

Pocatello Development Authority

Board of Commissioners Meeting
February 15, 2017 – 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:

Agenda Item No. 1: Minutes

Motion to approve and/or amend the Regular Meeting Minutes of January 18, 2017.

Agenda Item No. 2: Financial Report

Motion to approve and/or amend January 2017 Income and Expenses.

Agenda Item No. 3: Payment Requests/Reimbursements

- a. Deaton & Company, FY16 Audit in the amount of \$4,185.00
(Audit approved 8-17-16 for \$4,130 plus out of pocket costs)

Agenda Item No. 4: Updates

- a. Positron Facility Sheriff's Deed
- b. Gateway West's Economic Development Grant Agreement for power upgrades
- c. Great Western Malting's Request for Access Easement on the PDA Property

Agenda Item No. 5: Position of Interim Executive Director

Agenda Item No. 6: CEED (Center for Entrepreneurship and Economic Development)

Agenda Item No. 7: Continuation of the Discussion Related to the Goals and Objectives of the PDA for 2017

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:

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

AGENDA ITEM

NO. 1

POCATELLO DEVELOPMENT AUTHORITY MEETING MINUTES
February 15, 2017

Members present: Brian Blad (arrived at 11:04 a.m. and left at 12:36 p.m.), Chad Carr (Vice-Chairman), Larry Fisher, Devin Hillam, Thomas Ottaway and Scott Turner.

Members absent: Steve Brown, Russell Meyers and Scott Smith

Staff present: 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).

Vice-Chairman Carr called the meeting to order at 11:02 a.m.

Introductions, Conflicts, and Agenda: There were no conflicts disclosed. **Vice-Chairman Carr** moved Agenda Item No. 6 to be heard first at the convenience of our Guest, Dr. Jeff Street, with the Center for Entrepreneurial and Economic Development (left at 12:06 p.m.)

1. Action and Discussion Items:

Agenda Item No. 6: CEED (Center for Entrepreneurship and Economic Development).

S. Turner introduced the Center for Entrepreneurship and Economic Development, aka “the CEED” and that his involvement with the Center began over 3 years ago when he worked at ISU as the Associate Vice President for Development and then again when he became a US Bank Board Member (who is intending to donate to the Center project). It is his opinion the Center is ripe for successful implementation and an off-campus location would be the ideal setting. He explained that often time’s people are intimidated with going to facility on campus as a non-student as well as the hassle of obtaining a parking pass (or parking ticket in many instances). **S. Turner** also is confident that if the location was off-campus, additional grant money would become available. Given that backdrop, an off-campus location has been identified and the building owner has intentions of making a donation of 60% of the building to ISU. ISU confirmed that the State Board of Education has placed a moratorium, more or less, on adding brick and mortar to their system and denied the donation. Given the mission of the PDA and the potential increase of jobs to the area with this project, **S. Turner** invited Dr. Street to the meeting to present a proposal that the PDA accept the donation of 60% of the identified building and assist with the annual operating and maintenance costs until the Center is capable of being self-sustaining. Dr. Street explained the partnership with ISU’s College of Business Department and divisions thereof working together will result in the ultimate success of the Center when coupled with the identification of the proper location, a Board of Directors, and the incubator and work space offered within the Center. Dr. Street captured how these Centers have worked in other communities in Idaho and Colorado and that his model for this Center is a culmination of those locations and incorporates vision which he anticipates will attain an 80% graduation success rate. Dr. Street summarized the activity on each floor of the building, what services will be available to each entrepreneur, and that each entrepreneur would be responsible for their incubation or manufacturing space rental (increasing slightly each year to attain a market rental rate). The tenancy term would be no more than 5 years. Ideally, the graduated entrepreneur would stay within the Pocatello area and their invention/merchandise would be in production. Dr. Street concluded with detailing the best (\$250,000) and worst (\$500,000) case scenarios for the operation and maintenance costs for the first 7 years. The figures are calculated with a

contingency for “unanticipated” events. The next step is to verify the PDA’s acceptance of the building and to engage a feasibility study. The study is expected to cost around \$50,000 but CEED has a 50% match with an EDA Grant, leaving a balance of approximately \$25,000. **Vice-Chairman Carr** stated he spoke with Chairman Smith prior to the meeting and they both were very supportive of the project. **Vice-Chairman Carr** then requested the feasibility study fee be placed on the next Agenda for Board consideration. **S. Turner** explained that it is unclear at this time what additional private donations will be pledged as well as the total amount of a grant from US Bank. **T. Ottaway** expressed his excitement to move the project forward, the resources he could commit as the Dean of the College of Business, and reiterated that given his position on the PDA Board and his employment with ISU, he would abstain from any vote related to this project. He believes this is a perfect opportunity to bring ISU and the community back together and to improve on the relationships with this joint venture.

Agenda Item No. 1: Minutes. The Minutes of the Regular Meeting on January 18, 2017 were reviewed. It was **MSC (B. Blad, D. Hiram)** to approve the Minutes as presented.

Agenda Item No. 2: Financial Report. **Joyce Stroschein** presented the financial report for the month of January 2017. At month end, the Authority had cash on hand of \$7,050,894.93. The checking account balance was \$4,089,611.16, the savings account was \$746,457.38, and cash being held by Zions Trust amounted to \$2,214,826.39. The PDA recognized above normal financial activity for the month. It received revenues totaling \$774,344.63 of which \$374.73 was interest earnings on the cash invested and property tax interest. Rental income from the Positron facility was received in the amount of \$750.00. Property tax remittance totaled \$742,505.58 and personal property tax replacement was \$30,714.32. Expenses for the month totaled \$25,169.00. The administrative expense was \$169.00 for the lunch meeting. The PDA expended \$25,000.00 on the Economic Development Grant Agreement with the Bridge Restaurant. Year to date revenues of \$1,006,311.69 are more than the expenses of \$229,114.20. Overall net income is \$777,197.49. It was **MSC (B. Blad, T. Ottaway)** to approve the January 2017 financial report as presented.

Agenda Item No. 3: Payment Requests/Reimbursements.

(a). **J. Stroschein** requested payment of \$4,185 to Deaton & Company for the annual Audit which was presented at the December 2016 PDA Meeting. It was **MSC (B. Blad, S. Turner)** to approve payment to Deaton & Company in the amount of \$4,185.00.

(b). **B. Blad** requested Tiffany Olsen be reimbursed \$25.99 for a lunch expense for a meeting held with various Board Members. Meetings held outside of the regular PDA meeting will not incur costs in the future. It was **MSC (B. Blad, T. Ottaway)** to reimburse Tiffany Olsen \$25.99.

Agenda Item No. 4: Project Updates.

(a). **Positron Facility:** **T. Olsen** advised that she received the recorded Sheriff’s Deed and that the Positron Facility is in the ownership of the PDA as of January 18, 2017.

(b). **Gateway West’s Economic Development Grant Agreement for power upgrades.** **T. Olsen** advised that Gateway West thanked the PDA Board for preparing the Grant Agreement and for the payment of the materials purchased thus far, but that their focus is currently on the Federal Court case which should have gone to Hearing today. Earl and Barbara Swift will be in touch when they are ready to sign the agreement and continue to move the project forward when the weather allows.

- (c.) **Great Western Malt's Request for Access Easement.** **T. Olsen** advised a request has been received from Great Western for an access easement on the PDA property (f/k/a as the "Hoku" property) along their property line for the stacking of their grain trucks when unloading. **M. Quayle** suggested the access easement run with the presently recorded Idaho Power access easement for the substation so that the property would not be further encumbered. **T. Olsen** discussed the same with the property Lessee and should know in the next 30 days if the Lessee consents to granting the access easement. **T. Olsen** also advised the Board that in the process of reviewing the Idaho Power access easement, it was determined that the roadway access (connect the property to Highway 30 for the potential secondary access overpass) and the water line easements have not been recorded. These 2 easements were prepared when the City owned the property and for unknown reasons were never recorded. **T. Olsen** asked the Board for permission to be preparing the Great Western access easement but that she would have all 3 easements on a future Agenda for Board approval to record once confirmation from the Lessee regarding the same was received. Board consensus was to move forward with the easement preparation and future Board approval to record the same when appropriate.

Agenda Item No. 7: Position of the Interim Executive Director: **B. Blad** expressed his gratitude to **T. Olsen** for the additional work she has voluntarily assumed since June 2016 with the vacancy of the Executive Director and that she has done a great job in doing so but to nominate her for the Interim Executive Director position would be difficult for him since he believes there will be significant amounts of work in the Legal Department within the City in the coming months that may not allow her to continue to perform this position's duties. He wishes to visit her privately about this matter. He explained that although this position is written into the Planning Director's job description and if the Executive Director is changed to another person outside of the Planning Director, than that would necessitate job description modifications. **J. Stroschein** explained that if that was going to occur, time is of the essence as City salary projections are underway and this would impact the rate of pay for City positions within the next fiscal year budgets. **T. Olsen** explained to the Board that her interest is to continue to perform the duties, of which were previously accomplished by the Executive Director, that she has for the last 8 months but that the request was to be nominated as the Interim Executive Director until the Planning Director position was filled. The anticipated Interim period would be between 3 and 6 months. She summarized a list of responsibilities and tasks that she has accomplished outside of her role as Secretary to the Board. **T. Olsen** added that having her in the Interim position approved by the Board, would help carry weight and authority when she was talking with companies/prospective projects with a title more significance than the "Secretary"; that often times she feels that whomever she is working with maybe thinks they should be working with someone else. She concluded with the rapport she has with the existing projects/attorneys, her desire to grow within the position, and that she would continue to strive to meet and exceed the Board's expectations. **Vice-Chairman Carr** stated he visited with **Chairman Smith** in advance of the meeting and they both were very supportive of **T. Olsen** performing the tasks of Interim Executive Director and would encourage the Board to do so as well. **D. Hillam** felt uncomfortable with moving forward without the Mayor's consent but that all of the Board is extremely grateful for her service to the Board and that we are more than certain she could perform the Interim position. He encouraged her to meet with the Mayor and determine what this extra work would be and if there would be adequate time to perform the position. **T. Ottaway** thanked her for the hard work and energy she

contributes to the Board. **T. Olsen** thanked the Board and said that she will continue to do the work as requested by the Chairman and the Board.

Agenda Item No. 8: Discussion regarding Goals and Projects of the PDA: **J. Stroschein** asked the Board their thoughts on potentially providing an opportunity to local financial institutions to invest the PDA's money for all of its accounts. She explained she hasn't been satisfied with the current provider and wondered if the Board would support her in looking at the options available locally. **Vice-Chairman Carr** agreed it is worth looking into and wondered if we could obtain a better rate of return. She will consult with D. Tranmer and determine if a Request for Proposals is required or if she can recommend the financial institution she selects to the Board for action.

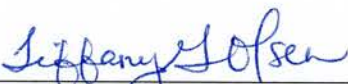
2. Executive Session:

Vice-Chairman Carr 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 (L. Fisher, D. Hillam)** to adjourn to executive session pursuant to Idaho Code §74-206(1)(e). **The motion passed** by roll call vote (**Ayes: Fisher, Hillam, Carr, Ottaway and Turner; Nays: None**). The Board adjourned to executive session at approximately 12:58 p.m. Potential businesses who are in competition with other jurisdictions were discussed. The Board reconvened to regular session at 1:12 p.m.

3. Adjournment:

Upcoming Events/Information: **Vice-Chairman Carr** advised the PDA's Public Hearing on its 2016 Annual Report will be at our next meeting scheduled for March 15, 2017 at 11:00 a.m. Notice in the Idaho State Journal shall appear on Tuesday, March 7, 2017.

There being no additional business, the meeting adjourned at 1:13 p.m.

By: 
Tiffany G. Olsen, Secretary

POCATELLO DEVELOPMENT AUTHORITY MEETING MINUTES
MEETING EXECUTIVE SESSION
February 15, 2017

Members present: Chad Carr (Vice-Chairman), Larry Fisher, Devin Hillam, Thomas Ottaway and Scott Turner.

Members absent: Brian Blad, Steve Brown, Russell Meyers and Scott Smith

Staff present: 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 12:58 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 (L. Fisher, D. Hillam). The motion passed** by roll call vote (**Ayes: Fisher, Hillam, Carr, Ottaway and Turner; Nays: None**). The Board adjourned to executive session at approximately 12:58 p.m. Potential businesses who are in competition with other jurisdictions were discussed. The Board reconvened to regular session at 1:12 p.m.

By: 
Tiffany G. Olsen, Secretary

AGENDA ITEM

NO. 2

FINANCIAL

REPORTS

(will be supplemented)

Pocatello Development Authority
Balance Sheet by Class
As of January 31, 2017

	<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	2,381,019.98	772,748.87	423,978.07	126,436.59	385,427.65	4,089,611.16
Savings Wells Fargo	746,421.18	36.20	0.00	0.00	0.00	746,457.38
Zions 2012 Bnd Fnd 7110526D	0.00	66,177.00	0.00	0.00	0.00	66,177.00
Zions Bnd Reserve Fnd 7110526B	0.00	677,765.45	0.00	0.00	0.00	677,765.45
Zions Rev Alloc Fnd 7110526	0.00	1,470,883.94	0.00	0.00	0.00	1,470,883.94
Total Checking/Savings	<u>3,127,441.16</u>	<u>2,987,611.46</u>	<u>423,978.07</u>	<u>126,436.59</u>	<u>385,427.65</u>	<u>7,050,894.93</u>
Accounts Receivable						
Accounts Receivable	750.00	0.00	0.00	0.00	0.00	750.00
Total Accounts Receivable	<u>750.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>750.00</u>
Other Current Assets						
Accrued Interest Income	16,786.74	168.24	0.00	0.00	0.00	16,954.98
Property Tax Receivable	0.00	31,587.23	0.00	73,911.63	0.00	105,498.86
Total Other Current Assets	<u>16,786.74</u>	<u>31,755.47</u>	<u>0.00</u>	<u>73,911.63</u>	<u>0.00</u>	<u>122,453.84</u>
Total Current Assets	<u>3,144,977.90</u>	<u>3,019,366.93</u>	<u>423,978.07</u>	<u>200,348.22</u>	<u>385,427.65</u>	<u>7,174,098.77</u>
Other Assets						
Inventory - Leasehold	424,779.00	0.00	0.00	0.00	0.00	424,779.00
Note Receivable	50,000.00	0.00	0.00	0.00	0.00	50,000.00
Total Other Assets	<u>474,779.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>474,779.00</u>
TOTAL ASSETS	<u><u>3,619,756.90</u></u>	<u><u>3,019,366.93</u></u>	<u><u>423,978.07</u></u>	<u><u>200,348.22</u></u>	<u><u>385,427.65</u></u>	<u><u>7,648,877.77</u></u>

Pocatello Development Authority
Balance Sheet by Class
 As of January 31, 2017

	<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	16,786.74	0.00	0.00	0.00	0.00	16,786.74
Deferred Notes Receivable Rev	50,000.00	0.00	0.00	0.00	0.00	50,000.00
Deferred Tax Revenues	0.00	0.00	0.00	73,911.63	0.00	73,911.63
Total Long Term Liabilities	<u>66,786.74</u>	<u>0.00</u>	<u>0.00</u>	<u>73,911.63</u>	<u>0.00</u>	<u>140,698.37</u>
Total Liabilities	66,786.74	0.00	0.00	73,911.63	0.00	140,698.37
Fund Balance						
Fund Balance	3,438,647.62	2,427,770.09	420,396.34	114,751.73	329,416.13	6,730,981.91
Net Income	114,322.54	591,596.84	3,581.73	11,684.86	56,011.52	777,197.49
Total Fund Balance	<u>3,552,970.16</u>	<u>3,019,366.93</u>	<u>423,978.07</u>	<u>126,436.59</u>	<u>385,427.65</u>	<u>7,508,179.40</u>
TOTAL LIABILITIES & FUND BALANCE	<u><u>3,619,756.90</u></u>	<u><u>3,019,366.93</u></u>	<u><u>423,978.07</u></u>	<u><u>200,348.22</u></u>	<u><u>385,427.65</u></u>	<u><u>7,648,877.77</u></u>

Pocatello Development Authority
Profit & Loss by Class
January 2017

	<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>
Ordinary Income/Expense						
Income						
Interest Income	19.02	355.71	0.00	0.00	0.00	374.73
Personal Property tax replace	0.00	23,003.35	6,043.21	404.91	1,262.85	30,714.32
Property Taxes	0.00	661,778.43	21,161.56	4,816.92	54,748.67	742,505.58
Rental Income	750.00	0.00	0.00	0.00	0.00	750.00
Total Income	<u>769.02</u>	<u>685,137.49</u>	<u>27,204.77</u>	<u>5,221.83</u>	<u>56,011.52</u>	<u>774,344.63</u>
Gross Profit	769.02	685,137.49	27,204.77	5,221.83	56,011.52	774,344.63
Expense						
Administrative	169.00	0.00	0.00	0.00	0.00	169.00
Economic Grants Issued	25,000.00	0.00	0.00	0.00	0.00	25,000.00
Total Expense	<u>25,169.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>25,169.00</u>
Net Ordinary Income	<u>-24,399.98</u>	<u>685,137.49</u>	<u>27,204.77</u>	<u>5,221.83</u>	<u>56,011.52</u>	<u>749,175.63</u>
Net Income	<u><u>-24,399.98</u></u>	<u><u>685,137.49</u></u>	<u><u>27,204.77</u></u>	<u><u>5,221.83</u></u>	<u><u>56,011.52</u></u>	<u><u>749,175.63</u></u>

At month end the Authority had cash on hand of \$7,050,894.93. The checking account balance was \$4,089,611.16, the savings account was \$746,457.38, and cash being held by Zions Trust amounted to \$2,214,826.39.

Pocatello Development Authority recognized above normal financial activity during the month of January. The Authority received revenues totaling \$774,344.63 of which \$374.73 was interest earnings on cash invested and property tax interest. Rental income from the Positron Facility was received in the amount of \$750.00. Property tax remittances totaled \$742,505.58 and personal property tax replacement was \$30,714.32

Expenses paid for the month totaled \$25,169.00. The administrative expenses were \$169.00 for the lunch meeting. Economic development grant for the Bridge in the amount of \$25,000.00.

Year to date revenues of \$1,006,311.69 (see page 3) are more than expenses of \$229,114.20 so overall net income is \$777,197.49.

Pocatello Development Authority
Profit & Loss by Class
 October 2016 through January 2017

	<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>
Ordinary Income/Expense						
Income						
Interest Income	75.46	6,023.46	0.00	0.00	0.00	6,098.92
Miscellaneous Income	6,450.00	0.00	0.00	0.00	0.00	6,450.00
Personal Property tax replace	0.00	23,003.35	6,043.21	404.91	1,262.85	30,714.32
Property Taxes	0.00	693,365.66	21,161.56	4,816.92	54,748.67	774,092.81
Rental Income	3,000.00	0.00	0.00	20,000.00	0.00	23,000.00
Transfers in	165,955.64	0.00	0.00	0.00	0.00	165,955.64
Total Income	<u>175,481.10</u>	<u>722,392.47</u>	<u>27,204.77</u>	<u>25,221.83</u>	<u>56,011.52</u>	<u>1,006,311.69</u>
Gross Profit	175,481.10	722,392.47	27,204.77	25,221.83	56,011.52	1,006,311.69
Expense						
Administrative	595.56	0.00	0.00	0.00	0.00	595.56
Dues and Memberships	850.00	0.00	0.00	0.00	0.00	850.00
Economic Grants Issued	25,000.00	0.00	0.00	0.00	0.00	25,000.00
Economic Loans	26,000.00	0.00	0.00	0.00	0.00	26,000.00
Professional Services						
Other Professional Services	8,713.00	0.00	0.00	2,000.00	0.00	10,713.00
Total Professional Services	<u>8,713.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2,000.00</u>	<u>0.00</u>	<u>10,713.00</u>
Transfers out	0.00	130,795.63	23,623.04	11,536.97	0.00	165,955.64
Total Expense	<u>61,158.56</u>	<u>130,795.63</u>	<u>23,623.04</u>	<u>13,536.97</u>	<u>0.00</u>	<u>229,114.20</u>
Net Ordinary Income	<u>114,322.54</u>	<u>591,596.84</u>	<u>3,581.73</u>	<u>11,684.86</u>	<u>56,011.52</u>	<u>777,197.49</u>
Net Income	<u><u>114,322.54</u></u>	<u><u>591,596.84</u></u>	<u><u>3,581.73</u></u>	<u><u>11,684.86</u></u>	<u><u>56,011.52</u></u>	<u><u>777,197.49</u></u>

AGENDA ITEM NO. 3

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



ID: 06787
 POCATELLO DEVELOPMENT AUTHORITY
 911 N 7TH
 POCATELLO, ID 83205

Invoice: 116076
 Date: 12/31/2016

For professional service rendered as follows:

Audit of financial statements (including postage and report production)	4,185.00
Billed Time & Expenses	<u>\$4,185.00</u>
Invoice Total	<u><u>\$4,185.00</u></u>

Date	Type	Reference	Debit	Credit	Balance
12/01/16	Beginning Balance				\$0.00
12/31/16	Invoice #116076		4,185.00		<u>4,185.00</u>
12/31/16	Amount Due				<u><u>\$4,185.00</u></u>

Please return this portion with payment.

ID: 06787
 POCATELLO DEVELOPMENT AUTHORITY
 (208)233-3500

Invoice: 116076

Date: 12/31/2016

Amount Enclosed: \$ _____

The amount due is payable upon receipt of the invoice. Delinquent accounts will be charged a finance fee of 1.5 percent per month from the due date of the invoice. Thank you for keeping your account current.

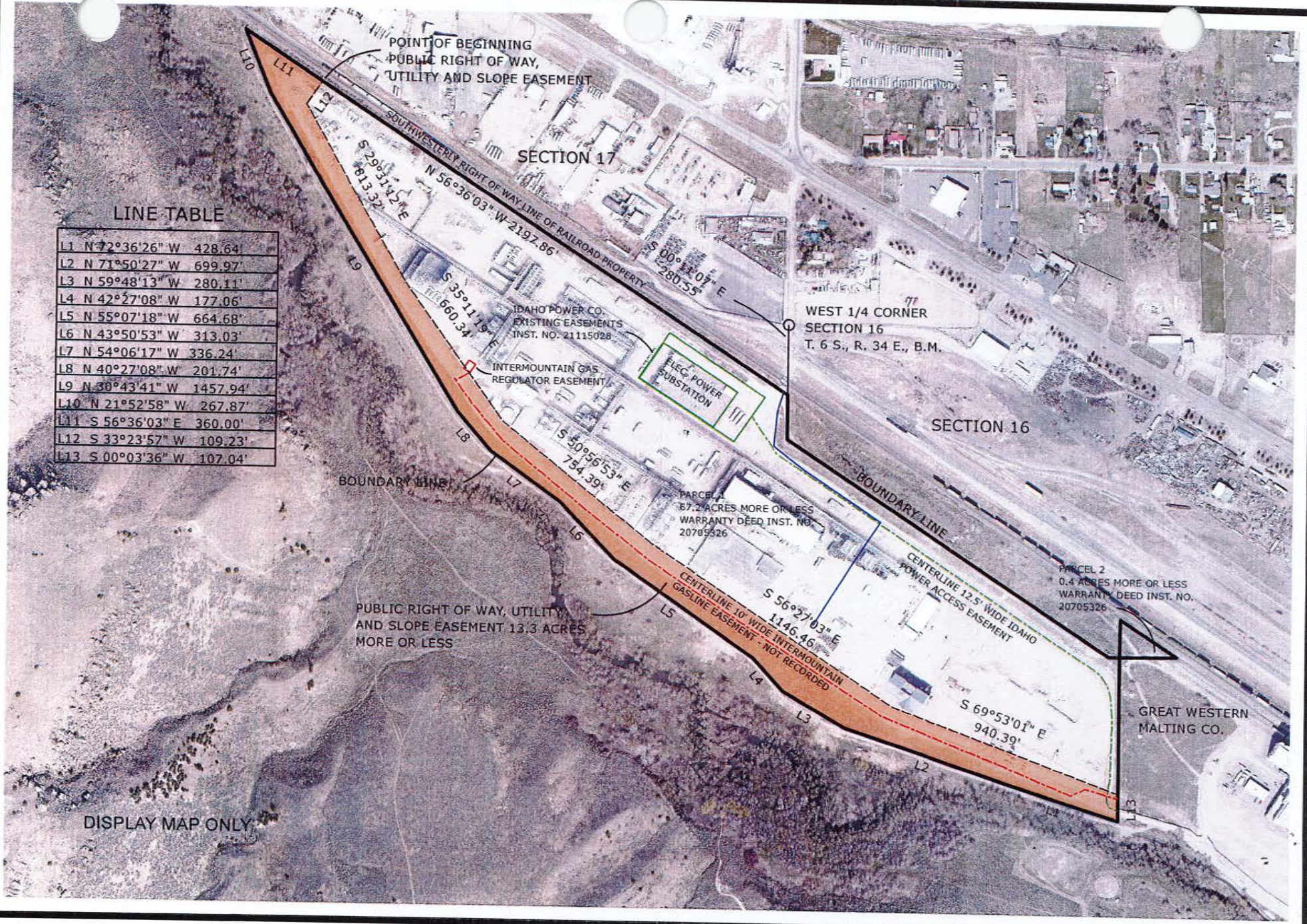
AGENDA ITEM NO. 4

AGENDA ITEM

NO. 6

LINE TABLE

L1	N 72°36'26" W	428.64
L2	N 71°50'27" W	699.97
L3	N 59°48'13" W	280.11
L4	N 42°27'08" W	177.06
L5	N 55°07'18" W	664.68
L6	N 43°50'53" W	313.03
L7	N 54°06'17" W	336.24
L8	N 40°27'08" W	201.74
L9	N 30°43'41" W	1457.94
L10	N 21°52'58" W	267.87
L11	S 56°36'03" E	360.00
L12	S 33°23'57" W	109.23
L13	S 00°03'36" W	107.04



PUBLIC RIGHT OF WAY, UTILITY AND SLOPE EASEMENT
 LOCATED IN PARCEL 1 OF WARRANTY DEED INSTRUMENT NO. 20705326

POCATELLO DEVELOPMENT AUTHORITY

GREAT WESTERN MALTING COMPANY

PROPOSED TRUCK ACCESS
EASEMENT TO GREAT
WESTERN MALTING CO.

Hoku Way

4(c)





Purpose

ISU and the College of Business believe strongly in building lasting partnerships with the community. Establishing CEED in Old Town connects the college to the business community, and supports economic development, while enhancing the educational experience for students. Our objective is to blur the lines between the College of Business and the business community to drive SE Idaho toward a culture of entrepreneurship and a robust economy. A core principle for CEED centers on building programs that align with the business community of Pocatello and the region of SE Idaho.

ECONOMIC OUTREACH

**BENGAL
SOLUTIONS®
CONSULTING**

College of
Business

**MBA6628
CAPSTONE
COURSE**

College of
Business

EIDC

Eastern Idaho
Development
Corporation



CENTER FOR ENTREPRENEURSHIP
AND ECONOMIC DEVELOPMENT

**PROF.
DEVELOPMENT
PROGRAM**

College of
Business

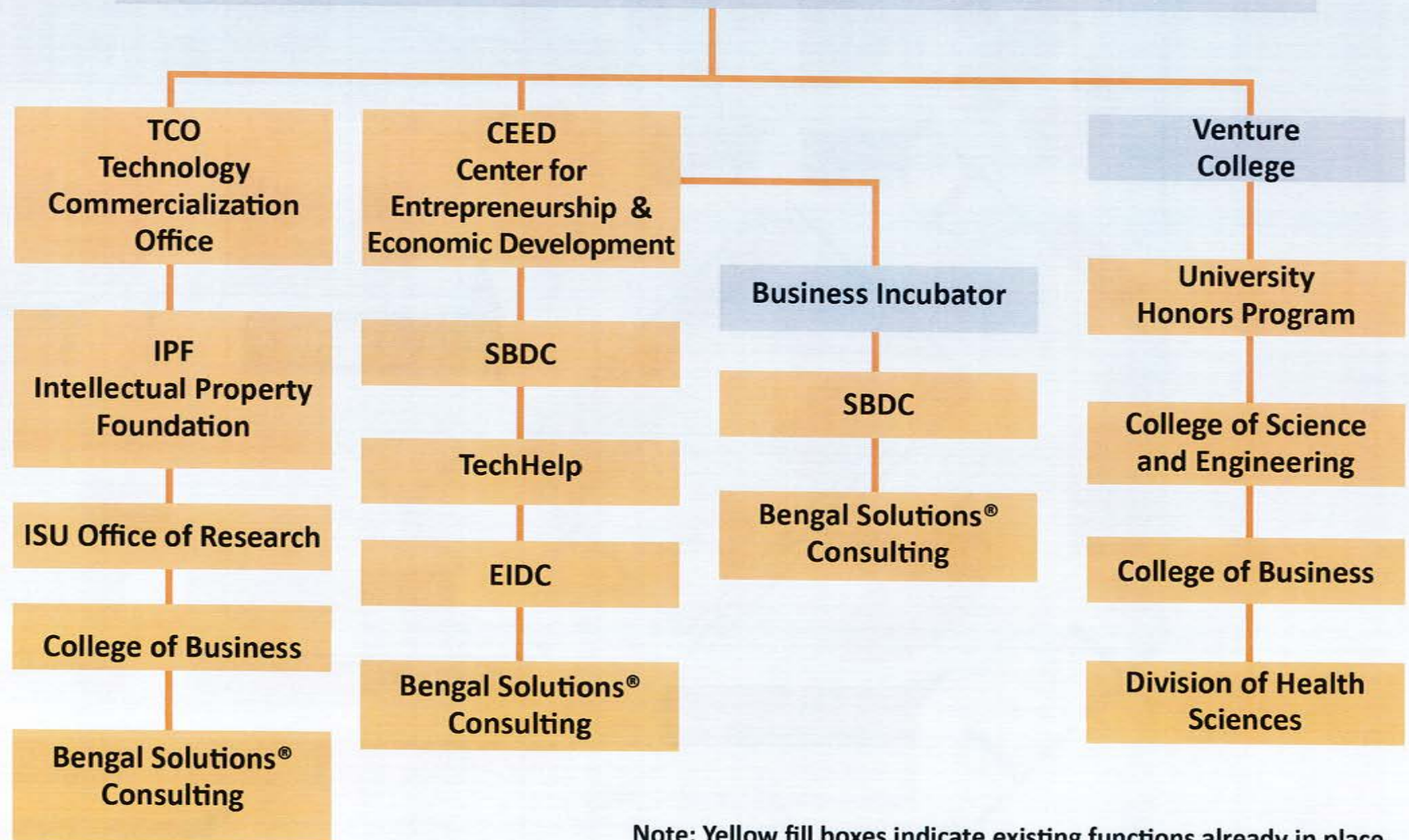
TECHHELP

SBDC

Small Business
Development
Center

CURRENT HOLISTIC VIEW

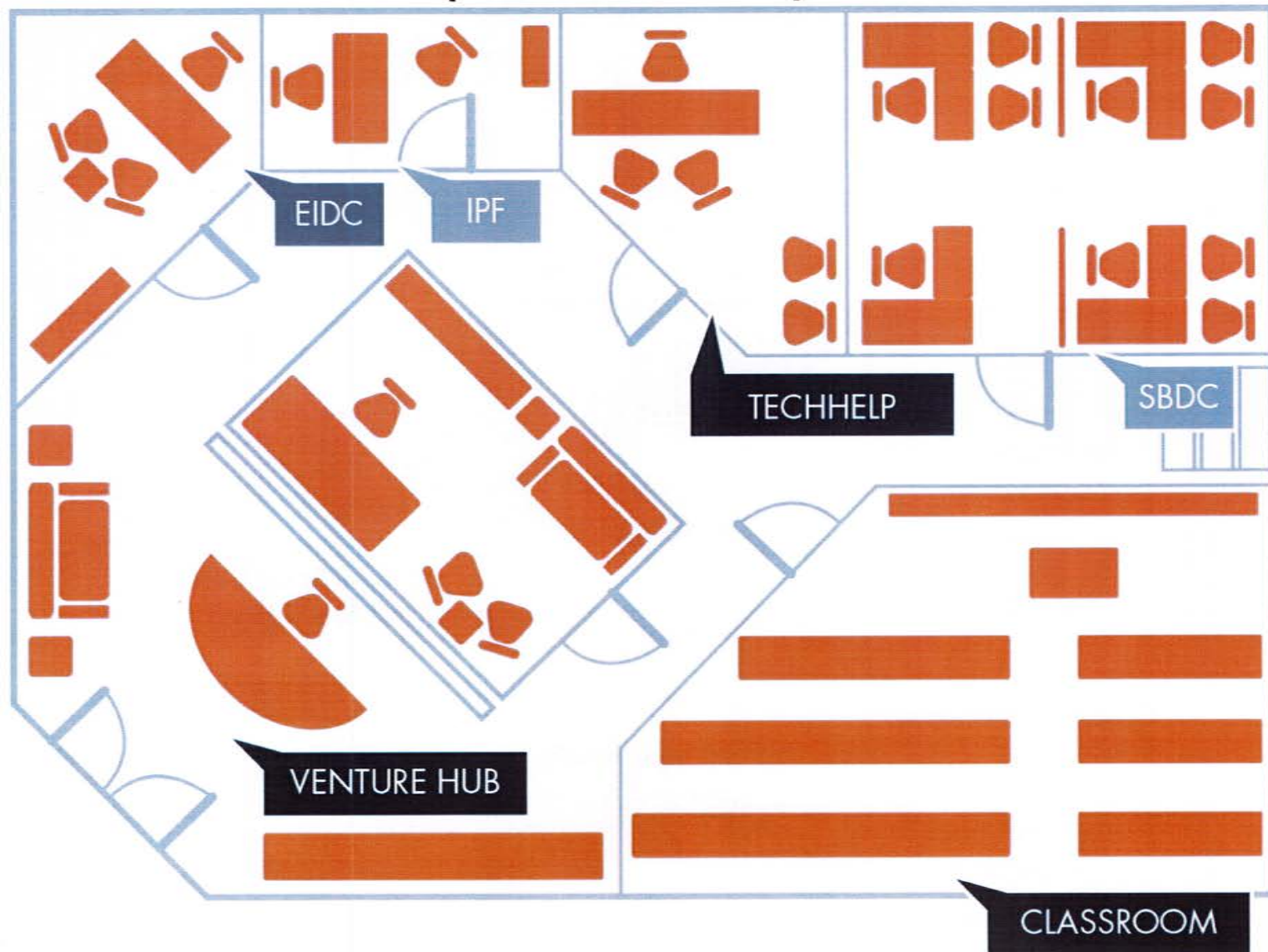
University Level Economic Development



Note: Yellow fill boxes indicate existing functions already in place.

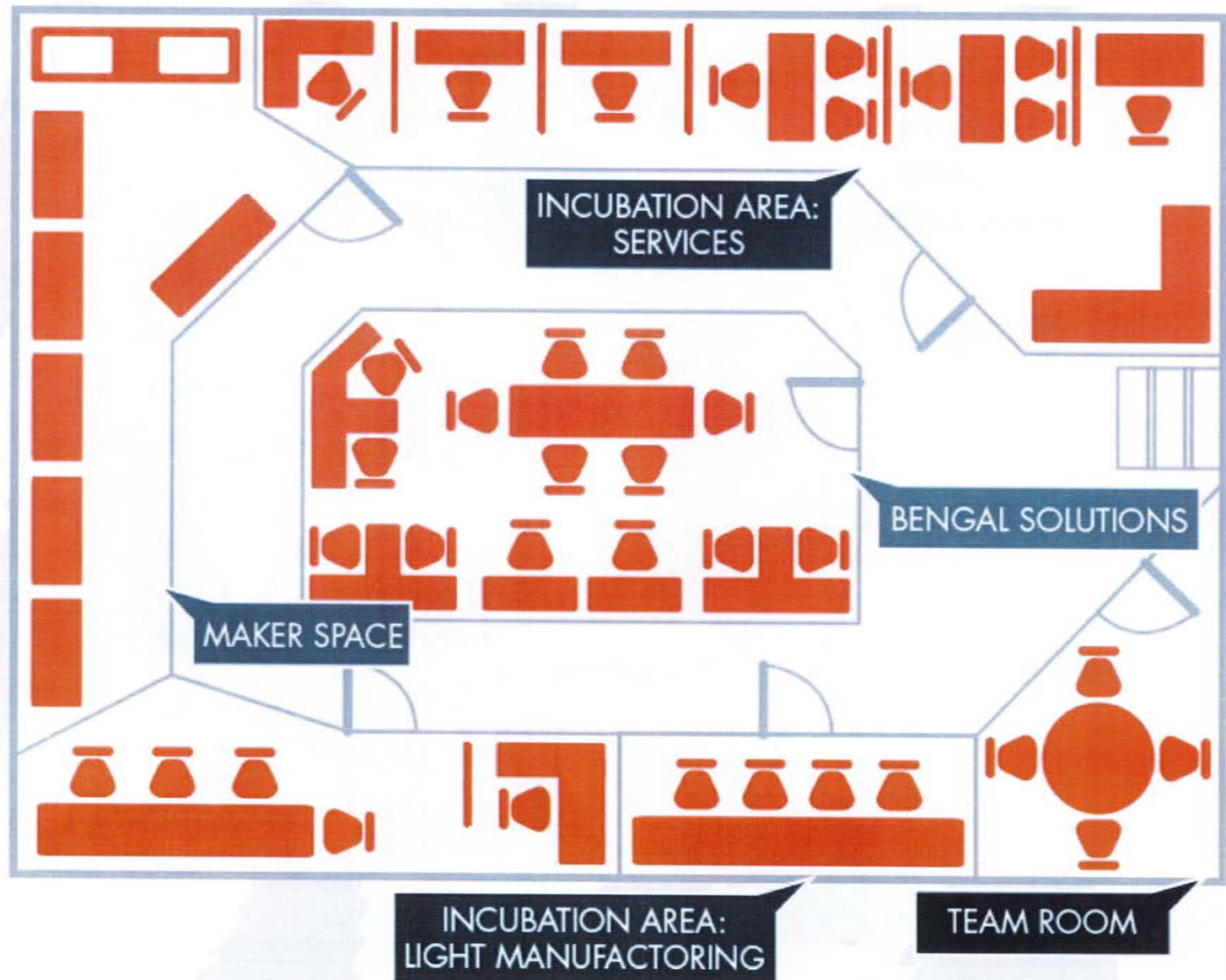
CEED Venture Hub

(Accelerator)

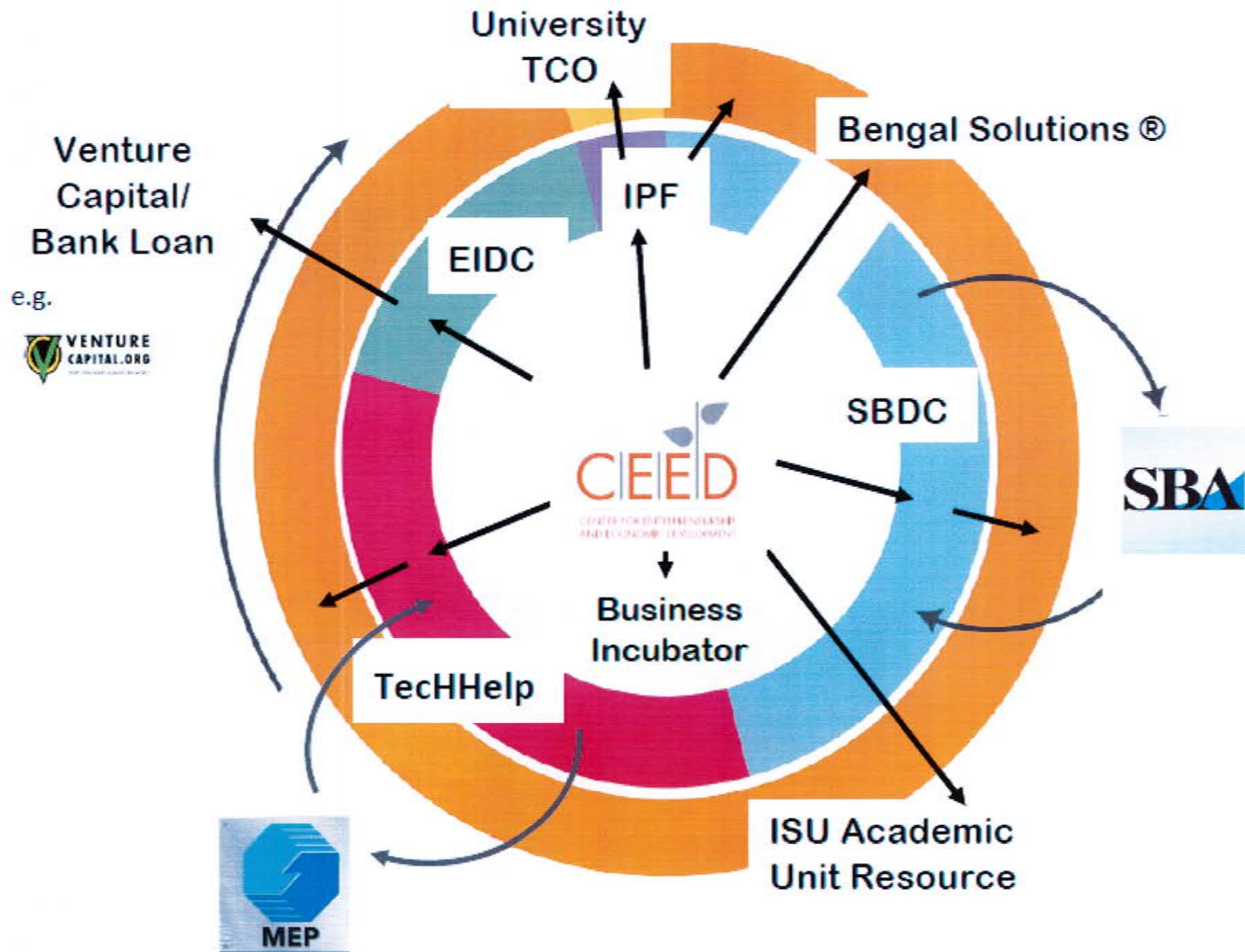


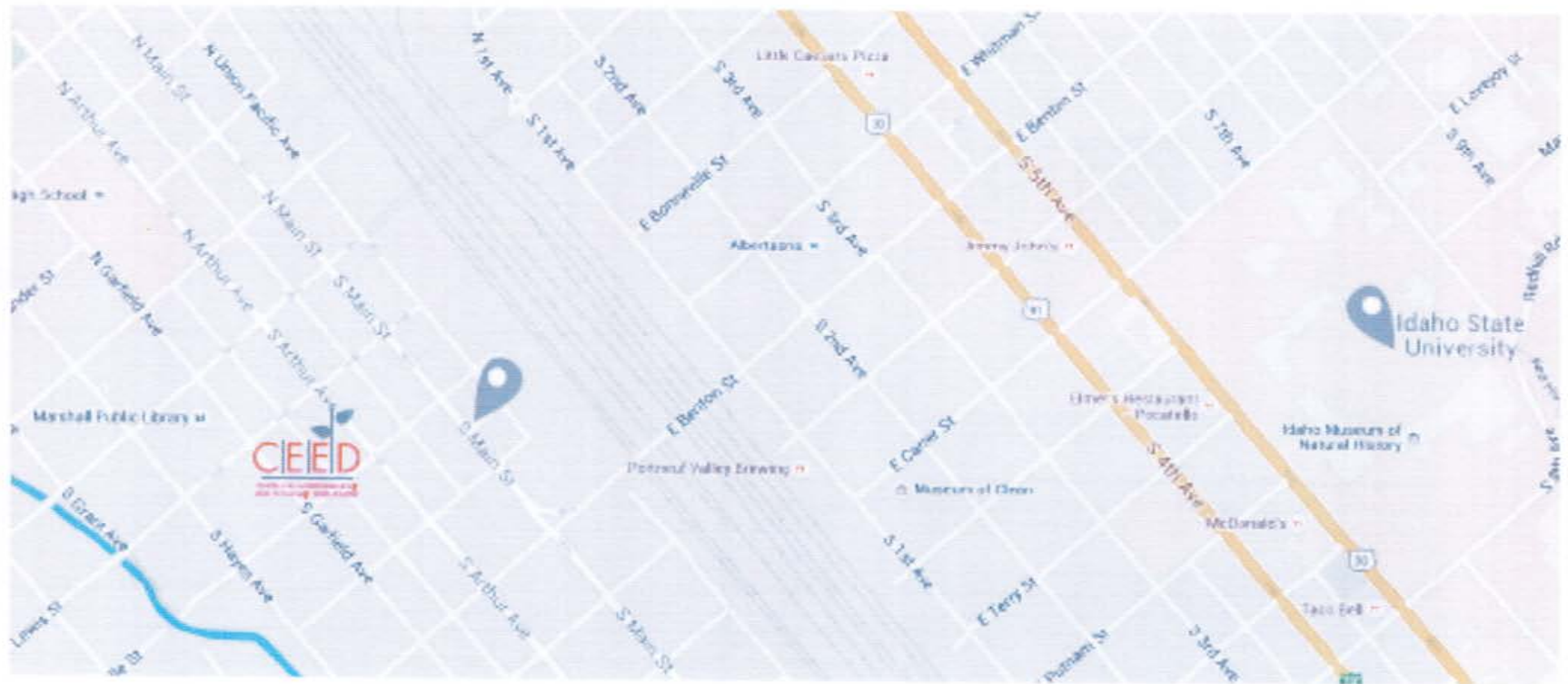
CEED Venture Hub

(Incubator)

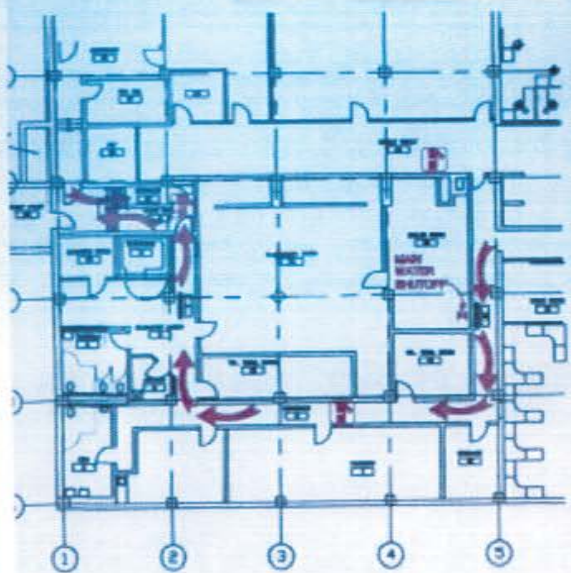


CEED Venture Hub





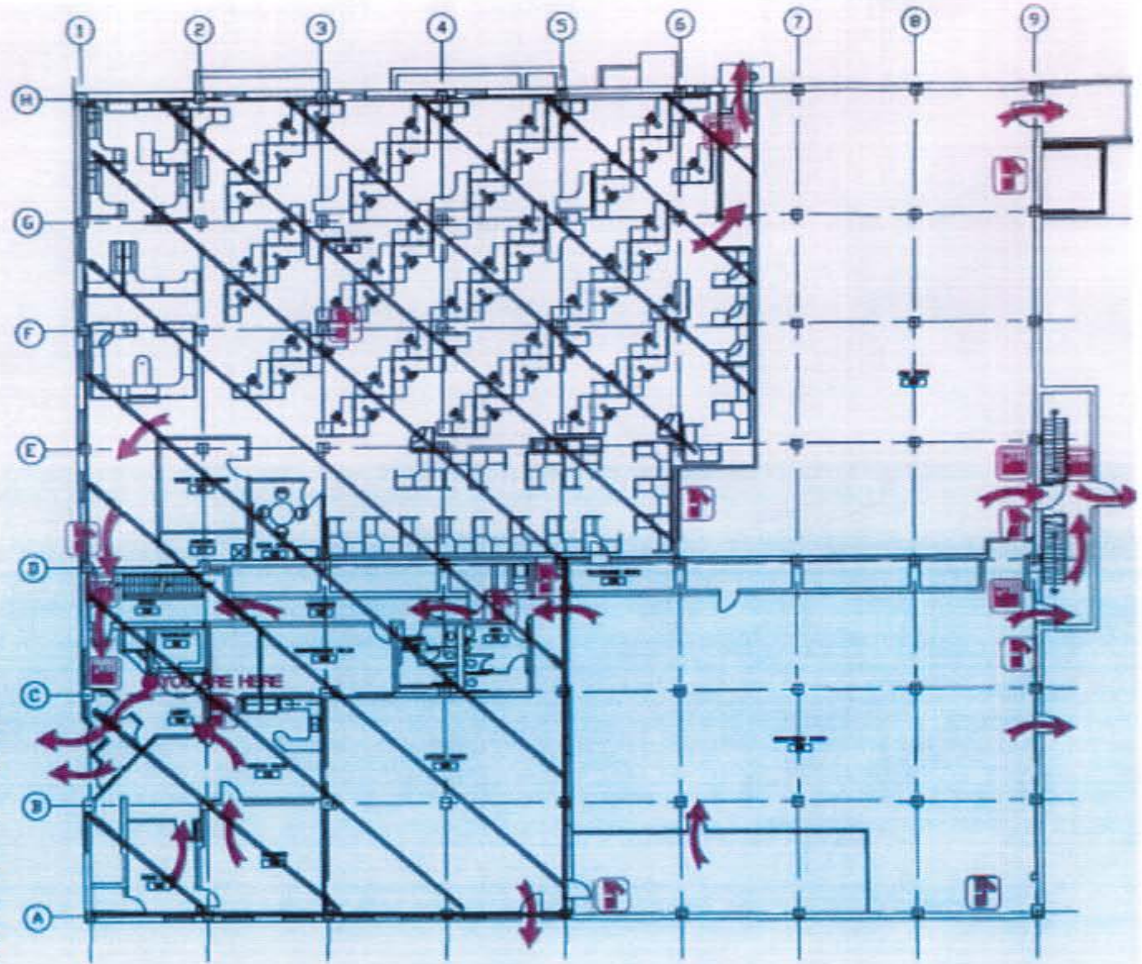
WHY THE CENTURLINK BUILDING IN OLD TOWN?



PARTIAL BASEMENT
WITH MAIN WATER SHUTOFF



EXHIBIT B
PAGE 1
DEPICTION OF CONDOMINIUM
ISU/CEED FIRST FLOOR



LEGEND

-  FIRE ALARM PULL STATION
-  FIRE EXTINGUISHER
-  WAY TO EXIT
-  EVACUATION PLAN LOCATION

Qwest.
POCATELLO MAIN
FIRST FLOOR
FIRE EVACUATION PLAN

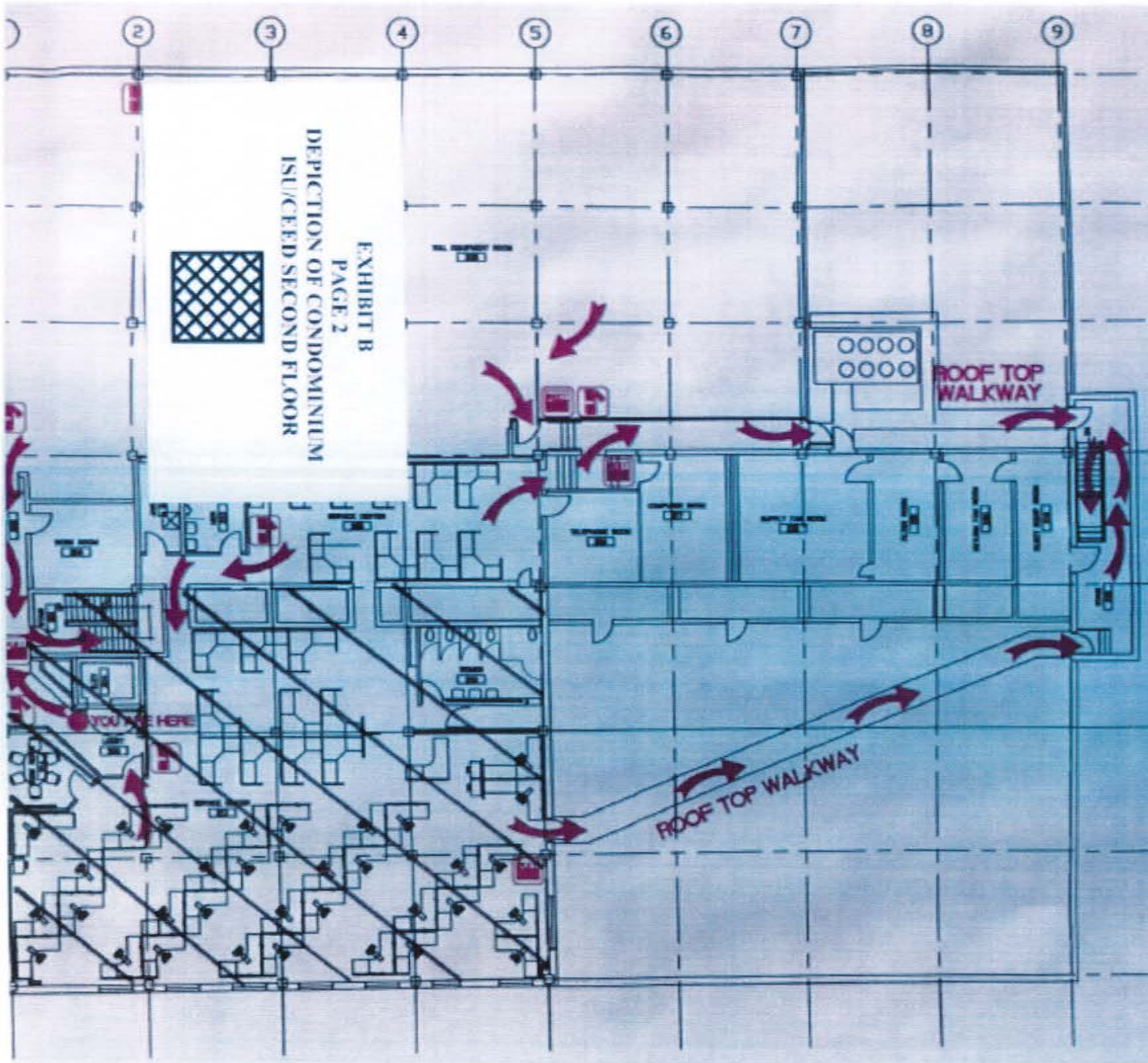


EXHIBIT B
PAGE 2
DEPICTION OF CONDOMINIUM
ISU/CEED SECOND FLOOR

LEGEND

-  FIRE ALARM PULL STATION
-  FIRE EXTINGUISHER
-  WAY TO EXIT
-  EVACUATION PLAN LOCATION

Qwest
POCATELLO
SECOND FLOOR
FIRE EVACUATION

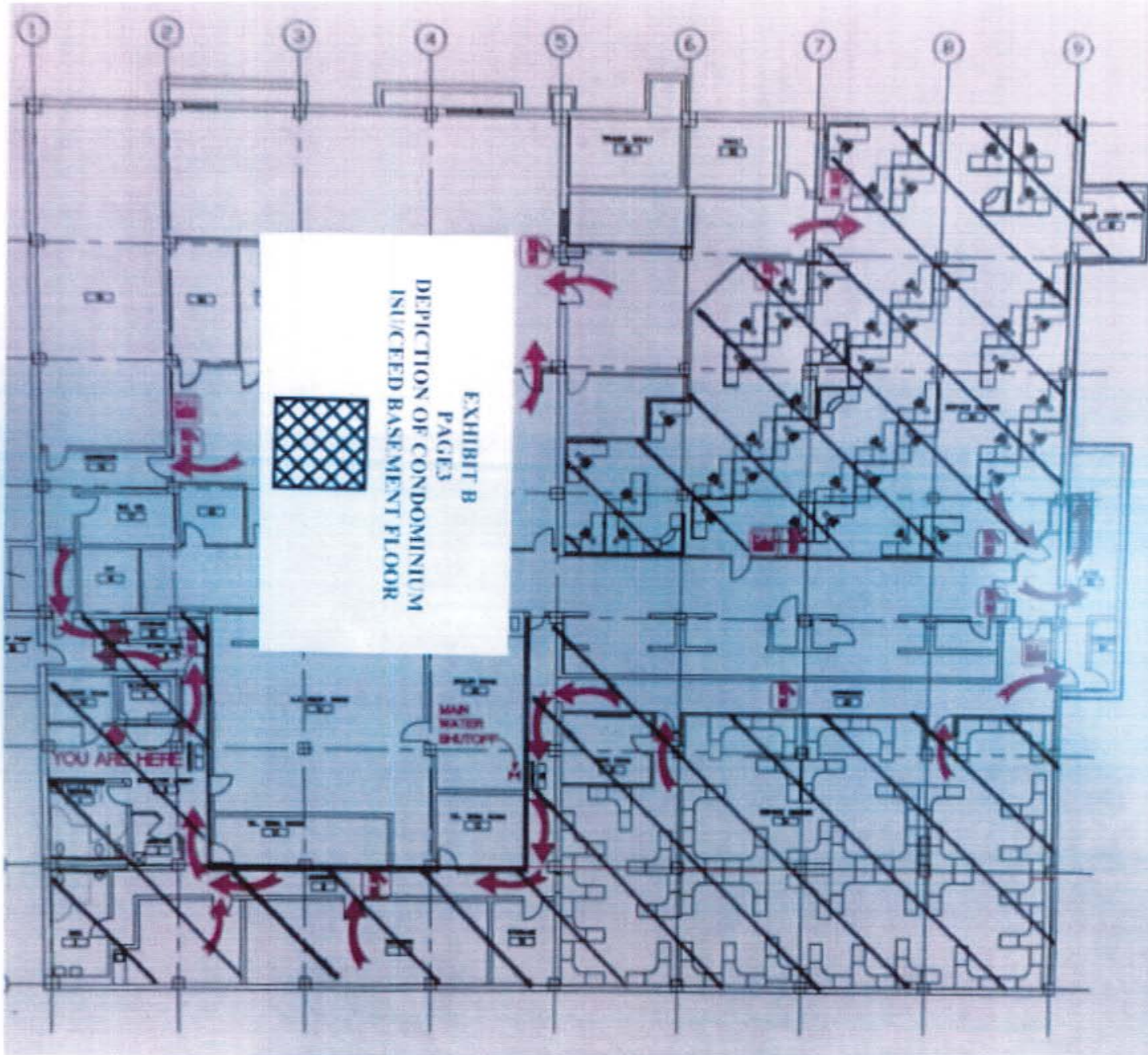




EXHIBIT B
PAGES
DEPICTION OF CONDOMINIUM
SUICED BASEMENT FLOOR

LEGEND

-  FIRE ALARM PULL STATION
-  FIRE EXTINGUISHER
-  WAY TO EXIT
-  EVACUATOR PLAN LOCATOR

Qwest 

POCATELLO MALL
BASEMENT
FIRE EVACUATION

SMALL BUSINESS DEVELOPMENT CENTER



**FREE BUSINESS
CONSULTING**
LOW COST TRAINING
RESEARCH

**152 jobs created &
retained**
18 business started
\$11.4 million capital
\$28.7 million growth

TECH HELP

OPERATIONAL EXCELLENCE

Lean
Six Sigma
Leadership Coaching
Enterprise
Wide Transformations

FOOD & DAIRY PROCESSING

Food Safety
Process Efficiency
Innovation Engineering

GROWTH & INNOVATION

New Product
Development Lab
Export Excellence
GrowthCoaching



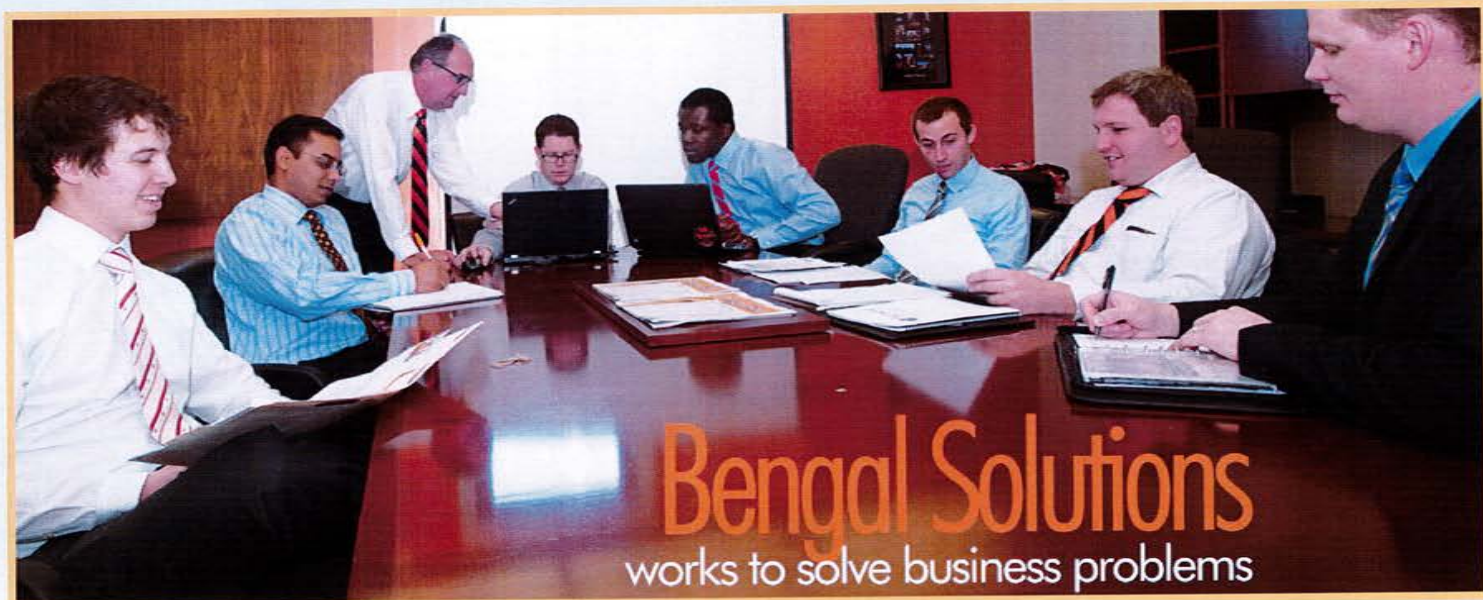
TECH:HELP
SOLUTIONS FOR MANUFACTURERS

EASTERN IDAHO DEVELOPMENT CORP.

- SBA 504 loans
- SBA 7(a) loans
- Pocatello Revolving
Loan Fund
- Industrial Land Fund

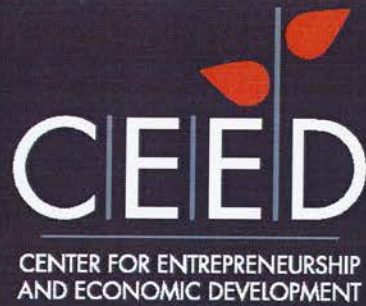


BENGAL SOLUTIONS® CONSULTING



- Economic impact studies
- Product or service strategy
- Market analysis and planning
- Financial projections
- Budget development
- Service operations analysis
- Policy & procedure improvement
- Survey development & analysis

Idaho State
UNIVERSITY



BUSINESS PLAN
Document A-Prospectus

IDAHO STATE UNIVERSITY
COLLEGE OF BUSINESS
**CENTER FOR ENTREPRENEURSHIP AND
ECONOMIC DEVELOPMENT**
(dba CEED)

Pocatello, Idaho

For submission to:

**President Vailas,
EVP Woodworth-Ney,
VP Tingey,
VP Van der Schyf,
Dean Ottaway,
AVP Hanson,
Director Brey,
Senior Director Arstein**

Revision 2
October 13, 2016

Prospectus

This prospectus is Part A of a two part Business Plan proposal for a Center for Entrepreneurship and Economic Development, hereafter known as 'CEED' or 'the center', in Pocatello, Idaho. This document describes the major features of the proposed center and business venture in enough detail so that decision-makers and potential investors may evaluate it.

Purpose

The vision is CEED will foster entrepreneurship and economic development in Pocatello and the region of Southeastern Idaho through partnerships with the business community, the Idaho State University College of Business, and the University at large. CEED will be a hub for business activity and serve as a one-stop shop for students, university inventors, business startups, and the business community to take advantage of all the programs the College of Business offers in support of economic development and entrepreneurship.

The mission of CEED is to promote, support and develop new business in Southeastern Idaho and to create a culture of entrepreneurship while equipping students, university inventors, and the business community with the necessary tools to achieve business success.

The primary goal of CEED is to provide new and emerging technology and compatible businesses with an environment that supports their start-up phase and increases their likelihood of success.

Key objectives as a facilitating center are:

- (1) Commercialization of intellectual property from the university and other research institutes through the process of technology transfer.
- (2) Support the growth and success of emerging technology businesses.
- (3) Connect educational activities of the university with experiential opportunities for students and faculty toward developing new businesses.
- (4) Support of workforce development through the creation of technology businesses providing higher wage jobs.
- (5) Help local entrepreneurs create new job opportunities for area residents and become a source of tax revenue for Pocatello and Southeastern Idaho.

Description

The ISU College of Business (CoB) has respectfully requested CenturyLink enter into a joint ownership relationship with the CoB by contributing the unoccupied portion of the CenturyLink building located in Old Town Pocatello to the ISU College of Business. The CoB will operate the Center for Entrepreneurship and Economic Development (CEED) in the building in Old Town Pocatello.

A central activity of CEED in this building will be to operate as a business accelerator/incubator providing new and emerging technology and compatible businesses with an environment that supports their start-up phase and increases their likelihood of success. The proposed accelerator/incubator includes facility space, flexible leases, shared use of common office equipment, direct business assistance and guidance, mentoring, networking to capital, and other technical resources. A network of existing resources in the College of Business and community has been co-located to support university technology transfer and other center client needs.

As a business incubator, in the initial phase of completion approximately 20 clients at a time will be served as tenants within the incubator with a target of 70% occupancy. It will be the aim of the incubator to graduate tenants to the ISU Research and Business Park or other commercial property suitable to their operation at 5 years after start-up or sooner. The facility, at 35,000 square feet, includes a mix of office, light commercial production, lab space, and expansion space.

Organizational Structure

CEED is to be structured as a 501(c)(3). This form is best suited to the mission of CEED and positions the center to accept grants and charitable donations. The center is be advised by a board of approximately 7-9 members comprised of individuals with a mixture of entrepreneurial and technology experience, representatives of key economic development organizations, and representatives of university stakeholder organizations. CEED will report to the Dean of the College of Business. The center is staffed by a Director whose responsibilities will be to provide and/or facilitate access to value-added services needed by center clients, recruit and screen potential new incubator tenants, and manage the overall operations of the center.

The Director of Bengal Solutions and Graduate Assistant students acting as Bengal Solutions Consultants are the only other center staff proposed in this plan. By virtue of co-location, Director of Technology Commercialization Office, the Directors of Regions 5 and 6 Small Business Development Center (SBDC), Director of Tech-Help, Director of the Eastern Idaho Development Corporation (EIDC) will have affiliate responsibility serving the needs of clients

Facility and Site

The proposed accelerator/incubator facility is 35,000+/- square feet with a mix of office, light commercial production, and lab space. Located at 455 W. Lewis St., Pocatello, Idaho, CEED offers easy access to the community with a 6 minute commute from the main Idaho State University campus and centrally located in Old Town Pocatello. This site offers convenient service to entrepreneurs and inventors from the business community and university.

Budget and Financial Estimates

The initial Phase I development of the CEED facility in 2017-2018 will require an initial one-time investment of \$1.83 million. This will be contributed by \$.43 million from CenturyLink made in-kind to the university with the property (estimated value from local market appraisal) on which the center will be built, the parking lot, and lighting. In addition, the CoB, in conjunction with the ISU Foundation, is currently working with prospective donors for naming opportunities within the CEED facility, specifically the entry way ('Venture Hub') remodel and common area for the Bengal Solutions program at an estimated cost of \$.5 million. Grant funding is under application to provide, 11,600 ft² of business incubator space at a cost of \$.58 million, 6 program offices within the building at a cost of \$25k each of \$.15 million, and a community classroom at an estimated cost of \$.08 million.

CEED has an estimated 10 year average annual operating budget need of \$95,338. To cover program staff expenses, the CoB will appropriate approximately \$444,649 per year, on average, of budget for director, staff, and graduate students necessary to establish and expand the center.

Total capital investment after Phase I renovation at Year 1 of operation projected to be \$1.45 million with an average annual budget of \$540k (operating and salary appropriation).

A Phase II renovation will be undertaken pending achieving 70% revolving occupancy of 11,600 ft² of leasable incubator space. This is projected to be completed in 2023 and will add approximately 18,200 leasable and communal space within the existing CEED building. Funding of approximately \$1.12 million coming from grants, prospective donors, and incubator rents. Cost and revenue projections not included in Table 8.3.

TABLE 8.3 TEN YEAR OPERATING BUDGET

Plan C-33% Program/66% Incubator Build-Out Scenario=Program Space (5800 ft²) + Incubator Space (11600 ft²) with a 50/50 Match EDA Grant

Revenue	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Row Sum
Incubator Client Rents	-	11,291	30,528	52,825	71,413	92,680	116,939	126,469	136,776	147,924	
Anchor Tenant Rents	-	-	-	-	-	-	-	-	-	-	
Service Fees from Programs	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000	
Grant #RSBD 15-16_SBDReg 5	137,526	137,526	137,526	137,526	137,526	137,526	137,526	137,526	137,526	137,526	
Grant #RSBD 13-14_SBDReg 6	151,233	151,233	151,233	151,233	151,233	151,233	151,233	151,233	151,233	151,233	
Grant #RBA014_EIDC	221,405	221,405	221,405	221,405	221,405	221,405	221,405	221,405	221,405	221,405	
Grant #RBA009-13_TechHelp	104,842	104,842	104,842	104,842	104,842	104,842	104,842	104,842	104,842	104,842	
Grant Match_ISU	110,953	110,953	110,953	110,953	110,953	110,953	110,953	110,953	110,953	110,953	
Grant Allocated Budget_CoB	106,215	108,339	110,506	112,716	114,971	117,270	119,615	122,008	124,448	126,937	
CEED Allocated Budget_CoB	299,868	305,865	311,982	318,222	324,586	331,078	337,700	344,454	351,343	358,370	
Grant Funding from EDA [Note 1]	\$914,108										
Donations In-Kind_Condo From CL	429,108										
Donation from Lead Philanthropy	\$485,000										
Net Donations from 3rd Key Donors											
Total Revenue	\$ 2,994,258	\$ 1,185,454	\$ 1,212,975	\$ 1,243,722	\$ 1,270,929	\$ 1,300,987	\$ 1,334,213	\$ 1,352,889	\$ 1,372,526	\$ 1,393,189	
Expenses											
Salaries											
Director- CEED	33,176	33,840	34,516	35,207	35,911	36,629	37,362	38,109	38,871	39,648	
Director- Bengal Solutions	66,310	67,636	68,989	70,369	71,776	73,212	74,676	76,169	77,693	79,247	
Director- SBDC (5)	66,290	67,616	68,968	70,347	71,754	73,190	74,653	76,146	77,669	79,223	
SBDC Consultant (5)	56,680	57,814	58,970	60,149	61,352	62,579	63,831	65,108	66,410	67,738	
Director- SBDC (6)	68,390	69,758	71,153	72,576	74,028	75,508	77,018	78,559	80,130	81,732	
SBDC Prog. Coord. (6)	37,586	38,338	39,104	39,887	40,684	41,498	42,328	43,174	44,038	44,919	
TechHelp-Field Engineer	70,325	71,732	73,166	74,629	76,122	77,644	79,197	80,781	82,397	84,045	
Director- EIDC	71,802	73,238	74,703	76,197	77,721	79,275	80,861	82,478	84,127	85,810	
Loan Officer EIDC	48,000	48,960	49,939	50,938	51,957	52,996	54,056	55,137	56,240	57,364	
Admin Assist EIDC	36,774	37,509	38,260	39,025	39,805	40,601	41,413	42,242	43,087	43,948	
Benefits %20.456 for FTE Staff	113,599	115,871	118,188	120,552	122,963	125,422	127,931	130,489	133,099	135,761	
Health Insurance for FTE Staff	122,400	124,848	127,345	129,892	132,490	135,139	137,842	140,599	143,411	146,279	
Grad Assistants (8) Stipend	99,744	101,739	103,774	105,849	107,966	110,125	112,328	114,575	116,866	119,203	
Grad Assistants (8) Tuition	68,016	69,376	70,764	72,179	73,623	75,095	76,597	78,129	79,692	81,285	
Payroll Expense Total	\$ 959,092	\$ 978,274	\$ 997,839	\$ 1,017,796	\$ 1,038,152	\$ 1,058,915	\$ 1,080,093	\$ 1,101,695	\$ 1,123,729	\$ 1,146,204	
Other Expenses											
Books/subscriptions	2,000	1,000	1,030	1,061	1,093	1,126	1,159	1,194	1,230	1,267	
Business assistance offerings	1,200	2,400	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	
Dues/Fees	1,000	1,000	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	
Insurance	4,000	4,120	4,244	4,371	4,502	4,637	4,776	4,919	5,067	5,219	
Janitorial Service	10,800	11,124	11,458	11,801	12,155	12,520	12,896	13,283	13,681	14,092	
Landscape Maintenance	4,800	4,944	5,092	5,245	5,402	5,565	5,731	5,903	6,080	6,263	
Maintenance/Repairs	2,000	2,060	2,122	2,185	2,251	2,319	2,388	2,460	2,534	2,610	
Marketing/PR	6,000	2,400	2,472	2,546	2,623	2,701	2,782	2,866	2,952	3,040	
Office equipment maintenance	700	721	743	765	788	811	836	861	887	913	
Office supplies/printing	4,000	2,400	2,472	2,546	2,623	2,701	2,782	2,866	2,952	3,040	
Postage/ Shipping	1,000	1,030	1,061	1,093	1,126	1,159	1,194	1,230	1,267	1,305	
Professional/Contract Services	2,400	2,472	2,546	2,623	2,701	2,782	2,866	2,952	3,040	3,131	
Telephone/fax/internet	3,800	3,914	4,031	4,152	4,277	4,405	4,537	4,674	4,814	4,958	
Tenant Improvements	-	2,258	6,106	10,565	14,283	18,536	23,388	25,294	27,355	29,585	
Trash Removal	400	412	424	437	450	464	478	492	507	522	
Travel Training	8,400	8,652	8,912	9,179	9,454	9,738	10,030	10,331	10,641	10,960	
Utilities	21,600	22,248	22,915	23,603	24,311	25,040	25,792	26,565	27,362	28,183	
Other Expenses Total	74,100	73,155	79,727	86,273	92,138	98,604	105,735	109,989	114,468	119,188	\$ 953,378
Remodeling Cost per Build-Out Plan	1,305,000	-	-	-	-	-	-	-	-	-	\$ 1,305,000
Contingency Reserve 5%	68,955	3,658	3,986	4,314	4,607	4,930	5,287	5,499	5,723	5,959	\$ 112,919
Asset Transfer_Condo from ISU	429,108										
Total Expenses	2,836,255	1,055,087	1,081,553	1,108,382	1,134,897	1,162,450	1,191,115	1,217,183	1,243,920	1,271,351	
Capital Expenditures (start-up)	147,000	11,000									
Net Income (Loss)	11,003	119,368	131,422	135,340	136,032	138,537	143,097	135,706	128,605	121,838	\$1,200,948

Note 1: \$914,108 is a match grant to the building donation value of \$429,108 plus a net donation of \$485,000 from philanthropy.

Table 8.3 (cont.) Operating Budget Assumptions

- Rental rates and occupancy assumptions:

Rents 10 Year Build-Out	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Incubator											
Assumes 27000 sq. ft.	11600	11600	11600	11600	11600	11600	11600	11600	11600	11600	11600
Percent space leased	0%	10%	25%	40%	50%	60%	70%	70%	70%	70%	70%
Sq. ft. space leased	0	1160	2900	4640	5800	6960	8120	8120	8120	8120	8120
Rental Rate	0.75	0.81	0.88	0.95	1.03	1.11	1.20	1.30	1.40	1.52	
Total Rents Per Month	0	941	2544	4402	5951	7723	9745	10539	11398	12327	
Per Year	0	11291	30528	52825	71413	92680	116939	126469	136776	147924	
Anchor Tenants											
Assumes 2,200 sq. ft.	0	0	0	0	0	0	0	0	0	0	0
Percent Leased	0%	0%	50%	50%	75%	75%	100%	75%	50%	50%	50%
Sq. ft. space leased	0	0	0	0	0	0	0	0	0	0	0
Rental Rate	7.00	7.21	7.43	7.65	7.88	8.11	8.36	8.61	8.87	9.13	
Total Anchor Rents	0	0	0	0	0	0	0	0	0	0	0
Per Year	0	0	0	0	0	0	0	0	0	0	0
Yearly Build-Out Cost and Occupancy											
Incubator ft ² under const.	11600	0	0	0	0	0	0	0	0	0	11600
% of Incubator Built-Out	43%	43%	43%	43%	43%	43%	43%	43%	43%	43%	43%
% of Incubator Rented	0%	4%	11%	17%	21%	26%	30%	30%	30%	30%	30%
Anchor ft ² under const.	0	0	0	0	0	0	0	0	0	0	0
% of Anchor Built-Out	0%	0%	0%								
% of Anchor Rented	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Build-Out Cost	\$ 1,305,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Note: Plan Includes 5800 ft ² of Program Space (non-leasable) Built-Out in Year 1											

- Annual escalation rate of 5% is applied to sq. ft. rental rates and is rounded up to the nearest cent

Summary of Two Phase 'Build-Out' Plan (Years 1 to 7)

Year-end/ Total SF Occupancy	Capital Estimate \$	Key Assumptions*
Year 1 Phase I 17,400 SF 48.9% Built-out Year end	\$1,452,000	<ul style="list-style-type: none"> • Remodel construction cost \$125*5,800 SF = \$725,000 • Remodel construction cost \$50*11,600 SF = \$580,000 • Signage and Architectural Treatments = \$80,000 • All other one-time Capital Expenses = \$67,000 • Operating Budget = \$77,100 • Contingency = \$68,955 • Revenue from Programs = \$34,000 • Revenue from Rents = 0
Year 2 17,400 SF 48.9% Built-out Year end	\$11,000	<ul style="list-style-type: none"> • One-time Capital Expenses = \$11,000 • Operating Budget = \$73,155 • Contingency = \$3,658 • Revenue from Programs = \$34,000 • Revenue from Rents = \$11,291
Year 3 17,400 SF 48.9% Built-out	0	<ul style="list-style-type: none"> • Operating Budget = \$79,727 • Contingency = \$3,986 • Revenue from Programs = \$34,000 • Revenue from Rents = \$30,528
Year 4 17,400 SF 48.9% Built-out	0	<ul style="list-style-type: none"> • Operating Budget = \$86,273 • Contingency = \$4,314 • Revenue from Programs = \$34,000 • Revenue from Rents = \$52,825
Year 5 17,400 SF 48.9% Built-out	0	<ul style="list-style-type: none"> • Operating Budget = \$92,138 • Contingency = \$4,607 • Revenue from Programs = \$34,000 • Revenue from Rents = \$71,413
Year 6 17,400 SF 48.9% Built-out	0	<ul style="list-style-type: none"> • Operating Budget = \$98,604 • Contingency = \$4,930 • Revenue from Programs = \$34,000 • Revenue from Rents = \$92,680
Year 7 Phase II 35,600 100% Built-out Year end	\$1,120,000 *Only If 70% Occupancy Goal Achieved	<ul style="list-style-type: none"> • Remodel construction cost \$125*2,800 SF = \$350,000 • Remodel construction cost \$50*15,400 SF = \$770,000 • Operating Budget = \$105,735 • Contingency = \$5287 + \$56,000 • Revenue from Programs = \$34,000 • Revenue from Rents = \$116,939

FUNDING SOURCES

Funding needs to be sought to develop CEED including the incubator facility, fund start-up expenses, and subsidize the early years of incubator operations. Potential funding sources were identified through a review of incubator funding resource materials and benchmark facilities.

Highest potential sources of funding:

- **U.S. Economic Development Administration (EDA) Public Works Program**

The Public Works Program administered by the EDA supports locally developed projects that encourage long-term economic self-sufficiency and global competitiveness. Whenever possible this program seeks to redevelop existing facilities and industrial/commercial locations. This program has historically been the largest federal source of incubator funding.

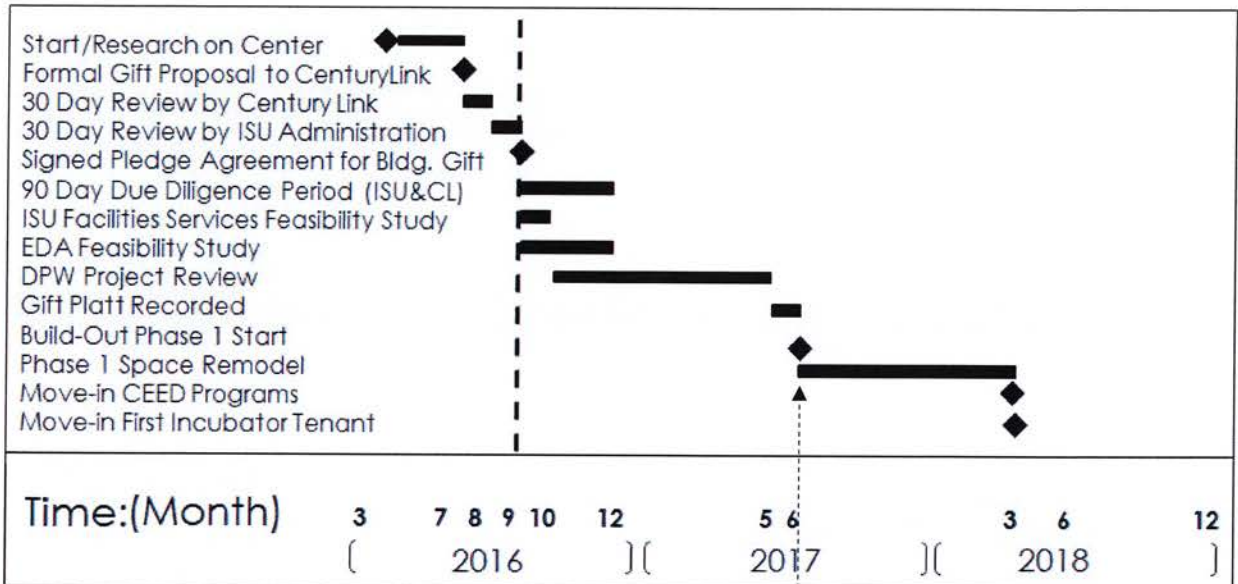
Eligible applicants include economic development districts, institutions of higher learning, cities or other political subdivisions of a state, nonprofit organization or association acting in cooperation with officials of a political subdivision of a State, or some consortium of political subdivisions or institutions of higher learning.

The amount of funding varies and no maximum limit is specified. Allocations are usually for 50% of project costs and matching funds are required. Areas that are considered "distressed" with the "most competitive programs" are most attractive for funding. It usually takes between one to two years for an application to be reviewed. Once a project is reviewed and selected for potential funding, the approval process takes approximately 70 days. This source would be pursued to support facility development and capital expenses.

- **Corporate Support/Private Philanthropy**

Incubator resource materials indicate corporations can be willing sources of sponsorships in exchange for marketing value they receive through access to incubator clients. A fund development plan is under review and is not part of this release of the business plan, but warrants further exploration.

Project Schedule (Assuming a Two Phase Build-Out w/Phase II in 2023)



Or Deferred Year 1 Start based on funding.

Evaluation Factors

This prospectus sees a center such as CEED an important business function to better leverage intellectual property from the university and other research institutes and contribute to the growth and success of emerging technology businesses. CEED is an important tool in the economic development toolkit of the area that would be a means to create higher wage jobs, create new job opportunities for area residents, and as a source to generate new tax revenue for Pocatello and Southeastern Idaho. These factors provide the long-term metrics against which to measure the success of the center.

Olsen, Tiffany

From: Jerott Rudd <Jerott.Rudd@tax.idaho.gov>
sent: Monday, February 13, 2017 5:04 PM
To: Olsen, Tiffany
Subject: Qwest property

Tiffany,

Thank you for your inquiry regarding the assessed value for property tax purposes of the building located at 455 W Lewis St, Pocatello, Idaho 83201. As I explained to you on the phone, identifying the assessed value of an individual property owned by a company as large as Qwest Corporation is not possible due to methods employed by the State, and outlined in Idaho Code 63-401 to 405, for assessing what is known as operating property.

Operating property is generally property operated in connection with any public utility. As such, it is appraised by State Tax Commission staff using a unit valuation methodology. This methodology requires us to derive a value of the entire system of assets as a going concern. We then allocate a portion of that overall value to Idaho and then the Idaho value is apportioned to the various tax code areas and ultimately taxing districts based upon line mileage – in this case telephone line miles - that run through each tax code area. In the end, the process results in a property tax value upon which the respective taxing district's levy in the tax code area is applied to determine revenue, which the county will bill for and collect on the district's behalf.

In 2016, \$9,027,307 of Qwest Corporation's assessed value was apportioned to the tax code area in which the above building sits. However, this value has no direct relation to the building. It is based only on the wire mileage reported by the company in that tax code area.

I hope that this sufficiently answers your question. If you have further questions, or need further clarification please contact me.

Best Regards,

Jerott Rudd

Jerott Rudd • Property Tax Bureau Chief

Idaho State Tax Commission • Property Tax Division

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