

**MINUTES**  
**POCATELLO DEVELOPMENT AUTHORITY**  
Meeting September 15, 2004

Members present: Terry Brower, Steve Brown, Roger Chase, Jim Guthrie, Darsi Johnson, Harry Neuhardt, Ken Monroe, John Ricks; Dan Schroeder

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

**1. Preliminary matters.** The meeting was called to order at 11:02 by Chairman Neuhardt. No conflicts were declared. No alterations to the agenda were made.

**2. Minutes and financial matters.**

*August 18<sup>th</sup>:* Need corrections to remove Schroeder from members present and to fix the double-numbering of business items. **It was MSC (Schroeder, Brower)** to approve the minutes, subject to these corrections being made.

*September 1:* **It was MSC (Schroeder, Ricks)** to approve the minutes as presented.

*September 8:* Members noted that motions and voting record were incorrect. Corrected wording for penultimate paragraph on page one: ***In response to the call for the question on the substitute motion, Guthrie, Brown, and Neuhardt voted in favor; Monroe, Chase, Johnson, Ricks, and Brower in opposition.*** Corrected wording to second paragraph on page two: ***Voting in favor of the motion made by Chase and seconded by Ricks (see first motion above) were Chase, Ricks, Johnson, Monroe, and Brower. Voting in opposition were Brown, Guthrie, Neuhardt. Motion carried.***

**It was MSC (Chase, Brown)** to approve the September 8<sup>th</sup> minutes with the above corrections.

Char discussed the financial report, explaining that the negative balance for the North Yellowstone District was for legal notices and that the District will carry negative balances until bonds are sold and the money available. Kress District payment was made and future payments of tax increment revenues will continue to be made to Houston and Carroll until the end of the District, less administrative expenses. **It was MSC (Chase, Schroeder)** to approve the financial report for August.

**3. Downtown Reinvestment Project.** Greg Lanning and Thane Smith (JUB) provided updates on the project and the individual deadlines. At the current rate, all roads will be open at the end of September; trees, and other amenities should be completed by end of October. Spreadsheets showing expenses were distributed. The City is handling payments and is then requesting reimbursement from PDA for its portion (approximately 80%). The City is also sharing in the engineering costs. Response to question from T. Brower regarding liquidated damages from Thane was that this would definitely be part of the negotiations conducted at the end of the contract work. Pursuant to the contract if there is no agreement reached, arbitration or court proceedings will be held; there is a potential for \$1500.00 per day liquidated damages, which could be offset by additional work, change orders, etc. The City has provided crews to help complete the paving before winter sets in and to avoid further delay.

Requisition #E-62. **It was MSC (Ricks, Monroe)** to approve the requisition for payment to the City of Pocatello in the amount of \$483,323.29 for PDA's portion of the Downtown Reinvestment Project to August 21, 2004. **(Note: this requisition replaces #64)**

Requisition #E-63. **It was MSC (Chase, Schroeder)** to approve the requisition for payment to the City of Pocatello in the amount of \$2,025.20 for PDA's portion of the Cheyenne Crossing project.

**4. AMI Building.** Prime Holdings, Inc. is selling its interest in the lease and wants to have the contracts with PDA assigned to the new owner. D. Schroeder noted concerns regarding the ability of the new owner to pay, citing the financial reports which show two years of losses, a drop in assets, etc. Would be in favor of the assignment if Prime Holdings were to remain responsible in the event the Huntley group doesn't fulfill the contract, but there is no provision for that event. J. Guthrie and R. Chase expressed misgivings about the lack of advantage to PDA in approving assignment to a company with the limited financial information provided. Brent Nichols responded that the PDA agreement with Prime Holdings does provide for Prime Holdings to sell its interest and that PDA could not unreasonably withhold approval. H. Neuhardt noted that being in a worse financial position after approving the assignment would be a reasonable basis on which to deny approval. He suggests requiring the new buyer to demonstrate (provide copies of loan documents) that the loan taken by them against the building will be no larger than the amount currently owed. B. Nichols responded that the balance was approximately \$1,430,000, and that roof repairs were to be completed before the closing. **It was MSC (Schroeder, Brown/ Chase, Guthrie, Brower opposed)** to approve the assignment and allow execution of necessary documents provided there is adequate verification that the loans against the building taken out by Huntley do not exceed the current loan balance (loan documents, signed agreements that total loans will not exceed \$1.43 million, etc.). B. Nichols will provide the balance amount and have Prime Holdings attorney provide documents to counsel D. Tranmer for review.

**5. Roosevelt.** Pay Request #3. and RMES invoice #204228 were presented. **It was MSC (Schroeder, Brower)** to approve payment on both.

**6. North Yellowstone.** Updated projections were presented. Board unanimously approved Resolution 2004-1 approving the financing documents and authorizing the filing of a judicial validation petition (see minutes of September 8, 2004, for general motion authorizing resolution, ordinance, etc. needed for the project).

General discussion about the status of the project and its stages ensued: Appraisals have not been received yet; condemnation proceedings cannot be undertaken until we have appraisals, offers based on them, and refusals to sell. Suit can then be filed, we post the appraised price with the Court and take control of the property. Court then determines amount to be paid. PDA will enter into development agreements to ensure repayment of expenses if development does not occur. The developer did indicate willingness to consider "up-fronting" the money and waiting for reimbursement as tax receipts were collected. However, doing so would cost PDA more money than the bonding "route" because construction interest is substantially more than bond issuance and sale costs--about 1.5 million dollars. R. Burstedt reported that Wells Fargo had sent, and he had filled in, the form letter necessary to continue the bond issuance process.

Forest Service property exchange is uncertain, but the developers of the former Associated Foods area are proceeding with applications and hope to have approval soon enough to obtain agreements for development.

**7. Iron Triangle Property Acquisition.** Requisition #E-61 was presented for approval. **It was MSC (Chase, Brower)** to approve payment to the City of Pocatello in the amended amount of \$

**8. Admin Services.** Board members' consensus was to continue another year with BDC's services.

There being no further business, the meeting was adjourned at 12:35 p.m.

