Rexburg Redevelopment Agency

*Meeting Minutes- September 22, 2016*

*Rexburg, Idaho*

Joseph West called the meeting to order around 12:05PM

Attendance

*Members*: Chairman Richard Horner, Joseph West, Brad Wolfe, Richard Smith, Robert Chambers, Randall Porter and Doug Hancey

*Visitors:* Dave Ogden - Sugar City Mayor, Kimber Ricks, Christian Anderson from Zions Bank

Via Telephone Conference: Meghan Conrad from Elam and Burke; Danielle Quade and Chelsey Porter from Hawley Troxell.

*Administrative Support*: Katie Cook

Board Leadership

Joseph West began the meeting as the board waited for Richard Horner to arrive. Joseph West addressed Matthew Nielsen, from the City of Rexburg, being appointed as Treasurer for the Rexburg URA board. Joseph West asked for a motion to approve Matthew Nielsen as the Treasurer for the Rexburg URA board. Doug Hancey motioned to approve Matthew Nielsen as Treasurer, Robert Chambers seconded the motion and it passed unanimously.

Approval of Minutes

Joseph West asked for a motion to approve the meeting minutes from August 10, 2016 which were sent to the Board prior to the meeting. Brad Wolfe motioned to approve the meeting minutes, Robert Chambers seconded the motion and it passed unanimously.

Approval of Invoices

There were no invoices to approve at this meeting.

Review of Financial Status

There have been no current changes in the financial status.

Approve Administrative Fee Increase

The board, in the previous meeting, had discussed raising the administrative fee from one percent to one and a half percent. It is now being proposed that it be changed from one percent to two percent, the purpose of this is to create a fund which can pay for administrative expenses. This would establish a fund based on the percentage of how much is paid out in a particular project, as the one percent has not been sufficient to cover costs. Last year the percent was one percent, the dollar amount is estimated to have been $10,000 to $15,000. Last year $30,000 was spent on administrative fees. The two percent will be charged to any project that the Rexburg URA will be paying for, and will be deposited into the administrative fund. The administrative fee will cover the work of The Development Company, any attorney and legal fees, insurance, and the yearly audit. This fund will not be limited to districts, but rather will cover any cost that should be spread over the entire Agency. Some projects are not financed and are pay as you go, when the city is reimbursed, the rest can be put into the administrative fund. The fund will fluctuate depending on the activity and project. The board moved to the conference call and will return to ask for a motion on the two percent fee increase.

After the conference call, Richard Horner addressed the administrative fee increase and asked if there were any other questions or discussion. In the past the short-fall was that the expenditures far exceeded the income. Presently the money owed is being paid through borrowing money from other funds. Currently the funds are negative, by increasing the percentage this will help bring it back to a positive balance. This money would be allocated to different districts by dividing flat portions per district. If in the future the board feels the need to decrease the percentage, the board can vote to do so. In general, administrative costs the board would need an average of $30,000 per year depending on projects and needs. Richard Horner asked for a motion to approve the increase of administrative fees from one percent to two percent. Richard Smith made a motion to approve the administrative fee increase to two percent. Doug Hancey seconded the motion and it passed unanimously.

North Highway District

Approve Low Bid for Re-financing Bond

Katie Cook called to set up the conference call with Meghan Conrad from Elam and Burke, Danielle Quade and Chelsey Porter from Hawley Troxell. Christian Anderson passed around slides on the bids received which can be found attached to the meeting minutes. At the last meeting the Board chose to move forward in distributing a formal request for bids. This was put together and was sent to over thirty different banks with three of them submitting bids. The North Highway District bonds were issued in 2010 and financed by Zions bank. It is in the best interest of the URA to refinance the bond. The current outstanding balance is $2,754,000. The agency has a debt service reserve fund that was required on the original bonds, which consists of $271,596.60 and can be used to pay off old bonds. Refinancing seems like the best option for the agency, if it is not done this year it will only grow more difficult to recover the cost of refinancing. The bids were received from The Bank of Commerce, Citizens Community Bank, and D.L. Evans.

The bid from D.L. Evans is very similar to what they bid for the board in the North Interchange project. The 3-2-1 step call means that in the first year you can call bonds paying a 3 percent penalty on the bonds called. In the second year pay a two percent penalty and the third year and on a one percent penalty. In the Cash Flow Savings and Present Value Savings there is actually a loss because of the high payments. Christian Anderson continued addressing the Bid Summary sheet attached to the meeting minutes and answered that the fees for Bank of Commerce are much lower than that of the two other banks, possibly because of their interest in the loan.

Christian Anderson then addressed the Bank of Commerce Debt Service Comparison that can be found attached to the meeting minutes. There is a thirty-day period once the documents have been approved and processed to go forward. Once these are drafted it will be published in the newspaper and will then be discussed and finalized at the next Rexburg URA meeting. The timeframe for closing is currently November 15, 2016.

Joseph West read Resolution No.2016-06 which can be found attached to the meeting minutes. Joseph West asked for a motion to approve Resolution No. 2016-06. Richard Smith motioned to approve Resolution No. 2016-06 authorizing the Bank of Commerce to begin the documents for the loan and bond. Doug Hancey seconded the motion and it passed unanimously. Katie Cook will be sending a copy of the signed Resolution to the board.

Washington School District

Richard Horner addressed the Washington School District and mentioned that Corey Sorensen is working with an investor that wants to develop the entire block. The Rexburg URA is currently waiting for an answer from the Montana Certified Development Company, they have new market credits that can be applied to the project and will greatly increase the return to the investor. Montana CDC will be contacting Richard sometime in October.

Downtown District

N/A

University Boulevard District

N/A

North Interchange District

The bond sale has been completed, after the deduction of fees and costs and the $350,000 in the reserve. The rest was deposited into the State Fund.

General Discussion

Open Discussion

Executive Session (As Needed)

Next Meeting Date and Adjournment

The next meeting was set for October 11, 2016 at noon.

The meeting was adjourned about 1:00 P.M.

Minutes submitted by: Florencia Lambert

Approved by: Board on \_\_\_\_\_\_\_\_\_\_\_\_\_\_

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Richard Horner, Chair