

REDEVELOPMENT AGENCY OF BOUNTIFUL CITY

Tuesday, May 10, 2016

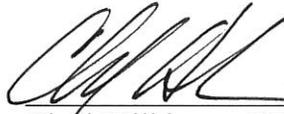
7:30 p.m. (Time approximate after the City Council meeting)

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 January 12, 2016
3. Consider Approval of a Subordination of the Historic Bountiful Theater Loan, Sean Monson Applicant
4. Consider Adoption of Tentative RDA Budget for Fiscal Year 2016-17.
5. RDA Director's report and miscellaneous business.



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, January 12, 2016

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 6:35 p.m. and welcomed those in attendance.

Agenda Items

2. **Consider approval of minutes for December 8, 2015.**

Mr. Higginson made a motion to approve the minutes for December 8, 2015. Mr. Knight 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. **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.**

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

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.

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.

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

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.

Director Wilkinson noted that State law requires all property owners within the RDA boundary receive notice of the Public Hearing, and the city has complied with this requirement. Mr. Wilkinson displayed an RDA area map and pointed out the RDA boundaries to those in attendance. A few concerned property owners within that boundary contacted the city to inquire if the RDA extension would result in an increase of taxes. Mr. Wilkinson explained the answer to this is no. He further explained that the way the tax increment financing works is that taxing entities (Davis County Schools, Davis County and the other taxing entities) agree to give up their portion of the taxes collected in the RDA area for use within that area for redevelopment purposes. Mr. Wilkinson noted that Bountiful is also included in this in that they give a portion of their taxes to go toward financing some of those redevelopment areas. Mr. Wilkinson explained that the reason this is important is that at the January 12, 2016 RDA and City Council meetings, the City Council/RDA board is acting as both bodies. State law requires the RDA Board adopt the amendment by resolution and also requires the City Council, acting as a separate body, approve this by ordinance. So there are two approvals necessary for this to go forward by the City. Mr. Wilkinson reiterated that there will be no increase in taxes as a result of the extension and explained that monies generated by this extension will be reinvested in the RDA area and those properties in the RDA area will benefit from the amendment. Mr. Wilkinson expressed that staff is recommending that the RDA Board adopt the resolution approving an amendment to the Bountiful C.B.D. Neighborhood Development Project Area as contained the details of Exhibit A of the Resolution.

Mr. Pitt noted a portion of the Staff Report which stated that the proposed extension will provide up to \$23 million dollars over the next 20 years for redevelopment efforts in Bountiful City, and he inquired what the total amount would be from all entities. Mr. Wilkinson and Mr. Hill explained that the total amount would be close to \$48,000,000 from the RDA area. Mr. Wilkinson stated that that remainder of that \$48,000,000 would go directly back to the taxing entities so that by the end of the RDA period the taxing entities will have actually collected more tax than without the extension of the RDA.

Chairman Lewis recognized Utah House Representative Ray Ward who was in attendance at the meeting.

PUBLIC HEARING: Chairman Lewis opened the Public Hearing at 6:43 p.m. and invited any who wanted to speak on the matter to approach the rostrum. The Public Hearing was closed at 6:43 p.m. with no comment from the public.

- 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.**

Mr. Knight made a motion for 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. 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.

Chairman Lewis acknowledged this has been a difficult process, and it will make a world of difference in Bountiful City. He expressed thanks to Gary Hill and Chad Wilkinson for their efforts.

5. RDA Director's report and miscellaneous business.

Mr. Wilkinson expressed that he's looking forward to this next phase of the RDA work. He anticipates good discussions with the RDA Board about how it will expend these monies over the twenty years and what projects those funds will go toward. Mr. Wilkinson acknowledged property owners present at the meeting who will benefit from those discussions, and he expressed his excitement to start those plans for Bountiful City.

Adjourn

Chairman Lewis ascertained there were no other items to discuss. The meeting was adjourned at 6:48 p.m.

Chad Wilkinson, Redevelopment Director

Redevelopment Agency Staff Report



Subject: Subordination of Business Development Loan for Creative Arts Academy
Property: 165 and 185 S Main Street
Author: Agency Director
Date: May 10, 2016

Analysis

Mr. Sean Monson, representing the Creative Arts Academy and Bountiful Historic Theater, requests a loan subordination to the existing loan for the Creative Arts Academy building at 165 South Main Street. The RDA approved a loan for \$600,000 dollars in 2011. The applicant currently has an outstanding balance on the loan of \$376,479 dollars. The current loan is secured by a trust deed on two properties addressed 165 and 185 South Main Street. The county assessed value for the property at 185 South Main Street is \$1,107,709.00 and the county assessed value for the property located at 165 South Main Street is \$615,000.00. The total assessed value of the buildings is \$1,722,709.00.

The applicant wishes to refinance an existing commercial loan on the properties in order to payoff existing loans and pay for repairs to the roof and to complete seismic upgrades to the building at 165 South Main. The refinanced commercial loan would be total approximately \$681,000 dollars. After the refinance, the total amount of debt on the properties (including the new commercial loan and the subordinated RDA loan) will total \$1,057,479.00, which provides a 61% loan to value ratio (based on the county assessed value).

The RDA staff has reviewed this request and recommends that the loan to value ratio after the subordination is acceptable. The applicant is current on the existing loan and has an established history of paying off RDA loans in accordance with established terms. Furthermore, the additional funds would be used exclusively for an eligible project on Main Street, and will provide future tax increment revenue.

Department Review

Agency Director and City Manager.

Significant Impacts

None.

Recommended Action

Approve the requested loan subordination, as proposed.