

EXHIBIT B

SCHEDULE OF PERFORMANCE – AMENDED 3/2/2017

| ACTION | DATE |
|--|----------------------------------|
| 1. <u>Deposit</u> . The Developer shall deliver the Deposit to the Agency. | No later than April 22, 2015. |
| 2. <u>Submittal of Information to Agency</u> . Developer shall submit all the required information to Agency for use in considering Developer's proposed development. | No later than February 22, 2016. |
| 3. <u>Agency Approval of Project Design</u> . Agency shall issue approval, or approval with conditions of design amendment, of Developer's project design. | No later than March 2, 2017 |
| 4. <u>Completion of Fair Use Appraisal</u> . Agency appraiser shall complete the fair use appraisal. | No later than March 31, 2017. |
| 6. <u>Submittal of Draft Disposition and Development Agreement (DDA)</u> . The Agency staff and Developer shall have completed a draft DDA in a sufficiently final form to permit review by the Agency Board and to proceed through the required notice and hearing process. | No later than April 21, 2017. |
| 5. <u>Project Financing Commitment</u> . Developer shall submit a letter of project financing commitment from project lender as evidence of project funding to Agency. | No later than May 24, 2017 |
| 7. <u>DDA Consideration</u> . The Agency Board shall consider and approve if appropriate the DDA. | No later than June 1, 2017. |

4846-9577-7570, v. 2



Minutes: Thursday, March 2, 2017, 7:00 a.m.

City of Moscow Council Chambers • 206 E 3rd Street • Moscow, ID 83843

McGeehan called the meeting to order at 7:01 a.m.

| Commissioners Present | Commissioners Absent | Also in Attendance |
|-----------------------|----------------------|---------------------------------------|
| Steve McGeehan, Chair | Dave McGraw | Bill Belknap, MURA Executive Director |
| Art Bettge | Ron Smith | Gary Riedner, Interim Treasurer |
| Steve Drown | | Anne Peterson, MURA Clerk |
| Brandy Sullivan | | |
| John Weber | | |

1. **Consent Agenda** - Any item will be removed from the consent agenda at the request of any member of the Board and that item will be considered separately later.

A. Minutes from February 16, 2017

ACTION: Approve the consent agenda or take such other action deemed appropriate.

Bettge moved approval of the consent agenda, seconded by Weber. Motion passed unanimously.

2. **Public Comment for items *not on agenda***

No comments.

3. **Announcements**

No announcements.

4. **Agency 2016 Annual Report Presentation – Bill Belknap**

In Accordance with State Statute, all urban renewal agencies are required to file an annual report describing the activities of the agency for the preceding year with the local governing body by March 31st of each year. Agencies are required to hold a public meeting to report the findings of the annual report and to take comments from the public prior to filing the report with the governing body. Staff has prepared the initial draft of the annual report and proposes to conduct the public meeting on the final report at the Agency's upcoming March 2nd meeting. After approval of the Annual Report it will be presented to the City Council at their March 20th meeting.

ACTION: Approve the 2016 Annual Report and pass associated Resolution 2017-01 to transmit the report to the Moscow City Council; or take other action as deemed appropriate.

Upon presentation of the full report, Belknap highlighted a minor misclassification of fees on the last page that has since been corrected. A \$40.47 OPA payment to the Anderson Group was erroneously reported as legal fees. Chair McGeehan offered the opportunity for public testimony.

Victoria Seever, 121 N Lilly, Moscow. In addition to the comments provided in the attached testimony, Seever pointed out an inconsistency on page 11 between a text amount and the graph amount, and a layout issue on page 12.

Weber moved acceptance of the report and passage of Resolution 2017-01. Bettge seconded the motion which passed unanimously.

5. Sixth and Jackson Environmental Covenant Approval – Bill Belknap

The Agency has been pursuing environmental remediation of the 6th and Jackson Property through the Idaho Department of Environmental Quality's (IDEQ) Voluntary Cleanup Program (VCP) over the last 18 month. We are currently working on the VCP closeout process and one requirement is to place an environmental covenant upon the property that would preclude groundwater extraction upon the property and require the continued operation of the extraction system until groundwater environmental compliance is reached. Staff will present the final environmental covenant document to the Board for review, approval and recordation.

ACTION: *Authorize the Chair signature upon the environmental covenant and recordation of the agreement against the 6th and Jackson property; or take other action as deemed appropriate.*

The compliance well has reached drinking water standards and the second well is close to reaching compliance. The four main components of the Environmental Covenant are to prohibit any groundwater extraction for consumptive use, to maintain and operate the extraction system intended to mitigate off-site migration of the impacted groundwater, to document the operations and maintenance plan for the system, and to provide the \$5,260 financial security DEQ requires in the event the Agency or future owner fails to complete operation of the mitigation system. Once the Environmental Covenant is recorded against the property the DEQ will issue its Conditional Certificate of Completion, after which the Covenant Not to Sue can be requested. Belknap reported the DEQ has agreed to let the City be the escrow agent for the financial security to avoid banking fees.

Bettge moved to authorize the Chair's signature on the Environmental Covenant to be recorded against the 6th & Jackson property. Sullivan seconded the motion which passed unanimously.

6. Proposed Amendment to the Exclusive Negotiation Agreement with Sangria Downtown LLC – Bill Belknap

At the Board's February 16, 2017 meeting, representatives of Sangria Downtown LLC presented a revised development proposal for the Agency's 6th and Jackson Property. The Board directed staff to prepare a revised development proposal for formal Board consideration including a proposed project schedule, Agency financial impact and updated Exclusive Negotiation Agreement schedule of performance.

ACTION: *Review and approve the revised development proposal and amended exclusive negotiation agreement schedule of performance; or take other action as deemed appropriate.*

Belknap reviewed that while environmental remediation has delayed development of the property, Sangria has refined their development plan. An important element of the revised proposal allows for the originally envisioned Hello Walk going diagonally through the property, but Sangria proposes to purchase only a portion of the URA parcel rather than the entire lot. This creates an opportunity for another purchaser or negotiation with the adjacent landowner. Belknap provided a schedule of all project elements which are ultimately reflected on the amended Schedule of Performance showing construction occurring July 2017-April 2018. Sangria's current proposal is to purchase an approximate 16,000 sf triangle portion of the property. The 5,888 sf for Hello Walk would be dedicated as an easement (probably to the City), which leaves a 11,728 sf parcel for the Agency to dispose of separately. The fair use appraisal will need to be refined, the turn-lane construction will occur this summer so contractor activities will need to be coordinated, and Hello Walk could be done in the spring of 2018 following completion of the other construction activities unless it's incorporated within another form of agreement between the Agency and Sangria's contractor.

Weber thought Sangria's original proposal included completion of Hello Walk. Belknap said it was shown in their original proposal but the Agency's financial contribution will be determined under the Exclusive Negotiation Agreement. He thought as a public walkway the Agency would likely have a financial role. Weber suggested the

Agency should wait to close on the property until the Sangria Group can provide evidence of financial ability to complete the project. Belknap said the DDA will include a commitment date by which Sangria must show financial sureties and other safeguards to ensure the project will proceed. Belknap presented the revised Schedule of Performance for Board approval. He pointed out the City's turn lane project would take care of the 6th Street frontage improvements and blend into the Hello Walk landing point, but due to Sangria's proposed changes, continuing discussions of driveway design on Jackson Street and the need for capital to pay off the bonds, Belknap recommended not doing the Jackson Street frontage improvements at this time. Belknap reviewed the financial impact of paying off the entire bond principal and interest in order to sell just a portion of the parcel to Sangria. The bottom line was that the Agency would need to utilize other resources (likely from the FY2016 \$480,857 fund balance) to fund the remaining bond balance of about \$172,476. Belknap discussed anticipated Legacy Fund Projections using the attached illustration. Bettge asked when Gritman increment would begin and Belknap said small payments received to date were already incorporated into the chart. Sullivan asked if the tax status of Gritman tenants affected the financials and Belknap explained the Agency's risk is protected because its obligation is to reimburse up to \$600,000 from tax increment, so if Gritman chooses tax-exempt tenants that will reduce the increment and therefore Gritman's reimbursements. Belknap said because of this unknown factor his revenue projections were purposely quite modest.

Bettge moved approval of the revised development proposal and amended ENA Schedule. Weber seconded the motion and it carried unanimously.

7. General Agency Updates – Bill Belknap

Belknap reported that content is being moved into the new website and reminded everyone of the March 16 meeting cancellation. McGeehan declared the meeting adjourned at 8:02am.



Steve McGeehan, Agency Chair

4-6-17

Date