

**POCATELLO DEVELOPMENT AUTHORITY MINUTES**  
Meeting January 12, 2011

**Members present:** Karl Anderson, Brian Blad, Larry Fisher, Cynthia Hill, Darsi Johnson, Ken Monroe, Eva Nye, and Ryan Ward.

**Staff present:** R. Chambers, Interim Executive Director; G. Gilliam, Executive Director Bannock Development Corp.; Kirk Bybee and Darcy Taylor of the City Legal Dept.; and Dave Swindell and Jerry Higgins of the City Finance Dept.

The meeting was called to order at 11:05 a.m., by **Chair R. Ward**.

**1. Preliminary matters:**

A. Guests, Conflicts, and Agenda. No conflicts of interest were declared and no guests were present. Additions to the agenda included the December financial report and a draft of an article concerning tax increment financing districts by D. Swindell. Both of these items became available after the original agenda was distributed.

B. Minutes. Minutes of the regularly scheduled November 17, 2010 meeting were reviewed, and **it was MSC (C. Hill, K. Anderson)** to approve the minutes.

C. Financial Report. The financial reports for November and December, 2010 were presented by J. Higgins for the Board's review. Total cash available as of November 30, 2010 was \$2,948,326.39. The PDA received cash in the amount of \$6,242.62 during November, which included \$41.66 in interest and a tax increment payment of \$6,200.96 to the Central Corridor District. Expenses for the month of October included PDA lunch costs of \$125.23. As of December 31, 2010, total cash available was \$2,953,906.56. Cash received in December totaled \$6,580.17, which included a tax increment payment of \$4,034.08 to the Central Corridor District, \$2,500.00 in interest on the TetriDyn Solutions loan, and \$46.09 in interest. The sole expenditure in December consisted of a \$1,000.00 donation to the Redevelopment Association of Idaho as partial support for the Redevelopment Association of Idaho's creation and initial operations. Upon completion of Mr. Higgins' report, D. Swindell directed the Board's attention to page 2 of the December financial report, and particularly to the Central Corridor District fund information. Swindell noted that there are two outstanding requirements on that fund, namely, an obligation to the South Valley Connector project, and the administrative fee to the General Fund. Additionally, the Naval Ordnance Plant District fund has an outstanding obligation for the Peterson note owing to the Regional Development Authority, and it is uncertain if the Naval Ordnance Plant District fund will accrue adequate tax increment funds to pay that obligation, leaving the General Fund obligated for that debt. The Central Corridor District will continue to accrue tax increment payments for the 2010 tax year, which Swindell estimates will be approximately 1.4 million dollars. Additionally, once the final payment is made on the Central Corridor bond, the cash restricted by the district's debt service will be released, providing an additional \$650,000.00 available to the district's fund. All in all, Swindell estimated there will be approximately three to four hundred thousand dollars available for the Central Corridor administrative fee to be used at the Board's discretion for future projects. After a brief discussion, **it was MSC (D. Johnson, K. Monroe)** to approve the November and December financial reports.

**2. General Matters:**

A. Pocatello Animal Shelter. Mary Remer, Director of the City Animal Control Department, and Barbara Stone, the Animal Shelter Advisory Board Chair, made a presentation concerning the Animal Control Department's endeavor to build a new animal shelter. Remer apprised the

Board of the Department's efforts to find a location upon which to build a new shelter. The current shelter was built in 1964 and was remodeled in 1997. The department has outgrown the facility. Remer estimates a new facility, which would include a dog park, would require approximately 2.5 to 3 acres of land. During the process of trying to locate a suitable location, the South Cliffs area, specifically property owned by BBAD Investments, LLC was considered a possibility. Bill Isley, a member of BBAD Investments, LLC, made a tentative proposal to City staff regarding the City's acquisition of approximately two acres in the South Cliffs area. The property in question is encumbered by the PDA, which holds a deed of trust and promissory note in the approximate amount of \$200,000.00, which note is currently due and owing. D. Taylor represented to the Board that it was her understanding Isley's initial offer, while not firm, asked for forgiveness of the \$200,000.00 debt by the PDA, together with approximately \$150,000.00 new money in the form of a "loan/grant" for additional infrastructure improvements to the South Cliffs area, in exchange for the property. A lengthy discussion by Board members followed the presentation, which included questions regarding the appraised value of the property in question, whether an animal shelter qualified as an allowed investment of tax increment financing funds, the likelihood that such a project would incur scrutiny by anti-tax increment financing factions, what the opportunity cost would be for other potential projects, and if an animal shelter was the highest and best use of the location. Upon inquiry, K. Bybee noted that an animal shelter would qualify as a public works project, and would be eligible for tax increment financing funds, if the Board was so inclined. D. Swindell reminded the Board that other public works projects, such as the Ross Park Pool, were assisted by the PDA by way of a loan, which was repaid by the City. **L. Fisher** asked the Board if PDA did not hold a promissory note on the property, would the Board consider assisting with the project. The consensus of the Board was that it would not, based upon the information before it at the time. **R. Ward** suggested tabling the matter of assistance to the Animal Shelter project for the time being, and instructing the City to prepare a formal proposal if it wished to request assistance for the project from the PDA. The Board approved of the idea, and will await further information from the City.

B. Redevelopment Association of Idaho. **R. Ward** directed the Board's attention to the last item in the agenda packets, a letter from R. Chambers to the Redevelopment Association of Idaho conveying the PDA's \$1,000.00 check for creation and initial operations. **R. Ward** asked for ratification by the Board of the telephone vote Chambers obtained prior to contributing the funds. Board members requested clarification on the Redevelopment Association and were reminded that the agency is a conglomerate of several interests, including the Boise, Nampa and Twin Falls development authorities, with the goal of educating legislators and the public of the benefits of development authorities and tax increment financing. G. Gilliam noted that the Redevelopment Association may also be partnering with the Idaho Chamber Alliance to promote economic development in the state. After additional discussion, **it was MSC (D. Johnson, E. Nye)** to ratify the telephone vote approving the \$1,000.00 contribution to the Redevelopment Association of Idaho.

C. Positron Agreement. D. Swindell reiterated for the Board the history of the Positron repayment issue, including the various proposals which have been presented to the Board. Swindell presented his review of the current offer by Positron to the Board to become a shareholder in Positron, Inc. in exchange for the satisfaction and release of the deed of trust and promissory note on Positron's interest in its facility on the ISU campus. He opined that Positron might be able to present a more attractive deal to the Board than the one currently being offered. G. Gilliam reminded the Board that it had committed to explore all options to continue to work

with Positron and the repayment of its note. Swindell asked for the Board's direction in addressing the current offer from Positron. After further discussion **it was MSC (D. Johnson, K. Monroe)** to proceed with negotiations with Positron, but to not complete any agreement with Positron until the details were returned to the Board for approval.

### **3. Items from Staff:**

D. Swindell asked the Board to consider taking a position regarding the recent publications, both locally and state-wide regarding tax increment funding districts. He cited articles in the Idaho State Journal by Wayne Hoffman and Ron Daughtery, and Wayne Hoffman's publication on government waste, and presented a draft article prepared by Mayor Blad, R. Chambers and D. Swindell responding to the anti-tax increment financing articles. After reviewing the draft response article the Board discussed the merits and drawbacks of responding to the recent publications. Some felt responding sometimes validates the claims of the naysayers and adds fuel to the fire. Others noted that any response would need to be succinct and fact based. (B. Blad arrived 12:25 p.m.) General consensus was that a lack of education regarding tax increment financing was the basis of much of the negative publicity. G. Gilliam suggested a series of informative articles be published. **D. Johnson** felt the newspaper was not the right place to have the discussion. **B. Blad** expressed concern about allowing the negative publicity to continue unchallenged, saying he didn't want a lack of response by the development authority to be construed as admitting the naysayers are correct. It was suggested that letters of support be obtained from businesses that have benefited from tax increment financing, such as ON and Hoku. **D. Johnson** allowed that letters from benefactors would be acceptable, but that she did not favor responding to the negative publicity. After additional discussion, **B. Blad** offered to contact the Idaho State Journal about a series of educational articles regarding tax increment financing and its benefits. **L. Fisher** suggested waiting to see if the negative publicity dies down first. It was the final consensus of the Board to take a wait and see approach for the time being.

### **4. Adjournment:**

There being no further business, **it was MSC (K. Anderson, B. Blad)** to adjourn the meeting at 12:48 p.m.