



STAFF REPORT

TO: Mayor Shepherd and City Council Members
FROM: JJ Allen, City Manager
MEETING DATE: October 19, 2021
SUBJECT: Release of First Right of Refusal on NDFD Property

RECOMMENDED ACTION

Approve the attached “Release of First Right of Refusal” and authorize the Mayor’s signature to any necessary documents.

DESCRIPTION / BACKGROUND

When Clearfield City sold the Station 42 property to North Davis Fire District (NDFD), the City retained a “Right of First Refusal” (ROFR), which would allow the City to buy the property back if ever NDFD intended to sell, lease, or change the use of the property. In order to finance the construction of a new fire station to replace Station 42, NDFD (or, rather, its Building Authority) will be issuing Lease Revenue and Refunding Bonds. The ROFR presents a potential conflict in the eyes of the bond holders, and as a result NDFD is requesting that the ROFR be released temporarily—for as long as the bonds are outstanding or the term of the ground lease (between NDFD and its Building Authority), whichever is shorter.

HEDGEHOG ANALYSIS

In a quick hedgehog exercise, I came up with a score of 22. Indeed, there is a compelling argument for taking this action to help the NDFD.

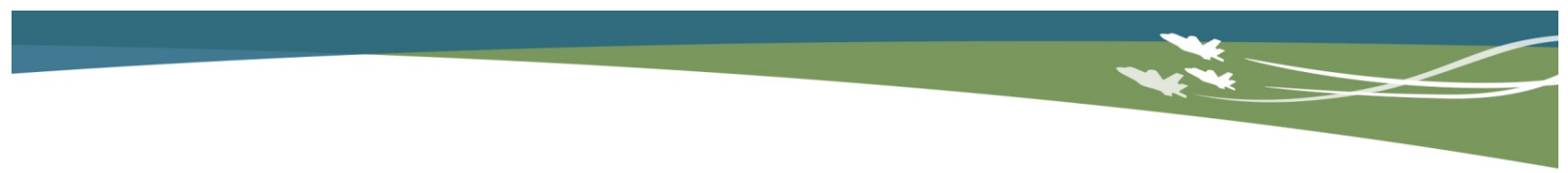
CORRESPONDING POLICY PRIORITY (OR PRIORITIES)

Providing Quality Municipal Services

Improving Clearfield’s Image, Livability, and Economy

FISCAL IMPACT

None to the City. For NDFD, if the City were to not act quickly to approve this Release, the issuance of bonds would be delayed. In an environment of rising interest costs, this would result in a more expensive bond issue for NDFD and its taxpayers (many of whom are Clearfield residents and/or property owners).



ALTERNATIVES

Refusing to approve the Release is an option, but it would likely result in a completely different financing approach for NDFD's project (equating to lost time and money). Moreover, there is no reason for Clearfield to take such a stance.

Delaying the approval (e.g. scheduling this item for a regular Policy Session on October 26) of the Release is also an option, but it would complicate the bond issuance, as described above.

SCHEDULE / TIME CONSTRAINTS

The ROFR was only discovered as an exception in the title policy a few days ago. It was brought to the City's attention on October 14, and the Release was provided on October 15. NDFD is scheduled to close on the bond issue on October 19 with the expectation that the Release will be approved. Time is of the essence.

LIST OF ATTACHMENTS

- Release of First Right of Refusal