

POCATELLO DEVELOPMENT AUTHORITY MINUTES
Meeting July 21, 2010

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

Staff present: R. Chambers, Interim Executive Director; Gynii Gilliam, Executive Director of Bannock Development Corporation; 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 **Vice-Chair D. Johnson.**

1. Preliminary matters:

A. Guests, Conflicts, and Agenda. Former Board Commissioner Steve Brown was present as a guest. No conflicts of interest were declared. **Vice-Chair Johnson** noted a change to the agenda with the addition of an item regarding the Dodge National Circuit Finals Rodeo (DNCFR) for general discussion. She further noted there would be an executive session.

B. Minutes. Minutes of the regularly scheduled April 21, 2010 meeting were reviewed, and it was **MSC (R. Ward, K. Monroe)** to approve those minutes.

C. Financial Report. Dave Swindell presented the financial reports for April, May, and June, 2010. He noted there was no significant movement of funds during the financial quarter, Total cash available as of June 30, 2010 was \$1,950,939.97. Over the course of the quarter the PDA received cash in the amount of \$61,443.00, which included \$101.88 in interest and tax increment payments of \$42,419.32 to the Central Corridor District, \$18,334.52 to the North Yellowstone District, and \$587.28 to the Naval Ordnance District. Expenses for the quarter included PDA lunch costs of \$102.17, a payment to the City of Pocatello for Connector engineering services in the amount of \$691.16, and arbitrage fees in the amount of \$1,700.00 for the Central Corridor district, for a total disbursement amount of \$2,493.33.

J. Higgins presented a letter dated July 16, 2010 outlining payment requests which have been submitted to the PDA, and requesting authority to make those payments. The payment requests include a payment to Deaton and Company in the amount of \$3,865.00 for professional fees for the FY09 audit, and reimbursement to the City of Pocatello in the amount of \$29.70 for a recognition plaque for former Board member Steve Brown, both of which requests would be paid from the General Fund. Additional payment requests were \$1,700.00 for arbitrage fees on the North Yellowstone District 2004 Series A bond, to be paid by the North Yellowstone District Fund, and the sum or \$35,000.00 to be paid to the City of Pocatello from the Central Corridor Fund as an early loan repayment on the debt incurred by the City for the acquisition of the Triangle area , After a short discussion, it was **MSC (R. Ward, C. Hill)** to approve the April, May, and June financial reports, and it was **MSC (L. Fisher, K. Monroe)** to authorize the payment requests as presented in J. Higgins' letter dated July 16, 2010.

2. General Matters:

A. Annual Report. **Vice-Chair Johnson** provided Board members with a copy of the annual report of the Pocatello Development Authority, as the report was presented to the Pocatello City Council at its regularly scheduled study session on May 13, 2010.

B. Recognition of Steve Brown. **Vice-Chair Johnson** asked the Board to recognize guest Steve Brown for his years of service to the PDA as a Commissioner of the Board. (B. Blad arrived at 11:15 a.m.) **D. Johnson** read Resolution No. 2010-1 which recognized Mr. Brown's

service as a Commissioner and as an Officer of the Board of Commissioners of the PDA from May 20, 1999 until his resignation on July 1, 2010. A plaque of appreciation was presented to Mr. Brown, and a well-deserved round of applause was given by the Board in appreciation of Mr. Brown's service. Thereafter it was **moved and seconded** to approve Resolution 2010-1. **The motion passed by a vote of six to one (L. Fisher, C. Hill, D. Johnson, K. Monroe, E. Nye, and R. Ward, approved, B. Blad opposed.** Mr. Brown relayed to the Board that his appointment to the Board came at a controversial time for the City and the PDA, and that his time on the Board provided him with a new perspective on how to make things work. He added that he is a better person because of the people he had the opportunity to work with while on the Board.

C. IsoRay. R. Chambers directed the Board to a letter dated May 7, 2010 received by the PDA from an attorney representing IsoRay, Inc., and noted that IsoRay claims it is still in negotiations with the Idaho National Lab (INL), that the conditions of "approval" for use of the facility are unclear, and as such, IsoRay has no obligation to repay its obligation to the PDA. Chambers reported that the INL says it is not in negotiations with IsoRay at this time. He suggested that the PDA's legal counsel prepare a response to IsoRay requesting IsoRay provide all evidence of its interactions with the INL by a date certain, and that the burden be put on IsoRay to prove its obligations under the development agreement with the PDA have been met. After a brief discussion, it was **MSC (L. Fisher, B. Blad)** to instruct PDA's legal counsel to prepare a demand letter to IsoRay.

D. Pocatello Regional Airport Urban Renewal Area. David Allen, Manager of the Pocatello Regional Airport, and Merrill Quayle, City Development Engineer, together with R. Chambers addressed the Board regarding the formation of an Urban Renewal Area and Tax Increment Financing District at the Pocatello Regional Airport. Chambers reviewed with the Board the work he had done to facilitate the sale of the Gateway West complex in an attempt to retain businesses located at the facility. He reported that those negotiations were unsuccessful, and that some businesses at the facility are looking for other locations. Petersen, Inc. desires to stay in the Pocatello area, largely in part because of its agreement with the PDA regarding the payback of a \$750,000 loan Petersen, Inc. received from the Regional Development Authority (RDA). There are few industrial sites in the Pocatello area other than at the Pocatello Regional Airport. Petersen, Inc. has determined to locate at an approximate ten acre site east of the main entrance to the airport, with a right of first refusal on additional acreage of approximately the same size. Petersen, Inc., would like to be under construction by August 15, 2010.

Chambers asked the Board to consider recommending to the City of Pocatello that an urban renewal area and tax increment financing district be formed at the Pocatello Regional Airport in order to improve the infrastructure at the airport to accommodate industrial expansion. The infrastructure would include water and sanitary sewer lines, additional electrical power transmission facilities, roadways, and possibly rail spur refurbishment. In addition to Petersen, Inc., at least one other manufacturer is interested in locating at the airport. The combined tax valuation increase from the two manufacturers is estimated to be approximately fifteen million dollars in taxable property. Chambers advised the Board that he has done preliminary work on an Urban Renewal Area Plan for a proposed Pocatello Regional Airport District, which plan would run for twenty-four years. The district would encompass the entire airport area, including an additional one hundred ten acre area which is currently being used for biosolids application by the City's Water Pollution Control Department. Chambers asked the Board for its approval to continue work on the plan.

As an aside, Chambers also advised the Board that Petersen, Inc., is asking for an adjustment to the terms of its Economic Development Grant Agreement with the PDA, under which the PDA agreed to repay Petersen's \$750,000.00 loan from the RDA if Petersen, Inc. remained in the

Pocatello area for ten years while maintaining a one hundred job threshold. To date, Petersen, Inc. has not reached the one hundred job threshold, so the ten year non-relocation provision has not started to run. Chambers suggested the Board consider amending the Agreement to allow a threshold of fifty jobs for a longer retention period of fifteen years.

Discussion ensued among Board members regarding the formation of an urban renewal area and the amendment to the PDA's Economic Development Grant Agreement with Petersen, Inc. **R. Ward** noted that the airport area is often the first impression received by visitors to Pocatello, and questions if manufacturing facilities are what we want that first impression to be. Chambers assured the Board that Petersen, Inc. maintains a very clean and professional looking operation at its Ogden plant. **D. Allen** advised that the Airport Master Plan provides that lessors maintain their facilities in good condition. **R. Ward** also questioned what other future development might come in to the airport, and what its impact would be. **D. Allen** noted that his plan is to make the airport area a "transload station" using multiple transportation options available to increase the attractiveness of the area to manufacturers. **D. Swindell** advised the Board that the City owns a lot of property at the airport, some of which is used as agricultural land for biosolids application. He noted that the City needs to retain some land for the biosolids program. The Petersen, Inc. development area will not impact the biosolids program at this time, however future development may bring some conflict between the two programs. He also noted that this proposed urban renewal area and tax increment financing district will be different from others, because the land is situated in Power County. There is currently approximately two million dollars in tax valuation at the airport. The addition of the Petersen, Inc. plant alone to the airport area will increase that valuation by two and one half times. **R. Chambers** noted that he has met with the Power County Assessor and the Power County Commissioners, and they all appear to be prepared and supportive of the establishment of a tax increment financing district in Power County.

Engineering requirements for the expansion were discussed. There is a fire flow water issue, and either a reservoir or a water tank will need to be included in the infrastructure plans, as well as an upgrade of sanitary sewer lines in the area. **L. Fisher** asked what the estimated infrastructure costs will be. **M. Quayle** estimated infrastructure costs will be approximately \$600,000.00. If a rail spur option is incorporated into the infrastructure, the costs would increase to \$900,000.00 to \$1,000,000.00. After discussion ended, it was **MSC (B. Blad, C. Hill)** to authorize **R. Chambers** to proceed with the preparation of a plan to establish an urban renewal area and revenue allocation district at the Pocatello Regional Airport.

Discussion followed regarding Petersen, Inc.'s request to amend the terms of the Economic Development Grant Agreement between Petersen and the PDA. **K. Monroe** noted that he had difficulty with Petersen dropping the number of jobs it initially promised it would bring. **C. Hill** inquired as to what the investment amount worked out to for each employee if the number of jobs is dropped to fifty from one hundred. **G. Gilliam** advised that the standard investment amount per job is usually twenty thousand dollars or less. If the number of jobs was reduced to fifty, the investment would be fifteen thousand dollars per job. After further discussion, it was **moved and seconded (R. Ward, B. Blad)** to amend the requirements of the Economic Development Grant Agreement between Petersen, Inc. and the PDA to provide that Petersen, Inc. must maintain a threshold of fifty (50) full time employment positions for a period of not less than fifteen (15) years in order to receive the benefits provided for under the Agreement. **The motion passed by a vote of six to one (B. Blad, L. Fisher, C. Hill, D. Johnson, E. Nye, and R. Ward, approved, K. Monroe opposed).**

E. Valley Forge Request. **G. Gilliam** advised the Board that Valley Forge has been working with the Accelerator Center to produce scanning devices. There is a need to add an additional cell space at the Accelerator Center to accommodate the work being done by Valley Forge, at a cost of \$400,000.00. Idaho State University has committed \$200,000.00 to the project. Valley

Forge is requesting \$100,000.00 from the PDA. The facility will be used as a testing and teaching facility center for development. No loan terms were suggested to the Board. **C. Hill** asked where else the PDA might otherwise spend \$100,000.00, i.e., what opportunities might be lost if the Valley Forge request was granted. **R. Ward** noted that he is apprehensive about financing research projects, and **D. Johnson** agreed. **E. Nye** inquired if Valley Forge could find the funding elsewhere. After further discussion, and a general consensus that creating jobs was a more important goal than promoting research, it was **MSC (K. Monroe, R. Ward; B. Blad abstained)** to deny Valley Forge's request for \$100,000.00 to increase cell capacity at the Accelerator Center. The Board requested that any future requests from Valley Forge follow the formal application process, and not be made until other options are exhausted by Valley Forge.

F. Dodge National Circuit Finals Rodeo. **B. Blad** advised the Board that the Dodge National Circuit Finals Rodeo (DFNCR) is asking local communities for assistance with a fifty thousand dollar deficit remaining from its 2010 season. Other cities are making a bid for the Rodeo to relocate, and have offered to pay the Rodeo's debts. **Blad** reported that the Pocatello City Council feels it is important to retain the Rodeo and will pledge between \$20,000.00 to \$25,000.00 to help with the debt. Bannock County has pledged \$10,000.00 at this time, and will add \$10,000.00 of in-kind labor moving dirt at the next rodeo. The City of Chubbuck has pledged \$5,000.00, and the cities of Blackfoot and American Falls will also be asked for help. **B. Blad** asked the PDA to pledge \$10,000.00 to the Rodeo in order to keep it in the Pocatello area, noting that the Rodeo is estimated to bring in approximately five million dollars to the local economy each year. **R. Ward** asked if contributions to the Rodeo wouldn't just exacerbate the problem if the Rodeo isn't making it. **E. Nye** asked if this would be a one-time only contribution, or if issues would arise next year as well. **B. Blad** noted that the Rodeo had been operating in the black until this year, and it is working its way out of a \$200,000.00 deficit, with \$50,000.00 remaining. The new DFCFR president is cutting costs and plans to make it work. **L. Fisher** felt the Rodeo should be helped, but that PDA funds should not be used. **R. Ward** felt this assistance would set a precedent. **E. Nye** felt it is an emergency situation and **moved to provide \$10,000.00 from the General Fund for the DFCFR, only if enough funding is not obtained elsewhere.** **K. Monroe** seconded the motion, and the motion passed 4-1 (**L. Fisher** opposed, **C. Hill** and **D. Johnson** abstained). After the vote on the motion, **L. Fisher** noted that the hospitality industry makes a large contribution to many events in the area by providing comp rooms and other special amenities.

3. Executive Session:

At 12:31 p.m. it was **MSC (C. Hill, B. Blad)** 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, L. Fisher, C. Hill, D. Johnson, K. Monroe, E. Nye, and R. Ward Aye; None opposed.** The regular meeting was reconvened upon conclusion of the discussion at 1:32 p.m.

4. North Yellowstone District:

R. Chambers provided a brief update to the Board regarding Project Domas. Thereafter, it was **MSC (R. Ward, E. Nye)** to authorize **R. Chambers** and **G. Gilliam** to commit up to 2.5 million dollars from the North Yellowstone Fund, in the form of current and future tax increments, for infrastructure and employment incentives in the amount of \$1,050,000.00, and up to \$1,450,000.00 as additional incentive in the form of a lease buy-down or other incentives as provided for in the North Yellowstone Urban Renewal Plan.

5. Adjournment:

There being no further business, it was MSC (R. Ward, B. Blad) to adjourn the meeting at 1:35 p.m.