

Pocatello Development Authority

Board of Commissioners Meeting
November 21, 2018 – 11:00 a.m.
Paradise Conference Room – Pocatello City Hall

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

An urban renewal agency for the City of Pocatello, Idaho

Call to Order and Acknowledgment of Guests

Agenda Item No. 1: Disclosure of Conflicts of Interest

Agenda Item No. 2: Minutes – [ACTION ITEM]

Motion to approve and/or amend the Regular Session Meeting Minutes of October 17, 2018 and Special Meeting Minutes of November 1, 2018.

Agenda Item No. 3: Financial Report – [ACTION ITEM]

Motion to approve and/or amend the October 2018 Income and Expense Report.

Agenda Item No. 4: Payment Requests/Reimbursements – [ACTION ITEM]

- a. Elam & Burke in the amount of \$7,945.25 for October services on Northgate TIF (general fund)
- b. Elam & Burke in the amount of \$3,704.50 for October services on Philbin Road/Hoku property (North Portneuf District)
- c. Elam & Burke in the amount of \$43.00 for October services on Tax Commission compliance (general fund)
- d. Idaho State Publishing in the amount of \$84.31 for publication of RFP Notice (North Portneuf District)
- e. Redevelopment Association of Idaho in the amount of \$1,350.00 for Annual Dues and Legislative Contribution (general fund)

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

Agenda Item No. 6: Philbin Road/Hoku Property – Request for Proposal Deadline Extension [ACTION ITEM]

Agenda Item No. 7: Issue Approved Funds – Millennial Development [ACTION ITEM]

Agenda Item No. 8: Reports and Updates

- a.
- b.

Executive Session:

Matters may 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. 2**

**POCATELLO DEVELOPMENT AUTHORITY
MEETING MINUTES
October 17, 2018**

Chairman Smith called the meeting to order at 11:13 a.m.

Members present: Mayor Brian Blad, Matt Bloxham, Chad Carr, Jim Johnston, Rob Lion, Thomas Ottaway, Chairman Scott Smith, and Scott Turner.

Members excused/absent: Terrel Tovey

Others present: Melanie Gygli, Interim Executive Director; Joyce Stroschein, Treasurer; Jared Johnson, City Attorney; Merrill Quayle, Development Engineer; Jeff Mansfield, Public Works Director/City Engineer; John Regetz, Bannock Development Corporation (ex-officio); Meghan Conrad, Elam & Burke; Ken Pape, Portneuf Development Partners; Buck Swaney, Millennial Development Partners; Denis Clijsters, The Yellowstone; William Coryell, Sterling David, Hunter Rodriguez, and Stephen Wright, Off the Rails Brewery.

Agenda Item No. 1: Conflicts of Interest: Johnston disclosed a conflict of interest on matters related to the Northgate TIF.

Agenda Item No. 2: Minutes: The minutes of the Regular and Executive Sessions of September 19, 2018 were considered. It was then **MSC (J. Johnston, B. Blad)** to approve the minutes as presented.

Agenda Item No. 3: Financial Report. **J. Stroschein** presented the financial report for the month of September 2018. At the end of the reporting period, the Authority had cash on hand of \$6,731,948.47. The checking account balance was \$3,396,447.16, the savings account was \$25.00, and cash held by Zions Trust amounted to \$3,335,476.31. The Authority recognized financial activity during the month of September as follows: revenue totaled \$206,125.20, of which \$4,832.76 was interest earnings on cash invested and property tax interest, \$750.00 in rental income from the Positron facility, property tax dollars for the Naval Ordnance District (\$542.44), and \$200,000.00 on the agreement related to the Hoku property. Expenses totaled \$143.54, including \$128.54 for the September lunch meeting and a \$15.00 wire fee. Stroschein provided an update on the North Yellowstone district, stating sufficient funds should be available to begin the closure process in February. Following discussion, it was then **MSC (B. Blad, J. Johnston)** to approve the September 2018 financial reports as presented.

Agenda Item No. 4: Payment Requests/Reimbursements. The following invoices were reviewed for payment: 1) Elam & Burke in the amount of \$9,257.45 for September services on the Northgate TIF project; 2) Elam & Burke in the amount of \$982.25 for September services on the Hoku property; 3) Elam & Burke in the amount of \$64.50 for September services on district close-out questions; and 4) Melanie Gygli in the amount of \$94.99 for BDC Symposium registration for Bloxham, Lion, Smith, and Turner, and file boxes for PDA records. The invoices accurately reflect services and goods provided to the Board. It was then **MSC (B. Blad, J. Johnston)** to approve the payment requests.

Agenda Item No. 5: Issue Grant Funds –Yellowstone Restaurant: **Gygli** presented an accounting of the grant funds approved for the Yellowstone Restaurant. These funds were approved for use in paying off bills related to moving The Bridge from its South 1st to West Bonneville location. After consideration, it was **MSC (B. Blad, R. Lion)** to authorize release of the grant funds.

Agenda Item No. 6: Request for Funding (Clarification/Amendment) – Station Square: **Gygli** explained that Denis Clijsters, representing Station Square, has requested clarification of the Board's action on funding for Station Square. Specifically, he felt that approval was for the total cost of the improvements, and the amount of loan vs. grant should be flexible (rather than \$100,000 each). It was also his understanding that he had requested up to \$200,000 in grant funds. **Clijsters** explained the anticipated costs, some of which have gone up, while others may be less. A grant of \$100,000 will not cover the costs of the items, while a loan of \$100,000 will be more than required for the identified items.

Board members reviewed minutes and the request from the 7/18/18 meeting, as well as updated information provided by email. Discussion ensued about allowing flexibility between the loan and grant amounts and whether there is sufficient money in the general fund to cover an increased request. It was then **MSC (J. Johnston, C. Carr)** to confirm the Board's previous decision, specifically, 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: Request for Funding – BGS Holdings. **Sterling Davie, Hunter Rodriguez, William Coryell, and Stephen Wright** were present to discuss their proposal for assistance to establish Off the Rails Brewing at 228 South Main. The request is for \$60,000 in grant funds to make improvements to the front and rear facades and a \$200,000 loan to make necessary repairs and upgrades to the building. **Davie** described the business plan, explaining among the partners they have experience in brewing, business operation, and business management and catering. It is their intent to do onsite brewing and serve Chicago-style pizza. In response to questions from Board members, he explained they hope to be open by the end of January or into February 2019; they do not directly compete with other restaurants in the downtown area and feel they are different from other breweries in Pocatello. They have looked into other financing sources, but want to work with the PDA. They have purchased the building and will be purchasing the brewing equipment and tanks. They would need approximately 15 employees who would make at least the Federal minimum wage and the partners would take no profit until outstanding loans are paid. As far as possible, they will use local sources for supplies.

Discussion ensued among Board members regarding whether the local economy can absorb another brewery (Lion stated as many as three more could be supported); this appears to be a good project and good investment in the downtown area; whether the PDA has sufficient financial resources at this time to fulfill the request; perhaps approving the grant and considering the loan at a later date; impact of postponing decision (**Davie** indicated it would push their plans back).

Rather than taking action at this time, the Board determined to postpone consideration until a detailed review of the general fund could be completed. Further consideration of this request could be scheduled for a special meeting later in October.

Agenda Item No. 8: Election of Officers. Upon nomination made by **J. Johnston**, seconded by **B. Blad**, and carried **unanimously**, the existing slate of officers (Chair Scott Smith, Vice Chair Chad Carr, Treasurer Joyce Stroschein, and Secretary Melanie Gygli) were elected for an additional term.

Agenda Item No. 9: Engagement of Legal Counsel – General and/or TIF Close-Out Process. **Smith** suggested this be considered at a later meeting when assistance is needed. **Stroschein** explained that advice will be needed ahead of when the process starts for closing a TIF district.

Chairman Smith moved ahead to Agenda Item No. 12.

Agenda Item No. 12: Reports and Updates.

- a. Philbin Road/Hoku Property: **Smith** reported the Request for Proposals will publish 10/18 with a submission deadline of 30 days. Proposal selection is tentatively set for the Board's November meeting. There remain some issues with other involved parties.

Agenda Item No. 10: Northgate TIF Plan. **Meghan Conrad** presented the latest draft of the proposed TIF plan as well as updated financial scenarios and appendices. She asked that any comments be forwarded to her in the next week, in anticipation of a joint work session with the City Council and County Commissioners. Tentatively, approval of the plan will be at the PDA's November meeting, beginning the formal adoption process. **Swaney** clarified that the acreage for the proposed TIF is approximately 1,800 acres. He also reported the ITD is under contract Canon Builders for the new interchange. Construction is anticipated to begin by 11/1/18

Agenda Item No. 11: Request for Additional Funding – Northgate Development. Buck Swaney described progress to date on the east side road extending Olympus Drive and connecting to ITD right-of-way. This includes work from Jerome north on Olympus to connect to existing water and sewer infrastructure. They anticipate having the road substantially complete in approximately nine days. He reviewed the financial participation to date by the City (\$450,000), County (\$1,350,000), and PDA (\$1,650,000) in the interchange, as well as to the connecting road. They need approximately \$721,000 in additional funding to complete the project, not including the remaining \$300,000 commitment from the PDA. This additional amount has been included in the total of potential reimbursables from the TIF district.

City staff present explained that the money the City has committed to the interchange originally was intended to be used on the connecting road, from Jerome to the then-end of Olympus. There have been no City funds used on the improvements that have been made to Chubbuck Road. The County has contributed \$50,000 to the Chubbuck Road improvements.

Conrad explained that, while the expense likely is reimbursable, spending outside an established district may put the PDA as risk of not recouping the funds should the TIF not be established.

Board members discussed options for further assistance. As discussed on earlier agenda items, there are a number of commitments outstanding and, with a commitment of this size, available funds would be dramatically reduced. With reimbursement not likely for a few years, it would severely restrict the PDA's ability to assist with other projects. **Blad** noted the shortfall has not been discussed with the City Council; he could arrange to have that discussion in the next couple of weeks. Depending on that outcome, the PDA could consider the request further.

Ottaway left the meeting at approximately 1:08 p.m.

At the request of Board members, Chairman Smith returned to Agenda Item No. 7.

Agenda Item No. 7: Request for Funding – BGS Holdings. **Bloxham** stated his desire to provide at least partial funding to what is an excellent project. After discussion, it was **MSC (Bloxham, Blad)** to approve a grant of up to \$60,000 to BGS Holdings for proposed exterior work on the building at 228 South Main.

Adjournment:

There being no further business, the meeting adjourned at 1:17 p.m.

By: 
Melanie Gygli, Interim Executive Director/Secretary

**POCATELLO DEVELOPMENT AUTHORITY
MEETING MINUTES
November 1, 2018**

Chairman Smith called the meeting to order at 12:00 noon and welcomed guests of the Board.

Members present: Mayor Brian Blad, Matt Bloxham (joined meeting approximately 12:38 p.m.), Chad Carr, Rob Lion, Thomas Ottaway (left meeting approximately 1:13 p.m.), Chairman Scott Smith, and Terrel Tovey.

Members excused/absent: Jim Johnston, Scott Turner.

Others present: Melanie Gygli, Interim Executive Director; Joyce Stroschein, Treasurer; Jared Johnson, City Attorney; Merril Quayle, Development Engineer; Jeff Mansfield, Public Works Director/City Engineer; Ashley Linton-Welsh, Senior Accountant; John Regetz, Bannock Development Corporation (ex-officio); Phil Kushlan, Kushlan Associates; Meghan Conrad, Elam & Burke; Buck Swaney, Millennial Development Partners; Linda Leeuwrik, Pocatello City Council; Heidi Adamson, Pocatello City Council; Roger Bray, Pocatello City Council; Rick Cheatum, Pocatello City Council; Beena Mannan, Pocatello City Council; Ruth Whitworth, Pocatello City Clerk; Anne Nichols, Pocatello Administrative Services Manager; Matt Kerbs, Bannock County Attorney; Brady Halbieb, Channel 8; Sterling David, Hunter Rodriguez, and Stephen Wright, Off the Rails Brewery.

Agenda Item No. 1: Conflicts of Interest: No conflicts were disclosed.

Agenda Item No. 2: Northgate TIF Plan: **Smith** briefly recapped the process of creating the proposed TIF area and plan. **Conrad** presented the updated draft, explaining update numbers from the development team have been inserted. With these numbers, the plan is economically feasible. Consideration of funding a public emergency services building has been included (TIF funding could pay up to half of the cost, estimated at \$8 million). The feasibility study shows all potential projects can be funded, with funding remaining the end of the 20-year plan duration. The plan's base year is anticipated to be 2019, expiring in 2039, with funding flowing to the PDA in 2040. The plan is a framework, not a contract, and assumes a reimbursement model. Individual Owner Participation Agreements will be developed with each entity—including the public entities—that hope to be reimbursed.

The process going forward is for the PDA to consider adoption of the plan, then transmitting it to the City Council. Review by the Planning & Zoning Commission for conformity with the City's Comprehensive Plan is required, as well as an intergovernmental agreement and transfer of powers ordinance from Bannock County. A 30-day public notice and transmittal to all taxing districts is required prior to the Council's public hearing. After that hearing, the Council determines whether to adopt the plan by ordinance.

Stroschein presented information on potential TIF closures and tax "abatements" that will expire in the next three to five years. Including the North Yellowstone TIF district and abatements on Amy's Kitchen, Great Western malting, Western States Cat, and On Semi-Conductor, as much as \$3,108,080 in additional tax funds will be available to the City, within other taxing districts also receiving funds. This money could be used to offset the costs of providing services in the proposed TIF area. Funds made available through TIF closures count as new construction, so using them does not affect the 3 percent cap. How to use the increment funds is a determination to be made by the City Council and governing boards of the other taxing entities. **Blad** noted using TIFs as the PDA has brings in business and increases the tax base.

Kushlan reviewed the feasibility study, cash flow chart, and revenue allocation estimates. He explained that the projects and costs listed are only potential, that their inclusion does not mean they will be constructed or reimbursed. Based on the numbers provided by the developers, the public agencies should start seeing reimbursement in 2023, with the developers first receiving money in 2027 or 2028. The proposal assumes 75 percent of funds will be used for reimbursement, with the remainder left in reserve. At the end of the district's term, there could be as much as \$3.7 million unspent. Using a reimbursement model, the entire risk is borne by the developers, who will pay for the projects and only receive reimbursement if and when sufficient increment is received.

Planning to use only a reimbursement model does not mean bonding could not occur; however, the feasibility study does not include the expense of creating the bonds nor covering the interest costs. Therefore, the amount available for projects would be reduced. Additionally, creating a bonding situation requires a great deal of data, etc., to prove ability to repay the bonds.

Reviewing the project and boundary maps, **Swaney** explained the excluded areas are those where the property owners are not interested in being part of the TIF and not willing to sign the required agriculture consent. He explained annexation of the property into the City would be requested in approximately 200-acre parcels, when the development team determines market conditions are appropriate. Annexation will be done ahead of any development, so there will be no conflict between City and County development codes. **Conrad** explained an intergovernmental agreement and transfer of powers ordinance is still required, because at the time of TIF creation, part of the included property will be in the County.

Tovey explained the Commission may wish to entertain public comment, in addition to staff review, on the plan at the time they consider the intergovernmental agreement and transfer of powers ordinance to allow public participation. **Smith** noted the creation process has been done in open meetings, including the two work sessions, and **Conrad** reiterated there would be a public hearing on the plan before the Pocatello City Council, providing a formal way for citizens to comment.

Swaney announced that the interchange contract has been awarded to Cannon Builders and work is anticipated to begin 11/2/18, with a target completion of summer or fall of 2019. He invited those present to attend the Northgate tours being scheduled for 11/2/18, starting in the Portneuf Wellness Center.

Cheatum pointed out a math error in the feasibility study, page 2; **Kushlan** explained the numbers are accurate in the spreadsheets and he will correct the study.

Agenda Item No. 3: Request for Funding – BGS Holdings. **Smith** reviewed the request as discussed at the 10/17/18 meeting. **Gygli** explained the request by Millennial for additional funding on the east side street has been withdrawn, so that expense is no longer under consideration. **Stroschein** distributed an updated list of funding commitments, explaining \$878,402 is available in the general fund. Board members discussed the proposal, options for increasing the grant amount vs. the loan amount and need to discuss more broadly the Board's policy on amounts for loans and grants and type of projects to fund. Recent loan terms have been for five years, with the first year at 0 percent interest and no payments, then an interest rate of prime plus 1 percent and quarterly payments for years two through five. Concerns about competing with the private lending market and parity among funded projects. Representatives of BGS/Off the Rails Brewery indicated their acceptance of the proposed terms, including a \$200,000 loan and the \$60,000 grant approved at the last meeting.

After discussion, it was **MSC (Blad, Ottaway)** to approve a loan of up to \$200,000 to BGS Holdings for proposed interior work on the building at 228 South Main. Further discussion ensued regarding terms, general policy considerations, the role of the PDA in urban renewal, need to maintain the integrity of the general fund, not making all assistance grants.

Adjournment: There being no further business, the meeting adjourned at 1:23 p.m.

By: _____


Melanie Gygli, Interim Executive Director/Secretary

**AGENDA ITEM
NO. 7**

Pocatello Development Authority

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

An urban renewal agency for the City of Pocatello, Idaho

TO: Pocatello Development Authority Board of Commissioners
FROM: Melanie Gygli, Interim Executive Director
Merril Quayle, Development Engineer 
DATE: November 14, 2018
SUBJECT: Town Center JV/East Side Road Development – Issuance of Funds

As party to the “Construction Cooperative Agreement Local Road Construction – East of I-15 Northgate Interchange,” the Board agreed to provide funds in the amount of \$300,000.00 toward the design and construction of the new local road extending Olympus Drive north to the roundabout to serve the new interchange on I-15. These funds were to assist in covering project costs in excess of \$3,400,000.00.

The total being requested is \$300,000.00. The development team has submitted invoices in excess of \$3,700,000.00, meeting the terms of the contract. The invoices have been reviewed and approved for payment. The improvements are well-underway and are inspected as work progresses.

Copies of the invoices are in the project file.

Town Center JV
4990 Valenty St, Ste H, Chubbuck, ID, 83202
Phone 801.694.4279

INVOICE NO. 001: **NOV 12, 2018**
**CONSTRUCTION OF EAST SIDE ROAD PER
COOPERATIVE AGREEMENT**

BILL TO	INSTRUCTIONS
Pocatello Development Authority (PDA)	Please remit check to Town Center JV (TCJV). TCJV would like to collect check in person as soon as it is prepared. Please notify us accordingly.

QUANTITY	DESCRIPTION	UNIT PRICE	TOTAL
1	PDA Contribution per Cooperative Agreement, to be collected when TCJV Partners demonstrate that \$3,400,000 has been spent on the local road project (the subject of the Cooperative Agreement).	1	\$300,000
TOTAL DUE			\$300,000.00

Thank you!