

Minutes of the Redevelopment Agency meeting held on Tuesday, August 23, 2011 at 4:00 p.m. in the Murray City Council Chambers, 5025 South State Street, Murray, Utah.

Present: Darren Stam, Chairman Mayor Snarr
 Jared Shaver Jan Wells, Chief of Staff
 Krista Dunn Frank Nakamura, City Attorney
 Jeff Dredge Mike Wagstaff, Executive Director
 Tim Tingey, Executive Director
 Chad Wilkinson, Community Planner
 Doug Hill, Public Services Director
 Citizens

Excused: Jim Brass

Chairman Darren Stam opened the meeting.

Krista Dunn arrived at 4:30 p.m.

APPROVAL OF MINUTES

Jeff Dredge made a motion to approve the minutes from the meeting on June 21, 2011. Seconded by Jared Shaver.

A voice vote was made. The motion passed, 3-0.

REVIEW AND RECOMMENDATION ON PROPOSED MODIFICATIONS BY HAMLET DEVELOPMENT TO THE FIRECLAY REDEVELOPMENT PROJECT AREA AND STREET NETWORK AS PART OF THE TRANSIT ORIENTED DEVELOPMENT DISTRICT DESIGN GUIDELINES AND TOD LAND USE ORDINANCE MODIFICATIONS

Tim Tingey stated that this proposal includes the elimination of 4200 South and a portion of Strathmill Road north of Gilbride. He said that one purpose of the Transportation Master Plan is to include a grid approach to streets and connectivity. He said that this proposal relates to the northwest quadrant of the Fireclay area and that this change will allow for a development project for a critical care medical facility. He stated that the Transportation Master Plan is very important, including the grid street system, but that in this particular quadrant there is sufficient connectivity to the area and that allowing this modification will facilitate development in the area. Mr. Tingey stated that this location is bounded by the creek on the north and the Trax line on the west side. He said that staff is recommending approval of this proposal, and that the Redevelopment Agency's role is to forward a recommendation to the City Council for a final decision. He said that the Planning Commission will also be reviewing this proposal.

Mr. Dredge made a motion to forward a positive recommendation to the City Council for the proposed changes. Seconded by Mr. Shaver.

Call vote recorded by Chad Wilkinson.

A Mr. Dredge

A Mr. Shaver

A Mr. Stam

Motion passed, 3-0.

REVIEW AND DECISION OF MODIFICATIONS TO THE DEVELOPMENT AGREEMENT BETWEEN THE REDEVELOPMENT AGENCY AND HAMLET HOMES

Tim Tingey stated that it takes significant time to work through issues on a development agreement and he appreciates Mr. Brodsky's participation and the positive impact his development has had in this area. He said that the Mr. Nakamura from the attorney's office has been very involved in reviewing the development agreement along with the Chair and Vice Chair of the RDA. He stated that part of this agreement is in conjunction with the proposed agreement being considered with Parley's Partners. Mr. Tingey said that the primary reason behind this modification is to remove a portion of the property east of Main Street from the original development agreement.

Ms. Dunn arrived at this time.

Mr. Tingey stated that there is a modification to the site plan that includes a reduction of town homes from 191 to 111, and an addition of commercial space from 62,000 square feet to nearly 100,000 square feet in order to facilitate a medical use. He said that this modification releases the RDA from payment of reimbursements for the property east of Main Street, and that this reimbursement obligation will now be considered in the proposed development agreement with Parley's Partners. Mr. Tingey said that the developers have discussed this issue between themselves and have reached an agreement related to reimbursements. He said that this modification will also extend the time that the Agency will begin collecting tax increment. He stated that it was originally to be effective five years from the date of the initial participation and development agreement, which would have been 2012 but will now be 2013. He stated that this also modifies plans associated with this project and will eliminate the conservation easement portion east of Main Street.

Mr. Tingey stated that the agreement has a section that will include the final dollar amount to be reimbursed. He said that this number had not been established prior to the meeting as Mr. Brodsky was working with staff to address some discrepancies, but the amount is now established and will be included in the agreement. Mr. Tingey stated that after careful review and consideration staff feels comfortable with the modification to the development agreement and recommends approval. He stated that Mr. Brodsky is working with Wells Fargo Bank and asked him to explain how this affects future reimbursements.

Mr. Shaver asked why the time frame has been extended by one year before the Agency will collect. Mr. Tingey responded that value has not yet been established as construction has not been completed as originally planned. He said that by bumping back the collection date there will be time for the area to increase in value due to the new proposed project with Parley's Partners. He stated that by waiting an extra year there will be more increment to reimburse in the future.

Michael Brodsky, 308 East 4500 South, stated that there has been a significant change to the use of Phase 4, which is a 5.2 acre parcel. He said that it was originally planned to be townhouses but is now proposed to be a critical care facility, which will be a nice addition to a mixed use community. He said that in addition to the changes to the development agreement that were just reviewed, he has also signed a Forbearance Agreement with Wells Fargo that will conclude the work being done with them by the end of the year. Mr. Brodsky said that Wells Fargo requested the assignment of some of the proceeds in relation to his development agreement, and that they had requested reimbursement directly from the City. He said that he has reviewed this proposal with Frank Nakamura and inserted language that removes the City from responsibility and liability related to the payments. He thanked the City for making this accommodation.

Mr. Nakamura agreed and said that the purpose of the agreement is to facilitate Mr. Brodsky's work with Wells Fargo, and the City agrees that Mr. Brodsky should continue to be involved in the site. He stated that the agreement is very clear about the City's obligations and the understanding that Mr. Brodsky is wholly responsible for reimbursement payments.

Mr. Brodsky said that he will continue to market the property through the end of November. After that time, he has agreed with Wells Fargo to participate with any new buyers to ensure to the best of his ability that they comply with the development agreement. He said that the bank has stated in the agreement that they anticipate directing any interested buyers to him. He stated that at this time about half of the property is spoken for, and that he has a proposal from Cottonwood Partners to put an office building on Phase 2, which was originally planned to be townhouses. He said that no agreement has been made as the proposal is still in the conceptual phase. Mr. Brodsky stated that in relation to the agreement with the critical care facility, the tenant has agreed to finish Gilbride Avenue and complete the trails that are part of their property. He said that they anticipate starting construction in late October or early November 2011.

Mr. Stam stated that he attended a meeting with the critical care group and that they want to have the facility open by August 2012, which is an aggressive schedule to complete construction.

Mr. Nakamura stated that Mr. Brodsky agreed in this amendment that any third party doing work at this site will have an agreement with Hamlet Homes regarding reimbursement and a commitment to abiding by the participation and development agreement. He said that in relation to taking increment, the City is allowed to take it after

six years. Mr. Tingey said that there is a development agreement with Hamlet Homes, one with Fireclay Investment Partners, and another agreement being considered with Parley's Partners. He said that it is stated in the agreement with Fireclay Investment Partners that there are timelines for when the RDA will be allowed to collect tax increment, but it does not state that the RDA must collect it at that time. He stated that staff is comfortable with how this issue is addressed in the development agreements. Mr. Nakamura stated that increment cannot be collected sooner than the allotted time. Mr. Shaver asked if there is a deadline by which the tax increment must be taken. Mr. Stam stated that the collection period is twenty years regardless of when the collection starts. He said that in the case of third-party work at this site, payment of tax increment will go to Hamlet Homes in accordance with the agreement.

Mr. Brodsky stated that the critical care facility has agreed to construct the trail system and Birkhill and Gilbride street improvements in compliance with the development agreement and that reimbursement will be requested for those projects. He stated that his understanding is that reimbursement starts when 80 percent of the residential units and 50 percent of the commercial units are constructed or in December 2013, whichever is earliest. He asked Mr. Nakamura to verify this information. Mr. Nakamura agreed and stated that he wants the language in the agreement to be clear. Mr. Brodsky said that he agrees in extending the start date an extra year because it will be better for all parties if the value of the property is higher. Mr. Stam thanked Mr. Brodsky for the time he has put into this project and working through these issues.

Krista Dunn made a motion to approve the modifications to the development agreement between the RDA and Hamlet Homes. Seconded by Jeff Dredge.

Call vote recorded by Chad Wilkinson.

A ___ Mr. Shaver

A ___ Mr. Dredge

A ___ Mr. Stam

A ___ Ms. Dunn

Motion passed, 4-0.

REVIEW AND DECISION OF PROPOSED DEVELOPMENT AGREEMENT
BETWEEN THE REDEVELOPMENT AGENCY AND PARLEY'S PARTNERS FOR
THE BIRKHILL APARTMENT PROJECT

Tim Tingey stated that this agreement has been discussed extensively at previous meetings. He said that the agreement relates to the property on the east side of Main Street and the development of that site. He said that the proposed plan includes 311 residential apartments and approximately 30,000 square feet of commercial space and that the first floor of the buildings fronting Main Street will be constructed in accordance with the TOD ordinance standards. He stated that the conservation easement will be

included for the area east of Main Street and that the financial obligation with Hamlet Homes is also built into the agreement, which includes approximately \$353,000 plus interest at 5.25 percent as specified in the previous agreement. Mr. Tingey said that the agreement indicates that the commencement date will begin with the tax year 2013 unless otherwise indicated in writing. He said that the request is in excess of \$2 million and includes interest of prime plus 1 percent, and the interest will not exceed \$1.6 million, which is similar to the agreement in place with Hamlet Homes. He stated that commercial space is required to be developed by December of 2018 with penalties that will apply if it is not completed within a specified time frame. He stated that the agreement also establishes the Master Plan that is in place for this site. Mr. Tingey stated that staff has worked very closely with the developers in compiling the agreement and that this is a good project that will enhance the area.

Mr. Stam stated that he agrees that this is a good project and he thanked the developers for the time they have spent working through the agreement and reviewing plans with City staff. Ms. Dunn agreed.

Jared Shaver made a motion to approve the proposed development agreement. Seconded by Krista Dunn.

Call vote recorded by Chad Wilkinson.

 A Mr. Shaver

 A Mr. Dredge

 A Mr. Stam

 A Ms. Dunn

Motion passed, 4-0.

MCCD PROJECT UPDATE

Mr. Tingey stated that there have been discussions regarding development possibilities in this area. He said that a building proposed by HMI Medical Group has received Certificate of Appropriateness approval from the Planning Commission. He said that the proposed building is 40 feet tall and will be built to LEED standards. He stated that the building is adjacent to Trax and that there will be adequate landscape buffering and sufficient parking, including some parking underneath the facility. Mr. Tingey stated that there is an issue related to maximum parking requirements in this area that would require structured parking within the envelope of the building if the maximum is exceeded. He said that there are some concerns regarding the cost of constructing a parking structure and that the developer is considering a variance application. He said that staff will likely not recommend approval of the variance because the ordinance specifies this parking requirement. Mr. Tingey stated that this is an exciting project that will add value to the area and that construction is expected to begin in the spring.

Mr. Tingey stated that staff has met with three different hotel groups recently. There are a few different sites being considered in the MCCD area and discussions have started with some of the property owners. He said that the hotel groups are interested in the general area between Vine Street and 4800 South along State Street. Mr. Tingey stated that the Culver's project has been delayed due to some issues with adjacent property owners and that the property is not under contract at this time.

Mr. Shaver asked if the hotel group discussions included the City's desire to have convention capabilities. Mr. Tingey confirmed that this issue has been communicated to the hotel developers, primarily in relation to interest from Intermountain Medical Center. He said that two of the hotel groups have been in contact with the hospital to discuss their interests. He stated that there are some site restrictions in this area related to hotels with convention facilities but that various options are being discussed. Mr. Shaver asked if the hospital has been approached about participating in hotel development. Mr. Tingey responded that the hospital has expressed willingness to participate, likely through allowing utilization of land owned by IHC. Mr. Stam stated that it's positive to see discussions taking place.

NEIGHBORWORKS UPDATE

Mr. Tingey stated that the RDA has been funding this organization by utilizing tax increment financing for the 20 percent housing requirement in addition to a Community Development Block Grant. He stated that he serves on both the NeighborWorks Salt Lake Board and the Murray Board, and that he has been attending the meetings and there have been positive discussions taking place. He said that NeighborWorks acquired a foreclosure property on Box Elder Street for purposes of rehabilitating the home and selling it to a low-to-moderate income family. He said that acquisition of a second property is being considered for the same purpose. Mr. Tingey stated that an element of the NeighborWorks program relates to housing rehabilitation for property owners, and that there are currently two applications pending for roof repairs. He said that the program is intended to help residents in the community with these needs.

Meeting adjourned.

B. Tim Tingey, Executive Director