MINUTES OF THE
KANE COUNTY REDEVELOPMENT AGENCY/ CRA
MEETINGS TO BE HELD TUESDAY May 24, 2022 2:00 P.M.
IN THE KANE COUNTY COMMISSION CHAMBERS

CALL MEETING TO ORDER & WELCOME: Member Chamberlain

CONSENT AGENDA: Approval of April 26, 2022 Minutes

Motion to approve the Consent Agenda and Minutes from April 26, 2022 made by Board Member Gant and motion carried with all Board Members present voting in favor.

REGULAR AGENDA:

1. **Consideration of a Resolution Authorizing the Redevelopment Agency of Kane County to enter into an Interlocal Agreement with Kane County, and related matters. RDA-2022-5 (Amended to RDA-2022-3)**

   Member Chamberlain said that the RDA as well as the Commission has already approved the Interlocal Agreement with the Second Amendment which is what this is concerning. This is just formalizing the approval of the Amended Interlocal Agreement that has already been passed.

   Motion to approve RDA-2022-3 as amended on the current agenda made by Member Gant and motion carried with all Members present voting in favor.

2. **Consideration of a Resolution Authorizing the Redevelopment Agency of Kane County to enter into an Interlocal Agreement with Kane County Water Conservancy District, and related matters. RDA-2022-6 (Amended to RDA-2022-4)**

   Motion to approve RDA-2022-4 as amended on the current agenda made by Member Gant and motion carried with all Members present voting in favor.

3. **Consideration of a Resolution Clarifying the Timing of the Tax Increment Trigger Year for East Zion Community Reinvestment Project Area. RDA-2022-7 (Amended to RDA-2022-5)**

Member Chamberlain said that we started collecting taxes in 2021 but they didn't take all the formal steps. He said that it would have been better for the overall project to delay the start of the collection until 2023.

Attorney Van Dyke stated that from a legal standpoint the RDA has to do a resolution to trigger the tax collection. He said that everything is in place to trigger it and they can wait up to five years. This resolution is clarifying that it hasn't been triggered yet and that it is likely to happen in 2023. The resolution also mentions that it will still require another formal action to trigger the TIF.

Motion to approve RDA-2022-5 as amended on the current agenda made by Member Gant and motion carried with all Members present voting in favor.

Motion to recess until after Commission Meeting made by Member Gant and motion carried with all Members present voting in favor.

4. Consideration of a Resolution Authorizing the Redevelopment Agency of Kane County to enter into a Tax Increment Participation Agreement with Zion Mountain Ranch regarding the Hotel/Lodge. RDA-2022-8 (Amended to RDA-2022-6

Member Chamberlain said that what has happened through a previous amended Interlocal Agreement we have agreed to establishing a prioritization of the funding that will be collected for the CRA that can be used for redevelopment or incentives and others to pay for development within the CRA area. This prioritizes it first for the visitor's center, second for a water treatment facility and third would be some assistance with the funding on the lodge. That is what this one is discussing. The maximum amount of money that the visitor's center will use is a little over $18 million to service the debt on it. He said that it is still too early to know on the water treatment facility but it is budgeted to be as high as $9 million this will be a different number when it is finalized. The consideration for the lodge is a maximum of $27 million. It is a percentage of 48.8% of the total of the life of the CRA.

Member Gant clarified that this is all money generated on new tax in the CRA. It is not tax payer revenue from Kane County citizens, so if you don't live in that CRA boundary this doesn't affect you.

Member Heaton said that the concept of this is that we have got individuals that want to come into this area in the County and invest a couple hundred million dollars. This assists with them a little bit of an incentive to help get that ball rolling but in the long term the majority of this rolls back into the County after the CRA ends. He said that we have three participation agreements in front of them that there will be other money in the CRA that would be available for other projects as well. At any point for however long the CRA runs if other investors/land owners within the CRA want to come and apply to the CRA for a project, these funds will be available for these other projects.

Member Chamberlain said that while this is new tax money that is generated in the area, it does not increase anybody's taxes. You will still pay the same amount of taxes you would otherwise, even if you are in the area. If you are in the CRA area you still pay the same taxes you would've, it is just that a portion of that is set aside to help incentivize or pay for growth and development.

Attorney Van Dyke said that he was able to complete his review of the resolutions that passed but with the three participation agreements he needs some additional time to finalize his legal review. He said that if they are ready to approve these today he would ask that they do them on the condition of final legal review. Attorney Van Dyke said that the structure of the prioritization of the funds would be that first there is only the 80% of the TIF that goes to the RDA and the 20% remains with the taxing entities, the County and the Water Conservancy District. Of the 80% there is first the 2.5% that will always remain with the RDA for administrative costs, there is 10% of the funds that are required to be spent on low income housing and so the remaining money that is left are the dollars that we are talking about in this agreement. They are the available funds. The structure of the agreement is that all of the available funds will first go to pay the lien for the visitor's center and the CIB obligation and the way it is currently drafted there is no time limitation or dollar limitation on that amount but that is the priority, to pay the CIB obligation for the visitor's center. Attorney Van Dyke said that it is important to remember that if the RDA does not receive funding that is sufficient to cover the obligation then the County is not on the hook, they are only on the hook to pay as much money as they can. If there is money left after paying the visitor's center CIB obligations, then the money goes on second status to the Water Reclamation Facility which will be through a CIB loan. He said that there is a cap on this that any year that you would only contribute 17% of the remaining funds after the first obligation is done. There is also a maximum of the $10.7 million over a 20-year period. After those two obligations are satisfied then the money would then go to the hotel which is only 66% of the remaining funds at that point after obligations one and two are satisfied. This also has a cap of time and dollars. It is only for 15 years and a cap of $27.1 million. After those three priorities are satisfied either by the annual percentage, by the number of years or by the maximum cap, anything leftover during any year at that point can go to other projects that the RDA deems necessary. These agreements are also the leverage point for the County to have any other restrictions or conditions places on those projects.

Member Chamberlain said that if they are generally in agreement on the terms with the stipulation that it still requires legal review. He said if they are in agreement of the terms with the Interlocal Agreement then there is no reason to not pass it today which is helpful in the lodge situation because they are waiting for this document to be approved to go out and secure the financing for the lodge. They are prepared to make that step right away.

Member Heaton stated that if they do pass one or all the agreements today, if other things arise we can come back to this and if it is mutually agreed upon changes by both parties and amend this?

Attorney Van Dyke said if there is an issue that comes up and both parties agree and both parties are giving something then you can change it. If only one side needs something and the other side isn't getting something, then there is not really any consideration for that which can cause an issue only if there is subsequent litigation.

Member Heaton said that if at some point the School District decided they wanted to join into this, could we come back and amend this to include it?

Attorney Van Dyke said that you wouldn't necessarily need to because what that would do is just give additional funds to the RDA to spend within the project area. He stated that if these are the only funds necessary for the projects they wouldn't necessarily need more money from you.

Member Chamberlain said that the current projection and the numbers they have been working with have been developed by Zions Public Finance. They are projecting that over the 20-year life of this project around $96 million will be generated, available for the CRA and then the 10% and 2.5% have to come off of that leaving the remainder.

Attorney Van Dyke said that from his understanding the last projection was $84 million.

Member Chamberlain said that the $84 million is what is available to the TIF. He said what would happen if the School District decides to participate all that would do is increase the $84 million.

Attorney Van Dyke asked if they had an estimate presented to him at this time on what the hotel or lodge would cost in total.

Kevin Mclaws said that when they did a cost review he thought for the hard costs it was around $84 million for the lodge and then the soft costs pushed it over $100 million.

Scott said that it was $130 million to build the lodge and this consists of everything.

Attorney Van Dyke said that was an interesting figure to look at because they are dedicating under the current terms of this agreement they are looking at $27 million of that $130 million.

Scott clarified that you are not dedicating $27 million to that capital stack because the TIF participation doesn't start until after the $130 million has been spent.

Member Chamberlain said that the lodge itself generates more than $27 million in revenue to the TIF over the 20-year period of time that they are talking and then it continues to generate money for this.

Member Heaton said that at the end of the CRA, the lodge will have contributed around 70% of the total funds back into the CRA.

Attorney Van Dyke said that is a good number to look at because some people in the public, seeing this $27 million figure for the lodge would think that the tax funds are paying for the lodge in total and the numbers you are hearing today is that it is paying for less than a quarter of that and there are other sources of revenue to pay for the rest of it.

Member Heaton said that one of the things he loves about the lodge piece is that the intent of it is to be a B-Corp which is a Benefit Corp where the vast majority of profits come back and are redistributed throughout the community. It is almost like a non-profit feel. He said that it is very different than anything they have ever had in the County but he likes that. Member Heaton asked if this should be something that they include in part of the Participation Agreement or is that too much of an overreach for a Participation Agreement.

Member Chamberlain asked Kevin and Scott how they would feel about language that stipulated that the corporation would be established as a B-Corp that owned and operated the lodge.

Kevin said that he didn't have a problem with that and that they have already retained the attorney and drafted the operating agreement for the B-Corp.

There was further talk from the Commission about the lodge and how it was going to be set up and then they made a motion.

Motion to approve Resolution RDA-2022-6 the Tax Increment Participation Agreement as written and agreed upon, conditional upon legal review made by Member Gant and motion carried with all Members present voting in favor.

5. **Consideration of a Resolution Authorizing the Redevelopment Agency of Kane County to enter into a Tax Increment Participation Agreement with Zion Mountain Local Service District regarding the Visitors Center. RDA-2022-9 (Amended to RDA-2022-7)**

Attorney Van Dyke said that any discussion they need to have is if there are stipulations or requirements that they want to put on Zion Mountain Local District regarding building the visitor's center.

Member Chamberlain stated that if there are additional items like an observatory, then they will need to find another way to fund them because that is not what the CIB loan is for. He also mentioned that he feels it should be called the East Zions Visitor's Contact Station or something like that. He feels that it does have "Zion" in it.

Member Heaton said that a part of him wants to micromanage this and have a vote in this but he is not sure that we get it both ways. We decided the County wasn't going to do this so we passed it to the ZMLSD, so to him they should get to do everything.

Member Gant said that he feels the same way that Member Heaton does. He said that the whole idea was to not make it a County project.

Motion to approve Resolution RDA-2022-7 a Resolution Authorizing the Redevelopment Agency of Kane County to enter into a Tax Increment Participation Agreement with Zion Mountain Local Service District regarding the Visitors Center pending legal review made by Member Heaton and motion carried with all Members present voting in favor.

6. **Consideration of a Resolution Authorizing the Redevelopment Agency of Kane County to enter into a Tax Increment Participation Agreement with Zion Mountain Local Service District regarding the Water Reclamation Facility. RDA-2022-10 (Amended to RDA-2022-8)**

Member Chamberlain clarified that nothing can be open without this project.

Kevin Mclaws mentioned that Zion Ponderosa has operated for 15-20 years with sewer lagoons and as they have grown they have had problems. This will solve the problems and take it off of the community. He said that it is an old system that needs to go.

Motion to approve Resolution RDA-2022-8 the RDA's Tax Increment Participation Agreement with Zion Mountain Local Service District regarding the Water Reclamation Facility pending legal review made by Member Gant and motion carried with all Members present voting in favor.

Motion to adjourn made by Member Heaton and motion carried with all Members present voting in favor.

WHEREUPON MEETING ADJOURNED

Chairman Brent Chamberlain

Karla Johnson

Secretary Karla Johnson