

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

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

### **MINUTES**

Wednesday, December 10, 2008

#### **Members Present**

Gordon D. Walker (Chairman)  
Steve Rawlings  
Lee Gardner  
Arthur Hunter  
Kyle Kershaw  
Doug Clark  
William H. Erickson  
Marlon O. Snow  
Tom Hardy

#### **Representing**

Department of Community and Culture  
Davis County  
Salt Lake County  
Sandy City  
South Salt Lake City  
Governor's Office of Economic Development  
Utah Housing Corporation  
Utah State Board of Regents  
Bountiful City

#### **Members Excused**

Blake Frazier  
Edward T. Alter

#### **Representing**

Summit County  
State Treasurer

#### **Staff and Visitors**

Roxanne Graham  
Sanobi Johnson  
John Brereton  
Mark Cornelius  
Ed Lombard  
Richard Davis  
Kathy Kinsman  
Shelli Goble  
Clayton Fulton  
Fred Olsen  
Brad Patterson  
Lee Stephenson  
Dave Miner

Housing and Community Development  
Housing and Community Development  
Affordable Housing Solutions  
Cowboy Partners  
Attorney General's Office  
Utah State Board of Regents  
Attorney General's Office  
Housing and Community Development  
Housing and Community Development  
Ballard Spahr  
Ballard Spahr  
Action Target  
MBCI

#### **WELCOME AND INTRODUCTIONS**

The Private Activity Bond Authority (PAB) Board Meeting was held in Salt Lake City, Utah, at the Department of Community and Culture and called to order at 9:06 a.m., by Gordon D. Walker, Chairman.

## **APPROVAL OF MINUTES**

Chairman Walker requested a motion to approve the minutes of October 16, 2008.

**Steve Rawlings moved and Arthur Hunter seconded a motion to approve the minutes of October 16, 2008. The motion carried unanimously.**

## **STATUS OF ACCOUNTS**

Chairman Walker reviewed the status of the 2008 volume cap, a total of \$0, available in the Pool Account. He also noted a total of \$78,954,229 in remaining volume cap from the Housing and Economic Recovery Act passed in July 2008. These funds will be used for multi-family housing projects. The entire volume cap needs to be allocated by December 31, 2008. Any remaining balance can be carryforward, but only for a period of two years instead of the usual three. If all projects are funded today, it will use the remaining 2008 volume cap in the pool account, and a portion of the HERA Account.

Village Development, LLC, relinquished their volume cap allocation of \$11,800,000 due to difficulties in securing financing for their project.

<b>Account</b>	<b>Beginning Balance</b>	<b>Relinquishment</b>	<b>Application Requests</b>	<b>Remaining Balance</b>
Pool Account	\$0	\$11,800,000	\$18,450,000	<b>\$0</b>
HERA Account	\$78,954,229		\$6,650,000	<b>\$72,304,229</b>

## **VOLUME CAP FOR 2009**

Roxanne reviewed the total volume cap allocation awarded for 2009.

<b>Account</b>	<b>Percentage</b>	<b>Amount</b>
Single Family Mortgages	42%	\$114,773,400
Student Loans	33%	\$90,179,100
Small Issue Account	24%	\$65,584,800
(Multi-Family)	(12%)	\$32,792,400
(Manufacturing)	(12%)	\$32,792,400
Exempt Facilities	1%	\$2,732,700
<b>Total Volume Cap</b>	<b>100%</b>	<b>\$273,270,000</b>

## **RELINQUISHMENT REQUESTS**

### **Multi-Family – Village Development, LLC**

Village Development, LLC, relinquished their volume cap allocation of \$11,800,000 received in the April 2008, Board Meeting. The developers stated their request is due to significant project delays, compounding additional costs to meet zoning requirements for the project location, making the project not feasible.

**Lee Gardner moved and Doug Clark seconded a motion accepting the relinquishment of \$11,800,000 from Village Development, LLC. The motion carried unanimously.**

## **VOLUME CAP ALLOCATION REQUESTS**

### **Multi-Family – Liberty Pines Apartments**

Cowboy Partners, L.C., requested \$18,450,000 volume cap allocation to construct a 159-unit apartment complex (80 units low-income) to be located in Kimball Junction.

John Brereton provided an overview for this project and stated the applicant is contributing equity of \$2.5M.

The applicant stated Summit County has a requirement that when new commercial and retail development takes place there has to be an affordable housing component built. Summit County requires that all units be at 80% AMI. The applicant has asked that 50% of units be at 60% AMI. As the project goes forward and an investor is secured, the AMI rate may increase.

John Brereton stated as this project moves forward there will be minor modifications.

**William Erickson moved and Lee Gardner seconded a motion to approve the volume cap allocation of \$18,450,000 for Cowboy Partners, L.C. The motion carried unanimously.**

## **VOLUME CAP EXTENSIONS**

### **West Ridge Investments, LLC**

West Ridge Investments, LLC, requested a first extension on the \$3,500,000 volume cap allocation for new construction and equipment purchase project approved by the PAB Board in October 2008.

**Lee Gardner moved and Tom Hardy seconded a motion to approve the first extension on the volume cap of \$3,500,000 for West Ridge Investments, LLC, with the understanding, since all manufacturing projects must close by December 20, 2008, that if the bonds are not closed by this date the allocation will be divided into the CarryForward Accounts of Utah Housing Corporation and the Utah State**

**Board of Regents, split 56% and 44% respectively. The motion carried unanimously.**

### **Wasatch Advantage Group, LLC**

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

**Arthur Hunter moved and Steve Rawlings seconded a motion to approve the first extension on the volume cap of \$17,800,000 for Wasatch Advantage Group, LLC. The motion carried unanimously.**

### **Miller Development**

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

**Steve Rawlings moved and Doug Clark seconded a motion to approve the second extension on the volume cap of \$25,000,000 for Miller Development. The motion carried unanimously.**

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

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

**William Erickson moved and Arthur Hunter seconded a motion to approve the fourth extension on the volume cap of \$11,000,000 for Cowboy Partners, L.C. 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 fourth extension on the \$9,000,000 volume cap allocation for their manufacturing expansion.

The applicant stated they sold Action Target Inc., in May, to a private equity group which, held up the progression on this project; however, they have broken ground and commenced construction on the project. In spite of losing their original letter of credit due to market instability, they are working with U.S. Bank to get their bonds closed.

**Lee Gardner moved and Tom Hardy seconded a motion to approve the fourth extension on the volume cap of \$9,000,000 for Action Commercial Park with the understanding, since all manufacturing projects must close by December 20, 2008, that if the bonds are not closed by this date the allocation will be divided into the CarryForward Accounts of Utah Housing Corporation and the Utah State**

**Board of Regents, split 56% and 44% respectively. The motion carried unanimously.**

## **VOLUME CAP CARRYFORWARD REQUESTS**

### **Utah Housing Corporation**

#### **Single Family Account Request**

Utah Housing Corporation, issuer for the Single Family Account, requested to CarryForward \$101,093,008 from the 2008 volume cap allocation.

**Arthur Hunter moved and Lee Gardner seconded a motion to CarryForward \$101,093,008 from the 2008 Single Family Account allocation. The motion carried unanimously.**

#### **HERA Account Request**

Utah Housing Corporation, issuer for the Single Family Account, requested to CarryForward the remaining balance in the Housing and Economic Recovery Act (HERA) Account of \$72,304,229.

As allowed by law, this additional volume cap may only be used for multi-family rental projects and refinancing qualified subprime loans; however, it must be used by December 31, 2010. The Board discussed the options of earmarking the cap for multi-family projects only, but with the current market conditions did not want to lose this valuable resource if no applications are received. The board decided that UHC would use first, the 2008 CarryForward volume cap, second, the 2009 Single Family volume cap, and then any remaining HERA volume cap for multi-family rental projects and refinancing homebuyer mortgages.

The unallocated balance in the HERA Account is \$72,304,229 and although \$24,246,250 has been allocated, the bonds have not closed so the CarryForward Certificate must be issued for the entire amount received; \$96,550,479.

**Arthur Hunter moved and Doug Clark seconded a motion to CarryForward \$96,550,479 from the Housing and Economic Recovery Act (HERA) Account to Utah Housing Corporation with the intention of the volume cap be made available for multi-family housing projects and any remaining balance used for refinancing homebuyer mortgages as discussed by the Board. The motion carried unanimously.**

The Utah State Board of Regents, issuer for the Student Loans Account, requested to CarryForward \$86,491,350 from the 2008 volume cap allocation.

**Tom Hardy moved and Marlon Snow seconded a motion to CarryForward \$86,491,350 from the 2008 Student Loans Account allocation. The motion carried unanimously.**

## **OPEN AND PUBLIC MEETINGS ACT – BOARD TRAINING**

Ed Lombard from the Attorney General's Office provided the Open and Public Meetings Act Training to the Board.

## **ENERGY STAR PRESENTATION**

Clayton Fulton from the Olene Walker Housing Loan Fund Program presented a utility cost comparison on Energy Star certified housing units. The Olene Walker Housing Loan Fund Board adopted a policy in October 2006, requiring all new construction and rehabilitation projects be Energy Star certified.

The energy star units, on average, are showing a 16% better savings in utility costs than originally estimated.

Clayton was asked to do an analysis with additional cost data findings and present it to the Board for policy consideration at a future meeting.

## **OTHER BUSINESS AND ADJOURNMENT**

The Board was given an update on the bond allocation awarded to Rocky Mountain Pies in August 2006. The company's sales volume has tripled in 2007 from the previous year. They are doing very well and establishing contracts all over the country.

The next regularly scheduled meeting of the Private Activity Bond Authority Board will be held on Wednesday, January 14, 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.

The meeting adjourned at 10:59 a.m.

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Submitted by:  
Sanobi Johnson