

POCATELLO DEVELOPMENT AUTHORITY MINUTES
Meeting August 17, 2011

Members present: Karl Anderson, Brian Blad, Larry Fisher, Cynthia Hill, Russ Meyers, Michael Orr, and Ryan Ward.

Staff present: Gynii Gilliam, Executive Director Bannock Development Corporation; Lonnie Crowell, Planning and Development Services Director; Merrill Quayle, Interim Executive Director; A. Dean Tranmer and Darcy Taylor of the City Legal Dept.; Dave Swindell and Jerry Higgins of the City Finance Dept.; Greg Lanning, Director of Public Works.

Chair **R. Ward** called the meeting to order at 11:08 a.m.

1. Preliminary matters:

A. Guests, Conflicts, and Agenda. No guests were present and no conflicts were noted. There were no additions or deletions to the agenda. **Chair Ward** introduced **Russ Meyers**, whose appointment to the Pocatello Development Authority was confirmed at the June 2, 2011 Pocatello City Council meeting. M. Quayle introduced Lonnie Crowell, the new Director of the Planning and Development Services Department of the City of Pocatello.

B. Minutes. Minutes of the regularly scheduled May 18, 2011 meeting were reviewed and **it was MSC (B. Blad, L. Fisher)** to approve the minutes.

C. Financial Report. J. Higgins presented financial reports for May, June and July. As indicated on the May financial report, the total cash available as of May 31, 2011 was \$4,448,847.26. The PDA received cash in the amount of \$2,810.45 during May, which included \$44.50 in interest, and tax increment payments of \$2,765.95 to the Central Corridor District. Expenses for May totaled \$23,163.81 and included \$99.11 to Ming's for lunch, \$29.70 to New Day Products for a recognition plaque, and \$23,035.00 to Pro Builders, Inc. for work on the monitoring station for the Naval Ordnance Plant sewer lines. The June financial report reveals total cash available as of June 30, 2011 in the amount of \$4,565,708.16. Cash received in June totaled \$116,860.90, which included \$45.97 in interest, and tax increment payments of \$45,117.60 to the Central Corridor District, \$10,968.12 to the North Yellowstone District, and \$60,729.21 to the Naval Ordnance District. There were no expenses in June. The July financial report shows total cash available as of July 31, 2011 in the amount of \$6,100,839.43. Income for the month of July totaled \$1,535,794.27, represented by 44.50 in interest, and tax increment payments of \$804,707.07 to the Central Corridor district, \$625,405.63 to the North Yellowstone District, \$80,788.16 to the Naval Ordnance District, and \$24,848.91 to the North Portneuf District. Expenses for the month of July consisted of a payment of \$663.00 to Moffatt Thomas Law Office for legal review of the Positron documents. D. Swindell commented on the North Yellowstone District, and advised the Board that the district is bringing in 1.3 million dollars a year. The debt service for the District's bond is approximately \$68,000.00 annually, and there is an obligation of approximately \$128,000 per year to Costco for several years. There is one small project which have been approved but not yet funded in that District, which is the Del Monte project. Additionally, financial assistance for the relocation of the sewer line in the Pocatello Town Square shopping area has been discussed. The District is accruing uncommitted funding each year, and should the Board elect to pay off the bond early, the District could be in a position to close in 2019 or 2020, approximately eight years early, assuming no new commitments are made and the tax valuation remains steady. Swindell estimated that when it is closed the District will add approximately seventy million dollars in tax value to the County's total valuation. Additionally, tax increment received in the Naval Ordnance Plant District is more than expected, which will lessen the amount that District will need to borrow from the General Fund to meet its obligation to the Regional Development Authority for the Petersen, Inc. loan. After a brief

discussion **it was MSC (C. Hill, B. Blad)** to approve the financial reports for May, June and July.

J. Higgins advised the Board that he will include a proposed Fiscal Year 2012 Budget noting estimated revenues and expenditures for each fund in the September agenda packet. The FY 2012 will be ready for review at the September meeting. A brief discussion followed regarding the legislative requirement for an activity report to the City prior to March 31st of each year, and generalities of the FY 2012 budget.

2. Central Corridor District:

A. South Valley Connector. M. Quayle advised the Board that the City is moving forward with right-of-way acquisitions for the South Valley Connector, and intends to start construction in 2012. G. Lanning added that the City is waiting for resolution of the Portneuf River levee issue, including certification of the levee by FEMA and an Army Corps of Engineers review. Ninety percent of the road design is completed. D. Swindell reminded the Board that the PDA will begin to see pay requests for the property being purchased for right-of-way, the timing of which requests will depend upon which federal grant is designated to pay the right-of-way. He noted that the PDA had dedicated three million dollars from the Central Corridor District to the project.

B. IsoRay. D. Tranmer updated the Board on the efforts to collect the \$200,000.00 provided to IsoRay under a development agreement. IsoRay claims it doesn't have access to the test reactor at the INL. The INL says IsoRay has been nonresponsive to its request for additional information regarding the tests IsoRay was conducting. Things are at a stalemate. Tranmer advised the Board that if the matter is taken to court as an action for breach of contract, there is a fifty-fifty chance of recovery. However, details of the relationship between the INL and IsoRay are still unclear. G. Gilliam committed to contacting people at the INL who worked on the project to check on its status. After further discussion among Board members, **it was MSC (R. Meyers, M. Orr)** to aggressively pursue payment of the \$200,000.00 through a demand letter, and mediation, if necessary.

3. Naval Ordnance District:

M. Quayle reported that he received a phone call from the interim CEO of Whisper Creek in response to a letter sent by the PDA requesting payment of a \$75,000.00 grant/loan. Whisper Creek Idaho is reportedly in foreclosure and all assets of the company have been seized by a secured creditor of the company. D. Tranmer advised the Board that the Whisper Creek debt to PDA is unsecured. In the event Whisper Creek Idaho files bankruptcy, the PDA could file a proof of claim, if the bankruptcy estate has any assets, however any recovery would probably be cents on the dollar. **M. Orr** requested that information be obtained regarding Whisper Creek Idaho's default in order to be accountable to the public. A discussion followed regarding the default rate of the PDA's investments. D. Swindell noted that the default rate has increased in the last few months, but generally good investments outweigh the bad. D. Tranmer added that over the last five years an effort has been made to secure collateral on the loans made by the PDA, noting the secured loans made on the South Cliffs project and the Positron project. (K. Anderson excused himself at 11:58 a.m.)

4. North Portneuf District:

M. Quayle advised the Board that a potential amendment to the North Portneuf Urban Renewal Area (URA) Plan and Revenue Allocation Area (RAA) to incorporate additional area necessary for the Hoku Materials development may need to be considered. **B. Blad** remarked that it is his intent to proceed with caution on any amendment since recent legislative action allows only one amendment to a URA Plan and RAA. An amendment may be necessary to provide additional access to the Hoku site in the event the original planned access, an overpass at the northerly end of the site, is not developed. Alternative access solutions are still being reviewed by the City and Hoku.

5. Executive Session:

At 12:35 p.m. **it was MSC (B. Blad, M. Orr)** 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: **K. Anderson, B. Blad, L. Fisher, C. Hill, R. Meyers, M. Orr, and R. Ward Aye; None opposed.** The regular meeting was reconvened upon conclusion of the discussion at 1:08 p.m.

6. Adjournment:

There being no further business, **it was MSC (B. Blad, M. Orr)** to adjourn the meeting at 1:08 p.m.