

POCATELLO DEVELOPMENT AUTHORITY
MEETING MINUTES
September 18, 2019

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

Members excused/absent: Thomas Ottaway

Others present: Melanie Gygli, Interim Executive Director; Ashley Linton-Welsh, Pocatello Deputy CFO; Jared Johnson, Pocatello City Attorney; Merril Quayle, Pocatello Public Works Development Engineer; Jeff Mansfield, Pocatello Public Works/City Engineer; Carl Anderson, Pocatello Senior Planner; John Regetz, Bannock Development Corporation; Tiffany Olsen, Bannock County; Matt Parks, Stacey & Parks (by phone from approximately 12:25 p.m. to 12:40 p.m.); Darren Miller and L. D. Barthlome, Portneuf Capital; Sterling Davie, Hunter Rodriguez, Steve Wright, Off The Rails Brewery; Dane Simmons, Simmons Surgical; Heidi Adamson, Pocatello City Council; Ken Brown, Matt Lowell, Allea Newbold, Frigitek

Agenda Item No. 1: Call to Order and Disclosure of Conflicts of Interest. Chairman Scott Smith called the meeting to order to 11:04 a.m. No conflicts were disclosed.

Agenda Item No. 2: Approval of the Agenda. Upon MSC (B. Blad, R. Lion) the agenda was approved.

Agenda Item No. 3: Minutes. The minutes of the Regular Meeting of August 21, 2019 were considered. It was then MSC (B. Blad, T. Tovey) to approve the minutes as presented.

Agenda Item No. 4: Financial Report. A. Linton-Welsh presented the financial report for the month of August 2019. At the end of the reporting period, the Authority had cash on hand of \$2,755,051.16. The checking account balance was \$2,755,026.16 and the savings account was \$25.00. The Authority recognized financial activity as follows: revenue totaled \$178,599.51, of which \$2,227.28 was interest earnings on cash invested and property tax interest, and miscellaneous reimbursement, \$750.00 in rental income from the Positron facility, and \$160,781.00 was the administrative transfer to the general fund. Property tax revenues totaled \$14,833.56 from the North Yellowstone District and \$7.67 from the North Portneuf District. Expenses totaled \$1,632,555.21, including administrative and professional service expenses of \$6,416.46. Economic development loans of \$10,350.00 were issued, the \$160,781.00 administrative transfer to the general fund, and \$1,455,007.75 surplus from the North Yellowstone district was paid to Bannock County. Linton-Welsh explained any additional revenue from the North Yellowstone district will be returned to the County.

Following discussion, it was then MSC (T. Tovey, J. Johnston) to approve the August 2019 financial report as presented.

Agenda Item No. 5: Engagement of Auditor. With fiscal year 2019 almost complete, Deaton & Company has submitted their proposal to complete the yearend audit. This is the same company that has performed the audit for many years and that does the audit for the City, as well. The anticipated cost is \$4,150.00. Following discussion, it was MSC (B. Blad, T. Tovey) to engage Deaton & Company to complete the FY2019 audit.

Agenda Item No. 6: Payment Requests/Reimbursements. The following invoices were reviewed for payment:

- a. \$238.31 from General Fund to Melanie Gygli for reimbursement of lunch items, BDC symposium registration, presentation check

- b. \$6,383.00 from General Fund to ICRMP for FY2020 premium
- c. \$381.39 from General Fund to Idaho State Publishing for legal noticing of budget
- d. \$301.00 from General Fund to Elam & Buke for legal fees re: North Yellowstone District closure
- e. \$86.00 from North Portneuf District Fund to Elam & Burke for legal fees re: North Portneuf TIF District
- f. \$21.50 from General Fund to Elam & Burke for legal fees re: Special Counsel General
- g. \$5,226.85 from North Portneuf District Fund to Stacey & Parks for legal services re: North Portneuf TIF District

Gygli reported the invoices accurately reflect work performed or goods and services provided, and are appropriate for payment. It was then **MSC (B. Blad, T. Tovey)** to approve the payment requests.

Agenda Item No. 7: Disbursements under Previously approved Grants & Loans.

- a. **BGS Holdings LLC:** **Gygli** reviewed the request, explaining that the amount includes the portion that the Board declined to approve at the August meeting, based on concerns about the old Chopstick sign. **Sterling Davie** explained it was their original intent to refurbish the sign to identify their business, however, doing so was too costly, especially with increased costs of plumbing work. They considered relocating the sign to the rear of the building, but that was not possible without substantial structural support, plus the sign would have projected over other property. Because they were unable to use the sign, they have sold it to a local individual (for less than they were offered by a non-local individual). They believe this person (who wishes to be anonymous) intends to restore it and use for a new restaurant or for Relight the Night. None of the funds provided by the PDA were used in conjunction with work on the sign. They sold the sign for \$8,000, and offered \$2,000 to Relight the Night.

Blad expressed his displeasure at the loss of the historic sign, not having the sign be part of this project, as he feels it was part of the PDA's approval, and that the change in plans should have been presented to this Board.

In response to questions from Board members, **Davie** explained the facades are complete, except for signage. Following discussion, it was **MSC (R. Lion, T. Tovey)** to approve disbursement of the requested funds. This represents the last of the funds available from the PDA on this project.

- b. **Simmons Surgical LLC:** **Gygli** reviewed the request, explaining appropriate permits and inspections were completed. Within the grant portion, **Simmons** explained that completion of the ceiling came in under budget, but additional funds are needed to complete restoration of the hardwood floors. He asked that the Board allow shifting of the funds between those projects. He anticipates completion in mid-October or November.

Smith noted he is doing some legal work for Simmons Surgical, so will recuse himself from consideration of this request.

Following discussion, it was **MSC (T. Tovey, B. Blad) (Smith recused)** to approve disbursement of the requested funds. It was then **MSC (T. Tovey, R. Lion) (Smith recused)** to approve shifting funds from the ceiling to the flooring project.

- c. **Snyder:** **Gygli** reviewed the request, stating both the painting and the storefront changes are complete. The painting project was permitted and inspected. However, the storefront changes were not reviewed by the Historic Preservation Commission nor was the permit finalized, so she recommends that those costs not be considered at this time. Following brief discussion, it was **MSC (T. Tovey, R. Lion)** to approve disbursement of \$2,442.00.

Agenda Item No. 8: Airport TIF District. **Gygli** briefly introduced the discussion. **John Regetz** introduced Ken Brown, Allea Newbold, and Matt Lowell, representing the Frigitek project proposed within the Airport District. **Ken Brown** presented an overview of the proposed cold storage project. He stated Pocatello is in an ideal place for such development, with two interstates, and this is an excellent economic development opportunity for the community. In response to questions from Board members, he explained the perishables that could be stored in this kind of facility include fruits and vegetables, meat, pharmaceuticals, and flowers. The project will be on airport property.

Allea Newbold explained they are working with national and international companies on the financing side of the project, while Brown is working on leasing the proposed building. The total investment is anticipated to be \$54 million, with over \$4 million in infrastructure that will benefit the entire business park. The request is for an estimated project total of \$4,131,000, beginning with \$500,000 from existing revenues and 90 percent of each year's revenue, until the project is complete.

In response to questions from Board members, Brown explained they are talking with the Savage group that is working on a proposed transload project that would be near the Frigitek development, and would be a good development providing access to export markets. Frigitek will build the rail spur from UPRR's line. Newbold stated they need flexibility on what the first funding will be used for (whether design or build), because exact steps are not yet determined. It is important that there is no delay in financing plans and the PDA's participation is one of the first steps.

Discussion among Board members about the need to update the feasibility study within the Airport Urban Renewal Area plan to know that sufficient funding is available, as part of this Board's due diligence; making sure that the entire project is within the TIF boundaries; concerns about restricting the ability to help other businesses that might locate within the district; need for assurance that Frigitek is working with Savage to avoid duplication; increased increment funds would start flowing in 2020 or 2021, depending on when the project is completed. A very rough estimate of the increment is \$1 million annually.

Brown and Newbold explained the State is interested in this project and may have some assistance available on infrastructure, but they cannot apply for assistance through State until the PDA makes a commitment. The request is for reimbursement of expenses, so all risk is assumed by the developer. They are negotiating a lease with the City for the land and working on leases for tenants of the building. Brown stated his concern that any reticence on the part of the Board could cause difficulty in the public domain.

Board members expressed support for the project, but with the need to complete due diligence in the form of an updated feasibility study. Following lengthy discussion, it was **MSC (B. Blad, J. Johnston)** to approve payment of \$500,000.00 from existing district funds, upon presentation of invoices and inspection of completed work, and submission of a letter of support for the total request currently estimated at \$4,131,000.00, subject to due diligence and sufficient increment being generated. It was further **MSC (B. Blad, T. Tovey)** to complete an updated feasibility study for the Airport URA with the inclusion of this proposed project, authorizing the Chairman and Secretary to hire the necessary consultants.

Agenda Item No. 9: North Portneuf TIF District. Matt Parks joined the meeting by phone. **Smith** provided a brief update and stated no executive session will be needed. **Parks** explained the termination letter was sent to Solargise. Portneuf Capital paid the 2015 tax bill, and recorded bills from sale on the improvements from VA Metals to Celtic Life, and then from Celtic life to Portneuf Capital, so at this point there are three entities (VA Metals, Celtic Life, and Solargise) who may have ownership claims. He has confirmed with VA Metals and Portneuf Capital that the site is being maintained and that the PDA is not conducting any oversight of the

improvements. He has in contact with by Naidu and his attorneys at Holland and Hart, Portneuf Capital, and Solargise—all initiated by those entities. He explained to each that the Board would be considering issuing a second request for proposals (RFP).

Parks reviewed the draft RFP and publication notice. He explained this process is different from before, since there is no existing proposal on which to comment. Proposals can be individual or joint among entities. The RFP has increased requirements for information on the development team, principals of the lead entity, and financing.

In response to questions from Board members, Parks explained there is no current lease, so under basic property law, the PDA could demolish the improvements at its own expense (which could be as much as \$1 million), however, he would not recommend that course of action at this time. He suggested creating a temporary license agreement with entities claiming ownership confirming rights to enter the property, and provide some amount of oversight and security. Such a license can be terminated at any time. The draft RFP includes language that the PDA will dispose of any potential ownership interest in the improvements by quitclaim deed. He can also insert language-requiring payment of all back taxes; current interested entities are aware of this need.

Following lengthy consideration, it was **MSC (T. Tovey, C. Carr)** to authorize issuance of the RFP as drafted, with the additional requirement for payment of all taxes owing. It was further **MSC (T. Tovey, B. Blad)** to authorize the Chairman to enter into a temporary license agreement with VA Metals and Portneuf Capital, once terms are negotiated.

Barthlome explained Portneuf Capital has the building insured through Farm Bureau and they are helping with security.

Agenda Item No. 10: Naval Ordnance Plant District. **Gygli** presented a request from Barbara Wischerath to do some paving patchwork within the URA to prevent further damage and increase the life of existing paving. Following discussion, it was **MSC (B. Blad, T. Tovey)** to approve the request for \$31,171.00, subject to verification of completion prior to payment.

Due to time constraints, agenda item 11 was postponed to the next meeting.

Agenda Item No. 13: Reports and News Conference. Members moved to the Council Chambers for the news conference for the check presentation on the North Yellowstone district closure. No members of the media were present.

Adjournment: There being no further business, the meeting adjourned at approximately 1:10 p.m.

By: _____
Melanie Gygli, Interim Executive Director/Secretary