

Minutes of the Redevelopment Agency meeting held on Tuesday, May 17, 2016 at 4:15 p.m. in the Murray City Council Chambers, 5025 South State Street, Murray, Utah.

Present:	Diane Turner	Mayor Ted Eyre
	Blair Camp	Frank Nakamura, City Attorney
	Brett Hales	Jan Wells, Chief Administrative Officer
	Jim Brass	Janet Towers, Executive Assistant to the Mayor
	Dave Nicponski	Tim Tingey, Executive Director
		Jan Lopez, Council Administration
		Jennifer Kennedy, City Recorder
		Jennifer Brass
		Citizens

Chairwoman Diane Turner conducted and opened the meeting. Councilman Nicponski arrived during the second agenda item.

### APPROVAL OF MINUTES

Ms. Turner stated that the minutes from the meeting on April 19, 2016 are prepared for approval. Brett Hales made a motion to approve the minutes. Seconded by Blair Camp.

A voice vote was made. Motion passed, 4-0.

### MURRAY CITY CENTER DISTRICT (MCCD) UPDATES

Tim Tingey stated that the City hired property appraiser Philip Cook to evaluate the parcels in this area that are part of the Central Business District. The initial appraisals included the parcels on the west side of State Street that are owned by the City and RDA between 5<sup>th</sup> Avenue and 4800 South. The values have come in at approximately \$29 per square foot, with a deduction of approximately \$180,000 for demolition costs. This data will be available in future conversation with the RDA Board and will be used in discussions with the developer related to future exchanges of property. He said that there will be additional appraisals completed on various parcels as the downtown project moves forward. Blair Camp asked if the appraised value is close to what staff expected it would be. Tim Tingey responded that the appraisal amount was in line with what was anticipated.

The Board proceeded to discuss bond initiatives for downtown redevelopment. Tim Tingey stated that the City and RDA have acquired multiple properties on the corner of 4800 South and State Street and moving south toward 5<sup>th</sup> Avenue. This area was targeted for property acquisition a number of years ago and a sales tax revenue bond was used by the City, with funds backed by the Redevelopment Agency to secure the bonds, for purchase of property. The bonds were set up as tax exempt and one of the requirements was that the parcels be developed as public projects. At that time there were options being considered for a performing arts center or even a new City Hall building to be located on those parcels. As the downtown development projects are moving forward, it has become evident that if any private investment or development is to occur on these particular properties then the tax exempt bond status must be addressed. One option that was recently discussed with bond counsel, and would be presented to the City Council for consideration at a future date, is to pay off the bonds which would cost an estimated \$980,000. If the City-owned parcels were transferred to the Redevelopment Agency then private projects could be negotiated on these properties. Mr. Tingey stated that there is currently a professional office building that has been proposed for the corner of 4800 South and State Street and if this project comes to fruition, then the issue related to tax exempt bonds would have to be addressed immediately.

Tim Tingey stated that staff has considered different types of bonds that could be used to build a parking structure in this area in the future which was a commitment made to the Taxing Entity Committee (TEC) a few years ago. There are three options to consider, including a sales tax bond which would allow for contributions from the developer and City or RDA, an assessment bond which would include an allocated payment from the developer

and any property owners using the parking facility, and lastly an assessment area, which is to move forward with the most prudent bond option and then create an assessment area to provide long term funding. He stated that staff is requesting input from the RDA Board and direction on how to proceed with this issue, including if staff should move forward in evaluating these options and request a budget opening to address the tax exempt status. Frank Nakamura stated that there could be a combination of a sales tax bond and the assessment area, which is a way to provide revenue for the parking structure without having it tied to the bond. He explained that the advantage of an assessment is that it creates an obligation on all property owners in a specific area and that a lien can be placed if the payments aren't made. He stated that there are not many property owners in the area, and that consent would have to be obtained.

Jim Brass asked how much of the parking structure will be public and/or private. Tim Tingey stated that the percentage has not yet been determined and the developer is still working to identify how many parking spaces they would need to have contained in the structure. Jim Brass stated that he is concerned about having too much private parking because then the area would not meet the intent to provide public parking as presented to the TEC previously. Tim Tingey stated that the commitment was not strictly for public parking and TIF funds could be used for private parking as well. Dave Nicponski asked what staff thinks is the most advantageous option. Mr. Tingey stated that staff is still considering all of the options and each has benefits. The sales tax bond would provide the lowest interest rates, but additional research needs to be done on assessment areas and related obligations. He stated that staff would like to know if the RDA is supportive of paying off the current bonds and moving forward with researching new bond options for a parking structure. Brett Hales stated that he is supportive of staff moving forward. Blair Camp stated that if we want to see this area developed there doesn't seem to be many other good options. Tim Tingey agreed, and stated that it would be different if the parcels were going to be developed as a public project as originally expected. Blair Camp stated that it would be advisable to move forward with additional fact finding related to these options. Mr. Tingey stated that staff will work towards presenting a proposal related to paying off the existing bonds, transfer of property from the City to the RDA and evaluating future bonding for a parking structure. Diane Turner stated that these recommendations make sense.

Justin Zollinger stated that there is currently a bond being paid from the Central Business District that would need to be paid off at a future date in order to accommodate a new bond to build the parking structure. Frank Nakamura stated that it would be difficult to perform property exchanges if the bonds are still in place, which is another reason to pay off the bonds. Justin Zollinger stated that the IRS does not look favorably on entities that issue tax exempt bonding and then allow it to be used for private purposes. He said that it will cost approximately \$1.5 million to pay off the existing bonds, and the RDA has the funds to do so. The RDA agreed that staff should move forward with the budget opening to pay off the existing bonds and also to do additional research on future bonding options to be discussed at a future date.

### FIRECLAY UPDATES

Tim Tingey stated that the Fireclay open space and park property acceptance has been discussed previously. He recently met with the developers at the park site to discuss the issues that need to be addressed in order for the park to be complete. The trail needs to be extended further to the south and east, including some lighting along the trail and some additional trees, and the tables that have been installed are very poor quality and need to be replaced. The Parks Department will also require testing of the sprinkler system to ensure that they are comfortable in taking over maintenance of the park. The developer expressed verbal understanding of what items need to be accomplished prior to the City accepting responsibility of the park area.

Related to the reimbursement request from Fireclay Villages, staff has determined that there are three primary issues of concern. Tim Tingey has sent written notification to the developer identifying these concerns. The first relates to commercial space, which was promised in the development agreement to be part of Phase 1. The second issue relates to addressing parking concerns because there was supposed to be a parking structure in Phase 3 of the project but that phase was not built. The City has asked the developer what will be done long term to

address the parking problem but there has not been a solution proposed at this time. The third issue relates to concerns with public safety in this area as almost four percent of the police calls for the entire city are to this one project area. All of these issues need to be addressed with the City and RDA before reimbursement will be considered. There has not been a response to the written notification at this time.

Meeting adjourned.

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B. Tim Tingey, Executive Director