

**Tooele City Redevelopment Agency of Tooele City, Utah
Business Meeting Minutes**

Date: Monday, March 4, 2019

Time: 8:00 a.m.

Place: Tooele City Hall, Small Conference Room
90 North Main Street, Tooele, Utah

Board Members Present:

Brad Pratt
Dave McCall
Scott Wardle
Melodi Gochis

Board Members Excused:

Steve Pruden

City Employees Present:

Mayor Debbie Winn
Roger Baker, City Attorney
Jim Bolser, Community Development Director
Randy Sant, Economic Development Consultant
Paul Hansen, City Engineer

Minutes prepared by Kelly Odermott

Chairman Pratt opened the meeting at 8:02 a.m.

1. Open Meeting

The meeting is called to order by Chairman Pratt.

2. Roll Call

Brad Pratt, Present
Dave McCall, Present
Scott Wardle, Present
Melodi Gochis, Present

3. RDA Adoption of a Resolution Approving all Agreements & Authorizing Chairman & Executive Director to Sign all Documents Required to Close a Real Estate Transaction for a Property at 1000 North Main Street in Tooele.

Presented by Brad Pratt

Chairman Pratt stated that Resolution 2019-05 is attached to the packet. This is the signing and approval for a purchase agreement for the property located at 1000 North and Main Street. The

reason for the early meeting is the purchase is supposed to go through tomorrow, Tuesday March 5, 2019. The resolution needs to be approved today for the signing of the purchase agreement. Additionally, there is an amendment to the purchase agreement, and it is Addendum 6.

Mr. Sant asked to explain Addendum 6. The urgency for the meeting was the buyer has 1031 monies and those monies expire on March 5th. The buyer feels that there has been enough progress with the City that they are willing to close on the property. If something in the planning and development of the property falls apart, the City is willing to buy the property back. The proceeds of the sale are going to be placed in an account to pay for bonds when they come callable. The proceeds would be sitting to retire the bonds. The sale is a risk. Mr. Sant stated that on Friday or Thursday the developer sent a new site plan to stores considering locating in the retail space. The new site plan moves the inline retail space further back on the property and opens the front section of property for more retail pads. The retail pads are more of a money maker. The developer is working with one key tenant and they have agreed with the site plan if they received adequate signage on Main Street. The concern of the new site plan was one key tenant and they are reviewing the plan.

Mr. Sant added that Addendum 6 gives a put option for the seller to repurchase the purchase the property and in section 4a the repurchase could not be less than 9 months or more than 12 months from the date of the recording the deed. If something should happen with the residential space, the developer could approach the City, and ask for the City to purchase the residential portion of the property back. Right now the new site plan has about 8 acres allocated to the residential.

Board Member Gochis asked if the eight acres are mixed use or purely residential. Mr. Sant stated it is intended to be residential, but with the changes in the inline stores there could be some flexibility to increase commercial space into the residential area. The good news with the new site plan is the sewer line will not need to be relocated.

Mr. Sant stated that Addendum 6 states options for the City rebuying the property and also indicates in the existing purchase agreement what sections survive the closing. It is clear there are still obligations for both the City and developer to fulfill for the development to proceed including the City development agreement, tax participation agreement, and for the developer site plan approval. The Master Site plan will need to be reapproved through the City with the new changes. Board Member Wardle stated that there are concessions in the agreement if there is a put. Mr. Sant stated in the end there would be some concessions with the purchase price. The developer is buying for \$4.1 million and the City would buy back for \$4.2 million, but the City would put conditions in the development agreement in attempt to get the \$100,000 back.

Mr. Baker stated that he was under the understanding that the City would be incentivizing the developer to not move the sewer line by crediting the developer a quarter of a million dollars and will that be put in the development agreement? Mr. Sant stated that will come later. In the past week the City staff has received a list of items from the developer to move forward on the project. Included on that list were items such as guaranteed tax increment, not charging for commercial water and some items were not approved when the Executive Committee met including free water for the first 150 residential homes developed. The incentive for not moving

the sewer was approved and estimated by the Engineer. There is still a development agreement which would address the credit, but that will come back for Board approval.

Mr. Hansen asked if reducing the residential to 8 acres needs to be adjusted under the agreement which states twelve acres. Mr. Sant stated that the entire property in the agreement is approximately 31 acres and that is referred to in the agreement. There is proration that will need to be addressed, but not in the sales agreement. Mr. Hansen asked if leaving the 12 acres residential in the agreement will take away the incentive for doing more commercial property. Mr. Sant stated that no it doesn't. Board Member Wardle stated it just gives the developer flexibility with the project. Mr. Sant stated the new site plan does show eight acres for residential. Mr. Hansen asked if the developer is abating all waste and debris from the site. Mr. Sant stated that this does not change that agreement. The developer is abating the site at their cost and it will not be charged back to the City. Mr. Hansen asked if there is an estimate of the amount of water needed for the additional commercial pads in the new site plan. Mr. Sant stated that is still being worked on. Chairman Pratt stated he believed the original number of retail pads was four or five and that increased to nine pads. Mr. Sant stated it went from four to six pads plus two buildings that are about 8000 square feet each.

Board Member McCall asked if the City has to buy back the property does the increased price of \$100,000 in the agreement preclude the developer for coming to the City for the purchase price and the abatement costs. All the abatement has to be done prior to construction of the commercial space. Is the \$100,000 the only additional cost the City will need to pay for getting the property back if that sale happens? Mr. Sant stated the purchase price is the 100,000 additional, but the developer will not have additional costs to the City. The specific reason for the difference in the developer price and the City price is the tax issues with 1031 monies. The repurchase price and assigned timeframe need to look as if the company is purchasing the property to the IRS. The developer is purchasing, but with the buyback option the IRS could assume the placement of 1031 monies and not a sale. A lot of negotiation went into discussing how to handle 1031 monies if the sale does use the buyback option. The hope is that there is no put option exercised. Mr. Sant stated that he feels the developers would not take this risk if they were not invested and found this project to be valuable. Due to the timeline agreements with the retail customers the City should have a good idea on if the project will proceed in a couple of months.

Mr. Baker stated that it is important to understand that there are two buyback options in the agreement. In section three the buyer requires the City to buy back the property and section six allows the City to buy back the property if the buyer doesn't act with due diligence.

Mr. Bolser asked in understanding the timeline, do we have any sense of approvability or concessions on the new site plan design? Mr. Sant stated he didn't think there would be an issue with the new site plan design. One inline box was lost, and additional pads were added. The decrease in the inline box allowed the sewer line to remain in place. The road stays in place. There may be additional accesses after completion of the traffic study and agreements with Utah Department of Transportation. Mr. Bolser asked when the new site plan will be submitted for review to the City? Mr. Sant stated the developer wanted to the tenants with agreements to review the new site plan to ensure they were on board. The site plan is also being reviewed by the architect and engineer to see if it works for the developer. Mr. Sant added he is hoping to see the new site plan submitted in the next week.

Mr. Hansen asked if the developer is continuing the traffic study. Mr. Sant stated he believes they are. The City has agreed to pay for half of the study but will not pay until it is reviewed and approved by the City. Mr. Hansen added that the developer needs to keep in mind that the road and the land fall away from each other the more West the property travels on 1000 North and that will make it hard to meet grade. Mr. Sant stated they understand that and that is part of the reason to have it reviewed by the architect and engineer. Mr. Hansen added that the more the developer is willing to communicate with the City, the more the City can help them meet deadlines for the project.

Board Member Gochis asked about the access for the property and if there are additional accesses that have been agreed too? Mr. Hansen stated that in talking with UDOT there are additional accesses being considered but will be determined after the traffic study. Board Member Gochis asked if there were going to be additional accesses on 1000 North. Mr. Hansen stated yes.

Mayor Winn mention that she received an email last week with a suggestion for 18 months on the put and asked if that was resolved? Mr. Sant stated that is now 12 months for the put. Mr. Baker clarified that the buyback if the City initiates is 18 months, but if initiated by the buyer it is 12 months.

Chairman Pratt asked the Board if they had an additional questions of comment; there were none.

Board Member Wardle moved to approve Resolution 2019-05 and all Agreements & Authorizing Chairman & Executive Director to Sign all Documents Required to Close a Real Estate Transaction for a Property at 1000 North Main Street in Tooele. Board Member McCall seconded the motion. The vote was as follows: Board Member McCall, "Aye," Board Member Wardle, "Aye," Board Member Gochis, "Aye," Chairman Pratt, "Aye." The motion passed.

4. Minutes

Chairman Pratt asked if the Board if they had any concerns or comments about the minutes dated February 20, 2019 ; there weren't any.

Board Member Gochis moved to approve the minutes for the meeting dated February 20, 2019. Board Member McCall seconded the motion. The vote was as follows: Board Member McCall, "Aye," Board Member Wardle, "Aye," Board Member Gochis, "Aye," Chairman Pratt, "Aye." The motion passed

5. Close Meeting to Discuss Property Acquisition.

Chairman Pratt stated this item did not need to be discussed.

6. Adjourn

Board Member Wardle moved to adjourn. Board Member Wardle seconded the motion. The vote was as follows: Board Member McCall, "Aye," Board Member Wardle, "Aye," Board Member Gochis, "Aye," Chairman Pratt, "Aye." The motion passed.

The meeting was adjourned at 8:20 a.m.

The content of the minutes is not intended, nor are they submitted, as verbatim transcription of the meeting. These minutes are a brief overview of what occurred at the meeting.

Approved this 3rd Day of April 2019

Brad Pratt, RDA Chair