

PRIVATE ACTIVITY BOND AUTHORITY BOARD MEETING

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

MINUTES

Wednesday, October 12, 2011

Members Present

Christopher M. Conabee (Chairman)
Richard K. Ellis
Grant S. Whitaker
Meghan Holbrook
Michael Jensen
Kyle Kershaw

Representing

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

Excused Members

Steve Rawlings
Wayne Parker
Tom Hardy
Lee Gardner

Davis County
Provo City
Bountiful City
Salt Lake County

Staff and Visitors

Roxanne Graham
Jenni Osman
John Brereton
Bill Loos
Richard Davis
Fredrick Olsen
Blake Wade
Jay Minnick
Misty Deakin
Jason Burningham
Randy Sant
Terrence Bride
Harold Rosemann
Cleon Butterfield
Ben Logue

Governor's Office of Economic Development
Governor's Office of Economic Development
Affordable Housing Advisors
Attorney General's Office
Board of Regents
Ballard Spahr
Ballard Spahr
Miller Development
Miller Development
Lewis Young Robertson & Burningham
City of South Salt Lake
Ogden City
Cookietree, Inc.
Utah Housing Corporation
Tannach Properties

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 9:08 a.m., by Christopher M. Conabee, Managing Director of the Governor's Office of Economic Development.

APPROVAL OF MINUTES

Chairman Conabee requested a motion to approve the minutes of July 13, 2011.

Grant Whitaker moved and Richard Ellis seconded a motion to approve the minutes of July 13, 2011. The motion carried unanimously.

OGDEN CITY PRESENTATION ON RZFB PROJECT

Terrence Bride from Ogden City’s Business Development Department gave a presentation to the Board on the West Washington Junction Inn project. This development was funded from the Recovery Zone Facility Bond Program, which ended in December 2010. Progression on the hotel was shown through photos showing different stages of the construction process. The hotel is scheduled to be completed by June 2012 and will provide 40 new jobs when it opens its’ doors for business. He also provided a newspaper article from The Standard-Examiner on the new hotel, stating how it fits into Ogden City’s vision of their downtown area and the anticipated economic development it will bring. This is the last planned project of *The Junction*, which will complete the entire development in the downtown area. Mr. Bride expressed his appreciation again to the Board for helping to fund this project.

Mr. Bride informed the Board that a new company, Utopia Compression, developers of logic software will bring 40 new, high-paying jobs to the Ogden area. The jobs will be phased in until 2016.

Mr. Bride asked the Board Members for their assistance on any specialized financing ideas, e.g., Federal programs, TIF, new legislation, etc., for a mass housing redevelopment in a 9-block area of downtown Ogden City. The area is to be converted into market rate homes with no subsidized housing. Currently the area has two types of homes; some with historical value, while others are obsolete in the age, size and condition of the home, which need to be razed. The homes with historical value could use historic tax credits to help preserve and rebuild them.

STATUS OF ACCOUNTS

Chairman Conabee reviewed the Accounting Summary of the 2011 Volume Cap shown below.

PAB ACCOUNTING SUMMARY

October 12, 2011

	MFG Account	Pool Account
Starting Balances	\$ 14,240,000	\$ 30,215,000
August 15 - Unallocated balance in Manufacturing Account returns to Pool Account.		
Balance Pool Account		\$ 44,455,000
Relinquishment		
Agricultural Waste		\$ 10,000,000
Allocation Requests		
Cookietree Inc.		\$ 5,500,000
Remaining Balance		\$ 48,955,000

VOLUME CAP RELINQUISHMENT

Manufacturing

Agriculture Waste Solutions, Inc.

Agriculture Waste Solutions, Inc. (AWS) had previously requested two extensions on the \$10,000,000 total volume cap allocation from the Manufacturing Account to develop a waste-to-energy production facility located in Erda, Utah. Protocols are currently being developed for the National Greenhouse Gas Emissions (GHG) Trading Program. The definitions of this program will influence the timing of AWS' ability to secure financing for their project; however the protocols are not expected to be defined until the end of the year. Due to this delay, the probability of obtaining the necessary financing and closing the bonds by the December deadline is not possible so AWS relinquished their volume cap. AWS plans to reapply for volume cap in the January 2012, Board Meeting, if the above factors are accomplished by that time.

VOLUME CAP ALLOCATION REQUESTS

Manufacturing

Cookietree Inc.

Cookietree Inc. is requesting \$5,500,000 of volume cap allocation. They are a local company started in 1981 that produces cookies, brownies and scones. Since 1991, the company has grown and increased sales from \$5 million to over \$37 million. . Proceeds from the bonds will finance the construction of a 95,000SF manufacturing facility. The building will be the company's sole manufacturing and distribution center and will also include the company's administrative offices. The construction of the new facility will support future production lines increasing sales up to \$120 million from the current \$37 million. Two years after completion of the facility, sales are expected to increase to \$43,500,000; a 17% increase.

John Brereton gave a brief overview of the project. He asked the Board members in their consideration to fund this project to look at the total number of employees working at this company. Two years from now the total number of employees is 138. The increase of employees is only 7, but the total employment is 138 people, which is an important factor in light of today's labor market and the high unemployment figure.

Harold Rosemann, representative from Cookietree Inc., provided information on the future plans and timing of the project.

Meghan Holbrook moved and Kyle Kershaw seconded the motion to approve the \$5,500,000 volume cap allocation to Cookietree Inc. The motion carried unanimously.

VOLUME CAP EXTENTION REQUESTS

Single Family Account

Utah Housing Corporation (UHC) requested the third extension on the \$116,684,400 total volume cap allocation from the Single Family Account.

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

Richard Ellis moved and Michael Jensen seconded a motion to approve the third extension on the \$116,684,000 volume cap allocation to the Single Family Account. The motion carried unanimously.

Student Loan Account

The Utah State Board of Regents (USBR) requested the third extension on the \$91,680,600 total volume cap from the Student Loan Account.

Richard Davis from USBR provided an update to the Board on the Student Loan Program and their anticipated bond sales.

Grant Whitaker moved and Meghan Holbrook seconded a motion to approve the third extension on the \$91,680,600 volume cap allocation to the Student Loan Account. The motion carried unanimously.

Multi-family Housing

Tannach Properties

Tannach Properties requested the fifth extension on the \$19,100,000 volume cap allocation for the State Street Plaza project approved by the PAB Board in July 2010.

Ben Logue reported on the project's progress. They are waiting for final approval of their application from Freddie Mac and their building permit from Salt Lake City. Hopefully these will be approved so they can close their bonds in November.

Kyle Kershaw moved and Richard Ellis seconded a motion to approve the fifth extension for the \$19,100,000 volume cap allocation for Tannach Properties. The motion carried unanimously.

Miller Development

Miller Development requested the eighth extension on the \$27,575,000 volume cap allocation for the Fireclay Apartments approved by the PAB Board in October 2009.

Misty Deakin reported to the Board they have received their firm commitment from HUD and the projected closing date is December 1, 2011.

Jay Minnick joined the meeting towards the end and answered questions raised by the Board as follows:

- Miller was able to find an investor to buy the 4% low-income housing tax credits (LIHTC) last spring. The investor fund is using the following ratios for the different tax credits, which makes the project seem less risky:
 - 75% of project – 9% tax credits.
 - 25% of project – 4% tax credits.
- Miller plans to use the full amount of volume cap allocated to them.
- Trax credits are not eligible when using 4% tax credits, just 9%.

Meghan Holbrook moved and Michael Jensen seconded a motion to approve the eighth extension for the \$27,575,000 volume cap allocation for Miller Development. The motion carried unanimously.

Qualified Redevelopment Projects

City of South Salt Lake Redevelopment Agency

Kyle Kershaw disclosed to the Board he is employed by the City of South Salt Lake.

The City of South Salt Lake Redevelopment Agency requested a second extension for their \$15,000,000 volume cap allocation from the Small Issue Account for the Market Station Project.

Jason Burningham, project financial advisor, gave a brief update on the financing requirements and the plan to convert the bonds in November as follows:

- The bonds have already been issued. They are just being converted from a taxable transaction to tax-exempt Qualified Redevelopment Bond.
- One of the Federal law requirements is that the project area must be planned and adopted by the public. The RDA has been going through those noticing requirements for the last 60 days. The Public Hearing is scheduled for October 26.
- The bond closing is scheduled for November. In regards to the closing, the taxable bonds have already closed. The RDA already has the proceeds from those bonds and has been using them. This will just be a conversion of the bonds from a taxable rate to tax-exempt rate. The conversion has already been determined in the original documents. Bank of America is the buyer of the bonds.
- The RDA has used some of the bond proceeds to acquire property in the 21st South State Street area. They have already started Phase I of the redevelopment project. An office building, some retail and other components are planned for this area. The Sugarhouse street car will go through this area.
- The taxable bonds are a 20-year fully amortized loan.

Michael Jensen moved and Meghan Holbrook seconded a motion to approve the second extension for the \$15,000,000 volume cap allocation for the City of South Salt Lake Redevelopment Agency. The motion carried unanimously.

Other Business and Adjournment

The Board discussed the PAB Retreat to be held on November 7, 2011, from 2:00 to 4:00 p.m., along with possible locations. The final location decision will be emailed to the Board.

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 Tuesday, December 13, 2011, at 9:00 a.m., at the Governor's Office of Economic Development, 324 S. State Street, Suite 500, Conference Room #501, Salt Lake City, Utah.

The meeting adjourned at 10:01 a.m.

Submitted by:
Jenni Osman