

**City of Taylorsville  
REDEVELOPMENT AGENCY  
OF TAYLORSVILLE CITY BOARD MEETING  
*Minutes***

**Wednesday, July 5, 2017  
Council Chambers  
2600 West Taylorsville Blvd., Room No. 140  
Taylorsville, Utah 84129**

**Attendance:**

Larry Johnson, Chief Executive Officer

**Board Members:**

Board Chair Brad Christopherson  
Board Vice Chair Dan Armstrong  
Board Member Kristie Overson  
Board Member Ernest Burgess  
Board Member Dama Barbour

**City Staff:**

John Taylor, Treasurer  
Stephanie Shelman, Deputy City Attorney  
Cheryl Peacock Cottle, City Recorder  
Scott Harrington, CFO  
Wayne Harper, Economic Dev. Director  
Jean Ashby, RDA Secretary  
Tiffany Janzen, PIO  
Kris Heineman, City Council Coordinator

**Others:** John Gidney, Kevyn Smeltzer, Meredith Harker, David Werts, Carl Fauver, Loretta Markham, Gary Swensen, Richard Bay, Seth Shelman, Ronald Allred, John Fuller, Nancy Fields, Sara Scheafer, Cailin Lindaas, Megan Puley, Angel Alsammarrie, Ervin Espinoza, Eric Espinoza, Dan Bagat, Braedon Lilly, Scouts from Troop 466

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**7:00:39 PM** Chair Brad Christopherson called the Redevelopment Agency of Taylorsville City Board Meeting to order at 7:00 PM and welcomed those in attendance. RDA Secretary Jean Ashby conducted a Roll Call, wherein all Board Members were present.

**1. Consideration of RDA Board Meeting Minutes of May 17, 2017**

**7:01:24 PM** Vice Chair Armstrong **MOVED** to approve the Minutes from the May 17, 2017, RDA Board Meeting. Board Member Burgess **SECONDED** the motion. Chair Christopherson called for discussion. There being none, he called for a roll call vote. The vote was as follows: Overson-yes, Burgess-yes, Barbour-yes, Chair Christopherson-yes, and Armstrong-yes. **All Board Members present voted in favor and the motion passed unanimously.**

2. ***Resolution No. RDA 17-04*** – A RESOLUTION OF THE REDEVELOPMENT AGENCY OF TAYLORSVILLE CITY BOARD AUTHORIZING AMENDING THE ESCROW AGREEMENT BETWEEN THE REDEVELOPMENT AGENCY OF TAYLORSVILLE CITY AND LEGACY PLAZA 5400, LLC – ***Wayne Harper, Economic Development Director***

**7:02:06 PM** Wayne Harper, Economic Development Director, explained that this is a resolution authorizing the fourth amendment to the purchase and sale agreement between the RDA and Legacy Plaza 5400, LLC. The RDA Board had purchased the Plaza 5400 property from another company. About a year after closing on that, Mr. Werts and Legacy Development approached the RDA about purchasing the property. The purchase price was the same as the Agency had paid for it, but Mr. Werts requested some performance incentives, totally \$900,000.

Three of the four milestones have been reached and a total of \$700,000 has been paid to Mr. Werts from the escrow fund. The first work that was done was the demolition of the old Furniture Warehouse building, and that incentive was paid. The next was the construction of 19,500 square feet, and \$150,000 was paid for that. The last work finished was building 38,500 square feet, and that was done and \$300,000 paid for that. There is just one performance incentive that is not done. As Mr. Harper has mentioned to the RDA Board in the past, the nature of retail business has changed recently and retailers are not building as much or as fast. Mr. Werts and his broker have requested an extension of the deadline to meet this final performance. The amendment would also change the requirement from having two different tenants to allowing it to be a single tenant using over 45,000 sf. The people Mr. Werts is currently speaking with are larger users instead of multiple smaller ones.

There has been discussion as to why he is bringing this up. Mr. Harper stated that he thinks any developer in Mr. Werts's position would bring it up. Like many developers around the valley, Mr. Werts has contributed to various political campaigns. More recently he has contributed to Mr. Harper's campaign, as well as to Mayor Johnson's,

but this is not an issue or an item for this discussion. It is just a fact that, as can be seen in most candidates' disclosure records, there are many contributors from the real estate business that donate to a wide variety of political campaigns.

7:05:02 PM There have also been questions and discussion about how the center is performing. Sales tax collection records from 2014 and 2015 show that the city has received from this center roughly \$116,000-120,000. This number was down in 2016 to around \$110,000, but Mr. Harper said to remember that Café Rio moved across the street, Baraka Beauty Supply closed, and Showstar Cinemas closed in 2016. This year the city is getting from that center about \$119,000-120,000 again, about the same as before those businesses moved out. Those three businesses that moved out accounted for about 42% of all the sales tax revenue generated. The new ones—Bean & Brews, Five Guys, GNC, Mattress Firm, Zaxby's, Cubby's, Pizza Studio, and Papa John's—have balanced out that loss. And that means that with Café Rio moving across the street and the opening of the Regal Cinemas, all of that is a net gain to the City.

Like any developer, Mr. Werts is saying, "Hey, there's a carrot out there; please give me a little more time to grasp it." Mr. Harper pointed out to Board members that Mr. Werts is in attendance tonight if they would like to ask him any questions.

7:06:48 PM Board Chair Christopherson asked when the current deadline is. Mr. Harper said that it is September 10, 2017. Therefore, Mr. Werts is asking for a one-year extension.

7:07:05 PM Board Vice Chair Armstrong asked if Mr. Werts would be open to a shorter extension. Mr. Harper reminded him that Mr. Werts is in attendance and could be asked directly.

7:07:13 PM Board Member Barbour asked to be reminded what the total incentive amount is and how much has been paid to date. Mr. Harper stated that \$700,000 has been paid out of a possible \$900,000, leaving \$200,000 still being held in escrow right now. That amount is the subject of this request. Board Member Barbour asked if that is the total of the incentives; Mr. Harper confirmed that it is.

7:08:19 PM Board Member Burgess asked for a clarification that the \$200,000 in question would just be delayed a year. Mr. Harper affirmed that the requested change

is that instead of the agreement expiring September 10 of this year, it would run for another year before expiring.

7:08:40 PM John Taylor, City Administrator and RDA Treasurer, pointed out that there is also a request to allow one large box user instead of two smaller box users, in addition to the deadline change. The City has felt that a large box user is missing from the area. This is what originally was planned, but final negotiations changed the requirement to allow two smaller users. The City believes that it would be preferable and advantageous to have a large box user in this center.

7:09:17 PM Board Member Barbour asked for verification that the City has to date lived up 100% to its commitment as per the contract. Mr. Harper confirmed this to be the case.

7:09:40 PM Chair Christopherson asked Mr. Harper what impact this would have if the Board says *No*. Mr. Harper replied that it is an unknown. He said that Mr. Werts and his broker have had many more meetings than the City has with potential tenants. It may or may not impact their lease negotiations. Generally, if there is some fungible money, as this could be, lease rates could alter.

Chair Christopherson then asked if the time expires without the condition being met, would the \$200,000 come back into the RDA budget. He inquired whether that money could then be given directly to a business by the RDA as an incentive. He said that his recollection is that the initial motive in offering these incentives was to jumpstart redevelopment. This has occurred, so that RDA goal has been reached. He expressed appreciation for the efforts of Mr. Werts and Legacy Plaza for this accomplishment. Chair Christopherson indicated he feels unprepared to make a vote tonight. He asked if the Board could have a month or two to study the question further before the agreement expires so that they can consider other options.

7:12:05 PM Vice Chair Armstrong agreed with Chair Christopherson. He stated that his concern right now is for the businesses already there. If the City/Agency can help to get another tenant in there, they should do it—perhaps with a series of shorter extensions. He expressed the need for more time to consider this request and suggested that the Board table the matter until they have more information.

7:13:04 PM Vice Chair Armstrong **MOVED** that the Board table this resolution so they can get more information.

7:13:15 PM Board Member Burgess asked how close they are to getting one bigger box user in the center instead of two smaller ones and how feasible it is to reach that goal. Mr. Harper responded that the Board's concern for those businesses already in the center is key. The pad businesses are all doing about average or slightly below average for their chains. There is a need to have a tenant that draws more people into the center to help the existing tenants be much more viable. The City is helping as much as possible from its position. Mr. Harper suggested that Mr. Werts can answer more detailed questions.

7:14:50 PM John Taylor asked if the Board would be more likely to grant the extension if Mr. Werts had one bigger box tenant instead of two smaller ones to meet the requirement. Chair Christopherson said he would have no problem with that. Board Member Overson said she also would be in favor of that. Board Member Burgess commented that the main goal is to bring more business to that area. Mr. Taylor clarified that he had intended to say *mid-box* tenant not *large box*.

7:15:58 PM Board Member Overson **SECONDED** the motion to table Resolution No. RDA 17-04.

7:16:02 PM Board Member Overson asked if the September 2017 expiration date would remain the same or need to be modified in the event that the wording was tweaked to allow one bigger box instead of two smaller ones. Mr. Taylor answered that the date could be modified or the Board could just table the matter until a later date.

7:16:30 PM With a motion and a second to table the resolution in place, Chair Christopherson asked if there was any further discussion. He said that it appears the Board is in favor of tabling this since there are no modifications made to it. He asked if thirty days will be long enough.

7:17:16 PM In response to an invitation to speak, Mr. Werts said that this is obviously a very important part of his business, which he has been working on for about three years. He stated that he is currently (in the past three months) in talks with national retailers wanting 50,000 – 60,000 square feet of retail space. He stated that they had

just today sent a site plan to the broker for one of these. There is ongoing activity in this recruitment process.

Because he does not have a retailer in the center to use this space, it is costing him the loss of 60,000 square feet of rent every month. This qualifies him as the most incentivized of all parties to secure a tenant for this space. He stated that he is not asking for new funds and is willing to look at a shorter extension time, if that is the Board's desire.

He said that Amazon and other online retailers have changed the big box environment. As one illustration of the climate, he cited that Sears and Kmart are closing 265 stores this year. Mr. Werts pointed out that they tore down the Furniture Warehouse building with 120,000 square feet to create the 40,000 square feet of new retail space. Now they have the flexibility of meeting the demand. From the time of their purchase in March 2015, the demand has been very low. Every year he and his broker have been meeting at a national convention with all the big box retailers and many other potential tenants. Because many companies are closing stores, the timing has been bad but is improving. He asked the Board if they had other questions.

7:20:20 PM Board Member Overson asked him how confident he is that he can find a larger tenant that would make the center more successful. Mr. Werts said that the original plan was to find perhaps three retailers using between 15,000 and 25,000 square feet, but having the option of having one larger tenant will give him greater flexibility to meet the demands of the agreement.

7:21:39 PM Board Member Burgess asked which Mr. Werts sees as more practical or more beneficial: a mid-box or big box tenant or two smaller ones. Mr. Werts indicated that he will be happy to do any number of tenants. His interest is to complete the project, fill it with a national retailer, and support all the other tenants that are already there. He feels that the economics are all very similar.

7:23:08 PM Chair Christopherson called for a roll call vote on the motion to table the resolution and bring it back in 30 days. The vote was as follows: Overson-yes, Burgess-yes, Barbour-yes, Chair Christopherson-yes, and Armstrong-yes. **All Board Members present voted in favor and the motion passed unanimously.**

### 3. Other Matters

There were no other matters.

### 4. 7:23:39 PM Adjournment

  
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Jean K. Ashby, RDA Secretary

Minutes approved: RDA Board Meeting 8/23/2017

*Minutes Prepared by: Jean K. Ashby, RDA Secretary*