

MEETING MINUTES
OF
October 20, 2010

POCATELLO DEVELOPMENT AUTHORITY MINUTES
Meeting October 20, 2010

Members present: Karl Anderson, Larry Fisher, Cynthia Hill, Darsi Johnson, Eva Nye, and Ryan Ward.

Staff present: R. Chambers, Interim Executive Director; G. Gilliam, Executive Director 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 11:11 a.m., by **Vice-Chair D. Johnson**.

1. Preliminary matters:

A. Guests, Conflicts, and Agenda. No conflicts of interest were declared, no guests were present, and no additions or deletions were made to the agenda. Due to conflicting commitments of the City Attorney, the order of the agenda was rearranged so that the IsoRay issue would be heard earlier in the meeting.

B. Minutes. Minutes of the regularly scheduled September 15, 2010 meeting were reviewed, and it was **MSC (C. Hill, K. Anderson)** to approve the minutes.

2. General Matters:

A. IsoRay Letter. The Board reviewed a letter prepared by Attorney Dean Tranmer directed to IsoRay's attorney asking for proof of IsoRay's negotiations with the INL for IsoRay's approval for the use of the INL facility. After a brief discussion it was the Board's consensus that the proposed letter met the Board's expectations and is ready to be sent.

B. State Legislative Status. R. Chambers advised the Board that he attended a meeting in Boise during the month of September at which representatives from several Idaho cities and counties discussed current urban renewal law and legislative changes to that law which may be proposed during the upcoming legislative session. (E. Nye arrived at 11:19 a.m.) Specific areas of legislation which are expected include 1) eliminating shoestring connection boundaries in urban renewal areas, 2) requiring an owner's consent in order to include bare ground in an urban renewal area, 3) reducing the term of the districts from twenty-four years to fourteen to fifteen years, or possibly twenty years, 4) appointing Board members of authorities through public elections, and 5) requiring the consent of affected tax districts prior to creating a revenue allocation area district. Chambers noted that his counterpart for the City of Boise, Ryan Armbuster, is carrying the load to educate legislators about the benefit of using tax increment financing as a tool for development. Chambers is also serving on a subcommittee to assist with that education process. (G. Gilliam arrived at 11:21) D. Swindell noted that last year's legislature reviewed several proposals to modify the Local Economic Development Act and Urban Renewal Law, in particular House Bill 675. The proposed revisions failed to pass last year because the proposed modifications didn't satisfy the critics of the program. Chambers will be attending more meetings in Boise over the next few months to monitor and advise the legislature regarding this issue, and will report back to the Board.

C. Airport Transloading Station Design. R. Chambers provided an update of the progress of the economic development efforts at the Pocatello Regional Airport, noting that the Petersen Incorporated plant is under construction and lease negotiations are in progress for Project Erector. Both Petersen and Project Erector are interested in availing themselves of limited use of rail services, but neither is willing to pay the up-front costs for establishing those rail services. Chambers noted that having rail services readily available at the airport is an important feature for the economic development of the area. He suggested that minimum rail facilities would

consist of a rail spur with a loading and unloading device at the spur, to load and unload shipping containers onto semi-trailer tractors, which is often referred to as a transloading station. Chambers asked the Board's approval to proceed with obtaining a design for such a rail facility in order to encourage additional development in the area and to get a start on making the transloading station a reality. He estimated design costs to be approximately \$7,500.00, and asked that the Board commit to the expenditure from the General Fund. After a brief discussion **it was MSC (K. Anderson, R. Ward)** to approve the expenditure of \$7,500.00 from the General Fund to pay for the design of a transloading station at the Pocatello Regional Airport as part of the PDA's efforts to promote economic development at the airport site.

3. Consolidated Central Corridor:

Positron. As a matter of review, R. Chambers distributed a synopsis of the Authority's interaction with Positron regarding the \$400,000.00 encumbrance the Authority holds from Positron. The Board had agreed to consider converting the debt owed to the Authority in exchange for an ownership interest in a subsidiary of Positron. Chambers advised the Board that he recently met with Eric Oaas and Steve Yano of Positron in an effort to find a mutually agreeable solution, and consequently invited Mr. Oaas and Mr. Yano to a Board meeting to provide an update of the company's position. Mr. Oaas advised the Board that Positron is doing well, and is in better position to find a way to convert the debt owed to the Authority. Mr. Yano stated that Positron is currently obtaining an independent evaluation of the company in order to establish its value. He presented an overview of the corporation and its current projects. The company is currently pursuing three viable business avenues, which are aerospace and aviation, transportation, and manufacturing. Pre-sold services are being offered for nondestructive testing techniques, and the company is doing well. The core technology for Positron's products has been funded and is being sold to investors. The "breakthrough technology", which promises to address a large marketing group in both medical technology and nondestructive testing areas, will require Positron to secure public funding in an amount between ten and twenty million dollars. Oaas advised the Board that in light of the recent progress made by Positron as a viable corporation, an ownership interest in Positron would be more desirable than an interest in the subsidiary company Acceloris, which has become stagnant over the past few months. Upon questioning by the Board, Mr. Yano advised that the independent evaluation for valuation of Positron is expected to be completed by the end of September. A brief discussion followed regarding the logistics of converting the Positron debt into Positron shares, and the complications of a similar transaction with Acceloris. Yano estimated that the time frame for the marketability of the Positron stock is five years. **It was MSC (C. Hill, K. Anderson)** to proceed with exploring a stock ownership in Positron in exchange for Positron's \$400,000.00 debt to the Authority.

4. Preliminary Matters (cont.):

C. Financial Report. Financial reports for August and September, 2010 were presented by J. Higgins for the Board's review. Total cash available as of August 31, 2010 was \$2,945,438.96. The PDA received cash in the amount of \$257,855.17 during August, which included \$38.48 in interest and tax increment payments of \$257,816.69 to the Central Corridor District. Expenses for the month of August included PDA lunch costs of \$125.24, \$29.70 in office expenses, \$3,800.00 for the 2009 annual audit, \$35,000.00 repayment to the City of Pocatello for the Triangle land purchase, \$1,700.00 for North Yellowstone arbitrage fees, a North Yellowstone District bond payment of \$458,225.00, and \$60,355.59 for work on the sewer lines in the Naval Ordnance Plant District, for a total expenditure amount of \$559,235.53. Mr. Higgins reported that total cash available at the end of September, 2010 was \$2,920,998.39. Income received during the month of September included \$34.73 in interest and tax increment payments in the amount of \$2,654.77 to the Central Corridor District, for a total revenue amount of \$2,689.50. Expenses for the month of September included PDA lunch costs of \$160.07 and Central Corridor

bond interest in the amount of \$23,432.50, for a total expenditure amount of \$23,592.57. After a short discussion, **it was MSC (R. Ward, C. Hill)** to approve the August and September financial reports.

D. Budget Review. D. Swindell presented a report on the current status of the FY 2010 PDA Budget, as well as a proposed Budget for FY 2011 and a five-year budget projection for the General Fund and each Tax Increment Financing District Fund. Upon review of the projected receipts and expenses for each fund, and review of the FY 2011 budget projections, **it was MSC (E. Nye, R. Ward)** to approve the projected FY 2011 budget, as well as the financial plan with the direction to remove the entry in the Central Corridor District Fund labeled "unnamed project #3—Japan".

5. Election of Officers. The Board discussed the election of officers for FY 2011. It was noted that under the By-Laws of the Authority, the positions of Treasurer and Secretary can be held by non-members of the Board. Based on the By-Laws, the Board determined to appoint Jerry Higgins as Treasurer and Darcy Taylor as Secretary. Thereafter, **it was moved (C. Hill)** to nominate Darsi Johnson as Chair and Ryan Ward as Vice-Chair. Discussion followed, in which D. Johnson expressed her preference to be Vice-Chair. R. Ward agreed to accept the nomination as Chair. **The motion was amended by C. Hill and seconded by K. Anderson** to elect R. Ward as Chair and D. Johnson as Vice-Chair of the PDA Board for the following year.

5. Staff Items: G. Gilliam invited all Board members to attend and exciting announcement to be made at the Pine Ridge Mall on Thursday, November 18th at 10:00 a.m. She noted that she thought the Board would be pleased at the announcement, the topic of which will not be disclosed until the announcement is made.

6. Adjournment:

There being no further business, **it was MSC (L. Fisher, C. Hill)** to adjourn the meeting at 12:51 p.m.