

MINUTES OF THE 762nd  
MEETING OF THE  
BOARD OF DIRECTORS OF THE  
REDEVELOPMENT AGENCY OF SALT LAKE CITY  
Tuesday, October 13, 2015  
451 South State Street, Room 326  
Salt Lake City, Utah  
2:00 pm

1. [2:08:48 PM](#) Roll Call.

The following members of the Board of Directors of the Redevelopment Agency of Salt Lake City were present:

Stan Penfold, Chairperson  
Lisa Adams, Vice-Chairperson  
Kyle LaMalfa, Director  
Luke Garrott, Director  
Charlie Luke, Director  
James Rogers, Director

Absent:

Erin Mendenhall, Director

Also Present:

David Everitt, Chief of Staff  
D.J. Baxter, Executive Director

Others Attending:

Justin Belliveau, Deputy Director  
Ed Butterfield, Senior Project Manager  
Jill Wilkerson-Smith, Project Manager  
Kort Utley, Project Manager  
Ben Davis, Project Manager  
Cara Lindsley, Project Coordinator  
Susan Lundmark, Project Coordinator  
Shaké Agaronyan, Property Manager  
Amanda Holty, Marketing and Communications Coordinator  
Damon Georgelas, Agency Legal Counsel  
Crayola Berger, Accountant II  
Jolynn Walz, Office Manager  
Kalli Ruiz, Office Facilitator

Mia Caselli, Administrative Assistant  
Jill Love, Director of Community & Economic Development

Some items were considered in an order different from that listed on the agenda, time stamps shown indicate when items were considered.

2. [2:26:30 PM Briefing by the Staff.](#)

Executive Director Baxter announced the following October events and invited Board Members to attend:

- 1) Development Advisory Forum with Community and Economic Development held Thursday, October 22, 2015 at 8:00 AM. RDA Staff will give an overview on updated Redevelopment Tools.
- 2) Groundbreaking for the Central Ninth Market Wednesday, October 28, 2015 at 10:00 AM.
- 3) Sugar House Community Celebration held Thursday, October 29, 2015 from 4:30 PM to 6:30 PM at the Wasatch Pub on Sugarhouse Monument Plaza. The celebration is to publicly thank all Taxing Entity Partners and others that contributed to the Sugar House Project throughout the years.

3. [2:29:45 PM Approval of the Minutes from the Meeting held September 8, 2015](#)

Director LaMalfa made a motion to approve the minutes from the meeting held September 8, 2015. Director Garrott seconded the motion. Upon roll call, Chairperson Penfold declared the motion unanimously approved.

4. [2:30:12 PM Report of the Chief Administrative Officer](#)

Mr. Everitt extended an invitation to the Board to the celebration for the completion of the 200 West Protected Bike Lane and Street Configuration held Saturday, October 17, 2015 at 3:00 PM, he said more details would come soon.

5. [Public Comments.](#)

Chairperson Penfold called for public comments. There were no public comments.

6. [Redevelopment Business/Routine Matters.](#)

A. [2:31:31 PM Annual Discussion of Redevelopment Advisory Committee \(RAC\) Assignments for Fiscal Year 2015/2016](#)

*Staff is requesting approval of amendments to the RAC project assignments to align with the priorities adopted in the Operations Plans.*

Executive Director Baxter proposed that the new protocol for RAC Assignments align with the Budget Process and Operation Plans. This would ensure that RAC is reviewing all items identified by the Board as priority projects and programs. He explained that the exception would be projects or issues that require a closed meeting.

Vice-Chairperson Adams asked Executive Director Baxter if he felt that the proposed amendment would work well as the new format for RAC Assignments. Executive Director Baxter answered that conceptually it makes the most sense that the RAC workload be defined by the budgets and guidelines set by the Board. He stated that there is always a chance that down the line there may be some necessary adjustments.

Chairperson Penfold questioned if this modification would happen immediately, and if so, would staff consider it a trial period as the Board goes through the upcoming budget processes. He stated that he felt this would allow time for any changes before the next reassignment of Budget Priorities. Executive Director Baxter agreed and said that Staff would return with an update on the process, sometime in the Spring.

7. Redevelopment Business/Old Business.

A. [2:39:54 PM](#) **Consideration and Recommendation of Modifications to RDA Loan Program Policies**

*This is a follow-up to the Board's discussion and consideration at the September meeting of adopting procedures to implement changes to the RDA's loan programs.*

Deputy Director Belliveau stated that the RDA Board directed staff at its September meeting, to provide a draft statement that captures the policy objective of the loan programs, as well as an outline of how specific program changes would be administered. Staff is seeking approval of the following draft mission statement:

*"The RDA loan program provides critical gap financing for projects that advance the RDA's goals and objectives outlined in its Strategic Plans. We work with project developers and lenders to bridge the funding gap between a project's economics and market realities. In support of the RDA's mission, we can assume a higher level of risk than traditional lenders to ensure that transformative projects get built. While our approach is flexible, we incentivize projects that achieve the RDA's goals for affordable housing, placemaking, sustainability, high quality urban design, and economic development."*

Deputy Director Belliveau said that the statement is intended to align the loan program with our Strategic Plans, with these plans being used as the primary vehicle through which the Board of Directors sets policy and budget direction, in order provide the clearest direction of focus for the loan funds.

Director LaMalfa expressed his support for the proposed mission statement and is in favor of tailoring the loan programs to align with our plans for each project areas.

Vice-Chairperson Adams stated that the definition of “High Quality Urban Design” seems to be different from person to person and she will be interested to see how the RDA staff and Board make that determination. She encouraged staff that when thinking about “quality” that “timeless quality” should also be part of the discussion.

[3:08:24 PM](#) Director LaMalfa made a motion to approve the mission statement as presented. Vice-Chairperson Adams seconded the motion. Upon roll call, Chairperson Penfold declared the motion unanimously approved.

Deputy Director Belliveau reviewed in detail the following seven steps and how they would be applied in handling and prioritizing RDA loan requests:

- A) Review for Consistency with the RDA Strategic Plans.** The RDA would only consider providing a loan to a project that falls under the general category of the project area Objectives, and also fulfills one or more of the Implementation Program Prioritization goals.
- B) Analysis of Funding Need.** The RDA would require the applicant to seek and obtain primary financing commitment from another lending source at the appropriate level, given industry standards and the economics of the project.

An exception to this policy would be for the RDA to consider providing primary financing for projects that are smaller than \$500,000 in total size, or where the project is unable to support more than \$250,000 in private financing.

- C) Establishment of Loan Terms.** Staff proposes to set the following as standard RDA terms for all RDA loans (subject to adjustments outlined in D. below):

- Utilize the 5-year United States Treasury rate as a benchmark
- RDA interest rate will be fixed at 300 basis points (or 3%) above this benchmark at the time of closing
- Standard loan term of 5 years, with one additional extension available at an increase in the interest rate by 2%
- Standard amortization term of 20 years

Adopting this practice will allow the standard interest rate on RDA loans to fluctuate to keep step with changes in the marketplace, and to provide a standard interest rate that is slightly more favorable than conventional financing. The 5-year Treasury yield as of October 2<sup>nd</sup> is 1.37%, which would place the standard RDA interest rate at 4.37% for all loans, regardless of whether the project involved is a renovation or new construction project.

- D) Adjustment to the Loan Terms.** Certain types of projects may warrant an adjustment to these standard terms where they achieve a higher level of RDA priorities, and demonstrate a consequential need attributable to either lower

returns or additional cost. Specifically, the RDA would consider a reduction in interest rate down to as low as 0% if the proposed project achieves other goals of affordability, sustainability, creation of public amenities, high quality urban design, or achieves economic development goals. Staff proposes to develop a scoring system or similar mechanism to determine the basis for adjusting loan terms, and would discuss this further with the Board at an upcoming meeting more specifically outline how such a tool would be applied.

- E) Loan Approval Process.** Staff proposes to bolster its expertise of to evaluate loan requests through training with the National Development Council, and to augment the composition of the loan committee to include an additional real estate finance professional. All loan requests would be administered by staff with ultimate approval, provided by the loan committee. The Board's involvement in the program would be in the forum of setting the Objectives and Implementation Program Prioritization of the Strategic Plans, in allocating funds to the loan program during the budget process, in setting the parameters for adjusting loan terms, in setting design guidelines, and in receiving periodic updates on the program as outlined below.
- F) Design Review.** RDA Staff conducts a review of the design of all projects seeking RDA funding. The goal is to establish a set of design guidelines that would govern this process and clearly articulate expectations to loan applicants. The RDA has access to several well-qualified architectural consultants whom Staff envisions leading the design review process.
- G) Program Evaluation and Updates.** RDA staff would provide regular updates to the Board of Directors on the performance of the program in written weekly communication to the Board, and also update the Board at its monthly meeting on the decision of any loan committee review that transpires prior to the meeting. Staff would provide a more in-depth analysis of the types of loan requests fielded and factors involved in deliberation in either quarterly or biannual discussion of RDA loan programs at a meeting of the Board of Directors. Additionally, the annual evaluation of Strategic Plans and budget allocation for each project area will provide a forum for the Board to evaluate the efficacy of the loan program and to suggest any adjustments that it may deem necessary.

Deputy Director Belliveau said that another goal in making these changes would not only give the RDA clear direction, but also provide any borrower or developer with a clear understanding of the process before they ever submit an application. Deputy Director Belliveau added that this would also allow the RDA to incentivize certain projects by adjusting terms.

Director LaMalfa asked about the amortization time period for the loan programs. Deputy Director Belliveau said that the current standard is a 20-year term. Staff would like to continue with the 20-year term, but have the ability to adjust the term based upon the financial needs of a project and/or if changes to the term help the project to achieve the goals of the mission statement. Deputy Director Belliveau explained that Staff plans to return to the RDA Board for

guidance and approval on a matrix that will help to determine how loan terms, such as amortization would be set.

Director LaMalfa said he liked that staff is looking at options with the loan terms and that a borrower would know that the Agency is willing to negotiate the terms under the strict guidelines of the loan programs.

Director Rogers stated that he would be more comfortable with reducing the interest rate on certain projects if they meet the loan guidelines, especially if there is an affordable housing component to the project.

Chairperson Penfold and Director LaMalfa suggested that the Agency's base interest rate should be equivalent to the market rate and then incentivize from there. All Board members present agreed. Deputy Director Belliveau stated staff would return with more information on how they would apply changes in term to incentivize certain types of loans.

Director LaMalfa said that he felt with these changes the RDA Staff and Loan Committee are more than qualified to review the loans and he is in favor of allowing all loans to be approved by the Loan Committee. However, he asked that any Loan Committee members be approved by the RDA Board and CAO, since they will act on our behalf. Director Rogers stated although he agreed with Director LaMalfa that the Loan Committee is qualified, he felt that any changes to the loan terms or loans over a million dollars should come before the RDA Board.

Director LaMalfa disagreed with Director Rogers, stating that the Loan Committee is better able to make decisions on loan applications quickly, and that the current process may be cumbersome. He suggested that instead of the loans coming before the Board that there be a rich reporting process that states all Loan Committee decisions, changes, extensions, and how we evaluate the success of the program. Chairperson Penfold said regardless of who is approving the loans, a rich reporting mechanism is needed and asked Staff to incorporate it right at the beginning. Deputy Director Belliveau agreed and said staff would be working on this.

[3:09:16 PM](#) Director LaMalfa made a motion to approve steps A) Review for Consistency with RDA Plans, B) Analysis of Funding Need, C) Establishment of Loan Terms, and D) Adjustment in Loan Terms of the Loan Program. Director Garrott seconded the motion. Upon roll call, Chairperson Penfold declared the motion unanimously approved.

[3:11:01 PM](#) Director LaMalfa made a motion to approve steps F) Design Review and G) Program Evaluation and Updates. Director Rogers seconded the motion. Upon roll call, Chairperson Penfold declared the motion unanimously approved.

The Board requested that Staff return with additional information concerning: 1) evaluation criteria and how these would be applied to determine whether to adjust standard loan program terms; 2) A proposed mechanism for reporting loan decisions to the Board to ensure that it consistently meets program objectives.

B. **2:39:19 PM Hazardous Material Indemnification Agreement for Beehive Brick Property**

*The Board will consider a resolution to approve the terms of a Hazardous Material Indemnification Agreement for the development of RDA-owned property located at 244 South 500 West (the “Beehive Brick Property”).*

Ms. Lindsley stated that Staff is seeking the approval of the terms of the Indemnification Agreement for the development of the Beehive Brick Property located at 244 South 500 West. The agreement states that the RDA will indemnify Artspur Revitalization Group, its lenders, and its investors against claims related to the release of hazardous materials associated with the former presence of eight buried drums that were discovered on the site, west of the existing building, in August 2015.

Chairperson Penfold asked if there were any questions concerning the terms of the agreement. Board Members present had no questions.

2:39:34 PM Director LaMalfa made a motion to approve the terms of the Indemnification Agreement. Director Garrott seconded the motion. Upon roll call, Chairperson Penfold declared the motion unanimously approved.

8. **Redevelopment Business/ New Business.**

A. **3:12:19 PM Discussion and Recommendation on Changes to the Tax Increment Reimbursement Program**

*Staff will present the RDA’s Tax Increment Reimbursement Program to the Board and hold a discussion about possible modifications.*

Ms. Wilkerson-Smith provided a presentation of the RDA’s Tax Increment Reimbursement Program. Staff is seeking direction from the RDA Board on a proposed modification to the Program. She explained that this change would allow the Program to align with the Strategic Plans across all RDA Project Areas.

Ms. Wilkerson-Smith stated that the current program includes reimbursements for Historic Preservation, Public Space Improvements, and Structured Parking. She said the Program is used as a tool to increase the taxable value of a project area sooner and preserve the RDA resources to fund other projects. The goal is to encourage high quality development and increase accessibility of the program to more property owners.

Vice-Chairperson Adams asked about property eligibility vs. ineligibility. Mr. Butterfield explained that the RDA is allotted certain amounts of tax increment in each project area for specific uses, and if that total allotted amount is put toward one particular use, then due to a lack of funds all else would be ineligible for that benefit. Chairperson Penfold questioned the ability to modify the allotted amount after the fact. Mr. Butterfield stated that it would have to be modified by further negotiations with the taxing entities.

Director Garrott stated that given seven of the eight past tax reimbursement applications were for parking structures, he is concerned if the RDA intends to remove the structured parking option

from the Tax Increment Program. Director Luke agreed. Deputy Director Belliveau said that the RDA is not proposing to remove the Tax Increment Reimbursement for Parking Structures, but rather to prioritize the uses of the Tax Increment Reimbursement Program to complete the strategic plans of project areas and not limit the reimbursement solely to the three current categories. The idea is to broaden the program by making it available to any project within a project area as long as it follows the strategic plans set for that particular area.

Director LaMalfa agreed with RDA Staff on the importance of evaluating and tailoring the Program to compliment each Project Area's specific needs.

Chairperson Penfold asked that the RDA Staff do further research with the development community and present its findings to the Board in December.

9. Consent.

- A. [3:41:02 PM](#) **Consideration and Adoption of a Resolution Authorizing an Amendment to the Purchase and Sale Agreement with Benchmark Modern for the Acquisition of Agency-owned Property Located at 830 & 836 South Jefferson Street, and 833 & 839 South 200 West**

*The Board will consider amending the outside closing date of the Purchase and Sale Agreement for Benchmark Modern's acquisition of the property. Benchmark has requested a six-month extension to complete the Planned Unit Development process.*

[3:41:10 PM](#) Director LaMalfa made a motion to approve the consent item. Director Garrott seconded the motion. Upon roll call, Chairperson Penfold declared the motion unanimously approved and the resolution adopted.

10. Written Briefings.  
**None**

11. Closed Meeting.

- A. [2:09:24 PM](#) **Consider Adopting a Motion to Enter into a Closed Meeting in Keeping with Utah Code to Discuss Pending Litigation and/or the Acquisition/Disposition of Real Property and/or Attorney-Client Matters that are Privileged Pursuant to Utah Code Ann. § 78b-1-137(2).**

Director LaMalfa made a motion to enter into a closed meeting to discuss matters of property acquisition/disposition; Director Rogers seconded the motion. Upon roll call, Chairperson Penfold declared the motion unanimously approved.

The closed meeting of the Board of Directors of the Redevelopment Agency of Salt Lake City was held at the City and County Building, 451 South State Street, in Room 326 at 2:10 PM on Tuesday, October 13, 2015.

The following members of the Board of Directors of the Redevelopment Agency of Salt Lake City were present: Stan Penfold, Chairperson; Lisa Adams, Vice Chairperson; Kyle LaMalfa,

Director; Luke Garrott, Director; James Rogers, Director; Charlie Luke, Director; and David Everitt, Chief of Staff.

The following members of the staff of the Redevelopment Agency of Salt Lake City were present: D.J. Baxter, Executive Director; Justin Belliveau, Deputy Director; Damon Georgelas, Legal Counsel; Cara Lindsley, Project Coordinator; Jill Wilkerson-Smith, Project Manager; Jolynn Walz, Office Manager; Kalli Ruiz, Office Facilitator.  
Others present: Kevin Murray, Outside Legal Counsel of Holland & Hart.

The Board discussed the acquisition/disposition of real property.

There being no further business, Chairperson Penfold called for a motion to exit the closed meeting. Director Luke made a motion to exit the closed meeting and Director LaMalfa seconded the motion. Upon roll call Chairperson Penfold declared the motion unanimously approved and the closed meeting was adjourned at 2:24 PM.

[2:26:02 PM](#) Chairperson Penfold reconvened the open meeting.

12. [3:41:47 PM](#) Adjournment.

There being no further business, Chairperson Penfold declared the meeting adjourned.

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Stan Penfold, Chairperson

This document along with the digital recording constitute the official minutes of the Redevelopment Agency of Salt Lake City Board of Directors meeting held October 13, 2015.