

**POCATELLO DEVELOPMENT AUTHORITY
MEETING MINUTES
February 20, 2019**

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

Members present: Mayor Brian Blad (arrived approximately 11:15 a.m.), Matt Bloxham, Chad Carr, Jim Johnston (left the meeting approximately 12:30 p.m.), Rob Lion, Thomas Ottaway, Scott Smith, Terrel Tovey, and Scott Turner

Members excused/absent: Thomas Ottaway

Others present: Melanie Gygli, Interim Executive Director; Joyce Stroschein, Treasurer; Jared Johnson, City Attorney; Merril Quayle, Public Works Development Engineer; John Regetz, Bannock Development Corporation (ex officio); Tiffany Olsen, Bannock County; Laura Hamilton (Treasure's building); Dane Simmons (Simmons Surgical); Steve Wright and Sterling Davie (BGS/Off The Rails Brewery); Ali Gorny and Tiffani Wilson (Monarch Building)

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

Agenda Item No. 2: Minutes. The minutes of the Executive Session of December 19, 2018 and the Regular and Executive Session of January 16, 2019 were considered. It was then **MSC (J. Johnston, R. Lion)** to approve the minutes as presented.

To accommodate those present, the Chair moved to Agenda Item No. 5; items 2 and 4 will be completed when Stroschein is present.

Agenda Item No. 5: Payment Requests/Reimbursements. The following invoices were reviewed for payment: 1) Elam & Burke in the amount of \$5,957.54 for January services on the Northgate TIF project and 2) Elam & Burke in the amount of \$1,266.45 for January services on the Hoku property; 3) Idaho State Publishing in the amount of \$67.63 for publication of the notice of hearing on the annual report; and 4) Melanie Gygli in the amount of \$26.73 for soda and water for meetings. It was then **MSC (J. Johnston, M. Bloxham)** to approve the payment requests.

Agenda Item No. 7: Request for Grant/Loan Disbursements.

- a. **Snyder:** **Gygli** reviewed the request for grant funds submitted by Michael Snyder for roof repairs on the building at 141 North Main. The contractor obtained the correct permit and the project has been completed. The total funding request is \$39,000. Following discussion, it was **MSC (S. Turner, J. Johnston)** to authorize release of the funds.
- b. **BGS Holdings:** **Gygli** reviewed the request for loan funds submitted by BGS Holdings (Off The Rails Brewery). The request is for \$58,301.99, including \$33,125.55 for the roof and \$25,176.44 for architectural services. Upon review, the request is consistent with the work that has been completed on both the roof and the architectural services. Following discussion, it was **MSC (M. Bloxham, T. Tovey)** to authorize release of the funds.
- c. **Simmons Surgical:** **Gygli** reviewed the request for loan and grant funds submitted by Simmons Surgical. The grant request is for \$9,806.72 and the loan request is for \$11,929.11. Upon review, the requests are

consistent with the work that has been completed. Following discussion, it was **MSC (M. Bloxham, J. Johnston)** to authorize release of the funds.

Agenda Item No. 6: Request for Grants and/or Loans.

- a. **BGS Holdings:** **Gygli** briefly introduced the request, for an additional \$24,000 in grant funding. **Sterling Davie** explained they now have firmer numbers for the rehab work they are doing. Some items have been less expensive, some more, and they have made adjustments accordingly. But in the end, they still need additional funding. Board members commented that the amount already approved in grant and loan funds may exceed the Board's willingness or capacity to grant; additional loan funds may be possible. In response to questions from Board members, Davie stated they have worked with private lenders but there is no further lending available. They are open to having this money be a loan rather than a grant and would be willing to return later if need proves out, if that is the Board's preference. It was then **MSC (J. Johnston, R. Lion)** to deny the request for an additional \$24,000 in grant funds for this project.
- b. **Treasure Johnston:** **Gygli** briefly introduced the request, for grant funds to facilitate roof repairs. Laura Hamilton, representing Treasure Johnston, owner of the building at 149 North Main, explained the need for roof repair or replacement. The roof is leaking and the encroaching water is nearing the HVAC and electrical systems. She presented an estimate from Wilson Roofing for a repair (\$4,200.00) or replacement (\$27,384.00). A patch was done in the last year, but it has already failed and her merchandise is at risk. Board members expressed their desire to know the building owner's commitment to and intent for use of the building for the long term before investing PDA funds. **Tovey** noted Idaho Power in the past has had a rebate program for reflective roof treatments (he will have the information forwarded to Gygli to send to Hamilton). Board members discussed the option of providing grant or loan funds for the repair amount. Hamilton stepped out of the building to call the owner to see how she wants to proceed.
- c. **Wilson & Gorny/Monarch Building:** **Smith** briefly introduced the request, noting that the amount of funds requested is beyond the PDA's ability to provide. **Wilson and Gorny** outlined their proposal for restoration of the building, providing an estimate from A&E Engineering for the structural analysis and a project description for the "Monarch Building and Butterfly House." They have engineering reports stating that the façade is intact and are working on a detailed structural analysis for the remainder, but need help to move this process along. Work on the façade is their first focus and will include restoring what was lost, including the parapet, windows, awnings, and doors. They are licenses contractors and would hire assistance where needed. What they hope for from the PDA is \$100,000 for the structural analysis and façade work.

Blad explained that the City Council set a deadline of 4/11/19 by which time Wilson and Gorny must provide a structural analysis of the building. If the building is determined to be sound, a specific timeline for needed work is required. If not sound, demolition may be the next step. Discussion ensued regarding the proposal and the need to have the structural issues addressed, a firmer estimate of what it will cost to accomplish the project, and a more specific timeline before the PDA can commit funds. Also, the PDA is not meant to be the first lender, rather coming in after private financing and outside investors. **Wilson and Gorny** explained the need to address the engineering has required them to shift funds from other areas. The kind of projects they prefer is to pick deteriorated properties for redevelopment. They are currently working on an 8-plex near Pocatello High School.

Smith noted the PDA is supportive of the project in concept, but until structural issues are resolved and a firm timeline and cost estimate is presented, consideration of this request would be premature.

- b. **Hamilton** stated she was unable to contact the building owner, but left her a message. Board members continued discussion, including options for a grant or loan, and whether for the patch or the replacement option, and the need for the building owner to participate in any needed work. **Blad** moved to approve a loan for \$4,200 with the option to convert to a grant if the owner does not want to accept a loan. **Motion died** for lack of a second. It was then **MSC (B. Blad, J. Johnston)** to approve a five-year loan for \$27,384.00, with the first year at 0 percent interest and no payments for the first year, and prime plus 1 percent and quarterly payments for years two through five. The owner has 30 days in which to accept the loan. Should the owner not accept the loan, the owner can return to the Board to further discuss the request.

Agenda Item No. 8: Adoption of Records Retention Policy and Designation of Records Custodian. **Gygli** presented a draft resolution adopting a policy of retention of the Board's records and designating the Executive Director as primary custodian and the Treasurer as secondary custodian. This is needed to bring the Board into compliance with Idaho Code. Following discussion, it was **MSC (J. Johnston, R. Lion)** to adopt the policy as presented and authorize signing of the Resolution 2019-2.

The Board took a five-minute break.

Agenda Item No. 9: 2018 Annual Report of the Pocatello Development Authority.

- a. Idaho Code requires that each urban renewal agency prepare an annual report and hold a public hearing to allow comments on that report.
- b. **Smith** opened the public hearing, calling for comments in favor of, neutral to, and opposed to the report. There being no comments offered, he closed the public hearing. He reported that he and Carr attend the City Council's work session on 2/14/19, and presented the report to them. The report went well, though one Council member expressed concerns about the impact of the proposed Northgate TIF district.

Agenda Item No. 10: Review Approval of Revised Engagement Letter with Matt Parks as Legal Counsel for DPA With Respect to the Hoku Property Disposition. **Gygli** explained Matt Parks left the Elam & Burke law firm. In discussions with Meghan Conrad, it seems the best course to continue working with Parks through the completion of this process. After review of the proposed engagement letter, it was **MSC (T. Tovey, S. Turner)** to authorize the Chair to sign the engagement letter with Matt Parks.

Agenda Item No. 11: Reports and Updates.

- a. **Northgate TIF Plan:** **Gygli** reported that the Chubbuck City Council will consider an intergovernmental agreement and transfer of power ordinance at their meeting of 2/20/19 and Bannock County will do the same at the Commission meeting on 2/26/19. The Pocatello City Council will hold a public hearing and consider an enacting ordinance at either their 4/4/19 or 4/18/19 meeting.
- b. **Petersen Inc.:** **Gygli** reported that Petersen Inc. remains in compliance with the terms of their economic development agreement, with 65 employees and an average salary of \$23.27/hour (63 employees making over \$14.00/hour), where 50 employees making at least \$14.00/hour is required.

- c. Jim Dandy Lighting Project: **Gygli** reported preliminary estimates to install three “Old Town” streetlights is \$42-45,000; the PDA approved \$15,000.00 for this project. This is due to the required extension of electrical infrastructure. Commission members asked that this be a topic for discussion and possible action at the March meeting, with a map of where the Old Town lights are now and where they could be placed if the infrastructure is extended.

Agenda Item No. 4: Financial Report. **J. Stroschein** presented the financial report for the month of January 2019. At the end of the reporting period, the Authority had cash on hand of \$7,320,393.48. The checking account balance was \$4,015,245.03, the savings account was \$25.00, and cash held by Zions Trust amounted to \$3,305,123.45. The Authority recognized financial activity during the month of January as follows: revenue totaled \$904,350.53, of which \$6,062.29 was interest earnings on cash invested and property tax interest, \$750.00 was rental income from the Positron facility, and \$897,538.24 in property taxes, including the North Yellowstone District (\$732,450.46), Naval Ordnance Plant District (\$101,210.18), North Portneuf District (\$9,970.51), and the Airport District (\$54,607.09). Expenses totaled \$64,101.35, including \$132.74 for the January lunch meeting, debt service interest of \$50,165.95 for North Yellowstone, and legal services related to the Northgate TIF and North Portneuf property of \$4,520.72. Stroschein explained Zions is in the redemption process for the North Yellowstone District bonds, with a closing date of 3/15/19. After that, the TIF closure process will begin.

Following discussion, it was then **MSC (B. Blad, T. Tovey)** to approve the January 2019 financial reports as presented.

Agenda Item No. 2: Fiscal Year 2018 Audit Report. **Stroschein** reviewed the Fiscal Year 2018 audit as prepared by Deaton & Company. She covered the audit report, management discussion and analysis, and the financial statements. This is a clean audit, with no concerns noted. One procedural change that staff will make is to have the Executive Director review bank statements, rather than the Chair. This is for both ease of process and because the Executive Director is more involved on a day-to-day basis with the operations of the PDA.

Following review and discussion, it was **MSC (B. Blad, T. Tovey)** to accept the report.

Adjournment:

Agenda Item No. 12 was postponed to the March meeting. There being no further business, the meeting adjourned at 12:55 p.m.

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