



Board Minutes for July 18, 2019

Attendance: Dave Radford, Lisa Farris, Michelle Ziel-Dingman, and Steve Taggart (Taggart Maynes).

Minutes: Prior minutes approved 1st Lisa Farris and 2nd Dave Radford. Unanimously approved.

Financial Update by Commissioner Dave Radford:

Bank of Commerce: This is unsecured debt. Mike Morrison at Bank of Commerce oversees the account and has been wonderful to work with. Dave talked to them about combining the debts into one account.

PERSI: Spoke to Michael Hampton at PERSI to check in. Hampton's concern is how PERSI reacts to our situation sets the precedent for whatever they do in the future, since we're the first in the State to withdraw from the program. Radford and Lisa praised MZD for taking care of 1st PERSI debt with FTA.

Conrad Bischoff: Need an updated balance after further negotiations with Radford. Radford believes that we can negotiate further, thanks to the positive relationship we've had for many years.

US Bank: Recent \$1,382 check sent for credit card payment. 16.24% APR on the 8 credit cards.

Wipfli LLP: Spoke with Fred Goodworth. He says they will waive interest charges and is willing to negotiate to some extent. This was a mandatory audit from FTA to receive federal grants. He's going to talk to their headquarters and come up with a settlement amount.

State Insurance Fund: Spoke with Wendy and they are willing to negotiate. This was unemployment insurance.

IdeaCom: debt negotiated, zero balance. Thank you IdeaCom!!

Hall, Angell & Associates: Not willing to negotiate because they believe TRPTA has the assets to pay the debt.

AT&T Mobile: Not willing to negotiate, sent to collections. Found the 20 cell phones. Need to research what we can do with them.

Vanguard: cleaning company, \$2,500 outstanding debt. They are charging us for May but did not clean the building during this time. Radford is addressing this with them.

Intermountain Gas: \$400 reconnect fee, about \$2,000 total to get gas back into the shop or main building.

Oswald's auto care: debt negotiated, zero balance. Thank you Oswald's!!

Teton Communications: debt negotiated, zero balance. Will buy our current radios, may make \$1,100 total. Thank you Teton!!

Idaho Falls Power: holding off on sending us to collections.

Sinclair Fleet: Paid \$175 to clear the debt.

New Leaf Landscape: Negotiating currently.

Cable One: Turned over to collections.

Automotive Charging & Starting: debt negotiated, zero balance. Thank you AC&S!

First Call Jewel: debt negotiated, zero balance. Steve Reed has been our contact. Thank you Steve!

Mountain View Hospital: debt negotiated, zero balance. Couldn't sign letter at this time, but Melissa Vasquez cleared the debt. Thank you MVH!

Allied Business Solutions: debt negotiated, zero balance. Thank you ABS!

Key Line Auto: debt negotiated, zero balance. Thank you Key Line!

Community Care: debt negotiated, zero balance. Thank you CC!

Clair & Dee's Pint S: debt negotiated, zero balance. Thank you C & DPS!

Terminix: debt negotiated, zero balance. Thank you Terminix!

Lithia Motors: debt negotiated, zero balance. Thank you Lithia!

The Smith Group: debt negotiated, zero balance. Craig Brocker was our contact. Thanks Smith Group!

Watts Steam Store: debt negotiated, zero balance. Thank you Watts!

Idaho Dept. Health & Welfare: Dave contacted them and they can't find any bill. Barb at Medicaid Services has been our contact.

PGI/ACT Teleconferencing: Dave called and was on hold for 20 minutes and they can't find a record of debt.

HUB International: Lisa is negotiating with HUB and if we can get this back to the original amount of \$12,164, we will sign the termination letter. Waiting to hear back; contact is on travel at the moment.

Behavioral Health Crisis Center: Asking for \$3,000 back for their prepaid tokens payment or credit for future rides.

Aflac: Newest bill to arrive; \$680.56 for April. TRPTA's employee match.

PrimeTime Auctions: sold vehicle. Need to discuss proceeds with ITD/FTA.

Lisa will update financial spreadsheet and send to the Board.

Discussion with Steve Taggart, Maynes Taggart:

Maynes Taggart has done some of the largest, most complex bankruptcies in the state of Idaho.

Taggart asked: What kind of assets do we have? Board communicated that we own buildings, vehicles, and small equipment in the buildings.

Is Bankruptcy an option for TRPTA? Chapter 7 is liquidation (sell what you can to benefit creditors), Chapter 11 (high net worth individuals where court approves the plan to pay back), Chapter 13, and Chapter 12 (farmers). TRPTA doesn't qualify for any.

Chapter 9 is what TRPTA may qualify for. Can be used for a political subdivision. Boise County filed Chapter 9 many years ago, but judge said no. This occurred after they were sued for blocking a group home and the Fair Housing Act kicked in. This failed because the entity couldn't pass the solvency test because they could pay their debts and had money coming in; they just didn't want to pay the cost of the lawsuit. The other Chapter 9 bankruptcies in Idaho have been small, rural county hospitals.

The purpose of TRPTA filing would be to resolve all debts and begin restructuring for future service. Advantage of bankruptcy is that you can propose a method to do it. Requirements: state law says OK, cash flow insolvent, tried to negotiate with creditors, balance sheet insolvent, and is a government entity.

What about the assets? It's possible that we can be cash flow insolvent and still have assets. The one thing about a Chapter 9 is that we use it as a tool to collect the debts, create a procedure/plan to pay them, automatic stay, and then debtors get what they get through the process. So, our plan could be listing the buildings and then auction what doesn't sell.

Break debts into classes and each get their pro-rata share.

- admin is #1 – attorneys, accountant
- secure is #2 – FTA / ITD
- priority is #3 – PERSI
- unsecured is #4 – the rest of the debt.

Pay in priority of this structure.

Bankruptcy court cannot dictate the policies or decisions the Board makes; the Court only makes the decision as to whether they approve the plan. Taggart asked if anyone has received money or property in the last four years that shouldn't have? Consensus Response: not to the Board's knowledge.

No deposit required to Taggart Maynes. Once court confirms the plan, then the attorneys get paid by the approved plan. 9th Circuit appoints the judge.

Taggart would recommend a pre-package; get the debtors to agree to the process in advance and create a package. Could be as quick as three months but could be much longer. We wouldn't have to liquidate everything.

ITD Letter: Ziel-Dingman presented the letter and discussion about the potential impacts of the letter. The letter asks for some assistance in future planning.

Motion to approve the signing of the letter; 1st – Dave, 2nd – Lisa

Motion to adjourn. At 8:23 p.m.