PRIVATE ACTIVITY BOND AUTHORITY BOARD MEETING

Governor's Office of Economic Development
Salt Lake City, Utah

MINUTES
Wednesday, April 13, 2016

Members Present	**Representing**
John T. Crandall (Chairman)	Governor’s Office of Economic Development
David Damschen	State Treasurer
Theresa A. Foxley	Governor’s Office of Economic Development
Grant S. Whitaker	Utah Housing Corporation
David A. Feitz	Utah State Board of Regents
Scott J. Bond	Sandy City
Bryan E. Thompson	Utah County
Wayne Parker	Provo City
Excused Members	
Jamie Davidson	Orem City
Wayne Cushing	Salt Lake County
Ricky Hatch	Weber County
Staff and Visitors	
Roxanne Graham	Governor’s Office of Economic Development
John Brereton	Affordable Housing Advisors
Michael Green	Attorney General’s Office
Preston Olsen	Ballard Spahr
Blake Wade	Ballard Spahr
Cleon Butterfield	Utah Housing Corporation
Bob McRae	Utah State Board of Regents
Dave Schwanke	Utah State Board of Regents
Jacob Wood	JF Capital
Dave Bevan	Paladin Resources
Hooper Knowlton	Paladin Resources
Joe Torman	Paladin Resources
Jeff Nielson	Wasatch Residential Group
Corey Johnson	Wasatch Residential Group
Tony Johnson	Alliance Capital
Steve Graham	Alliance Capital
Mark Cornelius	Cowboy Partners
Fred Olsen	Cowboy Partners
Joe Sherman	Reliant Group
Robert Lawler	Reliant Group
Kirt Peterson	Horizon Development
Lyman Adams	IDG

WELCOME AND INTRODUCTIONS

The Private Activity Bond Authority (PAB) Board Meeting was held in Salt Lake City, Utah, at the Governor's Office of Economic Development and called to order at 9:00 a.m., by John T. Crandall, Chairman.

APPROVAL OF MINUTES

Chairman Crandall requested a motion to approve the minutes from the January 25, 2016, Private Activity Bond Authority Board Meeting.

David Feitz moved and David Damschen seconded a motion to approve the minutes of the January 25, 2016, Private Activity Bond Authority Board Meeting. The motion carried unanimously.

STATUS OF ACCOUNTS

Roxanne Graham reviewed the 2016 Volume Cap Accounting Summary as shown below:

PAB ACCOUNTING SUMMARY
April 13, 2016

	2016 Allocation	2013 MF CF[1]	2015 MF CF[1]	QECB
Starting Balance	**$ 165,667,500**	**$ 37,660,000**	**$ 3,000,000**	**$ 4,306,920**
Single Family	$ -			
Student Loan	**$ 99,948,750**			
No applications				
Manufacturing	**$ 26,345,000**			
No applications				
Multi-Family	**$ 36,345,000**			
The Arcadia	$ 18,400,000			
Artesian Springs	$ 12,000,000			
Borden Lofts	$ 2,700,000			
The Boulders	$ 30,000,000			
Liberty Crossing	$ 3,500,000			
Liberty on Main	$ 12,000,000			
Station @ Pleasant Vw	$ 14,000,000			
Veranda	$ 21,478,000			
Total All Projects	**$ 114,078,000**			
Total Cap Available[2]	**$ 77,005,000**			
Exempt Facility	**$ 3,028,750**			
No applications				
Balance - Student/Mfg/Ex	**$ 165,667,500**	**$ -**	**$ -**	**$ 4,306,920**
Balance - MF (all accts)	**$ (37,073,000)**			

[1] Applicant must use UHC as the issuer of the bonds to use this cap.
[2] Total includes 2016 MF, 2013 & 2015 MF CF.

VOLUME CAP ALLOCATION EXTENSION REQUESTS

Single Family Account – Utah Housing Corporation

Utah Housing Corporation (UHC) requested a first extension on the $127,207,500 total volume cap allocation from the Single Family Account.

Cleon Butterfield, from UHC, updated the Board with two charts that showed the following information:

- The amount of loans purchased for CY15 was 4,300 and totaled over $759M. The tax-exempt portion of this production was 45% ($341M). Most of these loans were for first-time homebuyers.
- The production for FY16 starting on June 30, 2015 througoh March 1, 2016 is $570M. Projected production by the end of the fiscal year is $860M. The tax-exempt loan interest rate is 3.59% and includes down payment assistance up to 5%.

Chairman Crandall recapped the extension process of UHC's current year's cap, while previous year's CarryForward cap is being used first. Any remaining current year's cap will be CarryForward and can be used for three additional years.

David Damschen moved and David Feitz seconded a motion to approve the first extension on the $127,207,500 total volume cap allocation from the Single Family Account to Utah Housing Corporation. The motion carried unanimously.

Granary Place

J.F. Capital requested a first extension on the $12,340,000 volume cap allocation for the Granary Place Apartments located in Salt Lake City, Utah.

Jake Wood, representing J.F. Capital, gave the following update to the Board:

- Key Bank will be providing the tax-exempt loan for the project.
- Approval was received for the Salt Lake City Trust Fund loan. Final approval will be received the third week in April from the City Council.
- The projected closing date is May 15.

Wayne Parker moved and Bryan Thompson seconded a motion to approve the first extension on the $12,340,000 total volume cap allocation to J.F. Properties for the Granary Place Apartments. The motion carried unanimously.

Scott Bond joined the meeting at this point.

<u>VOLUME CAP ALLOCATION REQUESTS</u>

<u>Multi-Family Housing</u>

Chairman Crandall informed the applicants that because there is not enough volume cap to fund all of the requests they would be asked the following questions after their presentation to the Board:

- What is the anticipated bond closing date?
- Can their volume cap request be reduced?

Artesian Springs Apartments III

Paladin Resources requested $12,000,000 total volume cap for the third phase of the Artesian Springs Apartments. Artesian Springs is zoned as a transit-oriented development (TOD). The development comprises four separate phases. Phase I and Phase II received allocations of 9% tax credits and started construction in August 2015 and March 2016 respectively. Phases III and IV will be combined into one large phase. A conditional use permit was approved for the entire development on April 30, 2015.

Phase III will have 134 units: 120 affordable; and 14 market-rate. Rental rates are restricted at 49% and 60% of Area Medium Income (AMI). The applicant has set-aside ten units for homeless and veterans and seven wheel chair accessible units in Phase 1 of this development.

Artesian is a single building development with five stories. Residents in all phases will share a common structured parking facility. The project has 1-, 2- and 3-bedroom units with an average size of 924SF. Units will have the standard features plus extensive community amenities, such as, a walking path along Big Cottonwood Creek and landscaping to create a park-like setting along the north side of the creek. The development also includes the Murray Laundry Tower, a local landmark. The tower will be restored and surrounded by a small park tying into the walking path along the creek.

Chase will be the construction lender. Enterprise is purchasing the Low-Income Housing Tax Credits (LIHTC) at a pay rate of $1.18. Financing also includes $250,000 from the Olene Walker Housing Loan Fund. Paladin has applied for the loan, but will not know if it will be awarded until the April 28, Board Meeting. The applicant can also apply for Salt Lake County HOME funds.

Hooper Knowlton and Dave Bevan representing Paladin Resources told the Board their anticipated closing date is August 2016. Construction is projected to start the first week of September. The amount of volume cap cannot be reduced.

David Damschen noted there were set-aside units for veterans, homeless and wheelchair accessible in this project and wanted to know if this was typical of housing projects. Mr. Knowlton responded that it is not required to have set-aside units for 4% housing deals, but have done this with their 9% project and wanted to do the same with this project.

Veranda

Wasatch Advantage requested $21,478,000 total volume cap for the multi-family housing complex Veranda.

Draper City was identified as a submarket in need of affordable housing, since most of the affordable housing has been built in Salt Lake City and West Valley City. As the southern section of the county is developed, the need for affordable housing will become acute. Veranda Apartments, located in Draper City meets two important goals to: 1) provide affordable housing; and 2) disperse affordable housing throughout the valley.

The single 5-story building will have 239 apartments, consisting of studios, 1-, 2- and 3-bedroom units. The average unit size is 975SF, which should appeal to families, as well as, the local workforce. All 239 units are affordable with rents at 60% Area Median Income. The project is in a bonus area and receives a 30% bonus in credits.

The construction will be wood-frame with five floors of residential units surrounding a four-floor parking structure. Units will have the standard features and on-site community amenities offer a pool and spa, large fitness center, outdoor barbeque grills and large open courtyards.

The total debt financing is structured as 90% tax-exempt and 10% taxable. Goldman Sachs is slated to provide the equity from the sale of the tax credits at a price of $1.16. The Bank of Arizona and Prudential Mortgage Capital Company are the construction/ permanent lenders.

Prudential Affordable Mortgage Company is expected to provide the mortgage under the Federal Home Loan Mortgage Corporation (Freddie Mac) Targeted Affordable Housing (TAH) Direct Purchase of Tax-Exempt Loan Program (TEL).

Jeff Nielson from Wasatch Residential told the Board the anticipated closing date is July 15, 2016, with construction starting the same day and ending some time in December 2017. The amount of volume cap cannot be reduced due to the tax-exempt/taxable financing structure.

The Arcadia

Wasatch Advantage requested $18,400,000 total volume cap for the multi-family housing complex The Arcadia. The property is located within one mile of the UTA Sandy TRAX Station, and provides quick and easy access to Interstate 15. The project will target tenants earning 60% or less of Area Median Income (AMI) for Salt Lake County.

The Arcadia will consist of one 5-story building providing 210 affordable apartments. Construction will be wood-framed with five stories of residential surrounding a four floor parking structure. The unit mix will be 1-, 2- and 3-bedroom units averaging 990 SF.

The unit sizes are market-oriented. Interior amenities in each unit will include the standard amenities, plus ceiling fans, balconies and walk-in closets. The community amenities offer a pool and spa, on-site management, fitness center, outdoor courtyards, BBQ area, Wi Fi access and garage parking. The attached garage has 290 parking spaces and there will be 60 surface parking spaces. All parking is provided at no additional fee.

Key Bank will be the lender of the tax-exempt loan with a taxable portion from the bank's Freddie Mac Platform. Key Bank will also be the tax credit investor at a price of $1.16 per credit.

Corey Johnson, from Wasatch Residential, told the Board the anticipated closing date is August 31, 2016, with construction starting in September 2016, and ending in January 2018. The amount of volume cap cannot be reduced due to the tax-exempt/taxable financing structure.

Borden Lofts

Alliance Capital requested $7,000,000 total volume cap for the multi-family housing complex Borden Lofts.

Borden Lofts is located just five blocks from Logan City's central business district and one block from the city's free transit system accessing ten communities in Cache Valley. The project is an adaptive reuse and historic preservation of the Borden Condensed Milk Plant into a 55-unit apartment community. The unit mix includes six apartments that are designed to accommodate small home-based businesses that would receive clients on the premises in the normal course of business. Other units provide layouts with office alcoves.

The two-story single building development will have 55 units: 49 affordable at 60% AMI and 6 market-rate. The project will provide 68 parking stalls. The interior amenities are standard and the community amenities will include a clubhouse with full kitchen, on-site storage, exercise room, BBQ and picnic area, business center, pet/bike wash station and wireless Internet. The community amenities are impressive, given the size of the project.

The development team has a number of financial sources. US Bank will be the construction lender. Rocky Mountain Community Reinvestment Corporation will be the senior lender. Morrell Family Charities will provide the second mortgage. The developer has applied to the Logan RDA for a loan of $490,000. These funds will be a deferred loan payable upon the sale of the project or refinanced after year 15. The developer also plans to submit an application to Logan City for $210,000.

The project also qualifies for Federal and State Historic Credits. The Richman Group will purchase the LIHTC and historic credits. The developer is also using Federal and State Renewable Energy Credits. This is the first time this source has been used in a bond deal.

Steve Graham, representing Alliance Capital, told the Board that Logan City will be the issuer of the tax-exempt bonds. The anticipated closing date is the beginning of August 2016 and construction will start at the end of August. The amount of the request could be reduced from $7M to $6M.

Liberty on Main

Cowboy Partners requested $12,000,000 total volume cap for the multi-family housing complex Liberty on Main.

Liberty on Main is part of a 15-acre mixed-use development in the City of South Salt Lake. The key elements of this project is the development of a Winco Grocery store, complimentary retail and the construction of 157 multi-family apartments in Liberty Crossing and 120 units in Liberty on Main. This is a Transit-Oriented Development (TOD). The S-line trolley, TRAX light rail and Front Runner commuter rail all converge at the development.

The apartment project will be located on the southeast corner of Main Street and 2100 South. The site is part of the Central Pointe neighborhood. The project is a 5-story single building with 120 units: 48 affordable units at 60% Area Median Income (AMI), 12 affordable units at 40% AMI and 60 market-rate units. All units will have the standard amenities and will include a full size kitchen with dining nook. The project will also have a clubhouse with full kitchen.

JLL Capital Markets will be the permanent lender. Goldman Sachs Bank is the investor of the tax credits at $1.10 per credit, although the price may increase. The developer is providing an additional $1M of investor equity.

Mark Cornelius, from Cowboy Partners, told the Board the anticipated closing date is the end of September 2016. The amount of volume cap cannot be reduced.

Liberty Crossing

Cowboy Partners requested $3,500,000 total volume cap for the multi-family housing complex Liberty Crossing.

The project is a Transit-Oriented Development (TOD). The site is located literally on top of the Salt Lake S-Line Trolley with an intermodal connection to the TRAX commuter light rail and Front-Runner just a few blocks away. The 4-story, single building development will consist of 157 apartments with 32 affordable units renting at 50% Area Medium Income (AMI) and 125 market-rate apartments. The apartments are a mix of studios, 1-, and 2-bedrooms. There are 176 covered parking spaces in an adjoining garage.

This is an urban development with nine different floor plans. The units are small, but all have a full-sized kitchen with a dining nook. All units have the standard amenities, plus either a patio or balcony, which is not included in the size of the unit. Project amenities include a rental/management office, a clubroom with kitchen, a fitness center, Wi-Fi Café, bike maintenance room and a rooftop deck that allows for outdoor cooking and entertaining.

Red Capital is the lender for the permanent loan. There is a soft second loan from the Utah Equitable Transit-Oriented Development (UETOD) Loan Fund, administered by the Utah Center for Neighborhood Stabilization. The UETOD Loan Fund provides financing to developers to purchase property and develop affordable housing within ½ mile of transit stops including commuter-rail, light-rail, bus rapid transit and core UTA bus service throughout the Wasatch Front Region. The Olene Walker Housing Loan Fund and Salt Lake County contributed seed money in the amounts of $5M and $2M respectively, to the UETOD Loan Fund. The developer used the loan funds to acquire the land portion of Liberty Crossing. Goldman Sachs will buy the credits at $1.10 per credit, although the price may increase.

Mark Cornelius, from Cowboy Partners, told the Board the anticipated closing date is the end of March 2017. The amount of volume cap cannot be reduced.

The Boulders Apartments

Gung Ho Partners requested $30,000,000 total volume cap for the multi-family housing complex The Boulders Apartments.

The Boulders Apartments were originally built in two phases. The first phase, Boulder Springs, was built in 1973 and renovated in 2000 with LIHTC. This phase currently offers 274 one- and two-bedroom affordable units. The second phase, Boulder Pointe, was originally built in 2000 with LIHTC and currently offers two- and three-bedroom affordable units at 35% and 60% Average Medium Income (AMI). There are 370 apartments from both phases of the project. The two properties are currently operating as one development and will continue to be co-operated post renovation.

The units in the first phase are 45 years old and physically obsolete. They require the replacement of all major systems including new siding, roofs, windows, HVAC, appliances and interior finishes. The second phase also needs renovations and repairs, although not as extensive as the older first phase. The clubhouse, leasing office and common areas require significant upgrades and additions, as well.

Provo City leases a portion of the property. The lease runs for 40 years and contains multiple 10-year extensions. Provo City funded and built the South Franklin Community Center on the site and United Way manages it. The Community Center offers a variety of supportive classes and services free of charge, not only to the residents of The Boulders, but also to the citizens of Provo City.

The total cost of the project is $48,905,098. The property purchase price is $23,700,000; so, over half of the project's cost goes towards acquiring the property. Out of 370 units, 368 will be affordable – 320 units at 60% AMI and 48 units at 35% AMI.

The Boulders represents 40% of the affordable housing market in Provo City. There are only 900 total units of affordable housing in the city. Over half of the residents living at this complex earn less than 35% AMI.

Citibank will be the senior lender. Reliant CAP VIII will provide a second loan of $4,500,000. City Real Estate Advisors will buy the tax credits at $1.10/$1 credit.

Joe Sherman, representing the Reliant Group, told the Board the anticipated closing date is July 1, 2016. Construction will begin at the end of August 2016. The amount of volume cap cannot be reduced.

The Station at Pleasant View III

Horizon Development requested $14,000,000 total volume cap for the multi-family housing complex The Station at Pleasant View, Phase III.

The Station at Pleasant View is unique from most multi-tenant projects. The project is a 128-unit townhome project consisting of 32, 4-plex buildings. Each of the buildings will have attached garages along with individual rear yards. Fencing within the development will be a combination of block or concrete wall, rod iron and vinyl fencing. The unit mix and layout of this project is lower than the typical 3-story garden style apartment building.

The units are evenly divided with 64, 2-bedroom/2½ baths and 64, 3-bedroom/2½ baths. The units are large measuring 1,260 SF for the 2-bedroom and 1,495 SF for the 3-bedroom. The units will have the standard interior appointments along with ceiling fans and fluorescent lighting. The rents are at 60% Area Median Income.

The community amenities are extensive, providing playgrounds, tot lots, sports courts, community centers, clubhouse with full kitchen, business centers, laundry facility, fitness center and outdoor barbeque grills and seating.

The Station at Pleasant View is the third phase of the master planned development. The other two phases are completely leased. The project is within walking distance of the Pleasant View Front Runner Station.

Wells Fargo Multifamily Capital will finance the loan utilizing a side-by-side, short-term, tax-exempt bond structure. Enterprise will acquire the tax credits at a rate of $1.23, which is a new high for any bond project.

Kirt Peterson, from Horizon Development, told the Board the anticipated closing date is either August or September 2016. The amount of volume cap cannot be reduced.

PROJECT FUNDING DECISIONS

The PAB Board approved the Multi-Family Application Scoring Criteria and Matrix in the January 2016 Board Meeting. All submitted applications were rated using this scoring criteria, which included the following:

1) Efficient use of tax-exempt bond/affordable unit.
2) Underserved locations.
3) Building and financial readiness.
4) Developer experience.
5) Project mixed-income rents.
6) Taxable/other debt financing.
7) Community involvement to help finance the project.
8) Difficult area development.
9) Acquisition/rehab/historic project.
10) Project costs efficiency.

Each category was given a point and weight value. The maximum total points available are 6770.

Chairman Crandall referred the Board to the Funding Summary Sheet that listed the individual criteria score and total project score for each project.

Questions raised by the Board were as follows:

Wayne Parker asked Staff why Borden Lofts did not receive any points for the acquisition/rehab/historic criteria item. Staff answered that in order to get any points for this category certain requirements had to be met, namely:

1) 30% of residents had to be displaced as a result of higher rents.
2) A current rent roll and current appraisal must be submitted with the application.
3) The issues of lead-based paint and asbestos must be addressed by either a capital assessment or separate report.

Although some of these issues were addressed, in order to get points for this category, all of the requirements had to be met.

Theresa Foxley asked Staff if the situation for Borden Lofts addressed above was the same for The Boulders Apartments, since they also did not get any points in the acquisition/rehab/historic category. Staff responded that it was the same situation for this project as well. The project only had some of the issues listed above, but not all; therefore, points could not be awarded for this category.

John Crandall asked Staff if all the applicants were using UHC as the issuer for the bonds, since the 2013 and 2015 CarryForward cap requires the issuer to be UHC. The developers were polled and all were using UHC with the exception of Border Lofts who will be using Logan City as the issuer.

John Crandall asked Staff why, all of a sudden, is there such a demand for volume cap to build affordable housing. John Brereton gave the following explanation:

1) There is a high demand for affordable housing; especially in the Salt Lake Valley. The shortage is quite severe.
2) More cities like Sandy and Draper have become more accommodating to have affordable housing in their cities.
3) Higher density is being approved for multi-family housing developments.
4) The 9% LIHTC Program is highly competitive and only one out of three projects receive funding. The 4% LIHTC itself is non-competitive. Developers are seeing the PAB Program as a spell-over for their projects; especially, if it is a big development, since tax-exempt bonds work really well for projects with a large number of units.
5) The significant increase in the tax credit price can also be attributed to the demand for volume cap.

Student Loan Account Volume Cap Transfer

Chairman Crandall reviewed the question presented to Michael Green, of the Attorney General's Office, as to whether the Utah State Board of Regents can attach a stipulation to the Student Loan Account funds that are transferred to the Small Issue Bond Account, Multi-Family Housing sub-account so the funds may be used for multi-family housing projects.

A stipulation cannot be attached to the funds. Neither the State nor the Federal statutes allow stipulations to be attached to Private Activity Bonds because of how the funds are designated in the Federal Tax Code. The Internal Revenue Code requires that Student Loan Bonds meet at least a certain percentage "to be used directly or indirectly to make or finance student loans." At least 90% or 95% of the funds are to be used for student loans. If the money is not used for student loan purposes, then it will not qualify for the qualified Student Loan Bond tax exemption.

If the funds are "unallocated volume cap" then the Board of Review must transfer these funds into the Pool Account between October 1, and the third Friday of December. After the funds have been transferred into the Pool Account they can be allocated into the desired fund by the Board of Review.

Chairman Crandall asked Roxanne Graham to review the timeline and the amount of volume cap available for the rest of the calendar year that is known at this point.

- April 13, 2016 – Fund projects with available volume cap amount of $77,005,000. This zeroes out the 2013 Multi-Family CarryForward Account, the 2015 Multi-Family CarryForward Account and the 2016 Multi-Family Sub-Account.
- July 1, 2016 – Remaining cap from the Manufacturing, Multi-Family and Exempt Facility Accounts are combined and transferred into the Pool Account. The total amount is $39,400,750; however, 50% ($19,700,375) has to go back to the Manufacturing Sub-Account until August 15. Total in Pool Account for Multi-Family and Exempt projects is $19,700,375.
- August 15, 2016 – Remaining cap from the Manufacturing Sub-Account is transferred into the Pool Account. Amount available – $19,700,375 (if no applications received in July).
- October 1, 2016 – Remaining cap from Student Loan Account ($99,948,750) is transferred into the Pool Account with its' remaining balance ($19,700,375 – if no applications received in July). Total in the Pool Account would be at least $119,649,125 (if no Manufacturing or Multi-Family applications were received in July).

Projects not funded at this Board Meeting can reapply at a future Board Meeting. If it has been more than four months since the last time a project was submitted, updates to the project need to done, such as 1) letters of interest from the bond and tax credit buyers, 2) market study, etc. The full application fee is required for resubmissions.

Grant Whitaker made the following comments:

- Utah Housing Corporation is the allocating agency for the 9% LIHTC. The Tax Credits (TC) are allocated to the highest scoring projects and UHC funds as many projects as possible until the funds are gone.
- If there are some remaining credits, but not enough to fund an entire project, UHC gives the credits to the highest scoring project, if the remaining credits will fund at least 50% of the amount requested. UHC will then give a forward allocation of TC from the following year's allocation to that project.
- The PAB Board could follow the same principle for funding projects in this round.
- The balance of the bond applications could reapply in subsequent funding rounds and compete against new applications that may be submitted.

Chairman Crandall reviewed the anticipated bond closing dates of the current applications. Mark Cornelius from Cowboy Partners was asked, given the March 2017 closing date for Liberty Crossing and knowing extensions would be needed, if he wanted to reconsider applying later for this project. Mark replied that if this project scored high enough that it be considered for funding at this time, since volume cap is needed as a first step in the process for bond projects.

David Feitz, representing the Utah State Board of Regents (USBR) informed the Board that the Student Loan Program is the largest federal asset at $1.1 trillion, which makes up 33% of the Federal Budget. With the upcoming election of a new president and possibly a new Congress, USBR is watching very carefully to see what happens with this program;

and, hopes it will be moved back to the State level for management. Since USBR cannot use their volume cap, they want to make their allocation available to meet the needs of the multi-family housing projects when it is transferred to the Pool Account on October 1.

The project scores for the applications were:

1) The Boulders – 3615
2) Veranda – 3155
3) Liberty on Main – 3155
4) Liberty Crossing – 3055
5) Artesian Springs – 3010
6) The Station at Pleasant View – 2575
7) The Arcadia – 2545
8) Borden Lofts – 2515

Comments and questions from the Board were as follows:

Scott Bond

- Are there any developers who would receive funding in this round, prefer to wait until the October Board Meeting to receive an allocation of volume cap?
- Would developers who do not receive funding in this round, reapply in October?
- Have the Board hold funding approval for Liberty Crossing until July or October, which would enable Artesian Springs to be completely funded.

The developer for Artesian Springs, Hooper Knowlton, was asked if it would be acceptable to receive partial funding for the project in this round with the balance to be awarded in the July round. Mr. Knowlton replied this arrangement would be acceptable, if the funding commitment in the next round was certain.

Chairman Crandall stated that it is the Board's prerogative not to fund Liberty Crossing at this time, since they are not going to close until March 2017, and commit this amount to be taken out of the 2017 allocation.

Mark Cornelius told the Board that receiving volume cap is the first step in the process for any 4% LIHTC/bond project. Without an allocation, the developer cannot apply to HUD for the loan. There is also the question of Qualified Census Tract (QCT) continuation for next year for the Liberty Crossing property. If the QCT is discontinued the project: 1) would miss the filing deadline to compete for 9% LIHTC; and 2) might not qualify for 4% LIHTC funding against other projects.

Bryan Thompson

- How much authority does the Board have to give the developers who do not receive funding in this round a commitment that they will receive funding in a future round?

Chairman Crandall explained that applicants who do not receive volume cap in this round could reapply in future rounds of funding; however, they would be competing with all applications submitted for that particular round. Although the application may receive the same score, their ranking order may be higher or lower depending on the scores of the other applications. This uncertainty would not make it possible for the Board to guarantee funding for any round for a developer.

Grant Whitaker

- It is critical that the Board not go around the scoring system that has been established.
- The Board worked hard creating the criteria areas, point value, weighting etc., of the scoring system.
- The scoring criterion was publicly published and the developers submitted their applications based on this system.
- Volume cap should be awarded to those developers whose applications ranked the highest.

Grant Whitaker moved and Scott Bond seconded a motion to approve an allocation of volume cap from the 2013 Multi-Family CarryForward Account, 2015 Multi-Family CarryForward Account and the 2016 Multi-Family Sub-Account to the following developers for the following multi-family housing projects:

- **Gung Ho Partners for The Boulders Apartments – $30,000,000**
- **Wasatch Residential for Veranda – $21,478,000**
- **Cowboy Partners for Liberty on Main – $12,000,000**
- **Cowboy Partners for Liberty Crossing – $3,500,000**
- **Paladin Resources for Artesian Springs – $10,027,000 with a forward commitment to fund the remaining $1,973,000 with the first available PAB volume cap at the July Board Meeting.**

The applications that did not receive an allocation of volume cap, which include The Station at Pleasant View, The Arcadia and Borden Lofts can resubmit their applications in a future round, competing with other applications submitted in the same round and rescored with the same scoring system the Board has established and used in this funding round. The motion carried unanimously.

Scott Bond asked those developers who did not receive an allocation if they intended to reapply for volume cap in a future round.

- Wasatch Residential for The Arcadia – since the allocation request is for $18M and only $13M will be available for the next funding round in July, they will wait to reapply in October when more volume cap will be available.
- Alliance Capital for Borden Lofts – they will wait to reapply in October when more volume cap will be available.
- The Station at Pleasant View – they plan to reapply, but are not sure whether it will be in July or October.

ACTION ITEMS

Publication of Application Scores

The Private Activity Bond Program operates under a State government agency and applications received become public information, subject to GRAMA rules. The Program is obligated to be transparent in publishing the application scores. Developers have stated they would like to see detailed scores for the applications that show individual scores for each criteria area in addition to the total project score.

David Damschen moved and Bryan Thompson seconded a motion to approve for all funding rounds: 1) the publication of the detailed scoring summary on the Private Activity Bond (PAB) web site showing the total project score and the points received in each criteria area for all applications reviewed; and 2) the request of a project's individual scoring matrix by the developer, by e-mail, to the PAB Program Director. The motion carried unanimously.

Process for Future Scoring Criteria Changes

Staff recommends the scoring criteria be reviewed on a yearly basis. Housing developers will be invited to a meeting the first week in September to give them a chance to comment on the current scoring criteria. Staff will present any proposed changes to the Board in the October Board Meeting for approval. Approved criteria changes will become effective October 15, for applications submitted on December 1, for funding the following calendar year starting with the January Board Meeting.

Theresa Foxley moved and Wayne Parker seconded a motion to approve the Future Scoring Criteria Change Process as outlined above. The motion carried unanimously.

OTHER BUSINESS AND ADJOURNMENT

Next Meeting

The next Board Meeting of the Private Activity Bond Authority Program is scheduled for Wednesday, July 13, 2016, at 9:00 a.m., at the Community Center of Enclave @ 1400 South multi-family housing complex. Board Members will tour the complex at the conclusion of the meeting.

Mr. Crandall thanked the Board for their time and participation in the meeting.

The meeting adjourned at 11:12 a.m.

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Submitted by:
Roxanne C. Graham