

POCATELLO DEVELOPMENT AUTHORITY
Board of Commissioners Meeting
May 21, 2008
11:00 a.m.

City Hall
911 North 7th Avenue

11:00 a.m. Council Chambers

Call to Order – Chairman Brown

Acknowledge Guests of Board, if any

Disclosure of Conflicts of Interest, if any

Agenda - Add or Delete Action or Discussion Items

Action and Discussion Items:

Minutes for April 16, 2008 – Motion to Approve and/or Amend

Financial Report: April Income and Expenses

Central Corridor

Kinport Discussion

Miscellaneous Items/Questions from Commissioners

Executive Session if Required

POCATELLO DEVELOPMENT AUTHORITY

Apr-08

INCOME:

Interest Income: \$799.21

\$799.21 Total Income

EXPENSES:

General Fund \$3,125.00 1st Qtr Admin
\$21.00 Idaho State Journal
\$130.98 PDA Lunch
\$29.53 Darcy Taylor

\$3,306.51 total expense

Fiscal Year 2008 (Oct. 2007-Sept. 2008)

	<u>Beginning Balance</u>	<u>Current Month</u>	<u>YTD Actual</u>	<u>Budget</u>	<u>Variance</u>
SOURCES OF FUNDS					
Newtown District	\$0.00	\$0.00	\$0.00	\$56,230.27	\$56,230.27
Al Ricken Drive District	\$4,724.92	\$0.00	\$0.00	\$833,352.13	\$833,352.13
Old Town District	\$2,856.62	\$0.00	\$17,951.05	\$310,392.11	\$292,441.06
North Main District	\$0.00	\$0.00	\$0.00	\$154,184.06	\$154,184.06
Central Corridor District	\$3,229.44	\$0.00	\$4,834.88	\$490,826.63	\$485,991.75
North Yellowstone District	\$646,241.21	\$0.00	\$392,270.28	\$368,864.08	-\$23,406.20
General Funds	\$6,080.30		\$5,817.13	\$6,000.00	\$182.87
Board Disc.*	\$366,215.83	\$0.00	\$15,000.00	\$15,000.00	\$0.00
TOTAL	\$1,029,348.32	\$0.00	\$435,873.34	\$2,234,849.28	\$1,798,975.94
CASH AVAILABLE			\$1,465,221.66	\$3,264,197.60	
APPLICATION OF FUNDS					
Newtown District		\$0.00	\$0.00	\$56,230.27	\$56,230.27
Al Ricken Drive District		\$4,724.92	\$0.00	\$833,352.13	\$833,352.13
Old Town District		\$20,807.67	\$0.00	\$310,392.11	\$310,392.11
North Main District		\$0.00	\$0.00	\$154,184.06	\$154,184.06
Central Corridor		\$0.00	\$0.00	\$490,826.63	\$490,826.63
North Yellowstone District		\$392,616.18	\$645,895.31	\$368,864.08	-\$277,031.23
Board Disc.		\$20,669.19	\$63,626.88	\$367,073.52	\$303,446.64
General Funds		\$3,306.51	\$6,793.40	\$17,800.00	\$11,006.60
TOTAL		\$442,124.47	\$716,315.59	\$2,598,722.80	\$1,882,407.21

DISTRICT ENDING BALANCES
April 30, 2008

Bank Balance		\$300,353.85
General Fund	6,537.51	
Discretionary Funds	???	
Kress Project	0.00	
Newtown District	0.00	
Alvin Ricken District	4,724.92	
Old Town District	20,807.67	
North Main District	0.00	
Roosevelt District	0.00	
Central Corridor District	8,064.32	
North Yellowstone District	<u>392,616.18</u>	
District Totals		\$432,750.60

I am not sure where to find Discretionary Funds?
I will bring the April General Ledger

POCATON DEVELOPMENT AUTHORITY
 BOARD DISCRETIONARY CASH FLOW PROJECTIONS
 2006 THROUGH 2012

YEARS ENDED	Budget 2008	YTD 2008 As of	Remaining 2008	2009	2010	2011	2012
Previous Year Balance:		\$347,265.83	\$317,588.95	\$14,142.31	\$14,142.31	\$14,142.31	\$14,142.31
INCOME:							
TetriDyn Solutions Repayment: ¹⁰	15,000.00	15,000.00	0.00				
Garfield Property			0.00				
Kress Admin			0.00				
Central Corridor Admin: ⁷			0.00				
Total Projected Income:	15,000.00	15,000.00	0.00	0.00	0.00	0.00	2,677,651.36
TOTAL AVAILABLE INCOME:	15,000.00	\$362,265.83	\$317,588.95	\$14,142.31	\$14,142.31	\$14,142.31	\$2,691,793.67
EXPENSE:							
IsoRay: Committed \$75,000 ¹	75,000.00		75,000.00				
Triangle Project: Committed \$300,000 ⁸	268,123.52	44,676.88	223,446.64				
Portneuf Valley Investment Partners: Committed \$40,000 ⁹			0.00				
Garfield Property			0.00				
Legislative Action	5,000.00		5,000.00	0.00			
Petersen Contract:				0.00			750,000.00
Total Projected Expense:	348,123.52	44,676.88	303,446.64	0.00	0.00	0.00	750,000.00
CALCULATED ANNUAL BALANCE		\$317,588.95	\$14,142.31	\$14,142.31	\$14,142.31	\$14,142.31	\$1,941,793.67

amount will be adjusted by AMI reduction
 Updated 7/31/07



Senang Wine Bar and Tapas Bistro
A Fish Off The Old Block
James Barrett Pilates
Pocatello Co-Op
Spoil Me Day Spa

5 May, 2008

To: Pocatello Development Authority
From: Portneuf Valley Investment Partners
Re: TIF for Warehouse Rehab

Dear Board Members,

Enclosed, please find a completed application and supporting documentation for additional assistance from PDA via the Tax Increment Financing Program.

In 2007, PDA approved a \$40,000 grant to PVIP based on estimated construction costs of approximately \$800,000. An additional \$45,000 grant was approved at that time, based on availability of funds. Our ultimate project cost exceeded \$1.2M. We have pursued every possible avenue to meet the budget shortfall due to these cost overruns, including additional principal capital injection, additional private investment and additional debt instruments through various lending entities.

Even with these additional debt and equity contributions, PVIP today remains approximately \$70,000 in debt to contractors whom we have now owed for nearly 1 year. By and large, the contractors have been patient with us, as we tried to raise the money to pay the final construction costs, but the time has now come where they will likely begin to pursue action to recoup payment that could jeopardize our project.

We are aware that PDA funding is currently exceptionally tight, but we have submitted this application with the request the board consider our situation and attempt to creatively find a way to assist us in closing out the construction phase of our project.

We feel strongly that Kinport Junction brings a unique, popular and exciting element to the Warehouse District and will form the foundation for additional investment in this growing part of town. We have attempted to create a building that has an integrity and quality that ensures long term viability, and the popular support we have received indicates that we have succeeded in this component.

Your consideration is greatly appreciated. We are happy to provide any supporting documentation you may require to facilitate this request.

Sincerely,

Kim Brown
Jeff and Carrol Klinger
Johnny Mendive
Rob Myres
Eddy and Amy Vargason



Senang Wine Bar and Tapas Bistro
A Fish Off The Old Block
James Barrett Pilates
Pocatello Co-Op
Spoil Me Day Spa

Portneuf Valley Investment Partners – PDA Request for Tax Increment Financing

Application Overview

In August of 2007, Kinport Junction Warehouse opened to the public, culminating an 18-month challenge by a group of local entrepreneurs to rehabilitate one of the older warehouses in the Warehouse District. The project has been well received by the public and the building is now viewed as an architecturally beautiful addition to Pocatello's retail and restaurant scene. Five businesses, three of them new entities, have now been operating successfully for over 9 months. Each day, between 200 and 400 people come through Kinport Junction Warehouse, driving to a part of Pocatello that previous to this saw only sporadic traffic. The building to a large degree has demonstrated that there are alternatives to national franchise stores, and that many Pocatello residents are eager to move beyond the ordinary and average. We believe Kinport Junction has provided a vital first step in the restoration of a district that has massive potential to bring unique retail services to Pocatello.

Project Philosophy

Portneuf Valley Investment Partners (PVIP) was formed on the philosophy that it is more esthetically and environmentally responsible to rehabilitate existing structures whenever possible, versus continuing to build square "box stores" that have no enduring or aesthetic value for the community. The buildings in the warehouse district are perfectly suited for long-term development due to their excellent construction, ample parking, wide streets and proximity to old-town Pocatello, South 5th and Idaho State University.

PVIP has purposefully solicited a combination of new and existing businesses, all with a very sound business philosophy aligned with a common customer base and fundamental business practices.

Estimated Project Construction Value

When PVIP first applied for PDA assistance, the value of the building was estimated at approximately \$800,000. The building is now expected to appraise for somewhere between \$1.3M and \$1.4M after the first full year of operations. Cost of construction increased approximately 35% over the original cost estimates.

Job Creation

The businesses operating in Kinport Junction have provided at least 35 new jobs. Senang Restaurant, which is a new business, has paid over \$350,000 in wages since opening. The Pocatello Co-Op not only employs several full and part-time employees, it provides a year round avenue for local farmers to sell their produce and products. A Fish Off the Old Block is an expansion from Butcher Block Deli and has added 4 new jobs to sustain the new operation. James Barrett Pilates has doubled in size since moving to the new location and continues to grow. Carroll Klinger, the owner, has added 4 new fitness instructors to teach classes and handle the additional volume. Spoil Me Day Spa employs 4 stylists and a beauty consultant as well as a massage therapist.

Public Benefits

There are a multitude of public benefits associated with a project such as Kinport Junction.

Namely, we have successfully rehabilitated an abandoned warehouse and restored the building fully to code under current specifications. We have significantly upgraded the landscaping, sidewalks, curbs, parking areas and general aesthetics of the neighborhood. In addition to the obvious benefits of upgrading the building and the general area, our investment has demonstrated to other potential investors the viability of similar projects and underscored the potential for the area to become a beautiful and vibrant retail community.

Vacant buildings are unsightly and eventually continue to deteriorate. By making the investment to rehabilitate this abandoned building, we not only upgraded the area in general and will foster additional development, but we also did not consume additional open land for a new building and parking lot that is current green space, and that allows Pocatello to better retain the beauty and integrity of our natural environment.

Financial Details

Kinport Junction final project cost will exceed \$1.2M. Our original project estimate, based on written bids from local contractors was \$800,000. Cost overruns and unanticipated expenses have resulted in additional costs of over \$400,000. PVIP has addressed the cost overruns by injecting more capital from each partner, taking on additional investors and taking on more debt with Wells Fargo and SICOG. PVIP's 5 principal's have collectively contributed over \$500,000 into the project to date.

PVIP is requesting assistance on this project in the amount of \$70,000 through the Pocatello Development Authority tax increment financing program in addition to the \$40,000 we received in 2007. We were previously approved for an additional \$45,000 based on funds availability, and based on the original construction estimates.

The money we are requesting will be used in a manner that provides significant public benefit to the warehouse district and is consistent with the overall vision of city leaders for that part of the city. We spent approximately \$85,000 on parking lot paving, sidewalks, curbs, landscaping and general upgrade of the outside of the building. PVIP currently does not have the funds to complete payment to the contractors who performed this work and the project is dangerously close to becoming insolvent due to these outstanding liabilities.

Summary

PVIP investors have remained very committed to this project, and to our fundamental philosophy of creating a beautiful space out of what was an abandoned building. We feel like we have been successful in executing against nearly every facet of our plan, and are 98% of the way complete, but we just need assistance to get over these final remaining expenses.

We hope you will consider our application for assistance.

**POCATELLO DEVELOPMENT AUTHORITY (PDA)
Pre-Application for use of Tax Increment Financing**

Instructions:

1. Please complete each section of this pre-application.
2. The applicant should be the project owner or the duly appointed representative of the project owner.
3. This pre-application must be completed and submitted (Pocatello Development Authority, 1651 Alvin R Pocatello ID, 83201) by the first Monday of the month to be considered for the PDA meeting agenda on Wednesday of that month.
4. Each pre-application is screened by staff and must meet a minimum score of 70 points (out of 100) for it to be considered for approval by the PDA Board.
5. PDA approval of this application is authorization to proceed to a full application.
6. A full application will consist of at minimum the following:
 - a. Project purpose statement.
 - i. Description of blight.
 - ii. Description of public benefits.
 - b. Scope of work.
 - i. The kind, number, and location of all proposed public works or improvements.
 - ii. A detailed list of estimated project costs.
 - iii. Construction timetables (including any proposed phasing).
 - iv. A detailed map and legal description of the project area.
 - c. Economic Analysis.
 - i. An economic feasibility study.
 - ii. A fiscal impact statement showing the impact of the project upon all taxing districts.
 - iii. A description of the methods of financing all estimated project costs.
7. Questions may be directed to the Executive Director for the Development Authority, 233-3300.

Application:

Name: PORTNEUF VALLEY INVESTMENT PARTNERS Date: 5-5-08

Mailing Address: 815 S 1ST ST. POCATELLO ID 83201

Work Phone: 478 6732 Cell Phone: 478 4335 E-Mail: _____

Project Description: REHAB OF EXISTING WAREHOUSE
AT 815 S. 1ST STREET

Project Location: 815 S 1ST

Is this project currently in an urban renewal area? Yes N

Is this project currently in a revenue allocation area? Yes N

If you answered 'no' to both questions above, please describe the "blighting" condition associated with this location: _____

Current Assessed Value of Project Location: 2 \$ 300,000

Estimated Construction Value of Project: \$ 1.3M

Number of jobs created by this project: 35 Wage range of jobs: \$ 6/Hr - \$ 20/Hr

Employee Benefits? Yes No If yes, please describe

PIA Pre-application, Page 1

Time frame for job creation: CURRENTConstruction start date for Project: FEB 2007 Anticipated completion date: JULY 2008Briefly describe other public benefit(s) associated with this project: BEAUTIFICATION of
BLIGHTED AREA, SALVAGE ABANDONED BLDG, FACILITATE ADJ. DEVELOPMENTDoes this project compete with other, already established businesses? How? NO

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

IT WAS FOR ALL MAJOR CONSTRUCTION ELEMENTSAre there other applicants that may be interested in applying for PIA assistance for this same project? Please explain: NO

Relationship of named applicant to the project: _____

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, approvals, etc.
 Property Acquisition.
 Structure Demolition and Clearance.
 Other? Please Specify FINAL UPGRADE COSTS

Amount of Assistance Requested: \$ 70,000

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: PLEASE SEE ADDITIONALDOCUMENTATION PROVIDED

THANK YOU!