

**TREMONTON CITY CORPORATION
REDEVELOPMENT AGENCY
MAY 21, 2024**

Board Members Present:

Lyle Holmgren, Chairman
Wes Estep, Board Member
Jeff Hoedt, Board Member
Bret Rohde, Board Member
Lyle Vance, Board Member—excused
Blair Westergard, Board Member
Marc Christensen, Executive Director
Linsey Nessen, Executive Secretary

Chairman Holmgren called the Tremonton Redevelopment Agency Meeting to order at 8:00 p.m. The meeting was held in the City Council Meeting Room at 102 South Tremont Street, Tremonton, Utah. Those in attendance were Chairman Holmgren, Board Members Estep, Hoedt, Rohde, and Westergard, Executive Director Christensen, and Executive Secretary Nessen. Main Street Manager Sara Mohrman and Finance Director Curtis Roberts were also in attendance. Board Member Vance was excused.

1. Approval of agenda:

Motion by Board Member Estep to approve the May 21, 2024 agenda. Motion seconded by Board Members Hoedt and Westergard. Vote: Board Member Estep - aye, Board Member Hoedt - aye, Board Member Rohde - aye, Board Member Vance - absent, Board Member Westergard - aye. Motion approved.

2. Approval of minutes – May 7, 2024

Motion by Board Member Westergard to approve the minutes of May 7, 2024. Motion seconded by Board Member Estep. Vote: Board Member Estep - aye, Board Member Hoedt - aye, Board Member Rohde - aye, Board Member Vance - absent, Board Member Westergard - aye. Motion approved.

3. New Business

- a. Discussion and consideration of adopting Resolution No. RDA 24-08 concurring that Tremont Center, LLC is eligible for reimbursement up to \$1,188,437.55 as of April 30, 2024 for Primary Improvements/Cost consistent with *The Restated Property Tax Increment Reimbursement Agreement between the Tremonton City Redevelopment Agency and Tremont Center, LLC for Infrastructure Improvements* as adopted by Resolution No. RDA 16-02

Executive Director Christensen said I am glad you read that completely out loud because on the agenda it does not match what is on the actual resolution. That \$1,188,000 number is significant because that will be the exact amount that has

been reimbursed to the developer of the Tremont Center LLC. In 2016, the RDA made an agreement with the Tremont Center LLC. There were primary improvements that could be made and the major one was burying the canal. In 2017, the developer did that and submitted reimbursement receipts. At that time, it was \$898,000. Over the past several years we have collected increment from property tax in the RDA. That has passed through to reimburse these primary improvements, which the developer took out a loan to pay for. The \$898,000 that was originally submitted is now \$1,205,000. A majority of that is the interest that was held on the loan for the first burial of the canal. There were some other reimbursements submitted. In 2017, \$898,109 was approved. The new request for reimbursement is for the interest paid (\$290,000) attorney fees (\$5,000) and \$12,000 to the canal company for a total of \$1.2 million. The agreement stated that if he pays for these primary improvements, he has the first right to receive reimbursement. He does have a cap on how much can be reimbursed (\$1,884,000 in primary reimbursement costs and \$234,000 in secondary costs). The developer has submitted \$1.2 million worth of primary improvement receipts. He can submit another \$678,000 if they bury the next phase of the canal. There is another \$234,000 for secondary improvements. This all falls in line with the agreement that was signed by the RDA in 2016. This just allows us to record that he submitted more receipts and the tax increment will continue to go to the developer until he is paid for the maximum amount of primary improvements. The only way the RDA gets the money until the primary improvements are reimbursed is through transfers from the General Fund and then interest made on what is sitting there and possibly grant money. The City has put in \$1.9 million in capital contributions into the RDA. We have paid nearly \$350,000 to buy those houses and demolish them. Once the developer is reimbursed, we get that \$350,000 back.

When asked where this money originated from, Executive Director Christensen said this is the money that is received from the tax increment within the RDA, which was contemplated as a primary improvement. Developer Micah Capener said the City got 25% of the tax revenue and the remaining 75% was then used to bury the canal. A part of that was the interest on the loan. The increment, which is the taxes on the buildings that were not there, paid for it. Director Roberts said under State law, it is basically a contractual arrangement between the developer and an entity that participates in redevelopment. The County and school district participated. In the agreement the City, County and school district each foregoes tax collection on the increment. For the term of the agreement, the property taxes that these entities receive remains constant. The increment that is collected each year is then eligible to be repaid according to the terms of the agreement. The developer has to fork out all the costs up front to satisfy the terms of the agreement. Over time, the taxes that are collected each year get paid back to whoever the agreement is within the structure of what the agreement says. It basically forces anybody doing the development to come up with that money. This is all foregone revenue. The big thing to point out is it is the growth that the developer made in that area. It is the developer repaying themselves because they

are the ones who put all the development in and took the risk to develop a portion of the City. We are just waiting for that property tax to be paid.

Mr. Capener said we only got approved for 75%. Of the growth, 25% is still going back to all the taxing entities. When it expires, then the taxing entities will get 100%. Executive Director Christensen said we started this in 2016 and it goes for 15 years, with a couple years being added because of the COVID shut down, so 2033. Mr. Capener said this is why we tried to push development fast. Building the apartments fast allowed us to build increment fast. We want enough money in the end for the City to get the remaining amount to do all the things that have been planned. Executive Director Christensen said in the 2022 tax year, 75% of the tax increment was \$183,000. This year it's \$298,000.

Motion by Board Member Hoedt to adopt the resolution. Motion seconded by Board Members Estep and Rohde. Roll Call Vote: Board Member Estep - aye, Board Member Hoedt - aye, Board Member Rohde - aye, Board Member Vance - absent, Board Member Westergard - aye. Motion approved.

4. Adjournment

Motion by Board Member Estep to adjourn the meeting. Motion seconded by Board Member Rohde. Vote: Board Member Estep - aye, Board Member Hoedt - aye, Board Member Rohde - aye, Board Member Vance - absent, Board Member Westergard - aye. Motion approved.

The meeting adjourned at 8:18 p.m.

The undersigned duly acting and appointed Executive Secretary for Tremonton City Corporation Redevelopment Agency hereby certifies that the foregoing is a true and correct copy of the minutes for the RDA Meeting held on the above referenced date. Minutes were prepared by Jessica Tanner.

Dated this 18 day of June, 2024.

Linsey Nessen, Executive Secretary