



SYRACUSE CITY

Syracuse City Special RDA Agenda

April 2, 2013 – 5:30 p.m.

City Council Conference Room

Municipal Building, 1979 W. 1900 S.

1. Meeting called to order
2. Approval of Minutes:
 - a. Special Meeting of March 26, 2013.
3. Public Hearing – Proposed Resolution RDA13-01 amending the Redevelopment Agency Budget for the fiscal year 2012 – 2013.
4. Proposed amendments to the contract with Syracuse Family Fun Center.
5. Adjourn

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In compliance with the Americans Disabilities Act, persons needing auxiliary communicative aids and services for this meeting should contact the City Offices at 801-825-1477 at least 48 hours in advance of the meeting.

#### **CERTIFICATE OF POSTING**

The undersigned, duly appointed City Recorder, does hereby certify that the above notice and agenda was posted within the Syracuse City limits on this 29<sup>th</sup> day of March, 2013 at Syracuse City Hall on the City Hall Notice Board and at <http://www.syracuseut.com/>. A copy was also provided to the Standard-Examiner on March 29, 2013.

CASSIE Z. BROWN, CMC  
SYRACUSE CITY RECORDER



# RDA AGENDA

April 2, 2013

Agenda Item #2

Approval of Minutes.

***Factual Summation***

- Please see the draft minutes of the following meeting(s):
  - a. Special Meeting of March 26, 2013
- Any question regarding this agenda item may be directed at Cassie Brown, City Recorder.



1 date in order for him to meet all of the upfront costs of the project. Staff was directed by the Council to bring options to this  
2 meeting to discuss. We had discussed at the last meeting two different options. The first option was to draft a resolution that  
3 would allow Ed Gertge to postpone payment of building fees to a future date. Currently our ordinance does not allow for  
4 postponement of fees. The second option would be to increase the initial payment from the RDA to help pay the upfront  
5 costs of the project. Mr. Marshall's memo expressed his opinion is that of the two options available, the best option for the  
6 City would be to frontload the RDA payment. To be clear, this option is definitely feasible; however, as a Finance Director,  
7 this is not his recommendation. The memo explained Mr. Marshall has prepared **two** PDF files attached with this summation  
8 (included in the RDA meeting packet). One shows the current budgets with a \$300,000 payment in FY2013, while the other  
9 shows a budget with a \$400,000 payment in FY2013. Highlighted in yellow are all the payments that would be affected by  
10 frontloading more money now. Mr. Marshall's memo explained he briefly discussed at the last Council meeting that the City  
11 Council, acting as the RDA Board, would need to decide if they wanted to front load additional funds to help pay for the Fun  
12 Center expansion. The tradeoff is that there will be less money available in the next few years to spend on other potential  
13 projects in the RDA. In the event that the City Council makes the decision to frontload additional funds to help with the Fun  
14 Center expansion, we have set a public hearing for tonight with the option to adjust the RDA budget for FY2013.

15 [7:39:41 PM](#)

16 BOARDMEMBER SHINGLETON MADE A MOTION TO CONTINUE THE PUBLIC HEARING TO A DATE  
17 TO BE DETERMINED. BOARDMEMBER PETERSON SECONDED THE MOTION.

18 Boardmember Duncan asked if it is necessary to specify a date that the public hearing will be continued to. Mayor  
19 Nagle answered no.

20 [7:40:09 PM](#)

21 Mayor Nagle stated there has been a motion and a second to authorize execution of the agreement and she called for  
22 a vote. ALL VOTED IN FAVOR.

23 [7:40:17 PM](#)

24 Boardmember Lisonbee asked if there is a noticing requirement for a future public hearing if it is held during an  
25 emergency meeting. Boardmember Johnson stated that it would not be an emergency meeting; it would be a special meeting.  
26 City Attorney Carlson stated that a special meeting must be noticed 24-hours in advance. Boardmember Lisonbee stated she  
27 is concerned about providing sufficient notice of the meeting in case there are residents that would like to attend to make  
28 comments. City Recorder Brown stated that she is hopeful the item will be heard on April 9 and in that case the agenda will

1 be published four days in advance of the meeting. She stated that if it is necessary to hold a special meeting, the noticing  
2 requirement is 24-hours in advance of the meeting.

3  
4 **4. Proposed Amendments to the contract with Syracuse Family Fun Center.**

5 A staff memo from Finance Director Marshall explained staff is recommending making a few changes to the  
6 contract agreement between Syracuse City and Syracuse Family Fun Center. The project has been postponed due to issues  
7 with securing the financing to fund the expansion. As such, the contract needs to be modified to change the expected  
8 completion date to November 30, 2013 and the payment of fees date to no later than July 1, 2013. These changes will ensure  
9 that the construction can be completed in a reasonable amount of time. If the city council makes the decision to front load  
10 more money from the RDA, the contract will need to be amended to consider the increase in the amount of funding approved.  
11 Currently the amount for FY2013 is \$300,000.

12 [7:41:30 PM](#)

13 BOARDMEMBER LISONBEE MADE A MOTION TO TABLE CONSIDERATION OF THE PROPOSED  
14 AMENDMENTS TO THE CONTRACT WITH SYRACUSE FAMILY FUN CENTER. BOARDMEMBER DUNCAN  
15 SECONDED THE MOTION; ALL VOTED IN FAVOR.

16  
17  
18 At [7:41:42 PM](#) BOARDMEMBER SHINGLETON MADE A MOTION TO ADJOURN. BOARDMEMBER  
19 PETERSON SECONDED THE MOTION; ALL VOTED IN FAVOR.

20  
21 \_\_\_\_\_  
22 Jamie Nagle  
23 Mayor

\_\_\_\_\_

Cassie Z. Brown, CMC  
City Recorder

24  
25 Date approved: \_\_\_\_\_



# RDA AGENDA

April 2, 2013

## Agenda Item #3

Public Hearing – Proposed Resolution RDA13-01 amending the Redevelopment Agency Budget for the fiscal year 2012 – 2013.

### *Factual Summation*

- Any question regarding this agenda item may be directed at Finance Director Stephen Marshall.
- Council discussed different options for the fun center expansion and front loading of money at the March 26 meeting. It appeared that the consensus was to front load \$150,000 upon the fun center providing a commitment letter from the bank to fund the loan. The additional \$150,000 would be approved once the building permit application was approved. This would front load the \$300,000 originally agreed upon in the contract.
- The RDA budget currently includes the \$300,000 front loaded payment in FY2013. As you remember, the council briefly discussed front loading up to \$400,000 in FY2013. From our discussion, it appears that option is no longer on the table. However, I have included the resolution and Exhibit A provided at the last meeting in case this option is discussed. If it is not the preferred option, then the resolution and amendment to the FY2013 RDA budget will **NOT** be necessary.
- I have provided a revised RDA budget projection spreadsheet for your review. One revision of note is that if the fun center expansion is completed by the end of the calendar year, the incremental value and taxes are not paid until fall of calendar year 2014 and are not available for a rebate until spring of 2015. This shifts the incremental value in my projection one year later. To compensate, I am recommending switching payments for FY2014 and FY2019 with a net change of zero.

### *Staff Recommendation*

- ***If the council approves the \$150,000 front load at the time of proof of financing and an additional \$150,000 when the building permit is approved, there is no need to adjust the budget for FY2013 because it already reflects a payment of \$300,000.***

## 1700 South RDA

|                                   | <u>FY2012</u>        | <u>FY2013</u>        | <u>FY2014</u>        | <u>FY2015</u>        | <u>FY2016</u>        | <u>FY2017</u>        | <u>FY2018</u>        |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Tax Increment Calculation</b>  |                      |                      |                      |                      |                      |                      |                      |
| RDA Area Tax Rate                 | 0.014706             | 0.01459              | 0.01459              | 0.01459              | 0.01459              | 0.01459              | 0.01459              |
| Est. Tax Incremental Value        | \$ 24,653,960        | \$ 22,828,519        | \$ 22,143,663.43     | \$ 27,479,353.53     | \$ 26,654,972.92     | \$ 25,855,323.73     | \$ 25,079,664.02     |
| Percentage of Tax Incr.           | 100%                 | 80%                  | 80%                  | 80%                  | 80%                  | 80%                  | 75%                  |
| <b>Est. Tax Increment</b>         | <b>\$ 362,561.14</b> | <b>\$ 266,454.47</b> | <b>\$ 258,460.84</b> | <b>\$ 320,739.01</b> | <b>\$ 311,116.84</b> | <b>\$ 301,783.34</b> | <b>\$ 274,434.22</b> |
| <b>Fun Center Value Added</b>     | <b>\$ 111,525.81</b> | <b>\$ 83,933.16</b>  | <b>\$ 81,415.16</b>  | <b>\$ 150,426.60</b> | <b>\$ 145,913.80</b> | <b>\$ 141,536.39</b> | <b>\$ 128,709.65</b> |
| <b>Revenues</b>                   |                      |                      |                      |                      |                      |                      |                      |
| Tax Increment                     | \$ 362,561.14        | \$ 266,454.47        | \$ 258,460.84        | \$ 320,739.01        | \$ 311,116.84        | \$ 301,783.34        | \$ 274,434.22        |
| Interest                          | \$ 2,730.04          | \$ 3,000.00          | \$ 500.00            | \$ 500.00            | \$ 500.00            | \$ 500.00            | \$ 500.00            |
| <b>Total Revenues</b>             | <b>\$ 365,291.18</b> | <b>\$ 269,454.47</b> | <b>\$ 258,960.84</b> | <b>\$ 321,239.01</b> | <b>\$ 311,616.84</b> | <b>\$ 302,283.34</b> | <b>\$ 274,934.22</b> |
| <b>Expenses</b>                   |                      |                      |                      |                      |                      |                      |                      |
| Infrastructure Impr.              | \$ -                 | \$ 100,000.00        | \$ 100,000.00        | \$ 100,000.00        | \$ 100,000.00        | \$ 50,000.00         | \$ 40,000.00         |
| Beautification & Tentant Outreach | \$ -                 |                      |                      |                      |                      |                      |                      |
| Repayment to Holrob               | \$ 79,392.00         | \$ 63,515.00         | \$ 63,515.00         | \$ 63,515.00         | \$ 63,515.00         | \$ 63,515.00         | \$ 59,544.00         |
| Repayment to City                 | \$ 40,173.00         | \$ 7,930.00          | \$ 7,930.00          | \$ 7,930.00          | \$ 7,930.00          | \$ 7,930.00          | \$ 7,435.00          |
| Repayment to Fun Center           |                      | \$ 300,000.00        | \$ 96,000.00         | \$ 168,000.00        | \$ 168,000.00        | \$ 168,000.00        | \$ 168,000.00        |
| Interest Expense                  |                      |                      |                      |                      |                      |                      |                      |
| Office Supplies/Prof Tech         |                      | \$ 5,000.00          | \$ 2,000.00          | \$ 2,000.00          | \$ 2,000.00          | \$ 2,000.00          | \$ 2,000.00          |
| RDA Management Fee                | \$ 54,384.17         | \$ 39,968.17         | \$ 12,923.04         | \$ 16,036.95         | \$ 15,555.84         | \$ 15,089.17         | \$ 13,721.71         |
| <b>Total Expenses</b>             | <b>\$ 173,949.17</b> | <b>\$ 516,413.17</b> | <b>\$ 282,368.04</b> | <b>\$ 357,481.95</b> | <b>\$ 357,000.84</b> | <b>\$ 306,534.17</b> | <b>\$ 290,700.71</b> |
| Net increase (decrease)           | \$ 191,342.01        | \$ (246,958.70)      | \$ (23,407.20)       | \$ (36,242.94)       | \$ (45,384.00)       | \$ (4,250.83)        | \$ (15,766.49)       |
| Beginning Fund Balance            | \$ 193,229.76        | \$ 384,571.77        | \$ 137,613.07        | \$ 114,205.87        | \$ 77,962.93         | \$ 32,578.93         | \$ 28,328.10         |
| Change in Fund Balance            | \$ 191,342.01        | \$ (246,958.70)      | \$ (23,407.20)       | \$ (36,242.94)       | \$ (45,384.00)       | \$ (4,250.83)        | \$ (15,766.49)       |
| Ending Fund Balance               | \$ 384,571.77        | \$ 137,613.07        | \$ 114,205.87        | \$ 77,962.93         | \$ 32,578.93         | \$ 28,328.10         | \$ 12,561.62         |

## 1700 South RDA

| <u>FY2019</u>           | <u>FY2020</u>           | <u>FY2021</u>           | <u>FY2022</u>           | <u>FY2023</u>           | <u>FY2024</u>           | <u>FY2025</u>           | <u>FY2026</u>           |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| 0.01459                 | 0.01459                 | 0.01459                 | 0.01459                 | 0.01459                 | 0.01459                 | 0.01459                 | 0.01459                 |
| \$ 24,327,274.10<br>75% | \$ 23,597,455.88<br>75% | \$ 22,889,532.20<br>75% | \$ 22,202,846.24<br>75% | \$ 21,536,760.85<br>70% | \$ 20,890,658.02<br>70% | \$ 20,263,938.28<br>70% | \$ 19,656,020.13<br>70% |
| \$ 266,201.20           | \$ 258,215.16           | \$ 250,468.71           | \$ 242,954.64           | \$ 219,954.94           | \$ 213,356.29           | \$ 206,955.60           | \$ 200,746.93           |
| \$ 124,848.36           | \$ 121,102.91           | \$ 117,469.82           | \$ 113,945.73           | \$ 103,158.87           | \$ 100,064.10           | \$ 97,062.18            | \$ 94,150.31            |
| \$ 266,201.20           | \$ 258,215.16           | \$ 250,468.71           | \$ 242,954.64           | \$ 219,954.94           | \$ 213,356.29           | \$ 206,955.60           | \$ 200,746.93           |
| \$ 500.00               | \$ 500.00               | \$ 500.00               | \$ 500.00               | \$ 500.00               | \$ 500.00               | \$ 500.00               | \$ 500.00               |
| <u>\$ 266,701.20</u>    | <u>\$ 258,715.16</u>    | <u>\$ 250,968.71</u>    | <u>\$ 243,454.64</u>    | <u>\$ 220,454.94</u>    | <u>\$ 213,856.29</u>    | <u>\$ 207,455.60</u>    | <u>\$ 201,246.93</u>    |
| \$ 29,000.00            | \$ 75,000.00            | \$ 75,000.00            | \$ 75,000.00            | \$ 75,000.00            | \$ 50,000.00            | \$ 50,000.00            | \$ 50,000.00            |
| \$ 59,544.00            | \$ 59,544.00            | \$ 59,544.00            | \$ 59,544.00            | \$ 55,575.00            | \$ 45,550.00            | \$ -                    | \$ -                    |
| \$ 7,435.00             | \$ 7,435.00             | \$ 7,435.00             | \$ 7,435.00             | \$ 6,939.00             | \$ 10,025.00            | \$ 62,514.00            | \$ 62,514.00            |
| \$ 168,000.00           | \$ 96,000.00            | \$ 90,000.00            | \$ 90,000.00            | \$ 84,000.00            | \$ 84,000.00            | \$ 72,000.00            | \$ 72,000.00            |
| \$ 2,000.00             | \$ 2,000.00             | \$ 2,000.00             | \$ 2,000.00             | \$ 2,000.00             | \$ 2,000.00             | \$ 2,000.00             | \$ 2,000.00             |
| \$ 13,310.06            | \$ 12,910.76            | \$ 12,523.44            | \$ 12,147.73            | \$ 10,997.75            | \$ 10,667.81            | \$ 10,347.78            | \$ 10,037.35            |
| <u>\$ 279,289.06</u>    | <u>\$ 252,889.76</u>    | <u>\$ 246,502.44</u>    | <u>\$ 246,126.73</u>    | <u>\$ 234,511.75</u>    | <u>\$ 202,242.81</u>    | <u>\$ 196,861.78</u>    | <u>\$ 196,551.35</u>    |
| \$ (12,587.86)          | \$ 5,825.40             | \$ 4,466.27             | \$ (2,672.09)           | \$ (14,056.81)          | \$ 11,613.48            | \$ 10,593.82            | \$ 4,695.59             |
| \$ 12,561.62            | \$ (26.25)              | \$ 5,799.16             | \$ 10,265.43            | \$ 7,593.34             | \$ (6,463.47)           | \$ 5,150.01             | \$ 15,743.83            |
| \$ (12,587.86)          | \$ 5,825.40             | \$ 4,466.27             | \$ (2,672.09)           | \$ (14,056.81)          | \$ 11,613.48            | \$ 10,593.82            | \$ 4,695.59             |
| <u>\$ (26.25)</u>       | <u>\$ 5,799.16</u>      | <u>\$ 10,265.43</u>     | <u>\$ 7,593.34</u>      | <u>\$ (6,463.47)</u>    | <u>\$ 5,150.01</u>      | <u>\$ 15,743.83</u>     | <u>\$ 20,439.42</u>     |

## 1700 South RDA

| <u>FY2027</u>           | <u>FY2028</u>           | <u>FY2029</u>           | <u>FY2030</u>           | <u>FY2031</u>           | <u>FY2032</u>           |                        |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|------------------------|
| <b>0.01459</b>          | <b>0.01459</b>          | <b>0.01459</b>          | <b>0.01459</b>          | <b>0.01459</b>          | <b>0.01459</b>          |                        |
| \$ 19,066,339.53<br>70% | \$ 18,494,349.34<br>60% | \$ 17,939,518.86<br>60% | \$ 17,401,333.30<br>60% | \$ 16,879,293.30<br>60% | \$ 16,372,914.50<br>60% |                        |
| <b>\$ 194,724.53</b>    | <b>\$ 161,899.53</b>    | <b>\$ 157,042.55</b>    | <b>\$ 152,331.27</b>    | <b>\$ 147,761.33</b>    | <b>\$ 143,328.49</b>    | <b>\$ 4,911,491.05</b> |
| <b>\$ 91,325.80</b>     | <b>\$ 75,930.88</b>     | <b>\$ 73,652.96</b>     | <b>\$ 71,443.37</b>     | <b>\$ 69,300.07</b>     | <b>\$ 67,221.06</b>     | <b>\$ 2,164,136.98</b> |
| \$ 194,724.53           | \$ 161,899.53           | \$ 157,042.55           | \$ 152,331.27           | \$ 147,761.33           | \$ 143,328.49           |                        |
| \$ 500.00               | \$ 500.00               | \$ 500.00               | \$ 500.00               | \$ 500.00               | \$ 500.00               |                        |
| <u>\$ 195,224.53</u>    | <u>\$ 162,399.53</u>    | <u>\$ 157,542.55</u>    | <u>\$ 152,831.27</u>    | <u>\$ 148,261.33</u>    | <u>\$ 143,828.49</u>    |                        |
| \$ 50,000.00            | \$ 50,000.00            | \$ 50,000.00            | \$ 50,000.00            | \$ 35,000.00            | <b>\$ 58,173.74</b>     | <b>\$ 1,262,173.74</b> |
| \$ -                    | \$ -                    | \$ -                    | \$ -                    | \$ -                    | \$ -                    |                        |
| \$ 62,514.00            | \$ 44,653.00            | \$ 53,583.00            | \$ 53,583.00            | \$ 53,583.00            | \$ 53,583.00            |                        |
| <b>\$ 60,000.00</b>     | <b>\$ 60,000.00</b>     | <b>\$ 60,000.00</b>     | <b>\$ 48,000.00</b>     | <b>\$ 48,000.00</b>     | <b>\$ 30,000.00</b>     | <b>\$ 2,130,000.00</b> |
| \$ 2,000.00             | \$ 2,000.00             | \$ 2,000.00             | \$ 2,000.00             | \$ 2,000.00             | \$ 2,000.00             |                        |
| \$ 9,736.23             | \$ 8,094.98             | \$ 7,852.13             | \$ 7,616.56             | \$ 7,388.07             | \$ 7,166.42             |                        |
| <u>\$ 184,250.23</u>    | <u>\$ 164,747.98</u>    | <u>\$ 173,435.13</u>    | <u>\$ 161,199.56</u>    | <u>\$ 145,971.07</u>    | <u>\$ 150,923.16</u>    |                        |
| \$ 10,974.30            | \$ (2,348.44)           | \$ (15,892.58)          | \$ (8,368.29)           | \$ 2,290.27             | \$ (7,094.67)           |                        |
| \$ 20,439.42            | \$ 31,413.71            | \$ 29,065.27            | \$ 13,172.69            | \$ 4,804.40             | \$ 7,094.67             |                        |
| \$ 10,974.30            | \$ (2,348.44)           | \$ (15,892.58)          | \$ (8,368.29)           | \$ 2,290.27             | \$ (7,094.67)           |                        |
| <u>\$ 31,413.71</u>     | <u>\$ 29,065.27</u>     | <u>\$ 13,172.69</u>     | <u>\$ 4,804.40</u>      | <u>\$ 7,094.67</u>      | <u>\$ (0.00)</u>        |                        |

**RESOLUTION RDA13-01**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SYRACUSE CITY REDEVELOPMENT AGENCY ADJUSTING THE ANNUAL BUDGET FOR FISCAL YEAR ENDING JUNE 30, 2013.**

**WHEREAS**, the Uniform Budgetary Procedures set forth in State Statute 10-6-128 allow for amendments and increases to individual fund budgets; and

**WHEREAS**, on March 26, 2013, the City Council held a public hearing to allow interested persons in attendance an opportunity to be heard for or against the proposed budgetary changes; and

**WHEREAS**, the City Council has determined that approval of the budgetary amendments will promote the orderly operation of the City;

**NOW, THEREFORE, BE IT ENACTED AND ORDAINED BY THE CITY COUNCIL OF SYRACUSE DAVIS COUNTY, STATE OF UTAH, AS FOLLOWS:**

**SECTION 1: Amendments.** The following adjustments to the Redevelopment Budget are hereby made for the Fiscal Year 2013 operating budget.

- See attachment

**SECTION 2. Severability.** If any section, part or provision of this Resolution is held invalid or unenforceable, such invalidity or unenforceability shall not affect any other portion of this Resolution, and all sections, parts and provisions of this Resolution shall be severable.

**SECTION 3. Effective Date.** This Resolution shall become effective immediately upon its passage.

**PASSED AND ADOPTED BY THE CITY COUNCIL OF SYRACUSE CITY, STATE OF UTAH, THIS 26<sup>th</sup> DAY OF March, 2013.**

**SYRACUSE CITY**

ATTEST:

\_\_\_\_\_  
Cassie Z. Brown, City Recorder

By: \_\_\_\_\_  
Jamie Nagle, Mayor

# Syracuse City

## FY 2013 Budget Adjustments



|                                                | <u>Original Budget</u> | <u>Amended Budget</u> | <u>Increase / (Decrease)</u> |
|------------------------------------------------|------------------------|-----------------------|------------------------------|
| <b>RDA Fund</b>                                |                        |                       |                              |
| <b><u>Expenditure adjustments:</u></b>         |                        |                       |                              |
| Repayments to Financers                        | 389,305.00             | 489,305.00            | 100,000.00                   |
|                                                |                        |                       | <u>100,000.00</u>            |
|                                                | <u>Revenue</u>         | <u>Expenses</u>       |                              |
| RDA Fund net change                            | -                      | 100,000.00            | (100,000.00)                 |
| Beginning fund overage                         |                        |                       | (269,555.00)                 |
|                                                |                        |                       | <u>(369,555.00)</u>          |
| Overall fund deficit to come from fund balance |                        |                       | (369,555.00)                 |



# RDA AGENDA

April 2, 2013

Agenda Item #4                      Discussion on amending the contract with  
Syracuse Family Fun Center.

### *Factual Summation*

- Any question regarding this agenda item may be directed at Finance Director Stephen Marshall or City Attorney Will Carlson.
- Staff is recommending making a few changes to the contract agreement between Syracuse City and Syracuse Family Fun Center. We are recommending the changes as outlined in the draft provided to you.

### *Staff Recommendation*

- *We recommend making changes as outlined in blue in the attached contract.*



6985 Union Park Center  
Suite 150  
Cottonwood Heights, UT 84047

March 26, 2013

Syracuse Family Fun Center, LLC  
1806 South 2000 West  
Syracuse, UT 84075

Re: Your Application for SBA 7(a)

You recently submitted an Application for SBA 7(a), to Proficio Bank ("The Bank") in the amount of \$5,000,000.00 ("Application"). This letter confirms The Bank's willingness to extend the loan subject to the conditions stated below, and included in the attached SBA Authorization; and other critical matters relevant to the loan ("Loan").

- I. Conditions Precedent. The Loan is conditioned upon at least the following requirements. All of these and any other conditions set by The Bank, and the SBA must be met to The Bank's satisfaction prior to any closing. Some of the conditions have already been met and are not being addressed in the letter.
- A. No breach of any warranty or representation contained in your Application;
  - B. No material adverse change in your financial business, or operational condition as of the Loan closing;
  - C. The Bank's receipt from you of the following:
    - 1. First priority secured mortgage interest in, or deed of trust or similar agreement covering: Land and Buildings of 1806 South 2000 West in Syracuse, Utah ("Property");
    - 2. Completed and executed documents customarily required by The Bank, and the SBA as may be requested in the SBA Authorization;
    - 3. Mortgage title insurance policy for the Loan amount to be arranged by The Bank as applicable in accordance with local regulations and requirements;
    - 4. True copies of policies or certificates of insurance that show your procurement of casualty and liability insurance coverages.
    - 5. Evidence acceptable to The Bank that the Property is in compliance with applicable land use restrictions, zoning laws, ordinances, and regulations;
    - 6. Your waiver of and release of The Bank from, any and all past and present claims, defenses, causes of action, or damages, arising from any and all dealings and relationships between The Bank and you and any of your affiliates;
    - 7. Your agreement to indemnify and hold The Bank and its officers, directors, agents, and employees harmless from and against any loss, claims, or expenses, including, but not limited to, reasonable attorney fees, arising out of or relating to the Loan; and
    - 8. Approval subject to SBA Approval and all SBA loan requirements; and

9. Your agreement to provide all needed information, and documentation required by the Bank and the SBA.
- D. Your procurement of all governmental and third party consents as necessary or appropriate in connection with the Loan.
- II. Loan Parameters. The general terms of the Loan are as follows: (The general terms of the Loan are to be outlined in the loan documentation, and provided to you for review prior to loan closing.)
- A. Amount: \$5,000,000.00
- B. Processing Fee: \$2,500.00
- C. Construction Fee: payment for the inspection reports by the third party
- D. Interest Rate: The interest rate on the principal balance outstanding under the loan will be determined as follows and is subject to any interest rate change that may occur between the date of this letter and the actual date of closing:

Floating at the Wall Street Journal Prime rate (currently 3.25%) plus 175 basis points as of five business days immediately prior to closing, adjusted every five years.

In no case is the interest rate/spread commitment valid after the Reply Deadline indicated below.

- E. Payment Terms: Construction term and then 300 successive monthly installment payments as follows:
1. Construction duration of up to 12 months with interest only monthly payments accruing at Prime plus 175 basis points.
  2. Blended Payments: 299 payments representing both principal and interest, and one final payment of the balance due.
- F. Term: 300 months; Amortization: 300 months – both after the construction has finished within twelve months.
- I. Collateral: First priority security interest in the Property, structures on it, and related fixtures;
- J. Additional Security:
1. Guaranties of: Ed Gertge and Dwight Gailey
- III. Other Matters. In addition to the foregoing, the following points apply to our future discussions regarding your Application and the Loan.
- A. This commitment letter is limited to the express terms contained herein and is not an offer or commitment to make any other loan or credit accommodation, or create any additional obligation to you.
- B. The substantive laws of the state in which the Property is located will govern all claims of any nature arising in connection with this letter.

Sincerely,

*Aguienie Mux*

VP, SBA Business Development

Syracuse Family Fun Center, LLC

Signature: Edward George

By (print): Edward George

Title: Owner

Date: 3/28/13

The Bank

Signature: Aguiendo Merx

By (print): AGA MERX

Title: Vice President

Date: 3.28.13