BOARD OF DAVIS COUNTY COMMISSIONERS MINUTES

Board of Davis County Commissioners - Work Session Minutes
Tuesday, April 7, 2026

The Board of Davis County Commissioners met for a scheduled meeting at 9:00 AM on April 7, 2026, in room 306 of the Davis County Administration Building, 61 South Main Street, Farmington, Utah. Required legal notice of this meeting was given.

All documents from this meeting are on file in the Davis County Clerk's Office. The agenda for this meeting is incorporated into the minutes as item headers.

Following the approved Davis County policy, artificial intelligence (AI) was utilized in the preliminary creation of these minutes. The final minutes were edited and completed by Davis County Clerk's Office staff.

ROLL CALL

Chair John Crofts
Commissioner Lorene Kamalu
County Clerk Brian McKenzie
County Controller Scott Parke
Chief Deputy Civil Attorney Neal Geddes
Civil Attorney Chris Preston
County Treasurer Matt Brady
Facilities Director Lane Rose
Community and Economic Development (CED) Director Kent Andersen
CED Office Jeff Oyler
CED Office Alex Leonardi
Zions Public Finance Senior Vice President Johnathan Ward
Clerk's Office Solana Guest

EXCUSED FOR COUNTY BUSINESS

Vice Chair Bob Stevenson

AGENDA ITEM

1 9:00 - 9:32 AM
#2026-369. A Work Session to Discuss Private Activity Bonds and a Request for Direction to Proceed with Further Due Diligence - *recommended by Kent Andersen, Director, Community & Economic Development, and Scott Parke, County Controller, Controller's Office*

[01:10] Scott Parke, County Controller, introduced the first agenda item regarding private activity bonds. Controller Parke explained that a private entity requested the County to sponsor or issue these bonds on their behalf. Kent Andersen, Community and Economic Development (CED) Director, noted that the County had previously done this twice for aerospace and defense companies, Janicki Industries and KIHOMAC, both located at the East Gate Business Park.

[02:00] Johnathan Ward from Zions Public Finance then presented on the details of private activity bonds [see Attachment A]. He explained that while tax-exempt borrowing is generally reserved for government entities, the IRS allows a narrow band for private enterprises to utilize it to incentivize development. The federal government allocates a "volume cap" to states, with Utah receiving just under $473 million for 2026, which is governed by a seven-member Private Activity Bond Board [see Attachment A2]. This allocation is divided among approved categories such as small manufacturing (12%), multi-family housing (12%), single-family housing (42%), student loans (33%), and exempt facilities (1%) [see Attachment A3-4]. Johnathan noted that the Board evaluates applications five times a year based on economic benefits—such as job creation and wages—and that small manufacturers are frequently awarded the bonds.

[07:55] Johnathan continued to explain the process, noting that once the bonds are awarded, a government entity must act as a conduit to issue the tax-exempt bonds, delivering the proceeds to the private borrower. Director Andersen asked if issuing the bond impacts the County's bonding ability on other projects, to which Johnathan clarified that there is a $10 million threshold for "bank qualification" to secure lower rates, but since the County and its underlying districts (such as Mosquito Abatement, Recreation districts, and other specialty districts) generally exceed this amount anyway, it practically does not impact the County's general bonding ability.

[09:43] Johnathan detailed the liabilities involved, stressing that the County takes on no financial, legal, or compliance liability. However, the County becomes a partner for the life of the bond and could be involved if there is a refinance or if bond terms are modified, which would require time from County Attorneys. Because of this ongoing relationship, entities like Salt Lake County charge upfront administrative fees (e.g., $10,000.00) and ongoing surveillance fees to cover costs and deter casual applicants.

[13:00] Director Andersen stated that the County has historically offered these bonds as an incentive for aerospace and defense companies already expanding within the County. He suggested that instead of charging heavy administrative fees, the CED Department should facilitate these deals, while passing on direct third-party costs (like Zions Bank and bond issuance fees) to the borrower. Johnathan explained that the tax exemption typically lowers the borrower's interest rate by about 0.25% compared to traditional financing, and emphasized that the County is not lending its credit; the borrower must already have funding and a banking relationship lined up based entirely on their own ability to repay [see Attachment A6].

[17:13] Johnathan explained rules regarding bond issuance to small manufacturers:

- Under IRS rules, small manufacturing bonds are limited to $10 million or less, and the company cannot invest more than $20 million in the area within a six-year window (three years before and three years after)
- There needs to be some type of public benefit to the community
- The County is required to hold a Tax Equity and Fiscal Responsibility Act (TEFRA) hearing to induce the company and explain the public benefit to the community [see Attachment A7].

[19:30] Director Andersen noted that the specific bond request from KIHOMAC is to help facilitate a 50,000-square-foot expansion for a drone program next to their existing facility at East Gate. Controller Parke asked the Commission if they wanted to pursue using private activity bonds as a tool in general, and if so, requested parameters that would be used for vetting, in order to protect the County and its legal resources. He also recommended passing along fees for Zions Public Finance onto the borrower, and Neal Geddes, Chief Deputy Attorney, added that Gilmore and Bell's services would also need to be utilized in this situation, since bonds are a very specialized area of law.

[23:46] Director Andersen proposed a framework for future participation: requiring a minimum of 50 jobs created, focusing on the expansion of existing companies, and limiting it to proven sectors like aerospace and defense. He noted that KIHOMAC fits this framework perfectly and out-of-state or lower-wage sectors might not be ideal. Commissioner Crofts clarified that this is still a discussion about the County's involvement in Private Activity Bonds and that further conversations would still need to be held, to which Controller Parke confirmed, saying he just needed direction on whether to proceed with the current request. Commissioner Kamalu noted she and Commissioner Stevenson were not on the Commission when the previous 2016 bonds were issued, but she expressed support for Director Andersen's framework to limit the scope strictly to aerospace and defense, preventing a wide-open precedent. Director Andersen confirmed that he recommended passing third-party costs entirely to the borrower, but suggested keeping "administrative fees" low, arguing that this type of thing is why the CED Department was created.

[27:04] Chris Preston, Civil Attorney, asked how long the bonds are typically issued for, to which Johnathan responded that it depends, but usually ranges from 5-20 years. Chris asked if the County has any outstanding bonds, to which Controller Parke noted that the County currently has $9 million outstanding across three series of private activity bonds, including a ceramic tile company based in Centerville. Johnathan clarified the broad definition of small manufacturing, which can range from ceramic tiles to ice cream.

[31:40] Commissioner Crofts commended Johnathan for his ability to explain a complex idea in such a simple way. Director Andersen confirmed with Commissioner Kamalu and Commissioner Crofts that they are comfortable with the proposition, and said the CED Department would create guidelines for future participation.

2 9:32 - 9:44 AM

#2026-350. A Work Session to Discuss the Division of Motor Vehicles (DMV) Lease with the State of Utah - *recommended by Lane Rose, Director, Facilities*

[32:23] Director Rose introduced the second agenda item, stating that the State of Utah's Division of Facilities and Construction Management (DFCM) requested to terminate their DMV lease early. Their new facility by the Lagoon entrance is expected to be completed around October or November, and they want to end their lease by the end of December. The current lease was originally set to expire the following August, so early departure would be leaving the lease seven months prematurely.

[34:30] Director Rose explained that the State's current lease payment of approximately $13,000.00 per month is set to drop to $3,000.00 per month this upcoming. The decrease in rent is in correlation to the bond that was used for construction being paid off to the County by the State. The County's allocated costs to maintain the building are nearly $7,000.00 a month, with about $3,000.00 of that being hard costs in addition to custodial, trash, landscaping, and utilities. Director Andersen described the current rate as a "sweetheart deal," as a private market lease rate would be closer to $10,000.00 a month plus maintenance fees. He used those numbers to calculate that letting the State out seven months early would result in losing $21,000.00 in revenue, and paying around $70,000.00 in allocated costs.

[36:58] Commissioner Crofts said that with his experience working with the State, their projected estimates are not always accurate, and suggested they may need longer than planned. Director Rose responded that the State seemed pretty confident with their timeline, and he noted that the construction is pretty far along on the project. He said the County could offer a month-to-month lease option in case of delays.

[37:43] Director Andersen brought up that part of the conversation should be to discuss what the County would like to do with the property once the State is out. Commissioner Crofts noted that Troy Rawlings, County Attorney, has expressed interest in using the facility for the Attorneys. Director Andersen mentioned that for six years the site has been discussed as being used for a hotel lease, which would generate ongoing revenue for the General Fund. However, he acknowledged that it might not be in the best interest of the County to pay the same amount of money or more for a lease rate somewhere else for the County Attorneys. Chief Deputy Geddes noted that the building might not even house all the Attorneys. The discussion then shifted to the potential Justice Complex renovation, which would affect part of the Attorney's Office, and conjecture on when the Administrative Office of the Courts would make a decision. It was suggested that the soon-to-be vacant property could house the County Attorneys if the Justice Complex doesn't ultimately work for them, or could even house them temporarily if renovations occur. [Discussions regarding the potential Justice Complex renovation have occurred in various public meetings over the course of multiple years.]

[39:18] Director Rose said he believed he could reduce some of the costs associated with the building if it were to be vacant, estimating around $2,000.00 per month. Controller Parke said that since it minimally impacts the General Fund whether it stays vacant or not, it could be worth considering housing the Attorneys there until a new building for them is built, and then using that land for a hotel lease. Chris brought up a legal point that if the County fought the termination, it would have an obligation as a landlord to mitigate losses by finding a new tenant anyway.

[41:15] Director Andersen stated that CED has started the process of making a Request for Proposal (RFP) in relation to the hotel lease, but is happy to hold off on that until decisions are made. Commissioner Kamalu responded that it's hard to estimate, since the County has tried to move the project with the Administrative Office of the Courts along for three years without any success, so it puts the County in a hard spot knowing the timing of the hotel lease. Director Rose mentioned that while it's hard to see County property sitting vacant, he anticipates a need arising soon for it from at least one department.

[42:55] Ultimately, the Commission concluded that property rarely sits vacant for long without a County need arising, and gave direction to allow the State to terminate after December, offering a month-to-month option if they face construction delays, and determine the next steps for the space afterward.

MEETING ADJOURNED

The meeting adjourned at 09:44 AM.

ATTACHMENTS

All publicly distributed materials associated with this meeting are noted as the following attachments:

1. A1-7: Private Activity Bonds

Minutes Prepared by:	Minutes Approved on:
Solana Guest	04/21/2026
Deputy Clerk	
Brian McKenzie (Apr 21, 2026 17:50:19 MDT)	John Crofts John Crofts (Apr 21, 2026 16:15:06 MDT)
Brian McKenzie	John V. Crofts
Davis County Clerk	Commission Chair

STATE OF UTAH
DAVIS COUNTY

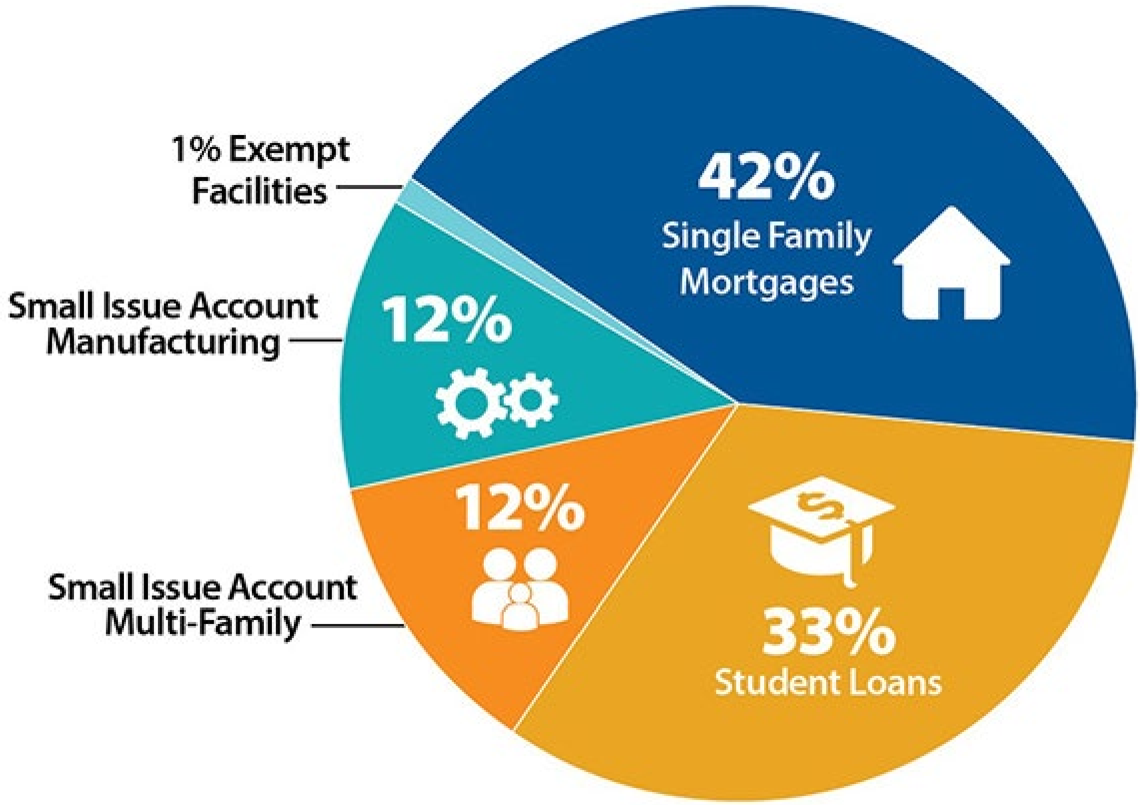
Private Activity Bonds

- The Private Activity Bond (PAB) Program is Utah's tax-exempt bonding authority creating a lower cost, long-term source of capital under the Federal Tax Act of 1986.
- The Federal Government allocates over $45 billion per year to states on a per capita basis, with Utah receiving $472.9 million (Volume Cap) for 2026.
- Each state establishes its usage priorities by statute. The Utah State Legislature has distributed our volume cap into five various allotment accounts.

Volume Cap categories

- The following programs have been approved to use the State's tax-exempt bonding authority through the Private Activity Bond Authority Program:
  - Manufacturing
  - Multi-Family Housing
  - Single Family Housing
  - Student Loans
  - Exempt Facilities

2026 Volume Cap Allocation Breakout



	2026
Multi-Family	$56,758,530
Manufacturing	$56,758,530
Exempt Facilities	$4,729,877
Student Loans	$156,085,959
Single Family	$198,654,857
Total	$472,987,753

Application Process

- Volume cap is allocated by the Private Activity Bond Review Board in 90-day certificates at the regularly scheduled meetings (5 times a year)
- Applications are submitted at least five weeks prior to the Board Meetings
- Volume cap allocations require qualified bond counsel to complete the issuance transaction

Why PABs?

- City or county's name and tax-exempt financing status to issue tax-exempt bonds
- Bond issues are exempt from federal income taxes and possibly state and local taxes
- Interest rates of tax-exempt bonds are usually lower than taxable bonds
- There is no guarantee, debt, liability, obligation or pledge of faith by the city or county issuing the bonds but hassle factor
- Governmental entities are willing to do this because PABs meet a public purpose or create a public benefit, i.e. creation of jobs from a new manufacturing facility, tax revenue

Small Manufacturing Facilities

- Allocation cap of $10,000,000
- Capital expenditure limitation of $20,000,000, if the par amount of proposed bonds together with prior outstanding issues (3 years back, 3 years front)
- Public benefit to the community and state, including:
  - New employment
  - Wages and distribution of wages
  - Programs promoting employee education and skill, etc.
- Community support and sponsorship
- Efficiency as measured by employee/bond ratio
- Demonstrated need for tax-exempt financing
- Innovative financing (i.e., use of other sources of funding)
- Construction and equipment costs allowed with proceeds
- Determination to use based on: Financial capacity of applicant, location of facility (Rural areas with high unemployment rates or disadvantaged economic areas, etc.)