

City of Chesterfield
MINUTES – Executive Session (closed meeting)
Monday, August 1, 2016



A motion was made by Councilmember Nations, seconded by Councilmember Flachsbart, to go into EXECUTIVE SESSION (closed meeting), as provided by RSMO 610.021 (2) for the purpose of discussing the lease, purchase or sale of real estate between the City's representatives and its attorneys and RSMO 610.021 (3) for the purpose of discussing hiring, firing, disciplining or promoting employees with employee groups, the City's representatives and its attorneys. A roll call vote was taken, with the following results: AYES – DeGroot, Tilman, Hurt, Flachsbart, Nations and Logan. NAYS – McGuinness and DeCampi. Mayor Nation declared the motion passed.

The meeting was called to order by Mayor Bob Nation at 5:45 p.m. Also in attendance were Interim City Attorney Chris Graville, Interim Co-City Administrator Mike Geisel, Interim Co-City Administrator Ray Johnson, Community Services/Economic Development Director Libbey Tucker and Parks, Recreation and Arts Director Tom McCarthy.

Councilmember DeCampi made a motion, seconded by Councilmember McGuinness, to discuss the issue of the Buck Innovation Project in public rather than in Executive Session. Discussion ensued regarding RSMO 610.021 and circumstances under which a governmental body is authorized to close meeting records and votes. Mr. Graville confirmed that this topic was suitable to remain as a closed record under the Sunshine Law, but is not required to be a closed record; therefore Council has the ability to decide whether to keep this issue confidential or open it to the public. Councilmember McGuinness withdrew her second to the motion, and Councilmember DeCampi withdrew the motion, respectively.

Councilmember Flachsbart made a motion, seconded by Councilmember Logan, to keep the Buck Innovation Project in Executive Session until an agreement is reached and a lease is signed by both parties. A roll call vote was taken, with the following results: Ayes – DeGroot, Tilman, Logan, Flachsbart and Nations. Nays – Hurt, DeCampi and McGuinness. Mayor Nation declared the motion passed.

Buck Innovation Project

Community Services/Economic Development Director Libbey Tucker summarized the progress that has been made in negotiations with the Buck Innovation Group since the last Executive Session.

Mr. Mike Hejna, member of the Chesterfield Development Advisory Group, and real estate professional, shared some of his expertise with Council pertaining to this potential agreement. Mr. Hejna stated that this is a complex and unique deal because land leases are not the typical transaction mechanisms when it comes to City owned property being utilized for recreation. He further stated that this is a difficult piece of land because it is located in a flood plain and has no utilities.

Mr. Hejna indicated that, as a public entity, to be able to get this kind of return on investment, which would also stimulate growth for nearby properties, is significant. The proposed use for this lease agreement is a complimentary fit and coordinates well with the Chesterfield Valley Athletic Complex (CVAC).

Discussion ensued with Councilmembers asking questions and voicing concerns over various details of the proposed lease agreement. Mr. Hejna responded to questions and concerns. He continued by stating that the cost to the developer, associated with installing utilities, is estimated to be at least \$4 million. Normal lease procedure would be free rent for the value of that period. Considering the proposed discounted lease rates, the City's discount would be less than \$2 million for a \$4 million land improvement. This would, in turn, significantly increase the property value, and the City would have absolutely no financial exposure. According to Mr. Hejna, this deal would take a dead asset and provide an annual revenue stream. Worst case, if the development fails, the City retains ownership of the land along with all improvements that have been made.

Councilmember DeGroot made a motion, seconded by Councilmember Flachsbart, to sign the Letter of Intent as revised by Staff. Revisions include receiving some non-refundable earnest money up front as well as earlier commencement of lease payments.

Mr. Hejna left the meeting, and discussion ensued.

Mayor Nation announced that this meeting would adjourn and re-convene after the City Council meeting.

Buck Innovation Project **Continued from Before Recess**

Mayor Nation reminded Council of the motion on the table to sign the Letter of Intent as revised by Staff. Discussion ensued and Councilmembers expressed suggestions and concerns regarding the proposed agreement. Councilmember Logan requested that the phrase "for an expenditure up to \$4,000,000 (which may include a mix of county, state or

federal or private support.)” be removed from the language in the “Phased Development” paragraph on page 5 of the final presentation of the Letter of Intent.

Councilmember DeGroot withdrew his motion to sign the Letter of Intent as revised by Staff. Councilmember DeGroot then made a new motion, seconded by Councilmember Flachsbart, to sign the Letter of Intent as revised by Staff, with one additional revision, removing the phrase “for an expenditure up to \$4,000,000 (which may include a mix of county, state or federal or private support.)” from the language in the “Phased Development” paragraph on page 5.

After lengthy discussion, Councilmember Flachsbart made a motion, seconded by Councilmember Nations, to Call the Question and vote on the motion. A roll call vote was taken with the following results: Ayes – DeGroot, Hurt, Tilman, Nations, DeCampi, Flachsbart, McGuinness and Logan. Nays – None. Mayor Nation declared the motion to Call the Question passed unanimously.

A roll call vote was taken on the motion to sign the Letter of Intent as revised by Staff, with one additional revision, removing the phrase “for an expenditure up to \$4,000,000 (which may include a mix of county, state or federal or private support.)” from the language in the “Phased Development” paragraph on page 5, with the following results: Ayes – Tilman, Nations, DeGroot, Flachsbart and Logan. Nays – DeCampi, McGuinness and Hurt. Mayor Nation declared the motion to sign the Letter of Intent passed.

Councilmember Flachsbart stated that Council should now consider the possibility of putting a contingent offer on the 22 acres adjacent to the City’s property. Discussion ensued. Mr. Hejna had previously stated that if infrastructure is put on the City’s existing property, the value would nearly double for the proposed site. Mayor Nation and Mr. Geisel reminded Council that there is no obligation to purchase this site, and the only reason to go forward with the purchase would be if we have an executed lease agreement with Buck Innovation Group. This would provide the possibility of re-configuring the lease agreement to significantly improve the Buck Innovation deal, or the property could be marketed in a host of different ways.

Councilmember Flachsbart made a motion, seconded by Councilmember Nations, for Staff to contact the property owner and prepare an option on the 22 acre site for up to \$2.386 million, also allowing up to \$20,000 of earnest money for 125 days. A roll call vote was taken with the following results: Ayes – DeGroot, Flachsbart, Tilman, Nations and Logan. Nays – DeCampi, McGuinness and Hurt. Mayor Nation declared the motion passed.

Mr. Geisel, Ms. Tucker and Mr. McCarthy left the meeting.

Mayor Nation announced a five-minute recess and the meeting resumed at 8:54 p.m.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

There being no further business to discuss, the meeting was adjourned by Mayor Nation at 9:24 p.m.

Respectfully submitted:

Ray Johnson
Interim Co-City Administrator

Vickie Hass
City Clerk

APPROVED BY CITY COUNCIL: _____