

MINUTES
POCATELLO DEVELOPMENT AUTHORITY
August 18, 2004

Members present: Steve Brown, Terry Brower, Roger Chase, Jim Guthrie, Darsi Johnson, Harry Neuhardt, John Ricks

Staff present: Dean Tranmer, City Attorney; Ray Burstedt and Char DeWall, Bannock Development

1. Preliminary matters. The meeting was called to order at 11:01 a.m. by Chairman Neuhardt. No conflicts were declared. Alterations to the agenda:

Community Care financing item – delete
Executive Session – Add
Hawkins reimbursement request

2. Minutes and general financial matters. It was MSC (Ricks, Chase) to approve the minutes from the July meeting. C. DeWall then reviewed the financial statement, noting that the revenue projections were quite close to the actual revenues. Expenditures were for the audit, the Roosevelt District project, and legal notices for the North Yellowstone District. It was MSC, (Ricks, Chase) to approve the financial report.

3. Deaton & Company audit discussion. R. Burstedt provided copies of a letter sent to Deaton & Company in regard to the quality of the audit and reported that he had received a response and believes that the problems will not occur in the future. Members noted that there is no contract for future audits and the Board may wish to contact a different firm if improvements are not noticed.

4. Old Town

Reinvestment: Paving should begin tomorrow. A buried phone cable was broken by workers, causing loss of service to hundreds of customers. Repairs have been made, but the incident caused more delay. Quality of current work seems satisfactory. Cac Turner has reviewed the bills and they seem to be in order and cover work actually done.

Requisition #E-58. It was MSC (Ricks, Chase) to approve presentation of the requisition for payment to JUB for \$177,009.78

Requisition #E-60. It was MSC (Ricks, Brower) to authorize payment to the City of Pocatello \$369,104.15 for reimbursement of the PDA portion of the July billing from BECO.

Meeting with owners: Very good PR prior to commencement of the project. Because PDA did not approve the expenditures for the public relations firm, there was no organized means of providing information to the owners, resulting in confusion. Great concern was expressed over the lack of progress. The first two blocks are not even close to being done and merchants are increasingly concerned about loss of business, unsafe conditions, and poor communication. BECO has begun providing a weekly newsletter and Amerigo staff members are also assisting in a door-to-door effort to provide updates. Business owners would like to see more effort to "crack the whip" and require the contractor to add crew members to make more progress, provide more towards pedestrian safety, and would also appreciate advance notice of water shut-offs, tamping, etc. However, most owners remain in favor of the project, but wanted to voice strongly their dismay and anger at the constant delays and excuses. They were asked to provide input to PDA as to whether they still favor continuing with Phases II and III in succeeding years.

School District request for property donation: Bart Reed was present to discuss the School District's interest in the Garfield property for use as a parking area. The Chair summarized the background by explaining that the original discussions involved having the Phase II sidewalk work around the new gym done now (instead of simply having the District replace the portion of sidewalk disturbed by construction). Widening of the sidewalks on both sides of the gym was suggested in order to allow a ramp to be built into the right of way to compensate for the new gym's entrance being too high for ANSI standards and to provide more off-street area for large groups exiting the gym. The District proposed contributing funds equal to their budgeted sidewalk-replacement costs with PDA funding the remainder and donating the Garfield property for a parking lot for the District (because widening the sidewalks into the current paved street area would remove some public parking spaces.) H. Neuhardt noted that the estimates for construction were over \$200,000, with \$11,000 being the District's contribution, and that, on behalf of the Board, he and the Mayor declined to expend that much extra money in Phase I, allowing the District to simply replace the sidewalks in accordance with their original contract, and that the remaining issue before the board was the property donation. T. Brower expressed reluctance simply to donate the property for which PDA and City expenses exceed \$129,000 and inquired as to the possibility of an exchange. Reed replied that inquiries had been made about the auto repair building on Main, but explained that the District plans to continue using the shop building and has no other land available to be traded. J. Guthrie pointed out that PDA had already provided \$160,000 to the District for the tennis courts, at the insistence of the District, in spite of PDA's request for additional time for consideration of alternate sites suitable for more courts, which left him disinclined to donate an additional \$129,000 in assets. Board consensus was not to authorize the donation at this time. PDA will need to arrange for weed removal.

At this point, the Chair was excused, and in the absence of the Vice-Chair, R. Chase presided temporarily; the Chair returned during Item #4 below.

5. Housing Rehab Project: Whitman and Yellowstone Hotels

Dale Bowden, Idaho Housing Company, Inc., presented additional materials and information regarding the project and responded to questions: The completed market study does indicate a need for low-middle income housing, and could support over 200 units; the Whitman by itself does not have enough housing units for this type of project so combining the Yellowstone is crucial; 51 units are planned, mostly one-bedroom; the proposal before the PDA is for "gap" funding for approximately \$513,000 which will be needed at construction time; the housing component of the project will be handled by the Housing Company (or they will arrange for another non-profit agency to do so); the commercial component will be for the Whitman only and will be under auspices of the Whitman Building LLC group. The housing company would own both buildings, completely rehab the Whitman building, rehab the upper floors of the Yellowstone for housing, "condominiumize" them, and sell back condominium space on the lower level to be operated as space for commercial tenants.

Per R. Burstedt, there is a cash flow problem for the year 2006 as depicted on the income/expense projection sheets distributed. If this project is funded, PDA might need its own "gap" financing. Questions were raised about the level of support from area business owners, other landlords, etc. Mina Brown, Old Town Executive Director reported that there was considerable support from both merchants and other owners in the district for the project.

At this point, it was **MS (Ricks, Brown)** to authorize funding up to \$513,000 for the project, provided it was determined that there was a sufficient amount on hand to fund at that level, splitting payments over two years if necessary. Additional discussion ensued: J. Guthrie noted that he would like to see if there was support from other rental housing owners or whether the units would be viewed as competing unfairly with private housing, information as to parking provisions, and more specific information on how costs were estimated. Per D. Bowden, the Eagles building here and Idanha in Boise projects were used

for the estimates. Per J. Myers, estimates for demolition and clean-up for the Whitman building (as opposed to rehab) run from about \$600,000 to \$750,000.

At this point, a **substitute motion was made by Chase, seconded by Guthrie** to table further deliberation and decisions for 2 weeks to allow time for the developers to provide the information and materials discussed during this meeting. Motion carried (Brower dissenting) Special meeting to be held September 1, 2004.

6. Kress District. Questions have been resolved as to the reasons for a continuing balance; the decision will stand regarding continuing to provide tax receipts through the end of the district, although the specifics will differ from those proposed. Per R. Burstedt and D. Tranmer, rather than entering into the "loan agreement" provided by Houston and Carroll, Char would be directed to continue payments in February and August—issuing half the funds to each of the two investors instead of issuing one check to the bank.

7. Roosevelt District. Final payment to Kiggins, invoice #2004183 and #2004203 to RMES were considered. **It was MSC (Chase, Ricks)** to authorize payment of all 3 requests.

8. South Cliffs. Requisition #E-59 – **It was MSC (Ricks, Chase)** to authorize submission of the requisition.

9. North Yellowstone. Jim Wrigley of Wells Fargo Bank was present to discuss bond financing. Lowe's will not close unless the infrastructure is constructed, so the pay-as-you-go option is not only more costly (if full reimbursement for construction costs including interest were to be made) but also not feasible because the construction (hence the payment) needs to be accomplished before the end of the year. Choices include fixed rate, variable, or a mixture of the two. Bonding is preliminarily projected to be for 15 years at between 5.05 and 5.10% interest, assuming complete build-out of the area and funding to PDA beginning in 2006. Bond process takes 120 to 180 days before funding is available, so money will not be available to pay for construction occurring in the next three months. Financial documents will need to be reviewed by a judge and validation of the process and documents provided by Court order. The development company will therefore need to provide funding to be reimbursed by PDA from bond proceeds. Bond would be for about \$7.4 million – \$6.2 in construction, \$288,000 capitalized interest for one year, \$740,000 reserve, \$130,000 initiation costs. Fixed rate bonds cannot be "called" for a period of ten years, so early pay-off would have to occur after that.

It was MSC (Chase, Ricks) to authorize pursuit of judicial confirmation for the financing through bonds, including all related financial documents, for issuance of bonds sufficient to provide \$6 million for infrastructure construction costs.

It was MSC (Chase, Brower) to reimburse certain engineering costs, in an amount not to exceed \$200,000, expended by Hawkins in order to get the infrastructure improvement portion of the projects underway as soon as possible.

10. Executive Session. At 1:25 p.m. **it was MSC (Ricks, Chase)** to adjourn into executive session, pursuant to Idaho Code Section 67-2345 in order to discuss acquisition of property not owned by a public entity.

Reconvened at 1:43 p.m.

Brief discussion ensued in regard to condemnation procedures, appraisal, etc. **It was MSC (Chase, Ricks)** to proceed with property acquisition as needed to complete the North Yellowstone Project.

There being no further business, the meeting was adjourned at 1:30 p.m.

