

POCATELLO DEVELOPMENT AUTHORITY MINUTES
Meeting December 20, 2006

Members present: Steve Brown, Roger Chase, Darsi Johnson, John Ricks, Dan Schroeder and Richard Stallings

Staff present: Gynii Gilliam and Sari David of Bannock Development; A. Dean Tranmer, Esq. and Darcy Taylor of the City Legal Dept.

The meeting was called to order at 11:00 a.m. by Chairman Steve Brown.

1. Preliminary matters: No conflicts of interest were declared. Additions to the agenda included the PDA's request for audit proposals and the PDA property located at the southwest corner of N. Garfield Ave. and W. Clark Street.

2. Minutes and financial matters:

Minutes for the regular and executive sessions of the November meeting were reviewed. An error was noted at the top of pages 2 and 3 regarding the page numbering. With that correction, it was **MSC (R. Chase, D. Schroeder)** to approve the minutes of November 15, 2006.

S. David presented the proposed budget for 2007. The budget is in a new format which it is anticipated will provide a clearer picture of what funds are actually available. The budget includes a line item for Board Discretionary funds which covers \$300,000.00 dedicated to the Triangle Redevelopment and \$75,000.00 to the project approved in executive session in November 2006. The General Funds line item covers BDC administrative fees, PDA lunches and the audit. The November financial report was also presented. The ending balance of all districts as of November 30, 2006 was \$841,431.29. Income for November was \$629.89 in interest earned. Expenses consisted of the \$155.08 for PDA lunch expenses. After brief discussion it was **MSC (J. Ricks, R. Chase)** to approve the financial report for November.

3. Central Corridor:

A. Triangle Development. Tim Tingey advised the Board that DDC, LLC's attorney has provided documents to the City's Planning and Development Services for review, which documents include a grant agreement, deed of trust and warranty deed, and will be reviewed by City staff over the next month. Robert Chambers added that there have been some changes to the plans as submitted in an effort to address concerns which have arisen. For example, some engineering changes have been made to the perimeter of the project, including a request for angle parking and some traffic calming devices. An entrance on Pocatello Avenue was deleted, trees were added on East Lander St. and Third Avenue, and sidewalks were moved away from the curb to provide a landscape buffer between the street and pedestrian traffic. Chambers advised the Board that consideration is being given to rearrange the buildings on the site to in an effort to provide for greater ownership possibilities. Suggestions being considered are creating smaller, interconnected commercial buildings rather than one large commercial building in an effort to encourage private ownership. Brent Nichols assured the Board that the mixed use of the area initially proposed to the Board remains intact. The revised building plan would provided for individual ownership, which is attractive to lenders. Nichols added that the smaller building and live/work unit concepts also alleviate some concerns voiced by Board members that the project would add competing rental units to an already saturated area. Discussion ensued regarding the changes being considered, the motives behind the changes, and the integrity of the project. As an aside, **R. Chase** commented that modifications made to projects already approved for funding by the PDA seemed to be occurring more frequently, and he wondered how the PDA might exercise some control over funding projects where the final result is different than the proposal made to the Board. He stated in his opinion, consideration is not given to the Board when changes are made to projects. **S. Brown** suggested the Board clearly communicate its

expectations regarding funded projects at the outset, stating at the time funding is approved that funding may be withdrawn if the project is changed. **D. Schroeder** noted that changes made to projects seem to "creep" in bit by bit, so it will be important to pin down what the project consists of early on, be it by square footage, cost, or other criteria. Nichols assured the Board that with respect to the Triangle Redevelopment, the PDA must be happy with the project before it would proceed. Tingey added that the development agreement and supporting documents must address the issues of project changes and maintaining standards. **D. Johnson** noted that it's not necessarily a negative event when projects evolve, but the Board needs information on why the projects evolve and what justifies the changes.

B. JUB. Pay Request #E-86 to the City of Pocatello for the sum of \$121,367.60 was presented for payment. The Board was advised that in order to facilitate timely payment of the amount owed, the City of Pocatello sent payment and is now requesting repayment of PDA's portion of the bill. **S. Brown** explained that \$118,316.80 of this amount had already been approved by the Board for final payment to JUB. The remaining \$3,050.80 represents the PDA's share of the mediation fee, which expense has not yet been approved. **It was MSC (R. Stallings, D. Schroeder)** to approve payment of \$3,050.80 for mediation fees in the JUB matter. **It was MSC (D. Schroeder, John Ricks)** to approve payment of request #E-86 to the City of Pocatello for the advance of the payment to JUB.

C. Downtown Reinvestment. Pay Request #E87 in the amount of \$97,059.26 was presented for payment. City Engineer Jesse Schuerman advised the Board that this was the final billing for Phase II of the Downtown Reinvestment project. The project was completed below bid cost in an amount just over \$95,000.00. **It was MSC (J. Ricks, D. Schroeder)** to approve payment of request #E-87.

4. North Yellowstone:

Requisition #26 in the amount of \$15,525.14 was presented for payment by Hawkins Companies. Jesse Schuerman advised the Board that he had some questions regarding the billing by Hawkins that he would like the opportunity to have explained prior to making payment. S. David also advised the Board that she is uncertain about the nature of the requisition. After brief discussion, **it was MSC (R. Stallings, D. Schroeder)** to authorize payment of the requisition upon the condition that Schuerman's and David's questions regarding the billing are answered to their satisfaction.

5. Miscellaneous:

Audit. Dave Swindell and Jerry Higgins, Chief Financial Officer and City Treasurer, respectively, of the City of Pocatello, addressed the Board regarding its recent decision to seek proposals to conduct the PDA's audit. Swindell mentioned some concerns he had with the PDA's letter seeking an auditor. First, the timing of search for a new auditor was poor due to the fact that the PDA is at the end of its fiscal year, and it would be a difficult time for an auditor to step in to review an entire year's records in order to conduct an audit. Secondly, Swindell felt the request for proposals asked a potential auditor to do two things: 1) audit the PDA records, and 2) prepare the PDA's financial work. For one accounting firm to perform both tasks would be unethical in light of recent changes in the accounting industry. Swindell continued to advise the Board that the PDA's fiscal year, which runs with the calendar year, is somewhat troublesome to the City because the PDA's financial results are included in the City's financial report. The Idaho Code is somewhat ambiguous regarding the timing of the PDA's fiscal year, and it was easy to see why the Board chose the calendar year to begin with. However, because the PDA's financial operation is closely tied with the City's finances, it would facilitate the process if the PDA's fiscal year was amended to coincide with the City's fiscal year. He advised the Board as follows: postpone its search for an auditor until Fiscal Year 2008 and continue to work with the current auditor for the time being; and begin the process to adjust the PDA's fiscal year to run concurrent

with the City's fiscal year, from October 1 through September 30th. Swindell and Higgins assured the Board that the City's Finance Department would assist in this transition, including preparation of necessary documents, as well as prepare monthly financial reports for PDA, if the Board so desires. This would include adjusting the information contained in the reports to make them more useful to the Board. No action was taken on this item at this meeting.

Property at N. Garfield Ave. and W. Clark St.: **S. Brown** advised the Board that he has received comments from the public sector regarding the condition of the vacant lot located at the southeast corner of N. Garfield Ave. and W. Clark St. which is owned by the PDA. He asked for the Board to make a decision on the property and its development. Discussion ensued. **T. Tingey** advised the Board that the property is approximately 12,600 square feet (90 X 140 feet), which greatly limits its uses. He suggested the Board may want to make a request for proposals on development of the property, which request would include a caveat that the PDA does not intend to provide any financial assistance for the development, but may be able to negotiate on the price of the land itself. Board members discussed School District 25's interest in the property, however concerns were voiced over what the District's commitment would be toward developing the vacant property according to city standards. **R. Chase** added that the state and federal regulations on storm water issues require the property be developed according to standards. **D. Johnson** discussed the viability of commercial vs. residential use of the property. After further discussion **J. Ricks** proposed sending out a request for proposals to see what interest there might be in the property. If no interest is shown, the Board could then approach the School District. **T. Tingey** stated he could have a request for proposals ready for the January meeting for review. **S. Brown** reiterated the importance of reaching a decision on the property by April to avoid issues of property maintenance.

At approximately 12:25 p.m. it was **MSC (R. Stallings, D. Schroeder)** to move to Executive Session pursuant to Idaho Code §67-2345(1)(c) and (e) to discuss the possible acquisition of real property not owned by a public agency, and consider negotiations involving a matter of trade or commerce in which the PDA is in competition with governing bodies in other states.

Regular meeting was reconvened at 1:10 p.m.

7. There being no further business, it was **MSC (R. Stallings, R. Chase)** to adjourn the meeting at approximately 1:10 p.m.

Darcy L. Inglo