REDEVELOPMENT AGENCY OF CENTERVILLE CITY AGENDA

NOTICE IS HEREBY GIVEN THAT THE REDEVELOPMENT AGENCY OF CENTERVILLE CITY WILL HOLD A PUBLIC MEETING AT 9:25 P.M. ON TUESDAY, MARCH 4, 2013 AT THE CENTERVILLE CITY COMMUNITY CENTER AND CITY HALL COUNCIL CHAMBERS, 250 NORTH MAIN STREET, CENTERVILLE, UTAH. THE AGENDA IS SHOWN BELOW.

Meetings of the Centerville Redevelopment Agency Board may be conducted via electronic means pursuant to Utah Code Ann. § 52-4-207, as amended. In such circumstances, contact will be established and maintained via electronic means and the meeting will be conducted pursuant to the Electronic Meetings Policy established by the City Council for electronic meetings.

Centerville City, in compliance with the Americans With Disabilities Act, provides accommodations and auxiliary communicative aids and services for all those citizens in need of assistance. Persons requesting these accommodations for City-sponsored public meetings, services, programs, or events should call Blaine Lutz, Centerville Finance Director, at 295-3477, giving at least 24 hours notice prior to the meeting.

Tentative
Time:

9:25 **A. ROLL CALL**

B. NEW BUSINESS

1. **MINUTES REVIEW AND ACCEPTANCE**
   February 18, 2014 meeting

2. Approve Tax Increment Participation Agreement relating to the Salmon Pasture Development within the Barnard Creek CDA

3. Consider use of RDA funds for enhancements to Main & Parrish Intersection Project

C. ADJOURNMENT

Steve H. Thacker
Executive Director

CENTERVILLE CITY COUNCIL

Staff Backup Report
3/4/2014

Item No. 1.

Short Title: Minutes Review and Acceptance

Initiated By:

Scheduled Time:

SUBJECT

February 18, 2014 meeting

RECOMMENDATION

BACKGROUND

ATTACHMENTS:

Description

- February 18, 2014 RDA meeting minutes

PRELIMINARY DRAFT

Minutes of the **Redevelopment Agency of Centerville** meeting held Tuesday, February 18, 2014 at 9:46 p.m. in the Centerville City Hall Council Chambers, 250 North Main Street, Centerville, Utah.

DIRECTORS PRESENT	Paul A. Cutler, Chair Ken S. Averett Tamilyn Fillmore Stephanie Ivie Lawrence Wright
DIRECTOR ABSENT	John T. Higginson, Vice Chair
STAFF PRESENT	Steve Thacker, RDA Executive Director Blaine Lutz, Finance Director Lisa Romney, City Attorney Katie Rust, Recording Secretary
VISITOR	Craig Salmon, Salmon Pasture Development

MINUTES REVIEW AND ACCEPTANCE

The minutes of the January 28, 2014 RDA meeting were reviewed. Director Ivie made a **motion** to approve the minutes. Director Wright seconded the motion, which passed by unanimous vote (5-0).

APPOINTMENT

Director Ivie made a **motion** to appoint Director Averett to serve as an RDA representative on the Administrative Control Board of the Davis Center for Performing Arts (ACB). Director Wright seconded the motion, which passed by unanimous vote (5-0). Vice Chair Higginson will continue in his current term as an RDA representative on the ACB.

PROPOSED CONTENT FOR TAX PARTICIPATION AGREEMENT RELATING TO THE SALMON PASTURE DEVELOPMENT WITHIN THE BARNARD CREEK CDA

Staff made recommendations regarding a tax increment participation agreement relating to the Salmon Pasture Development within the Barnard Creek CDA. Steve Thacker, RDA Executive Director, explained a contradiction in street lighting requirements between the Commerce Shorelands Park guidelines and City development guidelines. Mr. Thacker stated he feels there is justification for eliminating the required street lighting for the project area, but he will further examine the lighting needs with the Police Chief. Mr. Salmon has requested a delay in the requirement to install the waterline and curb and gutter along 1275 North. The agreement could be written to specify that tax increment could not be disbursed until installation occurs. Staff will discuss the pros and cons and bring a recommendation to the RDA. Craig Salmon stated he cannot see that the City needs the curb and gutter and waterline on the north side of the project at this time. The project would be easier if the infrastructure costs could be spread out.

The RDA discussed the project, and indicated general support for moving forward with the tax increment participation agreement. Staff will draft an agreement to present to the RDA at the next meeting.

ADJOURNMENT

At 10:33 p.m. Director Ivie made a **motion** to return to regular City Council meeting. Director Fillmore seconded the motion, which passed by unanimous vote (5-0).

Steve Thacker, RDA Executive Director

Date Approved

Katie Rust, Recording Secretary

CENTERVILLE CITY COUNCIL

Staff Backup Report
3/4/2014

Item No. 2.

Short Title: Consideration of the Redevelopment Agency of the City of Centerville to Approve Tax Increment Participation Agreement relating to the Salmon Pasture Development within the Barnard Creek CDA

Initiated By:

Scheduled Time:

SUBJECT

RECOMMENDATION

Approve the Participation Agreement between the Centerville Redevelopment Agency and Salmon HVAC for the Pastures commercial development.

BACKGROUND

As directed at the February 18th meeting, staff and LYRB have drafted a Participation Agreement between the Centerville City Redevelopment Agency and Salmon HVAC. The Agreement is based on the analysis by LYRB outlined in the January 27th memo (see attached), and staff recommendations as discussed at the February 18th meeting. A final draft was not available at the time of distribution of the agenda, however a preliminary draft is attached and the final will be attached as soon as available. UPDATED; FINAL DRAFT IS NOW ATTACHED.

In short the agreement includes:

1) Salmon HVAC will receive 100% of the tax increment received from the Pastures project from 20 years from the time increment is received by the RDA, or a maximum of $889,609 whichever comes first. The $889,609 is the gross amount estimated in the LYRB memo on page 5.

2) That the project would need to commence at a date certain. That wording is not complete in the preliminary draft.

ATTACHMENTS:

Description

- Final Draft Participation Agreement
- LYRB memo 1/27/2014
- Preliminary Draft Agreement

TAX INCREMENT PARTICIPATION AGREEMENT

Between
Redevelopment Agency of Centerville City
and
Salmon HVAC

This Tax Increment Participation Agreement (the "Agreement") is entered into as of this _____ day of ___________ 2014, by and between **SALMON HVAC** (the "Company"), as the owner of certain real property located in Centerville City, Davis County, Utah, on which it proposes the development of a light industrial/flex space project known as the **PASTURE PROJECT** as defined below, and the **REDEVELOMENT AGENCY OF CENTERVILLE CITY**, a redevelopment agency created under Utah law (the "Agency") in contemplation of the following facts and circumstances:

A. **WHEREAS** the Company owns approximately 4.87 acres of real property located at approximately 605 North 1250 West, Centerville City, Davis County, Utah, (the "Site"), which is depicted in **EXHIBIT A: MAP OF PASTURE PROJECT**, and desires to develop a light industrial/flex space development project;

B. **WHEREAS** the Company has presented to the Agency and its representatives the estimated value of the proposed improvements and development to the Site, which will improve parcels 060030046 and 060030031, and which includes three light industrial buildings (as detailed in **EXHIBIT B: ARCHITECTURAL RENDERINGS**) for a total estimate of 51,386 square feet (the "Pasture Project"), resulting in an estimated taxable value of approximately four million fifty thousand four hundred ninety-eight dollars ($4,050,498) as shown in **EXHIBIT C: ESTIMATED PRIVATE INVESTMENT ANALYSIS**;

C. **WHEREAS**, it is necessary for the Company to construct infrastructure and site improvements prior to the full development of the Pasture Project, which infrastructure and site improvement costs (the "Infrastructure Costs") are estimated to be $758,519 (as more fully depicted in **EXHIBIT D: INFRASTRUCTURE COSTS AND IMPROVEMENTS**);

D. **WHEREAS** the Company has presented to the Agency and its representatives a projected financing pro forma, which includes justification for the Agency's participation in a portion of the Infrastructure Costs;

E. **WHEREAS** the Agency has heretofore created the Barnard Creek Community Development Project Area ("Project Area") in 2014 that is comprised of the properties that includes the Site, which authorizes the Agency to use all tax increment as allowed in the Community Development & Renewal Agency Act, Utah Code Annotated ("UCA") 17C (the "Act");

F. **WHEREAS** the Agency has heretofore adopted and authorized the Barnard Creek Community Development Project Area Plan and Budget that provides the Agency the ability to negotiate participation and tax increment agreements with developers and property owners;

G. **WHEREAS** the Site and the proposed Pasture Project, due to its location within the Project Area, generates incremental property tax revenues to the Agency;

AGREEMENT:

NOW THEREFORE, in consideration of the mutual covenants, conditions, and considerations as more fully set forth below, the parties hereby agree to the Participation Agreement as follows:

1. **Tax Increment Financing Incentive**. Subject to the terms and conditions of this Agreement, as a consideration for the Company constructing and developing the Site, the Agency agrees to contribute to the Company certain tax increment received by the Agency and produced by the creation and development of the Pasture Project *(as more fully described below in subparagraph A)*. Payment of tax increment to the Company is intended to be used by the Company as a reimbursement for Infrastructure Costs incurred in connection with the Pasture Project.

A. The Agency will remit 100% of Pasture Project Tax Increment *("Pasture Project Tax Increment" shall mean the amount of property tax revenue received by the Agency pursuant to the Budget and Interlocal Agreements related to the Pasture Project and which tax increment revenue is generated by the parcels of property that constitute the Site),* commencing on the next succeeding tax year after the Project Area tax increment has been triggered by the Agency. The total amount of the Pasture Project Tax Increment to be remitted by the Agency to the Company shall be the lesser of either:

i. twenty-years from the date the Agency first receives the Pasture Project Tax Increment, or

ii. until the maximum Pasture Project Tax Increment amount equals $889,609 (as more fully described in **EXHIBIT E: CALCULATION OF TAX INCREMENT FINANCING INCENTIVE**).

2. **Timing of Infrastructure Improvements.** Infrastructure, site improvements, and building construction related to Phase I of the Pasture Project are anticipated to occur within the next five years. Should the timing of Phase I be delayed beyond 2019, this Agreement will become invalid and the Company will be required to approach the Agency for a tax increment financing incentive under a separate agreement or amendment to this Agreement.

3. **Timing and Payment of Tax Increment.** The Agency shall commence payment of Pasture Project Tax Increment outlined in 1 (A) above commencing April 15^{th} on the next succeeding tax year after the Project Area tax increment has been triggered by the Agency. It is further agreed that the condition of this Agency payment related to Pasture Project Tax Increment is subject to receipt of said monies from Davis County.

4. **RDA Authority.** The Drawings and Preliminary and Final Construction Documents shall be subject to general architectural review and guidance by the Agency. The City's approval is directed to such matters as planning, zoning, engineering, structural matters, compliance with City buildings codes and regulations, conditional use permits, and applicable State, federal or local laws relating to

construction standards. The Company understands that the Agency's approval is in addition to the City's approval. The Agency's determinations respecting the Company's compliance with the Project Area Plan, the Preliminary and Final Construction Documents and this Agreement shall be final and conclusive. The approval of the Agency shall not be unreasonably withheld or denied.

5. **Successors and Assigns.** This Agreement may not be assigned by the Company without the expressed prior written consent of the Agency, said consent not to be unreasonably withheld.

6. **Amendments.** Except as otherwise provided herein, this Agreement may be modified or amended by, and only by, a written instrument duly authorized and executed by the Company and the Agency.

7. **Governing Law and Interpretation.** This Agreement shall be governed by the laws of the State of Utah, and any action pertaining hereto shall be brought in the applicable state or federal court having jurisdiction in Davis County, Utah.

(The remainder of the page is intentionally left blank.)

THIS TAX INCREMENT PARTICIPATION AGREEMENT IS EXECUTED to be effective as of the day and year first above written.

COMPANY: SALMON HVAC
a Utah company

By: ______________________________
__________, Owner

AGENCY: CENTERVILLE CITY REDEVELOPMENT AGENCY,
a municipal agency of the state of Utah

Attest:

By: ______________________________
Paul Cutler, Agency Board Chair

____
Agency Recorder

EXHIBIT A: MAP OF PASTURE PROJECT (THE "SITE") & BARNARD CREEK CDA

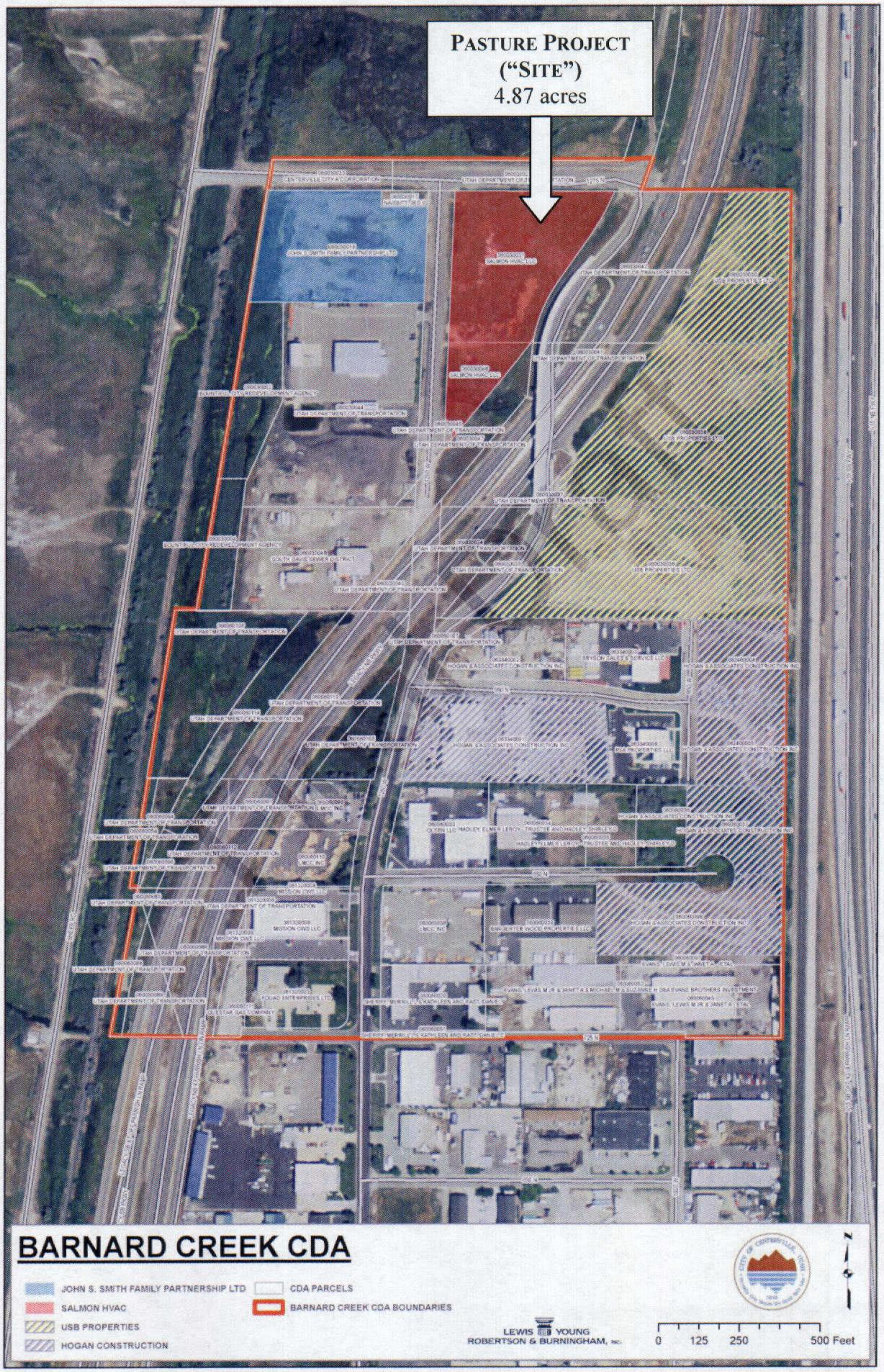
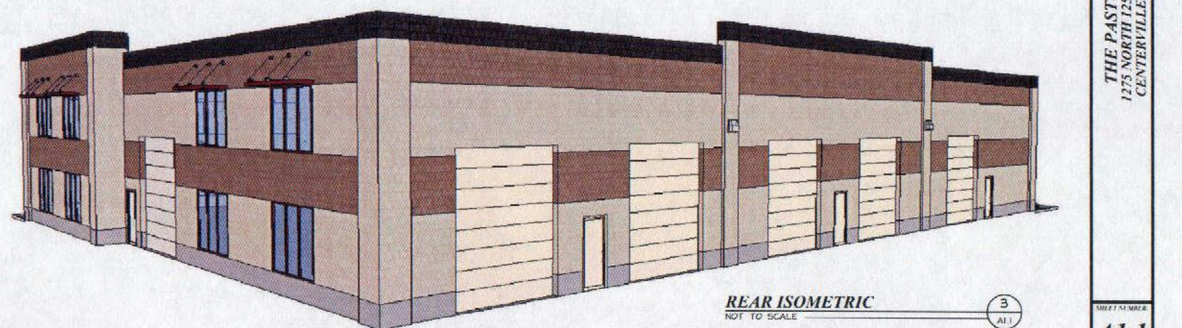


EXHIBIT B: ARCHITECTURAL RENDERINGS

FRONT / SIDE ISOMETRIC 1 / A1.1
NOT TO SCALE

FRONT / SIDE ISOMETRIC 2 / A1.1
NOT TO SCALE

FENESTRATION CALCULATION			
WALL	TOTAL LENGTH OF WALL (INCHES)	TOTAL LENTH OF WINDOWS (INCHES)	TOTAL FENESTRATION
SOUTH - MAIN	1784	864	48.43%
SOUTH - UPPER	1784	864	48.43%
EAST - MAIN	1200	480	40.00%
WEST - MAIN	1200	568	47.33%
NORTH - MAIN	1704	840	49.30%



REAR ISOMETRIC 3 / A1.1
NOT TO SCALE

SEAL:

REVISED:

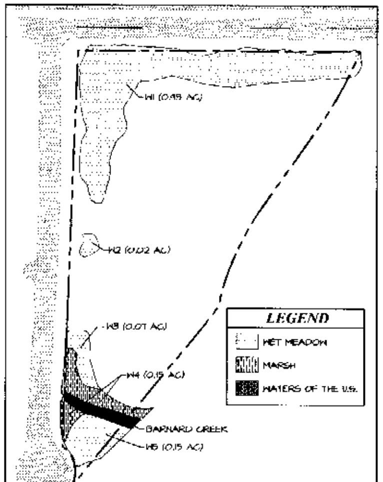
DATE:
PROJECT: 11-019
DRAWN BY: C.D.
PLOT: 03-19-2012

DRAWING DESCRIPTION:
COLORED ELEVATIONS

JAMES O. CHAMBERLIN & ASSOCIATES
ARCHITECTS
177 E. ANTELOPE DR. #B
LAYTON, UT 84041
PHONE: (801) 499-5055
FAX: (801) 499-5065

THE PASTURE
1275 NORTH 1250 WEST
CENTERVILLE, UTAH

SHEET NUMBER:
A1.1
COLORED ELEVATIONS



WETLANDS DELINEATION PLAN

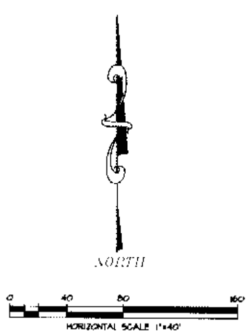
SCALE: 1"=100'

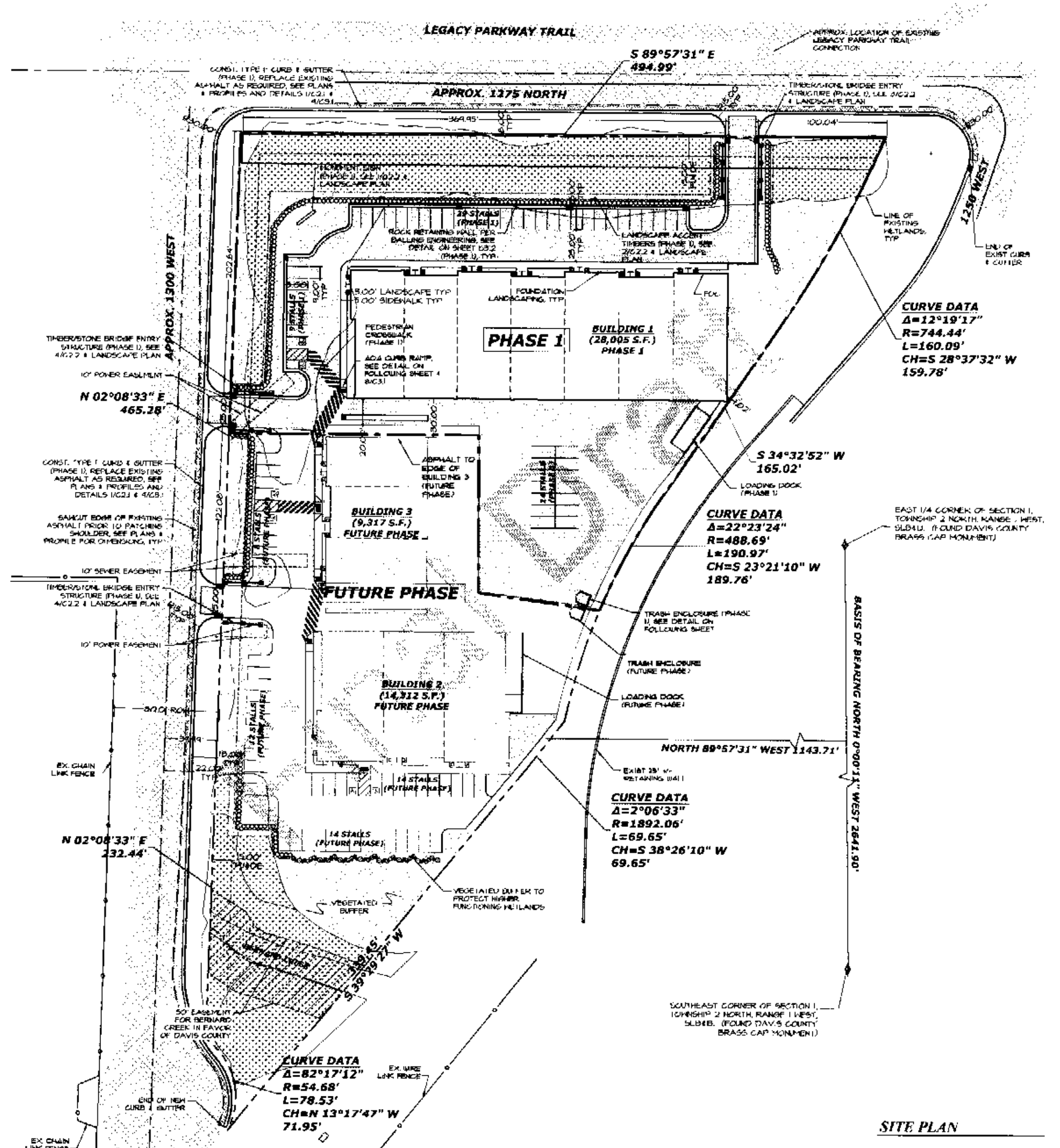
TEMPORARY MAINTENANCE PLAN: OWNER SHALL MOW & SPRAY TO CONTROL THE GROWTH OF WEEDS BETWEEN PHASES. THE ROADWAY SHOULDERS FOR EACH PHASE SHALL BE TREATED AND MAINTAINED TO PROMOTE HEALTHY PLANT GROWTH RATHER THAN JUST WEEDS AS DEEMED ACCEPTABLE BY THE PUBLIC WORKS DIRECTOR.

VERTICAL DATUM: NAVD88

BENCHMARK: CENTER OF SECTION 12 (ELEV. 4212.12)

PHASING NARRATIVE: PHASE 1 WILL CONSIST OF THE CONSTRUCTION OF "BUILDING 1" & ALL UTILITIES AND GRADING REQUIRED AS SHOWN ON THE PLANS, DRIVE APPROACHES, CULVERTS, ROCK RETAINING WALLS, & FUTURE BUILDING UTILITY STUBS. "BUILDING 2" AND "BUILDING 3" WILL BE CONSTRUCTED DURING FUTURE PHASES.





LEGEND

NOT ALL ITEMS IN THE LEGEND MAY BE APPLICABLE

- BOUNDARY LINE
- CENTERLINE
- EASEMENT LINE
- SETBACK LINE
- NEW IRRIGATION LINE
- NEW STORM DRAIN
- NEW SANITARY SEWER
- NEW SECONDARY WATERLINE
- NEW CULINARY WATERLINE
- EX. IRRIGATION LINE
- EX. OVERHEAD POWER LINE
- EX. STORM DRAIN
- EX. SANITARY SEWER
- EX. SECONDARY WATERLINE
- EX. TELEPHONE LINE
- EX. GAS LINE
- EX. CULINARY WATERLINE
- SECTION CORNER
- MONUMENT
- CONTROL POINT
- EG CONTOUR MINOR
- EG CONTOUR MAJOR
- FG CONTOUR MINOR
- FG CONTOUR MAJOR
- NEW ASPHALT
- EXISTING ASPHALT
- 30" HIGH BACK CURB
- 30" RELEASE GUTTER

WETLANDS TABULATION				
WET MEADOW W1				
EXISTING W1	39,119	SQ.FT.	0.90	ACRES
PROTECTED W1	20,902	SQ.FT.	0.48	ACRES
FILLED W1	18,217	SQ.FT.	0.42	ACRES
WET MEADOW W2				
EXISTING W2	1,015	SQ.FT.	0.02	ACRES
PROTECTED W2	0	SQ.FT.	0.00	ACRES
FILLED W2	1,015	SQ.FT.	0.02	ACRES
WET MEADOW W3				
EXISTING W3	3,080	SQ.FT.	0.07	ACRES
PROTECTED W3	1,698	SQ.FT.	0.04	ACRES
FILLED W3	1,382	SQ.FT.	0.03	ACRES
MARSH W4				
EXISTING W4	5,258	SQ.FT.	0.12	ACRES
PROTECTED W4	5,109	SQ.FT.	0.12	ACRES
FILLED W4	88	SQ.FT.	0.00	ACRES
BARNARD CREEK				
EXISTING CREEK	2,096	SQ.FT.	0.05	ACRES
PROTECTED CREEK	2,096	SQ.FT.	0.05	ACRES
FILLED CREEK	0	SQ.FT.	0.00	ACRES
WET MEADOW W5				
EXISTING W5	5,375	SQ.FT.	0.12	ACRES
PROTECTED W5	5,375	SQ.FT.	0.12	ACRES
FILLED W5	0	SQ.FT.	0.00	ACRES
TOTALS				
EXISTING WETLANDS	55,884	SQ.FT.	1.28	ACRES
PROTECTED WETLANDS	35,201	SQ.FT.	0.80	ACRES
FILLED-IN WETLANDS	20,663	SQ.FT.	0.47	ACRES

SITE AREA TABULATION		
HARDSCAPE	87,441 SQ.F.T	41.24%
TOTAL LANDSCAPE	72,980 SQ.F.T	34.42%
BUILDING	51,634 SQ.F.T	24.35%
TOTAL SITE	212,055 SQ.F.T	100.00%
BUILDING 1 PARKING STALLS PROVIDED	52 STALLS	
BUILDING 1 PARKING STALLS REQUIRED	52 STALLS	
BUILDING 2 PARKING STALLS PROVIDED	28 STALLS	
BUILDING 2 PARKING STALLS REQUIRED	27 STALLS	
BUILDING 3 PARKING STALLS PROVIDED	20 STALLS	
BUILDING 3 PARKING STALLS REQUIRED	18 STALLS	
TOTAL PARKING STALLS PROVIDED	100 STALLS	
TOTAL PARKING STALLS REQUIRED (OFFICE 20% & WAREHOUSE 80%)	97 STALLS	
TOTAL PARKING AREA (ASPHALT + LANDSCAPSE ISLANDS)	84,927 SQ.F.T	
LANDSCAPSE ISLANDS (5% MIN REQUIRED)	4,356 SQ.F.T	5.96% OF PARKING LOT
FLOOD PLAIN ELEVATION	4217.00	

CALL BLUESTAKES @ 1-800-662-4111 AT LEAST 48 HOURS PRIOR TO COMMENCING ANY CONSTRUCTION

SEAL:

REVISED:

DATE: PROJECT: 11-019 DRAWN BY: C.D. PLOT: 12-19-2013

DRAWING DESCRIPTION: SITE PLAN

SILVERPEAK

177 E. ANTELOPE DR. #B
LAYTON, UT 84041
PHONE: (801) 499-5054
FAX: (801) 499-5065

THE PASTURE: PHASE 1
APPROX: 1275 NORTH 1250 WEST
CENTERVILLE, UTAH

SHEET NUMBER: **C2.0**

EXHIBIT C: ESTIMATED PRIVATE INVESTMENT ANALYSIS

Pasture Project:

- Construction of three light industrial/flex space buildings and site improvements

	UNIT SIZE (SF)	BUILDING VALUE	PERSONAL PROPERTY	INCREASE IN LAND VALUE POST-DEVELOPMENT	TOTAL ASSESSED VALUE
Phase 1	27,757	$1,526,635	$610,654	$46,167	$2,183,456
Phase 2	9,371	$787,160	$314,864	$23,805	$1,125,829
Phase 3	14,312	$512,435	$204,974	$23,805	$741,214
Totals	**51,386**	**$2,826,230**	**$1,130,492**	**$93,776**	**$4,050,498**

EXHIBIT D: INFRASTRUCTURE COSTS AND IMPROVMENTS

ESTIMATED INFRASTRUCTURE COSTS	
DESCRIPTION	**TOTAL COST**
Retaining Wall - Native rock	$32,000.00
Wetland Improvements	$43,365.00
Sub grade	$53,822.46
Storm Drain	$32,410.00
Curb and Gutter	$29,220.75
Sidewalk and curb	$70,975.00
Asphalt	$241,611.00
Sewer	$55,600.00
Power/Electrical	$30,135.00
Water	$92,370.00
Gas	$18,010.00
Landscape	$23,000.00
Loading Docks	$36,000.00
Total	**$758,519.21**

EXHIBIT E: CALCULATION OF TAX INCREMENT FINANCING INCENTIVE

Lewis Young Robertson & Burningham ("LYRB") was commissioned by the Agency to review the Pasture Project cash flow pro forma in order to identify a reasonable and justified level of tax increment participation from the Agency. The attached memorandum includes a detailed analysis of the pro forma. Page five of the memorandum concludes that in order for the Company to receive a reasonable return on equity of 8.5 percent, the tax increment incentive from the Agency should be $889,609 (see attached Memorandum dated January 27, 2014).

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.

Memorandum

To: Steve Thacker, City Manager
Blaine Lutz, Assistant City Manager & Finance Director
From: Jason Burningham, Lewis Young Robertson & Burningham, Inc.
Date: January 27, 2014
Re: Salmon Pasture Development Analysis

INTRODUCTION

Lewis Young Robertson & Burningham, Inc. ("LYRB") has been asked by the Redevelopment Agency of Centerville City (the "RDA") to review the Salmon HVAC ("Salmon") cash flow pro forma for the Pasture Development Project (the "Project"). The Project was a key driver for the development of the recent Barnard Creek Community Development Area ("CDA"). Preliminary data regarding the Project was used to substantiate the need for a CDA to assist in the cost of infrastructure improvements. The purpose of this document is to provide a more detailed review of the Project's cash flow pro forma, capital structure and potential return on investment in an attempt to identify a reasonable and justified level of tax increment participation from the RDA.

SALMON PASTURE DEVELOPMENT SUMMARY

Salmon owns approximately 4.87 acres within the Barnard Creek CDA, and has proposed the development of three light industrial/flex space buildings on the property. The proposed development includes the following:

TABLE 1: PROPOSED DEVELOPMENT

BUILDING	TOTAL SQUARE FEET
Building 1	27,757
Building 2	9,317
Building 3	14,312
Total	**51,386**

The total project is estimated to cost $4,098,609 as shown in the table below.

TABLE 2: TOTAL PROJECT COSTS

BUILDING	TOTAL SQUARE FEET
Building Construction Costs ($65/SF)	$3,340,090
Infrastructure Costs	$758,519
Total	**$4,098,609**

Salmon is requesting that the RDA consider participating in the proposed development by reimbursing the costs for infrastructure. This could be done through a combination of an upfront deference of fees as well as a pass through of tax increment over the next 20 years. Salmon claims participation from the RDA is necessary in order to achieve adequate economic incentive to develop the project. The infrastructure costs are estimated at $758,519 and are detailed below.

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC. SALT LAKE CITY, UTAH 84101 OFFICE 801.596.0700 FAX 801.596.2800

TABLE 3: INFRASTRUCTURE COSTS

BUILDING	TOTAL SQUARE FEET
Retaining Wall - Native rock	$32,000
Wetland Improvements	$43,365
Sub grade	$53,822
Storm Drain	$32,410
Curb and Gutter	$29,221
Sidewalk and curb	$70,975
Asphalt	$241,611
Sewer	$55,600
Power/Electrical	$30,135
Water	$92,370
Gas	$18,010
Landscape	$23,000
Loading Docks	$36,000
Total	**$758,519**

PRO FORMA ASSUMPTIONS

In order to determine if the request from Salmon is reasonable and necessary, LYRB completed a thorough review of the development pro forma. Table 4 summarizes the assumptions in the pro forma.

TABLE 4: PRO FORMA ASSUMPTIONS

ASSUMPTIONS:	ASSUMPTIONS (LYRB VERIFIED)	*ORIGINAL ASSUMPTIONS (SALMON)*
Loan to Equity:	70%	
Lease Rate/SF (Modified Gross):	$0.65	$0.65
Vacancy:	7.0%	10%
Operating Expenses (Management, Maintenance, Select Utilities, Tax Expenses):	15.0%	20%
CAP Rate:	8.50%	8.50%
Interest Rate:	6.0%	
Loan Term:	20	

The following details LYRB's research and validation of the assumptions listed above:

Loan to Equity: Salmon stated that the loan to equity for the Project would be 70% loan, 30% equity.

Lease Rate/SF: Salmon identified the lease rate to be approximately $0.65/SF per month. LYRB verified this rate by researching comparable data from Commerce Real Estate Solutions, CBRE Global Research and Consulting, Coldwell Banker, and comparable industrial developments in Salt Lake and Davis Counties. The table below shows comparable lease rates. Based on this comparable data and discussions with Salmon, LYRB feels that $0.65/SF is a reasonable lease rate.

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC. SALT LAKE CITY, UTAH 84101 OFFICE 801.596.0700 FAX 801.596.2800

TABLE 5: LEASE RATE COMPARABLES

SUMMARY	COMMERCE (DAVIS)[1]	COMMERCE (SLC)[2]	CBRE (SLC)[3]	CLEARFIELD[4]	BUSINESS DEPOT OGDEN (LIGHT INDUSTRIAL)	PHEASANT HOLLOW (SANDY, UT)	COLDWELL BANKER
Industrial Lease Rates	$0.56	$0.42	$0.41	$0.60	$0.50 - $0.65	$0.45 - $0.55 warehouse; $1 - $1.20 finished space	$0.65

[1] Commerce Real Estate Solutions, Davis County, 2nd Quarter, 2013
[2] Commerce Real Estate Solutions, Salt Lake County, 3rd Quarter, 2013
[3] CBRE Global Research and Consulting, Salt Lake City, Industrial Development, 4th Quarter, 2013
[4] LYRB data

Vacancy: While Salmon identified the vacancy to be 10 percent in the original pro forma, based on comparable data, LYRB recommends a lower vacancy rate. The table below shows comparable vacancy rates for industrial development. It appears that Davis County vacancy rates for light industrial development are approximately five percent. However, upon further discussions with the developer, it was made known that in order to qualify for a loan, the bank requests that the vacancy rate be closer to 10 percent in the pro forma analysis. Thus, LYRB recommends a vacancy rate of seven percent for the pro forma analysis.

TABLE 6: VACANCY COMPARABLES

SUMMARY	COMMERCE (DAVIS)[1]	COMMERCE (SLC)[2]	CBRE (SLC)[3]	PHEASANT HOLLOW (SANDY, UT)	COLDWELL BANKER
Industrial Vacancy	3.9%	7.7%	5.0%	3.0%	5.0%

[1] Commerce Real Estate Solutions, Davis County, 2nd Quarter, 2013
[2] Commerce Real Estate Solutions, Salt Lake County, 3rd Quarter, 2013
[3] CBRE Global Research and Consulting, Salt Lake City, Industrial Development, 4th Quarter, 2013

Operating Expenses: Salmon has identified operating expenses to be 20 percent of operating income. The bank has requested that operating income be approximately 20 percent in the pro forma analysis in order to qualify for a loan. However, the developer indicates that 15 percent would be a more realistic estimate of operating expenses. Based on discussions with Coldwell Banker, LYRB believes 15 percent to be a reasonable estimate.

Interest Rate & Loan Term: LYRB contacted a number of banks to identify a reasonable interest rate and loan term for the Project. The table below lists the banks contacted along with approximate interest rates and loan terms. Based on the data shown below, LYRB estimates the interest rate to be approximately six percent amortized over 20 years.

TABLE 7: LOAN COMPARABLES

KEY BANK		
Term: 5-7 Years	5-7 Years	
Amortization	20-25 Years	
Rate	6.25% - 8%	
WELLS FARGO (BRANCH 1)		
Term	5 Years	10 Years
Amortization	20 Years	20 Years
Rate	3.85%	5.20%

WELLS FARGO (BRANCH 2)		
Term		
Amortization	20	
Rate	5.75%	

With a 70 percent loan to equity and using a six percent interest rate amortized over 20 years, LYRB calculates the annual debt service or loan payment to be approximately $250,135 as shown in the table below.

TABLE 8: DEBT SERVICE CALCULATION

DEBT SERVICE CALCULATION		
Total Project Costs		$4,098,609.00
Loan Amount	70%	$2,869,026.30
Equity Amount	30%	$1,229,582.70
Loan Payment (Debt Service):		**$250,134.79**

PRO FORMA ANALYSIS

Based on a monthly lease rate of $0.65, the total gross operating income would be approximately $400,811 annually, as shown in Table 9.

TABLE 9: GROSS OPERATING INCOME CALCULATION

BUILDING	TOTAL SF	RATE/FT MONTHLY	PRO-FORMA MONTHLY	PRO-FORMA ANNUAL
1	27,757	$0.65	$18,042.05	$216,504.60
2	9,317	$0.65	$6,056.05	$72,672.60
3	14,312	$0.65	$9,302.80	$111,633.60
Totals	**51,386**		**$33,400.90**	**$400,810.80**

Using the assumptions outlined above, Table 10 calculates the return on equity (after debt service) for the Project assuming no assistance from the RDA for infrastructure improvement costs. This scenario results in a return on equity of approximately 5.43 percent. Salmon would likely not pursue the development of the Project with such a low return.

TABLE 10: PRO FORMA – NO TAX INCREMENT INCENTIVE

PRO FORMA (ANNUAL)	
Gross Operating Income	$400,811
(Vacancy @ 7.0%)	($28,057)
Effective Gross Operating Income	**$372,754**
(Operating Expenses @ 15.0%)	($55,913)
Net Operating Income	**$316,841**
Debt Service	($250,135)
Remaining Income	**$66,706**
Return on Equity (After Debt Service)	**5.43%**

A reasonable return on equity is approximately 8.5 percent. Table 11 calculates that the annual tax increment incentive should be approximately $44,480 in order to generate a return on equity of 8.5 percent. Over a period of 20 years, this amounts to $889,609 or approximately $510,187 net present value (NPV).[1] A detailed pro forma along with assumptions is shown in **EXHIBIT A.**

TABLE 11: PRO FORMA – INCLUDES TAX INCREMENT INCENTIVE

PRO FORMA (ANNUAL)	
Gross Operating Income	$400,811
Tax Increment Incentive	$44,480
(Vacancy @ 7.0%)	($28,057)
Effective Gross Operating Income	**$417,234**
(Operating Expenses @ 15.0%)	($62,585)
Net Operating Income	**$354,649**
Debt Service	($250,135)
Remaining Income	**$104,515**
Return on Equity (After Debt Service)	**8.50%**

Based on the analysis above, LYRB believes that Salmon's request for reimbursement of infrastructure improvement costs, through tax increment or a deference of fees, is reasonable and justified. The following section estimates the tax increment that will likely be generated from the Project.

PASTURE PROJECT TAX INCREMENT GENERATION

Three main assumptions are used to calculate the taxable value of the Project which is then used to estimate the amount of tax increment generated by the Project. These assumptions include: building value per square foot, personal property, and incremental land value per square foot.

Salmon estimates the cost to construct the buildings within the Project to be $65.00 per square foot, for a total of $3,340,090. While the construction cost is $65.00 per square foot, the assessed value may be slightly lower than this amount. LYRB compared data from industrial developments in Davis, Utah, and Salt Lake Counties to determine a reasonable building assessed value per square foot and an incremental land value per square foot. LYRB also used comparable data from other project areas to determine the appropriate amount of personal property that should be included.

Using these comparables, LYRB estimates the building assessed value to be $55.00 per square foot, personal property to be approximately 40 percent of the building value, and the incremental land value to be $1.66 per square foot. These assumptions are further detailed in **EXHIBIT B** and were used to calculate the amount of tax increment generated by the Project.

LYRB estimates the taxable value of the Project to be $4,050,498 upon completion of the Project. A detailed tax increment budget is shown in **EXHIBIT C**. The total tax increment revenue generated by this Project is shown in Table 12. LYRB estimates that the Project will generate a total of $1,103,411 in tax increment revenue.

[1] Using a discount rate of six percent.

TABLE 12: TOTAL TAX INCREMENT REVENUE GENERATED

TAX INCREMENT ANALYSIS	2012 RATES (DISTRICT 8)	TOTALS	NPV
Davis County	0.002391	$189,231	$106,872
County Library	0.000396	$31,341	$17,700
Davis County School District	0.008941	$707,617	$399,641
Centerville	0.001165	$92,202	$52,073
Weber Basin Water Cons. District	0.000215	$17,016	$9,610
Davis County Mosquito Abatement District	0.000105	$8,310	$4,693
South Davis County Sewer Improvement District	0.000330	$26,117	$14,750
South Davis Recreation District	0.000399	$31,578	$17,834
Total Incremental Revenue	**0.013942**	**$1,103,411**	**$623,173**

However, according to the interlocal agreements that have recently been finalized, 25 percent of this revenue is passed through to the taxing entities and 75 percent remains with the Agency. Table 13 illustrates the tax increment revenue that remains with the Agency for use within the Project Area. It is estimated that the project will generate approximately $827,558 or a NPV of $467,380.[2]

TABLE 13: TAX INCREMENT REVENUE FOR PROJECT AREA

TAX INCREMENT ANALYSIS	PARTICIPATION	TOTALS	NPV
Davis County	75%	$141,923	$80,154
County Library	75%	$23,505	$13,275
Davis County School District	75%	$530,713	$299,730
Centerville	75%	$69,151	$39,054
Weber Basin Water Cons. District	75%	$12,762	$7,207
Davis County Mosquito Abatement District	75%	$6,233	$3,520
South Davis County Sewer Improvement District	75%	$19,588	$11,063
South Davis Recreation District	75%	$23,684	$13,376
Total Property Tax Increment for Project Area		**$827,558**	**$467,380**

SUMMARY AND RECOMMENDATION

Based on the analysis performed above, LYRB believes there is adequate justification for RDA participation, specifically to support the cost of infrastructure improvements. Our estimates show that assistance from the RDA is necessary in order for Salmon to achieve a reasonable return on equity of approximately 8.5 percent. Assistance from the RDA could be in the form of reimbursement with tax increment monies generated from the project area or from a deference of fees upfront, in which case the RDA may choose to reimburse the City through tax increment for the deferred fees. Without assistance from the RDA, Salmon may choose not to pursue immediate development of the Project.

[2] Using a discount rate of six percent.

EXHIBIT A: DEVELOPMENT PRO FORMA

Pasture Proforma (LYRB Assumptions)

Assumptions:		(Salmon)
Loan to Equity:	70%	
Lease Rate/SF (Modified Gross):	$0.65	$0.65
Vacancy:	7.0%	10%
Operating Expenses (Management, Maintenance, Select Utilities, Tax Expenses):	15.0%	20%
CAP Rate:	8.50%	8.50%
Interest Rate:	6.0%	
Loan Term:	20	

Bldg	Unit Size	Total SF	Rate/ft Monthly	Pro-forma Monthly	Pro-forma Annual
1	27,757	27,757	$0.65	$18,042.05	$216,504.60
2	9,371	9,317	$0.65	$6,056.05	$72,672.60
3	14,312	14,312	$0.65	$9,302.80	$111,633.60
Totals		**51,386**		**$33,400.90**	**$400,810.80**

Pro-forma (Annual)		
Gross Operating Income		$400,811
Tax Increment Incentive		$44,480
(Vacancy)	7%	($28,057)
Effective Gross Operating Income		**$417,234**
(Operating Expenses)	15%	($62,585)
Net Operating Income		**$354,649**
Debt Service		($250,135)
Remaining Income		**$104,515**

1.42 Coverage Ratio

Total Tax Increment Incentive (over 20 years)	NPV of Total Tax Increment Incentive
$889,609	$510,187

Return on Equity (After Debt Service)	8.50%

Investment Summary	Acres	Cost per Square Foot	Pro-Forma	Price/SF
Price			$4,172,344.90	$81.20
Land Price			$0.00	
Total			$4,172,344.90	

Projected Market Value (Based on Market Leasing Rates)
$4,172,344.90

	Salmon Costs	
Building Contruction Costs	*$3,340,090.00*	*$65.00* per square foot
Infrastructure Costs	*$758,519.00*	
Total	***$4,098,609.00***	

Loan:	$2,869,026.30
Equity:	$1,229,582.70
Loan Payment (Debt Service):	$250,134.79

EXHIBIT B: DEVELOPMENT ASSUMPTIONS & ASSESSED VALUE

REDEVELOPMENT AGENCY OF CENTERVILLE

Salmon Pasture Development Analysis

Increment and Budget Analysis

Exhibit B: Development Absorption Schedule and Assumptions

Assumptions

General Assumptions

Sq. Ft. per Acre	43,560
Annual Inflation	2.50%
Discount Rate	6.00%
Personal Property Rate	40.00%
New Sales to State	10.00%
New Sales to County	25.00%
New Sales to City	80.00%
Base Land Value (Pre-Development)	$1.34

Personal Property Comparables

	Clearfield ATK EDA	Orem 85-01 RDA	St. George EDA 2	St. George EDA1
Tax Year	2012	2012	2011	2011
% Personal Property	46%	78%	33%	46%
Type of Developmenistrial/Manufacturing		Light Industrial	Industrial	Industrial

Salmon Development	Phase I	Phase 2	Phase 3	
Timing (year)	2015	2015	2013	
Building Sq. Ft.	14,312	9,317	27,757	51,386
Building Cost/Sq. Ft.	$55.00	$55.00	$55.00	
Land Value/Sq. Ft.	$3.00	$3.00	$3.00	
Incremental Land Value/Sq. Ft.	$1.66	$1.56	$1.56	

Source: Development provided by Troy Salmon (sq. ft. building cost, timing, etc.)

Comps for Building Cost/SF	$56.00	(Davis, Utah, and Salt Lake County sample)
Comps for Building Cost/SF	$52.00	(Davis County - outliers removed)

Sales Tax Rates (Net Rate)		City Effective Rate	County Effective Rate	State Effective Rate
State	4.700%			4.700%
County	0.250%		0.125%	
City	1.000%	0.500%		
Mass Transit	0.250%		0.250%	
Add Mass Transit	0.250%		0.250%	
Supplemental State	0.050%			0.050%
Bot. Cult. Zoo (Municipality)	0.100%	0.100%		
TOTAL	6.600%	0.600%	0.625%	4.750%

Source: Rates in effect as of April 1, 2013, http://tax.utah.gov/sales/rates

Absorption at 100%

Estimated New Construction/Absorption (Sq. Ft)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Salmon Development												
Phase I	-	-	14,312	-	-	-	-	-	-	-	-	-
Phase 2	-	-	9,317	-	-	-	-	-	-	-	-	-
Phase 3	27,757	-	-	-	-	-	-	-	-	-	-	-
Total Salmon Development	27,757	-	23,629	-	-	-	-	-	-	-	-	-

Estimated New Construction/Absorption (Sq. Ft)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Salmon Development											
Phase I	-	-	-	-	-	-	-	-	-	-	-
Phase 2	-	-	-	-	-	-	-	-	-	-	-
Phase 3	-	-	-	-	-	-	-	-	-	-	-
Total Salmon Development	-	-	-	-	-	-	-	-	-	-	-

Cumulative Absorption (Building Sq. Ft.)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Salmon Development												
Phase I	-	-	14,312	14,312	14,312	14,312	14,312	14,312	14,312	14,312	14,312	14,312
Phase 2	-	-	9,317	9,317	9,317	9,317	9,317	9,317	9,317	9,317	9,317	9,317
Phase 3	27,757	27,757	27,757	27,757	27,757	27,757	27,757	27,757	27,757	27,757	27,757	27,757
Cumulative Salmon Development	27,757	27,757	51,386	51,386	51,386	51,386	51,386	51,386	51,386	51,386	51,386	51,386

Cumulative Absorption (Building Sq. Ft.)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Salmon Development											
Phase I	14,312	14,312	14,312	14,312	14,312	14,312	14,312	14,312	14,312	14,312	14,312
Phase 2	9,317	9,317	9,317	9,317	9,317	9,317	9,317	9,317	9,317	9,317	9,317
Phase 3	27,757	27,757	27,757	27,757	27,757	27,757	27,757	27,757	27,757	27,757	27,757
Cumulative Salmon Development	51,386	51,386	51,386	51,386	51,386	51,386	51,386	51,386	51,386	51,386	51,386

Property Values Summary	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Salmon Development												
Phase I												
Building Value	-	-	$787,160	$787,160	$787,160	$787,160	$787,160	$787,160	$787,160	$787,160	$787,160	$787,160
Personal Property Values	-	-	$314,864	$314,864	$314,864	$314,864	$314,864	$314,864	$314,864	$314,864	$314,864	$314,864
Land Values (Value Added Post-development)	-	-	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805
Total Property Values	-	-	$1,125,829	$1,125,829	$1,125,829	$1,125,829	$1,125,829	$1,125,829	$1,125,829	$1,125,829	$1,125,829	$1,125,829
Phase 2												
Building Value	-	-	$512,435	$512,435	$512,435	$512,435	$512,435	$512,435	$512,435	$512,435	$512,435	$512,435
Personal Property Values	-	-	$204,974	$204,974	$204,974	$204,974	$204,974	$204,974	$204,974	$204,974	$204,974	$204,974
Land Values (Value Added Post-development)	-	-	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805
Total Property Values	-	-	$741,214	$741,214	$741,214	$741,214	$741,214	$741,214	$741,214	$741,214	$741,214	$741,214
Phase 3												
Building Value	$1,526,635	$1,526,635	$1,526,635	$1,526,635	$1,526,635	$1,526,635	$1,526,635	$1,526,635	$1,526,635	$1,526,635	$1,526,635	$1,526,635
Personal Property Values	$610,654	$610,654	$610,654	$610,654	$610,654	$610,654	$610,654	$610,654	$610,654	$610,654	$610,654	$610,654
Land Values (Value Added Post-development)	$46,167	$46,167	$46,167	$46,167	$46,167	$46,167	$46,167	$46,167	$46,167	$46,167	$46,167	$46,167
Total Property Values	$2,183,456	$2,183,456	$2,183,456	$2,183,456	$2,183,456	$2,183,456	$2,183,456	$2,183,456	$2,183,456	$2,183,456	$2,183,456	$2,183,456
Total Salmon Development	$2,183,456	$2,183,456	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498

Property Values Summary	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Salmon Development											
Phase I											
Building Value	$787,160	$787,160	$787,160	$787,160	$787,160	$787,160	$787,160	$787,160	$787,160	$787,160	$787,160
Personal Property Values	$314,864	$314,864	$314,864	$314,864	$314,864	$314,864	$314,864	$314,864	$314,864	$314,864	$314,864
Land Values (Value Added Post-development)	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805
Total Property Values	$1,125,829	$1,125,829	$1,125,829	$1,125,829	$1,125,829	$1,125,829	$1,125,829	$1,125,829	$1,125,829	$1,125,829	$1,125,829
Phase 2											
Building Value	$512,435	$512,435	$512,435	$512,435	$512,435	$512,435	$512,435	$512,435	$512,435	$512,435	$512,435
Personal Property Values	$204,974	$204,974	$204,974	$204,974	$204,974	$204,974	$204,974	$204,974	$204,974	$204,974	$204,974
Land Values (Value Added Post-development)	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805
Total Property Values	$741,214	$741,214	$741,214	$741,214	$741,214	$741,214	$741,214	$741,214	$741,214	$741,214	$741,214
Phase 3											
Building Value	$1,526,635	$1,526,635	$1,526,635	$1,526,635	$1,526,635	$1,526,635	$1,526,635	$1,526,635	$1,526,635	$1,526,635	$1,526,635
Personal Property Values	$610,654	$610,654	$610,654	$610,654	$610,654	$610,654	$610,654	$610,654	$610,654	$610,654	$610,654
Land Values (Value Added Post-development)	$46,167	$46,167	$46,167	$46,167	$46,167	$46,167	$46,167	$46,167	$46,167	$46,167	$46,167
Total Property Values	$2,183,456	$2,183,456	$2,183,456	$2,183,456	$2,183,456	$2,183,456	$2,183,456	$2,183,456	$2,183,456	$2,183,456	$2,183,456
Total Salmon Development	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498

EXHIBIT C: MULTI-YEAR TAX INCREMENT BUDGET

REDEVELOPMENT AGENCY OF CENTERVILLE
Salmon Pasture Development Analysis
Increment and Budget Analysis
Exhibit C: Multi-Year Tax Increment Budget

ASSUMPTIONS:	
Discount Rate	6.0%
Inflation Rate	2.5%

INCREMENTAL TAX ANALYSIS:	Payment Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	TOTALS	NPV
Cumulative Taxable Value	Year		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20		
Salmon Development			2,183,456	4,050,498	4,050,498	4,050,498	4,050,498	4,050,498	4,050,498	4,050,498	4,050,498	4,050,498	4,050,498	4,050,498	4,050,498	4,050,498	4,050,498	4,050,498	4,050,498	4,050,498	4,050,498	4,050,498		
TOTAL INCREMENTAL VALUE:		-	$2,183,456	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498		
TAX RATE & INCREMENT ANALYSIS:	2012 RATES (District 8)																							
Davis County	0.002391	-	5,221	9,685	9,685	9,685	9,685	9,685	9,685	9,685	9,685	9,685	9,685	9,685	9,685	9,685	9,685	9,685	9,685	9,685	9,685	9,685	$189,231	$106,872
County Library	0.000396	-	865	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	$31,341	$17,700
Davis County School District	0.008941	-	19,522	36,216	36,216	36,216	36,216	36,216	36,216	36,216	36,216	36,216	36,216	36,216	36,216	36,216	36,216	36,216	36,216	36,216	36,216	36,216	$707,617	$399,641
Centerville	0.001165	-	2,544	4,719	4,719	4,719	4,719	4,719	4,719	4,719	4,719	4,719	4,719	4,719	4,719	4,719	4,719	4,719	4,719	4,719	4,719	4,719	$92,202	$52,073
Weber Basin Water Cons. District	0.000215	-	469	871	871	871	871	871	871	871	871	871	871	871	871	871	871	871	871	871	871	871	$17,016	$9,610
Davis County Mosquito Abatement District	0.000105	-	229	425	425	425	425	425	425	425	425	425	425	425	425	425	425	425	425	425	425	425	$8,310	$4,693
South Davis County Sewer Improvement District	0.000330	-	721	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	$26,117	$14,750
South Davis Recreation District	0.000399	-	871	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	$31,578	$17,834
Totals:	0.013942	-	$30,442	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$1,103,411	$623,173
TOTAL INCREMENTAL REVENUE IN PROJECT AREA		-	$30,442	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$1,103,411	$623,173

PROJECT AREA BUDGET Sources of Funds:		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	TOTALS	NPV
Property Tax Participation Rate for Budget	ALL PHASES																							
Davis County		75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%		
County Library		75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%		
Davis County School District		75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%		
Centerville		75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%		
Weber Basin Water Cons. District		75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%		
Davis County Mosquito Abatement District		75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%		
South Davis County Sewer Improvement District		75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%		
South Davis Recreation District		75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%		
Property Tax Increment for Budget																								
Davis County		-	$3,915	$7,264	$7,264	$7,264	$7,264	$7,264	$7,264	$7,264	$7,264	$7,264	$7,264	$7,264	$7,264	$7,264	$7,264	$7,264	$7,264	$7,264	$7,264	$7,264	$141,923	$80,154
County Library		-	$648	$1,203	$1,203	$1,203	$1,203	$1,203	$1,203	$1,203	$1,203	$1,203	$1,203	$1,203	$1,203	$1,203	$1,203	$1,203	$1,203	$1,203	$1,203	$1,203	$23,505	$13,275
Davis County School District		-	$14,642	$27,162	$27,162	$27,162	$27,162	$27,162	$27,162	$27,162	$27,162	$27,162	$27,162	$27,162	$27,162	$27,162	$27,162	$27,162	$27,162	$27,162	$27,162	$27,162	$530,713	$299,730
Centerville		-	$1,908	$3,539	$3,539	$3,539	$3,539	$3,539	$3,539	$3,539	$3,539	$3,539	$3,539	$3,539	$3,539	$3,539	$3,539	$3,539	$3,539	$3,539	$3,539	$3,539	$69,151	$39,054
Weber Basin Water Cons. District		-	$352	$653	$653	$653	$653	$653	$653	$653	$653	$653	$653	$653	$653	$653	$653	$653	$653	$653	$653	$653	$12,762	$7,207
Davis County Mosquito Abatement District		-	$172	$319	$319	$319	$319	$319	$319	$319	$319	$319	$319	$319	$319	$319	$319	$319	$319	$319	$319	$319	$6,233	$3,520
South Davis County Sewer Improvement District		-	$540	$1,002	$1,002	$1,002	$1,002	$1,002	$1,002	$1,002	$1,002	$1,002	$1,002	$1,002	$1,002	$1,002	$1,002	$1,002	$1,002	$1,002	$1,002	$1,002	$19,588	$11,063
South Davis Recreation District		-	$653	$1,212	$1,212	$1,212	$1,212	$1,212	$1,212	$1,212	$1,212	$1,212	$1,212	$1,212	$1,212	$1,212	$1,212	$1,212	$1,212	$1,212	$1,212	$1,212	$23,684	$13,376
Total Property Tax Increment for Budget		-	$22,831	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$827,558	$467,380
Total Sources		-	$22,831	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$827,558	$467,380

Uses of Tax Increment Funds:		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	TOTALS	NPV
Project Development Costs (Infrastructure, Land Assembly,	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%		
RDA Administrative Costs	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%		
Housing	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%		
Total Uses	100.0%	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		

Uses of Tax Increment Funds:	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	TOTALS	NPV
Project Development Costs (Infrastructure, Land Assembly, Developer Incenti	-	$19,407	$36,001	$36,001	$36,001	$36,001	$36,001	$36,001	$36,001	$36,001	$36,001	$36,001	$36,001	$36,001	$36,001	$36,001	$36,001	$36,001	$36,001	$36,001	$36,001	$703,424	$397,273
RDA Administrative Costs	-	$1,142	$2,118	$2,118	$2,118	$2,118	$2,118	$2,118	$2,118	$2,118	$2,118	$2,118	$2,118	$2,118	$2,118	$2,118	$2,118	$2,118	$2,118	$2,118	$2,118	$41,378	$23,369
Housing	-	$2,283	$4,235	$4,235	$4,235	$4,235	$4,235	$4,235	$4,235	$4,235	$4,235	$4,235	$4,235	$4,235	$4,235	$4,235	$4,235	$4,235	$4,235	$4,235	$4,235	$82,756	$46,738
Total Uses	-	$22,831	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$827,558	$467,380

REMAINING TAX REVENUES FOR TAXING ENTITIES	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	TOTALS	NPV
Davis County	-	$1,305	$2,421	$2,421	$2,421	$2,421	$2,421	$2,421	$2,421	$2,421	$2,421	$2,421	$2,421	$2,421	$2,421	$2,421	$2,421	$2,421	$2,421	$2,421	$2,421	$47,308	$26,718
County Library	-	$216	$401	$401	$401	$401	$401	$401	$401	$401	$401	$401	$401	$401	$401	$401	$401	$401	$401	$401	$401	$7,835	$4,425
Davis County School District	-	$4,881	$9,054	$9,054	$9,054	$9,054	$9,054	$9,054	$9,054	$9,054	$9,054	$9,054	$9,054	$9,054	$9,054	$9,054	$9,054	$9,054	$9,054	$9,054	$9,054	$176,904	$99,910
Centerville	-	$636	$1,180	$1,180	$1,180	$1,180	$1,180	$1,180	$1,180	$1,180	$1,180	$1,180	$1,180	$1,180	$1,180	$1,180	$1,180	$1,180	$1,180	$1,180	$1,180	$23,050	$13,018
Weber Basin Water Cons. District	-	$117	$218	$218	$218	$218	$218	$218	$218	$218	$218	$218	$218	$218	$218	$218	$218	$218	$218	$218	$218	$4,254	$2,402
Davis County Mosquito Abatement District	-	$57	$106	$106	$106	$106	$106	$106	$106	$106	$106	$106	$106	$106	$106	$106	$106	$106	$106	$106	$106	$2,078	$1,173
South Davis County Sewer Improvement District	-	$180	$334	$334	$334	$334	$334	$334	$334	$334	$334	$334	$334	$334	$334	$334	$334	$334	$334	$334	$334	$6,529	$3,688
South Davis Recreation District	-	$218	$404	$404	$404	$404	$404	$404	$404	$404	$404	$404	$404	$404	$404	$404	$404	$404	$404	$404	$404	$7,895	$4,459
Total	-	$7,610	$14,118	$14,118	$14,118	$14,118	$14,118	$14,118	$14,118	$14,118	$14,118	$14,118	$14,118	$14,118	$14,118	$14,118	$14,118	$14,118	$14,118	$14,118	$14,118	$275,853	$155,793

Memorandum

To:	Steve Thacker, City Manager Blaine Lutz, Assistant City Manager & Finance Director
From:	Jason Burningham, Lewis Young Robertson & Burningham, Inc.
Date:	January 27, 2014
Re:	Salmon Pasture Development Analysis

INTRODUCTION

Lewis Young Robertson & Burningham, Inc. ("LYRB") has been asked by the Redevelopment Agency of Centerville City (the "RDA") to review the Salmon HVAC ("Salmon") cash flow pro forma for the Pasture Development Project (the "Project"). The Project was a key driver for the development of the recent Barnard Creek Community Development Area ("CDA"). Preliminary data regarding the Project was used to substantiate the need for a CDA to assist in the cost of infrastructure improvements. The purpose of this document is to provide a more detailed review of the Project's cash flow pro forma, capital structure and potential return on investment in an attempt to identify a reasonable and justified level of tax increment participation from the RDA.

SALMON PASTURE DEVELOPMENT SUMMARY

Salmon owns approximately 4.87 acres within the Barnard Creek CDA, and has proposed the development of three light industrial/flex space buildings on the property. The proposed development includes the following:

TABLE 1: PROPOSED DEVELOPMENT

BUILDING	TOTAL SQUARE FEET
Building 1	27,757
Building 2	9,317
Building 3	14,312
Total	**51,386**

The total project is estimated to cost $4,098,609 as shown in the table below.

TABLE 2: TOTAL PROJECT COSTS

BUILDING	TOTAL SQUARE FEET
Building Construction Costs ($65/SF)	$3,340,090
Infrastructure Costs	$758,519
Total	**$4,098,609**

Salmon is requesting that the RDA consider participating in the proposed development by reimbursing the costs for infrastructure. This could be done through a combination of an upfront deference of fees as well as a pass through of tax increment over the next 20 years. Salmon claims participation from the RDA is necessary in order to achieve adequate economic incentive to develop the project. The infrastructure costs are estimated at $758,519 and are detailed below.

TABLE 3: INFRASTRUCTURE COSTS

BUILDING	TOTAL SQUARE FEET
Retaining Wall - Native rock	$32,000
Wetland Improvements	$43,365
Sub grade	$53,822
Storm Drain	$32,410
Curb and Gutter	$29,221
Sidewalk and curb	$70,975
Asphalt	$241,611
Sewer	$55,600
Power/Electrical	$30,135
Water	$92,370
Gas	$18,010
Landscape	$23,000
Loading Docks	$36,000
Total	**$758,519**

PRO FORMA ASSUMPTIONS

In order to determine if the request from Salmon is reasonable and necessary, LYRB completed a thorough review of the development pro forma. Table 4 summarizes the assumptions in the pro forma.

TABLE 4: PRO FORMA ASSUMPTIONS

ASSUMPTIONS:	ASSUMPTIONS (LYRB VERIFIED)	*ORIGINAL ASSUMPTIONS (SALMON)*
Loan to Equity:	70%	
Lease Rate/SF (Modified Gross):	$0.65	$0.65
Vacancy:	7.0%	10%
Operating Expenses (Management, Maintenance, Select Utilities, Tax Expenses):	15.0%	20%
CAP Rate:	8.50%	8.50%
Interest Rate:	6.0%	
Loan Term:	20	

The following details LYRB's research and validation of the assumptions listed above:

Loan to Equity: Salmon stated that the loan to equity for the Project would be 70% loan, 30% equity.

Lease Rate/SF: Salmon identified the lease rate to be approximately $0.65/SF per month. LYRB verified this rate by researching comparable data from Commerce Real Estate Solutions, CBRE Global Research and Consulting, Coldwell Banker, and comparable industrial developments in Salt Lake and Davis Counties. The table below shows comparable lease rates. Based on this comparable data and discussions with Salmon, LYRB feels that $0.65/SF is a reasonable lease rate.

TABLE 5: LEASE RATE COMPARABLES

SUMMARY	COMMERCE (DAVIS)[1]	COMMERCE (SLC)[2]	CBRE (SLC)[3]	CLEARFIELD[4]	BUSINESS DEPOT OGDEN (LIGHT INDUSTRIAL)	PHEASANT HOLLOW (SANDY, UT)	COLDWELL BANKER
Industrial Lease Rates	$0.56	$0.42	$0.41	$0.60	$0.50 - $0.65	$0.45 - $0.55 warehouse; $1 - $1.20 finished space	$0.65
[1] Commerce Real Estate Solutions, Davis County, 2nd Quarter, 2013							
[2] Commerce Real Estate Solutions, Salt Lake County, 3nd Quarter, 2013							
[3] CBRE Global Research and Consulting, Salt Lake City, Industrial Development, 4th Quarter, 2013							
[4] LYRB data							

Vacancy: While Salmon identified the vacancy to be 10 percent in the original pro forma, based on comparable data, LYRB recommends a lower vacancy rate. The table below shows comparable vacancy rates for industrial development. It appears that Davis County vacancy rates for light industrial development are approximately five percent. However, upon further discussions with the developer, it was made known that in order to qualify for a loan, the bank requests that the vacancy rate be closer to 10 percent in the pro forma analysis. Thus, LYRB recommends a vacancy rate of seven percent for the pro forma analysis.

TABLE 6: VACANCY COMPARABLES

SUMMARY	COMMERCE (DAVIS)[1]	COMMERCE (SLC)[2]	CBRE (SLC)[3]	PHEASANT HOLLOW (SANDY, UT)	COLDWELL BANKER
Industrial Vacancy	3.9%	7.7%	5.0%	3.0%	5.0%
[1] Commerce Real Estate Solutions, Davis County, 2nd Quarter, 2013					
[2] Commerce Real Estate Solutions, Salt Lake County, 3nd Quarter, 2013					
[3] CBRE Global Research and Consulting, Salt Lake City, Industrial Development, 4th Quarter, 2013					

Operating Expenses: Salmon has identified operating expenses to be 20 percent of operating income. The bank has requested that operating income be approximately 20 percent in the pro forma analysis in order to qualify for a loan. However, the developer indicates that 15 percent would be a more realistic estimate of operating expenses. Based on discussions with Coldwell Banker, LYRB believes 15 percent to be a reasonable estimate.

Interest Rate & Loan Term: LYRB contacted a number of banks to identify a reasonable interest rate and loan term for the Project. The table below lists the banks contacted along with approximate interest rates and loan terms. Based on the data shown below, LYRB estimates the interest rate to be approximately six percent amortized over 20 years.

TABLE 7: LOAN COMPARABLES

KEY BANK		
Term: 5-7 Years	5-7 Years	
Amortization	20-25 Years	
Rate	6.25% - 8%	
WELLS FARGO (BRANCH 1)		
Term	5 Years	10 Years
Amortization	20 Years	20 Years
Rate	3.85%	5.20%

WELLS FARGO (BRANCH 2)		
Term		
Amortization	20	
Rate	5.75%	

With a 70 percent loan to equity and using a six percent interest rate amortized over 20 years, LYRB calculates the annual debt service or loan payment to be approximately $250,135 as shown in the table below.

TABLE 8: DEBT SERVICE CALCULATION

DEBT SERVICE CALCULATION		
Total Project Costs		$4,098,609.00
Loan Amount	70%	$2,869,026.30
Equity Amount	30%	$1,229,582.70
Loan Payment (Debt Service):		**$250,134.79**

PRO FORMA ANALYSIS

Based on a monthly lease rate of $0.65, the total gross operating income would be approximately $400,811 annually, as shown in Table 9.

TABLE 9: GROSS OPERATING INCOME CALCULATION

BUILDING	TOTAL SF	RATE/FT MONTHLY	PRO-FORMA MONTHLY	PRO-FORMA ANNUAL
1	27,757	$0.65	$18,042.05	$216,504.60
2	9,317	$0.65	$6,056.05	$72,672.60
3	14,312	$0.65	$9,302.80	$111,633.60
Totals	**51,386**		**$33,400.90**	**$400,810.80**

Using the assumptions outlined above, Table 10 calculates the return on equity (after debt service) for the Project assuming no assistance from the RDA for infrastructure improvement costs. This scenario results in a return on equity of approximately 5.43 percent. Salmon would likely not pursue the development of the Project with such a low return.

TABLE 10: PRO FORMA – NO TAX INCREMENT INCENTIVE

PRO FORMA (ANNUAL)	
Gross Operating Income	$400,811
(Vacancy @ 7.0%)	($28,057)
Effective Gross Operating Income	**$372,754**
(Operating Expenses @ 15.0%)	($55,913)
Net Operating Income	**$316,841**
Debt Service	($250,135)
Remaining Income	**$66,706**
Return on Equity (After Debt Service)	**5.43%**

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A reasonable return on equity is approximately 8.5 percent. Table 11 calculates that the annual tax increment incentive should be approximately $44,480 in order to generate a return on equity of 8.5 percent. Over a period of 20 years, this amounts to $889,609 or approximately $510,187 net present value (NPV).[1] A detailed pro forma along with assumptions is shown in **EXHIBIT A.**

TABLE 11: PRO FORMA – INCLUDES TAX INCREMENT INCENTIVE

PRO FORMA (ANNUAL)	
Gross Operating Income	$400,811
Tax Increment Incentive	$44,480
(Vacancy @ 7.0%)	($28,057)
Effective Gross Operating Income	**$417,234**
(Operating Expenses @ 15.0%)	($62,585)
Net Operating Income	**$354,649**
Debt Service	($250,135)
Remaining Income	**$104,515**
Return on Equity (After Debt Service)	**8.50%**

Based on the analysis above, LYRB believes that Salmon's request for reimbursement of infrastructure improvement costs, through tax increment or a deference of fees, is reasonable and justified. The following section estimates the tax increment that will likely be generated from the Project.

PASTURE PROJECT TAX INCREMENT GENERATION

Three main assumptions are used to calculate the taxable value of the Project which is then used to estimate the amount of tax increment generated by the Project. These assumptions include: building value per square foot, personal property, and incremental land value per square foot.

Salmon estimates the cost to construct the buildings within the Project to be $65.00 per square foot, for a total of $3,340,090. While the construction cost is $65.00 per square foot, the assessed value may be slightly lower than this amount. LYRB compared data from industrial developments in Davis, Utah, and Salt Lake Counties to determine a reasonable building assessed value per square foot and an incremental land value per square foot. LYRB also used comparable data from other project areas to determine the appropriate amount of personal property that should be included.

Using these comparables, LYRB estimates the building assessed value to be $55.00 per square foot, personal property to be approximately 40 percent of the building value, and the incremental land value to be $1.66 per square foot. These assumptions are further detailed in **EXHIBIT B** and were used to calculate the amount of tax increment generated by the Project.

LYRB estimates the taxable value of the Project to be $4,050,498 upon completion of the Project. A detailed tax increment budget is shown in **EXHIBIT C**. The total tax increment revenue generated by this Project is shown in Table 12. LYRB estimates that the Project will generate a total of $1,103,411 in tax increment revenue.

[1] Using a discount rate of six percent.

TABLE 12: TOTAL TAX INCREMENT REVENUE GENERATED

TAX INCREMENT ANALYSIS	2012 RATES (DISTRICT 8)	TOTALS	NPV
Davis County	0.002391	$189,231	$106,872
County Library	0.000396	$31,341	$17,700
Davis County School District	0.008941	$707,617	$399,641
Centerville	0.001165	$92,202	$52,073
Weber Basin Water Cons. District	0.000215	$17,016	$9,610
Davis County Mosquito Abatement District	0.000105	$8,310	$4,693
South Davis County Sewer Improvement District	0.000330	$26,117	$14,750
South Davis Recreation District	0.000399	$31,578	$17,834
Total Incremental Revenue	**0.013942**	**$1,103,411**	**$623,173**

However, according to the interlocal agreements that have recently been finalized, 25 percent of this revenue is passed through to the taxing entities and 75 percent remains with the Agency. Table 13 illustrates the tax increment revenue that remains with the Agency for use within the Project Area. It is estimated that the project will generate approximately $827,558 or a NPV of $467,380.[2]

TABLE 13: TAX INCREMENT REVENUE FOR PROJECT AREA

TAX INCREMENT ANALYSIS	PARTICIPATION	TOTALS	NPV
Davis County	75%	$141,923	$80,154
County Library	75%	$23,505	$13,275
Davis County School District	75%	$530,713	$299,730
Centerville	75%	$69,151	$39,054
Weber Basin Water Cons. District	75%	$12,762	$7,207
Davis County Mosquito Abatement District	75%	$6,233	$3,520
South Davis County Sewer Improvement District	75%	$19,588	$11,063
South Davis Recreation District	75%	$23,684	$13,376
Total Property Tax Increment for Project Area		**$827,558**	**$467,380**

SUMMARY AND RECOMMENDATION

Based on the analysis performed above, LYRB believes there is adequate justification for RDA participation, specifically to support the cost of infrastructure improvements. Our estimates show that assistance from the RDA is necessary in order for Salmon to achieve a reasonable return on equity of approximately 8.5 percent. Assistance from the RDA could be in the form of reimbursement with tax increment monies generated from the project area or from a deference of fees upfront, in which case the RDA may choose to reimburse the City through tax increment for the deferred fees. Without assistance from the RDA, Salmon may choose not to pursue immediate development of the Project.

[2] Using a discount rate of six percent

EXHIBIT A: DEVELOPMENT PRO FORMA

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Pasture Proforma (LYRB Assumptions)

Assumptions:		(Salmon)
Loan to Equity:	70%	
Lease Rate/SF (Modified Gross):	$0.65	$0.65
Vacancy:	7.0%	10%
Operating Expenses (Management, Maintenance, Select Utilities, Tax Expenses):	15.0%	20%
CAP Rate:	8.50%	8.50%
Interest Rate:	6.0%	
Loan Term:	20	

Bldg		Unit Size	Total SF	Rate/ft Monthly	Pro-forma Monthly	Pro-forma Annual
	1	27,757	27,757	$0.65	$18,042.05	$216,504.60
	2	9,371	9,317	$0.65	$6,056.05	$72,672.60
	3	14,312	14,312	$0.65	$9,302.80	$111,633.60
Totals			**51,386**		**$33,400.90**	**$400,810.80**

Pro-forma (Annual)		
Gross Operating Income		$400,811
Tax Increment Incentive		$44,480
(Vacancy)	7%	($28,057)
Effective Gross Operating Income		**$417,234**
(Operating Expenses)	15%	($62,585)
Net Operating Income		**$354,649**
Debt Service		($250,135)
Remaining Income		**$104,515**

1.42 Coverage Ratio

Total Tax Increment Incentive (over 20 years)	NPV of Total Tax Increment Incentive
$889,609	$510,187

Return on Equity (After Debt Service)	
	8.50%

Investment Summary	Acres	Cost per Square Foot	Pro-Forma	Price/SF
Price			**$4,172,344.90**	$81.20
Land Price			**$0.00**	
Total			**$4,172,344.90**	

Projected Market Value (Based on Market Leasing Rates)
$4,172,344.90

	Salmon Costs	
Building Contruction Costs	*$3,340,090.00*	*$65.00* per square foot
Infrastructure Costs	*$758,519.00*	
Total	***$4,098,609.00***	

Loan:	$2,869,026.30
Equity:	$1,229,582.70
Loan Payment (Debt Service):	$250,134.79

EXHIBIT B: DEVELOPMENT ASSUMPTIONS & ASSESSED VALUE

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REDEVELOPMENT AGENCY OF CENTERVILLE

Salmon Pasture Development Analysis

Increment and Budget Analysis

Exhibit B: Development Absorption Schedule and Assumptions

Assumptions

General Assumptions	
Sq. Ft. per Acre	43,560
Annual Inflation	2.50%
Discount Rate	6.00%
Personal Property Rate	40.00%
New Sales to State	10.00%
New Sales to County	25.00%
New Sales to City	80.00%
Base Land Value (Pre-Development)	$1.34

Personal Property Comparables

	Clearfield ATK EDA	Orem 85-01 RDA	St. George EDA 2	St. George EDA1
Tax Year	2012	2012	2011	2011
% Personal Property	46%	78%	33%	46%
Type of Development	Industrial/Manufacturing	Light Industrial	Industrial	Industrial

Salmon Development	Phase I	Phase 2	Phase 3	
Timing (year)	2015	2015	2013	
Building Sq. Ft.	14,312	9,317	27,757	51,386
Building Cost/Sq. Ft.	$55.00	$55.00	$55.00	
Land Value/Sq. Ft.	$3.00	$3.00	$3.00	
Incremental Land Value/Sq. Ft.	$1.66	$1.66	$1.66	

Source: Development provided by Troy Salmon (sq. ft. building cost, timing, etc.)

Comps for Building Cost/SF	$56.00	(Davis, Utah, and Salt Lake County sample)
Comps for Building Cost/SF	$52.00	(Davis County - outliers removed)

Sales Tax Rates (Net Rate)		City Effective Rate	County Effective Rate	State Effective Rate
State	4.700%			4.700%
County	0.250%		0.125%	
City	1.000%	0.500%		
Mass Transit	0.250%		0.250%	
Add Mass Transit	0.250%		0.250%	
Supplemental State	0.050%			0.050%
Bot. Cult. Zoo (Municipality)	0.100%	0.100%		
TOTAL	6.600%	0.600%	0.625%	4.750%

Source: Rates in effect as of April 1, 2013: http://tax.utah.gov/sales/rates

Absorption at 100%

Estimated New Construction/Absorption (Sq. Ft)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Salmon Development												
Phase I	-	-	14,312	-	-	-	-	-	-	-	-	-
Phase 2	-	-	9,317	-	-	-	-	-	-	-	-	-
Phase 3	27,757	-	-	-	-	-	-	-	-	-	-	-
Total Salmon Development	27,757	-	23,629	-	-	-	-	-	-	-	-	-

Estimated New Construction/Absorption (Sq. Ft)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Salmon Development											
Phase I	-	-	-	-	-	-	-	-	-	-	-
Phase 2	-	-	-	-	-	-	-	-	-	-	-
Phase 3	-	-	-	-	-	-	-	-	-	-	-
Total Salmon Development	-	-	-	-	-	-	-	-	-	-	-

Cumulative Absorption (Building Sq. Ft.)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Salmon Development												
Phase I	-	-	14,312	14,312	14,312	14,312	14,312	14,312	14,312	14,312	14,312	14,312
Phase 2	-	-	9,317	9,317	9,317	9,317	9,317	9,317	9,317	9,317	9,317	9,317
Phase 3	27,757	27,757	27,757	27,757	27,757	27,757	27,757	27,757	27,757	27,757	27,757	27,757
Cumulative Salmon Development	27,757	27,757	51,386	51,386	51,386	51,386	51,386	51,386	51,386	51,386	51,386	51,386

Cumulative Absorption (Building Sq. Ft.)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Salmon Development											
Phase I	14,312	14,312	14,312	14,312	14,312	14,312	14,312	14,312	14,312	14,312	14,312
Phase 2	9,317	9,317	9,317	9,317	9,317	9,317	9,317	9,317	9,317	9,317	9,317
Phase 3	27,757	27,757	27,757	27,757	27,757	27,757	27,757	27,757	27,757	27,757	27,757
Cumulative Salmon Development	51,386	51,386	51,386	51,386	51,386	51,386	51,386	51,386	51,386	51,386	51,386

Property Values Summary	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Salmon Development												
Phase I												
Building Value	-	-	$787,160	$787,160	$787,160	$787,160	$787,160	$787,160	$787,160	$787,160	$787,160	$787,160
Personal Property Values	-	-	$314,864	$314,864	$314,864	$314,864	$314,864	$314,864	$314,864	$314,864	$314,864	$314,864
Land Values (Value Added Post-development)	-	-	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805
Total Property Values	-	-	$1,125,829	$1,125,829	$1,125,829	$1,125,829	$1,125,829	$1,125,829	$1,125,829	$1,125,829	$1,125,829	$1,125,829
Phase 2												
Building Value	-	-	$512,435	$512,435	$512,435	$512,435	$512,435	$512,435	$512,435	$512,435	$512,435	$512,435
Personal Property Values	-	-	$204,974	$204,974	$204,974	$204,974	$204,974	$204,974	$204,974	$204,974	$204,974	$204,974
Land Values (Value Added Post-development)	-	-	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805
Total Property Values	-	-	$741,214	$741,214	$741,214	$741,214	$741,214	$741,214	$741,214	$741,214	$741,214	$741,214
Phase 3												
Building Value	$1,526,635	$1,526,635	$1,526,635	$1,526,635	$1,526,635	$1,526,635	$1,526,635	$1,526,635	$1,526,635	$1,526,635	$1,526,635	$1,526,635
Personal Property Values	$610,654	$610,654	$610,654	$610,654	$610,654	$610,654	$610,654	$610,654	$610,654	$610,654	$610,654	$610,654
Land Values (Value Added Post-development)	$46,167	$46,167	$46,167	$46,167	$46,167	$46,167	$46,167	$46,167	$46,167	$46,167	$46,167	$46,167
Total Property Values	$2,183,456	$2,183,456	$2,183,456	$2,183,456	$2,183,456	$2,183,456	$2,183,456	$2,183,456	$2,183,456	$2,183,456	$2,183,456	$2,183,456
Total Salmon Development	**$2,183,456**	**$2,183,456**	**$4,050,498**	**$4,050,498**	**$4,050,498**	**$4,050,498**	**$4,050,498**	**$4,050,498**	**$4,050,498**	**$4,050,498**	**$4,050,498**	**$4,050,498**

Property Values Summary	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Salmon Development											
Phase I											
Building Value	$787,160	$787,160	$787,160	$787,160	$787,160	$787,160	$787,160	$787,160	$787,160	$787,160	$787,160
Personal Property Values	$314,864	$314,864	$314,864	$314,864	$314,864	$314,864	$314,864	$314,864	$314,864	$314,864	$314,864
Land Values (Value Added Post-development)	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805
Total Property Values	$1,125,829	$1,125,829	$1,125,829	$1,125,829	$1,125,829	$1,125,829	$1,125,829	$1,125,829	$1,125,829	$1,125,829	$1,125,829
Phase 2											
Building Value	$512,435	$512,435	$512,435	$512,435	$512,435	$512,435	$512,435	$512,435	$512,435	$512,435	$512,435
Personal Property Values	$204,974	$204,974	$204,974	$204,974	$204,974	$204,974	$204,974	$204,974	$204,974	$204,974	$204,974
Land Values (Value Added Post-development)	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805	$23,805
Total Property Values	$741,214	$741,214	$741,214	$741,214	$741,214	$741,214	$741,214	$741,214	$741,214	$741,214	$741,214
Phase 3											
Building Value	$1,526,635	$1,526,635	$1,526,635	$1,526,635	$1,526,635	$1,526,635	$1,526,635	$1,526,635	$1,526,635	$1,526,635	$1,526,635
Personal Property Values	$610,654	$610,654	$610,654	$610,654	$610,654	$610,654	$610,654	$610,654	$610,654	$610,654	$610,654
Land Values (Value Added Post-development)	$46,167	$46,167	$46,167	$46,167	$46,167	$46,167	$46,167	$46,167	$46,167	$46,167	$46,167
Total Property Values	$2,183,456	$2,183,456	$2,183,456	$2,183,456	$2,183,456	$2,183,456	$2,183,456	$2,183,456	$2,183,456	$2,183,456	$2,183,456
Total Salmon Development	**$4,050,498**	**$4,050,498**	**$4,050,498**	**$4,050,498**	**$4,050,498**	**$4,050,498**	**$4,050,498**	**$4,050,498**	**$4,050,498**	**$4,050,498**	**$4,050,498**

EXHIBIT C: MULTI-YEAR TAX INCREMENT BUDGET

REDEVELOPMENT AGENCY OF CENTERVILLE
Salmon Pasture Development Analysis
Increment and Budget Analysis
Exhibit C: Multi Year Tax Increment Budget

ASSUMPTIONS:	
Discount Rate	6.0%
Inflation Rate	2.5%

INCREMENTAL TAX ANALYSIS:	Payment Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	TOTALS	NPV
Cumulative Taxable Value	Year		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20		
Salmon Development			2,183,456	4,050,498	4,050,498	4,050,498	4,050,498	4,050,498	4,050,498	4,050,498	4,050,498	4,050,498	4,050,498	4,050,498	4,050,498	4,050,498	4,050,498	4,050,498	4,050,498	4,050,498	4,050,498	4,050,498		
TOTAL INCREMENTAL VALUE:		-	$2,183,456	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498	$4,050,498		
TAX RATE & INCREMENT ANALYSIS:	2012 RATES (District 8)																							
Davis County	0.002391	-	5,221	9,685	9,685	9,685	9,685	9,685	9,685	9,685	9,685	9,685	9,685	9,685	9,685	9,685	9,685	9,685	9,685	9,685	9,685	9,685	$189,231	$106,872
County Library	0.000396	-	865	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	$31,341	$17,700
Davis County School District	0.008941	-	19,522	36,216	36,216	36,216	36,216	36,216	36,216	36,216	36,216	36,216	36,216	36,216	36,216	36,216	36,216	36,216	36,216	36,216	36,216	36,216	$707,617	$399,641
Centerville	0.001165	-	2,544	4,719	4,719	4,719	4,719	4,719	4,719	4,719	4,719	4,719	4,719	4,719	4,719	4,719	4,719	4,719	4,719	4,719	4,719	4,719	$92,202	$52,073
Weber Basin Water Cons. District	0.000215	-	469	871	871	871	871	871	871	871	871	871	871	871	871	871	871	871	871	871	871	871	$17,016	$9,610
Davis County Mosquito Abatement District	0.000105	-	229	425	425	425	425	425	425	425	425	425	425	425	425	425	425	425	425	425	425	425	$8,310	$4,693
South Davis County Sewer Improvement District	0.000330	-	721	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	$26,117	$14,750
South Davis Recreation District	0.000399	-	871	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	$31,578	$17,834
Totals	0.013942	-	$30,442	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$1,103,411	$623,173
TOTAL INCREMENTAL REVENUE IN PROJECT AREA		-	$30,442	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$56,472	$1,103,411	$623,173

PROJECT AREA BUDGET Sources of Funds:		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	TOTALS	NPV
Property Tax Participation Rate for Budget	ALL PHASES														75%									
Davis County		75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%		
County Library		75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%		
Davis County School District		75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%		
Centerville		75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%		
Weber Basin Water Cons. District		75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%		
Davis County Mosquito Abatement District		75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%		
South Davis County Sewer Improvement District		75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%		
South Davis Recreation District		75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%		
Property Tax Increment for Budget																								
Davis County		-	$3,915	$7,264	$7,264	$7,264	$7,264	$7,264	$7,264	$7,264	$7,264	$7,264	$7,264	$7,264	$7,264	$7,264	$7,264	$7,264	$7,264	$7,264	$7,264	$7,264	$141,923	$80,154
County Library		-	$648	$1,203	$1,203	$1,203	$1,203	$1,203	$1,203	$1,203	$1,203	$1,203	$1,203	$1,203	$1,203	$1,203	$1,203	$1,203	$1,203	$1,203	$1,203	$1,203	$23,505	$13,275
Davis County School District		-	$14,642	$27,162	$27,162	$27,162	$27,162	$27,162	$27,162	$27,162	$27,162	$27,162	$27,162	$27,162	$27,162	$27,162	$27,162	$27,162	$27,162	$27,162	$27,162	$27,162	$530,713	$299,730
Centerville		-	$1,908	$3,539	$3,539	$3,539	$3,539	$3,539	$3,539	$3,539	$3,539	$3,539	$3,539	$3,539	$3,539	$3,539	$3,539	$3,539	$3,539	$3,539	$3,539	$3,539	$69,151	$39,054
Weber Basin Water Cons. District		-	$352	$653	$653	$653	$653	$653	$653	$653	$653	$653	$653	$653	$653	$653	$653	$653	$653	$653	$653	$653	$12,762	$7,207
Davis County Mosquito Abatement District		-	$172	$319	$319	$319	$319	$319	$319	$319	$319	$319	$319	$319	$319	$319	$319	$319	$319	$319	$319	$319	$6,233	$3,520
South Davis County Sewer Improvement District		-	$540	$1,002	$1,002	$1,002	$1,002	$1,002	$1,002	$1,002	$1,002	$1,002	$1,002	$1,002	$1,002	$1,002	$1,002	$1,002	$1,002	$1,002	$1,002	$1,002	$19,588	$11,063
South Davis Recreation District		-	$653	$1,212	$1,212	$1,212	$1,212	$1,212	$1,212	$1,212	$1,212	$1,212	$1,212	$1,212	$1,212	$1,212	$1,212	$1,212	$1,212	$1,212	$1,212	$1,212	$23,684	$13,376
Total Property Tax Increment for Budget:		-	$22,831	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$827,558	$467,380
Total Sources		-	$22,831	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$827,558	$467,380

Uses of Tax Increment Funds:		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	TOTALS	NPV
Project Development Costs (Infrastructure, Land Assembly,	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%		
RDA Administrative Costs	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%		
Housing	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%		
Total Uses	100.0%	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		

Uses of Tax Increment Funds:	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	TOTALS	NPV
Project Development Costs (Infrastructure, Land Assembly, Developer Incenti	-	$19,407	$36,001	$36,001	$36,001	$36,001	$36,001	$36,001	$36,001	$36,001	$36,001	$36,001	$36,001	$36,001	$36,001	$36,001	$36,001	$36,001	$36,001	$36,001	$36,001	$703,424	$397,273
RDA Administrative Costs	-	$1,142	$2,118	$2,118	$2,118	$2,118	$2,118	$2,118	$2,118	$2,118	$2,118	$2,118	$2,118	$2,118	$2,118	$2,118	$2,118	$2,118	$2,118	$2,118	$2,118	$41,378	$23,369
Housing	-	$2,283	$4,235	$4,235	$4,235	$4,235	$4,235	$4,235	$4,235	$4,235	$4,235	$4,235	$4,235	$4,235	$4,235	$4,235	$4,235	$4,235	$4,235	$4,235	$4,235	$82,756	$46,738
Total Uses	-	$22,831	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$42,354	$827,558	$467,380

REMAINING TAX REVENUES FOR TAXING ENTITIES	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	TOTALS	NPV
Davis County	-	$1,305	$2,421	$2,421	$2,421	$2,421	$2,421	$2,421	$2,421	$2,421	$2,421	$2,421	$2,421	$2,421	$2,421	$2,421	$2,421	$2,421	$2,421	$2,421	$2,421	$47,308	$26,718
County Library	-	$216	$401	$401	$401	$401	$401	$401	$401	$401	$401	$401	$401	$401	$401	$401	$401	$401	$401	$401	$401	$7,835	$4,425
Davis County School District	-	$4,881	$9,054	$9,054	$9,054	$9,054	$9,054	$9,054	$9,054	$9,054	$9,054	$9,054	$9,054	$9,054	$9,054	$9,054	$9,054	$9,054	$9,054	$9,054	$9,054	$176,904	$99,910
Centerville	-	$636	$1,180	$1,180	$1,180	$1,180	$1,180	$1,180	$1,180	$1,180	$1,180	$1,180	$1,180	$1,180	$1,180	$1,180	$1,180	$1,180	$1,180	$1,180	$1,180	$23,050	$13,018
Weber Basin Water Cons. District	-	$117	$218	$218	$218	$218	$218	$218	$218	$218	$218	$218	$218	$218	$218	$218	$218	$218	$218	$218	$218	$4,254	$2,402
Davis County Mosquito Abatement District	-	$57	$106	$106	$106	$106	$106	$106	$106	$106	$106	$106	$106	$106	$106	$106	$106	$106	$106	$106	$106	$2,078	$1,173
South Davis County Sewer Improvement District	-	$180	$334	$334	$334	$334	$334	$334	$334	$334	$334	$334	$334	$334	$334	$334	$334	$334	$334	$334	$334	$6,529	$3,688
South Davis Recreation District	-	$218	$404	$404	$404	$404	$404	$404	$404	$404	$404	$404	$404	$404	$404	$404	$404	$404	$404	$404	$404	$7,895	$4,459
Total	-	$7,610	$14,118	$14,118	$14,118	$14,118	$14,118	$14,118	$14,118	$14,118	$14,118	$14,118	$14,118	$14,118	$14,118	$14,118	$14,118	$14,118	$14,118	$14,118	$14,118	$275,853	$155,793

TAX INCREMENT PARTICIPATION AGREEMENT

Between
Redevelopment Agency of Centerville City
and
Salmon HVAC

This Tax Increment Participation Agreement (the "Agreement") is entered into as of this _____ day of __________ 2014, by and between **SALMON HVAC** (the "Company"), as the owner of certain real property located in Centerville City, Davis County, Utah, on which it proposes the development of a light industrial/flex space project known as the **PASTURE PROJECT** as defined below, and the **REDEVELOMENT AGENCY OF CENTERVILLE CITY**, a redevelopment agency created under Utah law (the "Agency" or the "Agency") in contemplation of the following facts and circumstances:

A. **WHEREAS** the Company owns approximately 4.87 acres of real property in Centerville City, Davis County, Utah, (the "Site"), which is depicted in **<u>EXHIBIT A</u>** and desires to develop a light industrial/flex space development project;

B. **WHEREAS** the Company has presented to the Agency and its representatives the estimated value of the proposed improvements and development to the Site, which will improve parcels 060030046 and 060030031, and which includes three light industrial buildings (as detailed in **<u>EXHIBIT B</u>**) for a total of 51,386 square feet (the "Pasture Project"), resulting in an estimated taxable value of approximately four million fifty thousand four hundred ninety-eight dollars ($4,050,498) as shown in **<u>EXHIBIT C</u>**;

C. **WHEREAS**, it is necessary for the Company to construct public infrastructure and site improvements prior to the full development of the Pasture Project, which infrastructure and site improvement costs (the "Infrastructure Costs") are estimated to be $758,519 (as more fully depicted in <u>EXHIBIT D</u>);

D. **WHEREAS** the Company has presented to the Agency and its representatives a projected financing pro forma, which includes justification for the Agency's participation in a portion of the Infrastructure Costs;

E. **WHEREAS** the Agency has heretofore created the Barnard Creek Community Development Project Area ("Project Area") in the year 2014 that is comprised of the properties that includes the Site, which authorizes the Agency to use all tax increment as allowed in the Community Development & Renewal Agency Act, Utah Code Annotated ("UCA") 17C (the "Act");

F. **WHEREAS** the Agency has heretofore adopted and authorized the Barnard Creek Community Development Project Area Plan and Budget that provides the Agency the ability to negotiate participation and tax increment agreements with developers and property owners;

G. **WHEREAS** the Site and the proposed Pasture Project, due to its location within the Project Area, generates incremental property tax revenues to the Agency;

AGREEMENT:

NOW THEREFORE, in consideration of the mutual covenants, conditions, and considerations as more fully set forth below, the parties hereby agree to the Participation Agreement as follows:

1. **Tax Increment Financing Incentive**. As a consideration for the Company constructing and developing the Pasture Project, the Agency agrees to contribute to the Company certain tax increment received by the Agency and produced by the creation and development of the Pasture Project *(as more fully described below in subparagraph A)*. Payment of tax increment to the Company is intended to be used by the Company as a reimbursement for Infrastructure Costs incurred in connection with the development of the Site.

> A. The Agency will remit 100% of Pasture Project Tax Increment (*"Pasture Project Tax Increment" shall mean the amount of property tax revenue received by the Agency pursuant to the Budget and Interlocal Agreements related to the Pasture Project and which tax increment revenue is generated by the parcels of property that constitute the Site),* commencing on the next succeeding tax year after the Project Area tax increment has been triggered by the Agency. The total amount of the Pasture Project Tax Increment to be remitted by the Agency to the Company shall be the lesser of either:
>
> i. twenty-years from the date the Agency first receives the Pasture Project Tax Increment, or
>
> ii. until the maximum Pasture Project Tax Increment amount equals $889,609.

2. **Timing of Infrastructure Improvements.** The timing of the initial infrastructure, site improvements, and building construction are anticipated to occur in the timeframe outlined below:

> A. Complete construction, installation or acquisition of Phase I of the Infrastructure Costs no later than ____.
> B. Complete construction of the light industrial/flex space building associated with Phase I, no later than ____.

3. **Timing of Tax Increment.** The Agency shall commence payment of Pasture Project Tax Increment outlined in 1 (A) above commencing on the next succeeding tax year after the Project Area tax increment has been triggered by the Agency. It is further agreed that the condition of payment related to Pasture Project Tax Increment is subject to receipt of said monies from Davis County.

4. RDA Authority. The Drawings and Preliminary and Final Construction Documents shall be subject to general architectural review and guidance by the Agency. The City's approval is directed to such matters as planning, zoning, engineering, structural matters, compliance with City buildings codes and regulations, conditional use permits, and applicable State, federal or local laws relating to construction standards. The Developer understands that the Agency's approval is in addition to the

City's approval. The Agency's determinations respecting the Developer's compliance with the Redevelopment Plan, the Preliminary and Final Construction Documents and this Agreement shall be final and conclusive. The approval of the Agency shall not be unreasonably withheld or denied.

5. **Successors and Assigns.** This Agreement may not be assigned by the Company without the expressed prior written consent of the Agency, said consent not to be unreasonably withheld.

6. **Amendments.** Except as otherwise provided herein, this Agreement may be modified or amended by, and only by, a written instrument duly authorized and executed by the Company and the Agency.

7. **Governing Law and Interpretation.** This Agreement shall be governed by the laws of the State of Utah, and any action pertaining hereto shall be brought in the applicable state or federal court having jurisdiction in Davis County, Utah.

(The remainder of the page is intentionally left blank.)

THIS PARTICIPATION AGREEMENT IS EXECUTED to be effective as of the day and year first above written.

COMPANY: SALMON HVAC
a Utah company

By: ______________________________
__________, Owner

AGENCY: CENTERVILLE CITY REDEVELOPMENT AGENCY,
a municipal agency of the state of Utah

Attest:

By: ______________________________
Paul Cutler, Agency Board Chair

____
Agency Recorder

EXHIBIT A: MAP OF PASTURE PROJECT & BARNARD CREEK CDA

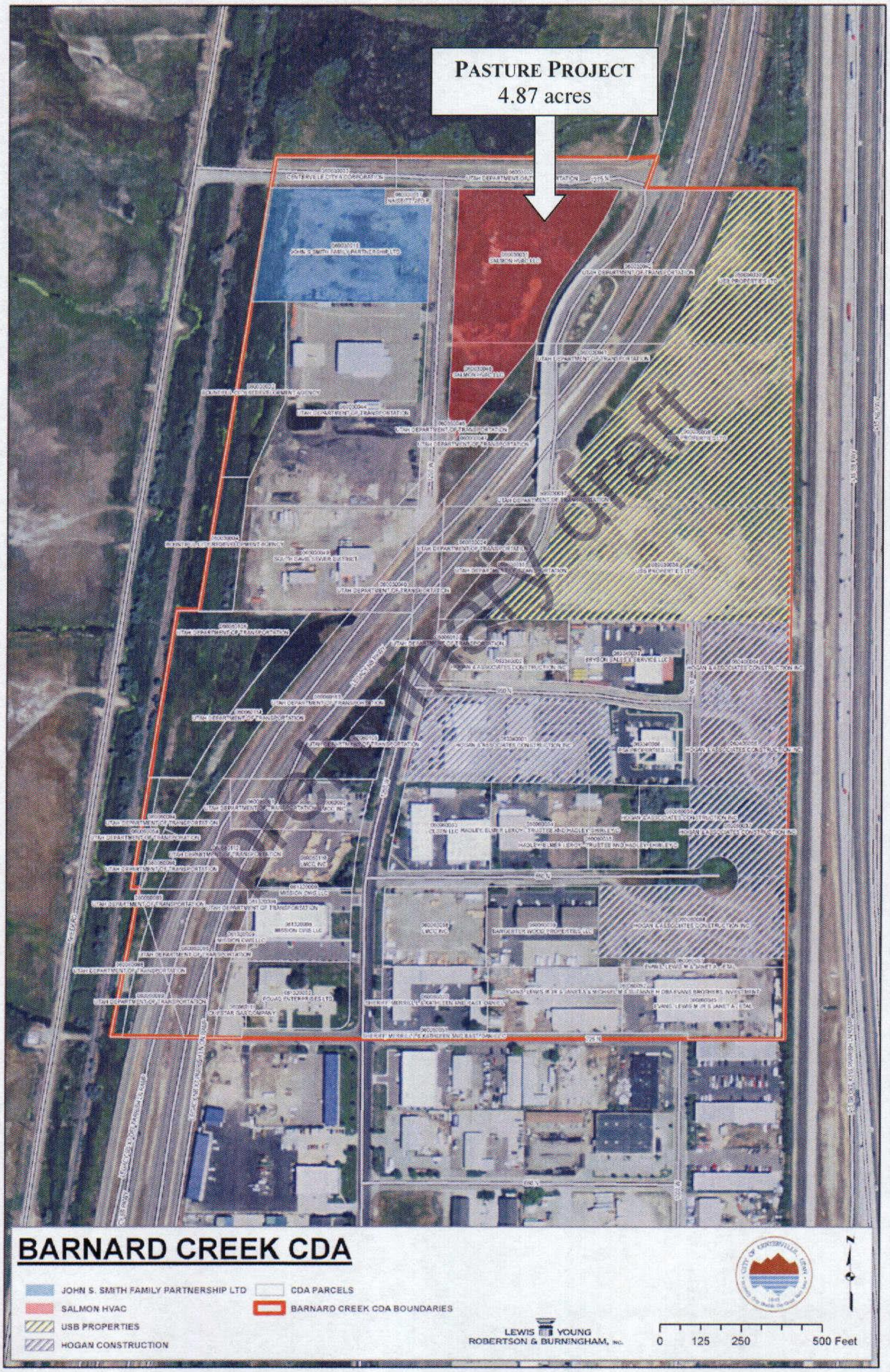


EXHIBIT B: ARCHITECTURAL RENDERINGS

EXHIBIT C: ESTIMATED PRIVATE INVESTMENT ANALYSIS

Pasture Project:

- Construction of three light industrial/flex space buildings and site improvements

	Unit Size (SF)	Building Value	Personal Property	Increase in Land Value Post-Development	Total Assessed Value
Phase 1	27,757	$1,526,635	$610,654	$46,167	$2,183,456
Phase 2	9,371	$787,160	$314,864	$23,805	$1,125,829
Phase 3	14,312	$512,435	$204,974	$23,805	$741,214
Totals	**51,386**	**$2,826,230**	**$1,130,492**	**$93,776**	**$4,050,498**

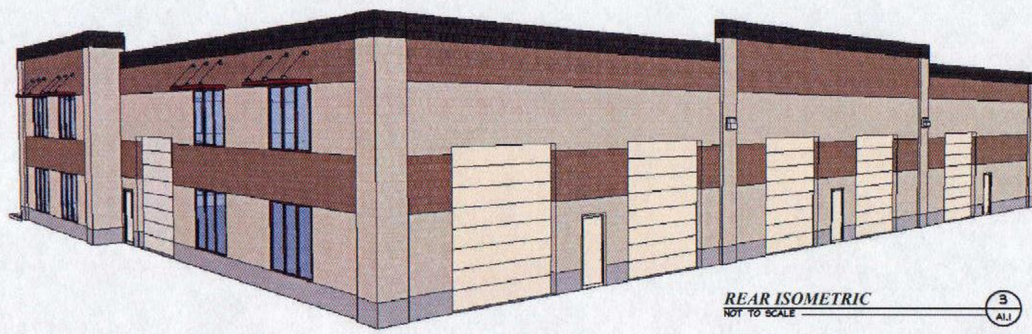
EXHIBIT D: PUBLIC INFRASTRUCTURE IMPROVMENTS

ESTIMATED PUBLIC INFRASTRUCTURE COSTS	
DESCRIPTION	**TOTAL COST**
Retaining Wall - Native rock	$32,000.00
Wetland Improvements	$43,365.00
Sub grade	$53,822.46
Storm Drain	$32,410.00
Curb and Gutter	$29,220.75
Sidewalk and curb	$70,975.00
Asphault	$241,611.00
Sewer	$55,600.00
Power/Electrical	$30,135.00
Water	$92,370.00
Gas	$18,010.00
Landscape	$23,000.00
Loading Docks	$36,000.00
Total	**$758,519.21**

FRONT / SIDE ISOMETRIC (1 / A1.1)
NOT TO SCALE

FRONT / SIDE ISOMETRIC (2 / A1.1)
NOT TO SCALE

FENESTRATION CALCULATION			
WALL	TOTAL LENGTH OF WALL (INCHES)	TOTAL LENTH OF WINDOWS (INCHES)	TOTAL FENESTRATION
SOUTH - MAIN	1784	864	48.43%
SOUTH - UPPER	1784	864	48.43%
EAST - MAIN	1200	480	40.00%
WEST - MAIN	1200	568	47.33%
NORTH - MAIN	1704	840	49.30%



REAR ISOMETRIC (3 / A1.1)
NOT TO SCALE

SEAL:

REVISED:

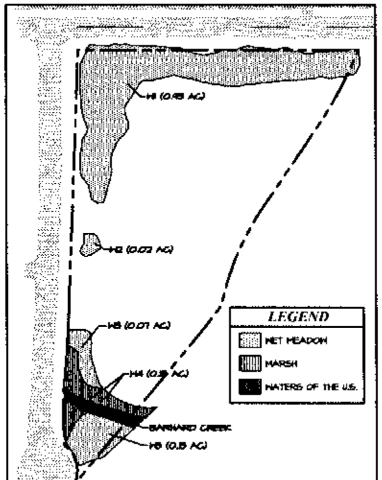
DATE:
PROJECT: 11-019
DRAWN BY: C.D.
PLOT: 03-19-2012

DRAWING DESCRIPTION:
COLORED ELEVATIONS

JAMES O. CHAMBERLIN & ASSOCIATES
ARCHITECTS
177 E. ANTELOPE DR. #B
LAYTON, UT 84041
PHONE: (801) 499-5055
FAX: (801) 499-5065

THE PASTURE
1275 NORTH 1250 WEST
CENTERVILLE, UTAH

SHEET NUMBER:
A1.1



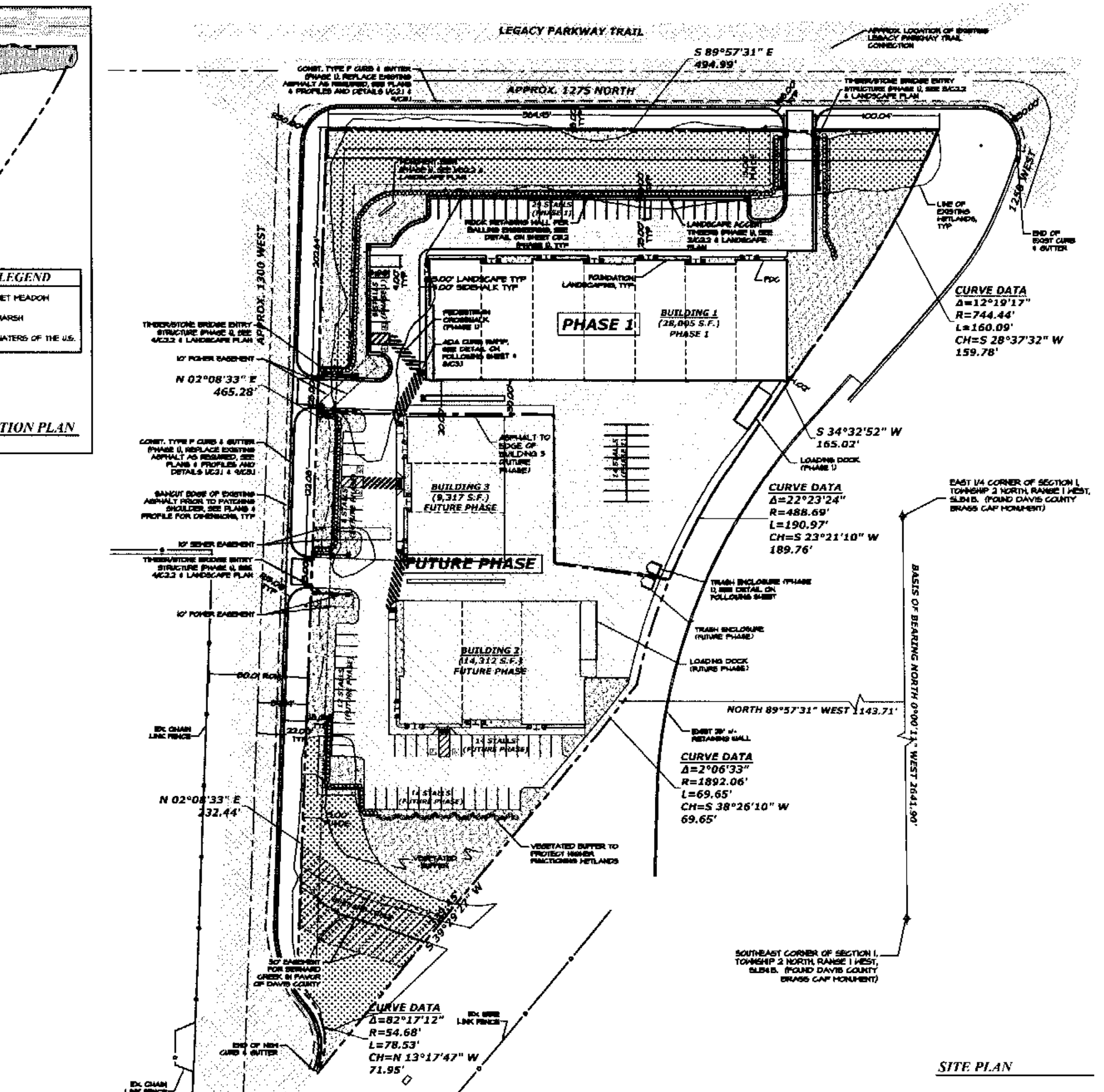
WETLANDS DELINEATION PLAN
SCALE: 1"=100'

TEMPORARY MAINTENANCE PLAN: OWNER SHALL MOW & SPRAY TO CONTROL THE GROWTH OF WEEDS BETWEEN PHASES. THE ROADWAY SHOULDERS FOR EACH PHASE SHALL BE TREATED AND MAINTAINED TO PROMOTE HEALTHY PLANT GROWTH RATHER THAN JUST WEEDS AS DEEMED ACCEPTABLE BY THE PUBLIC WORKS DIRECTOR.

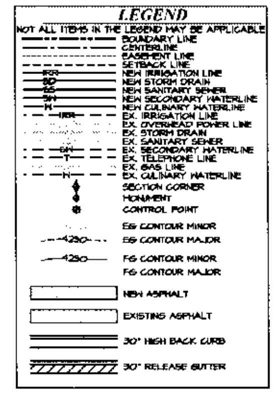
VERTICAL DATUM: NAVD88

BENCHMARK: CENTER OF SECTION 12 (ELEV. 4212.12)

PHASING NARRATIVE: PHASE 1 WILL CONSIST OF THE CONSTRUCTION OF "BUILDING 1" & ALL UTILITIES AND GRADING REQUIRED AS SHOWN ON THE PLANS, DRIVE APPROACHES, CULVERTS, ROCK RETAINING WALLS, & FUTURE BUILDING UTILITY STUBS. "BUILDING 2" AND "BUILDING 3" WILL BE CONSTRUCTED DURING FUTURE PHASES.



SITE PLAN



WETLANDS TABULATION				
WET MEADOW: W1				
EXISTING W1	39,119	SQ.FT.	0.90	ACRES
PROTECTED W1	20,902	SQ.FT.	0.48	ACRES
FILLED W1	18,217	SQ.FT.	0.42	ACRES
WET MEADOW: W2				
EXISTING W2	1,015	SQ.FT.	0.02	ACRES
PROTECTED W2	0	SQ.FT.	0.00	ACRES
FILLED W2	1,015	SQ.FT.	0.02	ACRES
WET MEADOW: W3				
EXISTING W3	3,020	SQ.FT.	0.07	ACRES
PROTECTED W3	1,688	SQ.FT.	0.01	ACRES
FILLED W3	1,332	SQ.FT.	0.03	ACRES
MARSH: W4				
EXISTING W4	5,258	SQ.FT.	0.12	ACRES
PROTECTED W4	5,160	SQ.FT.	0.12	ACRES
FILLED W4	98	SQ.FT.	0.00	ACRES
BARNARD CREEK				
EXISTING CREEK	2,098	SQ.FT.	0.05	ACRES
PROTECTED CREEK	2,098	SQ.FT.	0.05	ACRES
FILLED CREEK	0	SQ.FT.	0.00	ACRES
WET MEADOW: W5				
EXISTING W5	5,375	SQ.FT.	0.12	ACRES
PROTECTED W5	5,375	SQ.FT.	0.12	ACRES
FILLED W5	0	SQ.FT.	0.00	ACRES
TOTALS				
EXISTING WETLANDS	55,894	SQ.FT.	1.28	ACRES
PROTECTED WETLANDS	35,241	SQ.FT.	0.81	ACRES
FILLED-IN WETLANDS	20,653	SQ.FT.	0.47	ACRES

SITE AREA TABULATION		
HARDSCAPE	87,441 SQ.F.T	41.24%
TOTAL LANDSCAPE	72,980 SQ.F.T	34.42%
BUILDING	51,634 SQ.F.T	24.35%
TOTAL SITE	212,055 SQ.F.T	100.00%
BUILDING 1 PARKING STALLS PROVIDED	52 STALLS	
BUILDING 1 PARKING STALLS REQUIRED	52 STALLS	
BUILDING 2 PARKING STALLS PROVIDED	28 STALLS	
BUILDING 2 PARKING STALLS REQUIRED	27 STALLS	
BUILDING 3 PARKING STALLS PROVIDED	20 STALLS	
BUILDING 3 PARKING STALLS REQUIRED	18 STALLS	
TOTAL PARKING STALLS PROVIDED	100 STALLS	
TOTAL PARKING STALLS REQUIRED (OFFICE 20% & WAREHOUSE 80%)	97 STALLS	
TOTAL PARKING AREA (ASPHALT + LANDSCAPSE ISLANDS)	84,927 SQ.F.T	
LANDSCAPSE ISLANDS (5% MIN REQUIRED)	4,556 SQ.F.T	5.36% OF PARKING LOT
FLOOD PLAIN ELEVATION	4217.00	

CALL BLUESTAKES
@ 1-800-662-4111
AT LEAST 48 HOURS PRIOR TO COMMENCING ANY CONSTRUCTION

SEAL:

REVISED:

DATE:
PROJECT: 11-419
DRAWN BY: C.D.
PLOT: 12-19-2013

DRAWING DESCRIPTION:
SITE PLAN

SILVERPEAK
172 E. ANTELOPE DR. #B
LAYTON, UT 84041
PHONE: (801) 499-5054
FAX: (801) 499-5965

THE PASTURE: PHASE 1
APPROX: 1275 NORTH 1250 WEST
CENTERVILLE, UTAH

SHEET NAME:
C2.0

CENTERVILLE CITY COUNCIL

Staff Backup Report
3/4/2014

Item No. 3.

Short Title: Consider use of RDA funds for enhancements to Main & Parrish Intersection Project

Initiated By:

Scheduled Time:

SUBJECT

RECOMMENDATION

BACKGROUND

See the staff report for item #6 on the City Council agenda for background on this matter.