

**MINUTES OF MORGAN CITY
REDEVELOPMENT AGENCY
MEETING**

August 13, 2019; 6:11 P.M.

**CHAIR AND BOARDMEMBERS
PRESENT:**

**Chair Ray W. Little, Tony London, Eric Turner, Mike
Kendell, and Jeffery Richins**

STAFF PRESENT:

**Ty Bailey, City Manager; Gary Crane, City Attorney;
Denise Woods, Agency Secretary**

EXCUSED:

Jeff Wardell

OTHERS PRESENT:

**Doug Wickliffe, Scott Parkinson, Jerry Savage, Emily
Childs, Morgan County News, and Boyd Carrigan,
Fire Warden – Morgan County,**

This meeting was held in the Council Conference Room of the Morgan City Offices, 90 West Young Street, Morgan, Utah.

This meeting was called to order by Chair, Ray W. Little.

MINUTES

MOTION: Boardmember London moved to approve the minutes of the Morgan City Redevelopment Agency meeting on June 25, 2019.

SECOND: Boardmember Richins

The vote was unanimous to approve the minutes of the Morgan City Redevelopment Agency meeting on June 25, 2019 as written; Boardmember Wardell was absent

ITEMS FOR DISCUSSION/APPROVAL

ECONOMIC DEVELOPMENT INCENTIVE AGREEMENT – RESOLUTION R19-29

Chair Little referenced the Economic Development Incentive Agreement between Morgan City Corporation Redevelopment Agency, the City of Morgan, and Cobblestone Hotel Development, LLC ("CHD"), which was in the packet. He clarified the effective date of the Agreement would be August 13, 2019. He stated the first blank on page 2, paragraph 15, would be January 15, 2029, and the date the Agreement would automatically terminate if no building permit was issued was December 31, 2019 and substantial completion occur on December 31, 2020. He said the words "and cause Morgan County, Utah to perform" be struck from Article 3 – Incentives, paragraph c on page 4.

Boardmember London asked for further clarification of Article 3 – Incentives. Pursuant to the Agreement the City pledged and agreed to pay CHD or its designee up to \$200,000.00 in order to reimburse CHD for Development Costs incurred by CHD in the construction of the Project ("Reimbursement"). The

Reimbursement shall be payable to CHD within fifteen (15) days of the Substantial Completion Date and submission of a final accounting of Development Costs to the City by CHD. He clarified the date of Substantial Completion was December 31, 2020.

Chair Little stated Article 1, paragraph 11, read: "Substantial Completion" means Certificate of Occupancy for the Property has been issued by the City and CHD may open the Hotel to the public.

Boardmember London stated the \$200,000.00 would be paid by the Redevelopment Agency (RDA). He said the maximum amount paid to CHD would be \$990,000.00 and it would come from tax increment monies through the RDA. He asked what amount the RDA would receive in tax increment once the hotel was built.

Chair Little explained when the RDA was renewed, the 60/40 split remained the same. The additional amount generated by new projects would be at 25%. The RDA received approximately \$100,000.00 in 2019 without the hotel. It was estimated the RDA would receive an additional \$18,000.00 per year once the hotel was completed. He stated in 2020 the amount received would be approximately \$205,000.00. He stated the payments from the RDA would be \$129,000.00 for the first five years and \$115,000.00 for the remaining three years.

Boardmember London stated the payments would be for the remaining eight years of the RDA. He asked what happened if the hotel defaulted.

Chair Little stated if the tax increment was not paid by the hotel the RDA wouldn't be required to pay. The amounts were collected and paid by the hotel before the RDA made the reimbursement payment.

Gary Crane, City Attorney, stated if CHD desired to transfer the agreement, they were required to get the RDA's approval. The reason for this was because CHD gathered investors for the project, and they had contracts with people for building, running and trade marking the hotel. If the contracts changed it would compromise the effectiveness of the deal. He stated CHD's intent was to turn it over to Morgan Hotel, LLC. He stated the success of the hotel depended on having the Cobblestone brand, having a staff familiar with running a hotel, and a builder which was familiar with Cobblestone.

Scott Parkinson stated Morgan Hotel, LLC, had a loan commitment and a guarantee from the USDA. The Economic Development Incentive Agreement had to be completed before the end of the month. He stated the bank was also requiring the management contract and construction contract be entered into by Morgan Hotel, LLC.

Discussion regarding the entry into the hotel property. The site plan attached to the Agreement showed the size of the hotel. The entrance to the hotel would be in the center of the lot.

MOTION: Boardmember London moved to adopt and approve Resolution R19-29 – A resolution adopting and approving an Economic Development Incentive Agreement Between Morgan City, the Morgan City Redevelopment Agency and Cobblestone Hotel Development, LLC, with the changes suggested by the Chair and indicated in yellow in the Agreement.

SECOND: Boardmember Richins

Discussion on the motion: None

ROLL CALL VOTE: Jeffery Richins – aye
Mike Kendell – aye
Jeff Wardell – absent
Tony London – aye
Eric Turner – aye

Vote was 4 ayes; Motion passed unanimously to adopt Resolution R19-29 – A resolution adopting and approving an Economic Development Incentive Agreement Between Morgan City, the Morgan City Redevelopment Agency and Cobblestone Hotel Development, LLC, with the changes suggested by the Chair and indicated in yellow in the Agreement.

This meeting was adjourned at 6:41 p.m.


Denise Woods, Agency Secretary

These minutes were approved at the November 12, 2019 meeting.