

**POCATELLO DEVELOPMENT AUTHORITY  
BOARD OF DIRECTORS MEETING**

**Pocatello City Hall  
April 10, 2001  
Council Chambers**

**11:00 a.m. – 12:30 p.m.**

**PRESENT** Anderson, Brown, Cotant, Frasure, and Hotchkiss;  
Executive Director Burstedt

**ABSENT** Johnson, Ricks and Schroeder

**11:15 a.m.**

Chairman Stephen Hotchkiss called the meeting to order and determined that a quorum was present. He noted that the guests in attendance would be recognized as they made their presentations to the board. Charlene DeWall acted as recording secretary for the meeting.

**CONFLICTS OF INEREST**

The Board was asked for disclosure of any conflicts of interest. It was noted that one of the items on today's agenda will impact American Microsystems, Inc., however, Dan Schroeder is absent from today's meeting.

**PROPOSED AGENDA**

The Board of Commissioners were asked for any additions to, or deletions from, today's meeting agenda. Greg Anderson asked that an update on the ice rink project be added to the agenda. With this item added, the meeting continued as outlined.

**REVIEW OF MINUTES**

It was noted that Rayna Valentine, who served as recording secretary at the March 13 meeting of the Pocatello Development Authority, has been on vacation for the past month. Both the minutes from the March and April meetings will be sent to the Commissioners for their review and approval at the May 8 meeting.

**FINANCIAL REPORT:  
MARCH INCOME AND EXPENSES**

The income and expenses for March were reviewed by Char DeWall. It was noted that the income in each of the districts was tax earnings received from Bannock County. Interest Income for the month totaled \$1,598.10.

Expenses for March included PDA lunch of \$110.26 and Banking Expenses totaling \$57.

The yellow sheet which outlines the balances in each of the districts/funds was reviewed with the Commissioners. It was explained that the required balances held in the bonded districts (Newtown, Alvin Ricken Drive, Old Town, North Main, and Central Corridor) will be transferred to the Trustee during the month of April as specified in the bond documents.

A question was asked regarding the progress in the Roosevelt/Fred Meyer district. Tim Tingey, City Planner, was asked to respond. He stated that the project continues as outlined. The engineering of the sidewalk is currently being accomplished and is scheduled for completion in 2001. The construction for the sidewalk project is scheduled for the summer of 2002. Tim stated that he has been in contact with the Roosevelt Neighborhood Association regarding the 35% matching funds required from the homeowners. Baring any complications, this project should continue as planned. Ray noted that Fred Meyers hasn't billed PDA for the traffic signal which has been installed on Alameda or any of the other work which was approved as part of this TIF district. More on this project will be reported as needed.

A question was asked regarding the dollars still held in the Varsity district. It was related to the Commissioners that Char is currently working with Bannock County's auditor, Pat Wilson, on a procedure by which districts are terminated and funds are returned to the County to be disbursed to the taxing entities. Discussion ensued regarding the need for a specific method for retiring districts which includes communication between the State Tax Commission and Bannock County.

A request was made by Commissioner Frasure that a memo be prepared which outlines in bullet-point format the problems entailed by PDA while terminating a TIF district and possible solutions to these problems. This memo is requested for review by the Commissioners at next month's meeting and upon approval will be disbursed to legislatures and state representatives as an appeal for the need for a procedure to follow when terminating tax increment financing districts in the state.

A motion was made by Greg Anderson to approve the March income and expenses as presented. A second to the motion was received from J.O. Cotant, which passed by unanimous vote.

## **CONSIDER APPROVING PAYMENT OF 1<sup>ST</sup> QUARTER 2001 ADMINISTRATIVE COSTS**

Chairman Hotchkiss reviewed the invoice for 1<sup>st</sup> quarter 2001 administrative fees with timesheets attached. He asked the Board for a motion to approve this quarterly expense. A motion was made by J.O. Cotant, with Greg Anderson seconding. The motion carried by unanimous vote.

## **AIRPORT PROJECT UPDATE**

Tim Tingey, City Planner, disbursed a timeline for creation of a TIF in connection with the airport project. He stated that there is a certain procedure which needs to be followed which includes completion of the project plan, presentation to the PDA board for their approval, presentation to the City Council for their endorsement, and public hearing requirements. This entire process is anticipated to take from 2 to 2½ months depending on meeting schedules.

Ray related to the Board that at last month's meeting he anticipated an answer by March 27. Due to some complications experienced by L.A. Darling, this meeting was delayed until the last of April. It was noted, however, that the required survey, etc. of the land have been completed at the expense of L.A. Darling. Brent Nichols, project building consultant, stated that the building plans have had to be modified to meet L.A. Darling's criteria. L.A. Darling has requested to be in their building by the end of 2001.

Commissioner Frasure asked if there was anyway to shorten the timeline to assist with the short construction season. Tim stated that there isn't anyway to shorten the process as it takes time to prepare the documents which include tax disbursements, cashflow predictions, etc. and follow those legal procedures required for creation of a TIF district. More will be reported on this project at May 8 meeting.

## **IDAHO POWER SWITCH PROJECT**

Ray reviewed the requested breakdown (copy attached) of users of the Terry Substation by percentage with AMI shown at 37%. The graph demonstrated that 63% of the power utilized at the Terry Substation is by users other than AMI. This information was obtained from Idaho Power.

Other overheads presented by Ray included pages copied from the Central Corridor bonding documents provided by First Security Van Kasper. These outlined the total required debt service payments and the anticipated annual tax income. These conservative figures indicate a coverage of 2-3.2% for debt service requirements.

Commissioner J.O. Cotant left the meeting. A quorum is still intact due to Robert's Rule outlining its continuance for the remainder of the meeting once a quorum has been established.

Tamera Drake, American Microsystems, Inc., provided the Board with information regarding AMI's value to the community, to Idaho, and as one of Pocatello's largest employers. She noted that with the installation of the needed switch, AMI would be able to increase their future scope of operation.

Matt Jackson from Deloitte & Touche who is serving as a consultant to AMI in their expansion plans, introduced the project in a high-level overview (copy attached). He reviewed their findings from the feasibility study of the project, as well as the economic impact the expansion would make on Bannock County. Phase I includes building a 75,000 sq. ft. facility and the addition of 100 engineers over five years. Phase II will involve an additional 75,000 sq. ft. of office space and the addition of approximately 300 engineers by 2006. The incremental impact on property taxes caused by the Phase I expansion is \$10 million with the potential to double with Phase II.

Mr. Jackson presented preliminary estimates of the switch connection costs which total \$1,104,500. Part of that total includes taxes of \$261,550 which would be assessed to Idaho Power Company at a rate of 35-36%. These taxes would be assessed due to required legislation.

Gary Jabara, Deloitte & Touche, reviewed that company's expertise in consulting companies both nationally and internationally during their expansions. He stated the importance of the message that Pocatello would be sending to the entire state of Idaho, as well as other high-tech companies looking to expand, regarding pro active growth by upgrading electric power.

Troy Murray, American Microsystems, Inc., related to the Board the importance of the installation of the switch to high-tech companies. A tenth of a second delay in power impacts AMI production which costs millions of dollars.

Ray discussed with the Board the lead-time issue which includes a scheduled reimbursement to Idaho Power Company for the cost of the switch. Some possible solutions to this problem could be a written letter of commitment from PDA or an anticipation note based on the receipt of tax dollars. From discussions held with the City of Pocatello and Bannock County Commissioners, it was determined that either the City, County or PDA will serve as a conduit to eliminate taxes on the needed equipment for the switch. It is also hoped that some of the cost of labor for the installation of the switch will be absorbed by Idaho Power.

The representatives from Deloitte & Touche stated that they are meeting with Gary Mahn, Director of the Idaho Department of Commerce, to discuss any possible assistance the state may offer. Ray related the lack of funding sources from which the state can use in projects such as this. There is, however, the possibility of using funds earmarked by the Governor for rural development since a high percentage of usage of the Terry Substation is by Inkom, Downey, etc.

Chairman Steve Hotchkiss disclosed a potential conflict of interest due to his position as CEO of Citizens Community Bank which utilizes the auditing services of Deloitte & Touche.

The expense of installing the Terry Substation switch is estimated to be \$843,000. This figure is achieved by eliminating \$261,500 in taxes from the preliminary estimated cost of \$1,104,500. A motion was made by Greg Anderson to approve PDA covering 50% (\$421,500) of the cost of the switch with American Microsystems, Inc. paying the other 50%. Steve Hotchkiss seconded the motion, which carried by unanimous vote. Cotant abstained.

Discussion followed with the Commissioners considering other avenues to pay for the 50% of the switch cost not covered by PDA. Some suggestions were to approach the other larger users of power from the Terry Substation to request possible funding. This proposal, along with the possibility of state rural development dollars, will be explored.

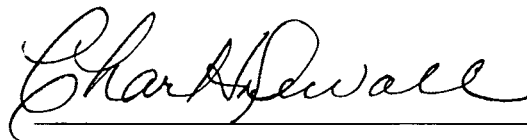
Ray was instructed by Chairman Hotchkiss to inform the Board as to (1) the vehicle of ownership of the switch, (2) the best vehicle for payment (letter of commitment, tax anticipation note, etc.) and (3) the need, if any, for a special meeting of the PDA board.

Greg Anderson modified his motion to state that the matching funds (50%) will come from a yet undisclosed source. Steve Hotchkiss seconded the modification to the motion, which passed by unanimous vote. Cotant abstained.

#### **ICE RINK PROJECT UPDATE**

Commissioner Anderson updated the Board of Commissioners on the proposed Ice Rink project. He stated that due to the pending City budget issue and those issues currently faced by School District #25, the City Council decided it best to hold off on any aggressive pursuit of an ice rink. He requested that the PDA consider revisiting the issue at a later date and asked that the letter requested by the PDA from the City Council be delayed until such time.

A motion to adjourn was received from Ron Frasure, with a second from Greg Anderson. The meeting concluded at 12:40 p.m. PDA's next monthly meeting is scheduled for **May 8, 2001**, at City Hall in the Council Chambers.



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Charlene H. DeWall  
Secretary for the Meeting