

**POCATELLO DEVELOPMENT AUTHORITY  
MEETING MINUTES  
July 18, 2018**

**Chairman Smith** called the meeting to order at 11:05 a.m.

**Members present:** Mayor Brian Blad (left the meeting approximately 12:50 p.m.), Matt Bloxham, Chad Carr, Jim Johnston, Rob Lion, Chairman Scott Smith, and Terrel Tovey.

**Members absent/excused:** Thomas Ottaway, Scott Turner.

**Others present:** Melanie Gygli, Interim Executive Director; Jared Johnson, City Attorney; Ashley Linton-Welsh, Interim Chief Financial Officer; Jeff Mansfield, Public Works Director/City Engineer; Merrill Quayle, Development Engineer; Tiffany Olsen, Bannock County; Angela Wilhelm, Bannock Development Corporation (ex-officio); Denis Clijsters, representing Station Square and The Bridge; Lisa Willmore, representing The Bridge; Phil Kushlan, Kushlan Associates; Meghan Conrad, Elam & Burke; Chris Zahas, Leland Consulting Group (by phone from approximately 11:15 a.m. to 12:10 p.m.) and Matt Parks, Elam & Burke (by phone from approximately 12:45 to 1:15 p.m.).

**Introductions, Conflicts, and Agenda:** There were no conflicts disclosed.

**1. Action and Discussion Items:**

**Agenda Item No. 1: Minutes.** The minutes of the regular and executive session meetings of June 26, 2018, were considered. It was then **MSC (B. Blad, T. Tovey)** to approve the minutes as presented.

**Agenda Item No. 2: Financial Report.** **A. Welsh** presented the financial reports for the month of June 2018. At the end of the reporting period, the Authority had cash on hand of \$6,340,264.17. The checking account balance was \$2,928,838.13, the savings account was \$25.00, and cash held by Zions Trust amounted to \$3,411,401.04. The Authority recognized financial activity during the month of June as follows: revenue totaled \$18,567.06, of which \$4,475.87 was interest earnings on cash invested and property tax interest and \$750.00 in rental income from the Positron facility (the printed report stated this as \$1,500.00). Expenses totaled \$11,934.92, including \$146.94 for the June lunch meeting, \$152.13 to Wells Fargo for bank fees, and \$11,635.85 to Elam & Burke for work on the Northgate TIF plan and the Hoku property. Following discussion, it was then **MSC (J. Johnston, B. Blad)** to approve the June 2018 financial reports as presented.

**Agenda Item No. 3: Payment Requests/Reimbursements.** **Gygli** reviewed the invoices presented for payment. Those from Elam & Burke accurately reflect the work performed in June and both are appropriate for payment. It was then **MSC (J. Johnston, B. Blad)** to approve payments of \$22,755.47 and \$6,198.50 to Elam & Burke for work in June on the potential Northgate TIF plan and Hoku property, respectively.

**Agenda Item No. 4: Northgate TIF Plan.** **Meghan Conrad, Phil Kushlan, and Chris Zahas (by phone)**, representing Elam & Burke, Kushlan Associates, and the Leland Consulting Group, respectively, were present to provide information on the draft Northgate TIF plan. **Zahas** reviewed the market analysis prepared by the Leland Consulting group, explaining the process and various data sources used. From their research and stakeholder interviews, two potential absorption projections were developed, "conservative," meaning business as usual and largely based on historical trends, and "attainable," assuming high quality development, coordinated marketing that would cause numbers to exceed baseline

potential. Even in the attainable scenario, there is a significant gap from the numbers provided by the Northgate developers. With little specific information from the developers, he cannot speculate on the basis for their projections.

Discussion ensued, with Zahas explaining their study took into account immigration from the Salt Lake City area (they feel this is a relatively small number), that the numbers provided by the developers for residential absorption are very aggressive, and a large amount of tech and office space proposed for creation. These numbers may be high for a city of Pocatello's size, especially given other development that is occurring in the area.

**Kushlan** presented the economic feasibility study. He feels using the numbers provided by the developers may not be realistic given the lack of specificity. In preparation of his study, he took the numbers from Zahas's report and developed two scenarios: conservative and achievable over a 20-year life of a TIF district. For purposes of these projections, the levy rate is assumed to be constant and the PDA's administrative costs begin at 10 percent per year, capped at \$50,000. With these assumptions, funds available for capital projects is projected conservatively at \$40 million and the achievable scenario at \$64 million. Both are significantly lower than the over \$80 million in costs projected by the developer.

Kushlan reviewed the cash flow analysis of the two scenarios over the term of the proposed TIF district, comparing obligations to the revenue stream. It is projected that the public agencies (PDA, City, County) will be reimbursed first, then development obligations. Difficulties in these projections include not knowing more closely what the infrastructure will cost, when it will be built, and to what extent the agency intends to reimburse for these costs. In the "achievable" scenario, funds will be available to pay about 80 percent of the need over 20 years, while in the "conservative" scenario, only 46 percent of the need can be met. Depending on what is to be reimbursed, the developers may not see any funding until 2028.

Discussion ensued regarding needing more concrete information from the developers to build better projections; whether there are any other financial obligations to the development beyond TIF funds; concerns about providing needed public services with little tax revenue to pay for them (Tovey noted the ambulance district levy is at the maximum).

**Conrad** reviewed the draft TIF plan, which is the framework for implementation. The plan needs some flexibility, but Idaho Code requires specificity in line items and projects. After the plan is completed and adopted, owner participation agreements will outline how funding will flow. She is still working on the various attachments, including determining the exact boundaries of the URA, with a map and legal description. Because the properties to be included have the ag exemption, consent from those owners must be obtained for the property to be included and there will need to be a transfer of powers ordinance from Bannock County, because much of the property remains in the County. Overall, plan creation remains on schedule for adoption in 2018.

Discussion ensued regarding the need to set final boundaries; using TIF funds on public facilities (up to 50 percent of the cost of the facility); operating costs of the City cannot be funded by the TIF district; potentially starting with a smaller area and creating another district later, though Kushlan reminded that residential development generally does not create a sufficient increment on its own; amendments to the plan would cause the base to reset, so that is not a viable option; the City will absorb the cost of providing services to an area that does not generate much funding to the City; concern over favoring one development over another; a development in Chubbuck for 300 homes that is moving more quickly than Northgate.

Further discussion on this plan is needed, including with the City Council and County Commissioners. Gygli will work to set a work session to continue review. Adoption of the plan tentatively would occur at the PDA's meeting in September.

Chair Smith moved ahead to items 6 and 7.

**Agenda Item No. 6: Station Square – Request for Funding.** At the 6/26/18 meeting, the Board gave preliminary approval for assistance of up to \$200,000 in a combination of a loan (\$100,000) and a grant (\$100,000). Grant monies are to be used for the fire sprinklers, fire exit stairway, and automatic doors, with loan funds to be used for the Class A hood and electric meters. After discussion, it was **MSC (J. Johnston, T. Tovey)** to provide assistance to Station Square as follows: up to \$100,000 in grant funds to be used for fire sprinklers, fire exit stairway in the atrium, and automatic doors on the front and back and up to \$100,000 in loan funds to be used for the Class A hood and electric meters on the outside of the building. The loan term will be five years, with the first year at 0 percent interest and no payment and with quarterly payments thereafter with interest at prime plus 1 percent. The owner is to provide a personal guarantee as well as a lien on the Station Square property.

**Agenda Item No. 7: The Bridge – Request for Funding and Funding Agreement Update.** **Clijsters and Willmore** provided additional information on their request for additional funding and reconsideration of the terms of the existing loan, extending the time for payment. The request totals \$44,418.88, which would pay off open invoices from moving the restaurant, making improvements to the patio, and UV tint for windows. They explained the building was not ready for use and the cost to make needed improvements exceeded estimates; many of those bills remain unpaid, with Willmore paying as funds are available. The landlord has granted use of the patio area with no current increase to the lease amount. They reiterated their desire to help in the revitalization of Old Town and feel the area needs to have this fine dining option.

Board members reviewed information on the restaurant's operation in the past and projections for the future; concern that improvements are being made with no contribution by the building's owner; whether the business can be successful long term; that this project removes a blighting influence from the downtown. Following discussion, it was **MSC (J. Johnston, T. Tovey)** to loan the additional funds (\$44,418.88), adding the existing loan, and rewriting to the original terms (five years, first year no payment, no interest; remaining four years at prime plus 1 percent interest, with quarterly payments), including a personal guaranty from the restaurant owner.

**Agenda Item No. 5: "Hoku" Property.**

**2. Executive Session:**

**Chairman Smith** called for a motion for the Board to go into an executive session to discuss a matter in which the PDA is in competition with other jurisdictions and 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. At approximately 12:45 P.m., **it was moved and seconded (T. Tovey, J. Johnston)** to adjourn to executive session pursuant to Idaho Code §74-206(1)(d, e, & f). **The motion passed by roll call vote (Ayes: Tovey, Johnston, Blad, Bloxham, Carr, Lion, Smith. Nays: None).** Upon **MSC (T. Tovey, M. Bloxham)** the Board reconvened to regular session at approximately 1:15 p.m.

No action was taken on this item.

**Agenda Item No. 8: Project Updates.** There were no updates.

**Adjournment:**

There being no further business, the meeting adjourned at 1:28 p.m.

By:   
Melanie Gygli, Interim Executive Director/Secretary