

POCATELLO DEVELOPMENT AUTHORITY
MEETING MINUTES
Held via GoToMeeting
May 20, 2020

Members present: Heidi Adamson, Mayor Brian Blad, Chad Carr, Rob Lion, Scott Smith, Scott Turner, Terrel Tovey , David Villareal

Members absent/excused: Thomas Ottaway,

Others present: Carl Anderson, Pocatello Senior Planner; Ashley Linton-Welsh, Treasurer (Conference Call); Jared Johnson, Pocatello City Attorney; Merril Quayle, Pocatello Public Works Development Engineer; Jeff Mansfield, Pocatello Public Works Director; John Regetz, Bannock Development Corporation; Sterling Davie, Off the Rails Brewery; Kenneth Brown, Lionchase North America; Elden Charles Frigitek Industrial Parks; L.D. Barthlome, Portneuf Capital; and other members of the public

Agenda Item No. 1: Call to Order and Disclosure of Conflicts of Interest. Chair Scott Smith called the meeting to order at approximately 11:02 a.m. No conflicts were disclosed at this time.

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 from the Board of Commissioners Regular Meeting held April 15, 2020, were considered. It was then **MSC (H. Adamson, S. Turner)** to approve the minutes as presented.

Agenda Item No. 4: Financial Report Linton-Welsh presented the April financial report. At the end of the reporting period, the Authority had cash on hand of \$3,910,460.57, with checking account balance of \$4,910,435.57 and savings account was \$25.00. The Authority recognized financial activity as follows: net revenue totaled \$-228,954.76, of which \$875.90 was interest earnings on cash invested. Expenses totaled \$5,503.15 in administrative expenses and \$224,247.51 in debt services principal payoff. The Board discussed fund balance and it was then **MSC (B. Blad, C. Carr)** to approve the March financial report.

Agenda Item No. 5: Fiscal Year 2019 Audit Report Linton-Welsh presented the 2019 Fiscal Year Audit Report prepared by Deaton & Company. She reviewed the audit report and summarized the Board's activity for FY2019. It was a clean audit that included three items that the Board might consider. Questions were brought up regarding the economic development loans and grants. Concerns surrounding this practice is that the funds are not guaranteed back and recommended a fund fund for bad debt. She stated that there was a loan for \$50,000 and has not been able to locate this business to date, and recommends writing off the loan amount. It was also recommended that the Board not accept direct deposits. Following discussion it was then **MSC (B. Blad, C. Carr)** to accept the report.

Agenda Item No. 6: Expense Payments & Reimbursements. The following invoices were considered for payment:

- a. \$3,031.50 from General Fund to Elam & Burke for legal fees for the month of April re: Special General Counsel.
- b. \$75.00 from the General Fund to Alliance Title for the reconveyance fee regarding the sale of the property located at 200 S. Main St. to Station Square, LLC.

Anderson reviewed the payment requests, stating the invoices accurately reflect work performed for services provided, and are appropriate for payment. It was then **MSC (C. Carr, R. Lion)** to approve the payment requests.

Agenda Item No. 7: PDA Staff support. **Anderson** introduced the agenda item and provided a summary of the current organization of staff support to the Board. Staff present at the meeting provided a summary of the average time spent and discussed services provided.

The Board discussed the possibility of having staff support separate from City staff. It was stated that in the past the PDA was not reimbursing the City for staff time. It was discussed that the Board is well within budget and that the Board may

revisit the topic at the end of the year. The Board discussed maintaining the current staff support and will re-evaluate if it becomes an urgent issue, the Board will address at that time.

Agenda Item No. 8: General Fund Loan – Off the Rails. **Anderson** introduced the request from BGS Holdings, LLC, who is requesting an extension to the date of their first loan payment to the PDA. A staff summary of the project was provided. It was stated that the Board approved a grant in the amount of \$60,000.00 and a loan of \$200,000.00 at a fixed rate of prime plus 1% loan the fall of 2018. Per the associated promissory note, the first payment on the loan is due June 1, 2020, and payments are due every quarter until the balance is paid in full on March 1, 2024. The applicant had previously requested to subordinate the PDA's loan to the Bank of Idaho at the regular meeting held on July 24, 2019, which was approved following discussion. The applicant requested that the due date for the first payment be moved to January of 2021.

Following the staff summary, the Board discussed the request. **Adamson** expressed concern pertaining to the length of the extension being requested.

Sterling Davie, representing Off the Rails Brewery, stated that in six months they will have a plan and framework in place. He stated that there were delays to the original open date due to construction. It was stated that Off the Rails has a plan to bring employees back and it will take time.

Tovey left the meeting at 11:58 a.m.

Villareal stated that many businesses have been impacted and recommended the extension be granted for one quarter rather than 2, and that the extension be a one time extension. The Board discussed the request before them and the lack of any form of payment.

Davie clarified that Off the Rails is currently open, with the grand opening to be held on July 1, and they intend to hire back everyone that they can handle. **Davie** requested that a minimum of a three month extension be granted and stated that they do not want to open sooner as it would throw off their marketing campaign. **Davie** stated that they have received a three month holding period with Bank of Idaho and a small business loan to address employee salary.

Discussion ensued among Board members regarding the request, noting that the Board would like to see a 3 month extension with some payment up front. Following discussion the agenda item was then **MSC (D. Villareal, B. Blad)** that Off the Rails makes a payment of \$5,000.00 and the PDA adjust the quarterly payment amount and put that on the back of the note as an option, and that this is a one time option and no further action may be taken.

Agenda Item No. 9: Airport TIF District. **Anderson** introduced the request from Frigitek, LLC for reimbursement of work completed under the previously approved authorization from the Board at the September 18, 2019 meeting.

Anderson reviewed the payment requests, stating the invoices accurately reflect work performed or goods and services provided, and are appropriate for payment. Staff clarified that the lease agreement between the City of Pocatello and Frigitek Industrial Parks has been signed and returned to the City. It was then **MSC (H. Adamson, S. Turner)** to approve the reimbursement requests for items a. and b. as presented.

Agenda Item No. 10: Executive Session: This item was pulled from the agenda.

Agenda Item No. 11: North Portneuf TIF District. **Smith** introduced the report regarding the previously approved reimbursement request from Portneuf Capital, LLC for infrastructure improvements under the North Portneuf Urban Renewal Improvement Plan. Following the introduction, time was turned over to **Meghan Sullivan Conrad, Elam & Burke**, who reviewed the request from Portneuf capital. **Conrad's** summary indicated the plan was intended to facilitate the development of the site and that the improvements identified were specific to the site. She stated that the district was originally projected that the site would generate approximately \$62,000,000.00 over the life of the TIF. She indicated that

this property was originally owned by the City of Pocatello at the time these agreements were entered in to. Her summary included that when the property was purchased by Portneuf Capital, LLC, it was purchased on an as is basis. Following the summary **Conrad** found that the request is not compliant with the North Portneuf TIF plan.

Conrad then summarized options the Board may wish to consider moving forward. One option presented was an amendment to the North Portneuf TIF plan. It was indicated that TIF plans in the State of Idaho that were established pre 2016, may be amended without a base reset, however, this process would need an updated feasibility study. It was stated that the base was established in 2007 and is scheduled to terminate in 2031, and taxable values may not be able to pay in full. The process would not require the need to establish eligibility. She stated that a new plan would be made and taken before both the Planning & Zoning commission and City Council. She estimated that if moving expeditiously the amendment might be completed by the end of the calendar year. Another option presented was that the plan might be terminated and a new plan created. The process would be similar to the amendment to the plan amendment, however, eligibility would need to be established and the base reset.

Smith then clarified the request before the Board. **Conrad** summarized that the recommendation is to deny the funding request as proposed and take a hard look at both options moving forward.

Blad expressed concern with the recommendation and asked for additional clarification. **Conrad** stated that in reviewing the plan, the current request is for private development which is outside the scope of the existing plan.

Following the report, the Board ensued in discussion on the request. The Board discussed whether some of the request could be paid under the current plan. **L.D Barthlome, Portneuf Capital, LLC**, reviewed the scope of the project as presented. It was stated that he believes that there are items from the request that fall into the plan. Additionally, some of the items requested for reimbursement are items required by City Code. He then discussed the benefits the project will bring.

It was indicated that a meeting should be held between the applicant, staff, the Chair and legal counsel to further evaluate the proposal. Following discussion, a motion was made (**B. Blad, C. Carr**) to approve any of the expenditures that would fall into table 1 of the plan and that more information on the other items that have been asked for reimbursement with further discussion about a future amendment that may occur. Following the motion the Board ensued in discussion. Following discussion, and clarification of the plan amendment process, the motion was withdrawn.

Lion left the meeting at approximately 1:50 p.m.

With no further discussion the agenda item was then **MSC (C. Carr, B. Blad)** to postpone the agenda item to a special meeting the following week.

Agenda Item No. 12: Calendar Review: This item was pulled from the agenda.

Agenda Item No. 13 Adjournment: There being no further business, the meeting adjourned at approximately 1:57 p.m.

By: _____
Carl Anderson
Interim Executive Director