



AGENDA
REDEVELOPMENT AGENCY
OF THE CITY OF OREM
October 11, 2016

CALL TO ORDER

APPROVAL OF MINUTES

1. MINUTES of Redevelopment Agency Meeting – June 14, 2016

SCHEDULED ITEMS

2. RESOLUTION – Approving the purchase of a residential property located at 246 West 1400 South, Orem, Utah 84058

PRESENTER: Ryan Clark

POTENTIALLY AFFECTED AREA: Citywide

BACKGROUND: A goal in the Orem Economic Development Strategic Plan (EDSP) discusses a need for Orem to “maintain supremacy as the regional retail hub of Utah County.” The goal is also identified as one of three top priorities in the EDSP. “Retail sales are vital to Orem and the City needs to stay abreast of retail trends in order to maintain its position as the center of shopping activity.”

Automotive sales are a major component of Orem’s retail sales as well as an important sales tax revenue source. Automotive sales account for 13% of sales tax captured within the city’s boundaries, 40% of which comes from the dealerships on University Parkway.

Auto dealerships are constantly changing and evolving to match industry trends. Dealerships enter into franchise agreements with automobile manufacturers. The agreements can last one, three, or seven years and often mandate land, building, and shop size as well as showroom design requirements. Manufacturers hold all the “cards” and dealers have no room to negotiate. If a dealer fails to comply with the manufacturer’s requirements, the manufacturer may enforce an inventory reduction, which can lead to a reduction in sales. By design, manufacturers are prohibited by state law from demanding facility upgrades within 10 years of the last occurrence. However, manufacturers still find ways to pressure dealerships into compliance through other means such as reducing profit margins on sales.

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 Nissan dealership on University Parkway is out of room and may soon face manufacturer land requirement issues. The dealership has been parking new car inventory in various locations throughout the city for the past few years.

Over three years ago, the City approached the owners of a residential home located at 246 West 1400 South and adjacent to the east boundary of the Nissan dealership to see if the owners would be interested in selling the property. The property consists of a single family home on 0.193 Acres. The owners recently notified the City that they are ready to sell. The property has been appraised and an offer was accepted that was equal to the appraised value. The offer was contingent upon approval of the Redevelopment Agency. The property will be purchased with RDA funds.

Following the purchase of the property, the RDA may negotiate with the Nissan dealership to either sell the property to the dealership or to enter into a lease agreement.

RECOMMENDATION: The Economic Development Division Manager recommends the Redevelopment Agency of the City of Orem, by resolution, approve the purchase of a residential property located at 246 West 1400 South, Orem, Utah 84058.

ADJOURN TO A MEETING OF THE CITY COUNCIL OF THE CITY OF OREM

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REDEVELOPMENT AGENCY
of the
CITY OF OREM
June 14, 2016

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6 CONDUCTING Board member David Spencer
7
8 BOARD OF DIRECTORS Chair Richard F. Brunst*, Jr., Debby Lauret, Sam Lentz,
9 Tom Macdonald, Mark Seastrand*, David Spencer, Brent
10 Sumner (*participated electronically)
11
12 APPOINTED STAFF Jamie Davidson, Brenn Bybee, Richard Manning, Brandon
13 Nelson, and Jackie Lambert
14

15 The Redevelopment Agency (RDA) Meeting convened at 8:31 p.m.
16

17 APPROVAL OF MINUTES – May 10, 2016

18
19 Mr. Macdonald **moved** to approve the minutes of the May 10, 2016, Redevelopment Agency
20 Meeting. Chair Brunst **seconded** the motion. Those voting aye: Richard F. Brunst, Debby Lauret,
21 Sam Lentz, Tom Macdonald, Mark Seastrand, David Spencer, Brent Sumner. The motion **passed**
22 **unanimously**.
23

24 SCHEDULED ITEMS

25 6:10 P.M. PUBLIC HEARING

26 RESOLUTION – Approve and Adopt the Budget for Fiscal Year 2016-2017 and amend the 27 Fiscal Year 2015-2016 Budget 28

29
30 The Chief Executive Officer of the Redevelopment Agency of the City of Orem (RDA)
31 recommends the Board of Directors, by resolution, approve and adopt the Fiscal Year 2016-2017
32 Budget and amend the Fiscal Year 2015-2016 Budget.
33

34 On May 10, 2016, the Board of Directors received the RDA Tentative Budget for Fiscal Year
35 2016-2017. The purpose of this hearing is to receive input from the citizens, make any changes,
36 approve, and adopt the budget for Fiscal Year 2016-2017, and amend the Fiscal Year 2015-2016
37 Budget.
38

39 Mr. Nelson said this year continued the expiration of many of the prior RDA areas. This year
40 they anticipated the total revenue received to be primarily for debt related tax receipts; that total
41 was \$1,669,924. Each one of the areas was outlined in the Tentative Budget as far as the
42 expectation of what revenues would be received, and the associated costs related to their
43 contribution to overhead, to debt payment, as well as any additional funds that they may have
44 available for projects. He said in the past they had participation agreement, and their now only
45 was one remaining participation agreement with the Orem Mazda group. That remaining
46 participation agreement would run for another three years or so.

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2 Mr. Spencer opened the public hearing. There were no public comments, so Mr. Spencer closed
3 the public hearing.

4
5 Mrs. Lauret **moved**, by resolution, to approve and adopt the Budget for Fiscal Year 2016-2017
6 and amend the Fiscal Year 2015-2016 Budget. Mr. Lentz **seconded** the motion. Those voting
7 aye: Richard F. Brunst, Debby Lauret, Sam Lentz, Tom Macdonald, Mark Seastrand, David
8 Spencer, Brent Sumner. The motion **passed unanimously**.

9
10 ANNUAL REVIEW – Redevelopment Agency of the City of Orem (RDA) Bylaws

11
12 The Chief Executive Officer of the Redevelopment Agency of the City of Orem recommends the
13 Board of Directors adopt the bylaws as written.

14
15 The RDA Bylaws stipulate that the Bylaws "shall be reviewed by the Board of Directors at each
16 annual meeting" and may be amended "by majority vote of the Board of Directors of the
17 Authority at a regular or special meeting." The Chief Executive Officer is not recommending
18 any changes to the bylaws at this time.

19
20 Mr. Macdonald **moved** to adopt the Bylaws of the Redevelopment Agency of the City of Orem
21 as written. Mr. Sumner **seconded** the motion. Those voting aye: Richard F. Brunst, Debby
22 Lauret, Sam Lentz, Tom Macdonald, Mark Seastrand, David Spencer, Brent Sumner. The motion
23 **passed unanimously**.

24
25 **ADJOURN TO A MEETING OF THE SPECIAL SERVICE LIGHTING DISTRICT OF**
26 **OREM**

27
28 Mr. Macdonald **moved** to adjourn to a meeting of the Special Service Lighting District of Orem.
29 Mr. Lentz **seconded** the motion. Those voting aye: Richard F. Brunst, Debby Lauret, Sam Lentz,
30 Tom Macdonald, Mark Seastrand, David Spencer, Brent Sumner. The motion **passed**
31 **unanimously**.

32
33 The meeting adjourned at 8:35 p.m.

CITY OF OREM
REDEVELOPMENT AGENCY MEETING
OCTOBER 11, 2016



REQUEST:	RESOLUTION – Approving the purchase of a residential property located at 246 West 1400 South, Orem, Utah 84058
APPLICANT:	Economic Development Division Manager
FISCAL IMPACT:	\$212,000

NOTICES:

- Posted in 2 public places
- Posted on City webpage
- Posted on the State noticing website
- Faxed to newspapers
- E-mailed to newspapers
- E-mailed 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:
Ryan Clark
Economic Development
Division Manager

RECOMMENDATION:

The Economic Development Division Manager recommends the Redevelopment Agency of the City of Orem, by resolution, approve the purchase of a residential property located at 246 West 1400 South, Orem, Utah 84058.

BACKGROUND:

A goal in the Orem Economic Development Strategic Plan (EDSP) discusses a need for Orem to “maintain supremacy as the regional retail hub of Utah County.” The goal is also identified as one of three top priorities in the EDSP. “Retail sales are vital to Orem and the City needs to stay abreast of retail trends in order to maintain its position as the center of shopping activity.”

Automotive sales are a major component of Orem’s retail sales as well as an important sales tax revenue source. Automotive sales account for 13% of sales tax captured within the city’s boundaries, 40% of which comes from the dealerships on University Parkway.

Auto dealerships are constantly changing and evolving to match industry trends. Dealerships enter into franchise agreements with automobile manufacturers. The agreements can last one, three, or seven years and often mandate land, building, and shop size as well as showroom design requirements. Manufacturers hold all the “cards” and dealers have no room to negotiate. If a dealer fails to comply with the manufacturer’s requirements, the manufacturer may enforce an inventory reduction, which can lead to a reduction in sales. By design, manufacturers are prohibited by state law from demanding facility upgrades within 10 years of the last occurrence. However, manufacturers still find ways to pressure dealerships into compliance through other means such as reducing profit margins on sales.

The Nissan dealership on University Parkway is out of room and may soon face manufacturer land requirement issues. The dealership has been parking new car inventory in various locations throughout the city for the past few years.

Over three years ago, the City approached the owners of a residential home located at 246 West 1400 South and adjacent to the east boundary of the Nissan dealership to see if the owners would be interested in selling the property. The property consists of a single family home on 0.193 Acres.

The owners recently notified the City that they are ready to sell. The property has been appraised and an offer was accepted that was equal to the appraised value. The offer was contingent upon approval of the Redevelopment Agency. The property will be purchased with RDA funds.

Following the purchase of the property, the RDA may negotiate with the Nissan dealership to either sell the property to the dealership or to enter into a lease agreement.

Advantages:

- The purchase of the property will help further the goals and priorities identified in the Economic Development Strategic Plan.
- The property purchase will provide an opportunity to reinforce and strengthen the City's automotive sales tax base by potentially increasing the site size for the Nissan dealership.

Disadvantages:

- None

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RESOLUTION NO. _____

A RESOLUTION BY THE REDEVELOPMENT AGENCY OF THE CITY OF OREM APPROVING THE PURCHASE OF A RESIDENTIAL PROPERTY LOCATED AT 246 WEST 1400 SOUTH, OREM, UT 84058

WHEREAS a goal in the Orem Economic Development Strategic Plan dated December 2014, discusses a need for Orem to “maintain supremacy as the regional retail hub of Utah County”; and

WHEREAS the goal is also identified as one of three top priorities and “retail sales are vital to Orem and the City needs to stay abreast of retail trends in order to maintain its position as the center of shopping activity”; and

WHEREAS automotive sales are a major component of Orem’s retail sales as well as an important sales tax revenue source and automotive sales account for 13% of sales tax captured within the city’s boundaries, 40% of which comes from the dealerships on University Parkway; and

WHEREAS the Ken Garff Nissan dealership on University Parkway is out of room and may soon face manufacturer land requirement issues and has been parking new car inventory in various locations throughout the city for the past few years; and

WHEREAS the City has been actively looking for solutions to assist the Ken Garff Nissan dealership with current site restrictions and anticipates working with Ken Garff Nissan on a future dealership redevelopment project and may use property acquired by the Redevelopment Agency to negotiate a long term retention agreement with Ken Garff Nissan; and

WHEREAS a residential property has become available for purchase located on the east boundary of the Nissan dealership; and

WHEREAS an appraisal of the residential property has been completed and a value of \$212,000 was determined; and

WHEREAS an offer to purchase the property by the RDA for the appraised value was accepted by the sellers contingent upon approval by the Redevelopment Agency; and

WHEREAS the property will be purchased with Redevelopment Agency Funds from Redevelopment Area 85-03A.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF OREM, UTAH, as follows:

1. The Agency approves the Real Estate Purchase Contract attached hereto as Exhibit “A” and incorporated herein by reference and authorizes the City Manager to execute the closing documents required to complete the purchase.

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PASSED AND APPROVED this 11th day of October 2016.

Richard F. Brunst, Jr., Mayor

ATTEST:

Donna R. Weaver, City Recorder

COUNCIL MEMBERS VOTING "AYE"

COUNCIL MEMBERS VOTING "NAY"

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EXHIBIT A

REAL ESTATE PURCHASE CONTRACT

This is a legally binding Real Estate Purchase Contract ("REPC"). Utah law requires real estate licensees to use this form. Buyer and Seller, however, may agree to alter or delete its provisions or to use a different form. If you desire legal or tax advice, consult your attorney or tax advisor.

OFFER TO PURCHASE AND EARNEST MONEY DEPOSIT

On this _____ day of _____, 2016 ("Offer Reference Date") the **Redevelopment Agency of the City of Orem, Utah** ("Buyer") offers to purchase from **Dustin N. Nielsen and Amelia Nielsen** ("Seller") the Property described below and **agrees to deliver no later than four (4) calendar days after Acceptance (as defined in Section 23)**, Earnest Money in the amount of \$1,000.00 in the form of a check or wire transfer. After Acceptance of the REPC by Buyer and Seller, and receipt of the Earnest Money by the Escrow Agent, who will deposit the Earnest Money into the Escrow Account.

Escrow Agent United West Title, 961 Orem Blvd., Orem, Utah Phone: (801) 225-2857

Received by: _____ on _____ (Date)
(Signature above acknowledges receipt of Earnest Money)

OTHER PROVISIONS

1. PROPERTY: 246 West 1400 South
Orem, Utah 84097

also described as:

Commencing at a point located North 89°08'17" West along the section line 1532.57 feet and South 1046.43 feet from the Northeast Comer of Section 27, Township 6 South, Range 2 East, Salt Lake Base and Meridian; thence South 06°18'42" West 100.60 feet; thence North 89°58'18" West along the Northerly boundary of 1400 South Street 90.54 feet; thence North 06°18'42" East along a fence line 100.60 feet; thence South 89°58'18" East 90.54 feet to the point of beginning.

Less and Excepting that portion lying identified in that certain Boundary Line Agreement recorded on August 18, 2003 as Entry no. 132721:2003 described as:

Commencing at a point located South 89°08'17" East along the Section line 1068.93 feet and South 1047.60 feet from the North Quarter Comer of Section 27, Township 6 South, Range 2 East, Salt Lake Base and Meridian; thence North 89°59'06" West 3.00 feet; thence South 06°53'54" West 83.54 feet; thence South 84°19'11" East 4.70 feet; thence South 01°51'54" West 16.78 feet to a point on the Northerly boundary of 1400 South Street, Orem Utah said point being located South 89°07'17" East along the Section line 1060.03 feet and South 1147.90 feet from the North Quarter Comer of said Section 27.

Parcel No.: 19-028-0070

City of Orem, County of Utah, State of Utah, Zip 84058 (the "Property"). Any reference below to the term "Property" shall include the Property described above, together with the Included Items and water rights/water shares, if any, referenced in Sections 1.1, 1.2 and 1.4.

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1.1 **Included Items.** Unless excluded herein, this sale includes the following items if presently owned and in place on the Property: plumbing, heating, air conditioning fixtures and equipment; ovens, ranges and hoods; cook tops; dishwashers; ceiling fans; water heaters; light fixtures and bulbs; bathroom fixtures and bathroom mirrors; curtains, draperies, rods, window blinds and shutters; window and door screens; storm doors and windows; awnings; satellite dishes; affixed carpets; automatic garage door openers and accompanying transmitters; security system; fencing and any landscaping.

1.2 **Other Included Items.** The following items that are presently owned and in place on the Property have been left for the convenience of the parties and are also included in this sale (**check applicable box**): washers dryers refrigerators water softeners microwave ovens other (specify) _____

The above checked items shall be conveyed to Buyer under separate bill of sale with warranties as to title.

1.3 **Excluded Items.** The following items are excluded from this sale: _____

1.4 **Water Service.** The Purchase Price for the Property shall include all water rights/water shares, if any, that are the legal source for Seller’s current culinary water service and irrigation water service, if any, to the Property. The water rights/water shares will be conveyed or otherwise transferred to Buyer at Closing by applicable deed or legal instruments.

The following water rights/water shares, if applicable, are specifically excluded from this sale: _____

2. **PURCHASE PRICE.** The Purchase Price for the Property is \$ 212,000.00. Except as provided in this Section, the Purchase Price shall be paid as provided in Sections 2(a) through 2(d) below. Any amounts shown in 2(b) and 2(d) may be adjusted as deemed necessary by Buyer and the Lender.

\$ 1,000.00 (a) **Earnest Money Deposit.** Under certain conditions described in the REPC, this deposit may become totally non-refundable.

\$ 0 (b) **New Loan.** Buyer may apply for mortgage loan financing (the “Loan”) on terms acceptable to Buyer: If an FHA/VA loan applies, see attached FHA/VA Loan Addendum.

\$ 0 (c) **Seller Financing** (see attached Seller Financing Addendum)

\$ 211,000.00 (d) **Balance of Purchase Price in Cash at Settlement**

\$ 212,000.00 **PURCHASE PRICE. Total of lines (a) through (d)**

3. **SETTLEMENT AND CLOSING.**

3.1 **Settlement.** Settlement shall take place no later than the Settlement Deadline referenced in Section 24(d), or as otherwise mutually agreed by Buyer and Seller in writing. “Settlement” shall occur only when all of the following have been completed: (a) Buyer and Seller have signed and delivered to each other or to the escrow/closing office all documents required by the REPC, by the Lender, by the title insurance and escrow/closing offices, by written escrow instructions (including any split closing instructions, if applicable), or by applicable law; (b) any monies required to be paid by Buyer or Seller under these documents (except for the proceeds of any new loan) have been delivered by Buyer or Seller to the other party, or to the escrow/closing office, in the form of cash, wire transfer, cashier’s check, or other form acceptable to the escrow/closing office.

- 3.2 **Prorations.** All prorations, including, but not limited to, homeowner’s association dues, property taxes for the current year, rents, and interest on assumed obligations, if any, shall be made as of the Settlement Deadline referenced in Section 24(d), unless otherwise agreed to in writing by the parties. Such writing could include the settlement statement. The provisions of this Section 3.2 shall survive Closing.
- 3.3 **Special Assessments.** Any assessments for capital improvements as approved by the HOA (pursuant to HOA governing documents) or as assessed by a municipality or special improvement district, prior to the Settlement Deadline shall be paid for by: Seller Buyer Split Equally **Between Buyer and Seller** Other (explain) _____
The provisions of this Section 3.3 shall survive Closing.
- 3.4 **Fees/Costs/Payment Obligations.** Unless otherwise agreed to in writing, Seller and Buyer shall each pay one-half (1/2) of the fee charged by the escrow/closing office for its services in the settlement/closing process. Tenant deposits (including, but not limited to, security deposits, cleaning deposits and prepaid rents) shall be paid or credited by Seller to Buyer at Settlement. Buyer agrees to be responsible for homeowners’ association and private and public utility service transfer fees, if any, and all utilities and other services provided to the Property after the Settlement Deadline. The escrow/closing office is authorized and directed to withhold from Seller’s proceeds at Closing, sufficient funds to pay off on Seller’s behalf all mortgages, trust deeds, judgments, mechanic’s liens, tax liens and warrants. The provisions of this Section 3.4 shall survive Closing.
- 3.5 **Closing.** For purposes of the REPC, “Closing” means that: (a) Settlement has been completed; (b) the proceeds of any new loan have been delivered by the Lender to Seller or to the escrow/closing office; and (c) the applicable Closing documents have been recorded in the office of the county recorder. The actions described in 3.5 (b) and (c) shall be completed within four calendar days after Settlement.

4. **POSSESSION.** Seller shall deliver physical possession of the Property to Buyer as follows: Upon Closing;
 ___Hours after Closing; ___Calendar Days after Closing. Any contracted rental of the Property prior to or after Closing, between Buyer and Seller, shall be by separate written agreement. Seller and Buyer shall each be responsible for any insurance coverage each party deems necessary for the Property including any personal property and belongings. Seller agrees to deliver the Property to Buyer in broom-clean condition and free of debris and personal belongings. Any Seller or tenant moving-related damage to the Property shall be repaired at Seller's expense. The provisions of this Section 4 shall survive Closing.

5. **CONFIRMATION OF AGENCY DISCLOSURE.** Buyer and Seller acknowledge prior written receipt of agency disclosure provided by their respective agent that has disclosed the agency relationships confirmed below. At the signing of the REPC:

Seller’s Agent None, represents Seller both Buyer and Seller as a **Limited Agent;**

Seller’s Brokerage None, represents Seller both Buyer and Seller as a **Limited Agent;**

Buyer’s Agent None, represents Buyer both Buyer and Seller as a **Limited Agent;** Buyer’s Brokerage None, represents Buyer both Buyer and Seller as a **Limited Agent.**

6. **TITLE & TITLE INSURANCE.**

6.1 **Title to Property.** Seller represents that Seller has fee title to the Property and will convey marketable title to the Property to Buyer at Closing by general warranty deed. Buyer does agree to accept title to the Property subject to the contents of the Commitment for Title Insurance (the “Commitment”) provided by Seller under Section 7, and as reviewed and approved by Buyer under Section 8. Buyer also agrees to accept title to the Property subject to any existing leases, rental and property management agreements affecting the Property not expiring prior to Closing which were provided to Buyer pursuant to Section 7(e). The provisions of this Section 6.1 shall survive Closing.

6.2 **Title Insurance.** At Settlement, Seller agrees to pay for and cause to be issued in favor of Buyer, through the title insurance agency that issued the Commitment (the “Issuing Agent”), the most current

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version of the *ALTA Homeowner's Policy of Title Insurance* (the "*Homeowner's Policy*"). If the *Homeowner's Policy* is not available through the Issuing Agent, Buyer and Seller further agree as follows: (a) Seller agrees to pay for the *Homeowner's Policy* if available through any other title insurance agency selected by Buyer; (b) if the *Homeowner's Policy* is not available either through the Issuing Agent or any other title insurance agency, then Seller agrees to pay for, and Buyer agrees to accept, the most current available version of an *ALTA Owner's Policy of Title Insurance* ("*Standard Coverage Owner's Policy*") available through the Issuing Agent.

7. SELLER DISCLOSURES. No later than the Seller Disclosure Deadline referenced in Section 24(a), Seller shall provide to Buyer the following documents in hard copy or electronic format which are collectively referred to as the "Seller Disclosures":

- (a) a written Seller property condition disclosure for the Property, completed, signed and dated by Seller as provided in Section 10.3;
- (b) a Commitment for Title Insurance as referenced in Section 6;
- (c) a copy of any restrictive covenants (CC&R's), rules and regulations affecting the Property;
- (d) a copy of the most recent minutes, budget and financial statement for the homeowners' association, if any;
- (e) a copy of any lease, rental, and property management agreements affecting the Property not expiring prior to Closing;
- (f) evidence of any water rights and/or water shares referenced in Section 1.4;
 - (g) written notice of any claims and/or conditions known to Seller relating to environmental problems and building or zoning code violations; and
 - (h) Other (specify) Copy of the lease and/or rental agreement scheduled to expire prior to closing and proof that the tenant has vacated the Property.

8. BUYER'S CONDITIONS OF PURCHASE.

8.1 DUE DILIGENCE CONDITION. Buyer's obligation to purchase the Property: IS IS NOT conditioned upon Buyer's Due Diligence as defined in this Section 8.1(a) below. This condition is referred to as the "Due Diligence Condition." If checked in the affirmative, Sections 8.1(a) through 8.1(c) apply; otherwise they do not.

(a) Due Diligence Items. Buyer's Due Diligence shall consist of Buyer's review and approval of the contents of the Seller Disclosures referenced in Section 7, and any other tests, evaluations and verifications of the Property deemed necessary or appropriate by Buyer, such as: the physical condition of the Property; the existence of any hazardous substances, environmental issues or geologic conditions; the square footage or acreage of the land and/or improvements; the condition of the roof, walls, and foundation; the condition of the plumbing, electrical, mechanical, heating and air conditioning systems and fixtures; the condition of all appliances; the costs and availability of homeowners' insurance and flood insurance, if applicable; water source, availability and quality; the location of property lines; regulatory use restrictions or violations; fees for services such as HOA dues, municipal services, and utility costs; convicted sex offenders residing in proximity to the Property; and any other matters deemed material to Buyer in making a decision to purchase the Property. Unless otherwise provided in the REPC, all of Buyer's Due Diligence shall be paid for by Buyer and shall be conducted by individuals or entities of Buyer's choice. Seller agrees to cooperate with Buyer's Due Diligence. Buyer agrees to pay for any damage to the Property resulting from any such inspections or tests during the Due Diligence.

(b) Buyer's Right to Cancel or Resolve Objections. If Buyer determines, in Buyer's sole discretion, that the results of the Due Diligence are unacceptable, Buyer may either: (i) no later than the Due Diligence Deadline referenced in Section 24(b), cancel the REPC by providing written notice to Seller, whereupon the Earnest Money Deposit shall be released to Buyer without the requirement of further written authorization from Seller; or (ii) no later than the Due Diligence Deadline referenced in Section 24(b), resolve in writing with Seller any objections Buyer has arising from Buyer's Due Diligence.

(c) Failure to Cancel or Resolve Objections. If Buyer fails to cancel the REPC or fails to resolve in writing any objections Buyer has arising from Buyer's Due Diligence, as provided in Section 8.1(b), Buyer shall be deemed to have waived the Due Diligence Condition.

8.2 APPRAISAL CONDITION. Buyer's obligation to purchase the Property: IS IS NOT conditioned upon the Property appraising for not less than the Purchase Price. This condition is referred

to as the "Appraisal Condition." If checked in the affirmative, Sections 8.2(a) and 8.2(b) apply; otherwise they do not.

(a) **Buyer's Right to Cancel.** If after completion of an appraisal by a licensed appraiser, Buyer receives written notice from the Lender or the appraiser that the Property has appraised for less than the Purchase Price (a "Notice of Appraised Value"), Buyer may cancel the REPC by providing written notice to Seller (with a copy of the Notice of Appraised Value) no later than the Financing & Appraisal Deadline referenced in Section 24(c); whereupon the Earnest Money Deposit shall be released to Buyer without the requirement of further written authorization from Seller.

(b) **Failure to Cancel.** If the REPC is not cancelled as provided in this section 8.2, Buyer shall be deemed to have waived the Appraisal Condition.

8.3 FINANCING CONDITION. Buyer's obligation to purchase the property: IS IS NOT conditioned upon Buyer obtaining the Loan referenced in Section 2(b). This condition is referred to as the "Financing Condition." If checked in the affirmative, Sections 8.3(a) and 8.3(b) apply; otherwise they do not. If the Financing Condition applies, Buyer agrees to work diligently and in good faith to obtain the Loan.

(a) **Buyer's Right to Cancel Before the Financing & Appraisal Deadline.** If Buyer, in Buyer's sole discretion, is not satisfied with the terms and conditions of the Loan, Buyer may cancel the REPC by providing written notice to Seller no later than the Financing & Appraisal Deadline referenced in Section 24(c); whereupon the Earnest Money Deposit shall be released to Buyer without the requirement of further written authorization from Seller.

(b) **Buyer's Right to Cancel After the Financing & Appraisal Deadline.** If after expiration of the Financing & Appraisal Deadline referenced in Section 24(c), Buyer fails to obtain the Loan, meaning that the proceeds of the Loan have not been delivered by the Lender to Seller or to the escrow/closing office as required under Section 3.5 of the REPC, then Buyer or Seller may cancel the REPC by providing written notice to the other party; whereupon the Earnest Money Deposit, or Deposits, if applicable (see Section 8.4 below), shall be released to Seller without the requirement of further written authorization from Buyer. In the event of such cancellation, Seller agrees to accept as Seller's exclusive remedy, the Earnest Money Deposit, or Deposits, if applicable, as liquidated damages. Buyer and Seller agree that liquidated damages would be difficult and impractical to calculate, and the Earnest Money Deposit, or Deposits, if applicable, is a fair and reasonable estimate of Seller's damages in the event Buyer fails to obtain the Loan. o

8.4 ADDITIONAL EARNEST MONEY DEPOSIT. If the REPC has not been previously canceled by Buyer as provided in Sections 8.1, 8.2 or 8.3(a), then no later than the Due Diligence Deadline referenced in Section 24(b), or the Financing & Appraisal Deadline referenced in Section 24(c), whichever is later, Buyer: WILL WILL NOT deliver to the Buyer's Brokerage, an Additional Earnest Money Deposit in the amount of \$_____. The Earnest Money Deposit and the Additional Earnest Money Deposit, if applicable, are sometimes referred to herein as the "Deposits". The Earnest Money Deposit, or Deposits, if applicable, shall be credited toward the Purchase Price at Closing.

9. ADDENDA. There ARE ARE NOT addenda to the REPC containing additional terms. If there are, the terms of the following addenda are incorporated into the REPC by this reference: **Addendum No. 1 Sale Conditioned Upon Approval of Governmental Entities.**

Seller Financing Addendum **FHA/VA Loan Addendum** **Lead-Based Paint Disclosure & Acknowledgement**

(in some transactions this disclosure is required by law) Other (specify)

10. HOME WARRANTY PLAN / AS-IS CONDITION OF PROPERTY.

10.1 Home Warranty Plan. A one-year Home Warranty Plan WILL WILL NOT be included in this transaction. If included, the Home Warranty Plan shall be ordered by Buyer Seller and shall be issued by a company selected by Buyer Seller. The cost of the Home Warranty Plan shall not exceed \$1,500.00_____ and shall be paid for at Settlement by Buyer Seller.

10.2 Condition of Property/Buyer Acknowledgements. Buyer acknowledges and agrees that in reference to the physical condition of the Property: (a) Buyer is purchasing the Property in its "As-Is" condition without expressed or implied warranties of any kind; (b) Buyer shall have, during Buyer's Due

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Diligence as referenced in Section 8.1, an opportunity to completely inspect and evaluate the condition of the Property; and (c) if based on the Buyer's Due Diligence, Buyer elects to proceed with the purchase of the Property, Buyer is relying wholly on Buyer's own judgment and that of any contractors or inspectors engaged by Buyer to review, evaluate and inspect the Property.

10.3 Condition of Property/Seller Acknowledgements. Seller acknowledges and agrees that in reference to the physical condition of the Property, Seller agrees to: (a) disclose in writing to Buyer defects in the Property known to Seller that materially affect the value of the Property that cannot be discovered by a reasonable inspection by an ordinary prudent Buyer; (b) carefully review, complete, and provide to Buyer a written Seller property condition disclosure as stated in section 7(a); and (c) deliver the Property to Buyer in substantially the same general condition as it was on the date of Acceptance, as defined in Section 23, ordinary wear and tear excepted. The provisions of Sections 10.2 and 10.3 shall survive Closing.

11. FINAL PRE-SETTLEMENT WALK-THROUGH INSPECTION.

11.1 Walk-Through Inspection. No earlier than seven (7) calendar days prior to Settlement, and upon reasonable notice and at a reasonable time, Buyer may conduct a final pre-Settlement walk-through inspection of the Property to determine only that the Property is "as represented," meaning that the items referenced in Sections 1.1, 1.2 and 8.1(b)(ii) ("the items") are respectively present, repaired or corrected as agreed. The failure to conduct a walk-through inspection or to claim that an item is not as represented shall not constitute a waiver by Buyer of the right to receive, on the date of possession, the items as represented. If the items are not as represented, Seller agrees to cause all applicable items to be corrected, repaired or replaced (the "Work") prior to the Settlement Deadline referenced in Section 24(d).

11.2 Escrow to Complete the Work. If, as of Settlement, the Work has not been completed, then Buyer and Seller agree to withhold in escrow at Settlement a reasonable amount agreed to by Seller, Buyer (and Lender, if applicable), sufficient to pay for completion of the Work. If the Work is not completed within thirty (30) calendar days after the Settlement Deadline, the amount so escrowed may, subject to Lender's approval, be released to Buyer as liquidated damages for failure to complete the Work. The provisions of this Section 11.2 shall survive Closing.

12. CHANGES DURING TRANSACTION. Seller agrees that from the date of Acceptance until the date of Closing, none of the following shall occur without the prior written consent of Buyer: (a) no changes in any leases, rental or property management agreements shall be made; (b) no new lease, rental or property management agreements shall be entered into; (c) no substantial alterations or improvements to the Property shall be made or undertaken; (d) no further financial encumbrances to the Property shall be made, and (e) no changes in the legal title to the Property shall be made.

13. AUTHORITY OF SIGNERS. If Buyer or Seller is a corporation, partnership, trust, estate, limited liability company or other entity, the person signing the REPC on its behalf warrants his or her authority to do so and to bind Buyer and Seller.

14. COMPLETE CONTRACT. The REPC together with its addenda, any attached exhibits, and Seller Disclosures (collectively referred to as the "REPC"), constitutes the entire contract between the parties and supersedes and replaces any and all prior negotiations, representations, warranties, understandings or contracts between the parties whether verbal or otherwise. The REPC cannot be changed except by written agreement of the parties.

15. MEDIATION. Any dispute relating to the REPC arising prior to or after Closing: SHALL MAY AT THE OPTION OF THE PARTIES first be submitted to mediation. Mediation is a process in which the parties meet with an impartial person who helps to resolve the dispute informally and confidentially. Mediators cannot impose binding decisions. The parties to the dispute must agree before any settlement is binding. The parties will jointly appoint an acceptable mediator and share equally in the cost of such mediation. If mediation fails, the other procedures and remedies available under the REPC shall apply. Nothing in this Section 15 prohibits any party from seeking emergency legal or equitable relief, pending mediation. The provisions of this Section 15 shall survive Closing.

16. DEFAULT.

16.1 Buyer Default. If Buyer defaults, Seller may elect one of the following remedies: (a) cancel the REPC and retain the Earnest Money Deposit, or Deposits, if applicable, as liquidated damages; (b) maintain the Earnest Money Deposit, or Deposits, if applicable, in trust and sue Buyer to specifically

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enforce the REPC; or (c) return the Earnest Money Deposit, or Deposits, if applicable, to Buyer and pursue any other remedies available at law.

16.2 Seller Default. If Seller defaults, Buyer may elect one of the following remedies: (a) cancel the REPC, and in addition to the return of the Earnest Money Deposit, or Deposits, if applicable, Buyer may elect to accept from Seller, as liquidated damages, a sum equal to the Earnest Money Deposit, or Deposits, if applicable; or (b) maintain the Earnest Money Deposit, or Deposits, if applicable, in trust and sue Seller to specifically enforce the REPC; or (c) accept a return of the Earnest Money Deposit, or Deposits, if applicable, and pursue any other remedies available at law. If Buyer elects to accept liquidated damages, Seller agrees to pay the liquidated damages to Buyer upon demand.

17. ATTORNEY FEES AND COSTS/GOVERNING LAW. In the event of litigation or binding arbitration to enforce the REPC, the prevailing party shall be entitled to costs and reasonable attorney fees. However, attorney fees shall not be awarded for participation in mediation under Section 15. This contract shall be governed by and construed in accordance with the laws of the State of Utah. The provisions of this Section 17 shall survive Closing.

18. NOTICES. Except as provided in Section 23, all notices required under the REPC must be: (a) in writing; (b) signed by the Buyer or Seller giving notice; and (c) received by the Buyer or the Seller, or their respective agent, or by the brokerage firm representing the Buyer or Seller, no later than the applicable date referenced in the REPC.

19. NO ASSIGNMENT. The REPC and the rights and obligations of Buyer hereunder, are personal to Buyer. The REPC may not be assigned by Buyer without the prior written consent of Seller. Provided, however, the transfer of Buyer's interest in the REPC to any business entity in which Buyer holds a legal interest, including, but not limited to, a family partnership, family trust, limited liability company, partnership, or corporation (collectively referred to as a "Permissible Transfer"), shall not be treated as an assignment by Buyer that requires Seller's prior written consent. Furthermore, the inclusion of "and/or assigns" or similar language on the line identifying Buyer on the first page of the REPC shall constitute Seller's written consent only to a Permissible Transfer.

20. INSURANCE & RISK OF LOSS.

20.1 Insurance Coverage. As of Closing, Buyer shall be responsible to obtain casualty and liability insurance coverage on the Property in amounts acceptable to Buyer and Buyer's Lender, if applicable.

20.2 Risk of Loss. If prior to Closing, any part of the Property is damaged or destroyed by fire, vandalism, flood, earthquake, or act of God, the risk of such loss or damage shall be borne by Seller; provided however, that if the cost of repairing such loss or damage would exceed ten percent (10%) of the Purchase Price referenced in Section 2, either Seller or Buyer may elect to cancel the REPC by providing written notice to the other party, in which instance the Earnest Money Deposit, or Deposits, if applicable, shall be returned to Buyer.

21. TIME IS OF THE ESSENCE. Time is of the essence regarding the dates set forth in the REPC. Extensions must be agreed to in writing by all parties. Unless otherwise explicitly stated in the REPC: (a) performance under each Section of the REPC which references a date shall absolutely be required by 5:00 PM Mountain Time on the stated date; and (b) the term "days" and "calendar days" shall mean calendar days and shall be counted beginning on the day following the event which triggers the timing requirement (e.g. Acceptance). Performance dates and times referenced herein shall not be binding upon title companies, lenders, appraisers and others not parties to the REPC, except as otherwise agreed to in writing by such non-party.

22. ELECTRONIC TRANSMISSION AND COUNTERPARTS. Electronic transmission (including email and fax) of a signed copy of the REPC, any addenda and counteroffers, and the retransmission of any signed electronic transmission shall be the same as delivery of an original. The REPC and any addenda and counteroffers may be executed in counterparts.

23. ACCEPTANCE. "Acceptance" occurs **only** when **all** of the following have occurred: (a) Seller or Buyer has signed the offer or counteroffer where noted to indicate acceptance; and (b) Seller or Buyer or their agent has communicated to the other party or to the other party's agent that the offer or counteroffer has been signed as required.

24. CONTRACT DEADLINES. Buyer and Seller agree that the following deadlines shall apply to the REPC:

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- (a) **Seller Disclosure Deadline** October 17, 2016
(Date)
- (b) **Due Diligence Deadline** October 24, 2016
(Date)
- (c) **Financing & Appraisal Deadline** October 27, 2106
(Date)
- (d) **Settlement Deadline** November 8, 2016
(Date)

25. OFFER AND TIME FOR ACCEPTANCE. Buyer offers to purchase the Property on the above terms and conditions. If Seller does not accept this offer by: 5:00 AM PM Mountain Time on October 7, 2016 (Date), this offer shall lapse; and the Brokerage shall return any Earnest Money Deposit to Buyer.

(Buyer's Signature) (Offer Date)

ATTEST: _____
Donna R. Weaver, Secretary (Date)

Redevelopment Agency of the City of Orem Utah 56 North State Street, Orem, Utah 84057 801-229-7172

(Buyer's Names) **(PLEASE PRINT)** (Notice Address) (Zip Code) (Phone)

ACCEPTANCE/COUNTEROFFER/REJECTIO

N CHECK ONE:

- ACCEPTANCE OF OFFER TO PURCHASE:** Seller Accepts the foregoing offer on the terms and conditions specified above.
- COUNTEROFFER:** Seller presents for Buyer's Acceptance the terms of Buyer's offer subject to the exceptions or modifications as specified in the attached ADDENDUM NO. __.
- REJECTION:** Seller rejects the foregoing offer.

(Seller's Signature) (Date) (Time) (Seller's Signature) (Date)
(Time)

Dustin N. Nielsen
(Seller's Names) **(PLEASE PRINT)** (Notice Address) (Zip Code) (Phone)

Amelia Nielsen
(Seller's Names) **(PLEASE PRINT)** (Notice Address) (Zip Code) (Phone)

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ADDENDUM NO. 1
TO
REAL ESTATE PURCHASE CONTRACT

THIS IS AN [X] ADDENDUM [] COUNTEROFFER to that REAL ESTATE PURCHASE CONTRACT (the "REPC") with an Offer Reference Date of _____, including all prior addenda and counteroffers, between the Redevelopment Agency of the City of Orem, Utah as Buyer, and Dustin N. Nielsen and Amelia Nielsen as Seller, regarding the Property located at 246 West 1400 South, Orem, Utah 84058. The following terms are hereby incorporated as part of the REPC:

- 1. The sale of this Property is contingent upon obtaining the approval of the Board of the Redevelopment Agency of the City of Orem, Utah and/or the City Council of the City of Orem. Failure to obtain this approval shall result in the transaction being cancelled, a return of the Buyer's Earnest Money Deposit, and with Buyer and Seller to bear their own costs.
2. The current tenant residing at the Property shall vacate the Property prior to Closing.

BUYER AND SELLER AGREE THAT THE CONTRACT DEADLINES REFERENCED IN SECTION 24 OF THE REPC (CHECK APPLICABLE BOX): [X] REMAIN UNCHANGED [] ARE CHANGED AS FOLLOWS:_____

To the extent the terms of this ADDENDUM modify or conflict with any provisions of the REPC, including all prior addenda and counteroffers, these terms shall control. All other terms of the REPC, including all prior addenda and counteroffers, not modified by this ADDENDUM shall remain the same. [X] Seller [] Buyer shall have until 5:00 [] AM [X] PM Mountain Time on October 7, 2016 (Date), to accept the terms of this ADDENDUM in accordance with the provisions of Section 23 of the REPC. Unless so accepted, the offer as set forth in this ADDENDUM shall lapse.

[] Buyer [] Seller Signature (Date) (Time) [] Buyer [] Seller Signature (Date) (Time)

ACCEPTANCE/COUNTEROFFER/REJECTION

CHECK ONE:

[] ACCEPTANCE: [] Seller [] Buyer hereby accepts the terms of this ADDENDUM.

[] COUNTEROFFER: [] Seller [] Buyer presents as a counteroffer the terms of attached ADDENDUM NO. _____.

(Signature) (Date) (Time) (Signature) (Date)
(Time)

[] REJECTION: [] Seller [] Buyer rejects the foregoing ADDENDUM.

(Signature) (Date) (Time) (Date) (Time)
(Signature) (Date) (Time)

THIS FORM APPROVED BY THE UTAH REAL ESTATE COMMISSION AND THE OFFICE OF THE UTAH ATTORNEY GENERAL, EFFECTIVE AUGUST 5, 2003. IT REPLACES AND SUPERSEDES ALL PREVIOUSLY APPROVED VERSIONS OF THIS FORM.