

POCATELLO DEVELOPMENT AUTHORITY SPECIAL MEETING MINUTES
November 25, 2014

Members present: Brian Blad, Larry Fisher, Cynthia Hill, Russell Meyers, Michael Orr (Chair), John Regetz (ex officio), Linda Tigert.

Members absent: Darlene Gerry and Caroline Wight

Staff present: Lon Crowell, Executive Director; Merrill Quayle, City Development Engineer; Dean Tranmer and Tiffany Olsen, City Legal Dept.; Joyce Stroschein, City Finance Dept.; Michael Jaglowski, Public Works Director; and David Allen, Airport Manager.

Chair Orr called the meeting to order at 12:03 p.m.

Introductions, Conflicts, and Agenda: Guests included Kaitlin Loukides with Channel 3 and 8 news; Deanne Coffin, News Channel 6; Dan Heiner with Citizens Community Bank; and Kevin Smith and Molly Swallow with D.L. Evans Bank. Larry Fisher disclosed that he has small stock at Citizen's Community Bank and does not believe this rises to a conflict of interest but felt that the Board should know this information. There were no deletions to the agenda.

1. Action and Discussion Items:

Agenda Item No. 1: Select Financing Options for Infrastructure Improvements within the Pocatello Regional Airport TIF. **Chair Orr** called the roll with those members above mentioned present. **J. Stroschein** presented two financial institution proposals for the borrowing of funds for the infrastructure improvements within the Pocatello Regional Airport TIF. Each bank, Citizen's Community Bank and D.L. Evans Bank, were requested to prepare a loan proposal for \$6 million and \$5.75 million. Those proposals are as follows:

Citizen's Community Bank (CCB) offered an interest rate of 3.25% for the life of the loan. The loan will be paid interest only for the first 2 years and in the 3rd year, principal and interest payments will commence. Loan origination fees will be .75% and the Authority would be asked to pay all other legal and out of pocket fees. CCB is not requiring any collateral. On the loan amount of \$6 million, the total loan cost (incl. principal and interest) is \$8,338,946.00 with an annual payment of \$464,938.00. On the loan amount of \$5.75 million, the total loan cost (incl. principal and interest) is \$7,991,490.00 with an annual payment of \$445,566.00. The cost in interest and loan origination fees between borrowing \$6 million instead of \$5.75 million would be \$97,456.00. There is no prepayment penalty as long as the loan is not paid within the first five years.

D.L. Evans Bank (DLE) offered an interest rate of 2.40% for the first 2 years of the loan; the remainder 17 years will incur interest at a rate of 3.40% and the Authority will begin making principal and interest payments. DLE has included an option to extend the interest only payments to 3 years, if need arise. Loan origination fees will be 1% and the Authority would be asked to pay all other legal and out of pocket fees. DLE is requiring collateral to include but not limited to the assignment of taxes in the Airport District. On the loan amount of \$6 million, the total loan cost (incl. principal and interest) is \$8,346,819.00 with an annual payment of \$470,519.00. On the loan amount of \$5.75 million, the total loan cost (incl. principal and interest) is \$7,999,035.00 with an annual payment of \$450,914.00. The cost in interest and loan origination fees between borrowing \$6 million instead of \$5.75 million would be \$97,784.00. There is no prepayment penalty on this loan.

The bank comparison on borrowing \$6 million yields CCB is lower by \$7,873.00.
The bank comparison on borrowing \$5.75 million yields CCB is lower by \$7,545.00.

The loan origination fees would be paid out of the PDA's General Fund rather than including those fees in the loan amount. With the recent transfer of a portion of the allowed administrative fees from the open TIF Districts, the PDA's General Fund has the ability to cover the loan origination fees and the additional \$250,000 if the Board approved loan financing in the amount of \$5.75 million and voted to do so.

R. Meyers asked if there are any other factors besides what is on the slides that the Board should know about both banks or if they had anything to add to the discussion. Both Heiner and Swallow chose not to add any remarks but appreciated the consideration.

R. Meyers asked each bank to summarize its origins and local community involvement.

CCB was founded in July 1997 in Pocatello. The Board of Directors are also local. CCB has since been bought by Glacier Bank Corp. but continues to have a heavy presence and interaction with the citizens of Pocatello and surrounding areas.

DLE was founded in 1904 in Albion, Idaho. The branches have expanded with 2 locations in Pocatello, and other locations in Burley, Twin Falls, Boise, Idaho Falls. DLB is locally owned and employee owned by 17%. DLB is ranked no. 1 in Idaho and no. 34 in the nation based on return of investments. There are no intentions of being bought or removing their Pocatello branches.

It was then **MSC (R. Meyers, B. Blad)** to secure funding in the amount of \$5,750,000.00. A Roll Call vote was taken by the members. **Aye: Blad, Fisher, Hill, Meyers, and Tigert. Nay: None. Abstain: Orr.**

R. Meyers summarized the differences between the two banks and commended them for being very competitive. **L. Fisher** stated he would support a motion to secure financing from CCB but did not feel comfortable making a motion due to his investments at CCB. **C. Hill** believes in the best interest of the tax payer, the financing selection should go to the bank with the lowest offer. **R. Meyers** pointed out CCB has a lower loan origination fee and if the Board could pay off the loan prior to the full term date, there would be an additional savings there. **L. Tigert** agreed a difference of \$7,000 is still saving \$7,000.

Given the discussion, it was then **MSC (R. Meyers, C. Hill)** to secure financing from Citizen Community Bank based on it being the lowest loan offer, keeping the interest of the tax payer in mind, and the flexibility in not requiring collateral. Discussion was held. **B. Blad** commended both banks for preparing very competitive offers and being great to work with. **J. Stroschein** reiterated the same sentiments. A Roll Call vote was taken by the members. **Aye: Blad, Hill, Meyers, Orr, and Tigert. Nay: None. Abstain: Fisher.**

2. Adjournment:

There being no additional business and no matters for executive session, it was **MSC (B. Blad, C. Hill)** to adjourn the meeting at 12:37p.m.

By: 
Tiffany G. Olsen, Secretary