

POCATELLO DEVELOPMENT AUTHORITY MINUTES
Meeting May 17, 2006

Members present: Steve Brown, Roger Chase, Darsi Johnson, Ken Monroe, and John Ricks

Staff present: Sari David and Gynii Gilliam of Bannock Development; Robert Chambers, Interim Bannock Development Director, A. Dean Tranmer, Esq., D. Kirk Bybee, Esq., and Darcy Taylor of the City Legal Dept., and Rayna Valentine, Secretary

1. Preliminary matters: The meeting was called to order at 11:05 by Chairman Steve Brown. Gynii Gilliam, the new Executive Director for Bannock Development Corporation, and ex-officio Executive Director of PDA, was introduced and welcomed. No conflicts of interest were declared. Re-appointments of Terry Brower and Jim Guthrie were announced; both members had agreed to serve another term. Changes to the agenda: S. Brown noted some shifting of items, including moving the J-U-B item to the executive session portion of the agenda, and the addition of a discussion item regarding the Idaho Housing Company agreement.

Chairman Brown informed the Board that the PDA has been given an award for its contribution to economic development and the increased employment rate within the city. He displayed the plaque commemorating the award to the members and R. Chase agreed to find a place for its display in City Hall.

2. Minutes and financial report: April financial report: Income of \$64,815.77 included tax receipts from Central Corridor, North Main, and Old Town, along with \$345.04 in interest. Expenses totaled \$91,905.06 for the amounts sent to the Trustee for the revenue allocation portion of the bonds, including some funds received in March. Other expenses include the first quarter administrative fees to BDC (\$3,125.00) and lunch costs. **It was MSC (Chase, Ricks)** to approve the financial report. Discussion about cash flow projections ensued. S. David noted that tax revenue projections have been altered to reflect the loss of income from Kimberly-Clark closing (Ballard). PDA current balance is slightly under \$1 million after taking the 2006 starting balance, subtracting expenses, and adding income to date. Additional tax revenues and expenses for the remainder of the year are shown in the "estimated 2006" column. Provided income does not fall below the estimated amount and expenses do not exceed the estimates, the cash balance at the end of this year will dip to approximately \$271,000.00. Consensus was that this amount is below the comfort level of most members and precludes the possibility of funding for other projects, but will be adequate to fund commitments made to date.

Minutes for the regular April meeting and the special meeting of May 3rd were reviewed. **It was MSC (Roger, Ken)** to approve the minutes of April 19th and it was **MSC (Chase, Johnson)** to approve the minutes for the May 3rd special meeting.

3. Annual Audit. Charlie Clark of Deaton & Company discussed the 2005 audit report, copies of which had been distributed at the last regular meeting, and noted that the firm was able to provide a "clean opinion." PDA's documents adequately support the numbers shown in its financial records and the Authority is operating in compliance with internal controls. Assets are down by \$4 million, but that is expected and acceptable because the bond proceeds are being expended as projects progress, i.e., PDA operates by receiving bond funds then expending them on approved projects in expectation of receipt of sufficient revenues generated by new development to repay the loans. **It was MSC (Ricks, Chase)** to approve the audit and provide copies to be filed with City officials as required by Idaho Code.

Invoice from Deaton & Company: **It was MSC (Chase, Johnson)** to authorize payment of the invoice in the amount of \$3,350.00.

4. Housing Authority Contract. The Housing Company is questioning the contract provision wherein revenues representing an amount in excess of 5% return on investment would be paid out to the PDA by the owner of the retail portion of the building (the main floor). Members

reviewed the background and rationale for the provision, noting that the previous plans for development were that the co-developers, who would benefit from PDA funding of purchase and a portion of its rehabilitation costs, had offered to return some of PDA's investment by the above-stated form of "profit sharing" which could then provide funding for other endeavors in the downtown area. The new project no longer involves the co-developers. The Housing Company will not be operating/leasing the commercial space, but will offer it for sale. HC's concern is that a potential buyer would be deterred from purchase because of the requirement for it, as a third party not involved in receipt of any funding from PDA, to pay PDA. To facilitate discussion, it was **MS (Chase, Ricks)** to alter the wording to require the repayment provision from whichever entity would profit from the sale. Lengthy discussion ensued regarding reasonability of the provision, whether the wording should be altered to require return of a portion of the PDA investment from HC, whether doing so would preclude the HC from being able to accomplish the project, etc. As discussion progressed, Board consensus was that due to the lack of financial information regarding this revised project including cost estimates and anticipated sale revenue, and lack of direct input from the Housing Company as to its intentions and needs, that any action on the part of PDA was likely to add to the confusion and result in another "request for clarification" or alteration of the agreement from the Housing Company.

At this point, Chase and Ricks withdrew the motion and second. The Executive Director will contact the Housing Company and ask that a representative attend the next PDA meeting and provide at that time sufficient cost estimates and revenue projections to enable the PDA to determine whether a provision for returning a portion of its investment would be reasonable under the altered circumstances and scope of the project.

5. Executive session: At 11:50 a.m. it was **MSC (Ricks, Chase)** in accordance with the alteration of the order of the agenda as announced at the beginning of this meeting, to adjourn into executive session (pursuant to I.C. 67-2345) (1) to discuss preliminary negotiations involving matters of trade or commerce in which the PDA is in competition with governing bodies in other states; and (2) to seek advice from legal counsel and consider matters in regard to possible litigation.

Regular meeting reconvened at 12:35 p.m.

6. Miscellaneous items:

Tori Shaver provided suggested wording for revisions to the draft loan agreement, including altering references to the business as being "a new retail pharmacy and Home Living Services, Inc." and additional wording to clarify the method of determining whether and/or how many new jobs had been created at the end of the 5-year loan term. He will provide the Executive Director with current employment figures, based on a "full-time equivalency" determined by dividing total man-hours by 2088 and comparing the figures for the last 3 calendar months of the 5-year term with the figures for the first 3 months of the new retail pharmacy's operation. After inquiry as to its intentions, PDA members clarified that expenditures for site-clearing and underground work to develop the parking lot would qualify for funding under the current wording. **T. Shaver and G. Gilliam will meet to work out the numbers for the base figure for current employees and the Board will consider specific wording changes to the contract based on a presentation at its regular meeting in June.**

East Center & NOP Urban Renewal Area and Revenue Allocation provisions: R. Chambers discussed the draft plans including proposed boundaries, projected costs and revenues for the two areas which have been under discussion by PDA. After review, it was **MSC (Chase, Monroe)** to recommend the proposed plans and forward them to the Community Development Commission for its review and determination as to conformance with the Comprehensive Plan.

Resignation of Board Secretary. S. Brown & S. David presented out-going Secretary Rayna Valentine with a gift basket and asked for official action to fill the vacancy. **It was MSC (Chase, Monroe)** to appoint Darcy Taylor to the office.

7. There being no further business, the meeting was adjourned at 1:00 p.m.

A handwritten signature in cursive script that reads "Rayna Valentine". The signature is written in black ink and is positioned centrally on the page.