NOTICE OF A MEETING OF THE VINEYARD REDEVELOPMENT AGENCY BOARD
January 9, 2019 – 6:00 PM

Public Notice is hereby given that the Vineyard Redevelopment Agency Board will hold a meeting on Wednesday, January 9, 2019**,** starting at approximately 6:00 PM or as soon thereafter as possible following the City Council meeting in the Vineyard City Hall; 125 South Main Street, Vineyard, Utah. The agenda will consist of the following:
(clicking on the blue wording will take you to the documents associated with the agenda item.)

Agenda

1. **CALL TO ORDER**

2. **CONSENT AGENDA**
   - **2.1.** Approval of the December 12, 2018 RDA Meeting Minutes
   - **2.2.** Approval of the December 18, 2018 RDA Meeting Minutes

3. **BUSINESS ITEMS**
   - **3.1. DISCUSSION AND ACTION – The Yard Reimbursement Request**
     Staff will present the reimbursement agreement for The Yard's Golf Facility. The RDA Board will take appropriate action.

4. **ADJOURNMENT**

RDA meetings are scheduled as needed.

The Public is invited to participate in all Vineyard Redevelopment Agency meetings. In compliance with the Americans with Disabilities Act, individuals needing special accommodations during this meeting should notify the City Recorder at least 24 hours before the meeting by calling (801) 226-1929.

I the undersigned duly appointed City Recorder for Vineyard, Utah, hereby certify that the foregoing notice and agenda was emailed to the Salt Lake Tribune, posted at the Vineyard City Hall and offices, the Vineyard city website, the Utah Public Notice website, delivered electronically to city staff and to each member of the Governing Body.

AGENDA NOTICING COMPLETED ON: January 8, 2019

CERTIFIED (NOTICED) BY: /s/ Pamela Spencer
PAMELA SPENCER, CITY RECORDER

MINUTES OF THE VINEYARD
REDEVELOPMENT AGENCY BOARD MEETING
125 South Main Street, Vineyard, Utah
December 12, 2018 – 8:09 PM

Present	**Absent**
Chair Julie Fullmer	
Boardmember John Earnest	
Boardmember Tyce Flake	
Boardmember Chris Judd	
Boardmember Nate Riley	

Staff Present: City Manager/Finance Director Jacob McHargue, Public Works Director/City Engineer Don Overson, City Attorney David Church, Sergeant Holden Rockwell with the Utah County Sheriff's Office, Community Development Director Morgan Brim, City Planner Elizabeth Hart, City Recorder Pamela Spencer, Water/Parks Manager Sullivan Love

Others Speaking: Brian Hansen, Eric Towner, and Steve Hutchings, with X Development, Dave Allred with The Golf Club, Andrew Evans with Carr Healthcare Realty

CALL TO ORDER

Chair Fullmer opened the meeting at 8:09 PM.

CONSENT AGENDA

2.1 Approval of the October 10, 2018 RDA Meeting Minutes

Chair Fullmer called for a motion.

Motion. BOARDMEMBER JUDD MOVED TO APPROVE CONSENT ITEM 2.1. BOARDMEMBER RILEY SECONDED THE MOTION. CHAIR FULLMER, BOARDMEMBERS, EARNEST, FLAKE, JUDD, AND RILEY VOTED AYE. THE MOTION CARRIED UNANIMOUSLY.

BUSINESS ITEMS

3.1 DISCUSSION AND ACTION – <u>The Yard Reimbursement Request</u>

Brian Hansen representing The Yard is requesting RDA assistance to help in bringing in a golf facility user such as Topgolf or similar to The Yard. The facility would boast the most up to date technology in the golf facility arena. It will include luxury golf hitting and lounge bays, full service dining facilities, full service bar, corporate event spaces, private party space, and concert venue space. This entertainment use will help combine with the Megaplex to make this site the premier entertainment hub of Utah County. With the addition of the golf facility The Yard (B) will become extremely attractive to a variety of uses including 160,000 square feet of professional and medical office as well as 20,000 more square feet of retail uses.

Chair Fullmer turned the time over to Brian Hansen with X Development, who turned the time over to Dave Allred with The Golf Club.

Mr. Allred explained the he had taken his employees and team to the Topgolf facilities. He said that he had reached out to Topgolf and they were not interested. He said that he became aware of BigShots and decided to team up with them. He felt that it would be a great value for the local community and bring a dynamic type of entertainment to Utah County.

Mr. Allred presented a rendering of a golf venue that he would be bringing to Vineyard. Items to be included in the facility:

- A 60-bay facility, hitting towards the east
- A destination restaurant – Mr. Allred felt that the Cheesecake Factory would be a great partner but had been in discussions with several restaurants
- Food and beverage on the top floor in an open terrace setting
- Troon Golf the largest operator of golf courses in the United Stated.
- A pro shop to sell golf equipment
- A golf academy, providing golf instruction
- An event space for corporate events
- Eventually a virtual reality area
- Night life area with concerts on the terrace and the field
- Roof terrace

Mr. Allred gave some statics for people using the facility:

- 68% Males
- Average age is 18-44
- Appeals to millennials
- 78 % of people going to Topgolf were not golfers and were going for the social aspect

Mr. Hansen said that with the 23 acres south of the Megaplex they were trying to create a center that would have the daytime use to support the retail businesses around the area. He said that the Megaplex had captured the nighttime business traffic. He mentioned that it was the number 3 Megaplex location in the nation. He said that they also needed to bring in office use which would provide the daytime use to help the retail to help the retail businesses. They were trying to create an area where people who worked here would want to live here.

Mr. Hansen presented an aerial drone video of the area around the Topgolf in Midvale. He gave a background of the area. He said that when Topgolf was announced in 2014, it began to spur development.

Mr. Hansen stated that they already had three (3) commitments from office users on their Vineyard site for three buildings on Mill Road for medical offices. They have commitments for leases, contingent on the golf venue coming in. He mentioned that Mr. Allred had invested $1 million so far but the development was contingent on securing the funding to start moving forward. He felt creating the entertainment hub would be a draw for the whole valley. He mentioned that this site was not ideal for a grocery store.

Chair Fullmer asked Mr. Hansen to explain the Lubbock Texas site. Mr. Hansen explained that BigShots opened a site in the middle of nowhere but was profitable its first year. He mentioned that the BigShots in Vineyard would only be 60% of the size of Topgolf.

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Chair Fullmer asked Mr. Hansen to explain the franchise model. Mr. Hansen explained the Mr. Allred would be franchising the rights to build a BigShots facility, BigShots would advertise. He mentioned that BigShots had just secured a large financial partner to help with advertising throughout the US.

Chair Fullmer asked Mr. Hansen to compare the TGI Fridays franchise model with the BigShots model. Mr. Hansen explained that the BigShots franchise was based off of the location as well as the strength of the entire company. He said that Mr. Allred had to vet his financials for the security of the BigShots corporation. Each TGI Fridays franchise was attached to the corporation and when it failed it took down all of the franchises. Chair Fullmer explained that BigShots would still provide the technology, the entertainment uses, and the branding for the franchises.

Chair Fullmer asked Mr. Allred to explain what would happen if they were not able to secure a tenant for the restaurant. Mr. Allred explained that for Lubbock, the county had a population of 22,000 people. People agreed that they had overbuilt the facility based on the population, but they were still able to turn a profit their first year. He thought that one of the reasons it was still profitable in Lubbock was the large student population. He said the in terms of the franchising it was territory rights, where they provide the technology, chef-inspired menu, the golf instruction, and overall systems of the business. He mentioned that BigShots was only a few years old. He said they were in process of doing a joint venture with ClubCorp who was the largest operator of country clubs in the United States. ClubCorp was acquired by Apollo Private Equity Group for 1.1 billion last year. With this venture BigShots would be adding power, strength, and funding.

Mr. Allred explained that he had never operated a facility like this. He said that he felt reassured having the backing of ClubCorp. He added that ClubCorp would be able to provide food and beverage services, as well as human resources, marketing, advertising, payroll support, etc.

Chair Fullmer asked Mr. Allred to talk about the restaurant if they were not able to get a tenant such as the Cheesecake Factory. Mr. Allred explained that ClubCorp and Troon Golf had food and beverage options they could use. He added that there were also local options they could explore. He said the food was an integral part of the business.

Chair Fullmer asked about the potential for the expansion of the bays. Mr. Allred replied that they had done market studies to determine the correct number of bays. He said the for the current market that 56 to 60 would be the perfect fit. He said that they would construct the facility in a way that they could add an additional 30 bays to handle future growth.

Boardmember Judd stated that he liked the aerial view they provided. He explained that 2009 was right after the recession in 2008 and banks were not lending at that time. He felt that development was due to market timing. There was a discussion about the naming of the BigShots locations. Boardmember Judd felt that the Lubbock location looked better and had better reviews than the Florida location. He asked Mr. Allred to compare the locations to the Vineyard location. Mr. Allred felt that it would be a significantly better design and overall experience. He said that he wanted it to be similar to the Topgolf experience. Chair Fullmer asked if it would be more upscale than the Midvale business. Mr. Allred replied that it would be comparable to the Topgolf. Mr. Hansen also stated that they wanted it to be comparable to the Midvale location.

Mr. Allred felt that the technology at Topgolf was outdated. He said that they would be using more innovative technology. There was a discussion about the technology. Boardmember Earnest felt that they would appeal to both amateurs and real golfers. Mr. Allred agreed. He mentioned that there would be a sports lounge on the top floor for customers to watch sporting events.

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Mr. Allred explained that he was conservative in nature and outlined all of the risks for this business. He said that most entertainment businesses thrived in a recession.

Boardmember Flake asked about the large corporate gathering area. Mr. Allred replied that there would be 2,000 square feet dedicated to flexible corporate rental space. He said that they could make a lot of revenue from this space. He explained that they would be including corporate suites on the top floor with private bays.

Boardmember Flake asked about the size of the restaurant. Mr. Towner replied that it would be a 3,500-square-foot restaurant with an open patio. There would be a restaurant on the main level and upper floor.

Chair Fullmer asked about how this type of facility would help medical partners.

Andrew Evans with Carr Healthcare Realty said that he was representing Alpine Pediatrics and Valley OB/GYN on a medical office in the complex near the proposed golf facility. He said that when people saw a high-class facility, they would know that the rest of the facility would have high standards, which he felt would protect their investment. He said that the complex would be a 10,000-square-foot pediatric, a 6,000-square-foot OB/GYN office, and a 4,000-square-foot pediatric dentist office. He said that the golf facility would be a magnet and billboard for them. He also felt that they could use this facility as a recruiting tool to bring in quality doctors. He added that from their perspective, without the golf facility their deal would be in jeopardy.

Mr. Towner explained that they were making an attempt to bring in higher wage earners to spend time and money in the area.

Boardmember Flake expressed concern with office space not selling. Mr. Towner replied that it depended on where the office space was located. He said that they had a Letter of Intent (LOI) for a 20,000 to 30,000 square foot office, contingent the golf facility coming adjacent to this office. He mentioned that they had also been approached by a hospitality company. He felt that when they had an anchor it was a different story. He said that they would like to lease the office space as quickly as possible. He said that their brokers felt the that they could have 100 percent of the office space leased within one year if they could make the golf facility deal happen. He added that they had 50 percent of the office space pre-leased. Chair Fullmer mentioned that other developers felt that this golf facility would benefit their sites. Mr. Hansen mentioned that a majority of the space would be owner occupied.

Boardmember Judd thought that the Megaplex was sold to the RDA as the anchor to bring in other developments. Mr. Towner replied that the Megaplex had done a good job of bringing in the nighttime traffic and now they needed to add the daytime traffic.

Boardmember Flake asked if their timeline was firm. Mr. Towner replied that they had stringent requirements on lending that required them to have to have a certain ratio of leases. He said the he had spoken with Mr. Brim on the site plan approval process. He stated that he would have the golf facility open in April of 2020 if approved today.

Mr. Brim said that if the project were approved, they would need to amend the Zoning Code for height approvals. There would also be site plan and conditional use approvals.

Boardmember Judd mentioned that it was not just the golf venue, it also included medical, corporate, and retail uses. He expressed concern with not meeting the timelines. He asked if they could put benchmarks to actually see the development happen. Mr. Towner replied that Alpine

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Pediatrics had a requirement that they open within 24 months from the time the developer received approval for the golf facility.

Mr. McHargue replied that there was a way to tie the future increment to a threshold or to have certain amount of development occur in a certain amount of time.

Boardmember Riley stated that it was about the money and asked why they needed to request so much. He asked where the private investor money was. He said that there were other projects they could spend the money on. Mr. Hansen replied that Mr. Allred had to put together his pro forma based on what this area performs to. He said that they took the overall costs and the gap between the two. He said that they would not meet the ratio without the RDA funds. He mentioned that other cities offered incentives. He said that they asked for a percentage for funds based on development of the site. He said that the options they looked at were 60/30 and 50% off of the site, which would leave money for the RDA to fund other projects. He said that they had a feasibility study done, which determined that they could lease out the site in under 12 months if they had the golf facility. If they did not, it could be a 7-to-10-year absorption rate. He explained that they were only taking a portion of the sale tax revenue this site would be generating and giving the rest back to the city for other projects.

Boardmember Earnest asked if the RDA could fund the other projects and bring in the golf facility. He felt that this was exactly what Vineyard needed. Mr. McHargue replied that there were $100 million in obligations and projects that had not been funded yet. He added that this did not include any future tax increment. He said that all of the current tax increment was dedicated to bonds. Boardmember Earnest asked if they could make this happen. Mr. McHargue replied that there was a scenario where they could make this happen.

Chair Fullmer asked Mr. McHargue to present the funding options. Mr. McHargue said that to answer Boardmember Earnest's question, there were projects that were not funded and projects identified as priorities. He said that they would be prioritizing this project over other projects. He added that this project would bring in additional tax increment to fund other projects, but it would be taking some of that money. If the rest of the RDA land developed the way they anticipated, then they would have the money.

Mr. McHargue reviewed the spreadsheet, which showed the property tax increment on the proposed site. He said that there would be a $48 million taxable value, creating 600,000 a year in tax increment. He explained that the RDA received 75 percent of the taxable increment. He said that part of the money was dedicated to administration and housing so they would be splitting the rest. He had a list of the approved RDA projects.

Mr. McHargue reviewed a few options:

Option 1

- 0 Upfront money
- 60% Ongoing participation
- $3.9 million Present value at a 5% discount
- $3.9 million Total incentive

Option 2

- $500,000 Upfront money
- 50% Ongoing participation
- $3.2 million Present value at a 5% discount
- $3.7 million Total incentive

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Option 3

- 1,400,000 Upfront money
- 30% Ongoing participation
- $1.968 million Present value at a 5% discount
- $3.3 million Total incentive

Option 4

- $2.9 million Upfront money
- 0% Ongoing participation
- 0 Annual Contribution
- 0 Present value at a 5% discount
- $2.9 million Total incentive

Mr. McHargue felt that Option 4 was not feasible.

Boardmember Earnest asked if Option 2 was the most feasible. Mr. McHargue explained that the upfront money could come from a fee and impact fee waiver/abatement. Boardmember Earnest asked if this would have the least impact on everything else they were working towards. Mr. Church replied that they would have to replace the impact fee from other funding sources. There was a discussion about impact fees.

Boardmember Judd asked about the investor pro forma and what that amount was per square foot on an annual basis and how they identified the shortfall. Mr. Towner replied that Mr. Allred was investing the most. Mr. Hansen replied that the square footage was by size of the building, which when compared to retail numbers, would be mid to upper $20 per square foot. There was further discussion about the pro forma. Boardmember Judd said that if they were looking to spend money from the RDA on a project they needed to know why. Mr. Towner said that he had 80,000 square feet of surrounding commitments so they needed to look at the project as a whole. Boardmember Judd asked if they could provide the lease agreements for the surrounding buildings. Mr. Towner replied that he could ask for permission to share them. Boardmember Judd stated that he wanted to see the benefit. Mr. Towner said that he had commitments from Alpine Pediatrics, Valley OB/GYN, and Stewart Medical. He wanted a guarantee that the documents he gave to the board would remain confidential. Mr. Church stated that they would be a protected document and remain confidential. Boardmember Judd said that it would help him see the whole vision.

Mr. Hansen said the RDA had to start collecting the tax increment in 2020 off of the whole site. He said the that they would be performance based and limited to the number of years they had starting in 2020.

Boardmember Riley asked if the increment was being run to the end of the RDA period or if there were capping it. Mr. McHargue replied that he was running it to the end but they could cap it in the approval if they chose to. There was a discussion about the options.

Boardmember Riley expressed concern with long-term commitments because it tied the hands of the city. He said that he was okay with it if they could incentivize and help someone get off the ground and it would benefit both sides. He felt that they should not be long-term partners. He said that he did not want an ordinary train station and they had to put money into it if they wanted something different. He said that if he thought about putting the same money into the train station, what kind of return the RDA would get from it? He said that he was not in favor of being committed to the end of the RDA. Mr. Hansen felt that they needed to look at that if they could not get the project off the ground and the land sat vacant for 10 years, then where would they be? He said that they were trying to do what would work best for the city, and the money coming into the city would be higher than if they did not do anything. Boardmember Riley stated that that was assuming they got no other applicants. There was further discussion about the request.

Boardmember Earnest asked what would be put on the back burner if they did one of the options. He stated that this development was more important to him right now. Mr. McHargue replied that they had not identified all of the RDA's priorities.

Chair Fullmer asked Mr. McHargue to compare the train station for everyone's benefit. Mr. McHargue explained that they received a grant to help cover the costs. He said they had prioritized $5 million from the RDA but now the UTA needed $4 million more for a double track. Chair Fullmer stated that this was a regional issue. Mr. McHargue explained the UDOT bond and projects that they had it allocated for. He said that with the cost identified they were $6 million short with no plan to fund it. There was a discussion about funding projects. Mr. McHargue explained that they would not be waiving impact fees for the development. They would have to pay them out of the RDA budget. The discussion continued. Boardmember Earnest felt that most of the projects were practical but felt that they needed to bring in fun and neat things to Vineyard.

Chair Fullmer felt that they should to discuss the stipulations needed to make this workable.

Boardmember Riley stated that he was not prepared to make a decision tonight. He felt that there was more information that had to be gathered. He asked if the RDA financial advisory had vetted this information. He felt they needed a second set of eyes. Mr. McHargue replied that he had not worked with Lewis Young Robertson and Burningham on this. He stated that it was a significant cost to the RDA to have Lewis Young review the applications. Boardmember Riley requested that Mr. McHargue meet with Lewis Young.

The Boards stipulations were:
Boardmember Riley:

1. Meet with the financial advisor
2. Clawbacks (bench marks) pieces based on performance

Boardmember Flake:

1. Future increment tied to their presented or agreeable timeline
2. Cap the number, using Option 2

Boardmember Judd:

1. Needed to know they were not in default on the loan – Something provided by the lender annually.
2. Lease agreements
3. Clawbacks (bench marks) required because it was a startup company, no information about the investor group
4. Leaning to Option 2 with a cap
5. Lewis Young to review it

Boardmember Earnest:

1. Liked everything stated
2. Prioritize the RDA to know what they have to work with. Chair Fullmer recommended that staff provide a report to help them prioritize the projects.
3. Option 2

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Boardmember Riley asked if there were other financial options with the new partnership announced today. Mr. Allred replied no.

Chair Fullmer mentioned that the next meeting they were looking at was in January and asked what the applicant needed. Mr. Allred replied that he needed to know as soon as possible. He mentioned that he had looked at other options and this was the best one. He stated that this was an expensive project and the RDA money would make it more manageable. Chair Fullmer asked if the second week in January would work for him. Mr. Allred replied that they were ready to go now and it might delay their March 1 start date. He added that a delay would cause significant challenges. There was a discussion about making the timeline to get the information that the RDA Board had requested for the January meeting. Mr. McHargue stated that he would get the answers no matter when they scheduled the next meeting. The discussion continued. Mr. Church felt that from the discussion there were three votes to do something. He said that the RDA and applicants needed to understand that they would need to approve a written contract. He suggested that they make a motion to approve the subsidy in concept, with the option they preferred contingent upon the contract and the due diligence meeting the RDA Boards expectations. He said that they could then do the due diligence, put together a contract and have it set up for the next meeting.

Boardmember Riley stated that he recognized that they did not need all five votes. He said the he was not prepared to vote for this project. His concern was if they use the money for the golf facility what other projects would they not be able to do.

Chair Fullmer mentioned that if they made a motion and did not pass then they would have to bring it back.

There was further discussion about a special meeting date.

Boardmember Judd asked how many years the funding would go for. Mr. McHargue replied that it was 25 years. Mr. Church replied that it would be a percentage of the tax increment received and the developer would take the risk. He explained that they had anticipated funding some of the projects in the RDA if the projections had been met on the Megaplex site. He said that they had already committed a significant amount of RDA money to make a project like this happen.

Mr. Towner asked how this site would fund other projects if it did not get developed. Mr. Church replied that their site was cleaned up, and had infrastructure added to it from tax increment generated by the sites on the north end. Mr. Towner asked how the site would fund future projects if it stayed vacant. Mr. Church replied that it should not have stayed as is if the projections and predictions of other developers had been more accurate. There was further discussion about funding of projects.

Chair Fullmer asked if the board would like to hold a special session or make a motion tonight. The Board agreed to hold a special session.

Chair Fullmer called for a motion.

Motion: BOARDMEMBER JUDD MOVED TO HOLD A SPECIAL SESSION ON TUESDAY DECEMBER 18 TO GET THE INFORMATION AND MAKE A VOTE THAT NIGHT. BOARDMEMBER FLAKE SECONDED THE MOTION. CHAIR FULLMER, BOARDMEMBERS EARNEST, FLAKE, JUDD, AND RILEY VOTED AYE. THE MOTION CARRIED UNANIMOUSLY.

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ADJOURNMENT

Chair Fullmer called for a motion to adjourn the meeting.

Motion: BOARDMEMBER FLAKE MOVED TO ADJOURN THE MEETING AT 9:51 PM. BOARDMEMBER JUDD SECONDED THE MOTION. CHAIR FULLMER, BOARDMEMBERS, EARNEST, FLAKE, JUDD, AND RILEY VOTED AYE. THE MOTION CARRIED UNANIMOUSLY.

RDA meetings are scheduled as needed.

MINUTES APPROVED ON: ______________________________

CERTIFIED CORRECT BY: /s/ Pamela Spencer

PAMELA SPENCER, CITY RECORDER

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NOTICE OF A SPECIAL SESSION OF THE
VINEYARD REDEVELOPMENT AGENCY BOARD
125 South Main Street, Vineyard, Utah
December 18, 2018 – 6:04 PM

Present	**Absent**
Chair Julie Fullmer	
Boardmember John Earnest	
Boardmember Tyce Flake	
Boardmember Chris Judd	
Boardmember Nate Riley	

Staff Present: City Manager/Finance Director Jacob McHargue, Public Works Director/City Engineer Don Overson, Community Development Director Morgan Brim, City Planner Elizabeth Hart, City Recorder Pamela Spencer

Others Speaking: Brian Hansen, Eric Towner, and Steve Hutchings with X Development, David Allred with The Golf Club

6:04 PM SPECIAL SESSION

Chair Fullmer called the meeting to order at 6:04 PM. Boardmember Earnest gave the invocation.

BUSINESS ITEMS

2.1 DISCUSSION AND ACTION – The Yard Reimbursement Request

Brian Hansen representing The Yard is requesting RDA assistance to help in bringing in a golf facility user such as Topgolf or similar to The Yard. The facility would boast the most up to date technology in the golf facility arena. It will include luxury golf hitting and lounge bays, full service dining facilities, full service bar, corporate event spaces, private party space, and concert venue space. This entertainment use will help combine with the Megaplex to make this site the premier entertainment hub of Utah County. With the addition of the golf facility The Yard (B) will become extremely attractive to a variety of uses including 160,000 square feet of professional and medical office as well as 20,000 more square feet of retail uses. *(This item was continued from the December 12, 2018 meeting.)*

Chair Fullmer turned the time over to City Manager/Finance Director Jacob McHargue.

Mr. McHargue explained that he had sent out a recommendation to the RDA Board, based on an analysis that he did, to meet the requirements presented at the last meeting. He said that the recommendation was an upfront contribution of $450,000 towards the impact fees, an annual contribution of 55 percent of the tax increment from years 1 to 5 and an annual contribution of 25 percent in years 6 to 10. He explained that he realized that there was a rent escalator built into the investor pro forma, which did not exist. He said that the numbers presented earlier would not work and that they were working on other solutions. He said that they had talked about looking at a higher contribution upfront but still ending the annual contribution earlier than the requested 25 years. He mentioned that the developer had received approval from the bank to lower the annual contribution to 20 years.

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Brian Hansen with X Development explained that they had been working with the lender to come up with numbers that would work.

Eric Towner with X Development explained that to shorten the term they needed to present the bank with the amount the RDA would be willing to do. He said that they lived in a real world where they had to have the incentives to bring in developments. He felt that Vineyard did not have the demand that would bring popular uses to the city. He also felt that it was in the best interest for the city to bring in tax dollars. He mentioned that there could be an additional $20 to $30 million in sales tax revenues if they could build out the retail in front of the Megaplex. He said they had 70,000 square feet to build there and interested tenants, contingent on the day use.

Mr. McHargue explained that he had taken the debt coverage requirement based on 1.25 percent of debt service. He said that on the initial spreadsheet, in year 6 and 11 the annual debt coverage increased because of a rent escalator. The debt service amount of $1.2 million and the debt coverage at 1.25 percent was just shy of $1.5 million, which was the participation need based on a $500,000 upfront RDA contribution with a 20-year tax increment participation. He said that the bank needed something that would go through year 20. The net present value of that number would be $3.192 million. He explained that they would need to adjust it. The $216,000 per year would be 50 percent of the tax increment for 20 years. He stated that 75 percent of the tax increment, for this area, was the maximum that the RDA could pledge. He reviewed what net present values would be at other timeframes. He explained that the bank would take a 20-year term if the developer had a contribution from the RDA and that they would accept that as net operating income towards the developer's debt service requirement. He said that he had mentioned to the developer that the RDA wanted a shorter term and they said that they would take it to the bank. He explained what they could do to shorten the term to 10 to 12 years.

Boardmember Earnest asked if the bank would be okay with the shorter term. Mr. Hansen replied that they were working with the bank to meet the required dollar amount.

Boardmember Earnest asked if the investment consultants felt that this was acceptable. Chair Fullmer replied that Lewis Young Robertson & Burningham (Lewis Young) had different numbers that they had looked at. Mr. McHargue explained he had met Lewis Young based on the previous numbers and had not given them the updated numbers.

Boardmember Riley asked if Mr. McHargue had looked at the language in the lease agreements to verify the numbers. Mr. McHargue explained that he had taken all of the documents they gave him and verified that the spreadsheet was doing what it was supposed to. He mentioned that the discrepancy was with the golf facility lease, which he had not been able to review. There was a discussion about the investor pro forma. He said that when doing an annual debt coverage, he found an increase in years 6 and 11, which was not accurate.

Boardmember Earnest asked what the new numbers were. Mr. McHargue explained that the numbers that the developer would need were a $500,000 upfront contribution and 50 percent of the increment for 20 years, which would be a $216,000 annual contribution, or a $500,000 upfront contribution and 75 percent annual contribution for 10.5 years to get to the same number at a net present value of $3.2 million or $330,000 annually. He explained how the tax increment would work. There was a discussion about the annual numbers and the timeframe.

Mr. Towner asked if there was a way to incorporate sales tax into the equation. He felt that driving sales tax could be an incentive. Mr. McHargue explained that the sales coming off of the golf facility were incorporated into the spreadsheet. Mr. Towner felt that there would be an impact to the surrounding areas if the golf facility came in.

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Mr. Hansen stated that they were trying to create the entertainment hub for Utah County. He explained that the Megaplex currently brought in close to one million people a year and that the golf facility would bring in around 500,000 people in its first year. He felt that they could bring 600,000 to 800,000 people into the site annually. He said that with the new site plan for the golf facility they were able to increase the retail space. He reiterated that the retail area needed daytime use. He said that they realized that this was a large request, but they were looking at different options that would work best for the city. He mentioned that the retail businesses in front of the Megaplex were intended to have sales from the offices in The Forge development and he wanted to accelerate the retail by bringing in the golf facility.

Chair Fullmer asked for further questions.

Boardmember Judd commented that he liked the fact that they were trying to get the number of years down. He said that he thought that they should have been able to see the actual incoming rents and if there were escalations. He felt that it put them in a hard situation trying to define the actual net need. He stated that the numbers were not correct and it was hard to make a decision. Mr. Towner mentioned that they had worked with their attorneys in order to disclose certain items. He felt that they had shared a fair number of documents. He explained that he had not signed a lease with the golf company, but had a signed Letter of Intent (LOI). He added that he had safeguards built into the agreements so that he did not have to develop the site until he found a creative use for it. He felt that he was proposing a way for the city to get sales tax dollars. He added that he was not willing to sign a lease with Mr. Allred until he had secured the RDA's assistance. Boardmember Judd stated that it did not get him to what the net need was so he did not know how to make a motion. He said that he did not want to give them more money than they actually needed. He felt that it was a bad investment if they were willing to sign a lease for 20 years at a fixed rate. He said that he needed to know what the potential escalations were. He wanted to know if this was a good investment for the RDA. Mr. Hansen suggested that they make the motion contingent on the information being accurate and if it was not then they could readdress the issue.

Chair Fullmer asked if this was something the board could to make a motion and put a contingency on or if they wanted to research it further.

Boardmember Riley felt that this was a huge letdown. He said that he did not want to feel like they were being pushed to make a decision at the 11th hour and in only one meeting. He stated that this was a game changer and caused him a lot of doubt. He said that there were promises made in the past and then nothing had happened. He was not opposed to the development but struggled with the finances and why the RDA had to be so committed. He thought that this would be a 10-year loan and that the developer would refinance and the long-term commitment for the RDA would be over. He stated that he agreed with Boardmember Judd and felt the it was not the role of government to be the long-term safety net for businesses. He said that he wanted the development to be successful and then be able to sever the connection. He also wanted to ask the bank why they were pushing their client to come and ask the RDA for longer terms. He felt that he could not make a vote with a contingency added and have confidence that it would do any good.

Chair Fullmer called for a motion. There was a discussion about whether or not to make a motion.

David Allred with The Golf Club stated that he had the expectation with his investment group, capital partners, ClubCorp, and BigShots and if he could not sign a lease with X Development by the end of the year, he would look at other cities. He stated that he needed to begin construction as

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soon as possible. He said that he attended a meeting earlier this year where Vineyard citizens were asking for entertainment so he felt that this would be a good place for his business. He mentioned that he had already invested more than $1 million to this site and had deadlines to meet. He felt that this process was taking longer than expected.

Boardmember Riley felt that if they had met in November, they could have had four meetings before they made a decision. He felt that Mr. Allred's group had spent a lot more time than that to come up with their plan and then they came to the RDA asking for a decision in one meeting, which the board had never done before.

Chair Fullmer stated that in the last meeting they did not have all of the information they needed. She felt they were making a life investment for the city, which the people would benefit from. She said that they had worked on it since the last meeting and then at this meeting, they found out they did not have the correct information. She felt that the board had been accommodating and then they found out that Mr. Allred was willing to look elsewhere if he had to wait another few weeks. She said that the board wanted to make the right decision. Mr. Allred stated that he had to meet the expectation of his capital partners and had made other expectations and was trying to manage it all. He felt that this was the perfect site. He said that he did not know why the numbers were wrong but felt this was a win-win for both sides.

Mr. Hansen mentioned that they had shared the LOI document with staff in previous meetings and that this was not something they were trying to hide.

Boardmember Earnest stated that he was a fan of this development for Vineyard. He felt that it came down to getting the numbers to a comfort level and having more transparency. He said that he would have a hard time looking at his neighbors if this facility went to another city. He was willing to make a motion with any contingencies that needed to happen.

Mr. McHargue felt that he had a unanimous vote for the recommendation he had made. He asked if that would give X Development and Mr. Allred a comfort level to move forward and work with staff on the numbers. Mr. Hansen replied that he had a pro forma the board liked but the numbers did not work for the bank. He suggested that they could bring in the banker to work with staff and individual board members. Mr. McHargue stated that he did not feel comfortable having only an hour to make a recommendation to the board. He felt that if he could get the approval, it would show the developers they had the RDA's support and then he could work with them over the next two weeks to get the correct numbers.

Mr. Towner stated that he was willing to work with the RDA, his brokers, tenants, and the lender to make things work. He said that he did not want to take public money but it was a competitive situation and he could not go past the end of the year. Chair Fullmer asked if it would work for him if they approved the current numbers with a contingency. Mr. Towner replied that he did not have the authority from his group to sign a lease with Mr. Allred based on the numbers presented today.

Mr. Hansen asked if they could do an approval based on something happening, with the amount being determined at a later date. Mr. McHargue asked if they approved, as a good faith motion, the $500,000 upfront with a $220,00 annual contribution for years 1 to 5 and an $85,000 contribution for years 6 to 10 to show them that they were committed and then work collectively over the next two weeks to get the numbers acceptable to everyone. Chair Fullmer felt that Mr. Allred would be able to go back to his group and show them that the RDA was working with them.

Boardmember Riley asked if the gap in the numbers was in the second 5 years of the 10-year term.

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He suggested that they needed to find out, in the next two weeks, how to close that gap. He felt that they needed to compromise. Steve Hutchings with X Development asked about the net present value. Mr. McHargue replied that they were conceptually heavy on the front end, so the discount would not be very large.

Mr. Towner asked if the motion would be to approve the recommendation presented today. Mr. McHargue added that it would be with a stipulation that they work out new numbers. Mr. Towner stated that he could get extensions from his people. Mr. Hansen added that this was something that they would not be locked into. Mr. Towner asked if they could draft a contract based off of the current numbers, knowing that they did not really work, so he could get his attorneys working on the agreements.

Boardmember Riley said that if they were going to move forward, then he wanted to know with confidence that they would disclose the terms they had to have. Mr. Towner stated that they were willing to put timeline guarantees in the contract.

Chair Fullmer asked if they wanted to make a motion or if they wanted more discussion.

Boardmember Riley suggested that they allow someone on the board's staff to review the financial documents to provide confidence that the board was not giving away everything. Chair Fullmer asked that they make the documents open to everyone on the board. Mr. Towner agreed.

Motion: BOARDMEMBER EARNEST MOVED TO APPROVE THE YARD REIMBURSEMENT REQUEST WITH MR. MCHARGUE'S RECOMMENDATION OF $500,000 UPFRONT WITH $220,00 ANNUALLY FOR YEARS 1 TO 5 AND $85,000 ANNUALLY FOR YEARS 6 TO 10, WITH A STIIPULATION THAT THEY WORK OUT NEW NUMBERS, WITH A CONTINGENCY THAT THERE BE A DISCUSSION IN THE NEXT TWO WEEKS WHETHER THERE NEEDED TO BE MORE OR LESS MONEY, WITH TIMELINES, OR MORE CONTINGENCIES AND STIPULATIONS, BRING A CONTRACT BACK TO THE JANUARY 9 MEETING, AND VIEW THE DOCUMENTS UNDER CONFIDENTIALITY. BOARDMEMBER RILEY SECONDED THE MOTION. ROLL CALL WENT AS FOLLOWS: CHAIR FULLMER, BOARDMEMBERS EARNEST, FLAKE, JUDD AND RILEY VOTED AYE. THE MOTION CARRIED UNANIMOUSLY.

ADJOURNMENT

Chair Fullmer called for a motion to adjourn the meeting.

Motion: BOARDMEMBER FLAKE MOVED TO ADJOURN THE MEETING AT 7:10 PM. BOARDMEMBER RILEY SECONDED THE MOTION. CHAIR FULLMER, BOARDMEMBERS EARNEST, FLAKE, JUDD AND RILEY VOTED AYE. THE MOTION CARRIED UNANIMOUSLY.

RDA meetings are scheduled as needed.

MINUTES APPROVED ON: ______________________________

CERTIFIED CORRECT BY: /s/ Pamela Spencer

PAMELA SPENCER, CITY RECORDER

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Vineyard RDA Development Incentive Application

Use this application to request assistance with backbone infrastructure improvements, environmental remediation, and other necessary projects associated with the Geneva URA project area. ***Applicants are strongly encouraged to attach documentation which supports their proposal.***

Applicant Organization: Fifty Mill, LLC Address: 9537 S. 700 E. City/State/Zip: Sandy UT 84070

Contact Person: Brian Hansen Phone/Fax/Email: 801-694-9125
Is the Applicant the Property Owner?

[X] Yes [ ] No

1. Describe the type of project being proposed

Owner is requesting RDA assistance to help in bringing in a golf facility user such as TopGolf or similar to The Yard. The facility would boast the most up to date technology in the golf facility arena. It will include luxury golf hitting and lounge bays, full service dining facilities, full service bar, corporate event spaces, private party space, and concert venue space. This entertainment use will help combine with the Megaplex to make this site the premier entertainment hub of Utah County. With the addition of the golf facility The Yard (B) will become extremely attractive to a variety of uses including 160,000 square feet of professional and medical office as well as 20,000 more square feet of retail uses.

2. Contribution of the Applicant:

Total Estimated Cost of the project (<u>must</u> attach documentation):	$67,947,079
Contribution / Investment of the Applicant:	$ 9,000,000
Other sources of funding (specify and attach supporting documentation):	TBD
Assistance requested from the RDA:	$ 6,984,896
Total Funding	$69,957,736

3. Describe the ability of the site to be developed without assistance.

The site would not be able to be developed to its maximum potential without the assistance of the RDA. The cost to develop and construct the Golf Facility together with parking and access is not feasible without assistance.

4. Describe the reasonable justification for the need of public investment in this project.

Without the investment from the RDA we will not meet the debt coverage ratio required to obtain the loan needed to build the facility. The Golf Facility will serve as the Anchor and create a draw for the surrounding uses. Without the Golf Facility, there is very little demand for high quality office space, retail and medical space. Without the Golf Facility, development would occur over a much longer timeframe and with much lower quality. The future of Vineyard as a power center for entertainment and office space is much brighter and likely to develop much quicker with the addition of the Golf Facility, similar to what Midvale experienced over the past 4 years once Topgolf decided to build a location at the Bingham Junction project.

5. Describe the land area which will be benefitted from the proposed project and the impact to future development.

   All of the commercial land surrounding the project will benefit greatly including the already existing Megaplex Theatre. We have the ability to create the entertainment hub of Utah County which will help in leasing out the rest of the commercial sites around the project. Just in the past few weeks we have started to leak the news of a possible Golf Facility and with that news we have already received two LOI's and leases from strong nationwide tenants.

6. Describe the impact this project will have on new jobs, or the quality of existing jobs (number and average salary).

   Jobs created - The Yard (B)

   Golf Facility - 250 Jobs
   Retail - 341 Jobs
   Office - 909 Jobs
   Construction – 500 Jobs

7. Attach a chart which describes the proposed timeline of the project, including expected dates for start and completion.

   The plan is to break ground on the golf facility in the Spring of 2019. With plans to start up to 50% of the office soon after we break ground on the golf facility. When we have the ability to fully announce the golf facility, it will drive demand to more quickly lease up the rest of the site.

8. Will the RDA own any of the infrastructure related to this project? If so, describe/elaborate.

   No

9. How much taxable value will your project add to the tax rolls? (Indicate whether your estimate is above the existing taxable value or total including the existing value. Also, provide supporting detail for how the estimate was derived.)

   The total increased taxable value added for the project is anticipated to be $48,163,806.

   - Golf Facility - $12,371,150
   - 160,000 Square Feet Office Space - $3,955,569
   - 20,000 Square Feet Retail - $31,837,087

   This number is above the existing value of the property now.

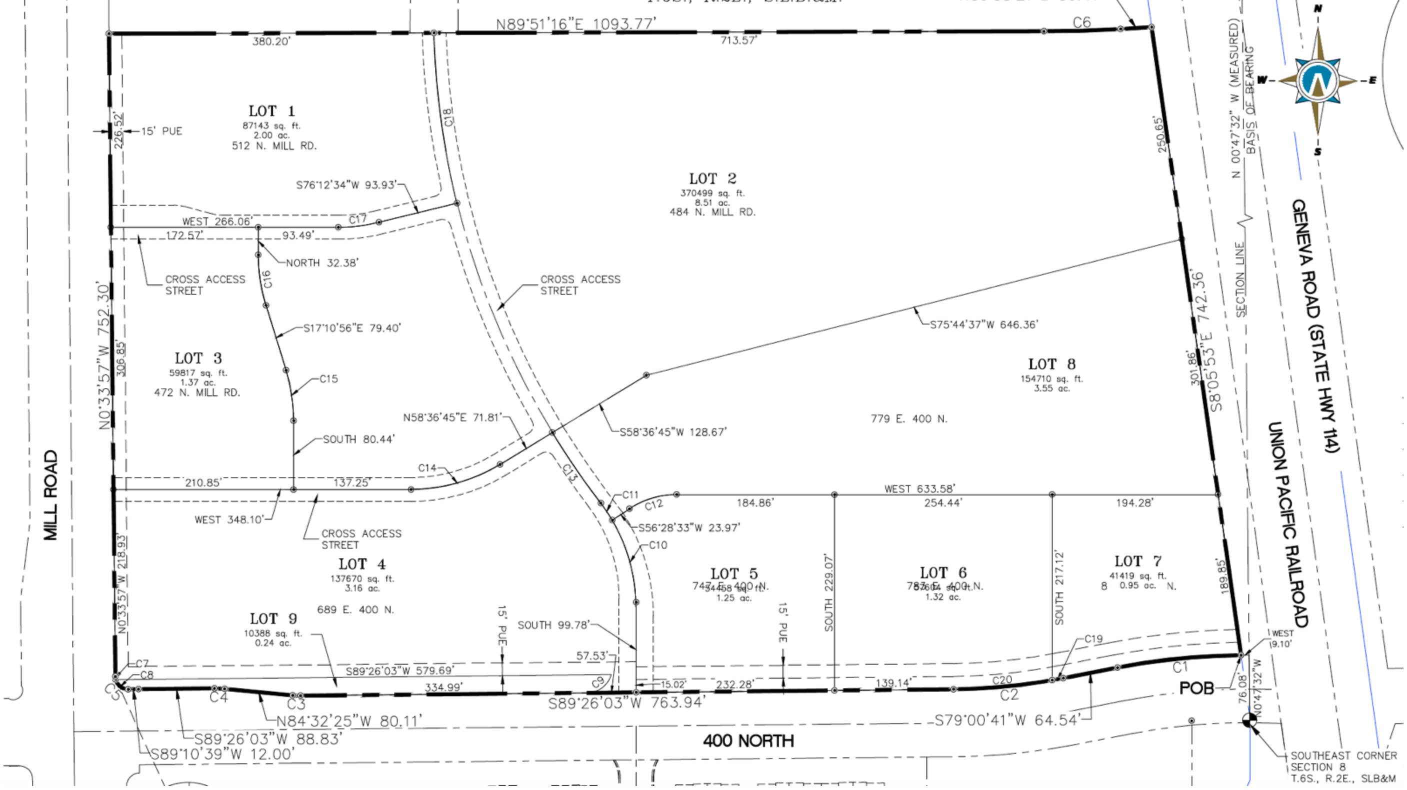
The RDA may require additional information related to this application before a decision is made.

Signature of Applicant ____________________ Date 11-14-2018

Printed Name: Steve Hutchings Title: Manager

THE YARD PLAT "B" SUBDIVISION

INCLUDING A VACATION OF 400 NORTH
COMMERCIAL SUBDIVISION
LOCATED IN SOUTH EAST 1/4 CORNER OF SECTION 8
T.6S., R.2E., S.L.B.&M.



Cost Estimate for Golf in Vineayrd Provided by Stout Construction 11/1/18	
Vertical Cost	11,433,360
Site Costs	4,933,128
soft Costs	646,476
Additional Golf Amenitieis	4,544,880
FFE	1,203,575
Total	22,761,419

Cost Estimate for Office at The Yard Plat B Provided by Mint Construction 11/2/18	
Site work	5,366,000
Shell Cost	15,200,000
TI	13,685,000
Architecture & Engineering	1,734,550
Taxes and Insurance	54,000
Construction Interest	753,000
Financing and Placement Fees	261,000
Title and Recoridng Fees	60,000
Building Permit and Impact Fees	525,000
Monument/ exterior signage	75,000
Water Shares	120,000
Legal Fees	30,000
Data and Buiding Access Systems	43,500
Other fees, soils report, survey, swppp	105,000
Temp Utilities	30,000
FFE	96,000
Appraisal	13,500
Marketing/Leasing	1,350,000
Soft Cost Contingency	144,000
Total	39,645,550

Cost Estimate for Retail at The Yard Plat B Provided by EK bailey Construction 11/12/18	
Site work	914,000
Shell Cost	2,152,500
TI	1,640,000
Architecture & Engineering	75,338
Permitting	76,875
Testing And inspection	21,600
Legal fees	20,500
Leasging Commissions	239,850
Finance Fee	160,412
Contingency	116,035
Interest Reserve	102,500
Prelease expenses, CAM, Taxes, soils rep	20,500
Total	5,540,110

The YARD Plat B
Schedule of construction

	2019												2020											
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
GOLF Entertainment Venue																								
City approval, planning and design	4 month																							
Construction					11 month Construction																			
Medical Office - 85,000 sqft																								
City approval, planning and design			4 month																					
Construction							7 month Construction																	
Corporate office - 75,500 sqft																								
City approval, planning and design						4 month																		
Construction										7 month Construction														
Retail - 20,000 sqft																								
City approval, planning and design												4 month												
Construction																7 Month Construction								