

POCATELLO DEVELOPMENT AUTHORITY MEETING MINUTES  
911 N 7<sup>th</sup> Avenue, Pocatello, ID  
Paradise Conference Room  
August 19, 2015

Members present: Brian Blad (arrived 11:37A.M.), Larry Fisher, Russell Meyers (via telephone), Michael Orr (Chair), Scott Smith, and Linda Tigert.

Members absent: Chad Carr, Cynthia Hill, 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., Michael Jaglowski, Public Works Director, Merrill Quayle, Development Engineer, Logan McDougal, City Public Information Officer, and John Regetz (ex-officio).

**Chair Michael Orr** called the meeting to order at 11:04 a.m.

Introductions, Conflicts, and Agenda: **Chair Orr** did not recognize any conflicts and requested Agenda Item 1B be scratched, as payment for this invoice had been approved in a previous meeting.

**Action and Discussion Items:**

Agenda Item No. 1: Minutes. (A) The Minutes from the regularly scheduled meeting of July 14, 2015, were reviewed. It was MSC (**L. Tigert, L. Fisher**) to approve the Minutes as presented. (B) The Minutes from the Special meeting of June 22, 2015 were reviewed to amend the term PDS to PDA in the Motion as presented in the agenda packet. It was MSC (**L. Fisher, L. Tigert**) to amend the minutes from June 22, 2105 to correct PDS to PDA in the Motion as presented in the Agenda packet.

Agenda Item No. 2: Financial Report. **J. Stroschein** presented the financial report and stated that at month end the Authority had cash on hand of \$6,265,925.68. The checking account balance was \$3,370,106.08, the savings account was \$746,120.02, and cash held by Zions Trust amounted to \$2,149,698.88. The PDA recognized above normal financial activity during the month of July. The PDA received revenues totaling \$541,366.96, of which \$903.18 was interest earnings on cash invested and property tax. The \$1,000.00 received on the note receivable applied \$184.97 towards the principal of the note. Property tax revenue received totaled \$509,465.69 for North Yellowstone District, Naval Ordnance, North Portneuf District, and Pocatello Regional Airport. PDA was refunded \$98.80 for the cost of the original checks because they were not the correct type. Expenses for the month totaled \$3,386.36. The expenses included the payment of \$3,125.00 for the Idaho Power Site Readiness Evaluation. The remaining administrative expenses were \$261.36; the breakdown was \$176.75 for lunch and \$84.61 for replacement checks. Year-to-date revenues of \$4,616,344.26 (see page 3) were greater than expenses of \$4,560,961.08. The General Fund District had a net income YTD of \$2,887,931.45. It was MSC (**L. Tigert, S. Smith**) to approve the July Financial Report as presented.

Agenda Item No. 3: Approve or amend the 2015-2016 Fiscal Year Budget. **J. Stroschein** stated the budget was being addressed prior to Fiscal Year 2016 beginning, and last year it was looked at after the budget year began. The beginning values were pulled from the July end of month totals for the cash fund for the various districts totaling \$6,265,923.00. What she had proposed for the budget on the income side was to build a placeholder with the \$164,669.00, if PDA decided to transfer the 10% from the Districts to Administrative fees in the expenditure section. The \$20,000.00 would come from the Central Corridor, which was a closed district from the taxing side, however, PDA received \$1,000.00 per month from a note outstanding with BBAD Investments, and there was some beginning balance left over. Stroschein proposed moving those dollars back into the General Fund. If she cannot collapse this note into the General Fund, Stroschein would have to keep it open and the PDA would need to make an administrative decision to move the dollars to the General Fund later. Stroschein proposed the North Yellowstone District 10% would be \$128,905.00 and the Naval Ordnance 10% would be \$15,764.00. With the payments PDA would be making to the City, in regards to the conveyance of the Hoku, Smith, and H&H Dive properties, the funds were placed under the City Debt payments and there would not be any money left to move, because PDA would be using everything available to meet the payment schedule. In 2015 PDA did not move anything from the Airport District because of the work being done out there and Stroschein did the same for 2016. There was a little bit of interest income under the General Fund of \$190.00 and the Central Corridor of \$10,100.00, and \$1,900.00 from monthly payments from BBAD Investments. Under North Yellowstone was an estimated property tax of \$1,288,215.00 and interest income of \$2,646.00, the Naval Ordnance property tax was \$157,640.00, the North Portneuf property tax was \$110,000.00, and the payment in July was approximately \$70,000.00, so technically the expectation for 2017 would be about \$140,000.00. Stroschein trimmed it down and identified the interest income of \$1,173.00 actually came from delinquent tax payments, and the Airport property tax was \$111,376.00. **R. Meyers** asked if she could find a better solution to increase interest on the General Fund's money, \$3,132,819.00. There was a significant difference between North Yellowstone and North Portneuf interest rates and the General Fund interest rate. **J. Stroschein** stated she would contact Wells Fargo and see if she can get a better instrument, however, it would depend on what PDA plans are for that money, the funds could not be tied up too much. She would need to keep it liquid or PDA needs to make a determinate of how much money would be available for a longer-term investment.

**J. Stroschein** moved to the expenditures section. Under General Fund in the Contingency line item was \$250,000.00 for demolition and \$300,000.00 for payment to the City. Under North Portneuf was the full amount for the City Debt payment of \$253,563.00. The Naval Ordnance is consistent with the past contingency of \$150,000.00, and the same with the Airport District of \$250,000.00. The last payment under North Yellowstone is the Costco Employment Incentive \$122,015.00. The administrative fees Central Corridor \$20,000.00, North Yellowstone \$128,905.00, Naval Ordnance \$15,764.00, Current Year Debt \$677,459.00, Luncheon costs \$1600.00, office expenses \$200.00, Dues and Memberships to RAI \$10,750.00, Errors and omission insurance due September \$1,069.00, and Banking and Professional Services Deaton Audit \$4,500.00 and North Yellowstone Trust Account Fee \$5,000.00. **S. Smith** asked **J. Stroschein** to explain the Administrative fees. **J. Stroschein** explained the administrative expense was what was allowed to be pulled from each District that earns revenue to provide PDA funding in the General Fund to manage your board and assist with allowable project costs. **L. Crowell** clarified that the language was directly from Idaho State Code. It was MSC (**B. Blad, L. Fisher**) to approve the 2015-16 Budget and to clarify that an addition action by the

board needs to be taken to transfer the 10% Administrative Fee from the Taxing Districts to the General Fund.

Agenda Item No. 4: Payment Requests/Reimbursements.

- (A) Motion to approve Joyce Stroschein signing the Deaton Company's understanding of services letter for the 2015 fiscal year Audit. **Chair Orr** asked Joyce if this letter was authorize them to perform the audit. **J. Stroschein** clarified that Deaton Company required this letter for engagement that identifies what services they would provide and their process throughout the audit. It was MSC (**S. Smith, L. Tigert**) to have J. Stroschein sign Deaton Company's Understanding of Services letter.
- (B) Approve T-O Engineers Invoice 450006-4 for \$16,003.45 - North Wind's services on Project Pipe environmental analysis and expenses. **Chair Orr** stated this item was stricken, as this invoice had been approved for payment in a previous meeting and the invoice was just received. A. McCulla and J. Stroschein would research the Proposal submitted for approval in February 2015 from T-O Engineering and present the findings at the October meeting.

Agenda Item No. 5: Approve the agreement to purchase Hoku property and conveyance of deeds. **L. Crowell** stated the board might recall this agreement went to the City Council, and the agreement was described to the Council as written. He did not have any comments and felt it was a good agreement. Lon did not have anything more to add, and he asked if anyone else had comments or more to add. He stated that this was what the PDA agreed to, except that a date was not set to pay the City back \$11,365.14 for the H&H Dive property. The \$11,365.14 would come from the general fund because it was not located in the TIF District. The PDA may decide if this should be paid now or over the next 15 years. **Chair Orr** clarified the parcels 1, 2, 3, 4, and 8. **L. Crowell** noted it also included easements the Council requested the Smith property, behind the Stinker Station, be included as an easement for the bridge. **Chair Orr** asked if the bridge would take up most of the property, because if it did, would it be worth the PDA buying the property. **Quayle** stated the majority of the property would be encumbered for the overpass. **Chair Orr** believed all the parcels were included in the total amount mentioned and it would be repaid over a 15-year period. **L. Crowell** stated it was included in the \$300,000.00 and could be paid over 15-years, but the \$11,365.11 would need to come from the general fund. **Chair Orr** asked if the PDA wanted to pay for the H&H Dive property now. **L. Tigert** asked if the discussion was to amend the agreement to pay for the H&H Dive property. **R. Meyers** read the motion from the minutes, just approved, in the packet and wanted to stay with the payment plan. **D. Tranmer** stated it would not be part of the installment payments. **Chair Orr** commented that the installment payments would include the \$11, 365.14. If PDA needs to address that money separately, it may affect the payment schedule. **J. Stroschein** reviewed her notes and clarified that the \$11,365.14 H&H Dive property payment was included in the October 1, 2015 payment of \$300,000.00, and the \$17,740.20 monthly payment amount did not include the H&H Dive property. The date of payment that included the H&H Dive property had already been identified. **R. Meyers** recommended PDA stay with the plan originally approved and ear mark the H&H Dive property purchase funds to be paid from the general fund as part of \$300,000.00 payment being made on October 1, 2015.

**Chair Orr** asked D. Tranmer and L. Crowell if that would be satisfactory. **D. Tranmer** stated it would make the Deed and Conveyance process easier and with regard to the installment payments or the buy sell agreement he would work something in, but he did not know if the Council would agree to deed the land with an installment payment plan. **R. Meyers** commented that the City Council could convey the Deed upon the signing of the agreement, not upon final payment of the installments, correct. **D. Tranmer** commented that they could, yes. **R. Meyers** clarified that in the original proposal to the City Council, the PDA requested to convey the deeds upon signing of the installment agreement not the final payment, right. **L. Crowell** and **J. Stroschein** confirmed that the Council agreed to convey the deeds upon signing of the installment agreement. **S. Smith** asked if paragraph 16(d) could be removed to eliminate confusion about the H&H Dive property for the \$11,365.14, and to add a sentence to paragraph 16(b) stating that the October 1 payment of \$300,000.00 to the City included the payment for the H & H Dive property of \$11,365.14, and that the H & H Dive property be conveyed on October 1 with the other properties at the finalization of the agreement with the first installment payment. **S. Smith** asked for clarification when the deeds would be conveyed, as he could not identify all the properties. He stated the first three paragraphs identified three different properties, and paragraphs 13 and 16 referred to only the Hoku property. He asked where the Smith property and the H & H Dive property were discussed concerning the conveyance of property. **M. Quayle** stated paragraph 5 did not include the Hoku property. **S. Smith** recommended adding the same language as paragraph 5 to paragraphs 13 and 16, where it discusses conveyance of the property to include all the properties to be conveyed. Use the same language in all the paragraphs that discuss conveyance of deed. **Chair Orr** asked when the PDA would want to convey the property. **J. Stroschein** mentioned the \$300,000.00 payment was scheduled for October 1, 2015, possibly on that day or after that date. **Chair Orr** reminded the board that PDA was bound to a lease through January 21, 2017. **R. Meyers** suggested the conveyance occur on October 1, upon payment of the \$300,000.00 and include the date in paragraph 16(b). **S. Smith** recommended stating conveyance would take place upon payment of the \$300,000.00, with the \$300,000.00 referenced in paragraph 16(b). **M. Orr** stated a motion was not needed, as the board was only giving legal direction on the document. **S. Smith** wanted to clarify if the PDA could afford this and **J. Stroschein** stated the PDA could afford this purchase.

Agenda Item No. 6: Reimbursement of Airport Professional Services Agreement for T-O Engineers for release of all applicable airport land. **L. Crowell** stated the previous payments were for Project Pipe and the engineering work was required for the CATEX related to that also. This payment request went to City Council and the work completed was to remove the final 900 acres of the designated property from the Airport AOP. PDA paid the previous amounts towards the Pipe Project and a lot of groundwork was done already, this portion was less expensive. The \$6,965.00 was the estimate for the remaining costs for the AOP removal. **Chair Orr** asked if this would complete all of the work by T-O Engineers for presenting all the information to the FAA, is that where this is going. **D. Allen** commented that this would complete all the necessary environmental review on 900 acres that we proposed to remove from the property map, so that we are not under the FAA anymore. It has already been submitted to the FAA. **Chair Orr** asked if the work had been done and PDS was asking for reimbursement, which **L. Crowell** confirmed, PDS had paid for this and Council approved asking the PDA to reimburse PDS for this amount because the expense was for a project located within a TIF District. It was MSC (**R.**

**Meyers, S. Smith**) to reimburse PDS the \$6,965.00 for the engineering required for the CATEX to remove the remaining 900 acres from the Airport AOP.

Agenda Item No. 7: Positron Systems, Inc. Litigation Update. **Chair Orr** presented a brief history stating that in 2003 the PDA loaned Positron \$400,000.00 with no payment activity until 2013, when PDA called the loan for the full payment, and communication ceased until the first quarter of 2015. Mr. Oaas, CEO of Positron had signed the litigation document, the Deed in Lieu of Trust that the PDA requested. Oaas was given 90 days to remove his property from the premises. The other issue PDA was waiting on was whether the Title Company will guarantee a Clear Title, as PDA only had the lease to the property. As of today, Oaas was completely out of the building and PDA could begin marketing the building, per Attorney Christensen. Chair Orr requested an original signed document for PDA records to have available for future issues. This would allow the PDA, the City, and ISU to acquire a paying tenant for the building and increase employment opportunities for Pocatello's growth. **M. Quayle** mentioned Mr. Christensen contacted him and that he and the City Surveyor Mark Jensen would meet at ISU with the Title Company to lay out a description for the exact property and identify the easements to access the property to complete the Title process. **S. Smith** wanted PDA to know that attorneys from Smith's firm represented ISU concerning this issue, he did not believe there was a conflict, but wanted to disclose this information.

Agenda Item No. 8: Resolution recognizing Linda Tigert for her service to the Board. **Chair Orr** commended Ms. Tigert for her services as a Board Member from March 18, 2104, to August 19, 2015. A Resolution was adopted by the Board **Resolution 2015-3: MSC (B. Blad, L. Fisher)** for her valuable insight, guidance, and leadership to the board. The Board wished her the best of luck in her new position with Bannock County and appreciated her service.

Agenda Item No. 9 Vote to Approve Howard Manwaring, Bannock County Commissioner, to fill the County Commissioner's seat on the Board: Pursuant to the PDA Bylaws, one seat of the PDA Board of Commissioners shall be occupied by a Bannock County Commissioner or his/her designee. Due to the County's designee, Linda Tigert, giving her resignation due to a change in position with the County, the Commissioners have nominated Howard Manwaring, Bannock County Commissioner, to fill this designated seat at the Board, which seat's term expires on May 1, 2018. It was MSC (**B. Blad, L. Fisher**) to replace the County Commissioner's seat with Howard Manwaring, Bannock County Commissioner with a term expiration of May 1, 2018.

Agenda Item No. 10: Brief Construction Update on Airport Development Project by Michael Jaglowski. **M. Jaglowski** presented a brief update on the maintenance project at the airport. First, M. Jaglowski stated the water tank project was approximately 75 percent complete and would be completed by December 31, 2015. The Public Works posted biweekly updates on their webpage, and the department was working to educate City staff and the public to visit the website for up-to-date information. Logan wanted to schedule a media day within a month in a half for the booster pump station. Second, **M. Quayle** discussed the sewer project that began last week. The Contractor reconstructed under 1300 lineal feet of 8-inch sewer with upgrading the manholes. By the October PDA meeting, M. Quayle expected the sewer project would be complete. Third, the Pipe Lining project, for pipes not as derogated, would begin within the next two years. Following the lining project, the main line going down Thunderbolt to feed what was the Project Pipe property would be completed. **Chair Orr** asked if the tank going in was in undisturbed ground, so you did not have to remove a previous tank. **M. Jaglowski** stated it was

land previously used by the Army and had not been disturbed for over 50 years. **D. Allen** commented it was the area surrounding the Army base and had been disturbed at some depth. **Chair Orr** clarified that the City was moving forward with the maintenance part, but until the FAA had released the 900 acres, the PDA was not actively trying to move companies to the airport, to avoid future issues.

Agenda Item No. 11: Discussion and Decision regarding Whom Possesses Authority to Negotiate on behalf of PDA. **Chair Orr** mentioned the PDA Chair, Bannock Development Corporation, Planning & Development Services Director, PDA Interim Director, and Mayor all do work for the PDA, the PDA Bylaws state the PDA Chair is the only one authorized to negotiate for and on behalf of the PDA. How does the board bring continuity to negotiate with companies so the board is up to speed on current events? **J. Regetz** clarified that Bannock Development Corporation (BDC) talks with companies about what is available, what it is capable of, and at that point, the specifics with the company have not been brought to light and there is no basis for negotiations. BDC understands that is not their part with the PDA. **B. Blad** suggested they stick to the bylaws; the PDA Chairperson would not make a decision or negotiate without the consensus from the board and the Chairman always sits on the Bannock County Development Board as an Ex-officio member. The Mayor, Interim Director, and the PDA Chair should communicate with each to eliminate surprises. The PDA Chair should follow the direction of the PDA council. **Chair Orr** recommended to keep the bylaws as written.

It was MSC (**L. Fisher, S. Smith**) to adjourn the meeting at 12:45 P.M.

By:   
Aceline McCulla, Interim Secretary