

GLEN CANYON SOLAR A PROJECT

Amended Community Reinvestment Project Area Plan

Kane County Redevelopment Agency
Amended and Revised As of
July 11, 2023

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1. Introduction and adoption of area plan

Pursuant to Resolution No. RDA 2022-10 (the “Resolution”), the Board of the Kane County Redevelopment Agency (also referenced herein as the “Agency”) authorized the preparation of this Community Reinvestment Project Area Plan and any related amendment or revision to the plan in accordance with provisions of Title 17C of the Utah Code Annotated 1953, as amended (the “Act”). This Amended Plan shall be titled the “Glen Canyon Solar A Project – Amended Community Reinvestment Project Area Plan”, or herein referenced to the “Amended Plan”.

In accordance with the Act, the Agency’s objectives in approving this Amended Plan are to use Tax Increment¹ to expand and diversify Kane County’s industrial tax base and benefit all taxing entities, promote the efficient use of natural resources, support the growth and development of clean energy production, create new employment opportunities, facilitate development of underutilized property, provide funds for local income targeted housing, and encourage development of currently tax-exempt land. The Agency anticipates that the objectives of the Amended Plan cannot be achieved without the use of Tax Increment.

The Amended Plan covers approximately 1,509.22 acres of undeveloped land located in a remote portion of Kane County located adjacent and to the north of US-89 east of Church Wells and west of Big Water (the “Project Area”).

The implementation and execution of this Amended Plan is intended to incentivize the development and operation of a utility-scale solar energy generation project (the “Solar Project”) proposed by Glen Canyon Solar A, LLC (“Glen Canyon Solar A”), which will benefit all local taxing entities, provide significant economic returns to Utah’s public school trust, create jobs, and otherwise expand and diversify Kane County’s industrial tax base.

The proposed Solar Project will be built on property owned by The Utah School and Institutional Trust Lands Administration (“SITLA”).

The Agency proposes to use Tax Increment to encourage economic development and industrial expansion within the Project Area. The Agency anticipates that the goals and objectives of this Amended Plan cannot be achieved without the use of Tax Increment. Therefore, the Agency will request the participation of each taxing entity that levies a property tax within the Project Area to agree to allow the Agency to receive a percentage of the Tax Increment generated within the Project Area for the term of this Amended Plan. As outlined in the Act, the Agency will negotiate separate interlocal agreements with each participating taxing entity, which will outline the specifics related to the amount of Tax Increment and participation time frame over which the Tax Increment will be received by the Agency. Pursuant to these interlocal agreements, the Agency will receive the Tax Increment and will use this financing source to accomplish the purposes and objectives of this Amended Plan. Upon the approval and adoption of this Amended Plan, the Agency intends to initiate discussions with other taxing entities who levy taxes within the Project

¹ The Act defines “Tax increment” to mean the difference between: (i) the amount of property tax revenue generated each tax year by a taxing entity from the Project Area from which tax increment is to be collected, using the current assessed value of the property; and (ii) the amount of property tax revenue that would be generated from the Project Area using the base taxable value of the property.

Area regarding the need and purpose for Tax Increment participation in fulfilling the objectives of this Amended Plan.

Moreover, the Agency anticipates negotiating an individual participation agreement with Glen Canyon Solar A to allow for the reimbursement of the Tax Increment generated by the Solar Project. The terms of the Tax Increment participation for the Solar Project, including participation percentages and term, will be negotiated separately between Glen Canyon Solar A and the Agency. This Amended Plan shall remain in effect for the term of the participation agreement between the Agency and Glen Canyon Solar A.

The ordering of sections within this Amended Plan are consistent with the requirements and other criteria for community reinvestment project area plans set forth in Utah Code Ann. § 17C-5-105. Each capitalized term not otherwise defined in this Amended Plan shall have the meaning described to it in the Act.

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2. Community Reinvestment Project Area Amended Plan boundaries

The Project Area is depicted in attached Exhibit A-1 (the “Project Area Map”) and described in attached Exhibit A-2 (the “Plan Area Legal Description”). The Project Area is located entirely within unincorporated areas of Kane County (the “County”) on remote, undeveloped property.

The Project Area lies to the north of US-89 east of Church Wells and west of Big Water on SITLA’s property located in Sections 4-9 of Township 43 South, Range 2 East, SLB&M.

3. Summary of current conditions and impact of project area development

a. Existing land uses

The official zoning map of Kane County does not designate a zone for SITLA lands. For the purposes of making recommendations to SITLA when a project or development is being proposed on SITLA lands within the unincorporated areas of the county, Kane County treats SITLA lands as if they were zoned Commercial. The proposed Solar Project is a conditional use within this district. The Solar Project has received a conditional use recommendation from the County on September 15, 2021, which use has been incorporated in the Solar Project’s lease with SITLA.

Property within the Project Area is undeveloped and currently used to graze cattle. The native vegetation consists primarily of non-irrigated scrub brush. The Project Area is located just north of US-89 1.65 miles to the west of Big Water and 1.35 miles to the east of Church Wells. There is little development in the general vicinity of the Project Area.

b. Principal streets

US-89 runs east/west and slight southwest/northwest just south of the Project Area. The site facilities will be accessed from a UDOT approved acceleration/deceleration turn off lane.

c. Population densities

There are no residential housing units or residents within the Project Area.

d. Building intensities

Other than US-89, there are no improvements or structures within the Project Area.

e. Impact of project area development

Once operational, the Solar Project within the Project Area will consist of photovoltaic solar panels and accessory facilities; electrical collection and generation tie lines and facilities; communication lines, cables, conduits, and facilities; electrical transformers, substations, and interconnection facilities; telecommunications equipment; control buildings and maintenance yards; access roads, fences and gates. This use is not anticipated

to cause any detrimental effects on existing surrounding uses and is a conditional use within the SITLA land district.

The Solar Project will not include any residential units and the full-time population of the Project Area is not expected to increase in connection with its development. However, as new jobs are created within the Project Area, a corresponding number of new housing units may be constructed in other portions of the County.

Kanab is the nearest population center to the Project area in Utah and lies approximately 17 miles southwest of the Project Area. The proposed Solar Project will not be visible from Big Water or Church Wells or any other population center, however, a portion of the Solar Project will be visible driving along US-89.

Currently, the proposed Solar Project is not expected to add significantly to the cumulative impact on public roads. During construction, there will be an influx of construction workers and delivery of materials to the Project Area; however, such impacts will be minor.

Due to the remote location of the Project Area, future development options are limited. The proposed Solar Project takes advantage of the Project Area's solar resources with minimal impact on the surrounding area. The development of the Solar Project within the Project Area will convert otherwise unproductive land into productive use and is anticipated to result in the following benefits: significant new property tax revenues and an increase in the County's property tax base; enhanced employment opportunities for County residents; support of public schools through increased revenues to SITLA; funding of local targeted income housing options; and diversification of the local economy.

4. Development standards

The development and operation of the Solar Project will be subject to all applicable County, state, and federal regulations.

5. How the purposes of the Act will be attained by the Amended Plan

Pursuant to Utah Code Ann. § 17C-1-102(47), the purpose of implementing a project area plan may include any activity which the board has determined either provides or encourages job creation or the development of improvements, facilities, structures, or buildings either on-site or off-site.

The Agency anticipates the Tax Increment incentives authorized by this Amended Plan will result in the following outcomes:

a. Create jobs

The Agency anticipates the Tax Increment incentive authorized by this Amended Plan will incentivize the development and operation of a utility-scale solar project which will create an estimated 275 FTE (full-time equivalent) construction jobs during the 10- to 12-month construction period and at least two full-time, high-paying permanent job with an estimated average annual salary of \$60,000 to \$70,000.

b. Tax revenue

It is anticipated that future development within the Project Area will generate significant and meaningful tax revenue to the State of Utah, County, and other taxing entities through increases in property and income taxes. Forecasted tax revenue generated by the Solar Project will be evaluated as part of Agency’s negotiation of a participation agreement with Glen Canyon Solar A.

c. Fund local economic development

The Agency will retain a portion of the Tax Increment generated within the Project Area to cover the administrative costs of implementing the Amended Plan and for other purposes that are authorized under the Act.

d. Provide funding for Utah education

SITLA owns the property within the Project Area and, as a state-owned entity, is not subject to property or income tax assessment. As a result of the economic development activity arising from this Amended Plan, SITLA will be able to generate more revenue to support public education by charging higher rental rates to energy, mining, and industrial users.

e. Waiver of Housing Requirement for Project Area Funds

Pursuant to 17C-5-307 of the Act, 10% of the Tax Increment required for purposes of funding local income-targeted housing needs or homeless assistance will not be included as part of this Amended Plan. The Agency and County intend to enter into an interlocal agreement stating that the Agency will not make the allocation because this Amended Plan envisions solely nonresidential project area development and that 60% of the full-time permanent employment created within the Project Area will have an annual gross wage, not including healthcare or other paid or unpaid benefits, that is at least 125% of the average wage of the County in which the Project Area is located.

6. Consistent with Kane County General Plan

All development within the Project Area will conform to the Kane County General Plan (the “General Plan”). The Project Area lies within the SITLA Land District. Future development in this area is limited by the lack of available potable water and the harsh salt desert environment. Given the environment and SITLA ownership of the property in the Project Area, there are little opportunities for commercial or industrial uses identified within the Project Area. The Project Area is well-suited for light industrial uses that promote the efficient and sustainable development of existing natural resources. The Kane County General Plan Amended August 2018 includes objectives to properly use natural resources and promote economic development.

The proposed Solar Project conforms to the Kane County General Plan in the following ways. The Solar Project is compatible with the environment and will not negatively impact adjacent land uses. The Solar Project is an environmentally sustainable source of renewable

energy and will promote the efficient use of the County's natural resources. In terms of economic development, the Solar Project is anticipated to create new employment opportunities and will diversify the County's tax base. In addition to generating significant tax revenues for the State of Utah, County, and other taxing entities, the Solar Project will support public schools through increased revenues to SITLA.

7. Elimination or reduction of a development impediment within Project Area

This Amended Plan is not being undertaken for the purpose of eliminating or reducing development impediments within the Project Area. Thus, this element is not applicable to this Amended Plan.

8. Project Area development

The implementation and execution of this Amended Plan is intended to incentivize the development and operation of the Solar Project proposed by Glen Canyon Solar A. The proposed Solar Project consists of a solar photovoltaic plant that will be capable of generating up to 95 megawatts (MW) of renewable energy upon completion. Once operational, the Solar Project will include solar panels and related equipment, electrical transformers and substation facilities, collection, distribution and transmission lines, telecommunications equipment, access drives and fencing, energy storage facilities and operations and maintenance facilities.

9. Selection of participants

SITLA owns the property within the Project Area and has leased the same to Glen Canyon Solar A to allow for the development of the Solar Project. Glen Canyon Solar A is an affiliate of AES Corporation ("AES"). AES has extensive experience with developing renewable energy projects in Utah. The Agency believes that Glen Canyon Solar A has the resources and experience to successfully develop this Solar Project.

10. Reasons for selection of Project Area

The Agency seeks to pursue economic development to strengthen the local economy and diversify and expand the County's industrial base. Future development opportunities within the Project Area are severely limited due to the harsh environment and lack of available water. The proposed Solar Project will take advantage of the County's abundant solar resources and the site's proximity to the PacifiCorp 345kv transmission line, complement existing surrounding land uses, create local construction jobs and high-paying permanent jobs, and generate local tax revenue on land that will otherwise likely remain unproductive.

11. Physical, social, and economic conditions within Project Area

The Project Area consists of non-irrigated rangeland used for cattle grazing and dispersed recreation. There are no residential buildings, and thus no residents, within the Project Area.

12. Tax incentives for facilities located in Project Area

Developing the Solar Project as part of this Amended Plan allows the County and other taxing entities to receive tax revenue from projects that will not otherwise be financially feasible to develop. Utility energy projects are extremely price sensitive and compete against projects in other cities, counties, and states that offer tax incentives. Without the tax increment incentives available through a Community Reinvestment Project Area Plan process, the Solar Project will not be competitive and could not be built.

As noted above, the Agency intends to offer Tax Increment incentives, as needed, in consideration for new development within the Project Area that furthers the goals outlined in this Amended Plan. The Agency anticipates negotiating an individual participation agreement with Glen Canyon Solar A to allow for the reimbursement of a portion of the Tax Increment generated by the Solar Project.

13. Anticipated public benefits from the Amended Plan

The Act provides that any community reinvestment project area plan include an analysis or description of the anticipated public benefit resulting from project area development, including benefits to the community's economic activity and tax base. This Amended Plan is necessary to catalyze economic development through the strategic and targeted support of the Solar Project located within the Project Area.

a. Economic activity benefits

As has been mentioned above, development of the Solar Project will create an estimated 275 FTE (full-time equivalent) construction jobs, during the 10- to 12-month construction period and at least two full-time, high-paying permanent job. During construction, local businesses such as motels and restaurants are expected to benefit by increased demand for goods and services. Adoption of the Amended Plan is anticipated to expand and diversify the County's industrial base.

The Agency will use a portion of the Tax Increment for administrative expenses and for other purposes that are authorized under the Act.

b. Tax base benefits

Development of the Solar Project will generate significant and meaningful tax revenue through property and income taxes not otherwise available without the Tax Increment incentive. Property within the Project Area is owned by SITLA and is therefore exempt from local property taxes and does not currently provide any tax benefit to Kane County or other local taxing entities. While the participating taxing entities will necessarily need to agree to forego a percentage of the growth in the tax base within the Project Area while the Amended Plan is in effect, the Agency's role in stimulating economic growth and increasing assessed values within the Project Area will benefit the community as a whole and, over time, each of the taxing entities.

Private investment alone cannot be reasonably expected to achieve substantial economic growth in the near future. The Project Area has not attracted significant private investment to date, and given the constraints of the site, is not anticipated to do so in the future without support from the Agency. The Solar Project cannot be developed within the Project Area without the Tax Increment incentives contemplated by this Amended Plan.

c. Additional benefits

The Solar Project will also provide significant economic returns to Utah’s public-school trust. The economic development activity resulting from this Amended Plan will generate significant new revenue for SITLA from the use of its land for renewable energy development, which will result in more resources for public education in the state.

14. Compliance with Section 9-8-404 Heritage, Arts, Libraries, and Cultural Development

This element is not applicable to the Project Area.

15. Project Area subject to taxing entity committee or an interlocal agreement

This Amended Plan and the Tax Increment to be generated and received from the Project Area will be subject to an interlocal agreement with each applicable participating taxing entity.

Exhibit A-1 - Project Area Map



Exhibit A-2 - Legal Description

The Project Area is located in Kane County, Utah and described as follows:

Township 43 South, Range 2 East, SLB&M

Section 4: Lot 8, SW $\frac{1}{4}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$ (321.08 acres)

Section 5: All (644.48 acres)

Section 6: E $\frac{1}{2}$ (322.16 acres)

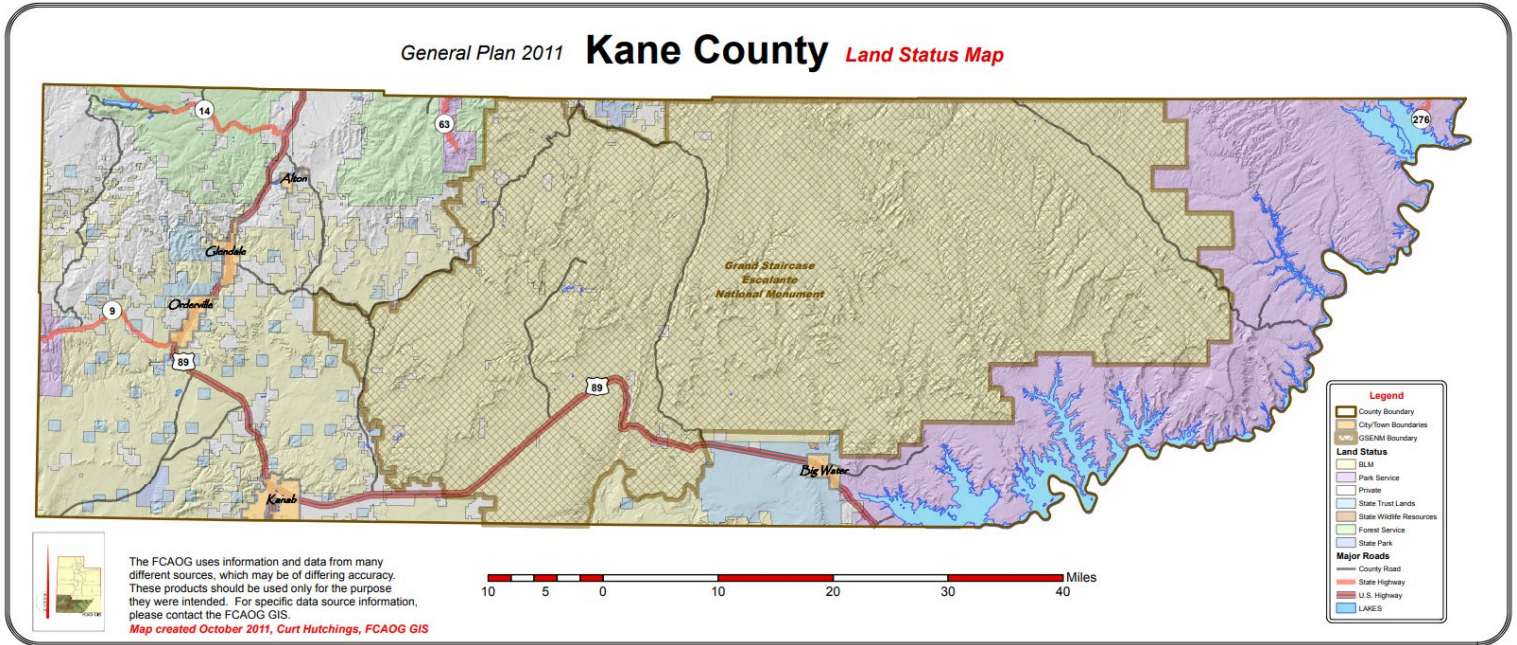
Section 7: that portion of the NENE and the NWNE lying north of US 89 (21.50 acres)

Section 8: that portion of the N $\frac{1}{2}$ N $\frac{1}{2}$ lying north of US 89 (120 acres)

Section 9: N $\frac{1}{2}$ NW $\frac{1}{4}$ (80 Acres)

Containing approximately 1,509.22 acres, more or less

Exhibit B - Zoning Index Map



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