REDEVELOPMENT AGENCY OF CENTERVILLE CITY AGENDA

NOTICE IS HEREBY GIVEN THAT THE CENTERVILLE CITY COUNCIL WILL HOLD ITS REDEVELOPMENT AGENCY MEETING AT 5:30 PM ON MAY 18, 2021 AT THE CENTERVILLE CITY HALL COUNCIL CHAMBERS, 250 NORTH MAIN STREET, CENTERVILLE, UTAH. THE AGENDA IS SHOWN BELOW.

Meetings of the Redevelopment Agency of Centerville City 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, including hearing devices. Persons requesting these accommodations for City-sponsored public meetings, services, programs, or events should call Jacob Smith, Administrative Services Director, at 801-295-3477, giving at least 24 hours notice prior to the meeting.

The full packet of backup materials can be found at http://centerville.novusagenda.com/agendapublic.

A. ROLL CALL

B. BUSINESS

1. Zoom Link Information

   Join Zoom Meeting
   https://zoom.us/j/99959910345?pwd=eFEzZmNzRzhSM0hKdCtMY0ZkdzJadz09
   Meeting ID: 999 5991 0345
   Passcode: 870026

2. Amendment No. 1 to Tax Increment Agreement for Development of Land - Legacy Crossing Theatre, LLC

   Consider Amendment No. 1 to the Tax Increment Agreement for Legacy Crossing Theater, LLC to allow an exception for Tax Increment Subsidy for COVID-19 related reasons

3. Amendment No. 1 to Tax Increment Participation Agreement - Pasture, LLC

   The Pastures LLC (Craig Salmon) are requesting an amendment to their Participation Agreement with the Redevelopment Agency of Centerville City

4. CW Urban Fence Proposal

   Consider CW Urban Fence's proposal to repair or replace the damaged fence on Parrish Lane

5. Minutes Review and Acceptance

October 20, 2020 RDA Minutes
October 26, 2020 RDA Minutes
February 2, 2021 RDA Minutes
May 4, 2021 RDA Minutes

C. ADJOURNMENT

Janet Denison
Centerville City Recorder

CENTERVILLE

Staff Backup Report
5/18/2021

Item No. 1.

Short Title: Zoom Link Information

Initiated By:

Staff Representative:

SUBJECT

Join Zoom Meeting
https://zoom.us/j/99959910345?pwd=eFEzZmNzRzhSM0hKdCtMY0ZkdzJadz09
Meeting ID: 999 5991 0345
Passcode: 870026

RECOMMENDATION

BACKGROUND

CENTERVILLE
RDA MEETING
Staff Backup Report
5/18/2021

Item No. 2.

Short Title: Amendment No. 1 to Tax Increment Agreement for Development of Land - Legacy Crossing Theatre, LLC

Initiated By: Dan Bridenstine, Legacy Crossing Theatre, LLC

Staff Representative: Jacob Smith, Administrative Services Director

SUBJECT

Consider Amendment No. 1 to the Tax Increment Agreement for Legacy Crossing Theater, LLC to allow an exception for Tax Increment Subsidy for COVID-19 related reasons

RECOMMENDATION

Approve Amendment No. 1 to the Tax Increment Agreement for Legacy Crossing Theater, LLC to allow an exception for Tax Increment Subsidy for COVID-19 related reasons

BACKGROUND

The RDA entered into an agreement with the Legacy Crossing Theatre, LLC company in September 2010 (see attached agreement). Per the agreement (2.1 (B)), the Megaplex must have a minimum of 500,000 theater tickets sold to be eligible to receive their tax increment payment. This past year, 2020, the theater was ordered to close due to the pandemic and were not able to sell 500,000 tickets (see attached Historical Sale Information sheet).

Legacy Crossing Theatre LLC is requesting the tax increment payment ($203,866.73) as the loss in ticket sales was outside of their control and the money is needed. According to the current agreement, the RDA cannot remit the payment if any of the four conditions outlined in 2.1 are not met (refer to 2.2 and 2.4(A)).

Staff is recommending amending the current agreement to allow for the RDA Board to have the discretion to remit a tax increment payment if a condition is not met due to COVID-19 related reasons for the Tax Increment Subsidy Year 2020.

ATTACHMENTS:

Description

- Amendment No. 1 to ADL - Legacy Crossing Theater, LLC
- Historical Attendance and Sales - Legacy Crossing Theater
- Original Tax Increment Agreement (2010)

AMENDMENT NO. 1 TO
AGREEMENT FOR DEVELOPMENT OF LAND (ADL)
BY AND BETWEEN THE REDEVELOPMENT AGENCY OF CENTERVILLE CITY, A PUBLIC ENTITY, AND LEGACY CROSSING THEATRE, LLC, A UTAH LIMITED LIABILITY COMPANY

PARRISH-LEGACY CROSSING COMMUNITY DEVELOPMENT PROJECT AREA
CENTERVILLE CITY, UTAH

THIS AMENDMENT NO. 1 TO AGREEMENT FOR DEVELOPMENT OF LAND ("Amendment No. 1") is made and entered into as of the _____ day of May, 2021, by and between the **REDEVELOPMENT AGENCY OF CENTERVILLE CITY,** a governmental entity organized under the laws of the State of Utah (the "Agency"), and **LEGACY CROSSING THEATRE, LLC,** a Utah limited liability company (the "Developer"). The Agency and Developer may be referred to in this Amendment No. 1 as a "Party" or collectively as the "Parties."

RECITALS

A. **WHEREAS**, the Parties previously entered into that certain Agreement for Development of Land dated September 21, 2010 ("Agreement for Development of Land"), regarding tax increment related to the development of the Legacy Crossing at Parrish Lane project located at the southeast corner of 1250 West and Parrish Lane in Centerville City, Davis County, State of Utah; and

B. **WHEREAS**, the Parties desire to amend the Agreement for Development of Land to address Developer's failure to meet annual performance criteria and to provide discretion for the Agency to allow distribution of tax increment under limited certain circumstances even if performance criteria are not met as more particularly described herein.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Incorporation of Recitals.** The above Recitals are hereby incorporated into this Amendment.

2. **Amendment to Section 2.2.** Section 2.2 of the Agreement for the Development of Land regarding "Developer's Failure to Meet the Conditions Precedent" is hereby amended and restated in its entirety as follows:

2.2 Developer's Failnre to Meet the Conditions Precedent. Except as otherwise provided herein, in ~~In~~ the event ~~that~~ the Developer fails to perform any term, covenant, or condition precedent described in Subparagraphs (A), (B), (C), and/or (D) of Section 2.1

dnring any Tax Increment Year, ~~then~~ the Agency shall have no obligation to pay the Developer the annual Tax Increment Subsidy available for such Tax Increment Year and the Tax Increment Subsidy amount available for such Tax Increment Year shall be retained by the Agency and used at its discretion. The Agency, in its sole discretion may make an exception to this provision to allow for the distribution of some or all eligible annual Tax Increment Subsidy to the Developer for the Tax Increment Year 2020 due to COVID-19 related reductions in annual ticket sales or other required conditions precedent set forth in Section 2.1. The Developer shall be required to provide to the Agecny sufficient written evidence of COVID-19 related reduction in annual ticket sales or other required conditions precedent. The Agency may grant such exception by motion and majority vote of Agency members.

3. **Amendment to Section 2.4.** Section 2.4 of the Agreement for the Development of Land regarding "Reduction of the Tax Increment Subsidy in Years Where the Developer Fails to Satisfy the Conditions Precedent or Other Eligibility Requirements" is hereby amended and restated in its entirety as follows:

2.4 Reduction of the Tax Increment Subsidy In Years Where the Developer Fails to Satisfy the Conditions Precedent or Other Eligibility Requirements.

(A) Except as otherwise provided herein, in ~~In~~ the event of a failure of the Developer to meet the conditions precedent or othereligibility requirements and this Agreement has not been terminated pursuant to Article 8, then the Tax Increment Subsidy shall be reduced as follows:

In any Tax Increment Year during the Tax Increment Subsidy Period in which the Developer has not met all of the conditions precedent or other requirements set forth in this Agreement for eligibility to receive the Tax Increment Subsidy payment(s), then the amount of the Tax Increment Subsidy which would have been paid to the Developer as the Tax Increment Subsidy for that Tax Increment Year shall not be paid to the Developer and shall be retained by the Agency for other Agency purposes, and the amount of the Tax Increment Subsidy which would have been paid to the Developer as the Tax Increment Subsidy for that yearshall be subtracted from the applicable Not To Exceed Amount Of Tax Increment Subsidy to be paid to the Developer and the difference shall be the new or reduced "Not To Exceed Amount Of Tax Increment Subsidy." For example, if the Developer had initially qualified for the maximum Not To Exceed Amount Of Tax Increment Subsidy of $3,574,000, and if there would have been $200,000 of Tax Increment money available to pay the Developer as the Tax Increment Subsidy payment for Tax Increment Year 2012, but the Developer was not eligible to receive payment of the Tax Increment Subsidy because the Developer had failed to meet one or more of the above conditions precedent, then the "Not To Exceed Amount Of Tax Increment Subsidy" would be reduced by subtracting the sum of $200,000 (the amount of Tax Increment that would have been available to pay the Tax

Increment Subsidy) from the "Not To Exceed Amount OfTax Increment Subsidy" of $3,574,000, and the new or reduced "Not To Exceed Amount Of Tax Increment Subsidy" shall be the sum of $3,374,000 (i.e., $3,574,000 - $200,000 = $3,374,000), which would be the new maximum "Not To Exceed Amount Of Tax Increment Subsidy" for purposes of this Agreement.

Each year during the Tax Increment Subsidy Period that the Developer is not eligible to receive the Tax Increment Subsidy and provided this Agreement has not been terminated pursuant to Article 8, the Tax Increment Subsidy shall not be paid to the Developer and, in addition, the "Not To Exceed Amount Of Tax Increment Subsidy" shall be reduced by subtracting the amount of Tax Increment that would have been available to pay the Tax Increment Subsidy from the "Not To Exceed Amount Of Tax Increment Subsidy" as originally determined, or as the amount may have been reduced pursuant to the provisions of this Subparagraph (A).

(B) The Agency shall have no obligation to pay to the Developer any amount of Tax Increment Subsidy in excess of the amended, reduced or adjusted "Not To Exceed Amount Of Tax Increment Subsidy".

~~(B)~~(C) In the event the Agency grants an exception to allow for the distribution of some or all eligible annual Tax Increment Subsidy to the Developer for the Tax Increment Year 2020 due to COVID-19 related reductions in annual ticket sales or other required conditions precedent as more particularly set forth in Section 2.2, the provisions of Section 2.4 regarding reduction of the "Not to Exceed Amount of Tax Increment Subsidy" shall not apply to such portion of eligible annual Tax Increment Subsidy distributed to the Developer for the Tax Increment Year 2020. Any eligible Tax Increment Subsidy not distributed to Developer for the Tax Increment Year 2020 for failure to meet conditions precedent shall be subject to the provisions of Section 2.4.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS HEREOF, the parties hereto have executed this Agreement by and through their respective, duly authorized representatives as of the day and year first above written.

"AGENCY"

ATTEST:

REDEVELOPMENT AGENCY OF CENTERVILLE CITY

____
Brant Hanson, Executive Director

By: _______________________________
Chair Clark A. Wilkinson

STATE OF UTAH)
:ss
COUNTY OF DAVIS)

On the _____ day of _____________________, 20_____, personally appeared before me Clark A. Wilkinson, who being duly sworn, did say that he is the Director of **REDEVELOPMENT AGENCY OF CENTERVILLE CITY**, a governmental entity under the laws of the State of Utah, and that the foregoing instrument was signed on behalf of the Redevelopment Agency of Centerville City by authority of its Board of Directors and the undersigned acknowledged to me that the Agency executed the same.

____
Notary Public

My Commission Expires:

Residing at:

____

____

“DEVELOPER”

LEGACY CROSSING THEATERS, LLC

By: ___________________________________

Its: ___________________________________

STATE OF ________)
:ss
COUNTY OF ________)

On the _____ day of _____________, 20______, personally appeared before me ___________________________, who being duly sworn, did say that (s)he is the _________________________ of **LEGACY CROSSING THEATERS, LLC**, and that the foregoing instrument was signed on behalf of said company by authority of its members and duly acknowledged to me that said company executed the same.

____
Notary Public

My Commission Expires: Residing at:

_____________________ _____________________________________

Larry H. Miller Theatres, Inc.
Centerville
Historical Attendance / Sales

Year	Attendance	Total Revenue
2011	117,878	$ 1,487,872
2012	574,689	$ 6,648,043
2013	641,590	$ 7,678,824
2014	568,830	$ 6,791,609
2015	661,943	$ 7,731,280
2016	707,613	$ 8,207,218
2017	697,345	$ 8,178,010
2018	725,569	$ 8,794,454
2019	666,974	$ 8,342,741
2020	169,153	$ 2,282,748
	5,531,584	$ 66,142,799

AGREEMENT FOR DEVELOPMENT OF LAND
(ADL)

Dated the 21st day of September 2010

By and Between the Redevelopment Agency of Centerville City, a public entity (Agency) and Legacy Crossing Theatre, LLC, a Utah limited liability company (Developer)

PARRISH-LEGACY CROSSING COMMUNITY DEVELOPMENT PROJECT AREA

located in Centerville City, Utah

AGREEMENT FOR DEVELOPMENT OF LAND (ADL)

PARRISH-LEGACY CROSSING COMMUNITY DEVELOPMENT PROJECT AREA
CENTERVILLE CITY, UTAH

THIS AGREEMENT (the "**Agreement**") is entered into as of the 21st day of September 2010, between the REDEVELOPMENT AGENCY OF CENTERVILLE CITY, a governmental entity organized under the laws of the State of Utah (the "**Agency**"), and LEGACY CROSSING THEATRE, LLC, a Utah limited liability company (the "**Developer**"). The aforementioned are sometimes referred to in this Agreement as a "Party", or collectively as the "Parties."

W I T N E S S E T H:

(1) In furtherance of the objectives of the current Utah Community Development and Renewal Agencies Act, Utah Code Ann. Title 17C, Chapters 1 through 4 (collectively, the "**Act**"), the Agency has undertaken a program for the development of a certain geographic area known as the "Parrish-Legacy Crossing Community Development Project Area" located in Centerville City, Davis County, Utah (the "**Project Area**"); and

(2) The Agency has prepared and the City Council through the adoption of an Ordinance No. 2010-02 dated the 16th day of March, 2010 and published on the 1st day of April 2010, has approved a community development plan (as hereinafter defined, the "**Community Development Plan**") providing for the development of real property located in the Project Area and the future uses of such land, which Community Development Plan has been filed with both Centerville City and the Agency; and

(3) The Agency has entered into several interlocal agreements with taxing entities to fund the Community Development Plan, copies of which are attached hereto as Attachment No. 3 (as more particularly defined below, the "**Interlocal Agreements**"); and

(4) The subject site consists of an approximately 29-acre portion (the "**Site**") of the real property located within the Project Area. Developer owns or will own and subject to the terms and conditions hereof, the Developer has agreed to develop with the Improvements (defined below) a portion of the Site in accordance with the uses specified in the Community Development Plan and this Agreement; and

(5) To enable the Agency to achieve the objectives of the Community Development Plan, and particularly to encourage the development of the land within the Project Area by private enterprise for and in accordance with the uses specified in the Community Development Plan, the Agency desires to enter into this Agreement; and

(6) The Agency believes that the development of the Site pursuant to the provisions of the Community Development Plan and this Agreement is in the vital and best interests of the Agency and in the best interest of the health, safety and welfare of City residents, and in accord with the public purposes and provisions of the applicable State laws and requirements under which the Project Area and its development is undertaken and is being assisted by the Agency; and

(7) On the basis of the foregoing and the undertakings of the Developer pursuant to this Agreement, and to enable the Agency to achieve the objectives of the Community Development Plan, the Agency is willing, in the manner set forth herein, to assist the Developer in the development of the Site for the purpose of accomplishing the provisions of the Community Development Plan, and the provisions of this Agreement; and

(8) The development of the Site by the Developer shall be in accordance with the public purposes and provisions of applicable State laws and requirements.

NOW, THEREFORE, each of the Parties for and in consideration of mutual promises and other good and valuable consideration does covenant and agree as set forth herein.

ARTICLE 1- DEFINITIONS

The following capitalized terms have the meanings and content set forth in this Article 1, wherever used in this Agreement, and the Parties agree to the provisions set forth within the following definitions.

1.1 Agency

The term "**Agency**" means the Redevelopment Agency of Centerville City, a public body, exercising its functions and powers and organized and existing under the Utah Community Development and Renewal Agencies Act or any successor or replacement law or act (the "**Act**"), including any successor public agency designated by or pursuant to law. The principal office of the Agency is located at 250 North Main Street, Centerville, Utah.

1.2 Assessed Taxable Value

The term "**Assessed Taxable Value**" for any Tax Increment Year means the assessed taxable value as equalized and shown on the records of the Davis County Assessor's Office for that Tax Increment Year for the Site.

1.3 Available Tax Increment

The term "**Available Tax Increment**" means the portion of the Tax Increment monies which the Agency actually receives, from the Site only, pursuant to the provisions of the Interlocal Agreements and Sections 17C-4-201 through 20 of the Act, less: 1) for each Tax Increment Year of the Tax Increment Subsidy Period, the first 5% of all the Tax Increment received by the Agency, which 5% of Tax Increment shall be received and retained by the

Agency for administrative purposes; and 2) any negative Tax Increment from the Project Area. The base tax year as that term is defined or used in the Act and Interlocal Agreements and applied to the Community Development Plan is calendar year 2010. "Negative Tax Increment" results when the current year assessed valuation for the Project Area falls below the base year assessed valuation of property in the Project Area.

1.4 Certificate of Occupancy

The term "**Certificate of Occupancy**" means, with respect to a building, a permanent certificate of occupancy for the building that is issued by the City.

1.5 City

The term "**City**" means Centerville City, a political subdivision of the State of Utah.

1.6 County

The term "**County**" means Davis County, Utah.

1.7 Developer

The term "**Developer**" means Legacy Crossing Theatre, LLC, with its principal offices located at ____.

1.8 Development Agreement

The term "Development Agreement" means the development agreement relating to Developer's proposed project within the Project Area, entered into between Developer and the City and attached hereto as Attachment No. 5.

1.9 Improvements

The term "**Improvements**" means the improvements contemplated under this Agreement to be constructed and installed by the Developer on a portion of the Site, as more particularly described or referred to in Attachment No. 1, together with all off-site improvements and all parking, internal drive lanes, sewer, water, storm sewer, curbs, gutters, sidewalks and landscaping on the Site, as required by City codes, rules and regulations and the Development Agreement.

1.10 Permitted Uses

The term "**Permitted Use**" or "**Permitted Uses**" shall be limited to the uses permitted by the City code, zoning ordinance and regulations of the City for the Site. The Site has been rezoned from Industrial Use (I-H and I-VH) to Commercial Very High (C-VH) with an associated Planned Development Overlay (PDO) zoning.

1.11 Project Area

The term "**Project Area**" means the Parrish-Legacy Crossing Community Development Project Area, as more fully described in the Community Development Plan.

1.12 Interlocal Agreements

The term "**Interlocal Agreements**" means the interlocal agreements between the Agency and each of Davis County, Davis County School District, Centerville City, Weber Basin Water Conservancy District, Davis County Mosquito Abatement District, South Davis County Sewer Improvement District and South Davis Recreation District, all of which Interlocal Agreements are attached hereto as Attachment No. 3.

1.13 Public Improvements.

The term "**Public Improvements**" means the public improvements and other improvements to be constructed and installed by the Developer, as described in Attachment No. 4.

1.14 Community Development Plan

The term "**Community Development Plan**" means the Community Development Plan entitled the "Parrish-Legacy Crossing Community Development Plan," adopted by the City Council through the adoption of Ordinance No. 2010-02 dated the 16th day of March 2010 and published on the 1st day of April 2010. The Community Development Plan is incorporated herein and made a part hereof as if set forth in full.

1.15 Site

The term "**Site**" means the real property situated in the Project Area described in the Site Legal Description, Attachment No. 2 hereto.

1.16 Tax Increment

The term "**Tax Increment**" means, as defined in Section 17C-1-102(44) of the Act, the difference between: (i) the amount of property tax revenues generated each tax year by all taxing entities from the area within a project area designated in the project area plan as the area from which tax increment is to be collected, using the current assessed value of the property; and (ii) the amount of property tax revenues that would be generated from that same area using the base taxable value of the property. Tax increment does not include taxes levied and collected under Section 59-2-1602, Utah Code Annotated 1953, as amended.

1.17 Tax Increment Subsidy Period

The term "**Tax Increment Subsidy Period**" means the 15-year period commencing with the first Tax Increment Year for which the Agency receives Tax Increment from the Project Area. Pursuant to the Interlocal Agreements, the first year for collection of Tax Increment may be any Tax Increment Year between 2012 and 2014, as determined by the Agency, subject to the provisions of Section 7.1 below.

1.18 Tax Increment Subsidy

(A) The term "**Tax Increment Subsidy**" means the portion of the Available Tax Increment that is required by specific terms of this Agreement to be paid to the Developer by the Agency, provided that the Developer is eligible to receive such payments pursuant to the terms and provisions of this Agreement; provided, however, that in no event shall the total amount of all payments of Tax Increment Subsidy to the Developer exceed the sum of THREE MILLION FIVE HUNDRED SEVENTY-FOUR THOUSAND DOLLARS ($3,574,000.00) (the maximum "**Not To Exceed Amount Of Tax Increment Subsidy**"); provided, further that the Not To Exceed Amount Of Tax Increment Subsidy is subject to limitations and downward adjustments pursuant to other terms and provisions of this Agreement depending upon performance of certain requirements by the Developer.

(B) The following monies shall not be considered part of the Tax Increment Subsidy under any circumstances: (i) for each Tax Increment Year of the Tax Increment Subsidy Period, the first 5% of all the Tax Increment received by the Agency, which 5% of Tax Increment shall be received and retained by the Agency for administrative purposes; (ii) any negative Tax Increment from the Project Area; (iii) any Tax Increment monies which the Agency receives at any time attributable to property other than the Site, or from other project areas which the Agency and the City have previously established, or which they may hereafter establish other than the Project Area; (iv) the ad valorem property taxes paid regarding the Site prior to or after the Tax Increment Subsidy Period; (v) any Tax Increment monies which the Agency receives pursuant to any provision, consent or agreement other than those of the current Interlocal Agreements, whether as a result of other provisions of the Act or successor law, or additional approvals or consent obtained from a Taxing Entity Committee, one or more taxing entities, or an amended or additional interlocal agreement or resolution of a taxing entity providing additional Tax Increment not set forth in the current Interlocal Agreements, except to the extent the Agency in its sole discretion agrees to modify the terms of this Agreement in connection therewith. The Tax Increment monies described in the above Subparagraphs (i), (ii), (iii), (iv) and (v) are reserved by the Agency for uses and purposes other than payment to the Developer.

1.19 Tax Increment Year

The term "**Tax Increment Year**" means a calendar year beginning January 1 (the "tax lien date" when real property is deemed to be assessed for purposes of taxation by the Office of the Davis County Assessor pursuant to law) and ending December 31 of the same calendar year.

ARTICLE 2- CONDITIONS PRECEDENT TO THE PAYMENT OF THE TAX INCREMENT SUBSIDY BY THE AGENCY TO THE DEVELOPER

2.1 Conditions Precedent

As express conditions precedent to the Agency's obligation to pay and the Developer's eligibility to receive the Tax Increment Subsidy for each year of the Tax Increment Subsidy Period, as more fully described in Article 4, the Developer shall meet each of the following conditions precedent:

(A) Acquisition of Ownership of Portion of the Site; Development with Improvements. The Developer must have acquired ownership of the portion of the Site needed for the Improvements and must have developed the applicable portion of the Site with the Improvements in accordance with the terms, provisions and requirements of the Development Agreement.

(B) Theaters In Operation and Must Meet Minimum Operation Standard. The theater complex portion of the Improvements must have been in operation for the applicable Tax Increment Year, and the theaters must have had a minimum of 500,000 theater ticket sales for the applicable Tax Increment Year. The Developer shall provide accurate reporting to the Agency regarding the theater ticket sales for each Tax Increment Year; the Developer shall submit such reports in accordance with the provisions of Section 6.3(C).

(C) Completion of the Public Improvements. The Developer shall have timely completed to the satisfaction of the Agency and the City the design of, to City standards, and the construction and installation of, the Public Improvements as described and listed on Attachment No. 4 and all in conformance with the Development Agreement.

(D) Development Agreement and Terms and Conditions of this Agreement. The Developer shall have timely performed and shall not be in material breach of the Development Agreement, and subject to the provisions of Section 8.3, the Developer shall have timely performed each and every other term, covenant and condition of this Agreement to be performed under this Agreement, including but not limited to the timely payment of all ad valorem taxes on or relating to the Site when due.

2.2 Developer's Failure to Meet the Conditions Precedent. In the event that the Developer fails to perform any term, covenant or condition precedent described in Subparagraphs (A), (B), (C) and/or (D) of Section 2.1 during any Tax Increment Year, then the Agency shall have no obligation to pay the Developer the annual Tax Increment Subsidy available for such Tax Increment Year and the Tax Increment Subsidy amount available for such Tax Increment Year shall be retained by the Agency and used at its discretion.

2.3 Tax Increment Subsidy Period. Subject to the satisfaction of the conditions precedent described in Subparagraphs (A), (B), (C) and (D) of Section 2.1, and subject to compliance with all other requirements set forth in this Agreement, the Developer shall only be eligible for the Tax Increment Subsidy during the Tax Increment Subsidy Period.

2.4 Reduction of the Tax Increment Subsidy In Years Where the Developer Fails to Satisfy the Conditions Precedent or Other Eligibility Requirements.

(A) In the event of a failure of the Developer to meet the conditions precedent or other eligibility requirements and this Agreement has not been terminated pursuant to Article 8, then the Tax Increment Subsidy shall be reduced as follows:

> In any Tax Increment Year during the Tax Increment Subsidy Period in which the Developer has not met all of the conditions precedent or other requirements set forth in this Agreement for eligibility to receive the Tax Increment Subsidy

payment(s), then the amount of the Tax Increment Subsidy which would have been paid to the Developer as the Tax Increment Subsidy for that Tax Increment Year shall not be paid to the Developer and shall be retained by the Agency for other Agency purposes, and the amount of the Tax Increment Subsidy which would have been paid to the Developer as the Tax Increment Subsidy for that year shall be subtracted from the applicable Not To Exceed Amount Of Tax Increment Subsidy to be paid to the Developer and the difference shall be the new or reduced "Not To Exceed Amount Of Tax Increment Subsidy." For example, if the Developer had initially qualified for the maximum Not To Exceed Amount Of Tax Increment Subsidy of $3,574,000, and if there would have been $200,000 of Tax Increment money available to pay the Developer as the Tax Increment Subsidy payment for Tax Increment Year 2012, but the Developer was not eligible to receive payment of the Tax Increment Subsidy because the Developer had failed to meet one or more of the above conditions precedent, then the "Not To Exceed Amount Of Tax Increment Subsidy" would be reduced by subtracting the sum of $200,000 (the amount of Tax Increment that would have been available to pay the Tax Increment Subsidy) from the "Not To Exceed Amount Of Tax Increment Subsidy" of $3,574,000, and the new or reduced "Not To Exceed Amount Of Tax Increment Subsidy" shall be the sum of $3,374,000 (i.e., $3,574,000 - $200,000 = $3,374,000), which would be the new maximum "Not To Exceed Amount Of Tax Increment Subsidy" for purposes of this Agreement.

Each year during the Tax Increment Subsidy Period that the Developer is not eligible to receive the Tax Increment Subsidy and provided this Agreement has not been terminated pursuant to Article 8, the Tax Increment Subsidy shall not be paid to the Developer and, in addition, the "Not To Exceed Amount Of Tax Increment Subsidy" shall be reduced by subtracting the amount of Tax Increment that would have been available to pay the Tax Increment Subsidy from the "Not To Exceed Amount Of Tax Increment Subsidy" as originally determined, or as the amount may have been reduced pursuant to the provisions of this Subparagraph (A).

(B) The Agency shall have no obligation to pay to the Developer any amount of Tax Increment Subsidy in excess of the amended, reduced or adjusted "Not To Exceed Amount Of Tax Increment Subsidy".

DEVELOPER'S OBLIGATIONS AND UNDERTAKINGS

ARTICLE 3–CONSTRUCTION AND INSTALLATION OF IMPROVEMENTS AND PUBLIC IMPROVEMENTS, PAYMENT OF TAXES, PROHIBITION AGAINST CERTAIN PARCEL SPLITTING, ETC.

The Developer also hereby agrees as follows:

3.1 Acquisition of Ownership of Portion of Site and Construction and Installation of Improvements

(A) Acquisition, Grading and Construction and Installation of Improvements. The Developer agrees, at its expense, to finish acquiring ownership of the portion of the Site needed for the Improvements, undertake the grading of the portion of the Site necessary for the construction and installation of the Improvements and the Developer shall complete the construction and installation of the Improvements on or before December 31, 2012. The Developer shall construct and install all of the Improvements without expense to the Agency, except for payments of the Tax Increment Subsidy in accordance with the terms and provisions of this Agreement. The Developer shall prepare the Site for construction and installation of the Improvements, and construct and install the Improvements, in such a manner that the development shall meet applicable parking, landscaping and other requirements of the City's laws and regulations. All Improvements shall comply with the City's zoning, building, parking, sign and other ordinances and regulations. The Improvements constructed and installed by the Developer on and related to the Site shall also be in compliance with all permits and plans approved by the City and with the Development Agreement.

(B) City Permits. The Developer shall have the sole responsibility for obtaining all necessary permits and approvals to construct and install the Improvements and shall make application for such permits and approvals directly to the City Community Development Department and other appropriate agencies and departments. Developer shall pay all required impact fees, permit fees and other fees related to the construction of the project subject to any credits provided by the Development Agreement, if any, or applicable law.

3.2 Construction and Installation of the Public Improvements

The Developer shall timely design the Public Improvements to the City's and Agency's standards and requirements and shall submit said designs to the City and the Agency for approval. The Developer shall timely complete the construction and installation of the Public Improvements in accordance with the City and Agency approved designs, by the times set forth in Attachment No. 4, and in accordance with the provisions and requirements of the Development Agreement. The Developer shall design, construct and install all of the Public Improvements without expense to the Agency, except for reimbursement as provided for in this Agreement through the payment of the Tax Increment Subsidy, provided the Developer qualifies and is eligible for such payments in accordance with the terms and provisions of this Agreement.

3.3 Developer's Payment of Ad Valorem Taxes

The Developer shall pay or cause to be paid the ad valorem taxes for the Site based on the Assessed Taxable Value during the Tax Increment Subsidy Period.

The Developer understands that in order for Improvements constructed and installed on the Site during calendar year 2011 to be included on the final tax assessment rolls of Davis County for Tax Increment Year 2012, and to generate a Tax Increment for Tax Increment Year 2012, the Improvements on the Site must be constructed, installed and completed on or before December 31, 2011. Improvements constructed, installed and completed during calendar year 2012 will appear on the 2013 tax assessment roll having a tax lien date of January 1, 2013. Tax Increment resulting from property taxes paid on November 30, 2012, will be received by the

Agency from the County in the spring of 2013, when the County Treasurer pays to the Agency the Tax Increment monies which are available for distribution in accordance with the Interlocal Local Agreements attached hereto as Attachment No. 3..

3.4 Restriction Against Parcel Splitting

Until the end of the Tax Increment Subsidy Period, the Developer shall not, without the prior written approval of the City and the Agency: (a) convey the Site, or a portion of the Site, or any real property acquired by the Developer within the Project Area, in such a way that the parcel of real property would extend outside the Project Area as shown on the County's tax identification system for numbering individual parcels of real property; (b) construct or install or allow to be constructed or installed any building or structure on the Site, or on any portion of the Project Area, in such a way that the building or structure would extend outside the Project Area as shown on the County's tax identification system for numbering individual parcels of real property. The Developer understands that the purpose and intent of this prohibition is to avoid the "splitting" of any parcels of real property within the Project Area or the "joining" of any parcels of real property within the Project Area with those outside the Project Area, or construction or installation of buildings, in such a way that the County Assessor or County Auditor could no longer identify, by distinct parcels, the periphery boundaries of the Project Area described in the Community Development Plan, or the buildings or structures included within the Project Area, and would be required to "apportion" Tax Increment monies between a parcel of real property, or a building or structure, located in part within the Project Area and located in part outside the Project Area. The Developer understands the importance of honoring the Project Area boundaries and agrees to take no action in the construction or installation of buildings or structures or in the conveyance of real property located within the Site or the Project Area that would result in the "splitting" or "joining" of a parcel of real property or the improvements thereon, or would make it difficult for the County Assessor or County Auditor to calculate the amount of Tax Increment in the Project Area.

3.5 Deannexation (Disconnection)

The Developer agrees that it will not cooperate with any person, group, or municipality in any effort to remove, deannex, disconnect or disincorporate the Site or any portion thereof from the municipal boundaries of the City until after December 31, 2035. The Developer further agrees that during the Tax Increment Subsidy Period it will use its best efforts to resist any efforts to remove, disconnect, deannex or disincorporate the Site in whole or in part from the City by any existing or future municipality or county. In the event the Site is disconnected, deannexed or disincorporated in whole or in part from the City by any existing or future local municipality or county, the Agency's right to receive Tax Increment from the Site may cease. In such case, the Agency's obligation to pay the Tax Increment Subsidy to the Developer shall immediately and automatically cease and terminate.

3.6 Payment of Taxes And Assessments

(A) Subject to the Developer's or a current owner's right to protest or appeal as provided below, for each Tax Increment Year during the Tax Increment Subsidy Period, all ad valorem taxes and assessments levied or imposed on the Site, any of the Improvements, and any personal property on the Site shall be paid annually by the Developer or current owner on or before the due date which is currently set by law as November 30th.

(B) The Developer shall have the right to protest or appeal the amount of Assessed Taxable Value and taxes levied against the Site by the County Assessor, State Tax Commission or any lawful entity authorized by law to determine the ad valorem assessment against the Site, the Improvements, personal property on the Site, or any portion thereof in the same manner as any other taxpayer as provided by law. The Developer shall, however, notify the Agency in writing within ten (10) calendar days of the Developer's filing of any protest or appeal to such assessment determination or taxes and provide a copy to the Agency of any protest or appeal of such assessment and information submitted as part of the protest or appeal. In addition, the Developer shall give to the Agency written notice at least fifteen (15) calendar days prior to the time and date that such protest or appeal is to be heard. The Agency shall have the right, without objection by the Developer, to appear at the time and date of such protest or appeal and to present oral or written information or evidence in support of or objection to the amount of assessment or taxes which should or should not be assessed against the real or personal property of the Site and the amount of the Agency's obligations.

ARTICLE 4 – CONSTRUCTION REQUIREMENTS, ETC.

4.1 Issuance of Permits

The Developer shall have the sole responsibility for obtaining all necessary permits and approvals to construct and install the Improvements and Public Improvements and shall make application for such permits and approvals directly to the City Community Development Department and other appropriate agencies and departments.

4.2 Times for Construction

The Developer agrees that it shall promptly begin and diligently prosecute to completion the development of a portion of the Site through the construction and installation of the Improvements thereon commencing no later than December 31, 2011, and that construction and installation of the Improvements shall in any event timely commence and thereafter diligently pursue and shall be completed no later than the date set forth on Attachment No. 1, unless either such date is extended by the Agency, or the Developer is unable to timely undertake or complete the Improvements because of any of the reasons set forth in Section 8.3, Enforced Delay. The Developer understands and agrees that time is of the essence of this Agreement. Unless the Improvements are timely constructed, installed and completed and become part of the County's final assessment tax roll, the Available Tax Increment necessary to pay the Agency obligations and indebtedness will not materialize, and the Agency would be unable to pay its obligations.

4.3 Access to Site

The Improvements on the Site and the work of the Developer shall be subject to inspection by representatives of the City and the Agency. The Developer shall permit access to the Site by the City and the Agency for purposes of inspection, and, to the extent necessary, to carry out the purposes of this and other sections or provisions of this Agreement. Inspections shall be made during reasonable business hours and shall be made in accordance with standard project safety guidelines.

ARTICLE 5 – LAND USES

5.1 Covenants

The Developer covenants and agrees for itself, and its successors and assigns to or of the Site or any part thereof, that the Developer, and such successors and assigns shall, subject to the terms and conditions contained in this Agreement:

FIRST: Devote the Site to, and only to and in accordance with, the uses specified in the Community Development Plan, and this Agreement, as hereafter amended and extended from time to time, but never without the prior written consent of the Agency for uses other than Permitted Uses.

SECOND: Pay when due and on or before the tax payment date all ad valorem taxes or assessments on or relating to the Site or any part thereof, and on any property located on the Site or any part thereof.

THIRD: Except as otherwise provided herein, commence promptly the construction and installation of the Improvements on the applicable portion of the Site and prosecute diligently the construction and installation of such Improvements to completion, and complete the construction and installation of the Improvements on or before the dates set forth in this Agreement.

FOURTH: Except as set forth below, prior to the completion of the Improvements the issuance of the applicable Certificates of Occupancy for such Improvements, the Developer shall have no power to convey the Site, or any part thereof, without the prior written consent of the Agency. The Developer may, however, convey the Site, or any part thereof, prior to the completion of the Improvements and the issuance of the applicable Certificate of Occupancy, without the prior written consent of the Agency to: (1) a mortgagee or trustee under a mortgage or deed of trust permitted by this Agreement to obtain funds necessary to construct and install the Improvements; or (2) as security for obtaining financing permitted by this Agreement for the purposes of construction and installation of the Improvements; or (3) to an end user of a pad or lot of the Site, which end user is obligated pursuant to the terms of the conveyance of a pad or lot of the Site to construct thereon its own building; or (4) as authorized in Section 6.2 of this Agreement. In addition, as provided immediately below, with the consent of the Agency, the Developer may convey the Site or any portion thereof to a new proposed developer of all or any portion of the Site pursuant to a development contract containing the applicable terms and conditions of this Agreement binding upon the new proposed developer in conformance with and subject to the approval of the Agency.

As provided above and elsewhere in this Agreement, until the Improvements are completed and Certificates of Occupancy therefore are issued by the City, the Developer shall obtain the written consent of the Agency before conveying the Site or any part thereof. As a condition of granting such written consent, the Agency may require that any proposed transferee who wishes to purchase all or part of the Site prior to the completion of Improvements and the issuance of Certificates of Occupancy for such Improvements enter into a written agreement with the Agency to assume the obligations of the Developer under this Agreement and become a developer of all or a portion of the Improvements described on Attachment No. 1 and to be bound by the terms of this Agreement and to become the successor in interest to the Developer under this Agreement with respect to the Site or portion thereof to be conveyed.

FIFTH: Not discriminate against any person or group on any unlawful basis in the sale, lease, rental, sublease, transfer, use, occupancy, tenure or enjoyment of the Site or any improvements erected or to be erected thereon, or any part thereof.

5.2 Enforcement of Covenants

(A) It is intended and agreed that the agreements and covenants provided in this Article 5 shall be covenants running with the land and without regard to technical classification or designation, legal or otherwise, be to the fullest extent permitted by law and equity, binding for the benefit and in favor of, and enforceable by the Agency against the Developer, its successors and assigns, to or of the Site or any part thereof or any interest therein, and any party in possession or occupancy of the Site or any part thereof. The Parties agree that the Agency shall be deemed a beneficiary of the agreements and covenants provided in Section 5.1 of this Article, both for and in its own right and also for the purposes of protecting the interest of the community and other parties, public or private, in whose favor or for whose benefit these agreements and covenants have been provided.

(B) The covenant and agreement contained in covenant numbered Section 5.1 FIRST shall terminate at the end of the Tax Increment Subsidy Period, except that the termination of the covenant numbered 5.1 FIRST shall in no way be construed to release the Developer, or its permitted successors, from the obligation to comply with the applicable zoning or other ordinances or regulations of the City.

(C) The covenant and agreement contained in covenant numbered 5.1 SECOND shall terminate on December 31, 2030, except that the termination of the covenant numbered 5.1 SECOND shall in no way be construed to release the Developer, or its successors, from their obligation to pay real estate taxes or assessments on the Site or any part thereof.

(D) The covenants and agreements contained in covenants numbered 5.1 THIRD and FOURTH shall terminate as to a particular parcel of real property of the Site on the date the City has issued the Certificate or Certificates of Occupancy as to the particular parcel of real property on the Site, or as to a particular phase of construction or installation of the Improvements, on the date that the City has issued the Certificate(s) of Occupancy to the Developer. The Certificate(s) of Occupancy shall be evidence that the Improvements or a particular portion of construction or installation of the Improvements on the Site have been completed. The covenant numbered 5.1 FIFTH shall not terminate.

ARTICLE 6– ANTI-SPECULATION AND ASSIGNMENT PROVISIONS

6.1 Representation as to Development

The Developer represents and agrees that its use of the Site, and the Developer's other undertakings pursuant to this Agreement, are and shall be only for the purpose of development of the Site and not for speculation in land holding. The Developer represents to the Agency that the Developer has not made or created, and that it will not, prior to the proper completion of the Improvements, make or create, or suffer to be made or created, any total or partial sale, assignment, conveyance, or lease (other than to an end user of a building or other portion of the Improvements), or any trust or power, or transfer in any other mode or form of or in respect to this Agreement or the Site, or any part thereof or any interest therein, or any contract or agreement to do any of the same, without the prior written approval of the Agency.

6.2 Prohibition Against Transfer and Assignment

(A) The Developer further agrees, in view of: (1) the importance of the development of the Site to the general welfare of the community; (2) the public subsidy that has been or will be made available for the purpose of making such development possible; and (3) the fact that a change in the ownership or with respect to the identity of the parties in control of the Developer or the degree thereof until the Improvements are completed on the Site, is, for practical purposes, a transfer or disposition of the property owned by the Developer; that, except as otherwise provided below, no change in the ownership of the Site, or change in the majority ownership or control of the Developer, or with respect to the identity of the parties in control of the Developer, shall be permitted without the express written consent of the Agency until the time that Improvements have been constructed and installed on the Site. The Agency's decision to approve or disapprove of a transfer or assignment shall be based upon the Agency's evaluation of the ability of the proposed successors to construct, install, maintain and operate satisfactory improvements on the Site and provide benefits to the community from the Site which are comparable to those benefits contemplated to be provided by the Developer from the construction, installation, maintenance and operation of its Improvements on the Site and of the Public Improvements, as described in this Agreement. The Agency may require as conditions to any such approval of a transfer or assignment before construction and installation of the Improvements that:

(1) Any proposed transferee shall have the qualifications and financial responsibility, as determined by the Agency, necessary and adequate to fulfill the obligations undertaken pursuant to this Agreement by the Developer;

(2) Any proposed transferee, by instrument in writing, shall have expressly assumed all of the obligations of the Developer under this Agreement and agreed to be subject to all of the conditions and restrictions to which the Developer is subject; provided, that there has been submitted to the Agency for review, and the Agency has approved, all instruments and other legal documents involved in effecting transfer;

(3) The Developer and any subsequent transferee shall comply with such other conditions as the Agency may find desirable in order to achieve and safeguard the purposes of the Act, the Community Development Plan, and this Agreement. Provided, however, that in the absence of specific written agreement by the Agency to the contrary, no such transfer or approval by the Agency shall be deemed to relieve the

Developer or any successor of the Developer bound in any way by this Agreement or otherwise with respect to any term, covenant or condition of this Agreement, including but not limited to, the construction and installation of the Improvements and Public Improvements, or any of the obligations with respect thereto; and

(4) The consideration payable for the transfer by the transferee or on its behalf shall not exceed an amount representing the actual costs and expenses incurred and due under generally accepted accounting principles, including the Developer's cost of acquiring the portion of the Site being transferred, carrying charges, development costs, and return on investment (not exceeding 15% per annum) to the Developer of the Site and the Improvements, if any, theretofore made thereon by it. It is the intent of this provision to preclude the assignment of this Agreement or transfer of the Site or any parts thereof to another party for a profit greater than provided for immediately above, and to preclude the Developer from receiving from a sale of the Site, or portions thereof, payments covering the Developer's costs and expenses and a reasonable return on investment, while in addition receiving the benefits and Tax Increment Subsidy provided by this Agreement.

Subject to reasonable compliance with the foregoing conditions, the approval of the Agency to the proposed transfer or assignment before construction and installation of the Improvements shall not unreasonably be withheld.

(B) Notwithstanding the provisions of this Section 6.2, a transfer of the entire or a portion of the Site or change in the ownership or control of the Developer is permitted under the following circumstances: (i) a transfer occurs to an entity that is an affiliate of the Developer, (ii) a transfer or change in ownership occurs as a result of a merger or acquisition of the Developer, (iii) Developer, in one or more transactions, transfers a portion or portions of the Site to another developer that in connection with the transfer is obligated to construct one or more buildings of the Improvements under circumstances where Developer retains the obligation to install the Public Improvements described on Attachment No. 4 and the Improvements, and/or (iv) a transfer occurs only by way of security for, and only for, the purpose of obtaining financing necessary to enable the Developer, or its permitted successor in interest, to perform its obligations with respect to making the Improvements under this Agreement. No consent of the Agency shall be required for any transfer or change in ownership or control under this Section 6.2(B).

(C) The provisions of this Section 6.2 shall terminate upon the issuance of the Certificates of Occupancy for the Improvements.

6.3 <u>Reports and Notices – Changes in Ownership</u>

The Developer agrees that during the period between execution of this Agreement and the issuance of the applicable Certificate(s) of Occupancy:

(A) The Developer will promptly notify the Agency of any and all changes whatsoever with respect to: (1) a change in the Project Manager of the Developer; (2) a change in control or change in over 50% ownership, legal or beneficial of the Developer; (3) a change or any other act or transaction involving or resulting in any change in control or change in over 50% of the ownership of the Developer; or (4) with respect to the identity of the parties in control of the Developer or the degree thereof, of which it or any of its managers or officers have been notified or otherwise have knowledge or information.

(B) The Developer shall, at such time or times as the Agency may request, but no more often than twice a year, furnish the Agency with a complete statement, subscribed and sworn to by the manager or an officer of the Developer, setting forth any person or entity having control or over 50% of the ownership interest of the Developer and the extent of their respective holdings, and in the event any other parties have a beneficial interest, their names and the extent of such interest.

(C) After the completion of the Improvements and commencement of operation of the theater complex within the Site, the Developer shall cause a report to be filed with the Agency by January 31 of each year, reporting the total number of theater ticket sales of the theater complex within the Site for the previous calendar year. The Developer shall make appropriate arrangements to obtain the information needed to comply with the provisions of this subsection (C), including insertion of appropriate provision in its lease with the theater complex tenant.

6.4 Application to All Forms of Entities

The provisions of this Article shall apply without exception to all forms of business organization, including but not limited to, limited liability companies, corporations, sole proprietorships, joint ventures and partnerships, both general and limited.

ARTICLE 7 -- AGENCY OBLIGATIONS AND UNDERTAKINGS

7.1 Tax Increment Subsidy

(A) In consideration of the Developer's promises and performance, including but not limited to the timely construction and installation of the Improvements and of the Public Improvements to the extent set forth or described on Attachment Nos. 1 and 4, respectively, and the other obligations of Developer under this Agreement, and subject to the conditions, terms and limitations set forth in this Agreement, including those set forth in Section 7.5, Limitations On Making Payments, below, and contingent on the Developer otherwise being eligible and entitled under this Agreement, and only to the extent the Developer is entitled and eligible under the conditions, terms and provisions of this Agreement to receive Tax Increment Subsidy payments, the Agency agrees to pay to the Developer the Tax Increment Subsidy during the Tax Increment Subsidy Period by payment of 100% of the Available Tax Increment from each Tax Increment Year of the Tax Increment Subsidy Period, until the Not To Exceed Amount of Tax Increment Subsidy, as adjusted pursuant to the terms of this Agreement, has been paid (or the Tax Increment Subsidy Period ends). The Agency agrees that it will "trigger" or commence the taking of Tax Increment monies from the Site for the first time earlier than the 2014 Tax Increment Year (the latest year allowed by the Interlocal Agreements), in accordance with the following: The Agency will "trigger" or commence taking of Tax Increment monies from the

Site for the Tax Increment Year that begins after all of the following conditions have been satisfied:

(1) The construction and installation by the Developer of the Improvements and the Public Improvements has been completed;

(2) Final Certificates of Occupancy have been issued by the City for all of the Improvements;

(3) The tenant for the 14-screen theater complex portion of the Improvements has entered into a fully executed, long-term lease to operate the theater complex and has commenced operation of the theater complex.

The Agency's payments to the Developer of the Tax Increment Subsidy shall be made to the Developer. The Tax Increment payments received each year by the Agency from the ad valorem taxes paid by taxpayers to the County Treasurer on November 30 each year on the Site, to the extent required under this Agreement to be paid to the Developer as Tax Increment Subsidy, shall be paid to the Developer within thirty (30) calendar days following final payment and receipt by the Agency of all Tax Increment funds for the applicable Tax Increment Year. The Agency anticipates receipt of these funds in the spring each year from the ad valorem taxes paid by property owners which are due the prior November 30th.

(B) It is understood and agreed by the Developer that the Agency makes no representation to the Developer, or to any other party, person or entity, to any effect that:

(1) the Agency is absolutely entitled to or will actually receive the contemplated Available Tax Increment from the Site; or

(2) the portion of the anticipated Available Tax Increment monies to be received by the Agency from the Site for the Tax Increment Subsidy Period will be an amount large enough to pay the Developer the Tax Increment Subsidy or any amount the Developer expects or anticipates to receive. The Agency has not computed, nor can it compute the exact amount of anticipated Available Tax Increment monies which may be available from the Site for the Tax Increment Subsidy Period. The Agency has relied upon the representations made to the Agency by the Developer that the Developer will construct and install Improvements on the Site which will create sufficient Available Tax Increment monies to be received by the Agency.

7.2 <u>Priority of Payment of the Available Tax Increment.</u>

The Agency and the Developer agree that the Available Tax Increment monies received by the Agency shall be paid out according to a schedule of priorities. Each year that the Agency receives Available Tax Increment money from the Site during the Tax Increment Subsidy Period, the Agency shall use the Available Tax Increment money in accordance with the following order of priority of payments:

First: First, for each Tax Increment Year of the Tax Increment Subsidy Period, the Agency shall have, receive and retain the first 5% of all the Tax Increment (which amount is already deducted in calculating Available Tax Increment), which 5% of Tax Increment shall be received and retained by the Agency to pay the Agency's administrative, consulting, legal and other Agency costs and expenses, and other obligations incurred or to be incurred.

Second: Second, the remaining Tax Increment, 100% of the Available Tax Increment, will be used to pay the Tax Increment Subsidy to the Developer as required and provided for in this Agreement.

7.3 Tax Increment Monies Are Sole Source of Agency's Funding.

The Developer understands and agrees that the only source of monies available to the Agency to pay its obligations, including but not limited to the Tax Increment Subsidy, is the Available Tax Increment monies actually received by the Agency from the Site based upon the value of the Improvements to be constructed and installed by the Developer on the Site. Only the Available Tax Increment monies from the Site, less any negative Tax Increment from the Project Area deducted by the County Assessor's office will be available to the Agency to meet said obligations.

7.4 Contingencies of Tax Increment Payments; Assumption of Risks By Developer.

The Developer understands and agrees that:

(A) Based upon the Act, the Agency anticipates to be the recipient of certain Tax Increment monies from the Site which are expected to be paid to the Agency by Davis County, the collector of ad valorem taxes, conditional upon several factors, one of which is the completion of the Improvements upon the Site in a timely manner and having a sufficient amount of assessed valuation. It is anticipated that the construction or installation of the Improvements will cause the assessed value of the Site to increase to a point which is greater than the assessed value of the Site as contained in the 2010 "base year" established at the time of the adoption of the Interlocal Agreements. The Developer further understands that the Available Tax Increment monies can become available to the Agency only if and when the Improvements to be constructed and installed on the Site are completed and have a current year assessed value which is greater than the "base year" assessed valuation of the Site.

(B) The Developer further understands and agrees that:

(1) The Agency is not a taxing entity under state law;

(2) The Agency has no power to levy a property tax on real or personal property located within the Site;

(3) The Agency has no power to set a mill levy or rate of tax levy on real or personal property;

(4) The Available Tax Increment monies shall become available to the Agency only if and when the Improvements to be constructed and installed on the Site are completed and have sufficient Assessed Taxable Value;

(5) The Agency is only entitled to receive Tax Increment funds from the Site for the period established by law pursuant to the provisions of the Act and in accordance with the Interlocal Agreements (Attachment No. 3); and

(6) The Developer has investigated the provisions of state laws governing tax funds, community development and renewal agencies and Tax Increment and assumes all risk regarding whether:

(a) the Community Development Plan and Project Area and Interlocal Agreements were properly approved and adopted;

(b) the anticipated Tax Increment monies derived from the Improvements to be constructed and installed by the Developer on the Site and in conformance with the Community Development Plan will actually be paid to the Agency, and if paid, whether the amount of Tax Increment funds will be sufficient to pay the obligations or indebtedness of the Agency, according to the terms and conditions contained in this Agreement;

(c) the Available Tax Increment from the Site will be paid to the Agency during the entire Tax Increment Subsidy Period; and

(d) changes or amendments will be made by the Utah State Legislature in the provisions of the Act which would affect or impair:

(i) the Agency's right to receive Tax Increment monies and to pay the Agency's obligations;

(ii) the length of time said Tax Increment monies can be received by the Agency; or

(iii) the percentage or the amount of Tax Increment monies received or anticipated to be received by the Agency based upon the current statutes;

(7) The Utah State Legislature considers proposals which reduce the taxes which the State of Utah imposes, or other taxing entities impose, on all real and personal property within the State. Such proposals, if enacted, could materially reduce the amount of Tax Increment generated within the Project Area or from the Site and anticipated to be paid to the Agency. In the event of such reduction, the amount of the Tax Increment Subsidy to be paid to the Developer automatically shall likewise be reduced by the amount of such reduction.

7.5 Limitations on Making Payments

The following additional provisions regarding limitations and reductions regarding the Developer's entitlement to and eligibility to be paid or to receive the Tax Increment Subsidy shall govern and shall be applied in addition to any other term or provision of this Agreement:

(A) It is the intention of the parties that the Developer shall only be paid the Tax Increment Subsidy from the Tax Increment monies, if any, which are paid to the Agency as a direct result of the value of the improvements (including the value of both the real property and personal property) constructed or installed on a parcel of the Site. If, for any reason, the Tax Increment monies anticipated to be received by the Agency as a direct result of the improvements to be constructed and installed on the Site are reduced, curtailed, or limited in any way by enactments, initiative referendum, or judicial decree or other reasons, the Agency's obligation to pay the Tax Increment Subsidy to the Developer as described in this Agreement, shall likewise be reduced, curtailed, or limited. The Agency shall have no obligation to pay the Tax Increment Subsidy to the Developer from other sources or monies that the Agency has or might hereafter receive from other project areas or from sources other than from the Tax Increment monies that the Agency actually receives from the Site.

(B) Subject to the limitations in this Agreement, the Tax Increment Subsidy shall be paid by the Agency to the Developer only during the Tax Increment Subsidy Period, conditional, however, upon the Developer being eligible and entitled thereto under the provisions of this Agreement and the Developer having met all of the eligibility requirements and conditions precedent.

(C) The Tax Increment Subsidy payments to be made by the Agency to the Developer are secured solely by a pledge of the Agency of the agreed upon percentage of the Available Tax Increment Agency actually received by the Agency from the Site for the Tax Increment Subsidy Period. The Developer shall have no other recourse to the Agency or the City and no recourse whatever to any other party for payment of the Tax Increment Subsidy other than the Agency's pledge.

ARTICLE 8– REMEDIES

8.1 Default by Developer or Intention Not to Construct and Install the Improvements

If the Developer defaults or breaches any of its obligations contained in this Agreement, including but not limited to the obligation to complete the construction and installation of the Improvements by December 31, 2012, and does not timely cure such default or breach as provided in this Agreement, or if Developer makes it known that it does not intend to construct and install the Improvements, then all obligations of the Agency to pay any Tax Increment Subsidy Payments to the Developer shall automatically cease and terminate.

8.2 General Remedies; Agency and Developer

Subject to the other provisions of this Article 8, in the event of any default or breach of this Agreement or any of its terms, covenants or conditions by any Party hereto, such Party shall, upon written notice from the other Party, proceed immediately to cure or remedy such default or breach, and in any event, do so within thirty (30) calendar days after receipt of such notice or if such default or failure is of a type that cannot reasonably be cured within such thirty (30) day period, within one hundred twenty (120) days, provided that such cure is commenced within a thirty (30) day period and diligently pursued to completion, unless a longer period of time is agreed to by the Parties pursuant to Section 8.4. In case such action is not taken, or diligently pursued, or the default or breach shall not be cured or remedied within the time periods provided above, the aggrieved Party may institute such proceedings as may be necessary or desirable, at its option, to cure or remedy such default or breach, including, but not limited to, proceedings to compel specific performance by the Party in default or breach of its obligations. In the event of any default in or breach of this Agreement by the Developer or the Agency which is not cured within the time limits contained in this Agreement, the non-defaulting Party may, at its option, take such action as allowed by law, in equity and/or provided for in this Agreement. Any delay by the Agency in instituting or prosecuting any such actions or proceedings or otherwise asserting its rights under this Article shall not operate as a waiver of such rights.

8.3 Enforced Delay Beyond Party's Control

Neither the Agency nor the Developer shall be considered in breach of or default in its obligations hereunder, including but not limited to, with respect to the preparation of the Site for development, or the beginning and completion of construction and installation of the Improvements or Public Improvements, or progress in respect thereto, in the event of delay in the performance of such obligations due to causes occurring beyond its control and without its fault or negligence, including acts of God, or of the public enemy or terrorists, wrongful acts of the other Party, fires, floods, earthquake, epidemics, quarantine restrictions, strikes, freight embargoes, wars and unusually severe weather or delays of subcontractors due to such causes. The purpose and intent of this provision is that in the event of the occurrence of any such delay, the time or times for performance of the obligations of the Developer with respect to the preparation of the Site for development or the construction and installation of the Improvements or the Public Improvements, as the case may be, can be extended for the period of the delay: Provided, that in order to obtain the benefit of the provisions of this Section, a Party, within fifteen (15) calendar days after becoming aware of any such delay, shall have notified the other Party thereof in writing stating the cause or causes for the delay.

8.4 Extensions by Agency

The Agency may in writing extend the time for the Developer's performance of any term, covenant or condition of this Agreement or permit the curing of any default upon such terms and conditions as may be mutually agreeable to the Parties provided, however, that any such extension or permissive curing of any particular default shall not operate to release any of the Developer's obligations nor constitute a waiver of the Agency's rights with respect to any other term, covenant or condition of this Agreement or any other default in, or breach of, this Agreement.

8.5 Remedies Cumulative/Non-Waiver

The rights and remedies of the Parties to this Agreement, whether provided by law or by this Agreement, shall be cumulative, and the exercise by any Party of any one or more of such remedies shall not preclude the exercise by it, at the same or different times, of any other such remedies for the same default or breach or of any of its remedies for any other default or breach by the other Party. No waiver made by any Party with respect to the performance, or manner or time thereof, or any obligation of the other Party or any condition to its own obligation under this Agreement shall be considered a waiver of any rights of the Party making the waiver with respect to the particular obligation of the other Party or condition to its own obligation beyond those expressly waived and to the extent thereof, or a waiver in any respect in regard to any other rights of the Party making the waiver or any other obligations of the other Party.

ARTICLE 9– MISCELLANEOUS PROVISIONS

9.1 Conflict of Interest - Agency

No member, official, employee, consultant, or agent of the Agency shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official, or employee participate in any decision relating to this Agreement which affects his personal interests or the interests of any corporation, partnership, or association in which he is directly or indirectly interested.

9.2 No Personal Liability - Agency

No member, official, employee, consultant, agent or representative of the Agency shall be personally liable to the Developer or any successor in interest in the event of any default or breach by the Agency for any amount which may become due to the Developer or successor or on any obligations under the terms of this Agreement.

9.3 Notices

A notice or communication under this Agreement, by a Party to another Party, shall be sufficiently given or delivered, if given in writing by personal service, express mail, Federal Express, DHL or any other similar form of courier or delivery service, or mailing in the United States mail, postage prepaid, certified, return receipt requested and addressed to such Party as follows:

(A) In the case of a notice or communication to the Agency, Chairperson, Redevelopment Agency of Centerville City, 250 North Main Street, Centerville, Utah 84014, with a copy to Randall S. Feil, 3748 Bountiful Blvd., Bountiful, Utah 84010-3316; In the case of a notice or communication to the Developer, addressed to it as follows: Legacy Crossing Theatre, LLC, Attn: Danny C. Bridenstine and Kevin S. Garn, ______________________________ ______________________________, Davis County, Utah with copies to ______________________________ ______________________________. Either Party may modify the foregoing notice information by giving written notice to the other Party as provided in this Section.

(B) Notwithstanding the foregoing, the Agency may make inquiries from time to time regarding the schedule of the Project to the following person:

Danny C. Bridenstine
Legacy Crossing Theatre, LLC
1513 Hillfield Road, Suite #2
Layton, Utah 84041
Telephone: (801) 860-3007

9.4 Attachments/Recitals

All Attachments referred to in this Agreement as being attached or to be attached hereto, whether or not in fact attached, the Parties being satisfied that the correct documents can be supplied from the records of the Parties, and Recitals, are incorporated herein and made a part hereof as if set forth in full and are binding upon the Parties to this Agreement.

9.5 Headings

Any titles of the several parts and sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

9.6 Successors and Assigns of Developer

This Agreement shall be binding upon the Developer and its successors and assigns. Where the term "Developer" is used in this Agreement, it shall mean and include the successors and assigns of the Developer, except that the Agency shall have no obligation under this Agreement to any unapproved successor or assignee of the Developer where the Agency's approval of a successor or assignee is required by this Agreement.

9.7 Attorneys Fees

In the event of a default hereunder, the defaulting Party agrees to pay all costs incurred by the other Party in enforcing this Agreement, including reasonable attorney's fees, whether by in-house counsel or outside counsel and whether incurred through initiation of legal proceedings or otherwise.

9.8 Governing Law

This Agreement shall be interpreted and enforced according to the laws of the State of Utah.

9.9 Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

9.10 Time

Time is of the essence of this Agreement and its Attachments.

IN WITNESS WHEREOF, the Agency has caused this Agreement to be duly executed in its behalf; and the Developer has caused the same to be duly executed in its behalf, on or as of the day and year first above written.

REDEVELOPMENT AGENCY OF CENTERVILLE CITY

By ________________________
Ronald G. Russell, Chairperson

REDEVELOPMENT AGENCY CORPORATE Seal OF CENTERVILLE CITY

ATTEST:

Steve H. Thacker
____
Steve H. Thacker, Executive Director

Approved as to form:

____
Randall S. Feil, Agency Special Counsel

STATE OF UTAH)
:ss.
COUNTY OF DAVIS)

On the 22nd day of September 2010, personally appeared before me Ronald G. Russell and Steve H. Thacker who being by me duly sworn did say, each for themselves that he, the said Ronald G. Russell is the Chairperson and he, the said Steve H. Thacker is the Executive Director of the Redevelopment Agency of Centerville City and that the within and foregoing instrument was signed in behalf of said Agency by authority of a motion of its board of directors and said Ronald G. Russell and Steve H. Thacker each duly acknowledged to me that said Agency executed the same.

Marsha L Morrow
____
Notary Public
Residing at:

My Commission Expires:
4-11-2012

NOTARY PUBLIC
MARSHA L. MORROW
250 North Main
Centerville, Utah 84014-1824
My Commission Expires
STATE OF UTAH

ADL 9/14/10

LEGACY CROSSING THEATERS, LLC,
a Utah limited liability company

By: ______________________
Kevin S. Garn
Manager

By: ______________________
Danny C. Bridenstine
Member

STATE OF Utah)
:ss.
COUNTY OF Davis)

On the 27th day of September 2010 personally appeared before me Kevin S. Garn and Danny C. Bridenstine who being by me duly sworn did say, that as a member and manager of Legacy Crossing Theaters, LLC he has signature authority for said LLC, and that the within and foregoing instrument was signed in behalf of said Legacy Crossing Theaters, LLC, and acknowledged to me that said company executed the same pursuant to authority under or as authorized by its operating agreement or other proper authority.

____
Notary Public
Residing at:

My Commission Expires:
4-11-2012

NOTARY PUBLIC
MARSHA L. MORROW
250 North Main
Centerville, Utah 84014-1824
My Commission Expires
April 11 2012
STATE OF UTAH

ATTACHMENT NO. 1
DESCRIPTION OF IMPROVEMENTS AND DEADLINE

The Improvements shall include the following:

> Improvements. The Developer will construct or cause to be constructed on the Site a theater complex of not less than 80,000 square feet and consisting of not less than 14 theater screens, one screen of which will be an digital IMAX theater screen, which said improvements shall be constructed and installed in compliance with permits, the project master plan approved by the City and the Development Agreement, and shall include all related parking, landscaping, utilities and other site improvements and offsite improvements, all as provided for in the Development Agreement. Construction and installation of the Improvements shall be completed on or before December 31, 2012.

SITE PLAN RELATING TO THE IMPROVEMENTS

(Second Sheet to Attachment No. 1)

ATTACHMENT NO. 2
SITE LEGAL DESCRIPTION

Legacy Crossing Legal Description

Beginning at a point on the west line of a Union Pacific Railroad Right-of-Way, said point being North 0°05'33" West 956.36 feet along the section line and West 112.25 feet from the Southeast Corner Section 12, Township 2 North, Range 1 West, Salt Lake Base and Meridian, and running;

thence West 399.55 feet;
thence North 0°03'50" East 309.55 feet;
thence West 153.69 feet;
thence North 36°27'30" East 200.82 feet;
thence North 0°03'50" East 52.64 feet to the Southeast Corner of a parcel in the ownership of the Utah Department of Transportation (UDOT).
thence North 0°03'50" East 80 feet along the east line to the Northeast Corner of said UDOT parcel;
thence North 89°56'12" West 811.80 feet along the north line of said UDOT parcel to the east line of 1250 West Street;
thence North0°3'06" East 837.96 feet along the east line of 1250 West Street to the south line of Parrish Lane;
thence South 86°08'42" East 915.93 feet along the south line of Parrish Lane to an existing UDOT Right-of-Way Marker;
thence South 89°52'42" East 335.75 feet along the south line of Parrish Lane to the west line of a Union Pacific Railroad Right-of-Way;
thence South0°12'50" West 1380.29 feet along the west line of a Union Pacific Railroad Right-of-Way to the point of beginning.

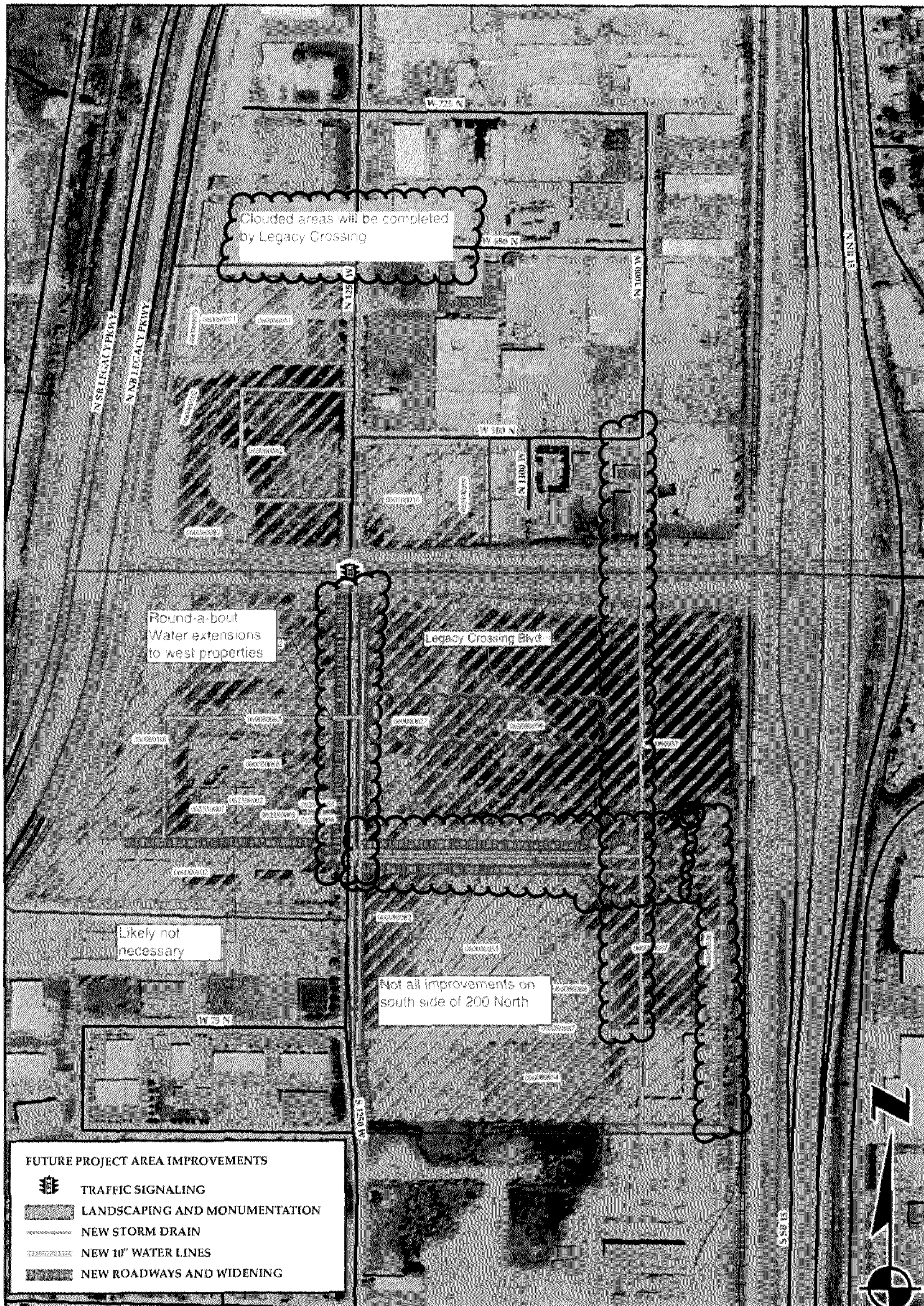
Contains 1,259,609 square feet. 28.917 acres.

ATTACHMENT NO. 3
INTERLOCAL AGREEMENTS

ATTACHMENT NO. 4
<u>DESCRIPTION OF PUBLIC IMPROVEMENTS AND DEADLINES FOR CONSTRUCTION AND INSTALLATION</u>

In addition to the construction of the Improvements described on <u>Attachment No. 1</u>, Developer shall install and construct or cause to be installed and constructed each and every one of the improvements described or referred to in Section 31 a. items (1) through (11) of the Development Agreement (the "Public Improvements"). Developer shall complete the construction and installation of said Public Improvements by December 31, 2012.

ATTACHMENT NO. 5
DEVELOPMENT AGREEMENT



LEGACY CROSSING CDA

CDA STUDY AREA

CDA PARCELS

RAIL

STREETS

LEWIS YOUNG
ROBERTSON & BURNINGHAM, INC.
INVESTMENT BANKERS

CENTERVILLE
CITY COUNCIL
Staff Backup Report
5/18/2021

Item No. 3.

Short Title: Amendment No. 1 to Tax Increment Participation Agreement - Pasture, LLC

Initiated By: Craig Salmon, Pasture, LLC

Staff Representative: Jacob Smith, Administrative Services Director

SUBJECT

The Pastures LLC (Craig Salmon) are requesting an amendment to their Participation Agreement with the Redevelopment Agency of Centerville City

RECOMMENDATION

Amend the current Tax Increment Participation Agreement for Development of Land between the RDA and the Pastures, LLC to change the definition of the Pasture Project and the Site for purposes of the Participation Agreement to include both Parcel Nos. 06-003-0049 and 06-003-0055 and any subsequent parcel number assigned to such parcels once they are combined into one parcel.

BACKGROUND

The Participation Agreement defines the Pasture Project and Site as consisting of approximately 4.87 acres of real property located at approximately 1230 North 1300 West, Centerville, Utah and consisting of Parcel Nos. 06-003-0046 and 06-003-0031. In 2013, these two parcels were combined into one parcel now designated as Parcel No. 06-003-0049. In 2020, the Company acquired Parcel No. 06-003-0055 from the Utah Department of Transportation. As a condition of rezoning of this new parcel and site plan amendment to include the new parcel in the Pasture Project, the City will require the Company to combine the two existing parcels into one parcel to ensure there does not exist a remnant parcel resulting from the acquisition of the property from the Utah Department of Transportation.

ATTACHMENTS:

Description

- Pasture, LLC - First Amendment
- Pasture - Participation Agreement (2014)

AMENDMENT NO. 1 TO TAX INCREMENT PARTICIPATION AGREEMENT BETWEEN REDEVELOPMENT AGENCY OF CENTERVILLE CITY AND PASTURE, LLC

THIS AMENDMENT NO. 1 TO TAX INCREMENT PARTICIPATION AGREEMENT (this "Amendment") is made and entered into as of the _______ day of May, 2021, by and between **PASTURE, LLC,** a Utah limited liability company ("Company"), and the **REDEVELOPMENT AGENCY OF CENTERVILLE CITY,** a redevelopment agency created under Utah law ("Agency"). The Agency and Company may collectively be referred to herein as the "Parties" or individually as a "Party".

RECITALS:

WHEREAS, the Agency previously entered into that certain Tax Increment Participation Agreement dated March 4, 2014, as assigned to the Company in 2015 ("Participation Agreement"), regarding tax increment participation relating to the creation and development of the Pasture Project located at approximately 1230 North 1300 West, Centerville, Utah ("Pasture Project"); and

WHEREAS, the Company has recently purchased approximately 0.18 acres of real property from the Utah Department of Transportation which property is adjacent to the Pasture Project and the Company requests an amendment to the Participation Agreement to include this additional acreage as more particularly provided herein; and

WHEREAS, pursuant to Section 6 of the Participation Agreement, any modifications or amendments to the Participation Agreement must be in writing and approved by the Parties; and

WHEREAS, the Parties desire to enter into this Amendment to add the additional property acreage to the total acreage for the Pasture Project.

NOW, THEREFORE, for good and valuable consideration, the receipt andsufficiency of which are hereby acknowledged, the Parties agree as follows:

1. <u>Amendment.</u> The Participation Agreement defines the Pasture Project and Site as consisting of approximately 4.87 acres of real property located at approximately 1230 North 1300 West, Centerville, Utah and consisting of Parcel Nos. 06-003-0046 and 06-003-0031. In 2013, these two parcels were combined into one parcel now designated as Parcel No. 06-003-0049. In 2020, the Company acquired Parcel No. 06-003-0055 from the Utah Department of Transportation. As a condition of rezoning of this new parcel and site plan amendment to include the new parcel in the Pasture Project, the City will require the Company to combine the two existing parcels into one parcel to ensure there does not exist a remnant parcel resulting from the acquisition of the property from the Utah Department of Transportation. The Parties hereby agree that the definition of the Pasture Project and the Site for purposes of the Participation

Agreement shall include both Parcel Nos. 06-003-0049 and 06-003-0055 and any subsequent parcel number assigned to such parcels once they are combined into one parcel.

2. **Terms and Conditions.** All other terms and conditions of the Participation Agreement shall remain in full force and effect, including, but not limited to the maximum eligible Pasture Project Tax Increment amount of $889,609.

3. **Successors and Assigns.** This Amendment shall bind the Parties, their personal representatives, successors, and assigns. Any assignment of the rights and duties of the Parties shall be subject to and comply with the terms of the Participation Agreement, including, but not limited to Section 5 regarding future successors and assigns.

4. **Attorneys' Fees.** Should any Party commence a legal proceeding to enforce any of the terms or provisions of this Amendment, the prevailing Partyin such proceeding shall recover reasonable attorneys' fees and costs from the defaultingParty, as fixed by the court in such proceeding.

5. **Effective Date.** The provisions of this Amendment shall become effective immediately upon proper execution by the Parties. The inclusion of the additional property into the Pasture Project and Site shall become effective on and is conditioned upon the Company obtaining rezoning approval, site plan approval, and recording of the required documentation to combine the two parcels into one with the Davis County Recorder's Office.

6. **Miscellaneous.** Nothing herein shall be deemed to create the relationship of principal and agent, partnership, or joint venture between the Parties. ThisAmendment shall be interpreted and construed only by the content hereof, and there shall be no presumption or standard of construction in favor of or against any Party. The invalidity or unenforceability of any provision of this Amendment, as determined by a court, shall in no way affect the validity or enforceability of any of the remaining provisions hereof. This Amendment shall be construed according to and governed by the laws of the State of Utah.

[Signature page to follow]

IN WITNESS HEREOF, the parties hereto have executed this Amendment by and through their respective, duly authorized representatives as of the day and year first above written.

"AGENCY"

ATTEST:

REDEVELOPMENT AGENCY OF CENTERVILLE CITY

____
Brant Hanson, Secretary

By: __________________________
Chair Clark A. Wilkinson

STATE OF UTAH)
:ss
COUNTY OF DAVIS)

On the _____ day of _____________, 20___, personally appeared before me Clark A. Wilkinson who being duly sworn, did say that he is the Chair of **REDEVELOPMENT AGENCY OF CENTERVILLE CITY**, a redevelopment agency created under the laws of the State of Utah, and that the foregoing instrument was signed on behalf of the **REDEVELOPMENT AGENCY OF CENTERVILLE CITY** by authority of its governing body and the undersigned acknowledged to me that the Agency executed the same.

____

Notary Public

My Commission Expires:

Residing at:

________________________________ __________________________________

“COMPANY”

PASTURE, LLC

By: ________________________________
Its: ________________________________

STATE OF _________)
:ss
COUNTY OF _________)

On the _____ day of _____________, 20___, personally appeared before me _____________________________, who being duly sworn, did say that (s)he is the __________________________ of **PASTURE, LLC**, and that the foregoing instrument was signed on behalf of said company by authority of its members and duly acknowledged to me that said company executed the same.

____
Notary Public

My Commission Expires: Residing at:

____________________________ ____

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 4 day of March 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 15th 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: ______________________________
Pres., Owner

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

By: ______________________________
Paul Cutler, Agency Board Chair

Attest:

____
Agency Recorder

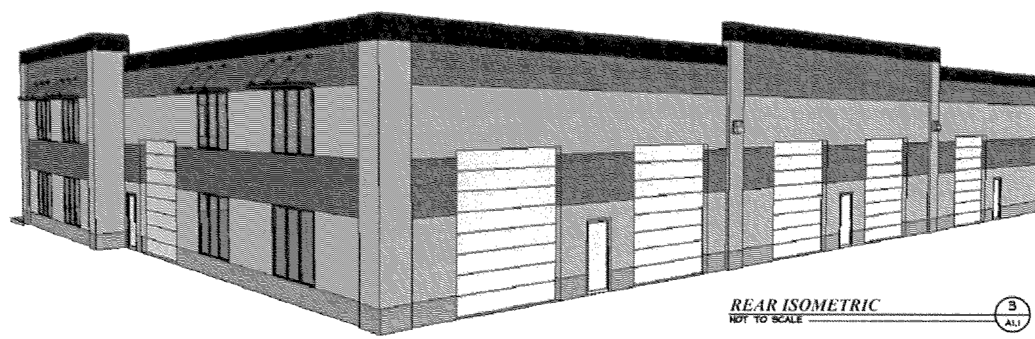
EXHIBIT A: MAP OF PASTURE PROJECT (THE "SITE") & BARNARD CREEK CDA

EXHIBIT B: ARCHITECTURAL RENDERINGS

FRONT / SIDE ISOMETRIC
NOT TO SCALE
1 A1.1

FRONT / SIDE ISOMETRIC
NOT TO SCALE
2 A1.1

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
NOT TO SCALE
3 A1.1

SEAL:

REVISED:

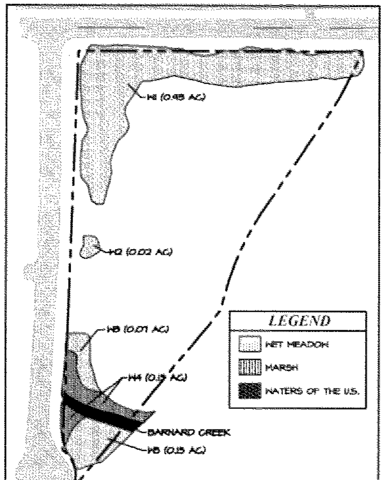
DATE:
PROJECT: 11-019
DRAWN BY: C.D.
PLOT: 03-19-2012

DRAWING DESCRIPTION:
COLORED ELEVATIONS

JAMES O. CHAMBERLIN & ASSOCIATES ARCHITECTS
1?? 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

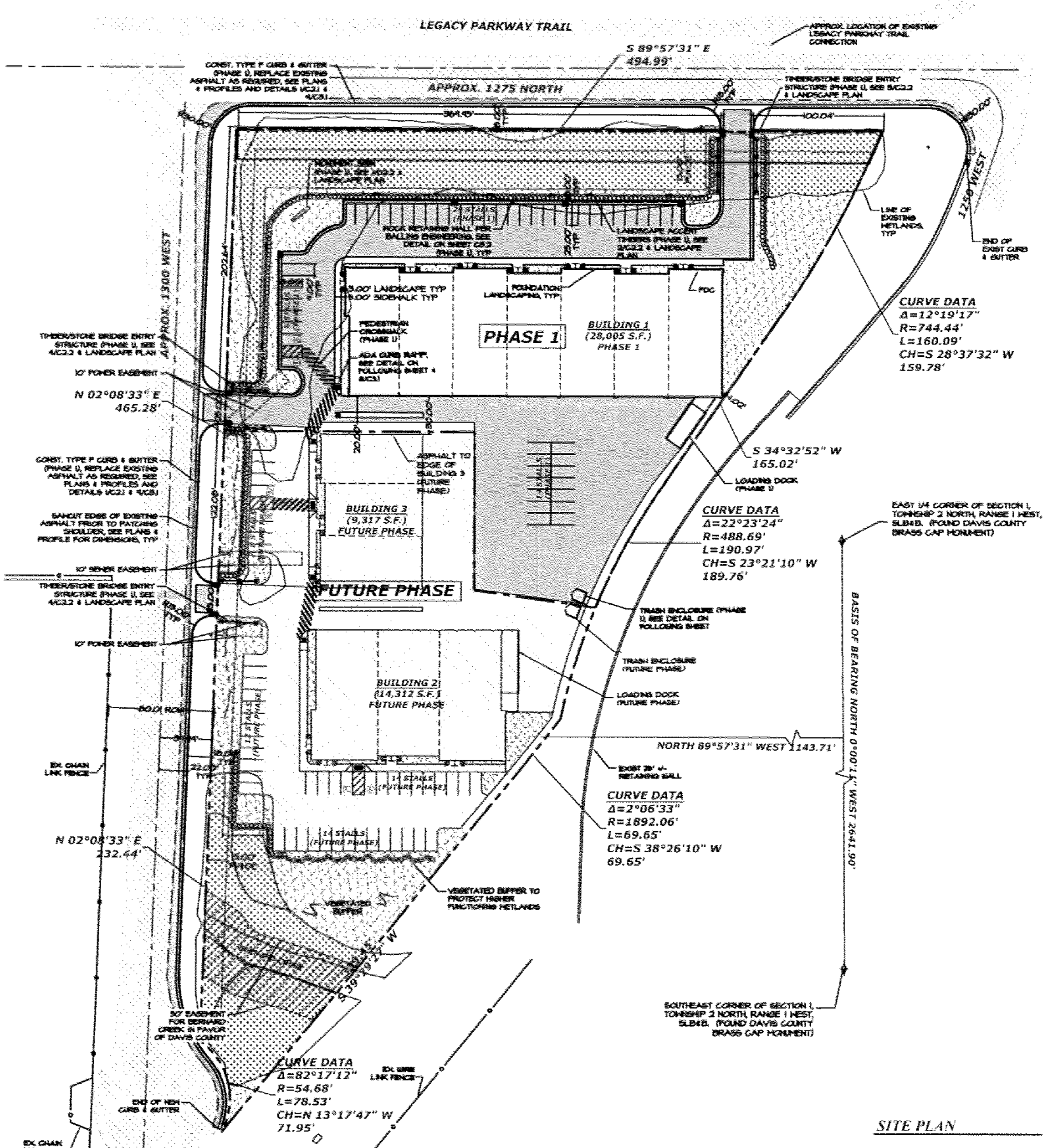
BENCHMARK: CENTER OF SECTION 12 (ELEV: 4212.12)

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.

NORTH

0 40 80 160

HORIZONTAL SCALE: 1"=40'



SITE PLAN

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	3,031 SQ.FT.	0.07 ACRES
PROTECTED W3	1,699 SQ.FT.	0.04 ACRES
FILLED W3	1,332 SQ.FT.	0.03 ACRES
MARSH W4		
EXISTING W4	5,258 SQ.FT.	0.12 ACRES
PROTECTED W4	5,168 SQ.FT.	0.12 ACRES
FILLED W4	89 SQ.FT.	0.00 ACRES
BARNARD CREEK		
EXISTING CREEK	2,086 SQ.FT.	0.05 ACRES
PROTECTED CREEK	2,086 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	35,242 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: 11-019
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.

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%**

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**

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

1.42 Coverage Ratio

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	60.00%
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 1	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	$55.00	(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 1	-	-	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 1	-	-	-	-	-	-	-	-	-	-	-
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 1	-	-	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 1	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 1												
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 1											
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 / Tax Year / Year	2015 / 2014	2016 / 2015 / Year 1	2017 / 2016 / Year 2	2018 / 2017 / Year 3	2019 / 2018 / Year 4	2020 / 2019 / Year 5	2021 / 2020 / Year 6	2022 / 2021 / Year 7	2023 / 2022 / Year 8	2024 / 2023 / Year 9	2025 / 2024 / Year 10	2026 / 2025 / Year 11	2027 / 2026 / Year 12	2028 / 2027 / Year 13	2029 / 2028 / Year 14	2030 / 2029 / Year 15	2031 / 2030 / Year 16	2032 / 2031 / Year 17	2033 / 2032 / Year 18	2034 / 2033 / Year 19	2035 / 2034 / Year 20	TOTALS	NPV
Cumulative Taxable Value																								
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	-	19,622	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 / 2014	2016 / 2015	2017 / 2016	2018 / 2017	2019 / 2018	2020 / 2019	2021 / 2020	2022 / 2021	2023 / 2022	2024 / 2023	2025 / 2024	2026 / 2025	2027 / 2026	2028 / 2027	2029 / 2028	2030 / 2029	2031 / 2030	2032 / 2031	2033 / 2032	2034 / 2033	2035 / 2034	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	$23,506	$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	$275,893	$155,793

CENTERVILLE
RDA MEETING
Staff Backup Report
5/18/2021

Item No. 4.

Short Title: CW Urban Fence Proposal

Initiated By: Brant Hanson, City Manager

Staff Representative: Brant Hanson, City Manager

SUBJECT

Consider CW Urban Fence's proposal to repair or replace the damaged fence on Parrish Lane

RECOMMENDATION

It is recommended to accept CW Urban Fence's proposal to replace the entire fence line with a 6' gray Trex fence at their cost.

BACKGROUND

In 2010, the vinyl fence along the northern boundary of the of the Parrish Lane Gateway RDA between CenterPoint Theatre and Chick-Fil-A was installed when the CenterPoint Theatre was constructed. The fence was damaged in various locations during the demolition of the manufactured home park to the north. CW Urban is prepared to repair the fence where the damaged occurred; however, they have proposed to replace the entire fence line with a 6' gray Trex fence at their cost.

CENTERVILLE

Staff Backup Report
5/18/2021

Item No. 5.

Short Title: Minutes Review and Acceptance

Initiated By:

Staff Representative:

SUBJECT

October 20, 2020 RDA Minutes
October 26, 2020 RDA Minutes
February 2, 2021 RDA Minutes
May 4, 2021 RDA Minutes

RECOMMENDATION

BACKGROUND

ATTACHMENTS:

Description

- 10-20-2020 RDA Minutes
- 10-26-2020 RDA Minutes
- 2-2-2021 RDA Minutes
- 05-04-2021 RDA Minutes

Minutes of the **Redevelopment Agency of Centerville** meeting held Tuesday, October 20, 2020 at 5:30 p.m. with participants present via Zoom and streamed on YouTube due to infectious disease COVID-19.

DIRECTORS PRESENT

Tamilyn Fillmore
William Ince
Stephanie Ivie, Vice Chair (arrived at 5:49 p.m.)
George McEwan
Robyn Mecham (arrived at 5:40 p.m.)
Clark Wilkinson, Chair

STAFF PRESENT

Brant Hanson, RDA Executive Director
Lisa Romney, City Attorney
Leah Romero, City Recorder
Cory Snyder, Community Development Director
Jacob Smith, Administrative Services Director

VISITOR

Orlando Taylor, Bank of America
Eric Malmberg, Bank of America

DETERMINATION

Chair Wilkinson read aloud a determination regarding electronic meetings without an anchor location due to COVID-19

RDA CONSENT – BANK OF AMERICA – 782 WEST PARRISH LANE

Bank of America (BOA) representatives were instructed by the RDA at the September 15, 2020 RDA meeting, to return with renderings of architectural quality comparable to the original conceptual rendering shown to the RDA. The RDA Board did not require that the new renderings necessarily match the original rendering, but that it have unique architecture of lines, high quality materials and design, and high level of investment as would be expected in the gateway area to the City. The RDA requested that BOA present at least one architectural rendering and at least two color schemes.

Orlando Taylor, representing BOA, presented two renderings (Options A and B) and two color schemes as requested. Chair Wilkinson and Directors Fillmore and McEwan expressed a preference for Option B. Director Fillmore suggested that adding a darker element (e.g. oil-rubbed bronze rather than artic white on the citadel) to Option B would help pull the design in with the warm tones of surrounding properties. Director McEwan said he agreed with the suggestion. Mr. Taylor said the change would be possible.

Cory Snyder, Community Development Director, advised Mr. Taylor to check the parameters of City Code regarding height and placement of wall signs. Directors Ince, Mecham, and Ivie said they were not fond of Options A or B. Mr. Taylor commented that Bank of America had granted some customizing leeway for this site, so the building would be one-of-a-kind. Director Fillmore stated the Board's previous reservations were based on quality of materials, and cautioned that Board decisions should not be based on personal design taste. Director Mecham said she had never liked the idea of a bank at the subject location. She said she did not believe Options A or B reflected the high level of investment she would expect in the gateway area.

The Board looked at previous design renderings presented for the project for comparison. Director McEwan stated he liked that the curved feature added depth to the design of Option B.

Director Fillmore said she agreed there was still a difference in quality between the original concept rendering and the two options presented. Director Mecham said she appreciated that effort was made to present improved design, but said she believed the two options presented did not yet reflect the quality expected. Directors Mecham and Ivie said they believed bank use was only approved because of the promise of an amazing building.

Director Fillmore mentioned the previously unsuccessful efforts to market the existing Iggy's site, and said that, although she was not excited about another bank building in Centerville, she preferred a well-designed bank building to a vacant weed patch. Director McEwan referred to the first conversations with BOA representatives and the fact that they said their beginning employee pay would be $20 per hour, and said he was in favor of adding such a quality employer to the area.

Chair Wilkinson suggested that adding another curved element to Option B or matching the color of the rock would bring the rendering closer to the original concept rendering. Mr. Snyder said a lot of the difference he could see between the two renderings was in the color contrast. He suggested a greater contrast in the rock would bring it closer to what the Board had in mind. Director Fillmore emphasized that she would expect the high-quality materials to wrap around the entire building. She suggested including the stone from the original concept rendering, wrapping the metal panel system or the stone around the entire building, and using a bronze tone on the canopy/overhang instead of the proposed white tone on Option B. She also requested renderings of remaining elevations.

Director Ince said he was not convinced he would be pleased with the proposal, even with changes discussed. Director Ivie said she liked the splash of red included on the original concept rendering. Director McEwan said he would be in favor of approving the basic architectural form of Option B, with the ability to adjust and approve colors later. Mr. Taylor confirmed that some curvature could be added to the front canopy/overhang. Director Fillmore said she believed curvature would provide a higher level of architectural quality.

City Manager Brant Hanson suggested scheduling a special RDA meeting for presentation of changes requested. Mr. Hanson asked if the Board would be willing to put specific guidelines for design element changes in a motion to give Mr. Taylor reasonable assurance of approval if the guidelines were met. Directors Fillmore and McEwan expressed willingness to approve and move forward with the project if the discussed changes were made. Directors Ince, Mecham, and Ivie said they were not sure. Chair Wilkinson said he would not want to waste Mr. Taylor's time if the Board already knew they would not approve moving forward with the changes discussed.

Director McEwan **moved** for the RDA to schedule a special meeting on Friday, October 23, 2020, at noon to review and discuss renderings provided by the BOA team for acceptance or denial. Director Ivie seconded the motion, which passed by unanimous vote (5-0).

MINUTES REVIEW AND ACCEPTANCE

Minutes of the September 15, 2020 and October 6, 2020 RDA meetings were reviewed. Director Ince **moved** to approve both sets of minutes. Director Ivie seconded the motion, which passed by unanimous vote (5-0).

ADJOURNMENT

At 6:40 p.m., Director McEwan **moved** to adjourn the RDA meeting. Director Ivie seconded the motion, which passed by unanimous vote (5-0).

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Brant T. Hanson, RDA Executive Director Date Approved

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Katie Rust, Recording Secretary

Minutes of the **Redevelopment Agency of Centerville** meeting held Monday, October 26, 2020 at 6:15 p.m. with participants present via Zoom due to infectious disease COVID-19.

DIRECTORS PRESENT	Tamilyn Fillmore William Ince Stephanie Ivie, Vice Chair George McEwan Robyn Mecham Clark Wilkinson, Chair
STAFF PRESENT	Brant Hanson, RDA Executive Director Lisa Romney, City Attorney Cory Snyder, Community Development Director
VISITOR	Orlando Taylor, Bank of America Thomas Peters, Attorney for property owner
DETERMINATION	Chair Wilkinson read aloud a determination regarding electronic meetings without an anchor location due to COVID-19

RDA CONSENT – BANK OF AMERICA – 782 WEST PARRISH LANE

At the October 20, 2020 RDA meeting, the applicant was instructed to bring back changes to building renderings for the proposed Bank of America building at 782 West Parrish Lane. Orlando Taylor, representing Bank of America (BOA), presented Options B1 and B2 with feedback from the Council incorporated in the renderings. Chair Wilkinson said he thought the renderings for Options B1 and B2 were very similar to the original concept rendering shown to the RDA. Director McEwan thanked Mr. Taylor for the additional effort, and expressed preference for Option B1.

Director Mecham said she was still frustrated with the design, and said she believed the previous Council kept covenants on the property for a reason. She said she did not think the proposed building would cost $4.5 million to build as originally promised by BOA. Councilmember Mecham expressed the opinion that the proposed building would lend itself well to fast-food, and said some of the sides looked like they belonged in a strip-mall. She said all four sides of the Zions Bank and America First Credit Union buildings on Parrish Lane were beautiful.

Director Fillmore thanked Mr. Taylor for the extra effort, and stated she believed the changes were what the Board had asked for. She said she preferred Option B1, and said the only change she would suggest would be to replace the stucco with the linear metal paneling.

Director Ivie said she thought the facade was nice, but was not impressed with the other elevations. She expressed the opinion that the design did not look like quality. Director Fillmore commented that the design was high quality for the style. She said modern style was sleek and clean, and said adding heaving detail on all elevations would not be in keeping with the style. Director Fillmore said she did not think the RDA could ask for more than quality materials. She expressed confidence that the building would look like quality on all sides, if the stucco were changed for the metal paneling. Director McEwan said he agreed.

Director Ince stated he did not like either of the options, and did not believe either of the options would fit in with neighboring buildings. He said he was struggling to decide how much his personal dislike of modern style was swaying his opinion.

City Attorney Lisa Romney read aloud from the governing documents that any development in the area was required to obtain RDA consent regarding architectural features, and "approval of architectural features shall not be unreasonably withheld." She explained that the island parcel was subject to regulatory framework not imposed on some of the other properties in the area because the City used to own the parcel. Responding to Director McEwan, Ms. Romney commented that in terms of "reasonableness" and comparing to neighboring buildings, she would consider the neighboring dental office and the MTC building, as well as the 7-Eleven and the Chevron. She said she believed the RDA Board had quite a bit of discretion within reason.

Director Ince said he was hung up on the originally promised construction price of $4.5 million, as brought up by Director Mecham. Director Fillmore agreed that the promised quality of the building was a persuading factor in approving the use, along with the information from marketers who had worked hard to market the property. Ms. Romney commented that the monetary value of the construction would not qualify as an "architectural feature" for RDA consent. With the term "reasonable" not defined in the governing documents, Ms. Romney read aloud a dictionary definition: "having sound judgement, and being fair and sensible." She pointed out that the RDA had power of consent regarding architectural features, not the architecture as a whole.

Director Mecham repeated that she believed the use was approved based on the promise of a $4.5 million building. Director Fillmore repeated that markers had a hard time finding a use for the property. She stated that if the RDA said "no" to this, they were saying "yes" to something else. She said she believed saying "no" to the Bank of America project was saying "yes" to dilapidation. Director Mecham said she believed the City could get a better building, whatever the use. Director Ivie pointed out that the purpose of the RDA was to redevelop and improve the quality. Director McEwan said, considering the location of the parcel, he believed a 9-5 business would be best. Director Mecham said she disagreed, stating the location should be a nighttime business in order to share parking with the neighboring dentist office.

Director Ivie stated she did not think Bank of America had proposed a stellar building. Director Fillmore asked what Director Ivie would want to see on a stellar building. Director Ivie said she was looking for something that looked compatible all the way around. Director Fillmore said she believed Director Ivie was getting dangerously into personal taste. Director Ivie said she believed the RDA had the latitude, and she intended to exercise it.

Director Mecham said she believed the America First Credit Union building on Parrish Lane was a high-quality building. Director McEwan commented that the Iggy's building, from the back, was just the back of a building with equipment and dumpsters. Director Ince asked Mr. Taylor to comment on the estimated construction cost of the proposed building. Mr. Taylor responded that the project was roughly at the $4 million mark with construction, consultant, and vendors, without the requested upgraded materials. He said the estimate did not include demolition of the Iggy's building.

Chair Wilkinson said he liked Option B1 with the change requested by Director Fillmore. He said he believed the proposed building would cost close to $4.5 million. Director McEwan said he believed Option B1 would fit in with the professional buildings in the area. Responding to Director Mecham, Director Fillmore emphasized that previous Councils were concerned about protecting the street front more than architectural style. Mr. Snyder commented that Bank of America altered the landscaping plan to accommodate land that UDOT would take as part of the planned Parrish Lane project. The planned landscape wall would be removed with the Parrish Lane project.

Director Fillmore asked if the proposed building had the largest footprint that would fit on the property. Mr. Snyder said there may be a little more room, but it was pretty close to maximum size. Directors Ince and Fillmore said they remembered expressing a preference for losing a row of parking over losing a row of landscaping when UDOT look some of the property. Mr. Snyder said it was his understanding that no landscaping or parking would be taken on the east side of the property. Mr. Taylor confirmed that only landscaping along Parrish Lane would be taken by UDOT.

Director McEwan repeated that he believed the proposed building would fit in with the area. He commented that every building had a back side. Director McEwan **moved** for the RDA to grant permission for Option B1 as included in the packet. The motion died for lack of second. Director Fillmore **moved** for the RDA to approve Option B1, replacing the Benjamin Moore Taupe Premier Stucco with the Pure and Freedom Roma Noce Metal Panel System. Director McEwan seconded the motion.

Director Ince asked what would happen if the proposal were not approved. Ms. Romney responded that the applicant would be back to the drawing board, retaining approval for the use and the user. Director Ince said he had never been averse to the use and user. Ms. Romney emphasized that any change in use or user would require approval of the RDA.

Director Fillmore said she was concerned that the applicant would walk away and the property would remain dilapidated if the RDA was too hard to work with. Mr. Taylor said he would have to take the RDA's decision back to BOA to discuss moving forward. He said he believed his team had already responded to everything the RDA asked.

Thomas Peters, a representative of the property owner, reiterated that the property owner did everything in their power to try to keep Iggy's in the space, and then to try to market the Iggy's site when Iggy's left. He repeated that no interest was shown for restaurant use. Mr. Peters emphasized that BOA would bring an element of economic development that was not present before. He said he believed the architect had tried to strike a balance between the RDA's requests with color, design, and architectural elements, and the design goals of BOA. He commented that color and design preferences of the Planning Commission had been different from those of the Council.

Director Mecham said she was not trying to get rid of BOA. She said she hoped they would come back with a good plan she could approve. Responding to a question from Director Mecham, Mr. Peters said he would have to get back to the RDA regarding whether or not they had seen additional interest in the property.

Director McEwan said his concern was not with the design of the building. He commented that a dilapidated building in the gateway to Centerville, compared to the new development in surrounding cities, did not reflect well on the Centerville business community. Director Fillmore said she believed the back of the building would be very nice with the requested change in material. She emphasized that Option B1 was very close to the conceptual rendering the RDA was originally shown, and said she would be uncomfortable sending it back and requesting a totally different style.

RDA Executive Director Brant Hanson said Staff recommended approval, and said he believed Option B1 was very similar to the original concept rendering presented. He suggested the cost of the building was subjective. He spoke of the economic development benefit that would be seen in terms of sale tax revenue from BOA customers coming into the City and shopping with surrounding businesses. Director Ivie said she did not believe there would be significant sales tax revenue benefit. Chair Wilkinson repeated that he would not want the property to remain in the current dilapidated condition.

The motion to approve passed (3-2), with Directors Fillmore, McEwan, and Ince in favor, and Directors Ivie and Mecham dissenting.

ADJOURNMENT

At 7:35 p.m., Director Ince **moved** to adjourn the RDA meeting. Director McEwan seconded the motion, which passed by unanimous vote (5-0).

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Brant T. Hanson, RDA Executive Director Date Approved

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Katie Rust, Recording Secretary

Minutes of the **Redevelopment Agency of Centerville** meeting held Tuesday, February 2, 2021 at 6:30 p.m. with participants present via Zoom due to infectious disease COVID-19.

DIRECTORS PRESENT	Tamilyn Fillmore William Ince Stephanie Ivie, Vice Chair George McEwan Robyn Mecham Clark Wilkinson, Chair
STAFF PRESENT	Brant Hanson, RDA Executive Director Lisa Romney, City Attorney Jacob Smith, Administrative Services Director Janet Denison, City Recorder Bruce Cox, Parks and Recreation Director Kevin Campbell, City Engineer Mackenzie Wood, Assistant Planner
VISITOR	Robert Byrnes
DETERMINATION	Chair Wilkinson read aloud a determination regarding electronic meetings without an anchor location due to COVID-19

TAX INCREMENT PARTICIPATION AGREEMENT

Jacob Smith, Administrative Services Director, explained that prior to October 2017, there was an informal agreement between Staff and Rimini Properties, LLC (Stuart Construction) that tax increment generated by the development of the Parrish Creek Business Park would be used to reimburse Rimini Properties, LLC for:

- Enhancements made to wetlands
- Providing trail access through the business park
- Trail system connection with the regional trail system on 1250 West using the shore along the canal on the south end of the project

Due to access restrictions and to make the business park work, the plan for the business park was approved as a PDO with the trail system as a part of the design. Since that time, there were a few barriers to creating the canal trail, including access to the land along the canal. In October of 2017, Staff recommended use of tax increment generated by the business park would be better used to enhance the trail system along 1250 West instead of the canal trail system.

Mr. Smith said Rimini Properties, LLC was requesting a tax increment reimbursement agreement with the RDA to recover the following costs:

- <u>Storm drain system in public road</u> - $10,831 for pipe and manholes and $14,503 for labor and equipment to install
- <u>Storm drain system to wetlands</u> - $47,298 for pipe, manholes and oil separator; $52,949 for labor and equipment to install
- **Total cost incurred to date - $125,580**

On September 15, 2020, the City Council approved an amendment to the Parrish Creek Business Park PDO. One of the conditions of approval was an agreement with the RDA on use of tax increment to replace the originally slated developer installed canal trail connecting the project to 1250 West. The estimated cost of the trail was $33,468. As Rimini had not provided an alternative to the canal trail per the amendment, the RDA would retain an equal amount of $33,468 in Tax Increment Incentive to be used to enhance the Barnard Creek CDA. The $33,468 would be recovered by reducing the amount from the eligible tax increment reimbursement, reducing the total amount to $92,112. The life of the Barnard Creek CDA was 15 more years. Every $1 million in value generated about $7,000 in increment, current around $9,000 ($1.3 million total value as of January 1, 2019).

Mr. Smith said Staff recommended entering into the agreement with Rimini Properties, LLC for the Parrish Creek Business Park, reimbursing the developer each year using 50% of tax increment generated from the Parrish Creek Business Park up to a total reimbursed amount of $92,112. Staff provided background on early discussions and email communication related to the use of tax increment for the project, and answered questions from the Directors.

Director Ince **moved** to approve the Tax Increment Participation Agreement between the RDA and Rimini Properties, LLC regarding tax increment funding for development improvements associated with the Parrish Creek Business Park PDO. Director Ivie seconded the motion, which passed by unanimous vote (5-0).

MINUTES REVIEW AND ACCEPTANCE

Minutes of the January 5, 2021 RDA meeting were reviewed. Director Ince **moved** to accept the minutes. Director Ivie seconded the motion, which passed by unanimous vote (5-0).

ADJOURNMENT

At 6:55 p.m., Director Ince **moved** to adjourn the RDA meeting, and Director Ivie seconded the motion. The motion passed by unanimous vote (5-0).

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Brant T. Hanson, RDA Executive Director Date Approved

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Katie Rust, Recording Secretary

Minutes of the **Redevelopment Agency of Centerville** meeting held Tuesday, May 4, 2021 at 5:30 p.m. with participants present at Centerville City Hall and via Zoom due to infectious disease COVID-19.

DIRECTORS PRESENT	Tamilyn Fillmore William Ince Stephanie Ivie, Vice Chair George McEwan Robyn Mecham Clark Wilkinson, Chair
STAFF PRESENT	Brant Hanson, RDA Executive Director Lisa Romney, City Attorney Jacob Smith, Administrative Services Director Jennifer Hansen, Deputy Recorder
VISITOR	Dan Bridenstine

PUBLIC HEARING – FY2022 RDA PROPOSED BUDGET

Administrative Services Director Jacob Smith presented a FY2022 RDA Proposed Budget, and answered questions from the RDA Board.

Chair Wilkinson opened a public hearing at 7:10 p.m., and closed the public hearing seeing that no one wished to comment. Mr. Smith explained fund balances and what could be done between RDA Funds and the General Fund.

Director Ince **moved** to adopt the FY2022 Proposed Budget for the Centerville City RDA as the FY2022 Tentative RDA Budget. Director McEwan seconded the motion, which passed by unanimous vote (5-0). Director Ince **moved** to set the date for public hearing of the Final RDA Budget for June 1, 2021 at 6:30 p.m. Director McEwan seconded the motion, which passed by unanimous vote (5-0). Director Ince **moved** to order that notice of the public hearing be provided at least seven days prior to the hearing in accordance with applicable statutes. Director McEwan seconded the motion, which passed by unanimous vote (5-0).

TAX INCREMENT REQUEST – LEGACY CROSSING THEATRE, LLC

Mr. Smith explained that the last year had been difficult for the Legacy Crossing Theatre (Megaplex). According to the Tax Increment Agreement with the City, four criteria must be met to be eligible for tax increment, including the requirement that at least 500,000 tickets must be sold annually. Due to circumstances beyond their control, Legacy Crossing Theatre did not meet that requirement. Mr. Smith explained that the Agreement specified the increment was to be retained by the RDA to be used at their discretion if requirements were not met.

Staff recommended the RDA Board amend the Agreement to add a 2020 pandemic-related exception. The Directors and Staff discussed possible language. Ms. Romney suggested Staff bring back a draft in two weeks. Dan Bridenstine, representing Legacy Crossing Theatre, LLC, attempted to comment but was unable due to technical difficulties.

Director McEwan **moved** to direct Staff to prepare amendments to the Legacy Crossing Theatre Tax Increment Agreement to allow for conditions outside the control of Legacy Crossing Theatre, LLC as discussed. Director Ince seconded the motion, which passed by unanimous vote (5-0).

ADJOURNMENT

RDA Executive Director Brant Hanson spoke of items expected to appear on future meeting agendas. At 6:10 p.m., Director McEwan **moved** to adjourn the meeting. Director Ince seconded the motion, which passed by unanimous vote (5-0).

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Brant T. Hanson, RDA Executive Director Date Approved

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Katie Rust, Recording Secretary