

Minutes of the Redevelopment Agency meeting held on Tuesday, June 15, 2010 at 5:00 p.m. in the Murray City Council Chambers, 5025 South State Street, Murray, Utah.

Present:	Jim Brass, Chairman	Mayor Dan Snarr
	Krista Dunn	Jan Wells, Chief of Staff
	Jeff Dredge	Frank Nakamura, City Attorney
	Jared Shaver	Michael Wagstaff, Executive Director
	Darren Stam	Tim Tingey, Executive Director
		Chad Wilkinson, City Planner
		Citizens

Chairman Jim Brass opened the meeting.

#### APPROVAL OF MINUTES

Jared Shaver made a motion to approve the minutes from May 18, 2010. Seconded by Krista Dunn.

A voice vote was made. The motion passed, 5-0.

#### DISCUSSION REGARDING REDEVELOPMENT AGENCY PARTICIPATION IN FIBER INSTALLATION

Tim Tingey presented this item and stated that the Community and Economic Development staff has spent some time discussing this issue. He said that there are some other options available for the RDA to participate in fiber installation besides working through a third party like Acme Fiber, as discussed during the prior meeting. He stated that he hopes to gain some input from the RDA about how they would like to handle this issue in the future. Mr. Tingey stated that if the RDA is to participate in fiber installation, either directly or through a separate organization, that a line item will need to be added to the budget. He said that there is currently a line item for revitalization grants, which could possibly encompass this type of project, but there is not adequate funding and he would recommend a specific line item for fiber installation.

Mr. Tingey stated that he has previously been involved with loan programs through Redevelopment Agencies and that the administration of such programs is very time intensive. He stated that there would have to be research done beforehand regarding the organization that the RDA is entering a contract with and that due diligence would have to be completed. He said that some security would have to be placed, such as a lien, to ensure repayment of the loan. He said that a program like this would require a lot of staff time from various city departments. Mr. Tingey stated that Acme Fiber has requested funding from the Central Business District, which has limited funds available. He said that the funding from this area may be needed to go towards other things like incentives for businesses or a parking structure in conjunction with downtown redevelopment efforts. He stated that if the RDA does consider a loan, that it should be an interest bearing loan of at least 1 percent below prime. Mr. Tingey stated that it is important to

always consider the image and reputation of the RDA. He said that the Legislature has discussed code changes for Redevelopment Agencies to not allow tax increment financing to be used for public fiber installation. He said that Murray currently has a good reputation with their Taxing Entity Committee and with the state. Mr. Tingey asked the RDA to express their opinions about this issue.

Jared Shaver stated that it sounds like this is something Mr. Tingey seems willing to explore and that an immediate decision is not necessary. Mr. Tingey agreed and stated that this is only a discussion item, however the request from Acme Fiber will come back to the RDA next month for formal consideration.

Mayor Snarr asked about the amount of money involved. Mr. Tingey replied that Mr. Crump has indicated for the businesses with interest that it would cost approximately \$75,000. Mayor Snarr asked about the repayment schedule. Mr. Tingey responded that the repayment schedule proposed by Mr. Crump is over a five year period with no interest.

Mr. Shaver stated that he thinks the issue should be explored. He said that he has concerns about the current status of fiber in the city and the level of the city's involvement in fiber installation, although he is supportive of fiber optics overall.

Mayor Snarr asked if the businesses that are interested in acquiring fiber would be willing to attend and speak at a meeting regarding advantages to them in obtaining fiber. Mr. Tingey responded that he thinks businesses would be willing to speak. He said that from an economic development perspective it would be advantageous to have the fiber connected as requested. He stated that the question is whether the RDA wants to be involved in the loan process to make this happen. He said that the current request is to get the businesses in this particular area connected with UTOPIA and not other competitors. Frank Nakamura stated that there would be an issue with other providers if RDA money is used to provide fiber and the obligation of the City to allow other providers to compete for the work would have to be determined.

Darren Stam stated that the loan is really for the main infrastructure in this area. He said that he has concerns related to the level of the city's involvement with UTOPIA and adding more complications. He stated that he understands that Murray would own the fiber, but that the city would have to hire UTOPIA to maintain it. Mayor Snarr stated that the service providers are supposed to maintain the service. Mr. Stam stated that the infrastructure itself will also have to be maintained.

Jim Brass stated that he is waiting to hear UTOPIA's marketing plan and that he hopes the plan will show UTOPIA's plan to reduce debt and stay in business. He said that he is concerned about investing money into fiber that may be hooked up with a company that is no longer solvent. He said that the fiber would then have to be marketed to another Internet service provider. Mr. Brass stated that he would like to see the outcome of the current discussions with UTOPIA before proceeding. He agreed that the fiber would be a

great economic development tool, which has been strongly encouraged in the area. He said that considering the current budget, this is a risk that should not be taken at this time.

Krista Dunn stated that she would be more interested if the payback schedule looked favorable and included interest. Mr. Tingey stated that his recent communication with Jonathan Crump contained a sense of urgency to make a decision because there are other competitors that are considering providing the fiber. He said that the businesses will be able to use fiber, but not the UTOPIA system. Ms. Dunn stated that she is willing to discuss other available possibilities and supports getting more businesses hooked up with UTOPIA. She said that she isn't convinced that this proposal is the best way to proceed.

Tim Tingey stated that this issue will be on the agenda next month with Jonathan Crump present to discuss his proposal. He said that he agrees it would be wise to wait before making a decision. He stated that staff will work on putting together a recommendation related to this request.

#### REVIEW AND ADOPTION OF THE REDEVELOPMENT AGENCY OF MURRAY CITY 2010-2011 BUDGET

Tim Tingey stated that the changes in the budget over the past few months have been in area reimbursements to the city from East Vine, Cherry Street and the Central Business District areas. He said that staff is recommending approval of the budget as outlined.

Krista Dunn made a motion to approve the budget as written. Seconded by Darren Stam.

A voice vote was made. The motion was approved, 5-0.

#### DISCUSSION AND UPDATE ON FIRECLAY AREA

Tim Tingey stated that Chad Wilkinson has been working diligently on the permit application for Fireclay Villages. He said that the plans for Phase 1 have gone through site plan review and that staff sent the developer a very detailed letter regarding what issues need to be addressed on the plans. He stated that there have been concerns from other departments and that the key is to ensure that all standards are met. Mr. Tingey stated that he met with ASWN representatives and was advised that the UDOT approval of the bridge was nearing completion. He said that until the bridge is approved there will not be any permits issued, and that no Certificates of Occupancy will be issued until the bridge is complete. He stated that the bridge is vital to this project. Mr. Tingey stated that one of the conditions in the agreement is for the developer to provide reports to the school district regarding phasing of the project and anticipated number of students. He said that no report has been submitted to the school district yet. He said that once a building permit is issued, the developer has assured him that their financing will be completed through HUD and then the project will move forward.

Mr. Tingey stated that another issue in Fireclay is the property east of Main Street that was previously owned by Michael Brodsky. He said that the current owner is Jim Paraskava, whom wants to sell the property immediately. He stated that there have been a number of potential buyers asking questions and considering the possibilities for that site and possible tax increment financing. Mr. Tingey stated that the agreement is still in place with Mr. Brodsky and that the property is to be fully commercial. He said that if there is a new proposal for this site, staff will have to determine what would be allowed in the budget through tax increment financing for that property. He stated that he anticipates having Mr. Brodsky present at a future RDA meeting to discuss the development agreement and the implications from the loss of that property.

Jared Shaver asked if the agreement on this property would transfer to a new owner. Mr. Tingey stated that the agreement with Hamlet remains with the property unless the new owner chooses not to adhere to the elements of the agreement, at which time Mr. Brodsky would be considered in breach of contract. He said that Mr. Brodsky is hopeful that any new owners would be willing to work with him under the parameters of the agreement. He stated that if the new owners are not willing to work under the agreement, then there will be a new, separate negotiation if the owner hopes to utilize tax increment financing.

Krista Dunn stated that if Mr. Brodsky is in breach of contract, the result is that all of his reimbursement agreements are in question. Mr. Tingey stated that he has discussed this issue with Mr. Brodsky, and that Mr. Brodsky is upset that there is a potential for him to lose tax increment financing. He said that Mr. Brodsky did a lot of work to make the area ready for development, including environmental clean up that was quite expensive. Mr. Tingey stated that he doesn't want to take the position that Mr. Brodsky is in breach of the contract and doesn't receive any money. He said that the RDA may have to consider how much to give Mr. Brodsky based on the product that he delivered.

Mayor Snarr asked if any of the potential buyers have indicated what type of use they are considering for this property. Mr. Tingey responded that various uses have been discussed for the area including apartments, a grocery store, and a mixed use development that would include some commercial. He said that he thinks the most probable use will be residential based on the market and available financing.

Mr. Tingey stated that the environmental clean-up of the property has only been completed to a commercial level, which means that additional clean up would have to be completed to meet the requirements for residential development. Jim Brass stated that a former dry cleaning business was located nearby and that there is an area of dry cleaning solvent contamination that extends from the area of 4500 South, under Edison Street and up to the mattress store. He said that to build on a cement slab would not be an issue, but if there are basements there has been concern raised about the long term effect of contact with children. Mr. Shaver asked if the potential buyers are aware that additional clean up may be necessary. Mr. Tingey responded that they are.

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DOWNTOWN UPDATES

Mr. Tingey stated that there will be a downtown master plan open house at Murray High School from 6:00 to 8:00 on June 29<sup>th</sup>. He said that Gerding Edlen will be present to assist with that open house. He said that there will be a meeting with the Taxing Entity Committee for expansion and extension of the Central Business District on July 1<sup>st</sup> at 10:00 a.m.

Meeting adjourned.

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B. Tim Tingey, Executive Director