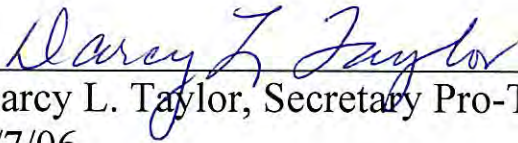


NOTICE OF SPECIAL MEETING POCATELLO DEVELOPMENT AUTHORITY

The Pocatello Development Authority will hold a special meeting at 11:00 a.m. on Tuesday, April 11, 2006, in the Council Chambers at City Hall, 911 North 7th, Pocatello, Idaho, for the following purposes:

1. to consider a funding request for gap financing for a building rehabilitation/housing project in the downtown area; and
2. to convene an executive session, pursuant to Idaho Code Section 67-2345(c) to discuss acquiring an interest in property not owned by a governmental agency.


Darcy L. Taylor, Secretary Pro-Tem
4/7/06

POCATELLO DEVELOPMENT AUTHORITY MINUTES
Special Meeting April 11, 2006

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

Staff present: Sari David, Bannock Development; Dean Tranmer and Darcy Taylor, City Legal Dept.; Robert Chambers, interim Executive Director

The meeting was called to order by Chairman S. Brown at 11:03 for purposes of considering a request for funding from the Idaho Housing Company for the Whitman project. Laura Shaffer, Vice President for the Housing Company, was present along with Jerry Myers to provide a summary of events to date. Copies of her letter to the Board along with a proposed funding agreement were distributed for review.

L. Shaffer first explained that Idaho Housing Company is affiliated with the Idaho Housing Authority, but is a separate entity and is the entity now proposing to develop the Whitman Hotel. The original project was for both the Whitman and Yellowstone buildings, but, as J. Myers noted, the Yellowstone building has since been removed from the proposal by its owner and no change in the situation is anticipated. Ms. Shaffer explained that the Housing Company had since reviewed the possibility of continuing the project for the Whitman alone and, after meetings with lenders and developers, believes that the project remains viable despite previous assertions to the contrary. The Company remains committed to the project and has invested \$70,000 to date and countless hours expended in order to "find a way" to complete the development. They are still planning to condominiumize the building and sell the ground floor for commercial uses while providing housing on the other 3 floors.

The Chair then requested Board questions and discussions.

R. Chase: What is the cost for doing the Whitman alone? Response: \$4.2 million.

[Secretary's note: PDA records contain developer's cost projections which estimate slightly over \$ 1.1 million for the Whitman, with \$4.2 million as the figure for developing both buildings.]

Does PDA have sufficient money to provide the full amount in one year? Per R.

Chambers, not as projected, but there is a possibility that some other obligations will not require full funding, which would alleviate the shortfall. In response to R. Chase's inquiry as to whether a second payment could be deferred pending receipt of tax money, Ms. Shaffer indicated that there could be some leeway in the timing.

J. Guthrie: PDA has been told repeatedly that both buildings were required for the project to be viable. What has changed? Response: The Housing Company has made further inquiries and based on lender and developer commitments now believes the stand-alone project is feasible with PDA funding. Why should PDA provide the same amount of funding for the one building as previously requested for the shortfall for developing two? Members reviewed the minutes from September of 2005 to ascertain whether the funding was approved solely for the Whitman portion or whether it was for the project as a whole. The vote was to providing funding for the project by means of reimbursement of expenses. There was an indication that 80% of the costs of the project might be needed for the Whitman alone. If so, shouldn't PDA fund only 80% of the amount previously requested?

S. Brown: Again, what has changed in the project to justify continuing without other housing units? What is the reason for up-front rather than reimbursement-based funding? Response: there was no way to anticipate the difficulties caused by removal of the Yellowstone, which has resulted in alterations in lender commitments. The closing date on the Whitman property is May 1, but the revised loan work will not be completed in time to secure funding from the lender to purchase the property. Additionally, up-front money will be needed prior to the release of lender funds in order to pay for clean-up, bid specs, etc.

After further discussion, it was **MSC (Chase, Brower; Guthrie dissenting)** to authorize payment of \$256,000 to the Idaho Housing Company under the terms of an agreement to be prepared by

Dean Tranmer, with the caveat that passage of this motion does not guarantee any further funding for the project on the part of the PDA; subsequent funding must be by separate request, presentation of estimates, costs, and justification at a future meeting.

The Chair then directed S. David to obtain the necessary information to requisition the approved amount from the Trustee.

There being no further business, the meeting was adjourned at 11:45 a.m.

Jayna Valentine