



Legislation Text

File #: ID 16-0480, **Version:** 1

Ordinance in the Amount of \$11,658,785 Amending the Performing Arts Center Project Fund

Department: Financial and Administrative Services and Coliseum

Council District: 3

Public Hearing: N/A

Advertising Date/By: N/A

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PURPOSE:

Consider adoption of a budget ordinance amendment in the amount of \$11,658,785 for the Steven B. Tanger Center for the Performing Arts ("Center") Fund to provide the necessary appropriation to account for the refinancing of land purchased for the Center and appropriating excess rent and other revenue collected to date to cover part of the cost of demolition of the Chamber of Commerce building.

BACKGROUND:

The City acquired various downtown properties for the Center and has been responsible for leasing and maintaining those properties until subsequently demolishing them, with the Chamber of Commerce building scheduled for demolition after September 2016. The City is also responsible for managing design and construction contracts for this project, funded from private donations solicited by the Community Foundation of Greater Greensboro ("CFGG") and from City financing. Project design contracts, funded in the amount of \$5 million by CFGG, were awarded at the August 4, 2014 City Council meeting with design work estimated to be substantially completed before September 2016. On November 3, 2014, the City Council authorized City funding in the amount of \$30 million via a short-term installment financing agreement with PNC Bank, under a construction draw program. This financing re-financed the \$11.5 million land purchases initially borrowed from Bank of America and also provided for \$18.5 million of the project construction costs. Project financing calls for the PNC Bank agreement to be paid off with long-term bonds issued by the City in 2017.

In December 2015, the City and CFGG determined that cost estimates for the current design scope will require additional construction funding support of \$3.5 million from private donors (CFGG funding to now total \$38.5 million) and an additional \$9.6 million from patrons of the Center via user fees (City financing to now total \$39.6 million) with City Council approving changes to the financing plan at its December 8, 2015 meeting. It is estimated that the Center construction contract and the remaining construction budget appropriation will be

considered by City Council Fall 2016.

Council is being requested now to budget additional revenues collected from tenants and other property management-related revenue to provide funding for a portion of the demolition and site work for the remaining tenant structure (Chamber of Commerce building) and to provide the necessary appropriation to complete the accounting treatment of the initial land purchases following consolidation with and refinancing by the PNC Bank short-term installment note.

BUDGET IMPACT:

The Performing Arts Center Fund budget is being increased by (1) \$158,785 to fund a portion of the estimated \$200,000 demolition costs, to be funded from additional tenant rents collected (\$156,275) and other property-related revenues collected from sale of materials at auction (\$2,510) and is also being increased by (2) \$11,500,000 to appropriate the payment made to Bank of America to pay off the initial installment note financing property acquisition. Summary project activity as of April 30, 2016, is attached, following this proposed appropriation and further account adjustments between accounts to account for the project. Budget adjustments are necessary for this request.

RECOMMENDATION / ACTION REQUESTED:

The Finance and Coliseum Departments recommend that City Council approve the attached budget ordinance, and associated budget adjustments, amending the Performing Arts Center Fund in the amount of \$11,658,785 to fund costs associated with property management at the site of the Center and to complete the accounting treatment of the initial land purchases and consolidation with and refinancing by the \$30 million PNC short-term bank note.

COMMITTEE ACTION: This item was referred to Council by the General Government Committee.