

## POCATELLO DEVELOPMENT AUTHORITY MINUTES

Meeting March 19, 2008

**Members present:** Terry Brower, Roger Chase, Larry Ghan, Cynthia Hill, Darsi Johnson, Ken Monroe, Gary Moore, 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.; Tim Tingey of City Planning and Development Services; Jerry Higgins, City Treasurer

The meeting was called to order at 11:05 a.m., by **Vice-Chairman D. Johnson** who advised the Board that **Chairman Brown** had requested to be excused from the meeting due to a scheduling conflict with his employment.

### 1. Preliminary matters:

No conflicts of interest were declared. No guests were available for introduction at the beginning of the meeting. The agenda was amended to include a report by Jerry Higgins, City Treasurer, on the Authority's financial report for Fiscal Year 2007. County officials scheduled to present the County update were delayed in another meeting, so that item was delayed pending their arrival.

### 2. Minutes and financial matters:

Minutes for the regular February meeting and executive session were reviewed. There being no noted corrections or amendments, **it was MSC (K. Monroe, G. Moore)** to approve the minutes of February 20, 2008.

S. David presented the financial report for February. The ending balance of all districts as of February 29, 2008, was \$386,097.65. Income for February consisted of interest earned in the amount of \$1,165.28. Expenses in February included payment of the fourth quarter administrative fees in the amount of \$3,125.00 and copy charges of \$1.98, for a total of \$3,126.98. S. David advised the Board that the Central Corridor Cash Flow Projection spreadsheet has been adjusted to reflect the AMI repayment of \$600,000.00 in 2008. The notation on the spreadsheet indicates the actual repayment amount is believed to be \$433,786.14, however \$600,000.00 was the initial estimate by the County, and shall remain the amount used for calculations on the spreadsheet until all accounts are settled. The adjustment will ultimately be deducted from funds earmarked for the Connector project in 2012. S. David further advised the Board that the Board Discretionary Cash Flow Projection spreadsheet was adjusted to include the Petersen Contract and the AMI repayment. After a brief discussion **it was MSC (G. Moore, K. Monroe)** to approve the February financial report.

Jerry Higgins, City Treasurer, presented Board members with a copy of the year end report and Financial Statements for the PDA for FY 2007 (ending September 30, 2007) and the calendar year ending December 31, 2006, as prepared by Deaton & Company. Mr. Higgins reminded the Board that the Board's fiscal year had been changed this year. It was noted there were no irregularities in the financial report, and that the Central Corridor is on track to close in 2010. After brief discussion, **it was MSC (T. Brower, R. Chase)** to approve the financial report for FY 2007.

### 3. Central Corridor:

Triangle Update: T. Tingey reported to the Board that the Comprehensive Redevelopment Agreement and Redevelopment Grant Agreement between the Board and Triangle, Inc. were signed on March 3, 2008, which also included conveying the real property to the developer. Under the documents, the developer is required to fulfill certain elements within specifically timed phases before the PDA's is required to release its lien on the real property. The timed phases require the perimeter, subdivision work, and interior elements of the project, including parking and landscaping, to be completed by August 1, 2008. The remainder of the construction is to be completed by March, 2010. No additional funds other than those already committed by the Board are included under the agreements, which provide for a \$300,000.00 commitment for perimeter work and a \$632,801.57 commitment for additional elements and interior work.

The payment procedure for the allotted funds was discussed by the Board. A recommendation was made to make regularly scheduled payments to Triangle, Inc. for the first \$300,000.00 commitment, pursuant to the phases of work completion. Triangle, Inc. would still be required to submit invoices, but payments would be based on a schedule rather than the work detailed in the invoices. City Public Works Director Greg Lanning expressed concerns whether his departmental staff was qualified to review invoices submitted by Triangle, Inc., stating a review could accomplish monitoring whether the work meets City standards, however a review of issues regarding specific performance was beyond the scope of the department's expertise. **D. Johnson** expressed concern about making installment payments without some review mechanism in place to insure the project was proceeding as planned. Garry Ratzlaff of Triangle, Inc., introduced Mike Jaglowski, the new President of Triangle, Inc., a registered civil engineer and the lead person on the Triangle Redevelopment project. Together, Ratzlaff and Jaglowski provided the Board with assurances that the development was proceeding according to the plan provided for in the agreements. The first pad in the development has been designed and sold and there are tentative offers on the live/work units. **R. Chase** asked Ratzlaff and Jaglowski who was ultimately responsible to see the Triangle project to completion, and how the funds committed by PDA were to be spent. Jaglowski responded he is a 98% owner of Triangle, Inc., and that he has the resources to complete the project. He further advised the Board that the initial expenses to complete the first phase of the project would far exceed \$300,000.00, and that Triangle would be footing the bill and be responsible to see that the phases were completed on schedule. A portion of the expenses to be paid with the \$300,000.00 included but were not limited to project design, in excess of \$44,000.00, architectural fees, environmental and geo-technical assessments, placement of utilities and public work projects, platting the subdivision, construction engineering and reports, and preparation of a photo journal log. **R. Chase** noted that the investment of the principals of Triangle, Inc., had altered and asked what their plan was for the development of the Triangle Redevelopment. T. Tingey reminded the Board that the development agreements included developmental milestones within specific timelines. **R. Chase** reiterated his previously expressed concerns about the manner in which some projects, once approved and financed by PDA, change in their final form. **D. Johnson** reiterated her concern that invoices be submitted by the Triangle, Inc. for payment as a way to provide a check that milestones are being met pursuant to the development agreements. City Attorney D. Tranmer advised the Board that under the terms of the development agreements, invoices and a review thereof were required, and payments from PDA to the Triangle, Inc. would be authorized based on those invoices. G. Ratzlaff advised the Board that the amounts of the invoices submitted for work would not necessarily match the payment amount being requested by the Triangle, Inc. It was determined that these variances could be internally adjusted by the Triangle, Inc.

After further discussion regarding the development goals for the Triangle Redevelopment project, and the method of payment to the Triangle, Inc., Pay Request 2 in the amount of \$44,676.88 from Myers Anderson for Triangle, Inc. was submitted to the Board. **It was moved and seconded (R. Chase, G. Moore)** to approve payment of said request. (**L. Ghan** arrived at 11:35 a.m.). As a followup to the prior discussion, **T. Brower** asked T. Tingey if he was confident the \$300,000.00 in committed funds was being properly spent for the redevelopment. T. Tingey assured the Board he was comfortable with the project and the pay request as submitted. **T. Brower** followed up by questioning why G. Lanning expressed concern regarding review of the Triangle, Inc., invoices. T. Tingey advised the Board that a significant amount of the work performed to date on the project was work authorized by the PDA in the initial agreement with the Triangle, Inc. After further discussion, **D. Johnson** called for a vote. **The motion carried (T. Brower, R. Chase, C. Hill, D. Johnson, K. Monroe, G. Moore, R. Ward; L. Ghan abstained).**

With regard to the payment procedure for the Triangle Redevelopment Project, D. Tranmer advised the Board that until the agreement is amended, invoice submission and review is required for payment. He suggested following this course to see how it works, and amending the agreement if necessary. The Board further discussed the payment procedure for the initial \$300,000.00 commitment, and **it was moved and seconded (T. Brower, R. Ward)** to make installment payments on the project, pursuant to the recommendation of the City Public Works Director. **R. Chase amended the motion** to include a provision that invoices still be submitted by Triangle, Inc., in order to document the quality and progress of the project. **D. Johnson** asked for a legal recommendation on the motion before the Board and D. Tranmer advised the Board to follow the terms of the development agreement by requiring invoices be submitted for payment. G. Lanning advised the Board that he was unaware of the requirement of the terms of the development agreements and that his suggestion for installment payments was out of order. **T. Brower** withdrew the motion from the table.

County Update: JoLynn Anderson, Cricket Hawkins, and Geoff Ranere of the Bannock County Assessor Office, and Kristi Klauser of the Bannock County Auditor Office addressed the Board regarding the circumstances which led to the tax overpayment by AMIS, and the steps taken by the County to address the problem. The problem arose as a result of a clerical error on personal property lists when a qualified investment exemption was claimed by AMIS. The County entered into negotiations to correct the error, and as part of the negotiations, AMIS request full reimbursement of the \$482,092.28 overpayment. The PDA's portion of the repayment was calculated at \$433,786.14. The PDA's share of the repayment was deducted from the January 2008 tax increment payment for the Central Corridor. **T. Brower** expressed his dismay that the error had occurred, noting that the ramifications of the miscalculation led the PDA to scale back plans and limit financial commitments. Board members expressed their appreciation to the County staff for their willingness to provide the Board an explanation of the matter.

**4. Executive Session:** At approximately 12:05 p.m. **it was MSC (L. Ghan, R. Chase)** to adjourn to executive session (pursuant to I.C. §67-2345(1)(e) to consider preliminary negotiations involving matters of trade or commerce in which the governing body is in competition with governing bodies in other states or nations. The regular meeting was reconvened at 1:26 p.m. (L. Ghan excused himself at 12:35p.m.)

#### **5. Miscellaneous:**

Hoku Access: The Board discussed the options presented regarding Hoku Scientific's request for assistance in establishing an access road on the property leased to Hoku by the City. The road, including an overpass across the railroad tracks near Batiste Road, will cost approximately 9.1 million dollars. Methods of financing such a project were discussed, and

thereafter, **it was MSC (R. Chase, K. Monroe)** to approve a funding reimbursement schedule and proceed with the necessary steps to finance a public road across City property through a bond process, including authorizing the Chair of the PDA to enter into an agreement with necessary parties, including adjacent land owners and lessees to establish said public road.

Whisper Creek: Whisper Creek Log Homes presented its business plan to the Board and requested financial assistance with relocation and set up costs at a location within the Naval Ordnance Plant Urban Renewal Area. G. Gilliam recommended support of the project, stating that \$75,000.00 in discretionary funds earmarked for IsoRay did not appear to be needed, at this time. Discussion ensued regarding the perceived longevity of the business by Board members and the employment opportunities which may be presented by the business. After further discussion, **it was MSC (R. Chase, T. Brower)** to commit the sum of \$75,000.00 from discretionary funds to Whisper Creek Log Homes for relocation and set up costs, with the intent to commit an additional \$150,000.00 to the project from discretionary funds or Naval Ordnance Plant TIF funds as those funds become available. The commitment of the additional \$150,000.00 shall be dependent upon the accrual of sufficient tax increment finance funds and upon Whisper Creek's performance of specific milestones which shall be enumerated in a development agreement entered into by and between Whisper Creek Log Homes and the PDA.

EDA Grant Application: T. Tingey outlined the possibility working in conjunction with the Southeast Idaho Council of Government (SICOG) in applying for federal funds available through a grant application. For its part in the application, the PDA would be required to provide the matching funds required under the grant. Any grant monies would be applied toward public improvements associated with the Naval Ordnance Plant Urban Renewal Area. Investigation regarding the match requirements and applicability of the grant to the URA's purpose under the plan is continuing. It is possible that the PDA's guarantee of the \$750,000.00 loan from the Regional Development Alliance to Petersen, Inc. will qualify as matching funds, as well as other funds already committed within the URA. T. Tingey asked for the Board's approval to pursue this course of action. After discussion, **it was MSC (R. Chase, C. Hill)** to enter into a memorandum of understanding with SICOG to pursue the possibility of applying for federal funding and to provide matching funds required under the grant.

6. There being no further business, **it was MSC (R. Chase, G. Moore)** to adjourn the meeting at approximately 1:35 p.m.