

Call to Order and Acknowledgment of Guests

Agenda Item No. 1: Disclosure of Conflicts of Interest

Agenda Item No. 2: Minutes – [ACTION ITEM]

Motion to approve and/or amend the Regular and Executive Session Meeting Minutes of September 19, 2018.

Agenda Item No. 3: Financial Report – [ACTION ITEM]

Motion to approve and/or amend the September 2018 Income and Expense Report.

Agenda Item No. 4: Payment Requests/Reimbursements – [ACTION ITEM]

- a. Elam & Burke in the amount of \$9,257.45 for September services on Northgate TIF (general fund)
- b. Elam & Burke in the amount of \$982.25 for September services on Philbin Road/Hoku property (North Portneuf District)
- c. Elam & Burke in the amount of \$64.50 for September services on district close-out question (general fund)
- d. Reimburse Melanie Gygli in the amount of \$94.99 for BDC Symposium registration (Bloxham, Lion, Smith, Turner) and file boxes for PDA records (general fund)

Agenda Item No. 5: Issue Grant Funds – Yellowstone Restaurant [ACTION ITEM]

Agenda Item No. 6: Request for Funding (Clarification/Amendment) – Station Square [ACTION ITEM]

Agenda Item No. 7: Request for Funding – BGS Holdings [ACTION ITEM]

Agenda Item No. 8: Election of Officers [ACTION ITEM]

Agenda Item No. 9: Engagement of Legal Counsel – General and/or TIF District Close-Out Process [ACTION ITEM]

Agenda Item No. 10: Northgate TIF Plan [ACTION ITEM]

Agenda Item No. 11: Request for Additional Funding – Northgate Development [ACTION ITEM]

Agenda Item No. 12: Reports and Updates

- a. Philbin Road/Hoku Property
- b.

Executive Session:

Matters may exist for discussion in an executive session as per I.C. §74-206(1)(e) to consider preliminary negotiations involving matters of trade or commerce in which the PDA may be in competition with other jurisdictions and I.C. §74-206(1)(d & 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 and to consider records that are exempt from disclosure.

Upcoming Events/Information:

Adjourn.

City Hall is accessible to persons with disabilities. Program access accommodations may be provided with three (3) days' advance notice by contacting Skyler Beebe at sbeebe@pocatello.us; 208.234.6248; or 5815 South 5th Avenue, Pocatello, ID.

**AGENDA ITEM
NO. 2**

**POCATELLO DEVELOPMENT AUTHORITY
MEETING MINUTES
September 19, 2018**

Chairman Smith called the meeting to order at 11:08 a.m.

Members present: Chad Carr, Jim Johnston, Rob Lion, Chairman Scott Smith, Terrel Tovey, and Scott Turner.

Members excused/absent: Mayor Brian Blad, Matt Bloxham, Thomas Ottaway

Others present: Melanie Gygli, Interim Executive Director; Joyce Stroschein, Treasurer; Merrill Quayle, Development Engineer; Jeff Mansfield, Public Works Director/City Engineer; John Regetz, Bannock Development Corporation (ex-officio); Meghan Conrad, Elam & Burke; Ken Pape, Portneuf Development Partners; Nathan Wells, Portneuf Development Partners; Buck Swaney, Millennial Development Partners (by phone); Denis Clijsters, The Yellowstone; Jennifer Erchul, The Yellowstone.

Introductions, Conflicts, and Agenda: There were no conflicts disclosed.

Chairman Smith moved to Agenda Item No. 6.

1. Action and Discussion Items:

Agenda Item No. 5: Northgate TIF Plan. Meghan Conrad attended to present an updated draft of the proposed Northgate TIF plan, as well as updated financial scenarios created by Phil Kushlan. She briefly reviewed the history of the process to date and the purpose of the TIF plan as a framework for project implementation. She has inserted language that would allow the Board to own and then dispose of property within the district and to allow for formation of a community infrastructure district. The financial scenarios have been revised using updated project numbers supplied by the developers. Four scenarios have been developed: 1) full project using the conservative model from Leland; 2) full project using the achievable model from Leland; 3) reduced project (only the 300 acres already annexed into Pocatello City limits) using the conservative model from Leland; and 4) reduced project using the achievable model from Leland. In all cases, revenue is projected to be sufficient to cover projected costs.

Swaney noted the projects for which reimbursement will be requested are “backbone” infrastructure, including major roadways and infrastructure generally within such roads (water, sewer, and power), water supply, and some other public amenities. No neighborhood scale development has been included. He is confident that development will proceed more quickly than described within the Leland report, creating the desired revenue.

Those present discussed the best size of the TIF and options to start smaller, then amend or have additional districts later. Amendment is not a realistic option, as the size could only be increased by 10 percent. With the majority of the commercial development in the first 300 acres, there would may not be sufficient increment in the later, mostly residential areas, to fund improvements. Because no certificates of occupancy will be issued this calendar year, the base year can be set as 2019 allowing additional time for discussion and refinement of the plan and projects.

Tovey questioned the possibility of annexing the entire area so that one entity controls the process. **Swaney** explained the property owners prefer to annex when development is going to occur so City taxes are not assessed. Annexation will be accomplished prior to any development occurring so all permitting

will be through the City. The next annexation is anticipated to be about 200 acres and include residential development.

Tovey expressed concerns the County has about having so much land where there is no tax flow to the taxing entities, especially as regards the ambulance district. Additional personnel and equipment will be needed to serve the new development, but there will be no tax revenue. It was briefly noted that there will be districts closing soon which will add to the existing tax base, alleviating this to some extent.

Conrad explained action by the County on the joint powers agreement will be needed before presentation to the City Council. Moving forward, she will update the draft plan and work with Kushlan on the financials, for a second work session with the Board, Council, and Commissioners. This will be planned for the first or second week of October. **Swaney** said he would plan to attend that meeting. He also noted that he found an email from some time ago from Conrad regarding the need for update numbers, and apologized for not having provided it then.

Swaney presented a request for additional funds for the road connecting Olympus to the new interchange. Extra work and materials were needed to connect to existing infrastructure in Olympus and improve the intersection of Olympus and Chubbuck Road. The overrun is approximately \$1M; the Mayor has indicated the City staff may be able to assist with a portion, so his request to the PDA is approximately \$721,000. The increased number is included in the list of reimbursable projects. The road will be complete in about one month and payment will need to be made then.

Board members discussed options, including additional outlay before the TIF district is formed. **Smith** stated he will discuss options with Stroschein and Conrad and call a special meeting to take action, if needed. **Swaney** offered to provide additional information if needed.

Agenda Item No. 7: “Hoku” Property. **Conrad** reported Carr signed the documents and a check for \$200,000 was received for the security deposit. After the check clears, the documents will be released to Solargise. The next step is to create and advertise the RFP. After the 30-day period, the PDA will meet to select the best proposal.

Agenda Item No. 1: Minutes. The minutes of the regular and executive session meetings of August 15, 2018, and regular and executive session meetings of August 22, 2018, were considered. It was then **MSC (J. Johnston, T. Tovey)** to approve the minutes as presented.

Agenda Item No. 3: Payment Requests/Reimbursements. **Gygli** reviewed the invoices presented for payment as follows: 1) Elam & Burke in the amount of \$8,832.92 for August services on the Northgate TIF project; 2) Elam & Burk in the amount of \$5,873.45 for August services on the Hoku property; 3) Melanie Gygli in the amount of \$31.80 for lunch supplies; 4) Idaho State Publishing in the amount of \$234.57 in publishing costs related to the FY2019 budget; and 5) ICRMP in the amount of \$6,258 for the FY2019 annual premium. The invoices accurately reflect services and goods provided to the Board. It was then **MSC (J. Johnston, C. Carr)** to approve the payment requests.

Agenda Item No. 2: Financial Report. **J. Stroschein** presented the financial report for the month of August 2018. At the end of the reporting period, the Authority had cash on hand of \$6,526,716.81. The checking account balance was \$3,057,158.72, the savings account was \$25.00, and cash held by Zions Trust amounted to \$3,469,533.09. The Authority recognized financial activity during the month of August as follows: revenue totaled \$64,890.49, of which \$5,658.68 was interest earnings on cash invested and property tax interest and \$750.00 in rental income from the Positron facility, with the remainder in property tax dollars for the North Yellowstone District (\$8,394.59) and the Pocatello Regional Airport

District (50,148.51). Expenses totaled \$648,890.49, including \$132.04 for the August lunch meeting, debt service payment of \$58,382.25 and principal payment of \$564,000 on the North Yellowstone bond, \$17,740.20 in principal payment to the City on the North Portneuf property, and professional services payment to Elam & Burke of \$3,350 and \$5,286 Elam & Burke for work on the Northgate TIF plan and the Hoku property. Following discussion, it was then **MSC (T. Tovey, S. Turner)** to approve the August 2018 financial reports as presented.

Agenda Item No. 5: Engagement of Auditor for FY2018 Audit. **Stroschein** presented a proposal by Deaton & Company to perform the PDA's FY2018 audit. This firm also does the City's audit. Following brief discussion it was **MSC (T. Tovey, C. Carr)** to engage Deaton & Company to do the PDA's FY2018 audit and authorize the Chair to sign the proposal.

Agenda Item No. 4: Request for Funding – Yellowstone Restaurant (The Bridge). **Gygli** explained The Bridge has been purchased by new owners and is now The Yellowstone. Because of this change, the funding assistance approved for The Bridge must be reconsidered. Also, there was some confusion regarding the form of the assistance, whether loan, grant, or a combination.

Clijsters and **Erchul**, representing The Yellowstone, reviewed their proposal. They have assumed the loan originally made by the PDA to Lisa Willmore for The Bridge. Additionally, they are asking for \$16,795 as a loan to allow creation of an outdoor patio area (total loan with assumption of \$42,795) and \$27,623.88 in grant funds to cover the remaining unpaid costs from moving The Bridge from its original location, for a total funding request of \$70,418.88. They would like to have the same loan terms as originally given to The Bridge, specifically, a five-year term, with 0 percent interest and no payments for one year, with the balance due over four years at prime plus one percent, payable in quarterly payments.

In response to questions from Board members, Clijster and Erchul stated business has been excellent, with sales exceeding projected numbers. They have begun working on the patio, keeping costs down by using their own labor as much as possible. Following discussion, it was **MSC (C. Carr, J. Johnston)** to provide a loan in the amount of \$16,795 for the patio project, to be added to the loan assumed from The Bridge, for a total loan of \$42,795.00, with a five-year term, at 0 percent interest and no payments for one year, with the balance due over four years at prime plus one percent, payable in quarterly payments. The loan is to be guaranteed by the four owners. Further, a grant will be provided in the amount of \$27,623.88 to cover unpaid moving expenses from when the The Bridge moved from its 1st Avenue location.

Agenda Item No. 8: Reports and Updates.

- a. Positron: **Gygli** reported a follow up letter is being sent to Idaho State University inquiring about the University's interest in acquiring this property. Mike Smith has offered tours of the facility to members of the Board, if desired.
- b. Naval Ordnance District: No update on the lawsuit status was available.
- c. Peterson, Inc.: **Gygli** briefly reviewed the semi-annual employment report for June 2018. Peterson continues meeting all employment benchmarks.
- d. District Closeouts: **Stroschein** provided Board members with a spreadsheet showing cash balances and commitments for each of the TIF districts and general fund. After talking with Zions Bank, she calculates that the bonds can be paid off by March of 2019, and steps can be made to close this district, as all obligations have been met. This will result in at least \$73M of value being returned to the general tax rolls. As regards the Naval Ordnance Plant District, the Board needs to determine how to proceed, given the continuing lawsuit, with potential projects. If no further projects are anticipated, this district could be closed. Also, when the Philbin Road/Hoku property transaction is completed, the North Portneuf District could be closed.

- e. Jim Dandy: In response to questions, **Gygli** reported the lights could not be installed until additional circuits were added. When an electrical engineer can be engaged, the project can go ahead.

Other. **Gygli** stated the Bannock Development Corporation annual symposium will be 10/24/18. The PDA will pay registration for Board members wishing to attend. Lion, Smith, and Turner wanted to attend; Gygli will follow up with other members.

2. Executive Session:

Chairman Carr called for a motion for the Board to go into an executive session to discuss negotiations involving matters of trade or commerce in which the PDA is in competition with other. At approximately 1:00 p.m., **it was moved and seconded (J. Johnston, T. Tovey)** to adjourn to executive session pursuant to Idaho Code §74-206(1)(e). **The motion passed by roll call vote (Ayes: Johnston, Tovey, Carr, Lion, Smith, Turner. Nays: None).** Upon **MSC (T. Tovey, S. Turner)** the Board reconvened to regular session at approximately 1:11 p.m.

Adjournment:

There being no further business, the meeting adjourned at 1:11 p.m.

By: 
Melanie Gygli, Interim Executive Director/Secretary

POCATELLO DEVELOPMENT AUTHORITY MEETING MINUTES
EXECUTIVE SESSION
September 19, 2018

Members present: Chad Carr, James Johnston, Rob Lion, Scott Smith, Terrel Tovey, and Scott Turner.

Members absent/excused: Mayor Brian Blad, Matt Bloxham, Thomas Ottaway.

Others present: Melanie Gygli, Interim Executive Director; Joyce Stroschein, Treasurer; Jeff Mansfield, Pocatello Public Works Director/City Engineer; Merrill Quayle, Pocatello Public Works/Development Engineer; John Regetz, Bannock Development Corporation.

The Board of Commissioners adjourned from regular session into executive session pursuant to I.C. §74-206(1)(e) to discuss negotiations involving matters of trade or commerce in which the PDA is in competition with other jurisdictions. At approximately 1:00 p.m., **it was moved and seconded (J. Johnston, T. Tovey)** to adjourn to executive session pursuant to Idaho Code §74-206(1)(e). **The motion passed by roll call vote (Ayes: Johnston, Tovey, Carr, Lion, Smith, Turner. Nays: None).** Upon **MSC (T. Tovey, S. Turner)** the Board reconvened to regular session at approximately 1:11 p.m.

By: 
Melanie Gygli
Interim Executive Director/Secretary

**AGENDA ITEM
NO. 3**

Pocatello Development Authority
Balance Sheet by Class
As of September 30, 2018

	1-General Fund	3-North Yellowstone	4-Naval Ordnance	6-North Portneuf	7-Pocatello Regional Airport	TOTAL
ASSETS						
Current Assets						
Checking/Savings						
ICCU Checking	1,522,795.14	161,955.24	869,100.14	343,088.91	499,507.73	3,396,447.16
ICCU Savings	25.00	0.00	0.00	0.00	0.00	25.00
Zions 2012 Bnd Fnd 7110526D	0.00	178.24	0.00	0.00	0.00	178.24
Zions Bnd Reserve Fnd 7110526B	0.00	678,374.78	0.00	0.00	0.00	678,374.78
Zions Rev Alloc Fnd 7110526	0.00	2,656,923.29	0.00	0.00	0.00	2,656,923.29
Total Checking/Savings	1,522,820.14	3,497,431.55	869,100.14	343,088.91	499,507.73	6,731,948.47
Accounts Receivable						
Accounts Receivable	2,250.00	0.00	0.00	0.00	0.00	2,250.00
Total Accounts Receivable	2,250.00	0.00	0.00	0.00	0.00	2,250.00
Other Current Assets						
Accrued Interest Income	20,126.17	1,369.59	0.00	0.00	0.00	21,495.76
Property Tax Receivable	0.00	0.00	0.00	141,867.61	0.00	141,867.61
Total Other Current Assets	20,126.17	1,369.59	0.00	141,867.61	0.00	163,363.37
Total Current Assets	1,545,196.31	3,498,801.14	869,100.14	484,956.52	499,507.73	6,897,561.84
Other Assets						
Inventory - Leasehold	424,779.00	0.00	0.00	0.00	0.00	424,779.00
Note Receivable	76,000.00	0.00	0.00	0.00	0.00	76,000.00
Total Other Assets	500,779.00	0.00	0.00	0.00	0.00	500,779.00
TOTAL ASSETS	2,045,975.31	3,498,801.14	869,100.14	484,956.52	499,507.73	7,398,340.84
LIABILITIES & FUND BALANCE						
Liabilities						
Long Term Liabilities						
Deferred Interest Receivable	20,126.17	0.00	0.00	0.00	0.00	20,126.17
Deferred Notes Receivable Rev	50,000.00	0.00	0.00	0.00	0.00	50,000.00
Deferred Tax Revenues	0.00	0.00	0.00	128,001.48	0.00	128,001.48
Total Long Term Liabilities	70,126.17	0.00	0.00	128,001.48	0.00	198,127.65
Total Liabilities	70,126.17	0.00	0.00	128,001.48	0.00	198,127.65
Equity						
Fund Balance	3,527,890.13	2,856,160.36	643,720.06	142,829.54	390,468.10	7,561,068.19
Net Income	-1,552,040.99	642,640.78	225,360.08	214,125.50	109,039.63	-360,855.00
Total Fund Balance	1,975,849.14	3,498,801.14	869,100.14	356,955.04	499,507.73	7,200,213.19
TOTAL LIABILITIES & FUND BALANCE	2,045,975.31	3,498,801.14	869,100.14	484,956.52	499,507.73	7,398,340.84

Pocatello Development Authority
Profit & Loss by Class
September 2018

	1-General Fund	3-North Yellowstone	4-Naval Ordnance	6-North Portneuf	7-Pocatello Regional Airport	TOTAL
Ordinary Income/Expense						
Income						
Interest Income	316.92	4,098.44	266.13	36.02	115.25	4,832.76
Miscellaneous Income	0.00	0.00	0.00	200,000.00	0.00	200,000.00
Property Taxes	0.00	-54.84	598.60	-1.32	0.00	542.44
Rental Income	750.00	0.00	0.00	0.00	0.00	750.00
Transfers in	167,038.00	0.00	0.00	0.00	0.00	167,038.00
Total Income	168,104.92	4,043.60	864.73	200,034.70	115.25	373,163.20
Gross Profit	168,104.92	4,043.60	864.73	200,034.70	115.25	373,163.20
Expense						
Administrative	143.54	0.00	0.00	0.00	0.00	143.54
Transfers out	0.00	138,112.00	24,482.00	4,444.00	0.00	167,038.00
Total Expense	143.54	138,112.00	24,482.00	4,444.00	0.00	167,181.54
Net Ordinary Income	167,961.38	-134,068.40	-23,617.27	195,590.70	115.25	205,981.66
Net Income	167,961.38	-134,068.40	-23,617.27	195,590.70	115.25	205,981.66

At month end the Authority had cash on hand of \$6,731,948.47. The checking account balance was \$3,396,447.16, the savings account was \$25,000, and cash being held by Zions Trust amounted to \$3,335,476.31.

Pocatello Development Authority recognized above normal financial activity during the month of September. The Authority received revenues totaling \$206,125.20 of which \$4,832.76 was interest earnings on cash invested and property tax interest. Rental income from the Positron Facility was received in the amount of \$750.00. Property tax revenues were received from the Naval Ordnance District (\$542.44). \$200,000.00 was received on the agreement related to the HOKU property.

Expenses paid for the month totaled \$143.54. The administrative expenses were \$128.54 for the lunch meeting in September and a wire fee \$15.00.

Year to date revenues of \$2,263,257.34 (see page 3) are less than expenses of \$2,624,112.34 so overall net use of reserves is \$360,85.00.

Pocatello Development Authority
Profit & Loss by Class
October 2017 through September 2018

	1-General Fund	3-North Yellowstone	4-Naval Ordnance	6-North Portneuf	7-Pocatello Regional Airport	TOTAL
Ordinary Income/Expense						
Income						
Donations and Grants	30.00	0.00	0.00	0.00	0.00	30.00
Interest Income	1,529.15	35,675.65	1,159.92	3,361.92	475.13	42,201.77
Miscellaneous Income	0.00	0.00	0.00	200,000.00	0.00	200,000.00
Personal Property tax replace	0.00	46,006.70	12,086.42	809.82	2,525.68	61,428.62
Property Taxes	0.00	1,383,084.93	236,615.74	37,819.46	106,038.82	1,763,558.95
Rental Income	9,000.00	0.00	0.00	20,000.00	0.00	29,000.00
Transfers in	167,038.00	0.00	0.00	0.00	0.00	167,038.00
Total Income	177,597.15	1,464,767.28	249,862.08	261,991.20	109,039.63	2,263,257.34
Gross Profit	177,597.15	1,464,767.28	249,862.08	261,991.20	109,039.63	2,263,257.34
Expense						
Administrative	41,678.45	0.00	0.00	9,631.50	0.00	51,309.95
Debt Service	0.00	116,764.50	0.00	0.00	0.00	116,764.50
Interest	0.00	564,000.00	0.00	17,740.20	0.00	581,740.20
Principal	0.00	680,764.50	0.00	17,740.20	0.00	698,504.70
Total Debt Service	0.00	680,764.50	0.00	17,740.20	0.00	698,504.70
Dues and Memberships	1,450.00	0.00	0.00	0.00	0.00	1,450.00
Economic Grants Issued	1,650,000.00	0.00	0.00	0.00	0.00	1,650,000.00
Professional Services	36,509.69	3,250.00	0.00	16,050.00	0.00	55,809.69
Other Professional Services	36,509.69	3,250.00	0.00	16,050.00	0.00	55,809.69
Total Professional Services	36,509.69	3,250.00	0.00	16,050.00	0.00	55,809.69
Transfers out	0.00	138,112.00	24,482.00	4,444.00	0.00	167,038.00
Total Expense	1,729,638.14	822,126.50	24,482.00	47,865.70	0.00	2,624,112.34
Net Ordinary Income	-1,552,040.99	642,640.78	225,380.08	214,125.50	109,039.63	-360,855.00
Net Income	-1,552,040.99	642,640.78	225,380.08	214,125.50	109,039.63	-360,855.00

**AGENDA ITEM
NO. 6**

Hi Melanie,

Thanks

The reason is that it's split into separate items that I won't be able to use the full amounts of each category. do you understand?

The loan will probably amount to about

- hood 42 905

- meters 50 000

= total \$92 905 (and not 100K)

the grant part will be:

- sprinklers 84 092

- stairway 25 000

- doors 12 000

= total 121 092 (and not 200K)

However, my sprinkler bid went up as plans changed a little after several city reviews (sprinkling the exits on lower floors). I'm waiting for a final bid because the previous was too expensive... I'm estimating sprinklers alone could be about 100K though.

On the upside, we found a way to have a smaller stairway that's up to code by using more exceptions of the IEBC, this may save us easily 15 000 or more but that's not certain yet. This would still keep the items on this grant part in the 120K range, no more than 150K is what I'm hoping.

Regards,

Denis

Further discussion on this plan is needed, including with the City Council and County Commissioners. Gygli will work to set a work session to continue review. Adoption of the plan tentatively would occur at the PDA's meeting in September.

Chair Smith moved ahead to items 6 and 7.

Agenda Item No. 6: Station Square – Request for Funding. At the 6/26/18 meeting, the Board gave preliminary approval for assistance of up to \$200,000 in a combination of a loan (\$100,000) and a grant (\$100,000). Grant monies are to be used for the fire sprinklers, fire exit stairway, and automatic doors, with loan funds to be used for the Class A hood and electric meters. After discussion, it was **MSC (J. Johnston, T. Tovey)** to provide assistance to Station Square as follows: up to \$100,000 in grant funds to be used for fire sprinklers, fire exit stairway in the atrium, and automatic doors on the front and back and up to \$100,000 in loan funds to be used for the Class A hood and electric meters on the outside of the building. The loan term will be five years, with the first year at 0 percent interest and no payment and with quarterly payments thereafter with interest at prime plus 1 percent. The owner is to provide a personal guarantee as well as a lien on the Station Square property.

Agenda Item No. 7: The Bridge – Request for Funding and Funding Agreement Update. Clijsters and Willmore provided additional information on their request for additional funding and reconsideration of the terms of the existing loan, extending the time for payment. The request totals \$44,418.88, which would pay off open invoices from moving the restaurant, making improvements to the patio, and UV tint for windows. They explained the building was not ready for use and the cost to make needed improvements exceeded estimates; many of those bills remain unpaid, with Willmore paying as funds are available. The landlord has granted use of the patio area with no current increase to the lease amount. They reiterated their desire to help in the revitalization of Old Town and feel the area needs to have this fine dining option.

Board members reviewed information on the restaurant's operation in the past and projections for the future; concern that improvements are being made with no contribution by the building's owner; whether the business can be successful long term; that this project removes a blighting influence from the downtown. Following discussion, it was **MSC (J. Johnston, T. Tovey)** to loan the additional funds (\$44,418.88), adding the existing loan, and rewriting to the original terms (five years, first year no payment, no interest; remaining four years at prime plus 1 percent interest, with quarterly payments), including a personal guaranty from the restaurant owner.

Agenda Item No. 5: "Hoku" Property.

2. Executive Session:

Chairman Smith called for a motion for the Board to go into an executive session to discuss a matter in which the PDA is in competition with other jurisdictions and 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 and to consider records that are exempt from disclosure. At approximately 12:45 P.m., **it was moved and seconded (T. Tovey, J. Johnston)** to adjourn to executive session pursuant to Idaho Code §74-206(1)(d, e, & f). **The motion passed by roll call vote (Ayes: Tovey, Johnston, Blad, Bloxham, Carr, Lion, Smith. Nays: None).** Upon **MSC (T. Tovey, M. Bloxham)** the Board reconvened to regular session at approximately 1:15 p.m.

No action was taken on this item.

Our problem:

- The whole 3rd floor renovations is estimated to cost \$1M.
- Per unit renovation cost therefore will be 45K
 - o This is lower than most newly build apartments!!
 - o Yet, valuations in Old Town for multifamily properties are extremely low. Generally used caprates in the area are 10% (cfr our current 2 appraisals from Kirkham appraisals)
 - o We estimate to bring an additional monthly rent of 11K with an additional cost of 4.5K = $6.5K * 12 = 78K$ NOI (netto operating income).
 - $78,000 / 10\%$ cap rate = additional 780K valuation.
 - o Form an investor perspective, we will lose +200K when we start this project, this will make it difficult for us to work with a bank to get a construction loan without sufficient support from the community.

Our proposal

We've singled out certain items out of our bid which will bring great social benefit to the community. However the cost, which isn't a luxury, but code-required, makes the project hard to succeed without support.

Fire Safety Improvement

Restaurant: New Class A Hood	\$	42,905	loan
Residential: Fire Sprinklers	\$	84,092	grant
Residential: fire exit stairway in atrium	\$	25,000	grant

Utility Improvement

Need for new electrical meters outside (we have a working system in the basement! Build in 1982 and in good condition, But Idaho Power demands us to build an all new system outside)

	\$	50,000	loan
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Accessibility improvements

Automatic doors front & back	\$	12,000	grant
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Total	\$	213,997	
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We would like to seek for a grant of 200K. This grant will bring our project to a near-break-even and will be sufficient for us to give a green light to start by the winter. A 100K grant and 100K no interest 2nd lien loan could help us out. Our bank Ireland Bank, and more specifically Dick Emerson, has experience with such projects in the past and will be a great benefit to the project as well.

We aim to work mostly during the winter months, to make use of the winter slump in construction. By working this way, we won't take too many resources away during peak-construction season in Pocatello during the summer.

**AGENDA ITEM
NO. 7**

POCATELLO DEVELOPMENT AUTHORITY (PDA)
Preliminary Application for use of Tax Increment Financing

Application:

Name: BGS Holdings, LLC

Date: 10/8/2018

Mailing Address: 509 S 9th Avenue, Pocatello, ID 83201

Work Phone: (208) 234-6094 Cell Phone: (916) 218-8211

E-Mail: bcoryell@sbcglobal.net

Project Description: Full remodel commercial retail building in Old Town Pocatello. Including, but not limited to: update HVAC, insulate (spray foam) ceiling for energy efficiency, replace leaking roof, update kitchen, upgrade restrooms to be ADA compliant, new facade (front and back)

Project Location: 228 S Main Street, Pocatello, ID 83204

Is this project currently in an urban renewal area? Yes No

Is the project currently in a revenue allocation area? Yes No

If you answered 'no' to both questions above, please describe the "deteriorated or deteriorating" conditions associated with this location:

Roof has deteriorated to the point that there are visible holes in it, which is causing leaking. The floor tile needs to either be replaced, or have an epoxy laid down on it. Facade needs work. Upgrade the HVAC system to be energy efficient. Commercial kitchen grease trap needs to be upgraded.

Current Assessed Value of Project Location: \$250,000 (assuming this is the building)

Estimated Construction Value of Project: \$200,000 (remodel) \$60,000 (facade (front and back))

Number of jobs created by this project: 12-15 Wage range of jobs: \$7.25 - \$15.00/hr

Employee Benefits? Yes No If yes, please describe: _____

Time frame for job creation: 3-4 months

Construction start date for project: 11/1/2018 Anticipated completion date: 2/1/2019

Briefly describe other public benefit(s) associated with this project:

Attract more people to visit Old Town with our casual dining and brewery. Creation of jobs. Improve the visual look of the building to make the area more welcoming.

Does this project compete with other, already established businesses? Competes with Jim Dandy Brewing and Portneuf Valley Brewing How? Both brew craft beers

Is this project currently subject to a competitive bid process? Please explain:

Yes, we will have competitive bid for every job done on the project

Are there other applicants that may be interesting in applying for PDA assistance for this same project? Please explain: Unknown

Relationship of named applicant to the project: Owner

Type of Assistance Requested

(check all that apply):

- Public Infrastructure (water, sewer, street, etc.).
- Public Facility (building, park, parking lot, etc.).
- Match for other funding.
- Inspections, tests, surveys, appraisals, etc.
- Property Acquisition.
- Structure Demolition and Clearance.
- Other? Please Specify - Loan for remodel

Amount of Assistance Requested: \$260,000

Form of Assistance Requested:

- Grant of Funds.
- Loan of Funds.
- Reimbursement for Approved Expenditures.
- Pay-As-You Go.
- Bonding.
- Other? Please specify _____

Other helpful information? Please list: We will provide a two to four supplemental packet that further describes the plans for the building.

Return completed application to:

PDA Executive Director
City of Pocatello
P O Box 4169
Pocatello ID 83205