

POCATELLO DEVELOPMENT AUTHORITY MINUTES

Meeting August 15, 2007

Members present: Steve Brown, Terry Brower, Roger Chase, Larry Ghan, Darsi Johnson, Dan Schroeder, Richard Stallings, and Ryan Ward.

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 11:05 a.m., by Chairman Steve Brown.

1. Preliminary matters: No conflicts of interest were declared. Additions to the agenda included a review of the FY 2008 budget, as well as a payment request by Deaton & Company for the financial audit. These items were scheduled to be heard following the financial report. An executive session was added to the agenda to discuss a matter of trade or commerce in which the governing body is in competition with governing bodies in other states.

2. Minutes and financial matters:

Minutes for the regular July meeting and executive session were reviewed. There being no amendments, **it was MSC (T. Brower, D. Johnson)** to approve the minutes of July 25, 2007.

S. David presented the financial report for July. The ending balance of all districts as of July 31, 2007, was \$2,142,763.63. Income for July included taxes paid on the Kress, Newtown, Alvin Ricken, Old Town, North Main, Central Corridor and North Yellowstone districts, and interest earned in the amount of \$439.14, for a total income of \$1,697,988.82. Expenses paid in July included a PDA lunch, second quarter administration fees and a \$40,000.00 payment to Portneuf Valley Investment Partners. After a brief discussion, it was **MSC (T. Brower, D. Johnson)** to approve the financial report for July. S. David noted that there remains an estimated \$86,395.23 amount due on tax receipts for FY 07. It is unknown whether this estimated amount will be paid to the Authority prior to the end of the fiscal year.

S. David presented a proposed budget for FY 2008 to the Board. Estimated tax income for FY 2008 is 2.2 million dollars. After a brief discussion, in which it was noted that FY 2007 was actually only three-fourths of a year as a result of a recommendation made in the FY 2006 audit, it was **MSC (D. Schroeder, L. Ghan)** to approve the FY 2008 budget as presented.

S. David presented an invoice for \$3,500.00 from Deaton and Company for preparation of the FY 2006 audit. It was **MSC (L. Ghan, D. Schroeder)** to approve payment of the invoice.

Thereafter, S. David reviewed the North Yellowstone Construction Fund Cash Flow Projection report, the Central Corridor Cash Flow Projection report, and the Board Discretionary Cash Flow Projection report. Discussion followed regarding uncommitted cash flow and anticipated repayments on outstanding loans. It was determined that G. Gilliam would write to AMIS and Positron requesting information on each company's financial forecast with regard to repayment of their loans to the PDA. It was also noted that the Board's discretionary cash flow projections were very static, and would remain so until final administrative fees are received at the end of various districts, and upon Board approval. This leaves very little discretionary money for projects at this time. **S. Brown** cautioned the Board that serious consideration needs to be given to the amount of administrative fees approved by the Board at the close of a district. **D. Schroeder** praised S. David for the excellent job she did on compiling the cash flow projection reports, and **R. Chase** concurred.

3. Central Corridor:

South Cliffs Development: **S. Brown** reminded the Board that at the July meeting the Board had decided to deny a request by BBAD Investments, LLC, to grant a partial satisfaction and alter its original deed of trust on the South Cliffs property. He advised the Board that since the July meeting BBAD Investments, LLC, had modified its request by adding an incentive wherein it would agree to donate the land it owns that will need to be acquired for construction of the South Valley Connector in exchange for the partial satisfaction. The Board discussed different options which might be available as part of the negotiation, such as asking for an earlier payment of BBAD Investment LLC's loan, limiting such an agreement to be the final modification of the original agreement, setting timeframes within which the land donation must occur. After further discussion, it was **MSC (R. Chase, R. Stallings)** to grant the partial satisfaction on the requested parcel, and modify the lien created by the Deed of Trust with BBAD Investments, LLC, to include only a 6.31 acre parcel as security, in exchange for BBAD Investment LLC's donation of land it owns which shall be required for construction of the South Valley Connector, which donation shall be agreed to in writing as soon as the final design for the Connector is approved, subject to legal counsel approval, and with the caveat that this modification shall be the last modification to the original agreement between the parties.

South Valley Connector: **R. Chase** advised the Board that the design work for the Connector is currently in progress. It is being designed as a four-lane road, but in all probability will be built as a two-lane road due to funding availability. As soon as the design work is completed and approved, the City will begin acquiring right-of-way property for the roadway. Right-of-way acquisition will include enough property for a four-lane road, in anticipation of future expansion. **T. Brower** inquired as to the possibility of City staff doing the engineering on the project. **R. Chase** advised that he reviewed that suggestion, but found that the project was beyond the City's means and expertise. He then informed the Board that the City is requesting that two million dollars be set aside from uncommitted Central Corridor funds for use as federal match for the connector, with a requested expenditure date of 2012, or when the funds become available. **S. Brown** questioned whether the valuation of the land being donated by BBAD Investments, LLC could be applied toward the matching funds. This matter will be investigated. It was then **MSC (T. Brower, R. Stallings)** to approve the commitment of two million dollars from Central Corridor funds in 2012, or when otherwise available, for the purpose of providing matching funds for the South Valley Connector.

4. North Yellowstone:

City Engineer Jesse Schuerman advised the Board that the roadway improvements were essentially complete in the Rail Crossing development and that he had started the punch list for the final work. A Pay Request from Keller Associates was presented for payment. J. Schuerman explained that while the request was for \$96,937.64, and the amount remaining from the dedicated funds for this project was \$107,241.80, a retainage of \$40,000.00 was required under the contract, and therefore, only \$67,241.80 should be paid on the request. Once the punch list is completed, an additional pay request may be made for the balance owing on the \$96,937.64 pay request. It was **MSC (D. Schroeder, R. Ward)** to approve the payment of \$67,241.80 on the request. **R. Chase** questioned whether problems with an irrigation system owned by a neighboring business to the Rail Crossings Development had been addressed. J. Schuerman advised the Board that he would follow up on the issue.

5. Miscellaneous:

Kress District: The time has come to officially close the Kress District by resolution. After a brief report by D. Tranmer, it was **MSC (D. Johnson, D. Schroeder)** to adopt a resolution to close out the Kress District and to request that the Pocatello City Council prepare an ordinance to close the district. S. David advised the Board that \$5,567.48 remains in the Kress District account and requested that the funds be transferred to the Board Discretionary account.

It was **MSC (D. Schroeder, T. Brower)** to transfer \$5,567.48 from the Kress District Account to the Board Discretionary account.

Commercial Property Acquisition: T. Tingey and R. Chambers presented a proposal to the Board which involved the PDA serving as a "holding entity" of real property which is determined to be blighted, for the purpose of redeveloping the substandard property into viable commercial property. The PDA would not be asked to hold the property for longer than two years. The PDA's responsibility under the proposal would be to review potential properties presented to it by City staff, assume ownership of the property if it was deemed a worthy project, provide insurance coverage for the property and review proposals for the redevelopment of the property. The funds for purchasing the blighted properties would come from the City's Community Development Block Grant funds. **D. Tranmer** explained to the Board that the City has strict statutory restrictions regarding the conveyance of real property, and therefore it is difficult for the City to sell real property to specific individuals. The PDA, as the holder of the property, would have greater flexibility for disposal of the property than the City. **L. Ghan** noted that from a County perspective, projects like this are greatly appreciated and he applauded the vision of this project. **R. Ward** asked if the proceeds from the sale of the redeveloped property would be returned to the PDA. T. Tingey explained that there are some restrictions on the funds, but that perhaps incentives could be developed, and gave the example of the land that was transferred in the Triangle Development. **R. Chase** noted that the PDA would need to be made whole for its participation in such a project, especially in regard to expenditures for insuring the properties. After further discussion the Board found the proposal to be appropriate and a good extension of the partnership between the PDA and the City, and it was **MSC (R. Stallings, D. Schroeder)** to enter into a Development Agreement with the City regarding the acquisition of problem commercial properties for redevelopment purposes. T. Tingey then presented a description of a piece of property on South Main Street which the Board declined to get involved with.

Project Updates: The projects ripe for review at this time are all of a confidential nature and will be discussed under executive session pursuant to Idaho Code §67-2345(e).

URD/TIF Proactive Ideas: **R. Chase** reminded the Board that tax increment financing may be challenged during the upcoming legislative session. Some of the areas of tax increment financing that may be reviewed are better definitions of terms, such as blight and development, a rebate provision, and methods of passing revenue through to taxing districts affected by the TIF. The Association of Idaho Cities is spearheading an effort to promote and/or defend TIFs, through education, lobbying efforts and other available avenues. The PDA is one of the more successful users of TIFs in the state. It was suggested that a testimonial showing the benefit of TIFs may be helpful in this matter.

6. Executive Session:

At approximately 12:15 p.m. it was **MSC (T. Brower, D. Schroeder)** to adjourn to executive session (pursuant to I.C. §67-2345(1) (e) to discuss a matter of trade or commerce in which the governing body is in competition with governing bodies in other states or nations. Thereafter, the regular meeting was reconvened at 1:15 p.m.

7. Rail Crossing Development:

The Board reviewed the requirements for use of approximately \$605,000.00 from the North Yellowstone Construction account which was invoiced for use by PDA at the July 2007 meeting. Property adjacent to the Rail Crossings development was available for purchase and PEG Development, the Developer of Rail Crossings, had discussed developing said property with a major retailer, and had requested the PDA's assistance in making an offer to the retailer. Board members discussed the possibility of using some of the construction funds available to assist PEG Development in acquiring the adjacent property. Both pros and cons of the impact of such a retailer were discussed. Thereafter, it was **MSC (L. Ghan, R. Chase)** to designate approximately \$460,000.00 of the construction funds for the acquisition of property adjacent to the Rail Crossing Development, contingent upon the execution of a contract between PEG Development and the identified potential retailer to establish a retail outlet on said property. Further discussion was had regarding other incentives the major retailer was requesting. After discussion, the Board agreed and it was **MSC (R. Chase, L. Ghan)** to tender an offer that in the event the major retailer commits to locating at the location being considered, the PDA will take measures to extend the length of the North Yellowstone District to the full term, through the year 2028, as a means of accumulating up to one million dollars in incentives for infrastructure and other allowable improvements in the district, with the intent to close the district at an earlier date if possible. Discussion continued after approval of the motion, and it was suggested that the remaining \$145,000.00 in the construction fund, after the advance of the approximate \$460,000.00 for land acquisition, could constitute the first payment of the one million dollar incentive.

7. **Adjournment:** There being no further business, it was **MSC (D. Schroeder, D. Johnson)** to adjourn the meeting at approximately 1:23 p.m.

Darcy L. Joyla
Secretary