THIS AGENDA IS SUBJECT TO CHANGE WITH MINIMUM 24 HOURS NOTICE

UNIFIED FIRE SERVICE AREA AGENDA

May 15, 2018 9:00 am (or immediately following the UFA meeting)

NOTICE IS HERBY GIVEN THAT THE UNIFIED FIRE SERVICE AREA BOARD OF DIRECTORS SHALL ASSEMBLE FOR A MEETING AT UFA EOC LOCATED AT 3380 SOUTH 900 WEST, SALT LAKE CITY, UT 84119

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1. Call to Order – Chair Silvestrini

2. Public Comment
   Please limit comments to three minutes each

3. Approval of Minutes – Chair Silvestrini
   a. April 17, 2018

4. Facilities Committee – Councilmember Perry & Cynthia Matthews
   a. Recap from Station Tours

5. Approval of CRA for Eagle Mountain – Project Sweetwater
   – Administrator, Ifo Pili & Legal Counsel Rachel Anderson

6. Consideration of the date of June 19, 2018 for a Public Hearing to Receive and Consider Comments on: - CFO Hill
   a. Proposed Amendments to the 2018 Fiscal Year Budget
   b. Adopt an Ad Valorem Tax Rate on the Taxable Property in the Service Area
   c. Eligible Judgement Levies

7. Review and Approval of the 2017 Fiscal Year Annual Financial Report – CFO Hill

8. Possible Closed Session
   The Unified Fire Service Area may temporarily recess the meeting to convene in a closed session to discuss the character, professional competence, or physical or mental health of an individual, pending or reasonable imminent litigation, and the purchase, exchange, or lease of real property, as provided by Utah Code Annotated §52-4-205 or for attorney-client matters that are privileged pursuant to Utah Code § 78B-1-137.

9. UDOT Property: First Right of Refusal – Legal Counsel, Rachel Anderson

10. Adjournment – Chair Silvestrini

The next Board meeting will be held on June 19, 2018 at 9:00 a.m. at UFA EOC located at 3380 South 900 West, Salt Lake City, UT 84119

THE PUBLIC IS INVITED TO PARTICIPATE IN ALL UFSA MEETINGS.

In accordance with the Americans with Disabilities Act, UFSA will make reasonable accommodation for participation in the meetings. Please call the clerk at least three workings days prior to the meeting at 801-743-7220. Motions relating to any of the foregoing, including final action, may be taken at the meeting. This meeting may be held telephonically/electronically to allow a member of the UFSA Board to participate. This agenda is subject to change with a minimum 24-hour notice.

CERTIFICATE OF POSTING

The undersigned, does hereby certify that the above agenda notice was posted on this 12th day of May 2018 on the UFSA bulletin boards, the UFSA website http://unifiedfireservicearea.com , posted on the Utah State Public Notice website http://www.utah.gov/pmn/index.html and was emailed to at least one newspaper of general circulation with the jurisdiction of the public body.

Michelle Roper, UFSA Board Clerk

UNIFIED FIRE SERVICE AREA
Meeting Minutes
9:00 a.m.

PRESENT:
Mayor Kristie Overson
Mayor Jeff Silvestrini
Councilmember Allan Perry
Councilmember Kathleen Bailey
Councilmember Nicole Martin
Councilmember Sheldon Stewart
Mayor Tom Westmoreland
Councilmember Eric Ferguson

ABSENT:
Councilmember Sam Granato
Mayor Robert Hale
Councilmember Richard Snelgrove
Councilmember Kelly Bush
Councilmember Gary Bowen

ALSO PRESENT:
AC Mike Watson
AC Rand Andrus
Aaron Sanborn
Adam Halsey
AC Jay Ziolkowski
AC Stephen Higgs
Brett Woods, Herriman
Beth Todd
CFO Tony Hill
Chief Petersen
Cliff Burningham
CLO Brian Roberts
Cynthia Mathews
Cynthia Young
District Administrator Ifo Pili
DOC Nile Easton
Darren Park
Eric Holmes
Kiyoshi Young
Michelle Roper
Mike Flynn, COO Eco Dev
Michael Conn
Rachel Anderson
Riley Pilgrim
Rob Sant, Lewis Young
Steve Schmidt
Talsan Schulzke

Chair Jeff Silvestrini Presided

Called to Order
Chair Silvestrini called the meeting to order at 9:04 a.m. Quorum present.

Public Comment
None

Approval of Minutes
Councilmember Stewart moved to approve the minutes from March 20, 2018 UFSA Board Meeting as submitted
Councilmember Ferguson seconded
All voted in favor

County Representation at UFSA- Mayor Silvestrini
No further discussion

Facilities Committee

- Councilmember Perry provided a reminder of the upcoming station tours

Potential CRA for Eagle Mountain- Project Steeplechase- District Administrator Ifo Pili
Introduced Aaron Sanborn, Economic Development Director; Rob Sant, Lewis Young Robertson Burningham; and Mike Flynn, COO

- Ifo presented a CRA to the Board for discussion
- Data Center
- The project shows good return on investment with minimal impact
- This project has been 10 years in the making
- Impact study concerning data centers showed a 1000% return to RDA on investment
- Biggest project in the western half of the US
- When completed, will be the 3rd largest data center in the world
    - 100 jobs per phase, 10 phases
- There exists a small window for discussion of concerns-deadline next month
- This CRA project is requesting different parameters than have been seen in the past
    - This has been negotiated to 80% rather than the standard 75% Real Property TIF for 20 years
    - It has been the tradition to offer 80% rather than 75% in projects such as this
    - This is an acceptable standard request in other markets
- Impact on fire service is minimal, no resources needed to service this facility
- Great business to be in
- Many financial benefits with minimal impact to community
- Currently generating $11.00 yearly/$212.00, 20 year total for UFSA as greenbelt property
    - Potential of $135,675 yearly/$2,713,500, 20 year total for UFSA
    - This is the 1st step with the realization of benefits to follow
        - More leverage in the future
    - Three other site selectors that are proposing data centers as well as co-locate potential
        - Co-locate will provide several deals in the future
- Public hearing on May 15, where the Board will approve or reject the plan budget
    - Adopt Interlocal Agreement in the morning and Redevelopment Agency will adopt that night
- CFO Hill questioned if there were any negotiations on the impact fee side; Ifo replied “No, they have committed to pay all impact and development fees.”

Quarterly Financial Report- CFO Hill

- This is the 1st quarter for UFSA
- Lack of revenue is standard for this time of year
- Remainder of fees are coming in as expected

Councilmember Ferguson moved to ratify and approve the Quarterly Financial Report, including the list of District expenditures for the last quarter, as presented
Councilmember Perry seconded
All in favor

Closed Session
Councilmember Stewart moved to temporarily recess the meeting to convene in a closed session to discuss: the purchase, exchange, or lease of real property as provided by Utah Code Annotated §52-4-205.
Councilmember Ferguson seconded

Vote:
Councilmember Perry
Mayor Overson
Mayor Silvestrini
Councilmember Stewart
Councilmember Ferguson
Councilmember Bailey
Councilmember Martin
Mayor Westmoreland

Councilmember Stewart moved to adjourn the closed session and reopen the meeting to the public
Councilmember Bailey seconded
All voted in favor

Motion to Adjourn 10:03
Councilmember Stewart moved to adjourn the April 17, 2018 UFSA Board Meeting
Councilmember Ferguson seconded
All voted in favor

RESOLUTION NO. 05-2018A

RESOLUTION OF THE UNIFIED FIRE SERVICE AREA BOARD APPROVING AN INTERLOCAL COOPERATION AGREEMENT BETWEEN THE FIRE DISTRICT AND THE EAGLE MOUNTAIN REDEVELOPMENT AGENCY.

WHEREAS pursuant to the provisions of the Interlocal Cooperation Act, Title 11, Chapter 13, Utah Code Annotated 1953, as amended (the "Interlocal Act"), and the provisions of the Community Reinvestment Agency Act, Title 17C, Utah Code Annotated 1953, as amended (the "CRA Act"), public agencies, including political subdivisions of the State of Utah as therein defined, are authorized to enter into mutually advantageous agreements for joint and cooperative actions, including the sharing of tax and other revenues; and

WHEREAS Unified Fire Service Area (the "Fire District") and the Eagle Mountain Redevelopment Agency (the "Agency") are "public agencies" for purposes of the Act; and

WHEREAS after careful analysis and consideration of relevant information, the Fire District desires to enter into an Interlocal Agreement with the Agency whereby the Fire District would remit to the Agency a portion of the property tax increment generated within the Sweet Water Industrial Park Community Reinvestment Project Area #1, (the "Project Area") which would otherwise flow to the Fire District, for the purpose of encouraging development activities through the payment for certain public infrastructure and other uses that directly benefit the Project Area; and

WHEREAS Section 11-13-202.5 of the Interlocal Act requires that certain interlocal agreements be approved by resolution of the legislative body of a public agency.

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE LEGISLATIVE BODY of the Fire District as follows:

1. The Interlocal Cooperation Agreement between the Fire District and the Agency, substantially in the form attached hereto as Exhibit A (the "Agreement"), is approved in final form and shall be executed for and on behalf of the Fire District by the Chair of the Board.

2. Pursuant to Section 11-13-202.5 of the Interlocal Act, the Agreement has been submitted to legal counsel of the Fire District for review and approval as to form and legality.

3. Pursuant to Section 11-13-209 of the Interlocal Act, a duly executed original counterpart of the Agreement shall be filed immediately with the Fire District Clerk, the keeper of records of the Fire District.

4. As provided in Utah Code Ann. § 17C-5-205(3), the Agreement shall be effective on the day on which the Agency publishes notice of the Agreement pursuant to Utah Code Ann. § 11-13-219 of the Interlocal Act.

5. This Resolution shall take effect upon adoption.

APPROVED AND ADOPTED by the legislative body of Unified Fire Service Area this ____ day of ___________, 2018.

____
Chair, Unified Fire Service Area

Attest:

____
Clerk

EXHIBIT A

INTERLOCAL COOPERATION AGREEMENT

INTERLOCAL COOPERATION AGREEMENT

THIS INTERLOCAL COOPERATION AGREEMENT is made and entered into this _____ day of ___________, 2018, by and between the **EAGLE MOUNTAIN REDEVELOPMENT AGENCY**, a community reinvestment agency and political subdivision of the State of Utah (the "Agency"), and the **UNIFIED FIRE SERVICE AREA**, a political subdivision of the State of Utah (the "Fire District") in contemplation of the following facts and circumstances:

A. **WHEREAS,** the Agency was created and organized pursuant to the provisions of the Utah Neighborhood Development Act, Utah Code Annotated (**"UCA"**) §17A-2-1201 *et seq*. (2000), and continues to operate under the provisions of its extant successor statute, the Limited Purpose Local Government Entities **-** Community Reinvestment Agency Act, Title 17C of the UCA (the **"Act"**), and is authorized and empowered under the Act to undertake, among other things, various community development activities pursuant to the Act, including, among other things, assisting Eagle Mountain City (the "City") in development activities that are likely to advance the policies, goals and objectives of the City's general plan, contributing to capital improvements which substantially benefit the City, creating economic benefits to the City, and improving the public health, safety and welfare of its citizens; and

B. **WHEREAS,** this Agreement is made pursuant to the provisions of the Act and the Interlocal Cooperation Act (UCA Title 11, Chapter 13) (the "Cooperation Act"); and

C. **WHEREAS,** the Agency will create the Sweet Water Industrial Park Community Reinvestment Project Area #1 (the "Project Area"), through the adoption of the Sweet Water Industrial Park #1 Plan (the "Project Area Plan"), located within the City, which Project Area is described in Exhibit "A" attached hereto and incorporated herein by this reference; and

D. **WHEREAS,** the Project Area contains vacant and underutilized land, which is anticipated to be developed, with encouragement and planning by the Agency, as a data center consisting of real and personal property including a building or group of buildings for the construction, maintenance, use and/or operation of a data center, including ancillary buildings consisting of office buildings, utility buildings and temporary and/or prefabricated construction management buildings (each a "Building" and collectively the "Buildings"). The Agency has not entered into any participation or development agreements with developers but anticipates that prior to development of the Project Area, the City and/or the Agency may enter into one or more participation agreements with one or more developer(s) which will provide certain terms and conditions upon which the Project Area will be developed using, in part, "Tax Increment" (as that term is defined in the Act), generated from the Project Area; and

E. **WHEREAS,** historically, the Project Area has generated a total of $66 per year in property taxes for the various taxing entities, including the City, Utah County (the "County"), Alpine School District (the "School District"), and other taxing entities; and

F. **WHEREAS,** upon full development as contemplated in the Project Area Plan, property taxes produced by the Project Area for the City, the County, the School District, and other taxing entities are projected to total approximately [$8,374,500] per year; and

G. **WHEREAS,** the Agency has requested the City, the County, the School District, and other taxing entities to participate in the promotion of development in the Project Area by agreeing to remit to the Agency for a specified period of time specified portions of the increased real and personal property tax (i.e., Tax Increment,) which will be generated by the Project Area; and

H. **WHEREAS,** it is in the best interest of the citizens of the Fire District for the Fire District to remit such payments to the Agency to permit the Agency to leverage private development of the Project Area; and

I. **WHEREAS,** the Agency has retained Lewis Young Robertson & Burningham, Inc., an independent financial consulting firm with substantial experience regarding community reinvestment projects and tax increment funding across the State of Utah, to prepare the Project Area Plan and to provide a report regarding the need and justification for investment of Tax Increment revenues from and within the Project Area. A copy of the report is included in the Draft Project Area Plan attached as Exhibit "B"; and

J. **WHEREAS,** the Agency will create the Sweet Water Industrial Park Community Reinvestment Project Area #1 Budget (the "Project Area Budget"), a draft copy of which is attached as Exhibit "C", which Project Area Budget, generally speaking, outlines the anticipated generation, payment and use of Tax Increment within the Project Area;

K. **WHEREAS,** the parties desire to set forth in writing their agreements regarding the nature and timing of such assistance;

NOW, THEREFORE, the parties agree as follows:

1. **Additional Tax Revenue.** The Fire District has determined that significant additional Tax Increment will likely be generated by the development of the Project Area as described in further detail in the Project Area Plan and Project Area Budget. Each of the parties acknowledge, however, that the development activity required for the generation of the Tax Increment is not likely to occur within the foreseeable future or to the degree possible or desired without Tax Increment participation in order to induce and encourage such development activity.

2. **Offset of Development Costs and Expenses.** The Fire District has determined that it is in the best interests of its citizens to pay specified portions of its portion of Tax Increment to the Agency in order for the Agency to offset costs and expenses which will be incurred by Agency or participants in Project Area development, including, without limitation, the construction and installation of Buildings, infrastructure improvements, personal property and other development related costs needed to serve the Project Area, to the extent permitted by the Act, the Project Area Plan, and the Project Area Budget, each as adopted and amended from time to time.

3. **Base Year and Base Year Value.** The base year, for purposes of calculation of the Base Taxable Value (as that term is defined in the Act), shall be 2017, meaning the Base Taxable Value shall, to the extent and in the manner defined by the Act, be equal to the equalized taxable value shown on the 2017 Utah County assessment rolls for all property located within the Project Area (which is currently estimated to be $5,867, but is subject to final adjustment and verification by the County and Agency).

4. **Agreement(s) with Developer(s).** The Agency is authorized to enter into one or more participation agreements with one or more participants which may provide for the payment of certain amounts of Tax Increment (to the extent such Tax Increment is actually paid to and received by the Agency from year to year) to the participant(s) conditional upon the participant (s)'s meeting of certain performance measures as outlined in said agreement. Such agreement shall be consistent with the terms and conditions of this Agreement, shall require as a condition of the payment to the participant(s) that the respective participant or its approved successors in title as owners of all current and subsequent parcels within the Project Area, as outlined in Exhibit "A" (the "Property"), shall pay any and all taxes and assessments which shall be assessed against the Property in accordance with levies made by applicable municipal entities in accordance with the laws of the state of Utah applicable to such levies, and such other performance measures as the Agency may deem appropriate.

5. **Payment Trigger.** The Property may be developed in Phases. A "Phase" means each phase of the development of the Property as designated by a participant, which Phase shall include at least one (1) Building and any associated real property identified and designated by a participant. A Phase may or may not be a legally subdivided parcel of real property. The first year of payment of Tax Increment from the Fire District to the Agency shall be determined by the Agency. The Agency may trigger the collection of Tax Increment for a Phase by delivering a letter or other written request to the Utah County Auditor's office identifying such Phase (the "Trigger Notice"). The Agency shall be entitled to receive Tax Increment for each Phase for an initial period of twenty (20) full calendar years commencing with the year after they Agency delivers a Trigger Notice for such Phase (each, an "Increment Period"). However, the Agency will no longer be entitled to receive tax increment on any Phase after the fortieth year following the trigger year of the first Increment Period.

6. **Total Payment to Agency.** The Fire District shall authorize the County to remit to the Agency, beginning with property tax receipts during each Incremental Period for each Phase, 100% of the annual Tax Increment generated from the personal property tax within the Project Area and 80% of the annual Tax Increment generated from the real (*i.e.*, building, land, and fixtures) and centrally assessed property within the Project Area.

7. **Property Tax Increase.** This Agreement provides for the payment of the increase in real, personal property, and centrally assessed property taxes collected from the Project Area by the County acting as the tax collection agency for the Fire District. Without limiting the foregoing, this Agreement includes Tax Increment resulting from an increase in the tax rate of the Fire District, which is hereby expressly approved as being included in Tax Increment as required by Section 17C-1-407 of the Act. It is expressly understood that the Property Taxes which are the subject of this Agreement are only those Property Taxes actually collected by the County from the Project Area.

8. **Future Increment Period Conditions.** The Agency may receive the same participation and level of tax increment received during the initial Increment Period for each additional Phase conditional upon the Agency amending the Project Area Plan and Project Area Budget for each additional Phase and providing notice to the Fire District of such amendments. Furthermore, each additional Phase must include an assessed valuation between $700 million to $1 billion, similar to the initial Increment Period as outlined in the Cost/Benefit Analysis section of the attached Project Area Plan.

9. **No Independent Duty.** The Fire District shall be responsible to remit to the Agency only Tax Increment actually received by the County acting as the tax collecting agency for the Fire District. The Fire District shall have no independent duty to pay any amount to the Agency other than the Tax Increment actually received by the County, on behalf of the Fire District on an annual basis during each Increment Period for each Phase.

10. **Authority to Bind.** Each individual executing this Agreement represents and warrants that such person is authorized to do so, and, that upon executing this Agreement, this Agreement shall be binding and enforceable in accordance with its terms upon the party for whom such person is acting.

11. **Further Documents and Acts.** Each of the parties hereto agrees to cooperate in good faith with the others, and to execute and deliver such further documents and perform such other acts as may be reasonably necessary or appropriate to consummate and carry into effect the transactions contemplated under this Agreement.

12. **Notices.** Any notice, request, demand, consent, approval or other communication required or permitted hereunder or by law shall be validly given or made only if in writing and delivered to an officer or duly authorized representative of the other party in person or by Federal Express, private commercial delivery or courier service for next business day delivery, or by United States mail, duly certified or registered (return receipt requested), postage prepaid, and addressed to the party for whom intended, as follows:

If to Fire District:
Unified Fire Service Area
Attn: District Board
3380 S. 900 W.
Salt Lake City, UT 84119
Phone: (801) 743-7200

If to Agency:
Eagle Mountain Redevelopment Agency
Attn: Agency Board
1650 E. Stagecoach Run
Eagle Mountain, UT 84005
Phone: (801) 789-6603

Any party may from time to time, by written notice to the others as provided above, designate a different address which shall be substituted for that specified above. Notice sent by mail shall be deemed served or delivered seventy-two (72) hours after mailing. Notice by any other method shall be deemed served or delivered upon actual receipt at the address or facsimile number listed above. Delivery of courtesy copies noted above shall be as a courtesy only and failure of any party to give or receive a courtesy copy shall not be deemed to be a failure to provide notice otherwise properly delivered to a party to this Agreement.

13. **Entire Agreement.** This Agreement is the final expression of and contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior understandings with respect thereto. This Agreement may not be modified, changed, supplemented or terminated, nor may any obligations hereunder be waived, except by written instrument signed by the party to be charged or by its agent duly authorized in writing or as otherwise expressly permitted herein. This Agreement and its exhibits constitute the entire agreement between the parties hereto pertaining to the subject matter hereof, and the final, complete and exclusive expression of the terms and conditions thereof. All prior agreements, representations, negotiations and understandings of the parties hereto, oral or written, express or implied, are hereby superseded and merged herein.

14. **No Third Party Benefit.** The parties do not intend to confer any benefit hereunder on any person, firm or corporation other than the parties hereto. There are no intended third party beneficiaries to this Agreement.

15. **Construction.** Headings at the beginning of each paragraph and subparagraph are solely for the convenience of the parties and are not a part of the Agreement. Whenever required by the context of this Agreement, the singular shall include the plural and the masculine shall include the feminine and vice versa. Unless otherwise indicated, all references to paragraphs and subparagraphs are to this Agreement. In the event the date on which any of the parties is required to take any action under the terms of this Agreement is not a business day, the action shall be taken on the next succeeding business day.

16. **Partial Invalidity.** If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held

invalid or unenforceable, shall not be affected thereby, and each such term and provision of this Agreement shall be valid and shall be enforced to the fullest extent permitted by law.

17. **Amendments.** No addition to or modification of any provision contained in this Agreement shall be effective unless fully set forth in writing executed by each of the parties hereto.

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

19. **Waivers.** No waiver of any breach of any covenant or provision herein contained shall be deemed a waiver of any preceding or succeeding breach thereof or of any other covenant or provision herein contained. No extension of time for performance of any obligation or act shall be deemed an extension of the time for performance of any other obligation or act.

20. **Governing Law.** This Agreement and the exhibits attached hereto shall be governed by and construed under the laws of the State of Utah. In the event of any dispute hereunder, it is agreed that the sole and exclusive venue shall be in a court of competent jurisdiction in Utah County, Utah, and the parties hereto agree to submit to the jurisdiction of such court.

21. **Declaration of Invalidity**. In the event that a court of competent jurisdiction declares that the County or the Fire District cannot pay and/or that the Agency cannot receive payments of the Tax Increment, declares that the Agency cannot pay the Tax Increment to developers, or takes any other action which has the effect of eliminating or reducing the payments of Tax Increment received by the Agency, the Agency's obligation to pay the Tax Increment to developers shall be reduced or eliminated accordingly, the Agency, and the Fire District shall take such steps as are reasonably required to not permit the payment and/or receipt of the Tax Increment to be declared invalid.

22. **No Separate Legal Entity.** No separate legal entity is created by this Agreement.

23. **Duration.** This Agreement shall terminate with respect to a particular Phase upon the expiration of each Tax Increment Period for such Phase but shall continue for all undeveloped Phases. Notwithstanding, this Agreement shall terminate after the fortieth year following the trigger year of the first Phase.

24. **Assignment.** No party may assign its rights, duties or obligations under this Agreement without the prior written consent first being obtained from all parties. Notwithstanding the foregoing, such consent shall not be unreasonably withheld or delayed so long as the assignee thereof shall be reasonably expected to be able to perform the duties and obligations being assigned.

25. **Termination.** Upon any termination of this Agreement resulting from the uncured default of any party, the order of any court of competent jurisdiction or termination as a result of any legislative action requiring such termination, then any funds held by the Agency and for which the Agency shall not be required to disburse to developers in accordance with the agreements which govern such disbursement, then such funds shall be returned to the party originally remitting same to the Agency and upon such return this Agreement shall be deemed terminated and of no further force or effect.

26. **Interlocal Cooperation Act.** In satisfaction of the requirements of the Cooperation Act in connection with this Agreement, the Parties agree as follows:

a. This Agreement has been, on or prior to the date hereof, authorized and adopted by resolution of the legislative body of each Party pursuant to and in accordance with the provisions of Section 11-13-202.5 of the Cooperation Act;

b. This Agreement has been, on or prior to the date hereof, reviewed as to proper form and compliance with applicable law by a duly authorized attorney on behalf of each Party pursuant to and in accordance with the provisions of Section 11-13-202.5(3) of the Cooperation Act;

c. A duly executed original counterpart of this Agreement shall be filed immediately with the keeper of records of each Party pursuant to Section 11-13-209 of the Cooperation Act;

d. The Chair of the Agency is hereby designated the administrator for all purposes of the Cooperation Act, pursuant to Section 11-13-207 of the Cooperation Act; and

e. Should a party to this Agreement desire to terminate this Agreement, in part or in whole, each party to the Agreement must adopt, by resolution, an amended Interlocal Cooperation Agreement stating the reasons for such termination. Any such amended Interlocal Cooperation Agreement must be in harmony with any development/participation agreement(s) entered into by the Agency as described in this Agreement.

f. Immediately after execution of this Agreement by both Parties, the Agency shall, on behalf of both parties, cause to be published notice regarding this Agreement pursuant to Section 11-13-219 of the Cooperation Act.

g. This Agreement makes no provision for the parties acquiring, holding and disposing of real and personal property used in the joint undertaking as such action is not contemplated as part of this Agreement nor part of the undertaking. Any such provision would be outside the parameters of the current undertaking. However, to the extent that this Agreement may be construed as providing for the acquisition, holding or disposing of real and/or personal property, all such property shall be owned by the Agency upon termination of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day specified above.

Fire District: UNIFIED FIRE SERVICE AREA –
SALT LAKE COUNTY

Attest: By: ________________________________

Its: Board Chair

____
Secretary

Approved as to form:

____
Attorney for Fire District

Agency: EAGLE MOUNTAIN REDEVELOPMENT AGENCY

Attest:

By: ____________________________________

Its: Chair

____
Secretary

Approved as to form:

____
Attorney for Agency

EXHIBIT "A
to
INTERLOCAL AGREEMENT

Legal Description of Project

Serial number: *59:057:0003*
Legal Description: *NW 1/4 AND W 1/2 OF NE 1/4, SEC. 25, T6S, R2W, SLB&M. ALSO DESCRIBED AS:; COM FR W 1/4 COR. SEC. 25, T6S, R2W, SLB&M.; N 0 DEG 20' 51" E 2676.06 FT; S 88 DEG 58' 33" E 2671.21 FT; S 88 DEG 58' 30" E 1335.59 FT; S 0 DEG 54' 3" W 2663.6 FT; N 89 DEG 9' 8" W 3980.95 FT TO BEG. AREA 244.782 AC.*

Serial number: *59:057:0004*
Legal Description: *SW 1/4 AND W 1/2 OF SE 1/4, SEC. 25, T6S, R2W, SLB&M. ALSO DESCRIBED AS:; COM FR W 1/4 COR. SEC. 25, T6S, R2W, SLB&M.; S 89 DEG 9' 8" E 3980.95 FT; S 0 DEG 55' 59" W 2657.55 FT; N 89 DEG 24' 13" W 1367.89 FT; N 89 DEG 21' 28" W 2582.02 FT; N 0 DEG 15' 59" E 2672.94 FT TO BEG. AREA 242.655 AC.*

EXHIBIT "B"
To
INTERLOCAL AGREEMENT

<u>Project Area Plan</u>

EXHIBIT "C"
To
INTERLOCAL AGREEMENT

Project Area Budget

DRAFT PROJECT AREA BUDGET

SWEET WATER INDUSTRIAL PARK

COMMUNITY REINVESTMENT AREA (CRA) #1

EAGLE MOUNTAIN REDEVELOPMENT AGENCY, UTAH

APRIL 2018

LEWIS YOUNG
ROBERTSON & BURNINGHAM, INC.

GATEWAY PLAZA BUILDING - 41 N. RIO GRANDE, STE 101 - SALT LAKE CITY, UT 84101
(P) 801-596-0700 - (TF) 800-581-1100 - (F) 801-596-2800 - WWW.LEWISYOUNG.COM

Table of Contents

Section 1: Introduction

The Eagle Mountain Redevelopment Agency (the "Agency"), following thorough consideration of the needs and desires of the City of Eagle Mountain (the "City") and its residents, as well as understanding the City's capacity for new development, has carefully crafted the Project Area Plan (the "Plan") for the Sweet Water Industrial Park Community Reinvestment Project Area #1 (the "Project Area"). The Plan is the end result of a comprehensive evaluation of the types of appropriate land-uses and economic development opportunities for the land encompassed by the Project Area which lies within the southwest portion of the City, generally to the west of Lake Mountain Road, east of 1600 W, and to the north of 1000 North.

The Plan is envisioned to define the method and means of development for the Project Area from its current state to a higher and better use. The City has determined it is in the best interest of its citizens to assist in the development of the Project Area. This **Project Area Budget** document (the "Budget") is predicated upon certain elements, objectives and conditions outlined in the Plan and intended to be used as a financing tool to assist the Agency in meeting Plan objectives discussed herein and more specifically referenced and identified in the Plan.

The creation of the Project Area is being undertaken as a community reinvestment project pursuant to certain provisions of Chapters 1 and 5 of the Utah Community Reinvestment Agency Act (the "Act", Utah Code Annotated ("UCA") Title 17C). The requirements of the Act, including notice and hearing obligations, have been observed at all times throughout the establishment of the Project Area.

Section 2: Description of Community Development Project Area

The Project Area lies west of Lake Mountain Road, east of 1600 W, and to the north of 1000 N, and is located within the City's southwestern boundaries. The property is currently under greenbelt classification and is generating very little tax revenue for the City and other taxing entities. The property encompasses approximately 487 acres of land.

A map of the Project Area are attached hereto in **EXHIBIT A**.

Section 3: General Overview of Project Area Budget

The purpose of the Project Area Budget is to provide the financial framework necessary to implement the Project Area Plan vision and objectives. The Project Area Plan has identified that tax increment financing is essential in order to meet the objectives of the CRA Project Area. The following information will detail the sources and uses of tax increment and other necessary details needed for public officials, interested parties, and the public in general to understand the mechanics of the Project Area Budget.

Base Year Value

The Agency has determined that the base year property tax value for the Project Area will be the total taxable value for the 2017 tax year which is estimated to be $5,867. Using the tax rates established within the Project Area the property taxes levied equate to $66 annually. Accordingly, this amount will continue to flow through to each taxing entity proportional to the amount of their respective tax rates being levied.

Payment Trigger

This Budget will have a twenty year (20) duration from the date of the first tax increment received by the Agency. The collection of tax increment will be triggered at the discretion of the Agency prior to March 1 of the tax year in which they intend to begin the collection of increment. The following year in which this increment will be remitted to the Agency will be Year 1, e.g., if requested prior to March 1, 2019, Year 1 of increment will be 2020. The Agency anticipates it will trigger the tax increment by March 1, 2021 but in no case will the Agency trigger the first tax increment collection after March 1, 2023.

Projected Tax Increment Revenue – Total Generation

Development within the Project Area will commence upon favorable market conditions which will include both horizontal and vertical infrastructure and development. The Agency anticipates that new development will begin in the Project Area in 2018. The contemplated development will generate significant additional property tax revenue as well as incremental sales and use tax above what is currently generated within the Project Area.

Property Tax Increment will begin to be generated in the tax year (ending Dec 1st) following construction completion and Tax Increment will actually be paid to the Agency in March or April after collection. It is projected that property Tax Increment generation within the Project Area could begin as early as 2019 or as late as 2020. It is currently estimated that during the 20-year life of the Project Area Budget, property Tax Increment could be generated within the Project Area in the approximate amount of $150.07 million or at a net present value (NPV)[1] of $102.44 million. This amount is over and above the $1,310 of base taxes that the property would generate over 20 years at the $66 annual amount it currently generates as shown in Table 4.1 below.

[1] Net Present Value of future cash flows assumes a 4% discount rate. The same 4% discount rate is used in all remaining NPV calculations. This total is prior to accounting for the flow-through of tax increment to the respective taxing entities.

Section 4: Property Tax Increment

Base Year Property Tax Revenue

The taxing entities are currently receiving - and will continue to receive - property tax revenue from the current assessed value of the property within the Project Area ("Base Taxes"). The current assessed value is estimated to be $5,867. Based upon the tax rates in the area, the collective taxing entities are receiving $66 in property tax annually from this Project Area. This equates to approximately $1,310 over the 20-year life of the Project Area.

TABLE 4.1: TOTAL BASE YEAR TO TAXING ENTITIES (OVER 20 YEARS)

Entity	Total	NPV at 4%
Utah County	$91	$62
Alpine School District	841	571
Eagle Mountain City	119	81
Central Utah Water Conservancy District	47	32
Unified Fire Service Area – Salt Lake County	212	144
Total Revenue	**$1,310**	**$890**

Property Tax Increment Shared with RDA

All taxing entities that receive property tax generated within the Project Area, as detailed above, will share at least a portion of that increment generation with the Agency. All taxing entities will contribute 100% of their respective tax increment off of the personal property within the Project Area and 80% of their respective tax increment off of the real property for 20 years. The City, County and the State will ***not*** contribute any portion of their incremental sales tax to implement the Project Area Plan. The assumptions in this analysis only include the tax increment projections on the first two phases of the development. The Agency may be allowed to receive 20 years of tax increment on each building that is constructed during the initial 20 year tax increment financing period. Each addition 20 year period will be negotiated and outlined in an amended interlocal agreement, as necessary. Table 4.2 shows the amount of Tax Increment shared with the Agency assuming the participation levels discussed above.

TABLE 4.2: SOURCES OF TAX INCREMENT FUNDS

Entity	Percentage	Length	Total	NPV at 4%
Utah County	100% Personal Property 80% Real Property	20 Years	$9,301,260	$7,293,590
Alpine School District	100% Personal Property 80% Real Property	20 Years	85,573,980	67,102,904
Eagle Mountain City	100% Personal Property 80% Real Property	20 Years	12,071,340	9,465,751
Central Utah Water Conservancy District	100% Personal Property 80% Real Property	20 Years	4,776,000	3,745,104
Unified Fire Service Area – Salt Lake County	100% Personal Property 80% Real Property	20 Years	21,599,460	16,937,234
Total Sources of Tax Increment Funds			**$133,322,040**	**$104,544,582**

Uses of Tax Increment

The anticipated development includes numerous costs, including land purchase, infrastructure and over $375 million of personal property. "But-for" the creation of the CRA and public participation, the costs associated with the development would be too high, and the Project Area would remain in its underutilized state.

The Agency will take a flat annual payment of $5,000 to administer the CRA. The majority of the remaining Tax Increment collected by the Agency will be used to overcome the obstacles outlined above (90%). Including: offsetting certain on-site public infrastructure costs, development incentives, Agency requested improvements and upgrades, desirable Project Area improvements, and other redevelopment activities as approved by the Agency. The remaining 10% will go towards affordable housing, as required by the Act.

TABLE 4.3: USES OF TAX INCREMENT

Uses	Total	NPV at 4%
Redevelopment Activities	$119,899,836	$81,891,273
CRA Housing Requirement	13,322,204	9,099,030
Project Area Administration	100,000	67,952
Total Uses of Tax Increment Funds	**$133,322,040**	**$91,058,255**

A multi-year projection of tax increment is including in **EXHIBIT B**.

Total Annual Property Tax Revenue for Taxing Entities at Conclusion of Project

As described above, the collective taxing entities are currently receiving approximately $66 in property taxes annually from this Project Area. At the end of 20 years an additional $8,374,500 in property taxes annually is anticipated, totaling approximately $8,374,566 in property taxes annually for the area. "But for" the assistance provided by the RDA through tax increment revenues, this momentous increase in property taxes generated for the taxing entities would not be possible.

TABLE 4.4: TOTAL BASE YEAR AND END OF PROJECT LIFE ANNUAL PROPERTY TAXES

Entity	Annual Base Year Property Taxes	Annual Property Tax Increment at Conclusion of Project	Total Annual Property Taxes
Utah County	$5	$584,250	$584,255
Alpine School District	42	5,375,250	5,375,292
Eagle Mountain City	6	758,250	758,256
Central Utah Water Conservancy District	2	300,000	300,002
Unified Fire Service Area – Salt Lake County	11	1,356,750	1,356,761
Total Revenue	**$66**	**$8,374,500**	**$8,374,566**

Section 5: Cost/Benefit Analysis

Additional Revenues

Other Tax Revenues

The development within the Project Area will also generate sales taxes, energy sales and use taxes for natural gas and telecommunications.

Table 5.1 shows the total revenues generated by the Project Area. This total includes the anticipated property tax increment and energy sales and use tax.

TABLE 5.1 TOTAL REVENUES

Entity	Property Tax	Franchise Tax	Total Incremental Revenues
Utah County	$10,469,760	-	$10,469,760
Alpine School District	96,324,480	-	96,324,480
Eagle Mountain City	13,587,840	359,982	13,947,822
Central Utah Water Conservancy District	5,376,000	-	5,376,000
Unified Fire Service Area – Salt Lake County	24,312,960	-	24,312,960
Total Revenue	**$150,071,040**	**$359,982**	**$150,431,022**

Additional Costs

The development anticipated within the Project Area will also likely result in additional general government, public works, and public safety costs. These costs, along with the estimated budget to implement the Project Area Plan, are identified below.

TABLE 5.2 TOTAL EXPENDITURES

Entity	CRA Budget	General Government	Public Works	Public Safety	Total Incremental Expenditures
Utah County	$9,301,260	$208,815	-	-	$9,510,075
Alpine School District	85,573,980	931,374	-	-	86,505,354
Eagle Mountain City	12,071,340	423,378	671,337	351,458	13,517,513
Central Utah Water Conservancy District	4,776,000	140,497	-	-	4,916,497
Unified Fire Service Area – Salt Lake County	21,599,460	522,278	-	-	22,121,738
Total Expenditures	**$133,322,040**	**$2,226,343**	**$1,049,890**	**$351,548**	**$136,571,178**

The total net benefit to the taxing entities of participating in the Project Area is $13,859,844, with the City's net benefit being $430,308[2].

[2] The net benefit does not include the $13.32 million housing portion of tax increment that will be reinvested into the City. Including this increases the City's net benefit to $13,752,512.

Exhibit A: Project Area Map

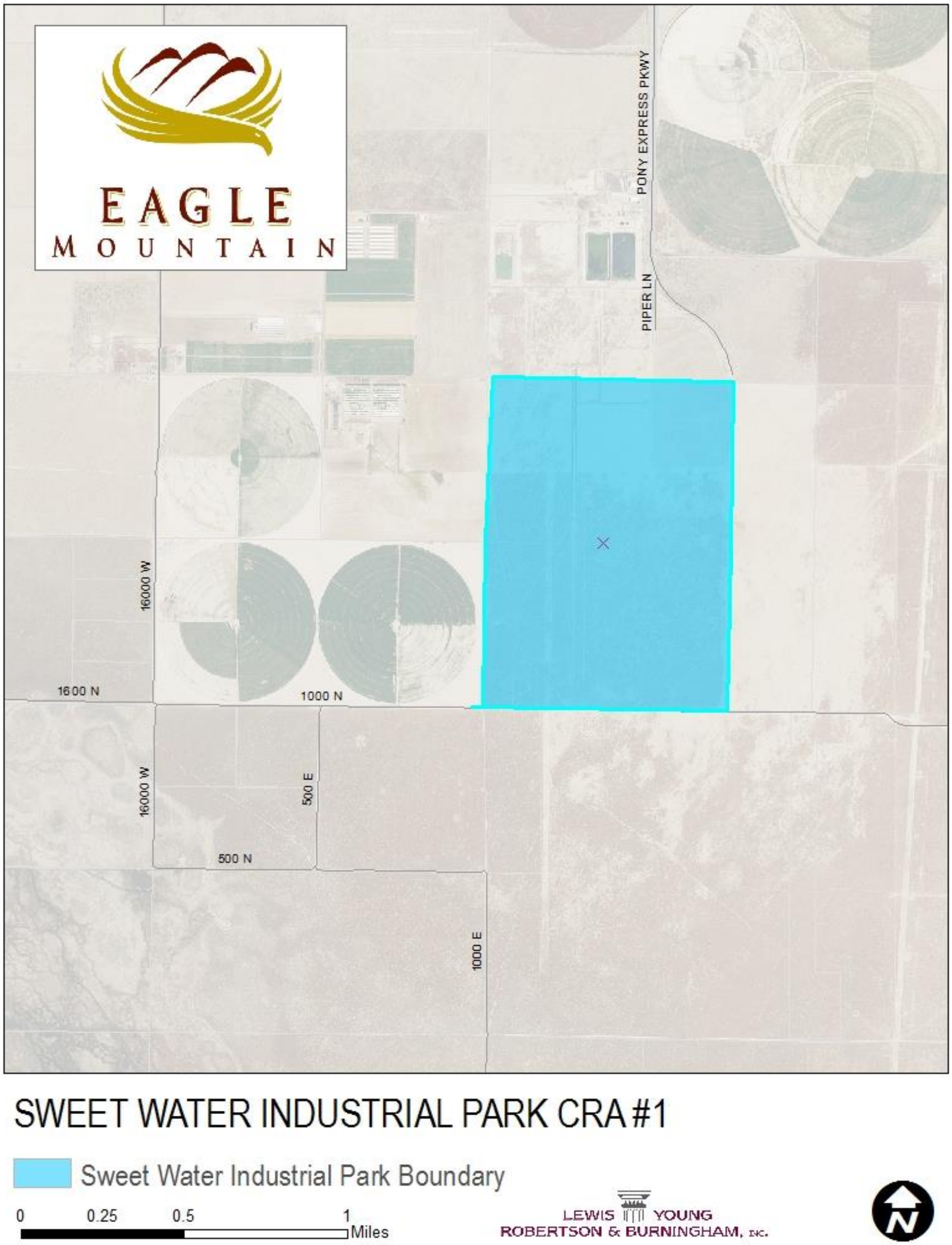

Exhibit B: Multi-Year Budget

Eagle Mountain Redevelopment Agency

Sweet Water Industrial Park CRA #1

Increment and Budget Analysis

ASSUMPTIONS:	
Discount Rate	4.0%
Inflation Rate	0.0%

INCREMENTAL TAX ANALYSIS:	Payment Year	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	Tax Year	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Cumulative Taxable Value	Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Real Property Value (Building & Land)		$375,000,000	$375,000,000	$375,000,000	$375,000,000	$375,000,000	$375,000,000	$375,000,000	$375,000,000	$375,000,000	$375,000,000
Personal Property Value		$375,000,000	$333,750,000	$300,000,000	$258,750,000	$217,500,000	$375,000,000	$333,750,000	$300,000,000	$258,750,000	$217,500,000
Total Assessed Value:		$750,000,000	$708,750,000	$675,000,000	$633,750,000	$592,500,000	$750,000,000	$708,750,000	$675,000,000	$633,750,000	$592,500,000
Value of Current Property		$5,867	$5,867	$5,867	$5,867	$5,867	$5,867	$5,867	$5,867	$5,867	$5,867
Less Base Year Value		$ (5,867)	$ (5,867)	$ (5,867)	$ (5,867)	$ (5,867)	$ (5,867)	$ (5,867)	$ (5,867)	$ (5,867)	$ (5,867)
TOTAL INCREMENTAL VALUE:		$750,000,000	$708,750,000	$675,000,000	$633,750,000	$592,500,000	$750,000,000	$708,750,000	$675,000,000	$633,750,000	$592,500,000
TAX RATE & INCREMENT ANALYSIS:	2017 Rates										
Utah County	0.000779	584,250	552,116	525,825	493,691	461,558	584,250	552,116	525,825	493,691	461,558
Alpine School District	0.007167	5,375,250	5,079,611	4,837,725	4,542,086	4,246,448	5,375,250	5,079,611	4,837,725	4,542,086	4,246,448
Eagle Mountain City	0.001011	758,250	716,546	682,425	640,721	599,018	758,250	716,546	682,425	640,721	599,018
Central Utah Water Conservancy District	0.000400	300,000	283,500	270,000	253,500	237,000	300,000	283,500	270,000	253,500	237,000
Unified Fire Service Area - Salt Lake County	0.001809	1,356,750	1,282,129	1,221,075	1,146,454	1,071,833	1,356,750	1,282,129	1,221,075	1,146,454	1,071,833
Totals:	0.011166	8,374,500	7,913,903	7,537,050	7,076,453	6,615,855	8,374,500	7,913,903	7,537,050	7,076,453	6,615,855
TOTAL INCREMENTAL REVENUE IN PROJECT AREA:		$8,374,500	$7,913,903	$7,537,050	$7,076,453	$6,615,855	$8,374,500	$7,913,903	$7,537,050	$7,076,453	$6,615,855
PROJECT AREA BUDGET		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Sources of Funds:		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Property Tax Participation Rate for Budget											
Real Property Value (Building & Land)		80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
Personal Property Value		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Property Tax Increment for Budget											
Utah County		$525,825	$493,691	$467,400	$435,266	$403,133	$525,825	$493,691	$467,400	$435,266	$403,133
Alpine School District		$4,837,725	$4,542,086	$4,300,200	$4,004,561	$3,708,923	$4,837,725	$4,542,086	$4,300,200	$4,004,561	$3,708,923
Eagle Mountain City		$682,425	$640,721	$606,600	$564,896	$523,193	$682,425	$640,721	$606,600	$564,896	$523,193
Central Utah Water Conservancy District		$270,000	$253,500	$240,000	$223,500	$207,000	$270,000	$253,500	$240,000	$223,500	$207,000
Unified Fire Service Area - Salt Lake County		$1,221,075	$1,146,454	$1,085,400	$1,010,779	$936,158	$1,221,075	$1,146,454	$1,085,400	$1,010,779	$936,158
Total Property Tax Increment for Budget:		$7,537,050	$7,076,453	$6,699,600	$6,239,003	$5,778,405	$7,537,050	$7,076,453	$6,699,600	$6,239,003	$5,778,405
Uses of Tax Increment Funds:		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Redevelopment Activities (Infrastructure, Incentives, etc.)	90.0%	$6,778,845	$6,364,307	$6,025,140	$5,610,602	$5,196,065	$6,778,845	$6,364,307	$6,025,140	$5,610,602	$5,196,065
CRA Housing Requirement	10.0%	$753,205	$707,145	$669,460	$623,400	$577,341	$753,205	$707,145	$669,460	$623,400	$577,341
RDA Administration		$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000
Total Uses		$7,537,050	$7,076,453	$6,699,600	$6,239,003	$5,778,405	$7,537,050	$7,076,453	$6,699,600	$6,239,003	$5,778,405
REMAINING TAX REVENUES FOR TAXING ENTITIES		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Utah County		$58,425	$58,425	$58,425	$58,425	$58,425	$58,425	$58,425	$58,425	$58,425	$58,425
Alpine School District		$537,525	$537,525	$537,525	$537,525	$537,525	$537,525	$537,525	$537,525	$537,525	$537,525
Eagle Mountain City		$75,825	$75,825	$75,825	$75,825	$75,825	$75,825	$75,825	$75,825	$75,825	$75,825
Central Utah Water Conservancy District		$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000
Unified Fire Service Area - Salt Lake County		$135,675	$135,675	$135,675	$135,675	$135,675	$135,675	$135,675	$135,675	$135,675	$135,675
Total		$837,450	$837,450	$837,450	$837,450	$837,450	$837,450	$837,450	$837,450	$837,450	$837,450

INCREMENTAL TAX ANALYSIS:	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041		
	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	TOTALS	NPV
Cumulative Taxable Value	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20		
Real Property Value (Building & Land)	$375,000,000	$375,000,000	$375,000,000	$375,000,000	$375,000,000	$375,000,000	$375,000,000	$375,000,000	$375,000,000	$375,000,000		
Personal Property Value	$375,000,000	$333,750,000	$300,000,000	$258,750,000	$217,500,000	$375,000,000	$333,750,000	$300,000,000	$258,750,000	$217,500,000		
Total Assessed Value:	$750,000,000	$708,750,000	$675,000,000	$633,750,000	$592,500,000	$750,000,000	$708,750,000	$675,000,000	$633,750,000	$592,500,000		
Value of Current Property	$5,867	$5,867	$5,867	$5,867	$5,867	$5,867	$5,867	$5,867	$5,867	$5,867		
Less Base Year Value	$ (5,867)	$ (5,867)	$ (5,867)	$ (5,867)	$ (5,867)	$ (5,867)	$ (5,867)	$ (5,867)	$ (5,867)	$ (5,867)		
TOTAL INCREMENTAL VALUE:	$750,000,000	$708,750,000	$675,000,000	$633,750,000	$592,500,000	$750,000,000	$708,750,000	$675,000,000	$633,750,000	$592,500,000		
TAX RATE & INCREMENT ANALYSIS:												
Utah County	584,250	552,116	525,825	493,691	461,558	584,250	552,116	525,825	493,691	461,558	10,469,760	7,146,727
Alpine School District	5,375,250	5,079,611	4,837,725	4,542,086	4,246,448	5,375,250	5,079,611	4,837,725	4,542,086	4,246,448	96,324,480	65,751,720
Eagle Mountain City	758,250	716,546	682,425	640,721	599,018	758,250	716,546	682,425	640,721	599,018	13,587,840	9,275,148
Central Utah Water Conservancy District	300,000	283,500	270,000	253,500	237,000	300,000	283,500	270,000	253,500	237,000	5,376,000	3,669,693
Unified Fire Service Area - Salt Lake County	1,356,750	1,282,129	1,221,075	1,146,454	1,071,833	1,356,750	1,282,129	1,221,075	1,146,454	1,071,833	24,312,960	16,596,186
Totals:	8,374,500	7,913,903	7,537,050	7,076,453	6,615,855	8,374,500	7,913,903	7,537,050	7,076,453	6,615,855	150,071,040	102,439,474
TOTAL INCREMENTAL REVENUE IN PROJECT AREA:	$8,374,500	$7,913,903	$7,537,050	$7,076,453	$6,615,855	$8,374,500	$7,913,903	$7,537,050	$7,076,453	$6,615,855	$150,071,040	$102,439,474
PROJECT AREA BUDGET	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041		
Sources of Funds:	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	TOTALS	NPV
Property Tax Participation Rate for Budget												
Real Property Value (Building & Land)	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%		
Personal Property Value	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
Property Tax Increment for Budget												
Utah County	$525,825	$493,691	$467,400	$435,266	$403,133	$525,825	$493,691	$467,400	$435,266	$403,133	$9,301,260	$6,352,712
Alpine School District	$4,837,725	$4,542,086	$4,300,200	$4,004,561	$3,708,923	$4,837,725	$4,542,086	$4,300,200	$4,004,561	$3,708,923	$85,573,980	$58,446,580
Eagle Mountain City	$682,425	$640,721	$606,600	$564,896	$523,193	$682,425	$640,721	$606,600	$564,896	$523,193	$12,071,340	$8,244,662
Central Utah Water Conservancy District	$270,000	$253,500	$240,000	$223,500	$207,000	$270,000	$253,500	$240,000	$223,500	$207,000	$4,776,000	$3,261,983
Unified Fire Service Area - Salt Lake County	$1,221,075	$1,146,454	$1,085,400	$1,010,779	$936,158	$1,221,075	$1,146,454	$1,085,400	$1,010,779	$936,158	$21,599,460	$14,752,318
Total Property Tax Increment for Budget:	$7,537,050	$7,076,453	$6,699,600	$6,239,003	$5,778,405	$7,537,050	$7,076,453	$6,699,600	$6,239,003	$5,778,405	$133,322,040	$91,058,255
Uses of Tax Increment Funds:	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	TOTALS	NPV
Redevelopment Activities (Infrastructure, Incentives, etc.)	$6,778,845	$6,364,307	$6,025,140	$5,610,602	$5,196,065	$6,778,845	$6,364,307	$6,025,140	$5,610,602	$5,196,065	$119,899,836	$81,891,273
CRA Housing Requirement	$753,205	$707,145	$669,460	$623,400	$577,341	$753,205	$707,145	$669,460	$623,400	$577,341	$13,322,204	$9,099,030
RDA Administration	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$100,000	$67,952
Total Uses	$7,537,050	$7,076,453	$6,699,600	$6,239,003	$5,778,405	$7,537,050	$7,076,453	$6,699,600	$6,239,003	$5,778,405	$133,322,040	$91,058,255
REMAINING TAX REVENUES FOR TAXING ENTITIES	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	TOTALS	NPV
Utah County	$58,425	$58,425	$58,425	$58,425	$58,425	$58,425	$58,425	$58,425	$58,425	$58,425	$1,168,500	$794,015
Alpine School District	$537,525	$537,525	$537,525	$537,525	$537,525	$537,525	$537,525	$537,525	$537,525	$537,525	$10,750,500	$7,305,140
Eagle Mountain City	$75,825	$75,825	$75,825	$75,825	$75,825	$75,825	$75,825	$75,825	$75,825	$75,825	$1,516,500	$1,030,486
Central Utah Water Conservancy District	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$600,000	$407,710
Unified Fire Service Area - Salt Lake County	$135,675	$135,675	$135,675	$135,675	$135,675	$135,675	$135,675	$135,675	$135,675	$135,675	$2,713,500	$1,843,868
Total	$837,450	$837,450	$837,450	$837,450	$837,450	$837,450	$837,450	$837,450	$837,450	$837,450	$16,749,000	$11,381,219

DRAFT PROJECT AREA PLAN

SWEET WATER INDUSTRIAL PARK

COMMUNITY REINVESTMENT AREA (CRA) #1

EAGLE MOUNTAIN REDEVELOPMENT AGENCY, UTAH

APRIL 2018

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Table of Contents

Definitions

As used in this Community Reinvestment Project Area Plan, the term:

"**Act**" shall mean and include the Limited Purpose Local Government Entities – Community Reinvestment Agency Act in Title 17C, Chapters 1 through 5, Utah Code Annotated 1953, as amended, or such other amendments as shall from time to time be enacted or any successor or replacement law or act.

"Agency" shall mean the Eagle Mountain Redevelopment Agency, which is a separate body corporate and politic created by the City pursuant to the Act.

"**Base taxable value**" shall mean the agreed value specified in a resolution or interlocal agreement under Subsection 17C-1-102(8) from which tax increment will be collected.

"Base year" shall mean the agreed upon year for which the base taxable value is established and shall be incorporated into the interlocal agreements with participating taxing entities.

"**Base taxable year**" shall mean the Base Year during which the Project Area Budget is approved pursuant to Subsection 17C-1-102(9)(d).

"City" or "Community" shall mean the City of Eagle Mountain.

"Legislative body" shall mean the City Council of Eagle Mountain which is the legislative body of the City.

"Plan Hearing" shall mean the public hearing on the draft Project Area Plan required under Subsection 17C-1-102 (41) and 17C-5-104(3)(e).

"Project Area" shall mean the geographic area described in the Project Area Plan or draft Project Area Plan where the community development set forth in this Project Area Plan or draft Project Area Plan takes place or is proposed to take place (**Exhibit A** & **Exhibit B**).

"Net Present Value (NPV)" shall mean the discounted value of a cash flow. The NPV illustrates the total value of a stream of revenue over a number of years in today's dollars.

"Project Area Budget" shall mean (as further described under 17-C-5-303 of the Act) the multi-year projection of annual or cumulative revenues, other expenses and other fiscal matters pertaining to the Project Area that includes:

- the base taxable value of property in the Project Area;
- the projected tax increment expected to be generated within the Project Area;
- the amount of tax increment expected to be shared with other taxing entities;
- the amount of tax increment expected to be used to implement the Project Area plan;
- if the area from which tax increment is to be collected is less than the entire Project Area:

- the tax identification number of the parcels from which tax increment will be collected; or
- a legal description of the portion of the Project Area from which tax increment will be collected; and

- for property that the Agency owns and expects to sell, the expected total cost of the property to the Agency and the expected selling price.

"Project Area Plan" or **"Plan"** shall mean the written plan (outlined by 17C-5-105 of the Act) that, after its effective date, guides and controls the community reinvestment activities within the Project Area. Project Area Plan refers to this document and all of the attachments to this document, which attachments are incorporated by this reference. It is anticipated that the SWEET WATER INDUSTRIAL PARK #1 PLAN will be subject to an interlocal agreement process with the taxing entities within the Project Area.

"Taxes" includes all levies on an ad valorem basis upon land, local and centrally assessed real property, personal property, or any other property, tangible or intangible**.**

"Taxing Entity" shall mean any public entity that levies a tax on any property within the Project Area.

"Tax Increment" shall mean the difference between the amount of property tax revenues generated each tax year by all taxing entities from the Project Area using the current assessed value of the property and the amount of property tax revenues that would be generated from the same area using the base taxable value of the property.

"Tax Increment Period" shall mean the period of time in which the taxing entities from the Project Area consent that a portion of their tax increment from the Project Area be used to fund the objectives outlined in the Project Area Plan.

"Tax Year" shall mean the 12-month period between sequential tax roll equalizations (November 1st - October 31st) of the following year, e.g., the November 1, 2017 - October 31, 2018 tax year.

Introduction

The Eagle Mountain Redevelopment Agency (the "Agency"), following thorough consideration of the needs and desires of Eagle Mountain City (the "City") and its residents, as well as the City's capacity for new development, has carefully crafted this draft Project Area Plan (the "Plan") for the Sweet Water Industrial Park Community Reinvestment Project Area #1 (the "Project Area"). This Plan is the end result of a comprehensive evaluation of the types of appropriate land-uses and economic development for the land encompassed by the Project Area which lies within the southwest portion of the City, generally to the west of Lake Mountain Road, east of 1600 W, and to the north of 1000 North. The Plan is intended to define the method and means of the Project Area from its current state to a higher and better use.

The City has determined it is in the best interest of its citizens to assist in the development of the Project Area. It is the purpose of this Plan to clearly set forth the aims and objectives of development, scope, financing mechanism, and value to the residents of the City and other taxing entities within the Project Area.

The Project Area is being undertaken as a community reinvestment project area pursuant to certain provisions of Chapters 1 and 5 of the Utah Limited Purpose Local Governmental Entities -- Community Reinvestment Agency Act (the "Act", Utah Code Annotated ("UCA") Title 17C). The requirements of the Act, including notice and hearing obligations, have been observed at all times throughout the establishment of the Project Area. The realization of the Plan is subject to interlocal agreements between the taxing entities individually and the Agency.

Resolution Authorizing the Preparation of a Draft Community Reinvestment Project Area Plan

Pursuant to the provisions of §17C-5-103 of the Act, the governing body of the Agency adopted a resolution authorizing the preparation of a draft Community Reinvestment Project Area Plan on **April 3, 2018**.

Utah Code §17C-5-104

Recitals of Prerequisites for Adopting a Community Reinvestment Project Area Plan

In order to adopt a community reinvestment project area plan, the Agency shall;

- Pursuant to the provisions of §17C-5-104(1)(a) and (b) of the Act, the City has a planning commission and general plan as required by law;

- Pursuant to the provisions of §17C-5-104 of the Act, the Agency has conducted or will conduct one or more public hearings for the purpose of informing the public about the Project Area, and allowing public input into the Agency's deliberations and considerations regarding the Project Area; and

    - Pursuant to the provisions of §17C-5-104 of the Act, the Agency has allowed opportunity for input on the draft Project Area Plan and has made a draft Project Area Plan available to the public at the Agency's offices during normal business hours, provided notice of the plan hearing, sent copies of the draft Project Area Plan to all required entities prior to the hearing, and provided opportunities for affected entities to provide feedback.

Description of the Boundaries of the Proposed Project Area

UTAH CODE
§17C-5-105(1)

A legal description of the Project Area along with a detailed map of the Project Area is attached respectively as **Exhibit A** and **Exhibit B** and incorporated herein. The Project Area lies within the southwest portion of the City, generally to the west of Lake Mountain Road, east of 1600 W, and to the north of 1000 North. All of the land use in the project area is currently vacant. The Project Area is comprised of approximately 487 acres of property.

As delineated in the office of the Utah County Recorder, the Project Area encompasses all of the parcels detailed in **Table 1.**

TABLE 1: PARCEL LIST

Parcel Id	Parcel Owner	Acres
59:057:0003	Monte Vista Ranch LC	244.78
59:057:0004	Monte Vista Ranch LC	242.66
Total		**487.44**

General Statement of Land Uses, Layout of Principal Streets, Population Densities, Building Densities and How They Will be Affected by the Project Area

UTAH CODE
§17C-5-105(1)

General Land Uses

The property within the Project Area is currently classified as greenbelt property. The majority of the property surrounding the Project Area is also greenbelt.

Table 1 summarizes the approximate acreage of existing land uses by land use type.

TABLE 2: LAND USES

Type	Acres	% of Area
Greenbelt	487.44	100%
Total	**487.44**	**100%**

This Project Area Plan is consistent with the General Plan of the City and promotes economic activity by virtue of the land uses contemplated. Any zoning change, amendment or conditional use permit necessary to the successful development contemplated by this Project Area Plan shall be undertaken in accordance with the requirements of the City's Code and all other applicable laws including all goals and objectives in the City's General Plan.

Layout of Principal Streets

There are currently no paved streets within the Project Area, 1000 N., an unpaved road runs along the southern periphery of the Project Area.

Population Densities

There are no residences within the Project Area, therefor the estimated population density is 0.0 residents per acre.

Building Densities

Building densities will increase as development occurs. The intent of this plan is to promote greater economic utilization of the land area.

Impact of Community Development on Land Use, Layout of Principal Streets, and Population Densities

Community reinvestment activities within the Project Area will mostly consist of development and economic enhancement of an underutilized area of the City. The types of land uses will include: a data center and office building.

Land Use – It is anticipated that future development within the Project Area will create space for a data center, associated office building and other supplementary development that may take place during future phases of the development.

Layout of Principal Streets – It is anticipated that the community reinvestment of the Project Area will not alter the layout of principal streets in the area. It is anticipated that access roads will be constructed within the Project Area.

Population Densities – The Project Area does not include any residential components. The population density will not be affected by the Project Area. The daytime population of the City will slightly increase as the Project Area is anticipated to create approximately 50 new jobs.

UTAH CODE §17C-5-105(C)

Standards Guiding the Community Reinvestment

In order to provide maximum flexibility in the development and economic promotion of the Project Area, and to encourage and obtain the highest quality in development and design, specific development controls for the uses identified above are not set forth herein. Each development proposal in the Project Area will be subject to appropriate elements of the City's proposed General Plan; the Zoning Ordinance of the City, including adopted Design Guidelines pertaining to the area; institutional controls, deed restrictions if the property is acquired and resold by the Agency, other applicable building codes and ordinances of the City; and, as required by ordinance or agreement, review and recommendation of the Planning Commission and approval by the Agency.

Each development proposal by an owner, tenant, participant or a developer shall be accompanied by site plans, development data and other appropriate material that clearly describes the extent of proposed development, including land coverage, setbacks, height and massing of buildings, off-street parking and loading, use of public transportation, and any other data determined to be necessary or requested by the Agency or the City.

UTAH CODE §17C-5-105(D)

How the Purposes of this Title Will Be Attained By Community Development

It is the intent of the Agency, with the assistance and participation of private developers and property owners, to facilitate the development within the Project Area.

UTAH CODE §17C-5-105(E)

Conformance of the Proposed Development to the Community's General Plan

The proposed Community Reinvestment Project Area Plan and the development contemplated are consistent with the City's proposed General Plan and land use regulations.

UTAH CODE §17C-5-105(G)

Describe any Specific Project or Projects that are the object of the Proposed Community Reinvestment

The Project Area is being created in order to assist with the construction of a future data center facility and associated office.

UTAH CODE §17C-5-105(H)

Method of Selection of Private Developers to undertake the Community Reinvestment and Identification of Developers Currently Involved in the Process

The City and Agency will select or approve such development as solicited or presented to the Agency and City that meets the development objectives set forth in this plan. The City and Agency retain the right to approve or reject any such development plan(s) that in their judgment do not meet the development intent for the Project Area. The City and Agency may choose to solicit development through an RFP or RFQ process, through targeted solicitation to specific industries, from inquiries to the City, EDC Utah, and/or from other such references.

The City and Agency will ensure that all development conforms to this plan and is approved by the City. All potential developers may need to provide a detailed development plan including sufficient financial information to provide the City and Agency with confidence in the sustainability of the development and the developer. Such a review may include a series of studies and reviews including reviews of the Developers financial statements, third-party verification of benefit of the development to the City, appraisal reports, etc.

Any participation between the Agency and developers and property owners shall be by an approved agreement.

UTAH CODE §17C-5-105(I)

Reason for Selection of the Project Area

The Project Area is currently classified as greenbelt and is collecting relatively no tax revenue for the taxing entities. The creation of the Project Area will create a significant economic benefit to all taxing entities as this underutilized area will be developed to a higher and greater use.

UTAH CODE §17C-5-105(J)

Description of Physical, Social and Economic Conditions Existing in the Project Area

Physical Conditions

The Project Area consists of approximately 487 acres of relatively flat, privately owned land as shown on the Project Area map.

Social Conditions

The Project Area experiences a lack of connectivity and vitality. There are no residential units and no parks, libraries, or other social gathering places in the Project Area. This is in line with the contemplated uses of the area surrounding the Project Area, as the area surrounding the Project Area is currently under the greenbelt classification.

Economic Conditions

The Project Area is currently under greenbelt classification. The Agency wants to encourage development within the Project Area that will directly benefit the existing economic base of the City, Utah County and other taxing entities.

UTAH CODE §17C-5-105(K)

Description of any Tax Incentives Offered Private Entities for Facilities Located in the Project Area

Tax increment arising from the development within the Project Area shall be used for public infrastructure improvements, Agency requested improvements and upgrades, both off-site and on-site improvements, land and job-oriented incentives, desirable Project Area improvements, and other items as approved by the Agency. Subject to provisions of the Act, the Agency may agree to pay for eligible costs and other items from taxes during the tax increment period which the Agency deems to be appropriate under the circumstances. A cost benefit analysis will assist the Agency in making decisions about offering assistance.

In general, tax incentives may be offered to achieve the community reinvestment goals and objectives of this plan, specifically to:

- Foster and accelerate economic development;
- Stimulate job development;
- Make needed infrastructure improvements to roads, street lighting, water, storm water, sewer, and parks and open space;
- Assist with property acquisition and/or land assembly; and
- Provide attractive development for high-quality tenants.

The Project Area Budget will include specific participation percentages and timeframes for each taxing entity. Furthermore, a resolution and interlocal agreement will formally establish the participation percentage and tax increment period for each taxing entity.

UTAH CODE §17C-5-105(2)

Anticipated Public Benefit to be Derived from the Community Development

UTAH CODE §17C-5-105(2)(ii)(A)

The Beneficial Influences upon the Tax Base of the Community

The beneficial influences upon the tax base of the City and the other taxing entities will include increased property tax revenues, job growth, and affordable housing opportunities in the community. The increased revenues will come from the property values associated with new construction in the area, as well as increased land values as the property within the Project Area will no longer be classified as greenbelt. Property values include land, buildings and personal property (machines, equipment, etc.).

Job growth in the Project Area will result in increased wages, increasing local purchases and benefiting existing businesses in the area. Job growth will also result in increased income taxes paid. Additionally, business growth will generate corporate income taxes.

There will also be a beneficial impact on the community through increased construction activity within the Project Area. Positive impacts will be felt through construction wages paid, as well as construction supplies purchased locally.

UTAH CODE §17C-5-105(2)(ii)(B)

The Associated Business and Economic Activity Likely to be Stimulated

Other business and economic activity likely to be stimulated includes increased spending by new and existing residents within the City and employees in the Project Area and in surrounding areas. This includes both direct and indirect purchases that are stimulated by the spending of the additional employees in the area.

Employees may make some purchases in the local area, such as convenience shopping for personal services (haircuts, banking, dry cleaning, etc.). The employees will not make all of their convenience or personal services purchases near their workplace and each employee's purchasing patterns will be different. However, it is reasonable to assume that a percentage of these annual purchases will occur within close proximity of the workplace (assuming the services are available). The City also envisions this area as a future industrial park, this development will act as an anchor and likely attract new businesses to the area.

UTAH CODE §17C-5-105(2)(B)

Efforts to Maximize Private Investment

The agency has formed a partnership with the developers to realize the vision of this project area. It is anticipated that the development will require over $750,000,000 of private capital. Creating a CRA will act as a catalyst for the development.

UTAH CODE §17C-5-105(2)(C)

"But For" Analysis

The anticipated development includes numerous costs, including land purchase, infrastructure and over $375 million of personal property. "But-for" the creation of the CRA and public participation, the costs associated with the development would be too high, and the Project Area would remain in its underutilized state.

UTAH CODE
§17C-5-105(2)

Cost/Benefit Analysis

Based on the land use assumptions and tax increment participation levels, the following tables outline the benefits anticipated in the Project Area. As shown below, the proposed community reinvestment will create a net benefit to the City and the other taxing entities that participate in the Project Area. The cost/benefit analysis only includes the tax increment projections on the first two phases of the development. The Agency may be allowed to receive 20 years of tax increment on each building that is constructed during the initial 20 year tax increment financing period. Each addition 20 year period will be negotiated and outlined in an amended interlocal agreement, as necessary.

TABLE 3: SOURCES OF TAX INCREMENT FUNDS

Entity	Percentage	Length	Total	NPV at 4%
Utah County	100% Personal Property 80% Real Property	20 Years	$9,301,260	$7,293,590
Alpine School District	100% Personal Property 80% Real Property	20 Years	85,573,980	67,102,904
Eagle Mountain City	100% Personal Property 80% Real Property	20 Years	12,071,340	9,465,751
Central Utah Water Conservancy District	100% Personal Property 80% Real Property	20 Years	4,776,000	3,745,104
Unified Fire District – Salt Lake County	100% Personal Property 80% Real Property	20 Years	21,599,460	16,937,234
Total Sources of Tax Increment Funds			**$133,322,040**	**$104,544,582**

TABLE 4: PROJECT AREA REVENUES

Entity	Property Tax	Franchise Tax	Total Tax Increment Revenues
Utah County	$10,469,760	-	$10,469,760
Alpine School District	96,324,480	-	96,324,480
Eagle Mountain City	13,587,840	359,982	13,947,822
Central Utah Water Conservancy District	5,376,000	-	5,376,000
Unified Fire District – Salt Lake County	24,312,960	-	24,312,960
Total Revenue	**$150,071,040**	**$359,982**	**$150,431,022**

TABLE 5: PROJECT AREA EXPENDITURES

Entity	Property Tax	General Government	Public Safety	Public Works	Total Expenditures
Utah County	$9,301,260	$208,815	-	-	$9,510,075
Alpine School District	85,573,980	931,374	-	-	86,505,354
Eagle Mountain City	12,071,340	423,378	351,458	671,337	13,517,513
Central Utah Water Conservancy District	4,776,000	140,497	-	-	4,916,497
Unified Fire District – Salt Lake County	21,599,460	522,278	-	-	22,121,738
Total Revenue	**$133,322,040**	**$2,226,343**	**$351,458**	**$671,337**	**$136,571,178**

The total net benefit to the taxing entities of participating in the Project Area is $13,859,844, with the City's net benefit being $430,308[1].

[1] The net benefit does not include the $13.32 million housing portion of tax increment that will be reinvested into the City. Including this increases the City's net benefit to $13,752,512.

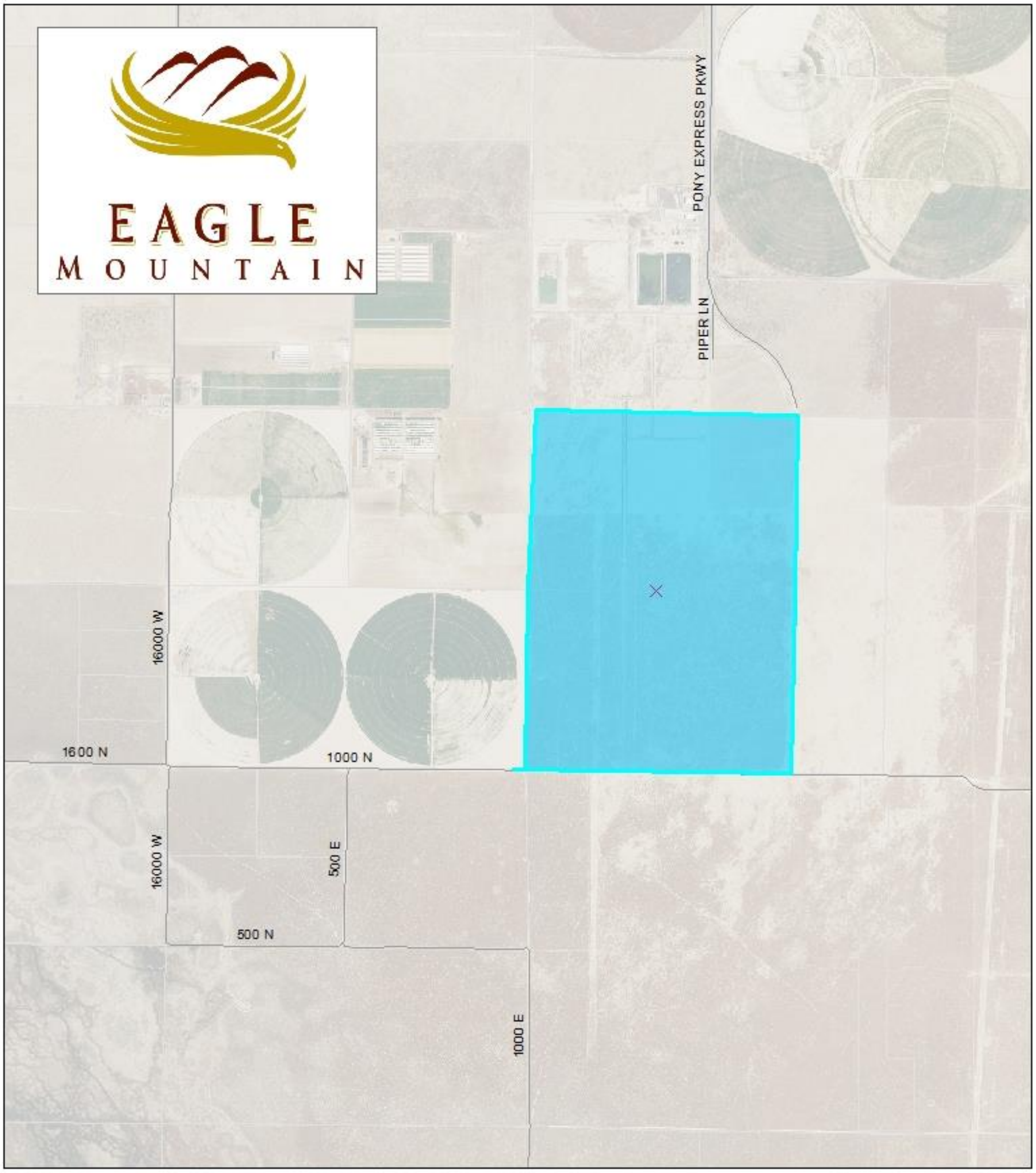
EXHIBIT A: Legal Description of Sweet Water Industrial Park CRA #1

Serial number: *59:057:0003*
Legal Description: *NW 1/4 AND W 1/2 OF NE 1/4, SEC. 25, T6S, R2W, SLB&M. ALSO DESCRIBED AS:; COM FR W 1/4 COR. SEC. 25, T6S, R2W, SLB&M.; N 0 DEG 20' 51" E 2676.06 FT; S 88 DEG 58' 33" E 2671.21 FT; S 88 DEG 58' 30" E 1335.59 FT; S 0 DEG 54' 3" W 2663.6 FT; N 89 DEG 9' 8" W 3980.95 FT TO BEG. AREA 244.782 AC.*

Serial number: *59:057:0004*
Legal Description: *SW 1/4 AND W 1/2 OF SE 1/4, SEC. 25, T6S, R2W, SLB&M. ALSO DESCRIBED AS:; COM FR W 1/4 COR. SEC. 25, T6S, R2W, SLB&M.; S 89 DEG 9' 8" E 3980.95 FT; S 0 DEG 55' 59" W 2657.55 FT; N 89 DEG 24' 13" W 1367.89 FT; N 89 DEG 21' 28" W 2582.02 FT; N 0 DEG 15' 59" E 2672.94 FT TO BEG. AREA 242.655 AC.*

EXHIBIT B: Project Area Map

MAP OF PROPOSED PROJECT AREA BOUNDARIES



SWEET WATER INDUSTRIAL PARK CRA #1

Sweet Water Industrial Park Boundary

0 0.25 0.5 1 Miles

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.

Eagle Mountain Redevelopment Agency

Sweet Water Industrial Park
Community Reinvestment Area #1
April 2018

Lewis Young Robertson & Burningham, Inc.

INTRODUCTION:

COMMUNITY REINVESTMENT AGENCIES

- Under Utah Code 17C “Limited Purpose Local Government Entities – Community Reinvestment Agency Act,” Utah’s local governments have the authority to conduct economic development activities within their communities through their Community Reinvestment Agencies.

- Under the act, agencies are allowed to create four types of project areas:

Projects Implemented before May 10, 2016

- Community Development Areas (CDAs)
- Economic Development Areas (EDAs)
- Urban Renewal Areas (URAs)

Projects Implemented after May 10, 2016

- Community Reinvestment Areas (CRAs)

INTRODUCTION:
PURPOSE OF CRA TO ENCOURAGE COMMUNITY ENHANCEMENT & ASSISTANCE

- If a CRA is established, tax increment funds become available for a specified period of time to provide assistance for:
  - Existing businesses
  - New development
  - Infrastructure improvements
  - Affordable housing
  - Crime reduction
  - Expanded employment opportunities
  - Other community concerns/priorities

INTRODUCTION:
PROCESS OF CREATION – CRAS

- Step 1:
  - Resolution authorizing the preparation of a Project Area Plan along with description of proposed Project Area

    (adopted by Agency April 3, 2018)

- Step 2:
  - Research of potential development and project needs
  - Drafting of Project Area Plan and Budget

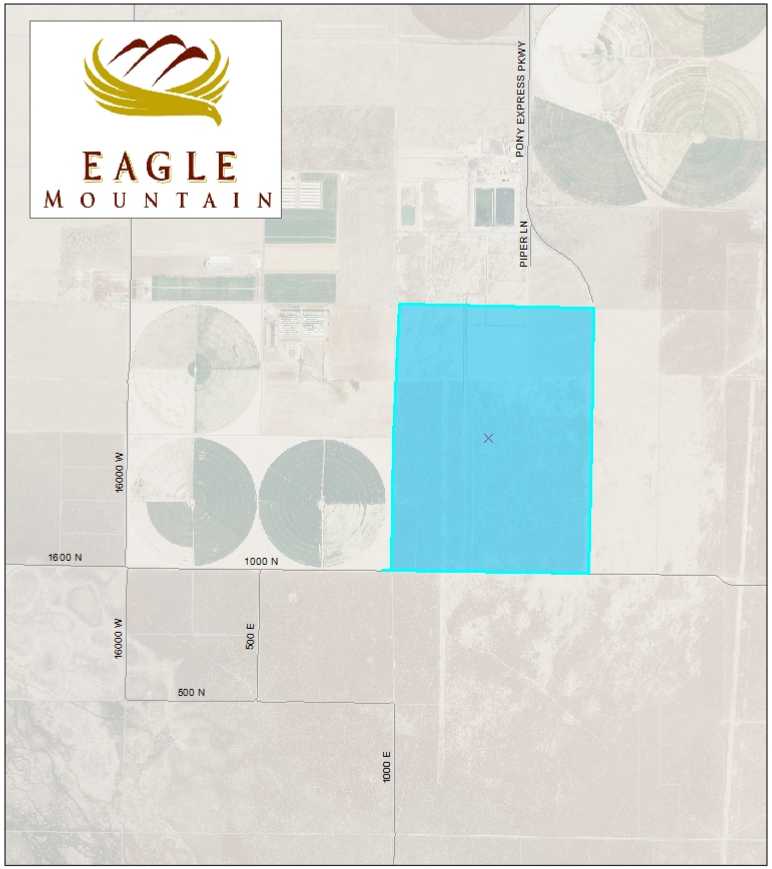
- Step 3:
  - Noticing of Project Area Plan (mailings to property owners and taxing entities, newspaper notice, etc.)
  - Public Hearing regarding Project Area Plan & Budget
  - Adoption of Plan by RDA and City

- Step 4:
  - Negotiation and adoption of interlocal agreements with taxing entities (timeframe, base year, percent contribution)

PROJECT AREA PLAN:

PROPOSED CRA PROJECT AREA BOUNDARIES

- Total Project Area Acres: 487.44 acres



SWEET WATER INDUSTRIAL PARK CRA #1

Sweet Water Industrial Park Boundary

0 0.25 0.5 1 Miles

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.

PROJECT AREA PLAN:
REASONS FOR CRA PROJECT AREA

- STIMULATES CAPITAL INVESTMENT & DEVELOPMENT
  - CRA will facilitate development of vacant and under-utilized property.
- PROMOTES JOB CREATION
  - CRA create additional new jobs that will benefit residents throughout the City, County, and State of Utah.
- EXPANDS TAX BASE
  - CRA will increase the tax base for all taxing entities.

DEVELOPMENT ASSUMPTIONS & TAX BASE

Development	Square Feet/Units	$/Square Feet	Total Building Value	Incremental Land Value	Personal Property Value	Assessed Value[1]
Data Center	900,000 Sq. Ft.	$256.08	$219,687,285	$134,125,338	$373,382,835	$727,195,458
Office	70,000 Sq. Ft.	$154.02	$10,781,101	$10,406,276	$1,617,165	$22,804,542
Total			$230,468,386	$144,531,614	$375,000,000	$750,000,000

1. 20 year assessed value includes a 1.0% growth rate

- Timeframe: First tax increment receipt is assumed to be 2022
- 3 Year Absorption Schedule
- <u>Estimated</u> Base Year Tax Value: $5,867
- <u>Incremental</u> Assessed Value in 20 years: $750,000,000
- Total Assessed Value in 25 years: $750,005,867

Requested Participation from Taxing Entities

Entity	Percentage	Length
Utah County	Real Property 80% Personal Property 100%	20 Years
Alpine School District	Real Property 80% Personal Property 100%	20 Years
Eagle Mountain City	Real Property 80% Personal Property 100%	20 Years
Unified Fire Service Area – Salt Lake County	Real Property 80% Personal Property 100%	20 Years
Central Utah Water Conservancy District	Real Property 80% Personal Property 100%	20 Years

TAX INCREMENT

- Not the result of a tax increase!
- Property taxes “frozen” the first year of the project (“base year”)
- A portion of property taxes in excess of the base year are redirected to the redevelopment agency for use within a defined geographic area in the community.

Base Year Taxes

- **Assumptions:**
  - 2017 Base Year Value $5,867
  - $66 Base Year Tax for 20 Years (2021-2040)

Entity	Annual Property Tax	20 Year Total
Utah County	$5	$91
Alpine School District	$42	$841
Eagle Mountain City	$6	$119
Unified Fire Service Area – Salt Lake County	$11	$212
Central Utah Water Conservancy District	$2	$47
Total Sources of Tax Increment Funds	$66	$1,310

Pass-Through Increment to Taxing Entities

- **Assumptions:**
  - Incremental assessed value of $750,000,000
  - 20% of Real Property TIF for 20 Years (2022 - 2041)

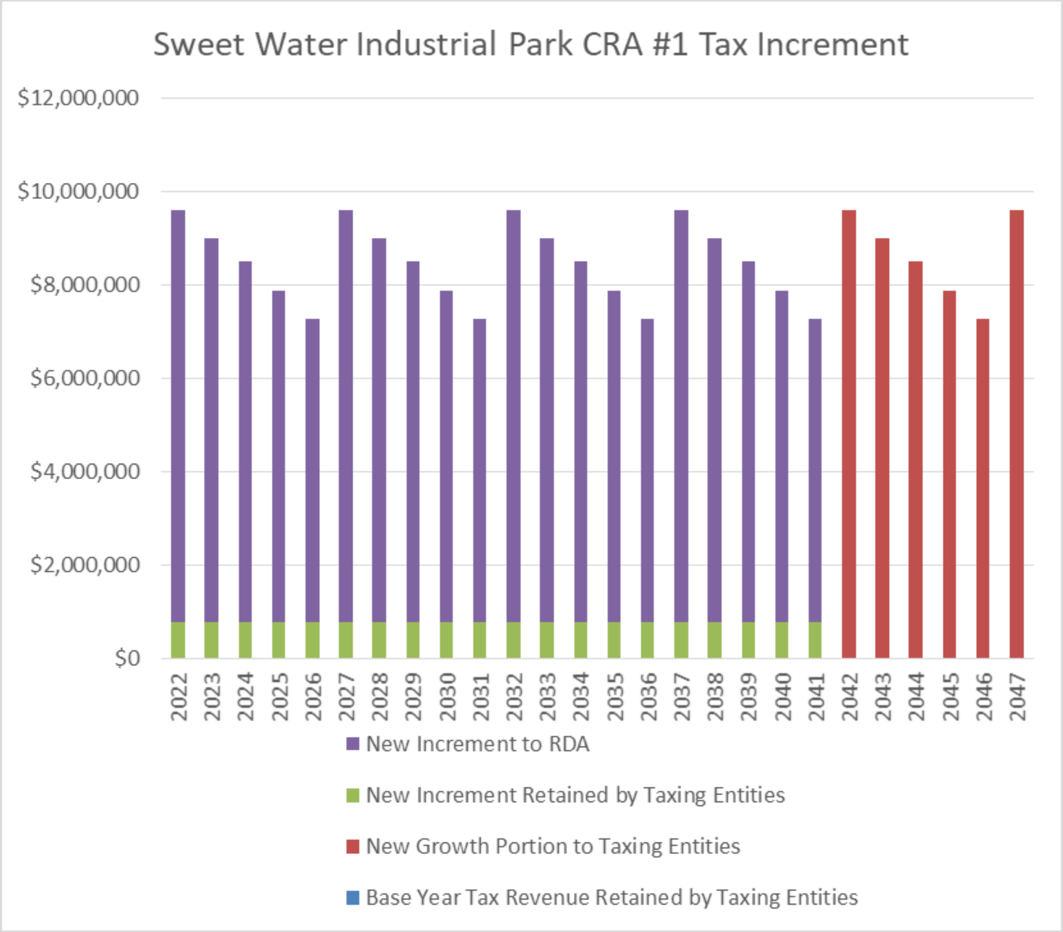
Entity	Annual TIF	20 Year Total
Utah County	$58,425	$1,168,500
Alpine School District	$537,525	$10,750,500
Eagle Mountain City	$75,825	$1,516,500
Unified Fire Service Area – Salt Lake County	$135,675	$2,713,500
Central Utah Water Conservancy District	$30,000	$600,000
Total Sources of Tax Increment Funds	$837,450	$16,749,000

Estimated Sources of Tax Increment

- **Assumptions:**
  - Incremental assessed value of $750,000,000
  - 80% of Real Property TIF for 20 Years (2022 – 2041)
  - 100% of Personal Property TIF for 20 Years (2022 – 2041)

Entity	Average Annual TIF	20 Year Total
Utah County	$46,471	$9,301,260
Alpine School District	$427,544	$85,573,980
Eagle Mountain City	$60,311	$12,071,340
Unified Fire Service Area – Salt Lake County	$1,079,973	$21,599,460
Central Utah Water Conservancy District	$23,862	$4,776,000
Total Sources of Tax Increment Funds	$6,666,102	$133,322,040

TAX INCREMENT GRAPH



Estimated Uses of Tax Increment

- **Assumptions:**
  - Incremental assessed value of $750,000,000
  - 80% of Real Property TIF for 20 Years (2022 – 2041)
  - 100% of Personal Property TIF for 20 Years (2022 – 2041)

Uses	Amount	NPV (4.0%)
Project Area Administration and Operations	$100,000	$67,952
CRA Housing Requirement (10%)	$13,322,204	$9,099,030
Redevelopment Activities	$119,899,836	$81,891,273
Total Uses of Tax Increment Funds	$133,322,040	$91,058,255

NEXT STEPS

- RDA Public Hearing to adopt Project Area Plan
- Negotiations with Taxing Entities (basis for Interlocal Agreements)
- Taxing Entities to consider Interlocal Agreements to participate in CRA
- Gather and publish summary of Interlocal Agreements in Newspaper

UNIFIED FIRE SERVICE AREA

ANNUAL FINANCIAL REPORT

December 31, 2017

TABLE OF CONTENTS
For the Year Ended December 31, 2017

Page

Keddington & Christensen, LLC
Certified Public Accountants

Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Unified Fire Service Area
Salt Lake City, Utah

We have audited the accompanying financial statements of the governmental activities and each major fund of Unified Fire Service Area (UFSA) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise UFSA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of UFSA, as of December 31, 2017 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Telephone (801) 590-2600
Fax (801) 265-9405

1455 West 2200 South, Suite 201
Salt Lake City, Utah 84119

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, general fund budgetary comparison information, and notes to required supplementary information as noted on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operation, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise UFSA's basic financial statements. The budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements of UFSA. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

In accordance with *Government Auditing Standards*, we have also issued other reports dated May 9, 2018 located on pages 28 and 30 on our consideration of UFSA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations, contracts, grant agreements, and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and is important for assessing the results of our audit.

Keddington & Christensen, LLC

Salt Lake City, Utah

May 9, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017

As management of Unified Fire Service Area (UFSA), we offer readers of UFSA's financial statements this narrative overview and analysis of the financial activities of UFSA for the fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the notes to the financial statements.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

UFSA's *government-wide net position* (the amount by which assets and deferred outflows of resources exceeded its liabilities) as of December 31, 2017 was $17,554,549. This amount decreased by over $1.1 million (6%) over the previous year, primarily due to increased member fees paid to UFA and debt service payments partially offset by property taxes and impact fees higher than anticipated. The increase in expenses was also partially offset by efficient management of UFSA's budgeted funds. Member fee increases continue to grow at a larger rate than tax revenues. *Unrestricted net position,* the portion of net position which represents the amount UFSA can use to meet ongoing financial obligations, was $8,095,533 at December 31, 2017. *Net position invested in capital assets, net of related debt* was $9,458,257 at December 31, 2017.

UFSA reported combined ending fund balance for governmental funds of $6,319,536 as of December 31, 2017. Combined fund balance decreased by $2,005,810 (24%) from 2016 to 2017. The total spendable fund balance at December 31, 2017 was $6,319,536, which represented 12% of total fund expenditures. Of the total spendable fund balance, $6,316,619 was actually available for appropriation and spending (*unassigned fund balance*). Management believes the current unassigned fund balance to be a good indicator of UFSA's positive financial position.

For information on upcoming changes, see the "Economic Factors and Next Year's Budget" section beginning on page 8.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to UFSA's annual financial report. UFSA's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements: The *government-wide financial statements* are designed to provide readers with a broad overview of UFSA's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of UFSA's assets, deferred outflows of resources, and liabilities, with the difference between them reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of UFSA is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows.* Thus, revenues and expenses are reported in this statement on an accrual basis. Cash flow from such transactions could impact future fiscal periods.

The government-wide financial statements identify functions of UFSA that are principally supported by taxes and intergovernmental revenues, as *governmental activities.* Revenues designed to recover all or a significant portion of the activity costs are identified as *business-type activities*. UFSA currently does not have any business-type activities.

The Local Building Authority of Unified Fire Service Area (LBA) is chartered under Utah law as a separate governmental entity. However, the government-wide financial statements include the financial statements of this entity since UFSA's Board is the appointed board for the LBA and it is financially accountable to UFSA.

Fund financial statements: A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. UFSA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of UFSA's funds are governmental funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* in the fund financial statements with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

UFSA maintains one major governmental fund, the General fund, and the LBA maintains two major governmental funds, the Capital Projects fund and the Debt Service fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for these funds.

Notes to the Financial Statements: The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information: UFSA adopts an annual appropriated budget for its funds. A budgetary comparison statement (page 24) has been provided for the General Fund to demonstrate compliance with the budget.

FINANCIAL ANALYSIS OF UFSA AS A WHOLE

Current and other assets decreased nearly 29% ($2.5 million) in 2017 primarily due to usage of bond proceeds for construction and debt service. UFSA's related party long-term note receivable decreased five percent in 2017 as a result of payments received from Unified Fire Authority. Capital assets, net of accumulated depreciation, decreased $559,776 (1%) due to depreciation exceeding acquisitions in 2017.

Current liabilities decreased 75% over the previous year primarily due to a lack of construction in progress at year end. Long-term liabilities decreased 3% as a result of bond principal payments of $1,060,000 and amortization of bond premium during the year.

As noted earlier, net position may serve over time as a useful measurement to assist with understanding the financial position of UFSA. As of December 31, 2017, assets and deferred outflows of resources exceeded liabilities by $17,554,549, a decrease of $1,137,560 (6%) from the previous year. The decrease in net position during the year is primarily due to increased member fees paid to UFA and debt service, partially offset by property taxes and impact fees that exceeded expectation, as well as the efficient management of UFSA's budgeted funds.

UFSA's net position invested in capital assets, net of related debt, totaled $9,458,257, or 54% of total net position. Although UFSA's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position ($759 for capital projects) represents resources that are subject to external restrictions on how they may be used. Unrestricted net position ($8,095,533) may be used to meet general, ongoing financial obligations without constraints established by debt covenants or other legal requirements.

Summary of Statement of Net Position
As of December 31,

	2017	2016	% Change
Assets			
Current and other assets	$ 6,334,884	$ 8,870,428	-29%
Long-term note receivable	2,057,826	2,161,318	-5%
Capital assets, net of accumulated depreciation	45,427,345	45,987,121	-1%
Total Assets	53,820,055	57,018,867	-6%
Deferred Outflows of Resources			
Deferred charge on refunding	$ 86,599	$ 91,638	-5%
Total Assets and Deferred Outflows of Resources	$ 53,906,654	$ 57,110,505	-6%
Liabilities			
Current and other liabilities	295,659	1,123,264	-74%
Long-term liabilities	36,056,446	37,295,132	-3%
Total Liabilities	$ 36,352,105	$ 38,418,396	-5%
Net Position			
Invested in capital assets, net of related debt	9,458,257	9,125,828	4%
Restricted	759	312,295	-100%
Unrestricted	8,095,533	9,253,986	-13%
Total Net Position	$ 17,554,549	$ 18,692,109	-6%

Charges for services (impact fees) increased 42% in 2017 compared to the prior year due to several large developments begun in 2017. Taxes and motor vehicle fees, which were $45,538,552 for 2017, increased $900,430 from 2016 due to new growth. General government expenses exceeded $47.8 million in 2017 and increased 3% ($1.6 million) over 2016 primarily due to higher member fees paid to UFA.

Summary of Statement of Activities
For the Fiscal Year Ended December 31,

	2017	2016	% Change
Program revenues			
Charges for services	$ 1,984,319	$ 1,399,175	42%
General revenues			
Property taxes and motor vehicle fees	45,538,552	44,638,122	2%
Unrestricted investment earnings	203,496	189,836	7%
Loss on disposal of assets	-	(30,854)	-100%
Miscellaneous revenue	2,247	82	2640%
Total revenues	47,728,614	46,196,361	3%
Program expenses			
General government	47,874,049	46,264,154	3%
Interest on long-term debt	992,044	1,510,565	-34%
Total expenses	48,866,093	47,774,719	2%
Change in net position	(1,137,479)	(1,578,358)	-28%
Net position - beginning	20,897,016	22,475,375	-7%
Restatements	(2,204,988)	-	100%
Net position - ending	$ 17,554,549	$ 20,897,017	-16%

FINANCIAL ANALYSIS OF UFSA'S FUNDS

Governmental Funds: As of December 31, 2017, the aggregate fund balance of UFSA's governmental funds was $6,319,536. Unassigned fund balance, which was available for appropriation by the UFSA Board, was $6,316,619. The remainder of the fund balance was restricted ($759 for capital outlay and $2,158 for debt service) and was not available for new spending because it had already been committed for spending.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: UFSA's investment in capital assets, net of accumulated depreciation, was $45,427,345 at December 31, 2017. Capital assets decreased $569,777 (1%) from 2016 to 2017 as a result of net additions ($568,247) offset by depreciation ($1.1 million).

Capital Assets, Net of Depreciation
As of December 31,

	2017	**2016**	**% Change**
Construction in progress	$ 4,707	$ 5,892,885	-100%
Land	10,114,030	10,115,130	0%
Building and improvements	34,440,619	29,074,829	18%
Land improvements	654,829	713,842	-8%
Machinery and equipment	213,160	190,436	12%
	$ 45,427,345	$ 45,987,122	-1%

Major capital asset additions during 2017 included $6,309,046 for a replacement station in Taylorsville ($5.8 million in progress at the end of 2016).

Additional information on UFSA's capital assets is available in the notes to the financial statements.

Long-term Debt: In June 2016, the Local Building Authority (LBA) of UFSA issued Lease Revenue & Refunding Bonds Series 2016A in to refund its 2008 Lease Revenue bonds and gain additional funding of $6 million to complete Station #117 in Taylorsville. UFSA's bonds are rated Aa2 by Moody's. Principal owed for the 2016A bonds is $32,375,000. Unamortized premium on the 2016A bonds is $2,566,446. Interest payments totaling $1,060,360 were made during the year on the 2016A series bonds. Amortization of premium on the 2016A bonds was $143,741.

Principal owed for the 2008 bonds is $1,115,000. Payments on the 2008 bonds totaled $1,150,039 ($1,060,000 principal and $75,424 interest) in 2017.

Additional information about UFSA's long-term liabilities is available in the notes to the financial statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

Significant differences between the original and final budget can be summarized as follows:

- $365,825 increase to property taxes and motor vehicle fees
- $1.7 million increase in operating costs predominantly to cover capital lease payments originally budgeted as interest and a change in reporting for tax increment payments withheld by Salt Lake County on behalf of redevelopment agencies
- $1.4 million decrease in interest costs to offset increase in capital lease payments paid to Debt Service fund (see previous item)

Significant variations in actual results over final budget in the general fund can be summarized as follows:

- New growth within UFSA resulted in taxes, motor vehicle fees, and impact fee revenues higher than anticipated (combined overage is nearly $1.1 million)
- Actual tax increment payments withheld by Salt Lake County on behalf of redevelopment agencies exceeded budget by $182,416

For a detailed budgetary comparison schedule, see the Required Supplementary Information section, beginning on page 24.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

At the end of 2017, Unified Fire Service Area's economic condition continues to be strong. A key indicator to UFSA of the strong economy is the continued level of impact fee collections. 2017 saw improved collections over 2016. This improvement reflects the high growth of new residential and commercial developments in the service area.

UFSA opened a new station in Taylorsville in March 2017 and continues to review plans for fire stations, including the purchase of land for new stations, replacement of aging stations, and remodeling of some existing stations. The 2018 budget has funds allocated to provide seismic evaluation and retrofit assessments on all our stations. It also includes money to create station architecture design and rendering.

For the 2018 budget year, UFSA went through the truth-in-taxation process and is planning to increase taxes 9.56%. The purpose of the increase is to keep up with inflation and normal increases in operating costs passed to the service area from UFA, to restore ending fund balance to Board policy levels, and to preserve UFSA's bond rating.

In April 2016, Moody's Investors Service assigned an Aa2 rating for the Service Area's refunding of the 2008 lease revenue bonds, with an implied GO bond rating of Aa1. Key rating drivers were the solid local economy and a sound debt profile.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of UFSA's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Chief Financial Officer, 3380 South 900 West, Salt Lake City, UT, 84119.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS
GOVERNMENTAL FUND FINANCIAL STATEMENTS
NOTES TO FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
December 31, 2017

ASSETS	
Cash and cash equivalents	$ 4,949,542
Cash and cash equivalents held by fiscal agent	2,917
Receivables	1,382,425
Long term related party note receivable	2,057,826
Capital assets, net of accumulated depreciation	45,427,345
Total Assets	53,820,055
DEFERRED OUTFLOWS OF RESOURCES	
Loss on refunding	86,599
Total Assets and Deferred Outflows of Resources	$ 53,906,654
LIABILITIES	
Accounts payable	15,348
Accrued liabilities	280,311
Lease revenue bonds payable	
Due within one year	1,488,780
Due in more than one year	34,567,666
Total Liabilities	36,352,105
NET POSITION	
Net Investment in Capital Assets	9,458,257
Restricted for capital projects	759
Unrestricted	8,095,533
Total Net Position	$ 17,554,549

The accompanying notes are an integral part of the financial statements.

STATEMENT OF ACTIVITIES
Year ended December 31, 2017

Function/Programs	Expenses	PROGRAM REVENUES Charges for Services	NET EXPENSE AND NET POSITION
GOVERNMENTAL ACTIVITIES:			
General government	$ 47,874,049	$ 1,984,319	$ (45,889,730)
Interest on long-term debt	992,044	-	(992,044)
Total	$ 48,866,093	$ 1,984,319	(46,881,774)
GENERAL REVENUES			
Real property taxes			42,878,586
Motor vehicle fees			2,659,966
Unrestricted investment earnings			203,496
Miscellaneous income			2,247
Total general revenues			45,744,295
Change in net position			(1,137,479)
Net position - beginning			20,897,016
Restatements			(2,204,988)
Net position - ending			$ 17,554,549

The accompanying notes are an integral part of the financial statements.

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017

	MAJOR FUNDS			
	General Fund	Capital Improvement Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 4,949,542	$ -	$ -	$ 4,949,542
Cash and cash equivalents held by fiscal agent	-	-	2,917	2,917
Taxes receivable	1,382,425	-	-	1,382,425
Due from other funds	-	759	-	759
Total Assets	$ 6,331,967	$ 759	$ 2,917	$ 6,335,643
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Accounts payable	$ 15,348	$ -	$ -	$ 15,348
Due to other funds	-	-	759	759
Total Liabilities	15,348	-	759	16,107
FUND BALANCES				
Spendable:				
Restricted for:				
Capital outlay	-	759	-	759
Debt service	-	-	2,158	2,158
Unassigned	6,316,619	-	-	6,316,619
Total Fund Balances	6,316,619	759	2,158	6,319,536
Total Liabilities and Fund Balances	$ 6,331,967	$ 759	$ 2,917	$ 6,335,643

The accompanying notes are an integral part of the financial statements.

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

December 31, 2017

Total Fund Balances - Governmental Funds		$ 6,319,536
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets in governmental activities are not financial therefore are not reported in the funds.		45,427,345
Related party note receivable		2,057,826
Long-term liabilities, including lease revenue bonds, are not due and payable in the current period and, therefore, are not reported in the funds .		
Accrued interest on long term debt	$ (280,311)	
Loss on bond refunding	86,599	
Lease revenue bonds	(36,056,446)	
		(36,250,158)
Net Position of Governmental Activities		$ 17,554,549

The accompanying notes are an integral part of the financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year ended December 31, 2017

	MAJOR FUNDS			
	General Fund	Capital Improvement Fund	Debt Service Fund	Total Governmental Funds
REVENUES				
Real property taxes	$ 42,878,586	$ -	$ -	$ 42,878,586
Motor vehicle fees	2,659,966	-	-	2,659,966
Impact fees	1,984,319	-	-	1,984,319
Lease revenue	-	-	2,179,788	2,179,788
Investment earnings	198,420	2,584	2,492	203,496
Other income	2,247	-	-	2,247
Total Revenues	47,723,538	2,584	2,182,280	49,908,402
EXPENDITURES				
Current				
Operations	48,190,467	-	-	48,190,467
General and administrative	510,249	-	-	510,249
Capital outlay	253,028	314,120	-	567,148
Debt service				
Principal	-	-	1,060,000	1,060,000
Interest	201,452	-	1,463,521	1,664,973
Debt issuance cost and fees	24,745	-	-	24,745
Total Expenditures	49,179,941	314,120	2,523,521	52,017,582
Deficiency of Revenues Under Expenditures	(1,456,403)	(311,536)	(341,241)	(2,109,180)
OTHER FINANCING SOURCES (USES)				
Principal payments received from related party	103,492	-	-	103,492
Total other financing sources	103,492	-	-	103,492
Net change in fund balances	(1,352,911)	(311,536)	(341,241)	(2,005,688)
Fund balances at beginning of year	7,669,530	312,295	343,399	8,325,224
Fund balances at end of year	$ 6,316,619	$ 759	$ 2,158	$ 6,319,536

The accompanying notes are an integral part of the financial statements.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended December 31, 2017

Total Net Change in Fund Balances - Governmental Funds		$(2,005,688)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current year, these amounts were as follows:		
Depreciation expense	(1,126,924)	
Capital outlay	567,148	
		(559,776)
Principal payments received on long-term related party note receivable		(103,492)
The issuance of long-term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Costs associated with the issuance of long-term debt are reported as expenditures in the governmental but deferred and amortized throughout the period during which the related debt is outstanding. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces term liabilities in the statement of net position.		
Repayment of long-term debt		1,060,000
Some expenses reported in the Statement of Activities do not require use of current financial resources and therefore are not reported as ex- penditures in governmental funds. These activities consist of the		
Amortization of refunding bond premium	80,589	
Amortization of loss on bond refunding	63,152	
Accrued interest on long-term debt	327,736	
		471,477
Change in Net Position of Governmental Activities		$(1,137,479)

The accompanying notes are an integral part of the financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Salt Lake Valley Fire Service Area (SLVFSA) was created effective in 2004 to manage and provide fire protection services. The fire service area was created to provide fire protection and emergency medical services to the unincorporated areas of Salt Lake County. Effective January 1, 2008, SLVFSA assessed and recorded its own property taxes apart from Salt Lake County. Also beginning January 1, 2008, Unified Fire Authority (UFA) assumed management and administrative support for SLVFSA. Prior to these two changes, Salt Lake County reported SLVFSA as a blended component unit of its primary government. Midvale City and Eagle Mountain City joined SLVFSA to provide fire protection and emergency medical services to its citizens in July 2011 and January 2013, respectively. In March 2013, the Board approved changing SLVFSA's entity name to Unified Fire Service Area. The City of Taylorsville joined UFSA in January 1, 2014.

UFSA is a separate legal entity, with an fourteen member board of elected officials, three of which represent unincorporated areas of Salt Lake County and eleven of which represent the cities of Eagle Mountain, Herriman, Midvale, Millcreek, Riverton, and Taylorsville, as well as townships of Copperton, Emigration Canyon, Kearns, Magna, and White City.

Blended Component Unit

The Local Building Authority of the Salt Lake Valley Fire Service Area (LBA) was created in 2008. In March 2013, the Board approved changing the LBA's entity name to the Local Building Authority of the Unified Fire Service Area. The LBA is governed by the Board of UFSA. Although it is legally separate from UFSA, it is reported as if it were part of the primary government. The LBA was created solely for the benefit of UFSA with a purpose to acquire, improve, construct, and finance capital facilities within the fire service area. It should be noted that the LBA currently has one capital projects fund and one debt service fund.

Government-Wide and Fund Financial Statements

Government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of UFSA. The effect of interfund activity has been removed from these statements. The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those which are clearly identifiable with a specific program. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Other items not properly included among program revenues are reported as general revenues.

Fund financial statements present each major individual fund as a separate column. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. UFSA segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Property taxes are recognized as revenues in the year for which they are levied.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Governmental funds are those through which most of the governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets, deferred outflows of resources, and liabilities is reported as fund balance. UFSA has presented the following major governmental funds:

- *General Fund* – the general fund is the main operating fund of UFSA, used for all financial resources not accounted for in other funds. All general revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.

- *Capital Improvements Fund* – a capital projects fund used to account for funds received and expended for the acquisition and construction of capital equipment and facilities throughout UFSA's jurisdiction.

- *Debt Service Fund* – the LBA's debt service fund is used to account for the accumulation of resources for and the payment of long-term debt principal, interest, and related costs.

Cash Equivalents

Cash equivalents are highly liquid investments with maturities of three months or less when purchased.

Capital Assets

Capital assets are reported in the government-wide financial statements. Capital assets are defined by UFSA as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. If purchased, such assets are recorded at historical cost. Assets are recorded at fair value at the date of gift, if donated. Assets transferred from other governmental entities are recorded at the net book value removed from the conveying government's books.

Major additions are capitalized while maintenance and repairs, which do not improve or extend the life of the respective assets, are charged to expense. No depreciation is recognized on construction in progress until the asset is placed in service. UFSA does not possess any infrastructure.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Building and improvements	5 – 40 years
Land improvements	2 – 31 years
Machinery and equipment	5 – 15 years

Restricted Assets

Certain proceeds of UFSA's 2016 lease revenue bonds, as well as certain resources set aside for their repayment, are maintained in separate bank accounts and are classified as restricted assets because their use is limited by bond covenants. The "reserve fund" accounts, with a balance of $2,917 at December 31, 2017, are used to report resources set aside for the payment of principal and interest on the lease revenue bonds.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenditure Recognition

In governmental funds, expenditures are generally recorded when the related liability is incurred. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures, and proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources. When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, UFSA generally uses restricted resources first, then unrestricted resources.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Nonexchange transactions, in which UFSA receives value without directly giving value in return, include grants and donations. On the accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include: timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which UFSA must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to UFSA on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must be available before it can be recognized.

Net Position/Fund Balances

The difference between assets and deferred outflows of resources and liabilities is reported as net position on the government-wide financial statements and fund balance on the governmental fund statements. UFSA's net position is classified as follows:

- *Invested in capital assets, net of related debt* – This component of net position consists of UFSA's total investment in capital assets, net of accumulated depreciation, reduced by the outstanding debt obligations related to those assets. To the extent debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.
- *Restricted for capital projects* – This component of net position consists of net position related to funds held in escrow that are restricted for the completion of capital projects.
- *Unrestricted* – This component of net position consists of items of net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

In the governmental fund statements, fund balances are classified as nonspendable, restricted, committeed, assigned, or unassigned. Restricted represents those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the UFSA Board, such as an appropriation. Assigned fund balance is constrained by the Board's intent to be used for specific purposes, by directive of the Board. When an expenditure is incurred for purposes which restricted, committed, assigned and unassigned resources are available, UFSA generally uses restricted resources first, followed by committed and assigned resources before unassigned resources are used.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risk Management

UFSA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which it carries commercial insurance. There were no significant reductions in coverage from prior year, and settlement claims resulting from these risks have not exceeded commercial insurance coverage.

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents, and investments consisted of the following at December 31, 2017:

Cash and cash equivalents:	
Cash - net of outstanding checks	$ 671,937
Public Treasurer's Investment Fund (PTIF)	4,277,604
Total unrestricted cash and cash equivalents	4,949,541
Cash and cash equivalents held by fiscal agent (invested in PTIF)	2,917
Total cash, cash equivalents, and investments	$ 4,952,458

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the State, and review the rules adopted under the authority of the Utah Money Management Act that relate to the deposit and investment of public funds.

UFSA follows the requirements of the Utah Money Management Act in handling its depository and investment transactions. The Act requires depositing of UFSA's funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the local government's deposits may not be recovered. UFSA's deposits are insured up to $250,000 per institution by the Federal Depository Insurance Corporation (FDIC). Deposits above $250,000 are exposed to credit risk. As of December 31, 2017, UFSA's depository bank balance was $617,758, of which $367,758 is uninsured. Utah State Law does not require deposits to be insured or collateralized. UFSA does not have a formal deposit policy for custodial credit risk.

The Money Management Act defines the types of securities authorized as appropriate investments for UFSA's funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments

These statutes authorize UFSA to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Money Management Act; and the Utah State Public Treasurers' Investment Fund (PTIF).

The Utah State Treasurer's Office operates the PTIF and is available for investment of funds administered by any Utah public treasurer. The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments. The PTIF operates and reports to participants on an amortized cost basis. The participant's balance is their investment deposited in the PTIF plus their share of income, gains, and losses net of administration fees which is allocated to each participant on the ratio of each participant's share to the total funds in the PTIF. The participant's monthly investment amount is based upon their average daily balance.

At June 30 and December 31 each year, the fair value of the investments is determined to enable participants (public entities having those year ends) to adjust their investments in the pool. As of December 31, 2017, UFSA had $4,277,604 invested in PTIF. Additionally, $2,917 held by a fiscal agent was invested in PTIF at December 31, 2017. The entire balance had a maturity of less than one year. The PTIF pool has not been rated. The PTIF is reported as a fiduciary fund by the State of Utah in its Comprehensive Annual Financial Report. A copy of the report may be obtained online at https://treasurer.utah.gov/investor-information/comprehensive-annual-financial-report-cafr.

Fair Value of Investments

UFSA measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs

At December 31, 2017, UFSA had the following cash and investments:

	Carrying Value	Fair Value Factor	Fair Value	Credit Rating	Weighted Average Maturity
Cash on deposit:					
Cash on deposit	$ 671,937	1.000000	$ 671,937	N/A	N/A
Utah State Treasurer's investment pool accounts	4,280,521	1.004169	4,298,364	N/A	N/A
Total cash on deposit	$ 4,952,458		$ 4,970,301		

The fair value measurement of UFSA's PTIF investments is considered Level 2.

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. UFSA manages its exposure to declines in fair value by investment mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. UFSA's investment policy limits the term of investments to a maximum maturity that shall not exceed five years in order to manage its exposure to fair value losses arising from increasing interest rates. The investment policy also specifies that UFSA's investment portfolio will remain sufficiently liquid to enable UFSA to meet all operating requirements which might be reasonably anticipated.

Custodial Credit Risk for investments is the risk that, in the event of a failure of the counterparty, UFSA will not be able to recover the value of the investment or collateral securities that are in possession of an outside party. UFSA's policy for limiting the credit risk of investments is to comply with the Money Management Act, as previously discussed. All of UFSA's investments at December 31, 2017 were with the PTIF and therefore are unrated and are not categorized as to custodial credit risk. *Concentration of credit risk* is the risk of loss attributed to the magnitude of a government's investment in a single issuer. UFSA's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council, as applicable. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

NOTE 3 - PROPERTY TAXES

Property taxes attach an enforceable lien on property as of January 1 in the year in which due and are assessed in July through billing to the property owner. All unpaid taxes are due and become delinquent on November 30. Property tax revenues are recognized by UFSA when they are collected. Property taxes are billed and collected by Salt Lake County and Utah County on behalf of UFSA and remitted monthly. Property taxes received by UFSA within 60 days after year end are recorded as revenue as of year-end. The 2017 Certified Tax Rate for UFSA is .001812 (.001809 for general operations and .000003 for discharge of judgement).

In addition to various taxes UFSA levies for its own purposes, it levies taxes for other governments; those taxes are forwarded to those other governments as the taxes are collected. Taxes levied in 2017 for other governments are recorded as revenue with an equivalent amount of expenditure totaling $1,273,732. Incremental taxes forwarded during 2017 to various redevelopment agencies within the service area for the purposes of financing urban renewal, economic development, and community development projects by earmarking property tax revenue from increases in assessed values within the project areas are as follows:

	Taxes Abated During Year	
Project	**Percentage**	**Amount**
West Millcreek	80%	$ 77,595
Magna	70%	14,125
Magna Arbor Park	90%	30,945
Bingham Junction	80%	809,278
Riverton City Redwood Road	75%	36,706
5400 S Bangerter Highway	75%	11,763
6200 S Redwood Road	75%	33,450
Herriman Towne Center Community Development	80%	259,870
		$ 1,273,732

NOTE 4 - CAPITAL ASSETS

The changes in capital assets for the year ended December 31, 2017 are as follows:

	January 1, 2017	Additions/ Transfers In	Disposals/ Transfers Out	December 31, 2017
Capital assets not being depreciated:				
Construction in progress	$ 5,892,885	$ -	$ (5,888,178)	$ 4,707
Land	10,115,130	-	(1,100)	10,114,030
Total capital assets not being depreciated	16,008,015	-	(5,889,278)	10,118,737
Capital assets being depreciated:				
Building and improvements	34,906,370	519,232	5,888,178	41,313,780
Land improvements	998,927	-	-	998,927
Machinery and equipment	302,387	49,015	-	351,402
Total capital assets being depreciated	36,207,684	568,247	5,888,178	42,664,109
Less accumulated depreciation for:				
Building and improvements	(5,831,541)	(1,041,620)		(6,873,161)
Land improvements	(285,085)	(59,013)		(344,098)
Machinery and equipment	(111,951)	(26,291)		(138,242)
Total accumulated depreciation	(6,228,577)	(1,126,924)	-	(7,355,501)
Total capital assets being depreciated, net	29,979,107	(558,677)	5,888,178	35,308,608
Total capital assets, net	$ 45,987,122	$ (558,677)	$ (1,100)	$ 45,427,345

Depreciation charged for governmental activities for the year ended December 31, 2017, was $1,126,924.

NOTE 5 - SHORT-TERM DEBT

In March 2017, UFSA issued Tax and Revenue Anticipation Notes, Series 2017, in the amount of $23 million at a 1.05% interest rate for a short-term basis until tax revenue was received. Issuance costs related to the TRAN were $24,745. Principal and interest totaling $23,185,150 were paid on December 21, 2017.

NOTE 6 - LONG-TERM DEBT

	Beginning	Increases	(Decreases)	Ending
Local Building Authority Lease Revenue and Refunding Bonds, series 2016 (issued June 2016)	32,375,000	-	-	32,375,000
Local Building Authority Lease Revenue and Refunding Bonds, series 2016 premium (issued June 2016)	2,715,226	-	(148,780)	2,566,446
Local Building Authority Lease Revenue Bonds, series 2008 (issued August 14, 2008)	2,175,000	-	(1,060,000)	1,115,000

Local Building Authority (LBA) Lease Revenue and Refunding bonds, series 2016A, were issued on June 14, 2016, in the amount of $32,375,000 to refund the 2008 LBA Lease Revenue Bonds originally issued in the aggregate principal amount of $32,950,000. The new bonds bear interest from 2.00% to 4.00% and are due in annual installments ranging from $1,282,500 to $2,595,500 through April 1, 2035. These bonds are not considered general obligation bonds of UFSA, but are special obligations payable from the lease revenues derived from the assets acquired or constructed with bond proceeds. The new issue provided $6,000,000 in additional funding to build a fire station in Taylorsville City. The bond refunding reduces debt service payments by $7,032,548 through 2033.

The following is a schedule of future maturities on lease revenue and refunding bonds in the LBA as of December 31, 2017:

Maturity Date	Total	Principal	Interest	Interest Rates
2018	1,282,500	225,000	1,057,500	2.00%
2019	2,589,750	1,550,000	1,039,750	2.00%
2020	2,583,500	1,575,000	1,008,500	2.00%
2021	2,576,750	1,600,000	976,750	2.00%
2022	2,577,750	1,650,000	927,750	4.00%
2023	2,585,250	1,725,000	860,250	4.00%
2024	2,589,750	1,800,000	789,750	4.00%
2025	2,591,250	1,875,000	716,250	4.00%
2026	2,589,750	1,950,000	639,750	4.00%
2027	2,595,375	2,025,000	570,375	3.00%
2028	2,583,875	2,075,000	508,875	3.00%
2029	2,595,500	2,150,000	445,500	3.00%
2030	2,580,250	2,200,000	380,250	3.00%
2031	2,588,125	2,275,000	313,125	3.00%
2032	2,582,000	2,350,000	232,000	4.00%
2033	2,586,000	2,450,000	136,000	4.00%
2034	1,490,625	1,425,000	65,625	3.00%
2035	1,497,125	1,475,000	22,125	3.00%
	$ 43,065,125	$ 32,375,000	$ 10,690,125	

Certain outstanding revenue bonds of UFSA have been defeased by placing the proceeds of refunding bonds in irrevocable escrow accounts held and managed by bank trustees, and invested in U.S. Treasury obligations, the principal and interest on which would provide amounts sufficient to pay the principal and interest on the defeased bonds in accordance with the schedule of remaining payments due. Accordingly, the escrow account and the defeased bonds are not included in UFSA's financial statements. The defeased bonds outstanding at December 31, 2017, considered extinquished total $27,100,000.

The following is a schedule of future maturities on lease revenue and refunding bonds in the LBA as of December 31, 2017:

Maturity Date	Total	Principal	Interest	Interest Rates
2018	1,145,663	1,115,000	30,663	5.50%

NOTE 7 - INTERFUND ACTIVITY

During the course of operations, UFSA has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated.

Debt service on the Local Building Authority Lease Revenue Bonds, series 2016, is payable from lease payments by UFSA to the LBA for the use of fire stations. During 2017, lease payments of $2,179,788 were paid by the General fund to the LBA's Debt Service fund. Future lease payments will be equal to the required debt service payments. Assets recorded under this operating lease are land, buildings, and equipment having original cost of $30,130,314 with $3,259,147 of accumulated depreciation.

NOTE 8 - RELATED PARTY TRANSACTIONS

UFSA has been a member of UFA since its inception in July 2004. Beginning in January 2008, UFA assumed management of UFSA from Salt Lake County. UFSA paid member fees and interest of $44,728,263 and $16,302, respectively, to UFA during 2017. UFA provides fire protection service and staffing, equipment, and station maintenance for the fees it receives from UFSA. UFSA paid management fees to UFA for its services totaling $304,750 for the year ended December 31, 2017.

In February 2012, UFSA entered into an interlocal agreement with UFA to finance the purchase of a warehouse in West Jordan, Utah. In March 2012, UFSA loaned $2.5 million to UFA for purchase of the building. The agreement requires UFA to pay 228 monthly payments of $15,672 beginning 30 days following the termination of its current warehouse lease. Prior to the commencement of payments, UFA paid interest monthly at the Utah PTIF rate. Upon commencement of payments, the agreement bears 4% interest. UFA paid $104,492 in principal and $81,569 in interest to UFSA in 2017. The following is a schedule by years of future minimum payments required under the agreement as of December 31, 2017:

2018	107,708
2019	112,097
2020	116,664
2021	121,417
2022-2026	685,440
2027-2031	836,920
2032	77,580
	$ 2,057,826

NOTE 9 - SUBSEQUENT EVENTS

UFSA issued a Tax and Revenue Anticipation Note of $25.5 million in March 2018.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

As of December 31, 2017, UFSA did not have any pending litigation or potential nondisclosed liabilities.

NOTE 11 - PRIOR PERIOD ADJUSTMENT

UFA refunded its 2008 LBA Lease Revenue Bonds in 2016. The portion of the 2008 series of LBA bonds payable by refunding bond proceeds, and related accrued interest, was not included as long-term debt as of December 31, 2016. An adjustment resulting from a restatement of beginning net position of the Debt Service fund is as follows:

	Net Position	Adjustment	Restated
Governmental activities	20,897,016	(2,204,906)	18,692,110

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget
REVENUES				
Real property taxes	$ 42,173,518	$ 42,439,343	$ 42,878,586	$ 439,243
Motor vehicle fees	2,400,000	2,500,000	2,659,966	159,966
Impact fees	1,500,000	1,500,000	1,984,319	484,319
Interest income	150,000	150,000	198,420	48,420
Other income	103,492	103,492	2,247	2,247
Total Revenues	46,327,010	46,692,835	47,723,538	1,134,195
EXPENDITURES				
Current				
Operations	46,401,408	48,104,403	48,190,467	(86,064)
General and administrative	565,600	607,850	510,249	97,601
Capital outlay	334,000	334,000	253,028	80,972
Debt service				
Interest	1,524,732	150,000	201,452	(51,452)
Debt issuance costs and fees	40,000	40,000	24,745	15,255
Total Expenditures	48,865,740	49,236,253	49,179,941	56,312
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,538,730)	(2,543,418)	(1,456,403)	1,190,507
OTHER FINANCING SOURCES				
Loan payments from related party	-	-	103,492	103,492
Total other financing sources	-	-	103,492	103,492
Net change in fund balance	(2,538,730)	(2,543,418)	(1,352,911)	$ 1,293,999
Fund balance at beginning of year	7,669,530	7,669,530	7,669,530	
Fund balance at end of year	$ 5,130,800	$ 5,126,112	$ 6,316,619	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2017

NOTE 1 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Unified Fire Service Area (UFSA) adopts an "appropriated budget" for all of its funds. UFSA is required to present the adopted and final amended budgeted revenue and expenditures for each of these funds.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- By the first regularly scheduled Board meeting in November, UFSA prepares a tentative budget for the next succeeding fiscal year beginning January 1. The operating budget includes proposed expenditures and the means of financing them.

- The UFSA budget for any calendar year must be adopted by Board Resolution, following a public hearing, before the end of December of the prior calendar year, subject to later amendment as provided by law. The budget includes anticipated property tax revenue to be received during the budget year, which serves as the basis for determining the property tax levy to be set by the Board of Trustees, subject to applicable statutory limitations. Subject to possible "truth in taxation" statutory procedures that are required if the Board determines to exceed the certified tax rate, the Board generally will establish the property tax levy by June 22 of the current tax year.

- Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, as reflected in the official minutes of the Board, and are not made after fiscal year end.

- Each budget is prepared and controlled by the budget officer at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board of Trustees.

- The budgets for all funds must be filed with the Utah State Auditor within 30 days of adoption.

Budgets are prepared on a modified accrual basis of accounting according to generally accepted accounting principles for governmental funds.

NOTE 2 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended December 31, 2017, expenditures exceeded appropriations in the Debt Service fund by $247,381. The excess expenditures were covered by available fund balance in the fund.

OTHER SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES
SUPPLEMENTAL REPORTS

BUDGETARY COMPARISON SCHEDULES
Year ended December 31, 2017

LOCAL BUILDING AUTHORITY – CAPITAL PROJECTS FUND

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget
REVENUES				
Interest income	$ -	$ 2,500	$ 2,584	$ 84
Total Revenues	-	2,500	2,584	84
EXPENDITURES				
Capital outlay	$ 1,000,000	$ 314,795	$ 314,120	$ 675
Total Expenditures	1,000,000	314,795	314,120	675
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,000,000)	(312,295)	(311,536)	759
Net change in fund balance	(1,000,000)	(312,295)	(311,536)	$ 759
Fund balance at beginning of year	312,295	312,295	312,295	
Fund balance at end of year	$ (687,705)	$ -	$ 759	

BUDGETARY COMPARISON SCHEDULES

Year ended December 31, 2017

LOCAL BUILDING AUTHORITY – DEBT SERVICE FUND

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget
REVENUES				
Rent income	$ 2,276,140	$ 2,276,140	$ 2,179,788	$ (96,352)
Interest income	-	-	2,492	2,492
Total Revenues	2,276,140	2,276,140	2,182,280	(93,860)
EXPENDITURES				
Debt service				
Principal	901,408	901,408	1,060,000	(158,592)
Interest	1,374,732	1,374,732	1,463,521	(88,789)
Total Expenditures	2,276,140	2,276,140	2,523,521	(247,381)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(341,241)	(341,241)
Net change in fund balance	-	-	(341,241)	$ (341,241)
Fund balance at beginning of year	343,399	343,399	343,399	
Fund balance at end of year	$ 343,399	$ 343,399	$ 2,158	

K&C
Keddington & Christensen, LLC
Certified Public Accountants

Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, CPA

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees
Unified Fire Service Area
Salt Lake City, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Unified Fire Service Area (UFSA), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise UFSA's basic financial statements, and have issued our report thereon dated May 9, 2018.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered UFSA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of UFSA's internal control. Accordingly, we do not express an opinion on the effectiveness of UFSA's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of UFSA's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether UFSA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of UFSA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering UFSA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Keddington & Christensen, LLC

Salt Lake City, Utah

May 9, 2018

Keddington & Christensen, LLC
Certified Public Accountants

Gary K. Keddington, CPA
Phyl R. Warnock, CPA
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE *STATE COMPLIANCE AUDIT GUIDE*

Board of Trustees
Unified Fire Authority
Salt Lake City, Utah

Report On Compliance

We have audited Unified Fire Service Area's (UFSA) compliance with the following applicable state compliance requirements described in the *State Compliance Audit Guide,* issued by the Office of the Utah State Auditor, for the year ended December 31, 2017.

Budgetary Compliance
Fund Balance
Open and Public Meetings Act
Treasurer's Bond
Cash Management

Management's Responsibility
Management is responsible for compliance with the state requirements referred to above.

Auditor's Responsibility
Our responsibility is to express an opinion on UFSA's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about UFSA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirement reported above. However, our audit does not provide a legal determination of UFSA's compliance with those requirements.

Opinion on Compliance
In our opinion, Unified Fire Service Area complied, in all material respects, with the compliance requirements referred to above for the year ended December 31, 2017.

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Other Matters
The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the *State Compliance Audit Guide* and which is described in the accompanying Schedule of Findings and Recommendations as item 2017-1. Our opinion on compliance is not modified with respect to this matter.

UFSA's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Recommendations. UFSA's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of UFSA is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered UFSA's internal control over compliance with the state compliance requirements referred to above to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide,* but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of UFSA's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Recommendations as item 2017-1 that we consider to be a significant deficiency.

UFSA's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Recommendations. UFSA's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Keddington & Christensen, LLC
Salt Lake City, Utah
May 9, 2018

UNIFIED FIRE SERVICE AREA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For The Year Ended December 31, 2017

State Compliance Findings

2017-1 Budgetary Compliance (Significant Deficiency)

Condition: During our test work, it was noted that expenditures exceeded budgeted amounts by $247,381**.**

Criteria: According to Utah Code Annotated (UCA) 17B-1-619, "A local district may not make or incur expenditures or encumbrances in excess of total appropriations in the budget as adopted or as subsequently amended."

Cause: Expenditures/other financing uses exceeded budgeted amounts.

Effect: The District did not comply with the UCA as referenced above.

District Response: Management did not amend the budget for all components of the bond refunding transaction in 2017. Need for budget amendments will be closely monitored throughout the year.