

MINUTES
URBAN RENEWAL AGENCY
December 3, 2008

Commissioner McCabe called the Moscow Urban Renewal Agency meeting to order at 7:05 a.m. Wednesday, the 3rd of December in the Moscow City Council Chambers.

Attendance:

<u>Commission Members</u>	<u>Staff Present</u>	<u>Others Present</u>
John McCabe, Chair	Pat Raffee, Interim Agency Director	Melissa Rockwood
Robin Woods	Gary J. Riedner, City Supervisor	
Steve Drown	Don Palmer, Finance Director	
Tom Lamar	Ramon Nunez, Finance Department	
Brandy Sullivan	Jen Pfiffner, Assistant to the City Supervisor	
	Stephanie Kalasz, City Clerk	

Absent: Jack Nelson, John Weber

1. Consent Agenda

- Minutes of November 12, 2008 meeting
- Accounts Payable Report
- November Interim Staff report
- Agency/City Admin Services Agreement – This item was pulled from the agenda.
- Interim Executive Director Services Agreement
- Commissioner Terms

Woods moved to approve the consent agenda. Lamar seconded the motion. Motion carried unanimously via acclamation.

2. Public Comment for *items not on the agenda*: 3 minute limit – no comment was offered.

3. Announcements (including conflict of interest disclosures if any) – none given.

4. Unfinished Business:

- Long-term Funding Options (Don Palmer)

Palmer gave a presentation on financing tools which included a list of financing options. He said there is a pay as you go system and he listed the pros and cons. He explained that grant funding may be available as an option (such as the brownfields remediation) and he described the pros and cons. He explained debt financing alternatives which include Urban Redevelopment Bonds, LID, Owner participation agreements; line of credit, and governmental loans. The pros and cons of debt refinancing were discussed. He discussed security or collateral for the debt and the source of repayment. He explained the obstacles for the MURA. The current financial markets on municipal lending will have an effect on the URA. Financing options for Idaho cities and urban renewal agencies are not as available as they were six months

ago. He discussed creative financing structures and informal banking requests for MURA financing tools from U.S. Bank, Zions Bank, and Inland Northwest Bank. He said he is still exploring Zions Bank and Inland Northwest Bank. He went through bank scrutiny for any debt financing. He said the project would need to be identified, financial projections given in regard to the Legacy Feasibility Plan which includes whether the increment provide capacity to service any debt; the collateralization behind any debt; financial projections; time frame for retirement of debt; and which properties can be used for collateralization. Collateralization was discussed. He said a URA line of credit would require the following criteria: a defined project and/or developer/owner for private improvements; MURA being responsible for the entire debt; security or collateral for the money being borrowed or government guarantee; and the tax increment pays for the debt when increment is sufficient. He explained the pros and cons. Payment on the line of credit is interest only. It is a tool for capital infusion.

Woods asked the timeline for a line of credit. Palmer said Inland Northwest Bank likes to set a line of credit up for one year and have it renewable. Development needs to occur for increment to happen so the line of credit can be paid. McCabe said a line of credit typically goes for one year with Wells Fargo Bank or the length of time it takes until the project is completed. He said it would be good to have a line of credit for a year and be able to renew it but assurance is needed that there will be time to pay it off.

Lamar asked about the use of a line of credit. There was discussion about types of URA projects. Riedner explained that the URA can do improvements that have public benefits. He said it is not restricted to public infrastructure and he gave some examples. Palmer said the first three years in Legacy Crossing is where consideration for financing is needed.

Palmer said owner participation agreements are used in Hayden and Coeur d'Alene and he explained the considerations for the agreements. He said in this type of agreement, if a developer is slow in completing the project, then he is responsible for the payments, not the URA. He discussed local improvement districts. The increment that the URA receives from the LID would be used to payoff the LID. The URA can get a portion of the tax revenue for administrative costs which is often 25 percent and the balance goes to paying off the debt. Riedner explained what an LID is. He said the City would have to approve the LID because the URA does not have the authority. It is easier to get funding for an LID than a bond and there is up to 20 years to pay for it. Palmer gave examples in Burley and Rexburg. Public investment is the last option and he discussed concerns with this option. Raffee confirmed that public investment and bank type questions don't preclude having consulting fees shared between the City and the Agency. Palmer displayed a table from the economic feasibility study for Legacy Crossing and the Legacy Crossing Tax Increment Revenue expected through 2033. He discussed financing capital projects using a combination of the financing options available. There was discussion about the smallest amount the URA would get assuming that there is no development.

- Alturas Direction & Philosophy: Commission discussion

Riedner said Alturas direction and philosophy has been discussed by the URA previously. There has been discussion about expanding Alturas and whether that is the direction that the Board would like to take. He displayed a map of Alturas I and II and explained surrounding uses. He said he contacted the Thompsons and discussed the issue of expansion. Ted Thompson is not amenable to give options or the right to first refusal. He said he would let the URA know if an offer has been made on the properties. There have been serious discussions on a few lots. He said it is a different direction from what staff has received from the Board in the past. He discussed leveraging and financing.

Lamar asked what the boundary is of the taxing district for Alturas and Riedner explained the boundaries. Lamar asked about starting a new project. Riedner said a separate district is possible but there are requirements for each project area. He discussed increment in the district. A decision needs to be made on whether enough funding exists.

Raffee said the reason this is on the agenda is because the Board wanted to make a decision by year end. All of the options involve staff work and there is a list of legal requirements for either expanding the Alturas URD boundary or extending the time the district is open. Woods said there are different ideas about how long this recession will last. She said there will probably a year or two to figure this out. She would like to know how much money the URA would have to purchase property. There are similar considerations for Legacy Crossing. Palmer, Raffee and Riedner agreed to update the Alturas URD economic feasibility study, reforecasting future income so that Commissioners would have the correct foundation for a decision soon after the new year. The URA doesn't have a plan. This is the ideal time to put a plan together. Drown said this is a hiatus where the Board can step back and take a look at things. Alturas is significant in its location in the town. Time is needed to plan the desired outcome. Legacy Crossing needs to be considered as well and how the two projects relate to each other.

Woods asked when the URA collects earnest money on a proposed lot purchase; Raffee explained that a \$3,000 deposit is required upon signing the Exclusive Negotiation Agreement. Raffee explained how it is handled. Riedner explained the EMSI situation. Woods asked and Raffee verified that the economy was the reason for the withdrawal of the offer.

- Legacy Crossing Direction & Philosophy: Commission discussion

This was postponed to a later meeting.

5. New Business:

- Logo recommendation (Pfiffner, Sullivan & Rockwood)

Pfiffner gave an overview on how the logo recommendation came about. Rockwood presented her proposed designs. She explained how the logos options were developed.

Woods moved to accept the logo recommended by the Marketing Committee. Sullivan seconded the motion. Motion carried unanimously via acclamation.

6. Committee Reports:

- Finance Committee: committee recommendations on conserving cash

Raffee said a summary of the October 30th Finance Committee meeting is included in the packets. She said there are three recommendations at the bottom of the page. There was discussion about conserving cash. Woods said it was her understanding that the idea is not to set a policy but to keep things flexible so the Board can do as it wishes. Riedner said the URA can retain a reserve account. There was discussion about whether to keep money for the Thompson note in reserve. Woods moved and Lamar seconded for the URA to only set aside reserve amounts as required by bond financing.

- Marketing Committee: update on First Step and other matters

Pfiffner said the website can be hosted by the City or First Step can host it. The First Step Agreement has been signed.

- Legislative & Government Relations: pre-Legislative event

Riedner said December 17th is proposed as a luncheon and the District 6 legislators have been invited (from 11:00 a.m. to 1:00 p.m.) to discuss the URA. There was a legislative tour here a few weeks ago and there is a lack of information out there. The meeting will be verified. The Government Relations Committee may meet on the 9th to discuss the Friend of the Court brief. He said he has not seen the brief yet. There have been nine agencies that have joined the pool. Most of the active URAs have chosen to help. Lewiston chose not to help. Hayden has asked to participate at a lesser amount and the group is discussing that possibility now. Drown asked if there is a good balance of north and south. Riedner said yes and read the names.

7. Staff Reports: Gary Riedner & Pat Raffee

- Recruitment Process update (Gary Riedner)

Riedner said there was a very successful advertising/recruitment for the executive director position. Nineteen applicants passed the initial screening and information has been passed on to the interviewing committee. The meeting today is to screen, rank and discuss who will get telephone interviews. In person interviews probably won't occur until January.

- District Updates (Pat Raffee)

This was included in the staff report.

- General Agency update

No report was given.

8. Executive Session: Pursuant to Idaho Code Section 67-2345, sub-section (1)(c) - to conduct deliberations concerning acquiring an interest in real property not owned by a public agency - none needed.

9. Adjournment

The meeting concluded at 8:42 a.m.