

**POCATELLO DEVELOPMENT AUTHORITY
MINUTES**

Meeting March 15, 2006

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

Staff present: Sari David, Bannock Development; Richard Diehl, Jr., Esq. and Darcy Taylor, City Legal Dept.

1. Preliminary matters. The meeting was called to order at 11:05 by Chairman Brown. S. Brown reiterated the restrictions he, as a federal staff member has in relation to membership in boards and agencies. Ken Monroe disclosed that he may have a financial interest connected with the proposed Iron Triangle Redevelopment should it come to fruition. Term expirations were added to the agenda.

2. Minutes and financial matters. **D. Schroeder** moved that the minutes from the February 2006 meeting be approved with an amendment to the third sentence on the last paragraph of the first page, to read "all **committee** members scored the proposal..." rather than "all members scored the proposal..." The motion was seconded by K. Monroe and carried unanimously. S. David presented the financial report for February, noting that the expense attributed to Kress in the amount of \$2,180.20 was actually paid to Carroll and Houston. The partial loan payment in the amount of \$85,000.00 on the South Cliff's Loan will be transferred to bond dollars. **It was MSC (S. Schroeder, J. Ricks)** to approve the February financial report.

3. Whitman Hotel Proposal. Tim Tingey reviewed the Board's September 8, 2004 decision to grant a \$513,000.00 funding request by the Idaho Housing and Finance Association for a housing project located at the Whitman and Yellowstone Hotels. The committed funds were to be appropriated over a two year period beginning in 2005. The Board noted that no disbursement was made to the project in 2005, and the appropriation was carried over for disbursement in 2006 and 2007. Kathryn AlMBERG, Housing Development Officer for The Housing Company, provided an update of the progress to date on the Whitman/Yellowstone project, noting that tax credits have been applied for, structural sheer testing is completed; applications were made to investors, floor plans were developed, purchase contracts have been reviewed and work is currently being done on condominiumization and CCRs. AlMBERG advised that while the Whitman project was moving forward, issues have arisen on the Yellowstone project which, if not resolved, jeopardize the project as a whole because the Whitman does not contain enough living units to make the project viable. AlMBERG advised the Board that alternatives were being considered to replace the Yellowstone with another property in the event the issues were not resolved. Steve Brown noted that the funding committed by the PDA was only for the Whitman property.

Discussion ensued with Board members requesting detailed information from AlMBERG regarding the viability of the project with out the Yellowstone component, whether viable options other than the Yellowstone were being investigated, a projected timeline of when construction may proceed, what funding is currently available for the project, and reasons the project is behind the estimated timeline projected in September 2004. AlMBERG further indicated that the Whitman project is at a point where funds are necessary to exercise the purchase option on or before May 1, 2006 or the deal may fail. If granted, \$98,000 of the allotted funds would be used to purchase the building, and the remaining funds would be used toward cleanup and maintaining the physical structure of the building. Upon inquiry by Board members, AlMBERG stated that the other sources of funding for the project would not

be available in time for the May 1, 2006 purchase deadline, but tax credit financing should be available fairly soon thereafter, between 90 and 120 days. S. Brown reminded the Board that there was no specific designation made for the use of the money at the time it was allocated. K. Monroe questioned whether there should be a stipulation for the use of any funds disbursed and discussion ensued regarding whether PDA should be or even desired to be secured on the purchase of the building. As this discussion ensued **it was MSC (J. Guthrie, R. Chase)** to adjourn to executive session pursuant to I.C. §67-2345 (a-f) to seek advice of legal counsel and discuss the acquisition of property not owned by a public entity. The Board recessed to executive committee at 11:35 a.m.

The Board reconvened regular session at 12:14 p.m. followed by discussion of the viability of the project and steps which must be taken within the next few weeks in order for the project to qualify for PDA funds. **R. Chase moved** to proceed with releasing the funds earmarked for the first appropriation to the Whitman Hotel project on the condition that due diligence is demonstrated by the project principals over the next 45 days to ensure the project is still viable and meets the original criteria upon which the funds were committed. **J. Ricks seconded** and discussion followed during which **D. Johnson** requested that the criteria for committing the funds be specified in order for the PDA's fiduciary duty to be met. **J. Guthrie** clarified the motion by adding that upon legal review regarding the placement of a security interest on the property, ownership issues of the property and other issues pertinent to the project, it is the Board's intent to release the first portion of the funds allocated by the PDA on September 8, 2004, but only if the project is viable upon the next review. With that amendment, **motion carried.**

4. North Third Redevelopment. Tim Tingey from Planning and Development presented the Board with a predevelopment agreement for the property known as the Iron Triangle outlining DDC LLC's obligations as developer to research financing options, develop a timeline for completion, prepare a land acquisition proposal and review possible expansion issues. The PDA's obligation under the predevelopment agreement consists of providing an appraisal of the property, working toward the approval of development plans and designating a coordinator to work with the developers, the executive director of the PDA and City staff on the project. After outlining additional terms of the agreement, Mr. Tingey asked the Board for approval of the predevelopment agreement to allow the developers to move forward in investigating development options. Discussion followed wherein both **R. Chase** and **J. Guthrie** expressed reticence in obligating public financing to such a project. At the Board's request B. Nichols of DDC LLC indicated that a request for some financing would be made of the PDA for the project, possibly in the form of infrastructure or other means which would provide some general public benefit. It was **MS (D. Schroeder, K. Monroe)** that the predevelopment agreement be approved. Additional discussion ensued regarding the appraisal and enhanced value of the property post cleanup. The Chair appointed Tim Tingey and the new executive director as the agency coordinators for the project. Thereafter, the **motion** to approve the predevelopment agreement **carried.**

5. North Yellowstone. Pay Request 24 from the City of Pocatello was presented by Jesse Schuerman of the City Engineering Department. **It was MSC (T. Brower, D. Schroeder)** to pay the request.

7. Board Appointments. A memorandum from Anne Nichols of the Mayor's office indicates that terms for Board members T. Brower, R. Chase and J. Guthrie will expire as of 5/1/06. Anne is seeking an indication one way or the other from these members as to their intent regarding reappointment. T. Brower is considering whether or not to request reappointment. J. Guthrie expressed his intent to request to remain on the Board, as did R. Chase.

8. BDC Executive Director Search. The search process for a new executive director of BDC was discussed. S. Brown as Chair of the PDA has been appointed to serve on the search committee. Whether or not the BDC executive director will remain on the PDA Board is presently undetermined. Should the BDC executive director elect not to serve on the PDA Board the option would be for the PDA to hire its own executive director. R. Chase advised the Board that former BDC director R. Burstedt expressed concern in his exit interview that a conflict exists between the County and the City with regard to TIFs, and the executive director is sometimes put in a difficult position due to this conflict. D. Schroeder felt that it is healthy for discussions to occur between the City and the County, and that the BDC executive director's perspective is important to the mix. J. Guthrie opined and D. Johnson agreed that good discussions lead to good perspectives. The question was posed who would serve as executive director of PDA if not the BDC executive director. One option would be a city employee. Upon inquiry, S. David reported the BDC executive director charged administrative fees for ten hours of time per month. J. Guthrie said he would like to see an even stronger relationship between PDA and BDC, and suggested a stipend from PDA should possibly be considered.

9. Executive Session, 12:46 p.m. It was MSC (Chase, ?) to adjourn into executive session pursuant to I.C. §67-2345(e) to consider preliminary negotiations in upcoming projects in which another governing body may be in competition.

10. Reconvene regular meeting at 12:59 p.m.

11. Adjournment. There being no further business, the meeting was adjourned at 12:59 p.m.

Nancy L Taylor