AGENDA
REDEVELOPMENT AGENCY
OF THE CITY OF OREM
April 14, 2015

CALL TO ORDER

APPROVAL OF MINUTES

1. MINUTES of Redevelopment Agency Meeting of March 24, 2015

SCHEDULED ITEMS

6:30 P.M. PUBLIC HEARING – University Place Participation Agreement

2. Consideration of University Place Development Incentive Agreement Analysis Prepared by Lewis Young; Approval of the University Place Participation Agreement.

RECOMMENDATION: The City of Orem's Economic Development Division Manager recommends that the Redevelopment Agency of the City of Orem (the "Agency"), by motion:

(1) Accept and adopt the University Place Development Incentive Agreement Analysis, including the findings that the Agency receives fair value in the Participation Agreement and that the proposed use of tax increment financing in the Participation Agreement is necessary and appropriate to accomplish the Agency's goals and objectives related to economic development and job creation; and

(2) Authorize the Agency Chair to sign the University Place Participation Agreement on behalf of the Agency.

PRESENTER: Greg Stephens, Ryan Clark, and Kelly Pfost

POTENTIALLY AFFECTED AREA: Citywide

BACKGROUND: The Agency and the Orem City Council approved and adopted the Final Project Area Plan (the "Project Area Plan") for the University Place Community Development Area (the "Project Area") on September 23, 2014. The primary objectives of the Project Area Plan are to (1) provide public infrastructure and parking deck capacity needed to redevelop and revitalize the University Mall area, and (2) create jobs.

THE PUBLIC IS INVITED TO PARTICIPATE IN ALL REDEVELOPMENT AGENCY MEETINGS.
If you need a special accommodation to participate in the Redevelopment Agency meeting, please call the City Recorder's Office at least 3 working days prior to the meeting. (Voice 229-7074)

This agenda is also available on the City's Internet webpage at orem.org

The proposed Participation Agreement implements the Project Area Plan. The Participation Agreement is a performance-based agreement with the Developer of the Project Area (University Mall Shopping Center, L.C.). If the Developer meets specified performance goals that carry out the objectives of the Project Area Plan, the Developer will be eligible to receive tax increment financing from the Agency. If the Developer does not meet the specified performance goals, the Developer will not be eligible to receive tax increment financing from the Agency.

Tax increment is the difference between the amount of property tax revenues generated by the Project Area prior to redevelopment and the amount of property tax revenues generated by the Project Area post-redevelopment. The Agency previously entered into interlocal agreements with all of the taxing entities within the Project Area (Alpine School District, Utah County, City of Orem, Central Utah Water Conservancy District, and Orem Metropolitan Water District). The interlocal agreements allow the Agency to use between 65-75% of the tax increment generated by the Project Area to carry out the Project Area Plan. Of that 65-75% of tax increment, 10% will be retained by the Agency and up to 90% may be earned by the Developer.

To be eligible to receive tax increment financing, the Developer must complete designated improvements within the Project Area, such as Class A Office Space buildings and new retail development. If the Developer completes the designated improvements, it will be eligible to be reimbursed for its actual costs to complete infrastructure in the Project Area. The amount of the reimbursement is limited by the amount of available tax increment and a cap based on Developer's achievement of specified benchmarks. Developer can be reimbursed for completing the following types of infrastructure improvements within the Project Area: utilities, park space, green space, roads, parking structures, and demolition costs.

The City retained Lewis, Young, Robertson & Burningham ("Lewis Young") to review the terms of the Participation Agreement. In its analysis, Lewis Young determined that the Agency received fair value in the Participation Agreement and that the Participation Agreement was necessary and appropriate to accomplish the Agency's goals in the Project Area.

More details on the Participation Agreement and the Participation Agreement analysis will be provided during the oral presentation.

ADJOURN

DRAFT

REDEVELOPMENT AGENCY
of the
CITY OF OREM
March 24, 2015

CONDUCTING	Chair Richard F. Brunst, Jr.
BOARD OF DIRECTORS	Hans Andersen, Margaret Black, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner
APPOINTED STAFF	Jamie Davidson, Brenn Bybee, Greg Stephens, and Jackie Lambert

The Redevelopment Agency (RDA) Meeting convened at 6:44 p.m.

APPROVAL OF MINUTES – December 9, 2014

Mr. Macdonald **moved** to approve the minutes of the December 9, 2014, Redevelopment Agency Meeting. Mr. Spencer **seconded** the motion. Those voting aye: Hans Andersen, Margaret Black, Richard F. Brunst, Tom Macdonald, Mark E. Seastrand, David Spencer, Brent Sumner. The motion **passed** unanimously.

SCHEDULED ITEMS

6:20 P.M. PUBLIC HEARING
University Place Participation Agreement

Mr. Stephens said this item was still being negotiated, and recommended it be continued to April 14, 2015, at 6:30 p.m.

Mr. Seastrand **moved** that the City Council continue the public hearing for the University Place Participation Agreement to April 14, 2015, at 6:30 p.m. Mr. Andersen **seconded** the motion. Those voting aye: Hans Andersen, Margaret Black, Richard F. Brunst, Tom Macdonald, Mark E. Seastrand, David Spencer, Brent Sumner. The motion **passed** unanimously.

ADJOURNMENT

Mr. Macdonald **moved** to adjourn the meeting of the Redevelopment Agency of the City of Orem. Mr. Spencer **seconded** the motion. Hans Andersen, Margaret Black, Richard F. Brunst, Tom Macdonald, Mark E. Seastrand, David Spencer, Brent Sumner. The motion **passed** unanimously.

The meeting adjourned at 6:46 p.m.

CITY OF OREM **REDEVELOPMENT AGENCY MEETING** APRIL 14, 2015	
REQUEST:	**6:30 P.M. PUBLIC HEARING** **MOTION – Consideration of University Place Development Incentive Agreement Analysis Prepared by Lewis Young; Approval of the University Place Participation Agreement.**
APPLICANT:	City of Orem Economic Development Division
FISCAL IMPACT:	No new fiscal impact. The use of tax increment financing for this Project was previously approved in five interlocal agreements with local taxing entities. The amount of tax increment financing that Developer will be eligible to receive pursuant to the proposed Participation Agreement is based on Project improvements actually completed by Developer.

NOTICES:
-Posted in 2 public places
-Posted on City webpage
-Posted on the State noticing website
-Faxed to newspapers
-E-mailed to newspapers
-Neighborhood Chair

SITE INFORMATION:
General Plan Designation:
N/A
Current Zone:
N/A
Acreage:
N/A
Neighborhood:
N/A
Neighborhood Chair:
N/A

PREPARED BY:
Greg Stephens

RECOMMENDATION:
The City of Orem's Economic Development Division Manager recommends that the Redevelopment Agency of the City of Orem (the "Agency"), by motion:

(1) Accept and adopt the University Place Development Incentive Agreement Analysis, including the findings that the Agency receives fair value in the Participation Agreement and that the proposed use of tax increment financing in the Participation Agreement is necessary and appropriate to accomplish the Agency's goals and objectives related to economic development and job creation; and

(2) Authorize the Agency Chair to sign the University Place Participation Agreement on behalf of the Agency.

BACKGROUND:
The Agency and the Orem City Council approved and adopted the Final Project Area Plan (the "Project Area Plan") for the University Place Community Development Area (the "Project Area") on September 23, 2014. The primary objectives of the Project Area Plan are to (1) provide public infrastructure and parking deck capacity needed to redevelop and revitalize the University Mall area, and (2) create jobs.

The proposed Participation Agreement implements the Project Area Plan. The Participation Agreement is a performance-based agreement with the Developer of the Project Area (University Mall Shopping Center, L.C.). If the Developer meets specified performance goals that carry out the objectives of the Project Area Plan, the Developer will be eligible to receive tax increment financing from the Agency. If the Developer does not meet the specified performance goals, the Developer will not be eligible to receive tax increment financing from the Agency.

Tax increment is the difference between the amount of property tax revenues generated by the Project Area prior to redevelopment and the amount of property tax revenues generated by the Project Area post-

redevelopment. The Agency previously entered into interlocal agreements with all of the taxing entities within the Project Area (Alpine School District, Utah County, City of Orem, Central Utah Water Conservancy District, and Orem Metropolitan Water District). The interlocal agreements allow the Agency to use between 65-75% of the tax increment generated by the Project Area to carry out the Project Area Plan. Of that 65-75% of tax increment, 10% will be retained by the Agency and up to 90% may be earned by the Developer.

To be eligible to receive tax increment financing, the Developer must complete designated improvements within the Project Area, such as Class A Office Space buildings and new retail development. If the Developer completes the designated improvements, it will be eligible to be reimbursed for its actual costs to complete infrastructure in the Project Area. The amount of the reimbursement is limited by the amount of available tax increment and a cap based on Developer's achievement of specified benchmarks. Developer can be reimbursed for completing the following types of infrastructure improvements within the Project Area: utilities, park space, green space, roads, parking structures, and demolition costs.

The City retained Lewis, Young, Robertson & Burningham ("Lewis Young") to review the terms of the Participation Agreement. In its analysis, Lewis Young determined that the Agency received fair value in the Participation Agreement and that the Participation Agreement was necessary and appropriate to accomplish the Agency's goals in the Project Area.

More details on the Participation Agreement and the Participation Agreement analysis will be provided during the oral presentation.

RDA Agreement No. _____

PARTICIPATION AGREEMENT

(University Place Community Development Project Area)

This Participation Agreement (the "Agreement") is executed in duplicate this _____ day of _____, 2015, by and between the Redevelopment Agency of the City of Orem, Utah, a community development and renewal agency and political subdivision of the State of Utah, with its principal offices located at 56 North State Street, Orem, Utah 84057, (the "Agency"), and University Mall Shopping Center, L.C., a Utah limited liability company, with its principal offices located at 2733 East Parleys Way #300, Salt Lake City, UT 84109 (the "Developer") (collectively the "Parties").

RECITALS

WHEREAS, the Orem City Council created the Agency in 1984 to help facilitate and promote economic development and redevelopment in the City of Orem (the "City"); and

WHEREAS, although laws governing the Agency have changed over time, the Agency continues to function and operate under the provisions of the Limited Purpose Government Entities - Community Development and Renewal Agencies Act, Title 17C of the Utah Code (the "Act"); and

WHEREAS, the Agency is authorized and empowered under the Act to undertake various community development activities pursuant to the Act, including, among other things, assisting the City in development activities; and

WHEREAS, the Developer is the owner and operator of University Mall in the City; and

WHEREAS, University Mall has historically been the heart and epicenter of the City's retail district and has been a driving force behind retail and retail-related development along the University Mall corridor; and

WHEREAS, to continue (and increase) its positive impact on the community, the University Mall is in need of revitalization, repurposing and expansion; and

WHEREAS, the Agency created the University Place Community Development Project Area through the adoption of the University Place Community Development Project Area Plan; and

WHEREAS, the Project Area contains the University Mall, which is anticipated to be revitalized, repurposed and expanded, with encouragement and planning by the Agency, into residential, retail, hotel, and office uses; and

WHEREAS, this Agreement sets forth the terms under which the Agency will assist the Developer in developing the Project Area; and

WHEREAS, the Agency retained Lewis Young Robertson & Burningham, Inc. ("Lewis Young"), an independent financial consulting firm with substantial experience regarding community development and tax increment projects across the State of Utah, to evaluate this Agreement to ensure that the Agency receives fair value in return for benefits provided to the Developer pursuant to the Agreement; and

WHEREAS, Lewis Young determined, as detailed in their written analysis and oral report, that this Agreement provides fair value and adequate consideration to the Agency for the benefits provided to Developer pursuant to this Agreement; and

WHEREAS, the Agency and the Developer agree to proceed with the development of the Project Area according to the provisions of the PD-34 Zone, the Project Area Plan and this Agreement.

COVENANTS

NOW, THEREFORE, in consideration of the mutual covenants of the parties as hereinafter set forth, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Agency and Developer mutually agree as follows:

1. **Background.** The following documents provide background and context to the provisions of this Agreement:

1.1. **PD-34 Zone.** The Orem City Council enacted the PD-34 zone to govern land use and development in the Project Area (defined in 1.2). Developer has had an opportunity to read and become familiar with the requirements of the PD-34 zone and agrees to comply with the requirements of the PD-34 zone, as amended (the "PD-34 Zone"), when developing the Project Area.

1.2. **Project Area Plan.** The Agency and the Orem City Council approved and adopted the Final Project Area Plan for the University Place Community Development Area (CDA) on September 23, 2014 (the "Project Area Plan"). The Project Area Plan is attached to this Agreement as Exhibit "A" and incorporated herein by reference. The Project Area Plan includes a legal description and map of the University Place CDA Project Area (the "Project Area"). Developer's development of the Project Area pursuant to the Project Area Plan and this Agreement shall be referred to as the "Project".

1.3. **Interlocal Agreements.** The Agency executed interlocal agreements with local taxing entities to provide tax increment financing to assist with the development of the Project Area. The interlocal agreements are with the following entities:

Entity	Date of Interlocal Agreement	Agreement Number
Alpine School District	December 9, 2014	RDA-A-2014-0003
City of Orem	September 23, 2014	RDA-A-2014-0005
Utah County	December 9, 2014	RDA-A-2014-0004
CUWCD	November 11, 2014	RDA-A-2014-0001
Orem Metropolitan Water District	November 11, 2014	RDA-A-2014-0002

The above-mentioned interlocal agreements shall be collectively referred to as the "Interlocal Agreements". The Interlocal Agreements are not attached to this Agreement as exhibits, but are hereby incorporated by reference as if they were fully set forth herein. The Developer acknowledges that it has had an opportunity to read and become familiar with each of the individual interlocal agreements, that it recognizes that the percentage of tax increment and the maximum cap on tax increment available from the taxing entities varies from interlocal agreement to interlocal agreement, and that it accepts the terms of the individual interlocal agreements as adopted.

1.4. **Project Area Budget**. The Agency adopted a Project Area Budget on December 9, 2014 (the "Project Area Budget"). The Project Area Budget is a multi-year projection of the anticipated costs and revenues of the Project Area.

1.5. **University Place Development Incentive Agreement Analysis.** Lewis Young completed the University Place Development Incentive Agreement Analysis (the "Agreement Analysis") to analyze the benefits received by the Agency and the City of Orem in exchange for the benefits received by the Developer pursuant to this Agreement and to determine if the Agency and the City were receiving fair value in the Agreement. The Agreement Analysis determined that the Agency and the City were receiving fair value and that the use of tax increment financing as detailed in this Agreement is both necessary and appropriate for encouraging economic development and job growth within the Project Area.

2. **Findings.** The Agency makes the following findings regarding the Project Area and this Agreement:

2.1. The Agency finds that this Agreement provides for development activities within the community, including the encouragement, promotion, or provision of development.

2.2. The Agency finds that this Agreement fulfills the primary objectives of the Project Area Plan by providing public infrastructure, revitalizing and redeveloping the Project Area, and creating jobs.

2.3. The Agency finds that the development of the Project Area as set forth in this Agreement is in the vital and best interests of the City and the health, safety, morals, and welfare of its residents, and is in accordance with the public purposes and provisions of applicable State laws and requirements under which the Project Area has been established.

2.4. The Agency finds that the development of the Project Area will enhance the overall living environment and will restore the economic vitality of the Project Area, which will benefit the City, the County, the taxing entities who signed the Interlocal Agreements, and the State.

2.5. The Agency finds that the tax increment financing provided in this Agreement is necessary and appropriate to accomplish the goals and objectives of the Project Area Plan.

2.6. The Agency finds that the extent of the development proposed in this Agreement would not likely occur without assistance from the Agency and that the proposed development has a better chance of completion and success with assistance from the Agency.

2.7. The Agency finds that providing tax increment to the Developer is needed to incentivize the installation of infrastructure, and the redevelopment and revitalization of the Project Area, in order to achieve a higher and better use for the Project Area.

2.8. The Agency finds that the use of tax increment is further justified in this Agreement as a means to facilitate the expedited revitalization, repurposing and expansion of the University Mall and to assist the Developer with additional costs related to redeveloping and infilling previously developed property.

2.9. The Agency finds that the projected revenues and benefits from Developer's development of the Project Area (detailed in the Project Area Budget) will far exceed the amount of financial assistance provided to Developer pursuant to this Agreement.

2.10. The Agency finds that in order to redevelop the Project Area, the Developer will need to construct infrastructure improvements that enhance transportation, create better utilization of land, upgrade aging utility infrastructure, and support vertical development.

2.11. The Agency finds that some of the utility infrastructure within the Project Area is aging and in need of replacement and repair.

2.12. The Agency finds that the development of Class A office space and retail space will result in significant job growth within the Project Area. This in turn will benefit the City, the County, the taxing entities who signed the Interlocal Agreements, and the State.

2.13. After considering the Agreement Analysis and information provided by the Agency's independent financial advisor, the Agency makes the following findings regarding the correlation between creating new Class A office space (defined in 5.2.1.2.1.3) and creating new office jobs:

- It is anticipated that for every 280 square feet of new Class A office space added to the Project Area, one office job will be created.
- With over 700,000 square feet of new Class A office space anticipated in the Project Area, this is projected to result in approximately 2,500 jobs over the life of the development.

- The average anticipated wage for each created office job is $59,754.

2.14. After considering the Agreement Analysis and information provided by the Agency's independent financial advisor, the Agency makes the following findings regarding the correlation between creating new retail space and creating new retail jobs:

- It is anticipated that for every 600 square feet of new retail space added to the Project Area, one retail job will be created.
- The average anticipated wage for each retail job is $25,548.

2.15. After considering the Agreement Analysis and information provided by the Agency's independent financial advisor, the Agency finds that job creation resulting from the planned development of the Project Area will bring over $2.2 billion in new value and benefit to the City, the County, the taxing entities who signed the Interlocal Agreements, and the State.

2.16. The Agency makes the following findings regarding the importance of new green space and open space in the Project Area:

- Dedicated green space and open space in urban areas is beneficial to the beautification of the City and essential to the well-being and good health of the City's residents and visitors.
- Dedicated green space and open space, and overall beautification within the Project Area will assist with the stimulation of the economy and the creation of employment within the Project Area and the City.
- Dedicated green spaces provide wide ranging ecosystem benefits to urban areas.
- Dedicated green spaces and open spaces provide venues to promote recreational, arts, and cultural programs, which in turn promote economic development and job growth within the Project Area and the City.

2.17. The Agency makes the following findings regarding the importance of the Connector Road provided for in this Agreement:

- Orem is designed with a grid network of roadways to accommodate and mitigate heavy motor vehicle traffic.
- The State Street/University Parkway intersection adjacent to the Project Area is the busiest intersection in the entire City and one of the busiest intersections in the State.
- The existing grid network in the vicinity of the Project Area is inadequate to handle existing and anticipated future traffic.
- There is a critical need for an additional east/west roadway through the Project Area to help relieve traffic congestion and improve traffic flow in the area.
- The proposed Connector Road described in this Agreement will help promote economic development and job growth within the City, will stimulate the economies of both the City and the State of Utah, and will support the creation of new jobs within the Project Area.

2.18. After considering the Agreement Analysis and the Project Area Budget, the Agency makes the following findings regarding the generation of tax revenues within the Project Area:

- In addition to increasing the taxable value of the real property in the Project Area, the development of the Project Area will stimulate economic growth and provide retailers, businesses, franchisees, and hoteliers opportunities for new growth.
- This new growth is likely to generate additional tax revenues in the form of sales and use taxes, franchise taxes, and transient room taxes that will benefit the Agency and the taxing entities.
- These additional tax revenues would not otherwise be available to the taxing entities without the development of the Project Area.
- The estimated increase in non-property tax revenues that may be generated by the development over the Tax Increment Term (as defined in paragraph 5.1.3 if this Agreement) include: $28.7 million in additional sales tax revenues; $8.2 million in additional franchise tax revenues; and $3.5 million in additional transient room tax revenues.
- These estimated increases in non-property tax revenues will be retained by the taxing entities and used at their discretion, but will not be distributed to Developer pursuant to this Agreement.

2.19. The Agency has reviewed the Agreement Analysis and accepts and adopts the findings and conclusions of the Agreement Analysis.

3. **Developer Obligations – General.** The Developer agrees to do the following as it develops the Project:

3.1. **Compliance with Agreement, Project Area Plan and PD-34 Zone.** Developer agrees to develop the Project Area and construct the Project according to the requirements of the following documents:

- this Agreement;
- the Project Area Plan;
- the PD-34 Zone;
- other applicable City ordinances; and
- the APWA Manual of Standard Specifications, 2007 Edition; the APWA Manual of Standard Plans, 2007 Edition; and the City of Orem Supplemental Document to the 2007 APWA Construction Specifications, Standards, and Drawings, March, 2011(collectively the "APWA Documents"). The General Requirements provisions of the APWA Documents do not apply to the Project unless they are related to plan approval or quality control requirements. The APWA Documents are not attached to this Agreement, but are hereby incorporated by reference as if fully set forth herein.

In case of conflict between the requirements of the above documents, priority shall be given to the documents in the order that they appear above.

3.2. **Development Processes.** Developer shall comply with all of the City's standard requirements for developing property within the PD-34 Zone. Developer acknowledges that the Agency's role as a party to this Agreement is separate and distinct from the Orem Planning Commission's and the Orem City Council's roles in the development approval process. Developer shall comply with all City of Orem zoning, site plan, conditional use permit, building permit, fee payment and other development requirements. Developer recognizes and agrees that there is no commitment from the Orem Planning Commission or the Orem City Council to approve any specific development proposal for the Project, since each development proposal must stand on its own merits and be judged according to applicable laws.

3.3. **Payment of Taxes, Fees and Licenses.** Developer (or its approved successors in title) must pay and be current on any and all real property taxes and other ad valorem taxes and assessments assessed against any portion of the Project Area owned or controlled by Developer or one of its affiliates or subsidiaries. Developer shall also pay any other applicable tax, fee or license assessed against Developer in the Project Area when due. This provision shall not be interpreted to prevent Developer from contesting any assessed tax or fee, provided that it contests the tax or fee in good faith and by proper proceedings.

3.4. **Maintenance of Property; Insurance.** Developer shall keep the Project Area and all landscaping, parking areas, structures, signs and fixtures in the Project Area in a neat and attractive condition. Developer shall maintain, with financially sound and reputable insurance companies, insurance on improvements in the Project Area in such amounts as Developer deems proper in accordance with sound business practices, as such risks are usually insured against in the same general area by companies engaged in the same or a similar business.

3.5. **Construction.** Developer agrees that it shall promptly begin and diligently prosecute to completion the development of the Project, subject to reasonable commercial expectations and conditions.

3.6. **Access to Site.** Developer's work on and completion of the Project shall be subject to inspection by representatives of the Agency and the City as provided under State and local law and this Agreement. Following reasonable advance notice to ensure that safety precautions are in place, Developer shall permit access to the Project by the Agency and the City for purposes of inspection, and, to the extent necessary, to carry out the purposes of this Agreement, provided that the Agency and the City comply with the contractor's job site safety requests. Except as required under extraordinary circumstances, inspections shall be made during reasonable business hours in accordance with standard City and Agency policies and standard project safety guidelines.

4. **Developer Obligations – Specific Improvements and Accomplishments.** The "Available Tax Increment" and "Benchmarks" referenced in this Section 4 shall mean the "Available Tax Increment" and "Benchmarks" more particularly described in Section 5 of this Agreement. The Developer agrees to do the following:

4.1. **Utility Infrastructure.** Developer shall design, install and/or replace, maintain, repair, and fund the utility infrastructure improvements designated in Exhibit "B", which is attached and incorporated into this Agreement by reference. For the purpose of this section, "Utility Infrastructure" shall mean all sanitary sewer, water, storm water, electrical, gas, telephone, telecommunication lines, and other utilities to be installed or replaced within the Project Area pursuant to Exhibit "B", plus any additional utilities required to service future Project development.

4.1.1. **Reimbursable Utility Infrastructure.** Exhibit "B" lists existing Utility Infrastructure that the Developer must replace, and new Utility Infrastructure that the Developer must complete, to service the Project.

4.1.1.1. **Benchmark 1 Utility Infrastructure.** The existing Utility Infrastructure to be replaced as part of Benchmark 1 and the new Utility Infrastructure to be completed as part of Benchmark 1 (as shown on Exhibit "B"), shall collectively be referred to as the "Benchmark 1 Utility Infrastructure".

4.1.1.2. **Future Utility Infrastructure.** The existing Utility Infrastructure to be replaced in future phases of the Project and the new Utility Infrastructure to be completed in future phases of the Project (as shown on Exhibit "B"), shall collectively be referred to as the "Future Utility Infrastructure".

4.1.1.3. **Additional Utility Infrastructure.** The Benchmark 1 Utility Infrastructure and the Future Utility Infrastructure include all Utility Infrastructure the Parties can identify at this time that will be needed to complete the Project. However, to allow for flexibility in the manner in which the Project develops and to provide for unanticipated Project Utility Infrastructure needs, the Parties recognize that there may be additional Utility Infrastructure required to service future Project development in addition to the Benchmark 1 Utility Infrastructure and the Future Utility Infrastructure. This additional Utility Infrastructure, if necessary to service future non-residential Project development and if approved in writing by the Agency (which approval will not be unreasonably withheld), shall be referred to as the "Additional Utility Infrastructure".

The Benchmark 1 Utility Infrastructure, the Future Utility Infrastructure and the Additional Utility Infrastructure shall collectively be referred to as the "Reimbursable Utility Infrastructure". The design and construction costs of the Reimbursable Utility Infrastructure will be reimbursable from Available Tax Increment, subject to the provisions of Section 5 of this Agreement.

4.1.2. **Construction.** All work related to the design, installation, operation, maintenance, repair, and replacement of the Utility Infrastructure shall be performed in a good and workmanlike fashion and in compliance with applicable federal, state, and local laws, rules, regulations and ordinances, including the requirements found in the PD-34 Zone and the APWA Documents, and must comply with the requirements and regulations of any regulatory agency with jurisdiction over the particular utility. Developer shall obtain all required permits,

permissions, licenses, and rights-of-way, and must pay all fees required in order to complete the replacement or installation of each portion of Utility Infrastructure within the Project Area, excluding non-nominal fees for City utility infrastructure if the City utility infrastructure exclusively services areas outside of the Project Area. To be eligible to receive reimbursement from Available Tax Increment, the applicable portion of Reimbursable Utility Infrastructure installed or replaced by Developer in the Project Area must be accepted and approved by the City pursuant the City's standard procedures for inspecting and improving utility infrastructure.

4.1.3. **Completion Date**. Developer may construct, install, and replace the Reimbursable Utility Infrastructure in phases as the Project progresses, but agrees to complete all Benchmark 1 Utility Infrastructure within five (5) years of execution of this Agreement, subject to extension for Force Majeure as defined in paragraph 8.14 of this Agreement or as otherwise agreed in writing by the Agency.

4.1.4. **Ownership, Dedication, and Access to Utility Infrastructure**. Ownership of the Utility Infrastructure and easement access to the Utility Infrastructure will be addressed during the City's site plan review process. Design, construction and maintenance of the Utility Infrastructure must be in strict compliance with all approved site plans and this Agreement, as well as any specific requirements of the entity or agency providing the particular utility service. Developer agrees to dedicate all Utility Infrastructure to the appropriate utility as requested, and to grant public utility easements allowing the utilities to service, repair and replace the Utility Infrastructure as required by the utilities' standard policies and regulations, at no cost to the applicable utility for the dedication or easement.

4.2. **Job Creation.** The Agency acknowledges that the Developer will not likely employ and cannot directly control the number and types of employees who will be occupying the Class A office space described in Section 5 of this Agreement. Developer intends to lease the Class A office space to tenants who will then hire the employees. Therefore, based on studies by Lewis Young, the Agency agrees to accept completion of the Class A office space as evidence of job creation related to that office space. To enable the Agency to track and compare actual job creation versus expected job creation, Developer agrees to draft lease requirements to require office space tenants in the Project Area to provide the employment-related data described below for the tenants' employees in the Project Area. If, after making a good faith effort, the Developer is unable to obtain the employment-related data for a specific tenant, Developer shall estimate the number of FTE employees and average wages for that tenant based on industry standards, given the nature of the tenant's business, the square footage leased by the tenant, and business license information available from the City. The Agency agrees to work with the City to obtain the business license information for Developer, to the extent such information is contained in public records. Developer shall provide the Agency an annual report of New Jobs in accordance with the following requirements (an "Annual New Jobs Report"): The Annual New Jobs Report will be provided by the Developer to the Agency no later than February 28 of each year with respect to the prior calendar year, commencing on February 28, 2016, with respect to year 2015. Each Annual New Jobs Report shall contain the following information with respect to New Jobs for the applicable calendar year:

Column 1: Number of full-time equivalent ("FTE") positions. The number of FTE positions is calculated by adding (1) the number of full-time employee positions, and (2) the number of hours worked in a year by all those holding part-time employee positions, divided by 2080 (the number of hours a typical full-time employee works in a year).

Column 2: Total annualized wages for the year for all FTE employees.

Column 3: Average annual wage of all FTE employees (Calculated by dividing Column 2 by Column 1).

ANNUAL NEW JOBS REPORT FOR 2015

(1) Number of FTE Positions	**(2) Total Annualized Wages for the Year for All FTE Employees**	**(3) Average Annual Wage For FTE Employees**
***	$***	$***

4.3. **The Orchard.** Developer shall design, construct, and maintain, at its own expense, a minimum of forty thousand (40,000) square feet of dedicated open space within the Project Area ("The Orchard"). The Orchard shall be the "Major Park" required by the PD-34 Zone. The design and construction costs of The Orchard shall be reimbursable from Available Tax Increment as described in Section 5 of this Agreement.

4.3.1 **Location and Design.** Developer shall design The Orchard in accordance with PD-34 Zone requirements. The Orchard shall consist of landscaping, trees, a fountain, sculpture, benches, walking paths, a performance stage, a children's play area, and other features appropriate for its purpose. The Orchard shall be located north-west of the existing University Mall retail structure. Developer shall have flexibility to relocate or reconfigure The Orchard within the Project Area as market forces may require, provided that the area of The Orchard is not reduced to less than 40,000 square feet.

4.3.2. **Construction.** Developer shall construct and improve The Orchard in accordance with the requirements of the PD-34 Zone, the Project Area Plan, and this Agreement. At least seventeen thousand five hundred (17,500) square feet of The Orchard must be comprised of vegetation such as grass, lawns, shrubberies, trees, flower and shrub beds or ornamental gardens, hedges, etc. This vegetation may, however, be covered from time-to-time with temporary installations for events, festivals or other private and civic functions subject to applicable provisions of the Orem City Code.

4.3.3. **Completion Date.** Developer shall construct The Orchard and install the improvements to The Orchard in phases, as the project develops, but agrees to construct and install no less than forty thousand (40,000) square feet of landscaping and other features within five (5) years of the signing of this Agreement, subject to extension for Force Majeure as defined in paragraph 8.14 of this Agreement or as otherwise agreed in writing by the Agency. Developer

shall construct and install any remaining improvements of The Orchard pursuant to the requirements of the PD-34 Zone.

4.3.4. **Maintenance.** Developer shall maintain The Orchard according to commercially reasonable landscaping and management practices.

4.3.5. **Usage.** Developer shall retain ownership of The Orchard and its improvements. Subject to Developer's obligation to police and control The Orchard, and its right to temporarily close The Orchard, Developer agrees to make The Orchard and its improvements available for the use and enjoyment of the public except as described below. Developer agrees to sponsor and host at The Orchard a minimum of twelve (12) public and/or civic events per year. Developer agrees to rent The Orchard to the City from time-to-time for City-sponsored events. Developer, on behalf of the City, will pay rent on behalf of the City for at least four (4) such events per year. Developer reserves the right to approve said events on a case-by-case basis, but Developer's approval of these events will not be unreasonably withheld. Although the Developer and Agency agree that The Orchard will be available for the enjoyment and the use of the general public, the parties agree and acknowledge that The Orchard is private property and that the public's use of The Orchard is subject to Developer's rights as the private property owner. Developer retains the right to limit the public's access to and use of The Orchard, to temporarily close The Orchard for maintenance improvements and repair as well as to prevent any claim of public dedication, and to exercise any other rights it has as a private property owner related to The Orchard. Developer will have the sole responsibility to police, maintain, and secure The Orchard. The parties agree that the use of The Orchard by the public is not in any way intended to create a public forum or limited public forum, nor shall the area be dedicated to the public use.

4.3.6. **Remaining Green Space.** It is anticipated that additional green space totaling approximately seventy thousand (70,000) square feet will be constructed and maintained within the Project Area. The construction, installation, and maintenance of this remaining green space must be completed in accordance with the requirements of the PD-34 Zone. The design and construction costs of the remaining green space will be reimbursable from Available Tax Increment, subject to the provisions of Section 5 of this Agreement.

4.4. **Connector Road.** Developer shall design, construct, and maintain, at its own expense, a road through the Project Area that connects State Street and 800 East Street (the "Connector Road"). Developer shall design, construct and maintain the Connector Road as described below. The design and construction costs of the Connector Road (but not the maintenance costs) will be reimbursable from Available Tax Increment, subject to the provisions of Section 5 of this Agreement.

4.4.1. **Location and Design.** Developer shall design the Connector Road in accordance with PD-34 zone requirements. Although the precise location of the Connector Road will be somewhat flexible to accommodate the currently unknown location of future development in the Project Area, the parties agree that the Connector Road will connect with State Street at approximately 1150 South and with 800 East at approximately 1100 South.

4.4.2. **Construction.** Developer shall construct the Connector Road in accordance with the requirements of the PD-34 Zone, the Project Area Plan, this Agreement, other applicable City ordinances, and the APWA Documents. Design specifications related to landscaping, irrigation controls, lighting, street lighting and pavers associated with Connector Road may vary from the above requirements in order to accommodate unique elements and design features to complement the design of the wider Project. Design standards for these elements must still meet or exceed accepted industry standards for a modern mixed-use development. To the extent possible given the design of the Project and applicable safety standards, Developer shall construct the Connector Road as a through street with a minimal amount of stops and turns.

4.4.3. **Traffic Signal.** As part of the Connector Road requirement, Developer shall install and dedicate to the City a traffic signal meeting City standards, located where the Connector Road intersects with 800 East Street. Developer shall install the traffic signal when warrants are met, based on City standards. Notwithstanding anything in this Agreement to the contrary, the cost of the traffic signal will be reimbursable from Available Tax Increment, subject to the provisions of Section 5 of this Agreement.

4.4.4. **Completion Date.** Developer may construct the Connector Road in phases, as the Project Area develops, but agrees to complete a "functioning" Connector Road within five (5) years of the date of the signing of this Agreement, even if Developer has not yet finalized the location of all elements of the Project. The Connector Road completion deadline is subject to extension for Force Majeure as defined in paragraph 8.14 of this Agreement, or as otherwise agreed in writing by the Agency. The required "functioning" Connector Road will be a fully developed road meeting the standards required by the PD-34 Zone and Subsection 4.4.2 from the western boundary of The Orchard eastward to 800 East Street. Because the final location of the portion of the Connector Road extending from the western boundary of The Orchard to State Street (the "western section") is unknown until development plans are formalized for that portion of the site, the western section need not meet the PD-34 Zone road development standards until Developer develops that portion of the site and the City and UDOT have approved the proposed State Street/Connector Road lighted intersection. However, the western section of the "functioning" Connector Road shall, at a minimum, constitute an unimpeded, unobstructed roadway that allows traffic to move freely and safely from State Street to the western boundary of The Orchard. The "functioning" Connector Road will be considered complete when it connects State Street and 800 East Street as one uninterrupted road that complies with the requirements of this subsection. Developer must complete the final Connector Road meeting the standards of this Agreement and the PD-34 Zone for the entire length of the road from State Street to 800 East Street within ninety (90) days of completion of the parking structure and building(s) adjacent to the western section of the Connector Road. The Parties agree to work cooperatively and with UDOT to obtain necessary approvals for the lighted intersection and to facilitate UDOT's acquisition of any additional property needed to complete the lighted intersection in accordance with the PD-34 Zone requirements. If the plans for the lighted intersection at State Street and the Connector Road have not been finalized and approved by the City and UDOT by the time of completion of the parking structure and building(s)

adjacent to the western section of the Connector Road, Developer agrees to complete the portion of the Connector Road up to State Street as directed by the City, which direction shall be based on the amount of intersection property owned or controlled by Developer.

4.4.5. **Maintenance.** Developer shall maintain the Connector Road to a standard that meets or exceeds a "good" rating pursuant the City's Pavement Management Program set forth in the State of the Streets Report 2012 (the "Pavement Management Program"), a copy of which is attached hereto as Exhibit "C" and incorporated herein by reference. To achieve a "good" rating, the Connector Road must maintain an Overall Condition Index ("OCI") rating greater than or equal to 70, as determined using the City's rating procedures. Developer shall timely complete scheduled treatments set forth in the Pavement Management Program, including crack sealing, slurry sealing, micro surfacing, asphalt overlay, and reconstruction. Developer shall also promptly remove snow from the Connector Road.

4.4.6. **Usage.** Developer shall maintain ownership of the Connector Road. Except as described below, Developer agrees to keep the Connector Road open to allow the general public to traverse across it. Subject to the Developer's rights as set forth below, Developer shall keep the Connector Road (or the "functioning" Connector Road) open from the earlier of (1) the actual completion date of the Connector Road (or "functioning" Connector Road), and (2) the completion date required by Section 4.4.4 of this Agreement, until five (5) years after the end of the Tax Increment Term described in Section 5 of this Agreement. Although the Connector Road shall be open for the ingress and egress of the public, the parties agree that the Connector Road will not be dedicated and abandoned to the use of the public pursuant to U.C.A. §72-5-104 (or any amendments thereto) nor will any claim be made by the Agency or the City based on the fact that the Connector Road may be allowed to be continuously used by the public as thoroughfare for a period of 10 years or more. The Agency acknowledges the Developer's rights to police, secure and exercise control over the Connector Road by doing such things as periodically closing though-traffic on the Connector Road as needed to demonstrate Developer's ownership rights, to deal with traffic accidents, to deal with issues within the utility easements, to allow for special events such as street festivals or other celebrations, and to allow Developer to make other commercially reasonable uses of the Project Area. Developer shall provide security to police the Connector Road so that those enjoying it can do so in an orderly and safe environment. Additionally, the Developer shall close and police the Connector Road as needed to maintain Developer's ownership rights pursuant to State laws, as necessary to comply with revised public thoroughfare interruption requirements set forth in State law, and to maintain a secure and safe environment. Notwithstanding anything herein to the contrary, the Agency agrees that to accommodate and promote the expansion and growth of the Project Area, and to attract and retain commercial uses within the Project Area, the Agency shall work with Developer in modifying the Connector Road as may be required to accommodate said expansion and growth, provided that the modification is within the framework of the PD-34 Zone. The parties agree that the use of the Connector Road for travel by the public is not intended to in any way create a public forum or limited public forum in the Project Area.

4.5. **Trees.** The Developer will plant and maintain at least fifty (50) new trees in the Project Area.

4.6. **Marquee Usage.** The Developer will allow the City to advertise at least five (5) City events or announcements per year (one flip for a two week period) on the electronic marquee located at the northeast corner of the State Street and University Parkway intersection. The City shall have the right to run the advertisements from the execution date of this Agreement until the earlier of when the electronic marquee (and/or any replacement thereof) ceases to operate or exist, or the expiration of the Tax Increment Term described in Section 5 of this Agreement. If the City's right to advertise on the electronic marquee pursuant to this Subsection terminates based on the fact that the designated electronic marquee ceases to operate or exist, Developer agrees that the City's right to advertise will transfer to an electronic marquee within the Project Area on either State Street or University Parkway, provided such a marquee exists.

4.7. **Temporary Signs.** Temporary signs announcing and describing the construction of buildings within the Project Area may be displayed in accordance with the City's sign ordinances, but may not be installed until 30 days prior to construction and must be removed within 30 days of issuance of the certificate of occupancy.

5. **Agency Payment of Available Tax Increment to Developer.** Provided that the Developer meets the eligibility requirements set forth below and is in compliance with the terms of this Agreement, the Agency shall pay Available Tax Increment from the Project Area to Developer according to the terms set forth herein.

5.1. **Available Tax Increment.** "Available Tax Increment" shall be calculated according to the following definitions, standards and restrictions:

5.1.1. **Definition of Tax Increment.** The parties agree to use the definition of Tax Increment found in the Utah Code, as amended. Utah Code Annotated §17C-1-102(47) currently provides that " 'Tax Increment' means, except as provided in Subsection (47)(b), 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."

5.1.2. **Definition of Base Taxable Value**. The parties agree to use 2013 as the base year for determining Base Taxable Value. Therefore, the Base Taxable Value shall, to the extent and in the manner defined by the Act, be equal to the equalized taxable value shown on the 2013 Utah County assessment rolls for all property located within the Project Area (currently estimated to be $129,187,998, but subject to final adjustment and verification by Utah County.)

5.1.3. **Tax Increment Term.** The first year that the Agency receives Tax Increment revenues from the Project Area ("Year One") shall be determined by the Agency and the Developer. In no event shall Year One be later than 2018. The Agency will receive Tax Increment revenues from the Project Area for twenty (20) consecutive years, beginning with

Year One (the "Tax Increment Term"). Each subsequent year after Year One shall be designated as Year Two through Year Twenty.

5.1.4. **Duration.** Provided that Developer meets the eligibility requirements set forth in this Agreement, Developer shall be eligible to receive Available Tax Increment from the Agency for the entire Tax Increment Term, beginning with Year One.

5.1.5. **Available Tax Increment.** Developer shall not be eligible to receive all of the Tax Increment generated by the Project Area, but shall only be eligible to receive the Available Tax Increment. "Available Tax Increment" shall mean ninety percent (90%) of the Tax Increment generated from the Project Area that is actually collected and received by the Agency, as further clarified below.

5.1.5.1. **Interlocal Agreements.** Developer acknowledges that the Interlocal Agreements provide that the Agency will receive between 65% (Alpine School District) to 75% (City of Orem, Utah County, Central Utah Water Conservancy District, and Metropolitan Water District of the City of Orem) of the annual Tax Increment generated from the Project Area. Developer further acknowledges that the Alpine School District interlocal agreement caps the total amount of Tax Increment attributable to the Alpine School District available during the Tax Increment Term at $38.5 million. The Interlocal Agreements limit the amount of Tax Increment available to the Agency and therefore limit the amount of Available Tax Increment that the Agency can pay to the Developer.

5.1.5.2. **Ninety Percent (90%) of Tax Increment Received.** The Agency will retain ten percent (10%) of all Tax Increment received from the Project Area for administrative expenses and other Project Area costs and improvements. Therefore, only 90% of the Project Area Tax Increment received by the Agency will be included in Available Tax Increment.

5.1.5.3. **Actually Collected and Received by the Agency.** The Developer acknowledges and agrees that Available Tax Increment only includes Tax Increment from the Project Area that is *actually received* by the Agency. The Agency agrees to make a good faith effort to collect all Tax Increment to which it believes it is entitled. The Developer acknowledges that Tax Increment is the sole source of the Agency's funding. In no event shall the Agency or the City be required to make up any revenue shortage if the amount of Available Tax Increment is less than the amount anticipated or desired by the Developer. Several factors, including but not limited to the following, may limit, restrict or prohibit the Agency's ability to pay Available Tax Increment to the Developer:

- Changes to the Act or other applicable laws.
- Property valuations not in line with expectations.
- Changes to property tax rates.
- Judicial rulings.
- Successful challenges to the Project Area, the Project Area Plan, any of the Interlocal Agreements, and/or this Agreement.
- Shortage or lack of Tax Increment paid to the Agency.

The Developer accepts the above factors as risks that are inherent in this Agreement and agrees to hold the Agency and the City harmless from and against any losses or damages sustained by Developer as a result of Developer not receiving the anticipated amount of revenues due to any of these factors.

5.2. **Developer Eligibility for Available Tax Increment**. As a condition precedent to receiving Available Tax Increment, the Developer (or its approved successors in title) must pay and be current on any and all real property taxes and other ad valorem taxes and assessments assessed against any portion of the Project Area owned or controlled by Developer or one of its affiliates or subsidiaries. Developer's eligibility to receive Available Tax Increment will be performance-based. Developer must complete specified Required Development (described below) in the Project Area to be eligible to receive Available Tax Increment. The amount of Available Tax Increment Developer is eligible to receive after completing the Required Development will be limited by a Total Cap (described below) and will be limited to reimbursement for eligible Reimbursable Infrastructure Costs (described below).

5.2.1. **Tax Increment Reimbursement Structure.** The table set forth below (the "Tax Increment Reimbursement Structure") shows (1) Required Development the Developer must complete before becoming eligible to receive Available Tax Increment and (2) the Total Cap on the amount of Available Tax Increment the Developer is eligible to receive after completing the Required Development.

Tax Increment Reimbursement Structure

Benchmark	Required Development	Additional Cap	Total Cap
Benchmark 1	• 55,000 SF New Retail • 120,000 SF Refurbished Retail • 100,000 SF Class A Office Space • 40,000 SF The Orchard/Green Space • 50,000 SF Renovated Interior Common Area • 90,000 SF Demolition Old Retail • Benchmark 1 Utility Infrastructure	$20,000,000	$20,000,000
Benchmark 2	200,000 Total SF Class A Office Space	$4,000,000	$24,000,000
Benchmark 3	300,000 Total SF Class A Office Space	$4,500,000	$28,500,000
Benchmark 4	400,000 Total SF Class A Office Space	$5,000,000	$33,500,000
Benchmark 5	500,000 Total SF Class A Office Space	$5,500,000	$39,000,000
Benchmark 6	600,000 Total SF Class A Office Space	$6,000,000	$45,000,000
Benchmark 7	700,000 Total SF Class A Office Space	$6,500,000	$51,500,000
Benchmark 8	• 700,000+ SF Total Class A Office Space • 300,000+ SF New Commercial • 110,000+ SF Total The Orchard/Green Space		No Cap

Explanation of Tax Increment Reimbursement Structure. The following provisions govern the interpretation of the Tax Increment Reimbursement Structure:

5.2.1.1. **Benchmarks.** The Tax Increment Reimbursement Structure is divided into Benchmarks. Each Benchmark designates the Required Development the Developer must complete to be eligible to receive Available Tax Increment for that Benchmark. As described in more detail below, there are limitations (actual reimbursement costs and a cap) on the amount of Available Tax Increment the Developer is eligible to receive for each Benchmark. The Benchmark requirements are cumulative. For example, Developer will not be eligible for Available Tax Increment under Benchmark 4 unless and until Developer has completed and maintained all requirements for receiving Available Tax Increment under Benchmarks 1-3.

5.2.1.2. **Required Development.** Developer must complete all Required Development for a given Benchmark before being eligible to receive Available Tax Increment for that Benchmark. Developer does not receive any Available Tax Increment for completing the Required Development for a given Benchmark, but completion qualifies Developer to receive Available Tax Increment for reimbursement of Reimbursable Infrastructure expenses, up to the amount of the designated cap.

5.2.1.2.1. **Benchmark 1 - Required Development.** The Required Development for Benchmark 1 is further described as follows:

5.2.1.2.1.1. **55,000 Square Feet of New Retail.** Developer shall add fifty-five thousand (55,000) square feet (gross floor area) of new retail development to the Project Area. For purposes of this Agreement:

- "new retail" means retail that has been added to the Project since the adoption of the PD-34 Zone.
- Thirty thousand (30,000) square feet of the new retail will be additional space added to the old Nordstrom building for the new RC Willey building, twenty thousand (20,000) square feet of the new retail will be located on the ground floor of the first new Class A office building, and five thousand (5,000) square feet of the new retail will be in a new building pad south of RC Willey.
- Retail square footage lost because of Developer's demolition of the old Mervyn's building will not be deducted from the amount of new retail added.

5.2.1.2.1.2. **120,000 Square Feet of Refurbished Retail.** Developer shall refurbish one hundred twenty thousand (120,000) square feet (gross floor area) of the University Mall. The refurbished area will be the former Nordstrom building that is being converted to an RC Willey.

5.2.1.2.1.3. **100,000 Square Feet of Class A Office Space.** Developer shall complete one hundred thousand (100,000) square feet (gross floor area) of Class A Office space south of the University Mall. For purposes of this Agreement, the parties agree to use the BOMA (Building Owners and Managers Association) definition of Class A Office space. Without intending to exclude any requirements of the complete BOMA definition, the BOMA definition of Class A Office space can be summarized as prestigious buildings competing for premier office users with rents above average for the area; Class A Office buildings have high quality standard finishes, state of the art systems, exceptional accessibility, and a definite market presence.

5.2.1.2.1.4. **40,000 Square Feet of The Orchard/Green Space.** Developer shall complete forty thousand (40,000) square feet of The Orchard/green space as described in Section 4.3 of this Agreement.

5.2.1.2.1.5. **50,000 Square Feet Renovated Interior Common Area.** Developer shall complete fifty thousand (50,000) square feet (gross floor area) of renovation work on the interior of the common area of University Mall.

5.2.1.2.1.6. **90,000 Square Feet Demolition Old Retail.** Developer shall demolish ninety thousand (90,000) square feet of existing unused retail space (the former Mervyn's store). Developer shall comply with permitting, environmental, and waste removal regulations and laws during the demolition. Developer agrees to complete the demolition (including clearing the site of waste material), within one hundred eighty (180) days of when it begins the demolition, unless additional time is approved in writing by the Agency.

5.2.1.2.1.7. **Benchmark 1 Utility Infrastructure.** Developer shall complete the Benchmark 1 Utility Infrastructure described in Section 4.1 of this Agreement.

5.2.1.2.2. **Benchmark 2 through Benchmark 7 - Required Development.** To complete the Required Development requirement for Benchmarks 2 through 7, Developer must complete the designated amount of total Class A office space for the designated Benchmark and each previous Benchmark. For example, to complete the Required Development for Benchmark 2, Developer must complete 200,000 square feet (gross floor area) of total Class A office space in the Project Area. Each of the Benchmarks numbered 2 through 7 is a cumulative number for total Class A office space in the Project Area. Therefore, any Class A office space completed in Benchmark 1 counts toward the total Class A office space required for future Benchmarks. Although the Benchmarks recognize Class A office space in 100,000 square foot increments, the Parties do not expect the Class A office space to actually develop in precise 100,000 square foot increments. The purpose of these Benchmarks is to require Developer to complete and receive credit for the designated amount of total Class A office space while still allowing flexibility in the size and location of additional Class A office space buildings. Developer can meet the total Class A office space requirement by completing multiple office buildings in multiple locations within the Project Area.

5.2.1.2.3. **Required Development – Benchmark 8.** The Required Development for Benchmark 8 is further described as follows:

5.2.1.2.3.1. **700,000+ Total Square Feet of Class A Office Space.** Developer must complete more than seven hundred thousand (700,000) square feet (gross floor area) of total Class A office space within the Project Area.

5.2.1.2.3.2. **300,000 Square Feet New Commercial.** Developer must complete three hundred thousand (300,000) square feet (gross floor area) of new commercial development in the Project Area. The 300,000 square feet required for this Benchmark must be new development; it does not include commercial development completed for previous Benchmarks. For purposes of this Agreement, commercial development means Class A Office space, hotel or retail.

5.2.1.2.3.3. **110,000+ Square Feet of Total The Orchard/Green Space.** Developer must complete more than one hundred ten thousand (110,000) square feet of total The Orchard/green space within the Project Area (including the forty thousand (40,000) square feet of The Orchard/green space as described in Section 4.3 of this Agreement completed in Benchmark 1).

5.2.1.3. **Additional Cap and Total Cap.** The Additional Cap is the amount of additional Available Tax Increment the Developer is eligible to receive for meeting the Required Development requirements of a given Benchmark (plus the requirements of any previous Benchmarks.) The Total Cap is the cumulative total of Additional Cap amounts prior to and including the Additional Cap for a given Benchmark. The Agency's payments to Developer will always be limited by the Total Cap and the amount of Available Tax Increment.

5.2.2. **Reimbursable Infrastructure.** The Project Area Plan provides that "The primary objectives of the community development include: 1) provide public infrastructure and parking deck capacity needed to redevelop and revitalize the University Mall area and 2) create jobs." To encourage economic development and job growth in the Project Area, the Agency agrees to use Allowable Tax Increment to reimburse Developer for Developer's actual costs in completing Reimbursable Infrastructure within the Project Area. The Parties acknowledge and agree that completing Reimbursable Infrastructure in the Project Area will help drive, and enable the Developer to complete, the types of improvements (such as Class A Office buildings) that will accomplish the goals of the Project Area. "Reimbursable Infrastructure" means the following:

- The Reimbursable Utility Infrastructure described in Section 4.1.1.
- The Orchard described in Section 4.3, plus additional green space, open space, and park-like space within the Project Area that is designed to improve the appearance or functionality of the Project.
- The Connector Road described in Section 4.4, plus any other new road within the Project Area that is necessary to service development within the Project Area.
- Parking structure(s) required to provide sufficient parking (pursuant to the requirements of the PD-34 Zone) to meet the parking requirements for development in the Project Area. Developer is not eligible to receive reimbursement for any costs related to surface area parking that falls outside of the parking structure footprint.
- Demolition of the old Mervyn's building (as required in Benchmark 1), plus the demolition of other structures within the Project Area as needed to complete the Project.

"Reimbursable Infrastructure" does not include infrastructure designed to exclusively serve residential development in the Project Area, even if the infrastructure would otherwise qualify for reimbursement pursuant to the above definition. The Parties acknowledge and agree that all of the Benchmark 1 Utility Infrastructure and Future Utility Infrastructure listed on Exhibit "B" qualifies as Reimbursable Infrastructure.

5.2.2.1. **Eligibility.** The Reimbursable Infrastructure is the Project Area infrastructure for which Developer can seek reimbursement from the Agency. Even if Developer has not yet exhausted the available Total Cap, Developer can only seek Available Tax Increment to reimburse Developer for Developer's actual costs to complete the Reimbursable Infrastructure. The amount of the reimbursement for each Benchmark will be limited to the amount of Available Tax Increment, and the lesser of the Total Cap available for that Benchmark and the Developer's actual Reimbursable Infrastructure expenses.

5.2.2.2. **Reimbursement.** The Developer must request reimbursement and provide the Agency with documentation of actual expenses to be eligible for reimbursement of Reimbursable Infrastructure expenses. The Developer shall submit reimbursement documentation to the Agency following the execution of this Agreement and the Agency shall promptly notify Developer if it does not possess sufficient documentation to justify reimbursement of allowable expenses.

5.2.2.3. **Completion of Benchmark 8.** To provide incentive for Developer to complete the entire Project as planned, once Developer has completed all Required Development for Benchmarks 1-8, it will no longer be limited to the Total Cap or to reimbursement for actual costs of Reimbursable Infrastructure, but will be eligible to receive the full amount of Available Tax Increment from that point forward.

5.2.2.4. **Estimated Reimbursable Infrastructure Costs.** The following table is a non-binding estimate of the Reimbursable Infrastructure costs the Developer may incur in completing the Project:

Reimbursable Infrastructure Detail	Estimated Reimbursable Infrastructure Cost
Road and Utility Infrastructure	$5,435,568
Connector Road	$3,910,567
The Orchard and Green Space	$6,999,909
Structured Parking	$71,628,000
Demolish Existing Structures	$780,132
Total	$88,754,176

Developer is eligible to receive reimbursement for its actual costs in completing the Reimbursable Infrastructure, not its estimated costs, subject to Total Cap and Available Tax Increment limits.

5.2.3. **Summary of Agency Payment Obligation to Developer.** In summary, Developer must complete the Required Development improvements for a given Benchmark (and all previous Benchmarks) to be eligible for reimbursement of actual Reimbursable Infrastructure costs. The amount of the reimbursement will be further limited to the lesser of the available Total Cap and the Available Tax Increment. Once Developer has completed the Required Development for Benchmarks 1-8, Developer will no longer be limited by the amount of Reimbursable Infrastructure costs or a Total Cap, but may receive the full amount of Available Tax Increment from that point forward until the end of the Tax Increment Term.

5.2.4. **Performance-Based Incentives - Examples.** This is a performance-based Agreement. The Tax Increment incentives provided under this Agreement are post-performance and are based on the Developer's success in creating new taxable value within the Project Area. When the Developer constructs new taxable improvements, additional taxable value will be added to the tax rolls. This new value will create new property tax revenue which will be used to fund the Tax Increment incentives. If the Developer fails to perform, insufficient Tax Increment will be generated and there will not be enough Available Tax Increment to reimburse the Developer for Reimbursable Infrastructure expenses.

The following tables give examples of how this Agreement may work under different development scenarios. The Parties acknowledge that these tables are only illustrative; actual numbers may vary based on property tax rates, assessed valuations, the amount of Reimbursable Infrastructure expenses, and other variables that may be unknown at this time.

Low-Growth Example. The following example illustrates that if the Developer were to only invest $70 million in the project area and then stop construction, Developer would never reach the Benchmark 1 Total Cap and would only have about $10 million of Available Tax Increment for Reimbursable Infrastructure expenses.

Low Growth Example (Only 100,000 SF Class A office space; 190,000 SF housing; 55,000 SF New Retail; and The Orchard)	New Taxable Value (Above the Base)	Anticipated Total Cap	Annual Tax Increment (90% Available) – Annual Incentive Available to Developer	Cumulative Tax Increment (90% Available) – Total Incentive Available to Developer
Year 1	$70,000,000	$20,000,000	$510,000	$510,000
Year 2	$70,000,000	$20,000,000	$510,000	$1,020,000
Year 3	$70,000,000	$20,000,000	$510,000	$1,530,000
Year 4	$70,000,000	$20,000,000	$510,000	$2,040,000

Year 5	$70,000,000	$20,000,000	$510,000	$2,550,000
Year 6	$70,000,000	$20,000,000	$510,000	$3,060,000
Year 7	$70,000,000	$20,000,000	$510,000	$3,570,000
Year 8	$70,000,000	$20,000,000	$510,000	$4,080,000
Year 9	$70,000,000	$20,000,000	$510,000	$4,590,000
Years 10-20	$70,000,000	$20,000,000	$510,000 (Each Year)	$10,200,000
Total	$70,000,000	$20,000,000	$10,200,000	$10,200,000

Anticipated Growth Example. The next example illustrates the anticipated cash flow based on the Developer's proforma. In this example, the cap slowly increases as Benchmarks are met and the Developer is reimbursed as Available Tax Increment is collected and passed through for Reimbursable Infrastructure expenses.

Anticipated Proforma Example	New Taxable Value (Above the Base)	Anticipated Total Cap	Annual Tax Increment (90% Available) – Annual Incentive Available to Developer	Cumulative Tax Increment (90% Available) – Total Incentive Available to Developer
Year 1	$100,000,000	$20,000,000	$750,000	$750,000
Year 2	$145,000,000	$28,500,000	$1,090,000	$1,840,000
Year 3	$190,000,000	$28,500,000	$1,440,000	$3,280,000
Year 4	$245,000,000	$33,500,000	$1,860,000	$4,140,000
Year 5	$290,000,000	$33,500,000	$2,170,000	$7,310,000
Year 6	$340,000,000	$39,000,000	$2,570,000	$9,880,000
Year 7	$340,000,000	$39,000,000	$2,570,000	$12,450,000

Year 8	$400,000,000	$51,500,000	$3,010,000	$15,460,000
Year 9	$400,000,000	$51,500,000	$3,010,000	$18,470,000
Years 10-20	$400,000,000	$51,500,000	$3,010,000 (Each Year)	$51,390,000
Total	$400,000,000	$51,500,000	$51,390,000	$51,390,000

High-Growth Example. In the final example, Developer adds $60 million of taxable value with 300,000 SF of additional Class A office space. This allows the incentive to equal the $54 million of Available Tax Increment.

High-Growth Example (Anticipated Proforma plus 300,000 SF additional Class A Office)	**New Taxable Value (Above the Base)**	**Anticipated Total Cap**	**Annual Tax Increment (90% Available) – Annual Incentive Available to Developer**	**Cumulative Tax Increment (90% Available) – Total Incentive Available to Developer**
Year 1	$100,000,000	$20,000,000	$750,000	$750,000
Year 2	$145,000,000	$28,500,000	$1,090,000	$1,840,000
Year 3	$190,000,000	$28,500,000	$1,440,000	$3,280,000
Year 4	$245,000,000	$33,500,000	$1,860,000	$5,140,000
Year 5	$330,000,000	$45,000,000	$2,480,000	$7,620,000
Year 6	$400,000,000	$51,50 0,000	$3,030,000	$10,650,000
Year 7	$400,000,000	$51,50 0,000	$3,030,000	$13,680,000
Year 8	$460,000,000	No Cap	$3,480,000	$17,160,000
Year 9	$460,000,000	No Cap	$3,480,000	$20,640,000
Years 10-20	$460,000,000	No Cap	$3,480,000 (Each Year*)	$53,770,000
Total	$460,000,000	No Cap	$53,770,000	$53,770,000

*Note: $3,480,000 of anticipated TIF (Tax Increment Financing) each year until the Alpine School District participation cap. Years 18, 19, and 20 are anticipated to be $3,030,000; $1,130,000; and $1,130,000 respectively.

5.2.5. **Additional Provisions.** The following additional provisions further govern the Agency's payment of Available Tax Increment to Developer:

5.2.5.1. **Completion.** Required Development and Reimbursable Infrastructure will be considered complete when the Developer receives a final certificate of occupancy from the City for the Required Development or Reimbursable Infrastructure. (For improvements not requiring a certificate of occupancy, the Required Development or Reimbursable Infrastructure will be considered complete when accepted and approved by the City.) Developer agrees to complete the Required Development for Benchmark 1 within five (5) years of the signing of this Agreement, subject to extension for Force Majeure as defined in paragraph 8.14 of this Agreement, or as otherwise agreed in writing by the Agency. Although there is not a required completion date for Required Development in the other Benchmarks in this Agreement, Developer acknowledges that it will not receive any Available Tax Increment tied to the other Benchmarks until Developer has completed the Required Development for the applicable Benchmark. Developer further acknowledges that the longer it takes to complete a given Benchmark, the less time it will have to recoup allowed reimbursement costs related to that Benchmark.

5.2.5.2. **Location of Improvements.** All Required Development and Reimbursable Infrastructure must be located within the boundaries of the Project Area. If this Agreement, the Project Area Plan, or the PD-34 Zone designates a specific location for the improvement, the Developer shall complete the improvement in the designated location.

5.2.5.3. **Verification.** The Developer agrees to cooperate with the Agency in allowing the Agency to verify the completion of the Required Development and the Reimbursable Infrastructure. Developer shall provide or show records or documents as requested by the Agency so that the Agency can verify that the Developer has expended the claimed amount for Reimbursable Infrastructure expenses.

5.2.5.4. **Qualifying Improvements.** The Agency acknowledges that the Developer has already started some of the Required Development and Reimbursable Infrastructure in anticipation of the signing of this Agreement. The Agency agrees that the Developer will receive full credit for any Required Development or Reimbursable Infrastructure begun after adoption of the PD-34 Zone.

5.2.5.5. **Available Tax Increment Reserve.** Generally, the Agency will only pay Developer the amount of Available Tax Increment that Developer is eligible to receive for a given year. However, if the Agency receives more Available Tax Increment than the Developer has qualified to receive (Available Tax Increment above the Total Cap), the Agency will hold the funds in reserve for three (3) years. If the Developer qualifies for a higher cap

within those three years, the reserved Available Tax Increment will be available to the Developer, up to the value of the new cap. If there is Available Tax Increment above the cap which has been held by the Agency for more than three years, the Agency may use those funds at its discretion and the Developer will not be entitled to recoup those funds at any future date.

5.2.5.6. **Payment Due Date.** The Agency shall pay the Developer all Available Tax Increment owed to the Developer pursuant to this Agreement on an annual basis, beginning with Year One. The Agency shall pay the Developer within thirty (30) calendar days of the Agency's receipt of Available Tax Increment for a given year, provided that the Developer has submitted sufficient documentation to justify reimbursement of allowable expenses.

6. **Default.** If the Developer defaults or breaches any of its obligations contained in this Agreement and does not timely cure such default or breach as provided in this Agreement, then the Agency may avail itself of any remedy available at law or equity, including the right to seek specific performance. After Developer's default or breach and failure to cure, the Agency may also elect to terminate this Agreement with respect to any Benchmarks not completed, forfeiting Developer's right to receive Available Tax Increment tied to the uncompleted Benchmarks, but the Agreement would remain in full force and effect with respect to any Benchmarks that were completed prior to termination. If the Agency defaults or breaches any of its obligations contained in this Agreement and does not timely cure such default or breach as provided in this Agreement, then the Developer may avail itself of any remedy available at law or equity, including the right to seek specific performance.

6.1. **Cure.** 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 in writing. 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 either party 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.

6.2. **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.

6.3. **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.

7. **Indemnification.** The Developer shall indemnify and hold the Agency and its officers, officials, employees, agents and volunteers harmless from and against all claims, damages, losses and expenses (including attorney's fees), including costs relating to environmental clean-up or non-compliance, arising out of or resulting from the Developer's acts or failures to act in performing this Agreement and completing the Project. The Developer shall not be liable for the Agency's own negligent acts.

8. **General Provisions.**

8.1. **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.

8.2. **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, UPS 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:

In the case of a notice or communication to the Agency, Executive Director, Redevelopment Agency of the City of Orem, 56 North State St., Orem, Utah 84057, with copies to Chairperson, Redevelopment Agency of the City of Orem at the same address.

In the case of a notice or communication to the Developer, addressed to it as follows:
University Mall Shopping Center, L.C., 2733 East Parleys Way #300, Salt Lake City, UT 84109

or addressed in such other way in respect to a party as that party may, from time to time, designate in writing dispatched as provided in this Section.

8.3. **Lawful Agreement.** The parties represent that they have lawfully entered into this Agreement, having complied with all relevant statutes, ordinances, resolutions, by-laws and other legal requirements applicable to their operation.

8.4. **Utah Law.** This Agreement shall be interpreted pursuant to Utah law.

8.5. **Time of Essence.** Time shall be of the essence of this Agreement.

8.6. **Attorney's Fees.** If any party retains, uses or consults an attorney because of the default, breach or failure to perform of any other party to the Agreement, or to enforce or defend its rights pursuant to this Agreement, then the non-breaching or non-defaulting party shall be entitled to a reasonable attorney's fee, whether or not the matter is actually litigated. If the matter is litigated, the party prevailing in any litigation shall also be entitled to a reasonable attorney's fee.

8.7. **Interpretation of Agreement.** Whenever the context of any provision shall require it, the singular number shall be held to include the plural number, and vice versa, and the use of any gender shall include any other and all genders. The paragraph and section headings in this Agreement are for convenience only and do not constitute a part of the provisions hereof.

8.8. **No Presumption.** Both parties have participated in preparing this Agreement. Therefore, the parties stipulate that any Court interpreting or construing the Agreement shall not apply the rule of construction that the Agreement should be more strictly construed against the drafting party.

8.9. **Amendments.** This Agreement may be modified or amended by written agreement only. No oral modifications or amendments shall be effective.

8.10. **No Assignment.** This Agreement shall not be pledged or assigned without the prior written consent of the other party. The parties agree that consent to assignment will not be unreasonably withheld or delayed if the proposed assignment is to a closely-related entity or affiliate of the assignor or if the assignment is to a secured lender on the Project. Notwithstanding the foregoing, should Developer's lender acquire the Project, it shall be allowed to assign this Agreement to a third party, provided that the third party agrees to assume all of the Developer's obligations under this Agreement and cures any existing defaults at the time of assumption, and provided that the third party has comparable financial strength and experience in developing this type of project as Developer. The Agency agrees that Developer may, without further approval from the Agency, assign its right to receive Available Tax Increment pursuant to this Agreement as security for a lender providing financing for the Project, provided that Developer maintains (and does not assign) its commitments and obligations set forth in this Agreement. The Agency agrees to make any decision regarding its consent to a proposed assignment within ten (10) days of request from the Developer, provided that the Developer provides the Agency with sufficient information to make the decision.

8.11. **Binding Agreement.** This Agreement shall be binding on the heirs, successors, administrators and assigns of each of the parties.

8.12. **Integrated Contract.** The parties acknowledge and agree that this Agreement, including the attached exhibits and referenced documents, constitutes a complete integrated contract between the parties and is intended to be the final expression of their agreement.

8.13. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. Said counterparts may be transmitted by one party to the other by facsimile or electronic mail.

8.14. **Force Majeure.** In the event that either party hereto shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of strikes, lockouts, labor troubles, inability to procure materials, failure of power, riots, insurrection, war or other reason of a like nature not the fault of the party delayed in performing work or doing acts required under the terms of this Agreement, then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

SIGNED and ENTERED INTO this _____ day of _____, 2015.

REDEVELOPMENT AGENCY OF THE CITY OF OREM

_____
By: Richard F. Brunst, Jr., Chair

ATTEST:

_____
Donna R. Weaver, Secretary

UNIVERSITY MALL SHOPPING CENTER, L.C., a Utah limited liability company

By: WOODBURY MANAGEMENT COMPANY, L.C., a Utah limited liability company, Its Manager

_____
By: Jeffrey K. Woodbury, Manager

_____
By: Orin R. Woodbury, Manager

STATE OF UTAH)
:ss
COUNTY OF SALT LAKE)

On the _____ day of _____, 2015, before me personally appeared JEFFREY K. WOODBURY and ORIN R. WOODBURY, to me personally known to be the Managers of WOODBURY MANAGEMENT COMPANY, L.C., known to be the Manager of UNIVERSITY MALL SHOPPING CENTER, L.C., the company that executed the within

instrument, known to me to be the person who executed the within instrument on behalf of said company therein named, and acknowledged to me that such company executed the within instrument pursuant to its articles of organization.

_____
NOTARY PUBLIC

(Seal)
My commission expires:_____
Residing at:_____

gws\university place.participation agreement.ag04a
04/08/15

ENT 71814:2014 PG 1 of 21
JEFFERY SMITH
UTAH COUNTY RECORDER
2014 Oct 07 11:29 am FEE 0.00 BY SS
RECORDED FOR OREM CITY CORPORATION

ORDINANCE NO. O-2014-0034

AN ORDINANCE APPROVING AND ADOPTING THE UNIVERSITY PLACE COMMUNITY DEVELOPMENT PROJECT AREA PLAN, AS APPROVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF OREM, UTAH, AS THE OFFICIAL COMMUNITY DEVELOPMENT PROJECT AREA PLAN FOR THE UNIVERSITY PLACE COMMUNITY DEVELOPMENT PROJECT AREA AND DIRECTING NOTICE OF SAID ADOPTION BE GIVEN AS REQUIRED BY STATUTE.

WHEREAS, the City of Orem can best serve the needs of its residents and business owners by continuing to foster and support quality economic development within its borders; and

WHEREAS, development of the University Place Community Development Project Area will promote job growth and increase tax revenues which can then be used to benefit the public; and

WHEREAS pursuant to Title 17C, Chapter 4 of the Utah Code (as amended), this Ordinance formally adopts the University Place Community Development Project Area Plan as approved by the Board of the Redevelopment Agency of the City of Orem, Utah; and

WHEREAS, the Redevelopment Agency of the City of Orem, Utah (the "Agency") having prepared a draft Project Area Plan (the "Draft Plan") for the University Place Community Development Project Area pursuant to the Limited Purpose Local Government Entities - Community Development and Renewal Agencies Act (the "Act") as set forth in Title 17C, Chapter 4 of the Utah Code (as amended), and having held the required public hearing on the Draft Plan, has approved the proposed Draft Plan as the official Community Development Plan for the University Place Community Development Project Area; and

WHEREAS, Section 17C-4-105 of the Act mandates that before a community development project area plan approved by resolution of an agency may take effect, said plan must be adopted by ordinance of the legislative body of the community that created the agency; and

WHEREAS, the Act also requires that certain notice be given by the community legislative body upon its adoption of a community development project area plan.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF OREM, UTAH, AS FOLLOWS:

1. The Orem City Council hereby adopts and designates the proposed University Place Community Development Project Area Plan (attached hereto as **Exhibit A** and incorporated herein by this reference), as approved by the Agency, as the official Community Development Plan for the University Place Community Development Project Area;

2. City staff is hereby authorized and directed to publish or cause to be published the notice required by Section 17C-4-106 of the Act whereupon the University Place Community Development Project Area Plan shall become effective pursuant to Section 17C-4-106 of the Act; and

3. Pursuant to the Section 17C-4-106 of the Act, the Agency may proceed to carry out the official University Place Community Development Project Area Plan as of the effective date of this Ordinance.

4. This ordinance shall take effect immediately upon passage and publication in a newspaper of general circulation in the City of Orem.

PASSED, APPROVED and ORDERED PUBLISHED this **23rd** day of **September** 2014.

CITY OF OREM CORPORATE SEAL STATE OF UTAH

Richard F. Brunst, Jr., Mayor

ATTEST:

~~Donna R. Weaver, City Recorder~~
Taraleigh A. Gray, Deputy City Recorder

COUNCIL MEMBERS VOTING "AYE"	COUNCIL MEMBERS VOTING "NAY"
Margaret Black	Hans Andersen
Richard F. Brunst	
Tom Macdonald	
David Spencer	
Brent Sumner	

EXHIBIT A

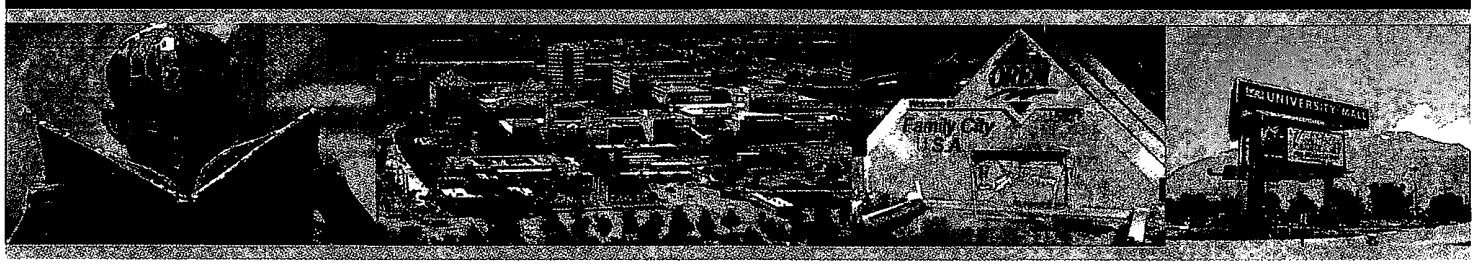
UNIVERSITY PLACE

COMMUNITY DEVELOPMENT

PROJECT AREA PLAN

FINAL PROJECT AREA PLAN
UNIVERSITY PLACE
COMMUNITY DEVELOPMENT AREA (CDA)

OREM REDEVELOPMENT AGENCY, UTAH



ENT 71814:2014 PG 4 of 21

ADOPTED SEPTEMBER 23, 2014

LEWIS YOUNG
ROBERTSON & BURNINGHAM, INC.
GATEWAY PLAZA BUILDING - 41 N. RIO GRANDE, STE 101 - SALT LAKE CITY, UT 84101
(P) 801-596-0700 - (TF) 800-581-1100 - (F) 801-596-2500 - WWW.LEWISYOUNG.COM

ENT 71814:2014 PG 5 of 21

Table of Contents

TABLE OF CONTENTS 2

INTRODUCTION 3

DEFINITIONS 4

DESCRIPTION OF THE BOUNDARIES OF THE PROPOSED PROJECT AREA 5

GENERAL STATEMENT OF LAND USES, LAYOUT OF PRINCIPAL STREETS, POPULATION DENSITIES, BUILDING INTENSITIES AND HOW THEY WILL BE AFFECTED BY THE COMMUNITY DEVELOPMENT 5

IMPACT OF COMMUNITY DEVELOPMENT ON LAND USE, LAYOUT OF PRINCIPAL STREETS, POPULATION DENSITIES AND BUILDING INTENSITIES 6

STANDARDS GUIDING THE COMMUNITY DEVELOPMENT 7

HOW THE PURPOSES OF THIS TITLE WILL BE ATTAINED BY COMMUNITY DEVELOPMENT 8

CONFORMANCE OF THE PROPOSED DEVELOPMENT TO THE COMMUNITY'S GENERAL PLAN 8

DESCRIBE ANY SPECIFIC PROJECT OR PROJECTS THAT ARE THE OBJECT OF THE PROPOSED COMMUNITY DEVELOPMENT 10

METHOD OF SELECTION OF PRIVATE DEVELOPERS TO UNDERTAKE THE COMMUNITY DEVELOPMENT AND IDENTIFICATION OF DEVELOPERS CURRENTLY INVOLVED IN THE PROCESS 10

REASON FOR SELECTION OF THE PROJECT AREA 11

DESCRIPTION OF PHYSICAL, SOCIAL AND ECONOMIC CONDITIONS EXISTING IN THE PROJECT AREA 11

DESCRIPTION OF ANY TAX INCENTIVES OFFERED PRIVATE ENTITIES FOR FACILITIES LOCATED IN THE PROJECT AREA 12

ANTICIPATED PUBLIC BENEFIT TO BE DERIVED FROM THE COMMUNITY DEVELOPMENT 13

OTHER INFORMATION THAT THE AGENCY DETERMINES TO BE NECESSARY OR ADVISABLE 14

EXHIBIT A 15

EXHIBIT B 16

EXHIBIT C 17

ENT 71814:2014 PG 6 of 21

Introduction

The Redevelopment Agency of the City of Orem, Utah (the "Agency"), following thorough consideration of the needs and desires of The City of Orem (the "City") and its residents, as well as the City's capacity for new development, has carefully crafted this draft Project Area Plan (the "Plan") for the University Place Community Development Project Area (the "Project Area"). This Plan is the end result of a comprehensive evaluation of the types of appropriate land-uses and economic development for the land encompassed by the Project Area which is located on the northeast corner of State Street and University Parkway. The Plan is envisioned to define the method and means of development for the Project Area from its current state to a higher and better use. The City and Agency have determined that it is in the best interest of its residents to assist in the development of the Project Area. It is the purpose of this Plan to clearly set forth the aims and objectives of this development, its scope, its mechanism, and its value to the residents of the City and other taxing districts.

The Project is being undertaken as a community development project pursuant to certain provisions of Chapters 1 and 4 of the Utah Community Development and Renewal Agencies Act (the "Act", Utah Code Annotated ("UCA") Title 17C). The requirements of the Act, including notice and hearing obligations, have been scrupulously observed at all times throughout the establishment of the Project Area.

UTAH CODE §17C-4-101

Resolution Authorizing the Preparation of a Draft Community Development Project Area Plan

Pursuant to the provisions of §17C-4-101 of the Community Development and Renewal Agencies Act ("Act"), the governing body of the Agency adopted a resolution authorizing the preparation of a draft community development project area plan on **July 22, 2014**.

Utah Code §17C-4-102

Recitals of Prerequisites for Adopting a Community Development Project Area Plan

In order to adopt a community development project area plan, the agency shall;

- Pursuant to the provisions of §17C-4-102(2)(a) and (b) of the Act, the City has a planning commission and general plan as required by law; and
- Pursuant to the provisions of §17C-4-102 of the Act, the Agency has conducted one or more public hearings for the purpose of informing the public about the Project Area, and allowing public input into the Agency's deliberations and considerations regarding the Project Area; and.
- Pursuant to the provisions of §17C-4-102 of the Act, the Agency has allowed opportunity for input on the draft Project Area plan and has made a draft Project Area plan available to the public at the Agency's offices during normal business hours, provided notice of the plan hearing, sent copies of the draft Project Area Plan to all required entities prior to the hearing, and provided opportunities for affected entities to provide feedback. The Agency will hold a public hearing on the draft plan on **September 23, 2014**.

Definitions

As used in this Community Development Project Area Plan:

The term "**Act**" shall mean and include the Limited Purpose Local Government Entities – Community Development and Renewal Agencies Act in Title 17C, Chapters 1 through 4, Utah Code Annotated 1953, as amended, or such other amendments as shall from time to time be enacted or any successor or replacement law or act.

The term **"Agency"** shall mean the Redevelopment Agency of the City of Orem, which is a separate body corporate and politic created by the City pursuant to the Act.

The term "**Base Taxable Value**" shall mean the agreed value specified in a resolution or interlocal agreement under Subsection 17C-4-201(2) from which tax increment will be collected.

The terms **"City" or "Community"** shall mean The City of Orem.

The term **"Legislative Body"** shall mean the City Council of Orem which is the legislative body for the City.

The term **"Plan Hearing"** shall mean the public hearing on the draft Project Area Plan required under Subsection 17C-4-102.

The term **"Project Area"** shall mean the geographic area described in the Project Area Plan or draft Project Area Plan where the community development set forth in this Project Area Plan or draft Project Area Plan takes place or is proposed to take place (Exhibit A & B).

The term **"Project Area Budget"** shall mean the multi-year projection of annual or cumulative revenues, other expenses and other fiscal matters pertaining to the Project Area that includes:

- the base taxable value of property in the Project Area;
- the projected Tax Increment expected to be generated within the Project Area;
- the amount of Tax Increment expected to be shared with other Taxing Entities;
- the amount of Tax Increment expected to be used to implement the Project Area plan;
- the Tax Increment expected to be used to cover the cost of administering the Project Area plan;
- if the area from which Tax Increment is to be collected is less than the entire Project Area:
  - the tax identification number of the parcels from which Tax Increment will be collected; or
  - a legal description of the portion of the Project Area from which Tax Increment will be collected; and
- for property that the Agency owns and expects to sell, the expected total cost of the property to the Agency and the expected selling price.

The term **"Project Area Plan"** shall mean the written plan that, after its effective date, guides and controls the community development activities within the Project Area. Project Area Plan refers to this document and all of the attachments to this document, which attachments are incorporated by this reference.

The term **"Taxes"** includes all levies on an ad valorem basis upon land, real property, personal property, or any other property, tangible or intangible.

The term **"Taxing Entity"** shall mean any public entity that levies a tax on any property within the Project Area.

ENT 71814:2014 PG 8 of 21

The term **"Tax Increment"** shall mean the difference between the amount of property tax revenues generated each tax year by all Taxing Entities from the Project Area designated in the Project Area Budget as the area from which Tax Increment is to be collected, using the current assessed value of the property and the amount of property tax revenues that would be generated from the same area using the Base Taxable Value of the property.

UTAH CODE §17C-4-103(1)

Description of the Boundaries of the Proposed Project Area

A legal description of the Project Area along with a detailed map of the Project Area is attached as, respectively, **Exhibit "A"** and **Exhibit "B"** and incorporated herein. The Project Area is located on the northeast corner of State Street and University Parkway. Most of the Project Area will be a master planned development surrounding the University Mall with intention to revitalize the area. The planned development includes residential, office, retail, and civic uses. The Project Area is comprised of 133.6 acres total, including approximately 85 affected parcels, equaling 129.6 acres of property (4.0 acres are rights of way and other variances in acreage associated with County records of individual parcels).

As delineated in the office of the Utah County Recorder, the Project Area encompasses all of the parcels detailed in **Exhibit "C."**

UTAH CODE §17C-4-103(2)

General Statement of Land Uses, Layout of Principal Streets, Population Densities, Building Intensities and How They Will be Affected by the Community Development

General Land Uses

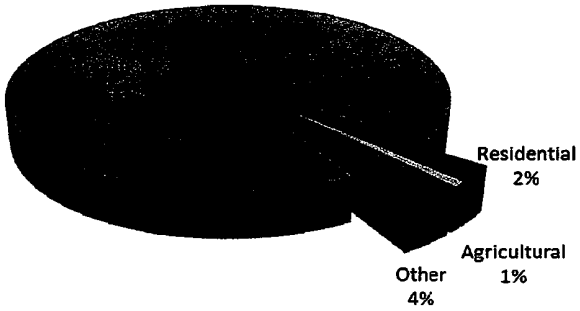
A significant amount of property within the Project Area consists of land associated with the University Mall which is aging and in need of revitalization. Additional land has also been included in the Project Area which could be redeveloped into a higher and better use in connection with the University Place revitalization plans. Table 1 and Figure 1 summarize the approximate acreage of existing land uses by land use type.

TABLE 1: EXISTING LAND USES

Type	Acres	% of Area
Commercial	120.55	93%
Residential	3.19	2%
Agricultural	1.14	1%
Other*	4.70	4%
Total	**129.58**	**100%**

*Other includes land currently owned by The City of Orem and other government entities.

FIGURE 1: EXISTING LAND USES



ENT 71814:2014 PG 9 of 21
ENT 71814:2014 PG 9 of 21

Current zoning in the Project Area is primarily P-D and C-2, with a few parcels of R-8 included. These zones allow for general commercial and residential uses. The P-D zoning recently approved for the mall site allows the contemplated uses which include office and hotel buildings, retail, and residential uses. This Plan is consistent with the General Plan of the City and promotes economic activity by virtue of the land uses contemplated. Any zoning change, amendment or conditional use permit necessary to the successful development contemplated by this Plan shall be undertaken in accordance with the requirements of the City's Code and all other applicable laws including the goals and objectives in the City's General Plan.

Layout of Principal Streets

The principal streets are State Street (going northwest to southeast), 800 East (going north to south), and University Parkway (going east to west). The Project Area map, provided in **Exhibit "A"**, shows the principal streets in the area.

Population Densities

Currently, there is limited residential development within the Project Area which mostly consists of older homes on third-acre lots which have already been purchased and assembled by commercial entities for redevelopment into other uses. There is a significant day time population from the retail outlets in the mall.

Building Intensities

Buildings in the area are generally commercial and retail structures. The largest parcels are owned by the Woodbury Corporation in connection with the existing University Mall. Costco also leases a large parcel. No change is anticipated to the Costco building, but it was included in the Project Area because minor changes to the lot lines and outlying parking areas may be made in connection with the University Place redevelopment.

UTAH CODE §17C-4-103(2)

Impact of Community Development on Land Use, Layout of Principal Streets, Population Densities and Building Intensities

Community development activities within the Project Area will mostly consist of revitalization of the University Mall and development of new office and residential areas. The types of land uses will include: commercial/retail, office, hotel, and residential. In order to redevelop the Project Area the Agency along with property owners, developers, and/or businesses will need to construct infrastructure improvements that enhance transportation and create better utilization of land.

General Land Uses

A majority of the land in the Project Area is owned by Woodbury Corporation and is planned to develop as a multi-use project around the existing University Mall. It is estimated that the following development will be constructed as part of the University Place revitalization project:

- 400,000 SF new retail (Less 175,000 SF of existing retail to be demolished)
- 700,000 SF new office
- 1,250,000 SF new multifamily residential, and
- 70,000 SF new hotel.

It is believed that this development will spark investment and renovation in the surrounding business community.

ENT 71814:2014 PG 10 of 21

Layout of Principal Streets

The Agency anticipates that the development will require new roadways within the development to facilitate local and business traffic, but the roads will likely be owned and maintained by the Woodbury Corporation.

Population Densities

The Project Area will include additional residential development, thus the population density is anticipated to increase. Approximately 1200 units are planned within the Project Area, although zoning will allow for up to about 1500. Most of the housing (approximately 92 percent) is planned to be one- and two-bedroom units for working professionals and empty-nesters. The remaining eight percent is planned to be three-bedroom units. This daytime population will likely increase and diversify as office, retail, lodging and open space are expanded.

Building Densities

Building densities will increase as some of the planned development will be multi-story structures. Also, the intent of this plan is to promote higher occupancy levels within current buildings and greater economic utilization of the land area.

UTAH CODE §17C-4-103(3)

Standards Guiding the Community Development

In order to provide maximum flexibility in the development and redevelopment of the Project Area, and to encourage and obtain the highest quality in development and design, specific development controls for the uses indentified above are not set forth herein. Development proposals in the Project Area will be subject to appropriate elements of the City's General Plan; the Land Use Ordinances of the City, including adopted Design Guidelines pertaining to the area; institutional controls, deed restrictions if the property is acquired and resold by the RDA, other applicable building codes and ordinances of the City; and, as required by ordinance or agreement, review and recommendation of the Planning Commission and approval by the Agency.

Each development proposal by an owner, tenant, participant or developer shall be accompanied by site plans, development data and other appropriate material that clearly describes the extent of proposed development, including land coverage, setbacks, height and massing of buildings, off-street parking and loading, use of public transportation, and any other data determined to be necessary or requested by the Agency or the City.

The general standards that will guide community development within the Project Area, adopted from the City's proposed General Plan are as follows:

Business attraction and expansion.
Orem City staff and community leaders should focus their marketing and recruitment efforts on a few "high yield" targets that will make a significant difference to the local economy.

Recruit, retain and expand employers.
Orem encourages existing firms to grow and expand their business operations, and focus business attraction efforts on established firms within the region that may need larger facilities or a new location within the region.

ENT 71814:2014 PG 11 of 21

Spur revitalization.
It is anticipated that development within the Project Area will be the catalyst to future development and re-investment in the surrounding area.

UTAH CODE §17C-4-103(4)

How the Purposes of this Title Will Be Attained By Community Development

It is the intent of the Agency, with the assistance and participation of private developers and property owners, to facilitate new quality development and improve existing private and public structures and spaces. This enhancement to the overall living environment and the restoration of economic vitality to the Project Area will benefit the community, the City, the County and the State.

The purposes of the Act will be attained as a result of the proposed Project Area by accomplishing the following items:

Provision for Commercial, Industrial, Public, Residential or Any Combination of These Uses
The Project Area Plan allows for commercial, retail, office, and residential uses. Increased employment in the Project Area will create new jobs that will benefit residents throughout the City and the County.

Provision of Private or Public Infrastructure
The proposed Project Area will provide infrastructure to support significant development in the area, to include street, culinary water, sanitary sewer, and storm water infrastructure, and property acquisition. Furthermore, the parking decks will provide for the necessary parking while accommodating a higher density development which will benefit the local taxing entities. Community parks and open space are also planned within the development.

UTAH CODE §17C-4-103(5)

Conformance of the Proposed development to the Community's General Plan

This Plan and the development contemplated thereby conform to the City's General Plan and City Code in the following respects:

Zoning Ordinances

Any development contemplated within the Project Area shall conform to the City's land use ordinances, including "Chapter 22: Zoning" of the City of Orem Code and applicable requirements associated with the PD-34 zone. Additionally, any development must be in harmony with the City's General Plan, including "Chapter 2 : Land Use." The current designation for the Project Area on the General Plan's Future Land Use Map is Community Commercial. Moreover, the Project Area Plan, and all proposed development conforms thereto.

Building Codes

The Project will conform to all building codes that are currently imposed by the City including "Chapter 7: Building, Construction and Safety Codes and Regulations" of the City Code.

Planning Commission

The Planning Commission will review any future development proposals contemplated in the Project Area and make such recommendation thereon to the City Council as may be needed to facilitate development in the Project Area.

ENT 71814:2014 PG 12 of 21

UTAH CODE §17C-4-103(6)

Describe any Specific Project or Projects that are the object of the Proposed Community Development

The primary objectives of the community development include: 1) provide public infrastructure and parking deck capacity needed to redevelop and revitalize the University Mall area and 2) create jobs.

UTAH CODE §17C-4-103(7)

Method of Selection of Private Developers to undertake the Community Development and Identification of Developers Currently Involved in the Process

Qualified Owners

This Project Area plan provides reasonable opportunities for owners of property in the Project Area to participate in the development and/or redevelopment of property in the Project Area through tax increment if they enter into a participation agreement with the Agency. The following general guidelines, which are all subject to final review, modification, and approval by the Agency, will apply in the Project Area:

- Owners may retain, maintain, and if necessary rehabilitate, all or portions of their properties;
- Owners may acquire adjacent or other properties in the Project Area;
- Owners may sell all or portions of their improvements to the Agency, but may also retain the land, and develop their properties;
- Owners may sell all or portions of their properties to the Agency and purchase other properties in the Project Area;
- Tenants may have opportunities to become owners of property in the Project Area, subject to the opportunities provided by owners of property in the Project Area; and
- Other methods as may be approved by the Agency.

Developers Currently Involved

Most of the Project Area is owned by the Woodbury Corporation or its subsidiary, University Mall Shopping Center L.C. (575 East University Parkway, Orem, Utah 84097). Woodtusk, L.L.C., is a Woodbury partnership corporation and is also involved with the development (2733 E Parleys Way, Suite 300, Salt Lake City, Utah 84109).

Other Parties

If no owner or tenant in the Project Area, as described above, who possesses the skill, experience and financial resources necessary to become a developer in the Project Area, is willing to become a developer, the Agency may identify other persons who may be interested in developing all or part of the Project Area. Potential developers will be identified by one or more of the following processes: public solicitation, requests for proposal (RFP) and requests for qualifications (RFQ), private negotiation, or some other method of identification approved by the Agency. All developers which are selected to develop within the Project Area will be subject to an Agreement for the Disposition of Land (ADL), Development Agreement, Participation Agreement, or any combination of these performance agreements and obligations.

Persons Expressing an Interest to Become a Developer

The Agency has not entered, nor does it intend to enter into any owner participation agreement or agreements with developers to develop all or part of the Project Area until after the Agency and the City have approved this Project Area plan.

ENT 71814:2014 PG 14 of 21

UTAH CODE §17C-4-103(8)

Reason for Selection of the Project Area

Currently, the University Mall is aging and is in need of revitalization. Financial assistance is needed to incentivize the installation of infrastructure and the use of parking decks in order to achieve a higher and better use for the property. Higher density parking structures will allow for additional office, business, and residential density in the area. Furthermore, it is anticipated that the development of this area will encourage re-investment and revitalization in the surrounding businesses along State Street and University Parkway.

UTAH CODE §17C-4-103(9)

Description of Physical, Social and Economic Conditions Existing in the Project Area

Physical Conditions

The Project Area consists of approximately 129.6 parcel acres (133.6 total acres) of relatively flat, publicly and privately owned land as shown on the Project Area map. The majority of the property is in need of revitalization.

Social Conditions

The Project Area suffers from decreasing social connectivity and vitality. There are very few residential units. There are currently no parks, libraries, or other social gathering places in the Project Area.

Economic Conditions

The area has suffered from a lack of reinvestment related to: 1) physical deterioration of existing structures; 2) lack of cohesiveness; 3) the need for additional and adequate infrastructure in the area; and 4) lack of economic density and land utilization.

ENT 71814:2014 PG 15 of 21

UTAH CODE §17C-4-103(10)

Description of any Tax Incentives Offered Private Entities for Facilities Located in the Project Area

Tax Increment arising from the development of the Project may be used for public infrastructure improvements, Agency requested improvements and upgrades, both off-site and on-site improvements, land incentives, desirable Project Area improvements, and other items as approved by the Agency. Subject to provisions of the Act, the Agency may agree to pay for eligible costs and other items from taxes for any period of time the Agency may deem to be appropriate under the circumstances.

In general, tax incentives may be offered to achieve the community development goals and objectives of this plan, specifically to:

- Foster and accelerate economic development;
- Stimulate job development;
- Promote the use of transit and the walkability of the area;
- Make needed infrastructure improvements to roads, street lighting, water, storm water, sewer, and parks and open space;
- Promote an urban environment where residents can live, work, and play;
- Assist with property acquisition and/or land assembly; and
- Provide attractive development for high-quality commercial/light industrial tenants.

The Project Area Budget will include specific participation percentages and timeframes for each taxing entity. Furthermore, a resolution and Interlocal Agreement will formally establish the participation percentage and timeframe for each taxing entity. With this understanding, the following represents an estimate of the total sources and uses of tax increment based on initial development assumptions.

TABLE 3: SOURCES OF TAX INCREMENT FUNDS

Entity	Percentage	Length	Amount
Utah County	75%	20 Years	$6,465,039
Alpine School District	75%	20 Years	$44,669,875
City of Orem	75%	20 Years	$9,607,695
Orem Metropolitan Water District	75%	20 Years	$200,267
Central Utah Water Conservancy District	75%	20 Years	$2,290,236
Total Sources of Tax Increment Funds			**$63,233,113**

TABLE 4: USES OF TAX INCREMENT

Uses	Amount
CDA Administration @ 5%	$3,161,656
RDA Development Incentive Fund @ 5%	$3,161,656
Project Area Infrastructure and Improvements @ 90%	$56,909,801
Total Uses of Tax Increment Funds	**$63,233,113**

ENT 71814:2014 PG 16 of 21

UTAH CODE §17C-4-103(11)

Anticipated Public Benefit to be Derived from the Community Development

UTAH CODE §17C-4-103(11)(a)

The Beneficial Influences Upon the Tax Base of the Community

The beneficial influences upon the tax base of the City and the other Taxing Entities will include increased property tax revenues and job growth. The increased revenues will come from the property values associated with new construction in the area, as well as increased land values that may occur, over time, in the area generally. Property values include land, buildings and personal property (machines, equipment, etc.).

It is estimated that the development of the area will result in approximately 2,500 to 4,600 new jobs. These jobs will likely result in an average annual wage of approximately $54,383.[1] Job growth in the Project Area will result in increased wages, increasing local purchases and benefiting existing businesses in the area. Job growth will also result in increased income taxes paid. Business growth will generate corporate income taxes.

There will also be a beneficial impact on the community through increased construction activity in the area. Positive impacts will be felt through construction wages paid, as well as construction supplies purchased locally.

UTAH CODE §17C-4-103(11)(b)

The Associated Business and Economic Activity Likely to be Stimulated

Other business and economic activity likely to be stimulated includes increased spending by new and existing residents within the City and employees in the Project Area and in surrounding areas. This includes both direct and indirect purchases that are stimulated by the spending of the additional employees in the area.

Businesses will likely make purchases that may eventually result in increased employment opportunities in areas such as the following: office equipment, furniture and furnishings, office supplies, computer equipment, communication, security, transportation and delivery services, maintenance, repair and janitorial services, packaging supplies, and office and printing services.

Employees may make some purchases in the local area, such as convenience shopping for personal services (haircuts, banking, dry cleaning, etc.). The employees will not make all of their convenience or personal services purchases near their workplace and each employee's purchasing patterns will be different. However, it is reasonable to assume that a percentage of these annual purchases will occur within close proximity of the workplace (assuming the services are available).

[1] Based on Utah Department of Workforce Services, Occupational Employment and Wage Estimates,Provo-Orem Metro, May 2013

UTAH CODE
§17C-4-103(12)

Other Information that the Agency Determines to be Necessary or Advisable

ENT 71814:2014 PG 17 of 21

Cost/Benefit Analysis

Based on the land use assumptions, current economic and market demand factors, Tax Increment participation levels, as well as public infrastructure, land assemblage and incentive needs, the following table outlines the benefits (revenues) and costs (expenditures) anticipated within the Project Area. These estimates are calculated by apportioning the taxing entity's variable costs per assessed value served and then using this ratio to estimate the additional costs which would be associated with the new assessed value produced as a result of development in the project area. This does not factor in the benefit of other multipliers such as job creation, disposable income for retail consumption, etc. As shown below, the proposed Project Area will create a net benefit for The City of Orem.

TABLE 5: COST/BENEFIT ANALYSIS

REVENUES	Total	NPV @ 4%
Property Tax	$12,810,260	$7,625,260
Sales Tax	$11,369,619	$6,799,451
Energy Sales & Use Tax (Natural Gas and Electric)	$8,237,640	$4,649,463
Transient Room Tax	$676,649	$385,814
TOTAL REVENUES	$33,094,167	$19,459,988

EXPENDITURES	Total	NPV @ 4%
Estimated CDA Budget	$9,608,695	$5,498,985
General Government	$6,266,304	$3,660,108
Public Safety	$6,944,675	$4,056,340
Highways & Public Improvements	$2,439,930	$1,425,147
Parks, Recreation & Arts	$2,921,010	$1,706,143
Economic Development and Redevelopment	$433,269	$263,192
TOTAL EXPENDITURES	$28,612,882	$16,609,917

TOTAL REVENUE *minus* TOTAL EXPENDITURES	$4,481,285	$2,850,071

EXHIBIT A

Legal Description of Project Area: University Place CDA

An area of real property located in the NE Quarter of Section 26 and the SE Quarter of Section 23, T. 6 S. R 2 E. S.L.B. & M., more particularly described as follows:

Commencing at a point which is S. 89°18'03" E. 142.38 feet along the Section Line and from the North 1/4 Corner of Section 26, T. 6 S., R. 2 E., S.L.B. & M. to the point of beginning, (which point is +/- on the Westerly Right of Way Line of State Street); thence along said Westerly Right of Way Line S. 18°29'52" E, 582.92 feet to the Northerly Right of Way Line +/- of University Parkway; thence along said Northerly Right of Way Line for the next eight calls, N. 88°20'55" E. 489.31 feet; thence S 89°21'02" E. 315.94 feet; thence along a Curve to the Right, the Radius is 766.62 feet, the Arc Length is 177.24 feet, the Chord Bearing is S. 86°40'38" E. the Chord Length is 176.85 feet; thence along a Compound Curve to the Right, the Radius is 10889.46 feet, the Arc Length is 265.96 feet, the Chord Bearing is S. 81°07'54" E. the Chord Length is 265.95 feet; thence S. 78°55'57" E. 202.90 feet; thence along a Curve to the Left, the Radius is 3599.59 feet, the Arc Length is 484.04 feet, the Chord Bearing is S. 81°28'08" E. the Chord Length is 483.68 feet; thence S. 89°37'22" E. 339.25 feet; thence along a curve to the Left, the Radius is 33.72 feet, the Arc Length is 51.39 feet, the Chord Bearing is N. 43°36'28" E. the Chord Length is 46.56 feet; thence along the Westerly side of 800 East Street for the next five calls, N. 0°02'59" E. 981.25 feet; thence West 15.02 feet; thence N. 3°35'49" W. 339.03 feet; thence East 35.20 feet; thence N. 0°23'52" W. 1938.15 feet; thence along the Southerly Right of Way Line +/- of 800 South for the next three calls, N. 88°49'10" W. 602.03 feet; thence S. 30°13'24" W. 25.21 feet; thence West 696.26 feet; thence South 133.07 feet; thence West 176.56 feet; thence South 326.41 feet; thence East 95.74 feet; thence South 219.18 feet; thence West 14.74 feet; thence South 81.45 feet; thence West 56.34 feet; thence S. 1°34'18" W. 277.32 feet; thence West 38.62 feet; thence South 97.40 feet; thence S. 83°14'59" E. 119.41 feet; thence South 90.25 feet; thence S. 85°48'17" E. 26.30 feet; thence S. 0°45'03" W. 685.85 feet; thence N. 89°17'31" W. 773.46 feet; thence N. 0°27'31" W. 7.77 feet; thence N. 88°59'39" W. 33.40 feet; thence N. 0°44'23" W. 53.42 feet; thence N. 89°22'23" W. 111.23 feet; thence S. 0°58'02" W. 203.19 feet; thence N. 88°44'39" W. 344.36 feet to the Easterly Right of Way Line +/- of State Street; thence S. 18°25'51" E. 554.20 feet along said Right of Way Line to the point of beginning.

Containing 133.6 Acres more or less.

ENT 71814:2014 PG 19 of 21

EXHIBIT B

Project Area Map

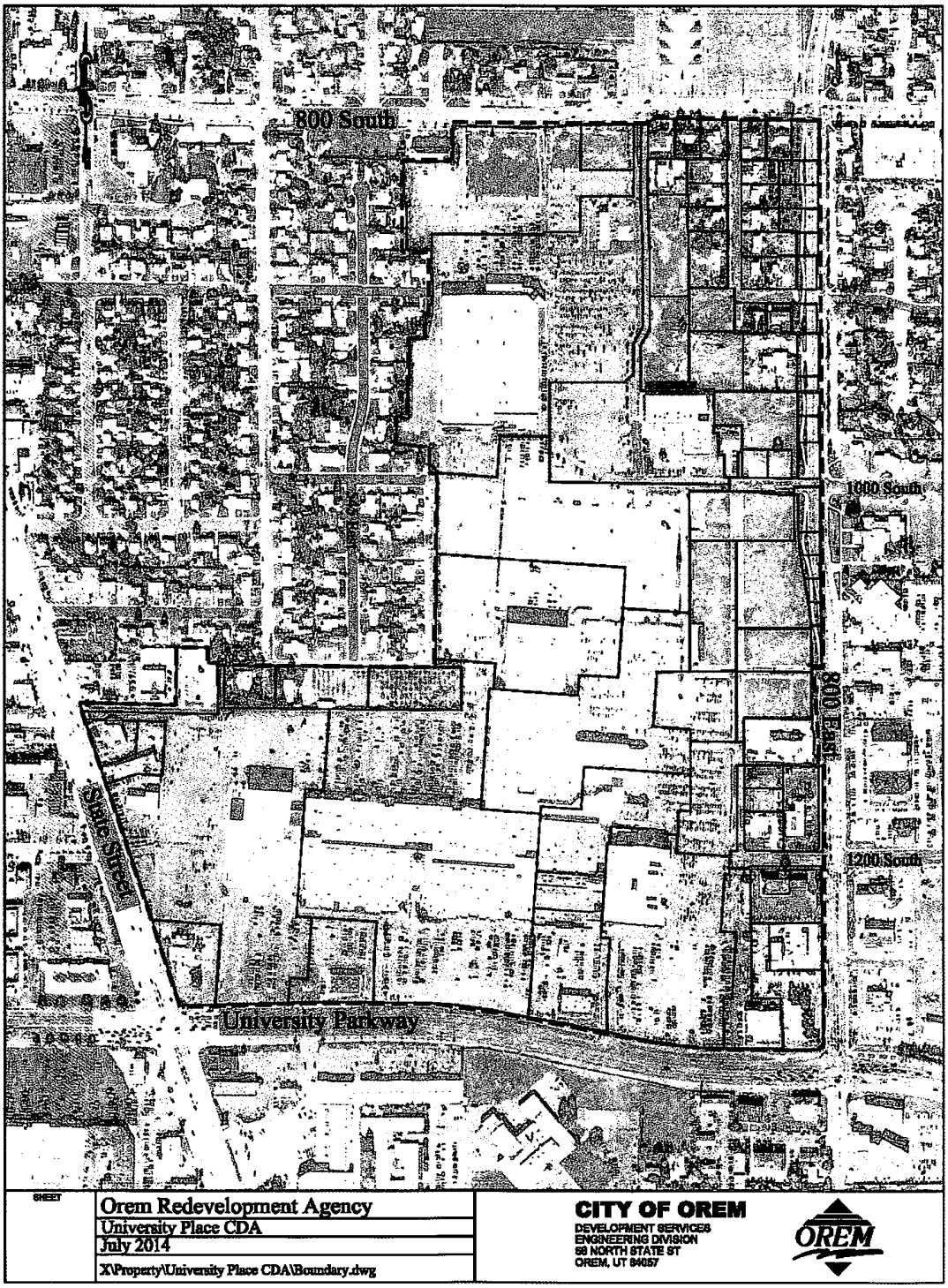


EXHIBIT C

Parcel List

Parcel Number	Owner	Acres
180560007	University Mall Shopping Center	0.195
180560008	University Mall Shopping Center	0.220
180560009	University Mall Shopping Center	0.030
180560016	City of Orem	0.300
180560017	Mercer, Amron L	0.290
180560018	Housing Authority of Utah County	0.300
180560019	Catania SFH LLC	0.310
180560020	University Mall Shopping Center	0.283
180560022	Catania SFH LLC	0.270
180560023	Catania SFH LLC	0.260
180560026	City of Orem	0.270
180560028	Gulati, Chaithawee	0.270
180560029	Woodbury Corporation	0.260
180560033	City of Orem	0.210
180560037	City of Orem	0.280
180560038	Catania SFH LLC	0.290
180560055	Larry and Lynn Campground Management	0.300
180560099	Avans, Gulavadee	0.648
180560102	Gaks Enterprises LLC	0.415
180560103	Catania SFH LLC	0.270
180560104	City of Orem	0.197
180560106	City of Orem	0.274
180560109	University Mall Shopping Center	1.263
180560110	City of Orem	0.148
180560111	City of Orem	0.168
180560112	City of Orem	0.230
180560113	University Mall Shopping Center	0.262
180560115	University Mall Shopping Center	0.571
180560117	City of Orem	0.146
180560118	City of Orem	0.270
180560119	University Mall Shopping Center	0.399
180560121	University Mall Shopping Center	0.527
180560123	City of Orem	0.096
180560132	City of Orem	0.002
180560133	University Mall Shopping Center	0.306
180560134	University Mall Shopping Center	0.926
180560135	University Mall Shopping Center	0.931
180570033	First Security Bank of Utah	0.600
180570117	KC Propco LLC	0.450
180570127	Cordner, Raymond G & Colleen F	0.063
180570129	Washburn Management LC	0.517
180570132	City of Orem	0.099
180570133	City of Orem	0.013
180570134	City of Orem	0.143
180570135	City of Orem	0.077
180570136	City of Orem	0.300
180570137	City of Orem	0.096
180570138	Glazier Properties LLC	0.882

ENT 71814:2014 PG 21 of 21

Parcel Number	Owner	Acres
180570141	Cordner, Colleen F	1.136
180570142	University Mall Shopping Center	1.143
180570147	Orem City Corporation	0.017
180570502	Utah Department of Transportation	0.006
190180502	Utah Department of Transportation	0.003
190190017	Zions First National Bank	0.030
190190019	Zions First National Bank	0.030
352540001	Bank of American Fork	1.427
352540002	Maverik Country Stores Inc	0.722
352540003	Circle K Properties Inc	0.008
360860015	KC Propco LLC	0.260
360860016	KC Propco LLC	0.260
360860019	City of Orem	0.114
450610001	University Mall Shopping Center	0.210
551760001	Zions First National Bank	1.110
570310001	Utah Transit Authority	0.956
570430001	University Mall Shopping Center	5.494
570430002	University Mall Shopping Center	0.983
570430003	University Mall Shopping Center	12.745
570430004	University Mall Shopping Center	1.238
570430005	University Mall Shopping Center	1.697
570430006	University Mall Shopping Center	16.639
570430007	University Mall Shopping Center	6.140
570430008	University Mall Shopping Center	7.140
570430009	UNMN LLC	1.700
570430013	University Mall Shopping Center	6.331
570430014	University Mall Shopping Center	7.580
570430015	University Mall Shopping Center	5.285
570430016	University Mall Shopping Center	1.209
570430017	University Mall Shopping Center	13.170
570430018	University Mall Shopping Center	1.157
570430019	University Mall Shopping Center	0.707
570680010	University Mall Village	1.731
570680011	University Mall Village	7.035
570680012	University Mall Village	1.758
570680020	University Mall Village	1.477
570680021	University Mall Village	1.805
570680022	University Mall Village	0.947
570680023	University Mall Village	1.067
570680024	University Mall Village	1.498
Total		129.591

4770 S. 5600 W.
P.O. BOX 704005
WEST VALLEY CITY, UTAH 84170
FED.TAX I.D.# 87-0217663
801-204-6910

The Salt Lake Tribune WWW.SLTRIB.COM | MEDIAOne OF UTAH A NEWSPAPER AGENCY COMPANY WWW.MEDIAONEUTAH.COM | Deseret News WWW.DESERETNEWS.COM

PROOF OF PUBLICATION — CUSTOMER'S COPY

CUSTOMER NAME AND ADDRESS	ACCOUNT NUMBER	DATE
CITY OF OREM, 56 NORTH STATE STREET OREM UT 84057	9001355319	9/29/2014

ACCOUNT NAME	
CITY OF OREM,	
TELEPHONE	**ADORDER# / INVOICE NUMBER**
8012297037	0000984951 /
SCHEDULE	
Start 09/27/2014	End 09/27/2014
CUST. REF. NO.	
#O-2014-0034	
CAPTION	
CITY OF OREM LEGAL NOTICE Summary of Ordinance No. O-2014-0034 Approved by the C	
SIZE	
36 Lines	1.00 COLUMN
TIMES	**RATE**
3	
MISC. CHARGES	**AD CHARGES**
	TOTAL COST
	65.48

CITY OF OREM
LEGAL NOTICE

Summary of Ordinance No. O-2014-0034 Approved by the City Council on September 23, 2014

The Orem City Council adopted Ordinance #O-2014-0034 which approves and adopts the University Place Community Development Project Area Plan, as approved by the Redevelopment Agency of the City of Orem, Utah, as the official Community Development Project Area Plan for the University Place Community Development Project Area and directing notice of said adoption be given as required by statute.

A full and complete copy of the ordinance is available at the office of the Orem City Recorder, 56 North State Street, Suite 101, Orem, Utah, during regular office hours, Monday through Thursday between the hours of 7:30 a.m. and 5:30 p.m. and Friday between 8:00 a.m. and 5:00 p.m.
984951 UPAXLP

AFFIDAVIT OF PUBLICATION

AS NEWSPAPER AGENCY COMPANY, LLC dba MEDIAONE OF UTAH LEGAL BOOKER, I CERTIFY THAT THE ATTACHED ADVERTISEMENT OF **CITY OF OREM LEGAL NOTICE Summary of Ordinance No. O-2014-0034 Approved by the City Council on September 23, 2014 The Orem City Council adopted Ordinance #O-** FOR **CITY OF OREM,** WAS PUBLISHED BY THE NEWSPAPER AGENCY COMPANY, LLC dba MEDIAONE OF UTAH, AGENT FOR THE SALT LAKE TRIBUNE AND DESERET NEWS, DAILY NEWSPAPERS PRINTED IN THE ENGLISH LANGUAGE WITH GENERAL CIRCULATION IN UTAH, AND PUBLISHED IN SALT LAKE CITY, SALT LAKE COUNTY IN THE STATE OF UTAH. NOTICE IS ALSO POSTED ON UTAHLEGALS.COM ON THE SAME DAY AS THE FIRST NEWSPAPER PUBLICATION DATE AND REMAINS ON UTAHLEGALS.COM INDEFINATELY. COMPLIES WITH UTAH DIGITAL SIGNATURE ACT UTAH CODE 46-2-101; 46-3-104.

PUBLISHED ON Start 09/27/2014 End 09/27/2014

SIGNATURE

DATE 9/29/2014

VIRGINIA CRAFT
NOTARY PUBLIC - STATE OF UTAH
My Comm. Exp. 01/12/2018
Commission # 672963

Virginia Craft
NOTARY SIGNATURE

THIS IS NOT A STATEMENT BUT A "PROOF OF PUBLICATION"
PLEASE PAY FROM BILLING STATEMENT

EXISTING UTILITIES TO BE REPLACED/RELOCATED

	Line Notes *	Total Line Length	Existing Utilities to be Replaced with Benchmark 1 Utility Infrastructure	LOCATION ID	Existing Utilities to be Replaced in Future Phases	LOCATION ID	Existing Utilities not Included in CDA Budget	LOCATION ID
UTILITIES ON SOUTH SIDE OF MALL (Upkwy to 1200S)								
SEWER								
10" Sanitary Sewer IN 1200S (800 E to 750E)	1,2	320					320	A
12" Sanitary Sewer 750 E to East Mall Ring Road	1,2	190					190	B
16" Sanitary Sewer East Mall Ring Road to State Street	1,2	2,355	1,045	F,H	830	E	480	D
16" Sanitary Sewer 650 E to State Street	1	1,690	980	F,H	710	E		
WATER								
16" Water line 800 E to State Street	1	2,960	1,140	F,H,I	1,820	A-E		
STORM								
30" storm pipe 800 East to E Mall ring road	1,2	2,600	640	F	800	E	1,160	A-D
36" storm pipe West Mall Ring Road to Upkwy	1,2	380					380	G
GAS								
Gas line 650 to State Street		1,940	1,140	F,H,I	800	E		
ELECTRICAL								
Elect line 650E toState/ Upkwy		1,700	900	F,G	800	E		
TELEPHONE								
Tel line 650E to State		1,800	1,000	F,H	800	E		
UTILITIES NORTH SIDE OF MALL 1200S to 1000S								
SEWER								
8" Sewer (Chens to Cordner, Cordner to Nmall Ring road)	1	600			600	K,L		
STORM								
21" Storm line (Ranchito to StateSt)	1	160			160	K		
15" Storm line (Chen to Cordner to Nmall Ring Road)	1	580			580	K-L		
36" Storm line (590E to SW corner Macys)	1	1,720	500	O	1,220	J,N		
24" Storm/Irrigation Line 800 E to 700E	1,2	300					300	U
30" Storm Irrigation Line 700E to State Street	1	2,340	960	P,Q,R	1,380	K,M		
21" Storm Cordner Irrigation RCP	1	560			560	Z,P		
WATER								
8" Water Line (Cordner to North Mall Ring Road)	1	220			220	L		
8" Water Line (Cordner west to State Street)	1	650			650	K		
10" Water Line (590E to 1200S)	1	1,640	600	O	1,040	I,J,N		
10" Water Line (1200S & 700E, north around Mervyns to	1	1,700			1,700	P,Q,R,S		
ELECTRICAL								
Elect line 600E, 1000S to Mervyns Loop		400			400	Z,P		
Elect line around Mervyns		1,200	1,200	P,Q,R				
Elect line south of 1150S (Mervyns loop to maint bldg)		1,000	1,000	M				
Elect line north mall ring road		1,250	1,250	N,O				
Elect lines in west mall ring road (south ring rd to 1150S)		700	700	J,K				
UTILITIES EAST SIDE OF MALL (700E TO 800E, 1000S TO 1200S)								
SEWER								
8" Sewer line in 750 E, 1200S to 1100S	1,2	650			650	T		
8" Sewer (800E around Cinemark to 1000S)	1,2	1,250			230	V	1,020	V
WATER								
8" Water line in 1100S from 800 E to 750E	1,2	330					330	U
8" Water in 750E, 1000S to 1200S	1,2	2,100			200	W	1,900	T,V
10" Water (1000 S to Mervyns Loop)	1	440			440	X		
8" water line in 1000 South from 800E to 700E	1,2	770					770	CC
UTILITIES NORTH OF 1000 SOUTH								
WATER								
8" Water line west of Costco (800S to 900S)	1,2	720					720	AA
8" Water line west of Costco (900S to 1000S)	1,2	660					660	AA
8" Water line South of costco (590E to 700E)	1,2	650					650	AA
8" Water line in 700E (800S to 1000S)	1	1,300	1,300	BB				
ELECTRICAL								
Elect lines in residential parcel		750	750	CC				
TELEPHONE								
Telephone lines in residential parcel		400	400	CC				
TOTAL		**40,975**	**15,505**		**16,590**		**8,880**	

* City lines that connect to surrounding neighborhoods labeled "1"; and City lines less than 15 years old labeled "2"

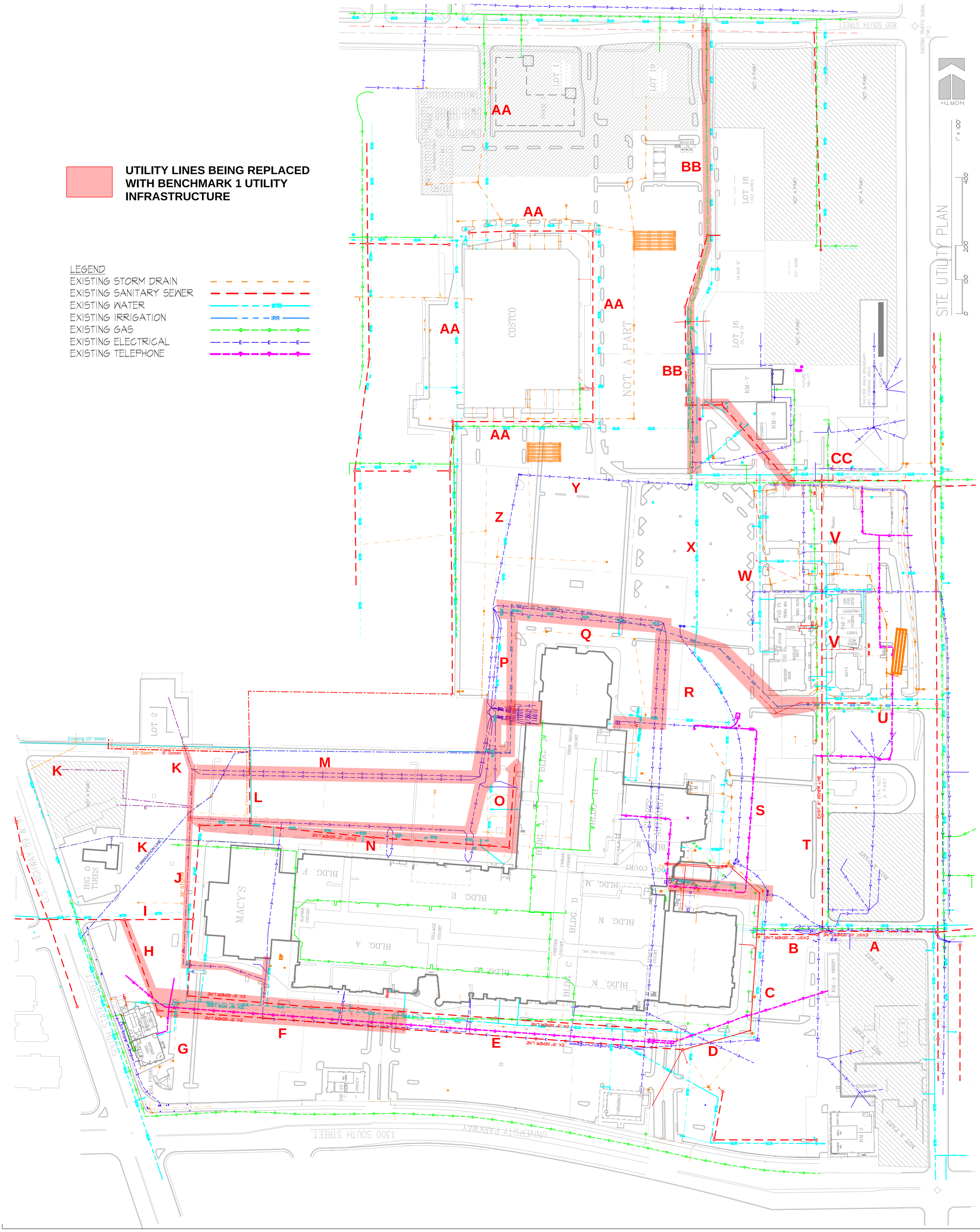
*Note: Linear feet ("LF") amounts shown are approximate and are not exact measurements

The above table shows anticipated utility work but phasing and utility locations may change and are subject to modification. The above list may not be a comprehensive list of all utility work required by the development.

UNIVERSITY PLACE
UTILITY LINES BEING REPLACED WITH BENCHMARK 1 UTILITY INFRASTRUCTURE

UTILITY LINES BEING REPLACED WITH BENCHMARK 1 UTILITY INFRASTRUCTURE

LEGEND
EXISTING STORM DRAIN
EXISTING SANITARY SEWER
EXISTING WATER
EXISTING IRRIGATION
EXISTING GAS
EXISTING ELECTRICAL
EXISTING TELEPHONE



Project number	1045
Date	05/13/14
Drawn by	DJW
Checked by	-
Printed	2/10/2014 8:35:17 AM
Scale	

UNIVERSITY PLACE
UTILITY LINES BEING REPLACED WITH BENCHMARK 1 UTILITY INFRASTRUCTURE

#	REVISION DESCRIPTION	DATE

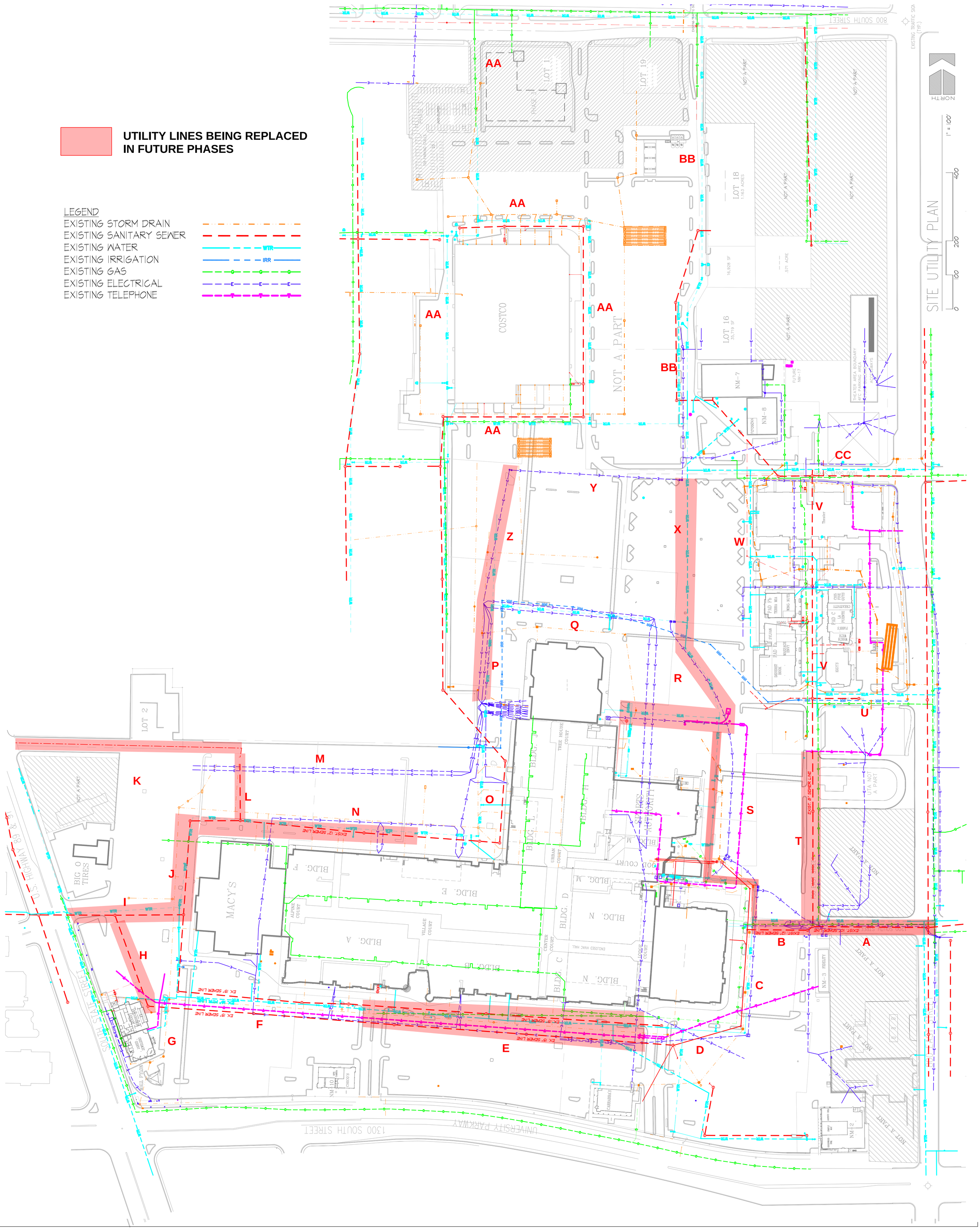
WOODBURY CORPORATION
LYNN S. WOODBURY AND ASSOCIATES, ARCHITECTS
2733 EAST PARLEYS WAY, SUITE 300
SALT LAKE CITY, UTAH 84109
(801) 485-7770

E UTIL A-1

UNIVERSITY PLACE
UTILITY LINES BEING REPLACED IN FUTURE PHASES

UTILITY LINES BEING REPLACED IN FUTURE PHASES

LEGEND
EXISTING STORM DRAIN
EXISTING SANITARY SEWER
EXISTING WATER
EXISTING IRRIGATION
EXISTING GAS
EXISTING ELECTRICAL
EXISTING TELEPHONE



Project number	1045
Date	05/13/14
Drawn by	DJW
Checked by	-
Printed	2/10/2014 8:35:17 AM
Scale	

UNIVERSITY PLACE
UTILITY LINES BEING REPLACED IN FUTURE PHASES

#	REVISION DESCRIPTION	DATE

WOODBURY CORPORATION
LYNN S. WOODBURY AND ASSOCIATES, ARCHITECTS
2733 EAST PARLEYS WAY, SUITE 300
SALT LAKE CITY, UTAH 84109
(801) 485-7770

E UTIL
A-2

NEW UTILITY INSTALLATIONS

UTILITY INSTALLATION	TOTAL	BENCHMARK 1 UTILITY INFRASTRUCTURE	LOCATION ID	FUTURE PHASES	LOCATION ID
STORM					
30" Storm Pipe (Timp View Drive)	720			720	X
30" Storm Pipe (South Mall Ring Road)	1,750	950	F,H	800	E
36" Storm Pipe (Connector Road)	2,830	1,400	Q,R	1,430	L,M
36" Storm Pipe (West mall Ring Rd)	200			200	J
IRRIGATION LINE					
36" Irrig Pipe (750E to State)	1,840	1,010	Q,R	830	L,M
WATER					
16" Water Line (Connector Road)	1,850	1,000	Q,R	850	L,M
16" Water Line (South Mall Ring Road)	1,750	950	F,H	800	E
16" Water Line (West Mall Ring road)	200			200	J
12" Water Line (Timp View Drive)	720			720	X
12" Water Line 1000 S	220	220	CC		
12" Water Line (750E)	400	400	CC,DD		
12" Water Line (East of Sports Authority)				500	S
SEWER					
15" Sewer (Connector Road)	1,900	1,050	Q,R	850	L,M
15" Sewer (West Mall Ring Road)	700			700	J
15" Sewer 1200 S	200			200	I
15" Sewer (South Mall Ring Road)	1,750	950	F,H	800	E
15" Sewer (Timp View Drive)	720			720	X
12" Sewer (1000S)	600	600	CC		
12" Sewer (700E)	200	200	BB		
10" Sewer (750 E)	400	400	CC		
ELECTRICAL					
Elect Line (Connector Road)	1,900	1,900	L,M,Q,R		
Elect Line (South Mall Ring road)	1,750	950	F,G	800	E
Elect Line (North Mall Ring road)	830	830	N		
Elect Lines (West Mall Ring Road	200	200	J		
Elect line (Timp View Drive)	720			720	X
Elect Line 1000S	1,000	600	CC	400	Y
Elect Line 750E	400	400	CC,DD		
TELEPHONE					
Tel Line (Connector Road)	1,900	1,050	Q,R	850	L,M
Tel Line (South Mall Ring road)	1,750	950	F,H	800	E
Tel line (Timp View Drive)	720			720	X
Tel Line 1000S	1,000	600	CC	400	Y
Tel Line 750E	400	400	CC,DD		
GAS					
Gas Line (Connector Road)	1,900	1,050	Q,R	850	L,M
Gas Line (South Mall Ring road)	1,750	950	F,H	800	E
Gas line (Timp View Drive)	720			720	X
Gas Line 1000S	1,000	600	CC	400	Y
Gas Line 750E	400	400	CC,DD		
Gas Line 700 E	1,350	1,350	BB		
TOTAL	**38,640**	**21,360**		**17,780**	

*Note: Linear feet ("LF") amounts shown are approximate and are not exact measurements
The above table shows anticipated utility work but phasing and utility locations may change and are subject to modification. The above list may not be a comprehensive list of all utility work required by the development.

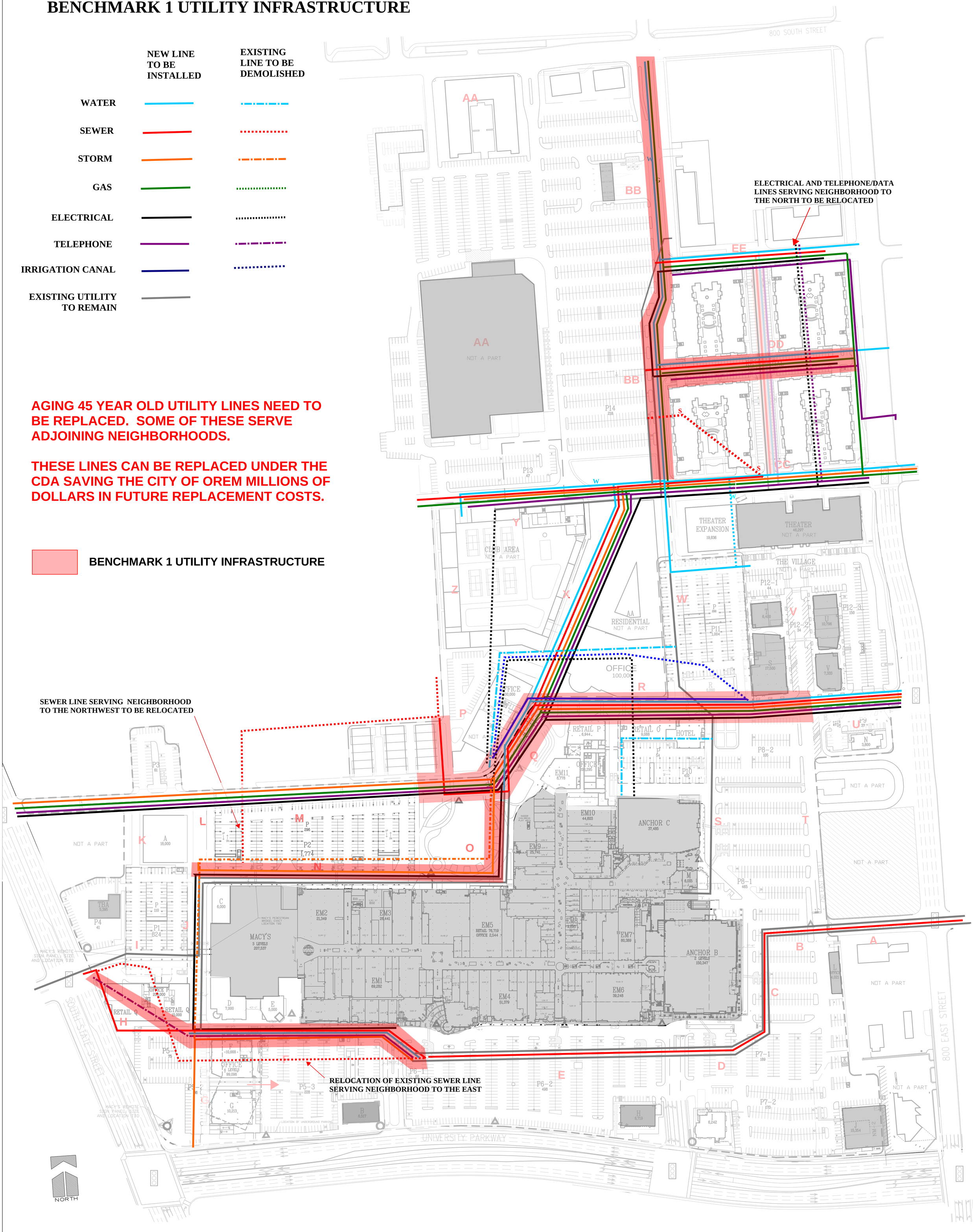
UNIVERSITY PLACE
BENCHMARK 1 UTILITY INFRASTRUCTURE

	NEW LINE TO BE INSTALLED	EXISTING LINE TO BE DEMOLISHED
WATER		
SEWER		
STORM		
GAS		
ELECTRICAL		
TELEPHONE		
IRRIGATION CANAL		
EXISTING UTILITY TO REMAIN		

AGING 45 YEAR OLD UTILITY LINES NEED TO BE REPLACED. SOME OF THESE SERVE ADJOINING NEIGHBORHOODS.

THESE LINES CAN BE REPLACED UNDER THE CDA SAVING THE CITY OF OREM MILLIONS OF DOLLARS IN FUTURE REPLACEMENT COSTS.

BENCHMARK 1 UTILITY INFRASTRUCTURE



Project number	1045
Date	05/13/14
Drawn by	DJW
Checked by	-
Printed	2/10/2014 8:35:17 AM
Scale	

UNIVERSITY PLACE
BENCHMARK 1 UTILITY INFRASTRUCTURE

#	REVISION DESCRIPTION	DATE

WOODBURY CORPORATION
LYNN S. WOODBURY AND ASSOCIATES, ARCHITECTS
2733 EAST PARLEYS WAY, SUITE 300
SALT LAKE CITY, UTAH 84109
(801) 485-7770

N UTIL
B-1

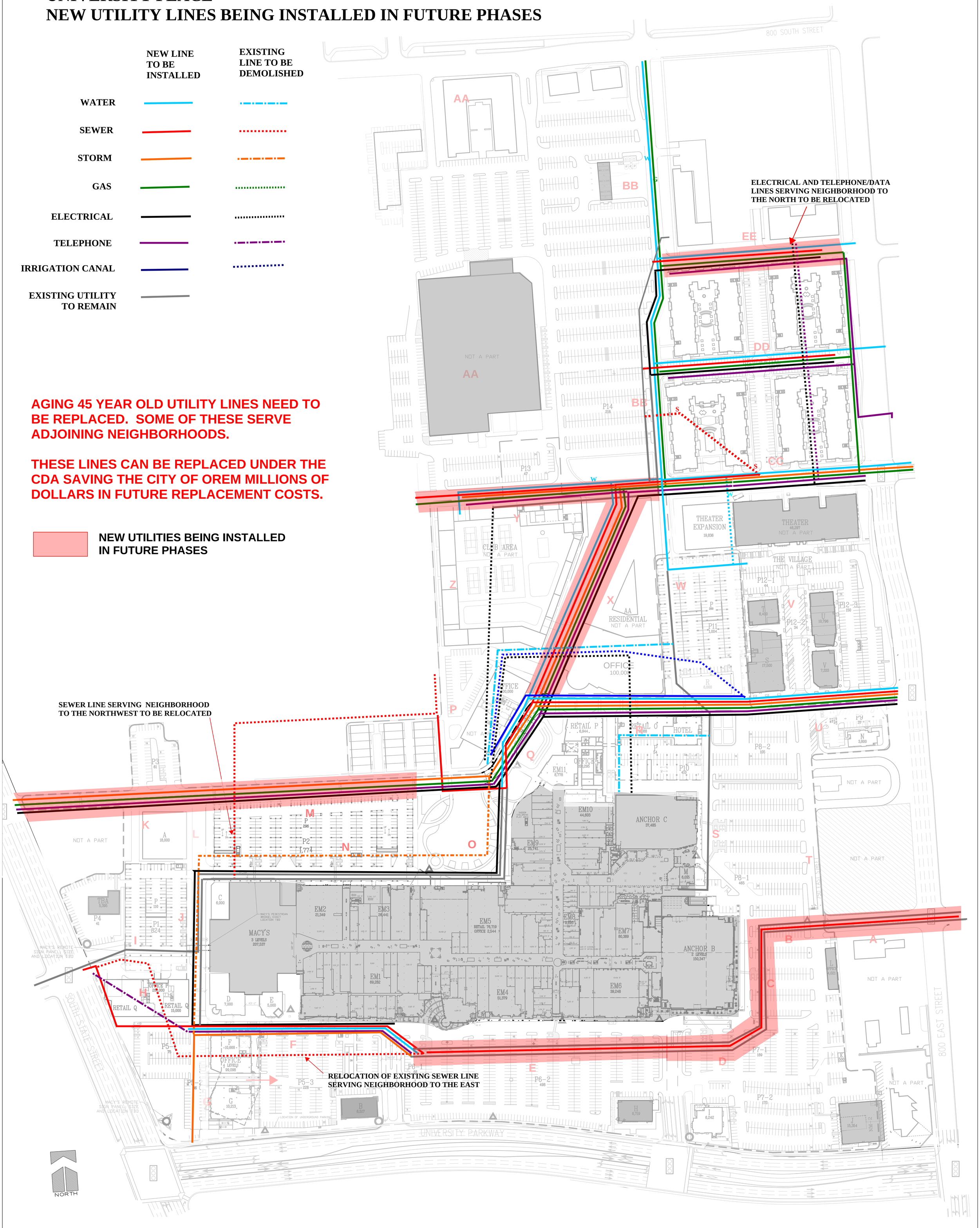
UNIVERSITY PLACE
NEW UTILITY LINES BEING INSTALLED IN FUTURE PHASES

	NEW LINE TO BE INSTALLED	EXISTING LINE TO BE DEMOLISHED
WATER		
SEWER		
STORM		
GAS		
ELECTRICAL		
TELEPHONE		
IRRIGATION CANAL		
EXISTING UTILITY TO REMAIN		

AGING 45 YEAR OLD UTILITY LINES NEED TO BE REPLACED. SOME OF THESE SERVE ADJOINING NEIGHBORHOODS.

THESE LINES CAN BE REPLACED UNDER THE CDA SAVING THE CITY OF OREM MILLIONS OF DOLLARS IN FUTURE REPLACEMENT COSTS.

NEW UTILITIES BEING INSTALLED IN FUTURE PHASES



UNIVERSITY PLACE
NEW UTILITY LINES BEING INSTALLED IN FUTURE PHASES

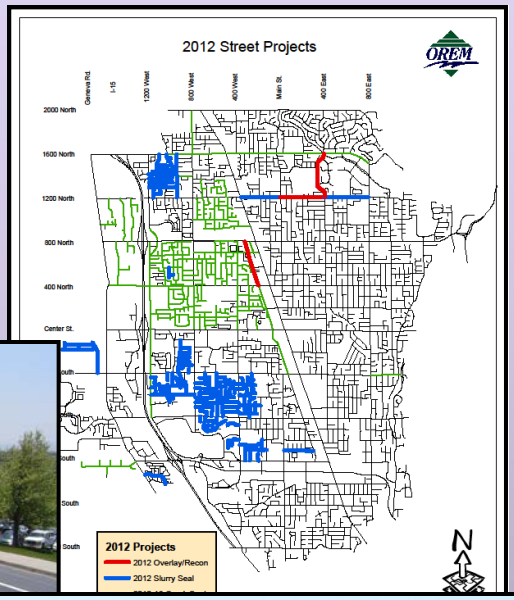
#	REVISION DESCRIPTION	DATE

WOODBURY CORPORATION
LYNN S. WOODBURY AND ASSOCIATES, ARCHITECTS
2733 EAST PARLEYS WAY, SUITE 300
SALT LAKE CITY, UTAH 84109
(801) 485-7770

N UTIL
B-2

Project number 1045
Date 05/13/14
Drawn by DJW
Checked by -
Printed 2/10/2014 8:35:17 AM
Scale

STATE OF THE STREETS 2012



Partnering with the citizens to help create and preserve our community

City of Orem's Pavement Management Program

Public Works Maintenance Division

Table of Contents:

Section **Page**

Objective.....3

Executive Summary..... 4

Facts and Information.....5

Pavement Management Program.....6

Current Conditions.....8

City of Orem Pavement Life Cycles and Decision Matrix.....13

Preventative Maintenance and Rehabilitation.....16

Current Maintenance Programs.....19

Recommended Maintenance/Budget Information.....21

Summary and Recommendations.....28

Objective

This State of the Streets report is intended to provide information concerning the City of Orem's street network. This report cites the purpose and role of the Pavement Management program, the maintenance and rehabilitation work that has been completed over the past several years, and the current conditions of Orem City streets. Maintenance methods used, analysis, and an aggressive detailed street maintenance plan will be highlighted.

This report is also designed to provide useful street maintenance information to persons who may not be experienced in this area, but are in a position to provide the means and direction in accomplishing a successful maintenance program.

A great investment has been made in our City street network. This report will help outline the steps needed to preserve this investment in a productive, fiscally responsible manner. The Pavement Management Staff and Street Section take great pride and responsibility in helping manage and maintain the City streets.

"The quality of preservation work performed on streets directly determines the surface life, future maintenance cost, ride quality, and ultimate user cost… Our primary responsibility is to insure the tax-payer gets his moneys worth."
Duane Blank - Forum for Future

Executive Summary

In the year 2003, Orem's streets were inspected and examined to determine quality, rideability and remaining service life. Each street segment received an Overall Condition Index (OCI) rating determined by its condition. This data was analyzed and a course of action was determined. Through an initial overlay or reconstruction of selected streets as well as a preventative maintenance program, the overall street system could be updated to meet the City's desired needs and level of quality.

Money was allocated, in the form of a General Obligation Road Bond, to help improve the City streets. This money, combined with B&C Road funds, was used to upgrade "Poor" or "Failed" OCI rated streets, through reconstruction and asphalt overlays. Roads with a "Good" OCI rating were maintained with preventative maintenance practices.

The initial work began in 2005. As of August, 2012, a total of 52 of the City's 241 centerline miles have received an asphalt overlay or total reconstruction. A total of 160 centerline miles have received crack seal, and 121 centerline miles have received slurry seal. Over $22 million has been spent, since 2005, on road rehabilitation and maintenance, and the estimated value of the City streets is approximately $135 million.

The overall condition of the City streets currently rates as "Good." Maintaining and protecting the investment made to the street system as well as continued street improvement and upgrade are the focus of this report.

Consideration to the most economical and effective approach to street maintenance and repair is of great importance. Planning, continued use of the current preventative maintenance programs, understanding the impacts of delaying needed maintenance, and identifying and implementing other proven maintenance and rehabilitation options can help the City maintain a quality street system.

Facts and Information

The City currently maintains 241 centerline street miles.

There are 187 centerline miles classified as Local streets, 16.5 classified as Arterial and 37.5 as Collector.

The total square footage of maintainable street area is just over 47 million.

The estimated value of the City streets is approximately $135 million. This estimate includes asphalt and base replacement only, at $2.85 sf.

Since 2005:

- A total of 52 centerline miles have received an asphalt overlay or have been reconstructed. This includes 30 miles of Local, 16 miles of Collector, and 9 miles of Arterial streets.

- A total of 160 centerline street miles have received crack seal.

- Slurry seal has been applied to 121 centerline miles.

The current Overall Condition Index (OCI) of the City is 83.1.

- The average OCI of Local streets is 83.6
    - ◊ The condition of a Local City street decreases an average of 2.5% each year.

- The average OCI of Collector streets is 83.3
    - ◊ The condition of a Collector City street decreases an average of 3% each year.

- The average OCI of Arterial streets is 81
    - ◊ The condition of an Arterial City street decreases an average of 3.5% each year.

Local streets average 34' in width, equaling 180,000 sf per mile.

Collectors and Arterial streets average 52' in width, equaling 275,000 sf per mile.

Pavement Management Program

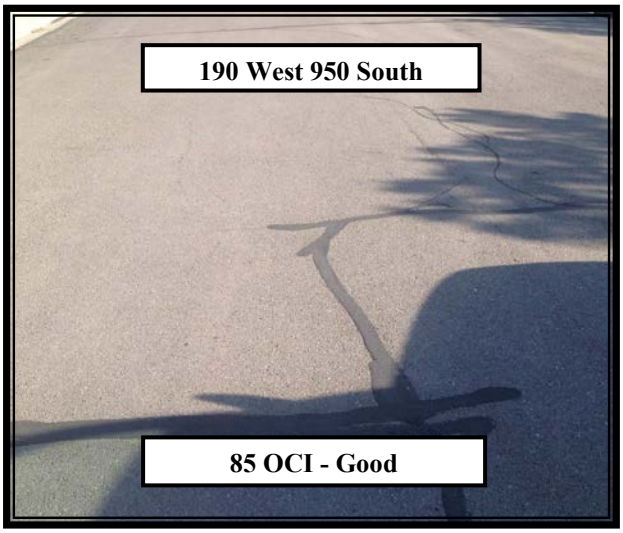
The Pavement Management Program refers to individuals, computer software and available resources working together to determine, recommend and implement the most cost effective course of action concerning the maintenance and repair of the City's street system. Inspections, analysis, testing, performance and experience, can help determine when to apply the correct, quality maintenance or repair, to the right street at the right time, while remaining fiscally responsible.

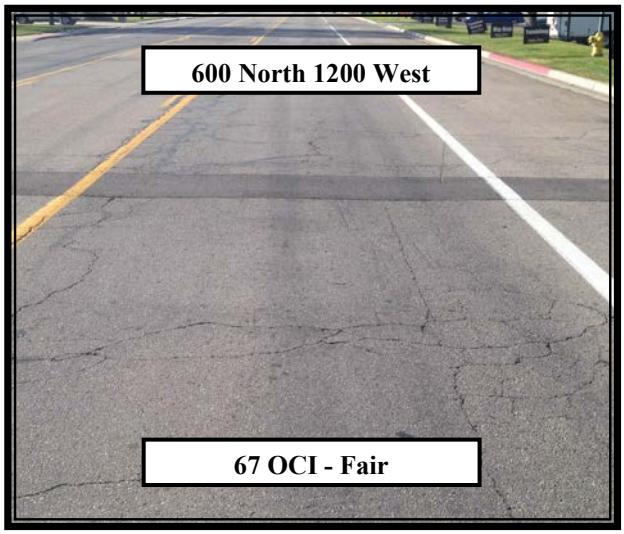
All City streets are inspected for surface defects and deterioration at least once every three years. Defects and deterioration are recorded, rated and each street receives a value or OCI (Overall Condition Index) rating. The rating system is as follows:

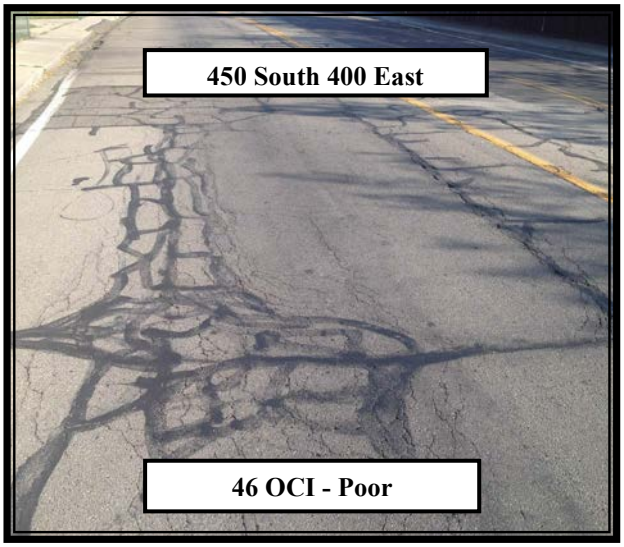
Excellent	Good	Fair	Poor	Failed
OCI 100-90	OCI 89-70	OCI 69-56	OCI 55-40	OCI 39-0
New or almost new pavement. Pavement is structurally sound with little surface wear.	Pavement structure is good. Minor cracking and surface wear.	Cracking, surface wear and depressions. Pavement is generally structurally sound.	Major cracking and surface wear. Pavement is structurally deficient. Base may be unstable.	Major distresses. Pavement is structurally unsound. Base may be unstable.

The OCI is analyzed to determine when and what work is needed. **Preventing deterioration or early detection and repair of defects, is the most effective and economic approach to maintaining quality roads.** Maintenance performed on roads improves the overall condition and adds service life.

Examples of Street OCI Ratings.



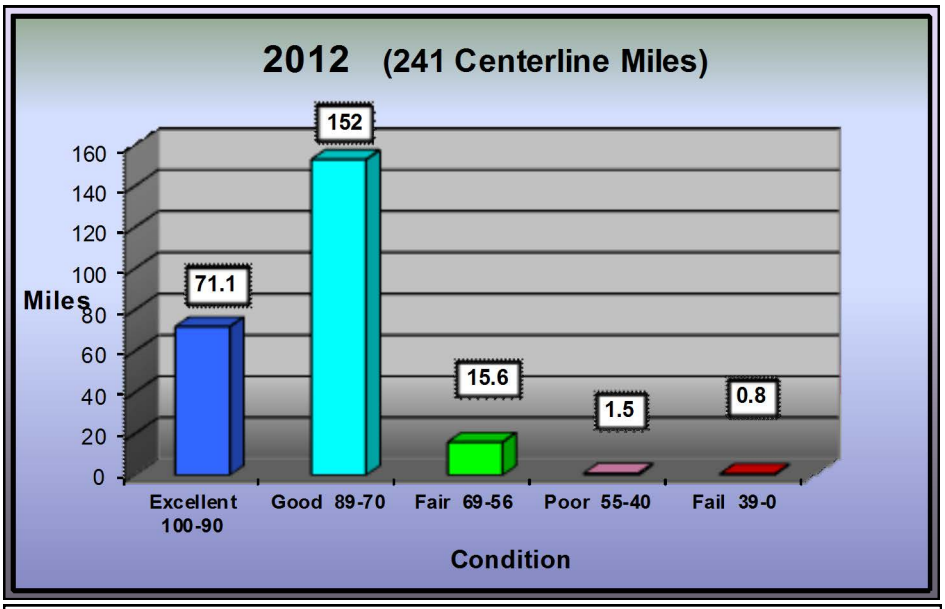


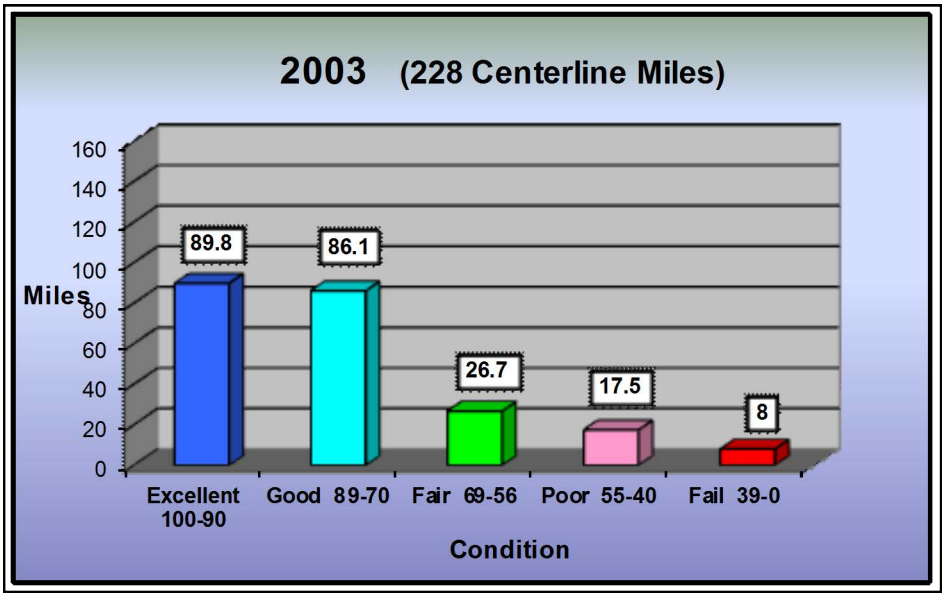


Current Conditions

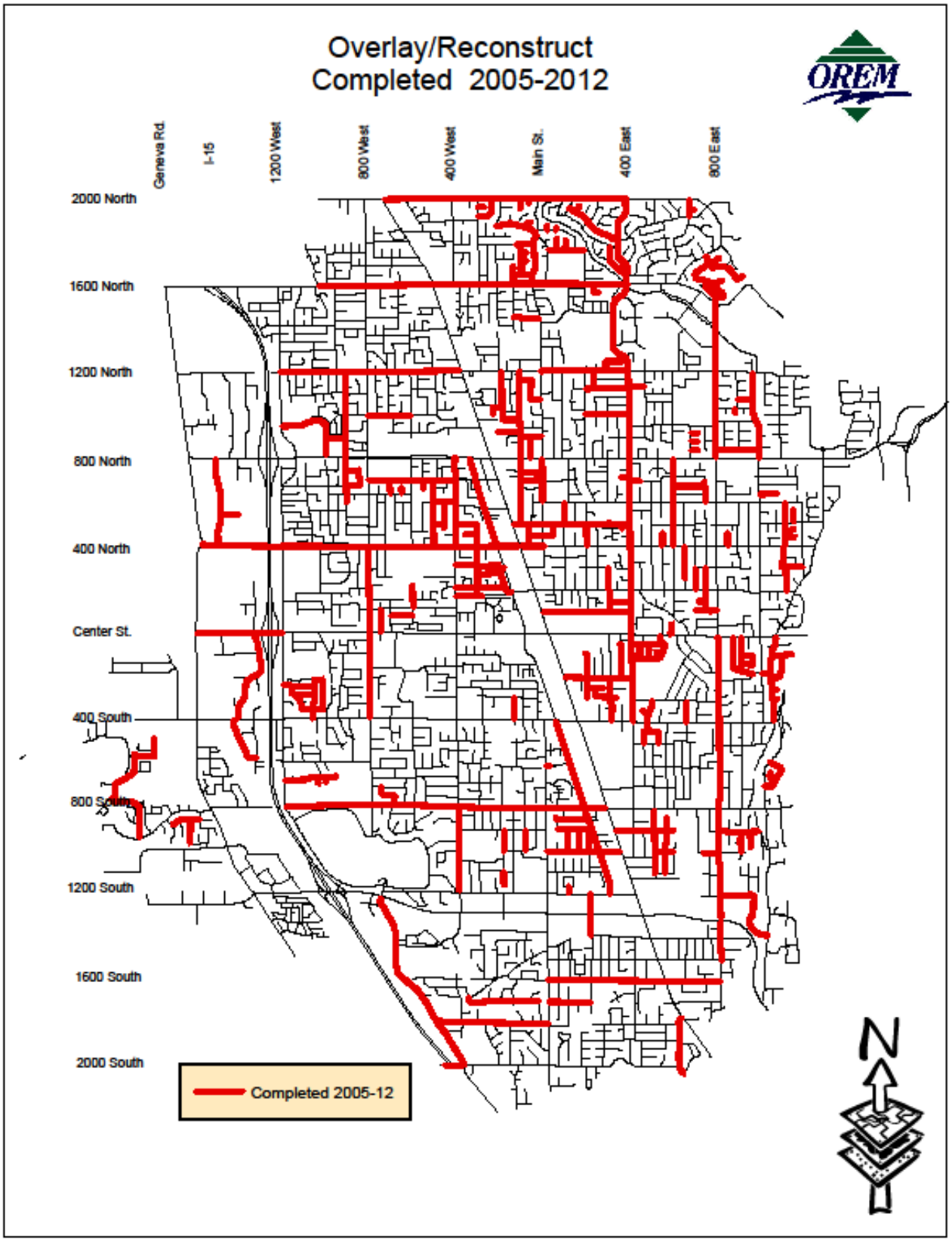
In 2003, the City average OCI was 81. Through the rehabilitation and maintenance performed with the General Obligation Road Bond, and B&C Road funds, the City's average OCI improved to the current 83.1. Approximately 93% of the City street network currently rates as "Good" or "Excellent."

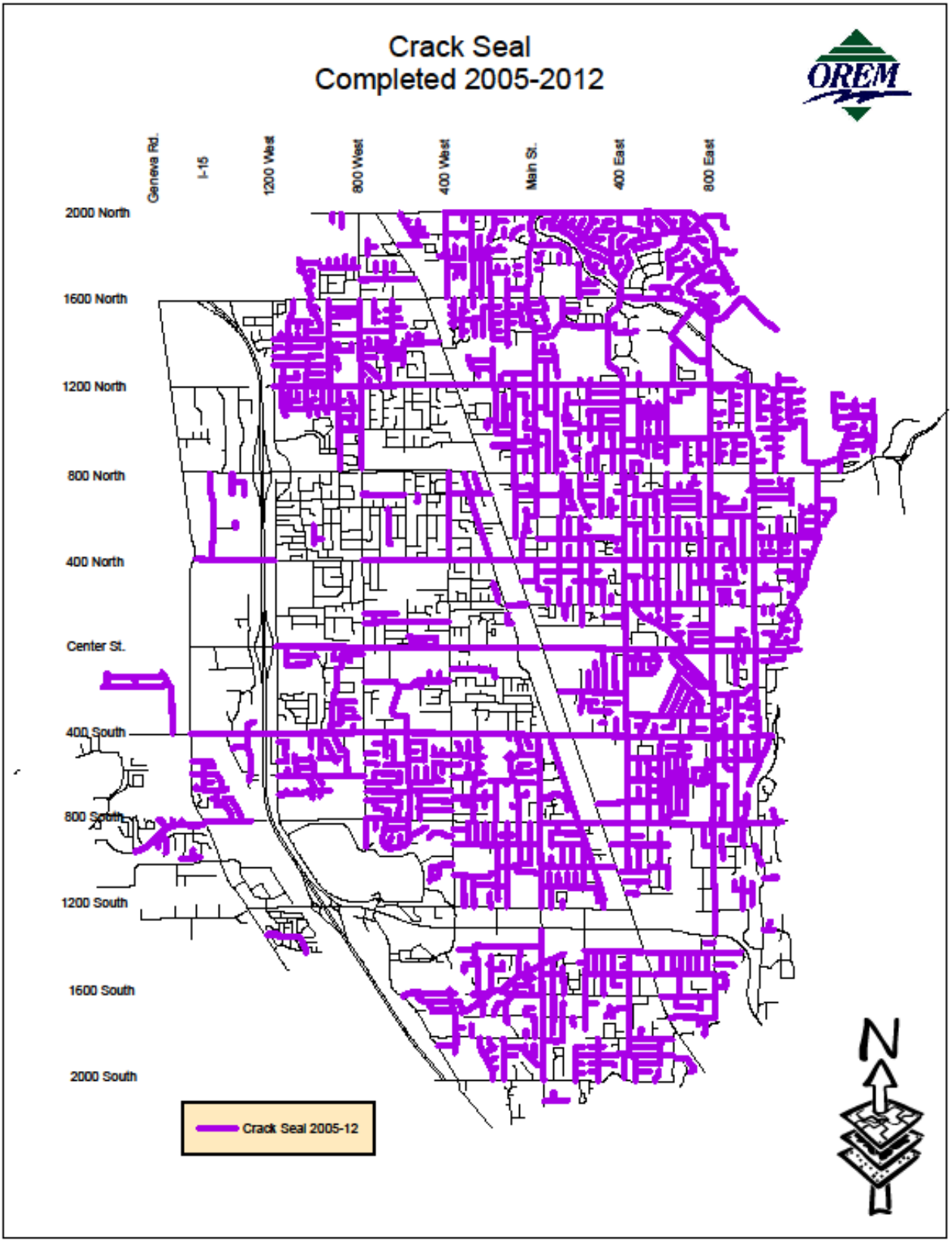
The graphs below illustrate the road conditions in 2012 as compared to 2003

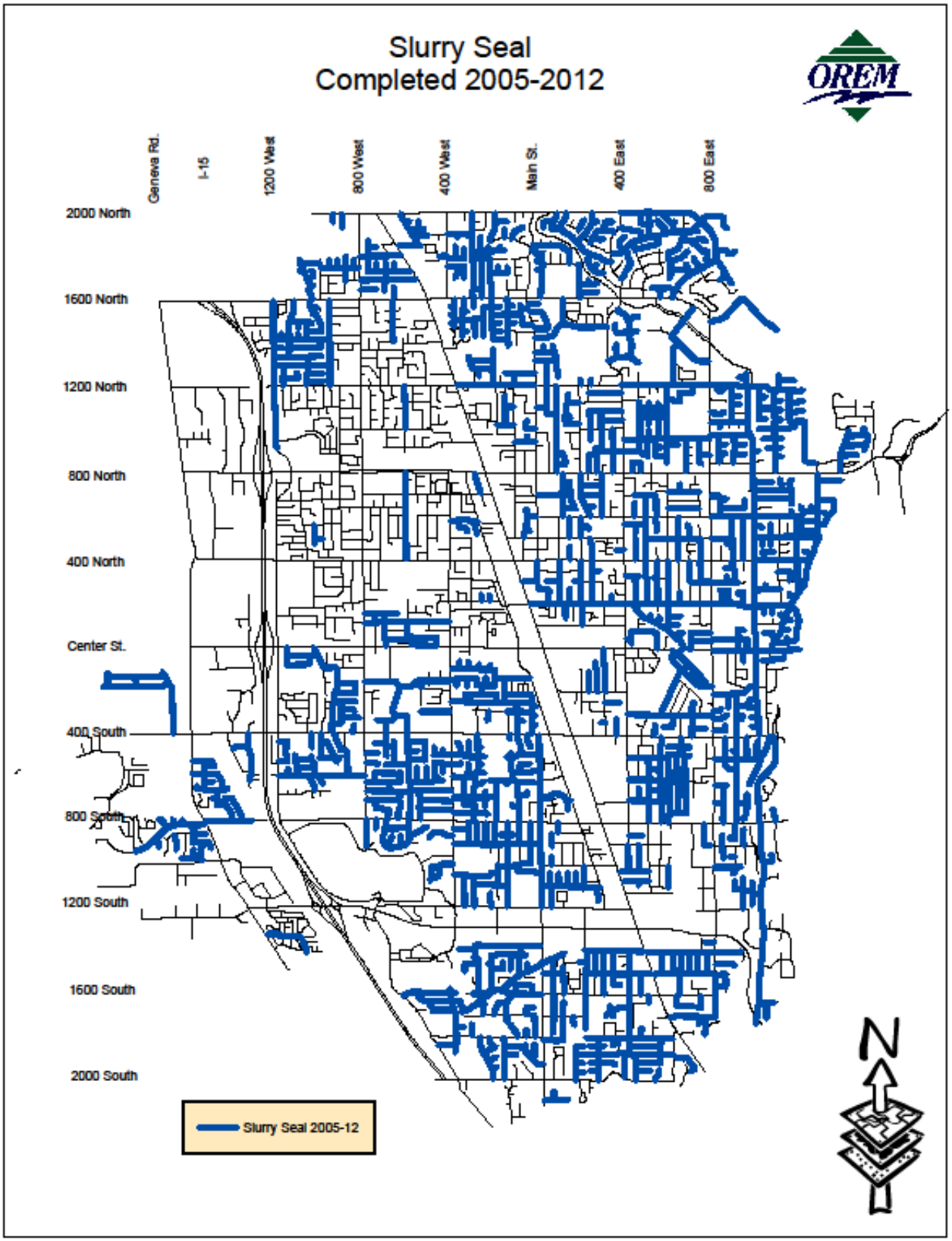




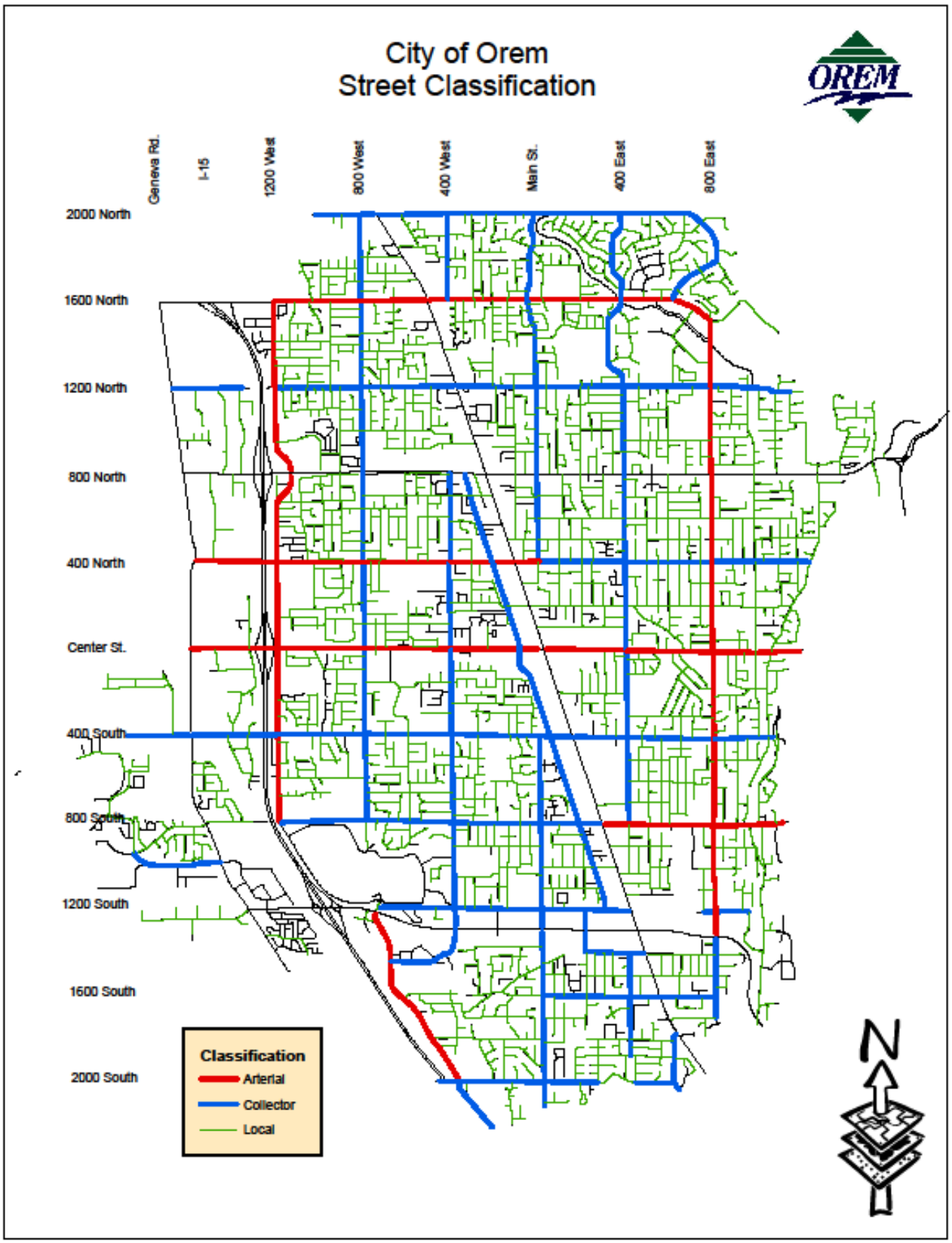
The following maps illustrate the maintenance and rehabilitation activities completed from 2005-2012.




Crack Seal
Completed 2005-2012
OREM
Geneva Rd.
I-15
1200 West
800 West
400 West
Main St.
400 East
800 East
2000 North
1600 North
1200 North
800 North
400 North
Center St.
400 South
800 South
1200 South
1600 South
2000 South
Crack Seal 2005-12
N


Slurry Seal
Completed 2005-2012
OREM
Geneva Rd.
I-15
1200 West
800 West
400 West
Main St.
400 East
800 East
2000 North
1600 North
1200 North
800 North
400 North
Center St.
400 South
800 South
1200 South
1600 South
2000 South
Slurry Seal 2005-12
N

The following map illustrates the City street classifications.

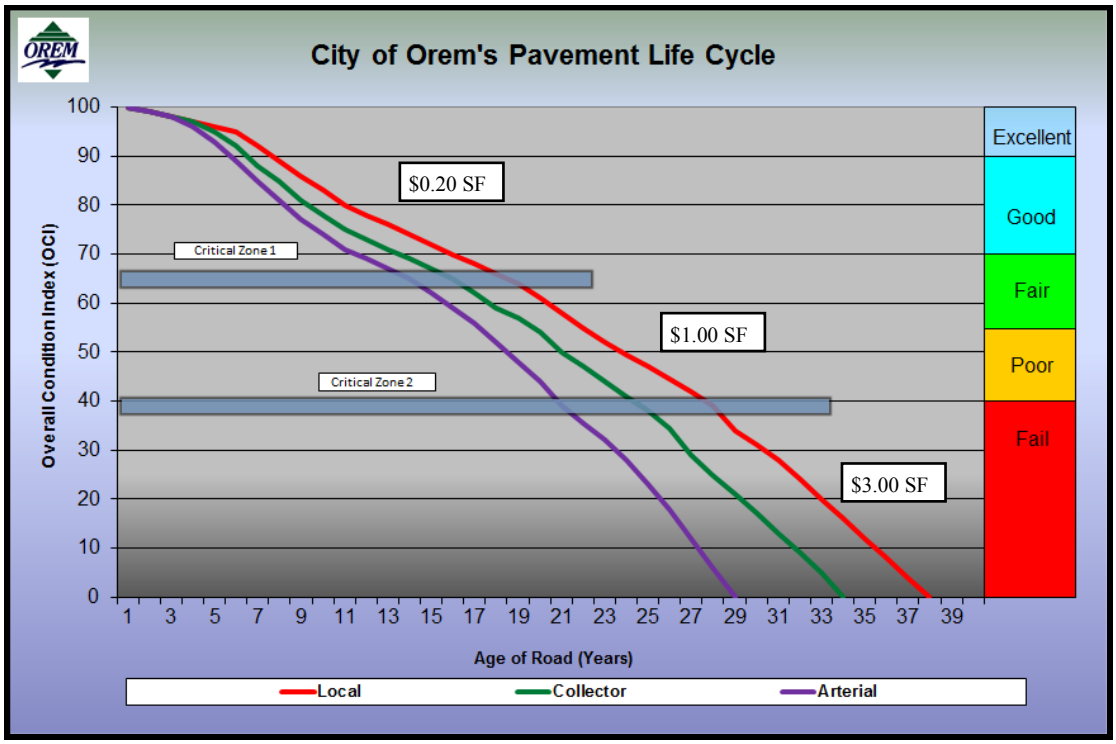


City of Orem's Pavement Life Cycle

Understanding the service life of a street enables the correct treatments to be applied at the optimal time. The average life cycle of each of the City's street classifications is represented in the chart below. These life cycles illustrate the life of a street if maintenance is not performed.

Due to the amount of traffic and traffic loads, Arterial streets have the shortest life cycle. On average, Local streets last 30% longer than Arterial streets, and approximately 15% longer than Collector streets. Arterial streets lose approximately 3.5% service life per year. Collector streets lose 3%, and Local streets 2.5%.

Critical zones represent transitional points in a street's life cycle. If the proper preventative maintenance treatment is performed before passing through these zones, the costs are substantially less. If maintenance is delayed or not performed, the street is likely to deteriorate to a condition that requires more costly repairs.

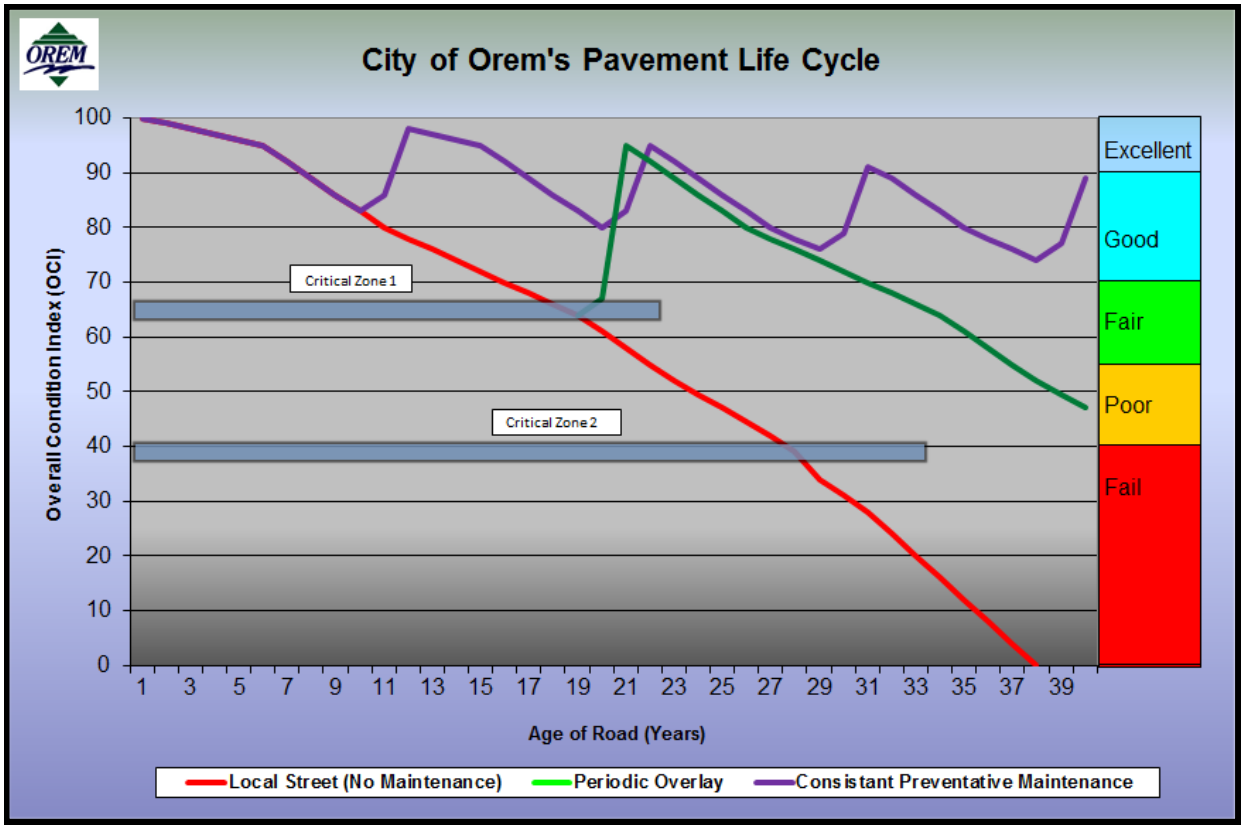


Maintenance performed before critical zone one is approximately **$0.20** sf.

Maintenance performed between critical zones one and two is approximately **$1.00** sf.

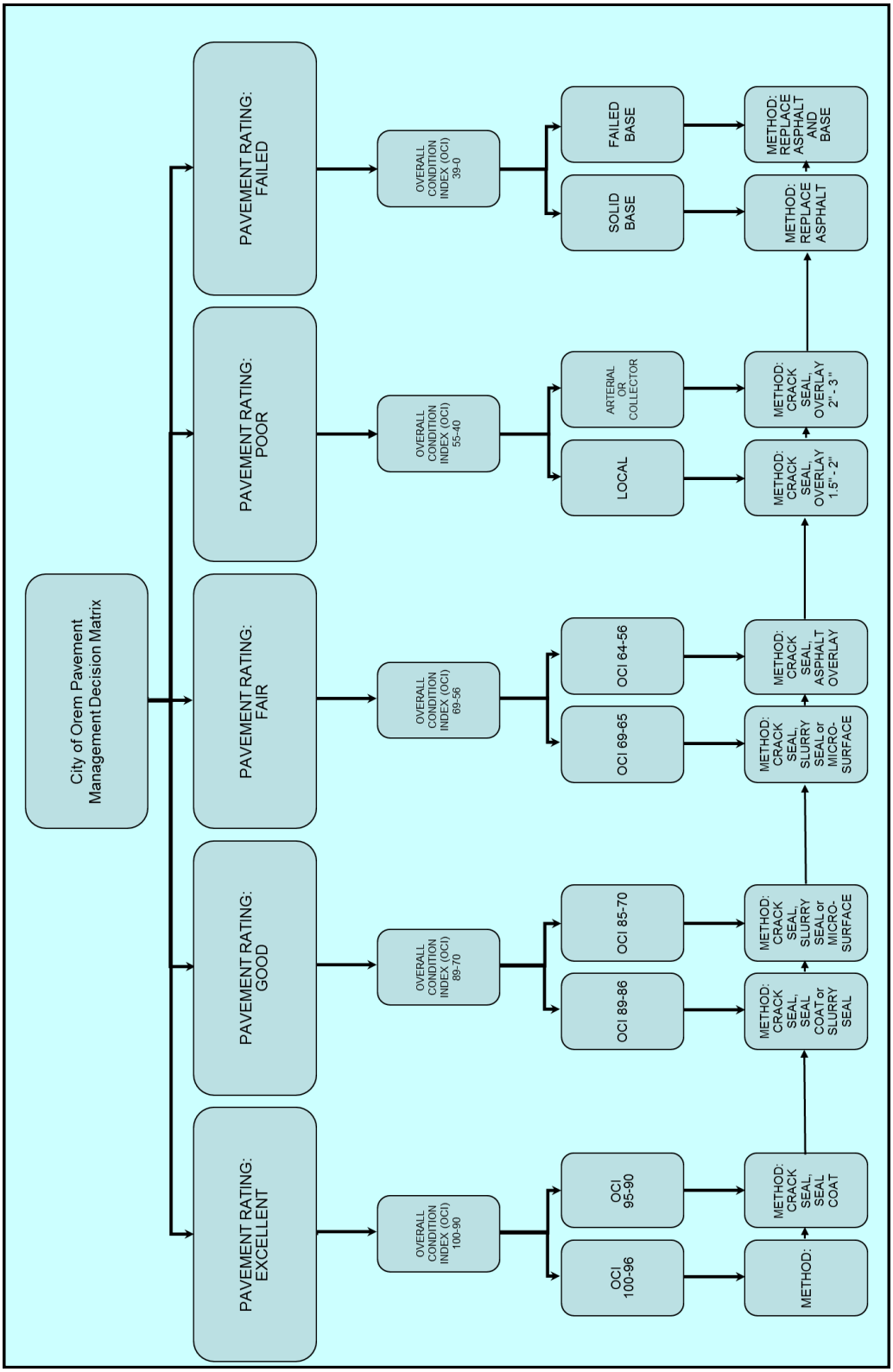
Maintenance performed after zone two is approximately **$3.00** sf. Performing the right treatment, on the right road, at the right time, can reduce costs significantly.

The following chart illustrates the basic life cycle of a Local (**RED**) street in Orem when maintenance is not performed. The **PURPLE** line represents the consistent use of preventative maintenance and the service life gained. The **GREEN** line represents postponing maintenance until major deterioration has occurred.



Performing consistent preventative maintenance, beginning early in a life cycle, can keep a street in the "Good" condition rating, and add indefinite service life. Performing periodic, more costly maintenance can increase service life approximately 15 additional years, but the road may fall into a "Fair' or "Poor" condition. Streets left untreated can remain in a "Poor" or "Failed" condition for over 50% of their life cycle and require more costly rehabilitation.

The City of Orem's Pavement Management Decision Matrix illustrates the proposed maintenance and rehabilitation of streets as determined by their OCI.



Preventative Maintenance and Rehabilitation

CRACK SEAL:

Crack seal is used to fill and seal pavement surface cracks and gutter lines. This treatment is used on all pavement to help minimize the penetration of water to the base and sub grade which can cause structural breakdown. It also slows crack deterioration. Crack seal is placed before streets receive a slurry seal or asphalt overlay treatment. On average, six to seven tons of crack seal has been used per one centerline street mile. 160 miles have been completed since 2005 at an approximate cost of $1.75 million or $10,500.00 per mile. Crack seal has a service life of 5+ years.

SLURRY SEAL:

Slurry seal is used as an asphalt sealant, rejuvenator, protector and surface course for all Local and some Collector streets. Slurry consists of an asphalt emulsion, aggregate, fillers and polymers. Type II Slurry is approximately 1/4" thick and is placed on low to moderate traffic streets. Type III Slurry is approximately 3/8" thick and is placed on moderate to high traffic streets. Since 2005, 121 centerline street miles have received slurry at a cost of $2.5 million, or $20,500.00 per mile. Slurry Seal can add an additional 5-10 years of street service life.

MICRO-SURFACING:

Micro-Surfacing, like slurry seal, is used as an asphalt sealant, protector and surface course. Micro-surfacing can be applied to Local streets but is best used for Collector and Arterial street maintenance. Micro-surface consists of polymer modified emulsion, water, cement and additives, applied approximately 3/8" thick. The benefits of micro-surfacing include: continuous lay down, some leveling capabilities, higher poundage per square yard than slurry, quick traffic return, and can be applied at night. Approximate cost if applied to all City roads is $50,000.00 per mile. Micro-surface can add an additional 5-10 years of road service life.

BONDED WEARING COURSE:

A Bonded Wearing Course (BWC) is a gap or open graded, thin hot-mix asphalt mixture, applied over a thick polymer modified asphalt emulsion membrane. It can be placed, 5/8″ to 1.5″ thick, over structurally sound pavements as a maintenance treatment, and may also be used in new construction and rehabilitation projects as the final wearing course. The cost to apply a BWC on a collector or arterial street surface is approximately $125,000.00 per mile. The life expectancy for a BWC is 7 to 12 years.

OVERLAY:

Overlays are the placement of 1.5″+ of asphalt over existing asphalt. Overlays are used when the pavement has deteriorated to a point that a slurry seal will not bring the pavement back to an acceptable level due to loss of structural and pavement properties. Costs for a 1.5″ overlay is approximately $145,000.00 per mile on an average 34′ wide Local street, and $275,000.00 per mile for a 2″ overlay on an average 52′ wide Collector or Arterial street. Overlays have a service life of 15+ years.

RECONSTRUCT:

A reconstruct consists of removing the existing asphalt and replacing with new asphalt. In many cases, base and sub grade material will be removed and replaced. Reconstructs are performed when the asphalt has lost its structural properties and/or base and sub grade material has failed. Reconstruction of Local streets is approximately $450,000.00 per centerline mile. Reconstructing Arterial and Collector streets increases to approximately $960,000.00 per mile. Reconstructs have a service life of 28+ years.

CITY CREW MAINTENANCE AND PREPARATION WORK:

City crews are an important part of the City's street maintenance program. Their knowledge and abilities are a valuable asset to the City. They are responsible for multiple maintenance activities, including preparation work for contracted slurry seals and asphalt overlays. Patching utility trenches, removing and replacing failed sections of streets, leveling depressions for improved ride and safety, pothole patching, and smaller overlay and reconstruction projects are some of the activities they perform.

Since 2005, City crews have placed over 36,000 tons of asphalt on City roads. This amount of asphalt equates to approximately 16 miles of 2" thick asphalt. Through the work performed by City crews, street condition and service life is increased and the total cost of contracted work is reduced.

Current Maintenance

Local Streets:

All 187 centerline miles of Local City streets currently receive preventative maintenance in an 8-year rotation. This is equal to just over 23 centerline street miles per year. This maintenance includes the replacement of localized failure, depression leveling, and crack and slurry seal. Failure to maintain the local roads each year could result in poor road conditions and large rehabilitation costs.

*NOTE: Over 31 miles of local streets could fall into an overlay category if maintenance is not performed consistently through the next five years. Maintaining these streets through two crack and slurry seal treatments at **$1.9 million**, could add an additional 16 years of service life. Allowing these roads to decrease to the point of overlaying could cost approximately **$4.8** million, and may add 15+ years.*

Both a crack seal and slurry seal can be performed almost five times before they equal the cost of an overlay. Adding between 5-10 years of service life per treatment, streets can more than double their service life at approximately 80% of the cost.

One Centerline Street Mile

TREATMENT	APPLICATIONS	COST	SERVICE LIFE
Crack and Slurry Seal	4 applications	$124,000.00	32+ years
Crack Seal and Overlay	1 application	$155,500.00	15+ years

Collector and Arterial Streets:

Maintenance for all 54 centerline miles of collector and arterial streets has consisted of crack seal in an 8-year rotation and an asphalt overlay when funding is available. Increased traffic loads, original pavement depth, utility cuts and overall condition are some of the challenges the City faces with these high volume, lower life cycle streets.

Local streets may last 20%-40% longer than Collector and Arterial streets.

*NOTE: If no rehabilitation occurs on our Collector or Arterial streets over the next five years, 20% of these roads may need reconstruction, with another 20% needing an overlay. This would require nearly **$14 million** to complete. Maintaining Arterials and Collectors through crack sealing and overlays, requires completing nearly three street miles per year, totaling **$4.5 million**.*

One Centerline Street Mile

TREATMENT	APPLICATIONS	COST	SERVICE LIFE
2″ Overlay	2	$550,000.00	30+ years
6″ Asphalt Reconstruct	1	$960,000.00	28+ years

Beginning the use of maintenance treatments such as slurry seal and micro-surfacing, where applicable, may add additional service life at less cost.

Recommended Maintenance/Budget Information

The City's current OCI is 83.1. Due to the decrease in a streets service life each year, maintaining at or near this OCI requires a certain amount of work to be performed.

The following chart illustrates the determined amount of street maintenance and rehabilitation, needing completion each year, to maintain at or near the current street quality. This includes the preventative maintenance on all Local streets and asphalt overlays for Collector and Arterial streets. In addition, a limited number of Local streets were not originally built to sustain their current traffic loads or did not receive the final asphalt lift required. These areas will need rehabilitation and are included in the yearly maintenance chart.

Maintenance	Yearly Total
Crack Seal All Streets	30 Miles
Slurry Seal All Local Streets	23 Miles
Overlay/Reconstruction Arterial, Collector and Selected Local Streets	3 Miles

"Apply the right treatment, to the right road, at the right time, while remaining fiscally responsible."

Current Budget:

Type	Annual Budget
Crack Seal	$300,000.00
Slurry Seal	$500,000.00
Overlay/Reconstruction	$500,000.00
Total	$1,300,000.00

Current funding enables the City to perform the needed 30 centerline miles of crack seal and 23 miles of slurry seal each year. This funding allows for only 55% of the needed overlays. The remaining 45% would not receive the needed overlay each year, decreasing the City's average OCI. In ten years the City's average **OCI would most likely drop below 80,** with approximately 12 centerline miles of Arterial and Collector streets rated as "Poor" or "Failed."

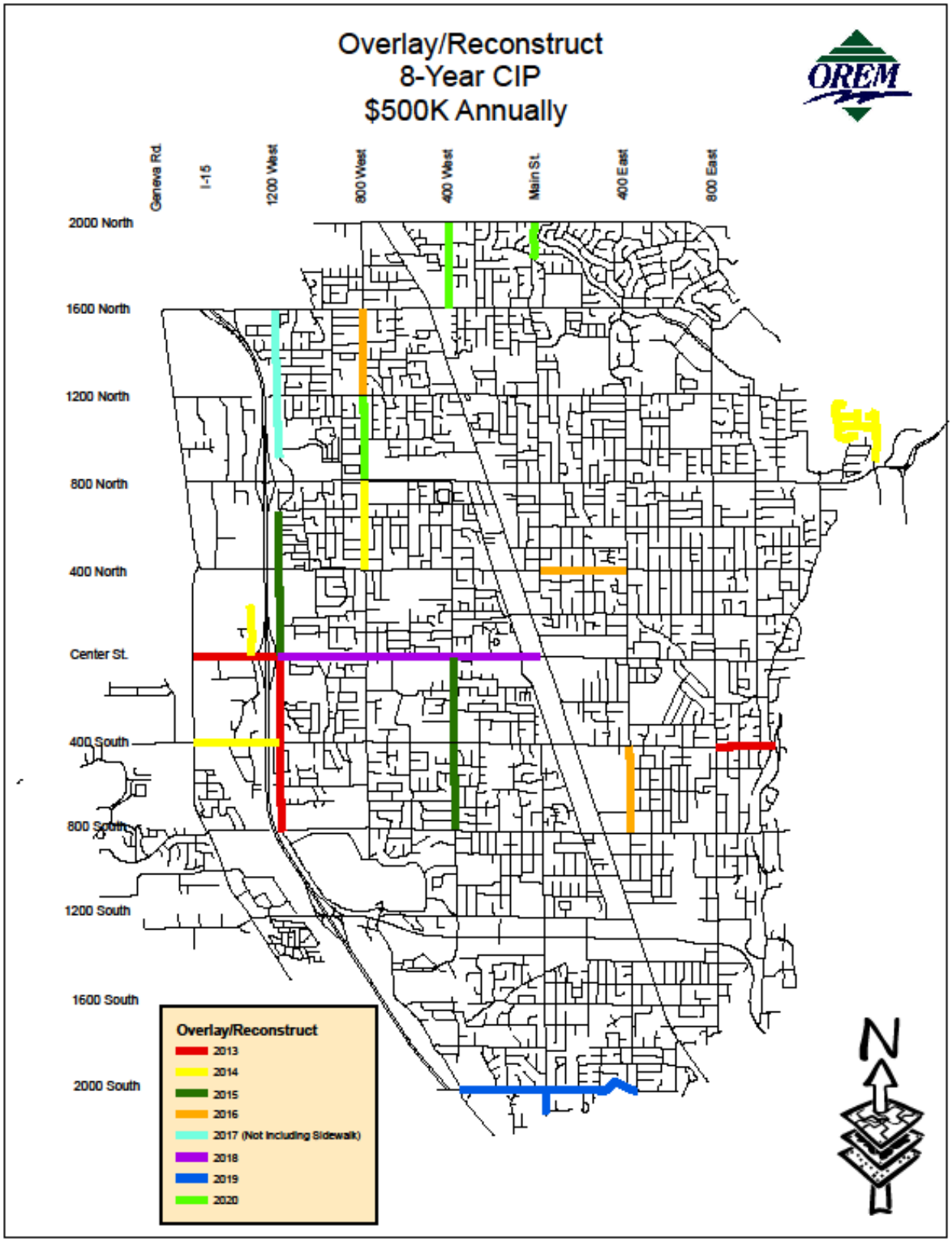
Increased Funding:

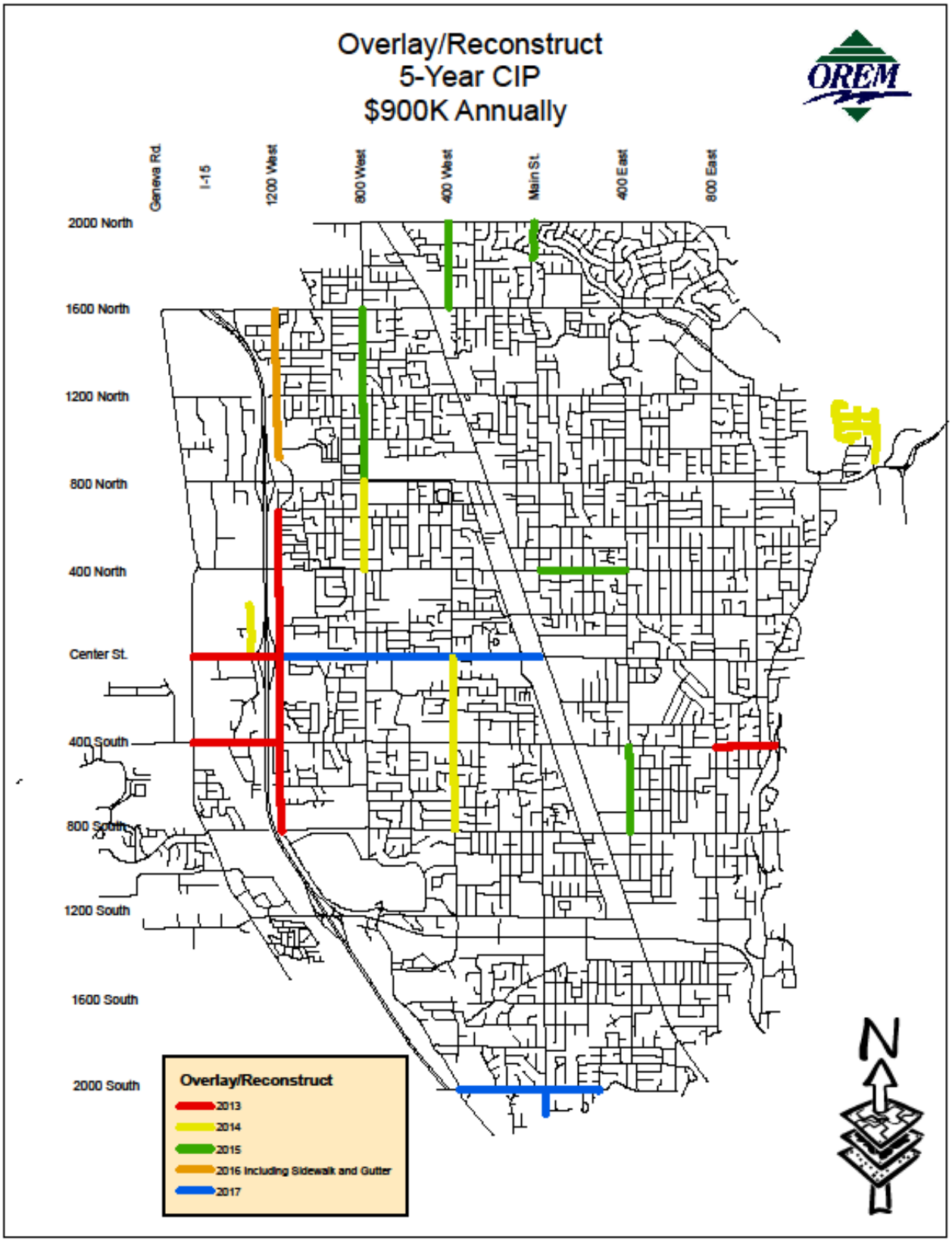
The following illustrates the impact increased funding can have on our street quality.

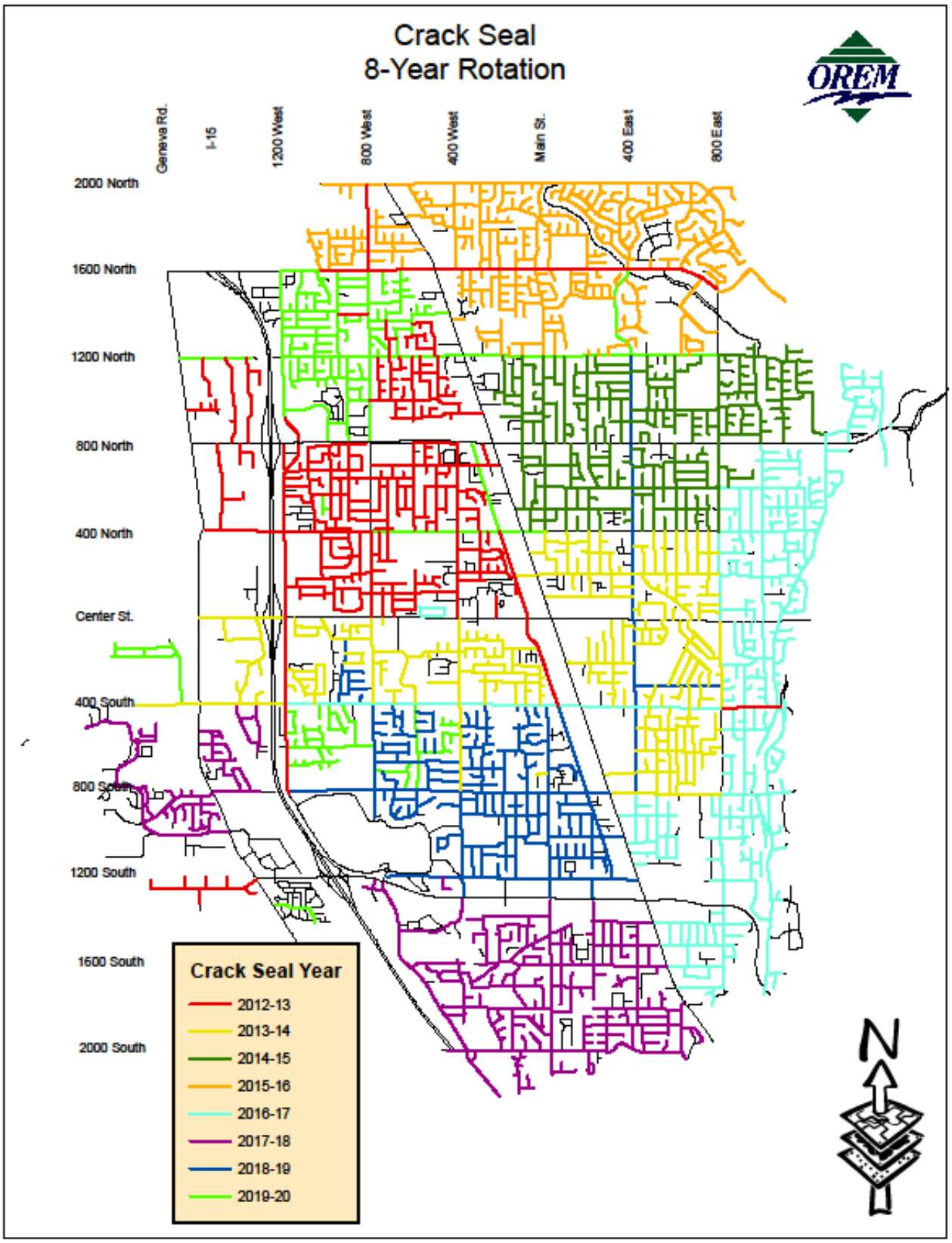
Type	Current Funding	Increased Funding
Crack Seal	$300,000.00	$300,000.00
Slurry Seal	$500,000.00	$500,000.00
Overlay/Reconstruction	$500,000.00	**$900,000.00**
Total	$1,300,000.00	**$1,700,000.00**

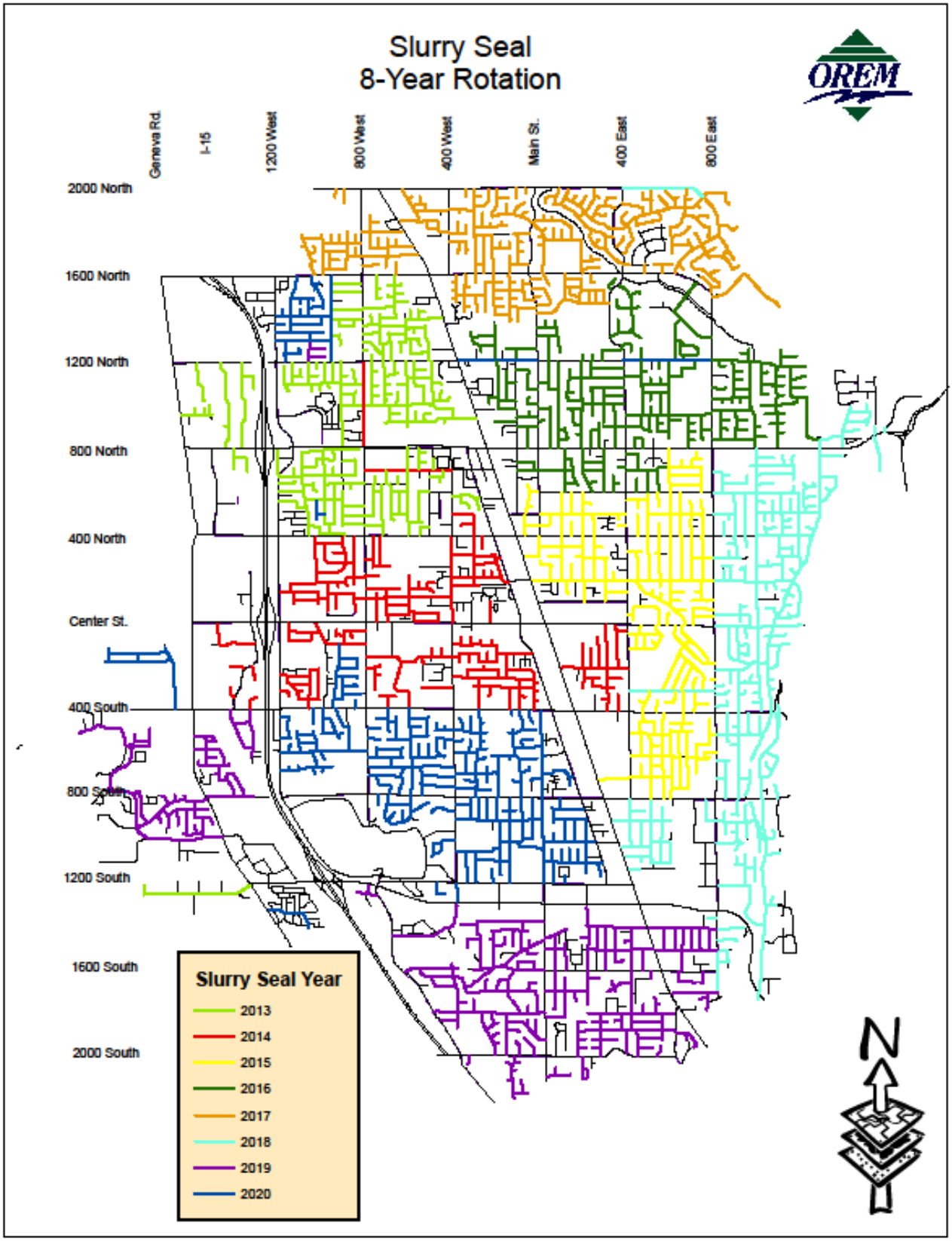
This funding could provide for the minimum maintenance and rehabilitation needing completion each year. All City streets could receive crack seal in the 8-year cycle and all Local roads could receive slurry seal in this same cycle. This could also provide for the three centerline miles of Arterial and Collector and selected Local overlays each year. The work performed each year with this amount of funding could enable the City OCI average to **remain at or near the current 83.1**.

The following maps illustrate the maintenance and rehabilitation schedule for the next eight years, including a 5-Year Overlay/Reconstruct CIP with $900k annually.




Overlay/Reconstruct
5-Year CIP
$900K Annually
OREM
Geneva Rd.
I-15
1200 West
800 West
400 West
Main St.
400 East
800 East
2000 North
1600 North
1200 North
800 North
400 North
Center St.
400 South
800 South
1200 South
1600 South
2000 South
Overlay/Reconstruct
2013
2014
2015
2016 Including Sidewalk and Gutter
2017
N


Crack Seal
8-Year Rotation
OREM
Geneva Rd.
I-15
1200 West
800 West
400 West
Main St.
400 East
800 East
2000 North
1600 North
1200 North
800 North
400 North
Center St.
400 South
800 South
1200 South
1600 South
2000 South
Crack Seal Year
2012-13
2013-14
2014-15
2015-16
2016-17
2017-18
2018-19
2019-20
N


Slurry Seal
8-Year Rotation
OREM
Geneva Rd.
I-15
1200 West
800 West
400 West
Main St.
400 East
800 East
2000 North
1600 North
1200 North
800 North
400 North
Center St.
400 South
800 South
1200 South
1600 South
2000 South
Slurry Seal Year
2013
2014
2015
2016
2017
2018
2019
2020
N

Other/Future Maintenance and Budget Options:

With the current budget concerns, future funding may be limited. City crews are a valuable resource, and the work they perform enables streets to increase service life at a minimal cost. Their impact opens the door to expanding maintenance activities such as slurry seal, micro-surfacing and bonded wearing courses to higher volume (Arterial and Collector) streets. Currently, these maintenance activities have only been performed on higher volume streets on a limited basis. Streets that have received these treatments are responding favorably. As we continue to apply and monitor the effects these treatments have on higher volume streets, we may be able to more fully incorporate them into our yearly maintenance.

The chart below illustrates a maintenance scenario that includes many of these surface treatments, performed on all City streets, in an 8-year cycle.

Type	Annual Budget
Crack Seal - All	$300,000.00
Slurry Seal - Local and Collector	$600,000.00
Micro-Surface Arterial	$100,000.00

Incorporating these treatments, with the use of overlays, could be the most effective program.

Example of a possible future budget:

Type	Annual Budget
Crack Seal - All	$300,000.00
Slurry Seal - Local and Collector	$600,000.00
Micro-Surface Arterial	$100,000.00
Overlay Arterial, Collector and Selected Local	$700,000.00
Total	$1,700,000.00

Summary and Recommendations

Due to the rehabilitation and maintenance activities performed since 2003, approximately 93% of the City street network rates as "Good" or "Excellent."

Maintaining the 187 centerline miles of Local streets through preventative maintenance has proven effective. Applying a crack seal and an asphalt overlay to all 54 miles of Arterial and Collector and selected Local streets at three miles per year, can help the City maintain quality streets and prevent high future costs.

The Pavement Management Staff recommends the City maintain an **80** or above OCI average on all street classifications, with **NO** failed roads in the City.

The chart below outlines the annual projected costs to maintain these recommended levels through the next eight years.

Type	Recommended Annual Budget
Crack Seal	$300,000.00
Slurry Seal	$500,000.00
Overlay/Reconstruction	$900,000.00
Total	$1,700,000.00

A great investment has been made in the City street network. The Pavement Management Staff and Street Section are committed to make it the best it can be. The continued planning and execution of street maintenance and rehabilitation, and the analysis and implementation of other preventative maintenance practices can help make it possible.

UNIVERSITY PLACE DEVELOPMENT INCENTIVE AGREEMENT ANALYSIS

REDEVELOPMENT AGENCY OF THE CITY OF OREM, UTAH

March 2015

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

Lewis Young Robertson & Burningham, Inc. (LYRB) was retained by the Redevelopment Agency of the City of Orem (the "Agency") to perform a study in accordance with Utah Code 10-8-2, which analyzes the benefits received in return for any money or resources appropriated under the proposed development incentive agreement.

BACKGROUND

In 2014, the Agency created the University Place CDA to capture tax increment generated by development improvements in and around the University Mall. The proposed agreement between the Agency and the Woodbury Corporation (the "Developer") governs the availability of tax increment revenues from the University Place CDA for use by the Developer to finance infrastructure improvements. Without the use of tax increment to help offset the cost of infrastructure improvements, the Developer would not be able to create the building densities currently projected. Smaller buildings would mean lower taxable value, less sales tax generation, and fewer jobs.

DEVELOPMENT

It is projected that the Developer will build over 400,000 square feet (SF) of new retail space, a hotel, event/green space, up to 1500 residential units, and over 700,000 SF of office space. The chart below describes the proposed development in more detail and an estimated absorption schedule is available in Appendix A.

Projected Development	Total
Retail (SF)	413,488
Lost Retail (SF)	(174,175)
Refurbished Retail (SF)	120,000
Renovated Interior Common Area (SF)	50,000
Hotel (SF)	72,000
Residential (SF)	1,396,252
Office (SF)	707,000
Orchard/Green Space (SF)	110,000
Total (Square Feet)	**2,694,565**
Parking Structures (Stalls)	5,969

EXPENSES

The proposed agreement requires the Developer to meet certain criteria related to the number of square feet of development in order to qualify for use of available tax increment funds. Ninety percent (90%) of the tax increment collected by the Agency in the University Place CDA will be available to the Developer, up to the applicable cap amount. As development increases, the cap on available funds increases. Once tax increment funds are considered available to the Developer, the Developer may submit qualified infrastructure expenses for reimbursement by the Agency using the available funds. Expense Reimbursement will be for demolition of existing buildings necessary for new development, construction of structured parking needed to accommodate new development, recreation amenities and event/green space, road infrastructure, utility infrastructure, and other expenses approved by the Agency as being in the best interest of the City and in harmony with the University Place CDA Project Area Plan.

The table below describes the development required and the associated cap at each stage of development. The cap increases by a larger amount for each 100,000 SF of office space built to help incentivize full buildout of the proposed development.

Benchmark	Additional Cap	Total Cap	Required Development
Benchmark 1	$20,000,000	$20,000,000	55,000 SF New Retail 120,000 SF Refurbished Retail 100,000 SF Office 40,000 SF Orchard/Green Space 50,000 SF Renovated Interior Common Area 90,000 SF Demolition Old Retail 190,000 SF Residential Phase 1 Utility Infrastructure
Benchmark 2	$4,000,000	$24,000,000	200,000 Total SF Office
Benchmark 3	$4,500,000	$28,500,000	300,000 Total SF Office
Benchmark 4	$5,000,000	$33,500,000	400,000 Total SF Office
Benchmark 5	$5,500,000	$39,000,000	500,000 Total SF Office
Benchmark 6	$6,000,000	$45,000,000	600,000 Total SF Office
Benchmark 7	$6,500,000	$51,500,000	700,000 Total SF Office
Benchmark 8		No Cap	700,000+ SF Office 300,000+ SF New Commercial 110,000+ SF Green Space

It is anticipated that over the life of the project $51,356,913 of available tax increment will be produced and that the Developer will qualify to be reimbursed for expenses equaling that full amount.

BENEFITS

Although a substantial amount of tax increment is anticipated to be available to the Developer, the Agency believes the community will receive even greater benefit. Wages from the new jobs created, additional taxes generated, a new connector road between State Street and 800 East with associated traffic signal, structured parking, green space, and improved utility infrastructure are some of the benefits anticipated by the Agency. The financial benefit of these items through the end of the 20 year project area has been summarized below. Year by year detail is provided in Appendix A which shows the Agency receives more benefit than expense each year of the proposed agreement. The value of new jobs created is based on the same data and assumptions as the Project Area Plan.

Type of Benefit	Estimated Value
Wages from New Job Creation	$ 2,120,768,824
Property Tax Above Base (All Taxing Entities)	$ 84,310,817
New Sales Tax Generation (All Taxing Entities)	$ 26,012,169
New Franchise Fees	$ 6,673,697
New Transient Room Tax	$ 2,952,660
Connector Road	$ 2,815,608
Traffic Signal (800 East)	$ 212,500
Structured Parking	$ 39,309,900
Orchard/Green Space	$ 5,981,740
Utility Infrastructure	$ 3,770,925
Total Value	**$ 2,292,808,841**

In addition to the items listed above, the Agency will receive benefit from the use of the marquee sign at University Place, community events hosted by the Developer each year, right of way easements, and additional trees for beautification.

PURPOSE OF APPROPRIATION

The Agency's goals are to encourage development that will maximize tax revenue generation, create new jobs, and beautify the City. As such, the incentive would be used reimburse the Developer for the construction of structured parking, utility and road infrastructure, and Orchard/green space. The parking structures will allow for greater development density, which will increase the taxable value of the project area. The increased value will translate into more property taxes for all the taxing entities which can be used to provide services to the residents. This increase would come from expanding the tax base and not from increasing the rate, so it would not be an added burden on existing taxpayers. The new hotel and retail developments will also increase transient room and sales tax generation. Replacing the aging 45-year-old utility lines will improve the health and safety of utility service to the area and hopefully avoid unexpected leaks and line breaks in the future. The Orchard and green space developments will enhance the health, moral well-being, peace, comfort, and convenience of area residents. It is the Agency's intent that the use of tax increment will revitalize the aging University Mall and create a higher-quality development which improves the community more than the Developer would otherwise build without assistance. The use of tax increment will enhance the safety, health, prosperity, moral well-being, peace, order, comfort, and convenience of the inhabitants through increasing tax revenues, creating new jobs, replacing aging utility infrastructure, providing improved transportation access between State Street and 800 East, and creating attractive event and open space areas.

NECESSARY AND APPROPRIATE

Given the parameters of the proposed development incentive agreement and the value of the proposed development, the Agency would receive over $2.2 billion dollars of value in excess of the $51 million of expense. If the Agency were to offer no incentive, the Developer has indicated they would invest only $120 million in the site instead of the planned $400+ million. They would also only build 100,000 square feet of office space which would house roughly 520 jobs instead of 700,000 square feet of office and 3,000 jobs. Without the incentive, the Developer would also be unable to build the planned Orchard/green space area. The proposed incentive is necessary if the Agency wants to achieve its goals of encouraging maximum development, creating jobs, and beautifying the City. Thus, the analysis confirms that the use of tax increment is both necessary and appropriate for meeting the Agency's goals.

Total Value	**$ 2,292,808,841**
Total Expense	**$ 51,356,913**
Difference (Value minus Expense)	**$ 2,241,451,928**

Orem Redevelopment Agency

University Place CDA Development Agreement

Appendix A

Construction Year (Value won't come on tax rolls until January 1 of the following year)

Estimated Absorption Schedule	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Retail (SF)	34,800	58,250	196,300	21,250	9,088	14,600		27,200		52,000	413,488
Lost Retail (SF)		(90,000)	(65,580)							(18,595)	(174,175)
Refurbished Retail (SF)		120,000									120,000
Renovated Interior Common Area (SF)		50,000									50,000
Hotel (SF)					72,000						72,000
Residential (SF)		193,492			414,244	198,000	500,516	90,000			1,396,252
Office (SF)		107,000		200,000		100,000		100,000		200,000	707,000
Orchard/Green Space (SF)		40,000		25,000		15,000		15,000		15,000	110,000
Total (Square Feet)	**34,800**	**478,742**	**130,720**	**246,250**	**495,332**	**327,600**	**500,516**	**232,200**	**-**	**248,405**	**2,694,565**
Parking Structures (Stalls)		467	748		875	1,294		1,722		863	5,969

			*Not Triggered	*Not Triggered	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
		Tax Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Estimated Expense													
Anticipated Tax Increment Incentive Cap			$ -	$ -	$ 20,000,000	$ 28,500,000	$ 28,500,000	$ 33,500,000	$ 33,500,000	$ 39,000,000	$ 39,000,000	$ 51,500,000	$ 51,500,000
90% of Tax Increment Collected			$ -	$ -	$ 750,258	$ 1,093,942	$ 1,438,916	$ 1,858,916	$ 2,169,809	$ 2,565,185	$ 2,565,185	$ 3,008,246	$ 3,008,246
Maximum Expense (90% of TIF Collected up to the Cap)			$ -	$ -	$ 750,258	$ 1,093,942	$ 1,438,916	$ 1,858,916	$ 2,169,809	$ 2,565,185	$ 2,565,185	$ 3,008,246	$ 3,008,246
Estimated Value													
Wages from New Job Creation			$ -	$ 1,222,213	$ 19,066,554	$ 23,657,578	$ 59,607,878	$ 60,195,326	$ 78,438,308	$ 78,762,446	$ 97,378,012	$ 97,378,012	$ 133,755,208
Property Tax Above Base (All Taxing Entities)			$ -	$ -	$ 1,227,072	$ 1,789,179	$ 2,353,397	$ 3,040,320	$ 3,548,797	$ 4,195,447	$ 4,195,447	$ 4,920,089	$ 4,920,089
New Sales Tax Generation (All Taxing Entities)			$ -	$ 16,334	$ 723,573	$ 846,901	$ 905,516	$ 995,936	$ 1,005,896	$ 1,170,587	$ 1,182,292	$ 1,387,840	$ 1,401,718
New Franchise Fees			$ -	$ 34,680	$ 49,622	$ 80,201	$ 140,136	$ 183,758	$ 250,956	$ 288,544	$ 297,200	$ 342,468	$ 352,742
New Transient Room Tax			$ -	$ -	$ -	$ -	$ -	$ 154,527	$ 156,754	$ 159,012	$ 161,302	$ 163,626	$ 165,983
INFRASTRUCTURE VALUES (prorated over useful life)	Total Value	Useful Life/Depreciation Years											
Connector Road	$ 3,910,567	25	$ -	$ -	$ -	$ -	$ 156,423	$ 156,423	$ 156,423	$ 156,423	$ 156,423	$ 156,423	$ 156,423
Traffic Signal (800 East)	$ 250,000	20	$ -	$ -	$ -	$ -	$ -	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500
Structured Parking	$ 50,139,600	20	$ -	$ -	$ 196,140	$ 510,300	$ 510,300	$ 877,800	$ 1,421,280	$ 1,421,280	$ 2,144,520	$ 2,144,520	$ 2,506,980
Orchard/Green Space	$ 6,999,909	20	$ -	$ -	$ 127,271	$ 127,271	$ 206,815	$ 206,815	$ 254,542	$ 254,542	$ 302,269	$ 302,269	$ 349,995
Utility Infrastructure	$ 4,076,676	20	$ 50,958	$ 101,917	$ 112,109	$ 122,300	$ 132,492	$ 142,684	$ 152,875	$ 163,067	$ 173,259	$ 183,450	$ 193,642
Total Value per Year			**$ 50,958**	**$ 1,375,144**	**$ 21,502,340**	**$ 27,133,731**	**$ 64,012,957**	**$ 65,966,089**	**$ 85,398,331**	**$ 86,583,847**	**$ 106,003,224**	**$ 106,991,197**	**$ 143,815,281**
Total Expense per Year			**$ -**	**$ -**	**$ 750,258**	**$ 1,093,942**	**$ 1,438,916**	**$ 1,858,916**	**$ 2,169,809**	**$ 2,565,185**	**$ 2,565,185**	**$ 3,008,246**	**$ 3,008,246**
Difference (Value minus Expense)			**$ 50,958**	**$ 1,375,144**	**$ 20,752,082**	**$ 26,039,789**	**$ 62,574,040**	**$ 64,107,173**	**$ 83,228,521**	**$ 84,018,662**	**$ 103,438,039**	**$ 103,982,951**	**$ 140,807,035**

	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
Estimated Expense												
Anticipated Tax Increment Incentive Cap	$ 51,500,000	$ 51,500,000	$ 51,500,000	$ 51,500,000	$ 51,500,000	$ 51,500,000	$ 51,500,000	$ 51,500,000	$ 51,500,000	$ 51,500,000	$ 51,500,000	$ 51,500,000
90% of Tax Increment Collected	$ 3,008,246	$ 3,008,246	$ 3,008,246	$ 3,008,246	$ 3,008,246	$ 3,008,246	$ 3,008,246	$ 3,008,246	$ 3,008,246	$ 3,008,246	$ 2,815,744	$ 51,356,913
Maximum Expense (90% of TIF Collected up to the Cap)	$ 3,008,246	$ 3,008,246	$ 3,008,246	$ 3,008,246	$ 3,008,246	$ 3,008,246	$ 3,008,246	$ 3,008,246	$ 3,008,246	$ 3,008,246	$ 2,815,744	$ 51,356,913
Estimated Value												
Wages from New Job Creation	$ 133,755,208	$ 133,755,208	$ 133,755,208	$ 133,755,208	$ 133,755,208	$ 133,755,208	$ 133,755,208	$ 133,755,208	$ 133,755,208	$ 133,755,208	$ 133,755,208	$ 2,120,768,824
Property Tax Above Base (All Taxing Entities)	$ 4,920,089	$ 4,920,089	$ 4,920,089	$ 4,920,089	$ 4,920,089	$ 4,920,089	$ 4,920,089	$ 4,920,089	$ 4,920,089	$ 4,920,089	$ 4,920,089	$ 84,310,817
New Sales Tax Generation (All Taxing Entities)	$ 1,415,735	$ 1,429,893	$ 1,444,192	$ 1,458,634	$ 1,473,220	$ 1,487,952	$ 1,502,832	$ 1,517,860	$ 1,533,039	$ 1,548,369	$ 1,563,853	$ 26,012,169
New Franchise Fees	$ 363,325	$ 374,224	$ 385,451	$ 397,015	$ 408,925	$ 421,193	$ 433,829	$ 446,843	$ 460,249	$ 474,056	$ 488,278	$ 6,673,697
New Transient Room Tax	$ 168,374	$ 170,800	$ 173,260	$ 175,756	$ 178,288	$ 180,856	$ 183,462	$ 186,105	$ 188,786	$ 191,505	$ 194,264	$ 2,952,660
INFRASTRUCTURE VALUES (prorated over useful life)												
Connector Road	$ 156,423	$ 156,423	$ 156,423	$ 156,423	$ 156,423	$ 156,423	$ 156,423	$ 156,423	$ 156,423	$ 156,423	$ 156,423	$ 2,815,608
Traffic Signal (800 East)	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 212,500
Structured Parking	$ 2,506,980	$ 2,506,980	$ 2,506,980	$ 2,506,980	$ 2,506,980	$ 2,506,980	$ 2,506,980	$ 2,506,980	$ 2,506,980	$ 2,506,980	$ 2,506,980	$ 39,309,900
Orchard/Green Space	$ 349,995	$ 349,995	$ 349,995	$ 349,995	$ 349,995	$ 349,995	$ 349,995	$ 349,995	$ 349,995	$ 349,995	$ 349,995	$ 5,981,740
Utility Infrastructure	$ 203,833.80	$ 203,833.80	$ 203,833.80	$ 203,833.80	$ 203,833.80	$ 203,833.80	$ 203,833.80	$ 203,833.80	$ 203,833.80	$ 203,833.80	$ 203,833.80	$ 3,770,925
Total Value per Year	**$ 143,852,463**	**$ 143,879,946**	**$ 143,907,932**	**$ 143,936,434**	**$ 143,965,462**	**$ 143,995,031**	**$ 144,025,151**	**$ 144,055,837**	**$ 144,087,102**	**$ 144,118,960**	**$ 144,151,424**	**$ 2,292,808,841**
Total Expense per Year	**$ 3,008,246**	**$ 3,008,246**	**$ 3,008,246**	**$ 3,008,246**	**$ 3,008,246**	**$ 3,008,246**	**$ 3,008,246**	**$ 3,008,246**	**$ 3,008,246**	**$ 3,008,246**	**$ 2,815,744**	**$ 51,356,913**
Difference (Value minus Expense)	**$ 140,844,217**	**$ 140,871,700**	**$ 140,899,686**	**$ 140,928,187**	**$ 140,957,216**	**$ 140,986,784**	**$ 141,016,905**	**$ 141,047,591**	**$ 141,078,856**	**$ 141,110,713**	**$ 141,335,680**	**$ 2,241,451,928**

Assumptions

Average Retail Wage	$ 25,548
Average SF per Retail Job	600
Average Office Wage	$ 59,754
Average SF per Office Job	280
Average Residential Mgt/Support Wage	$ 48,837
Average Residential SF per Job	62,200
Percent of Jobs Assumed to be New	82%
Percent of Parking Providing Public Benefit	70%
Percent of Utility Infrastructure Providing Benefit	75%

*Assume Tax Increment is Triggered for 2017 Tax Year with Payment to the Agency in Spring 2018.

*Community events, marquee use, right of way easements, and additional trees are also of value but the dollar amount has not been calculated and included above.