

**POCATELLO DEVELOPMENT AUTHORITY MINUTES**  
Meeting September 16, 2009

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

**Staff present:** R. Chambers, Interim Executive Director; A. Dean Tranmer 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 11:01 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 changes and additions to the agenda as follows: an item regarding trade or commerce, pursuant to Idaho Code §67-2345(1)(e), needed to be discussed in executive session; and the South Valley Connector payment item was expanded to include an update on the project. The item for executive session was presented to the Chairman of the Board the day prior to the meeting, and after the agenda was set the Executive Director received information which could affect South Valley Connector project from FEMA and the Army Corps of Engineers. **Chairman Brown** further noted that said executive session of the meeting would be heard after the financial report and prior to the South Valley Connector agenda item.

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

C. Financial Report. J. Higgins presented the financial report for the months of July and August. Total cash available as of July 31, 2009 was \$2,740,658.19. During the month of July, the PDA received cash in the amount of \$1,745,145.18, which included \$22.90 in interest, and tax increment payments of \$1,745,122.28 (\$1,211,343.83 for the Central Corridor, \$528,767.23 for North Yellowstone, \$4,611.35 for the Naval Ordnance Plant, and 399.87 for North Portneuf). There was a transfer of \$75,000.00 from the Naval Ordnance fund to the General fund to repay a loan made by the General Fund. Expenses for July totaled \$36,650.49, which expenses included the last payment to the Triangle, Inc. of \$36,506.64, PDA lunch costs of \$124.90, and bank fees of \$18.95. (**K. Monroe** arrived at 11:06; **R. Ward** arrived at 11:08) The financial report for August reflected total cash available as of August 31, 2009 in the amount of \$2,150,509.03. During the month of August, the PDA received cash in the amount of 24.53 in interest, and tax increment payments in the amounts of \$44,214.69 for the Central Corridor and \$22.32 for North Yellowstone, for a total of \$44,261.54. Additionally, a loan repayment in the amount of \$32,171.69 was made from North Yellowstone to the General Fund. Expenses for August included the 2008 audit cost of \$3,713.54, \$172,490.81 to the City of Pocatello for engineering expenses for the South Valley Connector, a \$351,662.50 North Yellowstone bond payment, and bank service charges of \$32.86. Discussion regarding the financial reports followed. **C. Hill** questioned the continuing bank fees. J. Higgins committed to contacting the bank for an explanation and hopefully, a discontinuation of fees. With regard to the \$172,490.81 payment to the City for engineering expenses on the South Valley Connector project, J. Higgins advised the Board that although it was the City's understanding that FEMA issues prohibited the Idaho Transportation Department (ITD) from paying any fees on engineering expenses, ITD had nonetheless made that payment to the City. The PDA also approved payment of the expense by a separate poll on August 18, 2009, which payment was made. Once it is determined whether or not the ITD payment was proper, the City will refund any overpayments made on the project to the PDA. J. Higgins further advised the Board of several disbursements which were due to be made by the PDA, and requested approval of those disbursements, namely, \$19.70 to D. Taylor for lunch supplies, \$91.28 for the September PDA lunch, \$2,250.00 for Trustee fees on the Central Corridor 2000 A Series Bond, \$246,522.51 to Wells Fargo Trust, and \$13,026.00 to the

City of Pocatello for 20% matching fees for the South Valley Connector engineering expenses, as well as a ratification of the poll approving the payment of \$172,490.81 to the City for engineering services on the South Valley Connector. **It was MSC (C. Hill, D. Johnson)** to approve the July financial report, **it was MSC (R. Ward, D. Johnson)** to approve the August Financial Report, and **it was MSC (R. Ward, C. Hill)** to approve and ratify the payments as briefed by Mr. Higgins.

On a final matter, J. Higgins referred the Board to his Memo dated September 16, 2009, in which he reported that the North Yellowstone District has \$183,287.70 cash available for unbudgeted payments. The memo outlined the options available to the Board, which included doing nothing with the unbudgeted cash, repay the General Fund for monies loaned to the North Yellowstone District, make an early payment under the development agreement with Costco Wholesale, or any combination of the above. Discussion followed, including limitations on using the unbudgeted funds under different scenarios. Thereafter, **it was MSC (T. Brower, K. Monroe)** to transfer the \$183,287.70 from the North Yellowstone Fund to the General Fund to repay previously loaned money.

## 2. Executive Session:

At approximately 11:26 a.m., **it was MSC (R. Chase, D. Johnson)** to adjourn to executive session pursuant to I.C. §67-2345(1)(e) to consider preliminary negotiations involving two 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: **K. Anderson, T. Brower, S. Brown, R. Chase, C. Hill, D. Johnson, K. Monroe, and R. Ward** voted **aye**; **none opposed**. The regular meeting was reconvened at 11:54 a.m.

## 3. Consolidated Central Corridor:

A. TetriDyn Solutions. TetriDyn Solutions Dave Hempstead advised the Board of a project TetriDyn is working on, and explained the company's need for a short-term cash infusion for operating costs in order to bring the project to fruition. Hempstead requested a short term loan from PDA in the amount of \$50,000.00. Discussion followed regarding TetriDyn's ability to repay the loan, and Hempstead reminded the Board that TetriDyn had paid back a prior loan made to the company by PDA, and that the company had steady income from its various hospital contracts. Thereafter, **it was MSC (K. Monroe, C. Hill)** to approve a loan from the PDA General Fund to TetriDyn in the amount of \$50,000.00 for a one year term, which loan shall be interest free as long as TetriDyn maintains at least its current level of operation at its business in Pocatello, and to authorize the Chairman to do all things necessary to complete said loan. Upon passage of the motion, the PDA legal counsel was instructed to prepare the necessary documents.

B. Positron. Steve Yano and Eric Oaas appeared before the Board to renew Positron's request for relief from the PDA of the \$400,000.00 loan to Positron in order to assist Positron in launching a new venture previously presented to the Board in December, 2008. Yano provided an update on the progress of the new business venture involving the production of medical isotopes used in the diagnosis of certain cancers. Yano reported that since last December market research has been done, and the company continues to work on building business venture associations. A company called Acceloris Solutions, LLC ("Acceloris") was co-formed by Positron to market medical isotopes. Yano provided general technical information regarding the potential business application of Acceloris. As was reported in December, 2008, it remains difficult for Positron to acquire funding for this project when it shows an outstanding debt of \$400,000.00 to the PDA. In December, discussions centered around a proposal under which the PDA would receive a number of shares in the newly formed marketing company in exchange for forgiveness of the \$400,000.00 debt owed by Positron. Oaas and Yano return at this time to

present a proposal for the forgiveness of the \$400,000.00 debt owed by Positron to the PDA, as follows: the PDA would receive 100,000 shares of common stock in Acceloris in return for forgiveness of the \$400,000.00 note due to the PDA in 2011. Oaas represented to the Board that eliminating the debt owed to the PDA strengthens Positron's balance sheets, making financing easier to obtain for the project. Oaas further stated that Positron intends to pursue fifty per cent of the money needed for the project from banks, and to obtain the remainder of the funds needed through equity agreements such as the proposal to the PDA.

Through the course of discussions regarding the equity proposal, it was disclosed that some shareholders and investors in Acceloris would receive preferred stock. The 100,000 shares of stock issued to the PDA would remain common stock, which would initially be valued at approximately eighty cents per share. Board members questioned how long the PDA would have to own the stock, if Acceloris or Positron would be willing to buy back the stock at some future time, and if there was any chance of repayment of the loan if the stock option was refused. Oaas noted that the company was under no obligation to repurchase the stock, and Yano indicated that the real goal would be to have a larger company acquire Acceloris, which could result in a bigger return on the PDA's stock investment. Without the PDA's willingness to take a reduced value in its 100,000 shares of stock, the company would most likely not be able to attract the necessary investors to make the company succeed. That inability to attract additional investors would definitely result in the inability of Positron to repay any of the \$400,000 loan. Board members continued to present alternative options: **R. Ward** noted that the lien held by PDA on the building was worth far more than the \$80,000 represented by 100,000 shares of common stock; **C. Hill** inquired whether extending the term of the loan would be advantageous; and **D. Johnson** asked if there could be a combination of the equity shares and a lesser lien position on the building. Oaas was of the opinion that none of those options would benefit Positron's efforts to raise funds. **R. Chase** presented the option that the PDA receive 200,000 shares of common stock in return for release of the lien. Oaas said Positron would make that work. Thereafter it was moved (**R. Chase**) to forgive the \$400,000 loan from Positron in exchange for 200,000 shares of the common stock of Acceloris Isotopes, LLC. Upon making the motion, **Chase** noted that the proposed motion would help Positron and Idaho State University, and if the PDA didn't do something, it wouldn't get paid in 2011. **D. Johnson** seconded the motion, for the purpose of discussion. Oaas advised the Board that providing the PDA with an equity interest of 200,000 shares would be a stretch, but in the interest of achieving the goal, Positron would make it work. After another brief discussion by Board members, the motion carried.

C. South Valley Connector. **R. Chase** advised the Board that the City of Pocatello intended to stop work on the design of the South Valley Connector at this time. Due to recent communications the City has had with both FEMA and the Army Corps of Engineers, questions have arisen regarding the feasibility of the location of the connector at this time. After a brief discussion it was the general consensus of the Board to agree to hold off on engineering design work until more clarification is received from FEMA and the Army Corps of Engineers.

#### 4. Items from Commissioners:

**Chairman Brown** advised the Board that elections for Board officers are scheduled to occur during the October meeting, pursuant to the By-laws, and requested nominations for officers. After a brief discussion, it was MSC (**C. Hill, K. Anderson**) that the current officers be nominated to retain their positions for the upcoming year. Current officers are S. Brown, Chairman, D. Johnson, Vice-Chairman, R. Ward, Treasurer, and D. Taylor, Secretary. Thereafter, since only one nomination was made for each office, **Chairman Brown** declared each nominee elected by acclamation, effective October 2009.

**5. Adjournment:**

There being no further business, it was MSC (D. Johnson, K. Monroe) to adjourn the meeting at approximately 1:35 p.m.

*Darcy L. Jangle*