SPECIAL TOWN COUNCIL WORK MEETING
1777 N Meadowlark Dr, Apple Valley
Thursday, September 12, 2024 at 9:30 AM

MINUTES

CALL TO ORDER- Mayor Farrar called the meeting to order at 9:31 a.m.
PLEDGE OF ALLEGIANCE
ROLL CALL
PRESENT
Mayor Michael Farrar, Council Member Kevin Sair, Council Member Janet Prentice, Council Member Annie Spendlove, Council Member Scott Taylor, Deputy Clerk Michelle Kinney.
OTHERS PRESENT
Attorney Matt Ence representing Oculta Roca and Developer Dallin Jolley with Oculta Roca.

DISCUSSION

1. PID Discussion.

Mayor Farrar began by explaining the goal of educating the council members, similar to how they had been educated by Matt Ence, an attorney specializing in Public Infrastructure Development (PID). The mayor introduced Dallin Jolley, who is leading the Oculta Roca Hidden Rock development, and mentioned that the developers want to implement a Public Infrastructure District (PID) for the project. The mayor explained that the funds from a PID are strictly for public infrastructure related to the development. They clarified that these funds cannot be used for internal development features, such as streets or other aspects maintained by the developer. At this point, the mayor invited Dallin Jolley Matt Ence to provide a more detailed explanation from the ground up.

Dallin Jolley provided an overview of the Oculta Roca project, which consists of three parcels totaling 84, 17, and 101 acres located on the former site of the old Kokopelli Golf Course. They had been working on securing approvals and finalized their development agreement for a landscape-style hotel and residential cabins at the end of June. The residences would consist of large lots designed for agro-tourism. He mentioned the existing infrastructure, such as a water line from the former golf course, was inadequate. After conducting tests on a new well, they found positive results, indicating sufficient water flow. However, it was proposed connecting to the Apple Valley water system to ensure a reliable supply of culinary water for the project.

Council Member Prentice clarified that the existing well would be used only for irrigation purposes, while a new culinary water line would be installed. Discussions had taken place regarding the costs associated with this connection.

Dallin Jolley detailed four primary infrastructure improvements necessary for the development:

1. **Highway Turn-off Lane**: They had been working with UDOT on the design of a turn-off lane on Highway 59, which would include a slowdown lane and an acceleration lane to manage traffic effectively.

2. **Cinder Hill Road Improvements**: Plans were in place to widen and pave Cinder Hill Road to facilitate access to the hotel and residential entrances.
3. **Gould Wash Road**: This would be a graded access road for fire safety, not paved, leading towards Gould Wash.
4. **Water Tank Expansion**: An agreement was reached with Apple Valley to upsize the existing water tank to a one-million-gallon capacity to meet the project's needs.

Dallin Jolley explained that the Public Infrastructure District (PID) would allow the project to increase property taxes on the parcels, enabling them to obtain a bond for funding the infrastructure improvements. He emphasized the importance of completing the necessary infrastructure before commencing construction on the project, noting that the total estimated cost for these improvements could reach around $10 million. The PID would specifically cover the costs associated with infrastructure while ensuring that neighboring properties would not be affected.

Mayor Farrar clarified that the proposed development would not impact existing residents' taxes; only the new properties being developed would see an increase in their tax obligations. The developers would notify potential buyers of the 18 lots about the tax implications in advance. The mayor emphasized that the development would not affect anyone else in Apple Valley.
Council Member Prentice added that the views and size of the lots would be appealing to potential buyers. The mayor speculated that the new homes could be valued around $5 million on five-acre lots, suggesting that buyers would likely not be concerned about the increase in taxes.

Dallin Jolley discussed the vision for the development, emphasizing that the large luxury ranch lots would complement the amenities offered by the hotel, including an equestrian center. He described the project as ideal for individuals who might want a second home, where they could keep their horses at the equestrian center while enjoying their time in the area. Jolley noted that while the overall site spans 725 acres, the plan is to develop only about 60 homes, with each lot averaging between five and ten acres. He highlighted that this approach would attract clientele interested in upscale, spacious properties.

Council Member Prentice suggested that if the project were successful, there could be opportunities to expand by acquiring adjacent properties, referencing a possible deal involving Travis Holms and a garden project. Jolley mentioned his positive relationship with Holm and expressed a desire to develop a well-planned community that aligns with the essence of Apple Valley, which he characterized by larger lot sizes, outdoor recreation, and agriculture.

Dallin Jolley acknowledged the long negotiation process with landowners, noting the importance of maintaining a consistent development theme across the area. He reiterated that the focus is on creating beautiful, spacious lots rather than smaller one-acre lots, which he believed would not suit the region's character. Jolley concluded by offering to provide more details on how the public improvement district (PID) would function, ensuring the council was informed about the project's overall goals and layout.

Mayor Farrar addressed the council, clarifying key points about the public improvement district (PID) and its implications for Apple Valley. He reassured attendees that the project would not increase taxes for existing residents, emphasizing that only the properties involved in the development would be affected. He stated that if the project were to go bankrupt or be sold, the financial responsibilities would not revert to Apple Valley; instead, the PID would remain tied to the property.

He acknowledged the existence of negative perceptions surrounding the PID, attributing them to misinformation. Mayor Farrar shared that he had initially been hesitant about the PID but changed his mind after engaging with Matt and gaining a better understanding of how it operates. He expressed a desire to dispel rumors and clarify that the PID is designed to protect the town from financial liability related to the development.

Dallin Jolley addressed the common concerns associated with Public Improvement Districts (PIDs), explaining that they often gain a negative reputation when developers attempt to implement them in areas with numerous landowners, leading to resistance from neighbors who feel they do not need the improvements but will face increased property taxes. He clarified that their project is situated in an isolated area and would only impact their own parcels, thereby not requiring support from adjacent landowners. Jolley emphasized that the project's value is adequate to cover the necessary public infrastructure costs, allowing them to utilize the PID as a financing tool through bonds instead of needing to invest significant equity upfront.

Council Member Prentice added that this approach promotes transparency by securing additional funding for the project.

Matt Ence addressed the council, noting that previous speakers had covered many main points. He discussed the map presented, highlighting the two main components of the project: the resort and residential areas, represented in blue and green. Ence explained that they would be requesting the approval of one Public Improvement District (PID) for each part of the project. This separation into two PIDs would provide the developer with flexibility in phasing and allow for potential bond issuances tailored to the distinct timelines and needs of each project segment.

Matt Ence also mentioned the turquoise boundary on the map, which designates a larger annexation area beyond the two PID zones. This area would enable the developer and surrounding property owners the option to participate in future developments. Importantly, he clarified that property owners could choose not to participate in the PID, as no PID could be created without their consent. The annexation area aims to preserve future options without imposing any obligations on the property owners unless they agree to participate later.

Mayor Farrar clarified that when property owners opt to join the Public Improvement District (PID), their properties will be subject to taxation. He emphasized that this tax obligation would only apply if they chose to participate in the PID.

Dallin Jolley addressed the council, noting that while nothing has been signed regarding the project, he had spoken with all involved property owners, who indicated their intention to participate in the annexation. However, without signed agreements, creating a Public Improvement District (PID) at this stage would not be practical. He acknowledged that additional work is necessary, including cleaning up parcels and rezoning. Jolley mentioned discussions with Matt Lowe about acquiring several parcels to facilitate the next phase of development. He emphasized that establishing the annexation area signals to the town council the intention for future development, even though the project is not yet finalized. The annexation serves as a proactive measure to inform the council of the potential area for development down the line.

Matt Ence discussed the financial structure of the Public Improvement Districts (PIDs), noting that property taxes are the primary source of repayment for bonds issued by the PIDs. He clarified that only properties whose owners have consented to join the PID would be subject to these taxes. Typically, bonds are issued for a 30-year term, and financial analysts project anticipated property taxes based on new development and expected increases in property values to structure the repayment plans. Matt Ence provided an example from Apple Valley, where three existing PIDs have faced challenges in development. He noted that one PID had issued bonds, increasing property taxes to fund preliminary development work. If the property were sold to another developer in the future, that developer would inherit the existing PID and any available funds, ensuring that financial responsibilities do not revert to the town, even in cases of bankruptcy. He emphasized that the developers assume responsibility for the property taxes, understanding the potential impact on property values and marketability. This decision is made to finance the substantial infrastructure costs involved in the project. Dallin Jolley reinforced the development team's intention not to sell the property but to retain it as a long-term asset, with plans for residential lots and a hotel, indicating a commitment to developing a sustainable and generational asset.

Council Member Prentice expressed enthusiasm about the project, stating that it would be a good fit for the area, particularly given its appeal for biking and recreational activities. Dallin Jolley highlighted the area's proximity to Zion National Park, noting its natural beauty and potential for success if the project is executed properly.

Matt Ence opened the floor for questions from the council members, inviting further discussion or inquiries regarding the project.

Council Member Taylor expressed the need to clarify his understanding of the Public Improvement District (PID), specifically inquiring about the source of funding for the PID.

Matt Ence explained that when a Public Improvement District (PID) issues a bond, the process is similar to that of a municipality issuing bonds. The PID puts an offering out in the market, inviting investors to purchase the bonds, which serves as the source of funding for the project. He noted that these bonds are typically bought by large investment firms, such as BlackRock and Vanguard, rather than individual investors. Ence highlighted that these municipal bonds often offer a higher return compared to standard municipal bonds due to their slightly higher risk. Despite this, they remain attractive to investors because they are tax-free government bonds, meaning investors do not have to pay taxes on the interest earned from them. This tax advantage is a significant factor in attracting investment in the PID bonds.

Council Member Taylor sought clarification on how residents moving into the area would pay taxes. He asked about the mechanism of tax payment and inquired specifically about which entity the residents would be paying taxes to, questioning whether it would be to the county.

Matt Ence responded to Council Member Taylor's inquiry by explaining that, like all property owners, residents moving into the area will receive an annual property tax notice. He clarified that these notices include various line items, such as school district taxes, and for those properties within the PID, there will be an additional line item indicating the tax rate for the Colter Roca Public Infrastructure District. He confirmed that these taxes would be collected alongside the rest of the property taxes.

Mayor Farrar expressed his concerns regarding the potential impact of the Public Improvement District (PID) on the town and existing residents. He emphasized that if a property owner were to go bankrupt, the property would be auctioned off, and prospective buyers should be aware of any PID associated with the property taxes. He reiterated the importance of ensuring the town's safety and outlined how the PID allows developers to avoid upfront capital costs by effectively providing a 0% interest loan, which is repaid through property taxes. Mayor Farrar highlighted that new residents would ultimately bear the costs, whether through increased lot prices or through taxes, which is beneficial as many residents prefer not to pay large sums up front. He underscored that the main concerns were ensuring that existing residents in Apple Valley are not adversely affected, that new residents are informed of the PID in advance, and that the town remains shielded from any liabilities associated with the PID.

Council Member Taylor inquired about the build timeline for the project, referencing Dallin's earlier comments. He specifically asked if the plan is to complete essential infrastructure, such as the million-gallon water tank and roads, before commencing the actual project build.

Dallin Jolley confirmed that the plan is to complete all public infrastructure as quickly as possible before starting the vertical construction of the project. He explained that this includes horizontal improvements such as burying power lines to eliminate overhead lines, which is a priority. He clarified that the goal is to have all necessary horizontal infrastructure ready for the project to proceed vertically. In response to Council Member Taylor's follow-up, he confirmed that the water tank will be completed and operational with water before any vertical construction begins.

Council Member Taylor clarified that the water tank should be completed and filled with water before any vertical construction of the project begins. He emphasized the importance of ensuring that the tank is operational prior to advancing with the development.

Matt Ence addressed the timing of the bond issuance for the proposed Public Infrastructure Districts (PIDs). He noted that if the town approves the creation of the PIDs, it is realistic to issue the first bonds by the end of the year. Once the bonds are issued, the developer would have access to the funds to begin constructing infrastructure. He mentioned that if the town desires, they can stipulate in the PIDs' governing document that the water tank be the first priority for construction. However, he acknowledged that securing the property for the water tank involves additional steps outside the developer's control. Overall, he indicated that infrastructure development could commence as soon as the beginning of the year.

Dallin Jolley expressed that as a developer, he is eager to begin all infrastructure work immediately upon the approval of the Public Infrastructure District (PID) and the sale of bonds. Once the bond is secured and funds are available, there is no reason to delay starting the project, since payments would need to be made regardless. He indicated that the plan is to initiate all four phases of the infrastructure development as soon as possible. Jolley mentioned that civil engineering for Cinder Hill Road and the highway turn-off lane is about 90% complete, as they had already preemptively invested in this work, expecting reimbursement through the bond if approved. He confirmed his readiness to proceed with the water tank as part of the initial infrastructure efforts.

Mayor Farrar reiterated that the water tank is the top priority for the project. He emphasized that the town had communicated this clearly, and the development would proceed with the water tank as the first step before moving on to other aspects of the project.

Dallin Jolley expressed agreement with prioritizing the water tank, emphasizing that they are prepared to act as soon as the property and design are ready. He stated that completing the water infrastructure early benefits the development by providing water for construction. The developer is committed to moving quickly once the necessary steps are in place.

Council Member Taylor inquired about the impact of the recently passed "control development" measure on the developers. They asked how this new regulation might affect their project.

Mayor Farrar clarified that the recently passed regulation only pertains to building permits for one-acre lots.

Dallin Jolley clarified that the intention is not to build all 18 homes but to sell the parcels. As part of the vertical construction for the hotel, they plan to build three or four homes as spec units to showcase the strict design standards they will implement. He emphasized that the homeowners' association (HOA) will enforce design standards, including a requirement for single-level homes with a desert palette, as well as specified minimum and maximum square footage for the residences, aiming to prevent the construction of excessively large houses, such as those exceeding 20,000 square feet.

Council Member Taylor inquired about the potential negative impacts of the proposed developments on the town, seeking to understand any drawbacks that might arise from the project.

Matt Ence explained that approving the Public Infrastructure District (PID) involves certain responsibilities for the town council. Specifically, as long as the PID exists, the council will be responsible for appointing board members for the district, particularly since there will be no permanent residents on the hotel side of the property. Although the PID operates as an independent entity, any vacancies on its board will need to be filled by appointments from the town council. According to state code, eligible candidates for the board must be property owners or their representatives. If the current developers remain the owners and operators of the hotel resort property, they will request the council to appoint board members when necessary.

Mayor Farrar clarified that a representative from the town council could also serve on the board of the Public Infrastructure District (PID).

Matt Ence clarified that for the residential side of the Public Infrastructure District (PID), the governance structure differs. Once a certain threshold of residents is reached, the board will transition to an elected body, eliminating the need for the town council to appoint board members for that specific PID. However, property owner representation is still required on the board, contingent upon agreement from the property owners.

Mayor Farrar inquired whether the board of the Public Infrastructure District (PID) is responsible for determining how to allocate the funding.

Matt Ence explained that the Public Infrastructure Districts (PIDs), even after issuing bonds, share similar responsibilities with the town. These responsibilities include creating annual budgets and submitting annual reports to the state auditor. The PIDs must also provide quarterly disclosures and conduct annual audits. The board primarily manages these administrative tasks once the bonds are issued. Matt Ence clarified that the PID board consists of property owner representatives until it transitions to an elected board. He mentioned that while the developer manages the initial phases, including infrastructure spending before selling lots, the town council will appoint members to the hotel portion of the board upon request. He emphasized that the town council will not be responsible for the minutes and administrative tasks, which will be handled by the PID board. Additionally, Ence noted that once any infrastructure is built and dedicated to the town, the town will take on the responsibility for its maintenance and operation, similar to situations without PIDs. He acknowledged concerns related to the Jepson PID, suggesting that the town has not faced significant backlash despite any issues that arose in that project.

Dallin Jolley discussed the Jepson Canyon PID as an example of a challenging scenario that did not negatively impact the town. He explained that if property from the Jepson Canyon PID were sold, the new owners would benefit from the remaining cash reserves to complete infrastructure projects, despite taking on an adjusted mill rate for taxes. Jolley emphasized that while he may not know the specific details of that situation, it highlights the importance of considering potential negative scenarios in PID management. He reassured that their goal is to avoid such issues and ensure that the new development will not adversely affect the town.

Mayor Farrar clarified the implications of infrastructure development by private developers. He explained that any infrastructure constructed by a developer, such as water tanks or roads, would be donated to the town and the town would then be responsible for maintaining that infrastructure. He mentioned the decision to require specific standards for roads, including asphalt, curbs, and gutters, to facilitate easier maintenance. Mayor Farrar expressed concerns about allowing wells to be drilled on the new property, referencing past issues with a project in Cedar Point, where problems arose after the wells were drilled. He advocated for connecting the new development to the existing water system for better maintenance and reliability.

Matt Ence noted that some infrastructure may be owned and operated by separate entities, such as the local water district or Ash Creek Special Service District. In such cases, if Ash Creek were to oversee the sewer system, it would not be donated to the town, and Ash Creek would be responsible for its maintenance and operation. He emphasized that any associated fees for connecting to these systems would be determined by the respective entity.

Mayor Farrar discussed the potential development of a sewer system by Ash Creek. He clarified that if Ash Creek requested the construction of a sewer system, it would not be donated to the town but would instead be donated to Ash Creek. In this case, Ash Creek would be responsible for the maintenance of the sewer system. He noted that if other entities wished to connect to this system, Ash Creek would charge them for the connection, and those fees would go directly to Ash Creek.

Matt Ence emphasized that the creation of a Public Infrastructure District (PID) does not affect the town's responsibilities regarding development approvals. He clarified that the PID has no role in the approval process for development agreements, building permits, or infrastructure designs. All such approvals would continue to be managed by the town, regardless of whether the PID is in place, ensuring that the town retains its authority in these matters.

Council Member Sair requested details regarding the responsibility for the bond, specifically who is responsible for applying for it and how the financial implications of the bond would not fall on others.

Matt Ence explained that once a Public Improvement District (PID) is created, it operates as an independent local entity, similar to a special service district. Each PID has its own board, budget, and legal responsibilities, separating it from the town's obligations.

Council Member Sair inquired about the responsibility related to bonds. They posed a hypothetical situation where if the town borrowed $100,000 for roads, whether that amount would then be tied to the properties affected by the bond.

Matt Ence clarified that the town has the authority to issue bonds, but if it were to do so, that debt would appear on the town's balance sheet. In contrast, the bonds issued by the Public Improvement District (PID) do not reflect on the town's financial statements. He emphasized that once a PID is created, the town is not responsible for its debts, as clearly stated in the governing code. Ence reassured that there is minimal risk of the town being liable for the PID's financial obligations, similar to the independence of entities like Ash Creek. He offered to provide a reference from the code if needed.

Mayor Farrar discussed concerns surrounding the Public Improvement District (PID) in the town, noting a prevailing perception that the town has been anti-growth and is focused on slow, responsible development. He explained that the approval of a PID could enable individuals like a hypothetical "John Smith," who may own property but lack sufficient funds, to begin developing. Mayor Farrar suggested that this perception contributed to a negative view of PIDs within the community. He acknowledged that there were concerns about the potential for increased development, particularly with quarter-acre lots, which some in the town administration viewed unfavorably. He emphasized that the town's hesitance regarding PIDs stemmed from a desire to control growth and maintain the community's character.

Dallin Jolley addressed the mindset of many developers who seek to have a Public Improvement District (PID) approved as a means to access capital for their projects. He emphasized that this approach is not the one his team has taken. Instead, they aim to work collaboratively with the town to ensure that any necessary infrastructure is in place, aligning with the previously approved development agreements. Jolley described the PID as a financing tool that allows for the issuance of bonds to fund essential public infrastructure, which is crucial for their development project. He praised Mayor Farrar for effectively negotiating the inclusion of a new water tank in their agreement, highlighting its significant benefit to the town. Jolley expressed a desire for their development to positively contribute to the community, emphasizing a win-win scenario where both the developers and the town can benefit. He noted that to successfully build the water tank, as well as comply with state and local requirements for turn lanes and other infrastructure, capital support is needed.

Mayor Farrar shared that he initially opposed the idea of a Public Improvement District (PID), influenced by previous negative perceptions and his own lack of knowledge. He recounted telling the developers that the town would not consider a PID, even in the development agreement (DA), stating his reluctance due to what he referred to as the "black cloud" surrounding PIDs. However, after consulting with the town attorney, Heath Snow, and further discussions with Matt Ence, both of whom explained the benefits and workings of a PID, his perspective shifted. Mayor Farrar acknowledged that with more understanding, he realized the PID might not be as negative as he initially thought.

Dallin Jolley explained that the original development agreement, included a strict prohibition on PIDs. He requested that the mayor remain open to discussing PIDs, recognizing that there were misunderstandings about them, especially given how poorly they had been handled in the past. Jolley asked only for the removal of the clause that banned applying for a PID, believing that once the process was understood, it would be clear that it could benefit the town—particularly with projects like the water tank and water lines. He expressed gratitude for the opportunity to hold a working session to clarify the true nature of the PID.

Council Member Taylor asked for clarification, stating that the developer is going to build the development as planned. The PID would provide additional benefits, such as the water tank. Taylor noted that having the water tank built upfront, before the entire development is completed, would be a benefit. Even if the full development took longer, the town would still have the water tank in place for use.

Dallin Jolley confirmed that while the vertical construction of the hotel will take time due to ongoing architectural and structural engineering work, they are open to getting the PID approved now. This would allow them to complete necessary infrastructure, such as highway turn lanes and roads, ahead of vertical construction. Jolley emphasized the importance of having infrastructure in place first to avoid disorganized and messy developments, highlighting that having a paved road and water infrastructure benefits both the developer and the town. Even if vertical construction is delayed, the town would still benefit from the completed infrastructure, like the water tank.

Mayor Farrar explained that approving the PID poses no risk to the town, while the developer benefits by receiving capital upfront at a 0% interest rate. This allows the developer to save money that would otherwise go to investors in the form of interest payments. With these savings, the developer is offering to help the town by contributing to the construction of a one-million-gallon water tank. This mutually beneficial arrangement is made possible by the cost savings from the PID.

Mayor Farrar clarified that the key benefit of the PID is the developer's ability to save money, which they are using to assist the town with needed infrastructure, such as a water tank and pipeline. The pipeline will be installed properly and include fire hydrants, avoiding the issues faced by the Kokopelli Golf Course, which struggled with water access and legal complications. The developer will also handle turn lanes and other infrastructure. If the developer were to go bankrupt, the infrastructure would remain, and the loan tied to the property would follow to the new owners, ensuring the town retains its improvements.

Matt Ence clarified that while the developer benefits from upfront capital, there is still an interest rate associated with the bond. The interest is built into the property tax, and the current market rate is estimated to be around 6-7%.

Council Member Sair asked about the estimated timeline for when the water tank would be completed, noting that everything seemed to be in order.

Dallin Jolley explained that there were some steps to be taken before the tank construction could begin.

Council Member Sair inquired whether a contractor had already been secured for the construction of the water tank. Dallin Jolley stated that he is indifferent to which contractor is chosen for the tank construction, as long as the process is transparent and fair. He emphasized the importance of ensuring that no one is profiting unfairly and mentioned that they would likely go out to bid for the project, collaborating with the town in the process.

Mayor Farrar explained that while they are working on arranging the bond pending town council's approval of the PID. They could expect to receive funding by the end of this year or in January, they would also begin the process of getting bids for the project. He mentioned that they would first consult with Town Engineer Nate Wallentine with Sunrise Engineering to initiate the design process and secure any necessary land for the project. Mayor Farrar noted that Nate suggested positioning the tank slightly higher to improve water pressure for existing residents and to facilitate water distribution to the area. He emphasized the goal of having everything ready by January, so they could move forward efficiently once the funding is secured.

Council Member Sair inquired if they were working with Mr. Holm on the project. Mayor Farrar mentioned that Mr. Travis Holm owns the property where the water tank might be located and stated that there is already an easement in place. He acknowledged he hadn't worked out all the details with Nate yet, particularly concerning the required height for the water tank.

Council Member Spendlove interjected, suggesting it might be helpful to clarify a point, and then asked if the taxes would decrease after the 30-year period once the bond is paid off.

Matt Ence explained that while it's not guaranteed that taxes will remain the same, bonds typically do not last the full 30 years. He noted that after five years, there is usually an option for refinancing, which could lead to changes in the bond's structure, potentially resulting in a shorter term or different interest rates. Matt Ence clarified that when the bond is initially issued, it is structured as a 30-year bond. If no changes occur, property taxes would be paid for the full 30 years. Once the bonds are fully repaid, the property taxes would cease. He explained that the bond is based on projected property tax collections, which means if those collections exceed expectations, the bonds could be paid off sooner. Conversely, if collections are lower than anticipated, the payment period could extend, but there is a maximum limit of 40 years. In a worst-case scenario where no development occurs for 40 years, the property owner would continue to pay property taxes until that period ends, after which bondholders would bear the risk of not being repaid. Matt Ence explained how the flow of funds works once the town approves the bids and the PID conducts its first bond issuance, which could realistically close in January of the following year. He noted that the money raised from investors purchasing the bonds would be held by a third-party bank, specifically UMB Bank, which serves as the bond trustee.
The funds are drawn in a manner similar to a construction loan. As infrastructure costs are incurred—such as for the water tank or road work—the developer can request disbursements from the bond trustee. To ensure that the amounts requested are legitimate and accurate, each requisition must be certified by a professional engineer. Ence mentioned that in some cases, towns have requested that their engineer sign off on the costs before funds are disbursed. He affirmed that this is feasible and would not alter the funding flow, as it simply changes who certifies the requisitions. The bond trustee

has the flexibility to pay funds either to the developer for reimbursement or directly to third parties, such as contractors building the water tank. In either scenario, invoices are typically submitted to the district, and draw requests can be prepared by either the bond trustee's office or the developer. These requests are then certified by the appropriate engineer. Ence clarified that funds can be paid directly to subcontractors without going through the developer if needed.

Discussion Points:

1. **Use of Funds:**
    - Mayor Farrar clarified that the funds can only be utilized for public infrastructure. This includes improvements such as highways, turn lanes, water systems, and other public-related projects, but cannot be used for developments within the property or for private utilities like power, telecom, or gas.
2. **Legislative Requirements:**
    - Council Member Sair inquired about the requirement for town approval for certain developments. Mayor Farrar explained this was established as a checks-and-balances system to ensure transparency and accountability in the approval process. Council Member Prentice added that the state recently created infrastructure financing districts that have different approval processes, but those districts have limitations on funding sources.
3. **Responsibility and Maintenance:**
    - Mayor Farrar emphasized the town's responsibility to maintain any infrastructure funded through these means. Council Members discussed the need for developers to ensure water systems are adequately maintained and expanded as necessary.
4. **Infrastructure Developments:**
    - Mayor Farrar noted the importance of ensuring that a million-gallon concrete water tank is prioritized within development agreements. This tank is deemed crucial for the anticipated growth and water needs of the area. Discussions included how these infrastructure upgrades would also contribute to increased tax revenue through transient taxes from lodges and developments.
5. **Financial Implications:**
    - The council discussed the financial aspects of the project, including a proposed tax levy of 10 mills, translating to $1,000 annually for every $100,000 of property value. Mayor Farrar and the council members explained that this rate is necessary to support the financing needed for the project, which includes a mixture of high-end residential and resort development.
6. **Public Involvement:**
    - Mayor Farrar mentioned that hard copies of the project proposals would be shared with the council members for review before the next meeting. The intent is to discuss these documents in detail at the upcoming town council meeting scheduled for September 25.
7. **Overall Costs:**
    - The estimated total cost for the project is approximately $9.3 million, with the council noting that this figure includes soft costs and is based on preliminary bids for various components of the infrastructure.
8. **Property Tax Clarifications:**
    - The implications of the proposed property taxes were discussed, noting that primary residences may qualify for a state exemption that reduces assessed property values by 45%, affecting the total tax burden.

Conclusion: The council members appreciated the transparency in the discussions and expressed a commitment to ensuring that the proposed developments and infrastructure upgrades align with the town's growth and financial stability. Further discussions and reviews are planned for the upcoming meeting.

ADJOURNMENT

MOTION: Council Member Taylor moved we adjourn.
SECOND: The motion was seconded by Council Member Prentice.
VOTE: Mayor Farrar called for a vote:

Council Member Spendlove - Aye
Council Member Taylor - Aye
Mayor Farrar - Aye
Council Member Sair - Aye
Council Member Prentice - Aye

The vote was unanimous and the motion carried.

The meeting was adjourned at 10:50 a.m.

Date Approved: 10/23/24

Approved BY: ____________________
Mayor | Michael L. Farrar

Attest BY: ____________________
Town Clerk/Recorder | Jenna Vizcardo

TOWN OF APPLE VALLEY SEAL UTAH