

## PRIVATE ACTIVITY BOND AUTHORITY BOARD MEETING

Department of Community and Culture  
Division of Housing and Community Development  
Salt Lake City, UT

### MINUTES

Wednesday, April 2, 2008

#### **Members Present**

Gordon D. Walker (Chairman)  
Edward T. Alter  
Jerry C. Atkin\*  
William H. Erickson  
Lee Gardner  
Arthur Hunter  
Kyle Kershaw  
Tom Hardy  
\*Participated via conference call.

#### **Representing**

Department of Community and Culture  
State Treasurer  
Utah State Board of Regents  
Utah Housing Corporation  
Salt Lake County  
Sandy City  
South Salt Lake City  
Bountiful City

#### **Members Excused**

Blake Frazier  
Steve Rawlings  
Doug Clark

#### **Representing**

Summit County  
Davis County  
Governor's Office of Economic Development

#### **Staff and Visitors**

Roxanne Graham  
Sanobi Johnson  
John Brereton  
Palmer DePaulis  
Sharon Young  
Kirsten Stewart  
Chris Olsen  
Greg Cross  
Kevin Peterson  
Kevin Corless  
Jan Brown  
Ott Dameron  
Jordan Radman  
Randy Gray  
David Baus  
Mark Cornelius  
David Miner  
Lee Stephenson  
Darci Stephens

Housing and Community Development  
Housing and Community Development  
Affordable Housing Solutions  
Department of Community and Culture  
Housing and Community Development  
Housing and Community Development  
Mountain States Steel Inc.  
The Bank of New York  
AmericaWest Affordable Housing  
GE Capital Government Finance, Inc.  
GE Capital Government Finance, Inc.  
Lindon City  
FiberTek Insulation, LLC  
FiberTek Insulation, LLC  
Village Development, LLC  
Cowboy Partners L.C.  
Municipal Bond Consulting, Inc.  
Action Commercial Park  
Ballard Spahr Andrews & Ingersoll

## **WELCOME AND INTRODUCTIONS**

The Private Activity Bond Authority (PAB) Board Meeting was held in Salt Lake City, Utah, at the Utah State Department of Financial Institutions and called to order at 9:03 a.m., by Gordon D. Walker, Chairman.

Chairman Walker welcomed Palmer DePaulis, Executive Director of the Department of Community and Culture.

## **APPROVAL OF MINUTES**

Chairman Walker requested a motion to approve the minutes of January 2, 2008.

**Kyle Kershaw moved and Jerry Atkin seconded a motion to approve the minutes of January 2, 2008. The motion carried unanimously with Tom Hardy absent from the vote.**

Chairman Walker requested a motion to approve the minutes of February 26, 2008.

**William Erickson moved and Jerry Atkin seconded a motion to approve the minutes of February 26, 2008. The motion carried unanimously with Tom Hardy absent from the vote.**

## **STATUS OF ACCOUNTS**

Chairman Walker reviewed the status of the 2008 volume cap, a total of \$18,468,750, available in the following accounts:

<b>Account</b>	<b>Beginning Balance</b>	<b>Carry Forward</b>	<b>Applications Total Amount Requested</b>	<b>Relinquishments</b>	<b>Remaining Balance (If all applications are funded.)</b>
Multi-Family	(603,600)	\$14,480,000	\$13,025,000		\$851,400
Manufacturing	\$16,451,400		\$11,500,000		\$4,951,400
Exempt Facility	\$2,620,950		\$0		\$2,620,950
<b>Grand Total</b>	<b>\$18,468,750</b>	<b>\$14,480,000</b>	<b>\$24,525,000</b>		<b>\$8,423,750</b>

Tom Hardy joined the meeting at this point.

## **VOLUME CAP ALLOCATION REQUESTS**

### **Multi-Family – Willow Creek Retirement Community**

Village Development, LLC, requested \$11,800,000 total volume cap allocation from the Multi-Family Account to build the Willow Creek Retirement Community. The facility will be evenly divided with 76 one-bedroom and 76 two-bedroom units; a total of 152 affordable units. No market rate units are in the project. The Willow Creek Retirement facility will not provide medical or assisted care services.

John Brereton provided an overview of this project. Based on the drop in bond rates it will be difficult to develop multi-family projects. The developer will have to depend on soft money (i.e. cash flow, state credits) to make these projects work. This has not typically been done in the past. The applicant stated the pay rate per credit is .89 to the dollar, which helps with financing issues. The utilities will be paid to lower operating costs, which helps control expenses.

The Board expressed concerns about availability of public transportation. The area is being developed and public transportation will be available.

**Jerry Atkin moved and Tom Hardy seconded a motion to approve the volume cap allocation of \$11,800,000 for Village Development, LLC. The motion carried unanimously.**

### **Multi-Family – Liberty Station Apartments (formerly Liberty Valley Apartments)**

Cowboy Partners requested \$1,225,000 to add an additional seven (7) units to the Liberty Station Apartments.

Cowboy Partners applied for tax-exempt bonds in the previous round. The project received \$9.2 million, but the developer indicated they wanted to add more units and would need additional tax-exempt bonds. The Board was amenable to their request. The developer had hoped to add another 30 or more units. Unfortunately, only 7 units are added for a total of 137 units.

John Brereton provided an overview for this project. He has talked with Wasatch County and they are supportive of this project. This project is part of a mixed use development by the Boyer Company. Their pay rate is .92 to the dollar with \$70,000 in state credits.

The applicant stated they have received the final site plan approval. The impact and connection fees have had a significant increase. The applicant is working with the city to reduce the fees to \$12,000 per unit.

The Board informed the developer about the Affordable Housing Trust Fund in Wasatch County and asked if they had contacted them. The applicant told the board they were aware of the trust fund and are currently working with Wasatch County for funding assistance.

**Edward Alter moved and Arthur Hunter seconded a motion to approve the volume cap allocation of \$1,225,000 for Cowboy Partners, L.C. The motion carried unanimously.**

### **Manufacturing – Mountain States Steel**

Mountain States Steel, Inc. requested \$1,500,000 to purchase equipment for their existing facility.

Mountain States Steel, Inc. is a structural metal fabricator which operates out of a facility in Lindon, Utah. The company specializes in fabricating steel for buildings, industrial structures and highway bridges. The Lindon Plant, purchased in October 1987, was incorporated as a Subchapter S Corporation in the state of Utah. The company's work is done primarily in Utah, California and Nevada. Revenues since 2004 have been approximately \$25 million a year.

John Brereton provided an overview for this project. The bonds will go towards the acquisition of a new saw drill line. Due to increased work volume, additional equipment is needed, which was not known when the applicant applied for volume cap in 2007. Employee numbers have increased from 144 to 205 and it is anticipated that 40 more employees will be hired this year.

The company has started its own training program, due to the lack of skilled laborers. They trained 45 employees last year to be welders. They also have an extensive blue print reading and training program. All the programs run for six months.

The City of Lindon will be the issuer of the bonds. The TEFRA Hearing will be held on April 1, 2008, and the closing will be on May 15, 2008. The economic impact is generating 36 direct jobs and 144 indirect and induced jobs.

**Lee Gardner moved and Tom Hardy seconded a motion to approve the volume cap allocation of \$1,500,000 for Mountain States Steel, Inc. The motion carried unanimously.**

### **Manufacturing – FiberTek Insulation West, LLC**

FiberTek Insulation West, LLC, requested \$10,000,000 to build a new facility located in Nephi, Utah.

John Brereton provided an overview for this project. FiberTek produces fiberglass insulation sold as attic blowing wool, batts, rolls and blankets used to reduce the energy required to heat/cool home and commercial properties. This new facility will support customers on the west coast. The volume of this plant is equivalent to 1000 housing starts. This project will generate 147 direct and indirect jobs with wages close to the state average. The applicant and the City of Nephi are providing a substantial amount of money for this project. The TEFRA Hearing will be held on April 8, 2008, and the closing will be on April 14, 2008.

The Board asked the applicant why they chose Nephi, Utah, for the location of their manufacturing facility. The applicant stated that the City of Nephi has a contract with a rural electrical supply company at a good rate, is close to the freeway and liked Nephi City's work ethic.

**Jerry Atkin moved and Lee Gardner seconded a motion to approve the volume cap allocation of \$10,000,000 for FiberTek Insulation West, LLC. The motion carried unanimously.**

## **VOLUME CAP EXTENSIONS**

### **AmericaWest Affordable Housing**

AmericaWest Affordable Housing requested a first extension on the \$5,280,000 volume cap allocation for the Broadway-Heritage Apartments project approved by the PAB Board in January 2008.

The applicant informed the Board that the financing for the project is moving forward and with the approval from the Homestead Board on May 16, it will then be eligible to close on the bonds. The developer is also working through the design review process with Tooele City, who is very supportive of this project.

The Board asked what the impact fees were in Tooele. The applicant stated they are \$100,000.

**Kyle Kershaw moved and Arthur Hunter seconded a motion to approve the first extension on the volume cap of \$5,280,000 for AmericaWest Affordable Housing. The motion carried unanimously.**

### **Cowboy Partners, L.C.**

Cowboy Partners, L.C. requested a first extension on the \$9,775,000 volume cap allocation for the Liberty Station Apartments approved by the PAB Board in January 2008.

**William Erickson moved and Ed Alter seconded a motion to approve the first extension on the volume cap of \$9,775,000 for Cowboy Partners, L.C. The motion carried unanimously.**

### **Miller Construction Enterprise, Inc.**

Miller Construction Enterprise, Inc., requested a first extension on the \$17,000,000 volume cap allocation for the Timber Gate Apartments approved by the PAB Board in January 2008.

**William Erickson moved and Kyle Kershaw seconded a motion to approve the first extension on the volume cap of \$17,000,000 for Miller Construction Enterprise, Inc. The motion carried unanimously.**

### **Action Commercial Park**

Action Commercial Park, a manufacturing facility of shooting range equipment and comprehensive firearms training, located in Provo, Utah, requested a first extension on the \$9,000,000 volume cap allocation for their manufacturing expansion.

The applicant updated the Board on a problem that occurred during the soil testing in which slag was found on the proposed site. The problem can be remediated in time,

but it will take longer and will delay the construction of the new facility. The city gave a six month extension to the applicant.

**Lee Gardner moved and Arthur Hunter seconded a motion to approve the first extension on the volume cap of \$9,000,000 for Action Commercial Park. The motion carried unanimously.**

### **ADJOURNMENT**

The next regularly scheduled meeting of the Private Activity Bond Authority Board will be held on Wednesday June 25, 2008, at 9:00 a.m., at the Department of Community and Culture, 324 S. State Street, Suite 500, Conference Room #501, Salt Lake City, Utah.

The meeting adjourned at 10:13 a.m.

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Submitted by:  
Sanobi Johnson