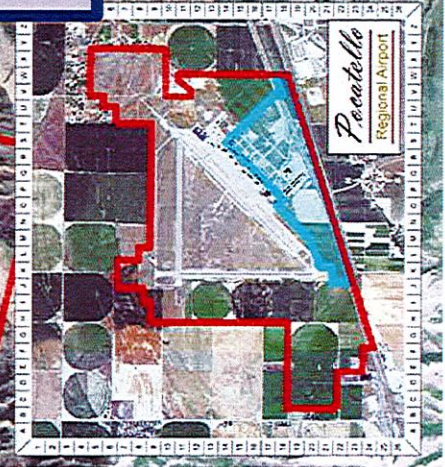




POCATELLO DEVELOPMENT AUTHORITY

2019 ANNUAL REPORT

- Pocatello City Boundary
- North Yellowstone URATIF
- North Portneuf URATIF
- Naval Ordnance URATIF
- Pocatello Airport URATIF



Board of Commissioners

Scott Smith (Chair)

Attorney, Legal

Chad Carr (Vice-Chair)

Utilities

Brian Blad

Mayor

Matt Bloxham

(January – August)

ISU Foundation

Jim Johnston

City Council President

Robert Lion

ISU College of Education

Thomas Ottaway

ISU College of Business

Terrel Tovey

Bannock Co. Commissioner

Scott Turner (Retired)

Business & Development

David Villarreal

(September – December)

Financial

PDA/City Staff

Melanie Gygli

Interim Executive Director

Joyce Stroschein/Ashley

Linton-Welsh

Treasurer

Merril Quayle

Public Works Development

Engineer

Profile of the Pocatello Development Authority

The Pocatello Development Authority was created by the City of Pocatello in 1988 by Resolution 1988-13 in accordance with the Urban Renewal Law of 1965 and the Local Economic Development Act. The Authority is an independent public body corporate and politic, and a discrete component of the City of Pocatello.

The purpose of the Pocatello Development Authority is to undertake urban renewal projects in areas designated by the City of Pocatello to be deteriorating and to implement the rehabilitation, conservation, redevelopment, or a combination thereof, of such area or areas, in the interest of the public health, safety, morals or welfare of the residents of the City of Pocatello. The Authority is to afford maximum opportunity, consistent with the needs of the City of Pocatello as a whole, to the rehabilitation or redevelopment of the urban renewal areas by private enterprise.

The Board of Commissioners of the Pocatello Development Authority consists of nine members. Membership includes the President of the Pocatello City Council; a member of the Board of Bannock County Commissioners (or designee); the Mayor of the City of Pocatello; one member with financial expertise such as accounting, banking or lending-institution experience; one member from the education community; and four other members from the citizenry at large. Each commissioner serves a four (4) year term and may serve up to two (2) consecutive terms or eight (8) years. Terms are staggered in such a fashion that no more than two expire in any given year.

At the regular meeting in October, the Board elects the Chairman, Vice-Chairman, Secretary, and Treasurer for a term of one year. The Board may also appoint other positions as may be determined necessary.

The Chairman of the Board is the chief presiding officer of the Pocatello Development Authority. The Chairman executes all deeds, bonds, contracts and other legal documents authorized by the Board. Some of the Chairman's duties may be delegated by the Board to the Executive Director of the Authority.

How Does the PDA Work?

The Pocatello Development Authority (PDA) works with the City of Pocatello, Bannock Development Corporation and the private sector to remedy blighted and/or deteriorating or deteriorated areas in accordance with Idaho State Law. The PDA administers the funding for this process using tax increment financing according to an urban renewal plan approved by the local legislative body.

The City of Pocatello (via the City Council) is responsible for determining which areas of the City qualify under urban renewal law to be categorized as deteriorated or deteriorating and considered as an urban renewal area (URA). These areas typically lack adequate infrastructure, which may include water, sewer, power, roads or access. These improvements are in most cases too costly for a developer (or the City) to fund up-front and in many cases includes property outside of the primary developer's control.

Once an urban renewal area is established, the City recruits businesses or works through other recruiting efforts such as Bannock Development Corporation to attract businesses to these areas. Businesses that are interested in moving are looking for a site that makes business sense and, in some instances, will consider moving if there is financial aid for infrastructure development or other construction costs such as demolition. This is where the PDA steps in, through the use of tax increment financing (TIF).

Tax increment financing is a mechanism that allows for funding of urban renewal projects according to an adopted

urban renewal plan. When the City establishes a TIF district the value of the property in the district is frozen at its current valuation, creating the base value. The property taxes collected on this base value continue to be distributed to the various taxing entities providing services to that property, (e.g., cities, counties, and school districts), but the property taxes paid on the increased valuation goes to the Pocatello Development Authority (property values typically increase due to new development based on added value). The PDA can issue bonded debt, based upon expected valuation increases, or provide reimbursement to provide funding for infrastructure or site development necessary for the business to build in the district. Approximately two years after the business has moved in, property taxes begin to be collected on the increased valuation and allocated to the Authority to pay debt or reimburse costs. If planned projects are completed and all debt is paid prior to the maximum 20 year period the district may be closed "early" and the added valuation is returned to the various taxing districts.

Recently the Authority and businesses have been working to accomplish infrastructure and site development without bonded debt. Businesses moving into an established district have been able to provide funding for improvements up front, knowing reimbursement will be possible through the TIF district. Afterward, the Authority repays the businesses for infrastructure costs from the increased tax increment within the TIF area (taxes paid by the businesses returning to the businesses for what is quite often public infrastructure).

PDA Administers Urban Renewal Areas

- PDA recommends establishment of an urban renewal area and revenue allocation area after finding of need by the City Council
- PDA creates and recommends a plan for use of the tax increment funds, according to requirements of state law
- City Council approves the plan via ordinance
- PDA executes the plan
- PDA can issue bonded debt to provide funding for infrastructure, or reimburse qualifying debt over time incurred during development, using the increased tax revenue generated by increased property valuation

What is a Redevelopment Agency?

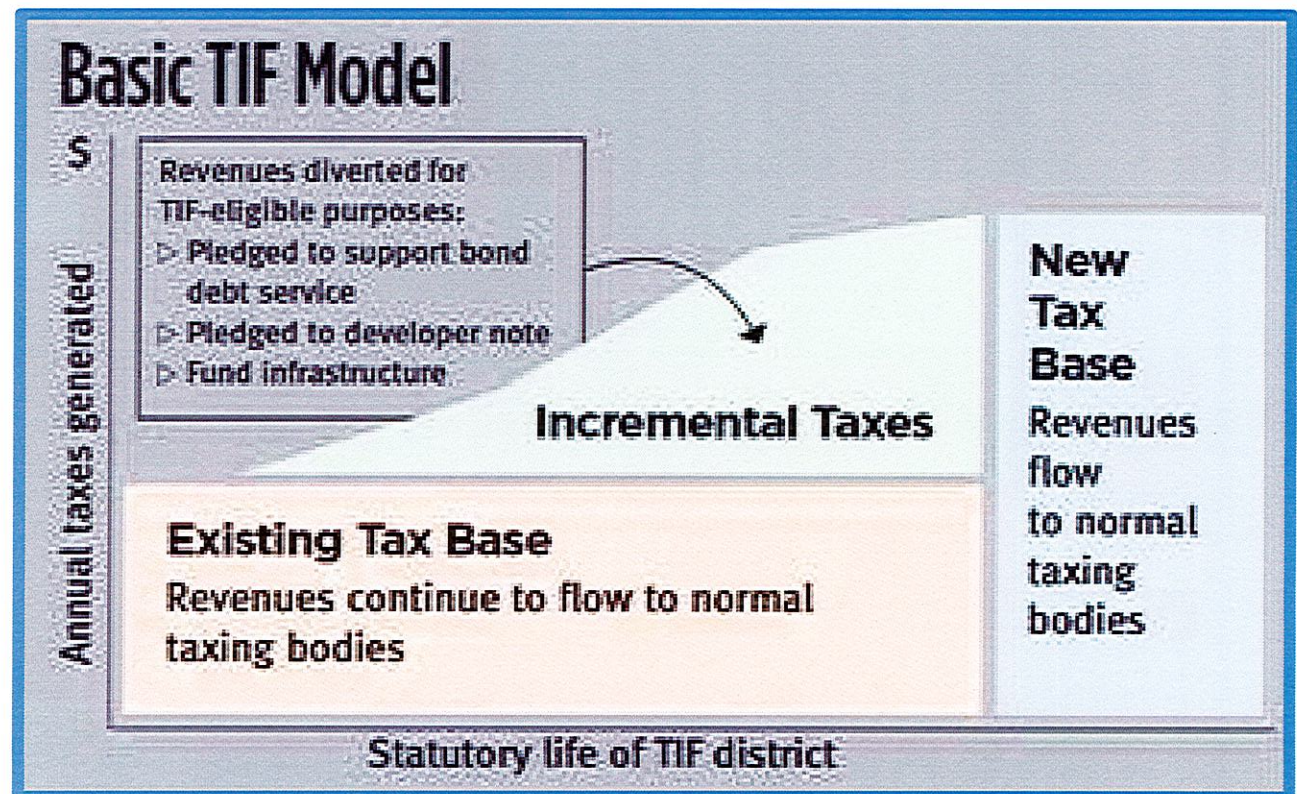
- A redevelopment agency is an independent authority established by the local governing body
- Established by the City to implement “urban renewal”
- Urban Renewal Law supports local economic development
- Successful and most significant and flexible economic development tool in Idaho to attract or provide assistance to potential new business/jobs by assisting with infrastructure, property acquisition, or cleanup or removal of deteriorated land/buildings
- Uses tax increment dollars from new or enhanced development to benefit that development and/or foster yet more development

2019 Annual Report - Pocatello Development Authority

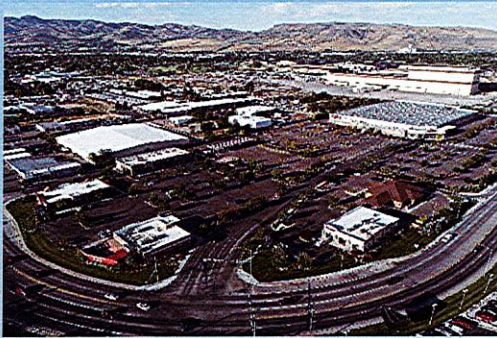
The mission of the PDA is to promote and support projects that achieve sustainable economic growth and vitality to enhance the community.

Pursuant to Idaho Code §50-2006(c), urban renewal agencies are to provide an annual report by March 31st of each year to the jurisdiction’s governing body. Calendar year end financials are included at the end of the report.

The PDA will hold a public hearing on the annual report at their regularly-scheduled meeting on February 19, 2020 with the required notice provisions being met.

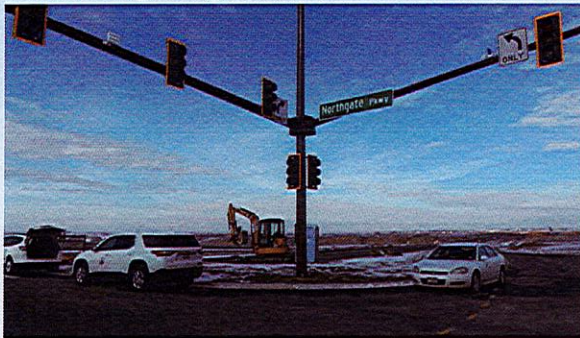


Achievements - 2019

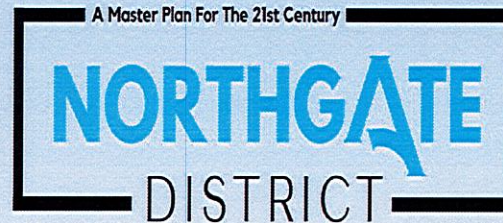


The North Yellowstone URA was closed ahead of schedule, returning \$1,455,007 to the tax entities and adding almost \$66,000,000 to the tax roles going forward.

The PDA continued to work toward redevelopment of the “Hoku” site. Late in 2019, the property was sold to a local development group, Portneuf Capital, which will undertake redevelopment of the site.



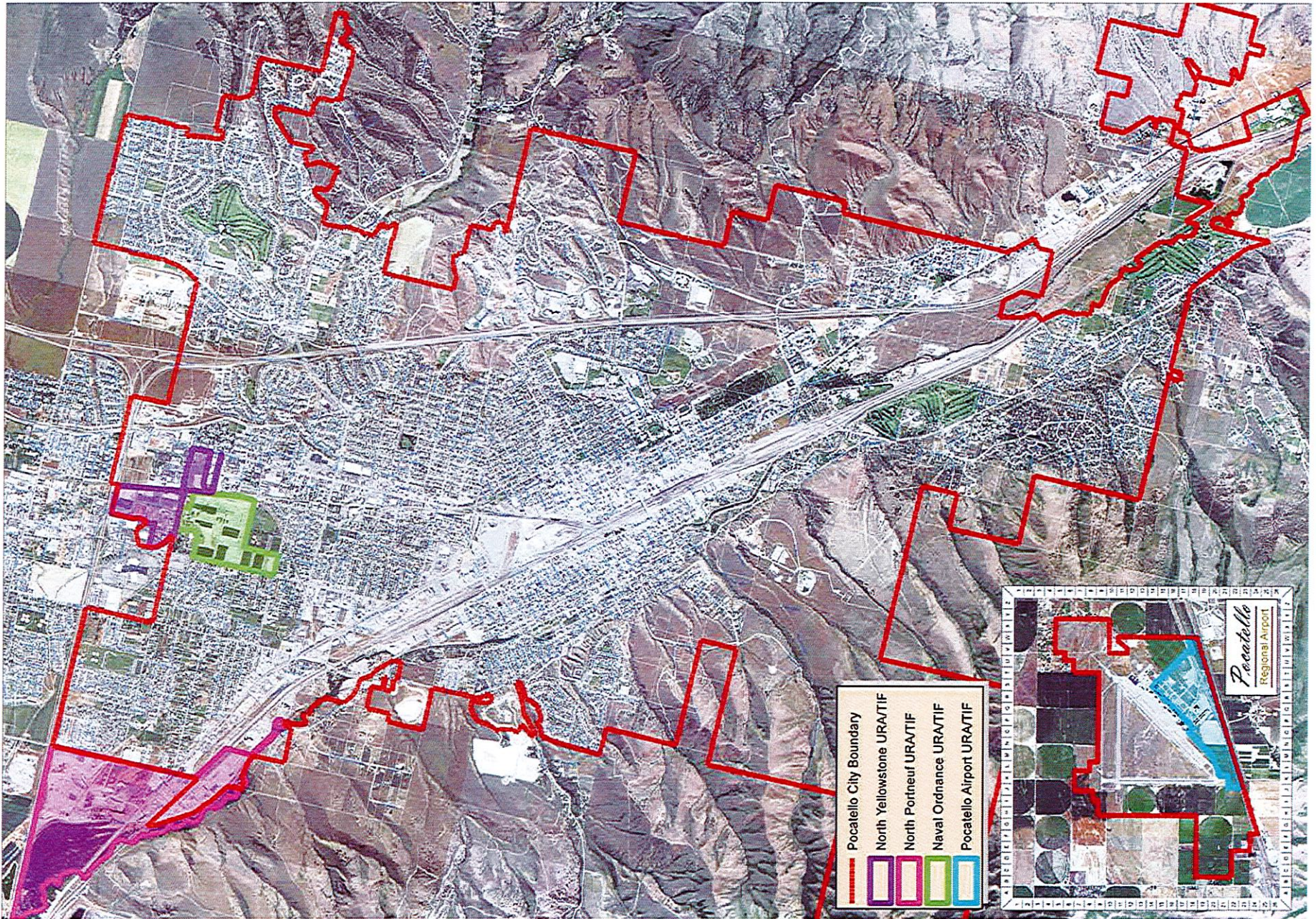
On December 6, 2019, the Northgate Interchange was opened to traffic. The PDA paid \$2,000,000 to assist in the construction of the interchange and related local roads.



After many years' work, the Pocatello City Council adopted an ordinance creating the urban renewal area and tax increment financing plan for the new Northgate development. Receipt of funds for projects in this area is anticipated beginning in 2021.



The PDA continued support to the Redevelopment Association of Idaho in legislative efforts to save/enhance urban renewal laws for Idaho.



North Yellowstone Urban Renewal Area



Companies in the North Yellowstone District

- **Established:** 2004
- **Original Expiration:** 2028
- **2019 Tax Increment:** \$1622,648
- **Present Fund Balance:** \$0
- **Added Market Value:** \$66,000,000
- **Bonded Debt:**

*Borrowed \$7,755,000 in 2004 to fund \$6,000,000 construction. Debt was refinanced in 2012 at a reduced rate saving \$1.8 million in interest and allowing early closure of the district.

***The PDA paid off the bonded debt and closed the district in 2019.**

This added about \$66,000,000 in property value to the general tax roles. A check for \$1,455,007.75 representing surplus funds from the URA was presented to Bannock County for distribution to the local taxing districts.

- **Non-Bonded Debt:** The last payment to Costco of the annual employment incentive was made in 2017.
- **Improvements:** \$9.3 million in new public infrastructure, including roads, curb & gutter, sidewalks, sanitary sewer, water, storm water, lighting, traffic signal upgrades, utility upgrades (gas, power, communications).
- Named "Best Planning Project" in the State, 2005
- **Employee Statistics:** As of October 2019, the North Yellowstone URA included 1,367 employees with estimated total wages of \$32,876,225. (Source: Idaho Department of Labor)

- Americas Best Contacts & Eyeglasses
- Ashley Furniture
- AT&T
- Bank of Commerce
- Bed, Bath & Beyond
- Big 5 Sporting Goods
- Buffalo Wild Wings
- Chili's
- Costco
- Dick's Sporting Goods
- DL Evans Bank
- Downeast Clothing
- Firehouse Grill
- Five Guys
- Great Wall Express
- Installer Direct Flooring
- Jensen Jewelers
- Jo-Ann's
- KB's Burrito
- Kiwi Loco
- Lowes
- Mattress Firm
- McKenzie River Pizza & Pub
- PetSmart
- Pizza Pie Café
- Precision Phone Repair
- Ross Dress for Less
- Texas Roadhouse
- Verizon
- Wanderlust



Naval Ordnance Plant Urban Renewal Area



H&R Hockey



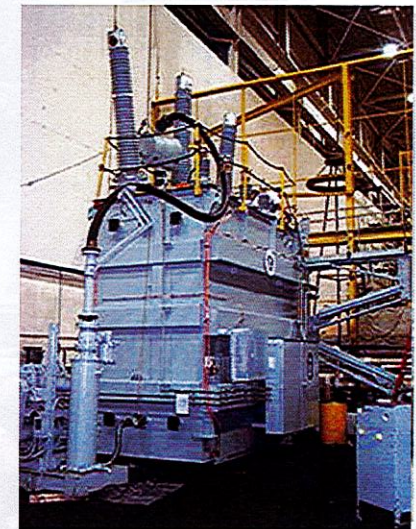
- **Established:** 2006
- **Expires:** 2026
- **2019 Tax Increment:** \$256,571
- **Present Fund Balance:** \$1,005,207
- **Added Market Value:** **\$14,169,161**
- **Bonded Debt:** None
- **Non-bonded Debt:** None

- **Improvements:** Power upgrades, rail & pavement upgrades, sewer pump station, monitoring station, and building upgrades to retain manufacturing
- **Employee Statistics:** As of October 2019, the Naval Ordnance Plant URA included 670 employees with estimated wages of \$32,211,079. (Source: Idaho Department of Labor)
- **RDA Payment:** \$750,000 to make RDA payment for employment incentive to keep Petersen Inc. in Pocatello (versus Ogden, Utah). Petersen is now located at the Pocatello Regional Airport.



Companies in the Naval Ordnance District

- SME Steel
- Virginia Transformer
- Eaton Metal Products
- ATCO Structures & Logistics
- Western Industrial



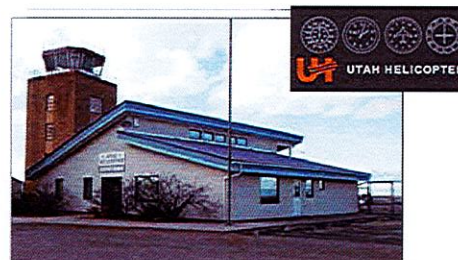
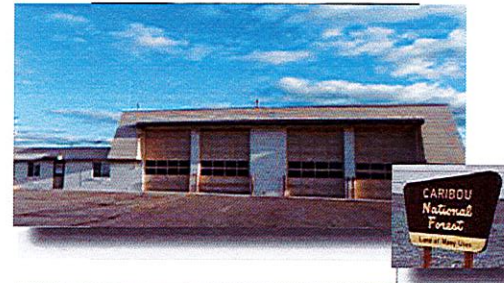
Pocatello Regional Airport Urban Renewal Area



- **Established:** 2010
- **Expires:** 2033
- **2019 Tax Increment:** \$108,532
- **Present Fund Balance:** \$609,784
- **Added Market Value:** **\$5,458,762**
- **Bonded Debt:** None
- **Non-bonded Debt:** None
- **Improvements:** Upgrades to culinary and fire flow water, sewer, road, storm water, and public non-city utilities (gas, power, and communications).
- Petersen Inc. grand opening October 2011
- **Employee Statistics:** The Pocatello Airport URA includes 178 employees with estimated wages of \$7,247,746. (Source: Idaho Department of Labor)
- **Petersen, Inc.:** Terms of the grant agreement include a benchmark of 50 FTE with a minimum wage of \$14/hr for a period of 15 years. Petersen, Inc. continues to meet or exceed that requirement, currently reporting 65 FTEs with 63 employees earning at least \$14/hr, and an average wage of \$23.38/hr. (Source: Petersen, Inc. Semi-Annual Report dated 6/2019).

Companies in the Pocatello Regional Airport District

- Petersen Incorporated
- AV Center
- McNabb Grain & Trucking
- Utah Helicopter
- BLM
- NFS
- Driscoll TopHay



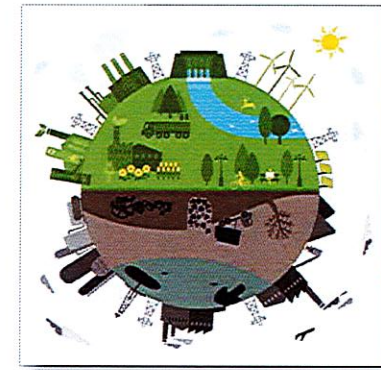
North Portneuf Urban Renewal Area



- **Established:** 2007
- **Expires:** 2030
- **2019 Tax Increment:** \$86,574
- **Present Fund Balance:** \$191,830
- **Added Market Value:** **\$7,268,258**
- **Bonded Debt:** None
- **Non-bonded Debt:** \$224,248
This is the amount remaining owed by the PDA to the City of Pocatello for purchase of the property. With the sale of the property, the PDA anticipates paying the remaining amount owed in early 2020.
- **Private Investment:** \$450,000,000
- **Improvements:** \$1,000,000 by the City to purchase land within the district, relocation of water mainlines and upgrades to non-City utilities (rail, gas, power, and communications).
- **Employee Statistics:** As of October 2019, the North Portneuf URA included 224 employees with estimated wages of \$12,238,417. (Source: Idaho Department of Labor)

Major Companies in North Portneuf District:

- Hoku Materials declared bankruptcy in 2014
- The PDA acquired the property from City of Pocatello through conveyance per Idaho Code and existing leases have expired.
- Late in 2019, the PDA was successful in selling the property to Portneuf Capital for redevelopment of the site.



Northgate Urban Renewal Area

Established:	2019
Expires:	2039
2019 Tax Increment:	\$ - 0 -
Present Fund Balance:	\$ - 0 -
Added Market Value:	\$ - 0 -
Bonded Debt:	None
Non-bonded Debt:	None

Improvements: The new Northgate Parkway I-15 interchange was opened in December 2019. This project was made possible through a public-private partnership to which the PDA contributed \$2,000,000.

Tax increment funds are anticipated to begin flowing to the Authority in 2021.

Pocatello Development Authority
Balance Sheet by Class
As of December 31, 2019

	1-General Fund	3-North Yellowstone	4-Naval Ordnance	6-North Portneuf	7-Pocatello Regional Airport	TOTAL
ASSETS						
Current Assets						
Checking/Savings						
ICCU Checking	834,772.28	0.00	949,891.99	1,635,626.52	610,224.27	4,030,515.06
ICCU Savings	25.00	0.00	0.00	0.00	0.00	25.00
Total Checking/Savings	834,797.28	0.00	949,891.99	1,635,626.52	610,224.27	4,030,540.06
Other Current Assets						
Accrued Interest Income	23,932.63	4,424.57	173.37	66.68	100.00	28,697.25
Property Tax Receivable	0.00	98,168.01	0.00	201,165.23	0.00	299,333.24
Total Other Current Assets	23,932.63	102,592.58	173.37	201,231.91	100.00	328,030.49
Total Current Assets	858,729.91	102,592.58	950,065.36	1,836,858.43	610,324.27	4,358,570.55
Other Assets						
Inventory - Leasehold	424,779.00	0.00	0.00	0.00	0.00	424,779.00
Land	0.00	0.00	0.00	0.00	0.00	0.00
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	1,359,508.91	102,592.58	950,065.36	1,836,858.43	610,324.27	4,859,349.55
LIABILITIES & EQUITY						
Liabilities						
Current Liabilities						
Other Current Liabilities						
Accrued Interest Payable	0.00	0.00	0.00	0.00	0.00	0.00
Acct Payable	18,311.63	0.00	0.00	6,964.31	0.00	25,275.94
Bonds Payable Short Term	0.00	0.00	0.00	0.00	0.00	0.00
Notes Payable Short Term	0.00	0.00	0.00	0.00	0.00	0.00
Security Deposit	0.00	0.00	0.00	200,000.00	0.00	200,000.00
Total Other Current Liabilities	18,311.63	0.00	0.00	206,964.31	0.00	225,275.94
Total Current Liabilities	18,311.63	0.00	0.00	206,964.31	0.00	225,275.94
Long Term Liabilities						
Bonds Payable Long Term	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Interest Receivable	23,632.57	0.00	0.00	0.00	0.00	23,632.57
Deferred Notes Receivable Rev	76,000.00	0.00	0.00	0.00	0.00	76,000.00
Deferred Tax Revenues	0.00	10,399.03	0.00	201,025.90	0.00	211,424.93
Notes Payable Long Term	0.00	0.00	0.00	0.00	0.00	0.00
Total Long Term Liabilities	99,632.57	10,399.03	0.00	201,025.90	0.00	311,057.50
Total Liabilities	117,944.20	10,399.03	0.00	407,990.21	0.00	536,333.44
Equity						
Fund Balance	1,201,811.65	92,193.55	980,337.44	187,966.91	609,783.59	3,072,093.14
Net Income	39,753.06	0.00	-30,272.08	1,240,901.31	540.68	1,250,922.97
Total Equity	1,241,564.71	92,193.55	950,065.36	1,428,868.22	610,324.27	4,323,016.11
TOTAL LIABILITIES & EQUITY	1,359,508.91	102,592.58	950,065.36	1,836,858.43	610,324.27	4,859,349.55

Pocatello Development Authority Profit & Loss by Class

	December 2019				TOTAL
	1-General Fund	4-Naval Ordnance	6-North Portneuf	7-Pocatello Regional Airport	
Ordinary Income/Expense					
Income					
Interest Income	179.31	255.18	103.45	151.73	689.67
Proceeds from sale of property	0.00	0.00	1,250,000.00	0.00	1,250,000.00
Total Income	<u>179.31</u>	<u>255.18</u>	<u>1,250,103.45</u>	<u>151.73</u>	<u>1,250,689.67</u>
Gross Profit	179.31	255.18	1,250,103.45	151.73	1,250,689.67
Expense					
Administrative	89.92	0.00	0.00	0.00	89.92
Bank Fee	0.00	0.00	15.00	0.00	15.00
Capital Construction	0.00	31,171.00	0.00	0.00	31,171.00
Professional Services					
Other Professional Services	430.00	0.00	5,800.00	0.00	6,230.00
Total Professional Services	<u>430.00</u>	<u>0.00</u>	<u>5,800.00</u>	<u>0.00</u>	<u>6,230.00</u>
Total Expense	<u>519.92</u>	<u>31,171.00</u>	<u>5,815.00</u>	<u>0.00</u>	<u>37,505.92</u>
Net Ordinary Income	<u>-340.61</u>	<u>-30,915.82</u>	<u>1,244,288.45</u>	<u>151.73</u>	<u>1,213,183.75</u>
Net Income	<u><u>-340.61</u></u>	<u><u>-30,915.82</u></u>	<u><u>1,244,288.45</u></u>	<u><u>151.73</u></u>	<u><u>1,213,183.75</u></u>

At month end, the Authority had cash on hand of \$4,030,540.06. The checking account balance was \$4,030,515.06 and the savings account balance was \$25.00

Pocatello Development Authority recognized above average financial activity for the month of December. The Authority received revenues totaling \$1,250,689.67 of which \$689.67 was interest earnings from cash invested. The HOKU Property was sold to Portneuf Capital for \$1,250,000.00.

Expenses paid for the month totaled \$37,505.92. The administrative expenses were \$89.92 for the lunch meeting in December. Bank fees for \$15.00 were paid for an incoming wire fee. Capital improvements within the Naval Ordinance fund were \$31,171.00. Other professional services include \$5,800.00 to Stacey & Parks, PLLC for legal assistance on the North Portneuf District and \$430.00 to Elam & Burke for special general counsel.

Year to date revenues of \$1,377,290.12 (see page 3) are greater than expenses of \$126,367.15, so there is an overall net increase of reserves of \$1,250,922.97.

Pocatello Development Authority
Profit & Loss by Class
October through December 2019

	<u>1-General Fund</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	659.78	898.92	358.24	540.68	2,457.62
Proceeds from sale of property	124,082.50	0.00	1,250,000.00	0.00	1,374,082.50
Rental Income	750.00	0.00	0.00	0.00	750.00
Total Income	<u>125,492.28</u>	<u>898.92</u>	<u>1,250,358.24</u>	<u>540.68</u>	<u>1,377,290.12</u>
Gross Profit	125,492.28	898.92	1,250,358.24	540.68	1,377,290.12
Expense					
Administrative	345.52	0.00	57.43	0.00	402.95
Bank Fee	0.00	0.00	15.00	0.00	15.00
Capital Construction	0.00	31,171.00	0.00	0.00	31,171.00
Dues and Memberships	1,750.00	0.00	0.00	0.00	1,750.00
Economic Grants Issued	50,234.00	0.00	0.00	0.00	50,234.00
Economic Loans	22,354.20	0.00	0.00	0.00	22,354.20
Professional Services					
Other Professional Services	11,055.50	0.00	9,384.50	0.00	20,440.00
Total Professional Services	<u>11,055.50</u>	<u>0.00</u>	<u>9,384.50</u>	<u>0.00</u>	<u>20,440.00</u>
Total Expense	<u>85,739.22</u>	<u>31,171.00</u>	<u>9,456.93</u>	<u>0.00</u>	<u>126,367.15</u>
Net Ordinary Income	<u>39,753.06</u>	<u>-30,272.08</u>	<u>1,240,901.31</u>	<u>540.68</u>	<u>1,250,922.97</u>
Net Income	<u><u>39,753.06</u></u>	<u><u>-30,272.08</u></u>	<u><u>1,240,901.31</u></u>	<u><u>540.68</u></u>	<u><u>1,250,922.97</u></u>