

**Special Joint Meeting Minutes
Of The Pleasant Grove, American Fork and Lehi City Councils
Regarding
Fox Hollow Golf Course
August 15, 2007
6 p.m.**

PRESENT:

Mayor: Mike Daniels (Pleasant Grove)

City Council Members:

Lee Jensen

Bruce Call

Mayor: Howard H. Johnson (Lehi)

Mayor: Heber Thompson (American Fork)

City Council Members:

Dale Gunther

Shirl LeBaron

Others:

Tina Petersen, P.G. Attorney

Ken Rushton, Lehi Attorney

Kasey Wright, A.F. Attorney

Kent Wells, Course Board Chairman

Rick Roberts, Head Pro for Tri-City Golf

Howard Denney, A.F. Public Works Director

Mary Burgin, Deputy Recorder (Pleasant Grove)

The City Council and staff met at Mayor Daniels' office at 70 South 100 East, Pleasant Grove, Utah. This was an informational meeting with no action to be taken.

1. TO DISCUSS THE PROPOSED GROUND LEASE AGREEMENT FOR THE TRI-CITY GOLF COURSE.

Mayor Daniels thanked everyone for their attendance. He said the meeting had been called to get to the bottom of the consternation that seemed to be surrounding the proposed Ground Lease Agreement. He noted that it was strongly felt that the three cities come together and discuss the proposed agreement. Mayor Johnson said the meeting was a very good idea.

Mayor Thompson from American Fork then explained that the acting City Attorney, Mr. Kasey Wright, had researched agreements concerning the Tri-City Golf Course. He said that Mr. Wright had found that American Fork had attempted over the years to present bills to Pleasant Grove and Lehi for what they felt was owed to them. The bills were ignored, he alleged. He then explained that American Fork's current Council feels strongly that with the wells that are on the golf course, there needs to be an agreement that American Fork City will always have access to those wells. He also said that the proposed ground lease goes beyond the access items, including rights-of-way, also. The

Mayor went on to say that Mayor Daniels had a good observation in bringing the meeting together to discuss concerns. He then went to say that he realized that all three cities had their viewpoints concerning the golf course.

Mayor Johnson from Lehi noted that in the beginning, the three cities purchased state property in order to create the course. Mayor Johnson then asked Golf Pro Rick Roberts how the new irrigation system was coming along. Mr. Roberts said that it is about 85% completed. He said the lawn is greening up quickly and is really beautiful. The Mayor then asked about the clubhouse. Mr. Roberts deferred to Golf Board Chair Kent Wells. Mr. Wells said the ceiling is now out of the clubhouse, and the move to the trailer (which is now on-site) will take place the upcoming Saturday.

There was then discussion on which parts of the course were owned by American Fork City. Attorney Petersen said there was a parcel map with the proposed ground lease agreement that she had handed out.

After further discussion concerning which city owned which parcel, American Fork Council Member Dale Gunther noted that it was his understanding that according to historical documents, there are 80-plus acres that American Fork owns. Mayor Johnson commented that some of that acreage might not be involved in the golf course.

Mayor Johnson asked Mr. Roberts how much is being irrigated on the course. Mr. Roberts said about 180 acres. Mayor Thompson added that American Fork's Public Works Director, Mr. Howard Denney, had informed him that the city will not be able to continue to provide the water for the course. The Mayor said that the water in the ponds on the course would now need to go to their city's pressurized irrigation system.

Mr. Denney explained that the golf course holds no water shares. He said the city doesn't have water shares for rent, either. Attorney Wright asked Mr. Denney what the options were. Mr. Denney answered that each city needs to provide one third of the water rights needed to water the golf course. He suggested they pull from water rights that all three cities hold at the mouth of American Fork Canyon. Attorney Petersen asked how many water rights that each city would then need to provide. Mr. Denney said Horrocks Engineer John Schiess would need to provide those figures.

Attorney Wright asked if the cities could provide water at the diversion point Mr. Denney spoke of. Attorney Petersen said that would again be a question for Mr. Schiess.

Attorney Wright then commented that the first issue was that American Fork City had two wells on the property. He said American Fork wanted to be sure they had access to those wells for use and maintenance, and that the wells would not be compromised. Attorney Petersen said she couldn't see that as a problem. Additionally, Mr. Wells said that the course would be going off the septic system and would be hooking onto the city's sewer system. He said there would be no problem with the course personnel complying with the request.

Concerning Attorney Wright's comments concerning the historical documents he had reviewed and his perception that American Fork had contributed more funds to the golf course than the other two cities, Mr. Wells said his perception was that all three cities had contributed equally; either financially or by in-kind contributions. He said that according to a letter that referred to an auditor's report in 1991, the contributions from the three cities were unequal. Attorney Petersen said she would need a copy of the auditor's report. Attorney Wright indicated that he didn't have a copy of the report. He said he only had a letter that referred to the report. Lehi Attorney Ken Rushton said that it would be difficult to update the auditor's report 16 years down the road.

Mr. Gunther said that in his mind, if the three cities were equal partners, there needed to be equalization. He said that he realized that to adjust past unequal payments into the course by the cities would be difficult, but felt that if a good partnership was to exist between the cities, it needed to "be made right." He said the challenge would be to find a method to make it fair to all of the cities.

Mayor Johnson observed that he saw three issues that had been raised. He said he couldn't see providing Lehi's share of water as a problem. Also, the issue of access and protection of American Fork's wells on the course was easily agreed to. The land issue, however, was a bit more difficult to know how to proceed with this issue. Mayor Thompson indicated that each city would need to research the land issue.

Mayor Johnson said he really didn't know how the money issue could be resolved. He said that in his experience as a businessman over the years, he had to just, "split the assets down the middle and run!"

American Fork Council Member Shirl Le Baron noted that trying to equate monetary and in-kind contributions may have been unequal. Mayor Johnson remarked that maybe the best method would be to go forward from this point and make sure that documentation become clearer in regard to the course.

Mr. Roberts said he didn't know why the cities contributed different amounts. Mr. Gunter noted it would be helpful if the three cities would find documentation as to amounts contributed. He said he likes to get all of the facts down in order to make a good decision.

Attorney Petersen explained that the official auditor's report would need to be seen to see more information on how the contributions were made. Mr. Wright said the letter he had referred to was from the then golf course committee chair, Mr. Bill Pierce to the Mayor of American Fork. Attorney Petersen then expressed concern that trying to go back and create what had happened would be difficult—especially with in-kind services.

"Here is the question," noted Attorney Petersen, "this is going to take some time. Meanwhile, the bond is not yet issued." She said that over \$400,000 in bills need to be paid within the week. She asked if the three cities were willing to again to contribute a third each in funding for the golf course until the bond money comes in. Mr. Wells

added that Mr. Burningham has said that the bond buyer has been getting nervous because it has been taking so long for the cities to sign the paperwork.

Mr. Gunther then commented that he has been in the bond-buying business for many years. He added that the market for bonds is available and the rates have dropped since Mr. Burningham said the deal with the bond buyer was so good. He said it shouldn't be difficult to get a bond buyer at this time. He then told the group that he would like to see a little more information on the table prior to signing the land lease agreement.

Mr. Le Baron said that he also feels there needs to be a comfort level on the past in order to go forward. He said he wants to see some give and take in regard to what has been characterized as inequities in expenditures on the golf course by the three cities in the past.

Mayor Johnson noted that he again would like to suggest that wherever the cities decide to draw the line, he feels everything before that would be even. He also went on to say that Pleasant Grove and his city had both thought that American Fork had derived several benefits from having the course in their city. Mr. Gunter said that argument has always bothered him. He said he knows the other two cities have expressed that thought in the past, but he hasn't really been able to see the large benefit to American Fork by having the course within their city boundaries. Mayor Johnson said he understood. He added that he still feels that the reasonable course for the future would be to go forward and forget the past.

Mayor Thompson observed that he felt that the research, etc, could be done in short order in determining what was fair. Mayor Johnson said that his city could quickly look into the matter, also. Mayor Thompson said the reason for the current meeting was to bring all of the cities together to explore all of the ideas from those communities in regard to the golf course.

Mr. Gunther suggested that perhaps each city could pay a lease payment to American Fork City. He said each city would then own an exact one third interest in the course. He said that there could be some kind of an agreement whereby American Fork could obtain more ground from the other cities (bordering on American Fork) that they could use for an extension of their cemetery. Mr. Le Baron agreed. He said the city is in crisis with the need for more cemetery ground.

After further discussion, Mr. Roberts addressed the group. He said that he, Mr. Wells and the board were a bit frustrated that a year after the three cities had agreed to the improvements on the course, that there seemed to be "foot dragging." With the course being currently worked on, there was a shortfall on revenue. He said he hoped that the cities will be able to come to a resolution quickly. The clubhouse is already in process of being demolished, and he said more monies will be needed within the next month for that project.

Attorney Petersen reminded everyone that the monies will not be available until 30 days after the cities sign off on the ground lease agreement. Mr. Wells said the bills will be about \$500,000 for August and another \$500,000 for September.

Mr. Wright said that he was concerned that if American Fork didn't come to an equitable agreement with Pleasant Grove and Lehi, and the ground lease was signed anyway, that it would be less likely that a quick resolution would come about. Mr. Wells said he didn't appreciate the fact that the two other cities were being held, "hostage" by American Fork's request. He also observed that maybe trying to rush and get the information too quickly would perhaps cause mistakes.

Attorney Petersen explained that what needed to happen was that the bond counsel works with the TCIA in making sure that they have authority through the ground lease agreement. She added that the issues that Mr. Wright and American Fork were raising could be resolved, but really didn't have anything to do with the ground lease agreement; as the other cities had agreed to the other provisions regarding protection of water sources, etc.

Mayor Johnson said the issue needed to be resolved. Attorney Petersen agreed, but said the money/equity issues and water supply issue didn't necessarily need to be resolved prior to the bond counsel receiving their needed information. Mayor Thompson questioned how like it would be that once the ground lease was signed, if the cities would remain interested in resolving, "fair ownership and fair payments." He then observed that he felt that the three cities could work out the identity of each city's ownership in the course.

Mayor Daniels announced that during the discussion, he had tried to pull together the ownership of the parcels on the web. He said that it might be a bit difficult to establish who owes what to whom. In relation to the electrical and lighting, sewer and other services, he said it could become a nightmare to try to sort it all out after all of the years that have passed. He then showed the varying parcels and which city owns them.

Mr. Gunter commented that records will need to be gone through to come up with needed answers. Mr. Wright said that all of the needed records are not always available. Mr. Wells agreed. He indicated that it might be difficult to figure out what was given to the course, "in kind," by the cities over the years. He gave the examples of Pleasant Grove City dredging the river through the course, or taking the insulation out of the clubhouse that was to be torn down, etc. He said that everyone has contributed to the course over the years. He then observed that if there was an attempt at an actual accounting, it would be impossible, if not a nightmare. Mr. Gunther said that the record-keeping needs to become a priority.

Mayor Daniels said he would strongly suggest that the running of the golf club be turned over to the golf committee. He said the committee would then need to sink or swim.

Mayor Thompson noted that validation of ownership could take place with map Mayor Daniels had projected onto the screen. He said it could all come together in a week. Mr. Wright agreed. He suggested that a workable timetable be set for another meeting so that the process could continue to move along.

Lehi City Attorney Mr. Ken Rushton reminded everyone that once the proposal was drawn up, it needed to go before all three Councils. Mr. Le Baron suggested that as much as possible needs to come in from former auditing reports.

Mayor Daniels then came back to the map on the screen. He said it looked like there was 105 acres of joint ownership, with 87 acres that are in American Fork. Mr. Gunther indicated that some of that acreage is not used by the golf course. Attorney Petersen said that the parcel Mr. Gunther is talking about was excluded with the cooperative agreement.

Mayor Johnson said that it looked like American Fork actually owned 67 acres of land. Mayor Daniels said that the map looked like American Fork owned holes 8, 7, 5 and 9. He said only part of 9 was in American Fork. Mr. Gunter said that 86 acres were owned by American Fork; with only 67 in use with the course.

Mr. Rushton suggested that the group meeting the following Wednesday, August 22, 2007, to further discuss the matter. He suggested that those involved try to uncover the actual audit that was being referred to in the letter. Attorney Petersen said that such a report should be with the City Recorder's office.

Please Note: Mayor Johnson left at 7:45 p.m.

Mayor Daniels said that the Golf Course Board is now a separate committee. He suggested that the Board needs to pursue the ownership of the Course. He said that he felt that the Course needed to move ahead instead of being, "bogged down in 35 years of history." Mr. Gunther said the Mayor's idea made sense to him.

The next meeting was then scheduled for Mayor Daniels' office on Wednesday, August 21, 2007 at 6 p.m.

2. ADJOURN

At 8 p.m. the meeting was adjourned.

This certifies that the Special City Council
Minutes of August 15, 2007 are a true,
full and correct copy.

Signed _____
Mary Burgin, Deputy Recorder