MEADOW POINTE COMMUNITY REINVESTMENT PROJECT AREA PLAN

ADOPTED DECEMBER 11TH, 2018

LEHI CITY REDEVELOPMENT AGENCY

Prepared by Marlin Eldred, Economic Development Director, Lehi City

Table of Contents

Section 1: **Introduction**

The Lehi City Redevelopment Agency (the Agency), is looking at north Lehi, particularly 2100 North and Ashton Blvd as an area for growth in both personal and real property and sales and use tax and has prepared the following plan ("Plan"). This Plan has been prepared per Utah State Code taking into account the economic impacts of commercial, retail, industrial and housing development as it relates to a return on investment for the community while providing a return for the development community. The current property encompassed by the Community Reinvestment Area has two class A office buildings on the property and the rest is vacant land. This is not the highest and best use of the property for real and personal property and sales and use tax generation. Prior to the class A office space the property was vacant land. The goal of the CRA is to create a mechanism to fulfill an agreement that was agreed to prior to the development of the property. The City has determined that creating a CRA is in the best interest of its residents to grow the sales and use tax base and allow for additional services to enhance the residents' quality of life. The purpose of this plan is to evaluate the opportunity for the Meadow Pointe Development Project by breaking out how the CRA will work, mechanisms used for incentives and a return on investment for the community and taxing entities.

This plan follows Utah Code Annotated (UCA) Title 17C Chapters 1 and 5 (Utah Limited Purpose Local Government Entities – Community Reinvestment Agency Act. Requirements of the Act include notice and hearing obligations. The Agency must show they have been met in order to complete the CRA.

This document is prepared in good faith as a current reasonable estimate of the economic impact of this Project. Fundamental economic and other circumstances may influence the actual impact. With these assumptions, the information contained within this report represents the reasonable expectations of the Project. The Agency makes no guarantee that the projections contained in this Plan document or in the Budget for the Project Area accurately reflect the future development within the Project Area. Further, the Agency specifically reserves all powers granted to it under the Act, as amended; this Plan shall not be interpreted to limit or restrict the powers of the agency as granted by the Act.

Section 2: Definitions

As used in the Plan:

2.1 "Act" means Title 17C of the Utah Code Annotated (UCA) 1953, as amended: the Utah Limited Purpose Local Government Entities – Community Reinvestment Agency Act, as amended, or such successor law or act as may from time to time be enacted.

2.2 "Agency" means the Lehi City Redevelopment Agency, created and operated pursuant to UCA 17C-1-101(4) and its predecessor or successor status, as designated by Lehi City to act as the redevelopment agency.

2.3 “Agency Board” means the governing body of the Agency.

2.4 “Base Taxable Value” has the same meaning as in the Act (UCA 17C-1-102(8)). “Base Taxable Value” is synonymous with “Base Year Taxable Value”, “Base Year Value”, and “Base Value”.

2.5 “Base Tax Amount” means a sum equal to the tax revenue arising from the Project Area during the Base Year, which is calculated as the product of the Base Taxable Value and the certified tax rate in effect during the Base Year.

2.6 “Base Year” means the year of the Base Taxable Value as will be set in the interlocal agreements with the Agency as contemplated by UCA 17C-1-102(9)(d).

2.7 “Bond” means any bonds, notes, interim certificates, or other obligations issued by an agency.

2.8 “City” means Lehi City, a political subdivision of the State of Utah.

2.9 “Comprehensive General Plan” or “General Plan” means the general plan adopted by the City under UCA § 10-9a-401.

2.10 “Community Reinvestment” means development activities within a community, including the encouragement, promotion or provisions of development as provided for in the Act.

2.11 “Community Reinvestment Project Area Plan” means a project area plan, as defined by UCA § 17C-1-102(21) of the Act, designed to foster project area development, as defined by UCA § 17C-1-102(47) of the Act, developed by the Agency and adopted by ordinance of the governing body of the City, to guide and control community development projects in a specific project area.

2.12 “Governing Body” means (a) in reference to the Lehi City Redevelopment Agency; the Board of the Agency, or (b) if used in reference to Lehi City, City Council of Lehi City.

2.13 “Project Area” means the Meadow Pointe Community Reinvestment Project Area, per resolution of the Lehi City Redevelopment Agency.

2.14 “Property Taxes” means all levies on an ad valorem basis upon land, real property, personal property, or any other property, tangible or intangible.

2.15 “Sales Tax” means a tax on sales or on the receipts from sales.

2.16 “Taxing Entities” means the public entities, including the state, county, city, school district, special service district, or other public body, which levy property taxes on any parcel or parcels of property located within the Project Area.

2.17 “Tax Increment” means that portion of the taxes levied each year in excess of the base tax amount, which excess amount is paid into a special fund of the Agency, pursuant to UCA 17C-1-102(60)(a) and Part 5 of UCA Chapter 17C-1, as amended.

2.18 “Tax Year Real and Personal Property” means the 12 month period between sequential tax role equalizations (November 1st through October 31st) of the following year, e.g., the Nov 1, 2017 – Oct 31, 2018 tax year.

2.19 “Tax Year Sales Tax” means the 12 month period between January 1st through December 31st of the previous year, e.g., January 1, 2017 – December 31, 2017 tax year.

2.20 “2011 Agreement” Development agreement dated June 14th, 2011 between the Redevelopment Agency, IR Lehi LLC, and Thanksgiving Station LLC where the agreement defines what type of development triggers the infrastructure improvements and incentives.

Section 3: Description of the Community Reinvestment Project Area (17C-5-105(1)(a))

The project area is entirely located within the legal boundaries of Lehi City. It is directly west of Interstate 15 between Triumph Blvd and 2100 north. The property encompasses approximately 118.3 acres of land as recorded in the Utah County Recorder’s office.

The Project Area encompasses fifteen parcels outlined on the map attached hereto as **APPENDIX A** (the “Project Area Map”). The fifteen parcels are owned by two land owners.

A legal description of the Project Area is attached as **APPENDIX B**.

Section 4: Project Area Characteristics and How They Will be Affected by Project Area Development (17C-5-105(1)(b))

Land Uses in the Project Area

The Project Area is currently in a regional commercial and resort community zone designation. The general plan shows the property in commercial and resort community. The city zoning and general plan are both in alignment as to the land designation and desired buildout. The resort community zoning for Thanksgiving Park is designated through an area plan. The area plan allows commercial, retail and housing. There currently exists an agreement “2011 Agreement” with the land owners to reimburse for certain infrastructure costs. The agreement was triggered by a retail tenant that will generate over $30M in annual sales. It is for this purpose the Project Area is being created. Based on the size of CRA area the property could develop with professional office space, multiple car dealerships, restaurants, convenient store with assorted retail and a hotel. All contemplated development must follow proper planning and zoning ordinances and requirements and be approved by Lehi City after being duly-noticed in a public meeting. 39 acres is designated as regional commercial per the Lehi City development code and land use map. Chapter 5 of the Lehi City development code designates automobile sales/rental sites 1 acre or larger and automobile service and repair as a permitted use within the zone. All other intended uses are listed as permitted uses to include restaurant, professional office, hotels and motels. The remaining acreage is designated as resort community. Resort community is defined as an area that requires an area plan. The acreage falls under the Thanksgiving Park area plan. The area plan designates multifamily, professional office, restaurants, and hotels as permitted uses as well as many other uses.

Layout of Principal Streets in the Project Area

The area is split between a five lane and two lane road. The intent of the CRA Area is to complete Ashton Blvd to a five lane road. Ashton Blvd and the connector streets to the frontage roads are public infrastructure that will be paid for or reimbursed through the Tax Increment Financing. Internal roads connecting the professional office space or dealerships will be considered private and not reimbursed.

Population in the Project Area

As of the 2016 Department of Workforce Services census information, Lehi has a population of 61,130. According to the State of Utah, Lehi City has grown 22% from 2010 to 2016. Currently there exists two completed class A office space with two more under construction. Based on square footage of each building it is anticipated 1,000 people are employed. There are no single or multifamily homes on the property site and none are intended or contemplated. The intended development on the property site has no impact on existing or future homes in Lehi City.

Building Intensities in the Project Area

Development in the Project Area was and will be required to follow all planning and zoning ordinance as they currently exist or that might be amended in the future to include design and development standards. The proposed Project Area will contain professional office space, hotel, convenience store, restaurants, and multiple dealerships. The development code requires an urban look with buildings pushed up to the street or facing the interior streets, wide sidewalks, landscape that promotes walkability, shared parking and if possible higher building densities.

Section 5: Standards That Will Guide Community Development (17C-5-105(1)(c))

Development Objectives

The Agency and the City want the Project Area to develop into professional office, restaurants and ancillary retail services, hotel and car dealerships. Professional office space provides a higher wage to employees. Restaurants, retail services, hotel and car dealerships provide sales tax. This creates an environment for tax generation, higher wages, employment opportunities which helps drive home sales and tax rates. It is the City's and residents' desire to see the Project Area developed in such a manner for the aforementioned reasoning.

Design Objectives

The property is zoned as regional commercial and resort community with all proposed uses being permitted. The developers will be held to the highest standards per the City general plan, planning and zoning ordinances, and other applicable building codes and ordinances of the City. New auto dealerships are subject to each manufacturer's own guidelines and building standards. In most instances these standards are as high if not higher than Lehi City standards. Professional office space will be built in a manner as what is already on the site which has set a higher standard. All other development will be held to the highest standard.

All development will be submitted to the City via the normal development approval process, which includes site plans to include development data and any other appropriate material describing the development, land coverage, setbacks, heights, off-street parking to be provided, and any other information as deemed appropriate by the City.

Approvals

The agency may have the right to approve any and all design and construction plans for any development within the Project Area to ensure any and all development within the Project Area is consistent with the Project Area Plan.

Section 6: How the Purposes of the Act Will be Attained (17C-5-105(1)(d))

Title 17C of the Utah Code contains the following definition of Project Area Development:

> "Project area development" means activity within a project area that, as determined by the board, encourages, promotes, or provides development or redevelopment for the purpose of implementing a project area plan, including:
>
> (a) promoting, creating, or retaining public or private jobs within the state or a community;
>
> (b) providing office, manufacturing, warehousing, distribution, parking, or other facilities or improvements;
>
> (c) planning, designing, demolishing, clearing, constructing, rehabilitating, or remediating environmental issues;
>
> (d) providing residential, commercial, industrial, public, or other structures or spaces, including recreational and other facilities incidental or appurtenant to the structures or spaces;
>
> (e) altering, improving, modernizing, demolishing, reconstructing, or rehabilitating existing structures;
>
> (f) providing open space, including streets or other public grounds or space around buildings;
>
> (g) providing public or private buildings, infrastructure, structures, or improvements;

(h) relocating a business;
(i) improving public or private recreation areas or other public grounds;
(j) eliminating blight or the causes of blight;
(k) redevelopment as defined under the law in effect before May 1, 2006; or
(l) any activity described in Subsections (47)(a) through (k) outside of a project area that the board determines to be a benefit to the project area.

(Utah Code § 17C-1-102(47)).

The creation of the Project Area furthers the attainment of the purposes of Title 17C by addressing the following objectives:

Provision of development that enhances economic and quality of life basis. The Project and Project Area will provide numerous economic and community benefits including the creation of a number of full-time equivalent jobs ("**FTE**") within Lehi City, and the generation of a significant amount of new sales and use and personal and real property tax revenues for the City and all taxing entities.

Stimulation of associated business and economic activity by the development. This Project will meaningfully enhance the City's sales and use tax base as well as all other taxing entities through personal and real property. The direct and indirect impact provided by the creation of new jobs to the existing local economy will be significant. Local businesses that will benefit include hotels, restaurants, suppliers and vendors servicing new facilities in the Project Area.

The Project will achieve the following:

1. Enhance employment and income opportunities for community residents by offering employment opportunities within the Meadow Pointe Development area.
2. Increase the diversity of the tax base and increase the resources available for performing governmental services.
3. Encourage and support the efficient use of undeveloped land within Lehi City.
4. Support and encourage appropriate public and private development efforts in the community.

Section 7: How the Plan is Consistent With the City's General Plan (17C-5-105(1)(e))

This Plan and the development contemplated within the Project Area will conform to the City General Plan, Land Use Regulations and the Lehi City Development Code. The current Lehi City Zoning Map shows the development being designated as regional commercial. The Lehi City Planning and Zoning Ordinance calls out the project area as regional commercial zoning. The ordinance defines the regional commercial zone as: It is created to provide for a variety of retail and service oriented commercial uses that serve a broad geographical market beyond the Lehi area. This zone is generally applied to properties along major transportation corridors with the infrastructure to support them, and is designed to promote high quality commercial developments that can take advantage of the zone's close proximity to I-15 and other major transportation corridors. Development within this zone should be designed in a manner that presents a favorable image of the City and is encouraged to be developed in large, well-planned and cohesive projects rather than smaller, piecemeal projects. The Meadow Pointe Plan is aligned with the current zoning maps, Lehi City General Plan and Lehi City Planning and Zoning Ordinances for this project.

Section 8: Description of the Specific Projects That Are the Object of the Proposed Community Development (17C-5-105(1)(g))

Based on the land owner the proposed use will be professional office space, retail, restaurants, hotel, convenience store and new car dealerships. This proposed use meets the objectives of the Agency, Lehi City, The Lehi City General Plan and current zoning ordinances for development and financial participation. This development will facilitate water and sewer extension, storm water retention, electrical upgrade and road improvements. Personal and real property tax generation is desired by all taxing entities and sales and use tax generation is also a driver for Lehi City. This project will create job centers, higher personal and real property taxes and sales and use tax generation through multiple new car dealerships.

Section 9: Ways in Which Private Developers Will be Selected to Undertake the Community Development (17C-5-105(1)(h))

The Agency and City will select or approve such development that is brought forth by a developer/s that meets the development objectives as set forth in the Agency Plan. The Agency and City reserve the right to approve or reject any development plan(s) that do not meet the intent of the Project Area. The Agency or City may at their discretion solicit development targeting specific industries or business clusters, through Economic Development recruitment, and/or referrals, references or inquiries to the Agency or City.

The Agency and City will ensure that all development conforms to the Project Area Plan and is approved by the City. All development opportunities will need to be vetted by the City and will include development plans and financial information to support the viability and sustainability of the project and the developer to fulfill all obligations that could or will be required. This process could or will include City staff and or third party sources to review financial statements, verify the benefit of the development to the City, engineering, appraisal reports, etc.

Any participation between the Agency and developer(s) and or land owners shall be by an approved written agreement such as an Agreement to Develop Land (ADL). Ten years ago the city contemplated entering into an agreement with the property owner/developer the project area (land) was void of public infrastructure and required infrastructure improvements as well as storm water retention on site. Since the original 2011 agreement contemplation a portion of the land has been sold and the new developer will fulfill the development obligations which in turn obligates the agency to install all public infrastructure. Sales and use tax is a driver of the agreement which is a large part of the city's budget. The agency will utilize Tax Increment Financing to install all public infrastructure required by the agreement. It is for this purpose that the developer and the agency are contemplating the CRA.

Section 10: Reasons for the Selection of the Project Area (17C-5-105(1)(i))

The Meadow Pointe Community Reinvestment Project Area was selected by the Agency as an area that shows high potential for growth and retail sales and use tax generation. This decision was driven by the land owners and developers. The boundaries were determined by the Agency based on the assemblage of private property by two developers with the intent of creating multiple professional office spaces, car dealerships, ancillary restaurants and retail and a hotel and upon review and recommendation from City staff. The CRA area will also buildout needed transportation corridors for Thanksgiving Park.

Section 11: Descriptions of Conditions Existing in the Area (17C-5-105(1)(j))

The Project Area consists of approximately 118.3 acres as shown in the Project Area Map. The Agency wants to encourage development, utilizing infrastructure improvements as the incentive that is needed to facilitate the development. The CRA area will grow the tax base of Lehi City and the economy to provide greater funding sources to continue to meet the demand and services of its residents. The property was vacant within the proposed Project Area when the agency contemplated the 2011 agreement and incentive. Since the 2011 agreement, development has started on approximately 24 acres. Infrastructure has been started to facilitate the current development but additional infrastructure will be needed to complete the development within the project area. While the Project Area has been identified as a potential site for development, conditions such as lack of storm water drainage system, sewer, water, other utility and transportation upgrades made development unlikely without the creation of the Project Area and the assistance of the Agency.

Section 12: Descriptions of Some Incentives Offered to Developer(s) or Land Owner(s) For Locating Facilities in the Project Area (17C-5-105(1)(k))

The following describes incentives the Agency intends to offer within the Project Area to Developer(s), Land Owner(s) or Participants to improve and develop the property within the Project Area.

1. The Agency intends to utilize the sales and use tax generated from the development that is approved by an interlocal agreement with Lehi City for payment of required infrastructure improvements, and other expenditures as allowed by the Act and approved by the Agency.
2. Payments will be made to Lehi City to reimburse for impact fees and infrastructure improvements. Once Lehi City is reimbursed the land owner or developer(s) will receive reimbursement for improvements or land acquisition per the ADL agreements.

3. Expenditures and incentives approved and outlined in the adopted Project Area Budget and as allowed by the Act.

All incentives and payments to Lehi City, participants, land owners or developers will be on a post-performance basis and will be offered only according to the terms of a written Participation Agreement that adequately protects the Agency and the taxing entities by ensuring performance by the participant prior to the payment of any reimbursement or incentive from the agency to the participant. Subject to the provisions of the Act, the Agency may agree to pay for eligible development costs and other items from such tax revenues for the period of time the Agency and the taxing entities may deem appropriate under the circumstances.

Section 13: Result of the Public Benefit Analysis Performed by the Agency (17C-5-105(1)(l))

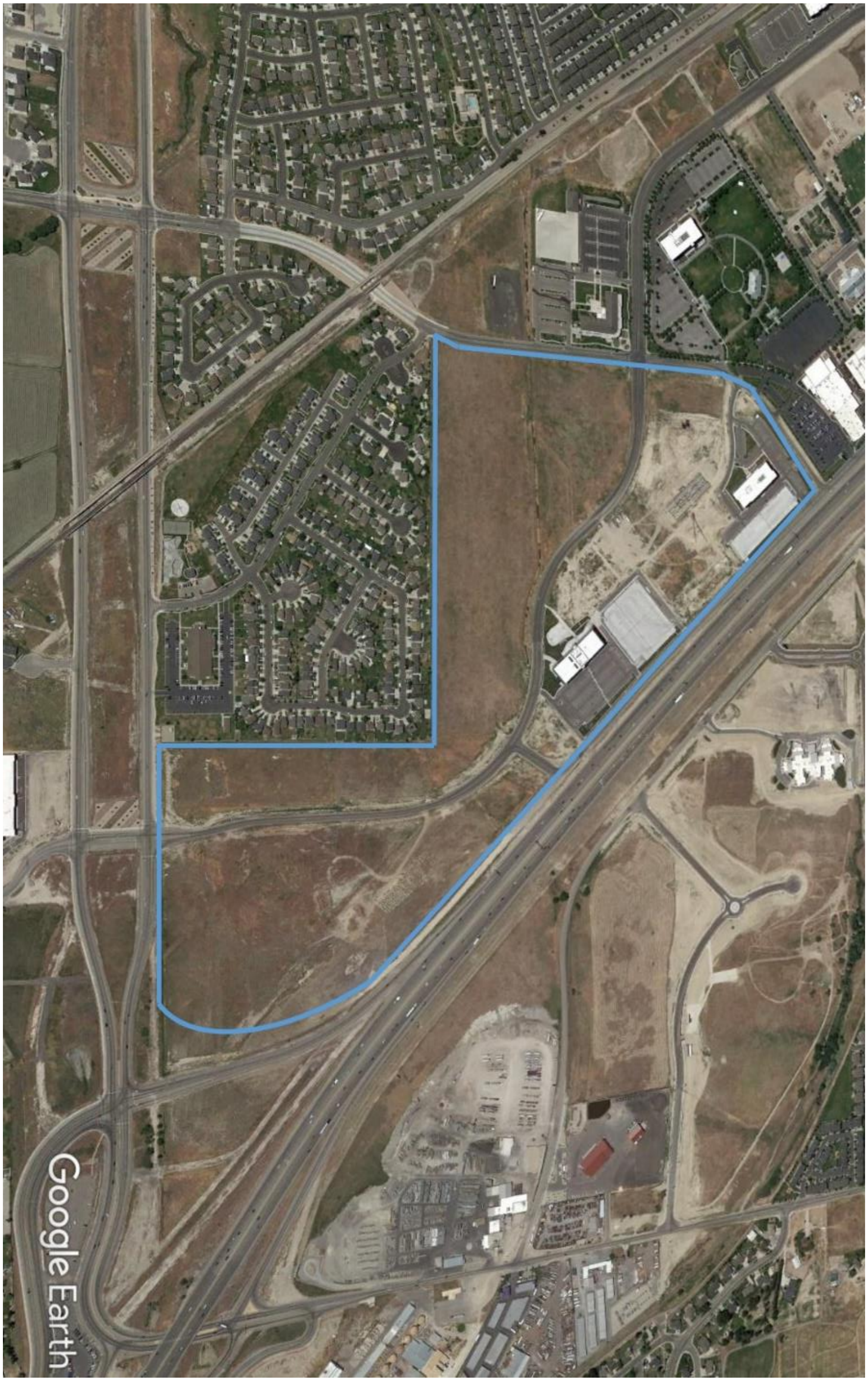
The public benefit analysis required by UCA § 17C-5-105(2) is described in greater detail in Appendix D, attached hereto. In summary, the Agency's public benefit analysis found that the creation of the Project Area, the provision of certain incentives, and other agency activities as described in this Plan and allowed by the Act will provide significant public benefits to the Project Area and the greater Lehi City area.

Section 14: Other Information (17C-5-105(1)(o))

There are no existing buildings or uses in the community reinvestment project area that are included in, or eligible for inclusion in, the National Register of Historic Places or the State Register.

The Project Area will not be subject to a Taxing Entity Committee; instead, the Agency anticipates entering into interlocal agreements with Lehi City, in order to obtain funding for project area development.

APPENDIX A - Project Area Map



APPENDIX B – Project Area Legal Description

This description is for Meadow Pointe CRA

Beginning at a point being North 00°03'00" East, along the section line, 621.37 feet and North 89°57'00" West, 1288.57 feet from the East Quarter Corner of Section 6, Township 5 South, Range 1 East, Salt Lake Base and Meridian; said point also being the point of curvature on a 578.01 foot radius curve to the right; said curve also being the same curve described in Special Warranty Deed Entry No. 47975:2010, and running thence 730.88 feet along said curve through a central angle of 72°26'57" (chord bears: South 33°23'18" West, 683.15 feet) to a point on the north line of a public right-of-way; said right-of-way being more particularly described in Quit-Claim Deed Entry No. 38879 in Book: 2653 at Page: 8; and running thence along said public right-of-way the following three (3) courses: South 89°35'51" West, 320.78 feet; thence South 88°30'37" West, 100.80 feet; thence South 00°38'04" East, 21.05 feet to a point on a public right-of-way; said right-of-way being more particularly described in Special Warranty Deed Entry No. 47976:2010; and running thence along said public right-of-way the following three (3) courses: West, 60.64 feet; thence North 48°22'56" West, 77.23 feet; thence South 89°51'52" West, 96.87 feet; thence South 38°17'31" West, 75.20 feet; thence North 89°33'19" West, 303.29 feet; thence South 89°12'12" West, 22.43 feet to a point on the easterly line of "Pointe Meadows Phase I" (Entry No. 34925:2003, Map# 9918) and running thence along said subdivision line together with the easterly boundaries of the "Pointe Meadows Phase XXIV" (Entry No. 138458:2004, Map# 10232) and the "Pointe Meadows Phase IX" (Entry No. 66086:2003, Map# 10208) for the following three (3) courses: North 00°05'58" West, 809.19 feet; thence South 87°38'50" East, 19.97 feet to a point on an existing fence line corner; and continuing thence along said fence, and along said subdivision the following two (2) courses: North 00°04'44" West, 513.81 feet to an existing fence corner; thence North 89°44'51" West, 1993.71 feet along the North line of Pointe Meadows Subdivision and the Northwest corner of said subdivision Phase II; thence North 00°21'02" West, 9.25 feet; thence 260.26 feet along the arc of a 840 foot radius curve to the left (chord bears North 7°53'28" East, 259.22 feet); North 00°59'06" West, 280.96 feet; thence North 00°58'24" West, 606.37 thence North 01°01'35" West, 101.69 feet; thence North 00°58'24" West 280.15 feet; thence 604.56 feet along the arc of a 685 foot radius curve to the right (chord bears North 24°18'37" East 585.12 feet); thence North 49°35'38" East, 465.69 feet to a point on the westerly right of way line of Thanksgiving point Way; thence along said westerly right of way line the following three (3) courses: South 41°46'23" East, 1506.51 feet to a point on a 2540 foot radius curve to the left; thence 120.73 feet along said curve through a central angle of 02°43'24" (chord bears South 43°08'05" East 120.72 feet); thence South 44°29'47" East, 1031.87 feet; thence North 18°00'26" East, 24.02 feet to a point on the southwesterly side of a public right-of-way, said right-of-way being more particularly described in Special Warranty Deed Entry No. 8600 in Book: 876 at Page: 192; and running thence along said right-of-way the following two (2) courses: South 44°57'22" East, 264.46 feet; thence South 44°36'09" East, 186.33 feet to a point on the Northwesterly corner of a UDOT property; said UDOT property being more particularly described in Special Warranty Deed Entry No. 47975:2010, and running thence along said UDOT property the following two (2) courses: South 40°19'32" East, 555.50 feet; thence South 30°51'51" East, 501.73 feet to the point of beginning.

Contains: 124 Acres (5,401,231 Sq. Ft.)

APPENDIX D – Public Benefit Analysis

Benefit Analysis of the Proposed SR-92 Digital Drive Community Reinvestment Area

The following benefit analysis is presented to meet the requirement of Utah Code (17C-5-105(2))

Per section (2) the benefit analysis shall consider

(a) A reasonableness of the costs of the proposed project area development
(b) Efforts that have been taken or will be taken to maximize private investment
(c) The rationale for use of project area funds, including an analysis of whether the development might occur in the foreseeable future soley through private investment
(d) An estimate of the total of project area funds to be spent on the project area development and the length of time the funds will be spent

(2) The anticipated public benefit derived from the proposed project area development including;

(a) The beneficial influences on the communities tax base
(b) The associated business and economic activity the proposed project area development will stimulate
(c) Whether adoption of the proposed community reinvestment project area plan is necessary and appropriate to undertake the proposed project

The following is the public benefit analysis showing the benefit to be derived from the financial assistance and any other public assistance provided to the landowners or developers for the proposed development in the Project Area. This is intended to provide a framework for the Agency to make critical decisions and show whether it is good policy and in the interest of Lehi City Redevelopment Agency to invest agency funds in the Project Area. This document is prepared in good faith as an estimate of the economic impact of this project. Market conditions and unforeseen forces could influence the project in a favorable or unfavorable way. The information contained herein is considered to be an accurate accounting and reasonable expectations of the project.

Introduction of Project

The benefit analysis analyzes the potential increment generated through personal and real property development and sales and use tax revenue generated from the project area. It identifies the net benefit or loss to the Agency and Lehi City. The proposed project includes 118.3 acres to be developed as approximately 1.5M square feet of professional office space, four car dealerships equating to over 200,000 square feet, 60,000 square foot hotel, restaurants and convenience store. This development is consistent with the Lehi City General Plan and Planning and Zoning Ordinances. This development is intended to serve the Lehi City residents in providing needed job centers, services and retail purchase options for the area. The overall benefit and investment brought to the project includes greater personal and real property tax levies, sales and use tax generation, higher and better use of vacant land and public infrastructure. Per Utah State Code 17C-5-307(2) there will be a 10% set aside for low to moderate income housing and or projects that will benefit low to moderate income housing.

This analysis contemplates private investment in the proposed project area to be estimated at $320M million. The overall new taxable personal and real property value will be approximately $271,010,837. The proposed dealerships are anticipated to generate $183,299,121 annually in sales. Sales and use tax generation is estimated to be 1% or $1.832M annually. The economic benefit resulting from the construction of the project includes; both short term and long term employment opportunities, local purchases of goods and services by local residents and employees constructing the development, purchase of utilities and increased tax revenue to the state and local governments. This report identifies the potential tax revenue that may be generated from an increase in personal and real property value and increase in sales and use tax from retail sales resulting from the development.

Project Development Overview

It is proposed the Community Reinvestment Area be created for the purpose of developing new professional office space, restaurants, convenience store, hotel, retail center and new car dealerships in the community. It is anticipated that the Meadow Pointe CRA will contribute greatly to the economic well-being of the community through personal and real property and sales tax generation.

The project area is currently zoned Commercial Regional and Resort Community by the Planning and Zoning Ordinances and Commercial and Resort Community in the General Plan. Both designations promote retail, office and business commercial and car dealerships. The Resort Community is under the Thanksgiving Area Plan which allows all the proposed development projects.

Capital Investment Projections for Personal and Real Property and Sales and Use Taxes

The Project Area currently resides in a Commercial Regional District zoning and was vacant land when the development was proposed. The current base value is $109,250,800 which generates $1,112,719 in taxes annually. The base year is set for 2018. (Note: The Agency will only request participation for personal or real property taxes from Lehi City and no other taxing entity.) The Meadow Pointe Project Area is anticipated to have a base value of $380,261,637 at full buildout. Per the Community Reinvestment Agency Act, the Lehi City Redevelopment Agency is authorized to provide funding for the Project Area Plan through interlocal agreements with all public entities who levy property taxes within the Project Area. The Agency can negotiate with the public entities for all or a portion of the tax increment revenue and or increased sales and use tax resulting from the proposed Project Area. The Lehi City Redevelopment Agency will only request participation from Lehi City for personal and real property and sales and use tax. The agency will utilize the personal and real property and sales and use tax for the incentive. The proposed incentive is 50% of the personal and real property and sales and use tax collected from the community reinvestment area to reimburse Lehi City and developers for public infrastructure improvements, land acquisition and impact fees. Per Utah State Code, the agency will also provide a 10% set aside of funds over $100,000 for low to moderate income housing. It's anticipated the Meadow Pointe CRA will generate over $100,000 Tax Increment Financing on an annual basis.

Personal and real property and sales and use tax may help pay for infrastructure costs associated with the Project Area and be utilized as a direct incentive to the developers or land owners. The estimated future personal and real property and sales and use tax increment cash flows are projected in additional detail in Schedule 1 attached as Appendix E.

Evaluation of Reasonableness of Economic Development Costs

It is anticipated that an estimated $11,456,195.04 will be generated annually in Sales and Use tax at 6.25% of sales. Based on the project terms the Agency would receive $458,247.80 in Sales and Use Tax on an annual basis. This would equate to a total budget for sales and use tax of approx. $3,035,100.22. It is reasonably expected the developer will invest over $168M in the project annually for inventory and parts. The developers will invest over $320,000,000 in personal and real property in the professional office space, restaurants, retail center, convenience store, hotel and dealerships. Between Lehi City and the development community there will be over $2,000,000 invested in infrastructure costs to include water retention system, curb gutter and sidewalk, asphalt parking, landscaping and extension of utilities within the development and road improvements. Costs are being covered by Lehi City and the developer.

The proposed uses of the funds have been reviewed to evaluate their "reasonableness" of the costs of the proposed project area development. The development pro forma is based on building development and sales estimates from the developer, market standards as reported in industry publications and contains costs that are considered reasonable for a development of this scale and scope.

Efforts to Maximize Private Development

Private investment has to, the extent possible been maximized. The total private investment in the project area is estimated at $460M. Upon completion it is anticipated the taxable value will grow to over $380M. The difference between investment in the project area and taxable value is due to infrastructure improvements and assessed value being lower than actual costs.

The use of tax increment financing can serve as a catalyst or incentive to accelerate private investment and development in an area that would otherwise develop to a lower use or tax generator. If there is no private sector investment, there will be no tax increment financing generated for the project area. It is this private investment that allows public agencies to leverage the increase in tax revenues to construct needed public infrastructure. Leveraging compares the dollar amount privately invested into the project area compared to the dollar amount of tax increment the agency pledges to the project. The leverage ratio of private to public monies in the Project Area exceeds 95.85 to 1. The leverage ratio, which should be achieved by an economic development project like this one is indeterminate. However, federal economic development programs such as the Small Business Administration require leverage ratios of 3:1 or 5:1 based on the program and the former Urban Development Action Grant shows an overall leverage ratio of 6:1. The leveraging ratio of 95.85:1 is favorable compared to other similar economic development programs.

Rational for use of project area funds, including an analysis of whether the proposed project area development might reasonably occur in the foreseeable future solely through private investment.

In 2011 the Redevelopment Agency entered into an agreement for a master planned development to occur in the Meadow Pointe Project Area. Due to the struggling economy the development never came to fruition. It was determined at that time that if another development that would create the same or larger tax base was proposed the agency would move forward with the agreement. In 2011 the project area was void of any infrastructure except a ribbon road connecting Triumph Blvd to 2100 North. Since the agreement some development has occurred but the majority of the development is still to occur. Per the agreement, infrastructure improvements and an incentive are needed. The cost of private construction and annual return on investment through personal and real property and sales and use tax make this project desirable. Development of the proposed project area will only occur if there is a shared cost of the infrastructure improvements and incentive being offered to the developer.

But for the economic development incentive being considered it is reasonable to assume that this development might not reasonably occur as professional office space, restaurants, retail center, convenience store, and hotel and car dealerships in the foreseeable future.

An estimate of the total amount of project area funds that the Agency intends to spend on project area development and length of time over which the project area funds will be spent

It is anticipated that an estimated $2,827,103 of personal and real property and sales and use tax increment will be expended over 10 years to undertake the development of the project area. The agency anticipates expending approximately $282,710 - $468,764 or 10% of the funds collected above $100,000 on an annual basis for low to moderate income housing per CRA state statute. The approximation is the spread between the anticipated cost of reimbursement to Lehi City and incentive and the anticipated budget amount over 10 years.

Increment New Taxes Resulting from the Proposed Development

The Public Investment in the project is expected to create an environment that will produce private investment to continue the professional office development and start the dealerships, convenience store, hotel, restaurants and retail sites and will result in increment tax revenues to all taxing entities. As a result of the development it is anticipated that the Project Area will produce an estimated total gross revenue between sales and use tax and personal and real property tax of $22,101,166 over a 10 year period. The following is a schedule of personal and real property to the taxing entities:

Total Increment Value Generated for Taxing Entities

Taxing Entity	*Length*	*Percentage*	*Sales Tax*	*Property Tax*
Utah County	10 Years	100%		$ 1,458,268.56
Alpine School District	10 Years	100%		$13,416,445,.15
Lehi City	10 Years	100%	$3,035,100.22	$ 1,712,857.17
Water Conservancy Districts	10 Years	100%		$ 735,637.79
Total Taxes			**$3,035,100.22**	**$17,353,208.67**

The proposed budget only analyses sales and use, personal and real property tax, it does not include an analysis of franchise, transient room or any other tax revenue generation. It also only estimates the sales and use tax at the cities rate (1%)

The Associated Business and Economic Activity Likely to be Stimulated;

The public investment of Tax Increment is expected to stimulate the following economic activity:

<u>Short Term Construction and Employment</u>

For purposes of this analysis the national multiplier average is 8.34 – 8.6 jobs created per million dollars spent on a project. Based on the estimated value of $271M it is anticipated that this project will employ approximately 2,260 – 2,330 workers. Average wage for a general laborer construction worker is $14.75 per hour or $30,680 (Utah Department of Workforce Services Data) per year. Total estimated payroll during the 8 year construction period is $69,341M - $71,502M. This equates to approximately 25% - 26% of the total overall costs. National averages range between 30% - 35% of total construction costs. It is safe to assume based on the multiplier and national average ranges, the estimated number of workers and payroll is accurate. The remaining 74% - 75% of the construction costs will be used for materials and overhead.

It is reasonable to expect that construction workers will spend a typical portion of their wages in Lehi City for food, clothing, recreation, transportation and housing which will generate sales tax revenue. There is no way to determine how much of the building materials will be purchased from within Lehi City but it is reasonable to expect that all material will come from within the state therefore providing tax revenue to the state and local economies.

Direct Employment

According to Cornet Global the average professional office development will employ an average of 600 - 675 employees. This is an average of 200sqft per person minus common area of 10% - 20%. Wages vary greatly based on type of business located in the professional office space. On the lower end would be telemarketing companies paying $14.46 per hour or $30,080 annually. The upper end would be software developers averaging $45.74 per hour or $95,150 annually. There is a potential of 10 new professional office spaces employing 6,000 – 6,750 employees. New car dealership employs 69 full time employment jobs. This ranges from sales representatives, after market and warranty sales, service department, mechanics and executive management. The average wage according to the National Auto Dealers Association (NADA) is $69,000 per employee. Based on size of property, there could be up to four dealerships employing 276 employees. Hotel, restaurant and retail will be lower wage and part time positions. Average wage will be $10.25 - $10.75 per employee part time with no benefits. Average annual income of $22,000 annually. Employee count ranges from 450 – 600 lower wage employees. The average per capita income for Utah County is $36,215 showing the majority of the wages far exceeds the county average wage.

Direct Purchases of Supplies and Services

It is anticipated that the development opportunities locating with the Project Area will directly purchase goods and services from the surrounding established businesses. Based on historical trends, the land developers utilize local contractors who source out of Utah. During the development phase, it's anticipated the developers will utilize Utah companies to source goods and materials for building. Upon completion, businesses need to purchase goods and service to run their business. It is anticipated that professional office space will utilize local merchants for goods and services. This could include lease copiers, lease office furniture, office supplies, computers, networking assistance, internet, etc. While the majority of a dealerships product is cars that are purchased from out of state, all other items needed to run the business could be purchased locally or along the Wasatch front. This includes tools, fuel, office supplies, meals, etc. All other proposed development will most likely utilize local sourced goods and services for their businesses. It is induced there will be a direct and in-direct impact to the local economy through job and income generation and wages being spent in the local economy. Direct jobs also create secondary or support jobs that are viewed by a multiplier or the multiplier effect. The multiplier number shows the economic impact to an area is much larger than just the direct jobs or impact created.

Impact on Other Taxing Entities

The formation of the Meadow Pointe Community Reinvestment Area authorizes the Redevelopment Agency to enter into an Interlocal Agreement with all public entities who have a tax levy to temporarily divert tax increment from the taxing entities to the Agency. The taxing entities agree via the Interlocal Agreement to give a portion of the real and personal property tax and sales and use tax generated from the new development to the agency for a set time and amount that can then be used as an incentive to the developer or for project costs within the Project Area. Per the agreement the Redevelopment Agency would like to enter into an interlocal agreement with Lehi City for 50% personal and real property and sales and use tax only for the project. The sales and use tax calculation will be 50% of what the city collects, not what the business generates. All other taxing entities will not be asked to provide any personal and real property tax. The analysis indicates the overall sales and use tax and personal and real property tax generated from the Project Area to be approximately $22.101M for 10 years. The agency is proposing a 50% participation from Lehi City for personal and real property and sales and use taxes generated by the development for a 10 year period or until all development costs are covered whichever comes first. This would provide $4,747,957.38 (based on the budget) in tax increment to the Agency. There will be no administrative fee associated with this CRA. The total TIF to include incentive and housing is $2,827,103 (based on the budget projections and set agreement amounts). This incentive will be utilized by the development and Lehi City to cover public infrastructure and land acquisition costs needed to develop the project site and an incentive for locating multiple new car dealership in Lehi City. The actual tax increment generated is dependent, on personal and real property generation through professional office space development and car sales and service department revenues. Per the 2011 agreement the agency is responsible to install all public infrastructure. A backstop agreement is in place to reimburse the agency if the development doesn't occur after the infrastructure is installed. The car dealership will receive a credit of $250,000 for impact fees per dealership not to exceed $1M. If no development occurs the Agency and therefore the developer receives no tax increment financing or incentive. Upon completion of the agreed Interlocal Agreements, Lehi City will receive the benefit of increase in the remaining taxes collected. The 2011 agreement is for 50% of the personal and real property and 50% of the cities portion of sales and use tax collected for the dealerships for 10 years, not to exceed $4,747,957. Based on the budget, utilizing conservative numbers the dealership and infrastructure improvements will be funded.

Conclusion

Lehi City Redevelopment Agency is proposing utilizing a portion of the new sales and use tax increment generated as an incentive to the developer to get this project started. Once construction has started on the dealership, the 2011 agreement is enacted. This requires the Redevelopment Agency to install all needed infrastructure and pay for land acquisition costs in the development area. This project will immediately enhance and strengthen the economic base of the community and the state of Utah by broadening the sales and use tax and personal and real property values in the area. It will also enhance community safety, prosperity, peace, order and convenience to the community by taking vacant land and utilizing it to a higher and better use.

The Agency seeks to utilize the tax increment as an incentive to reimburse infrastructure costs the development project will incur and an incentive. The development would most likely not occur if not for the infrastructure improvement and dealership incentive and the property would remain vacant and produce no personal and real property or sales and use tax.

The incentive given must be weighed against the value received on a project by project basis over the life of the project. As previously stated, there will be additional economic development that increases the tax base and/or tangible and quantifiable benefits to the City as a result of this development for which a contribution/reimbursement is being sought.

In determining whether the appropriation/reimbursement is necessary to accomplish the goals of economic development, job creation and preservation, growth of tax revenues and other public purposes, the Agency should consider what would be paid every year in return for the development of the Project Area and generation of new tax revenues.

The economic benefits to the Meadow Pointe Community Reinvestment Area include:

- Total investment estimated at $325,213,005 to include land, infrastructure and building costs
- Short term construction employment of 2,260 – 2,330 workers with an estimated payroll of $69,341M - $71,502M.
- New direct employment of approximately 6,726 – 7,626 full and part-time jobs
- Multiplier effect of additional jobs created in the City as support services for the direct employment.
- Purchases of goods or services from local venders during and after construction
- Immediate new growth in the tax revenues due to land being developed from vacant lot to new professional office space, restaurants, hotel, retail centers, convenience store and car dealerships with service centers.
- A continued economic and commercial diversification of Lehi City and the state.

Without establishing the Meadow Pointe Community Reinvestment Area and providing tax increment assistance the Meadow Pointe concept development will not occur. The coverage of infrastructure costs and incentive are intended to move the development forward and fulfill the 2011 agreement. The alternative is to wait until the property is purchased by another developer and utilized for a lower use.

The Meadow Point Community Reinvestment Area meets all the requirements as set forth in Utah Code title: 17C-5-105 regarding the proposed Project Area. The Meadow Pointe Community Reinvestment Area in Lehi City will provide a beneficial influence upon the tax base of the City, will stimulate business and associated economic activity, promote the public peace, health, safety and welfare of Lehi City.

There are substantial economic benefits associated with the sales and use tax and personal and real property tax increment investment to Lehi City and all other taxing entities in the Meadow Pointe Community Reinvestment Project Area.

APPENDIX E

Schedule 1

Meadow Pointe CRA Community Reinvestment Area 2018													
	Year		1	2	3	4	5	6	7	8	9	10	
Increment Property Tax	Payment Year		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
	Tax Year		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	
Tax Rate			0.001830	0.001830	0.001830	0.001830	0.001830	0.001830	0.001830	0.001830	0.001830	0.001830	
Overall Project			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Current Base Value	$	109,250,800.00	$109,250,800.00	$109,250,800.00	$109,250,800.00	$109,250,800.00	$109,250,800.00	$109,250,800.00	$109,250,800.00	$ 109,250,800.00	$109,250,800.00	$109,250,800.00	
Total Assessed Value	$	380,261,637.75	$161,506,199.06	$192,364,740.57	$234,616,539.63	$279,165,888.69	$282,165,888.69	$318,139,237.75	$355,739,637.75	$ 380,261,637.75	$380,261,637.75	$380,261,637.75	
Minus Base Year Value	$	271,010,837.75	$ 52,255,399.06	$ 83,113,940.57	$125,365,739.63	$169,915,088.69	$172,915,088.69	$208,888,437.75	$246,488,837.75	$ 271,010,837.75	$271,010,837.75	$271,010,837.75	
													Total
Total Increment Value	$	495,949.83	$ 95,627.38	$ 152,098.51	$ 229,419.30	$ 310,944.61	$ 316,434.61	$ 382,265.84	$ 451,074.57	$ 495,949.83	$ 495,949.83	$ 495,949.83	$ 3,425,714.33
Sales and Use Tax			$ 12,500.00	$ 70,000.00	$ 200,125.00	$ 280,380.25	$ 358,266.22	$ 388,713.40	$ 405,039.36	$ 422,051.02	$ 439,777.16	$ 458,247.80	$ 3,035,100.22
Total Increment Value Generated													Total
Utah County		0.000779	$ 40,706.96	$ 64,745.76	$ 97,659.91	$ 132,363.85	$ 134,700.85	$ 162,724.09	$ 192,014.80	$ 211,117.44	$ 211,117.44	$ 211,117.44	$ 1,458,268.56
Alpine School Dist		0.007167	$ 374,514.45	$ 595,677.61	$ 898,496.26	$ 1,217,781.44	$ 1,239,282.44	$ 1,497,103.43	$ 1,766,585.50	$ 1,942,334.67	$ 1,942,334.67	$ 1,942,334.67	$ 13,416,445.15
Lehi City		0.00183	$ 95,627.38	$ 152,098.51	$ 229,419.30	$ 310,944.61	$ 316,434.61	$ 382,265.84	$ 451,074.57	$ 495,949.83	$ 495,949.83	$ 495,949.83	$ 3,425,714.33
Water Conservancy Dist		0.000409	$ 21,372.46	$ 33,993.60	$ 51,274.59	$ 69,495.27	$ 70,722.27	$ 85,435.37	$ 100,813.93	$ 110,843.43	$ 110,843.43	$ 110,843.43	$ 765,637.79
Total Taxes		0.010185	$ 532,221.24	$ 846,515.48	$ 1,276,850.06	$ 1,730,585.18	$ 1,761,140.18	$ 2,127,528.74	$ 2,510,488.81	$ 2,760,245.38	$ 2,760,245.38	$ 2,760,245.38	$ 19,066,065.84
													$ 22,101,166.05
Property Tax Participation Rate by Taxing Entity			2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	
Utah County			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Alpine School Dist			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Lehi City			50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	
Water Conservancy Dist			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Property Tax Increment for Budget													
Utah County			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Alpine School Dist			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Lehi City			$ 47,813.69	$ 76,049.26	$ 114,709.65	$ 155,472.31	$ 158,217.31	$ 191,132.92	$ 225,537.29	$ 247,974.92	$ 247,974.92	$ 247,974.92	$ 1,712,857.17
Water Conservancy Dist			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Increment Taxes for the Budget			$ 47,813.69	$ 76,049.26	$ 114,709.65	$ 155,472.31	$ 158,217.31	$ 191,132.92	$ 225,537.29	$ 247,974.92	$ 247,974.92	$ 247,974.92	$ 1,712,857.17
			$ 47,813.69	$ 123,862.95	$ 238,572.60	$ 394,044.90	$ 552,262.21	$ 743,395.13	$ 968,932.42	$ 1,216,907.33	$ 1,464,882.25	$ 1,712,857.17	
Sales and Use Tax			$ 12,500.00	$ 70,000.00	$ 200,125.00	$ 280,380.25	$ 358,266.22	$ 388,713.40	$ 405,039.36	$ 422,051.02	$ 439,777.16	$ 458,247.80	$ 3,035,100.22
Total Property and Sales Tax for Budget			$ 60,313.69	$ 146,049.26	$ 314,834.65	$ 435,852.56	$ 516,483.53	$ 579,846.32	$ 630,576.65	$ 670,025.93	$ 687,752.08	$ 706,222.72	$ 4,747,957.38