

MINUTES
FROM THE
HOUSING TRUST FUND
BOARD MEETING (HTF)
Wednesday, October 10, 2018
451 South State Street, **Room 126**
City & County Building
Salt Lake City, Utah
12:00 p.m.

1. <u>Board Members</u>	<u>Board Members Not Present</u>
Irena Edwards	Todd Erskine
Terry Lake	David Smoot
Edward Makowski	Sean Umipig
Robert Rendon	Amy Rowland
Ryan Parker via phone	
Ali Oliver via phone	

Staff Present

Baylee White
Jen Schumann
Marion Barnhill
Don Sparks
Shyann Hugoe

2. Staff Updates

3. Approval of the minutes of the October 3, 2018 meeting.

Mr. Rendon moved to approve the minutes of October 3, 2018 as presented. Mr. Makowski seconded the motion. Motion carried unanimously.

4. Business

A. Welcome

Ms. Edwards welcomed the Board and opened the meeting at 12:06 PM.

B. Presentation of the Exchange proposal

Ms. White explained the proposal to the Board. She noted that generally, the Developer would be present to answer questions, but they had a last minute conflict with a separate financing meeting for this project. Ms. White proceeded to go through questions submitted via email by the two board members calling in. She stated to the Board that the developer proposed the loan as a surplus cash flow loan and that the 0% rate is what the developer required to comply with their Freddie Mac financing. Ms. White added that the project needed to be at a soft debt ratio of 1.05% and a hard debt ratio of 1.15%; adding any interest rate higher than zero would negatively affect their Freddie Mac proceeds and financing stack. Ms. Edwards verified that 0% is all they

can pay. Ms. White confirmed that was correct based on the most recent proforma, and stated that the Board could counter-offer a higher interest rate if desired.

Ms. White wanted to point out on the Loan Sheet that if the Board were to fund this request, the Housing Trust Fund balance would be approximately \$240K. She explained that the RDA may contribute funds to the HTF at the end of the calendar year and that sales tax dollars, approximately \$2 million, were projected to come in later on in the fiscal year.

Ms. Edwards asked there were any requests for 4%-9% projects that are coming through allocation now. Ms. White stated that there were three applications submitted for HOME funding that may request HTF at a point in the future. Ms. Lake asked if there were any funds from repayments. Mr. Sparks stated that the repayments are minimal, the two funding sources we have are around \$150K-\$200K each; there is approximately \$400K a year in repayment.

Ms. Edwards noted that she has an issue with the 0% interest rate. She stated that she understands there is a developer fee that differs by project, but noticed in this project's pro forma that the NOI is increasing each year, meaning the project could be amortizing and payments could increase every year as the NOI goes up. Ms. White explained that the two buildings had separate financing and the cash from Building A would be unable to cover additional interest or hard debt on Building B.

With regard to the land strip that the developer needed to purchase to construct the project as designed, Ms. Lake would like to know what difference the discrepancy would make in the building and construction and if the developers could adjust their construction plans. Ms. White stated that the developers mentioned that the 10 feet is a significant impact on their building designs and permits, and at this point, it would not be cost effective to redesign without the land strip. Ms. Edwards would like to know if the impact would be on the number of units developed or if it would impact the project's compliance with City zoning requirements; if it was a zoning/permitting/planning issue, would it be something that the City could look at waiving? Ms. White stated she is not sure if there is anything that the City could waive as far as spacing requirements between the buildings, as that would be in the Planning Division's area of expertise. She stated that the 10 feet would most likely affect the total number of units they will be able to do in the affordable building, Building B.

Ms. Edwards asked if the \$725K was the full purchase price for the land strip, and is wondering if the seller would be willing to get paid from cash flow. Ms. White stated that the \$725K is for the purchase of the land and the right of first offer. Ms. Schumann stated that she understood that the developer might not need the whole 10 feet to build, just a small portion of it. Ms. Edwards would like to know why they have to pay for the right of first offer if they own the land. Ms. Schumann commented that it is not a pure purchase of the land. Mr. Makowski asked if it is a straight purchase price or if the amount could be negotiated. Ms. White stated that some negotiation already took place and the seller is unwilling to negotiate the price further.

Ms. Schumann mentioned that all the questions the Board asked are incredibly valid and asked if the board would like the opportunity to contact the developer and receive a written response to the questions. Ms. Edwards stated that the board should delay the vote on the project until the

developer could answer the questions. Ms. Lake motioned that the board should hold off on voting until the next meeting or until the board had received answers to all questions from the developer. Mr. Makowski seconded.

C. Other Business
There was no further business.

5. Adjournment

There being no further business, the meeting adjourned at 12:19 PM.

HTF Board Chair

This document along with the digital recording constitute the official minutes of the HTF Board meeting held October 10, 2018.