

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

**Members present:** Chad Carr, Jim Johnston, Rob Lion, Terrel Tovey, Scott Turner, and David Villarreal

**Members excused/absent:** Brian Blad, Thomas Ottaway, Scott Smith

**Others present:** Melanie Gygli, Interim Executive Director; Ashley Linton-Welsh, Treasurer; Jared Johnson, Pocatello City Attorney; Merrill Quayle, Pocatello Public Works Development Engineer; Jeff Mansfield, Pocatello Public Works/City Engineer; Carl Anderson, Pocatello Senior Planner; John Regetz, Bannock Development Corporation; Matt Parks, Stacey & Parks (by phone from approximately 11:25 a.m. to 12:10 p.m.); Heidi Adamson, Pocatello City Council; Tiffany Olsen, Bannock County; L. D. Bartholome and Darren Miller, Portneuf Capital; Denis Clijsters; Ken Brown, Elden Charles, Allea Newbold, Frigitek (by phone from approximately 12:10 p.m. to 12:15 p.m.); other members of the public

**Agenda Item No. 1: Call to Order and Disclosure of Conflicts of Interest.** Vice Chair Chad Carr called the meeting to order to 11:06 a.m. No conflicts were disclosed at this time.

**Agenda Item No. 2: Approval of the Agenda.** Upon MSC (J. Johnston, T. Tovey) the agenda was approved.

**Agenda Item No. 3: Minutes.** The minutes of the Regular Meeting of October 16, 2019 were considered. It was then MSC (J. Johnston, T. Tovey) to approve the minutes as presented.

**Agenda Item No. 4: Financial Report.** Linton-Welsh presented the financial report for the month of October 2019. At the end of the reporting period, the Authority had cash on hand of \$2,705,356.02, with checking account balance of \$2,705,331.02 and savings account was \$25.00. The Authority recognized financial activity as follows: revenue totaled \$1,789.81, of which \$1,039.81 was interest earnings on cash invested and \$750.00 was rental income from the Positron facility. Expenses totaled \$70,800.88, including administrative and professional service expenses of \$13,935.76. Economic development loans of \$18,727.12 and grants of \$38,138.00 were issued. Gygli noted the Positron sale closed, and net to the PDA of a little over \$124,000.00 will show in next month's report.

Following discussion and review of outstanding commitments from the general fund, it was then MSC (J. Johnston, R. Lion) to approve the October 2019 financial report as presented.

**Agenda Item No. 5: Payment Requests/Reimbursements.** The following invoices were reviewed for payment:

- a. \$43.00 from North Portneuf District Fund to Elam & Burke for legal fees re: North Portneuf TIF District.
- b. \$1,447.50 from General Fund to Elam & Burke for legal fees re: Special Counsel General
- c. \$760.00 from North Portneuf District Fund to Stacey & Parks for legal services re: North Portneuf TIF District.

Gygli reviewed the payment requests, stating the invoices accurately reflect work performed or goods and services provided, and are appropriate for payment. It was then MSC (J. Johnston, R. Lion) to approve the payment requests.

**Agenda Item No. 6: Administrative Fee Transfer.** Linton-Welsh presented information on the annual administrative transfer from active districts to the general fund. For FY2019, the transfer for the North Yellowstone district was completed. No transfer will be made from the Airport District, as that was not within the FY2019 budget. A transfer of \$26,865.70 from the Naval Ordnance district and \$8,378.41 from the North Portneuf district represents the budgeted 10 percent. Following discussion, it was MSC (J. Johnston, R. Lion) to authorize the transfer as proposed.

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

**Simmons Surgical:** Gygli reviewed the request, explaining that this completes the total request for the loan and all but a small amount of the grant, though Simmons has indicated he will not be requesting those last funds. Work completed has been permitted and inspected, as required. She explained the Historic Preservation Commission approved a Certificate of Appropriateness for the window change, but with the condition that the aluminum be painted or wrapped

to match the wood trim. Simmons appealed that condition to the City Council, which granted the appeal. Payment was then made for the amount of the windows. Following brief discussion, it was **MSC (S. Turner, J. Johnston)** to approve disbursement as requested.

**Agenda Item No. 8: Amendment to Yellowstone Loan.** Gygli described the request by Denis Clijsters to be relieved of responsibility for repayment of the \$26,000.00 loan outstanding to The Yellowstone partners. This loan was originally to The Bridge, to help with costs of moving from its location on 1<sup>st</sup> Avenue. The loan was then assumed by The Yellowstone partners. Clijsters has provided the Settlement Agreement and Mutual Release of Claims among those partners, releasing him from any participation or responsibility, and it is his request that his name be removed from the documents related to the PDA's loan to The Yellowstone.

Board members discussed the specific situation, noting that it is not usual banking practice to relieve a party to a loan. Following discussion and consideration, it was **MSC (R. Lion, D. Villarreal)** to grant Clijsters' request, and to have the appropriate documents drawn for the remaining partners' signatures.

**Agenda Item No. 9: North Portneuf TIF District.** Carr provided a brief update of the process to date, explaining that only one response to the RFP was received, from Portneuf Capital. Barthlome went over their proposal, including creation of a business park. They are getting bids for cleanup of the property and already have parties interested in rental space. They are working with Great Western Malting on a potential expansion. They hope to do some preliminary work before spring. In response to questions, he explained that remaining legal issues with previously-interested parties can be resolved after closing; they are working with Idaho Power on the easement issues; taxes and fees will be paid in full at closing; they plan a utility easement for items such as fiber; they have the necessary funds for closing. Further, Great Western feels it will be possible to negotiate an at-grade railroad crossing at Philbin as a private, gated, access.

**Parks** reviewed the draft disposition agreement and resolution. He explained the PDA can dispose of this property if the proposed price is at least fair reuse value. Though that amount was not determined at the time of appraisal, the Board can consider the appraised fair market value of \$1.25 million to be at or, likely in this case, above fair reuse value. Items to consider in making that determination are the conditions that the development is subject to within an urban renewal area, the high cost of redevelopment, and the significant amount of back taxes and fees that are owed. At the time of appraisal, the land value, if vacant, was set at \$1.04 million, and the cost of removal of the existing structures could be as much as \$1 million. The offer of \$1.25 million exceeds the land-only value.

Following lengthy discussion regarding the value of the property, the difficulty of its redevelopment, the merits of Portneuf Capital's proposal, and the benefit to the community of having the property redeveloped and back on the tax roles, it was **MSC (J. Johnston, T. Tovey)** to: 1) accept the proposal made by Portneuf Capital; 2) acknowledge that the purchase price of \$1.25 million is greater than the fair reuse value of the property, given the significant cost of the redevelopment proposal, which includes a large sum to clear back taxes and associated fees; and 3) adopt Resolution 2019-6 authorizing signature on all appropriate documents to complete the property disposition.

**Parks** stated escrow remains open at First American Title, so as soon as the disposition agreement is complete and the resolution has been signed, closing can move forward.

**Agenda Item No. 10: Airport TIF District.** Gygli presented the updated feasibility study. Using information from the applicants on the estimated taxable value of the project, as well as updated tax levy rates, it appears that sufficient increment will be generated to cover the cost of the improvements within the URA plan proposed to be completed for the Frigitek project. **Charles** and **Newbold** stated the estimated value they provided is a conservative figure for the building itself, with equipment largely owned by tenants. **Regetz** stated initial design work is underway now, with construction possible spring of 2020. Board members reviewed the feasibility study and draft Owner Participation Agreement (OPA), noting the great potential this project, together with the potential transload project, has for the area.

It was then **MSC (J. Johnston, S. Turner)** to accept the updated feasibility study, and authorize the appropriate signatures on the OPA, subject to any necessary legal review.

**Tovey** expressed his desire to have a press release issued outlining the PDA's support of this business as an appropriate use of TIF funds. He feels this is very important in light of the anticipated action by the Idaho legislature on a variety of tax issues, including urban renewal areas and tax increment financing. Discussion among those present, including Frigitek representatives on the phone, regarding upcoming action on a request by Frigitek to the Idaho Department of Commerce, and the need to consider the timing of any press release.

Board members discussed the need to educate the public about urban renewal and the use of tax increment financing funds.

**Agenda Item No. 11: Potential TIF District.** In Tanner Hernandez's absence, **Gygli** briefly described the proposal to create district along South 5<sup>th</sup>, near the I-15 interchange. Further discussion was postponed until the December meeting with Hernandez present.

**Agenda Item No. 12: Calendar Review.**

--Educational Information: Board members discussed the need to educate the public about TIF districts and their use in economic development and urban renewal. **Lion and Villarreal** agreed to work on this topic.

--Northgate Interchange: The ribbon cutting and opening of the new interchange will be 12/6/19 at 11 a.m.

**Adjournment:** There being no further business, the meeting adjourned at approximately 12:21 p.m.

By:   
Melanie Gygli, Interim Executive Director/Secretary