

REDEVELOPMENT AGENCY
of the
CITY OF OREM
May 14, 2019

CONDUCTING Chair Richard F. Brunst, Jr.

BOARD OF DIRECTORS Debby Lauret, Sam Lentz, Tom Macdonald, Mark
Seastrand, David Spencer, and Brent Sumner

APPOINTED STAFF Jamie Davidson, Brenn Bybee, Greg Stephens, Ryan Clark,
Richard Manning, Brandon Nelson, and Jackie Lambert

EXCUSED Tom Macdonald

The Redevelopment Agency (RDA) Meeting convened at 8:12 p.m.

CONSENT ITEMS

APPROVAL OF MINUTES

Chair Brunst moved to approve the minutes of the June 19, 2018 Redevelopment Agency Meeting. **Mr. Lentz seconded** the motion. Those voting aye: Richard F. Brunst, Debby Lauret, Sam Lentz, David Spencer and Brent Sumner. The motion **passed**.

SCHEDULED ITEMS

RESOLUTION – Corral West Properties and Garff Properties – Orem Agreements

Mr. Clark, Development Services Director recommends the Redevelopment Agency of the City of Orem approve a Land Exchange and Lease Agreement with Corral West Properties, LLC and a Real Property Sale and Financing Agreement with Garff Properties-Orem, LLC. He introduced those representatives that were in attendance from the different interested parties.

In an effort to reinforce the sales tax revenue base for the City of Orem, to ensure the long-term success of the current Garff Nissan dealership, and to facilitate the construction of a new Golden Corral restaurant, a redevelopment project was proposed for the properties currently occupied by the recently closed Sakura restaurant and the existing Golden Corral restaurant. It was proposed to trade an existing restaurant property owned by the redevelopment agency (RDA) for a portion of the existing Golden Corral restaurant property. Corral West Properties, LLC (Golden Corral) would then construct a new restaurant on the RDA parcel while keeping the current location open for business.

1 Upon completion of the new facility, Golden Corral would demolish the existing building and
2 the RDA would sell the property to Garff Properties-Orem (Garff). The property sale to Garff
3 would include a parcel to the south that was currently occupied by a small home. The transaction
4 between the RDA and Golden Corral would consist of a cash-free land trade. However, the RDA
5 would reimburse Golden Corral for demolition of the existing Sakura restaurant building, the
6 existing Golden Corral building, and improvements required for the existing signalized
7 intersection with University Parkway. The RDA reimbursement of these types of items was often
8 required for redevelopment to occur due to the added expense to a project.

9
10 The transaction between the RDA and Garff would consist of a significant down payment, long-
11 term financing, and a balloon payment at the end of the term. Essentially, the RDA would be
12 financing the land sale to Garff. The RDA would demolish the existing house located on the
13 parcel to the south of the existing Golden Corral restaurant prior to the transaction. A financial
14 study was completed by LYRB to determine how this project may or may not financially impact
15 the City. The study did not show a financial benefit to the City over a twenty year time period
16 based upon currently known financial inputs. However, the study did not quantify the removal of
17 two aging structures, the construction of a new modern structure, and possible sales tax growth
18 due to increased vehicle inventory storage for the Garff dealership. The purpose of this project
19 was to improve the economic vitality of the area over time.

20
21 Mr. Clark reviewed citywide taxable retail sales for motor vehicle and parts dealers in Orem, as
22 well as the challenges for existing car dealerships. In response to a question regarding
23 construction, Mr. Clark said the hope was to have the new Golden Corral restaurant open by
24 spring/summer of 2020.

25
26 Mr. Seastrand asked about the changes to the ingress and egress of the area, and the teardrop
27 shaped roundabout's impact on the U of U Parkway Health Center. Mr. Clark said the City's
28 transportation engineer supported this proposal, and said it was the best option for all area. Mr.
29 Clark said the funding source was existing RDA funds, which would put money back into the
30 project area. He said both groups, Golden Corral in particular, had been great to work with and
31 he felt they had come to an amicable solution for each.

32
33 **Chair Brunst moved**, by resolution, to approve a Land Exchange and Lease Agreement with
34 Corral West Properties, LLC and a Real Property Sale and Financing Agreement with Garff
35 Properties-Orem, LLC. **Mr. Spencer seconded** the motion. Those voting aye: Richard F. Brunst,
36 Debby Lauret, Sam Lentz, David Spencer and Brent Sumner. The motion **passed**.

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39 RESOLUTION – Tentatively Adopting the RDA Tentative Budget for the Redevelopment
40 Agency of the City of Orem Fiscal Year 2019-2020

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42 The Executive Director recommended that the RDA Board hold a public hearing, then, by
43 resolution, tentatively adopt the Fiscal Year 2019-2020 Tentative Budget and set a public hearing
44 to adopt the final budget on May 28, 2019 at 6:00 p.m.

1 The Redevelopment Agency of the City of Orem (RDA) was responsible for adopting the
2 tentative budget of the RDA. Currently there was only one project area that remained active. The
3 revenues for the RDA were used to pay for debt service and any project specific infrastructure
4 improvements that were needed. The Tentative Budget was made available for review and to
5 download at Orem.org.

6
7 Mr. Seastrand asked Mr. Nelson to provide a definition of “haircut” monies. Mr. Nelson said
8 when the RDAs were created they were allowed to have an additional property tax carved out of
9 each business within the area to pay for a sales tax bond. Haircut dollars went to paying that
10 bond specifically. The City no longer received any regular property tax dollars on any RDA area
11 but one, only dollars to pay off the sales tax bond. The remaining project, Project 90-08, would
12 expire in 2024.

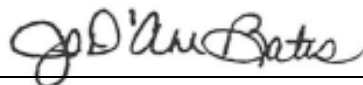
13
14 Mr. Lentz asked about the sales tax bond, and if they had ever had to dip into sales tax revenues
15 to pay a portion of that. Mr. Nelson said early on in the RDA project areas there was sales tax
16 that paid for that and was treated as a loan, and those RDA paid back the sales tax dollars as they
17 produced property tax. Mr. Davidson said an evaluation had been completed, and there was an
18 accounting of those loans. The amounts were different according to each of the respective RDAs,
19 and did not apply to every one of the areas.

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21 **Mr. Spencer moved**, by resolution, to tentatively adopt the RDA Tentative Budget for the
22 Redevelopment Agency of the City of Orem Fiscal Year 2019-2020 and to set a public hearing
23 for May 28, 2019 at 6:10 p.m. to adopt the Final Budget. **Chair Brunst seconded** the motion.
24 Those voting aye: Richard F. Brunst, Debby Lauret, Sam Lentz, Tom Macdonald, David Spencer
25 and Brent Sumner. The motion **passed**.

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28 ADJOURN TO A MEETING OF THE SPECIAL SERVICE LIGHTING DISTRICT

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30 **Chair Brunst moved** to adjourn to a meeting of the Special Service Lighting District of the City
31 of Orem. **Mr. Spencer seconded** the motion. Those voting aye: Richard F. Brunst, Debby
32 Lauret, Sam Lentz, David Spencer and Brent Sumner. The motion **passed**

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34 The meeting adjourned at 8:40 p.m.

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38 JoD'Ann Bates, City Recorder

39 Approved: May 28, 2019

