MINUTES OF THE VINEYARD
REDEVELOPMENT AGENCY BOARD MEETING
240 East Gammon Road, Vineyard, Utah
November 8, 2017 – 6:00 PM

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

Staff Present: Planning Commission Chair Chris Judd, City Manager/Finance Director Jacob McHargue, Public Works Director/Engineer Don Overson, Utah County Sheriff's Department Sergeant Holden Rockwell, Economic Development Director Morgan Brim, City Recorder Pamela Spencer, Building Official George Reid, Water/Sewer Operator Sullivan Love

Other Present: David Robertson with Lewis Young Robertson & Burningham, Gerald Anderson, Jeff Walker, and Stewart Park with Anderson Geneva

7:44 PM RDA MEETING

Chair Farnworth opened the RDA meeting at 7:44 PM.

CONSENT ITEMS

a) Approval of the October 25, 2017 RDA Meeting Minutes

Chair Farnworth called for a motion.

Motion: BOARDMEMBER FLAKE MOVED TO APPROVE THE CONSENT ITEM. BOARDMEMBER FULLMER SECONDED THE MOTION. CHAIR FARNWORTH, BOARDMEMBERS FLAKE, FULLMER, GOODMAN, AND RILEY VOTED AYE. MOTION CARRIED UNANIMOUSLY.

ANNUAL REPORT

City Manager/Finance Director Jacob McHargue will present the Annual RDA report.

Chair Farnworth turned the time over to City Manager/Finance Director Jacob McHargue.

Mr. McHargue explained that the report was compiled with the help of Lewis Young Robertson & Burningham and must be sent to the state and participating Taxing Entities that were part of the RDA. Highlights of the report were:

- Revenue that was collected last year
- Overview of the project area
- Where the money came from
- How the money was used
- The phasing schedule and timeline
- Budget for the previous year and how the money was used

- A forecast with a budget for the years 2017, 2018, and 2019
- Abbreviated forecast for the years 2012 - 2046

Chair Farnworth asked if anyone had questions.

Boardmember Riley asked when the report was sent to the taxing entities. Mr. McHargue explained that it was called the November 1st report and sent out the same time each year.

BUSINESS ITEMS

3.1 DISCUSSION AND ACTION – <u>Reimbursement Request for the Geneva East Side Property</u>

Anderson Geneva is requesting reimbursement of the east side property Containment Area Management Unit (CAMU) Phase. The board will take appropriate action. *(This item was continued from the September 27, 2017 RDA meeting.)*

Chair Farnworth turned the time over to Gerald Anderson with Anderson Geneva.

Mr. Anderson gave a brief overview of the application process they went through to get approval for reimbursement of the requested funds. In November of 2015 they had approached the city for reimbursement of the environmental cleanup of the east side, which was between 800 North and 1600 North, and between Geneva Road and the Union Pacific main line. In May 2016 they applied for reimbursement of $19,200,000 for site preparation and the CAMU. The total cost to build the CAMU would be around $88 million. In June 2016 the Board moved to approve $24.2 million for the CAMU and ground water cleanup. Mr. Anderson stated that with this approval they were able to negotiate with US Steel for their portion of the cleanup. He stated that this was the first privately-owned site that US Steel had agreed to clean up.

Mr. Anderson explained that they would not be sure how far down in the ground the contamination went until they started to dig it out. US Steel's proposal was to use wheel compaction, which did not meet the city's code.

Mr. Anderson said that there were items that he felt were substantial. One was the excess 3 million cubic yards of material which would cost about $15 million for disposal, for which they did not ask for reimbursement. He said that another item was the land cost of $4.5 million for which they also did not ask for reimbursement. Costs asked for reimbursement:

- $8,500,000 CAMU (Containment Area Management Unit) site prep
- $1,050,000 SWMU (Solid Waste Management Unit) TOSSA (Temporary Onsite Storage Area) outside CAMU
- $1,100,000 Intermediate Grading
- $5,400,000 Final Grading
- $16,050,000 Total request

Mr. Anderson said that this did not involve the purchase of ground. US Steel was willing to manage the site but did not want to own it. Anderson Geneva wanted to have compensation which was the $4.5 million to take on the internal responsibility for the site.

Mr. Anderson explained that they hired Zions Bank as financial consultants. Zions Bank was willing to purchase a $30 million bond. Mr. Anderson mentioned that this was done with their money with no compensation from the city.

Mr. Anderson said that when they approached the board for the money, the board asked to see what Anderson Geneva's participation would be in the project. He said that Mr. Walker sat down with Mr. Church and Mr. McHargue and reviewed Anderson Geneva's budgets. He said that Anderson Geneva had spent almost $23 million of unreimbursed expenses and the city had spent nothing. He mentioned that the city had agreed to spend $250,000 for concrete and Transite removal, which they had not used.

Mr. Anderson stated that they were not getting paid for the land; they were getting a credit for allowing the CAMU to be located on their property. He felt that grading was part of the CAMU. He mentioned that the RDA had agreed to pay all of The Forge's remediation.

Mr. Anderson sated that the Oil Reclamation Area (ORA) was not a remediation cost, it was an infrastructure cost. He explained that ORA was material that went under the road. He said that they were not charging the city for the cost of the material.

Mr. Anderson reviewed the proposal. He said that the remediation would cost them about $40 million. Vineyard's participation would be about $20 million. He felt that Anderson Geneva would be participating at 2 to 1 with the RDA. He said that Mr. McHargue's proposal was that Anderson Geneva would have to pay $53.5 million and Vineyard would pay $6.5 million. He felt that was beyond what the original intent of the contract was.

Mr. Walker mentioned that at the time of the application, Mr. Church had said that he had prepared a letter that would go out to DEQ, etc., with two alternative endings to the letter. One was not money specific and stated that it would require more study. The second stated that they would be giving a lump sum amount. The board decided on the lump sum. He mentioned the $5 million for cleanup of the ground water. Mr. Anderson explained that they would not need the money to clean up the water until all of the contamination was out of the ground.

Mr. Anderson stated that one of the issues was that they were trying to give them the best guess of what the total cost of remediation would be. He explained that they were trying hard to keep the costs down. He said that they were able to find a way for the RDA to bond for the money. He added that this had been a two-year process.

Boardmember Riley asked what the $7 million land value was for. Mr. Anderson replied that it was CH2M Hill's estimate of what the land value would be. Boardmember Riley asked what would happen if they did nothing to clean up the land. Mr. Anderson replied that the land would not be developable. Someone else would have to assume the liability to clean it up to the DEQ's satisfaction. He said that they had the responsibility to remove the TOSSA, and without a CAMU the material would have to be moved off-site. Boardmember Riley felt that with the city participating in the cleanup the heavily contaminated soil and moving it to the CAMU they would be facilitating a way for Anderson Geneva to sell an increased amount of property as opposed to doing nothing with it. He said that if the city were to say that they were not willing to participate then the city would not benefit and neither would the land owner. Mr. Anderson stated that the city had stood before the Taxing Entity Committee (TEC) and said that they would us the money to clean up the site. The TEC said that this money was not for building infrastructure. He felt that for the city to say that they were going to pay $5 million as their total contribution on a $300 million RDA was in bad faith. He explained that he relied on the RDA's approval of June 8, 2016 in order to enter into a contract with US Steel, which he called beneficial reliance. He said that with the proposal, the RDA would put in $20 million and what was represented was $100 million. Mr. Anderson mentioned that they had approached the legislature to get the RDA approved and then modified. Mr. Anderson mentioned that he had not received any money in twelve years. He said that they had shown their participation but they had not seen a similar participation from the RDA. He stated that that was the intent of the RDA and that the board wanted to use the money for something else. He said that the water the city was using, the Vineyard Connector, and the $16 million came from Anderson Geneva's efforts. He mentioned the unreimbursed infrastructure. He stated that the RDA would pay 100 percent of Flagship's infrastructure and nothing for the Eastlake development. He said that Eastlake had a private crossing and now they were discussing connecting a public road to a private road. He stated that he had relied upon what the board had agreed to, and he had not misrepresented anything. He was now asking for the appropriation the board had already agreed to.

Mr. Walker reiterated what had previously been stated. He mentioned that Anderson Geneva's approval came before other requests for the $30 million bond. He felt that the other requests were trying to get in front of Anderson Geneva's request. Mr. Anderson reviewed the request by the board in 2015. Mr. Walker stated that there had been money promised but no money spent. He felt that the issue was what had been spent. Chair Farnworth asked about the money going to clean up the land and the benefit of the increased value of the land so that Anderson Geneva could sell their land. Mr. Walker stated that RDAs were created to partner with the land owner, which did give a benefit to the owner. Mr. Anderson referred to the June 8, 2016 minutes for the application approval.

Mr. Walker stated that they were not asking for anything new. He said that they gave the board the agreements and minutes attached to the application in July of 2017. Chair Farnworth said that they understood that they could not do any more of the clean up or development without the CAMU in place.

Mr. McHargue explained that staff had reviewed the contract and met with Anderson Geneva and were not able to come to an agreement. He stated that he knew that the staff recommendation would not be accepted by Anderson Geneva. He felt that there was a workable solution. He said that when looking over the contract they looked at the request of $10,650,000, which was the $8.5 million for site prep, $1,050,000 million for TOSSA and $1.1 million for the intermediate grading. He said that he asked how the funds were to be paid. US Steel would be contracting out the work for the CAMU on the east side and Anderson Geneva would be responsible for the west side. The participation agreement split out the costs. The $5.4 million for the final grading would be contracted out by Anderson Geneva. He said that Anderson Geneva wanted the money put in escrow and have US Steel and Anderson Geneva's name on it. He pointed out that exhibit 6 went through the obligations. The payment would be handled as a net payment. US Steel would credit Anderson Geneva for the land impact and $2.1 million for the repository on the west side. He thought it looked like there was a $2.4 million payment going to US Steel and was not sure where the $8 million was going. He said that the way he understood it, it was reimbursing Anderson Geneva for the land credits and the work done on the west side. He stated that staff did not agree with Anderson Geneva on the request. He explained that there were other costs that were presented as part of the CAMU which he did not feel should be part of the CAMU. There was a discussion about the application and the staff recommendations.

Mr. Church said that when staff looked at the US Steel contract, Anderson Geneva was being compensated for land impact. If they looked at the cash outlay (the cost of the CAMU) it was represented to staff that Anderson Geneva would not be compensated for their land through the RDA. They would be receiving compensation from US Steel for the land the RDA would be paying Anderson Geneva's cost for the CAMU.

Boardmember Flake stated that he respected Mr. Anderson's view and appreciated the work that he had done. He asked that he be allowed to hear staff's view.

Mr. Church stated that the RDA had been asked to participate in Anderson Geneva's CAMU project, which was not an RDA project. He said that staff looked at the US Steel contract and tried to figure out what Anderson Geneva's obligation was. He said that it appeared that there was a land impact credit from US Steel and pursuant to the previous representation they subtracted that amount out because it was the equivalent of the RDA paying Anderson Geneva for the land that would be used for the CAMU. He said that the other distinction was what should be included in the cost of the CAMU. He was not sure that the final grading was a CAMU cost and US Steel had not included it.

Boardmember Fullmer asked if the RDA was no longer obligated to help with that money because Anderson Geneva was getting compensation from US Steel which would get rid of the beneficial reliance problem. The money the RDA agreed to give was to help accomplish the project. She asked if there was money given back, if it needed to go into the money the RDA was giving to them. Mr. Church responded that the way he understood it, of the money they were requesting, the RDA would be giving US Steel $2,478,000, and a check to Anderson Geneva for land impact and a reimbursement when Anderson Geneva grades some property. If the RDA wrote a check to Anderson Geneva for land, and Mr. Anderson's instructions to the RDA were that they were not paying for land costs, that was the problem. He said that staff felt that they should get a credit for the money reimbursed by US Steel. Mr. Church said that staff wanted to know where the money was going.

Boardmember Fullmer asked about the money back from US Steel in the amount of $2.13 million for the west side and $3.16 million for the east side. Mr. Church stated that the RDA had committed to do the work for the west side, which was not an issue.

Chair Farnworth asked about the $2.478 million. Mr. McHargue said that he understood that it was a floating number depending on how much the site prep ended up costing. Chair Farnworth asked what number they were looking at. Mr. Church replied that it was the land impact.

Mr. Walker stated that one of the issues was that they would be taking 50 acres and making it the worst property in all of Geneva. He explained that the materials had to be properly moved, capped, and monitored forever. He said that US Steel was not willing to take on that land and credited Anderson Geneva for the impact. He felt that what US Steel was crediting them was too low for land that they had to hang onto for several generations.

Chair Farnworth said that the board had committed $24.2 million and the only other option was putting it on rail cars and shipping it off for a cost of $400 million and not clean up the land. He stated that the taxing entities were only willing to give them $335 million. He said that they understood that there was not enough money to clean up the land to a pristine level. He said that they agreed to $24.2 million and wanted to know how much the board valued cleaning up the area. He felt that staff had done their due diligence and that the money had to be spent on remediation, at the expense of the taxpayer. He felt that the best value was to work with the developer and asked if it was worth the process and worth haggling over the money that needed to be spent on remediation. He asked if they would be able to make the $24 million back in tax revenue in the next 25 years.

Mr. Church said that they wanted everyone to understand that there were more projects than there were funds. If they felt that this was an appropriate use of the money then there would be no other use of the money than for cleanup and infrastructure projects. He said that for transparency, Anderson Geneva's request had a land impact component going to Anderson Geneva from US Steel. He reiterated that staff's understanding was that the RDA would not be paying for land.

Mr. Anderson asked what the boards position would be if Anderson Geneva spent all of the money and then asked for reimbursement. Mr. Church replied that they would not be reimbursed. Mr. Church explained that they were reimbursing Flagship at Anderson Geneva's request to make the deal. Mr. Anderson said that they were asking for less than originally requested.

Mr. Church stated for the record that they represented to the taxing committee that the RDA was not there to relieve the landowners of their obligation to clean up, but to be a betterment from their minimum obligation. Mr. Walker mentioned that they had already put in $23 million. He said that if they did not get the money, then they would be in breach of contract with US Steel and US Steel would sue them.

Boardmember Flake asked if Anderson Geneva had spent $2 million on remediation out of their own pockets. Mr. Anderson replied that they had spent $23 million out of their own pockets. Boardmember Flake felt that they were arguing over semantics. He said that if Anderson Geneva had spent the money and the board had already agreed that they were prepared to help with remediation, then instead of arguing over semantics, give the RDA a bill for the remediation which they had already paid for and take those two things out of the equation.

Mr. Walker said that to go in front of the board, get approval, and have a vested right versus hoping down the road to get approval from a board that had not been overly friendly with these approvals, it was like giving away something they had in exchange for something they wanted.

Mr. Anderson asked Boardmember Flake to be more specific on his proposal. Boardmember Flake said the Anderson Geneva had asked for money that was currently in dispute. He was saying that it appeared to him that they had spent money that came under the edict of remediation. He stated that he was disappointed in both sides that they could not come to a resolution before it reached this stage. He felt that there was an easy way to solve the problem with the same amount of money that they paid for remediation, and make it a quid pro quo. Mr. Anderson expressed that they would be willing to do that if the RDA would be willing to pay for the line items discussed.

Mr. Church stated that it would be a policy decision. He felt it was form without substance and that it did not matter. Chair Farnworth said that they would have to back it up with paperwork.

Mr. Walker stated that they were looking for an amount equal to the land credit.

Boardmember Fullmer felt that they should continue the discussion at another meeting. She wanted the board to listen to the minutes and research the request. Chair Farnworth was concerned with the timing. Boardmember Fullmer recommended that they meet again on November 21. Boardmember Flake suggested that they hold another RDA meeting on the November 15.

Mr. Walker felt that this could be a simple change to their request. Boardmember Fullmer stated that she wanted to listen to the minutes and read through the presentation and application.

Motion: Boardmember Fullmer moved that the board listen to the minutes and research the information given and come back to the table.

Chair Farnworth felt that if the board were going to give them a reimbursement anyway, they should just pay the bill. They had already committed to the $24 million. Boardmember Fullmer stated that she was personally requesting a week's worth of time to listen to the minutes and come back and approve it. Mr. Anderson asked for a commitment to make a motion either way. Boardmember Fullmer stated that she was willing to vote on a motion.

Boardmember Goodman seconded the motion.

Boardmember Flake asked what the motion was. Chair Farnworth stated that Boardmember Fullmer's motion was to take a week's time, study the issue, listen to the minutes and do their due diligence and come back with a commitment to either reimburse them for the remediation money or pay the bill in front of them. Boardmember Flake reiterated that their commitment was to act. Boardmember Fullmer stated that she wanted the board to have a decision made and agree to vote on it.

Amended Motion: BOARDMEMBER FULLMER MOVED TO HAVE THE BOARD TAKE A WEEK, REVIEW THE INFORMATION AND VOTE ON IT ON NOVEMBER 15 AFTER THE JOINT SESSION. BOARDMEMBER GOODMAN SECONDED THE MOTION. CHAIR FARNWORTH, BOARDMEMBERS FULLMER, GOODMAN, AND RILEY VOTED AYE. BOARDMEMBER FLAKE VOTED NAY. MOTION CARRIED WITH ONE OPPOSED.

ADJOURNMENT

Chair Farnworth called for a motion to adjourn the meeting.

Motion: BOARDMEMBER FLAKE MOVED TO ADJOURN THE MEETING AT 9:14 PM. BOARDMEMBER RILEY SECONDED THE MOTION. CHAIR FARNWORTH, BOARDMEMBERS FLAKE, FULLMER, GOODMAN, AND RILEY VOTED AYE. MOTION CARRIED UNANIMOUSLY.

The next RDA meeting is scheduled for November 15.

MINUTES APPROVED ON: November 15, 2017

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