

# REDEVELOPMENT AGENCY OF BOUNTIFUL CITY

Tuesday, January 12, 2016

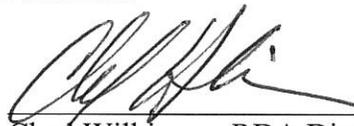
6:30 p.m.

**NOTICE IS HEREBY GIVEN** that the Board of Directors of the Bountiful City Redevelopment Agency will hold a meeting at Bountiful City Hall, 790 South 100 East, Bountiful, Utah, at the time and date given above. The public is invited to attend. Persons who require special accommodations should contact Shawna Andrus, Executive Assistant, at 801.298.6140, at least 24 hours prior to the meeting.

If you are not on the agenda, the Board of Directors will not discuss your item of business until a subsequent meeting. If you wish to have an item placed on the agenda, contact the Redevelopment Agency Director at 801.298.6190, at least 7 days before the scheduled meeting.

## AGENDA

1. Welcome
2. Consider approval of minutes for December 8, 2015.
3. **PUBLIC HEARING:** Consider approval of the proposed amendment to the C.B.D. Neighborhood Development Project Area Plan. The Agency will hear public comment on the proposed amendment and whether the amendment should be revised, approved, or rejected
4. Consider approval of Resolution No. 2016-01, a resolution approving an amendment to the Bountiful C.B.D. Neighborhood Development Project Area, as approved by the Taxing Entity Committee on November 18, 2015.
5. RDA Director's report and miscellaneous business.



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Chad Wilkinson, RDA Director

Pending minutes have not yet been approved by the Redevelopment Agency Committee and are subject to change until final approval has been made.

## BOUNTIFUL REDEVELOPMENT AGENCY

### Meeting Minutes of: Tuesday, December 8, 2015

Location: City Council Chambers, Bountiful City Hall, 790 South 100 East, Bountiful, Utah

Present: Chairman – Randy Lewis; Board Members – John Marc Knight, Richard Higginson, Kendalyn Harris, John Pitt, Beth Holbrook; Redevelopment Director – Chad Wilkinson; City Manager – Gary Hill; City Attorney – Russell Mahan; City Engineer – Paul Rowland

#### Welcome

1. Chairman Randy Lewis opened the meeting at 7:26 p.m. and welcomed those in attendance.

#### Agenda Items

2. **Consider approval of minutes for November 10, 2015.**

Mr. Pitt made a motion to approve the minutes for November 10, 2015. Mr. Higginson seconded the motion.

A Mr. Lewis  
A Ms. Harris  
A Mr. Higginson  
A Ms. Holbrook  
A Ms. Knight  
A Mr. Pitt

Motion passed 6-0.

3. **Consider a revolving loan application for \$60,000 from SKC Orchard L.C., 2155 S. Orchard Drive, Brian Knowlton, applicant.**

Redevelopment Director Chad Wilkinson presented a summary of the staff report (the full staff report follows).

Mr. Brian Knowlton, representing SKC Orchard L.C. is seeking to “refinance” the current RDA loan for the property located at 2155 S Orchard Drive. In November, the RDA Board approved a loan of \$40,000 dollars to Mr. Brett Anderson, representing Vector

Holdings/Computech in order to complete improvements to units 201 and 202 of the existing mixed use building located at 2155 S. Orchard Drive. Computech plans to purchase units 201 and 202 which will be used as collateral for their loan.

There is an existing RDA loan on the property with a current balance of approximately \$154,000 which will be paid off with the purchase of the property by Computech. A condominium plat was recently approved for the property by the City Council. Mr. Knowlton now requests that a new loan of \$60,000 dollars be approved by the RDA using units 101 and 102 as collateral for the loan. A new commercial loan will also be requested for an amount not to exceed \$340,000 dollars.

The applicant proposes to secure the new loan with a trust deed on the property which has an appraised value of \$500,000. The applicant has proposed that the RDA loan be in second position to a commercial loan with a maximum value of \$340,000. In the past, the RDA has attempted to maintain a loan to value ratio of 75 percent for revolving loans but has approved exceptions to this policy on a case by case basis. The total of the two requested loans proposed by Mr. Knowlton (RDA and Commercial) is \$400,000 resulting in a loan to value ratio of 80 percent. Although the loan to value ratio exceeds 75 percent, the ratio is consistent with the loan approved for Computech at the last meeting. The Board indicated that with additional collateral, they would be willing to consider additional funding for the property at the same terms as the original Computech Loan.

The Revolving Loan program was primarily created to provide loans for redevelopment in the Historic Downtown of Bountiful. Although not located in the Historic Downtown, the proposed use would aid in bringing much needed commercial use to the mixed use center on Orchard Drive. A loan of \$60,000 dollars, which would amount to an 80 percent loan to value ratio, will allow the RDA to support this project while maintaining an acceptable level of risk with these public funds.

### **Recommended Action**

Approve a new loan to SKC Orchard L.C. with the following terms:

1. Loan Value: \$60,000
2. Amortization Period: 10 years
3. Call: At end of 5 years
4. Interest Rate: 3%
5. Payment Schedule: Monthly
6. Security: Second Position Trust Deed behind a maximum \$340,000 commercial loan
7. Other: This offer sunsets January 1, 2016, is not assignable, and may not be extended

Mr. Pitt noted that Mr. Knowlton does good work and has put forth a good effort in providing a good place for his tenant. Additionally, Mr. Pitt expressed the Board's desire to make the loan happen and that new terms can allow that to happen with minimized risk for the city. Mr. Higginson expressed concern that the ceiling on this loan not become the norm

for future loans, and he noted that Mr. Knowlton is a known quantity and is deserving of a little extra cushion.

Ms. Holbrook made a motion to approve a revolving loan application for \$60,000 from SKC Orchard L.C., 2155 S. Orchard Drive, Brian Knowlton, applicant. Mr. Higginson seconded the motion.

- A Mr. Lewis
- A Ms. Harris
- A Mr. Higginson
- A Ms. Holbrook
- A Ms. Knight
- A Mr. Pitt

Motion passed 6-0.

#### **4. RDA Director's report and misc. business.**

Mr. Wilkinson reported that efforts for the RDA extension had recently been approved by the Taxing Entity Committee. The extension will run from 2016-2035 with a projection of up to \$23,000,000 of additional revenues available to the Agency for a variety of projects identified in the budget. Mr. Wilkinson explained that the next step will be for the Agency to approve, by resolution, that extension. State law requires a public hearing be held, that public notices be sent to every property within the RDA boundary, and that taxing entities receive a similar notice of the public hearing. Taxing entities notices are very detailed, including projections of increment to be collected. This notice is being taken care of by the city's RDA counsel. The public hearing is scheduled for January 12, 2016. Mr. Wilkinson advised that anyone receiving phone calls regarding the public hearing make the following points: (1) property taxes will not increase as a result of the extension, and (2) these funds are for the express purpose of helping to redevelop the RDA area and will be of benefit to those property owners. Immediately following the RDA public hearing, and acting as the RDA Board, the City Council will approve a resolution for the extension. Then, acting as the legislative body of the city, the Council will also approve that extension at the City Council meeting. There will be two votes that evening, one as RDA Board and one as City Council. Once the voting is complete, there is a filing period which will be taken care of by legal counsel.

Mr. Pitt inquired as to the number of business owners in the RDA area. Mr. Wilkinson responded that there are a couple of hundred (including several condominium owners in the area). Mr. Wilkinson expressed his belief that there most likely will be a number of questions from property owners. Ms. Harris asked who would receive the notice. Mr. Wilkinson explained the notice would be delivered to all residential and business owners within the RDA boundaries (a 100 acre area). Ms. Harris asked for clarification regarding taxes not increasing as a result of the RDA extension. Mr. Wilkinson explained the way the tax increment financing works it that we take the incremental difference between that base year and today's taxes. Instead of going to the taxing entities, which would be the school district

and the county, they would come back to the agency for use, so there's no change in the tax rate. It is going to rise over the years just as a natural course of increases in property values and that's actually where we get the increment from – is those natural increases in property values. Mr. Wilkinson again stressed that this RDA action will not cause an increase in taxes.

Chairman Lewis invited Mr. Knight to share his insights regarding the RDA extension process. Mr. Knight thanked the council members and Mayor for the opportunity to be the point man on the project. Mr. Knight acknowledged the enormity of the task for Mr. Wilkinson and Mr. Hill and noted there was a fair amount of frustration along the way, but it was wonderful in the end to get a unanimous vote from the taxing committee, which is pretty rare. Mr. Knight thanked Mr. Wilkinson and Mr. Hill for their efforts. Mr. Wilkinson noted there were a tremendous number of meetings involved in the extension process, and one great side effect is that the city has been able to build relationship that probably wouldn't have been built otherwise, with the school board and the county. That is a very positive thing as the RDA moves forward. The real work actually begins now, and in the coming months the RDA will look at where we go from here, but the foundation laid with the taxing entities will be beneficial as the RDA moves forward. Mr. Wilkinson noted that in spite of the frustrations, the RDA is very happy with the result. The negotiated extension is going to be a great thing for the city.

In a non-RDA related matter, Mr. Hill inquired regarding a letter for the Congressional Delegation of Forest Service.

### **Adjourn**

Chairman Lewis ascertained there were no other items to discuss. The meeting was adjourned at 7:38 p.m.

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Chad Wilkinson, Redevelopment Director

# RDA Staff Report

**Subject: Public Hearing:** Adoption of Amendment to the collection period for the Bountiful RDA

**Author:** Chad Wilkinson, RDA Director

**Department:** Redevelopment Agency

**Date:** January 12, 2016



## Background

On November 18, 2015 the Taxing Entity Committee for the Bountiful Redevelopment Agency unanimously approved a resolution extending the Tax Increment collection period for the Bountiful Redevelopment Area for an additional 20 years. This will provide funding for work within the RDA until 2035. Approval of the proposal by the TEC was the culmination of over a year of work by RDA Board members and staff. Efforts included many meetings with representatives from Davis County, the Davis School District and State School Board, along with other taxing entities. The agency was assisted in this effort by Susan Becker from Zion's Bank Public Finance and Craig Smith from Smith Hartvigsen. Zion's provided revenue estimates for the area based on assumptions for development within the RDA with Smith Hartvigsen providing legal counsel. Utah Code Section 17C-2-110(3) establishes that an amendment to the adopted Redevelopment Area plan must be approved by resolution of the Redevelopment Agency Board after approval by the Taxing Entity Committee and after holding a public hearing on the amendment. If adopted, the attached resolution will approve the amendment to the RDA plan allowing for collection of tax increment for an additional 20 years subject to the provisions included in Exhibit A. Notice of the public hearing was sent to all property owners within the RDA boundary as required by State law.

## Analysis

The proposed extension includes a change to the percentage of increment that will come to the agency. Currently the agency receives 100 percent of the tax increment from the 100 acre RDA collection area. Under the amendment, the agency will retain 65 percent of current (2015) levels of tax increment with 35 percent being returned to the taxing entities. In addition, the taxing entities will receive 85 percent of new growth in the area (resulting from increases in property values accompanying new development in the area) with 15 percent of growth being allocated to the agency. Based on estimates prepared by Susie Becker from Zion's financial, this will result in approximately 22 million dollars in the next 20 years. Under the proposal, the agency would agree to cap the amount of increment it receives at \$23 million dollars. Once the agency has received \$23 million dollars, 100 percent of existing increment and new growth would be distributed to the taxing entities.

The amendment does not result in an increase in taxes for property owners. Instead, each of the taxing entities (including Davis County, Davis School District, and other smaller taxing entities) has agreed to funnel a portion of their tax revenues to the Redevelopment Agency over the next 20 years to be used for redevelopment efforts. Funds are generated by calculating the incremental difference in property taxable values between a base year and the current tax year.

The amendment will allow for continued redevelopment efforts in Bountiful City. While much progress has been made since the RDA was originally adopted, there is still a need for continued investment. The taxing entities also recognized the need and approved an extension to facilitate redevelopment efforts.

### **Department Review**

The amendment has been reviewed by the RDA Director and the City Manager.

### **Significant Impacts**

Adoption of the proposed extension will provide up to \$23 million dollars over the next 20 years for redevelopment efforts in Bountiful City.

### **Recommendation**

The RDA Board should hold the public hearing required by state law and adopt RDA Resolution 2016-01 approving the amendment to the RDA extending the tax increment collection period for 20 years according to the terms outlined in Exhibit A to the resolution.

**Bountiful City Redevelopment Agency  
Resolution No. 2016-01**

**A RESOLUTION APPROVING AN AMENDMENT TO THE BOUNTIFUL C.B.D.  
NEIGHBORHOOD DEVELOPMENT PROJECT AREA, AS APPROVED BY THE  
TAXING ENTITY COMMITTEE ON NOVEMBER 18, 2015**

**WHEREAS**, a taxing entity committee has been created by the Bountiful City Redevelopment Agency (the “**Agency**”) pursuant to UCA § 17C-1-402, and is known as the Bountiful City Redevelopment Agency Taxing Entity Committee (the “**Taxing Entity Committee**” or “**TEC**”); and

**WHEREAS**, the Agency has created the C.B.D. Neighborhood Development Project Area (the “**Project Area**”) and has adopted a Plan for the Project Area (the “**Plan**”), which has been amended several times; and

**WHEREAS**, when the Project Area was created there was no provision in Utah law requiring or authorizing the creation of a Project Area Budget and thus there is no Project Area Budget to amend; and

**WHEREAS**, the attached Amendment to the Project Area Plan will be the functional equivalent of Project Area Budget by providing for limitations on the collection and of use of Tax Increment that will be generated in the Project Area by the Agency; and

**WHEREAS**, the Agency, according to the terms of an Interlocal Agreement entered into with the Davis County School District and according to the Plan, receives Tax Increment (as defined in UCA § 17C-1-102(47)) (“**Tax Increment**”) from the Project Area; and

**WHEREAS**, the Agency is scheduled to cease receiving Tax Increment after the 2015 tax year (distributed in 2016); and

**WHEREAS**, the TEC has approved an amendment to the Plan according to the terms of this Resolution; and

**WHEREAS**, the Agency has held a properly noticed public hearing on this amendment as required by Utah Code § 17C-2-110(3)(b) on this same date.

**NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE  
BOUNTIFUL CITY REDEVELOPMENT AGENCY AS FOLLOWS:**

1. The Agency hereby approves the amendment to the Plan as set forth in the attached **Exhibit A** (the “**Amendment**”).

2. The Agency makes the following findings as to the Project Area and the Amendment:

a. The continued administration of the Project Area by the Agency and the Amendment are in the best interest of the Agency, the City of Bountiful, and its residents.

b. The Agency has received and reviewed information on the Amendment and the proposed extension of Tax Increment collection within the Project Area and has performed its own analysis of such information.

3. The Agency hereby submits the Amendment to Bountiful City and recommends that it be approved by ordinance.

4. This resolution shall be effective upon its adoption.

**APPROVED AND ADOPTED** this 12<sup>th</sup> day of January, 2016.

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Randy C. Lewis  
Redevelopment Agency Board Chair

**ATTEST:**

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Chad Wilkinson  
Redevelopment Agency Director

## EXHIBIT A

### AMENDMENT TO THE BOUNTIFUL C.B.D. NEIGHBORHOOD PROJECT AREA PLAN

**Approved by the Taxing Entity Committee on November 18, 2015**  
**Approved by the Bountiful City Redevelopment Agency on January 12, 2016**

The Project Area Plan (the “**Plan**”) for the Bountiful C.B.D. Neighborhood Development Project Area (the “**Project Area**”) is hereby amended as follows:

1. The Bountiful City Redevelopment Agency (the “**Agency**”) is hereby entitled to collect Tax Increment (as defined in UCA § 17C-1-102(47)) (“**Tax Increment**”) from the Project Area for an additional 20 years, for tax years 2016 through 2035, inclusive, according to the following terms and conditions:

- a. The Agency is entitled to collect 65 percent of the Tax Increment generated within the Project Area according to 2015 assessed value of property within the Project Area.
- b. The Agency is entitled to collect 15 percent of Tax Increment generated by increases in value of the property within the Project Area beyond the 2015 value.
- c. The total Tax Increment collected by the Agency during tax years 2016 through 2035, inclusive, shall not exceed \$23,000,000.
- d. All tax revenue not distributed to the Agency as described above shall be distributed by Davis County directly to the various Taxing Entities.
- e. Each year, the Agency shall prepare a report on the Project Area for the Taxing Entity Committee that, at a minimum, meets the requirements set forth in UCA § 17C-1-603 and § 17C-1-401(9)(b), as applicable, as additionally includes the following information:
  - i. Report on Tax Increment actually collected by the Agency beginning with tax year 2016, including details of Tax Increment contributed by each Taxing Entity.
  - ii. Projections of the Tax Increment expected to be collected by the Agency through tax year 2035, including details of Tax Increment expected to be contributed by each Taxing Entity.
  - iii. Actual expenditures of Tax Increment and other funds within the Project Area for the preceding year.
  - iv. Details of notable developments within the Project Area and expected future development.
  - v. Detailed updates on the status, progress, and outlook for the “Downtown,” “City Center,” and “Renaissance Center” areas within the Project Area.

- f. The Agency shall hold a Taxing Entity Committee meeting at every 5 years and at each 5-year meeting make a report to the Taxing Entity Committee including the following information:
  - i. Status of all development or projects within the Project Area, including changes to anticipated projects.
  - ii. Comparisons of actual and projected revenues from projects.
  - iii. Accounting of actual development within the Project Area, including information such as actual housing units constructed and actual square footage of commercial development.
  - iv. Information on changes to current or anticipated projects within the Project Area.

2. Any provision of the Project Area Plan not amended by this Amendment shall remain in full force and effect.