PRIVATE ACTIVITY BOND AUTHORITY ELECTRONIC BOARD MEETING

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

MINUTES
Wednesday, April 8, 2009

Members Present	**Representing**
Gordon D. Walker (Chairman)	Department of Community and Culture
Richard K. Ellis	State Treasurer
Grant S. Whitaker	Utah Housing Corporation
Steve Rawlings	Davis County
Lee Gardner	Salt Lake County
Kyle Kershaw	South Salt Lake City
Derek Miller	Governor's Office of Economic Development

Members Excused	
Arthur Hunter	Sandy City
Marlon O. Snow	Utah State Board of Regents
Tom Hardy	Bountiful City
Blake Frazier	Summit County

Staff and Visitors	
Roxanne Graham	Housing and Community Development
Sheryl Featherstone	Housing and Community Development
Palmer DePaulis	Department of Community and Culture
John Brereton	Affordable Solutions
Richard Davis	Utah State Board of Regents
David Jackman	Bank of New York Mellon

WELCOME AND INTRODUCTIONS

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

Chairman Walker introduced a new board member, Derek Miller, from the Governor's Office of Economic Development, who is replacing Doug Clark.

APPROVAL OF MINUTES

Chairman Walker requested a motion to approve the minutes of January 14, 2009.

Kyle Kershaw moved and Steve Rawlings seconded a motion to approve the minutes of January 14, 2009. The motion carried unanimously.

STATUS OF ACCOUNTS

Chairman Walker reviewed the Accounting Summary dated April 8, 2009, showing a total starting balance of $68,317,500. The Manufacturing Account has no allocation requests, therefore the balance remains at $32,792,000. The Multi-Family Account has one request for additional volume cap for a currently approved project. The request will be taken from the HERA Account rather than from the 2009 allocation since this funding expires at the end of 2010. The remaining balance will then be $68,031,879 as shown below.

Kyle Kershaw asked if the HERA Account funding expired in 2010. Roxanne Graham replied yes. There is a two-year window to expend these funds; however, the legislation was passed on July 31, 2009, so the actual date will be determined from the date of legislation or the date of the notice. Grant Whitaker stated that UHC was tracking this item and the bonding cap will actually expire on December 31, 2010.

PAB ACCOUNTING SUMMARY
APRIL 8, 2009

	2009 Allocation	**HERA Account**
Starting Balance	$ 68,317,500	$ 70,231,879
Manufacturing Account	$ 32,792,400	
No Allocation Requests		
Balance	**$ 32,792,400**	
Multi-Family Account	$ 32,792,400	
Bingham Junction		$ 2,200,000
Balance	**$ 32,792,400**	
Exempt Facility Account	$ 2,732,700	
No applications		
Balance	**$ 2,732,700**	
Balance – All Accounts	**$ 68,317,500**	**$ 68,031,879**

VOLUME CAP ALLOCATION REQUESTS

Multi-Family – Additional Allocation Request

Wasatch Advantage Group, LLC – Bingham Junction Apartments

Wasatch Advantage Group, LLC, requested an additional $2,200,000 volume cap for Bingham Junction Apartments in Midvale, Utah. This project previously has received $17,800,000 in bonding authority.

John Brereton stated, when the project first came in, it showed 90 cents on the dollar pay rate for the tax credit with a 5.5% interest rate for the bonds. At the time, the Board thought that was being optimistic and as it turns out, that is the case. Unfortunately, now it is 70 cents on the dollar and 5.7% interest for the bonds. This is the market rate now. The $2,200,000 is justified giving the fall in pay rate to the credit.

Grant Whitaker moved and Lee Gardner seconded a motion to approve the additional allocation of $2,200,000 for Bingham Junction Apartments from the HERA Account. The motion carried unanimously.

<u>Volume Cap Extensions</u>

Liberty Pines Apartments

Cowboy Partners, L.C., requested a first extension on the $18,450,000 volume cap allocation for the Liberty Pines Apartments approved by the PAB Board in December 2008.

Mark Cornelius was present representing the project. Mark stated their site had been moved so they can move forward with the County for site plans.

Richard Ellis moved and Grant Whitaker seconded the motion to approve the first extension for $18,450,000 to Cowboy Partners, L.C. The motion carried unanimously.

Wasatch Advantage Group, LLC

Wasatch Advantage Group, LLC, requested a second extension on the $17,800,000 volume cap allocation for the Bingham Junction Apartments project approved by the PAB Board in October 2008.

Steve Rawlings moved and Kyle Kershaw seconded a motion to approve the second extension for $20,000,000 (the original allocation of $17,800,000 and the additional $2,200,000 for a total amount of $20,000,000) to Wasatch Advantage Group. The motion carried unanimously.

Miller Development

Miller Development requested a third extension on the $25,000,000 volume cap allocation for the Timber Gate Apartments project approved by the PAB Board in June 2008.

Derek Miller moved and Lee Gardner seconded a motion to approve the third extension for $25,000,000 to Miller Development. The motion carried unanimously.

Cowboy Partners, L.C.

Cowboy Partners, L.C., requested a fifth extension on the $11,000,000 volume cap allocation for the Liberty Station Apartments approved by the PAB Board in January 2008.

Mark Cornelius gave an update on this project in Heber City, which is moving forward but, they are having difficulty with the interest rate from the credits. The investors buying the credits are looking at tier one locations and at this point Heber City is not a tier one location. Nevertheless, Cowboy is pushing forward with the design and is in touch with a number of syndicators across the country. Mark stated that because it is getting more difficult to find a buyer for the bonds, they will be asking for further extensions on this deal in the future.

Grant Whitaker moved and Derek Miller seconded a motion to approve the fifth extension for $11,000,000 to Cowboy Partners. The motion carried unanimously.

Other Business and Adjournment

Chairman Walker expressed appreciation to the Board for their participation in the Electronic Board Meeting. The next regularly scheduled meeting of the Private Activity Bond Authority Board will be held on Wednesday, July 8, 2009, 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. At this time, an in-person meeting will be planned at the stated time and place.

The meeting adjourned at 9:16 a.m.

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Submitted by:
Sheryl Featherstone