

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 May 16, 2018, Special Meeting Minutes of May 24, 2018, and Special and Executive Session Meeting Minutes of June 11, 2018.

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

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

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

- a. Elam & Burke, \$8,202.85 for May services on Northgate TIF (general fund)
- b. Elam & Burke, \$3,433.00 for May services on Hoku property (North Portneuf District)
- c. Wells Fargo, \$152.13 for Client Analysis Services (general fund)

Agenda Item No. 4: Northgate TIF Plan

Agenda Item No. 5: "Hoku" Property – [ACTION ITEM]

Agenda Item No. 6: Request for Funding – Station Square – [ACTION ITEM]

Agenda Item No. 7: The Bridge - Funding Agreement Update – [ACTION ITEM]

Agenda Item No. 8: Project Updates – [ACTION ITEMS]

- a. Naval Ordnance TIF
- b. Other

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

Our problem:

- The whole 3rd floor renovations is estimated to cost \$1M.
- Per unit renovation cost therefore will be 45K
 - o This is lower than most newly build apartments!!
 - o Yet, valuations in Old Town for multifamily properties are extremely low. Generally used caprates in the area are 10% (cfr our current 2 appraisals from Kirkham appraisals)
 - o We estimate to bring an additional monthly rent of 11K with an additional cost of 4.5K = $6.5K * 12 = 78K$ NOI (netto operating income).
 - $78,000 / 10\%$ cap rate = additional 780K valuation.
 - o Form an investor perspective, we will lose +200K when we start this project, this will make it difficult for us to work with a bank to get a construction loan without sufficient support from the community.

Our proposal

We've singled out certain items out of our bid which will bring great social benefit to the community. However the cost, which isn't a luxury, but code-required, makes the project hard to succeed without support.

Fire Safety Improvement

- Restaurant: New Class A Hood
- Residential: Fire Sprinklers
- Residential: fire exit stairway in atrium

grant \$ 42,905 loan
\$ 84,092
\$ 25,000 - still waiting on bids

Utility Improvement

Need for new electrical meters outside (we have a working system in the basement! Build in 1982 and in good condition, But Idaho Power demands us to build an all new system outside)

\$ 50,000 loan

Accessibility improvements

- Automatic doors front & back

grant \$ 12,000

Total

\$ 213,997

We would like to seek for a grant of 200K. This grant will bring our project to a near-break-even and will be sufficient for us to give a green light to start by the winter. A 100K grant and 100K no interest 2nd lien loan could help us out. Our bank Ireland Bank, and more specifically Dick Emerson, has experience with such projects in the past and will be a great benefit to the project as well.

We aim to work mostly during the winter months, to make use of the winter slump in construction. By working this way, we won't take too many resources away during peak-construction season in Pocatello during the summer.

1) The commercial upgrades are:

- New retail location on main street (unit Q), currently in development and leased out to Radon Professionals.
- HVAC upgrades, the current systems are ancient and failing
- Restaurant expansion and Class A hood installation, fire safety improvement
 - o The restaurant is under pressure to expand. Without the proper restaurant setup (Class A hood, gas stove, and increased size of their kitchen...) we will lose them. The success of his restaurant draws many people from all over Pocatello and Chubbuck to Old Town and has been a catalyst for Station Square and the area
- Accessibility improvements to the building
 - o We've already added bathrooms to the ground floor
 - o We plan to add automatic doors to the outside to improve accessibility

Commercial plans and early results

- Since August 2017, 6 more leases has been added to the building, these are 5 new businesses in old town and one expansion. All are excited about the upcoming apartments and for some it was a critical factor to make their decision to move.
 - o A Taste of Hawaii
 - o Blades Salon and Spa expansion
 - o A Different Cup
 - o Radon Professionals
 - o Ohmie Photography
 - o TMP Properties
- This resulted in about \$2500 per month in lease income and we expect to add more as we keep renovating and marketing the space. So far we've invested 50K in commercial improvements, and we participated in various community events and made several donations to improve the attractiveness of our building.

2) Residential upgrades (3rd floor renovations)

- Renovation of 19 affordable studio's and addition of three 2-bedroom apartments.
- Improve fire safety by
 - o Adding fire sprinklers to the top floor
 - o Convert exits to current code fire exits
 - o Install new fire alarm system throughout the commercial building and residential floor
- Bring 22 new families to the Old Town neighborhood
 - o If we want businesses in Old Town to succeed, then we need more upper-level housing

AGENDA ITEM

NO. 2

**(monthly financial
reports – to be
supplemented later)**

Pocatello Development Authority
Balance Sheet by Class
As of May 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	1,387,374.35	179,984.28	747,860.60	164,298.88	445,779.19	2,925,297.30
ICCU Savings	25.00	0.00	0.00	0.00	0.00	25.00
Zions 2012 Bnd Fnd 7110526D	0.00	10.32	0.00	0.00	0.00	10.32
Zions Bnd Reserve Fnd 7110526B	0.00	679,381.79	0.00	0.00	0.00	679,381.79
Zions Rev Alloc Fnd 7110526	0.00	2,728,167.62	0.00	0.00	0.00	2,728,167.62
Total Checking/Savings	1,387,399.35	3,587,544.01	747,860.60	164,298.88	445,779.19	6,332,882.03
Accounts Receivable						
Accounts Receivable	1,500.00	0.00	0.00	0.00	0.00	1,500.00
Total Accounts Receivable	1,500.00	0.00	0.00	0.00	0.00	1,500.00
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	1,409,025.52	3,588,913.60	747,860.60	306,166.49	445,779.19	6,497,745.40
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	1,909,804.52	3,588,913.60	747,860.60	306,166.49	445,779.19	6,998,524.40
LIABILITIES & EQUITY						
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	-1,688,211.78	732,753.24	104,140.54	35,335.47	55,311.09	-760,671.44
Total Fund Balance	1,839,678.35	3,588,913.60	747,860.60	178,165.01	445,779.19	6,800,396.75
TOTAL LIABILITIES & FUND BALANCE	1,909,804.52	3,588,913.60	747,860.60	306,166.49	445,779.19	6,998,524.40

Pocatello Development Authority
Profit & Loss by Class
May 2018

	<u>1-General Fund</u>	<u>3-North Yellowstone</u>	<u>4-Naval Ordnance</u>	<u>6-North Portneuf</u>	<u>7-Pocatello Regional Airport</u>	<u>TOTAL</u>
Ordinary Income/Expense						
Income						
Interest Income	159.16	3,648.84	85.49	18.79	50.98	3,963.26
Rental Income	1,500.00	0.00	0.00	0.00	0.00	1,500.00
Total Income	<u>1,659.16</u>	<u>3,648.84</u>	<u>85.49</u>	<u>18.79</u>	<u>50.98</u>	<u>5,463.26</u>
Gross Profit	1,659.16	3,648.84	85.49	18.79	50.98	5,463.26
Expense						
Administrative	4,639.91	0.00	0.00	0.00	0.00	4,639.91
Total Expense	<u>4,639.91</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>4,639.91</u>
Net Ordinary Income	<u>-2,980.75</u>	<u>3,648.84</u>	<u>85.49</u>	<u>18.79</u>	<u>50.98</u>	<u>823.35</u>
Net Income	<u><u>-2,980.75</u></u>	<u><u>3,648.84</u></u>	<u><u>85.49</u></u>	<u><u>18.79</u></u>	<u><u>50.98</u></u>	<u><u>823.35</u></u>

At month end the Authority had cash on hand of \$6,332,882.03. The checking account balance was \$2,925,297.30, the savings account balance was \$25.00, and cash being held by Zions Trust amounted to \$3,407,559.73.

Pocatello Development Authority recognized normal financial activity during the month of May. The Authority received revenues totaling \$5,463.26 of which \$3,963.26 was interest earnings on cash invested. Rental income from the Positron Facility was received in the amount of \$1,500.00.

Expenses paid for the month totaled \$4,639.91. The administrative expenses were \$151.91 for the lunch meeting in May and Elam and Burke was paid \$4,488.00 for the legal work on the Northgate project.

Year to date revenues of \$1,006,358.76 (see page 3) are less than expenses of \$1,767,030.20 so overall net use of reserves is \$760,671.44.

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

	<u>1-General Fund</u>	<u>3-North Yellowstone</u>	<u>4-Naval Ordnance</u>	<u>6-North Portneuf</u>	<u>7-Pocatello Regional Airport</u>	<u>TOTAL</u>
Ordinary Income/Expense						
Income						
Donations and Grants	30.00	0.00	0.00	0.00	0.00	30.00
Interest Income	392.17	17,960.06	422.53	3,227.57	93.59	22,095.92
Personal Property tax replace	0.00	23,003.35	6,043.21	404.91	1,262.85	30,714.32
Property Taxes	0.00	753,422.08	97,674.80	22,466.99	53,954.65	927,518.52
Rental Income	6,000.00	0.00	0.00	20,000.00	0.00	26,000.00
Total Income	<u>6,422.17</u>	<u>794,385.49</u>	<u>104,140.54</u>	<u>46,099.47</u>	<u>55,311.09</u>	<u>1,006,358.76</u>
Gross Profit	6,422.17	794,385.49	104,140.54	46,099.47	55,311.09	1,006,358.76
Expense						
Administrative	10,024.26	0.00	0.00	0.00	0.00	10,024.26
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	<u>33,159.69</u>	<u>3,250.00</u>	<u>0.00</u>	<u>10,764.00</u>	<u>0.00</u>	<u>47,173.69</u>
Total Expense	<u>1,694,633.95</u>	<u>61,632.25</u>	<u>0.00</u>	<u>10,764.00</u>	<u>0.00</u>	<u>1,767,030.20</u>
Net Ordinary Income	-1,688,211.78	732,753.24	104,140.54	35,335.47	55,311.09	-760,671.44
Net Income	<u>-1,688,211.78</u>	<u>732,753.24</u>	<u>104,140.54</u>	<u>35,335.47</u>	<u>55,311.09</u>	<u>-760,671.44</u>

ELAM & BURKE

ATTORNEYS AT LAW

251 East Front Street, Suite 300
Post Office Box 1539
Boise, Idaho 83701
Telephone 208 343-5454
Fax 208 384-5844

Tax Id No. 82-0451327

Pocatello Development Authority
Attn: Melanie Gygli
City of Pocatello
P.O. Box 4169
Pocatello, ID 83205

May 31, 2018

Invoice # 173934

Billing Atty - RPA

FOR PROFESSIONAL SERVICES RENDERED

From May 1, 2018 Through May 31, 2018

RE: Northgate Plan

CLIENT/MATTER: 09212-00001

	HOURS		AMOUNT
5/01/18	MSC 1.80	Review email communication from Ms. Gygli concerning public works construction requirements and tax increment reimbursement. Follow up with Ms. Gygli re same. Continue to review and assess pre-plan creation documentation. Telephone conference with Ms. Gygli re public works construction requirements. Follow up telephone conference with Buck Swaney re same. Draft email communication to Mr. Swaney including public bidding requirements. Review and respond to email communication from Buck Swaney re applicability of 67-2806A. Review and assess I.C. 67-2806A and draft response.	360.00
5/01/18	RPA .50	Review and comment on emails concerning how developer may best comply to bidding requirements and how to memorialize in the proposed MOU. Coordinate next steps with Meghan Conrad.	100.00
5/02/18	MSC 1.00	Telephone conference with Buck Swaney re revised process and intent to use a fair and competitive bidding process in construction of the East Side Road. Review follow up email communication from Buck re same. Draft follow up email communication to client re thoughts. Draft follow up email to Buck re clarification use of Idaho licensed contractors. Review and respond to additional email communication from Ms. Gygli.	200.00

PAGE 1

ELAM & BURKE
ATTORNEYS AT LAW

251 East Front Street, Suite 300
Post Office Box 1539
Boise, Idaho 83701
Telephone 208 343-5454
Fax 208 384-5844

Tax Id No. 82-0451327

RE: Northgate Plan

CLIENT/MATTER: 09212-00001
May 31, 2018
Invoice # 173934

5/02/18	RPA	.30	Further follow up on the compliance to the competitive bid requirements. Review proposal from the developer on compliance issues.	60.00
5/07/18	MSC	.80	Review and follow up on information requested by consultant in preparation for the upcoming meeting. Work on preparing and finalizing the consultant's contract.	160.00
5/07/18	RPA	.20	Review status of approval dates, project area, and marketing study.	40.00
5/08/18	MSC	.20	Draft email communication to Chris Zahas re formalizing engagement. Review April invoice for payment.	40.00
5/08/18	RPA	.20	Review scope of marketing analysis, information to obtain during interviews. Consider options for funding and project area boundary. Review updated schedule.	40.00
5/09/18	MSC	.40	Review and respond to email communication from Ms. Gygli re follow up to data request from Leland Consulting. Telephone conference with Ms. Gygli re upcoming on-site visit with consultants.	80.00
5/09/18	RPA	.20	Follow up on boundary issues and market analysis. Consider schedule update.	40.00
5/11/18	MSC	.20	Review and follow up on multiple email communications concerning schedule for on-site visit.	40.00
5/12/18	MSC	.10	Follow up with consultants concerning meeting schedule.	20.00
5/13/18	RPA	.20	Follow up on results of meetings and market information for the plan.	40.00
5/14/18	MSC	.20	Work on preparing for on-site visit.	40.00
5/14/18	RPA	.20	Review updated schedule for plan approval and attachment 5 finance material.	40.00
5/15/18	MSC	8.50	Travel to Pocatello with consultant Phil Kushlan to attend meetings with Northgate project and community representatives in anticipation of drafting the plan. Attend and participate in meetings with Ms. Gygli, Portneuf development representatives, Greg Johnston (local realtor), Mayor, and Todd Blackinton (Portneuf Medical	1,700.00

PAGE 2

ELAM & BURKE
ATTORNEYS AT LAW

251 East Front Street, Suite 300
Post Office Box 1539
Boise, Idaho 83701
Telephone 208 343-5454
Fax 208 384-5844

Tax Id No. 82-0451327

RE: Northgate Plan

CLIENT/MATTER: 09212-00001
May 31, 2018
Invoice # 173934

Timekeeper	Staff	Rate	Hours	Amount	Non-Chargeable	
					Hours	Amount
Armbruster, Ryan P.	Shareholder	200.00	2.40	480.00	.00	.00
Parks, Matthew C.	Associate	185.00	2.50	462.50	.00	.00
Conrad, Meghan S.	Shareholder	200.00	24.90	4,980.00	.00	.00
			29.80	5,922.50	.00	.00

COSTS ADVANCED	QTY	RATE	AMOUNT
Copies	35.00	.15	5.25
Kushlan Associates (professional fees)			787.50
Leland Consulting Group (economic analysis services)			2,390.10
TOTAL COSTS ADVANCED			3,182.85

INVOICE TOTAL

9,105.35
- 902.50 (Hoku)

8,202.85

251 East Front Street, Suite 300
Post Office Box 1539
Boise, Idaho 83701
Telephone 208 343-5454
Fax 208 384-5844

Tax Id No. 82-0451327

RE: Northgate Plan

CLIENT/MATTER: 09212-00001
May 31, 2018
Invoice # 173934

			Center).	
5/16/18	MSC	9.50	Attend and participate in meetings with John Regetz (Bannock Development), Buck Swaney (Millennial Partners), PDA Board Members and Don Zebe, Local Northgate Broker. Travel from Pocatello to Boise with consultant Phil Kushlan returning from meetings with Northgate project and community representatives in anticipation of drafting the plan. Follow up meeting with Mr. Kushlan and Chris Zahas re next steps.	1,900.00
5/17/18	RPA	.20	Review update on status of plan content and schedule for approval.	40.00
5/22/18	MSC	.40	Telephone conference with Melanie Gygli concerning property disposition issue.	80.00
5/22/18	RPA	.20	Review status of report findings and schedule for approval.	40.00
5/23/18	MSC	.40	Review and assess property disposition issue and begin to review documents provided by the client.	80.00
5/24/18	MSC	.20	Review and follow up on property disposition issue.	40.00
5/24/18	RPA	.20	Coordinate approval schedule and document preparation.	40.00
5/29/18	MCP	2.50	Review and assess documentation re Hoku property to prepare for call with Scott Smith. Telephone conference with Scott Smith re legal opinion re Hoku property, lease extension and validity of same, and requests for proposals process for disposition of agency property. Follow up re same. Draft opinion letter re same.	462.50
5/29/18	MSC	1.20	Work on preparing for conference call with Scott Smith to discuss property disposition issue. Attend and participate in conference call with Board Chair to discuss preliminary analysis and next steps.	240.00
			PROFESSIONAL FEES	5,922.50

Highlighted is for Hoku opinion

251 East Front Street, Suite 300
Post Office Box 1539
Boise, Idaho 83701
Telephone 208 343-5454
Fax 208 384-5844

Tax Id No. 82-0451327

Pocatello Development Authority
Attn: Melanie Gygli
City of Pocatello
P.O. Box 4169
Pocatello, ID 83205

May 31, 2018

Invoice # 173937

Billing Atty - RPA

FOR PROFESSIONAL SERVICES RENDERED

From May 23, 2018 Through May 31, 2018

RE: **Hoku Property Disposition**

CLIENT/MATTER: 09212-00002

	HOURS		AMOUNT
5/23/18	RPA .20	Review emails and documents concerning pending lease and agency options.	43.00
5/24/18	MCP 2.00	Receive and review materials from Scott Smith re Hoku lease, JH Kelly assumption of lease, subsequent assignment, and related documents. Initial assessment of validity of any leases on the Hoku property.	400.00
5/24/18	RPA .60	Review documents and coordinate analysis including Agency property interest.	129.00
5/25/18	MCP 2.00	Analysis re potential legal arguments for and against position that Kelly Lease has expired on its terms and is unenforceable, including specific performance and estoppel arguments. Review various agreements and communications between VA Metals and PDA re same. Assess legality of lease with option for purchase based on Urban Renewal Law and common law re lack of specified price or method to so determine.	400.00
5/25/18	MSC 2.00	Review correspondence from Board Chair outlining the pertinent facts relative to PDA's ownership interest in property. Review and assess lease status and work on identification of risk moving forward. Continue to assess the scope of the requested opinion and depth of analysis. Draft email communication to Board Chair requesting conference call to discuss status.	430.00

PAGE 1

ELAM & BURKE
ATTORNEYS AT LAW

251 East Front Street, Suite 300
Post Office Box 1539
Boise, Idaho 83701
Telephone 208 343-5454
Fax 208 384-5844

Tax Id No. 82-0451327

RE: Hoku Property Disposition

CLIENT/MATTER: 09212-00002
May 31, 2018
Invoice # 173937

5/25/18	RPA	1.50	Review emails and documents concerning the lease and development of the Agency parcel. Attend work session with Meghan Conrad and Matt Parks to analyze Agency options and next steps.	322.50
5/31/18	MCP	3.60	Draft opinion letter re validity of alleged lease extension as argued by VA Metals. Review assorted agreements, email communications, and meeting minutes re same.	720.00
5/31/18	MSC	.40	Continue to review and assess disposition options based on analysis of lease status.	86.00
PROFESSIONAL FEES				2,530.50

Timekeeper	Staff	Rate	Hours	Amount	Non-Chargeable	
					Hours	Amount
Armbruster, Ryan P.	Shareholder	215.00	2.30	494.50	.00	.00
Parks, Matthew C.	Associate	200.00	7.60	1,520.00	.00	.00
Conrad, Meghan S.	Shareholder	215.00	2.40	516.00	.00	.00
			12.30	2,530.50	.00	.00

INVOICE TOTAL

2,530.50
+ 902.50 (from NG bill)
3,433.00

ELAM & BURKE
ATTORNEYS AT LAW

251 East Front Street, Suite 300
Post Office Box 1539
Boise, Idaho 83701
Telephone 208 343-5454
Fax 208 384-5844

Tax Id No. 82-0451327

RE: Northgate Plan

CLIENT/MATTER: 09212-00001
May 31, 2018
Invoice # 173934

*Written for
Legal Opinion*

			Center).	
5/16/18	MSC	9.50	Attend and participate in meetings with John Regetz (Bannock Development), Buck Swaney (Millennial Partners), PDA Board Members and Don Zebe, Local Northgate Broker. Travel from Pocatello to Boise with consultant Phil Kushlan returning from meetings with Northgate project and community representatives in anticipation of drafting the plan. Follow up meeting with Mr. Kushlan and Chris Zahas re next steps.	1,900.00
5/17/18	RPA	.20	Review update on status of plan content and schedule for approval.	40.00
5/22/18	MSC	.40	Telephone conference with Melanie Gygli concerning property disposition issue.	80.00
5/22/18	RPA	.20	Review status of report findings and schedule for approval.	40.00
5/23/18	MSC	.40	Review and assess property disposition issue and begin to review documents provided by the client.	80.00
5/24/18	MSC	.20	Review and follow up on property disposition issue.	40.00
5/24/18	RPA	.20	Coordinate approval schedule and document preparation.	40.00
5/29/18	MCP	2.50	Review and assess documentation re Hoku property to prepare for call with Scott Smith. Telephone conference with Scott Smith re legal opinion re Hoku property, lease extension and validity of same, and requests for proposals process for disposition of agency property. Follow up re same. Draft opinion letter re same.	462.50
5/29/18	MSC	1.20	Work on preparing for conference call with Scott Smith to discuss property disposition issue. Attend and participate in conference call with Board Chair to discuss preliminary analysis and next steps.	240.00
PROFESSIONAL FEES				5,922.50

Client Analysis Invoice



14-00113

XNCLAIDTAN 1 000164



POCATELLO DEVELOPMENT AUTHORITY
PO BOX 4169
POCATELLO ID 83205-4169

DATE: MAY 10, 2018
OFFICER: 51321
COST CENTER: 0215500
ANALYSIS PERIOD: APRIL 2018
KEY ACCOUNT NUMBER: 1409195177

PLEASE REMIT PAYMENT WITHIN 30 DAYS OF THE 'INVOICE DATE' BELOW.
IF INVOICED CHARGES ARE NOT PAID WITHIN 90 DAYS, YOUR ACCOUNT WILL BE DEBITED
FOR THE INVOICED AMOUNT.

INVOICE NUMBER	INVOICE DATE	PAYMENT	PAYMENT DATE	OUTSTANDING BALANCE
18040008839	05-10-18			152.13

TOTAL PAYMENTS RECEIVED: .00
TOTAL AMOUNT DUE: 152.13 USD

PAST DUE AGING:
0 - 30 DAYS 152.13 31 - 60 DAYS .00 61 - DAYS AND OVER .00

RETURN THIS PORTION WITH YOUR REMITTANCE

POCATELLO DEVELOPMENT AUTHORITY
PO BOX 4169
POCATELLO ID 83205-4169

TOTAL AMOUNT DUE 152.13

AMOUNT ENCLOSED: _____

APPLY TO THE FOLLOWING INVOICES:

ACCOUNT NUMBER: 1409195177

INVOICE NBR	INVOICE AMT	PAYMENT AMT
18040008839	152.13	_____ USD

MAIL PAYMENT TO:

WELLS FARGO BANKS
ACCOUNT ANALYSIS
NW 7091 PO BOX 1450
MINNEAPOLIS, MN 55485

0113

Member FDIC

XNCLAIDTAN 000164 NNNNNNNNNNNNN NNN NNN 001 001 000331 20783082.1

**AGENDA ITEM
NO. 6**

RE: Pocatello Development Authority – Grant application Station Square

Station Square development.

We, Bricks & More LLC, (Partnership with Jef Viaene and Denis Clijsters) purchased Station Square on August 1st 2017. We are dedicated to developing Old Town Pocatello, and have entered the market late 2016 with the purchase of the Fargo Apartments (340 S Arthur Ave). Currently the renovations are halfway and we've had great success renovating our rooms and finding new great tenants.

Some highlights of the Fargo Apartments:

- At the day of purchase, about 10 rooms were vacant
- 10-15 tenants where clearly a nuisance to the community, be it drugs, noise, cleanliness and more
- We improved the security of the building (access codes, cameras) and cleanliness (cockroaches, bed bugs, .. we had them all but so far have been without them for a year after a hard battle and good collaboration from our tenants)
- Painted all the outsides, fixed main cracks and made the building and the area attractive again
- We've renovated 22 units so far and rented them to quality tenants that bring disposable income to the community
- Monthly rents went from 11K to 17K today and will be +21K after completion
- We estimated +1/2 million dollars in renovation costs, all privately funded
- We will be adding 2 units to the building (large storage room conversions)
- Most of it is a "dollar for dollar" investment, this means that we didn't make much profit equity wise (low valuations!), however we're in a comfortable position to continue and grow, and we are dedicated to be long time investors in the area. Given this long term horizon, we believe it has been a good investment.



We want to replicate our success into our next project, the Station Square (200 S Main) building. We've identified 2 phases of our project:

- 1) Commercial upgrades
- 2) Residential renovations

1) The commercial upgrades are:

- New retail location on main street (unit Q), currently in development and leased out to Radon Professionals.
- HVAC upgrades, the current systems are ancient and failing
- Restaurant expansion and Class A hood installation, fire safety improvement
 - o The restaurant is under pressure to expand. Without the proper restaurant setup (Class A hood, gas stove, and increased size of their kitchen...) we will lose them. The success of his restaurant draws many people from all over Pocatello and Chubbuck to Old Town and has been a catalyst for Station Square and the area
- Accessibility improvements to the building
 - o We've already added bathrooms to the ground floor
 - o We plan to add automatic doors to the outside to improve accessibility

Commercial plans and early results

- Since August 2017, 6 more leases has been added to the building, these are 5 new businesses in old town and one expansion. All are excited about the upcoming apartments and for some it was a critical factor to make their decision to move.
 - o A Taste of Hawaii
 - o Blades Salon and Spa expansion
 - o A Different Cup
 - o Radon Professionals
 - o Ohmie Photography
 - o TMP Properties
- This resulted in about \$2500 per month in lease income and we expect to add more as we keep renovating and marketing the space. So far we've invested 50K in commercial improvements, and we participated in various community events and made several donations to improve the attractiveness of our building.

2) Residential upgrades (3rd floor renovations)

- Renovation of 19 affordable studio's and addition of three 2-bedroom apartments.
- Improve fire safety by
 - o Adding fire sprinklers to the top floor
 - o Convert exits to current code fire exits
 - o Install new fire alarm system throughout the commercial building and residential floor
- Bring 22 new families to the Old Town neighborhood
 - o If we want businesses in Old Town to succeed, then we need more upper-level housing

Our problem:

- The whole 3rd floor renovations is estimated to cost \$1M.
- Per unit renovation cost therefore will be 45K
 - o This is lower than most newly build apartments!!
 - o Yet, valuations in Old Town for multifamily properties are extremely low. Generally used caprates in the area are 10% (cfr our current 2 appraisals from Kirkham appraisals)
 - o We estimate to bring an additional monthly rent of 11K with an additional cost of 4.5K = $6.5K * 12 = 78K$ NOI (netto operating income).
 - $78,000 / 10\%$ cap rate = additional 780K valuation.
 - o Form an investor perspective, we will lose +200K when we start this project, this will make it difficult for us to work with a bank to get a construction loan without sufficient support from the community.

Our proposal

We've singled out certain items out of our bid which will bring great social benefit to the community. However the cost, which isn't a luxury, but code-required, makes the project hard to succeed without support.

Fire Safety Improvement

Restaurant: New Class A Hood	\$	42,905
Residential: Fire Sprinklers	\$	84,092
Residential: fire exit stairway in atrium	\$	25,000

Utility Improvement

Need for new electrical meters outside (we have a working system in the basement! Build in 1982 and in good condition, But Idaho Power demands us to build an all new system outside)	\$	50,000
---	----	--------

Accessibility improvements

Automatic doors front & back	\$	12,000
Total	\$	213,997

We would like to seek for a grant of 200K. This grant will bring our project to a near-break-even and will be sufficient for us to give a green light to start by the winter. A 100K grant and 100K no interest 2nd lien loan could help us out. Our bank Ireland Bank, and more specifically Dick Emerson, has experience with such projects in the past and will be a great benefit to the project as well.

We aim to work mostly during the winter months, to make use of the winter slump in construction. By working this way, we won't take too many resources away during peak-construction season in Pocatello during the summer.



OFFICE OF THE MAYOR
911 North 7th Avenue
P. O. Box 4169
Pocatello, Idaho 83205-4169

(208) 234-6163
Fax: (208) 234-6297
www.pocatello.us

BRIAN C. BLAD
Mayor

Pocatello City Council:

HEIDI ADAMSON
ROGER BRAY
RICK CHEATUM
W. JAMES JOHNSTON
LINDA LEEUWRIK
BEENA MANNAN

CHANGE IN MEETING DATE

POCATELLO DEVELOPMENT AUTHORITY

The Pocatello Development Authority is changing its meeting for the month of June. The Committee will convene **Tuesday, June 26, 2018** at 11 a.m. rather than meeting Wednesday, June 20. The meeting will be held in the Paradise Conference Room at Pocatello City Hall, 911 North 7th Avenue, Pocatello, Idaho.

Submitted by:
Melanie Gygli, Interim Executive Director
June 14, 2018

Pocatello 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.

**AN EQUAL OPPORTUNITY EMPLOYER
VETERAN'S PREFERENCE**

Pocatello Development Authority

Board of Commissioners
SPECIAL MEETING
June 11, 2018 – 11:30 a.m.
Iwamizawa Conference Room

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

Call to Order and Roll Call:

Executive Session: Matters exist for discussion in an executive session to communicate with legal counsel for the public agency 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 as provided in chapter 1, title 74, Idaho Code (Idaho Code § 74-206(1)(d) and (f)).

Agenda Item No. 1: Hoku Property Process
 [ACTION ITEM]

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.

Pocatello Development Authority

Jared
Ash

Mayor
11/20

Scott
Scott

Tom

Board of Commissioners
SPECIAL MEETING
June 11, 2018 – 11:30 a.m.
Iwamizawa Conference Room

Meghan
Mortimer

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

Call to Order and Roll Call:

11:30

Executive Session: Matters exist for discussion in an executive session to communicate with legal counsel for the public agency 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 as provided in chapter 1, title 74, Idaho Code (Idaho Code § 74-206(1)(d) and (f)).

Agenda Item No. 1: Hoku Property Process
[ACTION ITEM]

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.



OFFICE OF THE MAYOR

911 North 7th Avenue
P. O. Box 4169
Pocatello, Idaho 83205-4169

Office: (208) 234-6163
Fax: (208) 234-6297
www.pocatello.us

BRIAN C. BLAD
Mayor

Pocatello City Council:

HEIDI ADAMSON
ROGER BRAY
RICK CHEATUM
W. JAMES JOHNSTON
LINDA LEEUWRIK
BEENA MANNAN

NOTICE OF SPECIAL MEETING

POCATELLO DEVELOPMENT AUTHORITY

The Pocatello Development Authority will convene a special meeting Monday, June 11 at 11:30 a.m. in the Iwamizawa Conference Room, 911 North 7th Avenue, Pocatello, Idaho for the following purpose:

To discuss the Hoku property.

There is also the possibility that during the meeting the Board will convene an Executive Session in accordance with Idaho Code 74-206 (1)(d) To consider records that are exempt from disclosure as provided in chapter 1, title 74, and (1)(f) To communicate with legal counsel for the public agency to discuss the legal ramifications of and legal options for pending litigation, or controversies not yet being litigated but imminently likely to be litigated. The mere presence of legal counsel at an executive session does not satisfy this requirement.

Submitted by:
Melanie Gygli, Interim Executive Director
June 7, 2018

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.

AN EQUAL OPPORTUNITY EMPLOYER
VETERAN'S PREFERENCE