

POCATELLO DEVELOPMENT AUTHORITY MEETING MINUTES
July 14, 2015

Members present: Brian Blad (arrived 11:12 A.M.), Chad Carr, Larry Fisher, Russell Meyers (via telephone), Michael Orr (Chair), John Regetz (ex-officio), and Linda Tigert.

Members absent: Cynthia Hill, Scott Smith, and Thomas Ottaway.

Staff present: Lon Crowell, Executive Director; Aceline McCulla, Planning & Development Services Dept., Joyce Stroschein, City Finance Dept., Dean Tranmer City Legal Dept., and Merrill Quayle, Development Engineer.

Chair Michael Orr called the meeting to order at 11:07 a.m.

Introductions, Conflicts, and Agenda: **Chair Orr** introduced the guests in attendance that included Mark Lupo with Idaho Power and Logan McDougal, City Public Information Officer.

Chair Orr mentioned that Mark Lupo would speak after the Financial Report, that Agenda items 6 and 7 would be moved to the next meeting, and there were no conflicts with the agenda items.

1. Action and Discussion Items:

Agenda Item No. 1: Minutes. The Minutes from the regularly scheduled meeting of June 17, 2015, were reviewed. It was MSC (**L. Fisher, L. Tigert**) to approve the Minutes as presented. The Minutes from the Special meeting of June 22, 2015 were reviewed. It was MSC (**L. Fisher, R. Meyers**) to approve the Special meeting Minutes as presented.

Agenda Item No. 2: Financial Report. J. Stroschein stated at month end, the Pocatello Development Authority (PDA) had cash on hand of \$5,727,945.08. The checking account balance was \$3,832,180.02 and the savings account was \$746,945.08. PDA recognized normal financial activity during the month of June. PDA received revenue totaling \$140,069.72, which \$1,676.89 was interest earnings on cash invested. The \$2,000.00 received on the note receivable applied \$367.63 towards the principal of the note. There were two payments made for May and June this month. Property tax revenue totaled \$138,025.20 for the North Yellowstone District and North Portneuf District. Expenses for the month totaled \$122,129.65. The expenses included the payment of \$99,988.00 for the Gateway West Economic Grant. The payment to T-O Engineering totaled \$9,173.64 for the cat ex work on the Airport property related to Project Pipe. The Legislative Fund contribution of \$8,500.00 was paid to the Redevelopment Association of Idaho (RAI). The remaining administrative expenses for lunch, meeting supplies and annual audit (\$4,180.00) totaled \$4,468.01. Year-to-Date (YTD) revenues of \$4,074,977.30 (see page 3) were less than expenses of \$4,557,574.72. The General Fund District had a net YTD income of \$2,888,075.00. **Chair Orr** asked Stroschein if the \$885.00 membership paid was for T-O Engineering. **Stroschein** commented the \$885.00 was for RAI and T-O Engineering was paid \$9,173.64. It was MSC (**L. Tigert, C. Carr**) to approve the Financial Report as presented.

Agenda Addition: Mark Lupo, Idaho Power, present a refund check for the Engineering Study on the Project Pipe Project. Mark Lupo presented a refund check, which the PDA gave Idaho Power for an engineering study that was done for Project Pipe at the Airport. Idaho Power requested the check for \$1,033.42 be returned to the PDA, since Project Pipe is on hold or not moving forward at this time. Lupo provided J. Stroschein with a copy of the explanation to accompany the check.

Agenda Item No. 3: Bannock County Development Corporation- Site Ready Cost Share by John Regetz. John Regetz stated that he and Mark Lupo were requesting \$3,125.00 to co-fund a Site Readiness Study and Evaluation Program in a partnership through the Department of Commerce and Idaho Power. These efforts would help determine what needed to be done in industrial parks and potential sites and would provide steps on how to prepare prospective sites for future prospects for economic development corporations, cities, and other development entities in the State of Idaho. **L. Crowell** commented the property would be classified as site-ready for prospecting companies, and others like it would know that Pocatello had property ready. **C. Carr** asked if the site-ready classification was included in the \$6250.00. **J. Regetz** stated it was included. **Chair Orr** asked if Idaho Power was doing the study. **M. Lupo** stated Idaho Power was paying someone to do the study, and that Idaho Power was a partner and would pay half the cost, \$6,250.00, of the Stage 2 application. The other half of the \$6,250.00 would be split between Bannock County Development and PDA. The site selected for this study was the Pocatello Regional Airport. **J. Regetz** clarified the funding: Idaho Power paid \$500 for the Stage 1 Qualification Application, and Bannock County Development would pay \$3,125.00, PDA would pay \$3,125.00 and Idaho Power would pay \$6,250 for the Stage 2 Site Readiness Study and Evaluation application. **Chair Orr** asked what acreage was included at the Airport. **J. Regetz** stated 700 acres, all the industrial and commercial property in the airport that was ready or targeted for development. The study required a minimum of 50 acres to qualify; the Pocatello Regional Airport also qualified as a supersite, because multiple projects could be placed at this location. **B. Blad** noted it was a super site, not a super-fund site. **C. Carr** asked what the DOC's role would be in the partnership. **J. Regetz** stated they would promote and coordinate with all the economic development companies. **L. Crowell** mentioned the DOC would help market the properties that were site-ready. **B. Blad** noted there had been a big push over recent years for site-ready property that could be shown and was be ready to begin building within a week to a few months. This program would speed up the process and get businesses in Pocatello. **J. Regetz** commented that the important points were to identify what steps were needed for infrastructure, what the assets were, and what was the time frame for assets to be established. Mitigations would provide information that was significant in risk management for any investing company to undertake a mortgage. **L. Tigert** inquired about PDA's financial commitment. **M. Lupo** stated Idaho Power paid \$500 for the Stage 1 application process and \$6,750.00 toward Stage 2, with PDA and BCD each paying \$3,125.00 toward Stage 2 for the Pocatello Regional Airport site to be site-ready. **Chair Orr** asked if the FAA would recognize the site-ready report or if the PDA needed to defend the study report results? **L. Crowell** stated this process would identify everything needed to be done at the airport, if it had not been done already. The report provided phase work timelines, (how long to put in rail, how long to put in the additional road, and sewer). The FAA and any prospective company would know up front information on infrastructure, asset information, and what sites were available. **Chair Orr** asked if the City Engineers would be able to do this study. **L. Crowell** stated this was a site-selecting broker, one of the biggest in the Country; it was about marketing and nothing to do with engineering. **B. Blad** asked if this company worked with the State. **L. Crowell** commented that

prospects go through this company, who then contact the DOC with a prospective company interested in Idaho that is this company. **J. Regetz** mentioned this program provided credibility, a site selector would talk with other site selectors about what was ready, and what needed to be done, and it was an independent firm. **M. Quayle** mentioned the site selectors will be asking the City engineers and other departments questions on the site property and they will fill in the blanks (timelines, costs, materials) needed to complete the report. It was MSC (**B. Blad, L. Fisher**) to approve the \$3,125 expense for the Site Readiness Evaluation Program and payment made from the Pocatello Regional Airport TIF Fund.

Agenda Item No. 4: Ratification of Positron Systems, Inc. counter proposal vote taken via email and a Litigation Update. **Chair Orr** reminded the board that they motioned to request the Deed in Lieu of Foreclosure, the PDA would offset the unpaid interest of approximately \$100,000.00 for infrastructure, and Positron would vacate the property. Legal had been in contact with ISU as to their role in this and the \$400,000.00 would be forgiven and Positron would be relieved of all liability. There had been conversations with Craig Christensen in lieu of foreclosure except those related to environmental issues. **D. Tranmer** discussed the payment history of Eric Oaas, which **Chair Orr** discussed in the introduction. **Tranmer** stated ISU would inventory the building and forgo the utilities owed in order to lease the building out again and that Craig Christensen was in contact with E. Oaas. **Chair Orr** mentioned that the PDA and C. Christensen had discussions to resolve this issue with the counter proposal attached, which the PDA voted on by email and it was approved with a majority vote. **B. Blad** asked if a time line was given, and **Chair Orr** noted the counter proposal was dated July 17, 2015. **Chair Orr** commented that E. Oaas understands he could not defend himself. It was made known that E. Oaas needed to seek legal counsel if this was proceeding to court. This was approved up to \$5,000.00. **Orr** commented that PDA needed to recoup the \$400,000.00 and ISU had lease option interests for the building.

L. Tigert asked why the ratification was needed, if it was voted on via email and approved. **Chair Orr** explained by ratifying it in the minutes there would be a documented paper trail, and it was cleaner to ratify an email vote during the next face-to-face meeting.

It was MSC (**B. Blad, C. Carr**) to ratify the attached counter proposal vote taken via email and to send the attached Pocatello Development Authority v. Positron, et al Case No. CV-2015-1377-OC Counter Settlement Proposal.

Agenda Item No. 5: North Portneuf TIF District: Hoku/Agreement providing for repayment and conveyance of real property. **Chair Orr** recapped that the PDA authorized the repayment of \$300,000.00 on October 1, 2015, to the City of Pocatello for the purchase of the Hoku property upon condition. It was not clear how much to pay the City back. **L. Crowell** presented a PowerPoint illustrating the existing districts and how much time was had left on each one. This is important, because the only District performing was the North Yellowstone District TIF with about 12-years remaining. The North Portneuf was established in 2001 and expired in 2031, which left about 15 years in this district, and PDA agreed to pay the \$300,000.00 in requested conveyance; the City Council agreed to this concept. The biggest question was should the PDA own ROW, the PDA has land and ROW, and **L. Crowell** recommended the PDA not own ROW. Whether the PDA reimbursed the City for that or not is a different question, but as far as a Deed, **Crowell** recommended the PDA not own ROW in the Hoku land itself. **L. Crowell** referenced the second map of the presentation that addressed the ROW, shown in blue, and that

the City would want that on the Hoku property, which was approximately 400,000 square feet. However, L. Crowell recommended PDA retain an easement for that particular property and separate it by deed, that way PDA could require the developer or buyer to construct the road rather than they request the City to build the road. L. Crowell referenced parcels 1, 2, 3, and 4, and included parcel 9 and its easements verses parcels 5, 6, 7, and 8, which was ROW. **L. Tigert** asked if parcel 4 included the property across the railroad. **L. Crowell** stated it was purchased for the bridge for the ROW, and there may be some land available after the bridge was constructed, and it would be beneficial for the PDA to own because PDA could sell the land verses having to auction the property, or leave it vacant. **J. Stroschein** reviewed the Hoku land purchased, when looking at the maps Joyce identified the land parcels 1, 2, and 3 and various expenditures related to the properties of \$942,975.32, which included broker fees, survey of land, railroad engineering review, and purchase price, shown on the list provided. Parcel 4 was purchased for Highway 30 and the railroad overpass site for \$128,742.50, less DOC grant funds of -\$55,614.85 leaving \$73,127.65 that was paid by the City, plus the additional costs paid by the DOC grant of -\$147,563.15 for the waterline relocation, the fence and slats, and a portion of the ROW at RR overpass site. **The total cost of land was \$1,016,102.97 less the November 2014 payment of -\$450,000.00, less the October 2015 payment of -\$300,000.00, leaving a remaining balance of \$266,102.97, which was noted in payment options on page one of the handouts.** Joyce went over the payment options on the handout. Option 1 – 15 years/\$17,740.20 annual payment; Option 2 – 7 years/\$38,014.71 annual payment, Option 3 - 2 years/\$133,051.49 annual payment, Option 4 - 1 year/\$266,102.97 one payment, and Option 5 - 12 years/\$22,175.00.24 annual payment. **R. Meyers** clarified with Joyce that the amount owed was inclusive with principal and there was no interest applied to this amount. **J. Stroschein** stated that was correct. The land purchase of Great Western Malting Co. access road was originally set up as an interest-bearing loan with land purchased for \$174,000.00 and interest of \$2416.46. Then the Parrish Property appraisal of \$1,600.00 and Title & Escrow for \$147,562.11 and the purchase of the H&H Dive property Title & Escrow for \$11,365.14. The report handout identified the properties and the ROW purchased with their costs. The ending cost to the City for all ROW purchases was \$340,843.71. **M. Quayle** pointed out that the placement of the #8 property was not located in the correct location on the map. **L. Crowell** would update the map. **Chair Orr** advised the board that he, Lon, and Joyce met last night to discuss the property purchased and recommendations of what the City and PDA should own or not own. The recommendation was that PDA reimburses the City for parcels 1, 2, 3, and 4, and consider parcel 8, the rail site for \$11,365.14. It was noted that the County records and the City documents and figures did not match. **R. Meyers** commented that the previous discussion was to purchase properties 1, 2, 3, and 4 and he did not see any advantage to purchase parcel 8 ROW. At this time, these four properties would allow PDA to recover some of the expenses, and if the ROW would come up relative for a future prospect, PDA could look at parcel 8 at that time. **Chair Orr** noted it would benefit PDA to purchase parcel 8 ROW next to the rail for the \$11,365.14 to allow for the rail site. **R. Meyers** stated that was fine. **L. Tigert** mentioned there was not a copy of Deed for parcel 4. **L. Crowell** commented PDA owned the land and did not include the paperwork, but could request it form the City Surveyor. **Chair Orr** commented it was for the overpass and it would be required for a secondary emergency access. **L. Tigert** asked if there was any liability associated with this parcel, an underground storage tank, or anything like that. **M. Quayle** noted it was not the Stinker Station but the property behind it, which was the Smith Ready Mix. He was not aware of any tanks or anything on the site. **L. Crowell** suggested the PDA should include in the proposal that the site be cleaned. **Chair Orr** asked that Legal review the document with JH Kelley to verify the lease due date of January 21, 2017, and if are they liable

to remove and demo all the concrete structures that are in there. Chair Orr received an email from JH Kelley's marketing group to market the plant, who asked if PDA was buying the property, was the PDA interested in buying the office building. Chair Orr stated he could not answer that, as the lease comes due and the building is on the property, if JH Kelley wants to buy the property that was an option, the point was PDA wants the property back on the tax role and wanted a paying employee in there. The City would be transferring the lease to the PDA and PDA needs to make sure a tenant would use the building as is or the site would need to be leveled and cleaned up to sell. Chair clarified that the agenda item today was to approve the reimbursement to the City for the balance of \$277,468.11, which includes the purchase of the parcels 1, 2, 3, 4, and 8. The sale of assets on parcel 4 would reduce the tax income and soon be a zero tax income.

It was MSC (**R. Meyers, L. Fisher**) to approve the Hoku Agreement providing for repayment and conveyance of real property. **PDA would purchase parcels 1, 2, 3, 4, and 8, which were identified in the Exhibit Map Lon Crowell presented, from the City of Pocatello for \$1,027,468.11, the total before \$450,000.00 was paid in 2014 and \$300,000.00 would be paid in 2015, and enter into a purchase agreement for the remaining \$277,468.11, to be paid over 15 years with an annual payment of \$17,740.20. It was requested that Legal review the contract for JH Kelley, verify that the property was cleaned per the current agreement, and verify the lease expires on January 21, 2017. Since the H&H Dive property was not located within the North Portneuf TIF District and the \$11,365 would need to come from the PDA General Fund to reimburse the City. In addition, the PDA asked if Legal would verify that parcel 4 had a clean title, an environmental scan was performed, there were no easements or encumbrances, and that the City of Pocatello retain an easement for a public road, greenway trail, sewer, and water.**

Agenda Item No. 6: Recognition of Linda Tigert's service as a Board Member from March 19, 2014 to July 14, 2015. Ms. Tigert was nominated in March 2014 by the Bannock County Commissioner's to fill their Board Member seat as their designee. Her service was recognized by the adoption of the attached Resolution.

This item was moved to the next PDA meeting after the Bannock County Commissioners determined a replacement for Linda Tigert.

Agenda Item No. 7: Vote to Approve NEW PERSON, Bannock County Planning Director, to replace the County Commissioner's seat as their "designee":

This item was moved to the next PDA meeting after the Bannock County Commissioners determined a replacement for Linda Tigert.

With no other business, it was MSC (**L. Tigert, C. Carr**) to adjourn the meeting at 12:09 P.M.

By: *Aceline McCulla*
Aceline McCulla, PDS Executive Assistant