

IDAHO FALLS REDEVELOPMENT AGENCY

P.O. BOX 50220

IDAHO FALLS, ID 83405

March 15, 2018

Regular Meeting Minutes

Council Chambers

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

Members Present: Lee Radford, Terri Gazdik, Brent Thompson, Kirk Larsen, Thomas Halley, Dave Radford.

Members Absent: Chris Harvey

Also Present: Brad Cramer; Meghan Conrad, Esq., and Matt Parks, Esq. (via telephone); and interested citizens.

Modifications to Agenda: None.

Minutes: Dave Radford moved to approve the minutes of February 15, 2018, Brent Thompson seconded the motion and it passed unanimously.

Approval of Bills: Lee Radford presented the finance report dated March 15, 2018. The following bills were presented to be paid from the Snake River Allocation Fund: Elam and Burke, \$1,050.92 for legal services; Rebecca Thompson, \$85.00 for transcription of minutes; Kevin Machen, \$35.00 for snow removal. The following bill was presented to be paid from the Jackson Hole Junction Revenue Allocation Fund: Elam and Burke, \$1,544.35 for legal services. **Brent Thompson moved to approve the Finance Report, Terri Gazdik seconded the motion and it passed unanimously.**

Public Comment: Consider Resolution Approving the 2017 Annual Report. Lee Radford indicated that the Annual Report was published for the public and it was open for the public to provide comments. Cramer indicated that no comments have been submitted.

Radford opened the hearing for public comment on the 2017 Annual Report.

No one appeared in support or opposition.

Radford closed the public hearing.

Radford indicated that the report was well done and gets information out to the public about what the Agency is doing.

Dave Radford had a question on the Audit Report (Page 7), the last paragraph, Dave Radford asked if it was redundant stating 85% and 85%. Lee Radford clarified that it was accurately stated and was comparing two years.

Cramer read the Resolution by title.

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE IDAHO FALLS REDEVELOPMENT AGENCY OF IDAHO FALLS, IDAHO, TO BE TERMED THE "ANNUAL REPORT RESOLUTION," APPROVING THE ANNUAL REPORT OF THE URBAN RENEWAL AGENCY, FOR CALENDAR YEAR 2017, APPROVING THE NOTICE OF FILING THE ANNUAL

REPORT; DIRECTING THE CHAIR TO SUBMIT SAID REPORT; AND PROVIDING AN EFFECTIVE DATE.

Dave Radford moved to approve the Resolution Approving the 2017 Annual Report, Kirk Larsen seconded the motion and it passed unanimously.

Bonneville Hotel: Revised DDA. Cramer indicated that Matt Parks, Esq., is on the line and he did the revisions on the DDA. Cramer stated that some of the revisions were needed due to the change in the purchase price from \$500,000 to \$200,000; reflecting The Housing Company will apply for a loan and if successful would repay \$300,000 back to the Agency; and Adjusted Schedule of Performance that gives the new dates for the project. Cramer stated that the plan is to close on August 31, 2018 and move forward.

Matt Parks, Esq., stated that the \$200,000 purchase price is allocated \$20,000 to the land and \$180,000 to the building pursuant to the request of The Housing Company to facilitate their financing.

Brent Thompson asked who the loan is from. Cramer indicated that it is a loan and not a tax credit program and the loan is applied for through AHP (Affordable Home Program).

Matt Parks stated that they have a few different financing sources, including tax credits that they are trying to sell on the secondary market, some grants, and a potential for the \$300,000 that the Agency would get is a grant through IHFA that would trigger their ability to access additional funds through the reservation of the Low-Income Tax Credit Program. Parks indicated that they wanted to close before the tax credit decision is made with the understanding that if they do get the proceeds from the grant, it would be split with the agency 50/50, up to \$300,000 to the Agency.

Radford indicated he wanted to make sure the language was present in the DDA that if the money comes in the Agency can claim it. Parks indicated that the language included regarding the reservation for the grant or the like substitute award/financing would qualify the Agency to get half.

Dave Radford asked if construction is still on track to start in September 2018. Cramer indicated that they are on track with the design, and planning to close on the property on August 31, 2018 and they will start construction quickly after they close to meet the requirements on the tax credits. D. Radford confirmed that the \$100,000 down hasn't changed. Cramer indicated that the \$100,000 has been paid as part of the purchase options with Kent Lott and \$1.4 million is still owed to purchase the remaining balance of the option. Cramer stated that this agreement commits the Agency to sell the property to The Housing Company for \$200,000.

Lee Radford stated that when the original proposals were received, the Agency thought The Housing Company's project would cost the Agency \$500,000 and Manschrek's project would cost \$1.5 million. Lee Radford stated that one of the big reasons the Agency chose The Housing Company is because they were trying to save \$1 million, and as time has gone on it has been increased from \$500,000 to \$900,000 and now at \$1.3 million. Lee Radford stated that he wonders if Manschrek did a better job of predicting and projecting the cost. Brent Thompson indicated that Manschrek's project might have increased as well.

Cramer read the Resolution by Title.

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE URBAN RENEWAL AGENCY OF IDAHO FALLS A/K/A THE IDAHO FALLS REDEVELOPMENT AGENCY OF THE CITY OF IDAHO FALLS, IDAHO; APPROVING THE FIRST AMENDMENT TO THE DISPOSITION AND

DEVELOPMENT AGREEMENT BETWEEN THE URBAN RENEWAL AGENCY OF IDAHO FALLS AND THE HOUSING COMPANY; AND AUTHORIZING THE CHAIR, VICE CHAIR, OR EXECUTIVE DIRECTOR AND SECRETARY, RESPECTIVELY, TO EXECUTE AND ATTEST SAID AGREEMENT, SUBJECT TO CERTAIN CONDITIONS, AUTHORIZING THE EXECUTIVE DIRECTOR AND SECRETARY TO EXECUTE ALL NECESSARY DOCUMENTS REQUIRED TO IMPLEMENT THE AGREEMENT AND TO MAKE ANY NECESSARY TECHNICAL CHANGES TO THE AGREEMENT, SUBJECT TO CERTAIN CONDITIONS AND PROVIDING AN EFFECTIVE DATE.

Brent Thompson moved to approve the Resolution Approving the First Amendment to the Disposition and Development Agreement, Thomas Halley seconded the motion and it passed 5-0, with a vote from Terri Gazdik, Lee Radford, Brent Thompson, Thomas Halley and Dave Radford. (Larsen abstained from voting, pursuant to prior recommendation from Counsel.)

Jackson Hole Junction OPA. Halley stated that in his conversations with Matt Morgan and Monte Crnkovich, it is clear that they are ok with the Agreement. Halley indicated that they tightened it up to make sure there is no interest and not paying any big up-front waiver of electrical bills. Halley stated that he encouraged Matt Morgan to haul the fill to Heritage Park and get a donation right off on their income. D. Radford stated that there is a cap on the District, there is a date certain for closure of the District, the language in the agreement talks about public infrastructure and rock removal. D. Radford stated that it is a tight agreement, compared to other agreements.

Cramer tele-conferenced in Deborah Nelson, Esq., (attorney for Jackson Hole Junction).

Meghan Conrad expressed her appreciation to the development team for their consideration and comments as they worked through the documents. Conrad indicated that this is an updated form that the Board has not used in the past. Conrad stated that this OPA does not have a note involved, as the primary purpose of the note is unnecessary and it presented some administrative challenges, and the terms of the reimbursement are within the OPA. Conrad directed the Board Members to page 5, that shows the amount of the reimbursement, which is a do-not-exceed \$4 million for reimbursement of the Agency funded public improvements, with no interest accruing on the reimbursement amount. Conrad moved on to page 6 which identifies the reimbursement obligation and sets forth the process for the eligible expenditures and eludes to the trigger for reimbursement, which is, either the first certificate of occupancy, or the City's acceptance of the new public road-way. Conrad stated that there will be some funds due and owing from the plan creation process and the trigger will also require the Agency to be reimbursed the remaining \$16,000. Conrad stated that the cash-flow analysis in the plan contemplated a 75/25 split in terms of the revenue allocation proceeds with 75% being transferred to the developer and the Agency retaining 25%. Conrad stated that this project area is the project site and in working with the sub-committee there was a comfort level with bumping that to an 80/20 split and the cash flow in the plan contemplated a cap for administrative and operating expenses of \$50,000. Conrad stated that number 2 on page 7 they have added language that allows the Agency to retain some additional funds to cover any overage, so long as the 20% total is not exceeded. Conrad moved to page 9 and showed the prohibition on participants not requesting an exemption from the County, pursuant to 63-602 NN. Conrad stated that the rest of the terms were consistent. Conrad stated that there were tweaks to the indemnification clause on page 9. Conrad stated that the plan area is set to terminate in 2030 with revenue to be received in 2031.

Brent Thompson asked what the exemption would be based on and why would it be requested. Meghan Conrad stated that this is a property tax exemption that may be granted by the County Commissioners for

new improvements. Conrad stated that it used to be limited to more manufacturing with a new value of several million and the floor has been reduced to \$500,000 and the type of projects have been expanded to commercial. Conrad stated that they could make a request to the County Commissioner that the improvements should be exempted for a certain amount (up to 5 years), but that would take the value off of the books, and that would leave no ability to reimburse from those funds. Dave Radford stated that the County has granted two exemptions, one to Cives Steel in Ucon and Northwest Cosmetics. D. Radford indicated that the language that covers the entire District is smart and will alleviate any questions for the County on whether to accept an application.

Lee Radford asked how long the District is going and where is that information located. Conrad indicated that the period is 13 years and the termination is noted on page 12, Effect and Duration of Covenants. Conrad stated that the District will terminate in 2030 and under the terms of the Plan revenue allocations proceeds would be received in 2031. Lee Radford stated that he likes that they are moving away from notes so there are not expectations of getting interest. Lee Radford wanted to be clear with the developers that they are only getting the designated percentage of the tax proceeds coming in and there is not any obligation above the tax proceeds. Lee Radford stated that it is spelled out on page 7 in all caps. Lee Radford asked if there was another place that it was stated. Conrad stated on page 8 in the section with taxes it talks about how the process works and flows. Conrad stated that she believes there is language in the Agreement stating there is no security interest in the revenues from any other revenue allocation areas. D. Radford stated that the second paragraph on the bottom of page 8 states: *“The increment tax revenues on the site by participate as determined from the assessment records of the Bonneville County Assessor and the payment records of the Bonneville County Treasurer shall be paid to participate if and only as they are paid to the Agency by Bonneville County, the entity which has the legal responsibility to collect property taxes.”* D. Radford stated that if the taxes don't exist based on improvement of the site, there won't be any money to pay the Agency. Lee Radford stated that he just wants it to be clear to the developer that the only source of money is the property tax proceeds and there is no liability on the Agency other than those proceeds at the agreed percentage. D. Radford stated that the first paragraph on Page 8 Section H covers it as well. D. Radford stated that this Agency does not guarantee any assessment. Lee Radford asked if the developer understands that the fund are only coming from tax proceeds and there is no liability on the Agency above those tax proceeds at the percentage stated.

Deborah Nelson, Esq., indicated that it is crystal clear to the developer, it is in the Agreement and is also incorporated into the statutory scheme.

Brent Thompson asked if the break down at the end is maximum amounts for each item or are they only budgetary items. Meghan Conrad stated that in the Plan and trying to develop estimates of what things are going to cost, the numbers were plugged in, but it has been the position of the Board that there may be some flexibility and movement among the categories and numbers, so long as the total (\$4 million) is not exceeded.

Lee Radford stated that normally they are at a 75/25 split and now they are going to 80/20 with the maximum of 50,000. Conrad stated that in the past there has been somewhat of a participation policy where there has been a 75/25 split of revenue allocation proceeds from a particular project or site where the 75% would flow back to the developer to satisfy the reimbursement obligation and the Agency would retain 25% for purposes of administrative and operating expenses. Conrad stated that in larger/older project areas you are not pledging the reimbursement from the full project area, often you are limiting the reimbursement to just the particular site. Conrad stated that traditionally it has been 75/25 and in this case based on the circumstances, there was comfort in doing an 80/20 split with 80% flowing back to the developer to satisfy the reimbursement obligation and the Agency will retain 20%. Conrad stated that in

this instance the project is the entire project area, and not a single parcel within the boundaries of the project area, therefore the idea is that the administrative and operating cost would be less and that there would not be other projects that are going to be funded within the boundaries of the project area.

Cramer read the Resolution by title.

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE IDAHO FALLS REDEVELOPMENT AGENCY OF IDAHO FALLS, IDAHO; AUTHORIZING THE AGENCY TO ENTER INTO AN OWNER PARTICIPATION AGREEMENT WITH JHJCC, LLC.; AUTHORIZING THE CHAIR OR ADMINISTRATOR AND THE SECRETARY OF THE AGENCY TO TAKE APPROPRIATE ACTION AND PROVIDING FOR THIS RESOLUTION TO BE AFFECTIVE UPON ITS PASSAGE AND ITS APPROVAL.

Thomas Halley moved to approve the Resolution to enter into an Owner Participation Agreement with JHJCC, LLC., Dave Radford seconded the motion and it passed 5-1.

Lee Radford voted against the motion, stating that he believes they are going in the wrong direction.

Project Updates and Discussion:

The Broadway and Parking Garage. Cramer stated that the Oppenheimers were unable to make the phone call for the meeting. Cramer stated that he is requesting that the sub-committee for the project (Brent Thompson and Chris Harvey) meet with Cramer and the Oppenheimers team and legal counsel to go over the parking options and report back in April on Suggested paths. Thompson indicated that he will be gone in April but can meet until the end of March. Cramer stated that Jeremy Malone reported that they are on schedule and plan to have the buildings up and complete by Fall.

Idahoan Foods. Lee Radford stated that he has been talking with Idahoan Foods and Tom Manschrek with a possible building at their location. Lee Radford stated that Idahoan Foods is looking at different locations in Snake River Landing. Lee Radford stated that they are trying to incentivize them to stay in Downtown Idaho Falls. Lee Radford stated that they met with the property management people, including the son-in-law of Ron Offit (Ron Offit Company). Lee Radford stated that they have put a good package out on the table to incentivize them to stay Downtown and then it will come down to questions of what they prefer in terms of location. Lee Radford stated that the District is running out of time and the money is being desired by other people/projects. Lee Radford stated that they indicated that they liked the proposal and there is some leaning in the Downtown direction.

D. Radford asked if they indicated when they would have a decision. Lee Radford stated that they had another board meeting this week and they were going to review the options again. D. Radford asked what incentive was offered. Lee Radford stated that there is approximately \$1 million to help, and that would build 2 decks of parking of 20 cars each. Lee Radford stated that if they go Downtown, they get covered parking and they get to be Downtown, but if they go elsewhere there is no covered parking.

Halley asked where the parking would be. Lee Radford stated that it would be a stack. Lee Radford stated they are considering a 7-story building with the first floor housing Manschrek's operations, and retail, then several floors of parking, and the upper floors would be for Idahoan. Halley asked if they would be leasing office space. Lee Radford stated that they would hopefully buy on a condominium basis. Lee Radford clarified that Idahoan would keep their existing space, as well. Lee Radford stated that there is parking (20 spaces) under the existing space, there would be parking under the new space.

Lee Radford stated that it would accomplish the goal of having Constitution Way becoming an important thorough-fair.

Thompson asked what would be available to the public. Lee Radford stated that it will be tied back in with the Broadway. Lee Radford stated that Idahoan needs the spaces or they are not going to stay. Lee Radford stated that they'd have to pay top rate. Lee Radford stated that they have a lot of employees at the Downtown building and they need a lot of parking. Halley asked how much money Idahoan is putting in. Lee Radford stated he doesn't know the total, but it is substantial. Halley stated that it would depend on how they allocate the cost for the parking to determine what percentage of the parking is theirs, and how many spaces will \$1 million cover. Lee Radford stated that there are questions on how to get the best rate and incentivize people. Lee Radford stated that the ace to get Idahoan Downtown is the covered parking. Lee Radford stated that Idahoan needs 80 spaces to even consider staying Downtown. Lee Radford stated that the value of putting a new building in the heart of Downtown across from the Bonneville on Constitution and the economic impact that would have, along with the garage remaining in public ownership and the money going to the public is enough to say that it is a public incentive to bring Idahoan Downtown. Lee Radford stated that Matt Parks and Ryan Armbruster have been thinking about this situation.

Matt Parks, Esq., indicated that this type of project is becoming more popular so they have different solutions to make sure they are proceeding on the right side of the law. Parks stated that when it becomes more evident what participation the Agency will have they will make sure it is clearly within the Urban Renewal Laws.

RAI Discussion and Legislative Update. Meghan Conrad stated that there is a Redevelopment Association meeting this afternoon. Conrad stated that recently she received a contact from the State Tax Commission concerning 63602 and an analysis of the property tax rules related thereto. Conrad stated that she attends the meetings and reports back to the membership. Conrad stated that they are working with members on reporting and making sure every document is getting to the right place. Conrad stated that the focus is turning to the AIC Meeting and RAI presentations and Urban Renewal related presentations that will be at the AIC meeting. Conrad stated that on the legislative front there has not been much this year.

Halley stated that he attended the Legislative Webinar and it appears that they might be through Wednesday or Thursday.

Next Regular Meeting: April 19, 2018.

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

Respectfully Submitted: Beckie Thompson