

Pocatello Development Authority

Board of Commissioners Meeting
September 19, 2018 – 11:00 a.m.
Paradise Conference Room – Pocatello City Hall

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

Call to order by Scott Smith, Chairman

Acknowledge guests of the Board

Disclosure of conflicts of interest

Agenda: delete action or discussion items

An urban renewal agency for the City of Pocatello, Idaho

Action and Discussion Items:

Agenda Item No. 1: Minutes – [ACTION ITEM]

Motion to approve and/or amend the Regular and Executive Session Meeting Minutes of August 15, 2018 and the Special and Executive Session Meeting Minutes of August 22, 2018.

Agenda Item No. 2: Financial Report – [ACTION ITEM]

Motion to approve and/or amend the August 2018 Income and Expense Report.

Agenda Item No. 3: Payment Requests/Reimbursements – [ACTION ITEM]

- a. Elam & Burke in the amount of \$8,831.92 for August services on Northgate TIF (general fund)
- b. Elam & Burke in the amount of \$5,873.45 for August services on Hoku property (North Portneuf District)
- c. Reimbursement in the amount of \$31.80 to Melanie Gygli for lunch supplies (general fund)
- d. Idaho State Publishing in the amount of \$234.57 for notices related to FY2019 budget hearing and adoption (general fund)
- e. ICRMP in the amount of \$6,258 for FY2019 annual premium

Agenda Item No. 4: Request for Funding – Yellowstone Restaurant (The Bridge) [ACTION ITEM]

Agenda Item No. 5: Engagement of Auditor for FY2018 Audit [ACTION ITEM]

Agenda Item No. 6: Northgate TIF Plan [ACTION ITEM]

Agenda Item No. 7: “Hoku” Property [ACTION ITEM]

Agenda Item No. 8: Reports and Updates

- a. Positron
- b. Naval Ordnance District
- c. Peterson Inc.
- d. District Closeouts

Executive Session:

Matters exist for discussion in an executive session as per I.C. §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 and I.C. §74-206(1)(d & f) to communicate with legal counsel for the PDA to discuss the legal ramifications of and legal options for pending litigation, or controversies not yet being litigated but imminently likely to be litigated and to consider records that are exempt from disclosure.

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 Skyler Beebe at sbeebe@pocatello.us; 208.234.6248; or 5815 South 5th Avenue, Pocatello, ID.

**AGENDA ITEM
NO. 1**

**POCATELLO DEVELOPMENT AUTHORITY
MEETING MINUTES
August 15, 2018**

Chairman Smith called the meeting to order at 11:02 a.m.

Members present: Mayor Brian Blad, Matt Bloxham (joined the meeting at 11:20 a.m.), Chad Carr, Jim Johnston, Rob Lion, Chairman Scott Smith (left the meeting at 12:30 p.m.), Thomas Ottaway, Terrel Tovey, and Scott Turner.

Others present: Melanie Gygli, Interim Executive Director; Joyce Stroschein, Treasurer; Jared Johnson, City Attorney; Merrill Quayle, Development Engineer; Tiffany Olsen, Bannock County; John Regetz, Bannock Development Corporation (ex-officio); Phil Kushlan, Kushlan Associates; Meghan Conrad, Elam & Burke; Linda Leeuwrik, Pocatello City Council; Heidi Adamson, Pocatello City Council; Roger Bray, Pocatello City Council; Rick Cheatum, Pocatello City Council; Beena Manan, Pocatello City Council; Steve Brown, Bannock County Commissioner; Ken Bullock, Bannock County Commissioner; Ruth Whitworth, Pocatello City Clerk; Logan McDougall, Pocatello Public Information Officer; Matt Kerbs, Bannock County Attorney; Buck Swaney, Millennial Development Partners; Brady Halbieb, Channel 8.

Introductions, Conflicts, and Agenda: There were no conflicts disclosed. Those present introduced themselves.

To accommodate those present, Chairman Smith adjourned to a work session to consider Agenda Item No. 5.

Agenda Item No. 5: Northgate TIF Plan. Meghan Conrad and Phil Kushlan were present to review and discuss the draft Northgate TIF plan. Conrad reviewed the process for creating urban renewal and revenue allocation areas, explaining this draft plan is a framework for project implementation but is not a contract to fund the various projects anticipated for the area. She reviewed the elements that must go into any TIF plan in order to meet Idaho Code. The plan can have some flexibility, but Idaho Code requires specificity in line items and projects; more specificity as to projects and costs than what has been provided by the developers is needed. After the plan is completed and adopted, owner participation agreements will outline how funding will flow. These agreements can be with individual developers or developer group. As drafted, there will be insufficient increment to fund all of the projects proposed.

Swaney noted the original numbers were based on a TIF covering over 5,000 acres; the proposed area has been reduced to about 2,000 acres. He agreed to provide updated numbers and description of what the development groups would like to have funded.

Those present briefly discussed the size of the TIF and need to set a definite boundary; the option of having one larger area vs. more than one smaller areas; whether to set the base year as 2018 or 2019; need to determine the path forward.

Kushlan went over the feasibility study he performed, citing the market analysis completed by the Leland Group. He explained that he created two different scenarios, one more conservative (assuming absorption according to historical trends) and one called achievable (assuming a more aggressive marketing and development timeline), based on the market analysis and the information provided by the developers, and assuming all infrastructure would be built in year one. In both cases, funds are shown to be insufficient to cover costs of the projects as proposed by developers (no consideration of public needs, such as a fire station, were included).

He explained it is a policy determination on what, of the legally reimbursable items, the PDA chooses to include. For instance, it is very unusual to include construction of local roads in residential developments. Rather, it is usually collector and/or arterial streets, along with related infrastructure (water, sewer, stormwater). Parks are generally reimbursable, as are buildings such as fire stations (up to 50 percent of the cost). As regards creating separate TIF districts, he noted residential development does not usually generate sufficient increment to pay for improvements.

Kushlan noted having a better-refined list of improvements, when they are scheduled to be built, and projected costs would allow him to create a better cash flow model.

In response to questions from those present, Kushlan explained the feasibility study looks only at the proposed TIF area and does not consider the entire city, but the impact beyond the TIF area is part of policy considerations. He explained TIF money cannot be used to fund operations such as fire, police, and streets; the developers would not see any reimbursement before 2027.

Kushlan explained that when the base year is set and the ag exemption is removed, that increase goes to the base, but any change due to up zoning or improvements goes to the increment. Exemptions granted by county commissions reduce the increment; the State Tax Commission is looking at rule changes now governing what amount would go to the base vs. the increment, when the exemption expires. **Conrad** noted school districts are, for the most part, exempt and would receive the full amount.

Swaney noted the study looks only at direct tax benefits. Indirectly, though, there would be economic benefits and improvements to other funding sources, such as sales tax revenue, that would be available to taxing districts. Further, because it is new development, there should be no maintenance costs for several years. In response to questions and concerns raised by others present, Swaney stated they anticipate the development to drive the economy and, based on historical patterns, the area will see improved growth numbers over the next decade. He stated annexation of the TIF area is expected to occur over five-seven years, with full build-out in 10-12 years. He believes absorption of residential units will be 3-4,000 per year, rather than the 2,000 projected in the market analysis, but they do have to follow market conditions.

Swaney stated he will provide updated numbers and specific items as potential reimbursables to **Conrad** and **Kushlan**.

Kushlan raised the potential of pushing the base year back to 2019. With no certificates of occupancy anticipated in 2018 and no major legislative changes to TIF law anticipated, this change would allow for more discussion and ultimately a better decision. He feels the revenue forecast in the feasibility study is reasonable, but better numbers are needed to make the spending plan more accurate. When this is provided by **Swaney**, additional study can be done.

Leeuwrik voiced her concern about both water quality and quantity. **Swaney** indicated the City is working on an analysis of water availability, stating his belief that the City has sufficient water to handle the development.

Additional discussion sessions may be scheduled after better project and cost numbers are received by **Conrad** and **Kushlan**.

Following discussion, those present took a brief break for lunch and **Vice Chairman Carr** reconvened the regular session at approximately 12:30 p.m.

Agenda Item No. 1: Minutes. The minutes of the regular and executive session meetings of July 18, 2018, were considered. It was then **MSC (J. Johnston, M. Bloxham)** to approve the minutes as presented.

Agenda Item No. 2: Financial Report. **J. Stroschein** presented the financial report for the month of July 2018. At the end of the reporting period, the Authority had cash on hand of \$7,111,405.52. The checking account balance was \$3,696,017.10, the savings account was \$25.00, and cash held by Zions Trust amounted to \$3,415,363.42. The Authority recognized financial activity during the month of July as follows: revenue totaled \$800,216.54, of which \$5,138.54 was interest earnings on cash invested and property tax interest and \$750.00 in rental income from the Positron facility, with the remainder in property tax and property tax replacement dollars for the North Yellowstone, Naval Ordinance, North Portneuf, and Pocatello Regional Airport districts. Expenses totaled \$29,075.19, including \$121.22 for the July lunch meeting and \$28,953.97 to Elam & Burke for work on the Northgate TIF plan and the Hoku property. Following discussion, it was then **MSC (B. Blad, J. Johnston)** to approve the July 2018 financial reports as presented.

Stroschein reported she will work with ICCU representatives to move funds into CDs to gain additional interest income.

Agenda Item No. 3: Payment Requests/Reimbursements. **Gygli** reviewed the invoices presented for payment. Those from Elam & Burke accurately reflect the work performed in July and both are appropriate for payment. It was then **MSC (B. Blad, J. Johnston)** to approve payments of \$3,457.35 and \$5,349.45 to Elam & Burke for work in July on the potential Northgate TIF plan and Hoku property, respectively.

Agenda Item No. 4: Public Hearing – FY2019 Budget. **Vice Chairman Carr** opened the public hearing on the PDA's proposed FY2019 budget. **Stroschein** reviewed the proposed budget. The revenue side begins with the existing cash balance, anticipated revenue, and known commitments. Authority is created to allow contingency spending of the entire cash balance, with the control that all expenses must be approved by the Board. She explained that the estimate for tax revenue in the North Portneuf District is too high, based on past experience. It is her recommendation that this number be reduced from \$137,432 to \$37,432, with reduction in expenses of \$90,000 in the contingency line item and \$10,000 in the administrative expense line item. Should numbers change significantly over the year, it is possible to amend the budget.

Carr called for testimony in favor of, neutral to, and in opposition to the proposed budget. Hearing none, he closed the public hearing. Following discussion it was **MSC (T. Tovey, J. Johnston)** to adopt and publish the budget with the amendments discussed.

Agenda Item No. 6: "Hoku" Property. In order to have conference calling capability, the Board took a break at approximately 12:45 p.m. to move to the Paradise Conference Room.

1. Executive Session:

Vice Chairman Carr called for a motion for the Board to go into an executive session to discuss a matter in which the PDA is in competition with other jurisdictions and to communicate with legal counsel for the PDA to discuss the legal ramifications of and legal options for pending litigation, or controversies not yet being litigated but imminently likely to be litigated and to consider records that are exempt from disclosure. At approximately 12:50 p.m., **it was moved and seconded (J. Johnston, T. Tovey)** to adjourn to executive session pursuant to Idaho Code §74-206(1)(d, e, & f). **The motion passed by roll call vote**

(Ayes: Johnston, Tovey, Bloxham, Carr, Lion, Ottaway, Turner. Nays: None). Upon MSC (T. Tovey, M. Bloxham) the Board reconvened to regular session at approximately 1:48 p.m.

No action was taken on this item.

Other. Gygli briefly updated the Board regarding a change in ownership of The Bridge, which will necessitate reconsideration of the assistance commitment at the September meeting.

Adjournment:

There being no further business, the meeting adjourned at 1:50 p.m.

By: Melanie Gygli
Melanie Gygli, Interim Executive Director/Secretary

POCATELLO DEVELOPMENT AUTHORITY MEETING MINUTES
EXECUTIVE SESSION
August 15, 2018

Members present: Mayor Brian Blad (joined meeting at 1:08 p.m.), Matt Bloxham, Chad Carr, James Johnston (left meeting at 1:17 p.m.), Rob Lion, Thomas Ottaway, Terrel Tovey, and Scott Turner.

Members absent/excused: Scott Smith.

Others present: Melanie Gygli, Interim Executive Director; Joyce Stroschein, Treasurer; Meghan Conrad of Elam & Burke.

The Board of Commissioners adjourned from regular session into executive session 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 and I.C. §74-206(1)(d & f) to communicate with legal counsel for the PDA to discuss the legal ramifications of and legal options for pending litigation, or controversies not yet being litigated but imminently likely to be litigated and to consider records that are exempt from disclosure. At approximately 12:50 p.m., **it was moved and seconded (J. Johnston, T. Tovey)** to adjourn to executive session pursuant to Idaho Code §74-206(1)(d, e, & f). **The motion passed by roll call vote (Ayes: Johnston, Tovey, Bloxham, Carr, Lion, Ottaway, Turner. Nays: None).** Blad left the meeting at approximately 12:50 p.m. Upon **MSC (T. Tovey, M. Bloxham)** the Board reconvened to regular session at approximately 1:50 p.m.

By: 
Melanie Gygli
Interim Executive Director/Secretary

**POCATELLO DEVELOPMENT AUTHORITY
SPECIAL MEETING
MINUTES
August 22, 2018**

Chairman Smith called the meeting to order at 10:03 a.m.

Members present: Mayor Brian Blad, Matt Bloxham, Chad Carr, Jim Johnston, Rob Lion, Thomas Ottaway, Chairman Scott Smith, Terrel Tovey, and Scott Turner.

Others present: Melanie Gygli, Interim Executive Director; Joyce Stroschein, Treasurer; Jeff Mansfield, Pocatello Public Works Director/City Engineer; Merril Quayle, Pocatello Development Engineer.

Introductions, Conflicts, and Agenda: There were no conflicts disclosed. With a quorum established, the Chairman stated he would entertain a motion to enter into an executive session.

1. Executive Session:

At approximately 10:05 a.m., **it was moved and seconded (J. Johnston, B. Blad)** to adjourn to an executive session pursuant to Idaho Code §74-206(1)(d, e, and f) to consider records that are exempt from disclosure as provided in Chapter 1 Title, 74; for preliminary negotiations involving matters of trade or commerce in which the Development Authority is in competition with governing bodies in other states or nations; and to discuss the legal ramifications of and legal options for pending litigation or controversies not yet being litigated but imminently likely to be litigated. **The motion passed** by roll call vote (**Ayes: Johnston, Blad, Bloxham, Carr, Lion, Ottaway, Smith, Tovey, Turner; Nays: None**). Upon **MSC (T. Tovey, J. Johnston)**, the Board reconvened to regular session at approximately 10:50 a.m.

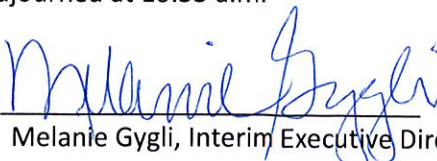
2. Action and Discussion Items:

Agenda Item No. 1: Hoku Property Process [Action Item]

Board members discussed the proposed disposition of the old Hoku site, considering the history of the ownership and leaseholds. Based on the discussions over the last few months and the legal work and advice provided, the best course is to move forward with a disposition and request for proposals process to sell the property. It was noted there are two easements needed, one for the existing water line and one for right-of-way, slope, and public utilities. These have been surveyed but not yet signed and recorded and are needed to protect existing infrastructure.

It was then **MSC (J. Johnston, B. Blad)** to adopt Resolution No. 2018-2, authorizing the Chair, Vice Chair, Secretary, and Treasurer to sign and/or enter into the Assignment of Rights and the Disposition and Development Agreement (which includes Acknowledgement of Termination of Lease and Grant of Irrevocable License) and to execute all necessary documents to implement required actions by those documents, including preparing and publishing the Request for Proposals, and addressing the needed easements.

There being no further business, the meeting adjourned at 10:55 a.m.

By: 
Melanie Gygli, Interim Executive Director/Secretary

POCATELLO DEVELOPMENT AUTHORITY MEETING MINUTES
EXECUTIVE SESSION
August 22, 2018

Members present: Mayor Brian Blad, Matt Bloxham, Chad Carr, James Johnston, Rob Lion, Thomas Ottaway, Terrel Tovey, Scott Smith, and Scott Turner.

Others present: Melanie Gygli, Interim Executive Director; Joyce Stroschein, Treasurer; Jeff Mansfield, Pocatello Public Works Director/City Engineer; Merrill Quayle, Pocatello Development Engineer; Matt Parks of Elam & Burke (by phone).

At approximately 10:05 a.m., **it was moved and seconded (J. Johnston, B. Blad)** to adjourn from regular session into executive session pursuant to Idaho Code §74-206(1)(d, e, and f) to consider records that are exempt from disclosure as provided in Chapter 1 Title, 74; for preliminary negotiations involving matters of trade or commerce in which the Development Authority is in competition with governing bodies in other states or nations; and to discuss the legal ramifications of and legal options for pending litigation or controversies not yet being litigated but imminently likely to be litigated. **The motion passed by roll call vote (Ayes: Johnston, Blad, Bloxham, Carr, Lion, Ottaway, Smith, Tovey, Turner. Nays: None).** Upon **MSC (T. Tovey, J. Johnston)** the Board reconvened to regular session at approximately 10:50 a.m.

By: 
Melanie Gygli
Interim Executive Director/Secretary

**AGENDA ITEM
NO. 2**

Pocatello Development Authority
Balance Sheet by Class
As of August 31, 2018

	1-General Fund	3-North Yellowstone	4-Naval Ordnance	6-North Portneuf	7-Pocatello Regional Airport	TOTAL
ASSETS						
Current Assets						
Checking/Savings						
ICCU Checking	1,355,583.76	161,966.86	892,717.41	147,498.21	499,392.48	3,057,158.72
ICCU Savings	25.00	0.00	0.00	0.00	0.00	25.00
Zions 2012 Bnd Fnd 7110526D	0.00	178.01	0.00	0.00	0.00	178.01
Zions Bnd Reserve Fnd 7110526B	0.00	677,500.00	0.00	0.00	0.00	677,500.00
Zions Rev Alloc Fnd 7110526	0.00	2,791,855.08	0.00	0.00	0.00	2,791,855.08
Total Checking/Savings	1,355,608.76	3,631,499.95	892,717.41	147,498.21	499,392.48	3,469,533.09
Accounts Receivable						
Accounts Receivable	1,500.00	0.00	0.00	0.00	0.00	1,500.00
Total Accounts Receivable	1,500.00	0.00	0.00	0.00	0.00	1,500.00
Other Current Assets						
Accrued Interest Income	20,126.17	1,369.59	0.00	0.00	0.00	21,495.76
Property Tax Receivable	0.00	0.00	0.00	141,867.61	0.00	141,867.61
Total Other Current Assets	20,126.17	1,369.59	0.00	141,867.61	0.00	163,363.37
Total Current Assets	1,377,234.93	3,632,869.54	892,717.41	289,365.82	499,392.48	6,691,580.18
Other Assets						
Inventory - Leasehold	424,779.00	0.00	0.00	0.00	0.00	424,779.00
Note Receivable	76,000.00	0.00	0.00	0.00	0.00	76,000.00
Total Other Assets	500,779.00	0.00	0.00	0.00	0.00	500,779.00
TOTAL ASSETS	1,878,013.93	3,632,869.54	892,717.41	289,365.82	499,392.48	7,192,359.18
LIABILITIES & FUND BALANCE						
Liabilities						
Long Term Liabilities						
Deferred Interest Receivable	20,126.17	0.00	0.00	0.00	0.00	20,126.17
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	128,001.48	0.00	128,001.48
Total Long Term Liabilities	70,126.17	0.00	0.00	128,001.48	0.00	198,127.65
Total Liabilities	70,126.17	0.00	0.00	128,001.48	0.00	198,127.65
Fund Balance						
Fund Balance	3,527,890.13	2,856,160.36	643,720.06	142,829.54	390,488.10	7,561,068.19
Net Income	-1,720,002.37	776,709.18	248,987.35	18,534.80	108,924.38	-566,836.66
Total Fund Balance	1,807,887.76	3,632,869.54	892,717.41	161,364.34	499,392.48	6,994,231.53
TOTAL LIABILITIES & FUND BALANCE	1,878,013.93	3,632,869.54	892,717.41	289,365.82	499,392.48	7,192,359.18

Pocatello Development Authority
Profit & Loss by Class
August 2018

	1-General Fund	3-North Yellowstone	4-Naval Ordnance	6-North Portneuf	7-Pocatello Regional Airport	TOTAL
Ordinary Income/Expense						
Income						
Interest Income	242.08	5,147.13	158.97	30.36	80.14	5,658.68
Property Taxes	0.00	8,394.59	0.00	0.00	50,148.51	58,543.10
Rental Income	750.00	0.00	0.00	0.00	0.00	750.00
Total Income	992.08	13,541.72	158.97	30.36	50,228.65	64,951.78
Gross Profit	992.08	13,541.72	158.97	30.36	50,228.65	64,951.78
Expense						
Administrative	132.04	0.00	0.00	0.00	0.00	132.04
Debt Service						
Interest	0.00	58,382.25	0.00	0.00	0.00	58,382.25
Principal	0.00	564,000.00	0.00	17,740.20	0.00	581,740.20
Total Debt Service	0.00	622,382.25	0.00	17,740.20	0.00	640,122.45
Professional Services						
Other Professional Services	3,350.00	0.00	0.00	5,286.00	0.00	8,636.00
Total Professional Services	3,350.00	0.00	0.00	5,286.00	0.00	8,636.00
Total Expense	3,482.04	622,382.25	0.00	23,026.20	0.00	648,890.49
Net Ordinary Income	-2,489.96	-608,840.53	158.97	-22,995.84	50,228.65	-583,938.71
Net Income	-2,489.96	-608,840.53	158.97	-22,995.84	50,228.65	-583,938.71

At month end the Authority had cash on hand of \$6,526,716.81. The checking account balance was \$3,057,158.72, the savings account was \$25.00, and cash being held by Zions Trust amounted to \$3,469,533.09.

Pocatello Development Authority recognized normal financial activity during the month of August. The Authority received revenues totaling \$564,951.78 of which \$5,658.68 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 revenues were received from the North Yellowstone District (\$8,394.59) and Pocatello Regional Airport District (\$50,148.51).

Expenses paid for the month totaled \$648,890.49. The administrative expenses were \$132.04 for the lunch meeting in August. The interest debt service payment on the North Yellowstone Bond totaled \$58,382.25, principal payment \$564,000.00, the principal payment for the HOKU property was \$17,740.20. The professional services provided by Elam and Burke were \$5,286 for the legal work on the Northgate project and \$8,636.00 for legal work on the HOKU property. General legal services totaled \$3,350.00.

Year to date revenues of \$1,890,094.14 (see page 3) are less than expenses of \$2,456,950.80 so overall net use of reserves is \$566,836.66.

Pocatello Development Authority
Profit & Loss by Class
October 2017 through August 2018

	1-General Fund	3-North Yellowstone	4-Naval Ordnance	6-North Portneuf	7-Pocatello Regional Airport	TOTAL
Ordinary Income/Expense						
Income						
Donations and Grants	30.00	0.00	0.00	0.00	0.00	30.00
Interest Income	1,212.23	31,577.21	893.79	3,325.90	359.88	37,369.01
Personal Property tax replace	0.00	46,006.70	12,086.42	809.82	2,525.68	61,428.62
Property Taxes	0.00	1,383,139.77	236,017.14	37,820.78	106,038.82	1,763,016.51
Rental Income	8,250.00	0.00	0.00	20,000.00	0.00	28,250.00
Total Income	9,492.23	1,460,723.68	248,997.35	61,956.50	108,924.38	1,890,094.14
Gross Profit	9,492.23	1,460,723.68	248,997.35	61,956.50	108,924.38	1,890,094.14
Expense						
Administrative	41,534.91	0.00	0.00	9,631.50	0.00	51,166.41
Debt Service						
Interest	0.00	116,764.50	0.00	0.00	0.00	116,764.50
Principal	0.00	564,000.00	0.00	17,740.20	0.00	581,740.20
Total Debt Service	0.00	680,764.50	0.00	17,740.20	0.00	698,504.70
Dues and Memberships	1,450.00	0.00	0.00	0.00	0.00	1,450.00
Economic Grants Issued	1,650,000.00	0.00	0.00	0.00	0.00	1,650,000.00
Professional Services						
Other Professional Services	36,509.69	3,250.00	0.00	16,050.00	0.00	55,809.69
Total Professional Services	36,509.69	3,250.00	0.00	16,050.00	0.00	55,809.69
Total Expense	1,729,494.60	684,014.50	0.00	43,421.70	0.00	2,456,930.80
Net Ordinary Income	-1,720,002.37	776,709.18	248,997.35	18,534.80	108,924.38	-566,836.66
Net Income	-1,720,002.37	776,709.18	248,997.35	18,534.80	108,924.38	-566,836.66

**AGENDA ITEM
NO. 5**

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

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



Pocatello Development Authority
911 N. 7th Ave.
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, 2018. 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, including the related notes to the financial statements, which collectively comprise the basic financial statements of Pocatello Development Authority as of and for the year ended September 30, 2018. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement 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 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 U.S. generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

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

We have also been engaged to report on supplementary information other than RSI that accompanies Pocatello Development Authority's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole, in a separate written report accompanying our auditor's report on the financial statements or in a report combined with our auditor's report on the financial statements.

Audit Objective

The objective of our audit is the expression of opinions as to whether your 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 supplemental information referred to in the first paragraph when considered in relation to the financial statements 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. We will issue a written report upon completion of our audit of Pocatello Development Authority's financial statements. Our report will be addressed to management and the governing board of Pocatello Development Authority. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will 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 issue reports, or may withdraw from 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 the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. 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.

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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable 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 government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, 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, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. 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 the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of

any material abuse that comes to our attention. 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 require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Controls

Our audit will include obtaining an understanding of the government 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 or material weaknesses. Accordingly, we will express no such opinion. 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*.

Other Services

We will also assist in preparing the financial statements and related notes of Pocatello Development Authority in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for designing, implementing, establishing and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and

regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written 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 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 government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information which we have been engaged to report on, 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 include the audited financial statements with any presentation of the supplementary information that includes our report thereon 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. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of 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, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, 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, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to 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.

Doran Lambson, CFE, CPA is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Audit Fees

We estimate that our fees for the audit services will not exceed \$4,150 plus out-of-pocket costs (such as report reproduction, word processing, postage, photocopies, etc.). Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

Non-Attest Services and Fees

Estimates do not include additional nonattest services, if any. 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.

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.

Seaton & Company

Pocatello, Idaho
August 7, 2018

RESPONSE:

This letter correctly sets forth the understanding of Pocatello Development Authority

By: _____

Title: _____

Date: _____

**AGENDA ITEM
NO. 8(c)**

Pocatello Development Authority

Petersen Inc.
Status Update

East Idaho's Partner in Growth
June 30, 2018



PETERSEN
INCORPORATED
"A Winning Combination."

PDA Agreement

- Grant, Loan and guarantee terms contingent on Petersen Inc. performance
 - 50 full time employees
 - Period of fifteen years – Beginning 3/1/2011 thru 3/1/2026
 - Minimum wage of \$14.00/hour



PETERSEN
INCORPORATED
"A Winning Combination."

Current Conditions

- Work has been steady all year.
- Several good bids in the works with positive outlook
- Future bright, commitment strong
- Currently 62 heads on roll
 - 59 heads at/over \$14.00 per hour
 - Average wage of \$22.11 per hour

East Idaho's Partner in Growth



PETERESEN
INCORPORATED
"A Winning Combination."

Current Conditions

Petersen Inc.
Idaho Facility Qtrly Headcount

