

## **PRIVATE ACTIVITY BOND AUTHORITY BOARD MEETING**

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

### **MINUTES**

Wednesday, December 9, 2015

#### **Members Present**

John T. Crandall (Chairman)  
David Damschen  
Theresa A. Foxley  
Grant S. Whitaker  
David A. Feitz  
Scott J. Bond  
Jamie Davidson  
Bryan E. Thompson

#### **Representing**

Governor's Office of Economic Development  
State Treasurer  
Governor's Office of Economic Development  
Utah Housing Corporation  
Utah State Board of Regents  
Sandy City  
Orem City  
Utah County

#### **Excused Members**

Ricky Hatch  
Wayne Cushing  
Wayne Parker

Weber County  
Salt Lake County  
Provo City

#### **Staff and Visitors**

Roxanne Graham  
John Brereton  
Michael Green  
Jeff Nielson  
Fred Olsen  
Cleon Butterfield

Governor's Office of Economic Development  
Affordable Housing Advisors  
Attorney General's Office  
Wasatch Residential Group  
Ballard Spahr  
Utah Housing Corporation

### **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 9:03 a.m., by John T. Crandall, Chairman.

### **APPROVAL OF MINUTES**

Chairman Crandall requested a motion to approve the minutes from the October 14, 2015, Private Activity Bond Authority Board Meeting.

**Theresa Foxley moved and David Feitz seconded a motion to approve the minutes of the October 14, 2015, Private Activity Bond Authority Board Meeting. The motion carried unanimously.**

## STATUS OF ACCOUNTS

Roxanne Graham reviewed the 2015 Volume Cap Accounting Summary as shown below:

### PAB ACCOUNTING SUMMARY December 9, 2015

	Pool	2012 MF CF <sup>1</sup>	2013 MF CF <sup>2</sup>	QECB
<b>Starting Account Balance</b>	<b>\$174,878,700</b>	<b>\$ 20,314,000</b>	<b>\$ 50,000,000</b>	<b>\$ 4,306,920</b>
<b>Multi-Family Applications</b>				
616 Lofts <sup>3</sup>		\$ 1,999,000		
<b>Remaining Balance</b>	<b>\$174,878,700</b>			
<b>Unallocated Cap Request</b>				
UHC - 100% - SF	\$174,878,700			
<b>Balance - All Accounts</b>	<b>\$ -</b>	<b>\$ 18,315,000</b>	<b>\$ 50,000,000</b>	<b>\$ 4,306,920</b>

<sup>1</sup> Original starting balance was \$75,000,000. 2012 CF cap will expire 12/31/15.

<sup>2</sup> Applicant must use UHC as the issuer of the bonds to use this cap.

<sup>3</sup> Original request was for \$25,001,000, charged to the 2012 MF CF Cap in the October Board Meeting. Applicant applied for the additional \$2M, approved in the 10/14/15 Board Meeting. Total project amount is \$27,000,000. The additional \$1,999,000 is shown charged to the 2012 MF CF Cap.

## VOLUME CAP AWARD FOR 2016

Roxanne Graham reviewed the amount of volume cap awarded to the State of Utah for 2016 as shown below. There is a slight increase in the total amount from 2015; \$301,515,000 to \$302,875,000, a difference of \$1,360,000.

<b>Allotment Account</b>	<b>Percentage</b>	<b>Dollar Amount</b>
Single Family	42%	\$127,207,500
Student Loan	33%	\$ 99,948,750
Small Issue Account	24%	\$ 72,690,000
Multi-Family	12%	\$ 36,345,000
Manufacturing	12%	\$ 36,345,000
Exempt Facilities	1%	\$ 3,028,750
<b>Totals</b>	<b>100%</b>	<b>\$ 302,875,000</b>

## VOLUME CAP EXTENSION REQUESTS

### 616 Lofts

Wasatch Residential Group requested a first extension on the \$27,000,000 volume cap allocation for the 616 Lofts development located in Salt Lake City, Utah. 616 Lofts, a 274, all-affordable unit development, is a transit-oriented development with close proximity to public transportation, along with convenient walkable access to the downtown Salt Lake City business district.

Jeff Nielson from Wasatch Residential updated the Board with the following information:

- Due to the current market conditions, they will probably use between \$25,500,000 and \$26,000,000 in volume cap for the project.
- The rate will be locked in on December 14, 2015, and will close some time that same week.

**Jamie Davidson moved and Bryan Thompson seconded a motion to approve the first extension on the \$27,000,000 total volume cap allocation to Wasatch Residential Group for the 616 Lofts Apartments. The motion carried unanimously.**

**VOLUME CAP ALLOCATION REQUESTS**

**REMAINING 2015 UNALLOCATED VOLUME CAP**

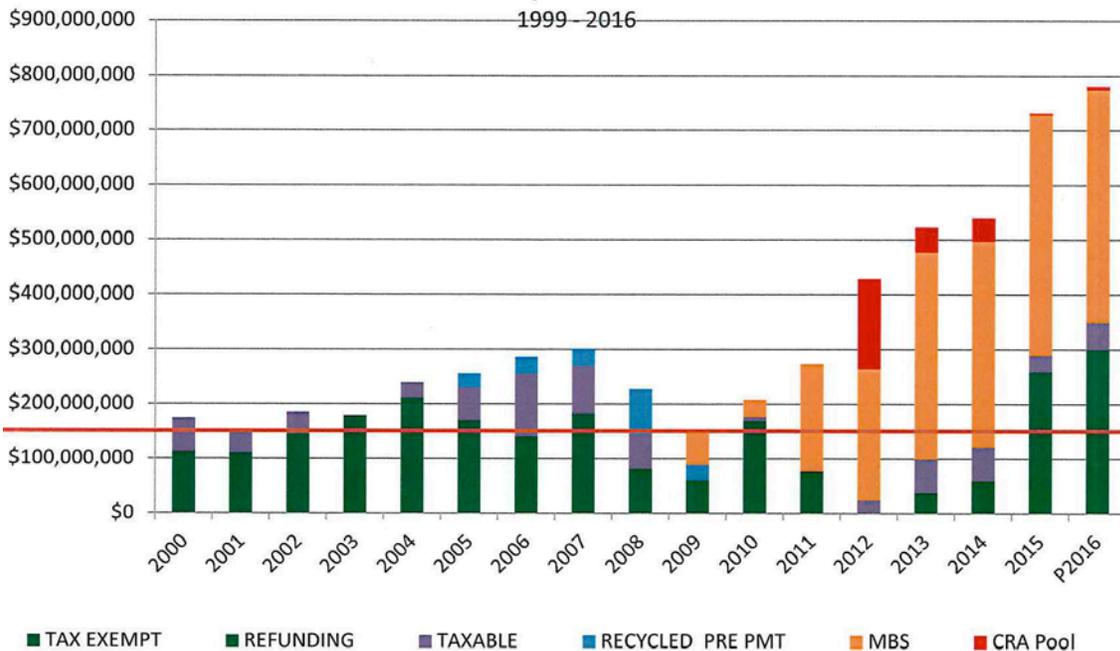
**Single Family Account – Utah Housing Corporation**

Utah Housing Corporation (UHC), representing the Single Family Account applied to receive any remaining unallocated 2015 volume cap. The balance remaining is \$174,878,700.

UHC serves the population whose incomes are at 75% of the Average Median Income (AMI), which according to HUD standards is in the very low-income category. They help first-time homebuyers and those people who are not first-time homebuyers by using other mechanisms to fund their mortgage loans. The tax-exempt funding provides a below market-rate interest rate.

Cleon Butterfield gave the following handout to the Board showing the volume cap activity of UHC from 1999-2015. UHC issued over \$270M in tax-exempt bonds this year, just under \$25M a month of production.

**Innovative Financing Structure for Affordable Housing**  
*UHC Capital Sources*



**Bryan Thompson moved and David Damschen seconded a motion to approve the request of the Single Family Account, administered by Utah Housing Corporation, to receive the remaining 2015 unallocated volume cap balance of \$174,878,700, to be used for Single Family Housing. The motion carried unanimously.**

David Feitz gave the following update to the Board regarding the Student Loan Account:

- The State Board of Regents will not use any of their cap for 2016.
- USBR will not use any volume cap until 2017 or 2018 and anticipate using only 50% of their total cap allocation at that time.

## **VOLUME CAP CARRYFORWARD REQUESTS**

### **Utah Housing Corporation**

Utah Housing Corporation (UHC) requested to carryforward the following volume cap balances: 1) \$126,636,300 from the 2015 Single Family Account; and 2) \$174,878,700 from the remaining 2015 unallocated volume cap (total \$301,515,000) to the Single Family Account.

**David Damschen moved and David Feitz seconded a motion for Utah Housing Corporation to carryforward \$126,636,300 from the 2015 Single Family Account and \$174,878,700 from the remaining 2015 unallocated volume cap (total \$301,515,000) to the Single Family Account. The motion carried unanimously.**

Due to the number of future anticipated multi-family housing projects, Chairman Crandall asked Grant Whitaker if UHC would designate a portion of the CarryForward volume cap for future Multi-Family housing developments.

**Grant Whitaker moved and David Feitz seconded a motion to allocate \$3,000,000 from 2015 CarryForward volume cap allocated to the Single Family Account for future Multi-Family Housing projects. The motion carried unanimously.**

## **ACTION ITEMS**

### **Proposed PAB Appeal Rule**

The Board reviewed the proposed PAB Appeal Rule at the October Board Meeting. The rule defines the procedures for administrative hearings regarding disputed decisions on applications reviewed by the Board. The rule covers: 1) informal adjudicative proceedings; 2) formal adjudicative proceedings; 3) Administrative Law Judge appointment; and 4) recommended decision and final review by the governing agency.

The Board had no changes to the Appeal Rule.

**Theresa Foxley moved and Grant Whitaker seconded a motion to approve the PAB Appeal Rule, defining the procedures for administrative hearings regarding disputed application decisions. The motion carried unanimously.**

Michael Green from the Attorney General's Office presented a Memorandum of Understanding (MOU) that will provide the support of an Administrative Law Judge from the Labor Commission for future hearings. The listed price for the ALJ service is \$73.00,

which is higher than the \$45.00 the Board approved in the July Board Meeting. Reimbursement of any additional charges will be made to the Labor Commission.

Theresa Foxley asked the language on Item 4b of the MOU regarding the cost of the ALJ be changed, to read “. . . up to \$73.00 per hour” instead of “. . . at \$73.00 per hour.”

**Theresa Foxley moved and Bryan Thompson seconded a motion to approve the Memorandum of Understanding for the services of an ALJ from the Labor Commission for PAB Administrative Appeals Hearings as presented, with the language change on Item 4b to read “. . . up to \$73.00 per hour” instead of “. . . at \$73.00 per hour.” The motion carried unanimously.**

### **Private Activity Bond (PAB) Application Scoring Criteria**

The Board reviewed the PAB Application Scoring Criteria developed for multi-family (MF) and manufacturing (MFG) applications at the October Board Meeting. The scoring or numerically ranking of applications will only be used in the event that demand for volume cap exceeds the amount available.

Per suggestions by the Board, language changes were made to clarify the points awarded on the following items: 1) Item 1 – Tax-Exempt Bonds per Unit; and 2) Item 10 – Special Needs and Transitional Housing.

**Grant Whitaker moved and Bryan Thompson seconded a motion to approve the Private Activity Bond Application Scoring Criteria. The motion carried unanimously.**

### **Private Activity Bond (PAB) Extension Request Project Activity Progress Report**

The Board reviewed the proposed PAB Extension Request Project Activity Progress Report at the October Board Meeting. A project comprehensive progress review was developed for projects that request three or more extensions.

Two progress reports have been developed. The original report will be filled out by the developer. Staff will take information from the developer's report and from the previous extension report so the Board can compare the project's progress in making their decision on the extension request.

Per comments from the Board at the October Board Meeting, they would like the Extension Review reports to start with the second extension request. After further discussion, the report will be used starting with the third extension request and for any project that has their volume cap carryforwarded.

**Jamie Davidson moved and Bryan Thompson seconded a motion to approve the Private Activity Bond (PAB) Extension Request Project Activity Progress Report to be used for extension requests of three or more and for projects with carryforwarded volume cap. The motion carried unanimously.**

## **OTHER BUSINESS AND ADJOURNMENT**

### **Ethics Act and Conflict of Interest Disclosure Information**

Roxanne Graham reminded those Board Members who have not filled out their “Disclosure Statement for the Private Activity Bond Authority Board” form to please do so and send it to her as soon as possible, so they can be forwarded to the AG’s Office.

Michael Green was asked to check with Susan Eisenman to see which Board Members have already completed their forms and send the information to Roxanne.

### **Next Meeting**

The next Board Meeting of the Private Activity Bond Authority Program is scheduled for Wednesday, January 13, 2016, at 9:00 a.m., at the Governor’s Office of Economic Development.

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

The meeting adjourned at 10:12 a.m.

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Submitted by:  
Roxanne C. Graham