

POCATELLO DEVELOPMENT AUTHORITY MEETING MINUTES
August 17, 2016

Members present: Brian Blad, Steve Brown, Chad Carr, Larry Fisher, Devin Hillam, Scott Smith (Chairman), and Scott Turner.

Members excused: Thomas Ottaway

Members absent: Russell Meyers

Staff present: Dean Tranmer (arrived at 11:07 a.m.) and Tiffany Olsen, City Legal Dept.; Merrill Quayle, Development Engineer, Melanie Gygli, Interim Planning and Development Services Director, Ashley Linton, City Finance Dept.; and John Regetz with Bannock Development Corporation (ex-officio).

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

Introductions, Conflicts, and Agenda: There were no conflicts disclosed and there were no deletions made to the agenda. Guests included Idaho Legislator Mark Nye who arrived at 11:05 a.m. and Michael Orr who arrived at 11:37 a.m. (both left at 11:53 a.m.).

1. Action and Discussion Items:

Agenda Item No. 1: Minutes. The Minutes of the Regular Meeting on July 12, 2016 were reviewed. It was **MSC (B. Blad, D. Hillam)** to approve the Minutes as presented.

Agenda Item No. 2: Financial Report. Ashley Linton, Accountant with the City's Finance Department, presented the financial report for the months of June and July 2016. At the end of June, the Authority had cash on hand of \$6,162,555.75. The checking account balance was \$3,127,555.09, the savings account was \$746,325.48 and cash being held by Zions Trust amounted to \$2,288,675.18. The PDA recognized normal financial activity for the month. It received revenues totaling \$218,822.13 of which \$1,635.81 was interest earnings on the cash invested and notes. The \$193,566.55 was received as final payment on the BBAD Promissory Note. Property tax revenue totaled \$23,619.77 for the North Yellowstone, Naval Ordnance and North Portneuf Districts. Expenses for the month included professional fees totaling \$959.50 (for the Positron water damage claim filed with ICRMP), utilities for the Positron facility in the amount of \$2,092.56 for the months of February and March 2016 and the lunch expense as well as 2 appreciation plaques for Cynthia Hill and Howard Manwaring totaled \$209.04. At the end of July, the Authority had cash on hand of \$6,997,551.50. The checking account balance was \$3,962,381.45, the savings account was \$746,344.50 and cash being held by Zions Trust amounted to \$2,288,825.55. The PDA recognized increased financial activity for the month. It received revenues totaling \$845,902.60 of which \$169.39 was interest earnings on the cash invested. Property tax revenue, including personal property tax replacement, totaled \$815,733.21 for the North Yellowstone, Naval Ordnance, North Portneuf and Airport Districts. Lease revenue from VA Metals was received in the amount of \$20,000 and \$10,000 in penalty fees related to the delayed closing for a total of \$30,000. Expenses for the month included \$195.45 and \$131.40 for the regular meeting on July 12th and the special meeting on June 29th. The annual audit fee for Deaton & Company's services for the FY15 audit totaled \$4,130. Year to date revenues of \$2,112,518.53 are greater than the expenses of \$823,498.40. Overall net income of \$1,289,020.13. It was **MSC (C. Carr, B. Blad)** to approve the June and July 2016 financial reports as presented.

Agenda Item No. 3: Fiscal Year 2017 Budget Presentation and Adoption. Ashley Linton presented the proposed Fiscal Year 2017 Budget. She reviewed the estimated administrative fees, which will be voted on in the October 2016 PDA Meeting, totaled \$153,226.00 (\$129,651 from the North Yellowstone District and \$23,575 from the Naval Ordnance District). Anticipated property tax revenue totals \$1,729,980 for the 4 Districts, interest on income is anticipated to be \$3,916. It was reminded the last payment to Costco will be paid in February 2017 in the amount of \$122,015. The PDA will make a payment of \$17,741 to the City of Pocatello in compliance with the Repayment Agreement dated September 17, 2015 associated with the Hoku property acquisition; this payment will occur annually until paid or by October 31, 2030. Current debt service totals \$679,354 for the North Yellowstone District. The General Fund contingency (indicated as note 3 but is note 4) pledges \$2,000,000.00 of the cash balance as of August 1, 2016 of \$3,020,470.23 for the Old Town project and other potential unplanned projects. Linton reminded the Board that these figures are estimations and by adopting the budget with these figures will allow the Board to use the monies designated, once formally approved by the Board, for expenditures. Any additional use of funds not mentioned herein will necessitate a budget amendment. It was **MSC (S. Brown, B. Blad)** to approve the FY17 Budget as presented. **T. Olsen** advised said adopted Budget will be published in the Idaho State Journal and the expense for this publication last year was \$118.50.

Agenda Item No. 4: Payment Requests/Reimbursements.

- (a) **T. Olsen** requested payment for 3 months of utilities at the Positron facility. The months of April and May are consistent at \$943.51 and \$952.22, however, the month of June is \$388.68. This substantial decrease in billing is a result of the installation of power upgrades to the facility. It was **MSC (C. Carr, B. Blad)** for payment to ISU in the amount of \$2,284.41. **T. Olsen** advised the Board that \$7,860.26 has been spent on utilities from November 2015 to June 2016.
- (b) **T. Olsen** requested payment to attorney Craig Christensen in the amount of \$5,374.15 for legal services related to the judicial foreclosure of the Positron facility. The PDA should expect one more invoice once the redemption period has concluded and the matter is finalized with the District Court. To date, \$41,798.65 has been paid for Mr. Christensen's services. It was **MSC (B. Blad, C. Carr)** to pay Mr. Christensen \$5,374.15.
- (c) Ashley Linton explained that arbitrage is the ability to obtain tax exempt bond proceeds and invest the funds in higher yielding taxable securities resulting in a profit. We hire Arbitrage Compliance Specialists to determine whether the PDA does not make interest income in excess of interest expense on our Series 2012 bond. The interest income is earned on the reserve fund and is subject to the rebate. Arbitrage Rebate requirements began in September 1986. This requirement is to rebate any profit to the federal government. This report indicates there is no final rebate payment due to the US Treasury (IRS) with respect to the Series 2012 A Bond for the North Yellowstone TIF District debt. It was **MSC (B. Blad, D. Hillam)** to issue payment to Arbitrage Compliance Specialists, Inc. in the amount of \$1,000.00 from the North Yellowstone TIF District funds.

Agenda Item No. 5: Deaton & Company Audit Engagement Letter. **T. Olsen** requested approval for the Chairman to sign the engagement letter with Deaton & Company for their audit services for the fiscal year beginning October 1, 2015 and ending September 30, 2016. It was

MSC (L. Fisher, B. Blad) for the Chairman to execute the engagement letter with the professional service charge of \$4,130.

Agenda Item No. 6: ISU/Positron Facility Update and Consideration of Amendment to Lease Agreement to Include Office Space. **T. Olsen** advised the Lease with ISU for the Positron Facility (less the office space) was fully signed on August 1st. She performed a final walk-thru inspection on July 29th and found the facility to be occupied thus the Lease term was modified to July 18th and rent will be pro-rated for the month of July. **T. Olsen** presented an Amended Lease Agreement with ISU for the office space portion of the building, with a rental amount of \$250.00, amending the total rental payment to \$750.00 per month plus utilities. **T. Olsen** responded to a water leak at the facility on August 3. It was determined by the Water Department to be a faulty back plate to the meter. It was replaced by the Water Department at no charge. **T. Olsen** provided an update to the Quik & Kleen payment issue. PDA Attorney D. Tranmer sent a letter to Randy Brodhead on July 26, 2016 indicating the PDA had made payment to Rock Creek in the amount of \$6,450.00 and therefore the PDA expected repayment of this amount no later than August 31, 2016. The letter was received by Mr. Brodhead via certified mail on July 28, 2016. No response or payment has been provided. If on September 1, 2016 there is no response and no payment, the surety bond company will be notified the PDA is making claim for reimbursement. It was **MSC (B. Blad, C. Carr)** to authorize Chairman Smith to execute the Amended Lease with ISU for the office space portion of the Positron facility.

Agenda Item No. 7: Update on VA Metals, LLC. **T. Olsen** informed the Board that VA Metals (VAM) has secured insurance on the property. The appraiser has been identified by VAM but the name of the company/person has not been provided to her. The \$1M security will be placed in an escrow account in the near future; VAM is still planning on purchasing the property and will be using this security towards the purchase price. The PDA may chose the financial institution. Merrill Quayle and T. Olsen visited the site on August 12th to discuss the location of a stormwater detention pond with VAM's site manager. It was initially proposed to be large enough to serve both the VAM facility and the Great Western facility however after Board discussion, alternative options related to two ponds, one on each property, will also be investigated. Separate stormwater areas may be easier for the property owners to maintain. Idaho Power representatives advised there is a metal building on their power easement near the substation location that will either need to be moved or the easement line adjusted in order to accommodate work/additional power supply at that location. Lastly, **T. Olsen** provided photographs of the old cement plant/Stinker Station site of which was purchased for secondary access to the Hoku property by the City, and now is the PDA's responsibility. The Sheriff's Department notified the PDA of some individuals sleeping in their car at the location and apparent dumping of junk material at the site. **T. Olsen** requested permission from the Board to trespass any individuals not permitted to be at the property as well as a PDA Board cleanup day to remove the excess material. It was **MSC (S. Brown, S. Turner)** to authorize the Sheriff to trespass any individuals not permitted to be at the property and to authorize T. Olsen to explore options for cleanup of the site, including Boy Scout projects, service projects and Board participation. Fencing and/or posting a "No Trespass" sign at the location was discussed. It was **MSC (B. Blad, D. Hillam)** to first clean the site and if dumping and/or trespass continues to be present, post a "No Trespass" sign. **T. Olsen** will monitor the property and advise if and when needed.

Upcoming Events/Information: Idaho Legislator Mark Nye asked the Board if they had any comments or suggestions given the urban renewal nature of our meeting. **B. Blad** expressed the need for protection from opponents of Urban Renewal and Development.

2. Executive Session:

B. Blad asked the Chairman if it was appropriate to excuse Ashley Linton and Merrill Quayle from the executive session. Chair Smith agreed. Ashley Linton left at 11:54 a.m. Merrill Quayle remained in the meeting to report on a few items in executive session and then left at 12:19 p.m. **Chair Smith** then called for a motion for the Board to 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 jurisdictions. **It was moved and seconded (S. Brown, B. Blad)** to adjourn to executive session pursuant to Idaho Code §74-206(1)(e). **The motion passed** by roll call vote (**Ayes: Brown, Blad, Carr, Fisher, Hillam, Smith and Turner; Nays: None**). The Board adjourned to executive session at approximately 11:53 a.m. Activity within the Naval Ordnance Plant was discussed as well as potential development within the City and the County for the possible creation of a TIF District/URA. The Board reconvened to regular session by **MSC (B. Blad, S. Turner)** at 12:38 p.m.

3. Adjournment:

There being no additional business, the meeting adjourned at 12:38 p.m. by **MSC (D. Hillam, C. Carr)**.

By: 
Tiffany G. Olsen, Secretary

POCATELLO DEVELOPMENT AUTHORITY MEETING MINUTES
MEETING EXECUTIVE SESSION
August 17, 2016

Members present: Brian Blad, Steve Brown, Chad Carr, Larry Fisher, Devin Hillam, Scott Smith (Chairman), and Scott Turner.

Members excused: Thomas Ottaway

Members absent: Russell Meyers

Staff present: Dean Tranmer and Tiffany Olsen, City Legal Dept.; Merrill Quayle, Development Engineer (left at 12:19 p.m.), Melanie Gygli, Interim Planning and Development Services Director; and John Regetz with Bannock Development Corporation (ex-officio).

The Board of Commissioners adjourned from regular session into executive session at 11:54 a.m. pursuant to I.C. §74-206(1)(e) to discuss negotiations involving matters of trade or commerce in which the PDA is in competition with other jurisdictions. **It was moved and seconded (S. Brown, B. Blad)** to adjourn to executive session pursuant to Idaho Code §74-206(1)(e). **The motion passed by roll call vote (Ayes: Brown, Blad, Carr, Fisher, Hillam, Smith and Turner; Nays: None).** Activity within the Naval Ordnance Plant was discussed as well as potential development within the City and the County for the possible creation of a TIF District/URA. The Board reconvened to regular session by **MSC (B. Blad, S. Turner)** at 12:38 p.m.

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