

# 2019

## ANNUAL REPORT

### REDEVELOPMENT AGENCY OF PLEASANT GROVE CITY, UT

IN COMPLIANCE WITH UTAH CODE SECTION 17C-1-603



## NOVEMBER 1<sup>ST</sup> REPORT

Dated as of November 1, 2019

Prepared by Lewis Young Robertson & Burningham, Inc.

In compliance with Utah Code Section 17C-1-603

  
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# EXECUTIVE SUMMARY

## INTRODUCTION

Lewis Young Robertson & Burningham, Inc (“LYRB”) has been retained by the Pleasant Grove City Redevelopment Agency (the “Agency”) to assist with the management of the Agency’s Three project areas:

- ▣ Gateway CDA, or “Hammons”, Project Area;
- ▣ I 300 West CDA, or “doTERRA”, Project Area; and
- ▣ Grove Tower CRA.

LYRB has compiled the various creation and related documents associated with the project areas, created annual and multi-year budgets, and created a proprietary Excel-based software package to manage the Agency’s project areas on an ongoing basis.

The purpose of this report, in part, is to fulfill the requirements of Utah Code section 17C-1-603 – Agency Report. As reporting requirements were adopted in legislation and became effective in 2011, and other legislative changes that have further clarified reporting requirements, this report facilitates the RDA’s compliance with the code, providing the data necessary to fulfill these reporting requirements. This section of Utah Code mandates that the Agency provide an annual report to the County Auditor, the State Tax Commission, the State Board of Education, as well as each of the taxing entities that levy a tax on property from which the Agency collects tax increment (“Tax Increment” as defined in the Limited Purpose Local Government Entities - Community Reinvestment Agency Act, 17C). The taxing entities involved in the various project areas of the Pleasant Grove City RDA, to which this report is being provided, are summarized in the table below.

Table I.1

RDA TAXING ENTITIES	
Scott Darrington	Pleasant Grove City
Tina Petersen	Pleasant Grove City
Denise Roy	Pleasant Grove City
Burt Harvey	Utah County
Rob Smith	Alpine School District
Gene Shawcroft	Central Utah Water Conservancy District
Linda Anderson	Central Utah Water Conservancy District
Deborah Jacobson	Utah State Board of Education
Lorraine Austin	Utah State Board of Education
Scott Smith	Utah State Tax Commission

This annual report is for informational purposes and is intended to provide an overview of each project area that lies within the boundaries of the Pleasant Grove RDA, including descriptions of each project area, significant activities, project timelines, actual and estimated tax increment collections, and any other information pertinent to the taxing entities.

Provided in this report is an overview of the Gateway CDA Project Area #1 and the 1300 West CDA Project Area, including summaries of the current and projected budgets and identification of certain concerns/needs.

## OVERVIEW OF THE REDEVELOPMENT AGENCY

The Pleasant Grove City Redevelopment Agency was created by the Pleasant Grove City Council on January 30, 1995 with the adoption of Ordinance #95-1 in accordance with the provision of the Utah Neighborhood Development Act, UCA 17A-2-1201.

In the process of adopting the ordinance creating the Agency, the City Council determined that the Agency “is authorized to enter into contracts generally in connection with redevelopment or economic development matters and shall have the power to transact the business of such an agency and to exercise all the powers, rights, duties, and privileges set forth in the Utah Neighborhood Development Act as provided in the Utah Code Annotated 1953, 17A-2-1201 (recodified as 17C-1-101 et seq).”

Originally, under the Act, each project area created by a Redevelopment Agency was classified simply as a Redevelopment Area (RDA). In 1998, the Act was expanded to allow the creation of various types of project areas to be used to achieve different outcomes, including Urban Renewal Area (URA) and Economic Development Area (EDA). In 2006, the Act was further modified to provide for an additional project area type, Community Development Area (CDA).

Changes to the Act, made in 2016, put an end to the three aforementioned classifications. Going forward all project areas envisioned and created by a Redevelopment Agency are categorized by a single designation and are known as Community Reinvestment Areas (CRA). Previously created projects will still be subject to the predecessor rules under which they were created and will still be designated as RDAs, URAs, CDAs, and EDAs but new projects will need to conform to the CRA modifications as written in state statute Title 17C Limited Purpose Local Government Entities - Community Reinvestment Agency Act (the “Act”).

CRAs are created under a redevelopment agency. To create a CRA, an agency must first adopt a survey resolution that designates a survey area and authorizes the agency to prepare a project area plan and budget. The draft budget and plan are then created and then the agency must meet the noticing requirements concerning its intent to adopt the plan and budget. Once the agency adopts the draft plan and budget as the final plan and budget after a public hearing, it can then collaborate with the taxing entities. If the agency plans to use eminent domain in the CRA, a development impediment study must be performed in the designated area. The Agency then forges an agreement to receive tax increment participation and approval of the development impediment study from a taxing entity committee (TEC). With the potential use of eminent domain and a TEC, the CRA is required to allocate 20% of its tax increment revenue to affordable housing. If the agency does not intend to pursue eminent domain, interlocal agreements for tax increment participation can be entered into with individual taxing entities. No TEC is required. The affordable housing requirement for this approach is only 10% of the CRA’s tax increment revenue.

Currently, the Agency has two active Project Areas, each of which was created prior to the 2016 classification changes and has been categorized as a CDA.

### **AUTHORITIES AND POWERS OF THE AGENCY**

The authority of the Agency is directed by UCA Title 17C.

17C-1-202

- I. A community development and renewal agency may:
  - ☞ Sue and be sued;
  - ☞ Enter into contracts generally;
  - ☞ Buy, obtain an option upon, or otherwise acquire an interest in real or personal property;
  - ☞ Sell, convey, grant, dispose of by gift, or otherwise dispose of any interest in real or personal property;
  - ☞ Enter into a lease agreement on real or personal property, either as lessee or lessor;
  - ☞ Provide for urban renewal, economic development, and community development as provided in this title;
  - ☞ Receive tax increment as provided in this title;
  - ☞ If disposing of or leasing land, retain controls or establish restrictions and covenants running with the land consistent with the project area plan;
  - ☞ Accept financial or other assistance from any public or private source for the agency’s activities, powers, and duties, and expend any funds so received for any of the purposes of this title;
  - ☞ Borrow money or accept financial or other assistance from the federal government, a public entity, or any other source for any of the purposes of this title and comply with any conditions of the loan or assistance;
  - ☞ Issue bonds to finance the undertaking of any urban renewal, economic development, or community development or for any of the agency’s other purposes, including;
    - Reimbursing an advance made by the agency or by a public entity or the federal government to the agency;
    - Refunding bonds to pay or retire bonds previously issued by the agency; and
    - Refunding bonds to pay or retire bonds previously issued by the community that created the agency for expenses associated with an urban renewal, economic development, or community development project; and
  - ☞ Transact other business and exercise all other powers provided for in this title.

**GOVERNING BOARD OF TRUSTEES**

Table I.2

GOVERNING BOARD OF TRUSTEES		
Guy Fugal	Chairman	Pleasant Grove City Mayor
Todd Williams	Board Member	Pleasant Grove City Council Member
Cyd LeMone	Board Member	Pleasant Grove City Council Member
Dianna Anderson	Board Member	Pleasant Grove City Council Member
Eric Jensen	Board Member	Pleasant Grove City Council Member
Lynn Walker	Board Member	Pleasant Grove City Council Member

**SUMMARY OF REQUESTED FUNDS**

The Agency **requests all funds it is legally entitled to receive** and estimates those funds according to the chart below. Per UC 17C-1-603(3), these projected figures are provided for informational purposes only and do not alter the amount of tax increment that this Agency is entitled to collect. The Agency requests all tax increment legally available from each of the Agency’s project areas described below;

however, these estimates should in no way be interpreted or applied as a limitation upon the amount the Agency is entitled to receive under applicable statute(s), project area budget(s), and/or interlocal cooperation agreements.

Table I.3

ESTIMATE OF PROPERTY TAX INCREMENT TO BE PAID TO THE AGENCY		
	Tax Year 2019 (Ending Dec 31, 2019)	Tax Year 2020 (Beginning Jan 1, 2020)
Property Tax Increment		
Gateway CDA Project Area	\$444,120	\$570,346
I300 West Project Area	408,284	408,284
<b>Total Revenue</b>	<b>\$852,404</b>	<b>\$978,630</b>

## GENERAL OVERVIEW OF ALL PROJECT AREAS

Table I.4

COMBINED BUDGET - ALL PROJECT AREAS		
REVENUES	FY 2019 TOTALS	REMAINING LIFE (INCLUDES 2019 TOTALS)
Property Tax Increment		
Gateway CDA	\$372,422	\$8,130,823
I300 West CDA	284,830	6,817,371
Transient Room Tax		
Gateway CDA	-	4,495,138
Sales Tax Increment		
Gateway CDA	-	948,358
I300 West CDA	-	-
Developer Contribution to DS		
Gateway CDA	1,555,305	16,209,186
Interest Revenue Earned		
Gateway CDA	22,206	310,886
I300 West CDA	-	-
<b>Total Revenue</b>	<b>\$2,234,764</b>	<b>\$36,911,762</b>
EXPENDITURES	FY 2019 TOTALS	REMAINING LIFE (INCLUDES 2019 TOTALS)
RDA Administration		
Gateway CDA	\$18,621	\$678,716
I300 West CDA	14,242	340,869
Developer Incentive Payments		
Gateway CDA	-	11,006,132
I300 West CDA	270,589	4,025,744
Other Development Activities		
Gateway CDA	358,697	425,316
I300 West CDA	-	2,450,759
Debt Service Payments		
Gateway CDA	1,572,615	17,984,226
<b>Total Expenditures</b>	<b>\$2,234,764</b>	<b>\$36,911,762</b>

# SECTION 1: OVERVIEW OF THE GATEWAY CDA PROJECT AREA #1

Table 2.1

OVERVIEW				
<u>Type</u> CDA	<u>Acreage</u> Developed 5 <u>Undeveloped</u> 96 Total 101	<u>Purpose</u> Commercial Development	<u>Taxing District</u> 070-0003	<u>Tax Rate</u> 0.009882
<u>Creation Year</u> FY 2006	<u>Base Year</u> FY 2006	<u>Term</u> 24 Years	<u>Trigger Year</u> TY 2008/FY 2009	<u>Expiration Year</u> TY 2031/FY 2032
<u>Base Value</u> \$19,300	<u>TY 2018 Value</u> \$42,984,226	<u>Increase</u> 222,616%	<u>FY 2019 Property Tax Increment</u> Calculated: \$372,422 Received: \$372,422	<u>FY 2019 Total Tax Increment</u> Calculated: \$372,422 Received: \$372,422



*Central Bank*

The Gateway CDA Project Area #1 was created in August 2006 with the intent of incentivizing the development of a convention center and full-service hotel within Pleasant Grove City, along with a limited-service hotel, two first class restaurants, and a large screen theater, which will create hundreds of jobs and increase property tax revenue to the taxing entities. The Project Area includes approximately 101 acres, located in Pleasant Grove, UT. A map of the Project Area is included as **Exhibit A**.

The Project Area is governed by the following documents:

- ☞ Real Estate Purchase and Development Agreement, dated July 3, 2006
- ☞ Fourth Amended and Restated Agreement, dated December 1, 2011
- ☞ Interlocal Cooperation Agreement between Redevelopment Agency of Pleasant Grove City and Utah County, executed November 7, 2006
- ☞ Interlocal Agreement between Redevelopment Agency of Pleasant Grove City and Alpine School District, executed October 10, 2006
- ☞ Interlocal Agreement between Redevelopment Agency of Pleasant Grove City and Pleasant Grove City, executed January 2, 2007
- ☞ Interlocal Agreement between Redevelopment Agency of Pleasant Grove City and North Utah County Water Conservancy District, executed October 17, 2006
- ☞ Interlocal Agreement between Redevelopment Agency of Pleasant Grove City and Central Utah Water Conservancy District, executed October 17, 2006
- ☞ Project Area Plan, dated October 17, 2006



The Project Area Plan and Interlocal Agreements define the duration and use of property tax generated within the Project Area as well as conditions and obligations by the Agency and each participating taxing entity. The Development Agreement is between the Agency and the Developer, John Q. Hammons, and describes the obligations of each.

## SOURCES OF FUNDS

Table 2.2

2019 SOURCES OF FUNDS	
Property Tax Increment	\$372,422
Transient Room Tax	-
Sales Tax Increment	-
Interest Revenues Earned	22,206
Developer Contribution to Debt Service	1,555,305
<b>Total Sources of Funds</b>	<b>\$1,949,933</b>

## PROPERTY TAX

Table 2.3

PROPERTY TAX INCREMENT LEVELS		
Taxing Entity	Years	%
Utah County	TY 2008 - TY 2031	75%
Alpine School District	TY 2008 - TY 2031	85%
Pleasant Grove City	TY 2008 - TY 2031	100%
North Utah County Water Conservancy District	TY 2008 - TY 2031	100%
Central Utah Water Conservancy District	TY 2008 - TY 2031	100%

## TRANSIENT ROOM TAX/SALES AND USE TAX

Table 2.4

TRANSIENT ROOM TAX/SALES AND USE TAX CONTRIBUTIONS			
Taxing Entity	Years	Transient Room Tax	Sales and Use Tax
Utah County	TY 2008 - TY 2031	2.25%	70%
Pleasant Grove City	TY 2008 - TY 2031	100%	0%

Because, at this point, the hotel and convention center have not yet been developed in the Project Area, no transient room tax or sales and use tax have been generated.

## DEVELOPER CONTRIBUTION TO DEBT SERVICE

In addition to tax increment, the Agency is also scheduled to receive certain contributions from the Developer to be used for annual debt service payments on the associated RDA bonds per the Fourth Amended and Restated Agreement. Each year the Developer will remit to the Agency the difference between total tax increment received by the Agency, less CDA administration, and the annual debt service payment due on the bonds. The Agency is eligible to receive these contributions until such time as the

Developer has constructed the hotel as outlined in the Agreement. Upon the completion of the hotel, these contributions will cease, and the Agency will use incremental property tax, sales tax, and transient room tax to make the annual debt service payments.

## USES OF FUNDS

Table 2.5

2019 USES OF FUNDS	
CDA Administration	\$18,621
Debt Service Payments	1,572,615
Development Activities	358,697
<b>Total Uses of Funds</b>	<b>\$1,949,933</b>

## DEBT SERVICE PAYMENTS

Table 2.6

SERIES 2011 TAX INCREMENT AND REVENUE REFUNDING BONDS	
ANNUAL DEBT SERVICE PAYMENTS	
2013	\$1,575,755
2014	1,573,052
2015	1,572,786
2016	1,572,725
2017	1,572,753
2018	1,572,755
<b>2019</b>	<b>1,572,615</b>
2020	1,573,216
2021	1,573,386
2022 <sup>1</sup>	13,265,009
<b>Total Scheduled Debt Service Payments</b>	<b>\$27,424,052</b>

<sup>1</sup> The Series 2011 Tax Increment and Revenue Refunding Bonds (the “Bonds”) have a balloon payment structure with a significant amount of principal coming due in 2022. Therefore, the Agency plans to refinance the Bonds for another 10 years prior to the 2022 date.

## PROJECT AREA REPORTING AND ACCOUNTABILITY

### RELATIVE GROWTH IN ASSESSED VALUE

Table 2.7

GROWTH IN ASSESSED VALUES				
ASSESSED VALUES IN PROJECT AREA	CURRENT YEAR	PRIOR YEAR/ BASE YEAR	GROWTH RATE	AAGR
Annual Growth in Project Area (2018 vs. 2017)	\$42,984,226	\$29,647,210	45%	45%
Lifetime Growth in Project Area (2018 vs. 2006)	42,984,226	19,300	222,616%	81%

ASSESSED VALUES IN PLEASANT GROVE CITY	CURRENT YEAR	PRIOR YEAR/ BASE YEAR	GROWTH RATE	AAGR
Annual Growth in City (2018 vs. 2017)	\$2,189,750,308	\$1,987,493,134	10%	10%
Lifetime Growth in City (2018 vs. 2006)	2,189,750,308	\$1,055,830,654	107%	6%

The Project Area saw an increase in assessed value of 10% between TY 2017 and TY 2018. The average annual growth rate between the base year, FY 2006, and FY 2019 was 81%.

### BENEFITS DERIVED BY TAXING ENTITIES

Table 2.8

BENEFITS TO TAXING ENTITIES
Job Creation
Increased Property Tax Revenues
Increased Sales Tax Revenues
Significantly higher growth in tax base compared to non-incentivized areas
- Current AAGR for the Project Area is 84% vs 7% for non-incentivized areas

Utah County and Alpine School District are currently benefiting from increased assessed values in the Project Area as a portion of tax increment is being returned to these taxing entities. As shown below, the taxing entities are currently receiving annual tax increment (above the base amount) that is 27,247% above what would have been realized if assessed values in the Project Area had remained at base year levels. Since FY 2009, the total tax increment (above the base amount) received by the taxing entities is 11,353% above what would have been realized based on base year levels.

Table 2.9

GROWTH IN TAX INCREMENT				
TAX INCREMENT FROM PROJECT AREA	ORIGINAL BUDGET REVENUES*	ACTUAL REVENUES	BASE YEAR VALUE REVENUES	% ABOVE BASE
Fiscal Year 2019	N/A	\$424,579	\$191	222,516%
Life Time Revenue (FY 2009 - 2019)	N/A	\$2,188,654	\$2,391	91,439%
PASS THROUGH INCREMENT (ABOVE BASE)	ORIGINAL BUDGET REVENUES*	ACTUAL REVENUES	BASE YEAR VALUE REVENUES	% ABOVE BASE
Fiscal Year 2019	N/A	\$52,157	\$191	27,247%
Life Time Revenue (FY 2009 - 2019)	N/A	\$273,847	\$2,391	11,353%

\* The Original Budget is not available for this Project Area.

In the coming years, the taxing entities will also be benefited by the creation of a significant number of jobs resulting from the development of the convention center, hotels, and other commercial developments within the Project Area.

## NOTABLE DEVELOPMENT AND FUTURE PROJECTS

The Gateway CDA Project Area #1 was created to incentivize the development of a convention center and full-service hotel. Although original forecasts called for the development of the full-service hotel by 2012, construction has not yet begun on either the hotel or the convention center. Due to lack of performance by the current developer, the Agency is in the process of analyzing various options including other developers, different types of development, and further negotiations with the current developer.

Towards the end of 2017, ASEA completed its new headquarters within the Project Area. The building contains about 50,000 sq. ft. of office space.

Recently, construction was completed on a six-story office tower containing about 175,000 square feet of office space. Other development plans are also on the horizon. Developers have informed the Agency to expect a couple of new buildings soon.

Recently two restaurants were built within the project area, an R&R BBQ and a Village Baker.

Additional, about 10,000 square feet of in-line retail is currently under constructed. The retail space should be completed in late 2019 or early 2020.

Mountain America Credit Union plans to begin construct on an office building in 2020. Additional office space (about 150,000 square feet) is planned to begin construction in 2020.

Note that the Project Area does not contain any residential developments. There are no residential units and no residentially developed acres.

## FORECASTED PROJECT AREA BUDGET UPDATE

The multi-year budget attached to this document and summarized below displays revenue in the fiscal year received rather than the calendar year collected.

Table 2.10

PROJECT AREA BUDGET		FY 2019 - 2032	
REVENUES	TOTALS	NPV @ 5%	
Property Tax Increment	\$8,130,823	\$5,581,931	
Transient Room Tax	4,495,138	2,932,216	
Sales Tax Increment	948,358	619,871	
Developer Contributions to Debt Service	16,209,186	13,680,077	
Interest Revenue	310,886	219,811	
<b>Total Revenue <sup>2</sup></b>	<b>30,094,391</b>	<b>23,033,906</b>	
EXPENDITURES	TOTALS	NPV @ 5%	
CDA Administration @ 5%	\$678,716	\$456,701	
Debt Service Payments	17,984,226	15,196,988	
Development Activities	11,006,132	6,981,008	
Other Development Activities	425,316	399,210	
Total Expenditures	<b>\$30,094,390</b>	<b>\$23,033,906</b>	

## OTHER ISSUES

LYRB has not identified any other major areas of concern with the Gateway CDA #1 Project Area and believes that, according to the records reviewed, all other parties are meeting their respective obligations related to this Project Area.

## PROJECT AREA ANNUAL AND MULTI-YEAR BUDGETS

The following four sheets represent the FY 2019, FY 2020, FY 2021 and full multi-year budgets from 2009 to 2032.

<sup>2</sup> The tax increment revenues outlined in the Forecasted Project Area Budget are based upon the completion of various projects as outlined in the Development Agreement by FY 2018. These include the construction of a full service hotel with a minimum of 10 floors and 300 guest rooms, a connected convention center of not less than 100,000 square feet, a limited service hotel with 200 – 220 guest rooms, 2 restaurants, and other necessary supporting businesses.



Gateway CDA Project Area #1

"Hammons Project"

2019 Annual Budget

November 1, 2019

Tax Year	2018
Payment Year	2019

**REVENUE:**

<b>TAXABLE VALUATION:</b>	
Real Property	\$ 42,898,206
Personal Property	-
Centrally Assessed	86,020
<b>Total Assessed Value</b>	<b>\$ 42,984,226</b>
Base Year Value	(19,300)
<b>Total Incremental Assessed Value</b>	<b>\$ 42,964,926</b>

<b>Tax Rate:</b>	
<b>Total Tax Rate</b>	0.9882%

<b>PROPERTY TAX INCREMENT REVENUES</b>	
Utah County	\$ 31,450
Alpine School District	295,298
Pleasant Grove City, Etc.	97,831
<b>Total Property Tax Increment:</b>	<b>\$ 424,579</b>

<b>Percent of Property Tax Increment for Project</b>	
Utah County	75%
Alpine School District	85%
Pleasant Grove City, Etc.	100%

<b>PROPERTY TAX INCREMENT REVENUES AVAILABLE TO PROJECT AREA</b>	
Utah County	\$ 23,588
Alpine School District	251,003
Pleasant Grove City, Etc.	97,831
<b>Total Property Tax Increment Revenue to Project Area</b>	<b>\$ 372,422</b>

<b>Total Gross Taxable Sales</b>	
Pleasant Grove City Portion of Sales Tax Rate	0.5000%
<b>Sales Tax Increment Revenues</b>	<b>\$ -</b>
<b>Percent of Sales Tax Increment for Project</b>	
	70%
<b>Total Sales Tax Increment Revenue Available to Project Area</b>	<b>\$ -</b>

<b>Gross Room Sales Tax</b>	
County Transient Room Tax for Tourism (1.00%)	\$ -
County Transient Room Tax for Convention Centers (1.25%)	-
Municipal Transient Room Tax (1.00%)	-
<b>Total Transient Room Tax Increment Revenue Available to Project Area</b>	<b>\$ -</b>

<b>TOTAL TAX INCREMENT REVENUE</b>	
Total Calculated Tax Increment Due to Project Area	\$ 372,422
Interest Revenues Earned	22,206
Total Tax Increment Actually Collected and Paid	372,422
Hammons Contribution to Debt Service	1,555,305
<b>TOTAL SOURCES OF TAX INCREMENT</b>	<b>\$ 1,949,933</b>

**EXPENDITURES:**

<b>Project Area Budget and Use of Funds</b>	
CDA Administration @ 5%	\$ 18,621
Debt Service on RDA Bonds	1,572,615
Development Incentive Fund	-
Future Development Activities	358,697
<b>Total Expenditures:</b>	<b>\$ 1,949,933</b>

<b>Retained Portion of Property Tax Increment</b>	
Utah County	\$ 7,863
Alpine School District	44,295
Pleasant Grove City, Etc.	-



Gateway CDA Project Area #1

"Hammons Project"

2020 Annual Budget

November 1, 2019

Tax Year	2019
Payment Year	2020

REVENUE:	
<b>TAXABLE VALUATION:</b>	
Real Property	\$ 54,402,318
Personal Property	68,183
Centrally Assessed	68,183
<b>Total Assessed Value</b>	<b>\$ 54,538,684</b>
Base Year Value	(19,300)
<b>Total Incremental Assessed Value</b>	<b>\$ 54,519,384</b>

<b>Tax Rate:</b>	
<b>Total Tax Rate</b>	0.9299%

PROPERTY TAX INCREMENT REVENUES	
Utah County	\$ 36,637
Alpine School District	354,267
Pleasant Grove City, Etc.	116,072
<b>Total Property Tax Increment:</b>	<b>\$ 506,976</b>

Percent of Property Tax Increment for Project	
Utah County	75%
Alpine School District	85%
Pleasant Grove City, Etc.	100%

PROPERTY TAX INCREMENT REVENUES AVAILABLE TO PROJECT AREA	
Utah County	\$ 27,478
Alpine School District	301,127
Pleasant Grove City, Etc.	116,072
<b>Total Property Tax Increment Revenue to Project Area</b>	<b>\$ 444,676</b>

Total Gross Taxable Sales	
Pleasant Grove City Portion of Sales Tax Rate	0.5000%
<b>Sales Tax Increment Revenues</b>	<b>\$ 15,750</b>
<b>Percent of Sales Tax Increment for Project 70%</b>	
<b>Total Sales Tax Increment Revenue Available to Project Area</b>	<b>\$ 11,025</b>

Gross Room Sales Tax	
County Transient Room Tax for Tourism (1.00%)	\$ -
County Transient Room Tax for Convention Centers (1.25%)	-
Municipal Transient Room Tax (1.00%)	-
<b>Total Transient Room Tax Increment Revenue Available to Project Area</b>	<b>\$ -</b>

TOTAL TAX INCREMENT REVENUE	
Total Calculated Tax Increment Due to Project Area	\$ 455,701
Interest Revenues Earned	22,206
Total Tax Increment Actually Collected and Paid	455,701
Hammons Contribution to Debt Service	1,140,300
<b>TOTAL SOURCES OF TAX INCREMENT</b>	<b>\$ 1,618,207</b>

EXPENDITURES:	
Project Area Budget and Use of Funds	
CDA Administration @ 5%	\$ 22,785
Debt Service on RDA Bonds	1,573,216
Development Incentive Fund	-
Future Development Activities	22,206
<b>Total Expenditures:</b>	<b>\$ 1,618,207</b>

Retained Portion of Property Tax Increment	
Utah County	\$ 9,159
Alpine School District	53,140
Pleasant Grove City, Etc.	-



Gateway CDA Project Area #1  
"Hammons Project"  
2021 Annual Budget  
November 1, 2019

Tax Year	2020
Payment Year	2021

REVENUE:	
<b>TAXABLE VALUATION:</b>	
Real Property	\$ 54,402,318
Personal Property	68,183
Centrally Assessed	68,183
<b>Total Assessed Value</b>	<b>\$ 54,538,684</b>
Base Year Value	(19,300)
<b>Total Incremental Assessed Value</b>	<b>\$ 54,519,384</b>

<b>Tax Rate:</b>	
<b>Total Tax Rate</b>	0.9299%

PROPERTY TAX INCREMENT REVENUES	
Utah County	\$ 36,637
Alpine School District	354,267
Pleasant Grove City, Etc.	116,072
<b>Total Property Tax Increment:</b>	<b>\$ 506,976</b>

Percent of Property Tax Increment for Project	
Utah County	75%
Alpine School District	85%
Pleasant Grove City, Etc.	100%

PROPERTY TAX INCREMENT REVENUES AVAILABLE TO PROJECT AREA	
Utah County	\$ 27,478
Alpine School District	301,127
Pleasant Grove City, Etc.	116,072
<b>Total Property Tax Increment Revenue to Project Area</b>	<b>\$ 444,676</b>

Sales Tax	
<b>Total Gross Taxable Sales</b>	
Pleasant Grove City Portion of Sales Tax Rate	0.5000%
<b>Sales Tax Increment Revenues</b>	<b>\$ 16,538</b>
<b>Percent of Sales Tax Increment for Project 70%</b>	
<b>Total Sales Tax Increment Revenue Available to Project Area</b>	<b>\$ 11,576</b>

Gross Room Sales Tax	
County Transient Room Tax for Tourism (1.00%)	\$ -
County Transient Room Tax for Convention Centers (1.25%)	-
Municipal Transient Room Tax (1.00%)	-
<b>Total Transient Room Tax Increment Revenue Available to Project Area</b>	<b>\$ -</b>

TOTAL TAX INCREMENT REVENUE	
Total Calculated Tax Increment Due to Project Area	\$ 456,253
Interest Revenues Earned	22,206
Total Tax Increment Actually Collected and Paid	456,253
Hammons Contribution to Debt Service	1,139,946
<b>TOTAL SOURCES OF TAX INCREMENT</b>	<b>\$ 1,618,405</b>

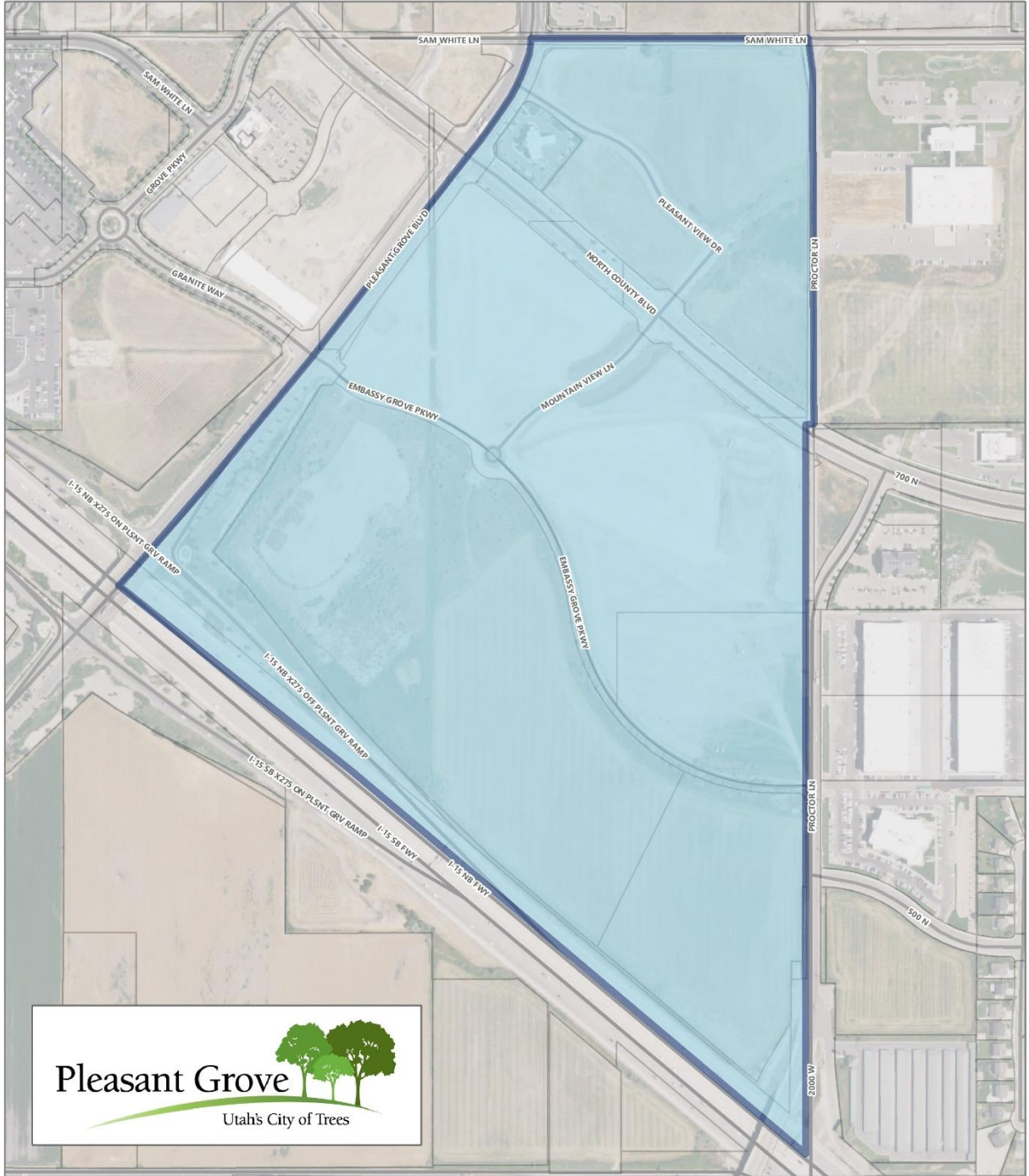
EXPENDITURES:	
Project Area Budget and Use of Funds	
CDA Administration @ 5%	\$ 22,813
Debt Service on RDA Bonds	1,573,386
Development Incentive Fund	-
Future Development Activities	22,206
<b>Total Expenditures:</b>	<b>\$ 1,618,405</b>

Retained Portion of Property Tax Increment	
Utah County	\$ 9,159
Alpine School District	53,140
Pleasant Grove City, Etc.	-



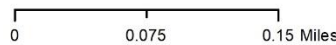


EXHIBIT A



**PLEASANT GROVE REDEVELOPMENT AGENCY  
 GATEWAY CDA PROJECT AREA**

 Gateway CDA



**LEWIS YOUNG  
 ROBERTSON & BURNINGHAM, INC.**

## SECTION 2: OVERVIEW OF 1300 WEST CDA PROJECT AREA

Table 3.1

OVERVIEW				
<u>Type</u> CDA	<u>Acreage</u> Developed 53 <u>Undeveloped</u> 0 Total 53	<u>Purpose</u> Commercial and Industrial Development	<u>Taxing District</u> 070-0000	<u>Tax Rate</u> 0.009882
<u>Creation Year</u> FY 2012	<u>Base Year</u> FY 2012	<u>Term</u> 20 Years	<u>Trigger Year</u> TY 2015/FY 2016	<u>Expiration Year</u> TY 2034/FY 2035
<u>Base Value</u> \$551,681	<u>TY 2018 Value</u> \$72,472,624	<u>Increase</u> 12,937%	<u>FY 2019 Property Tax Increment</u> Calculated: \$285,886 Received: \$284,830	<u>FY 2018 Sales Tax Increment</u> \$ -



*doTERRA Product Center*

The 1300 West CDA Project Area is designated as mixed-use development that will consist of a Class A office building, warehouse, and call center. The objectives of the Agency include pursuing development of vacant parcels of property within the Project Area, redevelopment and improvement of the appearance of existing buildings within the Project Area, installation and upgrade of public

utilities in the Project Area, and providing assistance to current and future land owners who have a desire to expand or change the use of their property, which will result in an economic increase to the Agency and City by virtue of the land uses contemplated. The primary development within the Project Area will be a commercial campus of an international company, doTERRA International, LLC, a subsidiary of Thrive Holdings, LLC. The Agency is committed to maintaining a high-quality development that will help strengthen the tax base of the City and will also help to trigger other potential development that will bring additional business to the City.

The Project Area was created in 2012 and is governed by the following documents:

- ☞ Participation Agreement, dated September 10, 2014
- ☞ Interlocal Cooperation Agreement between Redevelopment Agency of Pleasant Grove City and Utah County, executed December 2, 2014
- ☞ Interlocal Agreement between Redevelopment Agency of Pleasant Grove City and Alpine School District, executed June 18, 2013
- ☞ Interlocal Agreement between Redevelopment Agency of Pleasant Grove City and Pleasant Grove City, executed June 9, 2015
- ☞ Interlocal Agreement between Redevelopment Agency of Pleasant Grove City and North Utah County Water Conservancy District
- ☞ Interlocal Agreement between Redevelopment Agency of Pleasant Grove City and Central Utah Water Conservancy District
- ☞ Project Area Plan, dated March 2013

The Project Area Plan and Interlocal Agreements define the duration and use of property tax generated within the Project Area as well as conditions and obligations by the Agency and each participating taxing entity. The Participation Agreement is between the Agency and Thrive Holdings, LLC “the Participant” and describes the obligations of each.

The Project Area consists of approximately 53.27 acres located on the southwest side of Pleasant Grove City, beginning at the intersection of Pleasant Grove Boulevard and 1300 West, and ending north of the 700 South. A map of the Project Area is included as **Exhibit B**.

## SOURCES OF FUNDS

Table 3.2

2019 SOURCES OF FUNDS	
Property Tax Increment	\$285,886
Uncollected Property Tax Revenue	(1,056)
Sales Tax Contribution	-
<b>Total Sources of Funds</b>	<b>\$284,830</b>

## PROPERTY TAX

Table 3.3

PROPERTY TAX INCREMENT LEVELS		
Taxing Entity	Years	%
Utah County	TY 2015 - TY 2031	75%
Alpine School District	TY 2015 - TY 2031	25%
Pleasant Grove City	TY 2015 - TY 2031	75%
North Utah County Water Conservancy District	TY 2015 - TY 2031	75%
Central Utah Water Conservancy District	TY 2015 - TY 2031	75%

The interlocal agreements between the Agency and the various taxing entities each describe that the participation levels outlined above will apply to only tax increment generated from development in those properties owned by doTERRA International, LLC. Any additional increment that may be created in the Project Area will be paid to the taxing entities at a level of 100%.

In addition, the interlocal agreement between the Agency and Alpine School District includes an additional provision that prevents the Agency from collecting the portion of tax increment resulting from an increase in the Alpine School District’s tax rate.

**SALES TAX**

Table 3.4

PROPERTY TAX INCREMENT LEVELS		
Taxing Entity	Years	Annual Maximum Sales Tax to Agency
Pleasant Grove City	TY 2015 - TY 2034	\$42,000

Pleasant Grove City has agreed to remit certain amounts of sales tax generated from the Project Area to the Development Incentive Fund. As outlined in the Participation Agreement, the City will provide a sales tax payment to the Agency that will be used to cover any anticipated shortfall between the annual property tax increment contributed to the Development Incentive Fund and the amount of \$237,000. This sales tax payment is subject to the following terms and conditions:

- ☞ The Participant must produce sales, that are collected and credited as a point of sale to the City, of no less than \$30,000,000 annually.
- ☞ The Participant must complete construction of the facilities outlined in the Participation Agreement.
- ☞ The Participant must remain in the City through life the Project Area.
- ☞ The maximum sales tax payment each year will not exceed \$42,000.
- ☞ In the event that the assessed value of the scheduled improvements is below \$38 million, the annual sales tax participation will be decreased at the same proportioned rate as the decrease in assessed value.

The annual property tax increment contributed to the Development Incentive Fund in FY 2019 totaled \$270,589, which is above the \$237,000 level outlined above. Thus, no, sales tax increment is due to the agency in FY 2019.

**USES OF FUNDS**

Table 3.5

2019 USES OF FUNDS	
CDA Administration @ 5% of Property Tax Increment	14,242
Development Incentive Fund	270,589
Other Development Activities	-
<b>Total Uses of Funds</b>	<b>\$284,830</b>

Monies held in the Development Incentive Fund will be utilized to reimburse the Participant for public infrastructure improvements, land purchase, building construction, renovation or upgrades, certain offsite improvements, and other improvements as approved by the Agency.

## DEVELOPMENT OBLIGATIONS AND INCENTIVES

Per the Participation Agreement, the Participant has the obligation to construct certain amounts of improved space in exchange for receiving specified capped amounts of tax increment. These improvements will include the construction of a Class A office facility and related support facilities which will consist of not less than 180,000 square feet. Upon completion, the assessed value of this development must be no less than \$38,000,000.

Contributions to the Development Incentive Fund will be based upon area in the Project Area that has been improved by the Participant and will include (1) property tax increment received by the Agency and (2) sales tax generated by the facility and collected by Pleasant Grove City. As mentioned above, annual sales tax payments will be made to the Development Incentive Fund only in the case that a shortfall exists between the annual property tax increment contribution and the amount of \$237,000, as set forth in the Participation Agreement. The other requirements for the contribution of sales tax increment outlined above also must be met in order for the Developer to qualify for this contribution.

Total contributions to be remitted to the Development Incentive Fund are capped at \$4,750,000. This includes sales tax contributions which are specifically limited to \$42,000 per year.

Table 3.6

CONTRIBUTIONS TO DEVELOPMENT INCENTIVE FUND		
	2018 Annual Contribution	Lifetime Contributions
Property Tax Increment Contribution	\$270,589	\$994,845
Sales Tax Contribution	-	-
<b>Total Contributions</b>	<b>\$270,589</b>	<b>\$994,845</b>

The Agency has, to date, paid \$994,845 to the Development Incentive Fund, which includes the TY 2018 payment of \$270,589. The Agency will pay an additional \$3,755,156 over the next 16 years. The Cap of \$4,750,000 is estimated to be reached by TY 2029.

## PROJECT AREA REPORTING AND ACCOUNTABILITY

### COMPARISON OF FORECASTED AND ACTUAL TAX INCREMENT

Table 3.7

REALIZATION OF TAX INCREMENT			
TAX INCREMENT GENERATED IN PROJECT AREA	FORECASTED	ACTUAL	% OF PROJECTION
Annual Property Tax Increment - FY 2018	\$191,123	\$284,830	149%
Lifetime Property Tax Increment - FY 2018	783,868	1,047,205	134%

**RELATIVE GROWTH IN ASSESSED VALUE**

As described below, overall, the Project Area has realized an average annual growth rate that is 18 times that of non-incentivized areas of the City.

Table 3.8

GROWTH IN ASSESSED VALUES				
ASSESSED VALUES IN PROJECT AREA	CURRENT YEAR	PRIOR YEAR/ BASE YEAR	GROWTH RATE	AAGR
Annual Growth in Project Area (2018 vs. 2017)	\$71,920,943	\$68,745,361	5%	5%
Lifetime Growth in Project Area (2018 vs. 2012)	71,920,943	551,681	12937%	125%
ASSESSED VALUES IN PLEASANT GROVE CITY	CURRENT YEAR	PRIOR YEAR/ BASE YEAR	GROWTH RATE	AAGR
Annual Growth in City (2018 vs. 2017)	\$2,189,750,308	\$1,987,493,134	10%	10%
Lifetime Growth in City (2018 vs. 2012)	2,189,750,308	1,272,203,602	72%	9%

**BENEFITS DERIVED BY TAXING ENTITIES**

Table 3.9

BENEFITS TO TAXING ENTITIES
Creation of 1,000 jobs within the current facility, with an estimated additional 1,000 jobs to be created as part of the planned expansion
Increased Property Tax Revenues
Increased Sales Tax Revenues
Significantly higher growth in tax base compared to non-incentivized areas
- Current AAGR for the Project Area is 162% vs 9% for non-incentivized areas

Annual property tax increment (above the base amount) currently being returned to taxing entities is 7,915% above what would have been realized if assessed values in the Project Area had remained at base year levels.

Table 3.10

GROWTH IN PROPERTY TAX INCREMENT				
PROPERTY TAX INCREMENT FROM PROJECT AREA	ORIGINAL BUDGET REVENUES	ACTUAL REVENUES	BASE YEAR VALUE REVENUES	% ABOVE BASE
Fiscal Year 2019	\$467,092	\$710,723	\$5,452	12937%
Life Time Revenue (FY 2016 - 2019)	1,915,718	2,673,232	23,360	11344%
PASS THROUGH INCREMENT (ABOVE BASE)	ORIGINAL BUDGET REVENUES	ACTUAL REVENUES	BASE YEAR VALUE REVENUES	% ABOVE BASE
Fiscal Year 2019	\$285,294	\$436,970	\$5,452	7915%
Life Time Revenue (FY 2016 - 2019)	1,131,851	1,611,280	23,360	6798%

### NOTABLE DEVELOPMENT AND FUTURE PROJECTS

The 1300 West CDA Project Area was primarily created to incentivize the development of the commercial campus of doTERRA International, LLC. In exchange for receiving certain portions of property and sales tax increment, the Company agreed to construct a Class A office facility and related support facilities. This development, which was required to consist of at least 180,000 square feet, has been completed and the Agency has begun drawing tax increment generated by this new development.

Construction of a new 50,000 square foot office building and 100,000 square foot warehouse building was recently completed. With the completion of the construction, all of the developable space in the project area was developed.

Note that the Project Area does not contain any residential developments. There are no residential units and no residentially developed acres.

### FORECASTED PROJECT AREA BUDGET UPDATE

The multi-year budget attached to this document and summarized below displays revenue in the fiscal year received rather than the calendar year collected.

Table 3.11

PROJECT AREA BUDGET		FY 2019 - 2035	
REVENUES	TOTALS	NPV @ 5%	
Property Tax Increment	\$6,817,371	\$4,485,444	
Sales Tax Contribution	-	-	
<b>Total Revenue</b>	<b>\$6,817,371</b>	<b>\$4,485,444</b>	
EXPENDITURES	TOTALS	NPV @ 5%	
CDA Administration @ 5%	\$340,869	\$224,272	
Development Incentive Fund	4,025,744	3,037,878	
Other Development Activities	2,450,759	1,223,294	
<b>Total Expenditures</b>	<b>\$6,817,371</b>	<b>\$4,485,444</b>	



## **OTHER ISSUES**

LYRB has not identified any major areas of concern with the I300 West CDA Project Area and believes that, according to the records reviewed, all parties are meeting their respective obligations related to this Project Area.

## **PROJECT AREA ANNUAL AND MULTI-YEAR BUDGETS**

The following four sheets represent the FY 2019, FY 2020, FY 2021 and full multi-year budgets from 2016 to 2035.



I300 West CDA Project Area  
"doTERRA Project"

2019 Annual Budget  
November 1, 2019

Tax Year	2018
Payment Year	2019

REVENUE:	
<b>TAXABLE VALUATION:</b>	
Real Property	\$ 57,827,300
Personal Property	14,616,867
Centrally Assessed	28,457
<b>Total Assessed Value</b>	<b>\$ 72,472,624</b>
Base Year Value	(551,681)
<b>Total Incremental Assessed Value</b>	<b>\$ 71,920,943</b>

<b>Tax Rate:</b>	
<b>Total Tax Rate</b>	0.9882%

PROPERTY TAX INCREMENT REVENUES	
Utah County	\$ 52,646
Alpine School District	494,313
Pleasant Grove City, Etc.	163,764
<b>Total Property Tax Increment:</b>	<b>\$ 710,723</b>

Percent of Property Tax Increment for Project	
Utah County	75%
Alpine School District	25%
Pleasant Grove City, Etc.	75%

PROPERTY TAX INCREMENT REVENUES AVAILABLE TO PROJECT AREA	
Utah County	\$ 39,485
Alpine School District	123,578
Pleasant Grove City, Etc.	122,823
<b>Total Property Tax Increment Revenue to Project Area</b>	<b>\$ 285,886</b>

Total Gross Taxable Sales	
Potential Pleasant Grove City Sales Tax Contribution to Project Area	\$ -
<b>Total Potential Sales Tax Increment Revenue Available to Project Area</b>	<b>\$ -</b>

TOTAL TAX INCREMENT REVENUE	
Total Calculated Tax Increment Due to Project Area	\$ 285,886
Total Property Tax Increment Actually Collected and Paid	284,830
Total Sales Tax Increment Contributed to Project Area <sup>1</sup>	-
Prior Year Property Tax Increment	(1,056)
<b>TOTAL SOURCES OF TAX INCREMENT</b>	<b>\$ 284,830</b>

EXPENDITURES:	
Project Area Budget and Use of Funds	
CDA Administration @ 5%	\$ 14,242
Development Incentive Fund	270,589
Other Development Activities	-
<b>Total Expenditures:</b>	<b>\$ 284,830</b>

Retained Portion of Property Tax Increment	
Utah County	\$ 13,162
Alpine School District	370,734
Pleasant Grove City, Etc.	40,941
<b>Total Retained Portion of Property Tax Increment</b>	<b>\$ 424,837</b>

Note 1: If annual property tax increment remitted to the Development Incentive Fund falls below \$237,000, the City has agreed to remit a portion of sales tax revenues to the Agency to make up for this shortfall. This sales tax contribution is dependant upon the Developer generating a minimum of \$30,000,000 in sales in that year.



I300 West CDA Project Area  
"doTERRA Project"

2020 Annual Budget  
November 1, 2019

Tax Year	2019
Payment Year	2020

REVENUE:	
<b>TAXABLE VALUATION:</b>	
Real Property	\$ 95,492,200
Personal Property	14,616,867
Centrally Assessed	41,657
<b>Total Assessed Value</b>	<b>\$ 110,150,724</b>
Base Year Value	(551,681)
<b>Total Incremental Assessed Value</b>	<b>\$ 109,599,043</b>

<b>Tax Rate:</b>	
<b>Total Tax Rate</b>	0.9299%

PROPERTY TAX INCREMENT REVENUES	
Utah County	\$ 73,651
Alpine School District	712,175
Pleasant Grove City, Etc.	233,336
<b>Total Property Tax Increment:</b>	<b>\$ 1,019,162</b>

Percent of Property Tax Increment for Project	
Utah County	75%
Alpine School District	25%
Pleasant Grove City, Etc.	75%

PROPERTY TAX INCREMENT REVENUES AVAILABLE TO PROJECT AREA	
Utah County	\$ 55,238
Alpine School District	178,044
Pleasant Grove City, Etc.	175,002
<b>Total Property Tax Increment Revenue to Project Area</b>	<b>\$ 408,284</b>

Total Gross Taxable Sales	
Potential Pleasant Grove City Sales Tax Contribution to Project Area	\$ -
<b>Total Potential Sales Tax Increment Revenue Available to Project Area</b>	<b>\$ -</b>

TOTAL TAX INCREMENT REVENUE	
Total Calculated Tax Increment Due to Project Area	\$ 408,284
Total Property Tax Increment Actually Collected and Paid	408,284
Total Sales Tax Increment Contributed to Project Area <sup>1</sup>	-
Prior Year Property Tax Increment	-
<b>TOTAL SOURCES OF TAX INCREMENT</b>	<b>\$ 408,284</b>

EXPENDITURES:	
Project Area Budget and Use of Funds	
CDA Administration @ 5%	\$ 20,414
Development Incentive Fund	387,870
Other Development Activities	-
<b>Total Expenditures:</b>	<b>\$ 408,284</b>

Retained Portion of Property Tax Increment	
Utah County	\$ 18,413
Alpine School District	534,131
Pleasant Grove City, Etc.	58,334
<b>Total Retained Portion of Property Tax Increment</b>	<b>\$ 610,878</b>

Note 1: If annual property tax increment remitted to the Development Incentive Fund falls below \$237,000, the City has agreed to remit a portion of sales tax revenues to the Agency to make up for this shortfall. This sales tax contribution is dependant upon the Developer generating a minimum of \$30,000,000 in sales in that year.



I300 West CDA Project Area  
"doTERRA Project"

2021 Annual Budget  
November 1, 2019

Tax Year	2020
Payment Year	2021

REVENUE:	
<b>TAXABLE VALUATION:</b>	
Real Property	\$ 95,492,200
Personal Property	14,616,867
Centrally Assessed	41,657
<b>Total Assessed Value</b>	<b>\$ 110,150,724</b>
Base Year Value	(551,681)
<b>Total Incremental Assessed Value</b>	<b>\$ 109,599,043</b>

<b>Tax Rate:</b>	
<b>Total Tax Rate</b>	0.9299%

PROPERTY TAX INCREMENT REVENUES	
Utah County	\$ 73,651
Alpine School District	712,175
Pleasant Grove City, Etc.	233,336
<b>Total Property Tax Increment:</b>	<b>\$ 1,019,162</b>

Percent of Property Tax Increment for Project	
Utah County	75%
Alpine School District	25%
Pleasant Grove City, Etc.	75%

PROPERTY TAX INCREMENT REVENUES AVAILABLE TO PROJECT AREA	
Utah County	\$ 55,238
Alpine School District	178,044
Pleasant Grove City, Etc.	175,002
<b>Total Property Tax Increment Revenue to Project Area</b>	<b>\$ 408,284</b>

Total Gross Taxable Sales	
Potential Pleasant Grove City Sales Tax Contribution to Project Area	\$ -
<b>Total Potential Sales Tax Increment Revenue Available to Project Area</b>	<b>\$ -</b>

TOTAL TAX INCREMENT REVENUE	
Total Calculated Tax Increment Due to Project Area	\$ 408,284
Total Property Tax Increment Actually Collected and Paid	408,284
Total Sales Tax Increment Contributed to Project Area <sup>1</sup>	-
Prior Year Property Tax Increment	-
<b>TOTAL SOURCES OF TAX INCREMENT</b>	<b>\$ 408,284</b>

EXPENDITURES:	
Project Area Budget and Use of Funds	
CDA Administration @ 5%	\$ 20,414
Development Incentive Fund	387,870
Other Development Activities	-
<b>Total Expenditures:</b>	<b>\$ 408,284</b>

Retained Portion of Property Tax Increment	
Utah County	\$ 18,413
Alpine School District	534,131
Pleasant Grove City, Etc.	58,334
<b>Total Retained Portion of Property Tax Increment</b>	<b>\$ 610,878</b>

Note 1: If annual property tax increment remitted to the Development Incentive Fund falls below \$237,000, the City has agreed to remit a portion of sales tax revenues to the Agency to make up for this shortfall. This sales tax contribution is dependant upon the Developer generating a minimum of \$30,000,000 in sales in that year.

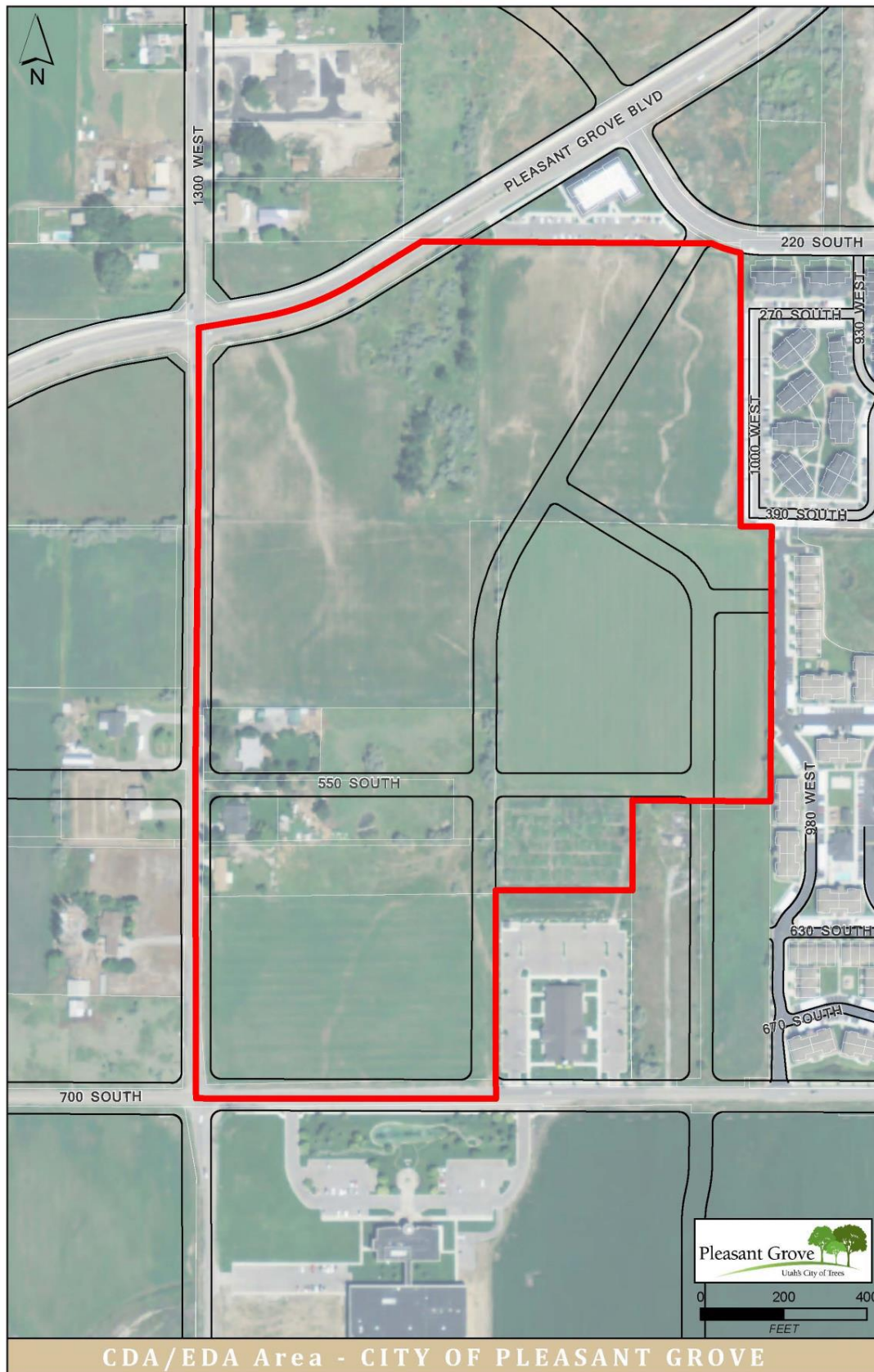


**I300 West CDA Project Area**

Tax Year Payment Year	<<==== HISTORIC				PROJECTED =====>>>																TOTALS
	2015 2016	2016 2017	2017 2018	2018 2019	2019 2020	2020 2021	2021 2022	2022 2023	2023 2024	2024 2025	2025 2026	2026 2027	2027 2028	2028 2029	2029 2030	2030 2031	2031 2032	2032 2033	2033 2034	2034 2035	
<b>REVENUE:</b>																					
<b>TAXABLE VALUATION:</b>																					
Real Property	\$ 47,450,500	\$ 56,221,200	\$ 57,003,200	\$ 57,827,300	\$ 95,492,200	\$ 95,492,200	\$ 95,492,200	\$ 95,492,200	\$ 95,492,200	\$ 95,492,200	\$ 95,492,200	\$ 95,492,200	\$ 95,492,200	\$ 95,492,200	\$ 95,492,200	\$ 95,492,200	\$ 95,492,200	\$ 95,492,200	\$ 95,492,200	\$ 95,492,200	
Personal Property	-	11,114,796	12,267,790	14,616,867	14,616,867	14,616,867	14,616,867	14,616,867	14,616,867	14,616,867	14,616,867	14,616,867	14,616,867	14,616,867	14,616,867	14,616,867	14,616,867	14,616,867	14,616,867	14,616,867	
Centrally Assessed	-	-	26,052	28,457	41,657	41,657	41,657	41,657	41,657	41,657	41,657	41,657	41,657	41,657	41,657	41,657	41,657	41,657	41,657	41,657	
<b>Total Assessed Value</b>	<b>\$ 47,450,500</b>	<b>\$ 67,335,996</b>	<b>\$ 69,297,042</b>	<b>\$ 72,472,624</b>	<b>\$ 110,150,724</b>	<b>\$ 110,150,724</b>	<b>\$ 110,150,724</b>	<b>\$ 110,150,724</b>	<b>\$ 110,150,724</b>	<b>\$ 110,150,724</b>	<b>\$ 110,150,724</b>	<b>\$ 110,150,724</b>	<b>\$ 110,150,724</b>	<b>\$ 110,150,724</b>	<b>\$ 110,150,724</b>	<b>\$ 110,150,724</b>	<b>\$ 110,150,724</b>	<b>\$ 110,150,724</b>	<b>\$ 110,150,724</b>	<b>\$ 110,150,724</b>	
Base Year Value	(551,681)	(551,681)	(551,681)	(551,681)	(551,681)	(551,681)	(551,681)	(551,681)	(551,681)	(551,681)	(551,681)	(551,681)	(551,681)	(551,681)	(551,681)	(551,681)	(551,681)	(551,681)	(551,681)	(551,681)	
<b>Total Incremental Assessed Value</b>	<b>\$ 46,898,819</b>	<b>\$ 66,784,315</b>	<b>\$ 68,745,361</b>	<b>\$ 71,920,943</b>	<b>\$ 109,599,043</b>	<b>\$ 109,599,043</b>	<b>\$ 109,599,043</b>	<b>\$ 109,599,043</b>	<b>\$ 109,599,043</b>	<b>\$ 109,599,043</b>	<b>\$ 109,599,043</b>	<b>\$ 109,599,043</b>	<b>\$ 109,599,043</b>	<b>\$ 109,599,043</b>	<b>\$ 109,599,043</b>	<b>\$ 109,599,043</b>	<b>\$ 109,599,043</b>	<b>\$ 109,599,043</b>	<b>\$ 109,599,043</b>	<b>\$ 109,599,043</b>	
<b>Tax Rate:</b>																					
Utah County	0.0870%	0.0834%	0.0779%	0.0732%	0.0672%	0.0672%	0.0672%	0.0672%	0.0672%	0.0672%	0.0672%	0.0672%	0.0672%	0.0672%	0.0672%	0.0672%	0.0672%	0.0672%	0.0672%	0.0672%	
Alpine School District	0.8177%	0.7718%	0.7167%	0.6873%	0.6498%	0.6498%	0.6498%	0.6498%	0.6498%	0.6498%	0.6498%	0.6498%	0.6498%	0.6498%	0.6498%	0.6498%	0.6498%	0.6498%	0.6498%	0.6498%	
Pleasant Grove City	0.1875%	0.1775%	0.2029%	0.1884%	0.1734%	0.1734%	0.1734%	0.1734%	0.1734%	0.1734%	0.1734%	0.1734%	0.1734%	0.1734%	0.1734%	0.1734%	0.1734%	0.1734%	0.1734%	0.1734%	
North Utah Water Conservancy District	0.0024%	0.0023%	0.0021%	0.0019%	0.0017%	0.0017%	0.0017%	0.0017%	0.0017%	0.0017%	0.0017%	0.0017%	0.0017%	0.0017%	0.0017%	0.0017%	0.0017%	0.0017%	0.0017%	0.0017%	
Central Utah Water Conservancy District	0.0405%	0.0386%	0.0378%	0.0374%	0.0378%	0.0378%	0.0378%	0.0378%	0.0378%	0.0378%	0.0378%	0.0378%	0.0378%	0.0378%	0.0378%	0.0378%	0.0378%	0.0378%	0.0378%	0.0378%	
<b>Total Tax Rate</b>	<b>1.1351%</b>	<b>1.0736%</b>	<b>1.0374%</b>	<b>0.9882%</b>	<b>0.9299%</b>	<b>0.9299%</b>	<b>0.9299%</b>	<b>0.9299%</b>	<b>0.9299%</b>	<b>0.9299%</b>	<b>0.9299%</b>	<b>0.9299%</b>	<b>0.9299%</b>	<b>0.9299%</b>	<b>0.9299%</b>	<b>0.9299%</b>	<b>0.9299%</b>	<b>0.9299%</b>	<b>0.9299%</b>	<b>0.9299%</b>	
<b>PROPERTY TAX INCREMENT REVENUES</b>																					
Utah County	\$ 40,802	\$ 55,698	\$ 53,553	\$ 52,646	\$ 73,651	\$ 73,651	\$ 73,651	\$ 73,651	\$ 73,651	\$ 73,651	\$ 73,651	\$ 73,651	\$ 73,651	\$ 73,651	\$ 73,651	\$ 73,651	\$ 73,651	\$ 73,651	\$ 73,651	\$ 73,651	
Alpine School District	383,492	515,441	492,698	494,313	712,175	712,175	712,175	712,175	712,175	712,175	712,175	712,175	712,175	712,175	712,175	712,175	712,175	712,175	712,175	712,175	
Pleasant Grove City, Etc.	108,055	145,857	166,914	163,764	233,336	233,336	233,336	233,336	233,336	233,336	233,336	233,336	233,336	233,336	233,336	233,336	233,336	233,336	233,336	233,336	
<b>Total Property Tax Increment:</b>	<b>\$ 532,348</b>	<b>\$ 716,996</b>	<b>\$ 713,164</b>	<b>\$ 710,723</b>	<b>\$ 1,019,162</b>	<b>\$ 1,019,162</b>	<b>\$ 1,019,162</b>	<b>\$ 1,019,162</b>	<b>\$ 1,019,162</b>	<b>\$ 1,019,162</b>	<b>\$ 1,019,162</b>	<b>\$ 1,019,162</b>	<b>\$ 1,019,162</b>	<b>\$ 1,019,162</b>	<b>\$ 1,019,162</b>	<b>\$ 1,019,162</b>	<b>\$ 1,019,162</b>	<b>\$ 1,019,162</b>	<b>\$ 1,019,162</b>	<b>\$ 1,019,162</b>	
<b>Percent of Property Tax Increment for Project</b>																					
Utah County	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	
Alpine School District	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	
Pleasant Grove City, Etc.	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	
<b>PROPERTY TAX INCREMENT REVENUES AVAILABLE TO PROJECT AREA</b>																					
Utah County	\$ 30,601	\$ 41,774	\$ 40,164	\$ 39,485	\$ 55,238	\$ 55,238	\$ 55,238	\$ 55,238	\$ 55,238	\$ 55,238	\$ 55,238	\$ 55,238	\$ 55,238	\$ 55,238	\$ 55,238	\$ 55,238	\$ 55,238	\$ 55,238	\$ 55,238	\$ 55,238	
Alpine School District	95,873	128,860	123,175	123,578	178,044	178,044	178,044	178,044	178,044	178,044	178,044	178,044	178,044	178,044	178,044	178,044	178,044	178,044	178,044	178,044	
Pleasant Grove City, Etc.	81,041	109,393	125,185	122,823	175,002	175,002	175,002	175,002	175,002	175,002	175,002	175,002	175,002	175,002	175,002	175,002	175,002	175,002	175,002	175,002	
<b>Total Property Tax Increment Revenue to Project Area</b>	<b>\$ 207,516</b>	<b>\$ 280,027</b>	<b>\$ 288,524</b>	<b>\$ 285,886</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	
<b>TOTAL TAX INCREMENT REVENUE</b>																					
Total Calculated Tax Increment Due to Project Area	\$ 247,376	\$ 280,027	\$ 288,524	\$ 285,886	\$ 408,284	\$ 408,284	\$ 408,284	\$ 408,284	\$ 408,284	\$ 408,284	\$ 408,284	\$ 408,284	\$ 408,284	\$ 408,284	\$ 408,284	\$ 408,284	\$ 408,284	\$ 408,284	\$ 408,284	\$ 408,284	
Total Property Tax Increment Actually Collected and Paid	207,516	266,335	288,524	284,830	408,284	408,284	408,284	408,284	408,284	408,284	408,284	408,284	408,284	408,284	408,284	408,284	408,284	408,284	408,284	408,284	
Total Sales Tax Increment Contributed to Project Area <sup>1</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Prior Year Property Tax Increment	-	-	-	(1,056)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>TOTAL SOURCES OF TAX INCREMENT</b>	<b>\$ 207,516</b>	<b>\$ 266,335</b>	<b>\$ 288,524</b>	<b>\$ 284,830</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	
<b>EXPENDITURES:</b>																					
<b>Project Area Budget and Use of Funds</b>																					
CDA Administration @ 5%	\$ 10,376	\$ 13,317	\$ 14,426	\$ 14,242	\$ 20,414	\$ 20,414	\$ 20,414	\$ 20,414	\$ 20,414	\$ 20,414	\$ 20,414	\$ 20,414	\$ 20,414	\$ 20,414	\$ 20,414	\$ 20,414	\$ 20,414	\$ 20,414	\$ 20,414	\$ 20,414	
Development Incentive Fund	197,140	253,018	274,098	270,589	387,870	387,870	387,870	387,870	387,870	387,870	387,870	387,870	387,870	264,329	-	-	-	-	-	-	
Other Development Activities	-	-	-	-	-	-	-	-	-	-	-	-	-	123,541	387,870	387,870	387,870	387,870	387,870	387,870	
<b>Total Expenditures:</b>	<b>\$ 207,516</b>	<b>\$ 266,335</b>	<b>\$ 288,524</b>	<b>\$ 284,830</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	<b>\$ 408,284</b>	
<b>Retained Portion of Property Tax Increment</b>																					
Utah County	\$ 10,200	\$ 13,925	\$ 13,388	\$ 13,162	\$ 18,413	\$ 18,413	\$ 18,413	\$ 18,413	\$ 18,413	\$ 18,413	\$ 18,413	\$ 18,413	\$ 18,413	\$ 18,413	\$ 18,413	\$ 18,413	\$ 18,413	\$ 18,413	\$ 18,413	\$ 18,413	
Alpine School District	287,619	386,581	369,524	370,734	534,131	534,131	534,131	534,131	534,131	534,131	534,131	534,131	534,131	534,131	534,131	534,131	534,131	534,131	534,131	534,131	
Pleasant Grove City, Etc.	27,014	36,464	41,728	40,941	58,334	58,334	58,334	58,334	58,334	58,334	58,334	58,334	58,334	58,334	58,334	58,334	58,334	58,334	58,334	58,334	
<b>Total Retained Portion of Property Tax Increment</b>	<b>\$ 324,833</b>	<b>\$ 436,970</b>	<b>\$ 424,640</b>	<b>\$ 424,837</b>	<b>\$ 610,878</b>	<b>\$ 610,878</b>	<b>\$ 610,878</b>	<b>\$ 610,878</b>	<b>\$ 610,878</b>	<b>\$ 610,878</b>	<b>\$ 610,878</b>	<b>\$ 610,878</b>	<b>\$ 610,878</b>	<b>\$ 610,878</b>	<b>\$ 610,878</b>	<b>\$ 610,878</b>	<b>\$ 610,878</b>	<b>\$ 610,878</b>	<b>\$ 610,878</b>	<b>\$ 610,878</b>	

Note 1: If annual property tax increment remitted to the Development Incentive Fund falls below \$237,000, the City has agreed to remit a portion of sales tax revenues to the Agency to make up for this shortfall. This sales tax contribution is dependant upon the Developer generating a minimum of \$30,000,000 in sales in that year.

EXHIBIT B



## SECTION 3: OVERVIEW OF Grove Tower CRA PROJECT AREA

Table 4.1

OVERVIEW				
<u>Type</u> CRA	<u>Acreage</u> 22.56	<u>Purpose</u> Commercial Development	<u>Taxing District</u> 070-0000	<u>Tax Rate</u> 0.009883
<u>Creation Year</u> FY 2016	<u>Base Year</u> FY 2016	<u>Term</u> 20 Years	<u>Trigger Year</u> TY 2019/FY 2020	<u>Expiration Year</u> TY 2039/FY 2040
<u>Base Value</u> \$ 3,332,120	<u>TY 2018 Value</u> N/A	<u>Increase</u> N/A	<u>FY 2019 Property Tax Increment</u> N/A	<u>FY 2019 Total Tax Increment</u> N/A

The Grove Tower Community Reinvestment Area was created to support the development of a six-story Class-A office building, retail pads, and in-line retail pads. The Project Area will be triggered in TY2019 to collect tax increment in FY2020. Once the Project Area begins to collect tax increment, it will be considered “active” and will require the same reporting as the Agency’s other two project areas.

The Project Area was created in 2016 and is governed by the following documents:

- ☞ Memorandum of Understanding, dated November 9, 2016;
- ☞ Interlocal Cooperation Agreement between Redevelopment Agency of Pleasant Grove City and Utah County, executed December 20, 2016;
- ☞ Interlocal Agreement between Redevelopment Agency of Pleasant Grove City and Alpine School District, executed January 17, 2017;
- ☞ Interlocal Agreement between Redevelopment Agency of Pleasant Grove City and Pleasant Grove City, executed January 17, 2017;
- ☞ Interlocal Agreement between Redevelopment Agency of Pleasant Grove City and North Utah County Water Conservancy District, executed January 19, 2017;
- ☞ Interlocal Agreement between Redevelopment Agency of Pleasant Grove City and Central Utah Water Conservancy District, executed January 17, 2017;
- ☞ Project Area Plan, dated February 2017; and
- ☞ Project Area Budget dated March 2017.

The Project Area Plan and Interlocal Agreements define the duration and use of property tax generated within the Project Area as well as conditions and obligations by the Agency and each participating taxing entity. The Memorandum of Understanding is between the Agency and St. John Properties and describes the obligations of each.

### SOURCES OF FUNDS

The Interlocal Agreements between the Project Area and the taxing entities define the duration and level of participation for each entity. The following table highlights each taxing entity’s participation.

Table 4.2

PROPERTY TAX INCREMENT LEVELS			
Taxing Entity	Years	Cap Amount	%
Utah County	TY 2019 - TY 2039	\$416,970*	50%
Alpine School District	TY 2019 - TY 2039	2,418,231	50%
Pleasant Grove City	TY 2019 - TY 2039	1,527,000	75%
North Utah County Water Conservancy District	TY 2019 - TY 2039	17,428	75%
Central Utah Water Conservancy District	TY 2019 - TY 2039	358,094	75%

\* The County also has an annual cap amount of \$20,848

## USES OF FUNDS

The following table outlines how tax increment revenues will be used within the Project Area. Because the Project Area has not yet been triggered, it has not collected any revenues. The table, therefore, only provides a breakdown of how the revenues will be used once they are collected.

Table 4.3

USES OF FUNDS	
CRA Administration	2.5%
Housing Fund	10%
Redevelopment Activities	87.5%
<b>Total Uses of Funds</b>	<b>100%</b>

Monies held in the Redevelopment Activities Fund will be utilized to fulfill the Agency’s obligations to the developer, St. John Properties.

## DEVELOPMENT OBLIGATIONS AND INCENTIVES

Per the Memorandum of Understanding, the developer has the obligation to construct certain amounts of improved space in exchange for receiving specified capped amounts of tax increment. These improvements will include the construction of a six-story Class A office facility, retail pads, and in-line retail pads. Upon completion, the assessed value of the office development is estimated to be \$38,500,000.

## FORECASTED PROJECT AREA Value and Revenue

The estimated total assessed value of the Project Area in TY2019 is \$50,089,100 and the incremental assessed value is estimated to be \$46,756,980. Based on the TY2019 certified tax rates, the estimated tax increment revenue is \$462,052, with \$204,410 passed through to the taxing entities and \$257,643 going to the Agency.



EXHIBIT C

GROVE TOWER CRA MAP

