

**IDAHO FALLS REDEVELOPMENT AGENCY**

**P.O. BOX 50220**

**IDAHO FALLS, ID 83405**

**March 18, 2021**

**Regular Meeting Minutes**

**Council Chambers**

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

**Members Present:** Lee Radford, Chris Harvey, Thomas Halley, Brent Thompson.

**Members Absent:** Terri Gazdik, Kirk Larsen

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

**1. Modification to Agenda. None.**

**2. Approval of Minutes February 18, 2121. Thomas Halley moved to approve the Minutes for March 18, 2121, Brent Thompson seconded the motion and it passed unanimously.**

**3. Approval of Expenditures and Finance Report.** Lee Radford presented the Finance Report dated March 18, 2021. In the River Commons Fund: \$2,831.82 Elam Burke, for legal expenses; \$68.75 Rebecca Thompson, for transcription. Radford presented bills to be ratified from the River Commons Fund: \$1,684.95 Elam And Burke, for legal services; \$5,000 Rudd and Company, audit report. Radford presented a bill to be ratified from Jackson Hole Junction: \$20.00 Elam and Burke, for legal expenses.

**Brent Thompson moved to approve the Finance Report dated March 18, 2021, Thomas Halley seconded the motion. The Motion passed unanimously.**

**4. 2020 Audit Report.** Mark Hagedorn presented the 2020 Audit Report, because no one at Rudd & Company was available to present the Audit today. Hagedorn shared his screen. Hagedorn stated that the Board Members should have received 2 documents, including the Financial Statement and a letter from Rudd & Company going over the aspects of the audit. Hagedorn presented the 2020 Audit for the Idaho Falls Redevelopment Agency. Hagedorn indicated that the Audit for the Agency is comprised of sampling and testing internal controls and transactions. Hagedorn stated that due to the small nature of the Agency, it all fits into half of the paper box, and so it is not a true audit as far as sample and test of controls, because they are able to test 100% of everything. Hagedorn stated that this Audit is unique because of the small nature. Hagedorn stated that the primary internal controls comprise of Brad Cramer reviewing the bank statements of the transactions that Hagedorn processes, and the Board approving the transactions, so there isn't a lot of internal controls because of the small nature of the Agency. Hagedorn stated that the majority of this audit is about the financial condition of the Agency. Hagedorn stated that the Agency prepares a budget that they operate on and the financial report is a conversion of that budget to a financial standard that is required for governmental accounting regulations. Hagedorn stated that governmental financial reports are not typical and are presented in different basis of accounting for different interpretations. Hagedorn showed the first portion of the Audit that gives the qualified opinion of the auditor, and that opinion is that there are no internal mistakes or any issues. Hagedorn stated that the second section of the audit is a narrative describing the majority changes. Hagedorn stated that a lot of the Agency's stuff is debt, but it is not actual debt, it is OPA payments where they agree to pay back property taxes, but for the financials it is classified as debt, and that will skew how the presentation is

presented. Hagedorn showed the full basis of accounting overall for 2019-2020 that shows \$1 million in current assets and \$10 million in liabilities and most of the long-term liabilities are the debt associated with the OPA agreements. Hagedorn showed the changes and what has been collected showing \$1.4 million which is significantly down from last year because of the close out of the 2 large Districts, including Snake River Landing and Pancheri/Yellowstone. The Agency has 3 Districts currently open. Hagedorn showed the change of -\$1.6 million because the Agency has spent more money than was brought in this year, which was anticipated because of the closeout of the 2 Districts. The Audit shows each District broken down. Hagedorn stated that because of the close out of the bank statements, there were some residual interest receivable cash at the end of the year showing as a \$25 remaining balance on Pancheri/Yellowstone that will be turned over to the County once the bank finalizes the close out of the account. Hagedorn stated that the rest of the Audit is just notes and basic financial statements of income to expenditures. Hagedorn stated that when the Agency closes out a District it is hard to figure out how much is going to be redistributed, and so the Agency was over budget on Pancheri because of the payback on the money back to the County. Hagedorn stood for questions.

Radford asked Hagedorn to explain the negative big numbers like the -\$9 million. Hagedorn stated that it is shown in the notes. Hagedorn explained that when they enter into an OPA Agreement, they enter into an OPA Promissory note, so they book all the value of what the value of the construction project was as debt, but it is not really debt, because it is not actually owed and the only thing paid is during the life of the agreement until the District closed and it will be a proration of what they have paid in property taxes so the Agency is never going to pay \$10 million back to the developers and the rest will be forgiven, but because the Agency issued a note, it has to be booked as debt. Hagedorn stated that it skews the financial reporting because it looks like the Agency owes \$10.9 million, but that is not reality. Hagedorn stated that when the Agency closed out Snake River Landing the outstanding debt was written off. Radford stated that most of the debt is in River Commons and nothing has been built there, so nothing is owed, and a small amount for Eagle Ridge (\$1.6 million).

Hagedorn indicated that the way the Agency is doing things now is different, so going forward when they do Districts there will not be these types of loans and the development OPA's will be structured different.

Armbruster stated that the more modern model that has been used elsewhere is that they just make it a contract obligation so the contract simply says that the Agency will pay back \$x by giving you y% of the increment every year, and there is no note issued. Hagedorn indicated that the new way would make the financials much cleaner and easier to understand. Radford agreed that they are titled "notes", but they are really more of a contractual obligation.

**Brent Thompson moved to approve and accept the Audit Report and authorize Mark Hagedorn and Brad Cramer to file it with the appropriate entities, Thomas Halley seconded the motion. Radford called for roll call vote: Halley, yes; Thompson, yes; Harvey, yes; Radford, yes. The motion passed unanimously.**

**5. Public Comment and Resolution Approving the 2020 Annual Report.** Cramer showed the 2020 Annual Report. Cramer presented some of the 2020 Annual Report last month. Cramer stated that the table that shows the year created, and the increment value generated, shows River Commons with the highest increment at this point. Cramer stated that Jackson Hole Junction is now moving and moving quickly so the increment value in 2020 reflects the hotel that was completed, and now they have a medical building and a couple more plans in the works that will fill in a significant portion of the development. Cramer stated that Eagle Ridge has been slow, but they are in a number of active

discussions of people looking at that property for a variety of uses. Cramer stated that as long as growth continues in Idaho Falls, Eagle Ridge will gain some momentum in the next year. Cramer will remove the random blank page before submitting the final document. Cramer added a table that shows Legacy Project Summary that shows when the Districts close, they don't lose the record of what was accomplished. Cramer showed in the table what the base value was and the net taxable at closing and what the increment was. Cramer indicated that the Snake River District is such a great story that revitalized the hotel district on Lindsey and also Downtown and Taylor Crossing. Cramer stated that Snake River District is a true success story of urban renewal in Idaho. Cramer left the table that has been in for many years that shows the projects that they are accomplishing and how much was invested back into the District so you can see what was invested over the life of the District. Cramer stated that the rest of the Report is a summary of what has been completed. Cramer believes the photos have added a lot in telling the story of what is being done in the Districts.

Radford opened the public hearing for comment on the 2020 Annual Report.

No one appeared in person, no written comments were received, and no one appeared via Webex to comment.

Radford closed the public hearing.

Armbruster read the Resolution by title.

RESOLUTION \_\_\_ BY THE BOARD OF COMMISSIONERS OF THE URBAN RENEWAL AGENCY OF IDAHO FALLS TO BE TERMED THE ANNUAL REPORT RESOLUTION, APPROVING THE ANNUAL REPORT OF THE URBAN RENEWAL AGENCY FOR CALENDAR YEAR 2020; APPROVING THE NOTICE OF FILING OF THE REPORT; DIRECTING THE CHAIR TO SUBMIT THAT REPORT; AND PROVIDING AN EFFECTIVE DATE.

**Brent Thompson moved to adopt the Resolution Approving the 2020 Annual Report, Chris Harvey seconded the motion. Radford called for roll call vote: Harvey, yes; Thompson, yes; Halley, yes; Radford, yes. The motion passed unanimously.**

Radford thanked Cramer for his work on the Report. Radford confirmed that any one can go to the website and get a complete summary and a good overview of what has been done by the Agency this year and in past years.

**6. Northgate and 1<sup>st</sup> Street Project Updates.** Cramer stated that they do not have enough members present to do an executive session. Cramer stated that the sub-committee and legal team have met and talked about approaches moving forward. Cramer stated that Chad Murdock has met with property owners on the corner. Cramer stated that Stantec has continued forward with launching the proforma work for the site plan that was settled on by the Board, and they have produced some 3D modeling of the area and what the potential it could be so when they have an RFP to send out, they can use those. Cramer stated that the challenge currently is the corner property and not being able to agree on an option details with length and price; and the property to the east (Melina's) has legal challenges. Radford stated that the Melina's space has an owner that bought it from the previous owner and the first owner sold it to the new owner on a note and deed of trust, and that person has now abandoned the building and moved away and so it is hard because the current owner is not available so the previous owner who sold it to the new owner has to foreclose on the note and deed of trust and regain title so they can sell it to the Agency and that process is tricky. Armbruster's office is putting together an agreement to allow the Agency to try to navigate the process and they have provided a different type of agreement

(lien holder option agreement) and that tool should help them move forward, however it is trickier than just buying something from an owner that owns something. Armbruster agreed with Radford and added that they are trying to work with the lien holder concerning the prior owners process through the foreclosure and in the event of foreclosure is successful, the agreement as drafted would allow the Agency to move into a position to take an option on the property.

Radford stated that the restaurant property is the key to this area if they move forward, and Chad Murdock has reported that he is still negotiating with the pharmacy building.

Thompson stated that it will be interesting to see the input from interested developers as far as the mix and type of developments that they think are most feasible for the property. Thompson stated that they (sub-committee) have considered the proposals that Stantec has come up with and weighed in on those proposals. Thompson stated that the developers will have to consider what is feasible.

Cramer showed the Stantec renderings and described what was shown. Cramer stated that the renderings are based on the site plan that the sub-committee and the Board reviewed. Cramer stated that AgnewBeck is working with Stantec to put together a proforma to see if this is financially feasible. Cramer showed that the pharmacy building remains with modifications and a sign welcoming people to the 1<sup>st</sup> Street business district. Cramer showed the two-story building that is a mix of retail on main floor and residential on the top floor. Cramer showed 3 story apartment buildings with tuck under parking in the back. Cramer showed the building on the corner of Lomax and 1<sup>st</sup> Street that is a standard commercial building taking advantage of the higher traffic. Cramer showed the series of 4 buildings that are 3 story live work units that would have a versatile space to allow commercial or office on main owned by the same person that lives above. Cramer stated that this also presents a traffic pattern that makes the site work with Lomax remaining 1 way traveling west and introduces a continuous left from Lomax and Northgate that circles around, and 1<sup>st</sup> street is one way traveling east. Cramer stated that the advantage of the one-way streets requires less right of way, so it opens more possibility to improve street scape. Cramer stated that if they can get to a point of doing an RFP this is what they would supply to the developers along with the proforma showing its financial feasibility.

Radford stated that the concepts that Stantec has brought gives the area more possibilities, such as the tuck under parking that allows more parking for the entire development. Radford stated that hopefully they can make some progress, but true urban renewal is not easy. Radford asked if there is anything that they can do further to advance this project. Cramer indicated that without going into executive session to talk about terms, they cannot move forward. Armbruster stated that they should direct Cramer to reengage the committee and set up a call with Chad Murdock and walk through some deal terms that might be appropriate to present to property owners. Radford stated that the sub-committee has been authorized to work on the terms and work with the property owners to provide the Agency something to vote on. The Sub-committee is still committed to move forward with that direction. Thompson and Larsen can meet anytime they get updated information from Chad Murdock. Thompson stated that the pharmacy building has a lot of money in it with the purchase and remodeling and it is going to be the hardest conversion to incorporate into the development. Radford stated that the market would be hungry for this type of development if they can get the property and get it moving.

**7. RAI and Legislative Update.** Mayor Casper left a Chat comment that S1108 was voted down. Armbruster stated that during this meeting Senate Bill 1108 failed by 1 vote in the senate, and that Bill would have constrained the ability to take the full value of new construction on an ongoing basis as well as the full value on the closed out urban renewal revenue allocation project area. Armbruster stated that the Bill was amended 2x, and the last go around moved the limitation from what was previously 75% to

50% to 80% across the board, but the Bill failed. Armbruster is not sure what happens next as there is still talk of property tax relief and what form that would take and how it would impact urban renewal. Armbruster stated that there are a few more Bills rolling around and they are now at the point that they are targeting to recess a week from tomorrow but would have the opportunity to come back once the details of the American Recovery Act is in place and how much money Idaho would receive and what strings are attached and what discretionary funds could be available. Armbruster stated that there is some uncertainty as anything that hasn't gone through the process in full cannot resurrect itself when it comes back, and they would just deal with federal funding and appropriation of dollars.

**8. Executive Session pursuant to Idaho Code 74-206(1)(c) to acquire an interest in real Property which is not owned by a public agency.** There are not enough Board members present to go into Executive Session 2/3 is needed (5 members).

**Next Regular Meeting: April 15, 2021**

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

**Radford adjourned the meeting at 12:45 p.m.**

**Respectfully Submitted: Beckie Thompson**