

MINUTES OF THE  
705<sup>th</sup> MEETING OF THE  
BOARD OF DIRECTORS OF THE  
REDEVELOPMENT AGENCY OF SALT LAKE CITY  
Tuesday, January 10, 2012  
451 South State Street, Room 326  
Salt Lake City, Utah  
2:00 pm

1. [2:09:16 PM](#) Roll Call. The following members of the Board of Directors of the Redevelopment Agency of Salt Lake City were present:

Luke Garrott, Chairperson  
Carlton Christensen, Vice Chairperson  
Kyle LaMalfa, Director  
Søren Simonsen, Director  
Charlie Luke, Director  
Jill Remington Love, Director  
Stan Penfold, Director

Also Present:

Ralph Becker, Mayor of Salt Lake City  
David Everitt, Chief of Staff  
Frank Gray, Director of Salt Lake City Community Economic Development  
D.J. Baxter, Executive Director  
Justin Belliveau, Deputy Director

Others Attending:

Matt Dahl, Senior Project Manager  
Jill Wilkerson-Smith, Project Manager  
Ed Butterfield, Project Manager  
Travis Pearce, Property Manager  
Ben Davis, Project Coordinator  
BreAnne McConkie, Project Coordinator  
Kort Utley, Project Coordinator  
Ashlie Taylor, Project Area Specialist  
Damon Georgelas, Agency Legal Counsel  
Crayola Berger, Office Manager  
Jennifer Bruno, Salt Lake City Council Office  
Ken Millo, Broadway Park Lofts, LLC  
Lizzie Barlow Gupta, Broadway Park Lofts, LLC.

John Crandall, Robert E. Crandall Properties LLC  
Valda Tarbet, Robert E. Crandall Properties LLC

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

2. [2:10:39 PM Briefing by the Staff.](#)

Executive Director Baxter reported that from the end of November through the first of the year, the RDA owned SDI building on 500 South was utilized by The Road Home for their Candy Cane Corner program. Candy Cane Corner provides Christmas gifts to residents of the Road Home and YMCA. This year, the program served 551 families including 1,270 children.

Executive Director Baxter stated that the RDA is working with Salt Lake City's Community and Economic Development group to schedule a Development Conference for the properties on North Temple. The conference is tentatively set for March 29<sup>th</sup> from 8:00 to 1:00. Once the date is finalized, staff will send an invitation to Board members. The RDA has been requested to assist with the cost of the event. The RDA Chair and Vice Chair are comfortable with an RDA contribution of \$2,500. He asked if Board members had any concerns with this participation, there were no concerns.

An item regarding selection of an interactive children's feature at the Gallivan Center was tabled during the December Board meeting. Staff received some suggestions from RAC on the item, and will return the information to the Board in February after incorporating RAC's comments.

Executive Director Baxter stated that the Downtown Alliance is working on a bike sharing program for Salt Lake City and have asked for a letter of support from the RDA. He asked if Board members had any concerns with him providing such a letter, and added that Chief Administrative Officer Becker has expressed his support of the program. Board members had no concerns.

Vice Chairperson Christensen presented gifts to Chairperson Garrott in appreciation for his tenure as RDA Chairperson. Chairperson Garrott thanked Vice Chairperson Christensen for his partnership and other Board members for their support the past two years.

3. [2:09:39 PM Approval of the Minutes from the Previous Meetings held November 15 and December 13, 2011.](#)

Director Penfold made a motion to approve the minutes of the November 15 and December 13, 2011 meetings. Director Simonsen seconded the motion. Upon roll call, Chairperson Garrott declared the motion unanimously approved.

4. [2:09:57 PM Report of the Chief Administrative Officer.](#)

Mr. Gray welcomed the new Board members to the RDA.

5. [2:15:53 PM](#) Public Comments.

Chairperson Garrott called for public comments, there were no public comments. Director Simonsen stated that an e-mail from Ms. Lynn Olsen, a Trustee with the Sugar House Community Council, was provided to Board members regarding the Sugar House goal item to be reviewed later in the meeting.

6. Redevelopment Business/Routine Matters.

A. [2:16:40 PM](#) Election of Chair and Vice-Chairperson.

Executive Director Baxter commented that the Chairperson serves for a period of two years and cannot serve successive terms. He asked Board members to mark the ballots provided for Chairperson. The ballots were tallied with Director LaMalfa receiving four votes and Director Christensen receiving three votes.

Executive Director Baxter asked Board members to mark the ballots provided for Vice Chairperson. He said that the Vice Chair serves a one year term and can serve successive terms. The ballots were tallied with Director Garrott receiving four votes and Director Penfold receiving three votes.

[2:19:56 PM](#) Director Penfold made a motion to approve the election of Kyle LaMalfa as Chairperson of the RDA for a period of two years, and Luke Garrott as Vice Chairperson for the period of one year. Director Simonsen seconded the motion. Upon roll call, Chairperson Garrott declared the motion unanimously approved. Chairperson LaMalfa asked Vice Chairperson Garrott to act as Chair for the balance of the meeting.

B. [2:21:02 PM](#) Distribution of RDA Disclosure forms.

Vice Chairperson Garrott asked Board members to finalize the disclosure forms described in the briefing materials and return them to staff.

C. [2:21:49 PM](#) Status Report on RDA Loan Portfolio.

Executive Director Baxter said that one new loan to Liberty Village properties in Sugar House was funded during the past six months. There are no delinquencies in the RDA loan portfolio.

D. [2:22:55 PM](#) Open Meeting Training.

Mr. Georgelas reviewed the guidelines and provisions of the Open Meeting training as provided in the briefing materials.

E. [2:26:34 PM](#) Discussion and Approval of Annual Goals Related To Housing and General RDA Issues, and For the Central Business District, West Temple Gateway, Sugar House, West Capitol Hill, Depot District, North Temple and Granary District Project Areas.

Deputy Director Belliveau stated that the changes discussed at the December Board meeting have been incorporated in the revised goals. He said staff also received feedback from Chief Administrative Officer Becker on the goals, which will be presented verbally.

#### [2:27:49 PM Central Business District](#)

Deputy Director Belliveau reviewed the changes to the goals as described in the briefing materials. He stated that for the Central Business district, Chief Administrative Officer Becker suggested that the RDA include a goal to coordinate with the County in their work related to the redevelopment of the Utah Performing Arts Center property. Board members agreed to this change.

Chief Administrative Officer Becker also suggested an addition to the wayfinding goal to include statement regarding the RDA's coordination with Visit Salt Lake toward implementing a state of the art wayfinding system. Director Penfold asked which entity is the lead in the wayfinding system program. Mr. Gray answered that the Salt Lake City Transportation Department is the technical lead. However, the Downtown Alliance has taken the leadership in bringing the downtown business community together. Visit Salt Lake was added because of the entertainment venue issue and the County's extensive involvement in downtown properties.

Chief Administrative Officer Becker also asked that the RDA goals address the Convention Center Hotel. The County is undertaking an RFP for a consultant for the selection of the site for the hotel, and Chief Administrative Officer Becker felt it would be appropriate for the RDA to assist in funding that study. Board members agreed to these changes.

#### [2:34:31 PM West Temple Gateway](#)

Deputy Director Belliveau reviewed the changes from the previous Board meeting. He said that there were no additions to the goals by Chief Administrative Officer Becker.

#### [2:35:16 PM Sugar House](#)

Deputy Director Belliveau reviewed the changes to the Sugar House goals. Director Simonsen expressed concern with the wording for goal #4 in that it does not include a crossing through the block, which he feels is an important goal for the RDA. Mr. Butterfield clarified that Fehr and Peers is currently completing a study to determine where the Jordan Salt Lake Canal Trail realignment will be placed. It was assumed that this would be through the Granite Block, but it appears their recommendation may be to McClelland Street. The goals were modified to allow the RDA to move forward based on the recommendation. Director Simonsen asked that the wording of the original goal be changed to "participate with developers in providing mid block connections".

Director Simonsen commented on the goal regarding the Sugar House Monument. He felt the intent of the discussion last month was to consider the reconfiguration of the plaza and the street rather than the monument. He asked that this goal be changed to a more active realization of the changes to the plaza. Mr. Butterfield commented that Fehr and Peers Study would include a

consideration of the plaza design. Vice Chairperson Garrott suggested modifying the wording to: “consideration of the redesign recommendations of the monument plaza and street reconfiguration”.

Vice Chairperson asked if the goal for preservation of historic structures was included in other project areas. Deputy Director Belliveau answered that this goal has been included in the Depot District.

Director Simonsen expressed concern with changes to the wayfinding improvements prior to the completion of the City Master Plan. He suggested reversing the order of the administrative components to coincide with the creation of the plan followed by funding of wayfinding improvements.

Deputy Director Belliveau said Chief Administrative Officer Becker felt there are other redevelopment sites in Sugar House that should be taken into consideration, some of which lie outside the geographic boundaries of the project area. He suggested adding a statement to “facilitate the redevelopment of projects adjacent to the Street Car Corridor”. The Board agreed to these changes.

#### [2:48:54 PM Depot District](#)

Deputy Director Belliveau reviewed the changes to the Depot District goals. He said that Chief Administrative Officer Becker suggested the RDA explore efforts to create parks and public spaces, which staff feels has been addressed in the Intermodal Hub Plan Implementation steps outlined in the goals.

Director Simonsen asked if the parks and public spaces item in the goals related to the area Master Plan, which calls for an extensive greenway system between the I-15 and railway corridor, or for smaller scale public spaces relating to neighborhood parks and plazas. Executive Director Baxter said he understood the focus was to be the smaller scale for neighborhood parks and plazas. Director Simonsen agreed and said he felt that at some point the Gateway District Master Plan should be revisited as this area has changed to a point that the greenway suggested may no longer be feasible. The Board discussed the RDA’s role in changes to the City’s Master Plans.

Vice Chairperson Garrott asked if developers are directed to follow the Master Plans. Mr. Gray answered yes. He felt it was important that the City’s policies and the RDA’s policies are in synch with each other. The Board agreed to retain the existing goals and that they be reconsidered as changes to the Master Plans are made.

#### [2:56:38 PM North Temple](#)

Deputy Director Belliveau said there were no changes from the previous meeting or suggestions from Chief Administrative Officer Becker.

Director Christenson recommended that the RDA seek an office or corporation to relocate to this project area. He felt this may require some type of incentive from the RDA. The Board suggested adding a goal that the RDA work with the Economic Development Department to identify a catalytic project to this corridor. The Board agreed to this change.

#### [2:59:41 PM Granary District](#)

Deputy Director Belliveau reviewed the changes. He said Chief Administrative Officer Becker did not have any recommendations for this project area.

#### [3:01:59 PM West Capitol Hill](#)

Deputy Director Belliveau said the wording of the public improvements and infrastructure item was altered to state “begin to install public infrastructure and improvements”. Chief Administrative Officer Becker questioned whether the RDA should be focusing its attention on property acquisitions as stated in goal #7. Deputy Director Belliveau said that a targeted list of a small number of key properties has been identified to be considered for redevelopment. Vice Chairperson Garrott asked if the goal for historic preservation should be included in this area. Executive Director Baxter explained the project area is nearing its end, but that preservation goals and incentives programs for future projects could be added.

[3:06:08 PM](#) Director Sorenson commented that there were Housing Goals as a separate document that was not reviewed by the Board last month. He asked if there are housing goals in any of the RDA project areas. He felt that the City should consider how the RDA tools and programs can be used in closing the gaps in affordable housing, both at the lower end and what is considered market rate, as they are adopting their housing policies. Vice Chairperson Garrott said he supported the suggestion that each project area have housing goals. Executive Director Baxter said the City is close to adopting a new version of the housing policy. He said that typically, the RDA has a general set of housing goals based on the City’s policies. These goals have been somewhat stagnant awaiting adoption of the new policy. Once adopted, the RDA goals will be amended to reflect the policy. When there are specific needs or objectives unique to a particular project area, such as single room occupancy units in the Central Business District, these have been inserted as a separate goal within the project area.

Director Luke said he supported City Wide Housing goals with attention to specific needs in project areas as they arise. Director Simonsen recommended that the Board revisit the housing goals once the City policy is adopted and create specific goals.

[3:15:07 PM](#) Director Simonsen made a motion to approve the goal statements with the specific revisions discussed, including Chief Administrative Officer Becker’s recommendations. Director Luke seconded the motion. Upon roll call, Vice Chairperson Garrott declared the motion unanimously approved.

7. Redevelopment Business/Old Business.
  - A. [3:15:52 PM](#) Consideration and Approval of a Work Scope and Funding From the Sugar House Project Area Fund for Public Involvement, Conceptual Design, Schematic Design, Design Development, and Cost Estimating for the Streetcar Greenway and Trail Project with CRSA.

Mr. Davis stated that staff seeking a motion to approve a work scope, design, and cost estimate through a 60% design for the street car and greenway trail project. This project has been identified as the next step in the process of appropriately developing the Sugar House rail corridor. He added that the greenway trail project is a separate item from the design and construction of the phase 1 of the Sugar House streetcar line, and will be funded separately from that effort. Determining costs at this time will assist in budgeting efforts in the upcoming year.

Director Christensen asked if the intent was to determine if there will be sufficient funding for all the aspects for the project. Executive Director Baxter said the intent is to complete a proposal package for the Board that can be used to assist in their decision on the alternatives for the project and how they can be funded. Mr. Gray emphasized the importance of the interaction between the two projects, and said it is critical that the development along the rail lines be planned at the same time as the track planning.

Director Christensen commented on the process utilized on the North Temple project in which a listing of alternatives and their costs were considered prior to the determination of what the final project would include. Mr. Gray felt the intent was to utilize that same process with this work scope, which will determine the expectations of both the public and private sectors and the costs. This scope will also include expectations of what public improvements must be included when private redevelopment is done along the corridor.

Director Simonsen asked if the design work was going to be limited to the boundaries of the corridor and if this was clearly defined in the scope. Mr. Davis stated that scope would include consideration for linkages, but the design would be restricted to the corridor. He added that this is clearly defined in the scope.

Director Simonsen commented that this is a direct part of the Parleys Trail system. It has long been a goal of that system to develop interpretive elements that tell the story and history of the Trail, including elements of art and culture as is being done at the draw in Sugar House. He asked if such interpretative elements are included in this scope. Mr. Davis said such elements are not included in the scope. However, he said that these would be considered and encouraged during the public involvement portions of the design work.

Director Penfold clarified the intent of this process and said he felt it was important that the focus would be on items that must be considered during the construction of the streetcar and those that could be completed in later phases. Mr. Gray said the areas around the stops have been identified as the most critical elements, and will be considered first. Director Simonsen added that it may also be necessary to tie phasing of additional improvements to various funding sources.

[3:27:08 PM](#) Director Simonsen made a motion to approve the work scope and funding for the Sugar House Streetcar Greenway and Trail Project with CRSA as presented with the caveat that the cost estimate include sources of funds and specific phases for implementation of the recommendations. Director Penfold seconded the motion.

Director Love said she would support the motion based on Mr. Gray's recommendations. However, she expressed great concern with the amount of funding being utilized for planning of the Streetcar corridor and many other projects. She questioned why this portion of the corridor planning was not included in the Sugar House study presented in October. She felt it was critical that specific direction be given to assure the Board receives everything that is expected and needed from these plans.

Upon roll call, Vice Chairperson Garrott declared the motion unanimously approved.

8. Redevelopment Business/ New Business.

A. [3:30:21 PM](#) Review and Discussion of a Loan Request from Broadway Park Lofts L.L.C.

Vice Chairperson Garrott directed the Board that consideration for approval of this loan request and the loan request from Robert Crandall in the next agenda item would take place after review and discussion of both requests.

Vice Chairperson Garrott recognized Mr. Ken Millo and Ms. Lizzie Barlow Gupta with Broadway Park Lofts, LLC.

Mr. Dahl stated that proposed terms of a \$2.3 million dollar loan on the Broadway Park Lofts project were presented to two members of the Loan Committee. Their recommendation to the Board is split. One member expressed concern that the sale prices projected may not be realized. The other felt the consequences of not providing this funding, which would likely force the project into foreclosure, outweighed that risk. Vice Chairperson asked how many members sit on the Loan Committee. Mr. Dahl answered three, with one alternate. For loan approvals a minimum of three members would be required, however for a recommendation to the Board staff felt having two members present was sufficient.

Mr. Dahl said that yesterday afternoon the primary lender indicated they would increase their loan amount to \$8,900,000. He supplied the Board an amended proposed term sheet (copy attached) and reviewed the revised terms. He said the primary lender approved these revised terms less than an hour ago. Staff has not had an opportunity to reevaluate the cash flow projections, but feels the project will pencil with these new terms.

Mr. Dahl said the primary lender expects to have sufficient funds to complete the project in case of a developer default. This would require the primary lender or the RDA to commit additional funds to the project. Should this occur, staff would return to the RDA Board for approval, because more than the proposed \$450,000 would be placed at risk.

The two additional terms in the new proposal include that prior to closing the RDA loan, the developer would be required to sell the 34 units put under contract from the auction that occurred on November 4<sup>th</sup>, and that RDA staff would need to complete the cash flow analysis to verify the appropriate sale amount per square foot.

Mr. Dahl said options before the Board are to approve the loan request with the condition that staff completes the financial and legal analysis of the proposal and determines it is acceptable, do not approve the request, or defer taking action until the significant terms, including the default clause for the primary lender, have been finalized.

Deputy Director Belliveau stated that RDA staff has completed a preliminary cash flow projection based on these perimeters and it appears to be an improved risk position for the RDA compared to the terms presented in the briefing materials.

Vice Chairperson Garrott commented that Broadway Park Lofts had requested, and received approval, of a loan from the RDA approximately three months ago, and asked the status of that loan. Mr. Dahl said the lender that held original construction note was going to sell the note. This would have increased the fees necessary to move forward with the project, as well as bring the possibility of the note being called. Broadway Park Lofts' previous loan request was for \$3,000,000 to assist in acquiring the note. The request was approved with the requirement that the RDA would be paid from the sale of 34 units to be sold at auction before any funds could be utilized toward the next phase of the project. Mr. Millo found an alternative to the RDA loan funds, and did not close the loan. Vice Chairperson Garrott asked if the note had been purchased. Mr. Millo answered yes, but that they are moving forward with the project. Mr. Gray asked how many of the units sold at auction had closed. Mr. Millo answered none. The purchaser of the note is still finalizing the financing.

Director Christensen asked if the new units would be FHA qualified. Ms. Barlow Gupta stated that the entire project is FHA qualified. Auction and post auction sales are being carefully monitored for owner occupied versus investor ratios to maintain FHA, Fannie Mae, and Freddie Mac guidelines.

Director Christensen asked why the original note was not paid, leaving a partially finished project until the developer was in a better financial position. Mr. Millo stated that the construction lender failed and US Bank owned the note. The note was up for auction without their knowledge. After some negotiation, Broadway Park Lofts was allowed a chance to purchase the note at a discounted price, but with a very short timeframe. The strategy was to sell as many units as quickly as possible. The auction occurred on November 5, but they were unable to finalize any of the sales by the November 30<sup>th</sup> deadline. At that point, the note was sold to a bidder.

Chairperson LaMalfa asked why the line of credit to complete the units is so much higher than in the originally proposed terms. Mr. Millo said the primary lender requires that the project be fully funded. He explained that their plan is to finish the shell of the building, build three typical models, and finish units as they are sold. He said it is not their intent to draw the entire amount set aside for the completion of the units.

Director Penfold asked if the approval of this \$2,300,000 loan would effectively restrict these funds. Mr. Dahl answered yes. Director Penfold asked where this would put the RDA with regard to available loan funds. Deputy Director Belliveau said this would deplete the Revolving Loan Fund completely and leave approximately \$54,000 in Central Business District. He added there is a large loan repayment anticipated in the Revolving Loan Fund in March. Director Penfold asked when the funds would be restricted. Mr. Dahl stated that as soon as a loan is approved by the Board the funds are restricted.

Director Christensen asked what would trigger a draw from the line of credit for completing units. Mr. Dahl said the RDA would require the unit to be under contract and that a request is made providing the amount required to complete each specific unit type. Once the unit is sold, the RDA would be repaid. Deputy Director Belliveau stated that this is an important safeguard for the RDA. At this time, staff understands that the \$450,000 for the completion of the shell would be subordinate to the primary lender, but that any funds for the completion of the units would be in primary position and repaid upon sale of the units. Mr. Dahl stated that the primary lender has agreed to this verbally, and that it will need to be made a part of the final term of the loan. Deputy Director Belliveau felt this was an important clarification in the event of a developer default as well in that the RDA would maintain a first claim on proceeds to pay down the revolving loan in event of foreclosure.

Director Luke said that based on the information provided, the deal appears to make sense. He said that he is not comfortable moving forward until there is a better understanding of the expectations of the primary lender, the developer, and the Board.

Mr. Millo said there is a lot at stake with this project, and reviewed the history. He said Broadway Parks Lofts must buy the note by February 15, which would not allow time for this to be tabled to the February 14, RDA Board of Directors meeting. He felt there is a public good in what he has built around Pioneer Park, and that his efforts have allowed for growth that has made this neighborhood better. He said if this loan is not approved, they are done. He added that if they lose control of this building, it will likely stand vacant for two years during litigation. Theft and vandalism here is already a problem, and it will likely continue to grow.

B. [4:07:03 PM](#) Review and Discussion of a Loan Request from Robert E. Crandall Properties, LLC.

Vice Chairperson Garrott recognized Mr. John Crandall and Ms. Valda Tarbet with Robert E. Crandall Properties, LLC. Ms. Wilkerson-Smith reviewed the loan request, which is for tenant improvements to the Crandall Building at 100 South Main Street. The building has no mortgage or financial liens. The loan to value ratio is 20% which is well under the RDA's loan criteria of 95% maximum.

The loan is being brought before the Board as the applicant has requested waivers of some of the standard building renovation loan criteria. These include a waiver of the shower and locker facilities requirement, the inclusion of contingency funds for additional façade work if needed, reimbursement of demolition costs expended to date, and that the County assessed value of the property can be utilized in lieu of an appraisal.

The applicant also requested that the interest be deferred for one year to allow time for the completion of the improvements and the tenants to move in and begin operations. This deferral is not recommended by staff or the Loan Committee.

Ms. Wilkerson-Smith said that based on the loan criteria rating discussed at the last Board meeting, the qualitative and loan strength natures of this loan are very good. The one weakness is that Mr. Crandall did not seek conventional funding before approaching the RDA. For that reason, the Loan Committee did not recommend approval of this loan. Mr. Crandall has offered to use his matching funds prior to requesting draws from the RDA to allow some time to rebuild its pool of loan funds.

Director Penfold asked, given the applicant's credit position, why the RDA has been approached for this loan. He also asked the timeframe for distribution of the RDA funds. Ms. Tarbet stated that the RDA's renovation program does not have a lender of last resort criteria. It has been used to assist building owners throughout the downtown with this type of renovation. The impetus for these loans is to assist property owners who may be struggling. The construction work on City Creek has been especially difficult for the Crandall Building, and they have had to make rental concessions to retain tenants. They are hopeful that once the building is no longer barricaded, they will be able to take advantage of the opening of City Creek to better their tenant base. Ms. Tarbet said she estimates Mr. Crandall would not need to draw funds against the loan for approximately 90 days.

Board members discussed the availability of loan funds, and determined there would be adequate funding available.

Chairperson LaMalfa asked if the shower and locker facility criteria are required in all renovation loans. Ms. Wilkerson-Smith said that all renovation loans include shower and locker room criteria. She said there is a threshold based on the number of employees and square footage of office use.

Chairperson LaMalfa asked why the applicant asked for a waiver of this requirement. Mr. Crandall said the seven-story building was Salt Lake City's first "skyscraper" when it was built in 1897. There is not space set aside for showers, and to carve out space to fulfill this requirement would cost approximately \$75,000.

Executive Director Baxter stated that the policies adopted with regard to this requirement include a provision for potential borrowers to apply for a waiver of the requirement. The authority to grant the waiver is vested in the Loan Committee. However, this was not discussed by the Committee as they did not recommend approval. He felt one option would be to ask the Loan Committee to revisit the issue and determine whether a waiver is warranted.

Director Christensen asked if a dollar threshold had been placed on this requirement. He felt it might be appropriate to request this addition on a \$1,000,000 loan, but may not be for a \$100,000 loan. Executive Director Baxter said the requirement is based on the number of employees and is triggered if the renovation will house 25 or more employees. The formula applied is based on the project square footage, and mirrors LEED requirements.

Ms. Tarbet stated that the area being renovated is retail space totaling less than 10,000 square feet. She felt it was difficult to determine the number of employees that would be housed in the space.

The Board discussed the shower requirement guidelines, calculations, and definitions. Providing the threshold of employees is met, one shower per gender, and four half-sized lockers per shower would be required. Executive Director Baxter commented that the loan criteria states the applicant may request a waiver, but must submit documentation to demonstrate why the shower and locker facilities are infeasible or unreasonable for the particular project. He asked if such documentation had been received. Ms. Wilkerson-Smith answered no.

Director Love asked if Mr. Crandall would consider increasing the loan amount to complete the showers. Mr. Crandall said he did not feel this increase would be wise economically. Vice Chairperson Garrott asked the timeframe for the decision on this loan and if delaying the decision to the February meeting would cause issues. Mr. Crandall said the delay could affect some lease negotiations.

Chairperson LaMalfa asked for a review of the waivers requested by the applicant. Ms. Wilkerson-Smith reviewed the five requested waivers. Ms. Tarbet clarified that the applicant is not seeking reimbursement of the demolition costs to date, but is asking to be permitted to include these costs in their 50% match. She added that the request for interest deferral would be for six months of construction interest, and a six month period as a concession to the tenants.

Deputy Director Belliveau said that in certain circumstances the deferral of interest in appropriate to assist the property owner with stabilizing a new property. However, this property is occupied, and staff believes there is adequate cash flow from existing tenants to cover the interest throughout the construction period.

C. [4:37:39 PM](#) Consideration and Approval of Loan Requests from Broadway Park Lofts L.L.C. and Robert E. Crandall Properties, LLC.

Director Love made a motion to approve the loan to Robert E. Crandall Properties, LLC as presented with the exceptions of the waiver of the shower and locker facilities requirement and interest deferral, and that release of funding from the RDA will be deferred for 90 days. Director Christensen seconded the motion.

Director Love said this building is a true gem in the City, and felt the addition of retail tenants here is critical to downtown. Director Christensen expressed concern that this loan applicant with an excellent credit position was not recommended by the Loan Committee. He felt the RDA should incentivize all property owners in project areas to make upgrades to their properties and not act only as a lender of last resort.

Upon roll call, Vice Chairperson Garrott declared the motion unanimously approved.

Vice Chairperson Garrott called for discussion on the Broadway Parks Lofts L.L.C. loan.

Mr. Baxter clarified that the terms to be considered were revised from those included in the briefing materials and are to be based on the term sheet provided earlier in the meeting.

Director Christensen said he felt the revised terms are better than the original deal, but that he hesitates to move forward until the final negotiations are completed. He said he was comfortable enabling staff and the RDA leadership to ensure the proposed terms are met. Director Christensen made a motion to approve loan based on the conditions presented by staff. Director Love seconded the motion.

Director Luke asked the applicant if the decision could be deferred until next week to allow staff time to complete the due diligence on the revised terms. He suggested that the Board convene prior to the City Council meeting on the 17<sup>th</sup> to finalize this decision.

Deputy Director Belliveau felt this would allow staff to complete a term sheet of the non-negotiable items staff feels are the key points of this deal. Director Christensen withdrew his motion.

Director Luke made a motion to table the Broadway Park Lofts LLC loan request to January 17, 2012. Chairperson LaMalfa seconded the motion. Executive Director Baxter said that it may not be possible to completely finalize the term sheet by January 17. Director Luke clarified that his intent was that as much information as possible be included, particularly verification of the default terms with the primary lender.

Upon roll call, Vice Chairperson Garrott declared the motion unanimously approved.

- D. [4:49:23 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 Simonsen made a motion to enter into a closed meeting. Director Luke seconded the motion. Upon roll call, Chairperson Garrott declared the motion unanimously approved.

Vice Chairperson Garrott stated that upon completion of the closed meeting the RDA Board meeting would stand adjourned.

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 the Council Chamber conference room at 4:55 p.m. on Tuesday, January 10, 2012.

The following members of the Board of Directors of the Redevelopment Agency of Salt Lake City were present: Kyle LaMalfa, Chairperson; Luke Garrott, Vice Chairperson; Carlton Christensen, Director; Stan Penfold, Director; Charlie Luke, Director; Søren Simonsen, Director.

Recused: Jill Remington Love, Director.

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; Travis Pearce, Property Manager; Edward Butterfield, Project Manager; and Crayola Berger, Office Manager.

Others present: David Everitt, Salt Lake City Mayors Office; Frank Gray, Director Salt Lake City Community and Economic Development; Jennifer Bruno, Salt Lake City Council; Rusty Vetter, Salt Lake City Legal Counsel; Thomas Ward, Salt Lake City Public Utilities.

The Board discussed pending litigation and/or the acquisition /disposition of real property and/or attorney-client matters that are privileged.

Director Simonsen made a motion to exit the closed meeting. Director Christensen seconded the motion. Upon roll call Vice Chairperson Garrott declared the motion unanimously approved and the closed meeting was adjourned at 5:10 p.m. Director Love was not present for the vote.

8. Adjournment.

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

---

Luke Garrott, Vice 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 January 10, 2012.

**Proposed Changes to Loan Request**

**Primary Loan Amount:**

Original: \$7,000,000  
New: \$8,921,091

**Total RDA Loan Commitment:**

Original: \$2,300,000  
New: \$2,300,000

**Use of RDA Loan:**

Original: \$2,093,000 Construction Loan for Shell Completion  
\$207,000 Revolving Funds for Unit Finish  
New: \$450,000 Construction Loan for Shell Completion  
\$1,850,000 Line of Credit for Completing Units

**Loan to Value:**

Original: 63%  
New: 76%

**Changes to Terms:**

- 1) 34 units from Phase 1 must be sold prior to close.
- 2) Staff will set minimum per square foot sales price upon further cash flow analysis.

**Risk Analysis Change:**

1) In this scenario the RDA's \$450,000 would be the only funds behind the primary lender. Our \$1,850,000 would be paid back with the sale of each unit. The RDA's \$450,000 would be the last of the \$9,348,091 to be paid back making it particularly susceptible to lower than anticipated sales prices.

2) At \$315 per square foot the minimum sales price for each unit would be as follows:

397 * 12 = \$125,055	1034 * 2 = \$325,710
403 * 4 = \$126,945	1153 * 2 = \$363,195
442 * 1 = \$139,230	1193 * 2 = \$375,795
620 * 2 = \$195,300	1237 * 2 = \$389,655
679 * 8 = \$213,885	1268 * 2 = \$399,420
694 * 2 = \$218,610	1312*2 = \$413,280
759 * 8 = \$239,085	
774 * 2 = \$243,810	

3) The primary lender expects to have sufficient funds to complete the project in the case of a developer default so as to facilitate the bulk sale of the remaining units. This term has not been finalized at this time. This situation would require RDA funds be used to complete the remaining units or further capital from the developer. If pre-closing negotiations determine RDA funds are required to finish the units for a bulk sale in the case of a developer default, staff would need to return to the RDA Board for approval.

Options:

- 1) Approve loan request on the condition that staff finds the financial and legal analysis of the current proposal to be acceptable.
- 2) Do not approve the loan request.
- 3) Defer taking action on the current proposal until significant terms have been finalized.