

The Budget Committee of Davis County met on May 12, 2025, at 3:00 p.m. in room 306 of the Davis County Administration Building, 61 South Main Street, Farmington, UT. Notice of this meeting was given under the requirements of Utah Code Annotated §52-4-202.

Disclaimer: The meeting was an open dialogue. Agenda items appear in bold and are only briefly summarized. The reader may refer to the audio recording and the attachments for further content clarification. Timestamps have been noted in the minutes to facilitate locating discussion points in the audio recording. The audio recording is available based on the County's current retention schedule.

Note: The Budget Committee is not a governing body but makes recommendations. These recommendations must then go through the Commission for formal action.

The meeting commenced at 3:03 p.m.

Opening Roll Call

Committee members present were Curtis Koch, Controller; Commissioner John Crofts; Commissioner Lorene Kamalu; Commissioner Bob Stevenson; Chris Bone, Human Resources Director; and Jeff Hassett, Information Systems Director. Another staff member was Mike Pace, the Deputy Director of Information Systems. Shairise Bills, Deputy Controller, recorded the minutes of the meeting. There was no public attendance.

Continued Discussion on Budget Methodology (*Minute 00:25*)

- **WSP Land Lease Resolution Update:** Curtis drafted a resolution and gave it to the Attorneys to review. He spoke with Seth Ovesen in the State Auditor's office and connected him with Chris Preston, County Civil Attorney. Curtis confirmed that the General Fund owns the land and explained how the money would be allocated to the General Fund Capital Account (Fund 45), the duration of the lease, and the calculation method for the payments, as outlined in the Proposed Resolution approving the lease payment of land utilized by the Tourism Fund to the General Fund. (*See Attachments A1-A6.*)

Curtis read the email exchange forwarded by the Assessor between him and the CED Director, Kent Andersen after CED had reached out to him last year asking for the assessed land value of the Western Sports Park. In it, the Assessor valued the entire 55 acres using the multifamily model at \$23.7 Million. The commercial valuation would be \$19.3 Million. If there were no Western Sports Park, the property would be valued closer to \$23 Million for mixed-use zoning. Using the \$23 Million figure, the price per acre would be \$417,000. Curtis asked the Assessor to update those figures using January 1 valuations. (*See Attachments B1-B3.*)

He read Chris Preston's email. The takeaway is that the County must ensure the method for computing the lease payment meets the "rational methodology" standard. Curtis asked the commissioners if they were comfortable with the rationale. All three agreed. (*See Attachments C1-C2.*)

Curtis explained the first methodology used to calculate land value and determine the lease payment, known as Ground Rent Capitalization, which utilizes the Cap Rate. He used the 5-year average income and, with a \$70 million investment for WSP, and hoped it would at least double and grow from there. Based on that income average, the lease payments should total \$1.6 Million. The second methodology is a Triple Net (NNN) lease, where the tenant pays all taxes, insurance, and maintenance. 5-8% of the fair market value of the property, with 2-3% escalations annually. They would control it for a maximum of 40-60 years (including options) and charge rent for years 40 and beyond, which would be the Fair Market Value but not less than the rent under the prior terms. This assumes they don't want to obligate the landlord to any work or make any improvements or contributions. (*See Attachments D-F.*)

- *2026 Budget Presentation: (Minute 34:21)* Curtis said the takeaway after presenting the Budget Model at the last AO meeting was the question of the Commission's vision. Curtis again showed the 2026 Budget Model spreadsheet to play with the numbers in real time based on various budget scenarios. The Committee discussed slowing spending down fund balance and when it would be time to increase taxes. The goal isn't to avoid spending any fund balance but to balance it. The Committee discussed how Personnel has experienced significant yearly growth, specifically in the form of merit and COLA increases. Curtis said there are four more monthly budget meetings before September and asked the commissioners if they would like to meet more frequently while they determine the direction they want to take. Commissioner Stevenson said they promised the AOs, during the last AO meeting, that they would inform them of the direction they plan to take, so it needs to be decided as soon as possible. (*See Attachments G-H.*)

The commissioners will meet with Curtis individually before the next committee meeting.

The meeting adjourned at 4:29 p.m.

All documents associated with this meeting are listed as the following attachments:

- A1-A6 Lease Resolution Draft
- B1-B3 Email Fwd_ Assistance on Assessed Land Value of WSP
- C1-C2 WSP Lease email
- D1-D3 2 Methodologies-Ground Lease and NNN Lease
- E1-E3 Cap Rate Documentation
- F Methodology 2 NNN Lease Calculation
- G 2026 Budget Model
- H 5 YR Projection

Davis County Budget Committee

Meeting Minutes

May 12, 2025

Minutes prepared by:

Shairise Bills

Deputy Auditor

Minutes approved on: 6/30/2025

/s/Curtis Koch

Curtis Koch

Controller— Budget Officer