

**POCATELLO DEVELOPMENT AUTHORITY MEETING MINUTES**  
**November 19, 2014**

**Members present:** Brian Blad, Larry Fisher, Darlene Gerry, Cynthia Hill, Michael Orr (Chair), John Regetz (ex officio), Linda Tigert and Ryan Ward.

**Members absent:** Russell Meyers and Caroline Wight

**Staff present:** Lon Crowell, Executive Director; Merrill Quayle, City Development Engineer; Dean Tranmer, Tiffany Olsen and Kirk Bybee, City Legal Dept.; Joyce Stroschein, City Finance Dept.; Michael Jaglowski, Public Works Director; and David Allen, Airport Manager.

**Chair Orr** called the meeting to order at 11:02 a.m.

Introductions, Conflicts, and Agenda: Guests included Michael O'Donnell with the Idaho State Journal; Kaitlin Loukides with Channel 3 and 8 news; Bob Steinlicht, the Power County Administrator and Airport Commission Member; DeWayne Sudweeks, Airport Commission Chair; Molly Swallow with D.L. Evans Bank; and Buzz Pfeiffer and Jim Burdick with Idaho Power. Ryan Ward disclosed a conflict with Agenda Item No. 5. Chair Orr advised Agenda Item 3 (a) would be moved to coincide with Gateway West's request; Agenda Item 3 (b) would be moved to coincide with the CRS/BBR request; Agenda Item No. 6 would be moved to be presented after the Financial Report; Mayor Blad and Joyce Stroschein requested Agenda Item No. 7 be moved to before the currently scheduled Agenda Item No. 5. No deletions to the Agenda were made.

**1. Action and Discussion Items:**

Agenda Item No. 1: Minutes. The Minutes of the regularly scheduled meeting of October 15, 2014 were reviewed. It was **MSC (B. Blad, L. Fisher)** to approve the Minutes as presented.

Agenda Item No. 2: Financial Report. **J. Stroschein** presented the Financial Report for the month of October 2014. At month end the Authority had cash on hand of \$2,778,372.04. The checking account balance was \$2,032,419.42, the savings account was \$745,952.62, and cash being held by Zions Trust amounted to \$2,368,869.72. The Authority recognized modest financial activity during the month. It received revenues totaling \$2,269.52 of which \$860.03 was interest earnings on cash invested and property taxes. The \$1,000.00 payment received on the note receivable applied \$178.17 towards the principal of the note. Property tax revenue totaled \$1,231.32 for the North Yellowstone District. Expenses for the month totaled \$1,065,570.26. The Authority fulfilled the \$3.3 million to commitment previously granted for the South Valley Road project. The remaining expenditure was in the amount of \$148.80 for lunch. This report also serves as the year to date totals. It was then **MSC (B. Blad, C. Hill)** to approve the Financial Report as presented.

Agenda Item No. 3: Idaho Power Reimbursement. Buzz Pfeiffer with Idaho Power informed the Board the retainer balance after the construction study at the Airport was completed, there was a refund to the PDA in the amount of \$3,147. Pfeiffer requested permission to apply the reimbursement to the next phase of the project, the Construction Agreement and transformer bid process. He stated the funding for the transformer would need to be in place by December 2014 in order to meet Project Pipe's requested operational date of January 2016. If the early procurement cannot be obtained, an Agreement with the PDA to secure the funding can be prepared. B. Blad and/or L. Crowell will inform Idaho Power of the funding decisions for this project when the Board so authorizes. It was then **MSC (B. Blad, R. Ward)** to allow the

reimbursement of \$3,147.00 to be applied towards the next phase of the project. **Chair Orr** executed Idaho Power's letter acknowledging the same. Pfeiffer and Burdick left the meeting.

Agenda Item No. 4 (items c and d): Payment Requests/Reimbursements. It was **MSC (B. Blad, L. Tigert)** to approve payment to the Redevelopment Association of Idaho for the Board's annual membership dues in the amount of \$750.00 and \$1,500.00 for its contribution for legislative efforts.

Agenda Item No. 5: South Valley Road Request for Funds. Public Works Director Michael Jaglowski presented an update on the South Valley Road project. He informed the Board the last Phase of the project has gone out to bid and was awarded to WW Clyde from Utah. He is in negotiations with ITD to put the last few details of payment arrangements together. If and when additional funds are needed and the Board has funds available, he will return with a request for additional funds. No action was taken.

Agenda Item No. 6: Transfer of 10% Administrative Fee to the General Fund as Allowed by Statute and Pursuant to PDA Approval in April 2000. **J. Stroschein** informed the Board that traditionally the Board has waited until a TIF District is closed before transferring the allowed administrative fee to the PDA's General Fund. However, the administrative fee can be transferred prior to the closing of the District if the Board so approves. Because the State Statute does not define the percentage of administrative fee allowed, the Board voted to approve this percentage to be 10% at its April 2000 meeting; with no designation as to when the administrative fee can be transferred. The four open TIF Districts are (1) North Yellowstone; (2) Naval Ordnance; (3) North Portneuf; and (4) Pocatello Regional Airport. Of the four, Stroschein suggested not to remove any monies from the Pocatello Regional Airport TIF since it is going to increase in increment and has immediate needs for the funds. The North Yellowstone TIF District has debt service and is required to hold in reserve one payment of \$677,000.00. Given these exceptions, the 10% figure attributed to the North Yellowstone District is \$889,213.68; Naval Ordnance District is \$96,015.35; and the North Portneuf District is \$14,679.54, for a total of \$999,908.57.

**L. Crowell** and **J. Stroschein** explained there have been numerous requests for funds over the years and the Board General Fund has not been able to fund those requests. The transfer of the administrative fees on an annual basis could alleviate that issue. **D. Gerry** asked why we haven't done this before. **R. Ward** stated although we have taken the administrative fee from some Districts in the past, it typically has been done when the District closes. The Board has been commended for closing districts early and returning any remaining funds after the administrative fee is taken to the taxing authorities. **Chair Orr** asked if the funds transferred to the PDA General Fund could be applied to other City Departments, for example, the Pocatello Regional Transit Department. He was assured by **B. Blad** and **J. Stroschein** that those funds can only be used for economic development purposes by the PDA. **D. Gerry** asked why 10%, where did that number come from? **D. Tranmer** and **B. Blad** explained each TIF Plan is created with a line item for reimbursement of administrative fees of those individuals employed by the City who serve as staff to the PDA; although invoices are not actually created and hours are not tracked. **D. Gerry** asked if these administrative fees are going to be automatically transferred each year or by Board approval each October. **J. Stroschein** preferred to report to the Board each October, with the Budget presentation, what the administrative fees would be for that year and ask the Board to vote and approve or deny the transfer. **J. Stroschein** additionally requested the remainder of funds in the Central Corridor District, in the amount of \$1,903,612.06, to the PDA General Fund.

It was then **MSC (B. Blad, D. Gerry)** to transfer the Central Corridor funds, in its entirety, in the amount of \$1,903,612.06 and 10% (as of October 2014) of the funds in the North Yellowstone District (\$889,213.68); Naval Ordnance District (\$96,015.35); and the North Portneuf District (\$14,679.54) for a total of \$999,908.57 and to review the administrative fees on an annual basis.

Agenda Item No. 7: Select Financing Options for Infrastructure Improvements within the Pocatello Regional Airport TIF. **L. Crowell** represented the Airport TIF's infrastructure is severely deficient in multiple areas, specifically road, sewer, water, power and rail. There have been approximately 12 companies, 2300 jobs and over \$1.5 billion in investments, interested in the Airport property in the past few years and have passed due to the lack of infrastructure. **M. Jaglowski** went through several PowerPoint slides indicating the improvements and/or expansions needed.

In summary, the POWER will cost approximately \$3,921,000.00 in expansion costs. This will support a 20mW transmission line (10mW now and the ability for future expansion with an additional 10mW) and a dedicated distribution line. The WATER will cost approximately \$2,068,416.00 in maintenance costs for the waterline and water tank and approximately \$206,841.60 for a new water line. The RAIL will cost approximately \$1,638,385.00 in expansion costs. The SEWER will cost approximately \$224,495.00 for existing sewer line maintenance and approximately \$413,029.00 for expansion costs to install a new sewer lift station and sewer line. The ROAD will cost approximately \$188,620.00 in maintenance to upgrade the existing road and approximately \$494,374.00 in expansion costs for a new road. The maintenance costs total approximately \$2,481,531.00 and the expansion costs total approximately \$6,673,629.60. All figures disclosed in the slides are designed as estimates and contain a contingency for each utility.

**J. Stroschein** represented each City utility fund will cover the applicable maintenance costs. The expansion costs will require a loan be obtained for payment. D.L. Evans Bank and Citizen's Community Bank both submitted proposals for review. Chase Bank/JP Morgan representatives were going to submit a proposal but did not. Zions Bank was asked to submit a proposal and did not. **J. Stroschein** summarized the two written proposals as follows:

D.L. Evans Bank would process the loan request for \$6.1 million in two loans; one for \$4.1 million (for the electrical substation) with an interest rate of 2.99% and loan origination fees of 1% for the loan term of 19 years. There would be a onetime advance with interest only payments for 2 years. In the 3<sup>rd</sup> year, the loan converts to principal and interest payments. The bi-annual payment would be \$160,000.00. The second loan for \$2.0 million (for the rail) would require the same amount, \$2.0 million in pledged monies to be held in a Certificate of Deposit for 3 years. The interest rate has yet to be determined due to the dual ownership of rail spurs with a private party. In the third year, the loan would convert to normal financing if cash flow permits and an annual loan payment would be approx. \$150,000.00. If cash flow was not established to allow the loan conversion, the Certificate of Deposit would be cashed and the loan would be paid in full. Given this loan configuration, there would be some excess monies (approx. \$1,114, 244.00) available which could be applied to the maintenance costs.

Citizen's Community Bank would process the loan request for \$6.1 million in one loan; for a term of 19 years, with interest of 2.5% during the construction phase and then 3.5% for the remaining life of the loan. The loan terms are 2 years interest only converting to a principal interest loan in the third year. The reserve requirement would be the amount of one annual payment or \$474,258.00. Given this loan configuration, there would be some excess monies (\$673,629) available which could be applied to the maintenance costs. **J. Stroschein** felt it was prudent to have an annual payment around \$450,000.00. Given this reduced annual payment amount, the total loan would be reduced to \$5,750,000.00.

Given the fact D.L. Evans Bank had negotiated the loan configuration with Dave Swindell and not the current CFO/Treasurer of the PDA, Molly Swallow stated she believed given the information she obtained at today's meeting, D.L. Evans Bank could provide a better proposal for the two potential loan amounts.

Given this discussion, and to be fair to both banks involved, it was **MSC (D. Gerry, B. Blad)** to move forward with obtaining a loan from a financial institution for up to \$6.1 million and that each bank shall submit their best proposal to the City no later than Monday, November 24, 2014 at 12:00 p.m., for both loan amounts, \$6.1 million and \$5.75 million. A Roll Call vote was taken by the members. **Aye: Blad, Fisher, Gerry, Hill, Orr, and Tigert. Nay: None. Abstain: Ward due to conflict.**

Agenda Item No. 8: PDA Bylaws, Proposed Amendments. It was **MSC (B. Blad, L. Tigert)** to approve the amended Bylaws, as presented. The Bylaws were routed for signature by the Board Members present.

Agenda Item No. 9: Positron, Inc. Foreclosure Update by Kirk Bybee. Kirk Bybee gave a brief history of how the PDA got to where they are today. In April 2014, the PDA approved to spend up to \$5,500.00 to retain attorney Craig Christensen's legal services to pursue a non-judicial or judicial foreclosure of the Position property. Alliance Title believed a non-judicial foreclosure was possible and attempted to obtain underwriting for the same. Unfortunately, the underwriter's did not feel comfortable moving forward in that direction. It appears the PDA will have to go through a judicial proceeding. K. Bybee cautioned since the PDA has yet to receive a billing from Christensen, and his knowledge the foreclosure process and fees associated therewith, he expected the legal fees to exceed the previously approved \$5,500.00. **R. Ward** asked to receive a written update on the matter and include therewith potential costs and fees associated with moving forward from Christensen before a Complaint was prepared. K. Bybee agreed to relay the same to Christensen. No action was taken.

Agenda Item No. 10: Payment Request 3(a) and CRS/BBR Change Order Request for Rail at the Airport. It was **MSC (B. Blad, C. Hill)** to approve the payment request to Balfour Beatty Rail in the amount of \$4,489.10, as approved at the April 2014 meeting. Additionally, it was **MSC (R. Ward, B. Blad)** to approve the addition of up to \$2,750.00. for the design portion of the rail to be used by Project Pipe that was not included in the previously approved up to \$7,500.00 to CRS/BBR in the April 2014 meeting.

Agenda Item No. 11: Payment Request 3(b) and Gateway West Industrial Center's Request for TIF Funds to repave roadway within the NOP TIF District. M. Quayle explained Gateway West's request for approximately \$100,000.00 to repave the private roadway within the Naval Ordnance Plan TIF District. **B. Blad** commented it was a difficult request to grant due to the fact it needs to be repaved from on-going deferment of proper maintenance. The Board had several questions for Gateway West and requested a representative be present when the request is on a future agenda to answer those questions. M. Quayle will relay the same to the Gateway West representatives. No action was taken.

## 2. Adjournment:

There being no additional business and no matters for executive session, it was **MSC (B. Blad, C. Hill)** to adjourn the meeting at 1:25 p.m.

By:   
Tiffany G. Olsen, Secretary