

IDAHO FALLS REDEVELOPMENT AGENCY

P.O. BOX 50220

IDAHO FALLS, ID 83405

January 18, 2018

Regular Meeting Minutes

Council Chambers

Call to Order: Brent Thompson called the meeting to order at 12:00.

Members Present: Brent Thompson, Kirk Larsen, Thomas Halley, Dave Radford, Chris Harvey.

Members Absent: Lee Radford, Terri Gazdik,

Also Present: Brad Cramer; Ryan Armbruster (via telephone); and interested citizens.

Modifications to Agenda: None.

Minutes: Kirk Larsen moved to approve the minutes of December 21, 2017, Thomas Halley seconded the motion and it passed unanimously.

Approval of Bills: Brent Thompson presented the finance report dated January 18, 2018. The following bills were presented to be paid from the Snake River Allocation Fund: Elam and Burke, \$1,641.86 for legal services; Rebecca Thompson, \$40.00 for transcription of minutes; Kevin Machen, \$115.00 for snow removal; IF-1 LLC, \$1,500,000.00 for scheduled payment on the Broadway Project. The following bill was presented to be paid from the Jackson Hole Junction Revenue Allocation Fund: Elam and Burke, \$922.38 for legal services. **Thomas Halley moved to approve the Finance Report, Chris Harvey seconded the motion and it passed unanimously.**

Bonneville Hotel: Project Update and Discussion of Financial Contribution. Blake Jumper and Catherine Homburger from The Housing Company were present via telephone. Cramer explained that the Bonneville Hotel was awarded the Low-Income Housing Tax Credits, and have received the comments back on the Historic Preservation Credits and they must do a few changes to get those credits, and they are in the process of making those changes, so those credits should come through. Cramer stated that every other source of funding was coming through except the loan through The Affordable Housing Program for \$600,000.00. Cramer indicated that the project did not score high enough to obtain the loan. Cramer stated that currently there is a \$600,000 funding gap and has delayed the work on getting drawings ready for the project, so the closing/construction start date has been moved from Spring to Late Summer/Early Fall. Thompson confirmed, and Cramer agreed that the Affordable Housing Credits are a 5-year spread instead of a 1-year lump sum.

Blake Jumper – The Housing Company. Jumper indicated that they did receive The Low-Income Tax Credits. Jumper stated that they did apply for the AHP Financing (Affordable Housing Program) for \$600,000 and was not awarded those funds based on the scoring for the Bonneville. Jumper stated that it was a very competitive round. Jumper added that to score well enough they would need to do different things with the project for example, set aside a large number of units for “homeless housing”. Jumper stated that they elected not to make the changes. Jumper stated that they now have a \$600,000 gap in the funding. Jumper stated that The Housing Company cannot, as a non-profit, contribute all the \$600,000, but can contribute \$300,000 and are requesting that the Agency contribute the remaining \$300,000.

Thompson confirmed with Jumper that the Historic Tax Credits have been committed. Jumper stated that the Tax Credits are not allocated by an Agency and they are calculated through the cost of the project

going through historic designation and reviews by different committees. Jumper stated that the credits are then purchased by investors later in the project once they receive the approvals. Jumper stated that when they have worked on other historic projects it was not an issue and there is always an interested investor.

Thompson asked The Housing Company (Jumper) the likelihood of the project going forward. Jumper stated that they are very certain and have talked with investors about the Tax Credits, have submitted the construction loan application, have submitted the permanent loan funding application. Jumper stated that all the financing is in the works. Jumper stated that they have given the green light to the architects and the engineers to continue working through designs and finalize construction documents. Jumper stated that since it is a historic building, the State Historic Preservation Office and National Parks Service must do a pretty extensive review. Jumper stated that the process of working with the National Parks Service has delayed the construction start date until the 1st of September. Jumper stated that they will get the documents to the City for review in July with a 5-6-week review period. Jumper stated that they have everything in place and are confident in the project moving forward.

Thompson asked if The Housing Company has given the architect the green light to do all the plans. Jumper stated even prior to getting the Tax Credits, they had put in \$100,000 worth of design monies so they could get ahead on things.

Cramer had a Cash Flow Worksheet that he distributed to the Board Members. Cramer stated that he has broken down the revenues and expenditures from today through the end of the District. Cramer stated that the current 6-month period has a \$1.5 million commitment (the payment was just approved) for the Broadway; and a contingent commitment for the purchase of the Aladdin Floral building, but that opportunity for purchase might not present itself in the next 6 months. Cramer stated that July – December 2018 is challenging with the commitment to purchase the Bonneville Hotel for \$1.4 million; and the final payment to Oppenheimers on the Broadway project that will take the cash balance low. Cramer stated that the revenues that are highlighted in yellow, include The Housing Company's purchase of the Bonneville for the full \$500,000 as currently agreed, however if that is reduced by \$300,000 the cash balance comes dangerously low. Cramer stated that January- June 2019 there is the Deseret Book \$74,000 commitment that can happen at any time. Cramer stated that they had tucked some money away for another project that might come up. Cramer stated that another project that had been discussed was Constitution way, as well as parking at the Idahoan Property, which would take the bulk of the funds for the 2019 year. Cramer stated that if all the commitments went through as slated, they would already be in a negative balance at the end of the District. Cramer stated that if they take an additional \$300,000 out, they are far into the red. Cramer stated that staff, the Chairman, and legal discussed this, they suggested that the Aladdin Floral purchase either be delayed until 2019 or abandoned. Cramer stated that the Bonneville project will carry a larger impact to the Downtown property than the purchase of Aladdin Floral. Cramer stated that Oppenheimers are continuing with the project as if they will not have the Aladdin Floral building. Cramer stated that the other issue is the two \$50,000 projects that don't exist yet, and if they don't happen that would help with the final cash balance. Cramer stated that at the very minimum, the Agency must not purchase the Aladdin Floral until 2019 at the earliest.

Halley asked how much money the Agency has into the Aladdin Floral purchase. Cramer stated that the Agency has no money into the Aladdin Floral purchase. Cramer stated that the purchase might not ever be a possibility, and the money was just in reserve in case the opportunity came up. Larsen asked if there has been any discussion on the likelihood. Cramer stated that he has not had nay good updates and the building is still involved in a Bankruptcy.

Thompson stated that the Aladdin is the contingency in the cash flow.

Cramer stated that there is still some uncertainty about the Pioneer Drive Assistance that has been showing up as an encumbrance for a long time and they are trying to figure out where it comes from. Cramer stated that they cannot find anything that memorializes the \$345,000.00 incumbrance. Cramer stated that it was tied to the Eagle Ridge District when they improved Pioneer Drive and there was a portion that went into the Snake River District. Cramer stated that the minutes have reference to an agreement to pay for the portion at the cost of \$345,000, but Cramer has not been able to find an actual agreement. Cramer stated that he is working with Renee Magee and they will figure out the issue.

Armbruster asked Jumper about the potential on a reapplication for the funds. Jumper stated that The Housing Company plans to resubmit an application for the AHP Funds in May,2018 and won't receive a determination until late 2018 (October/November). Jumper stated that they will have to find a way to score better in the next round if they want awarded the funds. Jumper stated that the funds would have to be contributed to fill the \$600,000 gap because the investor requires the contribution of the funds at the front end of the project. Jumper stated that if they receive the AHP Funds later in the year those funds would be placed as a credit back to The Housing Company and the Redevelopment Agency each in the amount of \$300,000.

Kirk Larsen asked if the Agency funded the \$300,000 and then The Housing Company was awarded the AHP Funds, is there a restriction on the funds to keep them from flowing back to the Agency. Jumper agreed that there is no restriction on the funds. Halley asked who would have first entitlement to the funds. Jumper indicated that they would split the funds as they would receive the full allocation of \$600,000. Jumper stated that when the funds were contributed on the front end there would be legal documentation showing the split. Thompson asked if there is a possibility of only getting part of the \$600,000. Jumper indicated that the AHP program either gives you your allocation or nothing.

Harvey asked Cramer if they need to double count the \$300,000 that is being asked because it will be listed as an expenditure as well as off the revenues. Cramer stated that the line that shows the Bonneville Hotel Purchase (\$1.4 million) is the full expenditure that has been committed, \$100,000 has been paid. Cramer stated that they had an agreement to sell the property to The Housing Company for \$500,000 (listed as revenue), so the revenues would be reduced by \$300,000. Harvey asked what other contingencies are on the other properties. Harvey asked if the Broadway has other things that are coming up. Cramer stated that the Broadway is set, as they locked in a maximum price on that project. Cramer stated that any deals that were made for new projects cannot be funded until 2019.

Halley asked what kind of cost overruns are built into the construction costs. Jumper stated that they are in constant communication with Bateman Hall who is the GC on the project and they worked in a considerable amount of contingency in the deal and they are confident in their numbers. Jumper stated that historically they do not run over budget and stay within their scheduling constraints.

Thompson asked about the likelihood of going forward with the Manschrek deal on Idahoan Parking. Cramer stated that it is a strong possibility and will know more in the meeting in February. D. Radford asked what the \$200,000 potential commitment for Constitution Way involved. Cramer explained that the commitment would spread out over 2 cycles each \$200,000. Cramer stated that there was talk amongst the Board in the past that if the Bonneville Hotel redeveloped that the Agency would partner with the City to redevelop Constitution. Cramer stated that Manschrek would like to redesign the intersection of Constitution and Park. D. Radford asked if that would be over a period of 2019 and 2020. Cramer stated that it would be in 2019 and the cash is spread out over the 12 months.

Larsen asked if the revenue projections are solid. Cramer stated that if people pay their taxes. Halley stated that valuations are going up and so this revenue would be conservative.

Harvey asked if there are other possibilities beside the even split with The Housing Company. Jumper indicated that The Housing Company already deferred out \$92,000 that is being contributed in a mix of developer fee and cash contribution, so The Housing Company is almost putting in \$400,000 if they did the even split. Jumper stated that it is difficult on their books to go above the even split.

Thompson asked if there are any other viable options. D. Radford stated that they could leave Aladdin Floral until 2020. Cramer indicated that the District is ending, and the option would be to forego Aladdin Floral all together. Harvey stated that once the corner develops it will make it an attractive place for a private group to come in and buy Aladdin Floral if it becomes available. Larsen asked if there is an option to purchase the Aladdin Floral on a payment plan. Armbruster stated that it is possible, although they have never dealt with an obligation that extends beyond the termination process. Armbruster stated that if it is an obligation that is inked before September 2019 and there is a high down payment it is possible.

Thompson indicated that they would need a motion to participate in the additional \$300,000 as a reduction in the sale price of the Bonneville Hotel to The Housing Company. Armbruster stated that the activity that should be stated in the motion is to direct Armbruster to do an official amendment to the Disposition and Development Agreement to modify the purchase price provision to show the reduction in the price to \$300,000; update the schedule of performance based on the new information; and add the potential reimbursement if The Housing Company is successful with the reapplication to The Affordable Housing Program. Harvey confirmed that the motion today will only authorize Armbruster to make the changes to the DDA and the changes would have to be adopted next month.

D. Radford asked if Section 48 Housing has a discounted view of the value of the Bonneville Hotel if it qualifies for Affordable Housing. Catherine Homberger indicated that Idaho Tax Code does not allow that, and the Bonneville will be assessed just like any other multi-family project and will not realize any reduced property taxes due to The Housing Company is a non-profit, and it being classified as affordable housing. Armbruster stated that with the revised completion date the Agency is not going to receive the taxes coming off the improvements to the Bonneville as it will not be done until 2019. D. Radford asked if the completion date is 1 year. Jumper indicated that it is a 12-month process.

Kirk Larsen moved to authorize Ryan Armbruster to make changes to the Disposition and Development Agreement to modify the purchase price provision to show the reduction in the price to \$300,000; update the schedule of performance based on the new information; and add the potential reimbursement if The Housing Company is successful with the reapplication to The Affordable Housing Program, Thomas Halley seconded the motion and is passed unanimously.

Larsen indicated that the motion was made with the understanding that they are sidelining the Aladdin Floral purchase to fund the change.

Jackson Hole Junction: Project Update. Armbruster stated that the processing of the Plan and all its required filings with the various entities has been completed. Armbruster stated that they have had preliminary discussions with Jackson Hole's attorneys to begin the process of preparing an OPA that would be like Ball Ventures and/or Eagle Ridge. Armbruster stated that once the OPA is presented and approved then they can begin the development process and reimbursables to the developer upon evidence of completing the infrastructure improvements and the tax increment revenue coming in.

River Commons: Amended Note. Armbruster stated that the existing Notes that they have with Ball Ventures and BV Lending is a complicated set of documents as they've issued a total of 3 notes, one in 2008, an amended note in 2009, and a small \$250,000 note in 2015. Armbruster stated that the process will not be as easy as simply selecting the 2009 or 2015 note and adding \$133,000 to the principle

amount. Armbruster stated that the 2015 note went through a rigorous tax-exempt process with bond council opinion and a bunch of certificates and if they are going forward with adding the \$133,000 the note, Cramer and Armbruster will have to discuss it more with Ball Ventures on how to approach the amendment, so they do not inadvertently change something that could impact the tax-exempt nature of the notes on record.

The Broadway: Project Update and Discussion of Plaza Amenities. Cramer stated that Chairman Radford had asked that Plaza Amenities be listed specifically for today's discussion. Cramer stated that he has spoken with Jeremy Malone and there is a group working on the plaza amenities, including Cramer, Dana Briggs (City), Catherine Smith (Idaho Falls Downtown Development Corporation), members from Parks and Recreation, as well as Oppenheimers and their architects. Cramer stated that they did hold a committee meeting in October or November, and they have gotten a feel for what everybody wants, and they are going back to get the costs for each item. Cramer stated that between now and the next meeting he will likely sit down with Jeremy Malone to look how each amenity will look budget wise. Cramer stated that it will then be discussed with the Board and the Committee.

Thompson confirmed, and Cramer agreed that there is a fixed price to buy the 3 condo units, including the plaza. Thompson asked if there are cost overruns on the plaza, will that interfere with the cash flow that was previously discussed (Bonneville Hotel item). Cramer stated that if there are overruns the Agency is not obligated to pay for them. Armbruster agreed with Cramer and stated that is why the Agency entered into the not to exceed agreement. Halley asked if the amenities include ice skating. Cramer stated that it includes the ability to do ice skating. Thompson asked if there will be pictures in the future to look at and give input. Cramer indicated there are renderings that he will send out to Agency members.

RAI Updates and Legislative Report. Armbruster stated that the RAI Board will meet telephonically today. Armbruster stated there hasn't been any legislative activity on the horizon other than the possibility of some legislation concerning the funding of a multiple sports park facility in Boise. Armbruster stated that he hasn't seen the Bill, so he will not know the extent and what impact, if any it would have on other Agencies, Cities, or auditorium districts throughout the State. Thompson asked if it will include anything for the horse racing activity. Armbruster stated that would be separate, and there have been discussions whether horse racing can be reinstated. Armbruster stated that there might be an initiative process underway, but it hasn't gotten legs. Thompson stated that years ago there was rumblings about antagonist on redevelopment activities, and asked if that is still happening. Armbruster stated that redevelopment activities are not welcomed with open arms, but the measures that were passed 2 years ago were specific and somewhat limiting and so the position that they have been taking is to let time elapse to know exactly how it is working. Armbruster stated that except for the Sports facility in Boise they have not heard of any project undertaken by an Urban Renewal Agency that has raised the Aiyar of any legislature.

D. Radford stated that he read where the AG had offered an initial opinion on remote horse racing, that it wouldn't meet the constitutional requirements. D. Radford stated that they need 45,000 signatures across the State by April 19 to get it on the ballot in November.

Halley stated that the regional legislatures meet every Thursday on the web cam at CEI and they didn't expect anything on urban renewal. Halley stated that they are looking at counting the federal tax implications to the budget of a \$400 million surplus with approximately \$100 million encumbered.

D. Radford asked if they can get a more accurate estimate of what the taxing districts will experience when the properties within the Snake River District go back on the tax rolls. Halley stated that it will depend on this year's valuation. Cramer stated that some of that will be in the annual report that will be in draft form for next month's meeting.

Next Regular Meeting: February 15, 2018.

Kirk Larsen moved to adjourn the meeting, Dave Radford seconded the motion and it passed unanimously.

Respectfully Submitted: Beckie Thompson