

# PRIVATE ACTIVITY BOND AUTHORITY BOARD MEETING

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

## MINUTES

Wednesday, January 25, 2012

### Members Present

Christopher M. Conabee (Chairman)  
Richard K. Ellis  
Grant S. Whitaker  
Kyle Kershaw  
Steve Rawlings  
Wayne Parker  
Michael Jensen  
Lee Gardner

### Representing

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

### Excused Members

Tom Hardy  
Meghan Holbrook

Bountiful City  
Utah State Board of Regents

### Staff and Visitors

Roxanne Graham  
Jenni Osman  
John Brereton  
William Loos  
Kevin Peterson  
Cleon Butterfield  
Soren Simonsen  
Fred Olsen  
David Feitz  
Richard Davis

Governor's Office of Economic Development  
Governor's Office of Economic Development  
Affordable Housing Advisors  
Attorney General's Office  
Broadway Heritage Apartments  
Utah Housing Corporation  
Broadway Heritage Apartments  
Ballard Spahr  
UHEAA  
UHEAA

## 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 2:10 p.m., by Christopher M. Conabee, Chairman.

## BOARD APPRECIATION

Jay Minnick from Miller Development expressed his appreciation to the Board for all their support given on their Fireclay II Apartment project. The bond issue closed in December 2011. He is looking forward to the completion of the construction after the many roadblocks this project has had. The Board will be invited to the ribbon cutting ceremony to be held when the development is completed.

## 2011 VOLUME CAP AWARDS/REQUESTS – CORRECTION

Incorrect totals for the remaining 2011 volume cap requested by Utah Housing Corporation and the Utah State Board of Regents was reported at the December 13, 2011, Board Meeting. The error was caught before the Certificates of Allocation were mailed, so UHC and USBR did receive the correct amounts of remaining cap.

Chairman Conabee requested a motion to correct the PAB accounting summary.

**Grant Whitaker moved and Steve Rawlings seconded the motion to accept the corrected 2011 Unallocated Volume Cap Summary. The motion was carried unanimously.**

### 2011 Unallocated Volume Cap Awards

#### Approved Volume Cap Requests

##### PAB ACCOUNTING SUMMARY December 13, 2011

	Pool Account
<b>Starting Balances</b>	<b>\$ 48,955,000</b>
No Applications	
Unused Cap - Fireclay	\$ 595,000
<b>Remaining Balance</b>	<b>\$ 49,550,000</b>

#### Unallocated Cap Requests

SF - UHC - 56%	\$ 27,748,000
SL - USBR - 44%	\$ 21,802,000

#### CarryForward Requests

UHC	\$ 144,432,400
USBR	\$ 113,482,600

#### Corrected Totals for Volume Cap Requests

##### PAB ACCOUNTING SUMMARY December 13, 2011

	Pool Account
<b>Starting Balances</b>	<b>\$ 48,955,000</b>
No Applications	
Unused Cap - Fireclay	\$ 595,000
Amount was previously CarryForwarded - cannot be added to Pool Account for Current Year's Unallocated Cap	
<b>Remaining Balance</b>	<b>\$ 48,955,000</b>

#### Unallocated Cap Requests

SF - UHC - 56%	\$ 27,414,800
SL - USBR - 44%	\$ 21,540,200

#### CarryForward Requests

UHC	\$ 144,099,200
USBR	\$ 113,220,800

## APPROVAL OF MINUTES

Chairman Conabee requested a motion to approve the minutes from the December 13, 2012, Board Meeting.

Steve Rawlings asked the date change of the PAB January Board meeting from January 11, 2012, to January 25, 2012, be noted in the previous minutes. (Note: The change in the January meeting date did not take place until after the beginning of the new year. When the Board met in the December meeting, the next scheduled meeting date was January 11. To make this change in the December minutes would be incorrect.)

**Steve Rawlings moved and Kyle Kershaw seconded a motion to approve the minutes of December 13, 2012. The motion carried unanimously.**

## STATUS OF ACCOUNTS

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

### **PAB ACCOUNTING SUMMARY January 25, 2012**

	<b>2012 Allocation</b>
<b>Starting Balance</b>	<b>\$ 284,560,000</b>
<b>Single Family</b>	\$ 119,515,200
Utah Housing Corp.	\$ 119,515,200
<b>Balance</b>	<b>\$ -</b>
<b>Student Loan</b>	\$ 93,904,800
Utah State Board/Regents	\$ 93,904,800
<b>Balance</b>	<b>\$ -</b>
<b>Manufacturing Account</b>	\$ 34,147,200
No Applications	\$ -
<b>Balance</b>	<b>\$ 34,147,200</b>
<b>Multi-Family Account</b>	\$ 34,147,200
Broadway-Heritage Apts.	\$ 3,430,000
<b>Balance</b>	<b>\$ 30,717,200</b>
<b>Exempt Facility Account</b>	\$ 2,845,600
No applications	
<b>Balance</b>	<b>\$ 2,845,600</b>
<b>Balance - All Accounts</b>	<b>\$ 67,710,000</b>

## **2012 VOLUME CAP ALLOCATION**

Chairman Conabee reviewed the volume cap allocation for 2012 as outlined below.

<b>Allotment Account</b>	<b>Percentage</b>	<b>Dollar Amount</b>
Single Family	42%	\$119,515,200
Student Loan	33%	\$ 93,904,800
Small Issue Account	24%	\$ 68,294,400
Multi-Family	12%	\$ 34,147,200
Manufacturing	12%	\$ 34,147,200
Exempt Facilities	1%	\$ 2,845,600
<b>Totals</b>	<b>100%</b>	<b>\$284,560,000</b>

## **VOLUME CAP ALLOCATION REQUESTS**

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

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

Cleon Butterfield from UHC provided an overview on the Single Family First-time Homebuyers Program to the Board. He reported that the program is as active as it has ever been. They are also looking at other ways to utilize the volume cap.

**Lee Gardner moved and Richard Ellis seconded a motion to approve \$119,515,200 of 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 \$93,904,800 total volume cap from the Student Loan Account.

Richard Davis 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.

**Grant Whitaker moved and Kyle Kershaw seconded a motion to approve \$93,904,800 of 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 \$3,430,000 total volume cap allocation from the Multi-Family Housing Account for the Broadway-Heritage Apartment Project, located in Tooele, Utah.

Kevin Peterson, the developer and general partner, has spent four years on this development. As evidenced by this, the project is probably the most difficult project submitted for Private Activity Bond funding. The project has two components namely: 1) renovation of the 100-year old Broadway Hotel, which has 22 apartments; and 2) the construction of 34 new apartments.

John Brereton gave a brief overview of the project, noting that due to the size of the project, the number of units, the size of the units and the rents, which are near market-rate; this is a difficult project to build.

The developer will be using Historic Tax Credits, Tax Increment Funds (TIF) and possibly Community Development Block Grant (CDBG) funding. Any equity gap will be filled with the historic tax credits.

It is hard to estimate costs, due to the renovations of the historic hotel, which will be placed on the Federal and State Historic Registers making the project eligible for both Federal and State Historic Preservation Tax Credits. It will be difficult to move exterior and interior walls due to the historic nature of the building. There will be no seismic upgrading. Extensive renovations will need to be done on the inside. The city considers the hotel to be a health and safety risk. Homeless people have been camping in the hotel. The developer boarded the hotel up a few months ago.

The rents will average 52.21% of Area Median Income. This is lower than other bond projects, which usually have averaged 60% AMI.

The city is in full support of this project and it is located in a Redevelopment Area.

Kevin Peterson gave a detailed review on the history of the project and outlined the design of the development. He responded to the Board's questions, e.g., regarding the demand for the small 425 SF units, historic design, unit amenities, etc.

**Lee Gardner moved and Michael Jensen seconded a motion to approve \$3,430,000 of volume cap allocation to Broadway-Heritage Apartments I. The motion carried unanimously.**

### **Other Business and Adjournment**

Mike Jensen gave the Board an update regarding the new Tooele County Jail that will be opening in a few weeks. He will send information on the Ribbon Cutting Ceremony to Roxanne for distribution to the Board.

Steve Rawlings informed the Board that Tom Hardy was retiring from his position as the City Manager for Bountiful to serve a full-time mission with his wife. His retirement party will be held on Wednesday, January 26, 2012, from 1:00 – 3:00 p.m., at Bountiful City Hall.

Chairman Conabee expressed his appreciation to the Board for their participation in the meeting. The next regularly scheduled meeting of the Private Activity Bond Authority Board will be held on April 11, 2012, at 9:00 a.m. The location will be announced at a

later date, dependent upon the move of the Governor's Office of Economic Development into their new office space.

The Board Meeting scheduled for December 12, 2012, has been moved back one day to December 11, 2012, at 2:00 p.m., due to a conflict with Chairman Conabee's schedule.

The meeting adjourned at 2:36 p.m.

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Submitted by:  
Jenni Osman