



# Redevelopment Agency of Sandy City

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## **\*\*MEMORANDUM\*\***

**To: RDA Board**  
**From: Kasey Dunlavy, Economic Development Director**  
**Date: March 13, 2023**  
**RE: Gardner Project: Gardner/RDA SIB Loan Agreement**

The following Memo provides a background summary to date of the State Infrastructure Bank (SIB) Loan documents and the SIB Loan Agreement between Gardner Development (“the Developer”) and the Sandy City Redevelopment Agency (“the Agency”).

### SIB Background, Resolution and UDOT Loan Approval Process

As provided under Title 72, Chapter 2, Part 2 of the Utah Code Annotated 1953, as amended provides UDOT the opportunity to secure funding for certain transportation project improvements, including parking facilities. These funds are loans to local municipal governments to meet transportation impacted projects. Through the UDOT SIB application process, Agency staff worked with UDOT and applied for funding. On September 16, 2022, the Transportation Commission approved Sandy City’s SIB Loan application to assist the Developer in financing the parking structure. The terms of the Loan are \$5.30 Million, at a loan rate of 3.25% to be paid back in no more than 15 years. On February 21, 2023, the City Council adopted Resolution 23-08C authorizing the execution of the SIB Loan Agreement and publication of notice of entering into the Agreement for the Loan.

### City / Agency Interlocal Agreement (ILA)

Given the purpose of the loan is to secure funding for the Gardner Project parking structure which has a contractual obligation through the Agency, an ILA was adopted between the City and the Agency to move the SIB funds from the City to the Agency. The ILA was approved on February 21, 2023. This allows the RDA to become the funding “back stop” for the loan with the Developer, and ultimately provides a way for Sandy City to have additional security on the loan. The Developer’s repayment obligation is secured by a deed of trust lien on the Project, as well as by tax increment otherwise payable to the Developer under an existing Tax Increment Participation Agreement.

### Gardner Development/RDA Agreement

The Agreement with the Agency as drafted, requires the Developer to use the SIB Loan proceeds solely for approved costs within the development. The approved costs mean any expenditure permitted by the

SIB Act, which generally means the (a) sum of costs incurred by Developer to acquire the real property on which the Parking Facilities will be constructed, including, and without limitation, the purchase price paid by Developer for the property, and (b) all hard and soft costs and expenses incurred by Developer in engineering, designing, and constructing the parking structure. The Agency has requested Developer pay 100% of the debt service on the loan by or before April 30, 2034, which coincides with the Civic Center North Project Area sunset date.

Summary of Agency staff requests:

1. Developer will execute a Loan Guaranty, guaranteeing the full payment and performance of the Note.
2. The Agency has requested Developer pay 100% of the debt service on the loan by or before April 30, 2034.
3. Agency will hold loan proceeds and only disburse from time to time as formerly requested by Developer for approved costs incurred by the development.
4. Agency will not disburse proceeds until Developer has incurred costs or third-party lending obligations in an amount not less the aggregate amount of disbursements made to the Developer (Developer proves dollar for dollar match of investment into the project).
5. Agency has first position lien upon right of setoff under the Tax Increment Participation Agreement with the Developer. Accordingly, in the event a default occurs, Agency may immediately apply any such tax increment payable to the Developer to the outstanding payment obligations under the Note.