

# PRIVATE ACTIVITY BOND AUTHORITY BOARD MEETING

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

## MINUTES

Wednesday, April 11, 2012

### Members Present

Christopher M. Conabee (Chairman)  
John T. Crandall  
Richard K. Ellis  
Grant S. Whitaker  
Meghan Holbrook  
Kyle Kershaw  
Steve Rawlings  
Michael Jensen  
Lee Gardner

### Representing

Governor's Office of Economic Development  
Governor's Office of Economic Development  
State Treasurer  
Utah Housing Corporation  
Utah State Board of Regents  
City of South Salt Lake  
Davis County  
Tooele County  
Salt Lake County

### Excused Members

Wayne Parker

Provo City

### Staff and Visitors

Spencer P. Eccles  
Sophia DiCaro  
Roxanne Graham  
Jenni Osman  
John Brereton  
William Loos  
Ben Logue  
Mark Cornelius  
Dave Miner  
Cleon Butterfield  
Bob McRae  
Bartly Mathews

Governor's Office of Economic Development  
Affordable Housing Advisors  
Attorney General's Office  
Tannach Properties  
Cowboy Partners  
Municipal Bond Consulting, Inc.  
Utah Housing Corporation  
Utah Higher Education Assistance Authority  
Utah Office of Energy

## 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 9:05 a.m., by Christopher M. Conabee, Chairman. John T. Crandall was welcomed to the Board as the newest member. He has been appointed to serve as the Business and Economic Development Director's designee, one of the five ex-officio members that compose the Board membership.

## APPROVAL OF MINUTES

Chairman Conabee requested a motion to approve the minutes from the January 25, 2012 and February 21, 2012 Board Meetings.

Kyle Kershaw moved and Steve Rawlings seconded a motion to approve the minutes of January 25, 2012. The motion carried unanimously.

Richard Ellis moved and Grant Whitaker seconded a motion to approve the minutes of February 21, 2012. The motion carried unanimously.

**STATUS OF ACCOUNTS**

Chairman Conabee reviewed the Accounting Summary of the 2012 Volume Cap shown below.

<b>PAB ACCOUNTING SUMMARY</b>	
<b>April 11, 2012</b>	
	<b>2012 Allocation</b>
<b>Starting Balance</b>	<b>\$ 67,710,000</b>
<b>Manufacturing Account</b>	\$ 34,147,200
No Applications	
<b>Multi-Family Account</b>	\$ 30,717,200
Beacon Hill Apartments	\$ 16,200,000
Liberty Village Apartments	\$ 19,000,000
Balance	\$ (4,482,800)
<b>Exempt Facility Account</b>	\$ 2,778,200
No Applications	
Balance	\$ 2,778,200
<b>Balance - All Accounts</b>	<b>\$ 32,442,600</b>

Chairman Conabee noted that the potential approval of both multi-family applications would leave a deficit balance in this account. The Board discussed various solutions including partial funding of the applications and using some of the 2010 CarryForward cap.

**MOTION: Grant Whitaker and Lee Gardner seconded a motion to take the 2010 CarryForward Volume Cap balance of \$846,229 and apply it to the potential deficit balance of \$4,482,800 in the Multi-Family Account, in the event that both, Beacon Hill and Liberty Village, Multi-Family applications were approved. The motion carried unanimously.**

## **VOLUME CAP ALLOCATION REQUESTS**

### **Multi-Family Housing**

#### **Beacon Hill Apartments**

Barcelona Properties (Ben Logue – LaPorte Group) requested a \$16,200,000 volume cap allocation from the Multi-Family Housing Account for the Beacon Hill Apartments project, located in Bluffdale, Utah.

This new construction project of 168 units is targeted for the family market. There are 20 units/per acre, which exceeds Bluffdale's zoning regulations of 12 units/per acre; however, this project is part of a larger mixed-use development, where this is an acceptable density. The developer still needs to get an exception to this zoning ordinance and approval from the owner of the larger project. The developer has received a letter of support from the City's Planner/Economic Development Director, but without commitment.

The 3- and 4-bedroom apartment units are large, which is the project's best feature; however the amenities are fewer than other 60% affordable projects. The rents are almost the same as a single-family home mortgage payment.

The weighted percent of median area income served is 57.49%; slightly lower than the typical median of 60% for bond financing. There are 10 different income brackets by unit type.

The project can receive up to \$19.5M in volume cap allocation dependent on how the set-aside units are handled; however, until that is known the total cap awarded cannot exceed \$16.2M, as requested, based on the application submitted.

The density of the units for the Bluffdale area is questionable and will need to be resolved by the city for conditional use. Staff recommended that the applicant appear at the first extension request to address the city's position.

If the above noted concerns are addressed satisfactorily, staff recommended approval for funding this project.

Mr. Logue addressed the questions raised by Staff to the Board. He also added they are planning to break ground on the buildings by August 2012 and have already started putting in the access roads.

#### **Liberty Village Apartments**

Cowboy Partners requested a \$19,000,000 volume cap allocation from the Multi-Family Housing Account for the Liberty Village Apartments Project, located in Salt Lake City, Utah, specifically in the Sugarhouse area.

Liberty Village is an urban project. The density is without restrictions, has structured parking, elevators, and a mix of units. It is near mass transit and other urban projects

(University of Utah and Westminster College), within walking distance to commercial and recreational outlets, convenient access to I-80 and in an eclectic neighborhood of mixed-use residential, commercial and public areas; all characteristics of an ideal urban project. The project supports mass transit, which will help the area's economics and also introduces affordable housing into the neighborhood.

Salt Lake City is very supportive of this project. There are no issues regarding density, building type, size or parking.

The costs of the project are competitive given the city's requirements (e.g., no less than 40% minimum first floor glass surface). The developer is contributing an extraordinary amount of deferred fees and equity contribution.

Staff recommended approval for the full request of \$19,000,000.

Mark Cornelius (Cowboy Partners) and Dave Miner (Municipal Bond Consulting) spoke briefly on the type of units in this project, which are transit oriented. They are smaller in size because it is an urban project; however, the total cost is only \$99,000 per unit. They also added that a mass-transit station will be located nearby, at the old Granite parking lot located at 1050 East 2100 South.

The question was raised by the Board why the project needed to receive funding approval at this time, since it would not be able to receive the full volume cap allocation, instead of waiting for the July Board Meeting. Mr. Cornelius explained that unless approval had been given for the bonding authority, they would not be able to receive approval for the low-income housing tax credits.

Both projects were presented and discussed before the Board made any funding approvals due to the lack of available volume cap in the Multi-Family Account to fully fund both projects. The Board then discussed several different funding options and decided, so as not to set a precedence to fully fund projects upon volume cap becoming available at future meetings, each project would be awarded cap based on a certain percentage of the amount currently available. The negative balance of each request would be committed to them and approved in the July 11, Board Meeting, if funding was available.

**MOTION: Grant Whitaker moved and Steve Rawlings seconded a motion to fund 89.6% of the available volume cap from the Multi-Family Account and the 2010 CarryForward Account to the Beacon Hill and Liberty Village Apartment projects, with the negative balance of their requests to be funded in the July 11, 2012, Board Meeting based upon available funds. The motion carried unanimously.**

The breakdown of actual volume cap awards for each project is as follows:

- Beacon Hill Apartments - \$14,515,200; amount to be approved in July is \$1,684,800 (\$16,200,000 total).
- Liberty Village Apartments - \$17,024,000; amount to be approved in July is \$1,976,000 (\$19,000,000 total).

Questions were also raised regarding the Developer's Deferred Fee and the capped amount the developer can put on the application. A common misconception in looking at this amount is that the developers realize this entire fee upon completion of a project. This fee is used, for example, as gap financing or as an operating reserve. Comments from Mark Cornelius explained that the Developer's Fee is shown as additional eligible basis, which helps in obtaining more tax credits to help fund the project.

Staff has set up a meeting with Utah Housing Corporation to discuss this issue. Board members were invited to attend if they would like to do so. Notification of the meeting date and time was asked to be sent to the Board.

## **VOLUME CAP ALLOCATION EXTENSION REQUESTS**

### **Single Family Account – Utah Housing Corporation**

Utah Housing Corporation (UHC) requested a first extension on the \$119,515,200 total volume cap allocation from the Single Family Account.

Cleon Butterfield from UHC provided an update to the Board on the expansion of their Single Family Program and the strategies planned to sell the bonds for the Single Family Account.

**Richard Ellis moved and Michael Jensen seconded a motion to approve the first extension on the \$119,515,200 total volume cap allocation from the Single Family Account to Utah Housing Corporation. The motion carried unanimously.**

### **Student Loan Account – Utah State Board of Regents**

The Utah State Board of Regents (USBR) requested a first extension on the \$93,904,800 total volume cap from the Student Loan Account.

Bob McRae spoke briefly regarding their program, but there is no change from the previous report. They are trying to refinance their existing federal government-backed financing (Straight A Conduit) by the end of the year, since the conduit expires in January 2014. They have recently acquired 100,000 accounts representing over \$2 billion in student loans.

**Lee Gardner moved and Steve Rawlings seconded a motion to approve the first extension on the \$93,904,800 total volume cap allocation from the Student Loan Account to the Utah State Board of Regents. The motion carried unanimously.**

## **Multi-Family Housing**

### **Broadway-Heritage Apartments**

Broadway-Heritage Apartments I, LP, requested a first extension on the \$3,430,000 total volume cap allocation for the Broadway-Heritage Apartment project, located in Tooele, Utah.

The developer, Kevin Peterson, was not in attendance at the meeting to give an update on the project. Staff was instructed to contact Mr. Peterson and obtain a written report on the current status.

**Grant Whitaker moved and Lee Gardner seconded a motion to approve the first extension on the \$3,430,000 total volume cap allocation to Broadway-Heritage Apartments I. The motion carried unanimously.**

**Other Business and Adjournment**

Chairman Conabee expressed his appreciation to the Board for their participation in the meeting. The next Board Meeting is scheduled for July 11, 2012, at 9:00 a.m.

The meeting adjourned at 10:10 a.m.

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Submitted by:  
Jenni Osman