

**MINUTES OF THE MEETING OF
THE REDEVELOPMENT AGENCY
OF LAYTON CITY**

APRIL 4, 2024 – 5:33 P.M.

**BOARDMEMBERS AND
OFFICERS PRESENT:**

**CHAIR JOY PETRO, VICE CHAIR CLINT MORRIS,
EXECUTIVE DIRECTOR ALEX JENSEN,
BOARDMEMBERS ZACH BLOXHAM, TYSON
ROBERTS, BETTINA SMITH EDMONDSON, AND
DAVE THOMAS**

STAFF PRESENT:

**DARREN CURTIS, LON CROWELL, WESTON
APPLONIE, TRACY PROBERT, STEPHEN
JACKSON, ED FRAZIER, AND SECRETARY KIM
READ**

The meeting was held in the Council Chambers of the Layton City Center.

Chair Petro opened the meeting.

MINUTES:

Boardmember Roberts moved to approve the minutes of March 7, 2024, as written. Boardmember Thomas seconded the motion, which passed unanimously.

AGENDA:

**LAYTON EAST GATE ECONOMIC DEVELOPMENT PROJECT PLAN AREA BUDGET
AMENDMENT AND PUBLIC HEARING – RDA RESOLUTION 24-04**

Lon Crowell, Economic Development Deputy Director, introduced the agenda item and shared a visual illustration. He reminded the Council the East Gate Economic Development Project Area (EDA) Plan was adopted in October 2007, was initiated in 2011; when the City began receiving tax increment funds from Davis County. This would expire in 2035. He added the East Gate Master Plan was adopted in October 2009 which was used to guide development. He referenced the illustration pointing out although there were still available areas for development (highlighted in purple), development had slowly occurred. He identified three major reasons for this:

- Topography – Manufacturing usually required large flat parcels usually rectangular. He reported this area was sloped and would incur significant expense to develop.
- Roads and infrastructure had not yet been completed, which would also be a significant expense which would not recognize a return on investment.
- Timing of market conditions

He reported the East Gate area had attracted some great employers and partners. He reported interest for development had recently taken place within the past few months, which resulted with the City amending the Plan.

The current EDA Plan Budget reflected the Davis School District (DSD) would end its participation after 15 years in the Project Area (year 2025) and explained those repercussions. The RDA Board directed Staff to approach DSD to request it consider its participation in the EDA and following several meetings, the Davis School Board, on Tuesday, October 3, 2023, unanimously approved its continued participation until 2035, consistent with the other participating taxing entities. The Taxing Entity Committee met on Wednesday, December 6, 2023, which also approved the request to amend the Budget allowing DSD to continue

participation. He reminded the Board it recently approved an Interlocal Agreement on Thursday, March 7, 2024, between the RDA and DSD to extend the collection period and participation until 2035, required by State Code and which included this public hearing.

He reported Staff recommended amending the Plan:

- Removing any references about the DSD ending its participation after 15 years;
- Amending the chart to reflect the new projected increment until the end of the EDA in 2035; and,
- Identify the estimated increase in increment from approximately \$30 million to \$54 million.

Staff recommended approval of the resolution following the public hearing.

Chair Petro asked if there were any questions from the Board and there were none.

Chair Petro opened the Public Hearing at 5:41 p.m.

Chair Petro called for public comments.

Shane Steer, Cobalt (Developer of Grandview II, adjacent to Guru Technologies) – 1645 East Highway 193, expressed appreciation for the opportunity to express his opinions regarding the East Gate Area Plan. He identified the following benefits associated with his company’s participation in the EDA:

1. Increase in available funding allocated toward his company’s project.
2. Offset costs associated related to building and design including water wise landscaping.
3. The proposed project for development would increase the tax base for Layton City and would generate revenue to surrounding businesses for future decades.

Mr. Steer continued to express appreciation to DSD’s continued participation and the City’s assistance throughout the development process.

Boardmember Bloxham requested clarification as to why DSD originally chose to not participate with the other taxing entities for the entire time period and Mr. Crowell responded that determination was consistent with the DSD’s participation with similar agreements in Layton but inconsistent with other agreements in Davis County, and the discussion continued.

Boardmember Smith Edmondson requested clarification with the some of the estimated figures and actual costs. Mr. Crowell responded the estimated figures were less than anticipated as a result of the recession. He added development hadn’t occurred as originally intended. Additionally, the City desired an aerospace or defense related development near Hill Air Force Base (HAFB) and Staff had respected that intent with proposed development for this area.

Chair Petro expressed appreciation for DSD’s ongoing participation and believed this would have a positive effect for the City.

MOTION: Boardmember Smith Edmondson moved to close the public hearing at 5:47 p.m. and approve the Layton East Gate Economic Development Project Plan Area Budget Amendment as presented, RDA Resolution 24-04. Vice-Chair Morris seconded the motion. The motion passed with the following vote: **Voting AYE – Boardmembers Roberts, Bloxham, Morris, Smith Edmondson, and Thomas. Voting NO – None.**

2024 AGREEMENT FOR THE DEVELOPMENT OF LAND BETWEEN THE REDEVELOPMENT AGENCY OF LAYTON CITY AND JL VENTURES – RDA RESOLUTION 24-01 – APPROXIMATELY 3675 NORTH FAIRFIELD ROAD

Mr. Crowell reminded the Board the City currently had an existing agreement with JL Ventures adopted in 2021, and briefly reviewed specifics. He explained at that time there were some uncertainties associated with the completion of the final building number 6, the future tenant/employer, and the number of jobs. He indicated the RDA provided approximately \$1.7 million as an upfront incentive to be used toward the grading

of the property and mentioned the actual costs were substantially higher than that. The Agreement called for the Agency to reimburse itself with Tax Increment, annually, upfront, for the initial four years prior to the developer recognizing any of the Tax Increment funding. The Agreement also provided 75% of the Increment to the developer, prior to the City identifying who the employer/tenant would be. The Agreement also included a matrix, an incentive to assist the developer in obtaining a prime defense contractor or subcontractor in the aerospace industry. He mentioned since adoption the owner/developer had been successful and the project had substantially changed and reviewed the scope of the new project. He identified the proposed funding gap and reviewed the new anticipated costs. He explained the topography constraints for the proposed project conceptual site plan and indicated this would be a substantial project. He stated the proposed agreement would allow the Agency to retain 8½ percent over the life of the EDA to collect its reimbursement of the \$1.7 million, the 91½ percent would go to the developer to provide upfront capital for the project.

Staff recommended approval and he asked if there were any questions.

Boardmember Smith Edmondson requested Mr. Crowell clarify how the funding provided upfront to the developer would be recognized by Tax Increment as opposed to the Agency providing the funding. Mr. Crowell responded as the developer paid Property Taxes, a portion, approximately 90% would be returned to The Agency by Davis County. From that percentage, 91½ percent would be returned to the developer for qualifying items for infrastructure such as: a power substation to support the project, costs associated with grading, and miscellaneous road improvements. He emphasized this would be based on taxes paid by the development only and would not affect taxes for any other member of the public.

Boardmember Bloxham clarified the City's upfront incentive was secured by the Trust Deed and Mr. Crowell responded in the affirmative and indicated it was in effect with the initial agreement. Boardmember Bloxham requested Mr. Crowell explain why this made good public policy for the City. Mr. Crowell responded this development was atypical in that the owner/developer would be constructing buildings specific for the tenant upfront and later determining funding mechanisms to be profitable, rather than constructing a building which would mimic its normal prototype and finding a tenant to fit that financial model. He reiterated the East Gate topography was challenging and the City wanted to be in a position to compete with similar properties within the region; therefore, the City needed to provide the incentive to level the playing field. The Tax Increment, paid by the developer, allowed the City to provide the incentive for a project which would create high paying jobs within the community in a growing industry.

A discussion followed regarding the developer/tenant relationship and a similar project associated with the RDA project near Home Depot.

Vice-Chair Morris expressed his opinion this type of development wouldn't take place without this funding and complimented Staff for standing its ground to ensure an aerospace development came to fruition. He complimented Mr. Crowell for his efforts. Mr. Crowell emphasized the DSD's continued participation was critical to the success of the project in addition to the work of many others.

MOTION: Boardmember Roberts moved to approve the 2024 Agreement for the Development of Land between the Redevelopment Agency of Layton City and JL Ventures, RDA Resolution 24-01. Boardmember Thomas seconded the motion, which passed unanimously.

AGREEMENT FOR THE DEVELOPMENT OF LAND BETWEEN THE REDEVELOPMENT AGENCY OF LAYTON CITY AND DREAMLAND LLC 2024 – RDA RESOLUTION 24-02 – 3800 NORTH FAIRFIELD ROAD

Mr. Crowell shared a visual illustration regarding the KIHOMAC, Inc. development located within the EDA area. KIHOMAC was proposing construction of an additional 50,000 square-foot building south of its existing building for the purpose of providing space for its non-classified manufacturing processes and products. Additionally, it also needed to identify a different way to attract employees in the region, and proposed to construct space within the new building for an in-house paid apprenticeship program to help train future employees and additionally include start-up space. He also identified the apprenticeship space was

being offered by KIHOMAC to other local employers in the aerospace and composite industry through a separate agreement between KIHOMAC and that employer. He identified the estimated costs for the proposed building and site improvements and explained the City's incentive and how the reimbursement would take place. He mentioned the DSD's continued participation increased the incentive to KIHOMAC.

Chair Petro expressed her opinion it was generous of KIHOMAC to provide a training facility for employees to create a needed workforce. Boardmember Smith Edmondson also expressed her admiration for a company like KIHOMAC to provide a workforce for the future and complimented it for providing needed externships.

MOTION: Boardmember Thomas moved to approve the Agreement for the Development of Land between the Redevelopment Agency of Layton City and Dreamland LLC 2024, RDA Resolution 24-02. Vice-Chair Morris seconded the motion, which passed unanimously.

APPROVING THE CONSENT AND ACKNOWLEDGEMENT FOR THE TRANSFER OF PROPERTY FROM WINKEL ROCK, LLC TO WINKEL ROCK, DE, LLC, INCLUDING CERTAIN OBLIGATIONS AS REQUIRED IN THE PARTICIPATION AGREEMENT BY AND BETWEEN THE REDEVELOPMENT AGENCY OF LAYTON CITY AND NORTH UTAH HOLDINGS, LLC – RDA RESOLUTION 24-06 – APPROXIMATELY 137 SOUTH MAIN STREET

APPROVING THE CONSENT AND ACKNOWLEDGEMENT FOR THE TRANSFER OF PROPERTY FROM WINKEL ROCK, LLC TO WINKEL ROCK, DE, LLC, INCLUDING CERTAIN OBLIGATIONS AS REQUIRED IN THE PARTICIPATION AGREEMENT BY AND BETWEEN THE REDEVELOPMENT AGENCY OF LAYTON CITY AND NORTH UTAH HOLDINGS, LLC – RDA RESOLUTION 24-05 – APPROXIMATELY 127 SOUTH MAIN STREET

Mr. Crowell reminded the Board of previous agreements transferring ownership for the development arm associated with constructing apartments. The applicant was now preparing to develop commercial space to be constructed along Main Street and identified that location on an illustration. He indicated there were two separate agreements with the same entity, although under separate names, which had similar obligations and requirements of the transfer of ownership. He explained the transfer of ownership from Winkel Rock, LLC to Winkel Rock, DE, LLC, for the purpose of moving forward with the commercial portion of the project. Staff recommended approval.

Boardmember Smith Edmondson mentioned the City had been dealing with this owner/developer for a while. She inquired whether the property transfer to the developer would facilitate movement for the project and Mr. Crowell responded it should facilitate movement for Phase I. He reported construction of the apartments had started and Staff believed the commercial portion would continue to move forward.

Vice Chair Morris inquired about the timeline associated for the remaining mobile homes in the area. Mr. Crowell mentioned the agreements were applicable only to Phase I. He indicated the proposed Master Plan for the project would be to include additional apartments and possibly a hotel, office space, and parking structure to help support the FrontRunner Station and development. The City wasn't aware of when development was proposed for Phase II.

Boardmember Roberts inquired whether all previous agreements with Winkel Rock, LLC would remain in place and Mr. Crowell responded in the affirmative.

MOTION: Boardmember Roberts moved to approve the Consent and Acknowledgement for the Transfer of Property from Winkel Rock, LLC to Winkel Rock, DE, LLC, including certain obligations as required in the participation agreement by and between the Redevelopment Agency of Layton City and North Utah Holdings, LLC, RDA Resolution 24-06 and RDA Resolution 24-05. Boardmember Bloxham seconded the motion, which passed unanimously.

The meeting adjourned at 6:18 p.m.

Kimberly S Read, Secretary