

# MINUTES OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY

TUESDAY, OCTOBER 8, 2019

The Board of Directors of the Redevelopment Agency (RDA) of Salt Lake City, Utah, met on Tuesday, October 8, 2019 in Room 326, Committee Room, City County Building, 451 South State.

**In Attendance:** Directors Erin Mendenhall, Amy Fowler, Charlie Luke, Chris Wharton, Analia Valdemoros, James Rogers, and Andrew Johnston.

**Staff in Attendance:** Jennifer Bruno, Council Executive Deputy Director; David Litvack, Mayor's Deputy Chief of Staff; Danny Walz, RDA Chief Operating Officer; Katherine Lewis, Senior City Attorney; Lynn Pace, Acting City Attorney; Jill Wilkerson-Smith, RDA Deputy Chief Operating Officer; Kort Utley, RDA Senior Project Manager; Tammy Hunsaker, RDA Project Manager; Susan Lundmark, RDA Project Manager; Tracy Tran, RDA Project Manager; Benjamin Luedtke, Council Public Policy Analyst; Mary Beth Thompson, Finance Director; Marina Scott, City Treasurer; and Kory Solorio, Assistant City Recorder.

Director Fowler presided at and conducted the meeting.

The meeting was called to order at 2:09 p.m.

## **A. 2:09:48 PM GENERAL COMMENTS TO THE BOARD**

**David Amott** spoke on behalf of Preservation Utah. He said after last month's RDA meeting, he was asked by the State Historic Preservation Office Director, Roger Roper, to read a letter regarding the misrepresentation that tax credits would not be an option for the Utah Theater. He said the tax credit would be an option and had not been explored, but mitigation of the theater deserved to be photographed, drawn, filmed, and documented for historical purposes. He said Preservation Utah would be glad to facilitate that effort in any way possible.

**Nigel Swaby** spoke on behalf of the River District Chamber and the Fairpark Community Council regarding safety features for Jackson Elementary. He said he was in support of street crosswalks and signage in the area that needed help. He said he was also in favor of additional police patrols and security due to its location within proximity of the Gateway Inn. He also spoke on RDA catalytic projects; specifically, Folsom Trail Signage and the development of commercial buildings in that area. He said his group felt the best use of funds in that area would be to support the International Market at the State Fairpark and asked the Board to consider that suggestion.

## **B. PUBLIC HEARINGS**

None.

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## C. REDEVELOPMENT AGENCY BUSINESS

**#1. 2:15:17 PM Informational: Utah Theater Redevelopment Follow-up.**  
*The Board will receive a follow-up briefing about the potential redevelopment of the Utah Theater, located at 144 South Main Street, and adjacent retail property. [View Attachments](#)*

**Danny Walz, Benjamin Luedtke, Tammy Hunsaker, Jill Wilkerson-Smith, and Jennifer Bruno** briefed the Board with attachments.

Director Valdemoros inquired if there was still time to work out an alternative to demolishing the Theater and if there had been follow-up with the philanthropic organizations since the Eccles Building was constructed. Mr. Walz said there had not been conversation because there really was not a project to pitch; he said it would be difficult to gauge interest on something not identified. He said the Eccles campaign was very successful because the community got behind the concept of building a Broadway Theater. He said last year, when Staff presented the funding gap, they anticipated a funding campaign at the same level as Eccles.

Director Valdemoros inquired what would happen if the Board reached out to donors. Mr. Walz said Staff had been working with Hines Development for some time, he said they would need to consider whether they would be open to participate. He said the original agreement was expiring and Staff was working on an amended agreement. He said those conversations would put that project on hold indefinitely and it would depend on the extent to examine and consider capital funding for the project.

Inquiry was raised as to the City's interest in preserving the theater and dangers with subsidizing. Mr. Walz said there had been a great deal of community outreach as well as support. He said Staff was at the point it would require considerable capital investment by the City and given the amount and other priorities, that was not the best use of public funding at this time. He said the issue of putting the project out for a public bond could be considered but had not been explored. He said Staff had not received indication as to the level of Administration or community interest in bonding.

Director Valdemoros referenced the recent bond refinance savings and whether that money could be used for the Utah Theater. Mr. Walz said the proposed bond savings were estimates at this point (roughly \$200,000 per year or just under \$2,000,000 for the life of the bond). He said the debt service for the funds was split between Block 70 and Central Business District (CBD) Tax Increment. He said within the Eccles Theater and Block 70, there was a shortfall for debt service; and the main issue with refinancing was to reduce that shortfall. He said the Agency had

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obligations to the theater, the building, and the site, as well as capital obligations for the parking structure. He said any savings would be utilized very easily, although the Board could prioritize funding those savings elsewhere.

Director Rogers inquired as to the percentage of historical tax credits. Mr. Walz said that was something developers would generally bring to the table; he said a typical amount would be 10%.

Director Wharton inquired about historic designations and where Staff received information the theater would not qualify. Mr. Walz said it would be helpful if the Board wanted Staff to follow-up on that. He said a consultant did some work on what the building might qualify for and Staff could go back and consult the information. Mr. Luedtke added clarification that the Utah Theater was not ineligible but perhaps not competitive given the lack of historical integrity that remained. He said this would include the Historic Tax Credits, and his information was a few years old, but Staff could verify the current application process and competitiveness. Director Wharton said his understanding was the building did not meet those qualifications and he requested clarification.

Director Wharton inquired as to the amount of write down for the land relative to the value of the permanent public easement on the park. Mr. Walz said part of required restrictions on the sale to Hines included the walkway and pedestrian access to the open space area. He said Staff worked with the developer to define that open space area as either open to the public or only a development amenity. He said there could be consideration of additional incentives to make that a public park. He said Staff identified those factors as part of the design and due diligence process and could bring back funding and concept for Board consideration. Director Wharton said he wanted public access to the open area with more than a walkway.

Further discussion followed regarding the affordable housing, with Mr. Walz stating 10% of the units would be affordable at 60% area median income (AMI) for fifty years. He said this was realistically looking at a full write down of value, but Staff needed to conduct further work with the developer in this regard.

Director Mendenhall inquired about preservation of physical elements and the role of Preservation Utah if this project proceeded with the developer. Discussion followed regarding what had been done with similar projects, with Mr. Walz stating there had not been a similar project. Director Mendenhall suggested considering what had been done by other cities relative to this transformation. She inquired as to the role of Preservation Utah and how to best preserve the historic nature

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of the building. Mr. Walz said that would be desirable, but Staff must first address the policy direction of what would be done with the building. He discussed a potential process to preserve elements when possible, including documentation and preservation of its memory. Director Mendenhall said she wanted to have a conversation to explore art installation funding or some way to connect this block with Regence and Eccles. She suggested visual connectivity of these arts and culture venues to try and provide a historic feel.

Director Valdemoros inquired as to the purchase price, current value, and selling price. Ms. Hunsaker said it was purchased for \$5,000,000 in 2009 and valued in May at \$4,070,000. She said that was for land only because it was difficult to put a value on the structure. Ms. Bruno clarified the seller was not completely willing at the time, so the value did not necessarily correlate with the appraised value. Mr. Walz said the land would be written down in exchange for other public benefits to be incorporated into the project. Ms. Hunsaker said she believed the 2017 Federal Tax reform impacted the 10% Historic Tax Preservation program; she said Staff could conduct additional investigation.

**#2. 2:38:47 PM Resolutions: RDA Tax Increment Revenue Refunding Bonds, Series 2019, and Updated Debt Service Schedule in interlocal agreement related to Sales and Excise Revenue Bonds, Series 2007A.** *The Board will have a follow-up discussion and will consider adopting two related resolutions regarding RDA bonds:*

- 1. a resolution that would authorize the issuance and sale of not-more-than \$46,000,000 aggregate principal amount of its Tax Increment Revenue Refunding Bonds Series 2019 for the purpose of refunding a portion of its outstanding tax increment revenue bonds; and related matters; and,*
- 2. a resolution that would approve an updated debt service schedule in an interlocal agreement between the City and RDA related to the RDA's contribution to debt service payments for 2007A bonds issued by Salt Lake City for the construction of the Westside Railroad Realignment Project (Grant Tower). [View Attachments](#)*

**Marina Scott** and **Mary Beth Thompson** briefed the Board with attachments.

Director Mendenhall moved and Director Rogers seconded to **adopt Resolution R-16-2019** adopting the resolution authorizing the issuance and sale of not more than \$46,000,000 aggregate principal amount of Tax Increment Revenue Refunding Bonds, Series 2019; and related matters, which motion carried, all directors voted aye.

Director Mendenhall moved and Director Rogers seconded to **adopt**

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Resolution R-17-2019 approving an updated debt service schedule in an interlocal agreement with Salt Lake City for the Redevelopment Agency's participation in the payment of debt service on 2007A bonds issued by Salt Lake City for the construction of the westside railroad realignment project, known as Grant Tower, which motion carried, all directors voted aye.

**#3. 2:41:05 PM Resolution: RDA Budget Amendment No. 1 for Fiscal Year 2019-20.** *The Board will be briefed about a resolution amending the final budget of the Redevelopment Agency of Salt Lake City for Fiscal Year 2019-20. Budget amendments happen several times each year to reflect adjustments in the Redevelopment Agency's budget, including proposed project additions and modifications. This proposed amendment includes allocating funding to the new 650 South Main TRAX Station, and reallocating funds for the Station Center project, among other changes.*  
[View Attachments](#)

Benjamin Luedtke, Danny Walz, and Mary Beth Thompson briefed the Board with attachments. Mr. Luedtke reviewed the four projects and programs totaling just over \$5,800,000. He said adding additional funding to the revolving loan fund and environmental remediation at the Station Center were both time sensitive. He said a policy question would be whether the Board felt the remaining balance (\$385,000) in the Revolving Loan Fund would be acceptable to last for the remainder of the year. Mr. Walz said Staff had not received any additional applications but there were a couple in the pipeline that would be anticipating funding this year. He said Staff did not project or anticipate any potential payoffs and followed the normal budget process. Discussion followed regarding tracking of annual loan amount requests, with Mr. Walz stating that had not been done. Director Johnston discussed history of loan requests and said a target number would be helpful in determining a contingency plan.

Director Rogers wanted to ensure tracking between Funding our Future, the holding account, sales tax, and the other Housing Trust Fund. He said the various funds had different tracking requirements but having one funding source to consider was much easier for everyone involved. Ms. Thompson explained funding could be tracked separately by project and activity code but still be combined with pre-existing funding. Director Johnston said if funding was put together for a joint venture, it could become difficult to pull apart.

2:50:47 PM ***The Board conducted a unanimous Straw Poll that instead of placing this in the holding account, the Board was comfortable making funds available for use consistent with the parameters on Funding Our Future bond dollars.***

Mr. Luedtke continued to review projects and funding. He referenced

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policy questions regarding repayment and what the Board would prefer as well as adjustments to the free fare zone. He said the free fare zone area was set in Interlocal with the Utah Transit Authority (UTA). Director Fowler said there had been discussion on how to ensure surrounding properties do contribute, and the Board could appropriate with contingency language for those to participate. Mr. Walz discussed an arranged agreement for repayment and details as to how that would take place. Director Valdemoros inquired about maintenance, with Mr. Walz stating RDA would enter into several agreements with UTA.

**#4. 2:58:35 PM Resolution: North Temple Urban Renewal Area Interlocal Agreement with Salt Lake City School District Follow-up.** *The Board will receive a follow-up briefing about, and will consider adopting, a resolution that would amend an interlocal agreement between the RDA and Salt Lake City School District. The current agreement states that up to \$2 million in tax increment generated by the North Temple Urban Renewal Area would be set aside for the construction of a new school in the area. However, the School District no longer anticipates a need for an additional school in the area and is requesting the funds be used for infrastructure related to safe school crossings.* [View Attachments](#)

**Danny Walz and Jill Wilkerson-Smith** briefed the Board with attachments. Ms. Wilkerson-Smith said the School District had provided cost estimates on items they might consider for three schools. She said the interlocal agreement was revised to ensure the funds would be used for schools serving the North Temple area, the RDA would prioritize funding improvements for safety and connectivity to the neighborhood, and that any safety crossing designs must be approved by Salt Lake City Transportation. She said Staff reviewed these changes with the School District and they agreed with the revision.

Director Johnston moved and Director Rogers seconded to **adopt Resolution R-18-2019** that would amend an interlocal agreement (Amendment No. 1) between the Redevelopment Agency and the Salt Lake City School District, which motion carried, all directors voted aye.

**#5. 3:01:18 PM Resolution: Loan to West End LLC for Project at 740 West 900 South.** *The Board will be briefed about, and will consider adopting, a resolution that would authorize a loan of up to \$3.1 million to West End LLC. If approved, the five-year loan would assist with an adaptive reuse project of two warehouses at 740 West 900 South. The project would contain approximately 12,500 square feet of commercial space, as well as pedestrian and road improvements to an existing alley.* [View Attachments](#)

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**Danny Walz, Tracy Tran, and Tammy Hunsaker** briefed the Board with attachments.

Director Valdemoros disclosed a potential conflict of interest and said she owned a property approximately 500 feet from this property. She said they had utilized one of her businesses as a catering company from one of their events.

Ms. Hunsaker provided an update on the 9-Line Community Reinvestment Area (CRA). She said when the memo was submitted, there was no official buy-in from any of the taxing entities. She said officially last week, the Salt Lake City School Board approved moving forward with the 9-Line and State Street CRA and finalizing negotiations. She said there was \$750,000 in seed funding set aside for the 9-Line and she wanted to make the Board aware due to the revolving fund being low in funds.

Ms. Tran discussed the project concept, cost, timeline, amount, interest rate, term, collateral, and guarantees. She said construction would take approximately six months for the first phase and the developer was currently working thru potential development of the second phase.

Director Mendenhall inquired as to environmental or sustainability discounts (benefits) in the words of the applicant. She inquired as to guarantee on these upgrades or how to enforce to ensure compliance. Ms. Hunsaker said those would be contractually obligated through the loan agreement negotiated with the borrower. She said Staff would ensure those were being installed during the draw/construction process. Director Mendenhall said she wanted to have future conversations as to what extent or reduction percentages would be awarded for various sustainability measures.

[3:15:43 PM](#) Director Rogers moved and Director Luke seconded to **adopt Resolution R-19-2019** approving the term sheet for a loan to West End LLC for a commercial development project located at approximately 740 West 900 South (as soon as the money was funded within the Revolving Loan Fund), which motion carried, all directors voted aye.

**#6. [3:17:29 PM](#) Informational: North Temple Project Area Catalytic Development Strategies.** *The Board will receive an update about recent and current development activities, tax increment growth to-date, and potential projects and programs to catalyze further development in the North Temple Project Area. [View Attachments](#)*

**Benjamin Luedtke, Danny Walz, Cara Lindsley, and Jennifer Bruno** briefed the Board with attachments. Discussion followed regarding the definition of "catalytic projects" relative to a policy. Director Fowler encouraged the Board to give that some thought for future discussion.

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Mr. Walz said this item was in response to just over \$800,000 appropriated by the Board for catalytic project funding. He said Staff returned to the Board with ideas as to what they could look like in effort to roll out those funds.

Ms. Lindsley said Staff identified potential programs and projects, collected public input relative to priorities, and were returning to the Board for discussion. She provided background relative to the process and objectives identified when the project area plan was created. She discussed current activity ongoing within the area (SPARK!, Congregation Spirits Loan, Fairpark Public Market Feasibility Study, Folsom Trail Design/Construction, City Creek Daylighting Study, and non-RDA Development Activity). She then identified seven potential North Temple Catalytic Projects and Programs: Interim and temporary uses of City-owned property in Folsom Corridor; Revolving Loan Fund program to assist buyers of contaminated properties; Adaptive Reuse Loan Program; Façade Improvement Grant Program; Folsom Trail enhancement/City Creek Daylighting; Public Art Program; and Strategic Property Acquisition. She said based on the locations of current multi-departmental and multi-agency collaborations, recent and planned private investment, and the community priorities, the neighborhood around Folsom Corridor between 800 West and 1000 West appeared to be a natural area for the RDA to focus its efforts to catalyze change in the North Temple Project Area.

Ms. Lindsley said the Fairpark draft report was reviewed and being finalized. She said Staff hoped to have the consultant present the report to the Board in November or December. Mr. Walz said these funds could wait for that presentation and/or Board direction. He said based on the feasibility study and presentation, all would agree next steps would be coordination with the State as well as timing to allocate funds (i.e. budget allocation in next annual budget versus utilizing these funds). The Board discussed the various ideas and indicated the need for additional policy discussion (specifically the Fairpark Public Market Feasibility Study) to be able to provide direction or prioritize the options proposed.

Discussion followed regarding the Façade Improvement Area Program, its boundaries, whether expansion was a possibility, and how it was funded. Mr. Luedtke referenced Community Development Block Grant (CDBG) target areas and discussed potential alignment with RDA areas. Ms. Bruno said the program was funded largely by CDBG, but the Council could determine alternative funding and alleviate CDBG funding restrictions. Director Wharton inquired how temporary projects would be considered catalytic. Ms. Lindsley said that a "catalyst" was something that caused a reaction or change and that temporary uses could do that by bringing people to a place (such as a trail with nothing going on next to it/but a neighborhood that wanted to use the trail). Mr. Walz said showing

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interest in the area and having people realize the benefits would then attract developers to the area (i.e. chain reaction). Further discussion followed regarding the ability to gauge or measure success of activation ideas with various methods of metrics.

Director Johnston discussed property acquisition and area neighborhood perception. He said a major problem was the Gateway Motel. He said perception would change when crime rates went down, and he felt removing a growth inhibiting element would be key to area growth. Mr. Walz said he agreed and that was exactly what Staff was trying to do.

**#7. 3:51:48 PM Resolution: Policies for Project Areas not Collecting Tax Increment.** *The Board will be briefed about, and will consider adopting, a resolution that would establish policies for spending RDA funds within project areas before and after the tax increment collection period and for dissolving expired project areas.* [View Attachments](#)

**Jennifer Bruno, Danny Walz, and Tammy Hunsaker** briefed the Board with attachments. Ms. Hunsaker said this was a follow-up briefing from earlier in the year with an update on project areas no longer collecting tax increment funds. She said Staff had a policy resolution and information for the Board. She said there were four active project areas not collecting tax increment at this time; there were two in post-collection phase (Sugarhouse and West Temple Gateway); and two in pre-collection phase (9-Line and State Street). She said Staff laid out specific conditions for dissolving a project area (expending all tax increment funds generated from the project area before closing; dispose of all property owned; and complete all public infrastructure projects).

Ms. Hunsaker said in terms of the RDA-Loan Program, Staff proposed that for non-RDA projects, this program would be available and active for developers two years after the termination of that collection period. She said for RDA-owned property, it would be kept available up to the point of dissolution. She said those were the two recommendations put forward in the proposed resolution. She said for any project that included affordable housing, any RDA tool could be utilized Citywide.

Ms. Hunsaker said for State Street and 9-Line, there was movement with the School District last week when they voted to move forward. She said the other two large taxing entities were Salt Lake County and Salt Lake City. She said Staff would pursue discussions and negotiations with Salt Lake County. She said at that time, Staff would return and engage the City Council on discussions with an interlocal agreement. She said they could also engage the Salt Lake City Library in the process as well.

Director Mendenhall addressed the conditions for dissolution and disposal of the RDA property and inquired as to properties having long-

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term use (such as the Gallivan Center). She inquired as to potential conflicts with the proposed policy, with Mr. Walz stating that could be considered on a case-by-case basis. He said housing might not come into play within a specific project area because it was a priority Citywide. He said if the Agency wanted to do different types of property disposition, that might be a conflict as it related to long-term and project dissolution. He said Staff would consider when development of the property would be done as opposed to identifying a property that could continue to be retained.

Director Fowler inquired how this might affect Ballpark and Central City because those were areas that were not active but there was still a plan for them. She expressed concern as to creating a policy that would prohibit any of these ideas. Mr. Walz said Central City was designated early on as a target area for housing - but that was a target Citywide, and discussion turned to how to dissolve the area. He said relative to Ballpark, the best course of action would be to understand the property was City-owned and consideration be given to tools or to start looking at how they wanted the area developed or potential to be incorporated into the State Street area (i.e. options as to what to do with it).

Ms. Hunsaker said the resolution was for post-collection project areas and inquired as for guidance on pre-collection areas. She said it would stimulate project areas in tax growth before the area triggered. Director Fowler asked Staff to return with language to guide the Board on the pre-collection areas. She said this could entail future discussion and the Board could consider the resolution on their November agenda.

**#8. Report and Announcements from the Executive Director.** *Report of the Executive Director, including a review of information items, announcements, and scheduling items. The Board of Directors may give feedback or policy input.*

Item not held.

**#9. 4:05:03 PM Report and Announcements from RDA Staff.** *The Board may review Board information and announcements. The Board may give feedback on any item related to City business, including but not limited to:*

- Announcing Ashley Scarff RDA New Project Manager;
- Project Area Creation Status; and
- Scheduling Items.

**#10. Report of the Chair and Vice Chair.**

Item not held.

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D. WRITTEN BRIEFINGS

None.

E. 4:07:14 PM CONSENT

Director Luke moved and Director Wharton seconded to **approve the Consent Items**, which motion carried, all directors voted aye.

**#1. Resolution: RDA Budget Amendment No. 1 for Fiscal Year 2019-20.** *The Board will set the date of Tuesday, November 12, 2019 at 2:00 p.m. to accept public comment, discuss and consider adopting a resolution amending the final budget of the Redevelopment Agency of Salt Lake City for Fiscal Year 2019-20. Budget amendments happen several times each year to reflect adjustments in the Redevelopment Agency's budget, including proposed project additions and modifications. This proposed amendment includes allocating funding to the new 650 South Main TRAX Station, and reallocating funds for the Station Center project, among other changes. [View Attachments](#)*

**F. (TENTATIVE) CLOSED SESSION.** The Board will consider a motion to enter Closed Session, in keeping with Utah Code §52-4-205 for any allowed purpose.

Item not held.

The meeting adjourned at 4:08 p.m.

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Redevelopment Agency Chair

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Secretary

This document is not intended to serve as a full transcript as additional discussion may have been held; please refer to the audio or video for entire content pursuant to Utah Code §52-4-203(2)(b).

This document along with the digital recording constitute the official minutes of the Salt Lake City Redevelopment Agency meeting held October 8, 2019.

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