

POCATELLO DEVELOPMENT AUTHORITY MINUTES
Meeting March 16, 2011

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

Staff present: Robert Chambers, Interim Executive Director; Gynii Gilliam, Executive Director, Bannock Development Corp.; A. Dean Tranmer and Darcy Taylor of the City Legal Dept.; and Dave Swindell and Jerry Higgins of the City Finance Dept.; M. Quayle, Planning and Development Services Engineer.

The meeting was called to order at 11:04 a.m., by **Chair R. Ward**.

1. Preliminary matters:

A. Guests, Conflicts, and Agenda. **R. Ward** disclosed a potential conflict regarding the request by Del Monte Meats due to his professional association with the business. **L. Fisher** agreed to chair the meeting during that discussion. No guests were present, and no changes to the agenda were noted.

B. Minutes. Minutes of the regularly scheduled February 16, 2011 meeting were reviewed and **it was MSC (K. Anderson, C. Hill)** to approve the minutes.

C. Financial Report. J. Higgins presented the February financial report. Total cash available as of February 28, 2011 was \$3,755,369.54. The PDA received cash in the amount of \$25,536.06 during February, which included \$47.35 in interest, and tax increment payments of \$21,543.67 to the Central Corridor District, \$3,084.93 to the North Yellowstone District, and \$860.11 to the Naval Ordnance District. Expenses for January included a payment on the North Yellowstone District revenue bond in the amount of \$216,762.50 and PDA lunch costs of \$110.01 for a total of \$ 216,872.51. Higgins reminded the Board that approximately three million dollars in restricted funds in the North Yellowstone District will become available now that the final bond payment for the district has been made. After a brief discussion, **it was MSC (C. Hill, E. Nye)** to approve the February financial report.

2. General Matters:

A. Annual PDA Audit. J. Higgins presented the Comprehensive Annual Financial Report for the year ending September 30, 2010 by directing the Board's attention to the Report's Discussion and Analysis. Thereafter, Charlie Clark and Doran Lambson provided an overview of the report and noted that the financial records of the Authority are in compliance with the AICPA requirements, and that there are internal controls in place at a level adequate for the type of financial transactions conducted by the Authority. D. Swindell inquired if there were any procedures or issues that the Board should be concerned with. D. Lambson advised that the transactions conducted by the Authority are not very complex, and the assistance of city staff in financial transactions provides an opportunity for review, which factors are part of the reason the Authority's financial records are in good condition. C. Clark urged the Board to continue to monitor all expenditures made on behalf of the Authority. After a brief discussion, **it was MSC (B. Blad, K. Anderson)** to accept the audit.

B. Del Monte Meats (North Yellowstone District). **R. Ward** turned over control of the meeting to **L. Fisher** due to a conflict of interest. **L. Fisher** introduced Tony Giesbrecht, a member of Del Monte Meats, L.L.C. R. Chambers directed the Board's attention to Del Monte's application for use of Tax Increment Financing, which funds would be used for infrastructure costs at a

proposed relocation and expansion of the business in the North Yellowstone District. Chambers further advised the board that the application review committee is recommending a loan or grant of fifty thousand dollars to be used for infrastructure on the project, which infrastructure could include such items as sidewalks, street lights and a storm water filtration system. Several members of the application review committee were present at the meeting and each gave his reasoning behind the recommendation. Tony Giesbrecht provided the Board with a brief history of his business at its current location on West Center Street, as well as a report on his efforts to relocate and expand the business to the Pocatello Square area. The current Del Monte business offers wholesale and retail sales, catering, and a mobile kill truck. The proposed relocated business would offer the same services, with the addition of a banquet facility for large groups. Mr. Giesbrecht is also investigating the possibility of offering educational classes to the business if the details can be worked out. **L. Fisher** inquired as to what Del Monte's plans were for the commercial operation on West Center Street, and how many new full time positions would be added at the new location. Mr. Giesbrecht said he hoped to sell the Center Street location, and that he anticipated adding seven (7) full time staff at the new location. **M. Orr** asked what the impact on the business would be if the banquet facility didn't come to fruition. M. Giesbrecht advised the Board that he had done considerable research of the catering business in the area and is confident there is a need for such a facility. However, in the event the banquet facility is slow to succeed, the remainder of the business will do well enough to carry the business. Upon hearing the proposal, **L. Fisher** and **K. Monroe** both expressed a concern that they might have a conflict of interest in assessing Del Monte's request because they are currently or may soon be involved in the catering business. D. Tranmer clarified that if a board member received financial remuneration as a result of the board member's vote, a conflict of interest would exist. Otherwise, the Board members were not conflicted, as defined in the State Ethics in Government Act. **B. Blad** noted that Del Monte's request was for \$100,000.00, but the review committee had recommended a grant of \$50,000.00, and asked Mr. Giesbrecht if the \$50,000.00 difference would prevent him from moving forward with the project. Mr. Geisbrecht advised the Board that the difference in funding would require him to take another look at the building plans, then, as the Board had no further questions, excused himself from the meeting to allow the Board to discuss the matter. Upon Board inquiry, the financial officers noted there were funds available in the North Yellowstone fund to meet the request, and engineer M. Quayle estimated that the required infrastructure costs would be greater than \$50,000.00, but probably less than \$100,000.00, based upon the information available. R. Chambers added that the creation of jobs was another factor the Board may wish to consider in their deliberations. **C. Hill** asked what the opportunity cost might be from funding the Del Monte project. D. Swindell estimated that the tax base of the district would increase by approximately 1.4 million dollars, which would provide recovery of the investment by the district within approximately five years, and still allow the Board the discretion to close the district earlier than provided for under the district's Plan. The general consensus of the Board was that the project was worthy of a grant, and **it was moved and seconded (M. Orr, K. Anderson)** to approve a grant to Del Monte Meats, L.L.C. in the amount of \$100,000.00. Further Board discussion ensued regarding the estimated cost of the required infrastructure. The **motion was amended (M. Orr, K. Anderson)** to state that a grant in an amount not to exceed \$100,000.00 would be made to Del Monte Meats, L.L.C., as recommended by the application review committee, for the installation and/or upgrade of sidewalks, street lights, and an underground storm water collection and filtration system at the proposed site in Pocatello Square, reimbursable upon receipt of qualified invoices approved by the City Development Engineer. **Said motion carried (R. Ward, K. Monroe abstained)**, and leadership of the meeting passed from **L. Fisher** to **R. Ward**.

C. South Cliffs/BBAD Investments, L.L.C. (Central Corridor District). Roger Chase and Brad Frasure, representing BBAD Investments, LLC (hereinafter "BBAD") presented the Board with a request for an extension of the time within which BBAD must repay a \$200,000.00 loan under an Economic Development Loan Agreement dated March 15, 2004. R. Chase and R. Chambers both provided the Board with the history of the grant and loans BBAD received from the Authority in 2004 for the development of the South Cliffs project, where the Bureau of Land Management building is situated. Pursuant to the Economic Development Loan Agreement dated March 15, 2004, the interest free loan was to be repaid upon the sale of the first property within the business park or six years from the effective date of the Agreement, whichever occurred first. Economic development in the area has been slow, and the loan remains unpaid. The Board discussed how delaying the date of the loan payment might affect the financial commitments of the Central Corridor district fund, and in particular, the funds committed to the south valley connector. G. Gilliam suggested adding interest to any extension of the loan, and **R. Ward** added that development authorities in the state have been criticized for not charging interest. After further discussion, **it was moved and seconded (M. Orr, B. Blad)** to deny the request for an extension, and to call the note due. Additional discussion followed during which **K. Anderson** noted that if payment of the loan is extended, interest should be charged. **B. Blad** indicated that he did not want to cause a hardship for BBAD. **A substitute motion was made and seconded (E. Nye, C. Hill)** to extend the repayment date of the \$200,000.00 loan until March 15, 2013, and to charge interest on the unpaid balance at the rate of five per cent per annum from March 15, 2011 until paid in full. Thereafter, the Board deliberated on various issues, including the length of any extension, the rate of interest, possible alternatives to an extension, and the impact of the extension on the connector project. **R. Ward** called for a vote on the **substitute motion** and a roll call vote was taken in order to obtain a clear count. The **substitute motion carried (Ayes: K. Anderson, L. Fisher, C. Hill, K. Monroe, E. Nye; Nays: B. Blad, M. Orr).**

D. Recess. The Board took a brief recess at 12:50 p.m. and returned on the record at 1:07 p.m.

F. Legislative Update. R. Chambers provided a brief overview of the bills being considered to legislate changes to the urban renewal and tax increment financing statutes, particularly House Bills 95, 96, 97 and 110. It appeared that some changes will occur to the Local Economic Development Act and the Urban Renewal Area Law, largely with an amendment to House Bill 95. Anticipated changes include the requirement for an additional public hearing to establish an urban renewal area, shortening the duration of the life of a plan from twenty-four to twenty years, and requiring an election to obtain approval to establish a development authority in those communities that do not already have an authority in place. R. Chambers commended G. Gilliam and D. Swindell for their efforts working with the legislature on behalf of the development authority.

G. Positron Decision. Steve Yano was available to address questions from the Board regarding the information presented by Positron as a result of the Board's February meeting. **R. Ward** reiterated the Board's request for information from Positron. R. Chambers advised the Board that Positron had provided a packet of information, but requested all parties reviewing the information to sign a non-disclosure agreement to protect Positron's financial and proprietary information. Mr. Yano agreed that in lieu of executing the nondisclosure agreement, Board members could review the information in an executive session, with the understanding that the information was confidential and exempt from disclosure and that all copies of the information

were to be collected after the executive session. **It was moved and seconded (C. Hill, B. Blad)** to adjourn to executive session pursuant to Idaho Code §67-2345(1)(d) and (e), to consider records that are exempt from disclosure as provided in chapter 3, title 9, Idaho Code, and to consider preliminary negotiations involving matters of trade or commerce in which the governing body is in competition with governing bodies, respectively. The **motion passed** by roll call vote (**Ayes: K. Anderson, B. Blad, L. Fisher, C. Hill, K. Monroe, E. Nye, and M. Orr; Nays: None**). The Board adjourned to executive session at 1:21 p.m.

The Board reconvened to regular session at 2:10 p.m. After a brief discussion it was the Board's consensus that a plan providing for the release of the loan collateral in exchange for an equity interest in Positron could not be created which was acceptable to the Development Authority in exchange for its forgiveness of the loan to Positron, and therefore **it was MSC (E. Nye, K. Anderson)** to not release the collateral securing Positron's loan, but to not pursue calling the loan due (due date is March 25, 2011) until the Board so directed, but not sooner than two years from this meeting. It was the determination of the Board that in two years the marketability and viability of Positron's product could be better determined, and the Board may be more favorable at that time to consider options related to its investment.

3. Adjournment:

There being no further business, **it was MSC (C. Hill, M. Orr)** to adjourn the meeting at 2:13 p.m.