

**POCATELLO DEVELOPMENT AUTHORITY
MEETING MINUTES
May 15, 2019**

Members present: Mayor Brian Blad, Matt Bloxham, Chad Carr, Rob Lion, Scott Smith, Terrel Tovey, and Scott Turner

Members excused/absent: Jim Johnston, Thomas Ottaway

Others present: Melanie Gygli, Interim Executive Director; Merril Quayle, Public Works Development Engineer; Joyce Stroschein, Treasurer; Jared Johnson, Pocatello City Attorney; Carl Anderson, Senior Planner; Heidi Adamson, City Council Member; Jeff Mansfield, Public Works Director/City Engineer; John Regetz, Bannock Development Corporation (ex officio); Steve Wright (BGS/Off The Rails Brewery); Denis Clijsters, Station Square; Matt Parks, Stacey & Parks (by phone from approximately 11:35 a.m. to 12:10 p.m.)

Agenda Item No. 1: Call to Order and Disclosure of Conflicts of Interest. Chairman Scott Smith called the meeting to order to 11:05 a.m. No conflicts were disclosed.

Agenda Item No. 2: Minutes. The minutes of the Regular and Executive Sessions of April 17, 2019 were considered. It was then **MSC (S. Turner, C. Carr)** to approve the minutes as presented.

Agenda Item No. 3: Financial Report. J. Stroschein presented the financial report for the month of April 2019. At the end of the reporting period, the Authority had cash on hand of \$3,319,380.93. The checking account balance was \$3,319,375.33 and the savings account was \$25.00. A negative amount of \$19.40 was accounted to the North Yellowstone district. Zions Trust holds no cash, as the bonds have been paid. The Authority recognized financial activity as follows: revenue totaled \$10,003.04, of which \$4687.13 was interest earnings on cash invested \$5,315.91 in property taxes from the North Yellowstone District. Expenses totaled \$65,811.41, including administrative expenses of \$133.26, professional services of \$6,900.25, and economic development grants and loans of \$58,778.00.

Following discussion, it was then **MSC (S. Turner, T. Tovey)** to approve the April 2019 financial report as presented.

Agenda Item No. 4: Payment Requests/Reimbursements. The following invoices were reviewed for payment:

- a. \$4,940.00 from General Fund to Elam & Burke for legal fees re: Northgate TIF District creation.
- b. \$774.00 from North Yellowstone District Fund to Elam & Buke for legal fees re: North Yellowstone District closure.
- c. \$473.00 from North Portneuf District Fund to Elam & Burke for legal fees re: North Portneuf TIF District.
- d. \$64.40 from General Fund to Elam & Burke for legal fees re: Special Counsel General
- e. \$4,420.00 from North Portneuf District Fund to Stacey & Parks for legal services re: North Portneuf TIF District.
- f. \$17.97 from General Fund to Melanie Gygli as reimbursement for Board's April and May lunch expenses.

- g. \$3,000.00 from North Yellowstone District Fund to Zions Bank for annual trustee, paying agent, and dissemination agent fees.
- h. \$4,150.00 from General Fund to Deaton & Company for FY2018 audit.

Gygli reported the invoices accurately reflect work performed or goods and services provided, and are appropriate for payment. It was then **MSC (M. Bloxham, R. Lion)** to approve the payment requests.

Agenda Item No. 5: North Yellowstone TIF District. **Gygli** presented a proposed resolution for closure of the North Yellowstone Urban Renewal Area, which includes a termination plan and preliminary termination budget. With adoption of the resolution, the district will close and receipt of tax funds will cease (after payment of the second half of 2018's remittance, anticipated toward the end of July). Once all bills are paid, any remaining money in the PDA's account (estimated to be approximately \$1 million dollars) will be transmitted to the Bannock County Treasurer for distribution to the taxing entities within the district. The City Council will adopt an ordinance formally closing the district; this must be accomplished before the end of the calendar year.

Board members discussed the use of TIF districts within Pocatello. **Mayor Blad** recounted that Pocatello is held as an example statewide of how to use this financing mechanism, noting that the City and PDA have been very successful in creating URAs, financing and completing projects, then closing them and returning funds to the County, and enhanced property values to the tax rolls.

It was **MSC (T. Tovey, B. Blad)** to adopt the resolution and attachments as presented, authorizing signature by the Chairman and Secretary.

Agenda Item No. 6: North Portneuf TIF District. Board members were provided an update on the status of the disposition and lawsuit. Solargise did not pay the 2015 delinquent taxes, so the extension approved at the April meeting was nullified. Further, closing on the property did not occur on April 30 as required by the disposition agreement. If this default is not cured, the PDA will own not only the land, but the built improvements as well. **Parks** explained that Solargise may have been concerned that paying only the 2015 taxes would not fully resolve issues with the County. In addition, the encroachment into Idaho Power's easement remains an issue.

Parks explained that the suit filed by Celtic Life against the PDA was served on 4/23/19. The deadline for response was 5/14/19, which was accomplished. A Motion to Dismiss and supporting brief were filed (copies will be forwarded to Board members), with the dismissal request based on timing of the original complaint filing being outside the statutory requirements. **Parks** has spoken with Chad Hansen, principal in Celtic Life, who stated they remain interested and would like to make a purchase proposal if Solargise does not close on the property. He reminded Board members of the suit filed by Celtic Life against VA Metals as to ownership of the buildings.

Agenda Item No. 7: Executive Session – North Portneuf TIF District. To allow discussion regarding pending litigation, **Smith** called for an executive session. Pursuant to I.C. §74-206(1)(f) 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, at approximately 11:48 a.m., **it was moved and seconded (T. Tovey, B. Blad)** to adjourn to executive session pursuant to Idaho Code §74-206(1)(f). **The motion passed by roll call vote (Ayes: Tovey, Blad, Bloxham, Carr, Lion, Smith, Turner. Nays: None.** At approximately 12:10 p.m., the Board reconvened to regular session.

Agenda Item No. 6: North Portneuf TIF District. Following the executive session, **Smith** welcomed those who had been dismissed back to the meeting. It was then **MSC (B. Blad, T. Tovey)** to authorize Parks to send a notice of default to Solargise.

Agenda Item No. 8: Northgate TIF Plan. **Gygli** reported the City Council adopted the enacting ordinance at their meeting 5/2/19. It was published 5/8/19, so the URA is now in effect. Taxing entities and the State Tax Commission have been notified. The next steps going forward include creation of owner participation agreements governing reimbursements to developers and other entities.

Blad said in speaking with a developer, since the adoption of the ordinance, immediate interest in housing has increased.

Completion of the interchange is anticipated this fall.

Agenda Item No. 9: Request for Grant/Loan Disbursements.

- a. **BGS Holdings**: Disbursement of \$49,014.38 in loan funds was requested.
- b. **Simmons Surgical**: Disbursement of \$6,946.00 in loan funds and \$2,954.41 in grant funds was requested.
- c. **Barthlome**: Disbursement of \$10,000.00 in grant funds was requested.

Gygli reviewed the requests, explaining that permits and inspections have been completed where required. For activities not requiring a formal permit, she and Quayle have inspected the work. All requests appear appropriate for the work performed. She noted that Barthlome does not intend to request the approved loan funds. This will be on the next agenda for formal action on the loan change.

After review and discussion, it was **MSC (C. Carr, B. Blad)** to authorize the payments described above.

Agenda Item No. 10: Request for Grant and/or Loan. Denis Clijsters, representing Station Square, has requested additional funds for façade improvements. **Motion made by R. Lion** to postpone consideration of this request for one month to allow the Board to carefully review its financial situation. Discussion ensued regarding the need to determine funding availability for this and future requests, given the reduced balance in the general fund and potentially significant financial issues in the near future. At the next meeting, the Board will discuss whether to declare a moratorium on accepting funding requests from the general fund. **Motion withdrawn.**

Based on the Board's financial concerns and to allow Clijsters to go ahead with the project, it was then **MSC (B. Blad, R. Lion)** to deny the request for funding, allowing resubmission of the request, specifically including as a reimbursement for work already performed.

Agenda Item No. 11: Calendar Review. **Smith** reviewed the status of the lawsuit involving Gateway West, explaining that the decision that the purchase and sale agreement is unenforceable due to lack of a legal description has been appealed to the 9th Circuit. A request for funds is anticipated at the next meeting. There is an outstanding commitment of \$200,000.00 for electrical work.

Turner suggested discussing ISU's CPI program at the next meeting and how an intern might be useful for the PDA.

Adjournment:

There being no further business, the meeting adjourned at approximately 12:35 p.m.

By: _____
Melanie Gygli, Interim Executive Director/Secretary