

2019 ANNUAL REPORT GENEVA PROJECT AREA

VINEYARD TOWN REDEVELOPMENT AGENCY



NOVEMBER 1ST REPORT

Dated as of November 1, 2019
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

INTRODUCTION	3
SUMMARY OF REQUESTED FUNDS	3
OVERVIEW OF THE GENEVA URA PROJECT AREA	3
SOURCES OF FUNDS.....	4
USES OF FUNDS.....	5
SCHOOL DISTRICT OBLIGATIONS AND INCENTIVES	6
DEVELOPMENT OBLIGATIONS AND INCENTIVES.....	6
NEW PHASES.....	7
PROJECT AREA REPORTING AND ACCOUNTABILITY	7
RELATIVE GROWTH IN ASSESSED VALUE	7
BENEFITS DERIVED BY PARTICIPATING TAXING ENTITIES.....	7
NOTABLE DEVELOPMENT AND FUTURE PROJECTS	8
FORECASTED PROJECT AREA BUDGET UPDATE	9
OTHER ISSUES	9
PROJECT AREA ANNUAL AND MULTI-YEAR BUDGETS	9
EXHIBIT A: MAP OF PROJECT AREA.....	14

INTRODUCTION

Lewis Young Robertson & Burningham, Inc. (“LYRB”) has been retained by the Vineyard Town Redevelopment Agency (the “Agency”) to assist with the management of the Agency’s Geneva URA project area. LYRB has compiled the various creation and related documents associated with the Geneva project area, created annual and multi-year budgets, and created a proprietary Excel-based software package to manage the Agency’s RDAs.

The purpose of this report, in part, is to fulfill the requirements of Utah Code section 17C-1-603 – Agency Report. This report facilitates the RDA’s compliance with the new code adopted in 2011, providing the data necessary to fulfill these new 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. Provided in this report is an overview of the Geneva URA, including summaries of the current and projected budgets and identification of certain concerns/needs.

SUMMARY OF REQUESTED FUNDS

The Agency **requests all funds it is legally entitled to receive**, and estimates those funds according to the following chart:

ESTIMATE OF TAX INCREMENT TO BE PAID TO THE AGENCY		
Property Tax Increment	Tax Year 2019 (Ending Dec. 31, 2019)	Tax Year 2020 (Beginning Jan. 1, 2020)
Geneva URA	\$8,652,111	\$10,595,484

OVERVIEW OF THE GENEVA URA PROJECT AREA

OVERVIEW	
Creation Year	2010
Initial Tax Increment Year	2012 FY
Expiration Year	2046 FY
Project Area Type	URA
Project Area Acreage	2,106 Acres
Developed Acreage	1,484 Acres
Undeveloped Acreage	622 Acres
Base Year	2006 TY
Base Value (Entire Project Area)	\$120,131,398
Base Value (Phase I)	\$51,323,328
Base Value (Phase II)	\$58,181
Base Value (Phase III)	\$5,247,574
Base Value (Phase IV)	\$45,361,240
Project Area Purpose	Contamination and Blight Remediation, Job Creation, Commercial Development
FY 2019 Tax Increment (Calculated)	\$8,276,067
FY 2019 Tax Increment (Distributed)	\$7,949,295

The Geneva Project Area was created in February 2010, and is governed by the (a) “Geneva Urban Renewal Area: Project Area Plan” amended February 9, 2011; and (b) the “Land Donation and Reimbursement Agreement” dated July 27, 2011, by and between Vineyard Redevelopment Agency and Anderson Geneva, LLC and Ice Castle Retirement Fund L.L.C. These documents define the duration and use of property tax generated within the Project Area as well as conditions and obligations by the Agency and the Developer.

The purpose of the Geneva Project Area was to redevelop over 2,000 acres of under-utilized real estate which had been contaminated due to over a half century of heavy industrial use, provide the basis for enhanced property tax and sales tax revenues, and create a large number of jobs with a wide range of skill levels. The Geneva Project Area is fully encompassed in Vineyard Town boundaries and contains about three-fourths of the Town’s land area on the north. A map of the Project Area is included as **Exhibit A**.

SOURCES OF FUNDS

FY 2019 SOURCES OF FUNDS	
Property Tax Increment (Calculated)	\$8,276,067
Property Tax Increment not distributed	(406,358)
Interest Revenue	1,515,280
Total Sources of Funds	\$9,464,576

The Geneva Project Area began to receive property tax increment from Phase I beginning with the taxes collected in 2011 and remitted to the agency in 2012. The project area will continue for 35 years, but tax increment will only be collected from each phase (once triggered) for a maximum of 25 years. This means Phase I will have tax increment through and including taxes collected in 2035 and paid to the Agency in 2036 and Phase 2 through 2039/2040. The last year of collection for any phases in the project area will be taxes collected in 2045 and paid to the Agency in 2046. All of the taxing entities within the project area contribute 75% of their tax increment, with 25% passing through back to the respective tax entity, for each of the 35 years.

With the total increment received after applying the 75% participation rate, the Agency will pay costs associated with RDA administration, low to moderate income housing, bonds, Alpine School District mitigation, Anderson/UVU reimbursement, and other infrastructure or development agreements. The total property tax increment collected by the Agency from tax increment received in 2019, calculated at the participation rate of 75% as outlined above, was \$7,949,295. A portion of what was calculated was not collected and distributed to the Agency, \$406,358. The Agency received \$1,515,280 in interest earnings. The total revenues received by the Agency in FY 2019 was, therefore, \$9,464,576.

USES OF FUNDS

FY 2019 USES OF FUNDS	
RDA Salaries and Wages	\$189,755
Employee Benefits	\$41,873
Professional & Technical – General	\$70,126
Professional & Technical – Planner	\$50,000
Professional & Technical – Engineer	\$252,770
Professional & Technical – FIN Plan	\$15,800
Professional & Technical – Auditor	\$4,000
Housing Fund	\$129,435
TIFF Payments	\$2,348,512
Debt Service Payments	\$4,481,978
Miscellaneous Expenses	\$50
Capital Projects	\$7,193,891
Total Uses of Funds	\$14,778,190

According to applicable governing documents, the Agency planned to use 5% of the tax increment received in 2018 for RDA Administration. This percentage decreases in steps over the 35 years to a low of 3% in tax year 2045. The total amount used for RDA Administration for 2019 is \$624,324. This includes RDA Salaries and Wages, Employee Benefits, and Professional & Technical services.

Prior to and including TY 2018, 20% of the tax increment received was earmarked for use on approved low to moderate income housing projects. On May 22, 2013, the Agency passed Resolution U-2013-2, which amended the Geneva Urban Renewal Project Area Housing Plan. In accordance with Resolution U-2013-2, **Exhibit A**, housing funds will be used “to pay the cost of improvements related to housing located both in and outside of the Project Area, including the reimbursement of such costs paid by the Town of Vineyard.” The amendment allowed for funds to be used both inside and outside the project area, which is in accordance with Utah Code 17C-1-411 and 412. In May 2016, Utah State Statute 17C-2-203 related to housing was modified which released the Geneva URA from the obligations to set aside housing funds. The remaining balance in the housing fund will be used according to the applicable state statutes as well as the housing plans mentioned herein. In 2019, \$129,435 was toward housing fund associated projects. As of TY 2016, the Agency stopped setting aside additional funds as the remediation costs exceeded 20% of the project area funds.

Payments will also be made on bonds issued to cover approved expenses related to the project area. The 2012 TIF Bond was issued to pay for necessary infrastructure improvements to be completed within the project area. In 2013, the Agency issued additional TIF bonds to pay for utility and transportation infrastructure. As part of the 2013 issuance, a new general indenture was created. This caused the 2012 TIF Bonds to be refunded and the debt renamed 2013A TIF Bonds and the new issuance to be named the 2013B TIF Bonds. The Agency issued the 2015 Bonds which were purchased by the State Infrastructure Bank (UDOT) to finance the relocation of a rail spur line within the Project Area. The RDA was able to negotiate new terms with UDOT and amended the loan agreement in June of 2018. This amendment lowered the interest rate, increased the loan amount, and expanded the allowed use of funds. The 2015 Bonds were modified in 2016 to reduce the 2015 debt payment. In October 2016, the 2013A & B bonds were refunded by the issuance of the 2016 Refunding bonds for economic savings. In 2017, additional Tax Increment bonds were issued to cover approved expenses related to the project area. In short, the 2018 expenses exceeded the revenues by \$2,229,268. This was due to the Agency using bond proceeds within the Project Area. In 2019, the Agency’s expenses again exceeded revenues by \$5,313,616.

SCHOOL DISTRICT OBLIGATIONS AND INCENTIVES

The Alpine School District Mitigation payment is calculated according to the provisions outlined in the Geneva Urban Renewal Area: Project Area Plan and is designed to mitigate potential impacts on the School District in the case that the District’s pass through increment is not sufficient to cover services to new housing projects built in the project area. Based upon actual and projected housing units in the Project Area, the total tax collections to the District will be more than the total expenditures for the students in the District.

DEVELOPMENT OBLIGATIONS AND INCENTIVES

FY 2018 DEVELOPER REIMBURSEMENT	
Anderson/UVU Payment	\$728,925
Anderson/Megaplex Payment	565,061
Waters Edge Payment	1,054,526
Total Developer Reimbursements	\$2,348,512

The Anderson/UVU payment is calculated in accordance with the Land Donation and Reimbursement Agreement between Vineyard Redevelopment Agency and Anderson Geneva, LLC, and Ice Castle Retirement Fund L.L.C. The agreement allows up to \$5 million to be paid to Anderson Geneva, LLC. to help incentivize the Utah Valley University (UVU) land purchase. The \$5 million will be paid out over time from the tax increment generated in the project area, excluding any increment which comes from the power plant parcels described in the agreement. Each year 50% of the new available tax increment, after all other obligations are paid, will be remitted to Anderson. In addition, payments will not begin until after four necessary improvements have been completed. These improvements include a new sewer lift station, a new sewer trunk line, a new water line, and a new roadway connecting the UVU site to Geneva Road. In 2014, all the necessary improvements were completed. The 2019 payment was for \$728,925.

In March 2014, Vineyard RDA entered into an agreement with Anderson Geneva to incentivize the construction of a Megaplex Theater within the RDA. This agreement is governed by the Property Conveyance and Reimbursement Agreement between Vineyard Redevelopment Agency and Anderson Geneva, LLC., and Ice castle Retirement Fund L.L.C. dated March 21, 2014. The agreement requires Anderson Geneva to deed approximately 18.6 acres of land to Hansen Equities, LLC at no cost and then the RDA will reimburse Anderson Geneva over time for the land. The reimbursement will come from a specified percentage of the actual tax increment generated from the 18 acres. The percentage to be paid to Anderson Geneva is outlined in the following chart. The third payment on this agreement was made in TY 2018/FY 2019 and totaled \$565,061.

REIMBURSEMENT PERCENTAGES FOR THE MEGAPLEX AGREEMENT	
Year	Percentage
1	78%
2	79%
3	80%
4-24	81%
25	82%

The Vineyard RDA has also entered into an agreement with Vineyard Flagship 241 LLC for reimbursement of park and road infrastructure that the developer will install up front on behalf of the RDA. This will allow for their housing development to move forward and then they will be paid back over time with the RDA tax increment generated from 416 acres of property within their development. Seventy percent (70%) of the tax increment actually received for this area will be remitted back to the developer, until all

reimbursable money spent by the developer, plus any interest accrued annually at 7.5%, is paid back in full. The maximum cost of reimbursable park improvements is \$4,705,000. If the developer has not created enough taxable value in the project area to provide the tax increment necessary for full reimbursement, and the 25-year tax increment collection period is exhausted, then the RDA is under no obligation to pay any remaining balances. This agreement is governed by the Development Reimbursement Agreement for Waters Edge from July 9, 2014. In FY 2019, the Agency made a payment of \$1,054,526 to Waters Edge, fulfilling its obligation to the developer for that year.

NEW PHASES

In FY 2016, the Agency formally requested that an additional phase be triggered in the Geneva URA project area to be known as Phase 3. The funds from this area were collected and distributed in TY 2017.

The Agency is contemplating that an additional phase be triggered in the Geneva URA project area to be known as Phase 4. As development plans and timelines are still shifting, the Agency has not yet triggered the Phase but may do so next year.

PROJECT AREA REPORTING AND ACCOUNTABILITY

RELATIVE GROWTH IN ASSESSED VALUE

The total assessed values in Phases 1 through 3 of the Project Area increased from \$56,622,083 base value to \$1,146,674,398 in tax year 2018, an average annual growth rate of 26%. A large part of this increase is due to the Agency’s ability to “reach back” and set the base value to exclude the power plant improvements. This way those improvements are included in the tax increment revenues. Additional growth is expected as further infrastructure improvements are made and development expands.

Growth in Assessed Value	Current Year	Prior Year	Growth Rate	AAGR
Assessed Value in Project Area				
Annual Growth in Project Area (2018 vs. 2017)	\$1,146,674,398	\$917,046,352	25.04%	25.04%
Project Area Life Growth in Project Area (2018 vs. 2006)	1,146,674,398	56,622,083	1925.14%	26.04%
Assessed Value in Vineyard Town				
Annual Growth in Vineyard Town (2018 vs. 2017) (minus RDA)	\$525,488,038	\$453,812,224	15.79%	15.79%
Project Area Life Growth in Project Area (2018 vs. 2006) (minus RDA)	\$525,488,038	\$150,617,089	248.89%	10.09%

BENEFITS DERIVED BY PARTICIPATING TAXING ENTITIES

BENEFITS TO TAXING ENTITIES

- * Increased Property Tax Revenues
- * Increased Sales Tax Revenues
- * Job Creation

Currently, the participating taxing entities are experiencing a benefit in the form of increased property tax. The most significant benefit to the taxing entities will be realized when the life of the Project Area expires in TY 2045. At that

point the Agency will no longer receive tax increment and the taxing entities will receive property tax income based on the full assessed value in the Project Area. Another increase in revenues will occur in 2036 when Phase I is complete and the full property taxes from those parcels flow back to the taxing entities.

The taxing entities have also benefited from the Project Area as environmental remediation continues and jobs are created.

Growth in Tax Increment	Actual Revenue	Original Budget	% Above Projection
TAX INCREMENT FROM PROJECT AREA			
Tax Year 2018	7,869,709	\$5,138,194	153%
Lifetime Revenue (2011-2018)	32,890,478	21,026,432	156%
PASS THROUGH INCREMENT (ABOVE BASE)			
Tax Year 2018	\$2,758,689	\$1,712,731	161%
Lifetime Revenue (2011-2018)	10,719,514	5,636,940	190%

Due to greater value in the power plant parcels than originally projected, the Project Area has produced more tax increment, and more pass-through revenue for the taxing entities, than expected.

NOTABLE DEVELOPMENT AND FUTURE PROJECTS

There have been significant infrastructure developments within the Project Area. The Center Street overpass is currently under construction. The estimated cost of the project is \$8,000,000. This budget has been approved by the City. Construction on the 300 West extension was recently completed. Improvements to 1750 North were funded by the RDA. These improvements were recently completed. Planning has commenced for the 1600 North Extension. Finally, the new Vineyard Public Works Building is estimated to be completed within six months.

The Agency also has various infrastructure developments planned, including the Main Street northbound extension beyond the Vineyard Connector.

There are a number of residential developments planned within the Project Area. The new Town Center development is 5,300 units in a mixed-use district. The Lakefront Subdivision, located at 600 N and 300 W, is currently under construction. The Windsor Subdivision is also under construction. The development is 90 residential units. The Sycamores Subdivision, a 144 residential unit development, was recently completed. An additional phase of the development is planned, and construction is pending.

There have also been a number of commercial developments within the Project Area. The America First Credit Union building plans were approved in 2019. Construction of the building is pending. Two major development are the Yard A and Yard B Developments. The Yard A development has construction pending on commercial buildings to support Panda Express, Utah Community Credit Union, and two spec buildings. Within the Yard B Development, construction is believed to commence in Spring of 2020 on The Golf Club, a 45,000 sq. ft. entertainment complex. It includes a sports lounge, restaurant, and bar, 60 golf bays, and rental space for corporate and private events.

Also planned within the Project Area are three medical offices buildings and M.S. Property commercial buildings.

FORECASTED PROJECT AREA BUDGET UPDATE

LYRB has updated the Project Area Budget which includes a multi-year projection of revenues and expenditures based upon current market conditions and the specifications outlined in the documents as briefly described above related to sources and uses of tax increment. LYRB projected that the Project Area will generate approximately \$352 million over the remaining life of the Project Area. The multi-year budget attached to this document and summarized below provide further detail.

PROJECT AREA BUDGET		FY 2019-2046	
REVENUES	TOTALS	NPV @ 5%	
Property Tax Increment		\$352,772,151	\$193,042,374
Total Revenue		\$352,772,151	\$193,042,374
EXPENDITURES	TOTALS	NPV @ 5%	
RDA Administration at 3%-18%		\$12,895,140	\$6,939,178
Housing		70,516,400	38,553,203
2015 SID Bond		15,265,360	12,055,908
2016 TIF Refunding Bonds		16,106,582	11,638,173
2017 TIF Bonds		38,423,589	23,593,173
Alpine School District		0	0
Anderson/UVU		3,681,378	3,270,075
Anderson/Megaplex		5,130,910	2,967,566
Waters Edge		30,807,101	23,007,834
Available for Infrastructure/Remediation		159,961,699	71,032,510
Total Expenditures		\$352,772,151	\$193,042,374

OTHER ISSUES

LYRB believes that, according to the records reviewed, all parties are meeting their respective obligations related to this Project Area.

PROJECT AREA ANNUAL AND MULTI-YEAR BUDGETS

The following four sheets represent the FY 2019, FY 2020, FY 2021 and abbreviated multi-year budget from 2012 to 2046.



VINEYARD GENEVA URA
Redevelopment Agency Annual Budget

Annual Fiscal Budget Year: 2019

Calendar Year (Tax Receipts)
Fiscal Year (Distribution and Use)

Yr. 8
2018
2019

ASSESSED VALUATION

Phase I Assessed Value (Area 95)
Phase I Assessed Value (Area 96)
Phase II Assessed Value
Phase III Assessed Value
Total Assesed Value:
Phase I Base Value (Area 95)
Phase I Base Value (Area 96)
Phase II Base Value
Phase III Base Value
Total Base Year Value:
Phase I Incremental Value (Area 95)
Phase I Incremental Value (Area 96)
Phase II Incremental Value
Phase III Incremental Value
Total Incremental Value

48,066,173
643,513,006
105,157,396
183,393,978
1,146,674,398
26,688,131
24,635,197
51,181
5,247,574
120,124,398
21,378,042
618,877,809
105,106,215
178,146,404
923,508,470

TAX INCREMENT ANALYSIS

Incremental Property Tax Rates
Tax Area 095 Combined Rate
Tax Area 096 Combined Rate
Tax Increment Generation
Phase I Increment (Area 95)
Phase II Increment
Phase III Increment
Total Tax Increment
Participation Rate
Total Tax Increment Revenue Due to RDA
Total Pass Through to Taxing Entities (Above Base)*

-
-
0.011936
0.011955
255,168
1,254,548
2,126,355
11,034,756
75%
7,949,296
2,758,689

*Includes phases which haven't been triggered and phases which have completed their participation.

PROJECT AREA BUDGET

REVENUES
Property Tax Increment Calculated
Less Current Year Uncollected
Plus Prior Years Late Collections
Interest Revenue
Total Revenue

8,276,067
(406,358)
-
1,524,505
9,394,214

EXPENDITURES

Allocation to RDA Administration
Total Debt Service Payments
Total Developer Support
Allocation to Moderate Income Housing Fund
Allocation to Projects
Other Development Activities
Total Expenditures

-
624,326
4,481,978
2,348,512
1,524,505
7,193,892
300,846
16,474,058



VINEYARD GENEVA URA

Redevelopment Agency Annual Budget

Annual Fiscal Budget Year: 2020

Calendar Year (Tax Receipts)
Fiscal Year (Distribution and Use)

Yr. 9
2019
2020
ASSESED VALUATION
58,339,770
677,521,859
125,092,010
251,365,821
1,385,423,810
26,688,131
24,635,197
51,181
5,247,574
120,124,398
31,651,639
652,886,662
125,040,829
246,118,247
1,055,697,377
-
-
0.010917
0.010934
Tax Increment Generation
345,541
1,365,071
2,686,873
11,536,147
75%
8,652,111
2,884,037

ASSESED VALUATION
Phase I Assesed Value (Area 95)
Phase I Assesed Value (Area 96)
Phase II Assesed Value
Phase III Assesed Value
Total Assesed Value:
Phase I Base Value (Area 95)
Phase I Base Value (Area 96)
Phase II Base Value
Phase III Base Value
Total Base Year Value:
Phase I Incremental Value (Area 95)
Phase I Incremental Value (Area 96)
Phase II Incremental Value
Phase III Incremental Value
Total Incremental Value
TAX INCREMENT ANALYSIS
Incremental Property Tax Rates
Tax Area 095 Combined Rate
Tax Area 096 Combined Rate
Tax Increment Generation
Phase I Increment (Area 95)
Phase II Increment
Phase III Increment
Total Tax Increment
Participation Rate
Total Tax Increment Revenue Due to RDA
Total Pass Through to Taxing Entities (Above Base)*

*Includes phases which haven't been triggered and phases which have completed their participation.

PROJECT AREA BUDGET
REVENUES
Property Tax Increment
Less Current Year Uncollected
Plus Prior Years Late Collections
Total Revenue
EXPENDITURES
Allocation to RDA Administration
Allocation to Moderate Income Housing Fund
Allocation to Projects
Total Expenditures

-
890,017
8,652,111
-
-
8,652,111
-
346,084
1,730,422
6,575,604
8,652,111



VINEYARD GENEVA URA

Redevelopment Agency Annual Budget

Annual Fiscal Budget Year: 2021

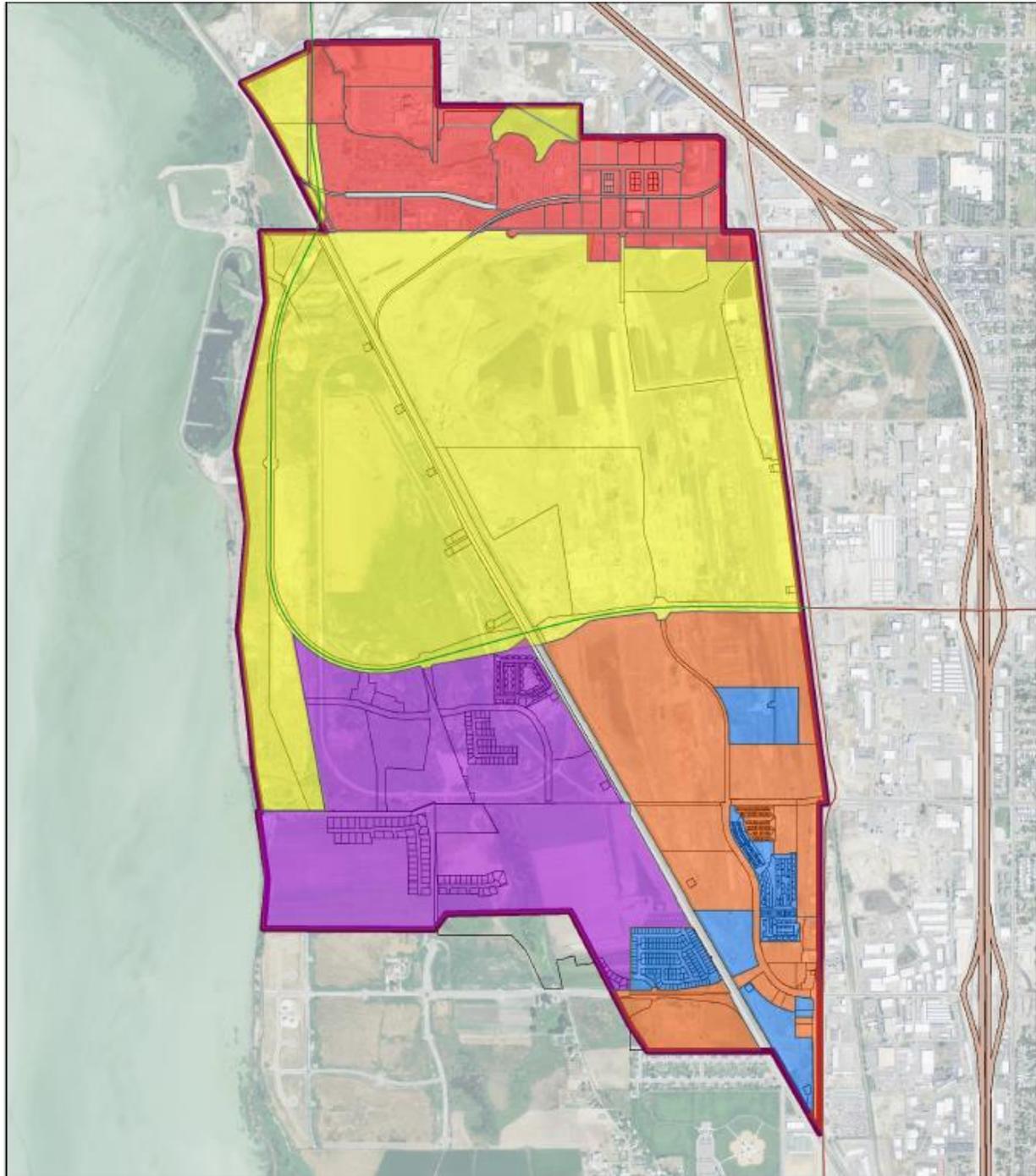
Calendar Year (Tax Receipts)
Fiscal Year (Distribution and Use)

ASSESED VALUATION	
Phase I Assesed Value (Area 95)	58,761,345
Phase I Assesed Value (Area 96)	677,521,859
Phase II Assesed Value	127,850,153
Phase III Assesed Value	331,441,641
Total Assesed Value:	1,509,984,499
Phase I Base Value (Area 95)	26,688,131
Phase I Base Value (Area 96)	24,635,197
Phase II Base Value	51,181
Phase III Base Value	5,247,574
Total Base Year Value:	120,124,398
Phase I Incremental Value (Area 95)	32,073,214
Phase I Incremental Value (Area 96)	652,886,662
Phase II Incremental Value	127,798,972
Phase III Incremental Value	326,194,067
Total Incremental Value	1,138,952,914
TAX INCREMENT ANALYSIS	
Incremental Property Tax Rates	-
Tax Area 095 Combined Rate	0.012384
Tax Area 096 Combined Rate	0.012407
Tax Increment Generation	
Phase I Increment (Area 95)	397,195
Phase II Increment	1,582,662
Phase III Increment	4,047,090
Total Tax Increment	14,127,312
Participation Rate	75%
Total Tax Increment Revenue Due to RDA	10,595,484
Total Pass Through to Taxing Entities (Above Base)*	3,531,828

*Includes phases which haven't been triggered and phases which have completed their participation.

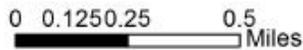
PROJECT AREA BUDGET	
REVENUES	
Property Tax Increment	982,774
Less Current Year Uncollected	10,595,484
Plus Prior Years Late Collections	(50,000)
Total Revenue	10,595,484
EXPENDITURES	
Allocation to RDA Administration	-
Allocation to Moderate Income Housing Fund	423,819
Allocation to Projects	2,119,097
Total Expenditures	8,052,568

EXHIBIT A: MAP OF PROJECT AREA



Geneva URA Phases

- Phase 1
- Phase 2
- Phase 3
- Phase 4
- Phase 5
- Geneva URA Project Area



LEWIS & YOUNG
ROBERTSON & BURNINGHAM, INC.