

IDAHO FALLS REDEVELOPMENT AGENCY

P.O. BOX 50220

IDAHO FALLS, ID 83405

September 17, 2020

Regular Meeting Minutes

Council Chambers

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

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

Members Absent: Chris Harvey

Also Present: Brad Cramer; Ryan Armbruster Esq.; and interested citizens.

1. Modification to Agenda. None.

2. Approval of Minutes August 20, 2020. Dave Radford moved to approve the Minutes for August 20, 2020, Thomas Halley seconded the motion and it passed unanimously.

3. Approval of Expenditures and Finance Report. Mark Hagedorn presented the Finance Report dated September 17, 2020. The following bills were presented to be paid from the River Commons Revenue Allocation Fund: Elam and Burke \$2,017.45 for legal; Rebecca Thompson, \$50.00 for transcription of minutes; City of Idaho Falls \$22,210.00 for administrative expenses. The following bills were presented to be paid from the Eagle Ridge Revenue Allocation Fund: Elam and Burke \$440.00 for legal; City of Idaho Falls \$6,300.00 for administrative expenses; Bonneville County \$1,046,876.59, for the remaining cash balance; Eagle Ridge Development Corp \$11,387.70 for OPA Payment The Following bills were presented to be paid from the Jackson Hole Junction Revenue Allocation Fund: Elam and Burke \$100.00 for legal; City of Idaho Falls \$1,600 for administrative expenses.

Hagedorn stated that there is a question of the amount that is owed on the Eagle Ridge OPA. Hagedorn stated that upon the contract they will pay 85% and the contract was signed in February, so the payments going from February forward would be paid. Hagedorn stated that they are unsure if they should go back retroactively. Hagedorn stated that the proposed payout listed in the Finance Report is only 85% of the tax revenue from February forward.

Lee Radford gave background on the Eagle Ridge District. Radford stated that Eagle Ridge was going to develop the area and have it ready, including Guns and Gear and the undeveloped lots across the street. Lee Radford stated that they did an OPA and agreed to pay 85% of the infrastructure costs if they built that area. Lee Radford stated that they did the infrastructure and streets and didn't submit bills and didn't get a note entered into for several years. Lee Radford stated that the City has been using the road for 2 years. Lee Radford stated that the only lot in the area that sold is Guns and Gear. Lee Radford feels that under the OPA the Agency agreed to pay 85% of taxes collected and it should go back to the beginning of when taxes were collected, however under the note it is written that the Agency would pay from that point forward. Lee Radford stated that they have the general obligation to pay the whole amount under the OPA even though you can say that the note superseded that agreement.

Armbruster stated that despite what the interpretation is, his recollection is that the Agency is free to pay as much as they want to against the overall obligation. Armbruster stated that if they are comfortable

with paying a bigger amount to claw away at the overall obligation that is ok. Armbruster stated that in an OPA they don't start the trigger until something has been done because gradual evaluation increases where the developer hasn't done anything shouldn't benefit the developer, but given the fact that they put the road in and they did have the one parcel develop the Agency is free to pay as much as they want to with 85% of whatever has been collected.

Terri Gazdik asked if the agreement is for 85% or 75%. Lee Radford stated that they agreed to 85%. Gazdik stated that the Finance Budget to actual says 75%. Cramer checked the OPA and the Budget to Actual needs to be updated to 85%.

Dave Radford stated that normally they submit the work done and then it is approved. Dave Radford is ok to move forward with historic norms, but doesn't want to deviate from work done, submit the work bill, and get paid. Cramer clarified that they did submit all invoices, they have been reviewed with Public Works, and they were presented to the Board a long time ago. Cramer stated that there was a gap in time when all the work was reviewed because they had to come and present the bills prior to the note being executed. Cramer stated that the bills were accepted by the Board and the note was executed. Dave Radford confirmed that the City has accepted the Road and it is being plowed. Cramer stated that the City did have a delay in accepting the road because there was one piece of work that was not completed. Cramer stated that they finally did the final piece, and the road was accepted. Cramer stated that he checked with public works regularly for over a year to see if it was accepted and once it was accepted it was brought to the Board for approval.

Dave Radford moved to pay the OPA payment of 85% retroactive.

Hagedorn stated that would change the payment to \$82,955.55.

Gazdik seconded the motion. The motion passed unanimously.

Hagedorn continued reading the Finance Report. Hagedorn presented the Budget to Actual. Hagedorn stated that in Pancheri there is an amount that is over budget for the City Administration Fees, because they did not know how much time they were going to spend on the District, and there were 8 meetings which is 2 less than last year. Hagedorn stated that there was a decrease in the overall time, but still they underestimated how much time they would spend this year. Hagedorn added that they are overbudget in the Pancheri Yellowstone District by \$49,000+, as a whole because when they anticipated the cash credit for this year, they anticipated a lower cash revenue from the roll over of the previous year, but the roll over cash was too low, so the expenditures was over budget in the District. Hagedorn stated that will create a note in the Audit from the auditor, but it is not an issue because the District as a whole has sufficient funds. Hagedorn stated that he will change the 75% to 85% on the Eagle Ridge District.

Lee Radford stated that Jackson Hole Junction has a higher percentage. Cramer will check, but recalls it is 80 or 85%. Cramer stated that the roads and improvements have been accepted and the invoices have been reviewed so they should start getting payments. Hagedorn stated that they have some tax revenue (\$15,000) and they will start the OPA payment in February 2021.

There was discussion about closing the Pancheri Yellowstone District and getting \$1 million out came out well.

Dave Radford moved to approve the Finance Report, Kirk Larsen seconded the motion and it passed unanimously.

4. Real Estate Representation Agreement. Cramer stated that this is an agreement between the Agency and Chad Murdock of Keller Williams/Murdock Manwaring Real Estate. Cramer stated that within a specified boundaries from 2nd Street – Emerson- Gladstone- Northgate Mile, Murdock would be authorized by the Agency to go and meet with property owners to determine if there are some options that could be purchased, similar to what was done with the Bonneville and the Pfaff Sewing Center. Cramer stated that the option would allow the Agency to develop an RFP and find some development partners to create a micro-urban renewal district. Cramer stated that they have met with Murdock and the agreement in the packet will be acceptable, and instead of an hourly rate, Mr. Murdock is used to getting paid if the deal works, and not getting paid if it doesn't work out, so the agreement stipulates standard industry practice in terms of commission pay and if he is the listing or selling agent, it is either a 3% or 6% commission. Cramer stated that in section 4 there is a line that the Agency reserves the right to provide reasonable compensation to the Agent in case the deals fall apart. Cramer clarified that out of the \$200,000 that the Agency has contributed to the City the Board could elect to pay him a mutually agreed upon sum, should the deals not work out.

Lee Radford stated that they are trying to develop the micro-area concept so they can be very targeted and narrow with redevelopment funds. Radford stated that they are setting up a land purchase agent to gather the property. Radford stated that within the area if Murdock can find a good area they can go out with an RFP to propose to developers to build something to improve the area and the Agency could provide benefit to them in the form of decreased cost for the parcels, or infrastructure or other permissible costs to try to get developers to build in the urban core along already established roads and save taxes in the long run by not sprawling. Radford clarified that the provision for payment is because Murdock could put a lot of work in and get 4 out of 5 parcels signed up and the project would not be able to work. Lee Radford feels that Murdock would be trying to line up the stars to make this project work, and that is more of a risk than agents usually take. Lee Radford stated that in the end they will have the discretion to give him some compensation if the project doesn't work.

Larsen asked if they had an idea for the number, they are talking about providing to Murdock. Radford stated that Murdock has stated that he is fine taking the risk of not being paid, but Radford wanted to leave some room to pay. Radford stated that if Murdock does a lot of work and down the road, he doesn't get anything, then the next person they might not be as willing to help the Agency. Radford stated that they are trying to establish a low-cost model to do this project and other projects in the future.

Dave Radford asked how many property owners in the area. Lee Radford stated that they defined a bigger area in case, but the Agency is really focused on one smaller area that only has 6 owners. Cramer stated that the reason they drew the bigger area is if there is energy somewhere else, it would give Murdock flexibility to assemble other land masses. Lee Radford clarified that this is a narrow agreement that only appoints him for this narrow area, and they could get another agent for other areas. Lee Radford stated that they would hope that the City would vacate streets to allow for more room.

Dave Radford asked when Mr. Murdock would intend to contact property owners. Lee Radford stated that as soon as he gets the approval on this agreement he can start. Thompson stated that Murdock would work for 5 weeks and get a feel of who might show some interest for an option.

Armbruster stated that in this modification document the Agency will provide him a notice to proceed, and the Agency will wait to issue that notice until the City-Agency Agreement is approved by City Council and the funding is in place so they can pay for the option amount. Cramer added that it is going to City Council a week from today at their regular meeting and the funding wouldn't be available until October 1. Lee Radford added that the City Attorney has approved the form.

Dave Radford if the length of the Districts would be more like Jackson Hole Junction and have a 12-13 years length. Armbruster stated that that is up to City Council and they cannot make that decision until they find out what type of development opportunities exist from qualified developers responding to the RFP. Lee Radford stated that the length would be the minimum necessary to get a good developer. Once they get the developer and see where they come in at, then we can see what they need, and they might only need a small amount and the District can be a few years. Lee Radford stated that they will try to match the years to what is needed to pay the one project.

Armbruster replied to Dave Radford and stated that it is dependent upon the project and agencies and City council are trying to be more focused and not necessarily going to the 20 year time frame, but remembering the time they get any tax increment in the door is 2-3 year lag time. Armbruster stated that so far, he has not seen this micro-district in other areas but feels that the project areas have been more refined. Armbruster stated that assembling properties through this process is unique which is why they have to have a dual agreement one with the Agent and one with the City before they can move forward.

Lee Radford added that the options would be signed up simultaneously, all neighbors have to join.

Dave Radford asked why they are extending the agreement, and not just only putting in the 6 property owners they are targeting. Lee Radford stated that it gives Murdock flexibility and increases the odds of coming up with a group of property.

Terri Gazdik made a proposed wording change to the Agreement. Gazdik asked to change the third paragraph as it is confusing. Gazdik stated that she understands they are trying to grant an exclusive agreement for this area. Gazdik proposed changing paragraph 3 to read: *Whereas IFRA does not seek an exclusive arrangement with Agent but does intend to engage Agent for the purpose of providing brokerage services as outlined in Section 5.* (remove the rest of the wording). Gazdik feels the agreement is confusing as written. Gazdik clarified that she wants the “nonexclusive” removed because section 5 does dictate that this isn’t an exclusive arrangement but outlined by the attached map. Armbruster stated that they can wordsmith that, but they were worried that the agreement is a combination of what they had a month ago and more recent conversation, and they wanted to make it clear that the exclusivity is only for this particular area, and they have the right to engage other agents in other areas. Gazdik feels that after the word *brokerage services as outlined in Section 5*. Gazdik stated that Section 5 states that IFRA’s exclusive agent is dictated by the agreement within the boundaries on Exhibit A. Lee Radford agreed to that amendment.

Armbruster read the Resolution by Title.

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE IDAHO FALLS REDEVELOPMENT AGENCY OF IDAHO FALLS, IDAHO, APPROVING THE BUYER REPRESENTATION AGREEMENT BETWEEN CHAD MURDOCK AND THE AGENCY; AUTHORIZING THE CHAIR, VICE-CHAIR, OR EXECUTIVE DIRECTOR TO EXECUTE THE AGREEMENT AND ANY NECESSARY DOCUMENTS, SUBJECT TO CERTAIN CONTINGENCIES; AUTHORIZING ANY TECHNICAL CORRECTIONS TO THE AGREEMENTS; AND PROVIDING AN EFFECTIVE DATE

Dave Radford moved to adopt the Resolution for Real Estate Representation Agreement with the changes requested by Gazdik, Gazdik seconded the motion. The motion passed unanimously.

5. City-Agency Agreement. Armbruster explained that the City has agreed to provide the Agency with \$200,000 beginning October 1, they wanted an agreement put together, because under the Statute, an Agency is not authorized to commit or bind itself to the purchase of property unless an urban renewal plan has been in place, unless the City Council provides that opportunity by authorizing the Agency to do that. Armbruster stated that the other part of the Statute states that if the plan is not approved then you have to unwind the transactions. Armbruster stated that if they don't exercise the option within the time frame, the property owner keeps the option funds, and everyone is back to square one. Armbruster stated that this agreement has been reviewed by the City Attorney 's office and is acceptable. Armbruster stated that the agreement is to provide the funding and allow the Agency to use the money to tie up property. Armbruster stated that Cramer and Hagedorn will need to fill in the blank concerning the amounts that are being distributed to Bonneville County and the allocation made to the City.

Lee Radford read the Resolution by Title.

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE IDAHO FALLS REDEVELOPMENT AGENCY OF IDAHO FALLS, IDAHO, APPROVING THE DEVELOPMENT AGREEMENT BETWEEN THE CITY OF IDAHO FALLS AND THE AGENCY; AUTHORIZING THE CHAIR, VICE-CHAIR, OR EXECUTIVE DIRECTOR TO EXECUTE THE AGREEMENT AND ANY NECESSARY DOCUMENTS, SUBJECT TO CERTAIN CONTINGENCIES; AUTHORIZING ANY TECHNICAL CORRECTIONS TO THE AGREEMENTS; AND PROVIDING AN EFFECTIVE DATE.

Kirk Larsen moved to approve the Resolution and accept and move forward with the City-Agency Agreement, Dave Radford seconded the motion and it passed unanimously.

6. Dr. Lee Project Update. Radford stated that Dr. Lee has dug the foundation and is moving forward. Dr. Lee spent \$136,000 of the \$150,000 that was authorized. Cramer stated that Dr. Lee is asking now, if the Board is comfortable with him spending the remaining \$14,000 for clean up blasting even though he is past the agreed upon deadline; and he is working hard to stick to the agreement to have the CO in June of 2021 or else he has to return the \$150,000. Dr. Lee feels he can still meet the deadline, but in order to accelerate the construction he is having to pay a more premium price and is worried it will push beyond the deadline, or if he continues to pay the price the \$150,000 will get eaten in cost. Cramer stated that Dr. Lee wants to know if the Board will have flexibility with the June 31 deadline.

Gazdik asked Cramer if in talking to Dr. Lee if Cramer feels that this postponement is being caused by accessibility to contractors or is there is a problem with financing. Cramer stated that he feels it is contractors, as this is a busy time and its hard to get labor lined up to do work. Gazdik stated that she sees the progression on this job, and there was a huge push to do the blasting by the end of June and nothing has moved for 2.5 months. Gazdik is concerned that there is something else causing the delay and Gazdik feels if we extend the deadline it will extend it past what the expectations are for the project. Cramer added that in addition to lining up contractors and the difficulty with that, a lot of the delays have been in part because Dr. Lee has not done this before and it is his first time building something and hasn't found a project manager to push things. Cramer has been concerned with that from the beginning. Cramer stated that in talking with Dr. Lee he feels it is wise to stick with the June 31 deadline and continue to push, so it doesn't continue to drag. Cramer stated that as things progress it might be ok to talk about later after there is actual activity and there might be a few odds and ends to finish, then they could discuss an extension at that time. Gazdik agreed with Cramer. Lee Radford stated that Dr. Lee is personally on the agreement that if he doesn't get the building built, that the \$150,00 has to be paid back, which is a big risk to himself.

Dave Radford stated that this is the last project that was approved, and he is unconcerned with the additional \$14,000. Dave Radford doesn't feel that Dr. Lee is going to risk having to pay back the \$150,000. Dave Radford asked if the Agency gets paid if they have to sell the property to get the \$150,000 back. Armbruster stated that ultimately, they could file a lien, but basically the remedy is that Dr. Lee has a personal guarantee on the agreement, so if there isn't a CO by June 30 they make demand to return the \$150,000 and then try to get the money. Dave Radford feels that the Agency can revisit an extension if there is a lot of work done, and then in April or May they could discuss an extension.

Lee Radford asked if they know what the construction value will be. Cramer doesn't have the number off hand. Radford feels that it should put out \$30,000/year, so getting this done will pay back to the City and County within 5 years. Lee Radford stated that June 30 vs. the end of the year so that it is on the tax year 2021.

Thompson asked if the additional \$14,000 needed for blasting is outside the original scope. Cramer indicated that it is not outside of the scope, just outside of the deadline. Thompson agreed to pay for what has been done this far, and keep the deadline in place, and if there is a problem down the road, deal with it at that time. Thompson stated that if he doesn't have a building closed up to work on during the winter, it will go slow through the winter and there could likely be a delay in the completion date.

Lee Radford indicated that the consensus is ok with Dr. Lee put the \$14,000 into the project and blasting, rather than try to get \$14,000 back and distribute it; and the extension for next summer can be discussed at a later time after substantial construction has been made.

Kirk Larsen agreed and feels that his inability to find a construction manager, and if they can't get it closed in by winter it will slow the progress down. Larsen feels they need to encourage him to get going on the project.

7. Legislative and RAI Updates. Armbruster stated that on behalf of RAI they filed an application to be recognized as a friend of the Court on a pending Supreme Court Case challenging the ability of a City to adopt an urban renewal plan in Boise. Armbruster stated that the interim property tax committee is meeting tomorrow with a heavy agenda and will be hearing presentation for the cities, counties, AICKY concerning some potential property tax remedies or ideas.

8. Pancheri/Yellowstone Termination. Lee Radford congratulated the Agency on getting the project done. Armbruster stated that the City Council has adopted the Ordinance and the Ordinance needs to be published and will then be filed formally with the Tax Commission. Lee Radford felt that keeping the money and not spending it on the proposals that weren't worthwhile and wouldn't improve the tax base enough, was a good idea and they are returning money to the City and County and getting a some money back to do a better project. Radford stated that they did get some projects done in that area that were good for the area.

Dave Radford believes this will be good to show to the people that are against the Districts, that they can be good, and they do close.

Next Regular Meeting: October 15, 2020

Thomas Halley moved to adjourn the meeting, Brent Thompson seconded the motion and it passed unanimously.

Respectfully Submitted: Beckie Thompson