

August 26, 2008

The City Council of the City of Fort Morgan, Colorado, met this day in the Council Chambers of City Hall. The Honorable Mayor Jack L. Darnell called the Special Meeting to order at 5:30 p.m.

The Pledge of Allegiance was given.

Roll Call: Present: Honorable Mayor Jack L. Darnell
Councilmember Sharol Lyn Deal
Councilmember Terry McAlister
Councilmember James A. Powers
Councilmember Terri P. Schafer
Councilmember Ron Shaver
Councilmember Alberta M. Simmons

EXECUTIVE SESSION

Councilmember McAlister offered a motion to go into Executive Session for the purpose of determining positions relative to matters that may be subject to negotiations, developing strategy for negotiations and/or instructing negotiators, under C.R.S. Section 24-6-402 (4) (e); and for identification purposes; System Development Fee for the expansion of Dairy Farmers of America. His motion was seconded by Councilmember Simmons and duly carried.

Upon returning to the open meeting, Mayor Darnell announced the time is 7:02 p.m. and the Executive Session has concluded. The participants in the Executive Session were Mayor Darnell; Councilmembers Deal, McAlister, Powers, Schafer, Shaver and Simmons; City Attorney Jeff Wells, Chief of Police Keith Kuretich, City Manager Pat Merrill and Utilities Director Gary Dreessen.

For the record, if any person who participated in the Executive Session believes that any substantial discussion of any matters not included in the motion to go into Executive Session occurred during the Executive Session, or that any improper action occurred during the Executive Session in violation of the Open Meetings Law, I would ask that you state your concerns for the record. Hearing none, he asked Councilmember Powers to report on the Executive Session.

Councilmember Powers stated that the City Council convened in Executive Session to determine positions relative to matters subject to negotiations related to system development fees and Dairy Farmers of America's (DFA) planned expansion to its Fort Morgan plant. Council recognized the hard work of City Staff and their efforts to partner with DFA in order to make the expansion a reality. Council also recognized the efforts on the part of DFA, to be a good corporate citizen within the City.

The proposed expansion would provide seven (7) new jobs to the Fort Morgan area and would involve an estimated \$21,000,000 capital improvement project in the City's Industrial Park. Part of the expansion would require payment of system development fees associated with the City's water and wastewater services. In an effort to compromise the large cost, the City Council has considered a proposal that was developed by DFA and City Staff.

Councilmember Powers offered a motion that City Council direct Staff to continue working toward a final agreement and approve the proposed following conditions:

WATER DEVELOPMENT FEE

DFA will purchase through the City 88 shares of C-BT water at \$10,000 per share. DFA will initially pay 10% down (\$88,000) with the balance to be paid in monthly installments over the next ten (10) year term at a fixed rate of prime plus 1% (currently 6%). These monthly installments will be amortized based upon capitalized interest. Water rights will vest in proportion to principal paid in the amortization schedule.

WASTEWATER DEVELOPMENT FEE

DFA intends to pay a System Development Fee in the amount of \$1,346,000. Payment of this amount shall be subject to a 10% down payment with the balance to be paid in monthly installments, amortized at a fixed interest rate of prime plus 1% (currently 6%) over a ten (10) year term. In consideration of this payment and subject to discharge permit provisions, DFA will be guaranteed wastewater treatment capacity at 350,000 gallons per day, BOD limit of 500 lbs. per day, and no limit on TSS. The wastewater development fee is a discounted amount that

was determined to be appropriate given some miscommunication and the fact that DFA will forego any other economic incentive currently available under the City's economic incentive policy.

Councilmember Powers also stated that Council would direct Staff to integrate any specific conditions discussed by, and agreed to by, the parties into a final agreement and bring that agreement back for City Council approval.

His motion was seconded by Councilmember Shaver and carried unanimously.

City Manager Merrill stated that he had been speaking to DFA engineers and they have submitted site plans for the expansion.

Mayor Darnell adjourned the August 26, 2008, Special Meeting at 7:10 p.m.

Mayor

City Clerk

August 26, 2008

**SPECIAL MEETING OF THE BOARD OF DIRECTORS FOR THE RIVERVIEW COMMONS
GENERAL IMPROVEMENT DISTRICT**

Roll Call: Present: President Jack L. Darnell
Director Sharol Lyn Deal
Director Terry McAlister
Director James A. Powers
Director Terri P. Schafer
Director Ron Shaver
Director Alberta M. Simmons
Secretary Andrea Strand

RIVERVIEW AVENUE IMPROVEMENTS

City Manager Pat Merrill stated that the project is proceeding and a lot has been sold. City Attorney Jeff Wells is researching the bidding requirements of the General Improvement District.

Director Powers offered a motion to approve spending \$9,700 with SEH Consultants for engineering and design work for Riverview Commons and Riverview Avenue, and to allow staff to spend the remainder of the \$200,000 to overlay the existing street to Barlow Road subject to the bid requirements. His motion was seconded by Director Shaver and carried unanimously.

Director Powers moved to adjourn the meeting. His motion was seconded by Director Simmons and duly carried.

President Darnell adjourned the August 26, 2008, Special Meeting of the Board of Directors for the Riverview Commons General Improvement District at 7:15 p.m.

/s/ Jack L. Darnell
President

/s/ Andrea J. Strand
Secretary