

POCATELLO DEVELOPMENT AUTHORITY MEETING MINUTES
911 N 7th Avenue, Pocatello, ID
Paradise Conference Room
September 16, 2015

Members present: Brian Blad, Chad Carr, Larry Fisher, Cynthia Hill, Howard Manwaring, Michael Orr (Chair), and Scott Smith.

Members absent: Russell Meyers and Thomas Ottaway.

Staff present: Lon Crowell, Executive Director; Aceline McCulla, Planning & Development Services Dept., Ashley Linton, City Finance Dept., Dean Tranmer City Legal Dept., Michael Jaglowski, Public Works Director, Merrill Quayle, Development Engineer, Logan McDougal, City Public Information Officer, and John Regetz (ex-officio).

Guests present: Michael Ennis

Chair Michael Orr called the meeting to order at 11:06 a.m.

Introductions, Conflicts, and Agenda: **Chair Orr** announced the Public Works Director Michael Jaglowski would make an announcement, and then the board would proceed with the meeting.

M. Jaglowski announced there would be a City media day this Friday, September 18, 2015, at 1:30 p.m. to discuss the Tank Booster Pump Station and water facility, located at the Airport. This would be an opportunity for the PDA and media to view the new 500,000-gallon water tank and ask questions of Mike Jaglowski and Water Superintendent Justin Armstrong.

Action and Discussion Items:

Agenda Item No. 1: Minutes. The Minutes from the regularly scheduled meeting of August 19, 2015, were reviewed. It was MSC (**S. Smith, B. Blad**) to approve the Minutes as presented.

Agenda Item No. 2: Financial Report. **Ashley Linton** presented the financial report and stated that at month end the Authority had cash on hand of \$5,758,952.42. The checking account balance was \$2,918,081.79, the savings account was \$746,139.03, and cash held by Zions Trust amounted to \$2,094,731.60.

The PDA recognized normal financial activity during the month of August. The PDA received revenues totaling \$91,246.83, of which \$6,719.62 was interest earnings on cash invested and property tax. The \$1,000.00 received on the note receivable applied \$185.74 towards the principal of the note. Property tax revenue received totaled \$83,308.05 for North Yellowstone District and Naval Ordnance District. PDA also received \$1,033.42 in a refund from Idaho Power for the project pipe study.

Expenses for the month totaled \$598,096.75. The expenses included the bond payment for the North Yellowstone District in the amount of \$517,000.00 for principal and \$81,096.75 for interest expense. The remaining administrative expenses were \$123.34 for.

Year-to-date revenues of \$4,707,591.09 (see page 3) were not greater than expenses of \$5,159,181.17. The General Fund District had a net income YTD of \$2,887,827.12. It was MSC (**B. Blad, C. Hill**) to approve the August Financial Report as presented.

Agenda Item No. 3: Payment Requests/Reimbursements.

- (A) Approve T-O Engineers Invoice 450006-4 for \$16,003.45 - North Wind's services on Project Pipe environmental analysis and expenses. **L. Crowell** stated it was pulled from the August Agenda because it was thought to have been authorized for payment in February 2015. The original authorization in February was for \$15,850.00, Phase 1 Environmental Analysis. However, the original estimate did not include the additional work requested by the FAA for an air quality study, plus expenses, for an additional \$9,327.09. **M. Orr** asked if the work performed was above what they originally quoted. **L. Crowell** acknowledged it was, and commented that this request came after the Environmental Analysis (EA) was completed and was required by the FAA as part of the process to separate the 900 acres of land from the ALP. The PDA would not know about future work required until the FAA requested more work to be completed. **B. Blad** commented that the FAA did not provide the PDA with a process or list of requirements for the ALP. Each FAA person interprets the rules and regulations differently and more things are requested by different people. **J. Regetz** asked if the process had been started to release land from the ALP. **M. Orr** asked if the PDA would be responsible or committed to future payments or requests. **B. Blad** stated the FAA first asked for the Phase One EA and the FAA then resulted a second appraisal, which could then trigger a request for a CATEX, then the CATEX results could trigger a request for an EA and so on. The FAA asked for additional work each time a task was submitted. **L. Crowell** believed the second appraisal request would be the last item needed to complete the work the PDA initiated for project pipe. It was MSC (**C. Hill, B. Blad**) to approve T-O Engineers Invoice 450006-4 for \$16,003.45 - North Wind's services on Project Pipe environmental analysis and expenses.
- (B) ICRMP Insurance Billing Invoice for policy period 10/01/15 to 9/30/16 for \$1,122.00. **M. Orr** asked if this was an annual policy to cover the board for liability and fraud. **A. Linton** confirmed it was an annual liability policy. It was MSC (**B. Blad, S. Smith**) to approve payment of the ICRMP Insurance billing invoice for \$1,122.00 for policy period October 1, 2105 through September 30, 2016.
- (C) Idaho State Journal Notice of Adopted Budget 2015-2016, \$118.40. It was MSC (**S. Smith, B. Blad**) to approve payment for the Idaho State Journal Invoice LN22774, for a Public Notice published on August 27, 2015 of the 2016 PDA Budget in the amount of \$118.40.

Agenda Item No. 4: Budget Amendment for Fiscal Year 2015. Fiscal Year 2015 Budget needs to be amended for additional authority of \$42,255.00 in the Naval Ordnance District (NOD). The original NOD authority was \$300,000.00 for economic grants, but NOD expended \$342,255.00. It was MSC (**B. Blad, C. Hill**) to approve additional authority of \$42,255.00 in NOD in fiscal year 2015 and amend the Fiscal 2015 Budget to expend \$342,255.00 in the Naval Ordnance District.

Agenda Item No. 5: Request authorization for a second appraisal for the Airport, per FAA requirement. **L. Crowell** stated this request came late morning on September 18 and the information was not available at this time. He continued with a brief history dating back to January 2015, when conversations with the FAA and Airport Manager David Allen presented an issue with the value of the airport property, and that an appraisal would be required. Information collected over the last 10 to 15-years were used to estimate a value for the property. This information was provided to the FAA and they felt it was a good analysis and were in agreement, the City had an appraisal completed which came back high and included comps that were not accurate. The FAA agreed with the City that it did not accurately represent the value of the

airport property and the FAA decided that the City's estimate was not a good representation either, so the FAA requested the City obtain another appraisal. L. Crowell felt that locating an out-of-state appraiser who was an experienced airport appraiser would be best. It may be challenging to find real comps for this property, but the City needs to put forth their best effort to appease the FAA. S. Smith asked if there was a cost estimate for the appraisal. L. Crowell stated not at this time, however, he estimated between \$5,000.00 and \$10,000.00, and if the estimate was more than \$10,000.00 Lon would come back to the PDA with that amount for additional authorization. Lon was requesting authorization for \$10,000.00. The reason this appraisal was in front of the PDA was that it was part of the process to remove land from the airport ALP and develop the land. L. Fisher commented that it was a site preparation cost and fell under the PDA. D. Tranmer gave some history of the non-airport land and noted that the land must be used to sustain the airport. If the non-airport property proceeds go to airport operation, the City felt it was compliant with the FAA guidelines. S. Smith wanted to see the PDA get some benefit from this. B. Blad stated the PDA was designed to provide development for the City to prosper. M. Orr commented that further discussions would ensue with the FAA while the appraisal was being completed. It was MSC (C. Hill, C. Carr) to authorize the second appraisal up to \$10,000.00 for the airport property.

Agenda Item No. 6: Approve the agreement to purchase Hoku property and conveyance of deeds. L. Crowell made the board aware that the \$11,365.11 payment for the H&H Dive property was not included in the \$300,000.00 total due, but would be paid separately from the General Fund with the final installment payment of \$17,740.20. The last payment would be a balloon payment for \$29,105.31. S. Scott requested that Legal add a comma in the paragraph number 12 in the agreement, following the word "project" in the sentence with (economic development project, and request for reimbursement). He also asked when this would be approved and assigned. M. Orr mentioned it would be approved tomorrow, September 17, 2015, and signed Monday, September 21, 2015. The conveyance of deeds would be signed and turned over to the PDA within the next three weeks following the \$300,000.00 payment after October 1, 2015. It was MSC (B. Blad, C. Carr) to approve the agreement to purchase Hoku property and conveyance of deeds with the above adjustments.

Agenda Item No. 7: Request authorization to contract with a realtor to market the Hoku property. M. Orr was approached by commercial realtor Don Zebe to be the contracted marketer for the Hoku Property. J. H. Kelly was leasing the property and was trying to sell the equipment on the property. They also had a company trying to market the property. The marketing company contacted M. Orr when the Hoku purchase first occurred. The marketing company contacted Zebe in Pocatello, who then approached M. Orr about the potential benefit of marketing and selling the property and trying to keep some of the structures on the property. Orr stated L. Crowell was in agreement that a marketer would be good, because J.H. Kelly's lease expires on January 21, 2017. M. Orr sent a Hoku packet, prepared by L. Crowell, to Chris Schultz with Coke Industries, who was acquiring properties and putting structures in place for Coke Industries, and who was interested in the Hoku property. Orr felt this was something for the PDA to consider at this time, to get ahead and market and develop the property. J.H. Kelly may be a possible buyer of the property. S. Smith was supportive of finding an expert marketer and putting out an RFP for the Hoku property, whether local or out-of-state. L. Crowell stated there were two big marketing companies in Boise if the PDA wanted someone from Idaho, Colliers International and Cushman and Wakefield, there were others in Idaho as well; the PDA did not have to go out-of-state. M. Orr mentioned you could post a public notice to request proposals or send the RFP to specific targeted firms. C. Carr did not feel the PDA needed to pay someone to

market the property; the PDA could use the website to promote the property. **B. Blad** had concerns with J.H. Kelly leaving structures on the property, they would be limited to the specific use for which the structures were developed, and the PDA would be responsible for removing those structures. **M. Orr** thought the PDA could benefit if a company wanted the structures and J.H. Kelly could just end their lease without removing the structures. It would be dependent on the company purchasing the property. At the term of the J.H. Kelly lease, if a buyer is not determined then J.H. Kelly would be responsible to demolish the structures prior to vacating the property, per the contract. There was a three-story office building not completed, the first floor and part of the second floor were almost completed, and there was a maintenance structure on the property. **B. Blad** asked if the PDA had to select the lowest bid, or if the PDA could select the bid that best met the needs of the plans and goals for the property. **M. Orr** stated criteria would be established in the RFP and the proposals would be reviewed to make sure everything was covered. **M. Quayle** stated with an RFP the PDA could determine which proposal best met the needs and requirements of the project and the PDA could select that proposal. **L. Crowell** mentioned that Urban Renewal Law required the PDA to create a disposition plan when they take possession of the property. **J. Regetz** requested the BDC had the ability to promote the property site. There were realtors that would object to that ability, the BDC did not have a realtor license and could not sell it, however, the BDC did have the right to promote the property. **D. Tranmer** mentioned the PDA should develop a plan to sell property. **M. Orr** asked if Planning would put the RFP together and work with Legal to get it out. **L. Crowell** stated he would put it together and run it by Legal. **B. Blad** asked M. Orr if J.H. Kelly was marketing the property now. **S. Smith** commented they are marketing the equipment through Perry Videx. **M. Orr** stated they had a company in Los Angeles, who contacted Orr asking if the PDA or City would purchase the buildings. Orr had not seen anything on the web associated with the sale of this property. **L. Crowell** mentioned the J.H. Kelly lease will transfer to the PDA tomorrow at City Council, September 17, 2015, so he would make sure the language was very specific in the lease. Add to the October Agenda to approve/amend and review the Hoku RFP. **M. Orr** asked J. Regetz to contact Alexandra at ISU to promote the Positron property. **J. Regetz** stated he would contact her and would begin promoting the property. **M. Orr** mentioned he was not sure of the lease value, but he hoped it would be enough that Positron could repay the \$400,000.00 they owed the PDA.

L. Crowell wanted to clarify that upon completion of the Albertson building L. Crowell could issue a check to Howard Hughes for the \$250,000.00. **M. Orr** stated it was approved and he would sign the check if his signature was needed, and asked L. Crowell to give a brief update on the project at the next meeting once completed.

S. Smith asked what procedure was required to sell land and he asked D. Tranmer to review Section 50-20-11(D) and let PDA know what would be needed next month.

M. Orr asked to add the Positron property discussion on marketing strategies to the October Agenda. The survey was nearly completed and this needs to be addressed now.

It was MSC (**B. Blad, C. Hill**) to adjourn the meeting at 12:45 P.M.

By: 
Aceline McCulla, Interim Secretary