

**POCATELLO DEVELOPMENT AUTHORITY
MEETING MINUTES
February 21, 2018**

Chairman Smith called the meeting to order at 11:05 a.m. He welcomed those present and stated that after Agenda Item No. 1, Item No. 5 will be considered.

Members present: Mayor Brian Blad, Chad Carr, Larry Fisher, Jim Johnston, Chairman Scott Smith, and Scott Turner.

Members absent/excused: Russ Meyers, Thomas Ottaway, Commissioner Terrel Tovey.

Others present: Melanie Gygli, Interim Executive Director; Jared Johnson, City Attorney; Merrill Quayle, Public Works/Development Engineer; Joyce Stroschein, Treasurer; Tiffany Olsen, Bannock County (ex-officio); John Regetz, Bannock Development Corporation (ex-officio); Scott Marotz and Irfan Sharief, on behalf of VA Metals (both left the meeting at approximately 11:45 a.m.

Introductions, Conflicts, and Agenda: There were no conflicts disclosed.

1. Action and Discussion Items:

Agenda Item No. 1: Public Hearing - 2017 Annual Report. Smith opened the public hearing at 11:06 a.m. He explained that this hearing is being held to comply with Idaho Code Section 50-2006(c) to allow public comment on the annual report of the activities of the PDA. There being no comments offered, the hearing was closed. Smith noted this report was presented to the City Council on 1/11/18. The Council's main question was on the potential of closing existing districts, which is something the Board considers regularly.

Agenda Item No. 5: "Hoku" Land Lease Extension. Scott Marotz and Irfan Sharief were present to discuss the potential for an extension of the PDA-owned land originally occupied by Hoku. Marotz described the history of VA Metals involvement with the property. With the changed political climate and recent tax code changes, interest in and options for investment have improved. There may be options for both transferring the operation overseas and recommissioning the local plant. Some dismantling of the structures has been accomplished, most recently removal of cabling and some expense would be incurred to bring it back to operational status. They are exploring a bridge loan that would allow purchase of the subject property, and should know whether that will come through in the next week, with actual funds available at some point after that. Marotz explained it remains VA Metals' intent to purchase the property (the originally agreed to purchase price is the appraised price of \$1.27 million); however, at this point they wish to extend the lease, paying \$20,000 as in the past.

In response to questions from Board members, Marotz stated they remain willing to work with Great Western on the road placement, but where it will be depends on the final layout of the property. They also remain committed to placement of the retention ponds and may still be interested in an overpass over railroad property. If the bridge loan does not come through, funds for the land purchase would come from other investors. Regarding the \$1M that originally was to be deposited into escrow, cash is not available to do so, but they are moving forward in good faith

including trying to perform on removal of the structures (which is what the escrow was to cover). With the amount of money that has been invested, if none of the options for development go through, the only way to recoup any of the money is to complete the dismantling and sell the materials for scrap. So walking away from the property is not an option. Marotz reiterated they would like to extend the lease for one year for \$20,000 with deferral of the \$1M escrow payment.

Following additional discussion, Marotz indicated their willingness to pay \$20,000 for a six-month lease extension (back dated to 1/17/18) through 7/17/18, with an option for an additional six months and consideration of additional payment.

It was then **MSC (B. Blad, J. Johnston)** to grant an extension of the lease from 1/17/18 through 7/17/18 at a lease rate of \$20,000 to allow VA Metals to move forward, with monthly progress reports to the Board beginning 4/1/18, and deferring the requirement for the \$1M escrow.

Marotz agreed to draft the lease document and forward to Gygli for review and signature by the Board.

Agenda Item No. 2: Minutes. The minutes of the regularly scheduled meeting of January 17, 2018 were reviewed. It was then **MSC (L. Fisher, S. Turner)** to approve the minutes as presented.

Agenda Item No. 3: Financial Report. **J. Stroschein** presented the financial reports for the month of January 2018. At the end of the reporting period, the Authority had cash on hand of \$6,313,194.84. The checking account balance was \$900,110.04, the savings account was \$2,635,567.20, and cash held by Zions Trust amounted to \$2,777,517.60. The Authority recognized financial activity during the month of January as follows: revenue totaled \$875,233.10, of which \$1,931.62 was interest earnings on cash invested and property tax interest and \$750.00 was rental income from the Positron facility. Property tax revenues totaled 841,837.16. The only expense was \$152.37, representing the cost of the lunch meeting in January.

Following discussion of the financial reports, it was then **MSC (B. Blad, S. Turner)** to approve the January 2018 financial reports as presented.

Agenda Item No. 4: Payment Requests/Reimbursements. **M. Gygli and J. Stroschein** presented requests for payment as follows: 1) Melanie Gygli, \$7.99 for padlock on PDA land on Philbin; 2) Elam & Burke, \$12,493.85 for work in January on the potential Northgate TIF plan, including the eligibility report; 3) Zions Bank, \$2,000 for annual trustee fee; 4) Arbitrage Compliance Specialists, \$1,250 for arbitrage services; and 5) Idaho State Journal, \$72.05 for publication of the public hearing notice. All charges are in line with the work produced. Following brief discussion, it was **MSC (S. Turner, J. Johnston)** to approve these payments.

Agenda Item No. 7: Petersen, Inc. – Semi-annual Benchmark Report. **M. Gygli** reviewed the report submitted by Petersen, Inc. As of December 2017, they had 59 employees (up three from 6/2017), with 55 of those earning at or over \$14.00 per hour. The average wage is \$22.92, up from \$21.22 in 6/2017. Board members requested more detailed information about payment for specific positions for the next report. M. Gygli will follow up.

Agenda Item No. 8: Project Updates.

- a. Bully Dog: **M. Gygli** reported Ted Klassen at Bully Dog is still waiting for a determination from company executives on whether they remain interested in the grant option. Board members directed M. Gygli to request a definite response to be presented at the next PDA meeting.
- b. Northgate: **M. Gygli** reported the Bannock County Commissioners adopted the eligibility report at their meeting of 2/13/18. The Council has also adopted the eligibility report and has directed the PDA to begin preparation of an urban renewal plan. This process is anticipated to take 3-4 months.
- c. The Bridge: A letter was sent to Lisa Willmore outlining repayment requirements. The first payment is due 3/31/18.

2. Executive Session:

Chairman Smith 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 (J. Johnston, C. Carr)** to adjourn to executive session pursuant to Idaho Code §74-206(1)(e). **The motion passed** by roll call vote (**Ayes: Johnston, Carr, Blad, Fisher, Smith, Turner. Nays: None**). The Board adjourned to executive session at approximately 12:10 a.m. The Board reconvened to regular session at 12:15 p.m.

Board members took a brief break for lunch.

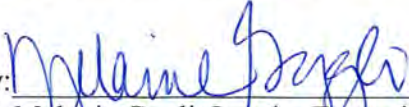
3. Action and Discussion Items.

Agenda Item No. 6: Board Legal Representation. Discussion continued from previous meetings about obtaining legal services for the Board. Such services can be obtained directly or through a formal process such as a request for proposals/qualifications. Elam & Burke are providing services only for preparation of the Northgate Urban Renewal Plan and in the past, other attorneys have provided services for specific issues or purposes. The cost likely would not exceed \$10,000 per year. A contract could be structured so that services are either on retainer or only when needed, at a set amount for a specific time period or on an hourly basis. S. Smith reiterated he may be interested in providing those services, but perhaps not at the expense of the participation he has now. Serving the Board both as its attorney and as a member may create a perception of a conflict. Discussion will continue at the next meeting.

Other. **S. Smith** noted L. Fisher is close to the end of his term. Brief discussion regarding whether he can be reappointed. Gygli will follow up.

4. Adjournment:

There being no further business, the meeting adjourned at 12:42 p.m.

By: 
Melanie Gygli, Interim Executive Director/Secretary

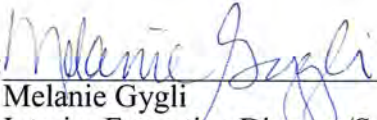
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EXECUTIVE SESSION
February 21, 2018

Members present: Mayor Brian Blad, Chad Carr, Larry Fisher, Councilman Jim Johnston, Scott Smith (Chairman) and Scott Turner.

Members absent/excused: Russ Meyers, Thomas Ottaway, Commissioner Terrel Tovey

Others present: Melanie Gygli, Interim Executive Director; Jared Johnson City Attorney; Merrill Quayle, Development Engineer; Joyce Stroschein, Treasurer; Tiffany Olsen, Bannock County (ex-officio); and John Regetz with Bannock Development Corporation (ex-officio).

The Board of Commissioners adjourned from regular session into executive session at approximately 12:10 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 (J. Johnston, C. Carr)** to adjourn to executive session pursuant to Idaho Code §74-206(1)(e). **The motion passed** by roll call vote (**Ayes: Johnston, Carr, Blad, Fisher, Smith, Turner; Nays: None**). Upon **MSC (L. Fisher, C. Carr)** the Board reconvened to regular session at approximately 12:15 p.m.

By: 
Melanie Gygli
Interim Executive Director/Secretary