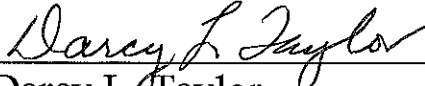


NOTICE OF RESCHEDULED MEETING
POCATELLO DEVELOPMENT AUTHORITY
November 14, 2012

The regular monthly meeting of the Pocatello Development Authority scheduled for Wednesday, November 21, 2012 at **11:00** o'clock a.m. in the Paradise Conference Room at City Hall has been cancelled and is rescheduled for Wednesday, November 14, 2012 at 11:00 o'clock a.m., in the City Council Chambers at City Hall, 911 North 7th, Pocatello, Idaho.

DATED this 2nd day of November, 2012.



Darcy L. Taylor
Secretary

Pocatello Development Authority

**Board of Commissioners Meeting
November 14, 2012 – 11:00 a.m.
Paradise Conference Room**

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

An urban renewal agency for the City of Pocatello, Idaho

11:00 a.m.

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 October 17, 2012 – Motion to approve and/or amend

Financial Report: October Income and Expenses

General Discussion: Earl Swift – Use of NOP District Funds

Dave Swindell - North Yellowstone Bond Refinance

Economic Development Consultant

Items from staff:

Items from Commission members:

Upcoming Events:

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."

Adjourn

11:43 AM

11/13/12

Accrual Basis

Pocatello Development Authority
Profit & Loss by Class
October 2012

	<u>1-General Fund</u>	<u>2-Central Corridor</u>	<u>3-North Yellowstone</u>	<u>TOTAL</u>
Income				
Interest Income	21.03	664.54	21.12	706.69
Property Taxes	0.00	20.73	0.00	20.73
Total Income	<u>21.03</u>	<u>685.27</u>	<u>21.12</u>	<u>727.42</u>
Gross Profit	21.03	685.27	21.12	727.42
Expense				
Administrative	142.88	0.00	0.00	142.88
Total Expense	<u>142.88</u>	<u>0.00</u>	<u>0.00</u>	<u>142.88</u>
Net Income	<u><u>-121.85</u></u>	<u><u>685.27</u></u>	<u><u>21.12</u></u>	<u><u>584.54</u></u>

11:44 AM

11/13/12

Accrual Basis

Pocatello Development Authority
Balance Sheet by Class
As of October 31, 2012

	1-General Fund	2-Central Corridor	3-North Yellowstone
ASSETS			
Current Assets			
Checking/Savings			
Checking Wells Fargo	244,070.97	571,307.87	-148,139.73
Restricted Cash Bond 16839700	0.00	18.22	2,059,097.53
Restricted Cash Bond 16839702	0.00	0.00	0.64
Restricted Cash Bond 16839703	0.00	-5.61	681,905.61
Savings Wells Fargo	132,946.41	4,108,647.99	0.00
Total Checking/Savings	377,017.38	4,679,968.47	2,592,864.05
Accounts Receivable			
Accounts Receivable	50,000.00	596,867.85	0.00
Total Accounts Receivable	50,000.00	596,867.85	0.00
Other Current Assets			
Accrued Interest Income	0.87	26.22	18.87
Property Tax Receivable	0.00	112,989.05	26,797.20
Total Other Current Assets	0.87	113,015.27	26,816.07
Total Current Assets	427,018.25	5,389,851.59	2,619,680.12
TOTAL ASSETS	427,018.25	5,389,851.59	2,619,680.12
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Other Current Liabilities			
Accrued Interest Payable	0.00	0.00	64,643.86
Total Other Current Liabilities	0.00	0.00	64,643.86
Total Current Liabilities	0.00	0.00	64,643.86
Long Term Liabilities			
Deferred Notes Receivable Rev	50,000.00	1,796,867.85	0.00
Deferred Tax Revenues	0.00	99,490.33	26,797.20
Total Long Term Liabilities	50,000.00	1,896,358.18	26,797.20
Total Liabilities	50,000.00	1,896,358.18	91,441.06
Equity			
Fund Balance	377,140.10	3,492,808.14	2,528,217.94
Net Income	-121.85	685.27	21.12
Total Equity	377,018.25	3,493,493.41	2,528,239.06
TOTAL LIABILITIES & EQUITY	427,018.25	5,389,851.59	2,619,680.12

11:44 AM

11/13/12

Accrual Basis

Pocatello Development Authority
Balance Sheet by Class
As of October 31, 2012

	4-Naval Ordinance	6-North Portneuf	TOTAL
ASSETS			
Current Assets			
Checking/Savings			
Checking Wells Fargo	415,635.04	210,585.24	1,293,459.39
Restricted Cash Bond 16839700	0.00	0.00	2,059,115.75
Restricted Cash Bond 16839702	0.00	0.00	0.64
Restricted Cash Bond 16839703	0.00	0.00	681,900.00
Savings Wells Fargo	0.00	0.00	4,241,594.40
Total Checking/Savings	415,635.04	210,585.24	8,276,070.18
Accounts Receivable			
Accounts Receivable	0.00	0.00	646,867.85
Total Accounts Receivable	0.00	0.00	646,867.85
Other Current Assets			
Accrued Interest Income	0.00	0.00	45.96
Property Tax Receivable	0.00	6,763.12	146,549.37
Total Other Current Assets	0.00	6,763.12	146,595.33
Total Current Assets	415,635.04	217,348.36	9,069,533.36
TOTAL ASSETS	415,635.04	217,348.36	9,069,533.36
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Other Current Liabilities			
Accrued Interest Payable	0.00	0.00	64,643.86
Total Other Current Liabilities	0.00	0.00	64,643.86
Total Current Liabilities	0.00	0.00	64,643.86
Long Term Liabilities			
Deferred Notes Receivable Rev	0.00	0.00	1,846,867.85
Deferred Tax Revenues	0.00	6,763.12	133,050.65
Total Long Term Liabilities	0.00	6,763.12	1,979,918.50
Total Liabilities	0.00	6,763.12	2,044,562.36
Equity			
Fund Balance	415,635.04	210,585.24	7,024,386.46
Net Income	0.00	0.00	584.54
Total Equity	415,635.04	210,585.24	7,024,971.00
TOTAL LIABILITIES & EQUITY	415,635.04	217,348.36	9,069,533.36

**Board of Commissioners Meeting
November 14, 2012 – 11:00 a.m.
Paradise Conference Room**

draft

11:00 a.m.

Call to order – Ryan Ward

Acknowledge guests of the Board

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ED consultant

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Items from Commission members:

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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."

Adjourn

USE OF NOP DISTRICT FUNDS

(Letter)

Moffatt Thomas

MOFFATT THOMAS BARRETT ROCK & FIELDS, CHTD.

Boise
Idaho Falls
Pocatello

Richard C. Fields
John S. Simko
John C. Ward
D. James Manning
David B. Lincoln
Gary T. Dance
Larry C. Hunter
Randall A. Peterman
Mark S. Prusynski
Stephen R. Thomas
Glenna M. Christensen
Gerald T. Husch
Scott L. Campbell
Robert B. Burns
Michael B. Thomas
Patricia M. Olsson

Christine E. Nicholas
Bradley J. Williams
Lee Radford
Michael O. Roe
David S. Jensen
James L. Martin
C. Clayton Gill
Michael W. McGreaham
David P. Gardner
Julian E. Gabiola
Kimberly D. Evans Ross
Jon A. Stenquist
Mark C. Peterson
Tyler J. Anderson
Andrew J. Waldera
Dylan B. Lawrence

C. Edward Cather III
Benjamin C. Ritchie
Noah G. Hillen
Matthew J. McGee
Mindy M. Willman
Andrea J. Rosholt
Jetta Hatch Mathews

Robert E. Bakes, *of counsel*
Norman M. Semanko, *of counsel*

Willis C. Moffatt, 1907-1980
Eugene C. Thomas, 1931-2010
John W. Barrett, 1931-2011
Kirk R. Helvie, 1956-2003

412 W Center St Suite 2000
PO Box 817
Pocatello Idaho 83204 0817

208 233 2001
208 232 0150 Fax
www.moffatt.com

November 8, 2012

Ryan B. Ward, Chairman
Board of Commissioners
Pocatello Development Authority
911 North 7th Ave.
Pocatello, ID 83201

Re: Naval Ordnance Plant TIF District
MTBR&F File No. 18971.0031

Dear Mr. Ward and Board of Commissioners:

I represent Gateway West Industrial Center, and have been working with Earl Swift and Barbara Wischerath to address a concern they have about proposed action by the Pocatello Development Authority ("PDA") Board related to the Naval Ordnance Plant Urban Renewal Area and Revenue Allocation Area (TIF District).

The purpose of this letter is to provide the PDA Board information on this matter as to the position of Gateway West to facilitate discussion of the issue at the Board's November 14, 2012 meeting. Gateway West, through Earl Swift, is on the Board's November 14th meeting Agenda with regard to the issue addressed in this letter.

ISSUE INVOLVED IN AGENDA ITEM

The Gateway West owner and representatives, Earl Swift and Barbara Wischerath, have been advised that the PDA Board is considering using funds accumulated in the Naval Ordnance Plant Revenue Allocation Area (TIF) to satisfy a loan owed by Petersen, Inc. to the Regional Development Alliance, Inc.

The issue is whether that is an appropriate use of Naval Ordnance Plant TIF funds; and whether it is the best use of the funds, given other infrastructure needs within the TIF district, including, particularly, upgrade and refurbishment of the railroad tracks within the Gateway West Industrial Center facility.

Ryan B. Ward, Chairman
November 8, 2012
Page 2

FACTUAL BACKGROUND

An Urban Renewal Plan for the Naval Ordnance Plant area was approved by the Pocatello City Council July 6, 2006, by Ordinance No. 2797. The authorizing Ordinance provided revenue allocation financing provisions for this area under the approved Urban Renewal Plan. A copy of the authorizing ordinance (Ordinance No. 2797) accompanies this letter.

Other pertinent documents provided with this letter are a May 10, 2006 communication to the PDA from Robert Chambers, Director, City of Pocatello Planning and Development Services Department, together with the Naval Ordnance Plant Urban Renewal Area Improvement Plan (proposed) of May, 2006. These documents set out the purposes and objectives of the urban renewal area and plan as originally established in 2006.

The Naval Ordnance Plant TIF district has operated pretty much as intended since its creation in 2006, with there being a tax increment from the district, resulting in accumulation of funds for the uses described in the Urban Renewal Plan.

Accompanying this letter are the available financial statements of the Naval Ordnance plant TIF from 2008 to 2012.

Petersen Properties, LLC became a tenant in the Gateway West Industrial Center in late 2007 and remained a tenant until December, 2010, at which time, it left the Gateway West facility and moved its operations to the City's business park at the Pocatello Regional Airport.

During its tenure as a tenant at Gateway West, and in early 2008, Petersen, Inc.¹ obtained a \$750,000 loan from the Regional Development Alliance, Inc., as part of an incentive package to locate a custom steel fabrication business at Gateway West. Under an Economic Development Agreement of February 4, 2008, between Petersen, Inc. and the PDA, the PDA agreed to guaranty repayment of the loan to the Regional Development Alliance, Inc. A Loan Agreement of March 26, 2008 documents the \$750,000 loan by the Regional Development Alliance to Petersen, Inc. Under that Agreement, the Regional Development Alliance, Inc. was given a security interest in all of Petersen, Inc.'s assets. The loan was also individually guaranteed by Steven Petersen and Pauline Petersen.

When Petersen Properties moved its operations to the Pocatello Airport, the Gateway West representatives were told by Bannock Development that the Petersen loan indebtedness would go with Petersen to the airport facility; and Petersen was told that it could keep the loan

¹ Petersen, Inc. is evidently an entity related to Petersen Properties, LLC; but, as noted, the actual tenant at Gateway West Industrial Center was Petersen Properties, LLC.

Ryan B. Ward, Chairman
November 8, 2012
Page 3

proceeds and use the money toward necessary infrastructure at the airport facility (such as sewer lines).

The PDA, we understand, is considering using Naval Ordnance Plant TIF funds to accomplish payment to the Regional Development Alliance of the loan on March 1, 2013, the single due date for payment of the principal of the loan under the Promissory Note signed on behalf of Petersen, Inc. in March, 2006.

DISCUSSION

It is inappropriate to use accumulated funds from the Naval Ordnance Plant TIF district to repay a loan owed by a private party, Petersen, Inc., whose current facility isn't even within the district; and particularly in light of compelling needs with the Naval Ordnance Plant district, such as upgrade and restoration of the industry track that provides railroad access to the tenant buildings within the Gateway West Industrial Center.²

The Urban Renewal Law (Idaho Code §50-2001, *et seq.*), as well as the Local Economic Development Act (Idaho Code §50-2901 *et seq.*), contemplate that use of revenue allocation funds (TIF funds) will be dictated by specific urban renewal plans that spell out the economic development purpose of the district and the use of the funds to create job-enhancing improvements to infrastructure.

Idaho Code §50-2008, addressing preparation and approval of plans for urban renewal projects, at subsection (d)(4) speaks in terms of a plan that provides for development only of the area described in the plan:

“*** [T]he urban renewal plan will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the rehabilitation or redevelopment of the urban renewal area by private enterprise”

Idaho Code §50-2018 (12)(b) defines “urban renewal plan” in terms of specific property descriptions as to the property that will be benefitted and concrete development plans and methods of financing (which can include “revenue allocation financing provisions”).

² The availability of railroad access to the buildings and storage areas in the Gateway West Industrial Center has been a major attraction for new tenants, such as ATCO Structures, and has continued to be an important element in getting new employers to Pocatello.

Ryan B. Ward, Chairman
November 8, 2012
Page 4

Under the Local Economic Development Act, which focuses more on the financing of an urban renewal area, preparation and adoption of a detailed plan for redevelopment of the specific area involved, is likewise a requirement. See Idaho Code §50-2905.

With that summary statutory background, we can look more specifically at Robert Chambers' comments from May, 2006 on the proposed plan, as well as the Naval Ordnance Plant Urban Renewal Area Improvement Plan. It is clear that both of these plan documents contemplate benefitting only the Gateway West area with revenue allocation funds, and that "Rail Line Refurbishment"³ was a major element of the plan.

Under these circumstances, it would be completely inappropriate, and actually contrary to the approved plan and authorizing statutes, to utilize accumulated TIF funds from the Naval Ordnance Plant district to repay the loan of a party who no longer has an operation within the district, and where the loan isn't owed to the PDA, but rather, to another agency.

Complementing those statutory and plan requirements on use of funds is the practical fact that Gateway West has a more than 20-year history of helping the PDA to meet its economic development and job-creation goals by bringing new businesses to town. In many instances, it has been the availability of railroad access, cranes and large buildings that has attracted the new tenants. Railroad access was critical to VTCU and ATCO Structures, for example; and the same is true for new tenant Matrix, which has just committed to lease at Gateway West. Certainly investment in infrastructure in the Naval Ordnance Plant TIF district with the TIF funds generated there makes more economic sense than paying a private loan of a business no longer in the district.

We appreciate the opportunity to provide this information to the Board prior to the meeting on November 14th, and look forward to discussing the matter with the board and its counsel at that time.

Sincerely,



D. James Manning
djm@moffatt.com

DJM/jlf
Enclosures

³ "Naval Ordnance Urban Renewal Area Plan" portion of Mr. Chambers' comments.

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Re-recorded to correct legal description and East Center Urban Renewal Area map

ORDINANCE NO. 2797

20615238

AN ORDINANCE OF THE CITY OF POCATELLO, A MUNICIPAL CORPORATION OF IDAHO, MAKING FINDINGS PURSUANT TO IDAHO CODE §50-2008 REQUISITE TO APPROVE TWO REVENUE ALLOCATION AREAS AND RESPECTIVE URBAN RENEWAL PLANS AND PROJECTS WITHIN THEIR RESPECTIVE URBAN RENEWAL AREAS, TO BE KNOWN AS A) THE NAVAL ORDINANCE PLANT URBAN RENEWAL PLAN AND B) THE EAST CENTER URBAN RENEWAL PLAN; ADOPTING REVENUE ALLOCATION FINANCING PROVISIONS AS PART OF BOTH OF THE URBAN RENEWAL PLANS PURSUANT TO IDAHO CODE §50-2906; PROVIDING THAT THIS ORDINANCE SHALL BE IN FULL FORCE AND EFFECT FROM AND AFTER ITS PASSAGE, APPROVAL AND PUBLICATION ACCORDING TO LAW, THE RULE REQUIRING AN ORDINANCE TO BE READ ON THREE SEPARATE OCCASIONS HAVING BEEN DISPENSED WITH.

WHEREAS, on July 14, 1988, the Pocatello City Council created by Resolution No. 1988-13 an urban renewal agency pursuant to Idaho Code §50-2005, to be known as the Pocatello Development Authority; and

WERHEAS, on May 4, 2006, the Pocatello city Council approved the formation of two separate urban renewal areas by Resolution No. 2006-11; and

WHEREAS, the Pocatello Development Authority proposed urban renewal plans for two separate areas with revenue allocation financing provisions to the Community Development Commission for its review and recommendation, and then to the Pocatello City Council for its approval, all pursuant to Idaho Code §§50-2008, 50-2905, and 50-2906; and

WHEREAS, a public hearing on the plans for projects within those areas, to be known as the Naval Ordnance Plant Urban Renewal Plan and the East Center Urban Renewal Plan, respectively, was scheduled before the Pocatello City Council at its regular meeting on June 15, 2006, which meeting was later continued to June 22, 2006, and notice of the same was published in the Idaho State Journal on May 30, 2006, and was, at the same time,

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transmitted to the governing body of each taxing district which levies taxes on property in the urban renewal area, pursuant to Idaho Code §50-5008 and §50-2906; and

WHEREAS, said public hearing was in fact held before the City Council on June 22, 2006; and

WHEREAS, after said hearing, the Council authorized the drafting of an ordinance approving both urban renewal plans and projects and adopting revenue allocation financing provisions therein for both; and

WHEREAS, copies of the urban renewal plans and projects, with each plan's revenue allocation financing provisions, along with a recommendation from the Pocatello Development Authority and notice of the date of the public hearing regarding adoption of the plan and projects were delivered to the governing body of each taxing district which levies taxes on property in the urban renewal area, pursuant to Idaho Code §50-2906;

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF POCATELLO AS FOLLOWS:

Section 1. That, pursuant to Idaho Code §50-2008, the Mayor and Council of the City of Pocatello, after due presentation of relevant information by City staff members and after the holding of a public hearing pursuant to statute on June 22, 2006, do hereby find:

- a. That no families will be displaced from either designated urban renewal area as a result of this urban renewal plan, and therefore no methods for relocating displaced families are required in the plan;
- b. That, as indicated by the review of both of these urban renewal plans by the Community Development Commission, the plans conform to the Comprehensive Plan of the municipality as a whole;
- c. That both the urban renewal plans recognize that both of the urban renewal areas are primarily commercial in nature and currently have adequate park and recreational areas and facilities without more being specifically required by the plans;

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d. That both the urban renewal plans will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the rehabilitation or redevelopment of each of the urban renewal areas by private enterprise.

Section 2: That, in light of the above findings, the Mayor and Council of the City of Pocatello hereby approve the Urban Renewal Projects and Plan for the Naval Ordnance Plant Urban Renewal Area described as follows:

A parcel of land located in the E 1/2 of Section 15, Township 6 South, Range 34 East, Boise Meridian, Bannock County, Idaho, a portion of the land described in instrument no. 724647 of the records of Bannock County, Idaho, being more particularly described as follows:

Commencing at the North one quarter corner of Section 15, Township 6 South, Range 34 East, Boise Meridian, said corner marked with an aluminum capped monument; thence North 89°28'06" East 65.30 feet to a point in the East right of way line of Pole Line Road; thence South 01°18'55" East along the East right of way line of Pole Line Road 25.0 feet;

thence continuing South 01°18'55" East 199.13 feet to an angle point; thence continuing along the East right of way line of Pole Line Road South 00°32'32" East 627.31 feet to the Southwest corner of the land described in instrument no. 732922 and depicted on the Record of Survey recorded as instrument no. 733159 of the records of Bannock County, Idaho, said corner marked by a 1/2-inch iron pin tagged LS-2652, the true point of beginning;

thence following the South and East boundaries of the said land described in instrument no. 732922 for the next five courses:

North 89°25'44" East 662.29 feet (recorded as North 89°28'06" East 662.24 feet) to a 1/2-inch iron pin tagged LS-2652; thence North 65°25'29" East 327.72 feet (recorded as North 65°25'05" East 327.76 feet) to a 1/2-inch iron pin tagged LS-2652; thence North 00°31'05" West 274.76 (recorded as North 00°32'32" West 274.85 feet) to a 1/2-inch iron pin tagged LS-2652;

thence South 89°24'46" West 64.24 feet (recorded as South 89°28'06" West 64.25 feet) to a 1/2-inch iron pin tagged LS-2652; thence North 00°33'46" West 417.75 feet (recorded as North 00°32'32" West 418.0 feet) to a point in the South right of way line of Infirmary Road (commonly referred to as Quinn Road), said point marked with a 1/2-inch iron pin tagged LS-2652;

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thence North $89^{\circ}28'06''$ East 354.97 feet along the South right of way line of Infirmary Road to an angle point, said point marked with a 5/8-inch iron pin tagged PE/LS-2652; thence continuing along the South right of way line of Infirmary Road North $87^{\circ}45'06''$ East 470.47 feet (recorded as 470.62 feet) to the Northwest corner of the Armed Forces Reserve Training Area, said corner marked with a 1/4-inch iron pin tagged LS-977, a distance of 2.3 feet easterly of a State of Idaho right of way monument identified as being 55 feet left of centerline station 93+60 of the Yellowstone Highway-Quinn Road Project;

thence South $00^{\circ}02'34''$ East 324.22 feet (recorded as South $00^{\circ}01'29''$ East 324.93 feet) to the Southwest corner of the said training area, said corner marked with a "PK" nail tagged LS-977; thence North $89^{\circ}57'26''$ East 614.32 feet (recorded as North $89^{\circ}58'00''$ East 614.59 feet) to a brass cap monument set in concrete, marking the Southeast corner of the said training area.

thence South $08^{\circ}46'34''$ East 1568.57 feet (recorded as South $08^{\circ}45'29''$ East 1568.22 feet) along the Westerly right of way line of the Union Pacific Railroad to a point of curvature, said point marked with an untagged 1/2-inch iron pin, from which the center of the curve bears South $81^{\circ}22'51''$ West;

thence continuing along the Westerly right of way line of the Union Pacific Railroad, following an 1860 foot radius nontangent curve, concave to the West, through a central angle of $21^{\circ}34'18''$ for an arc distance of 700.28 feet (recorded as 700.4 feet) to a concrete monument marking the Northeast corner of N.O.P. Park (a City of Pocatello Park), from which the East one quarter corner of Section 15 bears South $86^{\circ}53'02''$ East 109.83 feet;

thence South $89^{\circ}20'26''$ West on a nontangent line 1771.96 feet (recorded as South $89^{\circ}21'27''$ West 1771.60 feet) to the Northwest corner of N.O.P. Park, said corner marked with a 1/2-inch iron pin tagged LS-977; thence South $00^{\circ}04'43''$ West along the West boundary of N.O.P. Park 1300.68 feet to a point on the North right of way line of Eldredge Road;

thence South $89^{\circ}21'43''$ West along the North right of way line of Eldredge Road 739.45 feet to a point in the East right of way line of Polo Line Road; thence North $00^{\circ}32'32''$ West 3042.61 feet to the point of beginning.

Section 3: That, in light of the above findings, the Mayor and Council of the City of Pocatello hereby approve the Urban Renewal Projects and Plan for the East Center Urban Renewal Area described as follows:

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A tract of land in the East 1/2 of Section 25, T.6S., R.34E., described as follows:

Commencing at the northeast corner of Section 25, T.6S., R.34E., B.M.; thence in a Westerly direction along North line of Section 25, a distance of 347.34 feet to a point on the Westerly right of way line of Hospital Way, the same being the Southeast corner of Tuscan professional Plaza Subdivision, THE TRUE POINT OF BEGINNING; thence in a Southwesterly and Southerly direction along the Westerly right of way line of Hospital Way described by right of way deeds Instrument Nos. 96013182 and 676731 respectively approximately 1397 feet to the North 1/16 line of said Section 25; thence in a Easterly direction along said 1/16 line approximately 60 feet to the easterly right of way line of Hospital Way, which point also being the Northwest corner of a parcel of land described in Instrument No. 20505931 and conveyed to Bannock County, a political Subdivision of the state of Idaho; thence continuing Easterly along said North 1/16 line common with the North boundary line of said parcel of land approximately 440 feet to the North 1/16 corner on the East line of said Section 25; thence in Southerly direction along the east line of Section 25 a distance of 508.66 feet to the Southeast corner of the aforementioned parcel of land described in Instrument No. 20505931; thence in a Westerly direction along the Southerly boundary line of said parcel approximately 349 feet to the Southwest corner of said parcel on the Easterly right of way line of Hospital way; thence continuing Westerly along the extension the South boundary line of said parcel described in Instrument 20505931 approximately 75 feet to the Westerly right of Way line of Hospital Way; thence in Southeasterly direction along said right of way line described in right of way deed Instrument No. 677203 approximately 606 feet to the Northern most corner of lot 4, Block 1 of the Pocatello Professional Plaza commercial Subdivision the same being the Northern most corner of said subdivision; thence in Southwesterly direction along the North boundary line of said Subdivision and its Southwesterly extension approximately 1107 feet to Northern most corner of a parcel of land described in instrument No. 411920 and conveyed to Idaho Power Company; thence in a Southwesterly direction along the Northerly boundary line of said Idaho Power property approximately 164 feet to point on the Easterly right of way line of Interstate Hwy 15, Fed Aid Hwy project I-15-1(13)66, which point being opposite of and 200 feet Right of approximate centerline Station 169+46.56 of said Interstate Hwy survey; thence in a Northwesterly direction along the Easterly Right of Way line of said Interstate Highway 15 parallel with and 200 feet Easterly of the centerline of said Highway approximately 1853 feet to the beginning of the Easterly Right of Way line of the Center Street Interchange opposite of centerline Station 188+00.00 of said Highway survey; thence in a Northoasterly and a Northerly direction along said

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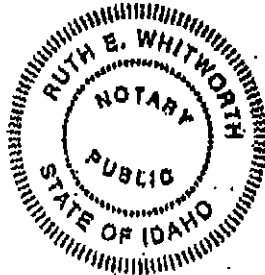
Interchange Right of Way line defined by several courses approximately 1083 feet to point opposite of and 490 feet right of centerline Station 198+00 of said Interstate Hwy survey, which point also being approximately 73.6' Southeast of the centerline Center Street; thence in a Easterly direction, leaving said Interstate Hwy right of way line, following the Northerly boundary line of a parcel of land described in Instrument 20211268 and conveyed to Diversified Holdings, LLC approximately 515 feet to an angle point in said boundary line; thence in a Northeasterly direction continuing along said boundary line approximately 260 feet to an angle point in the West boundary line of Tuscany Commercial Plaza Subdivision, the same being an angle point in the west boundary line of lot 8, Block 1 of said Subdivision; Thence in a Southeasterly and Northeasterly direction along said Subdivision boundary line common with the South boundary lines of lots 8 and 7, Block 1 of said Subdivision approximately 705 feet to the north line of Section 25, T.6S., R.34E., B.M., THE TRUE POINT OF BEGINNING.

Excepting therefrom that parcel described in Exhibit "A" attached.

Section 4: That in light of the proposed revenue allocation financing provision's compliance with the requirements of Idaho Code §50-2905, the Mayor and Council of the City of Pocatello hereby expressly adopt revenue allocation financing provisions for both the Naval Ordnance Plant Urban Renewal Area Plan and Projects and the East Center Urban Renewal Area Plan and Projects as herein described. Both of these revenue allocation provisions shall be in effect through the year 2030, unless retired sooner.

Section 5: That this ordinance shall be in full force and effect from and after its passage, approval, and publication according to law, the rule requiring that an ordinance be read on three separate occasions having been dispensed with.

PASSED AND APPROVED this 6th day of July, 2006.

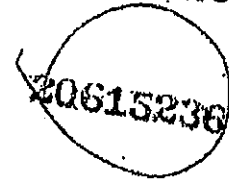


CITY OF POCATELLO, a municipal corporation of Idaho

Roger Chase
ROGER CHASE, Mayor

20625834

R
10-7



ATTEST:

Rhonda L. Johnson
RHONDA L. JOHNSON, City Clerk

PUBLISHED: July 12, 2006

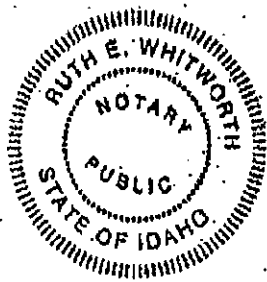
STATE OF IDAHO)

County of Bannock)

ss:

On this 7th day of July, 2006, before me, the undersigned, a Notary Public for the State, personally appeared Roger W. Chase and Rhonda L. Johnson, known to me to be the Mayor and City Clerk, respectively, of the City of Pocatello, and acknowledged to me that they executed the foregoing instrument for and on behalf of said municipal corporation and that said municipal corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the date and year in this certificate first above written.



Ruth E. Whitworth
NOTARY PUBLIC FOR IDAHO
Residing in Pocatello, Idaho
My commission expires: 4/16/08

20625834

EXHIBIT "A"

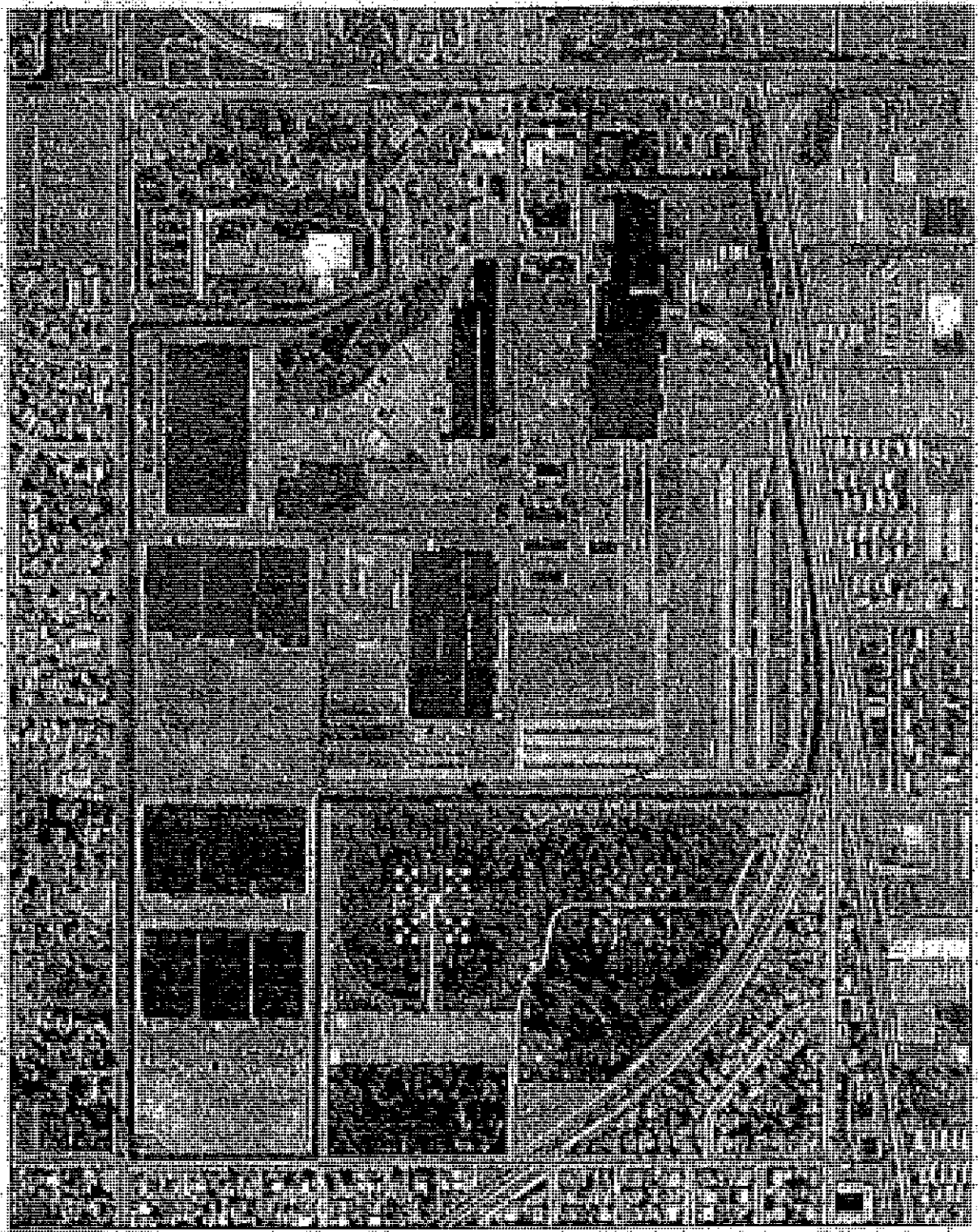
EXCEPTING THEREFROM: That portion of Hospital Way within the above described Urban Renewal Area, lying between the North 1/16 line of Section 25, T.6S., R.34E., B.M. and the Westerly projection of the Southerly boundary line of a parcel of land described in instrument 20505931 and conveyed to Bannock County, a political subdivision of the State of Idaho, which portion of Hospital Way being 60 foot wide and approximately 520 feet in length.


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Naval Ordnance Plant Urban Renewal Area

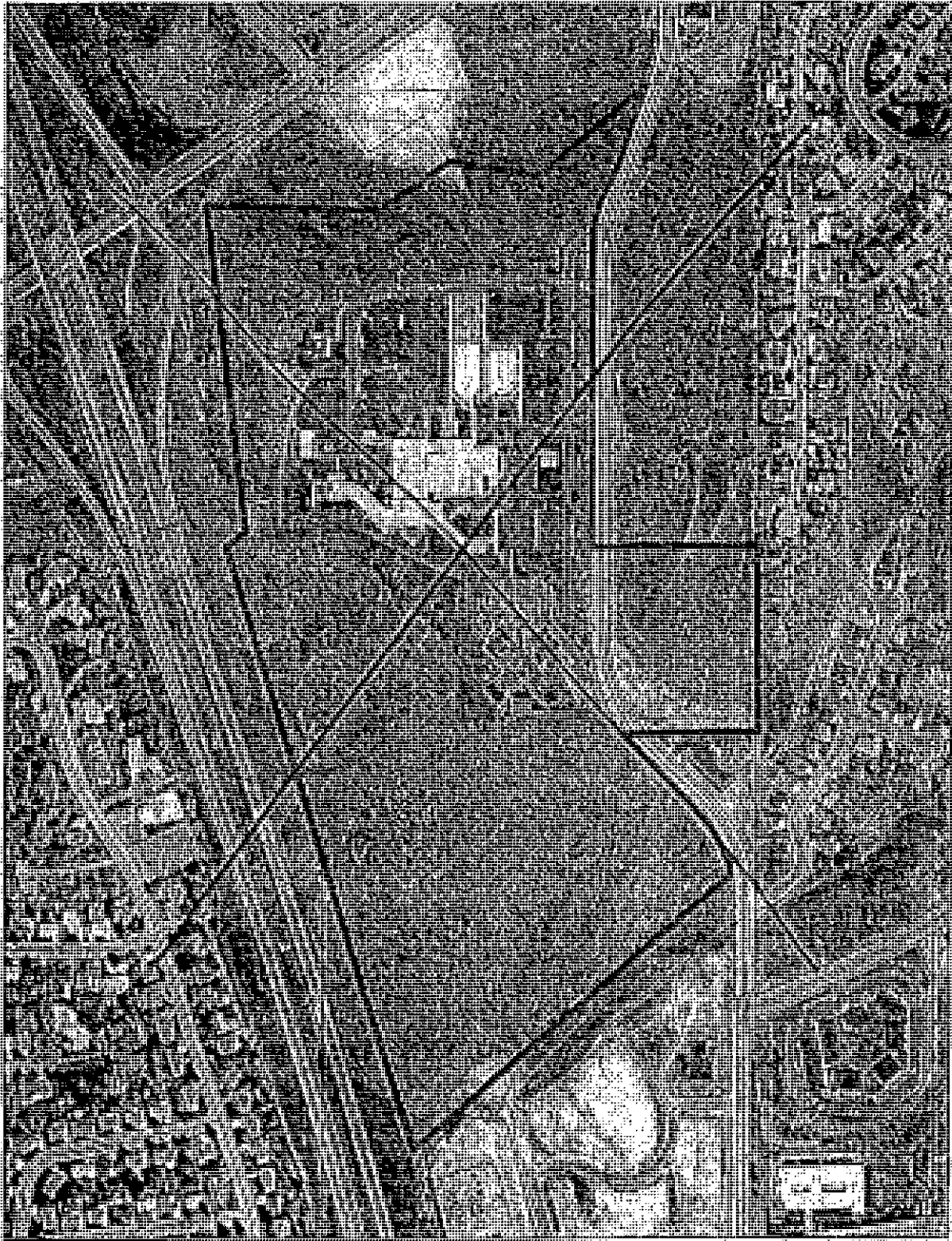


 Urban Renewal Area and Revenue Allocation District

1 inch equals 500 feet

The City of Pocatello does not guarantee any information contained in this map to be an accurate representation of actual conditions. No reproduction of this material in any form is authorized without written consent of the City of Pocatello.

12 10 78 20615236
East Center Street Urban Renewal Area



 East Center Urban Renewal Area and Previous Allocation Districts

Nothing herein shall constitute any
guarantee or warranty by the Department
of Public Works, and the Department
shall not be liable for any damages
resulting from the use of the information
herein.

1 inch equals 400 feet

20615236

1010
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CITY OF POCAHELLO

RECORDED AT REQUEST OF

REC - COUNTY (M)

2006 JUL 13 PM 2:06

OFFICIAL RECGRD BK# 585

REORDER

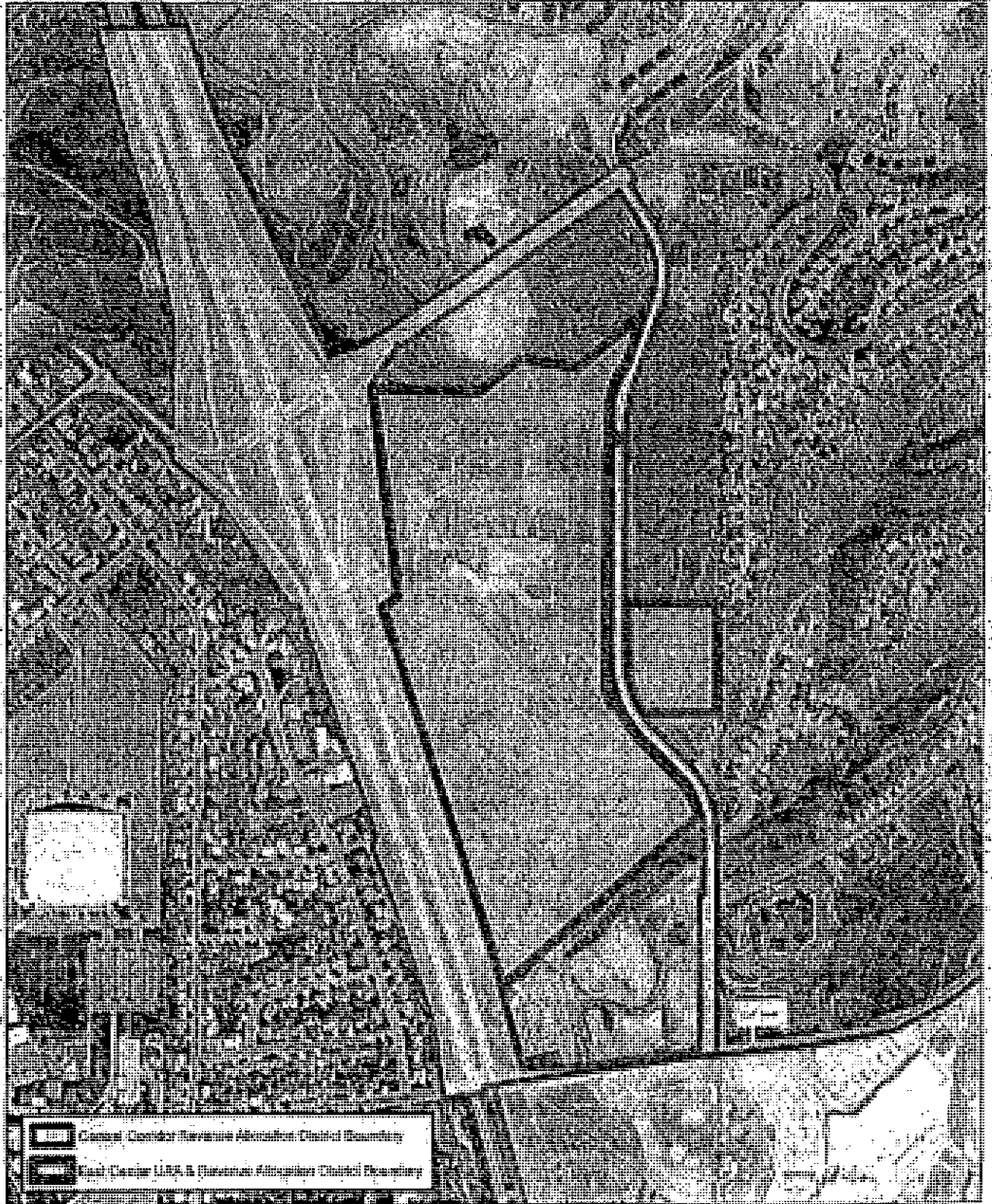
BANNOCK COUNTY IDAHO



CORRECTED

12-11

20625834

East Center Urban Renewal Area and Revenue Allocation Districts



 Central-Corridor Revenue Allocation District Boundary
 East Center URS & Sherman-Albuquerque District Boundary

1 inch equals 600 feet

Prepared by:
 Date:
 Title:
 Scale:

OFFICIAL RECORD BY # 881
BANK OF AMERICA

RECORDED AT REQUEST OF
FEE DEPUTY

Christina Recardo

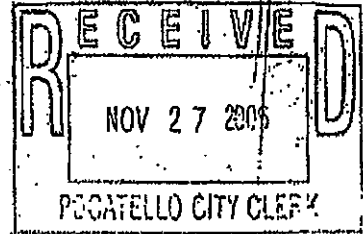
20625834

NOV 14 P 2:36

12-12

20625834

PROOF OF PUBLICATION



STATE OF IDAHO
County of Bannock

LN13509

ANTONEA BYRNE

being first duly sworn on oath deposes and says:

That SHE was at all times herein mention a citizen of the United States of America more than 21 years of age, and the Principal Clerk of the Idaho State Journal, a daily newspaper, printed and published at Pocatello, Bannock County, Idaho and having a general circulation therein.

That the document or notice, a true copy of which is attached, was published in the said IDAHO STATE JOURNAL, on the following dates, to-wit:

Nov 22 _____, 2006 _____, 2006
_____, 2006 _____, 2006
_____, 2006 _____, 2006
_____, 2006 _____, 2006

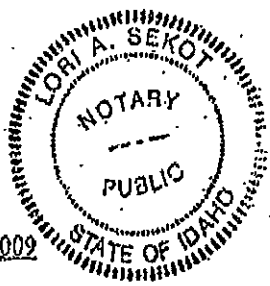
That said paper has been continuously and uninterruptedly published in said County for a period of seventy-eight weeks prior to the publication of said notice of advertisement and is a newspaper within the meaning of the laws of Idaho;

STATE OF IDAHO
COUNTY OF BANNOCK.

On this 22nd, day of NOV in the year of 2006, before me, a Notary Public, personally appeared ANTONEA BYRNE Known or identified to me to be the person whose name subscribed to the within instrument, and being by me first duly sworn, declared that the statements therein are true, and acknowledge to me that he executed the same.

Notary of Public

Residing at ARIMO
My Commission expires: FEB 2009



AN ORDINANCE OF THE CITY OF POCATELLO, A MUNICIPAL CORPORATION OF IDAHO, MAKING FINDINGS AS AN IDAHO CODE §50-2008 REQUISITE TO APPROVE TWO REVENUE ALLOCATION AREAS AND RESPECTIVE URBAN RENEWAL PLANS AND PROJECTS WITHIN THEIR RESPECTIVE URBAN RENEWAL AREAS, TO BE KNOWN AS A) THE NAVAL ORDINANCE PLANT URBAN RENEWAL PLAN AND B) THE EAST CENTER URBAN RENEWAL PLAN; ADOPTING REVENUE ALLOCATION FINANCING PROVISIONS AS PART OF BOTH OF THE URBAN RENEWAL PLANS PURSUANT TO IDAHO CODE §50-2906; PROVIDING THAT THIS ORDINANCE SHALL BE IN FULL FORCE AND EFFECT FROM AND AFTER ITS PASSAGE, APPROVAL PUBLICATION ACCORDING TO LAW, THE RULE REQUIRING AN ORDINANCE TO BE READ ON THREE SEPARATE OCCASIONS HAVING BEEN DISPENSED WITH.

WHEREAS, on July 14, 1988, the Pocatello City Council created by Resolution No. 1988-13 an urban renewal as pursuant to Idaho Code §50-2005, to be known as the Pocatello Development Authority; and

WHEREAS, on May 4, 2006, the Pocatello City Council approved the formation of two separate urban renewal areas by Resolution No. 2006-1; and

WHEREAS, the Pocatello Development Authority proposed urban renewal plans for two separate areas with revenue allocation financing provisions to the Community Development Commission for its review and recommendation; and that the Pocatello City Council for its approval, all pursuant to Idaho Code §§50-2008, 50-2905, and 50-2906; and

WHEREAS, a public hearing on the plans for projects within those areas, to be known as the Naval Ordinance Plant Urban Renewal Plan and the East Center Urban Renewal Plan, respectively, was scheduled before the Pocatello City Council at its regular meeting on June 15, 2006, which meeting was later continued to June 22, 2006, and notice of the same was published in the Idaho State Journal on May 30, 2006; and was, at the same time, transmitted to the governing body of each taxing district which levies taxes on property in the urban renewal area, pursuant to Idaho Code §50-5008 and §50-2906; and

WHEREAS, said public hearing was in fact held before the City Council on June 22, 2006; and

WHEREAS, after said hearing, the Council authorized the drafting of an ordinance approving both urban renewal plans and projects and adopting revenue allocation financing provisions therein for both; and

WHEREAS, copies of the urban renewal plans and projects, with each plan's revenue allocation financing provisions along with a recommendation from the Pocatello Development Authority and notice of the date of the public hearing regarding adoption of the plan and projects were delivered to the governing body of each taxing district which levies taxes on property in urban renewal area, pursuant to Idaho Code §50-2906;

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF POCATELLO AS FOLLOWS:

Section 1. That, pursuant to Idaho Code §50-2008, the Mayor and Council of the City of Pocatello, after due presentation of relevant information by City staff members and after the holding of a public hearing pursuant to statute on June 22, 2006, do hereby find:

- a. That no families will be displaced from either designated urban renewal area as a result of this urban renewal plan, and therefore no methods for relocating displaced families are required in the plan;
- b. That, as indicated by the review of both of these urban renewal plans by the Community Development Commission, the plans conform to the Comprehensive Plan of the municipality as a whole;
- c. That both the urban renewal plans recognize that both of the urban renewal areas are primarily commercial in nature and currently have adequate park and recreational areas and facilities without more being specifically required by the plans;
- d. That both the urban renewal plans will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the rehabilitation or redevelopment of each of the urban renewal areas by private enterprise.

Section 2. That, in light of the above findings, the Mayor and Council of the City of Pocatello hereby approve the Urban Renewal Projects and Plan for the Naval Ordinance Plant Urban Renewal Area described as follows:

A parcel of land located in the E. 1/4 of Section 15, Township 6 South, Range 34 East, Boise Meridian, Bannock County, Idaho portion of the land described in instrument no. 724847 of the records of Bannock County, Idaho, being more particularly described as follows:

Commencing at the North one quarter corner of Section 15, Township 6 South, Range 34 East, Boise Meridian, said corner marked with an aluminum capped monument, thence North 89°28'06" East 65.30 feet to a point in the East right of way line of Pole Line Road; thence South 01°18'55" East along the East right of way line of Pole Line Road 25.0 feet; thence continuing South 01°18'55" East 199.13 feet to an angle point; thence continuing along the East right of way line of Pole Line Road South 00°32'32" East 827.31 feet to the Southwest corner of the land described in instrument no. 732922 and depicted on the Record of Survey recorded as instrument no. 733159 of the records of Bannock County, Idaho, said corner marked with a 1/2-inch iron pin tagged LS-2852, the true point of beginning; thence following the South and East boundaries of the said land described in instrument no. 732922 for the next five courses: North 89°28'44" East 662.20 feet (recorded as North 89°28'06" East 662.24 feet) to a 1/2-inch iron pin tagged LS-2852; the North 89°28'28" East 327.72 feet (recorded as North 89°28'06" East 327.78 feet) to a 1/2-inch iron pin tagged LS-2852; thence North 00°31'05" West 274.76 feet (recorded as North 00°32'22" West 274.65 feet) to a 1/2-inch iron pin tagged LS-2852; thence South 89°24'46" West 64.24 feet (recorded as South 89°28'06" West 64.25 feet) to a 1/2-inch iron pin tagged LS-2852; thence North 07°33'48" West 417.76 feet (recorded as North 00°32'22" West 418.0 feet) to a point in the South right of way line of Infillary Road (commonly referred to as Colvin Road), said point marked with a 1/2-inch iron pin tagged LS-2852; thence North 89°28'06" East 354.97 feet along the South right of way line of Infillary Road to an angle point; said point marked with a 5/8-inch iron pin tagged PE/LS-2852; thence continuing along the South right of way line of Infillary Road North 87°45" East 470.47 feet (recorded as 470.62 feet) to the Northwest corner of the Armed Forces Reserve Training Area, said corner marked with a 1/2-inch iron pin tagged LS-977, a distance of 2.3 feet easterly of a State of Idaho right of way monument identified as be 65 feet left of centerline station 93+60 of the Yellowstone Highway-Queen Road Project; thence South 00°02'34" East 324.22 feet (recorded as South 00°01'29" East 324.93 feet) to the Southwest corner of the training area, said corner marked with a 1/2-inch iron pin tagged LS-977; thence North 89°57'26" East 614.32 feet (recorded as North 89°58'00" East 614.59 feet) to a brass cap monument set in concrete marking the Southeast corner of the said training area; thence South 04°45'04" East 1388.82 feet (recorded as South 04°45'24" East 1388.22 feet) along the West side right of way line of the Union Pacific Railroad to a point of curvature, said point marked with an untagged 1/2-inch iron pin, from which the center of curve bears South 81°22'61" West;

the Union Pacific Railroad, to a point of curvatures, said point marked with an iron pipe 15 feet in diameter, from which the center of the curve bears South 81°22'51" West; thence continuing along the Westerly right of way line of the Union Pacific Railroad, following a circular curve, the center of which curve, commencing to the West, through a point of angles of 273°41'00" for an arc distance of 700.28 feet, to a point of concrete monument marking the Northeast corner of N.O.P. Park (a City of Pocatello Park), from which the East line of the West 1/16 line of Section 15 bears South 89°30'02" East 109.65 feet; thence South 89°22'01" West on a non-tangent line 177.188 feet (recorded as South 89°21'27" West 177.160 feet) to the Northeast corner of N.O.P. Park, said corner marked with a 2-inch iron pin bearing S. 97°; thence South 00°14'43" West along the West boundary of N.O.P. Park 1300.68 feet to a point on the North right of way line of Eldredge Road; thence South 89°21'43" West along the North right of way line of Eldredge Road 739.45 feet to a point in the East right of way line of Pole Line Road; thence North 00°32'32" West 3042.61 feet to the point of beginning.

Section 3: That, in light of the above findings, the Mayor and Council of the City of Pocatello hereby approve the Urban Renewal Projects and Plan for the East Center Urban Renewal Area described as follows:
A tract of land in the East 1/2 of Section 25, T.6S., R.34E., B.M., described as follows:

Commencing at the northeast corner of Section 25, T.6S., R.34E., B.M.; thence in a Westerly direction along North line of Section 25, a distance of 347.34 feet to a point on the Westerly right of way line of Hospital Way, the same being the Southeast corner of Tuscany Professional Plaza Subdivision, THE TRUE POINT OF BEGINNING; thence in a Southwesterly and Southerly direction along the Westerly right of way line of Hospital Way described by right of way deeds Instrument Nos. 88013162 and 678731 respectively approximately 1387 feet to the North 1/16 line of said Section 25; thence in a Easterly direction along said 1/16 line approximately 60 feet to the easterly right of way line of Hospital Way, which point also being the Northwest corner of a parcel of land described in Instrument No. 20505931 and conveyed to Bannock County, a political subdivision of the state of Idaho; thence continuing Easterly along said North 1/16 line common with the North boundary line of said parcel of land approximately 440 feet to the North 1/16 corner on the East line of said Section 25; thence in Southerly direction along the East line of Section 25 a distance of 508.68 feet to the Southeast corner of the aforementioned parcel of land described in Instrument No. 20505931; thence in a Westerly direction along the Southerly boundary line of said parcel approximately 349 feet to the Southwest corner of said parcel on the Easterly right of way line of Hospital Way; thence continuing Westerly along the extension the South boundary line of said parcel described in Instrument 20505931 approximately 75 feet to the Westerly right of way line of Hospital Way; thence in Southeastery direction along said right of way line described in right of way deed instrument No. 677283 approximately 806 feet to the Northern most corner of lot 4, Block 1 of the Pocatello Professional Plaza commercial Subdivision the same being the Northern most corner of said subdivision; thence in Southwesterly direction along the North boundary line of said Subdivision and its Southwesterly extension approximately 1107 feet to Northern most corner of a parcel of land described in Instrument No. 411820 and conveyed to Idaho Power Company; thence in a Southwesterly direction along the Northern boundary line of said Idaho Power property approximately 184 feet to point on the Easterly right of way line of Interstate Hwy 16, Fed Aid Hwy project 145-1(13)68, which point being opposite of and 200 feet right of approximately centerline Station 169+48.58 of said Interstate Hwy survey; thence in a Northwesterly direction along the Easterly Right of Way line of said Interstate Highway 16 parallel with and 200 feet Easterly of the centerline of said Highway approximately 1653 feet to the beginning of the Easterly Right of Way line of the Center Street Interchange opposite of centerline Station 188+00.00 of said Highway survey; thence in a Northeasterly and a Northwesterly direction along said Interchange Right of Way line defined by several courses approximately 1083 feet to point opposite of and 490 feet right of centerline Station 198+00 of said Interstate Hwy 16 Hwy, which point also being approximately 73.6' Southeast of the centerline of Center Street; thence in a Easterly direction, leaving said Interstate Hwy right of way line, following the Northern boundary line of a parcel of land described in Instrument 20211288 and conveyed to Diversified Holdings, LLC approximately 515 feet to an angle point in said boundary line; thence in a Northeasterly direction continuing along said boundary line approximately 250 feet to an angle point in the West boundary line of Tuscany Commercial Plaza Subdivision, the same being an angle point in the west boundary line of lot 8, Block 1 of said Subdivision; Thence in a Southeastery and Northeasterly direction along said Subdivision boundary line common with the South boundary lines of lots 8 and 7, Block 1 of said Subdivision approximately 705 feet to the North line of Section 25, T.6S., R.34E., B.M., THE TRUE POINT OF BEGINNING.

Excepting therefrom that parcel described in Exhibit "A" attached.

Section 4: That in light of the proposed revenue allocation financing provision's compliance with the requirements of Idaho Code §90-2605, the Mayor and Council of the City of Pocatello hereby expressly adopt revenue allocation financing provisions for both the Naval Ordnance Plant Urban Renewal Area Plan and Projects and the East Center Urban Renewal Area Plan and Projects as herein described. Both of these revenue allocation provisions shall be in effect through the year 2030, unless relieved sooner.

Section 5: That this ordinance shall be in full force and effect from and after its passage, approval, and publication according to law, the rule requiring that an ordinance be read on three separate occasions having been dispensed with.

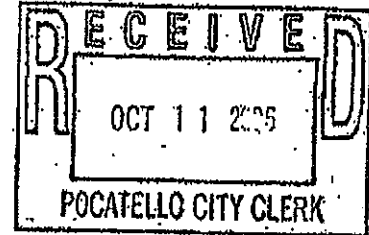
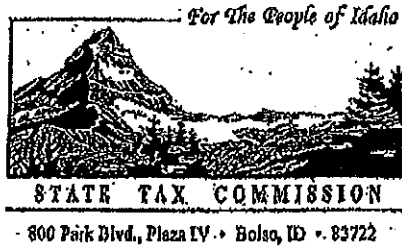
PASSED AND APPROVED this 6th day of July, 2006.
CITY OF POCATELLO, a municipal corporation of Idaho

/s/ Roger Chase
ROGER CHASE, Mayor

ATTEST: /s/ Rhonda L. Johnson
RHONDA L. JOHNSON, City Clerk

EXHIBIT "A"

EXCEPTING THEREFROM: That portion of Hospital Way within the above described Urban Renewal Area, lying between the North 1/16 line of Section 25, T.6S., R.34E., B.M. and the Westerly projection of the Southerly boundary line of a parcel of land described in Instrument 20505931 and conveyed to Bannock County, a political subdivision of the State of Idaho, which portion of Hospital Way being 60 feet wide and approximately 620 feet in length.



September 25, 2006

B. Tim Tingey
Neighborhood and Community Services Divi
911 North 7th Avenue
P.O. Box 4169
Pocatello, ID 83205

Subject: Ordinance No. 2797-2006-11A NAVAL ORDNANCE PLANT

Dear Mr. Tingey:

The Idaho State Tax Commission received the documentation that was provided for the creation of real property in NAVAL ORDNANCE PLANT, for tax year 2007. The Idaho State Tax Commission approves the map and legal description. This approval is limited to the acknowledgement that the map and legal description meets the requirements of Section 63-215 Idaho Code, and Idaho State Tax Commission Rule 225.

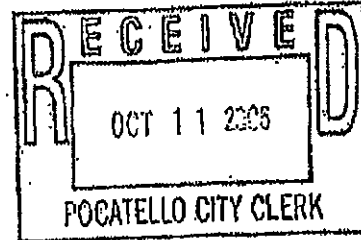
Even though this is an approval letter please review the documentation to ensure there are no issues and respond in a timely manner or it may be too late to make corrections. Please respond if the attached documentation is correct or if there are issues. You can contact me by email at gis@tax.idaho.gov or by phone at 208-334-7750. Thank you for your cooperation.

Sincerely,

Jeff Servatius
GIS Manager
Technical Support Bureau
Idaho State Tax Commission

CC:
Diane Bilyeu, Bannock County Assessor
Dale Hatch, Bannock County Clerk
B. Tim Tingey, Neighborhood and Comm. Serv. Div. Manager
Greg Cade, Property Appraisal Section Manager
Gary Houde, Senior Research Analyst

September 10, 2006



B. Tim Tingey
Planning & Developing Services
911 North 7th Avenue
Pocatello, Idaho 83205-4189

Subject: Ordinance No. 2797-2006-11B (East Center Street Urban Renewal)

Dear : Mr. Tingey

The Tax Commission has received and reviewed the above referenced action. This review cannot be completed because it does not comply with legal description and mapping requirements.

- Hospital Way is in the Con oldated Central Urban Renewal District. The description needs to except out this road.

Before this annexation can be processed for the 2007 year, the discrepancies listed need to be corrected. Thank you for your attention to the required legal descriptions and mapping requirements. If you have any questions, please call me at (208) 334-7760.

Sincerely,

Jeff Servatius
GIS Manager
Technical Support Bureau, Idaho State Tax Commission

CC:
Diana Bilyeu, Bannock County Assessor
Dale Hatch, Bannock County Clerk
Greg Cede, Property Appraisal Section Manager
Gary Houde, Senior Research Analyst

TO: Pocantello Development Authority

FROM: Robert Chambers, Director, Planning and Development Services
 Department
 Tim Tingoy, Division Manager, Neighborhood and Community Services

DATE: May 10, 2006

RE: Naval Ordnance Plant and East Center Street Urban Renewal Area and Revenue Allocation District Plans

Attached are the proposed plans for the Naval Ordnance Plant and East Center Street urban renewal and revenue allocation district areas. The levy obtained from the county and utilized for both plans (.023729804) was calculated by holding the levy rate constant through 2006-2007 and then including a 3% reduction of the levy rate for each of the next two years (2008-2009). In 2010 it has been reduced again, this time by 10% due to the anticipated Central Corridor Urban Renewal Area expiration which is projected to generate a broader tax base resulting in reductions to the levy rate. Also attached is a proposed timeline for approval of the plans which are summarized below:

Naval Ordnance Plant Urban Renewal Area Plan

The plan includes a proposed 20-year tax increment financing district (as shown on map attached to the plan). The following values and project costs are outlined:

<u>Beginning Year</u>	<u>Construct Value</u>	<u>(x) Years</u>	<u>Total Increment Value</u>
2006	\$12,500,000	20	\$4,274,255
Project Potential:	Building Façade Treatment(s) Equipment upgrades & enhancements		\$2,300,000
	Rail Line Refurbishment		\$ 500,000
	Road Construction		\$ 500,000
	Construction Contingencies		\$ 330,000
	Total Project Cost		\$3,630,000

East Center Street Urban Renewal Area Plan

The proposed plan includes a 24-year tax increment financing district (see attached map defining the area). Values and projects costs are outlined as follows:

<u>Beginning Year</u>	<u>Construct Value</u>	<u>(x) Years</u>	<u>Total Increment Value</u>
2006	\$136,979,361	24	\$39,552,770
Project Potential:	Building Construction and Site Work		\$25,000,000
	Contingency Costs (10%)		\$2,500,000
	Total		\$27,500,000

Planning and Development Services staff recommends approval of the plans and requests the PDA to forward the plans to the City Council for the public review process. If you have any questions, you may contact Robert at 234-6583 or Tim at 234-6188.

**NAVAL ORDINANCE PLANT AND EAST CENTER URBAN
RENEWAL AREA PLANS**

Public Hearing and Input Process Timelines

Item	Date
PDA makes formal recommendation to the City Council on Plans	May 17, 2006
Pocatello City Council forwards plan to the Community Development Commission for review and recommendation as to its conformity with the Comprehensive Plan	May 18, 2006
Community Development Commission reviews and provides recommendation as to its conformity with the Comprehensive Plan	May 24, 2006
City runs notice of public hearing for final reading of adopting ordinance. City transmits notice, plan and PDA recommendation to each taxing district	May 29, 2006
City Council holds public hearing on plan and directs preparation of ordinance for the following meeting	June 15, 2006
City Council reads ordinance on suspension of Rules	July 6, 2006
Map Preparation and mailing of map/ordinance to taxing districts within 30 days	July, 2006

**NAVAL ORDNANCE PLANT
URBAN RENEWAL AREA
IMPROVEMENT PLAN**

A Pocatello Revenue Allocation Financing District

An Urban Renewal Plan

POCATELLO DEVELOPMENT AUTHORITY

Proposed Plan

May 2006

CITY OF POCATELLO

Naval Ordnance Plant Urban Renewal Area Improvement Plan Table of Contents

ACKNOWLEDGEMENTS

Pocatello Development Authority
City Officials
Table of Contents

I. INTRODUCTION

Background
Purpose of the Plan

II. NAVAL ORDNANCE PLANT URBAN RENEWAL AREA DESCRIPTION

III. PROJECT PLAN

Project Description
Project Costs and Revenues

IV. ECONOMIC FEASIBILITY STUDY

V. CONFORMANCE WITH STATE LAW

VI. PLAN DURATION

VII. AMENDMENT PROCEDURES

VIII. SEVERABILITY

IX. CONCLUSION

ATTACHMENTS

1. Naval Ordnance Plant/Revenue Allocation Map
2. Naval Ordnance Plant Urban Renewal Area & Revenue Allocation
District Legal Description
3. Recommendation of the PDA
4. Recommendation of the CDC
5. Ordinance and Legal Description of the City Council adopting the plan

Acknowledgements

Pocatello City Council:

Roger Chase	Mayor
Roger Bray	Council Member
Ron Frasure	Council Member
Gary Moore	Council Member
Eva Nye	Council Member
Richard Stallings	Council Member
Brian Underwood	Council Member

Pocatello Development Authority:

Steve Brown	Chair Person/Commissioner
Terry Brower	Commissioner
Mayor Roger Chase	Commissioner
Darsi Foster-Johnson	Commissioner
Jim Guthrie	Commissioner
Ken Monroe	Commissioner
John Ricks	Commissioner
Dan Schroeder	Commissioner
Richard Stallings	Commissioner
Dean Tranmer	Attorney to the Commission
Darcy Taylor	Secretary to the Commission

Bannock Development Corporation:

Gynii Gilliam	Executive Director
Sari David	Administrative Assistant

City of Pocatello Planning and Development Services Department:

Robert Chambers	Director
Tim Tingey	Division Manager, Neighborhood & Community Services

I. INTRODUCTION

The Pocatello Development Authority (PDA) was created by the City of Pocatello on July 14, 1988, and was granted authority by the City of Pocatello to undertake urban renewal projects which may be facilitated through the use of tax increment financing. The PDA helps to ensure that appropriate development takes place in areas of greatest need.

Planning is essential to ensure that development efforts create both an environment of convenience and safety for neighborhood residents, and increased opportunities for businesses to succeed. This Naval Ordnance Plant Urban Renewal Plan, once implemented, will be the vehicle to provide a more conducive atmosphere for business operation in the City, and enhance opportunities for businesses wishing to relocate to Pocatello.

This plan identifies projects and describes the process for enhancing this area in the City through efforts of the Pocatello Development Authority and the City of Pocatello.

Background

The Pocatello Development Authority (PDA) in the meeting of May 17, 2006 made the following recommendation (SEE ATTACHMENT):

The PDA recommended the creation of a Revenue Allocation District for the Gateway Industrial Park (a former Naval Ordnance Plant and is located at the southeast corner of Poleline Road and Yellowstone Avenue). This recommendation initiated creation of the improvement plan contained herein:

The recommendation of the PDA, as outlined, is consistent with the goals of the City and is allowed by the State of Idaho Urban Renewal Law (Chapter 20, Title 50, Idaho Code). Accordingly, this Naval Ordnance Plant Urban Redevelopment Area Improvement Plan directs use of revenue allocation financing to accomplish the following:

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

Purpose of the Plan

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

1. Leveling or reducing the City's levy rate by increasing the tax base through more aggressive redevelopment of underutilized areas;
2. Partnering with the private sector to enhance development and to attract new or expanded businesses to improve the Pocatello economy;
3. Targeting areas in need of public infrastructure improvements;
4. Utilizing more effectively the powers granted to the PDA in the pursuit of redevelopment activities. Such powers include:
 - a. carrying out urban renewal projects;
 - b. making and executing contracts and other instruments;
 - c. disseminating slum clearance and urban renewal information;
 - d. repairing streets, roads, public utilities or other facilities;
 - e. installing streets, utilities, parks, playgrounds, off-street parking facilities, public facilities, or other facilities;
 - f. entering buildings or property to make inspections, surveys, appraisals, soundings or test borings;
 - g. acquiring by purchase, lease, option, gift, grant, bequest, devise, eminent domain or otherwise, any real property or personal property for its administrative purposes;
 - h. holding, improving, renovating, rehabilitating, clearing or preparing for redevelopment any such property or buildings;
 - i. mortgaging, pledging, hypothecating or otherwise encumbering or disposing of any real property;
 - j. insuring or providing for the insurance of any real or personal property or operations of the municipality;
 - k. demolishing and removing structures on property;
 - l. investing urban renewal funds;
 - m. borrowing money and applying for and accepting advances, loans, grants, contributions, and any other form of financial assistance;
 - n. creating, modifying and executing plans which may include programs of voluntary compulsory repair and rehabilitation of buildings and improvements;
 - o. conducting appraisals, title searches, surveys, studies, and other plans and work necessary to prepare for the undertaking of urban renewal projects;
 - p. developing, testing, and reporting methods and techniques, and carrying out demonstrations for the prevention and elimination of slums and urban blight;
 - q. developing new or improved means of providing housing;
 - r. accepting and utilizing grants of funds from the federal government;

- s. assisting in the relocation of persons displaced from an urban renewal area;
- t. exercising all or any part or combination of powers herein granted.

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

II. NAVAL ORDNANCE PLANT URBAN RENEWAL AREA DESCRIPTION AND DETERIORATED OR DETERIORATING CONDITIONS ANALYSIS

The Urban Renewal Area boundary and Revenue Allocation District are identified with the same boundaries. The area is legally described in Attachment I. State Urban Renewal Law and the Local Economic Development Act identify a number of conditions that qualify an area for urban renewal status. The following presents an analysis and reasoning why the proposed Naval Ordnance Plant area should be included as part of an Urban Renewal Area.

Idaho Code 50-2002 outlines a finding and declaration of necessity which states that areas that impose onerous municipal burdens which decrease the tax base, and reduce tax revenues, substantially impairs or arrests the sound growth of municipalities and among other things aggravates traffic problems in an area will qualify to be included in an Urban Renewal Area. Additionally, in Idaho Code 50-2903 areas in which there is a predominance of buildings or improvements... which by reason of dilapidation, deterioration, age or obsolescence... contributes to the economic underdevelopment of an area qualify for assistance.

The Naval Ordnance Plant is property that is in need of improvement in the areas of building and infrastructure improvements. These deteriorating facilities have contributed to under use of the site for businesses and industry for several years. Several site issues currently impede redevelopment including:

- Poor building façade;
- Rail line deterioration;
- Equipment obsolescence (including needed upgrades to the crane equipment and facilities to bring up to current certified specifications);
- Road deterioration.

Without addressing these conditions, the feasibility of additional development in this area in the near future is minimal. Additionally, the range of issues and the costs associated with redevelopment contributes to the ongoing underutilization of this area and prompts the need to establish the Naval Ordnance Plant Urban Renewal Area.

III. PROJECT PLAN

The project list outlined in this plan may be funded (all or part), if the PDA and Council decide to utilize tax increment financing funds as they become available from new construction. A description of the projects with estimated costs are as follows:

TABLE 1. Project Costs

PROJECT	COST
Building Façade and Equipment Upgrades and Enhancements	\$2,300,000
Rail Line Refurbishment	\$500,000
Road Reconstruction	\$500,000
Construction Contingency (10%)	\$330,000
TOTAL	\$3,630,000

Project Description

- **Building Façade and Equipment Upgrades**—Exterior and interior improvements to buildings and needed equipment and facility enhancements to accommodate the needs of potential tenants of the site. Equipment upgrades are also included (including necessary enhancements to the overhead crane equipment) to ensure location and certification requirements of tenants.
- **Rail Line Refurbishment**—Repair an estimated 2,500 railroad ties including spikes, plugs and splice bars. This work would cover approximately 5,000 linear feet of track.
- **Road Reconstruction**—Construction of new roads (on site and off site), widening and improving roadways, realignment and signalization work and infrastructure including installation of curb, gutter, sidewalk, patch back, streetscape enhancements, landscaping, irrigation, lighting, signalization, signs, banners and intersection radii, and railroad crossing improvements where needed for development of a particular site. Additionally, any roadway upgrades necessary to facilitate redevelopment of certain sites within the Revenue Allocation District Area.
- **Contingency costs**—An additional cost was calculated for work related to construction related costs including an increase in capital costs due to the length of time that it may take to complete the project and any other associated costs with the project.

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

TABLE 2. Project Costs and Revenues

ITEM	AMOUNT	TOTAL
REVENUES		
Revenue Allocation Proceeds	\$4,274,255	
Sub-Total		\$4,274,255
COSTS		
Building Façade and Equipment Upgrades and Enhancements	\$2,300,000	
Rail Line refurbishment	\$500,000	
Road reconstruction	\$500,000	
Contingency Cost (10%)	\$330,000	
Subtotal		\$3,630,000
Ending District Balance		\$644,255

IV. ECONOMIC FEASIBILITY STUDY

The following tables provide a breakdown of base-assessed valuations for the proposed revenue allocation district for the Naval Ordnance Plant Urban Renewal Area. An analysis of the tax levy rates applied in calculating tax collection for taxing entities and the Naval Ordnance Plant Revenue Allocation District is described below. The 2005 tax levies for each of the five taxing jurisdictions are as follows:

<u>Taxing Jurisdictions</u>	<u>Tax levy¹</u>
City of Pocatello	.010000107
Bannock County	.005486124
School District # 25	.007568991
County Road & Bridge	.000402417
Ambulance	.000272165
Total	.023729804

Table 3 shows the amount of revenue that the taxing jurisdictions will be allocated based upon the base year value of the revenue allocation district for the Naval Ordnance Plant Urban Renewal Plan.

Table 3

Taxing Entity	² Tax Levy	Naval Ordnance Plant Area Valuation	Revenue
City of Pocatello	.010000107	\$3,449,470 ³	\$34,495.07
Bannock County	.005486124	\$3,449,470	\$18,924.22
School District #25	.007568991	\$3,449,470	\$26,109.01
County Road & Bridge	.000402417	\$3,449,470	\$1,388.13
Ambulance	.000272165	\$3,449,470	\$938.83
Total	.023729804		\$81,855.26

Table 4 outlines the net increase potential obtained from the estimated post construction value on the property after a 14 year¹ period.

Table 4

Value of Taxable Property in Revenue Allocation Area			
Property	2006 Base Value	Estimated Post-Construction Value	Net Increase
Proposed Naval Ordnance Plant Improvement Site	\$3,449,470	\$15,949,470	\$12,500,000

Table 5 provides an analysis of the estimated revenue to the PDA from new construction value within the Naval Ordnance Plant Revenue Allocation District. Levy rates based on current rate determinations are applied and the net revenue to be collected and distributed to the PDA is figured by subtracting the standard amount allocated to School District #25 in compliance with State Law.

¹ Obtained from Bannock County Auditor's Office

² 2005 tax levy rate obtained from Bannock County Auditor's office

³ Obtained from Bannock County Assessment rolls and includes a 3% estimated amount for utilities which are included as base value.

TABLE 5.

Year 12 months ending.	TIF Tax Value ⁴	⁵ Tax Levy Rate	Gross Tax Revenue	School Levy Rate (.004 per Idaho Code 50-2908)	Net Revenue to PDA
2006		.023729804			
2007	\$12,500,000	.023729804	\$296,623	\$50,000	\$246,623
2008	\$12,500,000	.023017909	\$287,724	\$50,000	\$237,724
2009	\$12,500,000	.023017909	\$287,724	\$50,000	\$237,724
2010	\$12,500,000	.020716118	\$258,952	\$50,000	\$208,952
2011	\$12,500,000	.020716118	\$258,952	\$50,000	\$208,952
2012	\$12,500,000	.020716118	\$258,952	\$50,000	\$208,952
2013	\$12,500,000	.020716118	\$258,952	\$50,000	\$208,952
2014	\$12,500,000	.020716118	\$258,952	\$50,000	\$208,952
2015	\$12,500,000	.020716118	\$258,952	\$50,000	\$208,952
2016	\$12,500,000	.020716118	\$258,952	\$50,000	\$208,952
2017	\$12,500,000	.020716118	\$258,952	\$50,000	\$208,952
2018	\$12,500,000	.020716118	\$258,952	\$50,000	\$208,952
2019	\$12,500,000	.020716118	\$258,952	\$50,000	\$208,952
2020	\$12,500,000	.020716118	\$258,952	\$50,000	\$208,952
2021	\$12,500,000	.020716118	\$258,952	\$50,000	\$208,952
2022	\$12,500,000	.020716118	\$258,952	\$50,000	\$208,952
2023	\$12,500,000	.020716118	\$258,952	\$50,000	\$208,952
2024	\$12,500,000	.020716118	\$258,952	\$50,000	\$208,952
2025	\$12,500,000	.020716118	\$258,952	\$50,000	\$208,952
2026	\$12,500,000	.020716118	\$258,952	\$50,000	\$208,952
Total					\$4,274,255

The total revenue amount that may be received by the PDA over 20 years is estimated at approximately \$4,274,255. This amount would be available to finance improvement projects within the Naval Ordnance Plant Urban Renewal Area.

VI. CONFORMANCE WITH STATE LAW

Redevelopment activities for the Naval Ordnance Plant Urban Renewal Area are governed by two applicable sections of Idaho Code: the Idaho Urban Renewal Law (Chapter 20, Title 50, Idaho Code) and the Idaho Local Economic Development Act (Chapter 29, Title 50, Idaho Code).

⁴ The TIF tax value (construction value) is projected to increase over time due to phased development through the life of the 20 year district.

⁵ Calculations include holding the levy rate constant through 2006-2007 and then including a 3% reduction of the levy rate for two years (2008-2009). In 2010, it is reduced again, this time by 10% due to the anticipated Central Corridor Urban Renewal Area expiration which will generate a broader tax base resulting in a reduction in the levy rate.

The Idaho Legislature passed the Urban Renewal Law in 1965. Under this law, a Mayor and Council can declare areas as deteriorating, and declare that the rehabilitation, conservation, and redevelopment of such areas is in the interest of the public's health, safety, morals or welfare (Idaho Code 50-2008). The Urban Renewal Law also states that an area of a city that "constitutes an economic and social liability imposing onerous municipal burdens which decrease the tax base and reduce tax revenues, substantially impairs or arrests the sound growth of municipalities, retards the provision of housing accommodations, aggravates traffic problems and substantially impairs or arrests the elimination of traffic hazards and the improvement of traffic facilities..." may be designated an urban renewal area.

The Idaho Legislature passed the Local Economic Development Act in 1988. This act states: "An authorized municipality is hereby authorized and empowered to adopt, at any time, a revenue allocation financing provision, as described in this chapter, as part of an urban renewal plan... A revenue allocation financing provision may be adopted either at the time of the original adoption of an urban renewal plan or the creation by ordinance of a competitively disadvantaged border community area, or thereafter, as a modification of an urban renewal plan or the ordinance creating the competitively disadvantaged border community area." (Idaho Code 50-2904)

In addition to this, Idaho Code 50-2906 states: "The local governing body of an authorized municipality must enact an ordinance in accordance with Chapter 9, Title 50, Idaho Code, and Section 50-2008, Idaho Code. To modify an existing urban renewal plan, to add or change a revenue allocation, an authorized municipality must enact an ordinance... and conduct a public hearing." (Idaho Code 50-2906) This part of the Idaho Code specifically implies that a local municipality must enact an ordinance before redevelopment can take place.

The Naval Ordnance Plant Urban Renewal Plan proposed within this document follows the guidelines prescribed within Idaho Code for the development of Urban Renewal Areas and Revenue Allocation Districts.

VIII. PLAN DURATION

The plan shall be in effect and enforceable for a period of time necessary to finance all designated improvements and all debt obligations the PDA may incur in connection with such improvements. This term may be amended as allowed by law.

X. AMENDMENT PROCEDURES

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

XI. SEVERABILITY

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

XII. CONCLUSION

The Naval Ordnance Plant Urban Renewal Plan is designed to ameliorate deteriorating conditions which are causing economic under-development of the area and substantially impairing the sound and continued growth of Pocatello. The plans call for extensive building and equipment upgrades along with road and railway enhancements.

Implementation of the plan will provide the capacity necessary to foster sound growth of the municipality, increase the tax base and tax revenues, encourage economic stability of the community, increase job creation, and improve the health, safety, and welfare of the community.

The Pocatello Development Authority recommends that the City approve and cooperate in carrying out the purposes of this Plan.

**POCATELLO DEVELOPMENT AUTHORITY
NAVAL ORDINANCE PLANT FUND CASH FLOW PROJECTIONS
2008 THROUGH 2028**

YEARS ENDED	Budget 2008	YTD 2008 As of September	Remaining 2008	Budget 2009	Budget 2010	Budget 2011	Budget 2012 - 2028
Previous Year Balance:	\$0.00	\$0.00	\$5,261.30	\$5,261.30	\$11,261.30	\$16,261.30	\$21,261.30
INCOME:							
Property taxes	0.00	5,261.30	0.00	6,000.00	80,000.00	80,000.00	1,280,000.00
Interest on trust accounts			0.00				
Loan from General Fund	75,000.00	75,000.00	0.00				
Total Projected Income:	75,000.00	80,261.30	0.00	6,000.00	80,000.00	80,000.00	1,280,000.00
EXPENSE:							
Log Homes (\$225,000.)	75,000.00	75,000.00	0.00			75,000.00	75,000.00
Owner Contract			0.00				760,000.00
Repay loan to General Fund			0.00		75,000.00		
			0.00				
			0.00				
			0.00				
Total Projected Expense:	75,000.00	75,000.00	0.00	0.00	75,000.00	75,000.00	825,000.00
CALCULATED ANNUAL BALANCE	\$0.00	\$5,261.30	\$5,261.30	\$11,261.30	\$16,261.30	\$21,261.30	\$476,261.30

**POCATELLO DEVELOPMENT AUTHORITY
NAVAL ORDINANCE PLANT FUND CASH FLOW PROJECTIONS
2009 THROUGH 2028**

YEARS ENDED	Budget 2009	Actual 2009	Remaining 2009	Budget 2010	Budget 2011	Budget 2012	Budget 2013 - 2028
Previous Year Balance:	\$5,261.30	\$5,261.30	\$5,898.54	\$5,898.54	\$6,535.78	\$7,173.02	\$7,800.26
INCOME:							
Property taxes	6,000.00	75,637.24	-69,637.24	75,637.24	75,637.24	75,627.24	1,134,408.60
Interest on trust accounts			0.00				
Loan from General Fund			0.00				
Total Projected Income:	6,000.00	75,637.24	-69,637.24	75,637.24	75,637.24	75,627.24	1,134,408.60
EXPENSE:							
Log Homes (\$225,000.)			0.00	75,000.00	75,000.00	75,000.00	
Owner Contract (RDA)			0.00				
Repay loan to General Fund		75,000.00	-75,000.00				750,000.00
			0.00				
			0.00				
Total Projected Expense:	0.00	75,000.00	-75,000.00	75,000.00	75,000.00	75,000.00	750,000.00
CALCULATED ANNUAL BALANCE	\$11,261.30	\$5,898.54	\$11,261.30	\$6,535.78	\$7,173.02	\$7,800.26	\$392,208.86
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 2010	YTD 2010 As of September	Remaining 2010	Budget 2011	Budget 2012	Budget 2013	Budget 2014 - 2028
Previous Year Balance:	\$5,898.54	\$5,898.54	\$33,987.08	\$6,535.78	\$7,173.02	\$7,800.26	\$8,427.50
INCOME:							
Property taxes	75,637.24	88,444.13	-12,806.89	75,637.24	75,627.24	75,627.24	1,058,781.36
Interest on trust accounts			0.00				
Loan from General Fund			0.00			675,000.00	
Total Projected Income:	75,637.24	88,444.13	-12,806.89	75,637.24	75,627.24	750,627.24	1,058,781.36
EXPENSE:							
Log Homes (\$225,000.)	75,000.00		75,000.00	75,000.00	75,000.00		
Owner Contract (RDA)			0.00			750,000.00	
Repay loan to General Fund			0.00				750,000.00
Sewer line flushing		60,355.59	0.00				
			0.00				
			0.00				
Total Projected Expense:	75,000.00	60,355.59	75,000.00	75,000.00	75,000.00	750,000.00	750,000.00
CALCULATED ANNUAL BALANCE	\$6,535.78	\$33,987.08	-\$53,819.81	\$7,173.02	\$7,800.26	\$8,427.50	\$317,208.86

**POCATELLO DEVELOPMENT AUTHORITY
NAVAL ORDINANCE PLANT FUND CASH FLOW PROJECTIONS
2011 THROUGH 2028**

YEARS ENDED	Budget 2011	YTD 2011 As of September	Remaining 2011	Budget 2012	Budget 2013	Budget 2014	Budget 2015	Budget 2016 - 2028
Previous Year Balance:	\$31,987.08	\$31,987.08	\$224,891.29	\$224,891.29	\$529,891.29	\$109,891.29	\$239,891.29	\$469,891.29
INCOME:								
Property taxes	82,000.00	230,649.21	-148,649.21	230,000.00	230,000.00	230,000.00	230,000.00	230,000.00
Whisper Creek payback			0.00	75,000.00				
Loan from General Fund			0.00		100,000.00			
Total Projected Income:	82,000.00	230,649.21	-148,649.21	305,000.00	330,000.00	230,000.00	230,000.00	230,000.00
EXPENSE:								
Log Homes (\$225,000.)			0.00					
Owner Contract (RDA)			0.00		750,000.00			
Repay loan to General Fund			0.00			100,000.00		
Sewer line flushing		14,710.00	0.00					
Administrative fee to General Fund			0.00					453,997.95
Sewer inspection station		23,035.00	0.00					
Total Projected Expense:	0.00	37,745.00	0.00	0.00	750,000.00	100,000.00	0.00	453,997.95
CALCULATED ANNUAL BALANCE	\$113,987.08	\$224,891.29	\$76,242.08	\$529,891.29	\$109,891.29	\$239,891.29	\$469,891.29	\$245,893.34

POCATELLO DEVELOPMENT AUTHORITY
NAVAL ORDINANCE PLANT FUND CASH FLOW PROJECTIONS
2012 THROUGH 2028

YEARS ENDED	Budget 2012	YTD 2012 As of September	Remaining 2012	Budget 2013	Budget 2014	Budget 2015	Budget 2016	Budget 2017 - 2028
Previous Year Balance:	\$226,891.29	\$226,891.29	\$415,635.04	\$415,635.04	\$120,635.04	\$245,635.04	\$535,635.04	\$625,635.04
INCOME:								
Property taxes	305,000.00	188,743.75	116,256.25	290,000.00	290,000.00	290,000.00	290,000.00	290,000.00
Whisper Creek payback			0.00					
Loan from General Fund			0.00	165,000.00				
Total Projected Income:	305,000.00	188,743.75	116,256.25	455,000.00	290,000.00	290,000.00	290,000.00	290,000.00
EXPENSE:								
Log Homes (\$225,000.)			0.00					
Owner Contract (RDA)			0.00	750,000.00				
Repay loan to General Fund			0.00		165,000.00			
Sewer line flushing			0.00					
Administrative fee to General Fund			0.00					453,997.95
Sewer inspection station			0.00					
Total Projected Expense:	0.00	0.00	0.00	750,000.00	165,000.00	0.00	0.00	453,997.95
CALCULATED ANNUAL BALANCE	\$531,891.29	\$415,635.04	\$531,891.29	\$120,635.04	\$245,635.04	\$535,635.04	\$825,635.04	\$661,637.09

ECONOMIC DEVELOPMENT GRANT AGREEMENT

This Agreement is made this 4th day of February, 2008, between Petersen Inc., a Utah corporation, (hereinafter referred to as "Petersen") whose address is 1527 North 200 West, Ogden, UT 84404, and the Pocatello Development Authority, an urban renewal agency formed under the laws of the State of Idaho (hereinafter referred to as "PDA") whose address is 1651 Alvin Ricken Drive, Pocatello, ID 83201.

1. Recitals

1.1 Petersen intends to establish a custom steel fabrication business which shall be located in the Naval Ordnance Plant Urban Renewal Area within the City of Pocatello, Idaho.

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

1.3 As a part of the incentive package offered to Petersen in return for Petersen's commitment to establish a custom steel fabrication business in Pocatello, Idaho, the Regional Development Alliance, Inc., agreed to make funds available through an interest free loan in the amount of Seven Hundred Fifty Thousand Dollars (\$750,000.00), which funds are earmarked for Petersen's use in locating its business operation in Pocatello, Idaho, and for the improvement of the facilities to be used by Petersen which are located within the Naval

COPY

Ordinance Plant Urban Renewal Area. A copy of the Regional Development Alliance, Inc./Petersen Loan Agreement is attached hereto and incorporated herein.

1.4 PDA has determined that the establishment of a custom steel fabrication plant represents the type of urban area development which it can assist with and support under the applicable statutes; and that such assistance and support will promote economic development of the area by creating jobs and increasing the tax base consistent with the applicable urban renewal plan. For that reason, PDA has committed to guarantee the repayment of the no interest loan from the Regional Development Alliance, Inc., discussed in paragraph 1.3 of this Agreement.

1.5 By this Agreement, PDA and Petersen wish to memorialize their mutual undertakings and commitments with respect to the project described herein and therefore, agree as follows:

2. Provisions for the Repayment of Economic Development Funds

2.1 To further the proposed development and increased tax base expected therefrom, PDA agrees to guarantee the repayment of the sum of Seven Hundred Fifty Thousand Dollars (\$750,000.00) provided to Petersen through a no interest loan from the Regional Development Alliance, Inc.

2.2 In return for PDA's agreement to repay said funds, Petersen agrees to locate a custom steel fabrication plant in Pocatello, Idaho for a continuous period of not less than ten (10) years, subject to the following conditions:

A. The minimum number of full-time employment positions continuously provided and filled by Petersen during the ten (10) year period shall not be less than one hundred (100) positions at any one time.

B. The wage paid to qualifying full time employment positions during the ten year period shall at a minimum be fourteen dollars (\$14.00) per hour.

C. The term of the continuous ten year period of relocation shall begin on the first day that Petersen achieves the threshold of employing one hundred employees with a minimum wage of fourteen dollars (\$14.00) per hour, as described in paragraph B above.

D. Petersen agrees to submit to an employee verification study to be conducted by or at the direction of PDA upon reasonable notice. Petersen and PDA agree to cooperate in the exchange of information for said study which may be conducted as frequently as every six months, but no less than once per year, so long as Petersen is in compliance with the employment requirements provided in paragraphs A and B above. In the event Petersen fails or refuses to meet any of the requirements of paragraphs A and B above, PDA reserves the right to conduct an employee verification study as frequently as every three months until Petersen is in compliance for two consecutive verification studies. For the purpose of this section, a "year" shall begin on the date described in paragraph C above.

E. In the event Petersen fails or refuses to operate and maintain its custom steel fabrication plant in Pocatello, Idaho for a continuous period of ten years from the date described in paragraph C above, then PDA's obligation to guarantee and pay all sums loaned to Petersen by the Regional Development Alliance, Inc., shall cease. Petersen shall be responsible for payment of all funds due and owing to the Regional Development Alliance, Inc., which were loaned on Petersen's behalf, together with any and all funds paid or advanced by PDA to the Regional Development Alliance, Inc., on Petersen's behalf.

F. In the event Petersen fails or refuses to maintain a minimum work force of one hundred (100) qualifying full time employment positions as described in paragraphs A and B above, for any continuous six month period, Petersen agrees to repay the funds provided by the Regional Development Alliance, Inc., at an annual pro-rata rate, based upon the length of time Petersen fails to meet criteria for qualifying full time employment positions herein described within any one year period, for the term of Petersen's operating commitment of ten years. For example, should Petersen fail or refuse to provide a minimum of 100 full time employment positions with a minimum wage of fourteen dollars (\$14.00) per hour for a continuous period of six months or more during any one year period, then Petersen shall be responsible for the repayment of one-tenth of the full loan amount provided by the Regional Development Alliance, Inc., to Petersen for each and every year the requirement is not met. For the purpose of this provision, "one year" shall be defined as the 365 days (366 days in leap years) including and following the anniversary date of the first day that Petersen achieves the threshold of employing one hundred employees with a minimum wage of fourteen dollars (\$14.00) per hour, as described in paragraph B above. Any annual pro-rata payments due and owing by Petersen shall be made to PDA within sixty days notice by PDA to Petersen of the amount due and owing.

3. Effect of Agreement

3.1 It is understood by the parties to this Agreement that the amounts paid by PDA to the Regional Development Alliance, Inc., for the benefit of Petersen are not to be construed as compensation for specific services by Petersen for PDA. Rather, the intent of the

parties is that the payments assist Petersen in its need for capital in connection with the development project, and the parties shall take all action necessary to carry out that intent.

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

4. Miscellaneous

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

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

4.2 The effective date of this Agreement shall be the 4th day of

FEBRUARY, 2008.

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

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

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

LOAN AGREEMENT

This Agreement is executed between Regional Development Alliance, Inc., an Idaho nonprofit corporation ("RDA") and Petersen, Inc. an Utah corporation ("Grantee").

RECITALS

a. RDA has entered into an agreement with the State of Idaho (the "State") to administer funds received under the U.S. Department of Energy from the Idaho National Engineering Environmental Laboratory Settlement Fund Program. Said agreement is dated May 30, 1997 and is referred to hereafter as the "Settlement Agreement". A copy of the Settlement Agreement is attached hereto.

b. Grantee has been approved to receive financial assistance in keeping with the terms and scope of the Settlement Agreement.

c. Grantee has submitted a proposal that outlines Grantee's anticipated use of Settlement Agreement funds (the "Proposal").

AGREEMENT

In consideration of the mutual covenants contained herein, the parties agree as follows:

1. **Loan.** RDA loans to Grantee the sum of Seven Hundred Fifty Thousand Dollars (\$750,000.00) (referred to as the "Loan"). The Loan shall accrue interest at the rate of 0% per annum from the date of the Promissory Notes in the form attached hereto as Exhibit A (the "Note") provided Grantee employs 100 full time employees in the Southeastern Idaho counties served by RDA within 24 months of this agreement and maintains that level of employment until the Loan is paid. If Grantee fails to meet and maintain the employment requirements then the interest on this loan shall automatically convert to 5% per annum effective the first day of the loan. Additional terms of the Loan are found in the Note.

2. **Utilization of Loan.** The Loan shall be used as outlined in Grantee's Proposal to RDA.

3. **Security Interest.** RDA shall have a security interest in all of Grantee's assets as further defined in the Security Agreement.

4. **Guaranty.** The obligations of Grantee hereunder shall be secured by a Guaranty executed by the members of Grantee in the form attached hereto as Exhibit B.

5. **Scope of Work.** Grantee shall use the Loan to implement the Proposal, which is

incorporated herein by this reference. The Proposal shall be implemented as written, except to the extent it is specifically changed by this Agreement.

6. Repayment. If Grantee ceases to conduct business operations in the area serviced by RDA within five (5) years of the date of this Agreement and while any portion of the Loan is outstanding, the entire amount of the Loan shall accrue interest at the rate of eighteen percent (18%) per annum from the date of disbursement until paid. Said loan shall be repayable immediately upon Grantee ceasing to conduct business operations in the area serviced by RDA, with Grantee's payments to such date being recalculated and applied first to accrued interest at the higher interest rate then to principal.

7. Settlement Agreement. Grantee must comply with all requirements of the Settlement Agreement. Without limiting the generality of this requirement, Grantee shall be subject to all restrictions set forth in paragraphs 15 and 16 of the Settlement Agreement. Any duties, warranties or restrictions in said paragraphs pertaining to RDA shall apply to Grantee.

8. Compliance with Law. Grantee shall comply with all applicable federal, state, and local laws and regulations in performing all work under this Agreement. Grantee shall require any individual or entity receiving the Loan, or any portion thereof, to acknowledge and comply with this section. The requirements of this section shall be included in any agreements, contracts, subcontracts or assignments entered by Grantee related to the Loan.

9. Audit. RDA reserves the right to audit or examine, in such a manner and at all reasonable times it deems appropriate, all activities of Grantee arising in the course of or related to this Agreement. Grantee recognizes that the State of Idaho and the Department of Energy (or other federal agency) may have audit rights with respect to the Loan. Any apparent approval by RDA or the State with regard to the Loan, or the failure to affirmatively assert a disapproval of Grantee's acts pursuant to audit rights shall not be construed or deemed to be a waiver on the part of any entity to exercise any rights under the Settlement Agreement, including but not limited to the right to recover the amount of the

Loan, or any portion thereof, upon a federal audit. The Grantee shall include the requirements of this section in all agreements, contracts, subcontracts or assignments involving the Loan.

10. Payment on Default. If the RDA or the State determines that any portion of the Loan was transferred or expended in violation of the Settlement Agreement, the State has the right to recoup that portion of the Loan from the Grantee. The Grantee shall include the requirements of this section in all agreements, contracts, subcontracts or assignments involving the Loan.

11. Record Keeping. Grantee shall maintain records in such a fashion that RDA may incorporate the Grantee reports directly into the reports which RDA is required to provide the State of Idaho, under the Settlement Agreement. For this purpose, the terms of paragraph 8 of the Settlement Agreement are incorporated into this Agreement, except that Grantee's reports shall be delivered to RDA in a timely matter so that RDA can complete its reporting requirements to the State of Idaho. This requirement shall continue for as long as Grantee has obligations to RDA hereunder.

12. **Notice.** Any notice required under the Agreement shall be in writing and shall be delivered by certified or registered mail, return receipt requested, to the address provided below:

If to RDA:

Tim Solomon
Regional Development Alliance, Inc.
2300 N. Yellowstone Avenue
Idaho Falls, Idaho 83401

If to Grantee:

Peterson, Inc.
4853 East St.
Chubbuck, ID 83202

Either party may modify the above notice information by written notice as provided for in this section.

13. **Insurance.** If any portion of the Loan is used by Grantee for any project involving a design professional, including but not limited to architects or engineers or any other licensed professional, Grantee shall comply with all requirements imposed on RDA under paragraph 19 of the Settlement Agreement.

14. **Attorney Fees and Costs.** In any legal proceedings related to this Agreement, the prevailing party shall be reimbursed for any and all expenses that are incurred including, but not limited to, attorney fees.

15. **Relation of Parties.** The parties intend to establish an independent contractor relationship by this Agreement. Grantee is not to be considered an agent or employee of the RDA or the State for any purpose, and Grantee's employees are not entitled to any benefits of employment provided by the RDA or the State to its employees. Grantee acknowledges this relationship, and this provision shall be included in all agreements, contracts, subcontracts or assignments entered by Grantee related to this Agreement.

16. **Restrictions.**

A. So long as any part of the loan remains unpaid, the Grantee will not do any of the following, without RDA's prior written approval: Issue stock options, stock warrants or other securities convertible into stock such that upon exercise of such options, warrants or other securities, that there would be a greater than 25% change in ownership of the Grantee; reorganize its capital structure in a manner that would result in shareholders who were not shareholders at the time of the Loan, owning more than 25 % of the stock of Grantee; merge or consolidate with any other corporation; sell any of its assets, except in the ordinary course of business; encumber its assets, incur extraordinary indebtedness; pay dividends, or pay salary or other compensation in excess of

that which is reasonable.

B. Grantee shall not use any part of the Loan, either directly or indirectly, for any political purpose. By way of example and without limiting the forgoing prohibition on political expenditures, Grantee shall not use any portion of the Loan to support or oppose (i) any candidate for public office, (ii) any political action committee, (iii) any referendum, or (iv) any other ballot measure.

17. **Publicity.** RDA may publicize the Loan in such manner as RDA shall determine. Grantee shall make no public announcement of the Loan without RDA's prior approval.

18. **Qualification to Do Business.** As a condition to obtaining disbursement of the Loan, Grantee must qualify to do business in the State of Idaho.

19. **Deposit and Loan Origination Fee.** Grantee shall pay a two percent of the loan amount as a Loan Origination fee to RDA, payable at closing.

Dated this 26th day of March, 2008.

REGIONAL DEVELOPMENT ALLIANCE, INC.

By: 

Seth Beal
Its Chairman of the Board

PETERSEN, INC.

By: 

Its: Principal

GUARANTY AGREEMENT

THIS GUARANTY is made this 26th day of March, 2008, by PAULINE PETERSEN and STEVEN PETERSEN hereinafter referred to as "Guarantor", to, in favor of and for the benefit of Regional Development Alliance, Inc., an non-profit economic development entity incorporated in the State of Idaho, hereinafter referred to as "Lender."

RECITALS

A. Lender is concurrently with the execution of this Guaranty Agreement loaning the sum of Seven Hundred Fifty Thousand Dollars (\$750,000.00) to Petersen, Inc., referred to as the "Borrower", pursuant to the terms of a Loan Agreement (the "Loan Agreement"). All terms defined in the Loan Agreement have the same meaning in this Guaranty.

B. Guarantors are shareholders/officers of Borrower.

C. The obligations of Borrower to Lender under the Promissory Note and the Loan Agreement are secured by a Security Agreement which Borrower is executing and delivering to Lender concurrently with the execution of this Guaranty Agreement (the "Security Agreement").

D. The Loan Agreement, the Note, and the Security Agreement are hereinafter collectively referred to as the "Guaranteed Contracts".

AGREEMENT

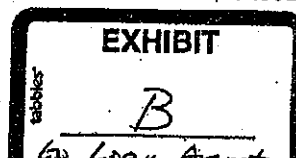
NOW, THEREFORE, as inducement to Lender to make the loan to Borrower herein above referred to and for other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, Guarantor hereby guarantees to Lender as follows:

1. Guarantee.

a. Guarantor does hereby guarantee the date and punctual payment to Lender of all sums due or to become due under the Guaranteed Contracts.

b. Guarantor does further guarantee the full, complete, and unimpaired performance of each and every term, covenant, condition duty and obligation of Borrower to Lender under all Guaranteed Contracts.

c. This Guaranty Agreement shall be construed as an absolute, continuing, unconditional and unlimited guarantee. This Guaranty Agreement shall be deemed



irrevocable and shall terminate only upon full satisfaction by Borrower of all the terms and conditions of the Guaranteed Contracts and the full and complete payments of all sums due Lender under the Guaranteed Contracts.

2. Representations of Guarantor.

Guarantor hereby represents that, at the time of the execution and delivery of this Guaranty Agreement, nothing exists to impair the effectiveness of the liability of Guarantor to Lender hereunder, or the immediate taking effect of this Guaranty Agreement.

3. Waiver.

Guarantor does hereby waive the following:

a. Notice of acceptance of this Guaranty Agreement by Lender or its successors or the failure of Lender to provide Guarantor with a copy of the Guaranteed Contracts or other related documents, or any amendments or modifications thereto.

b. Diligence, presentment, notice of presentment, protest, demand for payment, notice of dishonor, notice of default, extension of time for payment, nonpayment at maturity and indulgences and notices of every kind with respect to the obligations of Borrower, under the Guaranteed Contracts or as may be otherwise provided by law, or the obligation of any other person, firm or corporation, held by Lender as collateral security for the performance of the Guaranteed Contracts by Borrower.

4. Continuing Guarantee.

Guarantor agrees that the obligations hereunder, and the Guaranty, shall continue and remain in full force and effect and shall not be impaired, modified, changed, released, discharged, satisfied or limited, regardless of any of the following actions or occurrences:

a. Any change in organization or structure of Borrower.

b. Any impairment, modification, change, release or limitation of liability of Borrower pursuant to any filing for relief by or against Borrower under any present or future United States Bankruptcy law or other federal or state statute for the relief of Borrower.

c. Any adverse change in the financial condition, whether such change is deemed material or immaterial under any federal or state law, of Borrower or the failure of Borrower to comply with any law, statute or regulations.

5. Rights of Lender.

Without affecting any obligation created hereby or hereunder, Guarantor grant to Lender full power and authority, in Lender's uncontrolled and sole discretion, and at any time, or from time to time, and in such manner and on such terms as Lender deems fit and without notice to or the approval, consent or advice of Guarantor, to take any of the following actions:

a. Obtain and accept from Borrower or any other person such additional or substitute collateral or security for the payment of the sums or performance of the obligations guaranteed hereby. Such further collateral or security may include, but shall not be limited to, additional personal guaranties, promissory notes or other instruments of indebtedness, mortgages, deeds of trust, security agreements or any other documents or interest which Lender may deem acceptable or in Lender's best interests.

b. To make any changes, amendment or modification whatsoever to any term, covenant or condition of any Guaranteed Contracts now in existence or hereafter arising which may secure or guarantee the obligations or payments of money guaranteed hereby.

c. The time of payment of any sum secured hereby, or any part thereof, may be extended; the terms on which such sums are to be paid, including interest thereon, may be modified; the manner or method of payment may be amended; and one or more new promissory notes or other instruments may be taken in exchange for or replacement, substitution or renewal of said instruments.

d. Substitute, add to, exchange, release, modify, consent to the transfer or sale of, surrender or otherwise deal with, in whole or in part in any manner, any collateral securing the performance of the Guaranteed Contracts or the obligations of Borrower.

e. To settle, compromise, release, discharge, compound or impair, the obligations of Borrower of the amounts due to Lender under any of the Guaranteed Contracts or to forebear, waive or decline to pursue any right or remedy Lender may have against Borrower or any other party or under any instrument securing the sums or performance guaranteed herein.

f. To apply any one or more payments by, or recoveries from Borrower or from Guarantor, or to apply any sums realized from collateral or security hypothecated or furnished by Borrower, or Guarantor in such manner and in such order of priority as Lender deems fit, whether or not such obligation on which application is made is otherwise secured, or is due at the time of such application.

g. To obtain a judgment or realize upon any collateral in whole or in part in satisfaction of the same guaranteed hereby.

6. Enforcement.

a. Lender may enforce this Guaranty Agreement without first resorting to or exhausting or enforcing any other security or collateral or without exercising any other right or remedy of Lender at law or under any of the Guaranteed Contracts, it being fully agreed and understood by Guarantor that Lender may proceed directly and independently against Guarantor, without further notice or demand upon any party, including Guarantor, upon any default in the performance of any of the covenants, terms, conditions or obligations due to Lender under any of the Guaranteed Contracts.

b. Further, Guarantor specifically agrees that Lender may proceed against Guarantor for any amount guaranteed hereunder or to compel performance of any of the Guaranteed Contracts whether any action is brought against Borrower or whether Borrower is joined or made a party in any such action Guarantor or not.

c. In any action brought by Lender on this Guaranty Agreement to recover any sum guaranteed hereby, no other or further proof shall be required then to establish the amount or sums of money due and owing Lender from Borrower. When so established, such amount or sum shall be conclusive and binding upon Guarantor.

d. If the indebtedness is for a revolving line of credit the terms of which permit Borrower to borrow, repay and reborrow Loan proceeds, then fluctuations may occur in the aggregate amount of the indebtedness covered by this Guaranty, and it is specifically acknowledged and agreed by Guarantor that reductions in the amount of indebtedness, even the zero dollar (\$0.00), shall not constitute a termination of this Guaranty. This Guaranty is binding upon Guarantor and Guarantor's heirs, successors and assigns so long as any of the guaranteed indebtedness remains unpaid and even though the indebtedness guaranteed may from time to time be zero dollars (\$0.00).

7. Assignment and Benefit.

a. Guarantor agrees that Lender, without notice to, or the consent of Guarantor, may sell, assign or transfer all or any part of its interest in the sums guaranteed hereby and its interest in and to, and the entitlement to the benefit of any of the Guaranteed Contracts, or any part thereof to any party Lender may choose. Any assignee of Lender may thereafter similarly sell, assign or transfer its interest in like manner to any party it may choose. In the event of any such assignment or transfer each and every immediate and successive assignee, transferee, holder or beneficiary of all or any part of the sums guaranteed hereby or entitled to the obligations due Lender under the Guaranteed Contracts shall have the right to enforce this Guaranty Agreement, by legal action or otherwise for the benefit of such assignee, transferee, holder or beneficiary as fully as if such party was herein by name specifically given such right and power.

b. In addition to the foregoing specific rights granted in this paragraph 7, this Guaranty Agreement shall be binding upon and inure to the benefit of the successors and assigns of Lender. Lender's successors and assigns shall have all the rights, privileges and powers granted hereunder to Lender and shall have the right to rely upon this Guaranty Agreement and to enter into further and additional transactions in reliance hereon in the same manner and with the same effect as if such successors and assigns were specifically named with Lender herein.

8. Construction.

Guarantor acknowledges that Guarantor and Lender have been advised by legal counsel in the preparation and execution of this Guaranty Agreement and that Lender and Guarantor possess essentially equal bargaining power. Accordingly, this Guaranty Agreement shall be construed and interpreted in a fair and equitable manner and not strictly in favor for or against either party. Guarantor specifically waives any right to assert that this Guaranty Agreement be constructed in their favor as Guarantor.

9. Attorney Fees and Costs.

a. Guarantor hereby agrees that Guarantor will pay to Lender all costs and expenses, including reasonable attorney fees, which Lender expends in order to enforce this Guaranty Agreement and each and every term hereof whether by suit or otherwise.

b. Guarantor further agrees that Guarantor will pay to Lender any costs and expenses, including reasonable attorney fees, which Lender must expend in pursuing any right or remedy which Lender may have against Borrower, or in enforcing any of the Guaranteed Contracts or in realizing on any other collateral or security for satisfaction of the sums guaranteed hereby.

10. Subrogation.

a. Guarantor shall have no right of subrogation whatsoever to any sums guaranteed hereby or to any monies due and unpaid thereon or any collateral securing the same, unless and until Lender shall have received full payment of all sums due and owing to it under the Guaranteed Contracts.

b. Upon default by Borrower in the performance of any obligation agreed to be performed by Borrower, or the payment of any sum due to Lender under any of the Guaranteed Contracts, Lender shall have the right, without notice or demand to Guarantor, to declare all principal then outstanding (and accrued interest thereon) under the Guaranteed Contracts, immediately due and payable. Thereafter, in addition to all other rights or remedies granted to Lender herein or under any or all of the Guaranteed Contracts, Lender shall have the right to tender to Guarantor an assignment and transfer to Guarantor all Lender's right, title and interest

to Guarantor each of the Guaranteed Contracts. Upon such tender, Guarantor shall immediately pay to Lender all principal then outstanding (and accrued interest thereon) and all other amounts due under the Guaranteed Contracts and Guarantor shall, upon such payment, succeed to all of Lender's right, title and interest in and to each of the Guaranteed Contracts.

11. Consideration.

Guarantor hereby state that this Guaranty Agreement is not gratuitously given, but is given for consideration, the receipt of which is hereby acknowledged.

12. Discharge.

Notwithstanding anything herein to the contrary, and not in limitation or modification of any rights granted to Lender herein, the only event which shall result in the discharge of Guarantor hereunder shall be the full payment of all sums guaranteed hereby as enumerated in the Guaranteed Contracts. Upon full payment of all sums guaranteed hereunder, this Guaranty Agreement shall be released and Guarantor shall have no further liability hereunder.

13. Joint and Several Liability.

The obligations of an Guarantor under this Guaranty Agreement, and those of any other Guarantor or Guarantors who may guarantee the Guaranteed Contracts are and will be joint and several and Lender and/or Lender's assigns may release or settle with any one or more of the Guarantors at any time, without affecting the continuing liability of the remaining Guarantor or Guarantors.

14. Severability.

If any provision of this Guaranty Agreement shall be held or deemed to be, or shall in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof, or any constitution or statute or rule or public policy, or for any other reason, such circumstance shall not have the effect of rendering the provisions in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provisions or provisions herein contained invalid, inoperative or unenforceable to any extent whatsoever. The invalidity of any one or more phrases, sentences, clauses or sections in this Guaranty Agreement contained, shall not affect the remaining portions of this Guaranty Agreement, or any part thereof.

15. Cumulative Remedies.

All of Lender's rights and remedies herein specified are intended to be cumulative. No right or remedy of Lender whatsoever may be waived at any time except by a writing signed

by Lender, nor shall any waiver be operative upon other than a single occasion. This Guaranty Agreement may only be amended in writing.

IN WITNESS WHEREOF, the Guarantor has executed this Guaranty Agreement as of the date first above written.

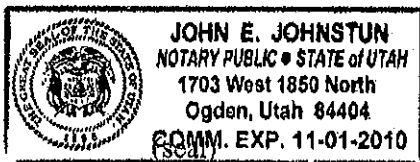
Steven Petersen

Rosanne Petersen

STATE OF UTAH)
)ss.
County of WEBER)

On the 26th day of March, 2008, before me, the undersigned, a notary public in and for said State, personally appeared ROSNANE PETERSEN and STEVEN PETERSEN known or identified to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.



John E. Johnston
Notary Public for Utah
Residing at: OGDEN UTAH
My Commission Expires: 11-01-2010

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Pocatello Project

Objective: Create economic prosperity for Pocatello.

Strategy: Develop a long range economic development strategic plan that will identify which industry clusters exist or can be created within the Advanced manufacturing, Highly advanced technological development (High Tech) and Transportation, distribution & Logistics (TDL) job sectors that would best benefit the Pocatello economy and outline a plan to build and strengthen those clusters. Create a long range urban renewal location and development plan that will provide the quality of life necessary to attract and retain the talent needed to increase job opportunities. Implement these strategies, recruit jobs, and redevelop the community.

Economic Development Work Plan: Focusing primarily on 3 preferred job sectors; Advanced manufacturing, Highly advanced technological development (High Tech) and Transportation, distribution & Logistics (TDL) while working closely with the Bannock Development Corporation and the Pocatello Development Authority;

- 1) Perform/review demographic profile of community
- 2) Examine existing jobs, wages and clusters
- 3) Look at employment growth and job loss patterns and determine causes
- 4) Analyze educational core competencies and opportunities for technology transfers
- 5) Inventory assets: real estate, specialized equipment, human capital, incentives, etc.
- 6) Determine/review needs and opportunities with industrial/business parks and develop strategies, where necessary, to maximize the benefit to the City
- 7) Create an implementation strategy for each cluster in cooperation with the Pocatello Development Authority and Bannock Development Corporation.
- 8) Identify other major issues that negatively affect the City's ability to attract and retain the best employment opportunities and create a plan to address those areas
- 9) Identify major issues that negatively affect the City's ability to attract and retain the best "creative class" employment base (ages 24-34) and create a plan to address those areas.

If determined feasible and practical by the Pocatello Development Authority, to be determined following the completion of the above Plan:

- 1) Assist with airport development plans in cooperation with the Pocatello Development Authority, Pocatello Regional Airport, Colliers International (as determined by Colliers) and Bannock Development Corporation.
- 2) Working closely with the Idaho State University's Office of Research and the Bannock Development Corporation, identify opportunities to create local wealth

through entrepreneurship that have not already been explored. Examine existing job incubators/accelerators and assess whether there is a need for new centers or opportunities to strengthen existing operations. Determine their ability to mentor, facilitate business plans, provide a continuum of funding and other functions necessary for successful growth.

- 3) Identify grants to assist with this work and complete grant application process when needed
- 4) Begin strategy implementation in cooperation with Pocatello Development Authority, the Idaho State University Office of Research and Bannock Development Corporation.
- 5) In conjunction with the Pocatello Development Authority, Greater Pocatello Chamber of Commerce and the Bannock Development Corporation develop an outdoor recreation development that will attract targeted companies and supporting human talent to the community.

Urban Renewal Work Plan: working closely with the Pocatello Development Authority:

- 1) Analyze the recently completed market study for retail, housing, entertainment and office development opportunities and update where necessary
- 2) Determine which opportunities will provide the largest social and economic impact to the community and prioritize based on that assessment

Identify best sites for redevelopment

If determined feasible and practical by the Pocatello Development Authority, to be determined following the completion of the above Plan:

- 3) Look for grants that may be able to provide funding
- 4) Develop full project financials and perform gap analysis
- 5) Identify alternatives for gap financing
- 6) Calculate new tax revenue that will result from project
- 7) Create financial package and attract bank support
- 8) Recruit and secure real estate developers via Letters of Intent or Development Agreement
- 9) Take proposal to Pocatello Development Authority and City of Pocatello for approval

Timeline:

Work can begin immediately and is estimate to take approximately six months to complete.

Pocatello Request for Qualifications (RFQ) for Economic Development

I. Introduction and Background

Pocatello, Idaho is soliciting a qualified economic development consulting firm with expertise in strategic planning, job cluster development, industrial park development, grant writing, airport development, job recruiting and urban renewal to assist the Pocatello Development Authority in their economic development efforts and specifically within the following job sectors:

1. Advanced manufacturing
2. Highly advanced technological development (High Tech)
3. Transportation, distribution & Logistics (TDL)

II. Scope of Work – Economic Development

The Consulting team must have the ability to perform a local, regional, national and global market analysis for the above mentioned sectors followed by a long range economic development plan for the above mentioned job sectors .

If determined feasible and practical by the Pocatello Development Authority following the above mentioned analysis and plan, the consulting firm must have the ability to provide, job/company recruiting, developer recruiting and qualifying, financial feasibility, project funding, public/private partnership development, long-range financial planning, and successful grant writing. The Consulting team must have a demonstrated track record of facilitating additional tax revenue through growth, creating and/or recruiting jobs, recruiting and relocating large nationally recognized real estate development companies and achieving redevelopment work. Experience in these areas will be critical in the selection process.

III. General Criteria for Evaluating Qualification Statements.

Experience:

Interested firms must demonstrate their experience and success in development/redevelopment, comprehensive project structuring, and the other items listed under the Scope of Work, with specific regard to their role of representing government entities and successful implementation of projects and plans. Demonstration shall include specific examples of successful projects, timelines, project outcomes and associated costs specifically in the areas of Redevelopment, Advanced Manufacturing, High Tech and TDL.

Workability:

The qualification statement should provide assurance of the demonstrated ability of the consultant to work with a diverse group of individuals and agencies including citizens, property owners, businesses, economic development organizations, Native American Tribal entities, and local, state and federal governmental organizations.

Conflicts of Interest:

The qualification statement shall specifically address any possible conflicts of interest and the proposer's position or response as to whether or not such other work or relationship may be deemed a conflict of interest. Contractor must be able to represent only the interests of the Pocatello Development Authority.

Special Qualifications:

The qualification statement shall specifically identify any qualifications which might make the proposer uniquely qualified to provide the requested services.

Professional Staff:

The experience of the proposed consultant's personnel assigned to this project shall be noted, and individual biographical resumes with specific project experience related to Scope previously outlined shall be included.

IV. Subconsultants

The consultant shall be responsible to retain and pay for the services of any subconsultant necessary to complete the work. The Pocatello Development Authority and the consultant shall mutually agree to the use of any subconsultants which the consultant desires to retain.

V. Meetings

The consultant shall meet with members of the Development Authority, City staff, the City Council, Bannock Development Corporation or other designated persons in order to keep parties current on the progress of economic development as mutually agreed upon.

VI. Contract

The consultant will be required to sign a contract with the Pocatello Development Authority relating to the work to be performed and it will be negotiated between the parties. Such contract shall include, but not necessarily be limited to the following articles: method of compensation, time of performance, subcontracts, duties of the consultant, termination of the contract and obligations to the Pocatello Development Authority.

VII. Recommendations

To be considered, the proposal must respond to all requirements in the RFQ. Any other information believed to be relevant, but not applicable to the enumerated categories, should be provided as an appendix to the proposal. If publications are provided, the document and page number shall be referenced. The proposal shall be divided into sections as indicated below:

Sealed Proposals: Each proposal shall be submitted to Lon Crowell, Planning & Development Services Interim Director before November 26, 2012, no later than 5:00 p.m. No additional proposals will be received thereafter. *Proposals must not exceed Ten (10) Pages.* Five (5) copies of each proposal must be submitted. The proposal will remain valid for at least thirty (30) days.

VIII. Criteria for Selection

All proposals received shall be subject to evaluation by the Pocatello Development Authority. The evaluation shall be for the express purpose of selecting the proposal which most clearly meets the RFP requirements. The following areas will be considered in the selection:

Understanding the Problem: This refers to the contractor's understanding of the Pocatello Development Authority's needs, objectives of the RFQ, and the nature and scope of work involved.

Consultant Qualifications: This includes the ability of the consultant to meet the needs of the RFP, with particular attention regarding time constraints, cooperation and participation by City staff, elected officials, economic development organizations and special interest groups, and the quality and relevancy of recent studies and projects of similar nature completed by the consultant.

Professional Personnel: This refers to the competence of professional personnel assigned to the project by the consultant. Qualifications of all professional personnel will be measured by education and experience, with particular emphasis on experience and analysis of innovative practices.

Soundness of Approach: Emphasis shall be placed on stated techniques for collecting and analyzing data, sequence and relationship of major program steps, methods for managing economic development and growth, rationale for stated methodology assessing economic incentives, and the practicality of implementation.

Cooperative Process: This refers to the consultant's understanding, expression, and historical experience involving projects which demonstrate a sensitivity to the need for developing a spirit of cooperation between different levels of government, private businesses, industries, economic development organizations, individual citizens, and City staff.

IX. Interviews

The Pocatello Development Authority will evaluate all proposals and may invite selected firms for a personal or phone interview. This will be done completely at their discretion based on the Pocatello Development Authority's evaluation of what firm is the best fit for their expected outcome.

X. Contract Award

Pocatello Development Authority reserves the right to accept, reject, or request changes in proposals. The Pocatello Development Authority will work closely with the selected consultant to develop or refine a detailed scope of work, schedule for completion of tasks and costs associated with completed work included in the contract documents. The Pocatello Development Authority is not liable for any costs incurred by the consultant prior to contract issuance.

XI. Addenda to the Request for Proposals

In the event that it becomes necessary to revise any part of this RFQ, addenda will be provided to all consultants invited to respond.

XII. Late Proposals

Late proposals will not be accepted. It is the responsibility of the consultant to ensure that the proposal arrives prior to 5pm MST on November 26, 2012.

XIII. Acceptance of Proposal Content

The contents of the proposal of the successful consultant may become contractual obligations if the Pocatello Development Authority wishes to execute a contract based on the submitted proposal. Failure of the successful consultant to accept these obligations in a contract may result in cancellation of the award and such consultant may be removed from future solicitations.

XIV. Reference Checks

The Pocatello Development Authority reserves the right to contact any reference or any client listed in the documents for information which may be helpful to the Pocatello Development Authority in evaluating the consultant's performance on previous assignments.