

POCATELLO DEVELOPMENT AUTHORITY MINUTES

Meeting June 17, 2009

Members present: Karl Anderson, Terry Brower, Steve Brown, Ken Monroe, and Gary Moore.

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

The meeting was called to order at 11: 04 a.m., by **Chairman S. Brown.**

1. Preliminary matters:

A. Guests, Conflicts, and Agenda. No conflicts of interest were declared and no guests were present. **Chairman Brown** noted an addition to the agenda, the IsoRay letter, which will be heard after the Yellowstone Hotel agenda item.

B. Minutes. Minutes of the regularly scheduled May meeting were reviewed, and it was **MSC (G. Moore, K. Anderson)** to approve those minutes.

C. Financial Report. J. Higgins presented the financial report for the month of May. Total cash available as of May 31, 2009 was \$919, 139.76. In May, the PDA received cash in the amount of \$56,390.26, which included \$56.82 in interest, and tax increment payments of \$56,333.44 (\$6,847.79 for the Central Corridor, and \$49,485.65 for North Yellowstone). Expenses for May totaled \$161.26, which expenses included PDA lunch costs and bank fees. **K. Monroe** inquired whether the PDA had made payment on all of the projects for which funds had been committed this year. It was noted that some projects for which funds have been committed are not ripe for payment, such as the South Connector. Approximately \$317,000.00 is committed to that project in the FY 09 fiscal year. A brief discussion followed regarding projects yet to be funded. Thereafter, it was **MSC (K. Monroe, T. Brower)** to approve the May financial report.

2. East Center Street Urban Renewal Area:

R. Chambers reminded the Board that in May it had passed a resolution encouraging the Pocatello City Council to take the necessary action to close the East Center Street Urban Renewal Area. When the topic was placed on the City Council agenda, it was brought to Chamber's attention that notice of the PDA's action was never provided to interested parties, and was inadvertently omitted from the process. The Pocatello City Council scheduled the ordinance closing the urban renewal area for three readings in order to give all interested parties time to review the circumstances surrounding the proposed closure. Brent Nichols and Garry Ratzlaff of Diversified Holdings, LLC, an owner of two parcels of real property situated within the East Center Street Urban Renewal Area, appeared before the PDA Board to present proposed development ideas for the parcels. The western parcel of property is best suited for restaurant type of use, which due to the local economy, is on hold at this time. The eastern parcel of property, which is located directly across Hospital Way from the Portneuf Medical Center, is being proposed for a 59,000 square foot office building for medically related use. Mr. Ratzlaff presented concept plans for the building, together with a proposed pedestrian tunnel under Hospital Way which would provide safe and easy access between the Hospital and those offices on the east side of Hospital Way. The proposed development included the use of tax-increment financing district funds for the construction of the pedestrian tunnel. Discussion followed, with Board members asking questions about the proposed office space, among other things. While the Board supported the development ideas, upon polling the Board, **Chairman Brown** determined it to be the mood of the Board to continue with its recommendation to the Pocatello

City Council to close the East Center Street Urban Renewal Area at this time. It was noted that the formation of a new district is always possible for future projects.

3. Consolidated Central Corridor:

A. Triangle Development Area: Jeff Clark, representing 3rd Avenue Development, LLC, and Mike Jaglowski, of Triangle, Inc., appeared before the Board to request the Board's consideration of a proposal under which the Board would provide an incentive injection to the live-work unit project in the form of financial assistance for the development of the first four live-work units provided for in the Triangle Development plan. Mr. Jaglowski encouraged the Board to consider the project in an effort to maintain the momentum of the Triangle Development project. With the completion of the Keller Building, the live-work units are the next planned phase of development, but economic factors have slowed the developmental timeframe of the units. Jaglowski and Clark represented to the Board their belief that building the first four live-work units would result in an increased interest in the seven remaining live-work units planned, and thus lead to future development more quickly. An undated letter from Daniel Snell of 3rd Avenue Development was presented to the Board which requested the PDA make a grant of \$6,600.00 to assist with the development of each of four live-work units, for a total grant of \$26,400.00. A lengthy discussion between the Board, J. Clark, and M. Jaglowski followed. T. Brower inquired as to whether 3rd Avenue Development, LLC had submitted a formal application for consideration by PDA, other than the letter. R. Chambers advised the Board that he had accepted the letter from 3rd Avenue Development as an addendum to the larger Triangle Development project. T. Brower stated it was his opinion that the current request was a new proposal and he would like to see it processed through staff review. G. Moore inquired as to what the selling price of the live-work units would be. M. Jaglowski advised the proposed price would be approximately \$190,000.00 per unit, although the smallest unit would most likely be about \$180,000.00. He further advised the Board that Greg Johnston, who is an investor in the live-work unit project, reported that the market is still viable for homes in the \$150,000.00 to \$200,000.00 range. Board members questioned whether the purpose of the grant was appropriate for use of PDA funds, and were advised that tax increment district funds could only be used in accordance with the approved Urban Renewal Plan for that district and there were no uncommitted Central Corridor funds available to be used on the proposed project. Therefore, only general funds appear could be used on this project. K. Monroe asked if the grant could be made as a loan, with repayment of the loan conditional upon certain criteria, and was advised by attorney D. Tranmer that such an arrangement would be possible if it was characterized as a loan that would be repaid if specific conditions weren't met. G. Moore inquired as to the basis of the \$6,600.00 request per unit and was told by M. Jaglowski that the figure was simply a suggested starting point by 3rd Avenue Development. After further discussion it was the consensus of the Board to require the request be made through an official application to be submitted by 3rd Avenue Development and reviewed by the credit committee before further review by the Board.

B. Future Downtown Development/Yellowstone Hotel: R. Chambers reminded the Board that the Consolidated Central Corridor Urban Renewal Area is scheduled to close at the end of the tax year 2010. Most, if not all, of the tax increment financing district funds anticipated from the area have been committed. Despite the imminent closing of the district, R. Chambers advised that he continues to receive inquiries from parties regarding the PDA's intentions for projects in the downtown area. One such inquiry is a letter from Richard J. Carroll seeking TIF funds for development of upper level housing in the Yellowstone Hotel building. R. Chambers asked the Board for direction on how to respond to the continuing requests for projects in the Consolidated Central Corridor. G. Moore and T. Brower affirmed the Board's commitment to close the district as scheduled, and noted that new districts could be opened when projects that meet the urban renewal area criteria are submitted and approved by the Board. T. Brower stated that he likes the application process and finds it very useful in determining the value of a project. G. Gilliam reminded the Board that the Whitman project was funded in part

to kick start future private development in the Downtown area, not to provide financial backing to private investors, and that subsidizing \$200,000.00 for housing generally does not fit the policy criteria of PDA funded projects. The mood of the Board is to encourage people with ideas to submit applications for qualified projects, but to continue with the plan to close the Consolidated Central Corridor as planned.

4. IsoRay Project:

R. Chambers advised the Board that the letter to IsoRay seeking information regarding the repayment of IsoRay's loan went out to the IsoRay Medical, Inc. on May 29, 2009. A short discussion was held regarding IsoRay's relationship with the INL and the possibility of economic recovery for the company. G. Gilliam stated that the price quote which was given to IsoRay for the procedure provided by INL may have been misleading, and she is working with contacts at the INL to clarify what the actual cost of the procedure is to IsoRay.

5. Hoku Materials, Inc.: Chairman Brown discussed the recent news articles regarding the viability of the Hoku plant. The information contained in the news articles was largely derived from a report Hoku filed with the Security and Exchange Commission, as required by law. The report requires a company to provide information regarding potential problems facing the company. The negative publicity published about Hoku appears to have been taken from the disclosures in the report, and is not representative of the true status of the plant. G. Gilliam assured the Board that Hoku fully intends to continue the development of its manufacturing site and to open the plant as soon as possible. (K. Anderson excused himself at 12:05 p.m.)

D. Swindell, Chief Financial Officer for the City of Pocatello, sent a letter to all Board members requesting review and consideration of how and when the Board wants to begin the process of obtaining financing for the road and overpass to connect the Hoku plant with Highway 30 at Batiste Road. Various options were discussed, including bonding and the possibility of a tax anticipation loan. After further discussion it was MSC (T. Brower, K. Monroe) to table this matter until the July meeting when more information would be available regarding Hoku's progress and financing possibilities.

6. Adjournment:

There being no further business, it was MSC (G. Moore, K. Monroe) to adjourn the meeting at approximately 12:52 p.m.

Darcy L Taylor