

MINUTES OF THE VINEYARD
REDEVELOPMENT AGENCY BOARD MEETING
240 East Gammon Road, Vineyard, Utah
January 24, 2018 – 6:00 PM

Present

Chair Julie Fullmer
Boardmember John Earnest
Boardmember Tyce Flake
Boardmember Chris Judd

Absent

Boardmember Nate Riley

Staff Present: City Manager/Finance Director Jacob McHargue, City Attorney David Church, Sergeant Holden Rockwell with the Utah County Sheriff's Department, Community Development Director Morgan Brim, City Planner Elizabeth Hart, Water/Parks Manager Sullivan Love, Building Official George Reid, City Recorder Pamela Spencer, Planning Commission Chair Cristy Welsh

Others Present: Janet West, Jeff Gochnour and Eric Gaoiran with Cottonwood Partners, Laura Lewis with Lewis, Young, Robertson and Burningham

7:06 PM RDA MEETING

Chair Fullmer opened the meeting at 7:06 PM.

CONSENT AGENDA:

- a) Approval of the January 10, 2018 RDA Meeting Minutes

Chair Fullmer called for a motion.

Motion: BOARDMEMBER FLAKE MOVED TO APPROVE THE JANUARY 10, 2018 MEETING MINUTES. BOARDMEMBER JUDD SECONDED THE MOTION. CHAIR FULLMER, BOARDMEMBERS EARNEST, FLAKE, AND JUDD VOTED AYE. BOARDMEMBER RILEY WAS ABSENT. MOTION CARRIED WITH ONE ABSENT.

BUSINESS ITEMS:

2.1 DISCUSSION – The Forge Parking Structure

City Manager/Finance Director Jacob McHargue will introduce Cottonwood Partners, who is requesting that the RDA participate in funding the building of a 783 stall, 5 level, 300,000 square foot parking structure on Lot 7 of The Forge at Geneva development.

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

Mr. McHargue introduced the applicants Janet West and Jeff Gochnour with Cottonwood Partners. He mentioned that Laura Lewis with Lewis Young Robertson and Burningham (Lewis Young) was also present to help answer any questions the board might have.

Mr. Gochnour explained the layout of The Forge Development. He stated that they were there to request support for a parking structure which would be located on Lot 7. He said that they needed density to support the area. He explained that if they were to develop one building at 100,000 to 125,000 square feet they would need a ratio of four and five parking stalls per thousand square feet respectively. He said that having ground level parking would defeat the purpose of a dense mixed-use project. He said that their objective was to make it a special place that was pedestrian friendly.

Mr. Gochnour reviewed The Forge's plan with a parking structure. He noted that they were looking at having two office buildings:

- Forge I 65,000 square feet 3 stories
- Forge II 121,000 square feet 4 stories
- Hotel 110,000 square feet 100 rooms
- Commercial 25,000 square feet
- Parking Structure 300,000 square feet 5 levels 783 stalls
- Total 623,000 square feet

Mr. Gochnour explained that the parking would be a shared use with all of the buildings. He said with this layout they would have 2.5 times more in terms of development intensity.

Mr. Gochnour noted that there would be 5,200 square feet of retail fronting the parking structure. Mr. McHargue mentioned that this would be consistent with the bottom level of the office building. Mr. Gochnour explained that they were including an 18-foot ceiling height for retail on the bottom level of the office buildings. He said that it could be used for office space or a shared mixed-use until they were able to get retail in those spaces.

Mr. Gochnour explained that the first two levels of the parking structure would fall within the first floor of the office buildings because of the 18-feet of height. Levels three and four of the parking structure would be consistent with levels two and three of the office buildings. Level five would be below the roof-line of Forge I, with Forge II being higher. He said that the top of the parking structure would include a photovoltaic system which would create covered parking.

Boardmember Earnest asked about the height of the hotel. Mr. Gochnour replied that it had not been determined yet, but thought it would be around three stories.

Mr. Gochnour explained that there would be screening devices on the parking structure such as a green screen, metal panels, and perforated panels. He said that the panels could have images on them such as the old Geneva Steel site.

Mr. Gochnour showed a 3D model of the site and different views of the buildings on the site and their height comparisons.

Mr. Gochnour reviewed the costs:

- Land \$1,290,000
- Construction \$14,900,000
- Design \$400,000
- Development \$765,000
- Other \$300,00
- Total \$17,000,000

Mr. Gochnour gave a timeline for each building. He said that their intent was to start one, if not two, office buildings this year. He said that the hotel developer was looking at starting in 2019. Summary:

	Square Feet	Cost	Jobs
Forge I	65,000	\$17,000,000	260-325
Forge II	121,000	\$28,000,000	490-675
Hotel	110,000	\$13,000,000	30-40
Commercial	25,000	\$5,000,000	20-30
Parking Structure	300,000	\$18,000,000	0
Total	623,000	\$81,000,000	800-1,070

Boardmember Judd asked Mr. Gochnour what he thought the commercial use would be on the west side of the site. Mr. Gochnour replied that that had not been determined yet. He said that they had had some sports-related interest such as a climbing gym with a retail store.

Mr. McHargue explained that he had worked with Lewis Young to analyze how much money would be available from the site. He presented comparable costs for similar parking structures around the valley.

Parking Structure Costs Per Stall

America Fork	\$14,000
Sandy	\$12,500
Vineyard	\$17,800
<u>National Average</u>	<u>\$18,599</u>
Total Average	\$15,745

Mr. McHargue mentioned that staff had been working on this with The Forge for about three months. He said that the RDA was maxed out with current money so they had to come up with a performance-based incentive. He explained how it would work:

- A performance-based incentive would help eliminate risk for the RDA.
- The developer would provide up-front costs and would be reimbursed over time through tax increment generated on the site.
- The developer had the incentive to develop quickly and with a high-quality product because their reimbursement would be directly tied to the values they created on their site.

- The RDA had entered into performance-based incentive programs on two projects in the past:
 - Megaplex
 - Water’s Edge

Mr. McHargue explained how the tax increment worked.

- Tax Increment Formula
 - = (Taxable Value - Base Value) * Combined Tax Rate
- RDA Share of Tax Increment is 75%
- Forge Lot 7 includes plan for hotel, office buildings, & retail. Triggering their phase in 2019.
- RDA would begin collecting tax increment from this site in 2020 and would continue through 2045
- Projected RDA Increment

○ 2020	\$458,926
○ 2021	\$458,926
○ 2022	\$550,617
○ 2023 – 2045	\$573,794

Mr. McHargue said that there were two bonding options

- C-PACE Bonds (Commercial Property Assessed Clean Energy). He said that with the C-PACE bond the RDA would be the financing mechanism but would not be obligated to make the bond payments. Ms. Lewis mentioned that the bonds had to be issued as a conduit through local government and they could not make the payment. Mr. McHargue noted that the developer would own the building.
- Special Assessment Bond. The RDA would be the financing conduit and could be obligated to make the bond payment. The city or RDA would own the structure. Mr. McHargue explained that the RDA would never be able to fund 100% of the parking structure.

Ms. Lewis explained that with either option the tax increment would go to the developer and the financing would be separate from the tax increment. She said that with either option the developer would receive a Special Assessment notice, which could be carried on the property tax bills and would trump any first trust deeds. Boardmember Judd asked if the city would receive a separate title policy. Ms. Lewis replied that it would show on the title policy “subject to any Special Assessment.” She said that they would have the board record a “Special Notice of Interest.”

Boardmember Judd asked if the different options had a different maturity. Ms. Lewis explained that, by state law, C-PACE Bonds could be amortized over 25 years and the Special Assessment Bond over 20 years.

Mr. McHargue explained that there were requirements on the value of the site and how big the C-PACE bonds could be. He said that they estimated that they could do a C-PACE Bond for just over \$14 million at an interest rate of 6.25 percent. He stated that with other obligations the RDA would only be able to share about 70% of the tax increment.

Mr. McHargue gave a breakdown of the shared tax increment, annual debt service contribution, etc., for both bonds.

Boardmember Judd asked what would happen on the C-PACE option if the developer defaulted. Ms. Lewis explained that the C-PACE lender would trump other lenders. She explained the process she went through to acquire a C-PACE bond. She mentioned that C-PACE bonds were new to Utah.

Boardmember Earnest asked what the dollar amount was that the developer was asking the RDA for. Mr. Gochnour stated that this was their obligation and it would depend on the amount of the bond. Ms. Lewis said that it would depend on what the lender was willing to fund. The RDA was being asked to consider the contribution towards tax increment. There was further discussion about C-PACE bonds.

Boardmember Judd asked why 70%. Mr. McHargue replied that it was a number that they used which was lower than the other participation agreements and would allow the city to fund other obligations. He added that this was just on the 7 acres and would be a catalyst to get the development moving and spur growth on the entire project. He said that the RDA could not come close to what the developer was asking for, but were able to come to almost a 50/50 split.

Boardmember Earnest asked if this would free up more RDA funds for other needs. Mr. McHargue replied that the financing option was necessary because the RDA did not have the funds to give them.

Ms. Lewis explained that, in the last year and a half, she had assisted two other cities in developing parking structures and this was the only way to make it work. Mr. Brim mentioned that from a planning perspective they were under a geographical constraint. He felt that this would promote the best use of the resources.

Mr. McHargue asked the board to reach out to staff with questions and if needed they could hold another work session prior to the next RDA meeting, which was scheduled for February 28.

Boardmember Judd asked Mr. Gochnour if he felt that it was feasible to get lease rates comparable to the Point of the Mountain area, which encompassed the area from Pleasant Grove to Sandy. Mr. Gochnour felt that with how they were hoping to develop this project, they could. He explained what the rental costs currently were. He said that if they had to bear the entire cost of the parking structure it would add \$4 to \$5 a square foot to the rent and they would not be able to compete.

Boardmember Judd asked if this would give the developer a competitive advantage over other developments in Vineyard. Mr. Gochnour thought that other projects would want similar help. He felt that if they were successful, the rents would escalate so they could afford the parking structure. He explained the how the Cottonwood Corporate Center in Salt Lake City was developed. He said if they built the right product and market they could pay for the structure.

Boardmember Judd felt that there should be a façade on the west side of the parking structure facing Mill Road. He thought they should include retail on that side. He felt that it would set Vineyard apart and hopefully drive demand up. He also felt it was a good thing for the RDA. Mr. Gochnour noted that they had looked at other options for the west side.

ADJOURNMENT

Chair Fullmer called for a motion to adjourn the meeting.

Motion: BOARDMEMBER FLAKE MOVED TO ADJOURN THE MEETING AT 7:50 PM. BOARDMEMBER JUDD SECONDED THE MOTION. CHAIR FULLMER, BOARDMEMBERS EARNEST, FLAKE, AND JUDD VOTED AYE. BOARDMEMBER RILEY WAS ABSENT. MOTION CARRIED WITH ONE ABSENT.

RDA meetings are scheduled as needed.

MINUTES APPROVED ON: February 28, 2018

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