

## POCATELLO DEVELOPMENT AUTHORITY MINUTES

Meeting September 3, 2008

**Members present:** Terry Brower, Steve Brown, Roger Chase, Gynii Gilliam, Cynthia Hill, Darsi Johnson, Gary Moore, Ryan Ward.

**Staff present:** Robert Chambers, Executive Director; A. Dean Tranmer, Esq. and Darcy Taylor of the City Legal Dept.; and Dave Swindell and Jerry Higgins of the City Finance Dept.

A special meeting for the purpose of reviewing financial reports for individual funds and the proposed budget for FY 2009 of the Pocatello Development Authority was called to order at 11:05 a.m., by **Chairman S. Brown**, who advised the Board that the meeting was designed to be a work session, and no official action would be taken during the meeting.

**Chairman Brown** turned the meeting over to D. Swindell, City CFO, and J. Higgins, City Treasurer. D. Swindell presented a power point demonstration of the financial status and proposed budget for each PDA fund. A copy of the presentation is attached to and incorporated in these minutes.

### 1. Consolidated Central Corridor:

The Consolidated Central Corridor District is due to retire at the end of 2010. There is bonded debt in this district which was incurred for the Halliday Storm Sewer project. Three payments remain on the bond in excess of \$900,000 per year, through FY 2011, which require this district fund to retain debt service monies. Receivables in this district include \$400,000 from Positron, approximately \$196,000 from South Cliffs, and \$1,200,000 from ON Semiconductor, as successor to AMI. Anticipated funds from this district have been committed to the Triangle Development Project, the Whitman Hotel, and the South Valley Connector. Two additional projects have been deemed by the Board to warrant consideration for funding. In FY 2009, projected revenue estimates are \$1,515,541, and projected expenses are \$1,903,028, which will leave just over \$600,000 in unrestricted funds with which to begin FY 2010. Areas of concern with regard to the Central Corridor budget include when and how much money will be necessary to continue work on the South Valley Connector, if the Positron receivable will be realized, if and when the unapproved projects will require funding, and how continuing variances in the tax increment revenues may affect the budget. The Board spent considerable time discussing the timing of projects within the Central Corridor and when demand will be made for committed funds. D. Swindell advised the Board that the FY 2009 budget for this District is manageable, but the 2010 budget looks tight, depending on how the demand for funds plays out. Discussion ensued regarding the possibility of using Tax Anticipation Notes to fund the projects. R. Chambers advised the Board that he and G. Gilliam continue to receive requests for funds in the Central Corridor. Potential applicants are being told there is no funding at this time. (R. Chambers excused himself from the meeting at 12:20 p.m.)

### 2. North Yellowstone:

The North Yellowstone District is scheduled to close at the end of 2028, however the Board's goal has always been to close the District as soon as possible. This district contains the Pocatello Square development as well as the Rail Crossing development. There is bonded debt in this project in the amount of \$7,755,000. It is anticipated that once Costco opens in this district the bond could be paid as early as 2022, allowing the district to close. Future development in the district will determine the closing date. Because the debt service reserves are restricted funds, and not available for use in the district, an advance of over \$615,000 was made to the North Yellowstone District from the General Fund to meet expenses in the early years of the district. In FY 2009 projected revenue estimates are \$789,120 and projected expenses are \$682,545, leaving approximately \$13,000 in unrestricted funds to carry over to FY 2010 after the

debt service is accounted for. The proposed budget provides for a gradual repayment of the funds owed to the General Fund. Areas of concern in this district include the amount of restricted funds in the district, the timing and details of the Costco incentive and variances in tax increment revenues.

**3. General Fund:**

The General Fund (formerly called Unrestricted Funds Account) is a flexible account available to the PDA without the statutory restrictions of expenditure only within a particular tax increment financing district. The primary revenue source for the fund is the administrative fees taken from closed districts. At this time, the General Fund has a negative balance, and will begin FY 2009 approximately \$12,000 in the red. Assuming the Board approves the proposed budget for the North Yellowstone District, the General Fund will receive a \$100,000 payment on its loan to the North Yellowstone District in FY 2009, which will comprise the majority of the proposed revenue for FY 2009. Other revenue expected in the General Fund during FY 2009 is approximately \$6,000 in interest. Projected expenses for the General Fund in FY 2009 are estimated to be approximately \$26,655, which includes a \$16,625 appropriation for management salaries. In light of the recent staff reorganization of the Authority, this appropriation may not be necessary in FY 2009.

**4. East Center:**

This District was established in July, 2006 in anticipation of the development of medical services expansion. No revenue has been received for this district to date, and no expenses have been projected. The potential for tax increment revenue may change depending upon the future ownership and management of the County hospital. For the meantime, the district is dormant, but may receive some scrutiny with the upcoming election on the hospital issue. (G. Moore excused himself from the meeting at 12:50 p.m.)

**5. Naval Ordnance Plant:**

This district was also established in July, 2006, to support activity at Gateway West, and is scheduled to close December 31, 2026. There is no bonded debt in this district, and one disbursement has been paid to Whisper Creek from the General Fund on behalf of this district in the amount of \$75,000. Projected revenue for FY 2009 is \$6,000.00, and there are no projected expenses for the year. Obligations of the district include a conditional repayment of a Regional Develop Alliance loan of \$500,000 made to Petersen, Inc. Activity in this district is expected to increase in FY 2010.

**6. North Portneuf:**

This district was established for the purpose of developing the Hoku Materials polysilicon plant and spin-off companies, and is scheduled to close at the end of 2024. Obligations of the district include repayment to the City for the procurement of land. The Authority may need to bond in the amount of approximately \$9,500,000 to finance the construction of a road and overpass to the plant. No revenue has been received and there are no expenses for the district.

**7. Summary:**

At the conclusion of D. Swindell's presentation, a general discussion among the Board regarding the presentation ensued. The Board determined key issues to be addressed with regard to the budget are the timing of paying commitments from the Central Corridor, determining

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whether to bond for the North Portneuf road and overpass. It was also anticipated that there will be an increase in the activity at the Naval Ordnance Plant which will require action by the Board. Finally, pending the outcome of the election, the Board may need to review its strategy for the East Center district. A finalized proposed budget will be presented for the Board's review at its next regular meeting scheduled for September 17, 2008. The meeting was adjourned without motion at 1:05 p.m.

*Marcy L. Taylor*