

Pocatello Development Authority

Board of Commissioners Meeting
August 15, 2018 – 11:00 a.m.
City Council Chambers

City of Pocatello
911 North 7th Avenue
Pocatello, Idaho 83205

An urban renewal agency for the City of Pocatello, Idaho

Call to order by Scott Smith, Chairman
Acknowledge guests of the Board
Disclosure of conflicts of interest
Agenda: delete action or discussion items

Action and Discussion Items:

Agenda Item No. 1: Minutes – [ACTION ITEM]

Motion to approve and/or amend the Regular and Executive Session Meeting Minutes of July 18, 2018.

Agenda Item No. 2: Financial Report – [ACTION ITEM]

Motion to approve and/or amend the July 2018 Income and Expenses Report.

Agenda Item No. 3: Payment Requests/Reimbursements – [ACTION ITEM]

- a. Elam & Burke for July services on Northgate TIF (general fund)
- b. Elam & Burke for July services on Hoku property (North Portneuf District)

Agenda Item No. 4: Public Hearing – FY2019 Budget – [ACTION ITEM]

****ADJOURNMENT TO WORK SESSION****

Agenda Item No. 5: Northgate TIF Plan – [ACTION ITEM]

****RECONVENE TO REGULAR SESSION****

Agenda Item No. 6: “Hoku” Property – [ACTION ITEM]

Executive Session:

Matters exist for discussion in an executive session as per I.C. §74-206(1)(e) to consider preliminary negotiations involving matters of trade or commerce in which the PDA may be in competition with other jurisdictions and I.C. §74-206(1)(d & f) to communicate with legal counsel for the PDA to discuss the legal ramifications of and legal options for pending litigation, or controversies not yet being litigated but imminently likely to be litigated and to consider records that are exempt from disclosure.

Upcoming Events/Information:

Adjourn.

City Hall is accessible to persons with disabilities. Program access accommodations may be provided with three (3) days' advance notice by contacting Skyler Beebe at sbeebe@pocatello.us; 208.234.6248; or 5815 South 5th Avenue, Pocatello, ID.

**AGENDA ITEM
NO. 1**

**POCATELLO DEVELOPMENT AUTHORITY
MEETING MINUTES
July 18, 2018**

Chairman Smith called the meeting to order at 11:05 a.m.

Members present: Mayor Brian Blad (left the meeting approximately 12:50 p.m.), Matt Bloxham, Chad Carr, Jim Johnston, Rob Lion, Chairman Scott Smith, and Terrel Tovey.

Members absent/excused: Thomas Ottaway, Scott Turner.

Others present: Melanie Gygli, Interim Executive Director; Jared Johnson, City Attorney; Ashley Linton-Welsh, Interim Chief Financial Officer; Jeff Mansfield, Public Works Director/City Engineer; Merrill Quayle, Development Engineer; Tiffany Olsen, Bannock County; Angela Wilhelm, Bannock Development Corporation (ex-officio); Denis Clijsters, representing Station Square and The Bridge; Lisa Willmore, representing The Bridge; Phil Kushlan, Kushlan Associates; Meghan Conrad, Elam & Burke; Chris Zahas, Leland Consulting Group (by phone from approximately 11:15 a.m. to 12:10 p.m.) and Matt Parks, Elam & Burke (by phone from approximately 12:45 to 1:15 p.m.).

Introductions, Conflicts, and Agenda: There were no conflicts disclosed.

1. Action and Discussion Items:

Agenda Item No. 1: Minutes. The minutes of the regular and executive session meetings of June 26, 2018, were considered. It was then **MSC (B. Blad, T. Tovey)** to approve the minutes as presented.

Agenda Item No. 2: Financial Report. **A. Welsh** presented the financial reports for the month of June 2018. At the end of the reporting period, the Authority had cash on hand of \$6,340,264.17. The checking account balance was \$2,928,838.13, the savings account was \$25.00, and cash held by Zions Trust amounted to \$3,411,401.04. The Authority recognized financial activity during the month of June as follows: revenue totaled \$18,567.06, of which \$4,475.87 was interest earnings on cash invested and property tax interest and \$750.00 in rental income from the Positron facility (the printed report stated this as \$1,500.00). Expenses totaled \$11,934.92, including \$146.94 for the June lunch meeting, \$152.13 to Wells Fargo for bank fees, and \$11,635.85 to Elam & Burke for work on the Northgate TIF plan and the Hoku property. Following discussion, it was then **MSC (J. Johnston, B. Blad)** to approve the June 2018 financial reports as presented.

Agenda Item No. 3: Payment Requests/Reimbursements. **Gygli** reviewed the invoices presented for payment. Those from Elam & Burke accurately reflect the work performed in June and both are appropriate for payment. It was then **MSC (J. Johnston, B. Blad)** to approve payments of \$22,755.47 and \$6,198.50 to Elam & Burke for work in June on the potential Northgate TIF plan and Hoku property, respectively.

Agenda Item No. 4: Northgate TIF Plan. **Meghan Conrad, Phil Kushlan, and Chris Zahas (by phone)**, representing Elam & Burke, Kushlan Associates, and the Leland Consulting Group, respectively, were present to provide information on the draft Northgate TIF plan. **Zahas** reviewed the market analysis prepared by the Leland Consulting group, explaining the process and various data sources used. From their research and stakeholder interviews, two potential absorption projections were developed, "conservative," meaning business as usual and largely based on historical trends, and "attainable," assuming high quality development, coordinated marketing that would cause numbers to exceed baseline

potential. Even in the attainable scenario, there is a significant gap from the numbers provided by the Northgate developers. With little specific information from the developers, he cannot speculate on the basis for their projections.

Discussion ensued, with Zahas explaining their study took into account immigration from the Salt Lake City area (they feel this is a relatively small number), that the numbers provided by the developers for residential absorption are very aggressive, and a large amount of tech and office space proposed for creation. These numbers may be high for a city of Pocatello's size, especially given other development that is occurring in the area.

Kushlan presented the economic feasibility study. He feels using the numbers provided by the developers may not be realistic given the lack of specificity. In preparation of his study, he took the numbers from Zahas's report and developed two scenarios: conservative and achievable over a 20-year life of a TIF district. For purposes of these projections, the levy rate is assumed to be constant and the PDA's administrative costs begin at 10 percent per year, capped at \$50,000. With these assumptions, funds available for capital projects is projected conservatively at \$40 million and the achievable scenario at \$64 million. Both are significantly lower than the over \$80 million in costs projected by the developer.

Kushlan reviewed the cash flow analysis of the two scenarios over the term of the proposed TIF district, comparing obligations to the revenue stream. It is projected that the public agencies (PDA, City, County) will be reimbursed first, then development obligations. Difficulties in these projections include not knowing more closely what the infrastructure will cost, when it will be built, and to what extent the agency intends to reimburse for these costs. In the "achievable" scenario, funds will be available to pay about 80 percent of the need over 20 years, while in the "conservative" scenario, only 46 percent of the need can be met. Depending on what is to be reimbursed, the developers may not see any funding until 2028.

Discussion ensued regarding needing more concrete information from the developers to build better projections; whether there are any other financial obligations to the development beyond TIF funds; concerns about providing needed public services with little tax revenue to pay for them (Tovey noted the ambulance district levy is at the maximum).

Conrad reviewed the draft TIF plan, which is the framework for implementation. The plan needs some flexibility, but Idaho Code requires specificity in line items and projects. After the plan is completed and adopted, owner participation agreements will outline how funding will flow. She is still working on the various attachments, including determining the exact boundaries of the URA, with a map and legal description. Because the properties to be included have the ag exemption, consent from those owners must be obtained for the property to be included and there will need to be a transfer of powers ordinance from Bannock County, because much of the property remains in the County. Overall, plan creation remains on schedule for adoption in 2018.

Discussion ensued regarding the need to set final boundaries; using TIF funds on public facilities (up to 50 percent of the cost of the facility); operating costs of the City cannot be funded by the TIF district; potentially starting with a smaller area and creating another district later, though Kushlan reminded that residential development generally does not create a sufficient increment on its own; amendments to the plan would cause the base to reset, so that is not a viable option; the City will absorb the cost of providing services to an area that does not generate much funding to the City; concern over favoring one development over another; a development in Chubbuck for 300 homes that is moving more quickly than Northgate.

Further discussion on this plan is needed, including with the City Council and County Commissioners. Gygli will work to set a work session to continue review. Adoption of the plan tentatively would occur at the PDA's meeting in September.

Chair Smith moved ahead to items 6 and 7.

Agenda Item No. 6: Station Square – Request for Funding. At the 6/26/18 meeting, the Board gave preliminary approval for assistance of up to \$200,000 in a combination of a loan (\$100,000) and a grant (\$100,000). Grant monies are to be used for the fire sprinklers, fire exit stairway, and automatic doors, with loan funds to be used for the Class A hood and electric meters. After discussion, it was **MSC (J. Johnston, T. Tovey)** to provide assistance to Station Square as follows: up to \$100,000 in grant funds to be used for fire sprinklers, fire exit stairway in the atrium, and automatic doors on the front and back and up to \$100,000 in loan funds to be used for the Class A hood and electric meters on the outside of the building. The loan term will be five years, with the first year at 0 percent interest and no payment and with quarterly payments thereafter with interest at prime plus 1 percent. The owner is to provide a personal guarantee as well as a lien on the Station Square property.

Agenda Item No. 7: The Bridge – Request for Funding and Funding Agreement Update. Clijsters and Willmore provided additional information on their request for additional funding and reconsideration of the terms of the existing loan, extending the time for payment. The request totals \$44,418.88, which would pay off open invoices from moving the restaurant, making improvements to the patio, and UV tint for windows. They explained the building was not ready for use and the cost to make needed improvements exceeded estimates; many of those bills remain unpaid, with Willmore paying as funds are available. The landlord has granted use of the patio area with no current increase to the lease amount. They reiterated their desire to help in the revitalization of Old Town and feel the area needs to have this fine dining option.

Board members reviewed information on the restaurant's operation in the past and projections for the future; concern that improvements are being made with no contribution by the building's owner; whether the business can be successful long term; that this project removes a blighting influence from the downtown. Following discussion, it was **MSC (J. Johnston, T. Tovey)** to loan the additional funds (\$44,418.88), adding the existing loan, and rewriting to the original terms (five years, first year no payment, no interest; remaining four years at prime plus 1 percent interest, with quarterly payments), including a personal guaranty from the restaurant owner.

Agenda Item No. 5: "Hoku" Property.

2. Executive Session:

Chairman Smith called for a motion for the Board to go into an executive session to discuss a matter in which the PDA is in competition with other jurisdictions and to communicate with legal counsel for the PDA to discuss the legal ramifications of and legal options for pending litigation, or controversies not yet being litigated but imminently likely to be litigated and to consider records that are exempt from disclosure. At approximately 12:45 P.m., **it was moved and seconded (T. Tovey, J. Johnston)** to adjourn to executive session pursuant to Idaho Code §74-206(1)(d, e, & f). **The motion passed by roll call vote (Ayes: Tovey, Johnston, Blad, Bloxham, Carr, Lion, Smith. Nays: None).** Upon **MSC (T. Tovey, M. Bloxham)** the Board reconvened to regular session at approximately 1:15 p.m.

No action was taken on this item.

Agenda Item No. 8: Project Updates. There were no updates.

Adjournment:

There being no further business, the meeting adjourned at 1:28 p.m.

By: _____
Melanie Gygli, Interim Executive Director/Secretary

**POCATELLO DEVELOPMENT AUTHORITY MEETING MINUTES
EXECUTIVE SESSION
July 18, 2018**

Members present: Mayor Brian Blad, Matt Bloxham, Chad Carr, James Johnston, Rob Lion, Chairman Scott Smith, and Terrel Tovey.

Members absent/excused: Thomas Ottaway, Scott Turner.

Others present: Melanie Gygli, Interim Executive Director; Ashley Linton-Welsh, Senior Accountant; Meghan Conrad of Elam & Burke, and Matt Parks of Elam & Burke (by phone).

The Board of Commissioners adjourned from regular session into executive session pursuant to I.C. §74-206(1)(e) to discuss negotiations involving matters of trade or commerce in which the PDA is in competition with other jurisdictions and I.C. §74-206(1)(d & f) to communicate with legal counsel for the PDA to discuss the legal ramifications of and legal options for pending litigation, or controversies not yet being litigated but imminently likely to be litigated and to consider records that are exempt from disclosure. At approximately 12:45 a.m., **it was moved and seconded (T. Tovey, J. Johnston)** to adjourn to executive session pursuant to Idaho Code §74-206(1)(d, e, & f). **The motion passed by roll call vote (Ayes: Tovey, Johnston, Blad, Bloxham, Carr, Lion, Smith. Nays: None).** Blad left the meeting at approximately 12:50 p.m. Upon **MSC (T. Tovey, M. Bloxham)** the Board reconvened to regular session at approximately 1:15 p.m.

By: _____
Melanie Gygli
Interim Executive Director/Secretary

**AGENDA ITEM
NO. 2**

Pocatello Development Authority
Balance Sheet by Class
As of July 31, 2018

	1-General Fund	3-North Yellowstone	4-Naval Ordnance	6-North Portneuf	7-Pocatello Regional Airport	TOTAL
ASSETS						
Current Assets						
Checking/Savings						
ICCU Checking	1,358,823.72	824,977.06	892,558.44	170,494.05	449,163.83	3,696,017.10
ICCU Savings	25.00	0.00	0.00	0.00	0.00	25.00
Zions 2012 Bnd Fnd 7110526D	0.00	622,382.25	0.00	0.00	0.00	622,382.25
Zions Bnd Reserve Fnd 7110526B	0.00	680,937.65	0.00	0.00	0.00	680,937.65
Zions Rev Alloc Fnd 7110526	0.00	2,112,043.52	0.00	0.00	0.00	2,112,043.52
Total Checking/Savings	1,358,848.72	4,240,340.48	892,558.44	170,494.05	449,163.83	7,111,405.52
Accounts Receivable						
Accounts Receivable	750.00	0.00	0.00	0.00	0.00	750.00
Total Accounts Receivable	750.00	0.00	0.00	0.00	0.00	750.00
Other Current Assets						
Accrued Interest Income	20,126.17	1,369.59	0.00	0.00	0.00	21,495.76
Property Tax Receivable	0.00	0.00	0.00	141,867.61	0.00	141,867.61
Total Other Current Assets	20,126.17	1,369.59	0.00	141,867.61	0.00	163,363.37
Total Current Assets	1,379,724.89	4,241,710.07	892,558.44	312,361.66	449,163.83	7,275,518.89
Other Assets						
Inventory - Leasehold	424,779.00	0.00	0.00	0.00	0.00	424,779.00
Note Receivable	76,000.00	0.00	0.00	0.00	0.00	76,000.00
Total Other Assets	500,779.00	0.00	0.00	0.00	0.00	500,779.00
TOTAL ASSETS	1,880,503.89	4,241,710.07	892,558.44	312,361.66	449,163.83	7,776,297.89
LIABILITIES & FUND BALANCE						
Liabilities						
Long Term Liabilities						
Deferred Interest Receivable	20,126.17	0.00	0.00	0.00	0.00	20,126.17
Deferred Notes Receivable Rev	50,000.00	0.00	0.00	0.00	0.00	50,000.00
Deferred Tax Revenues	0.00	0.00	0.00	128,001.48	0.00	128,001.48
Total Long Term Liabilities	70,126.17	0.00	0.00	128,001.48	0.00	198,127.65
Total Liabilities	70,126.17	0.00	0.00	128,001.48	0.00	198,127.65
Fund Balance						
Fund Balance	3,527,890.13	2,856,160.36	643,720.06	142,829.54	390,468.10	7,561,068.19
Net Income	-1,717,512.41	1,385,549.71	248,838.38	41,530.64	58,695.73	17,102.05
Total Fund Balance	1,810,377.72	4,241,710.07	892,558.44	184,360.18	449,163.83	7,578,170.24
TOTAL LIABILITIES & FUND BALANCE	1,880,503.89	4,241,710.07	892,558.44	312,361.66	449,163.83	7,776,297.89

**Pocatello Development Authority
Profit & Loss by Class
July 2018**

	1-General Fund	3-North Yellowstone	4-Naval Ordnance	6-North Portneuf	7-Pocatello Regional Airport	TOTAL
Ordinary Income/Expense						
Income						
Interest Income	283.40	4,577.02	153.55	33.07	91.50	5,138.54
Personal Property tax replace	0.00	23,003.35	6,043.21	404.91	1,262.83	30,714.30
Property Taxes	0.00	607,981.91	138,342.34	15,353.79	1,935.66	763,613.70
Rental Income	750.00	0.00	0.00	0.00	0.00	750.00
Total Income	1,033.40	635,562.28	144,539.10	15,791.77	3,289.99	800,216.54
Gross Profit	1,033.40	635,562.28	144,539.10	15,791.77	3,289.99	800,216.54
Expense						
Administrative	22,876.69	0.00	0.00	6,198.50	0.00	29,075.19
Total Expense	22,876.69	0.00	0.00	6,198.50	0.00	29,075.19
Net Ordinary Income	-21,843.29	635,562.28	144,539.10	9,593.27	3,289.99	771,141.35
Net Income	-21,843.29	635,562.28	144,539.10	9,593.27	3,289.99	771,141.35

At month end the Authority had cash on hand of \$7,111,405.52. The checking account balance was \$3,696,017.10, the savings account balance was \$25.00, and cash being held by Zions Trust amounted to \$3,415,363.42.

Pocatello Development Authority recognized above normal financial activity during the month of July. The Authority received revenues totaling \$800,216.54 of which \$5,138.54 was interest earnings on cash invested and property tax interest. Rental income from the Positron Facility was received in the amount of \$750.00. Property tax revenues were received for the North Yellowstone District (\$607,981.91), the Naval Ordnance District (\$138,342.34), the North Portneuf District (\$15,353.79) and the Pocatello Regional Airport District (\$1,935.66). Property Tax replacement dollars were received for the previously listed districts in the amount of \$30,714.30.

Expenses paid for the month totaled \$29,075.19. The administrative expenses were \$121.22 for the lunch meeting in July and Elam and Burke was paid \$28,953.97 for legal work on the Northgate project and the Hoku property.

Year to date revenues of \$1,825,142.36 (see page 3) are greater than expenses of \$1,808,040.31 so the overall net increase of reserves is \$17,102.05.

Pocatello Development Authority
Profit & Loss by Class
October 2017 through July 2018

	1-General Fund	3-North Yellowstone	4-Naval Ordnance	6-North Portneuf	7-Pocatello Regional Airport	TOTAL
Ordinary Income/Expense						
Income						
Donations and Grants	30.00	0.00	0.00	0.00	0.00	30.00
Interest Income	970.15	26,430.08	734.82	3,295.54	279.74	31,710.33
Personal Property tax replace	0.00	46,006.70	12,086.42	809.82	2,525.68	61,428.62
Property Taxes	0.00	1,374,745.18	236,017.14	37,820.78	55,890.31	1,704,473.41
Rental Income	7,500.00	0.00	0.00	20,000.00	0.00	27,500.00
Total Income	8,500.15	1,447,181.96	248,838.38	61,926.14	58,695.73	1,825,142.36
Gross Profit	8,500.15	1,447,181.96	248,838.38	61,926.14	58,695.73	1,825,142.36
Expense						
Administrative	41,402.87	0.00	0.00	9,631.50	0.00	51,034.37
Debt Service						
Interest	0.00	58,382.25	0.00	0.00	0.00	58,382.25
Total Debt Service	0.00	58,382.25	0.00	0.00	0.00	58,382.25
Dues and Memberships	1,450.00	0.00	0.00	0.00	0.00	1,450.00
Economic Grants Issued	1,650,000.00	0.00	0.00	0.00	0.00	1,650,000.00
Professional Services						
Other Professional Services	33,159.69	3,250.00	0.00	10,764.00	0.00	47,173.69
Total Professional Services	33,159.69	3,250.00	0.00	10,764.00	0.00	47,173.69
Total Expense	1,726,012.56	61,632.25	0.00	20,395.50	0.00	1,808,040.31
Net Ordinary Income	-1,717,512.41	1,385,549.71	248,838.38	41,530.64	58,695.73	17,102.05
Net Income	-1,717,512.41	1,385,549.71	248,838.38	41,530.64	58,695.73	17,102.05

AGENDA ITEM

NO. 4

NOTICE OF PUBLIC HEARING
 POCATELLO DEVELOPMENT AUTHORITY, POCATELLO, IDAHO BUDGET FOR FISCAL YEAR 2018-2019 (FY 2019)

Notice is hereby given that the Board members for the Pocatello Development Authority will hold a public hearing for consideration of a proposed budget for the fiscal period October 1, 2018 - September 30, 2019; all pursuant to the provisions of Section 50-1002, I. C. and Section 63-802, I.C., said hearing to be held at the City of Pocatello Paradise Conference Room at 911 North 7th Avenue, Pocatello, Idaho, at 11:00 a.m. on August 15, 2018. At said hearing all interested persons may appear and show cause, if any they have, why the proposed budget should not be adopted.

Fund Name	FY 2017 Actual Expenditures	FY 2017 Actual Revenue	FY 2018 Budgeted Expenditures	FY 2018 Budgeted Revenue	FY 2019 Proposed Expenditures	FY 2019 Proposed Revenue
GENERAL FUND	\$ 118,387	\$ 181,629	\$3,240,470	\$ 164,832	\$1,545,393	\$ 186,828
North Yellowstone District	\$ 935,164	\$1,363,556	\$4,889,568	\$1,407,587	\$5,737,997	\$1,501,658
Naval Ordnance District	\$ 23,623	\$ 246,946	\$ 899,054	\$ 250,076	\$1,127,195	\$ 234,790
North Portneuf District	\$ 31,977	\$ 60,054	\$ 174,631	\$ 26,186	\$ 310,893	\$ 140,432
Pocatello Airport District	<u>\$ 52,500</u>	<u>\$ 113,552</u>	<u>\$ 504,023</u>	<u>\$ 113,555</u>	<u>\$ 545,164</u>	<u>\$ 96,092</u>
TAX DISTRICTS	\$1,043,264	\$1,784,108	\$6,467,276	\$1,797,404	\$7,721,249	\$1,972,972
GRAND TOTAL:	\$1,161,651	\$1,965,737	\$9,707,746	\$1,962,236	\$9,266,642	\$2,159,800

I, Ashley Linton-Welsh, Interim Treasurer of the Pocatello Development Authority, do hereby certify that the above is a true and correct statement of the proposed expenditures and revenues for Fiscal Year 2018-2019 (FY 2019).

Dated this 1st day of August, 2018.

Published: **August 7, 2018** and **August 14, 2018** in the Idaho State Journal

Pocatello Development Authority - Budget 2018-2019 fiscal year

	General Fund	North Yellowstone	Naval Ordnance	North Portneuf	Airport	Total
Beginning Cash Balance July 31, 2018	\$1,358,565.32	\$4,236,338.42	\$892,404.89	\$170,460.98	\$449,072.33	\$7,106,841.94
INCOME:						
Administrative fees - estimated	186,328.00					186,328.00
Property taxes		1,491,658.00	234,190.00	137,432.00	95,992.00	1,959,272.00
Interest Income	500.00	10,000.00	600.00	3,000.00	100.00	14,200.00
Total Projected Income:	186,828.00	1,501,658.00	234,790.00	140,432.00	96,092.00	2,159,800.00
EXPENSE:						
Contingency (3)	1,215,385.32	4,904,139.42	1,103,775.89	279,408.98	545,164.33	8,047,873.94
Olympus Drive Connection	300,000.00					300,000.00
City payment for HOKU land purchase (2)				17,741.00		17,741.00
Administrative expense - estimated		149,166.00	23,419.00	13,743.00		186,328.00
Current year debt service (1)		679,691.00				679,691.00
Luncheon costs	2,000.00					2,000.00
Office expenses	300.00					300.00
Dues and memberships	1,450.00					1,450.00
Errors and omission insurance	6,258.00					6,258.00
Banking and Professional services	20,000.00	5,000.00				25,000.00
Total Projected Expense:	1,545,393.32	5,737,996.42	1,127,194.89	310,892.98	545,164.33	9,266,641.94
CALCULATED ENDING BALANCE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

1. Scheduled to payoff on August 1, 2024
2. Scheduled to payoff on October 31, 2030
3. The General fund contingency covers the Northgate project and potential unplanned projects.

The remaining contingencies in the other districts are for potential unplanned projects.