

IDAHO FALLS REDEVELOPMENT AGENCY

P.O. BOX 50220

IDAHO FALLS, ID 83405

April 19, 2018

Regular Meeting Minutes

Council Chambers

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

Members Present: Lee Radford, Kirk Larsen, Dave Radford, Chris Harvey.

Members Absent: Terri Gazdik, Brent Thompson, Thomas Halley,

Also Present: Kerry Beutler; Ryan Armbruster, Esq. (via telephone); and interested citizens.

Modifications to Agenda: Lee Radford suggested moving item 7. *Project Update: The Broadway*, to the top of the list.

Minutes: Dave Radford moved to approve the minutes of March 15, 2018, with one change on page 4 to correct the spelling of Cives Steele, Kirk Larsen seconded the motion and it passed unanimously.

Approval of Bills: Lee Radford presented the finance report dated April 19, 2018. The following bills were presented to be paid from the Snake River Allocation Fund: Elam and Burke, \$2,606.50 for legal services; Rebecca Thompson, \$70.00 for transcription of minutes; Kevin Machen, \$105.00 for snow removal; Unitarian Universalist Church, \$7,200.00 for lease of parking lot; Rudd & Company, \$7,500.00 for Audit; Transfer to Jackson Hole Junction Revenue Allocation Fund, \$3,000.00 to cover legal fees. The following bill was presented to be paid from the Jackson Hole Junction Revenue Allocation Fund: Elam and Burke, \$2,616.40 for legal services. **Dave Radford moved to approve the Finance Report, Chris Harvey seconded the motion and it passed unanimously.**

Project Update: The Broadway.

Steve Carr. Carr introduced David Greer who is the site superintendent for McAlvain Construction to answer any questions the Board had on the project. Carr gave an update on the project. Carr stated that they are on target for completion in September 2018. Carr stated that the underground garage is complete, and they toured the garage Tuesday. Carr stated that there is continuing interest in leases, and currently 70% of the project has signed leases and they continue to do tours. Carr stated that they have begun work on the underground utilities and that will move quickly to put all the power poles along Memorial underground. Carr stated that the foundation for both buildings will be completed by the end of the month. Carr stated that the steel will begin on the retail building next week, and by early May the steel should begin on the mixed-use building.

Larsen asked if there have been any material surprises or substantial challenges. David Greer indicated that at this point everything is tracking fine, and all the material submittals have been approved.

Carr stated that the rock that was blasted and hauled out consisted of approximately 25 million pounds.

Lee Radford stated that the undergrounding project will improve the site.

Carr stated that the underground parking facility is significant, and it will be nice to have. Carr stated that the plaza is large when you are standing on the site and it will be a great gathering place for lots of events.

Lee Radford asked if there are any developments on moving forward with the plaza plans. Carr stated he has no new information. Carr stated that the concrete that has been poured for the garage does have all the necessary penetrations for fountains and the ice rink.

Dave Radford clarified that the plaza is on schedule, and just waiting for the plans from the City on the partnering. D. Radford clarified that 70% of the building has signed leases.

Lee Radford stated that it is exciting to get some restaurants downtown and Lucky Finns and Lucy's will be a great additions for the entrance to the Downtown area, and if they can get another significant restaurant for the project it would make this area, the place to go out for an evening. Carr stated that Doug and Skipp Oppenheimer will have another restaurant tour out of Boise, and then Doug Oppenheimer is going to stay and Oppenheimer and Carr will continue to visit around town to find interest.

Lee Radford thanked Greer and Carr for their work and professionalism.

Timeline on Constitution Way Project. Lee Radford stated that he has no news. Lee Radford stated that he put out correspondence last week and it has not been responded to. Lee Radford stated that he has been clear that time is running out and if they don't commit quickly the opportunity for them to have funding will go away as the District is running out of time. Dave Radford asked about the drop-dead date for a decision. Lee Radford stated that he wanted to bring that up and the next item will start pushing that issue. Lee Radford stated that the commitment to the Constitution Way Project would affect the cash flow for other projects. Lee Radford stated that they do need to set a date for a decision. Lee Radford suggested hearing the next request for assistance and then they can decide on a date.

Request for Assistance: Hotel on Lindsay Boulevard.

Tahri Malifua, Ball Ventures. Malifua introduced members of the team, including Rusty Townsend, CEO of B&T Hospitality; Scott Page and Greg Park, Head Waters. Malifua passed out project plans to the Board Members. Malifua stated that they are asking for help on the project. Malifua indicated that the Tru brand is new to Hilton. Malifua stated that they were given the guidance by Hilton on what the cost would be to follow their branding requirements, construction requirements, and you must build within their prototype. Malifua stated that the guidance from Hilton was what they created their proforma from. Malifua stated they asked Head Waters go price the project and they were surprised at how high the pricing came in. Malifua stated that they did Home 2 in Snake River Landing for \$100,00 a key in 2014, the Boise Hilton Garden Inn that has higher land prices (\$10 sq. ft. Idaho Falls vs. \$40 sq. ft. Boise) and they were \$155,000 per key and that construction is just finishing up. Malifua stated that the pricing for this project came in at \$140,000 a key. Malifua stated that they were anticipating \$112,000 a key. Malifua stated that they have \$3 million in cost overruns that they did not anticipate when they started. Malifua stated that they currently have 100% of their documents into the City and have paid a plan review fee and will pull a permit when they determine final budgets and figure out how to cut costs. Malifua turned the time to Rusty Townsend.

Rusty Townsend, CEO of B&T Hospitality. Townsend stated that they have done the Hilton Garden Inn and Home 2. Townsend stated that they are committed to Idaho Falls. Townsend stated that they have had the vacant piece of land next to Hilton Garden Inn for a long time. Townsend stated that when Hilton came out with the new flag called the Tru, he felt it fit the area. Townsend stated that Tru is a mid-scale brand that is meant to compete with Fairfield Inn, Comfort Inn, Super 8, Best Western for price point. Townsend stated that to-date there are approximately 12 Hilton Tru open, and one is in Salt Lake Airport and one in Meridian should be open within a week. Townsend stated that there is a lot of

excitement within Hilton. Townsend stated that they are proposing 94 rooms with a swimming pool and it will take 1.6 acres to build. Townsend stated that he stopped in Salt Lake Airport and went through the Tru yesterday. Townsend stated that the hotel is unique and tries to force people to the lobby to meet and greet with the front desk in the center of the lobby. Townsend showed renderings of the exterior of the building. Townsend stated that the rooms are small, and the floors are all wood. Townsend indicated that the hotel is meant to meet a price point between \$95 - \$105 during peak season.

Lee Radford asked, and Townsend agreed that the building will look over the Driftwood and the upper rooms will have a view of the River. Lee Radford stated that the building will be located along the foot bridge, so the patrons have access to the Greenbelt. Townsend stated that they will demolish the current foot bridge and put in a new foot bridge that will be open to the public.

Dave Radford asked how many parking places are planned for the building. Townsend stated that they have more than what is required by Hilton and the City. Townsend confirmed that some of the parking spaces will be used for Hilton Garden Inn with continuous asphalt. Beutler stated that the plans indicate there are 106 stalls. Dave Radford indicated that a lot of times they look for some dedicated public parking places when the Agency partners with the private sector. Townsend stated that they wouldn't mind the public parking there and using the foot bridge. Townsend stated that they would love the public to come into the hotel and look around and refer friends to the hotel.

Lee Radford asked about the footbridge at the cost of \$70,000 to replace the bridge. Townsend stated that he would defer to Head Waters for information on the bridge.

Headwaters (Scott Page, Greg Park). Headwaters indicated that it is a steel structure with a concrete deck and steel railings, so it will last a long time.

Malifua indicated that the other footbridges along the canal are gated for private access only or go directly into a hotel. Malifua stated that this footbridge will go between the two hotels and act more as pedestrian/public friendly access point. Malifua stated that Townsend loves having people come off the Greenbelt and go to the restaurants in the area or use the patio at Hilton Garden Inn.

Townsend agreed with Malifua that he would love the public to use the footbridge to come and hang out on the patio in the summer and have dinner.

Lee Radford asked about the legal status of the canal and the right of way. Townsend stated that he has met with the New Sweden Irrigation District and they are in favor of this project. Lee Radford confirmed that Townsend owns the property and the Irrigation District has an easement. Malifua stated that on the surveys they have it shows as an easement across the property. Malifua stated that the relationship is a partnership where the Irrigation District is allowing them to make enhancements along the canal for upgrading the curb appeal of the property.

Tahri Malifua, Ball Ventures. Malifua stated that they want to acknowledge that they are approaching the Board in the 11th hour as they did not intend to ask for help on the project, until they got to a point where some of the numbers were coming in and made the project riskier than they intended. Malifua stated that there is still a willingness, regardless of price points, to invest in the home town. Malifua stated that they are wanting to partner with the Redevelopment Agency. Malifua stated that they are hoping to submit a request that is open ended, so long as funds are available. Malifua stated that they know the District is timing out and the funds have either been assigned or are limited. Malifua stated that they are asking for any help the Agency can give. Malifua stated that they have asked Head Waters to revisit the pricing with contractors. Malifua stated that Head Waters has reduced their fee, Hilton has

allowed them to reduce the royalty fee on revenues for the first couple of years. Malifua stated that they have tried many options to make the project more feasible. Malifua stated that he has proposed a few things, but is open to anything that the Agency is willing to participate in.

Dave Radford stated that the survey for the lava is a big ask of \$350,000. Dave Radford asked if that is an accurate estimate. Malifua stated that it is only an estimate. Malifua stated that the storm water plan contemplates taking storm water off this parcel as well as the Hilton Garden Inn. Malifua stated that there is an existing storm water retention area that needs to be re-located to underground and that is a reason that they cannot lock in a price on lava remediation. Malifua stated that they understand that it is a budget number and it will max out at what the actual costs are. Dave Radford complimented Townsend on the Hilton Garden Inn. Radford asked if they have any numbers from the lava remediation from Hilton Garden Inn, as the lava flow should be similar for this Tru Hotel. Malifua stated that because they are adding additional hard surfaces to the site they will need to meet different requirements and relocate the existing storm water retention. Malifua stated that they could go back in records and see what it cost to remove the lava, and the passage of time from 2006 would change the cost.

Head Waters stated that when they were doing the development they did bore logs to determine the depth of the rock and that is what the budgets are based on. Head Waters stated that there is a swimming pool, the elevator shaft, and all the utilities will be in the rock, based on the bore logs.

Larsen asked what their target start/finish date will be. Malifua stated that they are into the City doing a plan review on the current construction documents, but have not pulled a permit, and they will wait to pull the permit until they have gotten the costs more manageable. Malifua stated that they are concerned if they wait 2-3 months that there will be cost increases. Malifua stated that they want to proceed, but the project as it is now is not feasible without reducing more costs. Malifua stated that they are going through the motions of getting their entitlements and then they will wait as long as the City will allow, before they pull the permit. Malifua stated that in theory if they were permitted today, they could mobilize and start today.

Lee Radford stated that they are trying to figure out where any remaining funds for the District will go. Lee Radford stated that this is a worthy project and the thing that the Agency has tried to promote all along. Lee Radford stated that right now, the Agency has committed the cash flow a lot, and there are some of the projects that are not a guaranteed go. Lee Radford stated that they have given the projects preliminary commitments, but if they aren't moving forward, then the Agency needs to invest the money in tax producing properties, and this project would qualify in that criteria. Lee Radford stated that the Agency needs to look closer at the cash flow and push the other projects to a commitment.

Malifua stated that if it is within the legal ability of the Agency, he would suggest structuring a reimbursement agreement that is contingent on qualified costs and subject to amounts available, meaning, that if some of the prior commitments don't transpire, and as they complete the project they revisit. Malifua stated that it could be open ended and subject to available funds. Malifua stated that some commitment from the Agency stating that to the extent it can participate it will, would be strong enough to move forward.

Dave Radford stated that would be a good solution. Dave Radford asked Lee Radford what they had potentially committed to Idahoan project. Lee Radford stated that it was \$1 million to Idahoan, and the \$345,000 for Eagle Ridge. Dave Radford stated that this is a partner that the Agency has worked with in the past and it has been a positive experience. Dave Radford stated that the monies that were spent on the Hilton Garden Inn was good money spent. Dave Radford stated that if one of the other projects doesn't

materialize within the next two months, then the funds that were previously committed elsewhere could go to this project with a cap of \$300,000.

Lee Radford stated that could be a creative solution. Lee Radford asked Armbruster for direction. Armbruster stated that next year at this point the Agency will need a definitive end budget. Armbruster stated that they will have a dry run when they approve the FY 2019 for the Snake River Area. Armbruster stated that the challenge will be to see what expenses will have been incurred by the drop-dead date of September 30, 2019, and what the available funds will be. Armbruster stated that given the schedule of development there will be no tax increment coming from the project that will come to the Agency. Armbruster stated that this will be similar to the grant agreements that the Agency made with Indian Motorcycle and Deseret Book. Armbruster stated it would have to have a not to exceed number subject to verification, if and when funds are available no later than September 30, 2019. Armbruster stated they will get into figuring out who they have made commitments to. Armbruster stated it is doable, and they will need to take some time and analysis to figure out how much money is available and how to get this project into the sequence. Armbruster stated that they are going to have a conference call in the next few weeks that will delve into the termination process, and it will be a good time to prioritize the last projects. Armbruster stated that it is not uncommon for a rush at the end for legitimate and viable projects, and they will have to sift through the projects to get to the point where they have the drop-dead date and deciding how much can be completed before the date.

Lee Radford stated that there is a consensus that the Agency wants to help, but they must work through the numbers to determine how much money can be committed to the project. Lee Radford stated that he would like to get the numbers nailed down so the taxing entities can know and plan for their budgets. Lee Radford stated that the money must be spent by September 2019, but the commitments need to be sorted out by July of 2018. Lee Radford stated that they will have to determine how to push the other projects to “fish or cut bait”.

Dave Radford indicated that he would like to have a definitive plan in place by the May meeting. Dave Radford stated that the other projects do not have a plan and Malifua (Hilton Tru) has a plan with a date and time line. Dave Radford asked Malifua if they would be offended if all they could provide is \$200,000. Malifua agreed with Radford that they would take whatever the Agency can support. Malifua stated that they understand they are in line behind prior commitments. Malifua stated that if they are going to go down that path, they would like to reserve the opportunity to look at how the money would be spent.

Lee Radford asked what the value of the project to project the taxable value. Malifua stated that they estimate land and improvements to be \$13.5 million.

Lee Radford indicated that they would like to review their numbers in the next month and get better numbers. Lee Radford stated that the big contingency is the project on Constitution Way that has over \$1 million committed.

Malifua indicated they understand the Agency’s position and Brad and Kerry articulated that in advance so they knew what they were up against. Malifua asked if it would be to their material detriment if they were to proceed with moving along the project in an effort to stabilize and lock in costs. Malifua stated that if they started the project and came back after the fact, after things were sorted out. Malifua stated that there is a real fear that what ever monies they could obtain from the Agency would be lost in rising costs if they do not proceed quickly.

Lee Radford stated that the Agency would likely be able to help with a few hundred thousand but to get to the \$550,000 would be much more contingent.

Kirk Larsen asked Malifua if his concern is that if they get started on the project then the Agency would perceive that they didn't need the money. Malifua agreed with Larsen's interpretation.

Lee Radford stated that he understands, and the Agency is trying to incentivize them to build the building. Lee Radford stated that they will need to determine how much they can stand behind the project to incentivize the project.

Revised DDA and Project Update: Bonneville Hotel. Armbruster stated that there is a First Amendment to the Disposition and Development Agreement. Armbruster stated that the Agency approved something similar to it in March, however in discussions with The Housing Company, a revised purchase price would not work with their lenders and investors, so what they have done to accommodate the potential of The Housing Company being successful in the grant application, is to come up with what they are calling a "Consultants Fee", which matches the numbers discussed last month, and if The Housing Company gets the grant, they would provide the Agency the additional amount (\$300,000). Armbruster stated that the Resolution indicates that the prior action of last month is rescinded and repealed. Armbruster stated that there are minor changes, including the first page of the Resolution there is a Whereas that references an agreement between staff and legal counsel and that phrase should be after Agency and The Housing Company, and that will be changed. Armbruster stated that Brad and Blake had worked up a revised schedule of performance and it wasn't attached to the Exhibit that was part of the Board Packet and that will have to be inserted. Armbruster stated that the construction schedule that was discussed last month is still on hold and there are no other concerns in this regard.

Dave Radford suggested adding to the Consultant Fee No.5 and the last one should include the Idaho Representatives and not just the Senators. Dave Radford clarified that the \$300,000 on the consulting fee will still ensure that the Agency will receive the \$300,000 back if all the starts align for the project. Armbruster agreed with Radford. Armbruster stated that last month they were going to have the \$600,000 split if they were successful and revise the purchase, price, but now they cannot do that in order to comply with other requirements, so now it states that if they are successful in the grant, the Agency would get the lesser of either 50% of the amount they are granted or \$300,000. Armbruster stated that they applied for \$600,000, and between the agreement to reduce the overall purchase price and some other cost savings that The Housing Company has done, they were able to bridge the gap for the grant they did not receive. Dave Radford asked Armbruster to confirm that the Agency is protected on the Agreement. Armbruster agreed that the Agency is protected, and this Resolution will accomplish what they intended to do. Armbruster stated confirmed that instead of a revised purchase price they are just indicating a consideration to the Agency if they are successful and they would reimburse the Agency for a variety of cost and expenses that the Agency has incurred as they have proceeded through the development of this project.

Dave Radford read the Resolution by title:

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE URBAN RENEWAL AGENCY OF IDAHO FALLS, ALSO KNOWN AS THE IDAHO FALLS REDEVELOPMENT AGENCY OF THE CITY OF IDAHO FALLS, IDAHO, APPROVING THE REVISED FIRST AMENDEMTN 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 AMENDMENT SUBJEC

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.

Dave Radford moved to approve the Resolution Approving the Revised First Amendment to the Disposition and Development Agreement, Chris Harvey seconded the motion and it passed unanimously.

Lee Radford moved back to item for **Timeline on Constitution Way Project**. Lee Radford stated that he understands his direction from the Board is to go to Idahoan and give them a deadline for before the next meeting and force a decision.

Dave Radford stated that he believes the Agency needs some certainty with all the requests that are coming up so all the balls that are being juggled can be lessened.

Lee Radford stated that he will indicate that they need to know before the next meeting. Lee Radford stated that they do not want to lose a \$13 million hotel because the Agency is waiting on a decision from Idahoan. Lee Radford stated that they have been given ample time to make a decision.

Lee Radford stated that they will review numbers, so they can give the taxing entities an understanding of what revenue will come back onto the tax rolls and it will help with the levy rates for the community. Lee Radford stated that they need to show how the levy will go down just due to this one urban renewal area and do some public relations with those numbers so everyone can understand that they got a better area, and they will get lower levy rates as well.

Next Regular Meeting: May 17, 2018.

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

Respectfully Submitted: Beckie Thompson