

Minutes of the Redevelopment Agency meeting held on Tuesday, November 13, 2012 at 3:30 p.m. in the Murray City Council Chambers, 5025 South State Street, Murray, Utah.

Present:	Darren Stam, Chairman	Mayor Snarr
	Brett Hales	Jan Wells, Chief of Staff
	Dave Nicponski	Frank Nakamura, City Attorney
	Jared Shaver	Tim Tingey, Executive Director
	Jim Brass	Jan Lopez, Council Administration
		Citizens

Chairman Darren Stam opened the meeting.

#### APPROVAL OF MINUTES

Brett Hales made a motion to approve the minutes from October 16, 2012. Seconded by Jared Shaver.

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

#### FIRECLAY VILLAGES PROJECT UPDATE

Tim Tingey stated that projects in the Fireclay area are moving forward. There was an open house at the Birkhill Clubhouse last week and they anticipate obtaining some Certificates of Occupancy during the first part of February. He said that Colin Wright is present to provide an update on the Fireclay Villages project.

Colin Wright, Henry Walker Homes and Strategic Capital Group, stated that five years ago this month he went under contract to purchase the land in Fireclay. He stated that this project was an important first step in starting redevelopment in the area. He said that he is encouraged by the changes in the housing market recently and believes that the effects on the overall economy will result in improved office and retail development. He stated that there are incentives for the foam plant to be developed, and although the property acquisition would be approximately \$5 million, the project itself would exceed \$40 million. Mr. Wright said that he believes financing and retail tenants will come along eventually. He said that his company recently went under contract to purchase the adjacent Hamlet Homes property and will be presenting a plan for the area in the next few months. He said that the two commercial pads will remain and that they are working to revise the townhouse plans with the intent of building 100 primary residents. He stated that he remains committed to the development of this area.

Mayor Snarr asked about the possibility of acquiring additional property to the north where there are currently some metal fabricated buildings. Colin Wright responded that about four years ago he tried to assist the property owner in finding a new site but he would not cooperate. Jared Shaver said that maybe the property owner is trying to hold out for more money. Mayor Snarr said that UTA has identified the Fireclay area as a premier transit oriented development site adjacent to light rail. Darren Stam agreed and stated that the housing must be built first and retail will follow.

There was discussion regarding building a few units that have two car garages and if that will affect the overall number of units. Mr. Wright stated that he has communicated extensively with Mr. Brodsky of Hamlet Homes and has also discussed the plans with the architect. He said that the proposed townhouses are in a higher price range. The RDA Board thanked Mr. Wright for providing an update. Mr. Tingey stated that if a modification needs to occur in the development agreement it would have to be renegotiated with Hamlet Homes.

## REDEVELOPMENT AGENCY AND MURRAY CITY PROPERTY EXCHANGE DISCUSSION

Mr. Tingey stated that within the next year there will be a proposal to exchange some property between the Redevelopment Agency and the City. He said that there has been a lot of interest from developers in the Murray City Center District, which has a redevelopment area and therefore has potential for development agreements. He said that there is interest along State Street between 4800 South and Vine Street. Mr. Tingey reviewed the properties in this area that are owned by the RDA and the City and said that sales tax revenue bonds were used to purchase some of the properties in the downtown area. He stated that there are some portions of the Vine Street right-of-way that are owned by the RDA. These properties cannot be redeveloped and will be part of the exchange proposal. He said that the RDA owns the City Hall parcel, while the City owns the adjacent area where the Boys and Girls Club is located.

Mr. Tingey explained that when sales tax bond funds are used to purchase property, then the property needs to be used for a public purpose. He said that a number of meetings have been held related to the properties, and a value to value exchange is being considered. He said that there is a public hearing process that must be completed in order for the exchange to occur. Discussion took place regarding property values and it was determined that appraisals must be completed to establish values. Mr. Tingey stated that staff has obtained an appraisal of the right-of-way areas owned by the RDA. He said that a private appraisal company performed the work and that the value was determined to be a little over \$1 million. He stated that some of the other parcels that are owned by the City are valued at approximately \$965,000 based on appraisals completed at the time of purchase. He said that there is additional work to be done before a final proposal is ready for consideration. He said that staff will likely bring a proposal for RDA and City Council consideration related to the exchange of property to facilitate redevelopment efforts.

## REDEVELOPMENT AGENCY AGREEMENT REVIEW AND DISCUSSION

Tim Tingey stated that this issue has been discussed over the past few months and that staff believes it is important to outline all of the agreements that are in place in the Fireclay Area and Central Business District (CBD). The purpose of the outline is to document agreements and obligations of the RDA. He said that when the RDA was going through the downtown planning process the City loaned \$137,000 to fund some planning work. That amount will need to be repaid to the City, and may even be considered as part of the property exchange issue. He said that there is also a development agreement with State & Vine LLC in the CBD for hotel development. Mr. Tingey stated that there is an obligation to pay the school district \$400,000 annually until the CBD area expires. He stated that in the Fireclay area there are a number of agreements in place, some with the City and others with developers. He said that tax increment financing has not been collected in this area and there are various obligations to be paid. He said that there are contingencies in some of the development agreements that must be met before increment is paid.

Mr. Tingey stated that in the Vine Street area there were right-of-way improvements completed a number of years ago. He said the RDA reimburses the City annually through the budget process for those costs. He said that there were also improvements in the Smelter Site area that cost \$5.5 million and were completed prior to the hospital development. Those costs are being reimbursed to the City on a yearly basis, beginning in 2009. He said that there is also an ongoing agreement with NeighborWorks to utilize the twenty percent housing fund requirement towards housing rehabilitation. There were no further comments or questions from the Board.

## ECONOMIC DEVELOPMENT UPDATES

Mr. Tingey said that he met today with representatives of State & Vine LLC. They are going to the Planning Commission meeting this week to request a Certificate of Appropriateness for their proposed development. He said that some modifications have been made to the plan due to some requirements by Hilton, but the changes are

not significant. At this time the proposal includes 117 hotel rooms and approximately 10,000 square feet of retail space. He said that the developer has been negotiating with existing restaurants at the site to relocate into the retail area of the new building. Mr. Tingey said that financing for the project is moving forward. He said that if the Planning Commission approves the Certificate of Appropriateness, then the project will go through the building plan review process with an anticipated groundbreaking on March 1, 2013.

Jared Shaver asked how long the building will be under construction. Mr. Tingey responded that it is projected to be finished in eight to ten months. There was discussion about allowing the restaurants at the site to remain open during construction. Mr. Tingey explained that there will be too much construction activity on the property for businesses to continue to operate during that time. Mayor Snarr said that the owner of the Subway store plans to reopen in a new facility near 4500 South and State Street.

Tim Tingey stated that staff has talked with the developer about the proposed hotel on 5300 South. He said that there are still some financing issues to be addressed and that the developer has been trying to establish a partnership for this project. Related to downtown development interest, there have been four groups that have expressed interest in the area around 4800 South and have met with staff to discuss potential projects.

Darren Stam thanked staff for their efforts in promoting additional development.

Meeting adjourned.

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B. Tim Tingey, Executive Director