

Town of Hideout Town Council Meeting Minutes
10860 North Hideout Trail
Hideout, Utah
May 23, 2019

Present: Mayor Phil Rubin
Chris Baier
Kurt Shadle
Jim Wahl (via telephone)

Others: Dan Dansie, Town Attorney
Jan McCosh, Town Administrator

Absent: Hanz Johansson
Dean Heavrin

1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE

Mayor Phil Rubin called the meeting of the Town Council of the Town of Hideout to order at approximately 6:10 p.m.

2. ROLL CALL

All members of the Town Council were present with the exception of Hanz Johansson and Dean Heavrin, who were absent.

3. PUBLIC HEARING – Consideration of Input from the Public, followed by Consideration by the Town Council to Approve the Impact Facilities Plan and Adoption of an Impact Fee Enactment.

Town Attorney, Dan Dansie, reported that for some time the Town has considered adoption of an Impact Fee Ordinance. He explained that an impact fee is charged in connection with development of property to help cover costs incurred as part of the construction of system improvements infrastructure that benefits the community at large. The process formally began more than one year ago. The Town has worked with an Horrocks Engineers to prepare an Impact Fee Facilities Plan (“IFFP”), which identifies the applicable system improvements, identifies the cost of the system improvements, and allocates costs for those improvements to be shared among the various areas of Town that are yet to be developed. An impact fee is a prospective assessment. Development that has already occurred is not subject to an impact fee. If adopted, the impact fee will be assessed by the Town on each individual lot when a permit for development is granted.

Mr. Dansie explained that the Council received a draft that has gone through several iterations and revisions as a result of input and feedback from the Town Council and others. The draft of the Impact Fees Facilities Plan discusses potential impact fees for four categories of system improvements consisting of water service facilities, transportation, storm drain facilities, and

sewer line and service areas. The IFFP breaks the infrastructure categories into service districts. He mentioned that all facilities benefit all properties within the Town the same way.

Two water service areas were proposed, one transportation area, three storm drain areas, and two sewer areas were identified in the plan. Those areas and the calculation of the total cost of infrastructure identify proposed assessments of impact fees that will be assessed at the time of the development of various properties. A table was prepared that breaks out the various fees by neighborhood and allocates fees according to category of service.

Mr. Dansie explained that under State law, an IFFP is required before a municipality can adopt an Impact Fee Ordinance. The Town would have to accept, adopt, and ratify the plan before adopting an Impact Fee Ordinance. The ordinance cannot specify impact fees that are more than what is identified in the plan.

About 10 days earlier the Town published notice of the intent to adopt the IFFP and ordinance on the Town's website as required by State law. Since then, the Town has received feedback from a number of constituencies. The Jordanelle Special Services District ("JSSD") sought clarification that the Council and the public are aware that impact fees the Town charges, if any, and impact fees that JSSD charges are separate for separate infrastructure and/or separate services.

Feedback was also received from developers questioning whether the service districts that were identified are correct in terms of identifying services provided. The matter was being looked into in more detail, however, the thought was that some of the services identified as being applicable are not actually services they receive from the Town and are received directly from JSSD.

The Council received a written comment from a landowner who was concerned about the advisability of adopting an impact fee from a policy perspective. The contention was that lots in Hideout are currently difficult to market and adopting an impact fee would exacerbate the problem.

Mayor Rubin reported that the Town was created nearly 11 years ago and millions of dollars were spent to create the infrastructure described. That investment needs to be recouped for the long-term interest of the Town. The Council has worked to determine the actual costs and the purpose of tonight's hearing was to get clarity on concerns. The Council was of the opinion that the investment numbers are robust will stand up.

Kurt Shadle indicated that he is the newest member of the Council and has had the least amount of involvement in the process. When the Town was established, there were no roads or infrastructure and the value of property was significantly lower. He asked if consideration had been given to how those improvements have benefited the developer in terms of the sale of properties.

Mr. Dansie stated that from a legal perspective, impact fees are unique in that they are governed tightly by State Statute. A framework governs every part of the impact fee calculation. Specifically, there is a statutory provision that specifies what can be included in the calculation of an impact fee. In reviewing the statute, he did not see the incremental increase in property value from a before and after perspective that may inure to any particular landowner in the Town that is

mandated to be included in impact fees. Brent Ventura from Horrocks Engineering commented that it was never evaluated in this or any other Impact Fee Study he has conducted. To his knowledge, that is not an allowable piece of information to evaluate.

Council Member Shadle referenced District 1 and was of the understanding that it was excluded from the analysis. There appeared to be a district charge for all taxpayers. Mr. Dansie reported that he has spoken to the Executive Director of Hideout Local District #1 as well as the attorney who has done the bonding work. It was his understanding that there is a geographic area that Hideout Local District #1 comprises. Hideout Local District #1 was described as a creature of statute. The Legislature indicated that municipalities can authorize local districts that function as quasi-governmental entities to levy and expend funds for designated purposes. Mr. Dansie explained that there are areas within Local District #1 that have received benefit from infrastructure created from the use of bond proceeds. These areas were identified as Soaring Hawk, Golden Eagle, and Reflection Ridge. He suggested the matter be examined in more detail at the County level. Council Member Shadle stated that until the questions surrounding District #1 and which properties should be paying this assessment, the Council should not vote to consider this ordinance.

Mayor Rubin commented they were still not clear on what is in District 2. Mr. Dansie was not aware of a separate entity that would be called Hideout Local District #2. To his knowledge, the only local district that has been authorized by a vote of the Town is Hideout Local District #1; however, that entity issued two bonds in 2014 and 2017. Hideout Local District #2 may be the shorthand that the County Assessor's office is using to make assessments to residents for the Series 2 bond that was issued.

Kurt Shadle thought it was unusual for an analysis to be performed on the cost of infrastructure since normally, the developer provides the Town with their costs. Mr. Ventura explained that that is usually not the case and most developers do not keep specific records. Most Capital Facilities Plan/Impact Fee Analyses are based on current and future cost estimates because it is infrastructure that has yet to be constructed. This instance is unique in that they are assessing existing infrastructure. The estimates are based on quantities that are sometimes unmeasurable.

Mr. Dansie explained that they have assessed the costs using known measurements. This allows engineers to establish reasonably known costs. Measurements can be based on as-built drawings and other data and applied to a calculation. Kurt Shadle asked if it is unusual to impose an impact fee on infrastructure that is eight or nine years old. Mr. Ventura stated that it is unusual but not precluded.

Chris Baier suggested that maps be included in the study, which is available on the Town's website. She stated that there have been many discussions about project improvements versus system improvements. Over time they have accepted certain infrastructure, which benefits everyone. She had concerns about the local districts but was comfortable proceeding if they know what the local district fees are. She commended Mr. Ventura for taking the feedback received into account.

Kurt Shadle commented that there is confusion at the Town and County level and is a serious issue that needs to be resolved. Chris Baier remarked that it is customary for future development to help

fund excess capacity. Mr. Dansie stated that in addition to the Town, they represent a fair number of builders. The goal is to ensure that the impact fees are assessed properly.

Mr. Ventura stated that the district is not included in the report. Having not done the study, he was concerned that a piece is not included. Mr. Dansie commented that much of Golden Eagle and Soaring Hawk was funded by the local district. For that reason, current or proposed infrastructure is not shown. In addition, when going through the plan, Mr. Ventura identified infrastructure and costs on the maps. It was noted that not all of the costs identified are qualified to be reimbursed through impact fees.

Jim Wahl commented that it seems that the major dilemma is the district. He suggested that the issue be resolved before moving forward. Mayor Rubin stated that they also need to identify the developers who are not using all of the services assigned.

Mayor Rubin opened the public hearing.

Larry Goldkind, a resident, remarked that it seemed like they were recouping for previous developments. Mr. Dansie explained that certain infrastructure costs were expended to pay for system level improvements, which benefit the Town generally or certain service districts. The cost of the improvements is assessed under the impact fee. Future development will pay for a portion of that. It was clarified that future permits will pay the impact fee. There will be no fee charged to existing homeowners. Mr. Goldkind mentioned double dipping and asked what the precedent is for impact fees to not be assessed at the time of the original development and having a developer come back years later asking to be reimbursed. He asked how applicable the statutes are with respect to future and past development.

Mr. Dansie responded that it is not an issue that is specifically addressed in the statute. Developers develop property to make a profit. With respect to infrastructure, developers construct some infrastructure that is considered a project level improvement that only benefits a certain portion of the community or their specific project. Developers are expected to bear the cost of that and recoup the cost. To the extent that infrastructure is categorized properly as a system-level improvement in that it would benefit more than one specific developer's project, it can be recovered through impact fees. He was not aware of a prohibition in the statute that does not allow the impact fee to be assessed later. In the absence of a prohibition, it is allowed.

Chris Baier reported that the Town was incorporated in 2008. The Master Development Agreement ("MDA") was adopted in 2010 and obligates the Town to reimburse the developer through a vehicle such as impact fees. Mr. Ventura explained that the idea of being reimbursed for development by future funds is not unique. For that reason, impact fees were created.

Jerry Dwinell, a resident and Chairman of the Planning Commission, commented that the Horrocks study was not free and asked who bore the burden of that cost. He asked if the developer was sharing a portion of the cost of the study. Mr. Dansie stated that the Town would assess the impact fee and therefore commissioned the study. Mr. Dwinell asked if it was reasonable for the Town to expend money to determine how much to reimburse the developer without the developer contributing something. Mr. Dansie stated that whether it is reasonable is for the Council to

determine. It is in the Town's best interest to retain an engineer and conduct its own IFFP to reach that conclusion. Mayor Rubin commented that the Town has been in discussions for some time with the master developer who conducted an analysis on their side. Mr. Ventura stated that in their study they are forecasting what is to come. Their calculations typically include future studies that are included and allowable.

Nate Brockbank identified himself as a developer who is working on a few projects in Hideout. He was not opposed to impact or permit fees. He asked the Council to allow developers more time to review the proposed IFFP before making a decision. He reported that he has put in 1,700 feet of Shoreline Road to access his property and did not expect to be paid back for that. When a developer puts in infrastructure that is above what is needed for the project, that is a reimbursable fee. He was not opposed to paying what is fair and is heavily invested in the community. Mr. Brockbank stated that by the time his development is complete, he will have put in over 5,000 feet of Shoreline Road. He remarked, however, if the other developer is going to be paid back, he should be as well. He is also putting in over 3,000 feet of water line. Because it is being used by the development, he did not see why he would get paid back for it.

Chris Ensign, developer of the KLAIM project, commented on roads and stated that he cooperates with neighboring developers. He saw no reason for a reimbursement if the infrastructure installed is not in excess of what is required for the development. He questioned whether the impact fee is the best way to get money to the Town. He was in favor of supporting the Town financially but felt that a permit might go more directly to the Town. Mr. Ensign identified his project on a map displayed and stated that they are one of the only communities that is not part of an HOA. Road issues were discussed. It was clarified that all roads were shown on the map and not just the ones calculated into the impact fee. Mr. Ensign commented that roads were the biggest ticket item. He pointed out that he and Mr. Brockbank have already paid impact fees to JSSD. He expressed a desire to conduct a study as well.

Jared Fields was present on behalf of Mustang Development, the master developer. With regard to the local district bond, he stated that anything outside of the assessed areas of Soaring Hawk and Golden Eagle, the assessment for infrastructure in those areas does not apply. Kurt Shadle informed Mr. Fields that the Town is having problems getting the data and asked him to interface with Town Administrator, Jan McCosh and get the person involved with Districts 1 and 2 to return their phone calls. Mr. Fields stated that he does not control anyone at the District but he was willing to do what he can. Mayor Rubin stated that the County may have made a mistake. He had seen the District 1 documents, which reference Soaring Hawk and Golden Eagle. He indicated that everyone in the Town pays the local district charge, which is more than the property taxes.

Mr. Fields expressed a willingness to work with the Town and resolve the issue. He pointed out that they have been involved and ongoing conversations over the past two years. They have entered into a Master Development Agreement with the Town that specifies that if they install public infrastructure that benefits others, the Town must ensure that those that benefit from the infrastructure provide reimbursement. The court had been involved and they are real costs that carry with them a legal obligation.

Mr. Goldkind commented that the position of the developers seemed reasonable. No one who had spoken disagreed with the concept of subsequent developers paying for infrastructure that benefits everyone. The decision was whether the Town is satisfied with the dollar amount. Mayor Rubin stated that with some developments, assumptions were made in the assignment of the charges based on what they thought the connections would be. Now as developments are going forward, they have to validate whether they are using what the engineering study envisioned.

Mr. Goldkind asked for verification as to whether the current Council Members are in agreement that the analysis is what the Town ought to be accepting. The Mayor commented that those in local districts should not have to pay as much in impact fees. He remarked that the Town is in very good shape with respect to water rights. The Town is in a solid position with regard to its ability to obtain water for the initial investment area of the Town.

In response to a question raised by Mr. Goldkind, Mr. Ventura stated that the developers' concerns are very reasonable. Most cities calculate impact fees when a development comes in. There are often minimum standard requirements to be met and the infrastructure has to be built to serve the area. Anything beyond the minimum standard is an impact fee reimbursement. The Town's study began in much the same way and is based on the Master Development Agreement ("MDA"), which requires the Town to provide a proportionate share of the infrastructure, which differs from a minimum standard and an upsize. He pointed out that none of the studies are bulletproof and are based on judgment and calculations.

Chris Ensign reported that the MDA was signed in 2010 by the former mayor and the developer with the approval of the Town Council. He expected it would be a significant springboard to the Town going forward but did not think it would be realized. There would be no benefit to the community going forward but will reimburse project costs to one developer. Mayor Rubin explained that the benefit to the Town is not through impact fees but due to the fact that they have created infrastructure that encourages people to want to live in Hideout after which time the Town collects money from them. Mr. Ensign commented on Klaim residents who are not allowed to use the amenities of another HOA yet he has to contribute to the cost. He expressed a desire to invest in the future of Hideout through permit fees.

Mr. Brockbank asked for further clarification from Mr. Ensign. He explained that if they do not agree on a process, they will have to proceed with litigation. Mr. Brockbank asked the Town to put the matter on hold and allow him and Mr. Ensign to conduct a second study and hopefully avoid a lawsuit. Mr. Brockbank described the amenities he is providing the Town, which include a dog park, a \$2 million park, four miles of trails, and an estimated 8,000 additional feet of shoreline.

In response to a question raised by Jerry Dwinell, it was reported that Mayor Richard Sprung signed the MDA. There was a claim that Mayor Sprung had a relationship with Mustang. There may have been other Council Members as well who had relationships with Mustang. Mayor Rubin stated that that does not make the agreement illegal. Mr. Dwinell agreed but stated that it "doesn't smell right" even if it is legal.

Mr. Fields reported that the Town was represented separately by Todd Godfrey. Mustang Development was represented by Bruce Baird in negotiating the terms of the agreement. For that reason, they objected to Mr. Baird hearing and opposing their efforts to enforce the provisions of the agreement. Mr. Brockbank clarified that Mr. Baird is not opposing the impact fees and they do not object to them if they are fair.

Mr. Fields explained that Mustang Development is a former client of Mr. Baird's so there was an attorney-client relationship that existed. There are rules of professional conduct that govern attorneys with respect to what they can do relative to a current or former client. With respect to a former client, an attorney cannot undertake a representation that is averse to the former client on a matter that is substantially related to the work performed for the former client. His position was that the intent was for it to be a private matter between them and their former counsel. His understanding was that the position being taken in this proceeding was contrary to the rights for which he negotiated as counsel for Mustang Development in 2010. They did not give consent because there is an exception to be provided with consent for that representation. They did not consent to Mr. Baird taking on representation that is averse to that interest.

Council Member Baier made it clear that the Town is under threat of a lawsuit. She noted that Mustang Development owes a great deal in delinquent taxes. She estimated that it equates to an entire year's worth of revenue to the Town. She acknowledged that they are in a precarious position with Mustang Development and it would be much better to have amicable exchanges without lawyers and not under threat of a lawsuit. She pointed out that tax delinquencies in the Town of Hideout equate to 25% of all delinquent taxes in Wasatch County.

Kurt Shadle proposed that the Town allow Messrs. Brockbank and Ensign to conduct a quick study. The Mayor commented that the first step is to remove from the study those services that have been assigned to certain developers now that they understand that they are not using them. Once that is done, they can determine whether to pursue studies. The comment was made that there is a benefit to having more information. Mr. Brockbank remarked that their biggest concerns are roads. He reiterated that they have no problem paying impact fees, they simply want to make sure they are fair.

Mayor Rubin invited comments from those participating via telephone.

Kyle Blumin identified himself as a resident and stated that he hoped there was an amicable way to resolve the situation. He was told by his real estate agent that he will no longer bring clients to Hideout based on the reputation of the master developer. Mr. Blumin hoped it would not result in a lawsuit.

There were no other comments from those participating via telephone.

Bill Bartlett wanted clarification to understand the situation since the master developer is the recipient of the impact fee. He questioned the reasoning behind his opposition.

There were no further public comments. Mayor Rubin closed the public hearing.

Mr. Dansie suggested that based on the comments raised, that the hearing be continued to a future meeting. Kurt Shadle suggested the hearing be continued to the July 11 meeting.

Chris Baier moved to continue the public hearing to consider approval of the Impact Fee Facilities Plan and adoption of the Impact Fee Enactment to July 11, 2019. The motion was seconded by Kurt Shadle. Vote on motion: Jim Wahl-Aye, Chris Baier-Aye, Kurt Shadle-Aye. The motion passed unanimously.

4. DISCUSSION ITEM – Presentation by MIDA Regarding the Possibility of Signing an Interlocal Agreement with Hideout that will Incorporate Portions of Hideout Inside the MIDA Project Area.

Mayor Rubin reported that the State of Utah established the Military Installation Development Authority (“MIDA”) who was tasked with finding ways to encourage US servicemen to spend time in Utah and create an environment that is encouraging and rewarding. They have done project work for a number of years, much of it along I-15 near Hill Air Force Base. They are now working on recreational opportunities for military personnel and putting in place a project along the Jordanelle Reservoir. The first phases are on the Wasatch County side along US-40 and include hotels, the Deer Valley expansion on the back side of Mayflower and the portion that wraps around Jordanelle. The project also incorporates the new Jordanelle Parkway that is being constructed with the end being within the limits of the Town of Hideout. The MIDA team encouraged the Town to get involved and understand how it can benefit Hideout.

The Mayor indicated that the Town has been working with MIDA for six to eight months on bringing property on the north end of Town into the project area. The Council studied the financial impact as well. The agreement should next be reviewed by the Council. Mayor Rubin explained that with UTOPIA the Town has been exploring ways to bring high-speed internet capability to Hideout. While the current service is adequate, higher speeds were desired for the future. MIDA has an interest in having UTOPIA here as well because it provides them with a second connection into the district. The Town has been working with UTOPIA Fiber as well to understand what would be required to provide the service.

Entering into the MIDA project will afford the Town the opportunity to use future revenue from the MIDA project relationship to underwrite and backstop the costs associated with UTOPIA. It is a risk for UTOPIA to come to the area just for Hideout because we are a small community and there are costs involved with getting it up and running. MIDA has pledged to pay the Town’s costs if the needed number of connections do not come soon enough. Because of MIDA’s unique position in the State, they will be able to bring a level of tax revenue to the Town that is much higher than they would be able to collect on their own. Tax revenues were expected to increase by two to three times, which will enable the Town to have money to spend on public infrastructure.

Acting Executive General Director and General Counsel for MIDA, Paul Morris explained that MIDA was created at Hill Air Force Base and consists of a 550-acre aerospace research park planned in conjunction with the Air Force and the developer who have built approximately 200,000 square feet of office space. They are also involved at Camp Williams on the construction of a data center for which MIDA provided all of the infrastructure. To that point, they had done military

bases. During the Olympics, Hill Air Force Base had a hotel at Snow Basin that was on Forest Service property and they needed the hotel area for an expansion to accommodate the Olympics. Ultimately, the owner purchased property the Forest Service wanted and gave it to the Forest Service who in turn gave it to the developer.

18 years ago, Congress passed a special law just for Hill Air Force Base that gave them land in Park City in exchange for the lost hotel property known as the Red Maple parcel. Unfortunately, the parcel was in a location that was not desirable since Park City had designated it as open space. The military was able to take the property and trade it for another parcel of equal value and leverage it into a resort/hotel opportunity. They worked for some time with Summit County in conjunction with Park City and ultimately asked MIDA to get involved. The laws were changed to allow MIDA to be involved if they obtained permission from the local government. They worked with Wasatch County and ultimately the Wasatch County Council agreed and unanimously approved agreements with MIDA and gave their consent. They were also required to obtain the consent of the property owners.

Part 1 was created, which consists of the Red Maple parcel in addition to a 40-acre property known as Blue Ledge, which was completed in 2012. Last December they completed Part 2, which was identified on a map displayed. The property was ultimately annexed into the Town of Hideout and the County lost jurisdiction. Mr. Morris explained that there are three elected officials serving on the MIDA Board. In the agreement with the County, they addressed how to pay for all of the infrastructure. A formula was developed that would include utilizing property taxes by MIDA and capturing 75% of property taxes for 25 years. The proceeds were to be divided 70/30. 30% would go to the developer as reimbursement for constructing the infrastructure. The remaining 70% would go toward County and project-wide infrastructure. The waterfall will first be used to pay for the Jordanelle Parkway, which MIDA was in the process of constructing. The project was to be completed according to County specifications.

As part of the agreement, they were also to build sewer after which they will continue to make improvements to the east side. What was proposed will be a world-class development. The design of the hotel was about 50% complete and planned to be a 388-room, 60,000 square-foot convention hotel. It will consist of four floors underground and eight floors above ground. The goal was to go vertical by the end of the year. The grading permit was expected to be issued in the next few days. It was likely, however, that they will begin construction of the vertical footings and foundations this year. Buildout was expected to take 33 months. Two more hotels were then planned to be constructed back to back. Specifics of the proposed village were described. Construction was expected to occur around Jordanelle Parkway on the east side. All of the developers consented so the majority of the area shown in yellow on the map was now part of the MIDA project area. Part 3 would include future property owners. If the Town chooses to participate, it will be in Part 3.

Mr. Morris explained that the MIDA legislation was written so that the Town would become equivalent. MIDA is the land use authority with preemptive power. They will capture the taxes and are responsible for providing municipal services. MIDA is not interested in becoming a city or hiring staff. They are a contracting entity so the County will provide the municipal services. MIDA will capture the Municipal Services Fund and give it back to the County who will provide

the services. The Development Fund will be split 70/30. Any leftover funds will be used to fund an equestrian center on the east side and a golf academy.

When MIDA approached Hideout, the discussion was how to use the 70% and benefit the entire project area, the Town, the County, and military personnel who will recreate here. The Town expressed an interest in the UTOPIA infrastructure. MIDA agreed that the UTOPIA project was important to them and desired the same connectivity. The 70% would be split 50/50 with the Town using its portion to focus on backstopping the financing of the UTOPIA fiber installation. Hideout's focus benefits MIDA but is legitimate because they are causing the fiber to come up Highway 248. MIDA will focus on the green area and its development.

Mr. Morris stated that one benefit of what UTOPIA is proposing is that if the money is dedicated and they get enough take rate, the Town will have to show that they have the money to back it. They then get to use the money if it is not needed to pay for the bond to be issued. This creates an opportunity for MIDA to use their 50% for other recreation sources and infrastructure that benefits the public, the military, and the project area as a whole.

Chris Baier asked Mr. Morris to explain how MIDA functions like a municipality. Mr. Morris explained that their Board consists of a Chair who is a Senator appointed by the Senate. The Vice-Chair is also a Senator. Both are elected officials. It is a seven-member board with three required to be local elected officials. One member is from Wasatch County. Mr. Morris explained that they have preemptive exclusive power with respect to land use. While they will exclusively delegate everything back that they can in terms of land use power, they retain final appeal authority.

Council Member Baier referred to the Town's New General Plan and stated that it contains an annexation map, which portions of the project area are on. Mr. Morris explained that per the annexation law, no city can annex into a MIDA project area unless MIDA gives permission. The County made it clear in the agreements that they want to retain their jurisdiction over the area shown in green. As a result, they will be highly resistant to anyone trying to annex in. Chris Baier philosophically objected to counties being in the urban development business.

A map of the project area was displayed. In response to a question raised by Chris Baier, Mr. Morris identified the areas that are now within the MIDA project area. He estimated that the project area comprises 2,200 acres. Other property owners identified on the map can choose to come in in the future. For the west side agreement, MIDA is the land use authority with the County providing all municipal services and building inspections.

In response to a question raised by Kurt Shadle, Mr. Morris explained that the Extell Development Company is owned by Gary Barnett who is the largest developer of high end residential and upscale hotels in Manhattan. He is known to be an excellent developer who does quality work and is straightforward.

Chris Baier commented that Parkway will definitely be of benefit to Hideout because it will provide an alternative to get around the reservoir. Mr. Morris explained that military missions in Utah add about \$9 billion per year to the economy with \$6 billion from Hill Air Force Base. MIDA

was created to leverage that in a manner that creates jobs and economic value. Mr. Morris reported that Utah is a military-friendly place to do business and recreate.

Chris Baier asked how MIDA is working with Wasatch County in the project area on the east side. Mr. Morris reported that they hired a Project Manager who is a former Marine Officer. One of the things she has been asked to do is to look at opportunities for military discounts. Transit options were also being explored.

Kurt Shadle asked Mr. Morris to address the financial impact the project will have on the Town compared to the Town not participating and continuing to collect property taxes. Mr. Morris reported that on property tax revenue of \$6,000, Hideout currently receives about \$500. MIDA would capture 75% that amount for 25 years and take an administrative fee of 10%. 30% would then go to the landowner and Hideout and MIDA would split the remaining \$2,835 with each receiving \$1,417.50. Of the 25% that MIDA did not capture, MIDA receives Hideout's portion because the Town, in theory, is not responsible for providing services in the area. Of the \$500, Hideout would receive 25% or \$112.50. That would be added to the \$1,417.50 for a total of \$1,530. Using that calculation, on a \$6,000 property tax bill, Hideout would receive \$1,530.

Mr. Morris understood that MIDA was taking tax dollars. The theory behind it was that that money would not be generated if they did not make this investment, which is what creates the value. After the 25 years, the money would go back to the taxing entities. By the end of the 25-year period, it was anticipated that the Town would be receiving three times as much assuming that the Town does not need to make backstop payments for the UTOPIA project. The worst-case scenario was described.

Jerry Dwinell asked Mr. Morris to describe how the proposal impacts sovereignty. He explained that the project area becomes the equivalent of the city or county who has no responsibility. The law was designed with that in mind. They would accept the Town's current codes and any future amendments. They would also retain the final appeal authority. Mr. Dwinell stated that that was of concern to the Planning Commission who is currently rewriting huge sections of the Land Use Code. They do not want those areas to have the existing code locked for periods of time.

Kit Kozikowski asked about the design standards that were recently adopted for the east side and if they are equally applicable in the yellow area. Mr. Morris explained that the draft agreement is modeled after the east side. There are two different agreements; one for the east side and one for the west side. On the west side, MIDA will retain all land use authority. On the east side, it was given back to the County.

Mike Kozikowski asked to be provided with a copy of the west side building standards. Mr. Morris also indicated that the next Development Review Committee ("DRC") meeting is scheduled for Monday, June 17.

Sara Goldkind identified herself as a member of the Planning Commission and stated that this is a very complicated issue. She asked Mr. Morris to describe what would be a downside from the Town's perspective. The biggest downside was to think about bringing in another entity. If in theory, someone has a land permit and does not like the decision, rather than go to court they can

come to MIDA who can overrule the Town's action. There is a requirement in the Interlocal Agreement that specifies that before any party appeals, they have to adopt rules governing the appeals process.

Nate Brockbank asked if that right can be waived. Mr. Morris stated that that can be done in the Development Agreement. Mayor Rubin commented that it would not keep the Town from potentially going to court and is essentially an additional step in the process. Mr. Dansie suggested the Town Council and Planning Commission also be aware of the fact that there are restrictions on how the funds can be spent. If the Town were to receive \$500 today from a \$6,000 tax bill, it would be completely discretionary in terms of how it is spent. With MIDA, there are guidelines such as that it must benefit the project area. Mr. Morris explained that all of the money collected by MIDA must remain in the project area. The law specifies that MIDA can spend the money outside of the hatched area if it finds that spending it outside benefits the project area. The hope would be that it would be spent on recreational items such as parks.

Mr. Morris mentioned that they only did the property tax calculation and MIDA imposes a 6% energy tax on those who reside there. Those funds go into the Municipal Revenue Fund, which is returned to the Town. Any sales tax collected in the future will go into the Development Fund and will be subject to the same 70/30 split.

Mr. Brockbank asked about the timing of Option 3. Mr. Morris stated that if adopted by both sides and the property owner consents, it should be done in calendar year 2019, which will lock in 2018. Timing issues were discussed.

LeRoy Farrell, from Extell Development, considered this to be a great benefit to the Town and saw no downside to the Town. Jerry Dwinell commented that potentially the Town would be reducing the amount of capital they can apply to salaries, staff, and other non-development expenditures. Kurt Shadle agreed and suggested they look at the financial aspects of the proposal carefully and asked the Mayor to revise the analysis done by Zions to examine more closely what the financial benefit to the Town would be under MIDA versus what it would be if the Town did not enter into this agreement.

Robert Timmerman, UTOPIA Executive Director, stated that they have been in the process with the Town for some time and what is proposed will finance a backstop for the Town. Other cities are part of the UTOPIA and needed the back stop concept to approve the Hideout-UTOPIA project. They do not expect there to be costs to the Town, but it is not fair to ask other municipalities to be responsible for projects in Hideout. He stated that in the end, it will pay for itself in terms of revenues from subscriber monthly payments. The draft contract will include a bond but they need a commitment from the Town to backstop any shortfalls from these subscriber payments. Several protections were in place including a Reserve Fund to cover one year of debt service in the event of a shortfall. They were now working through the timing.

Kurt Shadle commented that it has become a much more competitive process with a very low cost associated with the acquisition of very high-speed internet. He considered it to be a very good opportunity for the Town. In his opinion, the only issue was the Reserve Fund. Mr. Timmerman stated that is an easy way to cover the projected \$85,000 cost. The funds go into escrow and will

go away once they are 164 subscriptions. Messrs. Brockbank and Ensign agreed to cover the upfront money if approved.

It was noted that once the number of subscribers reaches 230, the \$30 per month will equal the debt service on the financing and be the same as in any other UTOPIA project. Kurt Shadle remarked that what is proposed is the best internet service in Wasatch or Summit counties. Mr. Timmerman reported that it is the fastest in the country. They also have good customer service and a great reputation.

Procedural issues were discussed. Mr. Dansie stated that in order to take action, the matter would have to be included on a future agenda. Mr. Timmerman hoped to have approval by June 10, which would allow them to provide service to the entire Town by the end of the year. It was noted that there are pockets in the Town that would not be covered. Overlook, for example, currently contracts with UBB. The possibility of the HOA board changing the CC&Rs was mentioned. It was suggested that this alternative be offered to residents of Overlook as well. While Overlook is not included in the calculations it would significantly improve their level of service and provide more subscribers to insure that the financing is successful.

Council Member Shadle suggested that the Council consider scheduling a special session prior to June 10. Mayor Rubin suggested a meeting be held the week of June 3.

5. **DISCUSSION ITEM – Discussion And Possible Approval of a Resolution Allowing the Mayor to Sign the KLAIM MDA Delayed to Special Meeting.**
6. **ADJOURNMENT**

Chris Baier moved to adjourn. The motion was seconded by Kurt Shadle. The motion passed with the unanimous consent of the Council.

The Town Council Meeting adjourned at approximately 9:25 p.m.