equipment/Supplies	246	-	246	319	5,000	(4,681)
Ticket Sales - Tix	153	250	(98)	1,572	1,550	22
Uniforms	-	-	-	-	300	(300)
Miscellaneous Expense	-	-	-	355	500	(145)
Total Box Office Expenses	5,558	7,572	(2,014)	45,977	54,404	(8,427)
Administrative Expense						
Administrative Wages	7,325	6,599	726	43,534	41,243	2,291
Employee Benefits - Insurance	385	385	(0)	2,308	2,405	(98)
Admin Payroll Taxes	590	721	(131)	9,580	4,459	5,121
Office Supplies and Postage	-	290	(290)	732	1,890	(1,158)

	Current Month Actual	Current Month Budget	Current Month Variance	Year to Date Actual	Year to Date Budget	Year to Date Variance
Telephone Expense	1,185	745	440	4,165	4,470	(305)
Printing Expense	-	-	-	215	500	(285)
Dues & Subscriptions	-	1,200	(1,200)	2,809	1,735	1,074
Business Meals/Entertainment	-	50	(50)	221	300	(79)
Insurance	1,906	733	1,174	7,025	5,240	1,786
Consulting-Professional	627	-	627	18,873	32,000	(13,127)
Property Tax	-	-	-	863	-	863
Miscellaneous Expense	-	100	(100)	479	600	(121)
Training/Education	-	250	(250)	81	4,000	(3,919)
Staff/Volunteer Appreciation	-	20	(20)	6,338	5,120	1,218
Computer/Copier Equipment	1,227	-	1,227	1,227	1,450	(223)
Banking Service Fees	2,000	1,300	700	15,134	13,900	1,234
Total Administrative Expenses	15,245	12,393	2,853	113,583	119,312	(5,729)
Facilities Expense						
Computer & Software Equipment	5	-	5	30	-	30
Contract Repairs & Maintenance	585	865	(280)	3,140	5,190	(2,050)
Repairs & Maintenance	3,343	1,100	2,243	7,125	8,400	(1,275)
Janitorial Expense	2,921	3,000	(80)	17,979	19,200	(1,221)
Janitorial Supplies	-	350	(350)	1,941	2,100	(159)
Water/Sewer/Trash	-	192	(192)	330	981	(651)
Gas	329	1,000	(671)	9,981	11,400	(1,419)
Electricity	6,386	6,500	(114)	28,101	30,300	(2,199)
HVAC	-	250	(250)	747	5,150	(4,403)
HVAC Contract	1,605	1,605	-	10,191	9,630	561
Lamps/Ballast/Fixtures	-	400	(400)	687	2,400	(1,713)
Seat & Paver Expenses	-	-	-	114	-	114
Facility Lease Expense	6,557	6,636	(79)	39,343	39,816	(473)
Miscellaneous	1,127	100	1,027	1,362	600	762
Grounds/Snow Removal/MTC	-	9,000	(9,000)	6,526	21,000	(14,474)
Total Facilities Expenses	22,858	30,998	(8,140)	127,597	156,167	(28,570)
Depreciation	3,903	2,490	1,414	17,862	14,938	2,925
Total Expenses	199,981	198,556	1,425	1,015,390	1,040,289	(24,899)
Net Operating Income	\$ 25,722	\$ 21,041	\$ 4,681	\$ 121,124	\$ 34,829	\$ 86,295
Other Income (Expense)						
Interest Income	\$ 125	\$ -	\$ 125	\$ 385	\$ -	\$ 385
Other Income	301	-	301	1,301	-	1,301
Total Other Income (Expense)	426	-	426	1,686	-	1,686
Donations						
Seat Donations	-	-	-	1,000	-	1,000
Paver Donations	-	-	-	300	-	300
Donations	1,033	1,700	(667)	24,739	19,800	4,939

	Current Month Actual	Current Month Budget	Current Month Variance	Year to Date Actual	Year to Date Budget	Year to Date Variance
Donations - Restricted	-	-	-	(300)	-	(300)
Grants	-	5,000	(5,000)	52,412	25,000	27,412
Total Donations	1,033	6,700	(5,667)	78,151	44,800	33,351
Net Income	\$ 27,181	\$ 27,741	\$ (560)	\$ 200,961	\$ 79,629	\$ 121,332

CenterPoint Legacy Theatre
Statement of Activities
Compared with Budget
1/1/18 - 3/31/18

	Current QTR Actual	Current QTR Budget	Current QTR Variance	Year to Date	Year to Date	Year to Date
Facilities Expense						
Contract Repairs & Maintenance	1,809	2,595	(786)	1,809	2,595	(786)
Repairs & Maintenance	2,214	5,100	(2,886)	2,214	5,100	(2,886)
Janitorial Expense	8,870	9,000	(130)	8,870	9,000	(130)
Janitorial Supplies	881	1,050	(169)	881	1,050	(169)
Water/Sewer/Trash	330	405	(75)	330	405	(75)
Gas	7,619	7,900	(281)	7,619	7,900	(281)
Electricity	11,428	13,700	(2,272)	11,428	13,700	(2,272)
HVAC	747	4,400	(3,653)	747	4,400	(3,653)
HVAC Contract	4,814	4,815	(1)	4,814	4,815	(1)
Lamps/Ballast/Fixtures	687	1,200	(513)	687	1,200	(513)
Seat & Paver Expenses	114	0	114	114	0	114
Facility Lease Expense	19,672	19,908	(236)	19,672	19,908	(236)
Miscellaneous	0	300	(300)	0	300	(300)
Grounds/Snow Removal/MTC	3,218	7,000	(3,782)	3,218	7,000	(3,782)
Total Facilities Expenses	62,403	77,373	(14,970)	62,403	77,373	(14,970)

CenterPoint Legacy Theatre
Statement of Activities
Compared with Budget
4/1/18 - 6/30/18

	Current QTR Actual	Current QTR Budget	Current QTR Variance	Year to Date	Year to Date	Year to Date
Facilities Expense						
Computer & Software Equipment	30	0	30	30	0	30
Contract Repairs & Maintenance	1,331	2,595	(1,264)	3,140	5,190	(2,050)
Repairs & Maintenance	4,911	3,300	1,611	7,125	8,400	(1,275)
Janitorial Expense	9,109	10,200	(1,091)	17,979	19,200	(1,221)
Janitorial Supplies	1,060	1,050	10	1,941	2,100	(159)
Water/Sewer/Trash	0	576	(576)	330	981	(651)
Gas	2,362	3,500	(1,138)	9,981	11,400	(1,419)
Electricity	16,673	16,600	73	28,101	30,300	(2,199)
HVAC	0	750	(750)	747	5,150	(4,403)
HVAC Contract	5,377	4,815	562	10,191	9,630	561
Lamps/Ballast/Fixtures	0	1,200	(1,200)	687	2,400	(1,713)
Seat & Paver Expenses	0	0	0	114	0	114
Facility Lease Expense	19,672	19,908	(236)	39,343	39,816	(473)
Miscellaneous	1,362	300	1,062	1,362	600	762
Grounds/Snow Removal/MTC	3,309	14,000	(10,691)	6,526	21,000	(14,474)
Total Facilities Expenses	65,194	78,794	(13,600)	127,597	156,167	(28,570)

CENTERVILLE

Staff Backup Report

8/7/2018

Item No. 2.

Short Title: Approve Amounts Deposited into Reserve Funds Relating to CPT and Performing Arts Center

Initiated By: RDA Executive Director

Scheduled Time: 5:50

SUBJECT

RECOMMENDATION

Review and approve amounts proposed to be deposited into the Operations and Maintenance Reserve Funds. Also ask CPT to report on the use of the Capital Projects Reserve Fund in 2017 as required in the Operating Lease.

BACKGROUND

The Operating Lease governing CPT's use of the performing arts center establishes four reserve funds:

- **Theatre Reserve Fund (TRF)** -- Monthly "base rent" payments from CPT to the RDA are put into this Fund and are to be used for future major repairs, replacement and capital improvements as described in Section 25 of the Lease. Expenditures from this Fund must be approved by the ACB and RDA. The most recent expenditures from the TRF was a total of \$30,000 for the HVAC commissioning work done by FEA Engineering, the next subject on the RDA/ACB meeting agenda. The TRF balance as of June 30, 2018 was \$420,390.
- **Maintenance Reserve Fund (MRF)** -- Section 33 requires a minimum of ". . . one percent (1%) of the Association's previous year's annual revenues . . ." be deposited into the MRF, to be used for ". . . major, non-routine or unexpected maintenance, repairs and replacement obligations of the Association" as explained in Section 23. The Association (i.e. CPT) can use this reserve for its maintenance and repair obligations but ". . . shall provide the RDA and ACB with at least thirty (30) days prior written notice of any proposed withdrawal and/or use of funds within the Maintenance Reserve Fund." The MRF is capped at \$300,000; currently it has a balance of \$215,321. The MRF is not to be used for normal, routine maintenance costs, which are to be funded by a facilities maintenance section in CPT's annual operating budget.
- **Operations Reserve Fund (ORF)** -- As stated in Section 22: "The Association shall use its best efforts to allocate funds to the Operations Reserve Fund in an amount that is reasonably adequate and necessary for purposes of fulfilling its operations obligations under this Lease and Operating Agreement . . ." The ORF is capped at \$200,000; currently it has a balance of \$127,564.
- **Capital Projects Reserve Fund** -- Section 23.1 states: "The Association may create a reserve fund for purposes of funding special capital projects or improvements ("Capital Reserve Fund"). . . Any allocation of funds to the Capital Reserve Fund must be approved by the RDA and ACB and must be tied to a list of specific approved capital projects or improvements. The Association shall provide the

RDA and ACB with an annual accounting of the use of funds from the Capital Reserve Fund"
This Fund has a current balance of \$3,866.

CPT Executive Director Jansen Davis proposes to deposit \$35,895 into the MRF and \$23,930 into the ORF as shown in the first attachment below, bringing those reserve fund totals to \$251,216 and \$151,494, respectively. Staff are reviewing these calculations with Mr. Davis in advance of the meeting. As shown in the attachment, depositing these higher-than-required amounts into the MRF and ORF eliminates any "variable rent" that would otherwise be paid to the RDA as described in Section 21. Several sections from the Lease are attached for reference.

ATTACHMENTS:

Description

- ▢ Calculation of Variable Rent and Reserve Amounts
- ▢ Section 25 (RDA Theatre Reserve Fund)
- ▢ Section 33 (Minimum Maintenance Reserve Fund Contribution)
- ▢ Section 23 (Association's Maintenance Reserve Fund)
- ▢ Section 22 (Association's Operations Reserve Fund)
- ▢ Section 23.1 (Association's Capital Projects Reserve Fund)
- ▢ Section 21 (Annual Variable Rent)

CenterPoint Legacy Theatre
Variable Rent Calculation for Calendar Year 2017

Revenues	2,314,723	All revenues, interest, donations
Expenses	(2,014,710)	All expenses
Net Income	300,013	
Earmarked donations	(220,668) *	
Annual Profits	79,345	
Maintenance Reserve Funding - 06/21/17	(19,521)	
Capital Reserve Funding -		
Additional Maintenance reserve funding	-	
Operations reserve funding	-	
Variable rent due	59,824	

* State of Utah	175,000.00	Capital projects
Bountiful RAP tax	42,368.00	Capital projects
Seat & Paver revenue	3,300.00	

220,668.00

Variable Rent/Reserve Accounts

As in years past,
our proposal is to split the variable rent between the

MRF	60%	35,895
ORF	40%	23,930

Current reserve account balances

MRF	215,321
ORF	127,564

The new reserve account balances would be

MRF	251,216
ORF	151,494

Required MRF Deposit

Revenues	2,314,723
Reseverd Donations	(220,668)
Adjusted Revenue	2,094,055

Required 1% Deposit	20,941
Previously June Deposit	(19,805)
Additional Deposit	1,136

Lease and Operating Agreement (Current through Amendment No. 10)

25. RDA Theatre Reserve Fund. The RDA shall create a reserve fund to be used solely for the Theatre and Site as more particularly provided herein ("Theatre Reserve Fund"). The RDA shall retain the Theatre Reserve Fund in a specially created fund to be maintained by the RDA and used solely for the purposes set forth herein. The Theatre Reserve Fund shall be funded with remaining Base Rent or Variable Rent proceeds as set forth in Section 24. Nothing herein is intended to or shall obligate the RDA to separately fund the Theatre Reserve Fund. The parties expressly acknowledge that the funding of the Theatre Reserve Fund is solely dependent upon the calculation and amount of Annual Profits and the payment of Base Rent and Variable Rent under the terms of this Lease and Operating Agreement. It is the intent of the parties to fund not only the Association's Operations Reserve Fund and Maintenance Reserve Fund, but also the RDA's Theatre Reserve Fund, in order to provide an equitable distribution of funds for the long-term success and viability of the Theatre operations and the long-term maintenance, repair and replacement of the Theatre and the Site. As such, the Association agrees to use its good faith best efforts to accurately and fairly allocate funds and expenses and to calculate Annual Profits in accordance with the stated intent of the parties as more particularly discussed herein and in Section 18 regarding the use of public funds for the project. The Theatre Reserve Fund shall only be used for investment, financing, maintenance, repair, replacement, expansion, alteration, enhancement, betterment or operation of any buildings, grounds, facilities, improvements, programs, fixtures and related equipment and accessories associated with the Theatre and the Site. Use of any portion of the Theatre Reserve Fund shall be pre-approved by the ACB, which approval shall not be unreasonably withheld. The parties, together with the ACB, may adopt policies for prioritizing projects, repairs, replacements, betterments, capital improvements, etc., with respect to the use and expenditures of the Theatre Reserve Fund. For purposes of prioritizing the use of the Theatre Reserve Fund it is the parties' intent to create a substantial and sufficient Theatre Reserve Fund for the primary purpose of providing for future repair, replacement and capital improvements associated with the Theatre and the Site. Standard calculations for repair and replacement costs for a building the size and quality of the Theatre suggest an annual fund contribution equal to one and one-half percent (1.5%) of the replacement value of the facility. Although permitted under the terms of this Lease and Operating Agreement, it is not the parties' intent that the Theatre Reserve Fund be used for routine maintenance until and unless a sufficient Theatre Reserve Fund is established and/or the use of such funds for routine maintenance is deemed necessary and appropriate under the circumstances. It is not the intent, and the RDA shall not use any Rent proceeds or the Theatre Reserve Fund for debt retirement or service with respect to the tax-exempt bonds.

Lease and Operating Agreement (Current through Amendment No. 10)

33. Minimum Maintenance Reserve Fund Contribution. In order to ensure that maintenance spending is addressed on a continuous basis, rather than waiting until a problem occurs, the Association shall be required to contribute a minimum amount of funds to the Maintenance Reserve Fund on an annual basis as more particularly set forth herein. Starting in the calendar year 2012, and until and unless the maximum fund balance is met for the Maintenance Reserve Fund, the Association shall be required to contribute to the Maintenance Reserve Fund on an annual basis an amount equal to one percent (1 %) of the Association's previous year's annual revenues ("Minimum MRF Contribution"). For purposes of this Section, annual revenue shall be defined as the gross revenues generated by the operation of the Theatre, including, but not limited to, ticket sales, sponsorship, concessions, gift shop sales, etc. ("Annual Revenues"). Annual Revenues shall also include donations except as otherwise provided in Section 27 regarding donations earmarked for specified purposes. The Minimum MRF Contribution shall be addressed in the budget and shall be paid annually on or by June 30th. The Association shall be responsible for determining and calculating its Annual Revenues in order to make timely payment of the annual Minimum MRF Contributions to the Maintenance Reserve Fund.

Lease and Operating Agreement (Current through Amendment No. 10)

23. Association's Maintenance Reserve Fund. The Association shall create a reserve fund for purposes of funding the Association's current and future maintenance and repair obligations set forth in this Lease and Operating Agreement ("Maintenance Reserve Fund"). The Association shall retain the Maintenance Reserve Fund in a specially created fund to be maintained by the Association and used solely for maintenance and repair obligations as more particularly provided herein. The Association shall use its best efforts to allocate funds to the Maintenance Reserve Fund in an amount that is reasonably adequate and necessary for purposes of fulfilling its maintenance and repair obligations under this Lease and Operating Agreement; provided, the fund balance in the Maintenance Reserve Fund shall not exceed Three Hundred Thousand Dollars (\$300,000). The Maintenance Reserve Fund shall only be used to fund the Association's maintenance and repair obligations set forth in this Lease and Operating Agreement, including, but not limited to, the maintenance, repair or replacement of any buildings, grounds, landscaping, facilities and improvements associated with the Theatre and the Site. The primary purpose and intent of the Maintenance Reserve Fund is to create a substantial and sufficient reserve fund to be used for major, non-routine or unexpected maintenance, repairs and replacement obligations of the Association. Routine and preventative maintenance and recurring repair and replacement projects should be budgeted for and funded out of the Annual Operating Budget In accordance with the provisions of Section 32, until and unless the Maintenance Reserve Fund is fully funded to the maximum fund balance for such fund, a minimum of fifty percent (50%) of the combined annual reservation of funds to both the Operations Reserve Fund and the Maintenance Reserve Fund shall be allocated to the Maintenance Reserve Fund, exclusive of earmarked donations. The combined amount calculations and percentage allocation requirements set forth herein may include the Minimum MRF Contribution set forth in Section 33. Allocations to the Operations Reserve Fund and the Maintenance Reserve Fund shall be subject to review and approval by the RDA and ACB in accordance with the provisions of Section 28. The Association may be required by the RDA as part of the budget process to utilize funds in the Maintenance Reserve Fund to pay for current or future maintenance and repair obligations. The Association shall provide the RDA and ACB with at least thirty (30) days prior written notice of any proposed withdrawal and/or use of funds within the Maintenance Reserve Fund.

Lease and Operating Agreement (Current through Amendment No. 10)

22. Association's Operations Reserve Fund. The Association shall create a reserve fund for purposes of funding the Association's current and future operations obligations set forth in this Lease and Operating Agreement ("Operations Reserve Fund"). The Association shall retain the Operations Reserve Fund in a specially created fund to be maintained by the Association and used solely for operations and production costs as more particularly provided herein. The Association shall use its best efforts to allocate funds to the Operations Reserve Fund in an amount that is reasonably adequate and necessary for purposes of fulfilling its operations obligations under this Lease and Operating Agreement; provided, the fund balance in the Operations Reserve Fund shall not exceed an amount equal to Two Hundred Thousand Dollars (\$200,000). The Operations Reserve Fund shall only be used to fund the Association's operations obligations set forth in this Lease and Operating Agreement. In accordance with the provisions of Section 32, until and unless the Maintenance Reserve Fund is fully funded to the maximum fund balance for such fund, a minimum of fifty percent (50%) of the combined annual reservation of funds to both the Operations Reserve Fund and the Maintenance Reserve Fund shall be allocated to the Maintenance Reserve Fund, exclusive of earmarked donations. The combined amount calculations and percentage allocation requirements set forth herein may include the Minimum MRF Contribution set forth in Section 33. Allocations to the Operations Reserve Fund and the Maintenance Reserve Fund shall be subject to review and approval by the RDA and ACB in accordance with the provisions of Section 28. The Association may be required by the RDA as part of the budget process to utilize funds in the Operations Reserve Fund to pay for current or future operations obligations. The Association shall provide the RDA and ACB with at least thirty (30) days prior written notice of any proposed withdrawal and/or use of funds within the Operations Reserve Fund.

Lease and Operating Agreement (Current through Amendment No. 10)

23.1. Association's Capital Projects Reserve Fund. The Association may create a reserve fund for purposes of funding special capital projects or improvements ("Capital Reserve Fund"). If created, the Association shall retain the Capital Reserve Fund in a specially created fund to be maintained by the Association and used solely for special capital projects or improvements as more particularly provided herein. The Association may only allocate funds to the Capital Reserve Fund after the appropriate and required annual amounts have been allocated to the Association's Operations Reserve Fund (in accordance with Section 22) and the Maintenance Reserve Fund (in accordance with Section 23), including the Minimum MRF Contribution (set forth in Section 33). Any allocation of funds to the Capital Reserve Fund must be approved by the RDA and ACB and must be tied to a list of specific approved capital projects or improvements. The Association shall provide the RDA and ACB with an annual accounting of the use of funds from the Capital Reserve Fund and evidence of appropriate use of funds for specific approved capital projects or improvements. If the Theatre's Operations Reserve Fund or the Maintenance Reserve Fund are determined by the RDA to be drained or underfunded, the Association may be required by the RDA as part of the annual budget process to transfer funds from the Capital Reserve Fund (other than specifically earmarked donations) to the Operations Reserve Fund and/or Maintenance Reserve Fund.

Lease and Operating Agreement (Current through Amendment No. 10)

21. Annual Variable Rent. In addition to the Base Rent, for the reasons set forth in Section 18 regarding the public funding and purpose of the Theatre, the Association shall pay to the RDA a variable annual rental and use fee in an amount equal to the Association's previous year's annual profits as more particularly provided herein ("Variable Rent"). For purposes of this Section, annual profits shall be defined as any and all revenue generated by the operation of the Theatre, including, but not limited to, ticket sales, sponsorship, concessionaires, gift shop sales, etc., less all operating and production costs, expenses, and authorized reserves for each calendar year ("Annual Profits"). Annual Profits shall also include donations except as otherwise provided in Section 27 regarding donations earmarked for specified purposes. For purposes of determining Variable Rent, the parties expressly agree that part of the operating and production costs and expenses may include reasonable and necessary reservation of funds for purposes of funding the Association's Operations Reserve Fund, Maintenance Reserve Fund and Capital Reserve Fund as more particularly defined in Section 22, Section 23 and Section 23.1. Variable Rent for the current year shall be calculated based on the Annual Profits of the Association for the immediately preceding calendar year. Subject to the waiver period provided herein, Variable Rent shall be due annually on June 30th of each calendar year. The Association shall be responsible for determining and calculating its Annual Profits in order to make timely payment of annual Variable Rent. Each annual Variable Rent payment shall be accompanied by a written statement, certified to be true, correct, and complete by an independent accountant or officer of the Association, showing for the previous calendar year the revenue, expenses, reserve funds and Annual Profit calculations.

CENTERVILLE

Staff Backup Report

8/7/2018

Item No. 3.

Short Title: HVAC Commissioning Report from Kelly Gibbons, FEA Engineering

Initiated By:

Scheduled Time: 5:55

SUBJECT

RECOMMENDATION

Receive and discuss report from Kelly Gibbons of FEA Engineering regarding the HVAC commissioning work done in the performing arts center over the past year. Also discuss his recommendations about future HVAC maintenance contracts and other potential actions relating to the HVAC system.

BACKGROUND

In June 2017 the RDA authorized expenditure of \$30,000 from the Theatre Reserve Fund for FEA to perform the scope of work identified in the attached report dated June 28, 2018. The report includes Mr. Gibbons' "Findings and Resolutions" and recommendations for moving forward. He will attend the RDA/ACB meeting.

ATTACHMENTS:

Description

- ▣ HVAC Commissioning Report

FEA Engineering Associates, LLC

June 28, 2018

CenterPoint Legacy Theatre
525 North 400 West
Centerville, Ut 84014

Attn: Jansen Davis – Executive Director / RDA Member
Steve Thacker – Centerville City Manager / RDA Member

Re: CenterPoint Theatre Commissioning

Steve/Jan,

We have finalized all items under the commissioning contract. Below are the items we originally identified as areas that we determined needed attention. All areas have been reviewed and findings and resolution discussed in the following.

- 1- Temperature Issues in Basement Rooms and Performance Rehearsal Hall
- 2- AHU Sequences and Mechanical Fan Room Sequences
- 3- Building Hours of Operation and Set-Back Opportunities
- 4- Vestibules

Findings and Resolutions

- 1- Temperature Issues in Basement Rooms and Performance Rehearsal Hall
 - a. Various VAVs were found to be programmed incorrectly and were reprogrammed.
 - b. Heating water pressure in the basement was found to be so low that minimal heating flow in the basement rooms could not be achieved. The heating water pressure set point was revised to allow for better heating water flow in the basement.
 - c. Various VAVs were found to be operating incorrectly due to broken or missing mechanical linkage. Mechanical linkage was replaced or repaired.

2- AHU Sequences and Mechanical Fan Room Sequences

- a. Building pressurization and Performance Rehearsal Hall pressurization investigation revealed a poorly placed outside air pressurization sensor placed by Harris Mechanical. This was revised and a permanent outside pressure station was purchased and installed. We also reviewed various control sensors related to building pressurization and found many to be misreading or faulty. These sensors were all replaced and calibrated against a standard to ensure proper operation. Performance Rehearsal Hall return pressure and was greatly improved. AHU damper operation was reviewed and calibrated for proper closure.
- b. AHU sequences and Mechanical Fan Room operation was reviewed and various sequence revisions were made. These revisions were communicated to Harris Mechanical. They have made the changes which are now complete. Relief damper operation has also been revised to stabilize the fan room pressure. One of the damper linkage was found to be broken and not operable. This has been replaced and operation matches all other relief dampers.
- c. AHU sequences include VOC and CO2 require outside air commands. This type of sequence relies heavily on VOC and CO2 sensors working and reading correctly. These sensors are way out of calibration and have been replaced.
- d. Control front-end improvements were identified and addressed.
- e. Boiler operation was reviewed and programming changes are needed. These changes have been implemented and now are operating as intended.
- f. All alarms have been reviewed and given a priority. Critical priority alarms have been assigned to be emailed to an email list provided by the owner.

3- Building hours of operation and set-back opportunities

- a. Occupancy scheduling was obtained from initial deploy of sensors and compared to set back schedules currently programmed in the controls. These have initially been revised, but with the varying schedules it is thought to be much more beneficial to have the scheduling more accessible and easily adjustable.
- b. Schedule links to each of the (4) air handling units have been added to the graphics page for easy access to the AHU schedules and should be reviewed by the owner to best suit the needs of the building. No more than (1) hour before expected occupancy is needed and the space should be up to temperature for any scheduled set-backs.

4- Vestibules & Misc. Areas

- a. Vestibule sensors and fan coil operation were reviewed. Poor sensor operation and incorrect set points were identified. Deviation from the original design and installation was creating overheating and poor temperature control in the building vestibules. Setpoints were revised and sensors were added to these fan coils to better represent the vestibule temperature, so operation was improved.
- b. Stairwells were reviewed as part of the Misc. Space review and unit heater setpoints were found to be incorrect. Setpoint were changed to help stairwell heating.

The areas we reviewed of the building did have corrections that were addressed, and it is recommended that the remaining building be commissioned. Or as areas malfunction or create problems for the occupants those areas get addressed as a continued commissioning effort for the building. Many of the malfunctioning items found were installation mistakes from original installation which points to the lack of commissioning after construction.

In meeting with Harris the current maintenance contract service provider, it was apparent they are executing the equipment maintenance contract, but not necessarily keeping their eyes open when in the building for other possible opportunities to identify and resolve additional problems for the owner. Additional items would need to be resolved at additional cost to the owner, but would keep the building efficiently operating and providing the comfort needs for the occupants. It was also determined that the addendum FEA provided during the original maintenance request for proposal never got incorporated with the maintenance contract. Many of the addendum items address control commissioning that are not currently being addressed. The current level of equipment maintenance we feel is adequate for the owner with the expectation that additional items as they are found be budgeted and addressed as they are identified.

Recommendations moving forward are as follows:

- 1- Set up quarterly reviews with the service provider to discuss any problem areas or items that need addressed outside of the current maintenance contract.
- 2- Set-up a yearly review with engineering support to review current building services provided for the building, the performance and effectiveness of those services, building maintenance budgeting and maintenance expense projects for the coming year.
- 3- Incorporate a maintenance contract that addresses the control system.
- 4- Commission the remainder of the building or the remaining areas in sections as problems arise for the occupants.
- 5- At the end of this year review the current maintenance service providers contract and consider bidding out to other providers that can provide the owner with a better overall service experience.
- 6- Create a schedule and budget for end of life equipment replacement.

Please let FEA know how we can help organize and implement these recommendations.

Sincerely,

Kelly Gibbons
Jay Gibbons
FEA Engineering Associates, LLC

CENTERVILLE

Staff Backup Report

8/7/2018

Item No. 4.

Short Title: Preparation of Long-term Facility Maintenance Plan

Initiated By: RDA Executive Director

Scheduled Time: 6:40

SUBJECT

RECOMMENDATION

Determine how to assist CPT in the preparation of a long-range facility maintenance plan as required in Section 31 of the Operating Lease.

BACKGROUND

Section 31 (attached) requires the Association (CPT) to submit each year with their annual budget a "... long-range comprehensive maintenance plan ("Maintenance Plan"), which plan shall include at least a five (5) year projection and plan for dealing with and paying for all current, future and on-going maintenance and repair obligations and issues with respect to the Theatre and the site." Staff recommend this Maintenance Plan cover a period of more than five years for some aspects of facility maintenance, to include, for example, eventual replacement of major systems or system components. This extended projection of maintenance needs would provide a foundation to determine whether the set-aside of base rent in the Theatre Reserve Fund will be sufficient to cover all future major facility maintenance costs. Perhaps CPT's current building maintenance adviser could take the lead in preparing this plan, assisted by others with their respective areas of expertise, such as FEA Engineering for the HVAC systems.

ATTACHMENTS:

Description

- Section 31 (Comprehensive Maintenance Plan)

Lease and Operating Agreement (Current through Amendment No. 10)

31. Comprehensive Maintenance Plan. As part of the budget process each year, the Association shall be required to prepare a long-range comprehensive maintenance plan ("Maintenance Plan"), which plan shall include at least a five (5) year projection and plan for dealing with and paying for all current, future and on-going maintenance and repair obligations and issues with respect to the Theatre and the Site. The Maintenance Plan shall include, but is not limited to, addressing the Association's maintenance and repair obligations regarding parking facilities, drive aisles, landscaping, plumbing, electrical, mechanical, HV AC Systems, carpeting, painting, stage facilities, lighting, telecommunications, seating, etc. The Maintenance Plan shall include scheduled maintenance and inspection programs and documentation of maintenance work performed. The Maintenance Plan shall be based on manufacturer's recommended maintenance schedules, warranty requirements, industry standards, benchmarks and best practices for asset management and shall include maintenance modeling that considers the size, design, life expectancy, age and replacement cost of the Theatre. The Association is encouraged to invest in computer software program(s) that will assist in establishing and implementing the Maintenance Plan. The Maintenance Plan shall also address and provide recommendations regarding how to best estimate and use the reserve funds for known and unknown repairs and maintenance obligations which may arise. The Association shall implement and comply with the maintenance schedules and requirements set forth in the approved Maintenance Plan. The Maintenance Plan shall be reviewed and is subject to approval by the RDA as part of the annual budget approval process. Drafts of the Maintenance Plan shall be prepared by the Association and submitted annually to the RDA with the tentative budget and reviewed in accordance with the review and approval schedule for the budgets as set forth in Section 28. Any amendments to the Maintenance Plan shall be subject to the review and approval of the RDA.

CENTERVILLE

Staff Backup Report 8/7/2018

Item No. 5.

Short Title: RDA Minutes Approval

Initiated By:

Scheduled Time: 6:50

SUBJECT

RECOMMENDATION

The RDA Board should approve the attached minutes of the most recent RDA meeting.

BACKGROUND

ATTACHMENTS:

Description

- ▢ 6-19-18 RDA Minutes
- ▢ 6-21-18 RDA Minutes

PRELIMINARY DRAFT

Minutes of the **Redevelopment Agency of Centerville** meeting held Tuesday, June 19, 2018 at 9:18 p.m. in the Centerville City Hall Council Chambers, 250 North Main Street, Centerville, Utah.

DIRECTORS PRESENT

Clark Wilkinson, Chair
William Ince
Stephanie Ivie, Vice-Chair
Robyn Mecham
Tamilyn Fillmore
George McEwan

STAFF PRESENT

Steve Thacker, RDA Executive Director
Jacob Smith, Management Services Director
Lisa Romney, City Attorney
Katie Rust, Recording Secretary

AMEND FY 2018 RDA BUDGET – PUBLIC HEARING

Steve Thacker, RDA Executive Director, and Jacob Smith, Management Services Director, explained proposed amendments to the FY 2018 RDA Budget.

Chair Wilkinson opened a public hearing at 9:32 p.m.

Shaun Johnson – Representing Salmon Construction, Mr. Johnson asked if the CDA ever terminates. Mr. Thacker responded that the RDA is an ongoing entity. The Legacy Crossing CDA will terminate after 15 years, in 2028. Mr. Thacker answered Mr. Johnson's questions about specific items on the RDA Budget.

Chair Wilkinson closed the public hearing at 9:41 p.m.

Director McEwan made a **motion** to adopt RDA Resolution No. 2018-01 amending the FY 2018 Budget of Funds and Accounts for the RDA. Vice-Chair Ivie seconded the motion, which passed by unanimous vote (5-0).

ADOPT FY 2019 RDA BUDGET

Director McEwan made a **motion** to table adoption of Resolution No. 2018-02 to the June 26 special RDA meeting [later rescheduled to June 21]. Director Mecham seconded the motion, which passed by unanimous vote (5-0).

SOUTHEAST CORNER OF 1250 WEST AND PARRISH LANE

Mr. Thacker reported he received an estimate of \$1,200 for a re-design of the "Welcome to Centerville" sign for the southeast corner of the 1250 West/Parrish Lane intersection. Hogan Construction has agreed to donate up to \$13,000 of the cost of the sign. Director Mecham emphasized that the new design should fit within a given budget. The Directors and Mr. Thacker agreed the sign should be designed in partnership with Hogan Construction. Director McEwan stated he is willing to expend funds for a re-design if Hogan is still committed to participating.

Director McEwan made a **motion** to authorize expenditure of \$1,200 for the redesign of the "Welcome to Centerville" sign and the space around it, subject to approval by Chair Wilkinson. Director Fillmore seconded the motion, which passed by unanimous vote (5-0).

FY 2019 TAX INCREMENT REVENUE PROJECTIONS AND OBLIGATIONS & POTENTIAL USES OF REVENUE

Mr. Thacker presented tax increment revenue projections for FY 2019 (attached). Director Fillmore said she believes the idea of spending the full amount available every year is faulty. She said she feels the RDA should be setting an amount aside every year in each of the project areas for future improvements, such as improvements related to the planned Parrish Lane interchange project. Mr. Thacker said it is his understanding that interchange improvements could be funded by any of the three project areas.

Mr. Thacker explained that the Parrish Gateway Project Area would be able to repay the \$117,000 owed to the General Fund for the Parrish Lane fencing upgrade within the next two years. Directors Fillmore and McEwan stated it makes sense for the Parrish Gateway Area to repay the loan.

At 10:18 p.m., Chair Wilkinson allowed public comment.

Shaun Johnson – Mr. Johnson asked what the \$200,000 loan from Parrish Gateway to the Legacy Crossing Area was used for. Mr. Thacker listed expenses associated with creating the Project Area. Mr. Johnson suggested it would be intelligent to coordinate design of the “Welcome to Centerville” sign with design of the Legacy Commons water feature planned for the northwest corner of the intersection.

ADJOURNMENT

Director McEwan made a **motion** to adjourn the RDA meeting and return to regular meeting at 10:24 p.m. Director Ince seconded the motion, which passed by unanimous vote (5-0).

Steve Thacker, RDA Executive Director

Date Approved

Katie Rust, Recording Secretary

PRELIMINARY DRAFT

Minutes of the **Redevelopment Agency of Centerville** meeting held Thursday, June 21, 2018 at 6:27 p.m. at Centerville City Hall, 250 North Main Street, Centerville, Utah.

DIRECTORS PRESENT

Clark Wilkinson, Chair
Tamilyn Fillmore
William Ince
Stephanie Ivie
George McEwan (via phone)
Robyn Mecham

STAFF PRESENT

Steve Thacker, RDA Executive Director
Lisa Romney, City Attorney
Jacob Smith, Management Services Director
Katie Rust, Recording Secretary

MINUTES REVIEW AND ACCEPTANCE

The minutes of the June 5, 2018 RDA meeting were reviewed. Director Ince made a **motion** to accept the minutes. Vice-Chair Ivie seconded the motion, which passed by unanimous vote (5-0).

FY 2019 RDA BUDGET

Mr. Thacker explained proposed revisions to the FY 2019 RDA Tentative Budget. Director Ince made a **motion** to approve RDA Resolution No. 2018-02 adopting the FY 2019 RDA Budget. Director Mecham seconded the motion, which passed by (5-0).

ADJOURNMENT

At 6:31 p.m., Councilman Ince made a **motion** to adjourn the RDA meeting. Vice-Chair Ivie seconded the motion, which passed by unanimous vote (5-0).

Steve Thacker, RDA Executive Director

Date Approved

Katie Rust, Recording Secretary