

**ABBREVIATED MINUTES  
POCATELLO DEVELOPMENT AUTHORITY  
February 13, 1996**

Members present: Peter Angstadt, Paul Olson, Don Byrne, Karen McGee, Mary Lee Shannon, Tammy Frazier, Joe Willes, G. Michael Ransom

Staff present: Tom Arnold, Executive Director; Dean Tranmer, City Attorney; Robert Chambers, CD&R Director; and Jerry Higgins, City Accountant

1. The meeting was called to order at 11:08 a.m. by Chairman Paul Olson. Joe Willes the newly-appointed Commissioner was introduced. Conflicts noted: Tammy Frazier for Pocatello Neighborhood Housing Services; Paul Olson for Old Town; Don Byrne for Old Town.

2. **Bond Issue - Alvin Ricken Drive Revenue Allocation Area.** Chairman Olson opened the public hearing. Dr. Kitty Pumphrey, 2019 Diane Lane, asked for an explanation of the amount of the debt, the kind of debt, what the proceeds of the debt will be used for and who will be obligated on the debt.

The anticipated amount of debt is \$2.88 million. The debt will be in the form of bonds underwritten by Key Bank. The proceeds will be paid as draws to Pocatello Development Authority and are for the extension of Alvin Ricken Drive to Barton Road; sewer extensions down Alvin Ricken Drive to Barton Road and down Barton Road to 5th Avenue; widening and improvements (curb, gutter and sidewalk) to Buckskin Road between I-15 and American Road; the public portion of an upgrade to the Idaho Power substation in the area; signage; general improvements to the Idaho State University Research Park; and property acquisition including that between 4th and 5th Avenues for better traffic flow onto Barton Road.

The bond will be paid by proceeds from the increased property taxes generated within the district from AMI and Ballard Medical Products. These funds will retire the debt and will be the sole source of repayment of the bonds. The term of the bond will be no more than five (5) years.

Dr. Pumphrey asked if any of the money would be used for buildings occupied or owned by private enterprise. Mr. Arnold assured her that no funds will go to private development. All monies will be used for public infrastructure, with the only exception to this is being the upgrade to the Idaho Power substation which is for the benefit of the District.

Dr. Pumphrey also asked if any other monies will be used to service the debt if the additional taxes are insufficient. She wanted to know if PDA has assumed a moral obligation as well as a legal obligation. Dean Tranmer explained that the financing is structured so that the tax increment financing money is the only guarantee to pay the debt. If there is not sufficient taxes generated to

retire the bonds, the parties who purchase the bonds would absorb the final risk. In other words, there is no moral obligation to PDA.

Bob Pearce, Financial Services Vice President at Idaho State University (ISU), explained that ISU has been working with PDA, the City of Pocatello, Bannock Development Corporation and Ballard Medical Products on this project. The three issues important to ISU about this project are: 1) the District provides for infrastructure necessary to support Ballard Medical Products, which allowed them to decide on the Pocatello location; 2) the District enables the ISU Research Park to expand and accept new tenants, which is ISU's long term development goal; and 3) the District will provide a second access road to and from the East Bench - currently roads through ISU are the only access roads to this region.

Darrell Buffaloe, 802 Bonanza, expressed his support for the Alvin Ricken Drive Revenue Allocation Area.

Chairman Olson closed the Alvin Ricken Drive Revenue Allocation Area public hearing.

Following adequate discussion, it was MSC (Peter, Karen ) to adopt a resolution of the Pocatello Development Authority approving as to the form certain financing documents for the issuance of revenue allocation bonds for the Alvin Ricken Drive Revenue Allocation Area, authorizing agency's legal counsel to proceed with judicial validation proceedings, authorizing the Chairman and others to execute all necessary documents for the judicial process and providing for other matters properly relating thereto.

**3. Bond Issue - Old Town Revenue Allocation Area.** Chairman Olsen opened the public hearing. Dr. Kitty Pumphrey, 2019 Diane Lane, asked for an explanation of the amount of the debt, the kind of debt, what the proceeds of the debt will be used for and who will be obligated on the debt.

The anticipated amount of debt is \$600,000, and the term of the bond is 12 years. The money will be used for improvements to public infrastructure in the downtown area (\$475,000) and for purchasing a facade easement to the Pioneer Block Building (\$125,000). Again, the bond will be paid by proceeds from the increased property taxes generated within the District from First Security Bank and other property value increases.

Dr. Pumphrey asked for clarification of what a facade easement is. Dean Tranmer explained that a facade easement grants a right to a person who does not own the property. In exchange for the \$125,000, the owners of the property are granting a property right to PDA and the citizens of Pocatello. With this easement, PDA will have a voice in how the building's exterior is maintained so it does not deteriorate and have to be demolished due to neglect. The easement also provides protection to maintain as much of the historic integrity of the building as possible. The owners of the building are also required get approval from PDA before doing anything to the building.

Dr. Pumphrey asked who would be responsible for the costs of renovating the building and if the City would have the obligation to fix the building if it deteriorated. Mr. Tranmer explained that the

owners will be responsible for renovation costs, and the City would have the right to make them maintain the building. If the owners violated the easement, the City could take them to court and make them comply with the easement.

Norman Pumphrey, 2019 Diane Lane, asked if building maintenance was covered in the City's municipal codes. Mr. Tranmer explained that maintenance is partially covered under the municipal code. In this case, however, the owners are removing previous renovations and are reinforcing the building since it is unreinforced brick masonry. Minimal maintenance codes do not include these items. A facade easement eliminates the needs for the City to cite a building owner and a judge to force the owner to maintain the building. The easement protects what the owners can actually do with the facade, where minimal/property maintenance codes do not cover the facade as extensively.

Dr. Pumphrey asked if judicial validation was the same as judicial confirmation. Mr. Tranmer explained that the two terms are the same. Judicial validation provides the governing body with the chance of having a judge determine if the project is or is not legal under the current Idaho laws, statutes and constitution. If the judge determines that the project is allowed, bond counsel can then give an opinion, and the project can proceed.

Dr. Pumphrey asked if PDA had the option of going to the property owners within the Old Town Revenue Allocation Area to ask for approval of a bond that would incur long term debt, and if PDA had decided not to exercise that option. Mr. Tranmer explained that PDA does not have the authority to bring about a general election. There is no mechanism allowing for a vote of the public involved with a revenue allocation area.

Tom Arnold mentioned that the property taxes in the revenue allocation area will remain the same in terms of the tax levy rate. The total dollar amount of taxes should increase due to the assessed values. PDA will use the taxes levied on the increased value to service the debt.

Again, the City is not morally or legal obligated on the debt.

Chairman Olson closed the Old Town Revenue Allocation Area public hearing.

Following adequate discussion, it was MSC (Peter, Karen ) to adopt a resolution of the Pocatello Development Authority approving as to form certain financing documents for the issuance of the revenue allocation bonds for the Old Town Revenue Allocation Area, authorizing agency's legal counsel to proceed with judicial validation proceedings, authorizing the Chairman and others to execute all necessary documents for the judicial process and providing for other matters properly relating thereto. Don Byrne and Paul Olson abstained due to declared conflicts of interest.

**4. Minutes.** It was MSC (Don, Michael) to approve the minutes of the meeting of November 14, 1995. (Official meetings were not held for the months of December or January.)

**5. a) 1995 Financial Report.** Tom Arnold distributed a copy of the Comprehensive Annual Financial Report dated December 31, 1995, which was prepared by Jerry Higgins, City Accountant.

(See attached.) Mr. Higgins made a presentation on the report. Special highlights included: the City of Pocatello has forgiven the debt involved in the Old Kraft Road District (Domsea), and the debt will not be shown on the 1996 balance sheet; PDA collected \$1,137.00 interest on late property tax payments; and administration costs are higher due to a \$2,400 contractual payment to Old Town Pocatello. It was then MSC (Michael, Don) to approve the financial statement with the addition of footnote disclosures and special revenue categories.

**b) 1996 Cash Budget.** Mr. Arnold reviewed the proposed 1996 cash budget and the January report. (See attached.) It was then MSC (Karen, Mary Lee) to approve the income and expenses for January.

**6. Statements of Intent.** To preserve the tax-exempt status of the bonds, Internal Revenue Service code requires that PDA have a statement on file authorizing the Executive Director to issue Statements of Intent to Expend Funds to be reimbursed from proposed TIF financing. It was MSC (Peter, Michael) to accept the resolution authorizing the Executive Director to issue Statements of Intent to Expend Funds.

**7. Promissory Notes.** PDA needs to consider authorizing the execution of two promissory notes in the total of \$110,000. The notes will be repaid by the proceeds of the Alvin Ricken Drive Allocation Area bonds. One note, in the amount of \$20,000, is to be paid to Bannock Development Corporation for the moving of a sanitation sewer line in the ISU Research Park, and the second note, in the amount of \$90,000, is to be paid to Bannock Development Corporation in connection with land acquired and donated to ISU. It was MSC (Don, Peter) to authorize the execution of two promissory notes totaling \$110,000.

**8. Pocatello Neighborhood Housing Services.** Richard Stallings, Executive Director of PNHS, and Garry Ratzlaff, Affirmative Housing Partnership, LLC., spoke to the Board about a project being proposed for the old Frazier Market building on Cedar Street. PNHS and a group of local businessmen have formed a partnership to demolish the existing building and construct 15 homes. The homes would sell in the \$60,000 price range. Mr. Stallings asked PDA for help with the cost of demolition or help with infrastructure costs by creating a new revenue allocation district for an anticipated amount of between \$75,000 and \$95,000. PNHS is also looking to grants and private sources for assistance with this project. PNHS would like to begin demolition in late spring. The Board asked Mr. Stallings to attend another PDA meeting after the appraisal has been finished, and after he has had a chance to meet with Tom Arnold.

Dean Tranmer noted that demolition is clearly an authorized power available to PDA. Mr. Tranmer also noted that curb, gutter and sidewalk costs along Cedar, Willard and Washington Streets would clearly be public infrastructure costs eligible for PDA assistance if the tax increment financing monies generated by the addition of the 15 houses were sufficient.

**9. Adjourn.** It was MSC (Don, Mary Lee) to adjourn at 12:26 p.m.

