

POCATELLO DEVELOPMENT AUTHORITY
MEETING MINUTES
October 17, 2018

Chairman Smith called the meeting to order at 11:13 a.m.

Members present: Mayor Brian Blad, Matt Bloxham, Chad Carr, Jim Johnston, Rob Lion, Thomas Ottaway, Chairman Scott Smith, and Scott Turner.

Members excused/absent: Terrel Tovey

Others present: Melanie Gygli, Interim Executive Director; Joyce Stroschein, Treasurer; Jared Johnson, City Attorney; 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; Buck Swaney, Millennial Development Partners; Denis Clijsters, The Yellowstone; William Coryell, Sterling David, Hunter Rodriguez, and Stephen Wright, Off the Rails Brewery.

Agenda Item No. 1: Conflicts of Interest: Johnston disclosed a conflict of interest on matters related to the Northgate TIF.

Agenda Item No. 2: Minutes: The minutes of the Regular and Executive Sessions of September 19, 2018 were considered. It was then **MSC (J. Johnston, B. Blad)** to approve the minutes as presented.

Agenda Item No. 3: Financial Report. **J. Stroschein** presented the financial report for the month of September 2018. At the end of the reporting period, the Authority had cash on hand of \$6,731,948.47. The checking account balance was \$3,396,447.16, the savings account was \$25.00, and cash held by Zions Trust amounted to \$3,335,476.31. The Authority recognized financial activity during the month of September as follows: revenue totaled \$206,125.20, of which \$4,832.76 was interest earnings on cash invested and property tax interest, \$750.00 in rental income from the Positron facility, property tax dollars for the Naval Ordnance District (\$542.44), and \$200,000.00 on the agreement related to the Hoku property. Expenses totaled \$143.54, including \$128.54 for the September lunch meeting and a \$15.00 wire fee. Stroschein provided an update on the North Yellowstone district, stating sufficient funds should be available to begin the closure process in February. Following discussion, it was then **MSC (B. Blad, J. Johnston)** to approve the September 2018 financial reports as presented.

Agenda Item No. 4: Payment Requests/Reimbursements. The following invoices were reviewed for payment: 1) Elam & Burke in the amount of \$9,257.45 for September services on the Northgate TIF project; 2) Elam & Burke in the amount of \$982.25 for September services on the Hoku property; 3) Elam & Burke in the amount of \$64.50 for September services on district close-out questions; and 4) Melanie Gygli in the amount of \$94.99 for BDC Symposium registration for Bloxham, Lion, Smith, and Turner, and file boxes for PDA records. The invoices accurately reflect services and goods provided to the Board. It was then **MSC (B. Blad, J. Johnston)** to approve the payment requests.

Agenda Item No. 5: Issue Grant Funds –Yellowstone Restaurant: Gygli presented an accounting of the grant funds approved for the Yellowstone Restaurant. These funds were approved for use in paying off bills related to moving The Bridge from its South 1st to West Bonneville location. After consideration, it was **MSC (B. Blad, R. Lion)** to authorize release of the grant funds.

Agenda Item No. 6: Request for Funding (Clarification/Amendment) – Station Square: Gygli explained that Denis Clijsters, representing Station Square, has requested clarification of the Board's action on funding for Station Square. Specifically, he felt that approval was for the total cost of the improvements, and the amount of loan vs. grant should be flexible (rather than \$100,000 each). It was also his understanding that he had requested up to \$200,000 in grant funds. Clijsters explained the anticipated costs, some of which have gone up, while others may be less. A grant of \$100,000 will not cover the costs of the items, while a loan of \$100,000 will be more than required for the identified items.

Board members reviewed minutes and the request from the 7/18/18 meeting, as well as updated information provided by email. Discussion ensued about allowing flexibility between the loan and grant amounts and whether there is sufficient money in the general fund to cover an increased request. It was then **MSC (J. Johnston, C. Carr)** to confirm the Board's previous decision, specifically, 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: Request for Funding – BGS Holdings. **Sterling Davie, Hunter Rodriguez, William Coryell, and Stephen Wright** were present to discuss their proposal for assistance to establish Off the Rails Brewing at 228 South Main. The request is for \$60,000 in grant funds to make improvements to the front and rear facades and a \$200,000 loan to make necessary repairs and upgrades to the building. **Davie** described the business plan, explaining among the partners they have experience in brewing, business operation, and business management and catering. It is their intent to do onsite brewing and serve Chicago-style pizza. In response to questions from Board members, he explained they hope to be open by the end of January or into February 2019; they do not directly compete with other restaurants in the downtown area and feel they are different from other breweries in Pocatello. They have looked into other financing sources, but want to work with the PDA. They have purchased the building and will be purchasing the brewing equipment and tanks. They would need approximately 15 employees who would make at least the Federal minimum wage and the partners would take no profit until outstanding loans are paid. As far as possible, they will use local sources for supplies.

Discussion ensued among Board members regarding whether the local economy can absorb another brewery (Lion stated as many as three more could be supported); this appears to be a good project and good investment in the downtown area; whether the PDA has sufficient financial resources at this time to fulfill the request; perhaps approving the grant and considering the loan at a later date; impact of postponing decision (**Davie** indicated it would push their plans back).

Rather than taking action at this time, the Board determined to postpone consideration until a detailed review of the general fund could be completed. Further consideration of this request could be scheduled for a special meeting later in October.

Agenda Item No. 8: Election of Officers. Upon nomination made by **J. Johnston**, seconded by **B. Blad**, and carried unanimously, the existing slate of officers (Chair Scott Smith, Vice Chair Chad Carr, Treasurer Joyce Stroschein, and Secretary Melanie Gygli) were elected for an additional term.

Agenda Item No. 9: Engagement of Legal Counsel – General and/or TIF Close-Out Process. **Smith** suggested this be considered at a later meeting when assistance is needed. **Stroschein** explained that advice will be needed ahead of when the process starts for closing a TIF district.

Chairman Smith moved ahead to Agenda Item No. 12.

Agenda Item No. 12: Reports and Updates.

- a. Philbin Road/Hoku Property: **Smith** reported the Request for Proposals will publish 10/18 with a submission deadline of 30 days. Proposal selection is tentatively set for the Board's November meeting. There remain some issues with other involved parties.

Agenda Item No. 10: Northgate TIF Plan. **Meghan Conrad** presented the latest draft of the proposed TIF plan as well as updated financial scenarios and appendices. She asked that any comments be forwarded to her in the next week, in anticipation of a joint work session with the City Council and County Commissioners. Tentatively, approval of the plan will be at the PDA's November meeting, beginning the formal adoption process. **Swaney** clarified that the acreage for the proposed TIF is approximately 1,800 acres. He also reported the ITD is under contract Canon Builders for the new interchange. Construction is anticipated to begin by 11/1/18

Agenda Item No. 11: Request for Additional Funding – Northgate Development. Buck Swaney described progress to date on the east side road extending Olympus Drive and connecting to ITD right-of-way. This includes work from Jerome north on Olympus to connect to existing water and sewer infrastructure. They anticipate having the road substantially complete in approximately nine days. He reviewed the financial participation to date by the City (\$450,000), County (\$1,350,000), and PDA (\$1,650,000) in the interchange, as well as to the connecting road. They need approximately \$721,000 in additional funding to complete the project, not including the remaining \$300,000 commitment from the PDA. This additional amount has been included in the total of potential reimbursables from the TIF district.

City staff present explained that the money the City has committed to the interchange originally was intended to be used on the connecting road, from Jerome to the then-end of Olympus. There have been no City funds used on the improvements that have been made to Chubbuck Road. The County has contributed \$50,000 to the Chubbuck Road improvements.

Conrad explained that, while the expense likely is reimbursable, spending outside an established district may put the PDA at risk of not recouping the funds should the TIF not be established.

Board members discussed options for further assistance. As discussed on earlier agenda items, there are a number of commitments outstanding and, with a commitment of this size, available funds would be dramatically reduced. With reimbursement not likely for a few years, it would severely restrict the PDA's ability to assist with other projects. Blad noted the shortfall has not been discussed with the City Council; he could arrange to have that discussion in the next couple of weeks. Depending on that outcome, the PDA could consider the request further.

Ottaway left the meeting at approximately 1:08 p.m.

At the request of Board members, Chairman Smith returned to Agenda Item No. 7.

Agenda Item No. 7: Request for Funding – BGS Holdings. Bloxham stated his desire to provide at least partial funding to what is an excellent project. After discussion, it was **MSC (Bloxham, Blad)** to approve a grant of up to \$60,000 to BGS Holdings for proposed exterior work on the building at 228 South Main.

Adjournment:

There being no further business, the meeting adjourned at 1:17 p.m.

By: 
Melanie Gygli, Interim Executive Director/Secretary