

**POCATELLO DEVELOPMENT AUTHORITY  
MEETING MINUTES  
September 19, 2018**

**Chairman Smith** called the meeting to order at 11:08 a.m.

**Members present:** Chad Carr, Jim Johnston, Rob Lion, Chairman Scott Smith, Terrel Tovey, and Scott Turner.

**Members excused/absent:** Mayor Brian Blad, Matt Bloxham, Thomas Ottaway

**Others present:** Melanie Gygli, Interim Executive Director; Joyce Stroschein, Treasurer; Merrill Quayle, Development Engineer; Jeff Mansfield, Public Works Director/City Engineer; John Regetz, Bannock Development Corporation (ex-officio); Meghan Conrad, Elam & Burke; Ken Pape, Portneuf Development Partners; Nathan Wells, Portneuf Development Partners; Buck Swaney, Millennial Development Partners (by phone); Denis Clijsters, The Yellowstone; Jennifer Erchul, The Yellowstone.

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

Chairman Smith moved to Agenda Item No. 6.

**1. Action and Discussion Items:**

**Agenda Item No. 5: Northgate TIF Plan.** Meghan Conrad attended to present an updated draft of the proposed Northgate TIF plan, as well as updated financial scenarios created by Phil Kushlan. She briefly reviewed the history of the process to date and the purpose of the TIF plan as a framework for project implementation. She has inserted language that would allow the Board to own and then dispose of property within the district and to allow for formation of a community infrastructure district. The financial scenarios have been revised using updated project numbers supplied by the developers. Four scenarios have been developed: 1) full project using the conservative model from Leland; 2) full project using the achievable model from Leland; 3) reduced project (only the 300 acres already annexed into Pocatello City limits) using the conservative model from Leland; and 4) reduced project using the achievable model from Leland. In all cases, revenue is projected to be sufficient to cover projected costs.

**Swaney** noted the projects for which reimbursement will be requested are “backbone” infrastructure, including major roadways and infrastructure generally within such roads (water, sewer, and power), water supply, and some other public amenities. No neighborhood scale development has been included. He is confident that development will proceed more quickly than described within the Leland report, creating the desired revenue.

Those present discussed the best size of the TIF and options to start smaller, then amend or have additional districts later. Amendment is not a realistic option, as the size could only be increased by 10 percent. With the majority of the commercial development in the first 300 acres, there would may not be sufficient increment in the later, mostly residential areas, to fund improvements. Because no certificates of occupancy will be issued this calendar year, the base year can be set as 2019 allowing additional time for discussion and refinement of the plan and projects.

**Tovey** questioned the possibility of annexing the entire area so that one entity controls the process. **Swaney** explained the property owners prefer to annex when development is going to occur so City taxes are not assessed. Annexation will be accomplished prior to any development occurring so all permitting

will be through the City. The next annexation is anticipated to be about 200 acres and include residential development.

**Tovey** expressed concerns the County has about having so much land where there is no tax flow to the taxing entities, especially as regards the ambulance district. Additional personnel and equipment will be needed to serve the new development, but there will be no tax revenue. It was briefly noted that there will be districts closing soon which will add to the existing tax base, alleviating this to some extent.

**Conrad** explained action by the County on the joint powers agreement will be needed before presentation to the City Council. Moving forward, she will update the draft plan and work with Kushlan on the financials, for a second work session with the Board, Council, and Commissioners. This will be planned for the first or second week of October. **Swaney** said he would plan to attend that meeting. He also noted that he found an email from some time ago from Conrad regarding the need for update numbers, and apologized for not having provided it then.

**Swaney** presented a request for additional funds for the road connecting Olympus to the new interchange. Extra work and materials were needed to connect to existing infrastructure in Olympus and improve the intersection of Olympus and Chubbuck Road. The overrun is approximately \$1M; the Mayor has indicated the City staff may be able to assist with a portion, so his request to the PDA is approximately \$721,000. The increased number is included in the list of reimbursable projects. The road will be complete in about one month and payment will need to be made then.

Board members discussed options, including additional outlay before the TIF district is formed. **Smith** stated he will discuss options with Stroschein and Conrad and call a special meeting to take action, if needed. **Swaney** offered to provide additional information if needed.

**Agenda Item No. 7: “Hoku” Property.** **Conrad** reported Carr signed the documents and a check for \$200,000 was received for the security deposit. After the check clears, the documents will be released to Solargise. The next step is to create and advertise the RFP. After the 30-day period, the PDA will meet to select the best proposal.

**Agenda Item No. 1: Minutes.** The minutes of the regular and executive session meetings of August 15, 2018, and regular and executive session meetings of August 22, 2018, were considered. It was then **MSC (J. Johnston, T. Tovey)** to approve the minutes as presented.

**Agenda Item No. 3: Payment Requests/Reimbursements.** **Gygli** reviewed the invoices presented for payment as follows: 1) Elam & Burke in the amount of \$8,832.92 for August services on the Northgate TIF project; 2) Elam & Burk in the amount of \$5,873.45 for August services on the Hoku property; 3) Melanie Gygli in the amount of \$31.80 for lunch supplies; 4) Idaho State Publishing in the amount of \$234.57 in publishing costs related to the FY2019 budget; and 5) ICRMP in the amount of \$6,258 for the FY2019 annual premium. The invoices accurately reflect services and goods provided to the Board. It was then **MSC (J. Johnston, C. Carr)** to approve the payment requests.

**Agenda Item No. 2: Financial Report.** **J. Stroschein** presented the financial report for the month of August 2018. At the end of the reporting period, the Authority had cash on hand of \$6,526,716.81. The checking account balance was \$3,057,158.72, the savings account was \$25.00, and cash held by Zions Trust amounted to \$3,469,533.09. The Authority recognized financial activity during the month of August as follows: revenue totaled \$64,890.49, of which \$5,658.68 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 dollars for the North Yellowstone District (\$8,394.59) and the Pocatello Regional Airport

District (50,148.51). Expenses totaled \$648,890.49, including \$132.04 for the August lunch meeting, debt service payment of \$58,382.25 and principal payment of \$564,000 on the North Yellowstone bond, \$17,740.20 in principal payment to the City on the North Portneuf property, and professional services payment to Elam & Burke of \$3,350 and \$5,286 Elam & Burke for work on the Northgate TIF plan and the Hoku property. Following discussion, it was then **MSC (T. Tovey, S. Turner)** to approve the August 2018 financial reports as presented.

**Agenda Item No. 5: Engagement of Auditor for FY2018 Audit.** **Stroschein** presented a proposal by Deaton & Company to perform the PDA's FY2018 audit. This firm also does the City's audit. Following brief discussion it was **MSC (T. Tovey, C. Carr)** to engage Deaton & Company to do the PDA's FY2018 audit and authorize the Chair to sign the proposal.

**Agenda Item No. 4: Request for Funding – Yellowstone Restaurant (The Bridge).** **Gygli** explained The Bridge has been purchased by new owners and is now The Yellowstone. Because of this change, the funding assistance approved for The Bridge must be reconsidered. Also, there was some confusion regarding the form of the assistance, whether loan, grant, or a combination.

**Clijsters** and **Erchul**, representing The Yellowstone, reviewed their proposal. They have assumed the loan originally made by the PDA to Lisa Willmore for The Bridge. Additionally, they are asking for \$16,795 as a loan to allow creation of an outdoor patio area (total loan with assumption of \$42,795) and \$27,623.88 in grant funds to cover the remaining unpaid costs from moving The Bridge from its original location, for a total funding request of \$70,418.88. They would like to have the same loan terms as originally given to The Bridge, specifically, a five-year term, with 0 percent interest and no payments for one year, with the balance due over four years at prime plus one percent, payable in quarterly payments.

In response to questions from Board members, Clijster and Erchul stated business has been excellent, with sales exceeding projected numbers. They have begun working on the patio, keeping costs down by using their own labor as much as possible. Following discussion, it was **MSC (C. Carr, J. Johnston)** to provide a loan in the amount of \$16,795 for the patio project, to be added to the loan assumed from The Bridge, for a total loan of \$42,795.00, with a five-year term, at 0 percent interest and no payments for one year, with the balance due over four years at prime plus one percent, payable in quarterly payments. The loan is to be guaranteed by the four owners. Further, a grant will be provided in the amount of \$27,623.88 to cover unpaid moving expenses from when the The Bridge moved from its 1<sup>st</sup> Avenue location.

**Agenda Item No. 8: Reports and Updates.**

- a. Positron: **Gygli** reported a follow up letter is being sent to Idaho State University inquiring about the University's interest in acquiring this property. Mike Smith has offered tours of the facility to members of the Board, if desired.
- b. Naval Ordnance District: No update on the lawsuit status was available.
- c. Peterson, Inc.: **Gygli** briefly reviewed the semi-annual employment report for June 2018. Peterson continues meeting all employment benchmarks.
- d. District Closeouts: **Stroschein** provided Board members with a spreadsheet showing cash balances and commitments for each of the TIF districts and general fund. After talking with Zions Bank, she calculates that the bonds can be paid off by March of 2019, and steps can be made to close this district, as all obligations have been met. This will result in at least \$73M of value being returned to the general tax rolls. As regards the Naval Ordnance Plant District, the Board needs to determine how to proceed, given the continuing lawsuit, with potential projects. If no further projects are anticipated, this district could be closed. Also, when the Philbin Road/Hoku property transaction is completed, the North Portneuf District could be closed.

- e. Jim Dandy: In response to questions, **Gygli** reported the lights could not be installed until additional circuits were added. When an electrical engineer can be engaged, the project can go ahead.

**Other.** **Gygli** stated the Bannock Development Corporation annual symposium will be 10/24/18. The PDA will pay registration for Board members wishing to attend. Lion, Smith, and Turner wanted to attend; Gygli will follow up with other members.

## 2. Executive Session:

**Chairman Carr** called for a motion for the Board to go into an executive session to discuss negotiations involving matters of trade or commerce in which the PDA is in competition with other. At approximately 1:00 p.m., **it was moved and seconded (J. Johnston, T. Tovey)** to adjourn to executive session pursuant to Idaho Code §74-206(1)(e). **The motion passed by roll call vote (Ayes: Johnston, Tovey, Carr, Lion, Smith, Turner. Nays: None).** Upon **MSC (T. Tovey, S. Turner)** the Board reconvened to regular session at approximately 1:11 p.m.

## Adjournment:

There being no further business, the meeting adjourned at 1:11 p.m.

By:   
Melanie Gygli, Interim Executive Director/Secretary