

2017

ANNUAL REPORT

REDEVELOPMENT AGENCY OF PLEASANT GROVE CITY, UT



NOVEMBER 1ST REPORT

Dated as of October 30, 2017

Prepared by Lewis Young Robertson & Burningham, Inc.

In compliance with Utah Code Section 17C-1-603 and 17C-1-402(9)(b)


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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 two project areas: the Gateway CDA, or “Hammons”, Project Area and the 1300 West CDA, or “doTERRA”, Project Area. 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-1-402(9)(b) and section 17C-1-603 – Agency Report. As reporting requirements were adopted in legislation and became effective in 2011, 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
JoAnne Dubois	Central Utah Water Conservancy District
Natalie Grange	Utah State Board of Education
Lorraine Austin	Utah State Board of Education
Barry Conover	Utah State Tax Commission

This report fulfills the reporting requirements described in UC 17C-1-402(9)(b), allowing the report to be used in place of an annual taxing entity committee meeting. 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.

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 blight study must be performed in the designated area. The Agency then forges an agreement to receive tax increment participation and approval of the blight 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 1.2

GOVERNING BOARD OF TRUSTEES		
Michael W. Daniels	Chairman	Pleasant Grove City Mayor
Ben Stanley	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 2017 (Ending Dec 31, 2017)	Tax Year 2018 (Beginning Jan 1, 2018)
Property Tax Increment		
Gateway CDA Project Area	269,738	269,738
I300 West Project Area	275,028	275,028
Total Revenue	\$ 544,766	\$ 544,766

GENERAL OVERVIEW OF ALL PROJECT AREAS

Table I.4

COMBINED BUDGET - ALL PROJECT AREAS		
REVENUES	FY 2017 TOTALS	REMAINING LIFE (INCLUDES 2017 TOTALS)
Property Tax Increment		
Gateway CDA	258,705	9,816,533
I300 West CDA	266,335	5,216,831
Transient Room Tax		
Gateway CDA	-	5,583,954
Sales Tax Increment		
Gateway CDA	-	1,043,014
I300 West CDA	-	-
Developer Contribution to DS		
Gateway CDA	1,326,983	17,082,937
Total Revenue	\$ 1,852,023	\$ 38,743,269
EXPENDITURES	FY 2017 TOTALS	REMAINING LIFE (INCLUDES 2017 TOTALS)
RDA Administration		
Gateway CDA	12,935	822,175
I300 West CDA	13,317	260,842
Developer Incentive Payments		
Gateway CDA	-	11,574,529
I300 West CDA	253,018	4,552,860
Other Development Activities		
I300 West CDA	-	403,129
Debt Service Payments		
Gateway CDA	1,572,753	21,129,734
Total Expenditures	\$ 1,852,023	\$ 38,743,269

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> 0.010736
<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 2016 Value</u> \$27,617,640	<u>Increase</u> 142,997%	<u>FY 2017 Property Tax Increment</u> Calculated: \$258,591 Received: \$258,705	<u>FY 2017 Total Tax Increment</u> Calculated: \$258,591 Received: \$258,705



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

2017 SOURCES OF FUNDS	
Property Tax Increment ¹	258,705
Transient Room Tax	-
Sales Tax Increment	-
Developer Contribution to Debt Service	1,326,983
Total Sources of Funds	\$ 1,585,688

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%

¹ Utah County remits tax increment to the Agency only to the point that it has been collected from property owners. Thus, although the Agency may be entitled to \$258,591 in annual tax increment for FY 2017, the County remits to the Agency the portion that has been collected, as well as any additional tax increment that has been collected from property owners for prior year delinquencies. Tax increment actually remitted to the Agency in FY 2017 was \$258,705.

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

2017 USES OF FUNDS	
CDA Administration	12,935
Debt Service Payments	1,572,753
Development Activities	-
Total Uses of Funds	\$ 1,585,688

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
2019	1,572,615
2020	1,573,216
2021	1,573,386
2022 ²	13,265,009
Total Scheduled Debt Service Payments	\$ 27,424,052

² The Bonds will need to be refunded in 2022 for another 10 years.

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 (2016 vs. 2015)	\$27,617,640	\$13,933,467	98%	98%
Lifetime Growth in Project Area (2016 vs. 2006)	\$27,617,640	\$19,300	142,997%	107%

ASSESSED VALUES IN PLEASANT GROVE CITY	CURRENT YEAR	PRIOR YEAR/ BASE YEAR	GROWTH RATE	AAGR
Annual Growth in City (2016 vs. 2015)	\$1,849,923,707	\$1,636,244,765	13%	13%
Lifetime Growth in City (2016 vs. 2006)	\$1,849,923,707	\$1,055,830,654	75%	6%

Although no significant development took place over the past year, the Project Area has seen an annual rise in value of 98%. The reason behind this increase is that two parcels were transferred out of Greenbelt in 2016 and the Agency is now receiving tax increment based on the full assessed value of these properties. These two properties, which represented 2% of the total assessed value in the Project Area in TY 2015, now represent 47% of total assessed value.

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 107% vs 6% 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 18,097% 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 9,103% 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 2017	N/A	\$296,296	\$207	172,897%
Life Time Revenue (FY 2009 - 2017)	N/A	\$1,456,714	\$2,000	72,735%

PASS THROUGH INCREMENT (ABOVE BASE)	ORIGINAL BUDGET REVENUES*	ACTUAL REVENUES	BASE YEAR VALUE REVENUES	% ABOVE BASE
Fiscal Year 2017	N/A	\$37,705	\$207	18,097%
Life Time Revenue (FY 2009 - 2017)	N/A	\$184,068	\$2,000	9,103%

* 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.

Construction of the hotel and convention center, along with several retail pads, is expected to be completed by January 1, 2018, with the completion of other developments taking place in the years to follow. It is the intent of the Developer, John Q. Hammons, to continue the development of the hotel, convention center, and other improvements as the market improves.

The forecasted budgets contained in this report are based on the assumption that the hotel and convention center will be completed in 2018. The budgets project that these developments will come on the County's property tax rolls in 2019 and tax increment will be remitted to the Agency in FY 2020. Although LYRB has adjusted the forecasted budgets to reflect this timeline, it is important to note that this development schedule is subject to change. LYRB will continue to make adjustments to the forecasted budgets as necessary.

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 2017 - 2032	
REVENUES	TOTALS	NPV @ 5%	
Property Tax Increment	9,816,533	6,279,968	
Transient Room Tax	5,583,954	3,550,538	
Sales Tax Increment	1,043,014	640,047	
Developer Contributions to Debt Service	17,082,937	13,430,819	
Total Revenue ³	\$33,526,438	\$23,901,372	
EXPENDITURES	TOTALS	NPV @ 5%	
CDA Administration @ 5%	822,175	523,528	
Debt Service Payments	21,129,734	16,708,511	
Development Activities	11,574,529	6,669,333	
Total Expenditures	\$33,526,438	\$23,901,372	

OTHER ISSUES

Aside from the delayed development of the hotel and convention center discussed above, 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 2017, FY 2018, FY 2019 and full multi-year budgets from 2009 to 2032.

³ 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"

2017 Annual Budget
November 1, 2017

Tax Year	2016
Payment Year	2017

REVENUE:	
TAXABLE VALUATION:	
Real Property	\$ 27,492,463
Personal Property	-
Centrally Assessed	125,177
Total Assessed Value	\$ 27,617,640
Base Year Value	(19,300)
Total Incremental Assessed Value	\$ 27,598,340

Tax Rate:	
Total Tax Rate	1.0736%

PROPERTY TAX INCREMENT REVENUES	
Utah County	\$ 23,017
Alpine School District	213,004
Pleasant Grove City, Etc.	60,275
Total Property Tax Increment:	\$ 296,296

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	\$ 17,263
Alpine School District	181,053
Pleasant Grove City, Etc.	60,275
Total Property Tax Increment Revenue to Project Area	\$ 258,591

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

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%)	-
Total Transient Room Tax Increment Revenue Available to Project Area	\$ -

TOTAL TAX INCREMENT REVENUE	
Total Calculated Tax Increment Due to Project Area	\$ 258,591
Total Tax Increment Actually Collected and Paid	258,705
Hammons Contribution to Debt Service	1,326,983
TOTAL SOURCES OF TAX INCREMENT	\$ 1,585,688

EXPENDITURES:	
Project Area Budget and Use of Funds	
CDA Administration @ 5%	\$ 12,935
Debt Service on RDA Bonds	1,572,753
Development Incentive Fund	-
Total Expenditures:	\$ 1,585,688

Retained Portion of Property Tax Increment	
Utah County	\$ 5,754
Alpine School District	31,951
Pleasant Grove City, Etc.	-



Gateway CDA Project Area #1
"Hammons Project"
2018 Annual Budget
November 1, 2017

Tax Year	2017
Payment Year	2018

REVENUE:

TAXABLE VALUATION:	
Real Property	\$ 29,488,331
Personal Property	-
Centrally Assessed	158,879
Total Assessed Value	\$ 29,647,210
Base Year Value	(19,300)
Total Incremental Assessed Value	\$ 29,627,910

Tax Rate:	
Total Tax Rate	1.0374%

PROPERTY TAX INCREMENT REVENUES	
Utah County	\$ 23,080
Alpine School District	212,343
Pleasant Grove City, Etc.	71,937
Total Property Tax Increment:	\$ 307,360

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	\$ 17,310
Alpine School District	180,492
Pleasant Grove City, Etc.	71,937
Total Property Tax Increment Revenue to Project Area	\$ 269,738

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

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%)	-
Total Transient Room Tax Increment Revenue Available to Project Area	\$ -

TOTAL TAX INCREMENT REVENUE	
Total Calculated Tax Increment Due to Project Area	\$ 269,738
Total Tax Increment Actually Collected and Paid	269,738
Hammons Contribution to Debt Service	1,316,504
TOTAL SOURCES OF TAX INCREMENT	\$ 1,586,242

EXPENDITURES:

Project Area Budget and Use of Funds	
CDA Administration @ 5%	\$ 13,487
Debt Service on RDA Bonds	1,572,755
Development Incentive Fund	-
Total Expenditures:	\$ 1,586,242

Retained Portion of Property Tax Increment	
Utah County	\$ 5,770
Alpine School District	31,851
Pleasant Grove City, Etc.	-



Gateway CDA Project Area #1
"Hammons Project"

2019 Annual Budget
November 1, 2017

Tax Year	2018
Payment Year	2019

REVENUE:	
TAXABLE VALUATION:	
Real Property	\$ 29,488,331
Personal Property	-
Centrally Assessed	158,879
Total Assessed Value	\$ 29,647,210
Base Year Value	(19,300)
Total Incremental Assessed Value	\$ 29,627,910

Tax Rate:	
Total Tax Rate	1.0374%

PROPERTY TAX INCREMENT REVENUES	
Utah County	\$ 23,080
Alpine School District	212,343
Pleasant Grove City, Etc.	71,937
Total Property Tax Increment	\$ 307,360

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	\$ 17,310
Alpine School District	180,492
Pleasant Grove City, Etc.	71,937
Total Property Tax Increment Revenue to Project Area	\$ 269,738

Total Gross Taxable Sales	
Pleasant Grove City Portion of Sales Tax Rate	0.5000%
Sales Tax Increment Revenues	\$ 41,772
Percent of Sales Tax Increment for Project	
	70%
Total Sales Tax Increment Revenue Available to Project Area	\$ 29,240

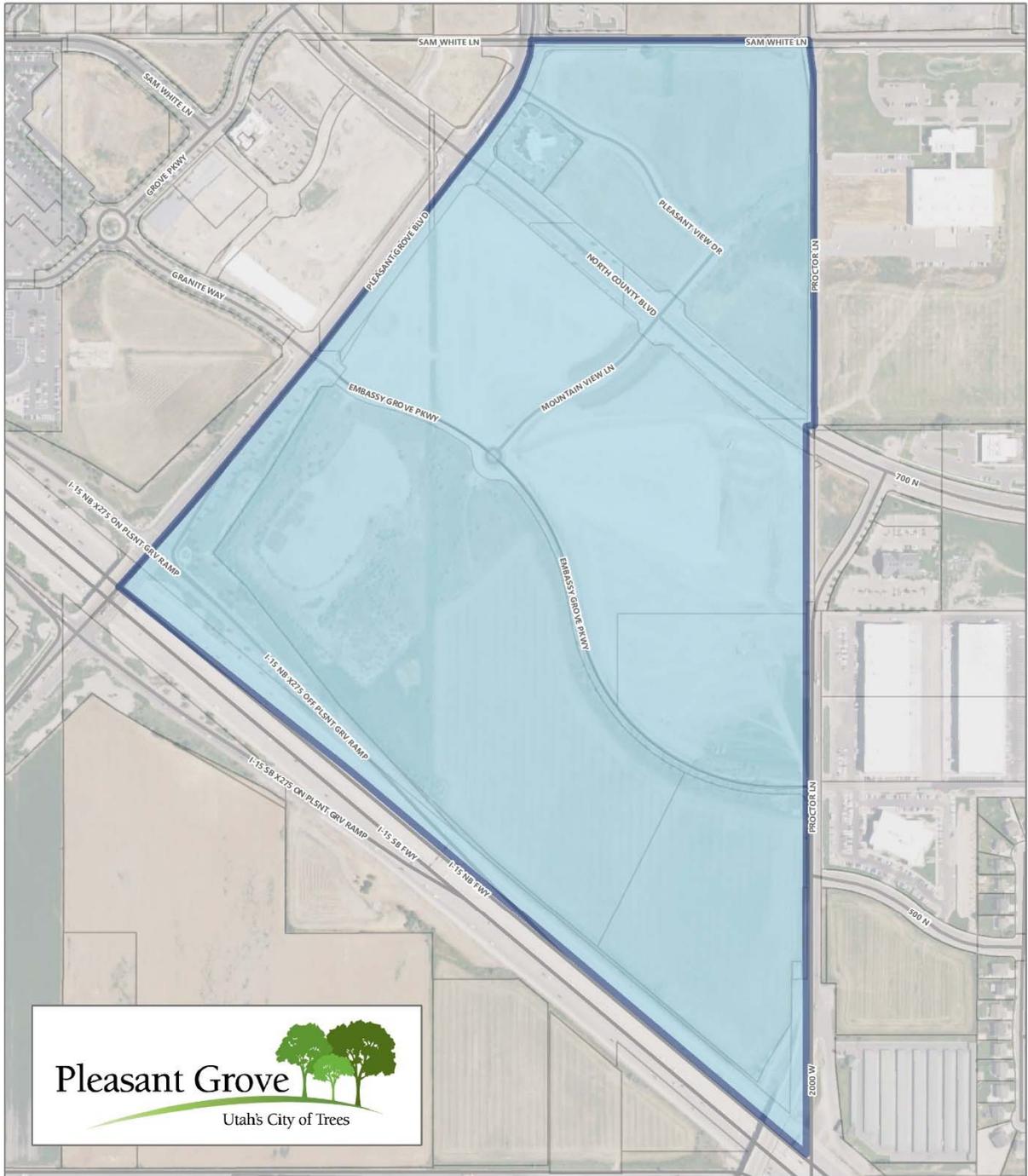
Gross Room Sales Tax	
County Transient Room Tax for Tourism (1.00%)	\$ 83,544
County Transient Room Tax for Convention Centers (1.25%)	104,430
Municipal Transient Room Tax (1.00%)	83,544
Total Transient Room Tax Increment Revenue Available to Project Area	\$ 271,518

TOTAL TAX INCREMENT REVENUE	
Total Calculated Tax Increment Due to Project Area	\$ 570,497
Total Tax Increment Actually Collected and Paid	570,497
Hammons Contribution to Debt Service	1,030,643
TOTAL SOURCES OF TAX INCREMENT	\$ 1,601,140

EXPENDITURES:	
Project Area Budget and Use of Funds	
CDA Administration @ 5%	\$ 28,525
Debt Service on RDA Bonds	1,572,615
Development Incentive Fund	-
Total Expenditures:	\$ 1,601,140

Retained Portion of Property Tax Increment	
Utah County	\$ 5,770
Alpine School District	31,851
Pleasant Grove City, Etc.	-

EXHIBIT A



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

 Gateway CDA

0 0.075 0.15 Miles


 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 36 <u>Undeveloped</u> 17 Total 53	<u>Purpose</u> Commercial and Industrial Development	<u>Taxing District</u> 070-0000	<u>Tax Rate</u> 0.011351
<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 2016 Value</u> \$67,335,996	<u>Increase</u> 12,106%	<u>FY 2017 Property Tax Increment</u> Calculated: \$280,027 Received: \$266,335	<u>FY 2017 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

2017 SOURCES OF FUNDS	
Property Tax Increment ⁴	266,335
Sales Tax Contribution	-
Total Sources of Funds	\$ 266,335

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 this taxing entity’s tax rate.

⁴ Utah County remits tax increment to the Agency only to the point that it has been collected from property owners. Thus, although the Agency may be entitled to \$280,027 in annual tax increment for FY 2017, the County remits to the Agency the portion that has been collected, as well as any additional tax increment that has been collected from property owners for prior year delinquencies. Tax increment actually remitted to the Agency in FY 2017 was \$266,335.

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 2017 totaled \$253,018, which is above the \$237,000 level outlined above. Thus, no, sales tax increment is due to the agency in FY 2017.

USES OF FUNDS

Table 3.5

2017 USES OF FUNDS	
CDA Administration @ 5% of Property Tax Increment	13,317
Development Incentive Fund	253,018
Other Development Activities	-
Total Uses of Funds	\$ 266,335

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			
	2017 Annual Contribution	Lifetime Contributions	
Property Tax Increment Contribution	253,018	450,158	
Sales Tax Contribution	-	-	
Total Contributions	\$ 253,018	\$	450,158

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 2016	\$197,582	\$266,335	142%
Lifetime Property Tax Increment - FY 2016	\$395,163	\$473,851	123%

RELATIVE GROWTH IN ASSESSED VALUE

As described below, overall, the Project Area has realized an average annual growth rate that is 23 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 (2016 vs. 2015)	\$67,335,996	\$47,450,500	42%	42%
Lifetime Growth in Project Area (2016 vs. 2012)	\$67,335,996	\$551,681	12,106%	232%
ASSESSED VALUES IN PLEASANT GROVE CITY	CURRENT YEAR	PRIOR YEAR/ BASE YEAR	GROWTH RATE	AAGR
Annual Growth in City (2016 vs. 2015)	\$1,849,923,707	\$1,636,244,765	13%	13%
Lifetime Growth in City (2016 vs. 2012)	\$1,849,923,707	\$1,272,203,602	45%	10%

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 232% vs 10% for non-incentivized areas

Annual property tax increment (above the base amount) currently being returned to taxing entities is 7,278% 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 2017	\$482,876	\$716,996	\$5,923	12,006%
Life Time Revenue (FY 2016 - 2017)	\$965,751	\$1,249,345	\$12,185	10,153%
PASS THROUGH INCREMENT (ABOVE BASE)	ORIGINAL BUDGET REVENUES	ACTUAL REVENUES	BASE YEAR VALUE REVENUES	% ABOVE BASE
Fiscal Year 2017	\$285,294	\$436,970	\$5,923	7,278%
Life Time Revenue (FY 2016 - 2017)	\$570,588	\$761,803	\$12,185	6,152%

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.

Currently, the Developer is planning an expansion of the existing facility. Details on this expansion will be provided as they become available.

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 2017 - 2035	
REVENUES	TOTALS	NPV @ 5%	
Property Tax Increment	5,216,831	3,315,517	
Sales Tax Contribution	-	-	
Total Revenue	\$5,216,831	\$3,315,517	
EXPENDITURES	TOTALS	NPV @ 5%	
CDA Administration @ 5%	260,842	165,776	
Development Incentive Fund	4,552,860	2,987,403	
Other Development Activities	403,129	162,338	
Total Expenditures	\$5,216,831	\$3,315,517	

OTHER ISSUES

LYRB has not identified any major areas of concern with the 1300 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 2017, FY 2018, FY 2019 and full multi-year budgets from 2016 to 2035.



1300 West CDA Project Area
"doTERRA Project"

2017 Annual Budget
November 1, 2017

Tax Year	2016
Payment Year	2017
REVENUE:	
TAXABLE VALUATION:	
Real Property	\$ 56,221,200
Personal Property	11,114,796
Centrally Assessed	-
Total Assessed Value	\$ 67,335,996
Base Year Value	(551,681)
Total Incremental Assessed Value	\$ 66,784,315
Tax Rate:	
Total Tax Rate	1.0736%
PROPERTY TAX INCREMENT REVENUES	
Utah County	\$ 55,698
Alpine School District	515,441
Pleasant Grove City, Etc.	145,857
Total Property Tax Increment:	\$ 716,996
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	\$ 41,774
Alpine School District	128,860
Pleasant Grove City, Etc.	109,393
Total Property Tax Increment Revenue to Project Area	\$ 280,027
Total Gross Taxable Sales	
Potential Pleasant Grove City Sales Tax Contribution to Project Area	\$ -
Total Potential Sales Tax Increment Revenue Available to Project Area	\$ -
TOTAL TAX INCREMENT REVENUE	
Total Calculated Tax Increment Due to Project Area	\$ 280,027
Total Property Tax Increment Actually Collected and Paid	266,335
Total Sales Tax Increment Contributed to Project Area ¹	-
Prior Year Property Tax Increment	-
TOTAL SOURCES OF TAX INCREMENT	\$ 266,335
EXPENDITURES:	
Project Area Budget and Use of Funds	
CDA Administration @ 5%	\$ 13,317
Development Incentive Fund	253,018
Other Development Activities	-
Total Expenditures:	\$ 266,335
Retained Portion of Property Tax Increment	
Utah County	\$ 13,925
Alpine School District	386,581
Pleasant Grove City, Etc.	36,464
Total Retained Portion of Property Tax Increment	\$ 436,970

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"

2018 Annual Budget
November 1, 2017

Tax Year	2017
Payment Year	2018

REVENUE:

TAXABLE VALUATION:	
Real Property	\$ 57,003,200
Personal Property	9,075,410
Centrally Assessed	26,052
Total Assessed Value	\$ 66,104,662
Base Year Value	(551,681)
Total Incremental Assessed Value	\$ 65,552,981

Tax Rate:	
Total Tax Rate	1.0372%

PROPERTY TAX INCREMENT REVENUES	
Utah County	\$ 51,066
Alpine School District	469,818
Pleasant Grove City, Etc.	159,032
Total Property Tax Increment:	\$ 679,916

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	\$ 38,299
Alpine School District	117,455
Pleasant Grove City, Etc.	119,274
Total Property Tax Increment Revenue to Project Area	\$ 275,028

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

TOTAL TAX INCREMENT REVENUE	
Total Calculated Tax Increment Due to Project Area	\$ 275,028
Total Property Tax Increment Actually Collected and Paid	275,028
Total Sales Tax Increment Contributed to Project Area ¹	-
Prior Year Property Tax Increment	-
TOTAL SOURCES OF TAX INCREMENT	\$ 275,028

EXPENDITURES:

Project Area Budget and Use of Funds	
CDA Administration @ 5%	\$ 13,751
Development Incentive Fund	261,276
Other Development Activities	-
Total Expenditures:	\$ 275,028

Retained Portion of Property Tax Increment	
Utah County	\$ 12,766
Alpine School District	352,364
Pleasant Grove City, Etc.	39,758
Total Retained Portion of Property Tax Increment	\$ 404,888

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.



I 300 West CDA Project Area
"doTERRA Project"

2019 Annual Budget
November 1, 2017

Tax Year	2018
Payment Year	2019

REVENUE:

TAXABLE VALUATION:	
Real Property	\$ 57,003,200
Personal Property	9,075,410
Centrally Assessed	26,052
Total Assessed Value	\$ 66,104,662
Base Year Value	(551,681)
Total Incremental Assessed Value	\$ 65,552,981

Tax Rate:	
Total Tax Rate	1.0372%

PROPERTY TAX INCREMENT REVENUES	
Utah County	\$ 51,066
Alpine School District	469,818
Pleasant Grove City, Etc.	159,032
Total Property Tax Increment:	\$ 679,916

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	\$ 38,299
Alpine School District	117,455
Pleasant Grove City, Etc.	119,274
Total Property Tax Increment Revenue to Project Area	\$ 275,028

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

TOTAL TAX INCREMENT REVENUE	
Total Calculated Tax Increment Due to Project Area	\$ 275,028
Total Property Tax Increment Actually Collected and Paid	275,028
Total Sales Tax Increment Contributed to Project Area ¹	-
Prior Year Property Tax Increment	-
TOTAL SOURCES OF TAX INCREMENT	\$ 275,028

EXPENDITURES:

Project Area Budget and Use of Funds	
CDA Administration @ 5%	\$ 13,751
Development Incentive Fund	261,276
Other Development Activities	-
Total Expenditures:	\$ 275,028

Retained Portion of Property Tax Increment	
Utah County	\$ 12,766
Alpine School District	352,364
Pleasant Grove City, Etc.	39,758
Total Retained Portion of Property Tax Increment	\$ 404,888

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.



2017 ANNUAL REPORT – PLEASANT GROVE CITY RDA

NOVEMBER 1, 2017

1300 West CDA Project Area "doTERRA Project"

Original Budget
Multi-Year Project Area Budget Projections
November 1, 2017

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	
REVENUE:																					
TAXABLE VALUATION:																					
Real Property	\$ 47,450,500	\$ 56,221,200	\$ 57,001,200	\$ 57,001,200	\$ 57,001,200	\$ 57,001,200	\$ 57,001,200	\$ 57,001,200	\$ 57,001,200	\$ 57,001,200	\$ 57,001,200	\$ 57,001,200	\$ 57,001,200	\$ 57,001,200	\$ 57,001,200	\$ 57,001,200	\$ 57,001,200	\$ 57,001,200	\$ 57,001,200	\$ 57,001,200	
Residential Property	-	11,114,796	9,075,410	9,075,410	9,075,410	9,075,410	9,075,410	9,075,410	9,075,410	9,075,410	9,075,410	9,075,410	9,075,410	9,075,410	9,075,410	9,075,410	9,075,410	9,075,410	9,075,410	9,075,410	
Centrally Assessed	-	-	24,052	24,052	24,052	24,052	24,052	24,052	24,052	24,052	24,052	24,052	24,052	24,052	24,052	24,052	24,052	24,052	24,052	24,052	
Total Assessed Value	\$ 47,450,500	\$ 67,335,996	\$ 66,104,662																		
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)	
Total Incremental Assessed Value	\$ 46,898,819	\$ 66,784,315	\$ 65,552,981																		
Tax Rate:																					
Utah County	0.0870%	0.0834%	0.0779%	0.0779%	0.0779%	0.0779%	0.0779%	0.0779%	0.0779%	0.0779%	0.0779%	0.0779%	0.0779%	0.0779%	0.0779%	0.0779%	0.0779%	0.0779%	0.0779%	0.0779%	
Alpine School District	0.8172%	0.7718%	0.7167%	0.7167%	0.7167%	0.7167%	0.7167%	0.7167%	0.7167%	0.7167%	0.7167%	0.7167%	0.7167%	0.7167%	0.7167%	0.7167%	0.7167%	0.7167%	0.7167%	0.7167%	
Pleasant Grove City	0.1853%	0.1735%	0.2029%	0.2029%	0.2029%	0.2029%	0.2029%	0.2029%	0.2029%	0.2029%	0.2029%	0.2029%	0.2029%	0.2029%	0.2029%	0.2029%	0.2029%	0.2029%	0.2029%	0.2029%	
North Utah Water Conservancy District	0.0044%	0.0023%	0.0021%	0.0021%	0.0021%	0.0021%	0.0021%	0.0021%	0.0021%	0.0021%	0.0021%	0.0021%	0.0021%	0.0021%	0.0021%	0.0021%	0.0021%	0.0021%	0.0021%	0.0021%	
Central Utah Water Conservancy District	0.0405%	0.0363%	0.0376%	0.0376%	0.0376%	0.0376%	0.0376%	0.0376%	0.0376%	0.0376%	0.0376%	0.0376%	0.0376%	0.0376%	0.0376%	0.0376%	0.0376%	0.0376%	0.0376%	0.0376%	
Total Tax Rate	1.1351%	1.0724%	1.0372%																		
PROPERTY TAX INCREMENT REVENUES																					
Utah County	\$ 40,802	\$ 55,698	\$ 51,066	\$ 51,066	\$ 51,066	\$ 51,066	\$ 51,066	\$ 51,066	\$ 51,066	\$ 51,066	\$ 51,066	\$ 51,066	\$ 51,066	\$ 51,066	\$ 51,066	\$ 51,066	\$ 51,066	\$ 51,066	\$ 51,066	\$ 51,066	
Alpine School District	383,492	515,441	469,818	469,818	469,818	469,818	469,818	469,818	469,818	469,818	469,818	469,818	469,818	469,818	469,818	469,818	469,818	469,818	469,818	469,818	
Pleasant Grove City, Etc.	108,055	145,857	159,032	159,032	159,032	159,032	159,032	159,032	159,032	159,032	159,032	159,032	159,032	159,032	159,032	159,032	159,032	159,032	159,032	159,032	
Total Property Tax Increment	\$ 532,348	\$ 716,996	\$ 679,916																		
Percent of Property Tax Increment for Project																					
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	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	
Pleasant Grove City, Etc.	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	
PROPERTY TAX INCREMENT REVENUES AVAILABLE TO PROJECT AREA																					
Utah County	\$ 30,601	\$ 41,774	\$ 38,299	\$ 38,299	\$ 38,299	\$ 38,299	\$ 38,299	\$ 38,299	\$ 38,299	\$ 38,299	\$ 38,299	\$ 38,299	\$ 38,299	\$ 38,299	\$ 38,299	\$ 38,299	\$ 38,299	\$ 38,299	\$ 38,299	\$ 38,299	
Alpine School District	95,873	128,860	117,455	117,455	117,455	117,455	117,455	117,455	117,455	117,455	117,455	117,455	117,455	117,455	117,455	117,455	117,455	117,455	117,455	117,455	
Pleasant Grove City, Etc.	81,041	109,393	119,274	119,274	119,274	119,274	119,274	119,274	119,274	119,274	119,274	119,274	119,274	119,274	119,274	119,274	119,274	119,274	119,274	119,274	
Total Property Tax Increment Revenue to Project Area	\$ 207,516	\$ 280,027	\$ 275,028																		
Total Gross Taxable Sales																					
Potential Pleasant Grove City Sales Tax Contribution to Project Area	\$ 39,860	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Potential Sales Tax Increment Revenue Available to Project Area	\$ 39,860	\$ -																			
TOTAL TAX INCREMENT REVENUE																					
Total Calculated Tax Increment Due to Project Area	\$ 247,376	\$ 280,027	\$ 275,028	\$ 275,028	\$ 275,028	\$ 275,028	\$ 275,028	\$ 275,028	\$ 275,028	\$ 275,028	\$ 275,028	\$ 275,028	\$ 275,028	\$ 275,028	\$ 275,028	\$ 275,028	\$ 275,028	\$ 275,028	\$ 275,028	\$ 275,028	
Total Property Tax Increment Actually Collected and Paid	207,516	266,135	275,028	275,028	275,028	275,028	275,028	275,028	275,028	275,028	275,028	275,028	275,028	275,028	275,028	275,028	275,028	275,028	275,028	275,028	
Total Sales Tax Increment Contributed to Project Area ¹	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Prior Year Property Tax Increment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL SOURCES OF TAX INCREMENT	\$ 207,516	\$ 266,135	\$ 275,028																		
EXPENDITURES:																					
Project Area Budget and Use of Funds																					
CDA Administration @ 5%	\$ 10,276	\$ 13,217	\$ 12,751	\$ 12,751	\$ 12,751	\$ 12,751	\$ 12,751	\$ 12,751	\$ 12,751	\$ 12,751	\$ 12,751	\$ 12,751	\$ 12,751	\$ 12,751	\$ 12,751	\$ 12,751	\$ 12,751	\$ 12,751	\$ 12,751	\$ 12,751	
Development Incentive Fund	197,140	253,018	261,276	261,276	261,276	261,276	261,276	261,276	261,276	261,276	261,276	261,276	261,276	261,276	261,276	261,276	261,276	261,276	261,276	261,276	
Other Development Activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Expenditures	\$ 207,516	\$ 266,135	\$ 275,028																		
Retained Portion of Property Tax Increment																					
Utah County	\$ 10,200	\$ 13,925	\$ 12,766	\$ 12,766	\$ 12,766	\$ 12,766	\$ 12,766	\$ 12,766	\$ 12,766	\$ 12,766	\$ 12,766	\$ 12,766	\$ 12,766	\$ 12,766	\$ 12,766	\$ 12,766	\$ 12,766	\$ 12,766	\$ 12,766	\$ 12,766	
Alpine School District	287,619	386,581	352,364	352,364	352,364	352,364	352,364	352,364	352,364	352,364	352,364	352,364	352,364	352,364	352,364	352,364	352,364	352,364	352,364	352,364	
Pleasant Grove City, Etc.	27,014	36,444	39,758	39,758	39,758	39,758	39,758	39,758	39,758	39,758	39,758	39,758	39,758	39,758	39,758	39,758	39,758	39,758	39,758	39,758	
Total Retained Portion of Property Tax Increment	\$ 324,833	\$ 416,970	\$ 404,888																		

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 dependent upon the Developer generating a minimum of \$30,000,000 in sales in that year.

EXHIBIT B

