

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.



Chad Wilkinson, Redevelopment Director