

City of La Verkin

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www.laverkin.org

La Verkin City Council Work Meeting Minutes

Thursday, December 19, 2024, 5:00 pm.

Council Chambers, 111 S. Main, La Verkin, Utah

Present: Mayor Kelly Wilson; Council Members: Blair Gubler, Patricia Wise, Richard Hirschi, Micah Gubler, and Darren Prince; Staff: Kyle Gubler, Fay Reber, Derek Imlay, and Nancy Cline; Public: Frank Tusieseina, Nate Canova, Tobert Axson, Benj Becker, Jeff Jackson, Patrick Grody, Mark Anderson (via skype), Jill Poulson, and Dan Poulson.

A. Called to Order-Mayor Wilson called the work meeting to order at 5:00 pm.

1. Topside development.

Mayor Wilson welcomes everyone, introduces Frank Tusieseina, and turns the time over to him.

Frank Tusieseina is the CEO of Down South Ventures, the development that hopefully acquires the La Verkin Mesa Topside land. They will be calling it Zion Heights where life is always elevated. He introduced his team and emphasized the importance of building a strong relationship with the city. The meeting aimed to discuss public financing and ensure city cooperation. He wanted PID language to be included in the development agreement and to discuss the water references. He asked Benj Becker to walk the city through the PID process.

Benj Becker explained PIDs are a financing tool for early-stage infrastructure, allowing developers to fund projects at a lower cost. The city creates the district but has no financial liability. The discussion included tax implications and protections for homeowners. He explained the tax rate only affects the homeowners in the district and must have the property owners' permission.

Councilman Prince was concerned about protecting the homeowners with this extra tax on their property.

Benj explained that the city sets the additional tax rate and heavily disclosed. He informed the council that this tax rate lasts the bond's life, which would be 30 years. When the city decides the extra tax rate, the developer would tell them how much money they need for infrastructure, which would help figure out the new tax rate. They cannot use the new tax rate for profit.

Councilman Prince asked if buyers are paying less in those areas to compensate for the higher tax rate.

Benj replied most people are just so anxious to get into the developments; supply is limited, and an increase of a couple of mills in taxes is not deterring them.

Mayor Wilson asked if they knew what the tax levy on this project would be.

Benj replied that to keep that land competitive, they had to consider the 5-6 mill levy range.

Mayor Wilson asked if the city is not responsible for anything other than giving them permission to go ahead and do it.

Benj replied, yes, if the bonds do not pay or if the development is slow, there's no recourse to the city. The city doesn't put any of its credit or faith behind it and doesn't back up the bonds. If the development is too slow in

year five or year six and the bonds are not paying, those bond buyers have no recourse. There's no ability to come to the city. There's no ability to go to the property owners.

Richard Howard wanted to clarify that the developer is paying the tax levy until he sells the land to a homeowner.

Benj reassured him that the developer pays the tax levy up to the point of selling the land. That way, the homeowner doesn't have to pay the property's past three years of taxes.

Councilman Hirschi wanted to know where they are coming up with the water to service this project.

Frank replied that he had met with WCWCD. Zack told him that the condition for him to provide a will-serve letter to them for this particular use is to guarantee that 85% of the fields, whether baseball, softball, or soccer, are synthetic turf. Then they will go ahead and accommodate them with the water. They want to ensure enough water for the next 10 years.

Robert Axson added that the PID provides adequate water supply, distribution, infrastructure, and traffic. If they don't adequately prepare and build out the resources, they don't want a situation where you've built some nice homes and a nice community, but it's a strain on the system. So that's where the PID comes in. You build not only to address the needs of the development itself adequately but to make sure that the public is well served in the community so that as we're building out these infrastructure resources to distribute water, it's also a net benefit to other uses and other neighborhoods and other communities that the city may be needing to serve.

Mayor Wilson informed them that all the water comes from the water district. The city has enough water rights as of right now, but not enough for this new development. A new water tank will be installed on some of the land for sale, and it will be a La Verkins tank so that the water district won't be involved. He asked if Frank could go over the layout of the property.

Frank passed around a map to refer to. The 490-acre parcel has three subdivisions. First is Zion Heights and that's a luxury component. It's a gated community with a five-star hotel and nice homes. This entire site has an unobstructed view of Zion National Park. On the overlook road, the upper-end Zion Heights community is everything on the west. Then, everything just below that road is Zion's Village. Those are our quarter-acre lots and third acre lots; those are communities where everybody would have access to live in. Then, down here is the commercial area called Zion Live, and it's patterned after Los Angeles. They have a place called Zion Live that's where the hotels, the restaurants, the shopping, everything is down there. Next door to Zion Live, this is all BLM property. So that 250 acres includes 18 soccer fields, 24 baseball and softball fields, a public charter school, and a high school called Collegiate Academy at Zion, a partnership with Utah Tech. Right next to that is the first-ever Native American Cultural Center in the country. They have a relationship with American Indian Services, one of the oldest organizations, and it was put together for them to provide scholarships for all the Native tribes across the country. They're based in Lehi, and they offer about 3,000 scholarships. So, what they are doing is they are going to donate the property to them to provide scholarships for all the Native tribes across the country to build a Native American cultural center.

Fay Reber asked if the process for the PID would start after the land purchase was final.

Frank replied to the reason they are here tonight is when he went through the development agreement it was missing the language that spoke directly to your willingness to support the initiation and the process of a PID. They needed it to say the city council has met and agreed, based on certain guardrails and understanding and contingent on this, that we would support moving forward on developing a PID.

Fay responded that the current development agreement contains some language stating that the city would be willing to consider forming a PID.

Frank added that they need more definitive language because they take that development agreement, sit down with their capital partners, look it over, and want more language about the PID. He shared his vision of the sports tournaments and companies they are talking with that would want to bring their events here.

Robert Axson added that they met with Darren Prince. He said that trails and parks are important to La Verkin and wanted to know if they would be willing to have those put in on that property. They agreed they would. When they sit down to create the final design, they will continue conversations with the city to inform them where the parks and trails are. They want to ensure it increases the quality of life for citizens of La Verkin.

Frank added that he wants to keep the land as it is now and minimize the impact on it. The engineers visited the property and said 380 acres could be used with minimal impact.

Councilman Micah Gubler asked what the first phase would be.

Frank replied that it would be a residential subdivision, probably quarter-acre lots, a little bit of multifamily, and some commercial, and then they would build from there. He wanted to ensure the city council had more information on how they were progressing.

Mayor Wilson pointed out that the timing is perfect. Getting water and sewer to the property has always been a problem. Now, they are putting sewer and water lines, and they can piggyback on them.

Councilman Richard Hirschi was concerned about the number of people moving in.

Robert replied that La Verkin is in a unique position where the growth is not happening here in town but up on the hill. That they can go up there to enjoy the commercial stores but not have to deal with new houses and a bigger population here in lower La Verkin.

Nate is Frank's lawyer and wanted to know if the city attorneys had any questions about the legal side of this deal.

Randy Larson represented the city and agreed they are on the right track with PID.

Mark Anderson added there's value in the city taking some time to adopt a policy that does a couple of things. One that identifies what information they need from the developers to understand the development to the degree that they know what's being requested. It would indicate the developer needs to provide a petition with signatures from landowners as well as a letter of interest. And that letter of interest has information in it that would talk about what's the maximum amount of money that they would want to be allowed to issue bonds for. What's the maximum mill levy that they're seeking approval for. There's value in the city having done the self-evaluation of what types of developments do they want to incentivize with a public infrastructure district. And what criteria will they use to evaluate the requests that come forward to them. There's a lot of information that's going to need to pass hands as you look forward to the approval of accretion of the PID and a specific governing document that sets those guardrails in place as to what the PID will be allowed to do as part of the bond issuance process.

Fay added that he reviewed the policy statements they sent down and took the liberty of preparing a draft policy statement for the City of La Verkin. He passed it out this evening. He drafted a policy statement using language that they sent from Washington, Wasatch County, Hurricane, and a couple of other communities. He was sure

there would be some additional things that we'd want to include. He had prepared a draft policy statement as a starting point for the city to examine those things. His second point, we spent many months approving a development agreement for this property, and that development agreement has already, in fact, been recorded at the recorder's office. When they talk about a development agreement to include certain things, they say they want to amend the development agreement we already have in place.

Randy replied that he was trying to clarify that the city's development agreement describes the developer's obligations to make us comfortable delivering the entitlements. We usually do this to the extent that it talks about a PID. It sounds like it at least mentions it. He believed there was some interim step for the city and the developer. That needs to be done to give the developer comfort about obtaining a PID before it is created. He didn't think they would need to amend the development agreement.

Fay offered to get them a copy of the development agreement so they could look it over.

Benj added that the benefit of a change to the development agreement is potentially making it easier for Frank and his investors to find comfort in the fact that there is support for a PID. So, when they talk about amendments to that, that is not to change the scope of the development or any of the terms. It's simply to give them comfort that we are ready to move to the next step, adopting policies, creating the PID, and proceeding with the financing side of it, not to change any of the development terms that have been agreed upon.

Fay replied that he had drawn up a policy agreement and handed it out. It's a draft, at least; you can look at that, and maybe that will give you a certain comfort level. He drafted it, and it was the first time the city council or anyone had read it. He advised that it is a starting point, and they can make changes as they go.

Frank added that his legal team would look it over, and if it was sufficient for them to feel comfortable, we could all sign off on it.

Adjourn:

The meeting adjourned at 6:45 pm.

15 January, 2025
Date Approved

ATTEST: Nancy Cline
Nancy Cline
City Recorder

Kelly B. Wilson
Mayor Kelly B. Wilson