

BOUNTIFUL REDEVELOPMENT AGENCY

Meeting Minutes of: Tuesday, March 27, 2018

Location: City Council Chambers, Bountiful City Hall, 790 South 100 East, Bountiful, Utah

Present: Chairman – Randy Lewis; Board Members – Kendalyn Harris, Richard Higginson, Beth Holbrook, John Marc Knight and Chris R. Simonsen; City Manager – Gary Hill; City Attorney – Clinton Drake; Redevelopment Director – Chad Wilkinson; City Engineer – Paul Rowland

Welcome

1. Chairman Randy Lewis opened the meeting at 7:55 p.m. and welcomed those in attendance.

Agenda Items

2. **Consider approval of minutes for October 10, 2017.**

Mr. Higginson made a motion to approve the minutes for October 10, 2017. Mr. Knight seconded the motion.

A Mr. Lewis
A Ms. Harris
A Mr. Higginson
A Ms. Holbrook
A Mr. Knight
A Mr. Simonsen

Motion passed 6-0.

3. **Consider approval of an amended revolving loan application for \$550,000, Renaissance Place LLC, Brian Knowlton, applicant.**

Mr. Wilkinson noted this is a slight modification to an RDA loan which was approved in October, 2017. The applicant has requested to change the collateral.

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

Mr. Brian Knowlton, representing Renaissance Place, LLC requests a loan of \$550,000 dollars in order to finance construction of a mixed use building on “Pad A” of the Renaissance Town Center.

The proposed building consists of 5 stories. The ground floor of the building will be comprised of parking and approximately 4,700 square feet of commercial space. The remainder of the building consists of 40 multifamily residential units.

The applicant was approved for a loan in the amount of \$550,000 dollars on October 10, 2017. The applicant has subsequently requested that the collateral for the RDA loan be changed from the subject property to other land within the Renaissance Towne Center development. The applicant has provided an appraisal indicating a value of \$960,000 dollars for the property proposed to be used as security. While the property identified is .31 acres in size, the appraisal indicates that the value is based on an assumption of using common area around the property to support the development of the property. The total effective parcel area identified in the appraisal is 1.36 acres. Therefore, in order to gain the necessary loan to value ratio the entire 1.336 acre property identified in the appraisal will need to be encumbered. If the entire 1.336 acres identified in the appraisal is encumbered the resulting LTV is 57 percent which is well below the 75 percent LTV ratio the RDA board has requested in the past. The amount requested represents approximately 46 percent of the actual construction costs of the commercial portion of the building based on estimates provided by the applicant. This amount is consistent with RDA loan policies which state that loans should not exceed 50 percent of the construction costs for a project. The proposed financing for the project includes \$1,715,000 of applicant provided funding, a commercial loan of \$6,800,000 dollars and the proposed RDA loan.

One of the advantages to the current proposal is that the RDA would be in first position on the property to be encumbered rather than second position to a commercial loan as originally proposed. One concern related to the proposal is the potential for negative impacts to future development of the collateral property because of the existence of a trust deed encumbering the property. The applicant has requested full amortization of the loan for a period of 20 years with a balloon payment at five years. The intention is to refinance the project after the construction period and wrap the loans into long term financing which would pay off the RDA loan. In order to reduce the period of encumbrance of the property, staff recommends that the call for the loan be at four years rather than five as proposed. This will limit the amount of time that the security property is encumbered.

Mr. Wilkinson recommended approval of the loan to Renaissance Place, LLC with the following terms:

1. Loan Value: \$550,000 dollars
2. Amortization Period: 20 years
3. Call: 5 years
4. Interest Rate: 3%
5. Payment Schedule: Monthly
6. Security: First Position Trust Deed
7. Other: This offer sunsets April 27, 2018, is not assignable, and may not be extended

Mr. Knowlton requested that for cash flow purposes, instead of Renaissance Place LLC, they desire to create a new entity which will be a single entity holder for the collateral lot.

Ms. Harris made a motion for approval of the amended revolving loan application for \$550,000, Renaissance Place LLC, Brian Knowlton, applicant. Ms. Holbrook seconded the motion.

A Mr. Lewis
A Ms. Harris
 Mr. Higginson (abstained)
A Ms. Holbrook
A Mr. Knight
A Mr. Simonsen

Motion passed 5-0.

Ms. Holbrook inquired if the applicant would need to come back to the committee regarding the name change, and Mr. Wilkinson indicated that they would not.

4. RDA Director's report and miscellaneous business.

Mr. Wilkinson gave a report regarding the current RDA loans and a few pending loans. Ms. Holbrook inquired as to how much RDA loan money remained, and Mr. Wilkinson stated there was a good amount. Ms. Holbrook asked if there continue to be inquiries regarding RDA loans, and Mr. Wilkinson indicated that there were ongoing inquiries.

Mr. Simonsen made a motion to adjourn the RDA meeting. Mr. Higginson seconded the motion.

A Mr. Lewis
A Ms. Harris
A Mr. Higginson
A Ms. Holbrook
A Mr. Knight
A Mr. Simonsen

Motion passed 6-0.

The meeting was adjourned at 8:01 p.m.



Chad Wilkinson, Redevelopment Director