



**BOARD MEETING MINUTES
WEDNESDAY JULY 20, 2011 4:00 P.M.
COEUR D'ALENE PUBLIC LIBRARY COMMUNITY ROOM**

1. CALL TO ORDER

Chairman Denny Davis called the LCDC Board meeting to order at 4:00 p.m.

LCDC Board members present: Davis, Hoskins, Elder, Goodlander, Hassell, Patzer, Jordan. LCDC staff present: Berns. LCDC legal counsel present: Quade (Hawley Troxell).

2. PLEDGE OF ALLEGIANCE

3. PUBLIC COMMENT

Guests Present: Mic Armon, Chris Hollibaugh.

Public Comment: no public comment given.

4. APPROVAL OF MINUTES

- June 15, 2011 Board Meeting Minutes

**Motion by Commissioner Hassell, seconded by Commissioner Hoskins to approve the June 15, 2011 Board Meeting Minutes.
Motion carried.**

5. RESOLUTION 11-02: 609 SHERMAN AVENUE LOFTS IMPROVEMENT REIMBURSEMENT AGREEMENT (IRA)

Chairman Davis turned the meeting over to Vice-Chairman Elder citing a possible conflict of interest issue. Vice-Chairman Elder asked Executive Director Berns to provide an overview of the project relative to the resolution in front of the Board.

Executive Director Berns shared a summary review of the proposed 609 Sherman Avenue Lofts IRA including the following:

- The project, located at 609 Sherman Avenue, consists of a seven (7) story residential building of approximately 41,300 square feet, comprised of 10 condominium units;

- The LCDC Board, at its August 17, 2005 Board meeting, approved via motion, the 609 Sherman Avenue Lofts public improvement cost sheet;
- The LCDC-required project cost validation analysis of the LCDC funded public improvements was completed during the first quarter of 2011;
- The LCDC Board will reimburse the developer, via a limited recourse promissory note, for the following project related public improvements:

▪ Site Improvement	\$ 89,957
▪ Demolition (Site & Building)	\$ 58,236
▪ Asphalt, Curbs, Streetscaping	\$ 51,330
▪ Building Material Upgrades	\$186,270
▪ Construction Staging	<u>\$ 19,200</u>
Grand Total Not to Exceed	\$404,993

- The LCDC limited recourse promissory note will pay an interest rate of five percent (5.0%) on the note's principal, with a total IRA interest funding cap of \$121,498, with interest accrual commencing on April 13, 2011;
 - The LCDC Board agrees to make semi-annual payments of 75% of the tax increment revenues received, following any deduction for public art. The semi-annual payments will be funded solely from property taxes generated by the project itself until the principal amount of \$404,993, plus interest, has been paid, or until December 31, 2021, whichever occurs first. LCDC has no obligation to make tax increment payments to the developer from property taxes generated by the project beyond the December 31, 2021 date.
- Commissioner Patzer asked for the current assessed value of the project, and if LCDC will receive sufficient tax increment revenues from the project to pay off the limited recourse promissory note?
- Ex. Director Berns shared that the project is currently assessed at approximately \$3,000,000 and currently yields approximately \$31,000/year in gross tax increment revenue. At the current assessed value and current annual increment yield, the project will not generate enough funds to pay off the note's principal and interest prior to December 31, 2021.
- Commissioner Patzer shared for the viewing audience that the developer of these types of projects bears the risk of getting reimbursed for the approved public improvements if their project does not generate sufficient tax increment revenues over the term of the redevelopment district. Commissioner Patzer shared that the IRA instrument that the LCDC utilizes protects the public from un-secured financial exposure.

Motion by Commissioner Patzer, seconded by Commissioner Hoskins approving Resolution 11-02 authorizing the 609 Sherman Avenue Lofts IRA as drafted and presented (Ex. Director Berns read Resolution 11-02 prior to the roll call).

Roll Call:

Elder	Yes	Goodlander	Yes	Davis	Recused
Hassell	Yes	Colwell	Absent	Patzer	Yes
Jordan	Yes	Hoskins	Yes		

Recusal – Commissioner Davis recused himself from participating in the discussion and voting on Resolution FY11-02 due to a potential conflict of interest because in the past his firm, and Commissioner Davis, represented the applicant (609 Sherman, LLC) in formation of that entity and other matters related to the project. Commissioner Davis did not perform any work related to this application for partnership funding. Also, Commissioner Davis no longer represents the applicant or any of its principals.

Motion carried.

6. COMMITTEE REPORTS

❖ Education Corridor ad hoc Committee: Commissioner Scott Hoskins.

Commissioner Hoskins shared that Phase 1A of the Education Corridor project is progressing on schedule. North Idaho College is continuing communication efforts with stakeholders by sending out timely emails re. various aspects of the construction project. Commissioner Hoskins encouraged folks to visit the Education Corridor website (www.edcorridor.com).

- Commissioner Davis thanked NIC for their continued communication efforts.
- Commissioner Elder shared that the project is looking very good and will be impressive once completed.

LCDC Partnership Funding Grant Request: North Idaho College (NIC)
Request re. Phase 1B Public Right of Way Property Acquisition: Mic Armon, NIC Trustee

Commissioner Davis welcomed Mic Armon, NIC Trustee, to the Board meeting. Mr. Armon, on behalf of the NIC Board of Trustees, thanked the LCDC Board for their continued support of the Education Corridor initiative.

Mr. Armon shared that NIC has reached an agreement with the Burlington Northern Santa Fe (BNSF) railroad to acquire the entire BNSF fee simple ownership parcel adjacent to NIC's Robinhood campground for \$265,000.

Closing on the acquisition is scheduled for early fall of 2011. The BNSF parcel is needed to provide optimal ingress and egress public right of way access for the proposed Education Corridor Phase 1B road improvements (i.e. the extension of River Avenue out to Northwest Blvd.) [Figure 1].

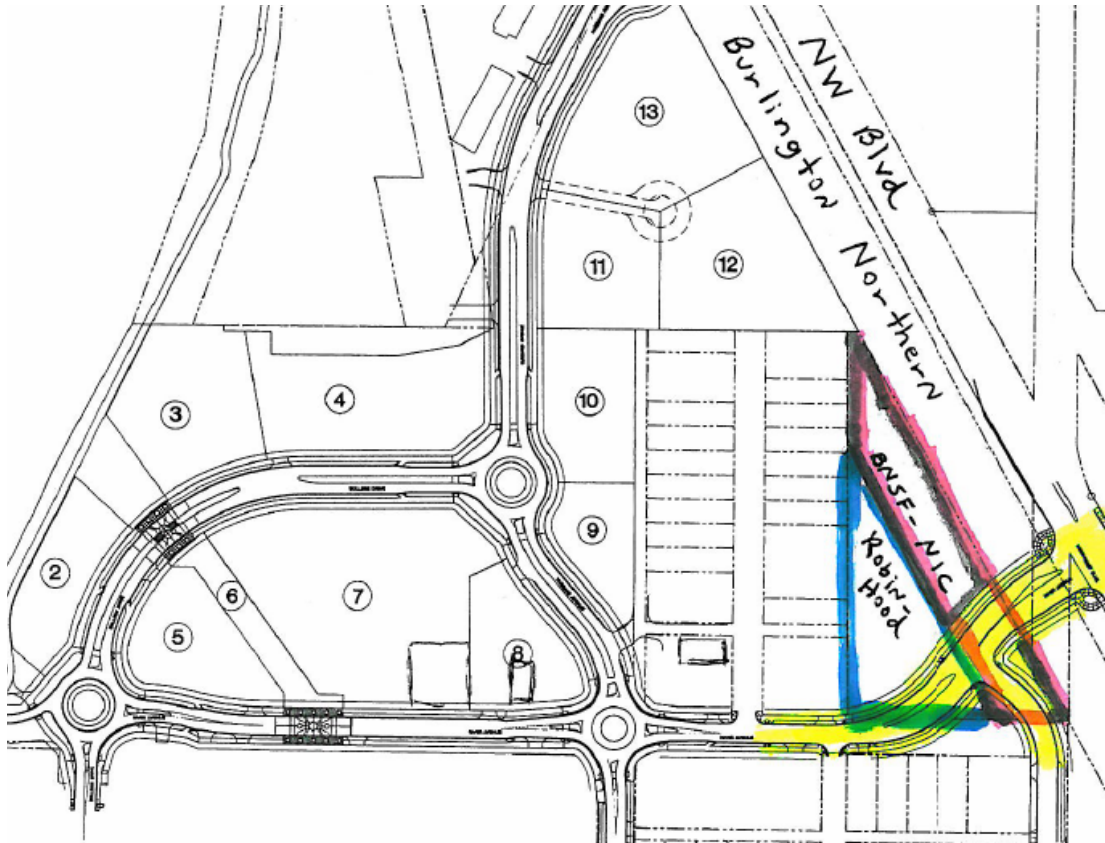


Figure 1: Graphic depicting proposed public infrastructure improvements associated with Phase 1B: the extension of River Avenue out to a signalized Northwest Boulevard intersection (yellow); NIC Foundation Robinhood parcel (blue); and the BNSF parcel to be acquired by NIC (pink).

NIC also plans to retire the outstanding debt owed to the NIC Foundation pertaining to the Robinhood campground parcel. The Robinhood debt obligation, which matures in 2014, needs to be retired prior to construction of any new public improvements that will be dedicated to the City of CDA. Mr. Armon shared that NIC's remaining debt balance on the Robinhood property is \$265,765 (the original purchase price was \$700,000).

NIC, facing \$530,765 in near-term property acquisition costs, would like the LCDC Board to consider contributing public right of way funding assistance in the amount of \$125,000 to help offset the pending NIC cash expenditures. The public right-of-way acquisition costs for the two parcels in question breakdown as follows:

- BNSF acquisition: NIC purchase price equates to \$2.31/sq.ft.
 - JUB Engineers has calculated that the needed public right of way area for the proposed River Avenue extension out to NW Blvd across this parcel totals 19,776 sq.ft.; which equates to \$45,683 @ \$2.31/sq.ft.
- NIC Foundation (Robinhood campground) acquisition: NIC debt retirement cost equates to \$12.48/sq.ft.
 - JUB Engineers has calculated that the needed public right of way area for the proposed River Avenue extension out to NW Blvd across this parcel totals 16,461 sq.ft. which equates to \$205,433 @ \$12.48/sq.ft.

Thus, the public right of way acquisition cost for both parcels equals \$251,116. NIC's request of LCDC for \$125,000 would pay for approximately one half of the required public right of way property acquisition costs for Phase 1B of the Education Corridor initiative.

- Commissioner Goodlander asked if NIC could not use some of their existing revenue streams to pay for all of these property acquisitions?
 - Mr. Armon shared that NIC has used quite a bit of their existing revenue streams to pay for the acquisition of the old DeArmond mill site property, and that they have been counseled by their auditors to replenish their reserve accounts which have dropped to a low value. Thus the request of the LCDC for the property acquisition funding assistance.
- Commissioner Patzer shared that the BNSF acquisition price per square foot seemed low.
 - Mr. Armon shared that the square foot price is low because BNSF was able to realize other tax related value from the NIC transaction.
- Commissioner Davis shared that he felt NIC's request for LCDC financial participation based on the square footage cost of the public right of way area for Phase 1B seemed logical and appropriate.
- Commissioner Patzer asked about the access status for the North Idaho Museum storage building located adjacent to the soon to be acquired BNSF parcel – will the Museum storage building still have reasonable access?
 - Mr. Armon shared that yes, the Museum storage building will have reasonable / viable access following the acquisition.
- Commissioner Davis suggested that one stipulation of an LCDC grant for this public right of way area acquisition might be that NIC agree to dedicate the public right of way acquired to the City of CDA.

Motion by Commissioner Patzer, seconded by Commissioner Elder, to approve a \$125,000 LCDC partnership grant to NIC to be used by NIC for public right of way property acquisition necessary for the construction of Phase 1B of the Education corridor initiative, stipulating that any NIC acquired public right of way area designated for Phase 1B roadway improvements be dedicated to the City of CDA. Motion carried.

❖ **Finance Committee – Commissioner Rod Colwell**

Lake & River District Monthly Financials

Lake & River District Payables

LCDC Executive Director Berns, in Finance Committee Chair Rod Colwell's stead, reviewed and discussed the June Lake and River District financial files, and the June/July account payables sheet, with the Board.

Motion by Commissioner Goodlander, seconded by Commissioner Hoskins, to approve the June financial packets and the June/July accounts payables for the Lake & River Districts as presented.

Recusal – Commissioner Davis recused himself from voting on the payables related to the Riverstone developments.

Motion carried.

Budget Discussion: Draft FY12 Budget

Executive Director Berns led the Board through an overview discussion of the draft fiscal year 2012 (FY12) budgets for the Lake & River Districts. Ex. Director Berns also shared that under Idaho urban renewal law, urban renewal agencies are required to prepare and finalize budgets prior to September 1st of each year. Therefore, the LCDC Board needs to review draft budgets at the July Board meeting, and authorize publication of the draft budgets prior to the August Board meeting where a public hearing is held on the proposed budgets. Key FY12 budget issues discussed with the Board:

Lake District:

- The County currently shows a decrease in valuation for the Lake District of \$26.2 million over last year. The estimated \$3.6 million property tax revenue value is computed without any increase in levy rates; a conservative approach. **Note:** the LCDC is not a taxing entity; LCDC revenues are computed using levy rates set by the various taxing entities represented in LCDC's redevelopment districts.
- There is a new line item on the income statement for the Washington Trust Bank bond. The proposed budget anticipates drawing \$6.0 million in FY12.

- The Finance Committee proposes reducing the annual % contribution to public art from 3% down to 2%.
- McEuen Park expenses are forecast for Phase 1 A&E design, and two months of Phase 1 construction in FY12.
- A new line item “Ed. Corridor Phase 1B Infrastructure” has been added to the budget. The Finance Committee proposes budgeting \$500,000 towards this phase of the project in FY12.
- The FY12 budget anticipates the pay off of the \$2.5 million North Idaho Centennial Trail Foundation debt obligation.

River District:

- The County currently shows a decrease in valuation for the River District of \$10.5 million over last year. The estimated \$1.6 million property tax revenue is computed without any increase in levy rates; a conservative approach.
 - The Finance Committee is proposing reducing the annual contribution % to public art from 3% down to 2%.
 - The LCDC FY12 grant program budget captures \$30,000 for the KYRO project, based on the assumption that \$200,000 of the Board approved \$230,000 grant will be paid in FY11.
- Commissioner Davis discussed the Finance Committee’s recommendation to reduce the public art contribution percentage by 1% sharing that the current LCDC annual contribution to the City’s Arts Commission for public art within the redevelopment districts is significant. A 2% LCDC FY12 contribution for public art for both redevelopment districts equates to approximately \$104,000 versus a 3% FY12 contribution equaling approximately \$155,000.
 - Commissioner Elder shared that the McEuen Park initiative will most likely also generate funds for public art.
 - Commissioner Hassell agreed with the committee’s proposed reduction in the art contribution percentage.
 - Commissioner Goodlander commented that the LCDC Board can modify its Arts Commission public art contribution percentage on a yearly basis. She also shared that the Arts Commission is working to place public art in the soon to be completed Education Corridor roundabouts, and at the wastewater treatment facility.
 - Commissioner Davis commented that the Finance Committee felt the proposed funding for Phase1B of the Education Corridor initiative was an appropriate amount for LCDC.

Motion by Patzer, seconded by Hassell, to authorize the LCDC Executive Director to publish the proposed FY12 draft LCDC budget as presented in the CDA Press prior to the August 17, 2011 budget public hearing date. Motion carried.

Budget Discussion: Amended FY11 Lake District Budget

Executive Director Berns shared an overview of the proposed amendment to the fiscal year 2011 (FY11) LCDC budget citing that the only proposed amendment to the FY11 LCDC budget pertains to the LCDC's Lake District and involves the inclusion of 1) the construction costs for the Phase 1A infrastructure improvements pertaining to the Education Corridor initiative, and 2) the project management costs pertaining to Phase 1A of the Education Corridor initiative.

Motion by Hassell, seconded by Hoskins, to authorize the LCDC Executive Director to publish the amended FY11 LCDC budget as presented in the CDA Press prior to the August 17, 2011 budget public hearing date. Motion carried.

Lake District / Washington Trust Bank (WTB) Financing: Update

Executive Director Berns shared that the WTB financing process is moving forward, with document preparation planned for the end of July, with an anticipated loan closing in September.

FY11 Q3 Quarterly Report

Executive Director Berns shared the Fiscal Year 2011 third quarter (FY11 Q3) report with the Board, asking Board members to review the package at their convenience, and to contact him with any questions.

❖ **Housing Committee – Commissioner Jim Elder**

Commissioner Elder commented that he had no committee report to share.

❖ **Parking Committee – Commissioner Jim Elder**

Commissioner Elder commented that he had no committee report to share.

❖ **Communication Committee – Commissioner Dave Patzer**

Commissioner Patzer commented that he had no committee report to share.

7. EXECUTIVE DIRECTOR'S REPORT

LCDC Executive Director Berns reviewed the 3rd quarter status of the Board's FY11 goals. All of the Board's goals are progressing well and should be attained by the end of the fiscal year.

8. PUBLIC COMMENT

No public comment provided.

9. ADJOURN

Motion by Commissioner Hassell, seconded by Commissioner Patzer to adjourn. Motion carried.

The LCDC Board meeting adjourned at 5:07 p.m. Minutes prepared and submitted by Tony Berns.