

Pocatello Development Authority

Board of Commissioners Meeting
November 16, 2016 – 11:00 a.m.
Paradise Conference Room

City of Pocatello
911 North 7th Avenue
Pocatello, Idaho 83205

An urban renewal agency for the City of Pocatello, Idaho

Call to order by Scott Smith, Chairman
Acknowledge guests of the Board
Disclosure of conflicts of interest
Agenda; delete action or discussion items

Action and Discussion Items: #1. Next @ Lamar advertising

Agenda Item No. 1: Minutes.

Motion to approve and/or amend the Regular Meeting Minutes of October 19, 2016 and the Special Meeting Minutes of November 3, 2016.

Agenda Item No. 2: Financial Report.

Motion to approve and/or amend October 2016 Income and Expenses.

Agenda Item No. 3: Payment Requests/Reimbursements.

(a) Redevelopment Association of Idaho, Inc. annual membership dues in the amount of \$850.00

Agenda Item No. 4: DeRive Power, LLC Economic Development Grant Agreement Update.

Agenda Item No. 5: The Bridge BLGL, LLC Economic Development Grant and Loan Agreement Update.

Agenda Item No. 6: Quik & Kleen Bond Claim Update.

Agenda Item No. 7: Bannock Development's Presentation of their Targeted Marketing Plan.

Executive Session:

Matters exist for discussion in an executive session as per I.C. §74-206(1)(e)

Motion: "I move that we enter into an executive session as per Idaho Code §74-206(1)(e) to consider preliminary negotiations involving matters of trade or commerce in which the PDA may be in competition with other jurisdictions."

Upcoming Events/Information:

(A) The PDA Annual Update to the Pocatello City Council – December 8, 2016. Representatives from the Pocatello Development Authority will discuss the Authority's goals and projects, as well as Council's policies and expectations.

Adjourn.

City Hall is accessible to persons with disabilities. Program access accommodations may be provided with three (3) days' advance notice by contacting Dave Hunt at dhunt@pocatello.us; 208.234.6248 or 5815 South 5th Avenue, Pocatello, ID

POCATELLO DEVELOPMENT AUTHORITY MEETING MINUTES
November 16, 2016

Members present: Steve Brown, Chad Carr, Larry Fisher, Devin Hillam, Thomas Ottaway, Scott Smith (Chairman), and Scott Turner.

Members excused: Brian Blad

Members absent: Russell Meyers

Staff present: Dean Tranmer (arrived at 11:30 a.m.) and Tiffany Olsen, City Legal Dept.; Merrill Quayle, Development Engineer, Melanie Gygli, Interim Planning and Development Services Director, Joyce Stroschein, Treasurer; and John Regetz with Bannock Development Corporation (ex-officio).

Chair Smith called the meeting to order at 11:04 a.m.

Introductions, Conflicts, and Agenda: There were no conflicts disclosed and there were no deletions made to the agenda. Guests included Trent Eastvold with Lamar Advertising (left at 11:15 a.m.).

1. Action and Discussion Items:

Agenda Item No. 1: Minutes. The Minutes of the Regular Meeting on October 19, 2016 and the Special Meeting Minutes from November 3, 2016 were reviewed. It was **MSC (C. Carr, S. Brown)** to approve the Minutes with a correction to the November 3, 2016 Minutes noting that Larry Fisher was not present at the meeting.

Agenda Item No. 1(A): Request from Lamar Advertising re: Trees at Pocatello Avenue. As previously mentioned to the Board, Lamar Advertising would like consideration to remove 3 trees from the corner of 3rd and Pocatello Avenue which are beginning to be a sight hindrance to their billboard sign. Since the trees were purchased with a combination of funds, which included PDA money, as a property improvement, Trent Eastvold presented his request to the Board for their permission to remove said trees and replace with shrubs to allow for maximum sight opportunity of their billboard. Eastvold also noted the trees are growing close to the overhead powerline as well. The Board directed **T. Olsen** to do additional research on the funds spent for this project and to provide Lamar with the contact information for the Triangle Property Owners Association. The Board requested Lamar explore the options with the Property Owners Association and the City Parks Department to see if the trees were to be removed, at what cost would that be to Lamar, and if the trees could be planted in a City Park or other City area. Additional updates will be provided to the Board when received.

Agenda Item No. 2: Financial Report. Joyce Stroschein presented the financial report for the month of October 2016. J. Stroschein also presented a revised Balance Sheet correcting the Checking Wells Fargo line, modifying the total amount in the checking/savings account as well as the accounts receivable line. At month end, the Authority had cash on hand of \$6,270,138.75. The checking account balance was \$3,178,695.51, the savings account was \$746,400.93, and cash being held by Zions Trust amounted to \$2,345,042.31. The PDA recognized normal financial activity for the month. It received revenues totaling \$1,546.31 of which \$248.53 was interest earnings on the cash invested and property tax remittance. Rental income from the Positron facility was received in the amount of \$750.00. Property tax revenue totaled \$54.78 for

the North Yellowstone District. Expenses paid for the month totaled \$5,855.00. The administrative expenses were \$142.00 for the lunch meeting. Professional service expense for ICRMP insurance policy was \$5,713.00 for fiscal year 2017. Year to date revenues of \$1,546.31 are less than the expenses of \$5,855.00. Overall net use of reserves totals \$4,308.69. It was then **MSC (T. Ottaway, D. Hillam)** to approve the October 2016 financial report as presented.

Agenda Item No. 3: Payment Requests/Reimbursements. **T. Olsen** requested payment of \$850.00 to the Redevelopment Association of Idaho for the Board's annual dues for membership. She noted the previous annual membership dues were \$750.00 and for the last few years the invoice has been accompanied by a request for a \$10,000 contribution to the legislative committee for its preparation of proposed urban renewal code. It was **MSC (C. Carr, L. Fisher)** to approve the payment to the RAI in the amount of \$850.00.

Agenda Item No. 4: DeRive Power, LLC Economic Development Grant Agreement Update. At the Board's request, **T. Olsen** advised she visited with David Thawley of DeRive Power, LLC to see how many months/year it would be before DeRive would be able to attain the minimum of 50 employee benchmark. When questioned, DeRive stated they would need two years to employ at least 50 full-time employees under the Grant Agreement. Thawley provided the average wage of \$47,000 per year as a benchmark minimum. It was **MSC (C. Carr, L. Fisher)** to amend the Grant Agreement to reflect DeRive shall have no less than 35 full-time employees for the first 2 years and no less than 50 full-time employees beginning with the third year and all the while maintaining an average annual wage of no less than \$47,000. **D. Tranmer** asked the Board to review the repayment section in the event the grant is converted to a loan, there currently is not a provision for repayment other than "as agreed to by the parties". It was suggested the Board add a timeframe such as 5 years from the date of default or as the parties agree. It was then **MSC (C. Carr, S. Turner)** to modify sections 3(D) and 3(E) to include the requested language and for T. Olsen to make all modifications to the Grant Agreement and to deliver it to DeRive for execution. The Board approved the issuance of the grant funds upon receiving a list of employees (meeting at least 35 full-time positions) with an average annual wage of no less than \$47,000.

Agenda Item No. 5: The Bridge BLGL, LLC Economic Development Grant and Loan Agreement Update. **T. Olsen** and **M. Quayle** are monitoring the project's progression. **M. Quayle** conducted a site visit with Lisa Willmore on Tuesday and advised the Board that the Bridge is not quite ready for a final inspection related to the electrical improvements. The hoods and equipment from the 1st Street location are being moved over to the Yellowstone Hotel but there is still much work to be done with respect to the plumbing and the interceptors. He anticipates completion in 30 days but will follow up prior to the PDA meeting in December or as requested.

Agenda Item No. 6: Quik & Kleen Bond Claim Update. **T. Olsen** advised the Board that the claim against Quik & Kleen's bond should be paid within the next 7-10 days. She confirmed with the State Farm agent on Tuesday that Mr. Broadhead did not make the appropriate contact with the PDA to set up payment arrangements or other consideration and therefore the claim has been approved. T. Olsen will advise the Board when the check for \$6,450 is received.

Agenda Item No. 7: Bannock Development's Presentation of their Target Marketing Plan. J. Regetz presented Bannock Development's Target Marketing Plan which included 3 primary

goals, (1) Conduct Industrial Retention and Expansion Program; (2) Recruit High-Tech and Advanced-Manufacturing Companies; and (3) Cultivate Regional Collaboration. He also discussed his most recent call trip to California.

2. Executive Session:

Chair Smith then called for a motion for the Board to go into an executive session to discuss a matter regarding negotiations involving matters of trade or commerce in which the PDA is in competition with other jurisdictions. **It was moved and seconded (S. Brown, C. Carr)** to adjourn to executive session pursuant to Idaho Code §74-206(1)(e). **The motion passed** by roll call vote (**Ayes: Brown, Carr, Fisher, Hillam, Ottaway, Smith and Turner; Nays: None**). The Board adjourned to executive session at approximately 12:15 p.m. Potential businesses who are in competition with other jurisdictions were discussed. The Board reconvened to regular session by **MSC (D. Hillam, C. Carr)** at 12:50 p.m.

3. Adjournment:

Upcoming Events/Information: T. Olsen advised the PDA's annual update to the City Council will be December 8th at 9:00 a.m. and all who can attend are encouraged to do so.

There being no additional business, the meeting adjourned at 12:50 p.m.

By: 
Tiffany G. Olsen, Secretary

POCATELLO DEVELOPMENT AUTHORITY MEETING MINUTES
MEETING EXECUTIVE SESSION
November 16, 2016

Members present: Steve Brown, Chad Carr, Larry Fisher, Devin Hillam, Thomas Ottaway, Scott Smith (Chairman), and Scott Turner.

Members excused: Brian Blad

Members absent: Russell Meyers

Staff present: Dean Tranmer and Tiffany Olsen, City Legal Dept.; Merrill Quayle, Development Engineer, Melanie Gygli, Interim Planning and Development Services Director, Joyce Stroschein, Treasurer; and John Regetz with Bannock Development Corporation (ex-officio).

The Board of Commissioners adjourned from regular session into executive session at 12:15 p.m. pursuant to I.C. §74-206(1)(e) to discuss negotiations involving matters of trade or commerce in which the PDA is in competition with other jurisdictions. **It was moved and seconded (S. Brown, C. Carr)** to adjourn to executive session pursuant to Idaho Code §74-206(1)(e). **The motion passed** by roll call vote (**Ayes: Brown, Carr, Fisher, Hillam, Ottaway, Smith and Turner; Nays: None**). Potential businesses who are in competition with other jurisdictions were discussed. The Board reconvened to regular session by **MSC (D. Hillam, C. Carr)** at 12:50 p.m.

By: Tiffany G. Olsen
Tiffany G. Olsen, Secretary





Pocatello Development Authority

APPLICATION: TIF PROJECT PLAN REQUEST FOR FUNDING

City of Pocatello
911 North 7th Avenue
Pocatello, Idaho 83205

An urban renewal agency for the City of Pocatello, Idaho

Applicant Name: Project 16-25
landowner or legal representative

Date Submitted: 11-16-17

Name of Project: Project 16-25

Estimated Date of Completion: 6/1/17

URA/TIF Name: _____

Project Location: ISU RISE

1. Is this project request identified in the Urban Renewal Plan for the related TIF District?

Yes No

Please Explain:

4. Date of Preferred PDA meeting:

11/16/17

Note: A complete application is required to be submitted at least 2 weeks prior to the PDA meeting. The PDA meets every 3rd Wednesday of each month.

5. New or Retained jobs resulting from project:

9-15 Jobs in the first 2 years

6. Estimated Total Cost: \$ 485,000.00

Page of Plan: _____

2. Are there other future improvements identified in the Urban Renewal Plan related to this project area?

Yes No

Please Explain:

7. The following REQUIRED information is attached (by Applicant):

- Attached Map of project location
- Attached Professional Bids
- Attached Preliminary/Construction Drawings
- Attached Aerials or Photographs of Site

3. Description of Project requesting funding:

SEE ATTACHED "USAGE OF FUNDS"

Robert Michaelson

Applicant's Signature

By signing above, the Applicant declares that all required information above is included and also certifies that the information submitted is true and valid.

Relation to Property Owner

Property Owner's Signature (if different than applicant)

PROJECT 16-25 USAGE OF FUNDS

The usage of funds will be for the movement of equipment from California and for building the infrastructure to accept the equipment at the facility in Pocatello.

Layout and installation of utility connections (electrical, water, air etc.) for hook-up of Project 16-25 equipment in Pocatello.

Disassembly and labeling of connections on Project 16-25 equipment.

Removal of utility connections to the source in the California Project 16-25 building.

Moving of all equipment, offices and inventory to Pocatello.

Hiring and training new employees and re-establishing operations in Pocatello.

It would be preferable for a rigging/moving company from Pocatello to handle all of the disassembly, moving and reassembly of equipment.

It is assumed that the costs of clean rooms and chemistry/laboratory space, including laboratory benches and hoods, are included in the square footage costs.

There will be a need for equipment for R&D scale -up of the Project 16-25 chemistries/inks. There also may be the need for inspection/analytical laboratory equipment for analysis and control of the Project 16-25 processes. This need will depend upon what is available for use through the University.

The cost of the above is only an estimate at this time, since a layout has not been made of the facility in Pocatello.

It is estimated that the costs associated with equipment disassembly, moving, reassembly and reestablishing operations will be approximately \$295,000, including infrastructure and utility installations. The cost of additional laboratory equipment will be approximately \$190,000.

Robert Mehalso, Ph.D.

CEO & Chairman

Project 16-25

AGENDA ITEM

NO. 1

AGENDA ITEM

NO. 2

FINANCIAL

REPORTS

Pocatello Development Authority
Balance Sheet by Class
As of October 31, 2016

	<u>1-General Fund</u>	<u>3-North Yellowstone</u>	<u>4-Naval Ordnance</u>	<u>6-North Portneuf</u>	<u>7-Pocatello Regional Airport</u>	<u>TOTAL</u>
ASSETS						
Current Assets						
Checking/Savings						
Checking Wells Fargo	2,259,853.38	51,713.41	420,396.34	114,751.73	329,416.13	3,176,130.99
Savings Wells Fargo	746,364.73	36.20	0.00	0.00	0.00	746,400.93
Zions 2012 Bnd Fnd 7110526D	0.00	6.61	0.00	0.00	0.00	6.61
Zions Bnd Reserve Fnd 7110526B	0.00	677,594.64	0.00	0.00	0.00	677,594.64
Zions Rev Alloc Fnd 7110526	0.00	1,667,441.06	0.00	0.00	0.00	1,667,441.06
Total Checking/Savings	<u>3,006,218.11</u>	<u>2,396,791.92</u>	<u>420,396.34</u>	<u>114,751.73</u>	<u>329,416.13</u>	<u>6,267,574.23</u>
						2,345,042.31
						6,270,138.76
						+ 2564.52 = 3,178,695.21
Accounts Receivable						
Accounts Receivable	2,564.52	0.00	0.00	0.00	0.00	2,564.52
Total Accounts Receivable	<u>2,564.52</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2,564.52</u>
Other Current Assets						
A/R accounts	6,450.00	0.00	0.00	0.00	0.00	6,450.00
Accrued Interest Income	14,006.82	0.00	0.00	0.00	0.00	14,006.82
Prepaid	1,122.00	0.00	0.00	0.00	0.00	1,122.00
Property Tax Receivable	0.00	16,368.29	0.00	11,665.93	0.00	28,034.22
Total Other Current Assets	<u>21,578.82</u>	<u>16,368.29</u>	<u>0.00</u>	<u>11,665.93</u>	<u>0.00</u>	<u>49,613.04</u>
Total Current Assets	<u>3,030,361.45</u>	<u>2,413,160.21</u>	<u>420,396.34</u>	<u>126,417.66</u>	<u>329,416.13</u>	<u>6,319,751.79</u>
Other Assets						
Inventory - Leasehold	424,779.00	0.00	0.00	0.00	0.00	424,779.00
Note Receivable	244,894.11	0.00	0.00	0.00	0.00	244,894.11
Total Other Assets	<u>669,673.11</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>669,673.11</u>
TOTAL ASSETS	<u><u>3,700,034.56</u></u>	<u><u>2,413,160.21</u></u>	<u><u>420,396.34</u></u>	<u><u>126,417.66</u></u>	<u><u>329,416.13</u></u>	<u><u>6,989,424.90</u></u>

Pocatello Development Authority

11/14/2016 4:04 PM

Register: Checking Wells Fargo

From 10/01/2016 through 11/14/2016

Sorted by: Date, Type, Number/Ref

<u>te</u>	<u>Number</u>	<u>Payee</u>	<u>Account</u>	<u>Memo</u>	<u>Payment</u>	<u>C</u>	<u>Deposit</u>	<u>Balance</u>
10/01/2016	3307	ICRMP	Professional Services:...		5,713.00	X		3,175,663.93
10/18/2016	3308	Jimmy Johns	Administrative		142.00	X		3,175,521.93
10/25/2016		Deposit Property Tax...	-split-	Deposit		X	609.06	3,176,130.99
11/03/2016	3309	Valbridge Free and A...	Professional Services:...	Invoice #16110...	2,000.00			3,174,130.99
* 11/14/2016			Undeposited Funds	Deposit		X	2,564.52	3,176,695.51 ✓

*Printed
recovered by:
12/2/16*

Pocatello Development Authority
Balance Sheet by Class
As of October 31, 2016

ASSETS	1-General Fund	3-North Yellowstone	4-Naval Ordnance	6-North Portneuf	7-Pocatello Regional Airport	TOTAL
Current Assets						
Checking/Savings	2,259,853.38	51,713.41	420,396.34	114,751.73	329,416.13	3,176,130.99
Checking Wells Fargo	746,364.73	36.20	0.00	0.00	0.00	746,400.93
Savings Wells Fargo	0.00	6.61	0.00	0.00	0.00	6.61
Zions 2012 Bnd Fnd 7110526D	0.00	677,594.64	0.00	0.00	0.00	677,594.64
Zions Bnd Reserve Fnd 7110526B	0.00	1,667,441.06	0.00	0.00	0.00	1,667,441.06
Zions Rev Alloc Fnd 7110526	0.00	2,396,791.92	420,396.34	114,751.73	329,416.13	6,267,574.23
Total Checking/Savings	3,006,218.11	2,396,791.92	420,396.34	114,751.73	329,416.13	6,267,574.23
Accounts Receivable						
Accounts Receivable	2,564.52	0.00	0.00	0.00	0.00	2,564.52
Total Accounts Receivable	2,564.52	0.00	0.00	0.00	0.00	2,564.52
Other Current Assets						
A/R accounts	6,450.00	0.00	0.00	0.00	0.00	6,450.00
Accrued Interest Income	14,006.82	0.00	0.00	0.00	0.00	14,006.82
Prepaid	1,122.00	0.00	0.00	0.00	0.00	1,122.00
Property Tax Receivable	0.00	16,368.29	0.00	11,665.93	0.00	28,034.22
Total Other Current Assets	21,578.82	16,368.29	0.00	11,665.93	0.00	48,613.04
Total Current Assets	3,030,361.45	2,413,160.21	420,396.34	126,417.66	329,416.13	6,319,751.79
Other Assets						
Inventory - Leasehold	424,779.00	0.00	0.00	0.00	0.00	424,779.00
Note Receivable	244,894.11	0.00	0.00	0.00	0.00	244,894.11
Total Other Assets	669,673.11	0.00	0.00	0.00	0.00	669,673.11
TOTAL ASSETS	3,700,034.56	2,413,160.21	420,396.34	126,417.66	329,416.13	6,989,424.90

Pocatello Development Authority
Profit & Loss by Class
 October 2016

	<u>1-General Fund</u>	<u>3-North Yellowstone</u>	<u>TOTAL</u>
Ordinary Income/Expense			
Income			
Interest Income	19.01	229.52	248.53
Property Taxes	0.00	547.78	547.78
Rental Income	750.00	0.00	750.00
Total Income	<u>769.01</u>	<u>777.30</u>	<u>1,546.31</u>
Gross Profit	769.01	777.30	1,546.31
Expense			
Administrative	142.00	0.00	142.00
Professional Services			
Other Professional Services	5,713.00	0.00	5,713.00
Total Professional Services	<u>5,713.00</u>	<u>0.00</u>	<u>5,713.00</u>
Total Expense	<u>5,855.00</u>	<u>0.00</u>	<u>5,855.00</u>
Net Ordinary Income	<u>-5,085.99</u>	<u>777.30</u>	<u>-4,308.69</u>
Net Income	<u><u>-5,085.99</u></u>	<u><u>777.30</u></u>	<u><u>-4,308.69</u></u>

At month end the Authority had cash on hand of \$6,267,574.23. The checking account balance was \$3,176,130.99, the savings account was \$746,400.93, and cash being held by Zions Trust amounted to \$2,345,042.31.

Pocatello Development Authority recognized normal financial activity during the month of October. The Authority received revenues totaling \$1,546.31 of which \$248.53 was interest earnings on cash invested and property tax remitted. Rental income from the Positron Facility was received in the amount of \$750.00. Property taxes for the North Yellowstone District was received in the amount of \$547.78.

Expenses paid for the month totaled \$5,855.00. The administrative expenses were \$142.00 for the lunch meeting. Professional service expense for ICRMP insurance was \$5,713.00 for the fiscal year of 2017.

Year to date revenues of \$1,546.31 (see page 3) are less than expenses of \$5,855.00. Overall Net use of reserves of \$4,308.69.

Pocatello Development Authority
Balance Sheet by Class
 As of October 31, 2016

	<u>1-General Fund</u>	<u>3-North Yellowstone</u>	<u>4-Naval Ordnance</u>	<u>6-North Portneuf</u>	<u>7-Pocatello Regional Airport</u>	<u>TOTAL</u>
LIABILITIES & FUND BALANCE						
Liabilities						
Long Term Liabilities						
Deferred Interest Receivable	13,606.34	0.00	0.00	0.00	0.00	13,606.34
Deferred Notes Receivable Rev	244,518.75	0.00	0.00	0.00	0.00	244,518.75
Deferred Tax Revenues	0.00	13,893.61	0.00	11,665.93	0.00	25,559.54
Total Long Term Liabilities	<u>258,125.09</u>	<u>13,893.61</u>	<u>0.00</u>	<u>11,665.93</u>	<u>0.00</u>	<u>283,684.63</u>
Total Liabilities	258,125.09	13,893.61	0.00	11,665.93	0.00	283,684.63
Fund Balance						
Fund Balance	3,446,995.46	2,398,489.30	420,396.34	114,751.73	329,416.13	6,710,048.96
Net Income	-5,085.99	777.30	0.00	0.00	0.00	-4,308.69
Total Fund Balance	<u>3,441,909.47</u>	<u>2,399,266.60</u>	<u>420,396.34</u>	<u>114,751.73</u>	<u>329,416.13</u>	<u>6,705,740.27</u>
TOTAL LIABILITIES & FUND BALANCE	<u><u>3,700,034.56</u></u>	<u><u>2,413,160.21</u></u>	<u><u>420,396.34</u></u>	<u><u>126,417.66</u></u>	<u><u>329,416.13</u></u>	<u><u>6,989,424.90</u></u>

AGENDA ITEM NO. 3

Invoice

Redevelopment Association of Idaho. Inc.
1045 S Ancona, Suite 150
Eagle, Idaho 83616

Date	Invoice #
10/1/2016	M16017

Bill To
Pocatello Development Association Attn: Mayor Brian Blad 911 N. 7th Ave Pocatello, ID 83201

Item	Qty	Description	Rate	Amount
	1	Membership Dues - fiscal year 2017 <i>Membership dues are the lesser of:</i> 1) \$850 or 2) 1% of the Agency's budgeted revenue, including both revenue allocation and proprietary revenues <i>If the Agency's calculated dues are less than \$850, please remit the lesser amount and include the calculation of the remittance amount.</i> PLEASE UPDATE CONTACT INFORMATION --- THANK YOU!		\$ 850.00
Total Due			\$	850.00

AGENDA ITEM

NO. 4

ECONOMIC DEVELOPMENT GRANT AGREEMENT

This Agreement made this _____ day of November, 2016, by and between DERIVE POWER, LLC, an Idaho Limited Liability Company, doing business as Bullydog, (hereinafter referred to as “Bullydog”), and the Pocatello Development Authority, an urban renewal agency formed in accordance with the laws of the State of Idaho (hereinafter referred to as “PDA”).

1. Recitals

1.1 Bullydog was founded in 1988 and is known for innovation and creativity among truck owners and enthusiasts. In 2014, SCT (a similar performance company) and Bullydog merged to create Derive Systems (the parent company to Derive Power, LLC). This merger combined market leading technologies and resources for custom performance software and allowing Derive to become the leading automotive software company that offers solutions to customize a vehicle’s performance, connecting customers to a more optimized vehicle. Bullydog has a marketing and production facility located at 2839 Highway 39, American Falls, Idaho 83211. With the expansion of their business, Bullydog wishes to create a centralized production and marketing office in Pocatello which would include technical professionals such as electrical and software engineers, a sales and marketing division, a finance and administration division, customer service representatives, a distribution center, shipping and transportation services department as well as the construction of a testing equipment facility specifically at the Kinport Junction building located at 815 South 1st Avenue, Pocatello, Idaho. In order to accommodate the needs of Bullydog at this Pocatello location, remodeling the facility and other office needs are required and monetary assistance has been requested and said monetary assistance has been offered by the PDA to expedite the process and assist in the retention and creation of jobs and tax revenue for the City.

1.2 PDA is an independent public body corporate and politic created as an urban renewal agency pursuant to Idaho Code §50-2006, part of the Idaho Urban Renewal Law of 1965. As an urban renewal agency, PDA is charged with aiding and assisting economic development in Pocatello, Idaho (hereinafter at times “the community”), including assisting developments that will retain and increase available jobs in the community; and is further charged with encouraging such development by private enterprise; all as more specifically provided in Idaho Code §§50-2002 and 50-2003, being part of the Idaho Urban Renewal Law, and Idaho Code §50-2902, being part of the Local Economic Development Act.

1.3 In fulfillment of its statutory duties with respect to development and job retention and creation in the Pocatello, Idaho area, PDA has the power to make funds available to assist businesses that will retain and/or create jobs in the community and enhance the economic viability of the community.

1.4 PDA has determined that the creation of Bullydog’s marketing office and expansion of services represents the type of urban area development to which it may apply revenue allocation funds (tax increment financing) under the applicable statutes; and that the same will promote economic development in the area and the creation of jobs and increased tax base consistent with the applicable urban renewal laws. For that reason, PDA has committed to grant the sum of \$100,000.00 to Bullydog to assist with its remodeling and office needs.

1.5 By this Agreement, PDA and Bullydog wish to memorialize their mutual undertaking and commitments with respect to the economic development grant described herein.

2. Provisions for the Economic Development Funds

2.1 To further the proposed development of the construction/remodel currently being undertaken by Bullydog, and the job retention and creation expected therefrom, PDA agrees to grant Bullydog the sum of \$100,000.00.

2.2 In return for PDA's agreement to grant said funds, Bullydog agrees to locate a centralized marketing and production facility at the Kinport Junction building located at 815 South 1st Avenue in Pocatello, Idaho for a continuous period of not less than five (5) years, beginning with the date the grant is distributed, subject to the following conditions:

A. For the first two years of this Agreement, the minimum number of full-time employment positions continuously provided and filled by Bullydog shall not be less than thirty-five (35) positions, at any one time, with an average wage of no less than \$47,000 per year.

B. Beginning with the third year of this Agreement, the minimum number of full-time employment positions continuously provided and filled by Bullydog shall not be less than fifty (50) positions, at any one time, with an average wage to be determined 30 days in advance of the commencement of the third year.

C. Bullydog agrees to submit to an employee verification study to be conducted by or at the direction of PDA upon reasonable notice. Bullydog and PDA agree to cooperate in the exchange of information for said study which may be conducted as frequently as every six months, but no less than once per year, so long as Bullydog is in compliance with the employment requirements provided in paragraphs A and B above. In the event Bullydog fails or refuses to meet any of the requirements of paragraphs A and B above, PDA reserves the right to conduct an employee verification study as frequently as every three months until Bullydog

is in compliance for two consecutive verification studies. For the purpose of this section, a “year” shall begin on the date described in paragraph C above.

D. In the event Bullydog fails or refuses to operate and maintain its marketing and production facility in Pocatello, Idaho for a continuous period of five years from the date the grant is issued, then PDA’s grant of \$100,000 shall convert to a loan, accruing interest at prime plus 1%, beginning with the conversion date of the loan, with the terms of payment to be agreed upon by the parties.

F. In the event Bullydog fails or refuses to maintain a minimum work force as described in paragraphs A and B above, for any continuous six month period, Bullydog agrees to repay the funds provided by the PDA with accruing interest at prime plus 1%, beginning with the conversion date of the loan, with the terms of payment to be agreed upon by the parties.

3. Effect of Agreement

3.1 It is understood by the parties to this Agreement that the amounts paid by PDA to Bullydog for the benefit of Bullydog are not to be construed as compensation for specific services by Bullydog for PDA. Rather, the intent of the parties is that the payment assists Bullydog in its need for relocation of its marketing and production facility and their ability to continue to operate.

3.2 The parties acknowledge that the effect of the payments by PDA required hereunder will inure to the benefit of Bullydog, while having the corresponding benefit to the public purposes of PDA as described above.

4. Miscellaneous

4.1 This Agreement shall be governed by and construed under the laws of the State of Idaho; venue shall be the Sixth Judicial District for the County of Bannock.

4.2 In any litigation arising out of this Agreement, the prevailing party shall be entitled to recover reasonable attorney fees from the non-prevailing party. Determination of the prevailing party in any such litigation shall be made on the basis of the factors enumerated in Rule 54(d)(1)(B), Idaho Rules of Civil Procedure, as the same now exists or may subsequently be amended.

4.3 This Agreement shall be binding upon and inure to the benefit of the respective parties and their legal successors. Bullydog may assign this Agreement with the express written consent of the PDA, which consent shall not be unreasonably withheld.

4.4 Each party represents to the other that it has full legal authority to enter into and execute this Agreement and that the persons signing on behalf of each party have full legal authority to execute this Agreement.

4.5 Notices by either party to the other shall be made in writing and delivered by first class mail, postage prepaid, to the parties as follows:

DERIVE: DERIVE POWER, LLC
 Attn: Ted Klassen
 4150 Church Street, Suite 1024
 Sanford, FL 32771

PDA: Pocatello Development Authority
 Attn: Attorney for the PDA
 911 North 7th Avenue
 Pocatello, ID 83201

4.6 This document constitutes the entire agreement of the parties with respect to the guarantee of payment by PDA to Bullydog and supersedes any prior agreements of the parties.

4.7. This Agreement may be altered only by written Addendum or Amendment executed by both parties to this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

POCATELLO DEVELOPMENT AUTHORITY
An urban renewal agency under the laws of the
State of Idaho

DERIVE POWER, LLC
an Idaho Limited Liability Company

Scott Smith, Chairman

Ted Klassen, Controller

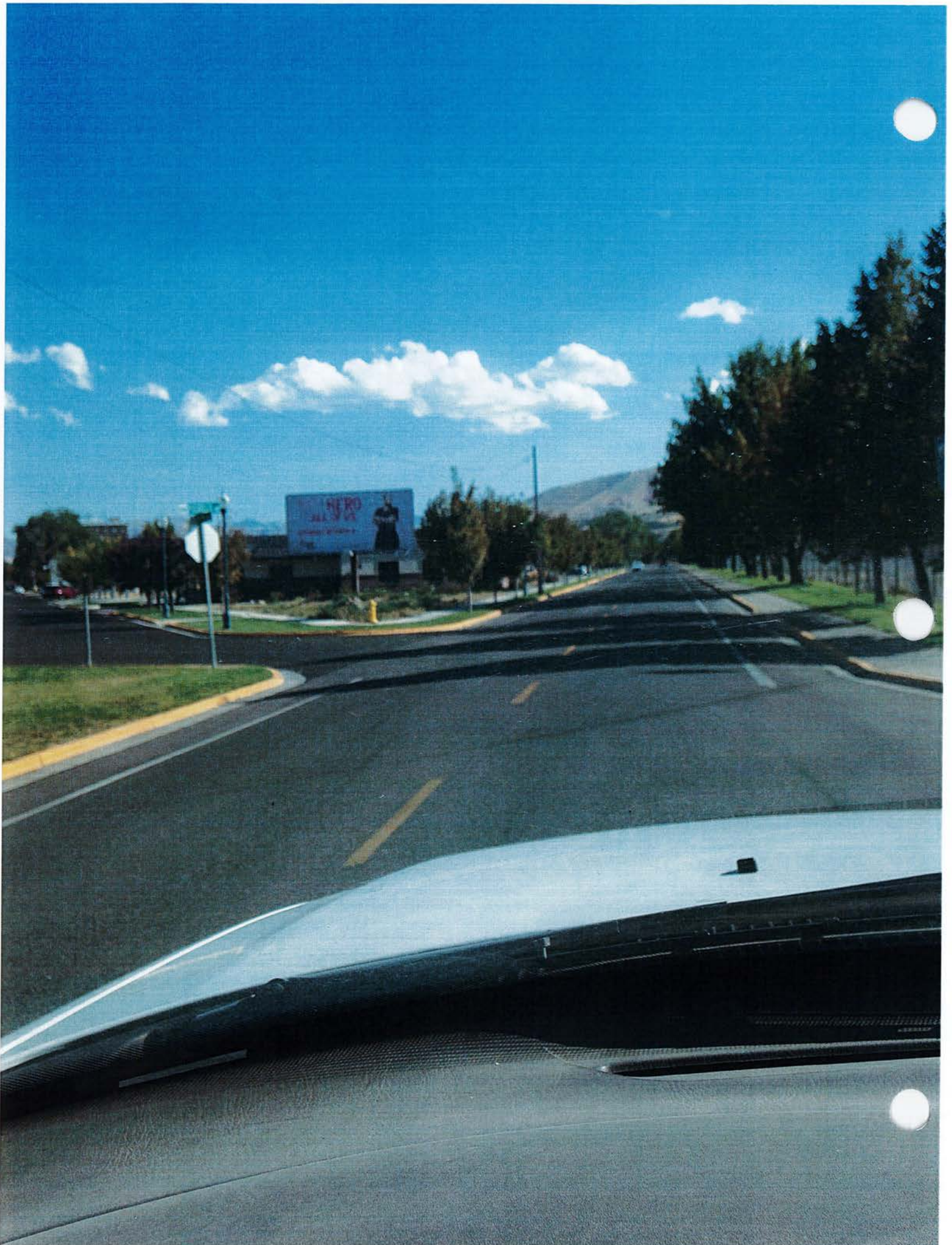
CATFIELD AVE
3RD AVE

THERE'S A **HERO**
IN ALL OF US.
LET ANNUAL FUNDRAISING CALL FOR THE CLINIC
SATURDAY, OCTOBER 8
grace
cure



LEIGH LEMAR Football FAMILY DR









BDC GOALS & OBJECTIVES

CONFIDENTIAL TO BDC

GOAL I - CONDUCT INDUSTRIAL RETENTION & EXPANSION PROGRAM

1. Expand and Retain Information-Based, High-Tech and Advanced-Manufacturing companies

a. Information Tech-Based Industry – Insurance, Finance

- i. Collaborate with Insurance Cluster to develop curriculum and training for Insurance and IT disciplines

b. High Tech & Advanced Manufacturing

- i. Assist with development of High-Tech and Advanced- Manufacturing training programs

c. Healthcare

- i. Support facility locations

d. Conduct R&E Program in conjunction with interested EDO's through the Eastern Idaho Economic Development Partnership (EIEDP)

e. Conduct Bannock County visits/surveys

GOAL II - RECRUIT HIGH-TECH AND ADVANCED-MANUFACTURING COMPANIES

1. Target Market Conferences & Trade Shows

- a. Examples - (Nuclear) Waste Management, Shot Show (w/IDOC), WT 100 Logistics, Outdoor Retailers Showcase, MinExpo, Site Selector Guild**
- b. Strategic Ads in Target Industry Trade Journals**

2. Trade Shows with EIEDP

3. Collaborate with ISU on prospects

- a. Assist RISE where desired, IAC**

4. Industrial Real Estate Brokers and Site Selectors by BDM

5. Prospect potential INL TBED partners to locate them in the region

- a. Modular Nuclear Generation Units production and development**

6. Incentives Development – Improve incentives that support Tech-Based companies and improve use; Legislation

GOAL II - RECRUIT HIGH-TECH AND ADVANCED-MANUFACTURING COMPANIES

- 7. Development of High-Tech and Advanced-Manufacturing companies**
 - a. Collaborate with ISU ORED and RISE to establish new technology companies**
 - b. Support the INL mission of research and applied technology, specifically the nuclear energy waste management and generation mission**
 - c. Support and Develop Entrepreneurship Opportunities**
 - i. Investigate Regional Kickstand with BDM**
 - ii. Promote and sponsor one Business Plan Competition**
- 8. Development of High-Tech and Advanced-Manufacturing Capacity (infrastructure, training and environment)**
 - a. Ensure potential sites and buildings have adequate broad-band, water, waste and electrical systems - J.H. Kelly/Hoku, Airport**

GOAL III - CULTIVATE REGIONAL COLLABORATION

- a. Participate in EIEDP (Committee)**
 - 1. Research Target Markets**
 - 2. Regional Promotions**
 - 3. Partner in R&E program**
 - 4. Training**
 - 5. Support Project Facelift with Old Town**

GOAL IV - TRANSPORTATION, DISTRIBUTION & LOGISTICS SECTOR DEVELOPMENT

- a. Market/Position study**
- b. Participate in Airport Development – FAA, PDA**

GOAL V - FUNDRAISING/INTERNAL MARKETING

- a. Events – Investor Reception, Economic Symposium**
- b. Press Releases and web site and Face book postings**
- c. Fundraising Effort expanded**