

Public Infrastructure Districts

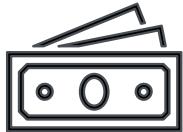
April 2023

PIPER | SANDLER

Public Infrastructure District Overview



A Public Infrastructure District (“PID”) is a financing tool with defined boundaries



A PID is qualified to issue bonds to finance public infrastructure improvements



Tax revenues and fees generated within PID boundaries may be used to pay bonds



PIDs are approved by Cities, but PIDs are separate, stand-alone financing districts



PIDs are created for nearly all types of development

Utah Public Infrastructure Districts (PIDs)

A Public Infrastructure District (“PID”) is a local government financing entity with the power to impose taxes or assessments on future users of infrastructure to repay debt issued to finance that infrastructure. PIDs may be created by the City or County in which the PID is located (Creating Entity). PIDs are created for various types of developments, including residential, commercial, industrial or mixed-use.

PIDs have the authority to build public infrastructure including the following:

- Street improvements
- Water and wastewater infrastructure
- Public transportation
- Park and recreation improvements

Similar tools are used in other Western states to finance public infrastructure:

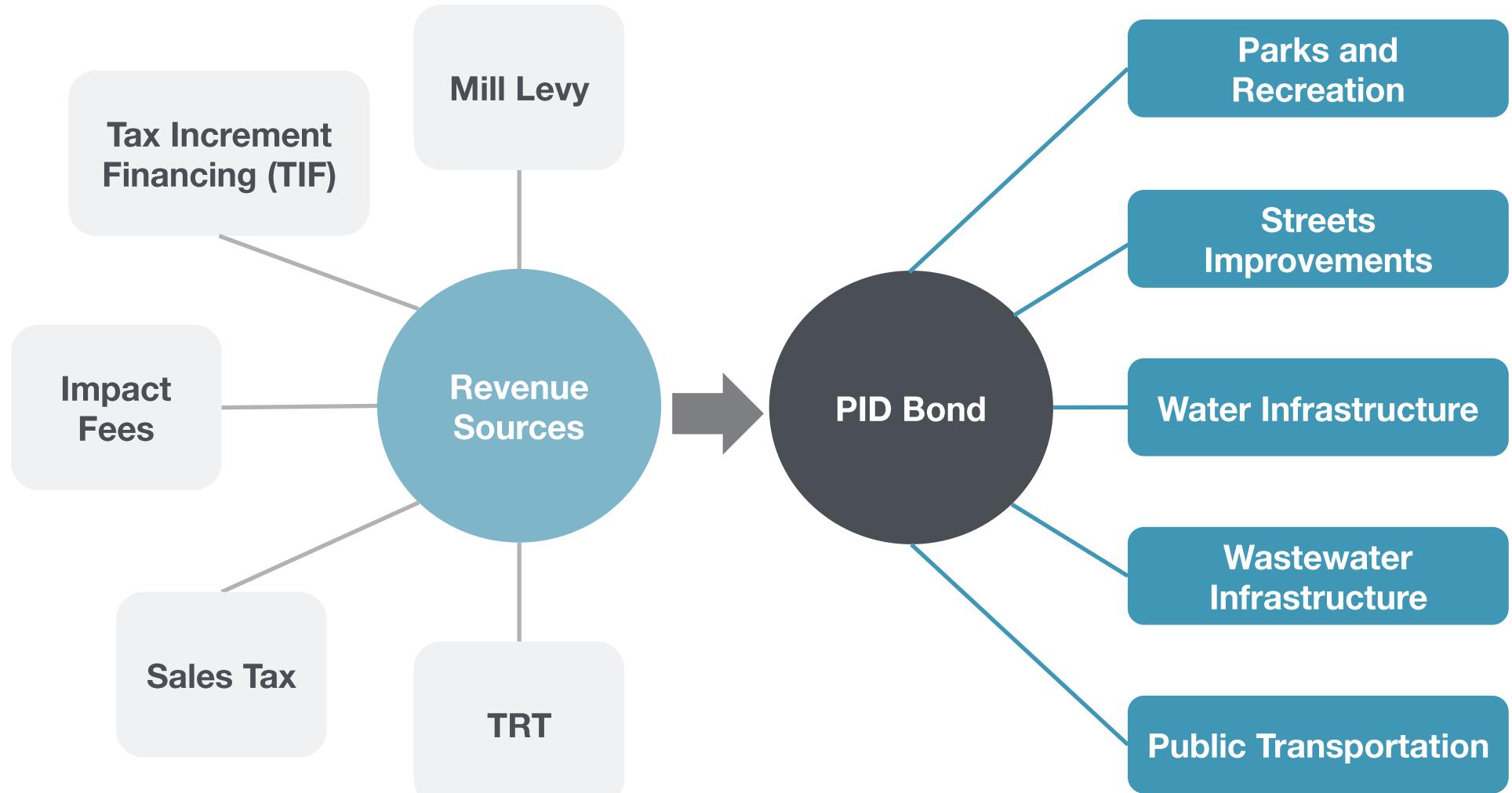
- Nevada – General Improvement Districts
- Arizona – Community Facilities Districts
- Texas – Municipal Utility Districts and Public Improvement Districts
- Colorado – Metropolitan Districts
- California – Community Facilities Districts and Mello-Roos Districts
- New Mexico – Public Improvement Districts

Utah Public Infrastructure Districts (PIDs)

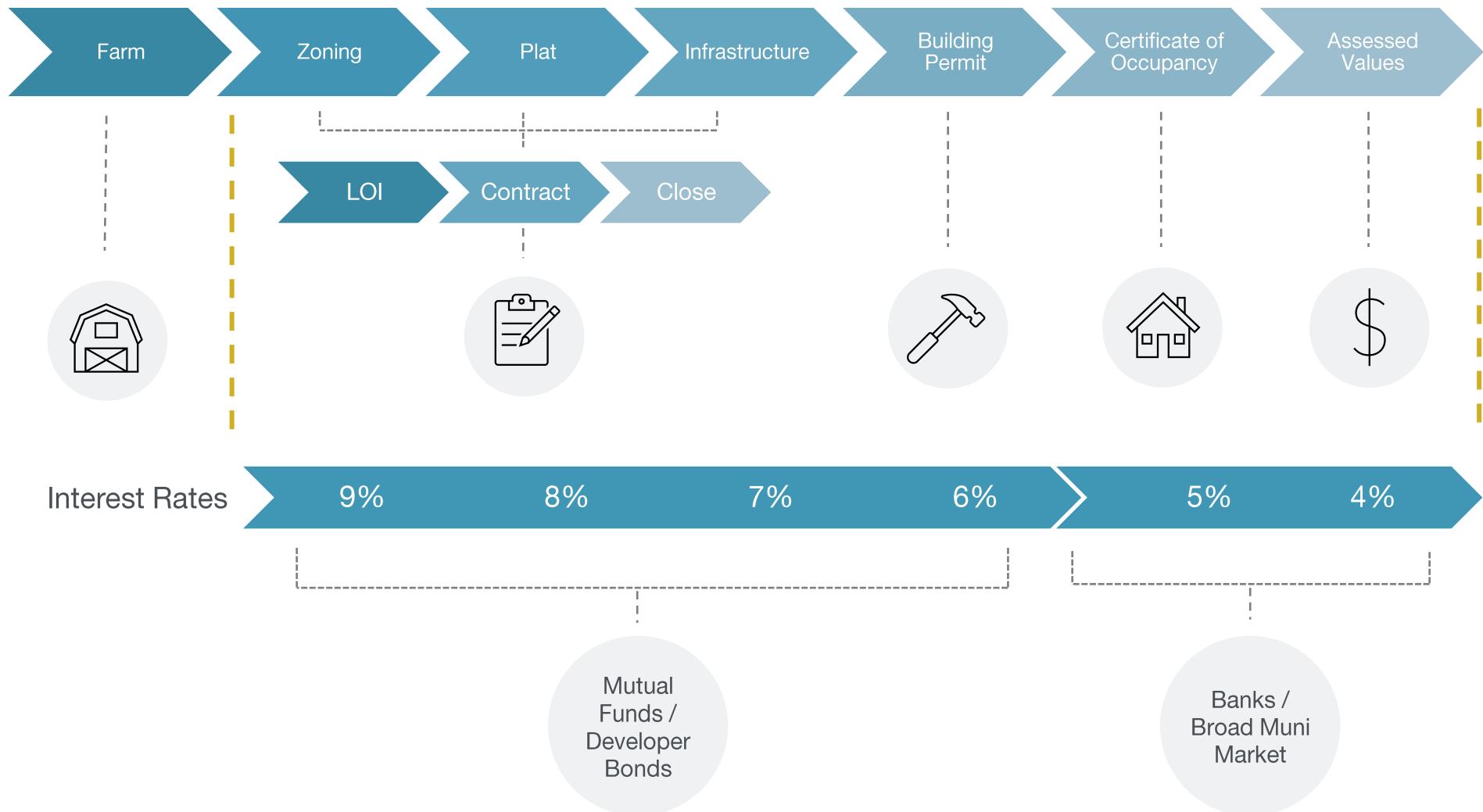
Key Considerations for a Public Infrastructure District

- **Requires 100% property owner approval** – The PID tool works in new developments and typically not in areas of redevelopment with multiple, unrelated property owners
- **The City/County wield the creating powers** – City/county determine appropriate mill levy rate, maximum bonding capacity, terms for board creation, etc.
- **Not a financial obligation of the City/County** – Financial responsibility is with the PID, not the creating entity
- **Excellent tool to combine with TIF** – TIF can be used to pay PID bonds, thereby minimizing tax impact to the end user *and* removing the financial obligation to the TIF issuer (City/County)
- **Once a district is formed, it has bonding capacity** – Once a PID is formed, funding of needed infrastructure can typically occur within a three to four-month period. A newly formed district can wait as long as necessary to issue bonds until the money is needed
- **Districts are regulated** – PIDs are required to be compliant with open meeting laws and to conduct regular financial audits

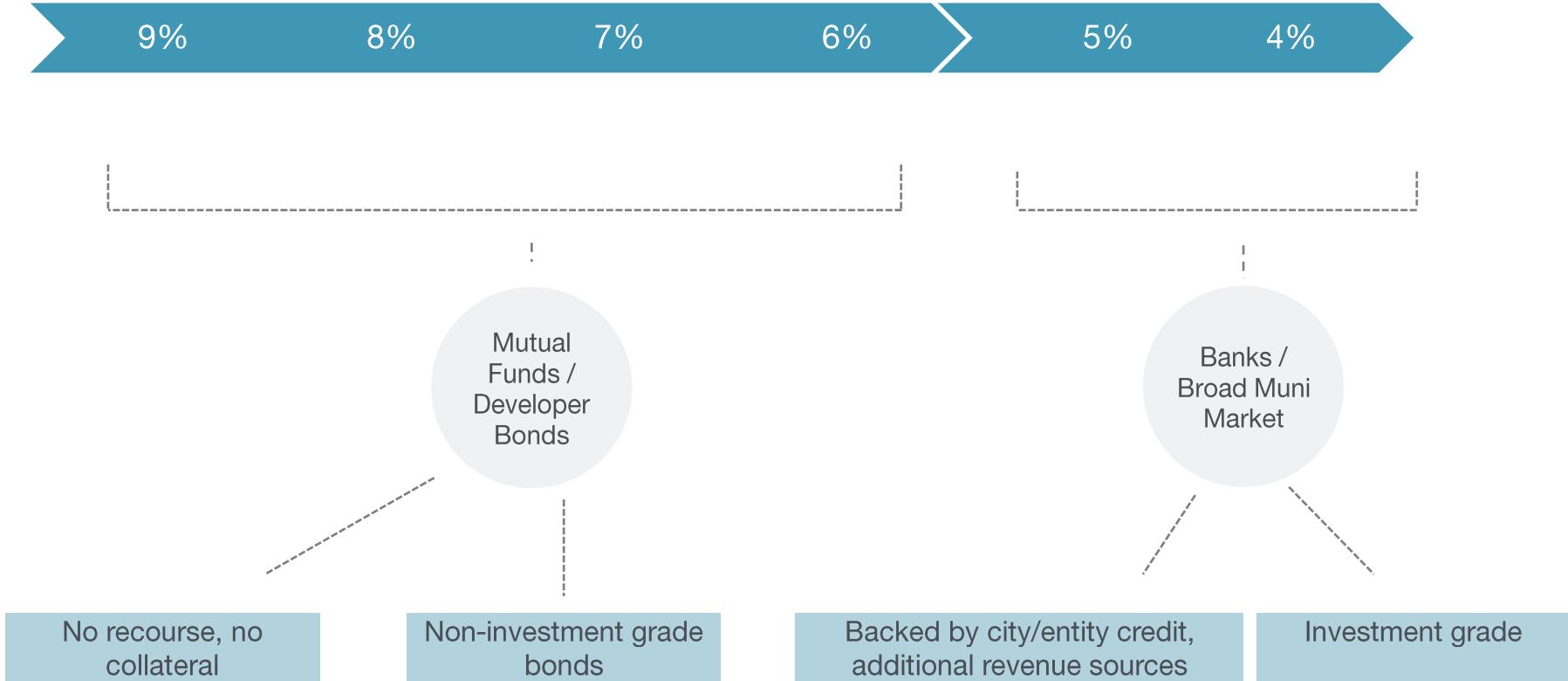
PID Revenue Sources and Bond Proceed Uses



Development Continuum



Rate Considerations



Revenue and Monetization Options

Considerations

TIF as annual reimbursement for life of agreement

- Stable annual revenue source that is tied to assessed values as they occur
- Is not used to pay for upfront costs in lump sum

TIF pledged to RDA bonds

- Allows for City to issue bonds for upfront costs
- City maintains control of the debt
- Recourse to City and requirement to backstop debt

TIF pledged to PID bonds

- Allows for PID to issue bonds for upfront costs
- Controlled by developer
- No recourse to city or developer

TIF and Mill Levy pledged to PID bonds

- Allows for PID to issue bonds for upfront costs
- Added revenue source (PID levy) results in greater bond capacity
- Controlled by developer
- No recourse to city or developer

What is a Mill Rate?

Tax Area 038 - 0003

| | | | | |
|--------------------------------------|---|-----------------|-----------------|-----------------|
| 1010 | UTAH | 0.000977 | 0.000853 | 0.000853 |
| 1015 | MULTICOUNTY ASSESSING & COLLECTING LEVY | 0.000012 | 0.000012 | 0.000012 |
| 1020 | COUNTY ASSESSING & COLLECTING LEVY | 0.000142 | 0.000142 | 0.000142 |
| 2010 | ALPINE SCHOOL DISTRICT | 0.006604 | 0.006904 | 0.006904 |
| 3047 | EAGLE MOUNTAIN CITY | 0.000724 | 0.000724 | 0.000724 |
| 4250 | CENTRAL UTAH WATER CONSERVANCY DISTRICT | 0.000375 | 0.000400 | 0.000400 |
| 4400 | UNIFIED FIRE SERVICE AREA -SALT LAKE COUNTY | 0.001592 | 0.001592 | 0.001592 |
| Total for Tax Area 038 - 0003 | | 0.010426 | 0.010627 | 0.010627 |

Most taxing areas in Utah have a *composite* tax rate between 9 and 16 mills

State statute permits an additional 15 mills with a PID, although most new developments consider between 2 and 10 mills

A \$500,000 primary home (assessed value of \$275,000) with four PID mills will pay \$1,100 in annual PID taxes