



# Staff Report

REDEVELOPMENT AGENCY of SALT LAKE CITY

**TO:** RDA Board Members

**FROM:** Jennifer Bruno, Ben Luedtke, Nick Tarbet

**DATE:** August 20, 2019

**RE:** Northwest Quadrant CRA – Tax Reimbursement Agreement for NWQ, LLC

## ISSUE-AT-A-GLANCE

This requested action is the next step in fulfilling the contract that Salt Lake City entered into with the developer in January 2018. The Administration has forwarded a resolution for Board consideration that would reimburse a percentage of City property tax increment yearly to repay NWQ, LLC for improvements to the area, for a total amount up to \$28 million, for a period of 20 years. These improvements will facilitate the first phase of their development, located in the boundaries Northwest Quadrant CRA adopted by the City/RDA in January 2018. The remaining percentages of the tax increment generated would go to the City General Fund, RDA for other project area development activities, and affordable housing (see chart on page 3). Phase 1 is located directly north of the old North Temple landfill (see attachments C & D of the Administration's transmittal)

Tax increment would only be reimbursed if it materializes and only after certain eligible improvements (streets, stormwater systems, utilities, etc) are installed and costs of said improvements are independently verified. The Administration's transmittal includes a third-party analysis of the public benefit to this project, per the tax reimbursement policy adopted by the Board in 2018. This carries out the development agreement signed in January 2018 by the Mayor (attached). It is also consistent with the goals and objectives of the Community Reinvestment Area (CRA) approved by the Board and City Council in January 2018. *Because these approvals happened prior to the initial State Legislation relating to the inland port authority, the City retains full jurisdiction over City tax increment in this area, even though this area is also within the boundaries of the Inland Port. The City does not have jurisdiction over County or School District property tax revenues within this area.*

***Goal of the Briefing: Receive the information, review the third-party analysis, and consider if additional information is needed prior to potential action on August 27<sup>th</sup>.***

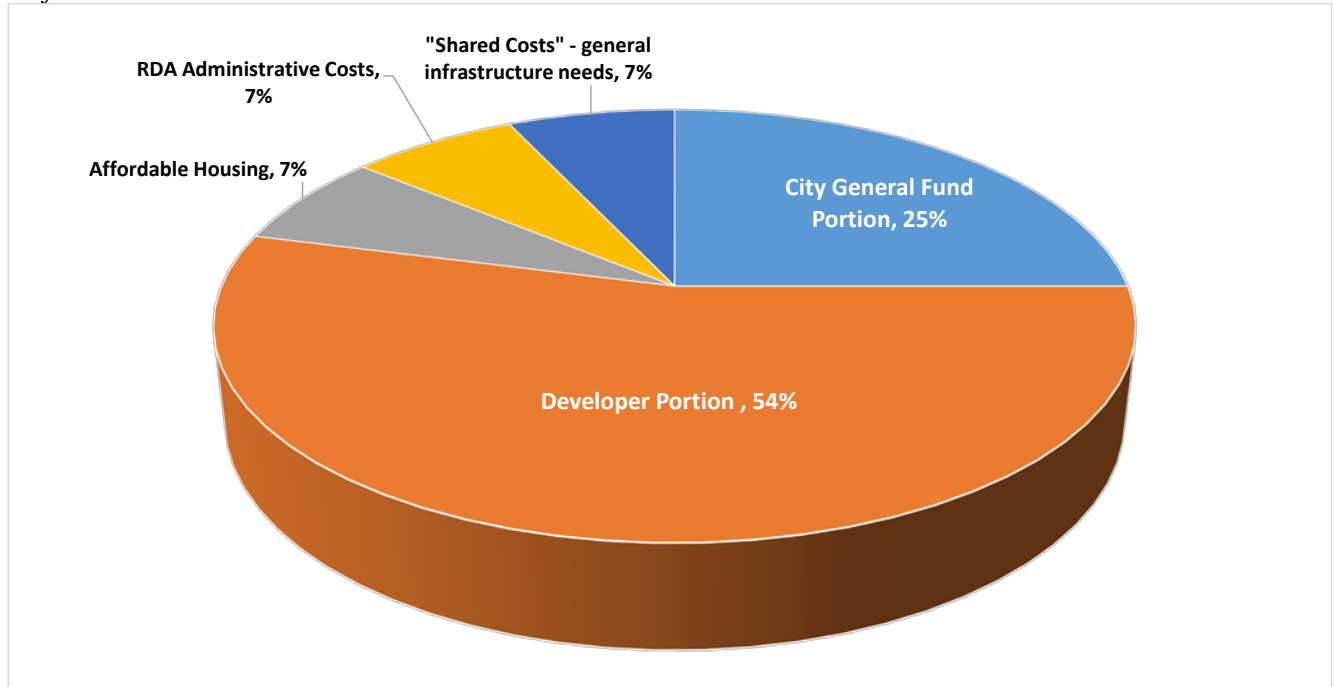
## KEY ELEMENTS

1. NWQ, LLC's plans for phase 1 of their development conform fully with the Master Plan adopted by the Council in 2016, and existing zoning and relevant overlay district that apply to the property, which were forwarded by the Administration and approved by the Council in 2017. Pursuant to the zoning and overlay, and referenced in the Master Plan and development agreements, development is not allowed on land identified as "Natural Area" (approximately 4,000 of the 7,000 acres are located in this area). For reference, staff has attached a summary of the M-1 Zoning District (Light Manufacturing), and Northwest Quadrant Overlay District, which will guide development in the area. Both of these sections of code were authored with extensive involvement from community stakeholders and private property owners.



- a. **Excerpts from the M-1 zoning district (21A.28.020)**
    - i. **Purpose Statement:** The purpose of the M-1 Light Manufacturing District is to provide an environment for light industrial uses that produce no appreciable impact on adjacent properties, that desire a clean attractive industrial setting, and that protects nearby sensitive lands and waterways. This zone is appropriate in locations that are supported by the applicable Master Plan policies adopted by the City. This district is intended to provide areas in the City that generate employment opportunities and to promote economic development. The uses include other types of land uses that support and provide service to manufacturing and industrial uses. Safe, convenient and inviting connections that provide access to businesses from public sidewalks, bike paths and streets are necessary and to be provided in an equal way. Certain land uses are prohibited in order to preserve land for manufacturing uses and to promote the importance of nearby environmentally sensitive lands.
    - ii. **Prior to issuance of a building permit** in the Development Area and the Eco-Industrial Buffer Area of the Northwest Quadrant Overlay, consultation with the Utah Division of Wildlife Resources is required to obtain recommendations on siting and equipment types for all solar arrays on a particular property to mitigate impacts to wildlife.
  - b. **Excerpts from the Northwest Quadrant Overlay District (21A.34.140)**, adopted 2017
    - i. **Purpose:** The purpose of the Northwest Quadrant Overlay District is to protect sensitive lands and wildlife habitat; allow for the continuation of agricultural uses; and allow for the development of lands in appropriate areas that contribute to the future economic growth of the City and will not negatively impact sensitive lands, habitats, and waterways in the area north of I-80 and west of the Salt Lake International Airport. Sites within this area may be subject to difficult environmental and site conditions. The overlay defines three (3) subareas: the Development Area, the Eco-Industrial Buffer Area, and the Natural Area.
    - ii. **State and Federal Permits Required:** A site development and/or building permit shall not be granted unless the applicant has first obtained any necessary State and/or Federal wetlands and/or stream alteration permits.
    - iii. **Northwest Quadrant Development Area:** The purpose of this area of the Northwest Quadrant Overlay District is to allow for new development to occur in a way that allows for the growth of light industrial uses in the City while minimizing impacts to wildlife and the surrounding sensitive Great Salt Lake shore lands. This area is identified on the zoning map.
    - iv. **Requirements** relating to environmentally sensitive landscaping, dark sky lighting, roof color, glass requirements to limit impacts to wildlife in the Eco-Industrial Buffer area.
    - v. **Prohibition** of most uses in the Northwest Quadrant Natural area, with the exception of utility lines, agricultural use, and a limited number of other accessory or preservation uses. Underground transmission lines will only be allowed as a conditional use if the private owner can satisfy the standards laid out in 1-9 of the overlay district, relating to mitigation, no adverse impact, preservation of natural features, preservation of natural retention capacity of waterways, preservation of habitat for species, review for alternative siting.
2. The developer is requesting reimbursement for “**reimbursement qualified expenses**” (as detailed in the CRA plan and development agreement) totaling **\$78 million** that falls generally into 2 categories (the line item costs for each improvement are located on pages 3 and 4 of the Administration’s transmittal memo):
- a. **Improvements to benefit the larger area** including street and utility infrastructure, to facilitate development of land around Phase 1 of the development, much of which will be deeded to the City once complete. These improvements total \$23.8 million.
  - b. **Project-specific improvements** – these are site-specific improvements that will facilitate the first phase of NWQ, LLC’s planned development that relate to site preparation and local road construction, street lighting, higher-quality development materials, and site preparation relating to the high water table in the area. These improvements total \$54.3 million. The third-party analysis also notes the developer’s investment of over \$40 million in solar projects over the life of the development.

3. City tax increment would be distributed as follows:



In the Moderate and High Scenarios that would mean the following over the 20 year term (*expressed in total dollar value rather than Net Present Value*):

Tax Increment Split (% of total tax increment)	Moderate Value Scenario	High Value Scenario
City Portion (25%)	\$ 9,017,208	\$ 13,129,497
Developer (54%)	\$ 18,936,135	\$ 27,571,944
Affordable Housing (7%)	\$ 2,705,162	\$ 3,938,849
RDA Admin/Operations (7%)	\$ 2,705,162	\$ 3,938,849
Shared Costs (systemwide improvements) (7%)	\$ 2,705,162	\$ 3,938,849

4. Pursuant to the Tax Increment Reimbursement Policy adopted by the Board in August 2018, this request:
- Was reviewed by the RDA Finance committee (City Finance, RDA, Economic Development Staff) on June 12, 2019, which unanimously recommended approval.
  - Was reviewed by an independent third party (attachment B in the Administration's transmittal). The analysis reviewed whether the level of investment and repayment of tax increment is necessary and appropriate, how likely the tax increment is to materialize, and what public benefits could come from this public investment. Some excerpts from this analysis:
    - Currently annual property tax revenue generated in the area is \$724. Through the development of phase 1, the independent analysis determines that annual City property tax revenue could be approximately \$4.2 million annually (that would be divided as noted above), and the land could have an assessed value of over \$1 billion (page 7);
    - It is anticipated that the total revenues generated that will be passed through to the City would be \$9-\$13 million in property tax over the course of 20 years, depending on the final assessed value of development. This does not include Sales, Franchise, or B/C Road Funds revenue, which could provide another \$8 million in revenue over 20 years (page 10);
    - The analysis assumes an average salary of \$44,000 per year, which represents the average industrial wage in Utah (page 11);
    - In Summary, the analysis indicates that tax increment participation is necessary and appropriate for the following reasons (page 12);
      - "There are significant extraordinary infrastructure improvements in the NWQ area, including soil remediation, access to utilities and renewable energy investments.

- Tax increment participation will assist with removing these impediments and the system-wide infrastructure investment will lead to substantial development within the remaining NWQ area.
  - The Development has the potential to create billions of new assessed value within an underutilized area that has generated very little tax revenue historically for the City.
  - The Development will create over 2,900 new jobs.
  - “But for” the use of tax increment, this area will remain underutilized and vacant.”
5. Phase 1 is generally located in the area directly north of the North Temple Landfill, and encompasses 378 of the approximate 1,500 total developable acres of land north of I-80 owned by NWQ, LLC. Initial plans for phase one indicate private investment of \$310 million generating 6 million square feet of light industrial space located in approximately 10 buildings, with the potential for 2,900 jobs (not including 100-175 construction jobs). See Attachment D of the Administration’s transmittal for a potential site map. *Note: an additional 1,500 acres of land is owned by Kennecott, and is not subject to this tax increment reimbursement request. There is a separate development agreement, signed in January 2018, governing any future tax increment reimbursement request from Kennecott relating to development of that land.*

## **ADDITIONAL AND BACKGROUND INFORMATION**

A. The following timelines relate to the various planning petitions that cover this area:

1. Northwest Quadrant Master Plan

- Original public process started in 2007, with a favorable planning commission recommendation in 2009. The original version of the plan included a residential component which was not included in the final version of the plan.
- According to the plan: “Attempting to capitalize on the previous engagement efforts, the City focused on reworking the plan and getting feedback on a revised version of the plan instead of starting from scratch. Throughout the summer of 2015, the City worked with various stakeholders and property owners, and the general public to develop this plan. Other public engagement events included an Open House, a booth at a local festival, and an Open City Hall forum on the City’s web site.”
- The plan was then adopted by the Council in 2016.

2. Northwest Quadrant Agricultural (AG) Zoning Text Amendment  
PLNPCM2017-00001

- |                                      |                   |
|--------------------------------------|-------------------|
| • Mayor initiated                    | December 27, 2016 |
| • Planning Open House                | January 19, 2017  |
| • Planning Commission Public Hearing | March 8, 2017     |
| • Sent to Council                    | June 23, 2017     |
| • Council Public Hearing             | August 29, 2017   |
| • Adopted                            | September 5, 2017 |

3. Northwest Quadrant Overlay and M-1 Text Amendments  
PLNPCM2016-00724

- |                                      |                             |
|--------------------------------------|-----------------------------|
| • Council initiated                  | September 13, 2016          |
| • Planning Open House                | January 19 & April 20, 2017 |
| • Planning Commission Public Hearing | May 24, 2017                |
| • Sent to Council                    | August 22, 2017             |
| • Council Public Hearing             | October 3, 2017             |
| • Adopted                            | November 21, 2017           |

4. Northwest Quadrant Rezoning  
PLNPCM2017-00655

- |                                      |                    |
|--------------------------------------|--------------------|
| • Council initiated                  | September 13, 2016 |
| • Planning Open House                | September 21, 2017 |
| • Planning Commission Public Hearing | October 11, 2017   |
| • Sent to Council                    | October 13, 2017   |
| • Council Public Hearing             | November 28, 2017  |
| • Adopted                            | December 5, 2017   |

5. Global Trade Port in manufacturing zoning districts  
PLNPCM2017-01038

- |                                      |                   |
|--------------------------------------|-------------------|
| • Mayor initiated                    | December 8, 2017  |
| • Planning Open House                | January 3, 2018   |
| • Planning Commission Public Hearing | January 24, 2018  |
| • Sent to Council                    | January 29, 2018  |
| • Council Public Hearing             | February 20, 2018 |
| • Adopted                            | February 20, 2018 |

6. Text Amendment: Inland Port (required per State law)  
PLNPCM2018-00601

- |                                      |                         |
|--------------------------------------|-------------------------|
| • Mayor initiated                    | July 31, 2018           |
| • Planning Open House                | August 20 & 23 2018,    |
| • Planning Commission Public Hearing | September 12 & 26, 2018 |
| • Sent to Council                    | October 9, 2018         |
| • Council Public Hearing             | November 13 & 27, 2018  |
| • Adopted                            | December 4, 2018        |

B. The following timeline relates to the creation of the CRA for this area:

- July 2016: The Board authorized staff to proceed with drafting a community reinvestment area plan for the Northwest Quadrant Project Area.
- November 2016: The RDA provided an update on the Northwest Quadrant project area creation process.
- January 2017: Jones Lang LaSalle provided a briefing to the Board on a preliminary draft on the Salt Lake City Northwest Quadrant Visioning Report.
- February 2017: The RDA provided an update on a revised draft of the Salt Lake City Northwest Quadrant Visioning Report as completed by Jones Lang LaSalle. Subsequently, the report was finalized in March of 2017.
- December 9, 2017 – Board set date for January 9, 2018 to accept public comment
- January 2, 2018 – City Council work session discussion of Northwest Quadrant Goals, including CRA
- January 9, 2018 –
  - i. RDA public hearings on Northwest Quadrant CRA and Development Agreements with Kennecott and NWQ, LLC
  - ii. City Council public hearings on Northwest Quadrant CRA and Development Agreements with Kennecott and NWQ, LLC
- January 9, 2018 – Briefing on economic development strategy for Northwest Quadrant
- January 16, 2018
  - i. RDA Board approves development agreements
  - ii. City Council approves CRA and Development Agreements

**ATTACHMENTS**

1. Development Agreement with NWQ, LLC – January 2018
2. Northwest Quadrant Overlay District – December 2017
3. M-1 Light Manufacturing Zoning District – November 2017

Q 18-124

**Recording Requested By and  
When Recorded Return to:**  
Salt Lake City Corporation  
Attn: \_\_\_\_\_  
451 South State Street  
Salt Lake City, UT 84111

Parcel Nos. 07-29-100-003-0000  
07-29-200-003-0000  
07-32-100-003-0000  
07-32-100-004-0000  
07-32-200-004-0000  
07-33-100-005-0000

RECORDED

JAN 31 2018

**MASTER DEVELOPMENT AND  
REIMBURSEMENT AGREEMENT**  
Northwest Quadrant (West)

CITY RECORDER

This Master Development and Reimbursement Agreement (this "**Agreement**") is made and entered into and made effective as of the date this Agreement is recorded by the City Recorder ("**Effective Date**") by and among **SALT LAKE CITY CORPORATION**, a Utah municipal corporation ("**City**"); the **REDEVELOPMENT AGENCY OF SALT LAKE CITY**, a public entity ("**RDA**"); and **NWQ, LLC**, a Utah limited liability company ("**Master Developer**"). City, RDA and Master Developer may from time to time be referred to herein each as a "**Party**" or collectively as the "**Parties**."

**RECITALS**

A. Master Developer is the record owner of approximately 1,516 acres of lands located in Salt Lake County, Utah, which are more particularly described on the attached **Exhibit A** (the "**Property**"). The Property is located within an area of Salt Lake City known as the Northwest Quadrant.

B. Master Developer is engaged in planning a large scale, master planned logistics center, industrial and warehousing system and series of projects within portions of the Property, and areas located near the Property.

C. A significant component of the development of the Property is the installation of an infrastructure network in, around and near the Property to facilitate the development of the Intended Uses.

D. Infrastructure planned for the area will require close coordination between property owners, users and public and private service providers and will include rail and road improvements, along with utilities and other improvements reasonable, necessary and useful for the development of the Property.



E. To support the development of the Property and the development of areas within City's jurisdiction, on January 9, 2018, RDA and City created and approved the Northwest Quadrant Community Reinvestment Project Area (the "**Project Area**") under Utah Code 17C-5-101, *et seq.*

F. The Project Area includes the Property as well as a neighboring property owned by Kennecott Utah Copper LLC, a Utah limited liability company and other properties.

G. Under Utah Code Title 17C, RDA is entitled to receive certain Tax Increment from the Project Area.

H. City and RDA have executed an interlocal agreement whereby a portion of the Tax Increment received by City shall be paid to RDA for use in accordance with this Agreement, the Project Area Plan, and separate reimbursement agreements entered into between RDA and property owners, including Master Developer.

I. This Agreement provides the core approvals and commitments that will facilitate the commencement of development within the Property and provide a basis for future agreements governing the development of the Property, construction of infrastructure and the reimbursement of costs.

## AGREEMENT

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

### ARTICLE I DEFINITIONS

#### 1.1 Definitions.

1.1.1 "*Buildout*" means the completion of all development in the Property.

1.1.2 "*City's Current Laws*" means all laws, ordinances, policies, standards, guidelines, directives, procedures and processing fee schedules of City in effect as of the date of this Agreement.

1.1.3 "*City's Future Laws*" means the laws, ordinances, policies, standards, guidelines, directives, procedures and processing fee schedules of City which may be in effect in the future at any time when a Development Application is submitted and which may or may not apply to such Development Application based upon the terms of this Agreement.

1.1.4 "*Developer's Reimbursable Expenses*" means costs incurred by Master Developer or its assigns for the construction of Permitted Improvements.

1.1.5 "*Development Application*" means an application to City for development of a portion of the Property, including, but not limited to applications for site plan, subdivision,

building permit or other permit, certificate or authorization from City required for development of the Property.

1.1.6 "*Intended Uses*" means the use of all or portions of the Property for warehouses, logistic centers, intermodal transfer facilities, offices, rail freight terminal facilities, storage facilities, light manufacturing and supporting or facilitating uses allowed under City's Current Laws.

1.1.7 "*Master Developer*" means NWQ LLC, or its successors and assigns.

1.1.8 "*Offsite Improvements*" shall have the meaning given in Section 3.2 below.

1.1.9 "*Permitted Improvements*" means site improvements; road infrastructure, bridges over and under passes and including heavy haul roads described below; remediation or containment of environmental conditions; water and sewer improvements; storm water improvements; dedications of land for excess capacity in System Improvements or excess capacity in improvements accommodating uses outside of the Project Area; Offsite Improvements; utility infrastructure of every type including, but not limited to, electric, gas, fiber, communications; rail infrastructure; street lighting; developer incentives to facilitate and attract development to the Northwest Quadrant Project Area that has a positive impact for Salt Lake City, including projects that increase property tax value, provide high paying jobs, attract prominent tenants, promote green building standards or encourage good planning design; and other uses as agreed to by RDA and Master Developer in future agreements.

1.1.10 "*Project Area*" means the Northwest Quadrant Community Reinvestment Project Area as may be expanded or modified.

1.1.11 "*Project Area Increment*" shall mean the Tax Increment received by the RDA pursuant to an interlocal agreement executed with any applicable taxing entities in the Project Area, including the interlocal agreement executed January 9, 2018 with City.

1.1.12 "*Project Area Plan*" means the plan for the Project Area approved by RDA and City on January 9, 2018.

1.1.13 "*Project Phase*" means an area designated by Master Developer for development of a particular phase or portion of the Property.

1.1.14 "*Property*" means the real property described on Exhibit A.

1.1.15 "*Reimbursable System Improvement Expenses*" means costs and expenses, as approved by City, incurred by Master Developer, or its contractors or those working on its behalf, in acquiring or dedicating right of way for the location of System Improvements and the construction of System Improvements.

1.1.16 "*Sub Area Plan*" means a plan for a portion of the Property, or Project Area, as may be established by RDA.



1.1.17 "*Sub-developer*" means an owner of development parcel within the Property which is not the Master Developer, or an affiliate of Master Developer.

1.1.18 "*System Improvements*" means improvements included in City's impact fee facility plan now or in the future and are located within or facilitate development of the Property and other properties.

1.1.19 "*Tax Increment*" shall have the same meaning set forth in Utah Code § 17C-1-102(60) which is:

... the difference between:

- (i) the amount of property tax revenue generated each tax year by a taxing entity from the area within a project area designated in the project area plan as the area from which tax increment is to be collected, using the current assessed value of the property; and (ii) the amount of property tax revenue that would be generated from that same area using the base taxable value of the property.

1.1.20 "*Transfer Acknowledgment*" means an acknowledgment in the form attached hereto as **Exhibit B**.

1.1.21 "*Transfer Deed*" has the meaning set forth in Section 9.2.

## ARTICLE II CITY APPROVALS AND VESTING

2.1 City Approval. City and RDA enter into this Agreement after taking all necessary actions to enter into the agreements and understandings set forth herein. City's enactment of the resolution approving this Agreement, and entering into this Agreement, are legislative acts allowed and authorized by Utah Code § 10-9a-101, *et seq.*, including specifically Utah Code § 10-9a-102(2).

2.2 Project Vesting. To the maximum extent permissible under state and federal law, and at equity, City and Master Developer agree that this Agreement confirms that Master Developer is vested with all rights to develop the Property in accordance with City's Current Laws without modification or change by the City except as specifically provided herein. By way of further clarification, Master Developer is vested with the right to develop and locate on the Property the uses and densities including, without limitation, the Intended Uses, and to develop in accordance with dimensional requirements as allowed by City's Current Laws. The Property is also vested with access to all City roads, described below, which adjoin or traverse any portion of the Property. The Parties intend that the rights granted to Master Developer hereunder are contractual vested rights and include the rights that exist as of the Effective Date under statute, common law and at equity. The Parties acknowledge and agree this Agreement provides significant and valuable rights, benefits, and interests in favor of Master Developer and the Property, including, but not limited to, certain vested rights, development rights, permitted and conditional uses (including for industrial and commercial uses), potential rights for new improvements, facilities, and infrastructure, as well as flexible timing, sequencing, and phasing

rights to assist in the development of the Property. To the extent the City Council adopts that certain land use ordinance known as Ordinance No. \_\_\_\_, Inland Port in Manufacturing Zones Text Amendment, Petition #PLNPCM2017-01038 ("Text Amendment"), such Text Amendment shall become included in the City's Current Laws and Master Developer shall automatically be vested in the Text Amendment without further action or approval by the City.

2.2.1 *Rescission Option.* To the extent Master Developer has executed this Agreement in advance of City approval of the Text Amendment, and if the Text Amendment is not enacted in a form reasonably satisfactory to Master Developer by February 28, 2018, then Master Developer may deliver notice of rescission to City and RDA to terminate this Agreement. Any such rescission notice must be delivered, if at all, no later than March 14, 2018. Upon Master Developer's delivery of notice of rescission pursuant to this Section, this Agreement shall automatically terminate whereupon the Parties shall have no further rights or obligations under this Agreement.

2.2.2 *Invalidity.* If any of the City's Current Laws are declared to be unlawful, unconstitutional or otherwise unenforceable then Master Developer will, nonetheless comply with the terms of this Agreement to the extent not precluded by law. In such an event, Master Developer and City shall cooperate to have City adopt a new enactment which is materially similar to any such stricken provisions and which implements the intent of the Parties under this Agreement.

2.2.3 *City's Future Laws.* City's Future Laws with respect to development or use of the Property shall not apply except as follows:

A. City's Future Laws that Master Developer agrees in writing to the application thereof to the Property;

B. City's Future Laws which are generally applicable to all properties in the City's jurisdiction and which are required to comply with State and Federal laws and regulations affecting the Property;

C. City's Future Laws that are updates or amendments to existing building, plumbing, mechanical, electrical, dangerous buildings, or similar construction or safety related codes, such as the International Building Code, the APWA Specifications, AAHSTO Standards, the Manual of Uniform Traffic Control Devices or similar standards that are generated by a nationally or statewide recognized construction/safety organization, or by the State or Federal governments and are required to meet legitimate concerns related to public health, safety or welfare;

D. City's Future Laws that are health and environmental standards based on the City's obligations to comply with Federal or State environmental laws;

E. Taxes, or modifications thereto, so long as such taxes are lawfully imposed and charged uniformly by the City to all properties, applications, persons and entities similarly situated;



F. Changes to the amounts of fees (but not changes to the times provided in the City's Current Laws for the imposition or collection of such fees) for the processing of Development Applications that are generally applicable to all development within City's jurisdiction (or a portion of the City as specified in the lawfully adopted fee schedule) and which are lawfully adopted pursuant to State law; or

G. Impact fees or modifications thereto which are lawfully adopted, imposed and collected.

2.2.4 *Applications Under City's Future Laws.* Without waiving any rights granted or benefits imparted by this Agreement, Master Developer may at any time, choose to submit a Development Application for some or all of the Property under the City's Future Laws in effect at the time of the Development Application. Any Development Application filed for consideration under the City's Future Laws shall be governed by all portions of the City's Future Laws related to the Development Application. The election by Master Developer at any time to submit a Development Application under the City's Future Laws shall not be construed to prevent or limit Master Developer from submitting and relying for other Development Applications on the City's Current Laws.

2.3 Change in Law/Non-Conforming Uses. For the term of this Agreement, City agrees that any City's Future Law shall not apply to the Property where the application would impair or impede development, or eliminate or reclassify a use allowed under City's Current Laws. To the extent any change in law causes a use, structure or parcel to become non-conforming, such non-conforming status shall not impair, impede or prohibit the development of previously approved uses, reconstruction or restoration of developed uses, or the extension of such uses on parcels within the Property. If a City's Future Law applies to any portion of the Property under Section 2.2 above, it shall only apply as may be necessary to meet a legitimate governmental interest and then only to the minimum extent needed to meet such legitimate governmental interest.

2.4 Most Favored Nation. Should any property immediately adjacent to the Property or the Project Area (excluding road rights of way, including interstates) receive a zoning use or development entitlement not included in City's Current Laws, and which use or entitlement could facilitate development within the Project Area, City agrees to cooperate with Master Developer to promptly obtain the same use or entitlements for the Property.

2.5 Term. The initial term of this Agreement shall be forty (40) years beginning on the Effective Date, which term may be extended by written agreement of City, RDA, and Master Developer.

2.6 Development of Property. The development of the Property shall be in accordance with City's Current Laws, City's Future Laws (to the extent that they apply as allowed by this Agreement) and this Agreement. City and RDA agree that Master Developer shall have the full power and exclusive control of the Property. Nothing in this Agreement shall obligate Master Developer (or its successors) to develop the Property or to develop in any particular order or phase and that Master Developer reserves all discretion to determine whether to develop a particular portion or phase of the Property based upon Master Developer's business

judgment. The Property may be developed for all uses allowed by City's Current Laws, including, but not limited to, the Intended Uses.

2.7 Design Requirements. City shall not impose design requirements on buildings, improvements and structures located within the Property other than those required by City's Current Laws.

2.8 Open Space Dedications. No further open space dedications shall be required as a condition of Development Application approval; it being acknowledged by the Parties that prior to entering into this Agreement, and as consideration for creating a natural area to the north of the Property, the Property is located within an area designated by City as suitable for development. So long as there is no residential development within the Property, development within the Property shall not be required to pay open space or park impact fees of any type.

2.9 Recitals and Exhibits. The above recitals and all exhibits hereto are hereby incorporated by reference into this Agreement.

2.10 Separate Development Agreements. Master Developer may elect to propose and enter into separate agreements with City to govern the construction or development of a particular phase or portion of phase within the Property. City agrees to cooperate with the preparation and execution of any such separate agreement with Master Developer.

### ARTICLE III ROADS AND UTILITIES

#### 3.1 Roads.

3.1.1 *Major Roads.* The Property includes proposed or existing state roads and City arterial and collector roads. To the extent such roads will be owned by the State of Utah ("State"), the State will be responsible for the acquisition of right of way and development of such roads. Prior to development or acquisition of arterial or collector roads, the City shall provide Master Developer nine (9) months advance notice and an opportunity to consult and comment on any proposed plans to acquire or develop arterial and collector roads. City agrees to cooperate with Master Developer in relocating, modifying or removing planned City arterial and collector roads to the extent a Project Phase necessitates or would be improved by a different road configuration.

3.1.2 *Local Roads.* Subject to Section 3.3, Master Developer shall be responsible for the dedication of right of way and the construction of local roads installed in connection with the development of a Project Phase or portion thereof.

3.1.3 *Heavy Haul Road.* Master Developer may elect to plan, designate and construct, or have constructed, certain roads designed and constructed for heavy loads in connection with the uses contemplated for the Property. If such roads will be public roads, City's prior approval will be required. The Parties agree in coordinating infrastructure locations to accommodate such roads, which may be public or private roads.



3.1.4 *Road Widths.* City agrees that road right of way and pavement widths for local roads, collector roads, arterial roads and any other public roads shall not exceed the standards applicable to other similar developments within Salt Lake City.

3.1.5 *Drainage Areas.* Master Developer may propose that drainage facilities, including swales, berms and surface facilities for the Project Area, or portion thereof, be located within rights of way, including road rights of way, dedicated to City. City agrees to accept such offers of dedication consistent with City standards; provided that Master Developer provide a commitment to have such areas as may be located outside of the typical road rights of way cross sections maintained by an owners association or other form of property owner group.

3.2 Culinary Water and Sanitary Sewer Improvements. Master Developer shall be responsible for constructing and installing the requisite service and water and sewer distribution lines and similar improvements within the Property necessary for City to provide culinary water and sewer service to a particular Project Phase. Master Developer shall not be required to install transmission, service or distribution lines (or other significant infrastructure improvements) outside of the Property, or lines within the Property providing capacity for areas outside of the Property beyond City's normal project level requirements; *provided, however*, Master Developer acknowledges that certain areas within the Property may not be developable without the construction of infrastructure improvements outside the Property that would not be paid for by City ("**Offsite Improvements**"). All such Offsite Improvements shall qualify for reimbursement under the term Permitted Improvements, or other reimbursement provision as provided for in this Agreement. The foregoing limitation shall not prohibit Master Developer from installing improvements, including Offsite Improvements, subject to City's approval, for the benefit of areas outside of the Property, or areas leading to the Property, where the costs for such development will be paid for or Master Developer may be reimbursed by Project Area Increment, fees from a pioneering agreement(s), and/or the payment of impact fees.

3.3 Storm Water Improvements. Master Developer shall manage storm water flows within the Property according to the Northwest Quadrant Storm Water Drainage Master Plan or other City-approved Northwest Quadrant master plan. City Agrees to coordinate with Master Developer in advance of approving or amending the Northwest Quadrant Storm Water Drainage Master Plan in a way that will affect the Project Area. City agrees to work with Master Developer to approve storm water systems which account for the large amount of time anticipated that will be required to develop the Property, and to allow the usage of existing drainage areas by Master Developer where possible. City agrees to minimize situations where Master Developer is required to design or construct detention or retention facilities to address storm water flows originating from outside the Property without reimbursement from City or other property owners. Master Developer may be required to provide additional drainage capacity in conveyance channels and associated easements to accommodate pass-through drainage from other properties. Notwithstanding the foregoing, the City may require dedications for storm water drainage within the Property. Any dedications for excess capacity required for flows originating outside of the Project Area shall entitle Master Developer to obtain reimbursement, including under the definition of Permitted Improvements, for the value of the associated land dedications or space set aside for pass-through facilities. City agrees to consider design of drainage systems which incorporate filtering or other methods so a project or property may avoid the costs of designing a system with an oil/water separator, including the installation



of swales, bio-filters and other systems best suited for the unique drainage conditions in the Project Area.

3.4 City Services. City agrees that it shall make available (subject to application for service, issuance of applicable permits and payment of connection fees and applicable commodity usage rates) culinary water, sanitary sewer, street light, storm water and other municipal services to the Property. Such services shall be provided to the Property at the same levels of services, on the same terms and at rates as approved by the Salt Lake City Council, which rates may not differ materially from those charged to others in Salt Lake City.

3.5 Installation of Public Improvements. Notwithstanding any other provisions of this Agreement, all improvements to be publically dedicated shall be constructed in compliance with City's Current Laws and this Agreement. For each Project Phase, or portion thereof that is subject to a Development Application, Master Developer may enter into an improvement construction and assurance agreement in a form consistent with State law and City's Current Laws prior to recording the final plat for such phase, *provided, however*, subject to City's Current Laws, Master Developer may elect to install public improvements associated with such phase in coordination with City, and in advance of plat recordation in order to eliminate or reduce the need for providing financial assurances for public improvements within each phase which are completed in advance of dedication.

3.6 City Cooperation. City agrees to cooperate in making available public rights of way and easements for use by utility and service providers to development within the Property. City further agrees to cooperate with Master Developer in efforts to relocate, reconfigure or upgrade canal facilities which cross onto any portion of the Property. Separate agreements under this Section will not require RDA approval.

#### ARTICLE IV DEVELOPMENT PROCESSES

4.1 Planning Coordination and Approval. City will use reasonable efforts to process any Development Application promptly. Should City's Current Laws allow discretion as to whether a Development Application should be approved by City staff or a public body, City staff shall initially review the Development Application at the staff-level and make a reasonable determination about whether the land use decision can appropriately be made at staff-level. In the event the Development Application is forwarded to a non-staff land use authority, the City will provide notice to the applicant of the reasons for referring the decision to a non-staff land use authority.

4.2 Conditional Use Permits. City agrees that any conditional use permits shall be approved in accordance with State law and City's Current Laws. City agrees further that no land use authority may impose conditions on a conditional use permit which relate to criteria or detrimental impacts not expressly stated in City's Current Laws. No conditional use permit application shall be the subject to more than two public hearings without the express written consent of Master Developer.

4.3 Processing. City shall promptly process Development Applications. In order to ensure that the Development Applications are promptly reviewed and processed, City will use reasonable efforts to designate one or more City Planning Division staff member(s) as principal liaisons/specialists on the Development Applications. These Planning Division staff members will be fully informed on the terms of this Agreement and will facilitate timely review of any Development Applications submitted hereunder.

4.4 Acceptance of Certifications Required for Development Applications. Any Development Application requiring the signature, endorsement, or certification and/or stamping by a person holding a license or professional certification required by the State of Utah in a particular discipline shall be so signed, endorsed, certified or stamped signifying that the contents of the Development Application comply with the applicable regulatory standards of City. Subject to City's review and confirmation, a Development Application with the foregoing signature, endorsement, certification or stamp shall be deemed to meet the specific standards which are the subject of the opinion or certification. It is not the intent of this Section to preclude the normal process of City's "redlining", commenting on or suggesting alternatives to the proposed designs or specifications in the Development Application.

4.5 City Denial of a Development Application. If City denies a Development Application then City shall provide a written determination advising the applicant of the reasons for denial including specifying the reasons City believes that the Development Application is not consistent with this Agreement. In the event of a denial, City shall notify Master Developer even if Master Developer is not the applicant. The following provisions shall apply to any such denial:

4.5.1 Meet and Confer regarding Development Application Denials. City and applicant shall, within fifteen (15) days of any denial, discuss possible methods of resolving the issues specified in the denial of a Development Application. These discussions will not stay any appeal deadlines, and any party seeking to appeal should file a formal appeal with the City in order to preserve jurisdiction. The Parties may agree to stay the time for a formal appeal hearing on the denial.

4.5.2 City Denials of Development Applications Based on Denials from Non-City Agencies. If City's denial of a Development Application is based on the denial of the Development Application by a non-City agency, applicant shall appeal any such denial through the appropriate procedures for such a decision and not through the processes specified below.

4.6 Mediation of Development Application Denials.

4.6.1 Issues Subject to Mediation. Issues resulting from the City's denial of a Development Application may, upon the concurrence of both Parties, be mediated.

4.6.2 Mediation Process. If City and applicant mutually agree to mediation, the Parties shall attempt within ten (10) business days to appoint a mutually acceptable mediator with knowledge of the issue in dispute. If the Parties are unable to agree on a single acceptable mediator they shall each, within ten (10) business days, appoint their own representative. These two representatives shall, between them, choose the single mediator. Applicant shall pay the fees



of the chosen mediator. The chosen mediator shall within fifteen (15) business days, review the positions of the Parties regarding the mediation issue and promptly attempt to mediate the issue between the Parties. If the Parties are unable to reach agreement, the mediator shall notify the Parties in writing of the resolution that the mediator deems appropriate. The mediator's opinion shall not be binding on the Parties.

## ARTICLE V TAX INCREMENT REIMBURSEMENT

5.1 CRA Project Area. RDA has established a Project Area Plan which includes the Property and other property in the vicinity of the Property. The Project Area is intended to produce Tax Increment available for the purposes described in this Agreement and the Project Area Plan, including the Permitted Improvements, economic development within the Project Area Plan and other purposes as set forth in future agreements relating to the development of the Property. Costs incurred by Master Developer in developing, acquiring or installing Permitted Improvements shall be reimbursable from Project Area Increment as more particularly set forth in this Article. RDA's obligations under this Agreement are special limited obligations payable solely from the Tax Increment collected from the Property and generated from property taxes paid on behalf of the Property. RDA shall not expand or modify the Project Area without the written consent of Master Developer.

5.2 Project Area Tax Reimbursement Policy. Within six (6) months after the Effective Date, RDA agrees to adopt a Tax Increment reimbursement policy ("**TI Policy**") for the Project Area. The TI Policy shall include the following provisions:

5.2.1 *Reimbursement Applications.* RDA staff shall review each application for a new reimbursement agreement and forward the application to the RDA Board of Directors ("Board") within thirty (30) days of receipt. The TI Policy will also establish that the Board will use best efforts to consider the application within sixty (60) days of the Board's receipt of the application from RDA staff and to decide the application as soon as reasonably practicable thereafter.

5.2.2 *Reimbursement Triggers and Duration.* Each application for a new reimbursement agreement shall include an estimate of anticipated total future value, projected construction schedule and recommended future assessed value "trigger" for commencing tax increment collection and disbursement. The project area funds collection period for each individual reimbursement period shall be for a period not less than twenty (20) years dating from the day on which the first payment of project area funds is distributed to an agency under an interlocal agreement.

5.2.3 *Mutual Cooperation.* RDA agrees to lead and cooperate with efforts of the Parties to have other taxing entities enter into interlocal and other agreements allocating such taxing entity(ies)' tax increment to RDA for use in the Project Area as described in this Agreement.

5.2.1 *Increment Allocations.* Unless otherwise agreed by RDA and Master Developer in writing, RDA shall allocate Project Area Increment received by RDA as follows:

A. Administrative Increment. Ten percent (10%) of the Project Area Increment received by RDA may be used by RDA for the payment of RDA administrative costs ("Administrative Increment"), provided however, that if any portion of the Administrative Increment is not spent by the RDA on administrative costs in a given year, the RDA shall reallocate the Administrative Increment to become Area-Wide Increment to be used in accordance with Subsection C below.

B. Developer's Tax Increment. Seventy percent (70%) of the Project Area Increment, plus any potential reallocated Affordable Housing Increment, shall be available for reimbursement of Developer's Reimbursable Expenses.

C. Area-Wide Increment. Ten percent (10%) of the Project Area Increment shall be available for Project Area-wide improvements, including improvements located outside of Project Area but which directly benefit or specifically enhance the Project Area in a way that is measurable and not hypothetical or remote.

D. Affordable Housing Increment. Ten percent (10%) of the Project Area Increment shall be used for affordable housing uses as required by State law, *provided, however*, should the state amend Title 17C of the Utah Code to remove the mandatory ten percent (10%) affordable housing requirement applicable to projects such as the Project Area then such increment may be reallocated in RDA's discretion and pursuant to Utah Code 17C.

5.2.2 *Assignable.* This Agreement or future reimbursement agreements as to any portion of the Project Area may be assigned, in whole or in part, by Master Developer to successors, including Sub-developers, in writing, and subject to RDA's written approval, which approval shall not be unreasonably withheld, delayed, or conditioned. RDA will be bound by the same terms to the assignees.

5.2.3 *Separate Reimbursement Agreements.* Separate reimbursement agreements shall be approved by the RDA Board of Directors in accordance with this Agreement and will not require City approval.

## ARTICLE VI IMPACT FEE REIMBURSEMENT

6.1 Reimbursements/ Impact Fee Plans. City will, within six (6) months of the Effective Date, create a process by which it will commit to reimburse Master Developer from applicable and available impact fees for Master Developer's Reimbursable System Improvement Expenses, which are not paid for by Project Area Increment or a pioneering or other reimbursement agreement. Nothing in the foregoing process shall preclude expenses from being reimbursed from more than one revenue source so long as Master Developer is only reimbursed once for Permitted Improvements or Reimbursable System Improvement Expenses. Master Developer acknowledges that there are currently no City impact fee facilities plans for System Improvements in the Northwest Quadrant that are water, sewer, storm water, or street lighting improvements. City agrees to consult with Master Developer in advance of amending or enacting any impact fee facilities plan(s) which includes improvements to be located within or directly servicing the Project Area.



6.2 Reimbursement Process. City's impact fee reimbursement process for the System Improvements will include the requirement that, should Master Developer elect to construct any System Improvement, Master Developer shall coordinate such construction with City. The impact fee reimbursement process will also require Master Developer to provide City with estimates for the costs of all System Improvements as they are received, which City may include in updating its impact fee facilities plan. The impact fee reimbursement process will include a requirement that Master Developer provide monthly reports to City of all costs incurred by Master Developer in constructing System Improvements and in calculating Reimbursable System Improvement Expenses, and a requirement that City provide Master Developer with reports on impact fees collected upon reasonable request and without requiring Master Developer to file a records request. The impact fee reimbursement process will only be for impact fees collected for roads, police, and fire under City Code 18.98, *et seq.*, and will not include impact fees collected by the City's Public Utilities Department.

6.3 No Moratorium or Waiver. City shall include the obligations set forth in this Agreement into any subsequently amended or adopted impact fee facilities plan. Should City reduce any impact fees from the amounts set on the date of this Agreement, then City shall deposit a sum equal to the amount of such reduction into each fund for each class or grouping of impact fees at the time of payment to Master Developer hereunder; it being the Parties' intent that the effective amount of the impact fees not be reduced while obligations are outstanding to Master Developer under this Agreement

## ARTICLE VII PIONEERING AGREEMENTS AND OTHER METHODS FOR REIMBURSING INFRASTRUCTURE COSTS

7.1 Bonds and Assessment Area. The Parties agree to evaluate and, where feasible, explore the creation of assessment areas and consider the appropriateness of issuing bonds to the extent such actions will facilitate development of the Property in accordance with this Agreement and the Project Area Plan.

7.2 Pioneering Agreements. City and Master Developer shall enter into pioneering agreements for any infrastructure, including System Improvements or Permitted Improvements, where Master Developer and City have mutually determined that a pioneering agreement will facilitate the reimbursement for costs incurred in developing and improving the Property as set forth in such pioneering agreements. Such pioneering agreements shall include provisions requiring others connecting to infrastructure built with excess capacity to pay for their share of such capacity, including construction, and other reasonable costs and expenses incurred in developing the excess capacity. City and Master Developer will include a definition in the pioneering agreements clarifying that "excess capacity" is limited to the cost of upsizing infrastructure. Nothing in a pioneering agreement shall preclude expenses from being reimbursed from more than one revenue source so long as Master Developer is only reimbursed once for Permitted Improvements or Reimbursable System Improvement Expenses.



ARTICLE VIII  
ANNEXATION AND SUB PROJECTS

8.1 Additional Property. If Master Developer acquires properties immediately adjacent to the Property, Master Developer may elect to include such later acquired properties in this Agreement, subject to City's and RDA's approval, which approval shall not be unreasonably withheld, delayed, or conditioned. Such later acquired properties must be located within the Project Area to be included in this Agreement, which inclusion must comply with Section 5.1 above.

8.2 Sub-developer Agreements. The Parties hereto, or some of them, may enter into separate agreements with Sub-developers or others obtaining rights from Master Developer, provided however that nothing in any separate agreement may conflict with the entitlements and benefits obtained by Master Developer in this Agreement without the express written consent of Master Developer, or, as applicable, City and/or RDA.

ARTICLE IX  
ASSIGNMENT AND TRANSFER

9.1 Assignment and Transfer of Development. If Master Developer assigns, transfers, or otherwise conveys the entire Property or any portion thereof to a subsequent owner, and intends to transfer any of the rights and obligations under this Agreement in connection with such transfer, Master Developer shall execute and deliver a "**Transfer Acknowledgment**" in the form attached hereto as **Exhibit B** for the purpose of notifying City of the transfer. Upon delivery of a fully executed Transfer Acknowledgment, the obligations of Master Developer shall automatically be assigned and assumed to the identified assignee and Master Developer shall be released from the obligations that are assumed by the identified assignee.

9.2 Transfer Deeds. Master Developer may make transfers, with or without transferring the rights under this Agreement under Section 9.1 above, in anticipation or furtherance of future land use approvals and development of the Property or a particular portion therein. In accordance with Utah Code § 10-9a-103(57)(c)(v), Master Developer may convey portions of the Project by metes and bounds prior to recordation of a plat of subdivision for such portion and City agrees to execute an acknowledgment on such deeds of conveyance (each a "**Transfer Deed**") for the purposes of acknowledging only City's consent to the conveyance by metes and bounds of the real property that is the subject of the applicable Transfer Deed. Master Developer expressly acknowledges that City's execution of a Transfer Deed shall not in any way be deemed a waiver of the requirement that the property transferred pursuant to such Transfer Deed shall be subject to the approval process set forth in this Agreement or City's Current Laws.

9.3 Reservation of Reimbursement Rights. Notwithstanding any provision in City's Current Laws to the contrary, Master Developer reserves unto itself the right to all payments and reimbursements for items constructed within the Property or by Master Developer even if Master Developer sells any portion of the Property to a third-party. Any assignment of the right to receive payments and reimbursements under this Agreement must be in writing, signed by

Master Developer, and approved by RDA, and must include specific details regarding the right or amount of reimbursement transferred to a third party. In the event of a transfer of any reimbursement or payment right under this Agreement, both assignor and assignee must provide written notice to RDA and City in accordance with this Agreement. Notwithstanding the foregoing, Master Developer shall not be entitled to retain reimbursements or payments under this Agreement that exceed the actual costs incurred by Master Developer.

## ARTICLE X DISPUTE RESOLUTION

10.1 Default. Except as otherwise expressed herein, in the event of a failure by any Party to comply with the commitments set forth herein, within thirty (30) days of written notice of such failure from the other Party, the non-defaulting Party shall have the right to pursue any or all of the following remedies, which right shall be cumulative:

10.1.1 To cure such default or enjoin such violation and otherwise enforce the requirements contained in this Agreement; and

10.1.2 To enforce all rights and remedies available at law and in equity including, but not limited to, injunctive relief, and/or damages.

## ARTICLE XI GENERAL MATTERS

11.1 Amendments. Any alteration or change to this Agreement shall be made in a writing executed by Master Developer and City, after approval by City's appropriate executive or legislative bodies. A provision of this Agreement relating to RDA may be amended with the written consent of RDA but RDA need not be a Party to an amendment that does not alter the reimbursement obligations of RDA hereunder. Master Developer need not obtain the written consent of a subsequent owner of a portion of the Property in order to amend this Agreement.

11.2 Exclusion from Moratoria. The Property shall be excluded from any moratorium adopted pursuant to Utah Code § 10-9a-504 unless such a moratorium is found on the record by the City Council to be necessary to avoid jeopardizing a compelling, countervailing public interest.

11.3 No Waiver. Nothing in this Agreement shall be construed as waiving Master Developer's rights under the United States and Utah constitutions, and the land use and development laws of the state of Utah.

11.4 Captions and Construction. This Agreement shall be construed according to its fair and plain meaning and as if prepared by all Parties hereto and shall be interpreted in accordance with Utah law. Titles and captions are for convenience only and shall not constitute a portion of this Agreement. As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others wherever and whenever the context so dictates. Furthermore, this Agreement shall be construed so as to effectuate the public purposes, objectives and benefits set forth herein. As used in this Agreement, the words "include" and "including" shall mean "including, but not limited to" and shall not be interpreted



to limit the generality of the terms preceding such word. To the extent a general provision of City's Current Laws or Future Laws, or any other law, conflicts with a specific provision of this Agreement or an interpretation necessary to give effect to the Agreement, then this Agreement shall control.

11.5 Laws and Forum. This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective successors and assigns, and shall be construed in accordance with Utah law. Any action brought in connection with this Agreement shall be brought in a court of competent jurisdiction located in Salt Lake County, Utah.

11.6 No Third Party Rights. Unless otherwise specifically provided herein, the obligations of the Parties set forth in this Agreement shall not create any rights in or obligations to any other persons or third parties.

11.7 Force Majeure. Any prevention, delay or stoppage of the performance of any obligation under this Agreement which is due to strikes; labor disputes; inability to obtain labor, materials, equipment or reasonable substitutes therefor; acts of nature; governmental restrictions, regulations or controls; judicial orders; enemy or hostile government actions; wars; civil commotions; fires, floods, earthquakes or other casualties or other causes beyond the reasonable control of the Party obligated to perform hereunder shall excuse performance of the obligation by that Party for a period equal to the duration of that prevention, delay or stoppage. Any Party seeking relief under the provisions of this section must have notified the other Party in writing of a force majeure event within thirty (30) days following occurrence of the claimed force majeure event.

11.8 Notices. All notices shall be in writing and shall be deemed to have been sufficiently given or served when presented personally, or delivered by a reputable overnight courier that keeps receipts of delivery (such as UPS or Federal Express), or when deposited in the United States mail, by registered or certified mail, addressed as follows:

City: Salt Lake City  
451 South State Street  
Salt Lake City, UT 84111  
Attention: City Recorder

With a copy to: Salt Lake City  
Office of the City Attorney  
451 South State Street  
Salt Lake City, UT 84111  
Attention: City Attorney

RDA: Salt Lake City Redevelopment Agency  
451 South State Street  
Salt Lake City, UT 84111  
Attention: Chief Administrative Officer

With a copy to: Salt Lake City

Office of the City Attorney  
451 South State Street  
Salt Lake City, UT 84111  
Attention: Chief Counsel, RDA

Master Developer: NWQ, LLC  
166 East 14000 South, Suite 210  
Draper, UT 84080  
Attn: Lance Bullen

With a copy to: Snell and Wilmer L.L.P.  
15 West South Temple, Suite 1200  
Salt Lake City, UT 84101  
Attn: Wade R. Budge

Such addresses may be changed by notice to the other Party given in the same manner as above provided. Any notice given hereunder shall be deemed given as of the date delivered or mailed.

11.9 Entire Agreement. This Agreement, together with documents and all regulatory approvals given by City for the Property, contain and constitute the entire agreement of the Parties with respect to the subject matter hereof and supersede any prior promises, representations, warranties, inducements or understandings between the Parties which are not contained in such agreements, regulatory approvals and related conditions. It is expressly agreed by the Parties that this Agreement and additional planned agreements between Master Developer and City, or between Master Developer and RDA, as contemplated and referred to elsewhere in this Agreement, are intended to and shall govern and facilitate the development of the Property.

11.10 Termination. If not timely rescinded in accordance with Section 2.2.1. above, this Agreement shall terminate upon the first of the following to occur: (i) mutual written agreement of the Parties, (ii) Buildout, or (iii) forty (40) years after the Effective Date, unless extended by in writing by City, RDA, and Master Developer, whichever occurs first.

11.11 Further Action. The Parties hereby agree to execute and deliver such additional documents and to take all further actions as may become necessary or desirable to fully carry out the provisions and intent of this Agreement.

11.12 Agreement Runs with the Land. This Agreement shall be recorded against the Property as described in the Exhibit A. The agreements contained herein shall be deemed to run with the land and shall be binding on and shall inure to the benefit of all successors in ownership of the Property. Successors in title are on record notice of the provisions of this Agreement. Notwithstanding the foregoing, each successor in interest shall accede only to the benefits and burdens of this Agreement pursuant to an assignment by Master Developer which pertain to that specific portion of the Property to which such successor holds fee title or leasehold estate, and shall not be deemed to be the "Master Developer" or a third party beneficiary of any of the rights, interests, or benefits relating to other portions of the Property. The provisions, responsibilities and benefits relating or appertaining to a specific portion of the Property may be

assigned to such portion of the Property, or owner thereof, by specific written instrument executed by Master Developer and approved by City and RDA, which approval shall not be unreasonably withheld, delayed, or conditioned.

11.13 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

11.14 Representation Regarding Ethics. Master Developer represents and warrants that it has not: (1) provided an illegal gift or payoff to a City officer or employee or former City officer or employee, or his or her relative or business entity; (2) retained any person to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, other than bona fide employees or bona fide commercial selling agencies for the purpose of securing business; (3) knowingly breached any of the ethical standards set forth in the City's conflict of interest ordinance, Chapter 2.44, Salt Lake City Code; or (4) knowingly influenced, and hereby promises that it will not knowingly influence, a City officer or employee or former City officer or employee to breach any of the ethical standards set forth in the City's conflict of interest ordinance, Chapter 2.44, Salt Lake City Code.

IN WITNESS WHEREOF, the Parties have executed this Development Agreement on January \_\_, 2018.

*[Remainder of Page Intentionally Blank; Signatures Follow]*



**SALT LAKE CITY CORPORATION**, a Utah  
municipal corporation

*Jacqueline M. Biskupski*  
Jacqueline M. Biskupski, Mayor

  
Cindi Mansell, City Recorder

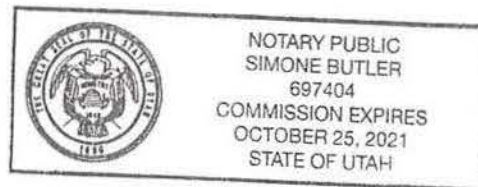
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E. Russell Vetter



STATE OF UTAH )  
 ) ss.  
County of Salt Lake )



On this 31<sup>st</sup> day of January, 2018, before the undersigned notary public in and for the said state, personally appeared Jacqueline M. Biskupski, known or identified to me to be the Mayor of Salt Lake City, who executed the foregoing instrument on behalf of said City and acknowledged to me that said City executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year first above written.

Notary Public for Utah  
Residing at: Salt Lake County  
My Commission Expires: 10/25/2021

*[Signatures Continue on Following Page]*

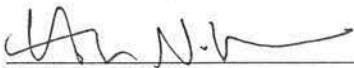
RDA:

REDEVELOPMENT AGENCY OF SALT  
LAKE CITY, a public entity:



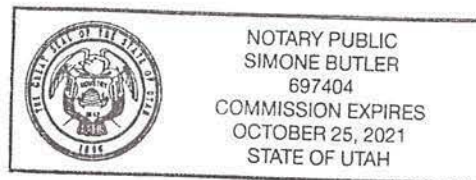
  
Jacqueline M. Biskupski, Executive Director

Approved as to form:  
Salt Lake City Attorney's Office

  
Katherine N. Lewis

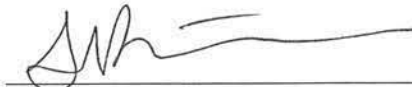
#### ACKNOWLEDGMENT

STATE OF UTAH                    )  
  : ss.  
County of Salt Lake            )



On this 31<sup>st</sup> day of January, 2018, before the undersigned notary public in and for the said state, personally appeared Jacqueline M. Biskupski, known or identified to me to be the Executive Director of the Redevelopment Agency of Salt Lake City, and who executed the foregoing instrument on behalf of said Redevelopment Agency of Salt Lake City and acknowledged to me that said Redevelopment Agency of Salt Lake City executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year first above written.

  
\_\_\_\_\_  
Notary Public for Utah  
Residing at: Salt Lake County  
My Commission Expires: 10/25/2021

*[Signatures Continue on Following Page]*

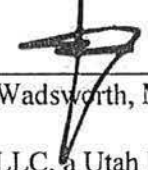
**MASTER DEVELOPER:**

**NWQ, LLC**, a Utah limited liability company:

By: NWQ GP, LLC, a Utah limited liability company  
Its: Manager

By: WADSWORTH NWQ, LLC, a Utah limited liability company  
Its: Manager

By: KW VENTURES, LLC, a Utah limited liability company  
Its: Manager

By:   
Kip L. Wadsworth, Manager

By: COLMENA NWQ, LLC, a Utah limited liability company  
Its: Manager

By: COLMENA CAPITAL, INC., a Utah corporation  
Its: Manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

By: STOKES STEVENSON NWQ, LLC, a Utah limited liability company  
Its: Manager

By: STOKES STEVENSON MGT NWQ, LLC, a Utah limited liability company  
Its: Manager

By: BES INVESTMENT FUND, LLC, a Utah limited liability company  
Its: Manager

MASTER DEVELOPER:

NWQ, LLC, a Utah limited liability company:

By: NWQ GP, LLC, a Utah limited liability company  
Its: Manager


By: WADSWORTH NWQ, LLC, a Utah limited  
liability company  
Its: Manager

By: KW VENTURES, LLC, a Utah  
limited liability company  
Its: Manager

By: \_\_\_\_\_  
Kip L. Wadsworth, Manager

By: COLMENA NWQ, LLC, a Utah limited  
liability company  
Its: Manager

By: COLMENA CAPITAL, INC., a  
Utah corporation  
Its: Manager

By:   
Name: Lance Bullen  
Its: Manager

By: STOKES STEVENSON NWQ, LLC, a  
Utah limited liability company  
Its: Manager

By: STOKES STEVENSON MGT  
NWQ, LLC, a Utah limited liability  
company  
Its: Manager

By: BES INVESTMENT FUND,  
LLC, a Utah limited liability  
company  
Its: Manager

By: [Signature]  
Bryan Stevenson, Manager

By: STRUCTURED FINANCE  
CORPORATION, a Utah  
corporation  
Its: Manager

By: [Signature]  
Travis Lish, President

### ACKNOWLEDGMENT

STATE OF UTAH                    )  
  : ss.  
County of Salt Lake            )

On this \_\_\_\_ day of \_\_\_\_\_, 2018, before the undersigned notary public in and for the said state, personally appeared Kip L. Wadsworth, known or identified to me to be the Manager of **KW VENTURES, LLC**, a Utah limited liability company, and the person who executed the foregoing instrument and acknowledged to me that said company executed the same as manager of **WADSWORTH NWQ, LLC**, which is a manager of **NWQ GP, LLC**, a manager of **NWQ, LLC**.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year first above written.

\_\_\_\_\_  
Notary Public for Utah

STATE OF UTAH                    )  
  : ss.  
County of Salt Lake            )

On this 26<sup>th</sup> day of January, 2018, before the undersigned notary public in and for the said state, personally appeared Lance Bullen, known or identified to me to be the Manager of **COLMENA CAPITAL, INC.**, a Utah corporation, and the person who executed the foregoing instrument and acknowledged to me that said company executed the same as manager of **COLMENA NWQ, LLC**, which is a manager of **NWQ GP, LLC**, a manager of **NWQ, LLC**.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year first above written.



[Signature]  
Notary Public for Utah  
22



By: \_\_\_\_\_  
Bryan Stevenson, Manager

By: STRUCTURED FINANCE  
CORPORATION, a Utah  
corporation

Its: Manager

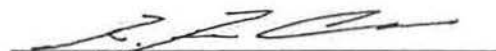
By: \_\_\_\_\_  
Travis Lish, President

### ACKNOWLEDGMENT

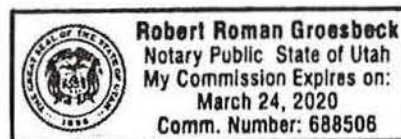
STATE OF UTAH                    )  
  : ss.  
County of Salt Lake            )

On this 16<sup>th</sup> day of JANUARY, 2018, before the undersigned notary public in and for the said state, personally appeared Kip L. Wadsworth, known or identified to me to be the Manager of **KW VENTURES, LLC**, a Utah limited liability company, and the person who executed the foregoing instrument and acknowledged to me that said company executed the same as manager of **WADSWORTH NWQ, LLC**, which is a manager of **NWQ GP, LLC**, a manager of **NWQ, LLC**.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year first above written.

  
Notary Public for Utah

STATE OF UTAH                    )  
  : ss.  
County of Salt Lake            )



On this \_\_\_\_ day of \_\_\_\_\_, 2018, before the undersigned notary public in and for the said state, personally appeared \_\_\_\_\_, known or identified to me to be the \_\_\_\_\_ of **COLMENA CAPITAL, INC.**, a Utah corporation, and the person who executed the foregoing instrument and acknowledged to me that said company executed the same as manager of **COLMENA NWQ, LLC**, which is a manager of **NWQ GP, LLC**, a manager of **NWQ, LLC**.

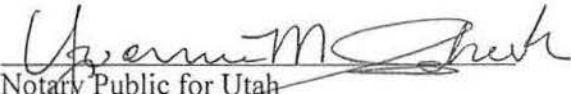
IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year first above written.

\_\_\_\_\_  
Notary Public for Utah

STATE OF UTAH )  
 : ss.  
County of Salt Lake )

On this 26<sup>th</sup> day of January, 2018, before the undersigned notary public in and for the said state, personally appeared Bryan Stevenson, known or identified to me to be the Manager of **BES INVESTMENT FUND, LLC**, a Utah limited liability company, and the person who executed the foregoing instrument and acknowledged to me that said company executed the same as manager of **STOKES STEVENSON MGT NWQ, LLC**, which is a manager of **STOKES STEVENSON NWQ, LLC**, which is a manager of **NWQ GP, LLC**, a manager of **NWQ, LLC**.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year first above written.

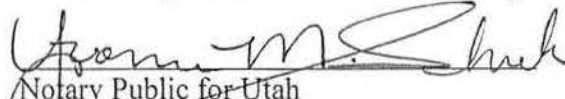
  
Notary Public for Utah

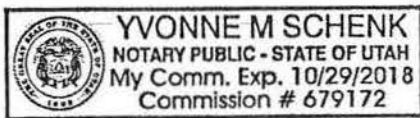


STATE OF UTAH )  
 : ss.  
County of Salt Lake )

On this 26<sup>th</sup> day of January, 2018, before the undersigned notary public in and for the said state, personally appeared Travis Lish, known or identified to me to be the President of **STRUCTURED FINANCE CORPORATION**, a Utah corporation, and the person who executed the foregoing instrument and acknowledged to me that said company executed the same as manager of **STOKES STEVENSON MGT NWQ, LLC**, which is a manager of **STOKES STEVENSON NWQ, LLC**, which is a manager of **NWQ GP, LLC**, a manager of **NWQ, LLC**.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year first above written.

  
Notary Public for Utah



HB\_ATTYY-#66574-v1-Master\_Development\_Agreement\_(NWQ\_LL)(Jan\_2\_final).docx





## **NORTHWEST QUADRANT OVERLAY DISTRICT: [21A.34.140:](#)**

### **A. Northwest Quadrant Overlay District:**

1. **Purpose:** The purpose of the Northwest Quadrant Overlay District is to protect sensitive lands and wildlife habitat; allow for the continuation of agricultural uses; and allow for the development of lands in appropriate areas that contribute to the future economic growth of the City and will not negatively impact sensitive lands, habitats, and waterways in the area north of I-80 and west of the Salt Lake International Airport. Sites within this area may be subject to difficult environmental and site conditions. The overlay defines three (3) subareas: the Development Area, the Eco-Industrial Buffer Area, and the Natural Area.
2. **Public Improvements And Dedications:** The undeveloped land in the Northwest Quadrant requires public improvements to ensure the long term development potential and success of the area. All development subject to a site development or building permit, shall be required to provide public improvements required by City departments as outlined in their Master Plans.
3. **State And Federal Permits Required:** A site development and/or building permit shall not be granted unless the applicant has first obtained any necessary State and/or Federal wetlands and/or stream alteration permits.
4. **Precedence:** For areas where the LC Lowland Conservancy Overlay District is mapped within the Northwest Quadrant Development Area and/or the Northwest Quadrant Eco-Industrial Buffer Area, the LC Lowland Conservancy Overlay District shall take precedence.

**B. Northwest Quadrant Development Area:** The purpose of this area of the Northwest Quadrant Overlay District is to allow for new development to occur in a way that allows for the growth of light industrial uses in the City while minimizing impacts to wildlife and the surrounding sensitive Great Salt Lake shore lands. This area is identified on the zoning map.

### **1. General Requirements:**

#### **a. Minimum Yard Requirements:**

(1) Front Yard: Twenty feet (20').

(2) Corner Side Yard: Twenty feet (20').

(3) Interior Side Yard: None required.

(4) Rear Yard: None required.

**b. Lighting:** All lighting on the property, including lighting on the buildings, parking areas, and for signs shall be shielded to direct light down and away from the edges of the property to eliminate glare or light into adjacent properties and have cutoffs to prevent upward lighting. Uplighting and event searchlights are prohibited.

**c. Roof Color:** Light reflective roofing material with a minimum solar reflective index (SRI) of 82 shall be used for all roofs.

2. Landscaping Requirements: The purpose of the special landscaping for the Northwest Quadrant Development Area is to provide appropriate native landscaping that can survive in the unique conditions of the area, prevent noxious weeds, and to provide landscaping that will not negatively impact the adjacent sensitive lands and birds areas.
  - a. All landscaping shall consist only of native plants as identified in the "Salt Lake City Northwest Quadrant Plant List" on file with the City's Planning Division.
  - b. Any areas disturbed by construction activity that will be left undeveloped shall be landscaped with plantings at an appropriate density to achieve complete cover within two (2) years.
  - c. Noxious weed species as identified by the Utah Department of Agriculture and Food (or its successor) in the State of Utah Noxious Weed List (or its successor) shall be removed from landscaped areas and areas disturbed by construction activity. Noxious weeds shall be controlled for a period of two (2) years and methods of control shall be identified on the landscape plan.
  - d. Trees, including street trees, are not required for any landscaping as required elsewhere in this title. Noxious trees, as identified by the Utah Department of Agriculture and Food (or its successor) in the State of Utah Noxious Weed List (or its successor) are prohibited.
  - e. Any shrub and tree plantings required by chapter 21A.48 of this title shall be substituted with allowed shrubs or with allowed plants that have a mature height of at least three feet (3') as identified in the "Salt Lake City Northwest Quadrant Plant List".
  - f. All other requirements in chapter 21A.48 of this title apply. This section shall take precedence in the case of a conflict with chapter 21A.48 of this title.

C. Northwest Quadrant Eco-Industrial Buffer Area: The purpose of this area of the Northwest Quadrant Overlay District is to provide an adequate buffer between the Natural Area, the adjacent Inland Sea Shore and the development of light industrial uses. Requirements in this area are meant to provide an area of transition from the natural environment to the built environment that will limit impacts to wildlife and sensitive areas. This area is identified on the zoning map.

1. In addition to the requirements listed in subsection B of this section, properties located within the Northwest Quadrant Eco-Industrial Buffer Area are subject to the following requirements:
  - a. Glass Requirements: For buildings with more than ten percent (10%) glass on any building elevation, a minimum of ninety percent (90%) of all glass shall be treated with applied films, coatings, tints, exterior screens, netting, fritting, frosted glass or other means to reduce the number of birds that may collide with the glazing. Any treatment must create a grid pattern that is equal to or smaller than 2 inches wide by 4 inches tall.
  - b. Fencing: When adjacent to the Northwest Quadrant Natural Area or the western City boundary, a see through fence that is at least fifty percent (50%) open with a minimum height of six feet (6') shall be erected along the property line to protect the Natural Area from development impacts and trespass.

D. Northwest Quadrant Natural Area: The purpose of this area of the Northwest Quadrant Overlay District is to protect sensitive lands and wildlife near the Great Salt Lake shorelands, to allow for the continuation of existing uses, and to limit new uses and new development in this area. This area is identified on the zoning map.

1. Permitted Uses And Improvements: Within the Natural Area, permitted developments and improvements to land are limited to the following:

Accessory use (associated with an allowed principal use).

Agricultural use.

Living quarters for caretaker or security guard.

Maintenance to existing infrastructure.

Natural open space.

Necessary infrastructure to support an allowed use.

Utility, building or structure (public).

Utility, transmission wire, line, pipe or pole (public).

Wildlife and game preserves.

2. Conditional Uses And Standards:

- a. Uses And Improvements: The following uses and improvements are subject to conditional use standards contained in chapter 21A.54 of this title:

Hunting club, (when allowed by the underlying zoning).

Underground utility transmission infrastructure (private), subject to the following:

- (1) An appropriate plan for mitigation of any construction activities shall be prepared, and
- (2) Absent any State or Federal regulations, a plan for creating no adverse impact should the line be abandoned shall be prepared.

Utility, building or structure (private).

Utility, transmission wire, line, pipe or pole (private).

- b. Conditional Use Standards: In addition to demonstrating conformance with the conditional use standards contained in chapter 21A.54 of this title, each applicant for a conditional use within the Northwest Quadrant Natural Area must demonstrate conformance with the following standards:

- (1) The development will not detrimentally affect or destroy natural features such as ponds, streams, wetlands, and forested areas, nor impair their natural functions, but will preserve and incorporate such features into the development's site;



- (2) The location of natural features and the site's topography have been considered in the designing and siting of all physical improvements;
- (3) Adequate assurances have been received that the clearing of the site topsoil, trees, and other natural features will not occur before the commencement of building operations; only those areas approved for the placement of physical improvements may be cleared;
- (4) The development will not reduce the natural retention storage capacity of any watercourse, nor increase the magnitude and volume of flooding at other locations; and that in addition, the development will not increase stream velocities;
- (5) The soil and subsoil conditions are suitable for excavation and site preparation, and the drainage is designed to prevent erosion and environmentally deleterious surface runoff;
- (6) The proposed development activity will not endanger health and safety, including danger from the obstruction or diversion of flood flow;
- (7) The proposed development activity will not destroy valuable habitat for aquatic or other flora and fauna, adversely affect water quality or groundwater resources, increase stormwater runoff velocity so that water levels from flooding increased, or adversely impact any other natural stream, floodplain, or wetland functions, and is otherwise consistent with the intent of this title;
- (8) The proposed water supply and sanitation systems are adequate to prevent disease, contamination and unsanitary conditions; and
- (9) The availability of alternative locations not subject to flooding for the proposed use.

3. Landscaping: Landscaping is not required for uses and improvements within the Natural Area, except:

- a. Any areas disturbed by construction activity that will be left undeveloped shall be revegetated with native plants as listed in the "Salt Lake City Northwest Quadrant Plant List".
- b. Noxious weed species as identified by the Utah Department of Agriculture and Food (or its successor) in the State of Utah Noxious Weed List (or its successor) shall be removed from landscaped areas and areas disturbed by construction activity. Noxious weeds shall be controlled for a period of two (2) years and methods of control shall be identified on the landscape plan. (Ord. 59-17, 2017)

## M-1 Light Manufacturing Zoning District

### **Timeline**

- NWQ Overlay - adopted December 2017 (Ordinance 59 of 2017)
- Master Development Agreement - adopted January 2018
  - Confirmed that the “Master Developer is vested with all rights to develop the Property in accordance with City's Current Laws without modification or change by the City except as specifically provided herein. By way of further clarification, Master Developer is vested with the right to develop and locate on the Property the uses and densities including, without limitation, the Intended Uses, and to develop in accordance with dimensional requirements as allowed by City's Current Laws.”
- Global Trade Port Text Amendment - adopted February 2018 (Ordinance 3 of 2018)
  - Master development agreement included a provision that if Council adopted Global Trade Port in Manufacturing Zones PLNPCM2017-01038, that text amendment:  
“shall become included in the City’s Current Laws and Master Developer Shall automatically be vested in the text amendment without further action or approval by the City.”
  - This text amendment included the following changes:
    - Clarified the definition of a railroad freight terminal facility
    - Removed a restriction in the land use table that prohibits a railroad freight terminal facility from being located within 5 miles of another facility
    - Added a restriction prohibiting railroad freight terminal facility within 1 mile of residential zoning district
    - Allowed grain silos and railroad repair shop land uses in the M-1 zoning district
    - Allowed cranes associated with a railroad freight terminal to be up to a height of 85’
- The regulations set for in the IP Inland Port Overlay District ([21A.34.150](#)) do not apply to the areas governed by the master developed agreement because they were adopted in December 2018, after the agreement was approved and signed.

### **Two main sections of City code will guide development in the area:**

- **M-1 Light Manufacturing - ([21A.28.020](#))**
- **Northwest Quadrant Overly District - ([21A.34.140](#))**

### **M-1 Light Manufacturing Zoning District – General Provisions**

**Statement Of Intent for Manufacturing Districts:** The manufacturing districts are intended to provide appropriate locations for manufacturing, fabrication, processing, packaging, distribution, storage, shipping and other transportation activities contributing to the economic base of the city; to enhance employment opportunities; to encourage the efficient use of land; to enhance property values and the tax base; to improve the design quality of industrial areas; and to help implement adopted plans.

**M-1 Purpose:** to provide an environment for light industrial uses that produce no appreciable impact on adjacent properties, that desire a clean attractive industrial setting, and that protects nearby sensitive lands and waterways. This zone is appropriate in locations that are supported by the applicable Master Plan policies adopted by the City. This district is intended to provide areas in the City that generate employment opportunities and to promote economic development. The uses include other types of land uses that support and provide service to manufacturing and industrial uses. Safe, convenient and inviting connections that provide access to businesses from public sidewalks, bike paths and streets are necessary and to be provided in an equal way. Certain land uses are prohibited in order to preserve land for manufacturing uses and to promote the importance of nearby environmentally sensitive lands.

- Minimum Lot Size
  - Minimum Lot Area: Ten thousand (10,000) square feet.

## M-1 Light Manufacturing Zoning District

- Minimum Lot Width: Eighty feet (80').
- Minimum Yard Requirements
  - Front Yard: Fifteen feet (15').
  - Corner Side Yard: Fifteen feet (15').
  - Interior Side Yard: None required.
  - Rear Yard: None required.
- Additional Setback
  - When Adjacent To AG-2 And AG-5 Districts: When adjacent to a lot in the AG-2 or AG-5 Zoning District, buildings or portions of buildings, shall be set back one foot (1') beyond the required landscape buffer as required in section 21A.48.080 of this title for every one foot (1') of building height above thirty feet (30').
- Landscape Yard Requirements
  - Front And Corner Side Yards: All required front and corner side yards shall be maintained as landscape yards in conformance with the requirements of chapter 21A.48 of this title.
  - Buffer Yards: All lots abutting a lot in a residential district shall conform to the buffer yard requirements of chapter 21A.48 of this title.
  - Northwest Quadrant Overlay District: Properties located within the Northwest Quadrant Overlay District are subject to special landscape requirements as outlined in subsection 21A.34.140B2 of this title.
- Maximum Height
  - Distillation Column Structures; Development In AFPP Overlay District: No building shall exceed sixty five feet (65') except that emission free distillation column structures, necessary for manufacture processing purposes, shall be permitted up to the most restrictive Federal Aviation Administration imposed minimal approach surface elevations, or one hundred twenty feet (120') maximum, whichever is less. Said approach surface elevation will be determined by the Salt Lake City Department of Airports at the proposed locations of the distillation column structure. Any proposed development in the Airport Flight Path Protection (AFPP) Overlay District, as outlined in section 21A.34.040 of this title, will require approval of the Department of Airports prior to issuance of a building permit. All proposed development within the AFPP Overlay District which exceeds fifty feet (50') may also require site specific approval from the Federal Aviation Administration.
  - Location Exception: In the M-1 Zoning Districts located west of the Salt Lake City International Airport and north of Interstate 80 (I-80), buildings may exceed sixty five feet (65') in height subject to the design review standards and procedures of chapter 21A.59 of this title. In no case shall any building exceed eighty five feet (85').
  - Railroad Offloading Structures: Cranes, lifts, and other similar offloading structures related to the operation of a railroad freight terminal are allowed up to eighty five feet (85') in height and are also subject to the Airport Flight Path Protection (AFPP) Overlay District and Federal Aviation Administration (FAA) requirements.

## Northwest Quadrant Overlay Summary



## M-1 Light Manufacturing Zoning District

- **Purpose:** protect sensitive lands and wildlife habitat; allow for the continuation of agricultural uses; and allow for the development of lands in appropriate areas that contribute to the future economic growth of the City and will not negatively impact sensitive lands, habitats, and waterways in the area north of I-80 and west of the Salt Lake International Airport. Sites within this area may be subject to difficult environmental and site conditions.
  - Stipulates all development subject to a site development or building permit, shall be required to provide public improvements required by City departments as outlined in their Master Plans.
  - Applicants must first obtain necessary state and federal permits before development can be permitted.
  - Establishes that the LC Lowland Conservancy Overlay District shall take precedence in areas where the LC Lowland Conservancy Overlay District is mapped within the Northwest Quadrant Development Area and/or the Northwest Quadrant Eco-Industrial Buffer Area.
- **The overlay defines three (3) subareas: Development Area, Eco-Industrial Buffer Area, and Natural Area.**
  - **Northwest Quadrant Development Area**  
**Purpose:** allow for new development to occur in a way that allows for the growth of light industrial uses in the City while minimizing impacts to wildlife and the surrounding sensitive Great Salt Lake shore lands. This area is identified on the zoning map.
    - Establishes minimum yard requirements
    - Lighting must be shielded and directed down
    - Solar reflective roofing material must be used
    - Landscaping must consist of native plants identified in the "Salt Lake City Northwest Quadrant Plant List," areas disturbed by construction activity that will be left undeveloped shall be landscaped with plantings at an appropriate density to achieve complete cover within two (2) years, noxious weeds must be removed, trees are not required for any landscaping.
  - **Northwest Quadrant Eco-Industrial Buffer Area**  
**Purpose:** provide an adequate buffer between the Natural Area, the adjacent Inland Sea Shore and the development of light industrial uses. Requirements in this area are meant to provide an area of transition from the natural environment to the built environment that will limit impacts to wildlife and sensitive areas. This area is identified on the zoning map.
    - Properties located within the Northwest Quadrant Eco-Industrial Buffer Area are subject to the following requirements: (*In addition to requirements noted above*)
      - Must meet Development Areas requirements (listed above).
      - Glass Requirements which help to reduce the number of birds that may collide with the glazing. Any treatment must create a grid pattern that is equal to or smaller than 2 inches wide by 4 inches tall.
      - Fencing for properties along the natural area required to protect the Natural Area from development impacts and trespass.
  - **Northwest Quadrant Natural Area**  
**Purpose:** to protect sensitive lands and wildlife near the Great Salt Lake shorelands, to allow for the continuation of existing uses, and to limit new uses and new development in this area. This area is identified on the zoning map.

Within the Natural Area there are both permitted and conditional uses and improvements.

- Permitted Uses and Improvements
  - Accessory use (associated with an allowed principal use).

## M-1 Light Manufacturing Zoning District

- Agricultural use.
  - Living quarters for caretaker or security guard.
  - Maintenance to existing infrastructure.
  - Natural open space.
  - Necessary infrastructure to support an allowed use.
  - Utility, building or structure (public).
  - Utility, transmission wire, line, pipe or pole (public).
  - Wildlife and game preserves.
- Conditional Uses and Improvements:
    - Hunting club, (when allowed by the underlying zoning).
    - Underground utility transmission infrastructure (private), subject to the following:
      - 1) An appropriate plan for mitigation of any construction activities shall be prepared, and
      - 2) Absent any State or Federal regulations, a plan for creating no adverse impact should the line be abandoned shall be prepared.
    - Utility, building or structure (private).
    - Utility, transmission wire, line, pipe or pole (private)
- Conditional Use (CU) Standards:

In addition to CU standards outlined in 21A.54, applicants must demonstrate conformance to additional criteria such as:

    - Will not detrimentally affect natural features, include natural features of a site into the design and siting of development, clearing of site topsoil will not occur before commencement of building operations, development will not reduce natural retention of watercourse storage capacity, nor increase flooding at other locations, site preparation and drainage is designed to prevent erosions and surface runoff, valuable habitat will not be destroyed, precautions against flooding are included and water supply and sanitation systems are adequate to prevent disease, contamination and unsanitary conditions;



DEPARTMENT of ECONOMIC DEVELOPMENT

**REDEVELOPMENT AGENCY STAFF MEMO**

**DATE:** July 18, 2019

**PREPARED BY:** Danny Walz and Tammy Hunsaker

**RE:** Consideration of the terms of a tax increment reimbursement agreement to NWQ, LLC for industrial development located in the Northwest Quadrant Community Reinvestment Area

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**REQUESTED ACTION:** Consider approving a resolution authorizing a property tax increment reimbursement of up to \$28,000,000 to NWQ, LLC over a 20-year term, with the actual reimbursement amount based on increment generated only by the project.

**POLICY ITEM:** Northwest Quadrant project area development.

**BUDGET IMPACTS:** Up to \$28,000,000 of future tax increment proceeds.

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**EXECUTIVE SUMMARY:** NWQ, LLC ("Developer") has requested a tax increment reimbursement for the development of improvements in the Northwest Quadrant Community Reinvestment Area ("CRA") that meet the goals and objectives of the Redevelopment Agency of Salt Lake City ("RDA"). If the terms of a tax increment reimbursement agreement ("Reimbursement Agreement") are approved, Developer will receive a percentage of the tax increment generated from its project for a specified timeframe, and the RDA will receive the residual tax increment for other project area development activities and affordable housing. Developer may only receive a reimbursement after the improvements are developed and the property generates sufficient tax increment, with reimbursements subject to verification of the actual costs incurred by Developer.

Developer's request includes the reimbursement of certain eligible improvements that mitigate site-specific impediments or provide public infrastructure ("Reimbursable Improvements"), separated into the following categories:

- Systemwide Improvements: Infrastructure improvements, including street and utility infrastructure, that will facilitate the development of the entire CRA ("Systemwide Improvements"). Many of these improvements will be deeded to the City once complete.
- Project-Specific Improvements: Infrastructure and other improvements related to the Developer's first phase of development, encompassing 378-acres of land and providing approximately 6 million square feet of light industrial space ("Project-Specific Improvements" or "Phase 1").

Pursuant to established policies and agreements, the RDA and Developer have negotiated the terms of a Reimbursement Agreement for consideration by the RDA Board of Directors ("Board") – refer to *Attachment A: Resolution and Term Sheet*.



**SLCRDA**



BUSINESS  
DEVELOPMENT





**RDA FINANCE COMMITTEE RECOMMENDATION:** On June 12, 2019, the RDA Finance Committee (“Committee”) convened to review the Developer’s request. The Committee unanimously recommended the approval of the request with the terms contained herein.

**ANALYSIS & ISSUES:** Additional information on the project’s I) Background, II) Overview, III) Tax Increment Budget, IV) Eligible Improvements, V) Policy Alignment, and VI) Applicant is as follows:

*I. Background*

The CRA is located north of Interstate 80 and offers over 3,000 acres of developable land. To facilitate development of the CRA, Salt Lake City (“City”) and the RDA carried out the following efforts:

- **Community Reinvestment Area, January 2018**  
The RDA established the CRA to enable the collection of tax increment to facilitate economic development and master plan implementation. Subsequently, the RDA entered into an interlocal agreement with the City to collect 75% of the City’s tax increment for a period of 20 years (“Project Area Increment”).
- **Master Reimbursement and Development Agreement, January 2018**  
The RDA and City entered into a Master Reimbursement and Development Agreement (“Development Agreement”) with each of the two majority property owners within the CRA. Pursuant to the Development Agreement with Developer, up to 70% of Project Area Increment generated from Developer’s respective property shall be available for reimbursement (“Development Increment”). Prior to receiving Development Increment, Developer shall complete an application and review process and enter into a separate tax increment reimbursement agreement (“Reimbursement Agreement”) that is approved by the Board.
- **Northwest Quadrant Tax Increment Reimbursement Policy, August 2018**  
The RDA adopted the Northwest Quadrant Tax Increment Reimbursement Policy (“Policy”) that establishes the policies and procedures for evaluating and approving a Reimbursement Agreement. Pursuant to the Policy, applications for a reimbursement of \$1 million or more of tax increment shall be subject to a public benefits analysis completed by a third-party consultant. Refer to *Attachment B: Public Benefits Analysis* completed by Lewis Young Robertson and Burningham (“LYRB”).

*II. Project Overview*

In coordination with adjacent property owners, Developer is working to develop the *SLC Port Global Logistics Center*, a ~3,000-acre industrial development that is served by rail and can accommodate manufacturing, warehouse, and distribution tenants of varying size. Developer is the record owner of ~1,500 acres of land and has site control of an additional 378 acres of land in the CRA. Development activities will be phased, with the 378-acres in process of acquisition slated for the Phase I development - refer to *Attachment D: Site Map* for a site map of the development plan. Private investment for the planned system-wide improvements and the Phase I development includes over \$310 million in capital expenditures, generating approximately 6 million square feet of development to support over 2,900 jobs.

### III. Tax Increment Budget

According to LYRB's analysis, Phase I is projected to generate between \$36,068,830 and \$52,517,988 in City property tax increment over a 20-year period. Of the total amount of property tax increment, 75% shall be provided to the RDA for project area development activities, with the remaining 25% provided to the City. Tax increment projections are as follows:

Tax Increment Sources – 20 Years:

Source	Moderate Scenario Value	High Scenario Value
Total City Tax Increment	\$36,068,830	\$52,517,988
City Portion (25%)	\$9,017,208	\$13,129,497
RDA Portion (75%)	\$27,051,622	\$39,388,491

Pursuant to the Development Agreement, Developer has requested 70% of the RDA's portion of tax increment, which is projected to be between \$18,936,136 and \$27,571,944. Uses of tax increment are as follows:

Tax Increment Uses – 20 Years:

Use	%	Moderate Scenario		High Scenario	
		Total	NPV (4%)	Total	NPV (4%)
Tax Increment Reimbursement	70%	\$18,936,136	\$11,783,454	\$27,571,944	\$16,793,969
Affordable Housing	10%	\$2,705,162	\$1,683,351	\$3,938,849	\$2,399,138
RDA Administration/Operations	10%	\$2,705,162	\$1,683,351	\$3,938,849	\$2,399,138
Shared Costs	10%	\$2,705,162	\$1,683,351	\$3,938,849	\$2,399,138
<b>Total Uses of Tax Increment</b>		<b>\$27,051,622</b>	<b>\$16,833,505</b>	<b>\$39,388,491</b>	<b>\$23,991,385</b>

### IV. Eligible Improvements

The Developer has submitted an estimated \$78,033,734 in combined Reimbursable Improvements for Systemwide and Project-Specific categories, as provided below. Projected tax increment is substantially less than the sum of the Reimbursable Improvements. Pursuant to the proposed terms, the reimbursement may be applied to any of the identified Reimbursable Improvements provided however that reimbursement does not exceed the actual cost incurred by Developer.

Type	Improvement	Description of Costs	Amount
<b>Systemwide Improvements</b>	Water Infrastructure	Costs associated with the construction of a systemwide water line along 8000 West, upgrading the capacity of the DFCM prison waterline to service the entire Project Area	\$1,910,419
	Sewer Infrastructure	Costs associated with the construction of sewer pump station II, upgrading the capacity of the DFCM prison sewer system to service the entire Project Area	\$7,166,071
	Road Infrastructure	Costs associated with the construction of 700 North and 6550 North	\$4,529,795
	Land Dedication for Infrastructure	Costs associated with the dedication of land for sewer pump station II	\$133,363
	Offsite Drainage Improvements	Costs associated with the construction of systemwide drainage swales	\$250,000

	Electric Substation	Costs associated with the construction of a systemwide electric substation	\$8,260,000
	Gas/Fiber/Communication	Costs associated with the construction of systemwide gas, fiber, and communication utilities	\$175,000
	Bridges/Underpasses/Overpasses	Costs associated with the construction of bridges, underpasses, and overpasses that are part of the systemwide street network	\$1,358,938
<b>Project-specific Improvements (Phase I)</b>	Road Infrastructure	Costs associated with the construction of local roads, curb, and gutter to be deeded to the city	\$11,857,074
	Bridges/Underpasses/Overpasses	Costs associated with the construction of bridges, underpasses, and overpasses that are part of Phase I street network	\$1,778,561
	Street Lighting	Costs associated with the construction of street lighting that serves the Phase I street network	\$474,283
	Sandwich Panels	Cost differential between standard tilt-up panels and high-insulating sandwich panels to promote sustainable development	\$6,558,225
	Burdened Site Improvements	Costs associated the mitigation of burdened site constraints due to the high water table and poor soils (excess import, export, compaction, and grading)	\$28,443,765
	Storm Water Improvements	Costs associated with the construction of storm water infrastructure	\$5,138,240

\*Note: A cost escalator of 10% per line item may be applied to address inflation or market increases as improvements are developed over time.

#### V. Policy Alignment

Developer's request aligns with the RDA and City's plans and policies for the NWQ. Policy alignment includes the following:

- **Economic Development**  
The project will create an employment center that will allow for the recruitment, retention, and expansion of businesses to provide jobs and enhance economic prosperity. According to LYRB's analysis, the project will generate over 2,900 jobs with an average wage of \$43,584. In addition, it is estimated that Phase I will employ between 100 and 175 construction workers generating over \$42.8 million in construction salaries over a 6-year period.
- **Infrastructure Improvements**  
The project will include the development of infrastructure in a coordinated, efficient, and systematic manner for the facilitation of economic development and implementation of the City general plan, including the Major Street Plan, the Northwest Quadrant Master Plan, and the Northwest Quadrant Master Drainage Plan. Infrastructure improvements include various capacity upgrades to the planned infrastructure improvements for the construction of the Prison. Capacity upgrades include improvements to the systemwide water, sewer, and street infrastructure.
- **Sustainability**  
The project is anticipated to include sustainability features, including the generation of renewable energy to reduce greenhouse gas emissions and decrease the project's impact on regional air

quality. In addition, the project will include sustainable building technologies to promote waste reduction and energy efficiency.

- **Affordable Housing**  
Ten percent of the tax increment generated from Developer's project, estimated to be between \$2.7 and \$3.9 million, will be allocated toward affordable housing to ensure the availability and affordability of quality housing. Funding will not only provide housing for existing City residents but will provide housing opportunities for the expanding employment base spurred by economic development in the NWQ.

VI. *Applicant Information*

The tax increment reimbursement request is being coordinated by Colmena Capital, one of Developer's managing members. As part of the Colmena Group, Colmena Capital has over 30 years of real estate experience in developing, owning, and managing multi-family apartments, commercial office space, student housing, research parks, retail, hotel, industrial warehouses, and mixed-use properties. The Colmena Group has a current portfolio of \$1.6 Billion, 5 million square feet and nearly 11,000 housing units.

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**PREVIOUS BOARD ACTION:**

- January 2018: The RDA Board approved Resolution No. R-1-2018 and the Salt Lake City Council approved Ordinance 1-2018 adopting the Northwest Quadrant Community Reinvestment Area.
- January 2018: The RDA Board approved Resolution No. R-4-2018 and the Salt Lake City Council approved Ordinance 4-2018 authorizing approval of a development agreement between the RDA, City, and NWQ, LLC.
- August 2018: The RDA Board adopted Resolution No. R-26-2018 adopting the Northwest Quadrant Tax Increment Reimbursement Policy.

**ATTACHMENTS:**

- A. Resolution and Term Sheet
- B. Public Benefits Analysis
- C. CRA Map
- D. Site Map
- E. Renderings



ATTACHMENT A: RESOLUTION AND TERM SHEET

**REDEVELOPMENT AGENCY OF SALT LAKE CITY**

**RESOLUTION NO. \_\_\_\_\_**

**NWQ LLC Phase I Tax Increment Reimbursement Agreement**

RESOLUTION OF THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY APPROVING A TAX INCREMENT REIMBURSEMENT AGREEMENT WITH NWQ LLC FOR ITS PHASE I DEVELOPMENT.

**WHEREAS**, the Redevelopment Agency of Salt Lake City (“RDA”) was created to transact the business and exercise the powers provided for in the Utah Community Reinvestment Agency Act.

**WHEREAS**, pursuant to RDA Resolution No. R-1-2018 and Salt Lake City (“City”) Ordinance 1-2018, the RDA and City adopted the Northwest Quadrant Community Reinvestment Area (“Project Area”).

**WHEREAS**, pursuant to RDA Resolution No. R-2-2018 and City Resolution 1-2018, the RDA and City entered into an interlocal agreement authorizing use of 75% of the City’s tax increment (“Project Area Increment”) to support the implementation of the Project Area plan.

**WHEREAS**, pursuant to RDA Resolution No. R-6-2018, the RDA entered into a Master Development and Reimbursement Agreement with NWQ LLC (“Developer”) that specifies up to 70% of Project Area Increment generated from Developer’s respective property shall be available for reimbursement pending the execution of a tax increment reimbursement agreement (“Agreement”).

**WHEREAS**, pursuant to RDA Resolution No. R-26-2018, the RDA has established a tax increment reimbursement policy for the Northwest Quadrant Community Reinvestment Area (“TI Policy”) that establishes the policies and procedures for entering into an Agreement with Developer.

**WHEREAS**, Developer intends to develop 378-acres within the Project Area (“Property”) for the purpose of constructing an industrial development that can accommodate manufacturing, warehouse, and distribution tenants of varying size (“Project-Specific Improvements”).

**WHEREAS**, Developer also intends to develop utility and street infrastructure that will facilitate the development of the larger Project Area (“Systemwide Improvements”).

**WHEREAS**, in order to facilitate Developer’s development of the Project-Specific Improvements and Systemwide Improvements, the RDA is willing to provide a reimbursement of Project Area Increment from the Property to Developer in the maximum amount of \$28,000,000.

**NOW, THEREFORE. BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY**, that the term sheet for the tax increment reimbursement between the RDA and Developer which attached hereto as Exhibit A is hereby approved.

The Board hereby authorizes the Executive Director to negotiate and execute a tax increment reimbursement agreement with Developer pursuant to the terms of the attached term sheet. The documents shall also incorporate such other terms as recommended by the Salt Lake City Attorney's Office.

Passed by the Board of Directors of the Redevelopment Agency of Salt Lake City, this \_\_\_\_\_ day of \_\_\_\_, 2019

\_\_\_\_\_  
Amy Fowler, Chair

Transmitted to the Executive Director on \_\_\_\_\_.


The Executive Director:

\_\_\_\_\_ does not request reconsideration

\_\_\_\_\_ requests reconsideration at the next regular Agency meeting.

\_\_\_\_\_  
Jacqueline M. Biskupski, Executive Director

Approved as to form: \_\_\_\_\_

  
Salt Lake City Attorney's Office

Katherine N. Lewis

Date: 6/20/19

ATTEST:

\_\_\_\_\_  
CITY RECORDER

HB\_ATTYY-#78255-v2-RDA\_Resolution\_NWQ\_LLC\_Phase\_I\_TI\_Agreement.docx

## EXHIBIT A TO RESOLUTION

### *Term Sheet for Tax Increment Reimbursement Agreement between RDA and NWQ LLC.*

▪ **Property:**

Tax increment shall be reimbursed from Developer's Phase I development, which is more particularly described in Exhibit B to Resolution (the "Property").

▪ **Reimbursable Improvements:**

The RDA will agree to provide an annual reimbursement to Developer for certain improvements that have been identified as eligible for reimbursement. The annual reimbursement may be applied to any of the listed improvements as long as the conditions to payment are met. Reimbursable Improvements are as follows:

Type	Improvement	Description of Costs	Amount
<b>Systemwide Improvements</b>	Water Infrastructure	Costs associated with the construction of a systemwide water line along 8000 West, upgrading the capacity of the DFCM prison waterline to service the entire Project Area	\$1,910,419
	Sewer Infrastructure	Costs associated with the construction of sewer pump station II, upgrading the capacity of the DFCM prison sewer system to service the entire Project Area	\$7,166,071
	Road Infrastructure	Costs associated with the construction of 700 North and 6550 North	\$4,529,795
	Land Dedication for Infrastructure	Costs associated with the dedication of land for sewer pump station II	\$133,363
	Offsite Drainage Improvements	Costs associated with the construction of systemwide drainage swales	\$250,000
	Electric Substation	Costs associated with the construction of a systemwide electric substation	\$8,260,000
	Gas/Fiber/Communication	Costs associated with the construction of systemwide gas, fiber, and communication utilities	\$175,000
	Bridges/Underpasses/Overpasses	Costs associated with the construction of bridges, underpasses, and overpasses that are part of the systemwide street network	\$1,358,938
<b>Project-specific Improvements (Phase I)</b>	Road Infrastructure	Costs associated with the construction of local roads, curb, and gutter to be deeded to the city	\$11,857,074
	Bridges/Underpasses/Overpasses	Costs associated with the construction of bridges, underpasses, and overpasses that are part of Phase I street network	\$1,778,561
	Street Lighting	Costs associated with the construction of street lighting that serves the Phase I street network	\$474,283

	Sandwich Panels	Cost differential between standard tilt-up panels and high-insulating sandwich panels to promote sustainable development	\$6,558,225
	Burdened Site Improvements	Costs associated the mitigation of burdened site constraints due to the high water table and poor soils (excess import, export, compaction, and grading)	\$28,443,765
	Storm Water Improvements	Costs associated with the construction of storm water infrastructure	\$5,138,240

\*Note: A cost escalator of 10% per line item may be applied to address inflation or market increases as improvements are developed over time.

▪ **RDA Participation:**

The RDA will agree to reimburse the Developer 70% of the annual tax increment the RDA is entitled to receive from the Property, subject to the terms of the Reimbursement Agreement, for a term of 20 years or the sum of the remaining collection years of the Project Area, whichever is less. The first annual payment shall be due in 2020 for the 2019 tax year.

▪ **Maximum Reimbursement:**

The maximum amount available for reimbursement shall be \$28,000,000 ("Maximum Reimbursement"). The TI Payment may be lower or higher than the projected amount based on actual increment generated from the Property, provided, however, that the maximum total amount of the Reimbursement shall not exceed the Maximum Reimbursement. In the event that tax increment revenue the RDA is entitled to receive from the CRA exceed the Maximum Reimbursement, Developer may request an increase in the Maximum Reimbursement, which the RDA Board may authorize in its sole discretion.

▪ **Conditions to Payment:**

The RDA will provide an annual payment for the Reimbursable Improvements once the following information is satisfactorily provided:

1. A description and/or depiction of the Reimbursable Improvements for which Developer is seeking reimbursement for that year.
2. Demonstration that the Reimbursable Improvements for which Developer is seeking reimbursement for that year have been completed and paid in full.
3. A list of tax parcels comprising the area to be served by the Reimbursable Improvement ("Improvement Area"), including owners and parcel numbers.
4. A map or drawing clearly identifying the boundaries of the Improvement Area, including the location of the Reimbursable Improvements.
5. The total actual cost of the Reimbursable Improvements paid by Developer, with executed construction contracts, supporting invoices, proof of payment, or other written documentation acceptable to the RDA.
6. Any other sources of revenue and/or financing used to pay for the Reimbursable Improvements, including but not limited to grants or loans from other governmental entities, impact fee reimbursements, additional tax increment sources, or reimbursements from pioneering agreements ("Other Reimbursements").



7. Evidence reasonably acceptable to RDA that no mechanic's and materialmen's liens, or other financial encumbrances related to payment to contractors for the Reimbursable Improvements have been or will be recorded against the Property.
8. Evidence reasonably acceptable to RDA that no material or adverse changes have occurred in the finances, business, operations, or affairs of Developer.

▪ **Transfer of Property:**

Developer reserves the right to all payments and reimbursements for Reimbursable Improvements even if Developer sells any portion of the Property to a third-party. Any assignment of the right to receive payments and reimbursements under the Reimbursement Agreement must be in writing, signed by Developer and approved by RDA, and must include specific details regarding the right or amount of reimbursement transferred to a third party.

▪ **Conditions for Agreement Execution:**

1. RDA approves all terms of the agreement.
2. Developer obtains all required City approvals.
3. Developer shall obtain legal title to the property and execute a transfer of acknowledgement that transfers rights under the Master Development and Reimbursement Agreement to Developer.
4. Developer and RDA execute legal documents as deemed necessary by the RDA and its legal counsel.
5. Developer receives approval from the RDA and its legal counsel of all matters pertaining to title, legality of the request, and the legality, sufficiency, and the form and substance of all documents that are deemed reasonably necessary for the transaction.
6. Such other terms as recommended by the RDA's legal counsel and staff.

## EXHIBIT B TO RESOLUTION

### *Legal Description*

A parcel of land located in portions of the Southwest, Southeast and Northeast Quarters of Section 27 and the Southwest Quarter of Section 26, Township 1 North, Range 2 West, Salt Lake Base and Meridian, being further described as follows:

Commencing at the East Quarter Corner of said Section 27; Thence South  $0^{\circ}18'07''$  West 2031.36 feet; Thence South  $89^{\circ}47'12''$  East 1968.73 feet; Thence South  $0^{\circ}12'48''$  West 269.61 feet; Thence North  $89^{\circ}47'12''$  West 303.02 feet; Thence South  $0^{\circ}03'32''$  West 439.01 feet; Thence North  $89^{\circ}47'12''$  West 1668.05 feet; Thence North  $0^{\circ}14'03''$  East 99.00 feet; Thence North  $89^{\circ}50'54''$  West 1196.69 feet; Thence North  $0^{\circ}09'38''$  West 51.00 feet; Thence North  $89^{\circ}50'44''$  West 1446.54 feet; Thence North  $89^{\circ}50'44''$  West 1446.54 feet; Thence North  $89^{\circ}50'11''$  West 2562.63 feet; Thence North  $0^{\circ}08'33''$  East 249.93 feet to a point of curvature; Thence 808.71 feet along a tangent 6075 foot radius curve to the Left (Chord bears North  $3^{\circ}40'16''$  West 808.11 feet); Thence North  $7^{\circ}29'05''$  West 217.21 to a point of curvature; thence 788.84 along a tangent 5925.00 foot radius curve to the right (Chord bears North  $03^{\circ}40'16''$  West 788.16 feet) feet; Thence North  $0^{\circ}08'33''$  East 530.99; Thence South  $89^{\circ}45'06''$  East 56.72 feet to the West Quarter of said Section 27; Thence South  $89^{\circ}51'09''$  East 2646.09 feet to the Center Quarter Corner of said Section 27; Thence South  $89^{\circ}51'16''$  East 1322.66 feet; Thence North  $0^{\circ}16'02''$  East 1535.52 feet; Thence South  $57^{\circ}28'01''$  East 1564.67 feet to the East line of said Section 27; Thence South  $0^{\circ}18'01''$  West 697.41 feet to the Point of Beginning.

Containing 378.41 Acres or 16,483,542 square feet, more or less.



SLCRDA

# NORTHWEST QUADRANT INFRASTRUCTURE BENEFITS ANALYSIS

THE REDEVELOPMENT AGENCY OF  
SALT LAKE CITY, UTAH

JUNE 2019

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC





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## SECTION I: INTRODUCTION

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The Redevelopment Agency of Salt Lake City (the “Agency”) has requested Lewis Young Robertson and Burningham, Inc. (“LYRB”) conduct an objective, third-party study of the public benefits associated with system wide and project specific infrastructure projects within the Agency’s Northwest Quadrant Community Reinvestment Area (the “CRA”) in accordance with Sections §17C-5-105 & §10-8-2 of the Utah Code and the Agency’s tax increment reimbursement process .

NWQ, LLC (the “Developer”) has requested to enter into a tax increment reimbursement with the Agency to reimburse them for costs related to constructing system wide infrastructure improvements that will facilitate the development of the entire 3,000+ acres of developable land within the CRA and project specific infrastructure projects within their 361 acre Phase I development. It is currently estimated that the infrastructure projects will cost approximately **\$80 million**.

The purpose of this report is to conduct a benefits analysis for the infrastructure projects within the CRA. The analysis will include<sup>1</sup>:

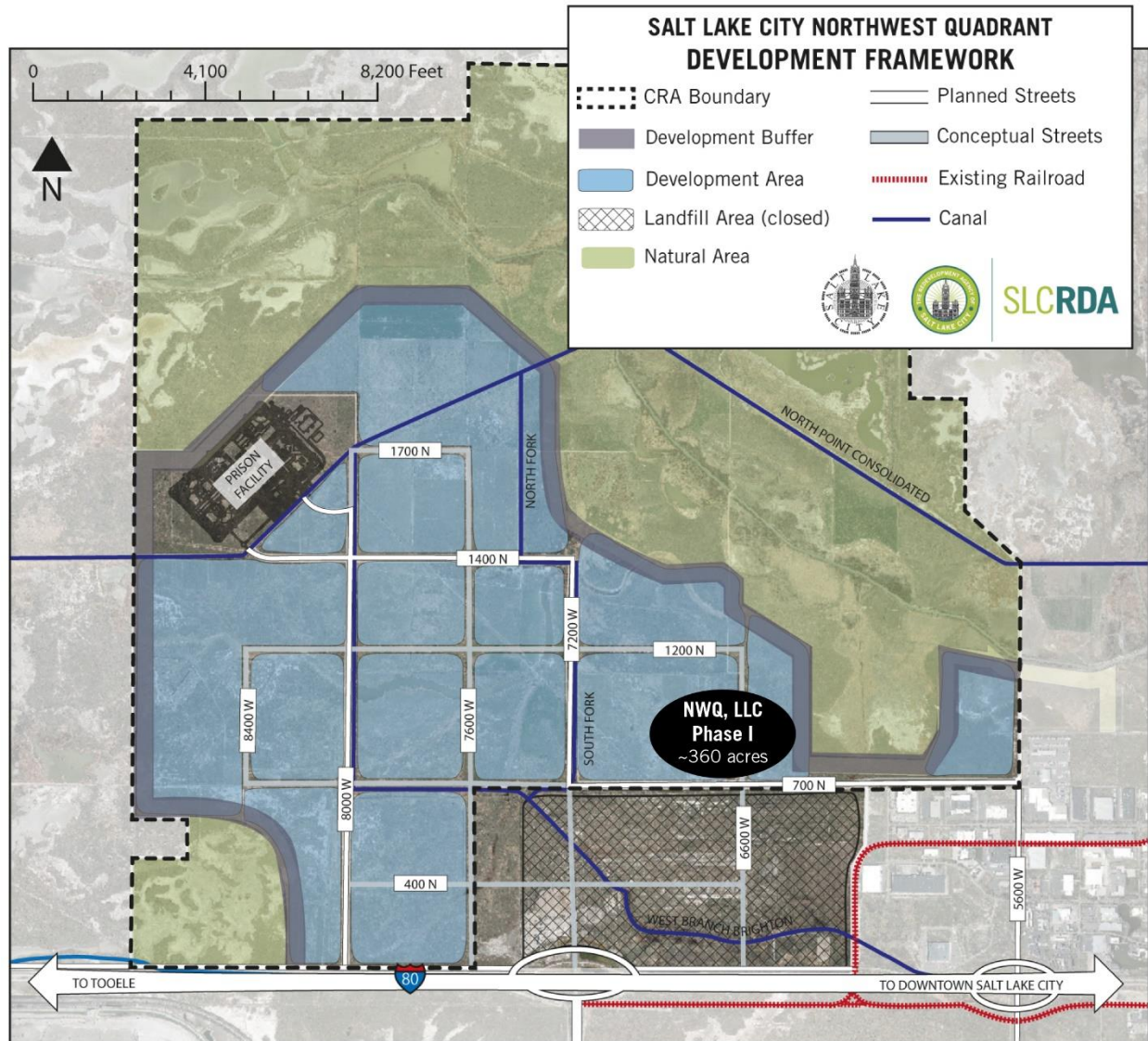
1. A brief summary of the CRA;
2. An evaluation of the reasonableness of the costs of the proposed development;
3. Efforts that have been made, or will be made to maximize private investment,
4. The rationale for use of tax increment funds, including an analysis of whether the proposed development might reasonably be expected to occur in the foreseeable future solely through private investment;
5. An estimate of the total amount of project area funds that the Agency intends to spend on the development,
6. The anticipated public benefit from the proposed development, including a thorough analysis of the various development revenues and expenditures,
7. The associated business and economic activity the proposed development will likely stimulate, and
8. Whether tax increment participation is necessary and appropriate to undertake the proposed development.

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<sup>1</sup> A 20-year timeframe was used to calculate the public benefits of the development.

## SECTION II: NORTHWEST QUADRANT COMMUNITY REINVESTMENT AREA

FIGURE 2.1: NWQ PROJECT AREA



The Northwest Quadrant Community Reinvestment Area (“NWQ”) is located immediately west of the Salt Lake City International Airport and north of Interstate 80. It contains over 3,000 acres of developable land near an international airport, major national and state highways, and national railway crossings. The NWQ will assist the State with competing with other global economic development regional hubs.

After adopting the NWQ Project Area Plan and entering into an interlocal agreement with the City (the “ILA”), the Utah State Legislature made the NWQ part of the State’s Inland Port and most of the tax increment and governing powers are controlled by the Inland Port Authority. The ILA was grandfathered in and the Agency will receive 75% of the City’s tax increment for a 20-year period.

The Developer has informed the City that they will have approximately \$80 million of tax increment reimbursement qualified expenses. These expenses will include both system-wide infrastructure projects that will facilitate development within the entire NWQ CRA and project specific infrastructure expenses on the Developer’s Phase I

development, which will include over 5 million square feet of light industrial and manufacturing space. This development may create over \$1 billion of new assessed value and generate over 2,900 jobs. It is estimated that the system-wide infrastructure investment will enable the development of billions in new assessed value and more than 30,000 jobs within the NWQ CRA.

### INFRASTRUCTURE EXPENSES

The Developer has submitted approximately \$80 million in tax increment reimbursement qualified expenses for both system-wide infrastructure projects and project specific infrastructure projects on the Phase I development. **Table 2.1** outlines the \$23,783,586 of system-wide tax increment reimbursement qualified expenses, as identified by the Developer.

**TABLE 2.1: SYSTEM-WIDE INFRASTRUCTURE COSTS**

DESCRIPTION	TOTAL COST
Water Improvements	\$1,910,419
Sewer Improvements	\$7,166,071
Road Infrastructure	\$4,529,795
Land Dedication	\$133,363
Offsite Improvements	\$250,000
Electric Sub-Station	\$8,260,000
Gas	\$75,000
Fiber	\$50,000
Communications	\$50,000
Bridges/Under/Overpasses	\$1,358,938
<b>Total System-Wide Infrastructure Costs</b>	<b>\$23,783,586</b>
<b>NPV System-Wide Infrastructure Costs</b>	<b>\$23,783,586</b>

**Table 2.2** outlines the \$56,417,064 of project specific tax increment reimbursement qualified expenses within the Phase I development, as identified by the Developer.

**TABLE 2.2: PROJECT SPECIFIC INFRASTRUCTURE COSTS**

DESCRIPTION	TOTAL COST
Road Infrastructure	\$11,857,074
Bridges/Under/Overpasses	\$1,778,561
Street Lighting	\$474,283
Sandwich Panels	\$6,558,225
Burdened Site Improvements (soil)	\$28,443,765
Storm Water Improvements	\$5,138,240
Cost Escalator	\$8,522,912
<b>Total Phase I Project-Specific Infrastructure Costs</b>	<b>\$62,773,060</b>
<b>NPV Phase I Project-Specific Infrastructure Costs</b>	<b>\$56,417,064</b>

### DEVELOPMENT ASSUMPTIONS

Development assumptions for the Phase I development were provided by the Developer. **Table 2.3** includes the development assumptions used for this analysis, including a Moderate and High development scenario.

**TABLE 2.3: DEVELOPMENT ASSUMPTIONS**

ASSUMPTION	MODERATE SCENARIO	HIGH SCENARIO
Phase I Acres	361.93	361.93
Incremental Land Value	\$4.42/square foot	\$4.42/square foot
Building Value	\$61.61/Square Foot	\$75.00/Square Foot
Personal Property Value	15% of Building Value	15% of Building Value
Land Use	Flex/Light Industrial	Flex/Light Industrial
Absorption Schedule	2020-2025	2020-2025
Remaining Developer Acres	1,500	1,500

Using these assumptions, the Phase I development will create between an additional \$492,046,221 and \$583,854,249 in assessed value. **Table 2.4** depicts the project assessed value of the development for the Moderate Scenario and **Table 2.5** depicts the project assessed value of the development for the High Scenario.

**TABLE 2.4: PHASE I PROJECTED TAXABLE VALUE: MODERATE SCENARIO**

	YEAR	SQUARE FEET	BUILDING VALUE	LAND VALUE	PERSONAL PROPERTY	TOTAL INCREMENTAL VALUE
Building 1	2021	25,000	\$1,540,250	\$1,907,012	\$231,038	\$3,678,299
Building 2	2020	222,325	\$13,697,443	\$2,467,151	\$2,054,616	\$18,219,211
Building 3	2020	585,912	\$36,098,038	\$6,598,369	\$5,414,706	\$48,111,113
Building 4	2021	812,000	\$50,027,320	\$11,537,287	\$7,504,098	\$69,068,705
Building 5	2022	1,141,920	\$70,353,691	\$12,462,709	\$10,553,054	\$93,369,454
Building 6	2023	1,141,920	\$70,353,691	\$12,462,709	\$10,553,054	\$93,369,454
Building 7	2024	504,000	\$31,051,440	\$5,499,442	\$4,657,716	\$41,208,598
Building 8	2024	499,064	\$30,747,333	\$5,445,582	\$4,612,100	\$40,805,015
Building 9	2025	504,000	\$31,051,440	\$5,499,442	\$4,657,716	\$41,208,598
Building 10	2025	526,000	\$32,406,860	\$5,739,886	\$4,861,029	\$43,007,775
<b>Total</b>		<b>5,962,141</b>	<b>\$367,327,507</b>	<b>\$69,619,588</b>	<b>\$55,099,126</b>	<b>\$492,046,221</b>

**TABLE 2.5: PHASE I PROJECTED TAXABLE VALUE: HIGH SCENARIO**

	YEAR	SQUARE FEET	BUILDING VALUE	LAND VALUE	PERSONAL PROPERTY	TOTAL INCREMENTAL VALUE
Building 1	2021	25,000	\$1,875,000	\$1,907,012	\$281,250	\$4,063,262
Building 2	2020	222,325	\$16,674,375	\$2,467,151	\$2,501,156	\$21,642,682
Building 3	2020	585,912	\$43,943,400	\$6,598,369	\$6,591,510	\$57,133,279
Building 4	2021	812,000	\$60,900,000	\$11,537,287	\$9,135,000	\$81,572,287
Building 5	2022	1,141,920	\$85,644,000	\$12,462,709	\$12,846,600	\$110,953,309
Building 6	2023	1,141,920	\$85,644,000	\$12,462,709	\$12,846,600	\$110,953,309
Building 7	2024	504,000	\$37,800,000	\$5,499,442	\$5,670,000	\$48,969,442
Building 8	2024	499,064	\$37,429,800	\$5,445,582	\$5,614,470	\$48,489,852
Building 9	2025	504,000	\$37,800,000	\$5,499,442	\$5,670,000	\$48,969,442
Building 10	2025	526,000	\$39,450,000	\$5,739,886	\$5,917,500	\$51,107,386
<b>Total</b>		<b>5,962,141</b>	<b>\$447,160,575</b>	<b>\$69,619,588</b>	<b>\$67,074,086</b>	<b>\$583,854,249</b>



## SECTION III: PUBLIC BENEFITS ANALYSIS

### AN EVALUATION OF THE REASONABLENESS OF THE COSTS OF THE PROPOSED PROJECT AREA DEVELOPMENT

Projected costs include system-wide infrastructure that will allow for development of the NWQ area and site-specific infrastructure for over 5 million square feet of light/flex industrial space. The Developer has identified over \$86 million of infrastructure costs, which are identified in **Table 3.1**.

TABLE 3.1: TOTAL INFRASTRUCTURE COSTS

DESCRIPTION	TOTAL COST
Water Improvements	\$1,910,419
Sewer Improvements	\$7,166,071
Road Infrastructure	\$16,386,869
Dedications of Land	\$133,363
Offsite Improvements	\$250,000
Electric Sub-Station	\$8,260,000
Gas	\$75,000
Fiber	\$50,000
Communications	\$50,000
Bridges/Under/Overpasses	\$3,137,499
Sandwich Panels	\$6,558,225
Burdened Site Improvements (soil)	\$28,443,765
Storm Water Improvements	\$5,138,240
Street Lighting	\$474,283
Cost Escalation	\$8,522,912
<b>Total Infrastructure Costs</b>	<b>\$86,556,646</b>
<b>NPV Infrastructure Costs</b>	<b>\$80,200,650</b>

The infrastructure costs are comparable to other construction projects within the Wasatch Front.

### EFFORTS MADE TO MAXIMIZE PRIVATE INVESTMENT

Private investment in the NWQ area will be significant. Based on the information provided by the Developer, the private investment for the system-wide improvements and the Phase I Development will be over \$310 million.

### RATIONALE FOR USE OF TAX INCREMENT FUNDS

The site requires significant remediation and infrastructure investment. Additionally, the Developer is investing over \$46 million in solar projects within the NWQ, which is in line with the City's sustainability goals and vision. "But for" the use of tax increment, the significant system-wide infrastructure investment would not be feasible and the land within the NWQ would remain in its underutilized state and continue to generate minimal benefit to the City and its residents.

The Development area was generating \$724 in annual property tax revenue for the City on \$182,153 mostly vacant/agricultural land. Through the investment of tax increment funds, the property within the NWQ is projected to generate up to \$4,242,409 in annual property tax increment on \$1,069,250,363 of assessed value. This substantial increase would not be realized without public participation.

## ESTIMATE OF TOTAL AMOUNT OF PROJECT AREA FUNDS THE AGENCY ESTIMATES TO SPEND ON DEVELOPMENT

The Agency has not yet negotiated tax increment participation with the Developer. This public benefit analysis will help guide the negotiation. The Agency has entered into an interlocal agreement with the City whereby the City will pass through 75% of the tax increment generated in the NWQ. In addition, the City, Agency, and Developer have entered into a development agreement which provides that the Developer is eligible to receive up to 70% of the tax increment received by the Agency pending the successful completion of an application, review, and approval process. The Development is projected to generate between \$27,051,622 and \$39,388,491 during the 20-year life of the CRA. **Table 3.2** outlines the tax increment projections

**TABLE 3.2: AGENCY TAX INCREMENT PROJECTIONS (20 YEARS)**

ASSUMPTION	MODERATE SCENARIO VALUE	HIGH SCENARIO VALUE
Development Assessed Incremental Value	\$618,673,490	\$1,069,250,363
2018 City Tax Rate	0.003977	0.003977
Total City Tax Increment	\$36,068,830	\$52,517,988
Participation Rate	75%	75%
<b>Total Agency Tax Increment</b>	<b>\$27,051,622</b>	<b>\$39,388,491</b>
<b>NPV (4.00%)</b>	<b>\$16,833,505</b>	<b>\$23,991,385</b>

The Developer has requested 70% of the Agency's portion of tax increment, which is projected to be between \$18,936,136 and \$27,571,944. **Table 3.3** depicts the potential uses of tax increment.

**TABLE 3.3: USES OF TAX INCREMENT**

USE	PERCENTAGE	MODERATE SCENARIO		HIGH SCENARIO	
		TOTAL	NPV (4%)	TOTAL	NPV (4%)
Tax Increment Reimbursement	70%	\$18,936,136	\$11,783,454	\$27,571,944	\$16,793,969
CRA Housing	10%	\$2,705,162	\$1,683,351	\$3,938,849	\$2,399,138
RDA Administration and Operations	10%	\$2,705,162	\$1,683,351	\$3,938,849	\$2,399,138
Shared Costs	10%	\$2,705,162	\$1,683,351	\$3,938,849	\$2,399,138
<b>Total Uses of Tax Increment</b>		<b>\$27,051,622</b>	<b>\$16,833,505</b>	<b>\$39,388,491</b>	<b>\$23,991,385</b>

## THE ANTICIPATED PUBLIC BENEFIT FROM THE PROPOSED DEVELOPMENT

### REVENUES

#### PROPERTY TAX

Using the City's 2018 certified tax rate, the Development will generate between approximately \$36 and \$52 million of property tax revenue for the City during the 20-year life of the CRA, or an annual average of between \$1,803,442 and \$2,625,899. This is a significant increase over the \$14,488 of base year taxes generated during the same period. **Table 3.4** summarizes the City's property tax revenue.

**TABLE 3.4: CITY PROPERTY TAX REVENUE (20 YEARS)**

ASSUMPTION	MODERATE SCENARIO VALUE	HIGH SCENARIO VALUE
2018 City Tax Rate	0.003977	0.003977
Base Year Value	\$182,153	\$182,153
Annual Base Year Property Tax Revenue	\$724	\$724
20-Year Base Year Property Tax Total	\$14,488	\$14,488
New Development Value	\$618,673,490	\$1,069,250,363
Average Annual New Development Property Tax Revenue	\$1,803,442	\$2,625,899
<b>20-Year New Development Property Tax Total</b>	<b>\$36,068,830</b>	<b>\$52,517,988</b>

The Development is projected to generate up to \$120 million of property tax revenue for the other taxing entities within the Development. Under HB 433, the Utah Inland Port Authority is authorized to collect these revenues. **Table 3.5** outlines the property tax revenues of the other taxing entities.

**TABLE 3.5: TAXING ENTITY PROPERTY TAX REVENUE (20 YEARS)**

TAXING ENTITY	MODERATE SCENARIO VALUE	HIGH SCENARIO VALUE
Salt Lake County	\$18,365,446	\$26,740,992
Salt Lake City School District	\$49,881,459	\$72,629,856
Salt Lake City Library	\$6,947,127	\$10,115,358
Salt Lake Metropolitan Water District	\$2,738,946	\$3,988,039
Salt Lake Mosquito Abatement District	\$1,278,779	\$1,861,965
Central Utah Water Conservancy District	\$3,627,742	\$5,282,171
<b>20-Year New Development Property Tax Total</b>	<b>\$82,839,499</b>	<b>\$120,618,382</b>

### SALES TAX

While industrial users typically do not generate sales of goods, some large industrial spaces have cafeterias to serve employees. Using similar developments within the Wasatch Front, this analysis assumes each industrial unit will average \$1.8 million in annual gross taxable sales within their cafeterias, increasing at an average annual inflation rate of two percent per year.

The analysis assumed the City will capture 0.74% of the 1.00% local option sales tax rate, which represents the City's average rate over the previous 5 years. The correctional facility tax became effective on October 1, 2018, which allows the City to impose a 0.50% on taxable sales. **Table 3.6** outlines the City's sales tax benefit.

**TABLE 3.6: CITY SALES TAX REVENUE (20 YEARS)**

ASSUMPTION	MODERATE/HIGH VALUE
Local Option Rate	0.74%
Correctional Facility Rate	0.50%
<b>Total City Sales Tax Rate</b>	<b>1.24%</b>
Average Annual Gross Taxable Sales	\$18,680,908
Average Annual Sales Tax Revenue	\$231,643
20-Year Gross Taxable Sales Total	\$373,618,160
<b>20-Year Sales Tax Revenue Total</b>	<b>\$4,632,865</b>

### FRANCHISE TAX

The City charges a municipal energy ("franchise") tax on all taxable electric and natural gas sales within the City. Estimated average electric and natural gas usages were provided by Rocky Mountain Power and Dominion Energy, additionally a 75% deduction was multiplied to the electric taxes, as the solar investment will likely reduce the Development energy consumption. The actual franchise tax benefit will increase or decrease with the performance of the solar infrastructure. **Table 3.7** summarizes the City's projected franchise tax revenue.

**TABLE 3.7: CITY FRANCHISE TAX REVENUE (20 YEARS)**

ASSUMPTION	MODERATE/HIGH VALUE
Non-Residential Electric Use per SF	\$1.23
Solar Reduction	75%
Development Electric Use per SF	\$0.31
Non-Residential Natural Gas Use per SF	\$0.16
Average Annual Franchise Tax	\$182,212
<b>20-Year Franchise Tax Revenue Total</b>	<b>\$3,644,244</b>

## CLASS B/C ROAD FUNDS

Utah Department of Transportation (“UDOT”) distributes road funds to cities based on both a population distribution and a weighted road mile distribution. The Development will not increase the City’s population but includes 1.39 miles of new roads. The Development is projected to generate \$233,644 in Class B/C Road Funds **Table 3.8** depicts the Class B/C Road Fund revenues.

**TABLE 3.8: CLASS B/C ROAD FUNDS (20 YEARS)**

ASSUMPTION	MODERATE/HIGH VALUE
FY 2018 Weighted \$ per Mile	\$6,918
Miles of Road	1.37
Growth Rate	2.00%
Average Annual Class B/C Road Funds	\$11,682
<b>20-Year Class B/C Road Funds Total</b>	<b>\$233,644</b>

## TOTAL CITY REVENUES

The Development is projected to produce between approximately \$45 and \$61 million of total City Revenue during the 20-year life of the CRA. This is a substantial increase over the \$14,488 that would be produced if the NWQ remained in its current underutilized state. **Table 3.9** summarizes the City’s total Development revenues.

**TABLE 3.9: TOTAL CITY REVENUES (20 YEARS)**

REVENUE TYPE	MODERATE SCENARIO VALUE	HIGH SCENARIO VALUE
Property Tax	\$36,068,830	\$52,517,988
Sales Tax	\$4,632,865	\$4,632,865
Franchise Tax	\$3,644,244	\$3,644,244
Class B/C Road Funds	\$233,644	\$233,644
<b>20-Year Revenue Total</b>	<b>\$44,579,583</b>	<b>\$61,028,742</b>

## EXPENDITURES

The Development will also create additional General Government, Public Safety and Public Works expenses for the City. These expenses are calculated by multiplying the City’s total cost per \$ assessed value by the Development’s projected assessed value. Additionally, the analysis factors in the cost to service the projected land uses within the Development.

## GENERAL GOVERNMENT

**TABLE 3.10: TOTAL GENERAL GOVERNMENT EXPENSE (20 YEARS)**

ASSUMPTIONS	MODERATE SCENARIO VALUE	HIGH SCENARIO VALUE
2018 Salt Lake City Assessed Value	\$25,953,591,266	\$25,953,591,266
2018 General Government Expenditures	\$10,220,439	\$10,220,439
Cost per \$ Assessed	\$0.00039	\$0.00039
Development Assessed Value	\$618,673,490	\$1,069,250,363
Inflation	3.0%	3.0%
<b>20-Year General Government Total</b>	<b>\$369,535</b>	<b>\$553,847</b>

## PUBLIC SAFETY

**TABLE 3.11: TOTAL PUBLIC SAFETY EXPENSE (20 YEARS)**

ASSUMPTIONS	MODERATE SCENARIO VALUE	HIGH SCENARIO VALUE
2018 Salt Lake City Assessed Value	\$25,953,591,266	\$25,953,591,266



2018 Public Safety Expenditures	\$125,374,450	\$125,374,450
Cost per \$ Assessed	\$0.00483	\$0.00483
Development Assessed Value	\$618,673,490	\$1,069,250,363
Inflation	3.0%	3.0%
<b>20-Year Public Safety Total</b>	<b>\$4,533,100</b>	<b>\$6,794,058</b>

## PUBLIC WORKS

TABLE 3.12: TOTAL PUBLIC WORKS EXPENSE (20 YEARS)

ASSUMPTIONS	MODERATE SCENARIO VALUE	HIGH SCENARIO VALUE
2018 Salt Lake City Assessed Value	\$25,953,591,266	\$25,953,591,266
2018 Public Works Expenditures	\$62,853,629	\$62,853,629
Cost per \$ Assessed	\$0.00242	\$0.00242
Development Assessed Value	\$618,673,490	\$1,069,250,363
Inflation	3.0%	3.0%
<b>20-Year Public Works Total</b>	<b>\$2,272,566</b>	<b>\$3,406,046</b>

## TOTAL CITY EXPENDITURES

TABLE 3.13: TOTAL CITY EXPENSE (20 YEARS)

ASSUMPTIONS	MODERATE SCENARIO VALUE	HIGH SCENARIO VALUE
General Government	\$369,535	\$553,847
Public Safety	\$4,533,100	\$6,794,058
Public Works	\$2,272,566	\$3,406,046
<b>20-Year City Expense Total</b>	<b>\$7,175,201</b>	<b>\$10,753,951</b>

## NET BENEFIT

The Development is projected to have a total City net benefit of up to \$50,274,791 during the 20-year life of the CRA. Any tax increment reimbursement up to this amount will still provide a net benefit to the City. **Table 3.14** outlines the net benefit of the Development.

TABLE 3.14: TOTAL DEVELOPMENT NET BENEFIT (20 YEARS)

ASSUMPTIONS	MODERATE SCENARIO VALUE	HIGH SCENARIO VALUE
Total Revenues	\$44,579,583	\$61,028,742
Total Expenses	\$7,175,201	\$10,753,951
<b>Net Benefit</b>	<b>\$37,404,382</b>	<b>\$50,274,791</b>

## THE ASSOCIATED BUSINESS AND ECONOMIC ACTIVITY THE PROPOSED DEVELOPMENT WILL LIKELY STIMULATE

### FULL-TIME JOB CREATION

It is anticipated that the Development will produce over 2,900 jobs. This is calculated by taking the average industrial employee per square foot and multiplying it by the square footage of the Development. This analysis assumes the average salary will be \$43,584<sup>2</sup>, which represents the average salary of various industrial wages within Utah. **Table 3.15** depicts the full-time jobs created by the Development.

<sup>2</sup> BLS, Merit Medical & Lifetime Products

TABLE 3.15: FULL-TIME JOBS

ASSUMPTIONS	VALUE
Total Square Feet	5,962,141
Employee per SF	2,000
Total Projected Employees	2,981
Average Industrial Wage	\$43,584
Growth Rate	2.00%
Average Annual Salaries	\$141,559,204
<b>20-Year Salary Total</b>	<b>\$2,831,184,081</b>

These wages will be reinvested into the local economy through purchases of goods, services, home, etc. Additionally, these wages will create additional jobs within the community.

### CONSTRUCTION BENEFIT

The Development will also create a significant number of construction jobs and investment over the absorption period. The average construction wage is \$45,000<sup>3</sup> per year. The analysis assumes during the construction period, there will be 100-175 construction workers in the Project. This will produce an average additional \$7,139,334 in annual wages.

**Table 3.16** depicts the Development construction wages.

TABLE 3.16: CONSTRUCTION JOBS

ASSUMPTIONS	VALUE
Average Annual Construction Workers	150
Average Annual Wage	\$47,311
Average Annual Construction Salary	\$7,139,334
Absorption Period	6 Years
<b>Total Construction Salaries</b>	<b>\$42,836,003</b>

In addition to the construction jobs, construction materials and supplies will also be purchased within the community. This could be a significant benefit, depending on the amount of materials and supplies purchased within the City.

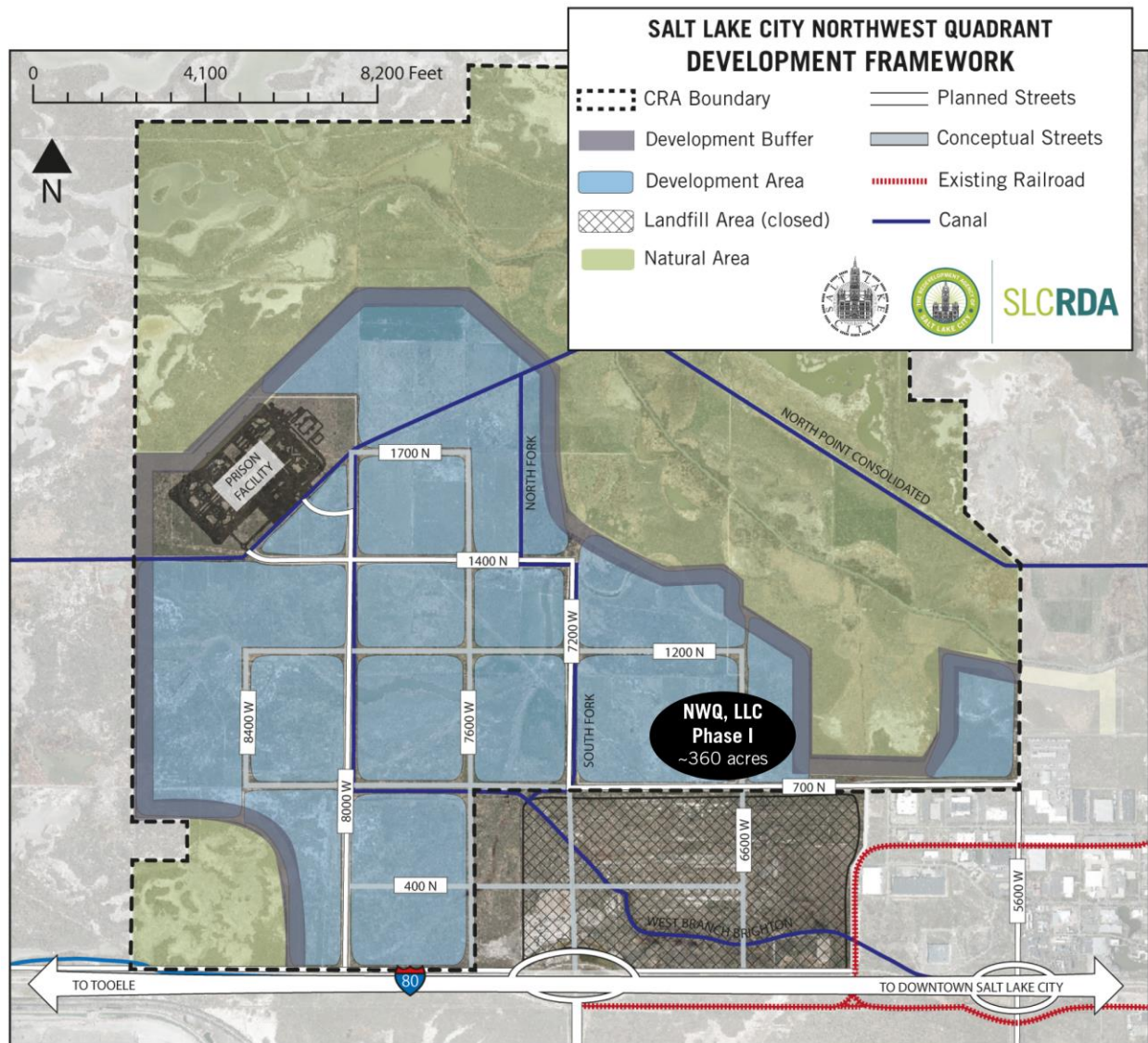
## WHETHER TAX INCREMENT PARTICIPATION IS NECESSARY AND APPROPRIATE

Tax increment participation is necessary and appropriate for the following reasons:

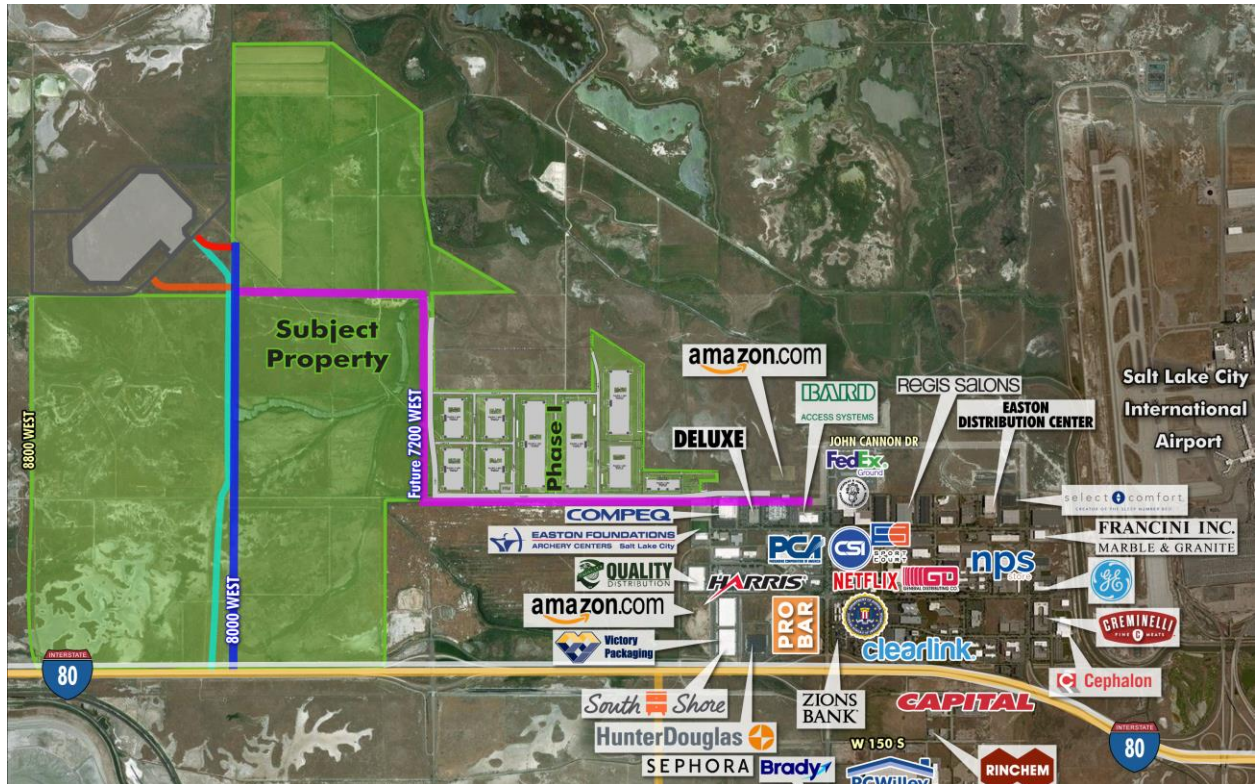
- There are significant extraordinary infrastructure impediments in the NWQ area, including soil remediation, access to utilities and renewable energy investments.
- Tax Increment participation will assist with removing these impediments and the system-wide infrastructure investment will lead to substantial development with the remaining NWQ area.
- The Development has the potential to create billions of new assessed value within an underutilized area that has generated very little tax revenue historically for the City.
- The Development will create over 2,900 new jobs.
- “But for” the use of tax increment, this area will remain underutilized and vacant.

<sup>3</sup> BLS

# ATTACHMENT C: CRA MAP



# ATTACHMENT D: SITE MAP





ATTACHMENT E: RENDERING







DEPARTMENT of ECONOMIC DEVELOPMENT

**REDEVELOPMENT AGENCY STAFF MEMO**

**DATE:** August 1, 2018

**PREPARED BY:** Tammy Hunsaker

**RE:** Northwest Quadrant Tax Increment Reimbursement Policy

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**REQUESTED ACTION:**

1. Approve the Northwest Quadrant Tax Increment Reimbursement Policy.
2. Approve the Northwest Quadrant Tax Increment Reimbursement Policy with modifications.
3. Defer action to a future meeting.

**POLICY ITEM:** Northwest Quadrant project area development.

**BUDGET IMPACTS:** N/A.

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**EXECUTIVE SUMMARY:** In January of 2018, the Board of Directors ("Board") of the Redevelopment Agency of Salt Lake City ("RDA") and the Salt Lake City Council adopted the Northwest Quadrant Community Reinvestment Area Plan ("CRA Plan"). To facilitate the implementation of the CRA Plan, the RDA has drafted *Attachment A: Draft Northwest Quadrant Tax Increment Reimbursement Policy* ("Draft Policy") for the Board's consideration. Once adopted, the resolution will become the guiding policy for issuing Participation and Reimbursement Agreements ("Agreements") within the project area. Any approval of an Agreement shall be made by Board resolution.

**REDEVELOPMENT ADVISORY COMMITTEE RECOMMENDATION:** The Draft Policy was presented to the Redevelopment Advisory Committee ("RAC") on June 6, 2018. RAC recommended approval of the Policy as presented.

**ANALYSIS & ISSUES:** The Draft Policy is intended to facilitate tax increment reimbursements for projects that further the purposes of the CRA Plan. Reimbursements shall allocate a portion of new tax growth to projects that generate tax increment and deliver substantial and measurable change within the project area. Participants shall be entitled to a reimbursement only after executing an Agreement with the RDA, as well as fully funding the capital costs to improve the property and generating sufficient tax increment.

The Draft Policy is based on the standard RDA Tax Increment Reimbursement Policy, adopted in November of 2017, which guides tax increment reimbursements within all other RDA project areas. To address the unique conditions of the Northwest Quadrant, the following provisions have been included:



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- *System-wide Improvements, 1.3(b) and 2.4:*  
Reimbursements may not only be provided for project-specific improvements, as typically provided by the RDA, but also for system-wide improvements, as follows:
  - Improvement Categories: System-wide Improvements, 1.3(b)  
Tax increment reimbursements may facilitate system-wide improvements (“System Improvements”) that benefit more than one parcel and property owner. A portion of the new, additional taxes generated by development that has been facilitated by the System Improvements may be paid toward the cost of System Improvements on a pro-rata basis. Applications for reimbursement for System Improvements will be given priority based on the date the application is made, and the RDA will commit tax increment based on priority of the application.
  - Reimbursement Standards: System-Wide Improvements, 2.4  
The standards for calculating the amount of tax increment available to an Applicant for System Improvements, pursuant to 1.3(b), shall be as follows:
    - a. Step 1: Improvement Plan  
In addition to standard application materials required by the RDA for tax increment reimbursement, an applicant shall submit an improvement plan that may, depending on the scope of the proposed project, include the following information:
      - A list of tax parcels comprising the area to be served by the System Improvement (“Improvement Area”), including owners and parcel numbers. These parcels shall be located within the Project Area and be determined to be directly affected and substantially benefited by the System Improvements.
      - A map or drawing clearly identifying the boundaries of the Improvement Area, including the location of the System Improvements.
      - The total estimated cost of System Improvements, and the proportion of the total cost that will be paid by the Applicant.
      - Any non-tax increment sources of revenue and/or financing known at the time of application.
      - The proposed period of time for which tax increment will be collected from the Improvement Area for reimbursement on the System Improvements.
      - The anticipated impact the System Improvements will have on future property development.
      - An estimate of anticipated development and future value resulting from System Improvements.
    - b. Step 2: Determination of Proposed Tax Increment Structure  
Based on the information provided in the Improvement Plan, the RDA shall make a determination on the following:
      - The geographic area and tax parcels that tax increment shall be captured, on a pro-rata basis, for the System Improvements.
      - The total amount and schedule that tax increment shall be reimbursed to offset up-front expenses incurred by the Applicant to develop System Improvements.
- *Maximum Reimbursement Percentage, 2.1:*  
The maximum amount of tax increment available for reimbursement shall be seventy percent (70%) of the annual tax increment generated from the properties within the Project Area and collected and retained by the RDA.

- *Term, 2.2:*  
The maximum reimbursement term shall be 20 years or the sum of the remaining operating years of the Project Area, whichever is less.
- *Application Analysis, 3.2*  
Applications that result in, if approved, a reimbursement agreement that reimburses one million dollars (\$1,000,000) or more of tax increment shall complete a financial analysis by a third-party consultant prior to review by the RDA Finance Committee. If the tax increment reimbursement is below \$1,000,000, the third party financial analysis may be waived by RDA staff.
- *Board Review and Approval Process, 3.3:*  
Applications shall be forwarded to the Board within thirty (30) days of receipt of a completed application. The Board will use best efforts to consider the application within sixty (60) days of the Board's receipt of the application from RDA staff and to decide the application as soon as reasonably practicable thereafter.

**PREVIOUS BOARD ACTION:**

- January 2018: The Board and Salt Lake City Council adopted the Northwest Quadrant Community Reinvestment Area Plan.
- 

**ATTACHMENTS:**

- Attachment A: Draft Northwest Quadrant Tax Increment Reimbursement Policy

**REDEVELOPMENT AGENCY OF SALT LAKE CITY**

**RESOLUTION NO. \_\_\_\_\_**

**Northwest Quadrant Tax Increment Reimbursement Policy to Support the Implementation  
of the Northwest Quadrant Community Reinvestment Area Plan**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY  
OF SALT LAKE CITY ADOPTING A NORTHWEST QUADRANT TAX INCREMENT  
REIMBURSEMENT PROGRAM POLICY**

**WHEREAS**, the Redevelopment Agency of Salt Lake City (“RDA”) was created to transact the business and exercise the powers provided for in the Utah Community Reinvestment Agency Act.

**WHEREAS**, the Board of Directors of the Redevelopment Agency of Salt Lake City (the “RDA”) has approved the Northwest Quadrant Community Reinvestment Area (“Project Area”) to facilitate the capture of tax increment within the boundaries of the Project Area which is further depicted in **Exhibit A**.

**WHEREAS**, tax increment is intended to further the purposes of the Northwest Quadrant Community Reinvestment Area Plan (“Project Area Plan”) to carry out economic development and implementation of the Northwest Quadrant Master Plan.

**WHEREAS**, the Utah Community Reinvestment Agency Act grants the RDA authority to enter into participation agreements (also known as tax increment reimbursement agreements), for the purpose of providing incentives in the form of tax increment to implement the Project Area Plan.

**NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY THAT THEY** hereby approve the following tax increment reimbursement policy for the Project Area:

**1. GENERAL**

**1.1 Purpose**

The Northwest Quadrant Tax Increment Reimbursement Program (“Program”) provides tax increment reimbursements (“Reimbursements”) for projects that further the purposes of the Project Area Plan. Reimbursements shall allocate a portion of new tax growth generated by a development that delivers substantial and measurable change within the Project Area. Participants shall be entitled to a Reimbursement only after executing a Participation and Reimbursement Agreement (“Agreement”) with the RDA, as well as fully funding the capital costs to improve the property and generating sufficient tax increment.

## **1.2 Eligible Projects**

To be eligible for a Reimbursement, projects shall:

- a. Be located within the Developable Area and/or Development Buffer as depicted in **Exhibit A**;
- b. Align with the Project Area Plan;
- c. Provide sufficient evidence that tax increment funding is necessary for the project to succeed and to verify that the request is reasonable; and
- d. Involve significant private investment of capital improvements so as to assure adequate yield of tax increment.

## **1.3 Improvement Categories**

Eligible improvements shall be categorized as either project-specific improvements or system-wide improvements, as follows:

- a. **Project-Specific Improvements**  
Tax increment reimbursements may facilitate project-specific improvements (“Project Improvements”) that benefit a single parcel or parcel assemblage. Project owners/developers will receive a portion of the new, additional taxes generated by the Project Improvements over a limited period of time.
- b. **System-Wide Improvements**  
Tax increment reimbursements may facilitate system-wide improvements (“System Improvements”) that benefit more than one parcel and property owner. A portion of the new, additional taxes generated by development that has been facilitated by the System Improvements may be paid toward the cost of System Improvements on a pro-rata basis. Applications for reimbursement for System Improvements will be given priority based on the date the application is made, and the RDA will commit tax increment based on priority of the application.

## **1.4 Design Requirements**

Projects approved for tax increment reimbursement must consider the RDA’s Design Guidelines and utilize the guidelines as practicable, and promote green building standards and encourage good planning design. Projects will be required to be in conformance with all Salt Lake City policies, ordinances, and codes.

## **2. REIMBURSEMENT TERMS**

### **2.1 Maximum Reimbursement Percentage**

The maximum amount of tax increment available for reimbursement shall be seventy percent (70%) of the annual tax increment generated from the properties within the Project Area and collected and retained by the RDA.



## 2.2 Maximum Reimbursement Term

The maximum reimbursement term shall be 20 years or the sum of the remaining operating years of the Project Area, whichever is less.

## 2.3 Reimbursement Standards: Project Improvements

The standards for calculating the amount of tax increment available to an applicant for Project Improvements, pursuant to 1.3(a), shall be as follows:

- a. Step 1: Calculate the Total Annual Tax Increment from the Project
  - The difference between the base taxable value of the proposed project prior to improvements and the estimated new growth in taxable value resulting from the Project Improvements. (*New Growth – Base Value*)
  - Multiplied by the sum of the current effective tax rate of the participating taxing entities.  
$$(New\ Growth - Base\ Value) \times (Effective\ Tax\ Rate) = Total\ Annual\ TI$$
- b. Step 2: Calculate the Annual Tax Increment Collected by the RDA
  - Total Annual Tax Increment multiplied by the taxing entity participation rate (the percentage of Tax Increment collected from participating taxing entities by the RDA)  
$$(Total\ Annual\ TI) \times (participation\ rate) = Annual\ TI\ Collected\ by\ the\ RDA$$
- c. Step 3: Calculate the 1<sup>st</sup> Year Applicant Allocation
  - $$(Annual\ TI\ Collected\ by\ the\ RDA) \times (Reimbursement\ Percentage) = Estimated\ Year\ 1\ TI\ Reimbursement\ to\ Applicant$$
- d. Step 4: Calculate the Maximum Amount of Tax Increment Available to the Applicant Over the Term of the TI Reimbursement Agreement.
  - $$(Estimated\ Year\ 1\ Tax\ Increment\ Reimbursement\ to\ Applicant) \times (the\ Term\ of\ the\ Reimbursement\ Agreement) = Total\ Tax\ Increment\ Available\ to\ Applicant\ Over\ the\ Term.$$
 An annual growth multiplier may be applied to this calculation.

## 2.4 Reimbursement Standards: System-Wide Improvements

The standards for calculating the amount of tax increment available to an Applicant for System Improvements, pursuant to 1.3(b), shall be as follows:

- a. Step 1: Improvement Plan

In addition to standard application materials required by the RDA for tax increment reimbursement, an applicant shall submit an improvement plan that may, depending on the scope of the proposed project, include the following information:

  - A list of tax parcels comprising the area to be served by the System Improvement (“Improvement Area”), including owners and parcel numbers. These parcels shall be located within the Project Area and be determined to be directly affected and substantially benefited by the System Improvements.

- A map or drawing clearly identifying the boundaries of the Improvement Area, including the location of the System Improvements.
  - The total estimated cost of System Improvements, and the proportion of the total cost that will be paid by the Applicant.
  - Any non-tax increment sources of revenue and/or financing known at the time of application.
  - The proposed period of time for which tax increment will be collected from the Improvement Area for reimbursement on the System Improvements.
  - The anticipated impact the System Improvements will have on future property development.
  - An estimate of anticipated development and future value resulting from System Improvements.
- b. Step 2: Determination of Proposed Tax Increment Structure
- Based on the information provided in the Improvement Plan and the policies contained herein, -the RDA shall make a determination on the following:
- The geographic area and tax parcels that tax increment shall be captured, on a pro-rata basis, for the System Improvements.
  - The total amount and schedule that tax increment shall be reimbursed to offset up-front expenses incurred by the Applicant to develop System Improvements.

## **2.5 Sufficient Tax Increment**

The actual total of the tax increment reimbursement may fluctuate. Tax increment reimbursement is dependent on the development of property and increment being generated, and projects that do not generate sufficient tax increment during the Reimbursement Term will not qualify for the full tax increment reimbursement amount.

## **2.6 Tax Increment Obligations**

The RDA shall only be obligated to capture and reimburse tax increment generated from property taxes paid on behalf of the property.

## **2.7 Interest**

Interest will not accrue against the RDA on the anticipated or projected tax increment to be reimbursed to the developer.

# **3. EVALUATION AND APPROVAL PROCESS**

## **3.1 Application and Review by RDA Staff**

Applications for a new reimbursement agreement shall include an estimate of anticipated total future value, projected construction schedule, recommended future assessed value, the year for commencing tax increment collection and disbursement, and other information as deemed necessary to complete a financial analysis. Applications must be complete to be

considered for approval or denial, and if either the applicant or proposed project fails to demonstrate the ability to meet application requirements, RDA staff may deny the application.

### **3.2 Application Analysis**

Applications that result in, if approved, a reimbursement agreement that reimburses one million dollars (\$1,000,000) or more of tax increment shall complete the following steps to be considered by the RDA. If the tax increment reimbursement is below \$1,000,000, the third party financial analysis may be waived by RDA staff.

a. **Third Party Financial Analysis**

RDA staff shall consult with a third party financial analyst to provide a recommendation with a supporting analysis on 1) the public benefit anticipated to be derived from the proposed project and 3) determination of financial need and whether or not the proposed project might reasonably occur through private investment without the Reimbursement. The third party will also, if applicable, conduct an analysis of comparable values of equivalent properties (both the difference and the percentage relative to comparable values) to ensure that the Reimbursement is not being used to reimburse overvalued land costs. The third party financial analysis shall be provided to the Board prior to the Board's consideration of the Reimbursement application.

b. **RDA Finance Committee Review**

RDA staff shall forward complete applications that meet minimum requirements to the RDA Finance Committee. The RDA Finance Committee shall evaluate applications, supplemental materials, and other documentation necessary to thoroughly review the application and formulate a recommendation to the Board. The RDA Finance Committee shall provide a recommendation of approval or denial of applications to the Board for consideration.

### **3.3 Board Review and Approval Process**

The application and RDA Finance Committee recommendation shall be forwarded to the RDA Board within thirty (30) days of receipt of a completed application. The Board will use best efforts to consider the application within sixty (60) days of the Board's receipt of the application from RDA staff and to take action on the application as soon as reasonably practicable thereafter. The Board shall have the authority to provide tax increment reimbursement approval or denial. Any approval, and the terms of the tax increment reimbursement, shall be made by resolution.

### **3.4 Agreement Finalization**

Once an applicant receives approval from the Board, RDA and the Applicant shall execute an Agreement.

## 4. AGREEMENT TERMS

### 4.1 Participation and Reimbursement Agreement Terms

In addition to standard terms outlining the tax increment reimbursement process as recommended by legal counsel, the following terms shall be included in the Agreement:

a. *Reimbursement to Benefit Project Owner: RDA Discretion.*

The RDA intends that the beneficiary of the tax increment reimbursement will be the owner of the project for the life of the Agreement. In the event of a transfer or sale of the property, the Agreement and all benefits conferred under the Agreement shall benefit the project and be recorded against the property to run with the land, with the intent that all tax increment reimbursements will remain with the owner of the real property and project. In the event that the ownership of the real property and improvements are severed, the RDA will have sole discretion to determine the beneficiary of the tax increment.

If the Agreement is executed and the real property and project are conveyed to a third party while the improvements are still being constructed, the RDA will retain the right to consent to the transfer the Agreement to the new owner, in order to ensure that the benefits the RDA anticipated receiving under the original Agreement with the original developer are consistent with the new developer. If RDA does not consent to the transfer of the Agreement, the tax increment reimbursement will cease and the Agreement will terminate.

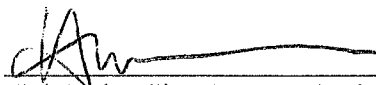
b. *Tax Appeals.*

All reimbursement recipients shall be required to notify the RDA if they have applied for a property tax appeal with Salt Lake County related to the tax increment reimbursement. In the event that any such appeal results in a reduction in property taxes, the percentage share of the tax increment payable to the recipient shall be decreased, and the percentage share of the tax increment payable to the RDA shall be increased, so that the dollar amount payable to the RDA is the same as if no appeal of the assessed value had been made.

Passed by the Board of Directors of the Redevelopment Agency of Salt Lake City, this \_\_\_\_\_ day of August, 2018.

\_\_\_\_\_  
Derek Kitchen, Chairman

Approved as to form: \_\_\_\_\_

  
Salt Lake City Attorney's Office

Katherine N. Lewis

Date: 7/31/18

The Executive Director:

\_\_\_\_\_ does not request reconsideration

\_\_\_\_\_ requests reconsideration at the next regular Agency meeting.

\_\_\_\_\_  
Jacqueline M. Biskupski, Executive Director










Attest:

\_\_\_\_\_  
City Recorder

HB\_ATTYY-#71283-v2-NWQ\_TI\_Policy\_Final\_(KNL).docx



# SALT LAKE CITY NORTHWEST QUADRANT DEVELOPMENT FRAMEWORK

-  CRA Boundary
-  Planned Streets
-  Development Buffer
-  Conceptual Streets
-  Development Area
-  Existing Railroad
-  Landfill Area (closed)
-  Canal
-  Natural Area



SLCRDA

