

## **Critical Land Conservation Revolving Loan Fund Program Summary**

### **Background:**

During the 1998 legislative session, the Leray McAllister Critical Land Conservation Revolving Loan Fund (SB 51) was passed by the Utah State Legislature. The legislation established a fifteen person Critical Land Conservation Committee and appropriated \$100,000 to the Revolving Loan Fund to assist local governments and non-profit organizations in their efforts to preserve open lands in Utah. The Revolving Loan Fund may accept contributions and proceeds from the sale of state surplus lands. The Utah State Division of Parks and Recreation recently sold some surplus land and has donated \$80,000 to the Revolving Loan Fund, bringing the total amount available to \$180,000.

### **Purpose of the Revolving Fund:**

The fund was established to aid both non-profit organizations and local government entities in their efforts to create and maintain open lands. Loans made through the Revolving Loan Fund are intended to help bridge the gap created by budgeting or fund raising shortfalls. Funds are repaid to the program and recycled to other candidates, thus creating an on-going open space program for Utah. Money that has not been released to applicants will be invested in the Public Treasurer's Investment Fund by the Governor's Office of Planning and Budget.

### **To Whom the Funds are Available:**

"Local entity" means a county, city, town, independent special district under Title 17A, Chapter 2, Independent Special Districts, or interlocal cooperation entity under Chapter 13, Interlocal Cooperation Act.

All non-profit organizations and local entities seeking to preserve open land in the state of Utah may apply for a loan provided they and the proposed project meet the following criteria:

- A) protect private property rights
- B) ensure that land use decisions are made locally
- C) avoid a net loss of private land ownership in the state
- D) encourage partnerships in the effort of preserving open land
- E) demonstrate an ability to pay back the loan
- F) demonstrate that the proposed open land is critical, cost effective, and high quality.

Individuals and for-profit corporations and associations are not eligible for the Loans.

### **Uses of Loan Funds:**

All money received by loan recipients is to be used specifically for the preservation of open land. "Open land" is defined by the state of Utah as "land that is important, as determined by the local entity, to be used for wildlife habitat, watershed, recreational use, or another use related to the quality of life or cultural heritage of the citizens of the state." Open land may include agricultural land.

The preferred method of open land preservation is through the establishment of perpetual conservation easements. A conservation easement is defined by state law as "an easement, covenant, restriction, or condition in a deed, will, or other instrument signed by or on behalf of the record owner of the underlying real property for the purpose of preserving and maintaining land or water areas predominantly in a natural, scenic, or open condition, or for recreational, agricultural, cultural, wildlife habitat or other use or condition consistent with the protection of open land." These restrictions are binding upon the owner and future owners. The Committee has discretion to consider loans for projects which utilize other means of open land preservation, including purchase of land or lease.

### **Loan Requirements:**

The Committee will authorize the loans and determine the loan amount, interest rate, late payment penalty amount, length of loan, interest start date, first interest and principal payment due date, number and due dates of periodic payments, and the sequence of applying payments to interest, penalty and principal. These items will all be incorporated into a loan contract between the loan recipient and the Committee. The loan will be administered by the State Division of Finance. All documents required by the Division of Finance must be completed by the borrower.

- **Amount of Loan:** A borrower may request up to 50% of the total project costs. The remaining amount must be matched from other sources.
- **Interest Rate:** The Committee has set a minimum portfolio objective of generating a level of return sufficient to cover its ongoing operating expenses, and to provide for future loan funds. Although interest rates are negotiable and may vary according to the market rate and the borrower, applicants can expect to receive an approximate annual interest rate of 3%.
- **Required Collateral:** Collateral or security shall be in the amount and manner deemed sufficient by the Committee.
- **Terms of Repayment:** Loan payments may be made on an annual basis over a period to be negotiated with the Committee. Those applicants with the ability to repay the loan quickly may be given a higher priority by the Committee.
- **Other Conditions:** Terms may include conditions as to how the money is to be spent, regular reporting by the borrower to the Committee, and other conditions the Committee deems necessary.

**Application Process:**

NO APPLICATION WILL BE PROCESSED UNLESS ALL REQUIRED SUBMISSIONS ARE COMPLETED.

To apply for a Critical Land Conservation Loan applicants must submit:

- A complete loan application form.
- Financial statements of the applicant from the last three (3) years, unless the applicant organization has been in existence for less than three years.
- Other information about the applicant’s history and organization demonstrating its ability to preserve open land and accountability for the loan funds.
- A project proposal, including:
- A narrative description of the project (approximately 1-2 pages), including a statement of need, consistency of the project with local planning efforts, and support of local officials and citizens for the project.
- Material, maps, etc., showing the location, area, and quality of the open land that will be preserved and maintained.
- Information about the organization responsible for managing the open land, whether it be the applicant or another organization.
- A project budget, including the 50% match and use of all project funds and resources.
- A project time line, including when the loan funds are needed and when they will be spent.
- A statement of intent to participate by any private landowners involved.
- The Committee may require additional information before authorizing a loan to the applicant.

*If the applicant deems any information required to be submitted as “protected” pursuant to the Utah Government Records Access and Management Act, Utah Code section 63-2-304 (2), the applicant shall identify the information as a “protected” record and shall provide a written statement of the reasons supporting the protected classification.*

**Funding Process:**

Applications will be reviewed by the Committee and the Committee will decide which projects to fund. Applicants may make formal presentations to the Committee and respond to Committee questions during the meeting.

Following authorization of a loan by the Committee, the recipient of the loan will sign the loan documents required by the Committee and the Division of Finance. The funds will be released by GOPB and the Division of Finance will administer the loan.

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