

**POCATELLO DEVELOPMENT AUTHORITY
MINUTES**

Meeting April 19, 2006

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

Staff present: Sari David, Bannock Development; A. Dean Tranmer and Darcy Taylor, City Legal Department; Robert Chambers, interim Exec. Director; Rayna Valentine, Secretary

1. Preliminary matters. The meeting was called to order at 11:00 by Chairman Brown. Alterations to the agenda include the addition of a discussion item regarding an East Center revenue allocation area and an update on the Whitman project. Minutes of March 15th were reviewed. **It was MSC (Stallings, Brower)** to approve the minutes with the appropriate correction to the date in the header. Minutes of the special meeting of April 11, 2006 were reviewed and **it was MSC (Schroeder Johnson)** to approve those minutes. R. Chambers reported no items of concern in the financial reports. After brief review, **it was MSC (Monroe, Chase)** to approve the March financial reports.

R. Chase asked to be recognized in order to report to the members that the latest unemployment statistics show a 2% unemployment rate for Pocatello, which is the lowest in the state. He believes that the PDA board's work has been a contributing factor in lowering unemployment locally and, as Mayor, extends his congratulations and thanks for a job well done.

2. Expenditures presented for approval:

First quarter administrative expenses per invoice from Bannock Development: **It was MSC (Chase, Johnson)** to authorize this expenditure in the amount of \$3,125.00.

Central Corridor expenditure for PDA share of engineering services for the south valley connector: An update on the status was requested. R. Chase stated that the announcement of the choice of route was scheduled for next month. Two choices remain. One is known as the Leo/Harper route and the other as the Shoshone South route. Roger also reminded the PDA members that the City will be requesting close to \$2 million more than the already-allocated amount for the connector in order to complete the project and asked the members to keep this in mind as they discussed the possible uses for the remaining funds in the Central Corridor.

At this point, J. Guthrie noted that the Board continues to have agenda items for funding for additional projects and would like to know, in light of the connector's further need of funds and the fact that the PDA has indicated at least some willingness to provide further connector funding, whether PDA could be over-spending (over-promising) if the Board doesn't have on-going information to review regarding all its commitments. Should the request for additional connector money be included in an agenda in the near future? Could the members be given monthly information as to projects, costs, commitments, and projected income through the life of the districts in addition to the income/expense and district balance information? Several members concurred and added that, if there was a serious cash-flow problem, either no more commitments could be made during the shortage, or the board would have to consider methods of increasing the cash-available amounts.

The Chair then directed R. Chambers and S. Davidson to provide the desired information on a monthly basis in the packets for reference in the event of further funding requests.

3. Phase II Downtown Update. Cac Turner informed the members that the request for bids had been split into a main component plus two add-ons (in case costs were in excess of estimates, one or more of the add-ons could be deleted). Unfortunately, both bids were substantially over the estimate of \$2.1 million. The lowest bid from Parsons (formerly Bannock Paving) was \$2.5 million. A variety of reasons were postulated, including concern about continually rising fuel costs, doubling of mobilization costs, etc., but without removing both add-ons, there is insufficient money in PDA's projected funding for this phase.

Dave Swindell, Chief Financial Officer for the City, discussed possible solutions geared towards allowing the entire Phase II project to be undertaken this summer. He noted that the City could "advance" the PDA's approximately 20% project overrun share (\$325,600) to allow the project to go forward, then the PDA could return that amount in 2007 when its cash flow position improved.

Members then discussed whether there was a specific commitment of funding per phase or whether the funding commitment was for a total, and whether to fund the add-ons. Response: a maximum amount of funding (approximately \$5.9 million) was previously set by vote of the board and confirmed in subsequent votes, with the caveat that when the maximum amount had been reached, regardless of whether Phase III was yet begun, there would be no more money. In other words, if funding for Phases I & II exceeded the estimates, the PDA would provide the additional money during those phases, but doing so would cut short the funding available for Phase III. The question of cash-flow arose again and several members requested updated figures, including items we know are coming before the Board, funds committed but not yet expended, etc. in order to see "the whole picture" before deciding.

OT Director Stephanie Palagi was then recognized. She explained that the merchants were prepared for the project this summer, noting their appreciation of the one-year respite, but also their concern that further delay or curtailing of the proposed work would not be cost-effective, and urged the PDA to continue its commitment to the project and consider funding all of Phase II at this time if at all possible.

Brief discussion ensued during which the members reiterated that there was no question as to whether funds were going to be committed as previously projected, but that the focus should be on the cash-flow difficulties and what could be done. At this point, it was MSC (Schroeder, Brower) to call a special meeting for 11:00 a.m. on May 3, 2006, in order to receive the required financial projections and information and to consider whether PDA could make satisfactory arrangements for funding both the main component and the 2 add-ons for Phase II.

4. Gateway proposal. Jean Atkinson was present on behalf of Earl Swift, owner of the former NOP installation, to inform the Board that there was interest in using the facility on the part of a German manufacturing company and that some renovation and refurbishing would be necessary in order for the company to manufacture and ship the specialized turbines—about \$2.3 million. Work force would consist of the usual admin and shipping staff as well as skilled machinists and engineers to operate 6 production lines. The Board was being asked whether it would preliminarily approve the formation of a proposal for another revenue allocation area within this existing Urban Renewal Area in order to provide funding, whether in the form of reimbursement or bonding was as yet undetermined. After discussion, it was apparent that the members were quite interested in the possibility of the development and it was MSC (Schroeder, Johnson) to

proceed with the formulation of a Plan and project as required by Idaho Code in order to create a revenue allocation district to assist in funding.

5. It was determined that the added agenda item regarding East Center Development would need to be discussed in an executive session. Therefore, **it was MSC (Guthrie, Ricks)** to adjourn into executive session pursuant to Idaho Code Section 67-2345(e) in order to discuss matters of trade and commerce in which PDA is in direct competition with other governing bodies.

The regular meeting was reconvened at 1:00.

6. **Whitman Hotel update.** Members were informed that the \$4.2 million figure noted at the previous meeting was indeed the previous estimate for both projects; the Whitman work alone is projected to be approximately \$3.6 million. The project is proceeding but the developers report that lenders expressed concern as to the PDA's intentions regarding additional funding. Pursuant to discussions, members agreed that the intent is to provide additional funding, but not without a report on the progress (i.e. no more money if there will be no further work, etc.), revised cost estimates and actual expenses, etc. in order to provide a record demonstrating fiscal responsibility. The current "installment" was provided on the basis of old information and on the assurance, without any cost estimates to back up the assertion, that the project was feasible without the Yellowstone building—a complete contradiction of previous assertions to the Board. The Chair directed that R. Chambers or R. Chase should inform the developers of the consensus.

7. There being no further business, the meeting was adjourned at 12:45, with the reminder of the special meeting to be held on May 3, 2006 at 11:00 a.m.

Rayna Valentine