

IDAHO FALLS REDEVELOPMENT AGENCY

P.O. BOX 50220

IDAHO FALLS, ID 83405

February 16, 2023 Regular Meeting Minutes Council Chambers

Call to Order: Lee Radford called the meeting to order at 12:00.

Members Present: Lee Radford, Kirk Larsen, Jon Walker, Tom Hally, Brent Thompson (via Teams), Chris Harvey (via Teams).

Members Absent: Terri Gazdik

Also Present: Brad Cramer; Meghan Conrad, Esq. (via Teams); Renee Magee (via Teams) and interested citizens.

1. Modification to Agenda. None.

2. Approval of Minutes January 19, 2023. Thompson was not at the meeting in January and needed to be noted appropriately in the Minutes. **Larsen moved to accept the Minutes for January 19, 2023, Walker seconded the motion, and the motion passed unanimously.**

3. Nomination/Election of Officers. Radford asked for nomination of Officers. Cramer indicated that the current positions are Lee Radford, Chair; Brent Thompson, Vice-Chair; Terri Gazdik, Secretary-Treasurer.

Kirk Larsen moved to nominate the slate as it currently exists. Hally seconded the motion, and the Motion passed unanimously.

4. Approval of Expenditures and Finance Report. Lee Radford presented the Finance Report Dated February 16, 2023. In the River Commons Area: \$100.00 to Rebecca Thompson for transcription of minutes; \$1,138.50 to Brad Cramer-Perspective Planning and Consulting, LLC, for his work with the Redevelopment Agency; \$1,500.00 to Harper Leavitt Engineering, Inc., for engineering services; \$6,330.65 to Elam and Burke for legal assistance; \$522,660.16 to BV Lending for OPA; \$9,448.73 to Bandon River for OPA. In the Eagle Ridge Area: \$31,891.12 to Eagle Ridge Development, LLC for OPA. In Jackson Hole Junction Area: \$101,843.77 to Jackson Hole Junction, LLC for OPA.

Thompson asked where tax dollars came from on Eagle Ridge. Cramer indicated it is Guns and Gear.

Brent Thompson moved to approve the Finance Report dated February 16, 2023, Kirk Larsen seconded the motion and the motion passed unanimously.

5. Accept the FY 2022 Audit and Authorize Filing with the Legislative Services Office and Other Locations as May be Required by Statute

Rudd and Company Auditor presented the FY 2022 Audit.

Page 2 at the bottom stated that there is cash balances in the bank over the insured amount, so that does expose the Redevelopment Agency to risk, and there were also checks received from developers that were not deposited timely, and some procedures are now in place to prevent that from happening.

The report on the Audit is after the table of contents, and Rudd and Company have issued an “unmodified opinion” which means the financial statements have been fairly and materially stated correctly. Any corrections have been made by the accounting staff.

Page 11 is the beginning of the basic financial statements for the Agency and represents the assets and liabilities of the Agency. There are a lot of cash investments with not a lot of projects going and a lot of debt on the books from OPA agreements. There is an \$8 million debt set to expire in 2029.

Page 13 splits the balance sheet by Fund (Eagle Ridge, River Commons, Jackson Hole Junction). River Commons has the most assets accumulated for future projects and a small receivable from the developer at the end of the year that came in October.

Page 15 is the most interest to the Agency which is the revenue expenditures for the funds during the year: Property taxes \$1.6 million, which is a \$500,000 increase from the previous year, and that is much more than what was expected in the budget and most of that is in the River Commons Fund and Jackson Hole. As a result, the payments on the OPA’s were higher in River Commons and Jackson Hole Junction. Last year the payments between principal and interest were only \$800,000 and this year they are \$1.1 million. Eagle Ridge OPA payment was similar with \$28,000. Jackson Hole paid \$80,000 and this year \$173,000. All information is as of the end of FY (September).

Page 23 shows the remaining amount due on all the OPA agreements. This is the first year that the first note of \$8.8 million has paid principal and not just interest. The

note matures in 2029, and any amount not paid at that point will just go away and will no longer be an Agency obligation.

Page 27 has one fund that they were required to disclose if they are over budget, and in the Jackson Hole the expenditures did exceed the budgeted amount by a small amount.

Page 31-33 shows what happened during the year in comparison to the budget. Originally in River Commons they were budgeted to have a lot of projects and mostly it was research and looking into the new urban renewal districts instead of spending money on projects. Eagle Ridge had projects anticipated that didn't start. Jackson Hole didn't have significant differences except in property taxes, with higher revenues than expected.

Radford stated that the title on the letter states Idaho Falls Redevelopment Agency a component unit of City of Idaho Falls, Idaho, and asked if that is new. Auditor stated that the Agency is considered part of the City of Idaho Falls, so if you were to look at the City of Idaho Falls Financial Statements, there is a section on the right-hand side where all of the information that is in this report, also shows up on their report because they are considered responsible for the Agency. This information is provided to the City auditors so they can put it in their report. Radford stated that there has been a legal dispute that they are not part of the City for legal purposes, and it is important that they have a separate identity. The Auditor agreed that they are not part of the City, but the City has some control and some influence over things that go on.

Radford asked Meghan Conrad how she feels about that. They don't want someone to say they are part of the City. Conrad stated that this is a challenging issue, as they are a separate and distinct legal entity set forth by 2 separate chapters of Idaho Code. From the auditor perspective, being a component unit of government is a trend and it is the way it is handled in many other jurisdictions. Conrad stated they have pushed back, but it is an auditing control, and the auditor is stating that they are defined as a component unit, but not part of the City.

Radford stated and clarified that it is an accounting definition, and the Agency does not legally belong as part of the City of Idaho Falls. The Auditor agreed that legally the Agency is not a part of the City of Idaho Falls.

Radford stated that there is a lot of debt shown, but they are limited recourse notes under OPA and the debt is a reimbursement obligation from the property tax revenues. The Auditor indicated that some of them don't end up being paid, if the property tax doesn't cover by the time the District closes.

Radford questioned Mark Hagedorn and Cassie asked about the audit findings. Hagedorn stated that the checks would end up in his box, and he would not see them for months. Cassie now sees them, and that problem has been remedied.

Hagedorn indicated that the Cash is over the insured limits of the bank. Hagedorn stated that each bank only insures \$250,000 and they keep that much in the accounts. The Auditor indicated that they are only about \$100,000 over the limit. Hagedorn stated that they are considering opening 2 other accounts in LGIB accounts. The Auditor stated that it is a small risk, and if the bank defaulted it would be a risk. Radford wants Cassie to keep looking to see if they can keep the bank accounts under FDIC limits.

Hagedorn stated that they didn't expect as much cash coming in from Jackson Hole Junction, so they do not have an LGIB account for them.

Jon Walker, moved to accept the FY 2022 Audit and authorize the filing with the Legislative Services Office and Other Locations as may be required by Statute, Brent Thompson seconded the motion. The motion passed unanimously.

6. Resolution to Approve the Stanley Boge Eligibility Study for the proposed Stanley Boge Urban Renewal District

Cramer stated that there are a few minor changes from the last meeting. Renee Magee can walk through the changes, and the Resolution is ready to be approved so this can move on to City Council.

Renee Magee. Magee stated that the northeast corner of the study area outlined in red, has a triangular lot south of Stanley Street, that is involved in one of the changes made in the draft for today. Magee stated that study area meets criteria for a District due to: unsuitable topography, conditions that retard development, inadequate street layout especially on North Boulevard and the southern portion of the study area has unsafe conditions on North Boulevard with no sidewalks, and faulty lot layout. Magee outlined the changes from January. They removed the word "draft" and changed the date to February 23; second page changed the 3rd sentence to read the second access to lower Boge Ave presents a potential issue for emergency access. Page 10 had a utility map and that map has been updated, the original map did not contain the triangular lot south of Stanley Street. Page 11 had an aerial photo that illustrated the vacant lots in the area, and that has been removed because two of the parcels are no longer vacant and 2 lots have construction occurring. The vacancy figure of 25% is accurate with the construction recognized.

Radford stated that page 8 shows the Geo Technical Investigation for the property showing rock depth that is less than 3 feet on the property. Radford stated that is the focus of the analysis.

Magee indicated page 9 shows that North Boulevard doesn't meet City standards. The utilities map on page 10 shows that certain parcels are below Boge Ave, which essentially has no direct access to Anderson Street. There are 4 residential lots in the southwest corner, that are served by a 25' wide parcel owned by the City of Idaho Falls. There is not a suitable lot layout, and street patterns do not serve the southern area.

Radford asked about Boge extending to Anderson. It appears that there is infrastructure in a dedicated street, but the street hasn't been built.

Magee stated that it is not a dedicated street, but rather a water sewer easement. The parcels north of Anderson Street is private ownership. Radford clarified that the road going to Anderson will be difficult. Magee agreed that the original idea from the Planning Commission was to extend Boge to Anderson and it couldn't happen because the private property owners would not cooperate. So no platted street, but sewer and water easements exist. Magee indicated that hopefully they have an extension of Boge to Anderson in the future.

Thompson asked about the easterly line of the Study Area extending down and ending at Anderson Street, and then going east, there is a large privately owned tract, and another narrow tract that might have a building, and is that a possibility of coming out onto Anderson at that point. Magee indicated that the 25' strip is owned by Idaho Falls. Thompson is further east than that strip. The tract that is north of Anderson. Magee did not study that. Radford thinks it is privately owned by Car Detailing shop. Cramer stated that they have another developer that is looking at the large parcel to the east, and one of the challenges have been access, and they have tried to work with property owners to connect the area, and at some point they will talk with the Agency about a District to the east that will go south to Anderson and they will address the access issue at that time.

Radford stated that Boge is a limitation with it dead ending and that restricts the properties to some extent.

Conrad read the Resolution by Title.

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE URBAN RENEWAL AGENCY OF THE CITY OF IDAHO FALLS, IDAHO, ALSO KNOWN AS THE IDAHO FALLS REDEVELOPMENT AGENCY, ACCEPTING THAT

CERTAIN REPORT ON ELIGIBILITY FOR CERTAIN PROPERTY REFERRED TO AS THE STANLEY BOGE AREA AS AN URBAN RENEWAL AREA AND REVENUE ALLOCATION AREA AND JUSTIFICATION FOR DESIGNATING THE AREA AS APPROPRIATE FOR AN URBAN RENEWAL PROJECT; TO MAKE ANY NECESSARY TECHNICAL CHANGES TO THE REPORT; AUTHORIZING AND DIRECTING THE CHAIRMAN OR ADMINISTRATOR TO TRANSMIT THE REPORT AND THIS RESOLUTION TO THE CITY COUNCIL OF THE CITY OF IDAHO FALLS REQUESTING ITS CONSIDERATION FOR DESIGNATION OF AN URBAN RENEWAL AREA AND SEEKING FURTHER DIRECTION FROM THE COUNCIL; AND PROVIDING AN EFFECTIVE DATE.

Kirk Larsen moved to approve the Resolution for the Stanley Boge Eligibility Study for the Proposed Stanley Boge Urban Renewal District, Tom Hally seconded the motion. Motion passed unanimously.

7. Resolution to Approve the Owner Participation Agreement with Sentinel Properties, LLC related to the Marriott Fairfield Hotel Project in the Pancheri East Bank Project Area.

Cramer stated that there were two issues that came up last month with timing and that was resolved, and request to increase the amount of reimbursement, and they are waiting for justification on additional costs to make the adjustment, if there is documentation the Board will review the amount and potentially adjust, and the developer has signed with changes.

Meghan Conrad gave a brief overview. Conrad stated that before the Board is an OPA for Pancheri East Bank Project Area and the proposed Fairfield Marriott Hotel to be built on the site. This will memorialize how payments are reimbursed to the developer and the potentially eligible projects and the timing of commencement of the project, the time to do the project, and the process and procedure for the submission of cost documentation to support the costs being actually eligible, and the triggers for reimbursement of eligible costs. Since the last draft was presented, there have been issues negotiated, and actual changes from the last draft, there were technical edits made to clean up the document. Two larger changes had contemplated a site plan and renderings, but the development group does not have the drawings available so 3-A in agreement there is a section related to the submission of renderings to the Agency Board together with a presentation, and ultimately when construction occurs it will need to be consistent, and if there is a change the Board will consider those changes. The other big change is this Advance Planning Costs pursuant to the Memorandum of Understanding and the costs are estimated to be \$38,000 and a final accounting needs to be done and they will come up with the actual amount of the planning costs that

will be reimbursed and memorialized in a Confirmation of Reimbursement Form, once all of the obligations have been fulfilled and there are funds generated from the new development.

Radford stated that Attachment 3 and 4 have site plan and public improvements costs which are mostly going to demolition and Riverwalk right of way.

Conrad read the Resolution by Title.

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE URBAN RENEWAL AGENCY OF IDAHO FALLS, IDAHO, ALSO KNOWN AS THE IDAHO FALLS REDEVELOPMENT AGENCY, AUTHORIZING AGENCY TO ENTER INTO AN OWNER PARTICIPATION AGREEMENT WITH SENTINEL PROPERTIES, LLC; AUTHORIZING THE CHAIR OR VICE-CHAIR AND THE SECRETARY OF THE AGENCY TO EXECUTE AND ATTEST SAID AGREEMENT AND ANY NECESSARY DOCUMENTS, SUBJECT TO CERTAIN CONDITIONS; AUTHORIZING THE CHAIR, VICE-CHAIR, OR ADMINISTRATOR TO TAKE APPROPRIATE ACTION TO IMPLEMENT THE AGREEMENT AND MAKE ANY NECESSARY TECHNICAL CORRECTIONS TO THE AGREEMENT SUBJECT TO CERTAIN CONDITIONS; AUTHORIZING THE APPROPRIATION OF CERTAIN FUNDS PURSUANT TO THE AGREEMENT; AND PROVIDING FOR THIS RESOLUTION TO BE EFFECTIVE UPON ITS PASSAGE AND APPROVAL.

Tom Hally moved to approve the Resolution to enter into an Owner Participation Agreement with Sentinel Properties, LLC, Jon Walker seconded the motion. The motion passed unanimously.

8. Tentatively approve the draft of the 2022 Annual Report, Schedule Meeting to Take Public Comment and Authorize Publication of the Meeting Notice.

Cramer showed a draft version of the 2022 annual report and is still waiting on information from the County Assessor's office, who are waiting from the State, and those numbers are highlighted and will be changed. The County provides a report of increment values of the Districts, and the numbers will be updated and they hope to have the current numbers within the next week. The Report should be completed for the March meeting for the public hearing to approve it.

Page 3 has a summary of what the Board worked on during 2022, and it is not as significant to look at this list unless you look at 2021 report which seemed to not have as much activity. 2022 was busy between working on districts and conversations

about more potential districts. 2023 looks to be a busy year. The big accomplishment was Pancheri East Bank District.

Page 8 does not have a lot of added narrative on accomplishments, and Pancheri East Bank doesn't have much information because it was approved in December.

Page 10 has another summary of the increment value, and those numbers will come from the report from the Assessor's office. Cramer will send those numbers ahead of the March meeting.

There were changes in the law regarding the financial reporting requirements as part of the Annual Report, and those requirements will be shown on Page 11. The requirement to report is to report the financial information for the prior year. They have proposed in this document to submit both 2021 and 2022 audit to meet the legal requirements and providing up to date information.

Radford feels this Report summarizes what the Agency is doing. It shows that they took a base value of \$8 million and now worth \$150 million which is very good and will help taxpayers.

Kirk Larsen moved to approve the Draft of the 2022 Annual Report and instruct staff to schedule the meeting on March 16, 2023 to take public comment and authorize publication of the meeting notice, Brent Thompson second, motion passed unanimously.

9. Draft Agreement for Administrative Services with the City of Idaho Falls.

Radford explained that there has been an arrangement with the City of Idaho Falls, that every year the Agency reimburses the City of Idaho Falls for the help of the staff who helps and a portion of their time is allocated to the Agency and they Agency pays a loaded cost rate for that time and the City is reimbursed. That has not been in a formal agreement, so now they are trying to formalize that agreement, so it is clear.

Meghan Conrad explained that the City Agency Agreement is in the packet for discussion, but has not been reviewed by the City Attorney as they wanted to bring it before the Agency Board first and get feedback.

Conrad explained that the main purpose of the agreement is to identify the types of City employees that the Agency is working with in performing its work. Starting in paragraph 3 has general job descriptions including: Agency Treasurer related duties; Community Development Services Director has been the Agency Administrator, the Agency is now contracting directly for those types of services at this time, but in the

future the expectation is that service could be provided by City Staff. They provide the use of the Assistant Planning Director for general administrative type duties, and lately on the GIS analysis/Planner 2 services performed by the City. As scopes are needed they are anticipated to be reimbursed through subsection 3(e) "Other City Departments", general clerical and support services.

Paragraph 4 has a general description of how the City services are compensated by IFRA and they will require the City personnel to track time and the City and Agency would agree to loaded rate (hourly +).

There is currently an anticipation that the time reports would be submitted to the Agency Board monthly to keep on track and better understand what the costs are looking like on a regular basis. There is an expectation as of July 1 of each year when Agency budgets that the City would propose an anticipated budget or cost amount for the City services that can be built into the Budget for the next year. The picture will be clear as to use of staff time and what positions are providing services for the Agency. The City is providing and maintain for the benefit of both the City and Agency certain insurance coverages because the City employees are doing work for the City and Agency. This will memorialize what services are being done and how it is being paid.

Larsen asked if there is an expected material change in the nature of work expected. Radford doesn't expect any change with this agreement. Conrad agreed that they tried to outline all the work that each of the individual job descriptions entail. This should not be a change in current practice. Larsen asked if the cost is anticipated to change drastically. Radford stated that some will shift to Brad's Company from the City.

Cramer stated that he has prepared the statement to the City in September that contains a roughly estimated hours for the entire year, and it is far from accurate. He likes that they are asking for monthly statement of time spent, as it will help the City and Agency be more accurate. It might cost more, or less, but a year estimation is not precise.

Radford asked about paragraph 4 where it states in the last sentence "Such hourly rate shall consider the salary and other benefit cost related to the employees position." Radford asked her to change it to read "shall be based on." They want to pay on a cost basis, not up charging, not down charging.

Radford agreed with that change to submit it to the City Attorney and get it approved next month.

10. RAI and Legislative Update. Conrad stated that the Legislature is in full swing and bills are moving fast. HB 46 was addressing specifically data centers and how those are handled within a revenue area. The Bill states that a data center that was taking advantage of the sales tax exemption, while it was in a revenue allocation area, the taxable property value would therefore be included as part of the base assessed value, instead of the increment value.

Radford stated that they don't have data centers. Conrad is monitoring on behalf of Urban Renewal Centers as it is a continued attempt to somewhat chip away at the tools for economic development.

They are monitoring the property tax change bills. The three primary changes are: Take owner occupied homes out of the formula for property taxes and have those costs be reimbursed through a rebate from sales tax; increase to home owners exemption; and use sales tax dollars to pay down certain school voter approved bonds and debt. They look at how those impact revenue analysis.

Next Regular Meeting: March 16, 2023.

Tom Hally moved to adjourn the meeting, Kirk Larsen seconded the motion and it passed unanimously.

Radford adjourned the meeting at 12:53 p.m.

Respectfully Submitted: Beckie Thompson