

**POCATELLO DEVELOPMENT AUTHORITY**  
**MEETING MINUTES**  
**August 15, 2018**

**Chairman Smith** called the meeting to order at 11:02 a.m.

**Members present:** Mayor Brian Blad, Matt Bloxham (joined the meeting at 11:20 a.m.), Chad Carr, Jim Johnston, Rob Lion, Chairman Scott Smith (left the meeting at 12:30 p.m.), Thomas Ottaway, Terrel Tovey, and Scott Turner.

**Others present:** Melanie Gygli, Interim Executive Director; Joyce Stroschein, Treasurer; Jared Johnson, City Attorney; Merrill Quayle, Development Engineer; Tiffany Olsen, Bannock County; John Regetz, Bannock Development Corporation (ex-officio); Phil Kushlan, Kushlan Associates; Meghan Conrad, Elam & Burke; Linda Leeuwrik, Pocatello City Council; Heidi Adamson, Pocatello City Council; Roger Bray, Pocatello City Council; Rick Cheatum, Pocatello City Council; Beena Manan, Pocatello City Council; Steve Brown, Bannock County Commissioner; Ken Bullock, Bannock County Commissioner; Ruth Whitworth, Pocatello City Clerk; Logan McDougall, Pocatello Public Information Officer; Matt Kerbs, Bannock County Attorney; Buck Swaney, Millennial Development Partners; Brady Halbieb, Channel 8.

**Introductions, Conflicts, and Agenda:** There were no conflicts disclosed. Those present introduced themselves.

To accommodate those present, Chairman Smith adjourned to a work session to consider Agenda Item No. 5.

**Agenda Item No. 5: Northgate TIF Plan.** **Meghan Conrad** and **Phil Kushlan** were present to review and discuss the draft Northgate TIF plan. Conrad reviewed the process for creating urban renewal and revenue allocation areas, explaining this draft plan is a framework for project implementation but is not a contract to fund the various projects anticipated for the area. She reviewed the elements that must go into any TIF plan in order to meet Idaho Code. The plan can have some flexibility, but Idaho Code requires specificity in line items and projects; more specificity as to projects and costs than what has been provided by the developers is needed. After the plan is completed and adopted, owner participation agreements will outline how funding will flow. These agreements can be with individual developers or developer group. As drafted, there will be insufficient increment to fund all of the projects proposed.

**Swaney** noted the original numbers were based on a TIF covering over 5,000 acres; the proposed area has been reduced to about 2,000 acres. He agreed to provide updated numbers and description of what the development groups would like to have funded.

Those present briefly discussed the size of the TIF and need to set a definite boundary; the option of having one larger area vs. more than one smaller areas; whether to set the base year as 2018 or 2019; need to determine the path forward.

**Kushlan** went over the feasibility study he performed, citing the market analysis completed by the Leland Group. He explained that he created two different scenarios, one more conservative (assuming absorption according to historical trends) and one called achievable (assuming a more aggressive marketing and development timeline), based on the market analysis and the information provided by the developers, and assuming all infrastructure would be built in year one. In both cases, funds are shown to be insufficient to cover costs of the projects as proposed by developers (no consideration of public needs, such as a fire station, were included).

He explained it is a policy determination on what, of the legally reimbursable items, the PDA chooses to include. For instance, it is very unusual to include construction of local roads in residential developments. Rather, it is usually collector and/or arterial streets, along with related infrastructure (water, sewer, stormwater). Parks are generally reimbursable, as are buildings such as fire stations (up to 50 percent of the cost). As regards creating separate TIF districts, he noted residential development does not usually generate sufficient increment to pay for improvements.

Kushlan noted having a better-refined list of improvements, when they are scheduled to be built, and projected costs would allow him to create a better cash flow model.

In response to questions from those present, Kushlan explained the feasibility study looks only at the proposed TIF area and does not consider the entire city, but the impact beyond the TIF area is part of policy considerations. He explained TIF money cannot be used to fund operations such as fire, police, and streets; the developers would not see any reimbursement before 2027.

Kushlan explained that when the base year is set and the ag exemption is removed, that increase goes to the base, but any change due to up zoning or improvements goes to the increment. Exemptions granted by county commissions reduce the increment; the State Tax Commission is looking at rule changes now governing what amount would go to the base vs. the increment, when the exemption expires. **Conrad** noted school districts are, for the most part, exempt and would receive the full amount.

**Swaney** noted the study looks only at direct tax benefits. Indirectly, though, there would be economic benefits and improvements to other funding sources, such as sales tax revenue, that would be available to taxing districts. Further, because it is new development, there should be no maintenance costs for several years. In response to questions and concerns raised by others present, Swaney stated they anticipate the development to drive the economy and, based on historical patterns, the area will see improved growth numbers over the next decade. He stated annexation of the TIF area is expected to occur over five-seven years, with full build-out in 10-12 years. He believes absorption of residential units will be 3-4,000 per year, rather than the 2,000 projected in the market analysis, but they do have to follow market conditions.

Swaney stated he will provide updated numbers and specific items as potential reimbursables to Conrad and Kushlan.

Kushlan raised the potential of pushing the base year back to 2019. With no certificates of occupancy anticipated in 2018 and no major legislative changes to TIF law anticipated, this change would allow for more discussion and ultimately a better decision. He feels the revenue forecast in the feasibility study is reasonable, but better numbers are needed to make the spending plan more accurate. When this is provided by Swaney, additional study can be done.

**Leeuwrik** voiced her concern about both water quality and quantity. Swaney indicated the City is working on an analysis of water availability, stating his belief that the City has sufficient water to handle the development.

Additional discussion sessions may be scheduled after better project and cost numbers are received by Conrad and Kushlan.

Following discussion, those present took a brief break for lunch and **Vice Chairman Carr** reconvened the regular session at approximately 12:30 p.m.

**Agenda Item No. 1: Minutes.** The minutes of the regular and executive session meetings of July 18, 2018, were considered. It was then **MSC (J. Johnston, M. Bloxham)** to approve the minutes as presented.

**Agenda Item No. 2: Financial Report.** J. Stroschein presented the financial report for the month of July 2018. At the end of the reporting period, the Authority had cash on hand of \$7,111,405.52. The checking account balance was \$3,696,017.10, the savings account was \$25.00, and cash held by Zions Trust amounted to \$3,415,363.42. The Authority recognized financial activity during the month of July as follows: revenue totaled \$800,216.54, of which \$5,138.54 was interest earnings on cash invested and property tax interest and \$750.00 in rental income from the Positron facility, with the remainder in property tax and property tax replacement dollars for the North Yellowstone, Naval Ordinance, North Portneuf, and Pocatello Regional Airport districts. Expenses totaled \$29,075.19, including \$121.22 for the July lunch meeting and \$28,953.97 to Elam & Burke for work on the Northgate TIF plan and the Hoku property. Following discussion, it was then **MSC (B. Blad, J. Johnston)** to approve the July 2018 financial reports as presented.

Stroschein reported she will work with ICCU representatives to move funds into CDs to gain additional interest income.

**Agenda Item No. 3: Payment Requests/Reimbursements.** Gygli reviewed the invoices presented for payment. Those from Elam & Burke accurately reflect the work performed in July and both are appropriate for payment. It was then **MSC (B. Blad, J. Johnston)** to approve payments of \$3,457.35 and \$5,349.45 to Elam & Burke for work in July on the potential Northgate TIF plan and Hoku property, respectively.

**Agenda Item No. 4: Public Hearing – FY2019 Budget.** Vice Chairman Carr opened the public hearing on the PDA's proposed FY2019 budget. Stroschein reviewed the proposed budget. The revenue side begins with the existing cash balance, anticipated revenue, and known commitments. Authority is created to allow contingency spending of the entire cash balance, with the control that all expenses must be approved by the Board. She explained that the estimate for tax revenue in the North Portneuf District is too high, based on past experience. It is her recommendation that this number be reduced from \$137,432 to \$37,432, with reduction in expenses of \$90,000 in the contingency line item and \$10,000 in the administrative expense line item. Should numbers change significantly over the year, it is possible to amend the budget.

Carr called for testimony in favor of, neutral to, and in opposition to the proposed budget. Hearing none, he closed the public hearing. Following discussion it was **MSC (T. Tovey, J. Johnston)** to adopt and publish the budget with the amendments discussed.

**Agenda Item No. 6: "Hoku" Property.** In order to have conference calling capability, the Board took a break at approximately 12:45 p.m. to move to the Paradise Conference Room.

#### 1. Executive Session:

Vice Chairman Carr 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 12:50 p.m., **it was moved and seconded (J. Johnston, T. Tovey)** to adjourn to executive session pursuant to Idaho Code §74-206(1)(d, e, & f). **The motion passed by roll call vote**

**(Ayes: Johnston, Tovey, Bloxham, Carr, Lion, Ottaway, Turner. Nays: None).** Upon MSC (T. Tovey, M. Bloxham) the Board reconvened to regular session at approximately 1:48 p.m.

No action was taken on this item.

**Other.** Gygli briefly updated the Board regarding a change in ownership of The Bridge, which will necessitate reconsideration of the assistance commitment at the September meeting.

**Adjournment:**

There being no further business, the meeting adjourned at 1:50 p.m.

By: Melanie Gygli  
Melanie Gygli, Interim Executive Director/Secretary