

2018

ANNUAL REPORT

REDEVELOPMENT AGENCY OF PLEASANT GROVE CITY, UT



NOVEMBER 1ST REPORT

Dated as of October 30, 2018

Prepared by Lewis Young Robertson & Burningham, Inc.

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


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

GATEWAY PLAZA BUILDING - 41 N. RIO GRANDE, STE 101 - SALT LAKE CITY, UT 84101
(P) 801-596-0700 - (TF) 800-581-1100 - (F) 801-596-2800 - WWW.LEWISYOUNG.COM

TABLE OF CONTENTS

EXECUTIVE SUMMARY 3

 INTRODUCTION 3

 OVERVIEW OF THE REDEVELOPMENT AGENCY 4

 SUMMARY OF REQUESTED FUNDS 5

 GENERAL OVERVIEW OF ALL PROJECT AREAS 6

SECTION 1: 7

OVERVIEW OF THE GATEWAY CDA PROJECT AREA #1 7

 SOURCES OF FUNDS 8

 USES OF FUNDS 9

 PROJECT AREA REPORTING AND ACCOUNTABILITY 10

 NOTABLE DEVELOPMENT AND FUTURE PROJECTS 11

 FORECASTED PROJECT AREA BUDGET UPDATE 12

 OTHER ISSUES 12

 PROJECT AREA ANNUAL AND MULTI-YEAR BUDGETS 12

 EXHIBIT A 17

SECTION 2: 18

OVERVIEW OF 1300 WEST CDA PROJECT AREA 18

 SOURCES OF FUNDS 19

 USES OF FUNDS 20

 DEVELOPMENT OBLIGATIONS AND INCENTIVES 21

 PROJECT AREA REPORTING AND ACCOUNTABILITY 21

 NOTABLE DEVELOPMENT AND FUTURE PROJECTS 23

 FORECASTED PROJECT AREA BUDGET UPDATE 23

 OTHER ISSUES 24

 PROJECT AREA ANNUAL AND MULTI-YEAR BUDGETS 24

 EXHIBIT B 29

SECTION 3: 30

OVERVIEW OF GROVE TOWER CRA PROJECT AREA 30

 SOURCES OF FUNDS 30

 USES OF FUNDS 31

 DEVELOPMENT OBLIGATIONS AND INCENTIVES 31

 FORECASTED PROJECT AREA VALUE AND REVENUE 31

 EXHIBIT C 32

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-1-603 – 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
JoAnne Dubois	Central Utah Water Conservancy District
Natalie Grange	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.

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		
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 2018 (Ending Dec 31, 2018)	Tax Year 2019 (Beginning Jan 1, 2019)
Property Tax Increment		
Gateway CDA Project Area	\$557,575	\$855,608
I300 West Project Area	273,263	273,263
Total Revenue	\$830,838	\$1,128,871

GENERAL OVERVIEW OF ALL PROJECT AREAS

Table I.4

COMBINED BUDGET - ALL PROJECT AREAS		
REVENUES	FY 2018 TOTALS	REMAINING LIFE (INCLUDES 2018 TOTALS)
Property Tax Increment		
Gateway CDA	\$269,738	\$9,112,869
I300 West CDA	288,524	4,933,992
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	1,316,504	15,849,426
Total Revenue	\$1,874,766	\$36,523,255
EXPENDITURES	FY 2018 TOTALS	REMAINING LIFE (INCLUDES 2018 TOTALS)
RDA Administration		
Gateway CDA	\$13,487	\$786,992
I300 West CDA	14,426	246,700
Developer Incentive Payments		
Gateway CDA	-	11,245,290
I300 West CDA	274,098	4,299,842
Other Development Activities		
I300 West CDA	-	387,450
Debt Service Payments		
Gateway CDA	1,572,755	19,556,981
Total Expenditures	\$1,874,766	\$36,523,255

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> 0.010374
<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 2017 Value</u> \$39,627,910	<u>Increase</u> 153,412%	<u>FY 2018 Property Tax Increment</u> Calculated: \$269,738 Received: \$269,738	<u>FY 2018 Total Tax Increment</u> Calculated: \$269,738 Received: \$269,738



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

2018 SOURCES OF FUNDS	
Property Tax Increment	\$269,738
Transient Room Tax	-
Sales Tax Increment	-
Developer Contribution to Debt Service	1,316,504
Total Sources of Funds	\$1,586,242

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

2018 USES OF FUNDS	
CDA Administration	\$13,487
Debt Service Payments	1,572,755
Development Activities	-
Total Uses of Funds	\$1,586,242

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 ¹	13,265,009
Total Scheduled Debt Service Payments	\$27,424,052

¹ 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 (2017 vs. 2016)	\$29,647,210	\$27,617,640	7%	7%
Lifetime Growth in Project Area (2017 vs. 2006)	29,647,210	19,300	153,512%	84%

ASSESSED VALUES IN PLEASANT GROVE CITY	CURRENT YEAR	PRIOR YEAR/ BASE YEAR	GROWTH RATE	AAGR
Annual Growth in City (2017 vs. 2016)	\$1,987,493,134	\$1,849,923,707	7%	7%
Lifetime Growth in City (2017 vs. 2006)	1,987,493,134	\$1,055,830,654	88%	5%

The Project Area saw an increase in assessed value of 7% between TY 2016 and TY 2017. The average annual growth rate between the base year, FY 2006, and FY 2018 was 84%.

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 18,690% 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 9,976% 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 2018	N/A	\$307,360	\$200	153,412%
Life Time Revenue (FY 2009 - 2018)	N/A	\$1,764,074	\$2,200	80,077%

PASS THROUGH INCREMENT (ABOVE BASE)	ORIGINAL BUDGET REVENUES*	ACTUAL REVENUES	BASE YEAR VALUE REVENUES	% ABOVE BASE
Fiscal Year 2018	N/A	\$37,622	\$200	18,690%
Life Time Revenue (FY 2009 - 2018)	N/A	\$221,690	\$2,200	9,976%

* 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 began on a six-story office tower containing about 175,000 square feet of office space. Foundation work has already begun. Other development plans are also on the horizon. Developers have informed the Agency to expect a couple of new buildings soon.

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 2018 - 2032	
REVENUES	TOTALS	NPV @ 5%	
Property Tax Increment	\$9,112,869	\$6,044,068	
Transient Room Tax	5,583,954	3,728,065	
Sales Tax Increment	1,043,014	672,050	
Developer Contributions to Debt Service	15,739,837	10,444,183	
Total Revenue ²	\$31,589,263	\$23,296,997	
EXPENDITURES	TOTALS	NPV @ 5%	
CDA Administration @ 5%	\$786,992	\$522,209	
Debt Service Payments	19,556,981	15,971,183	
Development Activities	11,245,290	6,803,605	
Total Expenditures	\$31,589,263	\$23,296,997	

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 2018, FY 2019, FY 2020 and full multi-year budgets from 2009 to 2032.

² 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"
2018 Annual Budget
November 1, 2018

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, 2018

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	0.9882%

PROPERTY TAX INCREMENT REVENUES	
Utah County	\$ 21,688
Alpine School District	203,633
Pleasant Grove City, Etc.	67,463
Total Property Tax Increment:	\$ 292,783

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	\$ 16,266
Alpine School District	173,088
Pleasant Grove City, Etc.	67,463
Total Property Tax Increment Revenue to Project Area	\$ 256,816

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	\$ 557,575
Total Tax Increment Actually Collected and Paid	557,575
Hammons Contribution to Debt Service	1,042,919
TOTAL SOURCES OF TAX INCREMENT	\$ 1,600,494

EXPENDITURES:	
Project Area Budget and Use of Funds	
CDA Administration @ 5%	\$ 27,879
Debt Service on RDA Bonds	1,572,615
Development Incentive Fund	-
Total Expenditures:	\$ 1,600,494

Retained Portion of Property Tax Increment	
Utah County	\$ 5,422
Alpine School District	30,545
Pleasant Grove City, Etc.	-



Gateway CDA Project Area #1
"Hammons Project"

2020 Annual Budget
November 1, 2018

Tax Year	2019
Payment Year	2020

REVENUE:	
TAXABLE VALUATION:	
Real Property	\$ 46,347,300
Personal Property	-
Centrally Assessed	158,879
Total Assessed Value	\$ 46,506,179
Base Year Value	(19,300)
Total Incremental Assessed Value	\$ 46,486,879

Tax Rate:	
Total Tax Rate	0.9882%

PROPERTY TAX INCREMENT REVENUES	
Utah County	\$ 34,028
Alpine School District	319,504
Pleasant Grove City, Etc.	105,851
Total Property Tax Increment:	\$ 459,383

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	\$ 25,521
Alpine School District	271,579
Pleasant Grove City, Etc.	105,851
Total Property Tax Increment Revenue to Project Area	\$ 402,951

Total Gross Taxable Sales	
Pleasant Grove City Portion of Sales Tax Rate	0.5000%
Sales Tax Increment Revenues	\$ 62,869

Percent of Sales Tax Increment for Project	70%
Total Sales Tax Increment Revenue Available to Project Area	\$ 44,008

Gross Room Sales Tax	
County Transient Room Tax for Tourism (1.00%)	\$ 125,738
County Transient Room Tax for Convention Centers (1.25%)	157,173
Municipal Transient Room Tax (1.00%)	125,738
Total Transient Room Tax Increment Revenue Available to Project Area	\$ 408,649

TOTAL TAX INCREMENT REVENUE	
Total Calculated Tax Increment Due to Project Area	\$ 855,608
Total Tax Increment Actually Collected and Paid	855,608
Hammons Contribution to Debt Service	760,389
TOTAL SOURCES OF TAX INCREMENT	\$ 1,615,996

EXPENDITURES:	
Project Area Budget and Use of Funds	
CDA Administration @ 5%	\$ 42,780
Debt Service on RDA Bonds	1,573,216
Development Incentive Fund	-
Total Expenditures:	\$ 1,615,996

Retained Portion of Property Tax Increment	
Utah County	\$ 8,507
Alpine School District	47,926
Pleasant Grove City, Etc.	-



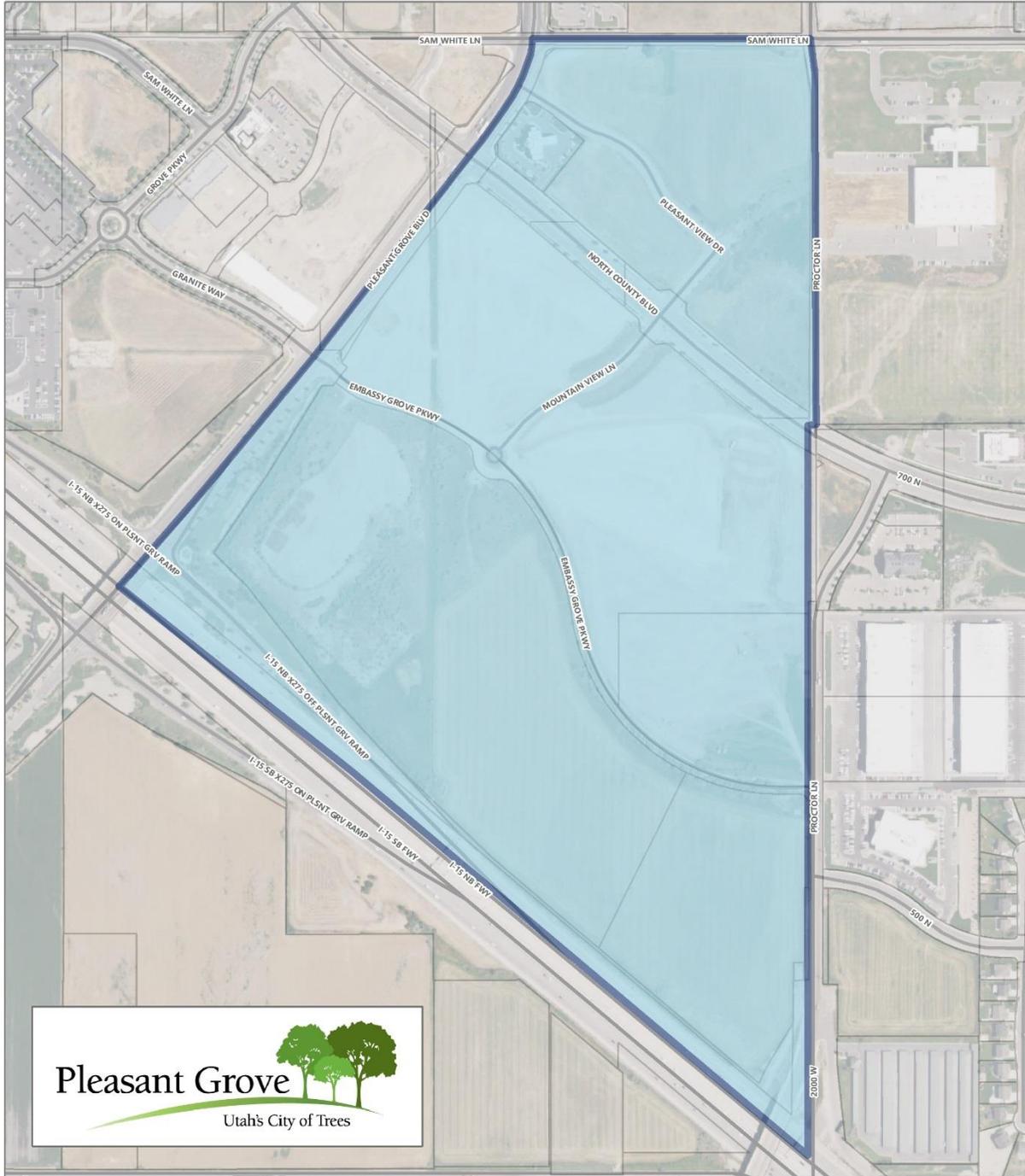
2018 ANNUAL REPORT – PLEASANT GROVE CITY RDA

NOVEMBER 1, 2018

Gateway CDA Project Area #1

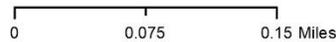
Tax Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	TOTALS			
Payment Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032				
===== HISTORIC PROJECTED =====																												
REVENUE:																												
TAXABLE VALUATION:																												
Real Property ¹	\$ 32,192	\$ 13,235,062	\$ 12,970,716	\$ 16,602,382	\$ 16,602,843	\$ 11,958,048	\$ 12,202,921	\$ 13,920,068	\$ 27,492,463	\$ 29,488,331	\$ 29,488,331	\$ 46,347,300	\$ 69,878,130	\$ 79,320,960	\$ 79,320,960	\$ 79,320,960	\$ 79,320,960	\$ 79,320,960	\$ 79,320,960	\$ 79,320,960	\$ 79,320,960	\$ 79,320,960	\$ 79,320,960	\$ 79,320,960	\$ 79,320,960	\$ 79,320,960		
Personal Property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Generally Assessed	-	-	-	-	-	9,118	9,137	13,399	125,177	158,879	158,879	158,879	158,879	158,879	158,879	158,879	158,879	158,879	158,879	158,879	158,879	158,879	158,879	158,879	158,879	158,879		
Total Assessed Value	\$ 32,192	\$ 13,235,062	\$ 12,970,716	\$ 16,602,382	\$ 16,602,843	\$ 11,967,166	\$ 12,212,058	\$ 13,933,467	\$ 27,617,640	\$ 29,647,210	\$ 29,647,210	\$ 46,506,179	\$ 70,037,009	\$ 79,479,839														
Base Year Value	(19,300)	(19,300)	(19,300)	(19,300)	(19,300)	(19,300)	(19,300)	(19,300)	(19,300)	(19,300)	(19,300)	(19,300)	(19,300)	(19,300)	(19,300)	(19,300)	(19,300)	(19,300)	(19,300)	(19,300)	(19,300)	(19,300)	(19,300)	(19,300)	(19,300)	(19,300)		
Total Incremental Assessed Value	\$ 12,892	\$ 13,215,762	\$ 12,951,416	\$ 16,583,082	\$ 16,583,543	\$ 11,947,866	\$ 12,192,758	\$ 13,914,167	\$ 27,598,340	\$ 29,627,910	\$ 29,627,910	\$ 46,486,879	\$ 70,017,709	\$ 79,460,539														
Tax Rate:																												
Total Tax Rate	0.9880%	1.0704%	1.1860%	1.2675%	1.2754%	1.2212%	1.1456%	1.1351%	1.0736%	1.0374%	0.9882%	0.9882%	0.9882%	0.9882%	0.9882%	0.9882%	0.9882%	0.9882%	0.9882%	0.9882%	0.9882%	0.9882%	0.9882%	0.9882%	0.9882%	0.9882%		
PROPERTY TAX INCREMENT REVENUES																												
Utah County	\$ 9	\$ 10,320	\$ 14,350	\$ 18,954	\$ 18,990	\$ 12,020	\$ 11,169	\$ 12,105	\$ 23,017	\$ 23,080	\$ 21,688	\$ 34,028	\$ 51,253	\$ 58,165	\$ 58,165	\$ 58,165	\$ 58,165	\$ 58,165	\$ 58,165	\$ 58,165	\$ 58,165	\$ 58,165	\$ 58,165	\$ 58,165	\$ 58,165	\$ 58,165	\$ 890,700	
Alpine School District	91	99,660	106,461	146,130	146,400	101,497	98,713	113,776	213,004	213,343	203,633	319,504	481,232	546,132	546,132	546,132	546,132	546,132	546,132	546,132	546,132	546,132	546,132	546,132	546,132	546,132	8,249,899	
Pleasant Grove City, Etc.	27	31,282	32,793	45,106	46,417	32,391	29,799	32,058	60,275	71,937	67,463	105,851	159,430	180,932	180,932	180,932	180,932	180,932	180,932	180,932	180,932	180,932	180,932	180,932	180,932	180,932	2,705,076	
Total Property Tax Increment	\$ 127	\$ 141,462	\$ 153,604	\$ 210,190	\$ 211,507	\$ 145,908	\$ 139,681	\$ 157,940	\$ 296,296	\$ 307,360	\$ 292,783	\$ 459,383	\$ 691,915	\$ 785,229	\$ 11,845,675													
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%	75%	75%	75%	75%	75%	75%	75%	
Alpine School District	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	
Pleasant Grove City, Etc.	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
PROPERTY TAX INCREMENT REVENUES AVAILABLE TO PROJECT AREA																												
Utah County	\$ 7	\$ 7,890	\$ 10,763	\$ 14,216	\$ 14,018	\$ 9,015	\$ 8,377	\$ 9,079	\$ 17,263	\$ 17,310	\$ 16,266	\$ 25,521	\$ 38,440	\$ 43,624	\$ 43,624	\$ 43,624	\$ 43,624	\$ 43,624	\$ 43,624	\$ 43,624	\$ 43,624	\$ 43,624	\$ 43,624	\$ 43,624	\$ 43,624	\$ 43,624	\$ 668,025	
Alpine School District	77	84,711	90,492	124,211	124,440	86,372	83,906	96,710	180,492	173,088	173,088	271,579	409,047	464,212	464,212	464,212	464,212	464,212	464,212	464,212	464,212	464,212	464,212	464,212	464,212	464,212	7,012,414	
Pleasant Grove City, Etc.	27	31,282	32,793	45,106	46,417	32,391	29,799	32,058	60,275	71,937	67,463	105,851	159,430	180,932	180,932	180,932	180,932	180,932	180,932	180,932	180,932	180,932	180,932	180,932	180,932	180,932	2,705,076	
Total Property Tax Increment Revenue to Project Area	\$ 111	\$ 123,883	\$ 134,047	\$ 183,532	\$ 184,875	\$ 127,678	\$ 122,082	\$ 137,847	\$ 258,591	\$ 269,738	\$ 256,816	\$ 402,951	\$ 606,917	\$ 688,768	\$ 10,385,517													
Total Gross Taxable Sales																												
Pleasant Grove City Portion of Sales Tax Rate	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%	
Sales Tax Increment Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Percent of Sales Tax Increment for Project	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	
Total Sales Tax Increment Revenue Available to Project Area	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,240	\$ 44,008	\$ 44,008	\$ 62,777	\$ 86,298	\$ 1,043,014									
Gross Room Sales Tax																												
County Transient Room Tax for Tourism (1.00%)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,718,140
County Transient Room Tax for Convention Centers (1.25%)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,147,475
Municipal Transient Room Tax (1.00%)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,718,140
Total Transient Room Tax Increment Revenue Available to Project Area	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 271,518	\$ 408,649	\$ 5,583,954												
TOTAL TAX INCREMENT REVENUE																												
Total Calculated Tax Increment Due to Project Area	\$ 111	\$ 123,883	\$ 134,047	\$ 183,532	\$ 184,875	\$ 127,678	\$ 122,082	\$ 137,847	\$ 258,591	\$ 269,738	\$ 256,816	\$ 402,951	\$ 606,917	\$ 688,768	\$ 17,012,483													
Total Tax Increment Actually Collected and Paid	111	123,612	134,047	183,532	184,875	127,678	121,990	137,714	258,705	269,738	257,575	402,951	606,917	688,768	17,012,102													
Harmons Contribution to Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,664,528	
TOTAL SOURCES OF TAX INCREMENT	\$ 111	\$ 123,612	\$ 134,047	\$ 183,532	\$ 184,875	\$ 127,678	\$ 121,990	\$ 137,714	\$ 258,705	\$ 269,738	\$ 257,575	\$ 402,951	\$ 606,917	\$ 688,768	\$ 39,939,186													
EXPENDITURES:																												
Project Area Budget and Use of Funds																												
CDA Administration @ 5%	\$ 6	\$ 6,181	\$ 6,702	\$ 9,177	\$ 9,244	\$ 6,384	\$ 6,100	\$ 6,886	\$ 12,935	\$ 13,487	\$ 27,879	\$ 42,780	\$ 52,979	\$ 58,010	\$ 59,186	\$ 59,186	\$ 59,186	\$ 59,186	\$ 59,186	\$ 59,186	\$ 59,186	\$ 59,186	\$ 59,186	\$ 59,186	\$ 59,186	\$ 59,186	\$ 850,605	
Debt Service on RDA Bonds ²	-	-	-	-	\$ 1,575,755	\$ 1,573,052	\$ 1,572,786	\$ 1,572,725	\$ 1,572,753	\$ 1,572,755	\$ 1,572,615	\$ 1,573,216	\$ 1,573,386	\$ 13,265,009	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 27,424,052
Development Incentive Fund	106	117,431	127,345	174,355	-	-	-	-	-	-	1,572,615	1,573,216	1,573,386	12,620,825	1,124,529	1,124,529	1,124,529	1,124,529	1,124,529	1,124,529	1,124,529	1,124,529	1,124,529	1,124,529	1,124,529	1,124,529	1,124,529	\$ 11,664,528
Total Expenditures:	\$ 112	\$ 123,612	\$ 134,047	\$ 183,532	\$ 184,875	\$ 127,678	\$ 121,990	\$ 137,714																				

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 Undeveloped 0 Total 53	<u>Purpose</u> Commercial and Industrial Development	<u>Taxing District</u> 070-0000	<u>Tax Rate</u> 0.010374
<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 2017 Value</u> \$69,297,042	<u>Increase</u> 12,361%	<u>FY 2018 Property Tax Increment</u> Calculated: \$288,524 Received: \$288,524	<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 I300 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

2018 SOURCES OF FUNDS	
Property Tax Increment	\$288,524
Sales Tax Contribution	-
Total Sources of Funds	\$288,524

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.

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 2018 totaled \$274,098, which is above the \$237,000 level outlined above. Thus, no, sales tax increment is due to the agency in FY 2018.

USES OF FUNDS

Table 3.5

2018 USES OF FUNDS	
CDA Administration @ 5% of Property Tax Increment	14,426
Development Incentive Fund	274,098
Other Development Activities	-
Total Uses of Funds	\$288,524

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	\$274,098	\$724,256
Sales Tax Contribution	-	-
Total Contributions	\$274,098	\$724,256

The Agency has, to date, paid \$724,256 to the Development Incentive Fund, which includes the TY 2017 payment of \$274,098. The Agency will pay an additional \$4,025,744 over the next 16 years. The Cap of \$4,750,000 is estimated to be reached by TY 2033.

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	\$197,582	\$266,335	146%
Lifetime Property Tax Increment - FY 2018	592,745	762,375	129%

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 (2017 vs. 2016)	\$68,745,361	\$66,784,315	3%	3%
Lifetime Growth in Project Area (2017 vs. 2012)	68,745,361	551,681	12361%	162%
ASSESSED VALUES IN PLEASANT GROVE CITY	CURRENT YEAR	PRIOR YEAR/ BASE YEAR	GROWTH RATE	AAGR
Annual Growth in City (2017 vs. 2016)	\$1,987,493,134	\$1,849,923,707	7%	7%
Lifetime Growth in City (2017 vs. 2012)	1,987,493,134	1,272,203,602	56%	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 7,535% 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 2018	\$482,876	\$713,164	\$5,723	12361%
Life Time Revenue (FY 2017 - 2018)	1,448,627	1,962,509	17,908	10859%
PASS THROUGH INCREMENT (ABOVE BASE)				
PASS THROUGH INCREMENT (ABOVE BASE)	ORIGINAL BUDGET REVENUES	ACTUAL REVENUES	BASE YEAR VALUE REVENUES	% ABOVE BASE
Fiscal Year 2018	\$285,294	\$436,970	\$5,723	7535%
Life Time Revenue (FY 2017 - 2018)	285,294	424,640	17,908	2271%

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 is expected to be completed by the end of this year. With the completion of the construction, all of the developable space in the project area will be 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 2018 - 2035	
REVENUES	TOTALS	NPV @ 5%
Property Tax Increment	\$4,933,992	\$3,208,864
Sales Tax Contribution	-	-
Total Revenue	\$4,933,992	\$3,208,864
EXPENDITURES	TOTALS	NPV @ 5%
CDA Administration @ 5%	\$246,700	\$160,443
Development Incentive Fund	4,299,842	2,884,771
Other Development Activities	387,450	163,650
Total Expenditures	\$4,933,992	\$3,208,864

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 2018, FY 2019, FY 2020 and full multi-year budgets from 2016 to 2035.



I300 West CDA Project Area
"doTERRA Project"

2018 Annual Budget
November 1, 2018

Tax Year	2017
Payment Year	2018

REVENUE:	
TAXABLE VALUATION:	
Real Property	\$ 57,003,200
Personal Property	12,267,790
Centrally Assessed	26,052
Total Assessed Value	\$ 69,297,042
Base Year Value	(551,681)
Total Incremental Assessed Value	\$ 68,745,361

Tax Rate:	
Total Tax Rate	1.0374%

PROPERTY TAX INCREMENT REVENUES	
Utah County	\$ 53,553
Alpine School District	492,698
Pleasant Grove City, Etc.	166,914
Total Property Tax Increment:	\$ 713,164

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	\$ 40,164
Alpine School District	123,175
Pleasant Grove City, Etc.	125,185
Total Property Tax Increment Revenue to Project Area	\$ 288,524

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	\$ 288,524
Total Property Tax Increment Actually Collected and Paid	288,524
Total Sales Tax Increment Contributed to Project Area ¹	-
Prior Year Property Tax Increment	-
TOTAL SOURCES OF TAX INCREMENT	\$ 288,524

EXPENDITURES:	
Project Area Budget and Use of Funds	
CDA Administration @ 5%	\$ 14,426
Development Incentive Fund	274,098
Other Development Activities	-
Total Expenditures:	\$ 288,524

Retained Portion of Property Tax Increment	
Utah County	\$ 13,388
Alpine School District	369,524
Pleasant Grove City, Etc.	41,728
Total Retained Portion of Property Tax Increment	\$ 424,640

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"

2019 Annual Budget
November 1, 2018

Tax Year	2018
Payment Year	2019

REVENUE:	
TAXABLE VALUATION:	
Real Property	\$ 57,003,200
Personal Property	12,267,790
Centrally Assessed	26,052
Total Assessed Value	\$ 69,297,042
Base Year Value	(551,681)
Total Incremental Assessed Value	\$ 68,745,361

Tax Rate:	
Total Tax Rate	0.9882%

PROPERTY TAX INCREMENT REVENUES	
Utah County	\$ 50,322
Alpine School District	472,487
Pleasant Grove City, Etc.	156,533
Total Property Tax Increment:	\$ 679,342

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	\$ 37,741
Alpine School District	118,122
Pleasant Grove City, Etc.	117,400
Total Property Tax Increment Revenue to Project Area	\$ 273,263

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	\$ 273,263
Total Property Tax Increment Actually Collected and Paid	273,263
Total Sales Tax Increment Contributed to Project Area ¹	-
Prior Year Property Tax Increment	-
TOTAL SOURCES OF TAX INCREMENT	\$ 273,263

EXPENDITURES:	
Project Area Budget and Use of Funds	
CDA Administration @ 5%	\$ 13,663
Development Incentive Fund	259,600
Other Development Activities	-
Total Expenditures:	\$ 273,263

Retained Portion of Property Tax Increment	
Utah County	\$ 12,580
Alpine School District	354,365
Pleasant Grove City, Etc.	39,133
Total Retained Portion of Property Tax Increment	\$ 406,079

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, 2018

Tax Year	2019
Payment Year	2020

REVENUE:	
TAXABLE VALUATION:	
Real Property	\$ 57,003,200
Personal Property	12,267,790
Centrally Assessed	26,052
Total Assessed Value	\$ 69,297,042
Base Year Value	(551,681)
Total Incremental Assessed Value	\$ 68,745,361

Tax Rate:	
Total Tax Rate	0.9882%

PROPERTY TAX INCREMENT REVENUES	
Utah County	\$ 50,322
Alpine School District	472,487
Pleasant Grove City, Etc.	156,533
Total Property Tax Increment:	\$ 679,342

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	\$ 37,741
Alpine School District	118,122
Pleasant Grove City, Etc.	117,400
Total Property Tax Increment Revenue to Project Area	\$ 273,263

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

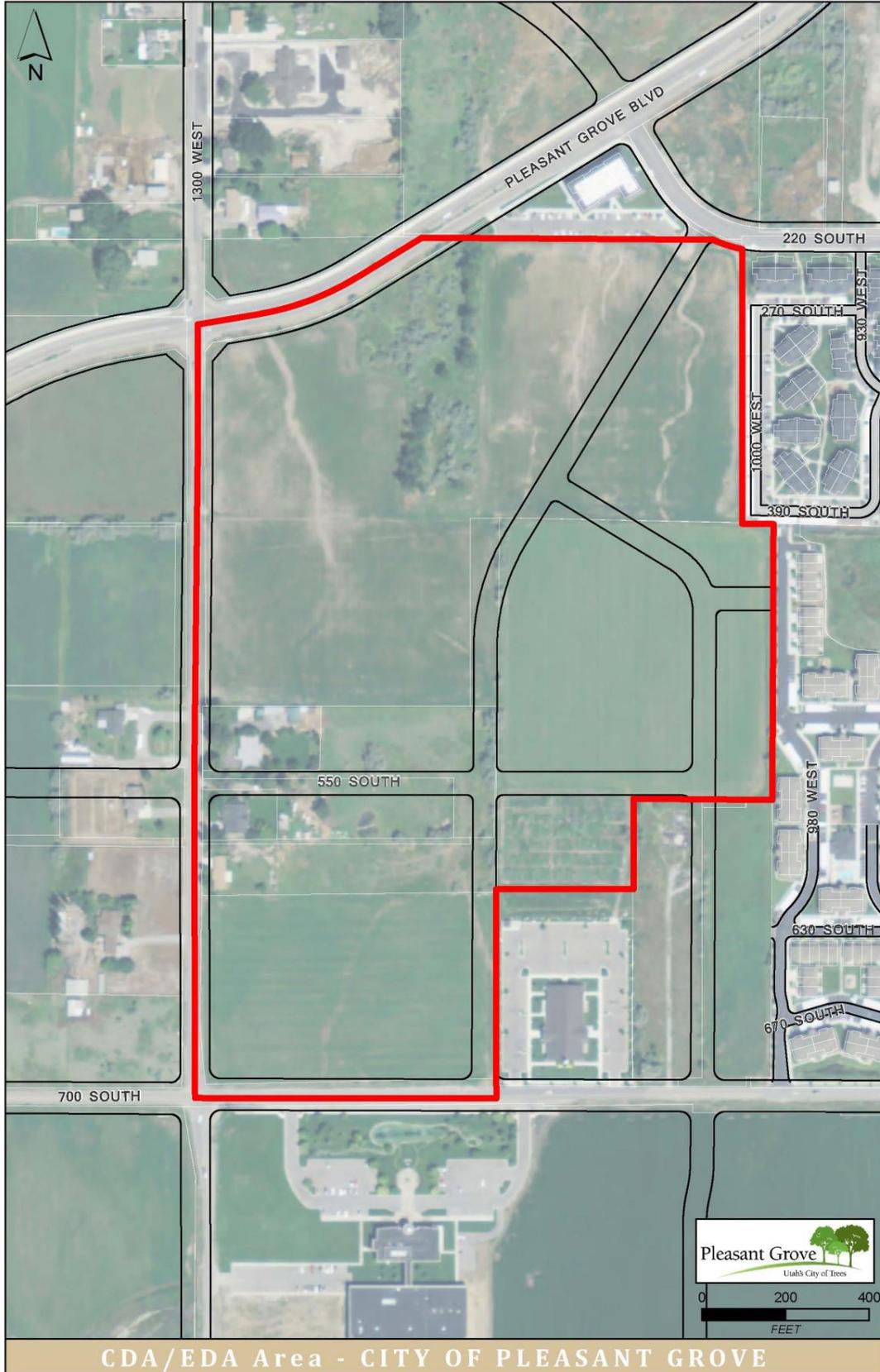
TOTAL TAX INCREMENT REVENUE	
Total Calculated Tax Increment Due to Project Area	\$ 273,263
Total Property Tax Increment Actually Collected and Paid	273,263
Total Sales Tax Increment Contributed to Project Area ¹	-
Prior Year Property Tax Increment	-
TOTAL SOURCES OF TAX INCREMENT	\$ 273,263

EXPENDITURES:	
Project Area Budget and Use of Funds	
CDA Administration @ 5%	\$ 13,663
Development Incentive Fund	259,600
Other Development Activities	-
Total Expenditures:	\$ 273,263

Retained Portion of Property Tax Increment	
Utah County	\$ 12,580
Alpine School District	354,365
Pleasant Grove City, Etc.	39,133
Total Retained Portion of Property Tax Increment	\$ 406,079

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> 0.010374
<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 2017 Value</u> N/A	<u>Increase</u> N/A	<u>FY 2018 Property Tax Increment</u> N/A	<u>FY 2018 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%
Total Uses of Funds	100%

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 \$54,234,620 and the incremental assessed value is estimated to be \$50,902,500. Based on the TY2018 certified tax rates, the estimated tax increment revenue is \$503,019, with \$204,172 passed through to the taxing entities and \$298,846 going to the Agency.

EXHIBIT C

GROVE TOWER CRA MAP

