MINUTES OF THE VINEYARD
REDEVELOPMENT AGENCY BOARD MEETING
240 East Gammon Road, Vineyard, Utah
December 21, 2016 – 6:00 PM

Present	**Absent**
Chair Randy Farnworth	Boardmember Julie Fullmer
Boardmember Tyce Flake	
Boardmember Dale Goodman	
Boardmember Nate Riley	

Staff Present: Finance Director Jacob McHargue, Economic Development Director Morgan Brim, Engineer Don Overson, Attorney David Church, Town Clerk/Recorder Pamela Spencer

Others Present: Gerald Anderson and Stewart Park with Anderson Geneva, resident Chris Judd, Cody Deeter with Lewis Young Burningham and Robertson

Chair Farnworth opened the meeting at 6:00 PM.

CLOSED SESSION:
The RDA Board pursuant to Utah Code 52-4-205 may vote to go into a closed session for the purpose of holding a strategy session to discuss the purchase, exchange, or lease of real property.

Chair Farnworth called for a motion.

Motion: BOARDMEMBER FLAKE MOVED TO GO INTO A CLOSED SESSION AT 6:02 PM. BOARDMEMBER RILEY SECONDED THE MOTION CLARIFYING THAT IT WAS FOR THE PURPOSE OF HOLDING A STRATEGY SESSION TO DISCUSS THE PURCHASE, EXCHANGE, OR LEASE OF REAL PROPERTY. ROLL CALL WENT AS FOLLOWS: CHAIR FARNWORTH, BOARDMEMBERS FLAKE, GOODMAN, AND RILEY VOTE AYE. BOARDMEMBER FULLMER WAS ABSENT. MOTION CARRIED WITH ONE ABSENT.

The Redevelopment Agency meeting resumed at 6:31 PM.

CONSENT AGENDA:
a) Approval of the November 9, 2016 meeting minutes

Motion: BOARDMEMBER FLAKE MOVED TO APPROVE THE MINUTES AS RECORDED, BOARDMEMBER RILEY SECONDED THE MOTION. ALL PRESENT WERE IN FAVOR. MOTION CARRIED WITH ONE ABSENT.

BUSINESS ITEMS:

3.1 DISCUSSION AND ACTION – Designation of Phase 3 of the Geneva Urban Renewal Project Area (Resolution U-2016-07)
The Vineyard Redevelopment Agency Board will discuss and approve by resolution the area designated as Phase 3 of the Geneva Urban Renewal Project Area as outlined in the 2016 Annual Report for the Geneva Project Area dated November 1, 2016, in order to begin collecting tax increment. This annual report is sent to the Taxing Entity Committee

members. The Board will take appropriate action.
Chair Farnworth turned the time over to Finance Director Jacob McHargue

Mr. McHargue explained that as part of the November 1st report (2016 Annual Report for the Geneva Project Area) they triggered the new phase for the coming year. He asked the Board to approve by resolution the triggering of the new phase, which was in the WatersEdge Development and part of their agreement.

Chair Farnworth called for discussion. Councilmember Riley asked how the increment worked. Cody Deeter with Lewis Young Robertson & Burningham (Lewis Young) replied that it would be collected in November 2017 and paid in January 2018.

Chair Farnworth called for a motion.

Motion: BOARDMEMBER RILEY MOVED THAT THE REDEVELOPMENT AGENCY APPROVE RESOLUTION U-2016-07 TO APPROVE THE DESIGNATING OF PHASE 3 OF THE GENEVA URBAN RENEWAL PROJECT AREA. BOARDMEMBER GOODMAN SECONDED THE MOTION. ROLL CALL WENT AS FOLLOWS: CHAIR FARNWORTH, BOARDMEMBERS FLAKE, GOODMAN, AND RILEY VOTED AYE. BOARDMEMBER FULLMER WAS ABSENT. MOTION CARRIED WITH ONE ABSENT.

3.2 DISCUSSION AND ACTION – **Land Acquisition**
Anderson Geneva is requesting to seek the approval of the RDA board for the immediate purchase of the right-of-way land located at the north end of the Geneva property that will be used to relocate the spur line. The RDA Board will take appropriate action.

Chair Farnworth turned the time over to the Anderson Geneva group.

Gerald Anderson with Anderson Geneva explained the reason for their request. He stated that they would lose their donation credit because they had not sold enough property in the past five (5) years. He explained that they hired CRS Engineers 10 years ago, to design the rail spur. He further explained the process they went through to get to this point. He said that they took the right-of-way down to what UTA said they would need which was about 6.85 acres. They hired a new design firm and they changed the original design according to Union Pacific's requirements. Anderson Geneva had sold off the remaining property and could not get back any of the needed property. Mr. Anderson mentioned that Mr. Church said that Mr. Anderson had committed to selling the land for $1.5 million. Mr. Anderson stated that the commitment was based on the appraisal on the 6.85 acres. Mr. Church stated that it was not based on any footage. Mr. Anderson said that with the new alignment it changed the amount of land needed. He explained where the land was they needed for the right-of-way was about 10.36 acres and they were willing to sell the land for $5.00 a square foot.

Mr. Church said that he expressed his concerns last January, that the right-of-way was not correct and that the price Anderson Geneva was asking for would put them over budget. He added that they had not made any deals with Martin Snow, Geneva Nitrogen, etc. Mr. Anderson stated that they had just received the correct legal descriptions. Mr. Church explained that they were not asking for additional right-of-way, it was Union Pacific who was asking for it. He added that they only wanted to purchase what Union Pacific needed. He said that the price was an artificial number and not worth anything to the town unless Union Pacific removed the spur. Mr. Anderson stated that they would be willing to offset the deal by giving right-of-way on Geneva road. Mr. Church proposed that if Anderson Geneva felt the town was not offering enough money they would assign the contract to Anderson Geneva and let them finish the deal. Mr. Anderson said that they would be willing to do the deal if the town was willing to assign sales tax dollars. Mr. Church replied that the town could pay back the state loan and let Anderson Geneva finish the deal. Mr. Anderson suggested that they could rezone the property between 800 North and 1600 North for industrial use. Mr. Church stated that the town would be successful even if they went all industrial, but it would be a different type of success. Mr. Anderson stated that they would not have any sales tax. Mr. Church said that industrial was cheaper to provide services to.

Mr. Church suggested that the town not close with Anderson Geneva until Union Pacific was ready to close with the town.

Mr. Anderson stated that he had been holding the right-of-way for about 11 years and could have sold it to Martin Snow. Mr. Park stated that there were a lot of things that hinged on the spur removal; for example, the expansion of Geneva Road and retail development would not take place. He felt it was a critical portion of the project.

Mr. Church stated that he could not advise the town to purchase the land before they knew Union Pacific would close with them. Mr. Anderson suggested that they were willing to repurchase the ground if they could not make the deal with Union Pacific.

Mr. Anderson mentioned that there was other land that the town might want to purchase and they were willing to work with them. He said that the industrial market above 800 North was the most brisk in the area. Mr. Church stated that Anderson Geneva needed to do what was best for them and he hoped they would do what was best for the town.

Chair Farnworth stated that they did not know how it would work if they went ahead and purchased the land now and Anderson Geneva had to purchase it back. Mr. Anderson explained that the final date to trigger tax increment was in 2021 and any undeveloped ground would be wasted increment. He said that he had been working to get the ground cleaned up environmentally and was working with staff on bonding to complete the cleanup and install infrastructure. He added that he also needed to make a decision on the CAMU (containment area management unit). Chair Farnworth stated that the town had looked at this situation for two and a half years and did not have any major player coming forward suggesting that this would benefit them.

Mr. Anderson asked what had happened since last January when they offered the purchase price for the property. Mr. Church explained that the delay in the signing of the contract was with Union Pacific accepting the design of the spur line. He said the other thing that delayed it was that Anderson Geneva did not own all of the property in the right-of-way and they had to negotiate with other property owners. He said that Union Pacific decided that they were willing to sign the contact now and let the town out of it if they could not acquire the right-of-way.

Mr. Anderson said that it took longer to accomplish things with the town. Mr. Church said that the town did not know about them wanting to close on the land purchase until the beginning of December. He added that to close on a $2 million transaction that quickly was beyond his capabilities. Chair Farnworth asked what the timeframe was that they needed to close by. Mr. Anderson replied that it needed to be completed by the end of the calendar year. He said that if the town was willing to give them back the contract and were committing $16 million then they would be willing to oversee the construction. Mr. Church stated that the state had loaned the RDA the money and the town would give it back to them and Anderson could take over. Mr. Anderson said that the issue was that he put $50 million of his own money on the line, he asked

the town to form an RDA and they opposed them on it, and that they also opposed the Vineyard Connector. He stated that they had to fight for these things and they got the $16 million loan from the state. They were the ones willing to do what needed to be done.
Boardmember Riley asked how it would affect the Town Center and 800 North if Anderson Geneva was to sell the right-of-way land to developers. Mr. Anderson replied that if it was all industrial he would rather have $5.00 today than $7.00 four (4) years from now. Boardmember Riley stated that Anderson Geneva could have sold the land to the toilet paper factory and made a rate of return years ago, but did not, based on what they wanted to accomplish long term.

Mr. Anderson mentioned that he and Mr. Hutchings were retiring. He said that it would take three (3) to five (5) years to have the land cleaned up. He stated that he was trying to do the best he could with assets he had. He said that if it was not comfortable with the town then not to vote for it, but they needed to decide what they wanted to do. He added that if they voted the Walmart down then they would be sending a clear message that they were not interested in anything except industrial on the property. Mr. Church replied that Anderson Geneva was the ones who came up with the idea to move the rail spur. Mr. Anderson said that it was not a matter of retail being worth more than industrial, but that retail takes longer to come online. Mr. Church thought that Anderson Geneva was in favor of removing the spur but that it felt that suddenly Anderson Geneva was saying it was more important for the town, that the town needed to pay more money and that it was less important to Anderson Geneva. He said that it would be good for everyone if the spur was removed from Geneva Road, but the question was, was it worth it to Anderson Geneva to take less than $2.2 million for that strip of land. Was it important enough that they not get the transaction done by December 30. He felt that the price was not that important, but that it was an open-ended transaction. Mr. Park asked if they would be willing to make the $1.5 million purchase by December 31 with the stipulation that if it did not work out then they buy it back.

Mr. Anderson mentioned the developments that would benefit from the rail spur removal: developer John West of the Cottonwood Group and the Megaplex. He also commented that it would put more pressure on Geneva Nitrogen to relocate. Mr. Church agreed that it would benefit everyone except the nitrogen plant. Mr. Park added that the 400 North intersection would also benefit from the removal.

Chair Farnworth stated that the concern was if they purchased the property and the deal did not go through then they would have a piece of property that they needed to sell. Mr. Church felt that it was reasonable that they guarantee that if the Union Pacific did not close then they get reimbursed the $1.5 million. He was not sure they could close by the end of the year.

Chair Farnworth stated that the town did not want to have to sell the property or put $16 million into something that did not go through. He wanted to know what needed to be done in 10 days. Mr. Anderson said that they would sell the town the original 6.88 acres for $1.5 million but that would not be enough land for the rail spur. Mr. Church explained that Union Pacific said that they would get an independent appraisal and the town agreed to take over the removal if Anderson Geneva would accept the appraised value. He said that in the end neither Union Pacific nor Anderson Geneva accepted the appraised value. He added that Anderson Geneva had agreed to sell the town the right-of-way that Union Pacific needed for $1.5 million.

Chair Farnworth stated that he was not willing to vote for it if there were no guarantees. He said that they started with $16 million and now they were above that. He explained that the contract stated that the town was responsible to pay everything above it. He said that they agreed to borrow $16 million plus interest and they did not know if they were going to end up with light rail in the town. He stated that Anderson Geneva had ground they wanted to sell for their tax purposes and asked how it would benefit the town. He was also concerned with the timing issue.

He said that the town did not have UTA or UDOT on board. He added that UDOT was willing to purchase the ground for $1.3 million.
Boardmember Riley suggested that they look at the best description and only purchase what Union Pacific needed. According to the map it would include 8.37 acres. His other suggestion was to add a restriction/guarantee that if it did not go through then Anderson Geneva had to purchase the land back. There was a discussion about the actual acreage needed.

Boardmember Riley felt it was a benefit but was concerned that they had only ten days and too many unknowns, and if they could put the guarantees into the deal then he was willing to discuss it. Boardmember Goodman agreed that they needed to move forward and get the deal done. He said that they had six months to see if they were going to clear all of the hurdles. He was concerned that they were going buy the property without knowing if they were ever going to use it.

Mr. Anderson explained the process they went through to present this request to the RDA Board. He said that they did not want to cause angst or put the town in a bad position, where they were at risk. Boardmember Flake asked if Boardmember Riley's suggestion was plausible. Mr. Anderson replied that it was. Mr. Church stated that it was a matter of, if they could come up with an agreement by the end of year. Mr. Anderson stated that by December 30 he had to transfer ownership to the town.

Boardmember Riley asked what would happen if they transfer the description that they best knew and understood, and if Union Pacific was not satisfied. Mr. Anderson explained that they had entered into an agreement with UTA. He said that UTA did not have money they were willing to spend now, but were willing to commit to the purchase of the right-of-way. Chair Farnworth expressed his frustration that they had not heard this information before. He said that the town was thinking that UTA was negotiating with Lindon, Orem, and Pleasant Grove to have light rail go up State Street and bypass the Geneva property. Now they were getting information that Anderson Geneva was in negotiations with UTA. Mr. Anderson mentioned that they had a meeting with UTA about a year ago, about light rail going up 400 North. He said that they widened the road on their last plat to make room for light rail. Chair Farnworth asked staff if they had ever been invited to a meeting with UTA, UDOT or UVU. Mr. Brim replied that he had not met with anyone, and that UVU had not reached out to the town on their Master Plan. There was further discussion about UTA's long range plan for light rail.

Boardmember Riley said that they needed to get the alignment nailed down so they knew exactly what they were purchasing. Boardmember Goodman asked if they changed the right-of-way slightly would it change the square footage. Mr. Overson replied that the information from Mountain States showed that UTA wanted 50 feet of right-of-way and now were now willing to take 30 feet. Boardmember Goodman asked if Union Pacific wanted the curve changed and they rejected the deal would it cost them another million to make it work. Mr. Overson replied that they were already meeting the requirements and that the biggest change made was in the alignment. Mr. Anderson explained that they were paying CRS Engineers to design the UTA right-of-way and once they had that done then they could start on the CAMU. Boardmember Riley asked if they could start on the process before the Union Pacific deal was done. Mr. Anderson replied that they could. Boardmember Riley said that they either needed to agree to go point by point with what Union Pacific could back out on and have it mirror the agreement with Anderson Geneva or say that if Union Pacific backed out then the agreement would be null and void and Anderson Geneva must purchase the ground back from the town. Mr. Anderson said they would accept either terms.

Mr. McHargue asked if they could put the money in escrow until the six (6) months were done.

Mr. Anderson said that they did not need the money as much as they needed the transaction. He said if they could transfer the deed to the town and put the money in escrow then they should be okay.
Boardmember Riley said that the last piece was to have a price connected to the agreement. He said that the difference was that Anderson Geneva was using a per square foot price and the town understood it to be $1.5 million for what the right-of-way needed to be. He recommended that they offer $1.5 million. Boardmember Flake agreed that they sign the agreement at $1.5 million with the proviso that if at any point, Union Pacific said no then everything would go back to what it was. Mr. Anderson stated that they thought that the land they were transferring to the town was 6.88 acres at $1.5 million which was $5.00 a square foot. He felt they were being taken advantage of but it was about give and take. They were giving up $300,000 in sales to capture $400,000 in write-off.

Motion: BOARDMEMBER RILEY MOVED THAT THE RDA BOARD AUTHORIZE THE CHAIR TO SIGN THE AGREEMENT WITH THE PRICE OF $1.5 MILLION FOR THE REQUIRED EASEMENT THAT UNION PACIFIC IS ASKING FOR, AND THAT THE AGREEMENT HAVE STIPULATIONS THAT IF UNION PACIFIC DOES NOT ACCEPT IT, THAT THE TRANSACTION IS NULL AND VOID AND THE $1.5 MILLION IS TO BE HELD IN ESCROW. BOARDMEMBER FLAKE SECONDED THE MOTION. ROLL CALL WENT AS FOLLOWS: CHAIR FARNWORTH, BOARDMEMBERS FLAKE, GOODMAN AND RILEY VOTED AYE. BOARDMEMBER FULLMER WAS ABSENT. MOTION CARRIED WITH ONE ABSENT.

Mr. Church clarified that the RDA was approving the spending of the money, but the town was purchasing the land. The right-of-way on Geneva Road needed to be in the town's name. Mr. Anderson mentioned that if Walmart purchased the land they would also need to purchase some of the right-of-way. He added that Horrocks Engineers would soon have the description for the right-of-way that UDOT would need for Geneva Road and anything that was not in the legal description the town could sell.

ITEMS REQUESTED FOR FUTURE AGENDAS: No items were submitted.

ADJOURNMENT

Motion: BOARDMEMBER GOODMAN MOVED TO ADJOURN THE MEETING AT 7:44PM. BOARDMEMBER FLAKE SECONDED THE MOTION. ALL PRESENT WERE IN FAVOR. MOTION CARRIED WITH ONE ABSENT.

MINUTES APPROVED ON: March 8, 2017

CERTIFIED CORRECT BY: /s/ Pamela Spencer
PAMELA SPENCER, TOWN CLERK/RECORDER