

REDEVELOPMENT AGENCY STAFF MEMO

DATE: August 18, 2015 **ITEM #:** 9.A.

PREPARED BY: David Arteaga

RE: Consideration and Adoption of a Resolution of the Board of Directors of the Redevelopment Agency of Salt Lake City to Reactivate and Extend the Terms of an Approved Building Renovation Loan to Telegraph Exchange, LLC.

REQUIRED ACTION: 1) Adopt a resolution authorizing the RDA to reactivate and extend the terms of a previously approved \$3,000,000 Building Renovation Loan request by Telegraph Exchange, LLC; or

2) Do not adopt resolution.

POLICY ITEM: Central Business District Strategic Plan Objectives #1, 2.

BUDGET IMPACTS: \$3,000,000 allocated from the RDA's revolving loan fund.

EXECUTIVE SUMMARY: On November 18, 2014, the Board of Directors approved a \$3,000,000 Building Renovation Loan to Telegraph Exchange, LLC, for the renovation of the Westgate Business Center, located at 180 South 300 West (the "Property") in the Central Business District. The RDA's commitment to lend on the project provided a 120-day period to finalize project-specific issues, such as the clarification of easement rights between the Property and adjacent property owned by the RDA. The resolution of these items has required additional time, and consequently, the Applicants are requesting the reactivation of the previously-approved loan. It is expected that the loan will close within a period of 90 days following Board approval of this reactivation.

ANALYSIS & ISSUES: This Building Renovation Loan would fund the ongoing conversion of the 4-story, 73,000 square foot brick office building into 38 residential lofts. The residential lofts will include high quality finishes, the addition of roof decks and balconies, additional glazing, and the installation of new and efficient mechanical systems, including geothermal heating and cooling.

The following terms of the Building Renovation Loan remain identical to those previously approved by the Board:

- Loan Amount: \$3,000,000

- Interest Rate: 3%
- Loan Term: 10 Years
- Amortization Period: 20 Years

The loan would be subordinate to a \$4.5 million loan from another lender for a combined loan-to-value of 47%. Developer equity of \$2.9 million supplements these loans to provide sufficient funding to complete the project.

In addition to the standard provisions outlined above, the RDA's loan requires certain project-specific actions, including the clarification of easement rights for the project parcel and the RDA's adjacent Utah Paperbox property; subdivision of the Property with a commitment to construct a building on the corner of 300 West and 200 South; option for the RDA to acquire the corner parcel if the developer does not construct a project here; the provision of parking on the Paperbox property for stalls displaced by construction on the corner site; and a lease of the Paperbox property for the Applicants' use during construction.

PREVIOUS BOARD ACTION: On November 18, 2014, the Board of Directors approved a \$3,000,000 Building Renovation Loan request from Telegraph Exchange, LLC.

ATTACHMENTS: Resolution

RESOLUTION NO. 760.____

August 18, 2015

RESOLUTION OF THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY TO REACTIVATE AND EXTEND THE TERMS OF AN APPROVED BUILDING RENOVATION LOAN TO TELEGRAPH EXCHANGE, LLC.

WHEREAS, the Redevelopment Agency of Salt Lake City (“RDA”) was created to transact the business and exercise the powers provided for in the Utah Community Development and Renewal Agencies Act; and

WHEREAS, the RDA has established a revolving loan fund to provide loans in its project areas; and

WHEREAS, in November of 2014, the Board of Directors approved a \$3,000,000 Building Renovation Loan to Telegraph Exchange, LLC, for the conversion of a commercial building into a residential building located at 180 South 300 West in the Central Business District; and

WHEREAS, the 120-day loan term approved by the Board of Directors lapsed; and

WHEREAS, Micah Peters and James Chellis (the “Applicants”), the managing members of Telegraph Exchange, LLC, are requesting a reactivation and extension of the terms on a previously approved \$3,000,000 Building Renovation Loan, to further fund the conversion of a commercial building into a residential building located at 180 South 300 West in the Central Business District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY, that we do hereby approve a reactivation and extension of the loan terms approved by the Board of Directors in November of 2014, and to allocate \$3,000,000 from the revolving loan fund to provide a Building Renovation Loan.

BE IT FURTHER RESOLVED THAT we do hereby authorize the Chief Administrative Officer and the RDA Executive Director to negotiate and execute a loan agreement and other related documents to evidence the Building Renovation Loan between the Redevelopment Agency of Salt Lake City and Telegraph Exchange, LLC, in accordance with the terms approved by the Board of Directors in November of 2014. The documents shall also incorporate such other terms as recommended by RDA legal counsel.

Passed by the Board of Directors of the Redevelopment Agency of Salt Lake City, this 18th day of August, 2015.

Stan Penfold, Chairperson

ATTEST:

D.J. Baxter, Executive Director

Transmitted to the Chief Administrative Officer on _____.

The Chief Administrative Officer

___ does not request reconsideration.

___ requests reconsideration at the next regular Agency meeting.

Ralph Becker, Chief Administrative Officer

ATTEST:

D.J. Baxter, Executive Director

Approved as to legal form: _____