

PRIVATE ACTIVITY BOND AUTHORITY BOARD MEETING

Department of Workforce Services
Housing & Community Development
ELECTRONIC MEETING via ZOOM WEBINAR
APPROVED CORRECTED MINUTES
Wednesday, July 15, 2020

Board Members Present

John T. Crandall (Chairman)
David A. Feitz, Utah State Board of Regents
Grant S. Whitaker, Utah Housing Corporation
Wayne Cushing, Salt Lake County
Ricky Hatch, Weber County
Chip Dawson, South Jordan City
David Damschen, Utah State Treasurer
Ryan Starks, GOED

Board Members Excused

Dean Lundell, Lehi City
Curtis Koch, Davis County

Staff Present

Alison Garner, Office of the Attorney General
Keith Heaton, Community Development Office
Daniel Herbert-Voss, Community Dev. Office
Jess Peterson, Community Development Office
John Brereton, Affordable Housing Advisors
Pamela Sjostrom, Community Dev. Office

Guests Present

Dave Miner, MBC-UT
Troy Hart, Housing Connect
Cleon Butterfield, UHC
Corey Johnson, Westates
Fredrick Olsen
Betsy Olsen, consultant (SMH)
Robert Vernon, Provo City HA
Joe Torman, Lotus Development
Luke Patton, Brinshore Development
Whitney Weller, Brinshore Development
Steve Graham, Canterbury Partners
Darrell Smith, Dale T. Smith & Sons
Bret Smith, Dale T. Smith & Sons
Tim Soffe, Dale T. Smith & Sons
Chandler Leetzow, Lotus Development
Kipling Sheppard, Wasatch Affordable
David Schwanke
Tony Tyler
Bob McRea
Jimmy Seear, CSS Composites
Jeff Murdock, Wasatch Residential
George Hauser, SMH Builders
Carol Ann Flynn, SMH Builders
Alex Burton, Zions Bank
David Fields, OWHLF
Lori Page, OWHLF

1. Welcome and Introductions (Chairman, John Crandall)

The Private Activity Bond Authority Board (PAB) Meeting was held on Wednesday, July 15, 2020 via Zoom Webinar, and was called to order at 9:00 a.m. by Chairman John T. Crandall.

Excused Board members Dean Lundell and Curtis Koch.

2. Approval of Minutes – April 8, 2020– Voting Item [00:10]

The Board noted an email from Ricky Hatch listing duplicate motions. Changes to April 8, 2020 minutes to be made as discussed.

David Feitz made and David Damschen seconded a motion to approve the minutes of the April 8, 2020 meetings as corrected. The motion carried by unanimous vote.

3. Status of Accounts (Daniel Herbert-Voss) [02:13]

Daniel Herbert-Voss reviewed the status of the funds for today's meeting, noting that he will be reworking the spreadsheet to reflect a better accounting of funds and will work with Chairman Crandall in that update.

PAB ACCOUNTING SUMMARY		
July 15, 2020		
	2020 Allocation	2018 Carryforward
Starting Balance	\$ 331,916,025	\$ 131,780,165
Single Family (42%)	\$ 139,404,730	
Utah Housing Corp.	\$ 139,404,730	
Balance	\$ -	
Student Loans (33%)	\$ 109,532,289	
No applications		
Manufacturing (12%)	\$ 39,829,923	
July 15, 2020		
CSS Composites	\$ 9,900,000	
Dale T. Smith & Sons Meats	\$ 10,000,000	
Balance	\$ 19,929,923	
Multi-Family (12%)	\$ 39,829,923	
January 15, 2020		
Logan 200 North Apts.		\$ 19,100,000
Marq Apartments	\$ 30,500,000	
New City Plaza Apts.		\$ 34,000,000
April 8, 2020		
North Logan Apartments		\$ 20,235,000
Senior Living on Wash II		\$ 2,999,999
American Fork Affordable		\$ 30,000,000
85 North Apts II		\$ 4,200,000
255 State 4 - Add'l Cap		\$ 4,000,000
Moda Glenwood - Add'l Cap		\$ 3,000,000
July 15, 2020		
Bumper House Apartments	\$ 9,204,834	\$ 14,245,166
Balance	\$ 125,089	
Exempt Facility (1%)	\$ 3,319,160	
No applications		
Balance	\$ 132,906,461	\$ -

There are 3 new projects that have been submitted, one Multi-Family Housing and two Manufacturing projects; with 10 Volume Cap Extension requests; and the second extension request for Single-Family Housing by Utah Housing Corporation.

Chip Dawson & Ricky Hatch arrived @ 9:10 am

4. Volume Cap Extension/Additional Cap Requests

A. Multi-Family Housing Projects

1) **255 State 4 – Extension Request #5** [07:15]

117 Total Units (1 Building) – 102 Affordable; 15 Market-Rate

New Construction – Salt Lake City

Developer: Brinshore Development

Luke Patton

Whitney Weller

Original Allocation: \$27,000,000 on December 19, 2018

Additional Bond Cap Allocation of \$4,000,000 Approved on April 8, 2020

Current Allocation Total: \$31,000,000

Brinshore Development submitted a fifth extension request for the 255 State 4 project.

Whitney Weller was present to represent Brinshore Development, stating the anticipated closing date has been moved to November 2020.

Chairman Crandall requested comment from the applicant, regarding the working relationship between Brinshore Development and Salt Lake City.

Ms. Weller replied, the City of Salt Lake has been very responsive and exceptional to work with and has been “a great partner”.

Daniel Herbert-Voss commented that the applicant will also be seeking additional funding allocation of \$270,000 from the Olene Walker Housing Fund.

Grant Whitaker noted this extension is the 5th request, and will be the last extension available to this project.

Alison Garner, Counsel to the Board, stated that she will review the Statute, and the condition therein, to establish if there are any exceptions to the number of extensions an application may request prior to this new Administrative Rule being approved. This consideration is based upon the application being approved prior to the approval of said Administrative Rule regarding application extension being limited to 5.

Grant Whitaker made and David Feitz seconded the motion to approve the fifth extension of the 255 State 4 project. The motion carried as Approved with a unanimous affirmative roll call vote from the Board Members present.

2) **Moda Glenwood – Extension Request #3** [20:34]

176 Units – 100% Affordable

New Construction -- Millcreek

Developer: J.F. Properties

Jake Wood

Original Allocation: \$22,000,000 [April 10, 2019]
Additional Bond Cap of \$3,000,000 Approved on April 8, 2020
Current Allocation Total: \$25,000,000

No Further discussion was had by the Board, due to the Bond closing on July 8, 2020.

3) Logan 200 North – Extension Request #2 [20:50]

164 Units – 100% Affordable
New Construction – Logan
Developer – Wasatch Affordable Ventures
Kip Shippard
Original Allocation - \$19,100,000 [January 15, 2020]

Wasatch Affordable Ventures submitted a second extension request for the Logan 200 North project.

Kip Sheppard with Wasatch Affordable Ventures introduced himself and noted that it is anticipated the bond closing will be August 2020.

David Damschen made and Ryan Starks seconded the motion to approve the second extension for this project. The motion carried as Approved with a unanimous affirmative roll call vote from the Board Members present.

4) Marq Apartments – Extension Request #2 [24:25]

243 Units – 100% Affordable
New Construction – Clearfield
Developer – Lotus Development
Chandler Leetzow
Joe Torman
Original Allocation - \$30,500,000 [January 15, 2020]
Additional Bond Cap of \$4,100,000 Requested April 8, 2020 but Postponed
Current Allocation Total: \$30,500,000

Lotus Development submitted a second extension request for the Marq Apartments project.

David Miner, speaking for the project extension request, noted that Enterprise is no longer the investor on the project, and they are looking for a replacement. At this time the anticipated closing will be next quarter into the new year.

Wayne Cushing made and Ricky Hatch seconded a motion to approve a second extension of the Marq Apartment project. The motion carried as Approved with a unanimous affirmative roll call vote from the Board Members present.

5) New City Plaza Apartments – Extension Request #2 [29:39]

299 Units – 100% Affordable

Acquisition/Rehabilitation – Salt Lake City

Developer: Housing Connect / HASLC

Janice Kimball

Troy Hart

Original Allocation: \$34,000,000 [January 15, 2020]

Housing Connect submitted a second extension request for the New City Plaza Apartments.

Daniel Herbert-Voss made the comment to the Board that this project has made application to the OWHLF Board, to be heard July 16, 2020, for a funding request of \$1,000,000.

Troy Hart, representing the Developer, stated to the Board that the project is moving forward with an anticipated closing date of 12/11/2020.

Grant Whitaker made and Ricky Hatch seconded the motion to approve the second extension request for the New City Plaza Apartments project. The motion carried as Approved with a unanimous affirmative roll call vote from the Board Members present.

6) North Temple LIHTC Apartments - Extension Request #2 [34:58]

750 Units – 100% Affordable

New Construction – Salt Lake City

Developer: Gardner Batt

Tammy Clark

Original Allocation: \$82,400,000 [December 18, 2019]

Gardner Batt submitted a second extension request for the North Temple LIHTC Apartments project.

There was no one present from Gardner Batt to speak for the project extension request.

Chairman Crandall requested comment from Staff regarding anticipated application for additional Volume Cap at the October 14, 2020 meeting.

John Brererton stated, it is anticipated the additional volume cap to be requested will be @\$9,000,000 to cover the addition of 9 units and 12,000 sq/ft. retail space which increases project costs.

Grant Whitaker made and Wayne Cushing seconded the motion to approve the second extension request for the North Temple LIHTC Apartments project. The motion carried as Approved with a unanimous affirmative roll call vote from the Board Members present.

7) North Logan Apartments – Extension Request #1 [41:48]

176 Units – 100% Affordable

New Construction – North Logan

Developer: Westates Companies

Corey Johnson

Dave Miner

Original Allocation: \$20,235,000 [April 8, 2020]

David Miner, speaking for the Developer and extension request, stated an anticipated closing date of October 2020 is projected.

Grant Whitaker made note to the Board of a minute correction; correcting the statement the City of Logan is not the government lender. *Correction to be made to the April 8, 2020 minutes.*

Grant Whitaker made and David Damschen seconded a motion to approve the first extension request for the North Logan Apartments project. The motion carried as Approved with a unanimous affirmative roll call vote from the Board Members present.

8) Senior Living on Washington II – Extension Request #1 [45:49]

26 Units – 100% Affordable

New Construction -- Ogden

Developer: Canterbury Partners

Steve Graham

Original Allocation: \$2,999,999 [April 8,2020]

Canterbury Partners submitted a first extension request for the Senior Living on Washington II.

Steve Graham, representing Canterbury Partners, stated the anticipated closing date has been moved out to October or November of 2020.

Ricky Hatch made and Ryan Starks seconded a motion to approve the first extension request for the Senior Living on Washington II project. The motion carried as Approved with a unanimous affirmative roll call vote from the Board Members present.

9) American Fork Affordable – Extension Request #1 [49:42]

196 Units – 100% Affordable

New Construction – American Fork

Developer: Wasatch Residential Group

Jeff Murdock

Sam Evans

Original Allocation: \$30,000 000 [April 8, 2020]

Wasatch Residential Group submitted a first extension request for the American Fork Affordable project.

Jeff Murdock, representing Wasatch Residential Group, stated that the construction start date is anticipated to be September 1, 2020.

David Damschen made and David Feitz seconded a motion to approve the first extension request for the American Fork Affordable project. The motion carried as Approved with a unanimous affirmative roll call vote from the Board Members present.

10) 85 North Apartments II – Extension Request #1 [51:45]

30 Units – 100% Affordable

New Construction: Provo

Developer: Provo City Housing Authority

Robert Vernon

Original Allocation: \$4,200,000 [April 8, 2020]

Provo City Housing Authority submitted a first extension request for the 85 North Apartments II project.

Robert Vernon, from Provo City Housing Authority, stated that the anticipated bond closing date will be in December 2020 or January 2021.

David Feitz moved and Ricky Hatch seconded a motion to approve the first extension request for the 85 North Apartments II project. The motion carried as Approved with a unanimous affirmative roll call vote from the Board Members present.

B. Single Family Housing

Utah Housing Corporation (UHC) – Extension Request #2 [54:42]

Cleon Butterfield

Original Allocation: \$139,404,730 [December 18, 2019]

Cleon Butterfield, representing Utah Housing Corporation, gave an overview of the management of funds allocated from the Private Activity Bond Authority.

David Damschen made and David Feitz seconded the motion to approve the second extension request for the Single Family Housing statute allocation to the Utah Housing Corporation. The motion carried with an affirmative roll call votes from Board Members present.

5. Volume Cap Requests

A. Multi-Family Housing Projects

1) **Bumper House Apartments for \$23,450,000** [01:00:25]

234 Units – 100% Affordable

New Construction – Salt Lake City

Developer – SMH Builders

George Hauser

Carolann Flynn

SMH Construction submitted an application request of \$23,450,000 allocation for an affordable housing project to be located between the 900 South TRAX Station and the Ballpark TRAX Station in Salt Lake City. This project is a TOD project, and will be new construction that will consist of 234 units, in a 7-story podium-style building with 118 parking spaces on the first two floors of the building. This project is taking on a possible change due to ground water and City Code. The Developer is currently discussing with the City to move the project to an adjacent parcel of land (owned by the Developer) and will possibly need to eliminate 1 floor of the structure to comply with City code.

The project will provide housing within the 57-60% AMI. The total cost of the project is \$35,110,466 with a cost per unit of \$150,045. It was noted that the contingency costs are 8% of direct costs (higher than the standard 5%) due to the uncertainty of the construction rates and materials at groundbreaking. Architect and Engineering costs are 13% of direct. Design fee is high at 11% of direct cost (standard average is 5%). Staff recommends this project for allocation of \$23,450,000, with the contingency that the Developer handle the environmental issue with the city to move the project to an adjacent second parcel.

The Chair requested clarification on the PAB scoring of 3450 for this project prior to changes in parcel.

Daniel Herbert-Voss stated that the PAB scoring would stay the same due to other measurable parameters remaining the same.

Ricky Hatch commented that reviewing the April applications for new projects, the average scoring is 4600, which makes the score for this project low in comparison. Mr. Hatch asked for clarification on what factors influenced the scoring of this project.

Daniel Herbert-Voss stated that the location and proximity to public transit and the use of other funding sources contributed to the score; as well as the rental rate being closer to market rate in comparable square footage of the rental space. With no other affordable apartment projects for this meeting, there were no other comparable for this application.

George Hauser and Carol Anne Flynn, representing SMH Builders, gave a presentation of the Bumper House project and the changes that are being discussed with the City.

Betsy Olsen, consultant to the Developer, commented regarding clarification on market valuation of rents. The Developer, SMH Builders, will be compliant with UHC requirements and will update their rental rate to equal 10% below market value to meet that requirement set by UHC and LIHTC standards.

Chairman Crandall, asked for confirmation that Utah Housing Corporation is the Bond Issuer for this loan; and that compliance, to any rules, can be assumed as approved for any calculation presented in the project allocation request.

Grant Whitaker, stated that the Utah Housing Corporation will be the Bond Issuer for this project. He further commented that all compliance questions and issues were handled at the time of application and the Board can move forward with this allocation request as compliant.

Ricky Hatch made and David Feitz seconded the motion to approve a \$23,450,000 allocation for the Bumper House project pending approval of address (parcel) change by Salt Lake City. The motion carried as approved with an affirmative roll call votes from Board Members present.

B. Manufacturing Facilities

1) CSS Composites for \$10,000,000 [01:39:25]

Carbon Fiber Bicycle Wheel Manufacturing
New Construction – Richfield
Representing CSS: Jimmy Seear

CSS Composites presented a Bond Volume Cap allocation request of \$10,000,000 to the PAB Board for the construction of a Carbon Fiber Bicycle Wheel Manufacturing project. Currently located in Gunnison City, CSS Composites is relocating to Richfield City to facilitate expansion and growth within their bicycle composite niche. Total cost of the 100,000 SF new construction project is estimated at \$10,341,254.34 or \$103/SF. At this time there is a Letter of Intent between CSS and Richfield as an escrow account, pending bond allocation approval for land purchase, which was confirmed by the Richfield City Manager, who will be the Issuer of the Bond. The personal financial statements were requested of the owners for review, and were found to be acceptable. Staff recommended this project for allocation of a \$10,000,000 volume cap due to the sales growth and economic impact to fill 70 new positions from the Richfield area.

The Board commended the applicant for their success and the future economic impact they will bring to the Richfield area.

Wayne Cushing excused from the meeting at 11:43am

David Damschen made and Grant Whitaker seconded the motion to approve a \$10,000,000 allocation for the CSS Composites manufacturing project. The motion carried as Approved with an affirmative roll call vote from Board Members present.

2) Dale T. Smith and Sons Meats for \$10,000,000 [01:59:04]

Meat Packing Company

New Construction – Richfield

Representing Dale T. Smith and Sons:

Darrell Smith

Brent Smith

Tim Soffee

Alex Buxton, Zions Bank

Dale T. Smith and Sons Meat Packing Company presented a Bond Volume Cap allocation application request for \$10,000,000 to the Board for new construction of a Meat Packing facility. Dale T. Smith and Sons Meat Packing Company is a USDA beef processing company currently located in Draper. The company is relocating their facility to Richfield to accommodate facility expansion needs to meet sales growth. Total project costs are \$18,500,000 or \$94.83/SF. The project will include the purchase of 30 acres (10 acres to be used for facility new construction, while 20 acres remaining for future expansion), 2 building structures totaling 60,000 SF (Manufacturing facility 56,000 SF and an adjacent Office 4,000 SF), and a pre-sewer treatment facility on the northwest corner of the property. The applicant cash invested in the project is \$8,500,000. Staff recommends this project for allocation of a \$10,000,000 volume cap due to the Owner contribution and commitment and the economic impact of 113 employees over a 2 year period for the Richfield area.

Darrell and Brent Smith, representing the company, stated that the company is a 4th generation family owned and managed meat packing business originating in Draper. The relocation comes due to tremendous metropolitan development of the Draper area; and the owners' industry expertise citing that Richfield will be better suited to handle current and future expansion of this wholesale boneless beef trimmings facility.

Chairman Crandall requested further clarification from Zions Bank on the purchaser of the Bonds and closing.

Alex Buxton, representing Zions Bank, stated that preliminary approval has been received and Zions Bank lending team is working on full credit approval for this project. Further commenting that he is confident funding will be approved and bond closing will be by the end of the calendar year.

Ryan Starks made and David Damschen seconded the motion to approve a \$10,000,000 allocation for the Dale T. Smith and Sons Meats Packing Facility project. The motion carried as Approved with an affirmative roll call vote from Board Members present.

5. Other Business

A. David Feitz Retirement and leaving the PAB Board as of September 30, 2020 [02:23:30]

Chairman Crandall announced that David Feitz, PAB Board Member, will be retiring and will be leaving the PAB Board on September 30, 2020. The Chairman also commended David for his excellent service and appreciation for his diligence in serving on the PAB Board.

B) Manufacturing Transactions [02:27:55]

Grant Whitaker, noted that the Board has not established any follow-up on manufacturing employment impact and performance oversight for manufacturing projects approved and funded by the PAB Board. Mr. Whitaker suggested the Board's consideration for Staff to present a plan on how to track applicant compliance and fulfillment of criteria stated at initial application and allocation approval.

Chairman Crandall requested this item be placed on the October 14, 2020 Board Meeting Agenda as an item for discussion. Mr. Crandall further requested that Staff be prepared to present any action items for Board consideration and discussion.

C) Next Meeting

Wednesday, October 14, 2020, at 9:00 am

8. Adjournment

Chairman Crandall adjourned the Public Activity Bond Authority Board meeting at 11:41 a.m.

Submitted by Pamela Sjostrom