

ECG UTAH SOLAR 1 PROJECT

Community Redevelopment Project Area Budget

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Millard County Redevelopment Agency
October 17, 2023

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1. Introduction and Adoption of Area Budget

Pursuant to Resolution Nos. 16-03-15C and 16-07-19B, the Board of Millard County Redevelopment Agency (also referenced herein as the “Agency”) authorized the preparation of the Millard County: Energy & Industry CDA 2016 Community Development Project Area Plan, as amended (the “Plan” and covering the “Project Area”) in accordance with provisions of Title 17C of the Utah Code Annotated 1953 as amended (the “Act”).

On August 23, 2016 and pursuant to Resolution No. 16-08-23A, the Agency approved the Plan, which, among other goals, details a Tax Increment¹ sharing plan intended to incentivize the development and operation of a utility-scale solar project (the “Solar Project”) proposed by ECG Utah Solar 1, LLC (“UTS1”) which, if developed, will benefit all local taxing entities, provide significant economic returns to Utah’s public school trust, create jobs, and otherwise expand and diversify Millard County’s industrial tax base. UTS1 received Conditional Use Permits Z-2013-036, Z-2015-020, and Z-2015-021, which remain in full force and effect. UTS1 also maintains Special Use Lease Agreement (“SULA”) No. 1749 and Easement No. 2024 with the Utah School and Institutional Trust Lands Administration (“SITLA”) allowing for the full development, construction and operation of the Solar Project. The Plan was amended on October 17, 2023 to update the Project Area to correct the legal description and remove IPP.

In accordance with Utah Code Section 17C-4-204, the Agency may prepare and adopt by resolution a Project Area Budget to estimate the economic impact of projected development incentivized by the Plan. The Budget shall be titled “Millard County: Energy & Industry CDA 2016 Community Development Project Area Budget for the Energy & Industrial Park Area” or the “Budget”. The area for the Solar Project developed by UTS1 is referred to as the “Energy & Industry Park Area.” This Budget applies only to the Energy & Industry Park Area for the Solar Project. The legal description for the Energy & Industry Park Area is included in **Exhibit A**. A map of the Energy & Industry Park Area is provided in **Exhibit B** with a close-up map of the Solar Project area in **Exhibit C**.

Development of such large-scale energy projects benefit local communities by greatly increasing property values and property tax revenue without increasing demand for government services such as schools, recreation facilities, and public safety. To attract such development, local governments typically agree to reimburse a portion of the Tax Increment to the developer. Energy projects are extremely price sensitive and are usually not viable without such reimbursement. To attract development of the Solar Project, and through the adoption of the Plan, the Agency agrees to reimburse UTS1 up to 50% of the Tax Increment generated by development within the Energy & Industrial Park Area for a twenty-year (20) Tax Increment Collection Period after deducting the Agency Administrative Fee and Scholarships (as defined and described below). A portion of the Tax Increment will also be remitted back to the Millard School District, and other taxing entities that participate in the Plan and the Budget. Portions of the Tax Increment will be utilized by the Agency to administer the requirements of the Act, Plan and Budget.

¹ “Tax increment” is defined within the Act to mean the difference between: (i) the amount of property tax revenue generated each tax year by a taxing entity from the Project Area from which tax increment is to be collected, using the current assessed value of the property; and (ii) the amount of property tax revenue that would be generated from the Project Area using the base taxable value of the property.

This Budget is a good faith estimate of the economic impact of projected development within the Energy & Industrial Park Area. This Budget represents the reasonable expectations of the Agency which makes no guarantee that estimates will accurately reflect future outcomes. The actual amount of Tax Increment received by the Agency will be determined by the precise value of improvements constructed in connection with the Solar Project and interlocal agreement(s) between the Agency and the various local taxing entities or as otherwise set forth in a resolution by the taxing entity. This Budget does not control the flow of Tax Increment, nor does it entitle the Agency to receive money from Tax Increment or any other source. Those details and permissions are negotiated in interlocal agreements with the various local taxing entities or otherwise set forth in a resolution by the taxing entity.

Although this Budget is governed by the provisions in Utah Code Section 17C-4-204, the ordering of sections within this Budget are consistent with the requirements and other criteria for community reinvestment project area budgets set forth in Utah Code Section 17C-5-303, which are more detailed than Section 17C-4-204. Each capitalized term not otherwise defined in this Budget shall have the meaning described to it in the Act.

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2. Tax Increment Received by Agency

Development of the Solar Project will generate significant and meaningful tax revenue through property taxes not otherwise available without the Tax Increment incentive. Property within the

Project Area is owned by SITLA and is therefore exempt from paying local property taxes. The property does not currently provide any tax benefit to Millard County or any other local taxing entities that levy taxes within Millard County. Once constructed, the proposed Solar Project (which consist of solar arrays and related facilities) will be taxed as personal property and will provide an estimated **\$24,771,079** in Tax Increment to the Agency over the twenty-year (20) Tax Increment Collection period of the Energy & Industrial Park Area. This Tax Increment received by the Agency will be used in accordance with the Act, the Plan and this Budget to incentivize, encourage and promote the development of the Solar Project.

Before the Agency may collect Tax Increment, it must enter into separate interlocal agreements with each participating taxing entity or the taxing entity must adopt a resolution, outlining the amount and duration of the Tax Increment Collection period and the amounts, if any, that will be remitted back to the taxing entities based on their respective proportional tax rates.

2.a. Base taxable value

Utah Code Ann. § 17C-1-102(8) defines Base Taxable Value as “. . . a property’s taxable value as shown upon the assessment roll last equalized during the base year.” Because the property within the Energy & Industrial Park Area is owned by SITLA and therefore exempt from taxation, it has not been assessed or appraised by the Millard County Assessor’s Office. The Base Taxable Value will be established in each interlocal agreement or resolution adopted by the taxing entity, but because the taxes received for all land, real property, personal property and any other property within the Energy & Industrial Park Area are currently zero, the estimated Base Taxable Value is therefore zero.

2.b. Projected Tax Increment

Improvements for the proposed Solar Project are estimated to be valued at Four Hundred Fifteen Million Dollars (\$415,000,000) which would generate a total of **\$24,771,079** in Tax Increment over the twenty-year (20) Tax Increment Collection Period. The property tax valuation model includes reductions in the taxable value of the Solar Project property for the federal production tax credit (“PTC”). Under Utah law, the PTC is defined as an intangible and excluded from the definition of property. Utah Code Ann. §§ 59-2-102(19)(d), (29)(b). As such, the amount of the intangible PTC that is claimed by UTS1 must be removed from the taxable value of the Solar Project property. *See id.*; *see also* Utah Code Ann. §§ 59-2-201 and -301 (setting forth property taxation structure where only “property” is assessed).

Without the tax incentives provided by the Plan, the Solar Project would not be built, and the taxing entities would not collect any property tax on property within the Energy & Industrial Park Area.

2.c. Tax Increment Collection Period

The Agency anticipates collecting Tax Increment from the Energy & Industrial Park Area for the Solar Project for a period of twenty-years (20). This period over which the Agency will be receiving Tax Increment is referred to as the Tax Increment Collection Period.

2.d. Tax Increment to be paid to other taxing entities

Pursuant to this Budget, the Agency anticipates receiving 100% of the Tax Increment generated within the Energy & Industrial Park Area for the Solar Project. Of this amount, 50% of the eligible Tax Increment will be retained by the Agency and used in accordance with the Act, the Plan and this Budget. The remaining 50% will be remitted back to the Millard School District and any other taxing entities that are participating in the Energy & Industrial Park Area on a proportional basis as mitigation payments. The period over which these Tax Increment funds will be remitted back to the participating local tax entities will be the same period of the Tax Increment Collection Period. In conformance with the Act, the exact percentages and duration of collection will be formalized through separate interlocal agreements or resolutions by each taxing entity participating in the Energy & Industrial Park Area.

The Agency estimates that the Tax Increment will be received and then distributed as follows:

Total Tax Increment Generation 2026 - 2045 (100%):		Total Amounts
Millard County School District		21,784,588
Millard County Mosquito Abatement		1,965,750
Millard County Fire Service District		1,020,741
Total Sources of Funds:		\$ 24,771,079
Uses of Tax Increment 2026 - 2045 (Assuming 50% for Project)		Total Amounts
Redevelopment Activities (Infrastructure, Relocation, Incentives, etc.)		\$ 11,556,262
RDA Administration		\$ 619,277
Scholarships		\$ 210,000
Total Uses of Funds:		\$ 12,385,539
Remaining for Taxing Entities 2026 - 2045 (50%)		Total Amounts
Millard County School District		10,892,294
Millard County Mosquito Abatement		982,875
Millard County Fire Service District		510,370
Total		\$ 12,385,539

The Energy & Industrial Park Area is expected to generate property taxes for Years 21-35, which will not be paid to the Agency and will be retained by the taxing entities, as follows:

Additional 15 Years at 100% for Taxing Entities 2046 - 2060	
Millard County School District	\$ 1,733,064
Millard County Mosquito Abatement	\$ 156,384
Millard County Fire Service District	\$ 81,205
Total	\$ 1,970,653

2.e. Tax Increment collection area

The Agency anticipates collecting Tax Increment from the entire Energy & Industrial Park Area for the Solar Project.

2.f. Tax Increment authorized percentage

The Agency is authorized to receive 100% of the Tax Increment generated within the Project Area including the Energy & Industrial Park Area for the Solar Project, during the Tax Increment Collection Period, which period is intended to be for a period of twenty-years (20). The Agency will be permitted to retain 50% of the Tax Increment for purposes outlined in the Plan, this Budget and in accordance with the Act.

A detailed multi-year Tax Increment cash flow forecast, and analysis is included in **Exhibit D**, which by this reference is incorporated into this Budget.

2.g. Tax Increment authorized percentage

The Agency is authorized to receive and distribute a maximum not-to-exceed amount of 100% of the actual Tax Increment for 20 years.

3. Agency Funds to Implement the Plan

The Agency anticipates using a portion of the retained 50% to meet the objectives outlined in the Plan, the Act and this Budget. The Agency envisions the following uses of Tax Increment Funds:

- a. **Agency Administration Fee** – 5.00% of the Tax Increment that is not returned to the taxing entities will be utilized by the Agency to administer, manage and operate all elements of the Plan, this Budget and other required administrative functions of the Agency related to the Project Area for the Solar Project (the “Agency Administration Fee”).
- b. **Scholarships** – a portion of the Tax Increment that is not returned to the taxing entities will be utilized by the Agency to provide scholarships to residents of Millard County (the “Scholarships”). The Scholarships amounts will be as follows:
 - i. Years 1 to 5 – \$6,000 per year;

- ii. Years 6 to 10 – \$9,000 per year;
- iii. Years 11 to 15 – \$12,000 per year; and
- iv. Years 16 to 20 – \$15,000 per year.

- c. **Development Incentive** – the remaining amounts will be utilized by the Agency to encourage, promote, and incentivize the Solar Project. The Agency anticipates negotiating and finalizing a participation agreement by and between UTS1 and the Agency and will stipulate the requirements and benchmarks in order for the Tax Increment to be remitted. No other Tax Increment or project area funds are expected to be used for land acquisition, public improvements, infrastructure improvements, for any loans, grants, or other incentives to private or public entities.

4. Agency's Combined Increment Value

The Plan anticipates that the proposed Solar Project will be the sole source of Tax Increment within the Energy & Industrial Park Area for the Solar Project. Improvements for the proposed Solar Project are estimated to be valued at Four Hundred Fifteen Million Dollars (\$415,000,000). As referenced above, this Incremental Value is anticipated to generate **\$24,771,079** in Tax Increment over the twenty-year period.

5. Sales and Use Tax received by Agency

The Agency anticipates that sales and use tax will be generated for construction equipment used at the Project as well as for purchases made within Millard County by construction employees during construction. However, such revenues will not be received by the Agency. As such, this element is not applicable the Plan.

5.a. Percentage and total amount of sales and use tax to be paid to Agency

This element is not applicable to the Plan.

5.b. Funds collection period

This element is not applicable to the Plan.

6. Property Agency Intends to Sell

The Agency does not own, nor does it intend to own, any property within the Project Area.

Exhibit A
LEGAL DESCRIPTION FOR ENERGY & INDUSTRY PARK AREA FOR THE SOLAR PROJECT

That certain real property located in Millard County, Utah, more particularly described as follows:

Beginning at the Northwest corner of Section 4, Township 15 South, Range 7 West, Salt Lake Base and Meridian,

thence S 89° 15' 36.72" E, 26487.578 feet,
thence S 0° 49' 0.84" W, 10603.105 feet,
thence S 89° 7' 18.12" E, 10566.792 feet,
thence S 0° 54' 57.96" W, 5285.176 feet,
thence S 89° 18' 12.96" E, 15832.42 feet,
thence S 0° 18' 53.64" W, 5029.158 feet,
thence S 89° 32' 15.72" E, 5332.364 feet,
thence N 0° 7' 29.28" E, 2649.106 feet,
thence S 88° 47' 10.68" E, 5316.684 feet,
thence S 0° 16' 0.48" W, 2657.41 feet,
thence N 89° 58' 32.16" E, 2668.559 feet,
thence S 1° 2' 37.68" W, 5659.481 feet,
thence S 40° 2' 3.84" W, 13408.258 feet,
thence S 89° 33' 11.88" W, 4852.821 feet,
thence N 0° 57' 10.08" E, 5334.191 feet,
thence N 89° 34' 46.92" W, 5230.124 feet,
thence S 1° 51' 45.72" W, 6314.337 feet,
thence S 89° 31' 29.64" W, 5306.302 feet,
thence N 1° 53' 9.96" E, 6418.477 feet,
thence N 89° 15' 47.88" W, 15881.399 feet,
thence S 1° 10' 13.08" W, 11920.655 feet,
thence N 89° 18' 14.4" W, 3984.82 feet,
thence N 1° 33' 18" E, 1317.955 feet,
thence S 89° 7' 47.64" E, 1334.167 feet,
thence N 1° 19' 29.28" E, 10608.991 feet,
thence N 89° 15' 47.88" W, 2664.253 feet,
thence N 0° 39' 55.44" E, 5250.082 feet,
thence N 89° 0' 7.92" W, 5295.606 feet,
thence S 0° 44' 19.68" W, 2623.666 feet,
thence N 89° 0' 28.8" W, 1321.755 feet,
thence N 0° 28' 9.84" E, 2643.551 feet,
thence N 89° 1' 40.8" W, 3963.384 feet,
thence N 0° 58' 25.32" E, 5262.13 feet,
thence N 89° 16' 4.8" W, 2645.926 feet,
thence N 0° 47' 10.32" E, 2654.186 feet,
thence N 89° 21' 50.4" W, 2656.944 feet,
thence N 0° 45' 41.76" E, 1321.163 feet,

thence N 88° 41' 12.48" W, 1323.157 feet,
thence N 0° 48' 12.24" E, 1322.103 feet,
thence N 88° 36' 42.84" W, 2645.011 feet,
thence N 0° 45' 6.12" E, 1324.278 feet,
thence S 88° 32' 59.64" E, 1322.442 feet,
thence N 0° 44' 7.08" E, 1323.643 feet,
thence N 88° 30' 18.36" W, 2644.154 feet,
thence N 0° 46' 4.8" E, 1325.699 feet,
thence S 88° 26' 51" E, 1321.718 feet,
thence N 2° 40' 45.12" E, 1311.015 feet,
thence N 87° 55' 43.68" W, 1391.433 feet,
thence N 0° 33' 33.12" E, 2641.646 feet,
thence N 89° 57' 44.64" W, 2653.451 feet,
thence N 0° 0' 0" E, 1320 feet,
thence S 89° 57' 41.04" E, 1326.725 feet,
thence N 0° 0' 0" E, 1268.263 feet,
thence S 89° 2' 36.6" E, 1385.518 feet,
thence N 0° 52' 27.12" E, 5325.053 feet to the point of beginning.

Excluding the following:

IPP PARCEL

Township 15 South, Range 6 West, Salt Lake Meridian

The SW1/4 of the NW1/4, and the SW1/4 of Section 18

The NW1/4, the N1/2 of the SW1/4, and the SW1/4 of the SW1/4 of Section 19

Township 15 South, Range 7 West, Salt Lake Meridian

All of Sections 10, 11, 14 & 15

The SW1/4 of the SW1/4 of Section 12

The SE1/4, SW1/4, NW1/4, S1/2 of the NE1/4, and the NW1/4 of the NE1/4 of Section 13

All of Sections 22, 23 & 24 lying Northerly of the Brush Wellman Road

ALSO Described as follows:

Beginning at the Southwest corner of Section 15, Township 15 South, Range 7 West, Salt Lake Meridian; thence North 00°17'49" East 2642.93 feet along section line to the West quarter corner of said Section 15; thence North 00°18'20" East 2643.68 feet along section line to the Southwest Corner of Section 10, T15S R7W SLM; thence North 00°12'33" East 5280.65 feet along section line to the Northwest corner of said Section 10; thence South 89°56'04" East 5302.02 feet along section line to the Northwest corner of Section 11, T15S R7W SLM; thence South 89°41'31" East 2643.53 feet along section line to the North quarter corner of said Section 11; thence South 89°52'35" East 2646.87 feet to the Northeast corner of said Section 11; thence South 00°15'58" West 3969.80 feet along section line to the Northwest corner of the SW1/4 SW1/4 of Section 12,

T15S R7W SLM; thence South $89^{\circ}49'53''$ East 1325.04 feet along sixteenth line to the Northeast corner of the SW1/4 SW1/4 of said Section 12; thence South $00^{\circ}16'06''$ West 1323.13 feet along sixteenth line to the Southwest corner of the SW1/4 SW1/4 of said Section 12; thence South $89^{\circ}50'15''$ East 2649.97 feet along section line to the Northeast corner of the NW1/4 NE1/4 of Section 13, T15S R7W SLM; thence South $00^{\circ}13'19''$ West 1324.68 feet along sixteenth line to the Southeast corner of said Section 13; thence South $89^{\circ}52'38''$ East 1324.91 feet along sixteenth line to the Northwest corner of the SW1/4 of the NW1/4 of Section 18, T15S R6W SLM; thence South $89^{\circ}39'10''$ East 1322.07 feet along sixteenth line to the Northeast corner of the SW1/4 NW1/4 of said Section 18; thence South $00^{\circ}13'11''$ West 1323.15 feet along sixteenth line to the Southeast corner of the SW1/4 NW1/4 of said Section 18; thence South $89^{\circ}40'45''$ East 1322.20 feet along quarter section line to the center quarter corner of said Section 18; thence South $00^{\circ}12'58''$ West 2645.16 feet along quarter section line to the North quarter corner of said Section 19, T15S R6W SLM; thence South $00^{\circ}18'27''$ West 2645.00 feet along quarter section line to the center quarter corner of said Section 19; thence South $00^{\circ}18'22''$ West 1322.30 feet along quarter section line to the Southwest corner of the NE1/4 SW1/4 of said Section 19; thence North $89^{\circ}45'15''$ West 1322.29 feet along sixteenth line to the Northeast corner of the SW1/4 SW1/4 of said Section 19; thence South $00^{\circ}18'15''$ West 1322.64 feet along sixteenth line to the Southeast corner of the SW1/4 SW1/4 of said Section 19; thence North $89^{\circ}45'41''$ West 1059.30 feet along section line to its intersection with the northerly ROW line of Brush Wellman Road; thence along Brush Wellman Road through the following (4) four calls, to-wit: (1) North $71^{\circ}24'06''$ West 2892.31 feet; (2) thence North $71^{\circ}21'45''$ West 11326.29 feet; (3) thence North $70^{\circ}50'10''$ West 1849.98 feet; (4) thence North $77^{\circ}38'23''$ West 929.41 feet to a point on the westerly line of Section 22, T15S R7W SLM; thence North $00^{\circ}14'13''$ East 5.75 feet along section line to the POINT OF BEGINNING. Contains 201765771 square feet or 4631.905 acres, more or less

