

Meridian Development Corporation

2021

- ANNUAL REPORT -



MERIDIAN
development corp.
REVIVE • RENEW • REDEFINE

• *Featured In This Issue* •



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Letter From

- THE CHAIRMAN -

After a brief pause at the start of the COVID-19 pandemic in early 2020, activities within the Meridian Development Corporation's (MDC) urban renewal districts renewal districts have expanded at an almost unbelievable pace ever since. Strong demand for both commercial and residential real estate is motivating property owners to invest in new projects of varying types and many of those owners are looking to partner with MDC on levels not seen before in MDC's almost 20-year history.

In the original Downtown District, the past year was highlighted by the completion of construction of the Keller Associates building that includes many new MDC-funded public parking spaces that will benefit all of downtown. Work also continues on the residences and commercial spaces at Old Town Lofts, a project that will welcome its first tenants later this year and bring expanded energy to downtown.

As the Downtown District moves closer to sunseting in 2026, MDC is focusing its efforts on projects that will best position properties within the district for the future. One example of these efforts includes work to reduce of the area impacted by the Nine Mile Creek floodplain south of the railroad. Design work continues to make steady progress while MDC works with potential partners to develop a funding mechanism for the construction work that will make the project a reality.

Development within the Ten Mile District continued at a rapid pace and the amount of tax increment available to fund public investment is growing fast. The district continues to serve as an excellent example of the value of urban renewal in Idaho as the district directly contributed to the creation of thousands of family-wage jobs that inject millions of dollars into the local economy every year.

In the Union District developers broke ground on the first phase of Union 93, a project will add hundreds of new residential units and additional much-needed

commercial space to downtown. Among its many amenities, Union 93 will include the first-ever parking structures in downtown Meridian. MDC is working diligently with the project's owner to create an agreement to fund the project's public infrastructure that will likely include public open spaces and public parking.

Also in the Union District, MDC and the City of Meridian jointly issued a new request for proposals to redevelop the Civic Block. Three different groups submitted proposals, all of which would have been great additions to downtown. After a thorough vetting of the proposals by a committee made up of a variety of stakeholders, the city and MDC selected the proposal from River Caddis. Negotiations continue on that mixed-use project with the intent of executing a formal agreement later in 2022.

MDC annexed a handful of additional properties into the Union District in 2021, as well. Several properties in the area annexed, including the former site of the McFadden Market, changed ownership recently likely resulting in more projects to come soon.

A new district, the Northern Gateway, was established at the end of 2021 after much effort on the part of MDC and the City of Meridian. This new district offers expanded opportunity to property owners in what many consider the most blighted area in downtown Meridian.

MDC continues to focus on owner participation agreements as its primary tool of funding projects. Under this method, property owners front the cost of any public infrastructure included in their projects and then receive reimbursement from MDC over time using the tax increment created by their own project. This pay-as-you-go method reduces risk to MDC and allows it to fund public infrastructure without going into debt.

While 2021 was a very active year in MDC's districts, property owners in urban renewal areas still face challenges to re-development that don't exist on the same level outside of urban renewal areas. Idaho's urban renewal law is one of the only tools available to local municipalities and private property owners to help offset those differences. MDC continues to advocate for the importance of urban renewal in Idaho and makes every effort to operate in a manner that can be held up as a model of the right way to implement urban renewal.

2022 is lining up to be another busy year for MDC. Many of the trends seen in 2021 will continue into the new year and MDC is well-positioned to help shape the future of Meridian in a responsible fashion.

Dave Winder
Chairman

LEADERSHIP



DAVE WINDER

CHAIRMAN



NATHAN MUELLER

VICE CHAIRMAN



STEVE VLASSEK

SECRETARY/TREASURER

BOARD OF COMMISSIONERS



TAMMY DE WEERD



ROB MCCARVEL



DIANE BEVAN



DAN BASALONE



COUNCILMAN TREG BERNT



KIT FITZGERALD

An aerial photograph of downtown Meridian, Mississippi, showing a mix of modern and older buildings, parking lots with several cars, and a clear sky. Overlaid on the image is a large, stylized graphic consisting of three yellow banners with white text, set against a dark blue and black shield-like background. The banners read 'DOWNTOWN', 'URBAN RENEWAL', and 'DISTRICT' from top to bottom.

DOWNTOWN URBAN RENEWAL DISTRICT

The Downtown Urban Renewal District was the first urban renewal district to be created in Meridian. It was formed in 2002 and originally covered 150 acres from approximately I-84 to Fairview Avenue and Northwest 4th Street to East 5th Street.

Since the district was formed, many sections of downtown have flourished. Public infrastructure, including sidewalks, utilities and roadways, was improved. Buildings received facelifts with façade improvement grants. And new businesses decided to make downtown their home. However, some areas of the Downtown Urban Renewal District still need more attention for the transformation to be complete.

Because the current district sunsets in 2026, 77 acres were removed from the district in 2021 and added to the new Northern Gateway District. You can learn more about the new urban renewal district further down in the report.

Here is a look at some of the other highlights from the Downtown Urban Renewal District.

Keller Associates Building Complete

In June, Keller Associates completed its three-story, 19,000 square foot office building in downtown. The new headquarters for the engineering firm brings close to 100 well-paying jobs and adds another 44-public parking spots into the heart of Meridian.



Old Town Lofts Take Shape

While Old Town Lofts was not immune from the ongoing supply chain issues, the project continued to gain momentum. By the end of the year, all interior finishes were completed in Building A, located on the corner of Main Street and Broadway Avenue, while 75 percent of interior finishes were completed in Building B, located on the corner of Idaho Avenue and Meridian Road. Surface work started in order to complete all the parking spaces associated with the project and the commercial leasing team executed two letters of intent with future tenants for the project. The Building A is anticipated to open in May of 2022. Between the two buildings, there will be 100 apartments and 15,000 square feet of retail space.





Nine Mile Floodplain

MDC and the City of Meridian continued to work closely throughout 2021 to try to identify how to remove a number of homes and businesses from the Nine Mile Floodplain in downtown.

In 2020, both entities applied for a Building Resilient Infrastructure and Communities Grant through the Idaho Office of Emergency Management. Unfortunately, the proposal to improve culverts, channel and drainage infrastructure along Nine Mile Creek was not selected during the latest grant cycle. MDC was given the feedback to reapply after it had completed 100% construction

drawings for the proposed work.

In the summer, MDC and the City hired Forsgren Associates to develop construction plans that would remove properties between Franklin Road and the Union Pacific Railroad line from the 100-year flood plain boundary. Once complete, these plans will be used to reapply for another grant to fund the necessary work and start negotiations with Union Pacific Railroad.

MDC and the City remain committed to finding a way to remove 78 acres and 41 buildings, including an Idaho Power substation, from Meridian's Special Flood Hazard Area.

Concerts on Broadway

The City of Meridian and Meridian Arts Commission were excited to welcome back the popular Concerts on Broadway series in 2021 after the pandemic forced a brief hiatus. MDC contributed \$10,000 to support the program. Community members were able to listen to the Kings of Swing, Billy Blues Band and a special folk heritage concert featuring winning fiddler players from Weiser Fiddle Fest, Basque Oinkari Dancers and Mariachi de Acapulco del Sol with special guest Cecilia Violetta, a soprano on loan from Opera Idaho. The three concerts brought hundreds of families into City Hall Plaza in downtown.



WE ARE EXCITED
TO BRING BACK



THE CONCERTS
ON BROADWAY!



MDC CONTRIBUTED \$10,000
TO SUPPORT THE CONCERTS ON
BROADWAY SERIES.

Art Wraps

MDC partnered with the City of Meridian and West Ada School District to wrap seven traffic boxes with student's artwork. This year's artists were Carissa Bramlet, Gabby Brauman, Emery Grace Delfin, Sienna Meuser, and Viviana Ochoa. Five of the new traffic box wraps are located in the Downtown Urban Renewal District.



Carissa Bramlet



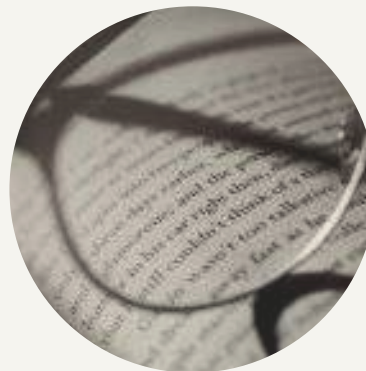
Gabby Brauman



Emery Grace Delfin



Sienna Meuser



Viviana Ochoa

An aerial photograph of a modern urban development. In the foreground, a multi-lane road with traffic lights and a single car is visible. To the left, a modern building with large glass windows and a brick base is partially obscured by a yellow banner. The background shows a mix of residential buildings and open, undeveloped land under a clear blue sky.

TEN MILE

URBAN RENEWAL

DISTRICT

The Ten Mile Urban Renewal District is located between I-84 and Franklin Road, east of Ten Mile Road. The 301-acre urban renewal district was formed in 2016 and all the land within the district has already either been developed, is currently under construction or plans have been submitted to the City.

Several new projects were completed in the Ten Mile Urban Renewal District over the past year. The Flats at Ten Mile Crossing opened in the fall and brought 235 luxury apartments to the district. The multifamily housing development includes a 12,000 square foot club house, pool, jacuzzi and Idaho's first Snook Ball court. Saltzer Health's Ten Mile Medical Campus expanded with the opening of a new 22,500 square foot surgery center. The facility features one procedure room and five operating rooms. It is designed to provide care for patients who do not require an overnight stay in the hospital following surgery.

In 2021, The City of Meridian approved the Ten Mile Center Preliminary Plat, Zoning and Development Agreement Modification. This is significant because it provides direction for this next phase of development. Ten Mile Center will include 83 buildable lots and two common lots spread out across 132 acres of land. Ten Mile Center will bring additional retail, office and medical development to the rapidly growing area.



Construction crews are already busy in Ten Mile Center working on the Ten Mile Creek Apartments, which will bring a combination of studio, one and two-bedroom units to Meridian, new headquarters for private equity firm Capital 11 and a self-storage business.

Looking to the future, many in the community were excited when SCHEELS announced it had selected Ten Mile Crossing as the home for its first Idaho store in November. The 240,000 square foot shopping destination will include an indoor aquarium, 65-foot Ferris Wheel and 85 specialty shops. SCHEELS is set to open in the spring of 2024.

SCHEELS ANNOUNCED TEN MILE
CROSSING AS THE HOME FOR ITS
FIRST IDAHO STORE.



UNION DISTRICT URBAN RENEWAL DISTRICT

A year after the Union District was formed, another 1.4 acres were incorporated into the district in 2021. Today, the district covers approximately three blocks from Idaho Avenue to the railroad tracks and Third Street to Main Street.

Up until recently, this was the most underdeveloped part of downtown. But now a multi-story, mixed-use development project is under construction and more work is on the horizon. Here is a look at what happened in 2021.

TODAY, THE DISTRICT COVERS APPROXIMATELY THREE BLOCKS.

Union 93

Galena Opportunity Fund continued construction on its two-building Union 93 project. Once complete, the development will bring 400+ residential workforce and market rate apartments, office space, retail developments and a parking garage with more than 600 spaces to the corner of Main Street and Broadway Avenue.

Much of the work in 2021 focused on preparing the site for construction. Once it was ready, CM Company and Okland got to work and they haven't slowed down since. The first phases of the project are currently set to be complete near the end of 2023. The progress to date gave two future tenants the confidence to commit to 10,000 square feet of retail space.

Union 93 will bring significant private investment into downtown and help capture tax increment financing to invest in public improvements within the district.





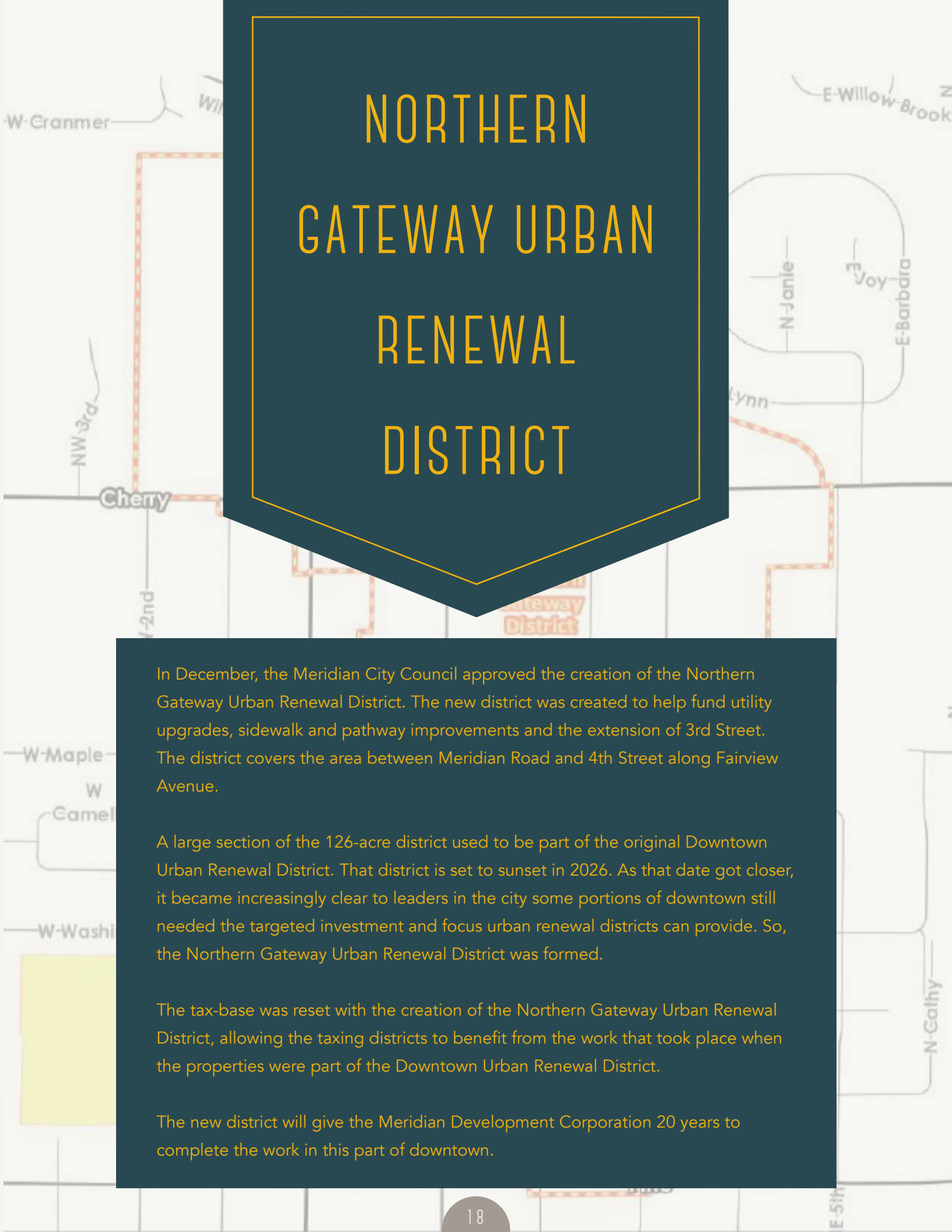
River Caddis Awarded Civic Block RFP

The Meridian Development Corporation and City of Meridian reissued a Request for Proposals (RFP) from developers to create an iconic, mixed-use development for the Civic Block in downtown. Several developers submitted RFPs. Ultimately, a proposal from River Caddis was selected after a thorough and competitive review process.

River Caddis is a Michigan-based real estate development company with projects across the nation. Currently, the Meridian Development Corporation and City of Meridian are in negotiations with River Caddis

over the proposed project features. The project will redevelop the properties currently occupied by the City of Meridian Community Center, Centennial Park and the MDC-owned parking lot associated with the COMPASS and Valley Regional Transit Building. Once the groups reach consensus on the project, the final design will be presented to the Meridian Development Corporation's Board of Commissioners and Meridian City Council before a development agreement is signed. In the meantime, River Caddis has begun the process of seeking input on the project from community stakeholders.





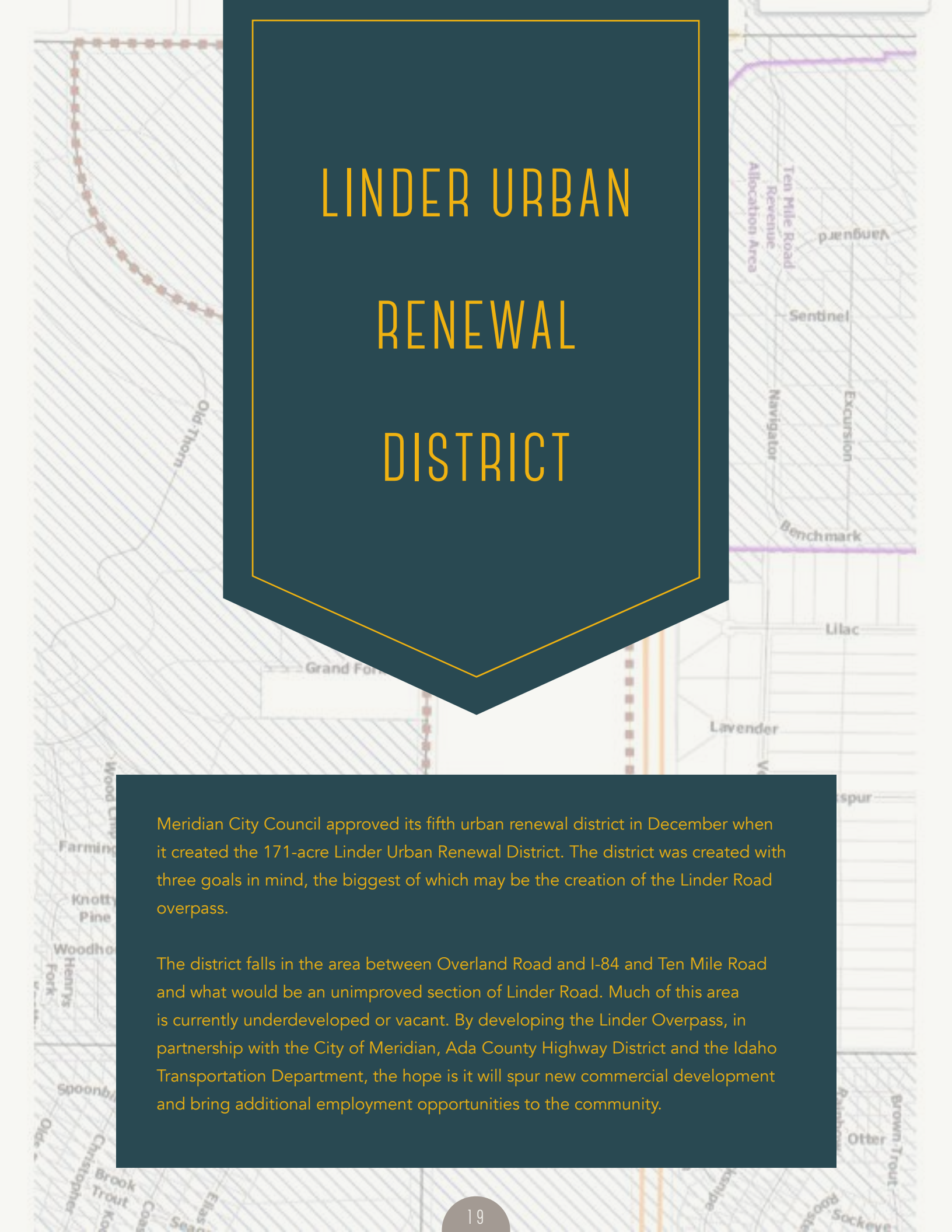
NORTHERN GATEWAY URBAN RENEWAL DISTRICT

In December, the Meridian City Council approved the creation of the Northern Gateway Urban Renewal District. The new district was created to help fund utility upgrades, sidewalk and pathway improvements and the extension of 3rd Street. The district covers the area between Meridian Road and 4th Street along Fairview Avenue.

A large section of the 126-acre district used to be part of the original Downtown Urban Renewal District. That district is set to sunset in 2026. As that date got closer, it became increasingly clear to leaders in the city some portions of downtown still needed the targeted investment and focus urban renewal districts can provide. So, the Northern Gateway Urban Renewal District was formed.

The tax-base was reset with the creation of the Northern Gateway Urban Renewal District, allowing the taxing districts to benefit from the work that took place when the properties were part of the Downtown Urban Renewal District.

The new district will give the Meridian Development Corporation 20 years to complete the work in this part of downtown.

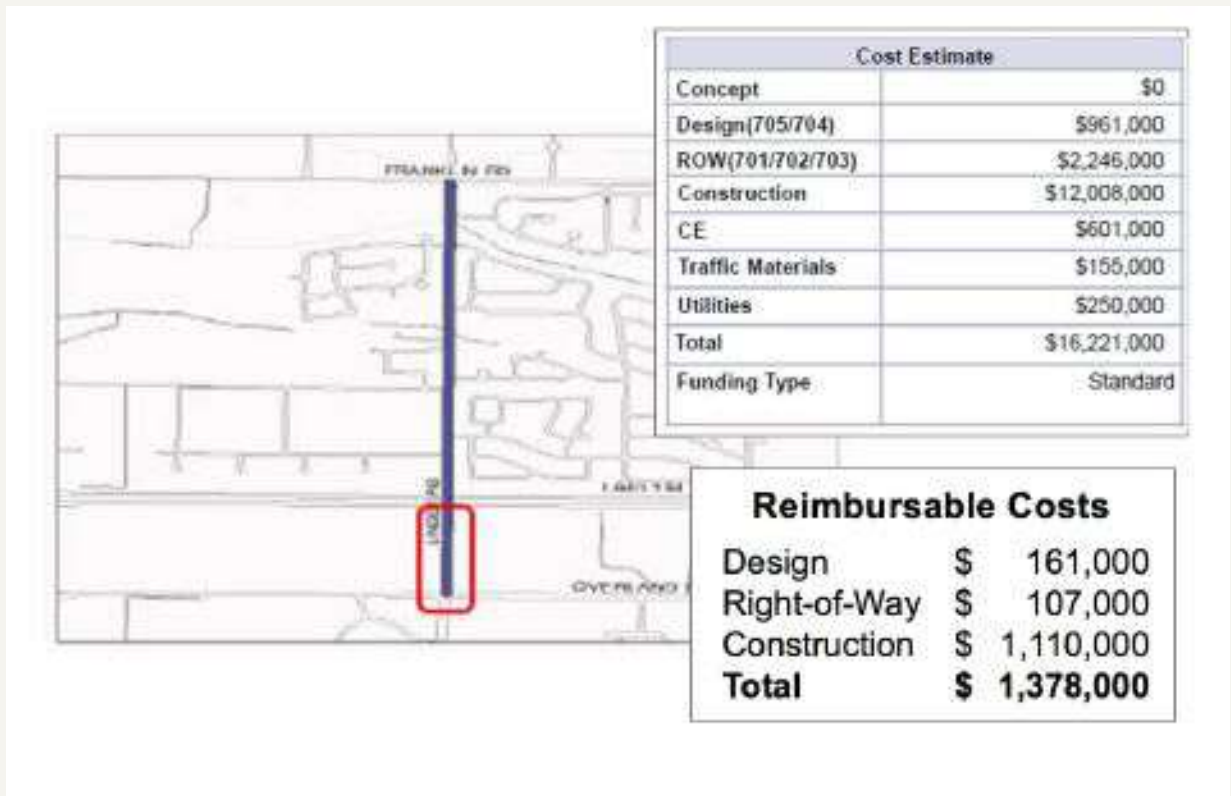
A detailed street map of the Linder Urban Renewal District in Meridian, Idaho. The map shows a grid of streets with various names such as Vanguard, Sentinel, Excursion, Navigator, Benchmark, Lilac, Lavender, and Brown Trout. A large, dark teal shield-shaped graphic is overlaid on the map, containing the title. The shield has a yellow border and a yellow arrowhead pointing downwards. The title text is in a bold, yellow, sans-serif font.

LINDER URBAN RENEWAL DISTRICT

Meridian City Council approved its fifth urban renewal district in December when it created the 171-acre Linder Urban Renewal District. The district was created with three goals in mind, the biggest of which may be the creation of the Linder Road overpass.

The district falls in the area between Overland Road and I-84 and Ten Mile Road and what would be an unimproved section of Linder Road. Much of this area is currently underdeveloped or vacant. By developing the Linder Overpass, in partnership with the City of Meridian, Ada County Highway District and the Idaho Transportation Department, the hope is it will spur new commercial development and bring additional employment opportunities to the community.

The construction of a new east-west local road and new sewer main extension is also planned within the district. As with the other new urban renewal districts within the city, the Meridian Development Corporation will have 20 years to see the work through.



THE BIGGEST GOAL IS THE CREATION OF THE LINDER ROAD OVERPASS.

LOOKING AHEAD
TO 2022







Spring

ONGOING NEGOTIATIONS WITH
RIVER CADDIS ON CIVIC BLOCK
PROJECT

Spring

COMPLETED CONSTRUCTION
DRAWINGS TO ADDRESS NINE
MILE FLOODPLAIN

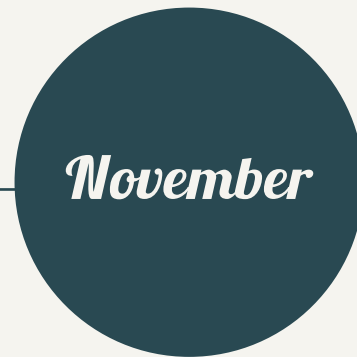
May

OLD TOWN LOFTS WELCOMES
FIRST RENTERS





SEARCH WILL START TO FIND THE
RIGHT TEAM TO HELP UPDATE THE
DESTINATION DOWNTOWN PLAN



KICKOFF WORK ON UPDATING
DESTINATION DOWNTOWN





APPENDIX A: 2021 FINANCIAL DOCUMENTS





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MERIDIAN DEVELOPMENT CORPORATION
FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2020

**MERIDIAN DEVELOPMENT CORPORATION
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YEAR ENDED SEPTEMBER 30, 2020**

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Independent Auditor's Report

Members of the Board of Commissioners
Meridian Development Corporation
Meridian, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Meridian Development Corporation (MDC), a component unit of the City of Meridian, Idaho, as of and for the year ended September 30, 2020, and the related notes to the financial statements which collectively comprise MDC's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of MDC, as of September 30, 2020, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2020 on our consideration of MDC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MDC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MDC's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Boise, Idaho
November 19, 2020

**MERIDIAN DEVELOPMENT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

This section of the Meridian Development Corporation's (MDC or Corporation) annual financial report presents management's discussion and analysis of MDC's financial performance during the year ended September 30, 2020. Please use this information in conjunction with the information furnished in MDC's financial statements.

Financial Highlights

- Fiscal year 2020 is the seventeenth full year that MDC has collected property tax. Property tax is MDC's principal source of revenue. Property tax collections increased by \$458,379 or 25.02% from fiscal year 2019 to fiscal year 2020.
- The total assets of MDC exceeded its liabilities and deferred inflows at September 30, 2020 by \$4,645,860. Of the total net position, \$502,028 is net investment in capital assets. The remaining net position of \$4,143,832 is restricted to meet the Corporation's on-going obligations. This is an increase of \$1,930,951 from net position of \$2,714,909 at September 30, 2019.

Overview of the Financial Statements

This annual report consists of five parts – *management discussion and analysis, the government-wide financial statements, fund financial statements, notes to the financial statements, and required supplementary information.*

Government - Wide Financial Statements

These statements report information about all of the operations of MDC using accounting methods similar to those used by private sector companies. These statements are prepared using the flow of economic resources measurement focus and accrual basis of accounting. The current year's revenues and expenses are recorded as transactions occur rather than when cash is received or paid.

The government-wide financial statements are divided into two categories:

Statement of Net Position – Reports all of MDC's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the entity is improving or deteriorating.

Statement of Activities – Reports all of the Corporation's revenues and expenses for the year by function. MDC currently has two functions, the community development and public education and marketing functions.

Fund Financial Statements

The Fund financial statements provide information about an entity's major funds. Funds may be required by law or may be established by the MDC Board of Commissioners.

Governmental Funds: Governmental fund financial statements focus on short-term inflows and outflows of spendable resources, an accounting approach known as the flow of current financial resources measurement focus and the modified accrual basis of accounting. Information provided by these statements provides a short-term view of what resources will be available to meet needs.

**MERIDIAN DEVELOPMENT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

Fund Financial Statements (continued)

MDC has two governmental funds:

General Fund: The general fund is the general operating fund of MDC. Income is derived primarily from property tax.

10 Mile District: The 10 Mile District fund was established as of July 1, 2016. Income is derived primarily from property tax.

Notes to the Financial Statements

The notes provide additional information that is necessary to fully understand the data presented in the government-wide and fund financial statements.

Required Supplementary Information

This section has information that further explains and supports the information in the financial statements by including a comparison of the Corporation's budget data for the year.

FINANCIAL ANALYSIS OF MERIDIAN DEVELOPMENT CORPORATION AS A WHOLE

Net Position

Net Position measures the difference between what the entity owns (assets) versus what the entity owes (liabilities) and future revenues (deferred inflows). At September 30, 2020, MDC's combined assets exceeded liabilities and deferred inflows by \$4,645,860.

The following statement is condensed from the statement of net position.

	2020	2019
ASSETS		
CURRENT ASSETS	\$ 6,969,518	\$ 5,467,550
CAPITAL ASSETS	672,384	672,384
Total Assets	7,641,902	6,139,934
LIABILITIES		
CURRENT LIABILITIES	159,234	777,304
NONCURRENT LIABILITIES	366,970	486,511
Total Liabilities	526,204	1,263,815
DEFERRED INFLOWS	2,469,838	2,161,210
Total Liabilities and Deferred Inflows	2,996,042	3,425,025
NET POSITION		
NET INVESTMENT IN CAPITAL ASSETS RESTRICTED	502,028	386,508
	4,143,832	2,328,401
	\$ 4,645,860	\$ 2,714,909

**MERIDIAN DEVELOPMENT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

Changes in Net Position

During the year, MDC's financial position increased by \$1,930,951. This compares with the prior year decrease in financial position of \$44,523.

The following condensed financial information was derived from the government-wide statement of activities and shows how MDC's net position changed during the year.

	2020	2019
GENERAL REVENUES		
Property Tax	\$ 2,290,633	\$ 1,832,254
Grant	172,688	206,618
Interest	15,642	16,413
Other Revenues	5,120	4,234
Total General Revenues	2,484,083	2,059,519
PROGRAM REVENUES	-	-
Total Revenues	2,484,083	2,059,519
EXPENSES		
Community Development	532,407	2,083,379
Public Education and Marketing	12,628	8,563
Interest on Long-Term Debt	8,097	12,100
Total Expenses	553,132	2,104,042
CHANGE IN NET POSITION	1,930,951	(44,523)
Net Position - Beginning of Year	2,714,909	2,759,432
NET POSITION - END OF YEAR	\$ 4,645,860	\$ 2,714,909

From fiscal year 2019 to fiscal year 2020, MDC's property tax revenue increased by 25.02%.

FINANCIAL ANALYSIS OF MDC'S FUNDS

Governmental Funds

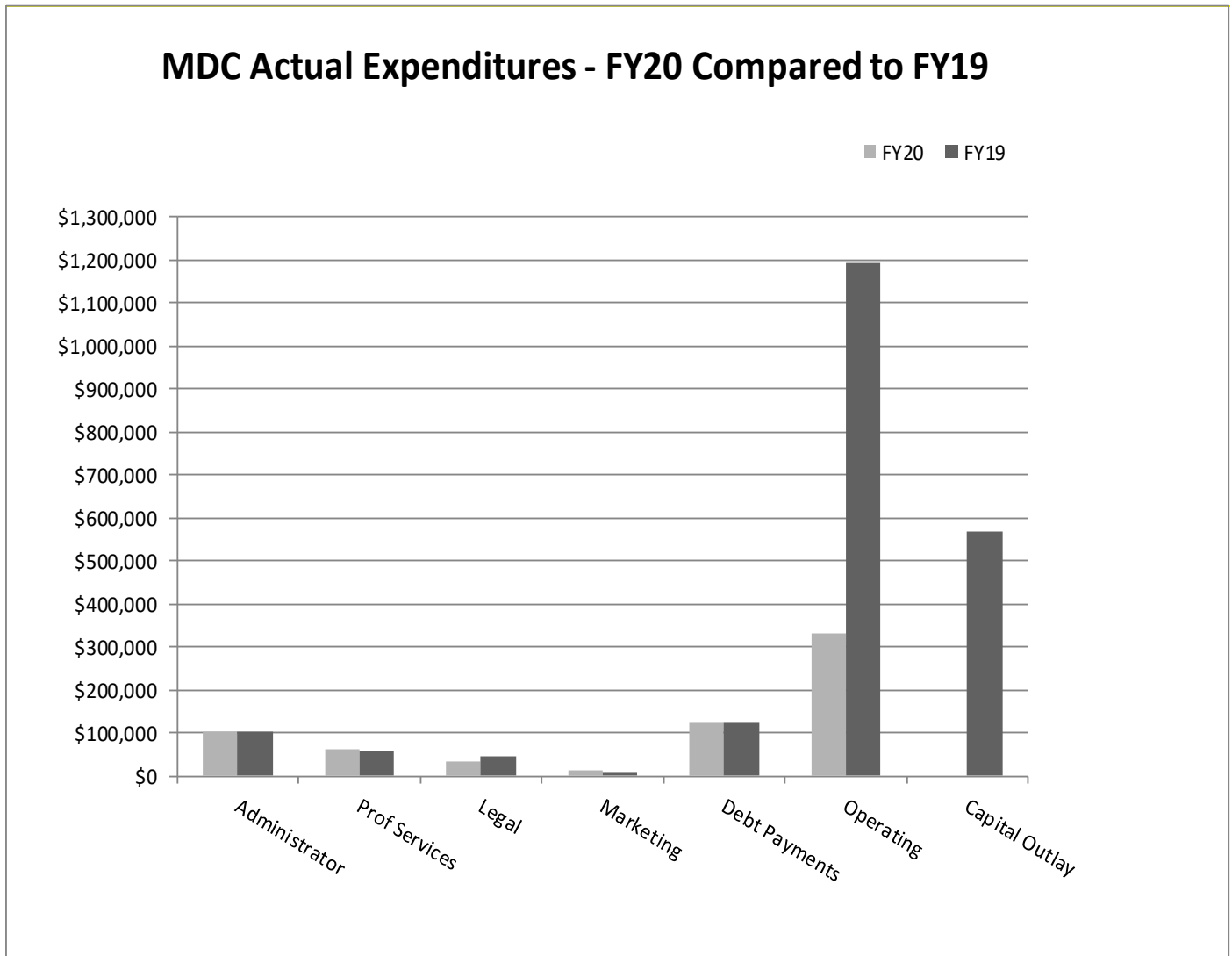
Fiscal year 2020 was the seventeenth full year that MDC received property tax revenue. At September 30, 2020 the funds' balance was \$4,302,093 as compared to \$2,601,261 at September 30, 2019. Of the funds' balance, \$4,085 is nonspendable and \$4,298,008 is restricted. The funds' balance increased in fiscal year 2020 due to tax revenues being higher than in fiscal year 2019 and due to the tax revenues exceeding normal operating expenditures.

**MERIDIAN DEVELOPMENT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

Budgetary Highlights

There were no budgetary amendments or capital outlay expenditures for the year. Operating expenses were under budget.

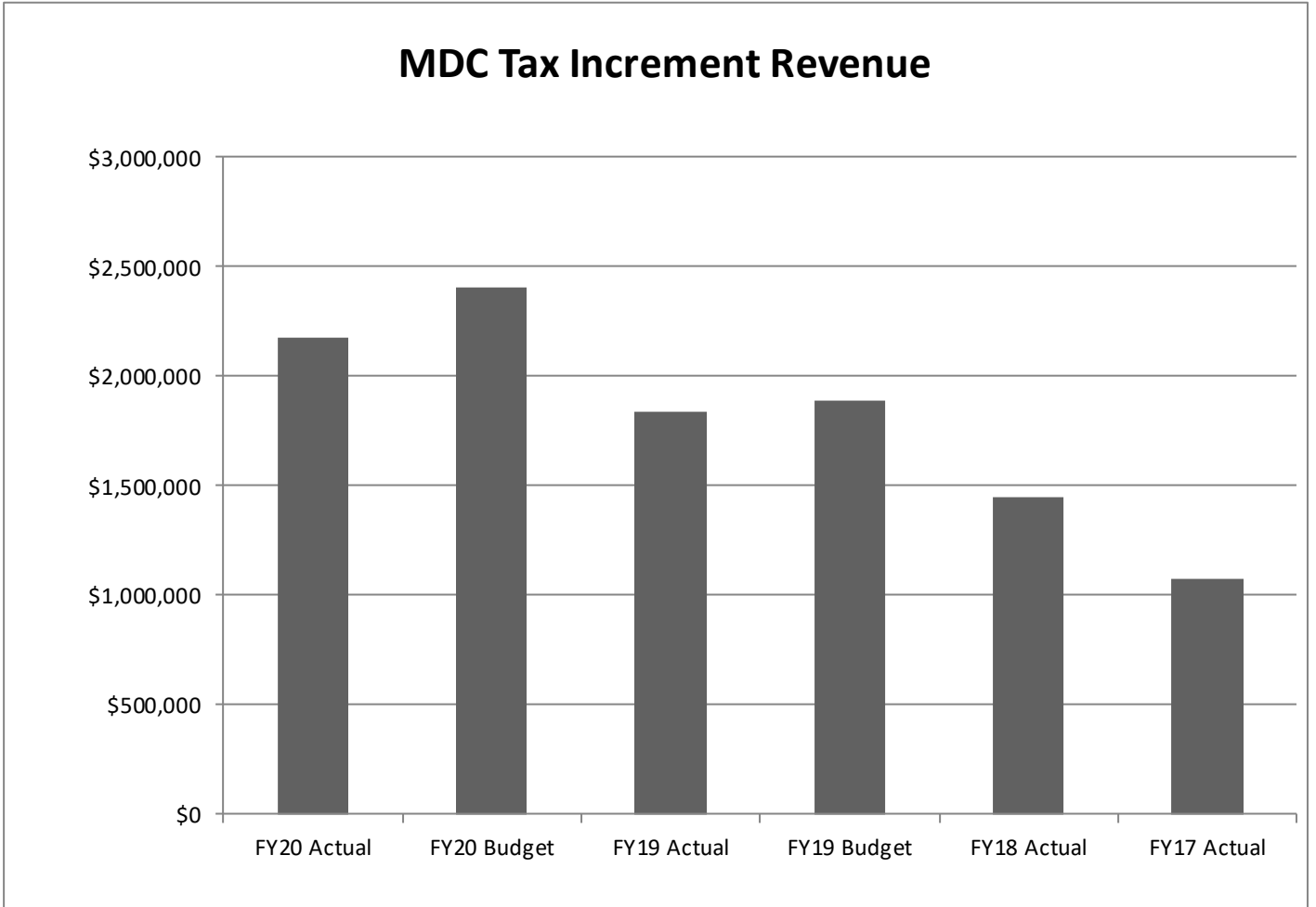
MDC does not have any employees and relies on professional service contracts for the administrator, legal, and marketing, etc. 32% of actual operating expenditures were for professional service contractors. MDC spent 12% of its operating budget.



**MERIDIAN DEVELOPMENT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

Budgetary Highlights (continued)

Property tax revenue was budgeted to be \$2,409,112; actual tax collected was \$2,176,034.



**MERIDIAN DEVELOPMENT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2019, MDC's total capital assets were \$672,384. At the end of fiscal year 2020, capital assets had not changed and were \$672,384, including \$672,384 in land, \$1,843 in equipment, \$180,160 in intangibles and \$182,003 in accumulated depreciation. Intangible assets include the Downtown Master Plan, the 3D Modelling, and the MDC website. See Note 3 for further detail of the capital assets.

Long-Term Debt

During Fiscal Year 2011, MDC took out a promissory note with Washington Trust Bank, totaling \$1,274,000. The note payable was incurred in order to complete the building to be sold as condominium and office space units. The note was renewed on March 10, 2017 and matures on March 5, 2022. As of September 30, 2020, the balance on the remaining note was \$170,356. See Note 4 for further explanation of the changes in long-term debt.

Fiscal Year 2021 Budgetary Considerations

For fiscal year 2021, MDC will continue downtown rehabilitation efforts by purchasing properties for redevelopment and parking and by participating in a variety of community downtown projects and programs. MDC will partner with the City of Meridian for downtown decorations, help fund public art and the split corridor lighting, and assist businesses with streetscape and façade improvements.

Property tax revenue is expected to be higher than the amount collected in fiscal year 2020.

Requests for Information

This report is designed to provide a general overview of Meridian Development Corporation's finances for our citizens and customers. If you have questions about this report or need additional financial information contact the Finance Office: 101 South Capitol Boulevard, Suite 1700, Boise, ID 83702. Phone 208-387-6400.

MERIDIAN DEVELOPMENT CORPORATION
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 4,313,175
Other Receivables	24,769
Property Tax Receivable	2,469,838
Delinquent Property Taxes Receivable	157,651
Prepaid Expenses	4,085
Total Current Assets	6,969,518

NONCURRENT ASSETS

Capital Assets, Not Subject to Depreciation and Amortization	672,384
Capital Assets, Subject to Depreciation and Amortization	182,003
Less: Accumulated Depreciation	(182,003)
Total Noncurrent Assets	672,384

Total Assets	7,641,902
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LIABILITIES

CURRENT LIABILITIES

Accounts Payable	39,936
Note Payable, Current Portion	119,298
Total Current Liabilities	159,234

NONCURRENT LIABILITIES

Due to Developers	315,912
Note Payable, Less Current Portion	51,058
Total Noncurrent Liabilities	366,970

Total Liabilities	526,204
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DEFERRED INFLOWS OF RESOURCES

Advanced Revenues, Property Taxes	2,469,838
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NET POSITION

Net Investment in Capital Assets	502,028
Restricted	4,143,832
Total Net Position	\$ 4,645,860

See accompanying Notes to Financial Statements.

**MERIDIAN DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020**

EXPENSES

Community Development	\$ 532,407
Public Education and Marketing	12,628
Debt Service Interest	8,097
Total Expenditures	553,132

GENERAL REVENUES

General Property Tax Revenue	2,290,633
Grant Revenues	172,688
Interest Earnings	15,642
Other Revenue	5,120
Total General Revenues	2,484,083

CHANGE IN NET POSITION

1,930,951

Net Position - Beginning of Year

2,714,909

NET POSITION - END OF YEAR

\$ 4,645,860

See accompanying Notes to Financial Statements.

**MERIDIAN DEVELOPMENT CORPORATION
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2020**

	General Fund	10 Mile District	Total
ASSETS			
Cash and Cash Equivalents	\$ 3,760,664	\$ 552,511	\$ 4,313,175
Other Receivables	24,769	-	24,769
Property Tax Receivable	1,664,238	805,600	2,469,838
Delinquent Property Taxes Receivable	156,885	766	157,651
Prepaid Expenses	4,085	-	4,085
	<u>\$ 5,610,641</u>	<u>\$ 1,358,877</u>	<u>\$ 6,969,518</u>
LIABILITIES			
Accounts Payable	\$ 39,069	\$ 867	\$ 39,936
DEFERRED INFLOWS OF RESOURCES			
Advanced Revenues, Property Taxes	1,821,123	806,366	2,627,489
FUND BALANCE			
FUND BALANCE			
Nonspendable	4,085	-	4,085
Restricted	3,746,364	551,644	4,298,008
Total Fund Balance	<u>3,750,449</u>	<u>551,644</u>	<u>4,302,093</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,610,641</u>	<u>\$ 1,358,877</u>	<u>\$ 6,969,518</u>

See accompanying Notes to Financial Statements.

MERIDIAN DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2020

	General Fund	10 Mile District	Total
REVENUES			
General Property Tax Revenue	\$ 1,610,499	\$ 565,535	\$ 2,176,034
Grant Revenue	172,688	-	172,688
Interest Earnings	15,642	-	15,642
Other Revenue	5,120	-	5,120
Total General Revenues	<u>1,803,949</u>	<u>565,535</u>	<u>2,369,484</u>
EXPENDITURES			
Office and Operating Expense	332,165	-	332,165
Professional Services, Surveys, and Studies	186,657	13,585	200,242
Public Education and Marketing	12,628	-	12,628
Debt Service:			
Principal	115,520	-	115,520
Interest	8,097	-	8,097
Capital Outlay	-	-	-
Total Expenditures	<u>655,067</u>	<u>13,585</u>	<u>668,652</u>
NET CHANGE IN FUND BALANCES	1,148,882	551,950	1,700,832
Fund Balance - Beginning of Year	<u>2,601,567</u>	<u>(306)</u>	<u>2,601,261</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,750,449</u>	<u>\$ 551,644</u>	<u>\$ 4,302,093</u>

See accompanying Notes to Financial Statements.

**MERIDIAN DEVELOPMENT CORPORATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT
OF NET POSITION
SEPTEMBER 30, 2020**

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS **\$ 4,302,093**

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	672,384
Equipment and Intangibles, Net of \$182,003	
Accumulated Depreciation	-

Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position.

Note Payable	(170,356)
Due to Brighton Homes	(315,912)

Some of the property taxes receivable are not available to pay for current period expenditures and, therefore, are not reported in the funds.	157,651
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Total Net Position as Shown on the Statement of Net Position	\$ 4,645,860
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MERIDIAN DEVELOPMENT CORPORATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 1,700,832

Amounts reported for governmental activities in the statement of activities are different because:

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability.

Payment of General Obligation Refunding Bond Principal 115,520

The change in property taxes receivable to be collected subsequent to year-end, but not available soon enough to pay for the current period's expenditures are not recognized. 114,599

Change in Net Position, as Reflected on the Statement of Activities \$ 1,930,951

**MERIDIAN DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Meridian Development Corporation (MDC) is a separate and distinct legal entity of the City of Meridian, Idaho (City) created by state statute. The Directors for MDC are appointed by the Mayor and approved by the City Council. MDC provides urban renewal services for the citizens of the City.

The financial statements of MDC have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

The accounting and reporting policies of MDC relating to the funds included in the accompanying basic financial statements conform to GAAP applicable to state and local governments.

Financial Reporting Entity

MDC is included as a component unit in the City's financial statements. These statements present only the funds of MDC and are not intended to present the financial position and results of operations of the City in conformity with GAAP.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**MERIDIAN DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

MDC reports the following major governmental funds:

General Fund - MDC is a general fund. General funds are used for all financial resources except those required to be accounted for in another fund.

10 Mile District Fund - The 10 Mile District fund was established as of July 1, 2016.

Capital Assets

Capital assets are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. All material fixed assets are valued at cost. Donated fixed assets are valued at their acquisition value on the date donated. Capital assets are depreciated on the straight-line basis with the half-year convention over useful lives of 3 to 30 years.

Property Taxes Receivable

Property taxes are recognized as revenue when the amount of taxes levied is measurable, and proceeds are available to finance current period expenditures.

Available tax proceeds include property tax receivables expected to be collected within sixty days after year-end. Property taxes attach as liens on properties on January 1, and are levied in September of each year. Tax notices are sent to taxpayers during November, with tax payments scheduled to be collected on or before December 20. Taxpayers may pay all or one half of their tax liability on or before December 20, and if one half of the amount is paid, they may pay the remaining balance by the following June 20.

**MERIDIAN DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflow of Resources and Advanced Revenue

Unavailable revenue is considered a deferred inflow of resources in accordance with the modified accrual basis of accounting for the fund financial statements. Deferred inflows of resources are measurable but do not represent available expendable resources for the fund financial statements for the fiscal year ended September 30, 2020. Since MDC is on a September 30 fiscal year end, property taxes levied during September for the succeeding year's collection are recorded as unavailable revenues at the MDC's year-end and recognized as revenue in the following fiscal year. Ada County bills and collects taxes for MDC.

Risk Management

As a component unit of the City, MDC is exposed to various risks of loss related to theft of, damage to, or destruction of assets. The City, and MDC as a component unit, participates in a public entity risk pool, Idaho Counties Risk Management Pool (ICRMP), for property and liability insurance. The City's and MDC's exposure to loss from its participation in ICRMP is limited to the extent of their deductible only.

Fund Balances

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the MDC is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable – Includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at September 30, 2020 by MDC are nonspendable in form. This includes prepaid expenses of \$4,085. MDC has not reported any amounts that are legally or contractually required to be maintained intact.

Restricted – This fund balance is constrained for a specific purpose and legally restricted by external parties, such as state or federal agencies. MDC had \$4,298,008 in restricted fund balance at September 30, 2020.

Committed – This fund balance constraint is self-imposed by the board of directors. Formal action is required by the board of directors to commit funds and must occur prior to year-end; however, the actual dollar amount may be determined in the subsequent period.

Assigned – This fund balance is intended for a specific purpose and the authority to "assign" is delegated to the administrator. Formal action is not necessary to impose, remove, or modify an assigned fund balance.

MERIDIAN DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unassigned – This is the remaining fund balance that has no internal or external restrictions. Unassigned amounts are available for any purpose. Although there is generally no set spending plan, there is a need to maintain a certain funding level. The unassigned fund balance is commonly used for emergency expenditures or reserves needed to ensure cash flow.

MDC has a policy regarding minimum fund balance for a stabilization arrangement to reserve 8% of the current year budget of tax revenues in order to ensure there is sufficient cash flow to maintain services between property tax receipts (the Resolution).

Pooled Cash

MDC follows the practice of pooling cash of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

NOTE 2 DEPOSITS – CUSTODIAN CREDIT RISK

Cash and Cash Equivalents

As of September 30, 2020, the account balance of the checking account was \$68,690. As of September 30, 2020, the account balance of the money market account was \$4,245,647. \$4,064,337 was uninsured and uncollateralized as of September 30, 2020. Cash is held in the custody of Washington Trust Bank in MDC's name.

MERIDIAN DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 3 CAPITAL ASSETS

Changes to capital assets are as follows:

	Balance 10/1/2019	Additions	Deletions	Transfers	Balance 9/30/2020
GOVERNMENTAL ACTIVITIES					
Capital Assets, not					
Depreciated Land	\$ 672,384	\$ -	\$ -	\$ -	\$ 672,384
Total Capital Assets, not Depreciated	672,384	-	-	-	672,384
CAPITAL ASSETS, DEPRECIATED					
Equipment	1,843	-	-	-	1,843
Intangibles	180,160	-	-	-	180,160
Total Capital Assets, Depreciated	182,003	-	-	-	182,003
Less: Accumulated					
Depreciation					
Equipment	(1,843)	-	-	-	(1,843)
Intangibles	(180,160)	-	-	-	(180,160)
Total Accumulated Depreciation	(182,003)	-	-	-	(182,003)
Total Net Capital Assets, Depreciated	-	-	-	-	-
GOVERNMENTAL ACTIVITIES					
CAPITAL ASSETS, NET	\$ 672,384	\$ -	\$ -	\$ -	\$ 672,384

MERIDIAN DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 4 CHANGES IN LONG-TERM DEBT

MDC has a promissory note for \$1,274,000 that matures on March 5, 2022 with a fixed interest rate of 3.51% collateralized by real property.

The following is a summary of changes in debt of MDC for the year ended September 30, 2020.

	<u>Balance 10/1/2019</u>	<u>Debt Issued</u>	<u>Debt Retired</u>	<u>Balance 9/30/2020</u>
GOVERNMENTAL ACTIVITIES				
Note Payable - Building	<u>\$ 285,876</u>	<u>\$ -</u>	<u>\$ (115,520)</u>	<u>\$ 170,356</u>
Current Portion of Note Payable				<u>\$ 119,298</u>

Maturities of the note payable are as follows for the years ended September 30:

<u>Years Ending.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 119,298	\$ 4,174	\$ 123,472
2022	51,058	180	51,238
Totals	<u>\$ 170,356</u>	<u>\$ 4,354</u>	<u>\$ 174,710</u>

NOTE 5 RELATED PARTY TRANSACTIONS

MDC partners with the City of Meridian for various downtown improvements. During the fiscal year, MDC reimbursed the City of Meridian \$81,146 for costs related to joint projects.

NOTE 6 LINE OF CREDIT

Washington Trust Bank extended a revolving line of credit to MDC that provides for available borrowings up to \$100,000. The agreement matures on June 30, 2021 and is unsecured. Borrowings under the line of credit bear variable interest rates at 5.5% per annum. There were no amounts outstanding on the line as of September 30, 2020. Borrowings under the line of credit are subject to certain covenants and restrictions on indebtedness and dividend payments.

MERIDIAN DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 7 NET POSITION

MDC had net position consisting of two components – net investment in capital assets and restricted net position.

The net investment in capital assets component of net position consists of capital assets that are owned by MDC, net of accumulated depreciation, and reduced by the outstanding balance of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

As of September 30, 2020, MDC had net investment in capital assets calculated as follows:

Capital Assets, Net of Accumulated Depreciation	\$ 672,384
Current Portion of Outstanding Long-Term Obligations	(119,298)
Noncurrent Portion of Outstanding Long-Term Obligations	(51,058)
Total Net Investment in Capital Assets	<u>\$ 502,028</u>

The restricted component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulation of other governments or imposed by law through constitutional provision or enabling legislation. MDC had a restricted net position as of September 30, 2020 of \$4,143,832.

NOTE 8 COMMITMENTS AND CONTINGENCIES

On February 8, 2017, amended on March 13, 2018, MDC entered into an Owner Participation Agreement with Ten Mile Crossing, Inc., Brighton Corporation, SCS Brighton LLC, Brighton Investments LLC, SCS Investments LLC, and SBG Ten Mile Office No. 1, LLC (the Developers) to carry out the approved urban renewal plan. This agreement contemplates that the Developers will develop the property by constructing private improvements. Eligible public improvements are to be constructed in phases and reimbursed from future tax increment revenues. As of September 30, 2020, the Developers have incurred eligible expenses and requested reimbursements totaling \$672,385. Of this amount, \$356,473 was paid by MDC in fiscal year 2020, with the remaining amount of \$315,912 to be paid, contingent upon the future receipt of tax increment.

The World Health Organization has declared the spread of the coronavirus disease 2019 (“COVID-19”) a world-wide pandemic. COVID-19 is impacting global markets, supply chains, businesses, and communities. With regard specifically to MDC, the full impact of COVID-19 is unknown. MDC believes it is taking appropriate actions to mitigate this negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as they are still developing.

MERIDIAN DEVELOPMENT CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General Property Tax Revenue	\$ 2,409,112	\$ 2,409,112	\$ 2,176,034	\$ (233,078)
Grant Revenue	280,000	280,000	172,688	(107,312)
Interest Earnings	6,000	6,000	15,642	9,642
Other Revenue	100,000	100,000	5,120	(94,880)
Total Revenues	<u>2,795,112</u>	<u>2,795,112</u>	<u>2,369,484</u>	<u>(425,628)</u>
EXPENDITURES				
Office and Operating Expense	5,273,954	5,273,954	332,165	4,941,789
Professional Services, Surveys, and Studies	210,500	210,500	200,242	10,258
Public Education and Marketing	12,000	12,000	12,628	(628)
Debt Service				
Principal	215,087	215,087	115,520	99,567
Interest	8,531	8,531	8,097	434
Capital Outlay	-	-	-	-
Total Expenditures	<u>5,720,072</u>	<u>5,720,072</u>	<u>668,652</u>	<u>5,051,420</u>
Excess (deficiency) revenues				
NET CHANGE IN FUND BALANCES	(2,924,960)	(2,924,960)	1,700,832	4,625,792
Fund Balance - Beginning of Year	<u>3,056,960</u>	<u>3,056,960</u>	<u>2,601,261</u>	<u>(455,699)</u>
FUND BALANCE - END OF YEAR	<u>\$ 132,000</u>	<u>\$ 132,000</u>	<u>\$ 4,302,093</u>	<u>\$ 4,170,093</u>

See accompanying Notes to Required Supplementary Information.

**MERIDIAN DEVELOPMENT CORPORATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2020**

NOTE 1 BUDGETS AND BUDGETARY ACCOUNTING

MDC follows these procedures in establishing the budgetary data reflected in the financial statements:

Prior to September 1, the members of the Board of Directors and the contract administrator prepare a proposed operating budget for the fiscal year commencing on October 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted at City Hall to obtain taxpayer comments.

Prior to October 1, the budget is legally enacted through passage of an ordinance.

Budgets are adopted on a basis consistent with GAAP for the funds. All annual appropriations lapse at fiscal year-end. Revisions that alter the total expenditure appropriation of any fund must be approved by the board of commissioners. State law does not allow fund expenditures to exceed fund appropriations.

Formal budgetary integration is employed as a management control device during the year.



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Members of the Board of Commissioners
Meridian Development Corporation
Meridian, Idaho

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of Meridian Development Corporation (MDC), a component unit of the City of Meridian, Idaho as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise Meridian Development Corporation's basic financial statements, and have issued our report thereon dated November 19, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered MDC's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MDC's internal control. Accordingly, we do not express an opinion on the effectiveness of MDC's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MDC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Boise, Idaho
November 19, 2020

FY2022 BUDGET

FY2022 Budget

Operating Revenue

Property Tax Revenue - Downtown District	1,600,000
Property Tax Revenue - Ten Mile District	1,600,000
Property Tax Revenue - Union District	-
Interest Earnings	20,000
Revolving Line of Credit	100,000
Funding Carryover	5,358,520

TOTAL REVENUES and AVAILABLE CASH \$ 8,678,520

Contractual Obligations:**Professional Services**

Administrator Services	130,000
Public Relations/Marketing	16,000
Legal Services	70,000
Legislative Services	30,000
Audit Services	14,000
Accounting Services	25,000
	<u>285,000</u>

Operational Expenses

ICRMP-Insurance Premium/Claims	2,365
Partnerships - Valley Regional Transit	5,420
Partnerships - City of Meridian, Concerts on Broadway	10,000
Irrigation Taxes	300
Legal Notices / Publications	1,500
Grounds Maintenance - Compass/VRT	4,000
Debt Service - Revolving Line of Credit	100,000
Debt Service - Principal Payments - WT	61,809
Debt Service - Interest Payments - WT	628
	<u>186,022</u>

ON GOING EXPENSES:

Software Maintenance/License	2,800
Parking Lot Maintenance - MDC Owned Buildings	3,000
Electronics Expense - General Fund	1,500
Office Expense - General	500
Meeting Expense	400
Leadership Conference	2,500
Postage & Mailings	200
Bank Fees	500
Mason Parking	2,500
	<u>13,900</u>

FY2022 BUDGET

FY2022 Budget

Total Contractual Obligations	484,922
Revenues less Contractual Obligations	<u>8,193,598</u>

DISCRETIONARY EXPENSES:

Operational Expenses

Advertising/Promotional/Publications	1,000
Training	5,000
Dues & Subscriptions	1,000
SUBTOTAL OPERATIONAL EXPENSES	<u>7,000</u>

Project Expenditures

Owner Participation Reimbursement to Brighton Corporation - Ten Mile	1,509,300
Ten Mile Revenues - 10% Administration Fees for Brighton + Other Revenues for non OPA properties in the district	491,219
Owner Participation Reimbursement to Pacific Companies	17,000
Partnership with Meridian Arts Commission - Downtown Art Wraps	5,000
Special Projects	436,579
Partnership with MDBA - Kiosks	6,000
New URDs	15,000
Alleyway Project	2,500
Nine-Mile Floodplain	2,500,000
Façade Improvement Program	120,000
MDC Website	6,000
Property Acquisition	2,250,000
Union Pacific Property Improvements	700,000
SUBTOTAL CAPITAL EXPENDITURES	8,058,598
8% Reserve Based on Estimated Revenues (Downtown District Only)	<u>128,000</u>

TOTAL EXPENDITURES	<u>8,678,520</u>
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NET	<u><u>0</u></u>
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Based upon 8% of \$1,600,000 estimated revenues	
1,600,000	
	<u>0.08</u>
	<u><u>128,000</u></u>

MERIDIAN DEVELOPMENT CORPORATION
THE URBAN RENEWAL AGENCY OF THE CITY OF MERIDIAN

Resolution No. 22-007

BY THE BOARD OF COMMISSIONERS OF THE URBAN RENEWAL AGENCY
OF MERIDIAN, IDAHO, A/K/A THE MERIDIAN DEVELOPMENT CORPORATION:

A RESOLUTION OF THE BOARD OF COMMISSIONERS
OF THE URBAN RENEWAL AGENCY OF MERIDIAN,
IDAHO ACCEPTING AND APPROVING THE 2021
ANNUAL REPORT FOR THE MERIDIAN DEVELOPMENT
CORPORATION ("MDC"); AUTHORIZING AND DIRECTING
THE ADMINISTRATOR TO TAKE ALL NECESSARY
ACTION REQUIRED REGARDING THE ANNUAL
REPORT; AND PROVIDING AN EFFECTIVE DATE.

THIS RESOLUTION, made on the date hereinafter set forth by the Urban Renewal Agency of the City of Meridian, Idaho, an independent public body corporate and politic, authorized under the authority of the Idaho Urban Renewal Law of 1965, as amended, Chapter 20, Title 50, Idaho Code, a duly created and functioning urban renewal agency of the City of Meridian, Idaho, hereinafter referred to as the "MDC."

WHEREAS, the MDC, an independent public body, corporate and politic, is an urban renewal agency created by and existing under the authority of and pursuant to the Idaho Urban Renewal Law of 1965, being Idaho Code title 50, chapter 20, as amended and supplemented, and the Local Economic Development Act of 1988, being Idaho Code, Title 50, Chapter 29; as amended and supplemented (collectively the "Act");

WHEREAS, the MDC was established by Resolution No. 01-367 of the City Council of the City of Meridian, Idaho (hereinafter the "City Council"), adopted July 24, 2001;

WHEREAS, the City Council of the City of Meridian, Idaho (the "City"), on October 8, 2002, after notice duly published, conducted a public hearing on the Meridian Revitalization Plan (the "Revitalization Plan");

WHEREAS, following said public hearing the City adopted its Ordinance No. 02-987 on December 3, 2002, approving the Revitalization Plan and making certain findings;

WHEREAS, the MDC Administrator has prepared the 2021 annual report for the urban renewal district and the board has reviewed the report;

WHEREAS, MDC hereby approves the 2021 annual report and desires that the Administrator take all necessary action regarding the report as required by law;

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE BOARD OF COMMISSIONERS OF THE URBAN RENEWAL AGENCY OF MERIDIAN, IDAHO, A/K/A THE MERIDIAN DEVELOPMENT CORPORATION, AS FOLLOWS:

Section 1: That the above statements are true and correct.

Section 2: That the Board approves the 2021 Annual Report.

Section 3: The Board authorizes the Administrator to take all necessary action to implement this resolution and comply with Idaho law concerning the 2021 annual report.


Section 4: That this resolution shall be in full force and effect immediately upon its adoption and approval.

PASSED AND ADOPTED by the Urban Renewal Agency of the City of Meridian, Idaho, a/k/a the Meridian Development Corporation, on March 23, 2022.

Signed by the Chairman of the Board of Commissioners and attested by the Secretary to the Board of Commissioners, on this March 23, 2022.

APPROVED:

By


Chairman

ATTEST:

By


Secretary