RESOLUTION NO. 2019-13RDA

A RESOLUTION AUTHORIZING THE EXECUTION OF A TAX INCREMENT REIMBURSEMENT AGREEMENT BETWEEN THE REDEVELOPMENT AGENCY OF MIDVALE CITY AND ZIONS BANCOPRORATION

WHEREAS, the Redevelopment Agency of Midvale City (the “Agency”) was created to transact the business and exercise the powers provided for in the Utah Redevelopment Agencies Act; and

WHEREAS, the Board of Directors of the Agency adopted the Jordan Bluffs Project Area Plan on August 10th, 2004; and

WHEREAS, the Board of Directors of the Agency desires to encourage redevelopment within the Jordan Bluffs Project Area; and

WHEREAS, Zions Bancorporation (“Developer”) intends to purchase and develop 19.6 acres of land (“Property”) located in the Jordan Bluffs Project Area; and

WHEREAS, Zions is a long-established and highly respected organization in Utah and will provide financial and economic benefits to the community; and

WHEREAS, the Agency, Developer and United States Environmental Protection Agency have adopted a Site Management Plan that outlines the means, methods and materials that are required for the development of the Property as a result of the Property’s unique environmental and geotechnical characteristics; and

WHEREAS, the means, methods and materials outlined in the Site Management Plan will increase the cost to develop the Property; and

WHEREAS, Zions intends to build a high-quality project that incorporates environmental design and will provide neighborhood enhancement through the development of the Property; and

WHEREAS, the Developer has requested that specific costs associated with the development of the Property be reimbursed by the Agency with tax increment including without limitation (1) the additional costs resulting from the requirements of the Site Management Plan, (2) the additional costs resulting from the requirements of obtaining LEED Silver Certification, and (3) the additional costs of providing the installation of solar arrays”; and

WHEREAS, the Agency supports the Developer’s intent to develop the Property and is willing to provide a tax increment reimbursement to the Developer for approved costs; and

WHEREAS, the Developer and the Agency agree that the maximum reimbursement amount shall by Nine Million Dollars ($9,000,000);
WHEREAS, the Board of Directors of the Agency and the Developer desire to enter into a reimbursement agreement that establishes the terms and conditions through which the Developer will be reimbursed.

NOW THEREFORE BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF MIDVALE CITY, that the Board of Directors does hereby authorize the Chief Administrative Officer and Executive Director to execute the Term Sheet for a Reimbursement Agreement for Zions Bancorporation in the form attached here subject to such other terms and conditions as recommended by the Agency’s legal counsel.

PASSED AND ADOPTED BY THE REDEVELOPMENT AGENCY OF MIDVALE CITY BOARD OF DIRECTORS, this _10_ day of December 2019.

Robert M. Hale
Chief Administrative Officer

Kane Loader
Executive Director

ATTEST:
Rori L. Andreason, MMC
Secretary

Voting by the Board:  "Aye"  "Nay"
Bryant Brown  V  
Paul Glover  V  
Quinn Sperry  V  
Paul Hunt  V  
Dustin Gettel  V  

 Seal
Term Sheet for a Reimbursement Agreement with Zions Bancorporation

<table>
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<tr>
<th>Parties:</th>
<th>Redevelopment Agency of Midvale City, Utah (the &quot;Agency&quot;) and Zions Bancorporation, N.A. (the &quot;Owner&quot;).</th>
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<tr>
<td>Project:</td>
<td>The Owner seeks to redevelop the property which is located in the Jordan Bluffs Project Area. Redevelopment activities shall include the installation of utilities and site preparation activities, as well as the development of a 400,000 square foot office campus on 19.6 acres (&quot;Project&quot;). The Agency is willing to assist with these activities by reimbursing Owner a portion of the tax increment generated from the Project (&quot;Tax Increment&quot;), subject to the terms and conditions of a Reimbursement Agreement to be executed by the Agency and the Owner (&quot;Reimbursement Agreement&quot;).</td>
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| Reimbursement/Payment Activities: | 1. The Owner may seek $5,000,000 in reimbursement for the marginal increase in construction costs resulting from unique site conditions and compliance with institutional controls established for the Property ("Reimbursement Expenses"). Examples of permitted Reimbursement Expenses include, but are not limited to, helical piers, HDPE pipe, and repair or replacement of environmental mitigation features.  
2. The Owner may also seek $1,000,000 in reimbursement for the marginal increase in construction costs resulting in at minimum, Silver LEED Certification ("Reimbursement Expenses").  
3. A description and budget ("Reimbursement Scope") for all Reimbursement Expenses shall be approved by the Agency before owner incurs any Reimbursement Expense for which it seeks reimbursement.  
4. Owner will become eligible for $1,000,000 in Tax Increment when the Owner has 1,500 full-time, benefitted employees employed on site.  
5. Owner will be eligible for $2,000,000 in tax increment for the marginal increase in construction costs resulting from the installation of Solar arrays. |
| Tax Increment: | 1. The funding source for the reimbursement of approved Reimbursement Expenses shall be Owners share of Agency’s allocation of property Tax Increment generated by the Project as described below, the "Owner Tax Increment Share".  
2. The use of Owner Tax Increment Share for Reimbursement Expenses shall conform with the Bingham Junction Redevelopment Project Area Plan.  
3. For purposes of calculating Tax Increment for the Project, the base value for the Project shall be $1,000,000. |
| Reimbursement Payment: | 1. The Agency shall only reimburse the Owner for Agency approved Reimbursement Expenses or payment as set forth in the participation agreement.  
2. The amount reimbursed and or paid by the Agency shall not exceed $9,000,000 ("Reimbursement Cap").  
3. The Owner has five (5) years from the execution of the Reimbursement Agreement to receive approval for Reimbursement Expenses (Approval Period), which approval shall not be unreasonably withheld. The amount of the approved Reimbursement Expenses at the end of the Approval Period is the maximum amount that will be reimbursed by the Agency, notwithstanding if it is less than the Reimbursement Cap.  
4. The Agency is allowed to expend 60% of the tax increment generated in the Jordan Bluffs Project Area for general redevelopment activities included in the Jordan Bluffs Project Area Plan ("Agency Development Allocation"). The tax increment available to reimburse Owner (Owner Tax Increment Share) is defined as 80% of the Agency Development Allocation (i.e., 48% of the tax increment).  
5. The Agency shall have no obligation to provide Reimbursement Payments to the Owner beyond Owner Tax Increment Share on generated by the Project.  
6. The Agency shall provide Reimbursement Payments or regular payments, after all conditions have been fulfilled, by the later of (a) March 31 following the applicable tax year or (b) thirty (30) days following Agency’s receipt of all of the Tax Increment from Salt Lake County. The initial Reimbursement Payment shall be made in the first fiscal year after the first Reimbursement Expense is approved by the Agency. |
| Reimbursement Term: | The Agency shall provide Tax Increment through 2041 ("Reimbursement Term"). Provided the Owner is in compliance with the Reimbursement Agreement, the Agency agrees to make one reimbursement payment annually for the Reimbursement Term, until the earlier to occur of (a) Owner has been reimbursed for all approved Reimbursement Expenses, (b) the expiration of the Reimbursement Term, (c) the expiration of the Project Area, or (d) the termination of the Reimbursement Agreement. |
| Initial Reimbursement Payment Conditions: | The Agency shall have no obligation to make the initial Reimbursement Payment until the following conditions have been satisfied:  
1. The Owner shall be in compliance with all terms and conditions included in the Reimbursement Agreement.  
2. The Owner shall have no delinquent property tax payments.  
3. Tax Increment can be received provided the Agency receives a Certificate of Occupancy prior to March 1st of the year the Owner wishes to receive a Tax increment payment in. |
<p>| On-Going Reimbursement Payment Conditions: | The Owner shall have satisfied all of the conditions specified in the Reimbursement Agreement. |
| <strong>Reduction in Payment:</strong> | In the event that some, but not all, of the conditions are satisfied at the time a Reimbursement Payment is due, Agency may suspend a payment. The Owner shall have 6 months to satisfy any outstanding condition. In the event that the Owner does not satisfy the condition then Agency shall have no obligation to make the suspended payment for the period of time for which the condition was not satisfied. In such event, the Agency may decide to make a reduced payment in an amount which shall be in the Agency’s sole discretion. |
| <strong>Subordination:</strong> | The obligation of the Agency to pay the Reimbursement Payments shall be subordinate to the Agency’s payment of the following: (i) debt service on bonds or other indebtedness issued in relation to the Project Area and secured by a pledge of the Agency’s Tax Increment (subject to below), (ii) pre-existing reimbursement obligations; (iii) Agency’s administration costs; and (iv) payment to the City for any outstanding Owner fees or Owner costs associated with the project. |
| <strong>Agency’s Encumbrance of Tax Increment:</strong> | The Agency represents and warrants that it has not yet encumbered Tax Increment generated from the Project Area. However, the Agency may issue bonds and other indebtedness in the future that may be secured by the Tax Increment, and which will be payable senior to and ahead of the obligations of the Agency under the Reimbursement Agreement; provided that (a) the issuance of such bonds or indebtedness shall not release the Agency from its obligations under the Reimbursement Agreement, and (b) the estimated aggregate Tax Increment for each year to be received by the Agency is expected to equal or exceed 120% of the sum of (i) all the debt service or payments on such bonds or indebtedness, (ii) amounts payable under the Reimbursement Agreement and (iii) amounts payable under all other reimbursement agreements in the Project Area. The amounts due under the Reimbursement Agreement shall be amortized over the remaining term of such bonds or indebtedness when calculating the debt service, but in no event shall the calculation assume that the Owner shall receive a greater proportion of Tax Increment than it is entitled to receive under the Reimbursement Agreement. If necessary, Agency may prepay or defease (at the Owner’s option) the Owner Tax Increment Share to meet the 120% test. |
| <strong>Assignment and Transfer:</strong> | The Owner shall not assign or transfer any obligations or rights to the Reimbursement Agreement except as expressly permitted by its terms. The Reimbursement Agreement shall expressly allow Owner to transfer any obligations or rights under the Reimbursement Agreement to any entity that becomes the Owner of the Project that is controlled by, controlling, or under common control with Owner without the prior consent of the Agency, where the Agency is given 60 days’ notice of such transfer. |
| <strong>Indemnity:</strong> | The Owner shall indemnify the Agency and the City from any action or claim caused by the acts of the Owner. |
| <strong>Prepayment:</strong> | The Agency may elect at any time to prepay all or any portion of the amount owed by the Agency without consent of the Owner. |</p>
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<tr>
<th>Conditions:</th>
<th>The approval of this agreement is subject to an agreement with the overall owner of the Lot 2 property to agree to an amendment of the Tax Increment Reimbursement Agreement for Lot 2 to carve out provisions for a reduction in the overall acreage and reimbursement cap as established in the existing TIRA.</th>
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<td>Miscellaneous:</td>
<td>Such other terms and conditions as may be agreed to by the parties.</td>
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