

CLEARFIELD CITY COMMUNITY DEVELOPMENT AND RENEWAL AGENCY
MEETING MINUTES
6:00 P.M. WORK SESSION

August 26, 2014

(This meeting was held prior to City Council work and policy sessions.)

PRESIDING:	Bruce Young	Chair
PRESENT:	Keri Benson	Director
	Kent Bush	Director
	Ron Jones	Director
	Mike LeBaron	Director
	Mark Shepherd	Director
STAFF PRESENT:	Adam Lenhard	City Manager
	JJ Allen	Assistant City Manager
	Brian Brower	City Attorney
	Greg Krusi	Police Chief
	Scott Hodge	Public Works Director
	Kim Dabb	Operations Manager
	Scott Hess	Development Services Manager
	Eric Howes	Community Services Director
	Curtis Dickson	Community Services Deputy Dir.
	Rich Knapp	Administrative Services Director
	Jessica Hardy	Accountant
	Nancy Dean	City Recorder
	Kim Read	Deputy Recorder

VISITORS: Paul Morris – MIDA, Kathryn Murray, Mike Wagstaff - MIDA

Chair Young called the meeting to order at 6:00 p.m.

DISCUSSION ON A LOAN AGREEMENT WITH CLEARFIELD STATION LLC

JJ Allen, Assistant City Manager, reminded the Board of the discussion which took place during the work session of July 8, 2014 and updated the Board on the Loan Agreement with Clearfield Station. He stated the Board's comments had been conveyed to the developer and indicated the purpose the current discussion was to determine the dollar figure of the loan and suggested the Board determine what it could commit. A discussion took place and the Board determined the maximum amount it could commit in the form of a loan was \$1.5 million.

Mr. Allen informed the Board that Clearfield Station was proposing the property acquired with the loan proceeds be the designated collateral pledged for the loan. He indicated since the acquired property would be used for public streets, there was little collateral potential for it. He had then suggested to the developer that Lot 1C in the development was a possible collateral source to which the developer responded that wasn't an option because it could negatively

impact financing options and loan approval for the development. He pointed out where 1C would be located in the proposed development.

Mr. Allen reminded the Board it had asked for personal guarantees from John Thackeray, Kevin Garn and UTA and Mr. Thackeray and Mr. Garn had agreed to that provision; however, no lien could be placed against any personal assets. He further stated the developer indicated UTA could not be a guarantor and believed its risk associated with the development was in its allowing the property to be developed.

Adam Lenhard, City Manager, emphasized the City was taking on a substantial risk compared to a bank that had significant assets to offset its risks. Mr. Allen added the developer really hadn't provided the City with a good option for collateral. Director Shepherd suggested that maybe Clearfield Station didn't really need the City's money and pointed out all parties were familiar with Davis County's loan agreements and emphasized the proposed loan agreement was patterned after Davis County's procedures. He expressed his opinion if the developer wasn't willing to provide the personal guarantees, the City should consider not providing the requested loan.

Director Benson asked if the developer was dealing with Davis County instead of Clearfield, what would be required for collateral. Mr. Lenhard responded he was aware of previous instances in which borrowers had pledged their personal homes as collateral. Mr. Allen mentioned outside counsel was still reviewing the proposed loan agreement and indicated he would need to forward official comments from the Board following the evening's discussions.

Brian Brower, City Attorney, reminded the Board it had contractually agreed in the Development Agreement to consider loaning the requested funds and suggested staff was requesting direction from the Board to negotiate terms. A discussion took place regarding collateral associated with the loan. Mr. Allen clarified the property acquired with the loan wasn't adequate collateral and the Board would be requesting the ability to lien personal assets of Mr. Thackeray and Mr. Garn.

Mr. Brower requested clarification from the Board regarding collateral pledged by UTA for the loan and a discussion took place. He mentioned there might be statutory restrictions associated with pledging collateral from UTA and its officials and suggested the City consider the use of an interlocal agreement for guarantee.

Mr. Allen informed the Board of the developers proposed amortization schedule of thirty years which included payments for the first two years following the advance be interest only. He continued regular payments would take place for years three through nine and a balloon payment for the remaining balance on year 10. He reported staff believed amortizing the loan over 30 years was too long because of the large payment on the back end of the loan. He mentioned even though the CDRA fund could handle that, it just wasn't a good idea and the consulting attorney suggested the loan be amortized over ten years. Chair Young suggested defining the draw down method for disbursement. Mr. Allen requested feedback regarding the repayment schedule and a discussion took place.

Chair Young and Director Benson stated they were not comfortable with a 30 year amortization. The Board agreed a 10 year amortization was more appropriate. Mr. Allen proposed a conference call between staff and the developer negotiating talking points from the evening's discussion might be better than written comments going back and forth. The Board expressed agreement with that suggestion and Mr. Allen indicated he hoped to have everything in place for the meeting scheduled for September 9, 2014.

Director Jones moved to adjourn as the CDRA and reconvene as the City Council in a work session at 6:19 p.m., seconded by Director Benson. All voting AYE.

The work session reconvened at 8:35 p.m.

Director Shepherd moved to adjourn to a CDRA Closed Session at 8:38 p.m. for the purpose of a strategy session to discuss the purchase, exchange, or lease of real property. Utah Code Ann. § 52-4-204 and §52-4-205(1)(d), seconded by Director Benson. The motion carried upon the following vote: Voting AYE – Directors Benson, Bush, Jones, LeBaron, and Shepherd . Voting NO – None.

The minutes for the closed session are kept in a separate location.

**APPROVED AND ADOPTED
This 28th day of October, 2014**

/s/Bruce Young, Chair

ATTEST:

/s/Nancy R. Dean, Secretary

I hereby certify that the foregoing represents a true, accurate, and complete record of the Clearfield Community Development and Renewal Agency meeting held Tuesday, August 26, 2014.

/s/Nancy R. Dean, City Recorder

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