



**BOARD MEETING MINUTES
WEDNESDAY JANUARY 15, 2014 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: Goodlander, Hassell, Jordan, Armon, Druffel, Davis, Hoskins, Patzer, Colwell. LCDC staff present: Berns. LCDC legal counsel present: Quade (Hawley-Troxell).

2. PLEDGE OF ALLEGIANCE

3. PUBLIC COMMENT

Guests Present: Keith Erickson, Ben Johnston, Jeff Selle, Terry Cooper, and others.

No public comment was provided.

4. APPROVAL OF MINUTES

- December 18, 2013 Board Meeting Minutes

Motion by Commissioner Hoskins, seconded by Commissioner Armon, to approve the December 18, 2013 Board meeting minutes. Motion carried.

5. 2013 LCDC DRAFT ANNUAL REPORT

LCDC Executive Director Berns shared that there was a change to the urban renewal statutes in the summer of 2011 that now requires an urban renewal agency to accept public comment on their annual report prior to submittal to City Council. The following LCDC process has been established to meet the new statute requirements:

- The "draft" 2013 annual report to council was posted on the LCDC website's home page a week prior to the January, 2014 LCDC Board meeting,
- A public notice ran in the CDA Press a week prior to the January, 2014 LCDC Board meeting indicating that the LCDC Board will accept public comment on the annual report at the January, 2014 LCDC Board meeting. The notice states that the draft report is posted on line, and also states that written public comments are welcome and can be submitted via mail or email,

- Public comment on the LCDC annual report will be a discrete agenda item at the January, 2014 LCDC Board meeting. When this agenda item is addressed, an overview of the annual report will be provided by the Ex. Director. The LCDC Chairman will then ask if there is any public comment on the annual report. The Board will then listen to public comment, and then review any written public comments received. The Board can then choose to discuss any issues as they wish, directing the Ex. Director to work with the Chairman on making any modifications to the draft annual report prior to submission to City Council. The Board will then approve the draft annual report, via motion, with any proposed modifications as noted.

Ex. Director Berns then proceeded to provide an overview of the draft 2013 LCDC annual report (audience members and television viewers were also able to view the draft annual report).

Public Comment Re. 2013 LCDC Draft Annual Report

No public comment was provided at the Board meeting. Also, no written public comment was received re. the 2013 LCDC draft annual report.

Motion by Commissioner Armon, seconded by Commissioner Druffel, to approve the 2013 LCDC Annual Report as drafted, authorizing the LCDC Executive Director to submit the 2013 LCDC Annual Report to the CDA City Council as required by Idaho statute. Motion carried.

6. COMMITTEE REPORTS

❖ **Finance Committee – Commissioner Rod Colwell**

Lake & River District Monthly Financials

Lake & River District Payables

LCDC Finance Committee Chair Rod Colwell reviewed and discussed the December Lake and River District financial statements, and the December/January account payables sheet, with the Board.

Motion by Commissioner Hoskins, seconded by Commissioner Hassell, to approve the December financial statements and the December/January accounts payables for the Lake & River Districts as presented. Motion carried.

2013 Fiscal Year Audit – Ben Johnston, Magnuson & McHugh Co.

Commissioners Davis and Colwell welcomed Ben Johnston, Magnuson & McHugh (M&M) accounting firm, to the Board meeting. Commissioner Colwell shared that the Finance Committee reviewed the 2013 audit packet in detail, and met with Mr.

Johnston to review and discuss the draft audit packet at the committee's January meeting.

Mr. Johnston shared an overview of the fiscal year 2013 LCDC audit report with the Board. Mr. Johnston shared that the LCDC financial statements meet GASB standards as established and LCDC's fiscal year 2013 audit is considered a "clean" audit. Mr. Johnston also shared that LCDC has very good internal controls regarding its business model, and stated that the necessary checks/balances exist in the organization to help prevent theft/fraud issues.

Mr. Johnston discussed the fiscal year 2012 prior period adjustment value of \$3,213,599 related to the agreement between the LCDC and North Idaho Centennial Trail Foundation (NICTF) pertaining to the Bureau of Land Management (BLM) / Prairie Trail initiative. This prior period adjustment was necessary because the settlement agreement between the LCDC and NICTF re. the disposition of the Prairie Trail asset actually occurred in December 2012 (fiscal year 2013), after the end of fiscal year 2012 which ended September 30, 2012.

Mr. Johnston also shared that as a result of accounting principal GASB 65, agencies like LCDC can no longer capitalize closing costs, thus a (\$71,019) adjustment was made to the financial statements.

- Commissioner Colwell asked Mr. Johnston to explain how M&M confirms LCDC financial debt values and cash positions.
 - Mr. Johnston shared that M&M contacts financial institutions and other owners of LCDC debt to confirm debt amounts owed. As for cash assets, M&M relies on published bank statements for confirmation.
- Commissioner Armon asked if the Prairie Trail asset will be shown as an asset on the City of CDA balance sheet?
 - Mr. Johnston shared that yes, the City will book the Prairie Trail as a city-owned asset.

Motion by Commissioner Armon, seconded by Commissioner Patzer, to approve and accept the Fiscal Year 2013 LCDC audit as prepared by the Magnuson & McHugh accounting firm. Motion carried.

Piper/Jaffray Financial Consulting Contract

Commissioner Colwell shared that the LCDC Board will need to spend time early in 2014 working through a capital allocation prioritization exercise for the River District. With several significant community project endeavors on the horizon, the Board needs to make sure that available LCDC funds are invested wisely, optimizing the benefit to the community.

To that end, the Finance Committee recommends that LCDC engage Eric Heringer's team with Piper/Jaffray to assist the LCDC in analyzing River District financial alternatives. The Piper/Jaffray team will assist in helping to evaluate the potential financial capacity of the River District and assist in evaluating the pros and cons of entering into either a public bond financing scenario or a private bank placement scenario. The Finance Committee wants to make sure that LCDC can afford to be a financial partner in any significant LCDC Board commitments within the River District (e.g. proposed NIC Event Center).

The Piper/Jaffray fee proposal assumes Piper/Jaffray will act as financial advisor to LCDC in evaluating revenues, structuring debt and developing possible debt obligation placement strategies (both private and public placements). Piper/Jaffray's fee for this proposed financial advisory services engagement will have a spending cap of \$20,000.

Mr. Heringer's team performed a similar financial analysis several years ago for the LCDC's Lake District. The fee cap for the Lake District analysis was \$20,000. LCDC's actual payment for the Lake District analysis was \$17,303.

Motion by Commissioner Colwell, seconded by Commissioner Armon, authorizing the engagement of Piper/Jaffray to act as an LCDC financial advisor with a contract spending fee cap of \$20,000.

Discussion:

Commissioner Armon asked since the River District is smaller than the Lake District, might the actual cost for this analysis be less than what was paid for the Lake District analysis?

- *Commissioner Colwell shared that yes, the actual cost paid for this analysis may be less than what was paid for the Lake District analysis.*

Commissioner Patzer asked if the potential expansion of the River District boundary to include a proposed event center will be evaluated in the analysis?

- *Ex. Director Berns shared that yes, the boundary expansion will be considered in the analysis, even though current plans call for the new geography to be tax exempt (i.e. owned by a public entity).*

Commissioner Davis shared that Mr. Heringer's team performed very fine work for the LCDC via their work on the Lake District financial analysis.

Commissioner Colwell asked LCDC legal counsel Danielle Quade to offer her opinion on the Piper/Jaffray team.

- *Mrs. Quade shared that she feels that Mr. Heringer's team is the best team in the state to perform this type of proposed financial analysis.*

Motion carried.FY14 Q1 Quarterly Report

Executive Director Berns shared the Fiscal Year 2014 first quarter (FY14 Q1) report with the Board, asking Board members to review the package at their convenience, and to contact him with any questions.

❖ Housing Committee – Commissioner Deanna Goodlander

Housing Committee Chair Deanna Goodlander shared that representatives of The Housing Company plan to visit in the near term with area stakeholders re. the redesigned Midtown mix-use housing initiative in Midtown.

❖ Parking Committee – Commissioner Brad Jordan

Parking Committee Chair Brad Jordan shared that he had no report to provide.

❖ Communication Committee – Commissioner Dave Patzer

Communication Committee Chair Dave Patzer shared that the January LCDC newsletter was distributed on January 14th. Topics covered in the January issue of the newsletter include:

- McEuen Park construction update,
- Partnering for a stronger workforce article, discussing the differences associated with economic redevelopment projects vs. economic development projects ,
- Article on current River District development initiatives along Seltice Way and in the Riverstone West area, and
- An interview with CDA Downtown Association Manager Terry Cooper.

7. EXECUTIVE DIRECTOR’S REPORT

Ex. Director Berns reviewed the 1st quarter status of the LCDC Board’s fiscal year 2014 tactical goals.

Commissioner Davis asked Commissioner Patzer, who also serves as a commissioner on the Parks & Recreation Commission, to share an update on the “four corner” project public input process.

- Commissioner Patzer shared that there was a public workshop held on January 13th wherein the public was offered another opportunity to provide input on the proposed project. The workshop went very well, and people understand the proposed public process that is underway. The next step in the process is to place the four corner initiative on the January Parks & Recreation Commission agenda, and then to have the Parks & Recreation Commission move to forward a four corners project recommendation to the appropriate City Council committee for further consideration.

Commissioner Colwell asked Ex. Director Berns for an update on the McEuen Park project.

- Ex. Director Berns, and LCDC communication consultant Keith Erickson provided a project update, indicating that current plans call for project completion in May of this year.

8. BOARD COMMISSIONER COMMENTS:

Commissioner Patzer clarified for the viewing audience that the next Parks & Recreation Commission meeting is on January 27th.

9. PUBLIC COMMENT:

No public comment was provided.

10. EXECUTIVE SESSION – Idaho Code Section 67-2345(1)

Subsection C: acquiring an interest in real property not owned by a public agency.

Motion by Commissioner Hassell, seconded by Commissioner Jordan, to convene an Executive Session, as provided by Idaho Code Section 67-2345(1) Subsection C: acquiring an interest in real property not owned by a public agency.

Roll Call:

Goodlander	Yes	Hassell	Yes	Druffel	Yes
Colwell	Yes	Patzer	Yes	Jordan	Yes
Davis	Yes	Hoskins	Yes	Armon	Yes

Motion carried.

The LCDC Board entered into Executive Session at 4:50 p.m. Those present were the LCDC Board of Commissioners, LCDC Ex. Director Berns, and LCDC legal counsel Danielle Quade. Deliberations were conducted regarding the acquisition of an interest in real property not owned by a public agency.

No action was taken in Executive Session and the LCDC Board returned to regular session at 5:23 p.m.

11. ADJOURN:

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

The LCDC Board meeting adjourned at 5:24 p.m. Minutes prepared and submitted by Ex. Director Berns.