

**POCATELLO DEVELOPMENT AUTHORITY
MEETING MINUTES
November 1, 2018**

Chairman Smith called the meeting to order at 12:00 noon and welcomed guests of the Board.

Members present: Mayor Brian Blad, Matt Bloxham (joined meeting approximately 12:38 p.m.), Chad Carr, Rob Lion, Thomas Ottaway (left meeting approximately 1:13 p.m.), Chairman Scott Smith, and Terrel Tovey.

Members excused/absent: Jim Johnston, Scott Turner.

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; Ashley Linton-Welsh, Senior Accountant; John Regetz, Bannock Development Corporation (ex-officio); Phil Kushlan, Kushlan Associates; Meghan Conrad, Elam & Burke; Buck Swaney, Millennial Development Partners; Linda Leeuwrik, Pocatello City Council; Heidi Adamson, Pocatello City Council; Roger Bray, Pocatello City Council; Rick Cheatum, Pocatello City Council; Beena Mannan, Pocatello City Council; Ruth Whitworth, Pocatello City Clerk; Anne Nichols, Pocatello Administrative Services Manager; Matt Kerbs, Bannock County Attorney; Brady Halbieb, Channel 8; Sterling David, Hunter Rodriguez, and Stephen Wright, Off the Rails Brewery.

Agenda Item No. 1: Conflicts of Interest: No conflicts were disclosed.

Agenda Item No. 2: Northgate TIF Plan: **Smith** briefly recapped the process of creating the proposed TIF area and plan. **Conrad** presented the updated draft, explaining update numbers from the development team have been inserted. With these numbers, the plan is economically feasible. Consideration of funding a public emergency services building has been included (TIF funding could pay up to half of the cost, estimated at \$8 million). The feasibility study shows all potential projects can be funded, with funding remaining the end of the 20-year plan duration. The plan's base year is anticipated to be 2019, expiring in 2039, with funding flowing to the PDA in 2040. The plan is a framework, not a contract, and assumes a reimbursement model. Individual Owner Participation Agreements will be developed with each entity—including the public entities—that hope to be reimbursed.

The process going forward is for the PDA to consider adoption of the plan, then transmitting it to the City Council. Review by the Planning & Zoning Commission for conformity with the City's Comprehensive Plan is required, as well as an intergovernmental agreement and transfer of powers ordinance from Bannock County. A 30-day public notice and transmittal to all taxing districts is required prior to the Council's public hearing. After that hearing, the Council determines whether to adopt the plan by ordinance.

Stroschein presented information on potential TIF closures and tax "abatements" that will expire in the next three to five years. Including the North Yellowstone TIF district and abatements on Amy's Kitchen, Great Western malting, Western States Cat, and On Semi-Conductor, as much as \$3,108,080 in additional tax funds will be available to the City, within other taxing districts also receiving funds. This money could be used to offset the costs of providing services in the proposed TIF area. Funds made available through TIF closures count as new construction, so using them does not affect the 3 percent cap. How to use the increment funds is a determination to be made by the City Council and governing boards of the other taxing entities. **Blad** noted using TIFs as the PDA has brings in business and increases the tax base.

Kushlan reviewed the feasibility study, cash flow chart, and revenue allocation estimates. He explained that the projects and costs listed are only potential, that their inclusion does not mean they will be constructed or reimbursed. Based on the numbers provided by the developers, the public agencies should start seeing reimbursement in 2023, with the developers first receiving money in 2027 or 2028. The proposal assumes 75 percent of funds will be used for reimbursement, with the remainder left in reserve. At the end of the district's term, there could be as much as \$3.7 million unspent. Using a reimbursement model, the entire risk is borne by the developers, who will pay for the projects and only receive reimbursement if and when sufficient increment is received.

Planning to use only a reimbursement model does not mean bonding could not occur; however, the feasibility study does not include the expense of creating the bonds nor covering the interest costs. Therefore, the amount available for projects would be reduced. Additionally, creating a bonding situation requires a great deal of data, etc., to prove ability to repay the bonds.

Reviewing the project and boundary maps, **Swaney** explained the excluded areas are those where the property owners are not interested in being part of the TIF and not willing to sign the required agriculture consent. He explained annexation of the property into the City would be requested in approximately 200-acre parcels, when the development team determines market conditions are appropriate. Annexation will be done ahead of any development, so there will be no conflict between City and County development codes. **Conrad** explained an intergovernmental agreement and transfer of powers ordinance is still required, because at the time of TIF creation, part of the included property will be in the County.

Tovey explained the Commission may wish to entertain public comment, in addition to staff review, on the plan at the time they consider the intergovernmental agreement and transfer of powers ordinance to allow public participation. **Smith** noted the creation process has been done in open meetings, including the two work sessions, and **Conrad** reiterated there would be a public hearing on the plan before the Pocatello City Council, providing a formal way for citizens to comment.

Swaney announced that the interchange contract has been awarded to Cannon Builders and work is anticipated to begin 11/2/18, with a target completion of summer or fall of 2019. He invited those present to attend the Northgate tours being scheduled for 11/2/18, starting in the Portneuf Wellness Center.

Cheatum pointed out a math error in the feasibility study, page 2; **Kushlan** explained the numbers are accurate in the spreadsheets and he will correct the study.

Agenda Item No. 3: Request for Funding – BGS Holdings. **Smith** reviewed the request as discussed at the 10/17/18 meeting. **Gygli** explained the request by Millennial for additional funding on the east side street has been withdrawn, so that expense is no longer under consideration. **Stroschein** distributed an updated list of funding commitments, explaining \$878,402 is available in the general fund. Board members discussed the proposal, options for increasing the grant amount vs. the loan amount and need to discuss more broadly the Board's policy on amounts for loans and grants and type of projects to fund. Recent loan terms have been for five years, with the first year at 0 percent interest and no payments, then an interest rate of prime plus 1 percent and quarterly payments for years two through five. Concerns about competing with the private lending market and parity among funded projects. Representatives of BGS/Off the Rails Brewery indicated their acceptance of the proposed terms, including a \$200,000 loan and the \$60,000 grant approved at the last meeting.

After discussion, it was **MSC (Blad, Ottaway)** to approve a loan of up to \$200,000 to BGS Holdings for proposed interior work on the building at 228 South Main. Further discussion ensued regarding terms, general policy considerations, the role of the PDA in urban renewal, need to maintain the integrity of the general fund, not making all assistance grants.

Adjournment: There being no further business, the meeting adjourned at 1:23 p.m.

By: _____


Melanie Gygli, Interim Executive Director/Secretary