



**West Point City
Community Development and Renewal Agency**

West Point City Hall
3200 West 300 North
West Point City, UT 84015
February 3, 2015

Board Chair
Erik Craythorne
Board
Jeff Turner, Vice Chair
Gary Petersen
Jerry Chatterton
Andy Dawson
R. Kent Henderson
Executive Director
Kyle Laws

Community Development and Renewal Agency Organizational Meeting

Minutes for the West Point City Community Development and Renewal Agency held at the West Point City offices, 3200 West 300 North, West Point City, Utah 84015 on February 3, 2015 at 6:00 pm with Vice-Chair Jeff Turner presiding.

CDRA BOARD MEMBERS PRESENT – Jeff Turner, Vice-Chair; Jerry Chatterton, Board Member; Gary Petersen, Board Member; Kent Henderson, Board Member; Andy Dawson, Board Member; Kyle Laws, Executive Director; and Misty Rogers, Secretary

EXCUSED - Erik Craythorne, Chairman

VISITORS – Randy Sant and Rob Ortega

1. **Call to Order** - Vice-Chair Jeff Turner

Pledge of Allegiance – Repeated by All

Prayer – Mr. Gary Petersen

2. **Communications from Staff** – none

3. **Citizen Comment** – none

4. **Adoption of the Minutes from the November CDRA Meeting**

Mr. Jerry Chatterton motioned to approve the minutes from the November 18, 2014 CDRA meeting.
Mr. Kent Henderson seconded the motion.

The Board unanimously agreed.

5. **Discussion of Financing for the 300 North Project Area** – Mr. Randy Sant

Mr. Randy Sant stated Weber Basin Water and all other taxing entities have adopted the Interlocal Agreement with CDRA of West Point. On February 17, 2015, the CDRA will meet again and the board will be asked to adopt the Interlocal Agreements with the taxing entities.

Mr. Sant informed the board that he and members of Staff have met with Smith's and the developer to discuss costs. When Smith's and Kroger create their budget, a request for the funds must be made. If there is a shortage of funds, another funding source must be obtained. The developer would like to begin the development within the next few months.

Mr. Sant stated the Smith's project has a \$2 million dollar shortfall and Staff has contacted Smith's to discuss options. He then reminded the board that the potential tax increment for the development is \$2.1 million and there will be enough tax increment to cover the shortfall. Mr. Sant then proposed the following plan to the board:

Mr. Sant stated roadway dedications must occur and the developer (Gary Wright) has agreed to help reduce the \$2 million shortfall by up fronting the money and be reimbursed from tax increment at a later date. This will decrease the shortfall by approximately \$300,000. The CDRA will not waive the Impact Fees, but will use tax increment to pay the Impact Fees on the project. Smith's will then file for permits and the development process will begin. Mr. Sant stated this process works well for the City, as Impact Fees must be spent within a specific amount of time after the fees are collected. This process will decrease the shortfall by approximately \$550,000. This will leave a remaining shortage of \$1.1 million for the improvements of the Smith's Development.

Mr. Sant proposed that the CDRA issue a bond for the \$1.1 million difference. The first pledge of the tax increment will be used for the bond payment. Mr. Sant then recommended the CDRA enter into an Interlocal agreement with the City. The Interlocal agreement would specify that if the CDRA couldn't make the bond payment, the City would make the payment on their behalf. If the City made a bond payment on behalf of the CDRA, the tax increment would be used to pay the City back.

Mr. Sant stated that the City will receive approximately \$108,000 in tax increment from the Smith's Project. He then stated that once the entire development (including the pad sites out front) has been completed, the City will receive \$149,000 in tax increment.

Mr. Sant presented bonding options the CDRA board.

- 15 Year bond, assuming the CDRA has to fund debt service the annual payment is \$110,000. If a bond can be obtained without debt service the annual payment is \$100,000.
- 10 Year bond, if a bond can be obtained without a debt service, the annual payment is \$95,000. If bond can be obtained with a debt service the annual payment is \$97,000. (Mr. Sant notified Mr. Laws after the meeting that his information was wrong on the 10 year bond and that the payment would be closer to \$127,000.)

Mr. Sant recommended the CDRA obtain a 10 year bond, the tax increment can be collected for 15 years. The bond would be paid first and after the bond has been paid in full the CDRA would then pay right-of-way costs, impact fees, and anything which is short.

Mr. Sant then recommended the CDRA enter into an agreement with Smith's. If the store isn't completed or it closes within the first ten years, Smith's would be responsible for the bond payment. Mr. Sant stated the money isn't needed up front, it is needed when the store is opened.

Council Member Chatterton asked what interest rate could be obtained for the bond. Mr. Sant stated the interest rate for a 10 year bond with a debt service reserve fund is 3.77%, the interest rate using a public offering is 3.88% without a debt service, and using a private placement the interest rate is 3.91%.

Mr. Sant stated interest rates are good. He then stated there may be one year that the City may need to make the bond payment. When tax increment can be collected is determined the store opens and it is placed on the tax roll. Mr. Sant stated the overall risk of the bond is low. He then clarified that a bond will not be issued until Smith's has entered into agreements with the City and CDRA.

Mr. Sant stated the developer will not receive a payment for any of his responsibility until he has built everything. The increment being paid out will first be used for the bond payment, second for impact fees, and third to the developer. He then stated that it is projected that after 15 years and after the bond has been paid in full, the CDRA will have \$680,000 to be used to cover impact fees and other negotiated developer costs.

Council Member Chatterton asked if Kaysville City had a similar issue and agreement with Smith's. Mr. Sant stated no, Kaysville was in a different situation, they were able to up front a significant amount of money.

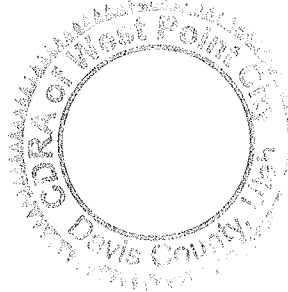
Council Member Turner asked if there is a downside to the proposed process. Mr. Sant stated there is minimal risk to the City and the CDRA. He then stated the developer will not receive any payment until his development is complete. This puts the developer at risk in the amount of \$300,000. Mr. Sant informed the Council that the CDRA has the ability to bond for \$9 million, if it chose to do so.

The CDRA board expressed their support with plan proposed by Mr. Sant. Council Member Chatterton expressed his appreciation to Mr. Sant

6. Motion to Adjourn

Mr. Petersen motioned to adjourn.
Mr. Dawson seconded the motion.

The Board unanimously agreed.



Approved this 17th day February, 2015



Agency Chairman, Mr. Erik Craythorne



Executive Director, Mr. Kyle Laws



Agency Secretary, Mrs. Misty Rogers