

POCATELLO DEVELOPMENT AUTHORITY
Board of Commissioners Meeting
15 October 2008 – 11:00am

City Hall
911 North 7th Avenue

11:00am Council Chambers

Call to order - Chairman Brown

Acknowledge guests of the Board

Disclosure of conflicts of interest

Agenda – add or delete action or discussion items

Action and Discussion Items

Minutes of September 17 2008 – Motion to approve and/or amend

Financial Report: September Income and Expenses

Central Corridor

 Triangle Project Update

 Triangle Payment Request #9

 Triangle Payment Request #9B

 Whitman Hotel Payment Request

Audit Engagement Letter

New Development Discussion – Executive Session Required

Items from staff

Items from commission members

Adjourn

POCATELLO DEVELOPMENT AUTHORITY
STATEMENT OF CASH AS OF SEPTEMBER 30, 2008

Cash in Checking	\$143,951.29
Cash in Savings (Wells Fargo Money Market Account)	132,094.51
Cash in held by third parties (Wells Fargo Trust Department)	4,467,434.64
Total cash	4,743,480.44
Cash restricted by bond covenants	-2,847,467.91
Total cash available	\$1,896,012.53

STATEMENT OF CHANGES IN CASH AND CASH EQUIVILENTS
FOR THE MONTH ENDED SEPTEMBER 30, 2008

Receipts for the month			
		Property taxes received - Central Corridor	\$4,716.46
GF		City of Pocatello - transfer to checking - shortterm loan	15,000.00
GF		Interest earnings on savings - Wells Fargo Managed Cash	135.07
		Interest earning on Trust Accounts - Wells Fargo Trusts	4,375.82
		Total receipts	24,227.35
Total expenditures for the month			
# 3014	GF	Oliver's Luncheon September 3, 2008	123.75
# 3016	GF	Food for Thought Luncheon September 17, 2008	128.93
# 3017	CC	Triangle Inc. Payment #8 on triangle project - partial	10,871.30
# 3018	CC	CDFI	121,173.21
# 3019	GF	City of Pocatello Payment #8 on triangle project - partial	476.95
N/A	GF	Reimburse for Quickbooks software	
		Wells Fargo Bank, N.A. Monthly bank fee, money market account	50.00
N/A	CC	Wells Fargo Corporate Services	2,250.00
		Trustee fees	
N/A	CC	Bond Paying agent	66,067.50
		Debt service	
N/A	GF	City of Pocatello Transfer to City Account - loan repayment	15,000.00
		Total expenditures	216,141.64
		Net change in cash	-\$191,914.29
Cash balances as of September 30, 2008			\$4,743,480.44
Cash balances as of August 31, 2008			\$4,935,394.73
Net change in cash			-\$191,914.29

CC = Central Corridor, NY = North Yellowstone, GF = General Fund

POCATELLO DEVELOPMENT AUTHORITY
CASH ANALYSIS FOR THE MONTH ENDING SEPTEMBER 31, 2008

	Balance 31-Aug-08	Balance 9/31/2008	Change in Balance
Total Cash:			
General Fund			
Cash in checking	\$308,781.57	\$232,572.08	-\$76,209.49
Money Market Account	56,529.58	132,094.51	\$75,564.93
Total General Fund Cash	<u>365,311.15</u>	<u>364,666.59</u>	<u>-\$644.56</u>
Central Corridor District			
Cash in checking	883,095.27	-67,970.40	-\$951,065.67
Bond Trust Fund (Wells Fargo)	66,067.97	21.04	-\$66,046.93
Revenue Allocation Trust Fund (Wells)	1,618,897.90	2,447,510.51	\$828,612.61
Total Central Corridor District Cash	<u>2,568,061.14</u>	<u>2,379,561.15</u>	<u>-\$188,499.99</u>
North Yellowstone District			
Cash in checking	346,528.45	-25,911.69	-\$372,440.14
Bond Trust Fund (Wells Fargo)	39.33	39.38	\$0.05
Revenue Allocation Trust Fund (Wells)	314,232.82	687,075.80	\$372,842.98
Total Yellowstone District Cash	<u>660,800.60</u>	<u>661,203.49</u>	<u>\$402.89</u>
Central Corridor District Debt Service	654,060.54	650,000.00	-\$4,060.54
North Yellowstone District Debt Service	681,900.00	682,787.91	\$887.91
Naval Ordinance Plant - Cash in checking	5,261.30	5,261.30	0.00
Total cash	<u>\$4,935,394.73</u>	<u>\$4,743,480.44</u>	<u>-\$191,914.29</u>
Cash Restricted By Bond Covenants:			
Central Corridor Cash			
Next bond payment	932,135.00	932,135.00	0.00
North Yellowstone Cash			
Next bond payment	582,545.00	582,545.00	0.00
Central Corridor District Debt Service	654,060.54	650,000.00	-4,060.54
North Yellowstone District Debt Service	681,900.00	682,787.91	887.91
Total restricted cash	<u>2,850,640.54</u>	<u>2,847,467.91</u>	<u>-3,172.63</u>
Total unrestricted cash	<u>2,084,754.19</u>	<u>1,896,012.53</u>	<u>-188,741.66</u>
Cash Available			
General Fund	365,311.15	364,666.59	-\$644.56
Central Corridor District	1,635,926.14	1,447,426.15	-188,499.99
North Yellowstone District	78,255.60	78,658.49	402.89
Central Corridor District Debt Service	0.00	0.00	0.00
North Yellowstone District Debt Service	0.00	0.00	0.00
Naval Ordinance Plant District	5,261.30	5,261.30	0.00
Total available cash	<u>2,084,754.19</u>	<u>1,896,012.53</u>	<u>-188,741.66</u>

Cash movement analysis:

For the month of September, Pocatello Development Authority received cash of \$24,227.35 and paid out cash payments of \$216,141.64 so that there was a decrease in cash of \$191,914.29.

General Fund revenue was \$135.07 in interest earnings on the Money Market Account and a \$15,000.00 short term loan from the City of Pocatello. Expenses were \$15,779.63 of which, \$252.68 was for lunches, \$15,000.00 was paid back to the City of Pocatello and \$476.95 was paid to the City of Pocatello to reimburse them for Quickbooks accounting software they purchased by the Authority. The General Fund cash decreased \$644.56 in September.

The Central Corridor District received interest revenues on trust funds of \$3,085.02 and property taxes of \$4,716.46. The Corridor had \$200,362.01 in expenses for the month of which \$132,044.51 was for payment #8 on the Triangle project, \$2,250.00 was for trustee fees and \$66,067.50 was interest on bonded debt. The Corridor's cash decreased by \$192,560.53 in September.

The North Yellowstone District received interest revenues on trust funds of \$1,290.80. It had no expenses. The North Yellowstone District's cash increased by \$1,290.80.

The Naval Ordinance Plant District received had no activity during the month.

Internal Debt:

The North Yellowstone District has borrowed \$615,514.38 from the General Fund in order to pay its commitments with the Rail Crossing. This loan should be paid off over the next three years.

The Naval Ordinance District has borrowed \$75,000.00 from the General Fund in order to pay its commitments with a manufacturer, Wisper Creek.

**POCATELLO DEVELOPMENT AUTHORITY
GENERAL FUND CASH FLOW PROJECTIONS
2008 THROUGH 2012**

YEARS ENDED	Budget 2008	YTD 2008 As of September	Remaining 2008	Budget 2009	Budget 2010	Budget 2011	Budget 2012
Previous Year Balance:	\$1,018,191.44	\$1,018,190.84	\$364,666.59	\$370,297.35	\$102,138.65	\$232,483.65	\$534,723.96
INCOME:							
TetriDyn Solutions Repayment: ¹⁰	15,000.00	15,000.00	0.00				
Garfield Property			0.00				
City of Pocatello - short term loan		15,000.00	-15,000.00				
Central Corridor Admin: ⁷		31,876.48	21,005.18				428,358.08
North Yellowstone Loans				100,000.00	300,000.00	245,895.31	
Naval Ordinance loan						75,000.00	
Interest Income	7,000.00	8,829.10	0.00	6,000.00	7,000.00	8,000.00	9,000.00
Total Projected Income:	22,000.00	70,705.58	6,005.18	106,000.00	307,000.00	328,895.31	437,358.08
EXPENSE:							
IsoRay: Committed \$75,000 ¹ BUDGETED 75,000.00				75,000.00			
Triangle Project: Committed \$300,000 ⁹ BUDGETED \$288,223.52	7,909.14			289,128.70			
Portneuf Valley Investment Partners: Committed \$40,000 ⁸			0.00				
City of Pocatello - short term loan		15,000.00					
Loan to Naval Ordinance Plant District	75,000.00	75,000.00			150,000.00		
Legislative Action	5,000.00			0.00			
North Yellowstone Loan	615,514.38	615,514.38					
Management salaries					16,625.00	16,625.00	16,625.00
Luncheon costs	1,320.00	945.58	374.42	1,320.00	1,320.00	1,320.00	1,320.00
Office expenses	500.00	624.50	0.00	200.00	200.00	200.00	200.00
Legal advertising	400.00	21.00	0.00	50.00	50.00	50.00	50.00
Banking expenses	300.00	89.37	0.00	360.00	360.00	360.00	360.00
Audit	3,500.00	3,500.00		3,500.00	3,500.00	3,500.00	3,500.00
Actuary Studies				4,600.00	4,600.00	4,600.00	4,600.00
Professional services	14,000.00	13,535.00	0.00				
Total Projected Expense:	705,943.52	724,229.83	374.42	374,158.70	176,655.00	26,655.00	26,655.00
CALCULATED ANNUAL BALANCE	\$334,247.92	\$364,666.59	\$370,297.35	\$102,138.65	\$232,483.65	\$534,723.96	\$945,427.04
	\$705,943.52						
	\$0.00						

**POCATELLO DEVELOPMENT AUTHORITY
CENTRAL CORRIDOR CASH FLOW PROJECTIONS
2008 THROUGH 2012**

YEARS ENDED	Budget 2008	YTD 2008 As of September	Remaining 2008	Budget 2009	Budget 2010	Budget 2011	Budget 2012
Previous Year Balance*:	\$3,153,370.28	\$3,153,370.28	\$3,029,561.15	\$3,029,561.15	\$2,317,122.71	\$2,065,060.26	\$1,053,663.84
INCOME:							
Projected Estimated Tax Revenues: ^{8,9}	1,085,554.67	1,679,476.13	0.00	1,445,541.56	1,445,541.56	1,445,541.56	
Taxes Received from Previous Years & yearly interest: ⁷			0.00				
South Cliffs Repayment: ¹²			0.00		196,867.85		
AMI Repayment (Building Owners): ¹²			0.00				1,200,000.00
Positron Repayment: ¹² (400,000.00)			0.00				
Interest earning on trust accounts		70,132.09		70,000.00	80,000.00	90,000.00	20,000.00
Total Projected Income:	1,085,554.67	1,749,608.22	0.00	1,515,541.56	1,722,409.41	1,535,541.56	1,220,000.00
EXPENSE:							
Current Year Debt Service:	931,635.00	931,635.00	0.00	931,430.00	928,795.00	933,432.50	
Old Town Rein Ph 2 Remaining: Committed \$2,235,600 ⁴	129,580.47		0.00				
Cheyenne Crossing: Committed \$3 million total ^{16 & 18}	400,000.00	14,111.50		337,800.00	1,043,426.86	1,611,255.48	1,000,000.00
<small>7/29/08 \$3,662.58 4/25/06 \$931.32 12/30/05 \$1,243.46 7/25/05 \$1,680.30</small>							
Whitman/Yellowstone Hotel: Committed \$613,000 ¹⁰	256,500.00			356,500.00			
Clark Street Overpass: Committed \$258,880.93	157,678.00						157,678.00
Triangle: Committed \$632,801.57 ¹⁵	632,801.57	421,173.21	0.00				
Portneuf Valley Investment Partners: Committed \$45,000 ¹³	45,000.00	45,000.00	0.00				
Reimburse City for Demolition at W. Clark and N. Garfield		18,950.00					
AIM property tax refund (not budgeted)	433,786.14	433,786.14	0.00				
Admin Transfer to Unrestricted Account: ¹¹			0.00				692,806.00
City of Pocatello, triangle land reimbursement							206,000.00
Legal advertising - Kress district		101.50					
Trustee fees		4,500.00		2,250.00	2,250.00	2,250.00	
Professional services		4,160.00					
Land Acquisition Fund: ¹⁷							
<u>Unapproved projects:</u>							
Unnamed Project				500,000.00			
South 5th Project				100,000.00			
Total Projected Expense:	2,986,981.18	1,873,417.35	0.00	2,227,980.00	1,974,471.86	2,546,937.98	2,056,484.00
CALCULATED ANNUAL BALANCE		\$3,029,561.15	\$3,029,561.15	\$2,317,122.71	\$2,065,060.26	\$1,053,663.84	\$217,179.84
Debt service restriction (reserve \$650,000.00)			\$1,581,430.00	\$1,578,795.00	\$1,583,432.50	0.00	0.00
Available cash			\$1,448,131.15	\$738,327.71	\$481,627.76	\$1,053,663.84	\$217,179.84

**POCATELLO DEVELOPMENT AUTHORITY
NAVAL ORDINANCE PLANT FUND CASH FLOW PROJECTIONS
2008 THROUGH 2028**

YEARS ENDED	Budget 2008	YTD 2008 As of September	Remaining 2008	Budget 2009	Budget 2010	Budget 2011	Budget 2012 - 2028
Previous Year Balance:	\$0.00	\$0.00	\$5,261.30	\$5,261.30	\$11,261.30	\$16,261.30	\$21,261.30
INCOME:							
Property taxes	0.00	5,261.30	0.00	6,000.00	80,000.00	80,000.00	1,280,000.00
Interest on trust accounts			0.00				
Loan from General Fund	75,000.00	75,000.00	0.00				
Total Projected Income:	75,000.00	80,261.30	0.00	6,000.00	80,000.00	80,000.00	1,280,000.00
EXPENSE:							
Log Homes (\$225,000.)	75,000.00	75,000.00	0.00			75,000.00	75,000.00
Owner Contract			0.00				750,000.00
Repay loan to General Fund			0.00		75,000.00		
			0.00				
			0.00				
			0.00				
Total Projected Expense:	75,000.00	75,000.00	0.00	0.00	75,000.00	75,000.00	825,000.00
CALCULATED ANNUAL BALANCE	\$0.00	\$5,261.30	\$5,261.30	\$11,261.30	\$16,261.30	\$21,261.30	\$476,261.30

**POCATELLO DEVELOPMENT AUTHORITY
NORTH YELLOWSTONE FUND CASH FLOW PROJECTIONS
2008 THROUGH 2028**

YEARS ENDED	Budget 2008	YTD 2008 As of September	Remaining 2008	Budget 2009	Budget 2010	Budget 2011	Budget 2012 - 2028
Previous Year Balance:	\$1,039,471.94	\$1,039,471.94	\$1,343,991.40	\$1,276,749.60	\$1,387,544.63	\$1,395,214.66	\$1,395,214.66
INCOME:							
Property taxes (\$368,864.08)	764,120.03	765,030.06		764,120.03	964,120.03	964,123.03	16,390,091.51
Interest on trust accounts		25,924.15	0.00	25,000.00	25,000.00	25,000.00	400,000.00
Loan from General Fund		615,514.38					
Total Projected Income:	764,120.03	1,406,468.59	0.00	789,120.03	989,120.03	989,123.03	16,790,091.51
EXPENSE:							
Current Year Debt Service:	457,545.00	453,325.00	0.00	578,325.00	681,450.00	678,525.00	11,554,900.00
Rail Crossing	107,241.80	40,000.00	67,241.80				
Peg Development Land Acquisition	460,000.00	460,000.00	0.00				
Legal Advertising		228.82	0.00				
Trustee fees		2,500.00	0.00				
Loan payment to General Fund				100,000.00	300,000.00	215,514.38	615,514.38
Costco employment payment (\$1,000,000.00) 1	145,895.31	145,895.31	0.00				854,104.69
Total Projected Expense:	1,170,682.11	1,101,949.13	67,241.80	678,325.00	981,450.00	894,039.38	12,409,004.69
CALCULATED ANNUAL BALANCE	\$632,909.86	\$1,343,991.40	\$1,276,749.60	\$1,387,544.63	\$1,395,214.66	\$1,490,298.31	\$5,776,301.48
Bond reserve trust fund		681,900.00	681,900.00	681,900.00	681,900.00	681,900.00	0.00
Current debt payment allocation fund reserve		582,545.00	582,545.00	680,170.00	676,600.00	677,440.00	0.00
Amount available		79,546.40	12,304.60	25,474.63	36,714.66	130,958.31	5,776,301.48

Note: \$691,458.36 in bonded debt reserves are included in cash balance

1 = Per letter from David Messner, Costco Agent, the \$1 mil employment grant was reduced by a construction advance to PEG development of \$145,895.00, Dated 12/31/2007



ENGINEERING DEPARTMENT
911 N. 7th
P.O. Box 4169
Pocatello, Idaho 83205-4169
(208) 234-6225 FAX (208) 234-6151



October 8, 2008

Pocatello Development Authority
City of Pocatello
911 North 7th Avenue
Pocatello, ID 83201

RE: The Triangle Application for Payment No. 9

PDA Members:

Triangle pay application number 8 is complete. Myers and Anderson have certified payment of \$228,017.86. This amount includes electrical work, paving operations, sidewalk construction, and professional services. To my knowledge, the construction work described in this Application has been completed to City Standards and I recommend payment.

Sincerely,

Jesse Schuerman
Project Engineer
City of Pocatello

AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER

Myers ■ Anderson

- Architecture
- Interior Design
- Landscape Architecture

October 1, 2008

Robert Chambers
City of Pocatello
Pocatello Development Authority
911 North 7th Avenue
Pocatello, Idaho 83201

Re: The Triangle / PDA
Application for Payment No. 9
Triangle, Inc.

Dear Mr. Chambers:

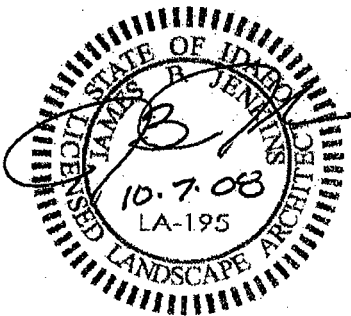
Myers Anderson Architects certifies to the Pocatello Development Authority that to the best of the Architect's knowledge, information, and belief the work covered by this Application for Payment has progressed as indicated and is in accordance with the contract documents and that the current payment shown herein is now due.

Amount Certified \$228,017.86

Previous Amount Funded by PDA . . \$420,507.89

Project Architect:

By: Jim Jenkins Date: October 1, 2008



101 N. Main
Pocatello, Idaho 83204
P 208-232-3741
F 208-232-3782
maa@myers-anderson.com

Triangle, Inc.
PO Box 1082
Pocatello, Idaho 83204

PDA INVOICE #9

October 1, 2008

Work Completed as of: September 30, 2008

PDA Site: Triangle Redevelopment Project PHASE 1 (perimeter) and PHASE 2 (interior)

Date	Payee	Description	Amount
9/23/08	Keller Associates, Inc.: Invoice # 6	Professional Services – Site Platting / Const Eng	\$ 4,803.75
9/25/08	Myers Anderson Architects: Invoice # 9	Professional Services – Services Completed to date	\$ 404.77
9/26/08	Harris, Inc.: Invoice # 6	Progress Payment – Site Construction PHASE 1	\$ 146,504.22
9/26/08	Harris, Inc.: Invoice # 6	Progress Payment – Site Construction PHASE 2	\$ 76,305.12
Total Reimbursement Request			<u>\$228,017.86</u>

Notes:

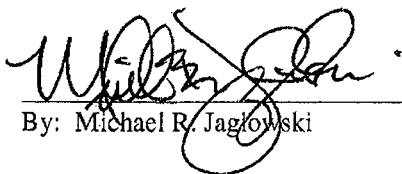
1. Reimbursements arranged according to Date Received.
2. Attached to Invoice - Invoices for the above services

Construction Summary:

1. Total Site Construction Contract = \$730,147.00; Includes both Phase 1 & 2 Efforts
2. Total Site Construction Completed = \$584,134.12; Includes both Phase 1 & 2 Efforts
3. Balance to Finish Project = \$146,012.88

Respectfully Submitted:

TRIANGLE, INC.



By: Michael R. Jaglowski

Developer: Triangle Inc.
 PO Box 1082
 Pocatello, Idaho 83204

Draw Requisition #: 9
 Period Ending: 30-Sep-08
 Requisition Date: 1-Oct-08

Project: PDA - Triangle Redevelopment Project

Special Instructions: NONE

Payment Request Summary

Budget Category	Consultant / Contractor	Original Project Budget	Budget Adjustment	Revised Project Budget	Services Completed To Date	Previous Amount Funded by PDA	Previous Amount Paid by Developer	Current Request to be Paid by Developer	Current Request to be Paid by PDA	Balance to Complete Project
Architectural & Engineering	Myers / Anderson	75,000.00	5,953.36	80,953.36	81,501.97	71,851.09	9,246.11	0.00	404.77	-548.61
	Keller Associates - Platting	6,800.00	0.00	6,800.00	6,800.00	3,400.00	3,400.00	0.00	0.00	0.00
	Triangle Inc	18,711.17	0.00	18,711.17	18,711.17	18,711.17	0.00	0.00	0.00	0.00
	Xcej Engineering, LC	8,100.00	0.00	8,100.00	8,100.00	0.00	8,100.00	0.00	0.00	0.00
	DDC, LLC	17,346.11	0.00	17,346.11	17,346.11	17,346.11	0.00	0.00	0.00	0.00
	Blackrock Environmental	5,000.00	0.00	5,000.00	2,627.73	2,627.73	0.00	0.00	0.00	2,372.27
Construction Engineering	Keller Associates-Con Eng	24,000.00	0.00	24,000.00	19,780.00	14,976.25	0.00	0.00	4,803.75	9,023.75
Site Construction	Harris, Inc - Phase 1	485,416.00		504,904.00	339,206.97	192,702.75	0.00	0.00	146,504.22	165,697.03
	Harris, Inc - Phase 2	244,731.00		244,731.00	176,863.22	99,558.10	57,606.10	0.00	76,305.12	68,867.78
	City of Pocatello Water Dept.	13,248.67		13,248.67	13,248.67	0.00	13,248.67	0.00	0.00	0.00
	PROJECT TOTALS	898,362.95	5,953.36	923,794.31	683,185.84	421,173.20	91,600.88	0.00	228,017.86	245,412.22

Percent Complete: 74.0%
 Percent Remaining: 26.0%

Service Completed To Date: 683,185.84
 Previous Funded - PDA: 421,173.20
 Previous Funded - Developer: 91,600.88
 Total Service Completed April 2008: 228,017.86
 Requested from Developer: 0.00
 Current PDA Request: 228,017.86

Arch and Eng Consultant Summary

Myers / Anderson: Genral Consultant for the PDA Triangle Project, Coordinates Sub-Consultant Efforts, Coordinates Construction Efforts.
 Keller Associates - Platting: Coordination of Platting efforts for the PDA Triangle Site.
 Keller Associates - Con Eng: Provides Construction Engineering for the PDA Triangle Site, Coordinates and Reports to Myers Anderson
 Xcej Engineering: Provided Geotechnical and Environmental Reports for the PDA Triangle Site
 Blackrock Environmental: Provide professional assistance to compose the IDEQ required TFM Plan.
 Triangle, Inc: Development Company for the PDA Triangle Project, Pre-Pays Arch and Eng Efforts, Pre-Pays Site Construction Efforts
 DDC, LLC: Prvious Development Company, no longer in operational control of the PDA Triangle Site.

This item previously paid by Developer, funds are now available to reimburse to the Developer.

Construction Summary

Harris, Inc - Phase 1: Perimeter Site Effort
 Harris, Inc - Phase 2: Interior Site Effort

Myers ■ Anderson
 Architecture
 Interior Design
 Landscape Design

INVOICE

INVOICE FOR ARCHITECTURAL SERVICES

PROJECT: The Triangle SITE IMPROVEMENTS

DATE: 9/25/2008

Triangle, Inc.
 P.O. Box 1082
 Pocatello, Idaho 83204

INVOICE NO: 09 SITE
 IMPROVEMENTS
 ARCHITECT'S
 PROJECT NO: 06104

This document is held in accordance with the Agreement Between Owner and Architect dated November 12, 2007.

* All prior invoices and payments from the Site Perimeter and Site Interior projects have been accounted for.

The present status of the account is as follows:

		Architectural Fixed Fee:			\$80,953.36	
Architectural Service	% Fee	Contract Amount	% Complete	Amt. Of Serv. Complete	Previous Billings	Net This Billing
Schematic Design:	15%	\$12,143.00	100%	\$12,143.00	\$12,143.00	0.00
Design Development:	20%	\$16,190.67	100%	\$16,190.67	\$16,190.67	0.00
Construction Documents:	50%	\$40,476.68	100%	\$40,476.68	\$40,476.68	0.00
Bidding:	5%	\$4,047.67	100%	\$4,047.67	\$4,047.67	0.00
Construction:	10%	\$8,095.34	95%	\$7,690.57	\$7,285.80	404.77
***	100%					
Total		\$80,953.36	100%	\$80,548.59	\$80,143.82	\$404.77

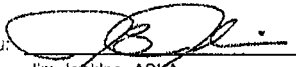
Reimbursables:	Bid Documents (25 Sets)	\$737.50	\$737.50	\$0.00
	Shipping / UPS	\$13.23	\$13.23	\$0.00
	Advertisement for Bids	\$202.63	\$202.63	\$0.00
	Subtotal:	\$953.36	\$953.36	0.00

Total of Architectural Services and Reimbursables Due this Billing \$404.77

Summary	Total Amount of Services Completed to Date	\$80,548.59
	Total Amount of Reimbursables to Date	\$953.36
	Subtotal	\$81,501.95
	Less: Previous Payments	\$79,882.88
	Total of Architectural Services and Reimbursables Due this Billing	\$404.77
	Amount Past Due	\$0.00
	Interest Accrued on Past Due	\$0.00
	TOTAL NOW DUE:	\$404.77

Outstanding Invoicing
 Invoice No. 8 \$1,214.31

The above amount shall become due and payable upon receipt.
 INTEREST ON OVERDUE ACCOUNTS SHALL ACCRUE AT ONE AND ONE HALF PERCENT (1.5%) PER MONTH

Thank you: 
 Jim Jenkins, ASLA

101 N. Main Street ■ Pocatello, Idaho 83204 ■ Ph: (208) 232-3741



KELLER
associates

412 West Center, Suite 330 • Pocatello, ID 83204
208.238.2146 phone • 208.238.2162 fax • www.kellerassociates.com

Triangle, Inc.
P.O. Box 1082
Pocatello ID 83204

September 23, 2008
Project No: 208041-000
Invoice No: 0000006
Project Manager: Jaglowski

Project: 208041-000 Triangle - Const. Admin. & Platting

Project Manager: W. Jaglowski

Professional services from August 1, 2008 to August 31, 2008

Task: 001 Preliminary and Final Plat

Fee

Total Fee	6,800.00		
Percent Complete	100.00	Total Earned	6,800.00
		Previous Fee Billing	6,800.00
		Current Fee Billing	0.00
		Total Fee	0.00

Total this task \$0.00

Task: 002 Construction Administration

Professional Personnel

	Hours	Rate	Amount
Hansen, Eddy	11.00	60.00	660.00
Jaglowski, Michael	6.50	105.00	682.50
Kreusel, Kye	29.75	75.00	2,231.25
Settell, Mike	1.50	60.00	90.00
Smith, Brady	13.00	65.00	845.00
Totals	61.75		4,508.75
Total Labor			4,508.75

Billing Limits	Current	Prior	To-date
Total Billings	4,508.75	14,311.25	18,820.00
Limit			21,000.00
Remaining			2,180.00
Total this task			\$4,508.75

Task: 003 Additional Services

Professional Personnel

	Hours	Rate	Amount
Collins, Shelley	0.50	50.00	25.00
Messick, Jeremy	4.50	60.00	270.00
Totals	5.00		295.00

Total Labor			295.00
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Billing Limits

	Current	Prior	To-date
Total Billings	295.00	665.00	960.00
Limit			2,500.00
Remaining			1,540.00

Total this task	\$295.00
------------------------	-----------------

Total this invoice	\$4,803.75
---------------------------	-------------------

Outstanding Invoices

Number	Date	Balance
0000005	8/20/08	5,035.00
Total		5,035.00

Billings to date

	Current	Prior	Total
Fee	0.00	6,800.00	6,800.00
Labor	4,803.75	14,976.25	19,780.00
Totals	4,803.75	21,776.25	26,580.00

APPLICATION AND CERTIFICATE FOR PAYMENT AIA DOCUMENT G702 (Instructions on reverse side) PAGE ONE OF _____ PAGES

TO OWNER: Triangle Inc
P.O. Box 7
Pocatello Idaho 83204

PROJECT: Triangle Phase One
2043 E. Center St.
Pocatello Idaho 83204

APPLICATION NO. Six (6)
 PERIOD TO: 9-1 to 9-30-08
 PROJECT NOS.: 06104

Distribution to:
 OWNER
 ARCHITECT
 CONTRACTOR

FROM CONTRACTOR: Harris Inc
4555 Burley Dr.
Pocatello Idaho 83202

VIA ARCHITECT: Myers Anderson Architects
101 N. Main Street
Pocatello Idaho 83204

CONTRACT DATE: 1-15-08

CONTRACT FOR:

CONTRACTOR'S APPLICATION FOR PAYMENT

Application is made for payment, as shown below, in connection with the Contract. Continuation Sheet, AIA Document G703, is attached

- 1. ORIGINAL CONTRACT SUM \$ 485,416.00
- 2. Net change by Change Orders \$ 19,488.00
- 3. CONTRACT SUM TO DATE (Line 1 + 2) \$ 504,904.00
- 4. TOTAL COMPLETED & STORED TO DATE \$ 357,059.98
 (Column G on G703)
- 5. RETAINAGE:
 - a. 5 % of Completed Work \$ 17,853.01
 (Columns D + E on G703)
 - b. _____ % of Stored Material \$ 0
 (Column F on G703)
- Total Retainage (Line 5a + 5b or Total in Column I of G703) \$ 17,853.01
- 6. TOTAL EARNED LESS RETAINAGE \$ 339,206.97
 (Line 4 less Line 5 Total)
- 7. LESS PREVIOUS CERTIFICATES FOR PAYMENT \$ 192,702.25
 (Line 6 from prior Certificate)
- 8. CURRENT PAYMENT DUE \$ 146,504.22
- 9. BALANCE TO FINISH, INCLUDING RETAINAGE \$ 168,097.03
 (Line 3 less Line 6)

CHANGE ORDER SUMMARY	ADDITIONS	DEDUCTIONS
Total changes approved in previous months by Owner		
Total approved this Month		
TOTALS		
NET CHANGES by Change Order		

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information and belief the Work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

CONTRACTOR:
 By: [Signature]

Date: 9-26-08

State of: Idaho
 County of: Bannock
 Subscribed and sworn to before me this 26th day of September 2008



Notary Public: Deborah Hitchcock
 My Commission expires: 2013 [Signature]

ARCHITECT'S CERTIFICATE FOR PAYMENT

In accordance with the Contract Documents, based on on-site observations and the data comprising this application, the Architect certifies to the Owner that to the best of the Architect's knowledge, information and belief the Work has progressed as indicated, the quality of the Work is in accordance with the Contract Documents, and the Contractor is entitled to payment of the AMOUNT CERTIFIED

AMOUNT CERTIFIED \$ 146,504.22

(Attach explanation if amount certified differs from the amount applied for. Initial all figures on this Application and on the Continuation Sheet that are changed to conform to the amount certified.)

ARCHITECT:
 By: [Signature]

Date: 9-29-08

This Certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.



Harris Inc.
4555 Burley Drive
Pocatello ID 83202
208 237 0575

Progress Billing

Application: 6
Period: 09/25/2008

License: 10657-AAA-1-3

Owner: Triangle Inc.
2043 East Center St. Ste 108
PO Box 1082
Pocatello ID 83204

Job Location: The Triangle - Phase 1 & 2
2043 East Center St. Ste. 108
PO Box 1082
Pocatello ID 83204

Application For Payment On Contract

Original Contract.....	485,416.00
Net Change by Change Orders.....	19,488.00
Contract Sum to Date.....	504,904.00
Total Complete to Date.....	<u>357,059.98</u>
Total Retained.....	17,853.01
Total Earned Less Retained.....	<u>339,206.97</u>
Less Previous Billings.....	192,702.75
Current Payment Due.....	146,504.22
Balance on Contract.....	<u>165,697.03</u>

Contractor's Certification of Work

The undersigned contractor certifies that, to the best of the contractor's knowledge, the work on the the above named job has been completed in accordance with the plans and specifications to the level of completion indicated on the attached schedule of completion.

Contractor: _____ Date: _____

Architect: _____ Date: _____

Owner: _____ Date: _____

Terms: Invoices are due and payable from the date of invoice. All overdue amounts will be charged a service charge of 0.00 % per month. Please make checks payable to: Harris Inc.

Thank you for your prompt payment.

PROGRESS BILLING

Application: 6

Period: 09/25/2008

Schedule of Work Completed

Description of Work	Scheduled	Changes	Contract	Previous	Current Comp.	Stored Mat.	Total Comp.	%	Balance	Retained
1 - Mobilization/Bond	7,834.00		7,834.00	7,834.00			7,834.00	100.00		391.70
2 - Saw Cut Asphalt	3,380.00		3,380.00	3,380.00			3,380.00	100.00		169.00
3 - Asphalt Removal	18,888.00		18,888.00	18,888.00			18,888.00	100.00		944.40
4 - Remove Water Service M	5,917.00		5,917.00	5,917.00			5,917.00	100.00		295.85
5 - Remove Catch Basin	1,644.00		1,644.00	1,644.00			1,644.00	100.00		82.20
6 - Remove Manholes	2,411.00		2,411.00	2,411.00			2,411.00	100.00		120.55
7 - Remove Storm Drain Line	6,519.00		6,519.00	6,519.00			6,519.00	100.00		325.95
8 - Remove Sanitary Sewer	10,650.00		10,650.00	10,650.00			10,650.00	100.00		532.50
9 - Remove Subsoils	10,638.00		10,638.00	10,638.00			10,638.00	100.00		531.90
10 - Install HDPE Pipe	35,892.00		35,892.00	35,892.00			35,892.00	100.00		1,794.60
11 - Install PVC Sewer Pipe	19,235.00		19,235.00	19,235.00			19,235.00	100.00		961.75
12 - Fire Hydrant Assembly	7,286.00		7,286.00						7,286.00	
13 - 30" Catch Basin	5,369.00		5,369.00	5,369.00			5,369.00	100.00		268.45
14 - 48" Storm Drain Manhole	4,295.00		4,295.00	4,295.00			4,295.00	100.00		214.75
15 - Subgrade Compacted	1,064.00		1,064.00						1,064.00	
16 - Install Geotextile	1,702.00		1,702.00	1,702.00			1,702.00	100.00		85.10
17 - Install 8" Thick 2" Cr	13,829.00		13,829.00						13,829.00	
18 - Install 4" Thick Asphalt	7,447.00		7,447.00	7,447.00			7,447.00	100.00		372.35
19 - Install 2 1/2" Thick	28,721.00		28,721.00		28,721.00		28,721.00	100.00		1,436.05
21 - Traffic control	9,735.00		9,735.00	3,894.00			3,894.00	40.00	5,841.00	194.70
22 - Standard Curb and Gutter	17,979.00		17,979.00	12,585.00	0.30		12,585.30	70.00	5,393.70	629.27
23 - HCP Ramps	7,834.00		7,834.00		2,115.18		2,115.18	27.00	5,718.82	105.76
24 - Hand Stk Curb and Gutter	5,884.00		5,884.00	5,884.00			5,884.00	100.00		294.20
25 - Sidewalk	55,582.00		55,582.00		16,674.60		16,674.60	30.00	38,907.40	833.73
26 - Ferguson Geotextile	5,547.00		5,547.00						5,547.00	
27 - Pocatello Precast	13,444.00		13,444.00	13,444.00			13,444.00	100.00		672.20
32 - Surveying	3,935.00		3,935.00	3,935.00			3,935.00	100.00		196.75
30 - Sidewalk Removal	1,141.00		1,141.00	1,141.00			1,141.00	100.00		57.05
35 - Tree Rings	12,490.00		12,490.00						12,490.00	
38 - Greenway Landscape	47,044.00		47,044.00						47,044.00	

PROGRESS BILLING

Application: 6

Period: 09/25/2008

Schedule of Work Completed

Description of Work	Scheduled	Changes	Contract	Previous	Current Comp.	Stored Mat.	Total Comp.	%	Balance	Retained
39 - E-Permits and Mobilize	2,129.00		2,129.00		2,129.00		2,129.00	100.00		106.45
40 - E-Underground Conduits	7,780.00		7,780.00		7,780.00		7,780.00	100.00		389.00
41 - E-Pole Bases	7,056.00		7,056.00		7,056.00		7,056.00	100.00		352.80
42 - E-Poles, Fixtures, Panel	84,037.00		84,037.00		79,835.15		79,835.15	95.00	4,201.85	3,991.76
43 - E-Install Conductors	10,425.00		10,425.00		9,903.75		9,903.75	95.00	521.25	495.19
44 - Construction Sign	653.00		653.00	653.00			653.00	100.00		32.65
Change Order# 1		19,488.00	19,488.00	19,488.00			19,488.00	100.00		974.40
Totals:	485,416.00	19,488.00	504,904.00	202,845.00	154,214.98		357,059.98	70.72	147,844.02	17,853.01

APPLICATION AND CERTIFICATE FOR PAYMENT AIA DOCUMENT G702 (Instructions on reverse side) PAGE ONE OF _____ PAGES

TO OWNER: Triangle Inc
Po Box 7
Pocatello Idaho 83204

PROJECT: Triangle Phase Two
2043 E. Center St.
Pocatello Idaho 83204

APPLICATION NO: Six (6)
 PERIOD TO: 9.1. to 9.30.08
 PROJECT NOS.: 06104

Distribution to:
 OWNER
 ARCHITECT
 CONTRACTOR

FROM CONTRACTOR: Harris Inc
4555 Burley Dr.
Pocatello Idaho 83202

VIA ARCHITECT: Myers Anderson Architects
101 N. Main Street
Pocatello Idaho 83204

CONTRACT DATE: 1.15.08

CONTRACT FOR:

CONTRACTOR'S APPLICATION FOR PAYMENT

Application is made for payment, as shown below, in connection with the Contract Continuation Sheet, AIA Document G703, is attached

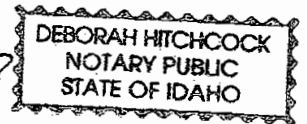
- 1. ORIGINAL CONTRACT SUM \$ 244,731.00
- 2. Net change by Change Orders \$ 0
- 3. CONTRACT SUM TO DATE (Line 1 ± 2) \$ 244,731.00
- 4. TOTAL COMPLETED & STORED TO DATE \$ 185,119.20
 (Column G on G703)
- 5. RETAINAGE:
 - a. 5 % of Completed Work \$ 9,255.98
 (Columns D + E on G703)
 - b. _____ % of Stored Material \$ 0
 (Column F on G703)
 - Total Retainage (Line 5a + 5b or
 Total in Column I of G703) \$ 9,255.98
- 6. TOTAL EARNED LESS RETAINAGE \$ 175,863.22
 (Line 4 less Line 5 Total)
- 7. LESS PREVIOUS CERTIFICATES FOR PAYMENT \$ 99,558.10
 (Line 6 from prior Certificate)
- 8. CURRENT PAYMENT DUE \$ 76,305.12
- 9. BALANCE TO FINISH, INCLUDING RETAINAGE \$ 68,867.78
 (Line 3 less Line 6)

CHANGE ORDER SUMMARY	ADDITIONS	DEDUCTIONS
Total changes approved in previous months by Owner		
Total approved this Month		
TOTALS		
NET CHANGES by Change Order		

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information and belief the Work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

CONTRACTOR: _____
 By: Deborah Hitchcock Date: 9.26.08

State of: Idaho
 County of: Bannock
 Subscribed and sworn to before me this 26th day of September 2008



Notary Public: Deborah Hitchcock
 My Commission expires: 2013

ARCHITECT'S CERTIFICATE FOR PAYMENT

In accordance with the Contract Documents, based on on-site observations and the data comprising this application, the Architect certifies to the Owner that to the best of the Architect's knowledge, information and belief the Work has progressed as indicated, the quality of the Work is in accordance with the Contract Documents, and the Contractor is entitled to payment of the AMOUNT CERTIFIED.

AMOUNT CERTIFIED \$ 76,305.12

(Attach explanation if amount certified differs from the amount applied for. Initial all figures on this Application and on the Continuation Sheet that are changed to conform to the amount certified.)

ARCHITECT: _____
 By: Deborah Hitchcock Date: 9.29.08

This Certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.





4555 Burley Drive, Pocatello, ID 83202
Phone: 208-237-0575 Fax: 208-237-0520

License: 10657-AAA-1-3

Owner: Triangle Inc.
2043 East Center St. Ste 108
PO Box 1082
Pocatello ID 83204

Harris Inc.
4555 Burley Drive
Pocatello ID 83202
208 237 0575

Job Location: The Triangle - Phase 1 & 2
2043 East Center St. Ste. 108
PO Box 1082
Pocatello ID 83204

Progress Billing

Application: 6

Period: 09/25/2008

Application For Payment On Contract

Original Contract.....	244,731.00
Net Change by Change Orders.....	0.00
Contract Sum to Date.....	244,731.00
Total Complete to Date.....	185,119.20
Total Retained.....	9,255.98
Total Earned Less Retained.....	175,863.22
Less Previous Billings.....	99,558.10
Current Payment Due.....	76,305.12
Balance on Contract.....	68,867.78

Contractor's Certification of Work

The undersigned contractor certifies that, to the best of the contractor's knowledge, the work on the the above named job has been completed in accordance with the plans and specifications to the level of completion indicated on the attached schedule of completion.

Contractor: _____ Date: _____

Architect: _____ Date: _____

Owner: _____ Date: _____

Terms: Invoices are due and payable from the date of invoice. All overdue amounts will be charged a service charge of 0.00 % per month. Please make checks payable to: Harris Inc.

Thank you for your prompt payment.

PROGRESS BILLING

Application: 6

Period: 09/25/2008

Schedule of Work Completed

Description of Work	Scheduled	Changes	Contract	Previous	Current Comp.	Stored Mat.	Total Comp.	%	Balance	Retained
1 - Mobilization/Bond	6,410.00		6,410.00	6,410.00			6,410.00	100.00		320.50
Clearing and Grubbing	2,928.00		2,928.00	2,928.00			2,928.00	100.00		146.40
Asphalt Removal	2,841.00		2,841.00	2,841.00			2,841.00	100.00		142.05
48" Sewer Manholes	3,222.00		3,222.00	3,222.00			3,222.00	100.00		161.10
Subgrade Compacted	2,265.00		2,265.00	2,265.00			2,265.00	100.00		113.25
Install Geotextile	3,624.00		3,624.00	3,624.00			3,624.00	100.00		181.20
Install 8" Thick 2" Crushed	29,440.00		29,440.00	29,440.00			29,440.00	100.00		1,472.00
Install 4" Thick 3/4" Crushe	15,852.00		15,852.00	11,096.00	0.40		11,096.40	70.00	4,755.60	554.82
Install 2 1/2" Thick Asphalt	61,143.00		61,143.00		51,971.55		51,971.55	85.00	9,171.45	2,598.58
Surveying	3,934.00		3,934.00	3,934.00			3,934.00	100.00		196.70
Standard Curb and Gutter	7,845.00		7,845.00		7,060.50		7,060.50	90.00	784.50	353.03
Valley Gutters	9,394.00		9,394.00		7,045.50		7,045.50	75.00	2,348.50	352.28
Extruded Curb	8,842.00		8,842.00						8,842.00	
Dumpster Pad	12,052.00		12,052.00						12,052.00	
Ferguson	38,966.00		38,966.00	38,966.00			38,966.00	100.00		1,948.30
Greenway Landscape	23,522.00		23,522.00		3,528.30		3,528.30	15.00	19,993.70	176.42
E-Permits and Mobilization	236.00		236.00		236.00		236.00	100.00		11.80
E-Underground Conduit/Fittin	864.00		864.00		864.00		864.00	100.00		43.20
E-Pole Bases	784.00		784.00		744.80		744.80	95.00	39.20	37.24
E-Poles, Fixtures, Panels	9,337.00		9,337.00		8,870.15		8,870.15	95.00	466.85	443.51
E-Install Conductors	1,158.00		1,158.00						1,158.00	
Construction Sign	72.00		72.00	72.00			72.00	100.00		3.60
Totals:	244,731.00		244,731.00	104,798.00	80,321.20		185,119.20	75.64	59,611.80	9,255.98

Triangle, Inc.
PO Box 1082
Pocatello, Idaho 83204

PDA INVOICE #9B – Financial

October 3, 2008

Work Completed as of: September 30, 2008
PDA Site: Triangle Redevelopment Project

Date	Payee	Description	Amount
5/29/08	First American Title Company	Construction Loan Closing Costs – Letter from Conrad Aiken	\$ 13,475.00
7/08 – 9/08	Idaho Nevada CDFI	Construction Loan Interim Interest – June 2008 through August 2008	\$ 1,304.59

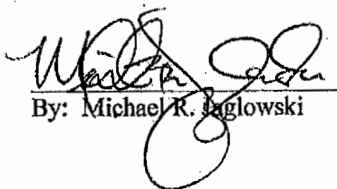
Total Reimbursement Request \$ 14,779.59

Notes:

1. These Costs have been described in the Local Economic Development Act of 1988 as reimbursable.
2. Please refer to the Letter From Racine Law Office signed by Conrad Aiken on May 29, 2008 specifically Item 5 page 3 and the enclosure which describe the closing cost for the Interim Construction Loan to Triangle Inc for the Phase 2 Construction Cost.
3. Please refer to the Interim Interest Invoices and Remittance Stubs dated June 2008 through September 2008.

Respectfully Submitted:

TRIANGLE, INC.


By: Michael R. Jaglowski

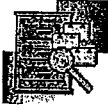
2. PDA's Undertaking

2.1 To further the proposed development and the property improvement and jobs enhancement expected therefrom, PDA agrees to provide to Triangle the following redevelopment grants:

- (a) Transfer to Triangle of the real property located in the Project Area, City of Pocatello, Bannock County, Idaho, with an appraised value of \$627,400.00, and more particularly described in Exhibit "A" hereto.
- (b) Up to a maximum amount of \$300,000 for work and improvements related to the perimeter of the Project Area, including (but not limited to) architectural design or other design, engineering and hard costs.
- (c) Up to a maximum amount of \$632,801.57 needed for additional work and improvements related to the perimeter of the Project Area together with infrastructure and site work in the Project Area (including the common area), and to the extent not needed for site work, for façade work and improvements to enhance the aesthetics of the Project Area; together with all other redevelopment uses authorized by the Idaho Urban Renewal Law of 1965, as amended, and the Local Economic Development Act of 1988, as amended.

2.2 The amount provided in Paragraph 2.1(b), above, shall be paid through an internal account known as the "perimeter construction account," into which PDA shall deposit the funds to be used to make the payments. The perimeter construction account shall be an account held and maintained by PDA, but for the purpose of identifying and segregating the funds to be paid out in accordance with Paragraph 2.1(b), above. The perimeter construction account referred to in this paragraph shall be separate from the account established under Paragraphs 2.4 and 2.5 of this Redevelopment Grant Agreement.

2.3 From the perimeter construction account, PDA shall pay Triangle in response to qualified invoices for services provided to Triangle, such invoices to be submitted by Triangle in connection with the redevelopment project. "Qualified invoices," as that term is used in this



Idaho Statutes

TITLE 50 MUNICIPAL CORPORATIONS CHAPTER 29

LOCAL ECONOMIC DEVELOPMENT ACT

50-2903. DEFINITIONS. The following terms used in this chapter shall have the following meanings, unless the context otherwise requires:

- (1) "Act" or "this act" means this revenue allocation act.
- (2) "Agency" or "urban renewal agency" means a public body created pursuant to section 50-2006, Idaho Code.
- (3) "Authorized municipality" or "municipality" means any county or incorporated city which has established an urban renewal agency, or by ordinance has identified and created a competitively disadvantaged border community.
- (4) "Base assessment roll" means the equalized assessment rolls, for all classes of taxable property, on January 1 of the year in which the local governing body of an authorized municipality passes an ordinance adopting or modifying an urban renewal plan containing a revenue allocation financing provision, except that the base assessment roll shall be adjusted as follows: the equalized assessment valuation of the taxable property in a revenue allocation area as shown upon the base assessment roll shall be reduced by the amount by which the equalized assessed valuation as shown on the base assessment roll exceeds the current equalized assessed valuation of any taxable property located in the revenue allocation area, and by the equalized assessed valuation of taxable property in such revenue allocation area that becomes exempt from taxation subsequent to the date of the base assessment roll. The equalized assessed valuation of the taxable property in a revenue allocation area as shown on the base assessment roll shall be increased by the equalized assessed valuation, as of the date of the base assessment roll, of taxable property in such revenue allocation area that becomes taxable after the date of the base assessment roll.
- (5) "Budget" means an annual estimate of revenues and expenses for the following fiscal year of the agency. An agency shall, by September 1 of each calendar year, adopt and publish, as described in section 50-1002, Idaho Code, a budget for the next fiscal year. An agency may amend its adopted budget using the same procedures as used for adoption of the budget. For the fiscal year that immediately predates the termination date for an urban renewal plan involving a revenue allocation area or will include the termination date, the agency shall adopt and publish a budget specifically for the projected revenues and expenses of the plan and make a determination as to whether the revenue allocation area can be terminated before the January 1 of the termination year pursuant to the terms of section 50-2909(4), Idaho Code. In the event that the agency determines that current tax year revenues are sufficient to cover all estimated expenses for the current year and all future years, by September 1 the agency shall adopt a resolution advising and notifying the local governing body, the county auditor, and the state tax commission and recommending the adoption of an ordinance for termination of the revenue allocation area by December 31 of the current year and declaring a surplus to be distributed as described in section 50-2909, Idaho Code, should a surplus be determined to exist. The agency shall cause the ordinance to be filed with the office of the county recorder and the Idaho state tax commission as provided in section 63-215, Idaho Code. Upon notification of revenues sufficient to cover expenses as provided herein, the increment value of that revenue allocation area shall be included in the net taxable value of the appropriate taxing districts when calculating the subsequent property tax levies pursuant to section 63-803, Idaho Code. The increment value shall also

be included in subsequent notification of taxable value for each taxing district pursuant to section 63-1312, Idaho Code, and subsequent certification of actual and adjusted market values for each school district pursuant to section 63-315, Idaho Code.

(6) "Clerk" means the clerk of the municipality.

(7) "Competitively disadvantaged border community area" means a parcel of land consisting of at least forty (40) acres which is situated within the jurisdiction of a county or an incorporated city and within twenty-five (25) miles of a state or international border, which the governing body of such county or incorporated city has determined by ordinance is disadvantaged in its ability to attract business, private investment, or commercial development, as a result of a competitive advantage in the adjacent state or nation resulting from inequities or disparities in comparative sales taxes, income taxes, property taxes, population or unique geographic features.

(8) "Deteriorated area" means:

(a) Any area, including a slum area, in which there is a predominance of buildings or improvements, whether residential or nonresidential, which by reason of dilapidation, deterioration, age or obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime, and is detrimental to the public health, safety, morals or welfare.

(b) Any area which by reason of the presence of a substantial number of deteriorated or deteriorating structures, predominance of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility or usefulness, insanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land, defective or unusual conditions of title, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, results in economic underdevelopment of the area, substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations or constitutes an economic or social liability and is a menace to the public health, safety, morals or welfare in its present condition and use.

(c) Any area which is predominately open and which because of obsolete platting, diversity of ownership, deterioration of structures or improvements, or otherwise, results in economic underdevelopment of the area or substantially impairs or arrests the sound growth of a municipality. The provisions of section 50-2008(d), Idaho Code, shall apply to open areas.

(d) Any area which the local governing body certifies is in need of redevelopment or rehabilitation as a result of a flood, storm, earthquake, or other natural disaster or catastrophe respecting which the governor of the state has certified the need for disaster assistance under any federal law.

(e) Any area which by reason of its proximity to the border of an adjacent state is competitively disadvantaged in its ability to attract private investment, business or commercial development which would promote the purposes of this chapter.

(9) "Facilities" means land, rights in land, buildings, structures, machinery, landscaping, extension of utility services, approaches, roadways and parking, handling and storage areas, and similar auxiliary and related facilities.

(10) "Increment value" means the total value calculated by summing the differences between the current equalized value of each taxable property in the revenue allocation area and that property's current base value on the base assessment roll, provided such difference is a positive value.

(11) "Local governing body" means the city council or board of county commissioners of a municipality.

(12) "Plan" or "urban renewal plan" means a plan, as it exists or may from time to time be amended, prepared and approved pursuant to section 50-2008, Idaho Code, and any method or methods of financing such plan, which methods may include revenue allocation financing provisions.

(13) "Project" or "urban renewal project" or "competitively disadvantaged border areas" may include undertakings and activities of a municipality in an urban renewal area for the elimination of deteriorated or deteriorating areas and for the prevention of the development or spread of slums and blight, and may involve slum clearance and redevelopment in an urban renewal area, or rehabilitation or conservation in an urban renewal area, or any combination or part thereof in accordance with an urban renewal plan. Such undertakings and activities may include:

(a) Acquisition of a deteriorated area or a deteriorating area or portion thereof;

(b) Demolition and removal of buildings and improvement;

(c) Installation, construction, or reconstruction of streets, utilities, parks, playgrounds, open space, off-street parking facilities, public facilities, public recreation and entertainment facilities or buildings and other improvements necessary for carrying out, in the urban renewal area or competitively disadvantaged border community area, the urban renewal objectives of this act in accordance with the urban renewal plan or the competitively disadvantaged border community area ordinance.

(d) Disposition of any property acquired in the urban renewal area or the competitively disadvantaged border community area (including sale, initial leasing or retention by the agency itself) or the municipality creating the competitively disadvantaged border community area at its fair value for uses in accordance with the urban renewal plan except for disposition of property to another public body;

(e) Carrying out plans for a program of voluntary or compulsory repair and rehabilitation of buildings or other improvements in accordance with the urban renewal plan;

(f) Acquisition of real property in the urban renewal area or the competitively disadvantaged border community area which, under the urban renewal plan, is to be repaired or rehabilitated for dwelling use or related facilities, repair or rehabilitation of the structures for guidance purposes, and resale of the property;

(g) Acquisition of any other real property in the urban renewal area or competitively disadvantaged border community area where necessary to eliminate unhealthful, insanitary or unsafe conditions, lessen density, eliminate obsolete or other uses detrimental to the public welfare, or otherwise to remove or to prevent the spread of blight or deterioration, or to provide land for needed public facilities or where necessary to accomplish the purposes for which a competitively disadvantaged border community area was created by ordinance;

(h) Lending or investing federal funds; and

(i) Construction of foundations, platforms and other like structural forms.

→ (14) "Project costs" includes, but is not limited to:

→ (a) Capital costs, including the actual costs of the construction of public works or improvements, facilities, buildings, structures, and permanent fixtures; the demolition, alteration, remodeling, repair or reconstruction of existing buildings, structures, and permanent fixtures; the acquisition of equipment; and the clearing and grading of land;

→ (b) Financing costs, including interest during construction and capitalized debt service or repair and replacement or other appropriate reserves;

(c) Real property assembly costs, meaning any deficit incurred from the sale or lease by a municipality of real or personal property within a

- revenue allocation district;
- (d) Professional service costs, including those costs incurred for architectural, planning, engineering, and legal advice and services;
 - (e) Direct administrative costs, including reasonable charges for the time spent by municipal employees in connection with the implementation of a project plan;
 - (f) Relocation costs;
 - (g) Other costs incidental to any of the foregoing costs.

(15) "Revenue allocation area" means that portion of an urban renewal area or competitively disadvantaged border community area the equalized assessed valuation (as shown by the taxable property assessment rolls) of which the local governing body has determined, on and as a part of an urban renewal plan, is likely to increase as a result of the initiation of an urban renewal project or competitively disadvantaged border community area. The base assessment roll or rolls of revenue allocation area or areas shall not exceed at any time ten percent (10%) of the current assessed valuation of all taxable property within the municipality.

(16) "State" means the state of Idaho.

(17) "Tax" or "taxes" means all property tax levies upon taxable property.

(18) "Taxable property" means taxable real property, personal property, operating property, or any other tangible or intangible property included on the equalized assessment rolls.

(19) "Taxing district" means a taxing district as defined in section 63-201, Idaho Code, as that section now exists or may hereafter be amended.

(20) "Termination date" means a specific date no later than twenty-four (24) years from the effective date of an urban renewal plan or as described in section 50-2904, Idaho Code, on which date the plan shall terminate. Every urban renewal plan shall have a termination date that can be modified or extended subject to the twenty-four (24) year maximum limitation. Provided however, the duration of a revenue allocation financing provision may be extended as provided in section 50-2904, Idaho Code.

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Search the Idaho Statutes

Available Reference: *Search Instructions*.

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CHARTERED**

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RANDALL C. BUDGE
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JOHN B. INGELSTROM
DANIEL C. GREEN
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TELEPHONE (208) 398-0011
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WWW.RACINELAW.NET

SENDER'S E-MAIL ADDRESS: CJA@RACINELAW.NET

POCATELLO OFFICE
201 EAST CENTER STREET
POST OFFICE BOX 1301
POCATELLO, IDAHO 83201
TELEPHONE: (208) 232-8101
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**ALL OFFICES TOLL FREE
(877) 232-8101**

LOUIS F. RACINE (1917-2006)
WILLIAM D. OLSON, OF COUNSEL

May 29, 2008

Ms. Crystal Iverson
First American Title Company
2240 E. Center
Pocatello, ID 83201

**Re: First American Title Order No. 257749-P, Escrow No. 257749-P
Borrower: Triangle, Inc.**

Dear Ms. Iverson:

This letter will serve as revised escrow instructions from IDAHO-NEVADA COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION, INC., ("CDFI") for the above-referenced transaction.

We have previously delivered to you the following documents:

1. Corporate Resolution to Borrow and Grant Collateral;
2. Loan Agreement;
3. Promissory Note in the original principal amount of \$632,800;
4. Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the "Deed of Trust");
5. Borrower's Certificate and Indemnity Regarding Hazardous Substances;
6. Certificate of Compliance With Access Laws and Indemnification;
7. Assignment of Contract Right;
8. Assignment of Architect's Contract;
9. Assignment of Construction Contracts; and
10. Notice of Insurance Requirements.

Please discard the documents numbered 2, 4, and 7. Revisions of these documents are being delivered to you by electronic mail. Please use the revisions instead of the original documents which we sent you.

The foregoing documents, including the revised documents, should all be executed by Michael R. Jaglowski, President of Triangle, Inc. except for the Corporate Resolution which should be executed by Wendy Jaglowski, Secretary/Treasurer of Triangle, Inc. The Loan Agreement will also be executed by Chuck Prince on behalf of CDFI after the other parties have signed the documents.

I am also sending you the following documents, neither of which needs signature:

- UCC-1 Financing Statement for filing with the Idaho Secretary of State; and
- UCC-1 Financing Statement for recording with the Bannock County Recorder.

Please record in Bannock County the Deed of Trust and the UCC-1 Financing Statement designated for Bannock County. Please file the other UCC-1 with the Idaho Secretary of State.

Please send your Borrower/Seller estimated closing statements.

We have wired to your account number 3725221810 at Wells Fargo Bank the sum of \$632,800. You are authorized to disburse that amount in accordance with the Disbursement Reconciliation Sheet attached, and upon the fulfillment of the following:

1. Confirmation that the Deed of Trust and the UCC-1 for Bannock have been recorded in Bannock County and that you will file the UCC-1 with the Idaho Secretary of State;
2. Confirmation that First American Title will issue an ALTA Mortgagee's Policy of Title Insurance for \$632,800 with endorsements 9-06, 22-06, 40, and 102.4, insuring Lender and insuring the lien of the Deed of Trust, in accordance with and subject only to the usual printed exceptions and exception numbers 7 and 8 of your Preliminary Title Report dated April 30, 2008, for Order No. 257749-P. Exception numbers 9, 10, and 11 should show as subordinated to the lien of CDFI's Deed of Trust.
3. Confirmation that you have received from Mr. Jaglowski original executed and notarized copies of the following documents:
 - a. Subordination Agreement by the Pocatello Development Authority;
 - b. Subordination Agreement by DDC, LLC; and
 - c. Subordination by Nichols Holdings, LLC and Ratzlaff Holdings, LLC.
4. Confirmation that you have recorded the foregoing three Subordination Agreements with the Bannock County Recorder;

5. Confirmation that you have received \$13,475 from Triangle, Inc. to be disbursed in accordance with the Disbursement Reconciliation Sheet;
6. Confirmation that Harris, Inc. has signed the second page of the Assignment of Construction Contracts; and
7. Your acknowledgment of this letter in the space provided below;

Please deliver the following items to our office within two weeks after recording and funding of \$632,800.00 of our loan:

- A. Our ALTA Mortgagee's Policy with endorsements;
- B. Final Borrower and Seller closing statements;
- C. Any original loan documents in your possession; and
- D. Any monies owed pursuant to the Disbursement Reconciliation Sheet.

Yours very truly,



CONRAD J. AIKEN

CJA:mt
Enclosures

NACJA\28458 CDFT\28458.30 Triangle\2008\Sec Inst It-REV.doc

Receipt of these instructions, with enclosures, is hereby accepted and acknowledged this _____ day of _____, 2008.

FIRST AMERICAN TITLE COMPANY

By: _____
Title: _____

**REVISED
DISBURSEMENT RECONCILIATION SHEET**

There are two sources of funds:

1. From the \$632,800 wired to you by CDFI, please disburse to Triangle, Inc. at closing \$30,000 and retain the remaining \$602,800 until you receive electronic mail notices from Chuck Prince of CDFI for periodic disbursements to Borrower under the Loan Agreement.

2. From the \$13,475 delivered to you by Triangle, Inc., please disburse the following amounts:

To: Racine Olson Nye Budge & Bailey
Attorneys Fees \$ 3,698.00

To: First American Title \$ 2,159.77
(Title Insurance and Endorsement for \$632,800.00)

To: First American Title – Escrow Fee \$1,000.00

To: First American Title – Recording and Documentation Fees \$ 75.00

To: First American Title – Disbursement and Handling \$ 80.00

To: Idaho-Nevada CDFI – Loan Fees \$6,328.00

To: Borrower, Triangle, Inc. – Balance

TRIANGLE, INC.
P. O. BOX 1082
POCATELLO, ID 83204-1082

1017

92-379/1241 3158
8122034922

DATE July 7, 2008

PAY
TO THE
ORDER OF

Idaho Nevada CDFI

\$ 138.92

One Hundred thirty eight & 92/100

DOLLARS



Wells Fargo Bank, N.A.
Idaho
wellsfargo.com

FOR

Interest Payment #1 - 3rd contribution

[Handwritten signature]

⑈000001017⑈ ⑆124103799⑆ 8122034922⑈

Interest Payment No: 1

Payment Due Date

JULY 7, 2008

INTEREST PAYMENT AMOUNT:

\$138.92

TRIANGLE, INC
P.O. Box 1082
Pocatello, Idaho 83204

REMIT TO:

Idaho Nevada CDFI
P.O. Box 5079
Twin Falls, Idaho 83303-5079



Idaho Nevada Community Development Financial Institute, Inc.
 Servicing Branch
 P.O. Box 5079
 Twin Falls, Idaho 83303-5079
 Phone 208-732-5727 ext 3009
 Fax 208-732-5454

To: TRIANGLE, INC.
 P.O. Box 1082
 Pocatello, Idaho 83204

RE: Interest Payment Invoice
 Interest Payment No.: 2
 Mailing Date: August 1, 2008

SALESPERSON	YOUR P.O. #	DATE SHIPPED	SHIPPED VIA	DUE DATE	TERMS
kvs	2	8/01/08	USPS	8/7/08	Upon receipt

BILLING #	DESCRIPTION	UNIT PRICE	AMOUNT
2	Interest-only payment due on CDFI Loan to Triangle, Inc. as of 08/07/2008	512.06	512.06
			0.00
			0.00
			0.00
			0.00
			0.00
			0.00
		SUBTOTAL	512.06
		OTHER	0.00
		OTHER	
		TOTAL DUE	\$ 512.06

Make all checks payable to: Idaho Nevada CDFI

If you have any questions concerning this invoice, call: Karen Short, 208-732-5727 or Chuck Prince at 208-637-0671

THANK YOU

TRIANGLE, INC.
P. O. BOX 1082
POCATELLO, ID 83204-1082

1025
92-379/1241 3168
8122034922

DATE Aug 5, 2008

PAY
TO THE
ORDER OF

IDAHO NEVADA COFF

\$ 316.⁰⁶

FIVE HUNDRED SIXTY & ⁰⁶/₁₀₀

DOLLARS



Wells Fargo Bank, N.A.
Idaho
wellsfargo.com

FOR

Interest Payment #2

[Handwritten Signature]

⑈000001025⑈ ⑆124103799⑆ 8122034922⑈



Idaho Nevada Community Development Financial Institute, Inc.
Servicing Branch
P.O. Box 5079
Twin Falls, Idaho 83303-5079
Phone 208-732-5727 ext 3009
Fax 208-732-5454

To: TRIANGLE, INC.
P.O. Box 1082
Pocatello, Idaho 83204

RE: Interest Payment Invoice
Interest Payment No.: 3
Mailing Date: August 29, 2008

SALESPERSON	YOUR P.O. #	DATE SHIPPED	SHIPPED VIA	DUE DATE	TERMS
kvs	3	8/01/08	USPS	9/7/08	Upon receipt

BILLING #	DESCRIPTION	AMOUNT
3	Interest-only payment due on CDFI Loan to Triangle, Inc. as of <u>09/07/2008</u>	\$391.35
SUBTOTAL		\$391.35
OTHER		
OTHER		
TOTAL DUE		\$391.35

Make all checks payable to: Idaho Nevada CDFI

If you have any questions concerning this invoice, call: Karen Short, 208-732-5727 or Chuck Prince at 208-637-0671

THANK YOU

TRIANGLE, INC.
P. O. BOX 1082
POCATELLO, ID 83204-1082

1029

92-379/1241.3188
8122034922

DATE September 3, 2008

PAY TO THE ORDER OF IDAHO NEVADA CDFE \$ 391³⁵/₁₀₀

THREE HUNDRED NINETY - ONE & ³⁵/₁₀₀ DOLLARS



WELLS FARGO Wells Fargo Bank, N.A.
Idaho wells Fargo.com

FOR INTEREST ONLY Payment #3

[Handwritten Signature]

⑈0000001029⑈ ⑆124103799⑆ 8122034922⑈



Idaho Nevada Community Development Financial Institute, Inc.
 Servicing Branch
 P.O. Box 5079
 Twin Falls, Idaho 83303-5079
 Phone 208-732-5727 ext 3009
 Fax 208-732-6454

To: **TRIANGLE, INC.**
 P.O. Box 1082
 Pocatello, Idaho 83204

RE: **Interest Payment Invoice**
 Interest Payment No.: 4
 Mailing Date: September 29, 2008

SALESPERSON	YOUR P.O. #	DATE SHIPPED	SHIPPED VIA	DUE DATE	TERMS
kvs	4	9/29/08	USPS	10/7/08	Upon receipt
BILLING #	DESCRIPTION			AMOUNT	
4	Interest-only payment due on CDFI Loan to Triangle, Inc. as of 10/07/2008				\$262.26
SUBTOTAL					\$262.26
OTHER					
OTHER					
TOTAL DUE					\$262.26

Make all checks payable to: Idaho Nevada CDFI

If you have any questions concerning this invoice, call: Karen Short, 208-732-5727 or Chuck Prince at 208-837-0671

THANK YOU

Interest Payment No: 4

Payment Due Date


October 7, 2008

INTEREST PAYMENT AMOUNT:

\$262.26

TRIANGLE, INC
P.O. Box 1082
Pocatello, Idaho 83204

REMIT TO: Idaho Nevada CDFI
P.O. Box 5079
Twin Falls, Idaho 83303-5079

TRIANGLE, INC. P. O. BOX 1082 POCATELLO, ID 83204-1082		1039 62-379/1241 3168 8122034922	
DATE <u>10/5/08</u>			
PAY TO THE ORDER OF	<u>Idaho Nevada CDFI</u>	\$	<u>262.26</u>
	<u>two hundred sixty two & 26/100</u>	DOLLARS	
FOR	<u>Interest Pmt #4</u>	<u>W Jag Lawms</u>	
⑈0000001039⑈ ⑆124103799⑆ 8122034922⑈			

Deaton & Company, Chartered
Certified Public Accountants
215 North 9th, Suite A
Pocatello, ID 83201-5278
(208) 232-5825

Members of Idaho Society of Certified Public Accountants
Members of American Institute of Certified Public Accountants



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

We are pleased to confirm our understanding of the services we are to provide Pocatello Development Authority for the year ended September 30, 2008. We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements, of Pocatello Development Authority as of and for the year ended September 30, 2008. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to accompany Pocatello Development Authority's basic financial statements. As part of our engagement, we will apply certain limited procedures to Pocatello Development Authority's RSI. These limited procedures will consist principally of inquiries of management regarding the methods of measurement and presentation, which management is responsible for affirming to us in its representation letter. Unless we encounter problems with the presentation of the RSI or with procedures relating to it, we will disclaim an opinion on it. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited.

1. Management's Discussion and Analysis.
2. Budgetary Comparison Schedules.
3. Combining and individual fund financial statements.

Audit Objective

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the additional information referred to in the first paragraph when considered in relation to the basic financial statements taken as a whole. Our audit will be conducted in accordance with U.S. generally accepted auditing standards and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. If our opinions on the financial statements are other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of the respective financial position of the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Pocatello Development Authority and the respective changes in financial position and where applicable, cash flows, in conformity with U.S. generally accepted accounting principles. Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. You are also responsible for management decisions and functions and for designating an individual with suitable skill, knowledge, or experience to oversee our services.

Management is responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Management is responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud or illegal acts affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

Because an audit is designed to provide reasonable, but not absolute, assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any

violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under professional standards.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Pocatello Development Authority's compliance with applicable laws and regulations and the provisions of contracts and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Audit Administration, Fees, and Other

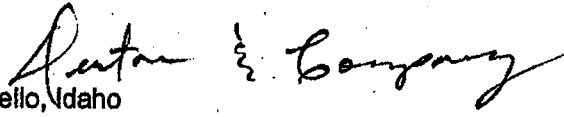
We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

We expect to begin our audit on approximately October 15, 2008 and to issue our reports no later than January 31, 2009. We estimate our fee for these services will be

\$3,650 at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit.

We appreciate the opportunity to be of service to Pocatello Development Authority and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.



Pocatello, Idaho
September 25, 2008

RESPONSE:

This letter correctly sets forth the understanding of Pocatello Development Authority

By: _____

Title: _____

Date: _____