

POCATELLO DEVELOPMENT AUTHORITY MINUTES
Meeting April 21, 2010

Members present: Brian Blad, Steve Brown, Larry Fisher, Cynthia Hill, Ken Monroe, Eva Nye, 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 and Jerry Higgins of the City Finance Dept.

The meeting was called to order at 11:06 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 a change to the agenda deleting the Farmers Insurance Payment Request #2, as this was item was inadvertently left on the agenda from the March meeting. No additions were made to the agenda, but an executive session was planned.

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

C. Financial Report. Jerry Higgins presented the financial report for March, 2010. Total cash available as of March 31, 2010 was \$1,891,990.30. The PDA received cash in the amount of \$24,355.49, which included \$16.95 in interest and tax increment payments of \$17,988.16 to the Central Corridor District, \$361.25 to the North Yellowstone District, and \$5,989.13 to the Naval Ordnance District. Expenses for March included PDA lunch costs of \$115.00, and a bond payment on principal and interest for the Central Corridor in the amount of \$905,362.50, for a total disbursement amount of \$905,477.50. An internal transfer was made from the North Yellowstone District fund to the General fund in the amount of \$285,142.73 to repay monies previously borrowed by the North Yellowstone District. Dave Swindell advised the Board that there is one more bond payment and one more interest payment owed from the Central Corridor fund for the Halliday storm water project, which will be paid off next summer. Additionally, the internal debt between funds has been paid, and each fund is now whole. **Chairman Brown** was pleased to note that the internal debt payoff occurred earlier than anticipated. After a short discussion, it was **MSC (B. Blad, R. Ward)** to approve the March financial report.

2. General Matters:

A. TetriDyn. Dave Hempstead and Toni Alexander from TetriDyn appeared before the Board to discuss the repayment of the \$50,000.00 loan TetriDyn received from the PDA in late 2009. Although repayment of the loan is not due for another six months, Mr. Hempstead requested the Board consider an alternative repayment plan. After a brief update of TetriDyn's current projects, Mr. Hempstead and Ms. Alexander proposed that TetriDyn repay its PDA loan through the sale of TetriDyn stock. Alexander explained that TetriDyn would bear the costs of creating a trust, of which the PDA would be the sole beneficiary. Stock would be placed in the trust, and immediately offered for sale. Proceeds of the sale of the stock would go to the PDA, with all transaction fees paid by TetriDyn. The benefit to TetriDyn would be the activity of its shares of stock on the market. The benefit to the PDA would be a potential early payoff. R. Chambers advised the Board that the Credit Committee had reviewed TetriDyn's proposal and found it to be a win/win proposal for both parties. D. Swindell added that after seeing a more detailed view of the proposal in Credit Committee, he did not see a downside, and in fact, the proposal would potentially result in a quicker payback of the loan. Hempstead assured the Board that if the stock held in trust did not sell by the due date of the loan, the entire loan would be repaid on time. After additional questions by Board members, and a brief discussion, it was **MSC (C. Hill, K.**

Monroe) to follow the Credit Committee's recommendation to approve TetriDyn's loan repayment proposal of a stock sale with a guarantee, and with the charge that staff will work out the details of the repayment plan, all subject to City Legal Department approval.

B. South First Avenue Parking Lot. R. Chambers and LeeAnn Dutton, the Division Manager of the City's Community and Neighborhood Services Department, provided background information to the Board on the City's acquisition of a parking lot located at South First Avenue and Halliday. An investment of approximately \$135,000.00 will be required in order to bring the parking lot to municipal standards. This project will be paid for from Community Development Block Grant funds, however at this time, the fund is approximately \$35,000 short of being able to proceed. The Credit Committee reviewed the matter and recommended asking the PDA for up to \$35,000 in assistance to fully fund the design plan of the parking lot. The Board discussed the matter, questioning if the parking lot project was consistent with the Central Corridor Urban Renewal Area Plan requirements. R. Chambers advised the Board that the right-of-way of the parking lot is in the Central Corridor urban renewal area, but the parking lot itself is not. Therefore, in order to use Central Corridor District funds, the PDA would be limited to right-of-way projects, such as lighting, curb and gutter, etc. It was noted that any monies used from the Central Corridor District fund would reduce the commitment to the connector project. It was further noted that the PDA owes the City \$206,000.00 for the acquisition of the Triangle Project, which monies are scheduled to be repaid in FY 2012. Funds are available in the Central Corridor fund this year, should the PDA wish to make a partial repayment to the City, which the City could then commit to the South First Avenue parking lot project. **B. Blad** questioned who exactly the parking lot project would benefit. L. Dutton informed the Board that when the first block grant money went to start the rebirth of the Old Town area that money went to improve the parking lots. She noted that parking areas are one of the first requirements for revitalization of an area. She further advised that several businesses are committed to succeeding in the warehouse district, and this parking lot will be the first public investment in the area. The general consensus of the Board was that public parking lots in redeveloped areas greatly assist in the success of the developments, and benefit both the business owners and the customers in the area. **K. Monroe** and **E. Nye** both noted that the parking lot is a key to future development and will be a well used and safe area for people to use for parking. Thereafter, **it was MSC (R. Ward, K. Monroe)** to make an early repayment on the Triangle debt to the City in the amount of \$35,000.00 from the Central Corridor fund for the purpose of assisting with the South First Avenue parking lot.

C. Acceloris/Positron. R. Chambers reminded the Board of Positron's request to the Board to convert the \$400,000.00 debt of Positron to the PDA, which debt is secured by a lien on a building situated on ISU land, to an interest in Positron's spinoff company, Acceloris. Chambers asked the Board for clarification of its intent when it agreed to Positron's request. D. Tranmer advised the Board that the paperwork presented by Positron and Acceloris to accomplish the conversion of Positron's debt was in the form of a limited liability company (LLC), in which the PDA became a member of the LLC known as Acceloris, rather than a shareholder. It was on this issue that the Board authorized Mr. Tranmer to seek additional legal advice. Tranmer noted that the advice was that there is a better way to accomplish the debt conversion than for PDA to become a member of an LLC. **S. Brown** reaffirmed that the Board's intent was not to become a member of an LLC, but to help Positron resolve their debt issues to be able to continue work on their project. **R. Ward** agreed that the LLC route was not a good one, and that another method would be more appropriate.

3. Executive Session:

At 12:06 p.m. **it was MSC (K. Monroe, R. Ward)** to adjourn to executive session pursuant to I.C. §67-2345(1)(e) to discuss preliminary negotiations regarding matters of trade or commerce in which the PDA may be in competition with other jurisdictions. A roll call vote was taken on

the motion, with results as follows: **B. Blad, S. Brown, L. Fisher, C. Hill, K. Monroe, E. Nye, and R. Ward Aye; None opposed.** The regular meeting was reconvened upon conclusion of the discussion at 1:09 p.m.

4. Naval Ordnance District:

R. Chambers advised the Board of an issue at the Gateway West Industrial Center which involves the necessity to attempt to identify the source of contaminates from the Center's sewer line into the City's sanitary sewer system. This issue has ramifications for all tenants at the Gateway facility. After a brief discussion, it was MSC (**R. Ward, E. Nye**) to commit up to \$100,000.00 from the General Fund to be used to attempt to source the contaminates coming from the in the Center's sewer system.

5. Items from Staff:

G. Gilliam asked the Board for direction on whether or not to explore the feasibility of an incentive for ON Semiconductor. The mood of the Board was tentative. **L. Fisher** noted that it appeared that the amount of PDA's incentive was pretty insignificant in the big picture, and that he didn't feel that not committing to ON would make or break their project.

6. Adjournment:

There being no further business, it was MSC (**R. Ward, B. Blad**) to adjourn the meeting at 1:13 p.m.