

REDEVELOPMENT AGENCY OF MIDVALE CITY, UTAH

RESOLUTION NO. 2020-03RDA

A RESOLUTION AUTHORIZING THE EXECUTION OF A TAX INCREMENT REIMBURSEMENT AGREEMENT BETWEEN THE REDEVELOPMENT AGENCY OF MIDVALE CITY AND WASATCH ADVANTAGE GROUP

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 Bingham Junction Project Area Plan on August 10th, 2004; and

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

WHEREAS, Wasatch Advantage Group (“Developer”) has developed 1124 units (“Property”) located in the Jordan Bluffs Project Area; and

WHEREAS, Wasatch Advantage Group has 290 affordable units as a part its development that provides affordable housing in Midvale; 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 increased 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 for the additional costs resulting from the requirements of the Site Management Plan as well as other related expenses; and

WHEREAS, the Agency supports the Developer’s provision of affordable housing units 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 be Seven Hundred and Twenty Seven Thousand, Nine Hundred and Fourteen Dollars and Twenty Five Cents (\$727,914.25);

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 approve the Term Sheet and authorize the execution of a Tax Increment Reimbursement Agreement with Wasatch Advantage Group based on that term sheet 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 4th day of February 2020.



Robert M. Hale
Chief Administrative Officer

Kane Loader
Executive Director

ATTEST:

Rori L. Andreason, MMC
Secretary

Voting by the Board of Directors:

Bryant Brown
Paul Glover
Quinn Sperry
Heidi Robinson
Dustin Gettel

"Aye"

"Nay"

<u>✓</u>	<u> </u>
<u>ABSENT</u>	<u> </u>
<u>✓</u>	<u> </u>
<u>✓</u>	<u> </u>
<u>✓</u>	<u> </u>

Term Sheet for a Reimbursement Agreement with Wasatch Advantage Group

Parties:	Redevelopment Agency of Midvale City, Utah (the "Agency") and Wasatch Advantage Group LLC. (the "Owner").
Project:	<p>The Owner owns the following residential developments in the Bingham Junction Redevelopment Project Area (the "Property"):</p> <ul style="list-style-type: none"> • San Moritz • Florentine Villas • Tuscany Villas • Talavera at the Junction • 7800 Lofts <p>Arbor Gardner Bingham Junction Holdings, L.C. ("Arbor Gardner") and the Owner have redeveloped certain property located in the Bingham Junction Redevelopment Project Area, including the Property. Redevelopment activities included the installation of utilities and site preparation activities, as well as the development of new residential buildings on the Property (the "Project"). Pursuant to a Reimbursement Agreement executed in 2015 by the Agency and Arbor Gardner ("2015 Reimbursement Agreement"), the Agency agreed to assist with these activities by reimbursing Arbor Gardner (or its assignee) a portion of the tax increment generated from the Project. The Owner constructed the Project but, inadvertently, neither the Owner nor Arbor Gardner had been paid anything with regard to the Project at the time the 2015 Reimbursement Agreement was terminated by mutual agreement last year. This Reimbursement Agreement is a partial replacement for the 2015 Reimbursement Agreement, so that the Owner can be reimbursed for a portion of its costs incurred in connection the construction of the Project as it should have been under the 2015 Reimbursement Agreement, had such agreement not been terminated.</p>
Reimbursement Activities:	<p>Prior to the execution of the Reimbursement Agreement, the Owner shall submit a request for reimbursement consisting of invoices with respect to the marginal additional costs incurred by the Owner in connection with the construction of the Project that were the result of the unique site conditions of the Property and of compliance with Institutional Controls established for the Property, together with evidence of payment of such costs ("Approved Costs"). Examples of permitted Approved Costs include, but are not limited to, the cost of helical piers, HDPE pipe, and repair or replacement of environmental mitigation features. The parties will need to agree on the total amount of the Approved Costs and on the sufficiency of the backup documentation for the Approved Costs before the Reimbursement Agreement will be executed.</p>

Tax Increment:	<ol style="list-style-type: none"> 1. The funding source for the reimbursement of Approved Costs shall be the Agency's housing allocation of the tax increment for the Property ("Housing Tax Increment"). 2. The use of Housing Tax Increment for the Approved Costs shall conform with the Bingham Junction Redevelopment Project Area Plan. 3. For purposes of calculating the Housing Tax Increment for the Project, the base value for the Property shall be \$1,000,000.
Reimbursement Payment:	<ol style="list-style-type: none"> 1. The Agency shall only reimburse the Owner for the Approved Costs. 2. The total amount reimbursed by the Agency shall not exceed \$727,914.25 ("Reimbursement Cap"). 3. Assuming the Approved Costs are at least \$727,914.25, the Agency will make payments to the Owner each year, commencing in 2020, in an amount of up to \$100,000 (a "Reimbursement Payment"), until the Reimbursement Cap is reached. If the amount of the Housing Tax Increment is not sufficient to pay the entire \$200,000 in any year, the Reimbursement Payment for that year will be limited to the amount of the Housing Tax Increment. 4. The Agency shall provide Reimbursement 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 Housing Tax Increment from Salt Lake County. The initial Reimbursement Payment shall be made in 2020.
Reimbursement Term:	The term of the Reimbursement Agreement shall be from the date it is signed to the end of 2033 (the "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) the Owner has been reimbursed for all Approved Costs, (b) the Owner has received Reimbursement Payments equal to the Reimbursement Cap, (c) the expiration of the Reimbursement Term, (d) the expiration of the Project Area Plan, or (e) the termination of the Reimbursement Agreement.
Initial Reimbursement Payment Conditions:	<p>The Agency shall have no obligation to make the initial Reimbursement Payment until the following conditions have been satisfied:</p> <ol style="list-style-type: none"> 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.
On-Going Reimbursement Payment Conditions:	<ol style="list-style-type: none"> 1. The Owner shall have satisfied all of the conditions specified in the Reimbursement Agreement.
Reduction in Payment:	<ol style="list-style-type: none"> a. 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.
Subordination:	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, (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.
Assignment and Transfer:	The Owner shall not assign or transfer any obligations or rights to the Reimbursement Agreement except as expressly permitted by its terms.
Indemnity:	The Owner shall indemnify the Agency and the City from any action or claim caused by the acts of the Owner.
Prepayment:	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.
Miscellaneous:	Such other terms and conditions as may be agreed to by the parties.