

POCATELLO DEVELOPMENT AUTHORITY
Board of Commissioners Meeting
November 4, 1997
11:00 a.m.

City Hall, Iwamizawa Room*
911 North 7th Avenue

11:00 a.m.

Call to Order - Chair McGee

Acknowledge Guests of Board, if any

Disclosure of Conflicts of Interest, if any

Agenda - Add or Delete Action or Discussion Items

Discussion and Action Items

Minutes for October 14 - Motion to Approve and/or Amend

Financial Report: October Income and Expenses
3rd Quarter Report

Consider SME Steel Contractors Proposal

Update on Gateway West Industrial Park Project

Consider Community Development Proposal

Update on Old Town Pocatello Project

Review of Approved Costs: (not available @ September meeting)
Super Save Project
Varsity Cleaners Project
Fred Meyer Project

Executive Session, if required

* Note the change in meeting rooms.

POCATELLO DEVELOPMENT AUTHORITY

Shared Position Purpose:

The Executive Director and Administrative Assistant of Bannock Development Corporation will share the responsibilities and administration of the Pocatello Development Authority by being accountable for the planning, organization, and execution of projects at a cost savings to this urban renewal organization.

Executive Director Accountabilities:

- √ Responsible for working with Community Development & Research to access community needs and redevelopment opportunities, and develop long-range plans and strategies to address those needs and opportunities.
- √ Responsible for working with Community Development & Research to prepare Tax Increment Financing plans in order to address community needs and redevelopment opportunities.
- √ Develop recommendations for presentation to the Board of Commissioners, as well as attendance at all meetings of the Board.

Administrative Assistant Accountabilities:

- √ Responsible for the management of existing Tax Increment Financing Projects and Urban Renewal Areas.
- √ Responsible for creating and maintaining a comprehensive records management system.
- √ Responsible for preparing agendas and reports for the Pocatello Development Authority Board of Commissioners, as well as attendance at all meetings of the Board.
- √ Responsible for the administration of contracts related to redevelopment project activity including consultants, contractors, bond counsel, financing institutions, etc.
- √ Responsible for preparing and administering Pocatello Development Authority's budget including year-end accountability to City Accountant.

Shared Accountabilities:


- √ Ensure proper and effective coordination of activities with the City and other community organizations.
- √ Ensure project and activity compliance with all applicable state and local laws including directives from the Board of Commissions.

Proposed Compensation:

An annual compensation of \$12,500 payable to Bannock Development Corporation with no cost to the Pocatello Development Authority for benefits and payroll taxes.



November 3, 1997

TO: POCATELLO DEVELOPMENT AUTHORITY
FR: MARY C. HOWELL, OPERATIONS MANAGER 
RE: T.I.F. CONSTRUCTION BREAKDOWN/FINAL BILLING

Please find attached, a copy of Warbonnet's final billing for the Old Town Streetscape Project, a schedule of values, and a copy of the recent approved change orders.

To date, the project has been completed as per the bid specifications and has greatly enhanced Old Town Pocatello's Main Street. It not only has provided a sense of security, but has added an attractive sight to compliment the continued rehabilitation of downtown. Thank you for your support throughout this project.

Please note on the final change order sheet:

- 1) The \$1,725 for concrete work at the School District property shows the total concrete cost, and doesn't include the School District's portion. Doug Moyle, the person I was working with, has resigned and I will need to negotiate with his replacement. I anticipate a 50/50 split and thereby will give PDA \$862.50 back from the project.
- 2) The pole at Scott's Ski Shop was backed into and Warbonnet used a spare pole to replace the unit. The gentleman's insurance company has indicated that they will reimburse us for the cost of the unit and thereby PDA will receive \$525 as well.
- 3) The final billing in the amount of \$1,745.40 from the original project is included in the total \$6,580.40.

Additionally, as approved by PDA, the total cost for the poles at 1st Security and Pioneer Park, and the repaired bollard, total cost was below the anticipated \$3,000.

If you have any questions, please don't hesitate to call me.



BILL TO : OLD TOWN POCA TELLO

INVOICE # 3652

ATTN : MS. MARY HOWELL

PURCHASE ORDER # OTPPAY

JOB ORDER #

DATE : 11/01/97

TERMS : PER CONTRACT

DESCRIPTION OF WORK PERFORMED	AMOUNT
FINAL BILLING	6580.40

***** SEE ATTACHMENTS *****

TOTAL THIS INVOICE

6580.40

(208) 237-5135 ▲ Fax (208) 237-5229 ▲ P.O. Box 546 ▲ Fort Hall, Idaho 83203

Warbonnet Electric, Inc

OTPPAY

WARBONNET ELECTRIC INC.
SCHEDULE OF VALUES AS OF 10/15/87

ITEM # BASE BID	DES	ITEM TOTAL	CURRENT BILLING	BILLINGS TO DATE	PERCENT COMPLETE	BALANCE REMAINING	PERCENT REMAINING
706.03.03 - Curb & Gutter		345.00		345.00	1.00	0.00	0.00
710.02.02 - Sidewalk		589.40		589.40	1.00	0.00	0.00
901.02.01 - Mobilization		1000.00		1000.00	1.00	0.00	0.00
904.13.04 - Traffic Control		2000.00		2000.00	1.00	0.00	0.00
SP-1 - Remove Planter & Tree		575.00		575.00	1.00	0.00	0.00
SP-2a - Remove & Salvage Decorative Lights		1058.86		1058.86	1.00	0.00	0.00
SP-2b - Remove & Salvage Ida Power Lights		3638.80		3638.80	1.00	0.00	0.00
SP-2c - Remove & Demolish Ida Power Light Foundations		3119.80	391.40	2728.50	1.00	0.00	0.00
SP-3 - Decorative Bollards		21108.80		21108.80	1.00	0.00	0.00
SP-4a - Lighting System Whitman to Wyeth on Main St		163312.00	400.00	162812.00	1.00	0.00	0.00
SP-4b - Supply Spare Poles		4545.16		4545.16	1.00	0.00	0.00
SP-5 - Tree Grates		8775.00		8775.00	1.00	0.00	0.00
SP-6 - Trees		4485.00		4485.00	1.00	0.00	0.00
BASE SUBTOTAL		214583.12	791.40	213771.72		0.00	

ALTERNATE 1

901.02.01 - Mobilization		500.00		500.00	1.00	0.00	0.00
904.13.04 - Traffic Control		1000.00		1000.00	1.00	0.00	0.00
SP-2b - Remove & Salvage Ida Power Lights		1020.00		1020.00	1.00	0.00	0.00
SP-2c - Remove & Demolish Ida Power Lights		450.00		450.00	1.00	0.00	0.00
SP-4c - Lighting System (Clark & Arthur)		35558.00		35558.00	1.00	0.00	0.00
ALT 1 SUBTOTAL		38528.00	0.00	38528.00		0.00	

ALTERNATE 2

RRRW-SHEET 3	SW	370.50		370.50	1.00	0.00	0.00
SOUTH OF CREDIT BUREAU - SHEET 3	SW	370.50		370.50	1.00	0.00	0.00
324 S. MAIN STREET - SHEET 3	SW	1185.80		1185.80	1.00	0.00	0.00
240 S. MAIN STREET - SHEET 4	CG	477.00		477.00	1.00	0.00	0.00
222 S. MAIN STREET - SHEET 4	SW	341.25		341.25	1.00	0.00	0.00
200 S. MAIN STREET - SHEET 4	SW	136.50		136.50	1.00	0.00	0.00
132 S. MAIN STREET - SHEET 4	SW	370.50		370.50	1.00	0.00	0.00
111,115,117 N. MAIN STREET - SHEET 5	SW	1581.20		1581.20	1.00	0.00	0.00
127 N. MAIN STREET - SHEET 5	SW	386.10		386.10	1.00	0.00	0.00
225 N. MAIN STREET - SHEET 5	SW	158.00		158.00	1.00	0.00	0.00
200 BLOCK N. ARTHUR - SHEET 5	SW	2830.55		2830.55	1.00	0.00	0.00
200 BLOCK N. ARTHUR - SHEET 5	CG	1893.35		1893.35	1.00	0.00	0.00
310,314,318,326 N. MAIN STREET - SHEET 6	SW	2815.80		2815.80	1.00	0.00	0.00
323,335,359 N. MAIN STREET - SHEET 6	SW	6520.80		6520.80	1.00	0.00	0.00
359 N. MAIN STREET - SHEET 6	CG	954.00	954.00		1.00	0.00	0.00
382 N. MAIN STREET - SHEET 6	SW	926.25		926.25	1.00	0.00	0.00
403 N. MAIN STREET - SHEET 6	SW	2000.70		2000.70	1.00	0.00	0.00
420 N. MAIN STREET - SHEET 6	DW	926.25		926.25	1.00	0.00	0.00
420 N. MAIN STREET - SHEET 6	SW	1222.65		1222.65	1.00	0.00	0.00
SIDEWALK DRAINS (ITEM SP-7)		324.00		324.00	1.00	0.00	0.00
ALT 1 SUBTOTAL		28399.50	954.00	24446.50		0.00	
TOTALS		278480.62	1745.40	276745.22		0.00	

OLD TOWN POCA TELLO (97-A) Streetscape Project

Funds Available:

Anticipation bond balance:	97,195.40	
Construction Fund proceeds:	<u>183,400.21</u>	280,595.61
Approved change order funds*:	23,324.65	
Settlement proceeds:	<u>5,747.50</u>	<u>29,072.15</u>
		\$309,667.76

Funds Disbursed:

Warbonnet progress billing #1:	25,324.00	
Issuance reimbursement (PDA):	1,178.52	
Warbonnet progress billing #2:	189,782.62	
Change order #1:	9,022.95	
Warbonnet progress billing #3:	60,524.56	
Change order #2 (credit):	<u>(1,114.04)</u>	
		\$284,718.61

Work Remaining:

Idaho Power foundations demo:	391.40	
Lighting system (Whitman/Wyeth):	400.00	
Curb/Gutter (359 N. Main Street):	<u>954.00</u>	
		<u>\$1,745.40</u>

Anticipated Project Total:

\$286,464.01

Funds Remaining For Project:

\$23,203.75

** date of PDA approval (?)*

SKINNER FAWCETT

LAW OFFICES

RICHARD A. SKINNER
CHARLES W. FAWCETT
DENNIS GIRALA
ROBERT E. KYTE515 SOUTH 6TH STREET
POST OFFICE BOX 700
BOISE, IDAHO 83701
TELEPHONE (208) 345-2663
TELECOPIER (208) 345-2668

October 30, 1997

MEMORANDUM

VIA FACSIMILE

TO: PARTIES ON THE ATTACHED DISTRIBUTION LIST


RE: Pocatello Development Authority Industrial Development Revenue Bonds (SME Industries, Inc. Project), Series 1997

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Enclosed is a draft of an Inducement Resolution and an Indemnification Agreement for the above bonds. Before this can be adopted by the authority, we need to confirm that the authority is in fact a duly constituted industrial development corporation under state law. My understanding is that Ray and his staff are speaking with Dean Tranmer about whether the City Council has taken formal action for these purposes. Please call me in the next day with this information and any other comments you may have.

Sincerely yours,

SKINNER FAWCETT



RICHARD A. SKINNER

RAS/smj
Enclosures

**DISTRIBUTION LIST
POCATELLO DEVELOPMENT AUTHORITY
INDUSTRIAL DEVELOPMENT REVENUE BONDS
(SME INDUSTRIES, INC. PROJECT) SERIES 1997**

Public Corporation

RAY BURSTEDT, Executive Director

Pocatello Development Authority
ISU Business & Technology Center
1651 Alvin Ricken Drive
Pocatello, Idaho 83201
(208) 233-0267
FAX (208) 233-0268

Company

GORDON J. HOLLADAY, Controller

SME Industries, Inc.
5955 West Wells Park Road
West Jordan, Utah 84088
(801) 280-0711
FAX (801) 280-3463

City Attorney

A. DEAN TRANMER, City Attorney

City of Pocatello, Idaho
Legal Department
902 East Sherman
P.O. Box 4169
Pocatello, Idaho 83205
(208) 234-6148
FAX (208) 234-6296

Bond Counsel

RICHARD A. SKINNER, Esq.

Skinner Fawcett
515 S. 6th Street
P.O. Box 700
Boise, Idaho 83701 0700
(208) 345-2663
FAX (208) 345-2668

INDUCEMENT RESOLUTION NO. 97-01

A RESOLUTION OF THE POCATELLO DEVELOPMENT AUTHORITY, MAKING DETERMINATIONS WITH RESPECT TO THE FINANCING OF A PROJECT FOR THE CONSTRUCTION, EQUIPPING AND/OR ACQUISITION OF INDUSTRIAL FACILITIES AND AUTHORIZING CERTAIN ACTS IN PREPARATION THEREFOR.

WHEREAS, the Pocatello Development Authority (the "Corporation") was established pursuant to the provisions of Title 50, Chapter 27, Idaho Code, as amended (the "Act"); and,

WHEREAS, the Corporation is authorized by the Act to facilitate economic development and employment opportunities in the State of Idaho through the financing of the project costs of industrial development facilities; and,

WHEREAS, SME INDUSTRIES, INC. D/B/A/ SME STEEL CONTRACTORS, a Utah corporation (the "Company"), has notified the Corporation that it is considering the constructing, equipping and/or acquiring facilities for processing and manufacturing more fully described on Exhibit "A" attached hereto and by this reference made a part hereof (the "Facilities") in Pocatello, Idaho; and,

WHEREAS, the Company has filed its request and/or application (the "Application") with the Corporation to consider issuing its revenue bonds (the "Bonds") pursuant to the Act in one or more issues or series at such various times as funds are required for the construction, equipping and/or acquisition of the Facilities, in an aggregate principal amount sufficient to finance all or a portion of the total cost of planning, developing, renovating, acquiring, constructing and installing the Facilities, including all costs incurred in connection with the issuance of said revenue bonds by the Corporation (the "Cost of the Facilities"); and,

WHEREAS, the presently estimated Cost of the Facilities and approximate face amount of the Bonds is up to \$5,000,000; and,

WHEREAS, a determination by the Corporation to issue the Bonds under the Act, if so requested by the Company, in one or more issues or series, and to use the proceeds thereof to finance for the Company the Cost of the Facilities under a lease agreement, installment sale agreement, loan agreement or other form of agreement, or any combination thereof, which will provide that payments thereunder shall be at least sufficient to pay the principal of and interest and redemption premium, if any, on the Bonds and such other costs in connection therewith as may be incurred by the Corporation, will assist the Company in the implementation of its programs; and,

WHEREAS, it is intended that this Resolution shall constitute official action toward the issuance of the Bonds within the meaning of the applicable United States Treasury Regulations;

NOW, THEREFORE, Be It Resolved by this Board of Directors of the Corporation, as follows:

Section 1. The issuance of the Bonds in one or more series or issues in order to finance the Facilities will serve the purpose of the Act to facilitate economic development and employment opportunities in the State of Idaho.

Section 2. The Application of the Company is hereby approved and there is hereby authorized to be issued and this Corporation hereby determines to issue the Bonds pursuant to the Act, if so requested by the Company, in one or more issues or series in an aggregate principal amount not to exceed the Cost of the Facilities for the purpose of financing the said Facilities under a lease agreement, installment sale agreement, loan agreement or other form of agreement, or any combination thereof, which will provide that payments thereunder shall be at least sufficient to pay:

- (a) the principal of and interest and redemption premium, if any, on the Bonds and such other costs in connection therewith as may be incurred by the Public Corporation;
- (b) the amount necessary to be paid each year into any reserve funds which the Public Corporation considers advisable to establish in connection with the retirement of the proposed Bonds and the maintenance of the Facilities; and
- (c) unless the terms of the lease, sale contract or loan agreement provide that the lessee or contracting party shall maintain the facilities and carry all proper insurance with respect thereto, the estimated cost of maintaining the Facilities in good repair and keeping them properly insured, subject to the terms contained herein and in the Act.

Section 3. The obligation of the Corporation to issue the Bonds shall be subject to the conditions that (i) the Corporation and the Company shall have first agreed to mutually acceptable terms for the Bonds, including the provision of a Letter of Credit securing the Bonds, and of the sale and delivery thereof, and mutually acceptable terms and conditions of the lease agreement, installment sale agreement, loan agreement or other form of agreement, or any combination thereof; (ii) the Pocatello City Council shall have approved the issuance of the Bonds; (iii) the Corporation has found that interest paid on the Bonds will be exempt from federal tax; and (iv) all other requisite governmental approvals shall have been first obtained.

Section 4. The Corporation will enter into all agreements necessary to be entered into by the Corporation in connection with the issuance and sale of the Bonds. The hereinafter referenced Bond Counsel shall approve all agreements to be entered into in connection with the issuance of the Bonds, and such agreements shall be authorized and approved after due consideration by the Corporation prior to their execution by the Corporation.

Section 5. The Corporation, its officers and members of its Board of Directors, and its Bond Counsel are hereby authorized and directed to take such further actions as may be necessary to effect the intent and purpose of this Resolution, the accomplishment of the Facilities, and the sale and issuance of the Bonds.

Section 6. All resolutions, parts of resolutions and prior actions of the Corporation in conflict herewith are hereby repealed to the extent of such conflict.

Section 7. This Resolution is an affirmative action of the Corporation toward the issuance of the Bonds in accordance with the purposes of the laws of the State of Idaho and the applicable United States Treasury Regulations.

Section 8. The law firm of Skinner Fawcett is hereby designated as Bond Counsel for the Bonds referred to herein.

Section 9. This Resolution shall take effect immediately upon its passage.

APPROVED, PASSED AND SIGNED this 4th_ day of November, 1997.

By: _____
President

ATTEST:

By: _____
Secretary

EXHIBIT "A"

DESCRIPTION OF FACILITIES

The Facilities include the following described equipment, fixtures and improvements located on the following described premises:

1. Premises. That certain parcel of property located in Pocatello, Bannock County, Idaho, at Gateway West Industrial Center 669 West Quinn Road, Building 28, Pocatello, Idaho.

2. Equipment. The Company intends to acquire various items of manufacturing equipment in the total approximate amount of up to \$5,000,000 for use as a steel fabrication facility.

INDEMNIFICATION AND COMPENSATION AGREEMENT

THIS AGREEMENT, entered into as of the 4th day of November, 1997, between POCATELLO DEVELOPMENT AUTHORITY (the "Public Corporation"), created and maintained by Pocatello, Idaho (the "Municipality") under the provisions of Title 50, Chapter 27, Idaho Code, as amended (herein called the "Public Corporation"), and SME INDUSTRIES, INC., a Utah corporation, (herein called the "Applicant"), in connection with an application for industrial development revenue bond issuance submitted by the Applicant to the Public Corporation.

Section 01. Background. The Public Corporation has been established by the Municipality to issue nonrecourse revenue bonds.

Section 02. Services to be Provided by the Public Corporation. The Public Corporation has received the Applicant's application for the financing of an industrial development facility (the "Project"), and has approved the application by resolution of the Public Corporation (the "Official Action Resolution"). Skinner Fawcett, Bond Counsel, has assisted in the preparation and presentation of the Official Action Resolution.

Subsequent to the adoption of the Official Action Resolution, the Municipality and the Public Corporation will cooperate with the Applicant, its underwriter, banker, and Bond Counsel in arranging for the financing of the Project through the issuance of nonrecourse industrial development bonds of the Public Corporation (the "Bonds").

Section 03. Payment and Expenses. The Applicant shall pay an application fee to the Public Corporation in the amount of \$_____ and shall be responsible for all reasonable and necessary costs, expenses and fees incurred by the Public Corporation and/or the Municipality directly in connection with the issuance of the Bonds or in connection with the Project, including but not limited to the out-of-pocket expenses incurred by the Public Corporation's and/or the Municipality's personnel; fees for legal services and out-of-pocket expenses of the Municipality's counsel, if necessary to participate in the Applicant's plan of financing; fees and expenses of the Municipality/Public Corporation required in connection with the underwriting or placement of the Bonds; fees and out-of-pocket expenses of Bond Counsel; and all incidental expenses, costs and charges relating to the Project and the issuance of Bonds not enumerated above within thirty (30) days of being billed for the same. Applicant shall receive a credit for any amounts previously deposited with the Public Corporation for such expenses. In addition to the foregoing, the Applicant shall pay such amounts as shall be sufficient in an amount to cover all actual out-of-pocket expenditures of the Public Corporation, including but not limited to the cost of an annual audit of the Public Corporation's books and accounts. Such annual audit expense shall be prorated amongst the Applicant and all other companies with

respect to which industrial development revenue bonds have been issued by the Public Corporation and which remain wholly or partially outstanding during any such year. The Municipality shall submit its billing for the administrative fee, if any, to the Applicant on an annual basis, and such fee shall be payable with thirty (30) days thereafter.

Section 04. Indemnification. The Applicant agrees that it will at all times indemnify and hold harmless the Public Corporation and the Municipality against losses, costs, damages, expenses, and liabilities of whatsoever nature (including but not limited to attorneys' fees, litigation and court costs, amounts paid in settlement, and amounts to discharge judgments) directly or indirectly resulting from, arising out of, or related to one or more Claims (as hereinafter defined).

In the event that the Public Corporation determines to issue the Bonds prior to the expiration of the thirty-day contest period provided for in Section 50-2718, Idaho Code, the Applicant agrees that it will at all times indemnify and hold harmless the Public Corporation and the Municipality against losses, costs, damages, expenses, and liabilities of whatsoever nature (including but not limited to attorneys' fees, litigation and court costs, amounts paid in settlement and amounts to discharge judgments) directly or indirectly resulting from, arising out of, or related to such issuance of the Bonds prior to the expiration of said contest period.

The term "Claims" as used herein shall mean all claims, lawsuits, causes of action, and other legal actions and proceedings of whatsoever nature, including but not limited to claims, lawsuits, causes of action, and other legal actions and proceedings involving bodily or personal injury or death of any person or damage to any property (including but not limited to persons employed by the Public Corporation and/or the Municipality, the Applicant or any other person and all property owned or claimed by the Public Corporation and/or the Municipality, the Applicant, any affiliate of the Applicant or any other person) or involving damages relating to the issuance, offering, sale, or delivery of the Bonds brought against the Public Corporation and/or the Municipality or to which the Public Corporation and/or the Municipality is a party, even if groundless, false or fraudulent, that directly or indirectly result from, arise out of or relate to the design, construction, operation, use, occupancy, maintenance, or ownership of the Project or any part thereof or from the issuance, offering, sale, or delivery of the Bonds or terms or covenants thereof. The obligations of the Applicant shall apply to all losses or claims, or both, that result from, arise out of, or are related to any event, occurrence, condition or relationship, whether such losses or claims, or both, are asserted. Neither the Public Corporation nor the Municipality will be liable to the Applicant for, and the Applicant hereby releases the Public Corporation and the Municipality from all liability for, all or any part or parts of any property owned or claimed by the Applicant that directly or indirectly result from, arise out of or relate to the design, construction, operation, use, occupancy, maintenance, or ownership of the Project or any part thereof, even if such

injuries, damages, or destruction directly or indirectly result from, arise out of, or relate to, in whole or in part, one or more negligent acts or omissions of the Public Corporation and/or the Municipality or its or their officers, directors, employees, agents, servants, or any other party acting for or on behalf of the Public Corporation and/or the Municipality. The Public Corporation and/or the Municipality shall reimburse the Applicant for payments made by the Applicant to the extent of any proceeds, net of all expenses of collection, actually received by the Public Corporation and/or the Municipality from any insurance with respect to any such Loss sustained. The Public Corporation and/or the Municipality shall have the duty to claim any such insurance proceeds and the Public Corporation and/or the Municipality shall assign its or their rights to such proceeds, to the extent of such required reimbursement, to the Applicant. In case any action shall be brought against the Public Corporation and/or the Municipality in respect of which indemnity may be sought against the Applicant, the Public Corporation and/or the Municipality shall promptly notify the Applicant in writing, and the Applicant shall have the right to assume the investigation and defense thereof including the employment of counsel and the payment of all expenses. The Public Corporation and/or the Municipality shall have the right to employ separate counsel in any such action and participate in the investigation and defense thereof, but the fees and expenses of such counsel shall be paid by the Public Corporation and/or the Municipality unless the employment of such counsel has been authorized by the Applicant, which authorization shall not be unreasonably withheld. The Applicant shall not be liable for any settlement of any such action without its consent but, if any such action is settled with the consent of the Applicant or if there be final judgment for the plaintiff of any such action, the Applicant agrees to indemnify and hold harmless the Public Corporation and the Municipality from and against any Losses by reason of such settlement or judgment. The provisions of this section shall survive the expiration or termination of this Agreement.

Section 05. Tax Payment and Indemnification. The Applicant hereby agrees to pay directly and/or to reimburse the Public Corporation for any and all taxes, assessments, licenses, fees, charges or other impositions levied, assessed or imposed by local, state or federal authorities against the Applicant or the Public Corporation based upon the activity of issuing the Bonds or which are measured by such Bond financing. Further, Applicant agrees to pay in full before delinquency all taxes, assessments, licenses, fees, charges, or other impositions that may now or hereafter be levied, assessed or imposed by local, state, or federal authorities against the Applicant, the Applicant's activities in Idaho, the Project or against the Application or the Public Corporation resulting from administration or payment or service of the Bonds including without limitation the current business and occupation tax of the State of Idaho and its political subdivisions. The Applicant, upon request, will exhibit to the Public Corporation official receipts therefor. On default under this Agreement, the Public Corporation may, at its option, pay out of any unencumbered funds accumulated under the Bonds, any such sums without waiver of any other right of

the Public Corporation which accrued by reason of such default of the Applicant; the Public Corporation shall not be liable to the Applicant for failure to exercise any such option. Upon payment by the Public Corporation of any such amount, the Applicant shall promptly reimburse the Public Corporation, and the Applicant hereby agrees to indemnify and hold the Public Corporation harmless from any interest, penalty, or other charge, as well as payment of the principal amount that may be assessed as a result of the default of the Applicant in payment of such tax or other charge.

In the event of the passage after the date of the Bonds of any federal, state or local law for the purpose of imposing a tax, assessment, charge, license or fee on the Bonds or measured by the Bonds or changing in any way the laws now in force for the taxation of the Bonds, the debt evidenced thereby, the security for such debt or the manner of collection of any such tax so as to adversely affect the Public Corporation, then and in such event the Applicant shall bear and pay the full amount of such tax or other charge, provided, however, that if a federal or state tax is assessed against the Public Corporation upon or measured by the Public corporation's net income from the issuance of industrial development bonds, such income tax shall be the responsibility of and be paid by the Public Corporation.

Section 06. Termination. If twelve (12) full calendar months shall have elapsed following the date on which the Project was first placed in service as that term is defined in U.S. Treasury Regulation 1.103-8(a)(5)(v) and the Applicant shall not have designated a purchaser of Bonds and recommended terms for the Bonds, the Public Corporation shall have the right to give written notice by postage prepaid, certified or registered mail to the Applicant at the address set forth in Exhibit "A" hereto, and if the Applicant shall not have designated a purchaser and recommended terms of the Bonds within thirty (30) days after giving of such notice then the Public Corporation may unilaterally terminate this Agreement without any liability by it to the Applicant. If the Bonds have not been issued, the Applicant may unilaterally terminate this Agreement without liability by it to the Public Corporation and/or the Municipality (except for amounts due and owing by it to the Public Corporation and/or the Municipality at the time of termination which shall be paid by the Applicant to the Public Corporation) by delivering written notice thereof to the Public Corporation at the address set forth in Exhibit "A" hereto specifying therein the date of termination which may be the date of notice.

IN WITNESS WHEREOF, Pocatello Development Authority, acting pursuant to resolution of its Board of Directors has caused its name to be hereunto subscribed and SME Industries, Inc. has caused its name to be subscribed hereunto by a duly authorized officer the day and year hereinabove first written.

POCATELLO DEVELOPMENT AUTHORITY

By: _____
President, Board of Directors

ATTEST:

By: _____
Secretary

"Public Corporation"

SME INDUSTRIES, INC.

By: _____

Its: _____

"Applicant"

EXHIBIT "A"

ADDRESS OF PUBLIC CORPORATION:

Pocatello Development Authority
ISU Business and Technology Center
1651 Alvin Ricken Drive
Pocatello, Idaho 83201

ADDRESS OF APPLICANT:

SME Industries, Inc.
5955 West Wells Park Road
West Jordan, Utah 84088



OFFICE OF THE MAYOR
911 North 7th Avenue
P.O. Box 4169
Pocatello, Idaho 83205
(208) 234-6163
FAX (208) 234-6297

PETER J. ANGSTADT
Mayor

Pocatello City Council:
GREGORY R. ANDERSON
I.J. "BABE" CACCIA
ROGER W. CHASE
RON FRASURE
KAREN MCGEE
HARRY NEUHARDT

November 20, 1997

Karen McGee, Chair
Pocatello Development Authority
1651 Alvin Ricken Drive
Pocatello, Idaho 83201

Dear Karen,

Regretfully, I am notifying you that our December 9, 1997, meeting will be my last as a PDA member. I must resign following the meeting, as my term as Mayor of Pocatello is coming to an end. I will be leaving Pocatello soon to accept a job in Oregon.

I have truly enjoyed working with you, the PDA staff and the other Board members. Thank you for allowing me to play a small part in PDA's tremendous success.

Sincerely,

Peter J. Angstadt
Mayor

PJA/aln

cc: Ray Burst edt, Executive Director
Rayna Valentine, Secretary



OFFICE OF THE MAYOR
911 North 7th Avenue
P.O. Box 4169
Pocatello, Idaho 83205
(208) 234-6163
FAX (208) 234-6297

PETER J. ANGSTADT
Mayor

Pocatello City Council:
GREGORY R. ANDERSON
I.J. "BABE" CACCIA
ROGER W. CHASE
RON FRASURE
KAREN MCGEE
HARRY NEUHARDT

November 7, 1997

William Knick
4551 Flora Drive
Pocatello, Idaho 83204

Dear Mr. Knick:

I would like to express my sincere appreciation for your efforts on behalf of the Pocatello Development Authority (PDA). I realize it takes a great deal of time and energy to conduct the necessary duties of PDA Director.

You have contributed significantly to PDA, and the performance of your duties has always been characterized by an obvious dedication to doing the job well. Your dedication and devotion to this duty has had a valuable effect not only on the Pocatello Development Authority but has benefitted all the citizens of Pocatello.

I commend you for your excellent service and thank you on behalf of the City Council and myself.

Sincerely,

Peter J. Angstadt
Mayor

/aln

Enclosure

cc: Rayna Valentine, Committee Secretary
Connie Terry, Assistant to the Mayor



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November 7, 1997

Russell Powers
2999 William
Pocatello, Idaho 83201

Dear Mr. Powers:

I would like to express my sincere appreciation for your efforts on behalf of the Pocatello Development Authority (PDA). I realize it takes a great deal of time and energy to conduct the necessary duties of PDA Director.

You have contributed significantly to PDA, and the performance of your duties has always been characterized by an obvious dedication to doing the job well. Your dedication and devotion to this duty has had a valuable effect not only on the Pocatello Development Authority but has benefitted all the citizens of Pocatello.

I commend you for your excellent service and thank you on behalf of the City Council and myself.

Sincerely,

Peter J. Angstadt
Mayor

/aln

Enclosure

cc: Rayna Valentine, Committee Secretary
Connie Terry, Assistant to the Mayor



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November 7, 1997

Stephen Hotchkiss
1366 Delphic Way
Pocatello, Idaho 83201

Dear Mr. Hotchkiss:

At their November 6, 1997 meeting, the City Council confirmed your appointment to the Pocatello Development Authority (PDA). Your term begins November 6, 1997, and will expire October 5, 1999.

Meetings are held the second Tuesday of each month in the City Council Chambers, 911 North 7th Avenue, at 11:00 a.m. Rayna Valentine serves as the secretary for PDA. Please feel free to call her at 234-6149 if you have any questions or need additional information. Enclosed for your information is a current membership list of PDA Directors and a general information pamphlet about the City of Pocatello.

We appreciate your interest in serving our community as a member of the Pocatello Development Authority. Thank you for helping make Pocatello a great place to live.

Sincerely,

Peter J. Angstadt
Mayor

/aln

Enclosures

cc: Connie Terry, Assistant to the Mayor
Rayna Valentine, Committee Secretary



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November 7, 1997

Rion Groves
5350 Country Club Drive
Pocatello, Idaho 83204

Dear Mr. Groves:

At their November 6, 1997 meeting, the City Council confirmed your appointment to the Pocatello Development Authority (PDA). Your term begins November 6, 1997, and will expire August 1, 2000.

Meetings are held the second Tuesday of each month in the City Council Chambers, 911 North 7th Avenue, at 11:00 a.m. Rayna Valentine serves as the secretary for PDA. Please feel free to call her at 234-6149 if you have any questions or need additional information. Enclosed for your information is a current membership list of PDA Directors and a general information pamphlet about the City of Pocatello.

We appreciate your interest in serving our community as a member of the Pocatello Development Authority. Thank you for helping make Pocatello a great place to live.

Sincerely,

Peter J. Angstadt
Mayor

/aln

Enclosures

cc: Connie Terry, Assistant to the Mayor
Rayna Valentine, Committee Secretary