

POCATELLO DEVELOPMENT AUTHORITY MINUTES
Meeting February 20, 2013

Members present: Brian Blad, Roger Bray, Larry Fisher, Cynthia Hill, Russ Meyers, John Regetz (ex officio), and Ryan Ward

Members absent: Karl Anderson, Darlene Gerry (excused), and Michael Orr

Staff present: Lonnie Crowell, Executive Director; Merrill Quayle, City Planning Engineer; A. Dean Tranmer and Darcy Taylor, City Legal Dept.; Dave Swindell and Jerry Higgins, City Finance Dept.

Chair R. Ward called the meeting to order at 11:06 a.m.

1. Preliminary matters:

A. Introductions, Conflicts, and Agenda. Jim Manning attended as a guest, representing Gateway West Industrial Park. Due to time limitations and outside commitments of City staff, the agenda schedule was adjusted to address an executive session at the beginning of the meeting. The Regional Development Alliance (RDA) payment was added to the agenda. No disclosures or conflicts with agenda items were acknowledged by the Commissioners.

2. First Executive Session:

R. Ward called for a motion for the Board go into executive session to discuss negotiations involving matters of trade or commerce in which the PDA is in competition with other governing bodies. **It was moved and seconded (R. Bray, L. Fisher)** to adjourn to executive session pursuant to Idaho Code §67-2345(1)(e). The **motion passed** by roll call vote (**Ayes: R. Bray, L. Fisher, C. Hill, R. Meyers, and R. Ward; Nays: None**). The Board adjourned to executive session at 11:10 a.m. (B. Blad arrived at 11:18 a.m.; J. Regetz arrived at 11:20 a.m.). The Board reconvened to regular session at 11:32 a.m.

3. Preliminary matters (con't.):

B. Minutes. The minutes of the regularly scheduled meeting of January 16, 2013 were reviewed. **R. Ward** requested that the minutes be corrected to reflect that in item 2.C., North Yellowstone Bond Refinance, the month the refinance was anticipated to close was January, not December. D. Taylor noted that Mr. Regetz's first name was misspelled, as well. **It was MSC (B. Blad, C. Hill)** to approve the minutes as corrected.

C. Financial Report. J. Higgins presented the financial report for the month of January, 2013. Total cash available as of January 31, 2013 was \$7,683,718.99. During the month of January the PDA received cash in the amount of \$838,277.96, which included \$577.44 in interest, \$106,933.59 proceeds from the sale of North Yellowstone bonds, and tax increment payments of \$730,766.93, of which \$8,036.00 was attributed to the Central Corridor District, \$578,574.49 was attributed to the North Yellowstone District, \$57,242.68 was attributed to the Naval Ordnance District, \$55,982.43 was attributed to the North Portneuf District, and \$30,931.33 was attributed to the Pocatello Regional Airport District. Expenses for January consisted of administrative expenses in the amount of \$722.93 (\$252.15 from the North Yellowstone District and \$470.78 from the General Fund), closing costs on the North Yellowstone Bond in the amount of \$106,445.00, the debt service principal payment in the amount of \$1,004,409.18 on the newly refinanced North Yellowstone bond debt, and the one-time license fee for the Philbin crossing to Union Pacific Railroad Company from the North Portneuf District, and approved expenditures for the Costco economic development grant annual payment and a grant match to

the City of Pocatello on the South Valley connector totaling \$319,459.95, for a total expenditure amount of \$1,441,787.07. **Chair Ward** advised the Board that he reviewed the January bank statement and financial report with Mr. Higgins. Thereafter, it was **MSC (C. Hill, B. Blad)** to approve the financial report for January, 2013.

4. General Discussion Items:

A. PDA 2012 Annual Report. L. Crowell presented Board members with a proposed draft of the Pocatello Development Authority 2012 Annual Report, which is required by Idaho statute, and will be formally presented at the March PDA meeting, including an opportunity for public comment. Board members reviewed the draft and made suggested changes.

B. BBAD Investments and Positron Debts. **B. Blad** advised the Board that Bill Isley and Roger Chase had approached him regarding the exchange of a strip of land for the debt due the PDA on 3/15/13. It is unclear when or where the proposal will be made to the PDA. No word has been received from Positron regarding the letter of notification sent by PDA that the Board would be taking action on the promissory note executed by Positron in favor of the PDA at the March PDA meeting.

C. Idaho House Bill 135 & House Bill 137. **R. Meyers** reported on recent legislative action on urban renewal areas. House Bill 135 did not make it out of committee. The defeat stemmed largely from technicalities with the bill, rather than the content of the bill, as the bill was not well written and would have been difficult to interpret and enforce. **Meyers** urged the Board to be cognizant of the mission of urban renewal law, and to operate within the parameters granted to development authorities by statute.

Meyers further informed the Board that the next matter of import to be addressed by the state legislature would be the personal property tax issue. D. Swindell noted that the amount of tax increment received from personal property varies by district and the cessation of the collection of personal property tax would affect each district differently. For example, the tax increment collected on personal property in the North Yellowstone District comprises approximately fourteen percent of the total increment collected, while the amount of tax increment collected on personal property in the Naval Ordnance Plant District comprises approximately seventy-five percent of the total increment. Swindell noted that the Pocatello Regional Airport District funding is also largely dependent upon personal property tax. (**L. Fisher** excused himself at 11:55 a.m.). It is anticipated that there is a good chance that some legislation will be enacted addressing personal property tax. **R. Ward** expressed his appreciation to **R. Meyers** for attending the committee hearing and continuing to represent the interests of the PDA to state legislators.

D. Petersen Incorporated/RDA Debt. **R. Ward** requested the Board revisit the issue of determining the source of funds necessary to pay the \$750,000.00 promissory note owed by Petersen Incorporated to the Regional Development Alliance (RDA), as provided for by the Development Agreement entered into between Petersen Incorporated and the PDA. He reminded the Board of prior discussions regarding whether the debt was to be paid from the Naval Ordnance Plant (NOP) District, or the Pocatello Regional Airport (PRA) District. D. Swindell reported that in 2011, approximately \$38,670.00 of the tax increment funds received in the NOP District from tax year 2010 were paid by Petersen Incorporated. The District currently has approximately \$472,000.00 in tax increment funds. **B. Blad** expressed the opinion that the

entire loan amount should be paid from the NOP District. Discussion followed regarding the importance of an improved rail line at Gateway West in order to attract new businesses, and thus increase the increment available to the district. **Blad** further advised the Board that he would be meeting with representatives from the RDA later that day. **R. Meyers** expressed a hesitance to use all of the NOP funds available to pay the Petersen loan because it would leave the District without any money to use in the NOP District if an opportunity presented itself. **R. Bray** opined that the PDA should use all of the funds available in the NOP District because Petersen was recruited to that District and that the District and the property owner benefitted from Petersen's location there. After additional discussion, **it was MS (R. Bray, C. Hill)** to exhaust the NOP District fund balance to pay off the Petersen loan to the RDA, and to pay any remainder amount due from the General Fund. Jim Manning, representing Gateway West, offered his client's perspective of the PDA's obligation to repay the Petersen loan, citing the Economic Development Grant Agreement as ambiguous with regard to the PDA's obligation, and the source of funds to be used for payment of the loan. He further questioned the legality of paying a debt for a business with funds from a district when the business is no longer located in that district. Finally, Mr. Manning asked to the Board to review the Urban Renewal Plan for the NOP District, which lists the refurbishment of the rail access as one of the items which could be funded by district funds. Discussion among Mr. Manning and the Board followed, during which **R. Bray** indicated it was not the Board's intent to leave the NOP District without assistance, but that the NOP District was where Petersen was located when it requested assistance, and as such, the District has some obligation. **R. Bray withdrew** the prior motion, and **offered** a new motion to pay \$38,670.34 from the NOP District to the RDA on the Petersen debt, and to transfer an administrative fee from the Central Corridor District to the General Fund to pay the remainder of the debt to the RDA. **The motion died for lack of second.** More Board discussion followed regarding the possibility of another grant or loan from the RDA for improvements in the NOP District, and the possible sources for repayment of such a loan. Thereafter **it was MSC (R. Meyers, C. Hill)** to pay the \$750,000.00 debt to the RDA by debiting \$375,000.00 of the payment to the NOP District, and \$375,000.00 of the payment to the General Fund.

5. Second Executive Session:

R. Ward called for a motion for the Board go into a second executive session to discuss a second matter regarding negotiations involving matters of trade or commerce in which the PDA is in competition with other governing bodies. **It was moved and seconded (R. Meyers, C. Hill)** to adjourn to executive session pursuant to Idaho Code §67-2345(1)(e). The **motion passed** by roll call vote (**Ayes: B. Blad, R. Bray, C. Hill, R. Meyers, and R. Ward; Nays: None**). The Board adjourned to executive session at 1:05 p.m. (**R. Meyers** excused himself at 1:07 p.m.; **B. Blad** excused himself at 1:10 p.m.) The Board reconvened to regular session at 1:31 p.m.

6. Adjournment:

There being no further business, **it was MSC (C. Hill, R. Bray)** to adjourn the meeting at 1:31 p.m.