

NORTHEAST PUBLIC DEVELOPMENT AUTHORITY (NEPDA) REGULAR BOARD MEETING AGENDA

Date: February 10th, 2023

Time: 10:30 am to Noon (Pacific Time)

Location: Northeast Community Center - 4001 N Cook St., South Room (lower level), or virtual via Zoom

Join Zoom Meeting:

<https://zoom.us/j/5453150461?pwd=VWUzRTg2Y3I5dGhRcVNJS2pCeW8yZz09>

Attendees: Northeast Public Development Authority Board of Directors, Staff, Invitees and Guests

Discussion Items:

10:30 am	Welcome and Introductions
10:30 am - 10:35 am	Approval of Minutes: Approval of Meeting Minutes from January 13 th , 2023
10:35 am - 10:40 am	Public Comment
10:40 am - 10:45 am	City PDA Liaison Introduction – Amanda Beck, City of Spokane
10:45 am - 11:00 am	NEPDA Mission Statement & Prioritization Matrix <ol style="list-style-type: none">1. Review draft prioritization matrix2. Next steps
11:00 am - 11:20 am	Esmerelda Commerce Park Agreement <ol style="list-style-type: none">1. Process meeting recap2. Status update3. Next steps
11:20 am - 11:40 am	Boundary Expansion <ol style="list-style-type: none">1. Review updated expansion areas2. Update on utility challenges in north zone3. Potential action

Action Item: Resolution No. 2022-003: A RESOLUTION of the Northeast Public Development Authority (the “NEPDA”) to recommend that the City of Spokane and Spokane County revise and reformulate the existing Geographic Boundaries of the NEPDA to further facilitate economic development and amend the Interlocal Agreement regarding reformulation of the NEPDA.

11:40 am - 11:55 am

Executive Director Update

1. **Financials Review**
2. **Office Lease**
 - a. Terms update
 - b. Pricing exercise
3. **Wellesley Ave. Public Outreach**
4. **Marketing Update**
5. **NSC Funding Update**
6. **NEPDA Board Vacancy**

11:55 am - 12:00 pm

Other Business, Closing

Next Meeting: March 10th, 2023, 10:30 am - 12:00 pm

DISCLOSURES

AMERICANS WITH DISABILITIES ACT (ADA) INFORMATION: The City of Spokane is committed to providing equal access to its facilities, programs and services for persons with disabilities. Individuals requesting reasonable accommodations or further information may call, write, or email Human Resources at 509.625.6363, 808 W. Spokane Falls Blvd, Spokane, WA, 99201; or. Persons who are deaf or hard of hearing may contact Human Resources through the Washington Relay Service at 7-1-1. Please contact us forty-eight (48) hours before the meeting date.

EXECUTIVE SESSION: An Executive Session may be called during the meeting. The purpose must be announced and is limited by RCW 42.30.110. Examples include: (1) to discuss with legal counsel litigation, potential litigation and/or legal risks (RCW 42.30.110(1)(i)); (2) to consider the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increased price (RCW 42.30.110(1)(b)); and (3) to consider the minimum price at which real estate will be offered for sale or lease when public knowledge regarding such consideration would cause a likelihood of decreased price (final action selling or leasing public property shall be taken in a meeting open to the public)(RCW 42.30.110(1)(c)).

NORTHEAST PUBLIC DEVELOPMENT AUTHORITY

Date: January 13th, 2023

Meeting Time: 10:30 am

Location: Northeast Community Center, South Room, or virtual via Zoom

Attendees

NEPDA Board of Directors

- Councilmember Michael Cathcart
- Commissioner Josh Kerns
- Scott Simmons
- Marlene Feist
- Angel Fiorini

Not in attendance:

- Cheryl Stewart

Board Staff

- Jesse Bank, Executive Director
- Megan Clark, Legal Counsel

Guests

- Ron Valencia, Spokane County
- Shae Blackwell, City of Spokane

Welcome and Introductions

Councilmember Cathcart called the meeting to order at 10:30 AM.

Approval of Minutes

Councilmember Cathcart called for a motion to approve the minutes of the Regular Meeting dated December 9th, 2022. A motion was made by Commissioner Kerns and seconded by Board Member Simmons. A vote was taken, and the motion passed unanimously.

Public Comment

No public comments.

2023 Board Officer Elections

1. Commissioner Kerns asked for clarification of which Officer roles were to be voted upon. It was confirmed by the group that the roles of Chair, Vice-Chair, and Secretary/Treasurer (combined) were the roles in question.
 - a. Board member Simmons requested clarification from Counsel that the Treasurer and Secretary are, in fact, separately delineated roles within the NEPDA bylaws, and asked for confirmation that it was acceptable to combine them. Counsel indicated that it was perfectly acceptable and prudent in this case given the small board.

2. Commissioner Kerns nominated Councilman Michael Cathcart as Board Chair, seconded by Simmons. The nomination was accepted by Councilman Cathcart. A vote was taken and passed unanimously.
3. Board Member Simmons nominated Commissioner Kerns to be Vice-Chair, seconded by Councilman Cathcart. The nomination was accepted. A vote was taken and passed unanimously.
4. Commissioner Kerns nominated Scott Simmons for the combined Secretary/Treasurer role, seconded by Councilman Cathcart. The nomination was accepted. A vote was taken and passed unanimously.
5. Councilman Cathcart, noting Resolution 2023-001, asked if there was any public comment on this matter. Hearing none, he called for a motion to approve, which was made by Board Member Simmons and seconded by Commissioner Kerns. A vote was taken and the motion passed unanimously.

NEPDA Mission Statement Discussion

1. ED Bank began the conversation by referencing the adopted Work Plan for 2023, which included developing a mission statement and set of investment triggers beyond what is called out in the ILA. The relevant section of the ILA was displayed to start the conversation.
2. Board member Simmons noted that early on there were conversations around job creation and recruitment specific to the smaller parcel sizes in the existing PDA – small/medium size manufacturing. But PDA has evolved as it's grown to include other uses – commercial, residential, etc. Due to this evolution it may make sense to develop some sort of a prioritization matrix to guide investment decisions in the future.
 - a. Noted Esmerelda Commerce Park as a prime example – putting undeveloped land to use, recruiting businesses, creating jobs, etc.
3. Commissioner Kerns asked whether this mission statement was to be an inward-facing guide or an outward-facing position statement. ED Bank responded that, while it could eventually turn into an outward-facing statement, it really needs to be an internal touchpoint type document that helps the PDA make investment – both time and financial – decisions.
 - a. Given that, Commissioner Kerns indicated support for Board member Simmons' statements.
 - b. Councilman Cathcart also indicated support for the creation of a prioritization matrix
 - c. ED Bank asked what elements Board members would like to see on a priority list
 - i. Job creation/recruitment
 1. What kind of jobs warrant support/investment?
 - ii. Execution of infrastructure investment
 - iii. PDA Revenue generation potential
 - iv. But-for analysis
 1. Focus on catalytic projects that wouldn't happen without the PDA
 - v. PDA Workload and ability to carry out work
4. Councilman Cathcart asked how specific this document should be. ED Bank indicated that it should be sufficiently broad to provide guidance without causing the organization to be less nimble. Commissioner Kerns agreed.
5. ED Bank told Board members that he would work to compile a draft document based on this conversation and will share out prior to the next Board meeting.

Esmerelda Commerce Park Agreement Update

1. ED Bank announced that he and Board member Feist sat down prior to the holiday to discuss next steps toward a reformulated ECP infrastructure reimbursement agreement. He indicated that there is a willingness on the part of Stone Group to sign a new agreement, given all the difficulties with the previous one, but that we should have a draft of a new agreement for them to react to prior to restarting the discussions.
 - a. Board member Feist agreed and noted that we will want a clear termination clause and distinct, achievable milestones. She also noted that there is some consideration on Stone Group's part to perhaps pursue a residential project instead of the Commerce Park and

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- wanted to Board to determine whether that was as valuable to our efforts as the initial plan.
- b. Councilman Cathcart asked if we knew which way Stone Group is leaning on this project – commercial vs residential. ED Bank indicated that we don't know and given the last touchpoint with Stone Group it doesn't seem like they're fully decided either.
 - c. Councilman Cathcart also noted that the infrastructure needs would vary widely between the two proposed project types.
 - d. Board member Simmons noted that the existing agreement is designed to support an industrial project. It doesn't contemplate a potential residential project.
2. Board member Simmons proposed tying infrastructure reimbursement to tax increment dollars once the project is complete – up to a certain, decided-upon level. This de-risks the NEPDA holding onto unallocated dollars.
 3. ED Bank indicated that a tiered reimbursement strategy has been discussed where there is an initial payment sufficiently large to incentivize construction commencement, and the remainder paid down via tax increment.
 - a. Board member Simmons indicated that the NEPDA is in a different financial position than it was even a year ago, so the idea of a potential lump sum upfront payment is now not out of the question.
 - b. Councilman Cathcart asked what ED Bank was thinking for an upfront payment.
 4. Board member Simmons noted that this agreement will be a negotiation and that we should probably go in with a purely tax increment reimbursement strategy and hold the lump-sum option in our back pocket.
 - a. Asked ED Bank for a recommendation of how much an upfront lump-sum might be.
 5. Board member Simmons asked about the risk that Council wouldn't allow these funds to go directly to the PDA. Board member Feist indicated that the city needs to complete an accounting of the funds and that council action to deliver the funds to the PDA would be advantageous. ED Bank indicated that, in a conversation with Teri Stripes, the money had been located and hasn't been spent on anything else as of yet.
 6. ED Bank indicated two next steps:
 - a. Begin drafting agreement for Board review, pushing toward beginning negotiations with Stone Group.
 - b. Begin conversation at the city about control of the funds and moving them to the PDA
 - c. Legal Counsel indicated that the first step should be to discuss assignment of the existing agreement to the PDA before drafting a new one. ED Bank indicated he would follow up with the relevant people to keep this conversation moving forward.

Boundary Expansion Discussion

1. ED Bank asked Commissioner Kerns for a report on the status of Douglass Properties' Comp Plan amendment request to the County. Commissioner Kerns indicated that the case was continued, which means the project is still notionally alive.
2. ED Bank presented graphical depictions of the expansion scenarios discussed in the previous meeting.
3. Commissioner Kerns asked Councilman Cathcart whether he thought there would be an issue with other Councilmembers not supporting the proposed expansions in the city. Councilman Cathcart noted that the question was hard to answer as the conversation has not started yet. He indicated that once we have rough financial impact projections it will be easier to begin the conversation.
4. ED Bank presented a 10-year cash flow forecast covering all possible expansion scenarios.
 - a. He noted that a very small pocket of commercial space in the northern zone, option 1, adds an outsized sales tax impact.
5. Councilman Cathcart asked Board member Feist about her thoughts on what our responsibility would be with respect to utilities in these expansion areas. Board member Feist shared concerns whether the amount of new revenue brought in by these expansions would be sufficient to cover needed infrastructure investments in the area. She added that if prospective developers are willing to cover the cost of infrastructure, there is no issue. But if the PDA will be expected to fund

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some or all the extensions needed, we should look carefully at how much revenue is generated vs the costs incurred.

- a. Commissioner Kerns asked if water service to the northern area had been secured. Board members Feist and Simmons indicated that Irrigation District #8 had provided a will-serve letter, but questions remain about their ability to provide infrastructure due to their size.
 - b. Even if they can serve the area, it isn't as simple as just taking over. There needs to be a review of the Consolidated Water Service Plan, which is a County function.
 - i. Board member Feist indicated she would run down details.
 - c. Councilman Cathcart indicated that, while he would like to move forward on this discussion, outstanding questions should be answered before voting.
6. Board member Simmons suggested removing the Bonneville Power Authority property from North Option One. He added that he is uncomfortable putting the PDA in the position of having to solve the water issue on the Douglass property. However, if we are to go forward with this expansion, he would prefer Option One, minus the BPA site. He also supported Option Two for the southern expansion stating that grabbing the entirety of the Market St. corridor makes sense.
 7. Councilman Cathcart asked whether the group would like to vote only on the southern zone and take one more month to discuss infrastructure issues in the north? Commissioner Kerns preferred waiting the month and voting on both so that they can be submitted as a package to Council and the BOCC.
 8. Board member Feist asked whether ED Bank felt he'd be able to manage the PDA given all the additional land, owners, and projects. She worries that these expansions will dilute the PDA's focus and concentrated effort in the core area, thereby making the organization less effective. ED Bank answered that it will really come down to what projects go live, and what the expectations for the PDA will be, which is hard to determine at this point.
 9. Board member Feist said she would do some research on the water issue and would work with ED Bank to set a follow up meeting with District 8 for clarification.

Public Financing Study

1. ED Bank introduced a public financing study as part of the larger coordinated planning effort. This will take the place of the grant funding study originally contemplated as the city is already doing a similar project we can use.
2. The NEPDA has new tools available as a function of our current cash flow, and those tools have not yet been evaluated. These tools have the potential to be significantly more impactful than grant funding and offer considerably more control. So, we have brought in a group to join the planning process that specializes in the development of holistic public financing strategies to create an implementation program for us
3. This essentially replaces a major component of Task 3 in the 2023 Work Plan and will entail an investment from the PDA.

Executive Director Report

1. ED Bank reviewed December 2022 financials
2. Potential Office Space
 - a. ED Bank toured 5101 N. Market St. with Drew Ulrick from NAI Black
 - b. Good location, good sized space
 - c. ED Bank reviewed term sheet with Board. Conclusions were that the spend is high and we need to discuss further cost/benefit on such a move. Goal is for a build-to-suit office in catalyst project at 3011 Wellesley. Board would be open to a shorter-term lease to give us some visibility prior to the construction of 3011 Wellesley.
 - d. ED Bank said he'd run some numbers, get a better sense of negotiation wiggle room, and report back.
3. NSC Funding Cut
 - a. Testimony being taken second week of January
 - b. ED Bank and others are slated to testify
 - c. City Council is also on board, added this item to legislative agenda

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4. 1% Admin Fee Disussion
 - a. City/County legal departments still working on drafts. More to discuss in February.

Other Business

1. No other business was reported
-

Action Items

Resolution No. 2023-001: A RESOLUTION of the Northeast Public Development Authority (the "NEPDA") Board of Directors for the election of NEPDA Officers for 2023 to 2024.

Notable items, Around the Room, Closing

There were no additional comments. Board Chair Cathcart adjourned the meeting at 11:57 AM.

NEXT MEETING

February 10th, 2023, 10:30 – 12:00 PM, Northeast Community Center (4001 N. Cook St.) or virtual via Zoom

NEPDA **DRAFT** PROJECT PRIORITIZATION MATRIX

ILA Topline Purpose: “to assist both the City and County in their ability to improve the economic conditions consistent with (RCWs) in and around the City and County of Spokane.

For projects not in adopted work plan

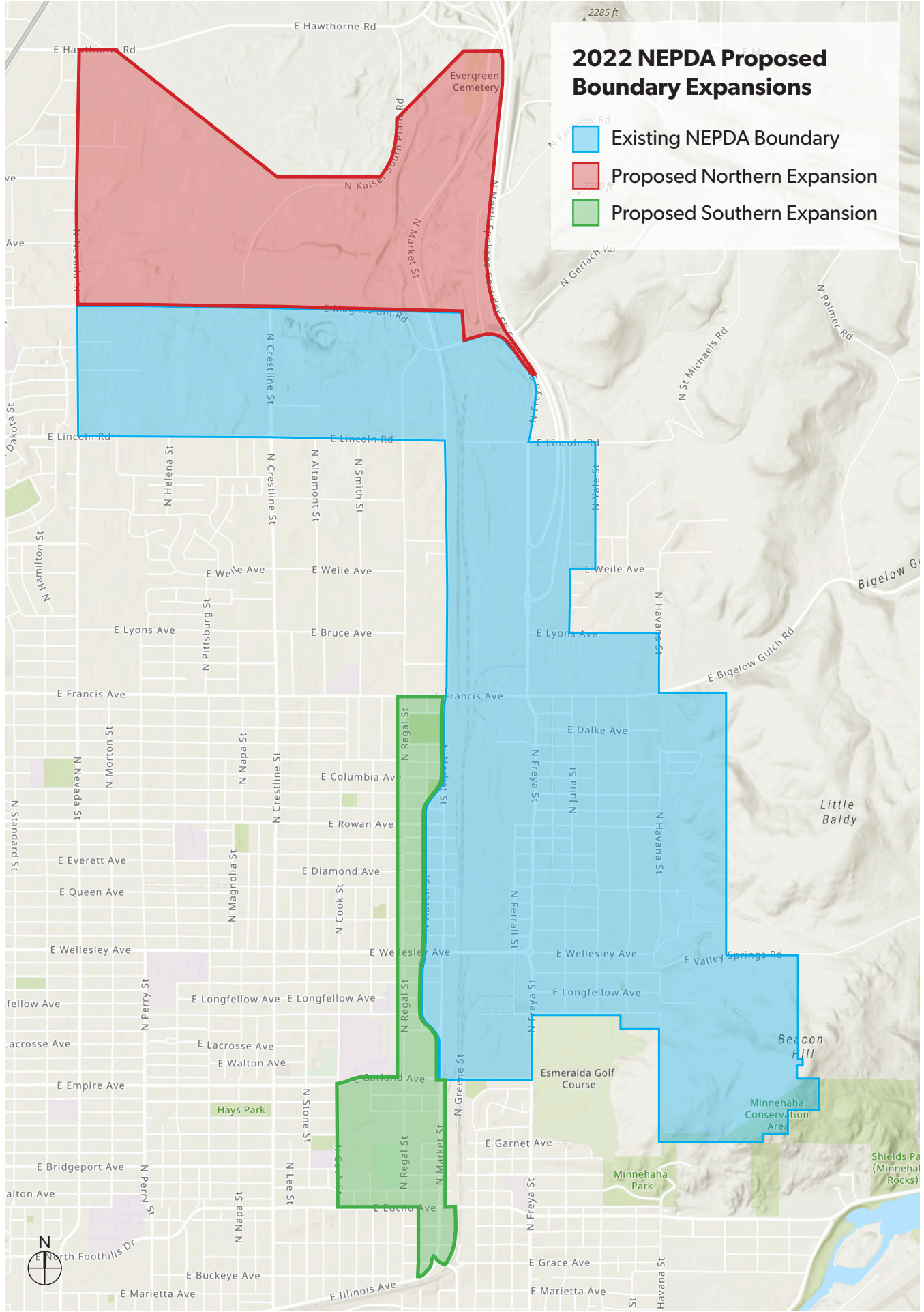
- Intentional separation between work plan items and potential new projects
- Evaluation of work plan items is more in-depth
 - Thoroughly vetted, not a decision on the fly
 - Though items should be reflected through this lens as part of the evaluation
- Assume infrastructure spending/execution, planning, etc. are included in work plan – they are long-range, ongoing projects
- How does this dovetail with Citywide Projects of Significance evaluation matrix?

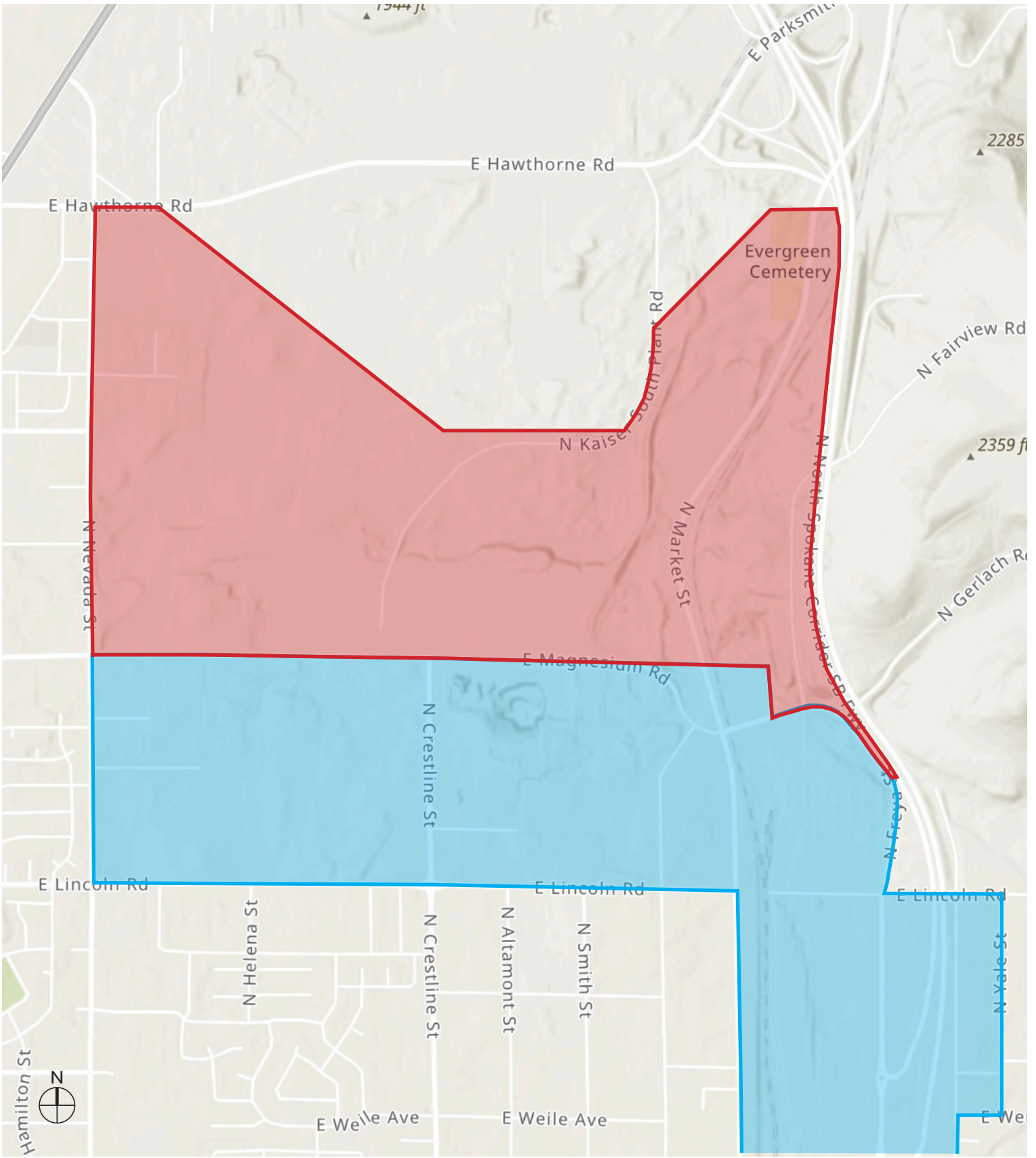
3 Kinds of help we can offer – logistical, financial, or both

- 1. What kind of assistance is needed?**
- 2. Degree of project viability**
 - a. Who is project sponsor? What is their experience?
 - b. Do they have funding?
 - c. Is the plan economically sound?
- 3. Do we have the bandwidth and/or financial capacity?**
- 4. Does it pass the “but for” test?**
 - a. Is our help needed?
- 5. How does it score against the priorities**
 - a. Degree of fit with long-range plan
 - i. Right use in the right place?
 - ii. Does it revive underutilized properties?
 - iii. Does it reinforce larger goals/vision?
 - b. Degree of job creation
 - c. Quality of jobs created
 - d. Degree of impact on tax base and PDA Revenue sources
 - i. Sales Tax
 1. Retail Sales
 2. New Construction Sales
 - ii. Property Tax
 - iii. Utility Tax
 - iv. Leasehold Excise Tax
- 6. Is it worth dedicating human and/or financial capital to this project?**

2022 NEPDA Proposed Boundary Expansions

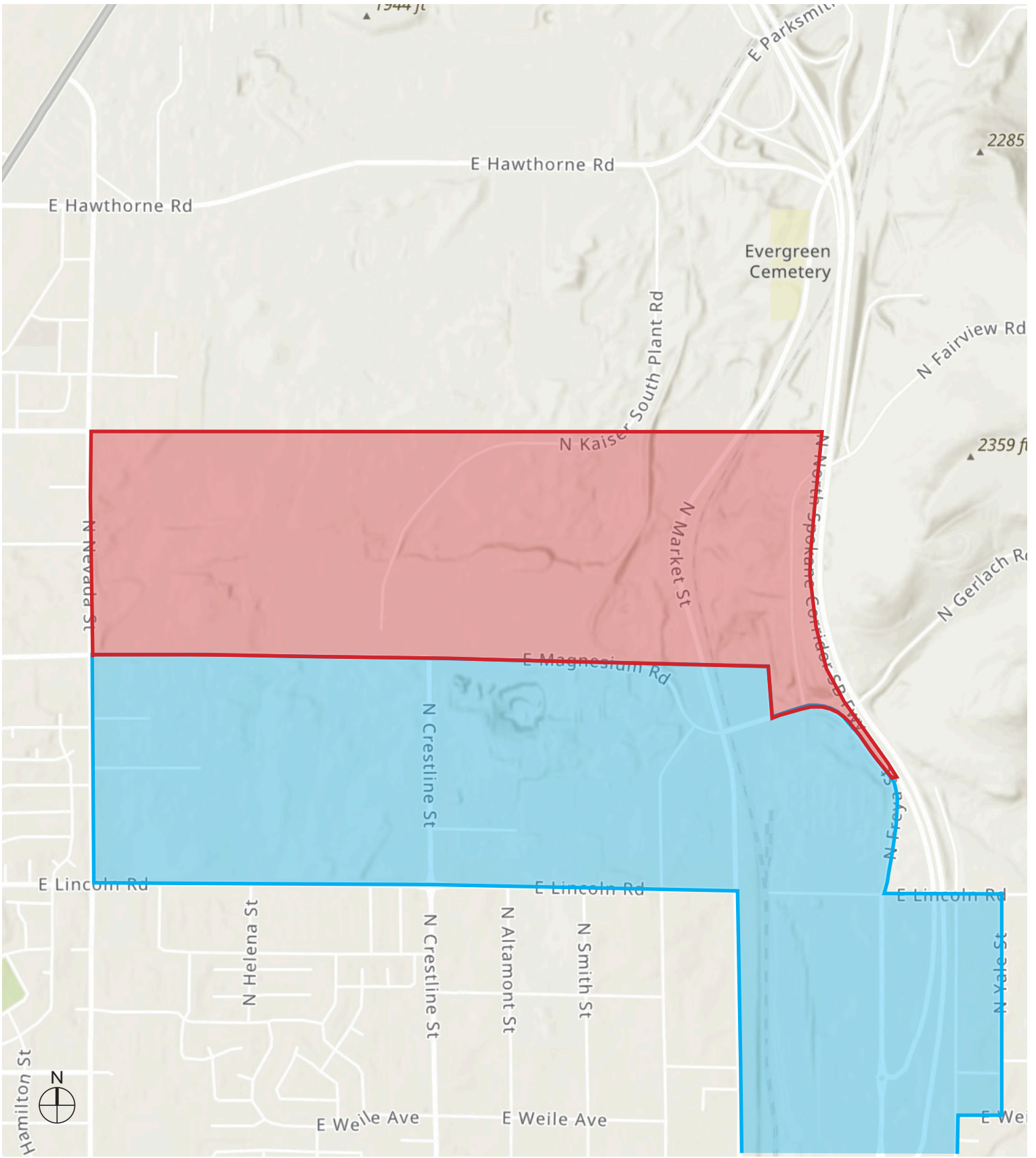
- Existing NEPDA Boundary
- Proposed Northern Expansion
- Proposed Southern Expansion





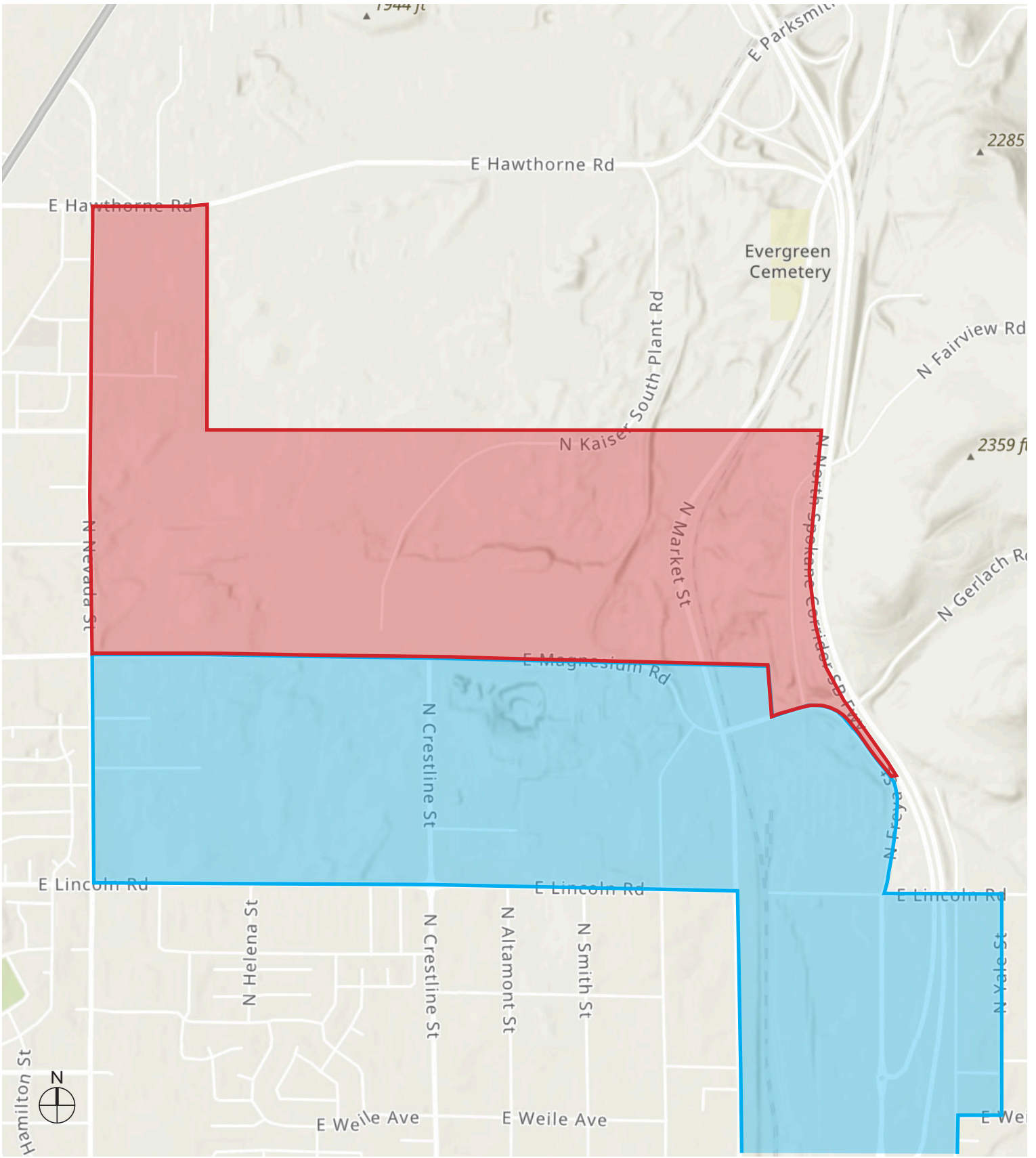
2022 NEPDA Proposed Northern Boundary Expansion Option 1

- Existing NEPDA Boundary
- Proposed Northern Expansion



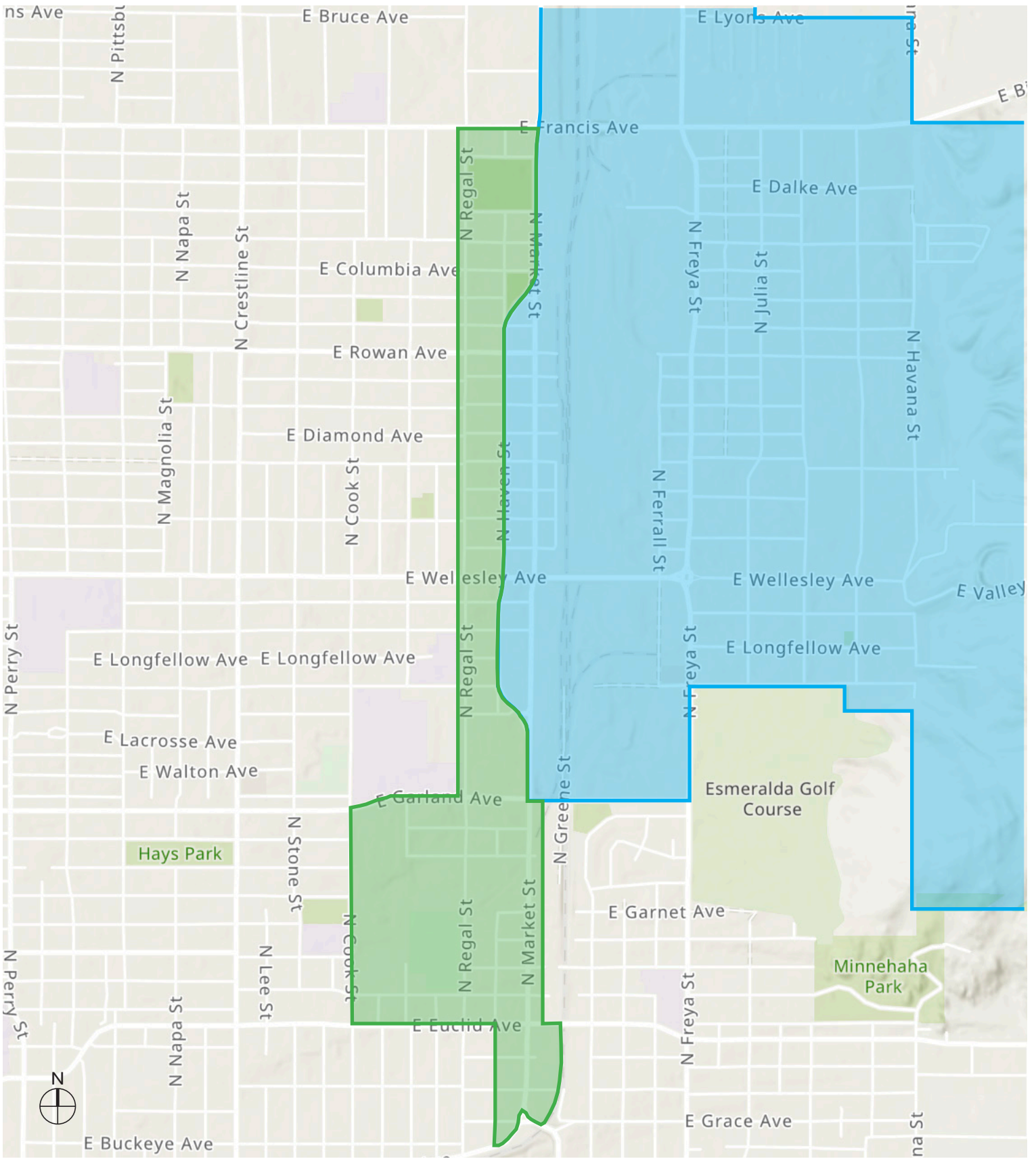
**2022 NEPDA Proposed
Northern Boundary Expansion Option 2**

- Existing NEPDA Boundary
- Proposed Northern Expansion



**2022 NEPDA Proposed
Northern Boundary Expansion Option 3**

- Existing NEPDA Boundary
- Proposed Northern Expansion



2022 NEPDA Proposed Southern Boundary Expansion

- Existing NEPDA Boundary
- Proposed Southern Expansion

**NORTHEAST PUBLIC DEVELOPMENT AUTHORITY
RESOLUTION NO. 2022-003**

A RESOLUTION of the Northeast Public Development Authority (the “NEPDA”) to recommend that the City of Spokane and Spokane County revise and reformulate the existing Geographic Boundaries of the NEPDA to further facilitate economic development and amend the Interlocal Agreement regarding Reformation of the NEPDA.

WHEREAS, the NEPDA was originally established by City of Spokane Ordinance No. C-34813 on December 12, 2011 and reformed by the Interlocal Agreement between the City of Spokane and Spokane County through City of Spokane OPR #2019-0928 and Spokane County Resolution #19-1390 (“Interlocal Agreement”) to assist the City of Spokane and Spokane County to facilitate economic development of the Northeast area of the City and County.

WHEREAS, the Interlocal Agreement currently defines the Geographic Boundaries of the NEPDA;

WHEREAS, the Interlocal Agreement permits the amendment or revision of the NEPDA’s Geographic Boundaries from time to time by the legislative bodies of the City of Spokane and Spokane County based on a written recommendation of the NEPDA Board;

WHEREAS, the NEPDA Board finds it desirable for the continued economic development and furtherance of the goals of the NEPDA and Interlocal Agreement to recommend the legislative bodies reconsider, amend, and/or revise the NEPDA’s current Geographic Boundaries;

WHEREAS, the NEPDA Board seek to recommend the legislative bodies of the City of Spokane and Spokane County amend the Geographic Boundaries to the following:

- to the North
- to the South
- to the West
- to the East;

WHEREAS, it is the determination and recommendation of the NEPDA Board that the proposed Geographic Boundaries of the NEPDA will be advantageous to the continued economic development of the NEPDA;

BE IT RESOLVED, that pursuant to the provisions of the Interlocal Agreement, the NEPDA Board directs the Board Chair and Executive Director to prepare a written recommendation that the legislative bodies of the City of Spokane and Spokane County amend the Geographic Boundaries to the following:

- [] to the North
- [] to the South
- [] to the West
- [] to the East;

because these proposed Geographic Boundaries of the NEPDA will be advantageous to the continued economic development of the NEPDA;

BE IT FURTHER RESOLVED, that the Executive Director and officers of the NEPDA are hereby authorized and directed to take all action necessary and proper to effectuate the foregoing.

BE IT FURTHER RESOLVED, any actions of the Executive Director, Board of Directors or staff of the NEPDA prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.

ADOPTED by an affirmative majority vote of the Board of the Northeast Public Development Authority on the _____ day of September 2022.

NORTHEAST PUBLIC DEVELOPMENT AUTHORITY

BOARD CHAIR

CERTIFICATE

I, the undersigned, Secretary of the Northeast Public Development Authority Board of Directors, a municipal corporation organized under the laws of the State of Washington, do hereby certify that the foregoing resolution was duly approved and adopted by the Board of Directors of the corporation at a meeting of the Board of Directors duly called and held on the ____ day of September 2022, at which meeting a quorum was present; and that said resolution, as set out above, will appear in the minutes of said meeting in the corporation's minute book.

DATED this _____ day of September 2022.

SECRETARY