

RESOLUTION No. 2017-08RDA

**A RESOLUTION AUTHORIZING THE EXECUTION OF A TAX INCREMENT
REIMBURSEMENT AGREEMENT BETWEEN THE REDEVELOPMENT AGENCY
OF MIDVALE CITY AND WASATCH RESIDENTIAL GROUP, L.C.**

WHEREAS, the Redevelopment Agency of Midvale City (“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 Redevelopment Plan on August 10, 2004; and

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

WHEREAS, Wasatch Residential Group, L.C. (“Developer”) intends to purchase and develop approximately 40 acres of land (“Property”) located in the Jordan Bluffs Project Area; and

WHEREAS, the Agency, Midvale City, and United States Environmental Protection Agency have developed a Site Management Plan that outlines the means, methods, and materials that are required for the development of the Property, because 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, the Developer has requested that specific costs associated with the development of the Property be reimbursed by the Agency with tax increment; and

WHEREAS, the Developer intends to develop 192 affordable housing units; and

WHEREAS, the Developer has requested that a portion of the cost for developing the affordable housing units be reimbursed with tax increment; and

WHEREAS, the Agency supports the Developer’s intent to develop the Property and construct affordable housing units; and

WHEREAS, the Agency is willing to provide a tax increment reimbursement to the Developer for approved costs associated with the development of the Property and the construction of affordable housing; and

WHEREAS, the Developer and the Agency agree that maximum reimbursement amount for approved development costs shall be \$5,260,000 plus interest; and

WHEREAS, the Developer and the Agency agree that maximum reimbursement amount for the development of affordable housing shall be \$6,000,000 plus interest; and


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 Reimbursement Agreement in the form presented to the Board as part of the agenda subject to such other terms and conditions as recommended by Agency's legal counsel.

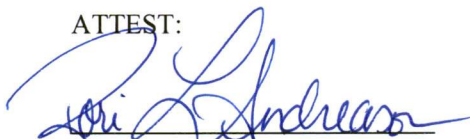
PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF MIDVALE CITY, STATE OF UTAH, this 3rd day of October, 2017.

—

Jo Ann B. Seghini
Chief Administrative Officer


Kane Loader
Executive Director

ATTEST:


Rori L. Andreason, MMC
Secretary



Voting by the Board:

Steve Brown
Paul Glover
Quinn Sperry
Paul Hunt
Wayne Sharp

"Aye"

☒
☒
absent
☒
☒

"Nay"

☐
☐
☐
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TAX INCREMENT REIMBURSEMENT AGREEMENT

Jordan Bluffs Project Area Lot 1 (Residential Project) Only

THIS TAX INCREMENT REIMBURSEMENT AGREEMENT is made and entered into this 9 day of November, 2017 (the "Effective Date"), between the **Redevelopment Agency of Midvale City**, a public agency ("Agency"), and **Wasatch Residential Group, LLC**, a Utah limited liability company ("**Developer**"), sometimes collectively referred to as the "Parties," and individually, as a "Party."

RECITALS

A. Agency exercises its functions and powers and is organized and existing under the provisions of the Limited Purpose Local Government Entities -- Community Reinvestment Agency Act, Section 17C-1-101, et seq., Utah Code Ann. 1953, as amended from time to time (the "Act").

B. Agency approved, and Midvale City through its City Council adopted, the Jordan Bluffs Project Area Redevelopment Plan on August 10, 2004 (the "Project Area Plan"), which covers that certain real property located in Midvale City, Utah, as depicted in the Project Area Plan (the "Project Area").

C. The Project Area contains two legal parcels, one consisting of approximately 38.854 acres located at 8120 South Main Street, the legal description of which is shown on Exhibit A-1 ("Lot 1" or the "Property"), and one consisting of approximately 225.16 acres located at 8056 South Main Street, the legal description of which is shown on Exhibit A-2 ("Lot 2").

D. Under the Act and pursuant to the Project Area Plan and the Project Area Budget adopted pursuant thereto, Agency is entitled to receive certain tax increment from the Property (as defined below, the "Property Tax Increment").

E. On the date hereof, Developer purchased Lot 1 from Agency's assignee with the consent of Agency.

F. Developer desires to cause Lot 1 to be developed as a residential project (as defined below, the "Developer Residential Improvements"). The construction of the Developer Residential Improvements will require site preparation work and new infrastructure (collectively, as defined below, the "Developer Work").

G. Developer acknowledges and agrees that the Developer Work and the Developer Residential Improvements (collectively, the "Project") shall be completed pursuant to and in accordance with the provisions of the Development Agreement with Midvale City Corporation (as defined below, the "Development Agreement").

H. The Property consists primarily of an area that was previously designated by the Environmental Protection Agency ("EPA") as a "Superfund Site" because of soil contamination from prior milling operations. The EPA conducted cleanup operations on the Superfund Site throughout the 1990's which resulted in capping a portion of the Property with a flexible membrane liner. Because contaminated soil remains on a part of the Property beneath the cap system, the Development Agreement requires Developer to comply with a number of special requirements in completing the Developer Work (as defined below, the "Special Site Requirements").

I. Complying with the Special Site Requirements in connection with the Developer Work will result in marginally higher construction costs, above what it would cost to complete the Developer Work on a normal site.

J. Agency is willing to reimburse Developer for some of such marginally higher costs, on the terms and conditions set forth herein, if at least a portion of the Developer Work and a portion of the Developer Residential Improvements are completed in a timely way.

K. Agency and Developer agree that the Agency's obligation to reimburse Developer for such costs shall be a special limited obligation payable solely from a portion of the Property Tax Increment as Agency receives from the payment of taxes levied on the Property and the Developer Residential Improvements.

L. Simultaneously with the execution of this Agreement, Agency and Agency's assignee are entering into a separate Reimbursement Agreement with respect to Lot 1 and Lot 2 (the "Other Reimbursement Agreement").

NOW, THEREFORE, in consideration of the terms and conditions hereby agreed to, and other good and valuable consideration, the Parties hereby agree as follows:

1. Definitions. As used herein, terms shall have the meaning as set forth in the Act, unless otherwise defined in this Section or in the Recitals. The following terms shall have the meanings respectively indicated:

1.1 "Accrued Interest" shall have the meaning set forth in Section 3.2(f).

1.2 "Act" shall have the meaning set forth in Recital A, or any prior act that was applicable at the relevant time, as the case may be.

1.3 "Affiliate" means, with respect to a person, any other person who controls, is controlled by or is under common control with such person.

1.4 “Affordable Housing Development Work” shall mean the construction of housing and the site preparation work necessary in connection therewith the cost of which is reimbursable under the Act.

1.5 “Affordable Housing Units Applicable Percentage” means, with respect to any given fiscal year ending June 30th, the percentage equivalent (rounded to the nearest whole percentage) of the fraction obtained by dividing the number of Affordable Housing Units during the whole of such year by 192.

1.6 “Affordable Housing Units” means, with respect to each fiscal year ending June 30th during the Reimbursement Term, those units the Developer Residential Improvements that are subject to a Housing Rent Restriction Agreement and are in compliance with the requirements contained herein and in the Housing Rent Restriction Agreement for the whole of such year._

1.7 “Affordable Housing Units Payment Obligation Commencement Date” means the later of (a) the date on which Substantial Completion of Phase 1 of the Developer Work occurs, (b) the Developer provides evidence reasonably satisfactory to Agency that the Housing Rent Restriction Agreement has been recorded, and (c) the date on which Agency issues the Trigger Notice pursuant to the Other Reimbursement Agreement (if Agency issues the Trigger Notice).

1.8 “Agency” means the Redevelopment Agency of Midvale City, a public agency exercising its functions and powers and organized and existing under the Act, and includes any successor designated by Agency or succeeding to Agency.

1.9 “Agency’s Option Agreement” shall have the meaning set forth in Recital E.

1.10 “Annual Payments for Developer Work” shall have the meaning set forth in Section 4.1.

1.11 “Annual Payments for Affordable Housing Units” set forth in Section 3.1.

1.12 “Annual Payments” means an Annual Payment for Developer Work or an Annual Payment for Affordable Housing Units, as the case may be.

1.13 “Approved Costs” means Eligible Costs that are actually incurred by Developer and are approved by Agency as provided below.

1.14 “Budget” means the Developer’s estimates for the costs of the design and construction of the Developer Work, including the marginally higher construction costs that will be incurred in connection therewith as a result of complying with the Special Site Requirements, a copy of which is attached as Exhibit B.

- 1.15 “Certificate of Completion” shall have the meaning set forth in Section 2.8.
- 1.16 “City” means Midvale City, Utah, a municipal corporation under the laws of the State of Utah.
- 1.17 “Compliance Report” shall have the meaning set forth in Section 4.2(a).
- 1.18 “County” means Salt Lake County, Utah, a subdivision of the State of Utah.
- 1.19 “Developer” means Wasatch Residential Group, LLC, and all other builders and developers who are successors-in-interest to Developer pursuant to an assignment of all or portions of this Agreement from Developer as approved or preapproved by Agency in accordance with the provisions of Section 9.
- 1.20 “Developer Residential Improvements” means the buildings and related improvements to be constructed on Lot 1 after the Developer Work is completed, as provided in the Development Agreement.
- 1.21 “Developer Work” means the site work to be performed by Developer as reasonably necessary to accomplish the construction of the Developer Residential Improvements.
- 1.22 “Developer's Reimbursable Amount for Developer Work” means the sum of the Approved Costs which have not yet been reimbursed by an Annual Payment, plus Accrued Interest.
- 1.23 “Developer's Tax Increment Share for Affordable Housing Units” means, with respect to the number of Affordable Housing Units in any given fiscal year ending June 30th, an amount equal to (a) the twenty percent (20%) of the Property Tax Increment that Agency must use for Affordable Housing Development Work multiplied by (b) the Affordable Housing Unit Applicable Percentage.
- 1.24 “Developer's Tax Increment Share for Developer Work” means, with respect to reimbursement of Approved Costs for any given calendar year, an amount equal to (a) that portion of the Property Tax Increment that is paid to the Agency, minus (i) the twenty percent (20%) of the Property Tax Increment that Agency must pay the Taxing Entities in accordance with the Project Area Budget and (ii) the twenty percent (20%) of the Property Tax Increment that Agency must use for Affordable Housing Development Work, multiplied by (b) eighty percent (80%) (i.e. 48% of the Project Tax Increment).
- 1.25 “Developer's Tax Increment Share” means either the Developer’s Tax Increment Share for Affordable Housing Units or the Developer’s Tax Increment Share for Developer Work, as the case may be.

1.26 “Development Agreement” means that certain Development Agreement (Residential Project) between Developer and the City that will be executed in connection with Developer’s acquisition of Lot 1.

1.27 “Effective Date” means the date on which Developer purchases Lot 1.

1.28 “Eligible Costs” means the reasonable additional costs of constructing the Developer Work that may be incurred by Developer as a result of complying with the Special Site Requirements. The estimated maximum amounts of the Eligible Costs are shown in the Budget under the heading of “Estimated Eligible Costs”.

1.29 “Ethics Act” shall have the meaning set forth in Section 5.6.

1.30 “Events of Force Majeure” means any event or period of delay preventing the performance of Developer’s obligations, which delay is caused by strikes, lock-outs, fire or other casualty, inclement weather abnormal for the period of time and not reasonably anticipatable, the elements or acts of God, war, riot, insurrections or shortages of or unusual delays in the delivery of construction materials (which have been ordered in a timely manner) or other causes, other than financial and managerial, beyond the reasonable control of Developer, or its subcontractors of any tier, agents or employees.

1.31 “Housing Rent Restrictions Agreement” means an agreement in the form of Exhibit C that is recorded against the Property and that is not subject to a lien or security instrument that, if foreclosed upon, would terminate such agreement.

1.32 “Initial Conditions for Affordable Housing Units Payment” shall have the meaning set forth in Section 4.3.

1.33 “Initial Conditions for Developer Work Reimbursement” shall have the meaning set forth in Section 3.3.

1.34 “Initial Drawings” means the 30% construction drawings prepared for the Developer that were previously submitted to Agency.

1.35 “Lot 1” shall have the meaning set forth in Recital C.

1.36 “Lot 2” shall have the meaning set forth in Recital C.

1.37 “Minimum Required Lot 1 Assessed Value” means Fifty Million Dollars (\$50,000,000).

1.38 “Other Reimbursement Agreement” shall have the meaning set forth in Recital M.

1.39 “Payment Conditions” shall have the meaning set forth in Section 3.4.

1.40 “Phase 1” means that portion of the Developer Work that is described in Exhibit B under the heading “Phase 1 of the Site Preparation Work and Special Site Requirements”.

1.41 “Project” shall have the meaning set forth in Recital H.

1.42 “Project Area” shall have the meaning set forth in Recital B.

1.43 “Property” shall have the meaning set forth in Recital C.

1.44 “Property Tax Base Value” means \$3,219,300, and not the amount that would result from using the definition in the Act of such term.

1.45 “Property Tax Increment” means, with respect to any given calendar year, the Tax Increment from the Property that is paid to the Agency for such year, except that the term “base taxable value” for the purposes of calculating Property Tax Increment under this Agreement shall mean the dollar amount specified in the definition of “Property Base Taxable Value” above and not the amount that would result from using the definition in the Act of such term.

1.46 “Property Taxes” means, all taxes on real and personal property taxes imposed on the Property.

1.47 “Punch List Items” means, with respect to the Developer Work, uncompleted items and defective work which are minor and which do not materially impair Developer's ability to use the Developer Work as a whole for the intended purpose.

1.48 “Records” shall have the meaning set forth in Section 3.10.

1.49 “Reimbursement Cap for Affordable Housing Units” means Six Million Dollars (\$6,000,0000); provided, however, that such cap may be reduced if in any year during the Reimbursement Term the Affordable Housing Units Applicable Percentage is less than 100%. The reduction shall be calculated annually and added to the cumulative Reimbursement Cap reduction from previous years. The annual reimbursement cap reduction shall be calculated by subtracting the Affordable Housing Units Applicable Percentage from 100% and multiplying the result by \$240,000 (e.g., if the Affordable Housing Units Applicable Percentage for a given year is 85%, then the reduction for such year would be $(100\%-85\%)*\$240,000$, or \$36,000).

1.50 “Reimbursement Cap for Developer Work” means Five Million Two Hundred Sixty Thousand Dollars (\$5,260,000).

1.51 “Reimbursement Cap” means the Reimbursement Cap for Affordable Housing Units or the Reimbursement Cap for Developer Work, as the case may be.

1.52 “Reimbursement Obligation Commencement Date” means the later of (a) the date on which Substantial Completion of Phase 1 of the Developer Work occurs and (b) the date on which Agency issues the Trigger Notice pursuant to the Other Reimbursement Agreement (if Agency issues the Trigger Notice).

1.53 “Reimbursement Report” shall have the meaning set forth in Section 3.2(a).

1.54 “Reimbursement Term” means, subject to compliance with the requirements set forth in Section 3 below, and subject to termination as provided herein, a 25 year period, commencing on January 1 of the first full calendar year after the Trigger Notice is issued and ending on December 31 of the 25th full calendar year thereafter.

1.55 “Special Site Requirements” means the additional measures that Developer needs to take in connection with constructing the Developer Work as a result of the unusual site conditions on most of the Property, either as currently described in the Initial Drawings or, with respect to any Developer Preparation Work not specified in the Initial Drawings that Developer desires to utilize, as described in a submittal to Agency that reasonably explains the necessity or desirability of such method.

1.56 “Specified Interest Rate” means four and three-fourths percent (4.75%) per annum, calculated on a simple (not compounded) interest rate basis.

1.57 “Substantial Completion” means that all of the Phase 1 of the Developer Work shall have been completed in accordance with this Agreement and the Development Agreement, except for Punch List Items, and that all governmental approvals that are required for all of the Phase 1 of the Developer Work have been obtained, in each case as verified and approved by Agency.

1.58 “Substantial Completion Outside Date” means the date that is the fourth (4th) anniversary of the Effective Date.

1.59 “Taxing Entities” means those public entities that levy a tax on the Property within the Project Area.

1.60 “Tax Increment” shall have the meaning set forth in the Act.

1.61 “Trigger Notice” shall have the meaning set forth in the Other Reimbursement Agreement.

1.62 “Trigger Notice Outside Date” means the date that is the seventh (7th) anniversary of the Effective Date.

2. Completion of Project.

2.1 Substantial Completion. Subject to Events of Force Majeure, Developer shall cause the Substantial Completion of Phase 1 of the Developer Work no later than the Substantial Completion Outside Date.

2.2 No Agency Responsibility. Developer shall be solely responsible for errors and omissions in any construction documents pertaining to the Developer Work and the Developer Residential Improvements prepared by Developer or Developer's consultants or agents, change orders thereto, and shop drawings and other submittals interpreting them and for their accuracy, suitability, technical adequacy and compliance with applicable laws, codes, ordinances and regulations. Developer shall be solely responsible for compliance with all building codes and other laws and requirements of governmental authorities having jurisdiction.

2.3 City and Other Governmental Agency Permits and Agreements. Before commencement of any construction, development or work on the Property, Developer shall, at its own expense, secure or cause to be secured any and all permits which may be required by the City or any other governmental agency having jurisdiction over such construction, development or work. Developer acknowledges that Agency is a separate entity from the City, and Agency's approval of any document does not constitute approval by the City.

2.4 Local, State and Federal Laws. Developer shall carry out the construction of the Developer Work and the Developer Residential Improvements in conformity with all applicable federal, state and local laws, ordinances, governmental orders and permits.

2.5 Cost of Construction of Development Residential Improvements. Except as otherwise expressly provided herein, the cost of developing and constructing the Developer Work and the Developer Residential Improvements and all other costs related thereto shall be borne solely by Developer.

2.6 Indemnity. Developer agrees to hold and indemnify Agency and the City, together with their respective officers, employees and agents harmless from, all liability, loss, damage, costs or expenses (including attorney's fees and court costs) arising from or as a result of the death of a person or any accident, injury, loss or damage caused to any person or the property of any person which shall occur during the term of this Agreement on the portions of the Property to the extent directly or indirectly caused by the acts, errors or omissions of Developer or its agents, employees, servants or contractors. Developer shall defend Agency and the City, as the case may be, in any action or claim for which Agency and the City, as the case may be, is indemnified hereunder, with counsel selected by Developer subject to the approval by Agency and/or the City; provided, in the event Developer's insurance company assumes the liability and defense of any action or claim for which Agency and/or the City is indemnified hereunder, Agency and/or the City will approve such insurance company's counsel so long as the insurance company and its counsel each represent all of Agency's and/or the City's interests and such counsel does not have a conflict of interest in any such action or claim.

2.7 Rights of Access. For the purpose of assuring compliance with this Agreement, representatives of Agency shall have the right of access to the Property without charges or fees during construction of the Project for the purpose of monitoring compliance by Developer with its obligations under this Agreement, including, but not limited to, the inspection of the work being performed: provided, such representatives shall not interfere with the activities of Developer or its contractors, employees or agents. Representatives of Agency shall provide reasonable advance notice to Developer of any inspection or similar entry on the Property and shall permit a representative of Developer to accompany such representatives during any such inspection. Developer shall not be liable for any loss, damage, cost or expense (including attorneys' fees and court costs) to such representatives or their property arising in connection with their entry on and inspection of the Project unless such loss, damage, cost or expense arises from Developer's actions.

2.8 Certificate of Completion. After Substantial Completion of Phase 1 of the Developer Work, Agency shall furnish Developer a certificate of completion ("Certificate of Completion") upon written request by Developer. A Certificate of Completion shall be in recordable form and may, at the option of Developer, be recorded in the Recorder's Office of the County. A Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of Developer to any holder of any mortgage, or any insurer of a mortgage securing money loaned to finance the Developer Residential Improvements, or any part thereof.

3. Reimbursement of Developer's Tax Increment Share for Developer Work.

3.1 Payment of Developer Tax Increment Share for Developer Work. Subject to compliance with the provisions of this Agreement, Agency shall make a payment (an "Annual Payment for Developer Work") to Developer each year during the Reimbursement Term in an amount equal to the lesser of (a) the Developer Tax Increment Share for Developer Work for the prior calendar year or (b) Developer's Reimbursable Amount for Developer Work, until the earlier to occur of (i) Developer has been reimbursed for 100% of the Approved Costs plus all Accrued Interest or (ii) Developer has received Annual Payments in an amount equal to the Reimbursement Cap plus all Accrued Interest (but in no event longer than the Reimbursement Term). Agency has no obligation to reimburse Developer except from the Property Tax Increment.

3.2 Procedures.

(a) Required Reimbursement Reports. No later than October 15th of each year commencing with October 15, 2018, Developer shall submit a request for reimbursement with respect to Eligible Costs that were incurred during the prior calendar year or since the prior Reimbursement Report, as the case may be, together with the identification of the appropriate budget line item, copies of invoices and bills demonstrating payment of Eligible Costs, copies of tests, surveys, agreements, or other method of measurement depending on the particular item, lien waivers, proof of payment by Developer and any other reasonable

documentation deemed necessary by Agency (a "Reimbursement Report"). Developer may submit Reimbursement Reports more often than annually, but in no event more often than once every 30 days. Agency shall provide the form of the Reimbursement Report, which Agency may modify from time to time as Agency shall decide in its sole discretion, as such discretion is reasonably determined by Agency.

(b) Agency Inspection and Approval. Within 60 days of receipt of a Reimbursement Report, Agency shall review such Reimbursement Report and inspect the completed work and either accept the request for reimbursement or notify the Developer of any corrective action required by the Developer to obtain Agency's approval of such Reimbursement Report. Once the information submitted with respect to any costs described in a Reimbursement Report is approved by Agency, such costs will be deemed "Approved Costs").

(c) Eligible Costs Categories. The maximum amounts of Eligible Costs that can be approved by Agency for the Developer Work are shown on Exhibit C. The sub-amounts may be adjusted by Developer as Developer deems appropriate, so long as the maximum amount of Eligible Costs does not exceed the total amount as shown on Exhibit C.

(d) Eligibility for Developer's Reimbursable Amount. After the Reimbursement Obligation Commencement Date has occurred, the Approved Costs in each Reimbursement Report (including prior unreimbursed ones) shall become eligible for reimbursement from the Developer's Tax Increment Share on the first Reimbursement Disbursement Date thereafter.

(e) Acknowledgement of Early Reimbursement Reports. Developer acknowledges that one or more of the Reimbursement Reports may be made to Agency prior to the Reimbursement Obligation Commencement Date, and therefore Agency is not obligated to make the first Annual Payment until the Initial Conditions have been satisfied.

(f) Accrued Interest for Developer Work. As used herein, "Accrued Interest" means, with respect to any Approved Costs, interest at the Specified Interest Rate on such Approved Costs that is deemed to have accrued from the first day of the next calendar month following the date such expenditure was approved by Agency in accordance with subsection (b) above to and including the last day of the last full month before an Annual Payment is made that covers reimbursement of such Approved Costs. If Agency does not accept any portion of Developer Work after inspection and notifies Developer of such within 15 days, then Agency shall not be obligated to pay for any Accrued Interest related to such portion of

unaccepted Developer Work until such time as Developer corrects the problem on the portion of unaccepted Developer Work.

3.3 Conditions to Initial Annual Payment for Developer Work. Agency shall have no obligation to make the first Annual Payment for Developer Work unless each of the following conditions has been satisfied (collectively referred to as the “Initial Conditions for Developer Work Reimbursement”):

- (a) Agency shall have issued the Trigger Notice.
- (b) Developer shall have submitted reasonable evidence showing that it has Substantially Completed Phase 1 of the Developer Work, and Agency shall have approved such submittal.
- (c) Developer shall have submitted reasonable evidence, approved by Agency, showing that it has either:
 - (i) completed sufficient Developer Residential Improvements such that the County’s combined assessed value of Lot 1 and the Developer Residential Improvements is at least equal to the Minimum Required Lot 1 Assessed Value, or
 - (ii) received certificates of occupancy from the City with respect to at least 249 residential units.

3.4 Conditions to Each Annual Payment. Agency shall have no obligation to make an Annual Payment unless each of the following conditions has been satisfied (collectively referred to as the “Payment Conditions”):

- (a) Developer shall have submitted to Agency a Reimbursement Report.
- (b) Developer shall have delivered to Agency no later than on December 31 of the prior tax year evidence that it timely paid the Property Taxes to the County (i.e., no later than on November 30 of such tax year) for the prior tax year (i.e., for an Annual Payment due March 31, 2021, Developer must provide to Agency such evidence for the 2020 tax year by December 31, 2020); provided, however, that if Developer has transferred ownership of any parcel of the Property in accordance with the requirements of this Agreement to a person who (i) is not an Affiliate of the Developer and (ii) is not an assignee of this Agreement, this condition is waived as to such parcel (and with respect to only such parcel).
- (c) Developer shall not be in default under this Agreement beyond any applicable cure periods as set forth in Section 7.

(d) Developer shall not be in default under the Development Agreement beyond any applicable cure periods as set forth therein.

(e) Developer shall not be in default under any other agreement between Developer and Agency beyond any applicable cure periods as set forth therein.

4. Reimbursement of Developer's Tax Increment Share for Affordable Housing Units.

4.1 Payment of Developer Tax Increment Share for Affordable Housing.

Subject to compliance with the provisions of this Agreement, Agency shall make a payment (an "Annual Payment for Affordable Housing Units") to Developer each year during the Reimbursement Term in an amount equal to the Developer Tax Increment Share for Affordable Housing Units, until the Developer has received Annual Payments for Affordable Housing Units in an amount equal to the Reimbursement Cap for Affordable Housing Units (but in no event longer than the Reimbursement Term). Agency has no obligation to pay Developer except from the Property Tax Increment.

4.2 Procedures.

(a) Required Compliance Reports. No later than October 15th of each year commencing with October 15, 2018, Developer shall submit a request for payment of the Developer's Tax Increment Share for Affordable Housing Units, together with a rent roll, tenant certifications and manager affidavits and any other reasonable documentation deemed necessary by Agency (a "Compliance Report"). Agency shall provide the form of the Reimbursement Report, which Agency may modify from time to time as Agency shall decide in its sole discretion, as such discretion is reasonably determined by Agency.

(b) Agency Inspection and Approval. Within 60 days of receipt of a Compliance Report, Agency shall review such Compliance Report and inspect the Project (and, in the case of a dispute concerning such Compliance Report only, interview tenants) and either accept the request for payment or notify the Developer of any corrective action required by the Developer to obtain Agency's approval of such Compliance Report. Once the information submitted with respect to any residential unit in the Project described in a Compliance Report is approved by Agency, such unit will be deemed an "Affordable Housing Unit".

(c) Eligibility for Developer Tax Increment Share for Affordable Housing Units. After the Affordable Housing Units Payment Obligation Commencement Date has occurred, Agency shall commence paying Annual Payments for Affordable Housing Units.

(d) Acknowledgement of Early Compliance Reports. Developer acknowledges that one or more of the Compliance Reports may be made to Agency prior to the Affordable Housing Units Payment Obligation Commencement Date, and therefore Agency is not obligated to make the first Annual Payment for Affordable Housing Units until the Initial Conditions for the Affordable Housing Units have been satisfied.

4.3 Conditions to Initial Annual Payment for Affordable Housing Units.

Agency shall have no obligation to make the first Annual Payment for Affordable Housing Units unless each of the following conditions has been satisfied (collectively referred to as the “Initial Conditions for Affordable Housing Units Payment”):

(a) Agency shall have issued the Trigger Notice.

(b) Developer shall have submitted reasonable evidence showing that it has Substantially Completed Phase 1 of the Developer Work, and Agency shall have approved such submittal.

(c) Developer shall have submitted reasonable evidence of the recordation of the Housing Rent Restriction Agreement.

(d) Developer shall have submitted reasonable evidence, approved by Agency, showing that it has completed sufficient Developer Residential Improvements such that the County’s combined assessed value of Lot 1 and the Developer Residential Improvements is at least equal to the Minimum Required Lot 1 Assessed Value.

4.4 Conditions to Each Annual Payment for Affordable Housing Units.

Agency shall have no obligation to make an Annual Payment for Affordable Housing Units unless each of the following conditions has been satisfied (collectively referred to as the “Payment Conditions for Affordable Housing Units Payment”):

(a) Developer shall have submitted to Agency a Compliance Report.

(b) Developer shall have delivered to Agency no later than on December 31 of the prior tax year evidence that it timely paid the Property Taxes to the County (i.e., no later than on November 30 of such tax year) for the prior tax year (i.e., for an Annual Payment due March 31, 2021, Developer must provide to Agency such evidence for the 2020 tax year by December 31, 2020)); provided, however, that if Developer has transferred ownership of any parcel of the Property in accordance with the requirements of this Agreement to a person who (i) is not an Affiliate of the Developer and (ii) is not an assignee of this Agreement, this condition is waived as to such parcel (and with respect to only such parcel).

(c) Developer shall not be in default under this Agreement beyond any applicable cure periods as set forth in Section 7.

(d) Developer shall not be in default under the Development Agreement beyond any applicable cure periods as set forth therein.

(e) Developer shall not be in default under the Housing Rent Restriction Agreement beyond any applicable cure periods as set forth therein.

(f) Developer shall not be in default under any other agreement between Developer and Agency beyond any applicable cure periods as set forth therein.

5. General Provisions for Reimbursement of Developer's Tax Increment Share.

5.1 Approval of Submittals. Agency shall not unreasonably withhold its approval of any submittal so long as such submittal is consistent with the requirements of this Agreement.

5.2 Trigger Notice. Developer acknowledges that the Trigger Notice may not be issued under the Other Reimbursement Agreement, and in such event this Agreement shall be terminated as provided below. Agency shall not amend the Other Reimbursement Agreement to change the requirements for the issuance of the Trigger Notice without the consent of Developer.

5.3 Payments. Provided that all of the Payment Conditions have been fully and timely satisfied by Developer, Agency shall make each Annual Payment by the later of (a) March 31 following the applicable tax year or (b) thirty (30) days following Agency's receipt of Property Tax Increment from the County. The first Annual Payment due hereunder is currently anticipated to be March 31, 2021, but such schedule is based only on the projected dates for compliance with this Agreement, including the projected time for construction, and the actual schedule (in addition to the amount) may differ. Each Annual Payment shall be applied first to Accrued Interest and second to unreimbursed Approved Costs (in the case of Developer's Tax Increment Share for Developer Work).

5.4 Suspended Payments. In the event that some, but not all, of the conditions are satisfied at the time an Annual Payment would otherwise be due, Agency may suspend such payment. If Developer satisfies all of the conditions within twelve months of such date, then Agency shall make the Annual Payment in the full amount. In the event that Developer does not satisfy all of the conditions within such twelve-month period, then Agency shall have no obligation to make the full Annual Payment, but Agency may nonetheless decide to make a payment in a reduced amount, as reasonably determined by Agency in its sole discretion.

5.5 Subordination. Payment of Developer's Tax Increment Share shall be subordinate to Agency's payment of the following: (i) payment to the City for any outstanding

Developer fees or Developer costs associated with the Developer Improvements and (ii) debt service on bonds or other indebtedness issued in relation to the Project Area and secured by a pledge of Tax Increment.

5.6 Maintenance of Records. Developer shall keep complete and comprehensive records and books of account as to all of its activities, including the performance of its obligations, under this Agreement. Developer shall maintain all records pursuant to Generally Accepted Accounting Principles (GAAP) and pursuant to pronouncements by the Financial Accounting Standards Board (FASB). Upon not less than two (2) business days prior written notice to Developer, Agency shall have reasonable access during customary business hours to all records, functions, property and to the extent reasonably available personnel of Developer, including Developer's consultants and subcontractors under this Agreement, for the purpose of reviewing and auditing, at Agency expense, all records of Developer related to the Developer Residential Improvements as necessary to determine Developer's entitlement to receive Annual Payments under this Agreement. Such right shall include access and rights to Developer's records, which shall include, but not be limited to, accounting records (hard copy, as well as computer readable data if it can be made available), written policies and procedures; subcontract files (including proposals of successful and unsuccessful bidders, bid recaps, etc.); original estimates; estimating work sheets; correspondence; change order files (including documentation covering negotiated settlements); backcharge logs and supporting documentation; general ledger entries detailing cash and trade discounts earned, insurance rebates and dividends; and any other supporting evidence deemed necessary by Agency (all the foregoing hereinafter referred to as "Records"). The Records shall be open to inspection and subject to audit and/or reproduction by Agency or authorized representatives to the extent reasonably necessary to adequately permit evaluation and verification of the Approved Costs. Agency's audits may require inspection and copying from time to time and at reasonable times and places of any and all Records pertaining to the Annual Payments that may in Agency's judgment have any bearing on or pertain to any matters, rights, duties or obligations under or covered by this Agreement.

5.7 Limited Obligation. Agency and Developer agree that Agency's obligation to pay the Developer's Tax Increment Share hereunder is a special limited obligation payable solely from the Property Tax Increment.

5.8 Agency's Encumbrance of Tax Increment or Tax Increment. Developer and Agency agree that Agency may from time to time and at any time issue bonds and other indebtedness that may be secured by the Property Tax Increment, and which are payable senior to and ahead of the obligations of Agency under this Agreement; provided that (a) the issuance of such bonds or indebtedness shall not release Agency from its obligations under this Agreement, and (b) the estimated aggregate Property Tax Increment for each year to be received by the Agency is expected to equal or exceed 120% of the debt service or payments on such bonds or indebtedness (which, for the purposes of such calculation, shall include the amounts due under this Agreement). The amounts due under this Agreement shall be amortized over the remaining term of such bonds or indebtedness (but not for a period longer than the Reimbursement Term) when

calculating the debt service, but in no event shall the calculation assume that Developer shall receive a greater proportion of Property Tax Increment than it is entitled to receive under this Agreement. If necessary, Agency may prepay or defease, at Developer's option, Developer's Tax Increment Share to meet the 120% test.

5.9 Prepayment. Agency may elect at any time to prepay all or any portion of the Reimbursement Cap without the consent of Developer. At Agency's election, to be exercised in writing on or before the date of prepayment, any prepayment shall proportionately reduce the percentage of Property Tax Increment to be paid pursuant to Section 3 or Section 4, as the case may be. For example, a prepayment of ten percent (10%) of the amount owing with respect to the Reimbursement Cap for Developer Work would reduce the proportion of Property Tax Increment to be paid annually from forty five percent (45%) to forty and one-half percent (40.5%), resulting in a ten percent (10%) reduction in annual payments.

5.10 Limitations on Tax Increment. Developer acknowledges that Tax Increment is subject to actions of governmental agencies and bodies, including, without limitation, the Salt Lake County Assessor, the Salt Lake County Auditor (which might include, among other things, a reassessment of the Project after Agency files its request for Tax Increment), the Taxing Entities, the Utah Tax Commission, and the Utah legislature. Consequently, Agency makes no representation (and Developer assumes all risk) with regard to the amount of Property Tax Increment (if any) that will be available to make the Annual Payments.

5.11 Tax Appeals. During the Reimbursement Term, Developer shall not protest or appeal any Property Taxes unless Developer notifies Agency in advance, and in such event, such protest or appeal shall not be a default hereunder. Developer acknowledges and agrees that, in the event that Developer pays any Property Taxes under protest or otherwise appeals or disputes its liability for any Property Taxes, Agency shall have the option of not paying a portion of the Annual Payment otherwise due equal to the amount being so protested or appealed. Developer agrees that if the County demands a refund from Agency of any Property Taxes paid to Agency that Agency had previously used for an Annual Payment, Developer shall immediately upon notice from Agency refund to Agency an amount equal to the amount being claimed by the County, and if Developer has not paid such refund by the time that the next Annual Payment is due, Agency may set off against such Annual Payment the amount owed by Developer to Agency.

6. Early Termination. In addition to the other provisions regarding termination of this Agreement provided herein, this Agreement may also be terminated as follows:

6.1 If the Developer Work is not Substantially Completed by the Substantial Completion Outside Date, Agency may notify Developer that this Agreement is terminated effective as of 30 days following such notice, in which event the Parties shall have no further obligations to each other hereunder, except as otherwise provided in Section 6.5.

6.2 If the Approved Costs are less than \$1,000,000 by the Substantial Completion Outside Date, Agency may notify Developer that this Agreement is terminated

effective as of 30 days following such notice, in which event the Parties shall have no further obligations to each other hereunder, except as otherwise provided in Section 6.5.

6.3 If the Trigger Notice is not issued by the Trigger Notice Outside Date, Agency may notify Developer that this Agreement is terminated effective as of 30 days following such notice, in which event the Parties shall have no further obligations to each other hereunder, except as otherwise provided in Section 6.5.

6.4 Notwithstanding the termination provision in each of Sections 6.2, 6.3 and 6.4, this Agreement shall not be so terminated in the event that (a) Developer shall, during the applicable 30 day period, have requested Agency to enter into an amendment of this Agreement with Developer to provide for the reimbursement of some or all of the Approved Costs that have not been reimbursed as of such time and (b) Agency shall determine that the Developer Work represented by such Approved Costs will likely be beneficial to the developer of the Property at some later date. Agency shall have sixty (60) days following receipt of such request to make such determination, and Agency shall not decline to make such determination unless Agency has a reasonable basis to do so. In the event that Agency shall make such determination, then the Parties shall enter into an amendment to this Agreement to provide that such Approved Costs shall be reimbursed pursuant to this Agreement, as amended by such amendment.

7. Representations and Warranties. Developer represents and warrants to Agency as follows:

7.1 Developer is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Utah.

7.2 Developer has the full right, power and authority to enter into and perform this Agreement. The execution, delivery, and performance by Developer of this Agreement does not and will not conflict with, or result in the breach or termination of any provision of, or constitute a default under, any indenture, mortgage, deed of trust, lease contract, or other instrument or agreement or any order, judgment, award, or decree to which Developer is subject or by which the assets of Developer may be bound.

7.3 The information previously provided to Agency by Developer that explains the Special Site Requirements and the need to incur Eligible Costs in connection with the completion of the Developer Work is true, accurate and complete.

7.4 All other information provided to Agency to date, was true, accurate and complete.

7.5 All information provided to Agency in all future submittals shall be true, accurate and complete.

8. Default. The Parties agree as follows:

8.1 Default. Neither Party shall be in default under this Agreement unless such Party fails to perform an obligation required under this Agreement within thirty (30) days after written notice is given to the defaulting Party by the other Party, reasonably setting forth the respects in which the defaulting Party has failed to perform such obligation. If the nature of the defaulting Party's obligation is such that more than thirty (30) days are reasonably required for performance or cure, the defaulting Party shall not be in default if such Party commences performance within such thirty (30) day period) and after such commencement diligently prosecutes the same to completion.

8.2 Remedies. In the event of an uncured default by Agency within the applicable time for performance and cure period, Developer shall have all remedies available at law or in equity. In the event of an uncured default by Developer of obligations and covenants pertaining to the Developer Work and/or the Developer Residential Improvements hereunder or under the Housing Rent Restriction Agreement within the applicable time for performance and cure period (including, without limitation, any period during which a Mortgagee is entitled to notice and/or may cure), Agency may at its option, either (i) refuse to pay any Annual Payment until the default is fully cured, or (ii) reduce the amount of the Developer's Tax Increment Share by the amount incurred by Agency to cure such default and/or the loss sustained by Agency as a result of such default.

8.3 Attorneys' Fees. If either Party to this Agreement or their successors and assigns commences a legal or equitable proceeding, whether litigation, arbitration or otherwise, respecting any question between the Parties to this Agreement arising out of or relating to this Agreement or the breach thereof, the prevailing Party in such dispute resolution proceeding shall be entitled to the recovery of a reasonable attorneys' fee and all other reasonably incurred costs and expenses of the successful prosecution or defense of such proceeding.

9. Miscellaneous.

9.1 Recitals. The above Recitals are incorporated herein as material factual context and expressions of intent for this Agreement.

9.2 Captions. The captions, headings, and arrangements used in this Agreement are for convenience only and do not in any way affect, limit, amplify or modify the terms and provisions of this Agreement.

9.3 Number and Gender of Words. Whenever herein the singular number is used, the same shall include the plural where appropriate, and words of any gender shall include each other gender where appropriate.

9.4 Notices. All notices, demands, requests, and other communications required or permitted hereunder shall be in writing and shall be deemed to be delivered, whether actually received or not, three (3) days after deposit in a regularly maintained

receptacle for the United States mail, registered or certified (or another commercially acceptable means requiring a return receipt), postage prepaid, addressed as follows:

If to Developer: Wasatch Residential Group, LLC
620 South State Street
Salt Lake City, UT 84111
Attn: Jeff Nielson

If to Agency: Redevelopment Agency of Midvale City
Attention: Executive Director
7505 Holden Street
Midvale, Utah 84047

Such communications may also be given by facsimile transmission or electronic mail, provided any such communication is concurrently given by one of the above methods. Notices shall be deemed effective upon the receipt, or upon attempted delivery thereof if the delivery is refused by the intended recipient or if delivery is impossible because the intended recipient has failed to provide a reasonable means of accomplishing delivery.

9.5 Governing Law. This Agreement is intended to be performed in the State of Utah, and the laws of Utah shall govern the validity, construction, enforcement and interpretation of this Agreement.

9.6 Amendments. This Agreement may be amended or supplemented only by an instrument in writing executed by both Agency and Developer. Agency and Developer agree that, without the consent of the owner of Lot 2, no amendment may be made to (1) increase the amount in the definition of "Reimbursement Cap for Developer Work" or (2) allow Developer Tax Increment Share for Developer Work to be used for Affordable Housing Units.

9.7 Further Acts. In addition to the acts and deeds recited herein and contemplated to be performed, executed and delivered by Agency and Developer, Agency and Developer agree to perform, execute and deliver or cause to be performed, executed, and delivered any and all such further acts, deeds and assurances as may be necessary to consummate the transactions contemplated hereby. Such further acts shall include minor modifications which may otherwise interfere with or inhibit the ability of the Agency to issue bonds, and Developer further agrees not to unreasonably withhold approval of any such minor modifications necessary for the issuance of bonds.

9.8 No Relationship of Principal and Agent. Nothing contained in this Agreement, nor any acts of the Parties, shall be deemed or construed to create the relationship of principal and agent, or of limited or general partnership, or of joint venture

or of any other similar association between Agency, its successors or assigns, and Developer, its successors or assigns.

9.9 No Presumption. This Agreement shall be interpreted and construed only by the contents hereof and there shall be no presumption or standard of construction in favor of or against either Party.

9.10 Exhibits. All references to "Exhibits" contained herein are references to exhibits attached hereto, all of which are deemed incorporated herein and made a part hereof for all purposes.

9.11 Transfer and Assignment. Until the Certificate of Completion is issued, Developer shall not assign, transfer or convey, directly or indirectly, any rights or obligations under the terms of this Agreement. After the Certificate of Completion is issued, Developer may assign this Agreement, subject to the written approval of Agency, such approval not to be unreasonably withheld, so long as (a) such assignment is to only one assignee (i.e. there will only be one party as "Developer" hereunder at any given time), (b) such assignee assumes all of the obligations of Developer hereunder pursuant to an agreement in form and substance satisfactory to Agency, and (c) Agency is promptly given notice of such assignment.

9.12 Non-liability of Agency Officials and Employees. No member, official, or employee of Agency shall be personally liable to Developer, or any successor-in-interest, in the event of any default or breach by Agency, or for any amount which may become due to Developer or its successor, or on any obligation under the terms of this Agreement.

9.13 Governmental Immunity. Nothing in this Agreement shall be deemed to constitute or imply a waiver, modification or alteration of the caps or limitations on liability or privileges, immunities or other protection available to Agency under the Utah Governmental Immunity Act or such other statutes or laws affording governmental agencies caps or limitations on liability or privileges, immunities or other protections.

9.14 Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future laws, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never composed a part of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement, provided, however, that such illegal, invalid or unenforceable provision does not relieve Developer from any obligation for Developer Costs for which Agency has an obligation to reimburse Developer under the provisions of this Agreement.

9.15 No Third-Party Rights. This Agreement does not create any rights or benefits to third parties unless otherwise expressly stated.

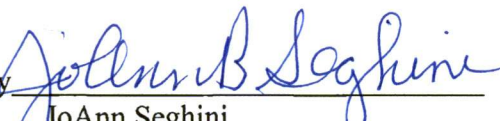
9.16 Integration. This Agreement contains the entire agreement between the Parties with respect to the subject matter hereof and integrates all prior conversations, discussions or understandings of whatever kind or nature and may only be modified by a subsequent writing duly executed and approved by the Parties hereto.


[signature page follows]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first above written.

AGENCY:

REDEVELOPMENT AGENCY OF MIDVALE CITY

By 
JoAnn Seghini
Chief Administrative Officer

By 
Kane Loader
Executive Director

Approved as to legal form:

Jones, Waldo, Holbrook & McDonough, P.C.

By 

DEVELOPER:

WASATCH RESIDENTIAL GROUP, LLC,
a Utah limited liability company

By _____
Jeffrey Nielson
Its President

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first above written.

AGENCY:

REDEVELOPMENT AGENCY OF MIDVALE CITY

By _____
JoAnn Seghini
Chief Administrative Officer

By _____
Kane Loader
Executive Director

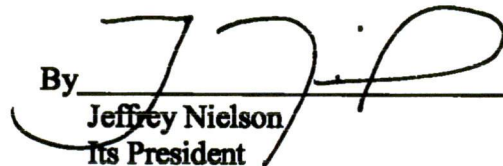
Approved as to legal form:

Jones, Waldo, Holbrook & McDonough, P.C.

By _____

DEVELOPER:

WASATCH RESIDENTIAL GROUP, LLC,
a Utah limited liability company

By  _____
Jeffrey Nielson
Its President

Legal Description of Lot 1

Lot 1, Jordan Bluffs Subdivision, according to the Official Plat thereof recorded on November ____, 2017, as Entry No. ____ in Book ____ of Plats at Page ____ of the Official Records of Salt Lake County.

Legal Description of Lot 2

Lot 2, Jordan Bluffs Subdivision, according to the Official Plat thereof recorded on November ____, 2017, as Entry No. _____ in Book _____ of Plats at Page _____ of the Official Records of Salt Lake County.

EXHIBIT B

Budget

EXHIBIT B

1336374.8

Estimated Burden Costs for Jordan Bluffs

9/28/2017

Description	Quantity	Unit	Standard Site Pricing		Jordan Bluffs Site Pricing		Overburden	
			Unit Price	Total Price	Unit Price	Total Price	Unit Price	Total
Phase 1 Sitework = 249 units								
Demolition allowance of existing foundations and slabs of factories and haul off	1	LS	\$	-	\$	300,000.00	\$	300,000.00
Preloading costs for settlement of site due to undocumented fills	45,173	CY	\$	-	\$	5.00	\$	225,866.65
Export of surcharge soil to repository after preloading is complete	45,173	CY	\$	-	\$	5.00	\$	225,866.65
Over-excavating of building footprints to get to native (5') - Phase 1	15,827	CY	\$	-	\$	9.00	\$	142,445.00
Select fill for the building footprints to bring back up the 5' to grade	15,827	CY	\$	-	\$	24.50	\$	387,766.94
Fused HDPE pipe (Water, Storm Drain, and Sewer) = avg. of \$44/LF for SDR/PVC pipe to \$89/LF for fused HDPE	3,817	LF	\$	44.00	\$	167,930.40	\$	171,747.00
HDPE Water and Sewer Laterals = \$4,000 connection with HDPE vs. \$1,500 regular connection	18	Ea	\$	1,500.00	\$	4,000.00	\$	45,000.00
Flow Fill at all utility line laterals and connections (Water, Storm Drain, and Sewer)	1	LS	\$	-	\$	125,000.00	\$	125,000.00
Baseline Irrigation System for water control ILO regular system = 3 phases, 1 independent system each phase	1	Ea	\$	-	\$	60,000.00	\$	60,000.00
Special Inspector for Environmental testing	12	Mo	\$	-	\$	4,000.00	\$	48,000.00
				\$ 194,930.40		\$ 1,926,622.64		\$ 1,731,692.24
Phases 2-4 Sitework = Balance of Site								
Demolition allowance of existing foundations and slabs of factories and haul off	1	LS	\$	-	\$	-	\$	-
Preloading costs for settlement of site due to undocumented fills	45,174	CY	\$	-	\$	5.00	\$	225,868.35
Export of surcharge soil to repository after preloading is complete	45,174	CY	\$	-	\$	5.00	\$	225,868.35
Over-excavating of building footprints to get to native (5') - Phase 1 and 2	47,950	CY	\$	-	\$	9.00	\$	431,548.00
Select fill for the building footprints to bring back up the 5' to grade	47,950	CY	\$	-	\$	24.50	\$	1,174,769.56
Repair to Geomat after utility work and mass grading	2,178,000	SF	\$	-	\$	0.20	\$	435,600.00
Fused HDPE pipe (Water, Storm Drain, and Sewer) = avg. of \$44/LF for SDR/PVC pipe to \$89/LF for fused HDPE	8,905	LF	\$	44.00	\$	391,837.60	\$	400,743.00
HDPE Water and Sewer Laterals = \$4,000 connection with HDPE vs. \$1,500 regular connection	78	Ea	\$	1,500.00	\$	4,000.00	\$	195,000.00
Flow Fill at all utility line laterals and connections (Water, Storm Drain, and Sewer)	-	LS	\$	-	\$	125,000.00	\$	-
Additional handling of material, stock-piling, covering, and replacing below cap for utility work	23,559	CY	\$	-	\$	9.50	\$	223,810.50
Baseline Irrigation System for water control ILO regular system = 3 phases, 1 independent system each phase	2	Ea	\$	-	\$	60,000.00	\$	120,000.00
Special Inspector for Environmental testing	24	Mo	\$	-	\$	4,000.00	\$	96,000.00
				\$ 508,837.60		\$ 4,038,045.36		\$ 3,528,307.76
*Includes the additional work required for Euro Drive.								
Total Estimated Burden Costs for Jordan Bluffs				\$ 703,768.00		\$ 5,964,668.00		\$ 5,260,000.00

EXHIBIT C

Form of Housing Rent Restriction Agreement

EXHIBIT C

When Recorded Return to:

Redevelopment Agency of Midvale City
Attn: Executive Director

HOUSING RENT RESTRICTION AGREEMENT

THIS HOUSING RENT RESTRICTION AGREEMENT (this "Agreement") is entered into as of _____, 2017, by and among the REDEVELOPMENT AGENCY OF MIDVALE CITY, a public agency (the "Agency"), and Wasatch Residential Group, LLC, a Utah limited liability company (the "Project Owner").

WITNESSETH:

WHEREAS, on or about the date hereof, the Project Owner purchased from Gardner Jordan Bluffs L.C. ("Gardner") certain property in Midvale City, Utah more particularly described on Exhibit A attached hereto (the "Restricted Property"), which Gardner purchased from the Agency;

WHEREAS, in connection with the purchase of the Restricted Property, the Project Owner and the Agency entered into that certain Tax Credit Reimbursement Agreement of even date herewith (the "Reimbursement Agreement"), pursuant to which the Project Owner has agreed to construct on the Restricted Property a project intended, on a partial basis, for rental to persons of low and moderate income (as more particularly defined therein, the "Project");

WHEREAS, as a condition to including in the Reimbursement Agreement a provision that obligates Agency to reimburse Developer for a portion of the costs of affordable housing, the Agency has required that the Project Owner execute this Agreement so that a portion of the completed Project will provide housing for rental to persons of low and moderate income, as provided herein;

WHEREAS, Section 42 of the Internal Revenue Code of 1986, as amended ("IRC § 42"), provides for the allocation of low-income housing credits for the construction, acquisition and/or rehabilitation of qualified low-income housing buildings;

EXHIBIT C

WHEREAS, Utah Housing Corporation ("Utah Housing") is the housing credit agency which has been designated as the agency responsible for the allocation of low-income housing credits for the State of Utah pursuant to IRC § 42;

WHEREAS, the Project Owner intends to seek an allocation from Utah Housing of low-income housing credits with respect to the Project;

WHEREAS, as a requirement under IRC § 42, the Project Owner will enter into a Low-Income Housing Credit Commitment Agreement and Declaration of Restrictive Covenants with Utah Housing (the "LURA");

WHEREAS, the Project Owner under this Agreement intends, declares and covenants that the regulatory and restrictive covenants set forth herein governing the use, occupancy and transfer of the Project shall be and are covenants running with the land for the term stated herein and binding upon all subsequent owners of the Project for such term set forth herein, and are not merely personal covenants of the Project Owner.

NOW THEREFORE, in consideration of the mutual premises set forth above, and based upon the mutual covenants and promises hereinafter set forth, and such other valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Project Owner and the Agency hereby agree as follows:

1. Compliance Period. The Parties agree that, for the purposes of this Agreement, the "Compliance Period" for the Project means the "Reimbursement Term", as such term is defined in the Reimbursement Agreement. Currently, the Reimbursement Term is scheduled to expire on _____, 20__ (subject to earlier termination as provided therein).
2. Comparability of Construction. The Project Owner agrees that, during the Compliance Period, the Affordable Housing Units will be of comparable quality to affordable housing units constructed by Developer elsewhere in Salt Lake County.
3. Release and Indemnification. The Project Owner agrees to defend, indemnify and hold Agency, its officers, trustees, employees and agents harmless from any claim, loss, liability, demand, judgment or cost (including without limitation reasonable attorneys' fees) arising out of the negligence, intentional misconduct, misrepresentations of this Agreement by the Project Owner.
4. Compliance Monitoring. As a condition to leasing an Affordable Housing Unit in the Project during the Compliance Period, a low-income tenant shall be required to provide sufficient documentation, in order to substantiate income levels of all individuals residing therein.

EXHIBIT C

5. Inspection. The Project Owner shall permit, during normal business hours, upon reasonable notice, any duly authorized representative of Agency to inspect any books and records of the Project Owner relating to the Project and the incomes of low-income tenants. Specifically, the Project Owner shall make available to Agency the documentation substantiating incomes of low-income tenants as provided in the Reimbursement Agreement.

6. Eviction During and Following Compliance Period. During the Compliance Period and the three (3) year period following the termination of the Compliance Period pursuant to a foreclosure (or instrument in lieu of foreclosure), the Project Owner shall not evict or terminate the tenancy (other than for good cause) of an existing low-income tenant of any Affordable Housing Unit in the Project or increase the gross rent with respect to an Affordable Housing Unit, not otherwise permitted under the circumstances set for the provisions IRC § 42.

7. Rent and Income Limits. The Project Owner agrees that at least 192 of the units of the Project will be leased, throughout the Compliance Period, (i) for a maximum monthly rental fee which is affordable to the tenants residing therein (as calculated below), and (ii) to individuals whose annual income (as defined under Section 8 of the United States Housing Act of 1937), aggregated for all individuals residing in a given unit, does not exceed the percentages set forth below of area median income for the county in which the unit is located:

<u>Units</u>	<u>Type</u>	<u>Income Limits</u>
192		60% of area median income

For purposes of determining the affordability of monthly rental payments, the maximum monthly rental fee is calculated as follows:

- a. First, multiply the monthly rent limit applicable to the unit as calculated by Agency for the applicable year, based on bedroom size, based on 50% of area median income for the county in which the unit is located, by 2 (to arrive at a rental amount based on 100% of area median income);
- b. Second, multiply the product derived in paragraph a. above by the percentages set forth below.

<u>Units</u>	<u>Type</u>	<u>Rent Limits</u>
192		60% of area median income

For purposes of determining the maximum monthly rental fee pursuant to this paragraph, the maximum monthly rental fee amount shall include an allowance for tenant-paid utilities as provided in IRC § 42 or notices, regulations or revenue rulings issued or promulgated thereunder.

EXHIBIT C

In interpreting and applying this section, the IRC § 42 notices, regulations or revenue rulings issued or promulgated thereunder shall supersede any formulas or percentages set forth herein.

If the Project Owner and Utah Housing enter into the LURA, the foregoing calculations shall be made consistent with the calculations made by Utah Housing under the LURA in order to minimize the administrative burden on the Project Owner.

8. Restrictive Covenants. The Project Owner intends, declares and covenants that the covenants, terms, provisions and restrictions set forth in this Agreement shall run with the land and shall bind, and the benefits and burdens shall inure to, the Project Owner and Agency, and their respective successors and assigns, and all subsequent owners of the Project or any interest therein, for the duration of the Compliance Period. Upon the termination of the Compliance Period, except as provided in Section 6 above, this Agreement shall be deemed terminated and of no further force and effect, and the Agency shall execute a release for recordation purposes if so requested by the then owner of the Project.

9. Recordation. This Agreement shall be placed of record in the real property records of the county in which the Project is located.

10. Notices. All notices to be given to Agency or to the Project Owner pursuant to this Agreement shall be in writing and shall be mailed, by first class, postage prepaid, to the parties at the addresses set forth below:

to Agency: Redevelopment Agency of Midvale City
7505 S. Holden Street
Midvale, Utah 84047
Attention: Executive Director

to the Project Owner: Wasatch Residential Group, LLC
620 South State Street
Salt Lake City, Utah 84111
Attention: Jeff Nielson

11. Other Agreements.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Utah, and where applicable, the laws of the United States of America.

(b) Attorneys' Fees. In any action or defense associated with this Agreement, the prevailing party shall be reimbursed by the non-prevailing party for the costs, including attorneys' fees, incurred by the prevailing party in that action or defense.

EXHIBIT C

(c) Recitals. The recitals are hereby incorporated into this Agreement.

(d) Waiver. No action or failure to act by the parties shall constitute a waiver of any right or duty afforded any party under this Agreement, nor shall any such action or failure to act constitute approval of or acquiescence in any breach hereunder, except as may be specifically agreed to in writing. A waiver by a party of a breach hereunder by the other party shall not be construed as a waiver of any succeeding breach of the same or other provisions.

(e) Modifications and Integration. This Agreement may only be modified by a writing signed by all of the parties hereto. This Agreement constitutes the entire agreement of the parties with respect to the subject matter addressed herein. No other agreements, oral or written, pertaining to the matters herein exist between the parties. This Agreement hereby supersedes any other agreement between the parties respecting the subject matter addressed herein.

(f) Annual Certification. The Project Owner shall, in a form designed by the Agency, annually certify to Agency its compliance with all the provisions of this Agreement. If the Project Owner and Utah Housing enter into the LURA, the form of such certification shall be substantially in the same form required by Utah Housing under the LURA in order to minimize the administrative burden on the the Project Owner.

(g) Counterparts. This Agreement may be executed by the different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original, and all of which taken together shall constitute one and the same agreement.

(h) Severability. If any provision of this Agreement or the application thereof to any party or circumstance shall be invalid or unenforceable to any extent, the remainder of the Agreement and the application of such provisions to any other party or circumstance shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

(i) Headings. Titles or headings to the sections of this Agreement are for convenience only, and neither limit nor amplify the provisions of this Agreement.

EXHIBIT C

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their respective, duly authorized representatives, as of the day and year first written above.

AGENCY: REDEVELOPMENT AGENCY OF MIDVALE CITY

By
JoAnn Seghini
Chief Administrative Officer

By
Kane Loader
Executive Director

DEVELOPER: Wasatch Residential Group, LLC,
a Utah limited liability company

By
Its Manager

EXHIBIT C

STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

The foregoing instrument was acknowledged before me this ____ day of _____, 2017, by _____, the Chief Administrative Officer of The Redevelopment Agency of Salt Lake City.

NOTARY PUBLIC

Residing at: _____

My Commission Expires:

STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

The foregoing instrument was acknowledged before me this ____ day of _____, 2017, by _____, the Executive Director of The Redevelopment Agency of Midvale City.

NOTARY PUBLIC

Residing at: _____

My Commission Expires:

STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

The foregoing instrument was acknowledged before me this ____ day of _____, 2017, by _____, the _____ of Wasatch Residential Group, LLC, a Utah limited liability company.

EXHIBIT C

EXHIBIT A
(to Housing Rent Restriction Agreement)

Legal Description

That certain parcel of real property situated in Salt Lake County, State of Utah, and more particularly described as follows:

Tax Parcel I.D. No.: _____

EXHIBIT C