

**Pleasant Grove City
City Council Meeting Minutes
Work Session Mini Retreat
August 28, 2014**

PRESENT:

Mayor:

Mike Daniels

Council Members:

Dianna Andersen
Cindy Boyd
Cyd LeMone
Jay Meacham
Ben Stanley

Staff Present:

Scott Darrington, City Administrator
Dean Lundell, Finance Director
Degen Lewis, City Engineer
Tina Petersen, City Attorney
David Larson, Assistant to the City Administrator
Deon Giles, Parks and Recreation Director
Mike Smith, Police Chief
Marc Sanderson, Fire Chief
Ken Young, Community Development Director
Lynn Walker, Public Works Director
Sheri Britsch, Library and Arts Director
Kathy Kresser, City Recorder

The City Council and staff met in the City Council Chambers at 86 East 100 South, Pleasant Grove, Utah.

1) Call to Order.

Council Member Boyd called the meeting to order at 8:15 a.m. and noted that Mayor Daniels would be arriving late. David Larson, Assistant to the City Administrator, gave the opening remarks. Council Member Boyd stressed the importance of staying focused on today's agenda items. City Administrator, Scott Darrington, acknowledged City Recorder, Kathy Kresser's, efforts in preparing for and recording the meetings.

2) Public Safety Building.

a) Utilities and Maintenance.

Administrator Darrington explained that the City pays approximately \$35,240 per year on electricity and natural gas for the current police and fire station. Staff projected these same costs to be around \$62,824 with the new facility. Administrator Darrington informed the Council that electricity and natural gas for the old Recreation Center costs around \$11,271 per year, however, this expense will be eliminated once the building is razed. The difference will then be \$16,313 per year, which the City will incur. This does not take into account any efficiencies with a new building and the heating/cooling system.

Last, Administrator Darrington explained that the current maintenance budget for the police and fire stations are \$6,870 for police and \$1,500 for fire per year. A maintenance budget will be needed for the new facility, but major repairs shouldn't be needed for at least 20 years. Maintenance items include roof repairs, new carpets, re-painting, etc. Ideally, the City will set aside money each year so that when these types of issues arise, they can easily be fixed. However, there are so many current needs that saving a significant amount for future expenses may not be feasible.

Council Member LeMone asked if there will be an overall increase in utilities for the new building. Administrator Darrington answered in the affirmative but stated that he anticipates that the maintenance budget will decrease. Council Member Andersen remarked that a control floor system will also save the City 30% in costs. Council Member Meacham asked how the cost difference was calculated. Administrator Darrington explained that he kept the utilities and maintenance costs separate because they are two different types of expenses. Staff won't be able to project the maintenance costs of the new facility until they've been in the building for a couple of years. He reiterated, however, that staff anticipates that those costs will either remain the same or be reduced.

Parks and Recreation Director, Deon Giles, noted that the new Recreation Center was built seven or eight years ago and they are just now needing to replace a ballast, which has been the most significant portion of the facility's maintenance needs. Police Chief, Mike Smith, indicated that building with cheaper materials and an HVAC system will be cause for more maintenance down the road. Administrator Darrington agreed and stated that based on discussions with MOCA, while less expensive materials and an HVAC system will have lower short term costs, the system will not last as long and ultimately create more expenses later down the road.

b) Technology Costs.

Administrator Darrington presented the three major types of soft costs for the new Public Safety Building, which include technology, furniture, fixtures and equipment (FF&E), and communications. He explained that while staff can anticipate these three major types of expenses, they also expect that there will be additional expenses that they are unaware of presently. The most significant cost will be dispatch, which will include the Cassidian System, 911 trunk lines, Motorola radios, CAD, consoles and a logging recorder. The projected cost of all of these items was approximately \$537,000, with a potential State grant of up to \$230,000.

Administrator Darrington explained that the City's security system needs to be updated, as the current system is very limited in memory. Police Chief, Mike Smith, explained that the camera recording system currently burns to DVDs rather than a hard drive. All types of rooms such as holding cells and interview and court rooms will need new systems installed, which typically begin

recording as soon as a person walks into the room. Administrator Darrington explained that wiring throughout the building for computers, servers, and phones will also be factored into the technology costs. He noted that computers are already funded elsewhere in the budget rather than in the technology budget.

Council Member Meacham commented that the items have been itemized without the associated costs. Administrator Darrington explained that only certain items have been quantified. Furthermore, staff would like the Council and the public to understand that the technology budget of around \$679,000 will likely be used. Council Member Meacham asked if it raises concern that the money is being used without a complete breakdown of what it will be used for. Administrator Darrington answered in the affirmative and noted that the budget shows the other items that are being justified. A full breakdown of the budget, however, cannot be provided until the building is designed.

Council Member Stanley asked about server racks. Chief Smith explained that some are used for the Cassidian system. He was pushing for the part of the system that is cloud based. There are four cities pushing for virtual consolidation. He noted that the information can be stored in Colorado and Florida. Administrator Darrington added that the City has server racks now. Mayor Daniels asked how likely it is that the items listed will fit within the technology budget. Administrator Darrington was unable to provide a direct answer but stated that more details will be made out once a building design and security system are determined. He explained that according to Chad Jones, technology budgets for some cities are as high as 20%, and others are as low as 5%. Pleasant Grove is at 6%. MOCA understood that they need to keep the estimates as low as possible, and 6% was as low as they felt comfortable recommending to the City.

Chief Smith remarked that a functional security system is vital to the Public Safety Building. Council Member Boyd expressed concern with the idea of constructing a new facility and then failing to invest in a security system. She wanted to know if there were any federal grants available through Homeland Security, and whether they have any jurisdiction over certain safety requirements. Chief Smith replied that while Homeland Security doesn't have any specific requirements, the International Association of Chiefs of Police (IACP) is another source that has many recommendations. Council Member Boyd felt that the Public Safety Building should at least meet their recommendations. Administrator Darrington reassured her that if the Council decides that this facility is a priority, the funding will be pulled from every available source in order to make it happen.

Mayor Daniels commented that when he describes the numbers to the public, he is explaining a black hole. Furthermore, the type of language used is the same language that has been criticized in the past. Mayor Daniels remarked that he is looking for a different approach on how to describe the aforementioned matters to the public. Administrator Darrington responded that he would get information on a general price range for the items that don't currently have specific costs associated with them. Mayor Daniels added that the City needs to be able to show the public that they are restraining themselves with taxpayer dollars, but at the same time are examining all feasible options by which to provide these vital services.

Administrator Darrington spoke about furniture, fixtures, and equipment. He explained that much of the furniture currently being used is modular and tied into the walls and designed for specific offices. Some of the furniture can be moved over along with tables and chairs from the Police

Department training room. Chief Smith recalled that the existing tables and chairs cost around \$3,000, and grant money was used to purchase them. Council Member Boyd commented that Community Development will be moving into the old police building and will also need furniture. Administrator Darrington added that the City has a \$15,000 washer and dryer that is used for turnouts in the Fire Department. These are still in great condition and will be moved to the new building. He also explained that the modular desk system is acceptable and the chiefs have indicated that they don't need fancy executive furniture.

With regard to equipment, the City has a \$45,000, large air compressor, as well as a \$3,000 small air compressor that can be brought over from the old building to the new one. New equipment is needed in the evidence room, such as drying equipment and a fingerprinting fuming tank. Furthermore, a breathing apparatus is needed for potential use of toxins. Chief Smith further explained that the building will have rooms built for evidence processing, however, they will be empty for the time being because the City does not have an adequate budget to purchase the proper equipment.

Mayor Daniels asked if staff can identify a priority list of the needed equipment. Chief Smith was not sure if he could obtain a price for a ventilation system for an evidence room from a contractor. Administrator Darrington added that the ventilation system might potentially fall under the budget for the HVAC system as well. He suggested that Chief Smith contact Chad Jones on the matter. There was further discussion on whether to use the old furniture for the new facility and ways to present each item to the public.

Administrator Darrington explained that the current phone system will be transferred over to the new facility. A few phones may need to be upgraded with the purchase of new ones, however, the expense will be minimal. The budget set for communications is around \$169,000. Administrator Darrington was confident that the entire amount will not be needed.

Last, Administrator Darrington presented a list of various FF&E and technology items that will be included in the soft costs. Certain items that can be reused were identified. Administrator Darrington commented that some of the items on the list may not be needed. There was discussion about whether it is worth the time and effort to discuss items such as what furniture to use, prior to the bond passing and development of an architectural plan. Mayor Daniels suggested that only major items be determined at this point, such as technology.

c) Public Hearing - September 16.

Administrator Darrington asked the Council how they would like to approach the public at the Public Hearing to be held on September 16. He explained that the public hearing was scheduled in light of the Council setting a specific bond amount for the ballot in November. Even though this figure cannot be changed, the City is required by State Law to hold a hearing on the matter. Administrator Darrington noted that the meeting will take place at the Junior High.

Council Member LeMone suggested that the meeting be more interactive to allow the Council plenty of opportunities to answer all of the questions that are raised by the public. She felt this was not the case last year, which was detrimental to the overall bond process. She suggested that a time limit be set and felt this would be beneficial for everyone involved. Council Member LeMone remarked that Mayor Daniels has a good way of remaining calm in tense situations. The City will

also have an advantage this time around because they have more answers than they did last year. Council Member Andersen agreed that a time limit for each speaker should be set to avoid redundancy.

Chief Smith suggested that someone make note of each item addressed and display them as the meeting progresses. He felt this may also help avoid repetitive comments from being made several different ways. Council Member Boyd thought it would be beneficial for the Mayor to speak on behalf of the Council, in order for the elected officials to appear more united. Council Member LeMone added that a good approach would be to ask the public for feedback on how the Council can help better inform them of the situation between now and November. Council Member Boyd stressed the importance of communicating to the public that the bond amount was determined based on public input.

Jennifer Baptista inquired about valuation notices. Mayor Daniels replied that they had already gone out. Finance Director, Dean Lundell, added that if the bond passes, taxes will increase the summer of 2015, at which time the public will also receive notice.

Council Member Meacham added his comments to that of the other Council Members by stating that they should be mindful of how they speak to the public. Council Member Stanley agreed and added that they need to be transparent, humble, and good listeners. Council Member Meacham felt that just as comments should be given a time limit, so should their responses. Council Member LeMone explained that they shouldn't be so brief in their responses that the public is left wondering why they even showed up for the meeting. Mayor Daniels suggested that staff have a slide show presentation ready to use as a resource in answering questions. It was clarified that the meeting will be filmed.

City Attorney, Tina Petersen, reminded the Mayor and Council that the public hearing is taking place to allow residents to comment on the proposed bond and associated tax increase. The City needs to make sure that throughout the planning process they don't lose sight of the legal reason behind having the meeting in the first place. Too many restrictions on time and content should be avoided. Administrator Darrington added that one of the slides for the presentation can show the language on the ballot in November.

d) Outreach leading to election.

i. Brochure

Administrator Darrington distributed a draft of the informational brochure to the Mayor and Council. He pointed out that there are a couple of items that need to be changed, namely a chart labeled as Public Safety Tax Impact. He noted that Director Lundell has new numbers for the residential and commercial properties that need be indicated on the chart. Administrator Darrington also explained that the figures will be based on a 20-year premium bond of \$12.6 million, which is information that needs to be included in the brochure.

There was additional input from the Council Members on what adjustments should be made to the brochure, as well as discussion on property values. Mayor Daniels commended staff for their work on the brochure. Administrator Darrington acknowledged Gary Yeates's volunteer efforts and contributions to its production. Fire Chief, Marc Sanderson, remarked that this is the most powerful information tool that the City has on the project.

Administrator Darrington shifted the conversation to the outreach leading up to the bond election. He explained that last year staff went to elementary schools and neighborhood meetings, which were largely ineffective. Administrator Darrington explained that once question and answer periods were opened, the situation became emotional very quickly. Council Member LeMone commented that MOCA was very helpful in running the neighborhood meetings this year.

Attorney Petersen noted that any member of the public wishing to submit arguments opposing the bond will need to make their submission to the Election Officer, City Recorder, Kathy Kresser, by September 15. The City has until September 5 to submit information in favor of the bond. The deadline for all rebuttals is September 25.

Council Member LeMone suggested putting a rendering of the proposed Public Safety Building on billboards in visible locations as an informational tool for citizens. Mayor Daniels added that a weather resistant box with copies of the brochures could be placed in a convenient location as well. Library and Arts Director, Sheri Britsch, explained that in Springville the new library ended up looking nothing like the renderings shown to the public. Several people felt it had been false advertising. She stressed the importance of using verbiage such as "conceptual" or "proposed" renderings, so that people understand that the plans are subject to change. The Council discussed the idea of hosting an open house on the issue as well.

Note: The Council took a 10-minute break.

3) **Debt.**

a) **Current debt.**

Administrator Darrington presented the Council with a chart titled "Debt Security and Funding" for fiscal year 2014/2015. Each line item was reviewed beginning with the 2011 Tax Increment Bond. This was a refinance of the initial bond used to purchase 37 acres of property that was then deeded to the Hammons. Currently, there is \$17 million on that bond which is secured by future tax increment and sales tax. The maturity date is set for December 2021. Director Lundell explained that the bond has a balloon payment, with the anticipation that it will be refinanced at some point in the future. Administrator Darrington added that the bond has an annual payment of roughly \$1.5 million, which is currently being paid for by the Hammons Company.

The 2008 Class C Road Bond has a balance of \$2.5 million, and there is a list of roads that were repaired using those monies. The 2012 Sales Tax Bond was used to construct Pleasant Grove Boulevard, and currently the balance is just under \$4 million. This bond is paid for by sales tax revenues, however, water, sewer, and storm drain impact fees are also used to fund it as well. The 2008 General Obligation Bond was used for the Community Center, and currently there are \$4.2 million remaining on it, which is secured through property taxes.

Next, Administrator Darrington reviewed the Enterprise Fund Debt and noted that the first five items listed on the chart are water revenue bonds on the culinary system. The 1994 revenue bond is set to expire next year, and several of the other bond amounts are fairly low. Director Lundell added that most of the bonds were loans through the State Drinking Water Board, and the interest rates are between one and two percent. Administrator Darrington explained that the 2006B and

2008 Water Revenue Bonds were for the installation of the secondary water system, and there is almost \$19 million remaining. At the time the City decided to either build a water treatment plant or secondary water system, all of the culinary water was being nearly used completely. Therefore, a huge expense was inevitable either way.

Administrator Darrington reviewed separate water revenue bonds from 2010, 2011 and 2013, which were used for the replacement and upsize of waterlines in the Grove and Battle Creek Pipelines, detention basins and property acquisition, respectively. Mayor Daniels pointed out that 99% of the City's current bonds deal with the water system. Administrator Darrington stated that each of the bonds have dedicated funding sources.

b) Potential future bonding items.

Administrator Darrington explained that one of the City's needs is that of a secondary water tank at Walker Ridge. Currently, the cost estimate is around \$2 million, which would roughly be \$1.50 per month per utility connection to make the bond payment. Additionally, the Battle Creek Canyon Pipeline, which was damaged last September during a major storm, needs to be repaired. Repairs for that project are estimated to be around \$1.6 million. Furthermore, Administrator Darrington explained that he has created a five to 10-year window for various projects such as a new well in the Grove Area, which is estimated to cost \$1.75 million. Storm drain basins need to be built at the Pipe Plant, which is mandatory as there will come a time when the City will need this to be a part of the storm drain system. Last, a storm drain line needs to be built from I-15 to Utah Lake. That project is estimated to cost around \$3 million.

Council Member Boyd asked that the plans for the Nature Park be added to the list of future City expenses. The land that would be used are the wetlands located to the east of doTERRA. Council Member Boyd asked if it could potentially be multi-functional as an open space park. Administrator Darrington replied that staff and elected officials should have another meeting to discuss the matter and other items the Council wants to pursue from a financial standpoint. He felt this would be a great discussion item for the all-day retreat in January or February.

Administrator Darrington pointed out that none of the potential projects are \$10 million investments, but are smaller projects that cost between \$1 and \$3 million each. If the utility rates have slight increases each year, this makes it more possible for the City to pay-as-they-go on some projects. Alternatively, if the City can wait a few years and let revenue grow, the City can pay cash rather than pursue another bond.

There was discussion on the necessity of the projects as they were presented. Administrator Darrington remarked that some of the current issues the City is facing are due to growth. Impact fees are earmarked to pay for various projects to help share the cost of the new impact being created. Oftentimes people get nervous when large figures are presented, however, those numbers are formula driven based on the needs of the City and associated costs. If the City decides that they don't want to tax or burden businesses or new residents, the reality is that these projects still have to be completed. Whatever is not collected in impact fees is compensated for by user rates.

Administrator Darrington mentioned that the list presented in tonight's meeting is subject to change. He noted that another future expense will be that of the public works site. The prospective site costs about \$1.5 million and is located adjacent to the current public works site. Initially, staff hoped to

make a pay-as-you-go arrangement for acquiring the property by making payments to the landowner. However, the landowner prefers that the City pay up front. The City now needs to find a way to borrow \$1.5 million and pay the loan off over the next 10 years without raising rates or passing another bond.

Mayor Daniels asked if this purchase could be done through an enterprise fund. Administrator Darrington answered in the affirmative. Director Lundell added that the Road Fund can help pay for it, as well as a portion of the General Fund. Mayor Daniels remarked that \$1.5 million does not feel like a significant amount of money. Administrator Darrington replied that property acquisition will help secure the future of public works.

Administrator Darrington explained that staff does not want to bond for roads. Mayor Daniels asked for the rationale behind this decision, and maintenance was noted as the primary reason. Director Lundell stated that over 70% of the roads budget goes towards principle and interest versus projects. Staff wanted to reclaim some portion of those funds by making pay-as-you-go arrangements on future road projects. Administrator Darrington compared roads to the Public Safety Building and explained that it makes more sense to bond the Public Safety Building and construct it all at once, whereas roads have ongoing maintenance. It makes more sense to secure the revenue source for roads, because the City will always need money to maintain them.

Mayor Daniels agreed that this is a great strategy and asked staff to explain how to get to this point. Administrator Darrington explained that once the 2008 Class C Road Bonds expire, the City will have about \$1 million in Class C road fund monies available every year. Additionally, the City secured another \$200,000 per year about two years ago when the Council decided to earmark these funds in franchise fees.

Administrator Darrington stated that staff is currently putting together the Road Plan. It was noted that the aforementioned bond expires four years from now in 2018. Staff still has yet to define a specific financial figure in order for the City to get completely caught up in bringing roads up to a set standard. Mayor Daniels remarked that staff and elected officials need to gather input from the public on what their expectation is for the City's roads and the level of service they are willing to pay for. The staff and elected officials then discussed ways to solicit and implement this type of input in the most appropriate manner.

Council Member Boyd asked about the projected timeline in proposing a road plan to the citizens. Mayor Daniels replied that a goal had been set of having a plan in place that is ready to be acted upon by next July, for the Fiscal Year 2015-2016 Budget. Council Member Andersen thought it would be wise to be maintain open communication with the public on the matter. Council Member Stanley agreed and added that several people view the City's planning spending as one big issue in general. Administrator Darrington stated that the City can start setting up meetings for public input on the matter within the next couple of months; however, the public process could prolong implementation of the plan. He explained that the plan doesn't necessarily need to take effect right at the start of the new fiscal year. Mayor Daniels commented that including the public in the process will likely lead to a higher probability of success.

c) Debt Philosophy.

Administrator Darrington remarked that much of the City's debt philosophy has been discussed throughout this agenda item. Mayor Daniels concluded that the City is working to get out of debt according to the dates that have been published. With regard to new debt, the public wants concrete information on how much the City will be borrowing over the next several years and how this will affect household expenses. At this point, staff did not have specific numbers readily available to present to the public. Administrator Darrington stressed that if the City decides to bond for any given project, it is because there is a legitimate reason for it. The City does not borrow money simply because they can; rather, money is borrowed for projects that meet community needs. Mayor Daniels suggested that the City's website be utilized more in publishing documents prepared by staff, as a way of addressing citizens' questions.

Council Member Andersen asked at what point the City will feel that they are in catch-up mode. Administrator Darrington expressed his personal feeling that the City will never be completely caught up on utilities. Mayor Daniels explained that if the City can determine the service level that they want to achieve for all of the different classes of roads and an assessment can be made with respect to where they are at, staff can determine the costs of bringing them up to the defined level of service. In order to prevent the City from falling further behind, a bit more can be spent each year which will lead to a trajectory in the future where both paths cross. With regard to utilities, Director Lundell commented that the City is headed in the right direction with water and sewer.

Note: The Council took a 15-minute lunch break.

4) Economic Development.

a) Hammons property.

Administrator Darrington explained that the latest strategy that staff has come up with on the Hammons property is to take a look at the value of the property and potentially sell it to pay off the majority of the bond. The property could then be developed and the future tax increment used to pay off the yearly bond payment. The property has been appraised. Administrator Darrington explained that the property was purchased at the height of the market and it still has not rebounded. Staff felt that the first appraisal was low and recommended getting a second opinion.

Administrator Darrington informed the Council that the property was purchased for around \$15.5 million, but the bond was set for more than that amount because it was also intended for infrastructure. Staff had a particular developer in mind for the property and they were working out a strategy to approach them. The City's contract with Hammons comes due on January 1, 2015, at which point the terms will need to be revisited. To this point, Hammons has been making the annual bond payment.

Administrator Darrington explained that if the City decided not to require 50% retail for the property, it would sell fairly quickly. However, if this restriction is maintained it could take some time to sell. Council Member Meacham commented that the City may have to rezone the property to Commercial Sales if beginning next year they have to start making the bond payments. Mayor Daniels asked if the recent change in company ownership has affected the contract. Attorney Petersen did not believe that the contract was affected. However, the City could technically send a letter to Hammons informing them of a breach of contract, due to Hammons having transferred the title to the property without the City's permission. The contract states that Hammons was not to

transfer the contract to any entity without the City's consent. Administrator Darrington stated that playing that card may not be to the City's benefit.

b) Gardner office project.

Administrator Darrington informed the Council that staff was approached by a group interested in developing the property next to the BMW, which is about nine acres. He reminded the Council that the zoning of the property was changed a few months earlier, which removed the retail restriction. The name of the company is Gardner, and they are interested in doing an office project. It was noted that they currently have the property under contract and are doing their due diligence to move forward. Progress was expected in the next two months. They asked for an incentive from the City. Administrator Darrington commented that this could be an exciting project if it comes to fruition. The company indicated that the market is good for Class A offices right now.

c) Pelatron Manufacturing.

Administrator Darrington explained that he and Mayor Daniels met with a group called Pelatron Manufacturing, who does equipment manufacturing for the military. They would like to build a manufacturing facility in Pleasant Grove and are currently looking at a site located off of State Street. The company has a facility in Lindon, however, they have outgrown it. The Mayor and staff have been working to get them set up with the Governor's Office in order to incentivize them, as they would be bringing many jobs to the State. The company currently has 50 to 75 employees and growth hinges on a contract that they are in the process of finalizing.

The conversation shifted back to the Hammons property. Mayor Daniels asked what the City's next approach with their company CEO will be on the issues previously discussed. Administrator Darrington replied that staff has primarily focused on finding a developer. Mayor Daniels suggested that the City move toward a renegotiation of their contract. Attorney Petersen explained that she considered proceeding forward on an anticipatory breach of contract issue, because in all practicality they can't meet the deadline of January 1, 2015, as specified in the contract. While the City could proceed with this process, all of the redemption periods and opportunities to cure the default will kick, which won't make things go any faster. In response to a question from Mayor Daniels, Attorney Petersen stated that the timeframe for this process will be about 180 days.

Administrator Darrington explained that staff wants to put together a mini-proposal for when they approach the developer, with whom they hope to meet in two weeks. If the developer would like to move in that direction, the City will need to have a different discussion with the Hammons. If the developer does not show any interest in the proposal, the City will need to look into extending the aforementioned contract. Mayor Daniels was supportive of either option, as long as the debt payment is covered.

Administrator Darrington revisited previous comments about selling the property to a developer and then covering bond payments with future tax increments. Director Lundell added that the City would be able to cover these payments for two to three years until the tax increment is generated by the development. Staff was trying to determine what the bond payment will be if the City is able to pay down \$10 to \$11 million on the bond.

There was continued deliberation on the matter. Administrator Darrington was pushing for the sale of the property because there is a one particular developer who has done a project in Utah that is top notch. They expressed an interest in the property at one point and the City met with them on several occasions. In the last meeting, the developer indicated that they would need to make a decision on the matter by the end of 2014. Administrator Darrington was of the personal opinion that if the City can attract this developer, they will build a project that meets the exact vision of what the City has had for the property.

Council Member Meacham felt it would be wise to have several options upon approaching the Hammons. Attorney Petersen explained that the Hammons are in the middle of litigation and they will not make any decisions until it is resolved. She then reviewed the first two options for the property as previously discussed with the addition of a third option that would include some form of default. In the third scenario, the Hammons walks away and is no longer responsible for the debt. The City would then reacquire the property and make payments on the debt until it is sold.

The Council shared their thoughts on how to proceed. Council Member Andersen suggested that the City engage in open dialogue with the Hammons to gain an understanding of what they are thinking at this point. She felt it would be beneficial to update them on the options they are considering. She also expressed a willingness to be patient in waiting for a developer that shares the same vision for the property. Council Member Stanley was in favor of pursuing both paths of either extending the contract or finding a developer.

Administrator Darrington was concerned with how the Hammons would react if the City informed them that they were actively pursuing a developer. Council Member Meacham shared the same concerns. Attorney Petersen suggested reaching out to the Hammons without discussing some of the potential upcoming projects. Council Member Boyd was in favor of extending the length of the contract as a safety net. Mayor Daniels summarized previous points made throughout the discussion. The Council brainstormed ways to approach the Hammons. There was then brief consideration of whether the Dennis Baker property could be a potential location for the proposed development to which Administrator Darrington referred earlier.

Mayor Daniels called for a motion to go into executive session.

ACTION: At 12:59 p.m., Council Member Andersen moved to adjourn into Executive Session to discuss the purchase, exchange, or lease of Real Property (UCA 52-4-205 (1)(d)), the Sale of Real Property (UCA 52-4-205 (e) and Pending or Reasonably Imminent Litigation (UCA 52-4-205 1 (c)). Council Member LeMone seconded the motion. The motion passed with the unanimous consent of the Council.

PRESENT:

Mayor: Mike Daniels

Council Members:

Dianna Andersen

Cindy Boyd

Cyd LeMone

Jay Meacham

Ben Stanley

Staff Present:

Scott Darrington, City Administrator
Tina Petersen, City Attorney
Degen Lewis, City Engineer
Kathy Kresser, City Recorder

Mayor Daniels asked if there were any further discussion, being none he called for a motion to come out of executive session and adjourn.

5) **Adjourn.**

ACTION: At 1:11 p.m. Council Member Stanley moved to come out of executive session and adjourn. Council Member Andersen seconded. The motion passed with the unanimous consent of the Council.

Minutes approved by the City Council on October 7, 2014.

Kathy T. Kresser, City Recorder

(Exhibits are in the City Council Minutes binders in the Recorder's office.)