

BOUNTIFUL REDEVELOPMENT AGENCY

Meeting Minutes of: Thursday, December 18, 2014

Location: City Council Chambers, Bountiful City Hall, 790 South 100 East, Bountiful, Utah

Present: Chairman – Randy Lewis; Board Members – Richard Higginson, Beth Holbrook, Kendalyn Harris; Redevelopment Director – Chad Wilkinson; City Manager – Gary Hill; City Attorney – Russell Mahan

Excused: Board Member – John Marc Knight

Absent: Board Member – John Pitt

Welcome

1. Chairman Randy Lewis opened the meeting at 4:22 p.m. and welcomed those in attendance.

Agenda Items

2. **Consider approval of minutes for October 28, 2014.**

Mr. Higginson made a motion to approve the minutes for October 28, 2014. Ms. Holbrook seconded the motion.

A Mr. Lewis
A Mr. Higginson
A Ms. Holbrook
A Ms. Harris

Motion passed 4-0.

3. **Consideration of partial Reconveyance of collateral under Trust Deed for Village on Main RDA loan – Mr. Chad Wilkinson.**

Larry Kocherhans (1525 North Main Street, #105, Bountiful) was present, representing Village on Main.

Redevelopment Director, Chad Wilkinson, presented a summary of the staff report (the full staff report follows).

On December 17, 2014 the City received a request from representatives of Village on Main, LLC to release the lien on Lot 1 of the Village on Main Street Commercial Subdivision in order to facilitate the sale of the property for the development of a medical office building which recently received site plan approval from the Bountiful City Council. The scheduled closing date for the purchase of the property is Monday December 22, 2014. The property is currently listed as collateral on a Trust Deed used to secure an RDA business development loan for another portion of the Village on Main development. The Trust Deed includes Lot 1 and Lot 4 of the subdivision as collateral for the loan. The original loan amount was \$260,000 dollars approved by the RDA board in May of 2013. The applicant is current on their RDA loan payments and has an outstanding balance of approximately \$193,000 dollars.

The applicant proposes to continue to use Lot 4 to secure the loan but to remove Lot 1 as collateral. The process for accomplishing this is a document called a reconveyance. The RDA is currently in second position and another loan with a current balance of \$294,000 is in first position. The applicant proposes to use the proceeds of the sale of the property to pay down the first position loan and anticipates complete payoff of the loan in the spring of 2015. Once the first position loan has been paid off, the RDA would move into first position on the property. The market value appraisal for Lot 4 submitted with the original application showed a value of \$525,000 dollars. Based on the remaining balance on the first position loan, the property has remaining equity of \$231,000 which will provide adequate collateral for the balance of the RDA loan.

The proposed reconveyance will reduce the overall collateral available to the City in case of default. However, the RDA will still maintain Lot 4 as collateral with the opportunity to move into first position on the properties with payoff of the first position loan. The reconveyance will also allow for continued development of the Village on Main project which will be a benefit to Bountiful City.

Recommendation

It is recommended that the Redevelopment Agency Board approve the requested partial reconveyance of collateral and to authorize staff to execute the necessary documentation.

Ms. Holbrook noted that the market value appraisal was dated 2012. Mr. Wilkinson stated he was comfortable with that appraisal. Mr. Kocherhans expressed his appreciation to the board for meeting on short notice. He stated that proceeds from Lot 1 will go to the county, and he has been trying to sell that pad for quite some time. Mr. Kocherhans pointed out that pad 4 does not have good access and that possible future access off Pages Lane might help. He noted that he has been faithful in making his RDA payments. Chairman Lewis noted that the city's partnership with Mr. Kocherhans is a good one.

Mr. Higginson made a motion to approve the partial reconveyance of collateral under Trust Deed for Village on Main RDA loan. Ms. Holbrook seconded the motion.

 A Mr. Lewis
 A Mr. Higginson
 A Ms. Holbrook
 A Ms. Harris

Motion passed 4-0.

4. RDA Director's report and miscellaneous business.

Mr. Wilkinson reported that in April of 2014 the RDA approved an agreement with Bountiful Mazda which included conveyance of an RDA parcel to them after completion of construction work on a building. They are currently under construction in that building, and the city has received a request to convey property. The city is trying to time it so the conveyance can be completed about the time the building is finished. This conveyance was previously approved.

A discussion ensued regarding the recent business closure of Xtra Automotive. Mr. Wilkinson stated they are current on their loan. Mr. Mahan pointed out that Xtra Automotive cannot assign their loan. Mr. Wilkinson stated that the city is trying to find someone to fill that spot.

Adjourn

Chairman Lewis ascertained there were no other items to discuss. Ms. Harris made a motion to adjourn the meeting. Ms. Holbrook seconded the motion.

The meeting was adjourned at 5:18 p.m.



Chad Wilkinson, Redevelopment Director