Heber City Corporation
City Council Meeting
March 16, 2009

6:30 p.m.

SPECIAL MEETING

The Council of Heber City, Wasatch County, Utah, met in **Special Meeting** on March 16, 2009, in the City Council Chambers in Heber City, Utah.

Present:	Mayor	David R. Phillips
	Council Members	Jeffery Bradshaw
		Elizabeth Hokanson
		Nile Horner
		Robert Patterson
Excused:		Eric Straddeck
Also Present:	City Manager	Mark K. Anderson
	City Recorder	Paulette Thurber

Others Present: Craig Lacey, Ashlee Crain and Eric Richins

HEBER VALLEY HISTORIC RAILROAD AUTHORITY – CRAIG LACEY – CONSIDERATION OF RESOLUTION 2009-02 – A RESOLUTION TO ADOPT A PROMISSORY NOTE AND SECURITY AGREEMENT BETWEEN HEBER VALLEY HISTORIC RAILROAD AUTHORITY AND HEBER CITY CORPORATION:

Mayor Phillips thanked the Council for attending this special meeting and reminded the Council about the meeting on Thursday that would start at 5:30 p.m. He indicated sandwiches would be provided.

Anderson said topics for the meeting would include a discussion on pressurized irrigation in regard to Center Street. He said he had also asked the department heads to attend at 5:30 p.m. to discuss staff recommendations for budget cuts.

Anderson stated the letter he had just given the Council was a letter proposed to be sent to Wasatch County and he wanted to discuss the letter at the conclusion of the meeting.

Approved 04022009

Craig Lacey, Heber Valley Historic Railroad Authority, suggested he would give background information to the Council if they wanted. Mayor Phillips indicated the Council was aware of the issue. Anderson indicated also that he had given the Council background information in his staff memo which the Council had received prior to the meeting. Councilmember Hokanson did not think additional background information was necessary.

Councilmember Hokanson moved to approve Resolution 2009-02. Councilmember Patterson made the second.

Councilmember Horner asked how much the main terminal building was appraised for. Lacey replied the building was worth $1.24 million. He said there was also rolling stock and the two together made it such that the requested loan from Bank of the West was fairly certain. He said Bank of the West felt that was sufficient collateral, would not relinquish their first position, but not concerned about giving the City a second position. Lacey said the total reconsolidation loan amount would only be $700,000 which was being secured by $2,000,000 worth of property. He said the Railroad borrowed $100,000 1½ years ago. Lacey said they also had a term loan for approximately $200,000 which was secured with equipment. He indicated there was about 1½ years left to pay that off. He said at this time, their plan was to consolidate everything.

Councilmember Horner asked what the worse case scenario would be on paying this loan back and especially if the consolidation loan did not get approved. Lacey said if the loan did not go through with Bank of the West, he would go to another lender. He said the Bank had told him the loan had been approved and he anticipated it to go through in three weeks or so. If that were the case, the Railroad would pay the City back in three weeks.

Councilmember Horner asked if the Railroad would have enough money to pay this back by July 15th if they didn't get the loan. It was indicated they would have the money, partly from the Thomas the Train Event. Lacey explained the two loans they had now were on a very aggressive payback schedule. With the economy down, that payback schedule was difficult and they needed to restructure the loan to have a longer period of time to pay back.

Councilmember Horner asked Anderson if he had any concerns. Anderson said the risk was minimal and the Railroad had paid back their previous loans in a timely manner. He agreed the City was at a higher risk being in second position instead of the first holder of the lien, but he did not have major concerns.

Councilmember Horner asked Anderson how he would feel if payment had to go past July 15th. Anderson said the City could drag this out for an extra year or two; beyond that, it would be difficult. He said it would be a big loss if word spread that the Railroad could not pay their debts. He stressed the Railroad was a big economic engine for the City.

Approved 04/02/2009

Anderson stated the previous two loans to the Railroad were interest free. Discussion about whether or not this new loan should be interest free or not. It was indicated that the motion before the Council included the loan was to be interest free. No further discussion.

Voting Aye: Councilmembers Bradshaw, Hokanson, Horner and Patterson. Councilmember Straddeck was excused.

Anderson asked if the Council had concerns with the letter before them going out to the County Council. He explained the City approached the County Council in 2006 about adopting a Corridor Preservation Fee. At about that time, the City had the opportunity to purchase the Sherman Giles' property for the right-of-way for the bypass road. That was on reason the City pushed the County to adopt the Fee. He said that if the Corridor Preservation Fee had not been adopted, the City could not have purchased that property. At one point last year, there was a possible mechanism for the City/County to get some matching funds; however, because the bypass alignment was not on UDOT's STP, the criteria could not be met. Anderson said the County should have collected about $500,000 in fees over the last couple year. He suggested that in light of the City's economic circumstances, the City should pursue the request in the letter and suggested it was a reasonable request.

Mayor Phillips said the Corridor Preservation Fee was established partly to buy corridors and the City did buy that property to protect the right-of-way. Councilmember Hokanson said the letter looked good to her.

Councilmember Horner stated last year at this time there was a deadline that the County had to submit to the state for participation monies. He wondered if the City had asked for reimbursement at that time. If not, he said, an opportunity was missed. Anderson explained in order to get those matching funds, there had to be a corridor that was approved; consequently, we did not meet the criteria. It was discussed it was important to finalize that alignment. The Council was agreeable to sending the letter to the County.

With no further business, the meeting was adjourned at 6:55 p.m.

Approved 04/02/2009

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Paulette Thurber, Heber City Recorder