

# 2015

## ANNUAL REPORT

### REDEVELOPMENT AGENCY OF PLEASANT GROVE CITY, UT

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 Project Area. LYRB has compiled the various creation and related documents associated with the project area, 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 and section 17C-1-603 – Agency Report. As new reporting requirements were adopted in legislation and became effective in 2011, this report facilitates the RDA’s compliance with the new code, 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. 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

RDA TAXING ENTITIES	
Scott Darrington	Pleasant Grove City
Tina Petersen	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 also fulfills the reporting requirements described in UC 17C-1-402, 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 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 contacts 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.)”

UCA 17C has expanded the ability of the Redevelopment Agencies, allowing the creation of various types of Project Areas, including Community Development Area (CDA), Urban Renewal Area (URA), and Economic Development Area (EDA). A CDA differs from a URA and an EDA in that it is meant to encourage, promote, or provide for development, but does not require the vote, approval, or governance of a taxing entity committee. Various taxing entities can elect to participate on an individual basis through interlocal agreements. In comparison, an EDA is intended to create jobs or economic opportunity and requires a taxing entity committee. A URA is meant to initiate or intensify development of a blighted or under-used area. In the case of a URA, blight finding is required, limited use of eminent domain is allowed, and a taxing entity committee is required. Currently, the Agency has two active Project Areas, each of which have been classified 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: Board of Trustees

GOVERNING BOARD OF TRUSTEES		
Michael W. Daniels	Chairman	Pleasant Grove City Mayor
Cindy Boyd	Board Member	Pleasant Grove City Council Member
Ben Stanley	Board Member	Pleasant Grove City Council Member
Cyd LeMone	Board Member	Pleasant Grove City Council Member
Jay Meacham	Board Member	Pleasant Grove City Council Member
Dianna Anderson	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 Tax Increment

<b>ESTIMATE OF TAX INCREMENT TO BE PAID TO THE AGENCY</b>		
	Tax Year 2015 (Ending Dec. 31, 2015)	Tax Year 2016 (Beginning Jan. 1, 2016)
Property Tax Increment		
Gateway CDA Project Area	\$122,066	\$122,066
1300 West CDA Project Area	197,582	197,582
<b>Total Revenue</b>	<b>\$219,648</b>	<b>\$219,648</b>

## GENERAL OVERVIEW OF ALL PROJECT AREAS

Table I.4: Combined Budget

<b>COMBINED BUDGET – ALL PROJECT AREAS</b>		
REVENUES	FY 2015 TOTALS	REMAINING LIFE (INCLUDES 2015 TOTALS)
Property Tax Increment		
Gateway CDA	\$121,990	\$11,343,316
1300 West CDA	-	3,680,375
Transient Room Tax		
Gateway CDA	-	5,992,603
Sales Tax Increment		
Gateway CDA	-	1,129,312
1300 West CDA	-	840,000
Developer Contribution to DS		
Gateway CDA	1,456,896	18,979,290
<b>Total Revenue</b>	<b>\$1,578,885</b>	<b>\$41,964,896</b>
EXPENDITURES	FY 2015 TOTALS	REMAINING LIFE (INCLUDES 2015 TOTALS)
RDA Administration		
Gateway CDA	\$6,099	\$923,262
1300 West CDA	-	184,019
Debt Service Payments		
Gateway CDA	1,572,786	24,275,244
Other Development Activities		
Gateway CDA	-	12,246,014
1300 West CDA	-	4,336,357
<b>Total Expenditures</b>	<b>\$1,578,885</b>	<b>\$41,964,896</b>

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

Table 2.1: Project Area Overview

OVERVIEW				
<u>Type</u> CDA	<u>Acreage</u> 50	<u>Purpose</u> Commercial Development	<u>Taxing Area</u> 070-0003	<u>Tax Rate</u> 0.011456
<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 2014 Value</u> \$12,212,058	<u>Increase</u> 63,175%	<u>FY 2015 Property Tax Increment</u> \$121,990	<u>FY 2015 Total Increment</u> \$121,990



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 50 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 and describes the obligations of each.

The purpose of this Project Area is to incentivize 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 50 acres, located in Pleasant Grove, UT. A map of the Project Area is included as Exhibit A.

## SOURCES OF FUNDS

Table 2.2: Sources of Funds

2015 SOURCES OF FUNDS	
Property Tax Increment	\$121,990
Transient Room Tax	0
Sales Tax Increment	0
Developer Contribution to DS	1,456,896
<b>Total Sources of Funds</b>	<b>\$1,578,885</b>

## PROPERTY TAX

Table 2.3: Property Tax Increment Levels

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

## TRANSIENT ROOM TAX/SALES AND USE TAX

Table 2.4: Transient Room Tax/Sales and Use Tax Contributions

TRANSIENT ROOM TAX/SALES AND USE TAX CONTRIBUTIONS			
Taxing Entity	Years	Transient Room Tax	Sales and Use Tax
Utah County	TY 2008-2031	2.25%	70%
Pleasant Grove City	TY 2008-2031	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. Upon construction 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: Uses of Funds

2015 USES OF FUNDS	
CDA Administration	\$6,384
Debt Service	1,573,052
Development Activities	0
<b>Total Uses of Funds</b>	<b>\$1,579,436</b>

**PROJECT AREA REPORTING AND ACCOUNTABILITY**

**RELATIVE GROWTH IN ASSESSED VALUE**

Table 2.6: Growth in Assessed Value

GROWTH IN ASSESSED VALUE	CURRENT YEAR	PRIOR YEAR/ BASE YEAR	GROWTH RATE	AAGR
ASSESSED VALUES IN PROJECT AREA				
Annual Growth in Project Area (2014 vs. 2013)	\$12,212,058	\$11,967,166	2.1%	2.1%
Lifetime Growth in Project Area (2014 vs. 2006)	\$12,212,058	\$19,300	63,175%	124%
ASSESSED VALUES IN PLEASANT GROVE CITY				
Annual Growth in Pleasant Grove City (2014 vs. 2013)	\$1,495,003,226	\$1,334,639,503	12.0%	12.0%
Lifetime Growth in Pleasant Grove City (2014 vs. 2006)	\$1,495,003,226	\$1,055,830,654	41.6%	4.4%

**BENEFITS DERIVED BY PARTICIPATING TAXING ENTITIES**

Table 2.7: Benefits to Taxing Entities

BENEFITS TO TAXING ENTITIES
*Job Creation
*Increased Property Tax Revenues
* Higher growth in tax base compared to non-incentivized areas - Current AAGR for the Project Area is more than <u>28 times</u> that of 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 7,960% 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 8,024% above what would have been realized based on base year levels.

Table 2.8: Growth in Tax Increment

GROWTH IN TAX INCREMENT	ORIGINAL BUDGET*	ACTUAL REVENUES	BASE YEAR VALUE REVENUES	% ABOVE BASE
<b>TAX INCREMENT FROM PROJECT AREA</b>				
Fiscal Year 2015	N/A	\$139,680	\$221	63,175%
Lifetime Revenue (FY 2009-2015)	N/A	\$1,002,477	\$1,574	63,700%
<b>PASS THROUGH INCREMENT (ABOVE BASE)</b>				
Fiscal Year 2015	N/A	\$17,599	\$221	7,960%
Lifetime Revenue (FY 2009-2015)	N/A	\$126,271	\$1,574	8,024%

\* Original Budget for this Project Area is not available

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, at this point 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.

LYRB has adjusted the forecasted budgets to reflect the completion of this hotel in year 2017, with the completion of other developments taking place in the years to follow. However, LYRB would like to point out that these assumed construction dates are not at all certain and are quite likely to change.

## 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 2.9: Project Area Budget

FORECASTED PROJECT AREA BUDGET		2015-2032	
<b>REVENUES</b>		<b>TOTALS</b>	<b>NPV @ 5%</b>
Property Tax Increment		\$11,343,316	\$6,703,999
Transient Room Tax		5,992,603	3,551,267
Sales Tax Increment		1,129,312	645,427
Developer Contribution to Debt Service		18,979,290	14,124,078
Total Revenue <sup>1</sup>		\$37,444,520	\$25,024,771
<b>EXPENDITURES</b>		<b>TOTALS</b>	<b>NPV @ 5%</b>
CDA Administration @ 5%		\$923,262	\$545,035
Debt Service		24,275,244	18,079,511
Development Activities		12,246,014	6,400,225
Total Expenditures		\$37,444,520	\$25,024,771

## 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 2015, FY 2016, FY 2017, and full multi-year budget from 2009 to 2032.

<sup>1</sup> The tax increment revenues outlined in the Forecasted Project Area Budget are based upon the completion of various projects as outlined in the Development Agreement by FY 2018. These include the construction of a full service hotel with a minimum of 10 floors and 300 guest rooms, a connected convention center of not less than 100,000 square feet, a limited service hotel with 200 – 220 guest rooms, 2 restaurants, and other necessary supporting businesses.



Hammons CDA Project Area  
2015 Annual Budget  
September 28, 2015



	Tax Year	2014
	Payment Year	2015
<b>REVENUES</b>		
<b>TAXABLE VALUATION:</b>		
Land Value		
Real Property Value	\$	12,202,921
Personal Property		-
Centrally Assessed		9,137
<b>Total Assessed Value</b>	<b>\$</b>	<b>12,212,058</b>
<b>Less: Base Year Value <sup>5</sup></b>	<b>\$</b>	<b>(19,300)</b>
<b>Incremental Assessed Value</b>	<b>\$</b>	<b>12,192,758</b>
<b>Tax Rate:</b>		
<b>Total Tax Rate:</b>		1.1456%
<b>PROPERTY TAX INCREMENT REVENUES</b>		
Utah County		11,169
Alpine School District		98,713
Pleasant Grove City, Etc.		29,799
<b>Total Property Tax Increment:</b>	<b>\$</b>	<b>139,680</b>
<b>Percent of Property Tax Increment for Project</b>		
Utah County		75%
Alpine School District		85%
Pleasant Grove City, Etc.		100%
<b>Project Portion</b>		
Utah County		8,376
Alpine School District		83,906
Pleasant Grove City, Etc.		29,799
<b>Total Property Tax Increment Available to CDA</b>	<b>\$</b>	<b>122,081</b>
<b>Total Gross Taxable Sales</b>		
Pleasant Grove City Portion of Sales Tax Rate:		0.5000%
<b>SALES TAX INCREMENT REVENUES</b>	<b>\$</b>	<b>-</b>
<b>Percent of Sales Tax Increment for Project</b>		
		70%
<b>Total Sales Tax Increment Available to CDA</b>	<b>\$</b>	<b>-</b>
<b>Gross Room Sales</b>		
County Transient Room Tax for Tourism (1.00%)		-
County Transient Room Tax for Convention Centers (1.25%)		-
Municipal Transient Room Tax (1.0%)		-
<b>Total Transient Room Tax Increment Available to CDA</b>	<b>\$</b>	<b>-</b>
<b>TOTAL TAX INCREMENT REVENUE</b>		
Total Tax Increment Available to CDA	<b>\$</b>	<b>122,081</b>
Total Tax Increment Paid to CDA		121,980
Hammons Contribution to Debt Service		1,456,896
<b>TOTAL SOURCES OF TAX INCREMENT</b>	<b>\$</b>	<b>1,578,885</b>
<b>EXPENDITURES</b>		
CDA Administration @ 5.0%	\$	6,099
Debt Service on RDA Bonds		1,572,786
Development Activities		-
<b>TOTAL USES</b>	<b>\$</b>	<b>1,578,885</b>
<b>Retained Portion of Property Tax Increment</b>		
Utah County	\$	2,792
Alpine School District		14,807
Pleasant Grove City, Etc.		-
<b>Total Retained Portion of Property Tax Increment</b>	<b>\$</b>	<b>17,599</b>



Hammons CDA Project Area  
2016 Annual Budget  
September 28, 2015



	Tax Year	2015
	Payment Year	2016
<b>REVENUES</b>		
<b>TAXABLE VALUATION:</b>		
Land Value		
Real Property Value	\$	12,201,368
Personal Property		-
Centrally Assessed		9,137
<b>Total Assessed Value</b>	\$	12,210,505
<b>Less: Base Year Value<sup>5</sup></b>	\$	(19,300)
<b>Incremental Assessed Value</b>	\$	12,191,205
<b>Tax Rate:</b>		
<b>Total Tax Rate:</b>		1.1456%
<b>PROPERTY TAX INCREMENT REVENUES</b>		
Utah County		11,167
Alpine School District		98,700
Pleasant Grove City, Etc.		29,795
<b>Total Property Tax Increment:</b>	\$	139,662
<b>Percent of Property Tax Increment for Project</b>		
Utah County		75%
Alpine School District		85%
Pleasant Grove City, Etc.		100%
<b>Project Portion</b>		
Utah County		8,375
Alpine School District		83,895
Pleasant Grove City, Etc.		29,795
<b>Total Property Tax Increment Available to CDA</b>	\$	122,066
<b>Total Gross Taxable Sales</b>		
Pleasant Grove City Portion of Sales Tax Rate:		0.5000%
<b>SALES TAX INCREMENT REVENUES</b>	\$	-
<b>Percent of Sales Tax Increment for Project</b>		
		70%
<b>Total Sales Tax Increment Available to CDA</b>	\$	-
<b>Gross Room Sales</b>		
County Transient Room Tax for Tourism (1.00%)		-
County Transient Room Tax for Convention Centers (1.25%)		-
Municipal Transient Room Tax (1.0%)		-
<b>Total Transient Room Tax Increment Available to CDA</b>	\$	-
<b>TOTAL TAX INCREMENT REVENUE</b>		
Total Tax Increment Available to CDA	\$	122,066
Total Tax Increment Paid to CDA		122,066
Hammons Contribution to Debt Service		1,456,763
<b>TOTAL SOURCES OF TAX INCREMENT</b>	\$	1,578,828
<b>EXPENDITURES</b>		
CDA Administration @ 5.0%	\$	6,103
Debt Service on RDA Bonds		1,572,725
Development Activities		-
<b>TOTAL USES</b>	\$	1,578,828
<b>Retained Portion of Property Tax Increment</b>		
Utah County	\$	2,792
Alpine School District		14,805
Pleasant Grove City, Etc.		-
<b>Total Retained Portion of Property Tax Increment</b>	\$	17,597

**Hammons CDA Project Area**  
2017 Annual Budget  
September 28, 2015



	Tax Year Payment Year	2016 2017
<b>REVENUES</b>		
<b>TAXABLE VALUATION:</b>		
Land Value		
Real Property Value	\$	12,201,368
Personal Property		-
Centrally Assessed		9,137
<b>Total Assessed Value</b>	<b>\$</b>	<b>12,210,505</b>
<b>Less: Base Year Value <sup>5</sup></b>	<b>\$</b>	<b>(19,300)</b>
<b>Incremental Assessed Value</b>	<b>\$</b>	<b>12,191,205</b>
<b>Tax Rate:</b>		
<b>Total Tax Rate:</b>		1.1456%
<b>PROPERTY TAX INCREMENT REVENUES</b>		
Utah County		11,167
Alpine School District		98,700
Pleasant Grove City, Etc.		29,795
<b>Total Property Tax Increment:</b>	<b>\$</b>	<b>139,662</b>
<b>Percent of Property Tax Increment for Project</b>		
Utah County		75%
Alpine School District		85%
Pleasant Grove City, Etc.		100%
<b>Project Portion</b>		
Utah County		8,375
Alpine School District		83,895
Pleasant Grove City, Etc.		29,795
<b>Total Property Tax Increment Available to CDA</b>	<b>\$</b>	<b>122,066</b>
<b>Total Gross Taxable Sales</b>		
Pleasant Grove City Portion of Sales Tax Rate:		0.5000%
<b>SALES TAX INCREMENT REVENUES</b>	<b>\$</b>	<b>-</b>
<b>Percent of Sales Tax Increment for Project</b>		
		70%
<b>Total Sales Tax Increment Available to CDA</b>	<b>\$</b>	<b>-</b>
<b>Gross Room Sales</b>		
County Transient Room Tax for Tourism (1.00%)		-
County Transient Room Tax for Convention Centers (1.25%)		-
Municipal Transient Room Tax (1.0%)		-
<b>Total Transient Room Tax Increment Available to CDA</b>	<b>\$</b>	<b>-</b>
<b>TOTAL TAX INCREMENT REVENUE</b>		
Total Tax Increment Available to CDA	\$	122,066
Total Tax Increment Paid to CDA		122,066
Hammons Contribution to Debt Service		1,456,791
<b>TOTAL SOURCES OF TAX INCREMENT</b>	<b>\$</b>	<b>1,578,857</b>
<b>EXPENDITURES</b>		
CDA Administration @ 5.0%	\$	6,103
Debt Service on RDA Bonds		1,572,753
Development Activities		-
<b>TOTAL USES</b>	<b>\$</b>	<b>1,578,857</b>
<b>Retained Portion of Property Tax Increment</b>		
Utah County	\$	2,792
Alpine School District		14,805
Pleasant Grove City, Etc.		-
<b>Total Retained Portion of Property Tax Increment</b>	<b>\$</b>	<b>17,597</b>





Gateway CDA Project Area #1  
"Hammons Project"

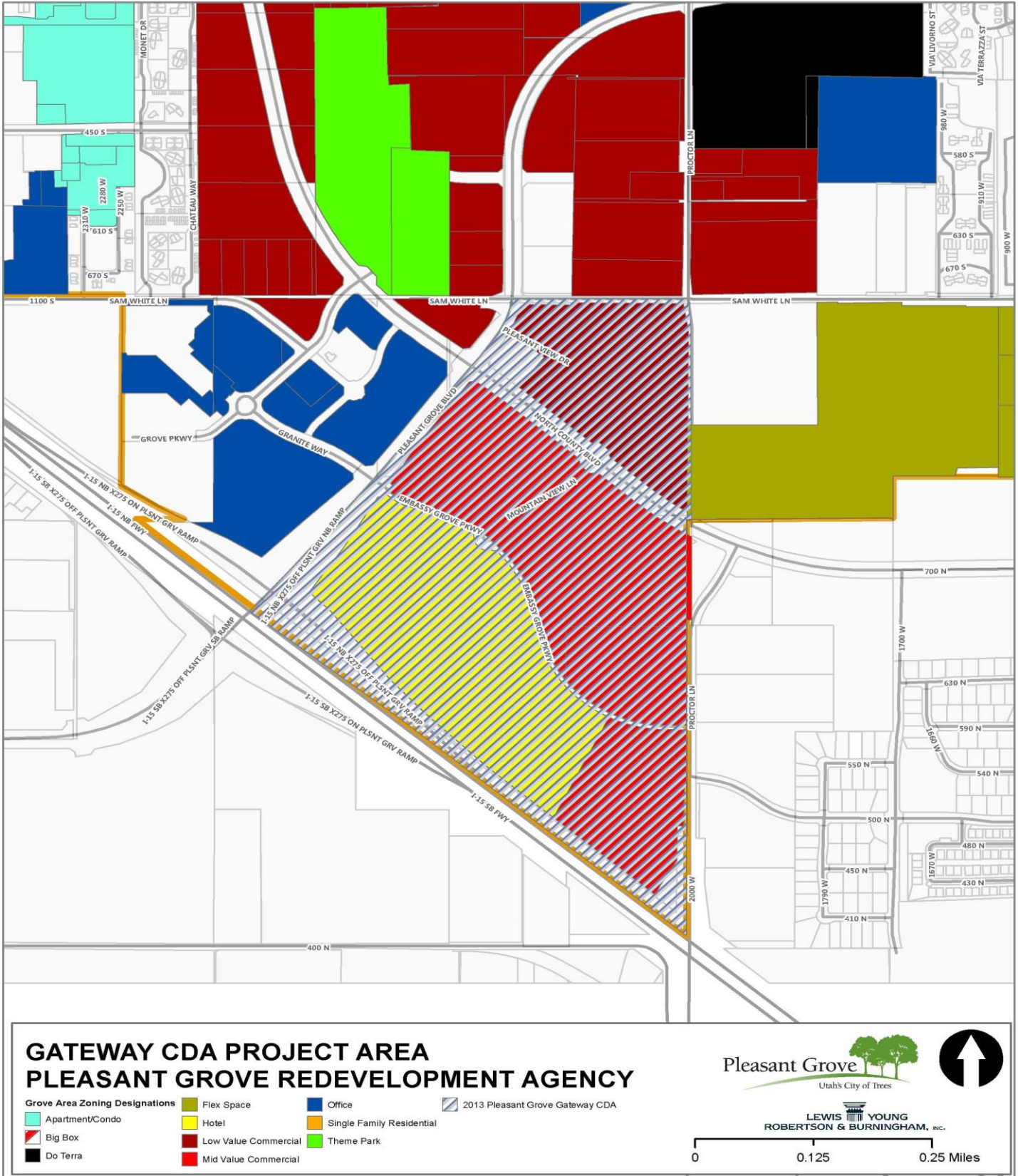
Ongoing Budget  
Multi-Year Project Area Budget Projections  
September 28, 2015



Tax Year Payment Year	2008	2009	2010	2011	2012	←===== HISTORIC		PROJECTED =====>														TOTALS				
	2009	2010	2011	2012	2013	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028		2029	2030	2031	2032
<b>REVENUES</b>																										
<b>TAXABLE VALUATION:</b>																										
Real Property Value <sup>1</sup>	\$ 32,192	\$ 13,235,062	\$ 12,970,716	\$ 16,602,382	\$ 16,602,843	\$ 11,968,048	\$ 12,202,921	\$ 12,201,368	\$ 12,201,368	\$ 28,413,600	\$ 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	\$ 79,320,960
Personal Property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Centrally Assessed	-	-	-	-	-	9,118	9,137	9,137	9,137	9,137	9,137	9,137	9,137	9,137	9,137	9,137	9,137	9,137	9,137	9,137	9,137	9,137	9,137	9,137	9,137	9,137
<b>Total Assessed Value</b>	<b>\$ 32,192</b>	<b>\$ 13,235,062</b>	<b>\$ 12,970,716</b>	<b>\$ 16,602,382</b>	<b>\$ 16,602,843</b>	<b>\$ 11,967,166</b>	<b>\$ 12,212,058</b>	<b>\$ 12,210,505</b>	<b>\$ 12,210,505</b>	<b>\$ 28,422,737</b>	<b>\$ 46,356,437</b>	<b>\$ 69,887,267</b>	<b>\$ 79,330,097</b>	<b>\$ 79,330,097</b>	<b>\$ 79,330,097</b>	<b>\$ 79,330,097</b>	<b>\$ 79,330,097</b>	<b>\$ 79,330,097</b>	<b>\$ 79,330,097</b>	<b>\$ 79,330,097</b>	<b>\$ 79,330,097</b>	<b>\$ 79,330,097</b>	<b>\$ 79,330,097</b>	<b>\$ 79,330,097</b>	<b>\$ 79,330,097</b>	<b>\$ 79,330,097</b>
<b>Less: Base Year Value</b>	<b>\$ (19,300)</b>	<b>\$ (19,300)</b>	<b>\$ (19,300)</b>	<b>\$ (19,300)</b>	<b>\$ (19,300)</b>	<b>\$ (19,300)</b>	<b>\$ (19,300)</b>	<b>\$ (19,300)</b>	<b>\$ (19,300)</b>	<b>\$ (19,300)</b>	<b>\$ (19,300)</b>	<b>\$ (19,300)</b>	<b>\$ (19,300)</b>	<b>\$ (19,300)</b>	<b>\$ (19,300)</b>	<b>\$ (19,300)</b>	<b>\$ (19,300)</b>	<b>\$ (19,300)</b>	<b>\$ (19,300)</b>	<b>\$ (19,300)</b>	<b>\$ (19,300)</b>	<b>\$ (19,300)</b>	<b>\$ (19,300)</b>	<b>\$ (19,300)</b>	<b>\$ (19,300)</b>	<b>\$ (19,300)</b>
<b>Incremental Assessed Value</b>	<b>\$ 12,892</b>	<b>\$ 13,215,762</b>	<b>\$ 12,951,416</b>	<b>\$ 16,583,082</b>	<b>\$ 16,583,543</b>	<b>\$ 11,947,866</b>	<b>\$ 12,192,758</b>	<b>\$ 12,191,205</b>	<b>\$ 12,191,205</b>	<b>\$ 28,403,437</b>	<b>\$ 46,337,137</b>	<b>\$ 69,867,967</b>	<b>\$ 79,310,797</b>	<b>\$ 79,310,797</b>	<b>\$ 79,310,797</b>	<b>\$ 79,310,797</b>	<b>\$ 79,310,797</b>	<b>\$ 79,310,797</b>	<b>\$ 79,310,797</b>	<b>\$ 79,310,797</b>	<b>\$ 79,310,797</b>	<b>\$ 79,310,797</b>	<b>\$ 79,310,797</b>	<b>\$ 79,310,797</b>	<b>\$ 79,310,797</b>	<b>\$ 79,310,797</b>
<b>Tax Rate:</b>																										
<b>Total Tax Rate:</b>	<b>0.9880%</b>	<b>1.0704%</b>	<b>1.1860%</b>	<b>1.2675%</b>	<b>1.2754%</b>	<b>1.2212%</b>	<b>1.1456%</b>	<b>1.1456%</b>	<b>1.1456%</b>	<b>1.1456%</b>	<b>1.1456%</b>	<b>1.1456%</b>	<b>1.1456%</b>	<b>1.1456%</b>	<b>1.1456%</b>	<b>1.1456%</b>	<b>1.1456%</b>	<b>1.1456%</b>	<b>1.1456%</b>	<b>1.1456%</b>	<b>1.1456%</b>	<b>1.1456%</b>	<b>1.1456%</b>	<b>1.1456%</b>	<b>1.1456%</b>	
<b>PROPERTY TAX INCREMENT REVENUES</b>																										
Utah County	9	10,520	14,360	18,954	18,690	12,020	11,169	11,167	11,167	26,018	42,445	63,999	72,649	72,649	72,649	72,649	72,649	72,649	72,649	72,649	72,649	72,649	72,649	72,649	72,649	72,649
Alpine School District	91	99,660	106,461	146,130	146,400	101,497	98,713	98,700	98,700	229,954	375,145	565,651	642,100	642,100	642,100	642,100	642,100	642,100	642,100	642,100	642,100	642,100	642,100	642,100	642,100	642,100
Pleasant Grove City, Etc.	27	31,282	32,793	45,106	46,417	32,391	29,799	29,795	29,795	69,418	113,248	170,757	193,836	193,836	193,836	193,836	193,836	193,836	193,836	193,836	193,836	193,836	193,836	193,836	193,836	193,836
<b>Total Property Tax Increment:</b>	<b>\$ 127</b>	<b>\$ 141,462</b>	<b>\$ 153,604</b>	<b>\$ 210,191</b>	<b>\$ 211,507</b>	<b>\$ 145,907</b>	<b>\$ 139,680</b>	<b>\$ 139,662</b>	<b>\$ 139,662</b>	<b>\$ 325,390</b>	<b>\$ 530,838</b>	<b>\$ 800,407</b>	<b>\$ 908,584</b>	<b>\$ 908,584</b>	<b>\$ 908,584</b>	<b>\$ 908,584</b>	<b>\$ 908,584</b>	<b>\$ 908,584</b>	<b>\$ 908,584</b>	<b>\$ 908,584</b>	<b>\$ 908,584</b>	<b>\$ 908,584</b>	<b>\$ 908,584</b>	<b>\$ 908,584</b>	<b>\$ 908,584</b>	<b>\$ 908,584</b>
<b>Percent of Property Tax Increment for Project</b>																										
Utah County	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	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%
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%
<b>Project Portion</b>																										
Utah County	7	7,890	10,763	14,216	14,017	9,015	8,376	8,375	8,375	19,513	31,834	47,999	54,487	54,487	54,487	54,487	54,487	54,487	54,487	54,487	54,487	54,487	54,487	54,487	54,487	54,487
Alpine School District	77	84,711	90,492	124,211	124,440	86,273	83,906	83,895	83,895	195,461	318,874	480,803	545,785	545,785	545,785	545,785	545,785	545,785	545,785	545,785	545,785	545,785	545,785	545,785	545,785	545,785
Pleasant Grove City, Etc.	27	31,282	32,793	45,106	46,417	32,391	29,799	29,795	29,795	69,418	113,248	170,757	193,836	193,836	193,836	193,836	193,836	193,836	193,836	193,836	193,836	193,836	193,836	193,836	193,836	193,836
<b>Total Property Tax Increment Available to CDA</b>	<b>\$ 111</b>	<b>\$ 123,883</b>	<b>\$ 134,047</b>	<b>\$ 183,532</b>	<b>\$ 184,874</b>	<b>\$ 127,878</b>	<b>\$ 122,081</b>	<b>\$ 122,066</b>	<b>\$ 122,066</b>	<b>\$ 284,392</b>	<b>\$ 463,955</b>	<b>\$ 699,560</b>	<b>\$ 794,107</b>	<b>\$ 794,107</b>	<b>\$ 794,107</b>	<b>\$ 794,107</b>	<b>\$ 794,107</b>	<b>\$ 794,107</b>	<b>\$ 794,107</b>	<b>\$ 794,107</b>	<b>\$ 794,107</b>	<b>\$ 794,107</b>	<b>\$ 794,107</b>	<b>\$ 794,107</b>	<b>\$ 794,107</b>	
<b>Total Gross Taxable Sales</b>																										
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%	8.354412	12.573812	12.573812	12.573812	12.573812	12.573812	12.573812	12.573812	12.573812	12.573812	12.573812	12.573812	12.573812	12.573812	12.573812	12.573812	
<b>SALES TAX INCREMENT REVENUES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 41,772</b>	<b>\$ 62,869</b>	<b>\$ 62,869</b>	<b>\$ 89,682</b>	<b>\$ 123,283</b>	<b>\$ 123,283</b>	<b>\$ 123,283</b>	<b>\$ 123,283</b>	<b>\$ 123,283</b>	<b>\$ 123,283</b>	<b>\$ 123,283</b>	<b>\$ 123,283</b>	<b>\$ 123,283</b>	<b>\$ 123,283</b>	<b>\$ 123,283</b>	<b>\$ 123,283</b>	<b>\$ 123,283</b>
<b>Percent of Sales Tax Increment for Project</b>																										
	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%
<b>Total Sales Tax Increment Available to CDA</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 29,240</b>	<b>\$ 44,008</b>	<b>\$ 44,008</b>	<b>\$ 62,777</b>	<b>\$ 86,298</b>	<b>\$ 86,298</b>	<b>\$ 86,298</b>	<b>\$ 86,298</b>	<b>\$ 86,298</b>	<b>\$ 86,298</b>	<b>\$ 86,298</b>	<b>\$ 86,298</b>	<b>\$ 86,298</b>	<b>\$ 86,298</b>	<b>\$ 86,298</b>	<b>\$ 86,298</b>	<b>\$ 86,298</b>
<b>Gross Room Sales</b>																										
County Transient Room Tax for Tourism (1.00%)	-	-	-	-	-	-	-	-	-	8,354.412	12,573.812	12,573.812	12,573.812	12,573.812	12,573.812	12,573.812	12,573.812	12,573.812	12,573.812	12,573.812	12,573.812	12,573.812	12,573.812	12,573.812	12,573.812	
County Transient Room Tax for Convention Centers (1.25%)	-	-	-	-	-	-	-	-	-	104.430	157.173	157.173	157.173	157.173	157.173	157.173	157.173	157.173	157.173	157.173	157.173	157.173	157.173	157.173	157.173	157.173
Municipal Transient Room Tax (1.0%)	-	-	-	-	-	-	-	-	-	83.544	125.738	125.738	125.738	125.738	125.738	125.738	125.738	125.738	125.738	125.738	125.738	125.738	125.738	125.738	125.738	125.738
<b>Total Transient Room Tax Increment Available to CDA</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 271,518</b>	<b>\$ 408,649</b>	<b>\$ 408,649</b>	<b>\$ 408,649</b>	<b>\$ 408,649</b>	<b>\$ 408,649</b>	<b>\$ 408,649</b>	<b>\$ 408,649</b>	<b>\$ 408,649</b>	<b>\$ 408,649</b>	<b>\$ 408,649</b>	<b>\$ 408,649</b>	<b>\$ 408,649</b>	<b>\$ 408,649</b>	<b>\$ 408,649</b>	<b>\$ 408,649</b>	<b>\$ 408,649</b>
<b>TOTAL TAX INCREMENT REVENUE</b>																										
Total Tax Increment Available to CDA	\$ 111	\$ 123,883	\$ 134,047	\$ 183,532	\$ 184,874	\$ 127,878	\$ 122,081	\$ 122,066	\$ 122,066	\$ 585,151	\$ 916,612	\$ 1,152,217	\$ 1,265,533	\$ 1,289,054	\$ 1,289,054	\$ 1,289,054	\$ 1,289,054	\$ 1,289,054	\$ 1,289,054	\$ 1,289,054	\$ 1,289,054	\$ 1,289,054	\$ 1,289,054	\$ 1,289,054	\$ 1,289,054	\$ 1,289,054
Total Tax Increment Paid to CDA	111	123,612	134,047	183,532	184,874	127,678	121,990	122,066	122,066	585,151	916,612	1,152,217	1,265,533	1,289,054	1,289,054	1,289,054	1,289,054	1,289,054	1,289,054	1,289,054	1,289,054	1,289,054	1,289,054	1,289,054	1,289,054	1,289,054
Hammons Contribution to Debt Service	-	-	-	-	1,400,124	1,451,758	1,456,896	1,456,763	1,456,791	1,016,862	701,833	478,610	371,129	12,040,407	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL SOURCES OF TAX INCREMENT</b>	<b>\$ 111</b>	<b>\$ 123,612</b>	<b>\$ 134,047</b>	<b>\$ 183,532</b>	<b>\$ 1,584,998</b>	<b>\$ 1,579,436</b>	<b>\$ 1,578,885</b>	<b>\$ 1,578,828</b>	<b>\$ 1,578,857</b>	<b>\$ 1,602,013</b>	<b>\$ 1,618,445</b>	<b>\$ 1,630,827</b>	<b>\$ 1,636,663</b>	<b>\$ 13,329,461</b>	<b>\$ 1,289,054</b>	<b>\$ 1,289,054</b>	<b>\$ 1,289,054</b>	<b>\$ 1,289,054</b>	<b>\$ 1,289,054</b>	<b>\$ 1,289,054</b>	<b>\$ 1,289,054</b>	<b>\$ 1,289,054</b>	<b>\$ 1,289,054</b>	<b>\$ 1,289,054</b>	<b>\$ 1,289,054</b>	<b>\$ 1,289,054</b>
<b>EXPENDITURES</b>																										
CDA Administration @ 5.0%	6	6,181	6,702	9,177	9,244	6,384	6,099	6,103	6,103	29,258	45,831	57,611	63,277	64,453	64,453	64,453	64,453	64,453	64,453	64,453	64,453	64,453	64,453	64,453	64,453	64,453
Debt Service on RDA Bonds <sup>2</sup>	-	-	-	-	1,575,755	1,573,052	1,572,786	1,572,725	1,572,753	1,572,755	1,572,815	1,573,216	1,573,386	13,265,008	-	-	-	-	-	-	-	-	-	-	-	-
Development Activities	106	117,431	127,345	174,356	-	-	-	-	-	-	-	-	-	1,224,601	1,224,601	1,224,601	1,224,601	1,224,601	1,224,601	1,224,601	1,224,601	1,224,601	1,224,601	1,224,601	1,224,601	
<b>TOTAL USES</b>	<b>\$ 111</b>	<b>\$ 123,612</b>	<b>\$ 134,047</b>	<b>\$ 183,532</b>	<b>\$ 1,584,998</b>	<b>\$ 1,579,436</b>	<b>\$ 1,578,885</b>	<b>\$ 1,578,828</b>	<b>\$ 1,578,857</b>	<b>\$ 1,602,013</b>	<b>\$ 1,618,445</b>	<b>\$ 1,630,827</b>	<b>\$ 1,636,663</b>	<b>\$ 13,329,461</b>	<b>\$ 1,289,054</b>	<b>\$ 1,289,054</b>	<b>\$ 1,289,</b>									



EXHIBIT A





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

Table 3.1: Project Area Overview

OVERVIEW				
<b>Type</b> CDA	<b>Acreage</b> 53.27	<b>Purpose</b> Commercial and Industrial Development	<b>Taxing Area</b> 070-0000	<b>Tax Rate</b> N/A
<b>Creation Year</b> FY 2012	<b>Base Year</b> FY 2012	<b>Term</b> 20 Years	<b>Trigger Year</b> TY 2015/FY 2016	<b>Expiration Year</b> TY 2034/FY 2035
<b>Base Value</b> \$551,681	<b>TY 2014 Value</b> N/A	<b>Increase</b> N/A	<b>FY 2015 Increment</b> N/A	<b>Jobs Created</b> N/A



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: Sources of Funds

PROJECTED 2016 SOURCES OF FUNDS	
Property Tax Increment	\$197,582
Sales Tax Contribution	42,000
<b>Total Sources of Funds</b>	<b>\$239,582</b>

## PROPERTY TAX

Table 3.3: Property Tax Increment Levels

PROPERTY TAX INCREMENT LEVELS			
Taxing Entity	Years	Property Tax %	Lifetime Maximum Tax Increment to Agency
Utah County	TY 2015-2034	75%	\$4,750,000
Alpine School District	TY 2015-2034	25%	\$1,532,781
Pleasant Grove City	TY 2015-2034	75%	\$4,750,000
North Utah County Water Conservancy District	TY 2015-2034	75%	\$4,750,000
Central Utah Water Conservancy District	TY 2015-2034	75%	\$4,750,000

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: Transient Room Tax/Sales and Use Tax Contributions

SALES TAX CONTRIBUTIONS		
Taxing Entity	Years	Annual Maximum Sales Tax to Agency
Pleasant Grove City	TY 2015-2034	\$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.

**USES OF FUNDS**

Table 3.5: Uses of Funds

PROJECTED 2016 USES OF FUNDS	
CDA Administration @ 5% of Property Tax Increment	\$9,879
Development Incentive Fund	229,702
Total Uses of Funds	\$239,582

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 (I) 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.

Property tax increment to be remitted to the Development Incentive Fund is capped at \$4,750,000 while sales tax contributions are limited to \$42,000 per year.

## PROJECT AREA REPORTING AND ACCOUNTABILITY

### BENEFITS DERIVED BY PARTICIPATING TAXING ENTITIES

Table 3.6: Benefits to Taxing Entities

BENEFITS TO TAXING ENTITIES	
*Job Creation	
*Increased Property Tax Revenues	
*Increased Sales Tax Revenues	

### 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 3.7: Project Area Budget

FORECASTED PROJECT AREA BUDGET		2016-2035	
REVENUES		TOTALS	NPV @ 5%
Property Tax Increment		\$3,680,375	\$2,317,117
Sales Tax Contribution		840,000	523,413
<b>Total Revenue</b>		<b>\$4,520,375</b>	<b>\$2,840,530</b>
EXPENDITURES		TOTALS	NPV @ 5%
CDA Administration @ 5%		\$184,019	\$115,856
Development Incentive Fund		\$4,336,357	2,724,674
<b>Total Expenditures</b>		<b>\$4,520,375</b>	<b>\$2,840,530</b>

### OTHER ISSUES

Tax increment for the 1300 West CDA Project Area is scheduled to be triggered in tax year 2015, with the expectation that the Agency will receive tax increment revenues in fiscal year 2016. The Agency will thus need to confirm its intention to trigger tax increment with the County Auditor and County Assessor this year in order to ensure that the tax increment will begin flowing to the Agency in FY 2016 as planned.

LYRB has not identified any other 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 three sheets represent the FY 2016, FY 2017, and projected multi-year budget from 2016 to 2035.



1300 West CDA Project Area  
2016 Annual Budget  
September 28, 2015



	Tax Year Payment Year	2015 2016
<b>REVENUES</b>		
<b>TAXABLE VALUATION:</b>		
Real Property Value	\$	37,836,492
Personal Property		-
Centrally Assessed		-
<b>Total Assessed Value</b>	<b>\$</b>	<b>37,836,492</b>
<b>Less: Base Year Value</b>	<b>\$</b>	<b>(551,681)</b>
<b>Incremental Assessed Value</b>	<b>\$</b>	<b>37,284,811</b>
<b>Tax Rate:</b>		
Utah County		0.1324%
Alpine School District		0.8828%
Pleasant Grove City		0.2315%
North Utah County Water Conservancy District		0.0029%
Central Utah Water Conservancy		0.0455%
<b>Total Tax Rate:</b>		<b>1.2951%</b>
<b>PROPERTY TAX INCREMENT REVENUES</b>		
Utah County		49,365
Alpine School District		329,150
Pleasant Grove City, Etc.		104,360
<b>Total Property Tax Increment:</b>	<b>\$</b>	<b>482,876</b>
<b>Percent of Property Tax Increment for Project</b>		
Utah County		75%
Alpine School District		25%
Pleasant Grove City, Etc.		75%
<b>Project Portion</b>		
Utah County		37,024
Alpine School District		82,288
Pleasant Grove City, Etc.		78,270
<b>Total Property Tax Increment Available to CDA</b>	<b>\$</b>	<b>197,582</b>
<b>Total Gross Taxable Sales</b>		
Pleasant Grove City Sales Tax Contribution to Project Area		49,298
Remaining Sales Tax to Pleasant Grove City		144,000
<b>TOTAL SALES TAX INCREMENT REVENUES</b>	<b>\$</b>	<b>186,000</b>
<b>Total Sales Tax Increment Available to CDA</b>	<b>\$</b>	<b>42,000</b>
<b>TOTAL TAX INCREMENT REVENUE</b>		
Total Tax Increment Available to CDA	<b>\$</b>	<b>239,582</b>
Total Tax Increment Collected and Paid to CDA		239,582
Prior Year Tax Increment		-
<b>TOTAL SOURCES OF TAX INCREMENT</b>	<b>\$</b>	<b>239,582</b>
<b>EXPENDITURES</b>		
CDA Administration @ 5%	\$	9,879
Development Incentive Fund @ 95%		229,702
<b>TOTAL USES</b>	<b>\$</b>	<b>239,582</b>
<b>Retained Portion of Property Tax Increment</b>		
Utah County	\$	12,341
Alpine School District		246,863
Pleasant Grove City, Etc.		26,090
<b>Total Retained Portion of Property Tax Increment</b>	<b>\$</b>	<b>285,294</b>



1300 West CDA Project Area  
2017 Annual Budget  
September 28, 2015



	Tax Year	2016
	Payment Year	2017
<b>REVENUES</b>		
<b>TAXABLE VALUATION:</b>		
Real Property Value	\$	37,836,492
Personal Property		-
Centrally Assessed		-
<b>Total Assessed Value</b>	<b>\$</b>	<b>37,836,492</b>
<b>Less: Base Year Value</b>	<b>\$</b>	<b>(551,681)</b>
<b>Incremental Assessed Value</b>	<b>\$</b>	<b>37,284,811</b>
<b>Tax Rate:</b>		
Utah County		0.1324%
Alpine School District		0.8828%
Pleasant Grove City		0.2315%
North Utah County Water Conservancy District		0.0029%
Central Utah Water Conservancy		0.0455%
<b>Total Tax Rate:</b>		<b>1.2951%</b>
<b>PROPERTY TAX INCREMENT REVENUES</b>		
Utah County		49,365
Alpine School District		329,150
Pleasant Grove City, Etc.		104,360
<b>Total Property Tax Increment:</b>	<b>\$</b>	<b>482,876</b>
<b>Percent of Property Tax Increment for Project</b>		
Utah County		75%
Alpine School District		25%
Pleasant Grove City, Etc.		75%
<b>Project Portion</b>		
Utah County		37,024
Alpine School District		82,288
Pleasant Grove City, Etc.		78,270
<b>Total Property Tax Increment Available to CDA</b>	<b>\$</b>	<b>197,582</b>
<b>Total Gross Taxable Sales</b>		
Pleasant Grove City Sales Tax Contribution to Project Area		49,298
Remaining Sales Tax to Pleasant Grove City		156,000
<b>TOTAL SALES TAX INCREMENT REVENUES</b>	<b>\$</b>	<b>198,000</b>
<b>Total Sales Tax Increment Available to CDA</b>	<b>\$</b>	<b>42,000</b>
<b>TOTAL TAX INCREMENT REVENUE</b>		
Total Tax Increment Available to CDA	<b>\$</b>	<b>239,582</b>
Total Tax Increment Collected and Paid to CDA		239,582
Prior Year Tax Increment		-
<b>TOTAL SOURCES OF TAX INCREMENT</b>	<b>\$</b>	<b>239,582</b>
<b>EXPENDITURES</b>		
CDA Administration @ 5%	\$	9,879
Development Incentive Fund @ 95%		229,702
<b>TOTAL USES</b>	<b>\$</b>	<b>239,582</b>
<b>Retained Portion of Property Tax Increment</b>		
Utah County	\$	12,341
Alpine School District		246,863
Pleasant Grove City, Etc.		26,090
<b>Total Retained Portion of Property Tax Increment</b>	<b>\$</b>	<b>285,294</b>





1300 West CDA Project Area

"doTERRA Project"

Original Budget  
Multi-Year Project Area Budget Projections  
September 28, 2015



Tax Year Payment Year	PROJECTED =====>																				TOTALS
	2015 2016	2016 2017	2017 2018	2018 2019	2019 2020	2020 2021	2021 2022	2022 2023	2023 2024	2024 2025	2025 2026	2026 2027	2027 2028	2028 2029	2029 2030	2030 2031	2031 2032	2032 2033	2033 2034	2034 2035	
<b>REVENUES</b>																					
<b>TAXABLE VALUATION:</b>																					
Real Property Value	\$ 37,836,492	\$ 37,836,492	\$ 37,836,492	\$ 36,617,742	\$ 36,617,742	\$ 36,617,742	\$ 35,398,992	\$ 35,398,992	\$ 35,398,992	\$ 34,180,242	\$ 34,180,242	\$ 34,180,242	\$ 34,180,242	\$ 34,180,242	\$ 34,180,242	\$ 34,180,242	\$ 34,180,242	\$ 34,180,242	\$ 34,180,242	\$ 34,180,242	\$ 34,180,242
Personal Property Centrally Assessed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Assessed Value</b>	<b>\$ 37,836,492</b>	<b>\$ 37,836,492</b>	<b>\$ 37,836,492</b>	<b>\$ 36,617,742</b>	<b>\$ 36,617,742</b>	<b>\$ 36,617,742</b>	<b>\$ 35,398,992</b>	<b>\$ 35,398,992</b>	<b>\$ 35,398,992</b>	<b>\$ 34,180,242</b>	<b>\$ 34,180,242</b>	<b>\$ 34,180,242</b>	<b>\$ 34,180,242</b>	<b>\$ 34,180,242</b>	<b>\$ 34,180,242</b>	<b>\$ 34,180,242</b>	<b>\$ 34,180,242</b>	<b>\$ 34,180,242</b>	<b>\$ 34,180,242</b>	<b>\$ 34,180,242</b>	<b>\$ 34,180,242</b>
<b>Less: Base Year Value</b>	<b>\$ (551,681)</b>	<b>\$ (551,681)</b>	<b>\$ (551,681)</b>	<b>\$ (551,681)</b>	<b>\$ (551,681)</b>	<b>\$ (551,681)</b>	<b>\$ (551,681)</b>	<b>\$ (551,681)</b>	<b>\$ (551,681)</b>	<b>\$ (551,681)</b>	<b>\$ (551,681)</b>	<b>\$ (551,681)</b>	<b>\$ (551,681)</b>	<b>\$ (551,681)</b>	<b>\$ (551,681)</b>	<b>\$ (551,681)</b>	<b>\$ (551,681)</b>	<b>\$ (551,681)</b>	<b>\$ (551,681)</b>	<b>\$ (551,681)</b>	<b>\$ (551,681)</b>
<b>Incremental Assessed Value</b>	<b>\$ 37,284,811</b>	<b>\$ 37,284,811</b>	<b>\$ 37,284,811</b>	<b>\$ 36,066,061</b>	<b>\$ 36,066,061</b>	<b>\$ 36,066,061</b>	<b>\$ 34,847,311</b>	<b>\$ 34,847,311</b>	<b>\$ 34,847,311</b>	<b>\$ 33,628,561</b>	<b>\$ 33,628,561</b>	<b>\$ 33,628,561</b>	<b>\$ 33,628,561</b>	<b>\$ 33,628,561</b>	<b>\$ 33,628,561</b>	<b>\$ 33,628,561</b>	<b>\$ 33,628,561</b>	<b>\$ 33,628,561</b>	<b>\$ 33,628,561</b>	<b>\$ 33,628,561</b>	<b>\$ 33,628,561</b>
<b>Tax Rate:</b>																					
Utah County	0.1324%	0.1324%	0.1324%	0.1324%	0.1324%	0.1324%	0.1324%	0.1324%	0.1324%	0.1324%	0.1324%	0.1324%	0.1324%	0.1324%	0.1324%	0.1324%	0.1324%	0.1324%	0.1324%	0.1324%	0.1324%
Alpine School District	0.8828%	0.8828%	0.8828%	0.8828%	0.8828%	0.8828%	0.8828%	0.8828%	0.8828%	0.8828%	0.8828%	0.8828%	0.8828%	0.8828%	0.8828%	0.8828%	0.8828%	0.8828%	0.8828%	0.8828%	0.8828%
Pleasant Grove City	0.2315%	0.2315%	0.2315%	0.2315%	0.2315%	0.2315%	0.2315%	0.2315%	0.2315%	0.2315%	0.2315%	0.2315%	0.2315%	0.2315%	0.2315%	0.2315%	0.2315%	0.2315%	0.2315%	0.2315%	0.2315%
North Utah County Water Conservancy District	0.0029%	0.0029%	0.0029%	0.0029%	0.0029%	0.0029%	0.0029%	0.0029%	0.0029%	0.0029%	0.0029%	0.0029%	0.0029%	0.0029%	0.0029%	0.0029%	0.0029%	0.0029%	0.0029%	0.0029%	0.0029%
Central Utah Water Conservancy	0.0455%	0.0455%	0.0455%	0.0455%	0.0455%	0.0455%	0.0455%	0.0455%	0.0455%	0.0455%	0.0455%	0.0455%	0.0455%	0.0455%	0.0455%	0.0455%	0.0455%	0.0455%	0.0455%	0.0455%	0.0455%
<b>Total Tax Rate:</b>	<b>1.2951%</b>	<b>1.2951%</b>	<b>1.2951%</b>	<b>1.2951%</b>	<b>1.2951%</b>	<b>1.2951%</b>	<b>1.2951%</b>	<b>1.2951%</b>	<b>1.2951%</b>	<b>1.2951%</b>	<b>1.2951%</b>	<b>1.2951%</b>	<b>1.2951%</b>	<b>1.2951%</b>	<b>1.2951%</b>	<b>1.2951%</b>	<b>1.2951%</b>	<b>1.2951%</b>	<b>1.2951%</b>	<b>1.2951%</b>	<b>1.2951%</b>
<b>PROPERTY TAX INCREMENT REVENUES</b>																					
Utah County	49,365	49,365	49,365	47,751	47,751	47,751	46,138	46,138	46,138	44,524	44,524	44,524	44,524	44,524	44,524	44,524	44,524	44,524	44,524	44,524	44,524
Alpine School District	329,150	329,150	329,150	318,391	318,391	318,391	307,632	307,632	307,632	296,873	296,873	296,873	296,873	296,873	296,873	296,873	296,873	296,873	296,873	296,873	296,873
Pleasant Grove City, Etc.	104,360	104,360	104,360	100,949	100,949	100,949	97,538	97,538	97,538	94,126	94,126	94,126	94,126	94,126	94,126	94,126	94,126	94,126	94,126	94,126	94,126
<b>Total Property Tax Increment:</b>	<b>\$ 482,876</b>	<b>\$ 482,876</b>	<b>\$ 482,876</b>	<b>\$ 467,092</b>	<b>\$ 467,092</b>	<b>\$ 467,092</b>	<b>\$ 451,308</b>	<b>\$ 451,308</b>	<b>\$ 451,308</b>	<b>\$ 435,523</b>	<b>\$ 435,523</b>	<b>\$ 435,523</b>	<b>\$ 435,523</b>	<b>\$ 435,523</b>	<b>\$ 435,523</b>	<b>\$ 435,523</b>	<b>\$ 435,523</b>	<b>\$ 435,523</b>	<b>\$ 435,523</b>	<b>\$ 435,523</b>	<b>\$ 435,523</b>
<b>Percent of Property Tax Increment for Project</b>																					
Utah County	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
Alpine School District	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Pleasant Grove City, Etc.	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
<b>Project Portion</b>																					
Utah County	37,024	37,024	37,024	35,814	35,814	35,814	34,603	34,603	34,603	33,393	33,393	33,393	33,393	33,393	33,393	33,393	33,393	33,393	33,393	33,393	33,393
Alpine School District	82,288	82,288	82,288	79,598	79,598	79,598	76,908	76,908	76,908	74,218	74,218	74,218	74,218	74,218	74,218	74,218	74,218	74,218	74,218	74,218	74,218
Pleasant Grove City, Etc.	78,270	78,270	78,270	75,712	75,712	75,712	73,153	73,153	73,153	70,595	70,595	70,595	70,595	70,595	70,595	70,595	70,595	70,595	70,595	70,595	70,595
<b>Total Property Tax Increment Available to CDA</b>	<b>\$ 197,582</b>	<b>\$ 197,582</b>	<b>\$ 197,582</b>	<b>\$ 191,123</b>	<b>\$ 191,123</b>	<b>\$ 191,123</b>	<b>\$ 184,665</b>	<b>\$ 184,665</b>	<b>\$ 184,665</b>	<b>\$ 178,206</b>	<b>\$ 178,206</b>	<b>\$ 178,206</b>	<b>\$ 178,206</b>	<b>\$ 178,206</b>	<b>\$ 178,206</b>	<b>\$ 178,206</b>	<b>\$ 178,206</b>	<b>\$ 178,206</b>	<b>\$ 178,206</b>	<b>\$ 178,206</b>	<b>\$ 178,206</b>
<b>Total Gross Taxable Sales</b>																					
Pleasant Grove City Sales Tax Contribution to Project Area	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000
Remaining Sales Tax to Pleasant Grove City	144,000	156,000	168,000	180,000	192,000	204,000	216,000	228,000	240,000	252,000	264,000	276,000	288,000	300,000	312,000	324,000	336,000	348,000	360,000	372,000	384,000
<b>TOTAL SALES TAX INCREMENT REVENUES</b>	<b>\$ 186,000</b>	<b>\$ 198,000</b>	<b>\$ 210,000</b>	<b>\$ 222,000</b>	<b>\$ 234,000</b>	<b>\$ 246,000</b>	<b>\$ 258,000</b>	<b>\$ 270,000</b>	<b>\$ 282,000</b>	<b>\$ 294,000</b>	<b>\$ 306,000</b>	<b>\$ 318,000</b>	<b>\$ 330,000</b>	<b>\$ 342,000</b>	<b>\$ 354,000</b>	<b>\$ 366,000</b>	<b>\$ 378,000</b>	<b>\$ 390,000</b>	<b>\$ 402,000</b>	<b>\$ 414,000</b>	<b>\$ 426,000</b>
<b>Total Sales Tax Increment Available to CDA</b>	<b>\$ 42,000</b>	<b>\$ 42,000</b>	<b>\$ 42,000</b>	<b>\$ 42,000</b>	<b>\$ 42,000</b>	<b>\$ 42,000</b>	<b>\$ 42,000</b>	<b>\$ 42,000</b>	<b>\$ 42,000</b>	<b>\$ 42,000</b>	<b>\$ 42,000</b>	<b>\$ 42,000</b>	<b>\$ 42,000</b>	<b>\$ 42,000</b>	<b>\$ 42,000</b>	<b>\$ 42,000</b>	<b>\$ 42,000</b>	<b>\$ 42,000</b>	<b>\$ 42,000</b>	<b>\$ 42,000</b>	<b>\$ 42,000</b>
<b>TOTAL TAX INCREMENT REVENUE</b>																					
Total Tax Increment Available to CDA	\$ 239,582	\$ 239,582	\$ 239,582	\$ 233,123	\$ 233,123	\$ 233,123	\$ 226,665	\$ 226,665	\$ 226,665	\$ 220,206	\$ 220,206	\$ 220,206	\$ 220,206	\$ 220,206	\$ 220,206	\$ 220,206	\$ 220,206	\$ 220,206	\$ 220,206	\$ 220,206	\$ 220,206
Total Tax Increment Collected and Paid to CDA	239,582	239,582	239,582	233,123	233,123	233,123	226,665	226,665	226,665	220,206	220,206	220,206	220,206	220,206	220,206	220,206	220,206	220,206	220,206	220,206	220,206
Prior Year Tax Increment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL SOURCES OF TAX INCREMENT</b>	<b>\$ 239,582</b>	<b>\$ 239,582</b>	<b>\$ 239,582</b>	<b>\$ 233,123</b>	<b>\$ 233,123</b>	<b>\$ 233,123</b>	<b>\$ 226,665</b>	<b>\$ 226,665</b>	<b>\$ 226,665</b>	<b>\$ 220,206</b>	<b>\$ 220,206</b>	<b>\$ 220,206</b>	<b>\$ 220,206</b>	<b>\$ 220,206</b>	<b>\$ 220,206</b>	<b>\$ 220,206</b>	<b>\$ 220,206</b>	<b>\$ 220,206</b>	<b>\$ 220,206</b>	<b>\$ 220,206</b>	<b>\$ 220,206</b>
<b>EXPENDITURES</b>																					
CDA Administration @ 5% of Property Tax Increment	\$ 9,879	\$ 9,879	\$ 9,879	\$ 9,556	\$ 9,556	\$ 9,556	\$ 9,233	\$ 9,233	\$ 9,233	\$ 8,910	\$ 8,910	\$ 8,910	\$ 8,910	\$ 8,910	\$ 8,910	\$ 8,910	\$ 8,910	\$ 8,910	\$ 8,910	\$ 8,910	\$ 8,910
Development Incentive Fund	229,702	229,702	229,702	223,567	223,567	223,567	217,431	217,431	217,431	211,296	211,296	211,296	211,296	211,296	211,296	211,296	211,296	211,296	211,296	211,296	211,296
<b>TOTAL USES</b>	<b>\$ 239,582</b>	<b>\$ 239,582</b>	<b>\$ 239,582</b>	<b>\$ 233,123</b>	<b>\$ 233,123</b>	<b>\$ 233,123</b>	<b>\$ 226,665</b>	<b>\$ 226,665</b>	<b>\$ 226,665</b>	<b>\$ 220,206</b>	<b>\$ 220,206</b>	<b>\$ 220,206</b>	<b>\$ 220,206</b>	<b>\$ 220,206</b>	<b>\$ 220,206</b>	<b>\$ 220,206</b>	<b>\$ 220,206</b>	<b>\$ 220,206</b>	<b>\$ 220,206</b>	<b>\$ 220,206</b>	<b>\$ 220,206</b>
<b>Retained Portion of Property Tax Increment</b>																					
Utah County	\$ 12,341	\$ 12,341	\$ 12,341	\$ 11,938	\$ 11,938	\$ 11,938	\$ 11,534	\$ 11,534	\$ 11,534	\$ 11,131	\$ 11,131	\$ 11,131	\$ 11,131	\$ 11,131	\$ 11,131	\$ 11,131	\$ 11,131	\$ 11,131	\$ 11,131	\$ 11,131	\$ 11,131
Alpine School District	246,863	246,863	246,863	238,793	238,793	238,793	230,724	230,724	230,724	222,655	222,655	222,655	222,655	222,655	222,655	222,655	222,655	222,655	222,655	222,655	222,655
Pleasant Grove City, Etc.	26,090	26,090	26,090	25,237	25,237	25,237	24,384	24,384	24,384	23,532	23,532	23,532	23,532	23,532	23,532	23,532	23,532	23,532	23,532	23,532	23,532
<b>Total Retained Portion of Property Tax Increment</b>	<b>\$ 285,294</b>	<b>\$ 285,294</b>	<b>\$ 285,294</b>	<b>\$ 275,968</b>	<b>\$ 275,968</b>	<b>\$ 275,968</b>	<b>\$ 266,643</b>	<b>\$ 266,643</b>	<b>\$ 266,643</b>	<b>\$ 257,317</b>	<b>\$ 257,317</b>	<b>\$ 257,317</b>	<b>\$ 257,317</b>	<b>\$ 257,317</b>	<b>\$ 257,317</b>	<b>\$ 257,317</b>	<b>\$ 257,317</b>	<b>\$ 257,317</b>	<b>\$ 257,317</b>	<b>\$ 257,317</b>	<b>\$ 257,317</b>



**EXHIBIT B**

