

**POCATELLO DEVELOPMENT AUTHORITY MINUTES**  
Meeting October 17, 2012

**Members present:** Brian Blad, Roger Bray, Larry Fisher, Darlene Gerry, Cynthia Hill, Russ Meyers, Michael Orr, and Ryan Ward

**Staff present:** John Regetz, Executive Director, Bannock Development Corp.; Merrill Quayle, City Planning Engineer; A. Dean Tranmer and Darcy Taylor, City Legal Dept.; Dave Swindell and Jerry Higgins, City Finance Dept.

**Chair R. Ward** called the meeting to order at 11:10 a.m.

**1. Preliminary matters:**

A. Introductions, Conflicts, and Agenda. No guests were present, no conflicts were noted, and no items were added or deleted to the agenda.

B. Minutes. The minutes of the regularly scheduled meeting and the executive session meeting of September 19, 2012 were reviewed. **It was MSC (C. Hill, B. Blad)** to approve said minutes.

C. Financial Report. J. Higgins presented the financial report for the month of September, 2012, which also represented the FY2012 year end financial account. Total cash available as of September 30, 2012 was \$8,275,485.64. During the month of September the PDA received cash in the amount of \$2,741.33, which included \$54.42 in interest, and tax increment payments of \$2,686.91 (\$1,481.61 to the Central Corridor District and \$1,252.78 North Portneuf District). Expenses for September included administrative expenses from the General Fund in the amount of \$372.48. A short discussion followed which included a report of the total funds available in each of the district funds as of year end. It was noted that the Airport District has not received any tax increment funds to date, and currently stands at a zero balance. D. Swindell advised the Board that the taxable value of the Airport District has increased by three million dollars since the district opened, due to Petersen's relocation at the Airport. He estimated that the Authority would see its first tax increment revenue from the district around July of 2013. Thereafter, **it was MSC (D. Gerry, B. Blad)** to approve the year end and financial report for September, 2012.

D. FY 2013 Budget. J. Higgins asked the Board to review a proposed budget for FY 2013. The proposal includes the budget authority to transfer remaining uncommitted funds, approximately 1.9 million dollars, from the Consolidated Central Corridor District Fund to the General Fund as administrative fees as provided under the District Plan. Higgins provided information on expected revenue and expenditures for each of the tax increment financing district funds and the general fund for FY 2013. After a brief discussion, **it was MSC (M. Orr, B. Blad)** to approve and adopt the proposed FY 2013 Budget.

E. Election of Officers. Upon agreeing upon continuing the appointed positions of Secretary and Treasurer for the Board of Commissioners, Board members discussed nominees for the offices of Chair and Vice-Chair. **R. Ward** agreed to serve as Chair for one more year, at the pleasure of the Board, and **R. Meyers** agreed to his nomination as Vice-Chair. **It was MSC (D. Gerry, C. Hill)** by a vote of seven to one (B. Blad, R. Bray, L. Fisher, D. Gerry, C. Hill, R. Meyers, and R. Ward voted in favor; M. Orr opposed) to approve the ballot of R. Ward, Chair; R. Meyers, Vice-Chair; D. Taylor, Secretary; and J. Higgins, Treasurer as a whole and to elect said nominees to their respective offices, to serve until the regularly scheduled meeting in October, 2013.

**2. General Discussion Items:**

A. North Yellowstone District Bond Refinance. D. Swindell initiated a telephone conference call with Cameron Ariel of Zions Bank. Ariel was retained by the Board at its September meeting to assist as a fiduciary to make sure the Development Authority obtains the best bond terms available. Swindell provided a brief history of the North Yellowstone bond terms, noting that it is the only bonded debt of the PDA. The Authority bonded for \$7,755,000 which was used to construct the Hurley Drive project in the Pocatello Town Square area. The North Yellowstone District expires on December 31, 2028. At the current interest rate of the bond Ariel estimated the Authority would be paying approximately four million dollars in interest over the term of the bond. Swindell informed the Board that the district brings in approximately \$1,200,000.00 in revenue each year, and has one payment obligation owed to Costco of approximately \$122,500.00 per year for six years, as provided for in a development agreement.

Swindell discussed the pros and cons of advance refunding of the North Yellowstone District bonded debt, and presented a power point presentation which included five scenarios for refinancing the debt. The scenarios included a variety of options such as paying down the bond debt with an additional cash payment, shortening the term of the district, reducing the payment amount, and combinations thereof.

After extended discussion among the Board of the various options, **it was moved and seconded (D. Gerry, M. Orr)** to proceed with refinancing the bond at this time, to shorten the duration of the debt, and to make a cash payment on the bonded debt in an amount up to one million dollars from North Yellowstone District funds. Additional discussion followed. **L. Fisher** suggested the motion was too specific, and believed the length of the time for the debt should be maintained in order to lower the amount of the bond payments. **R. Meyers** pointed out that the passage of anticipated legislation intended to reduce or end personal property tax could have a large impact on the ability of the district to generate revenue. **M. Orr** inquired how long it would take the district to make up its fund balance if the Board used \$1,000,000.00 to pay down the bond debt. Swindell estimated two and a half years, or three years if the collection of personal property taxes was eliminated. Ariel advised the Board that he needed specific terms in order to begin refinancing the debt and offered to work up two more specific scenarios based upon the Board's discussion to better refine the proposal. **M. Orr** suggested amending the motion on the table to include a ten year term. **D. Gerry withdrew the motion** before the Board. **L. Fisher** expressed an interest in looking at more specific detail from Ariel based on the Board's discussion. **It was MSC (B. Blad, R. Meyers)** to take advantage of the advance refunding opportunity and proceed with the refinancing of the bond as soon as possible. **It was MSC (M. Orr, R. Bray)** to use one million dollars from the North Yellowstone District Fund to pay down the amount owed on the bonded debt, and to review two scenarios: one with a reduced payment amount and one with a reduced term, upon receipt of which individual Board members would vote for their preferred scenario by e-mail vote.

B. Legislative Committee Update. **R. Meyers** reported on recent activities by the Redevelopment Association of Idaho Legislative Committee. The Committee is recommending broad support for the repeal of personal property taxes for businesses. To date there has been no discussion of replacement funds for the lost revenue except for a real property tax increase. D. Swindell advised the Board that personal property tax comprises approximately 9.4% of the City's income, and approximately 12% of the County's income. The Committee is also recommending individual development authorities offer tours of successful TIF districts for local legislators as an educational tool. Also, it has been suggested that each development authority

prepare some type of short, colorful educational piece, professionally prepared, to show local legislators how TIF districts support economic development, including how and why the process is successful.

### **3. Items from Commissioners:**

**B. Blad** presented the Board with a request from an existing business for assistance in improvements to a sanitary sewer line. The existing business is increasing its number of employees by approximately thirty-five new hires, and has transferred four or five new employees to Pocatello from other locations. The potential payroll for the additional employees ranges from \$2,500,000.00 to \$3,000,000.00. The additional services being added to the existing business also have the potential of developing complementary businesses in the area. **B. Blad** informed the Board that the business came to the City requesting assistance with a private sewer line installation, and he, consequently, was passing the request on to the Development Authority because municipal funds may not be used to construct private utility lines. The Board discussed the request and came to the consensus that at this time the existing business should approach the Regional Development Authority (RDA) for assistance with the sanitary sewer line project. (**D. Gerry** departed at 1:15 p.m.) **B. Blad** noted that the existing business is pursuing an aggressive timeline for its project and intends to have an additional facility constructed on its property within one year. After further discussion, **it was MSC (R. Meyers, C. Hill)** to commit not more than \$200,000 from the General Fund to the existing business for sanitary sewer line installation and/or improvements, based upon the addition of forty full time employment positions to the business, and only in the event the RDA refuses to assist the business with the project.

### **4. Adjournment:**

There being no further business, **it was MSC (R. Meyers, C. Hill)** to adjourn the meeting at 1:24 p.m.