

POCATELLO DEVELOPMENT AUTHORITY
Board of Commissioners Meeting
February 16, 2011 – 11:00am – ~~Paradise Conference Room~~

City Hall
911 North 7th Avenue

11:00am Council Chambers

Call to order – Ryan Ward

Acknowledge guests of the Board

Disclosure of conflicts of interest

Agenda – add or delete action or discussion items

Action and Discussion Items

Minutes of January 12, 2011 -- Motion to approve and/or amend

Financial Report: January Income and Expenses

General Discussion:

 Positron Agreement Discussion

 Legislative Update

Executive Session:

Items from staff

Items from commission members

Adjourn

Executive Session

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

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

FINANCIAL REPORT
FOR
January 2011

POCATELLO DEVELOPMENT AUTHORITY
STATEMENT OF CASH AS OF JANUARY 31, 2011

Cash in Checking	\$338,719.72
Cash in Savings (Wells Fargo Money Market Account)	132,903.62
Cash in held by third parties (Wells Fargo Corporate Trust)	6,418,940.15
Total cash	6,890,563.49
Cash restricted by bond covenants	-2,943,857.50
Total cash available	\$3,946,705.99

*STATEMENT OF CHANGES IN CASH AND CASH EQUIVILENTS
FOR THE MONTH ENDED JANUARY 31, 2011*

Receipts for the Month

CC	Property taxes received - Central Corridor	\$430,746.82
NY	Property taxes received - North Yellowstone	\$620,462.50
NP	Property taxes received - North Portneuf	\$1,310.49
NO	Property taxes received - Naval Ordinance	\$85,875.15
GF	Interest earnings on savings - Wells Fargo Managed Cash	1.13
	Interest earning on Trust Accounts - Wells Fargo Trusts	46.49
	Total receipts	1,138,442.58

Expenditures for the Month

#3104	NY	Costco Wholesale Corporation 1 of 7 annual payments	122,014.96
#3105	VOIDED		
#3106	NY	Wells Fargo Corporate Trust Service fees North Yellowstone Bond issue	2,500.00
#3107	CC	Wells Fargo Corporate Trust - \$18,106.02 Dec. property tax received remitted to Trust dept.	
#3108	GF	Havana Duban Grill January lucheon costs	127.08
#3109	NY	Bannock County Overremittance of property taxes	21,001.11
#3109	NY-CC	Wells Fargo Corporate Trust - \$1,051,209.32 Jan. property tax received remitted to Trust Dept	
		Total expenditures	145,643.15
		Net change in cash	\$992,799.43

Cash balances as of January 31, 2011	\$6,890,563.49
Cash balances as of December 31, 2010	\$5,897,764.06
Net change in cash	\$992,799.43

CC = Central Corridor, NY = North Yellowstone, GF = General Fund, NO=Naval Ordinance
NP = North Portneuf

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#3109	NY-CC	Wells Fargo Corporate Trust - \$1,051,209.32 Jan. property tax received remitted to Trust Dept	
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		Net change in cash	\$1,016,427.62

145,643.15

998,053.59

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POCATELLO DEVELOPMENT AUTHORITY
CASH ANALYSIS FOR THE MONTH ENDING JANUARY 31, 2011

	Balance 31-Dec-10	Balance 31-Jan-11	Change in Balance
Total Cash:			
General Fund			
Cash in checking	\$295,357.83	\$295,230.75	-\$127.08
Money Market Account	132,902.49	132,903.62	\$1.13
Total General Fund Cash	<u>428,260.32</u>	<u>428,134.37</u>	<u>-\$125.95</u>
Central Corridor District			
Cash in checking	-53,054.90	-71,160.92	-\$18,106.02
Bond Trust Fund (Wells Fargo)	0.04	0.04	\$0.00
Revenue Allocation Trust Fund (Wells)	2,997,263.25	3,446,141.55	\$448,878.30
Total Central Corridor District Cash	<u>2,944,208.39</u>	<u>3,374,980.67</u>	<u>\$430,772.28</u>
North Yellowstone District			
Cash in checking	-35,283.10	-56,284.21	-\$21,001.11
Bond Trust Fund (Wells Fargo)	2.73	216,762.50	\$216,759.77
Revenue Allocation Trust Fund (Wells)	1,144,911.06	1,424,114.34	\$279,203.28
Total Yellowstone District Cash	<u>1,109,630.69</u>	<u>1,584,592.63</u>	<u>\$474,961.94</u>
Central Corridor District Debt Service	650,016.20	650,021.72	\$5.52
North Yellowstone District Debt Service	681,900.00	681,900.00	\$0.00
North Portneuf - Cash in checking	55,750.51	57,061.00	\$1,310.49
Naval Ordinance Plant - Cash in checking	27,997.95	113,873.10	85,875.15
Total cash	<u>\$5,897,764.06</u>	<u>\$6,890,563.49</u>	<u>\$992,799.43</u>
Cash Restricted By Bond Covenants:			
Central Corridor Cash			
Next bond payment	933,432.50	933,432.50	0.00
North Yellowstone Cash			
Next bond payment	678,525.00	678,525.00	0.00
Central Corridor District Debt Service	650,000.00	650,000.00	0.00
North Yellowstone District Debt Service	681,900.00	681,900.00	0.00
Total restricted cash	<u>2,943,857.50</u>	<u>2,943,857.50</u>	<u>0.00</u>
Total unrestricted cash	<u>2,953,906.56</u>	<u>3,946,705.99</u>	<u>992,799.43</u>
Cash Available			
General Fund	428,260.32	428,134.37	-\$125.95
Central Corridor District	2,010,775.89	2,441,548.17	430,772.28
North Yellowstone District	431,105.69	906,067.63	474,961.94
Central Corridor District Debt Service	16.20	21.72	5.52
North Yellowstone District Debt Service	0.00	0.00	0.00
North Portneuf District	55,750.51	57,061.00	1,310.49
Naval Ordinance Plant District	27,997.95	113,873.10	85,875.15
Total available cash	<u>2,953,906.56</u>	<u>3,946,705.99</u>	<u>992,799.43</u>

Cash movement analysis:

During January, 2011 Pocatello Development Authority received cash of \$1,138,442.58 and had \$122,014.96 in expenses so that there was an increase in cash of \$1,016,427.62.

General Fund revenue received \$1.13 in interest earnings on the Money Market Account. It paid \$127.08 luncheon costs for a net decrease in cash of \$125.95.

The Central Corridor District received \$30.98 interest revenues on trust funds and property taxes of \$430,746.82. It had no expenses. The districts cash balance increased \$430,777.80.

The North Yellowstone District received interest revenues on trust funds of \$15.51 and property taxes of \$620,462.50. It paid \$2,500. for trust fees, \$122,014.96 in payment on the Costco infrastructure repayment contract and \$21,001.11 refund of property taxes received last year.

The Naval Ordinance Plant Distict received \$85,875.15 in property taxes.

The North Portneuf District received \$1,310.49 in property taxes.

External Debt:

Consolidated Corridor District: One payment left 2011. Principal due \$910,000.00, interest due \$23,432.50, for a total of \$933,432.50.

North Yellowstone Distrist: Final payment due 2027. Principal due \$7,395,000.00, interest due \$4,838,425.00, for a total of \$12,233,425.00.

2011 Property tax levy As of January 31, 2011	Central Corridor District	North Yellowstone District
Tax charge per Bannock County	\$1,396,525.41	\$1,266,019.06
Collected	430,746.82	620,462.50
remainder to be received	<u>\$965,778.59</u>	<u>\$645,556.56</u>
	Naval Ordinance District	North Portneuf District
Tax charge per Bannock County	\$227,228.17	\$11,028.75
Collected	85,875.15	1,310.49
remainder to be received	<u>\$141,353.02</u>	<u>\$9,718.26</u>

**POCATELLO DEVELOPMENT AUTHORITY
GENERAL FUND CASH FLOW PROJECTIONS
2011 THROUGH 2015**

YEARS ENDED	Budget 2011	YTD 2011 As of January	Remaining 2011	Budget 2012	Budget 2013	Budget 2014	Budget 2015
Previous Year Balance:	\$427,317.40	\$427,317.40	\$428,134.37	\$421,817.40	\$1,316,945.15	\$636,445.15	\$631,725.15
INCOME:							
Central Corridor Admin fee				850,627.75			
North Yellowstone Loan (finished 2010)			0.00				
Tetridyn Loan (finished 2011)		2,500.00	-2,500.00	50,000.00			
Naval Ordinance Plant District			0.00				82,000.00
Refunds and reimbursements			0.00				
Interest Income	20.00	4.44	15.56	20.00	20.00	800.00	800.00
Total Projected Income:	<u>20.00</u>	<u>2,504.44</u>	<u>-2,484.44</u>	<u>900,647.75</u>	<u>20.00</u>	<u>800.00</u>	<u>82,800.00</u>
EXPENSE:							
RDA loan payoff Naval Ordinance District					675,000.00		
Varsity Square LLC Grant							
Luncheon costs	1,320.00	337.33	982.67	1,320.00	1,320.00	1,320.00	1,320.00
Office expenses	200.00	285.14	-85.14	200.00	200.00	200.00	200.00
Banking and Professional services	4,000.00	1,065.00	2,935.00	4,000.00	4,000.00	4,000.00	4,000.00
Total Projected Expense:	<u>5,520.00</u>	<u>1,687.47</u>	<u>3,832.53</u>	<u>5,520.00</u>	<u>680,520.00</u>	<u>5,520.00</u>	<u>5,520.00</u>
CALCULATED ANNUAL BALANCE	\$421,817.40	\$428,134.37	\$421,817.40	\$1,316,945.15	\$636,445.15	\$631,725.15	\$709,005.15
	\$705,943.52						
	\$700,423.52						

**POCATELLO DEVELOPMENT AUTHORITY
CENTRAL CORRIDOR CASH FLOW PROJECTIONS
2011 THROUGH 2012****

YEARS ENDED	Budget 2011	Actual 2011 As of January	Remaining 2011	Budget 2012
Previous Year Balance*:	\$3,585,729.33	\$3,585,729.33	\$4,025,002.39	\$545,198.68
INCOME:				
Projected Estimated Tax Revenues: ^{8,9}	1,370,000.00	448,852.84	921,147.16	
Taxes Received from Previous Years & yearly interest: ⁷			0.00	
South Cliffs Repayment: ¹²	196,867.85		196,867.85	
AMI Repayment (Building Owners): ¹²			0.00	1,200,000.00
Positron Repayment: ^{12 (400,000.00)}			0.00	
Interest earning on trust accounts	230.00	111.22	118.78	230.00
Total Projected Income:	1,567,097.85	448,964.06	1,118,133.79	1,200,230.00
EXPENSE:				
Current Year Debt Service:	933,432.50		933,432.50	
Cheyenne Crossing: Committed \$3 million total ^{16 & 18}	3,000,000.00		3,000,000.00	
Whitman/Yellowstone Hotel: Committed \$613,000 ^{10 org 356 500}			0.00	
Clark Street Overpass: Committed \$258,880.93				258,800.93
Admin Transfer to Unrestricted Account: ¹¹			0.00	850,627.75
General Fund - loan for Triangle development City of Pocatello, triangle land reimbursement				136,000.00
Arbitrage	1,700.00	7,235.00	-5,535.00	
Trustee fees	2,250.00	2,456.00	-206.00	
<u>Unapproved Projects</u>				
Farmer's Project #1 org. 500,000.00	170,246.00		170,246.00	
Unnamed Project #3 (\$500,000.00 new Jan 2009): ¹⁹	500,000.00		500,000.00	500,000.00
Total Projected Expense:	4,607,628.50	9,691.00	4,597,937.50	1,745,428.68
CALCULATED ANNUAL BALANCE	\$545,198.68	\$4,025,002.39	\$545,198.68	\$0.00
Debt service restriction (reserve \$650,000.00)			\$0.00	
Current debt payment allocation fund reserve			\$0.00	
Available cash		\$4,025,002.39	\$545,198.68	\$0.00

** TIF District slated to close in 2012

**POCATELLO DEVELOPMENT AUTHORITY
NORTH YELLOWSTONE FUND CASH FLOW PROJECTIONS
2011 THROUGH 2028**

YEARS ENDED	Budget 2011	YTD 2011 As of January	Remaining 2011	Budget 2012	Budget 2013	Budget 2014	Budget 2015	Budget 2016 - 2028
Previous Year Balance:	\$1,791,493.20	\$1,791,493.20	\$2,266,492.43	\$2,185,853.24	\$2,578,948.28	\$2,971,343.32	\$3,363,863.36	\$3,363,863.36
INCOME:								
Property taxes (org \$761,120.03)	1,200,000.00	620,462.30	579,537.70	1,200,000.00	1,200,000.00	1,200,000.00	1,200,000.00	15,600,000.00
Interest on trust accounts	160.00	53.00	107.00	160.00	160.00	160.00	160.00	13,000.00
Loan from General Fund								
Total Projected Income:	1,200,160.00	620,515.30	579,644.70	1,200,160.00	1,200,160.00	1,200,160.00	1,200,160.00	15,613,000.00
EXPENSE:								
Current Year Debt Service:	678,525.00		678,525.00	680,050.00	680,750.00	680,625.00	679,675.00	8,833,800.00
Rail Crossing			0.00					
Peg Development Land Acquisition			0.00					
Refund of property taxes		21,001.11	0.00					
Arbitrage fees	5,260.00			2,500.00	2,500.00	2,500.00	2,500.00	32,500.00
Trustee fees		2,500.00	0.00	2,500.00	2,500.00	2,500.00	2,500.00	32,500.00
Administrative fee to PDA (year 2028)			0.00					
Costco employment payment (\$854,105.00) 1	122,014.96	122,014.96	0.00	122,014.96	122,014.96	122,014.96	122,014.96	244,029.92
Total Projected Expense:	805,799.96	145,516.07	678,525.00	807,064.96	807,764.96	807,639.96	806,689.96	9,142,829.92
CALCULATED ANNUAL BALANCE	\$2,185,853.24	\$2,266,492.43	\$2,167,612.13	\$2,578,948.28	\$2,971,343.32	\$3,363,863.36	\$3,757,333.40	\$9,834,033.44
Bond reserve trust fund		681,900.00	681,900.00	681,900.00	681,900.00	681,900.00	681,900.00	
Current debt payment allocation fund reserve		678,525.00	678,525.00	678,525.00	680,050.00	680,750.00	680,750.00	
Amount available		906,067.43	807,187.13	1,218,523.28	1,609,393.32	2,001,213.36	2,394,683.40	9,834,033.44

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

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

**POCATELLO DEVELOPMENT AUTHORITY
NORTH PORTNEUF DISTRICT CASH FLOW PROJECTIONS - Tentative
2011 THROUGH 2028**

YEARS ENDED	Budget 2011	YTD 2011 As of January	Remaining 2011	Budget 2012	Budget 2013	Budget 2014	Budget 2015	Budget 2016 - 2028
Previous Year Balance:	\$55,750.51	\$55,750.51	\$57,061.00	\$55,750.51	\$55,750.51	\$55,750.51	\$55,750.51	\$55,750.51
INCOME:								
Property taxes	1,492,442.00	1,310.49	1,491,131.51	2,895,337.00	2,808,447.00	2,724,223.00	2,642,496.00	33,975,586.00
Interest on trust accounts			0.00					
Loan from General Fund			0.00					
Total Projected Income:	1,492,442.00	1,310.49	1,491,131.51	2,895,337.00	2,808,447.00	2,724,223.00	2,642,496.00	33,975,586.00
EXPENSE:								
Debt service	1,492,442.00		1,492,442.00	2,895,337.00	2,808,447.00	2,724,223.00	1,079,521.00	0.00
Hoku:			0.00					
Infrastructure reimbursement			0.00				1,484,826.00	13,515,174.00
Employment reimbursement			0.00					9,269,326.00
Other payments:								
City infrastructure			0.00				78,149.00	1,921,851.00
PDA admin			0.00					797,206.51
Taxing Entity operational costs			0.00					8,527,779.00
Total Projected Expense:	1,492,442.00	0.00	1,492,442.00	2,895,337.00	2,808,447.00	2,724,223.00	2,642,496.00	34,031,336.51
CALCULATED ANNUAL BALANCE	\$55,750.51	\$57,061.00	\$55,750.51	\$55,750.51	\$55,750.51	\$55,750.51	\$55,750.51	\$0.00

Assessed valuation 2009 \$6,639,105.00
Base valuation \$3,458,800.00
Increase 2009 \$3,180,305.00

**POCATELLO DEVELOPMENT AUTHORITY
NAVAL ORDINANCE PLANT FUND CASH FLOW PROJECTIONS
2010 THROUGH 2028**

YEARS ENDED	Budget 2011	YTD 2011 As of January	Remaining 2011	Budget 2012	Budget 2013	Budget 2014	Budget 2015	Budget 2016 - 2028
Previous Year Balance:	\$27,997.95	\$27,997.95	\$113,873.10	\$109,997.95	\$116,997.95	\$48,997.95	\$55,997.95	\$55,997.95
INCOME:								
Property taxes	82,000.00	85,875.15	-3,875.15	82,000.00	82,000.00	82,000.00	82,000.00	1,066,000.00
Interest on trust accounts			0.00					
Loan from General Fund			0.00		675,000.00			
Total Projected Income:	82,000.00	85,875.15	-3,875.15	82,000.00	757,000.00	82,000.00	82,000.00	1,066,000.00
EXPENSE:								
Log Homes (\$225,000.)			0.00	75,000.00	75,000.00	75,000.00		
Owner Contract: (RDA)			0.00		750,000.00			
Repay loan to General Fund			0.00				82,000.00	668,000.00
Sewer line flushing			0.00					
Administrative fee to General Fund			0.00					453,997.95
Total Projected Expense:	0.00	0.00	0.00	75,000.00	825,000.00	75,000.00	82,000.00	1,121,997.95
CALCULATED ANNUAL BALANCE	\$109,997.95	\$113,873.10	\$109,997.95	\$116,997.95	\$48,997.95	\$55,997.95	\$55,997.95	\$0.00

POSITRON

LOAN SETTLEMENT AGREEMENT

This LOAN SETTLEMENT AGREEMENT (this "*Agreement*") is made and entered into as of the ___ day of ~~February~~ November, 2011~~0~~, by and between Positron Systems, Inc., a Delaware corporation ("*Positron*"), and the Pocatello Development Authority, an urban renewal agency formed under the laws of the State of Idaho (the "*PDA*"). Positron and the PDA are sometimes referred to collectively in this Agreement as the "*Parties*," and individually, as a "*Party*."

1. Background and Purpose.

1.1 *Loan Agreement.* The PDA and Positron Systems, Inc., an Idaho corporation and Positron's predecessor-in-interest, entered into an Economic Development Loan Agreement, dated as of December 16, 2003 (the "*Loan Agreement*"), pursuant to which the PDA agreed to loan to Positron the principal amount of \$400,000 (the "*Loan*"), for the purpose of enabling Positron to develop its research and test facility at the Idaho State University Research and Business Park, adjacent to the Idaho Accelerator Center in Pocatello, Idaho (the "*Facility*").

1.2 *Note.* The Loan was represented by a Deed of Trust Note, dated March 25, 2004 (the "*Note*") issued by Positron to the PDA.

1.3 *Deed of Trust.* The obligations represented by the Note were secured by a Deed of Trust, dated March 25, 2004 ("*Deed of Trust*"), pursuant to which Positron granted to the PDA a lien on and security interest in Positron's ground leasehold interest related to the Facility.

1.4 *Lease.* Positron has entered into that certain Lease Agreement, dated September 30, 2003, with Idaho State University relating to use and operation of the Facility.

1.5 *Purpose.* The Parties desire to cancel Positron's obligations under the Note and the Deed of Trust in consideration of the issuance by Positron to the PDA of ~~325,200~~ 130,081 shares of its common stock, on the terms and conditions set forth in this Agreement.

2. **Agreement.** In furtherance of the foregoing purposes, the Parties agree as follows:

2.1 *Issuance of Shares.* Subject to the terms and conditions of this Agreement, at Closing, Positron shall issue, or shall cause to be issued, to and in the name of the PDA ~~325,200~~ 130,081 shares of Positron common stock (the "*Shares*"), free and clear of all charges, claims, interests, conditions, equitable interests, liens, options, pledges, security interests, rights of first refusal, encumbrances or restrictions of any kind, including any restrictions on use, voting, transfer (other than transfer restrictions imposed by Federal and state securities laws), receipt of income or exercise of any other attribute of ownership (collectively, "*Encumbrances*"). At Closing, Positron shall cause to be issued in the name of the PDA a certificate representing the Shares.

LEGISLATIVE UPDATE

HOKU Materials™

December 22, 2010

Robert Chambers, Director
Planning and Development Services
City of Pocatello
P.O. Box 4169
Pocatello, ID 83205

Dear Robert,

As Hoku Materials continues to increase its employment and operational base in Pocatello, we value the support received from the City of Pocatello. When we reviewed possible sites for our polysilicon production facility, the incentives offered were a key factor in the decision to locate in the State of Idaho in comparison to opportunities in other states. Without the financial assistance offered to us through the tax increment financing (TIF) district for the critical infrastructure for our Pocatello plant, we would not be here.

The more than 200 high-paying jobs Hoku is creating can spawn growth in several other areas of the economy, particularly housing and retail. In turn, this will create new fiscal sources for local and state government revenue to be focused back into key development projects. The relationships we are building in the Pocatello community, where we are able to create jobs and utilize a highly-skilled talent pool, will be mutually beneficial and positively impact all sectors of the economy.

We look forward to a long and prosperous relationship with the City of Pocatello and the Pocatello community.

Best regards,



Scott Paul
President & CEO
Hoku Corporation

**Projected Expenditures Related to Ramp Up of
Operations 2011**

Employee Uniforms and Tools	3,500,000
Maintenance	2,000,000
Facility Equipment	900,000
Office Supplies and Equipment	1,300,000
	<u>7,700,000</u>
Idaho State Sales Tax 6%	462,000

Projected Idaho Income Tax Payable 2012 **660,000**

Total Projected Idaho Revenues * **1,122,000**

*Additionaly Hoku is providing approximately 220 jobs to the Idaho community.

This does not include their estimated state income tax.

This schedule also doesn't include their estimated idaho sales tax revenue for individual purchases.

Further, we didn't include any expenses related to out of state visitor purchases in Idaho.

Furthermore this doesn't include out of state contractors that work here and spend money here. (JH Kelly etc.)



Date: January 11, 2011

To: Idaho legislators and other interested parties

Subject: Tax Increment Financing

On behalf of ON Semiconductor-Pocatello, I'm writing this letter in support of Tax Increment Financing (TIF). ON Semiconductor-Pocatello (previously AMI Semiconductor) has been a major beneficiary of the proper use of Tax Increment Financing. More importantly, TIF's have been greatly beneficial to the Pocatello and Bannock County communities, taxpayers and tax recipients.

On three specific occasions, the strategic use of TIF's by the City of Pocatello have allowed ON Semiconductor to continue to develop and grow our business. These economic development initiatives have produced many successful results for the local community including the creation and retention of hundreds of jobs and the generation of millions of dollars of tax revenue for schools and needed government services. ON Semiconductor has been Pocatello's largest taxpayer and largest private sector employer over the past two decades and without the use of TIF's, I believe it is fair to say that hundreds of jobs and millions of dollars in tax revenue would probably not exist.

Specifically, the company built its Fab 10, eight-inch wafer manufacturing facility in 1997 with the help of TIF money to fund infrastructure needs for that facility. Shortly after the 1997 construction of our eight-inch wafer facility, we were able to successfully use TIF money, working with the City of Pocatello and Idaho Power Company, to upgrade the community's local power substation providing a continuous, uninterrupted source of electric power essential to our manufacturing operations.

Then, in 2002, with the help of TIF money, the company built a new engineering and research center adjacent to our Pocatello manufacturing facility. This facility employs over 150 highly paid engineers and development personnel. Without the construction of this state-of-the-art facility, these jobs may have ended up in another community in another state.

Finally, in 2010, ON Semiconductor announced over \$26 million in new capital equipment investment for the Pocatello facility, again with the help of TIF money. This investment more than doubled our production capacity, secured over 600 existing jobs and added over 100 new jobs.

I ask for your support for legislation that extends the proper use of Tax Increment Financing resulting in the attraction and creation of more businesses with good paying jobs along with the resulting tax revenues to benefit our schools and essential government services.

Sincerely,

A handwritten signature in black ink, appearing to read "John Spicer".

John Spicer
Site Manager & Senior Director of Operations
ON Semiconductor, Inc.-Pocatello

Chambers, Robert

From: Arlen Wittrock [arlen_wittrock@msn.com]
Sent: Thursday, January 27, 2011 3:48 PM
To: Gynii Gilliam; Chambers, Robert
Cc: John (ONNN) Spicer; Matt Hunter
Subject: S.I.T. / RE: ON Semi payroll, sales tax, etc.

Robert & Gynii,

I just received one more number of value from our corporate headquarters. In 2010, ON Semiconductor-Pocatello employees paid \$2.4 million in Idaho personal/individual income taxes. To be specific, that is the amount that was withheld by the company from their paychecks and paid to the State of Idaho.

---Arlen

From: gynii@bannockdevelopment.org
To: arlen_wittrock@msn.com; rchambers@pocatello.us
CC: john.spicer@onsemi.com; mhunter@pocatelloidaho.com
Subject: RE: ON Semi payroll, sales tax, etc.
Date: Thu, 27 Jan 2011 11:11:42 -0700

Robert,

You can calculate estimated state income taxes off the \$45M payroll, if that will help. Additionally, the Federal Reserve has an economic analysis calculator that estimates disposable income based on payroll ... you might be able to calculate sales taxes off those multipliers –at least for the workforce.

Thanks,
Gynii

From: Arlen Wittrock [mailto:arlen_wittrock@msn.com]
Sent: Thursday, January 27, 2011 11:04 AM
To: robert (pocatello) chambers
Cc: John (ONNN) Spicer; Matt Hunter; Gynii Gilliam
Subject: RE: ON Semi payroll, sales tax, etc.

Robert,

Let me provide the info you have requested and then some. I have also taken the liberty to copy Matt and Gynii with this info. Here goes:

1. Our ON Semiconductor-Pocatello annual payroll is approximately \$45 million.
2. Our Bannock County annual property tax payment is approximately \$1.4 million.
3. Our Idaho corporate income tax is negligible due to net operating loss carryovers and the multi-state structure of our business.
4. We pay state sales taxes on a piecemeal, purchase-by-purchase basis and do not track a cumulative total. We also benefit from the sales tax exemption on equipment purchases (and we very much want to continue to protect that exemption).

5. Of course, the greatest amount of tax revenue for the state and community that we generate comes from the employees we pay. They pay more in total taxes than the company does. Their taxes would include local property taxes on their homes, Idaho Individual income taxes, and Idaho sales taxes.

All my best,
Arlen

From: rchambers@pocatello.us
To: arlen_wittrock@msn.com
Date: Wed, 26 Jan 2011 13:23:54 -0700
Subject:

Arlen,

Is it possible to obtain information from ON regarding revenues the company sends to the state of Idaho (sales tax, etc.)? It is part of our effort to win the battle over Tax Increment Financing. The argument would be: look at what could be lost were it not for TIF, jobs and the state collected revenue! I understand if this information is confidential, but we have been asked to provide something that might help law makers see the fiscal impacts of TIF to the State. Thanks.

Robert Chambers

Chambers, Robert

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Sent: Thursday, January 27, 2011 11:04 AM
To: Chambers, Robert
Cc: John (ONNN) Spicer; Matt Hunter; Gynii Gilliam
Subject: RE: ON Semi payroll, sales tax, etc.

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All my best,
Arlen

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To: arlen_wittrock@msn.com
Date: Wed, 26 Jan 2011 13:23:54 -0700
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Robert Chambers



OFFICE OF THE MAYOR
911 North 7th Avenue
P.O. Box 4169
Pocatello, Idaho 83205

(208) 234-6163
Fax: (208) 234-6297
www.pocatello.us

BRIAN C. BLAD
Mayor

Pocatello City Council:

ROGER BRAY
STEVE BROWN
CRAIG COOPER
RON FRASURE
GARY MOORE
EVA JOHNSON NYE

December 30, 2010

Honorable Representative Elaine Smith
3759 Heron Avenue
Pocatello, Idaho 83201

Re: Urban Renewal and Tax Increment Financing (Revenue Allocation) Districts

Dear Representative Smith:

The City of Pocatello has greatly benefited from the use of Urban Renewal and Tax Increment Financing (TIF) legislation. Since 1988, our city has created thirteen (13) separate districts. Three of those districts were absorbed into one in 1999. Today, there are four active districts. Pocatello has closed seven (7) districts. The combined benefit of these districts over the years has resulted in over 1500 new jobs and over \$500,000,000 in new tax valuation. These jobs and the new tax valuation would not exist were it not for the use of TIF.

As an example of how these districts have benefited our community, I highlight only two; the Consolidated Central Corridor District, and the North Portneuf District.

Consolidated Central Corridor District

After extensive research, this district was formed in 1998 on the basis of where blighting influences were most prominent within the City. These influences include crime rates, dilapidated structures, aging infrastructure, transportation deficiencies, and economic underdevelopment. Based upon the location of these blighting influences, the boundary of the district was created. The list of improvements is impressive: some \$9-million in new or updated infrastructure, including transportation components; redevelopment of blighted properties, and assistance to several business interests including; Convergys, ON Semi-conductor, Farmers Insurance, and Positron. This district was closed this year (2010). In its twelve (12) year life, this district alone is responsible for over 900 new or retained jobs and new tax valuation of over \$83 million.

North Portneuf District

This district was created in 2007 to assist in the recruitment of Hoku Materials, a company that will begin production of solar grade polysilicon in 2011. This company will require over \$25 million in infrastructure enhancements including a new power substation, new water, sewer and storm sewer systems, and a new road and overpass. The City could not financially provide for these improvements were it not for the help of this district. In addition, Hoku would not have located in Pocatello without these improvements provided for by the district (see attached letter). In return, Hoku Materials will add some \$350 million in value to the tax rolls and employ 200 people.

Page 2

December 30, 2010

Urban Renewal and Tax Increment Financing (Revenue Allocation) Districts

This year, there may be efforts to impede the use of urban renewal and tax increment financing by Idaho cities in the legislature. If successful, efforts such as those described above could come to a halt and with them the opportunity to create value and jobs – true economic opportunity – that would otherwise not exist. Therefore, we would greatly appreciate your support of urban renewal and tax increment financing during this upcoming legislative session. Attached with this letter are some important facts and information about urban renewal.

Please feel free to contact me if you have any questions or would like further information about our urban renewal efforts. Thank you. We do appreciate all you do for our City and our great State.

Sincerely,



Brian Blad
Mayor

attachment

HOKU Materials™

December 22, 2010

Robert Chambers, Director
Planning and Development Services
City of Pocatello
P.O. Box 4169
Pocatello, ID 83205

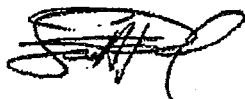
Dear Robert,

As Hoku Materials continues to increase its employment and operational base in Pocatello, we value the support received from the City of Pocatello. When we reviewed possible sites for our polysilicon production facility, the incentives offered were a key factor in the decision to locate in the State of Idaho in comparison to opportunities in other states. Without the financial assistance offered to us through the tax increment financing (TIF) district for the critical infrastructure for our Pocatello plant, we would not be here.

The more than 200 high-paying jobs Hoku is creating can spawn growth in several other areas of the economy, particularly housing and retail. In turn, this will create new fiscal sources for local and state government revenue to be focused back into key development projects. The relationships we are building in the Pocatello community, where we are able to create jobs and utilize a highly-skilled talent pool, will be mutually beneficial and positively impact all sectors of the economy.

We look forward to a long and prosperous relationship with the City of Pocatello and the Pocatello community.

Best regards,



Scott Paul
President & CEO
Hoku Corporation

IDAHO URBAN RENEWAL/REDEVELOPMENT AGENCIES

QUICK FACTS

- Urban Renewal (Redevelopment) agencies are public bodies authorized under the Idaho Urban Renewal Law. The majority of Agency commissioners are community volunteers and all are appointed by their local Mayor (or the Chair of the county commissioners for county agencies) and approved by the City Council (or county commissioners). Once appointed, these commissioners govern the urban renewal agency, which is an independent, public body, corporate and politic. Commissioners can be removed for cause.
- Under the Idaho Urban Renewal Law, agencies are authorized to:
 - Eliminate deficiencies in the project area, including deteriorating or deteriorated public facilities, aged and substandard buildings and housing.
 - Replan, redesign and redevelop those underdeveloped areas which are stagnant or improperly utilized.
 - Provide adequate land for parks and open spaces, pedestrian walkways and parking facilities.
 - Assist in the infrastructure related to affordable housing within the project area and cooperate with public agencies responsible for housing programs
 - Strengthen the economic base of the project area and the community by the installation of needed site improvements and infrastructure to stimulate new commercial expansion, employment and economic growth.
 - Promote those economic development activities that will strengthen and broaden the tax base and enhance state and local revenue.
- Agency revenue is received from tax increment revenue, simply the taxes on any incremental value above the base (plan approval) year of the individual urban renewal district.
- There are currently 40 (forty) separate urban renewal agencies, representing cities from every corner of Idaho.
- Urban renewal agencies across the state have completed a vast array of projects, including but not limited to:
 - Sewer plant/water treatment facility improvements; new water & sewer lines
 - Construction of public parking facilities
 - Street improvements/streetscapes
 - New parks and greenbelts
 - Rehabilitation and development of affordable housing through other public agencies responsible for housing programs
 - Demolition and removal of buildings and improvements, including site clearance
 - Cooperate with other public entities to achieve redevelopment objectives

Urban Renewal (Redevelopment) agencies provide a valuable tool for local governments to utilize to improve basic infrastructure, provide affordable housing, and stimulate economic development. Without this tool, many of these needs would go unmet, resulting in deteriorating and stagnating communities. Importantly, the creation of new job opportunities and improved communities contributes to an enhancement of sales and income tax revenue for the State of Idaho.



Date: January 11, 2011

To: Idaho legislators and other interested parties

Subject: Tax Increment Financing

On behalf of ON Semiconductor-Pocatello, I'm writing this letter in support of Tax Increment Financing (TIF). ON Semiconductor-Pocatello (previously AMI Semiconductor) has been a major beneficiary of the proper use of Tax Increment Financing. More importantly, TIF's have been greatly beneficial to the Pocatello and Bannock County communities, taxpayers and tax recipients.

On three specific occasions, the strategic use of TIF's by the City of Pocatello have allowed ON Semiconductor to continue to develop and grow our business. These economic development initiatives have produced many successful results for the local community including the creation and retention of hundreds of jobs and the generation of millions of dollars of tax revenue for schools and needed government services. ON Semiconductor has been Pocatello's largest taxpayer and largest private sector employer over the past two decades and without the use of TIF's, I believe it is fair to say that hundreds of jobs and millions of dollars in tax revenue would probably not exist.

Specifically, the company built its Fab 10, eight-inch wafer manufacturing facility in 1997 with the help of TIF money to fund infrastructure needs for that facility. Shortly after the 1997 construction of our eight-inch wafer facility, we were able to successfully use TIF money, working with the City of Pocatello and Idaho Power Company, to upgrade the community's local power substation providing a continuous, uninterruptable source of electric power essential to our manufacturing operations.

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I ask for your support for legislation that extends the proper use of Tax Increment Financing resulting in the attraction and creation of more businesses with good paying jobs along with the resulting tax revenues to benefit our schools and essential government services.

Sincerely,

A handwritten signature in black ink, appearing to read "John Spicer", written over a faint, illegible printed name.

John Spicer
Site Manager & Senior Director of Operations
ON Semiconductor, Inc.-Pocatello

*Job Creation
Increased Value
Enhancement
Elimination of Blight*

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URBAN RENEWAL AREAS AND REVENUE ALLOCATION DISTRICTS – AUGUST 2010
Creation – Management - Termination

Applicable State Laws

I.C. 50 – 20: Urban Renewal Law

I.C. 50 – 29: Local Economic Development Act

Creation

1. Resolution of the City Council determining an area to be deteriorated or deteriorating and therefore appropriate for an urban renewal project.
2. Plan Creation.
 - a. Urban Renewal Plan Considerations,
 - i. A feasible method exists for the location of families who will be displaced from the urban renewal area.
 - ii. The plan conforms to the general plan of the City.
 - iii. The plan gives due consideration to the provision of adequate park and recreational areas and facilities that may be desirable for neighborhood improvement.
 - iv. The plan affords maximum opportunity for the rehabilitation or redevelopment of the urban renewal area by private enterprise: provided that if an urban renewal area consists of an area of open land to be acquired by the agency, it shall NOT be so acquired unless:
 1. If it is to be developed for residential uses, the city shall determine that a shortage of housing of sound standard and design which is decent, safe and sanitary exists, that housing needs will increase due to slum clearance, that conditions of blight and the shortage of housing contributes to an increase in and spread of disease and crime, and that acquisition for residential use is integral and essential to the program of the city.
 2. If it is to be developed for nonresidential uses, the city shall determine that such uses are necessary and appropriate to facilitate proper growth and development of the community in accordance with sound planning standards and local community objectives.
 - b. Revenue Allocation Plan Considerations.
 - i. The kind, number, and location of all proposed public works or improvements within the revenue allocation area.
 - ii. An economic feasibility study.
 - iii. A detailed list of estimated project costs.
 - iv. Fiscal impact statements showing the impact of the revenue allocation area, both until and after the bonds are repaid, upon all taxing districts levying taxes upon property on the revenue allocation area.
 - v. A description of the methods of financing all estimated project costs and the time when related costs or monetary obligations are to be incurred.
 - vi. A termination date for the plan and the revenue allocation area (recognize that revenues will be received in the calendar year following the last year of the plans termination).
 - vii. A description of the disposition or retention of any assets of the agency upon the termination date.

3. Plan Submittal to the Planning and Zoning Commission for review and recommendation as to the plan's conformity to the city's general plan.
4. Public Hearing
 - a. Notice at least 30-days prior to date set for final reading of the ordinance.
 - b. Transmit/publish notice and plan to newspaper and governing body of each taxing district impacted.
5. Ordinance Creating the Urban Renewal Area, the Revenue Allocation District, and approving the Plan.
 - a. Copies of the ordinance, plan, maps, and legal description are sent to the county auditor, county tax assessor, and the state tax commission.
6. Contestation of legality – 30-days following the effective date of the ordinance.

Management

1. Board Appointment
 - a. Mayor, by and with the advice and consent of the city council.
 - b. Not less than 3 and not more than 9 commissioners.
 - c. Terms not to exceed 5-years.
 - d. No more than 2 commissioner's terms may expire in the same year.
 - e. Board vacancies are filled for the unexpired term.
 - f. Commissioners receive no compensation.
 - g. A certificate of appointment or reappointment shall be filed with the City Clerk.
 - h. A majority of the commission constitutes a quorum.
 - i. The commission may elect a chair and a co-chair. Term of office is 1-year.
2. Reports
 - a. Report of activities, including a complete financial statement setting forth assets, liabilities, income and operating expense as of the end of the calendar year shall be filed with the City Council on or before March 31st of each year. At the time of filing, the agency shall publish in the newspaper that the report is available for inspection.
 - b. Agencies have the same fiscal year and the same audit requirements as a city.
 - c. Annual Financial Report and Annual Budget. An annual financial report shall be prepared and filed with the city council. An annual budget (an annual estimate of revenue and expenses for the following fiscal year) shall be prepared, approved, and adopted for informational purposes.
3. Law Compliance
 - a. Public records law.
 - b. Opening meeting law.
 - c. Ethics in government law.
 - d. Competitive bidding provisions.

Termination

1. The agency adopts a resolution advising and notifying the local governing body, the county auditor and the Idaho State Tax Commission and recommending the adoption of an ordinance for termination of the revenue allocation area and declaring a surplus (if any exists) to be distributed as described in I.C. 50-2909.
2. The City Council acts upon the recommendation of the agency and directs the creation of an ordinance for termination.
3. The ordinance is approved and published by the City.
4. The agency files the ordinance with the office of the county recorder and the Idaho State Tax Commission as per I.C. 63-215.

TAX INCREMENT FINANCING FACT SHEET
City of Pocatello

1. Tax Increment Financing (TIF) captures the incremental increase in tax revenue from new development to pay for public improvements to assist in redevelopment and development activities.
2. The community does not lose tax revenues which were being collected prior to the redevelopment/development program.
3. TIF does not add a new tax to existing or new developments.
4. Once a TIF District expires, the full tax base becomes available to all taxing districts. This may not result in new revenue to the taxing districts, but it does serve to lower the tax levy rate.
5. Since 1988, Pocatello has created 15 TIF Districts. Eleven of those districts have been closed. Currently, there are four active districts. They are:
 - a. North Yellowstone (expires 2019) – Pocatello Square and Costco. Used for property purchase and public infrastructure.
 - b. North Portneuf (expires 2024) – Hoku Materials. Used for property purchase, public infrastructure, and employment incentive.
 - c. Naval Ordnance Plant (expires 2026) – Gateway Industrial Park. Used for infrastructure and building improvements.
 - d. Airport (expires 2033) – Petersen Inc. Used for public infrastructure.

These four districts currently account for 650 jobs and will generate an estimated 260,000,000 in new construction value for the City of Pocatello.

6. Many of the businesses helped with TIF would not be here without the use of this important economic development tool including, Hoku Materials and ON Semiconductor. Combined, these entities account for 900 jobs.
7. TIF Districts are created by the City Council and are administered by the Pocatello Development Authority (PDA). PDA members are appointed by the Mayor with the consent of the Council. There are currently nine members on PDA; three are elected and the remaining represents an appropriate skill mix given the duties of this board.
8. The PDA utilizes a basic philosophy when determining whether to create a TIF District. Is it necessary to realize the benefit sought? Will it eliminate a deteriorated or deteriorating condition of the community? Will it create jobs? Will it add construction value and therefore tax value to the community?

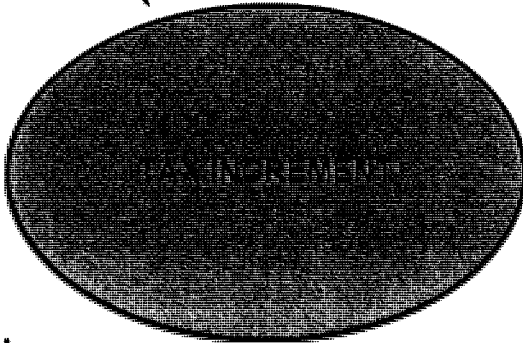
TAX INCREMENT FINANCING (TIF)

Assessed Value

Additional property taxes collected from increased valuation due to new construction goes to the Development Authority for financing improvements in the District.

After TIF District is dissolved, ALL property taxes collected from assessed valuation are distributed to the taxing districts

Point of TIF District creation. Base value is established



Property taxes collected from base valuation continue to be distributed to taxing districts for the life of the TIF District.

Property value without redevelopment made possible by TIF.

