

POCATELLO DEVELOPMENT AUTHORITY
Board of Commissioners Meeting
September 15, 2010 – 11:00am

City Hall
911 North 7th Avenue

11:00am Council Chambers

Call to order – Vice-Chairwoman Johnson

Acknowledge guests of the Board

Disclosure of conflicts of interest

Agenda – add or delete action or discussion items

Action and Discussion Items

Minutes of August 18, 2010 – Motion to approve and/or amend

Financial Report: August Income and Expenses – detailed reports not yet available from Wells Fargo

General Discussion:

Airport Resolution

Airport URA/TIF Plan

Annual Budgets (all districts) – detailed reports not yet available from Wells Fargo

IsoRay – Response Letter

Deaton & Company – authorization to sign engagement letter

Executive Session:

Items from staff

Items from commission members

Adjourn

Executive Session

Matters exist for discussion in an executive session as per I.C. 67-2345 (1) (e)

Motion: "I move that we enter into an executive session as per Idaho Code 67- 2345 (1) (e) to consider preliminary negotiations involving matters of trade or commerce in which the PDA may be in competition with other jurisdictions."

FINANCIAL REPORT

(Memo)



Finance Department
911 North 7th Avenue
P. O. Box 4169
Pocatello, Idaho 83205
(208)-234-6214
Fax (208)-239-6977

JERRY E. HIGGINS, CPA, CGFM
City Treasurer
jhiggins@pocatello.us
(208)-234-6219

Memorandum:
From: Jerry E. Higgins
To: Board of Directors, Pocatello Development Authority
Subject: Cash reports for August.

September 10, 2010

Dear board members:

I have not received the statements from the Trustees on the Authorities various trust accounts with Wells Fargo and thus cannot prepare the cash report for August. I can, however, give you a report on checking account receipts and expenditures as follows:

We received \$257,816.69 in property taxes from Bannock County. All of these receipts were from the Central Corridor District.

We following checks cleared the bank:

3087	\$3,800.00	Deaton and Company – audit expense
3088	\$1,700.00	Arbitrage Compliance Specialists Inc – 2004 Bond arbitrage calculations
3089	\$29.70	City of Pocatello – plaque for Mr. Brown
3090	\$35,000.00	City of Pocatello – early loan payback for warehouse parking lot project.
3091	\$60,355.59	City of Pocatello – jetting sewer lines at the NOP
3092	\$125.24	Olivers – August luncheon

We have a checking account balance at August 30, 2010 of \$1,835,799.42 and a money market account balance of \$132,898.05 for total cash on hand of \$1,968,697.47. \$1, 549,818.21 in tax proceeds from the Central Corridor and North Yellowstone Districts was remitted to the Wells Fargo Trust Department in early September in accordance with the terms of our bond covenants.

Since I have not been able to prepare a cash report Dave and I thought that we would wait until the October meeting to present the 2011 budget for adoption.

AIRPORT
URA / TIF PLAN

RESOLUTION 2010-2

A RESOLUTION OF THE POCATELLO DEVELOPMENT AUTHORITY APPROVING THE DEVELOPMENT PLAN AND PROJECT FOR A REVENUE ALLOCATION AREA KNOWN AS THE POCATELLO REGIONAL AIRPORT URBAN REVENUEWAL AREA AND REVENUE ALLOCATION DISTRICT, AND RECOMMENDING THAT THE CITY COUNCIL APPROVE THE PLAN AND PROJECT AND ESTABLISH THE REVENUE ALLOCATION PROVISIONS FOR A PERIOD OF TIME NECESSARY TO FINANCE ALL DESIGNATED IMPROVEMENTS, NOT TO EXCEED TWENTY-FOUR YEARS.

WHEREAS, the Pocatello Development Authority has been presented with plans for infrastructure enhancement, construction of facilities, upgrade of utilities, site preparation work and other associated work to facilitate industrial development within the proposed Pocatello Regional Airport Urban Renewal Area; and

WHEREAS, the Pocatello Development Authority has reviewed the projects and determined that they are suitable for tax revenue allocation limited to no longer than a twenty-four year collection period, subject to other restrictions as hereinafter provided;

NOW, THEREFORE, BE IT RESOLVED BY THE POCATELLO DEVELOPMENT AUTHORITY AS FOLLOWS:

1. That the Pocatello Development Authority hereby approves the establishment of an urban renewal area and revenue allocation district to be known as the Pocatello Regional Airport Urban Renewal Area and Revenue Allocation District and authorizes its presentation to the City Council for approval and passage of an ordinance to establish said Urban Renewal Area and Revenue Allocation District Plan. Said Plan does not include bond financing, and the term is limited to no longer than twenty-four years, terminating at 11:59 p.m. on December 31, 2033.

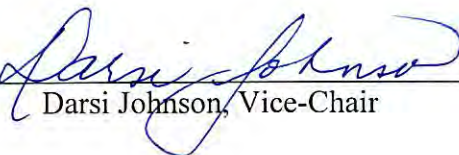
2. That the base year of the District will be 2010, and that the Revenue Allocation District shall last as long as through taxing year 2033, with the collection of tax increment monies lasting through calendar year 2034.

3. That this Resolution shall be effective the 15th day of September, 2010, the date of the meeting at which the vote approving said project was held.


4. That this Resolution was approved by a majority vote of the PDA Board of Commissioners.

RESOLVED this 15th day of September, 2010.

POCATELLO DEVELOPMENT AUTHORITY

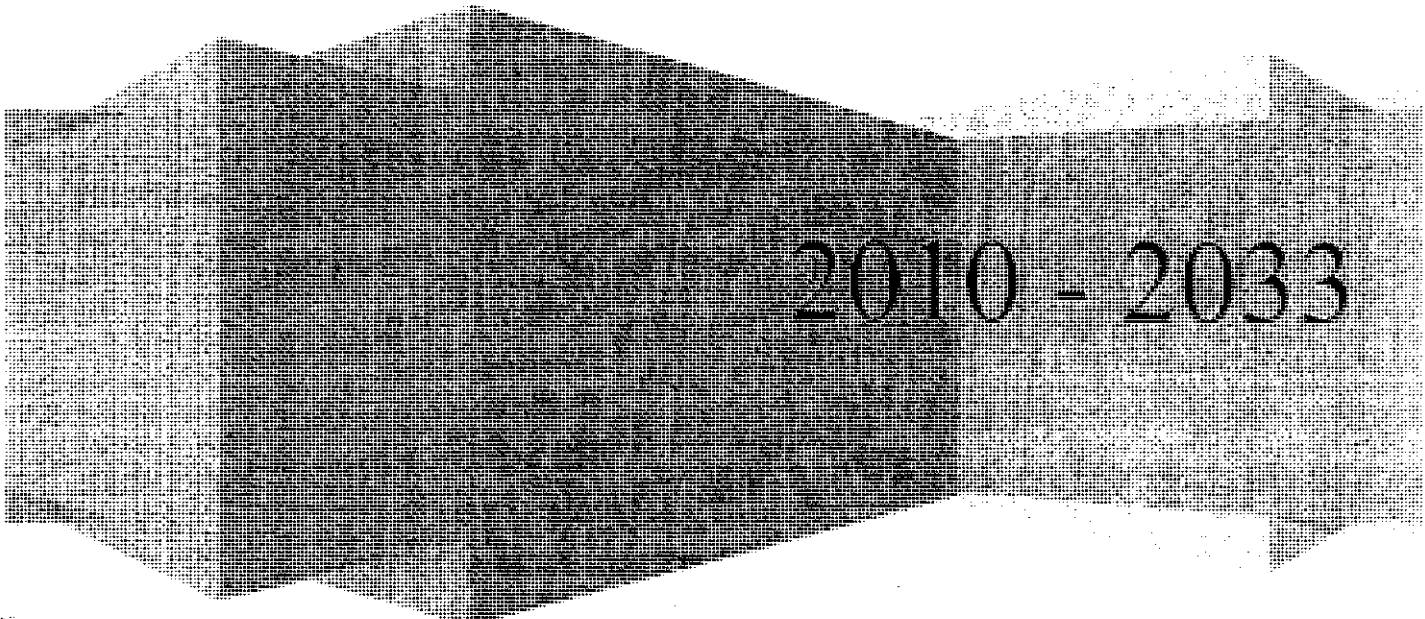
By: 
Darsi Johnson, Vice-Chair

ATTEST:


Darcy L. Taylor, Secretary

POCATELLO DEVELOPMENT AUTHORITY

**Pocatello Regional Airport Urban Renewal and
Revenue Allocation Plan
City of Pocatello**



2010 - 2033

CITY OF POCATELLO
Pocatello Regional Airport Urban Renewal and Revenue Allocation Plan

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ATTACHMENTS

1. Urban Renewal Area /Tax Increment Financing Map
2. Airport/Revenue Allocation Map
3. Airport Urban Renewal Area & Revenue Allocation District Legal Description
4. City Council resolution designating the Urban Renewal Area and authorizing plan creation
5. Resolution of the City Council adopting the Urban Renewal Area with legal description
6. Recommendation of the PDA
7. Recommendation of the CDC
8. Ordinance of the City Council adopting the plan

Acknowledgements

Pocatello City Council:

Brian Blad	Mayor
Roger Bray	Council Member
Steve Brown	Council Member
Craig Cooper	Council Member
Ron Frasure	Council Member
Gary Moore	Council Member
Eva Nye	Council Member

Pocatello Development Authority:

Vacant	Chair Person/Commissioner
Darsi Johnson	Vice-Chair/Commissioner
Ryan Ward	Treasurer/Commissioner
Karl Anderson	Commissioner
Brian Blad	Commissioner
Eva Nye	Commissioner
Larry Fisher	Commissioner
Cynthia Hill	Commissioner
Ken Monroe	Commissioner
Robert Chambers	Interim Executive Director
Jerry Higgins	Vice Treasurer to the Commission
David Swindell	Financial Advisor to the Commission
Darcy Taylor	Secretary to the Commission
Dean Tranmer	Attorney to the Commission

City of Pocatello Staff:

Robert Chambers	Director, Planning and Development Services
Jerry Higgins	City Treasurer
David Swindell	Chief Financial Officer
Darcy Taylor	Assistant to the City Attorney
Dean Tranmer	City Attorney

Bannock Development Corporation:

Gynii Gilliam	Executive Director
Angie Calloway	Administrative Assistant

I. INTRODUCTION

The Pocatello Development Authority (PDA) was created by the City of Pocatello on July 14, 1988, and was granted authority by the City of Pocatello to undertake urban renewal projects which may be facilitated through the use of tax increment financing.

The PDA ensures that development efforts making use of tax increment financing dollars create both an environment of convenience and safety for neighborhood residents, and increased opportunities for businesses to succeed. This Pocatello Regional Airport Urban Renewal Plan, once implemented, will be the vehicle to provide a more conducive atmosphere for business operation at the Airport and within the City. It will also enhance opportunities for businesses wishing to relocate to Pocatello.

Background

The Pocatello Development Authority (PDA), in the meeting of July 21, 2010 made the following recommendation (see attachment):

- That the Pocatello Regional Airport Urban Renewal Area boundary be created to include approximately 589 acres of City land. Development of this land has been hindered by the under development or absence of the necessary infrastructure systems;
- That the Pocatello Regional Airport Revenue Allocation District boundary be created following the same boundary description and including the same land as the Urban Renewal Area boundary; and, that a plan be created detailing proposed projects for the area with revenue projections to fund the projects.

These recommendations of the PDA are consistent with the goals of the City and are allowed by the State of Idaho Urban Renewal Law (Chapter 20, Title 50, Idaho Code). Accordingly, this Pocatello Regional Airport Urban Redevelopment Area Improvement Plan provides direction for the use of revenue allocation financing to accomplish the following:

- To eliminate conditions of deterioration which are causing economic under-development in the designated area, substantially impairing the sound growth of the Pocatello Regional Airport and Pocatello in general.
- To encourage both private and public development in the Urban Renewal Area in order to diversify and improve the local economy by providing adequate public utilities/facilities.
- To encourage cooperation among taxing districts in the Pocatello community regarding the use of funds.
- To accomplish plan goals in accordance with all appropriate federal, state, and local laws.

Purpose of the Plan

The purpose of this plan is to create a proactive approach to development/redevelopment projects by the PDA in Pocatello by focusing efforts in five areas:

1. leveling or reducing the City's levy rate by increasing the tax base value by more aggressively engaging in redevelopment of underutilized areas;
2. partnering with the private sector to encourage development and to attract new or expanding businesses to the Pocatello economy;
3. targeting areas in need of public infrastructure improvements;
4. utilizing effectively the powers granted to the PDA in the pursuit of redevelopment activities. Such powers include:
 - a. carrying out urban renewal projects;
 - b. making and executing contracts and other instruments;
 - c. disseminating slum clearance and urban renewal information;
 - d. repairing streets, roads, public utilities or other facilities;
 - e. installing streets, utilities, parks, playgrounds, off-street parking facilities, public facilities, or other facilities;
 - f. entering buildings or property to make inspections, surveys, appraisals, soundings or test borings;
 - g. acquiring by purchase, lease, option, gift, grant, bequest, devise, eminent domain or otherwise, any real property or personal property for its administrative purposes;
 - h. holding, improving, renovating, rehabilitating, clearing or preparing for redevelopment any such property or buildings;
 - i. mortgaging, pledging, hypothecating or otherwise encumbering or disposing of any real property;
 - j. insuring or providing for the insurance of any real or personal property or operations of the municipality;
 - k. demolishing and removing structures on property;
 - l. investing urban renewal funds;
 - m. borrowing money and applying for and accepting advances, loans, grants, contributions, and any other form of financial assistance;
 - n. creating, modifying and executing plans which may include programs of voluntary compulsory repair and rehabilitation of buildings and improvements;
 - o. conducting appraisals, title searches, surveys, studies, and other plans and work necessary to prepare for the undertaking of urban renewal projects;
 - p. developing, testing, and reporting methods and techniques, and carrying out demonstrations for the prevention and elimination of slums and urban blight;
 - q. developing new or improved means of providing housing;
 - r. accepting and utilizing grants of funds from the federal government;
 - s. assisting in the relocation of persons displaced from an urban renewal area;
 - t. exercising all or any part or combination of powers herein granted.

By adopting this Plan, it is the intention of the PDA to facilitate improvements in the designated Pocatello Regional Airport Urban Renewal Area and enhance the economic viability of the area.

II AIRPORT URBAN RENEWAL AREA DESCRIPTION

The Urban Renewal Area boundary and Revenue Allocation District are identified with identical boundaries. The area is legally described in **Attachment 1**.

III. PROJECT PLAN

A project list is outlined below. Elements of the list will be funded on a "pay-as-you go" or on a "reimbursement to developer" basis. This list is the immediate project list for the revenues available. If additional revenues become available, other site work may be pursued or the Development Authority may expedite payment of funds in anticipation of an early closing of the district. Table 1 lists the immediate project needs with estimated costs. This plan and the Revenue Allocation provision will terminate December 31, 2033.

TABLE 1. Project Costs

<i>GENERAL PROJECT LIST</i>	COST
Development Master Plan Creation	\$ 50,000
Surveying and Platting Work	\$ 30,000
Landscaping	\$ 0
Franchise Utility Upgrades (sites 'A' and 'B')	\$ 515,000
General Project List Sub-Total	\$ 595,000
<i>PROJECT LIST - Project Site 'A' (Fortress and Bell Streets)</i>	COST
Site Utilities: Water, Sewer, Storm Water Systems	\$ 256,700
Roadway Construction/Improvements - Turning Radii (gravel)	\$ 12,500
Rail Spur Rehabilitation/loading-unloading crane/hoist	\$ 0
Construction Engineering/Surveying/Management Services/Contingencies	\$ 110,000
Project Financing Charges	\$ 212,432
Project List - Project Site 'A' Sub-Total	\$ 591,632
<i>PROJECT LIST - Project Site 'B' (Boeing Street)</i>	COST
Site Utilities: Water, Sewer, and Storm Water Systems	\$ 720,400
Roadway Construction/Improvements	\$ 12,500
Rail Spur Rehabilitation/Extension	\$ 365,000
Construction Engineering/Surveying/Management Services/Contingencies	\$ 219,000
Project Financing Charges	\$ 737,743
Project List - Project Site 'B' Sub-Total	\$2,054,643
<i>PROJECT LIST - Project Site 'C' (Westside Industrial Park)</i>	COST
Site Utilities: Water, Sewer, and Storm Water Systems	\$ 0
Water Tank	\$1,500,000
Franchise Utility Upgrades	\$ 0

Construction Engineering/Surveying/Management Services/Contingencies	\$ 300,000
Project List – Project Site 'C' Sub-Total	\$1,800,000
<i>ALL TOTAL</i>	\$5,041,275
PDA Administrative Costs	\$ 0
<i>FINAL TOTAL</i>	\$5,041,275

Project Descriptions:

- **Master Planning:** This would include the hiring of professional planning and engineering services to plan the entire 589 acres so that utilities are provided adequately for full build-out, that areas for development are properly identified, and that proposed uses are compatible with one another.
- **Surveying and Platting:** Hiring an engineering firm to survey and plat an approximate 589 acre area of land in order to create parcels for marketing purposes.
- **Site Utilities: Water line and Water System Upgrades—**Install main water and sewer lines for fire and industrial water service. Install a 1,000,000 gallon storage tank and additional pump station(s) to accommodate fire water service requirements.
- **Site Utilities: Storm Water Upgrades –** Enhancements to storm water retention/detention capacity.
- **Landscaping—**Design and implement a landscaping plan for the area installing needed trees, grass and plants to beautify the area and to comply with City codes.
- **Roadway Improvements—**Widen roadways where needed and improve and/or expand roadway system and to accommodate future developments in the area. Reinforce roadway at rail spur intersections. Install curb and gutter and intersection radii and other necessary improvements to enhance access and transportation to the site.
- **Rail Spur Rehabilitation/Extension –** Upgrade rail spur system to accommodate industrial expansion in the area including the loading and off-loading of material.
- **Franchise Utility Upgrade--** Utility upgrades required to facilitate full development of sites within this area.
- **Contingency costs--**Additional cost were calculated for work related to increase in costs of the work and other administrative expenses associated with the project.
- **PDA Administrative Costs –** Eligible costs for reimbursement to the PDA for management, legal, financial and other oversight responsibilities of the district formed and projects undertaken.
- **Other--**Any costs or tasks related to, construction or reconstruction of roads, extensions of water, sewer, or storm water lines, street lighting, public landscaping, location of electrical transformers, construction of fire lanes or provision of fire flow, construction of wells, location of railroad spurs, switches, or signals within the project area, demolition or clean up of sub-standard buildings or other "horizontal" debris, management of property acquired by or in control of the agency, disposition of property for public or private uses in accordance with the Plan, including sale of property at fair value but below market value, assembly of adequate sites for development, any construction including foundations, platforms, and other structural forms, issuance of bonds, notes or other obligations to finance all or any part of the projects, and all other actions as necessary under State Law to accomplish this Plan, funded through Tax Increment Financing. Any additional costs related to any of the prioritized or alternative projects which the PDA and Council propose to be used to complete or enhance a project may also be used.

Table 2 outlines the total project costs and the projected revenue for the proposed revenue allocation district.

TABLE 2. Project Costs and Revenues

ITEM	AMOUNT	TOTAL
COSTS		
General Site Costs	\$ 595,000	
Site 'A' Costs	\$ 379,200	
Site 'B' Costs	\$1,316,900	
Site 'C' Costs	\$2,700,000	
PDA Administrative Costs	\$ 0	
Total Costs		\$5,041,275
REVENUES		
Revenue Allocation Proceeds	\$5,047,574	
Ending District Balance		\$ 6,299

IV. ECONOMIC FEASIBILITY STUDY

The following tables provide a breakdown of base-assessment valuations for the proposed revenue allocation district for the Pocatello Regional Airport Urban Renewal Area/Revenue Allocation District. Currently, the Power County Assessor's office reports no taxable value within the proposed boundaries of this district. An analysis of the tax levy rates applied in calculating tax collection for the Pocatello Airport Revenue Allocation District is described below. The 2009 tax levies are used for each of the taxing jurisdictions as supplied by the Power County Assessor's office.

<u>Taxing Jurisdictions</u>	<u>Tax levy</u>
City of Pocatello	.009577781
Power County	.004321735
School District #381	.004300170
Power County Highway District	.002876996
A.F. Library	.000600302
County Hospital	.000951690
Ambulance	.000258694
East Po. Co. Fire	.000557434
Mosquito Abatement	.000368596
Total	.019513228

TABLE 3.

Taxing Entity	¹ Tax Levy	Valuation	Revenue
City of Pocatello	.0095777810	\$995,883	\$ 9,538
Power County	.0043217350	\$995,883	\$ 4,304
School District #381	.0043001700	\$995,883	\$ 4,282
County Highway District	.0028769960	\$995,883	\$ 2,865

¹ 2009 levy rate obtained from Power County

County Hospital	.000951690	\$995,883	\$ 948
Ambulance	.000258694	\$995,883	\$ 258
American Falls Library	.000600302	\$995,883	\$ 598
East Po. Co. Fire	.000557434	\$995,883	\$ 555
PO Mosquito Abate	.000368596	\$995,883	\$ 367
Total	.026537970	\$995,883	\$26,429

Table 3. shows the amount of revenue that the taxing jurisdictions will continue to be allocated based on the base year values. Numbers have been rounded to the nearest dollar which may account for discrepancies.

Table 4. provides an analysis of the total tax increment financing value within the Pocatello Regional Airport Revenue Allocation District. The base value is not added into these numbers. Therefore, the entire revenue stream shown here will be allocated to the Development Authority.

Year	Estimated TIF Tax Value	Tax Levy Rate	Tax Revenue to PDA	Cumulative Tax Revenue to PDA
2010	\$0	.019513228	\$0	\$0
2011	\$0	.019513228	\$0	\$0
2012	\$0	.019513228	\$0	\$0
2013	\$5,000,000	.019513228	\$97,566	\$97,566
2014	\$4,910,000	.019513228	\$95,810	\$193,376
2015	\$14,822,700	.019513228	\$289,239	\$482,615
2016	\$14,672,700	.019513228	\$286,312	\$768,927
2017	\$14,442,519	.019513228	\$281,820	\$1,050,747
2018	\$14,219,243	.019513228	\$277,463	\$1,328,210
2019	\$14,002,666	.019513228	\$273,237	\$1,601,447
2020	\$13,792,586	.019513228	\$269,138	\$1,870,585
2021	\$13,588,808	.019513228	\$265,162	\$2,135,746
2022	\$13,391,144	.019513228	\$261,305	\$2,397,051
2023	\$13,199,410	.019513228	\$257,563	\$2,654,614
2024	\$13,013,428	.019513228	\$253,934	\$2,908,548
2025	\$12,833,025	.019513228	\$250,414	\$3,158,962
2026	\$12,658,034	.019513228	\$246,999	\$3,405,961
2027	\$12,488,293	.019513228	\$243,687	\$3,649,648
2028	\$12,323,644	.019513228	\$240,474	\$3,890,122
2029	\$12,163,935	.019513228	\$237,358	\$4,127,480
2030	\$12,009,017	.019513228	\$234,335	\$4,361,815
2031	\$11,858,746	.019513228	\$231,402	\$4,593,217
2032	\$11,712,984	.019513228	\$228,558	\$4,821,775
2033	\$11,571,594	.019513228	\$225,799	\$5,047,574
Total				\$5,047,574

The City of Pocatello's Pocatello Regional Airport Urban Renewal and Revenue Allocation Plan proposed within this document follows the guidelines prescribed within Idaho Code for the development of Urban Renewal Areas and Revenue Allocation Districts.

VIII. PLAN DURATION

The plan shall be in effect and enforceable for a period of time necessary to finance all designated improvements and all debt obligations which the PDA may incur in connection with such improvements, over a twenty (24) year time period (2010-2033).

X. AMENDMENT PROCEDURES

The plan may be amended by the PDA after all notice and public hearing requirements as set forth in Idaho Code have been met, and upon formal approval by the Pocatello City Council.

XI. SEVERABILITY

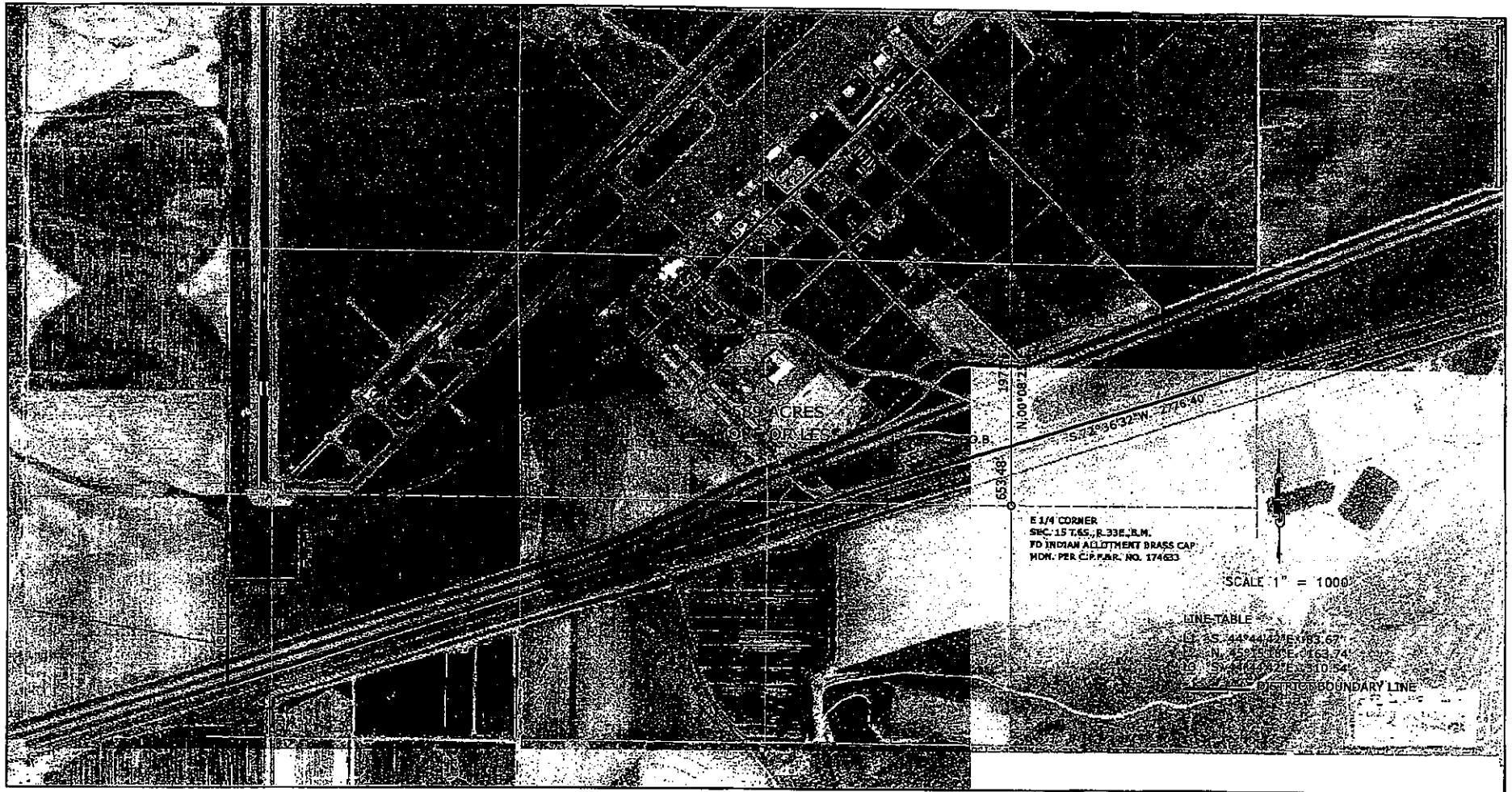
If any part of the plan is declared contrary to Idaho Code, and any provision or application of such provision to any person or circumstance is declared invalid for any reason, such declaration shall not affect the validity of any remaining provisions of the Plan.

XII. CONCLUSION

The Pocatello Regional Airport Urban Renewal Area and Revenue Allocation Improvement Plan is designed to ameliorate deteriorating conditions which are causing economic under-development of the area and substantially impairing the sound growth of Pocatello.

Implementation of the plan will provide the infrastructure capacity necessary to foster sound growth of the airport and increase the tax base and tax revenues, encourage economic stability of the community, and improve the health, safety, and welfare of the community in this area.

The Pocatello Development Authority recommends that the City cooperate and assist in carrying out the purposes of this Plan. It is expected that the City of Pocatello will assist efforts to ensure that the projects as set forth and financed under this plan are accomplished.



REVENUE ALLOCATION DISTRICT

Prepared by the City of Peaslee

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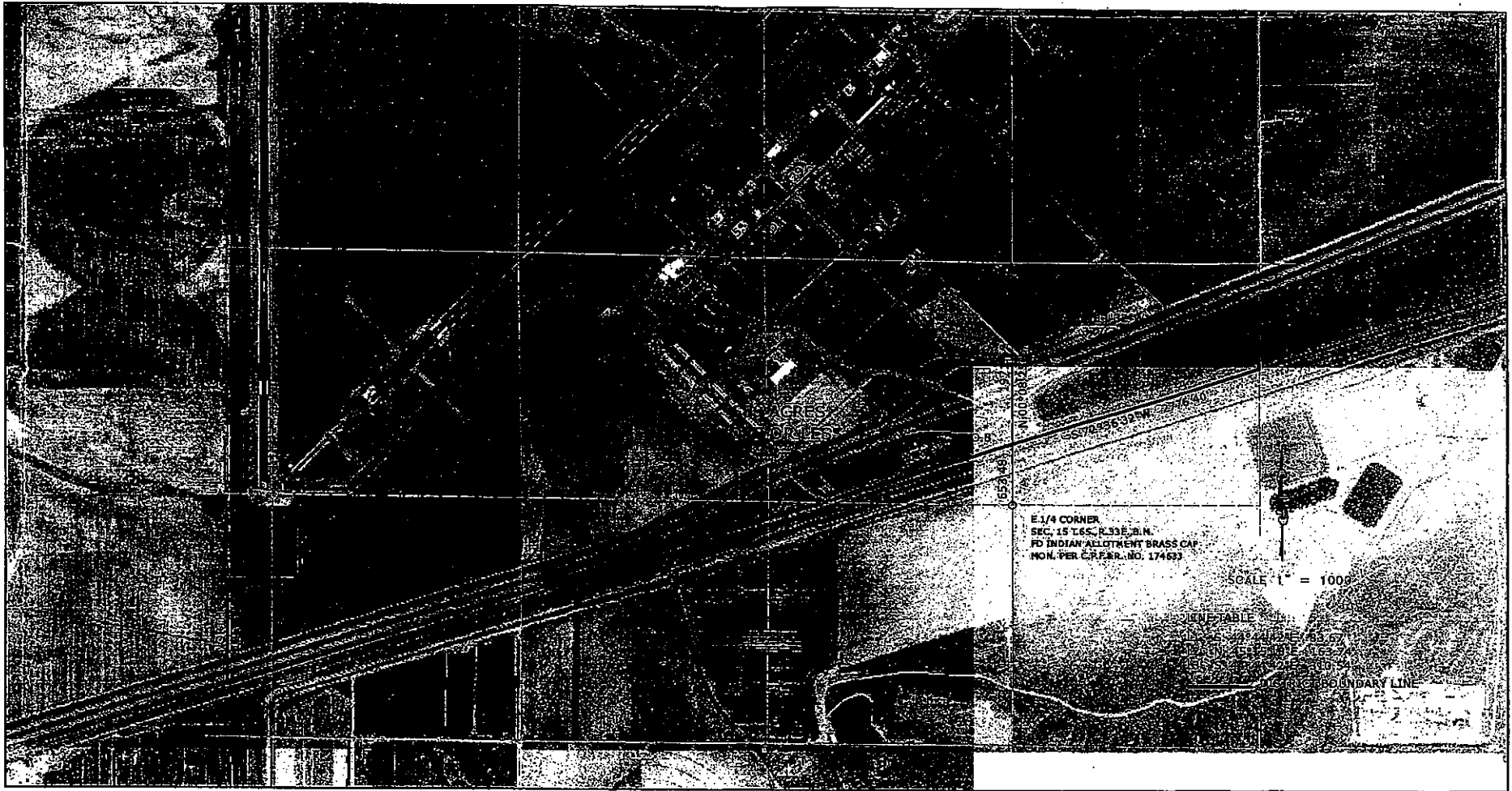
The City of Peaslee does not
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 conditions

REVENUE ALLOCATION DISTRICT

A PARCEL OF LAND WITHIN THE CITY OF POCATELLO MUNICIPAL AIRPORT PROPERTY PART OF THE CITY OF POCATELLO BY ORDINANCE NO. 2294 RECORDED UNDER INSTRUMENT NO. 151063 OF THE RECORDS OF POWER COUNTY IDAHO, BEING IN SECTIONS 10,11,14,15, AND 16, TOWNSHIP 6, RANGE 33 EAST, BOISE MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE EAST 1/4 CORNER OF SECTION 15, TOWNSHIP 6 SOUTH, RANGE 33 EAST, BOISE MERIDIAN, MARKED BY A 1912 INDIAN ALLOTMENT BRASS CAP MONUMENT DESCRIBED ON CORNER PERPETUATION AND FILING RECORD INSTRUMENT NO. 174633 IN THE RECORDS OF POWER COUNTY, IDAHO; THENCE NORTH 00°08'25" EAST (BASIS OF BEARING PER THE EAST ZONE OF THE IDAHO STATE PLANE COORDINATE SYSTEM) ALONG THE EAST LINE OF SAID SECTION 15 A DISTANCE OF 653.48 FEET TO A POINT ON THE SOUTHERLY BOUNDARY LINE OF THE CITY OF POCATELLO MUNICIPAL AIRPORT PROPERTY, THE SAME BEING THE NORTHERLY RIGHT OF WAY LINE OF OLD U.S. HIGHWAY 30 NORTH PER FEDERAL AID PROJECT NO. FI-1024(1), WHICH POINT ALSO BEING SOUTH 00°08'25" WEST A DISTANCE OF 1971.52 FEET MORE OR LESS FROM THE SECTION CORNER COMMON TO SECTIONS 10,11,14, AND 15 **THE TRUE POINT OF BEGINNING**; THENCE SOUTH 72°36'32" WEST ALONG SAID NORTHERLY RIGHT OF WAY LINE A DISTANCE OF 8791.70 FEET; THENCE NORTH LEAVING SAID NORTHERLY RIGHT OF WAY LINE A DISTANCE OF 1125.64 FEET; THENCE EAST A DISTANCE OF 786.65 FEET; THENCE NORTH A DISTANCE OF 621.60 FEET; THENCE NORTH 70°48'57" EAST A DISTANCE OF 1545.69 FEET; THENCE NORTH 47°10'07" EAST A DISTANCE OF 2400.75 FEET; THENCE SOUTH 44°44'42" EAST A DISTANCE OF 83.67 FEET; THENCE NORTH 45°15'18" EAST A DISTANCE OF 163.74 FEET; THENCE SOUTH 44°44'42" EAST A DISTANCE OF 310.54 FEET, TO A POINT WHICH IS 25 FEET NORTHWESTERLY AND 20 FEET SOUTHWESTERLY FROM THE INTERSECTION OF "A" STREET (THUNDERBOLT) AND "1ST" AVENUE (MOONEY); THENCE NORTH 45°15'18" EAST ALONG A LINE WHICH IS PARALLEL WITH AND 25 FEET NORTHWESTERLY OF THE CENTERLINE OF "A" STREET (THUNDERBOLT), SAID CENTERLINE BEING MARKED BY A CITY OF POCATELLO 2 INCH DIA. ALUM. CAP MONUMENT AT THE INTERSECTION OF "A" STREET (THUNDERBOLT) AND "1ST" AVENUE (MOONEY) AND A 3" BRASS CAP MONUMENT IN CITY STANDARD MONUMENT VAULT AT THE INTERSECTION OF "A" STREET (THUNDERBOLT) AND "10TH" AVENUE (BOEING), A DISTANCE OF 4292.19 FEET TO A POINT WHICH IS 25 FEET NORTHWESTERLY AND 25 FEET NORTHEASTERLY OF THE INTERSECTION OF "A" STREET (THUNDERBOLT) AND "10TH" AVENUE (BOEING); THENCE SOUTH 44°44'42" EAST PARALLEL WITH 25 FEET NORTHEASTERLY OF "10TH" AVENUE (BOEING) AND THE EXTENSION THEREOF, A DISTANCE OF 3645.94 FEET MORE OR LESS TO A POINT ON THE NORTHERLY RIGHT OF WAY LINE OF INTERSTATE HIGHWAY 86 WEST, FEDERAL AID HIGHWAY PROJECT I-G-15W-4(11)76; THENCE SOUTH 00°11'32" WEST A DISTANCE OF 377.74 FEET MORE OR LESS TO A POINT ON THE SOUTHERLY RIGHT OF WAY LINE OF SAID INTERSTATE; THENCE NORTH 68°11'21" EAST ALONG SAID RIGHT OF WAY LINE A DISTANCE OF 1106.19 FEET MORE OR LESS TO A POINT ON THE EAST BOUNDARY LINE OF SAID AIRPORT PROPERTY; THENCE SOUTH 00°11'32" WEST ALONG SAID EAST BOUNDARY LINE A DISTANCE OF 730.20 FEET MORE OR LESS TO A POINT ON THE SOUTHERLY BOUNDARY LINE OF SAID AIRPORT PROPERTY, THE SAME BEING THE NORTHERLY RIGHT OF WAY LINE OF SAID HIGHWAY 30 NORTH; THENCE SOUTH 72°36'32" WEST ALONG SAID RIGHT OF WAY LINE A DISTANCE OF 2776.40 FEET TO THE POINT OF BEGINNING.

CONTAINING 589 ACRES MORE OR LESS



URBAN RENEWAL DISTRICT

Prepared by the City of Peoria

City of Peoria
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conditions.

URBAN RENEWAL DISTRICT

A PARCEL OF LAND WITHIN THE CITY OF POCATELLO MUNICIPAL AIRPORT PROPERTY PART OF THE CITY OF POCATELLO BY ORDINANCE NO. 2294 RECORDED UNDER INSTRUMENT NO. 151063 OF THE RECORDS OF POWER COUNTY IDAHO, BEING IN SECTIONS 10,11,14,15, AND 16, TOWNSHIP 6, RANGE 33 EAST, BOISE MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE EAST 1/4 CORNER OF SECTION 15, TOWNSHIP 6 SOUTH, RANGE 33 EAST, BOISE MERIDIAN, MARKED BY A 1912 INDIAN ALLOTMENT BRASS CAP MONUMENT DESCRIBED ON CORNER PERPETUATION AND FILING RECORD INSTRUMENT NO. 174633 IN THE RECORDS OF POWER COUNTY, IDAHO; THENCE NORTH 00°08'25" EAST (BASIS OF BEARING PER THE EAST ZONE OF THE IDAHO STATE PLANE COORDINATE SYSTEM) ALONG THE EAST LINE OF SAID SECTION 15 A DISTANCE OF 653.48 FEET TO A POINT ON THE SOUTHERLY BOUNDARY LINE OF THE CITY OF POCATELLO MUNICIPAL AIRPORT PROPERTY, THE SAME BEING THE NORTHERLY RIGHT OF WAY LINE OF OLD U.S. HIGHWAY 30 NORTH PER FEDERAL AID PROJECT NO. FI-1024(1), WHICH POINT ALSO BEING SOUTH 00°08'25" WEST A DISTANCE OF 1971.52 FEET MORE OR LESS FROM THE SECTION CORNER COMMON TO SECTIONS 10,11,14, AND 15 THE TRUE POINT OF BEGINNING; THENCE SOUTH 72°36'32" WEST ALONG SAID NORTHERLY RIGHT OF WAY LINE A DISTANCE OF 8791.70 FEET; THENCE NORTH LEAVING SAID NORTHERLY RIGHT OF WAY LINE A DISTANCE OF 1125.64 FEET; THENCE EAST A DISTANCE OF 786.65 FEET; THENCE NORTH A DISTANCE OF 621.60 FEET; THENCE NORTH 70°48'57" EAST A DISTANCE OF 1545.69 FEET; THENCE NORTH 47°10'07" EAST A DISTANCE OF 2400.75 FEET; THENCE SOUTH 44°44'42" EAST A DISTANCE OF 83.67 FEET; THENCE NORTH 45°15'18" EAST A DISTANCE OF 163.74 FEET; THENCE SOUTH 44°44'42" EAST A DISTANCE OF 310.54 FEET, TO A POINT WHICH IS 25 FEET NORTHWESTERLY AND 20 FEET SOUTHWESTERLY FROM THE INTERSECTION OF "A" STREET (THUNDERBOLT) AND "1ST" AVENUE (MOONEY); THENCE NORTH 45°15'18" EAST ALONG A LINE WHICH IS PARALLEL WITH AND 25 FEET NORTHWESTERLY OF THE CENTERLINE OF "A" STREET (THUNDERBOLT), SAID CENTERLINE BEING MARKED BY A CITY OF POCATELLO 2 INCH DIA. ALUM. CAP MONUMENT AT THE INTERSECTION OF "A" STREET (THUNDERBOLT) AND "1ST" AVENUE (MOONEY) AND A 3" BRASS CAP MONUMENT IN CITY STANDARD MONUMENT VAULT AT THE INTERSECTION OF "A" STREET (THUNDERBOLT) AND "10TH" AVENUE (BOEING), A DISTANCE OF 4292.19 FEET TO A POINT WHICH IS 25 FEET NORTHWESTERLY AND 25 FEET NORTHEASTERLY OF THE INTERSECTION OF "A" STREET (THUNDERBOLT) AND "10TH" AVENUE (BOEING); THENCE SOUTH 44°44'42" EAST PARALLEL WITH 25 FEET NORTHEASTERLY OF "10TH" AVENUE (BOEING) AND THE EXTENSION THEREOF, A DISTANCE OF 3645.94 FEET MORE OR LESS TO A POINT ON THE NORTHERLY RIGHT OF WAY LINE OF INTERSTATE HIGHWAY 86 WEST, FEDERAL AID HIGHWAY PROJECT I-G-15W-4(11)76; THENCE SOUTH 00°11'32" WEST A DISTANCE OF 377.74 FEET MORE OR LESS TO A POINT ON THE SOUTHERLY RIGHT OF WAY LINE OF SAID INTERSTATE; THENCE NORTH 68°11'21" EAST ALONG SAID RIGHT OF WAY LINE A DISTANCE OF 1106.19 FEET MORE OR LESS TO A POINT ON THE EAST BOUNDARY LINE OF SAID AIRPORT PROPERTY; THENCE SOUTH 00°11'32" WEST ALONG SAID EAST BOUNDARY LINE A DISTANCE OF 730.20 FEET MORE OR LESS TO A POINT ON THE SOUTHERLY BOUNDARY LINE OF SAID AIRPORT PROPERTY, THE SAME BEING THE NORTHERLY RIGHT OF WAY LINE OF SAID HIGHWAY 30 NORTH; THENCE SOUTH 72°36'32" WEST ALONG SAID RIGHT OF WAY LINE A DISTANCE OF 2776.40 FEET TO THE POINT OF BEGINNING.

CONTAINING 589 ACRES MORE OR LESS

DEATON & COMPANY

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

Member 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, 2010. 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, 2010. 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. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Pocatello Development Authority's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist principally of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. 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 fun 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 auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of Pocatello Development Authority 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.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, non compliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and compliance will include a statement that the report is intended solely for the information and use of management, the body or individuals charged with governance, others within the entity, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties. If during our audit we become aware that Pocatello Development Authority is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. As part of the audit, we will assist with preparation of your financial statements and related notes. You are responsible for making all management decisions and performing all management functions relating to the financial statements and related notes and for accepting full responsibility for such decisions. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee any nonaudit services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; to help ensure that appropriate goals and objectives are met; for the selection and application of accounting principles; and for the fair presentation in the financial statements of the respective financial position of 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 cash flows, where applicable, in conformity with U.S. generally accepted accounting principles.

Management is responsible for making all financial records and related information available to us and for ensuring that management and financial information is reliable and properly recorded. Your responsibilities include 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 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 affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants and for

taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report. You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to present the supplementary information with the audited financial statements or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon.

Management is responsible for establishment and maintenance of a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's view on our current findings, conclusions, and recommendations, as well as your planned corrective actions, and the timing and format related thereto.

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 the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

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 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, funding sources, 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 Controls

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. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. 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 AICPA professional standards and *Government Auditing 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 the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Audit Administration, Fees, and Other

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 will provide copies of our reports to Pocatello Development Authority; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Deaton & Company and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to a federal agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Deaton & Company personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the federal agency. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party (ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Charles W. Clark, CPA is the engagement partner and is responsible for supervising the engagement and signing the report. We estimate that our fees for the audit services will not exceed \$3,800 plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.). Estimates do not include additional nonattest services - Additional nonattest services (such as reconciling trial balance accounts, preparing purposed adjusting entries, assisting in posting approved adjusted journal entries to the general ledger and any other nonattest bookkeeping services to complete the audit) will be billed out at our standard hourly rates. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2007 peer review and letter of comment accompany this letter.

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
August 23, 2010

RESPONSE:

This letter correctly sets forth the understanding of Pocatello Development Authority

By: _____

Title: _____

Date: _____

Pulliam & Associates, Chartered

Certified Public Accountants

June 3, 2008
To the Owners,
Deaton & Company, Chartered

We have reviewed the system of quality control for the accounting and auditing practice of Deaton & Company, Chartered (the firm) in effect for the year ended June 30, 2007. A system of quality control encompasses the firm's organizational structure, the policies adopted and procedures established to provide it with reasonable assurance of conforming to professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of CPAs (AICPA). The firm is responsible for designing a system of quality control and complying with it to provide the firm reasonable assurance of conforming to professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance with its system of quality control based on our review.

Our review was conducted in accordance with standards established by the Peer Review Board of the AICPA. During our review, we read required representations from the firm, interviewed firm personnel and obtained an understanding of the nature of the firm's accounting and auditing practice, and the design of the firm's system of quality control sufficient to assess the risks implicit in its practice. Based on our assessments, we selected engagements and administrative files to test for conformity with professional standards and compliance with the firm's system of quality control. The engagements selected represented a reasonable cross-section of the firm's accounting and auditing practice with emphasis on higher-risk engagements. The engagements selected included among others, audits of Employee Benefit Plans and engagements performed under Government Auditing Standards. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with firm management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

In performing our review, we obtained an understanding of the system of quality control for the firm's accounting and auditing practice. In addition, we tested compliance with the firm's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the firm's policies and procedures on selected engagements. Our review was based on selected tests therefore it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it. There are inherent limitations in the effectiveness of any system of quality control and therefore noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice of Deaton & Company, Chartered, in effect for the year ended June 30, 2007, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA and was complied with during the year then ended to provide the firm with reasonable assurance of conforming with professional standards.

As is customary in a system review, we have issued a letter under this date that sets forth comments that were not considered to be of sufficient significance to affect the opinion expressed in this report.

Pulliam & Associates, Chartered

Pulliam & Associates, Chartered

Pulliam & Associates, Chartered

Certified Public Accountants

June 3, 2008

To the owners
Deaton & Company, Chartered

We have reviewed the accounting and auditing practice of Deaton & Company, Chartered (the firm) for the year ended June 30, 2007, and have issued our report thereon dated June 3, 2008. That report should be read in conjunction with the comments in this letter, which were considered in determining our opinion. The matters described below were not considered to be of sufficient significance to affect the opinion expressed in that report.

Comment— The firm's quality control policies and procedures require an "... independent internal review of financial statements" for all attest engagements. Our review disclosed the firm had not complied with their policy on all of the engagements reviewed. As a result, we noted an instance of procedures for a review engagement being incomplete; we noted instances of references to financial statement notes being omitted and we noted an instance where the documentation of understanding with a client did not include all the standard wording.

Recommendation— The firm should re-emphasize to the firm owners and to the engagement reviewers the need to follow the firm's quality control policies and procedures regarding the independent reviews of attest engagements. As an alternative, the firm owners may wish to alter the firm's "bridging document" to selectively determine which attest engagements warrant an independent review.

Pulliam & Associates, Chartered

Pulliam & Associates, Chartered

Denton & 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



July 23, 2008

Idaho Society Peer Review Committee
250 Bobwhite Court, Suite 240
Boise, ID 83708

Ladies and Gentlemen,

This letter represents our response to the System Review Report and Letter of Comments (LOC) issued in connection with the review of our accounting and auditing practice for the year ended June 30, 2007. The matters discussed herein were brought to the attention of all personnel at a training session held on June 4, 2008 or individually if they were not able to attend the training meeting. In addition, the matters discussed in this letter will be given special emphasis in our current year monitoring.

The Reviewer's comments were directed to the Firm's procedures related to independent internal reviews by professional staff related to review and compilation engagements. All professional staff were reminded of the need to observe the independent internal review procedures. Further, during our 2008 monitoring, the Firm will review the Firm's policies and procedures to determine whether the procedures related to independent internal reviews are adequate.

Please be advised that during the exit conference with the Reviewer in December 2007, the Reviewer indicated that he anticipated not issuing a Letter of Comment (LOC). The Reviewer requested and received an extension of time to complete the Firm's System Review. During May 2008, we received Matters for Further Consideration (MFC's) that indicated that a LOC would be issued, before we had an opportunity to provide written responses to the MFC's. After providing written responses to the MFC's, we were again advised that no LOC would be issued. Subsequently, we received a System Review Report that did not reference a LOC.

Our understanding is that the Review Acceptance Board (RAB) requested the Reviewer to revise his MFC's to indicate reasons why the Firm's responses were acceptable to resolve the MFC's without the need for a LOC. Subsequent to the RAB's request of the Reviewer, the Reviewer issued a revised System Review Report and a LOC with one comment.

Because of the lateness of the Reviewer's report and the need to issue our System Review Report to regulatory agencies and our government audit clients, we have decided to accept the LOC and have responded above related to corrective action already taken and corrective action that will be taken. However, we feel that the Reviewer may have been intimidated by the RAB, whether intentional or not intentional, to change his decision to not issue a LOC. Based on our discussions with the Reviewer, the original determination was that the findings in the MFC's were not significant enough to warrant a LOC.

We believe the corrective actions are responsive to the findings of the Reviewer. The additional comments are directed to the users of this Letter of Response to clarify factors we believe affected the issuance of a LOC and also to discuss reasons why the System Review Report has not been completed and issued timely.

Sincerely,

A handwritten signature in cursive script, appearing to read "Denton & Company".

DEATON & COMPANY, CHARTERED
Pocatello, Idaho

ISCPA

ISCPA Peer Review Program • AICPA Peer Review Program • Administered by the Idaho Society of CPAs



August 8, 2008

Charles W. Clark, CPA
Deaton & Company, Chartered
215 N 9th Ave Ste A
Pocatello, ID 83201-5278

Dear Mr. Clark:

It is my pleasure to notify you that on August 1, 2008 the Idaho Peer Review Committee accepted the report on the most recent peer review of your firm, the related letter of comments, and your firm's response thereto. The due date for your next review is December 31, 2010. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the reviewer's opinion was unmodified. The Committee asked me to convey its congratulations to the firm.

Sincerely,

Tracy K. Poe, Manager
Peer Review Program

cc: Lawrence Patric Pulliam, CPA

Firm Number: 10016160

Review Number: 256244

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

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

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taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report. You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to present the supplementary information with the audited financial statements or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon.

Management is responsible for establishment and maintenance of a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's view on our current findings, conclusions, and recommendations, as well as your planned corrective actions, and the timing and format related thereto.

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 the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

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 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, funding sources, 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 Controls

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. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. 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 AICPA professional standards and *Government Auditing 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 the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Audit Administration, Fees, and Other

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 will provide copies of our reports to Pocatello Development Authority; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Deaton & Company and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to a federal agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Deaton & Company personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the federal agency. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party (ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Charles W. Clark, CPA is the engagement partner and is responsible for supervising the engagement and signing the report. We estimate that our fees for the audit services will not exceed \$3,800 plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.). Estimates do not include additional nonattest services - Additional nonattest services (such as reconciling trial balance accounts, preparing purposed adjusting entries, assisting in posting approved adjusted journal entries to the general ledger and any other nonattest bookkeeping services to complete the audit) will be billed out at our standard hourly rates. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2007 peer review and letter of comment accompany this letter.

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
August 23, 2010

RESPONSE:

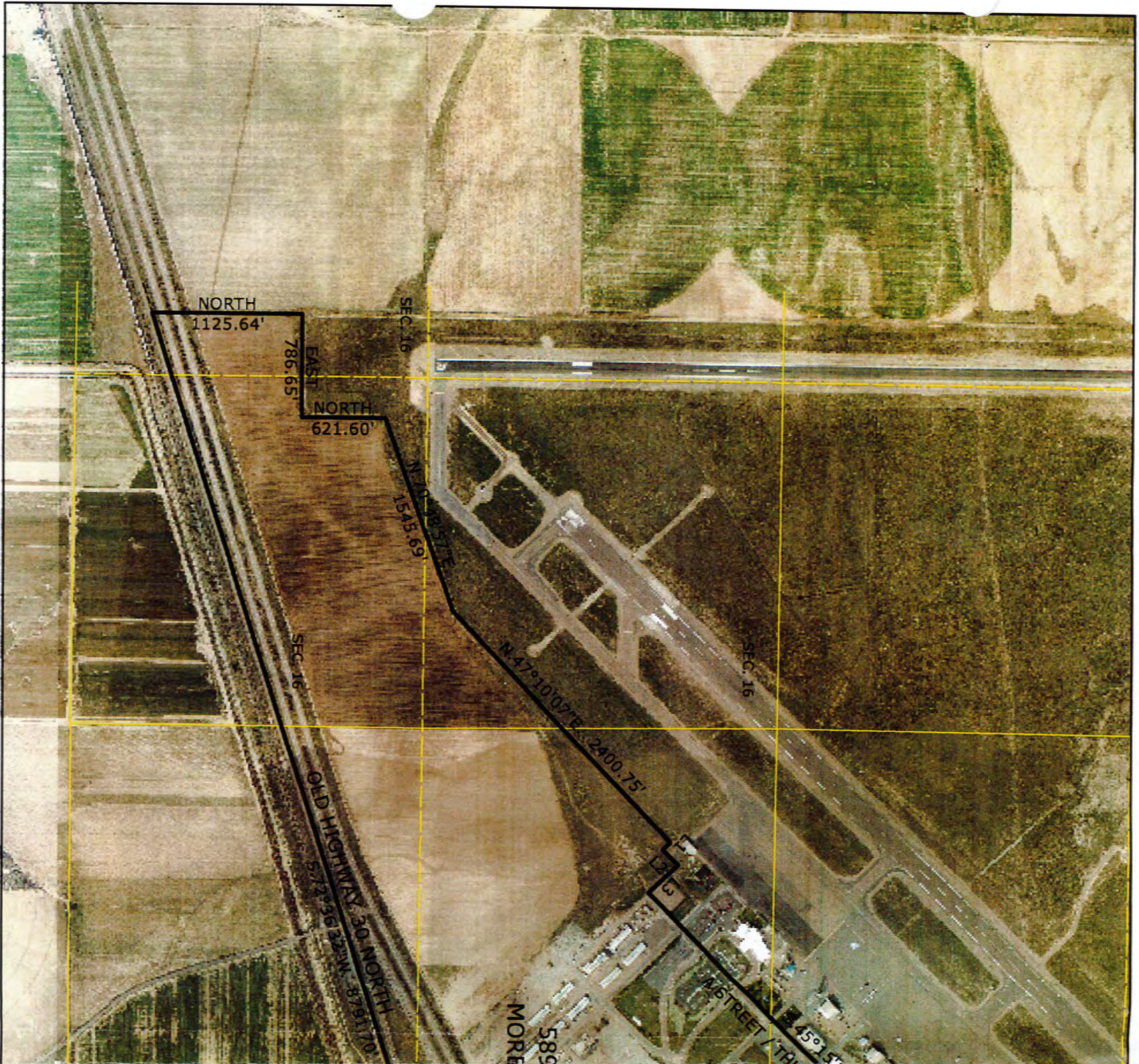
This letter correctly sets forth the understanding of Pocatello Development Authority

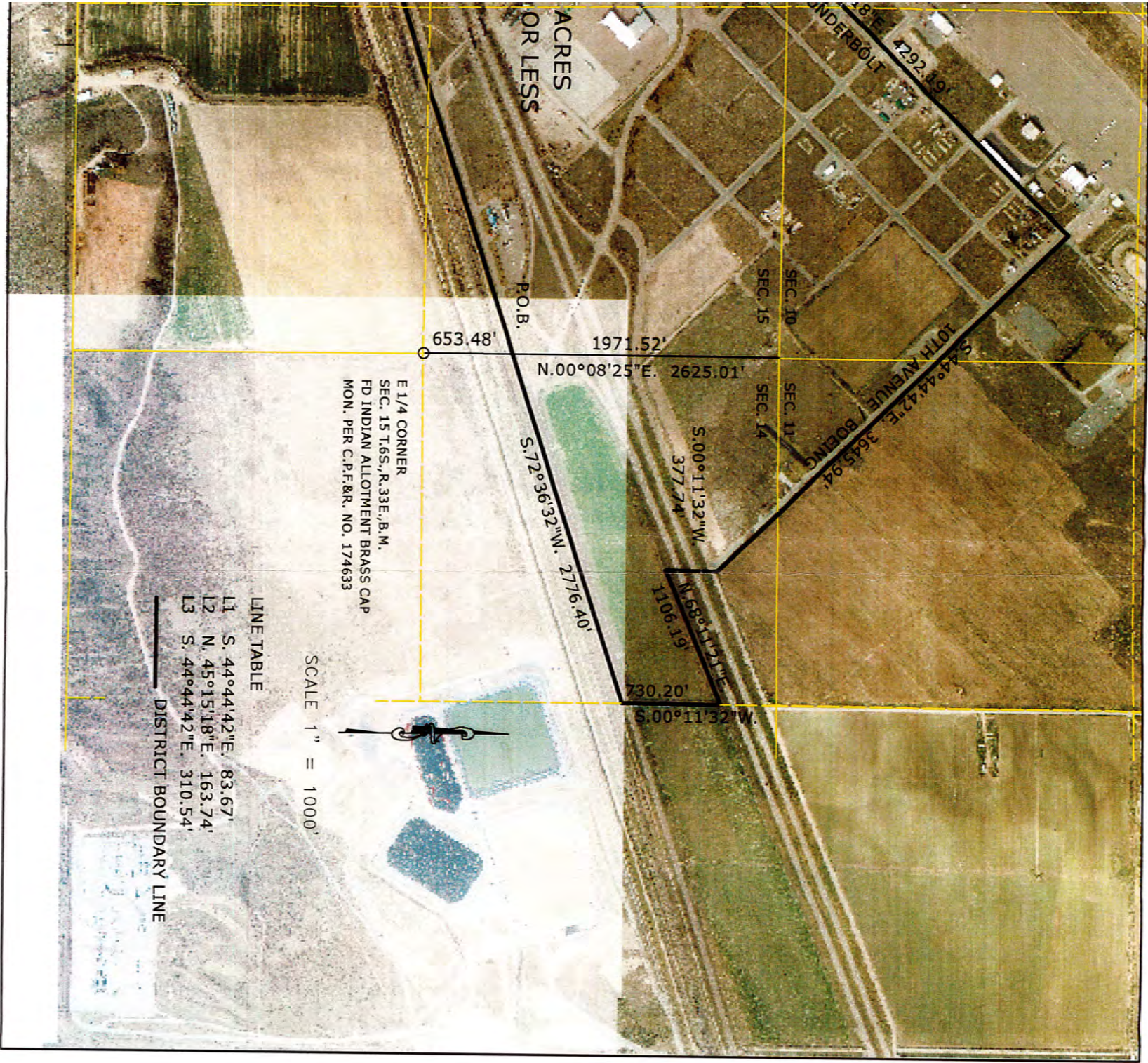
By: _____

Title: _____

Date: _____

URBAN RENEWAL D





OR LESS
ACRES

18° E. 4292.19'
UNDERBOLI

SEC. 10
SEC. 11
SEC. 14
SEC. 15

10TH AVENUE / BOEING
S. 84° 44' 42" E. 3645.94'

1971.52'
N. 00° 08' 25" E. 2625.01'

653.48'

P.O.B.

S. 00° 11' 32" W. 377.74'

N. 68° 11' 21" E. 1106.19'

730.20'
S. 00° 11' 32" W.

S. 72° 36' 32" W. 2776.40'

E 1/4 CORNER
SEC. 15 T. 65., R. 33E., B.M.
FD INDIAN ALLOTMENT BRASS CAP
MON. PER C.P.F.&R. NO. 174633

SCALE 1" = 1000'

LINE TABLE

- L1 S. 44° 44' 42" E. 83.67'
- L2 N. 45° 15' 18" E. 163.74'
- L3 S. 44° 44' 42" E. 310.54'

DISTRICT BOUNDARY LINE

DISTRICT

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