

POCATELLO DEVELOPMENT AUTHORITY MINUTES

Meeting October 21, 2009

Members present: Terry Brower, Steve Brown, Roger Chase, Steve Hadley for Karl Anderson, Cynthia Hill, Darsi Johnson, and Ryan Ward.

Staff present: R. Chambers, Interim Executive Director; Gynii Gilliam, Executive Director of Bannock Development Corporation; A. Dean Tranmer and Darcy Taylor of the City Legal Dept.; and Dave Swindell of the City Finance Dept.

The meeting was called to order at 11:01 a.m., by **Chairman S. Brown.**

1. Preliminary matters:

A. Guests, Conflicts, and Agenda. No conflicts of interest were declared, no additions or changes were made to the agenda, and no guests were present.

B. Minutes. Minutes of the regularly scheduled September meeting were reviewed, and it was **MSC (T. Brower, R. Chase)** to approve those minutes.

C. Financial Report. D. Swindell presented the financial report for the month of September, 2009. Total cash available as of September 30, 2009 was \$2,218,137.14. During the month of September, the PDA received cash in the amount of \$178,398.09, which included \$37.04 in interest, tax increment payments of \$5,870.24 (\$5,781.65 for the Central Corridor and \$88.59 for North Yellowstone) and a repayment from the City of Pocatello in the amount of \$172,490.81 for the South Valley Connector Engineering Fees paid in August, 2009. Expenses for September totaled \$110,769.98, which expenses included a short term loan to TetriDyn Solutions, Inc. in the amount of \$50,000.00, Interest on Central Corridor Bonded Debt in the amount of \$45,362.50, Trustee Fees in the amount of \$2,250.00, Payment to the City of Pocatello for Connector Engineering Fees in the amount of \$13,026.26, PDA lunch costs of \$110.98, and bank fees of \$20.24. C. Hill questioned the charge of bank fees and D. Swindell assured her that inquiry would be made to the bank regarding forgiveness of the fees. S. Hadley requested an update on TetriDyn. **Chairman Brown** shared information provided by TetriDyn with S. Hadley and the other Board members. After additional discussion, it was **MSC (T. Brower, C. Hill)** to approve the September financial report.

2. Consolidated Central Corridor District:

Tori Shaver appeared before the Board to present a proposal amending the Loan Agreement entered into between Tori Shaver and Lori Shaver, as Developers, and the PDA on June 19, 2006. R. Chambers provided the Board with a history of the agreement between the Shavers and the PDA, under which the Shavers received a \$75,000 loan at five per cent interest, which loan had the potential to be converted into a grant if specific employment equivalencies were met within specific timeframes. Chambers went on to apprise the Board that in September, 2009, a portion of the Shavers' business was sold and consequently the employment levels required under to the Shavers' loan agreement with the PDA became unattainable. T. Shaver provided background information regarding the Shavers' business, and the circumstances which led to the sale of a portion of the business, noting that the sale of the portion of the business known as Home Living Services (HMS) did not result in a windfall of profit for the Shavers, but in fact was necessary to keep the remaining portion of the business afloat. Mr. Shaver also reported to the Board that based upon his calculations, the Shavers had in fact met and exceeded the employment goal required under the loan agreement for 3 years and 2 months, until the sale of HMS. Shaver advised the Board that he and Lorri Shaver are committed to keeping their current business in Pocatello, even though other locations would be more profitable to them. He proposed to the Board that the entire loan amount of \$75,000.00 be converted to a grant, based

upon the Shavers' business employment history and commitment to the community. Discussion by the Board followed Mr. Shaver's presentation, during which time Board members asked questions regarding the Shaver business. During the discussion **R. Ward** noted that he felt he had a conflict of interest in this matter due to his employer's relationship with the Shaver business. **Chairman Brown** noted that the consensus of the Board appeared to be that the Board wished to take its time reviewing the matter, as well as material to be submitted by Mr. Shaver with regard to his employment records. The Board agreed to table the matter until its next meeting.

3. Naval Ordnance Plant District:

R. Chambers advised the Board that he has continued to work with an alliance of potential buyers in an effort to submit a purchase offer for the Gateway West complex. The alliance consists of five potential buyers, four of whom are firm in their interest to proceed with making a bona fide offer on the property, and a fifth potential buyer who is less committed to the project at this time. There exists a substantial gap between what the seller is asking for the property and what the buyers are willing to offer. The last appraisal of the property was performed three years ago, and despite the recent economic downturn, the seller continues to price the property at more than the last appraised value, partly based on improvements which have been made by some of the potential buyers. Four of the five members of the alliance have committed to obtaining a new appraisal of the property, which appraisal would include a breakdown of the specific areas each buyer is interested in purchasing. The fifth potential buyer has not committed to contributing to such an appraisal. R. Chambers submitted a request to the Board to pay for the fifth portion of the appraisal in an effort to facilitate the sale and purchase of the property. Chambers based his request upon representations by the alliance that until a purchase of the property can be accomplished, the current tenants of the property will not continue to make capital improvements on the property. It is estimated that between ten to fifteen million dollars in upgrades have not been made because a purchase agreement cannot be reached. G. Gilliam added that if the facility is not upgraded in the near future several of the alliance members will feel it necessary to relocate their businesses away from the property. C. Hill asked specifically how an additional appraisal would improve the chances of selling the property. Both R. Chambers and G. Gilliam advised the Board that they believe an additional appraisal would bring the parties closer to a sale agreement, involve third parties in the process which could provide leverage in brokering the deal, and help the purchasing alliance justify the expenditure. R. Chambers estimated the PDA's portion of the appraisal would be approximately \$2,250.00. Discussion ensued among the Board regarding the request, during which time **S. Hadley** disclosed that he felt he had a conflict in that he is related to one of the tenants at Gateway West. After further discussion it was **MSC (R. Ward, C. Hill)** to authorize R. Chambers to offer assistance to the Alliance in the amount of \$2,250.00, to be spent from the Naval Ordnance Plant District fund, for the purpose of assisting with the expense of obtaining an appraisal of the Gateway West Industrial Park.

4. Items from Commissioners:

A. Report to City: **Chairman Brown** advised the Board that he presented the PDA's annual report to the Pocatello City Council at their October study session. The presentation was well received.

B. Audit Engagement Letter: Swindell referred Board members to the Deaton and Company engagement letter in the agenda packets. He explained that the engagement letter is the standard engagement letter entered into for the purpose of obtaining a financial audit of the Development Authority's records as required by law. After a brief discussion it was **MSC (D. Johnson, S. Hadley)** to accept Deaton and Company as auditors and to authorize Chairman Brown to enter into the engagement letter as requested.

C. Budget Plan: D. Swindell conducted a brief review of the FY 2009 financial activity and presented a proposed FY 2010 budget and five year financial plan to the Board, as represented in seven pages of financial sheets included in the agenda packet. It was noted in the discussion of the five year financial plan that the Consolidated Central Corridor District would be closing at the end of 2010, and the debt service for the Halliday Storm Sewer project would be paid off during the five year time period, leaving only the North Yellowstone District, the Naval Ordnance Plant District and the North Portneuf District on the books. **Chairman Brown** noted his appreciation of the clear and concise financial reports and presentations, and acknowledged that Mr. Swindell was a recent recipient of the Idaho State Journal business award for his financial acumen. After a brief discussion it was **MSC (R. Ward, C. Hill)** to adopt the proposed 2010 budget as presented.

5. Executive Session:

At approximately 12:15 p.m., it was **MSC (C. Hill, D. Johnson)** 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. A roll call vote was taken on the motion, with results as follows: **T. Brower, S. Brown, R. Chase, C. Hill, S. Hadley, D. Johnson, and R. Ward, Aye; None opposed.** The regular meeting was reconvened at 12:49 p.m.

6. Adjournment:

There being no further business, it was **MSC (D. Johnson, T. Brower)** to adjourn the meeting at approximately 12:50 p.m.