

Taxing Entity Committee

Redevelopment Agency of
Tremonton City, Utah

Minutes

June 19, 2014

3:35 p.m.

Tremonton City Council Chambers

Tremonton City Hall

102 South Tremont Street

Tremonton, Utah 84337

1 Welcome

Tremonton Mayor Fridal called the meeting to order at 3:35 p.m. and welcomed those present. The meeting was held at the Tremonton City Council Chambers on June 19, 2014 at 3:30 p.m. Mayor Fridal asked everyone to introduce themselves.

The following were in attendance: Board Member Clint Burt representing the Bear River Water Conservancy District, Alternate David Roberts representing the Utah State Board of Education, Board Member Rodney Cook representing the Box Elder School District, Board Member Cathy Dudley representing the Utah State Board of Education, Alternate Jim Christensen representing the Box Elder School District, Board Member Mitch Zundel representing Box Elder County, Board Member Lyle Holmgren Tremonton City Councilmember, Chairman Roger Fridal Mayor of Tremonton City, RDA Director Shawn Warnke Tremonton City, and Darlene S. Hess TEC Secretary.

Excused: Board Member Ryan Tingey Box Elder County, Board Member Ronald Wolff Box Elder School District and Alternate Jeff Reese Tremonton City Councilmember.

2 Approval of Minutes – June 13, 2013

Minutes of the June 13, 2013 Taxing Entity Committee Meeting were sent to the Taxing Entity Committee (TEC) for review. No corrections were made within the ten day period set up for review; therefore, the minutes stand as approved on August 8, 2013.

Mayor Fridal called for a motion to approve the June 19, 2014 agenda with items 3 and 4 being switched. Motion by Lyle Holmgren to approve the agenda. Second by Cathy Dudley. Motion approved

4 2013 Annual Agency Reports – Shawn Warnke

RDA Director Warnke told the Committee that the Freeway Interchange Project Area includes La-Z-Boy, Intertape Polymer, T & M Manufacturing, and other existing

businesses. RDA Director Warnke noted that the area in reference is north of the Box Elder County Fairgrounds. This was a 25 year project with the base year at \$16K. The current taxable value in 2013 was \$10.1M and personal property at \$6.5M which is assessed at \$245K. There are two years remaining on the project with the last increment coming in the spring of 2016. It was set up Pre- 1993 Project Area and the percentage of increment to Tremonton City RDA is declining. Currently the taxing entities receive 40% of the tax increment with 60% retained by the RDA. The full value of the tax increment will go to the taxing entities in two years when the Freeway Interchange Project ends.

RDA Director Warnke noted that the most significant activity on personal property was an expansion at Intertape Polymer. Some operations in Nova Scotia were shut down and moved to the Tremonton plant.

The West Liberty Project Area is a ten year project. The TEC Committee allowed Tremonton RDA to have the full tax increment. This project will end in the spring of 2018 when the 2017 increment is received. The base year was \$417K, the current real property taxable value is \$43.7M and personal property is \$54.6M and centrally assessed property (the power line corridor that runs along 2000 West) at \$223K.

RDA Director Warnke had a discussion with West Liberty Foods about an additional contract they are looking to pursue. If West Liberty attains the contract, they would need to expand one of three plants, with Tremonton being one of the three locations being considered. The expansion would be \$18-28M based on the final configuration of personal property. Currently West Liberty Foods is on hold in its consideration.

Mayor Fridal asked where the expansion to West Liberty Foods would be located if the Tremonton plant were selected. RDA Director Warnke did not discuss with West Liberty Foods as to where the expansion will be located, but it appears that more land may need to be acquired for the expansion. RDA Director Warnke stated that West Liberty Foods owns 23.5 acres and Millard Refrigeration 4.8 acres. Cathy Dudley asked where the other two properties that West Liberty is considering are located.

3 2013 Tax Increment and Distribution – Shawn Warnke

Tremonton City RDA has three obligations associated with the Freeway Interchange Project Area's tax increment: 1) to reimburse Tremonton City for fiber optic infrastructure; 2) reimbursement for wastewater treatment capacity; and 3) reimbursement for water and sewer lines in the ground. They are listed in order on priority for reimbursement. Currently the tax increment is not sufficient to cover all three obligations. The City has not received any reimbursement for the water and sewer lines and does not anticipate receiving anymore in the remaining two years. Currently, the RDA receives 60% of the tax increment paid from the Freeway Interchange Project Area with the remaining 40% of the tax increment being distributed to the taxing entities.

RDA Director Warnke explained that the West Liberty Foods Project Area has an obligation of 20% of the tax increment being dedicated to affordable housing. The 20% is held by Bear River Association of Governments (BRAG) or the RDA to undertake affordable housing projects. Box Elder County contributed money along with the RDA for a neighborhood improvement program. Individuals that own homes and are within the income guidelines can get money for improvements to their homes such as roofs, windows or safety issues. Neighborhood Nonprofit Housing Corporation in Logan received a grant from the Bank of Seattle and the funds are available to help with affordable housing projects in Tremonton. It is anticipated that the neighborhood improvement program will help twenty homes with ten this year and ten the following year.

The other two obligations are to reimburse West Liberty Foods and Millard Refrigeration. Each entity's (West Liberty Foods and Millard) tax payments are documented and the tax increment is distributed accordingly. The 2013 tax increment invested \$278K to affordable housing projects with West Liberty Foods receiving \$993,781 and Millard Refrigeration \$121,259.

Mitch Zundel asked how the ten homes were selected to receive funds. RDA Director Warnke stated that an informational meeting was held to notify the public of the available funds and applications and scoring criteria were distributed. The RDA received ten or twelve applications from interested homeowners. It was a smaller number of applicants than anticipated. Advertisements will go out in the fall in preparation for the next round of applications. It is anticipated that there will be more participation when people can see the work that has been accomplished with the funds. Lyle Holmgren asked what projects most applicants applied for. RDA Director Warnke stated there were repairs on roofs and the exterior of the home such as siding.

RDA Director Warnke explained that homeowners propose the project they would like the money used for on the application. Steve Bench visits the homes with Neighborhood Nonprofit Housing Corporation to see if the project is truly a need. Other needs might be identified at that time. If there is a health safety issue, such as the furnace leaking CO₂, then the furnace would become the top priority. There is a different program through BRAG called the Emergency Assistance Program which helps resolve issues inside the home. Mr. Zundel noted that the Emergency Assistance Program helps with weather stripping, heaters and other things.

RDA Director Warnke noted that the focus of the funds from the tax increment was for the exterior of the home, but they would also look at the wiring throughout the home. If the wiring was subpar, the funds could be used to fix it. The homeowner has to remain in the home for five years after the improvements are made, otherwise a portion of the granted funds would have to be refunded to the RDA with the sell of the home. Mr. Zundel asked how much the average homeowner asked for in repairs. RDA Director Warnke noted it was around \$10K. Some homeowners requested a ramp and others new windows. There are a lot of needs in Tremonton that can be addressed with the funds. It

is nice to have Neighborhood Nonprofit Housing Corporation and Box Elder County participating in the program.

Rodney Cook asked how many employees West Liberty Foods has. RDA Director Warnke believes it is around 500. Having Millard Refrigeration in Tremonton is an asset as it could help attract other companies that require a refrigeration company.

Tremonton RDA adopted a Resolution to do a study area for a Community Development Project Area (CDA) which would be based upon 35 acres in the city center off Main Street. The prospective developer has a contract on the property and has several months in which to close. Zion's Bank will be the consultant that will come up with all required documents to present to each tax entity individually. The developer will look at a combination of land uses in the 35 acres with retail business being closer to Main Street. There has been a discussion about creating a mixed income housing project in this area.

5 Update on potential Economic Development Area

RDA Director Warnke told the Committee that he wanted to tell them about other projects the RDA has entertained since the last time they have met. One of the challenges that he is faced with is that we do get other individuals and companies that are interested in development and they always want to know what the RDA will be willing to provide as an incentive. That is the reason he sends out emails to the TEC Committee. He is always open to suggestions from the TEC Committee on how to provide preliminary information to these perspective companies. It is always helpful if they respond to his emails to let him know some of their initial thoughts. If there are concerns on this item or if you have suggestions, he would be happy to hear from the TEC Committee.

One of the projects that we had was Project Green Leaf. Their real name was Frulact and they were looking into having a plant in the U.S.A. RDA Director Warnke noted that this company narrowed it down to Tremonton, Utah and Twin Falls, Idaho as possible locations for the new plant with an investment of around \$40M and 200 employees. Frulact liked the fact that Millard Refrigeration was established and was so close to their perspective location in Tremonton. Eventually, Frulact selected the Twin Falls area.

Another business that looked at coming to Tremonton was Project Aspire or Clif Bar. Clif Bar used co-packers, but this plant would be the first bakery they owned and operated. This decision also came down to Tremonton, Utah and Twin Falls, Idaho. Mitch Zundel said the site selector for Clif Bar stated it was the closest they have been between two locations. Mayor Fridal noted that Clif Bar started with approximately seventy sites and Tremonton made it to the final two.

The governor of Idaho made a personal endorsement to get Clif Bar in Idaho. Mayor Fridal explained that it was a learning experience and Governor Herbert should have been invited to the negotiations if it had been known that it would help. Mr. Zundel said that the site selector for Clif Bar met with the governor of Idaho six times (three times by

himself) and the governor pushed workforce development. Mr. Zundel heard that Clif Bar has postponed the project for another year. RDA Director Warnke indicated that Twin Falls used aggressive tax increment incentives and made it a twenty year project. Twin Falls also provided some upfront money. Mayor Fridal said it took Clif Bar six weeks to decide between Twin Falls and Tremonton. Next time Tremonton will be better prepared.

Mr. Zundel thought Twin Falls offered a \$26M incentive with almost \$1M in CDBG funds and \$500K in workforce development funds from the State, along with another incentive from the State, and the Tax Increment Financing (TIF) portion being almost \$18M. It was very close decision as Clif Bar liked the project area and Tremonton City. Mr. Zundel thought Tremonton did a great job presenting the community and the City. Mayor Fridal and RDA Director Warnke stated that Brigham City and Box Elder County participated and helped tremendously with the presentation. RDA Director Warnke stated that Joe with Proctor and Gamble was also a big asset to the proposal.

Rodney Cook stated that Box Elder County has a lot to offer. Tremonton is in a good location in regards to transportation and has a good quality of life. Other opportunities will be coming. RDA Director Warnke will continue to email potential projects to the TEC Committee to gather input. The Committee discussed the option for projects to be ten to twenty years, but no longer. It was explained that the Brigham City Downtown Development is an existing project area that has been extended.

Mr. Zundel asked the Committee for suggestions on the La-Z-Boy building as it has been empty for seven to eight years. The building was built in 1978 with an addition in the 1990's. It has been discussed to subdivide the building for several different businesses. The ceilings are not high enough to be used for a warehouse, and Mr. Zundel heard it would cost \$10M to raise the roof to 35' so it would work. Mr. Zundel stated that La-Z-Boy will take \$4.5 M which includes 40 acres and a rail spur. While looking through the building with a perspective company recently, Mr. Zundel noticed there were several leaks in the building. The Economic Development Corporation of Utah (EDCUtah) has done all they can to market the building to potential businesses. Mr. Holmgren wondered if La-Z-Boy would consider donating the building. The longer it stands empty the more it will go into disrepair. La-Z-Boy told Tremonton City they were looking to get \$3.6M.

David Roberts asked how it would be handled if the building was subdivided. Mr. Zundel explained that a developer would be needed or a partnership formed with the company's that buy into the building.

Rodney Cook explained that the building the school district is in was substantially donated. Donations can happen but it needs to be the right circumstances and use. We had a use for it and it worked out great. Lyle Holmgren commented the building might be donated; however, that it really depends on the liability. Mr. Zundel told the Committee that the La-Z-Boy building really needs a lot of help.

Lyle Holmgren told the Committee that he needed to leave as he has another meeting. He left the meeting at 4:30 p.m.

Jim Christensen related that during a meeting with the Sherriff's Office he attended, it was discussed that the hay plant wants to rebuild and needs somewhere to go. He told the Mayor that if Tremonton City had the property, the City could decide how it was going to be used and subdivided. You may have a business incubator there; however, you are about to the end of the life cycle. Mr. Christensen stated that buildings built in the 1970's are getting close to reaching the end of their life cycle and demolition is not a cheap option.

Mr. Zundel told the Committee that he does not think that La-Z-Boy will donate the building to Tremonton City; however, it is worth asking. Mr. Christensen commented that you could turn it into a Prison; however, that would not go over any better than a pig factory.

6 Questions or comments from TEC Committee members

Mayor Fridal asked the TEC Committee if there were other questions or comments that they need to address. There were none.

7 Adjourn

Motion by Jim Christensen to adjourn the meeting. Second by Mitch Zundel. The vote was unanimous. Motion approved.

The 2014 Taxing Entity Committee Meeting adjourned at 4:35 p.m.

The undersigned duly acting and appointed secretary for the Taxing Entity Committee hereby certifies that the foregoing is a true and correct copy of the minutes of the Taxing Entity Committee Meeting held on the above referenced date. Minutes were prepared by Cynthia Nelson.

Dated this _____ day of _____, 2014.

Darlene S. Hess, Secretary