

**POCATELLO DEVELOPMENT AUTHORITY MINUTES**  
Meeting April 17, 2013

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

**Members absent:** Karl Anderson, Darlene Gerry (excused), and Ryan Ward (excused)

**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.

**Vice-Chair R. Meyers** called the meeting to order at 11:01 a.m.

**1. Preliminary matters:**

A. Introductions, Conflicts, and Agenda. No guests were in attendance other than those individuals appearing on agenda items. Additions to the agenda included a presentation of a PDA Pre-Application Review Matrix by Lon Crowell, and a Legislative Committee Report by **R. Meyers**. No disclosures or conflicts with agenda items were acknowledged by the Commissioners.

B. Minutes. The minutes of the regularly scheduled meeting of March 20, 2013 were reviewed. It was **MSC (C. Hill, L. Fisher)** to approve the minutes as presented.

C. Financial Report. J. Higgins presented the financial report for the month of March, 2013. Total cash available as of March 31, 2013 was \$6,980, 932.80. During the month of March the PDA received cash in the amount of \$46,382.51, which included \$436.79 in interest, tax increment payments of \$35,945.72, of which \$7,840.41 was attributed to the Central Corridor District, \$3,586.81 was attributed to the North Yellowstone District, and \$24,518.50 was attributed to the Pocatello Regional Airport District (from Power County). The sum of \$10,000.00 was transferred to the General Fund from the Central Corridor District as an advance on the administrative fee from the Central Corridor. This amount is attributed as income to the General Fund, and as an expense to the Central Corridor Fund. Expenses for March totaled \$11,274.33, which included the aforementioned administrative fee of \$10,000.00, together with administrative expenses in the amount of \$158.03 from the General Fund, and arbitration fees of \$1,116.30. After a brief discussion, it was **MSC (C. Hill, M. Orr)** to approve the financial report for March, 2013.

**2. General Discussion Items:**

A. Positron Update. **R. Meyers** introduced Eric Oaas and Tim Wilson, President and Chief Technical Officer respectively, of Positron, who requested time with the Board of Commissioners in response to **Chairman Ward's** letter to Positron dated January 24, 2013. Mr. Oaas began his presentation to the Board by expressing his appreciation for the Board's patience with Positron over the last several years. (**B. Blad** arrived at 11:10 a.m.) Oaas presented a power point presentation which outlined two separate business opportunities being pursued by Positron. The first technology was Induced Positron Annihilation (IPA) technology, and the second was Phase Contrast Analysis (PCA) technology, which utilizes x-ray technology to determine and find hidden flaws in materials, such as aircraft. Oaas assured the Board that the PCA technology has a very significant marketability. He advised the Board that Positron is not asking for an extension on the payment of the \$400,000.00 promissory note owed to the PDA, but is proposing to pay back on the note over time. Tim Wilson related that the core technology for the IPA technology was developed at the Idaho State University (ISU) site. The technology

is being considered by the U.S. Air Force to address issues with metallic components. Following a more detailed presentation regarding the technology being developed by Positron, Oaas proposed a repayment schedule on the promissory note as follows: payments of \$1,000.00 per month beginning September 2013 through August 2013, followed by monthly payments of \$3,000.00 per month from September 2014 through August 2015, payments of \$5,000.00 per month from September 2015 through August 2016, and a balloon payment of \$292,000.00 on September 1, 2016. Discussion followed among Board members regarding the terms of payment of the promissory note and the nature of the collateral for the note, which is a leasehold interest in the Positron building situated on property owned by Idaho State University. Information was not readily available on the length of the term of the lease between Positron and ISU. D. Swindell advised the Board that although the failure of Positron to make timely payments on the note has prompted criticism of the development authority, the offer of monthly payments by Positron is a good first step at getting some return on the Board's investment. However, he noted that the Board may wish to consider the value of the collateral on the note prior to making a determination as to the viability of Positron's offer. J. Regetz noted that there has been some interest in the collateralized leased property by ISU and others in the recent past, but not necessarily anything that would be viable in the next year or two. After further discussion, **R. Bray** suggested that additional information be obtained regarding Positron's use of the collateralized premises as follows: 1) details of the lease between Positron and ISU, 2) if Positron would consider a more aggressive payment schedule, 3) the functionality of ISU's presence in Positron's endeavor, and 4) if there is another viable entity interested in the leased premises. **Bray** requested that this information be obtained for discussion at the next Board meeting. **M. Orr** further requested that the treasurer and financial division present an amortization of the payment schedule with regard to interest due on the promissory note at the rate of 5% interest since March of 2013.

B. BBAD Investments, LLC. Bill Isley and Brad Frasure appeared on behalf of BBAD Investments, LLC (BBAD) to discuss the \$200,000.00 promissory note due from BBAD to the PDA. Mr. Isley provided a brief history of the South Cliffs project and the PDA's investment in that project. Isley advised the Board that unlike the previously discussed matter (Positron), the PDA's collateral for BBAD's promissory note, consisting of six acres across from the existing BLM building, was strong and secure. However, he continued, BBAD's liquid assets are in a less desirable position, and the company is currently making deferred payments on its bank loans by paying only the accrued interest at this time. Isley provided information on the proposed construction of a BLM building on one of the lots in the South Cliffs subdivision which in Isley's opinion effectively precludes any future connectivity of the South Cliff lots to the South Valley Connector. Isley proposed the following terms regarding the promissory note owed to the PDA: 1) the due date of the promissory note be extended until the secured property is sold, or 2) convert the amount due into a grant, which BBAD could potentially use to obtain a loan from a bank and pay off a portion of the loan. Board discussion followed, during which time **M. Orr** inquired if the PDA was in a position to proceed with a foreclosure action. Isley advised the Board that although foreclosure could be pursued it would be foolhardy in light of the fact that BBAD pays its property taxes on the property, which is returned to the PDA in the form of TIF money. **C. Hill** asked if BBAD was in a position to make the interest payment due on the loan, and Isley stated if the Board would defer action for thirty days he would make a proposal to do that. **R. Meyers** reiterated the options available to the Board, which he considered to be: 1) convert the loan to a grant to allow BBAD to get refinancing and potentially see repayment within sixty days; 2) extend the term of the note with potential payment of interest due in thirty

to sixty days; or 3) start foreclosure proceedings on the collateral. Isley advised the Board that he would take preventative actions to halt any foreclosure action against the collateral, as afforded by law. Isley expressed an opinion that the BLM's decision to construct a new building has caused a loss to both the City of Pocatello, with regard to access to the South Valley Connector, and to BBAD with regard to its financial investment in infrastructure in the South Cliffs development. **M. Orr** expressed concern regarding the public's impression that the PDA does not collect on the debts owed it. After further discussion, **it was moved and seconded (M. Orr, B. Blad)** to extend the due date of the loan for ninety days from April 17, 2013, and if the loan is not paid in full, to proceed with foreclosure action. Discussion followed during which time **B. Blad** and **M. Orr** expressed concern that BBAD would preclude the PDA's ability to be repaid on the loan by evading foreclosure. **R. Bray** inquired if BBAD could pay \$1,000.00 per month on the debt. Isley offered to pay interest, or in the alternative, asked for a grant of half the amount due. **L. Fisher** inquired if BBAD could make payments if interest was waived. **R. Meyers** called for a vote on the **motion, which failed by a vote of two ayes (M. Orr, B. Blad) and three nays (L. Fisher, R. Bray, C. Hill)**. Thereafter **it was moved and seconded (R. Bray, C. Hill)** to accept a monthly payment of \$1,000.00 per month, to extend the loan for an additional two years, and to extend the interest requirement and payment. Thereafter, **R. Bray withdrew the motion**. After additional discussion **it was moved and seconded (R. Bray, C. Hill)** to extend the payment date of the loan until the sale of the property, but not later than five years from April 17, 2013, to require that interest be brought current within thirty days, and to require that payments of \$1,000.00 per month be made on the loan and accruing interest beginning June 17, 2013 until the principal is paid in full. **The motion passed by a vote of three ayes (R. Bray, L. Fisher, C. Hill) and one nay (M. Orr)**.

### **3. Executive Session:**

**R. Meyers** called for a motion for the Board go into an executive session to discuss a 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. Bray, 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, L. Fisher, C. Hill, R. Meyers, and M. Orr; Nays: None**). The Board adjourned to executive session at 1:16 p.m. (**C. Hill** left at 1:40 p.m.) The Board reconvened to regular session at 1:42 p.m.

### **4. Liability, Errors and Omission Insurance:**

D. Swindell presented the Board with a proposed policy for Board liability, errors and omission insurance from ICRMP to the Board, explaining that it was standard practice to protect a board with such a policy. After a brief discussion, **it was MSC (L. Fisher, M. Orr)** to expend money from the General Fund to purchase the insurance policy.

### **5. Adjournment:**

**It was MSC (L. Fisher, M. Orr)** to table the remaining business of the meeting, i.e., the Cheyenne Connector update, the PDA Pre-Application Review Matrix, and the Legislative Committee Report, until the next regularly scheduled Board Meeting. Thereafter, **it was MSC (M. Orr, R. Bray)** to adjourn the meeting at 1:45 p.m.